

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BBB*
DATE: AUGUST 22, 2008



MANAGER'S REPORT

ITEM

Standing report to your Honorable Board --*Period covered by this report August 6, 2008 through August 20, 2008.*

DISTRICT BUSINESS

Administrative

Maria Vista Estates has set a total of ten water meters.

Rick Richard has started his employment as a NCS D Maintenance/Customer Service Worker.

The Board of Supervisors, on July 15, 2008, set a public hearing on the Perrett detachment proposal for August 26, 2008.

SCAC has invited me to present an overview of WIP Funding at its August 25th meeting.

R. Baker, Inc. is proceeding to remove and then re-install portions of select water mains in Tefft and Thompson where they conflict with the County's drainage works.

Attached is a listing of upcoming meetings and events per the request of Director Vierheilig.

Safety Program

No injury reports during the period.

Project Activity

Staff will provide a verbal projects update to the Board at the Board Meeting. Attached is a Fiscal Summary of Waterline Intertie Project activities through the end of June 2008, which also serves as the FY07-08 summary of WIP activities.

Conservation Program Activities

Staff has initiated implementation of the Water Conservation Program.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board.

ATTACHMENTS

- Listing of Upcoming Meetings and Events
- WIP Fiscal Activities through June 30, 2008

LISTING OF UPCOMING MEETINGS AND EVENTS

8/25/08 @ 6:30pm @ NCSD – SCAC (Ed Eby & Bruce Buel WIP Presentations)
8/26/08 @ ?? @ BoS Chambers – Perrett Detachment Proposal Hearing
8/26/08 @ ?? @ BoS Chambers – Willow Road Funding Discussion
8/27/08 @ 9am @ NCSD – Board Meeting
9/1/08 – Labor Day – Office Closed
9/3/08 @ 1:30pm @ City/County Library – WRAC
9/5/08 @ 9 am @ Santa Clara Court – Water Rights Hearing on Cost Recover
9/8/08 @ 1pm @ NCSD – SWP Design and Construction Committee Meeting
9/19/08 @ Noon @ Wallace Group – SLO Co CSDA Chapter Business Meeting
9/22 to 9/26 – SCSS Clean Up Event
9/23/08 @ 2:30pm @ Hyatt Irvine – CSDA Finance Corporation Board Meeting
9/23/08 @ ?? @ BoS Chambers – SLO County Retrofit Program
9/27/08 All Day – Creek Clean Up Day
10/11/08 @ 9am @ Nipomo Community Park – Chamber October Festival
10/14/08 @ ?? @ BoS Chambers – Options for Restructuring Planning Commission

* * * *

Board of Supervisors – Most Tuesdays
WRAC – 1st Wed
SLO County Planning Commission – 2nd Thursday
LAFCO – 3rd Thursday
SCAC – 4th Monday
Chamber – Last Wed Lunch + Quarterly Tues Breakfast
SLO County Planning Commission – 4th Thursday

