


TO: BOARD OF DIRECTORS
FROM: ED KREINS 
DATE: May 19, 2006

AGENDA ITEM
E-1
MAY 24, 2006

RECEIVE WATERLINE INTERTIE PROJECT DRAFT EIR

ITEM

Receive draft EIR for the NCSD/Santa Maria Waterline Intertie Project (Supplemental Water) and discuss review process.

BACKGROUND

In 2005, your Honorable Board retained Douglas Wood and Associates to perform the environmental review on the Waterline Intertie Project. Mr. Wood assisted the District in determining that an Environmental Impact Report was required and compiled scoping comments from Responsible Agencies, Trustee Agencies, and interested parties. Mr. Wood then prepared an Administrative Draft EIR and sought NCSD review of the project objectives, which your Honorable Board refined in April 2006. Mr. Wood has now prepared the Draft EIR and is scheduled to present the Draft EIR to the Board at this Board Meeting. Mr. Wood will separately deliver 40 print copies of the DEIR and 40 Compact Disk (CD) versions. Staff will execute a Notice of Completion and courier 15 print copies of the DEIR to the State Clearinghouse to start the 49 day comment period on or about May 30, 2006 with the expectation that the comment period will close on or about July 18, 2006. Staff will also place print copies of the DEIR at the front desk of the District Office and at the Nipomo Library; post an e-version on NCSD's Website; and mail print copies to the parties that commented on the Notice of Preparation (including Cal Trans and SLO County LAFCO). Staff proposes to mail a CD to CDFG, County Public Works, County Planning, County Board of Supervisors, SLO County APCD, OCSD, SCSD, the City of Santa Maria, the City of Arroyo Grande, the City of Grover Beach and the City of Pismo Beach. In regards to private parties, staff proposes to either provide a CD upon request or to sell a hard copy of the DEIR at NCSD's actual cost.

Staff is scheduled to present the DEIR to the WRAC on June 7, 2006.

The Supplemental Water Committee has tentatively set a meeting for July 19, 2006 to initiate its review of comments received on the DEIR. Staff expects that the Committee will meet at least twice to identify policy issues and to develop recommendations regarding formulation of responses.

RECOMMENDATION

It is recommended that your Honorable Board receive the presentation, ask any questions regarding the document or the process and provide feedback to staff on distribution of the Draft.

TO: BOARD OF DIRECTORS
FROM: EDWARD KREINS *EK*
DATE: May 19, 2006

AGENDA ITEM
E-2
MAY 24, 2006

WATERLINE INTERTIE PROJECT DESIGN CONSULTANT SELECTION

ITEM

Consider selecting the engineering team to design the NCSD/Santa Maria Intertie Project (Supplemental Water) and authorize negotiations with the selected team for pre-design services.

BACKGROUND

In March, your Honorable Board edited the Request for Proposal (RFP) for development of the design of the Waterline Intertie Project, directed staff to circulate the RFP, and appointed an Ad Hoc Interview Committee comprised of Directors Trotter and Eby. Staff posted notice of the consulting opportunity and mailed the revised RFP to twelve firms in March 23, 2006. Five proposals were submitted by the April 21, 2006 due date (Boyle, Cannon, Jaspar, Penfield and Smith, and Wallace) and copies of all five proposals were submitted to the Board. All five firms were invited to interviews held on May 17, 2006. The Ad Hoc Interview Committee completed the interviews and recommended that the Board select Boyle Engineering to design the project. The Ad Hoc Committee further recommended that staff negotiate a pre-design scope of work with Boyle for subsequent Board approval to assist the Board in selecting one project following certification of the Project's Final EIR. The Pre-Design scope of work should result in a more detailed capital cost estimate for construction for each alternative, an operational cost estimate for each alternative, completion of the time sensitive environmental research identified in the Draft EIR, assistance to Tarvin and Associates regarding land appraisal, permit assistance, grant assistance, and an analysis of options to resolve the water quality incompatibilities between NCSD's existing water supply and the proposed water supply from the City of Santa Maria. Assuming that Boyle provides satisfactory service in this pre-design phase, the Board would then negotiate with that firm to complete the design of the project.

Director Trotter, Director Eby, and/or Projects Assistant Bruce Buel should be available to present the Ad Hoc Committee's Recommendations and to answer questions at the Board Meeting.

Staff requests that each Director bring their copies of the proposals from the five firms to the Board Meeting.

RECOMMENDATION

It is recommended that your Honorable Board select Boyle to design the Waterline Intertie Project and direct staff to negotiate a scope of services and budget for the pre-design services described above for consideration by the Board at its June 14, 2006 Meeting.

ATTACHMENTS

1. Boyle Proposal Summary Distributed at Interview



Scope of Work— We can perform or partner with District!

1. Preliminary Engineering

- Hydraulic analysis
- Disinfection evaluation
- River crossing and alignment study
- Tank siting study
- Project definition workshop
- Technical Memorandum

2. Permitting

- Initial consultation
- Permitting Strategy
- Biological/cultural resource studies (per EIR)
- Permit applications
- Condition negotiation

3. Concept Design Report

- Survey
- Soils Report
- Design criteria
- Preliminary design plans
- Cost opinion

4. Construction Documents

- Plans
- Constructability review
- Geotechnical Baseline Report

5. Project Management

6. Bid-phase assistance

- Prequalification of HDD subcontractors
- Bid-phase support

7. Office engineering during construction

- Submittals
- Partnering session
- Respond to RFIs and Change Order Requests
- Project coordination and meetings
- Observe work
- Record drawings



Interview Team

Michael Nunley, P.E.—Project Manager

Joshua Reynolds, P.E.—Hydraulics

Betsy Lichti, P.E.—Water Quality

Andy Romer, P.E.—Pumping Station/Hydraulics

Dan Ellison, P.E.—River Crossing/HDD

Jon Blanchard, P.E. (Fugro West, Inc.)—Soils

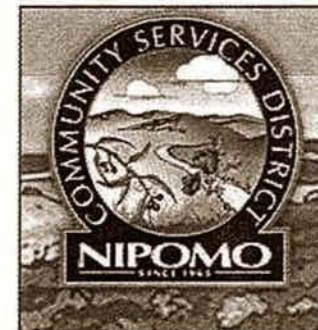
Eric Snelling (Padre Associates, Inc.)—Environmental/
Permitting

BOYLE

Suite 204
1194 Pacific Street
San Luis Obispo CA 93401

Contact Information:

Michael Nunley, P.E.
Principal Engineer
Phone: 805-542-9840
Cell: 805-550-3140
Fax: 805-542-9990
E-mail: mnunley@boyleengineering.com



Supplemental Water Project

May 17, 2006



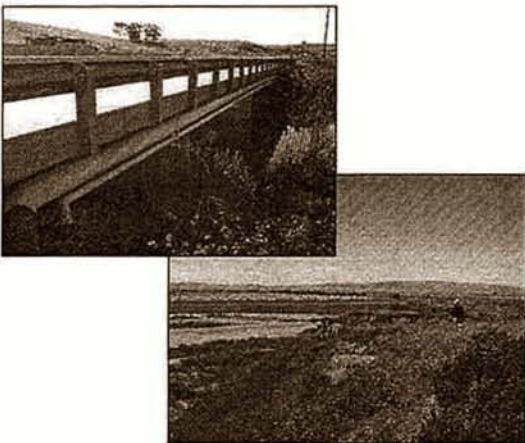
BOYLE

Boyle Advantage

- Thorough and pro-active approach
- Local office
- Nationally-recognized expertise in:
 - ◇ Horizontal Directional Drilling (national award-winning designs);
 - ◇ Pumping, Pipeline, and Storage; and
 - ◇ Water Quality (Public Health and Treatment).
- Local permitting experience (creek/river crossings and HDD)
- Experience with Nipomo’s water system

Project Understanding

- 3000 AFY Delivery
- May deliver 6300 AFY in future
- Pipeline with river crossing
- Two (2) 4-MG storage tanks
- Two (2) booster stations
- Treatment/disinfection system



Considerations

- Alignment and “delivered” cost undefined
- Environmental (biological, visual, cultural, and floodplain)
- Water quality
- Constant water delivery rate
- Hydraulic constraints in both systems
- Topography
- Schedule
- Multiple Stakeholders and interest groups

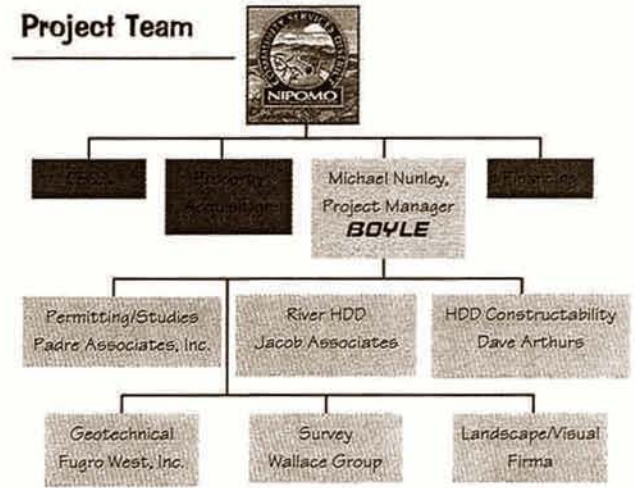
Objectives of Preliminary Engineering

- Identify, address, and resolve challenges early
- Investigate project cost-saving opportunities
- Define project components, locations, and alignments
- Focus design efforts to save money and time

The Proposed River Crossing

- Options—Alignments, construction techniques
 - HDD, open cut, bridge crossing
- Geotechnical characterization
- Thorough evaluation of non-HDD alternatives
- HDD Option—Risk assessment, management, and control
 - Bidder prequalification
 - Geotechnical baseline report
 - Model frac-out plan

Project Team



Project Schedule

	Start	Finish
Draft EIR	3/9/06	7/10/06
Permit Scoping	3/29/06	7/13/06
Land Option Evaluation	3/28/06	7/13/06
Funding Option Evaluation	3/28/06	7/13/06
Final EIR Processing	7/13/06	10/11/06
FEIR Certification	10/11/06	10/25/06
Notice to Proceed (assumed) to Engineer	6/28/06	6/28/06
Preliminary Engineering Technical Memorandum	6/28/06	10/25/06
Initial Biological/Cultural Studies	6/28/06	10/16/06
Permit Constraints Evaluation	6/28/06	10/31/06
Preparation of Permit Applications	10/23/06	3/2/07
Permit Processing and Condition Negotiation	10/2/06	8/2/07
Project Selection	10/25/06	11/22/06
Concept Report and 30% Design	10/25/06	2/28/07
Funding Procurement	10/25/06	2/28/07
Land Acquisition	2/28/07	6/29/07
90% Design	2/28/07	6/29/07
HDD Subcontractor Prequalification	4/30/07	6/29/07
Bidding	7/2/07	7/31/07
Contract Award	7/31/07	7/31/07
Permit Final	7/31/07	8/31/07
NTP to Contractor	8/31/07	8/31/07

TO: BOARD OF DIRECTORS
FROM: JON S. SEITZ
DISTRICT LEGAL COUNSEL
DATE: MAY 24, 2006



STAFF REPORT

REVIEW AND ADOPT DISTRICT'S REVISED ANNEXATION POLICY

ATTACHMENTS:

1. CURRENT ANNEXATION POLICY ADOPTED SEPTEMBER 4, 2003;
2. EDITED (REDLINED VERSION) OF ANNEXATION POLICY REVIEWED BY THE BOARD AT ITS STUDY SESSION OF MAY 8, 2006;
3. A CLEAN COPY OF THE PROPOSED ANNEXATION POLICY FOR REVIEW, REVISION AND ADOPTION
4. RESOLUTION NO. 2006-XXX ADOPTING REVISED ANNEXATION POLICY

EXHIBITS NO.

