

NIPOMO COMMUNITY SERVICES DISTRICT
AGENDA

MAY 23 2003

REGULAR MEETING 9:00 A.M.
BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

MICHAEL WINN, PRESIDENT
JUDITH WIRSING, VICE PRESIDENT
ROBERT BLAIR, DIRECTOR
CLIFFORD TROTTER, DIRECTOR
LARRY VIERHEILIG, DIRECTOR

STAFF

DOUG JONES, GENERAL MANAGER
DONNA JOHNSON, BOARD SECRETARY
JON SEITZ, GENERAL COUNSEL

NOTE: All comments concerning any item on the agenda are to be directed to the Board Chairperson. Consistent with the Americans with Disabilities Act, NCSD Board agendas and other writings will be made available to disabled persons in an appropriate alternate format. (If assistance is needed, please contact the District office at least one day before the meeting.)

A. CALL TO ORDER AND FLAG SALUTE

NEXT RESOLUTION 2003-861

B. ROLL CALL

NEXT ORDINANCE 2003-98

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) REVIEW CITY INCORPORATION STUDY – MR. DAVIS

Verbal update report on Incorporation Study

D-2) MARIA VISTA LIFT STATION/FORCE MAIN REIMBURSEMENT AGREEMENT

Developer agreement to provide CEQA, Right-of-Way and engineering design

D-3) AGREEMENT FOR LEGAL SERVICES – MARIA VISTA

Legal services for CEQA compliance for sewer line extension

D-4) OLDE TOWNE WATER/SEWER SERVICES FUNDING AGREEMENT

Review agreement between NCSD & SLO Co. for funding service connections

D-5) REQUEST FOR RENEWAL OF INTENT-TO-SERVE FOR SERVICE – TRACT 2393 (NEWDOLL)

Request for water and sewer service for an 8-lot development at Grande & Cyclone St.

E. OTHER BUSINESS

E-1) DRAFT FY 2003-2004 DISTRICT BUDGET

Set a study session time to review the proposed budget

E-2) REVIEW BOARD OF DIRECTORS MEETING TIME

Consider possible change of Board of Directors meeting to an evening time

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]

Minutes of May 14, 2003, Regular Board meeting

F-3) CORRECTION OF A RESOLUTION NUMBER

Correct the number of a resolution

G. MANAGER'S REPORT

G-1) BOARD OF DIRECTORS MEETING SCHEDULE MODIFICATION

Meeting schedule changed to June 11 & 25 and July 9 & 23

H. COMMITTEE REPORTS

I. DIRECTORS COMMENTS

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC\$54956.9

A. SMVWCD VS NCSD SANTA CLARA COUNTY CASE NO. CV 770214 AND ALL CONSOLIDATED CASES.


B. WATER LINE EASEMENT ACROSS COUNTY PARK - DISTRICT NEGOTIATOR - DOUG JONES, CONFERENCE WITH NEGOTIATOR GC\$54956.8 COUNTY NEGOTIATOR - PETE JENNY, REGARDING TERMS & PRICE.

C. ANTICIPATED/INITIATE LITIGATION, ONE CASE

ADJOURN

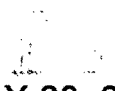
The regular meeting of June 4, 2003 has been canceled.
The meeting has been rescheduled to Wednesday, June 11, 2003.

TO: BOARD OF DIRECTORS

FROM: DOUG JONES 

DATE: MAY 28, 2003

AGENDA ITEM


MAY 28, 2003

REVIEW CITY INCORPORATION STUDY – MR. DAVIS

ITEM

Verbal update report on Incorporation Study from Mr. Davis of Davis Corporation

BACKGROUND

The District has contracted with the Davis Corporation to provide services of a feasibility study for incorporation of the community of Nipomo. Mr. Davis will be discussing the study work plan with your Honorable Board.

RECOMMENDATION

No action necessary

Board 2003/City Incorporation update

**Work Plan
Incorporation Feasibility Study
Nipomo Community Services District**

Task	Deliverable(s)	Critical Sub-tasks/Activities	Target Completion Date
1. Project Initiation Steps	Professional Service Agreement Insurance Certificate Acceptance Detailed Work Plan Acceptance	a. Insurance certificates to NCSO; NCSO provides written acceptance. b. Davisco reviews detailed work plan with NCSO General Manager and LAFCO. c. Contract executed; Written notice to proceed by NCSO.	5/19
2. On-site meeting with CSD Officials, including the governing board to confirm all facets of the feasibility engagement. (Week 1)	On-site Meetings. Final feasibility assessment work plan. Obtain list of parcel numbers for properties within boundary area Community Meeting 1	a. Davisco reviews data requirements with County, LAFCO and NCSO staff (by tele-conference). b. Davis interviews District Board Members. c. Davisco meets with District & LAFCO staff. d. Tour district / confirm boundary area for feasibility study. e. Davisco identifies properties for which property and sales tax data is needed. d. Davisco briefs District Board on project)	5-28
3. Demographics, community services and financial data base investigation. (Weeks 2-3)	A factual profile of the broadest area that is under consideration for incorporation.	a. NCSO prepares study area map. b. NCSO obtains parcel numbers and assessment data from County. c. NCSO requests sales tax data from State Board of Equalization or County. d. Davisco prepares written profile: <ul style="list-style-type: none"> ■ current service providers ■ demographics and land-uses for proposed boundary area. 	6-13
4. Refine proposed boundaries and alternatives for municipal formation. [note: more than one boundary option can be evaluated if needed]. (Weeks 4-6)	Confirmation of boundaries and alternatives. Refinement of the demographic and financial data base for the specified alternatives.	a. Davisco prepares written report on the Stage 1 boundary; specifies list of services to be assumed from County and other agencies. b. Davisco submits report to NCSO and LAFCO staff for review. NCSO determines final boundary for incorporation study area.	7/7

**Work Plan
Incorporation Feasibility Study
Nipomo Community Services District**

Task	Deliverable(s)	Task Activities	Target Completion Date
5. Specify services to be assumed from the County or other agencies. Estimate municipal revenues and expenditures upon transfer of local government services. (Weeks 7-9)	Stage 1 determination of incorporation feasibility. <p style="text-align: center;">Community Meeting 2</p>	a. Davisco finalizes list of services to be assumed by municipality; prepares estimate revenues and expenses re: services to be assumed. b. Davisco submit preliminary report on incorporation feasibility to district. c. Davisco meets with District Board to review preliminary report.	7/25
6. Complete analysis re: impact of municipal formation on established governmental identities. Specify and define all service related and financial impacts. (Week 10)	Identify all agencies affected; fiscal implications on all agencies; range of revenue neutrality options and financial transactions and amounts.	a. NCSD provides final boundary map b. Davisco identifies agencies, types of impacts re: incorporation, and issues that must be addressed in a revenue neutrality agreement.	8/1
7. Prepare the Preliminary Feasibility Report; present report to the Board of Directors. Attend up to three public meetings (Week 12)	Comprehensive Preliminary Report including Stage 2 Feasibility Assessment.	a. Davisco prepares preliminary Incorporation Feasibility Report; submits to NCSD and LAFCO staff for review and comment. b. Davisco conducts telco – review of preliminary report with NCSD and LAFCO staff.	8/15
8. Prepare Final Report: prepare written responses to all written comments to the Preliminary Report. (as scheduled by the District). Final Report to be prepared within two weeks of final on-site meeting.	Ten copies of the Final Feasibility Report, including a reproducible copy. <p style="text-align: center;">Community Meeting 3</p>	a. Davisco submits Final Incorporation Feasibility Report to NCSD. b. Davisco presents report to NCSD Board of Directors.	<p style="text-align: center;">TBS</p> <p style="text-align: center;">TBS</p>

Note: Target date for submittal of the Preliminary Feasibility Report to the District is 8/15/03. This date is dependent on receiving the property tax and sales tax data for the final incorporation boundary area by July 10, 2003.

TBS: Date to be set by NCSD after receiving the Preliminary Feasibility Report.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MAY 28, 2003

AGENDA ITEM

D2
MAY 28, 2003

MARIA VISTA LIFT STATION/FORCE MAIN REIMBURSEMENT AGREEMENT

ITEM

Developer agreement to provide CEQA, Right-of-Way and engineering design
Review an agreement for the possible construction of a sewer lift station and force main for the Maria Vista development

BACKGROUND


The Maria Vista development has been annexed into the District. The original conceptual plan for the development (an island annexation) was to have an on-site waste disposal system. The Regional Water Quality Control Board has recommended that the wastewater be transferred to the District wastewater treatment facility. To have the wastewater pumped to the District's treatment facility will require a lift station and a force main. The developer will be responsible to design these facilities along with the necessary CEQA requirements. A reimbursement agreement has been prepared so that the applicant will pay for the necessary engineering and CEQA documents and other costs associated with this modification to this project.

RECOMMENDATION

Staff recommends that your Honorable Board review and approve the attached reimbursement agreement between NCSD and Maria Vista development.

