

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 43 - Years of Service 1965 - 2008

MINUTES

OCTOBER 22, 2008 AT 9AM

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

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

PRINCIPAL STAFF

BRUCE BUEL, **GENERAL MANAGER**
LISA BOGNUA, **FINANCE DIRECTOR/ASST GM**
DONNA JOHNSON, **BOARD SECRETARY**
JON SEITZ, **GENERAL COUNSEL**
PETER SEVCIK, **DISTRICT ENGINEER**

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.

B. ROLL CALL

At Roll Call, all directors were present.

00:00:53

C. PRESENTATIONS AND PUBLIC COMMENT

C-1) NCSU UTILITY SUPERINTENDENT TINA GRIETENS

Update re: Utility Department Operations

Tina Grietens, Utility Superintendent, gave an update of the activities within the Utility Division including the following, as outlined in the Board packet.

- Southland Wastewater Plant – Master Plan final document
- Southland Utility Yard – yard clean-up, remodel of lab area, fencing
- Maintenance – preventative maintenance program
- Collection System – cleaning sewer lines at Blacklake, backup alarm, lift station. panel design, telemetry problems
- Wells – Sundale Well on line, Blacklake wells
- Distribution System – waterline on Tefft and Thompson, painting of fire hydrants
- Personnel –training, certification
- Compliance reports
- Working on Willow Rd Ext project, Biolac® tour scheduled, passed Grade 3 water distribution exam, inspection of Tract 1747, SCADA system upgrade

The Board thanked Ms. Grietens for the report.

- C-2) MIKE NUNLEY OF BOYLE ENGINEERING
Update re: Waterline Intertie Project Final Design

Eileen Shields, representative from Boyle Engineering, reviewed the information presented in the Board packet.

The Project Team completed the following:

- o Presentation to NCSB Board – alternatives for reducing system pressures,
- o Streambed Alteration Agreement from CDFG for borings in the river,
- o Geotechnical field work began October 13th
- o Right-of-Entry agreements have been received.
- o Overall project budget has been revised.

The Board asked Ms. Shields questions. Ms. Shields will get the answers by the next meeting. Director Vierheilig would like to see an extra column on the Project Budget Summary to show the estimated percentage of work completed on each task. The Board thanked Ms. Shields for the presentation.

- C-3) NCSB GENERAL MANAGER BRUCE BUEL
Presentation re: 2008 State Legislation Adopted and Rejected

Bruce Buel, General Manager, reviewed the bills passed and rejected by the 2008 State Legislation. The summaries of the bills were included in the Board packet. Senate Bills 1191, 1458 and 1699 are not relevant to NCSB, therefore were not discussed. Assembly Bill 983 was vetoed by the governor.

- C-4) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST
Receive Announcements from Directors Items of District & Community Interest

Director Vierheilig

Nipomo Incorporation Committee for Education Steering Committee will meet October 23rd at 6:00 p.m. in the library.

The Coastal Valley Orchid Society will be having a show October 25, 2008, from 10 to 4:00 in the Lompoc Library. The theme is "Orchids for Everyone".

Director Harrison

Ride Nipomo will hold its annual general membership meeting October 25th

The Rotary Club will be making needed repairs at the Senior Center starting at 9:00 a.m. Saturday.

The South County Advisory Council will meet October 27, 2008 in the NCSB building.

Laetitia and Sullivan have projects on the agenda.

The Chamber of Commerce meets Thursday, October 30th at 11:45 at Blacklake.

Director Winn

Oceano Community Service District complimented the NCSB Board by asking Director Winn to speak to their Board about how this Board works together so well.

There will be a class Monday, October 27th at Cal Poly on strategic growth in Nipomo. He has been asked to speak at the class.

Election Day is November 4th. He encouraged everyone to vote.

Water Resources Advisory Committee will hold its regular meeting November 5, 2008.

An update on the Conservation Element is planned.

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C-5) PUBLIC COMMENT ON ITEMS NOT ON AGENDA

Greg Nester, local builder/contractor – explained to the Board some of the problems with getting a meter set at his Villaggio Market project in Blacklake Village near the corner of Pomeroy and Willow Road.

Peter Sevcik, District Engineer, reviewed some of the steps taken to insure developer compliance with the conditions set forth in the Intent-to-Serve letter issued to the developer. It was agreed that Mr. Nester would receive metered construction water immediately.

