TO: BOARD OF DIRECTORS

FROM: BRUCE BUEL BSBB

DATE: APRIL 4, 2008

AGENDA ITEM
E-1
APRIL 9, 2008

OPTIONS FOR PROVIDING WATER SUPPLY TO BLACKLAKE

ITEM

Consider options to provide water supply to Blacklake [Provide Policy Guidance].

BACKGROUND

In 2005, your Honorable Board determined that the Blacklake Water Booster Station was failing and needed to be replaced and NCSD retained Boyle Engineering to design a replacement Booster Station. Boyle submitted its design in October 2006 and your Honorable Board then retained Dee Jaspar and Associates to render a second opinion. In November 2006, your Honorable Board formed a committee to explore the possibility of merging the Blacklake Water Fund with the Town Water Fund to avoid the cost of replacing the Blacklake Water Booster Station. Dee Jaspar's design memorandum was received in December 2006, at which time your Honorable Board retained Boyle to prepare a memo comparing the two designs with the concept of merging the two Water Funds. Boyle submitted their Comparative Analysis if February 2007, which summarized the two cost opinions and the likely cost of a temporary fix until the decision could be made on the merger. In March 2007, your Board received Boyle's Interconnection Schematic memo and authorized staff to install a transfer pump to replace the old Booster Station on an interim basis pending closure on the merger proposal. In April 2007, your Honorable Board retained Bob Reed of the Reed Group to prepare an equity analysis to evaluate the equity payment necessary for Blacklake Water Fund customers to pay to the Town Water Fund if a merger of the funds was to occur. Mr. Reed's initial report was received in July and your Honorable Board ordered Mr. Reed to edit the original draft report and directed staff to notify the Blacklake Customers of their choices and to hold a briefing regarding these choices. Bob Reed submitted the Final Report on September 14, 2007 including a section of the calculation of the equity payment. Staff mailed notice of the informational hearing on September 13, 2007 and conducted the briefing on September 25, 2007. Your Board then discussed the merger at your October 10, 2007; October 24, 2007; November 14, 2007; and January 9, 2008 Board meetings. Your Honorable Board has received numerous submittals from Blacklake residents, a legal opinion regarding your discretion to merge the two systems and an opinion letter from the District's Auditor regarding the Generally Accepted Accounting Principles guiding calculation of the equity surcharge. In addition, President Winn and Director Harrison met once in January and once in February with members of the Blacklake Community to exchange views on providing water supply to Blacklake.

Your Honorable Board, at your February 13, 2008 Meeting, agreed to use existing Blacklake water rates to pay off the merger equity buy-in over time and directed staff to recalculate the equity buy-in, to refine the pay-back analysis, and to prepare a draft ordinance effecting the merger at your March 12, 2008 meeting. At the March 12, 2008 meeting, your Honorable Board directed staff to evaluate and present different options for supplying water to Blacklake; to revise the draft ordinance; and to report back at this meeting.

Staff has identified the following five options to provide water supply to Blacklake:

1. STAND ALONE BLACKLAKE: Re-construct the Blacklake booster station so that the Blacklake Wells supply water for non-emergency and non-peak Blacklake water demand. The intertie would stay but it would only be used for emergency situations. According to Bob Reed's evaluation of operating the Blacklake System as a stand alone with an $800,000 cost of re-constructing the booster station, the 2009 bi-monthly charge to Blacklake customers would average $139.64.

2. MERGE PER BOB REED REPORT: Combine the two funds based on the payment by Blacklake customers of $1,063,392 equity surcharge ($1,672 per equivalent 1" meter) over ten years at 5% interest rate. According to Bob Reed's combined system financial analysis, the 2009 bi-monthly charge to Blacklake Customers would average $131.96.

3. MERGE PER MARCH 12th PROPOSAL: Combine the two funds based on the repayment of $1,050,036 in equity surcharges ($1,651 per equivalent 1" meter) over 23 years at 5% interest assuming that the differential between the Town rates and Blacklake rates would hold for the 23 years. Based on the adopted rate schedule, the 2009 bi-monthly charge to Blacklake customers would average $116.27.

4. DIRECTOR VIERHEILIG PROPOSAL: Combine the two funds based on the payment of $52,788 total equity surcharge ($83 per equivalent 1" meter) based on the FY05-06 differential in annual revenue per meter paid by Blacklake customers ($448) verses Town customers ($531) times the number of equivalent number of 1" Blacklake Meters (636). (See attached spread sheet from Director Vierheilig). If the $52,788 equity payment was spread over 10 years at 5% interest, then the 2009 bi-monthly charge to Blacklake customers would average $98.23.

5. DIRECTOR TROTTER PROPOSAL: Combine the two funds based on an equity surcharge based on a determination of the Town System assets that provide service to Blacklake; in other words, exclusion of the Town System assets that do not provide benefits to Blacklake. Staff's opinion is that 25.7% of the linear feet of the Town distribution system benefits Blacklake (See below for details). Multiplying .257 times the $15,215,058 in total Town System Assets (adjusted to deduct the Olde Towne Grant), results in an estimate of $3,912,861 in Town System Assets that benefit Blacklake. Dividing the $3,912,861 by 4,215 total equivalent 1" meters in both systems results in a value of $928 per meter or a total equity surcharge of $590,412. Staff believes that the $928 per meter represents the equity surcharge that the Board could charge based on the concept proposed by Director Trotter. If the $590,412 equity payment was spread over 10 years at 5% interest, then the 2009 bi-monthly charge to Blacklake customers would average $116.51.

   To estimate the 25.7% benefit ratio, staff used the Water Gems model to determine the increased flows in the Town System plumbing that would result in a 1,500 gallon per minute fire at Champions Lane in Blacklake, with no wells running (See attached assumption sheet for the model run). Water Gems produced the attached system map showing the increased velocities above 1 cubic foot per second in the Town Distribution System (Colors light blue, green, yellow, orange and red). Water Gems also produced the attached report calculating that 77,596 linear feet of Town System Mains would have increased flows of greater than 1 cubic foot per second. Staff also developed the attached listing of 29,150 linear feet of additional Town

system plumbing that would logically be used to connect the Water Gems colored reaches through the dark blue reaches to the nearest colored reach. The circled numbers on the Water Gems map correspond to the reach numbers set forth on the listing of connectors. Adding the 77,596 linear feet from the water gems printout to the 29,150 linear feet from the connector lines printout results in a total of 106,746 feet of Town Water System plumbing that benefits Blacklake. Dividing the 106,749 feet by the 415,079 linear feet of total Town Water System plumbing results in a value of .257, which is 25.7%. Multiplying the total Town System June 30, 2006 Asset Value of $15,215,058 by .257 results in a value of $3,912,861, which is the portion of 2006 Town Water Assets that benefit Blacklake. Dividing the $3,912,861 by the 4,215 (the total number of Town and Blacklake equivalent 1" meters), results in a $928.32 value, representing the segment of Town Water System assets per meter that benefit Blacklake. Multiplying the $928.32 by the 636 equivalent Blacklake 1" Meters results in a total equity surcharge of $590,412.

