

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 40 - Years of Service 1965 - 2005

AGENDA

REGULAR MEETING

NOVEMBER 16, 2005 9:00 A. M.

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

LARRY VIERHEILIG, PRESIDENT
ED EBY, VICE PRESIDENT
MICHAEL WINN, DIRECTOR
CLIFFORD TROTTER, DIRECTOR
JUDITH WIRSING, DIRECTOR

PRINCIPAL STAFF

MICHAEL LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASSIST. ADMINISTRATOR
DONNA JOHNSON, BOARD SECRETARY
JON SEITZ, GENERAL COUNSEL
DAN MIGLIAZZO, UTILITY SUPERVISOR

Mission Statement: The Nipomo Community Services District's mission is to provide the citizens of the District with quality, innovative, and cost-effective services through responsive and responsible local government to meet the changing needs of the community.

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

Consistent with the Americans with Disabilities Act and California Government Code §54954.2 requests for disability related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires the modification or accommodation in order to participate at the below referenced public meeting by contacting the District General Manager or Assistant Administrator at 805-929-1133.

- A. CALL TO ORDER AND FLAG SALUTE NEXT RESOLUTION 2005-955
B. ROLL CALL NEXT ORDINANCE 2005-106

C. PUBLIC COMMENT PERIOD
PUBLIC COMMENT

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.

C-1) COMMANDER MARTIN BASTI OF SOUTH COUNTY SHERIFF STATION
Presentation of sheriff activities in the Nipomo area.

C-2) DAN ANDERSON, CDF BATTALION CHIEF, CALIFORNIA DEPARTMENT OF
FORESTRY (CDF) Presentation of CDF activities in the Nipomo area.

- D. 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 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 brackets.*

D-1) WARRANTS [RECOMMEND APPROVAL]

D-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]
Regular meeting October 26, 2005

D-3) RE-APPLICATION FOR SERVICE APN 090-135-006 [RECOMMEND APPROVAL]
Re-issue an Intent-to-Serve letter for on-going commercial development on W. Tefft St.

D-4) ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS, CO 03-0027
[RECOMMEND APPROVAL]

AGENDA

- E. ADMINISTRATIVE ITEMS (The following may be discussed and action may be taken by the Board.)
 - E-1) URBAN WATER MANAGEMENT PLAN PUBLIC WORKSHOP PRESENTATION
A presentation and public workshop on the District's draft 2005 Urban Water Management Plan update.
 - E-2) HOLLOWAY ANNEXATION UPDATE
An update on, and review of an application for annexation. No action scheduled.
 - E-3) SUPPLEMENTAL WATER FUNDING PLAN REVIEW
A review of the District's current model for funding supplemental water infrastructure.
- F. MANAGER'S REPORT
- G. COMMITTEE REPORTS
- H. DIRECTOR'S COMMENTS
- I. CLOSED SESSION ANNOUNCEMENTS
 - 1. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
SMVWCD VS NCSD SANTA CLARA COUNTY CASE NO. CV 770214
AND ALL CONSOLIDATED CASES.
 - 2. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
MARIA VISTA VS. NCSD CASE NO. CV 040877
 - 3. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
NCSD vs. COUNTY OF SAN LUIS OBISPO (SUMMIT STATION LAND
USE ORDINANCE AND ENVIRONMENTAL IMPACT REPORT)
- J. PUBLIC COMMENT ON CLOSED SESSION ITEMS
- K. ADJOURN TO CLOSED SESSION
- L. OPEN SESSION
ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

ADJOURN

- THE NEXT REGULAR BOARD MEETING IS NOVEMBER 30, 2005.
 - SCHEDULED ITEMS INCLUDE:
 - INTRODUCTION OF UPDATED WATER ALLOCATION ORDINANCE

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MSE*
DATE: NOVEMBER 16, 2005



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 brackets.

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]
Regular meeting October 26, 2005
- D-3) RE-APPLICATION FOR SERVICE APN 090-135-006 [RECOMMEND APPROVAL]
Re-issue an Intent-to-Serve letter for on-going commercial development on W. Tefft St.
- D-4) ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS, CO 03-0027 [RECOMMEND APPROVAL]

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2005\CONSENT 11-16-05.DOC

NIPOMO COMMUNITY SERVICES DISTRICT WARRANTS NOVEMBER 16, 2005

AGENDA ITEM D-1 NOVEMBER 16, 2005

HAND WRITTEN CHECKS

10-24-05	18840	M WINN	50.00
10-11-05	18841	C TROTTER	50.00
10-25-05	18842	L VIERHEILIG	50.00
10-25-05	18843	M WINN	50.00
11-02-05	18844	L VIERHEILIG	50.00
11-02-05	18845	C TROTTER	50.00
11-03-05	18846	L VIERHEILIG	50.00
11-03-05	18847	E EBY	50.00

**TOTAL COMPUTER
CHECKS
\$ 133,983.06**

VOIDED CHECKS

NONE

COMPUTER GENERATED CHECKS

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
011382	11/16/05	ADV01	ADVANTAGE ANSWERING PLUS	92.95	.00	92.95	71952	ANSWERING SERVICE
011383	11/16/05	ALX01	ALEXANDER'S CONTRACT SERV	2713.96	.00	2713.96	NCSD11-05	METER READING SERVICE
011384	11/16/05	AME03	AMERI PRIDE	61.99	.00	61.99	F504914	UNIFORMS ETC
				57.49	.00	57.49	F510975	UNIFORMS ETC
			Check Total.....:	119.48	.00	119.48		
011385	11/16/05	BEL01	BELTRAN, KATHY	739.07	.00	739.07	102105	TRAVEL TO SEMINAR
011386	11/16/05	BOG01	BOGNUDA, LISA	24.30	.00	24.30	A51110	TRAVEL TO SLO
011387	11/16/05	BOY01	BOYLE ENGINEERING CORP	260.28	.00	260.28	N09100-08	HETRICK WATER LINE UPGRAD
				3969.00	.00	3969.00	N09100-01	DISTRICT STANDARDS
				113.40	.00	113.40	N09100-04	TRACT 2499 PLAN CHECK
			Check Total.....:	4342.68	.00	4342.68		
011388	11/16/05	BRE01	BRENNER FIELDER & ASSOC	2568.14	.00	2568.14	5014009	COMPRESSORS FOR WELL LEVE
011389	11/16/05	CAN02	CANNON ASSOCIATES	1150.00	.00	1150.00	36874	GRANT FUNDING FOR WATER L
011390	11/16/05	CLE05	CLEAN STREET	525.00	.00	525.00	43910	STREET SWEEPING
011391	11/16/05	COU01	COURIER SYSTEMS	133.75	.00	133.75	103105	LAB DELIVERY
011392	11/16/05	CRE01	CREEK ENVIRONMENTAL LABS	30.00	.00	30.00	M5324	BL WWTP LAB
				84.00	.00	84.00	M5450	BL WWTP LAB
				120.00	.00	120.00	M5451	TOWN WWTP LAB
				24.00	.00	24.00	M5496	BL WWTP LAB
				24.00	.00	24.00	M5576	BL WWTP LAB
				100.00	.00	100.00	M5577	TOWN WATER LAB
				84.00	.00	84.00	M5606	BL WWTP LAB
				120.00	.00	120.00	M5607	TOWN WWTP LAB
				24.00	.00	24.00	M5642	BL WWTP LAB
				24.00	.00	24.00	M5689	BL WWTP LAB
				80.00	.00	80.00	M5716	WATER LAB
				24.00	.00	24.00	M5717	BL WWTP LAB
				300.00	.00	300.00	M5742	TOWN WWTP LAB
				84.00	.00	84.00	M5743	BL WWTP LAB
				24.00	.00	24.00	M5766	BL WWTP LAB
				24.00	.00	24.00	M5818	BL WWTP LAB
			Check Total.....:	1170.00	.00	1170.00		
011393	11/16/05	CUE01	CUESTA EQUIPMENT	377.51	.00	377.51	178003	SUPPLIES
011394	11/16/05	CUL02	CULLIGAN WATER CONDITION	18.89	.00	18.89	102505	DELIVERY
011395	11/16/05	DEW01	J B DEWAR INC	202.14	.00	202.14	357042	OIL FOR WELLS
011396	11/16/05	EBY01	EBY, ED	100.00	.00	100.00	111605	REG BD MEETING 111605
011397	11/16/05	FAR02	FAR WEST EXPRESS	11.00	.00	11.00	71396	DELIVERY
				15.50	.00	15.50	71579	DELIVERY
			Check Total.....:	26.50	.00	26.50		
011398	11/16/05	FER01	FERGUSON ENTERPRISES INC	138.35	.00	138.35	0965429	HYDRANT WRENCH
011399	11/16/05	FGL01	FGL ENVIRONMENTAL	330.00	.00	330.00	510771A	TOWN WWTP LAB