Board 2003/Maria Vista Reimbursement

TO: BOARD OF DIRECTORS
FROM: DOUG JONES 
DATE: MAY 28, 2003

AGENDA ITEM

MAY 28, 2003

AGREEMENT FOR LEGAL SERVICES

ITEM

Legal services for CEQA compliance for sewer line extension for Maria Vista development

BACKGROUND

The developer for the Maria Vista development has proposed a sewer lift station and force main to pump the wastewater from the development to the District's wastewater treatment plant. This would be in compliance with direction from the Regional Water Quality Control Board to move on-site wastewater to the District's wastewater treatment plant. This project would require a CEQA review. Richards, Watson and Gershon, the firm that handled a previous litigation with respect to the water line, has submitted an agreement to handle the services with respect to being in compliance with CEQA. Attached for the Board's review is an agreement for providing this service.

RECOMMENDATION

Staff recommends that your Honorable Board authorize the President of the Board to execute the agreement on behalf of the District for this service..

RW WSC RICHARDS | WATSON | GERSHON
ATTORNEYS AT LAW – A PROFESSIONAL CORPORATION

1 Civic Center Circle, P.O. Box 1059, Brea, California 92822-1059
Telephone 714.990.0901 Facsimile 714.990.6230

RICHARD RICHARDS
(1916 – 1988)

May 20, 2003

GLENN R. WATSON
(RETIRED)

ERWIN E. ADLER
DAROLD D. PIEPER
STEVEN L. DORSEY
WILLIAM L. STRAUSS
MITCHELL E. ABBOTT
GREGORY W. STEPANICICH
ROCHELLE BROWNE
WILLIAM B. RUDELL
QUINN M. BARROW
CAROL W. LYNCH
GREGORY M. KUNERT
THOMAS M. JIMBO
ROBERT C. CECCON
STEVEN H. KAUFMANN
GARY E. GANS
JOHN J. HARRIS
KEVIN G. ENNIS
ROBIN D. HARRIS
MICHAEL ESTRADA
LAURENCE S. WIENER
STEVEN R. ORR
B. TILDEN KIM
SASKIA T. ASAMURA
KAYSER O. SUME
PETER M. THORSON
JAMES L. MARKMAN
CRAIG A. STEELE
T. PETER PIERCE
TERENCE R. BOGA
LISA BOND
JANET E. COLESON
ROXANNE M. DIAZ
JIM G. GRAYSON
AMY GREYSON
JRAH R. HAKMAN
JAM P. CURLEY III
D. CRAIG FOX
CHANDRA GEHRI SPENCER
ROBERT H. PITTMAN
ROY A. CLARKE
ERIC M. ALDERETE
MICHAEL F. YOSHIBA
REGINA N. DANNER
PAULA GUTIERREZ BAEZA
PETER K. KIM
TERESA HO-URANO
OWEN P. GROSS
JIM R. KARPIAK
EVAN J. MCGINLEY
ALEXANDER ABBE
CARRIE H. AHN
EFFIE K. TURNBULL
ERICA KYLE WILLIAMS
ELIZABETH SULLIVAN
MICHAEL P. COYNE
DIANA K. CHUANG
ROBERT WATSON
PATRICK K. BOBKO
MARK E. MANDELL
DANIEL R. GARCIA
MIGUEL S. RAMIREZ
JULIET E. COX
GEORGE M. YIN
SONALI SARKAR JANDIAL
KELLY A. CASILLAS
DAVID M. SNOW
G. INDER KHALSA

OF COUNSEL
HARRY L. GERSHON
MARK L. LAMKEN
SAYRE WEAVER
WILLIAM K. KRAMER
BRUCE W. GALLOWAY

Nipomo Community Services District
Attention: Mr. Douglas Jones, General Manager
148 S. Wilson Street
P.O. Box 326
Nipomo, California 93444-0326

Reference: Agreement for Legal Services in Connection with
CEQA compliance for a sewer mainline extension
to serve Maria Vista

Dear Mr. Jones:

We are very pleased to have the opportunity to render legal services to you in connection with the above-referenced matter as to which we would serve as co-counsel with Shipsey and Seitz. This letter, which we are required to send to you pursuant to Section 6148 of the California Business and Professions Code, will confirm the basis upon which our firm will provide legal services to you and bill you for services and costs.

The firm maintains a conflict of interest index which lists all clients of the firm and matters in which they were represented by us. Representation of any party with an interest that may be adverse to an indexed person will not be accepted by us without an examination to determine if a professional conflict of interest would be created. We are proposing to index the District as follows:

Nipomo Community Services District

Please review this listing to determine whether this is adequate. Unless we hear from you to the contrary, we will assume that the above listing is accurate and complete.

As we have discussed, the nature of the matter makes it impossible for us to estimate the total amount of fees that may be incurred on this matter. We have estimated total fees without including litigation in an amount of \$6,000.00. You will

LOS ANGELES OFFICE
TELEPHONE 213.626.8484
FACSIMILE 213.626.0078

SAN FRANCISCO OFFICE
TELEPHONE 415.421.8484
FACSIMILE 415.421.8486

Nipomo Community Services District
May 20, 2003
Page 2

receive monthly statements informing you of the fees and costs incurred during the prior month.

If this matter is litigated, the Court may order, or the parties to the subject litigation may agree, that another party will pay some or all of your attorneys' fees, costs, or both. Any such order or agreement will not affect your obligation to pay our fees and costs, nor will we be obligated to enforce such an order or agreement. Any such amounts actually received by us, however, will be credited against our fees and costs.

We will not settle any matter litigated without the District approval. The District will have the absolute right to accept or reject any settlement. We will notify you promptly of the terms of any settlement offer received by us.

Naturally, we expect you to ask us about the possible results of the subject matter of this engagement. However, we cannot guarantee any particular result. We make no promises about the outcome of potential litigation and any opinion offered by us does not constitute a guarantee.

You have been designated as the District's authorized representative to communicate with us regarding the District representation. Unless we are directed otherwise in writing by you, all communications on the matter will be directed to you.

My partner, Steve Kaufmann, and our associate Kelly Casillas will have primary responsibility for your representation and the firm will use other attorneys and legal assistants in the best exercise of our professional judgment. If at any time you have questions, concerns or criticisms, please contact me at once. Naturally, we expect you to keep us reasonably informed of all significant developments in matters relating to our representation of you.

We review all statements before they are issued to ensure that the amount charged is appropriate. The statement for fees is simply the product of the hours worked multiplied by the hourly rates for the attorneys who did the work.

Fees will be charged to you at the following rates:

Nipomo Community Services District
May 20, 2003
Page 3

\$250.00 per hour for services rendered by Steven H. Kaufmann; and

\$200.00 per hour for services rendered by Kelly Casillas;

\$185.00 per hour for services rendered by other firm associates.

It may be necessary or appropriate for us to bill you for items such as, but not limited to, air fare, lodging costs, long-distance telephone calls, filing fees and photocopying. These items are separately itemized on our statement as “disbursements.” These amounts will be billed in addition to the professional fees. We will send you monthly statements and expect payment within 15 days of the billing date.

We rarely have disputes with clients over our fees. Nevertheless, you should be aware that you are entitled to require that any fee dispute be resolved by binding arbitration in San Luis Obispo pursuant to the arbitration rules for legal fee disputes of the San Luis Obispo County Bar Association. In the event that you choose not to utilize the County Bar Arbitration procedures, you agree that all disputes between us regarding the services rendered or fees charged shall be submitted to binding arbitration in Los Angeles to be conducted by the American Arbitration Association in accordance with its commercial arbitration rules.

You have the right to terminate our representation at any time. We have the same right, subject to an obligation to give you reasonable notice to arrange alternative representation. In either circumstance, you agree to secure new counsel to represent you as quickly as possible and to cooperate fully in the substitution of the new counsel as counsel of record. All attorney files will be turned over to the District. Notwithstanding the termination of our representation, you will remain obligated to pay to us all fees and costs incurred prior thereto.

I apologize for the formality of this letter. Again, we are required by California law to provide this information to you in writing. We are also required to inform you that we currently maintain professional liability insurance coverage.

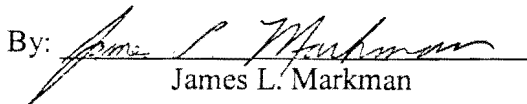
As you know, we are extremely enthusiastic about working with and protecting the District’s interest in this matter.

Nipomo Community Services District
May 20, 2003
Page 4

Please review the foregoing and, if it meets with your approval, sign a copy of this letter and return it to me in the enclosed envelope. If you have any questions, please feel free to call me. We look forward to representing you.

Very truly yours,

RICHARDS, WATSON & GERSHON

By: 
James L. Markman

I understand and agree to the above:

NIPOMO COMMUNITY SERVICES DISTRICT

By: _____ Dated: _____, 2003.