Also attached is a revised draft ordinance, prepared by District Legal Counsel to merge the two funds. It should be noted that this Ordinance was drafted with the assumption that the Board would not conduct a Proposition 218 vote of the property owners in Blacklake. If the Board opts for Option 3 (the March 12th proposal) then a different ordinance speaking to the particulars of the option should be prepared.

Should your Honorable Board select Options 1, 2, 4 or 5 then a Proposition 218 vote of the Blacklake property owners should be conducted.

Attached for reference is a re-print of the revised Reed Spread Sheet showing the deduction of the Olde Towne grant contribution.

RECOMMENDATION

Staff recommends that your Honorable Board review and discuss the options and determine which option it wishes to process. If the Board wishes to process Option 3, then you should edit the attached ordinance and direct staff to bring back a final version for introduction at your April 30, 2008 Board Meeting. If your Honorable Board selects Options 1, 2, 4 or 5, then you should authorize staff to process a Proposition 218 vote of Blacklake property owners. Staff further recommends that your Board direct staff to hold at least one informational meeting at Blacklake during the 45 day ballot return period and to bring back an ordinance tailored to the selected option for consideration at your April 30, 2008 Board Meeting.

ATTACHMENTS

- Director Vierheilig Spreadsheet
- Water Gems Assumption Sheet
- Water Gems Model Results
- Water Gems Line Listing
- Connector Lines Listing
- Draft Ordinance
- Revised Bob Reed spread sheet

NCSD Revenue versus Assets Black Lake & Town Water (6-30-06)

	Black Lake	Town	Town Fund 700 Removed ($6,612,206)	Black Lake Revenue	Town Revenue		B. L. Funded Replmt.	Town Funded Replmt.
Assets and Reserves	$1,652,776	$15,215,058	$8,602,852				$494,963	$1,796,134
				$83,242	$483,406	Availability		
Revenue	$284,854	$1,901,305	$1,901,305	$201,612	$1,417,899	Usage		
Equivalent Meters	636	3,579	3,579	$284,854	$1,901,305	Total Revenue	636	3,579
$s/Meter	$448	$531	$531				$778	$502
$s Revenue per $ of Assets & Reserves	$0.1723	$0.1250	$0.2210				($276)	($989,200)
							Delta Town minus B. L.	Delta times # Town meters

3-12-08
Larry V.

Nipomo Community Services District

Scenario Summary

ID	2760
Label	MDD+FF @ J-126 No Pumps
Notes	
Active Topology	<I> 2504: ExNetwork
Physical	<I> 2479: Calibrated
Demand	<I> 2538: FF@J-126 (Champions Ln)
Initial Settings	2640: NoPumps
Operational	2629: NoControl
Age	<I> 28: Base-Age Alternative
Constituent	<I> 29: Base-Constituent
Trace	<I> 30: Base-Trace Alternative
Fire Flow	<I> 31: Base-Fire Flow
Flushing	<I> 2759: Base Flushing
Energy Cost	<I> 32: Base-Energy Cost
Transient	<I> 2758: Base HAMMER
Pressure Dependent Demand	<I> 33: Base Pressure Dependent Demand
User Data Extensions	<I> 34: Base-User Data
Steady State/EPS Solver Calculation Options	<I> 35: SteadyState
Transient Solver Calculation Options	<I> 2757: Base

