

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: JUNE 19, 2009

**AGENDA ITEM
F
JUNE 24, 2009**

MANAGER'S REPORT

ITEM

Standing report to your Honorable Board --*Period covered by this report June 3, 2009 through June 17, 2009.*

DISTRICT BUSINESS

Administrative

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

Roberto Cruz has filled the open the open Inspector/Preventive Maintenance Supervisor position.

Golden State Water Company, Rural Water Company and the Woodlands have agreed to pay for the at risk cost of forming an assessment district to pay for the capital portion of the Waterline Intertie Project. Staff is awaiting a follow up meeting with the County's Debt Issuance Council regarding the formation of a JPA to facilitate formation of the proposed assessment district.

The June 10, 2009 House Interior Appropriations Sub-Committee mark-up for FY09-10 STAG Appropriations excluded NCSD's request for funding for the Waterline Intertie Project.

The NMMA TG is planning a Public Meeting to present and explain the 2008 NMMA Annual Report. The TG has tentatively selected the evening of Wednesday July 29th as the date.

The Twitchell Management Authority held a hearing at 6:30pm on Wednesday June 10, 2009 regarding the draft 2008 SMVMA Annual Report.

Attached is a WIP fiscal report for the period ending May 2009.

Safety Program - No new accidents and/or injuries.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board.

ATTACHMENTS

- WIP Fiscal Report for Period ending May 2009

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**NIPOMO COMMUNITY SERVICES DISTRICT
WATERLINE INTERTIE PROJECT
MONTHLY REPORT TO THE BOARD OF DIRECTORS
MAY 31, 2009**

REVENUES FY 2008-2009 (1)	<u>MONTH OF</u> <u>MAY</u>	<u>FISCAL YEAR</u> <u>7/1/2008 TO</u> <u>6/30/2009</u>
Supplemental Water Capacity Fees Collected	(46,187.75)	13,750.00
Interest Income (monthly & quarterly posting)	1,129.91	72,432.17
Revenue Subtotal	-45,057.84	86,182.17
EXPENDITURES FY 2008-2009 (2)		
<u>CONSULTANTS</u>		
1590-A1 Feasibility Study (Cannon)	0.00	0.00
1590-A2 EIR Preparation (Wood & Assoc)	4,348.11	76,544.11
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	0.00	0.00
1590-A6 Project Support (Cannon)	0.00	0.00
1590-A7 Groundwater Grant Assistance (SAIC)	0.00	0.00
<u>LEGAL</u>		
1590-B1 Shipsey & Seitz	2,669.00	12,614.00
1590-B2 McDonough, Holland & Allen	0.00	0.00
1590-B3 Richards, Watson & Gershon	0.00	0.00
<u>LAND ACQUISITION</u>		
1590-C1 Appraisals (Tarvin & Reeder Gilman)	0.00	0.00
1590-C2 Property Negotiations (Hamner Jewell)	1,117.50	11,075.00
1590-C3 Property Acquisitions	0.00	673.00
<u>FINANCIAL</u>		
1590-D1 Reed Group	0.00	7,585.45
1590-D2 Lobbying	4,500.00	34,450.00
<u>ENGINEERING</u>		
1590-E1 Preliminary Engineering Design (Boyle)	0.00	2,194.43
1590-E2 Water Modeling by Carollo (City of Santa Maria)	0.00	0.00
1590-E3 Alternative Water Supplies (Boyle)	0.00	0.00
1590-E4 Project Information (Boyle)	0.00	0.00
1590-E5 Project Design (Boyle)	44,755.36	582,891.38
1590-E6 Pressure Testing	6,531.02	8,682.92
1590-E7 Peer Review	2,936.05	2,936.05
<u>OTHER</u>		
1590-F1 FGL Environmental	0.00	0.00
1590-F2 Copy/Print	0.00	0.00
<u>PERMITS</u>		
1590-G1 Santa Maria Valley Water Conservation District	0.00	130.00
<u>ASSESSMENT DISTRICT</u>		
1590-H1 Wallace Group	11,531.82	70,794.72
<u>CONSTRUCTION</u>		
1590-I1 Construction Management (MNS)	4,635.00	4,635.00
<u>SALARY AND BENEFITS (3)</u>		
1590-Z1 Wages-Capitalized	3,605.85	28,365.59
1590-Z2 Payroll Taxes-Capitalized	52.23	469.71
1590-Z3 Retirement-Capitalized	977.37	7,725.25
1590-Z4 Medical-Capitalized	235.59	2,521.77
1590-Z5 Dental/Vision-Capitalized	29.10	319.05
1590-Z6 Workers Compensation-Capitalized	30.57	239.43
Expenditure Subtotal	87,954.57	854,846.86
Net Revenues less Expenditures	(133,012.41)	(768,664.69)
		3,795,001.08
Ending Fund Balance as of May 31, 2009		3,026,336.39

(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 NCSO projects and capitalized as part of the cost of the project.

