

NIPOMO COMMUNITY SERVICES DISTRICT AGENDA

FEBRUARY 21, 2001

REGULAR MEETING 10:30 A.M.
BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

ROBERT BLAIR, PRESIDENT
AL SIMON, VICE PRESIDENT
RICHARD MOBRAATEN, DIRECTOR
MICHAEL WINN, DIRECTOR
JUDITH WIRSING, DIRECTOR

STAFF

DOUGLAS JONES, GENERAL MANAGER
DONNA JOHNSON, SEC. TO THE BOARD
JON SEITZ, GENERAL COUNSEL

50
20
1000
150
1150

NOTE: All comments concerning any item on the agenda are to be directed to the Board Chairperson.

A. CALL TO ORDER AND FLAG SALUTE

B. ROLL CALL

C. PUBLIC COMMENTS PERIOD

PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

D. ADMINISTRATIVE ITEMS (The following may be discussed and action may be taken by the Board.)

D-1) GIS DATA PROJECT SERVICE AGREEMENT
Approve an agreement for a water & sewer atlas for the District

D-2) LAFCO
a. LAFCO AB 2838
b. LAFCO 2001-02 staff and budget programming

E. OTHER BUSINESS

E-1) CAL PERS CONTRACT AMENDMENT
Resolution of Intention to amend contract for one year final compensation

E-2) SLO-CSDA LAFCO COMMISSIONER
Review comments made by LAFCO Special District Representative

F. CONSENT AGENDA *The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item be removed. If discussion is desired, the item will be removed from the Consent Agenda and will be considered separately. Questions or clarification may be made by the Board members without removal from the Consent Agenda. The recommendations for each item are noted in parenthesis.*

F-1) WARRANTS [RECOMMEND APPROVAL]
F-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]
Approval of Minutes of February 7, 2001 Regular Board meeting

G. MANAGER'S REPORT

G-1) BOARD WORKSHOP
G-2) AWWA ANNUAL CONFERENCE
G-3) WATER NEWS ARTICLE ON DESALINATION
G-4) ACWA CONFERENCE REPORT

H. LEGAL COUNSEL REPORT

I. DIRECTORS COMMENTS

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL GC§54956.9

- a. Litigation CPUC Appl. No. A 00-03-029 (Gov. Code §54956.9)
- b. SMVWCD vs NCSD Santa Clara County Case No. CV 770214 and all consolidated cases.
- c. NCSD vs State Dept of Health Services CV 990716, GC §54956.9

ADJOURN

The next regular Board meeting will be held on March 7, 2001.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: FEBRUARY 21, 2001

AGENDA ITEM **D 1**
FEB 21 2001

GIS DATA PROJECT
SERVICE AGREEMENT

ITEM

Approve agreement for GIS water & sewer atlas for the District

BACKGROUND

At the Board meeting of January 17, 2001, your Honorable Board heard a presentation by Michael Samuel of Nobel Systems for a GIS System for mapping water and sewer systems. At the February 7, 2001 Board meeting, Mr. Mike Sears from the Lucia Mar Unified School District suggested that the system used by the School District could possibly be integrated with the proposed GIS system from Nobel. Your Honorable Board tabled this item until the representative from the School District, who is familiar with their GIS system, and Michael Samuel from Nobel Systems get together to see if the two could be compatible.

A message was received from Michael Samuel Friday, February 16, 2001, explaining the incompatibility of the two systems. Memo attached.

RECOMMENDATION

Since the systems are incompatible, staff recommends that your Honorable Board approve the contract with Nobel Systems to develop a GIS data mapping system for the District's water and sewer and direct the President of the Board to execute the attached contract.

Board 2001\GIS agreement2.DOC

Michael Samuel, 09:49 AM 2/16/01 , Water/Sewer Mapping Project

From: "Michael Samuel" <msamuel@nobel-systems.com>
To: "Doug Jones" <NCSD@ix.netcom.com>
Subject: Water/Sewer Mapping Project
Date: Fri, 16 Feb 2001 09:49:34 -0800
X-MSMail-Priority: Normal
X-Mailer: Microsoft Outlook Express 5.50.4133.2400
X-MimeOLE: Produced By Microsoft MimeOLE V5.50.4133.2400
X-Loop-Detect: 1

Doug,

I just got off the phone with James Zekes, consultant to the School District. His comments about the School District are:

1. The maps have been specifically licensed to the School District with a specific purpose, and cannot be used for any other purpose.
2. The maps do not have parcel information. Hence, even if gets the license transferred to the Nipomo Community Services District, it cannot be used.
3. The data is in a GIS format called MapInfo, which is not compatible with requirements of the Nipomo Community Services District.

His recommendation is that you proceed with the project on your own, with the data sources that you currently have

Please let me know if you need more information.

Thank you
Michael Samuel

NIPOMO COMMUNITY

SERVICES DISTRICT

BOARD MEMBERS

ROBERT BLAIR, PRESIDENT
AL SIMON, VICE PRESIDENT
RICHARD MOBRAATEN, DIRECTOR
MICHAEL WINN, DIRECTOR
JUDITH WIRSING, DIRECTOR



STAFF

DOUGLAS JONES, GENERAL MANAGER
JON SEITZ, GENERAL COUNSEL
LEE DOUGLAS, MAINTENANCE SUPERVISOR

148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Email address - NCSD@ix.netcom.com

CONTRACTOR AGREEMENT

THIS AGREEMENT, made this _____ day of _____ 2001, by and between the NIPOMO COMMUNITY SERVICES DISTRICT (hereinafter referred to as "**DISTRICT**"), and NOBEL SYSTEMS (hereinafter referred to as "**CONTRACTOR**").

WITNESSETH

WHEREAS, **DISTRICT** desires to retain a qualified contractor to provide all labor, materials and GIS software to provide NCSD with a turn-key Geographical Information System (GIS) database, including training and technical support.

WHEREAS, **DISTRICT** desires to engage **CONTRACTOR** to provide services by reason of its qualifications and experience in performing such services, and **CONTRACTOR** has offered to provide the required services on the terms and in the manner set forth herein.

NOW, THEREFORE, in consideration of their mutual covenants, the parties hereto agree as follows:

1. **CONTRACT COORDINATION**

(a) **DISTRICT**. The General Manager shall be the **Contract Manager** of the **DISTRICT** for all purposes under this Agreement.

(b) **CONTRACTOR**. Michael Samuel shall have the responsibility for the progress and execution of this Agreement for **CONTRACTOR**.

2. **DUTIES OF CONTRACTOR**

(a) **Services to be furnished**. **CONTRACTOR** shall provide all services as set forth in Exhibit "A" attached hereto and incorporated herein by this reference.

NCSD AND NOBEL SYSTEMS
CONTRACTOR AGREEMENT

(b) Laws to be observed. **CONTRACTOR** shall:

(1) Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by **CONTRACTOR** under this Agreement;

(2) Keep itself fully informed of all federal, state and local laws, ordinances, regulations, orders and decrees existing on the date of this Agreement which are applicable to the duties of the **CONTRACTOR** under this Agreement, any materials used in **CONTRACTOR's** performance under this Agreement, or the conduct of the services under this Agreement;

(3) At all times observe and comply with, and cause all of its employees to observe and comply with all of said laws, ordinances, regulations, orders, and decrees mentioned above.

(4) Promptly report to the **DISTRICT's** Contract Manager, in writing, any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above in relation to any plans, drawings, specifications, or provisions of this Agreement.

(c) Release of reports and information. Any video tape, computer models, plans, specifications, reports, information, data or other material given to, or prepared or assembled by, **CONTRACTOR** under this Agreement shall be the property of **DISTRICT** and shall not be made available to any individual or organization by **CONTRACTOR** without the prior written approval of the **DISTRICT's** Contract Manager.

(d) Copies of videotapes, reports, data and information. If **DISTRICT** requests additional copies of videotapes, reports, drawings, specifications, or any other material in addition to what the **CONTRACTOR** is required to furnish in limited quantities as part of the services under this Agreement, **CONTRACTOR** shall provide such additional copies as are requested, and

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DISTRICT shall compensate **CONTRACTOR** for the costs of duplicating of such copies at **CONTRACTOR's** direct expense.

(e) **Qualifications of CONTRACTOR.** **CONTRACTOR** represents that it is qualified to furnish the services described under this Agreement.

3. COMPENSATION

(a) The **CONTRACTOR** will be paid for services provided to the **DISTRICT** in accordance with the schedule set forth in Exhibit "B", attached hereto and incorporated herein by reference.

(b) Payments are due within 30 days of receipt of undisputed invoices. Invoices shall reflect the task to which the request for payment is being invoiced in accordance with the "Scope of Service" (Exhibit "A") and the percentage of completion of each task. Dispute shall be referred to Mediation/Arbitration pursuant to ¶19(a).

(c) The contract budget, as stated in Exhibit "B" shall not be exceeded without the written authorization of the **DISTRICT**.

(d) Payment to **CONTRACTOR** shall be considered as full compensation of all personnel, software, materials, supplies, and equipment used in carrying out the services as stated in Exhibit "A".

(e) Interest at 8 percent per annum (but not exceeding the maximum rate allowable by law) will be payable on any undisputed amounts not paid within 30 days of the billing date, payment thereafter to be applied first to accrued interest and then to the principal unpaid amount.

4. SCHEDULE

CONTRACTOR shall complete the services that are the subject of this Agreement within 120 CALENDAR DAYS OF District's authorization to proceed. **CONTRACTOR** shall not be responsible for delays which are due to causes beyond **CONTRACTOR's** reasonable control. In

NCSD AND NOBEL SYSTEMS
CONTRACTOR AGREEMENT

the case of any such delay, the time of completion shall be extended accordingly. The **CONTRACTOR** is to notify the District promptly in writing of such delays.

5. TEMPORARY SUSPENSION

The **DISTRICT's** Contract Manager shall have the authority to suspend this Agreement wholly or in part, for such period, as he deems necessary due to unfavorable conditions or to the failure on the part of the **CONTRACTOR** to perform any provision of this Agreement. **CONTRACTOR** will be paid for services performed through the date of temporary suspension. In the event that **CONTRACTOR's** services hereunder are delayed for a period in excess of six (6) months due to causes beyond **CONTRACTOR's** reasonable control, **CONTRACTOR's** compensation shall be subject to renegotiation.

6. SUSPENSION; TERMINATION

(a) Right to suspend or terminate. The **DISTRICT** retains the right to terminate this Agreement for any reason by notifying **CONTRACTOR** in writing seven (7) days prior to termination and by paying **CONTRACTOR** for services performed through date of termination; provided, however, if this Agreement is terminated for fault of **CONTRACTOR**, **DISTRICT** shall be obligated to compensate **CONTRACTOR** only for that portion of **CONTRACTOR** services which are of benefit to **DISTRICT**. Said compensation is to be arrived at by mutual Agreement pursuant to the provisions of paragraph 19(a).