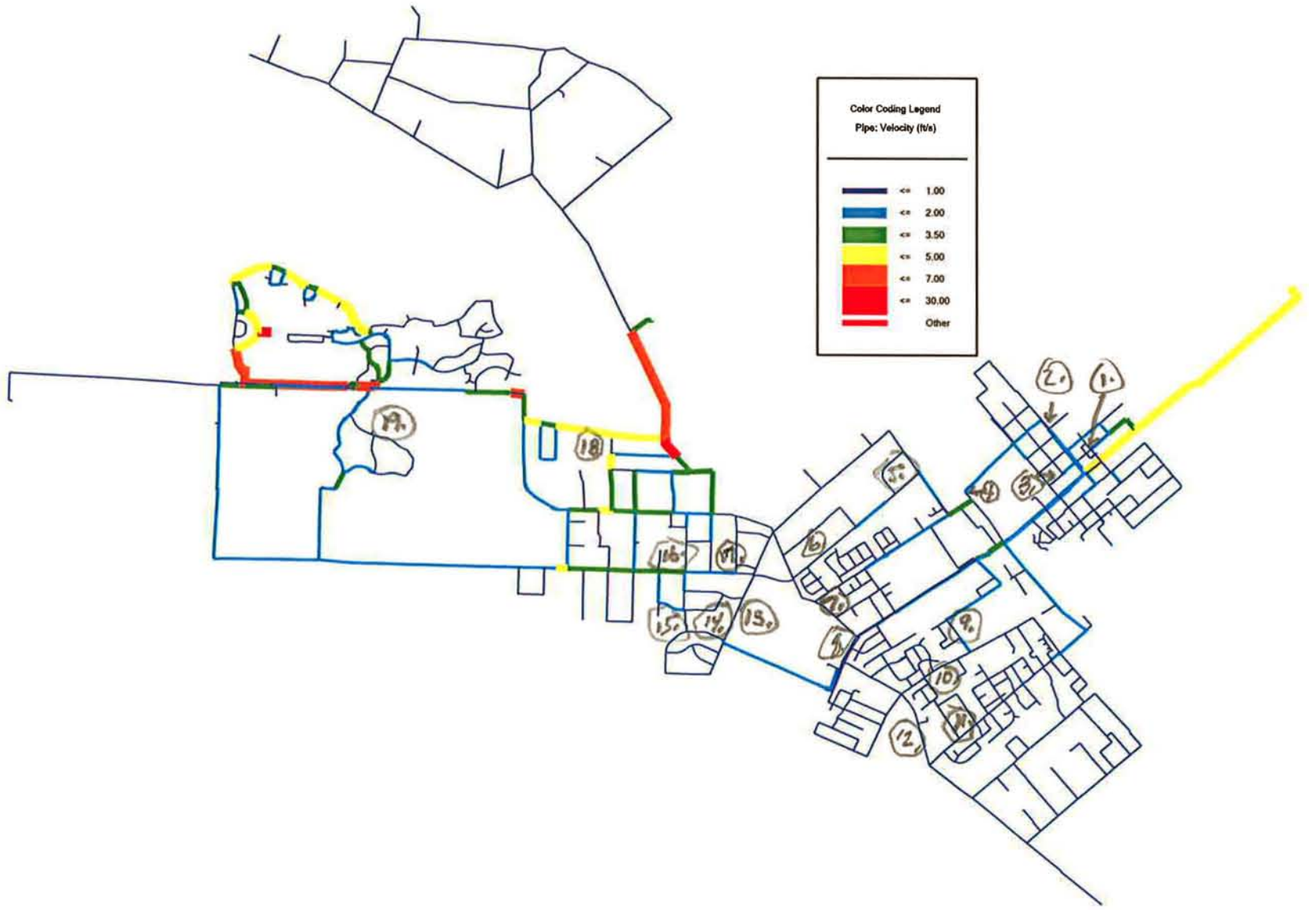
Hydraulic Summary

Time Analysis Type	Steady State	Use Simple Controls?	True
Friction Method	Hazen-Williams	Is EPS Snapshot?	False
Accuracy	0.001	Start Time	12:00:00 AM
Trials	40		

Water Quality (Advanced)

Calculation Type	Hydraulics Only

Nipomo Community Services District



NCSD
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

Id	Label	Start Node	Stop Node	Count By	Diameter (in)	Material	Flow (gpm)	Velocity (ft/s)	Length (User Defined) (ft)
				Diameter					
1045	3437	434: J-199	374: J-2506		6	Asbestos Cement	114.97	1.3	6
1052	3402	934: J-149	426: J-804		6	Asbestos Cement	-99.46	1.13	295
1095	2255	172: J-1278	495: J-3215		6	Asbestos Cement	105.15	1.19	339
1110	3175	272: J-3252	717: J-3592		6	Asbestos Cement	-234.65	2.66	1
1204	917	256: J-5139	398: J-5236		6	PVC	-134.14	1.52	1
1351	5091	557: J-5201	528: J-2885		6	Asbestos Cement	304.63	3.46	441
1393	1485	702: J-1359	582: J-2311		6	Asbestos Cement	-100.41	1.14	803
1426	3509	587: J-1658	654: J-1867		6	Asbestos Cement	111.61	1.27	10
1427	117	557: J-5201	768: J-1726		6	Asbestos Cement	-306.70	3.48	349
1430	3485	796: J-3039	528: J-2885		6	Asbestos Cement	-144.30	1.64	1
1443	1224	100: J-1371	102: J-713		6	PVC	-91.92	1.04	1
1445	2553	730: J-3068	452: J-3377		6	Asbestos Cement	93.52	1.06	649
1520	3309	384: J-65	324: J-1140		6	Asbestos Cement	-125.00	1.42	470
1551	3129	272: J-3252	598: J-2250		6	Asbestos Cement	94.94	1.08	1
1575	2374	747: J-2922	673: J-3255		6	Asbestos Cement	94.01	1.07	1
1576	3366	689: J-1267	414: J-1834		6	Asbestos Cement	-96.41	1.09	436
1586	3358	895: J-1144	426: J-804		6	Asbestos Cement	102.54	1.16	1
1618	3486	528: J-2885	611: J-1688		6	Asbestos Cement	155.25	1.76	1
1634	3367	414: J-1834	728: J-802		6	Asbestos Cement	-95.90	1.09	50
1653	2621	269: J-1391	240: J-422		6	PVC	-180.15	2.04	1
1679	1604	594: J-2107	582: J-2311		6	PVC	116.31	1.32	404
1723	901	398: J-5236	164: J-268		6	PVC	-135.24	1.53	329
1746	3109	848: J-2050	228: J-1124		6	Asbestos Cement	250.86	2.85	1
1759	106	478: J-1816	262: J-1293		6	Asbestos Cement	-107.62	1.22	465
1769	3522	568: J-931	448: J-941		6	Asbestos Cement	92.19	1.05	371
1793	1594	723: J-287	308: J-2079		6	PVC	-107.60	1.22	353
1817	2791	384: J-65	727: J-66		6	Asbestos Cement	122.60	1.39	4
1822	2215	523: J-776	228: J-1124		6	Asbestos Cement	-249.49	2.83	1
1848	228	569: J-1030	951: J-1099		6	PVC	-234.81	2.66	23
1884	3149	272: J-3252	97: J-3240		6	PVC	129.63	1.47	915
1896	230	569: J-1030	950: J-2636		6	PVC	97.63	1.11	22
1916	3107	226: J-3431	848: J-2050		6	Asbestos Cement	340.29	3.86	342
1921	3482	796: J-3039	262: J-1293		6	Asbestos Cement	108.76	1.23	1
1925	2602	240: J-422	817: J-1364		6	Asbestos Cement	-229.31	2.6	198
1946	3087	598: J-2250	752: J-323		6	PVC	177.93	2.02	1058
1970	1280	930: J-1272	288: J-3409		6	Asbestos Cement	-165.60	1.88	43
1978	3407	701: J-1160	934: J-149		6	Ductile Iron	-192.29	2.18	5

NCSD
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SCENARIO MDD+FF @ J-126 (Champions Lane)