JLM:sjk
cc: Jon Seitz
735174

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MAY 28, 2003

AGENDA ITEM

MAY 28, 2003

OLDE TOWNE WATER/SEWER SERVICES FUNDING AGREEMENT

ITEM

Review agreement between NCSD & SLO Co. for funding service connections on Tefft Street

BACKGROUND

The San Luis Obispo County will be constructing road improvements along Tefft Street between the freeway and Thompson Avenue in Olde Towne Nipomo. The County's general policy is not to have new road improvements dug up for water and sewer service connections until five or more years after the improvements have been made. The County anticipates having grant funds available to assist the District in install water and sewer lines prior to the final road improvements. An agreement has been prepared for funding of the service lines between the County and the District. Attached for the Board's review is the agreement prepared by the County for funding the water and sewer service connections for future developments on Tefft Street. The County has indicated that the grant funds would not be available until the fall of this year.

RECOMMENDATION

After your Honorable Board has reviewed the agreement and may suggest modifications, tentative approval of the agreement would be in order pending the funding amount.

Board 2003/Olde Towne agreement

**AGREEMENT REGARDING USE OF STATE JOBS HOUSING BALANCE
INCENTIVE GRANT PROGRAM FOR TEFFT STREET IMPROVEMENTS
IN THE NIPOMO OLDE TOWNE AREA**

THIS AGREEMENT is made and entered into _____, 2003, by and between the **NIPOMO COMMUNITY SERVICES DISTRICT**, (hereinafter referred to as the "NCSD"), and the **COUNTY OF SAN LUIS OBISPO**, a political subdivision of the State of California (hereinafter referred to as "the County").

WITNESSETH:

WHEREAS, the County has been determined to be eligible to receive a grant of \$ *(exact amount to be determined)* from the State of California's Jobs Housing Balance Incentive Grant Program; and

WHEREAS, on March 4, 2003, the County Board of Supervisors authorized the grant money to be used by the NCSD to fill a funding gap identified as part of a street enhancement project on Tefft Street between Thompson and Nipomo Creek, specifically, to install sewer and water laterals and similar related piping before Tefft Street is repaved, preventing further degradation of the street, hereafter referred to as "the Project"; and

WHEREAS, the NCSD will use the funding to hire a contractor to install the necessary laterals and related work, and

WHEREAS, the NCSD will thereafter become responsible for obtaining payment of funds from those property owners along Tefft Street who benefit from the installation water and sewer laterals; and

WHEREAS, funds collected by the NCSD from property owner who benefit from the

new sewer and water laterals will be deposited into a separate; and

WHEREAS, funds collected from property owners along Tefft Street who have benefitted by the Project shall be subsequently reused by the NCSD for other projects of community-wide interest and benefit subject to review and approval by the County; and

NOW, therefore, in consideration of the mutual promises, recitals and other provisions hereof, the parties agree as follows:

1. **Compensation** Subject to the terms and conditions of this Agreement (including the availability of HCD Grant funds to the County), County shall provide to the NCSD the amount of \$(*exact amount to be determined*) to enable the NCSD to provide water and sewer laterals and other related piping connections to property owners within the defined area of the Tefft Street enhancement project. In no instance shall the County be liable under this Agreement for any costs for the Project in excess of \$ (*exact amount to be determined*) nor for any unauthorized or ineligible costs. The NCSD shall not obligate or expend the funds for any purpose other than implementing the Project. Payment for the foregoing shall be in accordance with the following procedure:

2. **Individual Property Owner Repayment.** The NCSD shall require property owners benefitting from the Project to each pay an amount of money equal to the value of the improvements extended to their parcel.

3. **Use of Repaid Funds.** Funds collected as repayment from property owners along Tefft Street who have benefitted by the Project shall be segregated and subsequently reused by the NCSD for other projects of community-wide interest and benefit subject to prior review and approval by the County.

4. **Reporting.** During the term of this Agreement, the NCSD shall submit an annual report to the County Department of Planning and Building including the following: expenditures to date, listing of funds that have been repaid by property owners benefitting from the Project, the status of the program including any problems encountered, and a prioritized list of potential projects that the NCSD would like to construct or establish with funds that have been repaid from the Project. Quarterly reports shall be submitted to the County by September 1st of each year.

5. **Term of Agreement.** The term of this Agreement shall commence on the date first above written and shall terminate after all funds from property owners who benefitted from the Project have been repaid to the NCSD, and those repaid funds have in turn, been completely expended on subsequent projects of community benefit.

6. **Termination of Agreement for Cause.** If the County determines that the NCSD has incurred obligations or made expenditures for purposes which are not permitted or are prohibited under the terms and provisions of this Agreement, or if the County determines that the NCSD has failed to fulfill its obligations under this Agreement in a timely and professional manner, then the County shall have the right to terminate this Agreement effective immediately upon giving written notice thereof to NCSD. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to effective date of such termination. If the County's termination of the Agreement with the NCSD for cause is defective for any reason, including but not limited to the County's reliance on erroneous facts concerning the NCSD's performance, or any defect in the notice thereof, the County's maximum liability shall not exceed the amount

payable to the NCSD under paragraph one (1) of this Agreement.

7. **Sources and Availability of Funds.** It is understood by the parties hereto that the funds being used for the purposes of this Agreement are funds furnished to the County through the State of California Department of Housing and Community Development pursuant to the provisions of the Jobs/Housing Balance Incentive Grant Fund. Notwithstanding any other provision of this Agreement, the liability of the County shall be limited to HCD grant funds available for the Project pursuant to this Agreement. The NCSD understands that the County must wait for release of funds from the HCD before grant funds may be advanced or reimbursed. The County shall incur no liability to the NCSD, its officers, agents, employees, suppliers, or contractors for any delay in making any such payments.

8. **Reimbursement of Improper Expenditures.** If at any time within applicable statutory periods of limitation it is determined by the County that funds provided for under the terms of this Agreement have been used by or on behalf of the NCSD in a manner or for purposes not authorized the NCSD shall, at the County's request, pay to the County an amount equal to one hundred percent of the amount improperly expended.

9. **Records.**

(a) All records, accounts, documentation and all other materials relevant to a fiscal audit or examination shall be retained by the NCSD for a period of not less than three (3) years from the date of termination of this Agreement.

(b) If so directed by the County upon termination of this Agreement, the NCSD shall cause all records, accounts, documentation and all other materials relevant to the

Project to be delivered to the County as depository.

(c) The NCSD understands that it shall be the subject to the examination and monitoring by the County Auditor-Controller for a period of five (5) years after the final payment under this Agreement.

10. Audit.

(a) All records, accounts, documentation and other materials deemed to be relevant to the Project by the County shall be accessible at any time to the authorized representatives of the county on reasonable prior notice, for the purpose of examination or audit.

(b) An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the County or its designee by the NCSD. Expenditures for Activities not described in this Agreement shall be deemed authorized if the performance of such Activities is approved in writing by the County prior to the commencement of such Activities.

(c) Absent fraud or mistake on the part of the County, the determination by the County of allowability of any expenditures shall be final.

11. Indemnification. The NCSD shall defend, indemnify and save harmless the County, its officers, agents and employees from any and all claims, demands, damages, costs, expenses, judgements, or liability occasioned by the performance or attempted performance of the provisions hereof, or in any way arising out of this Agreement, including, but not limited to, (a) those predicated upon theories of violation of statute, ordinance or regulation, violation of civil rights, (b) any adverse determination made by the

Internal Revenue Service or the State Franchise Tax Board with respect to the NCSD that would establish a County liability for failure to make social security and income tax withholding payments. (c) inverse condemnation, (d) equitable relief, or (e) any wrongful act or any negligent act or omission to act on the part of the NCSD or of agents, employees, or independent contractors directly responsible to NCSD ; providing further that the foregoing obligations to defend, indemnify and save harmless shall apply to any wrongful acts, or any actively or passively negligent acts or omissions to act, committed jointly or concurrently by NCSD , its agents, employees, or independent contractors and the County, its agents, employees, or independent contractors. Nothing contained in the foregoing indemnity provisions shall be construed to require indemnification for claims, demand, damages, costs, expenses or judgments resulting solely from the conduct of the County.

12. **Insurance.** NCSD shall obtain and maintain for the entire term of this Agreement and NCSD shall not perform any work under this Agreement until NCSD has obtained comprehensive general liability insurance, in companies acceptable to the County, and authorized to issue such insurance in the State of California. Said insurance shall consist of the following:

(a) **Liability Insurance** - NCSD shall maintain in full force and effect, for the period covered by this Agreement, comprehensive liability insurance. This comprehensive general and automobile liability insurance shall include, but not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property, resulting from any act or occurrence arising out of NCSD

operations in the performance of this Agreement, including, without limitation, acts involving vehicles. The amount of insurance shall be not less than one million dollars (\$1,000,000) combined single limit coverage for bodily and personal injury, including death resulting therefrom, and property damage.

The following endorsements shall be attached to the policy:

(i) If the insurance policy covers an "accident" basis, it must be changed to "occurrence".

(ii) The policy must cover personal injury as well as bodily injury.

(iii) Blanket contractual liability must be afforded and the policy must contain a cross liability or severability of interest endorsement.

