

TO: BOARD OF DIRECTORS  
FROM: BRUCE BUEL  
DATE: DECEMBER 4, 2009



### CONSENT AGENDA

The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item be removed. If discussion is desired, the item will be removed from the Consent Agenda and will be considered separately.

**Questions or clarification may be made by the Board members  
without removal from the Consent Agenda.**

- D-1) APPROVE WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE BOARD MEETING MINUTES [RECOMMEND APPROVAL]  
Approve Minutes of 11/13/09 Special Meeting  
Approve Minutes of 11/18/09 Regular Meeting  
Approve Minutes of 11/20/09 Special Meeting
- D-3) APPROVE THE FIRM OF CROSBY COMPANY TO PROVIDE DISTRICT AUDIT SERVICES FOR FY 2010 TO FY 2012 IN THE AMOUNT OF \$8,000 PER YEAR [RECOMMEND APPROVAL]
- D-4) NOT USED
- D-5) ADOPT BUDGET AMENDMENT IN THE AMOUNT OF \$51,000 FOR GENERAL MANAGER REPLACEMENT [RECOMMEND APPROVAL]
- D-6) ADOPT RESOLUTION IMPLEMENTING ELECTRICAL SAFETY POLICY [RECOMMEND APPROVAL]

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\2009\CONSENT AGENDA\CONSENT 12-09-09.DOC

TO: BOARD OF DIRECTORS  
 FROM: MICHAEL LEBRUN  
 DATE: DECEMBER 04, 2009

**AGENDA ITEM  
 D-1  
 DECEMBER 09, 2009**

**TOTAL COMPUTER  
 CHECKS  
 \$345,479.72**

**HAND WRITTEN CHECKS**

11-17-09	20014	ALEXANDER'S CONTRACT SERVICES	2,281.70
11-20-09	20015	U S POSTAL SERVICE	1,000.60
11-20-09	20016	HALTERMAN & ASSOC	10,550.05
11-20-09	20017	STATE WATER RESOURCES CNTRL BD	130.00
11-30-09	20018- 20031	NET PAYROLL FOR 11/27/09 (VOID 17296)	27,606.87
12-04-09	20032	V ARMINI	75.00
12-04-09	20033	C BRIZENDINE	75.00
12-04-09	20034	C CRANE	75.00
12-04-09	20035	TC DOWLAN	75.00
12-04-09	20036	D DUNBAR	75.00
12-04-09	20037	J EPPARD	75.00
12-04-09	20038	D ERICKSEN	75.00
12-04-09	20039	N HALLEY	75.00
12-04-09	20040	L HARVEY	75.00
12-04-09	20041	A KAHRS	75.00
12-04-09	20042	C LUNDBERG	75.00
12-04-09	20043	C MACPHERSON	75.00
12-04-09	20044	C PERRIGUEY	75.00
12-04-09	20045	C SHEEHY	75.00
12-04-09	20046	R SHUTT	75.00
12-04-09	20047	J STEVENS	75.00
12-04-09	20048	R THOMAS	75.00
12-04-09	20049	CLEVER DUCKS	1,416.45

VOID - 17154, 17163, 17296

**COMPUTER GENERATED CHECKS**

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
017289	11/20/09	EBY01	EBY, ED	100.00	.00	100.00	112009	SPECIAL MEETING 112009
017290	11/20/09	HAR02	HARRISON, JAMES	100.00	.00	100.00	112009	SPECIAL MEETING 112009
017291	11/20/09	NEL01	NELSON, WILLIAM J	100.00	.00	100.00	112009	SPECIAL MEETING 112009
017292	11/20/09	VIE01	VIERHEILIG, LARRY	100.00	.00	100.00	112009	SPECIAL MEETING 112009
017293	11/20/09	WIN01	WINN, MICHAEL	100.00	.00	100.00	112009	SPECIAL MEETING 112009
17294	11/27/09	EMP01	EMPLOYMENT DEVELOP DEPT	39.27	.00	39.27	A91120	STATE INCOME TAX
				1229.66	.00	1229.66	A91123	STATE INCOME TAX
				6.35	.00	6.35	1A91120	STATE INCOME TAX
			Check Total.....:	1275.28	.00	1275.28		
17295	11/27/09	MID01	RABOBANK-PAYROLL TAX DEPO	157.51	.00	157.51	A91120	FEDERAL INCOME TAX
				3329.42	.00	3329.42	A91123	FEDERAL INCOME TAX
				65.20	.00	65.20	1A91120	MEDICARE (FICA)
				45.70	.00	45.70	1A91123	FICA
				23.75	.00	23.75	2A91120	FEDERAL INCOME TAX
				930.78	.00	930.78	2A91123	MEDICARE (FICA)
				32.60	.00	32.60	3A91120	MEDICARE (FICA)
			Check Total.....:	4584.96	.00	4584.96		
<del>17296</del>	<del>11/27/09</del>	<del>MID02</del>	<del>RABOBANK-DIRECT DEPOSIT</del>	<del>27606.87</del>	<del>.00</del>	<del>27606.87</del>	<del>A91123</del>	<del>NET PAY VOID</del>
17297	11/27/09	PER01	PERS RETIREMENT	623.55	.00	623.55	A91120	PERS PAYROLL REMITTANCE
				8845.88	.00	8845.88	A91123	PERS PAYROLL REMITTANCE
				.00	.00	.00	1A91120	PERS PAYROLL REMITTANCE
			Check Total.....:	9469.43	.00	9469.43		
17298	11/27/09	STA01	ING-PERS 457 DEFERRED COM	200.00	.00	200.00	A91120	457 DEFERRED COMP
				1325.00	.00	1325.00	A91123	457 DEFERRED COMP
			Check Total.....	1525.00	.00	1525.00		

Copy of document found at www.NoNewWipTax.com

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Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
017299	12/02/09	EBY01	EBY, ED	100.00	.00	100.00	120209	SPECIAL MEETING 120209
017300	12/02/09	HAR02	HARRISON, JAMES	100.00	.00	100.00	120209	SPECIAL MEETING 120209
017301	12/02/09	NEL01	NELSON, WILLIAM J	100.00	.00	100.00	120209	SPECIAL MEETING 120209
017302	12/02/09	VIE01	VIERHEILIG, LARRY	100.00	.00	100.00	120209	SPECIAL MEETING 120209
017303	12/02/09	WIN01	WINN, MICHAEL	100.00	.00	100.00	120209	SPECIAL MEETING 120209
017304	12/09/09	ABA01	ABALONE COAST BACTERIOLOG	97.00	.00	97.00	09-2287	TOWN WWTF LAB
				97.00	.00	97.00	09-2328	TOWN WWTF LAB
				97.00	.00	97.00	09-2402	TOWN WWTF LAB
				20.00	.00	20.00	09-2429	BL WWTF LAB
				175.00	.00	175.00	09-2439	WATER SAMPLES
				20.00	.00	20.00	09-2440	BL WWTF LAB
				20.00	.00	20.00	09-2444	BL WWTF LAB
				20.00	.00	20.00	09-2458	BL WWTF LAB
				176.00	.00	176.00	09-2460	TOWN WWTF LAB
				20.00	.00	20.00	09-2473	BL WWTF LAB
				20.00	.00	20.00	09-2485	BL WWTF LAB
				20.00	.00	20.00	09-2493	BL WWTF LAB
				175.00	.00	175.00	09-2494	WATER SAMPLES
				176.00	.00	176.00	09-2503	TOWN WWTF LAB
				20.00	.00	20.00	09-2504	BL WWTF LAB
				20.00	.00	20.00	09-2524	BL WWTF LAB
				20.00	.00	20.00	09-2530	BL WWTF LAB
				20.00	.00	20.00	09-2539	BL WWTF LAB
				175.00	.00	175.00	09-2553	WATER SAMPLES
				20.00	.00	20.00	09-2554	BL WWTF LAB
				20.00	.00	20.00	09-2566	BL WWTF LAB
				176.00	.00	176.00	09-2567	TOWN WWTF LAB
			Check Total.....	1604.00	.00	1604.00		
017305	12/09/09	ADV01	ADVANTAGE ANSWERING PLUS	160.65	.00	160.65	108717	ANSWERING SERVICE
017306	12/09/09	AEC01	AECOM USA INC	2495.26	.00	2495.26	7067185	GROUNDWATER MONITORING
				4778.27	.00	4778.27	7067208	FRONTAGE RD SEWER MAIN
				167.40	.00	167.40	7067210	PCI TR 2441 GRAY
				20078.55	.00	20078.55	7067221	SOUTHLAND WWTF UPGRADE
				691.20	.00	691.20	7067226	PI TR 2689
			Check Total.....	28210.68	.00	28210.68		
017307	12/09/09	ALX01	ALEXANDER'S CONTRACT SERV	2280.70	.00	2280.70	11300012	METER READING SERVICE
017308	12/09/09	AME03	AMERI PRIDE	110.22	.00	110.22	F123875	UNIFORMS ETC
				116.94	.00	116.94	F130153	UNIFORMS ETC
				114.77	.00	114.77	F136381	UNIFORMS ETC
			Check Total.....	341.93	.00	341.93		
017309	12/09/09	ATT01	AT&T/MCI	185.41	.00	185.41	966736	PHONE
				150.25	.00	150.25	998620	PHONE
				31.38	.00	31.38	998872	PHONE
				150.50	.00	150.50	998942	PHONE
			Check Total.....	517.54	.00	517.54		
017310	12/09/09	BAC01	BACKYARD IMPROVEMENT CENT	166.24	.00	166.24	2009-757	FENCE SLATS-BL WATER TANK
017311	12/09/09	BRE02	BRENNTAG PACIFIC INC.	510.07	.00	510.07	BPI945144	CHLORINE
017311	12/09/09	BRE02	BRENNTAG PACIFIC INC.	473.65	.00	473.65	BPI947030	CHLORINE
				601.12	.00	601.12	BPI950734	CHLORINE
			Check Total.....	1584.84	.00	1584.84		
017312	12/09/09	CAL08	CALIFORNIA RURAL WATER A	850.00	.00	850.00	111709	ANNUAL 2009 MEMBERSHIP DU
017313	12/09/09	CAL14	CALIFORNIA WATER	132.00	.00	132.00	DAVISON09	MEMBERSHIP RENEWAL
017314	12/09/09	CAL16	CALPERS	28250.00	.00	28250.00	12/2009	OPEB QUARTERLY FUNDING
017315	12/09/09	CAN02	CANNON ASSOCIATES	2671.54	.00	2671.54	47425	SUNDALE WELL ELECTRIFICAT
				225.00	.00	225.00	47427	TEJAS LFT STN MAINT
				722.50	.00	722.50	47428	THE PALMS TRANSDUCER MAIN
				609.79	.00	609.79	47431	INSTALL EUREKA WELL ANTEN
				7198.93	.00	7198.93	47467-R	WILLOW RD EXT PHASE II
				10430.00	.00	10430.00	47487-R	MISTY GLEN INTERTIE
			Check Total.....	21857.76	.00	21857.76		
017316	12/09/09	CLE06	CLEVER DUCKS	291.00	.00	291.00	9105	MONTHLY MONITORING
				1414.90	.00	1414.90	9181	COMPUTER TECH SUPPORT
			Check Total.....	1705.90	.00	1705.90		
017317	12/09/09	COA01	COASTLINE EQUIPMENT	266.52	.00	266.52	3966424	SKY HOOK