1979	3393	306: J-1848	934: J-149		6	Asbestos Cement	92.83	1.05	456
				6" Count	**38**				**8848**
1006	3066	743: J-277	823: J-4977		8	PVC	185.19	1.18	73
1015	2075	489: J-2256	198: J-769		8	Asbestos Cement	204.08	1.3	416
1019	399	832: J-5231	526: J-3140		8	PVC	307.35	1.96	1
1047	3065	642: J-240	743: J-277		8	Asbestos Cement	-504.80	3.22	396
1058	3892	763: J-83	355: J-5237		8	Asbestos Cement	-894.55	5.71	340
1082	3027	698: J-4286	179: J-5292		8	Asbestos Cement	-226.33	1.44	1800
1087	3385	728: J-802	731: J-248		8	Asbestos Cement	-200.70	1.28	355
1103	3417	223: J-2718	478: J-1816		8	Asbestos Cement	-289.41	1.85	39
1107	2296	834: J-744	97: J-3240		8	Asbestos Cement	-338.42	2.16	1
1153	393	508: J-540	886: J-304		8	PVC	310.40	1.98	379
1158	3097	544: J-380	84: J-2274		8	PVC	742.87	4.74	490
1189	2077	691: J-4552	489: J-2256		8	Asbestos Cement	214.85	1.37	256
1196	3100	84: J-2274	309: J-424		8	PVC	739.63	4.72	1
1238	354	898: J-5250	360: J-412		8	PVC	171.55	1.09	257
1285	3056	743: J-277	503: J-1253		8	Asbestos Cement	-698.19	4.46	243
1304	222	603: J-1504	533: J-15		8	PVC	160.08	1.02	449
1321	297	842: J-76	847: J-1243		8	PVC	-337.12	2.15	1
1325	3819	134: J-82	763: J-83		8	Asbestos Cement	-449.56	2.87	4
1330	3051	642: J-240	319: J-4946		8	PVC	-171.82	1.1	942
1357	3123	309: J-424	503: J-1253		8	PVC	737.63	4.71	1
1363	3816	744: J-4126	361: J-2321		8	Asbestos Cement	-448.87	2.87	28
1368	1895	650: J-1641	853: J-550		8	Asbestos Cement	-168.76	1.08	1
1384	1553	389: J-259	594: J-2107		8	PVC	161.86	1.03	33
1398	312	842: J-76	719: J-5110		8	PVC	174.26	1.11	259
1400	2180	574: J-3203	562: J-2812		8	Asbestos Cement	-471.30	3.01	313
1416	1873	637: J-812	555: J-5251		8	Asbestos Cement	174.20	1.11	248
1450	1872	420: J-5071	637: J-812		8	Asbestos Cement	265.19	1.69	1
1514	2238	562: J-2812	90: J-2201		8	Asbestos Cement	-477.14	3.05	354
1529	134	590: J-225	346: J-473		8	PVC	-447.30	2.86	61
1537	315	719: J-5110	898: J-5250		8	PVC	172.86	1.1	1
1556	2085	574: J-3203	781: J-2061		8	Asbestos Cement	227.50	1.45	1
1572	2221	523: J-776	171: J-2092		8	Asbestos Cement	-321.49	2.05	543
1573	2185	90: J-2201	523: J-776		8	Asbestos Cement	-564.37	3.6	1
1578	3379	478: J-1816	728: J-802		8	Asbestos Cement	-182.13	1.16	365
1601	135	519: J-226	763: J-83		8	PVC	-444.90	2.84	1085
1605	2359	97: J-3240	747: J-2922		8	Asbestos Cement	-212.16	1.35	1
1608	1722	441: J-461	353: J-573		8	Asbestos Cement	167.49	1.07	231

NCSD
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SCENARIO MDD+FF @ J-126 (Champions Lane)

1619	350	804: J-871	360: J-412		8	PVC	-170.17	1.09	467
1643	2177	179: J-5292	574: J-3203		8	Asbestos Cement	-235.09	1.5	502
1668	1845	377: J-1015	555: J-5251		8	Asbestos Cement	-173.34	1.11	1
1700	2150	781: J-2061	691: J-4552		8	Asbestos Cement	219.37	1.4	1
1701	2132	171: J-2092	752: J-323		8	Asbestos Cement	-543.33	3.47	1
1702	3032	651: J-2721	642: J-240		8	Asbestos Cement	-672.68	4.29	377
1751	3543	731: J-248	348: J-3031		8	Asbestos Cement	200.76	1.28	49
1770	3818	361: J-2321	134: J-82		8	Asbestos Cement	-448.94	2.87	10
1779	3029	698: J-4286	651: J-2721		8	Ductile Iron	-672.65	4.29	1
1787	2148	752: J-323	834: J-744		8	Asbestos Cement	-372.11	2.38	1
1800	3158	544: J-380	814: J-1589		8	PVC	1139.69	7.27	165
1814	5146	346: J-473	744: J-4126		8	PVC	-447.77	2.86	826
1839	327	842: J-76	696: J-566		8	PVC	161.64	1.03	851
1843	3067	823: J-4977	319: J-4946		8	PVC	176.72	1.13	330
1863	400	886: J-304	832: J-5231		8	PVC	308.59	1.97	1
1880	3544	348: J-3031	324: J-1140		8	Asbestos Cement	163.82	1.05	360
1900	2629	853: J-550	269: J-1391		8	Ductile Iron	-179.15	1.14	1
1926	372	508: J-540	804: J-871		8	PVC	-168.13	1.07	402
1944	1884	893: J-3135	650: J-1641		8	Asbestos Cement	-161.19	1.03	971
1950	5049	951: J-1099	377: J-1015		8	Asbestos Cement	-251.36	1.6	1038
1986	3421	938: J-1127	223: J-2718		8	Asbestos Cement	-184.91	1.18	472
1987	101	938: J-1127	258: J-1240		8	Asbestos Cement	174.91	1.12	215
2045	P-848	171: J-2092	961: J-6075		8	PVC	218.99	1.4	796
2046	P-849	961: J-6075	213: J-256		8	PVC	205.71	1.31	732
				8" Count	**61**				**18540**
1098	3611	146: J-5211	768: J-1726		10	Asbestos Cement	1058.66	4.32	1856
1181	4329	974: Quad Ta	626: J-1383		10	Asbestos Cement	1058.66	4.32	50
1366	4324	626: J-1383	195: J-18		10	Asbestos Cement	1058.66	4.32	119
1441	4356	210: J-4870	899: J-4956		10	Asbestos Cement	1058.66	4.32	975
1460	3966	899: J-4956	146: J-5211		10	Asbestos Cement	1058.66	4.32	1
1999	4345	195: J-18	943: J-3133		10	Asbestos Cement	1058.66	4.32	10
2000	4348	943: J-3133	210: J-4870		10	Asbestos Cement	1058.66	4.32	129
1667	2191	416: J-5217	198: J-769		10	Asbestos Cement	-1003.49	4.1	269
1337	5092	768: J-1726	800: J-3163		10	Asbestos Cement	937.89	3.83	529
1014	3496	800: J-3163	130: J-3175		10	Asbestos Cement	934.41	3.82	1
1212	3510	731: J-248	130: J-3175		10	Asbestos Cement	-933.79	3.81	1
1114	2164	524: J-2177	175: J-2226		10	Asbestos Cement	-829.88	3.39	291
1604	2160	235: J-763	524: J-2177		10	Asbestos Cement	-822.01	3.36	1
1516	3184	814: J-1589	488: J-3558		10	Asbestos Cement	819.96	3.35	1