(iv) The County, its officers, agents, and employees shall be named as additional insured under the policy, and the policy shall provide that insurance will operate as primary insurance and that no other insurance affected by the County will be called upon to contribute to a loss hereunder.

(b) **Workers' Compensation Insurance** - In accordance with the provisions of Labor Code Section 3700, NCSD is required to be insured against liability for workers' compensation or to undertake self-insurance for any individuals working as employees of NCSD. NCSD agrees to comply with such provisions before commencing the performance of the Project under this Agreement.

(c) The following requirements apply to all insurance to be provided by NCSD:

(i) A certified copy of each insurance policy and a certificate of insurance shall be furnished to the County within sixty (60) days after execution of this

Agreement. A certificate alone is not acceptable. Provided, however, a certificate of insurance shall be furnished to the County prior to the approval of any advances by the Auditor-Controller of the County pursuant to this Agreement.

(ii) Certificates and policies shall state that the policies shall not be canceled or reduced in coverage or changed in any other material aspect without thirty (30) days prior written notice to the County.

(iii) Approval of the insurance by the County shall not relieve or decrease the extent to which NCSD may be held responsible for payment of damages resulting from NCSD's services or operations pursuant to this Agreement.

(d) If NCSD fails or refuses to procure or maintain the insurance required by this paragraph, or fails or refuses to furnish the County with required proof that insurance has been procured and is in force and paid for, the County shall have the right, at the County's election, to forthwith terminate this Agreement.

13. Equal Employment Opportunity. During the performance of this Agreement, NCSD agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, and specifically agrees to comply with the provisions of Section 202 of Presidential Executive Order No. 11246.

14. Entire Agreement and Modification. This Agreement sets forth the full and entire understanding of the parties regarding the matter set forth herein, and any other prior or existing understandings or agreement by the parties, whether formal or informal, regarding any matters are hereby superseded or terminated in their entirety. No changes, amendments, or alterations shall be effective unless in writing and signed by all parties

hereto. NCSD specifically acknowledges that in entering into and executing this Agreement, NCSD relies solely upon the provisions contained in this Agreement and no others.

15. Contractors and Subcontractors. NCSD agrees to, and shall require its subcontractors to agree to:

(a) Perform the Project in accordance with federal, state and local building codes as applicable.

(b) Maintain at least the minimum state-required workers' compensation insurance for those employees who will perform the Project or any part of it.

(c) Maintain, if so required by law, unemployment insurance, disability insurance and liability insurance in an amount to be determined by the State which is reasonable to compensate any person, firm, or corporation who may be injured or damaged by NCSD or any subcontractor in performing the Project or any part of it.

16. Compliance with County and State Laws and Regulations. NCSD agrees to comply with all County and State laws and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity and all other matters applicable to NCSD, its subcontractors, and the Project.

17. No Assignment Without Consent. Inasmuch as this Agreement is intended to secure the specialized services of NCSD, NCSD shall not have the right to assign or transfer this Agreement, or any part hereof or monies payable hereunder, without the prior written consent of the County, and any such assignment or transfer without the County's prior written consent shall be considered null and void.

APPROVED AS TO FORM AND LEGAL EFFECT:


JAMES B. LINDHOLM, JR.

County Counsel


By: _____

Deputy County Counsel

Dated: _____

TO: BOARD OF DIRECTORS
FROM: DOUG JONES 
DATE: MAY 28, 2003

AGENDA ITEM


MAY 28, 2003

INTENT-TO-SERVE RENEWAL REQUEST FOR SERVICE TRACT 2393 (NEWDOLL)

ITEM

Request for water and sewer service for an 8-lot development at Tejas and Martha Lane.

BACKGROUND

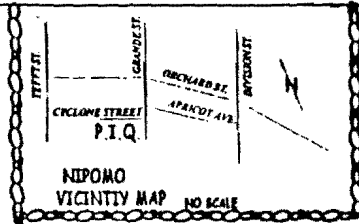
An Intent-to-Serve letter for Tract 2393 was issued May 25, 2001. The developer has requested to renew the Intent-to-Serve letters for Tract 2393 (issued 5-25-03) and Tract 2398 (issued 7-7-00). The Intent-to-Serve letter for Tract 2398 has expired, therefore a new application will be required.

Your Honorable Board may renew the Intent-to-Serve letter for Tract 2393 subject to the following conditions:

1. Enter into a Plan Check and Inspection Agreement and pay the appropriate fees.
2. Submit improvement plans showing appropriate looping prepared in accordance with the District Standards and Specifications for review and approval.
3. Complete the Annexation Agreement, which indicated that they will supply sufficient water for the proposed tract (retrofits).
4. Pay all appropriate District water, sewer and other fees associated with this development.
5. Construct the improvements required and submit the following:
 - a. Reproducible "As Builts" - A mylar copy and digital format disk (Auto Cad) which includes engineer, developer, tract number and water improvements
 - b. Offer of Dedication
 - c. Engineer's Certification
 - d. A summary of all water and sewer improvement costs
6. This Intent-to-Serve Letter will expire two years from date of issuance.

RECOMMENDATION

Staff recommends that your Honorable Board approve the renewal of an Intent-to-Serve letter for Tract 2393 with the above mentioned conditions.



WEST ONE-HALF OF LOT 65
IN DIVISION B OF CALIMEX PLANTATION
PER MAP RECORDED IN BOOK 1 OF MAPS AT PAGE 23

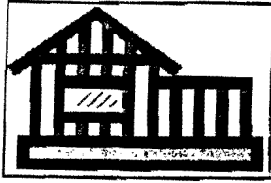
APH 092-123-008

OWNER: ROBERT NEWDOLL CONSTRUCTION
P.O. BOX 364
CRUVER BEACH CA. 94431
(925) 499-4457

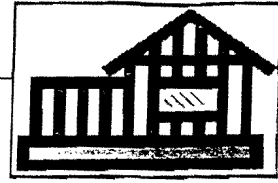


JAMES MICHAEL MCGILLIS
PROFESSIONAL LAND SURVEYOR
PO BOX 1127 ARROYO GRANDE CA 93421
730 FARMBELL ROAD SUITE C GROVER BEACH CA 93433
PHONE (805) 469-4343 FAX (805) 469-0220
EMAIL JAMES.MCGILLIS@THEGRID.NET

VESTING TENTATIVE TRACT MAP NO. 2393



R. H. Newdollar Construction, Inc.



P.O. Box 364
Grover Beach, CA 93483
State Contractors Board License No. 289870
Telephone: (805) 489-4457 ~ Fax: (805) 929-4047

May 1, 2003

Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444

Attention: Doug Jones

Dear Doug:

This letter is in regard to our Tracts 2393 and 2398.

At this time we would respectfully request a renewal of your Intent to Serve letter for each tract. Our current letters expire in August, 2003.

Enclosed is a check for \$100 representing the \$50 renewal fee.

Thank you for your attention in this matter.

Sincerely,

Lori Newdollar

LN:ln

Enclosure

MAY 05 2003
SERVICES DISTRICT

TO: BOARD OF DIRECTORS
FROM: DOUG JONES 
DATE: MAY 28, 2003

AGENDA ITEM
EI
MAY 28, 2003

**PROPOSED BUDGET
FY 2003-2004**

ITEM

Attached is the proposed budget for NCSD for Fiscal Year 2003-2004 for your review.

The Finance Committee (Directors Vierheilig and Trotter) met on May 19, 2003 and reviewed the proposed budget with staff. The following recommendations made by the Committee are included in the attached draft:

1. A line item has been added in the budget for painting (included in the Operations and Maintenance Budgets for Town Water, Town Sewer, Blacklake Water and Blacklake Sewer).
2. Pie chart graphs have been added for each of the major funds (graphs for Town Water, Town Sewer, Blacklake Water and Blacklake Sewer can be found on pages 22-25).
3. Definitions to acronyms used in the budget have been added.
4. The definition of the Funded Replacement has been clarified to include major refurbishment (modernization) as well as replacement of aging facilities.

The total of all the District Funds are summarized on pages 26 and 27 of the budget. This would be a good place to start when reviewing the budget. The detail for each Fund can be found on pages 30-57. The Non Operating Budget can be found on pages 58-63. All of the Funds are operating in the positive with the exception of Funds 140-Blacklake Water, 150-Blacklake Sewer and 200-Blacklake Streetlight.

Recommended Reserves

In the Water and Wastewater Rate Study, Perry Louck, CPA recommended that the reserves in the water funds should be set at 50% (six months) of variable operating costs and the reserves in the wastewater funds should be set at 25% (three months) of operating costs (page 3 of that report).

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MAY 28, 2003
RE: PROPOSED BUDGET 2003-2004

Blacklake Water Fund

Blacklake Water Fund's share of the groundwater litigation costs have been budgeted at \$75,000. Because this Fund does not receive any property taxes, the expenditure is funded from user rates. The Reserves in the Blacklake Water Fund should be about six months of operating costs or around \$150,000. Projecting for next year, the reserves would be reduced about \$50,000 leaving a balance of about \$105,000. (See page 37 of the Budget) The following is an analysis to cover the costs of the deficit.

