

TO: BOARD OF DIRECTORS
FROM: DOUG JONES *DJ*
DATE: MAY 15, 2002

AGENDA ITEM

MAY 15 2002



ANNEXATIONS AND WATER SUPPLY

ITEM

Review District's annexation policy and area water supply

BACKGROUND

At the regular meeting held on May 1, 2002, Director Trotter directed staff to put the subject of annexations and future water supply on the agenda for general discussion.

The land use on the Nipomo Mesa is directed by the San Luis Obispo County Board of Supervisors through the Planning Department, which sets the density requirements, zoning and percentage of building permits issued. In adopting the South County Area Plan Update, the County reviewed the land use elements. They found that there was sufficient water in the area to meet their planning decisions and densities. The County Planning Land Use Element as adopted by the Board of Supervisors identifies the District's responsibility of providing services, within its service area. Based on the County's projections, the estimate of the District's water demands is shown on Exhibit A. The production capacity is shown on Exhibit B. Graphs showing the District's production and consumption from 1980 to present for the Town Division, the Black Lake Division and combination of the two are enclosed for the purpose of discussion.

The present average water consumption in the District is approx. 0.6 ac/ft/yr per account. The Water and Sewer Master Plan for the District contains an estimation of average consumption for the future to be approx. 0.4 ac/ft/yr per account, primarily due to future increased densities within the District service area. It is anticipated that the District's growth rate will be modest in the future due to the limited in-fill areas within the District's service boundary. It is anticipated that by the year 2020, much of this in-fill will be developed. Future services may be associated with annexations based on the County General Plan and LAFCO's procedures.

Potential annexations to the District would be as follows:

- Craig Annexation (next to Black Lake Golf Course) Approx .40 ac. and 16 lots
- Nester Annexation (Pomeroy Road near Dawn Road) Approx. 16 ac. and 16 lots
- Robertson Annexation (Lyn Road near Summit Station) Approx. 60 ac. and 8-10 lots
- Kaminaka Annexation ((between Pomeroy and Dawn Road) Approx. 50 acres
- Old Chicken Ranch (south of Southland Street) Approx. 90 acres
- Mehlschau Development (between 101 freeway and Hetrick Rd.) Approx. 200 acres
- Old Turkey Ranch (Sun Dale & Dawn Rd) Approx. 20 acres
- Brand Property (Live Oak Ridge & Hetrick) Approx. 51 acres
- Others

RECOMMENDATION

This item has been put on the agenda for general discussion. This discussion should be **LIMITED** due to the District being a party in the Santa Maria Groundwater litigation.

**NIPOMO COMMUNITY SERVICES DISTRICT
 WATER PRODUCTION
 BUILD-OUT PROJECTION**

From San Luis Obispo County Planning Department Report - South County Area Plan
 Revised MAY 27, 1999
 From Table A-2

AREA	BUILD-OUT DWELLING	BUILD-OUT POPULATION	BUILD OUT DATE
Nipomo Urban Area	7678	24,032	2010+

The Nipomo Community Services District boundary does not include the total urban area of the South County Area Plan.

Due to a greater dwelling density of the Land Use Categories within the Nipomo Community Services District service area, it is estimated that the District would serve approximately 65% of the build-out of the urban area.

Estimated NCSD water needs:

Build-Out Dwellings 7678 X 65% ≈ 4990 or approx. 5000 dwellings
 Average consumption per water account years 1995-2000 = 0.61 AFY

TOWN DIVISION

Projected urban water needs at build-out ≈ 5000 X 0.61 =	3050 AFY
Projected rural area needs ≈ 300 units X 0.61	183 AFY
Add approximately 15% for normal District operations	<u>485 AFY</u>
	<u>3718 AFY</u>

BLACK LAKE DIVISION

Projected urban water needs at build-out ≈ 600 units X 0.61 AFY/account =	366 AFY
Add ≈ 24% for landscape irrigation and District operations	<u>88 AFY</u>
	<u>454 AFY</u>

NCSD WELL PRODUCTION CAPACITY

WELL PRODUCTION CAPACITY vs. BUILD-OUT PROJECTIONS

Town Division

7 wells \approx 3300 gpm = 5320 AFY

Assume 80% normally available $80\% \times 5320 = 4256$ AFY

Town Division build-out projection = 3718 AFY

Therefore present capacity can meet build-out projections.