00:46:19

D. CONSENT AGENDA

D-1) APPROVE WARRANTS

D-2) APPROVE BOARD MEETING MINUTES
Approve Minutes of 9/10/08 Regular Meeting

D-3) NOT USED

D-4) ACCEPT QUARTERLY INVESTMENT REPORT

D-5) ACCEPT PHASE II CARRIAGE HOMES (TRACT 1747) WATER AND SEWER IMPROVEMENTS AND EASEMENTS

**RESOLUTION NO. 2008-1106
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING EASEMENT AND THE WATER AND SEWER IMPROVEMENTS
FOR TRACT 1747 PHASE 2 (CARRIAGE HOMES)**

D-6) ACCEPT DAVID WATER SYSTEM IMPROVEMENTS ON EVERGREEN WAY

**RESOLUTION NO. 2008-1107
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING WATER IMPROVEMENTS FOR CO 05-0113 (DAVID)**

D-7) AUTHORIZE SUBMITTAL OF LETTER TO CPUC SUPPORTING PROPOSED REVISION TO GOLDEN STATE WATER COMPANY'S RATE STRUCTURE

D-8) REVISE 2008 BOARD MEMBER ASSIGNMENTS TO SUPPLEMENTAL WATER COMMITTEE

Director Vierheilg asked to pull item D-7 for a separate vote.

Director Trotter asked to discuss item D-8. It was pulled for a separate vote.

Upon motion by Director Eby and seconded by Director Vierheilg, the Board unanimously approved items D-1 through D-6. There was no public comment. Vote 5-0.

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

ITEM D-7

Director Vierheilg suggested some edits to the proposed letter concerning a tiered rate structure for Golden State Water Company.

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ITEM D-7 (CONTINUED)

The following member of the public spoke:

Dan Woodson, Nipomo resident not in the NCSD – asked how to know if the tiered rates be punitive enough to kill off landscaping. Why should landscaping be killed off just to support more unneeded growth? He stated that he does not support the proposed letter and asked the Board to consider writing a letter in opposition to it.

Director Eby stated that he does not know what rates are proposed. The three-tiered rate structure is inconsistent with NCSD policies. Why would Golden State request conservation rates after their customers were informed that they had an abundance of water? It is none of this District's business what Golden State does with its rates. He does not support sending the proposed letter.

Director Harrison stated that Golden State was present at meetings along with Rural, Woodlands, Supervisor Achadjian, and others for the past several months discussing making tiered rate structures to conserve water. Both Golden State and Rural were planning to go to the PUC to ask for a three-tiered rate structure. At those meetings, NCSD was asked for support for their efforts.

Director Eby would like to have had minutes to those meetings and more information.

Director Trotter asked about the status of the triggers. Mr. Buel answered that the Technical Group is discussing the triggers. It is expected to submit a draft to the court early next year. Director Trotter then asked if all parties will participate in the triggers set forth.

Mr. Buel stated that the concept being discussed is that the court will order various level of severity response for all of the purveyors.

President Winn stated that the State will mandate a 20% reduction in water use by 2020. The State will look at every water purveyor and venue in the State.

Upon motion by Director Trotter and seconded by Director Eby, the Board agreed to table this item until further information could be presented to the Board. Vote 4-1 with Director Harrison voting no.

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

ITEM D-8

Director Trotter stated that there was a procedural glitch in attempting to replace him as a member on the Supplemental Water Committee. He stated that he did not wish to be off the committee.

President Winn apologized for the misunderstanding. He thought Director Trotter had expressed a desire to cut down some activities, due to his health. Director Harrison stated that he agreed to be on the committee only in the absence of Director Trotter.

Upon motion by Director Vierheilg and seconded by Director Harrison, the Board unanimously agreed to reject the item. Director Trotter did not vote.

YES VOTES	ABSTAIN	ABSENT
Directors Vierheilg, Harrison, Eby, and Winn	Director Trotter	None

The Board took a break at 10:15 a.m. and resumed the meeting at 10:30 a.m.

