

**Nipomo Community Services District
REGULAR MEETING
AGENDA**

- E-3) **CONTRACT APPROVAL**
Consider approval of a two (2) year contract with Bruce Buel for the position of Projects Assistant to the Manager
- E-4) **INVESTMENT POLICY - FOURTH QUARTER REPORT**
Presentation of Fourth Quarter Report – District Investment Policy
- E-5) **DISTRICT INVESTMENT POLICY 2006**
Approval of a District Investment Policy CY 2006
- E-6) **SECOND QUARTER FINANCIAL STATEMENTS**
Presentation of Second Quarter Financial Statements.

- 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)
 - 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 FEBRUARY 8, 2006.**

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *ML*
DATE: JANUARY 25, 2006



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 January 11, 2006
- D-3) CROSS-CONNECTION INSPECTION SERVICES CONTRACT [RECOMMEND APPROVAL]
- D-4) LETTER OPPOSING AB 737 [RECOMMEND APPROVAL]

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2006\CONSENT 01-25-06.DOC

**NIPOMO COMMUNITY SERVICES DISTRICT
WARRANTS JANUARY 25, 2006**

**AGENDA ITEM
D-1
JANUARY 25, 2006
PAGE TWO**

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
011660	01/25/06	GRE01	GREAT RATE PLUMBING	700.00	.00	700.00	617589	WATER HEATER
011661	01/25/06	GRO01	GROENIGER & CO	573.36 293.05	.00 .00	573.36 293.05	525232SM 525233SM	SUPPLIES FOR BEVINGTON SUPPLIES FOR STANDPIPE
			Check Total.....:	866.41	.00	866.41		
011662	01/25/06	JUS01	JUSTIFACTS CREDENTIAL	324.90	.00	324.90	115955	PRE-EMP BACKGROUND CHECKS
011663	01/25/06	LAC01	LA CHEMICAL	650.89	.00	650.89	31003	CHLORINE
011664	01/25/06	MOR02	MORE OFFICE SOLUTIONS	32.55	.00	32.55	283174	COPIER MAINT
011665	01/25/06	NIC01	NICKSON'S MACHINE SHOP	487.50	.00	487.50	71800	EUREKA WELL MAINT
011666	01/25/06	NIP08	NIPOMO CSD	190.87	.00	190.87	011006	NCSD LANDSCAPE METER TR 2
011667	01/25/06	PAC01	SBC/MCI	39.18 149.76 122.30 .13	.00 .00 .00 .00	39.18 149.76 122.30 .13	T4528796 T4528798 T4528799 T4569220	PHONE 0161 PHONE 1133 PHONE 1341 PHONE Y16 449 94
			Check Total.....:	311.37	.00	311.37		
011668	01/25/06	PER04	PERRY'S ELECTRIC MOTORS	890.19	.00	890.19	5704	BL AERATOR MOTOR MAINT
011669	01/25/06	QUI03	QUINN RENTAL SERVICES	15.64 22.49	.00 .00	15.64 22.49	2069460 2069508	SUPPLIES SUPPLIES
			Check Total.....:	38.13	.00	38.13		
011670	01/25/06	SAI01	SAIC	4512.71	.00	4512.71	9359-06	UWMP UPDATE
011671	01/25/06	SAN09	SAN LUIS MAILING SERVICE	28.75 104.91 117.29 891.14	.00 .00 .00 .00	28.75 104.91 117.29 891.14	29886A 29886B 29898A 29898B	MAILING SERVICE POSTAGE FOR BILLS MAILING SERVICE POSTAGE FOR BILLS
			Check Total.....:	1142.09	.00	1142.09		
011672	01/25/06	SHI01	SHIPSEY & SEITZ, INC	8096.00	.00	8096.00	010606	LEGAL SERVICES
011673	01/25/06	TAB01	TAB MILLER ELECTRIC	360.00	.00	360.00	4854	PARKING LOT LIGHT REPAIR
011674	01/25/06	TEX01	TEXAS REFINERY CORP	110.04	.00	110.04	759191	SUPPLIES FOR TOWN WWTP
011675	01/25/06	THE01	THE GAS COMPANY	50.00	.00	50.00	123005	GAS ENGINE 05028175
011676	01/25/06	THE03	THE PERFORMANCE GROUP	167.57	.00	167.57	42405	POSTAGE CHIP
011677	01/25/06	TRO01	TROTTER, CLIFFORD	100.00	.00	100.00	012506	REG BOARD MEETING 012506
011678	01/25/06	USP01	U S POSTAL SERVICE	780.00 94.05	.00 .00	780.00 94.05	012506A 012506B	POSTAGE FOR STAMPED ENVEL STAMPED ENVELOPES
			Check Total.....:	874.05	.00	874.05		
011679	01/25/06	VAL01	VALLEY SEPTIC SERVICE	375.00	.00	375.00	2793	PUMPING LIFT STNS
011680	01/25/06	VIE01	VIERHEILIG, LARRY	100.00	.00	100.00	012506	REG BOARD MEETING 012506
011681	01/25/06	VIK01	VIKING OFFICE PRODUCTS	127.58	.00	127.58	321088383	SUPPLIES
011682	01/25/06	WIN01	WINN, MICHAEL	100.00	.00	100.00	012506	REG MEETING 012506
011683	01/25/06	WIR02	WIRSING, JUDY	100.00	.00	100.00	012506	REG BOARD MEETING 012506
011684	01/25/06	XER01	XEROX CORPORATION	82.68	.00	82.68	14758793	COPIER MAINT

NIPOMO COMMUNITY SERVICES DISTRICT

Celebrating 40 - Years of Service 1965 - 2005

MINUTES

JANUARY 11, 2006 9:00 A. M.

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

LARRY VIERHEILIG, **PRESIDENT**
MICHAEL WINN, **VICE PRESIDENT**
JUDITH WIRSING, **DIRECTOR**
CLIFFORD TROTTER, **DIRECTOR**
ED EBY, **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 regular meeting of January 11, 2006, to order at 9:00 a.m. and led the flag salute.
- 00:00:54 B. ROLL CALL
At Roll Call, the following directors were present:
Directors Winn, Eby, Wirsing and Vierheilig. Director Trotter was absent.
- 00:01:12 C. PUBLIC COMMENT PERIOD
PUBLIC COMMENT
- 00:01:54 RESOLUTION OF APPRECIATION FOR 15 YEARS OF SERVICE TO NCSD
KATHY BELTRAN

**RESOLUTION NO. 2006-960
A RESOLUTION OF APPRECIATION TO
KATHY BELTRAN
FOR SERVICE TO THE NIPOMO COMMUNITY SERVICES DISTRICT**

President Vierheilig read a resolution of appreciation to Kathy Beltran and presented her with a gift card. Upon motion of Director Winn and seconded by Director Eby, the Board unanimously approved Resolution 2006-960. Vote 4-0

YES VOTES	NO VOTES	ABSENT
Directors Winn, Eby, Wirsing and Vierheilig	None	Trotter

- 00:09:10 C-1) COMMANDER MARTIN BASTI OF SOUTH COUNTY SHERIFF STATION
Commander Basti reported on sheriff activities in the Nipomo area.
A burglary occurred, a neighbor reported it to the sheriff, and a sixteen-year-old, who was also responsible for two other burglaries in the area, was caught very shortly after. It's good to have the neighbors alert.
Department statistics for 2005 will be available soon.
February 22, 2006, Citizens Academy - An application will be available at the District counter for anyone interested in attending.
When asked about the staffing level - Commander Basti stated that the department had vacancies due to retirements and promotions. The department is working to fill the vacancies. It takes approximately six months to train a deputy. Funding levels are stable.
President Vierheilig thanked Commander Basti for his presentation.
- C-2) DAN ANDERSON, CDF BATTALION CHIEF, CALIFORNIA DEPARTMENT OF FORESTRY (CDF) Battalion Chief Anderson was not present.

MINUTES SUBJECT TO BOARD APPROVAL

Copy of document found at: www.ReNewWebTax.com

Nipomo Community Services District
REGULAR MEETING
MINUTES

The following members of the public spoke:

Bill Dineen, outside District resident – stated that he has been here in Nipomo since 1962. He thanked the Board for participating in the community, the fastest growing area in the world.

Bob Blair, District resident – commended the three ladies in the office for their excellent work. He stated that the rainfall totals recently quoted in the Tribune and attributed to a Director are incorrect. He asked when the Board was going to resolve the secondary-units matter in the Summit Station area. He stated that the Cypress Ridge area has the best sewer treatment plant in the area. He gave the Board a brochure from the sales office of the Woodlands development.

John Miranda, NCSD resident – stated that he has been in Nipomo since 1996 and in the Santa Maria area all his life. He asked why NCSD could not take water directly for State Water Pipeline, which runs through Nipomo, rather than constructing this six-million dollar pipeline project.

Jon Seitz, District Legal Counsel, answered that this District is not a contractor with State Water. NCSD voters turned down the initiative for the State Water project.

Director Winn added that NCSD would need approval from every user agency of the State Water Project from here to Santa Barbara.

00:23:10

D. CONSENT AGENDA

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) BOARD MEETING MINUTES [RECOMMEND APPROVAL]
Regular meeting December 14, 2005
Special meeting January 4, 2006
- D-3) NOTICE OF COMPLETION
Blacklake WWTP [RECOMMEND APPROVAL]
- D-4) NOTICE OF COMPLETION
Hermreck Well [RECOMMEND APPROVAL]
- D-5) ACCEPTANCE OF TRACT 2393 (NEWDOLL) [RECOMMEND APPROVAL]
RESOLUTION NO. 2006-961
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING THE WATER AND SEWER IMPROVEMENTS
FOR THE FOR TRACT 2393 (NEWDOLL)
- D-6) ACCEPTANCE OF TRACT 2398 (NEWDOLL) [RECOMMEND APPROVAL]
RESOLUTION NO. 2006-962
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING THE WATER AND SEWER IMPROVEMENTS
FOR THE FOR TRACT 2398 (NEWDOLL)

Upon motion of Director Winn and seconded by Director Eby, the Board unanimously approved the Consent Agenda, as amended in the Minutes (E-1, should have stated Director Winn – not President Winn.). Also, the January 11, 2006 Agenda item D-2 should have stated “Minutes for January 4, 2006” rather than January 3. There was no public comment. Vote 4-0

YES VOTES	NO VOTES	ABSENT
Directors Winn, Eby, Wirsing and Vierheilig	None	Trotter

E. ADMINISTRATIVE ITEMS

E-1) COMMITTEE ASSIGNMENTS

Jon Seitz, District Legal Counsel, described two types of committees – Standing and Ad Hoc. A Standing Committee is a legislative body of the Board and must meet the regulations of the Brown Act. It must have an agenda and publish a notice of meeting. An Ad Hoc Committee is exempt from the Brown Act rules, but it must be ordered by the Board to meet and to report back to the Board. Board discussion ensued. There was no public comment. Upon motion of Director Eby and seconded by Director Winn, the Board unanimously agreed on the following action:

To confirm the recommendations of the President that the two committees (Santa Maria Supplemental Water/Annexation and Parks) will be Standing Committees. The others will be Ad Hoc Committees and will be suspended until Board action and will only take action on the direction of the Board. Vote 4-0

YES VOTES	NO VOTES	ABSENT
Directors Winn, Eby, Wirsing and Vierheilig	None	Trotter

NCSD Committee Assignments As of January 11, 2006

Delegates to Community Organizations (1 member & 1 alternate)	Member	Alternate
Nipomo Community Advisory Committee (Includes NCAC Water Committee and Land Use Committee)	Ed Eby	None per NCAC Bylaws- no alternate allowed
Water Resources Advisory Committee	Michael LeBrun	Ed Eby
Chamber of Commerce	Cliff Trotter	Michael Winn
West Tefft Corridor Design Committee	Larry Vierheilig	Michael Winn
Parks & Recreation	Michael Winn	None

Standing Committee Assignments (2 members)	Chairperson	Member
Santa Maria Supplemental Water/Annexation	Ed Eby	Michael Winn
Parks (2 parcels in Olde Towne)	Michael Winn	Larry Vierheilig
Ad Hoc Committee Assignments		
Finance/Audit	Larry Vierheilig	Ed Eby
Water Resources- Other	Michael Winn	Larry Vierheilig
Incorporation	Michael Winn	Judith Wirsing
Conservation/Landscape Design	Michael Winn	Larry Vierheilig
Community Projects Grant Funding	Michael Winn	Larry Vierheilig
Personnel	Michael Winn	Larry Vierheilig

- 00:56:00 E-2) URBAN WATER MANAGEMENT PLAN
Meredith Clement, SAIC Senior Consultant, presented the slides explaining the draft 2005 Urban Water Management Plan. The Board discussed the Plan and made suggestions for some revision. There was no public comment. The Board directed Ms. Clement to prepare the final draft with the suggested changes.

The Board took a break at 11:00 a.m. and resumed the meeting at 11:10 a.m.

- 02:07:11 F. MANAGER'S REPORT
Michael LeBrun, District General Manager, reviewed the Manager's Report. Added items include:
 Holloway Annexation Agreement will be presented to the Board soon.
 Craig development contacted the District for possible annexation.
 Meeting with the Home Builders Association and developers was productive.
 There was communication with the consultant for the CEQA documents for the Santa Maria pipeline project. Administrative draft planned by the end of the month.
 There was no public comment.

- 02:28:30 G. COMMITTEE REPORTS
 There was no Committee Report.

- 02:29:00 H. DIRECTOR'S COMMENTS
Director Wirsing – asked about the bright orange light at the Blacklake facility. (General Manager will look into it.)
Director Eby – attended meeting at Cypress Ridge January 9, 2006. The speaker stated that more homes were needed to make the sewer work properly.

- Director Winn
- WRAC meeting January 4 at the Ag Bldg in San Luis Obispo
 - Election held
 - Chair - Mike Winn
 - Vice Chair – Steve Santon
 - Interim Secretary – Paavo Ogren
 - Next meeting February 1, 2006 at Ag Building
 - Also attended the Cypress Ridge meeting, Jan 9th
 - Board of Supervisors meeting January 10th
 - The Summit Station item was added to the Closed Session agenda.
 - Will be attending a one-day class at UCLA on Land Use and Water Policy
 - Asked Mr. LeBrun if there may be a different trace element in the Santa Maria water that may be detected when blended to monitor the ratio of District water to Santa Maria water.
 - He stated he is thankful to the Board for not taking on drainage powers when the County proposed it.

- President Vierheilig
- Reminded the Board that AB 1234 training is required.
 - A course in filing out Statement 700 will be given by Lorenzo Smith.
 - Air Pollution Control District issued a statement on guidelines of particulate matter from portable diesel engines, such as on tractors, etc.

- February 6, 2006 - Association of Groundwater Agencies and the American Groundwater Trust – offering a one-day seminar on groundwater recharge, desalination, etc.
- February 13 & 14 National Water Symposium 4th annual seminar in La Jolla
- American Water Works Association Bookstore catalog offers many items of interest. If any Board member is interested in purchasing products for information for District use, contact the office.

02:43:40

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
SMWCD VS NCSO SANTA CLARA COUNTY CASE NO. CV 770214 AND ALL CONSOLIDATED CASES.
2. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
MARIA VISTA VS. NCSO CASE NO. CV 040877
3. CONFERENCE WITH LEGAL COUNSEL Pending Litigation GC§54956.9
NCSO 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. NCSO CASE NO. CV 050920
5. PUBLIC EMPLOYEE APPOINTMENT GOV'T CODE §54957 – PROJECTS ASSISTANT TO MANAGER
6. LIABILITY CLAIM GOV'T CODE §54956.95 – CLAIMANT MANETTA APPLE, CLAIM AGAINST NCSO
7. LIABILITY CLAIM GOV'T CODE §54956.95 – CLAIMANT ESTATE OF ELIAS AGUILAR, CLAIM AGAINST NCSO

02:45:41

J. **PUBLIC COMMENT ON CLOSED SESSION ITEMS**

There was no public comment.

02:45:55

K. **ADJOURN TO CLOSED SESSION**

The Board adjourned to Closed Session at 11:59 a.m.

02:45:57

L. **OPEN SESSION**

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

Jon Seitz, District Legal Counsel, reported that there was no audience when the Board came back into Open Session.

The following announcements were made:

Items 6 and 7. With a vote of 4-0, the Board agreed to reject claims from Manetta Apple and Elias Aguilar. Legal Counsel was given direction to notify claimants.

Items 1 & 2 -The Board heard an update of the SM groundwater adjudication and the Maria Vista litigation. The Board took no reportable action.

Item 3 – The Board directed the General Manager to contact San Luis Obispo County Planning staff to discuss further resolution.

Item 4 and 5 – The Board heard and up date and took no reportable action.

02:47:25

ADJOURN

President Vierheilig adjourned the meeting at 1:41 p.m.

➤ **THE NEXT REGULAR BOARD MEETING IS JANUARY 25, 2006.**

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *ML*
DATE: JANUARY 25, 2006



CROSS-CONNECTION INSPECTION SERVICES CONTRACT

ITEM

Approval of Cross-Connection Inspection Services Contract

BACKGROUND

The District is required by law to have an active cross-connection inspection program (i.e. backflow prevention device). Backflow prevention devices at the water service connection protect the District's water supply from contamination from irrigation systems and private wells. There are approximately 195 backflow prevention devices installed in the District. Annual inspection by a certified inspector of the device is required. Additionally, follow-up reporting and enforcement issues, related to backflow annual inspections, are routinely needed.

Historically, the District has contracted with San Luis Obispo County to administer the cross-connection inspection program on its behalf. It is recommended that the District continue this arrangement. Otherwise, NCSO would be required to administer the program on its own behalf. This would include hiring a certified inspector, purchase a tracking software program and train staff to administer the program.

District Legal Counsel has reviewed the contract and recommends approval.

RECOMMENDATION

Staff recommends that the Board approve the Cross-Connection Inspection Services Contract

ATTACHMENTS

Letter from Richard Lichtenfels, Supervising Environmental Health Specialist
Contract for Cross-Connection Inspection Services



County of San Luis Obispo • Public Health Department

Environmental Health Services

2156 Sierra Way • P.O. Box 1489
San Luis Obispo, California 93406
(805) 781-5544 • FAX: (805) 781-4211

Gregory Thomas, M.D., M.P.H.
County Health Officer
Public Health Director

Curtis A. Batson, R.E.H.S.
Director

December 16, 2005

Mr. Nick Muick
Public Works
City of Morro Bay
955 Shasta Avenue
Morro Bay, CA 93442

NCSID

Subject: Revised County Cross-Connection Inspection Services Contract

Dear Mr. Muick:

After months of review and input from the eighteen contracting entities, County Risk Management and County Counsel, we have revised the draft Cross-Connection Inspection Services Contract, and have attached the document for your re-consideration.


The major revision to the document is the deletion of the Indemnification and Insurance sections in Exhibit D, both of which have been removed entirely. One other notable change is that since the process of instituting an updated contract has been quite slow, we have adjusted the initial contract's ending date to June 30, 2007, instead of June 30, 2006.

You'll notice I have also included in the contract our hourly rate for fiscal year 2006-2007 (\$65.00). Be aware that the actual cost of our cross-connection program is currently \$81.40 per hour. Since we are currently subsidizing the actual cost of the program by some twenty-one dollars per hour, so that you can plan for the future, it is our intention to raise the hourly rate each fiscal year by five dollars (\$5) per hour until we are able to cover the actual program cost per hour. Using that formula, the expected hourly rate in FY 2007-2008 would be \$70 per hour, and \$75 dollars per hour for FY 2008-2009, and so on.

If the contract meets your approval, please sign and return, and we will proceed to the County Board of Supervisors for final execution. Upon approval by the Board of Supervisors, a signed copy of the contract will be mailed to you. So that we can expedite the process, please return your signed contract to me by February 1, 2006.

Thank you, and feel free to contact me at 781-5553 or via my email address at rlichten@co.slo.ca.us should you have any questions.

Sincerely,


Richard J. Lichtenfels, R.E.H.S., M.P.H.
Supervising Environmental Health Specialist
Resource Protection Section



Attachment

**CONTRACT
FOR
CROSS-CONNECTION INSPECTION SERVICES**

THIS CONTRACT is made and entered into by and between the County of San Luis Obispo, a public entity in the State of California, ("County") and _____, (*describe the nature of the Contractor*), ("Contractor," "District" or "Purveyor").

WITNESSETH:

WHEREAS, Contractor, within its jurisdictional boundaries or area of responsibility, is in need of special services; to wit, cross-connection inspection services; and

WHEREAS, County has qualified staff that is trained, experienced, expert and competent to provide cross-connection services for the appropriate fees and the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the covenants, conditions, agreements, and stipulations set forth herein, the parties hereby agree that the County shall perform the services described herein for the compensation set forth herein, subject to the terms and conditions set forth herein.

