

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BBB*
DATE: DECEMBER 5, 2007

**AGENDA ITEM
E-3
DECEMBER 12, 2007**

**INITIATE REVIEW OF EDITS TO REIMBURSEMENT POLICY AND AUTHORIZE
DEVELOPMENT OF ORDINANCE AMENDMENT**

ITEM

Initiate review of edits to reimbursement policy and authorize development of ordinance amendment [RECOMMEND APPROVAL].

BACKGROUND

Your Honorable Board last revised Chapter 5.01 of the District's Ordinance Code, Reimbursement Agreements, in 1998. Since that time, the District has processed several reimbursement agreements. The purpose of the chapter is to provide a mechanism to at least partially reimburse private parties for a portion of the costs of the public service extensions installed to serve their property if the extensions may also serve adjacent landowners in the future.

Staff believes that the current ordinance code needs to be revised to clarify the costs that are allowable for inclusion in the calculation of the reimbursement fee and to require the applicant to provide additional information with the application for reimbursement to facilitate processing.

RECOMMENDATION

Staff proposes that your Honorable Board determine if you are comfortable with the attached ordinance change proposal, and either edit the proposal or authorize staff to prepare an ordinance for subsequent consideration. If there are limited edits, staff would be ready to propose an ordinance for first reading at your January 9, 2008 Board Meeting.

ATTACHMENTS

- Proposed Ordinance Edits

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2007\Reimbursement Policy Edit.DOC

Title 5 SEWER AND WATER MAIN EXTENSIONS AND
APPURTENANT FACILITIES

Chapter 5.01 REIMBURSEMENT AGREEMENTS

5.01.010 Purpose and applicability.

A. This chapter is intended to provide an equitable procedure for at least partial reimbursement to private parties who construct and dedicate District Facilities to serve their private property, if such facilities are also used thereafter to directly serve and benefit private property owned by others.

B. Whenever an applicant is required as a condition of development, to construct and install any District water or sewer facilities, which will be dedicated to the District, and which has the future potential and capacity to provide service to real property parcels, not under the control or ownership of the applicant, the future reimbursement provisions of this chapter shall apply, unless the District specifically provides otherwise by ordinance or resolution.

5.01.020 Definitions.

As used in this chapter the following words shall have the following meanings:

“**Applicant**” means sub-divider, developer and/or builder.

“**District**” means the Nipomo Community Services District.

“**District Facility(ies)**” means water lines, water production facilities, sewer mains, and sewer lift stations and appurtenant facilities that are to be dedicated to the District.

“**Engineer**” means district engineer.

5.01.030 Reimbursement of excess costs.

A. Excess costs means ~~equal the sum of the following:~~

1. Oversizing: the estimated cost of installing the size of line required to serve Applicant’s needs pursuant to District’s plans and specifications and the actual cost of installing a larger line at the direction of the District.
2. Off-site development: a pro rata share of the costs of installing District Facilities and appurtenances pursuant to District plans and specifications beyond the property of the Applicant that are subject to probable future use by connectors other than Applicant.

B. Allowable Costs - Costs which are allowable for inclusion in the calculation of excess costs reimbursement fees are those costs which are directly related to the planning, design and construction of the District facility, including payments to contractors and engineers, securing bonds, and acquiring right-of-way for the project. Ineligible costs include, but are not limited to, attorneys’ fees, financing costs, and the Applicant’s overhead and office expenses related to the coordination and supervision of contractors engaged to perform project work. .

C. Maximum Recovery The maximum recovery of costs for installation of a District facility will be calculated as the sum of all allowable costs of the District facility, less the share of costs for the Applicant’s use of the District facility based upon the number of Applicant’s connections or residential units equivalent as determined by the District’s Engineer. The Applicant’s maximum recovery shall also be reduced by the sum of all reimbursement fees waived by the Applicant pursuant to Agreements regarding the share of costs between the Applicant and other party or parties.

D. Approval of excess costs: District shall have the right to audit the excess costs submitted by Applicant, and to approve for reimbursement only so much thereof it determines to be just and reasonable. Such excess cost, if any, shall be computed when such facilities are completed by Applicant and accepted by District, and such shall be paid as provided in the reimbursement agreement.

E. Proration of Costs:

1. The District's Engineer shall prorate the approved excess costs against all lots or parcels which in the future may be served by direct connection thereto. The District shall send written notice of the prorated amount to the person shown on the latest County Assessor's roll as the owner or agent of record for assessment purposes for each parcel. Such person may protest the prorations in writing within fourteen days after the notice is mailed. If not protested within the fourteen days, the proration shall become final for the purposes of this section.

2. A protest shall be concerned only with the division or spread of the actual and necessary construction costs between or among the builder's property and all other properties to be included in the area subject to the proration procedure. A protest shall not be concerned with the actual construction costs unless the protester can demonstrate fraud or willful concealment of actual cost information as presented by the Applicant or his agent to the Engineer.

3. The District's Board of Directors shall hold a public hearing to consider all such written protests. All evidence in support of the protest shall be submitted in writing to the District at least ten days before the meeting. The Engineer shall prepare a written report and recommendation to the board on each protest. A copy of the Engineer's report shall

be mailed, or otherwise delivered, to the concerned protester at least five days before the board meeting to consider the protest.

4. The Board's decision on the protest shall be in writing, and shall be final. If the Board's decision results in an increased proration amount for properties owned by anyone other than the protester or the Applicant, a new notice and a new fourteen-day period shall be given for each such property.

5. If no protest is filed for a property within the fourteen-day period after the first or any subsequent notice of prorated amount is mailed for that property, the proration shall be come final as to the property.

5.01.031 Applications for Reimbursement.

A. In order to qualify for reimbursement of excess costs, pursuant to this chapter, Applicant shall, within ninety days of District's acceptance of District Facilities, deliver to District the following:

1. Written application requesting reimbursement of excess costs; and
2. A certified statement showing the Applicant's ~~actual~~ costs in constructing District Facilities.
3. A scale map that identifies the District Facility(ies) and -as well as all parcels which could reasonably be physically connected directly to the District fFacility(ies).
4. A list of all parcels which could reasonably be physically connected directly to the District facility including each owner's name, address, county assessor's parcel number and current zoning. For each parcel identified in subparagraph 4 above.
5. A statement disclosing any agreements regarding the sharing of the ~~standard~~ Facility costs which exist between the ~~installer~~ Applicant and any other party or parties.

~~6. Applicant's Engineer's calculation of excess capacity, if any, in the District's facility.~~

B. ~~The applicant~~ Applicant shall provide other information requested by the Engineer cooperate with the ~~district~~ Engineer in reviewing costs. If Applicant does not submit the request and the certified statement of costs within ninety days of District's acceptance, Applicant shall have waived all right to reimbursement.

5.01.035 Reimbursement of District Costs.

The Applicant shall reimburse District's costs in processing applications for reimbursement, pursuant to a Reimbursement Agreement.

5.01.040 Ten-year repayment obligation.

For a period of ten years from the date of official acceptance of any such sewer facility, the sub-divider shall be eligible for reimbursement of the foregoing prorated amount from each parcel as the parcel, or portion thereof, connects to the facility.

5.01.050 District to serve as collection agency.

The District shall collect the prorated amount for each parcel before permitting the parcel to connect to the District Facility. It is the duty of the Applicant to keep a current address on file with the District. Reimbursement amounts returned to the District and unclaimed within one year thereafter shall become the property of the District.

5.01.060 District administrative costs.

As partial reimbursement to the District for its administrative ~~and engineering costs associated with calculating reimbursement amounts, plus in~~ record keeping, collection and disbursement activities, the District shall charge, deduct and retain five ten

percent (5%) of all reimbursement amounts collected from subsequent connections to District Facilities ~~builders~~.

5.01.070 District connections.

A. The District may make connections to the water and sewer Facilities to serve public facilities without any obligation to pay any such refunds.

B. The District may also make or permit connections to the Facilities to serve private property outside of the area of proration as determined by the District Engineer; provided, however, that the District Board reserves the right to determine at that time whether or not the owners of such private property shall be obligated to reimburse Applicant as provided in this chapter.

5.01.080 All other District water and sewer charges in effect.

Nothing herein shall be construed or applied to affect or reduce any other District charges, fees, connections or other amounts payable to the District for water and sewer service.

5.01.090 District liability.

If for any reason the reimbursable cost is or becomes uncollectible, as determined by the District, the District shall not be liable to the Applicant for the excess costs in constructing the District Facilities.

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: December 4, 2007

**AGENDA ITEM
E-4
DECEMBER 12, 2007**

**CONSIDER APPROVING REIMBURSEMENT AGREEMENT WITH ROBERT
NEWDOLL FOR HONEY GROVE LANE IV, CO 03-0089**

ITEM

Consider approval of reimbursement agreement with Robert Newdoll for Honey Grove Lane IV, CO 03-0089.

BACKGROUND

Mr. Robert Newdoll developed a project on Honey Grove Lane, CO 03-0089, Lots 107 through 116. In order to develop the project, Mr. Newdoll was required to construct extensions of the public water and sanitary sewer pipelines on Honey Grove Lane. The public service extensions were dedicated to the District and may serve adjacent landowners as provided in the Rules and Regulations of the District.

Mr. Newdoll has timely requested a reimbursement agreement for a portion of the costs of the public service extensions that may serve adjacent landowners in the future and provided a deposit in the amount of \$3000 for District's engineering, legal, and administrative costs related to processing the reimbursement agreement. If the Board approves the agreement and once the applicant provides all of the Engineers submittals, the reimbursement procedure is as follows:

- District Engineer determines reimbursement amount and apportions amount against all lots or parcels served by the Public Service Extensions
- Notice is sent to all property owners including the reimbursement cost for each lot and property owners allowed 14 days to protest the apportionment of costs
- A public hearing is held to hear any comments on the reimbursement cost apportionment
- After the public hearing, the Board may approve the reimbursement apportionment of the costs

RECOMMENDATION

Staff recommends that your Honorable Board adopt Resolution 2007 - Honey Grove Lane IV Reimbursement.

ATTACHMENT

Reimbursement Agreement
Resolution 2007-Honey Grove Lane IV Reimbursement

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2007-XXXX HONEY GROVE LANE REIMBURSEMENT**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING A REIMBURSEMENT AGREEMENT FOR
HONEY GROVE LANE IV, CO 03-0089**

WHEREAS, Robert Newdoll, developer of Honey Grove Lane IV sewer and water improvements, has requested a reimbursement agreement for the improvements installed on Honey Grove Lane; and

WHEREAS, the Board has accepted the improvements in Honey Grove Lane IV.

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

The President of the Board is authorized to sign the reimbursement agreement.

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

AYES:
NOES:
ABSENT:
ABSTAINING:

the foregoing Resolution is hereby adopted this 12th day of December, 2007.

Michael Winn, President
Nipomo Community Services
District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
General Counsel

t:\documents\board matters\resolutions 2007\2007-XXXX Honey Grove Lane IV Reimbursement Agreement.doc

**NIPOMO COMMUNITY SERVICES DISTRICT
PUBLIC SERVICE EXTENSION REIMBURSEMENT AGREEMENT
HONEY GROVE LANE SEWER IMPROVEMENTS**

Exhibit Incorporated by Reference:

Exhibit "A" – Depiction of Public Sewer Service Extensions

This Public Service Extension Reimbursement Agreement ("Agreement") is made this ___ day of _____, 2007, in San Luis Obispo County, California, by and between the Nipomo Community Services District, State of California (herein "District") and H.G. IV, Inc. (herein "Applicant") in reference to the following Recitals:

RECITALS

A. Applicant has developed certain real property within the boundaries of District, commonly referred to as CO 03-0089, Lots 107 through 116 (herein "Tract"). Said Tract is located at the intersection of Honey Grove Lane and Story Street.

B. In order to develop the Tract, Applicant was required to construct certain public service extensions along Honey Grove Lane, to serve the Tract (herein "Public Service Extensions"). Said Public Service Extensions are described as follows and are depicted on Exhibit "A" attached hereto and incorporated herein by this reference:

- 603 feet of sewer line
- 626 feet of water line

C. Applicant has dedicated the Public Service Extensions to the District.

D. The Public Service Extensions may serve adjacent landowners as provided in the Rules and Regulations of the District.

E. Applicant has timely requested a reimbursement agreement.

F. The purpose of this Agreement is to identify the responsibilities of each of the parties in the following:

- Determining the excess capacity, if any, in the Public Service Extensions.

**NIPOMO COMMUNITY SERVICES DISTRICT
PUBLIC SERVICE EXTENSION REIMBURSEMENT AGREEMENT
HONEY GROVE LANE SEWER IMPROVEMENTS**

- Determining Applicant's costs in constructing the Public Service Extensions.
- Determining the reimbursement amount
- Determining the area of benefit and the proration of costs for parcels with in the area of benefit, which in the future may served by direct connection to said Public Service Extensions.
- The terms and conditions of the reimbursement, if any.

NOW, THEREFORE, Applicant and District agree as follows:

1. **Term.** The term of this Agreement shall be for ten (10) years from the date the District Board of Directors adopts the Reimbursement Resolution or the payment of the reimbursement amount whichever occurs first.

2. **Deposit for District Services.** At the time of execution of this Agreement, Applicant shall advance to the District the sum of three thousand dollars (\$3000) for engineering, legal and administrative services in connection with Applicant's request for reimbursement. Applicant authorizes District to withdraw from the deposit to pay for services pursuant to this Agreement as they are incurred by District.

District will notify Applicant whenever the deposit is reduced to five hundred (\$500) or less. Within fifteen (15) days after such notification is mailed, Applicant shall make an additional deposit in the same amount as the initial deposit.

Upon completion of the public hearing process, any funds so advanced by the Applicant in excess of the District's actual costs shall be refunded to the Applicant. Conversely, any costs incurred by the District over and above the amount advanced by the Applicant shall be paid by the Applicant upon demand.

