

NIPOMO COMMUNITY SERVICES DISTRICT

MONDAY, AUGUST 11, 2008

1:00 P. M.

SPECIAL MEETING NOTICE & AGENDA **SUPPLEMENTAL WATER PROJECT DESIGN & CONSTRUCTION** **COMMITTEE**

COMMITTEE MEMBERS

ED EBY, CHAIR
CLIFFORD TROTTER, MEMBER

PRINCIPAL STAFF

BRUCE BUEL, GENERAL MANAGER
LISA BOGNUDA, ASSIST. GENERAL MANAGER
DONNA JOHNSON, BOARD SECRETARY
JON SEITZ, GENERAL COUNSEL
PETER SEVCIK, DISTRICT ENGINEER

MEETING LOCATION

District Board Room
148 S. Wilson Street
Nipomo, California

1. **CALL TO ORDER, ROLL CALL AND FLAG SALUTE**
ACTION RECOMMENDED: None
2. **REVIEW STATUS OF SUPPLEMENTAL WATER DEVELOPMENT**
ACTION RECOMMENDED: Forward Recommendations to Board
3. **REVIEW PROPOSALS FOR WATERLINE INTERTIE PROJECT (WIP)
CONSTRUCTION MANAGEMENT & TIMING FOR RETENTION OF FIRM**
ACTION RECOMMENDED: Forward Recommendation to Board
4. **DISCUSS WIP CAPITAL/OPERATING COST, FINANCING OPTIONS,
DEBT SERVICE, CAPACITY CHARGE AND USER FEE ESTIMATES**
ACTION RECOMMENDED: Forward Recommendations to Board
5. **SET NEXT COMMITTEE MEETING**
ACTION RECOMMENDED: Set Time/Date for Next Committee Meeting
6. **ADJOURN**

*** End Special Meeting Notice ***

TO: COMMITTEE MEMBERS
FROM: BRUCE BUEL *BBB*
DATE: AUGUST 8, 2008



REVIEW SUPPLEMENTAL WATER DEVELOPMENT STATUS

ITEM

Review status of supplemental water development [Forward Recommendations to Board].

BACKGROUND – WATERLINE INTERTIE PROJECT

Staff and Boyle have held the kick off meeting and Boyle has finalized Technical Memorandum #7 regarding the choice of active wells (attached). Boyle has circulated a rough draft of the Pressure Reduction Alternatives Technical Memorandum, which is still under review. Boyle has assisted Lillian Jewell in securing right of entry agreements and Padre in securing permits.

Agreements with GTA and Paul Karp have been executed for Peer Review Services.

Staff is scheduled to summarize recent discussions with the City of Santa Maria regarding negotiation of a Final Agreement.

Staff has developed a rough project funding outline and secured information on the CSDA Finance Corporation (See Agenda Item 4).

DWA has summarized the feedback from the scoping process and is preparing the draft EIR. Doug Wood from DWA will attend the meeting and is available to discuss the scoping comments and answer questions regarding the Draft EIR (previously distributed).

BACKGROUND – DESALINATION

Staff is monitoring the progress of the South County Sanitation District regarding their desalination project and the City of Santa Barbara regarding the City's decision to sell a portion of their potential production. SCSD has yet to set a meeting to discuss their preliminary results, however, the Santa Barbara's City Council is considering a study on activation of the existing desalination works (See attached article). The Coastal Commission on August 6, 2008 did approve the Poseidon Proposal with conditions.

RECOMMENDATION

Staff recommends that the Committee receive the staff updates and provide feedback.

ATTACHMENTS

- Boyle Technical Memorandum re Residual Well Selection
- Article on Santa Barbara and Poseidon Proposals

MEMORANDUM

TO: Peter Sevcik, PE, Nipomo CSD

FROM: Malcolm McEwen, PE

SUBJECT: Waterline Intertie Project
Identification of wells for chloramination
Tech Memo 7 - Chloramination Systems

July 16, 2008

Identification of wells for chloramination

Because the supplemental water will contain chloramines, the District will convert its existing free chlorination treatment process to a chloramination system. This change in treatment will require the addition of ammonia injection at the wells, and the redesign of the chlorine feed systems because of the higher total chlorine residual typically maintained. This change will also require larger chlorine solution tanks and chemical feed pumps with greater capacities. Each well that is converted to chloramines will need online monitoring equipment to provide dosage control, as well as a building sized large enough to hold the two solution tanks and four chemical feed pumps (two primary and two backup).

In order to reduce costs, and because the introduction of supplemental water will reduce the need to pump groundwater, it may be possible to convert some of the District's wells to chloramine disinfection and reduce the use of the other wells. These other wells could be retired from service until such time as they were needed, or they could be operated periodically, using a portable chloramination system.

The purpose of this technical memorandum is to recommend District wells for conversion to chloramination. At this time the District has budgeted to construct four chloramination facilities and one portable system.

District Wells

Findings from the 2007 Water Master Plan Update and from recent pumping records are summarized below.