1. **Services.** The parties agree to perform the services described in Exhibit A, attached hereto and incorporated herein by reference as if set forth in full at this point.
2. **Compensation.** The parties agree to the compensation described in Exhibit B, attached hereto and incorporated herein by reference as if set forth in full at this point.
3. **Duration.** The parties agree to the duration described in Exhibit C, attached hereto and incorporated herein by reference as if set forth in full at this point.
4. **General Conditions.** The parties agree to the general conditions described in Exhibit D, attached hereto and incorporated herein by reference as if set forth in full at this point.
5. **Special Conditions.** The parties agree to the special conditions described in Exhibit E, attached hereto and incorporated herein by reference as if set forth in full at this point. To the extent there are conflicts between the general conditions in Exhibit D and the special conditions in Exhibit E, the terms and conditions of the special conditions in Exhibit E shall be controlling.

COUNTY COUNSEL:

APPROVED AS TO FORM AND LEGAL EFFECT:

JAMES B. LINDHOLM, Jr.
County Counsel

By: _____
Deputy County Counsel

Date

COUNTY OF SAN LUIS OBISPO
A Public Entity in the State of California

By: _____
Chairman of the Board of Supervisors

Date

ATTEST

By: _____
JULIE RODEWALD,
County Clerk and Ex-Officio Clerk
of the Board of Supervisors

(2) Contractor Notices. County will provide a copy of the survey report and letter to the water user to the Contractor. County will provide a copy of the follow-up letter(s) to the user confirming compliance or notifying the water user of further corrective action and compliance dates.

C. County Enforcement. County will perform the following enforcement measures.

(1) To the extent the County would normally prosecute San Luis Obispo County Code violations, County may prosecute violations of any County ordinances related to cross-connections.

(2) County will also cite any non-County ordinances, Contractor resolutions or policies in a correction letter to a water user.

(3) Contractor may pursue enforcement as appropriate. In the event of litigation in any tribunal with the power to issue subpoenas, and provided a subpoena is issued for a County employee with the appropriate fees are tendered as per Government Code, section 68096.1, County employees, if still in County service, shall appear and testify as a witness regarding cross-connections. County employees may be interviewed or deposed to prepare for litigation.

D. Backflow Prevention Devices.

(1) County will determine the necessity, as required by law, for backflow prevention devices at the water service connection for the protection of the water main where internal protection does not solve the total cross-connection problem.

(2) County will maintain a list of known backflow devices and the known location of the devices in service in the Contractor's jurisdictional area or area of responsibility.

(3) County will provide a diagram for the proper installation of approved backflow prevention devices. If a manufacturer's installations instructions, diagrams or both are available, providing the manufacturer's material shall satisfy this obligation.

E. Plan Checks. County will perform plan checks of water usage when requested by the contractor when necessary to supplement Building Department plan reviews.

F. Testing. Testing of backflow devices is required as per California Code of Regulations, Title 17, as hereafter amended. At present, testing is required annually.

(1) County will notify the water user when testing is due.

(2) County will supply a list of qualified backflow prevention device testers.

(3) County will follow-up on delinquent reporting of test results.

**CONTRACT
FOR
CROSS-CONNECTION INSPECTION SERVICES**

EXHIBIT B

COMPENSATION

1. Time and Costs. This is a time and costs contract. The cross-connection inspection services shall be charged hourly.

A. Hourly Rate. The hourly rate shall include compensation for the County's inspector staff, departmental overhead, clerical support and office supplies. Both parties expressly acknowledge that the San Luis Obispo County Board of Supervisors sets, amends and modifies the rates at least annually and at other times as necessary. There is public notice of the Board's proposed action and action to amend the rates through the process of the Board's regularly scheduled meetings. Therefore, the rates will change annually by the public, unilateral action of the Board of Supervisors without further agreement or action by Contractor and the duly adopted amendments to the hourly rates shall be binding in this contract.

(1) The hourly rate for the 2005-2006 County fiscal year is sixty dollars (\$60.00) per hour. The hourly rate for the 2006-2007 fiscal year will be sixty-five dollars (\$65.00) per hour. Both parties expressly agree this paragraph 1.A.1. shall automatically be amended as of the effective date of any publicly noticed rate change adopted by the San Luis Obispo County Board of Supervisors.

2. Billing. County shall submit an itemized statement to Contractor on or before the 10th day of every other month for all services rendered during the previous two calendar months. Contractor shall remit to the County of San Luis Obispo all uncontested amounts listed on the itemized statement not later than thirty days after it is received by the Contractor.

**CONTRACT
FOR
CROSS-CONNECTION INSPECTION SERVICES**

EXHIBIT D

GENERAL CONDITIONS

1. Termination for Convenience. Either party may terminate this contract at any time by giving the other party thirty days written notice of termination. Termination for convenience shall have no effect upon the rights and obligations of the parties arising out of any services provided occurring prior to the effective date of such termination. County shall be paid for all work satisfactorily completed prior to the effective date of termination.

2. Termination for Cause. If any of the following occur, either party shall have the right to terminate this contract effective immediately upon giving written notice to the other party. Rights or obligations of either party for services satisfactorily performed prior to the termination shall not be affected.

A. Either party fails to perform its duties in a timely and professional manner.

B. Funds intended for use for compensation in this contract become unavailable for use for the purposes of this contract.

3. Status of the Parties' Officers/Employees/Agents. Neither party's officers, employees, agents, partners, other contractors or subcontractors shall be deemed to be employees of the other party at any time. Nothing in this contract shall be construed as creating a civil service employer-employee relationship or a joint venture relationship. No officer, employee, agent, partner, other contractor or subcontractor of the other party shall be eligible for membership in or any benefits from any County group plan for hospital, surgical, or medical insurance, or for membership in any County retirement program, paid vacation, paid sick leave, other leave, with or without pay, collective bargaining rights, grievance procedures, appeals to the Civil Service Commission or any other benefits which inures to or accrues to a County civil service employee. The only performance and rights due the other party are those specifically stated in this contract.

4. Warranty of Professional Services. Each party warrants that to the extent trained, professional staff is necessary to perform this contract that the staff members will at all times be properly trained, certified and licensed under the laws and regulations of the State of California to provide the special services herein described. If for any reason staff members are required to provide professional services and all reasonably available staff are not qualified, this contract is automatically canceled effective the same date.

5. Authority. Any individual executing this contract on behalf of Contractor represents and warrants that he or she is duly authorized to execute and deliver this contract on behalf of the Contractor, and that this contract is binding upon said Contractor in accordance with its terms.

**CONTRACT
FOR
CROSS-CONNECTION INSPECTION SERVICES**

EXHIBIT E

SPECIAL CONDITIONS

1. Records Retention. The records required by this contract shall be retained for a minimum period of:

A. Three years in accordance with California Code of Regulations Title 17, Section 7605 (f), as hereafter amended.

B. All surveys, notices and all correspondence with a water user, County or Contractor shall be maintained for a minimum of five years after compliance has been certified by the County or the longest statutory period cited above, whichever is longer. After five years, the records may continue to be maintained in hardcopy, microfiche or electronic form, if needed, at the sole option of the County.

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MLB*
DATE: JANUARY 25, 2006

**AGENDA ITEM
D-4
JANUARY 25, 2006**

LETTER OPPOSING AB 737

ITEM

Consider letter in opposition to Assembly Bill 737

BACKGROUND

On January 13, 2006, the District received the attached "CSDA Action Alert" from California Special District's Association, regarding Assembly Bill 737. In brief, AB 737 calls for the creation of tax incentives for cities and counties which allow electrical generation facilities to be built in their jurisdiction.

Unfortunately, the tax incentives are created by shifting tax dollars away from Special Districts, and for that reason are strongly opposed by CSDA.

AB 737 will soon be considered by the full Assembly. CSDA is recommending the District send the attached draft letter to our Assembly person (Mr. Sam Blakeslee).

RECOMMENDATION

Approve the attached letter of support for President Vierheilig's signature.

ATTACHMENTS

January 13, 2006 CSDA e-mail
Draft AB 737 letter

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2006\OPPOSE AB 737.doc

Michael LeBrun

From: gneill@csga.net
Sent: Friday, January 13, 2006 11:11 AM
To: Michael LeBrun *MLB*
Subject: CSGA Action Alert - Property Tax Transfer Bill

Dear CSGA Member,

Bills that were introduced during last year's legislative session have until the end of this month to get passed out of the house they were introduced in, quite a short timeframe. One bill that CSGA paid particular attention during 2005 was Assembly Bill 737. This bill shifts property tax money away from special districts in any given county to create an incentive for cities and counties to allow certain types of electric facilities to be built within their boundaries. The bill is sponsored by Southern California Edison.

It looks like this bill will be heard in the Assembly Appropriations Committee on Jan. 18, and, if passed there, voted on by the full Assembly sometime before Jan. 31. It is therefore critically important that your Assembly Member hear from you soon, especially if your representative sits on the Appropriations Committee. You will find a list of those Assembly Members below, along with their fax numbers. For those of you whose representatives are not listed below, you can find contact information in the members section of the CSGA website (www.csga.net) or through the zipcode search on legislative counsel's website (www.leginfo.ca.gov/yourleg.html). Please be sure to send this correspondence to their Capitol Office (Capitol office faxes for Assembly Members are always (916) 319-21##, with ## being their two-digit district number).

Below the list of committee members you will find a sample letter opposing this legislation. Please take just a few minutes to copy this letter, making sure to insert the necessary information such as your district's name, and send it to your representative in the Assembly. This will let them know that it is a matter of great importance to real people in their district.

If you have questions about this bill, you can contact CSGA's Public Affairs Specialist Geoffrey Neill by emailing him at gneill@csga.net or by calling CSGA's toll-free number, (877) 924-CSGA.

Thank you very much for your prompt attention to this important issue.

Assembly Appropriations Committee Members:

Judy Chu, Chair (representing parts of LA area including Monterey Park)
Room 2114, Fax: (916) 319-2149

Sharon Runner, Vice Chair (representing the area around Victorville, Lancaster, etc.)
Room 6031, Fax: (916) 319-2136

Karen Bass (parts of West and South LA)
Room 2117, Fax: (916) 319-2147

NIPOMO COMMUNITY



SERVICES DISTRICT

BOARD MEMBERS

LARRY VIERHEILIG, PRESIDENT
MICHAEL WINN, VICE PRESIDENT
JUDITH WIRSING, DIRECTOR
CLIFFORD TROTTER, DIRECTOR
ED EBY, 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 Website address: NipomoCSD.com

January 26, 2006

Honorable Sam Blakeslee
Member, California State Assembly
State Capitol, Room 4082
Sacramento, California 95814

RE: ASSEMBLY BILL 737—OPPOSE

Dear Assembly Member:

On behalf of Nipomo Community Services District, I am writing to register our strong opposition to Assembly Bill 737 by Assembly Member J. Horton, relating to the allocation of property tax revenues from new utility facilities.

Under the current unitary method applicable to specified utility facilities, all entities of local government receive an allocation of property tax revenues in accordance with a statutory formula. As proposed to be amended, Assembly Bill 737 would modify the current allocation formula by allocating the majority of property tax revenues from new facilities to the city or county that sites the new facility. While the proposed amendments allocate 10% of the property tax revenues resulting from new facilities to the fire protection and water districts that would provide service to the new facility, it does so at the expense of all other special districts.

Our district does not disagree with the need for additional electrical generating capacity, but we strongly disagree with the manner in which Assembly Bill 737 proposes to meet that goal. If cities and counties choose not to site new generation facilities, rather than modifying a fair property tax allocation system, perhaps the Legislature should evaluate all of the reasons why cities and counties choose not to site new facilities. Is it because they get too little property tax, or for other reasons? Following such an analysis, the Legislature would be in a much better position to determine if incentives, such as more property tax revenues, are necessary to assist cities and counties in their decision-making process relating to siting new generation facilities.

We appreciate the opportunity to advise you of our opposition to Assembly Bill 737 and we respectfully urge you to vote NO.

Sincerely,
Nipomo Community Services District

Lawrence Vierheilg
President, Board of Directors

C: Honorable Jerome E. Horton, Room 2163 (Fax: 916/319-2151)
California Special Districts Association (Fax: 916/442-7889)

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *Moz*
DATE: JANUARY 25, 2006



PUBLIC HEARING – ADOPTION URBAN WATER MANAGEMENT PLAN 2005 UPDATE

ITEM

Consider adoption of 2005 update to District's Urban Water Management Plan

BACKGROUND

The District is in the process of updating its Urban Water Management Plan in compliance with the California Urban Water Management Planning Act (Planning Act). The following is a brief chronology of the process to date:

- At the May 11, 2006 regular meeting, your Honorable Board approved the hiring of Science Applications International Corporation (SAIC) consultants to perform the 2005 update of the District's Urban Water Management Plan.
- At the June 22, 2005 regular meeting, SAIC consultants outlined the update process and took direction from your Honorable Board.
- At the November 16, 2005 regular meeting, SAIC outlined progress on the update and led a public workshop. Your Honorable Board considered the presentation and public inputs and gave direction to staff and SAIC.
- On December 12, 2005, the draft 2005 Update was made available to the general public. A broad e-mail and regular mailing notification announced the document's availability.
- On December 14, 2005, the document became available on the District's website.
- Finally, at the January 11, 2006 regular meeting, staff and SAIC provided a brief summary of the update process and your Honorable Board asked questions of the consultant and received public input.

The purpose of updating the UWMP is multi-faceted as follows:

- To satisfy the requirement of law, namely the California Urban Water Management Planning Act.
- To provide a reliable tool for water use planning.
- To provide guidance when discussing regional water and land use planning with local agencies
- To ensure District is eligible for State grants and loans related to water resources and drought assistance.

The Planning Act requires UWMP update at least every five years. Amendments to the plan can be made more frequently as needed. In other words, the UWMP is a "living" document. This is necessary since UWMPs are based on estimates and County development plans, the latter of which can itself change as community needs and desires change. In fact, during the process of updating this plan, some development project specifics became better defined as they proceeded through the planning approval process, which led to changes in the draft UWMP.

The goal is to develop a plan that gives the District a *reasonable estimate* of future water demands and the timing of those demands. The District can then set a direction for water resources development. By updating the plan both on a regular 5-year schedule and when there are significant changes (planned resources become unavailable, development densities increase or decrease significantly) that may affect the plan, the District is reasonably assured of staying on track in regard to meeting the future water resource demands of the community.

COMMENTS RECEIVED

The District received written comments from six individuals/agencies. All comment letters are attached. Following is a summary of the comments received and staff response:

Local Agency Formation Commission of San Luis Obispo County (LAFCo): The commenter finds the Plan Update to be "... a comprehensive document that provides the District with an up-to-date plan for providing water services...". Commission staff also finds the Plan Update to be consistent with the Commission-adopted conditions of approval associated with the District's Sphere of Influence 2004 update. Commenter makes suggestions for updating figures and maps.

Staff Response: Suggestions to update figures and revise Sphere of Influence maps are addressed in the proposed Final Plan.

Home Builders Association, Jerry Bunin: The commenter states the Association has "...no substantial issues..." with the Plan Update. Support is expressed for developing water conservation incentive programs. An incorrect internal-reference is noted by the commenter.

Staff Response: Internal reference corrected.

Greg Nester Construction and Development: The commenter, in representing the Cañada Ranch (a.k.a. Crystal Oaks) development, states the project will require approximately 425 acre-feet of water annually versus the 226 acre-feet stated in the draft Plan Update.

Staff Response: In consultation with County Planning staff regarding the Cañada Ranch Specific Plan, staff revised water demand estimates for the development resulting in a total allocation of 325 acre-feet. The project water demand is now based on "Water demands at buildout given existing land use pending amendments." Staff feels this characterization of the project and resulting water demand estimate is reasonable. In accordance with current District policy, all development within the District SOI will be predicated on additional deliveries of supplemental water consistent with the final County-approved project's estimated demands.

Ed Eby, NCSD Customer: Mr. Eby's comments focus on water demand estimates and their accuracy. Mr. Eby's comments were received on January 9, 2006, and considered during the January 11, 2006, Regular Meeting discussion. Mr. Eby's comments are summarized in his attached comment letter. Staff's response follows the order of Mr. Eby's comments.

Staff Response:

- *Date change* - Noted and corrected.
- *Lower growth rate* - The low end growth rate estimate of 2.3% is maintained given consideration of the numerous development projects exempt from the County imposed rate limit. The verbiage describing the growth rate limit is revised to reflect traffic issues related to lifting the limit.
- *Change statement on purchase of Supplemental Water* - No change is made since the statement correctly reflects the District's intent to purchase supplemental water.
- *Change statement on District's Safe Yield determination* - No change is made since the statement correctly reflects the District's development of Safe Yield estimate.
- *Delete sentence referencing additional supplemental water purchase under the MOU with City of Santa Maria* - The sentence is deleted.
- *Crystal Oaks water estimate is low* - In consultation with County staff, staff revised estimated demand for the Crystal Oaks (a.k.a. Cañada Ranch) to better reflect Specific Plan envisioned development of the property.
- *Craig/Lucia Mar Project status change* - Staff revised the Plan Update to reflect recent change in the subject project status.

- *Revise water demand factors* - No change. The demand factors are developed from District-specific demand factors developed by Boyle Engineering. SAIC consultants compared and augmented the District-specific data with published planning standards as necessary (District has no industrial demand factors given the lack of industrial development).
- *Change "Water Department"* - Term is corrected to read "District".
- *Recognize "Wholesale Supplier"* - No change to Plan Update as the term Wholesale Supplier as used in the Appendix 2 checklist is not consistent with the use of the term in the MOU between the District and the City of Santa Maria.

Kirk Consulting on behalf of Rob Rossi/Blacklake Golf Course: Commenter indicates developer is "...preparing an application to the County of San Luis Obispo to expand recreational amenities..." at the golf course and provides a brief summary of potential water demands associated with the plan.

Staff Response: No change to Plan Update is proposed since the planned expansion is years from approval. Additionally, the Plan Update includes 50 acre-feet of estimated water demand growth in the District's Blacklake Division. The developer's estimated water demand for the expansion appears to be less than 50 acre-feet.

San Luis Obispo Coast Keeper, Gordon R. Hensley: Commenter supports the District's efforts to develop a sustainable water supply for the area. Commenter feels the Plan Update fails to disclose the uncertainty of planned supplies (supplemental water).

Staff Response: These comments were faxed to the District on January 18, 2006. Therefore, the following suggested changes are NOT included in the Administrative Final Draft Plan Update before the Directors. The following wording changes are suggested to further clarify the status of the District's supplemental water program.

Section 2.1.2, Page 19, 1st paragraph: "...on August 3, 2005, the Court tentatively approved a Settlement Stipulation..."

Section 2.1.2, Page 19, 7th paragraph: "Consistent with the Memorandum of Understanding between the City of Santa Maria and the District, a minimum of 2,500 afy of supplemental water is to be purchased..."

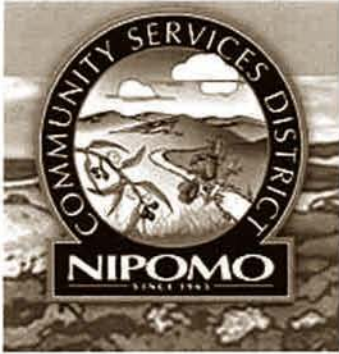
RECOMMENDATION

Staff recommends your Honorable Board consider staff presentation, public comment, approve the attached Resolution adopting the Urban Water Management Plan 2005 Update, and direct staff to finalize and file the approved document consistent with the California Urban Water Management Planning Act.

ATTACHMENTS

SAIC Presentation Slides
Comment Letters 1-6
Adoption Resolution

Note: the Draft Urban Water Management Plan – 2005 Update is available on the District's website "Nipomocsd.com". Hard and CD copies are available at the District office.



Nipomo Community Services District

Urban Water Management Plan Update

Prepared by:  SAIC
From Science to Solutions™

Project Manager: Meredith Clement
Project Engineer: Robert G. Beeby, PE



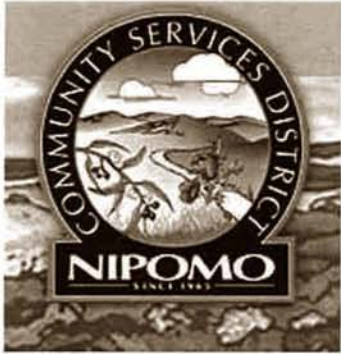
Goals and Objectives

of updating the UWMP

FIRST AND FOREMOST - To complete a defensible UWMP compliant with California Department of Water Resources' requirements.