Present capacity in excess of build-out needs \approx 500+ AFY

Black Lake Division

2 wells \approx 725 gpm = 1169 AFY

Assume 80% normally available $80\% \times 1169 = 935$ AFY

Black Lake build-out projection = 454 AFY

Present capacity in excess of build-out needs \approx 480 AFY

As the District grows, additional infrastructure will need to be built to meet peaking demands.

DISTRICT SEWER CAPACITY

Wastewater Treatment Facilities

TOWN DIVISION

Present design capacity 0.9 MGD (Million Gallons per day)

Present average monthly flows \approx 0.4 MGD

Present number of sewer services 1770

BLACK LAKE

Present design capacity 0.2 MGD

Present average monthly flows 0.07mgd

Present number of sewer services 536

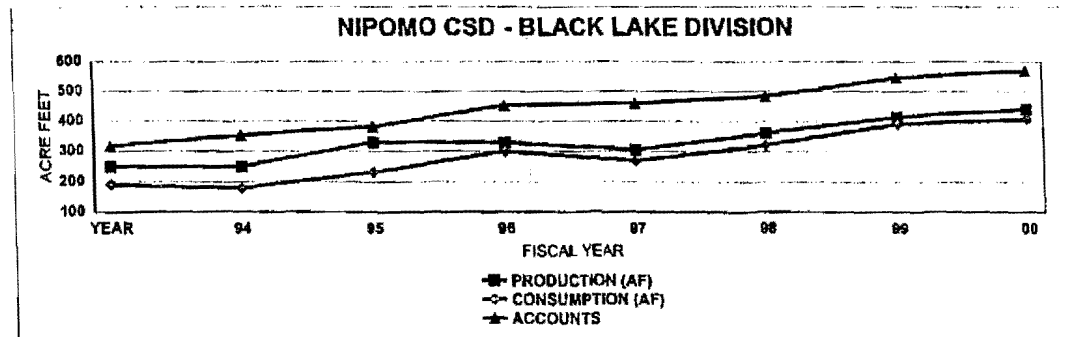
Both the Southland and the Black Lake wastewater facilities have unused capacity to handle future users.

LIFT STATIONS

The District presently operates 12 sewer lift stations. The Lucia Mar Unified School District EIR on the new high school indicated that the beginning of Phase II of the high school development the Tefft St. lift station will need to be expanded. Funds have been budgeted in this year's budget for design expansion of the lift station with construction planned for next year.

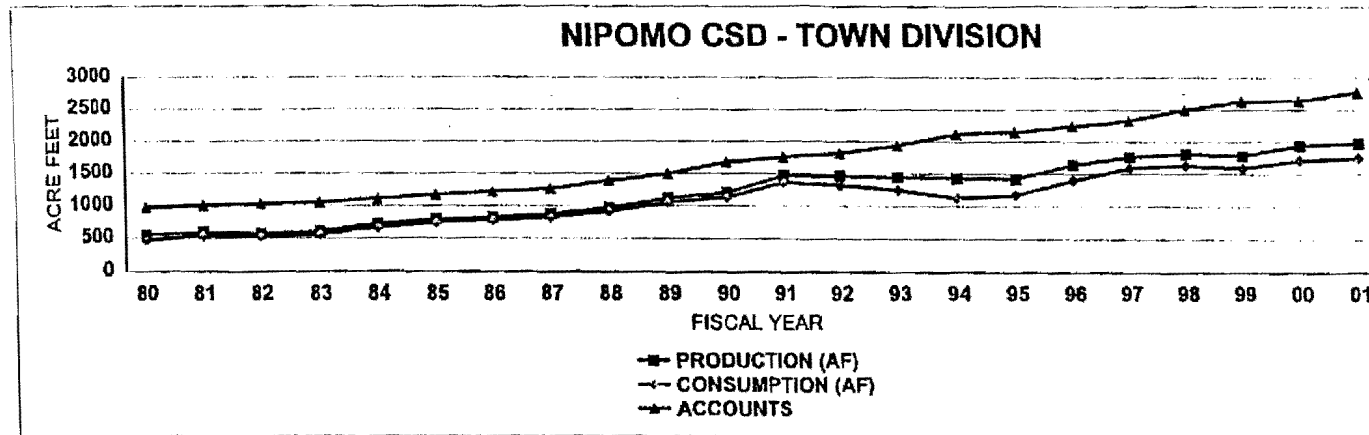
**NIPOMO COMMUNITY SERVICES DISTRICT
BLACK LAKE DIVISION WATER PRODUCTION AND CONSUMPTION**