(b) Return of materials. Upon such termination, **CONTRACTOR** shall turn over to the **DISTRICT** immediately any and all copies of videotapes, studies, sketches, drawings, mylars, computations, computer models and other data, whether or not completed, prepared by **CONTRACTOR**, and for which **CONTRACTOR** has received reasonable compensation, or given to **CONTRACTOR** in connection with this Agreement. Such materials shall become the permanent property of **DISTRICT**. **CONTRACTOR**, however, shall not be liable for **DISTRICT's** use of incomplete materials or for **DISTRICT's** use of complete documents if used for other than the project or scope of services contemplated by this Agreement.

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CONTRACTOR AGREEMENT

7. **INSPECTION**

CONTRACTOR shall furnish **DISTRICT** with every reasonable opportunity for **DISTRICT** to ascertain that the services of **CONTRACTOR** are being performed in accordance with the requirements and intentions of this Agreement. All work done and all materials furnished, if any, shall be subject to the **DISTRICT**'s Contract Manager's inspection and approval. The inspection of such work shall not relieve **CONTRACTOR** of any of its obligations to fulfill its Agreement as prescribed.

8. **INDEPENDENT CONTRACTOR**

The services performed under this Agreement are to be performed by the **CONTRACTOR** as an independent contractor.

9. **ASSIGNMENT OF CONTRACT**

Neither party shall assign this Agreement or any portion of the work, other than as designated herein, without the prior written approval of the other party.

10. **NOTICES**

All notices hereunder shall be given in writing and mailed, postage prepaid, by Certified Mail, addresses as follows:

NIPOMO COMMUNITY SERVICES DISTRICT

Doug Jones (805) 929-1133
P. O. Box 326
Nipomo, CA 93444

CONTRACTOR:

Michael Samuel (909) 382-0160
Nobel Systems
194 S. Del Rosa, Suite G
San Bernardino, CA 92408

11. **INTEREST OF CONTRACTOR**

CONTRACTOR covenants that it presently has no known interest, and shall not knowingly acquire any interest, direct or indirect, financial or otherwise, which would conflict in any

NCSD AND NOBEL SYSTEMS
CONTRACTOR AGREEMENT

manner or degree with the performance of the services hereunder. **CONSULTANT** further covenants that, in the performance of this Agreement, no subcontractor or person having such a known interest shall be employed. **CONSULTANT** certifies that no one who has or will have any known financial interest under this Agreement is an officer or employee of **DISTRICT**. It is expressly agreed that, in the performance of the services hereunder, **CONTRACTOR** shall at all times be deemed an independent contractor and not an agent or employee of **DISTRICT**. **CONTRACTOR** shall be responsible in full for payment of its employees, including insurance, and deductions.

12. INDEMNITY

CONTRACTOR agrees to defend, indemnify and hold harmless the **DISTRICT**, its employees, managers, agents and directors from any and all liability, claims, losses, damages or expenses (including attorney's fees and costs) arising out of negligent performance of this contract, excepting those arising out of the sole negligence of the **DISTRICT**.

13. INSURANCE

(a) The **CONSULTANT** shall maintain worker's compensation insurance to statutory limits, in compliance with state and federal statutes.

(b) The **CONSULTANT** shall maintain comprehensive general liability and automobile liability insurance protecting it against claims arising from bodily or personal injury or damage to property, including loss of use thereof, resulting from operations of **CONSULTANT** pursuant to this Agreement or from the use of automobiles and equipment of the **CONSULTANT**. The amount of this insurance shall not be less than \$1 million combined single limit. The **DISTRICT**, its employees, officers, General Manager and directors, shall be listed as additional insureds.

(c) The **CONSULTANT** shall maintain a policy of professional liability insurance, protecting it against claims arising out of the negligent acts, errors, or omissions of **CONSULTANT** pursuant to this Agreement, in the amount of not less than \$500,000 combined single limit.

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(d) **CONSULTANT** shall provide client with the following prior to commencement of work under this Agreement:

1. Proof of workman's compensation insurance and professional liability insurance;
2. An endorsement of the comprehensive general liability and automobile liability insurance (pursuant to subparagraph {b}) listing **DISTRICT**, its employees, officers, General Manager and Directors as additional insureds.
3. Proof of errors and omission insurance.

14. AGREEMENT BINDING

The terms, covenants and conditions of this Agreement shall apply to, and shall bind, the heirs, successors, executors, administrators, assigns, and subcontractors of both parties.

15. WAIVERS

The waiver by either party of any breach or violation of any term, covenant, or condition of this Agreement or of any provision, ordinance, or law shall not be deemed to be a waiver of any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance, or law. The subsequent acceptance by either party of any fee or other money which may become due hereunder shall not be deemed to be a waiver of any preceding breach or violation by the other party of any term, covenant, or condition of this Agreement or of any applicable law or ordinance.

16. LAW GOVERNING AND VENUE

This agreement has been executed and delivered in, and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of California. All duties and obligations of the parties created hereunder are performable in the County of San Luis Obispo, and such County shall be the venue for any action, or proceeding that may be brought, or arise out of, in connection with or by reason of this Agreement.

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17. COSTS AND ATTORNEY'S FEES

The prevailing party in any action between the parties to this Agreement brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorney's fees expended in connection with such an action from the other party.

18. AGREEMENT CONTAINS ALL UNDERSTANDINGS

This document (including all exhibits referred to above and attached hereto) represents the entire and integrated Agreement between **DISTRICT** and **CONTRACTOR** and supersedes all prior negotiations, representations, or Agreements, either written or oral. This document may be amended only by written instrument, signed by both **DISTRICT** and **CONTRACTOR**. All provisions of this Agreement are expressly made conditions. This Agreement shall be governed by the laws of the State of California.

19. MISCELLANEOUS PROVISIONS

(a) The parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this agreement. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, which demand shall specify in detail the facts of the dispute. Within ten (10) days from the date of delivery of the demand, the matter shall be submitted to a mediator mutually selected by the parties. If the parties are unable to agree upon a mediator within said ten (10) day period, the matter shall be submitted to the Presiding Judge of the Superior Court of San Luis Obispo County who shall appoint a mediator. The Mediator shall hear the matter and provide an informal opinion and advice within twenty (20) days following the mediation hearing. Said informal opinion and advice shall be non-binding on the parties but shall be intended to help resolve the dispute. The Mediator's fee shall be shared equally by the parties.

If the dispute is not resolved by mediation, then within ten (10) days of the mediator's decision an independent arbitrator is to be appointed by mutual agreement and his/her decision

**NCSD AND NOBEL SYSTEMS
CONTRACTOR AGREEMENT**

shall be non-binding on the parties. If the parties cannot agree on an arbitrator, the matter shall be submitted to the Presiding Judge of the Superior Court of San Luis Obispo County who shall appoint an arbitrator.

(b) In the performance of its professional services, **CONTRACTOR** will use that degree of care and skill ordinarily exercised under similar conditions in similar localities and no other warranties, expressed or implied are made or intended in any of **CONTRACTOR's** proposals, contracts or reports.

(c) Should any provision herein be found or deemed to be invalid, this agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this agreement are declared to be severable.

(d) Whenever reference is made in this Agreement to standards or codes in accordance with which work is to be performed or tested, the edition or revision of the standards or codes current on the effective date of this Agreement shall apply, unless otherwise expressly stated.

IN WITNESS WHEREOF, **DISTRICT** and **CONTRACTOR** have executed this Agreement the day and year first above written.

CONTRACTOR

DISTRICT

Date _____

**NCSD AND NOBEL SYSTEMS
CONTRACTOR AGREEMENT**

EXHIBIT "A"

SCOPE OF WORK

Introduction. The object of the project is to complete a GIS Project for Nipomo Community Services District water and sewer facilities, as referenced in the Nobel Systems proposal dated November 13, 2000 and modified in proposal dated November 17, 2000, including:

Project Kick Off Meeting

1. development of database design
2. data capture standards
3. water symbol library
4. Acquisition of parcel Data
5. Pilot Area Conversion

Water and Sewer Facilities Data Conversion. GIS databases of water and sewer facilities data. The primary task of the Project is conversion of facilities data shown on separate tile map sheets.

Color laser printing of the atlas books

Scanning of as-builts, and linking to the GIS

GIS viewing application

NCSO AND NOBEL SYSTEMS
CONTRACTOR AGREEMENT

EXHIBIT "B"

Project Set Up	\$ 2,500
Database Design (preliminary & final)	\$ 2,500
Data Capture Standards (preliminary & final)	\$ 2,500
Parcel Conversion	\$ 5,000
Pilot Area Conversion	\$ 7,000
Water & Sewer Facilities Data Capture	\$20,000
Scanning of 2000 as-builts	\$ 5,500
Geobrowser viewing application	\$ 5,000
TOTAL	<u>\$50,000</u>

Optional Costs:

Easement Document Conversion	\$ 2,500
Handheld PC maintenance application	\$ 5,000
TOTAL	<u>\$ 7,500</u>

Notes:

Unit cost for as built conversion	\$75 per as built
Unit cost for easement conversion	\$20 per easement
Unit cost for scanning	\$2.75 per scan
Geobrowser viewing application	5 licenses are included

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: FEBRUARY 21, 2001

AGENDA ITEM
FEB 21 2001



LAFCO

ITEM

- a. LAFCO AB 2838
- b. LAFCO 2001-02 staff and budget programming

BACKGROUND

- a. LAFCO AB 2838
Legal Counsel, Jon Seitz, will report.

- b. LAFCO 2001-02 staff and budget programming

The LAFCO Commission, on February 15, 2001, reviewed the proposed budget for the upcoming year of LAFCO. Special districts and cities have written letters to the LAFCO Commission requesting that this item be postponed until additional review by the agencies can be made and possible alternatives to the LAFCO operation could be implemented.

RECOMMENDATION

This is an information item.

Board 2001\LAFCO BUDGET.DOC

**CALIFORNIA SPECIAL DISTRICT ASSOCIATION
LOCAL CHAPTER – SAN LUIS OBISPO COUNTY
PASO ROBLES, CA 93446
4870 HERITAGE ROAD
(805) 227-6230**

February 13, 2001

VIA FAX

Paul Hood
Executive Officer
Local Agency Formation Commission
Room 370, County Government Center
San Luis Obispo, CA 93408

Re: The LAFCO Adoption of AB2838 Budget 2/15/01

Dear Paul:

As discussed at yesterday's LAFCO AB2838 Working Group Meeting, neither the Special Districts nor the Cities have had the opportunity to fully analyze and comment on the proposed budget. We, therefore, request that the budget be introduced at the Thursday meeting (February 15, 2001) and continued until the next regularly scheduled LAFCO meeting. This will give the Cities and Special District members the full opportunity to discuss and ask questions regarding the budget prior to its adoption.

