

# NIPOMO COMMUNITY SERVICES DISTRICT

## MINUTES

REGULAR BOARD MEETING APRIL 16, 1997 7:00 P.M.  
BOARD ROOM 261 W. DANA STREET, SUITE 100 NIPOMO, CA

### BOARD MEMBERS

KATHLEEN FAIRBANKS, **PRESIDENT**  
ALEX MENDOZA, **VICE PRESIDENT**  
AL SIMON, **DIRECTOR**  
ROBERT BLAIR, **DIRECTOR**  
GENE KAYE, **DIRECTOR**

### STAFF

DOUGLAS JONES, **General Manager**  
DONNA JOHNSON, **Secretary to the Board**  
JON SEITZ, **General Counsel**

### 6:30 P.M. CLOSED SESSION WITH LEGAL COUNSEL

1. Existing litigation GC§ 54956.9  
NCSD vs. Shell Oil, et. al. Case No. CV 077387
2. Existing Litigation, Pratt vs. NCSD Case No. CV 79715 GC§54956  
\*GC§ refers to Government Code Sections

There was no reportable action.

### **7:00 P.M. REGULAR BOARD MEETING**

#### **CALL TO ORDER AND FLAG SALUTE**

President Fairbanks called the April 16, 1997 Regular Board Meeting to order at 7:15 p.m. and led the flag salute.

#### **ROLL CALL**

At Roll Call, the following Board members were present:  
Directors Kaye, Blair, Simon, Mendoza, Fairbanks

#### **APPROVAL OF MINUTES**

1. REGULAR MEETING OF MARCH 19, 1997  
Upon motion of Director Kaye and seconded by Director Blair, the Board unanimously approved the Minutes of the March 19, 1997 Regular Meeting.

#### **PUBLIC COMMENTS PERIOD**

2. PUBLIC COMMENTS  
Public comments on matters other than scheduled items. Presentations limited to three (3) minutes

President Fairbanks opened the meeting to Public Comments.  
The following commented during this time.

John Snyder handed out information to the Board. He pointed out page 4 of the information sheets. Copy in Minutes.

#### **BOARD ADMINISTRATION** (The following may be discussed and acted on by the Board.)

3. TURNOUT ON THE COASTAL AQUEDUCT  
Review District correspondence and authorize staff to work with CCWA and others to establish a turnout for a possible emergency water supply.

Mr. Jones explained the steps taken by him to obtain an emergency turn-out in the Coastal Branch Aqueduct, as directed by the Board at the last meeting. CCWA indicated that they may install a valve in the line at the time the aqueduct is down for inspection of maintenance procedures. The valve would be buried and not used except in the case of an emergency.

The Board agreed that a turn-out would make sense.

John Snyder thought the turn-out was a good idea.

Upon motion of Director Blair, seconded by Director Simon, the Board unanimously agreed to direct staff to ask CCWA about a possible valve installation.

4. PROPOSED ADJUSTMENTS OF DISTRICT'S CAPACITY CHARGES AND CONNECTION/METER FEES

Review water and sewer capacity charges (Developer Fees) and water connection/meter fee. Introduction of an Ordinance modifying water and sewer capacity fees and connection/meter fees and the setting of a Public Hearing. Data indicating the estimated costs required to provide the service is available at the District office.

Mr. Jones described the Finance Committee's review of the District's water and sewer capacity charges and connection/meter fees. The Board discussed the information. Jack Stoddard commented about Black Lake not being included in this matter. John Snyder asked why the District did not use money from sewer fees to improve the water system. Mr. Jones explained that the law states that sewer money cannot be used for water improvements and vice versa.

Upon motion of Director Kaye, seconded by Director Mendoza, the Board agreed to introduce Ordinance 97-84, and set a Public Hearing for May 7, 1997. Director Blair voted against the Ordinance.

5. REVIEW WATER AND SEWER MONTHLY USER FEES

Report from Finance Committee on proposed adjustment for the Town & Black Lake Divisions water and sewer monthly user fees.

The Finance Committee met on April 9, 1997 and reviewed the District's water and sewer monthly user fees. The proposed adjustments of fees were based on the rate study and financial plan received in April 1996. The fees included reserve funds to replace facilities as needed in the future. There was much board discussion. Jack Stoddard has called for the Black Lake Advisory Committee to meet on April 28, 1997, at 4:00 p.m. to discuss proposed rate increases. John Snyder commented.

