

**Nipomo Community Services District
REGULAR MEETING
AGENDA**

I. CLOSED SESSION ANNOUNCEMENTS

1. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
SMWCD 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)
4. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
CITIZENS AGAINST UNLAWFUL FEES vs. NCSD CASE NO. CV 050920

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 DECEMBER 14, 2005.**

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN
DATE: NOVEMBER 30, 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 November 16, 2005
- D-3) SAFETY MEETING MINUTES [RECOMMEND APPROVAL]
All-staff safety meeting, November 17, 2005
- D-4) Engineering Services Agreement [RECOMMEND APPROVAL]
Blacklake water pumping plant

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2005\CONSENT 11-30-05.DOC

NIPOMO COMMUNITY SERVICES DISTRICT WARRANTS NOVEMBER 30, 2005

AGENDA ITEM D-1 NOVEMBER 30, 2005

HAND WRITTEN CHECKS

18849 11-23-05 TOYOTA OF LOMPOC 16739.75

**TOTAL COMPUTER
CHECKS
\$ 84,957.00**

VOIDED CHECKS

18848

COMPUTER GENERATED CHECKS

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	-----Payment Information----- Invoice #	Description
11453	01/18/05	EMP01	EMPLOYMENT DEVELOP DEPT	490.15 2.68	.00 .00	490.15 2.68	A51114 1A51114	STATE INCOME TAX SDI
Check Total.....:				492.83	.00	492.83		
11454	01/18/05	MID01	MIDSTATE BANK-PR TAX DEP	2022.24 30.76 522.82	.00 .00 .00	2022.24 30.76 522.82	A51114 1A51114 2A51114	FEDERAL INCOME TAX FICA MEDICARE (FICA)
Check Total.....:				2575.82	.00	2575.82		
11455	01/18/05	MID02	MIDSTATE BANK - DIRECT DP	15509.77	.00	15509.77	A51114	NET PAY DEDUCTION
11456	01/18/05	PER01	PERS RETIREMENT	5136.29	.00	5136.29	A51114	PERS PAYROLL REMITTANCE
11457	01/18/05	SIM01	SIMMONS, DEBRA	150.00	.00	150.00	A51114	WAGE ASSIGNMENT
11458	01/18/05	STA01	STATE STREET GLOBAL	1180.00	.00	1180.00	A51114	457 DEFERRED COMP
011459	11/30/05	ALX01	ALEXANDER'S CONTRACT SERV	1437.32	.00	1437.32	NCSD112-5	METER READ SERVICE
011460	11/30/05	AME02	AMERICAN INDUSTRIAL SUPPL	3.97 284.21	.00 .00	3.97 284.21	152530 152604	SUPPLIES SUPPLIES
Check Total.....:				288.18	.00	288.18		
011461	11/30/05	AME03	AMERI PRIDE	61.99 57.49	.00 .00	61.99 57.49	F516924 F522922	UNIFORMS ETC UNIFORMS ETC
Check Total.....:				119.48	.00	119.48		
011462	11/30/05	AQU01	AQUA-METRIC SALES CO.	1325.29	.00	1325.29	11264	METER REPLACEMENTS
011463	11/30/05	AWW02	AMERICAN WATER WORKS ASSO	288.00 -69.00	.00 .00	288.00 -69.00	457160 10178937C	DUES CREDIT FOR EDUCATION
Check Total.....:				219.00	.00	219.00		
011464	11/30/05	BOY01	BOYLE ENGINEERING CORP	2970.00 375.30 8242.47	.00 .00 .00	2970.00 375.30 8242.47	111405 111405 B 111405 C	DISTRICT STANDARDS TR 2499 PLAN CHECK HETRICK AVE WATERLINE UPG
Check Total.....:				11587.77	.00	11587.77		
011465	11/30/05	CIT02	CITY OF SANTA MARIA	16868.57	.00	16868.57	111805	DELIVERY OF BL BIOSOLIDS
011466	11/30/05	COM01	COMPUTER NETWORK SERVICES	1938.49	.00	1938.49	NCSD0510A	COMPUTER SUPPORT
011467	11/30/05	COM02	COMMUNICATION SOLUTIONS	569.06	.00	569.06	3479	R&M STANDPIPE
011468	11/30/05	CRE01	CREEK ENVIRONMENTAL LABS	24.00 100.00 84.00 120.00 24.00 24.00 80.00 24.00 84.00 360.00 24.00 80.00	.00 .00 .00 .00 .00 .00 .00 .00 .00 .00 .00 .00	24.00 100.00 84.00 120.00 24.00 24.00 80.00 24.00 84.00 360.00 24.00 80.00	M5837 M5838 M5865 M5866 M5905 M5960 M5985 M5986 M6024 M6025 M6064 M6145	BL WWTP LAB WATER SAMPLE LAB BL WWTP LAB TOWN WWTP LAB BL WWTP LAB BL WWTP LAB WATER LAB BL WWTP LAB BL WWTP LAB TOWN WWTP LAB BL WWTP LAB WATER SAMPLES
Check Total.....:				1028.00	.00	1028.00		
011469	11/30/05	CSD01	CALIF SPECIAL DIST ASSOC	2578.00	.00	2578.00	2006-194	2006 MEMBERSHIP DUES

**NIPOMO COMMUNITY SERVICES DISTRICT
WARRANTS NOVEMBER 30, 2005**

**AGENDA ITEM
D-1
NOVEMBER 30, 2005
PAGE TWO**

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Payment Information	
							Invoice #	Description
011470	11/30/05	CSD02	CALIFORNIA SPECIALTY DIST	449.89	.00	449.89	133528	SUPPLIES FOR CHLORINE PUM
011471	11/30/05	EBY01	EBY, ED	100.00	.00	100.00	113005	REG BD MEETING 113005
011472	11/30/05	FER01	FERGUSON ENTERPRISES INC	10.73	.00	10.73	965429B	FUEL SURCHRG
011473	11/30/05	FGL01	FGL ENVIRONMENTAL	77.00	.00	77.00	511620A	TOWN WWTP LAB
				52.00	.00	52.00	511621A	BL WWTP LAB
			Check Total.....:	129.00	.00	129.00		
011474	11/30/05	GRO01	GROENIGER & CO	539.36	.00	539.36	504511SM	HYDRANT REPLACEMENT SUPPL
				741.37	.00	741.37	504512SM	SUPPLIES
				186.67	.00	186.67	508309SM	HYDRANT REPLACEMENT SUPPL
011474	11/30/05	GRO01	GROENIGER & CO	-404.06	.00	-404.06	CM314040C	SUPPLY RETURN
			Check Total.....:	1063.34	.00	1063.34		
011475	11/30/05	HAY01	HAYES & SONS	725.00	.00	725.00	501147	PAVING
011476	11/30/05	KIM01	KIMBAL MIDWEST	89.92	.00	89.92	622202	SUPPLIES
011477	11/30/05	KOE01	KOEHLER PLUMBING, INC	75.00	.00	75.00	0026	BACKFLOW TEST
011478	11/30/05	LAC01	LA CHEMICAL	392.49	.00	392.49	21436	CHLORINE
				468.49	.00	468.49	21437	CHLORINE
			Check Total.....:	860.98	.00	860.98		
011479	11/30/05	LEB01	LeBRUN, MICHAEL	300.00	.00	300.00	NOV05	AUTO ALLOWANCE NOVEMBER
011480	11/30/05	NUT01	NU TECH PEST MGMT	265.00	.00	265.00	54047	PEST CONTROL
011481	11/30/05	PER04	PERRY'S ELECTRIC MOTORS	1162.00	.00	1162.00	5524	SOUTHLAND WWTP MOTOR MAIN
011482	11/30/05	PUL01	PULITZER CENTRAL COAST NP	503.70	.00	503.70	978878	PUBLISH ORDINANCE 2005-10
011483	11/30/05	PWM01	PW MANN ELECTRIC INC	2147.40	.00	2147.40	5110	TEFFT ST LIFT STN ELECTRI
011484	11/30/05	QUI03	QUINN RENTAL SERVICES	94.57	.00	94.57	2068383	SUPPLIES
011485	11/30/05	R&B01	R&B EQUIPMENT REPAIR	313.28	.00	313.28	110&099	EQUIPMENT REPAIR
011486	11/30/05	REL01	RELIABLE	42.53	.00	42.53	DZM97900	OFFICE SUPPLIES
011487	11/30/05	SAN09	SAN LUIS MAILING SERVICE	115.99	.00	115.99	29674A	MAILING BILLS
				834.24	.00	834.24	29674B	POSTAGE FOR BILLS
			Check Total.....:	950.23	.00	950.23		
011488	11/30/05	SHI01	SHIPSEY & SEITZ, INC	2991.00	.00	2991.00	101505	LEGAL SERVICES
011489	11/30/05	SKY01	SKYLARK PARK LLC	2467.80	.00	2467.80	92381025	REIMBURSEMENT FOR 092-381
011490	11/30/05	SLO02	DIV OF ENVIRON HEALTH	1995.60	.00	1995.60	40044	CROSS CONNECTION
				484.00	.00	484.00	40089	LAB TESTS
			Check Total.....:	2479.60	.00	2479.60		
011491	11/30/05	SLO06	SAN LUIS OBISPO TAX COLL	7.00	.00	7.00	05/06	092,231,016 PROPERTY TAX
				662.76	.00	662.76	05/06 B	092,232,016 CAMINO CABALL
			Check Total.....:	669.76	.00	669.76		
011492	11/30/05	STA03	STATEWIDE SAFETY & SIGNS	21.70	.00	21.70	45853	SUPPLIES
011493	11/30/05	STA04	STATE DEPT OF HEALTH SERV	3080.72	.00	3080.72	560551	WATER SYSTEM FEES
011494	11/30/05	THE01	THE GAS COMPANY	81.18	.00	81.18	111705	OFFICE HEAT 06235160949
011495	11/30/05	TRO01	TROTTER, CLIFFORD	100.00	.00	100.00	113005	REG BD MEETING 113005
011496	11/30/05	UND01	UNDERGROUND SERVICE ALERT	138.00	.00	138.00	50110075	UNDERGROUND NOTIFICATION
011497	11/30/05	VIE01	VIERHEILIG, LARRY	100.00	.00	100.00	113005	REG BD MEETING 113005
011498	11/30/05	VIK01	VIKING OFFICE PRODUCTS	453.39	.00	453.39	312277782	OFFICE SUPPLIES
011498	11/30/05	VIK01	VIKING OFFICE PRODUCTS	11.76	.00	11.76	312277783	OFFICE SUPPLIES
				-117.28	.00	-117.28	313811568C	CREDIT ON ACCT
				-7.07	.00	-7.07	313811569C	CREDIT ON ACCT
			Check Total.....:	340.80	.00	340.80		
011499	11/30/05	WIN01	WINN, MICHAEL	100.00	.00	100.00	113005	REG BD MEETING 113005
011500	11/30/05	WIR02	WIRSING, JUDY	100.00	.00	100.00	113005	REG BD MEETING 113005

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 40 - Years of Service 1965 - 2005

MINUTES

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.