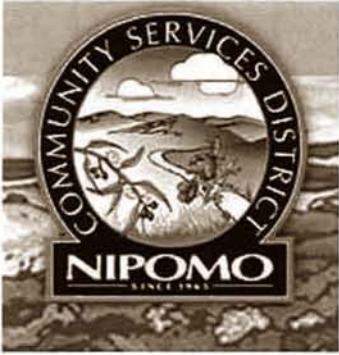
- SECOND - To update the UWMP to reflect:
 - Anticipated management of area groundwater
 - Anticipated new water sources (supplemental water)
 - Changes to the NCSD service area and sphere of influence area and resulting water demands

- FINALLY - To create a tool that the District can use for future water use planning (e.g., a background document for water supply assessments) and a vehicle for discussing regional water planning with local agencies, including the County of San Luis Obispo.



UWMP Update Outline

- Introduction
 - Public and Agency Coordination
 - Service Area Information
- Water Supply
 - Groundwater
 - Supplemental Water
 - Reliability of Supply
 - Planned Supplies Not Implemented
- Water Demands
 - Water Use by Customer Type
 - Additional Water Uses
 - Demand Management Measures
- Water Shortage Contingency Plan
 - Stages of Action
- Recycled Water Plan
- Water Service Reliability
- Adoption Resolution



Status

- Administrative Draft Urban Water Management Plan

- Draft Urban Water Management Plan
 - Available for public review (on-line and in NCSD offices) starting December 12, 2006

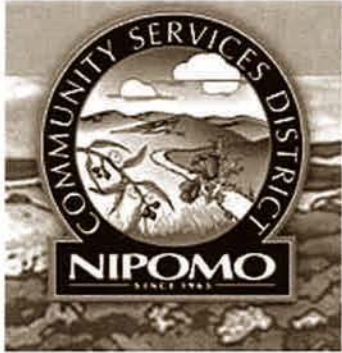
- FINAL URBAN WATER MANAGEMENT PLAN**
 - Prepared based on comments on Draft from Board and public
 - To be adopted by NCSD and submitted to Department of Water Resources



Agency Coordination

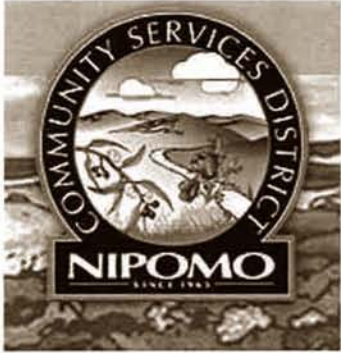
Public and Agency Coordination

- San Luis Obispo County, LAFCO, City of Santa Maria
- See Table 1 of Administrative Final UWMP to track participation



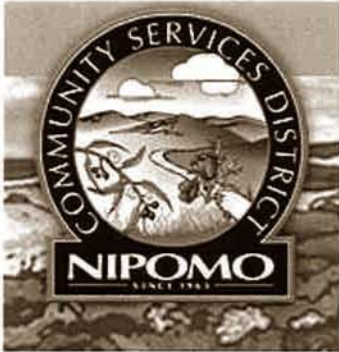
Public Comments

- ❑ Written comments on the Draft UWMP received from:
 - Ed Eby
 - Greg Nester Construction and Development
 - Home Builders Association of the Central Coast
 - Kirk Consulting/Rob Rossi
 - San Luis Obispo CoastKeeper
 - San Luis Obispo Local Agency Formation Commission



Revisions to Draft UWMP Appearing in Administrative Final

- ❑ Revisions to Draft based on comments from Board and Public
- ❑ Major Changes
 - Within the water demand calculations, the Craig/Lucia Mar project “moved” from the “pending land use amendment” category to the “existing land use” category.
 - Within the water demand calculations, added the proposed Crystal Oaks Project to the “pending land use amendment category.”



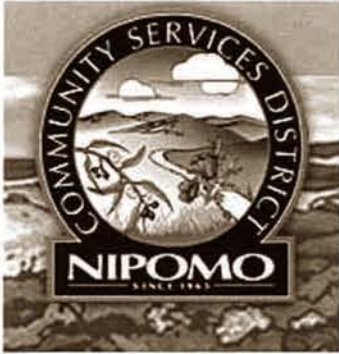
Overall Findings of UWMP

Existing Service Area

- Supply sufficient in a Normal Year under any scenario or growth rate.
- Supply sufficient in a Single Dry Year under any land use scenario or growth rate.
- Severe conservation or groundwater mining needed to serve existing service area in later years of multiple-year drought under any land use scenario or growth rate.

Sphere of Influence Areas

- It is anticipated that additional supplemental water necessary to serve sphere of influence areas, even during Normal water years, under some land use and growth scenarios.
- It is anticipated that additional supplemental water necessary to serve sphere of influence areas, during a Single Dry year, under some land use and growth scenarios.
- Additional supplemental water necessary to serve sphere of influence areas during a multiple-year drought under any land use scenario or growth rate



Moving Forward to Final UWMP

- Following a hearing on the UWMP, per the California Water Code section 10642, “the plan shall be adopted as prepared or as modified after the hearing”

- Within 30 days of Final UWMP Adoption:
 - Submit to Department of Water Resources
 - Provide copies to San Luis Obispo County, State Library
 - Make copy available for review during normal business hours

- During “life” of the Plan, until 2010 update:
 - Review and amend UWMP as necessary

LAFCO • The Local Agency Formation Commission
Serving the Area of San Luis Obispo County

January 12, 2006

COMMISSIONERS

BARBARA MANN, CHAIR
Special District Member

KATCHO ACHADJIAN
VICE CHAIR
County Member

SHIRLEY BIANCHI
County Member

DAVID BROOKS
Special District Member

DUANE PICANCO
City Member

RICHARD ROBERTS
Public Member

WENDY SCALISE
City Member

ALTERNATES

VACANT
Special District Member

TOM MURRAY
Public Member

JAMES R. PATTERSON
County Member

ALLEN SETTLE
City Member

STAFF

PAUL L. HOOD
Executive Officer

RAY BIERING
Legal Counsel

DAVID CHURCH
Senior LAFCO Analyst

DONNA J. BLOYD
Commission Clerk

Mr. Michael Lebrun, General Manager
Nipomo Community Services District
148 South Wilson St.
Nipomo, CA 93444-0326

Subject: Nipomo CSD Urban Water Management Plan

Dear Mr. LeBrun:

Thank you for the opportunity to comment on the draft Urban Water Management Plan Update prepared for the NCSD by SAIC. Local Agency Formation Commission (LAFCO) Staff assisted the consultant in preparing the update by providing them with mapping data sets and procedural information about the District's Sphere of Influence.

Overall, the UWMP appears to be a comprehensive document that provides the District with an up-to-date plan for providing water services to its current and future residents. Also, the draft plan appears to be consistent with the condition of approval from the Sphere of Influence Update to revise the Urban Water Management Plan. The final adopted Plan should be submitted to LAFCO for condition compliance review once it is adopted by the Board of Directors. Thank you for considering the following comments:

1. The map on the cover should be revised to show the most recent NCSD service boundary. It appears that the boundary does not include the most recent annexations and detachment made to the District. Figure one on page five shows a different service boundary than on the cover page. It appears to be an older boundary.
2. Figure two on page seven should be revised because Study Area Five is shown as "Proposed but not included in the Sphere of Influence". This Study Area was included in the District's Sphere of Influence and should be shown as yellow. Also, LAFCO did not place any restrictions on Study Area Five. It is subject to the same annexation process and regulations as other Study Areas.

1042 Pacific Street, Suite A • San Luis Obispo, California 93401

Tel: 805.781.5795 Fax: 805.788.2072

www.slolafco.com

3. Also, parts of Study Area Eight have been annexed to the District and should be shown as part of the District's service area. We can provide the updated GIS "Layers" upon request by you or your consultant.
4. Water conservation is addressed in section 3.2 on page 50, under Demand Management Measures. The Urban Water Management Plan documents that the NCSD stated goal to reduce water use within its service area by 15%. This is consistent with the Conditions of Approval for the District's Sphere of Influence. The District also proposes to measure the effectiveness of their conservation program by monitoring the reduction of water on a per connection basis. This is also consistent with the SOI conditions of approval.

In addition to the description of the Demand Management Measures, it may be useful to estimate how much savings on a percentage basis each demand measure might achieve. Most of the Demand Measures are either to be implemented in the future, or have been recently put into action. Tracking the results will be very helpful in ensuring the water use reduction goal of 15% is achieved by the District.

We appreciate the hard work, resources, and time that went into the preparation of the Urban Water Management Plan. Thank you for including LAFCO in the review and comment process. Please call me at 805-788-2096 if you have any questions, or if we can provide you with any additional information.

Sincerely,



David Church, AICP
Senior LAFCO Analyst



Tuesday, January 10, 2006

Michael LeBrun
General Manager
Nipomo Community Services District

Dear Micheal LeBrun:

The Home Builders Association read the Nipomo Community Services District draft Urban Water Management Plan. It is thorough and informative. We have no substantial issues with it and have just a few comments and questions we hope NCSD can answer or clarify before or during the scheduled Jan. 25 public hearing on the plan.

On Pages 50 and 51, in the demand management section, the report refers to reducing water usage through residential plumbing retrofits and a residential ultra-low flush toilet replacement program, but indicates NCSD does not know how many homes could participate or already have such equipment. We support such a program and encourage the district to undertake the study that would it to determine how much water could be saved this way.

We also support the proposal on Page 53 to study the possible impact of a high-efficiency washing machine rebate program.

On Page 53, the report refers to NCSD's water conservation pricing plan, but doesn't indicate if homes subject to it have reduced their water usage since the plan was implemented. That would be useful planning information.

In the section on multi-year droughts and demand comparisons beginning on Page 73, the report makes assumptions on how much irrigation and urban water usage would change during a drought each year, but doesn't clearly indicate what those assumptions are based on. It refers to a section 2.7.3 that doesn't seem to exist in the report. What were the assumptions based on?

Thank you very much for taking the time to consider and answer our questions and concerns.

Sincerely yours,

A handwritten signature in black ink that reads "Jerry Bunin".

Jerry Bunin
Government Affairs Director
Home Builders Association
(805) 546-0418 Ext. 22
jbunin@hbacc.org

811 El Capitan Way, Suite 120 805.546.0418: phone
San Luis Obispo, California 93401 805.546.0339: fax
www.hbacc.org



GREG NESTER

CONSTRUCTION & DEVELOPMENT, INC.

Engineering Dreams Into Reality

January 11, 2006

Nipomo Community Services District
148 S. Wilson St.
Nipomo, CA 93444

Re: Canada Ranch Specific Plan

To Whom It May Concern:

Thank you for the opportunity for public comment on the Urban Water Management Plan.

In review of the public presentation and written document in December, we recognize the intended water use allocation for Canada Ranch as 226 ac. ft./yr. As developers of Canada Ranch with community and San Luis Obispo County input, and economic feasibility studies, we estimate the ultimate build out of the property to require upwards of 425 ac. ft. / yr. Please refer to the attached annexation request.

Please consider this information as you are updating the Urban Water Management Plan. Thank you.

Sincerely,

Greg Nester

RECEIVED
JAN 11 2006
NIPOMO COMMUNITY
SERVICES DISTRICT

GENERAL CONTRACTOR LICENSE #812904
OFFICE LOCATION: 139 W. BRANCH ST., ARROYO GRANDE, CA 93420
MAILING ADDRESS: P.O. BOX 219, ARROYO GRANDE, CA 93421
TELEPHONE: (805)481-5182 FAX: (805)481-2790

520 Camino Roble
Nipomo, CA 93444
January 9, 2006

Nipomo Community Services District (NCSD)
148 South Wilson Street
Nipomo, CA 93444

Larry Vierheilig, President
Michael Winn, Vice President
Judith Wirsing, Director
Clifford Trotter, Director
Ed Eby, Director
Michael LeBrun, General Manager
Donna Johnson, Secretary to the Board
Jon Seitz, General Counsel

RECEIVED
JAN 9 9 2006
NIPOMO COMMUNITY
SERVICES DISTRICT

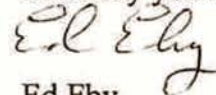
RE: Draft Urban Water management Plan 2005 Update (December 2005)

Honorable Directors and Staff:

Please consider the attached comments on the Draft Urban Water Management Plan 2005 Update, dated December 2005.

I am particularly concerned that the estimates for per capita water use in Table 15 are too low and will lead to continued NCSD over commitment of water service beyond the safe yield of our aquifer.

Sincerely yours,



Ed Eby
NCSD Customer

Attachment

**Attachment 1
Comments by Ed Eby
to the
(Draft) Urban Water Management Plan 2005 Update**

Comments by Ed Eby to the (Draft) Urban Water Management Plan 2005 Update

Page/Paragraph	Comment	Rationale
10/ First	Change "In August 2005," to "On May 24, 2005," (Ref May 24, 2005 BOS minutes)	Accuracy
10/ First	The lower growth rate should be 1.8%. (Ref BOS minutes, May 24, 2005 staff report, and NCAC letter dated April 11, 2005)	<p>The concerns that brought about the reduction in the growth cap were all infrastructure problems, not just water. Letters from the NCAC and public comment during the Board of Supervisors meeting were as concerned about traffic congestion as water shortage.</p> <p>The conjecture that the County will return to a 2.3% growth cap when supplemental water is acquired fails to recognize that equal importance of the traffic infrastructure inadequacy. Traffic improvements are also required before a return to a 2.3% growth cap.</p> <p>The erroneous assumption that the 2.3% growth cap will immediately return causes an overestimation of the lower limit future water demands, and damages the credibility of the Urban Water Management Plan.</p>
11/ Table 3 and throughout document	1.8% should be the lower Assumed Annual Population Growth Rate	Gives credibility to the Urban Water Management Plan.
19/ second to last	Change "is to be purchased" to "is contemplated to be purchased"	Consistent with the wording on page 21 of the Stipulation.
26/ 2.3.1	Change "has developed an estimate of the safe yield of the NMNA," to "believes that the safe yield of the NMNA is"	The NCSD did not derive or make a finding on the safe yield. The safe yield range was developed in the DWR Report. The 2004 Resource Capacity Study used the range of 4800 to 6000 and adopted 6000 as their baseline.
26/ third from last	Delete last sentence.	Nowhere in the MOU is there mention of an option for future deliveries greater than 3000 afy.

Page/Paragraph	Comment	Rationale
35/ Table 14	Add the Crystal Oaks development	<p>When the Specific Plan is complete, this will be a General Plan Amendment.</p> <p>The amount of water this development contemplates is much greater than the current General Plan envisions.</p>
35/ Table 14	Remove the Craig/ Lucia Mar School District Proposed Land Use Amendment.	As of the date of this Draft UWMP, this Land Use Amendment is complete and is no longer "Proposed."
36/ Table 15	<p>The estimated use per capital is considerably lower (greater than 32%) than the LAFCO estimate averaging 232 gallons per day per person (Ref. LAFCO SOI EIR, page 7-5). The LAFCO estimate yields an approximate "ground truth" against the population figure in Table 3 (page 11) and the NCSD supply value in Table 9 (page 27).</p> <p>If the Boyle and other estimates are used as the per capita consumption bases, their values should be "ground truthed" against the most current use in the zoning categories. Otherwise they will lead to a grossly underestimated future demand.</p>	<p>This discrepancy must be clarified to give credibility to the Urban Water Management Plan.</p> <p>From the LAFCO EIR: "Based on the annual reports submitted by the NCSD to the Department of Water Resources for the period from 1994 to 2000, the average amount of water used per person is .26 acre-feet per year (gross production). This equates to 84,760 gallons each year and 232 gallons per day per person. The increased density allowed by zoning an area Residential Single Family would likely decrease per capita water consumption to an estimated .20 acre feet per person per year (180 gallons per day) because of the smaller lot sizes and reduced need for landscaping. Therefore .26 acre feet per person per year will be used for areas zoned Residential Rural and Residential Suburban and .20 acre feet per person per year will be used for areas zoned residential single family. The U.S. Census indicates that the average household size in Nipomo is approximately three persons per unit. The number of units projected for a Study Area is estimated by multiplying the gross acreage of an area times the density allowed by the existing or presumed zoning. The number of units is then multiplied by 3.0 persons to calculate the anticipated population increase of a Study Area. The population is multiplied by either .26 or .20 acre-feet of water per person per year depending on the zoning."</p>
59/3	The term "water department" should be changed.	The NCSD does not have an organization named the "water department."

Page/Paragraph	Comment	Rationale
A-2/Second heading	Correct check boxes as appropriate to a wholesale supplier	According to Recital D of the MOU in Appendix D of the UWMP, this is a "wholesale water supply agreement," therefore, the NCSD will be receiving water from a wholesale supplier.



January 12, 2006

Michael LeBrun,
PO Box, 326
Nipomo, CA 93420

RE: Draft UWMP

Dear Mr. LeBrun:

Thank you for the opportunity to review the Draft Urban Water Management Plan (UWMP) update for the Nipomo Community Services District. I am assisting Mr. Rob Rossi in preparing an application package to the County of San Luis Obispo to expand the recreational amenities currently provided at the Blacklake Golf Course. We are anticipating submitting an application for the construction of approximately 150, individually owned, multi-bedroom lodging units (Hotel/ Condominiums) in March 2006.

The UWMP appears to include 50 AF for anticipated additional growth within the Blacklake area, either through Existing Zoning and Land Use or Amendments, which could include High Density scenarios. We would like to provide the district with some preliminary information regarding our project so that the Final UWMP can accurately reflect the potential water demands for additional growth in this area and future land use amendments in the Blacklake.

Although we are designing our project(s) to be as water neutral as possible. We think it's also prudent to request additional district water from your Blacklake Division. The UWMP currently estimates that an additional 50 acre foot reserve to serve the build out of this area under future scenarios. The initial water numbers for our project(s) indicate that each multi-bedroom unit could consume up to 200 gallons per day, without consideration of the water conservation we intend to include. The gross water demand for the project could be up to 30 acre feet a year. Irrigation via treated effluent will continue both reuse and recharge the existing golf course irrigation.

We will be implementing a number of sustainability approaches to the design, which will result in a substantial reduction of present irrigation consumption. We intend to expand use of reclaimed water for golf course irrigation through the rehabilitation and/or replacement of the existing irrigation system. Further redesign of the golf course layout will result in reduction of golf course turf and thus lower irrigation demand.

Our tentative numbers indicate that there will be an overall "water saving" that could be at or near balanced with present irrigation demand.

We would like to thank you in advance for your consideration of our comments to the Draft UWMP. Please feel free to contact me if you have any questions or require additional information.


Jamie Kirk
Kirk Consulting

9720 Atascadero Avenue, Atascadero, CA 93422

Phone: 805-461-5765 Fax: 805-462-9466

Kirkconsulting@charter.net

File: UWMP
UPDATE 2005

EPI-Center, 1013 Monterey Street, Suite 207 San Luis Obispo, CA 93401

Phone: 805-781-9932 • Fax: 805-781-9384

San Luis Obispo **COASTKEEPER**[®]

January 10, 2006

Michael LeBrun, General Manager *MLB*
 Nipomo Community Services District
 148 South Wilson Street
 Nipomo, CA 93444

VIA FACSIMILE: 805-929-1932

Subject: January 11, 2006 NCSD Board Meeting /Agenda E-2 – draft Urban Water Management Plan

Dear Mr. LeBrun,

On Wednesday January 11, 2006 your Board is scheduled to consider action on the draft 2005 Urban Water Management Plan update. I will be unable to attend tomorrow's hearing, however, I am writing to urge NCSD to extend the public comment period for this item 30 days.

The San Luis Obispo **COASTKEEPER**[®], a program of Environment in the Public Interest, is organized for the purpose of ensuring that public officials charged with responsibilities for water quality, watershed and land use planning, and environmental protection comply fully with sound planning principles and with all environmental laws of the State. As such, the SLO Coastkeeper and our supporters are concerned that, considering the length and technical nature of the UWMP, as well as the importance of water issues in Nipomo, the general public has not had sufficient time to review and comment on the document.

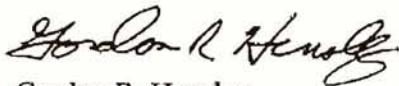


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While the Staff report indicates that the draft Update was made available to the general public on December 12, 2005, citizens should consider the intervening holidays as an obstacle to thorough review. In addition, the electronic version was not available on the NCSD website until late last week. We believe the recent turn-out of 30-40 citizens and groups for the County RMS hearing to consider setting a level 3 severity for water in Nipomo indicates the high degree of interest in the issues addressed in the draft Update. In addition, we believe on contrast that "no written comments to the draft plan update" noted in the Staff report supports our contention that an additional 30 days for public review and comment would be prudent.

I respectfully request that NCSD continue the discussion on Agenda Item E-2 and extend the public comment period for an additional 30 days.