**NIPOMO COMMUNITY SERVICES DISTRICT
WARRANTS NOVEMBER 16, 2005**

**AGENDA ITEM
D-1
NOVEMBER 16, 2005
PAGE TWO**

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Payment Information	
							Invoice #	Description
011399	11/16/05	FGL01	FGL ENVIRONMENTAL	316.00	.00	316.00	510772A	BL WWTP LAB
				52.00	.00	52.00	511085B	BL WWTP LAB
				104.00	.00	104.00	511086B	TOWN WWTP LAB
				330.00	.00	330.00	511377A	TOWN WWTP LAB
				52.00	.00	52.00	511378A	BL WWTP LAB
			Check Total.....:	1184.00	.00	1184.00		
011400	11/16/05	FLO02	FLO SYSTEMS, INC.	221.68	.00	221.68	F6841	TEFFT ST LIFT STN SUPPLIE
011401	11/16/05	GAR01	GARING TAYLOR & ASSOC	1222.11	.00	1222.11	5621	MARIA VISTA PCI
				108.00	.00	108.00	5622	HERMRECK WELL
				378.00	.00	378.00	5623	BL LINER REPLACEMENT
			Check Total.....:	1708.11	.00	1708.11		
011402	11/16/05	GER01	GERMAN, SCOTT	91.15	.00	91.15	091005	WORK BOOTS
011403	11/16/05	GIL01	GLM, INC.	260.00	.00	260.00	102705A	LANDSCAPE MAINT
				90.00	.00	90.00	102705B	BL LANDSCAPE MAINT
			Check Total.....:	350.00	.00	350.00		
011404	11/16/05	GRO01	GROENIGER & CO	686.19	.00	686.19	498412SM	MISC SUPPLIES
				139.64	.00	139.64	500838SM	BL IRRIGATION SUPPLIES
			Check Total.....:	825.83	.00	825.83		
011405	11/16/05	GWA01	GWA INC	25.00	.00	25.00	51010566	FIRE ALARM SYSTEM
011406	11/16/05	HER01	HERCULES INDUSTRIES, INC.	456.93	.00	456.93	42466	LOCKS
011407	11/16/05	IMP02	IMPAC GOVERNMENT SERVICES	252.69	.00	252.69	102105	COMPUTER SUPPLIES
011408	11/16/05	LAC01	LA CHEMICAL	559.68	.00	559.68	16851	HYPOCHLORITE
				498.89	.00	498.89	21129	CHLORINE
				498.89	.00	498.89	21130	CHLORINE
			Check Total.....:	1557.46	.00	1557.46		
011409	11/16/05	LEX01	LEXIS NEXIS	66.00	.00	66.00	14701952	SUPPLEMENT TO CODE
				1341.13	.00	1341.13	14994410	CODE BOOK UPDATE
			Check Total.....:	1407.13	.00	1407.13		
011410	11/16/05	MID05	MID STATE BANK PETTY CASH	117.34	.00	117.34	111005A	MISC SUPPLIES
				31.94	.00	31.94	111005B	POSTAGE
			Check Total.....:	149.28	.00	149.28		
011411	11/16/05	MOR02	MORE OFFICE SOLUTIONS	307.40	.00	307.40	271302	COPIER MAINT 10/1-12/31
011412	11/16/05	NIC01	NICKSON'S MACHINE SHOP	221.63	.00	221.63	71248	SUNDALE WELL REPAIR
				869.61	.00	869.61	71248-1	SUNDALE WELL REPAIR
			Check Total.....:	1091.24	.00	1091.24		
011413	11/16/05	NIP01	NIPOMO ACE HARDWARE INC	227.21	.00	227.21	102805	MISC SUPPLIES
011414	11/16/05	NIP03	NIPOMO SHELL	1781.77	.00	1781.77	725699	GASOLINE FOR OCTOBER
011415	11/16/05	NIP05	NIPOMO CHAMBER OF COMMERC	80.00	.00	80.00	2006	C OF C MEMBERSHIP DUES
011416	11/16/05	NIP08	NIPOMO CSD	345.97	.00	345.97	110905	NCSD LANDSCAPE METER TR 2
011417	11/16/05	NOR01	NORTHERN SAFETY CO. INC.	165.22	.00	165.22	P12923500	BL FIRST AID KIT
011418	11/16/05	NUT01	NU TECH PEST MGMT	265.00	.00	265.00	53626	PEST CONTROL
011419	11/16/05	PAC01	SBC/MCI	35.87	.00	35.87	T4309402	PHONE
				150.16	.00	150.16	T4309404	PHONE
				124.70	.00	124.70	T4309405	PHONE
			Check Total.....:	310.73	.00	310.73		
011420	11/16/05	PGE01	P G & E	22124.92	.00	22124.92	102105	ELECTRICITY SERVICE 44496
011421	11/16/05	PIO01	PIIONEER EQUIPMENT CO	293.83	.00	293.83	103105	PARTS
011422	11/16/05	PRE01	PRECISION JANITORIAL	275.00	.00	275.00	143	JANITORIAL SERVICE FOR OC
011423	11/16/05	PUL01	PULITZER CENTRAL COAST NP	2517.43	.00	2517.43	2544365	ADVERTISE FOR POSITION
011424	11/16/05	QUI03	QUINN RENTAL SERVICES	43.66	.00	43.66	2067532	SUPPLIES
011425	11/16/05	REY01	REYNOSO, CARLOS CPA	1487.50	.00	1487.50	110305	PROGRESS BILLING
011426	11/16/05	RIC01	RICHARDS, WATSON, GERSON	7228.45	.00	7228.45	141976	WATER RIGHTS ADJUDICATION