As always thank you for your cooperation in these matters.

Very truly yours,



**KIT CARTER,
SPECIAL DISTRICTS REPRESENTATIVE**

KC:JB

CC: Ken Hampian, San Luis Obispo City Manager (Fax No. 781-7109)
Bob Blair, President CSDA

LAFCO • Local Agency Formation Commission

Serving the Area of San Luis Obispo County

TO: MEMBERS, FORMATION COMMISSION

FROM: PAUL L. HOOD, EXECUTIVE OFFICER

DATE: FEBRUARY 15, 2001

SUBJECT: CONSIDERATION OF 2001-02 LAFCO BUDGET

COMMISSIONERS

MICHAEL P. RYAN, Chair
County Member

RICHARD ROBERTS, Vice Chair
Public Member

PEG PINARD
County Member

WILLIAM ENGELS
Special District Member

RAY JOHNSON
City Member

CAROLYN MOFFATT
Special District Member

DUANE PICANCO
City Member

ALTERNATES

SHIRLEY BIANCHI
County Member

BARBARA MANN
Special District Member

TOM MURRAY
Public Member

ALLEN SETTLE
City Member

STAFF

PAUL L. HOOD
Executive Officer

RAY BIERING
Legal Counsel

NIKKI J. SCHMIDT
Clerk to the Commission

Recommendation: It is respectfully recommended that the Commission approve the Independent Agency budget set forth in **Exhibit A**.

Discussion: Pursuant to Commission direction, staff has prepared a 2001-02 LAFCO Budget that is completely independent of the County of San Luis Obispo. For comparison purposes, the attached budget spreadsheet shows the 2000-01 Adopted budget with a part-time staff of 1.05 FTE, a 2001-02 County Staffed budget with 3FTE, and a 2001-02 Independent Agency budget with 3 FTE. The increased staff takes into account the increased workload mandated by AB 2838, which became effective on January 1, 2001. The budget would become effective on July 1, 2001. LAFCO staff support until the end of the current fiscal year, will continue to be provided by County staff under the terms of a contract between LAFCO and the Board of Supervisors.

As mentioned above, the Independent Agency budget contains three full-time positions, the Executive Officer, a LAFCO Analyst (budgeted at 10 months), and a LAFCO Clerk (budgeted at a para-professional level). Twelve month funding for the analyst is indicated at the bottom of the budget spreadsheet for information purposes. The reason this position is funded for 10 months is because there will be an initial recruitment period.

Benefits are calculated at comparable County rates, although under the Independent Agency scenario, LAFCO would probably contract with CALPERS for retirement and health benefits. However, in discussions with the County's Pension Trust Officer, continuation in the County's independent retirement system is also a possibility.

Office space is budgeted at the current City of San Luis Obispo market rent (\$1.75 square foot) in the vicinity of the County Government Center. Office space rental in the downtown area is at a premium. However, the Commission's ability to enter into a long-term lease for the right space could result in a lower rate.

1035 Palm Street, Room 370 • San Luis Obispo, California 93408 ›
(805) 781-5795 • Fax 781-5023; www.slonet.org/~lafco ›

Formation Commission
February 15, 2001
Page Two

It is important to note that both the County Staffed and Independent Agency budgets include periodic or one-time expenditures associated with setting up a new office. These expenditures would not be budgeted annually. Examples of periodic expenditures include computers, a copying machine and a fax machine that would only need to be replaced once-in-a-while. An example of a one-time expenditure would be furniture that would only be replaced on a longer term basis. The total of these periodic or one-time expenditures are **\$40,500**.

One important savings in the Independent Agency scenario is Countywide Overhead. In the County Staffed alternative, Countywide Overhead amounts to **\$34,004**. There are also savings in other areas related to charges for County services that would not be applied to an Independent Agency. Examples are Custodial Services, County pool car usage, insurance billings and data processing support. Most of these services would still be necessary, but would be provided more cost effectively by private companies.

Both the County Staffed and Independent Agency budgets include **\$25,000** for consultant support. These funds will be used for assistance with the technical aspects of sphere of influence and municipal service reviews. For the Independent Agency, the funds will also be used for a year-end audit and other outside accounting work, including accounts payable and payroll. Also included in both the County Staffed and Independent Agency budgets are unanticipated current year (2000-01 fiscal year) expenses in the amount of **\$5,000** for "extraordinary expenses" expected to be incurred between January 1, 2001 and June 30, 2001. These unbudgeted current year expenses are for travel and registration for a CALAFCO Commissioner Workshop on the implementation of AB 2838.

Revenues for 2001-02 are projected to increase based on anticipated revisions to the Commission's fee schedule. It is staff's belief that revenue projections contained in both the County Staffed and Independent Agency budgets are conservative. The total amount of revenues to be generated in 2001-02 will, of course, be dependent upon how much of the cost of LAFCO operations is to be passed on to applicants. Revenues are also dependent upon the number of proposals that will be filed with the Commission.

The difference between the Commission's operating expenses and revenues (net cost) is the amount that will be funded equally (one-third each) by the County, the Cities, and the Special Districts. Government Code Section 56381 (a), sets out a formula for sharing the costs of LAFCO's budget based on total revenues (**Exhibit B**). For Cities and Special Districts, the formula uses the total revenues in the most recent edition (1997-98) of the respective City and Special District Annual Reports published by the State Controller's Office. The County Auditor-Controller's Office has compiled the

Formation Commission
February 15, 2001
Page Three

allocation percentages and applied them to net operating costs of the 2001-02 LAFCO Independent Agency budget (**\$325,630 or \$108,543 each** for the County, the Cities and Special Districts). The proportional allocations for each of the County's Cities and Independent Special Districts, is contained in **Exhibit C**. The Code Section also allows the Cities and Special Districts to come up with an alternative allocation formula if approved by a majority of the cities or a majority of the independent special districts representing a majority of their combined populations. The Special Districts in particular may wish to consider an alternative formula that excludes the smaller districts, such as the Cemetery Districts, and include districts that were formed after the most recent State Controller's Report, such as the Los Osos and San Miguel Community Services Districts.

The Government Code provides that the Commission shall adopt its budget following noticed public hearings. The Code also requires that copies of the budget shall be transmitted to the Board of Supervisors, to each City, to the Clerk and Chair of the City Selection Committee, to each Independent Special District, and to the Clerk and Chair of the Independent Special District Selection Committee. Copies of this agenda item have been sent to each of the bodies listed above.

Staff will review the budget in detail at the meeting.

02/08/01

B.U. NO. 2850

BUDGET UNIT: Local Agency Formation Commission (LAFCO)

FUND: 001 - General Fund

BUDGET 2001-02



EXPENSES

ACCT	LINE ITEM TITLE	2000-01 ADOPTED	2001-02 COUNTY STAFFED	2001-02 INDEPENDENT AGENCY	(\$) INCREASE/ DECREASE CO vs INDEP	(%) Increase DECREASE	COMMENTS ON INDEPENDENT AGENCY OPTION
1210	Salary and Benefits	34,677	226,850	236,430	9,580	4	Salary/Benefits for E.O. (\$85,000/\$29,750) Analyst -10 mos (\$46,536/17,104), & LAFCO Clerk (\$38,956/19,084)(Step3-4)
****	1000 Salaries & Benefits	34,677	226,850	236,430	9,580	4	
2050	Food	0	200	200	0	0	Miscellaneous Food
2090	Equipment Maintenance	0	1,500	1,500	0	0	Equipment Maintenance
2120	Memberships	900	1,500	1,500	0	0	CALAFCO/SLONET Dues/Charges
2140	Office Expense	500	500	500	0	0	Office Supplies
2150	Commissioner/Consultant Fees	3,300	28,300	28,300	0	0	Comm Per Diem(\$3,300)/Consultants (\$25
2160	Publication & Legal Notices	1,000	2,000	2,000	0	0	Newspaper Publications for Legal Notices
2170	Rents & Leases-Structures		25,000	25,000	0	0	Rent (1000 sq ft x \$2.00 per sq ft)
2200	Small Equipment	379	500	500	0	0	Calculators, etc.
2210	Large Equipment	1,585	5,000 **	5,000 **	0	0	2 PC's, Printer, Fax Machine (Periodic Exp
2211	Computer Software	379	1,000 **	1,000 **	0	0	Computer Software (Periodic Expense)
2219	Mileage Reim - Employees	500	1,500	1,500	0	0	Staff mileage (\$.325 per mile)
2220	Mileage Reim - Commissioners	750	1,500	1,500	0	0	Commissioner mileage (\$.325 per mile)
2222	Airline Travel	2,000	4,000	4,000	0	0	Airfare for Staff and Commissioners
2223	Hotel Expense	1,500	5,000	5,000	0	0	Hotel Accommodations + meals
2224	Auto Allowance	0	4,200	4,200	0	0	Auto Allowance for Executive Officer
2225	Class, Seminar & Training Fees	1,500	5,000	5,000	0	0	Conference, training session, class registr
2230	Utilities		2,500	2,500	0	0	Electricity, Garbage, Water etc.
2231	Car Rentals	750	2,000	2,000	0	0	Car Rentals



2715	Postage	432	1,200	1,200	0	0 Postage for LAFCO mailings
2716	Custodial Service		6,500	2,400	(4,100)	(63) Custodial Firm - \$200/mo
2721	Vehicle Costs	44	500	0	(500)	(100) No Pool Car Usage
2725	Copying Supplies	0	500	500	0	0 Copying Supplies
2726	Copying, Printing, Etc.	651	2,000	2,000	0	0 Outside Copying Charges
2729	Telephone Charges	865	1,000	2,500	1,500	150 Telephone/Internet Charges
2730	Data Processing Support	108	150	0	(150)	(100) Internal Computer Support
2735	Auditor Billing:Countywide O/H		34,004	0	(34,004)	(100) No O/H.
2749	Insurance Billings	78	500	2,500	2,000	400 Liability, D&O, & Workers Comp Insurance
2755	CAO-Clerical Support	41,415	0	0	0	ERR Admin. Office Clerical Support
2755	County Counsel-Legal Counsel	0	23,400	23,400	0	0 County Counsel (\$90hr x 5hrs/wk x 52wee
2755	County Engineering	0	0	0	0	ERR County Engineering Support-Fee Offset
2755	Assessor's Office	0	0	0	0	ERR Assessor Support-Fee Offset

**** 2000 Services & Supplies 58,636 160,954 125,700 (35,254) (22)

4030 Copying Machine Furniture 9,500 ** 20,000 ** 9,500 ** 20,000 ** 0 0 Copying Machine Purchase (Periodic Expe
0 Furniture (One Time/Periodic Expense)

4000 Fixed Assets 0 29,500 29,500 0 0

2000-01 Reimbursement 5,000 ** 5,000 ** 0 0 Repayment of 2000-01 Expenses (One-Time Expense)