Sincerely,



Gordon R. Hensley
San Luis Obispo **COASTKEEPER***



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**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2006-UWMP**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTION BY THE NIPOMO COMMUNITY SERVICES DISTRICT OF
ITS URBAN WATER MANAGEMENT PLAN 2005 UPDATE**

WHEREAS, California Water Code Section 10621(a) requires each urban water supplier to update its urban water management plan at least once every five years on or before December 31, in years ending in five and zero; and

WHEREAS, Nipomo Community Services District (NCSD) began its public outreach and community involvement in the preparation of the Draft Urban Water Management Plan 2005 Update (UWMP) on June 22, 2005, with its first scheduled public meeting to discuss the project followed by additional meetings with local governmental and community organizations; and

WHEREAS, pursuant to Water Code Section 10621(b), on June 17, 2005, NCSD notified the County of San Luis Obispo and the Local Agency Formation Commission of San Luis Obispo County that it would be preparing its 2005 UWMP, and subsequently met with, consulted with and obtained comments from the Local Agency Formation Commission, San Luis Obispo County, and the City of Santa Maria; and

WHEREAS, on December 14, 2005, the Draft UWMP 2005 Update was posted to NCSD's website; and

WHEREAS, on January 25, 2006, NCSD held a public hearing properly noticed pursuant to Water Code Section 10642 and Government Code Section 6066, at which time NCSD's Board of Directors reviewed the Draft UWMP 2005 Update and, as part of that review, considered a presentation of the Draft UWMP 2005 Update by its staff and consultants, oral and written public comments; and

WHEREAS, pursuant to Water Code Section 10620(d)(2), NCSD coordinated the preparation of its Draft UWMP 2005 Update with other appropriate agencies in the area, including other water suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable; and

WHEREAS, pursuant to Water Code Section 10620(f), NCSD describes in the Draft UWMP 2005 Update water management tools and options used by NCSD that will maximize resources and minimize the need to import water from other regions; and

WHEREAS, pursuant to Water Code Section 10642, NCSD encouraged the active involvement of diverse social, cultural, and economic elements of the population within its service area prior to and during the preparation of the Draft UWMP 2005 Update, which included, but is not limited to, posting the Draft UWMP 2005 Update on NCSD's website; distributing the Draft UWMP 2005 Update to the Nipomo Branch of the San Luis Obispo Library for public review; distributing the Draft UWMP 2005 Update to the City of Santa Maria, the County of San Luis Obispo, the Local Agency Formation Commission of San Luis Obispo County, commencing on December 12, 2005, the NCSD initiated a broad mail/email campaign that announced to the public and various local community groups the availability of the Draft 2005 Update with an invitation for

RESOLUTION NO. 2006-UWMP

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTION BY THE NIPOMO COMMUNITY SERVICES DISTRICT OF
ITS URBAN WATER MANAGEMENT PLAN 2005 UPDATE**

written comments; holding three (3) public meetings between June 2005 and January 2006, regarding the Draft UWMP 2005 Update and coordinating the preparation of the Draft UWMP 2005 Update with the local retail water agencies; and

WHEREAS, to assure public participation in the process, NCSD has exceeded the requirements of the UWMP Act, by holding more than one public hearing; and

WHEREAS, the NCSD Board of Directors has considered the public and Board comments made at the public hearing, as well as written public comments on the Draft UWMP 2005 Update distributed to the Board of Directors; and

WHEREAS, the NCSD Board of Directors has carefully reviewed the Draft UWMP 2005 Update, the erratas and any modifications made at the hearing; and

WHEREAS, NCSD Board of Directors finds that the Revised Final Draft UWMP 2005 Update is fully adequate and complete in its compliance with the requirements of the UWMP Act, and further finds that the conclusions reached in the Revised Final Draft UWMP 2005 Update are supported by substantial evidence.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT does hereby adopt the Final Draft UWMP 2005 Update attached hereto as Exhibit "A" and incorporated herein by this reference, including the erratas and modifications made at the January 25, 2006 adoption meeting as NCSD's Urban Water Management Plan 2005 Update;

RESOLVED FURTHER that NCSD shall implement the UWMP 2005 Update in accordance with the schedule set forth therein;

RESOLVED FURTHER that NCSD shall submit to the Department of Water resources, the California State Library, and the City of Santa Maria and San Luis Obispo County a copy of the UWMP 2005 Update;

RESOLVED FURTHER that NCSD shall make the UWMP 2005 Update available for public review at NCSD administrative offices at 148 South Wilson Street, Nipomo, California during normal business hours.

RESOLVED FURTHER that the above Recitals are incorporated herein and support the adoption of the Final Draft UWMP 2005 Update

RESOLUTION NO. 2006-UWMP

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTION BY THE NIPOMO COMMUNITY SERVICES DISTRICT OF
ITS URBAN WATER MANAGEMENT PLAN 2005 UPDATE

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

AYES:
NOES:
ABSENT:
ABSTAIN:

The foregoing resolution is hereby adopted this 25th day of January, 2006.

Lawrence Vierheilig, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
General Counsel

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RESOLUTION NO. 2006-UWMP

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTION BY THE NIPOMO COMMUNITY SERVICES DISTRICT OF
ITS URBAN WATER MANAGEMENT PLAN 2005 UPDATE**

EXHIBIT "A"

UWMP 2005 UPDATE
(Attached hereto)

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *MSL*
DATE: JANUARY 25, 2006



HOLLOWAY ANNEXATION AGREEMENT

ITEM

Consider approval of an agreement to annex approximately 20 acres of land, located within the NCSD Sphere of Influence, including water and sewer service to a planned 18-unit residential development within the area proposed to be annexed. The property is located on South Oakglen Avenue and is also know as Tract 2642.

BACKGROUND

On October 20, 2005, the District received application for Annexation of a 20+ acre parcel (four separate APNs) on South Oakglen. 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.

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.

LAFCO staff is unable to provide assurance the Commission will approve annexation to the District. An application to LAFCO and the resultant hearing is the only way this question can be answered absolutely. LAFCO staff feels the timing of such an application is appropriate given the District's progress on meeting Commission-imposed conditions of approval for annexation. Staff envisions the Commission approving annexation conditioned on the District meeting or reaching significant milestones in meeting the conditions of approval incorporated in the 2004 SOI update. The LAFCO imposed annexation conditions of approval, which remain outstanding, are summarized as follows (May 20, 2004, SOI/MSR Appendix C):

- Implement a water conservation program that decreases water use by 15% based on per-connection water consumption.
- Complete or update the Urban Water Management Plan.
- Complete negotiations for supplemental water.

Staff and District Counsel provided a draft annexation agreement to the Applicant and met with the Applicant to discuss and refine the agreement. The agreed upon proposed Annexation Agreement is attached and substantially represents the District's standard Annexation Agreement. The proposed Agreement is signed by the Applicant.

If your Honorable Board approves the proposed Agreement, the Applicant and District will make application for annexation of the subject property to LAFCO. Under the terms of the Annexation Agreement the Applicant, agrees to cover all District costs associated with processing this development project, including the cost of application to LAFCO.

RECOMMENDATION

Staff recommends your Honorable Board consider public comment, testimony by the applicant, staff report and presentation, and approve the proposed Agreement.

ATTACHMENT

Draft Annexation Agreement

RECORDING REQUEST BY AND
WHEN RECORDED RETURN TO:
NIPOMO COMMUNITY SERVICES DISTRICT
P.O. Box 326
Nipomo, CA 93444

APN# 090-171-005
090-171-027
090-171-028
090-171-029

Exhibit "A" - Legal Description of Property
Exhibit "B" - Proposed Tentative Tract Map
Exhibit "C" - District Annexation Policy
Exhibit "D" - Hourly Rates for District Staff and Consultants

HOLLOWAY TRACT 2642
ANNEXATION AGREEMENT

THIS AGREEMENT, made this ____ day of _____, 2006 by and between the Nipomo Community Services District, (herein referred to as District), and Carl R. Holloway and Debra L. Holloway, husband and wife, (herein referred to collectively as ("Applicant")), with reference to the following recitals.

RECITALS

A. Applicant represents and warrants that Applicant is the fee title owner of certain real property (herein the "Property" or the "Area of Annexation") located at South Oakglen Avenue, Nipomo, California, also known as Tract 2642. The subject Property is approximately twenty (20.0) acres in area. The Property is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

B. The Property is located inside the District's Sphere of Influence as established by the Local Agency Formation Commission ("LAFCo") and adjacent to the current District service boundary.

C. Applicant desires to annex the Property into the District. The annexation process is referred to herein as the "Annexation". The Proposed Tentative Tract map is attached hereto as Exhibit "B" and depicts the Tentative Development Plan along with the Tentative Assessor's Parcel Numbers.

D. The Annexation will be processed in accordance with this Agreement and the District's Annexation Policies attached hereto as Exhibit "B".

E. The cost of processing the Annexation includes District costs (including legal,

engineering, environmental assessment and administrative costs) and Local Agency Formation Commission (LAFCo) costs (including administrative costs and environmental assessment costs). Applicant acknowledges responsibility for payment of all District associated with processing the Annexation.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Annexation Description:

The Annexation shall consist of the Annexation of approximately twenty (20.0) acres to be developed into eighteen (18) lots with single family residential units and one (1) open space parcel to be used for an existing farm home and agricultural purposes.

2. Water Service Limitations:

The District's obligation to provide water service to the Area of Annexation and parcels therein is limited to the number of residential units identified in Section 1 above. Water service to the existing farm home is not envisioned at this time, however the home may be connected to District service in the future if the residents desire (District fees will be applied if and when the connection is made).

3. District Services:

The District services to be provided to the area of annexation include water, sewer, and solid waste.

4. District Processing Costs:

- A. At the time of execution of this Agreement, Applicant shall deposit with the District the sum of six thousand dollars (\$6,000) for District services more particularly described in Recital E above. The Applicant authorizes the District to withdraw from the deposit payment for services pursuant to this Agreement as they are incurred by District.

District will notify Applicant whenever the deposit is reduced to one thousand dollars (\$1,000) or less. Within 15 days after such notification is mailed, Applicant shall make an additional deposit in the same amount as the initial deposit.

- B. Upon completion of the annexation, any funds deposited by Applicant in excess of the District's costs shall be refunded to the Applicant. Conversely, any costs incurred by the District over and above the amount requested by Applicant shall be paid by Applicant upon demand.

5. Payment of District's Fees and Charges

- A. Annexation Fees: Prior to final LAFCo approval of the proposed Annexation, Applicant shall deposit with District the sum of ten thousand dollars (\$10,000) representing the District's Annexation fees of \$500 per acre.

- B. District Connection and Capacity Charges: Prior to District issuing a Will Serve Letter, for District services, Applicant shall pay District, the 100% estimate of District's then established connection charges for District services. At the time individual water meters are installed for residential service, the District's then current connection fees for connection, including supplemental water charges, will be assigned and due and the aforementioned deposit will be credited.

- C. Supplemental Water Acquisition Fee: The water demand for the Annexation is not accounted for under the District's current reservation of supplemental water. Therefore the Applicant is required to either provide an amount and quality of supplemental water (non-Nipomo Mesa Sub Area water) acceptable to the District or pay a supplemental water acquisition fee. The amount of supplemental water will be based on eighteen (18) residential lots and District water demand factors for like development (approximately .55 acre-feet of water each .5 acre residential lot). Acquisition fee is established by supplemental water providers. Currently, a fee of \$4,000 per acre-foot is charged by the City of Santa Maria. Ten percent of the fee is required for reservation and the balance shall be due and payable prior to LAFCOs final approval.

6. Obligations of Applicant:

In addition to the obligations of Applicant referenced in this Agreement, the Applicant shall have the following additional obligations:

- A. Provide information, petitions, studies and proposals as requested by District for analysis, processing and/or approvals.

- B. At Applicant's sole cost, Applicant shall promptly and diligently process the Annexation through LAFCo. If annexation has not been completed within eighteen (18) months from the date of this Agreement, the District shall have the right to terminate this Agreement at any time thereafter, unless such time for completion is extended by written agreement. Such extension must be requested in writing by the Applicant two (2) months prior to the expiration of said

- period. If the Agreement is terminated the District shall have no further obligation under this Agreement. Upon termination the District shall refund any deposits made by Applicant which have not been used by the District prior to the date of termination.
- C. Enter into a plan check and inspection contract with the District and design and construct and dedicate to the District, at Applicant's sole cost, water and sewer and other infrastructure improvements required to provide District services to the Area of Annexation and the development contained therein. All infrastructure improvements to be constructed in accordance with District specifications for water and sewer system improvements and District policy and code.
 - D. Applicant shall, be responsible for determining whether the infrastructure improvements to be constructed pursuant to subparagraph C above, require the payment of prevailing wages and if so, Applicant shall to the extent required by the California Labor Code, pay no less than the applicable prevailing wage rates to workers and professionals as determined by the Director of Industrial Relations of the State of California pursuant to California Labor Code, Part 7, Chapter 1, Article 2. Copies of the wage determination are on file at the District's office or are otherwise available on the Web at www.cslb.ca.gov.
 - E. Comply with all conditions placed on the Annexation by LAFCo.

7. Obligations of District:

Applicant and the District understand and agree that processing the Annexation by the District and the LAFCo will require many discretionary approvals. Therefore, there are no promises or guarantees that the Annexation will be successfully processed/approved by the District and/or LAFCo.

In the event that the Annexation is withdrawn or not approved, then the District will return the unused deposit to Applicant as provided in Section 4B, above and the deposit referenced in Section 5 A and C above and the Applicant will be released from the obligations of this Agreement.

District staff time and consultant time will be charged at the rates described in Exhibit "C", attached hereto. If environmental consultants are required by the District in connection with this Annexation, the Applicant shall be responsible for payment of said consultants.

8. Dedications and Covenants:

Prior to final LAFCo approval of the Annexation, Applicant shall record, in a form to be approved by District, an agricultural/open space easement for the open space parcel...

Prior to District approval of development plans, the Applicant shall offer for dedication to the District easements required for sewer and water improvements that will be dedicated to the District.

9. Delivery of Water Service

The District's current water resources are NOT adequate to supply the Area of Annexation consistent with the service levels identified in paragraphs 1 and 2 above. Subject to Applicant complying with the terms and conditions outlined in 5.C. above or delivering to the District an agreed amount of supplemental water resources, and complying with all other conditions of this Agreement, the District will provide water to the Area of Annexation upon LAFCo's final approval and the District's acceptance of infrastructure improvements.

11. Customer of the District:

Upon annexation the residents and commercial users within the Area of Annexation shall become "regular customers" of the District with no greater entitlements to water service than any other District resident.

13. Indemnification and Hold Harmless

To the extent allowable by law, Applicant agrees to hold District harmless from costs and expenses, including attorneys' fees, incurred by District or held to be the liability of District in connection with District's defense of its actions in any proceeding brought in any State or Federal court challenging the District's actions with respect to the Annexation. Applicant understands and acknowledges that District is under no obligation to defend any legal actions challenging the District's actions with respect to the Annexation.

The Applicant recognizes and hereby agrees that the District and its directors, officers, employees and agents shall not be liable for any injury or death to any person or damage to any property arising from the performance of any work required hereunder by the Applicant, its officers, employees, independent contractors or agents. The Applicant shall protect, indemnify and hold the District harmless from any and all claims, causes of actions, demands or charges and from any loss or liability, including all costs, penalties, expenses, attorney's fees, litigation costs, and other fees arising out of or in any way connected with the performance or with the failure to perform under this Agreement by Applicant, its officers, employees, independent contractors or agents, including, but not limited to, the construction of the Annexation. In addition, if the District, its directors, officers, employees or agents should be sued as a result of such performance, the District may notify the Applicant which then shall have the duty to defend the District, its directors, officers, employees or agents, or, at the District's option, pay for such defense including,

but not limited to, payment of all reasonable attorney's fees and expenses incurred by the District, its directors, officers, employees or agents.

14. Term of Agreement and Termination

This Agreement shall become effective on the date first above written and shall remain in effect until terminated by either party or final completion of the Annexation process, including the payment of Applicant's obligations.

Prior to final LAFCo approval of the Annexation, Applicant may terminate this Agreement with fifteen (15) days written notice to District. Termination shall not relieve Applicant of its responsibility for payment of costs incurred by District to the date of termination as provided in Section 3 of this Agreement.

15. Waiver of Rights

Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

16. Entire Agreement

This Agreement is freely and voluntarily entered into by the parties after having the opportunity to consult with their respective attorneys. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. The parties, in entering into this Agreement, do not rely on any inducements, promises, or representations made by each other, their representatives, or any other person, other than those inducements, promises, and representations contained in this Agreement. Any amendment to this Agreement shall be of no force and effect unless it is in writing and signed by the Applicant and the District.

17. Notices

All notices, statements, reports, approvals, requests, bills or other communications that are required either expressly or by implication to be given by either party to the other under this Agreement shall be in writing and signed for each party by such officers as each may, from time to time, be authorized in writing to so act. All such notices shall be deemed to have been received on the date of delivery if delivered personally or three (3) days after mailing if enclosed in a properly addressed and stamped envelope and deposited in a United States Post Office for delivery. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown below:

NIPOMO COMMUNITY SERVICES DISTRICT

Michael LeBrun, General Manager
Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444

APPLICANT:

Carl R. and Debra L. Holloway

561 South Oakglen Avenue

Nipomo, California 93444

18. Successors and Assigns:

The District and Applicant agree that Applicant's Obligations, Agreements and Covenants contained in this Agreement shall run with the land and shall be binding upon Applicant, its heirs, successors, executors, administrators, and assigns and shall inure to the benefit of District and its successors and assigns.

19. Headings

The paragraph headings used in this Agreement are for reference only, and shall not in any way limit or amplify the terms and provisions hereof, not shall they enter into the interpretation of this Agreement.

20. Cooperation

Each party to this Agreement agrees to do all things that may be necessary, including, without limitation, the execution of all documents which may be required hereunder, in order to implement and effectuate this Agreement.

21. Interpretation of this Agreement

The parties acknowledge that each party and its attorney have reviewed, negotiated and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the transactions contemplated by this Agreement.

22. Venue

This Agreement has been executed and delivered in the State of California

and the validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. The duties and obligations of the parties created hereunder are performable in San Luis Obispo County and such County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

23. Agreement to be Recorded:

Applicant and District intend and consent to the recordation of this Annexation Agreement and Petition to Form Zone of Benefit between the Nipomo Community Services District and Applicant in the office of the County Recorder of the County of San Luis Obispo.

24. Recitals

The recitals A through D of this Agreement are incorporated herein by this reference and made a part hereof.

25. Authority to Execute Agreement :

- A. Applicant represents and warrants that: (a) this Agreement will constitute legal, valid, and binding obligations of Applicant enforceable in accordance with its terms; and (b) the execution and delivery of this Agreement is within Applicant's power and authority without the joinder or consent of any other party.
- B. Indemnity. Applicant and the undersigned jointly and severally agree to defend, indemnify and hold the District harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) arising out of the representations and warranties of Subsection A. above.

- Next Page -

In Witness Whereof, District and Applicant have executed this Agreement the day and year first above written.

APPLICANT:

By: Carl R. Holloway 1-17-06
(Note: Signature must be notarized)

Carl R. Holloway

By: Debra L. Holloway 1/17/06
(Note: Signature must be notarized)

Debra L. Holloway

DISTRICT:

By: _____
Lawrence Vierheilig, President
District Board of Directors

Attest:

Approved as to Form:

Donna Johnson
Secretary to the Board

Jon S. Seitz,
District Legal Counsel

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Luis Obispo } ss.