**NIPOMO COMMUNITY SERVICES DISTRICT
WARRANTS NOVEMBER 16, 2005**

**AGENDA ITEM
D-1
NOVEMBER 16, 2005
PAGE THREE**

011427	11/16/05	SAI01	SAIC	2843.60	.00	2843.60	9359-03	UWMP UPDATE
011428	11/16/05	SAN09	SAN LUIS MAILING SERVICE	27.48	.00	27.48	29657 A	MAILING BILLS
				85.10	.00	85.10	29657 B	POSTAGE FOR BILLS
			Check Total.....:	112.58	.00	112.58		
011429	11/16/05	SAN13	SAN LUIS POWERHOUSE	368.10	.00	368.10	19579	MISC SUPPLIES
011430	11/16/05	SAN14	SAN LUIS POWERHOUSE	724.91	.00	724.91	19580	MISC SUPPLIES
011431	11/16/05	SHI01	SHIPSEY & SEITZ, INC	5529.50	.00	5529.50	091505	LEGAL SERVICES
011432	11/16/05	SNY01	SNYDER LANDSCAPE MAINT CO	553.00	.00	553.00	102805	LANDSCAPE MAINT DISTRICT
011433	11/16/05	SOU01	SOUTH COUNTY SANITARY	25.49	.00	25.49	1233172	TRASH COLLECTION
011434	11/16/05	SPA01	SPANGO VOICE COMM	45.00	.00	45.00	5287	ADD NEW LOCATION FOR MAIN
011435	11/16/05	STA03	STATEWIDE SAFETY & SIGNS	174.42	.00	174.42	45305	FIRST AID KITS
				240.13	.00	240.13	45306	SUPPLIES
				537.10	.00	537.10	45460	LIGHT FOR TRUCK
			Check Total.....:	951.65	.00	951.65		
011436	11/16/05	STA06	STATE WATER RESOURCES	1962.00	.00	1962.00	0511256	ANNUAL FEE-WASTE DISCHARG
				1962.00	.00	1962.00	0511341	ANNUAL FEE-WASTE DISCHARG
			Check Total.....:	3924.00	.00	3924.00		
011437	11/16/05	STA08	STAPLES	209.91	.00	209.91	101405	MISC SUPPLIES
011438	11/16/05	STA09	STANDARD INSURANCE	781.00	.00	781.00	110105	INSURANCE
011439	11/16/05	TAB01	TAB MILLER ELECTRIC	357.50	.00	357.50	41	REPAIR OFFICE LIGHTS
011440	11/16/05	THE01	THE GAS COMPANY	13.82	.00	13.82	101905	OFFICE HEAT 062 351 6094
011440	11/16/05	THE01	THE GAS COMPANY	27.60	.00	27.60	102405	GAS ENGINE AT SOUTHLAND 1
				13319.60	.00	13319.60	102805	SUNDALE WELL GAS
			Check Total.....:	13361.02	.00	13361.02		
011441	11/16/05	TRI03	THE TRIBUNE	1342.84	.00	1342.84	103005	AD FOR POSITION
011442	11/16/05	TRO01	TROTTER, CLIFFORD	100.00	.00	100.00	111605	REG BD MEETING 111605
011443	11/16/05	VAL01	VALLEY SEPTIC SERVICE	548.40	.00	548.40	2390	JETTING DANA, PRICE, BENN
				1199.70	.00	1199.70	2567	JETTING THOMPSON, KNOTTS,
			Check Total.....:	1748.10	.00	1748.10		
011444	11/16/05	VER01	VERIZON	29.29	.00	29.29	101905 A	BL PHONE
				30.25	.00	30.25	101905 B	BL PHONE
			Check Total.....:	59.54	.00	59.54		
011445	11/16/05	VIC01	VICTOR BACKHOE, INC.	1224.96	.00	1224.96	1832	HYDRANT REPLACEMENT OAKG
				638.28	.00	638.28	1833	HYDRANT REPLACEMENT FRON
			Check Total.....:	1863.24	.00	1863.24		
011446	11/16/05	VIE01	VIERHEILIG, LARRY	100.00	.00	100.00	111605	REG BD MEETING 111605
011447	11/16/05	WIN01	WINN, MICHAEL	100.00	.00	100.00	111605	REG BD MEETING 111605
011448	11/16/05	WIR02	WIRSING, JUDY	100.00	.00	100.00	111605	REG BD MEETING 111605
011449	11/16/05	WOO01	DOUGLAS WOOD & ASSOCIATES	12386.00	.00	12386.00	110105	WATERLINE INTERTIE EIR
011450	11/16/05	XER01	XEROX CORPORATION	82.68	.00	82.68	13437795	COPIER MAINT
011451	11/16/05	\M009	MARTIN, EMERY E & JANE M	126.09	.00	126.09	000A51101	MQ CUSTOMER REFUND
011452	11/16/05	\R003	R&M CONSTRUCTION,	487.00	.00	487.00	000A51101	MQ CUSTOMER REFUND
11376	11/04/05	EMP01	EMPLOYMENT DEVELOP DEPT	414.96	.00	414.96	A51101	STATE INCOME TAX
				3.11	.00	3.11	1A51101	SDI
			Check Total.....:	418.07	.00	418.07		
11377	11/04/05	MID01	MIDSTATE BANK-PR TAX DEP	1843.19	.00	1843.19	A51101	FEDERAL INCOME TAX
				35.72	.00	35.72	1A51101	FICA
				506.68	.00	506.68	2A51101	MEDICARE (FICA)
			Check Total.....:	2385.59	.00	2385.59		
11378	11/04/05	MID02	MIDSTATE BANK - DIRECT DP	15213.05	.00	15213.05	A51101	NET PAY DEDUCTION
11379	11/04/05	PER01	PERS RETIREMENT	5136.29	.00	5136.29	A51101	PERS PAYROLL REMITTANCE
11380	11/04/05	SIM01	SIMMONS, DEBRA	150.00	.00	150.00	A51101	WAGE ASSIGNMENT
11381	11/04/05	STA01	STATE STREET GLOBAL	1180.00	.00	1180.00	A51101	457 DEFERRED COMP

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 40 - Years of Service 1965 - 2005

MINUTES

OCTOBER 26, 2005 9:00 A. M.

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

LARRY VIERHEILIG, PRESIDENT
ED EBY, VICE PRESIDENT
MICHAEL WINN, DIRECTOR
CLIFFORD TROTTER, DIRECTOR
JUDITH WIRSING, DIRECTOR

PRINCIPAL STAFF

MICHAEL LeBRUN, GENERAL MANAGER
LISA BOGNUDA, ASSIST. ADMINISTRATOR
DONNA JOHNSON, BOARD SECRETARY
JON SEITZ, GENERAL COUNSEL
DAN MIGLIAZZO, UTILITY SUPERVISOR

Mission Statement: The Nipomo Community Services District's mission is to provide the citizens of the District with quality, innovative, and cost-effective services through responsive and responsible local government to meet the changing needs of the community.

- 00:00:00 A. CALL TO ORDER AND FLAG SALUTE
President Vierheilig called the meeting to order at 9:00 a.m. and led the flag salute.
- B. ROLL CALL
At Roll Call, all Board members were present.
- 00:02:00 C. PUBLIC COMMENT PERIOD
PUBLIC COMMENT
The following members of the public spoke:
Jesse Hill, outside District resident – stated that the settlement offer for the Capital Improvement Fund for parks hopefully will be approved in December.
David Versigo, outside District resident – stated that he is an agent for reverse mortgage for seniors. He asked about funding for the Nipomo Senior Center and its nutrition program. The Board informed him that the subject is not in the jurisdiction of the NCSD Board and offered him some suggestions.
- 00:12:04 D. CONSENT AGENDA
- D-1) WARRANTS
- D-2) BOARD MEETING MINUTES
Regular meeting October 12 2005
- D-3) SAFETY MEETING MINUTES
All-staff safety meeting, October 19, 2005
- D-5) RE-APPLICATION FOR SERVICE APN 091-311-010
Director Winn asked that Item D-4 be pulled for separate consideration.
There was no public comment. Upon motion of Director Eby and seconded by Director Winn, the Board unanimously approved Items D-1, 2, 3, and 5 of the Consent Agenda with a calculation correction in the Water Demand Certification in Item D-5. Vote 5-0
- D-4) DISTRICT VEHICLE PROPOSAL REVIEW
The recommended choice of dealerships was changed to Toyota of Lompoc. There was no public comment. Upon motion of Director Winn and seconded by Director Eby, the Board unanimously approved Item D-4 as amended. Vote 5-0.

MINUTES SUBJECT TO BOARD APPROVAL

00:17:35 E. ADMINISTRATIVE ITEMS

E-1) PUBLIC HEARING

The Board considered the second reading of an Ordinance to:

- Require mandatory connection to District sewer for properties within State-mandated prohibition zone.
- Clarify District connection fee assignment and collection.
- Carry forward service policy as stated in Urban Water Management Plan.

The following member of the public spoke:

Jesse Hill, outside District resident – stated that he thinks that the rates portion of the proposed ordinance doesn't consider the delays caused by other agencies (County, e.g.) and the rates should be based on the date the application for service is complete. Upon motion of Director Winn and seconded by Director Trotter, the Board approved and adopted Ordinance 2005-105. Vote 5-0.