- 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.
- 00:01:15 C. PUBLIC COMMENT PERIOD
 C-1) COMMANDER MARTIN BASTI OF SOUTH COUNTY SHERIFF STATION
 Commander Martin Basti reported to the Board and the public about the following:
 Spike strips proved to be effective in a chase that occurred only one week after outfitting the patrol cars with the strips.
 Take care during the holidays. Keep car and house doors locked, protect packages, etc. Some flyers with holiday safety tips were left for the public.
- C-2) DAN ANDERSON, CDF BATTALION CHIEF, CALIFORNIA DEPARTMENT OF FORESTRY (CDF)
 Battalion Chief, Dan Anderson, reported the following:
 There was a successful control burn near Lake Lopez.
 There will be another near Alamo Creek when the weather conditions permit.
 He left some flyers about house fire escape plans. He introduced the newest CDF medic –Richard Baier. Mr. Baier stated that he is happy to be on staff.

PUBLIC COMMENT

The following members of the public spoke:
Bob Blair, inside District customer – asked the Board about the status of the lawsuit concerning Summit Station. He stated that it does not seem fair that an annexation such as Holloway's be considered by the Board when Summit Station area property owners are being denied the ability to build granny units.
Jon Seitz, District Legal Counsel, responded that the proposed annexation will not take place without supplemental water supply in place.

MINUTES

00:14:01

D. CONSENT AGENDA

D-1) WARRANTS

D-2) BOARD MEETING MINUTES

Regular meeting October 26, 2005

D-3) RE-APPLICATION FOR SERVICE APN 090-135-006

D-4) ACCEPTANCE OF WATER AND SEWER IMPROVEMENTS, CO 03-0027

RESOLUTION NO. 2005- 955

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)

There was no public comment. Upon motion of Director Winn and seconded by Director Eby, the Board unanimously approved the Consent Agenda. Vote 5-0

00:17:05

E. ADMINISTRATIVE ITEMS

E-1) URBAN WATER MANAGEMENT PLAN PUBLIC WORKSHOP PRESENTATION

Meredith Clement presented information on the District's draft 2005 Urban Water Management Plan update in a public workshop forum.

The following members of the public spoke:

Jamie Kirk, representative for Rob Rossi – informed the Board that there may be a hotel in the Blacklake area. They would like to be considered in the water planning.

Jon Seitz, District Legal Counsel, suggested that Ms. Kirk send specific written comments directly to the District.

Greg Nester, developer and representative for Cañada Ranch/Crystal Oaks – asked that the consultants please include the proposed Crystal Oaks project in the study.

The Board discussed the update information. Written comments from the Board are requested to be given to the General Manager by November 23rd to be compiled in a report to SAIC. A public review draft will be made available shortly thereafter. NCS D Board adoption of the update is expected in January 2006.

01:34:14

E-2) HOLLOWAY ANNEXATION UPDATE

Michael LeBrun, District General Manager, gave an update on the Holloway application for annexation. Director Eby asked if there was a time limit on the annexation request.

The following members of the public spoke:

Bob Blair, NCS D resident – stated he is opposed to this annexation and others until the Summit Station situation is resolved.

Upon motion of Director Winn and seconded by Director Trotter, the Board agreed to direct staff to communicate with the applicant about these issues:

- The property is within the Sphere of Influence.
- The Board of Supervisors has now ruled against a mutual water company (even an interim one) of another applicant within our Sphere of Influence.

MINUTES

- Ask if the applicant intends to sign a stipulation for the groundwater litigation.
- Communicate that the District is looking for a reasonable time to continue the application. The offer for annexation will not terminate but the terms may change which may necessitate a new application.

Mr. LeBrun reported that LAFCo staff stated that the District had made a lot of progress toward water conservation and supply and LAFCo may be willing to conditionally approve applications for annexation.

Mr. Seitz explained that the conditions must be complete before the annexation is finalized.

Vote 3-2 with Directors Wirsing and Eby voting no.

Director Wirsing asked that the following be put on the record.

What disturbs me is that the District has always advocated entitlement property rights. The responsibility of this District has overdeveloped, even when they knew we were in an overdraft, now we find ourselves in this position and we are harming long-time residents who have been here forever and they want to develop their land, as everybody else has. So this is where I'm coming from. We dug our own hole and now everybody's paying for it because we wouldn't say no to anything or anybody. There are massive things going on here in Nipomo with motels and things. I'm just disappointed that since I've been on the Board, I've just seen "spending water" like crazy and now we're down to this where a property owner has to spend a million dollars just to build twenty homes. This is bothersome.

Director Wirsing left the meeting at 11:37 a.m.

02:19:03

E-3) SUPPLEMENTAL WATER FUNDING PLAN REVIEW

Michael LeBrun, District General Manager, reviewed the District's current model for funding supplemental water infrastructure.

Director Eby stated that the funds for supplemental water are not defined. There are too many assumptions of sources for money.

Director Trotter stated that the District should request a commitment from other possible supplemental water users

The following members of the public spoke:

Greg Nester, developer, NCSD ratepayer – stated that a funding plan needs to be in place. The homebuilders group offers its help and will come before the Board with a more formal offer in the near future.

The Board discussed possible stipulation, in writing, from other purveyors

The Board directed staff to continue talking with Mr. Markman about commitment for participation from Cal Cities and Woodlands.

02:56:00

F. MANAGER'S REPORT

Michael LeBrun, District General Manager, reviewed the items in his report

02:59:00

G. COMMITTEE REPORTS

Personnel committee met Tuesday, November 15th to discuss new Project Management position.

November 2nd, the Finance Committee met with the Auditor.

Supplemental Water Committee agrees there are milestones to meet.

MINUTES

03:20:00

H. DIRECTOR'S COMMENTS

Director Winn

- Pleased with Board of Supervisors decision concerning mutual water companies.
- Dana Lilley, SLO County Planning, gave a presentation on housing etc. It is very important for us to keep track of this element to see what's happening next. Much of the growth in the County will take place in Nipomo.
- Friday, November 18, 2005, 8:30 a.m. - 4:00 p.m. Embassy Suites SLO conference – put on by the Regional Water Quality Control Board and other agencies to discuss “Low Impact Development”, “Smart Growth” etc..
- Friday, November 18, 2005, County Planning, LAFCo and CRP Cal Poly meeting at Performing Arts building to discuss “Low Impact Development.”.
- Resource Management System is out and will be discussed at December 7 WRAC meeting. Comments on the RMS to Board of Supervisors are needed before December 20th.
- Saturday, November 19, Chamber of Commerce Gift Boutique at the Edwards Barn on Pomeroy.

03:27:28

I. CLOSED SESSION ANNOUNCEMENTS

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

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

Also the District was served with a law suit November 15, 2005, after the agenda had been posted. “Citizens Against Unlawful Fees vs. Nipomo Community Services District. This item will also be discussed.

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There was no public present to comment.

K. ADJOURN TO CLOSED SESSION

03:30:40

L. OPEN SESSION

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

Jon Seitz, District Legal Counsel, announced the following:

The Board heard updates on the items above and the new lawsuit. Upon motion of Director Winn and seconded by Director Eby, the Board unanimously agreed to defend the lawsuit brought by “CITIZENS AGAINST UNLAWFUL FEES” and to hire the law firm of McDonald, Holland and Allen to assist District Legal Counsel in the defense. Vote 4-0

ADJOURN

President Vierheilig adjourned the meeting at 12:40 p.m.



BOARD MEMBERS

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

STAFF

MICHAEL LeBRUN, GENERAL MANAGER
LISA BOGNUA, ASSISTANT ADMINISTRATOR
DAN MIGLIAZZO, UTILITY SUPERVISOR
JON SEITZ, GENERAL COUNSEL

Celebrating 40 Years of Service 1965-2005

148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: NipomoCSD.com

MINUTES OF SAFETY MEETING

NOVEMBER 17, 2005, 10:00 A.M.
DISTRICT OFFICE

1. Michael LeBrun, District Manager, reviewed the November 16, 2005, Board meeting and how it affects the District and employees.
 - Water service with the City of Santa Maria
 - Holloway annexation
 - Dana School will be connecting to District sewer and water. Nipomo High will become a regular customer for water.
 - The Board has approved moving forward to hire a contract *Assistant to the General Manager* on an interim term to assist the District with planning and coordinating different projects in the works
 - a. Supplemental Water Project
 - b. Capital improvement projects
 - c. Headworks expansion

Communication is the key to our success in the District. Mr. LeBrun encouraged the employees to constructively communicate each other and use the "chain of command".

2. Review Holiday Schedule

November 24 & 25	Thanksgiving
December 23	Close at noon for Christmas Eve ½ day holiday
December 26-30	Christmas
January 2	New Year's Day
January 3	Regular office hours resume

3. Ernie Thompson, Safety Manager, led a review of the booklet "SLIPS, TRIPS AND FALLS," an instructional booklet. All staff took the quiz at the end of booklet.

PRESENT AT MEETING

Dan Migliazzo, Ernie Thompson, Butch Simmons, Rick Motley, Scott German, Rigo Rodriguez, Leon Smith, Donna Johnson, Kathy Beltran, Lisa Bognuda, and Michael LeBrun

Meeting ended at 10:50 a.m.

Next Meeting, Friday, December 16, 2005 (Staff Recognition/Annual Staff Holiday Luncheon)

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MSL*
DATE: NOVEMBER 30, 2005



ENGINEERING SERVICES CONTRACT

ITEM

Blacklake water plant engineering services contract

BACKGROUND

The Blacklake Division water plant is in need of upgrade and replacement. Antiquated piping will be replaced and piping runs re-routed. One of the four existing pump/motor combinations will be replaced with a properly sized unit. Additional monitoring will be added to the system to increase performance tracking and understanding of the system.