On January 17, 2006, before me, Donna K. Johnson, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Carl R. and Debra L. Holloway,
Name(s) of Signer(s)

- personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in ~~his/her~~ their authorized capacity(ies), and that by ~~his/her~~ their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Donna K. Johnson
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Annexation Agreement

Document Date: 1-17-06 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

EXHIBIT A

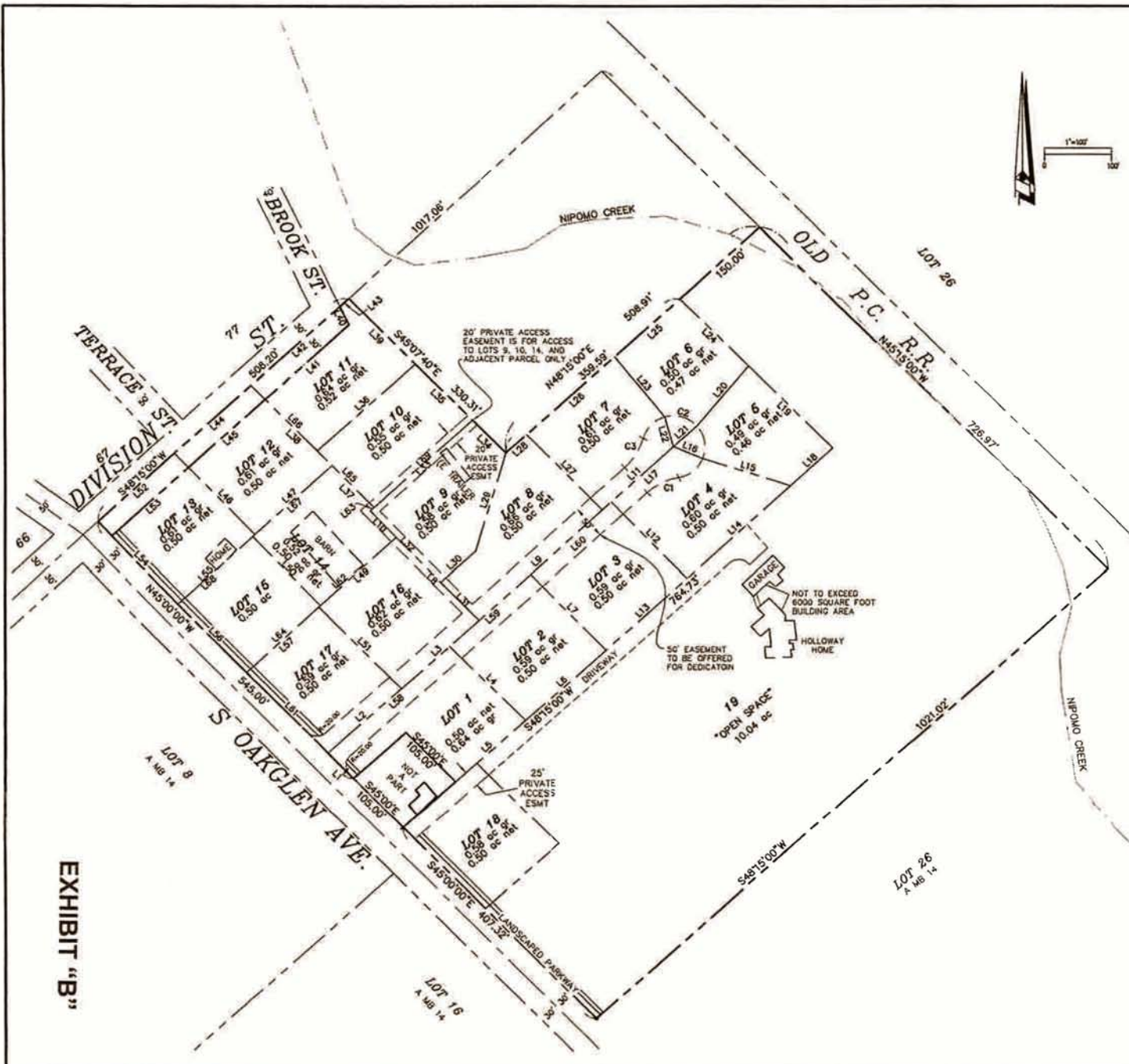
LEGAL DESCRIPTION

BEING A SUBDIVISION OF A PORTION OF LOTS
24 & 25, OF RANCHO NIPOMO (A MB 13) PER
MAPS AS FILED IN THE OFFICE OF THE COUNTY
RECORDER, LYING IN THE COUNTY OF SAN LUIS
OBISPO, STATE OF CALIFORNIA

APN# 090-171-005
090-171-027
090-171-028
090-171-029

END

HOLLOWAY TRACT 2642-ANNEXATION AGREEMENT



SURVEYOR'S STATEMENT:
 THIS MAP WAS PREPARED BY ME OR UNDER MY SUPERVISION AND TO THE BEST OF MY KNOWLEDGE COMPLIES WITH THE LOT DIVISION ORDINANCE OF THE COUNTY OF SAN LUIS OBISPO, CALIFORNIA.

BY: RICHARD H. CASSEIRA L.S. 4283, EXP. 4/30/06

OWNER'S STATEMENT:
 WE HEREBY APPLY FOR APPROVAL OF THE DIVISION OF REAL PROPERTY SHOWN ON THIS MAP AND CERTIFY THAT WE ARE THE LEGAL OWNER OF SAID PROPERTY OR THE AUTHORIZED AGENT OF THE LEGAL OWNER AND THAT THE INFORMATION SHOWN HEREON IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF.

BY: _____
 BY: _____

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	32°33'25"	93.00'	52.84'
C2	245°56'50"	47.00'	201.07'
C3	32°33'25"	93.00'	52.84'

SITE INFORMATION:
 APN: 060-171-005, 022, 028 & 029
 ADDRESS: S. OAKGLEN AVE.
 NIPOMO, CA 93444

OWNER & SUBDIVIDER:
 CARL & DEBRA HOLLOWAY
 501 S. OAKGLEN AVE.
 NIPOMO, CA 93444
 905.929.4328

UTILITIES:
 POWER- P.C.C.
 TELEPHONE- PACIFIC BELL
 GAS- PACIFIC GAS
 TELEVISION- CHARTER COMMUNICATIONS
 WATER- NIPOMO MUNICIPAL WATER COMPANY
 SEWER- HOOD OR INDIVIDUAL SEPTIC

LEGEND:
 DOTTED DASH LINE - DISTING. CONTROL
 DASH LINE - PROPERTY LINE
 DASH LINE WITH CENTER LINE - DIST. BUILDING
 DASH LINE WITH CENTER LINE - CONTROL LINE
 DASH LINE WITH CENTER LINE - FENCE LINE (F.L.)
 DASH LINE WITH CENTER LINE - EASEMENT LINE
 DASH LINE WITH CENTER LINE - POWER POLE
 DASH LINE WITH CENTER LINE - JOINT POLE
 DASH LINE WITH CENTER LINE - DISTING.

LINE TABLE		
LINE	LENGTH	BEARING
L1	54.56	N45°00'00"W
L2	147.99	N48°15'00"E
L3	155.66	N48°15'00"E
L4	159.73	S45°00'00"E
L5	139.64	N48°15'00"E
L6	161.96	N48°15'00"E
L7	159.73	S45°00'00"E
L8	174.85	S42°07'40"E
L9	247.00	N48°15'00"E
L10	54.95	S45°07'40"E
L11	142.62	N48°15'00"E
L12	159.73	N45°00'00"W
L13	161.96	N48°15'00"E
L14	206.64	N48°15'00"E
L15	136.85	N72°35'14"W
L16	47.00	N67°28'50"W
L17	124.53	N48°15'00"E
L18	84.57	N48°15'00"E
L19	176.25	S45°00'00"E
L20	119.12	N40°18'58"E
L21	47.00	N48°15'00"E
L22	47.00	N12°14'33"W
L23	117.24	S30°18'52"E
L24	143.30	S45°00'00"E
L25	130.85	S48°15'00"W
L26	177.42	S48°15'00"W
L27	159.76	N45°07'40"W
L28	41.57	S48°15'00"W
L29	153.12	S17°14'33"W
L30	69.72	S48°15'00"W
L31	80.75	N45°07'40"W
L32	149.05	N45°07'40"W
L33	205.62	S48°15'00"W
L34	70.04	N45°07'40"W
L35	120.11	N45°07'40"W
L36	198.17	S48°15'00"W
L37	88.80	S45°07'40"E
L38	141.41	S45°07'40"E
L39	140.15	N45°07'40"W
L40	31.14	N26°10'00"W
L41	169.83	S48°15'00"W
L42	180.07	S48°15'00"W
L43	18.10	S48°15'00"W
L44	154.89	S48°15'00"W
L45	154.96	S48°15'00"W
L46	141.39	S45°00'00"E
L47	155.27	S48°15'00"E
L48	155.66	N48°15'00"E
L50	143.73	N44°32'56"W
L51	174.85	S45°07'40"E
L52	155.14	S48°15'00"W
L53	155.11	S48°15'00"W
L54	171.44	N45°00'00"W
L55	155.09	S48°15'00"W
L56	145.81	N45°00'00"W
L57	147.49	N47°28'37"E
L58	244.81	N48°15'00"E
L59	161.96	N48°15'00"E
L60	161.96	N48°15'00"E
L61	172.75	N45°00'00"W
L62	152.45	N48°15'00"E
L63	7.45	S48°15'00"W
L64	150.70	N47°26'27"E
L65	120.11	S45°07'40"E
L66	110.10	S45°07'40"E
L67	159.58	S48°15'00"E
L68	150.79	S48°15'00"W
L69	198.17	S48°15'00"W



VICINITY MAP
 (NO SCALE)

TEC CIVIL ENGINEERING CONSULTANTS
 4115 Broad Street, Suite B-1, SLO, CA 93404
 Ph. (805) 541-2114, Fax (805) 541-2132

VESTING TENTATIVE TRACT
MAP NO. 2642

A SUBDIVISION
 OF A PORTION OF
 LOTS 24 & 25,
 RHO NIPOMO
 (A MB 13)
 County of San Luis Obispo
 December 2004

EXHIBIT "B"

RESOLUTION NO. 2003-878

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING THE DISTRICT'S ANNEXATION POLICY**

WHEREAS, the Nipomo Community Services District (District) adopted its Annexation Policy on April 23, 2003 ("Annexation Policy"); and

WHEREAS, the District Board of Directors considered amendments to the Annexation Policy at its regular meeting of August 27, 2003 and instructed Staff to return to the Board with amendments to the Annexation Policy for further consideration and approval; and

WHEREAS, the Local Agency Formation Commission is charged with the authority to review and approve all requests for sphere of influence, annexations, and other changes in organizations to the District; and

WHEREAS, the Local Agency Formation Commission considers CEQA for all proposed annexations and sphere of influence changes.

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

1. The amendments to the Annexation Policy as referenced in Exhibit "A" are hereby approved and adopted.

2. The Board of Directors of the District finds that the amendment of the Annexation Policy does not constitute a "project" under the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et seq.*) or its implementing Guidelines (14 California Code of Regulations Section 15000 *et seq.*) ("CEQA Guidelines"). The Board further finds that the adoption of the Amendment falls within the activities described in Section 15378(b)(2) of the CEQA Guidelines which are deemed not to be "projects". Even if the adoption of the Amendment is a "project" for purposes of CEQA, the District Board finds that it is exempt from review pursuant to Section 15061(b)(3) which provides that an activity is not subject to CEQA review where it can be seen with certainty that there is no possibility that it may have a "significant effect on the environment." The District Board finds that it can be seen with certainty that there is no possibility that the adoption of this Resolution and the approval of the provisions contained herein may have a significant effect on the environment. The District General Manager is authorized to prepare, execute and file a notice of exemption pursuant to the above provisions.

3. The above Recitals are true and correct and incorporated herein by reference.

4. If any section, subsection, sentence, clause or phrase in this Resolution and/or the amendments to the Annexation Policy are for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Resolution and/or the amendments to the Annexation Policy. The Governing Board of the District hereby declares that it would have passed this Resolution and/or the amendments to the Annexation Policy, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence,

RESOLUTION NO. 2003-878

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING THE DISTRICT'S ANNEXATION POLICY

clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

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

AYES: Directors Trotter, Wirsing, Blair, Vierheilig and Winn
NOES: None
ABSENT: None
CONFLICTS: None

the foregoing resolution is hereby adopted this 10th day of September, 2003.



Michael Winn
President, Board of Directors
Nipomo Community Services District

ATTEST:



Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM



Jon S. Seitz
District Legal Counsel

**RESOLUTION 2003-878
EXHIBIT A**

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

ADOPTED SEPTEMBER 10, 2003

I. PURPOSE

In order to promote efficient processing of all requests for annexation to the Nipomo Community Services District, this policy documents the present basis upon which the Board of Directors will evaluate such requests and provides notice thereof to the owners of the property that is the subject of such requests.

II. INTENT

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

Good quality, economical and dependable water, sewerage and other authorized services for the residents of the Nipomo Community Services District.

The District recognizes the need for conservation of natural and environmental resources, including local resources, their availability and quality, consistent with the South County General Plan of San Luis Obispo County.

III. GENERAL POLICIES

- A. Annexations shall provide a reliable water source, other than water from the Nipomo Hydrologic Sub-Area (HSA) or pay for the costs of supplemental water for the area of annexation as a condition of District approval.
- B. In order to provide for the orderly development of public service facilities, only those properties will be considered for annexation for which the owners are willing to accept all conditions for service required by the Nipomo Community Services District. Further, requests for annexation solely for sewerage services to the exclusion of water service will be rejected by the Board of Directors, except under extraordinary circumstances.
- C. In order to evaluate the impacts on potential annexations upon the Nipomo Community Services District, the Board will only consider annexation requests which include the submittal of a layout plan and Annexation application pursuant to Section VI of these Policies. The District reserves the discretion to require additional information from the Applicant.

If the intended development within the proposed area of annexation requires further County approvals (e.g., zoning or subdivision), the District's approval of the annexation may be conditioned upon the owners obtaining such County approvals before the annexation becomes effective.

- D. After review of the layout plan and Application, the Board of Directors will consider annexation request where it can be demonstrated that:

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EXHIBIT A

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

ADOPTED SEPTEMBER 10, 2003

The proposed annexation will provide identified benefits to: (1) the residents and property owners of the remainder of the Nipomo Community Services District; and (2) the future residents and property owners within the annexed area.

- E. The proposed annexation area boundary should include all properties that may receive the proposed services to be provided (i.e., use rear property lines rather than streets as boundary lines).
- F. The District is opposed to the formation of homeowner associations for the operation of water and/or sewer systems in the Nipomo Mesa area. Typically, such associations lose efficiency over time, requiring a public entity to take over their operations. A public entity operating from the beginning would eliminate the need for later acquisition and rejuvenation of such systems at additional cost to the property owners.
- G. The District recognizes two (2) general classes of proposed annexations, as follows:
 - 1. Those areas of proposed annexations that overlie a sufficient source of groundwater to serve the proposed development within the area of annexation; and
 - 2. those areas of proposed annexations that do not overlie a sufficient source of groundwater to serve the proposed development within the area of annexation.
- H. The Board will not contract for State Project Water as a supplemental water supply without first obtaining the approval of the District voters. *

*Note: The Court may have jurisdiction to order State Project Water as part of the Adjudication Resolution.
- I. The Board shall make the final determination about the suitability of any water source.

IV. GENERAL STANDARDS FOR AREAS OVERLYING SUFFICIENT RELIABLE GROUNDWATER RESOURCES

A. Dedications and Covenants:

Applicants who are connected to the District water system shall covenant not to pump from the underlying groundwater basin for non-agricultural uses consistent with the following:

- 1. Applicants that connect to the District's water system may continue to pump for agriculture-related uses on Applicant's property, subject to any limitations imposed by a Court or other agency with jurisdiction.

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EXHIBIT A

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

ADOPTED SEPTEMBER 10, 2003

2. Subject to paying the financial obligations referenced in subsections C and D below and further subject to any limitations imposed by a Court or other agency with jurisdiction, Applicants who do not receive District water service may :
 - Continue using existing well production for existing residential and commercial uses on Applicant's property.
 - Continue to pump for agriculture-related uses on Applicant's property

B. District Processing Costs:

At the time of entering into an Annexation Agreement with District, Applicant shall make deposit for District administrative, consultant and legal costs in processing the annexation;

C. Financial Obligations Prior to LAFCO Approval:

1. For each residential connection to the District's water system or for each existing residential unit that does not connect to District water system, Applicants shall deposit with the District ten thousand dollars (\$10,000) or equivalent securities acceptable to District, to be applied to District administrative and consultant costs in acquiring supplemental water and to offset costs of supplemental water. *
2. Commercial and/or other uses that exceed a 1" meter shall pay a multiple of the deposit referenced in subsection 1 above based on flow capacity.
3. Each connection or potential connection shall pay District capacity and connection fees and charges. The District's water capacity charge shall be reduced by that portion attributed to well production.

* To be returned if LAFCO does not approve annexation. Further, to the extent the supplemental water deposit exceeds District's costs, as prorated among other applicants for annexation, the remainder will be used to reduce Section D water charges. A legal "granny" unit served by the same 1" meter as the primary residence shall not be counted as an additional connection.

D. Payment of Monthly Supplemental Water Charge:

Applicants shall agree to establish a zone of benefit with a rate covenant wherein those residents and commercial users within the area of annexation will pay eighty percent (80%) of the actual costs of supplemental water for

RESOLUTION 2003-878
EXHIBIT A

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

ADOPTED SEPTEMBER 10, 2003

the area of proposed annexation plus one hundred percent (100%) of the reserve that may be required to obtain supplemental water.

E. Customers of the District:

1. Upon annexation, residents and commercial users within the area of the proposed annexation shall become "regular customers" of the District, with no greater entitlements to water service than any other District customer.
2. Subject to compliance with the Annexation Agreement, LAFCO conditions, the District Inspection and Public Facility Agreement, District Rules and Regulations, and a determination by the Board of Directors that there are adequate water resources to supply the area of annexation during the period of time specified in the Annexation Agreement, reasonably determined to acquire supplemental water, District agrees to provide water to the area of annexation upon LAFCO final approval.

F. Cluster Developments:

1. The District will only consider annexations of cluster developments that comply with County policy relating to clustering and that include the requirement for ongoing management of the open space parcel(s) for the purposes of:
 - a. Conserving water drawn from the underlying groundwater basin;
 - b. Preventing the accumulation of solid waste, litter, and construction and demolition waste; and
 - c. Preventing the accumulation of weeds and other fire hazards that would create further demand on the District's water resources.
2. A cluster division is to include at least one (1) open space parcel that may be used for one of the allowable residential units, provided that the building site does not exceed six thousand (6,000) square feet and is defined on the recorded map. Otherwise the open space parcel is not to be developed with structural uses other than agriculture accessory buildings. The open space parcel may be used for any one of the following: crop production or range land; historic site, archaeological preserve, wildlife preserve, water storage or recharge area; leach field, scenic area, protection from hazardous areas; public outdoor recreation; or other similar use.
3. The use and restrictions referenced in Paragraphs 1 and 2 above, are to be guaranteed by a "Dedication", approved in writing by the District, as a party to the "Dedication". The Dedication shall be in the

RESOLUTION 2003-878
EXHIBIT A

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

ADOPTED SEPTEMBER 10, 2003

form of an open space easement, recordable agreement, dedication of fee, or partial fee title to a public or quasi-public agency.

4. If the open space parcel is designated for crop production or range land, then the Dedication related to water use shall include:
 - a. Water pumped from the groundwater basin will only be used for crop production or grazing livestock;
 - b. A reference to the ongoing groundwater adjudication shall be identified, along with a statement that Owner acknowledges that Owner is the party subject to limitations imposed by a Court or other agency with jurisdiction related to pumping from the underlying groundwater basin; and
 - c. That Owner will not transport water from the open space parcel to other parcels that do not share a common boundary and common ownership with the open space parcel. Under no circumstances shall the Owner transport water from the open space parcel to a residential parcel.
5. If the District accepts responsibility for the open space parcel, then Applicant shall form an Assessment District, Special Tax District, or establish an endowment acceptable to District for the purposes of the operation and maintenance of the open space parcel.
6. Applicant shall establish a Homeowners Association for the purposes of assuming obligations in Subparagraph 5 above in the event the District is required to abandon the Assessment District or Special Tax District.

V. GENERAL STANDARDS FOR AREAS OF ANNEXATION THAT DO NOT OVERLIE SUFFICIENT RELIABLE GROUNDWATER RESOURCES.

- A. The Applicant shall comply with all conditions set forth in Section III above for proposed annexations that overlie a sufficient groundwater resource; and
- B. Pay one hundred percent (100%) of the monthly supplemental water charge (see IV D above); and
- C. District will not deliver water to the area of annexation until:
 1. Sufficient supplemental water is under contract and available in the NCSD system for delivery; and
 2. CEQA review, including challenges, are completed.
 3. In addition, the construction phase shall not begin until steps C-1 and C-2 are completed and the Board determines that there is sufficient

RESOLUTION 2003-878
EXHIBIT A

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

ADOPTED SEPTEMBER 10, 2003

water to serve the proposed area of annexation during the construction phase.

VI. DISPUTE RESOLUTION

If an Applicant disputes District determination that the area of proposed annexation does not overlie a sufficient groundwater resource, then Applicant, at Applicant's sole cost, may request District to perform reliability tests, possibly including pump tests, to the District Engineer's standards, to determine sufficiency of underlying groundwater resources. The Board of Directors' determination of the sufficiency of the groundwater supply shall be final.

VII. ANNEXATION AGREEMENT

All applicants for annexation shall be required to enter into an Annexation Agreement. Said Annexation Agreement shall include the following:

- A. That all infrastructure and service line extensions shall be designed and constructed at no cost to District in accordance with District's standards;
- B. Reimbursement to District for its costs in processing the annexation, including administrative costs, legal costs and engineering costs; and
- C. Payment for all applicable District capacity, meter and connection charges.