- A. DEPICTION OF SPHERE OF INFLUENCE APPROVED BY LAFCO
- B. LAFCO CONDITIONS TO FINAL APPROVAL OF PROPOSED ANNEXATIONS

ITEM

Review, consider revisions, and adopt revised District Annexation Policy.

BACKGROUND

The District adopted its current Annexation Policy ("Policy") on September 10, 2003. That policy recognized two (2) classes of proposed annexations as follows:

- a. Those areas of proposed annexation that overlie the Nipomo Mesa Management Area ("NMMA") that could produce adequate groundwater to serve the proposed development if the applicant were allowed to pump groundwater; and
- b. Those areas of proposed annexation that do not meet the requirements identified, above.

Under existing Policy both categories of annexation are required to secure and dedicate to the District a volume of supplemental water equal to that necessary to support the water demands of the area of annexation as a condition of final LAFCO approval. However, under existing Policy the District, upon a finding that the District has adequate water resources to supply the area of annexation or portions therein, would supply water service to the area of annexation that meets the requirements of subparagraph (a), above, or a portion therein prior to the delivery of actual supplemental water to the District's water system.

On May 30, 2004, the Local Agency Formation Commission adopted the Sphere of Influence and Municipal Service Review Update for the District. Attached hereto as Exhibit "A" is a depiction of the District's Sphere of Influence, as approved by LAFCO and attached hereto as

Exhibit "B" are the conditions/mitigations imposed by LAFCO related to future annexations within the SOI. Most notable is Condition No. 5 which requires the District to enter into a final contract for supplemental water prior to LAFCO final approval of an annexation.

During the year 2005, the District performed a rate and capacity charge study which culminated with the adoption of a supplemental water capacity charge (Ordinance 2005-101). On January 25, 2006, consistent with the conditions of LAFCO (Exhibit "B", Section 4-B) the District adopted the 2005 Update to its Urban Water Management Plan.

In recognition of the actions taken by the Board of Directors and the LAFCO subsequent to the adoption of the September 10, 2003, Policy as outlined above, Staff reviewed the existing Policy and recommended changes to the Policy at your Board's April 26, 2006, regular meeting. Staff's proposed revisions focused on revising the Policy requirement that applicants deposit with the District ten thousand dollars (\$10,000) or equivalent securities to be applied to the District's administrative and consultant costs in acquiring supplemental water and the establishment of a "zone of benefit" for payment of supplemental water.

At the April 26, 2006, meeting Staff was directed to schedule a public study session for continued discussion of the proposed Annexation Policy amendment.

On May 8, 2006, the Board conducted a public study session related to the proposed revisions to the District's Annexation Policy and at the conclusion directed Staff to return the proposed Annexation Policy with the following deletions and additions:

1. Delete references to classes of annexations. In other words, treat all annexations identically.
2. Add a Policy statement that the District will not set water meters until the dedicated source of supplemental water is actually supplied to the District.
3. Clarify that the District's final supplemental water capacity charges and connection fees would be calculated, due and owing at the time water meters are set.
4. Clarify that the annexation application, the layout plan, and the District's then current Annexation Policy will be incorporated into all annexation agreements.
5. Delete Section III(I).

Attached hereto as Attachment 2 is an edited (redlined) version of the Policy reviewed by the May 8, 2006, that reflects the above modifications. Additionally, Staff did make other changes for clarity that are reflected in the attached redlined version.

Attachment 1 reflects the District's current Annexation Policy and Attachment 3 represents a clean version of the edited Policy (Attachment 2).

Exhibit "A" depicts the District's current SOI and Exhibit "B" reflects the LAFCO conditions to final approval of proposed annexations.

Although, the attached Policy (as edited) imposes conditions not considered by the Local Agency Formation Commission ("LAFCO") in conducting their SOI Update and Municipal Service Review, the revised Annexation Policy is nonetheless consistent with the program EIR and conditions/mitigations adopted by LAFCO.

RECOMMENDATION

1. After Staff presentation, Director comment and public comment, Staff recommends that the District Board of Directors review and consider revisions to the Annexation Policy, then adopt Resolution 2006-XXX to amend the District's Annexation Policy; or
2. Amend or modify the above recommendation.

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

SEPTEMBER 4, 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:

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.
- 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 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 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. Pursuant to County Code 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 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, archaeological, wildlife preserve, water storage or recharge; leach field or spray disposal area, scenic areas, protection from hazardous areas; public outdoor recreation; or other similar open space uses.
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 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 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.

Note: Exhibit "A" – Map of Nipomo Mesa Management Area

THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT

I. PURPOSE

In order to promote efficient processing of requests for annexation to the Nipomo Community Services District ("District"), this policy sets forth the framework and standards upon which the Board of Directors will consider such requests and provides notice thereof to the owners of the property that is-are 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 San Luis Obispo County Department of Planning and Building's, August, 2004, Resource Capacity Study ("Water Supply in the Nipomo Mesa Area") and the recommendations contained therein and the degradation of the water resources within the Nipomo Mesa Management Area and 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 Mesa Management Area also know as the Nipomo Mesa Hydrologic Sub Area. A map of the Nipomo Mesa Hydrologic Sub Area is attached hereto as Exhibit "A".
- 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 of potential annexations upon the Nipomo Community Services District, the Board will only consider annexation requests that includes the submittal of a layout plan, that meets the requirement of Section VI, below, and a completed Annexation application. The District reserves the discretion to require additional information from the Applicant.

D. 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.

E. After review of the layout plan and Application, the Board of Directors will consider annexation requests where it can be demonstrated that the benefits of the proposed annexation outweigh the disadvantages of the proposed annexation.

~~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.~~

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

G. The District is opposed to the formation of homeowners associations or mutual water companies 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.~~

H. The applicant shall apply to the Local Agency Formation Commission ("LAFCO") for approval of the proposed annexation.

~~H. The District recognizes two (2) general classes of proposed annexations, as follows:~~

~~1. These areas of proposed annexations that overlie the Nipomo Mesa Management Area that could produce adequate groundwater to serve the proposed development if the Applicant were allowed to pump groundwater.; and~~

~~2. Those areas of proposed annexations that do not meet the requirements of G (1), above.~~

~~I. 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.~~

~~J. The Board shall make the final determination about the suitability of any water source.~~

IV. GENERAL STANDARDS

A. Non-Agricultural Uses of Groundwater Basin Water Prohibited:

1. Applicants shall covenant, in a form acceptable to District Legal Counsel, for recording at the San Luis Obispo County Recorder's Office,

not to pump from the underlying groundwater basin except for agricultural uses and or open space irrigation.

B. Conditions to be Completed Prior to Final LAFCO Approval:

1. The Applicant shall acquire and dedicate to the District's satisfaction, a volume of supplemental water (from a source acceptable to the District other than Nipomo Mesa Management Area groundwater), equal to that necessary to support full build-out as reflected in the Annexation Application and the Annexation Agreement.

2. The proposed annexation has complied with the requirements of the California Environmental Quality Act and the time to challenge has expired.

3. For each connection or potential connection, deposit with the District the then current capacity and connection fees and charges for District services.

C.- Water Service:

1. The District will not set water meters for residential and/or commercial service until such time that the dedicated source of supplemental water is delivered to the District and improvements to be dedicated to the District have been dedicated and accepted by the District.

2. Final capacity and connection fee charges will be determined and owing at the time the water meter(s) are set by the District.

D. 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.~~

~~1. Subject to compliance with the Annexation Agreement, LAFCO conditions, the District Inspection and Public Facility Agreement, District Rules and Regulations, and a finding by the Board of Directors that the area of annexation meets the requirement of Section III, G (1), and there are adequate water resources to supply the area of annexation or a portion therein then the District may provide water to the area of annexation or a portion therein upon LAFCO final approval.~~

~~Comment: Staff recommends moving this Section to General Standards (Section IV).~~

~~2. For those areas of annexation that do not meet the requirements of Section III, G (1), the District will not deliver water to the area of annexation until sufficient supplemental water is available in the NGSD water system for delivery.~~

~~Comment: Staff recommends moving this Section to General Standards (Section IV).~~

D. 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 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 agricultural purposes consistent with crop production and/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. ~~DISPUTE RESOLUTION~~

~~If an Applicant disputes District determination that the area of proposed annexation does not comply with Article III, G (1), then Applicant, at Applicant's sole cost, may request District to perform reliability tests, 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.~~