FISCAL YEAR	PRODUCTION (AF)	CONSUMPTION (AF)	% UNACCOUNTABLE WATER	WATER ACCOUNTS	AF/PRODUCTION/ ACCOUNT	AF/CONSUMPTION/ ACCOUNT
80	0	0	ERR	0	ERR	ERR
81	0	0	ERR	0	ERR	ERR
82	0	0	ERR	0	ERR	ERR
83	0	0	ERR	0	ERR	ERR
84	0	0	ERR	0	ERR	ERR
85	0	0	ERR	0	ERR	ERR
86	0	0	ERR	0	ERR	ERR
87	0	0	ERR	0	ERR	ERR
88	0	0	ERR	0	ERR	ERR
89	0	0	ERR	0	ERR	ERR
90	0	0	ERR	0	ERR	ERR
91	0	0	ERR	0	ERR	ERR
92	0	0	ERR	0	ERR	ERR
93	0	0	ERR	0	ERR	ERR
94	249	190	0.24	318	0.78	0.60
95	250	180	0.28	354	0.71	0.51
96	330	232	0.30	383	0.86	0.61
97	330	300	0.09	453	0.73	0.66
98	306	270	0.12	461	0.66	0.59
99	362	321	0.11	484	0.75	0.66
00	416	393	0.06	547	0.76	0.72
01	442	409	0.07	571	0.77	0.72



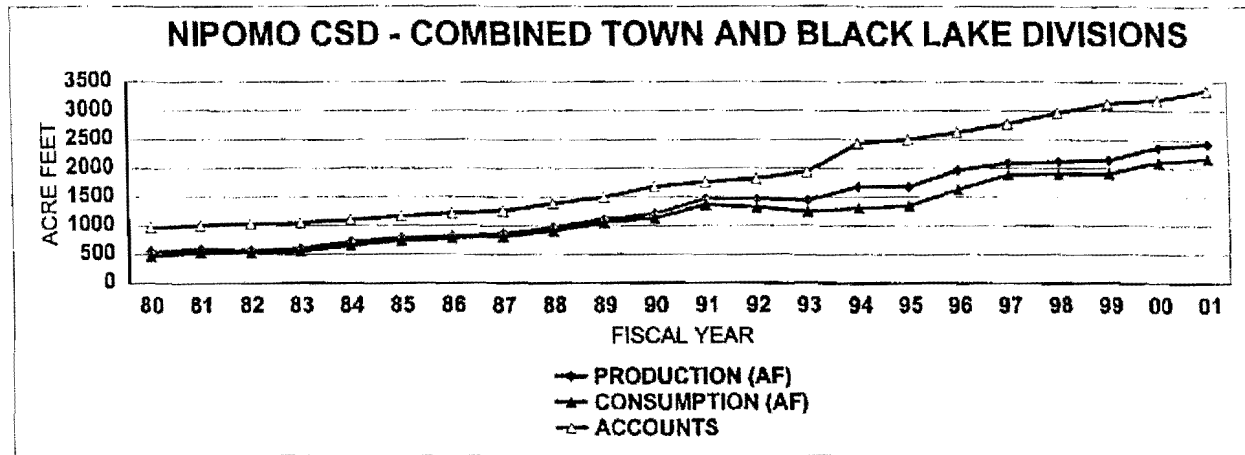
**NIPOMO COMMUNITY SERVICES DISTRICT
TOWN DIVISION WATER PRODUCTION AND CONSUMPTION**