**NIPOMO COMMUNITY SERVICES DISTRICT
WATERLINE INTERTIE PROJECT
MONTHLY REPORT TO THE BOARD OF DIRECTORS
JUNE 30, 2008**

REVENUES FY 2007-2008 (1)	<u>MONTH OF</u> <u>JUNE</u>	<u>FISCAL YEAR</u> <u>7/1/2007 TO</u> <u>6/30/2008</u>
Supplemental Water Capacity Fees Collected	214,115.25	1,660,040.50
Interest Income (monthly & quarterly posting)	17,132.05	114,561.25
Revenue Subtotal	231,247.30	1,774,601.75
EXPENDITURES FY 2007-2008 (2)		
<u>CONSULTANTS</u>		
1590-A1 Feasibility Study (Cannon)	0.00	0.00
1590-A2 EIR Preparation (Wood & Assoc)	33,080.72	45,407.07
1590-A3 Estimate/Preliminary Schedule (Cannon)	0.00	0.00
1590-A4 Proposed Routes/Facilities (Cannon)	0.00	0.00
1590-A5 Prop 50 Grant Applicatin	529.20	1,857.60
1590-A6 Project Support (Cannon)	0.00	0.00
1590-A7 Groundwater Grant Assistance (SAIC)	0.00	15,000.00
<u>LEGAL</u>		
1590-B1 Shipsey & Seitz	952.00	2,201.50
1590-B2 McDonough, Holland & Allen	0.00	0.00
1590-B3 Richards, Watson & Gershon	0.00	0.00
<u>LAND ACQUISITION</u>		
1590-C1 Tarvin & Associates and Reeder, Gilman & Assoc	0.00	10,000.00
<u>FINANCIAL</u>		
1590-D1 Reed Group	0.00	0.00
1590-D2 Lobbying (Marlowe & Company)	9,000.00	38,801.11
<u>ENGINEERING</u>		
1590-E1 Preliminary Engineering Design (Boyle)	9,401.40	103,460.19
1590-E2 Water Modeling by Carollo (City of Santa Maria)	0.00	0.00
1590-E3 Alternative Water Supplies (Boyle)	0.00	70,772.01
1590-E4 Project Information (Boyle)	0.00	6,000.00
<u>OTHER</u>		
1590-F1 FGL Environmental	0.00	0.00
1590-F2 Copy/Print	0.00	1,022.01
<u>SALARY AND BENEFITS (3)</u>		
1590-Z1 Wages-Capitalized	2,211.51	28,197.08
1590-Z2 Payroll Taxes-Capitalized	32.06	455.96
1590-Z3 Retirement-Capitalized	636.02	8,110.84
1590-Z4 Medical-Capitalized	223.97	2,564.88
1590-Z5 Dental/Vision-Capitalized	28.75	328.23
1590-Z6 Workers Compensation-Capitalized	17.68	225.21
Expenditure Subtotal	56,113.31	334,403.69
Net Revenues less Expenditures	175,133.99	1,440,198.06
Beginning Fund Balance as of July 1, 2007		2,354,803.02
Ending Fund Balance as of June 30, 2008		3,795,001.08

(1) See attached "Supplemental Water Fees Collected" Schedule for more detail.

(2) See attached "Supplemental Water Cost Summary" for more detail.

(3) Salary and Benefits of Project Manager are allocated among NCSD projects and capitalized as part of the cost of the project.

T:\documents\projects\supplemental Water\Financial Reports\FY 6-30-08\monthly report to board.xls

**NIPOMO COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL WATER COST SUMMARY**

<u>A/C #</u>	<u>DESCRIPTION</u>	<u>7/1/2004 TO 6/30/2005</u>	<u>7/1/2005 TO 6/30/2006</u>	<u>7/1/2006 TO 6/30/2007</u>	<u>7/1/2007 TO 6/30/2008</u>	<u>GRAND TOTAL</u>
1645	Reservation Fee-City of Santa Maria	37,500.00	0.00	0.00	0.00	37,500.00
1590-A1	Feasibility Study (Cannon)	25,887.29	0.00	0.00	0.00	25,887.29
1590-A2	EIR Preparation (Wood & Assoc)	29,037.48	87,100.23	16,053.83	45,407.70	177,599.24
1590-A3	Est/Preliminary Schedule (Cannon)	3,706.19	2,602.75	0.00	0.00	6,308.94
1590-A4	Proposed Routes/Facilities (Cannon)	5,050.07	520.00	0.00	0.00	5,570.07
1590-A5	Prop 50 Grant Application	2,757.00	6,210.00	0.00	1,857.60	10,824.60
1590-A6	Project Support (Cannon)	0.00	11,797.44	0.00	0.00	11,797.44
1590-A7	Groundwater Grant Assistance (SAIC)	0.00	0.00	0.00	15,000.00	15,000.00
1590-B1	Shipsey & Seitz	0.00	23,095.55	17,564.25	2,201.50	42,861.30
1590-B2	McDonough, Holland & Allen	0.00	34,177.28	15,871.65	0.00	50,048.93
1590-B3	Richard, Watson & Gershon	0.00	9,472.38	27,954.81	0.00	37,427.19
					0.00	
1590-C1	Tarvin Appraisal/Reeder, Gilman & Assoc	0.00	0.00	16,170.00	10,000.00	26,170.00
1590-D1	Reed Group	0.00	2,809.85	0.00	0.00	2,809.85
1590-D2	Lobbying (Marlowe & Company)	0.00	0.00	0.00	38,801.11	38,801.11
1590-E1	Preliminary Engineering Design (Boyle)	0.00	6,470.33	223,286.67	103,460.19	333,217.19
1590-E2	Water Modeling by Carollo (City of SM)	0.00	0.00	24,942.00	0.00	24,942.00
1590-E3	Alternative Water Supplies (Boyle)	0.00	0.00	164,230.48	70,772.01	235,002.49
1590-E4	Project Information (Boyle)	0.00	0.00	0.00	6,000.00	6,000.00
1590-F1	Lab Testing (FGL Environmental)	0.00	0.00	5,047.00	0.00	5,047.00
1590-F2	Copy/Print	0.00	0.00	740.24	1,022.01	1,762.25
1590-Z1	Wages-Capitalized	0.00	29,076.92	35,884.51	28,197.08	93,158.51
1590-Z2	Payroll Taxes-Capitalized	0.00	587.22	587.42	455.96	1,630.60
1590-Z3	Retirement-Capitalized	0.00	8,418.08	10,344.53	8,110.84	26,873.45
1590-Z4	Medical-Capitalized	0.00	2,861.36	3,367.02	2,564.88	8,793.26
1590-Z5	Dental/Vision-Capitalized	0.00	0.00	247.90	328.23	576.13
1590-Z6	Workers Compensation-Capitalized	0.00	260.35	341.83	225.21	827.39
		103,938.03	225,459.74	562,634.14	334,404.32	1,226,436.23