VIII. SUBMITTAL OF ANNEXATION APPLICATION AND LAYOUT PLAN

Prior to consideration by the Board of Directors, Applicants must submit an application to the District, demonstrating that the annexation will conform to these Annexation Policies and submit a layout plan for the proposed area of annexation in sufficient detail for the District to assess the full impact of the annexation on the District's water distribution facilities, sewer service and other services to be provided to the area of annexation by the District.

**NIPOMO COMMUNITY SERVICES DISTRICT
PLAN CHECK AND INSPECTION
DISTRICT EMPLOYEE RATES
January 1, 2006**

	<u>General Manager</u>	<u>Assistant Administrator</u>	<u>Secretary</u>	<u>Billing Clerk</u>
Annual Salary	\$85,995.00	\$59,556.00	\$41,928.00	\$36,864.00
Annual Hours	2080	2080	2080	2080
Hourly Rate	\$41.34	\$28.63	\$20.16	\$17.72
Billing Factor X	2	2	2	2
Billing Rate	\$82.69	\$57.27	\$40.32	\$35.45

	<u>Utility Supervisor</u>	<u>Utility Field Foreman</u>	<u>Utility Operator</u>	<u>Utility Worker</u>
Annual Salary	\$59,208.00	\$50,280.00	\$43,488.00	\$33,132.00
Annual Hours	2080	2080	2080	2080
Hourly Rate	\$28.47	\$24.17	\$20.91	\$15.93
Billing Factor X	2	2	2	2
Billing Rate	\$56.93	\$48.35	\$41.82	\$31.86

Notes:

- Outside consulting and legal fees will be billed at direct rate (no discount or mark-up)
- Invoices for all charges will indicate hours, rate, and provide a brief description of the tasks completed.

TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *Myl*
DATE: JANUARY 25, 2006



PERSONNEL ACTION – CONTRACT APPROVAL

ITEM

Consideration of a contract to hire a Projects Assistant to the Manager

BACKGROUND

At the direction of your Honorable Board, staff negotiated the attached proposed contract with Mr. Bruce Buel. The Contract defines an agreement under which the District will employ Mr. Buel over a two-year period to assist the General Manager with capital infrastructure project management.

During the ongoing discussion of hiring a Projects Assistant to the Manager, the question of salary and full costs to the District has come up. Below is an accounting estimate for the full cost of the employee:

Annual District Costs

Salary	\$84,000
PERS & Medicare(22.4% of salary)	\$18,800
Vacation (hourly x 3 Weeks)	\$4,845
Sick Leave (12 days x 8 hours x hourly)	\$3,876
Works Compensation	\$825
Miscellaneous Office Costs (computer, etc...)	\$1,000
Total	\$113,346.00

Note: Sick leave costs are only incurred when sick leave is used.

For comparison sake, the lowest billing rate for a Senior Planner from the four consultants we have engineering services agreements with is \$110.00/hour. At 40 hours a week, for 48 weeks (allowing for vacation and holiday time), the District costs would be **\$211,200.00** dollars annually.

This position will be funded from the District's various capital projects' funds (Supplemental Water, Replacement, and Capacity) and will NOT affect the District's adopted operating budget.

RECOMMENDATION

Staff recommends your Honorable Board consider and approve the proposed contract and direct staff to complete the hiring process pending Mr. Buel's successful completion of District pre-employment requirements.

ATTACHMENT

Duties and Responsibilities: Projects Assistant to Manager
Final – Proposed Employment Contract

**NIPOMO COMMUNITY SERVICES DISTRICT
PROJECTS ASSISTANT TO THE MANAGER
EMPLOYMENT AGREEMENT**

THIS AGREEMENT, is made and entered into by and between the Nipomo Community Services District ("District"), and Bruce Buel ("Buel"), with reference to the following recitals:

RECITALS

A. District is a Community Services District organized and operating pursuant to the Community Services District Law (Cal. Gov't Code §§ 61000 et. seq.).

B. District desires to enter into an employment relationship with Buel as Projects Assistant to the District's General Manager;

C. Buel desires to enter into an employment relationship as Projects Assistant to the District's General Manager.

D. It is the purpose of this Agreement to define the employment relationship of Buel and the District during the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

SECTION 1. DUTIES.

District hereby agrees to employ Buel as a Projects Assistant to the General Manager. Buel agrees to perform the functions and duties specified in the District's job description for the position of Projects Assistant to the Manager, which is attached hereto as Exhibit "A" and incorporated by reference herein, in addition to any other functions and duties specified by state and federal law, District ordinance or resolution, or other directive, and to perform other legally permissible and proper duties and functions as the General Manager shall from time to time assign, without additional compensation. Both parties acknowledge that the specific duties of the position may vary from time to time.

SECTION 2. TERM.

This Agreement shall take effect on **February 27, 2006** ("Effective Date"), and shall remain in effect until the close of business on **February 27, 2008** (two years from the Effective Date) as provided in the following provisions:

A. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the District to terminate the services of Buel at any time, subject only to the notice provisions set forth in Section 3, Paragraphs B and C, of this Agreement.

B. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Buel to resign at any time from his position with the District, subject only to the notice provisions set forth in Section 3, Paragraph D, of this Agreement.

C. Prior to the Effective Date, and as a condition of employment, Buel shall successfully complete and pass a physician's examination and a urine and blood test pursuant to District Personnel Policy § 5070.

SECTION 3. TERMINATION AND SEVERANCE PAY.

A. Buel understands and expressly agrees that he has no constitutionally protected property or other interests in his employment as the Assistant to General Manager. Buel understands and expressly agrees that he serves at the will and pleasure of the General Manager and that he may be terminated or asked to resign at any time by the General Manager, with or without cause.

B. Termination Without Cause: Buel shall serve at the will and pleasure of the District's General Manager, and may be terminated without cause. In the event the District terminates Buel without cause within six (6) months of the Effective Date, Buel shall receive a lump sum cash payment (severance pay) equal to two (2) weeks base salary. Thereafter, the severance pay will increase to four (4) weeks base salary. In addition to severance pay, the District shall also pay Buel for his accrued but unused annual leave, but not sick leave. The District shall deduct all normal withholdings required by law with respect to any amounts paid under this section.

C. Termination For Cause: In the event Buel is terminated for good cause, Buel shall be entitled to all salary earned, but not paid as of the date of termination only, and payment for any accrued vacation. Buel shall not be entitled to any other compensation, including, without limitation, any severance compensation. For purpose of

this Agreement, "good cause" shall include, but not necessarily be limited to, any of the following:

- (1) Any material breach by Buel of any term or provision of this Agreement;
- (2) Buel's failure to perform his duties in a professional and responsible manner consistent with generally accepted standards of the profession;
- (3) Buel's misfeasance;
- (4) Buel's malfeasance;
- (5) Conduct unbecoming the position of Assistant to General Manager or likely to bring discredit or embarrassment to the District;
- (6) Insobriety;
- (7) Conviction of a misdemeanor involving moral turpitude;
- (8) Conviction of a felony;
- (9) Engaging in illegal business practices in connection with the District's business;
- (10) Misappropriation of the District's assets;
- (11) Excessive unexcused absences of Buel from his employment during usual working hours; or
- (12) Failure to perform or habitually neglecting the duties which he is required to perform under this Agreement.

D. In the event Buel voluntarily resigns his position with the District, Buel shall give the District thirty (30) calendar days written notice in advance, unless the parties otherwise agree. Should Buel fail to give such period of notice, Buel shall pay to the District as liquidated damages the sum of forty dollars (\$40) per working day, for the difference between the number of actual days of prior notice and thirty (30) calendar days. Buel agrees that the liquidated damages may be deducted from his final paycheck.

SECTION 4. SALARY.

The District agrees to pay Buel for his services rendered pursuant hereto an annual salary of eighty four thousand dollars (\$84,000.00) payable in equal installments at the same time as other District employees are paid.

SECTION 5. OUTSIDE PROFESSIONAL ACTIVITIES.

Buel, with prior written approval of the District General Manager, may undertake outside professional activities for compensation or otherwise, including consulting, teaching, speaking, and writing provided such activities do not interfere with Buel's normal duties and are not performed for any existing vendors or contractors of the District. Under no circumstances shall such outside activities create a conflict of interest with the duties of Buel and the interests of the District.

SECTION 6. BENEFITS.

- A. Buel shall be eligible for the following benefits:
- (1) Health insurance benefits at the same rate as other District regular employees during the term of this Agreement.
 - (2) Other benefits at the same rates as are provided to other District employees.
 - (3) Consistent with Resolution 2005-959 (attached hereto as Exhibit "B" and incorporated herein by this reference) Buel understands however that he is not entitled to continued health and dental benefits from the District upon termination of this Agreement.
- B. The District agrees to pay both the employer and employee portion of PERS contributions, if applicable.

SECTION 7. VACATION AND SICK LEAVE.

- A. Commencing on the 60th day of employment from the "Effective Date", Buel shall accrue, and have credited to his personal account fifteen (15) days of vacation per annum. Accrual of vacation time shall not exceed eighty (80) hours per year.
- B. Commencing on the Effective Date of employment, Buel shall accrue, and have credited to his personal account, sick leave at the rate of twelve (12) working days per annum with a cumulative maximum accrual of one hundred and eighty (180) working days of sick leave.
- C. Subject to job constraints, Buel may take the same holidays as other employees.

SECTION 8. AUTOMOBILE.

Buel shall provide his own automobile and shall be reimbursed for mileage per District policies.

SECTION 9. HOURS OF WORK.

A. Buel understands that he is a management employee and, as such, is exempt from federal and state laws as they may pertain to overtime compensation.

B. Buel will normally be expected to work 40 hours, commencing at 7:30 a.m. However, Buel understands and agrees that he will give such effort and time to the job as is necessary to satisfactorily complete his assignments. Upon approval by the General Manager, Buel may change his normal work hours to a flexible schedule commensurate with his needs and those of the District.

SECTION 10. JURY DUTY.

Buel will receive full pay and benefits for jury duty service. Any additional compensation from the court or elsewhere for such jury duty service (except travel pay) shall be returned to the District.

SECTION 11. NOTICES.

A. Notices pursuant to this Agreement shall be in writing and shall be deemed received at the earlier of either (a) actual receipt, or (b) three (3) days following deposit in the U.S. Mail as provided below. Notices shall be directed to the addresses shown below, provided that a party may change addresses by giving written notice to the other party in accordance with this subsection:

1. Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444
Attn: President of the Board of Directors
2. Bruce Buel
585 Henrietta Avenue
Los Osos, CA 93402

B. Notices under this section shall be:

- (1) Served personally, or
- (2.) Sent by facsimile (provided a hard copy is mailed within one (1)

business day); or

(3) Delivered by first class U.S. Mail, certified, with postage prepaid and a return receipt requested; or

(4) Sent by Federal Express or equivalent private mail delivery service.

SECTION 12. GENERAL PROVISIONS.

A. Buel shall comply with all local and state requirements regarding conflicts of interest and shall avoid personal involvement in situations which are inconsistent or incompatible with a position of Assistant to General Manager or give rise to the appearance of impropriety.

B. The District shall pay the cost to defend Buel to the extent required by California law, as provided by the California Tort Claims Act (Government Code §§ 810 et seq.) in Government Code sections 995 through 995.6, or otherwise.

C. The terms of this Agreement are intended by the parties as the final expression of their Agreement and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Agreement. Any amendments to this Agreement must be in writing and executed by both parties.

D. In the event of Buel's death, Buel's heirs, legatees, devisees, executors or legal representatives shall be entitled to (a) all salary earned, but not paid, and (b) payment for any accrued vacation. Employee and his heirs, legatees, devisees, executors or legal representatives shall not be entitled to any other compensation, including, without limitation, any severance compensation.

E. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

F. This Agreement shall be governed by the laws of the State of California. Buel and the District agree that venue for any dispute shall be in San Luis Obispo County, California.

G. The parties acknowledge that they understand the significance and consequences of this Agreement. The parties also acknowledge that they have been given full opportunity to review and negotiate this Agreement and execute it only after full reflection and analysis, and that they have had an opportunity to review this document and its application and meaning with their respective attorneys and advisors. This Agreement shall not be interpreted against the party who prepared the initial draft because all parties participated in the drafting of this Agreement by having ample opportunity to review and submit suggested changes or corrections for incorporation into the final version of this Agreement.

H. Buel may not assign this Agreement in whole or in part.

I. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument, and shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement on _____, 2006.

Employee:

District:

BRUCE BUEL

LAWRENCE VIERHEILIG, President

WITNESS:

Approved as to form:

DONNA K. JOHNSON,
Secretary to the Board

JON S. SEITZ,
District Legal Counsel

Nipomo Community Services District
Duties and Responsibilities
Projects Assistant to Manager

Position Definition

Pursuant to Contract, and under the direction of the General Manager, provides professional level operation and administrative support to the General Manager, Assistant Administrator, and Utility Supervisor, and reports to the Board of Directors on an “as-needed” basis.

Term

The term will be 24 months with contract duration agreed upon in writing prior to commencement.

Characteristics

- Exemplary public works project management skills and experience.
- Self-directed and motivated with willingness to work flexible hours in support of project meetings and deadlines.
- Strong public speaking and presentation skills
- In-depth knowledge of regulatory permitting requirements and process related to public works projects.

Example of Duties (% of time)

Santa Maria Supplemental Water Project (30%)

Coordinate and oversee the construction of an inter-tie pipeline between the City of Santa Maria water system and the District’s water system. In close coordination with the General Manager the employee will act as Project Manager which will include but not be limited to the following duties:

- Participate in the selection of design and construction consultants.
- Oversee the design process and construction bid document preparation.
- Guide the completion of the CEQA process.
- Oversee CEQA mitigation monitoring program.
- Lead permit and regulatory compliance activities.
- Lead easement and right-of-way acquisition negotiations.
- Explore funding options (grants/loans).

District Capital Improvement Plan Support (20%)

Assist General Manager and Utilities Supervisor with planning and coordinating budgeted capital improvement projects, which include but are not limited to:

- Review and update the current Capital Improvement Plan.
- Southland treatment plant headworks upgrade/expansion
- Frontage Road sewer collection main replacement.
- Southland shop facility upgrade.

Operations and Maintenance Program (20%)

Assist the Utility Supervisor in the development of an operations and maintenance program with the following characteristics:

- Scheduling of regular maintenance (daily, weekly, monthly, quarterly, semi-annual, annual)
- Record the completion and deferral of planned maintenance in reportable format.
- Assess the staffing level required to perform needed maintenance.
- Records scheduling and completion of routine and unplanned maintenance and operational tasks (work order system)

Organizational Development/Administrative Practice (30%)

Assist (mentor) General Manager and Administrative Assistant with the ongoing development and refinement of District administrative functions. Specific projects will include:

- Developing a strategic plan outlining the Districts goals for the next 5-years.
- Developing an external communications plan (Newsletters, web-site enhancements, press releases).
- Developing an internal communication plan.
- Implementing personnel policies and procedures.
- Implementing Board policies and procedures.

TO: BOARD OF DIRECTORS
 FROM: MICHAEL LEBRUN *ML*
 DATE: JANUARY 25, 2006

**AGENDA ITEM
 E-4
 JANUARY 25, 2006**

INVESTMENT POLICY – FOURTH QUARTER REPORT

The Board of Directors have adopted an Investment Policy for NCSD which states that the Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the Board of Directors.

Below is the December 31, 2005 Quarterly Report for your review. The Finance Officer is pleased to report to the Board of Directors that the District is in compliance with the Investment Policy.

As District Finance Officer and Treasurer, I am pleased to inform the Board of Directors that the District is in compliance with the 2005 Investment Policy and that the objectives of safety, liquidity, and yield have been met. The District has the ability to meet cash flow requirements for the next six months.

After Board consideration and public comment, it is recommended that your Honorable Board accept the quarterly report by motion and minute order.

INVESTMENT POLICY-FOURTH QUARTER REPORT 12/31/05

Investment	Institution	Amount of Deposit 12/31/05	Rate of Interest	Quarterly Interest Earned or Accrued 12/31/05	Amount of Deposit 12/31/04	Rate of Interest	Quarterly Interest Earned or Accrued 12/31/04
Money Market	Mid State Bank	\$42,822.58	.25%	\$72.99	\$41,397.27	0.10%	\$12.98
Savings	Mid State Bank	\$893.79	.50%	\$1.13	\$889.87	0.25%	\$0.56
Pooled Money Investment	Local Agency Investment Fund (LAIF)	\$16,726,448.41	3.63%	\$151,865.64	\$16,017,294.68	2.00%	\$77,957.57

ATTACHMENTS

None

t:\board matters\board meetings\board letter\board letter 2006\investment qtrly 12-31-05.doc

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
DATE: JANUARY 25, 2006



DISTRICT INVESTMENT POLICY 2006

ITEM

Annual adoption of District Investment Policy

BACKGROUND

The California Government Code Section 53646 (2) requires local government entities adopt an annual investment policy.

GC§ 53646(2) reads as follows:

In the case of any other local agency, the treasurer or chief fiscal officer of the local agency shall annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

In 2005, the legislature added Government Code Section 53607, effective January 1, 2006, which reads as follows:

The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

This section has been incorporated into the 2006 Investment Policy under Section 7 (A) (see attached) by the incorporation of a requirement for monthly reporting of investments "made or retired" during the preceding month.

RECOMMENDATION

Staff recommends that the Board amend the District Investment Policy by incorporation of a monthly reporting requirement and approve Resolution 2006-invest adopting the Year 2006 District Investment Policy.

ATTACHMENTS

Investment Policy
Resolution

**RESOLUTION 2006-
EXHIBIT A**

**YEAR 2006 INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT**

1. INTRODUCTION

The purpose of this written *Investment Policy* is to establish the guidelines for the prudent investment of Nipomo Community Services District funds (herein referred to as District's funds). The objectives of this policy are safety, liquidity, yield, and compliance with state and federal laws and policies.

District funds are to be managed with a high degree of care and prudence. Though all investments contain a degree of risk, the proper concern for prudence, maintenance of high level of ethical standards and proper delegation of authority reduces the potential for any realized loss.

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

2. FINANCE OFFICER

The Board of Directors appoints the General Manager as the District Finance Officer and Treasurer. The District's Administrative Assistant shall serve as the District's Finance Officer and Treasurer in the absence of the District's General Manager.

3. SCOPE

The District investment portfolio shall consist of money held in a sinking fund of, or surplus money in, the District's treasury not required for the immediate necessities of the District. The District's investment portfolio shall be invested in accordance with this policy.

4. OBJECTIVES

The primary objectives are safety, liquidity, yield, and compliance.

A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature concurrent with cash needs.

C. YIELD

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

D. COMPLIANCE

This Investment Policy is written to be in compliance with California and Federal law.

**RESOLUTION 2006-
EXHIBIT A**

YEAR 2006 INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

5. STANDARDS OF CARE

A. PRUDENCE

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

B. DISCLOSURES

Finance Officer shall disclose any material interest in financial institutions with which he/she conducts the District business.

6. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

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.

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.

C. DIVERSIFIED INVESTMENTS

Investments, other than investments referenced in paragraphs **A** (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

**RESOLUTION 2006-
EXHIBIT A**

YEAR 2006 INVESTMENT POLICY
NIPOMO COMMUNITY SERVICES DISTRICT

7. REPORTS

A. MONTHLY REPORT

Finance Officer/Treasurer shall make monthly reports to the Board of investments made or retired during the preceding month.

B. QUARTERLY REPORT

Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code § 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security
5. Current market value of securities with maturity in excess of twelve months (if applicable)
6. Rate of Interest
7. Statement relating the report to the Statement of Investment Policy
8. Statement of the District's ability to meet cash flow requirements for the next six months.
9. Accrued Interest (if applicable)

C. ANNUAL REPORT

Prior to February 1, of each year, the Finance Officer shall file and submit an annual report to the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

D. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code § 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors, and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 7.B, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment report as identified in paragraph 7.C, above.

RESOLUTION NO. 2006-

**A RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE YEAR 2006 DISTRICT INVESTMENT POLICY**

WHEREAS, the Board of Directors of the Nipomo Community Services District ("District") believes that public funds should, so far as is reasonably possible, be invested in financial institutions to produce revenue for the District rather than to remain idle, and

WHEREAS, from time to time there are District funds which for varying periods of time will not be required for immediate use by the District, and which will, therefore, be available for the purpose of investing in financial institutions with the objectives of safety, liquidity, yield and compliance with state and federal laws and policies.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District as follows:

1. The District hereby adopted the Investment Policy attached hereto as Exhibit "A" as the District's Investment Policy;
2. The District General Manager shall act as Treasurer/Finance Officer of the District and is authorized to invest and re-invest funds in accordance with the Investment Policy for the succeeding twelve (12) month period or until such time as the delegation of authority is revoked.