**ORDINANCE NO. 2005-105
AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE NIPOMO COMMUNITY SERVICES DISTRICT CODE
TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF DISTRICT WATER CONNECTION FEES AND
PROCEDURES FOR CONNECTING TO DISTRICT SEWER MAINS WITHIN THE PROHIBITION ZONE**

00:50:00 E-2) ANNEXATION REQUEST – APN 090-171-005

Michael LeBrun, District General Manager reviewed the request for annexation of a 20-acre parcel on South Oakglen Avenue. The Applicant requests sewer and water service to a clustered development of 20 home sites.

There was much Board discussion. Jon Seitz, District Legal Counsel, explained that it is unknown how LAFCo will apply the conditions of annexation, such as the conservation measures, until application is made.

Carl Holloway, applicant – explained to the Board that continuing with the mutual water is financially more feasible now but he would like to become part of the solution to the water situation.

Jesse Hill, applicant's representative for the tract map - stated that when he spoke with David Church of LAFCo, he did not hear that LAFCo would support this project. He also stated that this project would not be a new straw in the water table because the proposed houses would use less water than the farm does.

There was more Board discussion.

Upon motion of Director Winn and seconded by President Vierheilg, the Board approved the following motion:

Tentative approval of application for annexation, direct staff to draft an annexation agreement, have NCS staff meet with LAFCo staff or Commission, and to come back in one month to the NCS Board with a tentative annexation agreement and some feedback from LAFCo. Vote 3-2 with Directors Wirsing and Eby voting no.

02:14:32 11:15 a.m. – Break

11:30 a.m. - The Board reconvened. Upon motion of Director Winn and seconded by Director Trotter, the Board agreed to continue with the following items.

E-3) SERVICE REQUEST - APN 092-130-043

Mr. LeBrun reviewed the request for water and sewer service (Intent-to-Serve Letter) to a 40-unit multi-family/low income development at 764 Grande Street.

E-3) SERVICE REQUEST - APN 092-130-043 (CONTINUED)

Stephen Glover, applicant's representative – described the project as having drought-tolerant landscaping planned. He answered the Board's questions about the project. Upon motion of Director Winn and seconded by Director Trotter, the Board unanimously approved the issuance of an Intent-to-Serve letter for APN 092-130-043, with the conditions as outlined in the Board letter. Vote 5-0.

02:34:25

E-4) SERVICE REQUEST – APN 092-130-062/020

Mr. LeBrun reviewed the request for the District to provide water and sewer service to a re-development plan at 601 West Tefft.

Ted Moore, applicant – described the project for the Board and answered the Board's questions.

Upon motion of Director Winn and seconded by Director Trotter, the Board approved the issuance of an Intent-to-Serve letter with the conditions, as outlined in the Board letter and as amended by staff. Vote 5-0

- Additional condition: All buildings, existing and new, are required to receive District sewer service.

02:56:20

E-5) ALLOCATION ORDINANCE

Michael LeBrun, District General Manager, reviewed the District's Water Allocation Ordinance. Board discussion followed. Director Winn reported that he and Director Trotter had met several times to discuss the allocation for commercial projects. Director Wirsing stated that the District should keep track of commercial usage. Director Eby stated that commercial usage is substantial and may become more in the future. There was no public comment. The Board directed staff to continue getting information on commercial usage in other areas.

03:13:02

E-6) INVESTMENT POLICY – THIRD QUARTER REPORT

Michael LeBrun, District General Manager, reviewed the Investment Policy Third Quarter Report. The Board discussed the report. There was no public comment. Upon motion of Director Winn and seconded by Director Wirsing, the Board unanimously agreed to accept and file the Investment Policy Third Quarter Report. Vote 5-0.

03:16:34

E-7) QUARTERLY FINANCIAL REPORT – FIRST QUARTER OF FISCAL YEAR 2005-2006
Receive and file Quarterly Financial Report

Michael LeBrun, District General Manager, reviewed the Quarterly Financial Report. The Board discussed the report. Lisa Bognuda, Assistant Administrator answered the Board's questions to further explain the report. There was no public comment. Upon motion of Director Eby and seconded by Director Wirsing, the Board unanimously agreed to accept and file the Quarterly Financial Report for the first quarter of fiscal year 2005-2006. Vote 5-0.

03:35:10

F. MANAGER'S REPORT

Michael LeBrun, District General Manager, reviewed some items in the Manager's Report.

03:52:40 G. COMMITTEE REPORTS

Directors Winn and Vierheilig met Monday, October 24, 2005, with SLO County's Chuck Stevenson and Tim McNulty and others to discuss the in-lieu parking proposal from San Luis Obispo County. The County would like to create a benefit zone and LAFCo would need to activate NCSD's park powers. The Directors would like community input before proceeding.

03:57:00 H. DIRECTOR'S COMMENTS

Director Winn

- WRAC to meet Nov. 2nd in San Luis Obispo. A discussion of the County's Draft Resource Management System report is on the agenda. Mitigations proposed in last year's report have not occurred.
- San Luis Obispo County meetings on affordable housing are on-going. He encourages attendance next Wednesday, November 2nd at 4111 Broad Street.
- County will not install waste receptacles in the Olde Towne area.
- Olde Towne Wine, Flowers and Arts Festival is set for Sunday, Nov. 13 at Kaleidoscope Inn. The event is a fundraiser for Olde Towne Association.

Director Wirsing

- The District "spent" a lot of water today.
- Called the County about street sweeping and was told that the machine was broken but they showed up the next day.

04:03:00 I. CLOSED SESSION ANNOUNCEMENTS

Jon Seitz, District Legal Counsel, announced the need to go into Closed Session to discuss the following item #3.

1. ~~CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
SMVWGD VS NCSD SANTA CLARA COUNTY CASE NO. CV
770214 AND ALL CONSOLIDATED CASES.~~
2. ~~CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
MARIA VISTA VS. NCSD CASE NO. CV-040877~~
3. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
NCSD vs. COUNTY OF SAN LUIS OBISPO (SUMMIT STATION LAND USE
ORDINANCE AND ENVIRONMENTAL IMPACT REPORT)

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There was no public comment

K. ADJOURN TO CLOSED SESSION

L. OPEN SESSION

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

Jon Seitz, District Legal Counsel, reported that the Board heard an update on Item 3 above and had no reportable action.

ADJOURN

President Vierheilig adjourned the meeting at 1:40 p.m.

➤ **THE NEXT REGULAR BOARD MEETING IS NOVEMBER 16, 2005.**○ **SCHEDULED ITEMS INCLUDE:**

- **PRESENTATION OF DRAFT URBAN WATER MANAGEMENT PLAN**

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MSL*
DATE: NOVEMBER 16, 2005



RE-APPLICATION FOR SERVICE APN 090-135-006

ITEM

Re-issue an Intent-to-Serve letter for an on-going commercial development on W. Tefft Street

BACKGROUND

On October 27, 2005, the District received a request for renewal of an Intent-to-Serve letter for APN 090-135-006. The Owner/Applicant is Robert Spencer. The Applicant originally received an Intent-to-Serve letter (attached) for water and sewer service in November 2002. The County deemed the Applicant's application complete on March 18, 2004, and the Applicant continues to actively work through the County process.

The project, located in the Olde Towne district at 239 West Tefft, was originally envisioned as a commercial project and is now a mixed-use project with three (3) residential apartments above the first floor commercial building. Development plans have not yet been provided for District review. Water and sewer service laterals were completed to the property as part of the Tefft Street project.

Project fees will be based on the number and size of water meters required by the final approved development plans. Annual water demand by the project is estimated to be 0.54 acre-feet (3 x 0.18) for residential and 0.20 acre-feet for commercial (using commercial retail duty factors).