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017318	12/09/09	CON02	CONSERVETRACK	18000.00	.00	18000.00	274	WATER CONSVN SFTWARE
017319	12/09/09	COR01	CORBIN WILLITS SYSTEMS	750.83	.00	750.83	A911151	COMPUTER SUPPORT
017320	12/09/09	DEW01	J B DEWAR INC	34.35	.00	34.35	374381	WELL OIL
017321	12/09/09	DIS02	DISCRETE WIRELESS	308.50	.00	308.50	AT0626871	GPS SERVICE-DECEMBER
017322	12/09/09	EAR02	EARTHSCAPES	6779.90	.00	6779.90	2009-681	IRRIGATION RENOVATION TR
				391.25	.00	391.25	2009-751	IRRIGATION LABOR TR 2409
			Check Total.....	7171.15	.00	7171.15		
017323	12/09/09	EBY01	EBY, ED	100.00	.00	100.00	120909	REG BD MEETING 120909
017324	12/09/09	ELE02	ELEMENTS	125.00	.00	125.00	204534	UPDATE DOMAIN REGISTRAR
				125.00	.00	125.00	204846	WEBSITE DOMAIN
			Check Total.....	250.00	.00	250.00		
017325	12/09/09	FGL01	FGL ENVIRONMENTAL	331.00	.00	331.00	910779A	TOWN WWTF LAB
				348.00	.00	348.00	911006A	TOWN WWTF LAB
				97.00	.00	97.00	911325A	BL WWTF LAB
				81.00	.00	81.00	911611A	BL WWTF LAB
			Check Total.....	857.00	.00	857.00		
017326	12/09/09	GAS02	GAS COMPANY, THE	43.95	.00	43.95	111809	OFFICE HEAT
				28.89	.00	28.89	112109	SHOP HEAT 04163737945
			Check Total.....	72.84	.00	72.84		
017327	12/09/09	GIL01	GLM, INC.	320.00	.00	320.00	120109	LANDSCAPE MAINT OFFICE
017328	12/09/09	GRA07	GRAND PERFORMANCE	125.00	.00	125.00	218	SOUND SYSTEM MAINT
017329	12/09/09	GRO01	GROENIGER & CO	141.80	.00	141.80	11011706	SUPPLIES
				41.91	.00	41.91	11011886	SUPPLIES
			Check Total.....	183.71	.00	183.71		
017330	12/09/09	GWA01	GWA INC	53.00	.00	53.00	91100640	ALARM MONITORING
				85.00	.00	85.00	91102062	ALARM MONITORING
				85.00	.00	85.00	91102107	ALARM MONITORING
			Check Total.....	223.00	.00	223.00		
017331	12/09/09	HAR02	HARRISON, JAMES	100.00	.00	100.00	120909	REG BD MEETING 120909
017332	12/09/09	HEA01	HEACOCK TRAILERS & TRUCK	71.78	.00	71.78	31066	TRUCK SIDE BOX
				241.21	.00	241.21	31103	2004 CHEVY TRAILER MAINT
			Check Total.....	312.99	.00	312.99		
017333	12/09/09	KOE01	KOEHLER PLUMBING, INC	75.00	.00	75.00	3896	BACKFLOW DEVICE TEST
017334	12/09/09	LAN02	LANDMARK LANDSCAPE CO INC	324.35	.00	324.35	46854	VALVE REPAIR TR 2409
				214.00	.00	214.00	46989	LANDSCAPE MAINT VISTA VER
			Check Total.....	538.35	.00	538.35		
017335	12/09/09	LEW01	LEWIS & LEWIS ENT.	705.64	.00	705.64	991959	SUPPLIES
017336	12/09/09	MAI02	MAINLINE UTILITY COMPANY	450.00	.00	450.00	4319	LIFT STATION CLEANING
017337	12/09/09	MIN02	MINER'S ACE HARDWARE	271.55	.00	271.55	601224+	SUPPLIES
017338	12/09/09	MOR02	MORE OFFICE SOLUTIONS	202.60	.00	202.60	522113	COPIER MAINT
017339	12/09/09	NEL01	NELSON, WILLIAM J	100.00	.00	100.00	120909	REG BD MEETING 120909
017340	12/09/09	NEX01	NEXTEL COMMUNICATIONS	442.77	.00	442.77	87314-096	CELL PHONES
017341	12/09/09	NUT01	NU TECH PEST MGMT	265.00	.00	265.00	75828	PEST CONTROL
				49.00	.00	49.00	75829	PEST CONTROL
			Check Total.....	314.00	.00	314.00		
017342	12/09/09	OFF01	OFFICE DEPOT	165.04	.00	165.04	498626491	SUPPLIES
				76.12	.00	76.12	498849672	SUPPLIES
				179.96	.00	179.96	499160633	SUPPLIES
			Check Total.....	421.12	.00	421.12		
017343	12/09/09	PRE01	PRECISION JANITORIAL	650.00	.00	650.00	194	NOVEMBER JANITORIAL SERVI



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Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
017344	12/09/09	QUI04	QUINN POWER SYSTEMS	671.65	.00	671.65	4785812	GENERATOR MAINT UNIT 7
				693.35	.00	693.35	4785813	GENERATOR MAINT UNIT 2
				621.65	.00	621.65	4787100	GENERATOR MAINT UNIT 5
				621.65	.00	621.65	4787101	GENERATOR MAINT UNIT 6
				664.51	.00	664.51	4787102	GENERATOR MAIN UNIT 3
				614.51	.00	614.51	4787103	GENERATOR MAINT UNIT 1
				123672.38	.00	123672.38	E3093401	SUNDALE WELL GENERATOR
			Check Total.....	127559.70	.00	127559.70		
017345	12/09/09	RBA01	R BAKER, INC	3263.93	.00	3263.93	09103848	FH REPLACE-AVOCADO/BRANCH
				6316.65	.00	6316.65	09103850	AVOCADO & TEFFT WORK
			Check Total.....	9580.58	.00	9580.58		
017346	12/09/09	REL01	RELIABLE OFFICE SUPPLIES	169.37	.00	169.37	BP689200	SUPPLIES
017347	12/09/09	RIC01	RICHARDS, WATSON, GERSHON	960.60	.00	960.60	168138	WATER RIGHTS ADJUDICATION
017348	12/09/09	SAI01	SAIC	3689.18	.00	3689.18	542576	NMMA TG
				2382.50	.00	2382.50	550220	OSO FLACO REPLACE WELL
			Check Total.....	6071.68	.00	6071.68		
017349	12/09/09	SAN01	SANTA MARIA TIRE INC	1480.91	.00	1480.91	455362	04 TRUCK MAINT
017350	12/09/09	SHI01	SHIPSEY & SEITZ, INC	13385.86	.00	13385.86	101509	LEGAL FEES
				14293.60	.00	14293.60	111509	LEGAL SERVICES
			Check Total.....	27679.46	.00	27679.46		
017351	12/09/09	SLO02	DIV OF ENVIRON HEALTH	638.40	.00	638.40	64574	CROSS CONNECTION PROGRAM
017352	12/09/09	SOU01	SOUTH COUNTY SANITARY	34.92	.00	34.92	275630	TRASH COLLECTION
				169.12	.00	169.12	2760088	OLDE TOWNE TRASH COLLECTI
			Check Total.....	204.04	.00	204.04		
017353	12/09/09	SOU03	SOUTH COUNTY SANITARY	857.65	.00	857.65	OCT/NOV	SOLID WASTE TAX LIENS
017354	12/09/09	SPE01	SPECIAL DISTRICT RISK	733.96	.00	733.96	31582	CATERPILLAR INSURANCE
				-4000.52	.00	-4000.52	A91203C	2008-09 W/C REFUND
				4854.00	.00	4854.00	3RD QTR	W/C INSURACE 3RD QTR
			Check Total.....	1587.44	.00	1587.44		
017355	12/09/09	STA03	STATEWIDE SAFETY & SIGNS	136.94	.00	136.94	74643	SUPPLIES
017356	12/09/09	STA04	STATE DEPT OF HEALTH SERV	70.00	.00	70.00	BREWER 09	WATER DIST CERT RENEWAL
017357	12/09/09	TAF01	TAFT ELECTRIC	381.25	.00	381.25	304970	BL WATER BOOSTER MAINT
017358	12/09/09	TGP01	TGP WEST, INC.	2672.65	.00	2672.65	6935	8/24 & 8/28 WORK
017359	12/09/09	TIT01	TITAN INDUSTRIAL & SAFETY	3349.91	.00	3349.91	1038114	ROADWORK SIGNS
				79.67	.00	79.67	1038405	SUPPLIES
			Check Total.....	3429.58	.00	3429.58		
017360	12/09/09	TOW01	TOWN & COUNTRY FENCING	263.00	.00	263.00	2628	GATE REPAIR
017361	12/09/09	UND01	UNDERGROUND SERVICE ALERT	109.50	.00	109.50	90110041	UNDERGROUND NOTIFICATION
017362	12/09/09	UNI05	UNIVERSITY ENTERPRISES	53.04	.00	53.04	563398	WATER TRTMT MANUAL
017363	12/09/09	USB01	US BANK TRUST	88.74	.00	88.74	112309	SUPPLIES
				299.59	.00	299.59	112309C	BD MEETING SUPPLIES
				1620.48	.00	1620.48	11-23-09B	CONSERVATION PROMOTIONS
			Check Total.....	2008.81	.00	2008.81		
017364	12/09/09	VAN01	VAN SCOYOC ASSOCIATES	4500.00	.00	4500.00	33259	LOBBYING SERVICE - DECEMB
017365	12/09/09	VER01	VERIZON	39.04	.00	39.04	111909	BL PHONE
017366	12/09/09	VIE01	VIERHEILIG, LARRY	100.00	.00	100.00	120909	REG BD MEETING 120909
017367	12/09/09	WIL02	WILLDAN HOMELAND SOLUTION	12325.00	.00	12325.00	77-1552	EMER OPERATIONS PLAN
017368	12/09/09	WIN01	WINN, MICHAEL	100.00	.00	100.00	120909	REG BD MEETING 120909
017369	12/09/09	WOO01	DOUGLAS WOOD & ASSOCIATES	3180.16	.00	3180.16	110109-7	SOUTHLAND WWTF UPGRADE PR
017370	12/09/09	\K003	KELLEY CONSTRUCTION,	453.85	.00	453.85	000A91101	MQ CUSTOMER REFUND FOR KE
017371	12/09/09	\P003	PHARES, MICHAEL & MICHELE	103.24	.00	103.24	000A91101	MQ CUSTOMER REFUND FOR PH

**NIPOMO COMMUNITY SERVICES DISTRICT**

**FRIDAY, NOVEMBER 13, 2009**

**11:00 A. M.**

**SPECIAL MEETING MINUTES**

**BOARD of DIRECTORS**

JAMES HARRISON, **PRESIDENT**  
LARRY VIERHEILIG, **VICE PRESIDENT**  
ED EBY, **DIRECTOR**  
MICHAEL WINN, **DIRECTOR**  
BILL NELSON, **DIRECTOR**

**PRINCIPAL STAFF**

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

1. CALL TO ORDER, ROLL CALL, AND FLAG SALUTE

President Harrison called the November 13, 2009, Special Meeting of the Nipomo Community Services District to order at 11:00 a.m. and led the flag salute.