**FINANCIAL REPORT**

6. QUARTERLY INVESTMENT POLICY REPORT

Mr. Jones presented the Investment Policy Quarterly Report. Upon motion of Director Simon, seconded by Director Kaye, the Board unanimously agreed to receive the report into file.

7. APPROVAL OF WARRANTS

Upon motion of Director Kaye and seconded by Director Mendoza, the Board approved the Warrants presented at the April 16, 1997 Regular Meeting.

**OTHER BUSINESS**

8. MANAGER'S REPORT

Mr. Jones presented information of the following items:

1. Capital Seminar 1997 Information
2. ACWA Managing Groundwater Workshop
3. Foundation for Community Design Newsletter

9. DIRECTORS COMMENTS

There were no further Director's comments.

John Snyder commented on the CCWA adopting a Conflict of Interest Code.

Jon Seitz, Legal Counsel for the District, explained the need for the Board to go into Closed Session. President Fairbanks adjourned to Closed Session.

**CLOSED SESSION**

The Board came back into open session and announced an agreement was made with Charles Pratt Construction for a "Judgment on Stipulation for Entry of Judgment."

A copy is attached.

**ADJOURN**

President Fairbanks adjourned the meeting at 9:30 p.m.

**Scenic Shoreline Preservation Conference, Inc.****Water Committee****AWARE Campaign**

808 Romero Canyon Road

Santa Barbara, CA 93108

ph: (805)969-082

fax: (805) 565-3394

Complaint Intake  
State Bar of California  
1149 S. Hill  
Los Angeles, CA 90015

4/7/97

Dear members of the Complaint Intake Committee:

This letter requests the State Bar of California to open an investigation into the activities of attorneys affiliated with the Hatch & Parent law firm of Santa Barbara, California. Specifically known to us are the following partners in the Hatch & Parent law firm: Stanley C. Hatch, Susan F. Petrovich, Scott S. Slater, and Steven A. Amerikaner. There may be other attorneys from the Hatch & Parent firm involved as well. Hatch & Parent represents multiple clients involved in the importation of State Water into Santa Barbara County.

The gist of the complaint is that attorneys of the firm represented parties with adverse interests absent informed written consent. Further, attorneys of the firm used their position of attorney for one client to the detriment of that client and to the advantage of another adverse client. The disadvantaged clients are public sector entities and therefore the public in general is harmed.

Because Scenic Shoreline lacks precise information about which of the firm's attorneys handled which matters, it is impossible to say with precision which attorneys have acted unethically. Identifying exactly who within the firm has acted wrongly is a task for the State Bar's investigation. Scenic Shoreline believes that the knowledge and ethical duties of any attorney in the firm are properly imputed to all attorneys in the firm.

In 1991, a political decision was made by a number of water purveyors in Santa Barbara and San Luis Obispo counties to construct the facilities necessary to import State Water into these areas. Scenic Shoreline opposed the project but found itself on the losing side of that political decision. This ethics complaint in no way seeks to reverse the results of that political decision.

Following the decision to import State Water in 1991, a series of decisions were made which concerned the manner in which the project would be carried out

John Snyder handed information to Board 4-16-97

and administered. The above mentioned four attorneys from Hatch & Parent were retained as legal counsel by a number of entities involved in the Project. All of the various Hatch & Parent clients wanted the project to happen. However, the precise details of project design and organizational structure could advantage some participants over others. It is the contention of Scenic Shoreline that the above mentioned four attorneys from Hatch & Parent used their position as attorneys for multiple clients to the advantage of some to the detriment of others.

This letter presents specific allegations. Scenic Shoreline has reason to believe that other improper acts may have been committed by the above mentioned four attorneys from Hatch & Parent. Scenic Shoreline requests and expects that the State Bar will explore these specific allegations and other matters that might come to light.