TOTAL EXPENSES 93,313 422,304 396,630 (25,674) (6)

REVENUES

ACCT	LINE ITEM TITLE	2000-01 ADOPTED	2001-02 COUNTY STAFFED	2001-02 INDEPENDENT AGENCY	(\$) INC/DEC	(%) INC/DEC	COMMENTS-CONT'D
9641	Environmental Assessment Fees	3,000	6,000	6,000	0	0	0 CEQA Evaluation Fees
9642	LAFCO Filing Fees	0	0	0	0	ERR	LAFCO Application Fees
9643	LAFCO Processing Fees	23,000	40,000	40,000	0	0	0 LAFCO Processing Fees
	Sphere of Influence Fees		25,000	25,000	0	ERR	Cities/Districts Fees for SOI Studies

TOTAL REVENUES 26,000 71,000 71,000 0 0

NET COST 67,313 351,304 325,630 (25,674)

(7) Decrease of \$25,674 or 7%
 * Full year salary for LAFCO Analyst would be \$61,635/\$22,720 for Salary and Benefits
 ** Indicates One-Time or Periodic Expenditures (Total \$40,500)

56378. In addition to its other powers, the commission shall initiate and make studies of existing governmental agencies. Those studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities. In conducting those studies, the commission may ask for land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments. Cities, counties, districts, including school districts, community college districts, regional agencies, and state agencies and departments, shall comply with the request of the commission for that information and the commission shall make its studies available to public agencies and any interested person. In making these studies, the commission may cooperate with the county planning commissions. The commission, or the board of supervisors on behalf of the commission, may apply for or accept, or both, any financial assistance and grants-in-aid from public or private agencies or from the state or federal government or from a local government.

56379. Any person may, prior to any meeting, request the commission to cause a stenographic or electromagnetic record to be made of a meeting. If the cost of making that record is borne by that person, the commission shall cause the record to be made. The commission may require any person requesting the record to be made to deposit the estimated cost of making the record with the commission prior to the hearing.

56380. The commission shall make its own provision for necessary quarters, equipment, and supplies, as well as personnel. The commission may choose to contract with any public agency or private party for personnel and facilities.

56381 (a) The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit its proposed and final budgets to the board of supervisors; to each city; to the clerk and chair of the city selection committee, if any, established in each county pursuant to Article 11 (commencing with Section 50270) of Chapter 1 of Part 1 of Division 1; to each independent special district, and to the clerk and chair of the independent special district selection committee, if any, established pursuant to Section 56332.

(b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

(1) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs. The cities' share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined

cities' populations. The independent special districts' share shall be apportioned in a similar manner according to each district's revenues for general purpose transactions, as reported in the most recent edition of the "Financial Transactions Concerning Special Districts" published by the Controller, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations. For the purposes of fulfilling the requirement of this section, a multi-county independent special district shall be required to pay its apportionment in its principal county. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the district share of costs.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

(3) In counties in which there are no cities, the county and its special districts shall each provide a one-half share of the commission's operational costs. The independent special districts' share shall be apportioned in the manner described for cities' apportionment in paragraph (1). If there is no independent special district representation on the commission, the county shall pay all of the commission's operational costs.

(4) Instead of determining apportionment pursuant to paragraph (1), (2), or (3), any alternative method of apportionment of the net operating expenses of the commission may be used if approved by a majority vote of each of the following: the board of supervisors; a majority of the cities representing a majority of the total population of cities in the county; and the independent special districts representing a majority of the combined total population of independent special districts in the county.

(c) After apportioning the costs as required in subdivision (b), the auditor shall request payment from the board of supervisors and from each city and each independent special district no later than July 1 of each year for the amount that entity owes and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity. If the county, a city, or an independent special district does not remit its required payment within 60 days, the commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax or any fee or eligible revenue owed to the county, city, or district. The auditor shall provide written notice to the county, city, or district prior to appropriating a share of the property tax or other revenue to the commission for the payment due the commission pursuant to this section. Any expenses incurred by the commission or the auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the commission. Between the beginning of the fiscal year and the time the auditor receives payment from each affected city and district, the board of supervisors shall transmit funds to the commission sufficient to cover the first two months of the commission's operating expenses as specified by the commission. When the city and district payments are received by the commission, the county's portion of the commission's annual operating expenses shall be credited with funds already received from the county. If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget. If, during the fiscal year, the commission is without adequate

funds to operate, the board of supervisors may loan the commission funds and recover those funds in the commission's budget for the following fiscal year.

56381.6. (a) Notwithstanding the provisions of section 56381, for counties whose membership on the commission is established pursuant to sections 56326, 56326.5, 56327, or 56328, the commission's annual operational costs shall be apportioned among the classes of public agencies that select members on the commission in proportion to the number of members selected by each class. The classes of public agencies that may be represented on the commission are the county, the cities, and independent special districts. Any alternative cost apportionment procedure may be adopted by the commission, subject to a majority affirmative vote of the commission that includes the affirmative vote of at least one of the members selected by the county, one of the members selected by a city, and one of the members selected by a special district, if special districts are represented on the commission.

(b) Allocation of costs among individual cities and independent special districts and remittance of payments shall be in accordance with the procedures of section 56381. Notwithstanding section 56381, any city which has permanent membership on the commission pursuant to sections 56326, 56326.5, 56327, or 56328 shall be apportioned the same percentage of the commission's annual operational costs as its permanent member bears to the total membership of the commission, excluding any public members selected by all the members. The balance of the cities' portion of the commission's annual operational costs shall be apportioned to the remaining cities in the county in accordance with the procedures of section 56381.

56382. The commission may authorize the destruction of any duplicate record, paper, or other document if the original or a photographic or electronic copy of the record, paper, or other document is retained in the files of the commission, and the commission may authorize the destruction of original records more than two years old if a photographic or electronic copy of the original record is made and preserved, provided that the following conditions are met:

- (a) The record is reproduced on a medium that does not permit additions, deletions, or changes to the original document, or reproduced in compliance with the minimum standards or guidelines, or both, as recommended by the American National Standards Institute or the Association for Information and Image Management for recording of permanent records or nonpermanent records, whichever applies.
- (b) The device used to reproduce the record is one that accurately and legibly reproduces the original thereof in all details and that does not permit additions, deletions, or changes to the original document images.
- (c) The reproductions are made as accessible for public reference as the original records were.
- (d) A true copy of archival quality of the reproductions shall be kept in a safe and separate place for security purposes.

56383. (a) The commission may establish a schedule of fees for the costs of proceedings taken pursuant to this division, including, but not limited to, all of the following:

- (1) Filing and processing applications filed with the commission.
- (2) Proceedings undertaken by the commission and any reorganization committee.

Exhibit "C"

AB2838 - CITIES APPORTIONMENT FACTORS & COST


CITY	TOTAL REVENUES	FACTOR	COST \$108,543
ARROYO GRANDE	\$11,212,146.00	8.44%	\$9,164.58
ATASCADERO	\$13,762,138.00	10.36%	\$11,248.89
GROVER BEACH	\$9,609,947.00	7.24%	\$7,854.97
MORRO BAY	\$13,299,234.00	10.01%	\$10,870.52
PASO ROBLES	\$20,966,476.00	15.79%	\$17,137.57
PISMO BEACH	\$12,865,250.00	9.69%	\$10,515.79
SAN LUIS OBISPO	\$51,078,700.00	38.46%	\$41,750.68
TOTAL	\$132,793,891.00	100.00%	\$108,543.00

AB2838 - LAFCO APPORTIONMENT COSTS TO SPECIAL DISTRICTS



<u>SPECIAL DISTRICT</u>	<u>REVENUE TOTAL</u>	<u>ALLOCATION PERCENT</u>	<u>LAFCO COST \$108,543</u>
ARROYO GRANDE CEMETERY	398,127	1.43%	1,556
ATASCADERO CEMETERY	280,587	1.01%	1,096
AVILA BEACH CSD	532,140	1.92%	2,079
CALIFORNIA VALLEY CSD	303,591	1.09%	1,186
CAMBRIA CSD	6,036,769	21.73%	23,586
CAMBRIA CEMETERY	74,998	0.27%	293
CAYUCOS FIRE	163,904	0.59%	640
CAYUCOS-MORRO CEMETERY	313,353	1.13%	1,224
CAYUCOS SANITARY	1,308,248	4.71%	5,111
COASTAL SAN LUIS RCD	762,086	2.74%	2,978
GARDEN FARMS WATER	54,848	0.20%	214
HERITAGE RANCH CSD	1,016,503	3.66%	3,972
INDEPENDENCE RANCH RCD	50,086	0.18%	196
LINNE CSD	28,246	0.10%	110
NIPOMO CSD	3,811,439	13.72%	14,892
OCEANO CSD	2,169,015	7.81%	8,474
PASO ROBLES CEMETERY	309,801	1.12%	1,210
PORT SAN LUIS HARBOR	2,669,477	9.61%	10,430
SAN MIGUEL CEMETERY	50,592	0.18%	198
SAN MIGUEL FIRE	53,737	0.19%	210
SAN MIGUEL SANITARY	123,215	0.44%	481
SANTA MARGARITA CEMETERY	17,739	0.06%	69
SANTA MARGARITA FIRE	46,410	0.17%	181
SAN SIMEON CSD	539,150	1.94%	2,106
SHANDON CEMETERY	8,623	0.03%	34
SO SLO COUNTY SANITATION	2,129,815	7.67%	8,321
SQUIRE CANYON CSD	17,024	0.06%	67
TEMPLETON CSD	3,800,545	13.68%	14,849
CAMBRIA HEALTHCARE DISTRICT	681,607	2.45%	2,663
UPPER SALINAS/LAS TABLAS RCD	29,578	0.11%	116
TOTAL	27,781,253	100.00%	108,543

TEMPLETON CEMETERY - NOT FILED

TO: BOARD OF DIRECTORS
FROM: DOUG JONES 
DATE: FEBRUARY 21, 2001

AGENDA ITEM
FEB 21 2001



CALIFORNIA PUBLIC RETIREMENT SYSTEM
(PERS) CONTRACT AMENDMENT

ITEM

Review contract amendment with PERS to include one-year final compensation

BACKGROUND

In order for the District to be competitive in the employment market, its contract with the California Public Employees Retirement System should be amended to include a one-year final compensation from the existing three-year average for a final compensation period with respect to retirement benefits.

The District requested PERS to perform an actuarial evaluation for the one-year final compensation in which they have determined that the change in the employer contribution rate would increase 0.630 %. This would bring the employer contribution rate to 8.626%. The District pays the employees' share of the PERS compensation, however, based on the PERS actuarial, there would not be any out-of-pocket costs to the District for this change for a period of approx. 13 years. This is due to the excess assets the District has in its PERS account primarily created from the legislative changes made by the State and how PERS actuarial evaluations were conducted. Currently, the District's contribution rate is zero percent (0%) and would remain at zero percent with the contract amendment. This is expected to continue for 13 years.

