

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 42 - Years of Service 1965 - 2007

MINUTES

OCTOBER 10, 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 9:01 a.m. and led the flag salute.

00:00:48

B. ROLL CALL

At Roll Call, all Board members were present.

00:00:55

C. PRESENTATIONS AND PUBLIC COMMENT

C-1) NCSD WATER CONSERVATION COORDINATOR CELESTE WHITLOW

Celeste Whitlow gave an overview of the 2007 Nipomo Creek Clean-Up Event.

She stated that the event went very well, even beyond expectation. There were 12 adults and 38 minors who participated. Rick Motley, NCSD maintenance crew stepped up to help and was very good at problem solving. Some things were taken to the transfer station. About two weeks before the event, a great deal of irrigation tape had been picked up by a community member. There was still more in the creek that was picked up at the event.

C-2) BATTALION CHIEF FISHER OF CAL FIRE

Battalion Chief Bill Fisher presented information concerning the activities of CAL FIRE on the Nipomo Mesa. A copy of the activity report is available for viewing in the District office. He stated that there was a fatal fire Saturday, October 6th. There were no sprinklers or smoke detectors in the house. The regulations may soon be changed for requirements of overhead sprinklers from 5000 sq. ft. to 1000 sq. ft. This is Fire Prevention Week.

Alisa Ann Rausch Burn Foundation Run will occur on Thursday, October 11, 2007. This event helps raise money for burn survivors and for fire prevention programs in the schools.

The Board asked him some questions about flow restrictions. Mr. Buel added that the proposed emergency water shortage ordinance is on the District website on Item E-2 for further information about the ordinance. The Board thanked Battalion Chief Fisher for his presentation.

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C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST
Receive Announcements from Directors Items of District & Community Interest

Director Harrison

Chamber of Commerce Day in the Park (October Festival) will occur on October 13, 2007. The Rotary Club will be barbequing tri tips.
Nipomo Incorporation Committee for Education (NICE) will have a booth at the festival. There will be a workshop for NICE October 20th 9:00 a.m. to 12:00 p.m. at Blacklake.

Director Vierheilig

Nipomo Dunes Collaborative – October 11, 2007, 9:00 a.m. - strategy meeting to be held at the Dunes Center in preparation of Friday meeting with the Regional Water Quality Control Board and staff regarding fate of \$7,000,000 from the Guadalupe oil spill.

Director Winn

County Staff will discuss new septic changes in workshop to be held October 19, 2007, 1:00 to 3:00 p.m. in the new chambers.
Chamber of Commerce luncheon, will occur on Wednesday, Oct. 31, 2007 at Blacklake

C-4) PUBLIC COMMENT ON ITEMS NOT ON AGENDA

The following members of the public spoke:

Pat Eby, NCSD resident (Blacklake) thanked the staff and directors for work on the proposed merger. She asked the Board for more time for the committee to investigate the information further.

President Winn asked Ms. Eby to submit her proposal by October 24, 2007.

Ms. Eby also stated that there was an editorial in the newspaper today (Oct. 10, 2007) concerning local entities from Oceano, Arroyo Grande, and Grover Beach working together to build a desalination plant. Perhaps Nipomo could participate.

Bruce Buel, General Manager, answered that there have been meetings concerning this subject and there are more to come. Item E-1 in today's agenda will discuss this also.

00:21:02

CONSENT AGENDA

- D-1) APPROVE WARRANTS
- D-2) APPROVE BOARD MEETING MINUTES
Approve Minutes of September 26, 2007 Meeting
- D-3) REVISE GENERAL MANAGER'S EMPLOYMENT AGREEMENT TO INCREASE COMPENSATION
- D-4) BOARD MEETING AND OFFICE SCHEDULE – NOVEMBER AND DECEMBER
- D-5) ACCEPT BLACKLAKE POND #3 LINER REPLACEMENT PROJECT AND ISSUE NOTICE OF COMPLETION

The Board asked some questions about the Warrants.

There was no public comment. Upon motion by Director Eby, and seconded by Director Vierheilig, the Board unanimously approved the Consent Agenda. Vote 5-0.

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

E. ADMINISTRATIVE ITEMS

00:24:47

E-1) RECEIVE BOYLE TECHNICAL MEMORANDUM REGARDING DEVELOPMENT OF A DESALINATION PROJECT FOR SUPPLEMENTAL WATER SUPPLY

Bruce Buel, General Manager, introduced the item. He also introduced Mr. Mike Nunley, Mr. Malcom McEwen, and Ernie Kartinen.