One group of allegations involves the agreements that govern the State Water Project in Santa Barbara County. Following the approval of State Water in 1991, the participating governmental utilities (o.g. the water purveyors), formed a joint powers agency called the Central Coast Water Authority (CCWA). Three of the four above mentioned attorneys from Hatch & Parent (Stanley C. Hatch, Susan F. Petrovich, and Steven A. Amerikaner) were the attorneys for CCWA from the outset and devised all the documents of formation. During this period, Scott S. Slater of Hatch & Parent also represented a private water company called Southern California Water Company (SCWC), which was not a participant until later in the State Water pipeline and, being a private company, could not be a part of the joint powers agency, CCWA. Scenic Shoreline believes that during the period of CCWA's formation and afterward, Stanley C. Hatch, Susan F. Petrovich and Steven A. Amerikaner of Hatch & Parent inserted elements into the structure of CCWA which work to advantage Scott S. Slater of Hatch & Parent client Southern California Water Co. (a privately owned company). The required disclosure of the implications of actions was lacking, as was informed consent for the representation.

The first specific allegation involves the cross-default clause contained within the Water Supply Agreement (WSA). This clause speaks to the eventuality that a member entity of the CCWA might by an inability to pay its bills, be unable to continue participation in the project. CCWA was structured so that in the event of a default the financial burden would be spread to other CCWA members. The defaulting party's water would become available to someone else at what would amount to bargain basement prices. Stanley C. Hatch, Susan F. Petrovich, Steven A. Amerikaner and Scott S. Slater of Hatch & Parent devised the basic agreements so that under the most likely default scenario, this advantage would go to its client Southern California Water Company. In gaining this advantage for the one client, Stanley C. Hatch, Susan F. Petrovich, and Steven A. Amerikaner of Hatch &

Parent failed to inform its client CCWA as to how its members, the rate payers of Santa Barbara County, would be affected.

The second specific allegation involves a re-design of a portion of the pipeline. The conflicts involve the design and construction of the reaches 5b and 6 of the Coastal Aqueduct.

Originally between 1991-1994, these reaches of the Coastal Aqueduct had been designed by the Department of Water Resources (DWR). In January of 1995, the design and construction was turned over to the CCWA from DWR via a joint powers agreement. Although no changes in design capacity were made at that late date and the DWR design was 90% complete, CCWA discarded the DWR design and began an entirely new design. This new design had some unusual features that up to now had escaped rational explanation.

The most interesting feature of the new pipeline design was the specification for maintaining the full size and capacity of the pipe from the Santa Maria turnout to Tank 5, the terminus to reach 6. DWR's prior design always reduced pipe size commensurate with the reduced flow requirement after each turnout. In the case of Reach 6, this would have necessitated a reduction in capacity by almost half after the Santa Maria turnout. The requirement downstream of the Santa Maria turnout is for a delivery of about 22,500 AFY, whereas the capacity in the pipe from Santa Maria to tank 5 is 43,000 AFY. The larger than necessary pipe in this reach has added to the cost of the construction, which is borne by the downstream entities in accord with their levels of participation through each reach.

Since these entities do not need a pipe of this capacity, they are paying more than is necessary.

Another interesting aspect of the design of this reach is the allowance of a turnout for capacity of 3000 AFY for the Southern California Water Company (SCWC) when they have rights to only 500 AFY. If the pipe capacity from Santa Maria downstream had been sized by DWR it would have made no sense to allow a 3000 AFY turnout for the 500 AFY entitlement SCWC was applying for. Now we have a situation that will allow a transfer of up to 2500 AFY from Santa Maria to Southern California Water Company because both the pipe capacity and the turnout capacity have been sized for it. The problem is that Southern California Water Company has no rights to that 2500 AFY and is not paying for it in terms of the oversized pipe that is built ostensibly on its behalf.

The responsible agency for the design of this discrepancy is CCWA, whose chief counsel is the above mentioned Stanley C. Hatch of Hatch & Parent, and the beneficiary of this peculiar design is Southern California Water Company, whose counsel is Scott S. Slater of Hatch & Parent. CCWA had the responsibility to see

that costs to all participating entities were minimized and allocated equitably. Stanley C. Hatch of Hatch & Parent was supposed to provide legal guidance on what is proper. CCWA, in accordance with the advice given them by their council, Stanley C. Hatch, Susan F. Petrovich, and Steven A. Amerikaner of Hatch & Parent, had the oversight that would have normally been exercised by DWR. It is easily established that DWR would not have designed-in such unneeded capacity. That Southern California Water Co. was the beneficiary of this deliberate design decision leads readily to the conclusion that Stanley C. Hatch, Scott S. Slater, Susan F. Petrovich, and Steven A. Amerikaner of Hatch & Parent were very likely looking after the interests of client Southern California Water Co. to the detriment of CCWA's entities (e.g. the rate payers of Santa Barbara County). This conflict should not be allowed to stand.