3. **Owner's Engineer of Record for designing and constructing the Public Service Extensions:**

William A. Sommermeyer, RE No. 11658
Civil Engineer
P.O. Box 685
Arroyo Grande, CA 93421-0685
(805) 489-5380

4. **Engineers Submittals.**

A. Within ten (10) days of executing this Agreement, Applicant's Engineer shall submit to the District's Engineer for approval:

**NIPOMO COMMUNITY SERVICES DISTRICT
PUBLIC SERVICE EXTENSION REIMBURSEMENT AGREEMENT
HONEY GROVE LANE SEWER IMPROVEMENTS**

- (1) A certified statement showing Applicant's costs in constructing the Public Service Extensions.
 - (2) Calculation of excess capacity, if any, within the Public Service Extensions.
- B. The Applicant's Engineer shall timely provide District's Engineer with other requested information.
5. **District Engineer.** Upon approval of the Section 4 submittals the District Engineer shall:
 - A. Establish the reimbursement amount.
 - B. Develop an Engineer's Report that prorates the reimbursement amount against all lots or parcels served by the Public Service Extensions and which, in the future, may be served by direct connection to said Public Service Extensions (Area of Benefit).
 - C. Send written notice of the prorated amount to Owners as shown on the latest County Assessor's Roll as the owners or agents of record for assessment purposes for each parcel within the Area of Benefit along with the Engineer's Report.
 - D. Provide said parcel owners with the Districts protest procedures.
6. **Protest Hearing.** Pursuant to District policies and regulations, the District Board of Directors will conduct a protest hearing and adopt a Resolution approving or revising the Engineer's Report (Reimbursement Resolution).
7. **Rate of Reimbursement.** During the term of this Agreement, the District will reimburse Applicant from reimbursement fees collected from owners within the Area of Benefit pursuant to the approved Engineer's Report. The District will collect said prorated amount from each land owner within the Area of Benefit before permitting said owner to connect to the Public Service Extensions.
8. **Obligation of District.** If for any reason, the reimbursement fee is or becomes legally uncollectible, the District shall not be responsible in any way for collecting the reimbursement fee and/or reimbursing the Applicant for the costs of the Public Service Extensions.
9. **Administrative Costs.** Five percent (5%) of all monies collected pursuant Section 7 shall accrue to the District as an administrative fee.
10. **District Connections.**

**NIPOMO COMMUNITY SERVICES DISTRICT
PUBLIC SERVICE EXTENSION REIMBURSEMENT AGREEMENT
HONEY GROVE LANE SEWER IMPROVEMENTS**

- A. The District may make connections to said Public Service Extensions to serve public facilities without obligation to reimburse Applicant.
- B. The District may also make or permit connections to said Public Service Extensions to serve private property outside of the Area of Benefit; provided, however, that the District Board reserves the right to determine at the time whether or not the owners of such private property shall be subject to the reimbursement provisions of the Agreement.

11. **Place of Payment.** The District shall make payments to Applicant at the following address. This address may be changed at any time by Applicant by receipt of written notice to the District.

H.G. IV Inc.
Attn: Robert Newdoll
720 S. Frontage Road, Suite 102
Nipomo, CA 93444
Phone: (805) 489-4457
Fax: (805) 929-4047

12. **Assignment.** The Applicant shall not assign this Agreement without the District's express written consent.

13. **Termination.** This Agreement may be terminated by the mutual, written consent of both parties.

14. **Amendment.** This Agreement shall only be amended by the mutual agreement of both parties. Such amendment shall be in writing, signed by both parties.

15. **Waiver.** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

16. **Governing Law and Choice of Forum.** This Agreement shall be construed and enforced in accordance with the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Luis Obispo.

17. **Severability.** In the event any term of this Agreement is held invalid by a court of competent jurisdiction, or subsequently enacted legislation,

**NIPOMO COMMUNITY SERVICES DISTRICT
PUBLIC SERVICE EXTENSION REIMBURSEMENT AGREEMENT
HONEY GROVE LANE SEWER IMPROVEMENTS**

the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in full force and effect.

18. **Entire Agreement.** This Agreement, including Exhibit A, attached hereto and incorporated into this Agreement by reference, constitutes the entire agreement between the District and the Applicant with respect to the subject matter hereof and supersedes all prior negotiations, oral and written.

19. **Successors.** This Agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrator, successors, and assigns of the parties hereto.

20. **Captions.** The captions of the Sections of this Agreement are for convenience and reference only. They shall not be construed to define or limit the provisions to which they relate.

21. **Recitals.** Recitals A through F are true and correct and incorporated herein by this reference.

22. **Indemnity.** Applicant agrees to save, indemnify and hold harmless, the Nipomo Community Services District, its officers, employees and agents, from all liabilities, judgments, costs and expenses, due to any and all activities related to the implementation of the rights and privileges granted in this Agreement.

23. **Authority to Enter into Agreement.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the District and the Applicant.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day approved by the Board of Directors of the Nipomo Community Services District.

Date: 11-7-07

Date: _____

Applicant: H.G. IV Inc.

Nipomo Community Services District:



Robert Newdoll

[signature must be notarized]

Michael Winn, President

GENERAL CALIFORNIA ACKNOWLEDGEMENT

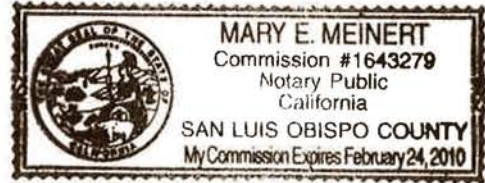
STATE OF CALIFORNIA }
 } SS.
COUNTY OF San Luis Obispo }

On November 7, 2007 before me, MARY E MEINERT, NOTARY PUBLIC
(here insert name and title of the officer)
personally appeared Robert H. Hurdell

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

WITNESS my hand and official seal.

Signature Mary E Meinert



(This area for official notarial seal)

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: DECEMBER 7, 2007

AGENDA ITEM
E-5
DEC. 12, 2007

ADOPT RESOLUTION AUTHORIZING GRANT APPLICATION

ITEM

Adopt resolution authorizing DWR Grant Application to fund Nipomo Mesa groundwater research [ADOPT RESOLUTION].

BACKGROUND

The State Department of Water Resources (DWR), on October 31, 2007, released its Proposal Solicitation Package (PSP) for the 2008 competition for the Local Groundwater Assistance Grant Program pursuant to AB303. Applicants can apply for up to \$250,000 out of a maximum pool of \$6.4 million through December 11, 2007 (PSP previously distributed). Attached is a copy of the submitted grant application and a draft resolution authorizing submittal of the grant. It should be noted that letters of support for the application are expected from Senator Maldonado, Assembly Member Blakeslee, Supervisor Achadjian, SLO County WRAC, GSWC, the Woodlands and ConocoPhillips. It should also be noted that your Honorable Board authorized submittal of the attached application at your November 28, 2007 Meeting and set this hearing to ratify the submittal by adopting the attached Resolution.

RECOMMENDATION

Staff recommends that your Honorable Board adopt the attached Resolution by roll call vote.

ATTACHMENTS

- Grant Application
- Draft Resolution

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**Application for Nipomo Community Services District
Local Groundwater Assistance Program**

December 2007

Nipomo Mesa Groundwater Management Program

Submitted to:

State of California Resources Agency
Department of Water Resources



Prepared by:

Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444
(805) 929-1133



With assistance from:



5464 Carpinteria Ave, Suite K
Carpinteria, CA 93013
(805) 566-6400

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B.4. Use of Information Gained.....	

Appendix I - Draft GWMP

Appendix II - June 2005 Santa Maria Groundwater Litigation Stipulation

APPLICANT INFORMATION

A.1. Project Information

Application Information	
Proposal Title Nipomo Mesa Groundwater Management Program	
Amount of Grant Requested \$250,000	
Total Project Cost \$497,000	Total Cost Share (if any) \$247,000
Name of Agency Nipomo Community Services District	
Tax ID Number EIN-950133986	
Day-to-Day Contact Bruce Buel, General Manager	
Address Office: 148 South Wilson Street, Nipomo, CA; Mailing: P.O. Box 326, Nipomo, CA 93444-0326	
Telephone Number (805) 929-1133	Fax Number (805) 929-1932
E-mail address bbuel@ncsd.ca.gov	
Duration of Project June 2008 – April 2010	
Counties of Proposed Project Location San Luis Obispo	
GWMP Related	
Date Groundwater Management Plan Adopted, if any <small>GWMP equivalent is: June 30, 2005, Santa Maria Groundwater Litigation Stipulation, in conjunction with the 1995 Draft Groundwater Management Plan for the Nipomo Subunit of the Greater Santa Maria Groundwater Basin</small>	
Pursuant to Water Code Section California Water Code Section 10750 et seq.	
Or other legal Authority (Please identify) State of California Superior Court, County of Santa Clara, Re: Case No. CV770214, Santa Maria Groundwater Litigation	
GIS shape file of the area managed under the approved or proposed GWMP NMMA-Phase V.shp	
Map Projection of GIS Shape File of GWMP Area UTM 10	Datum of GIS Shape File of GWMP Area NAD 27
Data Source of GIS Shape File of GWMP Area Santa Maria Groundwater Litigation, Phase V. Stipulation, Exhibit C: Management Areas	Units of GIS Shape File of GWMP Area m

Specific Project Location

Representative Project Coordinates: Latitude (North) 35°03'09"N	Representative Project Coordinates: Longitude (West) 120°32'13"W
GIS shape file of the proposed project(s) NMMA-PhaseV.shp	
Map Projection of GIS Shape File of the Proposed Project UTM 10	Datum of GIS Shape File of the Proposed Project NAD 27
Data Source of GIS Shape File of Project Area Santa Maria Groundwater Litigation, Phase V. Stipulation, Exhibit C: Management Areas	Units of GIS Shape File of Project Area m
Bulletin 118-03 Hydrologic Region of Project (HR)* Central Coast	Project Groundwater Budget Type (see page 110 in Bulletin 118-03 for explanation)* A
Bulletin 118-03 Basin/Subbasin Number of Project* 3-12	Bulletin 118-03 Basin/Subbasin Name of Project* Santa Maria River Valley

A.2. Application Tracking Information

1. Name, title, address, telephone number, fax number, and e-mail address of the person of the applicant's governing body (such as mayor, supervisor, board president, or chairman) authorized by the Agency's resolution to file the application and enter into an agreement with DWR:

Name	Phone	Fax
Bruce Buel	(805) 929-1133	(805) 929-1932
Title	E-mail	
General Manager	bbuel@ncsd.ca.gov	
Address		
P.O. Box 326		
City	Zip	
Nipomo, CA	9344-0236	

2. Name, title, address, telephone number, fax number, and e-mail address of the person to be designated as the Applicant's Grant Manager:

Name	Phone	Fax
Bruce Buel	(805) 929-1133	(805) 929-1932
Title	E-mail	
General Manager	bbuel@ncsd.ca.gov	
Address		
P.O. Box 326		
City	Zip	
Nipomo, CA	93444-0236	

3. Name, title, address, telephone number, fax number, and e-mail address of the person to be designated as the Applicant's Day-to-Day Project Contact:

Name	Phone	Fax
Bruce Buel	(805) 929-1133	(805) 929-1932
Title	E-mail	
General Manager	bbuel@ncsd.ca.gov	
Address		
P.O. Box 326		
City	Zip	
Nipomo, CA	93444-0236	

4. State Senate and Assembly District numbers for project area:

State Senate District Number
California State Senate District 14
State Assembly District Number
California State Assembly District 33

A.3. Narrative Description of Proposal

Proposal Description

The proposed project is to develop a Groundwater Management Program for the Nipomo Mesa Management Area (NMMA). The project consists of three separate investigations that are complementary to the management of water resources of the NMMA and will benefit all NMMA stakeholders. These investigations, Hydrogeologic Characterization Study, Groundwater Monitoring Program Development, and Groundwater Management Program Development will be conducted concurrently and will address issues of fundamental importance to the health of the long term water supply, seawater intrusion, and the locations of greatest recharge to the principal production aquifer.

JON S. SEITZ
MICHAEL W. SEITZ

SHIPSEY & SEITZ, INC.
A LAW CORPORATION
1066 PALM STREET
POST OFFICE BOX 953
SAN LUIS OBISPO, CALIFORNIA 93406
(805) 543-7272 FAX (805) 543-7281
JON S. SEITZ
District Legal Counsel
Nipomo Community Services District

JOHN L. SEITZ
(1924-1986)
GERALD W. SHIPSEY
(RETIRED)

December 5, 2007

Mr. Harley Davis
Department of Water Resources
Division of Planning and Local Assistance
P. O. Box 942836
Sacramento, CA 94236-0001

Re: Nipomo Community Services District Authority to Enter Into Grant Agreement. (Applicants Authority – Appendix A paragraph 5)
Local Groundwater Assistance Grant.

Dear Mr. Davis

I represent the Nipomo Community Services District (District) as District Legal Counsel. I have been requested to provide your office with the District's response to the questions posed in Appendix A, paragraph 5, of the Grant Application. To the best of my knowledge the representations and opinions contained herein are true and correct.

FORMATION AND LEGAL AUTHORITY OF THE DISTRICT

Pursuant to San Luis Obispo County Supervisors Resolution 18-65, adopted, January 18, 1965, the District was formed pursuant to Community Service District Law (Government Code Section §§ 61000 et. seq.), to provide those services listed in Government Code §61600 to its residents (now Government Code §61100).

The District currently provides the following services within it's

boundaries.

A) Provides potable water to approximately four thousand one hundred (4,100) water customers pursuant to Gov't Code § 61100(a).

B) Provides sewer service to District sewer customers pursuant to Gov't Code § 61100(b).

C) Maintains a limited number of drainage basins pursuant to Gov't Code § 61100(b).

D) Provides Solid Waste (garbage) Service pursuant to Gov't Code § 61100 (c)

E) Provides limited Street Lighting and Landscape Maintenance pursuant to Gov't Code § 61100(g).

THE DISTRICT IS A LOCAL AGENCY

Pursuant to Government Code § 61100 (a), the District provides water service within its service area and is a Local Agency within the meaning of California Water Codes §10752 (g) and California Water Code §§10795 et. seq. (The Local Ground Water Management Act of 2000).