**NIPOMO COMMUNITY SERVICES DISTRICT
CERTIFICATES OF PARTICIPATION
DEBT SERVICE SCHEDULE**

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>PRINCIPAL BALANCE</u>
				4,000,000.00
FY June 30, 2004	0.00	136,384.79	136,384.79	4,000,000.00
FY June 30, 2005	75,000.00	169,950.00	244,950.00	3,925,000.00
FY June 30, 2006	80,000.00	167,625.00	247,625.00	3,845,000.00
FY June 30, 2007	80,000.00	165,225.00	245,225.00	3,765,000.00
FY June 30, 2008	85,000.00	163,132.50	248,132.50	3,680,000.00
FY June 30, 2009	85,000.00	162,240.00	247,240.00	3,595,000.00
FY June 30, 2010	85,000.00	160,157.50	245,157.50	3,510,000.00

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NIPOMO COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL WATER FEES COLLECTED

PROJECT	DEVELOPER	SUMMARY	DATE PAID	WATER SUPPLY PORTION	PIPELINE PORTION	SUPPLEMENTAL TOTAL
2939	NEWDOLL	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	7/25/2007	6,699.92	828.08	7,528.00
2595	BAUR	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	7/24/2007	1,801.36	222.64	2,024.00
CO 06-0082	BEAUCHAMP	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	8/7/2007	900.68	111.32	1,012.00
CO 04-0606	PEOPLE SELF HELP	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	8/27/2007	1,935.75	239.25	2,175.00
2595	PUHEK	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	10/15/2007	5,024.94	621.06	5,646.00
092-130-044	ROOSEVELT APTS	DEPOSIT FOR TWO 4" DOMESTIC, ONE 2" IRRIGATION, ONE 4" IRRIGATION, ONE 4" FIRE SYSTEM, ONE 6" FIRE SYSTEM AND CREDIT FOR ONE 1" SERVICE	10/31/2007	725,246.10	89,637.15	814,883.25
090-135-006	SPENCER	DEPOSIT FOR ONE 1" DOMESTIC, ONE 1" IRRIGATION AND ONE 3" FIRE SYSTEM	11/27/2007	45,625.40	5,639.10	51,264.50
CO 06-0037	VILLAGE AT NIPOMO	DEPOSIT FOR ONE 1.5" DOMESTIC, ONE 4" DOMESTIC AND THREE 1" IRRIGATION AND CREDIT FOR 5 1" DOMESTIC	11/26/2007	53,644.75	6,630.25	60,275.00
2658	PACE	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	11/27/2007	3,602.72	445.28	4,048.00
092-130-043	CIDER VILLAGE	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	12/18/2007	62,320.90	7,702.60	70,023.50
2499	NESTER	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	3/18/2008	15,074.82	1,863.18	16,938.00
CO 04-0342	NEWDOLL	FINAL FEES FOR FOUR RESIDENTIAL	3/26/2008	42,940.72	5,307.28	48,248.00
090-371-003	ABATTI	ONE 1" DOMESTIC	4/7/2008	10,735.18	1,326.82	12,062.00
2732	NIPOMO OAKS	DEPOSIT FOR 24 1" DOMESTIC AND ONE 1" IRRIGATION	4/14/2008	268,379.50	33,170.50	301,550.00
092-130-007	JEHOVAH	ONE 1" DOMESTIC	5/1/2008	10,735.18	1,326.82	12,062.00
092-241-022	WALKER	ONE 1" DOMESTIC	5/9/2008	10,735.18	1,326.82	12,062.00
092-081-023	EULER	ONE 1" DOMESTIC	5/22/2008	10,735.18	1,326.82	12,062.00
CO 05-0113	DAVID	THREE 1" DOMESTIC AND CREDIT FOR ONE 1" DOMESTIC/5/15/08	5/15/2008	21,470.36	2,653.64	24,124.00
2663	KELLEY	DEPOSIT FOR FIVE 1" DOMESTIC AND CREDIT FOR ONE EXISTING	6/5/2008	42,940.72	5,307.28	48,248.00
CO 06-0037	VILLAGE AT NIPOMO	FINAL FEES-BALANCE DUE TO FEE INCREASE 7/1/07	6/10/2008	136,886.67	16,918.58	153,805.25
FISCAL YEAR 2007-2008			SUBTOTAL	1,477,436.03	182,804.47	1,660,040.50