The third allegation relates to CCWA's decision to acquire an additional allocation of State Water Entitlement and Pipeline Capacity to transport it. When the proposal was made by CCWA to acquire additional water, Stanley C. Hatch, Steven A. Amerikaner, and Susan F. Petrovich of Hatch & Parent told their client CCWA that the action would not alter the "rights and obligations of its member entities." (Amerikaner, Exhibit 1.) That statement of fact was false and Stanley C. Hatch, Steven A. Amerikaner, and Susan F. Petrovich of Hatch & Parent must have known at the time that it was false. In fact, member entities were billed additional moneys the month following and subsequently. This additional water was labeled a "drought buffer" when in fact it was no different from any other State Water. At the time, SCWC was positioning itself to be free from any firm long term obligation for State Water while at the same time being able to jump into the project should it become advantageous for SCWC to do so. (See testimony by Scott S. Slater of Hatch & Parent, November 1996, before the Public Utilities Commission. Exhibit 2.) Stanley C. Hatch, Steven A. Amerikaner, Susan Petrovich, and Scott S. Slater of Hatch & Parent breached two duties. Stanley C. Hatch, Susan F. Petrovich, and Steven A. Amerikaner of Hatch & Parent should not have lied to client CCWA and secondly, as attorney for Southern California Water Company, Scott S. Slater of Hatch & Parent knew Southern California Water Co.'s motives and intentions. Hatch, Petrovich, and Amerikaner, who follow these matters closely, had the duty to reveal those motives and intentions and the implications thereof to client CCWA (e.g. all the rate payers).

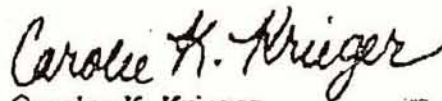
The final specific allegation is unrelated to Southern California Water Co. It involves the preparation of a ground water management plan by the Santa Ynez Water Conservation District ("District"), represented at the time by Stanley C. Hatch of Hatch & Parent. The "District" proposed the creation of a ground water management plan as it was empowered to do by recent legislation. Stanley C. Hatch of the Hatch & Parent law firm directed the preparation of the ground water management plan. It was the intention of the "District's" Board to create a management plan that functioned to the benefit of all ground water pumpers and to the benefit of the public generally. Stanley C. Hatch of Hatch & Parent also

represented another independent governmental entity, Santa Ynez Water Conservation District Improvement District # 1 (ID#1). ID#1 is a major pumper in the area of the proposed management plan and has an interest in preserving and enlarging its pumping rights at the expense of others if necessary.

Stanley C. Hatch of Hatch & Parent drafted and client ID#1 approved a resolution stating ID#1's intent to recover return flows from imported water. Stanley C. Hatch of Hatch & Parent had a duty to disclose to the "District" the passage of that resolution by his other client ID#1, and to explain to his client "District" how the passage of the resolution by client ID#1 affected ground water ownership in the area of the proposed management plan. Absent this information, the "District" Board could not intelligently develop a plan for the basin as a whole. Scenic Shoreline believes that Stanley C. Hatch of Hatch & Parent never explained the implication of ID#1's resolution to the "District". In this way and by other actions, Stanley C. Hatch of Hatch & Parent manipulated the preparation of his client "District's" management plan to the advantage of his client ID#1.

Scenic Shoreline asks that the contentions of this complaint be kept in perspective. The State Water Project in our two counties involves well over half billion dollars in public money. The attorneys of said law firm involved have clients statewide and influence decisions about water throughout the state. Scenic Shoreline trusts that the State Bar's inquiry will demonstrate a level of care and scope that is commensurate with the issues involved. We would be happy to provide you with further information upon request supporting the allegations referred to herein.