Preliminary system review by staff and consulting engineers from Boyle Engineering have resulted in the preparation of the attached Services Agreement and Scope of Work. Boyle services will include: base mapping, design memorandum, project plans and specifications, and bid phase support. Additional contract service may be used for construction oversight. Depending on the results of a scheduled electrical system review, the services of an electrical engineer may be required.

The facilities upgrade is included in the District's Capital Improvement Plan (Water and Sewer Financial Plans, Reed Group, 5/18/05, pg. 18) for fiscal year 2005/2006. In order to complete the project as scheduled, planning is on-going.

Funds for this project will come from Fund #820, Blacklake Water Funded Replacement. The balance of Fund #820 is approximately \$580,000.00.

Staff is recommending Boyle be awarded the design and bid support aspects of the project, for a total of \$25,000.00.

RECOMMENDATION

Adopt Resolution awarding Engineering Services Task Order B-009-05, authorizing expenditures, not to exceed \$24,000.00, with Boyle Engineering Corporation for engineering services related to Blacklake Water Plant improvements.

ATTACHMENTS

Task Order B-009-05
Draft Resolution

REQUEST FOR SERVICES – TASK ORDER #B-009-05

Engineering Services Agreement Between Nipomo Community Services District and Boyle Engineering Corporation

Dated: November 4, 2005

AUTHORIZATION FOR SERVICES:

At the request of the Board of Directors of Nipomo Community Services District Boyle Engineering Corporation is to provide Engineering assistance to the Board and staff of the District as noted hereafter. The scope of services requested along with the schedule and fees for said services are set forth below as follows:

SCOPE OF SERVICES REQUESTED:

Nipomo Community Services District (NCSD) requests the services of Boyle Engineering Corporation (BEC) in providing engineering services and support for upgrading the yard piping and pump systems at the existing Black Lake Booster Station. The specific tasks are as follows:

Task 1 Design Phase

a. Base Mapping

Boyle will visit the existing booster station site to confirm piping layout as depicted on the record drawings, measure the site for use in preparing a scaled booster station layout, and establish base elevations on an assumed datum to be used in the design process.

b. Pump System Design Memorandum

Boyle will prepare a pump system design memorandum, documenting the recommended design parameters, including:

- *Pump station manifold pipe diameters;*
- *Pump capacities – based on historical water usage;*
- *Surge protection (if required);*
- *Variable speed pump settings;*
- *Preliminary Opinion of Probable Construction Costs;*
- *Boyle will also assess the condition of the existing pump control panels. Boyle may recommend a budget revision to design improvements to the panels once the existing conditions have been accurately assessed.*

c. Plans and Specifications

Boyle Engineering will prepare contract documents for the project. Components are discussed below:

- *Yard piping (as related to suction and discharge manifolds up to the hydro-pneumatic tank) including upsizing the existing tank connection from 8-in to 12-in;*
- *Pump Relocation as required to provide for new manifold alignment;*

- Selection of a new Pump #3;
- Replacement of shut-off valves, check valves, and control valves (if required); and
- Relocation of conduits for individual pump power and control.

A 90% submittal (including plans, specifications and cost opinions) will be made to the District for review and comments. It is assumed plans and specifications will be prepared in Boyle's standard format. Technical specifications will be prepared in general accordance with CSI guidelines. Drawings and specifications will be revised to address District comments. Our anticipated sheet list is as follows:

1. Title and Notes
2. Piping Plan
3. Sections and Elevations
4. Piping Details
5. Conduit Plan

d. Final Submittal

Boyle will revise drawings, specifications, and opinion of probable cost in response to District comments. Provide one (1) bound and one (1) unbound set of plans and specifications, along with final opinion of probable construction cost.

e. Assumptions

Boyle assumes that the District's SCADA system will be operational at the time of construction, and that the SCADA system drawings will be available for review for coordination, especially if the SCADA system construction is not complete and operational at the time of design. The SCADA system will not be modified as part of this project.

Task 2 Bid Phase

During the bid phase, Boyle will conduct a pre-bid meeting, respond to up to four (4) requests for information and prepare and distribute up to four (4) addenda. We will examine bids and make a recommendation regarding award of contract. It is assumed that the District will be responsible for reproducing and distributing the bid documents.

TIME FOR PERFORMANCE:

The following table outlines our anticipated schedule, to be updated as the project proceeds:

Milestone Schedule	
NCSD – Black Lake Booster Station Upgrades	
Milestone	Completion
Authorization to Proceed	11/23/05
Task 1 – Design Phase	
Design Report	1/10/06
90% Submittal	2/16/06
Final Submittal	3/21/06

Task 2 – Bid Phase	
Out to Bid	3/22/06
Open Bids	5/04/06
Award Contract	5/09/06
Construction Phase (150 days)	5/10/06 to 10/04/06


ENGINEERING FEES:

The Engineering fees for these services is not to exceed \$24,848 unless further authorization is provided by Nipomo Community Services District. The work will be on a time and materials basis with invoices approved by the District's Manager or other Board of Directors designated person. Should the Engineering effort to provide the above scope of services estimated by Boyle be exceeded Boyle will attempt to advise Nipomo Community Services District in advance, advise the additional fee and/or time required to complete the work, and seek Nipomo Community Services District's approval of a revised budget and schedule.

**NIPOMO COMMUNITY SERVICES DISTRICT
CORPORATION**

BOYLE ENGINEERING

Approved By:
Title:
Date:



Approved By: MICHAEL K. NUNLEY
Title: BRANCH MANAGER
Date: 11/7/05

Project Budget

**Task Order 009-05
Black Lake Booster Station Upgrades**

Nipomo Community Services District

Task Description	Personnel Hours							Budget		
	Principal	Senior II	Associate	Assistant	Drafter/Designer	Clerical	Total Hours	Labor	Non-Labor Costs	Total
Task 1 - Design Phase										
Base Mapping			5	5	12		22	\$ 2,200	\$ 176	\$ 2,376
Pump System Design Report	1	2	16	12		2	33	\$ 3,384	\$ 271	\$ 3,655
Civil Plans, Specifications, & Bid Documents (3 sheets)	1	2	16	36	48	4	107	\$ 10,588	\$ 847	\$ 11,435
Electrical System Review	8	12					20	\$ 2,960	\$ 237	\$ 3,197
90% Submittal			2			1	3	\$ 272	\$ 22	\$ 294
Final Submittal			2			2	4	\$ 334	\$ 27	\$ 361
							-	\$ -	\$ -	\$ -
Subtotal	10	16	41	53	60	9	189	\$ 19,738	\$ 1,579	\$ 21,317
Task 2 - Bid Phase										
Conduct Pre-Bid Meeting and Site Walk			6				6	\$ 630	\$ 50	\$ 680
Respond to RFI's (MAXIMUM 4)		1	8			3	12	\$ 1,166	\$ 93	\$ 1,259
Prepare Addenda (MAXIMUM 4)		1	8			3	12	\$ 1,166	\$ 93	\$ 1,259
Evaluate and Analyze Bids		1	1			1	3	\$ 307	\$ 25	\$ 332
							-	\$ -	\$ -	\$ -
Subtotal	-	3	23	-	-	7	33	\$ 3,269	\$ 262	\$ 3,531
Total	10	19	64	53	60	16	222	\$ 23,007	\$ 1,841	\$ 24,848

Amounts shown are fee.

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION 2005-BL WATER**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AWARDING A CONTRACT TO BOYLE ENGINEERING CORP
FOR ENGINEERING SERVICES IN SUPPORT BLACKLAKE WATER PLANT IMPROVEMENTS**

WHEREAS, the District Capital Improvement Plan recommends upgrading the Blacklake Division water plant in fiscal year 2005/2006, and

WHEREAS, the DISTRICT wishes to maintain its Blacklake Division water distribution system in a high degree of readiness, and

WHEREAS, the DISTRICT wishes to contract for engineering services to design the improvements to the Blacklake water plant, and

WHEREAS, the DISTRICT received a proposal from Boyle Engineering Corporation for the sum of \$24,848.00 to perform this work.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of the Nipomo Community Services District, San Luis Obispo County, California, as follows:

1. That the contract to provide engineering services for Blacklake water plant improvements be awarded to Boyle Engineering Corporation in the amount of not to exceed \$25,000.00, and
2. That the President of the Board is instructed to execute the contract on behalf of the District.

Upon motion of Director &*&*, seconded by Director &*&*, and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

the foregoing Resolution is hereby adopted this 30th 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
District Legal Counsel

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MLB*
DATE: NOVEMBER 30, 2005



AUDIT REPORT FOR DISTRICT'S FY 2004-2005

ITEM

Audit Report for District's FY 2004-2005

BACKGROUND

The District is required by law to have an independent audit performed annually on its financial statements. Carlos Reynoso, CPA, conducted the annual audit for the fiscal year ending June 30, 2005, in accordance with Generally Accepted Accounting Principles.

On November 2, 2005, Mr. Reynoso, CPA met with the Audit Committee (Director Trotter and Director Vierheilg) and District Staff and reviewed the draft audit report in detail.

Mr. Reynoso will present the audit report (attached) to your Honorable Board and will answer any questions you may have regarding the audit.

RECOMMENDATION

Upon completion of the presentation and public comments, a motion would be in order to accept and file the Audit Report for Fiscal Year 2004-2005.

ATTACHMENT

Audit Report

NIPOMO COMMUNITY SERVICES DISTRICT

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

NIPOMO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2005

<u>Name</u>	<u>Office Held</u>
Larry Vierheilig	President
Ed Eby	Vice - President
Michael Winn	Director
Judith Wirsing	Director
Clifford Trotter	Director

NIPOMO COMMUNITY SERVICES DISTRICT
REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2005

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BOARD MEMBERS

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

STAFF

MICHAEL LeBRUN, GENERAL MANAGER
LISA BOGNUDA, ASSISTANT ADMINISTRATOR
JON SEITZ, GENERAL COUNSEL

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Nipomo Community Services District's Management Discussion and Analysis is an overview of the most recent completed fiscal year's activities designed to:

- Assist the reader in identifying significant financial issues
- Provide an overview of the District's year financial activity
- Identify changes in the District's financial position
- Identify any material deviations from the financial plan (the approved budget)
- Identify individual fund issues or concerns

Since the Management's Discussion and Analysis (MD & A) is designed to focus on the most recent completed fiscal year's activities, resulting changes and currently known facts, please read it in conjunction with the Independent Auditor's Report (beginning on page 1) and the District's financial statements (beginning on page 3).

