

NIPOMO COMMUNITY SERVICES DISTRICT

NOVEMBER 15, 2012

1:00 P.M.

MEETING MINUTES

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

APPOINTED COMMITTEE MEMBERS

MICHAEL K. NUNLEY, CHAIRMAN (NON-VOTING)
PETER V. SEVCIK, VICE CHAIRMAN (NON-VOTING)
CRAIG ARMSTRONG (VOTING)
DAN GARSON (VOTING)
DENNIS GRAUE (VOTING)
KATHIE MATSUYAMA (VOTING)
ROBERT MILLER (VOTING)
DAVE WATSON (VOTING)
DAN WOODSON (VOTING)

PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASST GM/FINANCE DIRECTOR

MEETING LOCATION - District Board Room
148 S. Wilson Street, Nipomo, California

1. **CALL TO ORDER, FLAG SALUTE AND ROLL CALL**

Chairman Nunley called the Special meeting of November 15, 2012, to order at 1:04 PM. and led the flag salute. At roll call, all Committee members were present except Member Woodson. Member Armstrong attended the meeting but sat in the audience. Chairman Nunley noted that Member Armstrong had stepped down from the Committee since he was no longer eligible due to his selection to serve on the District Board of Directors.

2. **GENERAL MANAGER'S REPORT**

General Manager Michael LeBrun provided an update to the Committee on items relevant to their work. In the District election on November 6, two new Directors were selected – Bob Blair and Craig Armstrong. They will take office on Friday, December 7th, and will be sworn into office on December 12th. Current Director Michael Winn had decided not to run and Director Eby was not reelected.

On November 14, the Board of Directors approved releasing the prequalification package for the horizontal directional drilling component of the Santa Maria Waterline Intertie Project. Initiating this process would not require the District to authorize a budget amendment since the engineering work is included in the existing design budget. The Board also approved a budget amendment of \$32,000 for right-of way-negotiation. Right-of-way acquisition is required prior to bidding the project. General Manager LeBrun noted that the project alignment had not changed, but additional right-of-way coordination and updated appraisals may be required because the last set of appraisals may not represent current market conditions.

He also provided an update of the District's conservation program to the Board on December 14th. He noted the District is in compliance with the Department of Water Resources' grant eligibility requirements (related to conservation) and also with the best management practices recommended by the California Urban Water Conservation Council.

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General Manager LeBrun noted that both Director-Elects attended the Board meeting on December 14th. Director-Elect Blair stated that he and County Supervisor Texeira had been working on a solution to the Mesa's supplemental water needs and he hoped to bring information to the December 12th Board meeting. General Manager LeBrun has asked that he bring his information to the SWAEC.

Member Matsuyama asked if Supervisor Texeira had told the Board or District staff about his solution and the General Manager responded that he had not.

Member Garson asked how the District would fund the Santa Maria Waterline Intertie Project if the Board proceeds with construction in the spring of 2013. General Manager LeBrun responded that the District had estimated the Phase I project would be approximately \$13M, and he expected to have a \$3.5 M funding "gap" after including \$2.3 M in grant funding which is at risk if the District cannot move forward before the money is allocated by the County to another project. The funding source is Supplemental Water fees that had been charged for several years. The District would look to the other partners or possibly an interfund loan from designated reserves to make up the shortfall.

Member Garson asked if there would be a rate increase if the District proceeds with the project in the spring. The General Manager noted the District had not determined how to repay an interfund loan, if required, but a rate increase would be an option. He speculated that the Board may want to go out to bid to determine the "real" construction cost before deciding how to move forward with funding the project.

There was no public comment.

3. REVIEW DRAFT MINUTES FROM NOVEMBER 1, 2012, COMMITTEE MEETING

Chairman Nunley introduced the item. He noted that one revision had already been submitted:

P. 2, Paragraph 6 – Vice Chair Sevcik had stated the stories about an existing tee on the Central Coast Water Authority pipeline within the District service area were only rumors and it had been confirmed that there was no tee.

Member Graue requested a change:

P. 5, last paragraph – Note that Member Graue had estimated 1.6 square miles would be required for solar distillation of 2500 acre-feet per year (AFY) of seawater.

The Committee voted to revise the draft notes as requested.

4. DISCUSS CHANGES TO COMMITTEE MEMBERSHIP AS A RESULT OF THE NOVEMBER 6 ELECTION

Chairman Nunley presented this item.