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**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>7/1/2008 TO 6/30/2009</u>	<u>GRAND TOTAL</u>
1645	Reservation Fee-City of Santa Maria	37,500.00	0.00	0.00	0.00	0.00	37,500.00
1590-A1	Feasibility Study (Cannon)	25,887.29	0.00	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	76,544.11	254,143.35
1590-A3	Est/Preliminary Schedule (Cannon)	3,706.19	2,602.75	0.00	0.00	0.00	6,308.94
1590-A4	Proposed Routes/Facilities (Cannon)	5,050.07	520.00	0.00	0.00	0.00	5,570.07
1590-A5	Prop 50 Grant Application	2,757.00	6,210.00	0.00	1,857.60	0.00	10,824.60
1590-A6	Project Support (Cannon)	0.00	11,797.44	0.00	0.00	0.00	11,797.44
1590-A7	Groundwater Grant Assistance (SAIC)	0.00	0.00	0.00	15,000.00	0.00	15,000.00
1590-B1	Shipsey & Seitz	0.00	23,095.55	17,564.25	2,201.50	12,614.00	55,475.30
1590-B2	McDonough, Holland & Allen	0.00	34,177.28	15,871.65	0.00	0.00	50,048.93
1590-B3	Richard, Watson & Gershon	0.00	9,472.38	27,954.81	0.00	0.00	37,427.19
1590-C1	Appraisals (Tarvin & Reeder Gilman)	0.00	0.00	16,170.00	10,000.00	0.00	26,170.00
1590-C2	Property Negotiations (Hamner Jewell)	0.00	0.00	0.00	0.00	11,075.00	11,075.00
1590-C3	Property Acquisitions	0.00	0.00	0.00	0.00	673.00	673.00
1590-D1	Reed Group	0.00	2,809.85	0.00	0.00	7,585.45	10,395.30
1590-D2	Lobbying	0.00	0.00	0.00	38,801.11	34,450.00	73,251.11
1590-E1	Preliminary Engineering Design (Boyle)	0.00	6,470.33	223,286.67	103,460.19	2,194.43	335,411.62
1590-E2	Water Modeling by Carollo (City of SM)	0.00	0.00	24,942.00	0.00	0.00	24,942.00
1590-E3	Alternative Water Supplies (Boyle)	0.00	0.00	164,230.48	70,772.01	0.00	235,002.49
1590-E4	Project Information (Boyle)	0.00	0.00	0.00	6,000.00	0.00	6,000.00
1590-E5	Project Design (Boyle)	0.00	0.00	0.00	0.00	582,891.38	582,891.38
1590-E6	Pressure Testing	0.00	0.00	0.00	0.00	8,682.92	8,682.92
1590-E7	Peer Review	0.00	0.00	0.00	0.00	2,936.05	2,936.05
1590-F1	Lab Testing (FGL Environmental)	0.00	0.00	5,047.00	0.00	0.00	5,047.00
1590-F2	Copy/Print	0.00	0.00	740.24	1,022.01	0.00	1,762.25
1590-G1	Permits	0.00	0.00	0.00	0.00	130.00	130.00
1590-H1	Assessment District	0.00	0.00	0.00	0.00	70,794.72	70,794.72
1590-I1	Construction Management (MNS)	0.00	0.00	0.00	0.00	4,635.00	4,635.00
1590-Z1	Wages-Capitalized	0.00	29,076.92	35,884.51	28,197.08	28,365.59	121,524.10
1590-Z2	Payroll Taxes-Capitalized	0.00	587.22	587.42	455.96	469.71	2,100.31
1590-Z3	Retirement-Capitalized	0.00	8,418.08	10,344.53	8,110.84	7,725.25	34,598.70
1590-Z4	Medical-Capitalized	0.00	2,861.36	3,367.02	2,564.88	2,521.77	11,315.03
1590-Z5	Dental/Vision-Capitalized	0.00	0.00	247.90	328.23	319.05	895.18
1590-Z6	Workers Compensation-Capitalized	0.00	260.35	341.83	225.21	239.43	1,066.82
		103,938.03	225,459.74	562,634.14	334,404.32	854,846.86	2,081,283.09