PASSED AND ADOPTED by the Board of Directors of the Nipomo Community Services District this 25th day of January, 2006 on the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

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 *ML*
DATE: JANUARY 25, 2006



QUARTERLY FINANCIAL REPORT-SECOND QUARTER

ITEM

Review and file quarterly financial report for the second quarter of fiscal year 2005-2006

BACKGROUND

The District's fiscal year is now 50% complete. The consolidated operating revenues are at 54.22% of the budget, operating expenditures are at 43.84% of the budget and general and administrative expenditures are at 35.63% of the budget.

Attached are the following which is an overview of the first six months of the fiscal year :

Page 1-2	Quarterly Highlight Information Sheet
Page 3	Summary of Revenues, Expenses and Cash Balances by Fund
Page 4	Consolidated Balance Sheet
Page 5-6	Consolidated Income Statement
Page 7-8	Graphs for Consolidated Revenues and Expenses
Page 9-12	Graphs for major funds (Town Water, Town Sewer, Blacklake Water and Blacklake Sewer)

Detailed information by fund is available in the office.

RECOMMENDATION

It is recommended that your Honorable Board accept and file the quarterly financial report for the second quarter of fiscal year 2005-2006.

**NIPOMO COMMUNITY SERVICES DISTRICT
 QUARTERLY FINANCIAL REPORT-SECOND QUARTER
 DECEMBER 31, 2005**

QUARTERLY HIGHLIGHT INFORMATION SHEET

SUPPLEMENTAL WATER FUND CAPACITY FEES(FUND #500)

	1ST QTR 9-30-05	2ND QTR 12-31-05	FISCAL YEAR-TO-DATE
Supplemental Water Capacity Charges	\$355,872.00	\$100,089.00	\$455,961.00
Accrued interest income	\$2,881.26	\$3,719.47	\$6,600.73
	<u>\$358,753.26</u>	<u>\$103,808.47</u>	<u>\$462,561.73</u>

LEGAL FEES

	1ST QTR 9-30-05	2ND QTR 12-31-05	FISCAL YEAR-TO-DATE
Shipsey and Seitz, Inc.	\$6,185.00	\$14,125.25	\$20,310.25
Richards, Watson & Gershon	\$14,173.30	\$24,008.25	\$38,181.55
Zimmer and Marcus	\$1,072.50	\$0.00	\$1,072.50
	<u>\$21,430.80</u>	<u>\$38,133.50</u>	<u>\$59,564.30</u>

ENGINEERING FEES

	1ST QTR 9-30-05	2ND QTR 12-31-05	FISCAL YEAR-TO-DATE
Garing, Taylor & Assoc			
District Projects	\$2,998.10	\$6,357.09	\$9,355.19
PCI-Reimbursables	\$1,267.50	\$2,759.59	\$4,027.09
Boyle Engineering			
District Projects	\$1,984.50	\$20,893.13	\$22,877.63
PCI-Reimbursables	\$2,060.10	\$828.90	\$2,889.00
Wallace Group			
PCI-Reimbursables	\$1,092.15	\$423.50	\$1,515.65
	<u>\$9,402.35</u>	<u>\$31,262.21</u>	<u>\$40,664.56</u>

**NIPOMO COMMUNITY SERVICES DISTRICT
CERTIFICATES OF PARTICIPATION (COP)
ACCUMULATED COSTS AND FUND BALANCE**

	EXPENDITURES 1ST QTR 9-30-05	EXPENDITURES 2ND QTR 12-31-05	EXPENDITURES FISCAL YEAR-TO-DATE
Hermreck Well	\$1,836.21	\$243.00	\$2,079.21
Supplemental Water Project			
Feasibility Engineering-Cannon Assoc	\$0.00	\$0.00	\$0.00
CEQA-Doug Wood & Assoc	\$34,250.14	\$22,934.00	\$57,184.14
Cost Estimates/Prelim Schedule-Cannon Assoc	\$1,826.25	\$103.00	\$1,929.25
Routes/Facilities-Cannon Assoc	\$520.00		\$520.00
Prop 50 Grant Application-Cannon Assoc	\$0.00	\$2,175.00	\$2,175.00
Ongoing Project Support-Cannon Assoc	\$0.00	\$0.00	\$0.00
Subtotal	\$36,596.39	\$25,212.00	\$61,808.39
Grand Total	38,432.60	25,455.00	63,887.60

	BUDGET	EXPENDITURES THRU JUNE 30, 2005	EXPENDITURES FISCAL YEAR-TO-DATE	BUDGETED BALANCE REMAINING
Hermreck Well	400,000.00	(367,558.29)	(2,079.21)	30,362.50
Supplemental Water Project				
Feasibility Engineering-Cannon Assoc	25,000.00	(25,887.29)	0.00	(887.29)
CEQA-Doug Wood & Assoc	113,000.00	(29,037.48)	(57,184.14)	26,778.38
Cost Estimates/Prelim Schedule-Cannon Assoc	10,000.00	(3,706.19)	(1,929.25)	4,364.56
Routes/Facilities-Cannon Assoc	10,000.00	(5,050.07)	(520.00)	4,429.93
Prop 50 Grant Application-Cannon Assoc	7,000.00	(2,757.00)	(2,175.00)	2,068.00
Ongoing Project Support-Cannon Assoc	10,000.00	0.00	0.00	10,000.00
Subtotal	175,000.00	(66,438.03)	(61,808.39)	46,753.58
Grand Total	575,000.00	(433,996.32)	(63,887.60)	77,116.08

(1)

FUND BALANCE

COP Fund Balance as of 12-31-05	2,177,961.55
Less Balance Remaining on Budgeted amounts (See Above)	(77,116.08) (1)
COP Balance available for Supplemental Water Project	<u>2,100,845.47</u>

NIPOMO COMMUNITY SERVICES DISTRICT
SUMMARY OF REVENUES AND EXPENSES BY FUND
SIX MONTHS ENDING DECEMBER 31, 2005

FUND	FUND #	YTD REVENUES	YTD EXPENSES	FUNDED REPLACEMENT	YTD SUPRLUS/ (DEFICIT)
Administration	110	96,369	(96,369)	0	0
Town Water	120	1,169,434	(561,585)	(46,839)	561,010
Town Sewer	130	358,902	(210,830)	(100,369)	47,703
Blacklake Water	140	153,594	(103,493)	0	50,101
Blacklake Sewer	150	123,974	(83,315)	(17,000)	23,659
Blacklake Street Lighting	200	10,900	(10,549)	0	351
Street Landscape Maintenance	250	5,407	(4,042)	0	1,365
Solid Waste	300	41,478	(55,206)	0	(13,728)
Drainage Maintenance	400	7,765	0	0	7,765
Supplemental Water Capacity Fees	500	6,601	0	0	6,601
Property Taxes	600	77,474	0		77,474
Town Water Capacity Fees	700	79,078	(6,249)	0	72,829
Town Sewer Capacity Fees	710	87,291	(6,249)	0	81,042
Funded Replacement-Town Water	800	30,525	0	46,839	77,364
Funded Replacement-Town Sewer	810	39,325	0	100,369	139,694
Funded Replacement-BL Water	820	8,829	0	0	8,829
Funded Replacement-BL Sewer	830	2,002	0	17,000	19,002
TOTAL		2,298,948	(1,137,887)	0	1,161,061

CASH BALANCE OF EACH FUND
AS OF DECEMBER 31, 2005

FUND	FUND #	CASH BALANCE 12/31/2005
Administration	110	(5,234)
Town Water	120	892,028
Town Sewer	130	595,625
Blacklake Water	140	5,533
Blacklake Sewer	150	36,862
Blacklake Street Lighting	200	49,929
Street Landscape Maintenance	250	8,071
Solid Waste	300	287,467
Drainage Maintenance	400	13,024
Supplemental Water Capacity Fees	500	458,844
Property Taxes (incl COP)	600	257,286
Town Water Capacity Fees	700	4,528,296
Town Sewer Capacity Fees	710	5,067,929
Funded Replacement-Town Water	800	1,736,566
Funded Replacement-Town Sewer	810	2,332,602
Funded Replacement-BL Water	820	493,500
Funded Replacement-BL Sewer	830	(15,544)
Funds held in Trust		2,447,097
TOTAL		19,189,881

NIPOMO COMMUNITY SERVICES DISTRICT
BALANCE SHEET - CONSOLIDATED
AS OF DECEMBER 31, 2005

ASSETS

Cash and Cash Equivalents	19,189,880.52
Accounts Receivable - Utility Billing	169,166.57
Unbilled Accounts Receivable	392,000.00
Property, Plant & Equipment	33,322,214.27
Accumulated Depreciation	(9,672,928.72)
Prepaid Expenses	18,694.31
Accrued Interest Receivable	171,050.83
Receivable - Other	48,753.00
Notes Receivable - MVI/MVII	1,922.56
Reservation Fee	37,500.00
Loan Fees - SRF Loan	256,834.00
Accumulated Amortization - SRF Loan Fees	(112,904.35)
Revenue COP's Bond Discount	178,100.60
Accumulated Amortization - Bond Discount	(12,615.36)
Total Assets	43,987,668.23

LIABILITIES

Accounts Payable	91,372.52
Other Payables	9,032.55
Refunds Payable	18,364.53
Construction Meter Deposits	11,873.26
Compensated Absences Payable	54,294.00
Accrued Interest Payable	56,275.00
Deposits	28,138.94
Payroll Taxes Payable	5,239.15
Retention Payable	34,440.75
Deposit - Pomeroy Rd Water Line	24,170.00
Deferred Revenue	6,300.00
Revenue Bonds - Current Portion	8,000.00
SRF Loan #110 - Current Portion	34,868.35
SRF Loan #120 - Current Portion	42,180.25
Revenue COP's-Current Portion	80,000.00
Revenue Bonds Payable - Long Term Portion	138,000.00
SRF Loan #110 Payable - Long Term Portion	453,288.55
SRF Loan #120 Payable - Long Term Portion	590,523.50
Revenue COP's - Long Term Portion	3,765,000.00
Total Liabilities	5,451,361.35

FUND EQUITY

Contributed Capital - Assets	8,741,013.78
Contributed Capital - Capacity Fees (CY)	82,185.00
Contributed Capital - Supplemental Water Fees (CY)	133,452.00
Contributed Capital - Capacity Fees (PY)	16,095,900.07
Contributed Capital - Supplemental Water Fees (PY)	355,872.00
Contributed Capital - Right of Way	70,100.00
Contributed Capital - Assessment Districts	1,393,086.00
Contributed Capital - Grants	3,045,222.66
Retained Earnings-Reserved (Debt Service)	15,600.00
Retained Earnings-Reserved (Emergencies)	50,000.00
Retained Earnings-Reserved (Sewer Grant)	270,000.00
Retained Earnings-Reserved (Funded Replacement)	4,860,968.13
Retained Earnings - Unreserved	2,261,845.31
CURRENT EARNINGS	1,161,061.93
Total Fund Equity	38,536,306.88
Total Liabilities and Fund Equity	43,987,668.23

NIPOMO COMMUNITY SERVICES DISTRICT
INCOME STATEMENT - CONSOLIDATED
FOR THE PERIOD ENDING DECEMBER 31, 2005

	YTD ACTUAL	ANNUAL BUDGET	% OF BUDGET
REVENUES	-----	-----	-----
Water - Fixed Charge	261,898.22	531,000.00	49.32 %
Water - Usage	963,604.36	1,448,000.00	66.55 %
Construction Water	48,013.11	10,000.00	480.13 %
Fire System Fee	1,803.20	4,000.00	45.08 %
Emergency Intertie Water Sales - SCWC	747.00	0	.00 %
Sewer Charges	471,204.68	920,000.00	51.22 %
Fees and Penalties	22,704.85	44,100.00	51.48 %
Meters	350.00	18,700.00	1.87 %
Plan Check & Inspection Fees	600.00	6,000.00	10.00 %
Franchise Fees	36,656.76	95,500.00	38.38 %
Miscellaneous Income	19,976.38	28,600.00	69.85 %
Street Lighting Charges	10,086.00	18,870.00	53.45 %
Landscape Maintenance Dist Charges	5,298.10	9,938.00	53.31 %
Operating Transfers In - Funded Administration	89,073.13	201,398.00	44.23 %
Operating Transfers In - Funded Replacement	164,207.94	529,814.00	30.99 %
Total Revenues	2,096,223.73	3,865,920.00	54.22 %
OPERATIONS AND MAINTENANCE	-----	-----	-----
Wages and Benefits	217,133.65	438,910.00	49.47 %
Electricity	212,584.39	561,105.00	37.89 %
Natural Gas	47,685.40	93,000.00	51.27 %
Water	690.25	2,675.00	25.80 %
Chemicals	7,140.84	27,400.00	26.06 %
Lab Tests	30,011.50	38,000.00	78.98 %
Operating Supplies	30,992.46	54,000.00	57.39 %
Outside Services	21,554.51	96,500.00	22.34 %
Permits and Operating Fees	8,518.48	17,630.00	48.32 %
Repairs and Maintenance	52,402.23	127,000.00	41.26 %
Engineering	9,291.50	27,000.00	34.41 %
Fuel	10,174.63	21,000.00	48.45 %
Paging Service	2,558.67	5,045.00	50.72 %
Meters - New Installation	7,549.29	10,000.00	75.49 %
Automatic Meter Reading Devices - New Installation	0	8,000.00	.00 %
Meters - Replacement Program	1,325.29	6,000.00	22.09 %
Uniforms	2,104.78	4,500.00	46.77 %
Landscape Maintenance & Water	3,300.75	7,155.00	46.13 %
Clean Up	2,479.71	25,000.00	9.92 %
Street Sweeping	525.00	0	.00 %
Operating Transfers Out - Funded Replacement	164,207.94	328,416.00	50.00 %
Subtotal - O & M	832,231.27	1,898,336.00	43.84 %
GENERAL AND ADMINISTRATIVE	-----	-----	-----
Wages and Benefits	160,136.34	355,748.00	45.01 %
Utilities	2,682.05	6,000.00	44.70 %
Audit	4,625.00	5,000.00	92.50 %

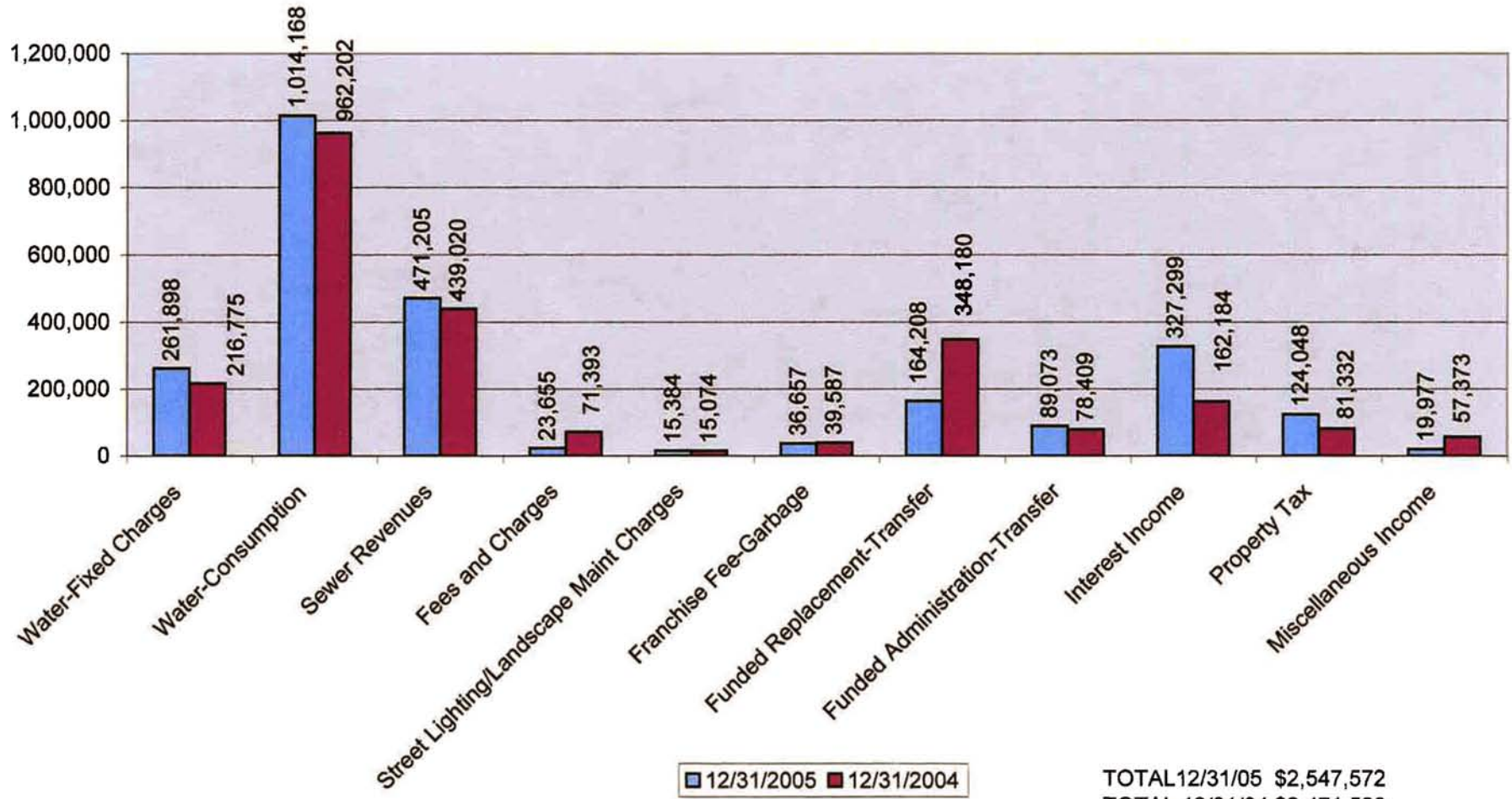
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NIPOMO COMMUNITY SERVICES DISTRICT
INCOME STATEMENT - CONSOLIDATED
FOR THE PERIOD ENDING DECEMBER 31, 2005

	YTD ACTUAL	ANNUAL BUDGET	% OF BUDGET
Bank Charges and Fees	298.25	1,530.00	19.49 %
Computer Expense	14,107.03	26,000.00	54.26 %
Director Fees	5,900.00	19,410.00	30.40 %
Dues and Subscriptions	3,715.48	7,000.00	53.08 %
Education and Training	1,041.08	8,000.00	13.01 %
Insurance - Liability	16,503.20	35,000.00	47.15 %
LAFCO Funding	12,148.00	13,000.00	93.45 %
Landscape and Janitorial	4,042.92	8,615.00	46.93 %
Legal - General Counsel	20,310.25	83,000.00	24.47 %
Legal - Special Counsel	1,072.50	0	.00 %
Legal - Water Counsel	38,181.55	250,000.00	15.27 %
Professional Services	1,764.00	50,000.00	3.53 %
Miscellaneous	227.00	4,500.00	5.04 %
Newsletters & Mailers	0	2,500.00	.00 %
Office Supplies	2,332.36	9,000.00	25.92 %
Outside Service	4,064.81	6,100.00	66.64 %
Postage	6,077.23	14,000.00	43.41 %
Public Notices	5,421.64	2,025.00	267.74 %
Repairs and Maintenance	3,466.18	5,000.00	69.32 %
Property Taxes	669.76	710.00	94.33 %
Telephone	1,911.69	4,000.00	47.79 %
Travel and Mileage	3,945.86	11,600.00	34.02 %
Bond Administration	0	4,000.00	.00 %
Operating Transfer Out - Funded Administration	89,073.13	201,398.00	44.23 %
Subtotal - G & A	403,717.31	1,133,136.00	35.63 %
NON OPERATING INCOME			
Interest Income	327,298.73	321,320.00	101.86 %
Property Tax Revenues	124,048.19	99,900.00	124.17 %
Subtotal - Non Operating Income	451,346.92	421,220.00	107.15 %
NON OPERATING EXPENSES			
Interest Expense	100,560.14	174,925.00	57.49 %
Other Expense	50,000.00	50,000.00	100.00 %
Subtotal - Non Operating Expenses	150,560.14	224,925.00	66.94 %
Net Surplus/(Deficit)	1,161,061.93	1,030,743.00	112.64 %