THE DISTRICT HAS LEGAL AUTHORITY TO ENTER INTO GRANT AGREEMENTS

Pursuant to Community Service District Law (Gov't code § 61116 (a)), the District "may accept any revenue, money, **grants**, goods or services from any federal, state, Regional, or local agency or from any person for any lawful purposes of the district."

DISCRIPTION OF LEGAL AGREEMENTS THAT ENSURE PERFORMANCE OF THE PROPOSAL AND TRACKING OF FUNDS

The District is a party to a groundwater adjudication law suit commonly known as the Santa Maria Groundwater Litigation, Superior Court of The State of California, County of Santa Clara (Lead Case No. CV 770214). The District, Golden State Water Company, Woodlands Mutual Water Company, Rural Water Company and a majority of Agricultural users that overly the groundwater basin (referred to as the Nipomo Mesa Management Area or NMMA) have entered in to a Court approved stipulation (Stipulation). The terms and conditions of this Stipulation are intended to impose a physical solution establishing a legal and practical means for ensuing the NMMA's long-term sustainability. The Stipulation

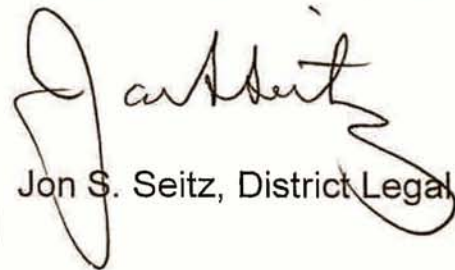
goes on to provide that a Monitoring Program shall be established in each of the three Management Areas to collect and analyze data regarding water supply and demand conditions.

Pursuant to the Stipulation the District, Golden State Water Company, Woodlands Mutual Water Company, ConocoPhillips and an agricultural Overlying Owner are in the process of forming the NMMA Technical Group that will have the responsibility of developing a Monitoring Program for the NMMA. The Monitoring program will include developing trigger points to establish "potentially severe and severe water shortage conditions" for the NMMA".

The Districts proposed use of the grant funds will be of vital importance to the NMMA Technical Group in establishing the NMMA Groundwater Monitoring Plan and will provide other assurances related to performance of the Districts Proposal and the tracking of funds.

If you should have further questions regarding the contents of this letter or the Stipulation, please do not hesitate to contact me directly.

Respectfully submitted
SHIPSEY AND SEITZ, INC.

A handwritten signature in black ink, appearing to read "Jon S. Seitz", written over a printed name.

Jon S. Seitz, District Legal
Counsel

Cc Bruce Buel, General Manager

A.6. Urban Water Management Planning Act Compliance

NCSD's 2005 UWMP has not yet been approved by DWR, but the review of an applicant's UWMP may be given priority for agencies who seek grants. On November 1st, 2007, NCSD was added to the list of suppliers with priority for UWMP approval because of this grant application. Additional information may be supplied by:

Dave Todd
Land and Water Use Program Manager
Office of Water Use Efficiency & Transfers
901 P Street, Room 313A
Sacramento, CA 95814
(916) 651-7027
dtodd@water.ca.gov

B.1. GWMP and Related Programs

B.1.1. Proof of Adopted GWMP or Equivalent

In accordance with California Water Code Section 10753, an extensive draft Groundwater Management Plan (GWMP) was presented to the NCSB Board of Directors on November 15, 1995 (Appendix I). Shortly thereafter, the agencies responsible for managing groundwater in the Santa Maria River Valley became involved in the Santa Maria Groundwater Litigation. The subsequent, and currently on-going, adjudication proceedings have delayed the adoption of a GWMP for the Nipomo Mesa Management Area (NMMA).

On June 30th, 2005, Judge Jack Komar of the Superior Court of the State of California, County of Santa Clara, set forth a stipulation guiding the groundwater management of the Santa Maria Groundwater Basin and associated management areas (referred to herein as "Stipulation", Appendix II). The Stipulation imparts a physical solution to establish a legal and practical means for ensuring the Basin's long-term sustainability and assigns specific provisions to each of the management areas. This document is a groundwater management plan equivalent. A summary judgment in the litigation, expected by the end of 2007, will help outline a new NMMA Groundwater Management Plan.

B.1.2. Purpose, Goals, and Map

The purpose and objectives set forth in the Stipulation are to establish a physical solution that ensures the Basin continues to be capable of supporting all existing and future reasonable and beneficial uses (Section IV. (B), Stipulation). The physical solution is a fair and equitable basis for the allocation of water rights in the Basin that gives due consideration to applicable common law rights and priorities to use groundwater and storage space, while furthering the mandates of the State Constitution and the water policy of the State of California. The Stipulation also details provisions specific to each management area, like the purchase of supplemental water and implementation of a severe water shortage plan for the NMMA.

Appendix C of the Stipulation provides a map of the NMMA. Two supplementary maps have been provided showing (1) topography and DWR Bulletin 118 groundwater basin boundaries (Figure 1), and (2) a 2007 aerial photo with local water purveyors within the NMMA (Figure 2).

B.1.3. Implementation

A schedule has not been included for adopting a GWMP, as the adjudicated parties are awaiting the court ordered summary judgment. Despite this, NCSB has moved forward on implementing several of the groundwater management objectives required by the Stipulation. These accomplishments include: (1) estimation of groundwater in storage within the primary production aquifer underlying the NMMA on an annual time step; (2) investigations of

seawater intrusion; (3) development of a water shortage ordinance based on groundwater in storage; and, (4) initial development of a hydrologic monitoring program.

NCSD has requested SAIC perform various technical analyses of the water resource underlying the NMMA. Technical memoranda (TM), presenting findings from these analyses, have been made available to the public and presented at NCSD Board meetings on the following dates: November 15, 2006: TM 1 – Groundwater in storage underneath the NMMA as of April, 2006 and TM 2 - Nipomo Mesa Current and Projected Demands and Potential for Seawater Intrusion; April 23, 2007: TM 3 – Nipomo Mesa Potential for Seawater Intrusion, and TM 4 - Groundwater in storage underneath the NMMA as of April 2007; and, September 12, 2007: TM 4 - Revision of Groundwater in storage underneath the NMMA as of April 2007, and TM 5 - Alternative Methodology to Determine the Water Conservation Shortage Stages.

These accomplishments have provided NCSD with an improved understanding of the hydrogeology underlying the NMMA and will expedite compliance with requirements set forth in the summary judgment for a hydrologic monitoring program and water shortage ordinance. These accomplishments will also lead to an efficient and informed adoption of a new GWMP following the adjudication proceedings.

On May 2, 2007, the San Luis Obispo County Board of Supervisors certified a Level of Severity III for Water Supply in the Nipomo Mesa Area stating that water demand is equal to or greater than water supplies. This action promotes improved coordination between NCSD and the County on water conservation and related water resources management efforts, and seeks the timely implementation of the actions adopted in 2004, which include:

- Improve well monitoring and water quality assessment and monitoring programs.
- Only approve permits for developments that comply with recommended indoor and outdoor water conservation measures.
- Encourage water purveyors in the Nipomo Mesa Area to strengthen their water conservation programs, increase their use of reclaimed water and continue their efforts to secure supplemental water.
- Require requests for General Plan Amendments and land divisions to demonstrate either that no increase in water use would result from the proposed development, or that supplemental water will be provided to offset any projected increase

This certification authorizes NCSD to charge fees in support of efforts to reduce the Level of Severity.

B.1.4. Public Process and Cooperation

After receipt of summary judgment in the Santa Maria Groundwater Litigation, a public hearing will be held for the purposes of adopting a resolution of intention to adopt a GWMP.

During the preparation of an updated GWMP, NCSD will host open discussions at regularly scheduled Board of Directors meetings in order to refine the plan's proposed goals and purpose. The Board's meeting agenda and minutes will be posted to NCSD's frequently-updated website to ensure communication with stakeholders unable to attend meetings (www.ncsd.ca.gov). After incorporation of comments and considerations of protest, a final GWMP will be publicly noticed and adopted at one of the Board's regularly scheduled meetings.

NCSD actively cooperates with other stakeholders within the NMMA. With support from Conoco Phillips, San Luis Obispo County, and DWR, NCSD commissioned a study of saltwater intrusion into the primary production aquifer underlying the NMMA. NCSD has also sponsored presentations of NMMA groundwater basin information to the San Luis Obispo County Board of Supervisors on June 26, 2007, and to the Groundwater Resources Association of California Central Coast Branch on September 11, 2007.

B.1.5. Groundwater Management

When used together, the Stipulation and 1995 draft GWMP set forth all of the requirements of a GWMP. Listed below are short descriptions of how these two documents address the following components of a GWMP for the NMMA:

- The control of saline water intrusion;
 - Regular monitoring of nested wells at coastal monitoring locations 12N35W36L and 11N35W12C (Township-Range-Section),
 - Responses described under caution trigger point and mandatory action trigger point of the potentially severe and severe water shortage conditions (Section VI. (D), Stipulation).
- Identification and management of wellhead protection areas and recharge areas;
 - Prohibition of actions which could degrade domestic water supply within 100 ft of an extraction facility (Section 902, draft GWMP).
- Regulation of the migration of contaminated groundwater;
 - Does not currently apply to the NMMA, as no areas of contaminated groundwater have been identified.
- The administration of a well abandonment and well destruction program;
 - Definition of abandonment, notice of abandonment within 60 days, and adoption of State or County of San Luis Obispo well abandonment standards (Section 805, draft GWMP).
- Mitigation of conditions of overdraft;
 - Responses described under caution trigger point and mandatory action trigger point of the potentially severe and severe water shortage conditions (Section VI. (D), Stipulation),

- Purchase and transmittal of 2,500 acre-feet per year of supplemental water according to the MOU (Section VI. (A), Stipulation),
 - Acquisition of new developed water (Section IV. (E), Stipulation).
- Replenishment of groundwater extracted by water producers;
 - Purchase and transmittal of 2,500 acre-feet per year (or more, as determined by the NMMA Technical Group) of supplemental water according to the MOU (Section VI. (A), Stipulation).
- Monitoring of groundwater levels and storage;
 - Implementation of and adherence to the monitoring program (Section IV. (D), Stipulation),
 - Monitoring of the NMMA groundwater basin (Article VIII, draft GWMP).
- Facilitating conjunctive use operations;
 - Does not apply to the NMMA, as no surface water exists within the management area,
 - If State Water Project water supplies become available, conjunctive use policies will be implemented by the NMMA Technical Group.
- Identification of well construction policies;
 - Establishment of design and construction standards, compliance with other agency standards, well spacing requirements, and exemptions (Section 901, draft GWMP).
- The construction and operation by the local agency of groundwater contamination cleanup, recharge, storage, conservation, water recycling, and extraction projects;
 - Stipulation and draft GWMP does not currently address; however, when projects become proposed, the NMMA technical group will provide oversight.
- The development of relationships with state and federal regulatory agencies;
 - Delivery of annual report to Court (Section IV. (D) (3), Stipulation)
- The review of land use plans and coordination with land use planning agencies to assess activities which create a reasonable risk of groundwater contamination;
 - Annual evaluation of land use and its potential effects on water quality as described in the monitoring program (Section IV. (D) (1), Stipulation).

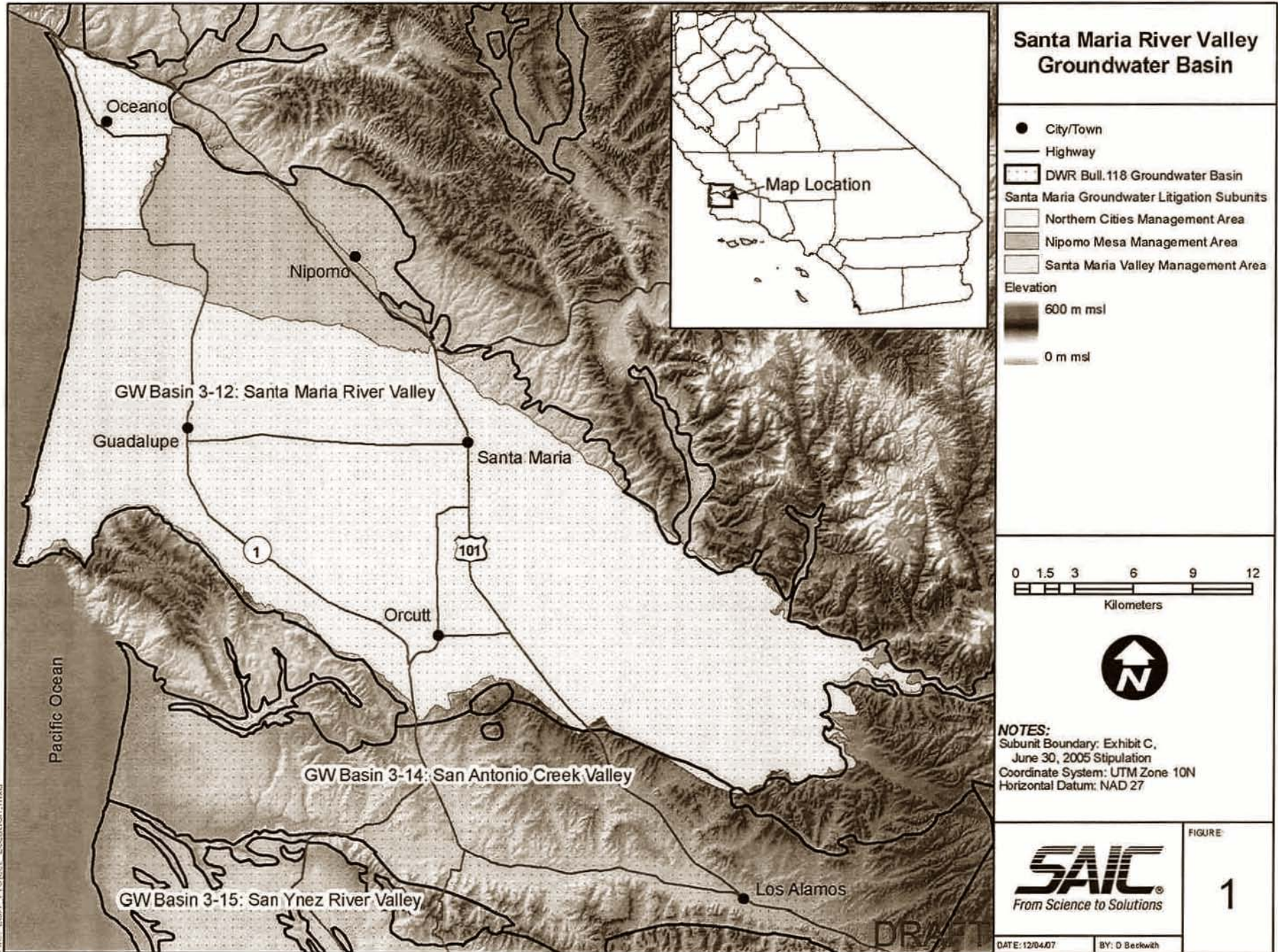
In addition to the information provided above, the Stipulation also addresses water rights [Section III. and Section VI. (B)], establishment of the NMMA Technical Group [Section VI. (C)], and new urban uses [Section VI. (E)]. The draft GWMP further addresses protection of beneficial uses (Article IX), water conservation (Article XI), and basin clean up (Article XIII).