Member Miller said he would like for the Committee to replace Member Armstrong, and noted that some prior applicants such as Sam Saltoun had been regularly attending Committee meetings.

Kathy Matsuyama noted that she was concerned that an even number of Committee members could create an issue since there would be no tiebreaker for future decisions or motions.

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Member Graue asked if background information was available for past applicants. General Manager LeBrun said he could provide this information and that the selection committee had recommended alternate members. However, that list of alternate members was only intended for use in the initial selection process and was not intended to address replacement of outgoing members.

Member Garson asked if the Committee would need to delay work to select a replacement member. He expressed concerns that the selection process could delay the overall evaluation. Chairman Nunley responded that the Committee did not need to replace any outgoing members per the Bylaws, and that the priority is to proceed with the analysis as quickly as possible.

Member Matsuyama noted that Member Armstrong had contributed much to the subcommittee and would be missed. He would like the Committee to reach out to Margaret Lange and see if she is interested in being involved.

Member Watson asked if the Committee would be able to identify and select a candidate in time to propose them to the Board at their next meeting.

Chairman Nunley noted that having a tiebreaker may not be an issue since the Committee is not taking an action, and could note any unresolved issues among the Committee members when providing their final report to the Board.

Member Matsuyama said her major concern was having sufficient resources to complete the analysis, particularly if another member needed to vacate their seat before February. She would like to find a replacement as soon as possible. Member Miller agreed, and noted that his priorities would be finding someone who had been involved in the work to date and who had the right qualifications. He suggested the Committee set up a special meeting to identify a candidate prior to the next Board meeting on the 12th.

General Manager said the Board could ratify the Committee's recommendation for a new member at their meeting on December 12th, and that prospective member could get involved earlier with little risk that the Board would not ratify that recommendation. He noted that Chairman Nunley would be the tiebreaker per the Bylaws if a tie vote occurs.

Member Watson suggested that the Committee notify the Board that they would like to replace Member Armstrong and that District staff reach out to the public and past applicants to gauge interest. General Manager LeBrun said that staff could reach out to those past applicants, but going back through a larger outreach effort would take longer than a month. He noted there are no constraints on the Committee's replacement process – for example, the Committee could identify someone in the meeting audience today.

Member Miller recommended that staff reach out to past applicants and gauge interest, in addition to providing their application information to the Committee for consideration at their next meeting.

Member Woodson joined the Committee meeting during this item.

Public Comment:

George Dubois, Nipomo Resident, stated he was an applicant and was still interested in serving on the Committee.

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Sam Saltoun, Nipomo Resident, stated he was an applicant and was still interested in serving on the Committee.

Member Matsuyama asked District staff to ask Margaret Lange if she was interested in serving since she had been regularly attending Committee meetings.

The Committee voted to direct District staff to provide information on the prior applicants to the Committee for consideration, review, and nomination at the next meeting. In addition, staff was directed to reach out and gauge interest among the past applicants.

5. DISCUSS SUBCOMMITTEE PROGRESS

Chairman Nunley introduced the item.

Conservation/Graywater – Member Matsuyama presented an update and slide presentation to the Committee. This presentation was not part of the Committee packet.

Member Watson noted that the Urban Water Management Plan had identified 10-year per capita usage of approximately 240 gpcd starting in '95/'96 down to 174 gpcd in 2010. He said the difference could be due to conservation as well as climate conditions. He asked if there was a 20% reduction goal from the state, and what opportunities there would be to realistically reduce the District's consumption below current levels.

Member Matsuyama noted there was a mandate from the state to reduce water usage by 20%.

Member Watson noted that irrigation of yards could account for 40-60% of water demands, and he thought that graywater could be essential to addressing that demand. Member Matsuyama said that harvesting rainwater could also help. She noted that Santa Barbara County is a leader in water conservation and graywater practices.

Member Woodson asked which conservation measures are mandated by code. Member Matsuyama noted that Regional Water Quality Control Board policy is motivating and/or requiring the County of SLO to look at more low-impact development and other practices to reduce runoff and conserve water. She noted it is against the law in some municipalities, and within the state, to waste water. Member Woodson said that low-flow toilets and fixtures had been mandated by agencies in San Luis Obispo County.

Member Matsuyama said she was working with Margaret Lange on recommendations.