A. DESCRIPTION OF THE BASIC FINANCIAL STATEMENTS

District Staff performs the accounting functions of the District. The District utilizes the Fund Accounting method. The National Council on Government defines the term **fund** as follows:

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities, or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Financial statements (Consolidated Balance and Income Statements) are presented and reviewed quarterly by the Board of Directors, and confirmed annually by an outside independent audit. The footnotes, contained as supplemental information in the annual Audit Report, provide specific accounting details about Nipomo Community Services District such the basis of accounting, capital assets, and long-term debt. There were no significant accounting process changes during the fiscal year.

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2005

CONDENSED FINANCIAL INFORMATION

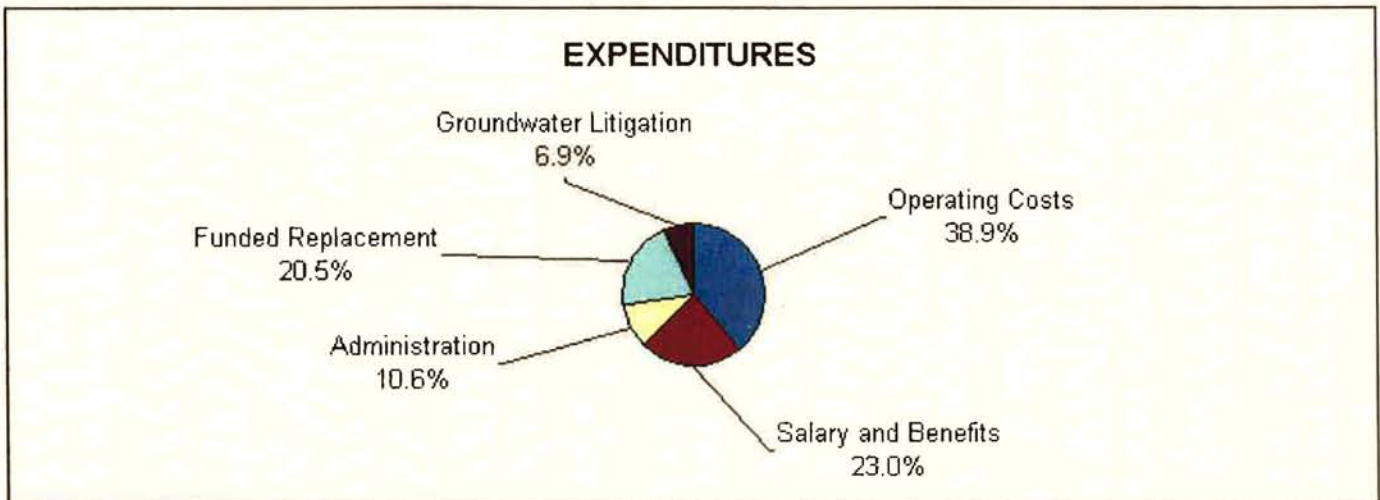
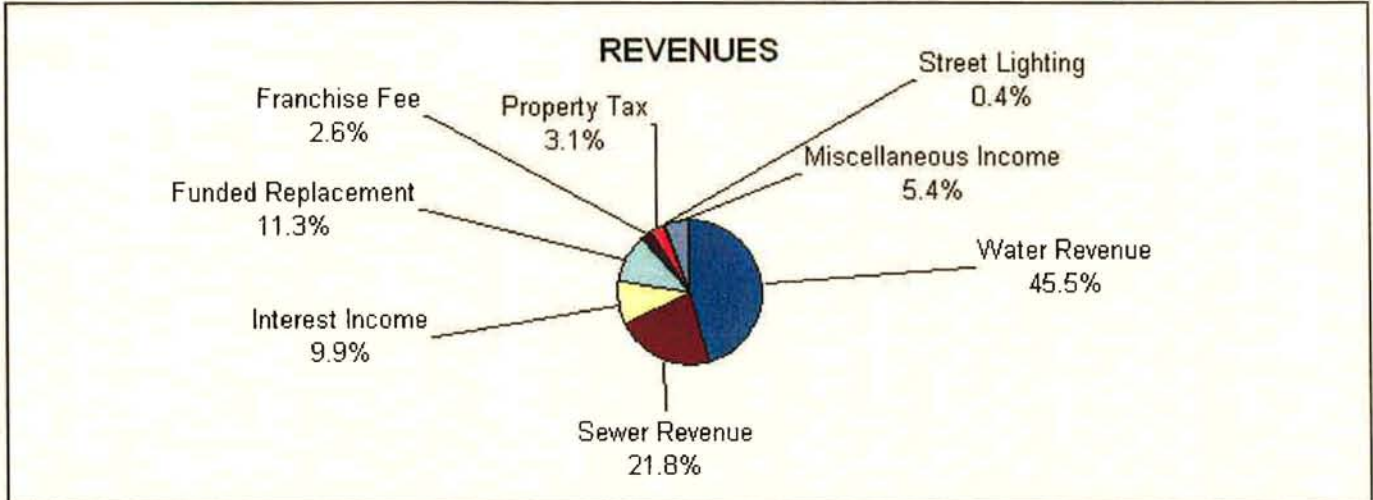
STATEMENT OF NET ASSETS

	<u>Fiscal Year</u>	<u>Fiscal Year</u>
<u>Assets</u>	<u>7/1/04 – 6/30/05</u>	<u>7/1/03 – 6/30/04</u>
Current and other assets	\$ 20,067,923	\$ 17,728,425
Capital assets, net	23,410,743	22,929,576
Total Assets	43,478,666	40,658,001
<u>Liabilities</u>		
Other liabilities	551,853	490,284
Long-term debt outstanding	5,191,861	5,351,910
Total Liabilities	5,743,714	5,842,194
<u>Net Assets</u>		
Invested in capital assets, net of debt	18,218,882	17,577,666
Restricted	15,112,119	11,344,482
Unrestricted	4,403,951	5,893,659
Total Net Assets	\$ 37,734,952	\$ 34,815,807

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

<u>Operating Revenues</u>		
Charges for services	\$ 2,768,620	\$ 2,600,695
Miscellaneous	462,660	410,738
Total Operating Revenues	3,231,280	3,011,433
<u>Operating Expenses</u>		
Water	1,989,606	2,246,861
Sewer	960,075	964,764
Other	305,790	268,804
Total Operating Expenses	3,255,471	3,480,429
<u>Non Operating Revenues and (Expenses)</u>		
Interest income	403,197	247,925
Miscellaneous revenues	155,567	354,486
Miscellaneous expenses	(26,310)	(8,582)
Interest expense	(176,900)	(201,510)
Net Non Operating Revenues (Expenses)	355,554	392,319
Capital Contributions	2,587,782	1,721,424
Change in Net Assets	2,919,145	1,644,747
Total Net Assets - Beginning of fiscal year	34,815,807	33,171,060
Total Net Assets – End of fiscal year	\$ 37,734,952	\$ 34,815,807

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2005



NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2005

B. ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATION
(Comparison of Fiscal Year 2004-05 to Fiscal Year 2003-04)

- Overall revenues increased 7.3%
- Overall operating expenditures decreased 6.5%
- Total assets increased 6.9%
- Total liabilities decreased 1.7%
- Capital contributions, including water and sewer capacity fees and developer donated assets increased 50.3%

C. ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

- Water revenues for the Town Division increased 7.1% and the Blacklake Division remained the same. The increase in the Town Division may be attributable to the growth this Division has been experiencing as well as a rate increase that went into effect on January 1, 2005. No change in the Blacklake Division is a result of no growth in the Division as well as no change in the commodity rate structure during the fiscal year.
- Sewer revenues for the Town Division increased 5.6% and the Blacklake Division increased 12.4%. The increase in the Town Division may be attributable to growth in this Division, existing property owners connecting to the sewer system and a rate increase that went into effect on July 1, 2004. The increase in the Blacklake Division is attributable to rate increases that went into effect on July 1, 2004.

D. ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN THE BUDGET AND ACTUAL YEAR END RESULTS

COMPARISON OF BUDGET AMOUNTS TO ACTUAL

	2004-05 <u>BUDGET</u>	2004-05 <u>ACTUAL</u>	% ACTUAL IS OVER(+)/UNDER(-) <u>BUDGET</u>	POSITIVE (+) OR NEGATIVE (-) IMPACT ON <u>BUDGET</u>
Total revenues	\$ 3,106,518	\$ 3,231,280	+4.0%	+
Total Expenditures	3,245,575	3,255,471	+0.3%	-
Net Non Operating Income (Expenses)	304,075	355,554	+15%	+

There were no significant variations between the budget and actual year-end results.

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2005

E. DESCRIPTION OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

All assets purchased by the District are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received by the District. Donated or contributed fixed assets from developers account for the largest increase in capital assets this year.

CAPITAL ASSETS CONTRIBUTED	FAIR MARKET VALUE
Town Division Water	\$ 317,812
Town Division Sewer	\$ 156,516
Blacklake Division Water	\$ 0
Blacklake Division Sewer	\$ 0
TOTAL	\$ 474,328

Several years ago, the District recognized the need to implement a Replacement Recovery program. A Replacement Study was completed and a systematic method of funding the replacement was implemented via the budget process. Replacement is very important for water and sewer utilities because of the large investment in the infrastructure required to provide service. A failure to adequately fund the replacement of utility assets over their useful life could result in substantial financing requirements in the future. The replacement funds are restricted and placed in four separate funds (Town Water, Town Sewer, Blacklake Water and Blacklake Sewer) and can only be utilized for replacement and repairs of aging facilities.

The total long-term debt as of June 30, 2005 is as follows:

Town Division Water	Eureka Well development	\$ 146,000
Town Division Sewer	Sewer plant expansion	\$1,080,861
Property Tax Secured	Water improvements	\$3,925,000
Total Long-term debt		\$5,191,861

F. DISCUSSION OF USE OF THE MODIFIED APPROACH TO REPORT INFRASTRUCTURE ASSETS

Not applicable. Nipomo Community Services District does not use the modified approach.