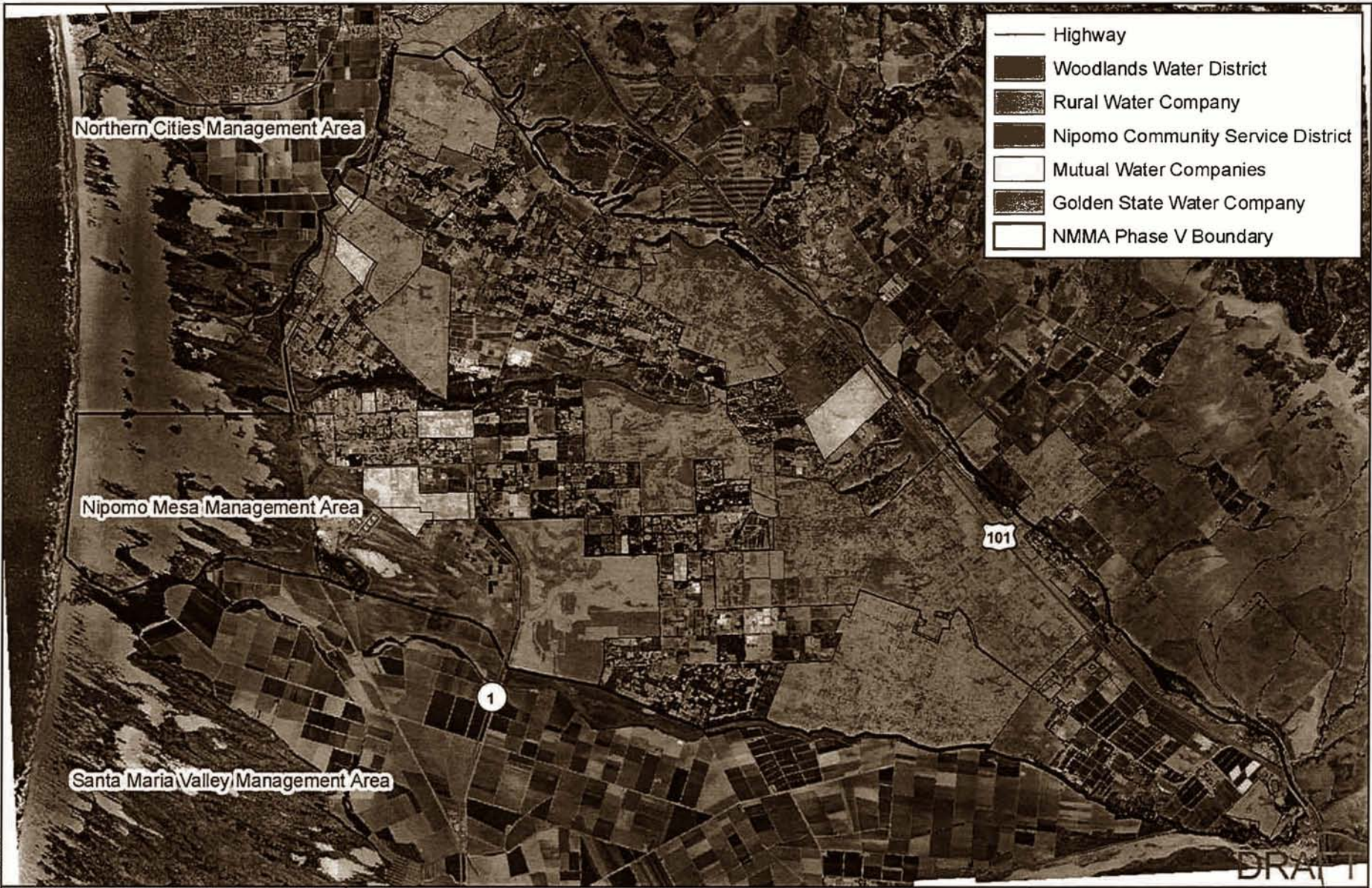
B.1.6. Monitoring Protocols

Central to the Stipulation is the establishment of a groundwater monitoring program in the NMMA [Section IV. (D)]. This monitoring program will be crafted by the NMMA Technical Group (TG) and be sufficient to determine land and water uses in the basin, sources of water

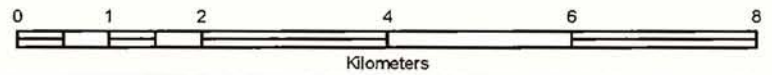
supply to meet those uses, groundwater conditions including groundwater levels and quantity, the amount and disposition of developed water supplies, and the amount and disposition of any other sources of water supply in the management area. The monitoring program will also include the setting of groundwater surface elevation and water quality criteria that trigger water shortage conservation stages as described in the water shortage ordinance.

The monitoring procedures established in the final monitoring program will adhere to standard lab and field collection protocols, enabling the collection of consistent, standardized data. The data collected will promote the characterization of groundwater conditions underlying the NMMA, allow the NMMA Technical Group to identify changing conditions within the water resource, assist in the preparation of reliable studies, and provide the technical information needed to make decisions regarding the optimal use and management of the groundwater resource and document accomplishments of the management programs.





NOTES:
 Base Map: 2007 1ft-resolution Air Photo
 Coordinate System: UTM Zone 10N
 Horizontal Datum: NAD 27



Water Purveyors within the NMMA



DATE: 12/04/07

BY: D Beckwith

FIGURE:

2

File: LGA - Project - Boundary.mxd

B.2. Public Outreach and Community Support for the Proposed Project

B.2.1. Public Outreach

NCSD operates a frequently-updated web page for informing and educating the community and its customers (www.ncsd.ca.gov). The web site provides all of the Board of Director's past agendas and minutes, a calendar of upcoming events, resources for the public on water savings, sustainable landscapes, and groundwater supplies, and many other useful pieces of information. In addition to providing information via the internet, NCSD communicates with its customers through direct informational mailings and monthly bill inserts. Please see a recent billing insert attached hereto.

NCSD typically holds regular Board meetings twice monthly at its Nipomo office. The Nipomo Mesa Groundwater Management Program proposal was presented to NCSD's Board of Directors on November 28, 2007, please see agenda and item E-9 attached hereto. Agendas are normally posted to the website two weeks in advance of the meeting, allowing stakeholders ample time for review. As is currently practiced by NCSD, written comments received by basin stakeholders expressing concerns about agenda items or related presentations are specifically addressed at subsequent Board meetings.

As the project progresses, agenda items regarding the project, project status, and findings related to work outlined in the proposal will be included in regularly scheduled Board meetings. These meetings, and specially scheduled workshops, will be used to discuss the project and receive public input, as shown on the schedule included in Section B.3.4.

B.2.2. Community Support

NCSD anticipates broad support for the proposed Nipomo Mesa Groundwater Management Program. The project will supply NMMA stakeholders and decision-makers with important information that will ultimately lead to an improved management of the groundwater resource underlying the NMMA.

Please find letters of support from basin stakeholders attached hereto.

Nipomo Community Services District Conservation News

Issue 1 2007



Saving Water Makes Sense Year Round

We hope your water conservation efforts won't diminish just because the winter months have arrived.

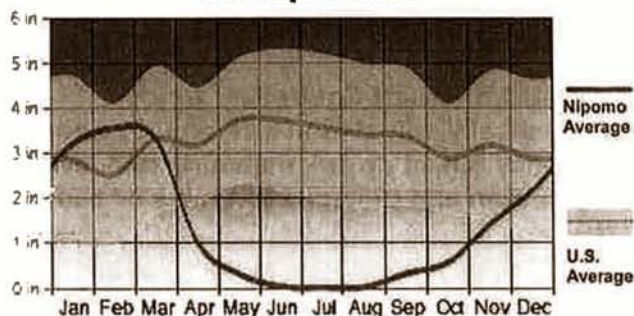
The Nipomo area is characterized by a short rainy season; on average, it receives 11-16" of rain annually. Nipomo's primary source for domestic water are groundwater aquifers which are charged by these winter rains. Because of this unique groundwater source, there is an important need to balance water use and water supply. Presently, NCS D customers use 500 more acre feet a year than can be sustainably drawn from the aquifer. Water conservation efforts can help achieve a more neutral balance on supply and demand. By using water efficiently, you will save money on your water bills while helping preserve our valuable natural resources.

Since landscape irrigation accounts for almost 80% of San Luis Obispo County residential water use*, reducing water use in home landscaping is a major way to achieve conservation goals.

The following are some suggestions on how to achieve significant savings on water use in your home landscaping.

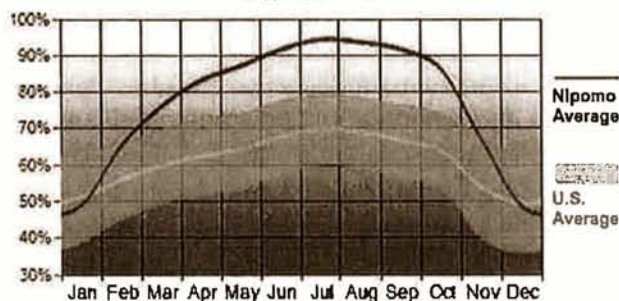
- ◆ **Consider downsizing your lawn to a functional turf space.** All turfgrass, even the more drought tolerant varieties, are the "water hogs" of residential landscaping, so limiting turf to a size that you actively use for your entertaining or recreation needs, makes tremendous sense. For example, 2000 sq. ft. of turf, watered 2" a week, will consume 130,000 gallons annually, at an annual cost of \$408.** for water alone, not counting maintenance costs and labor!
- ◆ **Invest in Efficient Irrigation.** Use drip irrigation, a high efficiency sprinkler system or selective handwatering for your landscape irrigation method. (continued on reverse)

Precipitation



Nipomo average climate patterns

Sunshine



Remember: TURN YOUR IRRIGATION SYSTEM OFF WHENEVER IT RAINS!



Even better, turn the entire system off between December and March, or run it at an absolute minimum, no more than 10 minutes a week. Consider installing an inexpensive 'rain-clip' moisture sensor

(Rainbird's version pictured at left) which will turn the system off automatically when it rains, or consider upgrading to a weather based (ET) automated controller.

NCS D has a new web address: www.ncsd.ca.gov

148 South Wilson Street, Nipomo, CA 93444 (805) 929-1133

Copy of Department of Water, www.NoNewWetlands.com

Conservation (continued)

◆ **Make sure your irrigation system is operating properly.** Leaks, broken sprinkler heads, loose or missing emitters can allow hundreds of gallons of water to be wasted. Regular inspections can allow you to detect these problems before they show up in a high water bill.

Irrigation technology is rapidly advancing to meet the needs of low water use California gardens. If you're ready to invest in water conservation, consider upgrading your irrigation components for high-tuned efficiency and performance.

◆ **Install a "Smart Controller" which automatically adjusts the watering time and frequency based on soil moisture, rain, wind, evaporation and transpiration rates or plant type.**

How do "smart" irrigation controllers work? "Traditional" irrigation system controllers are really just timers. They turn the water on and off based on a pre-programmed schedule, regardless of the actual weather conditions.

"Smart" irrigation controllers, on the other hand, monitor and use information about environmental conditions for a specific location and landscape.

These controllers maintain lush, healthy landscapes by constantly adapting irrigation scheduling to changing conditions. Information such as soil moisture, rain, wind, evaporation rates, plant type, and more, are used to determine proper watering without waste.

Because "smart" irrigation controllers are more efficient than traditional, timer-based controllers, they maximize water use efficiency, often reducing usage by 30% or more. This saves you money and makes a positive impact on community efforts to assure the local water supply. There is now a California Irrigation Management Information System (CIMIS) station in Nipomo, located at Monarch Dunes. It provides a daily computer feed of precise weather conditions for ET controllers in the area, allowing for precise irrigation for your landscape.

◆ **Change out your spray heads in lawn and shrub areas to low-precipitation multi-stream rotators (MP rotators).** Sprinkler heads are a vital key to the entire system's efficiency. Older sprinkler heads can become clogged, and their spray patterns reduced. This creates poor uniformity of coverage, so some areas receive a lot of water and some very little. In addition, older sprinkler heads are prone to misting, which is water that simply blows away, and never gets used by the plants. The new multi-stream rotators use up to 30% less water than traditional spray heads. They are designed to apply water more slowly and evenly, using larger droplets, making them very effective at reducing misting and runoff.

FOR MORE INFORMATION:

WATER EFFICIENT LANDSCAPING

www.h2ouse.org
www.sbwater.org
www.epa.gov/greenscapes
www.wateruseitwisely.com

CIMIS:

www.cimis.water.ca.gov/cimis/welcome.jsp

SMART CONTROLLERS:

www.irrigation.org/swat/homeowners
www.igin.com/Irrigation/pageControllers.htm
www.weathertrak.com
www.hunterindustries.com
www.rainbird.com
www.toro.com

MULTI-STREAM ROTATORS:

www.mprotator.com



High efficiency MP rotators create less misting and runoff that older style sprinkler heads.

