

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 45 Years of Service 1965 - 2010

MINUTES

APRIL 28, 2010 AT 9AM

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

JAMES HARRISON, **PRESIDENT**
LARRY VIERHEILIG, **VICE PRESIDENT**
MICHAEL WINN, **DIRECTOR**
ED EBY, **DIRECTOR**
BILL NELSON, **DIRECTOR**

PRINCIPAL STAFF

MICHAEL LEBRUN, **INTERIM GENERAL MANAGER**
LISA BOGNUDA, **ASSIST. GENERAL MANAGER**
DONNA JOHNSON, **BOARD SECRETARY**
JON SEITZ, **GENERAL COUNSEL**
PETER SEVCIK, **DISTRICT ENGINEER**

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

00:00:00

A. CALL TO ORDER AND FLAG SALUTE

President Harrison called the April 28, 2010 Regular Board Meeting to order at 9:00 a.m. and led the flag salute.

00:00:40

B. ROLL CALL

At Roll Call, all directors were present.

00:00:51

C. PRESENTATIONS AND PUBLIC COMMENT

C-1) MIKE NUNLEY OF AECOM

Update re: Waterline Intertie Project

Michael LeBrun, Interim General Manager, introduced some information in the report to be given by Mr. Mike Nunley. He explained some of the changes in the "Design Budget and Schedule" as of April 2010.

Mike Nunley, AECOM Engineering Project Manager, reviewed the report presented in the Board letter and answered questions from the Board.

C-2) NCSD SUPERINTENDENT TINA GRIETENS

Update recent Operations activities.

Tina Grietens, Utility Superintendent, reviewed the report supplied in the Board packet. Ms. Grietens answered questions from the Board.

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

Receive Announcements from Directors Items of District & Community Interest

Director Vierheilig

05-01-10, Saturday, Nipomo Native Garden Workday 9am-12pm.

Director Eby

04-28-10, Wednesday, at the Ludwig Center - SLO Forum of candidates for the Board of Supervisors seats – 2nd District Gibson, Ochylski; 4th District Guthrie, Zimmerman, Teixeira

Director Winn

04-19-10 - Mr. Winn attended a workshop in Paso Robles concerning the groundwater basin. There will be another meeting in Shandon 05-05-10.

04-26-10 – SCAC (South County Advisory Committee) met. Some topics included the NMMA Technical Group meeting, the Jim Miller Park update, Jack Ready Park authorization. The Dana Adobe received good news on funding.

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C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST
(CONTINUED)

Director Winn

04-27-10 – SLO County Board of Supervisors approved the Conservation and Open Space Element. The Board adopted the suggested emendations made by NCSD. The RMS discussion was moved to May 4th.

05-20-10 – SLO Climate Change meeting

Directors Winn and Harrison met with Congresswoman Lois Capps in Washington, DC. March 22nd concerning funding for the Waterline Intertie Project.

Director Harrison

The Washington, D.C. trip was productive.

He and Director Winn will be traveling to Sacramento, May 11-12, to represent District at Special District Legislative Days.

C-4) PUBLIC COMMENT ON ITEMS NOT ON AGENDA

There was no public comment.

00:18:02

D. CONSENT AGENDA

D-1) APPROVE WARRANTS

D-2) APPROVE BOARD MEETING MINUTES

Approve Minutes of April 14, 2010 and April 19, 2010

D-3) QUARTERLY FINANCIAL REPORT

D-4) QUARTERLY INVESTMENT POLICY

Director Winn made some minor changes to the Minutes of the April 14th meeting. Director Vierheilg noted an error on page 10 of the Quarterly Financial Report.

Upon motion by Director Winn and seconded by Director Eby, the Board unanimously approved the Consent Agenda, as amended. Vote 5-0.

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

The Board took a break at 9:40 a.m. and resumed the meeting at 9:48 a.m.

E. ADMINISTRATIVE ITEMS

00:24:38

E-1) RECEIVE ACTUARIAL VALUATION REPORT ON OTHER POST EMPLOYMENT BENEFITS (OPEB)

Marilyn Jones, Vice President and Actuary for The Epler Company, reviewed information concerning the actuarial valuation of NCSD's retiree health program. The purpose of the valuation is to measure the District's liability for retiree health benefits and to determine the District's accounting requirement under the Government Accounting Standard Board (GASB). Ms. Jones answered questions from the Board.

Lisa Bognuda, NCSD Finance Director, answered questions from the Board.

There was no public comment. Upon motion by Director Vierheilg and seconded by Director Eby, the Board unanimously agreed to accept the Actuarial Valuations as of January 1, 2010, and forward the findings to CERBT (California Employers' Retiree Benefit Trust).

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E-1) RECEIVE ACTUARIAL VALUATION REPORT ON OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Director Winn asked that staff explore adding vision and dental for the retirees and also to consider a new classification of newly hired employees, with a limit to District contributions for them. Vote 5-0.

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

00:51:28

E-2) REVIEW DISTRICT'S DEVELOPMENT-RELATED FEE COLLECTION POLICY

Michael LeBrun, Interim General Manager, explained that the Board directed staff to provide an opportunity for review and discussion of District procedure for collection of supplemental water capacity charges. Staff met with representatives of SLO County Home Builders Association to discuss developers' financial difficulties due to changes in lending institution practices particular to development projects and particularly with the payment of District development fees.

Peter Sevcik, District Engineer, reviewed the concept of phasing capacity fee collection and answered questions from the Board.