CARRY FORWARD TOTALS FOR FY 04-05,
FY 05-06 AND FY 06-07

1,146,297.23	141,327.02	1,287,624.25
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GRAND TOTAL **2,623,733.26** **323,931.49** **2,947,664.75**

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BBB*
DATE: AUGUST 22, 2008



COMMITTEE REPORTS

ITEM

Review Committee Matters.

BACKGROUND

Attached are minutes from the August 11, 2008 Supplemental Water Project Committee Meeting. Director Eby or Director Trotter may wish to add comments at the Board Meeting.

Attached are minutes from the August 8, 2008 Finance and Audit Committee Meeting. Director Vierheilig or Director Harrison may wish to add comments at the Board Meeting.

The Supplemental Water Project Design and Construction Committee is scheduled to meet again at 1pm on Monday September 8, 2008.

The Ad Hoc Blacklake Sewer Committee has requested a meeting with Blacklake but Blacklake has not yet responded.

RECOMMENDATION

It is recommended that your Honorable Board discuss the meetings as appropriate.

ATTACHMENT

- 8/11/08 SUPPLEMENTAL WATER PROJECT COMMITTEE MEETING MINUTES
- 8/8/08 FINANCE AND AUDIT COMMITTEE MEETING MINUTES

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NIPOMO COMMUNITY SERVICES DISTRICT

MONDAY, AUGUST 11, 2008

1:00 P. M.

SPECIAL MEETING MINUTES 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

Chairperson Eby called the meeting to order at 1:00 p.m. and led the flag salute. Committee members Trotter and Eby were both present. Also present were General Manager Bruce Buel, District Engineer Peter Sevcik, District Superintendent Tina Grietens, Boyle representative Mike Nunley, DWA representative Doug Wood and two members of the public.

2. REVIEW STATUS OF WATERLINE INTERTIE PROJECT

General Manager Bruce Buel summarized progress in advancing the project and negotiating a Final Agreement with the City of Santa Maria. Committee discussion followed on the negotiations with the City of Santa Maria and Boyle's efforts to eliminate the 200 individual Pressure Reduction Valves in the southern portion of the service area. Mike Nunley then reviewed the updated Design Timeline and answered questions regarding potential delays. Doug Wood then explained his approach to including the scoping comments into the draft EIR and the work necessary to evaluate the project's Green House Gas impacts. There was no public comment.

3. REVIEW PROPOSALS FOR WATERLINE INTERTIE PROJECT CONSTRUCTION MANAGEMENT & TIMELINE FOR FIRM RETENTION

General Manager Bruce Buel summarized staff's recommendation to retain MNS prior to the end of 2008 so that MNS could provide Pre-Construction Services. Committee discussion followed regarding the value of Peer Review and the timing of the various work products. Ed Eby indicated that he had conducted his own ranking of the submittals and had scores similar to staff's scores. The Committee agreed to not make a recommendation so that the full Board could decide. There was no public comment.