* according to the CA Department of Water Resources 2003 water use study of single family and multi-family residences by county; indoor/outdoor comparison

** calculation based on 2007 Town Division water use rate of \$2.35 per unit / over 40 unit tier



**Nipomo Community Services District
REGULAR MEETING
AGENDA**

- D. CONSENT AGENDA *The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item removed. If discussion is desired, the item will be removed from the Consent Agenda and will be considered separately. Questions or clarification may be made by the Board members without removal from the Consent Agenda. The recommendations for each item are noted in brackets.*
- D-1) APPROVE WARRANTS [RECOMMEND APPROVAL]
 - D-2) APPROVE BOARD MEETING MINUTES [RECOMMEND APPROVAL]
Approve Minutes of November 14, 2007 Meeting
 - D-3) PREVIEW 11/30/07 & 12/1/07 STRATEGIC PLAN WORKSHOP [NO ACTION]
 - D-4) AUTHORIZE PURCHASE OF COMPUTER, PHONE, AND GENERATOR SYSTEMS FOR SHOP OFFICE AND AMEND FY07-08 BUDGET [RECOMMEND APPROVAL]
- E. ADMINISTRATIVE ITEMS
- E-1) RECEIVE DRAFT WATER AND SEWER MASTER PLAN AND SET HEARING TO CONSIDER TENTATIVE ADOPTION [RECOMMEND APPROVAL]
 - E-2) DISCUSS DRAFT STAFF PROPOSAL RE SOLID WASTE FEE EXEMPTIONS AND SET HEARING TO CONSIDER ADOPTION [RECOMMEND APPROVAL]
 - E-3) DISCUSS ARBORIST'S RECOMMENDATIONS FOR OFFICE LANDSCAPE [PROVIDE POLICY DIRECTION]
 - E-4) INITIATE BYLAWS REVISION TO INCREASE MEETING COMPENSATION AND SET HEARING TO CONSIDER ADOPTION [RECOMMEND APPROVAL]
 - E-5) CONSIDER TRACT 2611 (FRONTAGE AT HILL MIXED USE PROJECT) VARIANCE APPLICATION TO EXTEND INTENT-TO-SERVE APPROVAL TERM [APPROVE OR DENY APPLICATION]
 - E-6) ENROLL BOARD MEMBERS IN STATE MANDATED NIMS/SEMS/ICS TRAINING COURSE [ENROLL MEMBERS]
 - E-7) REVIEW REQUEST TO RECONSIDER FINANCIAL PLAN COMPONENTS OF MOTION ADOPTED AT 11/14/07 BOARD MEETING RE BLACKLAKE AND COMMISSION SPECIAL COUNSEL LEGAL ANALYSIS OF INCLUDING/EXCLUDING TOWN WATER FUND 700 (CAPACITY CHARGES) IN EQUITY COMPARISON [RECOMMEND APPROVAL]
 - E-8) CONFIRM IMPLEMENTATION OF 2008 TOWN AND BLACKLAKE WATER RATE INCREASE PREVIOUSLY APPROVED [RECOMMEND APPROVAL]
 - E-9) INITIATE CONSIDERATION OF STATE GRANT APPLICATION TO FUND NIPOMO MESA GROUNDWATER RESEARCH AND SET 12/12/07 HEARING TO ADOPT [RECOMMEND APPROVAL]

**Nipomo Community Services District
REGULAR MEETING
AGENDA**

F. MANAGER'S REPORT

G. COMMITTEE REPORTS

1. Water Conservation Committee Meeting of 11/9/07

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

I. CLOSED SESSION ANNOUNCEMENTS

1. CONFERENCE WITH LEGAL COUNSEL PENDING LITIGATION GC§54956.9 SMVWCD VS NCSD SANTA CLARA COUNTY CASE NO. CV 770214 AND ALL CONSOLIDATED CASES.
2. CONFERENCE WITH LEGAL COUNSEL PENDING LITIGATION GC§54956.9 MARIA VISTA VS. NCSD CASE NO. CV 040877, MARIA VISTA VS. NCSD CASE NO. CV 061079, AND MARIA VISTA VS. LINDA VISTA FARMS, NCSD ET AL. CASE NO. CV 040150;
3. CONFERENCE WITH LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9; MARIA VISTA ESTATES V. NCSD ET AL. (CASE NO. ND07-10362RR IN UNITED STATES BANKRUPTCY COURT, CENTRAL DISTRICT, NORTHERN DIVISION
4. CONFERENCE WITH LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9; NCSD VS. SLO COUNTY (CASE NO. CV 070066)
5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(B) (ONE CASE)

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

K. ADJOURN TO CLOSED SESSION

L. OPEN SESSION

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

ADJOURN

➤ **THE NEXT REGULAR BOARD MEETING IS DECEMBER 12, 2007.
TENTATIVELY SCHEDULED ITEMS INCLUDE:**

- Report on Supplemental Water Development
- Draft Emergency Water Shortage Regulations

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BBD*
DATE: NOVEMBER 23, 2007



STATE GRANT APPLICATION TO FUND GROUNDWATER RESEARCH

ITEM

Initiate consideration of State Grant Application to fund Nipomo Mesa groundwater research and set 12/12/07 hearing to adopt [RECOMMEND APPROVAL].

BACKGROUND

The State Department of Water Resources (DWR), on October 31, 2007, released its Proposal Solicitation Package for the 2008 competition for the Local Groundwater Assistance Grant Program pursuant to AB303. Applicants can apply for up to \$250,000 out of a maximum pool of \$6.4 million through December 11, 2007. Attached is a copy of the Proposal Solicitation Package (PSP). Staff attended the November 13, 2007 Grant Workshop in Ventura, reviewed the Scoring Criteria set forth in PSP Appendix D, and concluded that the District appears to be competitive in regards to requesting a \$250,000 grant for NMMA research. Staff has also coordinated with the members of the NMMA Technical Group, who are supportive of NCS D applying for this grant.

The grant guidelines strongly encourage submitting agencies to secure public input on the agency's grant proposal and allow for the agency governing body to adopt the required resolution at the next meeting after the December 11, 2007 filing deadline (12/12/07).

Staff expects to submit a draft Grant Concept Proposal under separate cover for Board review prior to the November 28, 2007 Meeting. Dr. Brad Newton of SAIC is scheduled to present the concept to your Honorable Board at this meeting.

RECOMMENDATION

Staff recommends that your Honorable Board review the Grant Concept Proposal; provide feedback on the concept; authorize staff to submit a tentative filing by the state deadline; and set a hearing for the December 12, 2007 Board Meeting to consider adoption of the required resolution.

ATTACHMENTS

- Proposal Solicitation Package

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2007\DWR GW GRANT Application.DOC



Santa Maria Facility
ConocoPhillips Company
2555 Willow Road
Arroyo Grande, CA 93420

December 4, 2007

Mr. Bruce Buel
Nipomo Community Services District
148 South Wilson Avenue
Nipomo, CA 93444

To Whom It May Concern:

ConocoPhillips is a party to the Santa Maria Basin Stipulated Judgment, and as such is a member of the Nipomo Mesa Management Area Technical Group. ConocoPhillips is working closely with the Nipomo Community Services District (NCSD) to implement effective groundwater management on the Mesa. The project proposed by NCSD for funding ("Groundwater Management Program") is a key feature of this effort. Thus, ConocoPhillips enthusiastically supports NCSD in their grant application.

Sincerely,

A handwritten signature in cursive script that reads "J.O. Anderson".

James O. Anderson
Superintendent - Health, Safety and Environment
ConocoPhillips Santa Maria Facility

JOA:mah

ENV07-279
HSE960

10Y

B.3. Technical Adequacy of Work to be Performed

B.3.1. Project Description

The project proposed herein is to develop a Groundwater Management Program for the NMMA. The project consists of three separate investigations that are complementary to the management of water resources of the NMMA and will benefit all NMMA stakeholders. These investigations, Hydrogeologic Characterization Study, Groundwater Monitoring Program Development, and Groundwater Management Program Development will be conducted concurrently and will address issues of fundamental importance to the health of the long term water supply, seawater intrusion, and the locations of greatest recharge to the principal production aquifer. Funding is requested for the development of a Groundwater Management Program in the amount of \$250,000.

Pursuant to the Santa Maria Groundwater Basin Adjudication, five Stipulating parties: NCSD, ConocoPhillips, Woodlands, Golden State Water Company, and Agriculture shall appoint the members of the NMMA TG, and are required to submit a Hydrologic Monitoring Program (HMP) to the Court for its approval. The five Stipulating parties will be responsible for administering and funding the NMMA monitoring program.

The project to develop a Groundwater Management Program is described in the following paragraphs. During all phases of the program, public participation will be encouraged and welcomed.

The purpose of the Hydrogeologic Characterization Study is; 1) to identify the regionally significant stratigraphic and structural geologic controls on groundwater occurrence and movement within the principal production aquifer, 2) to determine the efficacy of monitoring using existing wells and identify any areas with deficient monitoring capabilities, and 3) to develop a hydrogeological conceptual model with sufficient detail to develop meaningful strategies to manage the water resources of the Nipomo Mesa. Groundwater Monitoring and Management Programs will be predicated on the improved understanding of the hydrogeology of the NMMA. The findings of this study along with recommendations to improve the hydrogeological understanding will be formalized in the final report. Funding is requested for this component of the Groundwater Management Program in the amount of \$75,000.

The purpose of the Groundwater Monitoring Program is: 1) to identify wells that would be used to monitor the surface elevation of groundwater within the principal production aquifer, 2) to develop the methodology and to compute groundwater in storage, 3) to estimate the current recoverable groundwater in storage above sea level (GWS), 4) to identify local groundwater surface elevation depressions and their relative position to the ocean, 5) to identify any

indication of seawater advancement into the coastal freshwater aquifers, and 6) to publically report these findings to the Court on an annual basis. No funding is requested for this component of the Groundwater Management Program.

The purpose of the Groundwater Management Program is to develop a series of management strategies to address: 1) the future demand of groundwater from the Nipomo Mesa, 2) to determine the duration of the remaining GWS to meeting current and future demand, 3) to develop conservation strategies to reduce demand, 4) to determine the magnitude of the shortfall of groundwater supplies to meet current and future demand, 5) to develop recharge capabilities on the NMMA to supplement existing groundwater supplies, and 6) to prevent seawater advancement into the coastal freshwater aquifer.

To evaluate these strategies an enhanced groundwater flow modeling tool will be developed with sufficient details and features to support the cost-effective analysis of multiple future alternative management scenarios consistent with the NMMA TG goals and objectives. The enhanced model will need to have sufficient details and features to support the analysis of the alternative water supply management plans and scenarios proposed by NCS D. The goal and objective of this task is to create a reliable local modeling tool through (1) obtaining an existing groundwater flow model for the NMMA, (2) an improved level of calibration defined by NCS D, the selected modeling consultant, and the NMMA TG, and (3) an improved baseline conditions model based on best available and most recent data. Funding is requested for this component of the Groundwater Management Program in the amount of \$175,000.

The final report will summarize these management strategies and present projects that will increase the recharge to the principal production aquifer.

On-going activities will be predicated on the outcomes of these three components of the Groundwater Management Program. It is anticipated that on-going predictions of groundwater will be required to successfully manage the water resources of the NMMA. As conditions change and data become available, the groundwater model will be utilized to make adjustments to the management program as needed. An annual report will present these new predictions, as well as any modifications to the modeling framework as needed to account for changes in the facilities and operations thereof.

Groundwater is monitored quarter-annually by ConocoPhillips at three discrete elevations for determining potentiometric surface and water quality at the sea water intrusion sentinel well location within the NMMA. It is anticipated that on-going monitoring of the sea water intrusion sentinel wells located outside of NMMA will be required to successfully manage the water resources within the NMMA. There are two such locations, one is north of the NMMA,

and the other is south of the NMMA. Nested wells that provide specific and discrete depth measurements exist at each location. These sentinel wells are not currently monitored. It is anticipated that quarterly monitoring will be conducted at these sites and that the annual cost would be borne by NCSD.

It is anticipated that additional groundwater monitoring wells will be required to collect the necessary data to successfully manage the water resources of the NMMA. The Hydrogeological Characterization Study will provide an understanding of the areas where additional data are required. Current understanding suggests that new monitoring wells will be needed in at least three areas where data gaps exist, and that the total depth of these new wells will be approximately 500 feet below ground surface. No funding is requested for this component of the Groundwater Management Program.

Local contributions funding the components of the Groundwater Management Program for which No funding is being requested is in the amount of \$247,000, with on-going expenditures of \$125,000 anticipated annually.

B.3.2. Work Plan

NCSD has developed the following work plan to achieve the stated project goals and objectives. The work plan has been divided into three parts, Hydrogeologic Characterization Study, Groundwater Monitoring Program Development, and Groundwater Management Program Development.

Hydrogeologic Characterization Study

Task 1- Data Compilation and Review

The study area encompasses the NMMA as set forth in the Judgment pursuant to the Santa Maria Groundwater Basin Adjudication (Figure 1). The data compilation and review task includes: collect, compile and review available water supply and water resources reports, hydrogeologic data, geophysical data, water quality data, and other related data pertaining to the hydrogeologic characterization of the NMMA. Currently, NCSD has collected over 700 driller's well logs from the Department of Water Resources, State of California, along with the wells owned and operated by the NCSD (Figure 3). Private domestic wells, including those in existing monitoring programs, will be referenced by state well number and general area map location only. Confidential domestic well information, including the names and well owners and street addresses will not be published.