At Roll Call, all Board Members were present.

President Harrison took Agenda Item 6 out of order.

6. CONSIDER APPROVAL OF TEMPORARY SALARY ADJUSTMENT FOR ASSISTANT GENERAL MANAGER

District Legal Counsel, Jon Setiz, presented the Staff Report and answered questions from the Board of Directors. Upon motion of Director Winn and seconded by Director Eby, the Board of Directors unanimously approved the Staff Report, as presented.

Vote 5-0. There was no public comment.

YES VOTES	NO VOTES	ABSENT
Directors Winn, Eby, Vierheilig, Nelson and Harrison	None	None

2. CLOSED SESSION ANNOUNCEMENTS/ITEMS:

District Legal Counsel, Jon Seitz, announced the following Closed Session Item:

PUBLIC EMPLOYEE APPOINTMENT (Government Code §54957)  
Title: District Interim General Manager

3. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There was no public comment.

4. ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 11:10 a.m.

5. OPEN SESSION / ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

The Board came into Open Session at 5:10 p.m. Jon Seitz, District Legal Counsel, announced the Board conducted interviews for the Interim General Manager position. On a 5-0 vote and subject to entering into a contract, the Board of Directors selected Michael S. LeBrun as Interim General Manager. There was no public comment.

ADJOURN

The meeting was adjourned at 5:13 p.m.

**MINUTES SUBJECT TO BOARD APPROVAL**

# NIPOMO COMMUNITY SERVICES DISTRICT

*Celebrating 44 - Years of Service 1965 - 2009*

D2

## DRAFT MINUTES

**NOVEMBER 18, 2009 AT 9AM**

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

### BOARD of DIRECTORS

JAMES HARRISON, **PRESIDENT**  
LARRY VIERHEILIG, **VICE PRESIDENT**  
MICHAEL WINN, **DIRECTOR**  
ED EBY, **DIRECTOR**  
BILL NELSON, **DIRECTOR**

### PRINCIPAL STAFF

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

Mission Statement: The Nipomo Community Services District's mission is to provide its customers with reliable, quality, and cost-effective services now and in the future.

00:00:00

#### A. CALL TO ORDER AND FLAG SALUTE

President Harrison called the November 18, 2009 Regular Meeting of the Nipomo Community Services District to order at 9:01 a.m. and led the flag salute.

00:00:30

#### B. ROLL CALL

At Roll Call, all Board members were present.

00:00:45

#### C. PRESENTATIONS AND PUBLIC COMMENT

##### C-1) NCSD DISTRICT ENGINEER PETER SEVCIK

Update re: October Activities and Sundale Well Fire Remediation

The wrong number (C-2) was stamped on the packet item presented.

Peter Sevcik, District Engineer, reviewed the items presented in the Board Packet. Mr. Sevcik answered questions from the Board.

##### C-2) NCSD SUPERINTENDENT TINA GRIETENS

Update re: Monthly Utility Division Activities

The wrong number (C-3) was stamped on the packet item presented.

Tina Grietens, Utility Superintendent, reviewed the items presented in the Board Packet. Ms. Grietens answered questions from the Board.

##### C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST

Receive Announcements from Directors Items of District & Community Interest

###### Director Nelson

Blacklake Community received its commendation from President Harrison for water conservation. The Board authorized bids to have a landscape person to do an audit and evaluation of the landscaping system.

###### Director Vierheilig

Monday, Nov. 23, 2009 – Air Pollution Control District will be reviewing draft results of their particulate matter study for the Nipomo Dunes complex, at the Arroyo Grande City Hall 5:30 p.m. An RSVP is needed.

Saturday, Dec. 5, 2009, 9 – 12 Work Day at the Nipomo Native Garden. Bring gloves, shovel and self.



Nipomo Community Services District  
REGULAR MEETING  
DRAFT MINUTES

- C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST  
Receive Announcements from Directors Items of District & Community Interest

Director Eby

There will be no LAFCO meeting November 19, 2009.

The next meeting will be December 17<sup>th</sup>.

Nov. 17, 2009, Pismo Beach approved a letter requesting the County for a larger allotment of State Water. Municipal pumping ag pumping is actually the cause of sea water intrusion.

Director Winn

Saturday, Nov 21, 2009, at 6:30 p.m. - Santa Barbara County Special District Association meeting.

Mon., Nov. 23, 2009 - APCD meeting

Mon., Nov. 23, 2009 – NMMA Technical Group meeting

Mon., Dec. 5, 2009 – 2:00 p.m. NCSO Infrastructure Committee Meeting

6:30 p.m. South County Advisory Counsel – will be talking about important issues.

Tues., Nov. 24, 2009 – SLO County Board of Supervisors will be discussing the sewer plan for Los Osos and a GPA of the County Land Use Element.

Mon., Nov. 30, 2009 at 6:30 p.m. – Informational meeting for the proposed Miller Park.

Wed. Dec. 2, 2009 at 1:30 p.m. - Water Resources Advisory Committee meeting in the SLO Library. The agenda is not yet set.

Tues. Dec. 8, 2009 – SLO Board of Supervisors Regular meeting

Director Harrison

Blacklake representative said they removed 40,000 square feet of lawn. They plan to take out the lawn between the sidewalk and the street.

Mon., Nov. 23, 2009 - NMMA TG meeting. Directors Vierheilg and Harrison will attend.

Thur. Nov. 19, 2009 - Fire Safe Counsel meeting

Rotary Club will be in the Santa Maria Parade of Lights.

Would like to have something (event, resolution, etc.) to honor Mr. Buel.

- C-4) PUBLIC COMMENT ON ITEMS NOT ON AGENDA

There was no public comment.

00:45:08

D. CONSENT AGENDA

Director Harrison asked to pull Items D-3 and D-6 for separate consideration.

Lisa Bognuda, Acting General Manager, and Peter Sevcik, District Engineer, answered the Board's questions about the Warrants presented.

D-1) APPROVE WARRANTS

D-2) APPROVE BOARD MEETING MINUTES

Approve Minutes of 10/28/09 Regular Meeting

Approve Minutes of 11/4/09 Special Meeting

D-4) ACCEPT QUARTERLY FINANCIAL REPORT

D-5) ACCEPT CHICAGO GRADE WORK RE: REMOVAL OF SLUDGE

Nipomo Community Services District  
REGULAR MEETING  
DRAFT MINUTES

D. CONSENT AGENDA (CONTINUED)

Upon motion by Director Winn and seconded by Director Eby, the Board unanimously approved Items D-1, 2, 4, 5 of the Consent Agenda. There was no public comment. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Winn, Eby, Vierheilg, Nelson and Harrison	None	None

D-3) ACCEPT QUARTERLY INVESTMENT REPORT

Director Eby asked about Rabobank not paying interest on the District's checking account. He asked if this is industry standard. Ms. Bognuda answered his questions. Director Eby asked to have this subject put on the agenda for the Finance Committee. There was no public comment.

Upon motion of Director Eby and seconded by Director Winn, the Board unanimously accepted the quarterly report. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Eby, Winn, Vierheilg, Nelson and Harrison	None	None

D-6) AUTHORIZE EXECUTION OF AGREEMENT EXTENDING TERM OF OUTSIDE USER AGREEMENT FOR VINTAGE HOMES PROJECT AT WILLOW AND VIA CONCHA

The Board asked what happens if the extension for the project is approved and by the time the water is needed, water is not available.

Jon Seitz, District Legal Counsel, answered that the District would investigate all outstanding projects to which Outside User agreements have been made. Each agreement would be handled on a case-by-case basis.

Upon motion by Director Winn and seconded by Director Vierheilg, the Board approved Resolution 2009-1169. There was no public comment. Vote 4-1, Director Eby voting no.

**RESOLUTION NO. 2009-1169  
A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
APPROVING AMENDMENT NO. 1 TO OUTSIDE USER AGREEMENT  
FOR WATER AND SOLID WASTE SERVICE TO TRACT 2650**

YES VOTES	NO VOTES	ABSENT
Directors Winn, Vierheilg, Nelson and Harrison	Director Eby	None

01:06:39

E. ADMINISTRATIVE ITEMS

E-1) PARK MAINTENANCE DISTRICT NO. 1 ASSESSMENT BALLOT

Lisa Bognuda, Acting General Manager, explained that the District owns two parcels within the proposed Zone of Benefit for a park. NCS D has received conditional approval from LAFCO to operate and maintain parks within the current NCS D boundary.

A Public Hearing will be held December 16, 2009, at 9:00 a.m. Ballots are likely to be counted at that time. Assessments set are the maximum to be charged, not actual.

Upon motion by Director Winn and seconded by Director Vierheilg, the Board unanimously agreed to vote yes on both ballots and authorized the President of the Board to sign the ballots. There was no public comment. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Winn, Vierheilg, Nelson, Eby, and Harrison	None	None

**Nipomo Community Services District  
REGULAR MEETING  
DRAFT MINUTES**

01:12:08

E-2) CONSIDER GRAY TRUST (TRACT 2441) VARIANCE APPLICATION

Peter Sevcik, District Engineer, reviewed the events of the negotiations with the developer and engineers for Tract 2441. The matters have been resolved, the project has been redesigned to meet District requirements, and a variance is no longer necessary.

Upon motion by Director Winn and seconded by Director Nelson, the Board unanimously agreed to accepted the staff report and consider the variance application no longer necessary.

YES VOTES	NO VOTES	ABSENT
Directors Winn, Nelson, Eby, Vierheilig, and Harrison	None	None

*The Board took a break at 10:22 a.m. and resumed the meeting at 10:34 a.m.*

01:21:35

E-3) AUTHORIZE EXECUTION OF CHANGE ORDERS FOR SCADA SYSTEM UPGRADE DESIGN SERVICES

Peter Sevcik, District Engineer, explained that the District uses a proprietary SCADA system (IPAAC<sup>tm</sup>) to remotely monitor the operation of the District's water supply wells, sanitary sewer lift stations and wastewater treatment plants. Being proprietary, changes to the system typically require custom programming that must be outsourced. Mr. Sevcik stated that the District intends to send out a Request For Proposals to procure the services of a system integrator that can implement the SCADA Upgrade Projects in accordance with the District's requirements.

Mr. Sevcik answered questions from the Board. Director Winn stated that sentry wells need to be added to the SCADA system. Mr. Sevcik noted that sentry wells are not part of the distribution system and are remote. He suggested that those wells be considered at a later time and not be included in this proposal. The Board discussed the proposal from AECOM.

The following member of the public spoke:

Bill Petrick, NCSD resident, referred to a letter he had sent to the Board outlining concerns and also stated that the consultant should define the requirements.

Upon motion by Director Eby and seconded by Director Nelson, the Board agreed to the following, with the understanding that the subsequent money is allocated to the right accounts:

Authorize the General Manager to execute two separate contract amendments/change orders with AECOM as follows: **1)** Execute a change order to the engineering design contract for the Waterline Intertie Project to develop the RFP for the Water Department SCADA Upgrade Project for the not-to-exceed amount of seventeen thousand eight hundred ninety-nine dollars (\$17,899), and **2)** Execute a change order to the engineering design contract for the Southland WWTF Upgrade Project to develop the RFP for the Sewer Department SCADA Upgrade Project for the not-to-exceed amount of fourteen thousand six hundred forty-four dollars (\$14,644).



