

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: JANUARY 4, 2008

AGENDA ITEM
D-3
JAN. 9, 2008

ACCEPT DONNA MILLS RESIGNATION FROM PCAS

ITEM

Accept Donna Mills resignation from Parks Citizens Advisory Sub-Committee [RECOMMEND ADOPTION].

BACKGROUND

Attached is a copy of Donna Mills's resignation.

RECOMMENDATION

Staff recommends that your Honorable Board accept Donna Mills Resignation and direct the President to write a letter thanking her for her service.

Please see agenda item E-8 in regards to suspension of the Sub-Committee.

ATTACHMENTS

- Donna Mills Resignation

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Bruce Buel

From: donna Mills [dmills100@yahoo.com]
Sent: Tuesday, December 04, 2007 8:50 PM
To: Ben Trogdon
Cc: Mike Winn; Bruce Buel

Hi Ben,

I hope all is going well with you.

I have decided to resign from the NCSD Recreation Committee. I just found out last week that my father has terminal cancer and has been told that he has six months to a year to live.

Il will turn in my folder and material at the NCSD office.

Sincerely,

Donna Mills

PS Mike can you please let Jim Harrison, Clift Trotter and Peg Miller know about my resignation. I do not have their email addresses. Thank you.

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: JANUARY 4, 2008

AGENDA ITEM
D-4
JAN. 9, 2008

PREPARE REVISED WATER SYSTEM FINANCIAL PLAN

ITEM

Authorize execution of amendment to existing agreement with the Reed Group to prepare a combined water system financial plan incorporating the proposed supplemental water projects and amend FY07-08 Budget [RECOMMEND ADOPTION].

BACKGROUND

Attached is a proposal from the Reed Group to prepare a revised financial plan for NCSD's Combined Water System and a revised Supplemental Water Capacity Charge calculation based on implementation of the Waterline Intertie Project and a Desalination Project comparable to that described in Boyle's October 2007 Technical Memorandum. The proposed revised Financial Plan would supersede the September 14, 2007 Draft Combined Water System Financial Plan prepared by the Reed Group. This revised Financial Plan would also be coordinated with the In Lieu Fee analysis being prepared by the Reed Group for the County of San Luis Obispo.

As set forth in the proposal, Mr. Reed would perform this additional work on a time and materials basis with a "not-to-exceed" expenditure limit of \$11,750.

RECOMMENDATION

Staff recommends that your Honorable Board authorize the President to execute an amendment to the existing agreement with the Reed Group to add the attached Scope of Work and to increase the "not-to-exceed" expenditure limit by \$11,750. Staff further requests that the Board transfer the \$11,750 from the Town Water Fund Reserves into the Professional Services Line Item.

ATTACHMENTS

- Reed Group Proposal

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THE REED GROUP, INC.

December 10, 2007

Bruce Buel
Nipomo Community Services District
148 South Wilson Street
P. O. Box 326
Nipomo, CA 93444-0326

Subject: Proposed Contract Amendment for Water Capacity Charge Analysis

Dear Bruce,

The Reed Group, Inc. is currently working with the District to prepare water and sewer financial plans and rate updates. Recently, you asked that we amend the scope of services to include the updating the District's water capacity charges, including the supplemental water capacity charge and the Town Division's buy-in capacity charge for distribution facilities. The current scope of work included updating the Town Division's sewer system capacity charges, and we are currently working with San Luis Obispo County to develop a supplemental water mitigation fee, which is closely related to the District's supplemental water capacity charge. A description of the proposed scope amendment, along with cost and schedule information, is presented below

Scope of Services - Water Capacity Charges

In 2005, The Reed Group, Inc. assisted the District in developing a supplemental water capacity charge and a buy-in capacity charge related to the water distribution system. The supplemental water capacity charge was based on anticipated costs associated with supplemental water from the City of Santa Maria. The buy-in capacity charge reflected the cost of capacity in the water system (exclusive of water supply facilities). The capacity charges, which would be paid by new development connecting to the water system, were intended to help finance the supplemental water project as well as improvements within the distribution system.

At present, the District is evaluating the feasibility of a desalinization project as a source of supplemental water. As a result, it is prudent to revise and update the supplemental water capacity charge to reflect the new direction of the District. With this study, the supplemental water capacity charge will be based on the estimated capital costs associated with evaluating, planning, and constructing a desalinization project as described in the September 24, 2007 Technical Memorandum prepared by Boyle Engineers for the District.



Earlier this year, The Reed Group, Inc. assisted the District with updating the buy-in capacity charges associated with the Town Division's sewer collection system. A new capacity charge related to treatment capacity (based on planned Southland WWTP improvements) was also developed. The proposed update to the water distribution system buy-in capacity charge is similar to the recent update to the sewer collection system capacity charge.

Specifically, this contract amendment will include:

- Obtaining and reviewing all pertinent information related to the District's supplemental water supply project (desalinization project), including project description, cost estimates, timeline, integration with current operations and water supplies, and other information.
- Develop a supplemental water capacity charge methodology and calculation model. All new development within the District will be presumed to need supplemental water to satisfy their demands (groundwater will continue to serve existing demands). The supplemental water capacity charge will represent a proportionate share of the capital costs associated with the supplemental water project.
- Obtaining fixed asset information on the Town Division's water system including original cost, acquisition date, service life, and current book value.
- Update the previously develop water system buy-in capacity charge calculation related to water system facilities, exclusive of water supply facilities. The calculation will also include appropriate adjustments related to the long-term financing of facilities.
- Prepare a draft report describing the methodology, assumptions, and calculations of the supplemental water capacity charge and the distribution system buy-in capacity charge. The report will describe how the proposed charges are consistent with the requirements of Government Code Section 66013.
- Present capacity charge recommendations to the Board of Directors and address questions and/or comments expressed by the Board and staff.
- Finalize water capacity charge recommendations in a final report.
- Present water capacity charge recommendations during a public hearing to adopt the charges.

Estimated Cost for Water Rate Structure Analysis

In an effort to minimize travel costs of the water capacity charge analyses, we propose to conduct the study such that the draft report and recommendations can be presented to the Board of Directors on the same day as the scheduled sewer rate hearings planned for January



23, 2008. A separate trip will be required to attend the public hearing to adopt the water capacity charges, but that might also be combined with other activities for the District. At this time, we estimate that the cost of the requested water capacity charge analyses to be \$11,750, including expenses (for one trip to Nipomo). My hourly billing rate for 2008 will be \$215. As you know, it is our practice to bill only for the actual time and expense required for the project subject to the not-to-exceed limit of our agreement.

* * * * *

If the above work is approved it would amend, and be completed in accordance with other terms of, the Agreement for Rate Studies approved by the District on May 9, 2007. Please let me know if you have any questions regarding this proposal. We appreciated the opportunity to be of continued service to the District.

Sincerely,

Robert Reed
The Reed Group, Inc.