VI. ANNEXATION AGREEMENT

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

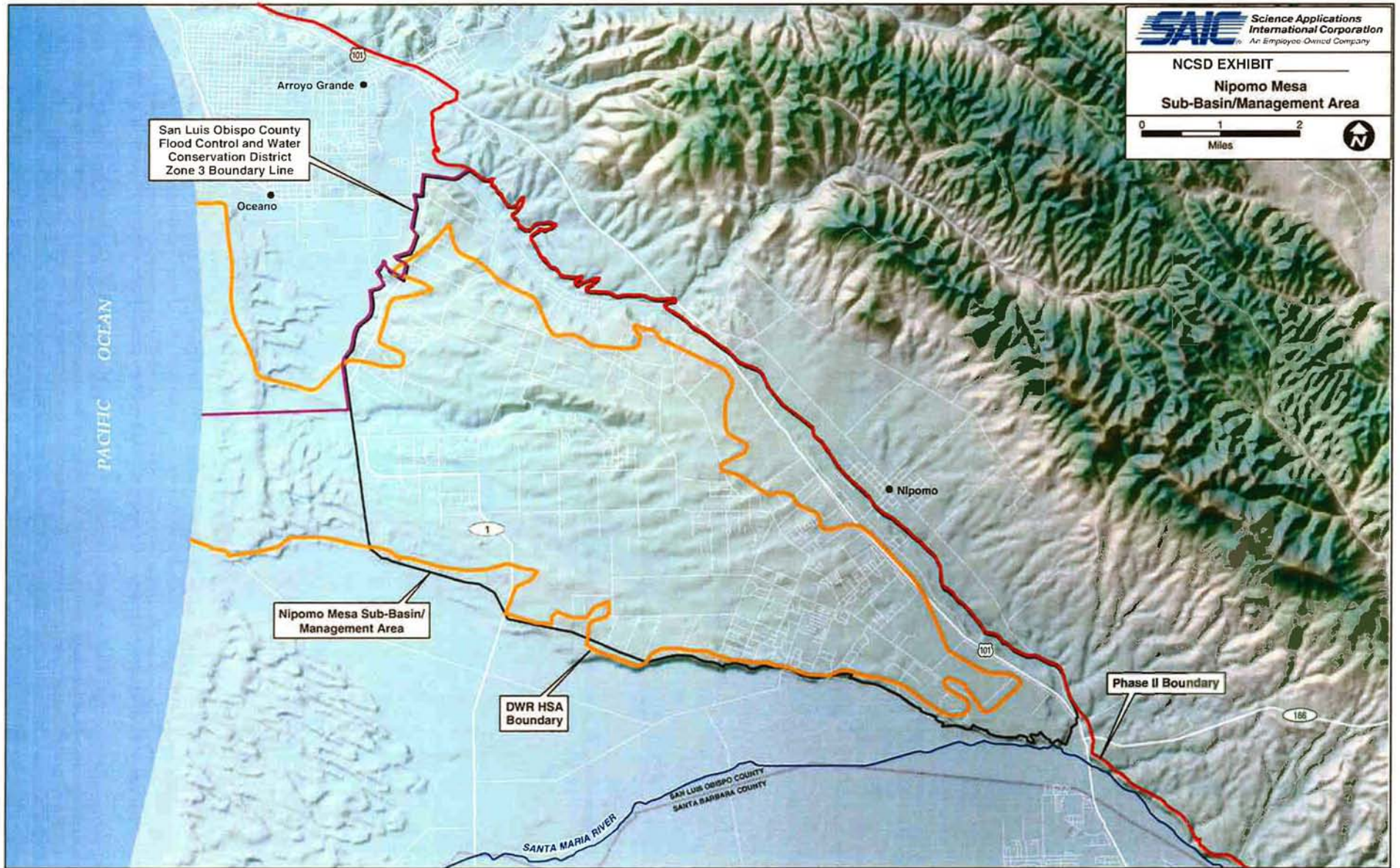
- A. That all infrastructure and service line extensions shall be designed and constructed at no cost to District in accordance with District's standards;
- B. Reimbursement to District for its costs in processing the annexation, including administrative costs, legal costs and engineering costs; and
- C. Payment for all applicable District capacity, meter and connection charges.
- D. Dedication to the District of a volume of supplemental water (from a source acceptable to the District other than Nipomo Mesa Management Area groundwater) equal to that necessary to support full build-out of the annexed lands.

E. The annexation application, layout plan and the District's then current Annexation Policy shall be incorporated into the Annexation Agreement.

E.F. Other terms and conditions as determined by the District.

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.



**THE ANNEXATION POLICY OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
EXHIBIT "A" TO RESOLUTION 2006-XXX**

I. PURPOSE

In order to promote efficient processing of requests for annexation to the Nipomo Community Services District ("District"), this policy sets forth the framework and standards upon which the Board of Directors will consider 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 District in providing essential services. The 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 San Luis Obispo County Department of Planning and Building's, August, 2004, Resource Capacity Study ("Water Supply in the Nipomo Mesa Area") and the recommendations contained therein and the degradation of the water resources within the Nipomo Mesa Management Area and 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 Mesa Management Area also know as the Nipomo Mesa Hydrologic Sub Area. A map of the Nipomo Mesa Hydrologic Sub Area is attached hereto as Exhibit "A".
- 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 of potential annexations upon the Nipomo Community Services District, the Board will only consider annexation requests that includes the submittal of a layout plan, that meets the requirement of Section VI, below, and a completed Annexation application. The District reserves the discretion to require additional information from the Applicant.
- D. 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.

- E. After review of the layout plan and Application, the Board of Directors will consider annexation requests where it can be demonstrated that the benefits of the proposed annexation outweigh the disadvantages of the proposed annexation.
- F. The proposed annexation area boundary shall include all properties that may receive the proposed services to be provided (i.e., use rear property lines rather than streets as boundary lines).
- G. The District is opposed to the formation of homeowners associations or mutual water companies for the operation of water and/or sewer systems in the Nipomo Mesa area.
- H. The applicant shall apply to the Local Agency Formation Commission ("LAFCO") for approval of the proposed annexation.

IV. GENERAL STANDARDS

- A. Non-Agricultural Uses of Groundwater Basin Water Prohibited:
Applicants shall covenant, in a form acceptable to District Legal Counsel, for recording at the San Luis Obispo County Recorder's Office, not to pump from the underlying groundwater basin except for agricultural uses and or open space irrigation.
- B. Conditions to be Completed Prior to Final LAFCO Approval:
 1. The Applicant shall acquire and dedicate to the District's satisfaction, a volume of supplemental water (from a source acceptable to the District other than Nipomo Mesa Management Area groundwater), equal to that necessary to support full build-out as reflected in the Annexation Application and the Annexation Agreement.
 2. The proposed annexation has complied with the requirements of the California Environmental Quality Act and the time to challenge has expired.
 3. For each connection or potential connection, deposit with the District the then current capacity and connection fees and charges for District services.
- C. Water Service:
 1. The District will not set water meters for residential and/or commercial service until such time that the dedicated source of supplemental water is delivered to the District and improvements to be dedicated to the District have been dedicated and accepted by the District.
 2. Final capacity and connection fee charges will be determined and owing at the time the water meter(s) are set by the District.

D. Customers of the District:

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.

D. 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 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 agricultural purposes consistent with crop production and/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. 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.
- D. Dedication to the District of a volume of supplemental water (from a source acceptable to the District other than Nipomo Mesa Management Area groundwater) equal to that necessary to support full build-out of the annexed lands.
- E. The annexation application, layout plan and the District's then current Annexation Policy shall be incorporated into the Annexation Agreement.
- F. Other terms and conditions as determined by the District.

VI. 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
RESOLUTION NO. 2006-Annex Policy**

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

WHEREAS, the Nipomo Community Services District ("District") last updated its Annexation Policy on or about September 10, 2003 ("Annexation Policy"); and

WHEREAS, the Local Agency Formation Commission ("LAFCO") 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, LAFCO considers CEQA for all proposed annexations and sphere of influence changes and other changes in organizations; and

WHEREAS, on or about May 30, 2004, LAFCO adopted a Sphere of Influence Update ("SOI"), Municipal Service Review ("MSR") for the District. Said Sphere of Influence Update and Municipal Service Review are incorporated herein by this reference; and

WHEREAS, as part of the SOI and Municipal Service Review LAFCO considered and certified an Environmental Impact Report. Said Environmental Impact Report ("EIR") is incorporated herein by this reference; and

WHEREAS, on or about January 25, 2006, the District adopted its Urban Water Management Plan ("UWMP");

WHEREAS, on April 26, 2006, May 8, 2006 and May 24, 2006, the Board held public meetings related to amending the District's current Annexation Policy; and

WHEREAS, the District Board of Directors finds that the policies adopted herein by this Resolution do not conflict with the actions taken by LAFCO as referenced above.

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

1. The amended and restated Annexation Policy, as referenced in Exhibit "A", are hereby approved and adopted.

2. The Board of Directors finds that the adoption of the amendments to the existing Annexation Policies constitute "general policy and procedure making" described in Section 15378(b)(2) of the CEQA Guidelines which are deemed not to be "projects". Further, and independently, the District Board of Directors finds that the amendments to the Annexation Policy are within the scope of the program EIR adopted by LAFCO within the meaning of CEQA Guideline §§15168 and 15162 and that no new effects could occur as a result of adopting the amendments to the District's current Annexation Policy. The District General Manager is authorized to prepare, execute and file a Notice of Exemption pursuant to the above provisions.

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2006-Annex Policy

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

3. The above Recitals are true and correct and incorporated herein by reference and that the Staff Report, reference documents, public comment and Recitals constitute further findings in support of this Resolution.

4. If any section, subsection, sentence, clause or phrase in this Resolution and/or the amended 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 amended Annexation Policy. The District Board of Directors hereby declares that it would have passed this Resolution and/or the amended Annexation Policy, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, 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 _____, seconded by Director _____ and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
CONFLICTS:

the foregoing resolution is hereby adopted this _____ day of _____, 2006.