**Nipomo Community Services District  
REGULAR MEETING  
DRAFT MINUTES**

E-3) AUTHORIZE EXECUTION OF CHANGE ORDERS FOR SCADA SYSTEM UPGRADE DESIGN SERVICES (CONTINUED)

Vote 4-1, with Director Harrison voting no.

YES VOTES	NO VOTES	ABSENT
Directors Winn, Eby, Nelson and Vierheilig	Director Harrison	None

02:05:11

E-4) CONSIDER HIRING A CONSULTING FIRM TO ASSIST IN THE CANDIDATE SEARCH FOR A GENERAL MANAGER

Lisa Bognuda, Acting General Manager, explained that the Board had directed staff to request proposals from consulting firms to assist in the candidate search for a General Manager. The results of the proposals are in the staff report in the Board packet.

Ms. Bognuda answered questions from the Board. The Board discussed the proposals. There was no public comment.

Upon motion by Director Eby and seconded by Director Vierheilig, the Board unanimously agreed to direct staff to negotiate a contract and prepare a budget amendment resolution to select Bob Murray & Associates, with a not-to-exceed amount of \$22,000 for the General Manager candidate search. There was no public comment.  
Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Eby, Vierheilig, Winn, Nelson, and Harrison	None	None

*The Board considered Closed Session next.*

02:25:37

I. CLOSED SESSION ANNOUNCEMENTS

Jon Seitz, District Legal Counsel, announced the following to be considered in Closed Session.

1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9 SMVWCD VS. NCSO (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND ALL CONSOLIDATED CASES).
2. CONFERENCE WITH LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC SECTION 54956.9; NCSO VS. COUNTY SLO, ET AL. (CASE #CV090010)
3. ~~INSTRUCTION TO NEGOTIATORS JON SEITZ AND LILLIAN JEWELL PURSUANT TO GOVERNMENT CODE SECTION 54956.8 FOR PURCHASE OF PARTIAL EASEMENT INTEREST IN APN 090-291-039 THROUGH 045 (OWNER: LINDA VISTA FARMS, NEGOTIATOR: (JACQUELINE FREDERICK) (Nothing to report)~~
4. INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 ( 3 CASES)
5. PUBLIC EMPLOYEE APPOINTMENT PURSUANT TO GOVERNMENT CODE SECTION 54957, DISTRICT INTERIM GENERAL MANAGER

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There was no public comment.

Nipomo Community Services District  
REGULAR MEETING  
DRAFT MINUTES

K. ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 11:40 a.m.

L. OPEN SESSION

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

The Board came back into Open Session at 1:17 a.m.

Jon Seitz, District Legal Counsel, announced that the Board heard an update on the items listed above except Item 3, without any reportable action.

The Board considered Item E-5 next.

02:28:14

E-5 APPROVE THE INTERIM GENERAL MANAGER CONTRACT BETWEEN THE NIPOMO COMMUNITY SERVICES DISTRICT AND MICHAEL S. LEBRUN (SPECIAL MEETING ITEM)

Lisa Bognuda, Acting General Manager, explained that the Board had interviewed three excellent candidates for the Interim General Manager position. The Board of Directors selected Michael S. LeBrun, subject to entering into an employment contract.

Jon Seitz, District Legal Counsel, explained the amendments made to the contract.

The following member of the public spoke:

Michael S. LeBrun thanked the Board for the opportunity. He stated that he looks forward to working with the professional staff.

Upon motion by Director Winn and seconded by Director Vierheilig, the Board unanimously approved the Interim General Manager Agreement, as amended. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Winn, Vierheilig, Eby, Nelson, and Harrison	None	None

02:43:40

F. MANAGER'S REPORT

Lisa Bognuda, Acting General Manager, stated that the Manager's Report is as presented.

G. COMMITTEE REPORT

There were no committee meetings held since the last meeting.

02:46:55

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

Director Winn

Would like more information about letters written to Rural Water Co. and the County about permitting of wells and transfer of water out of the NMMA and out of the Santa Maria Groundwater Basin.

Coastal sentry wells status.

Agendize a discussion of the Solid Waste Franchise Fund. Look into usage for conservation.

Investigation into Rabobank fees and interest.

Mr. Flatley of Tract 2689 has been asking about the half million dollars in fees due before the District will issue a Will-Serve letter.

Director Harrison

Jerry Bunin would like to meet to talk about paying District fees when the meters are set .

ADJOURN

President Harrison adjourned the meeting at 1:41 p.m.

# NIPOMO COMMUNITY SERVICES DISTRICT

FRIDAY, NOVEMBER 20, 2009

10:00 A. M.

## SPECIAL MEETING MINUTES

**BOARD of DIRECTORS**

JAMES HARRISON, PRESIDENT  
LARRY VIERHEILIG, VICE PRESIDENT  
ED EBY, DIRECTOR  
MICHAEL WINN, DIRECTOR  
BILL NELSON, DIRECTOR

**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**

President Harrison called the Special Meeting of November 20, 2009, to order at 10:01 a.m. and led the flag salute. At Roll Call, all Board members were present.

**2. APPROVE ENCROACHMENT PERMIT TO ALLOW AN EXISTING FENCE WITHIN DISTRICT EASEMENT – APN 091-063-034, 375 RED OAK WAY**

Peter Sevcik, District Engineer, explained that the District was granted a water pipeline easement in 2005 over a portion of 375 Red Oak Way, APN 091-063-034, in order to provide water service to the parcel as well as several adjacent parcels. The Easement Grant Deed does not permit the construction of improvements within the easement area, including fences, without the written approval of the District.

Mr. Jeff McNiece, the current property owner, constructed a fence that encroaches into the District's easement. Mr. McNiece is in the process of selling the property and has requested District approval for the construction of the fence within the easement. Staff developed the "Encroachment Permit Within District Easement" to be recorded against the property that allows the fence to remain and preserves the District's easement rights, including removing the encroachment at the owner's expense.

Mr. McNiece requested and paid for the special meeting of the Board of Directors to approve the Encroachment Permit as the property is in the process of being sold and is scheduled to close escrow on November 20, 2009.

Mr. McNiece explained the circumstances around the building of the fence in 2005. Mr. McNiece answered questions from the Board. Jon Seitz, District Legal Counsel, also answered questions from the Board.

Upon motion by Director Winn and seconded by Director Vierheilig, the Board unanimously approved the "Encroachment Permit Within Easement" document and authorized staff to record the Encroachment Permit and approved Resolution 2009-1170. Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Winn, Vierheilig, Eby, Nelson and Harrison	None	None

RESOLUTION NO. 2009-1170  
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
APPROVING AN ENCROACHMENT PERMIT

**ADJOURN**

President Harrison adjourned the meeting at 10:16 a.m.



TO: BOARD OF DIRECTORS  
FROM: MICHAEL LEBRUN *MSL*  
DATE: DECEMBER 4, 2009

**AGENDA ITEM  
D-3  
DECEMBER 9, 2009**

APPROVE THE FIRM OF CROSBY COMPANY TO PROVIDE DISTRICT AUDIT SERVICES FOR FY 2010 TO FY 2012 IN THE AMOUNT OF \$8,000 PER YEAR

**ITEM**

Approve the proposal from Crosby Company to prepare the FY 09-10 through FY 11-12 audits [RECOMMEND APPROVAL]

**BACKGROUND**

In October Staff sent out a Request for Proposals for Auditing Services. The District received three proposals. A summary of the proposals is as follows:

Crosby Company	\$8,000 FY 2009-2010 \$8,000 FY 2010-2011 \$8,000 FY 2011-2012
Glenn, Burdette, Phillips & Bryson	\$8,250 FY 2009-2010 \$8,450 FY 2010-2011 \$8,650 FY 2011-2012
Caliber Audit & Attest, LLP	\$17,500 FY 2009-2010 \$18,000 FY 2010-2011 \$18,500 FY 2011-2012

Crosby Company has audited the District the past three years. The District has been satisfied with their services.

**FISCAL IMPACT**

Staff will budget \$8,000 in the next three fiscal years for audit services.

**RECOMMENDATION**

The Board of Directors approve the proposal from Crosby Company to prepare FY 09-10 through FY 11-12 audits.

**ATTACHMENT**

- Audit Proposals

**NIPOMO  
COMMUNITY  
SERVICES DISTRICT**

AUDIT PROPOSAL

FOR THE THREE YEARS ENDING  
JUNE 30, 2012

**CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT**

1457 MARSH STREET, SUITE 100 - SAN LUIS OBISPO, CA 93401  
PHONE: (805)543-6100 FAX: (805)858-9505

November 20, 2009

Board of Directors  
Nipomo Community Services District  
148 S. Wilson Street  
Nipomo, California 93444

Members of the Board:

I appreciate this opportunity to submit a proposal for the audits of the Nipomo Community Services District, for the years ended June 30, 2010; June 30, 2011; and June 30, 2012.

**QUALIFICATIONS OF THE FIRM**

Crosby Company is a full-service CPA firm, located in San Luis Obispo. I have twenty-six years of governmental auditing experience. My experience with governmental fund accounting and auditing, and my familiarity with Special District accounts, will enable me to audit and prepare the required reports in the most efficient and timely manner. I will make myself available when you need me, giving prompt, informed responses to your questions, while conducting your audit in a professional, comprehensive manner.

Crosby Company was started on June 1, 2009 and is not scheduled to conduct a peer review until the spring of 2011. All peer reviews conducted at my previous Firm were conducted successfully with no letter comments of sufficient significance. Each review indicated that the Firm maintained the strict quality control standards set forth by the American Institute of Certified Public Accountants (AICPA).

My professional liability insurance is through CAMICO, with coverage totaling \$1,000,000.

The following discussion outlines the technical, timing, and fee details of our proposal.

**AUDIT APPROACH**

I will audit the financial statements of the Nipomo Community Services District for the years ended June 30, 2010, June 30, 2011, and June 30, 2012, for the purpose of expressing an opinion on them. The financial statements are the responsibility of the District's management. My responsibility is to express an opinion on the financial statements, based upon my audits.



Audit Proposal  
Re: Nipomo Community Services District

Letter of Transmittal  
November 20, 2009

I will conduct the audits of the Nipomo Community Services District on the accrual basis, in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits will provide a reasonable basis for an opinion.

Based on discussions with management, and the review of your operations and accounting systems, I will obtain a firm understanding of your system of internal control and test the effectiveness of the internal controls in place. This will enable me to determine the timing and extent of our substantive audit testing. I will not issue an opinion on the system of internal control. If required, I will issue a management letter at the conclusion of the engagement, informing you of any material weaknesses or reportable conditions I find in the internal control system. I will also include, in the management letter, any business advisory comments or observations I feel may improve the efficiency and effectiveness of operations of the Nipomo Community Services District.

My audit procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and tests of the physical existence of Property, Plant, and Equipment, as well as direct confirmation of receivables and certain other assets and liabilities with certain creditors, legal counsel, and banks. I will search for unrecorded liabilities and perform analytical procedures on the income and expense accounts. In addition, I will compare actual performance to budgeted levels and investigate material discrepancies.