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E-1) RECEIVE BOYLE TECHNICAL MEMORANDUM REGARDING DEVELOPMENT OF A DESALINATION PROJECT FOR SUPPLEMENTAL WATER SUPPLY (continued)

Mike Nunley, Boyle Engineering project manager for the desalination project, explained the progress of the development of the research for the report.

Malcolm McEwen, Boyle Engineering, reviewed the slide presentation (copy available for viewing in District office) and answered questions from the Board.

The following member of the public spoke:

Ian Wallace, NCS D resident (Blacklake) – asked that since brackish water is less expensive to treat with reverse osmosis than salt water, has the engineer looked at using the brackish lakes.

Mr. McEwen answered that the supplemental water supply that NCS D must obtain needs to be outside the Nipomo Mesa groundwater area.

The Board discussed the presentation.

Brackish water taken from west of the NMMA must not adversely affect the NMMA users. It was asked where the fresh water/sea water interfaces.

Ernie Kartinen, Boyle Engineering Bakersfield – stated that if you draw aquifer fresh water in then sea water will come in.

Mr. McEwen, when asked about the test plant, stated that the test plant would probably become a part of the final plant.

The energy side of desalination would be large. An energy source could be built sooner than the desalination plant and be utilized.

Mr. Buel suggested that the Board read the text of Assembly Bill 946 (included in the Manager's Report portion of the packet) that enables the District to do off-site mitigation and the CSD law that establishes latent powers.

The Board requested that staff continue talks with South San Luis Obispo Sanitation District for sharing technology.

The Board took a break at 10:10 a.m. and returned at 10:25 a.m.

The taping started over at 00:00:00

E-2) RECEIVE DRAFT EMERGENCY WATER SHORTAGE REGULATIONS, EDIT DRAFT AND CREATE STANDING COMMITTEE TO DEVELOP REVISIONS

Bruce Buel, General Manager, explained the premise for creating Emergency Water Shortage Regulations. The District has retained SAIC to look at groundwater levels for participation in the Nipomo Mesa Area Technical Group. SAIC has published potential triggers for the Board to consider related to the severity of the water supply emergency and four conservation programs designed to achieve the desired demand reduction.

Jon Seitz, District Legal Counsel, described how and why the ordinance was developed. The Board discussed the draft and made suggestions for some changes.

The Board took a short break at 11:50 a.m. to have some additional information copied for distribution to the Board and the public. The Board reconvened at 11:55 a.m.

Mr. Seitz presented additional wording in the Water Shortage Conservation Trigger Points for the different stages of water emergency. (A copy is available for viewing in the District office.)

The Board continued to discuss the draft ordinance.

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E-2) RECEIVE DRAFT EMERGENCY WATER SHORTAGE REGULATIONS, EDIT DRAFT AND CREATE STANDING COMMITTEE TO DEVELOP REVISIONS (continued)

The following member of the public spoke:

Bill Nelson, NCSD resident – stated that the City of New York puts a lien on the property when the owner is not paying the bills. He asked if the District could do that also. He also suggested that NMMA and NMCA be spelled out in the ordinance. SAIC letter defines groundwater in storage above sea level as GWS.

Upon motion by Director Trotter and seconded by Director Eby, the Board agreed to convert the Ad Hoc Water Conservation Committee to a Standing Committee with Mike Winn and Larry Vierheilg as members. Vote 5-0.

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

02:37:45

I. CLOSED SESSION ANNOUNCEMENTS

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

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

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There was no public comment.

K. ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 1:12 p.m.

00:02:19

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

The Board came back into Open Session at 2:00 p.m. Director Trotter left the meeting. Jon Seitz, District Legal Counsel, announced out of Closed Session that the Board heard updates on the items listed above. There was no reportable action.

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00:03:18

E-3) RECEIVE DRAFT WATER CONSERVATION PROGRAM, EDIT DRAFT AND SET DATE FOR PUBLIC HEARING

Bruce Buel, General Manager introduced Celeste Whitlow to present the draft Water Conservation Program.

Celeste Whitlow, NCSD Water Conservation Specialist, reviewed the slide presentation of the Water Conservation Program. She showed why the District's customers should conserve water and demonstrated ways in which to accomplish this.

The Board reviewed the Water Conservation Programs policy issues.

Jon Seitz, District Legal Counsel, stated that the District needs to set a goal.

The Board considered the questions posed in the October 10th Board letter.

1. Should NCSD implement a Water Conservation Program with a goal of reducing overall consumption by 15% (not each account) within three years?