Sincerely,



Carolee K. Krieger  
Secretary/Treasurer

Scenic Shoreline Preservation Conference, Inc.  
AWARE Campaign

**AB 3030 PLAN  
Outline Form**

**The Plan will be basin wide and apply to all water rights claimants**

**No prescription of water rights has taken place to which the parties shall ask the Superior Court to enter a stipulated judgment.**

**Until studies emerge showing the existance of an overdraft, existing pumping rates by existing pumpers can be continued.**

**Municipal and Industrial pumpers will rely on imported water to develop and expand. Land use policies implementing this principle will be enacted by the City of Santa Maria and the County of Santa Barbara**

**Recapture of return flows of imported water will be as follows.**

**Importers agree that use of return flows will be limited to actual return flow but not to exceed 5,000 afy with no accumulation beyond one year. Recapture will take place down gradient from the point of sinking at a distance not greater than one mile.**

**Users of recaptured return flows will agree that no pumping right to native water is created.**

**Operational storage of imported water in the basin will be permitted to a maximum of 5,000 af with the amount stored required to fall to zero or below at least once during every year. No pumping right arises when an importer switches from pumping groundwater to using imported water**

**Drought related storage will be done out of basin.**



1 JON S. SEITZ, SBN 109415  
2 SHIPSEY & SEITZ, INC.  
3 1066 Palm Street  
4 P.O. Box 953  
5 San Luis Obispo, CA 93406  
6 (805) 543-7272

7 Attorney for Respondents NIPOMO COMMUNITY  
8 SERVICES DISTRICT and DOUGLAS JONES

9  
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 IN AND FOR THE COUNTY OF SAN LUIS OBISPO

12 CHARLES A. PRATT CONSTRUCTION )  
13 CO., INC., )  
14 )  
15 ) Petitioner,  
16 )  
17 ) v. )  
18 ) NIPOMO COMMUNITY SERVICES )  
19 ) DISTRICT, etc., et al. )  
20 ) Respondents. )

Case No. CV 79715

JUDGMENT ON STIPULATION  
FOR ENTRY OF JUDGMENT  
AFFECTING REAL PROPERTY:  
(1) BLACK LAKE SPECIFIC PLAN;  
(2) TRACT 2151 (APN No. 091.240.002)  
(3) TRACT 1912 (APN No. )

21 In the above-entitled cause, Petitioner, CHARLES A. PRATT CONSTRUCTION  
22 CO., INC.; Respondent, NIPOMO COMMUNITY SERVICES DISTRICT AND DOUGLAS  
23 JONES, GENERAL MANAGER; and Real Party-In-Interest, BLACK LAKE ESTATES  
24 PARTNERS, L.P., a limited partnership, and J.H.S. L.L.C., incorrectly named herein as John  
25 Scardino, having stipulated through their respective counsel, that judgment be entered as herein  
26 provided, and that each party bear his/her own costs, disbursement, and attorney's fees.

27 IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

28 A. That Respondent NIPOMO COMMUNITY SERVICES DISTRICT shall  
collect as follows:

1. Against Petitioner, CHARLES A. PRATT CONSTRUCTION CO.,  
INC., in the sum of \$29,500, with interest thereon at eight percent (8%) per annum beginning on the  
date of entry of this Judgment through the date of payment, as water capacity charges for that certain

1 real property situate in the County of San Luis Obispo, State of California, commonly know as  
2 "Tract 2151" and more specifically described in Exhibit A hereto ("Tract 2151"). This payment shall  
3 be made within thirty (30) days after recordation of a final tract map for Tract 2151.

4                   2.     Against Real Party-In-Interest, BLACK LAKE ESTATES  
5 PARTNERS, L.P., a limited partnership, and J.H.S., L.L.C., in the sum of \$128,500 as water  
6 capacity charges for that certain real property situate in the County of San Luis Obispo commonly  
7 known as Tract 1912 and more particularly described in Exhibit B attached hereto and incorporated  
8 herein by this reference ("Tract 1912"). Subject to paragraph D.1.(e) of this Judgment, this payment  
9 shall be made within thirty (30) days of entry of this Judgment.

10                   B.     That Real Party-In-Interest, BLACK LAKE ESTATES PARTNERS , L.P.,  
11 a limited partnership, and J.H.S. L.L.C. have judgment against CHARLES A. PRATT  
12 CONSTRUCTION CO., INC. in the amount of \$164,000 with interest thereon at eight percent (8%)  
13 per annum from the date of entry of this Judgment, as payment, in full, of the May 15, 1984, Water  
14 Facilities and Sewer Facilities Reimbursement Agreements recorded on May 23, 1984 as Document  
15 Numbers 26320 and 26321 of the official records of San Luis Obispo County. This payment shall  
16 be made within thirty (30) days of recording of the final map for Tract 2151. This obligation shall  
17 terminate if a final map is not recorded for Tract 2151 on or before January 1, 1999.