NIPOMO COMMUNITY SERVICES DISTRICT
MONDAY, AUGUST 11, 2008
SPECIAL MEETING MINUTES
SUPPLEMENTAL WATER PROJECT
DESIGN & CONSTRUCTION COMMITTEE
- 2 -

4. DISCUSS PROJECT FUNDING

General Manager Bruce Buel summarized the Debt Service Schedule developed by the CSDA Finance Corporation and staff's initial calculation of user fees. Committee discussion followed on the assumptions built into staff's calculations and the process that NCSD would follow to tighten the information. Ed Eby requested corrections to eliminate mathematical errors. There was no public comment.

5. SET NEXT COMMITTEE MEETING

The Committee agreed to have another meeting on Monday, September 8, 2008 at 1:00 p.m. to discuss Boyle's evaluation of pressure reduction options. There was no public comment.

6. ADJOURN

The meeting was adjourned at 2:25 p.m.

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NIPOMO COMMUNITY SERVICES DISTRICT

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

MINUTES OF THE 8/8/08 MEETING OF THE FINANCE AND AUDIT COMMITTEE

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

Chairman Vierheilig called the Special Meeting to order at 1:00 p.m. in the NCSD Board Chambers. Both Chairman Vierheilig and Director Harrison were in attendance along with NCSD General Manager Bruce Buel. There were also nine members of the public present, including Ian Wallace, Curt Curtis and Bill Petrick as representatives of the Blacklake Village Master Association Board of Directors.

2. DEVELOPMENT DRAFT MERGER STUDY SCOPE OF WORK AND OPTIONS

Chairman Vierheilig summarized the four options that had been identified at the August 5, 2008 Committee Meeting. He indicated that the Options 1 (Implicit Agreement) and Option 3 (Pat Eby Proposal) had sufficient definition and proposed to focus on Option 2 (Reed Modified) and Option 4 (Vierheilig II) at this meeting.

Bruce Buel distributed the detailed analysis of the Reed Proposal previously developed by Finance Director Bognuda. Bill Petrick requested that the Group refer to the option as the Book Value Proposal instead of the Reed Proposal.

Discussion followed on this option with a consensus that the portion of the Town Fund 700 assets that were actual plumbing did provide some benefit to Blacklake. Bill Petrick indicated that the net number was \$1,986,435 instead of the \$6,687,868 previously proposed.

Jim Harrison asked if Bill Petrick thought that the Fund 700 Cash would not benefit Blacklake if the two funds were combined. Bill Petrick replied that Blacklake was already built-out and the Cash would provide no benefit. Larry Vierheilig and Jim Harrison disagreed and expressed their opinion that the cash would be used to upgrade plumbing to the benefit of Blacklake customers. Bill Petrick responded that the book value of assets did not account for the time value of money. Curt Curtis argued that Blacklake is built-out and does not need a capacity charge. Jim Harrison observed that if the two systems are combined that Blacklake will need additional interties to provide for looping and system flows.

Pat Eby reviewed the chronology of the equity surcharge. Mark Westfall supported the relaxation of the three minute rule in regards to public comment.

Jim Harrison recounted the discussions the Board had in regards to merging the two systems and calculation of the equity surcharge starting in December 2006.

Curt Curtis stated that the reason that Blacklake supported the merger was that they believed that the merger would be significantly cheaper than rebuilding the booster

station. He indicated that he was surprised when the Reed Report recommended a very high buy-in charge. Jim Harrison and Larry Vierheilg agreed that the Reed number was shocking.

Jim Harrison stated that numerous Town Customers were concerned that they not be asked to subsidize Blacklake.

Pat Eby commented on the need for a second intertie.

Chairman Vierheilg requested that staff describe the Vierheilg II Proposal. Bruce Buel distributed a handout comparing actual and required reserve balances for Town and Blacklake for 5/31/08 and 6/30/06. Bruce Buel then reviewed the basis for calculation.

Bill Petrick objected to the use of the 2000 Boyle Replacement Study as part of the calculation. He also observed that the required Replacement Reserve was predicated on Blacklake having its own Booster Station. He concluded that he could not support using the Vierheilg method. Curt Curtis agreed.

Committee discussion followed regarding the limitations of using the Vierheilg II proposal.

Pat Eby distributed a graphic representation of her proposal.

Committee discussion followed regarding the process to reach closure. It was agreed that if the Board wished for additional Blacklake feedback that they should tender any such requests to the Blacklake Village Master Association Board.

Bill Petrick urged the District to visualize the benefits of merger including access to the surplus water produced by the Blacklake Wells.

Stan Keck complimented the group for an open discussion.

The meeting was adjourned at 2:36 p.m.

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