Task 2- Hydrogeologic Definition

Summarize the soil and near-surface conditions and the geologic setting from existing data. Prepare geologic cross-sections to correlate aquifer zones between the coastal seawater intrusion

sentinel wells and wells located east of Wilmar Avenue Fault. Five proposed cross-section locations are identified (Figure 4) and cross-sections will show principal production aquifer and aquitards to the base of the permeable sediments based on available data. Prepare ground water contour map(s) for principal production aquifer zone(s). Characterize the aquifer zones in terms of hydraulic gradients, hydraulic parameters (hydraulic conductivity, storativity, specific yield), thickness, general lithology, and water quality. Identify the location of faults and the associated groundwater surface elevation discontinuities across these features. Identify aquifers with seawater intrusion and estimate extent of intrusion to date, based on the available geophysical and water quality data. Discuss historical subsurface outflow and inflow near the seawater-freshwater interface. Numerous GIS maps will be used to present information on the hydrogeologic setting. This information and the maps will be presented to the project participants for review and comment, and included in the hydrogeologic setting section of the final report.

Task 3- Hydrogeological Conceptual Model

Develop a conceptual hydrogeological model of the NMMA, identifying the principal production aquifer, the effect of faults on groundwater movement, the effect of variations in hydraulic gradients across NMMA boundaries on subsurface inflows and subsurface outflows, locations of probable high percolation rates, and develop a sea water intrusion conceptual model.

Task 4- Final Report

Prepare a draft report documenting the work performed during the assessment, and present the findings and conclusions. Prepare final report following receipt of draft report comments from NCSD and other stakeholders.

Task 5- Public Meetings and Status Reports

Attend monthly meetings with District personnel (up to 18 meetings per the proposed schedule), and two public workshops at NCSD Board meetings. Submit quarterly status reports to the District.

TASKS 1 - 5

Duration: 12 Months

Budget: \$75,000

Part of Request to DWR for Funding

Groundwater Monitoring Program Development

Task 6- Groundwater Monitoring Current Status

a. Monitoring Wells

A 50 well subset of the more than 700 wells known to exist in the NMMA are included in the monitoring wells program. The criteria considered to include a well in the monitoring program are that 1) the groundwater surface elevation is currently being and has historically been reported, 2) the location of the well is known (longitude, latitude, and elevation), 3) the probability of future monitoring is high, and 4) that the data is not collected during pumping. These wells include wells owned by 1) Golden State Water Company, 2) ConocoPhillips Refinery, 3) County of San Luis Obispo Department of Water and Power, 4) Nipomo Community Services District, 5) Rural Water Company, 6) Woodlands, and 7) DWR Sea Water Intrusion Sentinel Wells.

b. Data Collection

Groundwater surface elevation and water quality data are collected twice annually in the spring and fall, with the exception of the sea water intrusion sentinel well data which is collected quarter annually.

c. Data Evaluation

Quality assurance and quality control measures have been determined and all groundwater surface elevation and water quality data are evaluated pursuant to these measures.

d. Groundwater Data Interpretation

Groundwater surface elevation contours are prepared annually and the volume of GWS is computed. Local groundwater surface elevation depressions are identified and their relative position to the ocean is determined. The status of seawater advancement into the coastal freshwater aquifers is determined. These findings are publically reported on at least an annual basis.

Task 7- Hydrologic Monitoring Program

Pursuant to the Santa Maria Groundwater Basin Adjudication, the five Stipulating parties (NCSD, ConocoPhillips, Woodlands, Golden State Water Company, Agriculture) shall define the members of the NMMA TG, and are required to submit a HMP to the Court for its approval. The five Stipulating parties will be responsible for administering and funding the NMMA monitoring program.

The monitoring program shall be established to collect and analyze data regarding water supply and demand conditions. Data collection and monitoring shall be sufficient to determine land and water uses in the NMMA, sources of supply to meet those uses, groundwater conditions including groundwater levels and quality, the amount and disposition of developed water supplies, and the amount and disposition of any other sources of water supply in the NMMA. The HMP will be updated as required to identify index wells, for the addition of

monitoring locations, to report facilities improvements and expansions, and to refine the hydrological and geological understanding as data become available.

The County of San Luis Obispo provides personnel and equipment to make groundwater surface elevation measurements at many locations within in the NMMA twice each year. These data are made available to the NMMA TG at no charge, for the purposes of computing groundwater in storage and understanding its spatial distribution. Additionally, NCSD and ConocoPhillips have paid for the determination of the spatial location (latitude, longitude, elevation) for all wells in the NMMA that are maintained by the County. This has resulted in a significant improvement of groundwater in storage estimates. Similarly, ConocoPhillips has paid for equipment installation and quarter-annual monitoring at a sea water intrusion sentinel well location and provides these data to the NMMA TG at no charge.

The NMMA TG will file an Annual Report with the Court. The Annual Report will summarize the results of the Monitoring Program, changes in groundwater supplies, and any threats to Groundwater supplies. The Annual Report shall also include a tabulation of NMMA water use, including imported water availability and use, return flow entitlement and use, other developed water availability and use, and groundwater use. All stipulating parties may object to the HMP, the reported results, or the Annual Report by motion.

TASKS 6 - 7

Duration: On-Going

Budget: \$75,000 Annually

Not Part of Request to DWR for Funding

Groundwater Management Program Development

The purpose of the Groundwater Management Program is to manage the water resources of the NMMA for the benefit of all stakeholders.

Task 8- Define Objective

The purpose of this task is to develop the prioritized objectives of a groundwater management program. It is anticipated that the following questions will be formally addressed in the development of a groundwater management program:

- a. What are the safe operational levels of groundwater?
- b. What controls the subsurface flow into and out of the NMMA?
- c. What is the historical range of subsurface flows?
- d. Where are the available recharge locations?
- e. How much water can be recharge annually, both mechanically and institutionally?

f. When would the most probable recharge occur?

Prepare a draft report documenting the work performed during the program development, and present the findings and conclusions. Prepare final report following receipt of draft report comments from NCSD and other stakeholders.

Subtask 8.1- Conduct Public Workshops and Stakeholder Outreach Meetings

In order to coordinate the development of the groundwater management program with NMMA stakeholders, two public workshops will be conducted. The first workshop will be held at the beginning of the program development to present the objective assumptions, to receive input from the stakeholders on these objectives and priorities thereof. The second workshop will be held after completion of the draft groundwater management program document to discuss the strengths and limitations of the program, as the stakeholders will be discussing and making decisions on the possible water supply scenarios.

Task 9- Supplemental Water

Under the Stipulation of June 30, 2005, NCSD agrees to purchase a minimum of 2,500 acre-feet per year of supplemental water; however, the NMMA TG may adjust the amount required given specific conditions for any one year. This task involves coordinating the development of supplemental water strategies with the Groundwater Management Program, NCSD, and the NMMA TG. The various scenarios proposed will be implemented into the Groundwater Model to evaluate the water balance to 2030 for each scenario.

TASKS 8 - 9

Duration: 6 Months

Budget: \$50,000

Part of Request to DWR for Funding

Task 10- Development of Groundwater Model

a. Purpose of a Groundwater Model

The purpose of this task is to develop an enhanced modeling tool with sufficient details and features to support the cost-effective analysis of multiple future alternative management scenarios consistent with the NMMA TG goals and objectives. The enhanced model will need to have sufficient details and features to support the analysis of the alternative water supply management plans and scenarios proposed by NCSD.

b. Goals and Objectives of the Development of a Groundwater Model

The goal and objective of this task is to create a reliable local groundwater flow modeling tool through (1) obtaining an existing groundwater flow model for the NMMA, (2) an improved level of calibration defined by NCSD, the selected modeling consultant, and the NMMA TG, and (3) an improved baseline conditions model based on best available and most recent data.

Subtask 10.1- Retrofit Existing Model

Regional groundwater flow models were developed to assist the Santa Maria Groundwater Basin Adjudication technical investigations during the various Phases of Trial. The fundamental structure of the models represents a significant investment that will be capitalized by defining a new boundary consistent with the NMMA and for use with existing models covering the Santa Maria Groundwater Basin. Hydrogeological data and insights will be gleaned from the Hydrogeologic Characterization Study and model parameters will be updated to be consistent with the current understanding.

Subtask 10.2- Calibration and Sensitivity Analysis of Refined Model

The purpose of this subtask is to calibrate the refined model and complete a sensitivity analysis on selected calibration parameters. The model calibration will focus on the historical NMMA groundwater elevation measurements. The calibration will be based on the daily hydrologic data and simulation time step for the 1975 to 2007 hydrologic period. The calibration process includes the following activities:

Activity 10.2.1: Incorporate Calibration Wells

The purpose of this task is to obtain information and analyze the data from additional calibration wells. Subsequently, the input data for additional calibration wells with appropriate properties and characteristics, as well as groundwater level data, will be developed for the model. An initial set of additional calibration wells will be identified from the wells included in the NMMA HMP. The potential calibration wells will be screened individually to assure they have adequate well construction data and water level measurements during the 1975 to 2007 calibration period. An estimated 50 calibration wells will be included to the enhanced model area.

Activity 10.2.2: Analyze Water Balances

The purpose of this activity is to analyze the water balances and water budgets of the NMMA model area due to implementation of the refined model grid, additional detailed data describing the physical system, and daily hydrologic data. Part of this task includes completing a quality assurance check of the model input data to ensure that it is correctly incorporated into the model. If the input data is correct, the water balances should not have any anomalous values or trends in the model output (water balances).

Activity 10.2.3: Calibrate Groundwater Levels

The purpose of this activity is to calibrate the groundwater levels by adjusting soil, stream, and aquifer parameters. Simulated water levels will be compared to available water level maps and available water level data at individual calibration wells. This includes calibration of the water levels for the existing and new calibration wells. The water level data for the new calibration wells will be provided by the NMMA TG.

Activity 10.2.4: Perform Sensitivity Analysis

The purpose of this activity is to perform sensitivity analysis of the refined groundwater model in the refined NMMA model area. Up to five calibration parameters will be selected for the sensitivity analysis.

Subtask 10.3- Develop Baseline Condition Planning Models

The purpose of this task is to develop planning level models for the NMMA, including an existing conditions model at the 2007 level of development and a build-out conditions model at the 2030 level of development. The activities associated with this work are listed below.

Activity 10.3.1: Develop Existing Conditions Baseline Model

The purpose of this activity is to develop an existing conditions planning model for the NMMA at the 2007 level of development. The activities associated with this subtask include:

- Developing 2007 level of land and water use data where needed,
- Developing water supply data using the 1975 to 2007 hydrologic record, based on the 2000 conditions in NMMA,
- Developing daily rainfall for the 1975 to 2007 period,
- Completing QA/QC on the existing conditions planning model by comparing model input to the accepted data sets that represent the 2007 level of development.

Activity 10.3.2: Develop Build-Out Conditions Baseline Model:

The purpose of this task is to develop a build-out conditions planning model for the NMMA at the 2030 level of development. The activities associated with this subtask include:

- Developing 2030 level of land and water use data where needed,
- Developing water supply data using the 1975 to 2007 hydrologic record, based on developed 2030 conditions in NMMA,
- Completing QA/QC on the build-out conditions planning model by comparing model input to the accepted data sets that represent the 2030 level of development.

Subtask 10.4- Prepare Groundwater Model Report

The purpose of this task is to prepare a report documenting the work performed under Task 10.

- Prepare Draft Model Calibration and Baseline Development Report: A draft report will be prepared and submitted for review to NCSD and the NMMA TG.
- Prepare Final Model Calibration and Baseline Development Report: Upon receipt of comments, a final report will be prepared and made available to NCSD, the NMMA TG, other stakeholders, and DWR.

Subtask 10.5- Meetings and Status Reports

The purpose of this task is to provide general project management and coordination with NCSD and the NMMA TG throughout the duration of the project. The activities associated with this subtask are listed below.

Activity 10.5.1: Project Team Meetings

This project has an accelerated schedule. Three meetings, including a kickoff meeting, will be scheduled with NCSD and the NMMA TG to coordinate and communicate overall project progress and to provide a channel for communication between the parties. This subtask includes time to prepare for and attend the meetings.

Activity 10.5.2: Public Workshops and Stakeholder Outreach Meetings

In order to coordinate calibration of the model and the development of baseline conditions with the stakeholders, two public workshops will be conducted. The first workshop will be held at the beginning of the project to present the modeling assumptions, calibration approach, and baseline scenario approach, and to receive input from the stakeholders on these approaches. The second workshop will be held after completion of the model calibration to present the results of the model calibration and to discuss the strengths and limitations of the model, as the stakeholders will be discussing and making decisions on the possible water supply scenarios.

Activity 10.5.3: General Project Management and Coordination

This task includes general project management and coordination of the consultant with NCSD and NMMA TG staff throughout the duration of the project. As part of this task, monthly progress reports documenting the work completed will accompany the invoices submitted to NCSD.

TASK 10

Duration: 10 Months

Budget: \$125,000

Part of Request to DWR for Funding

Task 11- On-Going Groundwater Modeling

It is anticipated that on-going predictions of groundwater will be required to successfully manage the water resources of the NMMA. As conditions change and data become available, the groundwater model will be utilized to make adjustments to the management program as needed. An annual report will present these new predictions, as well as any modifications to the modeling framework as needed to account for changes in the facilities and operations thereof.

TASK 11

Duration: On-Going

Budget: \$50,000 Annually

Not Part of Request to DWR for Funding

Additional Tasks Not Part of DWR Request

Task 12- Sentinel Well Monitoring

It is anticipated that on-going monitoring of the sea water intrusion sentinel wells located outside of NMMA will be required to successfully manage the water resources within the NMMA. There are two such locations, one is north of the NMMA, and the other is south of the NMMA. Nested wells that provide specific and discrete depth measurements exist at each location. These sentinel wells are not currently monitored. It is anticipated that quarterly monitoring will be conducted at these sites and that the annual cost would be borne by NCSD. The cost of outfitting an existing nested well site at the coast is in the range of \$10,000-\$15,000. This includes equipment to sample groundwater levels and water quality by using an EPA-approved micro-purge system where the whole well bore does not have to be evacuated prior to sampling.

In addition to downhole data loggers for remote sensing of groundwater elevations (included in price), pressure meters will be installed on the cap of all artesian wells to determine the height of the peizometric surface above ground surface.