18                   C.     That Petitioner, CHARLES A. PRATT CONSTRUCTION CO., INC. and  
19 Real Party-In-Interest, BLACK LAKE ESTATES PARTNERS, L.P., a limited partnership, and  
20 J.H.S. L.L.C. enter into a Reimbursement Agreement, in a form attached hereto as Exhibit C, for the  
21 construction of Phase 2 Sewer Facility Improvements to the Black Lake Division Sewer Plant. Said  
22 reimbursement agreement shall provide that CHARLES A. PRATT CONSTRUCTION CO., INC.'s  
23 reimbursement obligation shall be seven and eight tenths percent (7.8%) of all reimbursable as-built  
24 costs, not to exceed a total reimbursement obligation of \$47,500, exclusive of interest, except the  
25 Reimbursement Agreement shall further provide that in the event that a final map is not recorded for  
26 Tract 2151 on or before January 1, 1999, CHARLES A. PRATT CONSTRUCTION CO., INC.'s  
27 reimbursement obligation shall be determined as follows:

28 \\\\

1 Reimbursement costs shall be the verified costs of the Sewer  
2 Expansion Plant (S) multiplied by a fraction which shall equal the  
3 number of lots in Tract 2151 (A) over the total number of lots in  
4 Tract 1912 (B), Tract 2151 (A) and the remaining undeveloped lots  
5 in the Blacklake Specific Plan (C). The current estimate of the  
6 above-referenced fraction is 13/50.

7  
8 The formula is as follows:

9 
$$S \times \frac{A}{A+B+C} = \text{Reimbursement obligation}$$

10

11 The reimbursement obligation set forth in this paragraph shall accrue interest at the  
12 rate of eight percent (8%) per annum beginning upon the date of acceptance by the NIPOMO  
13 COMMUNITY SERVICES DISTRICT of the Phase 2 Sewer Facilities Improvements and continues  
14 through the date of payment.

15 The reimbursement obligation set forth in this paragraph shall be paid to  
16 BLACKLAKE ESTATES PARTNERS, L.P., within thirty (30) days after the later of (i)  
17 acceptance by the NIPOMO COMMUNITY SERVICES DISTRICT of the Phase 2 Sewer Facilities  
18 Improvements or (ii) recording of a final map for Tract 2151. The reimbursement obligation set  
19 forth in this paragraph shall terminate if a final map for Tract 2151 is not recorded within ten (10)  
20 years after acceptance by the NIPOMO COMMUNITY SERVICES DISTRICT of the Phase 2  
21 Sewer Facilities Improvements.

22 D. That upon Real Party in Interest, BLACKLAKE ESTATES PARTNERS  
23 satisfying its obligations under paragraphs A, B and C of this Judgment, and providing District with  
24 fully executed District Inspection and Dedication Agreement, District shall deliver to Real Party-In-  
25 Interest a District standard will-serve letter obligating the District to provide water and sewer service  
26 to Tract 1912 (80 units) on the following conditions:

27 ////

28 ////

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1. Water Service:

- (a) Payment of District Installation Fee, Meter Fee and Account Set-up Fee at the time individual units are connected to District Facilities; and
- (b) Construction of off-site improvements, if any; and
- (c) All improvements constructed and installed in compliance with District improvement standards; and
- (d) District acceptance of developer installed improvements pursuant to District's Inspection and Dedication Agreement.
- (e) NIPOMO COMMUNITY SERVICES DISTRICT will reimburse BLACK LAKE ESTATES PARTNERS, L.P. in the amount of \$137,896.75 for previous water capacity fees paid or, at BLACK LAKE ESTATES PARTNERS, L.P.'s election, have all or a portion thereof applied against the amount owed by BLACK LAKE ESTATES PARTNERS, L.P. hereunder. This payment will be made within thirty (30) days of the entry of this Judgment.

2. Sewer Service:

- (a) All improvements constructed and installed in compliance with District improvement standards; and
- (b) District acceptance of developer-installed improvements, pursuant to District's Inspection and Dedication Agreement; and
- (c) Acceptance by District of Phase 2 Sewer Facility Improvements, pursuant to District's Inspection and Dedication Agreement.

3. The parties expressly acknowledge that the District is under no obligation to provide water or sewer service to Tract 1912, unless and until BLACK LAKE ESTATES PARTNERS, L.P., or its successors have complied with all of the provisions of paragraphs A, B and C of this Stipulation.