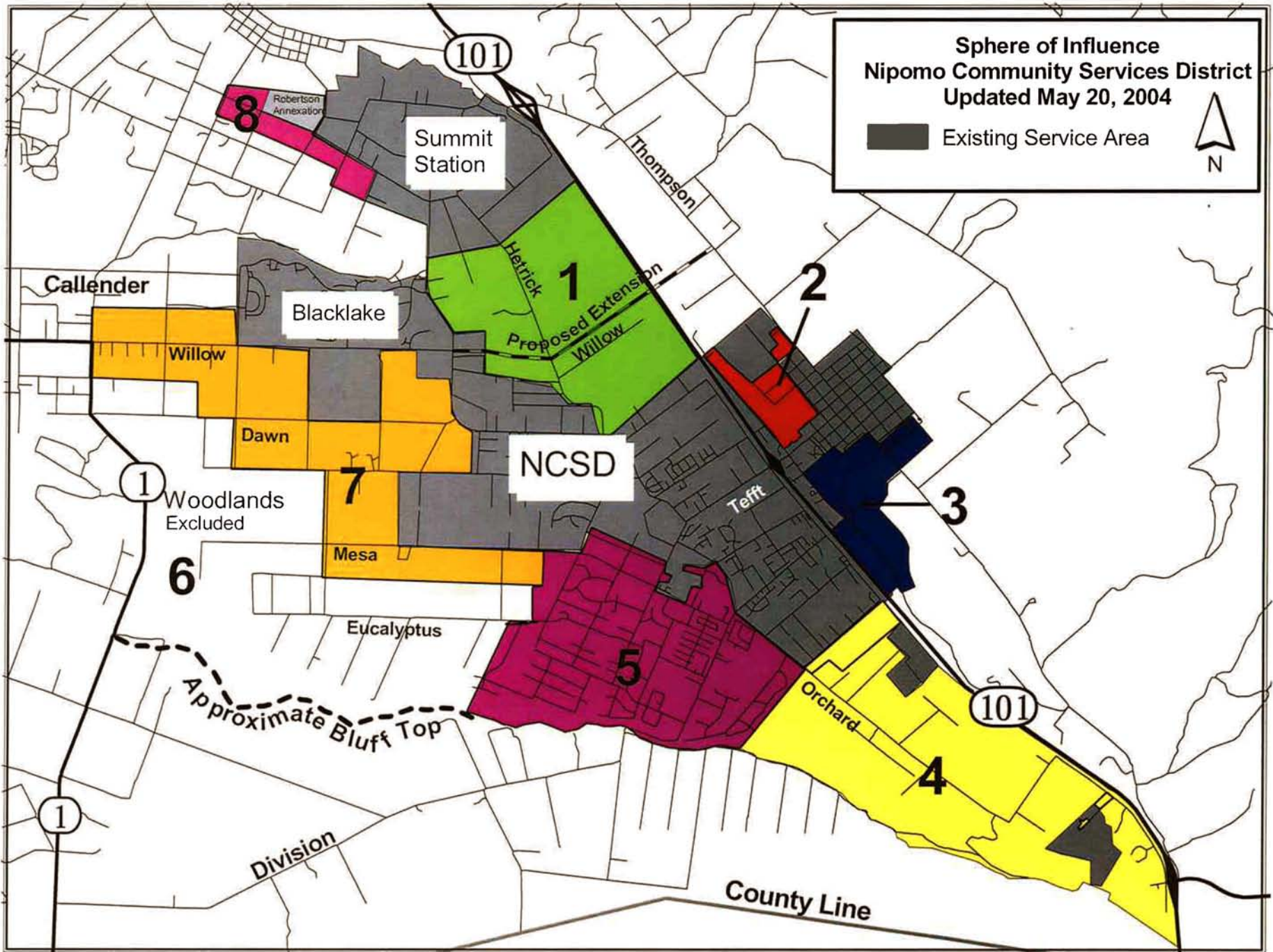
Lawrence Vierheilig,
President, Board of Directors
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
District Legal Counsel



**NIPOMO COMMUNITY SERVICES DISTRICT
CONDITIONS OF APPROVAL**

Sphere of Influence Update and Municipal Service Review

May 20, 2004

LAND USE

1. Prior to providing services to an area or property in the District's Sphere of Influence one or more of the following processes shall be completed:
 - a. Approval by the County of San Luis Obispo of Tract or Parcel Map, Conditional Use Permit, Specific Plan, and/or General Plan Amendment, or
 - b. Approval by LAFCO of an Outside User Agreement or an Annexation.

These processes shall be subject to the environmental review process consistent with the California Environmental Quality Act (CEQA). Any conflicts between the Sphere of Influence and the General Plan shall be resolved through these processes stated above. Impacts associated with premature or "leapfrog" development, development outside the Urban Reserve Line, potential growth-inducing impacts, and the availability of public services shall also be addressed and mitigated to the greatest possible degree through these discretionary approval processes.

2. The proposed Sphere of Influence shall be reduced from the eight Study Areas to exclude all of Study Area #6.

A map identifying the Sphere of Influence is found in the Exhibit A of this resolution.

3. The District shall not provide sewer services to Study Areas #4 (except for the Southland Specific Plan Area and areas zoned Residential Suburban), #5 (Residential Suburban zoning only), #7, and #8. This condition shall be applied by LAFCO to any annexations proposed in those Study Areas as shown in the map found in Exhibit A of this resolution and by the District through any annexation agreements they approve.


WATER

4. Except as provided below, prior to LAFCO approval of any annexation, the District shall:
 - A. Implement a water conservation program that decreases water use by 15% based on per connection water consumption. Annexations shall only be approved if the District provides documentation that certifies a 15% decrease in water use has occurred since the approval date of the Sphere of Influence. Conservation measures shall be implemented at the District's discretion.
 - B. Complete or update the Urban Water Management Plan to reflect the need to provide water service in the amount of 1,000 acre-feet for the expanded Sphere of Influence. The Urban Water Management Plan prepared or updated by the District shall be prepared consistent with the State of California's Urban Water Management Plan Act. A Registered Professional Engineer specializing in water resource planning shall certify that the Plan is consistent with the State's Urban Water Management Plan Act. The Registered Professional Engineer shall be selected from a list of qualified professionals provided by LAFCO.
5. Prior to approval by LAFCO of any annexation, the District shall complete negotiations for a supplemental water source outside the Nipomo Hydrologic Sub-Area and provide documentation that an agreement is in place to deliver such water by January 1, 2009. Documentation shall be consistent with Section 5, Step Two, Documenting Supply, of the SB 610 Guidebook dated October 8, 2003. A Registered Professional Engineer specializing in water planning shall review and certify such documentation. The Registered Professional Engineer shall be selected from a list of qualified professionals provided by LAFCO.
6. Prior to final approval of any annexation that is a "project", as defined under the Water Code 10912, the District shall submit a Water Assessment pursuant to the procedures found in the Guidebook for Implementation of SB 610 and SB 221, using only the steps applicable to SB 610.
7. Conditions 4, 5, and 6 shall not apply to the following proposed annexations:
 - A. **County Service Area 1 Reorganization.** This proposal would dissolve CSA 1 and annex those areas into the District. The District would not be providing water service, but would assume the provision of sewer services and the maintenance of drainage facilities to these areas.

This proposal has no impacts on District water resources since these areas are already served by Cal Cities Water Company.

- B. Patterson Annexation.** This annexation is one single-family residence that was not included in the Robertson Annexation because it was not covered by the County's environmental determination. Mr. Patterson has filed an application with LAFCO. The proposal is being processed. It is reasonable to assume that the impacts on the District's water supply would be insignificant.

- C. Moss Lane Annexation.** These are the six residences that were not a part of the Maria Vista annexation. These residences have failing wells that may create a health and safety problem in the near future. Hookups are readily available through Maria Vista. The impact to the District's water supply would be insignificant.

TO: BOARD OF DIRECTORS
FROM: ED KREINS 
DATE: May 19, 2006

AGENDA ITEM
E-4
MAY 24, 2006

RECEIVE WATERLINE INTERTIE PROJECT FUNDING RECOMMENDATIONS FROM
SUPPLEMENTAL WATER PROJECT COMMITTEE

ITEM

Consider approving and/or editing committee recommendations regarding funding options to construct the project and revenue sources to pay project debt service and operations costs.

BACKGROUND

In April, your Honorable Board referred Staff's Draft Funding Options paper to the Supplemental Water Project Committee and requested that the Committee report back with recommendations. The Committee met twice (April 19, 2006 and May 10, 2006) and submitted the recommendations detailed in Section 3 of the attached set of draft minutes. Chairman Eby, Director Winn, and/or Special Projects Assistant Bruce Buel should be available to discuss the recommendations with the Board and to detail the research that is yet to be concluded before the Board can finalize a funding plan for the project.

RECOMMENDATION

It is recommended that your Honorable Board discuss the Committee's recommendations and edit/adopt those recommendations as appropriate. In regards to funding of the capital cost of construction, staff recommends that the Committee re-convene after the project's FEIR is certified this fall to review the results of the pre-design engineering studies, to receive a report on the determination from the CIEDB; and to receive updates on negotiations with purveyors, progress in securing grants, and results of discussions with potential third party contributors. In regards to revenue sources to repay debt service, staff recommends that the Committee re-convene after the FEIR is certified to receive the updates described above in addition to the results of the proposed rate study on the pipeline portion of the capacity fee and the annexation fee. In regards to revenue sources to pay for water purchases and operations costs, staff recommends that the Committee re-convene after the FEIR is certified to receive the updates described above.

ATTACHMENTS

1. Draft May 10, 2006 Supplemental Water Project Committee Minutes



NIPOMO COMMUNITY SERVICES DISTRICT

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

MINUTES OF THE 5/10/06 MEETING OF THE SUPPLEMENTAL WATER PROJECT COMMITTEE

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

Chairman Eby called the meeting to order at 7pm in the NCSB Board Chambers. Chairman Eby and Director Winn were both present along with General Manager Michael LeBrun and Projects Assistant Bruce Buel and five members of the public.

2. RECEIVE REPORT ON RESEARCH AND ACTION REQUESTED AT 4/19/06 MEETING AND RELATED BOARD ACTIONS

Projects Assistant Bruce Buel summarized the research conducted by staff, reviewed the progress that staff has made in negotiations with purveyors, and related the action taken to allocate the remaining 2003 COP proceeds to the Supplemental Water Project by the NCSB Board at its May 10, 2006 Board Meeting. In regards to the listing of will serve projects, the Committee requested that staff describe the status of the uncompleted projects. The Committee discussed the relationship of project related capacity charge revenue to the growth rate and concluded that it was insensitive relative to the total capital funding target. The Committee agreed by consensus that it was prudent to use a conservative growth rate in order to avoid over estimating capacity charge revenues. In regards to the listing of annexations, the Committee requested that staff annotate and confirm the formula for calculation of the average annual rate.

3. REVIEW PROJECT FUNDING ISSUES

A. DISCUSSION OF FUNDING OPTIONS

Following a discussion of the recommendations proposed by staff, the Committee by consensus recommended that the Board:

- Set the Initial Project capital target at \$10 million with the understanding that the target will be adjusted as more information becomes available.
- Dedicate the pipeline portion of already collected Capacity Fees and the pipeline portion of new Capacity Fees, Capacity Fees collected as a result of annexations, and any in-lieu Fees passed through by SLO County through Mid Point of Construction (estimated to be December 2007) to the project.