The procedure for amending the District's contract with PERS would be as follows:

- Adopt a Resolution of Intention to approve an amendment to the contract between PERS and the District. See attached.
- Certification of the Board's action would be forwarded to the PERS office
- The PERS office will send the final Resolution to be adopted by your Honorable Board at a future meeting.

RECOMMENDATION

Staff recommends that your Honorable Board adopt the Resolution of Intention to approve an amendment to the PERS contract with NCSD.

**RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
NIPOMO COMMUNITY SERVICES DISTRICT**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide Section 20042 (One-Year Final Compensation)
for local miscellaneous members.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

By: _____
Presiding Officer

Title

Date adopted and approved



EXHIBIT

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Board of Directors
Nipomo Community Services District

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective October 1, 1975, and witnessed August 13, 1975, and as amended effective April 22, 1999 and May 1, 2000 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 11 are hereby stricken from said contract as executed effective May 1, 2000, and hereby replaced by the following paragraphs numbered 1 through 11 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members.
 2. Public Agency shall participate in the Public Employees' Retirement System from and after October 1, 1975 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
4. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **SAFETY EMPLOYEES.**
5. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
6. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20965 (Credit for Unused Sick Leave).
 - b. Sections 21624, 21626 and 21628 (Post-Retirement Survivor Allowance).
 - c. Section 21574 (Fourth Level of 1959 Survivor Benefits).
 - d. Section 20042 (One-Year Final Compensation).
7. Public Agency, in accordance with Government Code Section 20834, shall not be considered an "employer" for purposes of the Public Employees' Retirement Law. Contributions of the Public Agency shall be fixed and determined as provided in Government Code Section 20834, and such contributions hereafter made shall be held by the Board as provided in Government Code Section 20834.
8. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
9. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.

- b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
10. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
11. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
NIPOMO COMMUNITY SERVICES
DISTRICT

BY _____
KENNETH W. MARZION, CHIEF
ACTUARIAL & EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

TO: BOARD OF DIRECTORS
FROM: DOUG JONES *D*
DATE: FEBRUARY 21, 2001

AGENDA ITEM
FEB 21 2001



SLO CSDA LAFCO COMMISSIONER

ITEM

Review comments made by LAFCO Special District Representative

BACKGROUND

At the LAFCO meeting held on January 18, 2001, NCSD had an item on the commission's agenda (Annexation #18). Annexation #18 is a 2½ acre parcel off Grande consisting of 7 lots known as Tract 2393. During the Commission hearing, Carolyn Moffat (Special District's Representative on LAFCO) expressed the concerns of the impact of the additional lots on the School District. Also during the hearing, she mentioned that all affordable housing should be in Nipomo. The Board members requested that this item be put on the agenda to be reviewed by your Honorable Board.

At the LAFCO hearing, the vote was 4-2 approving Annexation #18 to NCSD with Ms. Moffat and Ms. Bianchi dissenting,. It should be noted that Annexation #18 was in the Urban Service Line and within the Sphere of Influence of the District. These are primary requirements for annexation and approval by LAFCO.

Board 2001\CSDA-LAFCO .DOC

AGENDA ITEM
FEB 21 2001



TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: FEBRUARY 21, 2001

CONSENT AGENDA

The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item be removed. If discussion is desired, the item will be removed from the Consent Agenda and will be considered separately. **Questions or clarification may be made by the Board members without removal from the Consent Agenda.** The recommendations for each item are noted in parenthesis.

- F-1) WARRANTS [RECOMMEND APPROVAL]
- F-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]
Approval of Minutes of February 7, 2001 Regular Board meeting



WARRANTS FEBRUARY 21, 2001

HAND WRITTEN CHECKS

COMPUTER GENERATED CHECKS

18408	02-07-01	LAFCO	1,500.00
18409	02-06-01	POSTMASTER	110.08
18410	02-12-01	POSTMASTER	438.40
18411	02-14-01	J WIRSING	50.00
18412	02-14-01	M WINN	50.00
18413	02-21-01	SEC OF STATE	40.00
18414	02-21-01	SEC OF STATE	40.00
Check Total.....:			-----
5581	02/21/01	MIS01 MISSION UNIFORM SERVICE	276.99
5582	02/21/01	MOB01 RICHARD MOBRAATEN	100.00
5583	02/21/01	MOR01 MORRO GROUP INC	70.00
5584	02/21/01	NIP01 NIPOMO ACE HARDWARE INC	77.06
5585	02/21/01	NIP02 NIPOMO GARBAGE	42.50 14.55
Check Total.....:			-----
5586	02/21/01	NIP03 NIPOMO SHELL	788.05
5587	02/21/01	PER04 PERRY'S ELECTRIC MOTORS	216.57
5588	02/21/01	PUB00 PUBLIC UTILITIES COM	56.00
5589	02/21/01	REL01 RELIABLE	226.98
5590	02/21/01	SAI01 SAIC	626.96
5591	02/21/01	SAN01 SANTA MARIA TIRE INC	71.36
5592	02/21/01	SIM02 ALBERT SIMON	100.00
5593	02/21/01	THE01 THE GAS COMPANY	15.78
5594	02/21/01	UNI02 UNITED STATES POSTAL	500.00
5595	02/21/01	VER01 VERIZON	28.44
5596	02/21/01	WEC00 WECK LABORATORIES, INC.	100.00
5597	02/21/01	WES01 WEST GROUP	246.68
5598	02/21/01	WIN01 MICHAEL WINN	291.28 100.00
Check Total.....:			-----
5599	02/21/01	WIR02 WIRSING, JUDY	100.00
5600	02/21/01	XER01 XEROX CORPORATION	80.17

5565	02/21/01	AMI00 AMICK CONSTRUCTION CO, INC	6396.40
5566	02/21/01	BLA01 ROBERT L BLAIR	126.76 100.00
Check Total.....:			-----
5567	02/21/01	BLU01 BLUEPRINT EXPRESS	12.73
5568	02/21/01	CEN01 CENTRAL ELECTRIC	83.55
5569	02/21/01	COR01 CORBIN WILLITS SYSTEMS	267.50
5570	02/21/01	CRE01 CREEK ENVIRONMENTAL LABS	30.00 30.00 30.00 30.00
Check Total.....:			-----
5571	02/21/01	DAN01 DANONE WATERS	1.00 17.00
Check Total.....:			-----
5572	02/21/01	EDA01 EDA	4234.26
5573	02/21/01	FGL01 FGL ENVIRONMENTAL	138.40 381.60 44.80 44.80 44.80 44.80
Check Total.....:			-----
5574	02/21/01	FIR01 FIRST AMERICAN REAL EST	80.59 188.06
Check Total.....:			-----
5575	02/21/01	GAR01 GARING TAYLOR & ASSOC	844.00
5576	02/21/01	GIL01 GLM	217.00
5577	02/21/01	GRO01 GROENIGER & CO	120.76
5578	02/21/01	MAI01 MAINLINE	315.00
5579	02/21/01	MCI01 MCI WORLD COM	7.75 13.71 12.35 -3.93 3.65
Check Total.....:			-----
5580	02/21/01	MCM01 MCMILLEN CONSTRUCTION	1185.00 1113.00
Check Total.....:			-----
Check Total.....:			2298.00

NIPOMO COMMUNITY SERVICES DISTRICT
MINUTES

FEBRUARY 7, 2001

AGENDA ITEM
FEB 21 2001



REGULAR MEETING 10:30 A.M.
BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

ROBERT BLAIR, **PRESIDENT**
AL SIMON, **VICE PRESIDENT**
RICHARD MOBRAATEN, **DIRECTOR**
MICHAEL WINN, **DIRECTOR**
JUDITH WIRSING, **DIRECTOR**

STAFF

DOUGLAS JONES, **GENERAL MANAGER**
DONNA JOHNSON, **SEC. TO THE BOARD**
JON SEITZ, **GENERAL COUNSEL**

CLOSED SESSION
9:30 A.M.

CONFERENCE WITH LEGAL COUNSEL GC\$54956.9
SMWVCD vs NCS Santa Clara County Case No. CV 770214 and all consolidated cases.

No reportable action

NOTE: All comments concerning any item on the agenda are to be directed to the Board Chairperson.

A. CALL TO ORDER AND FLAG SALUTE

President Blair called the meeting to order at 10:32 a.m. and led the flag salute.

B. ROLL CALL

At Roll Call, all Board members were present.

C. PUBLIC COMMENTS PERIOD

PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

President Blair opened the meeting to Public Comments. There was none.

D. ADMINISTRATIVE ITEMS (The following may be discussed and action may be taken by the Board.)

D-1) SUMMIT STATION - REBATE PROGRAM

Review rebate program and resolution for installation of booster pumps at Summit Station area higher elevation residences

President Blair stepped down from the Board during this item because of a conflict of interest in the matter. He owns property in the Summit Station area.

The revisions to the application for the Summit Station Pressure Pump Rebate Program were reviewed.

There were no public comments. Upon motion of Director Winn and seconded by Director Mobraaten, the Board unanimously approved the Summit Station Pressure Pump Rebate Program for homes on a house pad elevation of 425 feet or higher. The program is to be made available after the resolution of the citation from the California Department of Health Services. Vote 4-0 with President Blair not voting.

D-2) REQUEST FOR SERVICE - TRACT 2393 (NEWDOLL)

Request for water and sewer service for a 7-lot development at Grande & Cyclone Sts.

President Blair returned to the Board.

Developer, Robert Newdoll, is requesting water and sewer service to a 7-lot development on Cyclone and Grande Ave.

Jim McGillis, surveyor for project, Nipomo - changed configuration of tentative map.

There were no public comments.

Upon motion of Director Simon and seconded by Director Mobraaten, the Board unanimously approved an Intent-to-Serve letter for Tract 2393 with the conditions as outlined in the Board letter. Vote - 5-0 with Director Wirsing abstaining.

MINUTES

FEBRUARY 7, 2001

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D-3) REQUEST FOR SERVICE - TRACT 2413 (KENGEL)

Request for water & sewer service for a two-lot development on Elvira Way

Developer, William Kengel, is requesting water and sewer service for a 2-lot development, Tract 2413, within Tract 1658.

There were no public comments. Upon motion of Director Mobraaten and seconded by Director Simon, the Board unanimously approved the 2-lot development. Vote 5-0.

E. OTHER BUSINESS

E-1) GIS DATA PROJECT SERVICE AGREEMENT

Approve an agreement for a water & sewer atlas for the District

An agreement was prepared for the GIS Data Project. Mr. Seitz, District Legal Counsel, explained the changes that were made in the contract. Same changes were made in Garing, Taylor's contract for the water line design.