Not included in the equipment is telemetry that could be installed to transmit data remotely. It is instead assumed that there would be a quarterly site visit for water quality sampling and to upload information from the data loggers.

TASK 12

Duration: On-Going

Budget: \$30,000 Equipment Installation

\$2,000 Annually

Not Part of Request to DWR for Funding

Task 13- Additional Monitoring Wells

It is anticipated that additional groundwater monitoring wells will be required to collect the necessary data to successfully manage the water resources of the NMMA. The Hydrogeological Characterization Study will provide an understanding of the areas where additional data are required. Current understanding suggests that new monitoring wells will be needed in at least three areas where data gaps exist, and that the total depth of these new wells will be approximately 500 feet below ground surface. Typical well construction costs suggest that for simple monitoring well construction the cost is on the order of \$60 per foot.

TASK 13

Duration: On-Going

Budget: \$30,000 Each

Not Part of Request to DWR for Funding

SUMMATION OF ALL TASKS
Local Contributions: \$247,000
Request to DWR for Funding: \$250,000

B.3.3. Budget

Please see Table 1 Nipomo Mesa Groundwater Management Program - Primary Budget and Table 2 Nipomo Mesa Groundwater Management Program - Detailed Budget, attached hereto.

B.3.4. Schedule

Please see Figure 5 Nipomo Mesa Groundwater Management Program - Project Schedule, attached hereto.

B.3.5. Information

The study area encompasses the NMMA as set forth in the forthcoming Judgment pursuant to the Santa Maria Groundwater Basin Litigation. A substantial amount of data were compiled, evaluated, and presented during Phase III of Litigation. These data, along with on-going data compilations, will be leveraged as the basis for the proposed project. Currently, NCS D has collected over 700 driller's well logs from the Department of Water Resources, State of California, along with the wells owned and operated by NCS D. NCS D has conducted multiple technical evaluations of water resource to the NMMA over the recent years. The understanding gleaned from these efforts will be included in the base information provided to the proposed project. Current and on-going monitoring exists for groundwater surface elevations throughout the NMMA and are made available to NCS D on a regular basis. The County of San Luis Obispo, local water purveyors, and NCS D regularly conduct these measurements.

B.3.6. Environmental Compliance and Permits

The proposed project does not include any direct or indirect changes to the existing environment. The project does not include any construction, grading activities, or facilities improvement. The project does include analysis of current data, installation of monitoring wells, collection of future data, and site visits to the project area. Because the project is primarily an off-site study that does not include any physical changes to the environment, the proposed project does not qualify as a project under Section 15378 of the CEQA guidelines, and is therefore not subject to CEQA.

B.3.7. Quality Assurance

The Nipomo Mesa Groundwater Management Program field investigations, sampling, monitoring, and study will be conducted under the direction of California licensed engineers

and registered geologists. The primary contacts at SAIC are: R.G. Beeby, P.E. and Bradley Newton, PhD, P.G. A copy of licenses can be supplied for all personnel involved in the work.

The consultant maintains a rigorous quality assurance/quality control process for all of its projects. As described in the work plan each step of the project will follow checks and in-house peer review so that the finished study is correct and meets industry standards.

B.3.8. Past Performance

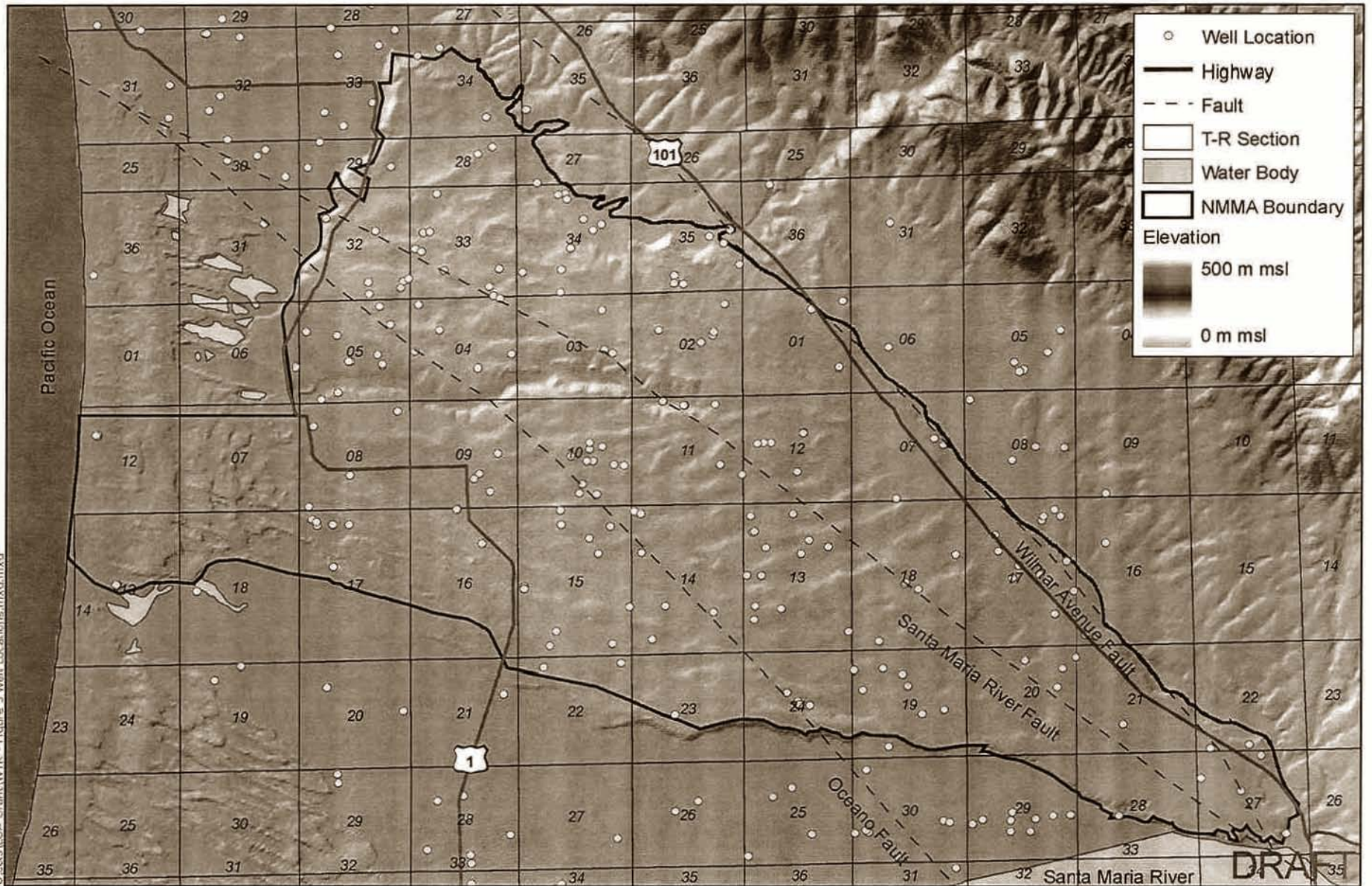
NCSD has been actively researching the water resource available to the NMMA. Work product from the litigation proceedings includes a detailed hydrologic inventory of the NMMA describing all inflows and outflows to the Nipomo Mesa. Additional work since the 2005 Stipulation includes: drafts of the stipulated monitoring program including identification of potential monitoring wells, monitoring for sea water intrusion at coastal wells, collection and GIS-integration of 700+ well logs, compilation and analysis of water quality, and compilation and analysis of groundwater surface elevations enabling estimates of historical groundwater in storage.

NCSD has received no federal or state grants and thus cannot provide performance evaluations or task summaries.

NCSD applied to the SWRCB in January 1997 for a State Revolving Fund (SRF) Loan of \$1,898,445 to upgrade both the capacity of the Southland Wastewater Treatment Facility (SWWTF) system and to improve the treatment levels. The SWRCB initially added NCSD to the SRF Priority List with two phases of implementation.

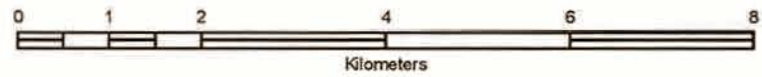
The Phase 1 Project included removing and replacing surface aerators with housed blowers and subsurface aeration, installing new pond liners, and constructing headworks modifications. The SWRCB determined that the \$697,367 cost of the Phase 1 Project was loan eligible, however, the state at that time did not have the 16.67% match due to budgetary constraints and thus could only loan NCSD \$581,137. NCSD completed all planning, environmental and design work and solicited bids for construction of the approved works. NCSD awarded the work to John Madonna Construction Company for \$771,171.50. Madonna completed the work on time and within budget. The total project cost for Phase 1 was \$951,558 including all planning, environmental review, design, construction and construction management costs. The SWRCB issued the Notice of Completion for the work on October 30, 2001. Since completion of the works, NCSD has submitted all loan payments and complied with all SWRCB informational requirements.

The Phase 2 Project included the construction of two new ponds, installation of an additional blower, installation of additional aeration, construction of new sludge drying beds, construction of new percolation basins and further modifications to the headworks. The SWRCB determined that the \$843,605 cost of the Phase 2 Project was loan eligible, however, the state at that time did not have the 16.67% match due to budgetary constraints and thus could only loan NCSD \$703,001. NCSD completed all planning, environmental and design work and solicited bids for construction of the approved works. NCSD awarded the work to Sansone Construction Company for \$769,520. Sansone completed the work on time and within budget. The total project cost for Phase 2 was \$961,626 including all planning, environmental review, design, construction and construction management costs. The SWRCB issued the Notice of Completion for the work on March 18, 2003. Since completion of the works, NCSD has submitted all loan payments and complied with all SWRCB informational requirements.



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NOTES:
 Coordinate System: UTM Zone 10N
 Horizontal Datum: NAD 27



Well Locations

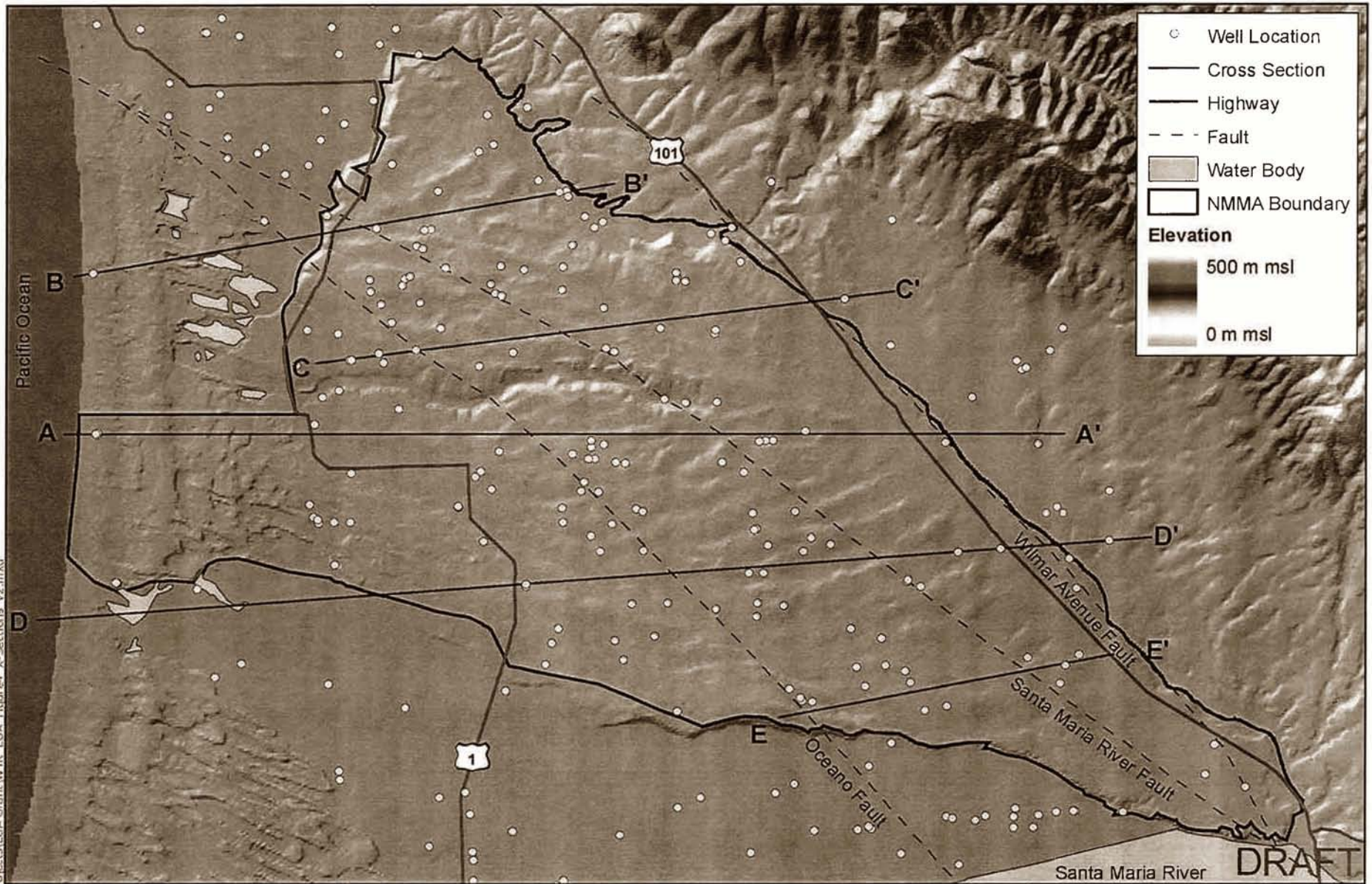


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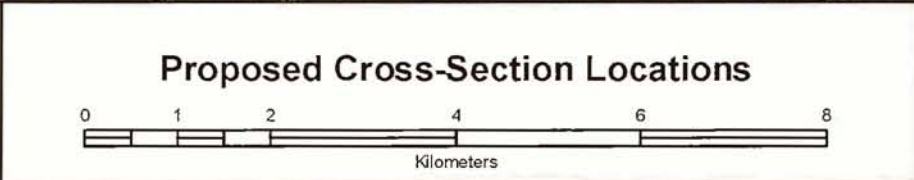
FIGURE:

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NOTES:
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 Horizontal Datum: NAD 27



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DATE: 12/04/2007 BY: C. Woods

FIGURE:
4

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Table 1

Nipomo Mesa Groundwater Management Program - Primary Budget

Applicant Name: Nipomo Community Services District (NCSD)

Project Title: Nipomo Mesa Groundwater Management Program

Task(s)	Description	Requested AB 303 Funds	Cost Share	Total Costs	Source of Local Funding
1-5	Hydrogeologic Characterization Study	\$ 75,000	\$ -	\$ 75,000	
6-7	Groundwater Monitoring Program Development	\$ -	\$ 75,000	\$ 75,000	NCSD, Woodlands, Golden State Water Company, Conoco/Phillips, Ag
8-9	Groundwater Management Program Development	\$ 50,000	\$ -	\$ 50,000	
10	Groundwater Model Development	\$ 125,000	\$ -	\$ 125,000	
11	On-Going Groundwater Modeling	\$ -	\$ 50,000	\$ 50,000	NCSD
12	Sentinel Well Monitoring	\$ -	\$ 32,000	\$ 32,000	NCSD & San Luis Obispo County
13	Additional Monitoring Wells	\$ -	\$ 90,000	\$ 90,000	NCSD
	Grand Total	\$ 250,000	\$ 247,000	\$ 497,000	

Table 2

Nipomo Mesa Groundwater Management Program - Detailed Budget

Applicant Name: Nipomo Community Services District

Project Title: Nipomo Mesa Groundwater Management Program

Task	Description	Qty	Unit	Price ¹	Cost	AB 303 Funding	Cost Share	Total Costs
Hydrogeologic Characterization Study								
1	Data Compilation and Review	100	hr	\$ 100	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
2	Hydrogeologic Definition	300	hr	\$ 100	\$ 30,000	\$ 30,000	\$ -	\$ 30,000
3	Hydrogeological Conceptual Model	130	hr	\$ 100	\$ 13,000	\$ 13,000	\$ -	\$ 13,000
4	Final Report	200	hr	\$ 100	\$ 20,000	\$ 20,000	\$ -	\$ 20,000
5	Public Meetings and Status Reports	20	hr	\$ 100	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
Groundwater Monitoring Program								
6	Groundwater Monitoring Current Status	375	hr	\$ 100	\$ 37,500	\$ -	\$ 37,500	\$ 37,500
7	Hydrologic Monitoring Program	375	hr	\$ 100	\$ 37,500	\$ -	\$ 37,500	\$ 37,500
Groundwater Management Program								
8	Define Objectives	400	hr	\$ 100	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
8.1	Public Workshops	20		\$ 100	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
9	Supplemental Water	80	hr	\$ 100	\$ 8,000	\$ 8,000	\$ -	\$ 8,000
Groundwater Model Development								
10.1	Retrofit Existing Model	130	hr	\$ 100	\$ 13,000	\$ 13,000	\$ -	\$ 13,000
10.2	Calibration and Sensitivity Analysis	100	hr	\$ 100	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
10.3	Baseline Planning Models	250	hr	\$ 100	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
10.4	Groundwater Model Report	750	hr	\$ 100	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
10.5	Meetings and Status Reports	20	hr	\$ 100	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
On-Going Activities								
11	On-Going Groundwater Modeling	500	hr	\$ 100	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
12	Sentinel Well Monitoring ¹	1	installation	\$ 30,000	\$ 32,000	\$ -	\$ 32,000	\$ 32,000
13	Additional Monitoring Wells ²	1500	ft	\$ 60	\$ 90,000	\$ -	\$ 90,000	\$ 90,000
Totals						\$ 250,000	\$ 247,000	\$ 497,000

Comments:

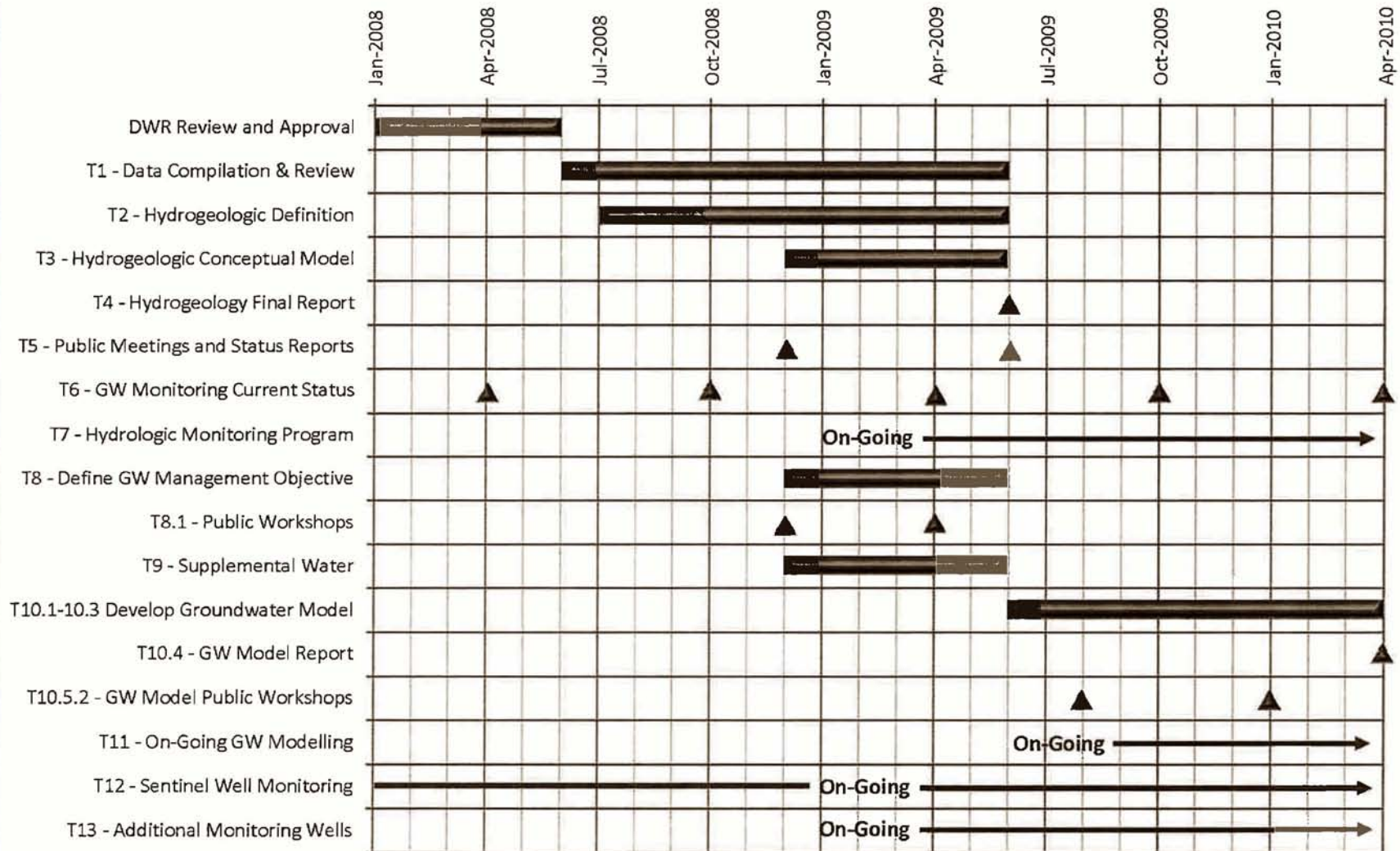
¹ Average consultant rate/hr where appropriate

² \$30,000 of equipment plus one year of monitoring

³ Three 500 ft monitoring wells

Figure 5

Nipomo Mesa Groundwater Management Program - Project Schedule



B.4. Use of Information Gained from the Proposal

B.4.1. Need and Value

The consumption of groundwater exceeds the long-term native supply as demonstrated in the Santa Maria Groundwater Litigation. The recent estimate of the shortfall of long-term supplies to meet current groundwater demand is 5200 acre-feet per year (AFY), and is 4800 AFY annually if it is assumed the consumptive use is held constant for the next 32 years and the historic climate is repeated. The continued depletion of groundwater underlying the Nipomo Mesa will ultimately result in sea water advancement into the coastal freshwater aquifer and permanently degrade the water resource available to the residents of the Nipomo Mesa. The proposed Nipomo Mesa Groundwater Management Program will provide a spectrum of management strategies that will address the issues challenging the groundwater resources and promote long-term groundwater supplies to the NMMA.

The Hydrogeologic Characterization Study will: 1) identify regionally significant stratigraphic and structural geologic controls on groundwater occurrence and movement within the principal production aquifer; 2) determine the efficacy of monitoring using existing wells and identify any areas with deficient monitoring capabilities; and, 3) develop a hydrogeological conceptual model. Improved hydrogeological understanding provided by the characterization study will allow the development of meaningful strategies to manage the water resources of the Nipomo Mesa.

The Groundwater Monitoring Program will: 1) identify wells to be used in monitoring the groundwater surface elevation within the principal production aquifer; 2) develop the methodology of computing groundwater in storage; 3) estimate the current recoverable groundwater in storage above sea level; 4) identify local groundwater surface elevation depressions and their relative position to the ocean; 5) identify any indication of seawater advancement into the coastal freshwater aquifers; and, 6) publically report these findings to the Court on an annual basis. The monitoring program will provide DWR with an improved understanding of the Santa Maria Valley Groundwater Basin for Bulletin 118, and allow management strategies to be evaluated with field data.

The Groundwater Management Program will develop a spectrum of management strategies addressing: 1) the future demand of groundwater from the Nipomo Mesa; 2) the duration of the remaining GWS to meeting current and future demand; 3) conservation strategies to reduce demand; 4) the magnitude of the shortfall of groundwater supplies to meet current and future demand; 5) recharge capabilities on the NMMA to supplement existing groundwater supplies; and, 6) the prevention of seawater advancement into the coastal freshwater aquifer. Multiple future alternative management scenarios consistent with the NMMA TG goals and objectives

will be evaluated with the groundwater flow model, allowing hypothesis testing and the determination of the most tractable strategies to be implemented.

B.4.2. Performance of the Project

A monthly letter will be presented to NCS D Board of Directors (the "Board") throughout the duration of the project, describing the tasks completed and tasks planned during the forthcoming period. As larger elements of the project are completed, technical memoranda will be presented to the Board describing the results, methodology, and assumptions used to complete the work. These technical memoranda will then be used as the basis for completion of the final reports as described in the work plan for the hydrologic characterization study and groundwater management program. A comprehensive final report will summarize management strategies developed to improve the long-term water resource to the NMMA and present projects that will increase the recharge to the principal production aquifer.

All work performed by the consultant to NCS D will adhere to industry standards and accepted field collection protocols. NCS D will review all draft work product produced by the consultant and provide oversight through regular meetings with administrative staff and its Board to ensure project performance. These meetings will guarantee project deliverables are relevant to stakeholder concerns and will provide information that will improve management of the groundwater basin. Procedures currently in place with the consultant and NCS D will promote efficient management of the schedule and budget.

B.4.3. Ongoing Use

The forthcoming summary judgment will require ongoing monitoring of the NMMA. NCS D has prepared for the added costs of complying with the adjudicated decision by including a "Litigation Charge" on its published 2008 and 2009 rates. These monies, in addition to additional water user fees pledged by NCS D, will enable the continued operation of the NMMA TG and the ongoing use of this project's deliverables.

Future studies performed by the NMMA TG will continue to update the characterization of groundwater conditions underlying the NMMA as data are made available and provide the technical information needed to make improved decisions regarding the optimal use and management of the groundwater resource. Ongoing studies and monitoring by the NMMA TG will build upon information learned from this project, help to identify changing conditions in the water resource, and document accomplishments of the management programs.

B.4.4. Information Dissemination

NCS D operates a frequently-updated web page for informing and educating the community and its customers (www.ncsd.ca.gov). The web site provides all of the Board of Director's past

agendas and minutes, a calendar of upcoming events, resources for the public on water savings, sustainable landscapes, and groundwater supplies, and other useful information. In addition to providing information via the internet, NCSO communicates with its customers through direct informational mailings and monthly bill inserts. NCSO plans to use these resources to disseminate intermediary and final project results to interested parties.

NCSO holds Board meetings twice a month at the District office, which are open to the public. Upon completion of project phases, final presentations will be made to the Board and other interested stakeholders, such as San Luis Obispo County and the other Santa Maria Groundwater Adjudication participants.

The final report will also be sent to DWR for review and potential inclusion in Bulletin 118.

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2007-GRANT**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING SUBMITTAL OF DWR AB303 GRANT APPLICATION**

WHEREAS, the Nipomo Community Services District (herein "District") Board of Directors held public hearings on this matter at its November 28, 2007 Meeting and at its December 12, 2007 Meeting; and

WHEREAS, the District requested feedback from the other three major purveyors on the Nipomo Mesa regarding the grant application; and

WHEREAS, the District requested feedback from the San Luis Obispo County Water Resources Advisory Committee regarding the grant application; and

WHEREAS, based on the staff reports, staff presentations, public comment and feedback from the reviewing parties, the District finds that the application authorized by this Resolution would result in improved management of the Nipomo Mesa Management Area groundwater;

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

1. That application be made to the California Department of Water Resources for a local groundwater assistance grant pursuant to the Water Security, Clean Drinking Water, Coastal And Beach Protection Act OF 2002 (Water Code Section 79560 et seq.), and to enter into an agreement to receive a grant for development of the Nipomo Mesa Management Area Groundwater Management Program.
2. The District General Manager is hereby authorized and directed to prepare the necessary data, conduct investigations, file such applications, and execute a grant agreement with the California Department of Water Resources.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

the foregoing resolution is hereby adopted this 12th day of December, 2007.

Michael Winn, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
General Counsel