- Track pending Proposition 50 Grant Applications and pursue additional grant opportunities as they become available.
- Authorize the creation and submission of a Pre-Application to borrow \$2 million from the CIEDB following Board adoption of the FY05-06 Audit and Direct staff to report on the results.
- Direct staff to expedite negotiations with the Woodlands, Golden State Water Company and Rural Water Company to determine the feasibility of each purveyor paying their respective share of the pipeline capital cost during construction.
- Continue discussions with potential third party contributors to determine their willingness to pre-pay the pipeline portion of Capacity Fees.
- Wait to make determinations on the use of Property Tax Reserves and the issuance of COPs until more information is available.

B. DISCUSSION OF REVENUE SOURCES TO REPAY DEBT SERVICE

Following a discussion of the recommendations proposed by staff, the Committee by consensus recommended that the Board approve the following strategy:

- Agree to prepare an update to the 2005 Rate Study for the Pipeline portion of the capacity fee once the design team provides a revised capital cost estimate.
- Dedicate the pipeline portion of Capacity Fees, Capacity Fees collected as a result of annexations, and any in-lieu Fees passed through by SLO County collected through Mid Point of Construction (estimated to be December 2007) to the project debt service.
- Wait to make determinations on the use of purveyor contributions, property taxes, and user fees until more information is available.

C. DISCUSSION OF REVENUE SOURCES TO PAY FOR WATER PURCHASES AND OPERATIONS COST

Following a discussion of the recommendations proposed by staff, the Committee by consensus recommended that the Board approve the following strategy:

- Dedicate the water purchase portion of Capacity Fees, Capacity Fees collected as a result of annexations, and any in-lieu Fees passed through by SLO County to the costs of purchasing water.

- Expedite negotiations with purveyors to detail the respective obligations of each purveyor to pay for the costs of purchasing water and to pay for operations costs.
- Wait to make determinations on the use of property taxes and user fees to pay for the costs of purchasing water and to pay for operations costs until more information is available.

4. RECEIVE PROJECT UPDATE AND DISCUSS MEETING SCHEDULE

Staff provided updates on the environmental review, design, and land acquisition components of the project and requested that the Committee set a meeting date in Mid-July to initiate review of the comments to the Project's Draft Environmental Impact Report. The Committee agreed to meet again at 7pm on Wednesday July 19, 2006.

5. ADJOURNMENT

Chairman Eby thanked the public for participating and adjourned the meeting at 8:47pm.

T:\Documents\Staff Folders\Bruce Buel\Minutes\060510 Supplem

TO: BOARD OF DIRECTORS
FROM: EDWARD KREINS *Ek*
DATE: MAY 19, 2006

AGENDA ITEM
E-5
MAY 24, 2006

NOMINATE DIRECTOR FOR ALTERNATE LAFCO SPECIAL DISTRICT SEAT

ITEM

Review and consider nomination of a Director to serve as the Alternate Special District Member to LAFCO.

BACKGROUND

The San Luis Obispo Local Agency Formation Commission (LAFCO) has a vacancy for the alternate Special District Member. The term expires in December 2009. The appointment was considered by the Special District Selection Committee at its annual meeting on April 21, 2006. Since a quorum was not present an appointment could not be made.

LAFCO has called for nominations to be submitted no later than June 8, 2006. Attached you will find an information sheet regarding powers and membership of the Commission at the present time.

RECOMMENDATION

Review the request from LAFCO, consider a nominee from the Board, and advise staff to proceed as necessary to submit the Board's nominee to LAFCO.

ATTACHMENTS

LAFCO letter, information sheet, and nomination form.

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

TO: EACH INDEPENDENT SPECIAL DISTRICT
FROM: PAUL L. HOOD, EXECUTIVE OFFICER
DATE: MAY 8, 2006
SUBJECT: REQUEST FOR NOMINATIONS FOR LAFCO
ALTERNATE SPECIAL DISTRICT MEMBER

COMMISSIONERS

BARBARA MANN, Chair
Special District Member

KATCHO ACHADJIAN
Vice Chair
County Member

SHIRLEY BIANCHI
County Member

DAVID BROOKS
Special District Member

RICHARD ROBERTS
Public Member

WENDY SCALISE
City Member

ALLEN SETTLE
City Member

ALTERNATES

VACANT
Special District Member

TOM MURRAY
Public Member

JAMES R. PATTERSON
County Member

DUANE PICANCO
City Member

STAFF

PAUL L. HOOD
Executive Officer

RAY BIERING
Legal Counsel

DAVID CHURCH
Senior LAFCO Analyst

DONNA J. BLOYD
Commission Clerk

The San Luis Obispo Local Agency Formation Commission (LAFCO) has a vacancy for the Alternate Special District member. The term expires in December 2009. The appointment was considered by the Independent Special District Selection Committee at its annual meeting on April 21, 2006. Since a quorum was not present at the meeting, an appointment could not be made at that time.

In the event that a meeting of the Special District Selection Committee is not feasible, Government Code Section 56332 (c) (1) allows the LAFCO Executive Officer to conduct the business of the committee in writing. The Executive Officer may call for nominations to be submitted in writing within 30-days. At the end of the nomination period, the Executive Officer shall prepare and deliver, or send by certified mail, to each independent special district one ballot and voting instructions.

Please schedule this request for nominations for a meeting of your Board of Directors as soon as possible. If your District's Board decides to nomination someone to fill the Alternate Special District seat on LAFCO, please submit that nomination to this office **no later than June 8, 2006.**

A nomination form, self-addressed stamped envelope, and current Commission Membership Sheet, are enclosed to assist you.

Please let me know if you have any questions.

c – Members, Formation Commission

RECEIVED
MAY 17 2006
NIPOMO COMMUNITY
SERVICES DISTRICT

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

Tel: 805.781.5795 Fax: 805.788.2072

Copy of document found at www.NoNewWipTax.com
www.slolafco.com

**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
INFORMATION SHEET**

Authority:

Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (Government Code Section 56000 et seq.)

Objective:

The Local Agency Formation Commission is a regulatory body responsible for the "discouragement of urban sprawl and the encouragement of the orderly formation and development of local governmental agencies based upon local conditions and circumstances."

Powers:

LAFCO is required to review and approve or disapprove proposals for boundary changes or governmental reorganizations of cities and special districts, including: (1) the formation of special districts and cities, and (2) the annexation and detachment of territory to cities and special districts. In addition, LAFCO is also required to determine a "sphere of influence" for each local governmental agency within the county. A sphere of influence is a plan for the probable, physical boundaries and service area of the agency; after adoption, it is used by the Commission as a factor considered in review of proposals.

Membership:

The Commission is comprised of seven (7) Regular Members (two county, two city, two special district, and one public member) and four (4) Alternate Members (one county, one city, one special district, and one public member) serving four-year terms. Current members and their term expiration dates are as follows:

Barbara Mann	Special District Member Oceano CSD	December 2006
Katcho Achadjian	County Member District 4 Supervisor	December 2009
Shirley Bianchi	County Member District 2 Supervisor	December 2007
David Brooks	Special District Member Templeton CSD	December 2008

Wendy Scalise	City Member City of Atascadero	December 2007
Allen Settle	City Member City of San Luis Obispo	December 2009
Richard Roberts	Public Member	December 2008
Vacant	Alt. Special District Member	December 2009
Tom Murray	Alt. Public Member	December 2008
James R. Patterson	Alt. County Member	December 2009
Duane Picacno	Alt. City Member City of Paso Robles	December 2006

Commission Staff:

The Commission's staff serves in an administrative capacity, reviewing proposals, preparing sphere of influence studies and acting as a liaison with local agencies and the public.

Paul L. Hood	Executive Officer	phood@slolafco.com
Raymond A. Biering	Legal Counsel	
David Church	LAFCO Analyst	dchurch@slolafco.com
Donna J. Bloyd	Commission Clerk	dbloyd@slolafco.com

Meeting Dates:

Regular meeting dates are the third Thursday of each month at 9:00 A.M. in the Board of Supervisors' Chambers, County Government Center, San Luis Obispo.

Commission Correspondence:

LAFCO

1042 Pacific Street, Suite A, San Luis Obispo, CA 93401
Tel: (805) 781-5795 Fax: (805) 788-2072 www.slolafco.com

TO: BOARD OF DIRECTORS
FROM: EDWARD KREINS *EM*
DATE: MAY 19, 2006

**AGENDA ITEM
E-6
MAY 24, 2006**

RELOCATION EXPENSES AND HOUSING INCENTIVES FOR GENERAL MANAGER

ITEM

Receive report on relocation expenses and housing incentives for recruiting new General Manager and give direction to District's recruitment consultant.

BACKGROUND

Your Board hired Ralph Andersen and Associates to assist the District in hiring a new General Manger. Your Board's personnel sub-committee met with the consultant to discuss the hiring process. The consultant would like your Board to consider the idea of offering relocation expenses and/or housing incentives as negotiation tools once a candidate is selected.

RECOMMENDATION

Discuss relocation expenses and housing incentive options. Provide feedback to the recruitment consultant.

ATTACHMENTS

No Attachment

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2006\MGR Relocation expense.doc

TO: BOARD OF DIRECTORS

FROM: EDWARD KREINS 

DATE: MAY 19, 2006

AGENDA ITEM

F

MAY 24, 2006

MANAGER'S REPORT

ITEM

Standing report to your Honorable Board

Period covered by this report May 6 through May 19, 2006

DISTRICT BUSINESS

Administrative

Water Service Requests/Allocation Accounting: No allocations during the period.

Monthly Intertie Project Accounting

See the attached accounting summary.

Safety Program

No injury reports during the period.

Project Activity

Please see the attached report by District Projects Assistant Bruce Buel.

Field Activity

Please see the attached report by District Utility Supervisor Dan Migliazzo.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board.

ATTACHMENT

- Intertie Project Accounting Summary
- Memorandum from District Projects Assistant
- Memorandum from Utility Supervisor.



NIPOMO COMMUNITY SERVICES DISTRICT

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

MEMORANDUM

TO: ED KREINS *Ek*
FROM: BRUCE BUEL
DATE: MAY 15, 2006
RE: April Accounting of Waterline Intertie Project Funds

Attached is the April 2006 Accounting of the Waterline Intertie Project Fund prepared by Lisa Bognuda at the Board's request.