E. ADMINISTRATIVE ITEMS

01:14:00

E-1) AUTHORIZE REPLACEMENT OF NATURAL GAS ENGINE AT SUNDALE WELL WITH ELECTRIC ENGINE INCLUDING PURCHASE OF DIESEL GENERATOR AND AMEND FY08-09 BUDGET

Bruce Buel, General Manager, explained that the natural gas engine that runs the pump at the Sundale Well has mechanical problems. The engine is a conversion and was not originally designed to run with natural gas. The repairs and maintenance have cost more in the last seven years than the combined total cost of repairs for the other nine wells for the same time period. The figures for expenditures are in the Board packet. Lengthy repairs to the Sundale Well engine over the years have left the District with no backup while the well was out of service; and the District does not have a standby generator capable of powering up any of the larger electric wells. It is proposed to convert the gas-powered engine with an electric engine. The cost comparison of natural gas and electricity is also in the packet. It is also proposed to purchase a standby diesel generator for the Sundale Well.

The Board asked questions about the costs; would the other wells be able to use the generator; how much fuel for the generator; and how the fuel could be obtained in the event of a long-term power outage affecting the fuel suppliers.

Peter Sevcik, District Engineer, explained that Via Concha Well is set up with a generator plug. Sundale Well will be converted and Eureka Well will need a generator plug.

Jon Seitz, District Legal Counsel, arrived at 10:39 a.m.

The following members of the public spoke,

Bill Nelson, stated that it was his understanding that PG&E encouraged the District to install the gas engine.

The Board discussed the costs of the repairs thus far this year and costs since initial installation, if there is any salvage value in the engine, that there should be discussions with the Blacklake Group about the percentage to be charged to Blacklake Water Fund, and what the alternatives are.

Director Winn stated: 1) The 29% is based on what Blacklake said they would originally pay to help construct the well. The intent was not to pay for all future expenditures on the well. 2) The 15% is based on Blacklake's being 15% of the total District, 15% of the usage and 15% of the well. 3) The percentage of the total production of Sundale Well that could be delivered through the 4-inch line could be the percentage charged.

Bill Nelson, NCS D resident, stated that he understands that Blacklake paid 29% of the construction of Sundale Well. The residents of Blacklake felt they had rights to 29% of the water pumped from Sundale Well.

Director Winn stated that Blacklake's share of Sundale Well production was never intended to be 29% of the total output but to be used for Blacklake's peaking periods.

Director Eby would like the back-up concept designed to run on diesel for three days. Also, he wants a report including the rationale for the percentage split.

Jon Seitz, District Legal Counsel, stated that the price of the generator should be split between all the wells that would benefit.

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E-1) AUTHORIZE REPLACEMENT OF NATURAL GAS ENGINE AT SUNDALE WELL WITH ELECTRIC ENGINE INCLUDING PURCHASE OF DIESEL GENERATOR AND AMEND FY08-09 BUDGET (CONTINUED)

Tina Grietens, Utility Superintendent, when asked about PG&E power in the vicinity, stated that there is power; and in case of an emergency generator the proper switch gear will be installed.

Upon motion by Director Eby and seconded by Director Harrison, the Board unanimously agreed to hire an electrical engineer to do the necessary research to bring the information back to the Board. Mr. Sevcik stated that the electrical engineer would design the system to bring power into the site for approx. \$10,000. Vote 5-0.

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

01:49:29

E-2) AUTHORIZE EXECUTION OF AGREEMENT WITH VILLAGE AT NIPOMO (VAN) TO REIMBURSE VAN FOR OVERSIZING MARY WATER MAIN

Peter Sevcik, District Engineer, explained that Village at Nipomo, LLC developed a commercial project on Mary Avenue, CO 06-0037. In order to develop the project, the developer was required to construct extensions of the public water and sanitary sewer pipelines on Mary Avenue. The District requested and the Developer agreed to construct a twelve (12) inch water line in place of the eight (8) waterline normally required for new development as recommended in the Water and Sewer Master Plan to improve the capacity of the distribution system in the area. The new water line was dedicated to the District. The developer requested a reimbursement agreement for the incremental cost difference of installing the eight (8) inch water line and the actual cost of installing the twelve (12) inch water line.

Village at Nipomo, LLC connected a portion of the project to a new sewer line in Hill Street that was installed by the developer of Tract 2732. The developer of Tract 2732 has requested a reimbursement agreement for the sanitary sewer constructed in Hill Street that has yet to be finalized. However, staff has been able to approximate the reimbursement amount that Village at Nipomo, LLC will owe the developer of Tract 2732 for the sanitary sewer in Hill Street.