Location	Rated Capacity	2007 Production	Other Features
Eureka	820 - 965 gpm	761 AF	Well Building
Via Concha	700 - 800 gpm	750 AF	Well Building
Bevington	330 - 405 gpm	358 AF	Well Building
Olympic	110 - 150 gpm	17 AF	
Church	130 - 160 gpm	12 AF	inactive
Sundale	800 - 1,200 gpm	374 AF	Well Building Natural Gas Powered
Knollwood	210 - 270 gpm	259 AF	
Blacklake #3	120 - 210 gpm	90 AF	
Blacklake #4	300 - 450 gpm	233 AF	Recently refurbished
Dana #1	n/a		(construction incomplete)
Dana #2	n/a		(construction incomplete)

Need to Meet Maximum Day Demand

It is recommended that wells be selected for conversion to chloramination to meet the maximum daily demand of the District. In this way, the District will be able to provide water to its customers during times that the Intertie may be inoperative due to emergency operations in the City of Santa Maria, or due to maintenance or repair of the Intertie itself.

The maximum daily demand was estimated (in the 2007 Water Master Plan update) to be 4.53 MGD (3,152 gpm) in 2007, and is projected to grow to 9.47 MGD (6,575 gpm) in 2030.

Well Capacity used to Select Wells

The District has budgeted to install chloramination facilities at four wells, plus one portable unit, for a total of five wells. To determine which wells should receive the permanent chloramination equipment the wells were ordered from largest to smallest, based on the mid-value of their reported capacity, as shown below.

Location	Minimum reported Capacity (gpm)	Maximum Reported Capacity (gpm)	Average Reported Capacity (gpm)	Cumulative Minimum Capacity (gpm)	Cumulative Maximum Capacity (gpm)
Sundale	800	1200	1000	800	1200
Eureka	820	965	893	1620	2165
Via Concha	700	800	750	2320	2965
Blacklake #4	300	450	375	2620	3415
Bevington	330	405	368	2950	3820
Knollwood	210	270	240	3160	4090
Blacklake #3	120	210	165	3280	4300
Church	130	160	145	3410	4460
Olympic	110	150	130	3520	4610

Under this approach, Sundale, Eureka, Via Concha, and Blacklake #4 wells would be recommended for permanent chloramination facilities. Together these wells would produce between 2620 and 3415 gpm. With a portable unit operating at Bevington, between 2950 and 3820 gpm would be produced. It is very likely that this approach would produce sufficient water to meet the year 2007 maximum daily demand of 3,152 gpm.

Recommendations

In order to meet the existing maximum day demand (3,152 gpm) the District should install chloramination equipment at Sundale, Eureka, Via Concha, and Blacklake #4 wells.

Water Quality

Recent water quality data for key constituents from the Sundale, Eureka, Via Concha, and Blacklake #4 wells are summarized below.

Constituent	Units	MCL	Sundale Well	Eureka Well	Via Concha Well	Blacklake #4	Combined Wells	District Average 2007
Primary MCLs								
Test Date	m/d/y		1/16/08	3/19/08	3/19/08	3/19/08		
Nitrate	mg/L	45	17.7	5.7	13.1	6.2	11.6	7.4
Secondary MCLs								
Test Date	m/d/y		1/16/08	1/16/08	1/16/08	1/16/08		
Color		15	<5	<5	<5	10	<6	6
Hardness (total as CaCO3)	mg/L	n/a	421	147	411	222	313	311
Iron	µg/L	300	60	1660	60	840	630	650
Manganese	µg/L	50	<10	<10	<10	<10	<10	22
Sulfate	mg/L	500	305	96	300	167	225	186
Total Dissolved Solids	mg/L	1000	670	320	670	480	543	571

Also shown are the predicted values for these constituents if these wells were operating at their average reported capacity and the water were combined. Average water quality values for the District in 2007 are shown for comparison purposes.

Copy to: B. Buel
 M. Nunley

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**Santa Barbara Council Tables Decision on Desalination Plant
Noozhawk- 8/6/08
By ROB KUZNIA, STAFF WRITER**

Officials vote 3-2 in favor of spending \$122,000 for a study, then instead postpone the matter after learning that four yes votes are required to authorize the expenditure.

The Santa Barbara City Council on Tuesday tabled until next week a vote on whether to spend \$122,000 on a study that would look into the logistics of rebooting the long-dormant desalination plant that can convert ocean water into drinking water.

The decision came immediately after a technical mix-up: The council, with two members absent, voted 3-2 to fund the study. However, city attorney Steve Wiley pointed out that the city charter calls for a minimum of four yes votes when the item in question calls for spending taxpayer money.

The Charles Meyer Desalination Facility, at 525 Yanonali St., was built in 1991 for \$34 million — the equivalent of about \$75 million in today’s dollars — after voter approval amid a local drought that lasted five years. It was constructed in less than a year, and had been in operation for just two weeks when a spell of rain finally put an end to the drought.