**NIPOMO COMMUNITY SERVICES DISTRICT
WATERLINE INTERTIE PROJECT
MONTHLY FISCAL SUMMARY
APRIL 2006**

Supplemental Water Capacity Fees	571,003.44
Certificates of Participation	<u>1,632,493.39</u>
Beginning Fund Balance as of April 1, 2006 Subtotal	<u>2,203,496.83</u>

REVENUES

Supplemental Water Capacity Fees Collected	11,121.00	
Interest Income (monthly & quarterly posting)	<u>26,286.34</u>	
Revenue Subtotal		<u>37,407.34</u>

EXPENDITURES

CONSULTANTS

1590-A1	Feasibility Study (Cannon)	0.00
1590-A2	EIR Preparation (Wood & Assoc)	0.00
1590-A3	Estimate/Preliminary Schedule (Cannon)	0.00
1590-A4	Proposed Routes/Facilities (Cannon)	0.00
1590-A5	Prop 50 Grant Applicatin (Cannon)	0.00
1590-A6	Project Support (Cannon)	(1,857.50)

LEGAL

1590-B1	Shipsey & Seitz	0.00
1590-B2	McDonough, Holland & Allen	<u>(4,463.80)</u>
	Expenditure Subtotal	<u>(6,321.30)</u>

Net Revenues less (Expenditures) 31,086.04

Closing Fund Balance as of April 30, 2006 2,234,582.87



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Web site address www.nipomocsd.com

MEMORANDUM

TO: MICHAEL LEBRUN, GENERAL MANAGER
FROM: BRUCE BUEL, PROJECTS ASSISTANT
DATE: MAY 17, 2006
RE: PROJECTS UPDATE – 5/3/06 to 5/17/06

Following is a narrative describing the status and progress on projects that office and field staff has worked on from 5/3/06 through 5/17/06:

NCS D Water Intertie Project –

- This project is in environmental review with the Draft EIR expected to be circulated around May 22, 2006.
- The Board, on May 10, 2006, consolidated the remaining 2003 COP Proceeds into Project Reserves. The Board at its May 24, 2006 Board Meeting is scheduled to receive the Draft EIR, select the engineering team for design of the Project, and discuss recommendations for funding the Project from the Supplemental Water Project Committee.
- Five Design Services Proposals were received on April 21, 2006 and each proposal was forwarded to the full board. Staff compiled an evaluation of each proposal on April 26, 2006 and forwarded this evaluation to the Ad Hoc Design Services Interview Committee. The Ad Hoc Design Services Interview Committee is scheduled to conduct interviews on May 17, 2006, and the Board is scheduled to select a firm at its May 24, 2006 Board Meeting.
- The Supplemental Water Project Standing Committee met on May 10, 2006 to develop funding recommendations for Board consideration. The Committee set its next meeting for July 19, 2006 to discuss comments to the Draft EIR.

- Staff has researched information on Directional Drill technology, the names of firms that perform Directional Drilling, and the locations where Directional Drilling has been used.
- Staff has secured signatures from Bob Tarvin of Tarvin and Associates on agreement for preparation of the rough appraisal.
- Staff has held initial discussions with Mid State Bank to open a new account for the remaining COP proceeds in anticipation that the interest rates from LAIF will exceed the maximum permissible rate allowed by the SEC for our issuance.
- Staff has developed a template for reporting the Project's fiscal status to the Board on a monthly basis.
- Staff has circulated a Request for Statement of Qualifications for Construction Management services to eleven local firms to determine the interest and availability of these firms to provide Construction Management Services.
- Staff researched permit, land acquisition and funding issues related to the project.
- Staff supplied information on the Project to the I-Bank at the request of I-Bank staff.
- Staff has accomplished all critical path tasks necessary to accomplish the Timeline set forth in Section VI of the attached Strategic Plan Outline. Software to facilitate graphical representation of the critical path network has been received. Staff will incorporate critical path information and provide a graphical presentation in future status reports.

Southland WWTF Upgrade Project –

- This project is at the concept stage both in responding to the RWQCB's Notice of Violation (NOV) and considering logical upgrades to the WWTF and to the adjacent collection system.
- The Board on April 12, 2006 selected Boyle Engineering to prepare the Feasibility Study on the Upgrade Project. The Agreement between NCSD and Boyle has been fully executed and staff has issued the Notice to Proceed to Boyle.
- Staff received a rough draft of the Technical Memorandum on the Upgrade from Boyle; edited the rough draft; and authorized Boyle to share the revised version with RWQCB Staff to get RWQCB feedback.
- The Board is scheduled to review the revised Technical Memorandum at its June 14, 2006 Board Meeting.

Southland Shop Upgrades –

- This Project is at the concept stage with the expectation that staff will bring options to the Board at a future date for enlarging the shop and reorganizing the site.
- Staff has developed rough design layouts for alternative upgrades to the shop and a punch list of upgrades for the grounds.
- Staff is working with Garing/Taylor to secure topographic mapping of the entire site to assist in planning the layout of the improvements.

Standard Specifications –

- The Board adopted revised Standard Specifications (SS) at its May 10, 2006 Board Meeting. Staff has published the revised Standard Specifications on our website and replaced the old set for all pending and new development project affecting NCSD utilities.

Hetrick Road Waterline Upgrade –

- Boyle Engineers has completed the preliminary design and presented the preliminary design to the Board at its April 26, 2006, Board Meeting.
- Staff has determined that the project is not categorically exempt pursuant to the California Environmental Quality Act and that a more detailed environmental review will be required. Staff mailed out a Request for Statement of Qualifications for CEQA review of small projects to prospective firms and received back Statements from five firms. The Board adopted a resolution establishing guidelines for retention environmental firms at its May 10, 2006 Board Meeting. Staff then mailed out a Request for Quote for the Hetrick Project to each of the five firms. Staff will open these Quotes on May 16, 2006 and select the firm that offers the best value to perform the CEQA evaluation for the Hetrick Project according to the adopted guidelines.
- Staff has also circulated a Request for Statement of Qualifications for Construction Management Services (CM) to eleven local firms. The Statements of Qualifications are due back on June 6, 2006.

Blacklake Pump Station Upgrade –

- This project is in the concept design phase with the consultant expected to produce a draft concept design report for upgrades to the pumps and the distribution system by the end of June. Staff expects to present the plans to the Board this summer and bid the project so that it is completed during the winter when water demand is at its lowest.
- The Board on May 10, 2006 approved an amendment to the design services agreement with Boyle Engineers to authorize additional engineering analysis. Staff has executed a task order with Boyle for the approved additional engineering.
- Staff is independently preparing to upgrade the intertie between the Town System and the Blacklake System so that the District can take the Blacklake Pump Station off-line when it comes time for the upgrade.

Frontage Road Relocation –

- The County is the lead agency on this project, which is in its concept phase with no defined timeline for completion.
- Staff has reviewed the Options Report prepared by the County.
- King Ventures and Shapiro have proposed to realign Frontage from Hill Street to Grande Street as part of their respective development proposals. EDA on behalf of the two parties submitted a draft set of plans and profiles to County Public Works last fall. The County and Caltrans have reviewed these initial plans and responded with redlines, but additional discussions are necessary to determine the exact alignment and to deal with reconfiguration of the Southbound off-ramp and drainage.

Telemetry and Control (SCADA)–

- The Telemetry and Control System is functioning with all water storage reservoirs, ten wells, 12 lift stations, both WWTFs, the Blacklake Blower Building, and the Blacklake Connection connected. The Board on May 10, 2006 accepted the system and authorized staff to close out the development agreement with the contractor.
- Staff still needs to integrate additional facilities and start using the data capabilities of the software to gather data.
- Staff has not yet defined the status of the CIMIS station at the Woodlands.

Geographic Information System (Geo-Viewer)

- The GIS System is functioning with data attributes available for most layers in most of the District's Service Area.
- Staff is still adding data and attempting to rectify features to the actual geography.

Basin Groundwater Monitoring-

- The contract details remain under discussion with District legal staff and the consultant's contract managers. Staff is underway with the consultant (SAIC) gathering data as authorized by the Board at its December 14, 2005, Board Meeting.
- Staff expects that this program will extend for multiple years and will involve interaction with the other basin stakeholders.
- Staff continues to gather data for integration into the data base to be designed by the consultant. Staff has secured the monitoring program being implemented by the Woodlands and has arranged a meeting with the Woodlands Engineer to discuss their ongoing groundwater monitoring and production.

Preventative Maintenance and Staffing Review -

- This project has just started with staff assembling all systems and facilities.
- Staff has reviewed various computer software systems capable of tracking and reporting on maintenance management and has focused on two competing systems that appear to be promising. The "show and tell" of the system that the City of Santa Maria is using (one of the two finalists) originally scheduled on April 17, 2006 has been postponed to sometime in May.

Fairways Street Light Painting –

- The Board on April 12, 2006 awarded this work to Harry Jeffries Custom Painting and authorized staff to execute a contract with Jeffries. -
- The agreement with Jeffries is now fully executed and staff has mailed notice to the affected residents.
- Jeffries is scheduled to start the project in late May and conclude his work by the end of June.
- Staff will provide a final report to the Board upon completion of the work.

Woodgreen Lift Station Access Upgrade –

- This project is in the concept phase with significant input from the homeowners group. Staff is preparing a “show and tell” with likely contractors to secure quotes for upgrading this access. Staff has also mailed out a Request for Statement of Qualifications to likely contractors in anticipation of a future Request for Quotes to do this work.
- Staff expects to bring quotes for Board consideration late spring with the work to be performed once the ground dries out.

Contract Street Sweeping –

- Staff opened bids on May 11, 2006 and determined that both of the bids received were responsive and responsible.
- Staff expects to present the bids to the Board at the Board’s May 24, 2006 Meeting with the target of commencing street sweeping on July 1, 2006.

Water Tank Security –

- This project is currently an unfunded idea; however, staff is proposing to include funds in the FY 06-07 Budget to install video camera systems at the Tank Farm and the Standpipe Tank to address security issues.

Blacklake Salts –

- This project involves limiting the discharge from regenerative water softener units within the Blacklake development. Staff expects to develop education material to share with the property owners by this fall.
- Staff understands that the Blacklake Homeowner’s Association has promulgated amendments to its Master CCRs prohibiting the installation of new regenerative water softeners and encouraging conversion of existing units to the canister format.
- Staff has discussed the possibility of an incentive program whereby NCSD would offer a monetary reward for conversion of regenerative water softeners to more discharge friendly formats.

Pomeroy Water Line (Willow to Aden) -

- This project remains on hold given the likely realignment of Pomeroy by San Luis Obispo County. The Board on May 10, 2006 transferred the COP funding previously allocated to this Water Line to the Supplemental Water Project.