Mike Sears from Lucia Mar Unified School District offered to check if their system could be used in conjunction with this GIS program. Upon motion of Director Winn and seconded by Director Simon, the Board decided to table this item until the School District can be contacted for possible coordination of programs and directed staff to contact the School District

E-2) TEFFT STREET WATER LINE DESIGN PROPOSALS

Review engineer proposal to design the Tefft St. water line

Requests for proposal to design the Tefft Street water line were sent to consulting engineering firms. Three bids were received. There were no public comments. Upon motion of Director Simon and seconded by Director Winn, the Board unanimously decided to award the water line design project to Garing, Taylor & Associates and instructed the President of the Board to execute the agreement and approved the funding for the design work from reserves in the Town Water Capacity Fee Fund.

E-3) BOARD OF DIRECTORS BY-LAWS

Annual review of the Board of Directors By-Laws

The time for the review of the Board By-Law Policy is February. President Blair set an ad hoc committee consisting of Directors Winn and Wirsing, staffed by legal counsel, to discuss the Board of Director s By-Laws. There were no public comments.

F. **CONSENT AGENDA** *The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item be removed. If discussion is desired, the item will be removed from the Consent Agenda and will be considered separately. Questions or clarification may be made by the Board members without removal from the Consent Agenda. The recommendations for each item are noted in parenthesis.*

F-1) WARRANTS [RECOMMEND APPROVAL]

F-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]

Approval of Minutes of January 17, 2001 Regular Board meeting

F-3) SECOND QUARTER FINANCIAL REPORT [ACCEPT AND FILE]

F-4) ACCEPTANCE OF TRACT 1712/2383 [RECOMMEND APPROVAL]

Resolution accepting water & sewer improvements for Tract 1712/2383

RESOLUTION NO. 2001-755

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING THE WATER AND SEWER IMPROVEMENTS FOR TRACT 1712/2386 (NEWDOLL)**

There were no public comments.

Upon motion of Director Winn and seconded by Director Mobraaten, the Board unanimously approved all items on the Consent Agenda. Vote 5-0

MINUTES

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G. MANAGER'S REPORT

General Manager, Doug Jones, presented information on the following:

G-1 MONTECITO VERDE II MEETING REVIEW

Possible \$100,000 grant from the Community Block Grant Program

G-2) SCHOOL AGREEMENT UPDATE

Mr. Jones explained EDA has reviewed report from Boyle Engineering. A meeting was held with the School District staff and many items were ironed out. Commodity costs are being discussed with EDA. Capacity charges are being used for the buy-in cost thereby eliminating the tank \$200,000 costs. District expects more information shortly.

Mike Sears from the Lucia Mar Unified School District said that Mr. Jones comments are consistent with his understanding. He spoke with their engineer this morning. Nancy DePue says we're almost there!

G-3) LEGISLATIVE UPDATE

G-4) LAFCO HEARING (2/15) ON NCSD PROVIDING GARBAGE COLLECTION

G-5) ARTICLES ON CHROMIUM & GLOBAL WARMING

G-6) US SUPREME COURT RULING OF CORP OF ENG JURISDICTION

G-7) CONFLICT OF INTEREST INFORMATION

H. DIRECTORS COMMENTS

Director Mobraaten commented about power use during outside groups using the building.

President Blair concerned about the inappropriate comment from Carolyn Moffat at the LAFCO Meeting. Mr. Seitz suggested that it be put on agenda for review.

Director Winn agreed with the request to review LAFCO meeting. Would like more education on what CSDA is (both County-wide and State-wide) and how representation from us to them is achieved and how they represent statewide and so forth. Has attended two seminars about CSDA and has issues he would like to address. Mr. Seitz suggested that this could be discussed in the ad hoc committee. Director Winn also commented about an issue of an incompatible office with the School Board. He also met with the Growth Management Planning Sub-Committee of the NCAC with Scott Phillips of the Regional Water Quality Control Board about changing density and putting septic from 1 acre parcels to 1/2 acre parcels on the Nipomo Mesa. Feels the District needs to look at this policy.

Director Winn would like to see an update on the Supplemental Water review. Mr. Jones noted that the consultant, Kennedy-Jenks, is currently working on that and will contact.

Director Winn noted that the Water Forum will be held Monday, Feb. 12, 2001 at 6:30 p.m. here. He also mentioned some Brown Act rules.

Editor Black Lake Newsletter informed Board of newsletter now being distributed in the Black Lake area.

District Legal Counsel, Jon Seitz, announced the need to go into Closed Session concerning the matters below.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL GC\$54956.9

a. Litigation CPUC Appl. No. A 00-03-029 (Gov. Code §54956.9)


b. NCSD vs State Dept of Health Services CV 990716, GC §54956.9

The Board came back into Open Session and had no reportable action.

ADJOURN

President Blair adjourned the meeting at 12:35 p.m.

The next regular Board meeting will be held on February 21, 2001.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES 
DATE: FEBRUARY 21, 2001

AGENDA ITEM
FEB 21 2001



MANAGER'S REPORT

G-1) BOARD WORKSHOP

A workshop to guide the Board in setting policy and helping the Board in the direction of the future of the District. Correspondence was received from Robert Rausch, Rausch Communication Consultants concerning holding such a workshop. A number of years ago, Mr. Rausch conducted a workshop for the District Board. If the Board wishes to proceed in such a matter, they may direct staff accordingly.

G-2) AWWA ANNUAL CONFERENCE

Attached is information on the American Water Works Association annual conference.

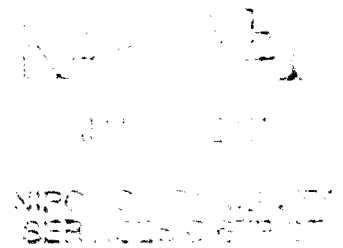
G-3) WATER NEWS ARTICLE ON DESALINATION

Enclosed is an article from US Water News on a new method of desalination.

G-4) ACWA CONFERENCE REPORT

Enclosed is some information received at the Association of California Water Agencies conference held at Monterey.

1. California Electric Crisis
2. AB 2838 Changes in the LAFCO legislation



January 30, 2001

Doug Jones
General Manager
Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444

Dear Doug:

Thank you for your invitation to submit a proposal to conduct a goal setting workshop for the Board of Directors. We are pleased to submit this proposal to carry out this important task.

Introduction

Our experiences with Nipomo CSD occurred not many years ago – first with Bob Paul and the Board, and then subsequently when you succeeded Bob in the manager’s position. Those early workshops, we believe, were helpful to the Board and the District as it took its first steps toward expansion.

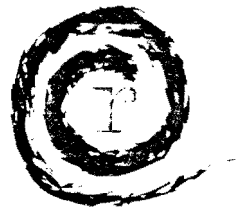
However, what has occurred since then is nothing less than dramatic: major growth in the area, adjudication of the Basin, the potential for forming a city, development of a no-growth citizen’s group, construction of a new headquarters building, possible boundary changes, and doubtless other initiatives. Clearly, the District is in the process of growing up fast.

With these changes occurring practically at once, now is probably the ideal time for the Board to step back, gain perspective on what is going on, and set a clear course for the future. The ideal way to do this is a Board strategic, goal setting workshop.

Background

As you know, Rauch Communication Consultants specializes in conducting this sort of workshop. We work almost exclusively with special districts throughout the State, working with the Board of Directors and senior management to analyze where the District is today, determine the high priority issues, and prepare a genuine action plan for guiding the District into the future. At present, we conduct several dozen such workshops each year, and are called upon to speak on this subject at many conferences and seminars. Our work also includes providing public information outreach assistance to many of our clients.

Based on the results of hundreds of these workshops, we believe that we can be of significant assistance to the Board and yourself. We believe that our 25 years’



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Public Information
Executive Director
Media Assistant
Bridgette T. Rauch, Secretary

experience with more than 150 special districts helps us to get up to speed on your district quickly and provide practical help to you and your Board.

What We Propose To Do

We propose to begin by reviewing any readily available *background material* you can send us on the District – the budget, organization chart, important planning documents, information on the adjudication suit, and so forth. This helps us get oriented to the District even before we arrive.

This is followed by a day of *one-on-one confidential interviews* with each Board member and the general manager. We start with the manager for about two hours to get a good orientation, and then spend one hour with each Board member. We have found people to be very forthcoming during these interviews, so that by the end of a day we have a good grasp idea of the issues and each individual's perspective on them.

On the next day, we conduct the *Board workshop* itself. We begin by rating how effectively the District is doing its work currently, as well as listing issues facing the District in the future. We sort through all the issues, prioritize the most important ones, and then discuss each one, establishing a real *Action Plan*.

Results

What emerges from the workshop is a detailed set of notes on flipcharts, prepared on the spot, that highlight all that has been discussed during the day. These comprehensive notes are transcribed to serve as a written record of what the Board has discussed and intends to do.

Because so many issues are confronting the District at once, it may be that they cannot all be dealt with in a single day. We therefore recommend that the Board commit itself to a one-day workshop, and later make a determination whether to set aside any additional time to address the other issues it has identified. In any case, it will be a very enlightening and useful experience.

Logistics

The workshop can be held right in the District headquarters, or in a conference room in a nearby hotel. Sometimes the latter is beneficial because it is a more relaxed atmosphere with less distraction than at the District. But either alternative works well. Simple refreshments should be made available, and a carry-in lunch. A full day should be set aside for the workshop, either a weekday or a Saturday, at the Board's discretion. The Brown Act is carefully observed.

Cost and Schedule

A team of two persons, led by Bob Rauch, will conduct the interviews and the workshop. The fee is \$3,500 plus actual travel expense and includes all the activities

described in this proposal. A mutually acceptable schedule can be readily worked out.

Summary

We believe that the District will find the workshop experience to be exciting, insightful, and helpful. Well-conducted workshops of this sort pay back significant dividends in better understanding of the issues, an increase in mutual understanding and teamwork, and the establishment of meaningful and achievable priorities and goals. Important also is the development of a clear and practical action plan.

We hope to have the opportunity to work with the Board and yourself in this important undertaking. If you have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob", with a stylized flourish extending to the right.


Robert A. Rauch

Register online at www.awwa.org/acg2001

PRELIMINARY TECHNICAL PROGRAM &
REGISTRATION INFORMATION

ANNUAL CONFERENCE AND EXPOSITION

NEW HORIZONS
IN DRINKING WATER

		2001	
		JUNE 17-21	AWWA
WASHINGTON, D.C.			

American
Water Works
Association
Dedicated to Safe Drinking Water

U.S. Water News

Water Quality/Wastewater Treatment

Municipal • Industrial • Water • Wastewater

Method uses lasers to separate dissolved solids from water

Photonics promises lower cost for desalinating seawater...

Continued from Page 1
Higgins, whose company owns the rights to PIMA. "We believe it will spread like wildfire."