No. of accounts	Deficit
565	$\$52,733 \div (565 \times 12) = \7.77 per month

The amount of increase per account to cover the budget deficit would be \$7.77 per month. This increase would only cover the deficit and not provide for the recommended reserve.

Blacklake Sewer Fund

The Blacklake Sewer Fund is estimated to have an operating cash reserve of about \$50,000 at the end of this FY year. The proposed budget for Fiscal Year 03-04 shows a deficit of \$44,226, which basically would eliminate the operation reserves. The reserves should be about three months of operations costs. The following is a breakdown on the costs to cover the deficit.

No. of sewer accounts	
537	$\$44,226 \div (537 \times 12) = \6.86 per month

Based on the above, the dollar amount to cover the deficit would be \$6.86/month/account. This increase would only cover the deficit and not provide for the recommended reserve.

Blacklake Street Lighting Fund

The Blacklake Street Lighting Fund has been operating at a small deficit over the past several years due to increases in power rates and a decrease in the interest rates. The reserves are sufficient to cover the deficit this year and future years. Any increases would be subject to a Prop. 218 vote of the people.

Summary

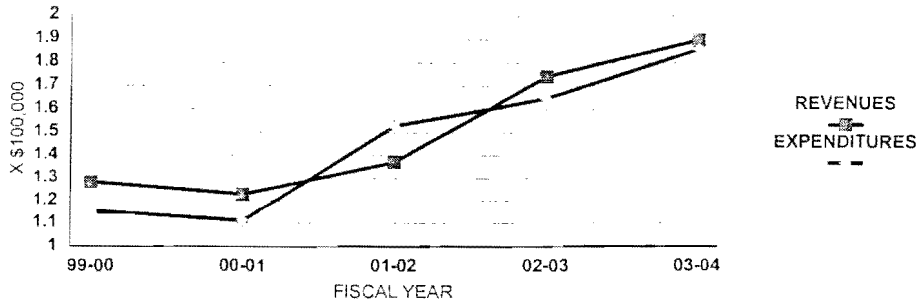
It is suggested that the District's financial consultant, Perry Louck, be hired to review and recommend revised rates for the Blacklake water and sewer funds.

Blacklake revenue and expenditures projections were based on FY 00-01 retrospectively. Since that time, energy, legal and labor related costs have been higher than the projected rate increases to cover expenditures. Also, with a fixed number of accounts, there are no additional connections to share the increase expenses.

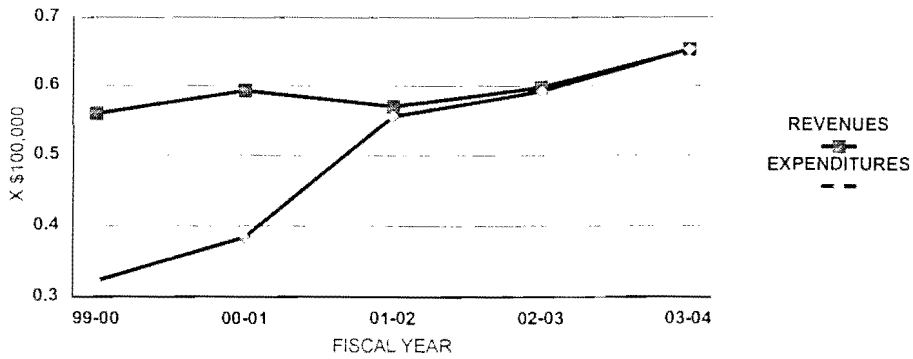
Recommendation

It is recommended that the Board may wish to have a study session with staff to go over the proposed budget. The meeting can be scheduled at your earliest convenience. Your Honorable Board could adopt the budget on June 11 or 25, 2003.

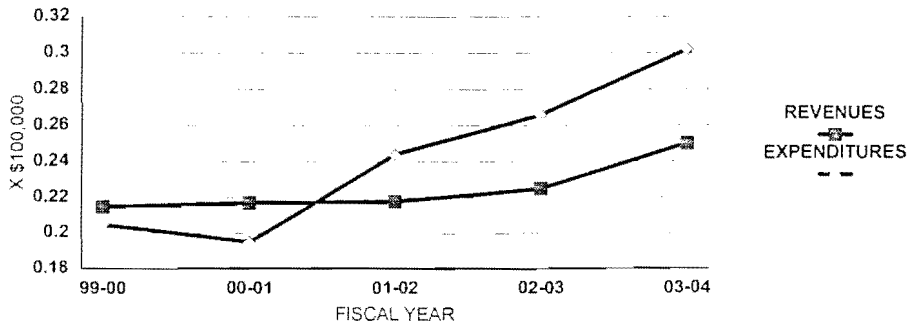
TOWN WATER DIVISON BUDGET



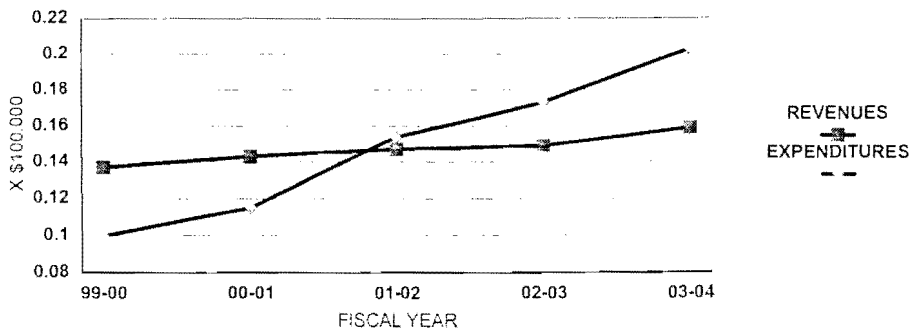
TOWN SEWER DIVISION BUDGET



BLACKLAKE WATER DIVISION BUDGET



BLACKLAKE SEWER DIVISION BUDGET



TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MAY 28, 2003

AGENDA ITEM

12

MAY 28, 2003

REVIEW BOARD OF DIRECTORS MEETING TIME

ITEM

Consider possible change of one Board of Directors day meeting to an evening time

BACKGROUND

At the regular Board meeting held on May 14, 2003, Director Blair requested a change of the Board's meeting time from 9:00 a.m. to 9:30 a.m. in order that he may attend the San Luis Obispo County Council of Government (SLO COG) meetings also held in the morning on the first Wednesday of the month. It was suggested that the first Board meeting of the month could be held in the evening to allow time for Mr. Blair to speak to the SLO COG members. If the Board wishes to proceed in this manner, they may direct staff to bring back a resolution modifying the District's by-laws changing the time of the first Board meeting of the month to the evening.

RECOMMENDATION

This is a policy decision by the Board. Staff has no recommendation.

Board 2003/Board meeting time

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MAY 28, 2003

**AGENDA ITEM
F
MAY 28, 2003**

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]
Minutes of May 14, 2003, Regular Board meeting
- F-3) CORRECTION OF A RESOLUTION NUMBER [RECOMMEND APPROVAL]
Correct the number of a resolution

WARRANTS MAY 28, 2003

**AGENDA ITEM
F-1**

MAY 28, 2003

HAND WRITTEN CHECKS

18621	05-09-03	IRS	150.00
18622	05-09-03	FRANCHISE TAX BOARD	25.00
18623	05-14-03	STATE WATER RESOURCES	42,180.25
		Sewer Expansion Loan	
18624	05-14-03	POSTMASTER	
186250	05-19-03	C TROTTER	50.00
18626	05-19-03	L VIERHEILIG	50.00