RECOMMENDATION

Staff recommends your Honorable Board direct staff account for 0.54 acre-feet of water against District's 2005/2006 water year allocation limit and a total of 0.74 acre-feet of water against the District maximum supply allocation and re-issue the Intent-to-Serve (ITS) letter for the project with the following conditions:

- Enter into a Plan Check and Inspection Agreement; provide a deposit.
- Submit improvement plans in accordance with the District Standards and Specifications for review and approval.
- A Will-Serve letter for the project will be issued after improvement plans are approved and signed by General Manager.
- Make a non-refundable deposit ("Deposit") at the time the District issues a Will-Serve letter in an amount equal to the then calculated Fees for Connection.
- Fees for Connection shall be calculated and owing as of the date the District sets the water meter(s) to serve the affected property from which the amount of the Deposit shall be deducted.
- The District will set water meter(s) upon proof of a building permit from the County of San Luis Obispo and that the District has accepted improvements to be dedicated to the District, if applicable.

Intent-to-Serve conditions continued:

- Intent-to-Serve letters shall automatically terminate on the first to occur:
 - Failure of the applicant to provide District with written verification that County application for the project has been deemed complete within two hundred forty (240) calendar days of the date the Intent-to-Serve letter is issued; or
 - Two (2) years. However, applicant shall be entitled to a one-year extension upon proof of reasonable due diligence in processing the project.
- This Intent-to-Serve letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District.
- This Intent-to-Serve letter may be revoked, or amended, as a result of conditions imposed upon the District by a court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors.

ATTACHMENT

November 22, 2002 Intent-to-Serve Letter

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2005\SERVICE REQUEST APN 090-135-006 SPENCER.DOC

NIPOMO COMMUNITY

BOARD MEMBERS

RICHARD MOBRAATEN, PRESIDENT
MICHAEL WINN, VICE PRESIDENT
ROBERT BLAIR, DIRECTOR
JUDITH WIRSING, DIRECTOR
CLIFFORD TROTTER, DIRECTOR



SERVICES DISTRICT

STAFF

DOUGLAS JONES, GENERAL MANAGER
JON SEITZ, GENERAL COUNSEL
DAN MIGLIAZZO, MAINTENANCE SUPERVISOR

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

November 22, 2002

This is NOT a Will-Serve Letter

Robert Spencer
140 South Street
San Luis Obispo, CA 93401

SUBJECT: INTENT-TO-SERVE WATER AND SEWER SERVICE
APN 090-135-006 COMMERCIAL DEVELOPMENT ON TEFFT STREET

At their Regular Meeting on November 20, 2002, the Board of Directors of the Nipomo Community Services District considered your request for water and sewer service for APN 090-135-006 on Tefft St. between Wilson and Mallagh in Nipomo. The Intent-to-Serve letter for your commercial development was granted subject to the following conditions:

1. Enter into a Plan Check and Inspection Agreement and pay the appropriate fees.
2. Submit improvement plans in accordance with the District Standards and Specifications for review and approval.
3. Pay all appropriate District water, sewer, and other fees associated with this development.
4. 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 and sewer improvements
 - b. Offer of Dedication
 - c. Engineer's Certification
 - d. A summary of all water and sewer improvement costs
5. This Intent-to-Serve Letter will expire two years from date of issuance.

As required by Section 19.20.238 Title 19 of the San Luis Obispo County Code, the Nipomo Community Services District certifies that it will provide potable water service to APN 090-135-006 and that it has sufficient water resources and system capacity to provide such service. Notwithstanding any other language in this letter, the District certifies that (1) it will provide new service to the parcel(s) within the development on the same basis as it provides new service to any other legal parcel within the District's service area; and (2) once new service is established for a parcel(s) within the development, the District will provide service to said parcel on the same basis as it provides service to other customers within the same land use designation.

Robert Spencer
APN 090-135-006
Intent-to-Serve
November 22, 2002
Page Two

This is NIPOMO COMMUNITY SERVICES DISTRICT

Notwithstanding to the above paragraph, notice is provided that Nipomo Community Services District has been made a party to that lawsuit entitled Santa Maria Valley Water Conservation District, et al. v. City of Santa Maria, et al., Santa Clara Superior Court Case No. CV 770214. The case involves competing claims to the right to produce water from and/or store water in the Santa Maria Valley Groundwater Basin, the water source from which Nipomo Community Services District derives the water, which it serves. The District is now unable to predict with any certainty the outcome of the above-referenced litigation. However, the litigation conceivably could result in a limitation on the availability of groundwater for the District's production and/or an increase in the cost of water, which the District serves to its water customers.

The County Planning & Building Department is directed to withhold the building permit until the District's fees have been paid.

This "Intent-to-Serve" letter shall be subject to the current and future rules, regulations, fees, resolutions and ordinances of the Nipomo Community Services District. This "Intent-to-Serve" letter may be revoked as a result of conditions imposed upon the District by a Court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors for the protection of the health, safety, and welfare of the District. The District reserves the right to revoke this "Intent-to-Serve" letter at any time.

A TWO YEAR EXPIRATION DATE IS IN EFFECT

Sincerely,

NIPOMO COMMUNITY SERVICES DISTRICT


Doug Jones
General Manager

Will-Serve/Intent/APN 090-135-006 Spencer.doc

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MLB*
DATE: NOVEMBER 16, 2005



ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS
CO 03-0027 (KELLEY CONSTRUCTION)

ITEM

Acceptance of water and sewer improvements for CO 03-0027 on Grande Street.

BACKGROUND

Upon completion of a developer's project, the District accepts improvements of the project after all requirements have been met. The developer (Kelley Construction) for CO 03-0027, a 4-lot development on Grande Street has installed water and sewer improvements and has met the District's conditions:

- Installed the improvements
- Paid associated fees
- Provided the necessary paperwork, including the Offer of Dedication and the Engineer's Certification

RECOMMENDATION

Staff recommends that your Honorable Board approve Resolution 2005-Accept CO 03-0027, accepting the water and sewer improvements for CO 03-0027.

ATTACHMENT

Resolution 2005-Accept CO 03-0027

T\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2005\ACCEPT CO 03-0027.DOC

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2005- CO 03-0027**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING THE WATER AND SEWER IMPROVEMENTS
FOR THE FOR CO 03-0027 (KELLEY CONSTRUCTION)**

WHEREAS, the District approved the construction plans on February 13, 2005, for the water and sewer improvements to be constructed; and

WHEREAS, the water and sewer improvements have been constructed and said improvements are complete and certified by the engineer; and

WHEREAS, on October 20, 2005, the Owner offered the water and sewer improvements to the Nipomo Community Services District; and

WHEREAS, this District has accepted such offer without obligation except as required by law, and

WHEREAS, all water and sewer fees for service, required in conformance with District ordinances, have been paid in full for CO 03-0027 (Kelley Construction).

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AS FOLLOWS:

That the water and sewer improvements to serve the four lots created by CO 03-0027 in Nipomo are accepted by this District.

On the motion by Director _____, seconded by Director _____, and on the following roll call vote, to wit:

AYES: Directors
NOES:
ABSENT:
ABSTAIN:

the foregoing resolution is hereby adopted this 16th day of November, 2005.

Lawrence Vierheilig, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
General Counsel

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MJL*
DATE: NOVEMBER 16, 2005



URBAN WATER MANAGEMENT PLAN PUBLIC WORKSHOP PRESENTATION

ITEM

A presentation and public workshop on the District's draft 2005 Urban Water Management Plan update.

BACKGROUND

The District is in the process of updating its Urban Water Management Plan in compliance with the California Urban Water Management Planning Act. The District's consultant, Science Applications International Corporation (SAIC) will provide a presentation on the draft update and lead a public workshop.

Adoption of the Plan will be scheduled for a future Board meeting. Additional public workshops may be scheduled depending on the level of input and concern expressed by the Board of Directors and/or the general public.

RECOMMENDATION

Staff recommends your Honorable Board consider the presentation and public comment, and direct staff accordingly.

ATTACHMENT

Presentation Outline – {the outline was not available at the time of agenda production and will be forwarded via email to the Board of Directors on or before November 11, 2005. The presentation will be posted on the District web site and forwarded in hard copy to the Board of Directors on or before Monday November 16, 2005.}

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2005\UWMP WORKSHOP.DOC

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MSL*
DATE: NOVEMBER 16, 2005



HOLLOWAY ANNEXATION UPDATE

ITEM

An update on, and review of an application for annexation. No action scheduled.