I will prepare the independent auditors' report on the audit of the financial statements of the Nipomo Community Services District, financial statements, and the appropriate footnotes to the financial statements, in accordance with U.S. generally accepted accounting principles.

#### **ENGAGEMENT TIMING**

I will meet with the District Staff and Audit Committee, prior to the commencement of the audit to review the audit program. I will provide a list of the schedules and supporting information required for the audits. I expect to commence the audit field work no later than August 15<sup>th</sup> each year, or as soon as most of the items on our "items needed list" are completed by your staff. I would like to have all audit confirmations mailed as soon as possible, to avoid any confusion in the responses. The annual report draft can be prepared prior to September 15<sup>th</sup> for review by District Staff and Audit Committee. I will present the final audit (twenty bound copies and one electronic copy) to the District no later than October 15<sup>th</sup> of each year.

Audit Proposal  
Re: Nipomo Community Services District

Letter of Transmittal  
November 20, 2009

## **METHOD AND BASIS OF COMPENSATION**

My audit professional staff includes one CPA, one CPA candidate, and an office manager. My fees for these services will be billed at the regular hourly rates for specific staff members involved (\$175 Owner, \$55-\$95 staff accountant). The total current year and two subsequent-years' audits are expected to take approximately 60-hours each to complete. Fees are not expected to exceed \$8,000 per year. This fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances or inflation will not be encountered during the audit.

Additional fees may be required, if the District receives significant funding from Federal sources; the District will be required to perform a single/grant-specific audit. Additional fees will depend on the funding amounts and the complexities of the disbursements.

My firm does not utilize CPA trainees to be in charge of the audit and field work. My clients expect to learn from my expertise, rather than train the staff accountants. I will insure that the books are adequately closed and the proper reversing entries are made for the subsequent year. As I have demonstrated in the past, and with other clients, I will work with the District staff to find ways to minimize the cost of the annual audit. If needed, I will spend extra time to help educate the Nipomo Community Services District's staff on the proper audit procedures and preparation for the audit.

I provide these extra services to maintain a long-term working relationship with all of my audit clients. I believe that the benefits of these extra services streamline future audits and, ultimately, are passed on to the organization in reduced audit rates.

We are enthusiastic about working with you and welcome your inquiries.

Respectfully submitted,



Robert P. Crosby, CPA

**CROSBY COMPANY**  
**Certified Public Accountant**

REFERENCES  
COMMUNITY SERVICE DISTRICT AUDIT CLIENTS

Avila Beach Community Services District John Wallace - General Manager Post Office Box 309 Avila Beach, California 93424 Audited Financial Statements - Fiscal Years Ended 1997 - 2009	(805) 595-2664
Cambria Community Services District Tammy Rudock – General Manager 1316 Tamson Drive, Suite 201 Cambria, California 93428 Audited Financial Statements - Fiscal Years Ended 1999 – 2001, 2009	(805) 927-6223
Heritage Ranch Community Services District John D'Ornellas – General Manager 4870 Heritage Road Paso Robles, California 93446 Audited Financial Statements - Fiscal Years Ended 2008 – 2009	(805) 227-6230
Linne Community Services District Susan O'Reily – Finance Manager 6075 High Ridge Road Paso Robles, California 93446 Audited Financial Statements - Fiscal Years Ended 2007 – 2009	(805) 227-4751
Los Osos Community Services District Post Office Box 6064 Los Osos, California 93412 Audited Financial Statements - Fiscal Years Ended 1997 - 2006	(805) 528-9375
Morro Bay/Cayucos Waste Water Treatment Plant Joyce Bunting - Financial Manager 595 Harbor Street Morro Bay, California 93442 Audited Financial Statements - Fiscal Years Ended 2000 - 2009	(805) 772-6221
Nipomo Community Services District Bruce Buel – General Manager Post Office Box 326 Nipomo, California 93444 Audited Financial Statements - Fiscal Years Ended 2007 - 2009	(805) 929-1133
Oceano Community Services District Gina Davis - Assistant General Manager Post Office Box 599 Oceano, California 93445 Audited Financial Statements - Fiscal Years Ended 1987 – 2000, 2003 - 2006	(805) 481-6730

REFERENCES  
COMMUNITY SERVICE DISTRICT AUDIT CLIENTS

San Miguel Community Services District (805) 467-3300  
Mike Ellison - General Manager  
Post Office Box 180  
San Miguel, California 93451  
Audited Financial Statements - Fiscal Years Ended 1999 - 2009

San Simeon Community Services District (805) 927-4778  
111 Pico Avenue  
San Simeon, California 93452  
Audited Financial Statements - Fiscal Years Ended 1994-1999, 2001-2006

Santa Margarita Fire Protection District (805) 438-5618  
Robert Murach, Jr. - Assistant Fire Chief  
Post Office Box 67  
Santa Margarita, California 93453  
Audited Financial Statements - Fiscal Years Ended 1997 - 2009

South San Luis Obispo County Sanitation District (805) 481-6903  
John Wallace - General Manager  
Post Office Box 399  
Oceano, California 93406  
Audited Financial Statements - Fiscal Years Ended 1988 - 2009

**CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT**

1457 MARSH STREET, SUITE 100 - SAN LUIS OBISPO, CA 93401  
PHONE: (805)543-6100 FAX: (805)858-9505

**ROBERT P. CROSBY, CPA**  
**OWNER**

**EDUCATION**

**University of Southern California**

Bachelor of Science Degree (Business Administration / Accounting) – June, 1977

**MILITARY EDUCATION**

**United States Navy - Naval War College / Officer Candidate School**

Newport, Rhode Island – January, 1978

**United States Navy - Navy Supply Corps School**

Athens, Georgia – July, 1978

**PROFESSIONAL BACKGROUND – Certified Public Accountant**

**Accounting Studies**

Passed CPA Exam – California, 1984

**Career Summary**

Owner, accountant, auditor and CPA from June, 2009 to present – San Luis Obispo, California

Owner/Partner, accountant, auditor and CPA from 1997 to May, 2009 – San Luis Obispo, California

Employed as accountant, auditor and CPA from 1986 to 1997 – San Luis Obispo, California

Employed as accountant, auditor and CPA from 1983 to 1985 – Newport Beach, California

Employed as accountant and controller from 1981 to 1983 – San Marino, California

Employed as U.S.Navy Lieutenant, accountant and manager from 1978 to 1981 – San Diego, California

**Areas of Expertise**

Extensive audit experience (26 years); expertise includes: municipal, special district, non-profits, compliance, fraud, corporate, Security Exchange Commission, and single/grant-specific audits.

Extensive tax-preparation experience (23 years); expertise includes: individual, non-profits, corporate, fiduciary, estate, and partnerships.

Other specialties, including: Internal Revenue Service audit representative, expert witness.

**PROFESSIONAL MEMBERSHIPS**

**Los Angeles Jonathan Club** – Resident Member

**California Society of Certified Public Accountants (CSCPA)** – Central Coast Chapter

**Boy Scouts of America (BSA)** – Eagle Scout

# ROY R. SEILER

## **CERTIFIED PUBLIC ACCOUNTANT**

910 W. Wood Street  
Willows, CA 95988

Phone: 530-934-8841  
Fax: 530-934-8849

To the Owners  
Crosby and Cindrich,  
Certified Public Accountants,  
A Professional Corporation

July 20, 2006

I have reviewed the system of quality control for the accounting and auditing practice of Crosby and Cindrich, Certified Public Accountants, A Professional Corporation (the firm), in effect for the year ended February 28, 2006. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on my review.

My review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During my review, I read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality controls sufficient to assess the risks implicit in its practice. Based on my assessments, I selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. Prior to concluding the review, I reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of my review. I believe that the procedures I performed provide a reasonable basis for my opinion.

In performing my review, I obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, I tested compliance with the firm's quality control policies and procedures to the extent I considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. My review was based on selective tests; therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies and procedures may deteriorate.



In my opinion, the system of quality control for the accounting and auditing practice of Crosby and Cindrich, Certified Public Accountants, A Professional Corporation, in effect for the year ended February 28, 2006, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

As is customary in an system review, I have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.



Roy R. Seiler, CPA

**NIPOMO COMMUNITY SERVICES DISTRICT**

**AUDIT PROPOSAL**

**YEARS ENDING JUNE 30, 2010, 2011 AND 2012**

**PROPOSER**

Glenn, Burdette, Phillips & Bryson  
Certified Public Accountants  
A Professional Corporation  
1150 Palm Street  
San Luis Obispo, California 93401  
(805) 544-1441

By  
Allen E. Eschenbach, CPA  
Principal

November 18, 2009

**NIPOMO COMMUNITY SERVICES DISTRICT  
AUDIT PROPOSAL  
YEARS ENDING JUNE 30, 2010, 2011 AND 2012**

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LETTER OF TRANSMITTAL

November 18, 2009

Nipomo Community Services District  
Attn: Bruce Buel, General Manager  
148 South Wilson Street  
Nipomo, CA 93444-0326

Dear Mr. Buel:

Thank you for your request for a proposal for Nipomo Community Services District for the years ending June 30, 2010, 2011 and 2012.

Our firm prides itself in the quality of service we provide. We believe that an audit should be more than a "rubber stamp" procedure. We perform tests of transactions to highlight areas for improvement in accounting controls. As a commitment to quality, we became members of the AICPA Center for Public Company Audit Firms and as such, undergo voluntary peer reviews. We have consistently received the highest achievable designation on the quality of our audits.

Our approach to auditing is management-oriented. We will concentrate on maintaining a close and constructive relationship with the District at all times, and on being continuously responsive to the District's needs.

We will perform the audit services and provide audit reports as described in Audit Scope and Methodology. If requested, we will make oral presentations further explaining our proposal or responding to specific questions.

Nipomo Community Services District

November 18, 2009

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Allen E. Eschenbach, CPA is authorized to make representations on behalf of Glenn, Burdette, Phillips & Bryson. He is a principal of the firm and may be contacted at Glenn, Burdette, Phillips & Bryson, 1150 Palm Street, San Luis Obispo, California, 93401, 805-544-1441.

This proposal is a firm and irrevocable offer for 60 days. If you have any questions regarding this proposal, please contact me. Thank you again for this opportunity to offer our services to Nipomo Community Services District.

Sincerely,



Allen E. Eschenbach, CPA

Principal

for

Glenn, Burdette, Phillips & Bryson

Certified Public Accountants

A Professional Corporation

## PROFILE OF GLENN, BURDETTE, PHILLIPS & BRYSON

Glenn, Burdette, Phillips & Bryson, Certified Public Accountants, is a multi-office firm headquartered in San Luis Obispo, California. Our reputation for innovation and integrity has been unmatched among full-service CPA firms on the Central Coast of California for more than 40 years. We've built that reputation by providing services tailored to meet our clients' needs and in so doing have become the largest CPA firm in the area.

We have two audit principals and one manager who are Certified Public Accountants, three seniors and one professional staff who primarily perform audit services. Biographies of the associates expected to perform significant services under this contract are contained under Staffing for Audits. All the work will be performed from our San Luis Obispo office.

The firm and any of its employees have never had a record of sub-standard work, or unsatisfactory performance pending with the State Board of Accountancy. There have been no disciplinary actions taken or pending against the firm with state regulatory bodies or professional organizations.