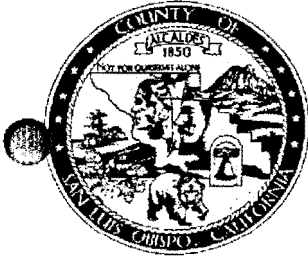
FISCAL YEAR	PRODUCTION (AF)	CONSUMPTION (AF)	% UNACCOUNTABLE WATER	WATER ACCOUNTS	AF/PRODUCTION/ ACCOUNT	AF/CONSUMPTION/ ACCOUNT
80	555	472	0.15	975	0.57	0.48
81	592	544	0.08	1006	0.59	0.54
82	576	532	0.08	1034	0.56	0.51
83	604	559	0.07	1053	0.57	0.53
84	725	664	0.08	1106	0.66	0.60
85	787	743	0.06	1170	0.67	0.64
86	819	780	0.05	1216	0.67	0.64
87	870	819	0.06	1260	0.69	0.65
88	972	913	0.06	1388	0.70	0.66
89	1118	1052	0.08	1497	0.75	0.70
90	1207	1134	0.06	1676	0.72	0.68
91	1470	1366	0.07	1760	0.84	0.78
92	1465	1322	0.10	1820	0.80	0.73
93	1447	1246	0.14	1941	0.75	0.64
94	1434	1124	0.22	2115	0.68	0.53
95	1424	1170	0.18	2149	0.66	0.54
96	1640	1399	0.15	2242	0.73	0.62
97	1764	1591	0.10	2325	0.76	0.68
98	1812	1632	0.10	2499	0.73	0.65
99	1786	1589	0.11	2635	0.68	0.60
00	1948	1713	0.12	2643	0.74	0.65
01	1985	1758	0.11	2778	0.71	0.63



NIPOMO COMMUNITY SERVICES DISTRICT
TOWN DIVISION AND BLACK LAKE DIVISION COMBINED WATER PRODUCTION AND CONSUMPTION

FISCAL YEAR	PRODUCTION (AF)	CONSUMPTION (AF)	% UNACCOUNTABLE WATER	WATER ACCOUNTS	AF/PRODUCTION/ACCOUNT	AF/CONSUMPTION/ACCOUNT
80	555	472	0.15	975	0.57	0.48
81	592	544	0.08	1006	0.59	0.54
82	576	532	0.08	1034	0.56	0.51
83	604	559	0.07	1053	0.57	0.53
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85	787	743	0.06	1170	0.67	0.64
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88	972	913	0.05	1388	0.70	0.66
89	1118	1052	0.06	1497	0.75	0.70
90	1207	1134	0.06	1676	0.72	0.68
91	1470	1366	0.07	1760	0.84	0.78
92	1465	1322	0.10	1820	0.80	0.73
93	1447	1246	0.14	1941	0.75	0.64
94	1683	1314	0.22	2433	0.69	0.54
95	1674	1350	0.19	2503	0.67	0.54
96	1970	1631	0.17	2625	0.75	0.62
97	2094	1891	0.10	2778	0.75	0.68
98	2118	1902	0.10	2960	0.72	0.64
99	2148	1910	0.11	3119	0.69	0.61
00	2364	2106	0.11	3190	0.74	0.66
01	2427	2167	0.11	3349	0.72	0.65





SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Noel King, Director

County Government Center, Room 207 • San Luis Obispo CA 93408 • (805) 781-5252

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email address: engr@co.slo.ca.us

April 22, 2002

RECEIVED

APR 24 2002

Attn: Mr. Doug Jones, General Manager
Nipomo Community Services District
PO Box 326
Nipomo, CA 93444

NIPOMO COMMUNITY
SERVICES DISTRICT

Subject: **Supplemental Water for the Nipomo Mesa Area**

Dear Mr. Jones:

In your letter dated March 4, 2002, you asked about the theoretical availability of State Water for the purpose of reducing ground water extractions on the Nipomo Mesa. I have discussed this, and other potentially viable, supplemental water alternatives with my staff and offer you the following response.