The following members of the public spoke:

Jerry Bunin, representative from San Luis Obispo County Home Builders Association, asked about the proposed collection policy. What are the criteria for acceptance or denial of a project? How much is the proposed tracking fee and how will it be implemented? Why are fees due if the project is sold?

Jon Seitz, District Legal Counsel, answered Mr. Bunin's questions. The criteria will be the same as now; the water allocation process and existing ordinances will be used. The tracking fee will be paid up front and is expected to be under \$1,000.

Greg Nester, local builder/developer, stated that the timing to record a map with the County could be from one day to twelve weeks. He also asked why the fees would be due upon sale of the project.

Charlie Fruit, representative from Coast National Bank, stated his concern over the fees due upon sale causing a higher risk issue, since banks would likely require the fees to be paid into a separate account if the staff recommendation were approved.

Terry Flatley, local builder, asked about payment of common meter fees.

Lisa Bognuda, NCSD Finance Director, explained about the fees being due.

Don Parker, representative from Coast National Bank, suggested that the fees due could run with the land.

Upon motion by Director Winn and seconded by Director Harrison, the Board directed staff to craft an ordinance eliminating the red box from the "Phased Capacity Fee Collection Concept", adding a sunset clause that sunsets two years after the adoption of the ordinance unless the Board extends it by resolution, with a review of the ordinance if the Waterline Intertie Project assessment vote fails, and review the ordinance regardless after six months. Vote 3-2, with Directors Eby and Vierheilig voting no.

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

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The Board considered E-4 next.

02:13:05

E-4) ACCEPT PROPOSAL FOR REBUILD OF VIA CONCHA WELL

Michael LeBrun, Interim General Manager, explained the history of the Via Concha Well and the plans to rebuild the well.

Tina Grietens, Utility Superintendent, reviewed the process of evaluating the rebuilding of the existing motor. Fisher Pump pulled the pump, inspected the well, videoed the well casing and estimated the repair. The casing, the inner column, the pump and the motor need to be replaced. It is planned to repair the existing motor to have on-hand for emergencies.

Ms. Grietens and Mr. Sevcik answered questions from the Board. There was no public present to comment.

Upon motion by Director Winn and seconded by Director Vierheilg, the Board unanimously approved the estimate for rehabilitation of the Via Concha Well from Layne Christensen, and authorized execution of a contract for \$76,796.77, plus a \$5,000 contingency. Vote 5-0.

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

The Board considered Closed Session next.

I. CLOSED SESSION ANNOUNCEMENTS

Jon Seitz, District Legal Counsel, announced the following items to be considered during Closed Session:

1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9 SMVWCD VS. NCSD (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 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 GC SECTION 54956.9; NCSD VS. COUNTY SLO, ET AL. (CASE #CV090010)
4. PUBLIC EMPLOYEE APPOINTMENT (GOVERNMENT CODE §54957) TITLE: DISTRICT GENERAL MANAGER

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There was no public present to comment.

K. ADJOURN TO CLOSED SESSION

President Harrison adjourned the meeting to Closed Session at 12:01 p.m.

L. OPEN SESSION

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

The Board came back into Open Session at 1:56 p.m. There was no audience present.

Jon Seitz, District Legal Counsel, announced the following:

The Board heard an update on Items 3 and 4 above but took no reportable action.

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The Board considered Item E-3 next.

02:29:30

E-3) REVIEW PRIOR BOARD DIRECTION ON TUCKFIELD & ASSOCIATES WATER FUND FINANCIAL ANALYSIS/RATE STUDY

Michael LeBrun, Interim General Manager, review the information presented in the packet. Tuckfield and Associates developed a water fund financial analysis and rate study.

An updated, draft final report was presented to the Board of Directors on September 9, 2009. On that date, the Board of Directors approved the following motions:

- The Board agreed to finance the capital portion of the WIP through an assessment district. Mr. Buel was directed to work with Mr. Tuckfield to break out the costs of the project versus the O & M. Vote 5-0.
- The Board agreed to propose a 19.5% increase in the cost of water per year for five years assuming assessment funding and the full repayment method of replacement. Vote 5-0.
- The Board agreed to propose a four-tiered water rate structure for future consideration. Vote 3-2, with Directors Eby and Winn dissenting.

Lisa Bognuda, NCSD Finance Director, answered questions from the Board.

Upon motion by Director Winn and seconded by Director Eby, the Board agreed to extend the contract for the old rate study to Tuckfield to update the backgrounds using 2008-2009 data, keep the same assumptions for replacement costs and also one at 50%, present a version that includes supplemental water and one that doesn't. Vote 4-1, with Director Harrison dissenting.

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

03:39:48

E-5) REVIEW MESA AIR QUALITY STUDY

Michael LeBrun, Interim General Manager, provided a summary of the Nipomo Mesa air quality study released by SLO County Air Pollution Control District. The Board discussed the report. There was no public present to comment. The Board received and filed the report.

03:47:58

F. MANAGER'S REPORT

Michael LeBrun, Interim General Manager, reviewed the report as presented in the Board packet and answered questions from the Board. There was no public comment.

G. COMMITTEE REPORT

There was no committee report.

04:04:25

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

Director Winn
Summary Statement for the Santa Maria Groundwater Litigation
Finance and/or Personnel Committee

ADJOURN

President Harrison adjourned the meeting at 3:35 p.m.

➤ Next Regular Board Meeting is May 12, 2010