NCSD
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SCENARIO MDD+FF @ J-126 (Champions Lane)

1773	3170	488: J-3558	547: J-4503	10	Asbestos Cement	819.42	3.35	1
1289	3169	547: J-4503	717: J-3592	10	Asbestos Cement	818.38	3.34	340
1703	2113	198: J-769	235: J-763	10	Asbestos Cement	-806.71	3.3	20
1080	2135	645: J-257	213: J-256	10	Asbestos Cement	-802.24	3.28	20
1558	2166	175: J-2226	151: J-2227	10	Asbestos Cement	-697.90	2.85	1
1664	3638	687: J-49	143: J-319	10	Asbestos Cement	651.67	2.66	1434
1130	3701	143: J-319	404: J-1305	10	Asbestos Cement	651.66	2.66	17
1055	2590	846: J-1514	740: J-1748	10	Asbestos Cement	-648.71	2.65	335
1856	2119	151: J-2227	645: J-257	10	PVC	-638.06	2.61	665
1722	1471	296: J-2067	702: J-1359	10	Asbestos Cement	-616.91	2.52	38
1899	2686	740: J-1748	396: J-5255	10	Asbestos Cement	-613.80	2.51	365
1140	1468	213: J-256	296: J-2067	10	Ductile Iron	-599.03	2.45	21
1895	3167	717: J-3592	769: J-5274	10	Asbestos Cement	581.81	2.38	578
1962	2308	769: J-5274	150: J-2208	10	Asbestos Cement	581.15	2.37	1
1674	3362	638: J-1663	731: J-248	10	Asbestos Cement	-531.64	2.17	49
1849	1591	702: J-1359	723: J-287	10	Asbestos Cement	-520.01	2.12	295
1874	4953	703: J-1531	846: J-1514	10	Asbestos Cement	-519.42	2.12	1
1438	2720	180: J-3411	137: J-2748	10	Asbestos Cement	463.67	1.89	558
2371	P-3315	817: J-1364	2370: J-8490	10	Asbestos Cement	-438.23	1.79	931
2372	P-3316	2370: J-8490	234: J-2507	10	Asbestos Cement	-438.23	1.79	931
2029	2259	172: J-1278	150: J-2208	10	PVC	-419.60	1.71	15
1323	1938	119: J-1057	137: J-2748	10	Asbestos Cement	-416.89	1.7	326
1706	1592	723: J-287	905: J-2809	10	Asbestos Cement	-416.83	1.7	28
1781	1935	221: J-1503	119: J-1057	10	Asbestos Cement	-401.04	1.64	631
1967	1998	221: J-1503	255: J-1270	10	Asbestos Cement	394.87	1.61	907
1053	5026	234: J-2507	880: J-580	10	Asbestos Cement	-384.09	1.57	1
1118	2673	292: J-866	703: J-1531	10	Asbestos Cement	-371.53	1.52	352
1437	2592	405: J-4309	292: J-866	10	Asbestos Cement	-368.55	1.51	209
1022	2593	349: J-2027	405: J-4309	10	Asbestos Cement	-360.35	1.47	692
1691	5027	939: J-1131	139: J-1149	10	Asbestos Cement	342.36	1.4	61
1129	3324	695: J-5031	638: J-1663	10	Asbestos Cement	-342.24	1.4	146
1524	1585	905: J-2809	869: J-2102	10	Asbestos Cement	-340.65	1.39	627
2040	P-889	695: J-5031	641: J-1720	10	Ductile Iron	339.55	1.39	288
1185	2919	139: J-1149	880: J-580	10	Asbestos Cement	339.20	1.39	10
1803	5036	465: J-4997	641: J-1720	10	Asbestos Cement	-338.32	1.38	74
1646	255	142: J-771	194: J-477	10	PVC	338.31	1.38	1
1468	301	194: J-477	163: J-689	10	PVC	338.31	1.38	1
1414	300	163: J-689	847: J-1243	10	PVC	337.75	1.38	1
1177	5033	238: J-5001	465: J-4997	10	Asbestos Cement	-337.10	1.38	1
1990	5032	940: J-3468	238: J-5001	10	Asbestos Cement	-336.40	1.37	114