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2005

G. DESCRIPTION OF FACTS OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIAL POSITION OR RESULTS OF OPERATION

- The Board of Directors acquired the services of a consultant to prepare an environmental analysis and documentation pursuant to the California Environmental Quality Act (CEQA) for the City of Santa Maria/Nipomo Community Services District water line intertie and transfer of supplemental water to NCSD.
- The Board of Directors acquired the services of Science Applications International Corporation to prepare an Urban Water Management Plan Update.
- The legal fees for special water counsel for the groundwater adjudication continue.

H. ECONOMIC FACTORS

The Nipomo Community Services District's water and sewer operations rely solely on user fees. The water rates for the Town Division and Blacklake Division will increase on August 1, 2005. The sewer rates for the Town and Blacklake Division will increase on August 1, 2005.

In order to develop and purchase supplemental water, the Board of Directors adopted Ordinance 2005-101 which provides for the collection of a supplemental water capacity charge for new development. The funds collected are restricted for supplemental water use.

Five year summary of Water and Sewer Rates for a single family residence with a one inch meter:

TOWN DIVISION- WATER RATES AND CHARGES

As of June 30,	Bi-Monthly Availability Charge	Bi-Monthly Usage Rates	
		0 – 40 Units	41 + Units
2005	\$21.04	\$1.07	\$1.64
2004	\$19.26	\$1.01	\$1.51
2003	\$17.50	\$0.95	\$1.42
2002	\$17.50	\$0.90	\$1.33
2001	\$17.50	\$0.85	\$1.24

BLACKLAKE DIVISION-WATER RATES AND CHARGES

As of June 30,	Bi-Monthly Availability Charge	Bi-Monthly Usage Rates	
		0 – 40 Units	41 + Units
2005	\$17.86	\$0.75	\$1.15
2004	\$16.22	\$0.75	\$1.15
2003	\$13.00	\$0.75	\$1.15
2002	\$13.00	\$0.75	\$1.15
2001	\$13.00	\$0.75	\$1.15

NIPOMO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2005

TOWN DIVISION- SEWER CHARGES

As of June 30,	Bi-Monthly Sewer Charge
2005	\$37.22
2004	\$36.86
2003	\$36.50
2002	\$36.40
2001	\$36.00

BLACKLAKE DIVISION- SEWER CHARGES

As of June 30,	Bi-Monthly Sewer Charge
2005	\$64.40
2004	\$63.66
2003	\$46.00
2002	\$44.50
2001	\$40.00

I. REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Nipomo Community Services District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Assistant Administrator, Nipomo Community Services District, P. O. Box 326, Nipomo, CA 93444.

Prepared by:



Lisa Bognuda
Lisa Bognuda, Assistant Administrator



Carlos J. Reynoso

Certified Public Accountant

935 Riverside Ave., Suite 8 • P.O. Box 70

Paso Robles, California 93447-0070

(805) 238-9601 • Fax (805) 238-2406

E-mail: cjr CPA@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors

NIPOMO COMMUNITY SERVICES DISTRICT

Nipomo, California 93444

I have audited the accompanying basic financial statements of Nipomo Community Services District as of and for the year ended June 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Nipomo Community Services District as of June 30, 2005, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required disclosures under Government Code Section 66013 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Nipomo Community Services District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business - Type Activities - Enterprise Funds		Blacklake Water	Blacklake Sewer	Other Non Major	Totals
	Town Water	Town Sewer				
<u>ASSETS</u>						
<u>Current Assets</u>						
Cash and investments - Note 2	\$ 7,423,257	\$ 8,048,347	\$ 526,270	\$ 182,929	\$ 3,183,699	\$ 19,364,502
Accounts receivable	31,181	19,571	12,781	14,876		78,409
Unbilled utility receivables	280,000	76,000	19,000	17,000		392,000
Accrued interest receivable	48,438	55,960	3,932	1,265	20,097	129,692
Accrued franchise fees					12,439	12,439
Notes receivable		2,352				2,352
Total current assets	<u>7,782,876</u>	<u>8,202,230</u>	<u>561,983</u>	<u>216,070</u>	<u>3,216,235</u>	<u>19,979,394</u>
<u>Noncurrent assets</u>						
Capital assets, net - Note 3	7,731,093	10,518,514	1,131,755	1,566,490	2,462,891	23,410,743
Deposits and other					88,529	88,529
Total noncurrent assets	<u>7,731,093</u>	<u>10,518,514</u>	<u>1,131,755</u>	<u>1,566,490</u>	<u>2,551,420</u>	<u>23,499,272</u>
Total assets	<u>15,513,969</u>	<u>18,720,744</u>	<u>1,693,738</u>	<u>1,782,560</u>	<u>5,767,655</u>	<u>43,478,666</u>
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Accounts payable	85,503	24,354	40,014	6,292	52,646	208,809
Accrued liabilities	115,642	16,259	5,447	6,744	135,836	279,928
Deposits	11,000		24,170		21,646	56,816
Current portion of long term obligation - Note 4	8,000	77,049	69,631	13,036	80,000	165,049
Total current liabilities	<u>220,145</u>	<u>117,662</u>	<u>69,631</u>	<u>13,036</u>	<u>290,128</u>	<u>710,602</u>
<u>Noncurrent Liabilities</u>						
Noncurrent portion of long-term obligation - Note 4	138,000	1,043,812			3,845,000	5,026,812
Deferred revenues		6,300				6,300
Total noncurrent liabilities	<u>138,000</u>	<u>1,050,112</u>	<u>69,631</u>	<u>13,036</u>	<u>3,845,000</u>	<u>5,033,112</u>
Total liabilities	<u>358,145</u>	<u>1,167,774</u>	<u>69,631</u>	<u>13,036</u>	<u>4,135,128</u>	<u>5,743,714</u>
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt	7,585,093	9,397,653	1,131,755	1,566,490	(1,462,109)	18,218,882
Restricted for system expansion and replacement - Note 2	6,987,633	7,442,913	529,420	152,153		15,112,119
Unrestricted	583,098	712,404	(37,068)	50,881	3,094,636	4,403,951
Total net assets	<u>\$15,155,824</u>	<u>\$ 17,552,970</u>	<u>\$ 1,624,107</u>	<u>\$ 1,769,524</u>	<u>\$ 1,632,527</u>	<u>\$ 37,734,952</u>

The accompanying notes are an integral part of these financial statements.

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business - Type Activities - Enterprise Funds	
	Town Water	Town Sewer
Operating revenues		
Charges for services	\$ 1,647,614	\$ 683,391
Miscellaneous	<u>124,536</u>	<u>7,553</u>
Total operating revenues	<u>1,772,150</u>	<u>690,944</u>
Operating expenses		
Personnel	316,676	163,231
Contractual Services	309,039	7,420
Utilities	274,280	90,084
Repairs and maintenance	71,757	56,684
Other supplies and expenses	285,729	134,636
Insurance	14,822	5,892
Depreciation	<u>347,079</u>	<u>301,319</u>
Total operating expenses	<u>1,619,382</u>	<u>759,266</u>
Operating income (loss)	<u>152,768</u>	<u>(68,322)</u>
Non operating revenues (expenses)		
Interest revenue	126,638	170,734
Property tax revenue		
Cell site revenues	22,962	
Miscellaneous revenue	930	372
Abandoned project	(26,310)	
Interest expense	<u>(7,700)</u>	
Total non operating revenues (expenses)	<u>116,520</u>	<u>171,106</u>
Income (loss) before contributions	269,288	102,784
Capital contributions	<u>1,570,996</u>	<u>1,016,786</u>
Change in net assets	1,840,284	1,119,570
Total net assets - beginning	<u>13,315,540</u>	<u>16,433,400</u>
Total net assets - ending	<u>\$15,155,824</u>	<u>\$17,552,970</u>

	Blacklake Water	Blacklake Sewer	Other Non Major	Totals
	\$ 212,464	\$ 206,893	\$ 18,258	\$ 2,768,620
	<u>1,392</u>		<u>329,179</u>	<u>462,660</u>
	<u>213,856</u>	<u>206,893</u>	<u>347,437</u>	<u>3,231,280</u>
	82,599	64,756	139,300	766,562
	44,486	761	29,640	391,346
	79,958	20,822	26,586	491,730
	9,034	16,979	2,195	156,649
	54,872	53,372	45,641	574,250
	2,062	2,354	7,028	32,158
	<u>97,213</u>	<u>41,765</u>	<u>55,400</u>	<u>842,776</u>
	<u>370,224</u>	<u>200,809</u>	<u>305,790</u>	<u>3,255,471</u>
	<u>(156,368)</u>	<u>6,084</u>	<u>41,647</u>	<u>(24,191)</u>
	12,738	3,919	89,168	403,197
			127,163	127,163
			4,202	27,164
	155	93	(310)	1,240
				(26,310)
	<u>12,893</u>	<u>4,012</u>	<u>(169,200)</u>	<u>(176,900)</u>
	<u>(143,475)</u>	<u>10,096</u>	<u>92,670</u>	<u>331,363</u>
				<u>2,587,782</u>
	(143,475)	10,096	92,670	2,919,145
	<u>1,767,582</u>	<u>1,759,428</u>	<u>1,539,857</u>	<u>34,815,807</u>
	<u>\$1,624,107</u>	<u>\$1,769,524</u>	<u>\$1,632,527</u>	<u>\$37,734,952</u>

The accompanying notes are an integral part of these financial statements.