Relocation of NCSD Mains in/through County Drainage Structures -

- SLO County recently agreed to upgrade six Nipomo Drainage Structures over the next three fiscal years. Staff has discussed the opportunity to coordinate with County Public Works as they plan each upgrade.
- As currently planned, SLO County would work on the Mallagh Culvert and the Burton Culvert in FY 06-07; the Sea & Burton Culvert and the Haystack Culvert in FY 07-08; and the Thompson Avenue and the Tefft & Avocado Culvert in FY 08-09.
- Staff is proposing that the Board provide funding for the Mallagh Culvert and the Burton Culvert in the District's FY06-07 Budget.
- Staff has advised Supervisor Achadjian of NCSD's willingness to cooperate with the County in implementing these upgrades.

SSO Overflows General Waste Discharge Requirements –

- Staff researched the G-WDRs proposed by the SWRCB; discussed their potential impact on NCSD internally and with SWRCB staff; and presented staff conclusions at the Board's April 26, 2006 Board Meeting.
- The SWRCB at its May 2, 2006 Meeting did amend and then adopt the G-WDR. Staff is scheduled to present the revised G-WDR at the May 24, 2005 District Board Meeting.

FY06-07 Projects Preparation -

- The Ad Hoc Budget Committee has proposed that the Board fund a valve exercising program and revisions to the water and sewer master plans in FY06-07. Staff has initiated research on these programs as well as the upgrades to the Gardenia Lift Station and the Hazel Lift Station proposed in the old Sewer Master Plan. Staff is also preparing the bid specifications for renovation of four of the percolation ponds at the Southland Wastewater Treatment Facility.

- Staff is monitoring the efforts of OCSD/Grover Beach/Arroyo Grande to evaluate the feasibility of a Desalination Plant at their Waste Water Treatment Facility. The Tri-Agency Group has retained the Wallace Group to prepare a Feasibility Study evaluating the cost effectiveness of desalting water at their WWTF for development of a future water supply.

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TABLE OF CONTENTS

Rough Draft NCSD SUPPLEMENTAL WATER PROJECT Strategic Plan Outline

3/8/06

- I. CEQA Timeline
- II. Design Timeline
- III. Permit Timeline
- IV. Land & ROW Timeline
- V. Funding Timeline
- VI. Critical Path
- VII. 2006 Board/Committee Meetings

T: /Documents/Projects/Supplemental Water/SWP/Table of Contents 3/8/06

I. Rough draft NCSD-SWP CEQA TIMELINE

1. PROJECT OBJECTIVES DEFINITION

- A. Initial Board Review 3/8/06
- B. Web & Office Posting 3/8/06 to 4/12/06
- C. Board Determination 4/12/06

2. DRAFT EIR

- A. Prepare Printcheck Draft 4/14/06 to 5/4/06 (21 days)
- B. Prepare Circulation Draft 5/4/06 to 5/11/06 (7 days)
- C. Printing 5/11/06 to 5/18/06 (7 days)
- D. NOC/Circulation 5/22/06 to 7/10/06 (49 days)
- E. Board Status Report 5/24/06
- F. Presentation to WRAC 6/7/06

3. FINAL EIR

- A. Committee Review #1 7/13/06
- B. Prep Ad Draft Responses 7/10/06 to 8/10/06 (30 days)
- C. Committee Review #2 8/10/06 to 8/24/06 (14 days)
- D. Prepare Printcheck Draft 8/24/06 to 9/7/06 (14 days)
- E. Edit and Print Final 9/7/06 to 9/21/06
- E. Presentation to Board 10/11/06

4. CERTIFICATION

- A. Prepare Findings 9/21/06 to 10/5/06
- B. Certification Hearing #1 10/11/06
- C. Certification Hearing #2 10/25/06
- D. Notice of Determination 10/25/06

5. PROJECT SELECTION

- A. Committee Review TBD
- B. Board Review TBD

T: /Documents/Project/Supplemental Water/SWP/ EIR/TIMELINE CEQA – 3/8/06

II. Rough Draft NCSD-SWP Design Timeline

1. DESIGN TEAM SELECTION

- | | | | |
|----|---|---------|----------------------|
| A. | Prepare Draft Design Services RFP | 3/17/06 | |
| B. | Board Review RFP and Concept | 3/22/06 | (See Footnote No. 1) |
| C. | Circulate Design Services RFP (mail/post) | 3/24/06 | (See Footnote No. 2) |
| D. | Receive Design Services Proposals | 4/21/06 | |
| E. | Committee Review of Proposals | 4/28/06 | |
| F. | Screen to Short List | 5/5/06 | |
| G. | Short List Interviews | 5/17/06 | |
| H. | Board Selection/Authorize Negotiation | 5/24/06 | |

2. DESIGN SERVICES AGREEMENT

- | | | | |
|----|----------------------------|-----|--|
| A. | Negotiate Design Agreement | TBD | |
| B. | Board Review | TBD | |
| C. | Execute Agreement | TBD | |

3. QUALITY CONTROL (QA/QC) TEAM SELECTION

- | | | | |
|----|-------------------------|---------|--|
| A. | Circulate QA/QC RFP | 5/25/06 | |
| B. | Receive QA/QC Proposals | 6/15/06 | |
| C. | Board Review | 6/28/06 | |
| D. | Execute Agreement | TBD | |

4. DESIGN

- | | | | |
|----|--------------------------|-----------------------|--|
| A. | Issue NTP#1 | TBD | |
| B. | Research & 30% Design | 120 Days from NTP#1 | |
| C. | 30% Review & Issue NTP#2 | TBD (See Footnote #3) | |
| D. | 90% Design Submittal | 120 Days from NTP#2 | |
| E. | 90% Review & Issue NTP#3 | TBD | |
| F. | 100% Design Submittal | 21 Days from NTP#3 | |
| G. | Printing | 7 Days | |

5. CONSTRUCTION MGMT (CM) TEAM SELECTION – If Necessary

- | | | | |
|----|----------------------|-----|--|
| A. | Circulate CM RFP | TBD | |
| B. | Receive CM Proposals | TBD | |
| C. | Board Review | TBD | |
| D. | Execute Agreement | TBD | |

6. ENGINEERING SERVICES DURING CONSTRUCTION (ESDC)

- | | | | |
|----|-----------------------|-----|--|
| A. | Negotiate ESDC BUDGET | TBD | |
| B. | Board Review | TBD | |
| C. | Execute Agreement | TBD | |

II. Rough Draft NCSD-SWP Design Timeline (Continued)

7. BIDDING

A.	Advertise	TBD
B.	Open Bids and Resolve Protest	TBD
C.	Award Bids	TBD
D.	Execute Contracts/Secure Bonds, Etc.	TBD
E.	Issue NTP	TBD

NOTE #1: Assumes no Value Engineering Exercise and CM is not done by Design Team

NOTE#2: Potential Design Firms –Cannon; Boyle; Wallace; EDA; RRM; Penfield Smith; SAIC; MNS; Provost & Pritchard; Malcolm Pirnie; Carollo; MWH; Black and Vetch; Kennedy Jenks;

NOTE #3: Assumes 30% Submittal instead of the 75% proposed by Cannon (June 2005)

T: /Documents/Projects/Supplemental Water/WWP/Engineering/Timeline Design – 3/8/06

III. Rough Draft NCSD-SWP Permit Timeline

1. INITIAL CONTACTS & CONFIRMATIONS

A.	Letter to Each Agency	3/30/06	(See Footnote #1)
B.	Calls/Meetings with Each Agency	4/5 to 4/26	
C.	Determine Time Sensitive Research	4/26/06	
D.	Secure Proposals to Perform Research	TBD	(See Footnote #2)
E.	Board Consideration of Proposals	TBD	
F.	Execute Agreements	TBD	
G.	Perform Research & Secure Results	TBD	
H.	Summary of Results	TBD	

2. DEIR COMMENT REVIEW

A.	Review DEIR Comment Submitted	7/10/06	
B.	Calls/Meetings with Each Agency	7/11/06 to 7/25/06	
C.	Summary of Results	7/31/06	

3. PERMIT PROCESSING

A.	Prepare and Submit Application	TBD	(See Footnote #3)
B.	Interact with Agency	TBD	
C.	Negotiate Potential Conditions	TBD	
D.	Committee Review of Policy Issues	TBD	
E.	Board Review of Policy Issues	TBD	
F.	Secure Permits	TBD	

4. PERMIT IMPLEMENTATION

A.	Secure Proposals for New Research	TBD	
B.	Board Consideration of Proposals	TBD	
C.	Execute Agreements	TBD	
D.	Perform Research & Secure Results	TBD	
E.	Integrate Conditions/Research into Design	TBD	
F.	Integrate Conditions into Construction	TBD	

NOTE #1 – Permit Agencies: US ACE (Section 404 & NPDES); Ca DFG (1601); CCRWQCB (401 & NPDES); USFWS (7g/10); Caltrans (Encroachment); City Santa Maria (Encroachment Permit); County Santa Barbara (Encroachment Permit); County of SLO (Encroachment Permit);

NOTE #2 – Mitigation D7 Research must start by 8/15/06 to conclude by 10/31/06

NOTE #3 – As soon as possible after FEIR Certification

IV. Rough Draft NCSD-SWP Land & ROW Timeline

1. INTIAL CONTACTS

- A. Letter to Each Owner 3/17/06
- B. Calls to Each Owner 3/24/06 to 3/31/06
- C. Summary of Results 4/7/06

2. ROUGH APPRAISAL

- A. RFQ/RFP to Potential Appraisers 3/17/06 (See Footnote #1)
- B. Receive Proposals 4/7/06
- C. Board Selection re Rough Appraisal 4/26/06
- D. Execute RA Agreement 4/28/06
- E. Secure Rough Appraisal 5/31/06
- F. Board Review (Closed Session) 6/14/06

3. DETAILED APPRAISAL

- A. Board Authorization for Detailed 11/15/06
- B. Execute D A Agreement 11/17/06
- C. Secure Detailed Appraisal Jan 2007
- D. Board Review (Closed Session) Jan 2007

4. NEGOTIATIONS

- A. Tender Offers Jan 2007
- B. Negotiate w Prop Owners Jan 2007 to TBD
- C. Board Review Feb 2007
- D. Open Escrows Feb 2007 to TBD
- E. Board Review TBD

5. FUNDING

- A. Secure Funding Feb 2007
- B. Board Adopt Notice of Acceptance Feb 2007
- C. Close Escrow TBD
- D. Secure Title and File Documents TBD