NCSD
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

1102	2526	776: J-1039	844: J-1609		10	Asbestos Cement	-332.30	1.36	79
1449	2559	676: J-2097	776: J-1039		10	Asbestos Cement	-330.37	1.35	1
995	3186	814: J-1589	431: J-3537		10	Asbestos Cement	319.71	1.31	1
999	3092	431: J-3537	161: J-3543		10	Asbestos Cement	317.34	1.3	1
1188	3094	161: J-3543	599: J-4277		10	Asbestos Cement	309.51	1.26	1
1684	2258	747: J-2922	172: J-1278		10	PVC	-309.12	1.26	639
1872	5017	869: J-2102	427: J-2308		10	Asbestos Cement	-306.87	1.25	661
1581	3095	599: J-4277	226: J-3431		10	Asbestos Cement	303.93	1.24	361
1991	2841	940: J-3468	939: J-1131		10	Asbestos Cement	290.94	1.19	24
1689	3472	414: J-1834	638: J-1663		10	PVC	-290.89	1.19	327
1749	3369	604: J-1705	414: J-1834		10	PVC	-288.92	1.18	404
1949	3413	937: J-1865	604: J-1705		10	PVC	-285.04	1.16	454
1753	2524	844: J-1609	349: J-2027		10	Asbestos Cement	-282.01	1.15	462
1251	4819	147: J-1798	910: J-980		10	Asbestos Cement	-279.87	1.14	16
1609	1307	910: J-980	255: J-1270		10	Asbestos Cement	-264.71	1.08	179
1463	3260	944: J-1049	863: J-4741		10	PVC	-261.26	1.07	890
1919	5441	923: J-1564	701: J-1160		10	PVC	257.89	1.05	29
1631	5165	459: J-531	504: J-1454		10	PVC	-256.60	1.05	70
1616	3428	425: J-1357	123: J-548		10	PVC	256.52	1.05	211
1666	2468	260: J-4354	676: J-2097		10	Asbestos Cement	-253.05	1.03	1
1298	2521	260: J-4354	665: J-1074		10	Asbestos Cement	250.07	1.02	268
				10" Count	**75**				**20398**
1070	3918	851: J-972	291: J-1447		12	PVC	1884.04	5.34	926
1106	3905	291: J-1447	646: J-223		12	PVC	1884.04	5.34	1089
1859	3920	646: J-223	510: J-2823		12	PVC	1884.04	5.34	70
1835	3152	510: J-2823	544: J-380		12	PVC	1884.04	5.34	822
1126	4343	340: J-28	473: J-1482		12	PVC	1496.99	4.25	154
1305	3959	430: J-5213	192: J-5018		12	PVC	1496.99	4.25	1
1481	3599	732: J-5024	239: J-563		12	PVC	1496.99	4.25	921
1542	3957	192: J-5018	732: J-5024		12	PVC	1496.99	4.25	1
1673	3961	395: J-447	430: J-5213		12	PVC	1496.99	4.25	1
1804	4342	974: Quad Tai	340: J-28		12	PVC	1496.99	4.25	7
1831	3975	473: J-1482	395: J-447		12	PVC	1496.99	4.25	2031
1067	3497	239: J-563	584: J-321		12	PVC	1306.43	3.71	1747
1697	3033	653: J-4424	698: J-4286		12	Asbestos Cement	-895.90	2.54	48
1648	3821	355: J-5237	653: J-4424		12	Asbestos Cement	-895.23	2.54	227
1600	5136	420: J-5071	877: J-5072		12	PVC	-799.73	2.27	1
1726	19	92: J-3952	164: J-268		12	PVC	528.67	1.5	194
1148	3285	615: J-3895	632: J-2584		12	PVC	472.22	1.34	1

NCSD
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

1395	3286	632: J-2584	779: J-3372		12	PVC	472.22	1.34	1
1458	3466	701: J-1160	615: J-3895		12	Ductile Iron	472.22	1.34	1
1622	3284	779: J-3372	813: J-2568		12	PVC	472.22	1.34	1
1692	3282	813: J-2568	178: J-1138		12	PVC	472.22	1.34	1
1274	5440	178: J-1138	792: J-3464		12	PVC	471.45	1.34	21
1820	7	164: J-268	85: J-4858		12	PVC	387.29	1.1	1
1009	60	504: J-1454	85: J-4858		12	PVC	-363.78	1.03	523
				12" Count	**24**				**8790**
993	P-854	318: J-6067	526: J-3140		14	Asbestos Cement	-1194.44	2.49	485
1548	3813	128: J-5287	519: J-226		14	Asbestos Cement	-891.56	1.86	997
2032	3720	526: J-3140	128: J-5287		14	Asbestos Cement	-887.51	1.85	1465
2048	P-861	929: J-6069	318: J-6067		14	Asbestos Cement	-713.42	1.49	73
1727	3636	404: J-1305	325: J-5281		14	Asbestos Cement	651.44	1.36	862
2022	P-860	325: J-5281	929: J-6069		14	Asbestos Cement	647.24	1.35	651
				14" Count	**6**				**4533**
1025	4300	664: J-1251	851: J-972		16	PVC	2094.04	3.34	1
1442	4311	976: Stand Pi	664: J-1251		16	PVC	2094.04	3.34	1
1312	77	382: J-1664	520: J-590		16	PVC	-1207.91	1.93	67
1046	75	424: J-5289	382: J-1664		16	PVC	-1206.69	1.93	1
2374	P-3317	180: J-3411	2373: J-8491		16	PVC	-1205.66	1.92	648
2375	P-3318	2373: J-8491	424: J-5289		16	PVC	-1205.66	1.92	648
1000	76	520: J-590	584: J-321		16	PVC	-1203.76	1.92	876
1104	5439	808: J-2135	416: J-5217		16	Ductile Iron	-1000.44	1.6	152
1286	2058	494: J-292	733: J-2137		16	Ductile Iron	-990.89	1.58	21
1124	2032	855: J-2116	494: J-292		16	Ductile Iron	-990.89	1.58	17
2126	P-3298	2124: J-8476	855: J-2116		16	Ductile Iron	-990.89	1.58	2533
2125	P-3297	142: J-771	2124: J-8476		16	Ductile Iron	-990.89	1.58	2533
1132	5386	733: J-2137	808: J-2135		16	Ductile Iron	-924.24	1.47	255
1560	5133	180: J-3411	877: J-5072		16	PVC	799.73	1.28	526
1960	5008	492: J-2059	142: J-771		16	Ductile Iron	-652.58	1.04	2700
1013	2015	507: J-692	492: J-2059		16	Ductile Iron	-652.58	1.04	1828
1523	3010	578: J-50	507: J-692		16	PVC	-652.58	1.04	1608
2119	P-3294	2117: J-8475	578: J-50		16	PVC	-652.58	1.04	1036
2118	P-3293	687: J-49	2117: J-8475		16	PVC	-652.57	1.04	1036
				16" Count	**19**				**16487**
				Grand Count	**223**				**77596**

MAP # CONNECTOR LINES SUPPLYING WATER TO BLACKLAKE

	REACH	FEET
1	Branch from Avocado to Thompson	600
2	Thompson from Dahlia to Sea	300
3	Branch from Burton to Mallagh	450
4	Oakglen from Juniper Extension to Sea	300
5	Camino Caballo from No Frontage to Linden	500
6	Camino Caballo from Inga to Quail Oaks	5000
7	Juniper from Crosby to Pomeroy	1300
8	Tefft from Gardenia to Orchard	1900
9	Blume from Hill to Mid-Block	500
10	Grande from Blume to Orchard	2100
11	Division from Frontage to Orchard	4200
12	Orchard from Division to Tefft	3700
13	Osage from Charro to Camino Caballo	1900
14	Charro from Osage to Red Gum	1100
15	Red Gum from Charro to Camino Robles	1000
16	Red Gum from Camino Caballo to Mid Block	700
17	Sweet Gum from Camino Caballo to Mid Block	700
18	Amber Way from Ridge to Live Oak	500
19	Black Lake Cyn around the inner loop	2400
	TOTAL	29150