The San Luis Obispo County Flood Control & Water Conservation District holds a 25,000 AFY entitlement in the State Water Project. Of that amount, 7,470 AFY is committed to communities throughout the County. This consists of 4,830 AFY of contracted deliveries plus an additional 2,640 AFY in current "drought buffer" commitments.¹ This currently leaves 17,530 AFY of un-committed State Water entitlement in San Luis Obispo County.² In the mid-1990s, the County Board of Supervisors directed staff to sell/lease the excess State Water entitlement. To date, staff has been unsuccessful in negotiating a sale or lease under the terms stipulated by the Board. We have received a recent inquiry for a 5-10 year lease that appears to comply with the Board's terms. Staff plans to discuss this potential lease with our State Water subcontractors and with appropriate advisory committees before taking the issue to the Board of Supervisors. This meeting is scheduled for May 1, 2002, and we encourage your attendance. Please contact Nola Snowbarger at 781-2100 for the time and location of this meeting.

Nipomo CSD may also make an offer to buy or lease State Water. Issues to consider in establishing the feasibility of such an arrangement include: 1) constraints on delivery considering the lack of unused capacity in the Coastal Branch; 2) the geohydrology of the receiving ground water basin and its ability to "bank" water; 3) environmental and growth-

¹ "Drought Buffer" water is entitlement committed to State Water sub-contractors to increase the reliability of supplies. Capacity in the Coastal Branch does not accompany drought buffer commitments. Additional drought buffer commitments are currently pending.

² It is important to note that there is no available capacity in the Coastal Branch of the State Water Project downstream of the Polonio Treatment Plant. The excess entitlement cannot physically be delivered during years when downstream State Water contractors are accepting full deliveries.

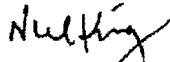
inducing impacts associated with supplementing water supplies on the Nipomo Mesa; 4) likely success in warding off seawater intrusion; and 5) how the cost and reliability of such an arrangement compares to other alternatives. Each of these issues is complex. As a State Water Contractor, the County can assist you in better understanding the constraints on delivery of State Water to the Nipomo Mesa. Feel free to contact Deputy Director Paavo Ogren at 781-5291 for more background pertaining to State Water.

We noted that your list of options omits water conservation measures to reduce demand. Please understand that the preparation of an Urban Water Management Plan would be required if NCSD participated in the State Water Project, and the plan would need to address the conservation aspect of your water management program.

The County also holds 17,500 AFY entitlement in Lake Nacimiento. An environmental impact report for the treatment and delivery system is currently being prepared. Of the total, 2,625 AFY of the Nacimiento entitlement is uncommitted at this point.³ I encourage Nipomo CSD to consider participating in this project. There is an opportunity to provide pipeline capacity for your needs in the design of the system which would result in the delivery of "highly reliable water" to the Nipomo Mesa. Please contact project manager Christine Ferrara at 781-5272 for more specifics regarding the Nacimiento water project.

In closing, we look forward to better understanding Nipomo CSD's policies regarding water conservation, and encourage you to contact my staff for more background on participation in the State Water or Nacimiento water projects.

Sincerely,



NOEL KING

Director of Public Works

c: Katcho Achadjian, Supervisor District 4
Paavo Ogren, Deputy Director of Public Works – Administration
Christine Ferrara, Utilities Division Manager

File: CF 950.80.01 W/SWP/Unallocated or Sale of Unused Water

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³ Financial commitments for participation are not final. Staff expects to seek such commitments in early 2003, and the actual uncommitted water that could be available to NCSD may increase.