Staff has developed an agreement that outlines the conditions precedent to the District's obligation to make reimbursement to the developer.

Jon Seitz, District Legal Counsel, stated that the agreement in the packet is an agreement to negotiate the amounts to be reimbursed for the water and the sewer lines.

Director Vierheilg had some suggestions for minor changes in the agreement.

Dennis Mitchum, representative for Village at Nipomo, LLC, asked what the last edit was.

Upon motion of Director Harrison and seconded by Director Vierheilg, the Board unanimously adopted Resolution 2008-1108, as edited. Vote 5-0.

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

RESOLUTION NO. 2008-1108
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING A REIMBURSEMENT AGREEMENT FOR VILLAGE AT NIPOMO, CO 06-0037

02:04:53

E-3) COMPARE STAFFING VERSUS CONSULTANT OPTIONS TO ACCOMPLISH CURRENT AND NEAR FUTURE DISTRICT WORKLOAD

Bruce Buel, General Manager, explained that President Winn requested that the Board discuss this topic based on the recurrent discussion at the Board level over the use of engineering consultants for project development.

A copy of NCSD's Staff Organization Chart from the FY08-09 Budget was included in the packet. In regard to development of infrastructure projects, the General Manager and the District Engineer are the two available staff project management positions and the District Engineer is the only licensed engineer. In addition to project management, the District Engineer:

- Coordinates the processing of development review (application, ITS, PCIA, etc.)
- Inspects NCSD project installations,
- Represents NCSD on Public Works projects (like the drainage relocations),
- Develops and implements safety policies,
- Coordinates safety training,
- Prepares and submits compliance reporting,
- Supports and upgrades GIS,
- Supports and upgrades SCADA system,
- Develops preventative maintenance program,
- Provides administrative support, and
- Provides Board support.

The District Engineer is currently in charge of the following infrastructure projects:

- Southland WWTF Upgrade Project,
- Willow Road Waterline Design,
- Development of the Sanitary Sewer Overflow Program,
- Development of the Standpipe Mixing Program,
- New Water Tank Site investigation,
- Sewer Lift Station Control Panel Upgrades,
- Extension of Water Line in Camino Caballo from Linden to Frontage,
- Bio-Solids Disposal,
- Amendment of the Standard Specifications,
- Sundale Well, and
- Office Structural Repairs.

In addition, the District Engineer currently spends a substantial amount of his time assisting in the development of the Supplemental Water Project. In the near future, the District will be administering the installation of the Willow Road waterline, the Southland Wastewater Treatment Facility Upgrade Project and the Supplemental Water Project.

The District Engineer is now fully allocated and will be over-allocated when the major projects unfold. Staff is moving on filling the vacant Inspector/Preventative Maintenance Manager position, but even then it may be necessary to outsource some of the non-engineering components of the District Engineer's Duty pallet, including his safety officer duties. The General Manager believes that the highest and best use of the District Engineer is project management and development of those projects adopted by the Board.

The Board discussed the District Engineer's duties in regard to hiring outside consultants for special projects. Director Harrison asked if it would be cheaper to hire someone in-house to work on the projects listed above, rather than hiring consultants. Director Vierheilg stated that the District would not want to hire someone for short periods to do the specialized jobs and then they are gone.

There was no public comment.

There was no action taken.

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02:18:49

E-4) SELECT FACILITATOR AND FORMAT FOR PREPARATION OF 2009-2014 STRATEGIC PLAN

Bruce Buel, General Manager, reviewed the proposals from Charles Beesley and Brent Ives to perform a Strategic Plan workshop.

The Board discussed the differences between the two proposals and agreed that Mr. Ives would provide tools to implement the plan discussed by the Board at the workshop.

Director Vierheilig commented on the need for the District and Board to fully understand the District's financing capabilities and limitations. A well-done strategic plan goes nowhere without accompanying funding.

There was no public comment.

Upon motion by Director Trotter and seconded by Director Harrison the Board unanimously agreed to select Brent Ives as the facilitator for the 209-2014 Strategic Plan Workshop to be held on February 27, 2009, and to amend the FY 08-09 budget, as proposed. Vote 5-0.