COMPUTER GENERATED CHECKS

8127-8132 VOID

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
8133	05/23/03	EMP01	EMPLOYMENT DEVELOP DEPT	379.23	.00	379.23	A30519	STATE INCOME TAX
8134	05/23/03	MID01	MIDSTATE BANK-PR TAX DEP	1625.85	.00	1625.85	A30519	FEDERAL INCOME TAX
				438.54	.00	438.54	1A30519	MEDICARE (FICA)
			Check Total.....:	2064.39	.00	2064.39		
8135	05/23/03	MID02	MIDSTATE BANK - DIRECT DP	13417.46	.00	13417.46	A30519	NET PAY DEDUCTION
8136	05/23/03	PER01	PERS RETIREMENT	2307.06	.00	2307.06	A30519	PERS PAYROLL REMITTANCE
				69.03	.00	69.03	1A30519	MILITARY SERVICE CR
			Check Total.....:	2376.09	.00	2376.09		
8137	05/23/03	SIM01	SIMMONS, DEBRA	150.00	.00	150.00	A30519	WAGE ASSIGNMENT
8138	05/23/03	STA01	STATE STREET GLOBAL	735.00	.00	735.00	A30519	DEFERRED COMP
008139	05/28/03	AIR01	AIR POLLUTION CONTROL	671.83	.00	671.83	8724	RENEW SUNDALE WELL APCD P
008140	05/28/03	BOS01	BASIC CHEMICAL SOLUTIONS	309.28	.00	309.28	S1337889	SODIUM HYPOCHLORITE TOWN
				849.19	.00	849.19	S1337890	SODIUM HYPOCHLORITE BL WN
			Check Total.....:	1158.47	.00	1158.47		
008141	05/28/03	BLA01	BLAIR, ROBERT L	100.00	.00	100.00	052803	REG BOARD MEETING
008142	05/28/03	BOG01	BOGNUDA, LISA	21.60	.00	21.60	5-13-03	TRAVEL TO SLO -MAILING
008143	05/28/03	CHA02	CHARTER COMMUNICATIONS	54.90	.00	54.90	052303	INTERNET CONNECTION
008144	05/28/03	COM02	COMMUNICATION SOLUTIONS	1791.50	.00	1791.50	3150	SOUTHLAND WWTP-MOTOR SAVE
				290.00	.00	290.00	3154	WELL MAINTENANCE
			Check Total.....:	2081.50	.00	2081.50		
008145	05/28/03	COR01	CORBIN WILLITS SYSTEMS	587.08	.00	587.08	A305151	ENHANCEMENT FEES
008146	05/28/03	CRE01	CREEK ENVIRONMENTAL LABS	30.00	.00	30.00	K1610	BL WWTP LAB
				30.00	.00	30.00	K1624	BL WWTP LAB
				30.00	.00	30.00	K1703	BL WWTP LAB
				30.00	.00	30.00	K1735	BL WWTP LAB
				30.00	.00	30.00	K1827	BL WWTP LAB
				30.00	.00	30.00	K1860	BL WWTP LAB
			Check Total.....:	180.00	.00	180.00		
008147	05/28/03	DEN01	DENDY & ASSOCIATES	1863.68	.00	1863.68	APR 2003	GROUNDWATER LITIGATION
008148	05/28/03	DWI01	DWIGHT'S AUTOMOTIVE	300.87	.00	300.87	16941	96 FORD PU
008149	05/28/03	FED01	FED EX	61.91	.00	61.91	471602843	STRADLING ... DELIVERY
				24.74	.00	24.74	471644498	STRADLING DELIVERY
			Check Total.....:	86.65	.00	86.65		

COMPUTER GENERATED CHECKS

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
008150	05/28/03	FGL01	FGL ENVIRONMENTAL	45.47 44.80 44.80 44.80 44.80 44.80 381.60	.00 .00 .00 .00 .00 .00 .00	45.47 44.80 44.80 44.80 44.80 44.80 381.60	300449 303861 303862 304159 304160 304371 304369A	BL WWTP LAB NIPOMO WWTP LAB BL WWTP LAB BL WWTP LAB NIPOMO WWTP LAB NIPOMO WWTP LAB NIPOMO WWTP MONITORING WE
			Check Total.....	651.07	.00	651.07		
008151	05/28/03	GAR01	GARING TAYLOR & ASSOC	119.75	.00	119.75	3361	TEFFT ST LIFT STN PUT OUT
008152	05/28/03	GRO01	GROENIGER & CO	684.19 104.63	.00 .00	684.19 104.63	16620T 17148B	PVIC SUPPLIES PVC BALL VALVE
			Check Total.....	788.82	.00	788.82		
008153	05/28/03	GWA01	GWA INC	25.00	.00	25.00	052003	FIRE ALARM
008154	05/28/03	JOH01	JOHNSON, DONNA	27.45	.00	27.45	052003	REIMB FOR SUPPLIES
008155	05/28/03	NEX01	NEXTEL COMMUNICATIONS	245.99	.00	245.99	7314-018	CELLULAR PHONE SERVICE
008156	05/28/03	NIC01	NICKSON'S MACHINE SHOP	519.86	.00	519.86	68673	MAINTENANCE-TEFFT L/S GEN
008156	05/28/03	NIC01	NICKSON'S MACHINE SHOP	817.65 380.75 294.98	.00 .00 .00	817.65 380.75 294.98	68674 68675 68676	MAINTENANCE ON GENERATOR MAINT - NWWTP GENERATOR MAINT - BL WATER GENERATE
			Check Total.....	2013.24	.00	2013.24		
008157	05/28/03	PER02	CALIF PUBLIC EMPLOYEES'	5359.78	.00	5359.78	JUNE 03	1067 HEALTH INSURANCE
008158	05/28/03	PGE01	P G & E	10562.32 26632.33	.00 .00	10562.32 26632.33	055R30 MAY 2003	BL WWTP 11/6/02-5/7/03 ELECTRICITY-MAY
			Check Total.....	37194.65	.00	37194.65		
008159	05/28/03	POS01	POSTMASTER	150.00	.00	150.00	#6	PERMIT #6
008160	05/28/03	POS02	FRANCOTYP-POSTALIA, INC.	528.43	.00	528.43	D72406	POSTAGE METER RENTAL
008161	05/28/03	PUL01	PULITZER CENTRAL COAST NP	90.00	.00	90.00	148525	ORD 2003-97
008162	05/28/03	QUI03	QUINN RENTAL SERVICES	187.10	.00	187.10	2042824-1	SUNDALE WELL MAINTENANCE
008163	05/28/03	REL01	RELIABLE	182.68	.00	182.68	YK056500	MISC SUPPLIES
008164	05/28/03	SAI01	SAIC	2751.23	.00	2751.23	399451	GROUNDWATER LITIGATION
008165	05/28/03	SAN09	SAN LUIS MAILING SERVICE	106.52	.00	106.52	26088	FOLDING BILLS FOR MAILING
008166	05/28/03	SLO02	DIV OF ENVIRON HEALTH	480.00 1187.36	.00 .00	480.00 1187.36	IN0025810 IN0025839	LAB TESTS CROSS CONNECTION WORK
			Check Total.....	1667.36	.00	1667.36		
008167	05/28/03	STA04	STATE DEPT OF HEALTH SERV	100.00 65.00	.00 .00	100.00 65.00	MOTLEY 3 SIMMONS 3	EXAM FOR GRADE 3 - RICK EXAM FOR GRADE 2 - BUTCH
			Check Total.....	165.00	.00	165.00		
008168	05/28/03	TRO01	TROTTER, CLIFFORD	100.00	.00	100.00	052803	REG BOARD MEETING
008169	05/28/03	USA01	USA BLUEBOOK	1725.03 613.11	.00 .00	1725.03 613.11	662463 667018	DO METERS & DOCKING STN PH METER & MISC FOR WWTP
			Check Total.....	2338.14	.00	2338.14		
008170	05/28/03	VAL01	VALLEY SEPTIC SERVICE	2434.50 732.90 175.00	.00 .00 .00	2434.50 732.90 175.00	1163 1169 1170	JETTED SEWER LINE TEFFT S JETTED SEWER LINES PUMP LIFT STN AT BL
			Check Total.....	3342.40	.00	3342.40		
008171	05/28/03	VIE01	VIERHEILIG, LARRY	100.00	.00	100.00	052803	REG BOARD MEETING
008172	05/28/03	WIN01	WINN, MICHAEL	100.00	.00	100.00	052803	REG BOARD MEETING
008173	05/28/03	WIR02	WIRSING, JUDY	100.00	.00	100.00	052803	REG BOARD MEETING
008174	05/28/03	XERO1	XEROX CORPORATION	80.17	.00	80.17	95484251	MAINT CONTRACT FOR COPIER

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

MAY 14, 2003

REGULAR MEETING 9:00 A.M.

BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

MICHAEL WINN, PRESIDENT
JUDITH WIRSING, VICE PRESIDENT
ROBERT BLAIR, DIRECTOR
CLIFFORD TROTTER, DIRECTOR
LARRY VIERHEILIG, DIRECTOR

STAFF

DOUG JONES, GENERAL MANAGER
JON SEITZ, GENERAL COUNSEL

A. CALL TO ORDER AND FLAG SALUTE

President Winn called the meeting or order at 9:03 a.m. and let the flag salute.

B. ROLL CALL

At Roll Call, all Board members were present.

C. PUBLIC COMMENTS PERIOD

The following member of the public spoke:

Dick Mobraaten, NCSD customer – Garbage Company stole his orange recycle bin. He would like NCSD to look into using the blue recycle bins.

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

D-1) CONSIDER ALTERNATIVE SEWER SERVICE-TRACT 1802 AND 1856 (TRINCON)

Review alternative to eliminate on-site sewer design and utilize District's WWTP to serve Tract 1802 and 1856
President Winn requested that item D-2 be heard first because one of the presenters for item D-1 had not arrived. The Board of Directors unanimously agreed.

D-2) REVIEW CONCEPT DRAFT ANNEXATION AGREEMENT

Review concept draft annexation agreement based on the District's new annexation policy

The District Board of Directors heard this item before item D-1.

District Legal Counsel, Jon Seitz, reviewed the conceptual draft annexation agreement with the Board of Directors. Typographical errors were noted on Section 7, 11 and 14.

The following members of the public spoke:

Ed Eby, NCSD customer – Handed out his comments to the Board of Directors. He is concerned about paragraph 8 of the agreement regarding adequate supply of water.