Officials say that the main purpose of the plant, which has been offline since 1992, is to hedge against drought and catastrophes such as earthquakes, which potentially could destroy some of the infrastructure that brings state water to the Cachuma Lake reservoir.

They say that the timing of the proposal is unrelated to Gov. Arnold Schwarzenegger’s drought proclamation in June for the state of California, noting that the Cachuma Lake reservoir is virtually full, and as such has the ability to provide water to the area for five more dry years. Rather, the proposal is part of a comprehensive effort to update the city’s General Plan, they said.

Speaking to the council on Tuesday, city Water Resources Supervisor Bill Ferguson said there are no plans to reactivate the desalination plant, but added that a study would look at what would need to be done if circumstances called for bringing it back online.

Specifically, the proposed study is broken down into two portions. A \$74,000 phase-one study would assess the condition of the plant and investigate how much it would cost to fire it back up. A \$48,000 phase two would be a more general study of the technological changes that desalination plants have undergone in recent years.

The debate on Tuesday centered on several issues. Most skeptical of the proposal was Councilman Das Williams, who, along with Helene Schneider, voted against bankrolling the entire study.

Williams said the study is premature, and cited as one of his concerns the large amount of energy required to operate a desalination plant.

“All of the efforts we have made in the last six years to reduce energy use could be wiped out overnight by getting that desalination plant online,” he said.

Instead, he advocated studying additional conservation and water recycling methods first, then possibly coming back to the desalination examination.

Williams also expressed concern that the plant might one day be used to accommodate the expansion of development.

Williams said that although the stated intention has been to provide a backup supply of water in case of emergency, he has heard staff members toss around words such as “base-loading,” which is a technical term for increasing the total supply of water, ostensibly to accommodate a growing population.

Lastly, Williams argued that Santa Barbara already enjoys a healthy emergency reserve, noting that, in addition to Cachuma, the city receives water from the State Water Project, the Gibraltar Reservoir on the Santa Ynez River, groundwater and recycled water. Many of the surrounding agencies, he said, don't have the same backup supplies.

“If we're creating yet another backup source,” he said, “what we are really doing is creating a backup for somebody else, and the ratepayers for our agency in Santa Barbara end up paying for the cost, and I have a problem with that.”

Schneider said she was willing to compromise by spending just \$74,000 for the first phase of the study, but preferred to wait on spending \$48,000 for the second phase.

Council members Dale Francisco and Roger Horton, along with Mayor Marty Blum, said that funding the full \$122,000 study was the best way to go.

Francisco said there are two separate issues: the political decision of what to do with the water, and the technical question of what would need to be done to get the facility back up and running in the event of an emergency. He said it was the latter technical issue that the council was addressing.

“I could see a major earthquake shutting off one or more of the water tunnels for some amount of time, and there would be a lot of finger-pointing, and they would be pointing

justifiably at us for having not gone forward with this,” he said.

Blum said she doesn't think the desalination plant could be used to encourage additional development because of the cost involved with converting the water is high.

“The cost is so huge you can only really do it in an emergency,” she said.

After it was discovered that the 3-2 vote wasn't enough for approval, Williams suggested that the council consider Schneider's idea: funding just the \$74,000 portion of the study. Instead, the council voted 4-1 — with Williams again voting no — to postpone the item until next week.

When the plant was constructed in the early 1990s, the Montecito and Goleta water agencies each had a share in the project. The agencies terminated their involvement at the end of a five-year contract.

The agencies' portion of the plant, which made up a little more than half of the capacity, was sold and shipped to a company in Saudi Arabia. (That country, incidentally, relies heavily on desalination for its drinking water.)

The plant has the capacity to deliver about 3,125 acre-feet of water to Santa Barbara, about one-fifth of its total demand.

The study, if approved by the council, would be conducted by Carollo Engineers, based in Phoenix. #

http://www.noozhawk.com/local_news/article/080508_santa_barbara_council_tables_dec

State close to approving desalination plant: Company says it can produce 50 million gallons of drinking water a day from the Pacific Ocean by 2011 if it gets go-ahead
Associated Press- 8/6/08
By Noaki Schwartz

(08-06) 04:00 PDT Los Angeles -- Amid a prolonged statewide drought, California officials are considering whether to give final approval to a company that wants to turn salt-drenched seawater into 50 million gallons of drinking water a day.

In green-lighting the project, the California Coastal Commission, which meets Wednesday, would go against the advice of its staff, which has long opposed the desalination plant proposed just north of San Diego.

If built by Connecticut-based Poseidon Resources Corp., the \$300 million plant would be the largest of its kind in the Western Hemisphere.

More than a dozen other desalination plants are under consideration across California, including one in Huntington Beach in neighboring Orange County, as pressure mounts to find alternative sources of safe drinking water.

Orange County opened the world's largest water recycling plant last year. Meanwhile, Los Angeles leaders are considering purifying wastewater for use as drinking water, a process derisively known as "toilet to tap."