Upon motion by Director Vierheilig and seconded by Director Harrison, the Board agreed that NCSD should implement a Water Conservation Program with a goal of reducing overall consumption by 15% (not each account) within three years. Vote 3-1 with Director Eby voting no.

YES VOTES	NO VOTES	ABSENT
Directors Vierheilig, Harrison, and Winn	Director Eby	Director Trotter

2. Should NCSD adopt a policy that Water Conservation savings shall be credited only to ratepayers within District Boundaries, not to serve annexations from outside or land use changes inside the District boundaries?

Upon motion by Director Vierheilig and seconded by Director Eby, the Board agreed that NCSD adopt a policy that Water Conservation savings shall be credited only to ratepayers within District Boundaries, not to serve annexations from outside or land use changes inside the District boundaries. Vote 4-0

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

3. Should NCSD take a leadership role in proactively encouraging NMMA Purveyors and Well Users to achieve a 15% use reduction?

Upon motion by Director Harrison and seconded by Director Vierheilig, the Board agreed that NCSD should take a leadership role in proactively encouraging NMMA Purveyors and Well Users to achieve a 15% use reduction

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

4. Should NCSD adopt a three-tier inclining block rate structure for all residential customers (single family and multiple-family) to encourage conservation?

The Board agreed to continue consideration of this question.

5. Should NCSD adopt a rate design that rewards frugal users for continuing to conserve water?

Upon motion by Director Vierheilig and seconded by Director Eby, the Board agreed that NCSD should adopt a rate design that rewards frugal users for continuing to conserve water. Vote 3-1 with Director Harrison voting no.

YES VOTES	NO VOTES	ABSENT
Directors Vierheilig, Eby, and Winn	Director Harrison	Director Trotter

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E-3) RECEIVE DRAFT WATER CONSERVATION PROGRAM, EDIT DRAFT AND SET DATE FOR PUBLIC HEARING (continued)

- 6. Which of the Optional Programs should NCSD implement if the CORE WC PROGRAM is implemented?

Upon motion by Director Eby and seconded by Director Harrison, the Board agreed that NCSD should implement the portions of the Non-Core Water Conservation Program that executes a High Efficiency Clothes Washer Rebate program, the Indoor Plumbing (Non-Toilet) Retrofit Program, and the Irrigation Efficiency Equipment Program which offers the best return for funds invested along a series of pilot programs starting with the xeriscape/turf replacement and ET-Controller Rebate Measures. Vote 4-0.

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

- 7. What process should NCSD follow to track the success of the adopted WC Program?

Upon motion by Director Eby and seconded by Director Harrison, the Board agreed that NCSD should evaluate the Program twice per year – once in Spring when the District reviews the April 1 Water Storage Calculation and once in Fall after the peak summer-use period. Each review should evaluate the change in consumption per connection for the prior 12 month period along with details on program implementation. Vote 4-0.

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

The Board set a hearing date of November 14, 2007, for implementation of the Water Conservation Program.

The Board asked Ms. Whitlow to use specific demographics to represent the Nipomo area in multi-tier rate structures.

01:58:04

F. MANAGER’S REPORT

Bruce Buel, General Manager, added the following to the Manager's Report in the packet. An appeal of the Nipomo Community Park Mitigated Negative Declaration has been prepared to be submitted to the County on October 11, 2007. Any suggestions will be appreciated by early Thursday.

The Board asked questions about the report. Mr. Buel explained.

When asked about the Utility Superintendent, Mr. Buel explained that the filing deadline is November 28, 2007. He will be advertising at the American Water Works Association conference Nov. 22nd.

02:06:12

G. COMMITTEE REPORTS

Supplemental Water Design Committee scheduled October 15, 2007.

Director Vierheilig

Finance, Audit, and Personnel Committee meeting was October 9, 2007. Draft audit report looked good. New format takes some getting used to.

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H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

Director Eby

Asked about the hearing October 24th with Holanda as a result of appeal. Mr. Buel stated that the appeal hearing is yet to be scheduled.

Director Winn

Planning Commission will be meeting October 11, 2007. Some confusion in the agenda and staff report for affordable housing and EIR for inclusionary housing.

Director Harrison

Asked about a possible requirement for a meter for secondary units on a parcel.

ADJOURN

President Winn adjourned the meeting at 4:15 p.m.

➤ **THE NEXT REGULAR BOARD MEETING IS OCTOBER 24, 2007.
TENTATIVELY SCHEDULED ITEMS INCLUDE:**

- FY06-07 Audit
- Combined Water System Financial Plan