BACKGROUND

On October 20, 2005, the District received application for Annexation of a 20+ acre parcel (four separate APNs) on South Oakglen (attached). The subject property is in Area 3 of the District's Sphere of Influence. The Owner/Applicant is Carl R. and Debra L. Holloway of Nipomo. The application is signed by Carl R. Holloway.

Annexation of property to the District requires approval of the Local Agency Formation Commission (LAFCO). The Applicant's development proposal requires approval of the County. At the regular board meeting held on October 26, 2005, your honorable Board voted to proceed with drafting an Annexation Agreement between the Applicant and the District and to meet with County and LAFCO staff to discuss the path forward for District annexations.

On October 27, 2005, District staff met with staff from the County Planning Department and LAFCO staff to discuss annexation to the District. All agreed the desired method for watering planned development within the District's Sphere of Influence (SOI) is through annexation.

County staff was unable to give assurance the Board of Supervisors would require annexation of properties within the SOI as a condition of development approval. Recent Planning Commission actions (Craig development) provide some hope that annexation to the District will be a development condition. However, the County Board of Supervisors will make the final decision in this case and the Board has not shown a willingness in the past to condition development based on water resources issues (Summit Station General Plan Amendment).

LAFCO staff, while agreeing the basis for the Commission's conditions of approval for annexation are founded in a concern for water resources, were unable to provide assurances the Commission would approve conditional annexation to the District. An application to LAFCO and the resultant hearing is the only way this question can be answered absolutely. LAFCO staff felt the timing of such an application is premature given the District has yet to meet Commission conditions of approval for annexation, however, is willing to take an application before the Commission.

Staff provided a draft annexation agreement to the applicant. On November 10, staff met with the applicant to discuss concerns. Due to financial constraints, the Applicant is unwilling to go forward under current District policy which requires the Applicant to be responsible for all costs of the application and development process.

At this time, it seems most feasible for the applicant to move forward with development plans based on the use of a mutual water company. The District will need to weigh it's response to this and subsequent development projects which propose the use of mutual water companies.

RECOMMENDATION

Staff recommends your Honorable Board direct staff.

ATTACHMENT

No Attachment.

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *ML*
DATE: NOVEMBER 16, 2005



SUPPLEMENTAL WATER FUNDING PLAN REVIEW

ITEM

A review of the District's current model for funding supplemental water infrastructure.

BACKGROUND

On May 4, 2004, the Superior Court of the State of California, Santa Clara County, filed a partial statement of decision regarding Santa Maria Groundwater Litigation Phase III. In part the decision of the Court clearly stated basin overdraft was not proved and therefore prescriptive rights to groundwater pumping would not be granted to purveyors utilizing the Santa Maria groundwater basin. This decision meant the District's right to pump groundwater for resale to customers would remain junior to landowners who pump water for use on their overlying land. In short, the District could no longer rely on the groundwater basin as a supply source.

In September 2004, the District signed a Memorandum of Understanding with the City of Santa Maria to purchase up to 3000 acre-feet of water annually under a long term contract which would give the District rights to water on an equal standing with City of Santa Maria customers. The District agreed to construct the needed facilities to deliver City water to the District system.

In January 2005, the District increased the scope of an ongoing contract with rate setting consultant, The Reed Group, to include the calculation of supplemental water capacity charges to support the delivery of Santa Maria water.

In May 2005, the Board adopted The Reed Group rate study and subsequently adopted Ordinance 2005-101 establishing new water and sewer capacity charges.

On June 29, 2005, the District signed a Stipulation concerning the groundwater lawsuit. The Stipulation includes a requirement for the District to import 2500 acre-feet of water. Additionally, the Stipulation binds the District to import additional water in the event Basin health is not restored. Further, the Stipulation requires the District to serve New Urban Uses within its Sphere of Influence and current services boundary on a reasonable and non-discriminatory basis.

The District's adopted supplemental water capacity charge includes two components; the water supply component and the transmission pipeline component. The water supply component reflects the capital costs included in the City of Santa Maria's delivery charge of \$1,250/acre-foot and makes up 90% (\$9,901.00) of the supplemental water capacity charge. (Pages 55-57 of the Reed Group report, Attached). This component of the fee will, in effect, subsidize District water rates as City water delivery commences, allowing the District to gradually increase rates over time in light of the high expense of supplemental water (Exhibit II-5, Reed report, Attached)

Currently the District's cost estimate for infrastructure to deliver Santa Maria water is in excess of 8-million dollars and costs of the project can be expected to rise as time passes. In consideration of potential future demands within the Districts Sphere of Influence (adopted June 2004), the District increased the capacity of the inter-tie pipeline to 6,300 acre-feet. To support this increase and protect the District's limited right to pumping groundwater, the District is actively pursuing the County to adopt an area wide planning standard requiring all future

residential/urban development in the South County Area Inland to receive supplemental water or pay supplemental water mitigation fees.

While the estimated cost of infrastructure continues to rise, doubling line capacity preserves the initial funding model at this time. The District funding model (Exhibit II-5, Reed Report, Attached) also includes consideration of a yet confirmed 2-million dollars payment by other purveyor's for their portion of pipeline capacity. While it remains unclear as to when a deal with Golden State Water Company (previously Cal Cities Water Company) and Rural Water Company will be final, both companies have signed the above mention Stipulation committing them to a share of supplemental water. The Woodlands development, which accounts for half of the "other purveyors" consideration, has not signed the Stipulation and their commitment is less clear at this time. In light of these funding and cost ambiguities, District reserve funds and rate making power, as outlined below, protect the viability of the supplemental water project.

In a worst case scenario were the District becomes unable or unwilling to approve new water service and thus no longer could collect connection fees, the supplemental water line project could continue to progress based on District reserve funds while new water rates and funding options were explored. District funds available for the project today, listed in order of priority for use, include:

Fund	Cash Balance
Certificates of Participation	\$1.3 million
Supplemental Water Capacity	\$ 455,963.00
Town Water Capacity	\$4.5 million
Town Funded Replacement	\$1.8 million
Blacklake Funded Replacement	\$514,681.00
Property tax revenues	~\$100,000 annually through June 2006 ~\$350,000 annually there after

It is staff's position that, prior to moving into regular water capacity funds and replacement funds, the District would undertake a new rate setting effort and pursue State loans and grants.

At this time, staff sees no compelling need to contract for financial consulting to review the District's supplemental water funding plan. Staff is pursuing the project to the best of current ability and advancing plans to increase staff resources in support of project completion. As the project moves forward, grants and loans will continue to be pursued when they make financial sense (inter-fund no-interest loans will always cost less than external loans).

The single greatest financial threat to the project would be the loss of connection fees and/or an increase in the volume of supplemental water the District is required to obtain. The District's position in this regard is tenuous in respect to areas of our Sphere of Influence which overlie the groundwater table. If development in these areas continues to be approved with mutual water companies (Woodlands, Pudwill), water demands of these newly formed "overlyers" will add to the burden on the basin and could very well result in the District being required to deliver additional supplemental water with no compensation. Staff continues with efforts to avoid this situation.

RECOMMENDATION

Staff recommends your Honorable Board direct staff

ATTACHMENT

May 2005, Reed Group Report excerpts.

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2005\SUPPLEMENTAL WATER FUNDING REVIEW.DOC

obtained loans from the State Water Resources Control Board for sewer treatment plant improvements. Outstanding balances on those two loans currently total nearly \$1.2 million. These amounts have been deducted from the water and sewer system valuations, respectively, since they reflect amounts still owed on existing assets.

A second adjustment is also made related to long-term debt obligations. Past debt issuance and interest costs on long-term debt can be added to the value of the water and sewer systems. Financing costs are real costs associated with acquiring and constructing facilities and can be added to the valuation. Past interest on the water revenue bonds now total about \$295,000. The SWRCB loans to the sewer system were zero-interest loans, but were only obtained with a 16.67 percent loan fee paid at loan issuance. The loan fees totaling about \$257,000 are added to the sewer system valuation as a debt issuance cost.