**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	161,198.75	246,198.75	3,595,000.00
FY June 30, 2010	85,000.00	158,988.75	243,988.75	3,510,000.00
FY June 30, 2011	90,000.00	156,425.00	246,425.00	3,420,000.00
FY June 30, 2012	90,000.00	153,545.00	243,545.00	3,330,000.00
FY June 30, 2013	95,000.00	150,397.50	245,397.50	3,235,000.00

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**NIPOMO COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL WATER FEES COLLECTED**

PROJECT	DEVELOPER	SUMMARY	DATE PAID	WATER SUPPLY PORTION	PIPELINE PORTION	SUPPLEMENTAL TOTAL
CALFIRE	CALFIRE	Fire system Fee	8/21/2008	41,568.11	5,137.64	46,705.75
Villagio Market	Nester	Fire system Fee	10/20/2008	11,082.28	1,369.72	12,452.00
CO 05-0113	David	Final Fees-Balance due to fee increase 7/1/08	10/6/2008	694.20	85.80	780.00
092-130-044	Roosevelt Apts	Final Fees-Recomputed for change in quantity and size of meters	5/13/2009	(41,107.09)	(5,080.66)	(46,187.75)
FISCAL YEAR 2008-2009			SUBTOTAL	12,237.50	1,512.50	13,750.00

CARRY FORWARD TOTALS FOR FY 04-05,
FY 05-06, FY 06-07 AND FY 07-08

2,623,733.26	323,931.49	2,947,664.75
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GRAND TOTAL	2,635,970.76	325,443.99	2,961,414.75
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TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: JUNE 19, 2009

**AGENDA ITEM
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JUNE 24, 2009**

COMMITTEE REPORTS

ITEM

Review Committee Matters.

BACKGROUND

The Water Conservation Committee met at 2:30pm on Friday June 5, 2009. Attached is a copy of the minutes from that meeting.

The Water Conservation Committee met at 1:30pm on Wednesday June 17, 2009. Minutes from this meeting will be distributed with the July 8th Packet.

The Infrastructure Committee is scheduled to meet at 2:00pm on Monday June 22, 2009.

~~The Parks Committee is scheduled to meet at 10am on Monday June 22, 2009.~~

The Parks Committee is scheduled to meet at 6:30pm on Thursday June 25, 2009 to hear from property owners in the proposed assessment district.

RECOMMENDATION

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

ATTACHMENT –

- * 6/5/09 WATER CONSERVATION COMMITTEE MINUTES

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MINUTES OF THE 6/05/09 SPECIAL MEETING OF THE WATER CONSERVATION COMMITTEE

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

Chairman Winn called the Special Meeting to order at 2:30pm in the NCSD Board Chambers. Both Chairman Winn and Director Vierheilig were in attendance along with District Legal Counsel Jon Seitz and staff members Bruce Buel and Celeste Whitlow. Three members of the public were present.

2. DISCUSS EMERGENCY WATER SHORTAGE REGULATIONS

Bruce Buel and Jon Seitz summarized the June 1st NMMA Technical Group Meeting's review of NCSD's Draft Emergency Water Shortage Regulations, with the following feedback:

- In similar situations, the CPUC has rejected community-based requests to declare mandatory water regulations;
- Both GSWC and RWC would need to follow the CPUC process before implementing any mandatory program and this process is slow and difficult;
- The demand reduction targets proposed in any staged mandatory program would need to be justified with clear and relevant physical criteria;
- The CPUC will require all of its investor owned utilities to follow the demand reduction strategies set forth in Rule 14.1; and
- GSWC has established a voluntary program designed to reduce average per customer demand in its service areas by 20%

Bruce Buel distributed copies of the revised Draft Emergency Water Shortage Regulations developed by District Legal Counsel, CPUC Rule 14.1, and GSWC's 20% Voluntary Program. Bruce Buel requested that the Committee discuss the above and provide feedback regarding the potential re-write of NCSD's Draft Emergency Water Shortage Regulations in light of the feedback from the Technical Group. In particular, staff asked the Committee if the District should continue to work with the Technical Group, if the District should develop regulations specific to NCSD or both.