"In the nine months since we got preliminary approval, the governor declared a statewide drought, there's been a water state of emergency in nine counties in Northern California, and the agricultural industry in San Diego has had 30 percent of its water cut," said Scott Maloni, vice president of Poseidon Resources. "Things are getting bad. There's no silver bullet here, but we're also not going to conserve and recycle our way out of this water crisis."

The Poseidon proposal received conditional approval from the Coastal Commission in November and has won political support in San Diego County.

"Today, there are 21,000 desalination plants producing 3 billion gallons of drinking water a day in 120 countries around the world," said a letter written by members of the county's congressional delegation urging approval.

Should Poseidon get approval from the commission this week, the company hopes to break ground next year and produce clean water by 2011.

The plant would suck in 100 million gallons of seawater a day. After being filtered through reverse osmosis to remove salt and impurities, half the water could be used by consumers, with the rest returned to the ocean.

When fully operational, the plant could be producing about 10 percent of the county's water supply, or enough for 300,000 people, Maloni said.

Getting that final approval, however, is contingent on commissioners endorsing the company's plan to make the plant carbon neutral and to work to restore wetlands to make up for the marine life that will get drawn in and killed through the plant's intake system.

In both instances, the commission staff said the company has fallen short.

Peter Douglas, the commission's executive director, said staffers disagree with Poseidon on how much carbon dioxide the plant will emit and asserts the company has some "convoluted process to verify their greenhouse gas reductions."

Commission staff is also asking for the company to restore as much as 68 acres of coastal wetlands. Poseidon has agreed to about 42 acres and has yet to come up with a site, Douglas said.

"They're just asking us to buy a pig in a poke, and we've never done that," Douglas said. "I just don't understand why they think the Coastal Commission can be satisfied with a mitigation plan that is missing major elements."

Mark Massara, director of the Sierra Club's California Coastal Program, opposed the project and was critical of the commission's earlier decision to give the project preliminary approval. Final approval is likely, he said.

"They said, 'We'll approve this project and then figure out what the damages are,'" he said. "My sense is you've already told them you're going to give away the store, why try and defend it now?"#

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/06/BALB125LT8.DTL>

TO: COMMITTEE MEMBERS
FROM: BRUCE BUEL *BBB*
DATE: AUGUST 8, 2008

AGENDA ITEM
3
AUGUST 11, 2008

REVIEW WIP CM PROPOSALS & RETENTION

ITEM

Review proposals for Waterline Intertie Project construction management & timing for retention of firm [Forward Recommendations to Board].

BACKGROUND

Following Board authorization in June, staff mailed out RFPs to 11 qualified firms. Five firms responded – GTA; MWH; MNS; Penfield & Smith and Vanir. Attached is a blank ranking sheet used by staff and a composite evaluation by staff (Buel, Sevcik and Grietens) of the proposals. It is staff's belief that MNS is the best firm to do this work.

It should be noted that each proposal provides a cost quote for the Pre-Construction Work and the Construction Management Work. Staff is recommending that the Board select one firm to perform both services and authorize negotiations with MNS in regards to the agreement for the Pre-Construction Work. MNS' Pre-Construction Phase cost quote is \$53,700.

The Board has the option to omit the Pre-Construction phase. If the Pre-Construction phase is eliminated, staff recommends that staff be authorized to negotiate an agreement with MNS for just the Construction Management Services.

RECOMMENDATION

Staff recommends that the Committee recommend that the Board authorize negotiations with MNS for the Pre-Construction Phase work described in MNS' proposal.

ATTACHMENTS

- Ranking Sheet
- Proposals (Separate Cover)

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REVIEW CRITERIA FIRM: _____

CATEGORY POINT RANGE

Responsiveness to RFP 0 to 25

Understands Problem _____

Proposes Creative Solutions _____

Addresses Each Required Task _____

Exceptions _____

Signature & 90 Day Guarantee _____

Work product timeliness 0 to 20

Satisfies RFP Deadlines _____

Team qualifications and expertise 0 to 20

Quality of Team Leader _____

Quality of Support Team _____

Emphasis on Waterlines _____

Prior experience similar services 0 to 20

Similar Calif Local Government _____

HDD Waterline experience _____

CM Capabilities _____

References 0 to 5

Local Government Officials _____

Waterline Projects _____

Cost 0 to 10

Value for Proposed \$ _____

TOTAL 0 to 100

NIPOMO COMMUNITY SERVICES DISTRICT

WIP CONSTRUCTION MANAGEMENT PROPOSALS RANKING SHEET									
				FIRMS					
	Pt. Range	GTA	MWH	MNS	P&S	Vanir			
Bruce Buel	0 to 100	59	80	88	72	65			
Tina Grietens	0 to 100	34	64	87	74	75			
Peter Sevcik	0 to 100	60	70	81	68	62			
Total	0 to 300	153	214	256	214	202			
Ranking		5	2T	1	2T	4			

TO: COMMITTEE MEMBERS
FROM: BRUCE BUEL *BB*
DATE: AUGUST 8, 2008



DISCUSS WIP FUNDING ISSUES

ITEM

Discuss WIP capital/operating cost, financing options, debt service, capacity charge and user fee estimates [Forward Recommendations to Board].