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2008-_____

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT ADDING CHAPTER 3.40 TO THE DISTRICT CODE MERGING TOWN DIVISION AND BLACKLAKE WATER DIVISION

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to:

A. Operate and maintain its water production and distribution facilities so as to provide adequate fire protection and water service to District water customers;
B. Maintain adequate levels of revenue, equitably collected from District water customers, to meet the District's financial commitments including operation, maintenance, replacement and administrative costs of District's water production and distribution facilities; and

WHEREAS, the District operates two (2) water divisions, commonly known as the Town Division and the Blacklake Water Division. Each division shares prorata in certain common costs related to District operations including water, sewer and solid waste services; and

WHEREAS, the Town Water System, by design, uses water tanks and a gravity water system to provide water pressure for potable water and fire protection; and

WHEREAS, the Blacklake Water System, by design, uses a hydro-pneumatic pump station that includes tanks and variable speed pumps (collectively "Booster Station") to provide water pressure for potable water and fire protection; and

WHEREAS, on or about June 8, 2005, the District adopted Ordinance 2005-03 that adopted rates and charges for the operation and maintenance of the two water systems. The Differential Rates and Charges are identified in Appendix "A" to Chapter 3.03 of the District Code. Appendix "A" is attached hereto as Exhibit "A" and incorporated herein by this reference; and

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WHEREAS, the Booster Pump Station requires major reconstruction as reported to the District Board of Directors on October 25, 2006, "all three pumps are worn out, the hydro-pneumatic tank is unreliable and the plumbing is ineffective"; and

WHEREAS, to address the immediate need to provide Blacklake residents with potable water and fire protection, the District constructed a second and larger intertie between the Town Division and the Blacklake Division in July of 2006; and

WHEREAS, the Blacklake Water Pump Station has been inactive since July, 2006, with Blacklake water customers being supplied with water service and fire protection through the newly constructed intertie; and

WHEREAS, on February 12, 2007, the District received a Memorandum from Boyle Engineering titled Comparative Analysis of Blacklake Supply Options that included three (3) alternatives as follows:

1. Stand Alone System – rehabilitate and upgrade the major components of the Blacklake Water System; or

2. Merge – merge the two Water Systems; or

3. Hybrid System – reconstruct portions of the Blacklake Water System to meet

average daily flows with peak flows and fire flows being met by the interconnection; and

WHEREAS, the February 12, 2007, Boyle Comparative Analysis made the following findings and recommendations:

1. That the Town Division could reliably supply fire flows and domestic service to the Blacklake Division; and

2. That the systems be merged on the basis of costs savings related to reconstructing the Blacklake Water Facilities; and

WHEREAS, on September 7, 2007, at the District's request, the Reed Group, Inc. provided the District with a report titled Nipomo Community Services District Combined Water Rates System Financial Plan and User Rates (herein the "Report"). The Report concluded, based on an analysis of the difference in value of the two (2) water system assets and financial resources, that a Blacklake Equity Surcharge (buy-in) at one million sixty three thousand three hundred ninety-two dollars ($1,063,392)) (lump sum) should be paid for permanently connecting the Blacklake to the Town Division Water Facility; and

Deleted: 1.06 million dollars

WHEREAS, the District Board of Directors reduced the one million sixty thousand three hundred ninety-two dollars ($1,063,392) buy-in in recognition that the Town Division Fund includes approximately seventy-five thousand six hundred sixty-two dollars ($75,662) in grants for the Tefft Street Project. Therefore, adjusting the fund calculation for the Town Division, the lump sum equity buy-in is set at one million fifty thousand thirty-six dollars ($1,050,036); and

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WHEREAS, the Board of Directors has considered several methods of amortizing the one million fifty thousand thirty-six dollars ($1,050,036) lump sum equity buy-in over time and finds that using the Rate Differential of existing and future rates as adopted by District Ordinance 2005-03 provides an equitable formula for the payment of the buy-in amount over; and

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WHEREAS, based upon facts and analysis presented by the Technical Reports, the Study, the Staff Report, and public testimony received, the Board of Directors finds:

A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act);

B. The adoption of this Ordinance does not increase water rates.

C. Using the differential rates as established by Ordinance 2005-03, until such time as the buy-in charge is paid in full, establishes an an equitable means of spreading the buy-in costs among the Blacklake water customers.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the District as follows:

Section 1. Merger

Chapter 3.40, titled Merger of District Water Divisions, attached hereto as Exhibit "B", and incorporated herein by this reference is hereby approved, adopted and added to the District Code.

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Section 2. Budget Adjustment – Second Intertie

The District Staff is directed to return to the Board with a budget adjustment, for a second intertie at Misty Glen Road that will:

A. Assure redundancy of the connection of the two (2) systems; and
B. Provide a means of looping of the two (2) systems.

Section 3. Accounting

For accounting purposes:

A. Blacklake Division Water Fund Account 140 and Town Division Water Fund Account 120 will be combined into a single fund; and
B. Blacklake Division Accounts and Town Division Accounts will be operated under a single accounting system effective July 1, 2008.

Section 4. Incorporation of Recitals

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and support the findings of the District in support of this Ordinance.

Section 5. Effect of Repeal on Past Actions and Obligations.

This Ordinance does not affect prosecutions for Ordinance violations committed prior to the effective date of this Ordinance, does not waive any fee or penalty due and unpaid on the effective date of this Ordinance, and does not affect the validity of any bond or cash deposit posted, filed or deposited pursuant to the requirements of any Ordinance.

Section 6. Severance Clause.

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

Section 7. Effect of Headings in Ordinance.

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 8. Effective Date.

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage. Before the expiration of fifteen (15) days after passage it shall be published once in the with the names of the members of the Board of Directors voting for and against the Ordinance in the 5-Cities Times-Press Recorder and the Tribune.

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Introduced at its regular meeting of the Board of Directors held on _____, 2008 and passed and adopted by the Board of Directors of the Nipomo Community Services District on the _____ day of _____, 2008 by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

CONFLICTS:

_____
Michael Winn, President
Nipomo Community Services District
Board of Directors

ATTEST:

_____
DONNA K. JOHNSON
Secretary to the Board

APPROVED AS TO FORM:

_____
JON S. SEITZ
District Legal Counsel

Exhibit "B" to Blacklake Merger Ordinance

Draft 03-13-08

Nipomo Community Services District Draft Ordinance
Chapter 3.40
Merger of District Water Divisions

3.40.010 Merged Water System

A. The District's Town Division water system and the Blacklake Division water system are hereby merged into a single water division known as the Nipomo Community Services District Water System or the District Water System.