Chairman Nunley noted that it would be interesting to see which conservation measures the District can require with their limited authority, versus which measures must be directed by the County as the lead planning agency. Member Matsuyama discussed various measures instituted by the City of Santa Barbara including producing public outreach and education materials.

Member Miller noted that it would be interesting to talk with the City of Santa Barbara's water conservation program manager to discuss their practices and policies. He also said that guidelines for conservation had been developed for Los Osos. Member Matsuyama discussed cost savings for various retrofit programs.

State Water – Member Armstrong presented the update. Chairman Nunley noted that SLO County Flood Control & Water Conservation District and Santa Barbara County Flood Control & Water Conservation District would need to transfer Table A water in order for

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Nipomo CSD to purchase Table A water from current State Water customers in Santa Barbara County.

Member Watson asked for clarification regarding CCWA's lack of pipeline capacity to deliver San Luis Obispo County's full allocation of Table A water. Member Armstrong noted there was one section of pipe to Lopez Lake that delivers San Luis Obispo County water; and another section south of Lopez Lake that only delivers water to CCWA members. CCWA manages both sections. Chairman Nunley said that the section of pipeline south of Devil's Den, as well as Polonio Pass Water Treatment Plant, was only designed to deliver the quantity of water requested by the member agencies and a fraction of SLO County's full Table A water. CCWA performed an analysis to determine if there was pipeline capacity above the initial design flows, and CCWA members were determining who "owns" or "can use" that excess capacity. Negotiation is required with both CCWA and SLO County to acquire and deliver State Water.

Surface Water – Members Miller and Watson presented the update.

Member Garson asked for confirmation that none of the surface water sources described in the update would constitute "new water" and Member Miller agreed that was his understanding as well. Member Graue noted that if Oso Flaco originates from a spring it is considered groundwater. He and other members mentioned the water in Oso Flaco was contaminated.

Member Garson asked if water from Lopez Dam would be a physical solution or a legal solution. Member Watson noted it would be more of a legal solution. He discussed various options utilizing recycled water or Lopez water being considered in South County in order to address local groundwater issues and seawater intrusion, and how Nipomo CSD could benefit. Participating in raising Lopez Dam, for example, may provide "credit" for those participants in recharging the overall groundwater basin. Members Graue and Watson discussed how this might work, but Member Watson noted this would require coordination with Zone 3 of the SLO County Flood Control & Water Conservation District. Member Woodson asked if groundwater from the Five Cities area was flowing toward Nipomo. Member Graue said that it was. Member Watson noted that increasing yield of Lopez water to increase groundwater recharge could result in reducing the number of new pipelines to convey water around and to the Mesa, but requires more analysis.

Recycled Wastewater from Municipal Facilities – Members Miller and Watson presented the update.

Member Garson discussed benefits for importing recycled water from Five Cities and providing to Phillips 66 to offset their groundwater usage, and wondered if existing oil/gas pipelines could be utilized. Member Miller noted that several efforts had been conducted to convey water through petroleum pipelines but he had not seen any that were successful. He asked for clarification regarding delivered water costs in the recycled water studies conducted in Five Cities. Chairman Nunley cited costs of \$1800-2100/AF from the Santa Maria Waterline Intertie Project for 3000 AFY delivered water from the 2007 Constraints Analysis, for comparison to the numbers in the recycled water studies. Members Miller and Graue discussed use of reverse osmosis for removing salts from wastewater for reuse, and also discussed use of this technology for both industrial and wastewater applications in the Orcutt area. Member Garson mentioned a cost projection of \$5000/AF for a golf course at a Pebble Beach location to purchase recycled water.

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Chairman Nunley and Member Graue discussed the need for intake facilities, disposal systems, and permitting associated with use of seawater as a water supply as compared to use of desalination technologies to treat water from petroleum operations. The example of Cambria CSD's multi-decade process to develop desalination project was discussed by Member Miller and Chairman Nunley.

Member Watson discussed the advantages of a network of various water supplies (including recycled water and other supplies) that together could meet the future water needs on the Mesa. Various members discussed resource agencies' preferential treatment for projects that desalinate water for recycling versus projects that desalinate seawater.

Public Comment:

General Manager LeBrun stated that the District is only responsible for 25% of the water extracted from the Nipomo Mesa Management Area (NMMA). He noted that he would be interested in finding out about any conservation requirements applied to the other purveyors within the NMMA. He said that some are just starting to install water meters.