Indeed, if the technology proves as effective as Higgins believes it to be, any major population living along a seashore could potentially purchase a PIMA plant to provide drinking water to its people. If PIMA works, it could help meet a growing worldwide need for potable water.

According to the International Atomic Energy Agency's Plan for Producing Potable Water Economically, "more than 60 percent of the world's population will, over the next 30 years, face ever-growing problems of potable water shortages."

Currently, cost is the main reason many countries in short supply of drinking water don't desalinate.

cess," says Higgins, "water is so cheap, it makes anybody who borders the sea or ocean a potential customer."

PIMA, says Higgins, could make desalination affordable worldwide.

Here's how it works. Water comes through four chambers in the PIMA plant, and using lasers, the water molecules are altered to allow them to separate from most of the rest of the chemicals found in seawater, including sodium, magnesium and chromium. After the laser treatment, these and other substances coagulate into a paste-like substance that is easily removed, leaving behind only fresh water.

What's left, says Higgins, is water that is potable with 100 parts per million (ppm) of dissolved solids, down from 45,000 ppm found in water from the Arabian Sea.

per day. But to do so using traditional methods of desalination, 500 million gallons must be taken out of the ocean, treated with chemicals and heated to extremely high temperatures. Then, the brine is returned to the sea.

All told, the Saudis desalinate 600 million gallons of water per day, says Higgins, and they need an additional 800 million gallons per day in the near future.

"They need a breakthrough," says Higgins, "and we have that breakthrough."

The first commercial PIMA plant,

scheduled to be up and running in Saudi Arabia this spring, fits into a 40-foot shipping container. It can potentially desalinate up to 50 million gallons of water per day.

"It sounds too good to be true," says Timothy Krantz, director of the University of Redlands' Salton Sea Database Program and professor of environmental studies. "If indeed it is energy efficient as using only 60 percent of reverse osmosis energy requirements, then it should be coming on line in Arabian states in the next few years."

START HERE ↘

By Katherine Noble-Goodman
U.S. Water News

BAKERSFIELD, Calif. — More than 97 percent of the water on earth is in the oceans and seas, providing habitat to sea creatures and controlling earth's climate. But one thing all this water can't be used for without expensive and inefficient treatment is human consumption.

That may change with the advent of a new form of technology that its proponents say is far superior to reverse osmosis and distillation, the most common methods of desalination. Unlike these other methods, this technology is relatively inexpensive, uses less energy and doesn't produce a useless, salty byproduct. In fact, it has the added benefit of producing marketable chemicals.

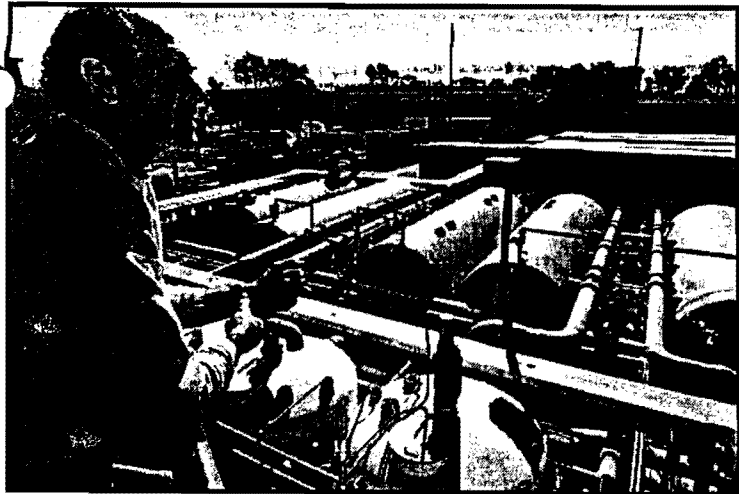
Photonic Ionization, Manipulation and Augmentation, or the PIMA Seawater Desalination process, will be turning salt water into drink-

ing water in Saudi Arabia this spring, according to Sam Higgins, Chairman and CEO of Spectrum Technology Corporation in Bakersfield, Calif. The first commercial PIMA plant is now in the final phases of construction, say Higgins.

"We'll have it showcased in the gulf where everyone from around the world can come and place orders," say Higgins. Please turn to Page 11

Photonics method holds promise of lower cost for desalinating seawater

www.uswaternews.com



Public Works Department employee Rodolpho Villanueva looks over the seldom-used, nine-year-old Charles E. Meyer Desalination Facility in Santa Barbara, Calif. A new process developed by Czech scientists and marketed by a California company claims to desalinate water using 60 percent less energy than reverse osmosis.

According to the Metropolitan Water District of Southern California, purchasing desalinated seawater would be at least twice as expensive as the \$349 per acre foot the district currently pays for wholesale water. In some parts of the world, desalinated seawater is as expensive as several thousand dollars per acre foot.

The three desalination plants in the United States, one in Florida and two in California, are not operating currently due to high costs.

Only countries in the Middle East, where there are no alternative sources of potable water and energy costs are low, such as Saudi Arabia, use it to create drinking water. "With our pro-

The process uses 60 percent less power than reverse osmosis, says Higgins, making it much less expensive to produce drinking water. Equally important, he says, is that what's left after PIMA treatment, besides fresh water, is a chemical paste that people want to buy.

Magnesium, for example, is a sought-after chemical, used in the manufacturing of automobiles and airplanes. "Everybody wants that metal," says Higgins. "The mining of the sea allows us to provide the water inexpensively."

In Saudi Arabia, some of the largest desalination plants produce 100 million gallons of desalinated water

Overview of California's Electricity Crisis: What Went Wrong?

What went wrong with California's deregulated electricity market? Was it the wrong move for California? Here's an overview:

California's current problems are the result of a flawed market structure, inadequate generation resources, over-reliance on natural gas and escalating emissions costs.



It is not a California-only problem. The entire Western United States is experiencing capacity shortages and increasing prices. However, the state's flawed marginal-cost based market is making the price impacts greater in California than in surrounding states.

Rising Natural Gas Prices

Natural gas prices have risen from \$1.80/MMBTU in 1999 to \$70.00/MMBTU in December 2000 at the Southern California border. Given the state's current market structure, natural gas sets the market price for electricity in California. At \$70/MMBTU, a normal generator with 10,000 BTU/kWh heat rate will cost over 70 cents/kWh to produce electricity. The quantity and supply of natural gas must be addressed. Further complications have been caused by the fact that all of the new generation proposed for the state is natural gas fired. More supplies and more transportation to get the natural gas to California are needed.

skyrocketing Emission Costs

California emission costs have skyrocketed.

NOx reclaim costs were about five dollars per pound last year. They are now \$55 per pound. A normal gas-fired generator produces one to two pounds of NOx per megawatt-hour. Emission costs add between 5 and 10 cents/kWh to electricity costs. These are California costs and should be reduced.

Low Hydroelectric Generation

Both California and the Pacific Northwest are in the midst of a low hydro winter, which means there is less hydroelectric power generated in California, and available for sale to California by neighboring states.

Utility Financial Condition

PG&E and Edison have been paying more for electricity than they have been allowed to charge since May of last year. The current woes are the result of generators reluctant to sell electricity to California because of a lack of assurance that they will get paid. The utilities' bond ratings are now below junk bond status.

New Generation an Immediate Necessity

California needs to institute a crash program to get new generation for this summer. The ISO estimates, using a normal hydro year and normal summer weather, that we will be short 3,000 MW in the summer of 2001. What is being done about this? Few, if any, of the new generators under construction will be available in time to help us this summer. California has experienced seven wet or above normal hydro years in a row, a record since recordkeeping began. The state will be in even more trouble if there is a drought this year. The reduction in hydroelectric generation, increase in groundwater pumping, and increased

pumping for water transfers could add over 2,000 MW of additional demand to this summer's loads.

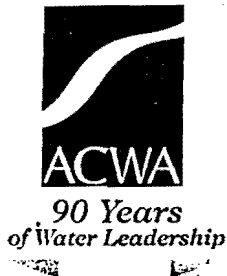
An additional 1,200 MW of generation will be needed to replace interruptible customers who have used up their curtailable allocation. These are large energy customers who receive reduced rates for agreeing to be shut off during high electricity demands. The tariffs specify 30 occurrences or 100 hours per year. As of January 22, California has used 18 occurrences and 96 hours. Therefore, the 1,200 MW load curtailment that has been relied on will not be available for the rest of the year.

Diversify Generation Sources

California needs diversity in its new generation sources. All new generation is natural gas fired, and a state policy to encourage non-gas-fired generation is needed. This can be done through policy directives and tax incentives.

Economic Incentives

California needs economic incentives for energy conservation and load management. The current electricity rate structure, which prices all electricity at the same rate, needs to be changed from constant block rates to increasing block rates — where the more electricity you use the more expensive it becomes. That encourages conservation and investments in alternative generation. Long-term price certainty for load-management investments must be provided. Investments must be made in demand-side management programs that have verifiable energy and peak capacity savings. — *ACWA energy consultant Lon W. House, Ph.D., Water and Energy Consulting*



MEMORANDUM

NOVEMBER 2, 2000

TO: ACWA Member Agencies
FROM: ACWA Local Government Committee
SUBJECT: Cortese-Knox-Hertzberg Act (AB 2838)

Governor Davis signed Assembly Bill No. 2838 – Hertzberg into law on September 26, 2000 (Chapter 761, Statutes of 2000). The new law takes effect on January 1, 2001, and shall be known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. AB 2838 implements a number of the recommendations forwarded by the Commission on Local Governance for the 21st Century.

ACWA's mission is to assist its members in promoting the development, management and reasonable beneficial use of good quality water at the lowest practical cost in an environmentally balanced manner.

Information Resource

As a service to all Californians, the Governor's Office of Planning and Research has posted material relating to AB 2838 on its Internet web site (www.opr.ca.gov). Materials include:

1. The complete, updated Cortese-Knox-Hertzberg Act, noting in blue underscore the revisions made in the 2000 legislation against the previous law.
2. A table of organization, ordered by section numbers of the previous law, including cross-references between revisions made by the 2000 legislation and section numbers of the previous law.
3. A second table of organization, ordered by section numbers assigned by the 2000 legislation, including cross-references between revisions made by the 2000 legislation and section numbers of the previous law.

Comparison of the Two Acts

The following is a comparison between the Cortese-Knox Act and AB 2838 (the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000):

- Under the Cortese-Knox Local Government Reorganization Act of 1985, the local agency formation commission in each county is required to review and approve or disapprove proposals for changes of organization or reorganization of cities and districts within the county. If a proposal is approved, further proceedings, including a hearing and an election if required, are conducted by the county or other public agency designated as the conducting authority.

Association of California
Water Agencies
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Sacramento, California
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400 N. Capitol St., N.W.
Suite 357 South
Washington, D.C.
001-1512

202/434-4760
FAX 202/434-4763

AB 2838 renames the act as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, deletes references in the act to the conducting authority, and transfers the duties and powers of the conducting authority to the commission.