**San Luis Obispo County
Flood Control and Water Conservation District
Water Resources Advisory Committee**

May 1, 2002

Potential Lease of County's Excess Entitlement

The District has a total State Water Project entitlement of 25,000 acre-feet (AF). However, only 7,470 AF has been allocated to subcontractors. Of the 7,470 AF, 4,830 AF is actual supply entitlement and 2,640 AF is reserved drought buffer for various subcontractors.

Contractor	Supply Entitlement	Drought Buffer	Total Allocation
City of Morro Bay	1,313	1,313*	2,626
CA Mens Colony	400	400	800
Co Operations Center	425	425	850
Cuesta College	200	200	400
City of Pismo Beach	1,240	0	1,240
Oceano CSD	750	0	750
San Miguelito MWC	275	275	550
Avila Beach CSD	100	0	100
Avila Valley MWC	20	20	40
San Luis Coastal	7	7	14
Shandon	100	0	100
Total	4,830	2,640	7,470

For the last ten years, the Public Works Department has been seeking agencies that may be interested in leasing the District's excess entitlement. The excess entitlement that is currently available for lease is 17,530 acre-feet.

Recent discussions have led to the potential lease of the District's excess entitlement. If the District's excess entitlement is leased, the drought buffer that an agency can rely on will be solely based on their specific drought buffer agreement. In the event the excess is sold or leased, the Drought Buffer Program will become increasingly valuable.

The importance of the Drought Buffer Program is that it provides insurance for the long-term. Drought buffer increases subcontractor's total allocation so that when allocation percent is cut, the percentage available for delivery is calculated on a larger number. For instance, if a subcontractor has 100% Drought Buffer, when allocation drops down to 50% the subcontractor will still receive full deliveries. See example below:

County Operations Center

IF allocation is 50%

Supply Entitlement 425 AF

Drought Buffer 425 AF

Total Allocation 850 AF

Allocation available for delivery = 50% X 850 = 425 AF

Any subcontractor interested in joining the Drought Buffer Program or increasing the amount of drought buffer in any existing contract has been advised to contact county staff as soon as possible. Currently, drought buffer costs approximately \$55 per acre-foot each year.

Details on the timing of the potential lease and entrances into the drought buffer program will be discussed at the meeting.

* Staff is currently processing an increase of drought buffer to 2,166 acre-feet for Morro Bay. Once final, the excess entitlement available for lease will be 16,677 acre-feet.

**THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT**

JULY 2001

Sections:

- I. Purpose.**
- II. Intent.**
- III. General policies.**
- IV. General standards.**
- V. Annexation agreement.**
- VI. Submittal of annexation report.**
- VII. Annexation—Assessment of fee.**

I. Purpose.

In order to promote efficient processing of all requests for annexation to the Nipomo Community Services District, this policy documents the present basis upon which this board of directors will evaluate such requests and provides notice thereof to the owners of the property which is the subject of such requests. (Res. 01-782 (part), 2001)

II. Intent.

The board of directors intends to review all annexation requests with the aim of Supporting the viability of the Nipomo Community Services District in providing essential services. The Nipomo Community Services District must be operated so as to best provide:

Low cost water, sewerage and other authorized services for the residents of the Nipomo Community Services District.

Efficient governmental services for orderly land use development within the district, conservation of natural and environmental resources, including local water resources; its availability and quality, growth consistent with the General Plan of San Luis Obispo county and the established policies of the Local Agency Formation Commission, including specifically the commission's adopted spheres of service and influence for Nipomo Community Services District. (Res. 01-782 (part), 2001)

III. General policies.

A. In order to provide for the orderly development of public service facilities, only those properties will be considered for annexation for which the owners are willing to accept all conditions for service required by the Nipomo Community Services District. More specifically, but without limitation, requests for annexation solely for sewerage services to the exclusion of water service will be considered on an individual basis but generally will be discouraged by the board of directors.