Donna Mehlschau, applicant for annexation – Handed out her comments to the Board of Directors. She asked if all annexations have to pay for supplemental water even if they overly the basin. She also asked about the 80% of the O&M costs for capital infrastructure.

Jon Seitz explained that there are two cost components 1) infrastructure from supplemental water source to NCSD distribution system and 2) NCSD distribution system to customers. NCSD has "doctrine of public trust" to negotiate the best deal on behalf of the annexation, even if the applicant is paying 100%.

Jim Pudwill, applicant for annexation – He is not sure why he should get a bill for supplemental water when he has plenty of water on his property.

Director Winn had modifications to Sections 5(a) and 8(2).

Upon motion of Director Trotter and seconded by Director Wirsing, the Board unanimously approved the concept draft annexation agreement as modified. Vote 5-0 with Director Blair abstaining.

D-1) CONSIDER ALTERNATIVE SEWER SERVICE-TRACT 1802 AND 1856 (TRINCON)

Review alternative to eliminate on-site sewer design and utilize District's WWTP to serve Tract 1802 and 1856

The General Manager reviewed the request by Trincon.

The following members of the public spoke:

Scott Phillips, Regional Water Quality Control Board, presenter – Mr. Phillips made a presentation to the Board of Directors regarding the Basin Plan which is the "Rule Book" for Nipomo. The RWQCB is concerned about clean water and is not concerned about planning and growth issues. He stated that the connection of this project to the NCSD

MINUTES SUBJECT TO BOARD APPROVAL

Copy of document found at www.NoNewWipTax.com

wastewater plant is supported by the Basin Plan. The second option is a centralized on-site system, which is under the jurisdiction of the RWQCB. Maintenance of individual septic tanks would be deferred to SLO County.

Michael Hodge, Project Engineer, presenter – Project, as approved, can treat sewer on-site. If the District wants lift station, he would like process expedited. Director Winn said he would have liked to have considered water and sewer at the same time and asked Mr. Hodge, "How would sewer not be growth inducing?" Mr. Hodge responded, 1) it would be a force main and not a gravity main, therefore, it is difficult to connect to it, 2) the size of the pipe would be limited and 3) limit future hookups. He stated that Applicant does not have a problem with the condition that limits hookups only to his project. Mr. Hodge stated that a CEQA review is required.

District Legal Counsel stated that if the Board of Directors conceptually approved connection to NCSD's wastewater facility, the project would have to be defined.

District Engineer, Jim Garing, made the following comments: 1) Who will maintain the on-site system? Mr. Garing's recommendation is that the tract connect to the NCSD-WWTP 2) NCSD will reluctantly maintain the on-site if that is the Board's desire, 3) There should be an agreement in place to do whatever is required to maintain the on-site system in the future and connect to NCSD if necessary. There is a White Paper written regarding the Basin Plan that states septic systems will fail.

Michael Hodge, Project Engineer, presenter-stated that percolation tests have been completed.

Ed Eby, NCSD customer - Stated that the non-growth inducing waterline construction has caused hardship cases to already show up. A sewer line could be growth inducing and cause other environmental issues.

Jim Kinninger, private citizen, not NCAC member – stated that there should be a limit on the amount of sewage that can be transported from project. CEQA will address these issues.

Eric Benham, developer – Tract is approved with an on-site community septic system. He stated that this could be eliminated and small systems could be installed to avoid discharge requirements. He is concerned about the timing.

A motion was made by Director Blair and seconded by Director Vierheilg, to approve the sewer force main to the treatment plant. Director Winn asked that the motion be amended to include that the CEQA study evaluate the lift station with a fall back on the on-site community septic system but eliminate the possibility of individual septic tank systems. District Legal Counsel stated that legal staff could not recommend maintenance responsibilities for septic tanks that treat 1 or 2 homes. There are too many legal issues. Director Blair and Director Vierheilg agreed to amend the motion to include Director Winn's request. The vote was 5-0.

At 11:10 a.m a break was taken.

- D-3) MEMORANDUM OF AGREEMENT FOR SERVICES
Request by President Winn to review possible Memorandum of Agreement with SLO County regarding Sphere of Influence

At 11:18 a.m. the meeting was back in order. President Winn presented his Draft Memorandum of Agreement. He stated that this version was in its infancy and would require many rewrites. He is suggesting two points 1) Not extending sewers west of the URL to remove the fear of growth and density and 2) in return the County agree not to move the URL west to maintain the rural character. The main thread is for NCSD and County to agree to not increase density in the west. Director Blair was concerned about restricting sewers in the Summit Station area. Director Winn stated that there would be no

MINUTES SUBJECT TO BOARD APPROVAL

restrictions along the Highway 101 corridor. The MOA would be in effect until the next General Plan Update.

The following members of the public spoke:

Jim Kinninger, NCAC President – Stated he would like to review draft and bindingness of the agreement. He stated that the MOA should address all directions not just the west.

Rev. Ricardo Gonzalez- Stated he is concerned about the intent of the MOA and how can it be made permanent.

Director Winn stated that this would be a quasi-contract between NCSD, LAFCO and County and enforcement would be on Planning Department.

Ed Eby, NCSD resident – Asked what are limitations of NCSD's planning? Is it by code or choice? County Planners have expertise in this area.

Director Winn stated that NCSD plans for water and sewer. NCSD does not have the power to police the resource capacity and planning.

Guy Murray, NCSD resident – He asked if MOA would be enforceable by Cal Cities.

This was an informational item. Staff will continue to work on it. A draft MOA will be presented in the future.

- D-4) REVIEW POSSIBLE FORMATION OF NCSD ADVISORY GROUP
Request by President Winn to review possible formation of NCSD Advisory Group

Director Winn presented his ideas about formation of NCSD Advisory Group. Directors Trotter, Vierheilig, Blair and Wirsing all expressed their opinion against the formation of an advisory group.

The following members of the public spoke:

Ed Eby, NCSD resident – Stated that special interests would be represented and this would create insulation between the Board and the public.

Jim Kinninger, NCAC President – Stated NCAC is representative of NCSD. NCAC is considering changing its bylaws so that a majority is district residents.

Donna Mills, NCSD customer and President of Lucia Mar Unified School District – Stated that the School's Facilities Advisory Committee works well.

No action was taken on this item.

- D-5) APPROVAL OF CONTRACT FOR INCORPORATION FEASIBILITY STUDY
Review and approval of contract with The Davis Company to perform an incorporation feasibility study

The General Manger brought to the attention of the Board that the contract included a \$1,500 contingency amount. There were no public comments. Upon motion of Director Trotter and seconded by Director Vierheilig, the Board of Directors unanimously approved the contract. Vote 5-0.

- D-6) DISTRICT INSTALLED SEWER LINE REIMBURSEMENT FEE
Second reading and adoption of Ordinance establishing District installed sewer line reimbursement fee

There were no public comments. Upon motion of Director Vierheilig and seconded by Director Wirsing, the Board of Directors unanimously approved Ordinance 2003-97. Vote 5-0.

ORDINANCE 2003-97
AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING CHAPTER 4.12 OF THE DISTRICT CODE

MINUTES SUBJECT TO BOARD APPROVAL

E. OTHER BUSINESS

- E-1) AMENDING DISTRICT BY-LAWS
Consider change of Board meeting time to 9:30 a.m. from 9:00 a.m.

The following members of the public spoke:

Donna Mills, Lucia Mar Unified School District – School District evening meetings are well attended. Closed session begins at 5:30 p.m. and regular session begins at 7:30 p.m.

Dick Mobraaten, NCSD Resident – When he attended School Board meetings, most attendees left after the school children completed their programs.

After Board discussion, staff was directed to bring back a resolution for the next meeting with the following schedule: First meeting of the month will be in the evening with closed session beginning at 6:00 p.m. and regular session beginning at 7:00 p.m. and the second meeting of the month will be a morning meeting beginning at 9:00 a.m.

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]
Minutes of April 21, 2003, Special Board meeting
Minutes of April 23, 2003, Regular and Special Board meeting
F-3) TEFFT STREET WATER LINE PROJECT [RECOMMEND APPROVAL]
Filing the Notice of Completion

Director Trotter expressed his concerns about the quality of the minutes. They should be more complete and well written. He supplied staff with an example from Arvin-Edison Water District. There were no public comments. Upon motion of Director Blair and seconded by Director Vierheilg, the Board unanimously approved the consent agenda. Vote 5-0.

G. MANAGER'S REPORT

- G-1) REQUEST BY JIM KINNINGER TO AGENDIZE LATENT POWER OF PARK & RECREATION

The following member of the public spoke:

Jim Kinninger, private citizen – requests that the District consider activating its latent power of Park and Recreation and consider holding title to or managing open space

Ed Eby, NCSD Resident – He wanted to remind the Board that the proposed Nester open space is outside NCSD boundary.

Director Winn directed this request be sent to the New Services Committee to review funding aspects and come back to the Board with their recommendations. No other action was taken.