Existing Customers (Equivalent Meters)

The system buy-in method for calculating capacity charges for new development bases the charges on the average value of the water and sewer systems for existing customers. Hence, once the value of the systems have been determined it is necessary to divide this amount by the number of customers, or more appropriately, the number of equivalent meters. The number of existing equivalent meters was determined in Section III for water rate service charge calculations and in Section IV for sewer rate service charges. The number of existing water and sewer customers, expressed in equivalent meters, is 3,281 and 2,774 for the water and sewer systems, respectively.

Proposed Water and Sewer Buy-In Capacity Charges

Proposed water and sewer system capacity charges for meter sizes up to 1" are shown at the bottom of Exhibits V-1 and V-2, respectively. Complete capacity charge schedules for all meter sizes are presented at the end of this section.

The proposed base water system capacity charge is about one-third lower than the current capacity charge (for the standard meter size). This is due, in part, to the exclusion of groundwater facilities from the calculation. As described previously, groundwater facility costs have been excluded because the supplemental water capacity charge, presented below, will reflect the cost of water supply capacity for new development. It would be inappropriate to also require new development to pay for groundwater facilities.

The proposed sewer system capacity charge is about 27 percent higher than the current sewer capacity charge. Furthermore, it is recommended that the capacity charge be imposed based on size of the water meter, rather than a DUE determination, which is more subjective.

Supplemental Water Capacity Charge Calculations

In September 2004 the District entered into a Memorandum of Understanding (MOU) with the City of Santa Maria to provide up to 3,000 AF of water annually to the District. Supplemental water is needed in order to mitigate the impacts of groundwater extraction and to meet the water demands of new growth and development within the District's service area.

As described in Section II of this report, the District's water supply strategy is to use a mix of groundwater and supplemental water. Based on an estimate that 44 percent of the water pumped from the groundwater basin returns to the basin, the District would need a supply mix of 44 percent

groundwater and 56 percent supplemental water in order to avoid impacts to the groundwater basin (see Section II for details).

The MOU with the City of Santa Maria calls for the District to pay a \$750,000 reservation fee in installments to secure a long-term contract for water. Water delivered under the project will cost \$1,250 per AF and be available until 2065 (the MOU allows for a potential adjustment to the rate for water in 2036). In addition to the water, the District will need to construct a transmission pipeline and related facilities from the City to the District's service area in order to use the water. The estimated cost of the transmission pipeline is \$6 million, and the facility would be designed with a capacity to deliver 3,000 AF per year.

The \$1,250/AF cost for water from Santa Maria is based on the cost of State Water Project (SWP) water obtained by the City through the Central Coast Water Authority (CCWA)⁴. The rate for water also reflects both capital and operating costs associated with CCWA delivery of SWP water to the City. In effect, capital costs associated with the SWP have been amortized into the commodity rate.

The CCWA water rate for SWP water includes the following components:

- DWR Fixed Charges
 - Transportation Capital – Reach 35 Capital
 - Transportation Capital – Reach 37 Capital
 - Transportation Minimum OMP&R O&M
 - Water System Revenue Bond Capital
 - Delta Water Charges Capital
- DWR Variable Charges
 - Off-Aqueduct Charges O&M
 - Variable OPM&R O&M
- CCWA Expenses
 - CCWA Operating Budget O&M
 - Regional WTP Allocation O&M

Based on the City of Santa Maria's share of projected 2004-05 CCWA and DWR costs, approximately 69 percent of the rate for water reflects capital costs of providing water. On this basis, the supplemental water capacity charge includes 69 percent of the \$1,250 per AF water rate as an amortized capital cost, which can be included in a capacity charge calculation.

Capacity charges for new development are intended to reflect the estimated reasonable cost of providing service, and are generally limited to the cost of capital facilities (or assets) intended to provide needed capacity. The approach proposed herein for the supplemental water capacity charge is based on requiring new development to bear the capital cost associated with the contract for supplemental water as well as needed transmission facilities. Amortized capital costs in the rate for supplemental water are capitalized into a single up-front cost to be paid in capacity charges as development occurs.

The proposed supplemental water capacity charge has two components as presented below.

⁴ The agreement with Santa Maria does not specify SWP water (the City also has groundwater resources), but the cost of SWP water is the basis for the rate.

Water Supply Component

Water rate under the MOU	\$ 1,250 per AF
Portion of rate associated with capital costs	69%
Amortized capital cost of water supply	\$ 862.50 per AF
Term of water deliveries under contract ⁵	58 years
Assumed discount rate on future costs	5.0%
Net present value of capital cost for 1 AF/yr	\$ 16,232
Est. avg. single family water use for new development ⁶	0.55 AF
Required production for new single family development ⁷	0.61 AF
Proposed water supply component (up to 1" meter)	\$ 9,901

Transmission Pipeline Component

Estimate cost of transmission facilities	\$ 6 million
Planned capacity of transmission facilities	3,000 AF per year
Capital cost for 1 AF of capacity	\$ 2,000
Req'd production for new SF development (see above)	0.61 AF
Proposed trans. pipeline component (up to 1" meter)	\$ 1,220

The total supplemental water capacity charge would be **\$11,121** for meter sizes up to 1". The charge for larger meter sizes would be based on the rated capacity of each meter size, as described elsewhere in this report. A complete schedule of the proposed supplemental water capacity charge is presented below.

Under the proposed approach, new development would acquire water supply capacity for 100 percent of their estimated demands with supplemental water. As customers, however, new development would receive a blended water supply (44 percent groundwater and 56 percent supplemental water) and would pay water rates based on the supply blend. Existing customers have invested in developing facilities for the District's groundwater supply. All new demands must be met with supplemental water. The proposed approach for the supplemental water capacity charge is reasonable and consistent with the water resource management framework controlling activity in the region.

Summary of Proposed Capacity Charges

Exhibit V-3 summarizes the proposed water and sewer system buy-in capacity charge schedule for the Town Division. The exhibit also summarizes the schedule for the proposed supplemental water capacity charge. Proposed capacity charges should be imposed based on the size of water meters. The charges are scaled across meter sizes based on the hydraulic capacity of each meter size relative to the District's standard of meters up to 1", as described in Section III of this report.

⁵ Assumes deliveries begin in FY 07-08 and contract ends in 2065.

⁶ Assumes new development achieves the District's long-term water conservation goal of a 15 percent reduction in historical average water use.

⁷ Based on unaccounted for loss rate of 10 percent.

Exhibit II-5
Nipomo Community Services District
Santa Maria Supplemental Water Fund

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Supplemental Water Fund						
BEGINNING BALANCE	-	-	1,192,000	-	-	-
REVENUES AND TRANSFERS						
Suppl. Water Capacity Charges (1)		867,000	912,000	960,000	937,000	987,000
Transfer from 2003 COP Fund (2)	237,500	1,312,500				
Contribution from Other Purveyors (3)		2,000,000				
Transfer from Capital Reserves (4)			1,121,000			
TOTAL REVENUES AND TRANSFERS	237,500	4,179,500	2,033,000	960,000	937,000	987,000
EXPENDITURES AND TRANSFERS						
MOU Reservation Fee	37,500	187,500	225,000	300,000		
Pipeline Project	200,000	2,800,000	3,000,000			
Transfer to Town Water Fund (5)				554,100	789,500	834,600
Transfer to Blacklake Water Fund (5)				105,900	147,500	152,400
TOTAL EXPENDITURES	237,500	2,987,500	3,225,000	960,000	937,000	987,000
ENDING FUND BALANCE	-	1,192,000	-	-	-	-
Assumptions						
Suppl. Water Capacity Charge (1)		\$ 11,121	\$ 11,455	\$ 11,799	\$ 12,153	\$ 12,517
New Water Connections		78	80	81	77	79
SM Water Purchases (AF)				1,388	1,411	1,434
Net Cost of SM Water (\$/AF)				\$ 725	\$ 536	\$ 512
Net Cost of SM Water (\$/HCF)				\$ 1.66	\$ 1.23	\$ 1.17

Notes:

- (1) Revenue estimates based on proposed supplemental capacity charges presented in Section V.
- (2) Estimated COP proceeds to be loaned for supplemental water purposes.
- (3) Assumes other purveyors contract for 1,000 AF/yr of capacity in transmission facilities.
- (4) Specific source to be determined.
- (5) Funds available to offset supplemental water costs in water rates.