BACKGROUND

Attached is staff's initial evaluation of the capital and operating costs for the Waterline Intertie Project along with a Debt Service Schedule courtesy of the CSDA Finance Corporation. None of the numbers portrayed are solid since we are very early in the project design, however, they do provide a starting point for understanding the funding issues.

RECOMMENDATION

Staff recommends that the Committee review the attachments; ask questions of staff and develop recommendations, if any, for the Board.

ATTACHMENTS

- Summary Spreadsheet
- Detailed Debt Service Schedules

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SUPPLEMENTAL WATER PROJECT COST ESTIMATES				8/6/2008
PROJECT	assumption	OPTIMISTIC	assumption	PESSIMISTIC
CAPITAL				
TOTAL CAPITAL COST		\$18,000,000		\$20,000,000
RESERVES		\$8,000,000		\$6,000,000
NET CAPITAL COST (Total - Reserves)		\$10,000,000		\$14,000,000
NET DEBT SERVICE/MONTH	Int @ 5%	\$72,396	Int @ 6%	\$109,839
OTHERS SHARE DEBT SERVICE/Mo	At 33%	\$24,132	At 20%	\$21,968
CAPACITY FEE SHARE DS/Mo	At 33%	\$24,132	At 20%	\$21,968
NCSD CUSTOMER SHARE DS/Mo		\$24,132		\$65,903
NET CAP COST/MO/CUSTOMER	4,500 Meters	\$5.36	4,300 Meters	\$15.33
OPERATIONS & MAINTENANCE				
O&M COST/MO	At 2,000 AFY	\$225,000	At 2,500 AFY	\$279,500
OTHERS SHARE O&M COST/MO	At 33%	\$75,000	At 20%	\$55,900
CAPACITY FEE SHARE COST/MO	At 33%	\$75,000	At 20%	\$55,900
NCSD CUSTOMER SHARE COST/MO		\$75,000		\$167,700
NET O&M COST/MO/CUSTOMER	4,500 Meters	\$25.00	4,300 Meters	\$39.00
CAPITAL & O&M				
NET TOTAL COST/MO/CUSTOMER	4,500 Meters	\$30.36	4,300 Meters	\$54.33

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\$16MM Water Improvements and \$8 MM Sewer Improvements
20 Year Net Debt Service
Assumed 'A' Rated
**** PRELIMINARY ****

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SOURCES AND USES OF FUNDS

Nipomo CSD
 \$16MM Water Improvements and \$8 MM Sewer Improvements
 20 Year Net Debt Service
 Assumed 'A' Rated
 **** PRELIMINARY ****

Dated Date 09/01/2008
 Delivery Date 09/01/2008

Sources:

Bond Proceeds:	
Par Amount	26,745,000.00
Net Original Issue Discount	-528,928.10
	26,216,071.90

Uses:

Project Fund Deposits:	
Sewer Project Fund	7,918,596.09
Water Project Fund	15,837,070.62
	23,755,666.71
Other Fund Deposits:	
Debt Service Reserve Fund	2,089,500.00
Delivery Date Expenses:	
Cost of Issuance	100,000.00
Underwriter's Discount	267,450.00
	367,450.00
Other Uses of Funds:	
Additional Proceeds	3,455.19
	26,216,071.90

BOND SUMMARY STATISTICS

Nipomo CSD
 \$16MM Water Improvements and \$8 MM Sewer Improvements
 20 Year Net Debt Service
 Assumed 'A' Rated
 **** PRELIMINARY ****

Dated Date	09/01/2008
Delivery Date	09/01/2008
Last Maturity	09/01/2029
Arbitrage Yield	5.211559%
True Interest Cost (TIC)	5.343167%
Net Interest Cost (NIC)	5.233422%
All-In TIC	5.387366%
Average Coupon	5.000000%
Average Life (years)	12.757
Duration of Issue (years)	8.978
Par Amount	26,745,000.00
Bond Proceeds	26,216,071.90
Total Interest	17,058,750.00
Net Interest	17,855,128.10
Bond Years from Dated Date	341,175,000.00
Bond Years from Delivery Date	341,175,000.00
Total Debt Service	43,803,750.00
Maximum Annual Debt Service	2,089,500.00
Average Annual Debt Service	2,085,892.86
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	10.000000
Total Underwriter's Discount	10.000000
Bid Price	97.022329

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Series	9,420,000.00	104.128	5.000%	5.901	4,842.05
Term 1	3,845,000.00	100.000	5.000%	12.033	3,652.75
Term 2	6,090,000.00	97.981	5.000%	15.562	6,699.00
Term 3	7,390,000.00	89.244	5.000%	19.561	8,129.00
	26,745,000.00			12.757	23,322.80