E. That upon Petitioner, CHARLES A. PRATT CONSTRUCTION CO., INC., satisfying its obligation under paragraphs A, B and C of this Judgment, and providing District with fully executed District Inspection and Dedication Agreement (receipt of which is hereby acknowledged by District) District shall deliver to Petitioner a District standard will-serve letter,

1 obligating the District to provide water and sewer service to Tract 2151 (40 units) on the following  
2 conditions:

3 1. Water Service:

4 (a) Payment of district Installation Fee, Meter Fee and Account  
5 Set-up Fee at time individual units are connected to District Facilities; and

6 (b) Construction of off-site improvements, if any; and

7 (c) All improvements constructed and installed in compliance with  
8 District improvement standards; and

9 (d) District acceptance of developer installed improvements  
10 pursuant to District's Inspection and Dedication Agreement.

11 2. Sewer Service:

12 (a) All improvements constructed and installed in compliance with  
13 District improvement standards; and

14 (b) District acceptance of developer-installed improvements,  
15 pursuant to District's Inspection and Dedication Agreement; and

16 (c) Acceptance by District of Phase 2 Sewer Facility  
17 Improvements, pursuant to District's Inspection and Dedication Agreement.

18 3. The parties expressly acknowledge that the District is under no  
19 obligation to provide water or sewer service to Tract 2151, unless and until CHARLES A. PRATT  
20 CONSTRUCTION CO., INC., or its successors have complied with all of the provisions of  
21 paragraphs A, B and C of this Stipulation and the Reimbursement Agreement Between the Nipomo  
22 Community Services District and Black Lake Partners, L.P. for Phase II Sewer Facilities Expansion.

23 F. Respondent, NIPOMO COMMUNITY SERVICES DISTRICT, shall design  
24 and construct an emergency intertie, to NIPOMO COMMUNITY SERVICES DISTRICT standards,  
25 between the Black Water Division and the Town Division servicing Blacklake subdivisions in  
26 emergency situations.

27 G. Respondent, NIPOMO COMMUNITY SERVICES DISTRICT, shall use  
28 reasonable efforts to plan, develop, and construct a well, at a location to be determined, that will

1 deliver seven hundred (700) gallons (plus or minus), with two-sevenths (2/7) of the capacity being  
2 capable of supplying the Black Lake Division of the NIPOMO COMMUNITY SERVICES  
3 DISTRICT. NIPOMO COMMUNITY SERVICES DISTRICT is successor in interest to all  
4 entitlements, including but not limited to the capacity of all well easement transmissions lines,  
5 appurtenances and all future wells required, including the existing entitlements previously granted  
6 to build future wells within the Black Lake specific plan. The Black Lake specific plan and the  
7 NIPOMO COMMUNITY SERVICES DISTRICT have an existing entitlement to drill additional  
8 water wells that are included in this entitlement.

9 H. The NIPOMO COMMUNITY SERVICES DISTRICT shall be the successor-  
10 in-interest to all entitlements, including but not limited to capacity, environmental determinations,  
11 third well site easement, transmission lines, and appurtenances, for all future wells required to be  
12 constructed by the County as a prerequisite to the development and build-out of the Black Lake  
13 Specific Plan.

14 I. J.H.S. L.L.C. hereby represents that it is the general partners in BLACK  
15 LAKE ESTATES PARTNERS, L.P. and that John Scardino is not a general partner in BLACK  
16 LAKE ESTATES PARTNERS, L.P. Based upon this representation, J.H.S. L.L.C. is substituted  
17 as a party to the lawsuit in place of John Scardino.

18 J. This Judgment shall be binding on the successors and assigns of the parties  
19 hereto.

20  
21  
22 Date: April \_\_, 1997

23 \_\_\_\_\_  
24 JUDGE OF THE SUPERIOR COURT

25 l:pld/blep/stip.jud  
26  
27  
28

**EXHIBIT A**

Lot 50 in Division "A" of Pomeroy's Resubdivision of a part of the Los Berros Tract, in the County of San Luis Obispo, State of California, according to map filed September 26, 1903 in Book A, Page 109 of Maps, in the Office of the County Recorder of said County.

**EXHIBIT B**

Tract 1912, as shown on a Map recorded in Book 17, Page 55 of Maps, in the office of the County Recorder of the County of San Luis Obispo, State of California.