Financial Plan Findings and Conclusions

The preceding portion of this section describes the basic framework and assumptions underlying the financial analyses. Specific findings and conclusions pertaining to each of the four utilities is presented below, beginning with a description of the current situation for each utility.

Both the Town and Blacklake sewer systems are in good financial condition, and only modest annual rate increases are anticipated during the planning period. However, both the Town and Blacklake water systems are in need of significant annual rate increases during the planning period. Both water utilities currently have deficits (i.e., expenses and transfers exceed revenues of the Operating Funds), and the Operating Fund balance in both water utilities are substantially below the minimum Operating Reserves established by current District policy.

Town Division – Water System

Currently the Town Division’s water system has:

- Budgeted expenditures and transfers that exceed current revenues, which results in a declining Operating Fund balance.

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MLC*
DATE: NOVEMBER 16, 2005



MANAGER'S REPORT

ITEM

Standing report to your Honorable Board

Period covered by this report: October 24, 2005 through November 10, 2005

DISTRICT BUSINESS

Administrative

Service Requests/Allocation Accounting: On October 24, 2005, staff issued an Intent-to-Serve letter for a three-lot residential subdivision and allocated 0.9 acre-feet of water. Additionally, on October 27, 2005, your Honorable Board approved the allocation of 6.35 acre-feet of water between two residential projects, with an additional 4.5 acre-feet of phased allocation over the next two years. An updated allocation spreadsheet is not available at this time.

Conservation Position: The application period closed November 4. We have received three complete applications. Staff is currently reviewing the applications and considering the path forward.

Staffing: Staff, in coordination with the Board's personnel sub-committee (President Vierheilg and Director Winn), is pursuing the formation of a contract Project Management position with the primary goal of providing focused attention on the District's significant pending capital improvement projects (Supplemental Water, Southland Plant upgrades and expansion, sewer collection line upgrades). The position, as currently envisioned, would be a limited-term contract position funded by the District's capital fund accounts.

Meetings/Training:

General Manager attended the following meetings:

October 24: Teleconference with UWMP consultant discussing Demand Management Measures

October 24: Meeting with approved development representatives and District Consulting Engineer (Boyle) to discuss preliminary facility design issues.

October 26: Regular Board meeting.

October 27: Meeting with District Consulting Engineer (GTA), to review District status of Maria Vista Estates development.

October 27: Meeting with County planning and LAFCO staff to discuss annexation to the District.

October 28: Meeting with District counsel to discuss District litigation and personnel issues.

November 1: Meeting with Blacklake "re-development" interest.

November 1: District management meeting.

November 2: Meeting with independent auditor and finance sub-committee to review preliminary fiscal 2004/2005 audit.

November 2: attended regular Water Resources Advisory Committee meeting.

November 3: Meeting with Annexation Sub-committee.

November 8: Meeting with a development interest on South Oakglen to discuss annexation.

On November 7, staff received three hours of in-house training on Microsoft Outlook by Software Solutions of San Luis Obispo.

Rainfall totals: No updates – will commence as rainy season progresses.

Safety Program

No injury reports during the period.

Field Activity

Wastewater

Blacklake Lagoon #1. The project is underway. The lagoon has been cleared with the sludge, sand, and liner remnants hauled to the City of Santa Maria Landfill. The new liner material was delivered on November 9, with installation scheduled to begin on November 11. Garing and Taylor Engineers are acting as District engineering consultants on this project.

Blacklake Salt Violations: Efforts continue to address salt violations at Blacklake sewer plant discharge. General Manager continues to interface with Blacklake community leaders and speak at community forums on the issue. Included as an attachment to this report is a recently penned memorandum from the General Manager to all new residents of the Blacklake community. This memo will be provided to new customers in Blacklake as they sign up for District service.

Water

Hermreck Well

Maggoria Brothers well drillers will be abandoning well and are expected to commence work prior to wet weather restricting site access. Mobilization of equipment was set back by recent rains. Concerns over site ingress and egress continue to concern Maggoria Brothers as a fully loaded cement truck will be needed to properly abandon the well.

Santa Maria Pipeline

No change from previous report. Cannon has completed work under various task orders and contracts. A comprehensive request for engineering services and project management is needed to carry forward the project. Staff will commence working with the Supplemental Water sub-committee to draft a request for services.

Work on the Pipeline EIR by Doug Wood and Associates continues. An administrative draft EIR is expected by the end of November.

Telemetry system upgrades are substantially complete. One lift station (Honey Grove) remains to be linked in and system refinement is ongoing. The District major production wells are running in automatic and remote level indication is available for all storage facilities. Staff is working with the contractor to add well-depth monitoring.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board.

ATTACHMENTS

November 9, 2005 GM memo on Blacklake salt



CELEBRATING 40 YEARS OF SERVICE
1965 - 2005

NIPOMO COMMUNITY SERVICES DISTRICT

148 SOUTH WILSON STREET
POST OFFICE BOX 326
NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932
Web site address www.nipomocsd.com

MEMORANDUM

TO: NEW HOMEOWNERS IN BLACKLAKE VILLAGE
FROM: MICHAEL LEBRUN, GENERAL MANAGER
DATE: NOVEMBER 9, 2005
COPY: BLACKLAKE VILLAGE COUNCIL (EMAIL)
RE: WATER SOFTENER USE IN BLACKLAKE

Welcome to the Blacklake Community.

In regard to water, sewer, street lighting and garbage service, Blacklake is a division of the Nipomo Community Services District. NCS D is an established services district with a 40-year history of excellent service to the community. Stop by and visit us at our District office or see our web site (Nipomocsd.com) to learn more.

I would like to make you aware of a significant on-going wastewater (sewer) issue in Blacklake. The community's wastewater is collected and treated in a series of ponds adjacent to Willow Road. Once treated, the water is delivered to a pond on the golf course, blended with groundwater and used to irrigate the fairways adjacent to the treatment plant.

The plant does an excellent job at treating human-health related parameters such as bacteria and suspended solids. However, the plant is incapable of treating "salt" parameters such as sodium, chloride, and total dissolved solids.

Salt levels are increased by a number of domestic uses including cooking, washing and bathing. Salts can also be drastically increased by certain water softening processes. The water supplied to your home comes from an aquifer some 500-feet below your community. The water has natural hardness and some residents choose to soften water for their interior uses. While hard water is not harmful to humans - in fact studies show the trace minerals in hard water are linked to improved heart health - it can damage plumbing fixtures and cause water spotting.

Water softeners that require the regular addition of rock salt (either sodium-chloride or potassium-chloride) ultimately discharge all the added salt to the community sewer system. These discharges, combined with normal domestic salt increases, result in the treated water leaving the wastewater plant exceeding the State-imposed standard for salts.

On-going violation of State standards is exposing the entire Blacklake community to serious fines by the State. We are actively working with all residents in Blacklake to eliminate the use of water softeners which require the addition of salt (often called "self-regenerating" water softeners). For those who choose to soften their water, alternatives are available. The most common alternative is a "canister exchange" system, which softens water in the same manner as a self-regenerating machine and then the canister is taken to a regulated off-site facility to be regenerated.

Bottom-line: You MUST not install or use water softeners which require the addition of salt. If you have questions or would like more information, call our office.

FILE PATH: \\DOCUMENTS\SERVICES\WASTEWATER\BLACKLAKE PLANT\SALTS\MEMO TO NEW BL CUSTOMERS.DOC