BOND SUMMARY STATISTICS

Nipomo CSD
 \$16MM Water Improvements and \$8 MM Sewer Improvements
 20 Year Net Debt Service
 Assumed 'A' Rated
 **** PRELIMINARY ****

	TIC	All-In TIC	Arbitrage Yield
Par Value	26,745,000.00	26,745,000.00	26,745,000.00
+ Accrued Interest			
+ Premium (Discount)	-528,928.10	-528,928.10	-528,928.10
- Underwriter's Discount	-267,450.00	-267,450.00	
- Cost of Issuance Expense		-100,000.00	
- Other Amounts			
Target Value	25,948,621.90	25,848,621.90	26,216,071.90
Target Date	09/01/2008	09/01/2008	09/01/2008
Yield	5.343167%	5.387366%	5.211559%

BOND PRICING

Nipomo CSD
 \$16MM Water Improvements and \$8 MM Sewer Improvements
 20 Year Net Debt Service
 Assumed 'A' Rated
 **** PRELIMINARY ****

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Series:					
	09/01/2009	750,000	5.000%	2.320%	102.634
	09/01/2010	785,000	5.000%	3.010%	103.834
	09/01/2011	825,000	5.000%	3.480%	104.294
	09/01/2012	870,000	5.000%	3.690%	104.830
	09/01/2013	910,000	5.000%	3.880%	105.046
	09/01/2014	955,000	5.000%	4.060%	104.961
	09/01/2015	1,005,000	5.000%	4.210%	104.746
	09/01/2016	1,050,000	5.000%	4.360%	104.283
	09/01/2017	1,105,000	5.000%	4.500%	103.666
	09/01/2018	1,165,000	5.000%	4.620%	103.015
		<u>9,420,000</u>			
Term 1:					
	09/01/2021	3,845,000	5.000%	5.000%	100.000
Term 2:					
	09/01/2025	6,090,000	5.000%	5.180%	97.981
Term 3:					
	09/01/2029	7,390,000	5.000%	5.900%	89.244
		<u>26,745,000</u>			

Dated Date	09/01/2008	
Delivery Date	09/01/2008	
First Coupon	03/01/2009	
Par Amount	26,745,000.00	
Original Issue Discount	<u>-528,928.10</u>	
Production	26,216,071.90	98.022329%
Underwriter's Discount	<u>-267,450.00</u>	-1.000000%
Purchase Price	25,948,621.90	97.022329%
Accrued Interest	<u>0.00</u>	
Net Proceeds	25,948,621.90	

BOND DEBT SERVICE

Nipomo CSD
 \$8 MM Sewer Improvements
 20 Year Maturity
 Assumed 'A' Rated
 **** PRELIMINARY ****

Dated Date 09/01/2008
 Delivery Date 09/01/2008

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2009	250,000	5.000%	445,750	695,750
09/01/2010	260,000	5.000%	433,250	693,250
09/01/2011	275,000	5.000%	420,250	695,250
09/01/2012	290,000	5.000%	406,500	696,500
09/01/2013	305,000	5.000%	392,000	697,000
09/01/2014	320,000	5.000%	376,750	696,750
09/01/2015	335,000	5.000%	360,750	695,750
09/01/2016	350,000	5.000%	344,000	694,000
09/01/2017	370,000	5.000%	326,500	696,500
09/01/2018	390,000	5.000%	308,000	698,000
09/01/2019	405,000	5.000%	288,500	693,500
09/01/2020	425,000	5.000%	268,250	693,250
09/01/2021	450,000	5.000%	247,000	697,000
09/01/2022	470,000	5.000%	224,500	694,500
09/01/2023	495,000	5.000%	201,000	696,000
09/01/2024	520,000	5.000%	176,250	696,250
09/01/2025	545,000	5.000%	150,250	695,250
09/01/2026	570,000	5.000%	123,000	693,000
09/01/2027	600,000	5.000%	94,500	694,500
09/01/2028	630,000	5.000%	64,500	694,500
09/01/2029	660,000	5.000%	33,000	693,000
	8,915,000		5,684,500	14,599,500

BOND DEBT SERVICE

Nipomo CSD
 \$16MM Water Improvements
 20 Year Maturity
 Assumed 'A' Rated
 **** PRELIMINARY ****