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

02:30:46

F. MANAGER'S REPORT

In addition to the information provided in the Board packet, Bruce Buel, General Manager reported that the SLO County Board of Supervisors adopted two ordinances – amendments to Title 19 regarding retrofits for remodels and to Title 22 regarding the new standards for new development. One of the supervisors voted against Title 19 because he felt the conservation measures were not adequate.

The federal government is looking for stimulus package for possible funding for infrastructure. He has hopes that the District would be eligible for some funding.

02:34:12

G. COMMITTEE REPORTS

The Committee Report was included in the packet. There was no action necessary.

02:35:22

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

Director Trotter

There was a meeting with the Blacklake Management Association yesterday, October 21, 2008. Ian Wallace presented a concept of a stand-alone system.

Director Eby

A report from the federal government of the precipitation probability for the next month was given to the Board and the public. This area is expected to have below normal rainfall in November. The projection for December is normal.

Water service to Blacklake – what is the process if the next protest succeeds?

He asked that Item D-7 be put on the next agenda as an administrative item with at least a summary of the outside meetings that led to the proposed letter and a clear statement of the alternatives to a merger with a buy-in payment.

Director Winn

- He stated that Friday, October 10, 2008, he attended a strategic planning workshop with the Planning Department. He wrote and sent a summary of the workshop to the Board. He would like comments from the Board to take with him to a meeting with Chuck Stevenson in a few weeks.
- The SLO Board of Supervisors meeting yesterday, October 21, 2008, was fruitful. One Board member voting no signifies if NCS D has a Level of Severity III then why NCS D is

not voting for a moratorium. He tried to explain to the supervisor that the supplemental water supply project is to make up for bad pumping in the past, not for new water for annexations and such.

- He suggested that when the calculations are made for the Sundale Well, do not include the expenditures for fitting the other wells using the generator.
- When talking to Mr. Wallace and others about the potential for Blacklake becoming a stand-alone system, remind them the system would have to pay union scale, meet Title 22 with its best well turned off, and adhere to other State standards.
- Tuesday, October 14, the Board of Supervisors met. CSDs were invited for comment and to get involved with process.
- Laetitia TDCs could possibly be deposited in Nipomo.
- Denis Sullivan of Cypress Ridge is also claiming TDCs. County staff is recommending against approval.

02:49:49

I. CLOSED SESSION ANNOUNCEMENTS

Jon Seitz, District Legal Counsel, announced the following items to be heard in Closed Session.

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

I. CLOSED SESSION ANNOUNCEMENTS

4. CONFERENCE WITH REAL PROPERTY NEGOTIATOR BRUCE BUEL TO DISCUSS TERMS AND CONDITIONS OR FEE TITLE OR EASEMENT INTEREST PURCHASE OF A PORTION OF ONE OR MORE OF THE FOLLOWING PARCELS:

APN 090-031-003, FOOTHILL RD. AT E. TEFFT ST, OWNER-NEGOTIATOR: MARY DOTY

APN 090-032-002, 630 CLAMSHELL MOUNTAIN WAY, OWNER-NEGOTIATOR: BENITO MALDONADO

APN 090-032-003, FOOTHILL RD, OWNER-NEGOTIATOR: DOTY WILSON

APN 090-004 & 005, GRADE MOUNTAIN WAY, OWNER-NEGOTIATOR: AUDRE J. DOWELL

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 12:06 p.m.

02:50:55

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

The Board came into Open Session at 1:16 p.m.

Jon Seitz, District Legal Counsel, announced the following:

Items 1-3 above – The Board heard an update from legal counsel and discussed the matters. There was no reportable action.

Item 4 above – The Board met with its real property negotiator, Bruce Buel, to discuss the potential acquisition of portions of those real properties listed in the agenda. The Board instructed staff to meet with the property owners of APN 090-032-002, APN 090-032-003, and APN 090-004 & 005 regarding potential acquisition of a portion of those properties for the purpose of water storage facilities.

Mr. Dowell was in the audience. He stated that he was just informed of this last night.

President Winn stated that Mr. Dowell will hear more information in the next 60 days.

ADJOURN

President Winn adjourned the meeting at 1:18 p.m.

- **THE NEXT REGULAR BOARD MEETING IS NOV. 12, 2008.**
TENTATIVELY SCHEDULED ITEMS INCLUDE:
- Provision of Water Service to Blacklake