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Business - Type Activities - Enterprise Funds</u>					<u>Totals</u>
	<u>Town Water</u>	<u>Town Sewer</u>	<u>Blacklake Water</u>	<u>Blacklake Sewer</u>	<u>Other Non Major</u>	
<u>Cash Flows from Operating Activities</u>						
Receipts from customers	\$ 1,772,150	\$ 690,944	\$ 213,856	\$ 206,893	\$ 347,437	\$ 3,231,280
Payments to suppliers	(904,829)	(376,951)	(169,321)	(93,376)	(137,630)	(1,682,107)
Payments to employees	(316,676)	(163,231)	(82,599)	(64,756)	(139,300)	(766,562)
	<u>550,645</u>	<u>150,762</u>	<u>(38,064)</u>	<u>48,761</u>	<u>70,507</u>	<u>782,611</u>
Net cash provided by operating activities						
<u>Cash Flows from Noncapital Financing Activities</u>						
Property taxes					127,163	127,163
<u>Cash Flows from Capital and Related Financing Activities</u>						
Capital contributions	1,195,979	793,115	(19,865)	(20,324)	(141,035)	1,989,094
Purchases of capital assets	(409,381)	(60,335)			(75,000)	(650,940)
Principal paid on capital debt	(8,000)	(77,049)			(169,950)	(160,049)
Interest paid on capital debt	(7,700)		155	93	1,798	(177,650)
Other cash flows	(2,418)	372	(1,740)	(16,800)	(1,735,172)	-
Other transfers	1,650,987	102,725				-
Net cash provided by capital and related financing activities	2,419,467	758,828	(21,450)	(37,031)	(2,119,359)	1,000,455
<u>Cash Flows from Investing Activities</u>						
Interest income	92,442	139,374	10,896	3,218	85,796	331,726
			(48,618)	14,948	(1,835,893)	2,241,955
Net increase (decrease) in cash and cash investments	3,062,554	1,048,964	574,888	167,981	5,019,592	17,122,547
Balance - beginning of year	4,360,703	6,999,383	526,270	182,929	3,183,699	19,364,502
Balance - end of year	<u>\$ 7,423,257</u>	<u>\$ 8,048,347</u>	<u>\$ 526,270</u>	<u>\$ 182,929</u>	<u>\$ 3,183,699</u>	<u>\$ 19,364,502</u>

The accompanying notes are an integral part of these financial statements.

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Business - Type Activities - Enterprise Funds</u>		<u>Blacklake Water</u>	<u>Blacklake Sewer</u>	<u>Other Non Major</u>	<u>Totals</u>
	<u>Town Water</u>	<u>Town Sewer</u>				
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 153,332	\$ (68,033)	\$(156,187)	\$ 6,084	\$ 41,647	\$ (24,191)
Adjustments to reconcile operating income to net cash provided(used) by operating activities:						
Depreciation expense	347,079	301,319	97,213	41,765	55,400	842,776
Change in assets and liabilities:						
Accounts receivable	26,518	3,060	420	(2,351)		27,647
Unbilled utility receivable	18,000	(5,000)	5,000			18,000
Accrued income	(34,196)	(31,360)	(1,842)	(701)	(3,709)	(71,808)
Notes receivable		13,944				13,944
Deposits and other					(85,326)	(85,326)
Accounts payable and accrued expenses	41,412	(63,168)	17,332	3,868	78,992	78,436
Deposits and cash held	(1,500)				(15,367)	(16,867)
Net cash provided by operating activities	<u>\$ 550,645</u>	<u>\$ 150,762</u>	<u>\$ (38,064)</u>	<u>\$ 48,665</u>	<u>\$ 71,637</u>	<u>\$ 782,611</u>

Information on Non-Cash Investing, Capital and Financial Activities
During the year, the District received donated fixed assets in the amount of \$474,328 from developers.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 1 - Summary of Significant Accounting Policies

A. Organization

District was formed on January 28, 1965, under the authorization of Community Service District Law, Section 61000, et. seq., of the Government Code of the State of California, for the purpose of providing all permissible services of a community services district. The District which provides water, sewer, street lighting, solid waste, street landscape maintenance and drainage began operations in November 1966. The District operates under a Board of Directors - Manager form of government.

The District's financial statements include the accounts of all District operations. The accounting policies of the District conform to generally accepted accounting principles.

The Reporting Entity - The Nipomo Community Services District (District) is a political subdivision of the State of California. The District's basic financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". This technical pronouncement established criteria for determining the organization's activities and functions that should be included in the basic financial statements of a governmental unit.

For financial reporting purposes, the District would include in this report all funds and account groups of all agencies and boards that are controlled by, or dependent upon, the District's legislative body. The criteria of control is determined on the basis of financial accountability, imposition of will, and financial benefit or burden.

The District is a member of the Special District Risk Management Authority Joint Powers Agency, which was organized for the purpose of providing general liability, automobile, errors and omission and property loss insurance coverage to special districts. This organization is financed through premium charges to each member. This organization does not meet the aforementioned reporting entity criteria and therefore is not included in the accompanying financial statements.

Basic Financial Statements

The District has implemented Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements-and managements discussions and analysis- for State and local Governments" July 1, 2000.

NIPOMO COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

Page Two

Note 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Accounting

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, revenues and expenses are recognized on a accrual basis of accounting. The District's books and records include water funds, sewer funds, street lighting fund, drainage fund, street landscape maintenance fund, solid waste fund, supplemental water fund, property tax fund, and funded replacement fund. These funds are reported in the basis financial statements by major fund activity.

These funds have been combined in the accompanying statements net assets balance, statement of revenues, expenses and changes in fund net assets, and statement of cash flows. All material interfund and interdivisional transactions have been eliminated.

The District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

C. Revenue Recognition

The District recognizes revenue from user fees and service charges, as it is earned. Taxes and assessments are recognized as revenue in the year assessed.

D. Cash and Investments

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

E. Receivable

District water and sewer charges are billed monthly or bi-monthly. Customer accounts receivable are placed on the tax roll when the receivable is deemed uncollectible by the District. An allowance for uncollectibles is not considered to be necessary since it would not be material.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Three

Note 1 - Summary of Significant Accounting Policies (continued)

F. Fixed Assets and Loan Fees

Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives ranging from five to 50 years using the straight-line method. All purchased fixed assets are valued at historical cost. Other donated fixed assets are valued at their estimated fair market value on the date received. Loan fees are amortized under the financing method over 20 years.

G. Compensated Absences

Depending on the length of continuous services, a range of 10-20 vacation and 12 days of sick leave per year may be accumulated by each employee. The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to employee's rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with above criteria, the District has accrued a liability for vacation and sick pay which has been earned but not taken by District employees, and is recorded as a liability in accordance with FASB Statement 43.

H. Capital Contributions

Capital contributions are recorded when cash for capacity fees or fixed assets are received from developers, customers, or other government entities, and the purpose is for other than operating expenses.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10, and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Luis Obispo bills and collects the taxes for the District. Tax revenues are recognized by the District in the year levied.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Four

Note 1 - Summary of Significant Accounting Policies (continued)

J. Types of Investments Authorized

The District Finance Officer is authorized to invest in the following institutions:

1. County pooled funds (California Government Code § 61730)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code § 16429.1)
3. One or more FDIC insured Banks and/or savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors (California Government Code § 61737.02)
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

Note 2 - Cash and Investments

Cash and investments as of June 30, 2005 consist of the following:

Cash on hand	\$ 350
Deposits with financial institutions	457,356
Investments - Cash in pooled funds	18,614,615
Deposits with bond trustees	<u>292,181</u>
Total cash and investments	<u>\$19,364,502</u>

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investments in the local government investment pool administered by the State of California (LAIF), and in the County of San Luis Obispo. The District's investment policy does contain specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Five

Note 2 - Cash and Investments (continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
Money Market Mutual Funds	N/A

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 10.5 months.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

	<u>Maturity Date</u>
State investment pool	<u>\$18,598,322</u> 10.5 months average maturity

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Six

Note 2 - Cash and Investments (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District's investments except that investments in the LAIF amounted of 96% of total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

\$357,356 of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Seven

Note 2 - Cash and Investments (continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized costs basis.

Restricted Net Assets

Restricted cash and investments were provided by, and are to be used for the following:

<u>Funding Source</u>	<u>Use</u>	<u>Amount</u>
Water capacity charges	For the expansion of the water system	\$ 4,810,050
Supplemental water capacity charges	For the development/purchase of supplemental water	410,923
Water sales	Funded replacement	<u>1,766,660</u>
		<u>6,987,633</u>
Sewer capacity charges	For the expansion of sewer system	5,222,743
Sewer sales	Funded replacement	<u>2,220,170</u>
		<u>7,442,913</u>
Black Lake water sales	Funded replacement	529,420
Blake Lake sewer sales	Funded replacement	<u>152,153</u>
		<u>\$15,112,119</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Eight

Note 3 - Capital Assets

Capital assets at June 30, 2005, consisted of the following:

	<u>Balance</u> <u>7/1/04</u>	<u>Additions</u>	<u>Deletions</u> <u>and</u> <u>Reclassi-</u> <u>fications</u>	<u>Balance</u> <u>6/30/05</u>
Collection and treatment facilities	\$ 14,521,132	\$ 509,435	\$ -	\$ 15,030,567
Source of supply and pumping	4,585,982	16,763	-	4,602,745
Transmission and distribution lines	9,962,138	581,862	(15,019)	10,528,981
Machinery and equipment	295,268	19,459	-	314,727
Vehicles	125,936	36,272	(12,278)	149,930
Building	678,381	-	-	678,381
Computer equipment	180,628	31,841	(18,703)	193,766
Office furniture and fixtures	76,130	-	(3,242)	72,888
Land and land rights	704,535	30,866	-	735,401
Loan fees and discounts	434,935	-	-	434,935
Subtotal	<u>31,565,065</u>	<u>1,226,498</u>	<u>(49,242)</u>	<u>32,742,321</u>
Work in process	<u>369,144</u>	<u>746,766</u>	<u>(649,039)</u>	<u>466,871</u>
	<u>31,934,209</u>	<u>1,973,264</u>	<u>(698,281)</u>	<u>33,209,192</u>
Accumulated depreciation/ amortization	<u>(9,004,633)</u>	<u>(842,776)</u>	<u>48,960</u>	<u>(9,798,449)</u>
Net capital assets	<u>\$ 22,929,576</u>			<u>\$ 23,410,743</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Nine

Note 4 - Long-Term Debt
Notes Payable

	<u>June 30, 2005</u> <u>Ending</u> <u>Balance</u>	<u>July 1, 2004</u> <u>Beginning</u> <u>Balance</u>
In August of 1978, the District issued and sold Water Revenue Bonds amounting to \$270,000. The loan is payable over 40 years and bears interest at 5% per annum. Interest is paid semi-annually.	\$ 146,000	\$ 154,000
The District entered into a loan contract on April 30, 1998, with the State Water Resources Control Board for the construction of the Southland Wastewater Treatment Plant Expansion-Phase I. The loan was funded during the year ended June 30, 1999. The loan is zero interest, however a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of \$34,868.35 starting on May 1, 2000.	488,157	523,025
The District entered into a loan contract on February 24, 1999, with the State Water Resources Control Board for the construction of the Southland Wastewater Treatment Plant Expansion - Phase II. The loan was funded during the year ended June 30, 2000. The loan is zero interest, however a loan fee of 16.667% was charged. The loan is payable over 20 years. It calls for annual payments of \$42,180.25 starting March 1, 2001.	632,704	674,885
The District issued \$4,000,000 of Revenue Certificates of Participation (COP'S) on May 1, 2003. The proceeds are to be used for pipeline and storage facility project costs. The COP'S bear interest ranging from 3.00% to 4.93% per annum. Principal is to be paid annually starting September 1, 2004 through September 1, 2033. Annual principal payments range from \$75,000 to \$225,000.	<u>3,925,000</u> \$ <u>5,191,861</u>	<u>4,000,000</u> \$ <u>5,351,910</u>
Current portion	\$ 165,049	
Noncurrent portion	<u>5,026,812</u> \$ <u>5,191,861</u>	

The following is a summary of future principal payments to be made:

<u>Year</u>	<u>Amount</u>
2006	\$ 165,048
2007	166,048
2008	171,048
2009	171,048
2010	171,048
Thereafter	<u>4,347,621</u>
	\$ <u>5,191,861</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Ten

Note 4 - Long-Term Debt (continued)
Special Assessment Debt

In July 1994, the District issued Assessment District No. 93-1 bonds in the amount of \$1,752,938. The bonds are not secured by the general taxing power of the District. The bonds are secured by the unpaid assessments on each parcel of land. The District is not obligated in any manner. The balance outstanding at June 30, 2005 amounted to \$863,000.