Significant Committee discussion followed on the Technical Group feedback, the CPUC process and the limitations of CPUC Rule 14.1. Larry Vierheilig expressed his concern that it was not possible to craft one common program given the complexity of the review process. Mike Winn questioned the CPUC's actual position as compared to the interpretation offered from the Technical Group; observed that GSWC and RWC were not the same entity with the same interests; observed that the process was contentious with multiple interests influencing the behaviors of the participants; predicted that Judge Komar would have more influence than predicted; and questioned the baseline target set forth in the "20x2020" proposal as compared to the targets proposed in the Draft Emergency Water Shortage Regulations. Mike Winn urged staff to initiate discussions

MINUTES OF THE 6/05/09 MEETING OF THE

WATER CONSERVATION COMMITTEE

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immediately with the Woodlands to determine their preferences so that the non-CPUC water suppliers could better coordinate their activities.

Jon Seitz reminded the Committee that Section VI (A) 5 of the stipulation sets forth the ground-rules for development of the Water Providers Emergency Response Plan in the absence of Supplemental Water.

Bruce Buel expressed his belief that the mechanism to get CPUC feedback on the Emergency Water Shortage Program was for one or both of the CPUC regulated utilities to petition the CPUC. Bruce Buel agreed with Mike Winn that it was critical for NCS D to coordinate with the Woodlands Mutual Water Company and that the initial discussions should be fast-tracked.

Mike Winn observed that the RWC was growing in spite of the absence of available supply to meet new demand. He expressed a serious concern that RWC's behavior could undermine the health of the basin and the integrity of NCS D's Waterline Intertie Project. He indicated that the County would need to respect the water resource limitations as it reviewed land use proposals on the Nipomo Mesa.

Mike Winn proposed that NCS D lead by example and develop regulations that addressed flagrant wastes of water. Mike Winn indicated that it was OK for GSWC to pursue a voluntary program, but that voluntary programs would not be adequate.

Larry Vierheilg proposed that NCS D and the other water companies develop and start with a voluntary program that included portions of Rule 14.1 that the water reduction goals be based on projected savings and that the results be monitored for achievement. Larry Vierheilg expressed his hope that such a joint effort would give the participants a chance to work together and reach consensus.

Bruce Buel urged the Committee to pursue a two component strategy with the development of a voluntary program including water waste prohibitions at the same time developing the petitions to the CPUC to get CPUC guidance on the Mandatory Program.

Mike Winn expressed his support for NCS D proposing a 20% voluntary demand reduction program instead of the 15% target set forth in the Water Conservation Plan. Celeste Whitlow indicated that the recent CUWCC review of the Best Management Practices provided NCS D with an opportunity to mix programs and restrictions in order to achieve any particular target. Ms. Whitlow questioned how long NCS D could wait given the downward trend in basin groundwater storage. Mike Winn emphasized the critical role that an effective multi-tier rate structure plays in reducing demand.

Mike Winn moved that the Committee recommend the immediate development of a voluntary program including relevant provisions of Rule 14.1; immediate negotiations with the Woodlands Mutual Water Company regarding voluntary and mandatory regulations; continued negotiations the technical group regarding voluntary and mandatory regulations; expedite the rate study to evaluate multi-tiered rate structures and support the submittal of a petition to the CPUC to determine the CPUC's response to NMMA's situation. Larry Vierheilg seconded the motion.

MINUTES OF THE 6/05/09 MEETING OF THE

WATER CONSERVATION COMMITTEE

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Bill Nelson urged the District to establish clear goals for both the voluntary and mandatory program. He also expressed a concern regarding a flat target per household for all six billing periods when it was easy to comply in winter and almost impossible to comply in summer.

The motion described above was approved unanimously.

Bruce Buel proposed to use the 2008 NMMA Annual Report as the basis for developing the demand reduction targets set forth in the mandatory regulations. In particular, Bruce Buel suggested that NCS D look at the annual differential between demand and supply as a unit of demand reduction and compare that value or multiples of that value with total water supplier deliveries as the basis of drought year demand reduction.

Mike Winn indicated that the proposed targets should be greater than a simple 20% target set forth in the "20x2020" proposal under consideration by the state, because 20% is the target for the entire state. Some areas – definitely including the Central Coast – will be given higher targets.

The Committee agreed to meet again at 10am on Thursday June 18th, to discuss the development of a voluntary program, the development of a mandatory program and the basis for setting demand management triggers.

3. **DISCUSS WATER CONSERVATION STRATEGIES**

Celeste Whitlow provided updates on the various programs staff was working on. Committee discussion followed regarding measurement of results. There was no public comment.

4. **ADJOURNMENT**

Chairman Winn adjourned the meeting at 4:20pm.

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