Dated Date 09/01/2008
 Delivery Date 09/01/2008

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2009	500,000	5.000%	891,500	1,391,500
09/01/2010	525,000	5.000%	866,500	1,391,500
09/01/2011	550,000	5.000%	840,250	1,390,250
09/01/2012	580,000	5.000%	812,750	1,392,750
09/01/2013	605,000	5.000%	783,750	1,388,750
09/01/2014	635,000	5.000%	753,500	1,388,500
09/01/2015	670,000	5.000%	721,750	1,391,750
09/01/2016	700,000	5.000%	688,250	1,388,250
09/01/2017	735,000	5.000%	653,250	1,388,250
09/01/2018	775,000	5.000%	616,500	1,391,500
09/01/2019	815,000	5.000%	577,750	1,392,750
09/01/2020	855,000	5.000%	537,000	1,392,000
09/01/2021	895,000	5.000%	494,250	1,389,250
09/01/2022	940,000	5.000%	449,500	1,389,500
09/01/2023	990,000	5.000%	402,500	1,392,500
09/01/2024	1,040,000	5.000%	353,000	1,393,000
09/01/2025	1,090,000	5.000%	301,000	1,391,000
09/01/2026	1,145,000	5.000%	246,500	1,391,500
09/01/2027	1,200,000	5.000%	189,250	1,389,250
09/01/2028	1,260,000	5.000%	129,250	1,389,250
09/01/2029	1,325,000	5.000%	66,250	1,391,250
	17,830,000		11,374,250	29,204,250

BOND DEBT SERVICE

Nipomo CSD
 \$16MM Water Improvements and \$8 MM Sewer Improvements
 20 Year Net Debt Service
 Assumed 'A' Rated
 **** PRELIMINARY ****

Dated Date 09/01/2008
 Delivery Date 09/01/2008

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2009	750,000	5.000%	1,337,250	2,087,250
09/01/2010	785,000	5.000%	1,299,750	2,084,750
09/01/2011	825,000	5.000%	1,260,500	2,085,500
09/01/2012	870,000	5.000%	1,219,250	2,089,250
09/01/2013	910,000	5.000%	1,175,750	2,085,750
09/01/2014	955,000	5.000%	1,130,250	2,085,250
09/01/2015	1,005,000	5.000%	1,082,500	2,087,500
09/01/2016	1,050,000	5.000%	1,032,250	2,082,250
09/01/2017	1,105,000	5.000%	979,750	2,084,750
09/01/2018	1,165,000	5.000%	924,500	2,089,500
09/01/2019	1,220,000	5.000%	866,250	2,086,250
09/01/2020	1,280,000	5.000%	805,250	2,085,250
09/01/2021	1,345,000	5.000%	741,250	2,086,250
09/01/2022	1,410,000	5.000%	674,000	2,084,000
09/01/2023	1,485,000	5.000%	603,500	2,088,500
09/01/2024	1,560,000	5.000%	529,250	2,089,250
09/01/2025	1,635,000	5.000%	451,250	2,086,250
09/01/2026	1,715,000	5.000%	369,500	2,084,500
09/01/2027	1,800,000	5.000%	283,750	2,083,750
09/01/2028	1,890,000	5.000%	193,750	2,083,750
09/01/2029	1,985,000	5.000%	99,250	2,084,250
	26,745,000		17,058,750	43,803,750

NET DEBT SERVICE BREAKDOWN

Nipomo CSD
 \$16MM Water Improvements and \$8 MM Sewer Improvements
 20 Year Net Debt Service
 Assumed 'A' Rated
 **** PRELIMINARY ****

Period Ending	Series 2008 Sewer Improvements	Series 2008 Water Improvements	Total
09/01/2009	659,451.50	1,318,902.98	1,978,354.48
09/01/2010	656,951.50	1,318,902.98	1,975,854.48
09/01/2011	658,951.50	1,317,652.98	1,976,604.48
09/01/2012	660,201.50	1,320,152.98	1,980,354.48
09/01/2013	660,701.50	1,316,152.98	1,976,854.48
09/01/2014	660,451.50	1,315,902.98	1,976,354.48
09/01/2015	659,451.50	1,319,152.98	1,978,604.48
09/01/2016	657,701.50	1,315,652.98	1,973,354.48
09/01/2017	660,201.50	1,315,652.98	1,975,854.48
09/01/2018	661,701.50	1,318,902.98	1,980,604.48
09/01/2019	657,201.50	1,320,152.98	1,977,354.48
09/01/2020	656,951.50	1,319,402.98	1,976,354.48
09/01/2021	660,701.50	1,316,652.98	1,977,354.48
09/01/2022	658,201.50	1,316,902.98	1,975,104.48
09/01/2023	659,701.50	1,319,902.98	1,979,604.48
09/01/2024	659,951.50	1,320,402.98	1,980,354.48
09/01/2025	658,951.50	1,318,402.98	1,977,354.48
09/01/2026	656,701.50	1,318,902.98	1,975,604.48
09/01/2027	658,201.50	1,316,652.98	1,974,854.48
09/01/2028	658,201.50	1,316,652.98	1,974,854.48
09/01/2029	-39,798.50	-74,347.02	-114,145.52
	13,140,731.50	26,286,712.58	39,427,444.08

NET DEBT SERVICE

Nipomo CSD
 \$16MM Water Improvements and \$8 MM Sewer Improvements
 20 Year Net Debt Service
 Assumed 'A' Rated
 **** PRELIMINARY ****