Note 5 - Joint Powers Authority

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. Seq. In becoming a member of the Special District Risk Management Authority, the District elected to participate in the risk financing program (s) listed below for the program periods July 1, 2004 through June 30, 2005.

Policy No 0405. Memorandum of Coverage and the following excess policies:

Policy Dates:	7/1/2004 to 6/30/2005	LIMITS
<u>General and Automobile Liability</u> Company: Special District Risk Management Authority, Cov. No. CVA0405V06E03		\$2.5 million per occurrence/aggregate where applicable. \$2.5 million excess coverage and additional \$5.0 million excess coverage.
<u>Public Officials and Employees Errors and Omissions Liability</u> Company: Special District Risk Management Authority, Cov. No. CVA0405V06E03		\$2.5 million per wrongful act/annual member aggregate. \$2.5 million excess coverage and additional \$5.0 million excess coverage.
<u>Employees Practices Liability</u> Company: Special District Risk Management Authority, Cov. No. CVA0405V06E03		\$2.5 million per wrongful employment practice/aggregate limits per member included with Public Officials and Employee Errors and Omissions Coverage. \$2.5 million excess coverage and additional \$5.0 million excess coverage.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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Note 5 - Joint Powers Authority (continued)

Policy Dates: 7/1/2004 to 6/30/2005

LIMITS

Employee Dishonesty Coverage

Company: Great American No. GTV 554-39-30

Forgery or Alteration Coverage. Theft, Disappearance and Destruction Coverage, \$400,000 per loss.

Public Officials Personal Liability

Company: SDRMA as facilitator for American Safety Insurance Co. CVA0304V04E03-POPL

\$500,000 per occurrence/annual aggregate per Board Member.

Automobile Physical Damage

Company: Special District Risk Management Authority, Cov. No. SDRMA0304V05E02-CC

Limits on file with SDRMA

Property Coverage

Company: Special District Risk Management Authority

Replacement cost for Scheduled Property.

Company: Lexington Insurance Company, Policy No. RKMI03900348

\$500 million per occurrence.

Boiler and Machinery

Company: Lexington Insurance Company, Policy No. RKMI03900348

\$100 million per occurrence

Workers Compensation Coverage and Employer's Liability

\$100 million per occurrence for workers compensation and \$5 million for employer's liability coverage

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Twelve

Note 5 - Joint Powers Authority (continued)

The annual member contribution was \$28,746 for the Package Program and \$3,412 for the Comp/Collision Program and \$26,113 for the worker's compensation program. Members are subject to dividends and/or assessments, in accordance with the fourth Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied. Presently, there are no known refunds or credits due to the District. There has been no reductions in insurance coverage from the prior year. Insurance settlements have not exceeded insurance coverages for each of the past three fiscal years.

Condensed financial information for S.D.R.M.A. for the most recent year available is as follows:

	<u>June 30, 2004</u>
Total assets	\$ 34,455,390
Total liabilities	<u>20,378,337</u>
Risk margin	<u>\$ 14,077,053</u>
Total revenues	\$ 16,843,014
Total expenses	<u>15,237,118</u>
Net income	<u>\$ 1,605,896</u>

Complete audited financial statements on the S.D.R.M.A. are on file with the general manager of District.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Thirteen

Note 6 - Defined Benefit Pension Plan

Plan Description

The Nipomo Community Services District contributes to the California Public Employees' Retirement System (CALPERS), an agent multiple-employer public employee defined benefit pension plan. CALPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CALPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of CALPERS' annual financial report may be obtained from their Executive Office-400P Street- Sacramento, CA 95814.

Employee membership in CALPERS is compulsory for all regular full-time and part-time employees except those specifically excluded.

Benefits fully vest on reaching five years of service. Employees who retire at or after age 60 with five years of credited service, are entitled to a retirement benefit payable monthly for life. An employee's monthly service benefit is determined by computing the product: years of credited service multiplied by three percent multiplied by final-average monthly compensation. Final-average monthly compensation is the employee's average monthly salary during the last year of credited service, or the last three years, whichever is greater. Vested employees may retire at or after age 50 and receive reduced retirement benefits. CALPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute. Employees are required to contribute to the plan, however, the District agreed to pay the employees' portion. This amount is based upon a payroll contribution rate of 8 percent. The District is required to contribute the remaining amounts necessary to fund CALPERS, using the actuarial basis specified by statute.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The District makes the contribution required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 18.573% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CALPERS.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
Page Fourteen

Note 6 - Defined Benefit Pension Plan (continued)

Annual Pension Cost

For the fiscal year ending June 30, 2005, the District's annual pension cost of \$126,607 for CALPERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases. The actuarial value of CALPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two-three year period (smoothed market value).

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/01	\$ 0	100%	\$ 0
6/30/02	0	100	0
6/30/03	0	100	0

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded Actuarial Accrued Liability [(B) - (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	(F) Unfunded Actuarial Liability as Percentage of Covered Payroll {[(B)-(A)]/(E)}
6/30/94	\$ 609,308	\$ 525,235	\$ (84,073)	116.0%	\$ 295,713	(28.431%)
6/30/95	675,678	572,380	(103,298)	118.0%	327,328	(31.558%)
6/30/96	794,690	661,740	(132,950)	120.1%	296,500	(44.828%)
6/30/97	963,528	708,201	(255,327)	136.1%	299,724	(85.187%)
6/30/98	1,137,206	833,105	(304,101)	136.5%	326,670	(93.091%)
6/30/99	1,324,399	993,663	(330,736)	133.3%	309,647	(106.811%)
6/30/00	1,456,042	1,062,883	(393,159)	137.0%	322,048	(122.081%)
6/30/01	1,546,367	1,389,627	(156,740)	111.3%	330,560	(47.4%)
6/30/02	1,432,896	1,580,302	147,406	90.7%	358,163	41.2%
6/30/03	1,503,245	1,774,826	271,581	84.7%	400,172	67.9%

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
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Note 6 - Defined Benefit Pension Plan (continued)

Postemployment Benefits

In addition to the pension benefits, the District provides through CALPERS, postretirement health care benefits. Employees who retire on or after attaining age 50, are eligible for District paid health insurance. The District funds the benefit payments on a pay-as-you-go basis. Currently two retired employees are receiving 100% paid health care benefits totalling \$934.28 per month.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005
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Note 7 - Segment Reporting for Activities Supporting Outstanding Revenue Bonds (in 1,000's)

<u>Statement of Revenues, Expenses and changes in Net Assets</u>	<u>Town Water</u>
Operating revenues	\$ 1,772
Depreciation and amortization expense	347
Operating income (or loss)	153
Nonoperating revenues (expenses):	
Interest revenue	126
Interest expense	7
Change in net assets	1,840
Capital contributions	1,571
Beginning net assets	13,316
Ending net assets	15,156
<u>Statements of Cash Flows</u>	
Net cash provided (used) By:	
Operating activities	551
Noncapital financing activities	-
Capital and related financing activities	2,419
Investing activities	92
Beginning cash and equivalents	4,361
Ending cash and equivalents	7,423
<u>Balance Sheet</u>	
Total assets	15,514
Total liabilities	358
Total net assets	15,156

SUPPLEMENTARY INFORMATION

NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED DISCLOSURE UNDER GOVERNMENT CODE SECTION 66013
FOR THE YEAR ENDED JUNE 30, 2005

FUND 700 - WATER CAPACITY FUND (TOWN DIVISION)

Beginning balance July 1, 2004	\$2,636,730
Ending balance June 30, 2005	\$4,810,051
Interest earned	\$ 8,488
Amount of charges collected in fiscal year	\$ 840,107

Public improvements on which charges were expended and the amount of the expenditure for each improvement:

Water Line - Tefft/Osage	\$ 166,047
Water Tank - Rim Rock	\$ 15,939
Hermreck Well	\$ 364,348

Anticipated projects for 2005-2006 fiscal year:

1. Urban Water Management Plan Update
2. Desalination Study
3. G.I.S. (Geographic Information System) System Software and database upgrade
4. Replace Water Line on Hetrick Avenue

NIPOMO COMMUNITY SERVICES DISTRICT
REQUIRED DISCLOSURE UNDER GOVERNMENT CODE SECTION 66013
FOR THE YEAR ENDED JUNE 30, 2005
(continued)

FUND 710 - SEWER CAPACITY FUND (TOWN DIVISION)

Beginning balance July 1, 2004	\$4,423,340
Ending balance June 30, 2005	\$5,222,743
Interest earned	\$ 110,410
Amount of charges collected in fiscal year	\$ 793,115

Public improvements on which charges were expended and the amount of the expenditures for each improvement:

Lift Station Upgrade - Tefft Street	\$ 22,639
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Anticipated projects for 2005-2006 fiscal year:

1. Upgrade Frontage Road trunk line
2. Upgrade headwork at Southland Plant
3. G.I.S (Geographic Information System) Software and database upgrade

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF NET ASSETS - OTHER NON MAJOR FUNDS
PROPRIETARY FUNDS
JUNE 30, 2005