All our CPAs and professional associates conducting audits are required to take at least 80 hours of continuing professional education (CPE) classes each two years with at least 24 hours each two years in CPE directly related to the government and nonprofit environment and government and nonprofit auditing as required by *Government Auditing Standards*. We are members of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the Government Finance Officers Association, the California Society of Municipal Finance Officers, and the California Association of School Business Officials. We subscribe to all current pronouncements of the Financial Accounting Standards Board and the Governmental Accounting Standards Board. As such, we have access to the AICPA technical hotline, and GASB and FASB technical staff when questions arise related to accounting or disclosure during the course of an audit.

Our customers and community have come to rely on us for financial and business expertise encompassing an array of diverse industries. Our clients include large and small public and non-public companies, governmental agencies, nonprofit organizations and individuals in such varied industries as retail, light manufacturing, financial services, emerging technologies, construction, agriculture, and real estate, to name a few.

Integrity and professional competence are the cornerstones of the firm. We work hard to earn and maintain the trust of the clients and communities we serve and have implemented internal policies to ensure that we provide quality professional service in an independent, objective, and ethical manner.

We would not enjoy our current reputation without great people and a sense of client ownership at all of our staff levels. In 2000, we became the first CPA firm in California to be employee-owned, demonstrating that



our commitment to our clients is a priority with every member of our organization. We take pride in our technical expertise and business acumen and, with our customer knowledge, give personal attention to all of our clients to assist them with today's business and help them build for a stronger tomorrow.

In addition to having the area's largest audit practice, the firm has the largest tax department on the Central Coast. We are heavily involved in all phases of tax planning, preparation and consulting. We also provide management advisory services related to information systems on non-attest engagements and maintain a client accounting services department. We are available to present educational seminars and employee training programs throughout the year.

We have previously provided audit and other services for the following local community service districts: Mission Hills Community Services District; Cambria Community Services District; Port San Luis District; Oceano Community Services District; and Los Osos Community Services District.

#### PEER REVIEW REPORT

Our firm had its quality control system reviewed in December 2008 as required by the American Institute of Certified Public Accountants. The quality control review included a review of specific governmental engagements. We received an unqualified opinion. A copy of the opinion is on the last page of this proposal.

#### EXPERIENCE PERFORMING AUDITS OF ON-LINE COMPUTERIZED FINANCIAL SYSTEMS

All of our clients listed under Previous Experience and References use on-line computerized financial systems so we are experienced auditing in this environment. In conjunction with the District audit, we will evaluate the District's computer system including the adequacy of the systems, security and operating procedures.

#### SYSTEM OF QUALITY CONTROL

The firm provides a copy of its Quality Control Document to each professional and paraprofessional associate. This document includes a statement of firm philosophy and describes our policies related to each quality control element: independence, integrity and objectivity; personnel management; acceptance and continuation of clients; engagement performance; and monitoring of quality control. We perform an annual inspection that includes a representative sample of administrative files, personnel files, engagement work papers and other documents to verify we are following each of our stated quality control procedures. We also have an external peer review every three years in accordance with the AICPA SEC Practice Section requirements.

## INDEPENDENCE

In relation to Associated Students, Inc., Glenn, Burdette, Phillips & Bryson meets the independence standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. As part of our internal quality control procedures, each employee is required to attest to their independence with regard to the current client listing. The forms completed by each member and employee of the firm who will be performing the audit are available upon request.

## LICENSE TO PRACTICE IN CALIFORNIA

The firm and all assigned management and supervisory professional associates are properly licensed to practice in California. Their CPA License Numbers are indicated under Staffing for Audits.

## STAFFING FOR AUDITS

It is presently contemplated that overall responsibility for the fiscal and compliance audits would be with Allen E. Eschenbach, CPA, Principal. The fieldwork would also be supervised by Sherri Parkinson, CPA, with Caitlin Beavers serving as professional associate.

A short biography of the persons who will be performing the audit services follows. All of these individuals meet the continuing education requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Allen E. Eschenbach (Certified Public Accountant License # 73290) - Audit Principal

Mr. Eschenbach graduated from California Polytechnic State University, San Luis Obispo in June 1991 with a Bachelor of Science degree in Business Administration, with an accounting concentration. He was employed as a supervising senior at Ernst & Young LLP in San Francisco for three and a half years where he audited various public and nonpublic companies in the capital markets and financial services industries, as well as a number of large retailers and nonprofits. Al joined the firm in January 1995, became a principal in June 2000, and served as the firm's managing principal from 2003 through 2005. Since becoming a principal he has overseen the Santa Maria office and since 2001 has been responsible for the education and quality control of the audit department. He has extensive experience providing attestation and consulting services to clients of all industries on the Central Coast, including municipal and educational governmental entities, private agriculture, high technology, and construction enterprises. He has also assisted companies with fraud audits and Sarbanes-Oxley section 404 internal control implementation. Mr. Eschenbach resides in Nipomo with his wife and five children.

Al is a member of the American Institute of Certified Public Accountants and the Government Finance Officers Association. He is also a member of the California Society of Certified Public Accountants, and currently serves on the CalCPA state accounting principles and auditing standards committee. He is a graduate of Leadership San Luis Obispo Class VI and has served on the board of a number of local community organizations. Since joining the firm, Mr. Eschenbach has served in a supervisory capacity on the following relevant governmental, nonprofit and A-133 single audits:

Mission Hills Community Services District  
Port San Luis District  
Oceano Community Services District  
Mission Hills Homeowners' Association  
Santa Maria-Bonita and Santa Maria Joint Union High School Districts  
Allan Hancock Joint and Santa Barbara Community College Districts  
Cal Poly Corporation  
Cities of San Luis Obispo and Guadalupe

Sherrri Y. Parkinson (Certified Public Accountant License #64611) – Senior Professional Associate

Mrs. Parkinson graduated from California Polytechnic State University, San Luis Obispo in June of 1989. She was employed by KPMG in San Jose, where her audit clients included both private and public companies. She has since worked in industry at several companies including Global Village Communications, Inc, a public company, where she served as Accounting Manager and at Wireless Access Communications, Inc, where she served as Controller. She joined Glenn, Burdette, Phillips & Bryson in August 2008. Since joining the firm as an audit and tax professional, Mrs. Parkinson has served in a supervisory capacity on the following relevant governmental, nonprofit and A-133 single audits:

Mission Hills Community Services District  
Cuesta College Foundation  
Monterey Bay Foundation  
Private Industry Council  
Santa Maria Valley Youth & Family Center

Caitlin N. Beavers (Certified Public Accountant Applicant) – Professional Associate

Ms. Beavers graduated from the University of Arkansas with a Bachelors degree in 2008 and from the University of Tennessee with a Masters degree in 2009. She was employed as an intern at another local CPA firm before joining Glenn, Burdette, Phillips & Bryson in August of 2009. Ms. Beavers has passed all four sections of the CPA exam and is currently working towards the experience requirement. Since joining our firm as an audit associate, Ms. Beavers has been assigned to participate in the following relevant governmental, nonprofit and A-133 single audits:

Cities of San Luis Obispo and Guadalupe  
Cal Poly Corporation  
California Polytechnic State University Foundation

PREVIOUS EXPERIENCE AND REFERENCES

Glenn, Burdette, Phillips & Bryson is very active in governmental, nonprofit and school district auditing. The following is a partial list of governmental, nonprofit and school district audits that we have performed, including the contact person:

<u>Name of Agency</u>	<u>Contact Person</u>
Mission Hills Community Services District	Mr. Mike Riley (805) 733-4366
Santa Maria-Bonita School District	Mr. Matt Beecher (805) 928-1783
Santa Barbara Community College District	Ms. Leslie Griffin (805) 965-0581
City of Guadalupe	Mr. Al Hernandez (805) 343-1340
Mission Community Services District	Ms. Anita Robinson (805) 782-5000

All the above engagements include significant information systems, which are considered during the audits.

## FEES

Our fees for the audits of the years ending June 30, 2010, 2011 and 2012, will be based on actual time spent at our standard hourly rates discounted by approximately 10% as indicated on the following page. These billing rates vary depending upon the level of experience and responsibility of the individuals involved. Our standard billing rates are as follows:

Principals	\$215 – 350/hour	Collection Services	\$135/hour
Senior Managers	205/hour	Professional Staff	115/hour
Managers	185/hour	Entry Level Professional - 1 <sup>st</sup> Yr	100/hour
Senior Professional Associates	135 – 160/hour	Professional Staff - Client Acctg	125/hour
Technology Consulting	135 – 235/hour	Administrative Assistants	75/hour

*The highest rates for principals and managers are for specialized services such as litigation support, expert witness testimony, estates and trusts, or mergers and acquisitions and would not necessarily relate to services provided to you*

We will bill you on a monthly basis, and all invoices are due and payable upon presentation.

Fees for additional services provided during the year requested by the District in addition to the audit, will be billed at the hourly rates stated above. The higher rates are for specialized services such as litigation support, expert witness testimony, mergers and acquisitions and estates and trusts and would not necessarily apply to the District. It is our practice to not bill for incidental phone calls with clients during the audit engagement contract.

In the event that circumstances disclosed by the audit indicate that a more detailed verification is required in addition to that, which would be sufficient under ordinary circumstances, we agree to provide the District with all ascertainable facts relative to the extraordinary circumstances together with an estimate of any additional costs. No extended services will be performed unless they are authorized by the District.

	<u>Estimated</u> <u>Hours-</u> <u>2009/10</u>	<u>Standard</u> <u>Rates</u>	<u>Standard</u> <u>Fees</u>	<u>Discount</u>	<u>Fixed</u> <u>Fees</u>
Principal	6	275	1,650		
Senior Professional Associate	36	135	4,860		
Professional Staff	24	100	2,400		
Administrative Assistant	4	75	300		
	<u>70</u>		<u>\$ 9,210</u>	\$ (960)	<u>\$ 8,250</u>

	<u>Fiscal Year</u> <u>2009/10</u>	<u>Fiscal Year</u> <u>2010/11</u>	<u>Fiscal Year</u> <u>2011/12</u>
Fixed Fee	<u>\$ 8,250</u>	<u>\$ 8,450</u>	<u>\$ 8,650</u>



## AUDIT SCOPE AND METHODOLOGY

We will audit the financial statements of the Nipomo Community Services District (the District) as of and for the years ending June 30, 2010, 2011 and 2012, in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants (AICPA), any pertinent AICPA Industry Audit Guides, the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements of the office of the California State Controller for California Special Districts. We will issue our opinions on the fair presentation of the business-type activities and each major fund in conformity with generally accepted accounting principles. The financial statements will include all the major funds and aggregate remaining funds maintained by the District.

The audit shall be performed for the purpose of expressing an opinion on the financial statement of the district taken as a whole, and it is anticipated that independent auditors will encounter no scope limitations.

It is our practice to divide an audit into (1) preliminary work - to be completed at some time prior to year-end, and (2) year-end work - to be performed after the year-end closing. A significant portion of our procedures can be accomplished in May or June, with final fieldwork in August, thereby expediting issuance of the reports. We will schedule fieldwork on dates that are mutually acceptable with the General Manager and Finance Director.