Period Ending	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
09/01/2009	2,087,250	108,895.52	1,978,354.48
09/01/2010	2,084,750	108,895.52	1,975,854.48
09/01/2011	2,085,500	108,895.52	1,976,604.48
09/01/2012	2,089,250	108,895.52	1,980,354.48
09/01/2013	2,085,750	108,895.52	1,976,854.48
09/01/2014	2,085,250	108,895.52	1,976,354.48
09/01/2015	2,087,500	108,895.52	1,978,604.48
09/01/2016	2,082,250	108,895.52	1,973,354.48
09/01/2017	2,084,750	108,895.52	1,975,854.48
09/01/2018	2,089,500	108,895.52	1,980,604.48
09/01/2019	2,086,250	108,895.52	1,977,354.48
09/01/2020	2,085,250	108,895.52	1,976,354.48
09/01/2021	2,086,250	108,895.52	1,977,354.48
09/01/2022	2,084,000	108,895.52	1,975,104.48
09/01/2023	2,088,500	108,895.52	1,979,604.48
09/01/2024	2,089,250	108,895.52	1,980,354.48
09/01/2025	2,086,250	108,895.52	1,977,354.48
09/01/2026	2,084,500	108,895.52	1,975,604.48
09/01/2027	2,083,750	108,895.52	1,974,854.48
09/01/2028	2,083,750	108,895.52	1,974,854.48
09/01/2029	2,084,250	2,198,395.52	-114,145.52
	43,803,750	4,376,305.92	39,427,444.08

PROJECT FUND

Nipomo CSD
 \$8 MM Sewer Improvements
 20 Year Maturity
 Assumed 'A' Rated
 **** PRELIMINARY ****

Sewer Project Fund (SEWER)

Date	Deposit	Interest @ 2.25%	Principal	Scheduled Draws	Balance
09/01/2008	7,918,596.09		667,000.00	667,000	7,251,596.09
10/01/2008			667,000.00	667,000	6,584,596.09
11/01/2008			667,000.00	667,000	5,917,596.09
12/01/2008			667,000.00	667,000	5,250,596.09
01/01/2009			667,000.00	667,000	4,583,596.09
02/01/2009		55,477.46	611,522.54	667,000	3,972,073.55
03/01/2009			667,000.00	667,000	3,305,073.55
04/01/2009			667,000.00	667,000	2,638,073.55
05/01/2009			667,000.00	667,000	1,971,073.55
06/01/2009			667,000.00	667,000	1,304,073.55
07/01/2009			667,000.00	667,000	637,073.55
08/01/2009		25,926.45	637,073.55	663,000	
	7,918,596.09	81,403.91	7,918,596.09	8,000,000	

Yield To Receipt Date: 2.2496708%
 Arbitrage Yield: 5.2115586%
 Value of Negative Arbitrage: 104,085.28

PROJECT FUND

Nipomo CSD
 \$16MM Water Improvements
 20 Year Maturity
 Assumed 'A' Rated
 **** PRELIMINARY ****

Water Project Fund (WATER)

Date	Deposit	Interest @ 2.25%	Principal	Scheduled Draws	Balance
09/01/2008	15,837,070.62		1,333,000.00	1,333,000	14,504,070.62
10/01/2008			1,333,000.00	1,333,000	13,171,070.62
11/01/2008			1,333,000.00	1,333,000	11,838,070.62
12/01/2008			1,333,000.00	1,333,000	10,505,070.62
01/01/2009			1,333,000.00	1,333,000	9,172,070.62
02/01/2009		110,981.91	1,222,018.09	1,333,000	7,950,052.53
03/01/2009			1,333,000.00	1,333,000	6,617,052.53
04/01/2009			1,333,000.00	1,333,000	5,284,052.53
05/01/2009			1,333,000.00	1,333,000	3,951,052.53
06/01/2009			1,333,000.00	1,333,000	2,618,052.53
07/01/2009			1,333,000.00	1,333,000	1,285,052.53
08/01/2009		51,947.47	1,285,052.53	1,337,000	
	15,837,070.62	162,929.38	15,837,070.62	16,000,000	

Yield To Receipt Date: 2.2496729%
 Arbitrage Yield: 5.2115586%
 Value of Negative Arbitrage: 208,323.41

UNDERWRITER'S DISCOUNT

Nipomo CSD
\$16MM Water Improvements and \$8 MM Sewer Improvements
20 Year Net Debt Service
Assumed 'A' Rated
**** PRELIMINARY ****

Underwriter's Discount	\$/1000	Amount
EXPENSE@@UD0	10.00	267,450.00
	10.00	267,450.00

COST OF ISSUANCE

Nipomo CSD
\$16MM Water Improvements and \$8 MM Sewer Improvements
20 Year Net Debt Service
Assumed 'A' Rated
**** PRELIMINARY ****

Cost of Issuance	\$/1000	Amount
EXPENSE@@@C10	3.73902	100,000.00
	3.73902	100,000.00