Further, the district generally will not attempt to require the annexation of territory over the objections of the owners of the property to be annexed.

B. In order to evaluate the impacts of a potential annexation upon the Nipomo Community Services District, the board of directors will consider only annexation

ANNEXATION POLICY

requests which include the submittal of a comprehensive use or development plan for the subject property in sufficient detail to provide a complete picture of the full impact of the annexation in the foreseeable future upon the district's long term water resources, water distribution facilities, sewerage services, financial program and other services required

If any such use or development plan requires future county approvals (for example, zoning or subdivision), the district's approval of the annexation shall be conditioned upon the owners obtaining such county approvals before the annexation becomes effective.

C. After review of the use or development plan, the board of directors will consider annexation requests where it can be demonstrated that:

1. There is a bona fide need for Nipomo Community Services District Services at the site of the proposed annexation in the immediate future or in conformance with a phased plan of development approved by San Luis Obispo County.

2. The proposed annexation will provide identified benefits to: (a) the future residents and property owners within the annexed area; and (b) the residents and property owners of the remainder of the Nipomo Community Services District.

D. The proposed annexation area boundary should include all properties that may receive the proposed services to be provided (i.e., use rear property lines rather than streets as boundary lines).

E. The district is opposed to the formation of homeowner associations for the operation of water and/or sewer systems in the

Nipomo Mesa area. Typically, associations lose efficiency over time and it becomes necessary for a public entity to take over their operations. A public entity operating from the beginning would eliminate the later acquisition and rejuvenation of the system at a potential additional cost to the property owners. (Res. 01-782 (part), 2001)

IV. General standards.

A. The board of directors will consider the present capacity of its public facilities and the adequacy of those facilities to provide services to its current residents receiving service, those properties within the district that have paid capacity charges (issued will-serve letters) but not currently being served, and other undeveloped property within the district boundaries.

B. The board of directors will only consider annexations where it can be demonstrated that:

1. There is excess service capacity to provide services to the area of proposed annexation; or

2. The applicant demonstrates to the satisfaction of the board of directors that applicant, at its sole cost, has developed and dedicated to the district appropriate and/or sufficient resource capacity to supply the area of the annexation with district services prior to commencing construction of residential and/or commercial units.

C. The district will consider a supplemental water in-lieu fee, which may be established from time to time, to acquire a supplemental water supply, provided that the board of directors first determines that there is adequate excess capacity to supply the area of annexation during the period of

ANNEXATION POLICY

time reasonably determined to acquire said supplemental water.

D. The board will only consider "island" annexations when it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of the district and the applicant is willing to extend adequate facilities at no cost to the Nipomo Community Services District.

E. The board of directors will consider the policies of the Local Agency Formation Commission that apply to annexations and spheres of influence. (Res. 01-782 (part), 2001)

V. Annexation agreement.

The applicant for annexation shall be required to enter into an annexation agreement. Said annexation agreement shall provide:

A. That all infrastructure and service line extensions shall be designed and constructed at no cost to district in accordance with district's standards;

B. Reimbursement to the district for its costs in processing the annexation, including administrative costs, legal costs and engineering costs; and

C. Payment of applicable district capacity, meter and connection charges. (Res. 01-782 (part), 2001)

VI. Submittal of annexation report.

Prior to consideration by this board of directors, the proponents of any annexation request must prepare a comprehensive written report for submission to the district to demonstrate that the annexation would conform to this annexation policy. (Res. 01-782 (part), 2001)

VII. Annexation—assessment of fee.

A. All property hereafter annexed to the district shall be assessed a fee, as established by resolution of the board of directors to be paid by the developer to the district at the time of application for annexation.

B. If the board fails to adopt an annexation resolution within a reasonable time after payment of the fees, the fee shall be returned to the person or persons paying the same, less an amount necessary in preparing the necessary forms of the district, not to exceed fifty dollars.

C. All other provisions of this chapter shall be in full force and affect from the time of acceptance of the annexation by the board. (Res. 01-782 (part), 2001)