Our audit approach will be designed to provide for the most effective and efficient use of resources. During our interim testing procedures, we will review the basic accounting systems of the District, and will use questionnaires and checklists to document our understanding of the internal control system including the control environment, risk assessment, control activities, information and communication, and monitoring. This will be supplemented by narratives of our understanding of the flow of information through the accounting system. We will interview various District staff in order to gain an understanding of the internal controls and to identify applicable laws and regulations for the audit of the basic financial statements. We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. (Tests of controls are required only if control risk is assessed below the maximum level.) Our tests, if performed, will be less in scope that would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed. We anticipate performing tests of controls for purchasing/cash disbursements, personnel/payroll, and revenue/cash receipts transaction cycles. Based on the controls present within the respective systems and our preliminary evaluation of such

controls, a determination will be made as to the extent of compliance testing procedures to be performed. The District's budgeting, accounting and reporting system will be reviewed for compliance with the legally adopted budget and amendments.

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the District's financial statements.

We will perform substantive tests of account balances at year end including vouching to supporting documentation or confirmation with outside parties as determined appropriate. We will apply analytical procedures by comparing account balances for the current year to the prior year amounts and the current year budget in order to identify unusual or unexpected balances or relationships and in order to consider risks when preparing audit work programs. Analytical procedures will also be applied to significant revenues and expenditures as a portion of our substantive audit program. We will request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will also require certain written representation from the General Manager and Finance Director about the financial statements and related matters.

Proposed adjustments will be thoroughly reviewed with the General Manager and Finance Director prior to preparation of any reports. Drafts of reports will be submitted to you for your comments. Reports are only issued after complete concurrence with report format and wording. This approach to audit services results in the early identification of problems and leads to a harmonious, professional relationship.

We noted in your Request For Proposal that your expectation is that the auditors will prepare the audit reports and the appropriate notes or comments. Under new auditing standards, SAS 112, please be advised that this could result in material weakness or significant deficiency findings.

We will complete the audit reports and have them available to the District and submit to the required agencies by October 15 of each year. We will furnish the District with twenty (20) bound copies and one electronic copy of the final audit reports.

In addition, we will conduct an audit exit conference with District Staff and the Audit Committee at the completion of the audit and before the issuance of the final report. The purpose of the exit conference will be to discuss findings, conclusions, and opinions which are to be stated in the audit reports. We will also attend a Board meeting for a formal presentation of the audit reports to the Board at no additional charge in order that the audit might be fully understood and any questions answered.

As part of our audit, we will advise you of opportunities we have observed for efficiency or improved controls in the District's internal control system, procedures, and management practices. All matters are

discussed with management and the significant suggestions are included in the findings and recommendations section of the audit report. If any of the matters are considered material weaknesses or significant deficiencies as defined by the AICPA, they would be indicated in our report related to internal controls and compliance. We will provide a separate management letter which will explain in greater detail the findings and recommendations noted in the audit report, if necessary. The management letter will be addressed to the District's Board and will include a statement of audit findings and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters.

The management of the District is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use of disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that a material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the financial statements. However, we will inform the District of any material errors and any fraud that comes to our attention. We will also inform the District of any other illegal acts that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later period for which we are not engaged as auditors.

We will assure ourselves that the District are informed of each of the following, if applicable: the auditors' responsibility under generally accepted auditing standards, significant accounting policies, management judgments and accounting estimates, significant accounting audit adjustments, other information in documents containing audited financial statements, disagreements with management if any, management consultation with other accountants, major issues discussed with management prior to retention and difficulties encountered in performing the audit.

Management is responsible for making all financial records and related information available to us. Your staff involvement will consist of providing access to or copies of internal schedules, typing confirmations, pulling supporting documentation such as vendor invoices and payroll records and performing other clerical

assistance as needed during our engagement. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with each entity. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets.

Our firm uses personal computers extensively in our audit practice. We have portable computers that we take into the field to assist in preparing working papers and financial schedules. When possible, we would like to use the District's files for testing rather than manually preparing information.

We will retain all workpapers generated under this contract for at least seven years. The workpapers for this engagement are the property of Glenn, Burdette, Phillips & Bryson and constitute confidential information. However, we may be requested to make certain workpapers available to authorized representatives of any and all regulatory agencies with jurisdiction over any of the operations of the District pursuant to authority given by law or regulation including the State Controller's Office. If requested, access to such workpapers will be provided under the supervision of Glenn, Burdette, Phillips & Bryson personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the regulatory agencies and they may intend or decide to distribute the photocopies or information contained therein to others, including other governmental agencies.

Bellevue  
Boise  
Grandview  
Woses Lake  
Ormak  
Othello  
Quincy  
Spokane  
Tri-Cities  
Walla Walla  
Wenatchee  
Yakima

To the Directors of  
Glenn, Burdette, Phillips & Bryson  
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Glenn, Burdette, Phillips & Bryson (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2008. The Firm has informed us that it did not audit SEC-issuers for the year ended May 31, 2008. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it, since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Glenn, Burdette, Phillips & Bryson in effect for the year ended May 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures, or compliance with them. The matters described in the letter were not considered to be of significance to affect the opinion expressed in this report.

*LeMaster & Daniels PLLC*

Bellevue, Washington  
January 27, 2009

Bellevue  
Boise  
Grandview  
Moses Lake  
Omak  
Othello  
Quincy  
Spokane  
Tri-Cities  
Walla Walla  
Wenatchee  
Yakima

To the Principals of  
Glenn, Burdette, Phillips & Bryson  
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Glenn, Burdette, Phillips & Bryson (the firm) in effect for the year ended May 31, 2008, and have issued our report thereon dated January 27, 2009. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in the report, which should be read in conjunction with this letter.

Comment - The firm's quality control policies and procedures require the engagement partner's review of audit procedures performed to ensure that the requirements of professional standards are met. However, we noted a lack of documentation in areas such as subsequent events, internal control, and testing of alternative investments. However, we were satisfied in each case that the firm did not need to perform additional inquiries or procedures. A similar finding related to the need for oral explanations was included in the letter of comments issued in connection with the firm's previous peer review.

Recommendation - The firm should place a higher emphasis by the engagement partner when reviewing the engagement file related to required documentation in accordance with both professional standards and the firm's quality control policies and procedures. Such documentation could include the use of memoranda in the working papers or the use of standard practice aids that are available from the firm's third party practice aids.

*LeMaster & Daniels PLLC*

Bellevue, Washington  
January 27, 2009



*Nipomo Community Services District*

*Proposal to Provide Audit Services*

*June 30, 2010, 2011 and 2012*





November 18, 2009

Nipomo Community Services District

We are pleased to respond to your recent request for a proposal to provide audit services for Nipomo Community Services District.

### **SELECTING A CPA**

There are four criteria that a company should consider when selecting their accounting and consulting team:

- Service Philosophy
- Integrity
- Professional Excellence
- Resource Availability

We believe that these qualities are key to ensuring that you will receive the professional accounting, attestation, and other consulting services on a timely basis that can play a vital role in advancing you towards your business objectives. Our excellent reputation and substantial capabilities in these key areas is documented on the following pages.

### **CLIENT SERVICE TEAM**

We have assigned a client service team for this engagement that has the professional skills, technical competence, and, above all, the commitment to enable us to make a distinctive contribution to your success. Gary Jensen, Partner, will have the overall responsibility for all aspects of your engagement.

### **SCOPE OF SERVICE AND FEES**

We strive to add value that is greater than the costs of our fees. Our fees and understanding of the scope of services to be provided are presented, along with our approach to the engagement, under specific sections of this proposal. Our provision of services described in this proposal is contingent upon a preliminary survey of the Company and its accounting systems and the execution of an engagement letter.

We are eager to service Nipomo Community Services District and look forward to contributing to the success of your organization. Please feel free to call us to discuss any aspect of this proposal in greater detail.

CALIBER AUDIT & ATTEST, LLP

A handwritten signature in black ink, appearing to read "Gary Jensen".

---

Gary Jensen, CPA\ABV\CFF

**Caliber Audit & Attest, LLP  
Proposal for Services**

**PROFILE OF CALIBER AUDIT & ATTEST, LLP**

Caliber Audit & Attest, LLP is a locally-owned accounting, auditing and attestation firm located on the California Central Coast with clients throughout the United States and the world.

We are proud of the reputation of quality that we have earned through the expertise of our staff and the level of service we provide. We strive to associate only the highest caliber of people with our Firm. Caliber Audit & Attest, LLP's commitment to exceptional client service is based on four primary factors. First, the Firm possesses unparalleled technical competence. We believe no other competitor in the target market has the depth of knowledge, experience and education that our Firm possesses. Second, we specialize in locally growing industries and commit extensive time and resources to these target industries. As a result, Caliber Audit & Attest, LLP is regarded as an 'expert' for auditing and accounting services. Third, the Firm commits to investing in technology and education to provide efficient and effective client service. Although such investment is costly, it provides the Firm with resources that are unmatched by its competitors and allows Caliber Audit & Attest, LLP to provide the highest quality of services in a more timely manner. Finally, all of the professionals at our Firm are committed to proactive client service.

Our range of services provided include:

- Financial Reporting, including Audited, Reviewed, and Compiled Financial Statements
- Business Valuation Services
- Agreed-Upon Procedures Services
- Audit Preparation Services
- Internal Control Consulting Services
- Management Consulting Services

**Caliber Audit & Attest, LLP  
Proposal for Services**

**KEY CRITERIA IN SELECTING AN ACCOUNTING, AUDITING AND CONSULTING FIRM**

Selecting the accounting, auditing, and consulting firm to represent your business can have an important impact on your company. Listed below are questions to ask when selecting an accounting, auditing, and consulting firm to meet your specific needs. The excellent reputation and substantial capabilities of the Caliber Audit & Attest, LLP team are documented in the answers.

**SERVICE PHILOSOPHY**

**Is there a commitment to service that assures accessibility and timely response in meeting your needs?**

At Caliber Audit & Attest, LLP we believe in the value of relationships. We consider responsiveness to client needs a vital component to establishing ongoing, successful relationships. Our firm philosophy includes a dedication to provide the highest level of professional service. We demonstrate this through our personal relationships with clients, quality of service, responsiveness, timeliness, expertise, knowledge, and professional competency.

**Is there a proactive approach to solving your problems?**

We take a proprietary interest in meeting our clients' expectations and being proactive business advisors. We define "proactive" as helping our clients to anticipate and resolve accounting and auditing issues that impact their business.

**Is there a consistency and continuity of partners and professional staff who understand you and your business?**

You will see and speak with the same professionals year after year on your engagement with Caliber Audit & Attest, LLP.

**Are there monitoring mechanisms in place to ensure that your work is completed in a timely manner?**

Our firm has a timing schedule for each engagement that is monitored for work completion within the agreed upon time frames. In the case of financial statement preparation, this schedule is preliminarily reviewed with the client for understanding and agreement, and then followed for compliance.

**Does the firm understand your industry?**

Our specialization in the accounting and auditing field allows us to be industry driven. We serve clients with locations throughout the United States and internationally. Our clients include agricultural companies, wineries, high technology companies, manufacturers, real estate and construction companies, and professional service industries. We are specialists in the industries we serve.

**Caliber Audit & Attest, LLP  
Proposal for Services**

**INTEGRITY**

**Do the partners and professional staff exemplify the highest levels of honesty and integrity in dealing with clients?**

At Caliber Audit & Attest, LLP we not only adhere to the unyielding ethical standards of our profession, we take pride in emphasizing the highest levels of honesty and integrity in every aspect of the client services we provide. We communicate information to clients as clearly and transparently as possible so that they are completely informed of the issues at hand.