	<u>Administration</u>	<u>Blacklake St. Lighting</u>	<u>Solid Waste</u>	<u>Drainage</u>	<u>Landscape Maintenance District</u>	<u>Property Taxes</u>	<u>Totals</u>
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 46,033	\$ 49,953	\$ 290,942	\$ 5,239	\$ 6,972	\$ 2,784,560	\$ 3,183,699
Accrued interest receivable		340	2,023	105	42	17,587	20,097
Accrued franchise fees			12,439				12,439
Total current assets	<u>46,033</u>	<u>50,293</u>	<u>305,404</u>	<u>5,344</u>	<u>7,014</u>	<u>2,802,147</u>	<u>3,216,235</u>
Noncurrent assets							
Capital assets, net	22,703		16,820			2,423,368	2,462,891
Deposit and other	138					88,391	88,529
Total noncurrent assets	<u>22,841</u>		<u>16,820</u>			<u>2,511,759</u>	<u>2,551,420</u>
Total assets	<u>68,874</u>	<u>50,293</u>	<u>322,224</u>	<u>5,344</u>	<u>7,014</u>	<u>5,313,906</u>	<u>5,767,655</u>
LIABILITIES							
Current Liabilities							
Accounts payable	13,441	1,693	663		809	36,040	52,646
Accrued liabilities	45,121					90,715	135,836
Deposits	21,646						21,646
Current portion of long - term obligation						80,000	80,000
Total current liabilities	<u>80,208</u>	<u>1,693</u>	<u>663</u>		<u>809</u>	<u>206,755</u>	<u>290,128</u>
Noncurrent Liabilities							
Noncurrent portion of long - term obligation						3,845,000	3,845,000
Total noncurrent liabilities						3,845,000	3,845,000
Total liabilities	<u>80,208</u>	<u>1,693</u>	<u>663</u>		<u>809</u>	<u>4,051,755</u>	<u>4,135,128</u>
NET ASSETS							
Invested in capital assests, net of related debt	22,703		16,820			(1,501,632)	(1,462,109)
Unrestricted	(34,037)	48,600	304,741	5,344	6,205	2,763,783	3,094,636
Total net assets	<u>\$ (11,334)</u>	<u>\$ 48,600</u>	<u>\$ 321,561</u>	<u>\$ 5,344</u>	<u>\$ 6,205</u>	<u>\$ 1,262,151</u>	<u>\$ 1,632,527</u>

NIPOMO COMMUNITY SERVICES DISTRICT
SCHEDULE OF BLACKLAKE CAPITAL ASSETS
JUNE 30, 2005

	<u>Balance</u> <u>7/01/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/05</u>
Sanitation Collection	\$ 723,226	\$ 17,405	\$ -	\$ 740,631
Sewer - Contributed	1,142,407	-	-	1,142,407
Water - Pumping	1,599,174	16,763	-	1,615,937
Water - Distribution	69,668	-	-	69,668
Water - Contributed	416,232	-	-	416,232
Machinery & Equipment	20,354	499	-	20,853
Computer Equipment	12,617	-	-	12,617
Vehicles	<u>23,944</u>	<u>6,166</u>	<u>(2,010)</u>	<u>28,100</u>
Total	4,007,622	40,833	(2,010)	4,046,445
Work in Process	<u>-</u>	<u>19,032</u>	<u>-</u>	<u>19,032</u>
Grand Total	<u>\$ 4,007,622</u>	<u>\$ 59,865</u>	<u>\$ (2,010)</u>	<u>\$ 4,065,477</u>

	<u>Balance</u> <u>7/01/04</u>	<u>Depreciation</u> <u>Expense</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/05</u>
Accum Depreciation	<u>\$ 1,231,394</u>	<u>\$ 138,978</u>	<u>\$ (2,010)</u>	<u>\$ 1,368,362</u>

NIPOMO COMMUNITY SERVICES DISTRICT
SCHEDULE OF OTHER SUPPLIES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005

OTHER SUPPLIES AND EXPENSES	<u>Town</u> <u>Water</u>	<u>Town</u> <u>Sewer</u>	<u>Blacklake</u> <u>Water</u>	<u>Blacklake</u> <u>Sewer</u>	<u>Other</u> <u>NonMajor</u>	<u>Totals</u>
Chemicals	\$ 1,676	\$ -	\$ 1,866	\$ 7,011	\$ -	\$ 10,553
Lab testing	10,991	8,316	1,459	9,788	-	30,554
Operating supplies	34,685	17,989	3,927	4,994	-	61,595
Outside services	56,140	4,946	12,552	3,009	2,055	78,702
Permits and operating fees	9,125	3,050	2,063	1,962	-	16,200
Fuel	11,155	4,276	1,487	1,673	-	18,591
Paging service	3,085	1,182	411	463	-	5,141
Meters - new installation	6,314	-	-	-	-	6,314
Meters-replacements program	2,861	-	1,531	-	-	4,392
Uniforms	1,954	749	261	293	-	3,257
Rent	137	35,200	-	-	-	35,337
Landscape maintenance	-	-	-	-	6,569	6,569
Intertie costs	7,353	-	7,353	-	-	-
Clean up costs	-	-	-	-	5,383	5,383
Bank charges and fees	250	-	-	-	531	781
Computer expenses	13,278	4,989	1,947	1,996	3,839	26,049
Director fees	8,350	3,340	1,169	1,336	2,505	16,700
Dues and subscriptions	2,839	1,131	401	595	1,527	6,493
Education and training	2,195	1,146	310	449	1,100	5,200
Elections	2,601	1,040	364	416	780	5,201
Landscape and janitorial	3,329	1,332	1,096	983	1,034	7,774
LAFCO funding	-	-	-	-	10,178	10,178
Miscellaneous	783	-	-	167	1,315	2,265
Newsletters and mailers	248	-	62	-	470	780
Office supplies	5,493	1,896	725	773	3,072	11,959
Postage	7,432	2,646	1,063	1,040	1,203	13,384
Public notices	2,289	932	307	230	395	4,153
Property taxes	678	-	-	-	-	678
Telephone	1,556	622	573	604	497	3,852
Travel and mileage	3,098	1,239	434	496	1,013	6,280
Bond administration	-	-	-	-	3,305	3,305
Operating transfer out-funded administration	<u>99,976</u>	<u>38,326</u>	<u>13,330</u>	<u>14,998</u>	<u>-</u>	<u>166,630</u>
Total operating supplies and expenses	<u>\$ 285,165</u>	<u>\$ 134,347</u>	<u>\$ 54,691</u>	<u>\$ 53,276</u>	<u>\$ 46,771</u>	<u>\$ 574,250</u>

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MSL*
DATE: NOVEMBER 30, 2005



MANAGER'S REPORT

ITEM

Standing report to your Honorable Board

Period covered by this report: November 10, 2005 through November 23, 2005

DISTRICT BUSINESS

Administrative

Service Requests/Allocation Accounting:

As a result of re-issuing the Intent-to-Serve letter for an ongoing commercial/residential project in Olde Towne, .54 acre-feet of water was allocated by your Honorable Board on November 16, 2005. Staff continues to work on updating the District's current allocation ordinance and summary table. A draft spreadsheet and allocation approach will be presented during the Manager's report.

Conservation Position: We have received three complete applications. A fourth candidate from outside the state has been contacted to clarify an application deficiency and will be included in the interview pool. Letters to all applicants will be mailed during the week of November 28. Staff is working with the City of Santa Maria, who recently hired a similar position, to establish interview protocol.

Limited-term Project Manager: District Counsel is working with the General Manager to draft an employment contract for a limited term project manager/assistant to the General Manager. Staff intends to have the position filled by early January 2006. The position will be focused on supporting and facilitating the District's major capital improvement projects including the supplemental water project.

Meetings/Training:

General Manager attended the following meetings:

November 14: Assistant Administrator joined GM meeting with Lucia Mar School District Superintendent to discuss water and sewer service to School District facilities.

November 15: Meeting with personnel sub-committee to discuss limited term project management position.

November 15: County Board of Supervisors meeting, speaking on the Craig annexation.

November 15: Lucia Mar Unified School District Board meeting, speaking on water and sewer service to School District facilities.

November 18: Participated in an interview panel for the City of Santa Maria (Utilities Manager Position).

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

Safety Program

No injury reports during the period.

Field Activity

Wastewater

Blacklake Lagoon #1. Liner replacement project is nearly complete. The lagoon will be brought back in service on or about November 23. Garing and Taylor Engineers are acting as District engineering consultants on this project. Once Lagoon #1 is returned to full service, Lagoon #3 will be taken off line and the water level lowered to assess sludge levels.

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.

Water

Hermreck Well

Maggoria Brothers well drillers are scheduled to mobilize equipment and be on site Monday November 28.

Santa Maria Pipeline

Work on the Pipeline EIR by Doug Wood and Associates continues. In a recent update from Doug Wood, the current estimate for delivery of an administrative draft is January 10, 2006. Mr. Wood notes complexities with the UWMP and efforts to standardize the description of project alternatives and related mitigations in order to minimize confusion to the reader. Staff makes regular calls to and correspondence with the EIR consultant to stay on top of the time line for the project.

Telemetry system

One lift station (Honey Grove) remains to be linked in and system refinement is ongoing. The District's major production wells are running in automatic and remote level indication is available for all storage facilities. The Knollwood Well is now reporting level data. Staff will be calibrating this information and bringing additional well data on line over the next 30 days.

Incident Response

On Saturday, November 19, 2005, at approximately 12:30 p.m., the fire hydrant at the corner of Pomeroy and Juniper was hit by a car and broke off approximately six feet below ground surface. Water service to the affected area was restored within hours and the hydrant will be replaced once concrete reinforcement is set.

On Tuesday, November 23, 2005, at approximately 12:45 p.m., a contractor working for The Gas Company, broke a District water main on San Ysidro Ave. The line break resulted in significant damage to the street, erosion of the street shoulder, loss of water service to residents, and significant erosion of the driveway and flooding of the backyard at one residence. District staff responded by exposing and repairing the broken line and notifying affected residents. Water service was restored by 4:45 p.m. Clean up of the site and area is ongoing and will be completed by District staff and contract services. A complete accounting of damage will be made and a claim, if appropriate, filed against the contractor and The Gas Company.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board.

ATTACHMENTS

No Attachments