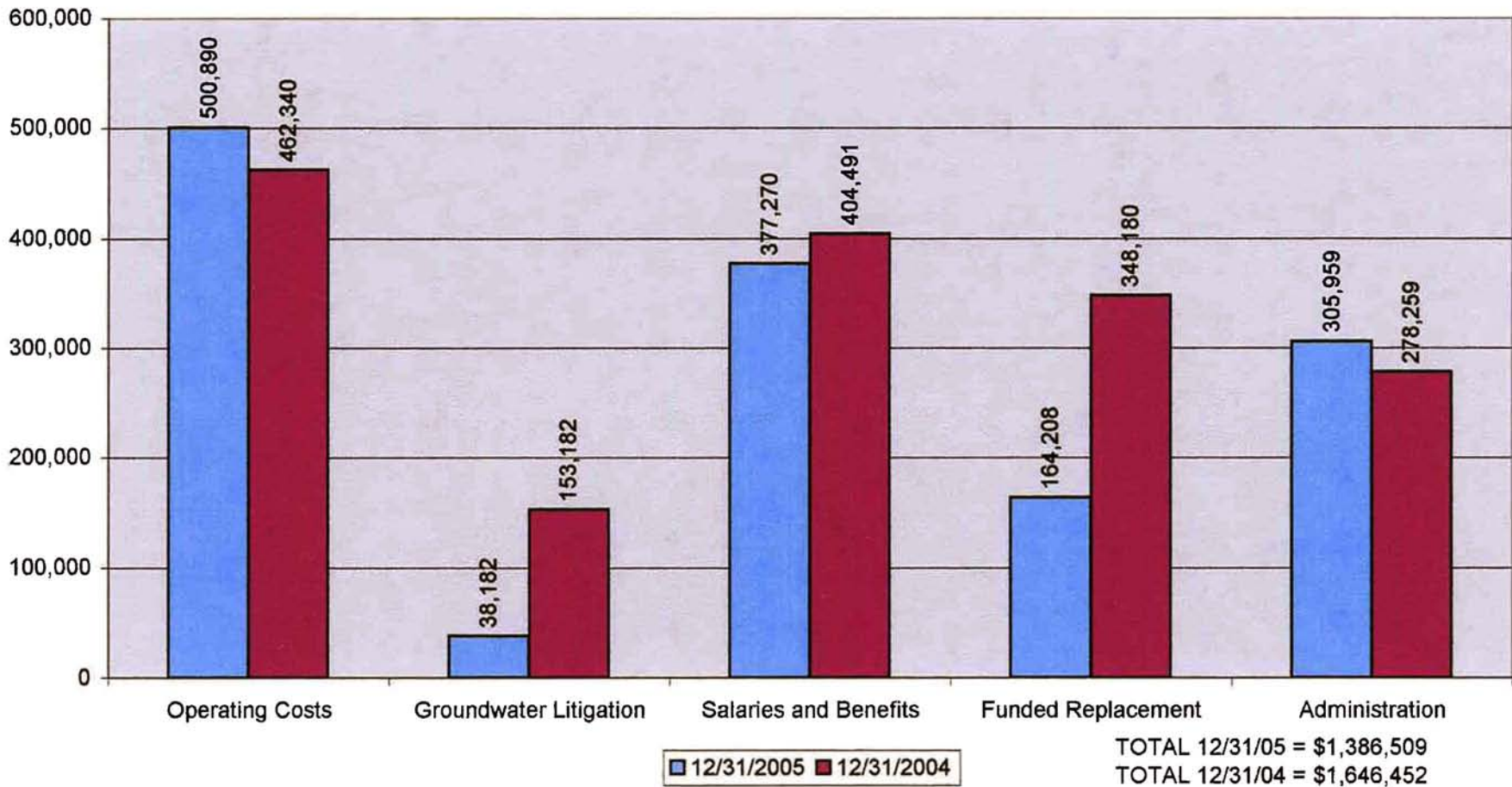
UNAUDITED

**NIPOMO COMMUNITY SERVICES DISTRICT
 COMBINED REVENUES FOR ALL FUNDS
 SIX MONTHS ENDED
 DECEMBER 31, 2005 AND DECEMBER 31, 2004**

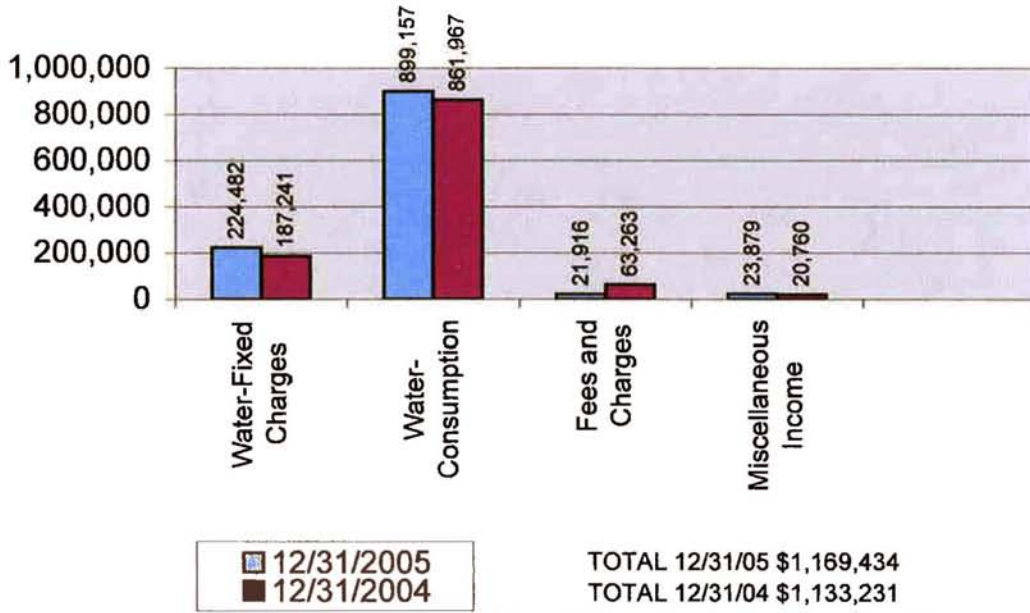


TOTAL 12/31/05 \$2,547,572
 TOTAL 12/31/04 \$2,471,529

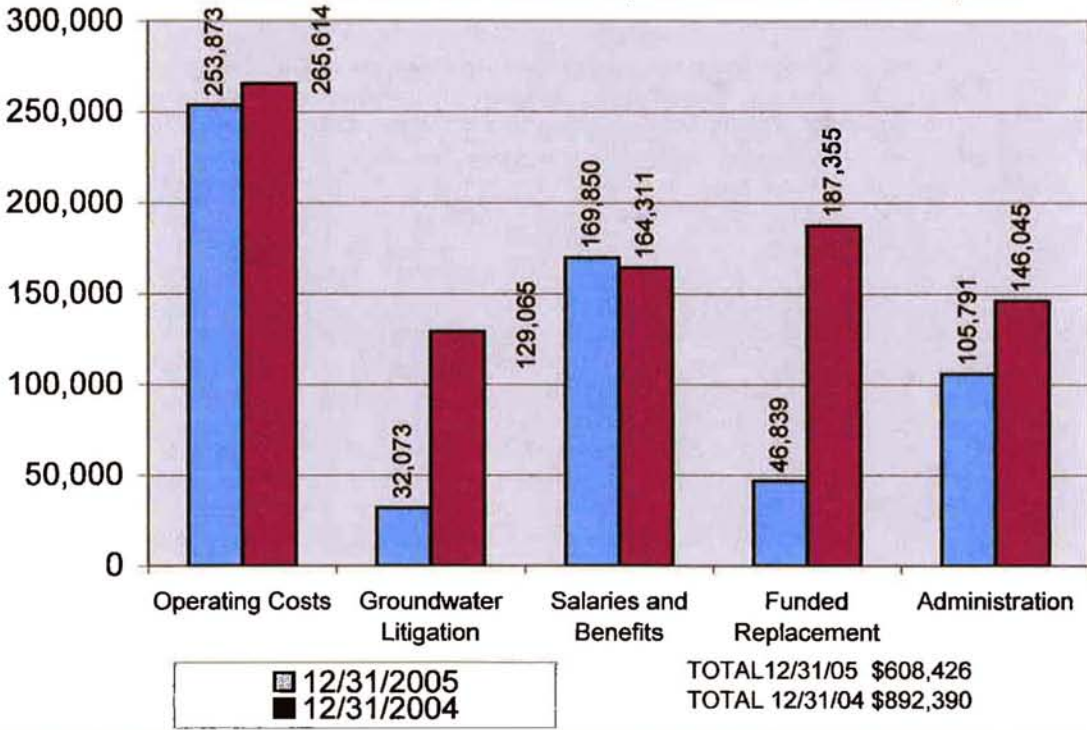
**NIPOMO COMMUNITY SERVICES DISTRICT
 COMBINED EXPENDITURES FOR ALL FUNDS
 SIX MONTHS ENDED
 DECEMBER 31, 2005 AND DECEMBER 31, 2004**



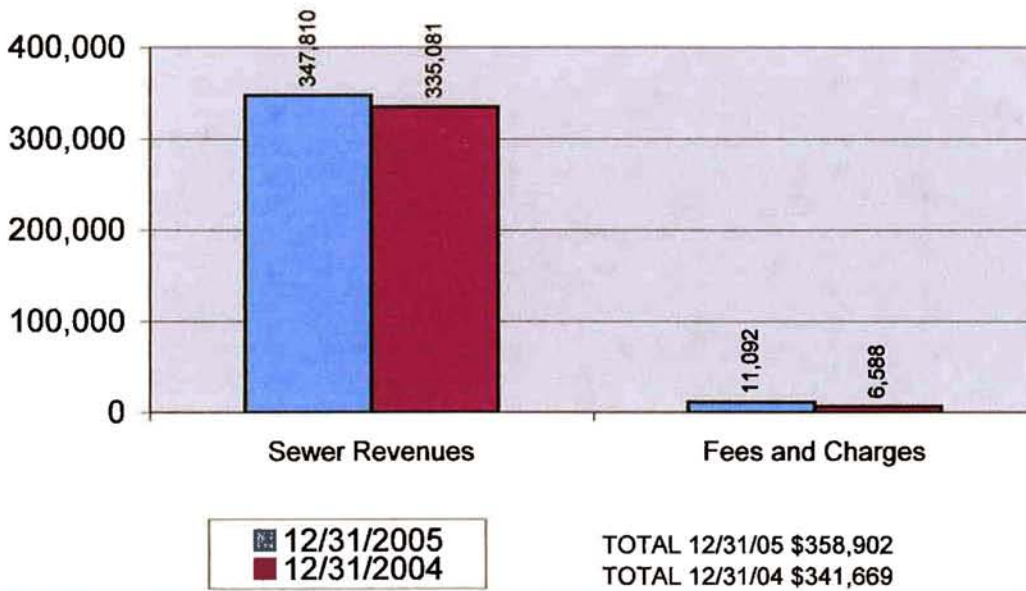
**NIPOMO COMMUNITY SERVICES DISTRICT
TOWN WATER FUND #120
REVENUES-DECEMBER 31, 2005 AND DECEMBER 31, 2004**



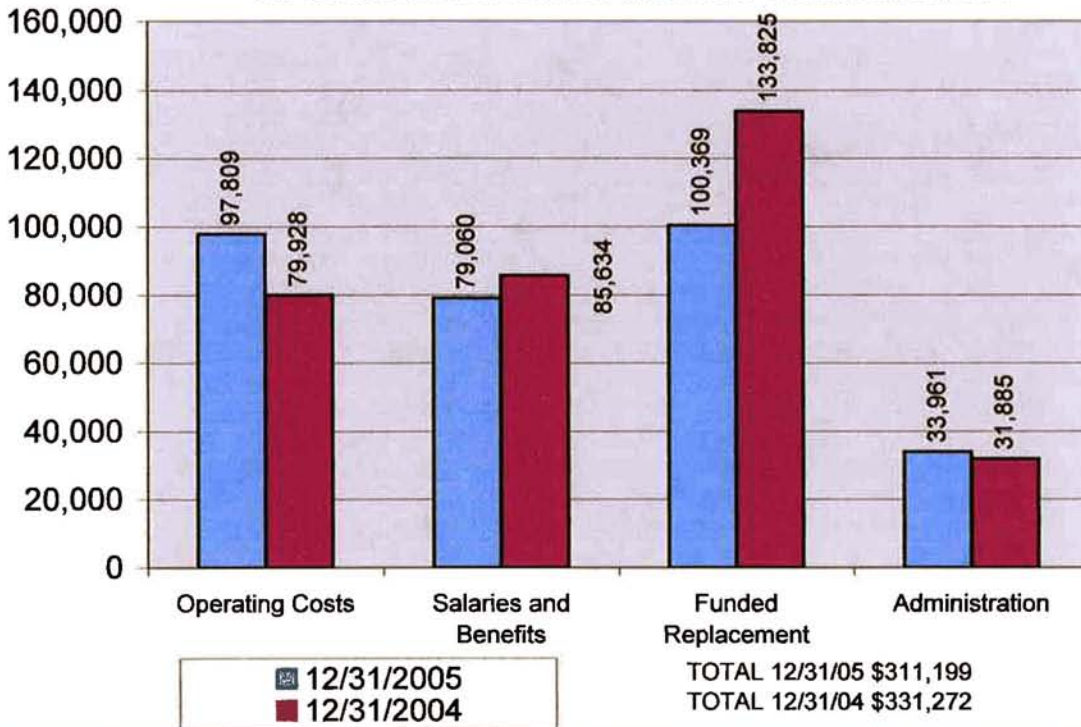
**NIPOMO COMMUNITY SERVICES DISTRICT
TOWN WATER FUND #120
EXPENDITURES-SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004**



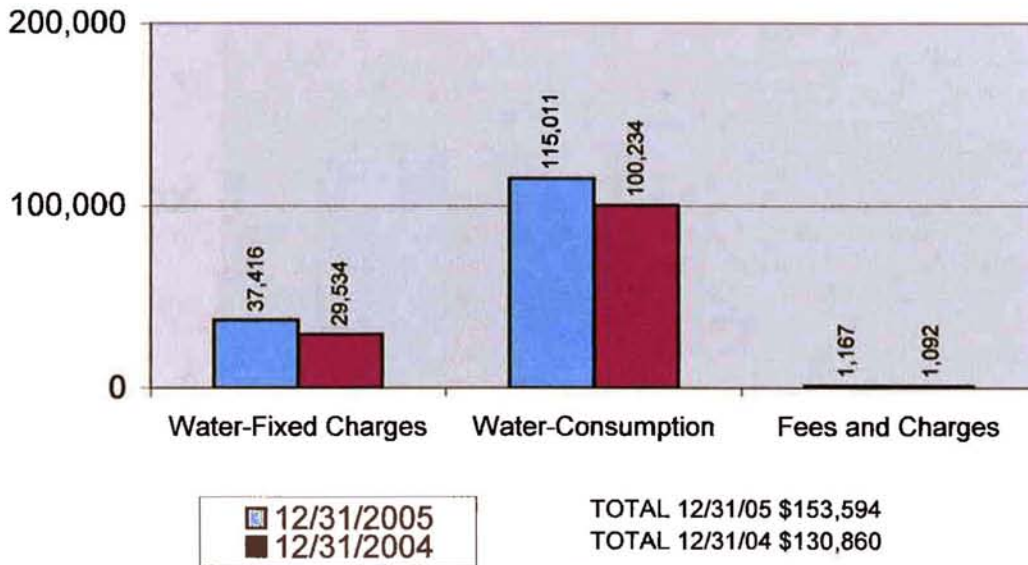
**NIPOMO COMMUNITY SERVICES DISTRICT
TOWN SEWER FUND #130
REVENUES-DECEMBER 31 2005 AND DECEMBER 31, 2004**



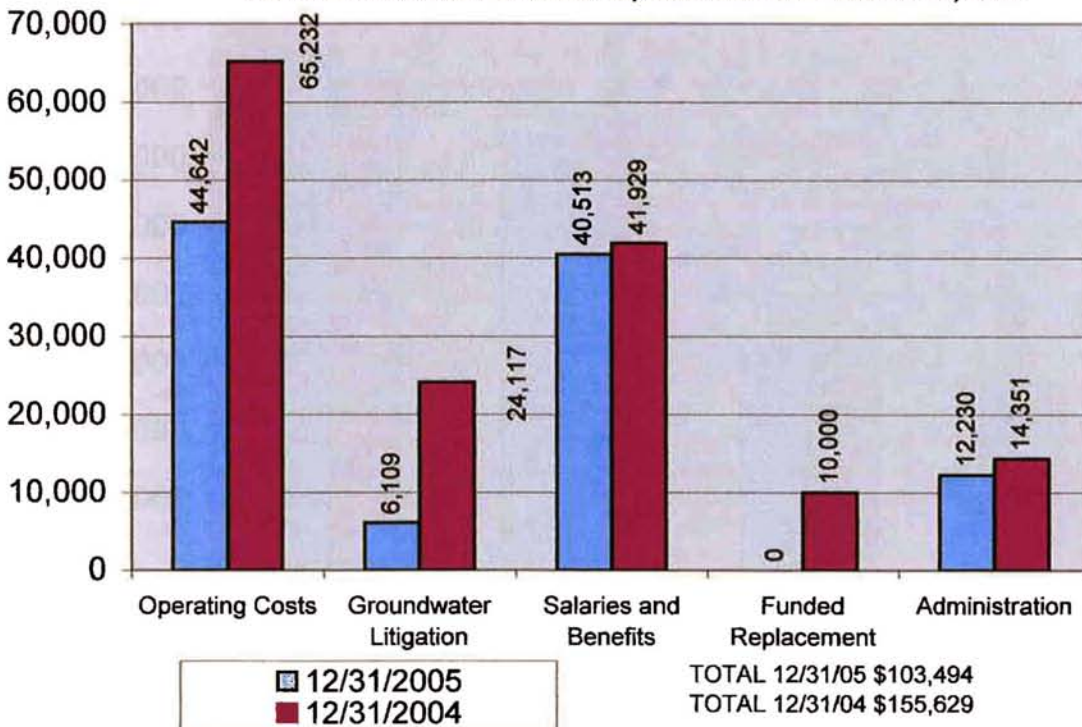
**NIPOMO COMMUNITY SERVICES DISTRICT
TOWN SEWER FUND #130
EXPENDITURES-DECEMBER 31, 2005 AND DECEMBER 31, 2004**



**NIPOMO COMMUNITY SERVICES DISTRICT
BLACKLAKE WATER FUND #140
REVENUES-DECEMBER 31, 2005 AND DECEMBER 31, 2004**



**NIPOMO COMMUNITY SERVICES DISTRICT
BLACKLAKE WATER FUND #140
EXPENDITURES-SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004**



TO: BOARD OF DIRECTORS
FROM: MICHAEL LeBRUN *ML*
DATE: JANUARY 25, 2006



MANAGER'S REPORT

ITEM

Standing report to your Honorable Board
Period covered by this report: January 8, 2006 through January 20, 2006

DISTRICT BUSINESS

Administrative

Service Requests/Allocation Accounting: On January 19, 2006, an intent-to-serve letter for a commercial development on Lindon Lane was issued. The project, a self-storage facility, is estimated to require 0.38 acre-feet of water annually.

Conservation Position: An offer has been made and accepted. Ms. Madonna Dunbar is scheduled to begin employment with the District on February 6, 2006, pending satisfactory completion of District pre-employment requirements.

Limited-term Project Manager: Interview conducted by the Board in Closed Session on January 4 and 11, 2006. Open session consideration of a final contract is on today's agenda.

Meetings/Training:

General Manager attended the following meetings:

January 9: Along with Assistant Administrator, conducted second interview of candidate for conservation position.

January 10: Along with District Counsel, met with development interests regarding their pending proposal to build the supplemental water line.

January 11: Along with Utility Supervisor, met with representatives of the Fairway's Home Owners Association (Blacklake Village) regarding District planned access improvements to the Woodgreen lift station.

January 12: Met with Cannon Associates to discuss pre-application for Proposition 50 grant funds.

January 17: Met with customers regarding objection to mandatory garbage service.

January 18: Attended court hearing on Citizen's Against Unlawful Fees lawsuit against District.

January 19: Along with Assistant Administrator, Attended Sexual Harassment recognition and prevention training in Templeton.

Rainfall totals: The Tribune is reporting Nipomo's seasonal rainfall total to date as 10.52 inches.

Safety Program

No injury reports during the period.

Field Activity

Wastewater

Blacklake Salt Violations: Efforts continue to address salt violations at Blacklake sewer plant discharge. The Blacklake Village Council is in the process of adopting a revision to the Master Covenants Codes and Restrictions for the community which will include a prohibition against the installation and repair of self-regenerating water softeners.

Water

Santa Maria Pipeline

Administrative draft EIR is expected on January 30, 2006. A pre-application for Proposition 50 grant monies will be made prior to the January 31, 2006 deadline.

Telemetry system

Staff will be calibrating this information and bringing additional well data on line over the next 30 days. A meeting to review final contract details is pending.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board.

ATTACHMENTS

No attachments