NOTE #1 – Potential Appraisers: Reeder Gilman; Schenberger et al

V. Rough Draft NCSD-SWP Funding Timeline

1. EVALUATION OF OPTIONS

A.	Project Connection Charge Revenues	2/28/06 to 3/31/06	(Note #1)
B.	Describe Potential Grants/Appropriations	2/28/06 to 3/31/06	(Note #2)
C.	Describe Low Interest Loans	2/28/06 to 3/31/06	(Note #3)
D.	Describe Municipal Bond/COP Options	2/28/06 to 3/31/06	(Note #4)
E.	Describe Purveyor Buy in Options	2/28/06 to 3/31/06	
F.	Describe LLP Turn Key Concept	2/28/06 to 3/31/06	
E.	Summary of Results	4/5/06	

2. INITIAL REVIEW OF OPTIONS

A.	Committee Review	>4/5/06
B.	Board Review	4/26/06

3. FUNDING DEVELOPMENT

A.	Connection Charge Monitoring	Ongoing
B.	Grant Monitoring & Applications	Ongoing
C.	Process Loan/Bond/COP Paperwork	TBD
D.	Secure Funds	TBD

NOTE #1 - Also track County In-Lieu Fees for O&M Coverage

NOTE #2 – Prop 50 w County; Prop 50 NCSD; Fed WRDA

NOTE #3 – Ca SRF; CIEDB; USDA

NOTE #4 – Assessment Bond; Revenue Bond; COP w CSDA; COP NCSD

T: /Documents/Projects/Supplemental Water/SWP/Funds/Timeline Funding 3/8/06

VI. Rough Draft NCSD-SWP Critical Path

ELEMENT	TIMEFRAME
Draft EIR	3/9/06 to 7/10/06
Permit Scoping	3/28/06 to 7/13/06
Time Sensitive Research	3/28/06 to 7/13/06
Land Option Evaluation	3/28/06 to 7/13/06
Funding Option Evaluation	3/28/06 to 7/13/06
Final EIR Processing	7/13/06 to 10/11/06
FEIR Certification	10/11/06 to 10/25/06
Project Selection	10/25/06 to 11/22/06
30% Design	10/25/06 to Feb 07
Permits and Conditions	10/25/06 to Feb 07
Funding Procurement	10/25/06 to Feb 07
Land Acquisition	Feb 07 to June 07
90% Design	Feb 07 to June 07
Bidding	July 07
Contract Award	July 07
Permit Final	July 07 to August 07
NTP	August 07

T: /Documents/Projects/Supplemental Water/SWP/CPN 3/8/06

VII. Rough Draft 2006 NCSD-SWP Board/Committee Meetings

Board Meeting Date	Committee Meeting Date	TOPIC
3/8	3/3	Policy Issues & Timelines Policy Issues & Timeline
3/22		Design Services RFP
4/12	<4/26	Project Objectives
4/26		Funding Options Funding Options; Retain Appraiser
5/10	<5/24	Review Design Proposals
5/24		Select Design Team & DEIR Status Report
6/14		Review Rough Appraisal Results
6/28		Design Team Agreement & QA/QC Team Selection
7/12	7/13	Review of FEIR Comments
7/26		
8/9	<8/24	Review of Responses to FEIR Comments
8/23		
9/13		
9/27		
10/11		FEIR Certification #1
10/25		FEIR Certification #2
11/8		Project Selection #1
11/22		Project Selection #2; Authorize detailed proposals

T: /Documents/Projects/Supplemental Water/SWP/SWP Mtgs 3/8/06



NIPOMO COMMUNITY SERVICES DISTRICT

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NIPOMO, CA 93444 - 0326
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Web site address www.nipomocsd.com

MEMORANDUM

TO: ED KREINS *EK*
FROM: DAN MIGLIAZZO, UTILITIES SUPERVISOR
DATE: MAY 19, 2006
RE: FIELD PROGRESS REPORT

District projects in process:

- Easy Ln. completed pressure testing and will bacti sample week of 5/22/06
- 782 Tefft St. completed pressure testing and will bacti sample week of 5/22/06
- MVE completed the crossing for the on-site gravity main across drainage channel

Field activities completed and/or addressed

- Black Lake WWTP is working well with the surface aeration and results showing better treatment and high dissolved oxygen content in all three basins
- Southland WWTP we are currently installing light standards and pump control panel in our conversion to 100% surface aeration
- We have begun operating in summer energy mode. (we keep our electric powered wells off line during peak demand and fill storage tanks at night saving energy costs)
- Leak on Jessica repaired (service line break at main)
- Working with PG&E on power problems in and around Pomeroy Rd. and Willow Rd.
- Replaced service line on Glenhaven
- Working on aeration equipment at WWTP, we have experienced some problems with ragging in the props of the aerators.
- Working on sludge removal at Southland WWTP
- Scott G. has just returned from a review class for his treatment exam this weekend
- We are implementing our new Standards with current projects
- Pre-job for Tract 2439 Friday 5/19/06 on site

TO: BOARD OF DIRECTORS
FROM: ED KREINS *Ek*
DATE: May 18, 2006

AGENDA ITEM
G-1
MAY 24, 2006

COMMITTEE REPORTS

ITEM

Receive Minutes from May 10, 2006 Supplemental Water Project Committee Meeting (adopt draft minutes).

BACKGROUND

Attached is a set of draft minutes from the May 10, 2006 Supplemental Water Project Committee Meeting. Chairman Eby, Director Winn or staff can respond to questions and receive comments from the Board regarding the meeting or the draft minutes.

RECOMMENDATION

It is recommended that your Honorable Board edit the draft minutes as appropriate and, adopt a final set of minutes.

ATTACHMENTS

1. Draft Minutes

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MINUTES OF THE 5/10/06 MEETING OF THE SUPPLEMENTAL WATER PROJECT COMMITTEE

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

Chairman Eby called the meeting to order at 7pm in the NCSD Board Chambers. Chairman Eby and Director Winn were both present along with General Manager Michael LeBrun and Projects Assistant Bruce Buel and five members of the public.

2. RECEIVE REPORT ON RESEARCH AND ACTION REQUESTED AT 4/19/06 MEETING AND RELATED BOARD ACTIONS

Projects Assistant Bruce Buel summarized the research conducted by staff, reviewed the progress that staff has made in negotiations with purveyors, and related the action taken to allocate the remaining 2003 COP proceeds to the Supplemental Water Project by the NCSD Board at its May 10, 2006 Board Meeting. In regards to the listing of will serve projects, the Committee requested that staff describe the status of the uncompleted projects. The Committee discussed the relationship of project related capacity charge revenue to the growth rate and concluded that it was insensitive relative to the total capital funding target. The Committee agreed by consensus that it was prudent to use a conservative growth rate in order to avoid over estimating capacity charge revenues. In regards to the listing of annexations, the Committee requested that staff annotate and confirm the formula for calculation of the average annual rate.

3. REVIEW PROJECT FUNDING ISSUES

A. DISCUSSION OF FUNDING OPTIONS

Following a discussion of the recommendations proposed by staff, the Committee by consensus recommended that the Board:

- Set the Initial Project capital target at \$10 million with the understanding that the target will be adjusted as more information becomes available.
- Dedicate the pipeline portion of already collected Capacity Fees and the pipeline portion of new Capacity Fees, Capacity Fees collected as a result of annexations, and any in-lieu Fees passed through by SLO County through Mid Point of Construction (estimated to be December 2007) to the project.

- Track pending Proposition 50 Grant Applications and pursue additional grant opportunities as they become available.
- Authorize the creation and submission of a Pre-Application to borrow \$2 million from the CIEDB following Board adoption of the FY05-06 Audit and Direct staff to report on the results.
- Direct staff to expedite negotiations with the Woodlands, Golden State Water Company and Rural Water Company to determine the feasibility of each purveyor paying their respective share of the pipeline capital cost during construction.
- Continue discussions with potential third party contributors to determine their willingness to pre-pay the pipeline portion of Capacity Fees.
- Wait to make determinations on the use of Property Tax Reserves and the issuance of COPs until more information is available.

B. DISCUSSION OF REVENUE SOURCES TO REPAY DEBT SERVICE

Following a discussion of the recommendations proposed by staff, the Committee by consensus recommended that the Board approve the following strategy:

- Agree to prepare an update to the 2005 Rate Study for the Pipeline portion of the capacity fee once the design team provides a revised capital cost estimate.
- Dedicate the pipeline portion of Capacity Fees, Capacity Fees collected as a result of annexations, and any in-lieu Fees passed through by SLO County collected through Mid Point of Construction (estimated to be December 2007) to the project debt service.
- Wait to make determinations on the use of purveyor contributions, property taxes, and user fees until more information is available.

C. DISCUSSION OF REVENUE SOURCES TO PAY FOR WATER PURCHASES AND OPERATIONS COST

Following a discussion of the recommendations proposed by staff, the Committee by consensus recommended that the Board approve the following strategy:

- Dedicate the water purchase portion of Capacity Fees, Capacity Fees collected as a result of annexations, and any in-lieu Fees passed through by SLO County to the costs of purchasing water.

- Expedite negotiations with purveyors to detail the respective obligations of each purveyor to pay for the costs of purchasing water and to pay for operations costs.
- Wait to make determinations on the use of property taxes and user fees to pay for the costs of purchasing water and to pay for operations costs until more information is available.

4. RECEIVE PROJECT UPDATE AND DISCUSS MEETING SCHEDULE

Staff provided updates on the environmental review, design, and land acquisition components of the project and requested that the Committee set a meeting date in Mid-July to initiate review of the comments to the Project's Draft Environmental Impact Report. The Committee agreed to meet again at 7pm on Wednesday July 19, 2006.

5. ADJOURNMENT

Chairman Eby thanked the public for participating and adjourned the meeting at 8:47pm.

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TO: BOARD OF DIRECTORS
FROM: EDWARD KREINS *Ek*
DATE: MAY 19, 2006

AGENDA ITEM
G-2
MAY 24, 2006

RECEIVE GENERAL MANAGER RECRUITMENT BROCHURE

ITEM

Transmit recruitment brochure developed by recruitment consultant.

BACKGROUND

Your Board hired Ralph Andersen and Associates to assist the District in hiring a new General Manger. Your Board's personnel sub-committee met with the consultant to discuss the hiring process. The consultant developed a recruitment brochure based on these discussions. The print ready draft brochure is attached.

RECOMMENDATION

Receive Brochure

ATTACHMENTS

General Manager Recruitment Brochure

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