- Under the 1985 Act, an action to reorganize school districts may be initiated by a petition filed with the county superintendent of schools signed by 25% of the registered voters in the territory to be reorganized. Following receipt of a petition signed by at least 10% of the qualified electors of a school district for unification or other organization, the county committee on school district organization is required to hold a public hearing.

AB 2838 requires the county committee to provide written notice to the commission before initiating proceedings to consider any reorganization plan under either provision, and requires the county committee to hold a public hearing on receipt of a resolution of a local agency, as specified, for consideration of unification or other reorganization.

- Under the 1985 Act, noncontiguous territory may not be annexed to a city. However, statutory exceptions permit particular cities to annex noncontiguous territory that constitutes a state correctional facility or a state correctional training facility.

AB 2838 deletes these exceptions and authorizes any city to annex that noncontiguous territory upon approval of the local agency formation commission.

- The 1985 Act authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if it receives written approval from the commission but provides that this approval requirement does not apply to contracts or agreements solely involving two or more public agencies.

AB 2838 allows for this exception where the public service to be provided is an alternative to or substitute for public services already being provided, as specified. This bill also requires the executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing and, if not, to transmit that determination to the requester, specifying the parts that are incomplete. When the request is deemed complete, the executive officer would be required to place the request on the agenda of the next commission meeting.

- The 1985 Act specifies how required notice must be published, posted, or mailed with respect to the proceedings of a LAFCO.

AB 2838 provides that required notice must also be given in electronic format on a web site provided by the commission to the extent that the commission maintains a web site. This bill requires the commission to establish and maintain, or otherwise provide access to, notices and provide other commission information for the public through an Internet web site.

AB 2838 also requires the commission to provide written notice of a proposed reorganization that may affect school attendance for a district to the countywide school district and each school superintendent whose district would be affected, and additionally requires the

commission to provide mailed notice to all registered voters and owners of property within 300 feet of the exterior boundary of the property that is the subject of a commission hearing.

- The 1985 Act defines "landowner" or "owner of land" for purposes of the act as any person shown as the owner of land on the last equalized assessment roll except where that person is no longer the owner.

AB 2838 changes that definition to any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application except where that person is no longer the owner, and would make related changes.

- The 1985 Act requires that notices of hearings of a LAFCO be published at least 15 days prior to the date of the hearing.

AB 2838 changes that period to at least 20 days prior to the date of the hearing.

- The 1985 Act declares the intent of the Legislature that each commission establish policies and exercise its powers to encourage efficient urban development and consideration of preserving open-space lands.

AB 2838 declares the intent of the Legislature that each commission establish written policies and procedures not later than January 1, 2002, and requires the policies and procedures to include lobbying disclosure and reporting requirements and forms to be used for submittals to the commission.

- The 1985 Act establishes the purposes of a LAFCO, such as discouraging urban sprawl and encouraging orderly formation and development of local agencies.

AB 2838 adds to those purposes preserving open-space and agricultural lands and efficiently providing government services. The bill requires a commission, when formation of a new governmental entity is proposed, to make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner, and requires a commission to apply various factors when reviewing and approving or disapproving proposals that may convert open-space lands to other uses.

- The 1985 Act establishes procedures for selection of the five members of a LAFCO.

AB 2838 increases the number of members to seven to add special district representatives and revises the selection procedures.

- The 1985 Act provides that the commission for Los Angeles County consists of seven members.

AB 2838 increases that membership to nine members.

- The 1985 Act sets forth the various powers and duties of a LAFCO in reviewing and approving or disapproving proposals for changes of organization or reorganization. Among other things, a commission may require as a condition to annexation that a city prezone the territory to be annexed.

AB 2838 provides that a commission must require that rezoning, and requires that approval of the annexation be consistent with the planned and probable use of the property based upon the review of the general plan and rezoning designations.

AB 2838 authorizes a commission to enter into an agreement with the commission of an adjoining county to determine procedures for considering proposals that may affect the adjoining county, and also authorizes a commission to require establishment of a community growth plan for an unincorporated area or to review the consistency of a proposal within a city's general plan when a proposed action would require the extension of critical services.

AB 2838 authorizes a commission to require disclosure of contributions, expenditures, and independent expenditures made in support of or opposition to a proposal and to require lobbying disclosure and reporting requirements for persons who attempt to influence pending decisions by commission members, staff, or consultants, prescribes how disclosure is to be made, and requires a commission to hold public hearings to discuss adoption of policies and procedures governing disclosure.

- The 1985 Act requires the county board of supervisors to provide for necessary quarters, facilities, supplies, and the usual and necessary operating expenses of a LAFCO. The commission is required to submit an estimate of operating expenses to the board.

AB 2838 repeals that requirement and provides that the commission expenses will be provided by the county, the cities, and the special districts, and requires that the estimate be submitted to the cities and counties and requires the commission to adopt a budget following a noticed public hearing.

- The 1985 Act authorizes a LAFCO to establish a schedule of fees for costs of proceedings under the Act, including a fee for checking the sufficiency of any petition filed with the executive officer of the commission.

AB 2838 requires the signatures on a petition to be verified by the county elections official, and provides that costs of verification will be provided for in the same manner and by the same agencies that bear those costs for an initiative petition in the same jurisdiction. This bill also authorizes a commission to waive a fee in the public interest and to request a loan from the Controller for petition proceedings for incorporation.

- The 1985 Act authorizes a LAFCO to appoint an executive officer and legal counsel.

AB 2838 requires a commission to appoint an executive officer and legal counsel, and authorizes the commission to appoint staff, and provides for alternatives if there is a conflict of interest on a matter before the commission.

- The 1985 Act requires a LAFCO to develop and determine the sphere of influence of each local governmental agency within the county and periodically review and update the adopted sphere.

AB 2838 requires the review and update not less than once every five years. For that update and review this bill requires a commission to conduct a service review of municipal services provided in the county, and requires a commission to make certain determinations concerning functions and services provided by existing districts before approving any special district sphere of influence or any sphere of influence that includes a special district.

- The 1985 Act requires a LAFCO to develop, determine, and adopt a sphere of influence for each local governmental agency that provides facilities or services related to development no later than January 1, 1985.

AB 2838 instead requires the commission to develop and determine the sphere of influence of each local governmental agency and update that sphere of influence not less than once every five years and would provide a procedure until January 1, 2007, for city and county representatives to reach agreement on the scope of the proposed or revised sphere of influence. This bill authorizes the commission to review and approve a proposal that extends services into unserved, unincorporated areas and to review the creation of new service providers.

- Under the 1985 Act, a LAFCO may adopt regulations affecting functions and services of special districts. As long as those regulations are in effect, the special districts must be represented on the commission.

AB 2838 repeals this representation requirement and provides that if the commission has special district representation prior to January 1, 2001, a majority of the independent special districts may require the commission to repeal previously adopted regulations that limit the exercise of powers of special districts.

- The 1985 Act defines a special reorganization as a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city.

AB 2838 specifies that proceedings for a special reorganization will be conducted in accordance with the procedures otherwise prescribed for incorporation of a city. The bill also requires that expenditures and contributions for political purposes related to a change of organization or reorganization proposal be disclosed and reported in the manner provided for local initiative measures.

- The 1985 Act specifies the percentages of registered voters or landowners that must sign petitions for various changes or organization.

AB 2838 revises these percentages for city consolidations, city annexations, city detachments, district detachments or annexations, district dissolutions, district mergers, or the establishment of a district as a subsidiary district of a city.

- The 1985 Act requires that commission review of a reorganization proposal include, but not be limited to, specified factors.

AB 2838 adds to those factors the ability of the newly formed or receiving entity to provide services, the timely availability of adequate water supplies, the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs, and information from landowners or relating to existing land use designations.

AB 2838 also requires a commission, in considering a proposal including the formation of a new government, to make a determination of the efficiency of existing agencies in providing the needed service or services. The bill authorizes the commission to consider regional growth goals and policies established by local elected officials.

- The 1985 Act provides that in any order approving a change of organization or reorganization, the commission may make approval conditional on any of specified factors.

AB 2838 authorizes a condition prohibiting an agency being dissolved from taking certain actions unless an emergency situation exists.

- The 1985 Act authorizes any person or affected agency to file a written request to amend or reconsider a commission resolution making determinations.

AB 2838 requires the request to state new or different facts or applicable new law to warrant reconsideration of the resolution.

- The 1985 Act requires the conducting authority to consider certain factors if a proposed change of organization is a district annexation.

AB 2838 requires a commission to consider these factors for a city detachment or a district annexation, other than a special reorganization, would add as a factor any resolution objecting to the action that may be filed by an affected agency, and requires the commission to give great weight to such a resolution.

- The 1985 Act requires, in the event of a jurisdictional change that would affect the service area or responsibility of one or more special districts, that the board of supervisors negotiates any exchange of property taxes on behalf of the district or districts.

AB 2838 requires the board, prior to entering into negotiation, to consult with the affected districts, with notice to the district board members and executive officer, and adequate opportunity for comment.

What's Next?

AB 2838 requires the Office of Planning and Research to establish task forces and/or consult with affected local agencies to accomplish the following:

1. By July 1, 2001, in consultation with the State Controller, convene a task force composed of representatives of cities, counties, special districts, and local agency formation commissions, as nominated by their statewide organizations and associations, with expertise in local government fiscal issues for the purpose of creating statewide guidelines for the incorporation process. The guidelines shall be completed by January 1, 2002 and shall serve as minimum statewide guidelines for the incorporation process. The guidelines shall include, but not be limited to, information to assist incorporation proponents to understand the incorporation process, its timelines, and likely costs. They shall also provide direction to affected agencies regarding the type of information that should be included in the comprehensive fiscal analysis of an incorporation, as well as suggestions for alternative ways to achieve fiscally neutral incorporations. The guidelines shall be advisory to the commissions in the review of incorporation proposals. (Government Code, Section 56815.2)
2. Not later than July 1, 2001, in consultation with individual local agency formation commissions, the California Association of Local Agency Formation Commissions, and other local governments, prepare guidelines for the service reviews to be conducted by commissions pursuant to the statute. The service reviews shall cover the municipal services provided in the county or other appropriate area designated by the LAFCO. The review shall include a written statement of the LAFCO's determinations with respect to each of the following:
 - infrastructure needs or deficiencies
 - growth and population projections for the affected area
 - financing constraints and opportunities
 - cost avoidance opportunities
 - opportunities for rate restructuring
 - opportunities for shared facilities
 - government structure options, including advantages and disadvantages of consolidation or reorganization of service providers
 - evaluation of management efficiencies
 - local accountability and governance

The commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The review shall be conducted before, or in conjunction with, but no later than the time the LAFCO considers an action to establish or to update a sphere of influence. (Government Code, Section 56430)