- G-2) BOARD OF DIRECTOR INTERVIEWS WITH THE DAVIS COMPANY

Mr. Davis would like to conduct Board of Director interviews on Tuesday, May 27. Staff will notify the Board of their scheduled time. There were no public comments.

H. COMMITTEE REPORTS

The Finance Committee met and reviewed the budget. They will email their comments to staff. A meeting is set up for Monday, May 19 at 9:00 a.m. to go over the budget with staff.

I. DIRECTORS COMMENTS

- I-1) UCLA SEMINAR

Director Vierheilg-New Services Committee will start working on request.

Director Wirsing-She is concerned about drainage basin in park and mosquito abatement.

Director Trotter - He and Director Winn met with 2 Blacklake residents regarding Blacklake representation at NCSD. Blacklake would like a presentation by Mike and Cliff on supplemental water.

Director Winn-reported on CSDA meeting held the previous Friday evening, the WRAC tour will be May 21, Olde Towne groundbreaking ceremony is May 22. UCLA seminar was

MINUTES SUBJECT TO BOARD APPROVAL

very good and recommends it to the other Board Members; it will be held in Sacramento in the fall.

The Board of Directors adjourned to Closed Session at 1:04 p.m.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9


- A. SMVWCD VS NCSD SANTA CLARA COUNTY CASE NO. CV 770214 AND ALL CONSOLIDATED CASES.
- B. WATER LINE EASEMENT ACROSS COUNTY PARK - DISTRICT NEGOTIATOR - DOUG JONES, CONFERENCE WITH NEGOTIATOR GC§54956.8 COUNTY NEGOTIATOR - PETE JENNY, REGARDING TERMS & PRICE.
- C. ANTICIPATED/INITIATE LITIGATION, ONE CASE

The Board came out of Closed Session. The Board was given an update on Item A. There was no reportable action. Item B, the Board of Directors unanimously approved the hiring of an appraiser to perform a Peer Review on the SLO County appraisal.

The meeting was adjourned at 1:35 p.m.

MINUTES SUBJECT TO BOARD APPROVAL

TO: BOARD OF DIRECTORS
FROM: DOUG JONES *DJ*
DATE: MAY 28, 2003

AGENDA ITEM

MAY 28, 2003

CORRECTION OF RESOLUTION NUMBER

ITEM

Correct the Number of a Resolution

BACKGROUND

On March 28, 2003, the Board of Directors of the Nipomo Community Services District Public Facilities Corporation adopted Resolution 2003-02 entitled:

RESOLUTION 2003-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$4,000,000 CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

There was an oversight and this resolution should have been adopted by the Board of Directors of Nipomo Community Services District and not the Board of Directors of the Public Facilities Corporation. The Resolution Number should be 2003-861.

RECOMMENDATION

It is recommended that Your Honorable Board approve the correction and assign number 2003-861 to the resolution entitled:

RESOLUTION 2003-861

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$4,000,000 CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

Board 2003\amended resolution number.DOC

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2003-861**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT AUTHORIZING THE
EXECUTION AND DELIVERY OF NOT TO EXCEED \$4,000,000
CERTIFICATES OF PARTICIPATION AND APPROVING THE
EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN
CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the Nipomo Community Services District (the "District"), a community services district duly organized and existing under and pursuant to the Community Services District Law at Section 61000 *et seq.* of the Government Code of the State of California (the "Law"), desires to finance the cost of constructing certain water facilities (the "Project") by causing certain certificates of participation to be executed and delivered (the "Certificates"); and

WHEREAS, Sections 61600, 61610 and 61623 of the Law permit the District to acquire and construct items to further its purposes; and

WHEREAS, in furtherance of Section 61610 of the Law, the District intends to enter into an Installment Purchase Agreement dated as of May 1, 2003, (the "Installment Purchase Agreement") by and between the District and the Nipomo Community Services District Public Facilities Corporation (the "Corporation"); and

WHEREAS, to facilitate the financing of the Project, the Corporation will assign certain of its rights under the Installment Purchase Agreement to BNY Western Trust Company, as Trustee (the "Trustee"); and

WHEREAS, the District, the Corporation and the Trustee will enter into a Trust Agreement dated as of May 1, 2003, (the "Trust Agreement") pursuant to which the Trustee will execute and deliver Revenue Certificates of Participation (Pipeline and Storage Facility Project) Series 2003 in a principal amount not to exceed \$4,000,000 (the "Certificates") to raise the funds necessary to finance the Project; and

WHEREAS, the Certificates are to be sold to Stone & Youngberg LLC (the "Underwriter") pursuant to the terms of a Purchase Contract (the "Purchase Contract") by and among the District, the Corporation and the Underwriter substantially in the form on file with the Secretary of the Board of Directors of the District; and

WHEREAS, to facilitate the marketing of the Certificates, the District will authorize the Underwriter to disseminate a Preliminary Official Statement for the Certificates (the "Preliminary Official Statement") substantially in the form on file with the Secretary of the Board of the District; and

WHEREAS, the District will enter into a Continuing Disclosure Agreement dated as of May 1, 2003, (the "Continuing Disclosure Agreement") with BNY Western Trust Company substantially in the form on file with the Secretary of the Board of Directors of the District, and

WHEREAS, the District intends to finance the construction of the Project, or portions of the Project, with the proceeds of the sale of the Certificates.

NOW, THEREFORE, the Board of Directors of the Nipomo Community Services District hereby finds, determines, declares and resolves as follows:

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2003-861
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES
DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$4,000,000
CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF
CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

SECTION 1. The Installment Purchase Agreement is hereby approved substantially in the form on file with the Secretary. The President of the Board and General Manager each is hereby authorized and directed to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be approved by the officer executing the same, said execution being conclusive evidence of such approval.

SECTION 2. The Trust Agreement is hereby approved substantially in the form on file with the Secretary. The President of the Board and General Manager each is hereby authorized and directed to execute and deliver such Trust Agreement with such changes, insertions and omissions as may be approved by the officer executing the same, said execution being conclusive evidence of such approval.

SECTION 3. The Purchase Contract is hereby approved in substantially the form on file with the Secretary. The President of the Board and General Manager each is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however that in no event shall the principal amount of the Certificates exceed \$4,000,000 nor shall the underwriting discount exceed 2% of the principal amount of the Certificates nor shall the interest rate for the Certificates as a whole exceed 7% per annum.

SECTION 4. The preparation and distribution of the Preliminary Official Statement, in substantially the form on file with the Secretary is hereby approved. The General Manager of the District is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and the President and the General Manager each is hereby authorized and directed to execute, approve and deliver the final Official Statement substantially in the form of the Preliminary Official Statement with such changes, insertions and omissions as the officer or officers executing said document may require or approve, subject to advice from the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the Certificates and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the Certificates.

SECTION 5. The Continuing Disclosure Agreement, in substantially the form attached hereto as Exhibit E and, upon execution as authorized below, made a part hereof as though set forth in full herein, be and the same is hereby approved. The President of the Board or General Manager are hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement, with such changes, insertions and omissions as may be approved by the officer executing the same, said execution being conclusive evidence of such approval.

SECTION 6. The General Manager, the President, the Vice President, the Secretary and any other proper officer of the District, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Trust Agreement, the Installment Purchase Agreement, the Purchase Contract, the Continuing Disclosure Agreement and this

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2003-861
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES
DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$4,000,000
CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF
CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

resolution. In the event that the President and Vice President of the Board are unavailable to sign any of the agreements described herein, any other member of the Board may sign such agreement.

SECTION 7. The proceeds of the Certificates shall be deposited as provided in the Trust Agreement and the Installment Purchase Agreement to finance the Project.

SECTION 8. BNY Western Trust Company is hereby appointed to act as trustee under the Trust Agreement.

SECTION 9. The Board of Directors of the District hereby authorizes the General Manager to select a municipal bond insurer to insure payments of interest with respect to and principal of the Certificates and to provide reserve fund surety bonds to be deposited into the reserve fund for the Certificates, so long as the General Manager determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity with respect to the Certificates.

SECTION 10. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement unless the context otherwise clearly requires.

SECTION 11. This resolution shall take effect immediately.

The motion of adoption was made and seconded, and the vote was as follows:
Motion by Director and seconded by Director

AYES: Director

NOES: None

ABSENT: None


ABSTAIN: None

Michael Winn, President

ATTEST:

Secretary of the Board of Directors

Resolution/publicfacilitycorp\2003-02.doc

TO: BOARD OF DIRECTORS
FROM: DOUG JONES 
DATE: MAY 28, 2003

**AGENDA ITEM
G
MAY 28, 2003**

MANAGER'S REPORT

G-1) BOARD OF DIRECTORS MEETING SCHEDULE MODIFICATIONS

Board meeting schedules for June and July as follows:

Regular schedule	New schedule
June 4	June 11
June 18	June 25
July 2	July 9
July 15	July 23

This change is requested due to some staff and Board members attending the annual American Water Works Association conference the week of June 16. The schedule for June and July will allow approx. 2 weeks between meetings.

RECOMMENDATION

Staff recommends that your Honorable Board approve the modified Board meeting schedule.