He discussed the District's turf replacement program which refunded \$500 per customer, and noted that the program had some complications and was discontinued. He said that graywater recovery required a level of operation and maintenance that would not be viable for some households. He questioned some of the definitions limiting graywater reuse that were presented in the update, which were different than he had seen before – for example, the statement that kitchen sink water was unacceptable for reuse. He noted that he reuses graywater at home, and it requires attention for proper operation that some customers cannot provide. In addition, sandy soils on the Mesa result in a high capture rate of rainwater and transfer back to the groundwater basin.

Member Matsuyama noted that using the same water twice is the benefit of graywater harvesting and reuse, and discussed how cultural change could occur to encourage users to participate in this program. General Manager LeBrun noted that he could not impose water conservation on individuals in the ways that cities and other planning agencies can do so.

He also said that in a discussion with the Cambria CSD General Manager and District Engineer, he was told that the first question from the Coastal Commission if a desalination project is proposed would be if the agency had pursued other alternatives first.

Director Jim Harrison asked the Committee to clarify the typical water usage from Phillips 66. He also asked about reuse of Southland WWTF effluent.

Member Miller responded that he thought it was approximately 1000 AFY. Member Matsuyama provided the correction that usage was 1200 AFY as stated by Jim Anderson. Chairman Nunley noted the discharge was approximately 360 AFY but P66 evaporates some of the water they withdraw prior to discharge.

General Manager LeBrun said that Southland WWTF was being upgraded and the water is already going to the groundwater basin. Member Miller said it would be more difficult for Nipomo CSD to highly treat their Southland WWTF effluent since they cannot dispose of brine as easily as South County Sanitation District or City of Pismo Beach. Member Watson said the District should take credit for future wastewater discharge in recharging the aquifer by comparing future discharges to current levels. Member Armstrong noted that more discharge would be associated with more groundwater pumping, so it would not qualify as a new source. General Manager LeBrun noted that new water must be imported to be able to

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count the treatment plant discharge as additional water. Vice Chair Sevcik said the cost to upgrade Southland WWTF to full tertiary with disinfection would be approximately \$4-5M for 600 AFY, not including transmission costs or salt removal. The Chairman and Vice Chair discussed the water quality benefit of importing water from Santa Maria to reduce salt levels in wastewater treatment plant discharge.

There was no public comment.

Member Miller asked if a meeting had been sent up with the County Public Works Director, Paavo Ogren. Chairman Nunley asked the members to provide questions for the meeting with the County by Wednesday, November 21st.

6. DISCUSS NEED FOR SPOKESPERSON TO PROVIDE UPDATE TO THE BOARD

Chairman Nunley presented the item. The Committee deferred this item to the next Committee meeting.

7. PRESENT REFERENCE DOCUMENTS FOR REVIEW AND ACCEPTANCE

Chairman Nunley presented the item.

The Committee voted to add the San Luis Obispo County Master Water Report (May 2012) and the San Luis Obispo County Conservation Manual to the list of approved reference documents.

8. DEVELOP RANKING CRITERIA

Chairman Nunley presented this item.

Members Woodson and Miller discussed adding a criterion for "probability of success" including public opposition, third party approval, or other issues outside the control of the District. Chairman Nunley noted that institutional constraints are addressed in the evaluation itself. Members Miller and Matsuyama discussed a "risk" criterion and Member Garson mentioned a possible "barriers to success" criterion. Member Miller suggested using the term "viability" and keeping the definition broad for now.

Chairman Nunley proposed drafting a list of criteria for consideration by the Committee at the next meeting.

Member Matsuyama and other members discussed adding energy usage or "environmental" as a ranking criteria. Member Miller recommended using the term "environmental" and defining it.

Member Graue recommended each member bring back a list of criteria and definitions to share with the Committee at the next meeting. Member Watson suggested developing and applying a multiplier to assist in the ranking process.

The Committee voted to direct all Committee members to develop a list of possible evaluation criteria and bring it to the next meeting for discussion.

9. SET NEXT COMMITTEE MEETING DATE AND TIME

The Committee voted to schedule the next meeting for December 7 at 1:00 PM.

There was no public comment.

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10. ADJOURN

Chairman Nunley adjourned the meeting at 3:37 PM.