B. The water system intertie constructed at June, 2006, is hereby declared a permanent connection.

C. The Blacklake projects known as the Blacklake Booster Station and the Blacklake Hydro-Pneumatic Tank are no longer required and are hereby abandoned.

3.40.20 Equitable Adjustment

A. Definitions:

1. **Differential Rates** means the difference between existing and future Blacklake and Town Division water rate structure established by District Ordinance 2005-03.
2. **Equitable Buy-In Charge** means the difference between the Town Division's current investment in the District Water System and the Blacklake Division's investment in the District Water System based on the 2006 Audited Financial Report.
3. **District Water System Capital Facilities** means and includes the District Water System capital facilities such as water tanks and distribution system.

B. There is hereby established an Equitable Buy-In Charge of one million fifty thousand thirty-six dollars ($1,050,036), constituting Blacklake Water Division's buy-in for connecting to the District Water System Capital Facilities.

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C. The Equitable buy-In Charge shall be paid, with interest accumulating at five percent (5%) per annum, to the District Water System from the Differential Rates until paid in full (approximately 23 years).

3.40.030 Rates and Charges

A. Upon the full reimbursement of the Equitable Buy-In Charge the Differential Rates shall terminate and the District Water System shall be operated under a single combined rate structure.

B. District Water System rates and charges shall be adjusted from time to time pursuant to the provisions of Article XIII D of the California Constitution (commonly known as Proposition 218).

NIPOMO COMMUNITY SERVICES DISTRICT
SUMMARY OF WATER SYSTEM ASSETS AND FINANCIAL RESERVES AS OF JUNE 30, 2006

	TOWN DIVISION				BLACKLAKE DIVISION		
	Water Operating Fund Town (Fund 120)	Water Capacity (Fund 700)	Funded Depreciaiton Town Water (Fund 800)	Town Division Totals	Water Operating Blacklake (Fund 140)	Funded Depreciation Blacklake (Fund 820)	Blacklake Division Totals
Water System Assets							
1520 - Water-Pumping	1,598,264	774,742	192,373	2,565,379	1,576,268	39,670	1,615,938
1525 - Water-Transmission	1,157,964	1,238,291		2,396,255			0
1530 - Water Distribution	475,714	79,365	116,603	671,682	68,047	2,749	70,796
1535 - Water Contributed	6,147,216			6,147,216	505,732		505,732
1540 - Buildings	55,188			55,188			0
1545 - Machinery & Equipment	82,129			82,129	9,800	30,645	40,445
1550 - Computer Equipment	65,759		126,822	192,581	7,442		7,442
1555 - Office Furniture & Fixtures	9,310			9,310			0
1560 - Land & Land Rights	43,500	235,739		279,239			0
1570 - Vehicles	102,507			102,507	15,687		15,687
1590 - Work in Process		30,125		30,125		13,593	13,593
1595 - Accumulated Depreciation	(4,396,254)	(371,827)	(33,851)	(4,801,932)	(1,103,130)	(4,104)	(1,107,234)
Book Value of water System Assets	5,341,297	1,986,435	401,947	7,729,679	1,079,846	82,553	1,162,399
Removal of Old Town Laterals		(75,662)		(75,662)			
		1,910,773		7,654,017			
Financial Reserves							
1099 - Cash Balance	899,909	4,654,295	1,776,215	7,330,419	(25,287)	491,609	466,322
1210 - A/R - Utility Billing	36,852			36,852	30,479		30,479
1220 - Unbilled A/r-Utility Billing	331,000			331,000	29,000		29,000
1240 - Receivable - Other	9,902			9,902			0
2135 - Accrued Interest Receivable	10,750	51,732	19,919	82,401	90	5,514	5,604
2100 - Accounts Payable	(47,143)	(4,594)		(51,737)	(11,333)	(2,160)	(13,493)
2110 - Refunds Payable - MQ	(939)			(939)			0
2120 - Construction Meter Deposit	(11,500)			(11,500)			0
2130 - Compensated Absences Payable	(23,005)			(23,005)	(2,397)		(2,397)
2320 - Accrued Wages	(4,352)			(4,352)	(968)		(968)
2450 - Deposit - Pomeroy Water Line				0	(24,170)		(24,170)
2510 - Revenue Bonds - Current Portion	(9,000)			(9,000)			0
2610 - Revenue Bonds Payable	(129,000)			(129,000)			0
Financial Reserves	1,063,474	4,701,433	1,796,134	7,561,041	(4,586)	494,963	490,377
Total of Assets and Reserves	6,404,771	6,687,868	2,198,081	15,290,720	1,075,260	577,516	1,652,776
Removal of Old Town Laterals		(75,662)		(75,662)			
		6,612,206		15,215,058			
No. of Equivalent Meters				3579			636
					Recomputed removing Old Town Laterals		
Water System Assets per Equivalent Meter				~~2160~~	2,139		1828
Financial Reserves per Equivalent Meter				2112	2,112		772
				~~4272~~	4,251		2600

		Lump Sum per Reed Report		Recomputed removing Old Town Laterals	Difference (Lump Sum per Reed Report less Recomputed removing Old Town Laterals)
Blacklake Equity Surcharge ($/Eq. Meter)	(4,272 - 2,600)	~~1,672~~	(4,251 - 2,600)	1,651	21
Revenue Requirement	(1,672 * 636)	~~1,063,392~~	(1,651 * 636)	1,050,036	13,356

Principal Balance 1,050,036 (1,063,392 - 13,356)
Interest Rate 5%

	Principal & Interest	Annual Per Meter Equivalent	Bi-Monthly charge per Meter Equivalent
10 Years	135,984.47	213.81	35.64
11 Years	126,412.67	198.76	33.13
12 Years	118,470.74	186.27	31.05
13 Years	111,782.39	175.76	29.29
14 Years	106,078.80	166.79	27.80
15 Years	101,162.87	159.06	26.51
16 Years	96,886.73	152.34	25.39
17 Years	93,137.29	146.44	24.41
18 Years	89,826.61	141.24	23.54
19 Years	86,885.24	136.61	22.77
20 Years	84,257.61	132.48	22.08
21 Years	81,898.72	128.77	21.46
22 Years	79,771.77	125.43	20.90
23 Years	77,846.33	122.40	20.40