**What is the reputation of the firm among third parties (attorneys, bankers, CPA societies, etc.)?**

We believe that the excellent reputation of the members of our firm in the community, among peers and with regulatory bodies, is one of the principal reasons for doing business with our firm.

**PROFESSIONAL EXCELLENCE**

**Is there a measure of quality assurance through regular peer reviews of the firm's work?**

Caliber Audit & Attest, LLP is enrolled in the voluntary peer review program. Also, we perform annual quality control inspections of our work in the accounting and auditing area of our practice. Our most recent peer review was performed in August of 2009 which resulted in a report of pass with no findings for further consideration (see copy of current year peer review report attached to this proposal).

**Does the firm invest in the continuing education of professional staff to maintain knowledge and capabilities on the leading edge?**

All professional staff members at Caliber Audit & Attest, LLP obtain a minimum of 40 hours per year of continuing professional education. Continuing education combined with the Firm's in-service training by our experienced professionals results in unparalleled technical competence.

**RESOURCE AVAILABILITY**

**Does the firm have access to national and international expertise to expand the capabilities of the firm in specialized situations?**

We are members of the AIPCA and the California Society of CPA's, keeping the firm on the leading edge of changes to professional standards and generally accepted accounting principles that may be of benefit to clients. These memberships also give us access to national and international accounting networks. Gary Jensen has a leadership role at the California Society of CPA's by serving on the State Peer Review Committee, which ensures that our firm is aware of the most recent accounting, auditing and attestation developments. We have also invested extensively in resources and technology that allow us to provide the best possible service to our clients. These resources include access to comprehensive databases that keep us on the leading edge of all accounting and auditing guidance.

**Does the firm have adequate liability insurance coverage?**

Caliber Audit & Attest, LLP is a participant in CAMICO, a mutual insurance company providing liability coverage specifically to CPA's in California.

**Caliber Audit & Attest, LLP  
Proposal for Services**

**FIRM EXPERIENCE**

Prior to our formation of Caliber Audit & Attest, LLP in July of 2008, we managed the Central Coast auditing department for Barbich Longcrier Hooper & King. Gary Jensen was an audit partner who serviced clients both on the Central Coast and in Kern County.

As an audit partner, Gary Jensen has many years of experience in providing audit services to community service and water districts in the San Luis Obispo County and Kern County areas. Gary served as either the engagement or quality control partner for each of the districts included in the following client list, which includes both agricultural and municipal districts. The services provided to our special district clients included auditing, consulting and general accounting support.

The following lists several of the clients which are similar in nature to Nipomo Community Services District that Gary Jensen serviced during his years as an audit partner with Barbich Longcrier Hooper & King.

<u>Name</u>	<u>Scope of Work</u>	<u>Year Service Provided</u>	<u>Total Assets</u>
Atascadero Mutual Water Company	Audit	5+	\$ 45,389,031
San Luis Garbage Company South County Sanitary Services, Inc. Mission Country Disposal Morro Bay Garbage Service Cold Canyon Landfill, Inc.	Audit	5+	\$ N/A (income statement only)
Frazier Park Public Utilities District	Audit	10+	\$ 4,131,000
Golden Hills Community Service District	Audit	20+	\$ 12,678,000
Arvin Edison Water Storage District	Audit	20+	\$111,362,000
Fairhaven Industrial Fire Protection District	Audit	10+	\$ 124,000
Semitropic Water Storage District	Audit	20+	\$323,933,000
McAllister Ranch Irrigation District	Audit	2+	\$ 5,119,000
West Kern Water District	Audit	20+	\$ 91,637,000
Wheeler Ridge – Maricopa Water Storage District	Audit	4	\$108,309,000





## **OUR APPROACH TO THE ENGAGEMENT**

We believe that the key to an efficient engagement is to clearly define the objectives and plan carefully the conduct of the engagement with a full understanding of the operating and financial policies and procedures of the client and its management. To accomplish this, our firm requires that a preliminary engagement survey be conducted and a formal engagement plan designed for each engagement. As a part of this requirement, the partner has the responsibility for coordinating and carrying out the engagement and participating in the preparation and approval of the engagement plan.

We consider the initial planning stage to be the most important phase of our engagement. This planning stage helps us define the internal and external control environment, and allows us to better design our engagement approach utilizing the strengths of the client's systems. In order to efficiently manage the Nipomo Community Services District engagement, we strongly recommend that a planning and scheduling meeting be held as soon as Nipomo Community Services District decides to engage our services.

In order to effectively manage the Nipomo Community Services District engagement for the year ending June 30, 2010 we propose the following schedule.

- |  |                           |
|--|---------------------------|
| · Begin preliminary survey                           | Week of May 3, 2010       |
| · Submit list of information needed from the Company | Week of May 17, 2010      |
| · Begin interim field work                           | Week of May 31, 2010      |
| · Additional field work                              | Week of August 16, 2010   |
| · Proposed audit adjustments                         | Week of September 6, 2010 |
| · Submit draft of financial statements               | Week of September 6, 2010 |
| · Delivery of financial statements                   | Week of October 11, 2010  |

**Caliber Audit & Attest, LLP  
Proposal for Services**

**YOUR CLIENT SERVICE TEAM**

We have already discussed our client service approach with you. The focus is on what is important to you, the client, as well as meeting professional standards. At Caliber Audit & Attest, LLP, each and every client is treated as our most important client. Our firm has the resources available to provide full service to Nipomo Community Services District. If necessary, we will not hesitate to use the specific talents of people throughout our organization in servicing your needs.

**CALIBER AUDIT & ATTEST, LLP**

Gary Jensen, Engagement Partner

Kim Spiller, Quality Control Partner

Senior and Staff Accountants

**Caliber Audit & Attest, LLP**  
**Proposal for Services**

**OUR FEES**

Our objective is to provide outstanding client service at a reasonable fee. The fee we charge will be commensurate with the level of experience and effort required to complete the work. We keep our fees to a minimum by assigning experienced personnel to the engagement and by involving your accounting staff as much as possible so that our representatives can concentrate on the significant phases of the engagement.

We do not believe that fees should be primary basis for selecting an accounting firm. These decisions should be based on industry experience, commitment to client service and the ability to get the job done in the most efficient manner possible. Therefore, we would be happy to discuss the fees for our proposed services in more detail.

Our estimates of the fees for the proposed projects are as follows:

Audit of 2010 financial statements	\$17,500
Audit of 2011 financial statements	\$18,000
Audit of 2012 financial statements	\$18,500

Our hourly rates for partners range from \$160 to \$190, supervisors are at \$115, and staff accountants are at \$95. In order to keep fees to a minimum, we would like to meet with Nipomo Community Services District representatives to review the schedule we would require in order to complete the engagement in an efficient manner. We would assign responsibilities for completion, establish due dates, review judgmental areas and establish a timetable for the review and issuance of our report. The purpose of this planning session would be to prevent last-minute "surprises" and to focus our efforts on high-risk areas, rather than providing accounting assistance. This process would be ongoing in order to control fees for our services.

If during our engagement any extraordinary matters come to our attention and an extension of our services beyond the scope of our intended engagement as described in this proposal is required, we reserve the right to consult with you regarding an adjustment to the fees quoted for the period noted above.

We propose the following schedule for the payment of fee for our services:

Fees of \$5,000 are to be invoiced and due in June of each year, upon completion of the preliminary phase of the audit engagement. The remaining fees for each year are to be invoiced and due upon delivery of all copies of the final audit report at the completion of the engagement.



## **Gary Jensen, CPA/ABV/CFF**

[gary@calibercpas.com](mailto:gary@calibercpas.com)

Gary Jensen is a partner in Caliber Audit & Attest, LLP.

Mr. Jensen specializes in the accounting and auditing area. His experience includes a wide range of services covering many different industries. He performs auditing and other attest services, including auditing, reviewing and compiling all aspects of financial statements, audit planning and risk assessment procedures, internal control analysis, preparing financial statements and the related disclosures, compliance and reporting in accordance with generally accepted accounting principles, and consulting on accounting and auditing related issues. He also performs business valuations, litigation support analysis, and quality control reviews under the AICPA Peer Review Program.

In addition to being a licensed CPA, Mr. Jensen is Accredited in Business Valuations (ABV) and is Certified in Financial Forensics (CFF) by the AICPA. Mr. Jensen is responsible for the Firm's Business Valuation practice. He performs business valuations for various types of entities, including closely held corporations, partnerships, limited family partnerships, limited liability companies and proprietorships.

Before forming Caliber Audit & Attest, LLP, Mr. Jensen was a partner with the regional accounting firm of Barbich Longcier Hooper & King, where he also served as the President of the Alliance Appraisal Company. Mr. Jensen started his accounting career at the national accounting firm of Fox & Company.

Mr. Jensen graduated with a Bachelor of Science in Business Administration with an emphasis in Accounting from California State University, Bakersfield.

Mr. Jensen is a member of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants. He is a reviewer under the American Institute of Certified Public Accountants Peer Review Program and is currently serving on the California Society of Certified Public Accountants Peer Review Committee which oversees the State's peer review process.

Mr. Jensen enjoys spending time with his wife and four children.





## **Kim Spiller, CPA**

[kim@calibercpas.com](mailto:kim@calibercpas.com)

Kim Spiller is a partner in Caliber Audit & Attest, LLP.

Ms. Spiller's specific areas of expertise are related to accounting and auditing, including auditing reviewing and compiling all aspects of financial statements, audit planning and risk assessment procedures, internal control analysis, preparing financial statements and the related disclosures, compliance and reporting in accordance with generally accepted accounting principles, preparation of corporate income tax provisions, and consulting on accounting and auditing related issues. Although the clients served operate in a variety of industries, she has extensive experience in the areas of high technology, light manufacturing, service providers, real estate, construction, and agriculture, including wineries. She is responsible for the quality control of the accounting and auditing services for the firm.

Before forming Caliber Audit & Attest, LLP, Ms. Spiller was with the regional accounting firm of Barbich Longcrier Hooper & King in San Luis Obispo and the international accounting firm of Ernst & Young in San Diego.

Ms. Spiller graduated with a Bachelor of Arts in Business Economics with an emphasis in Accounting from the University of California, Santa Barbara where she was the valedictorian of her graduating class. Other academic honors earned by Ms. Spiller include the Alpha Lambda Delta Award and Mortar Board Award for highest GPA of UCSB graduating class, Golden Key National Honor Society, UCSB Robert Swenson Award for Outstanding Scholastic Achievement and Service, Channel Counties Chapter of the California Society of CPA's Achievement Award, UCSB Accounting Faculty Achievement Award, National Society of Accountants Scholarship Award, Head Teaching Assistant for the UCSB Accounting Program, and the UCSB Accounting Alumni Student Award.

Ms. Spiller is a member of the California Society of Certified Public Accountants, for which she currently serves as a Board member for the Central Coast Chapter. Ms. Spiller also co-chairs the CalCPA Young Emerging Professionals Committee for the Central Coast Chapter. Ms. Spiller is also a member of the American Institute of Certified Public Accountants.

As a native of San Luis Obispo, Ms. Spiller enjoys spending time on the beautiful Central Coast with her husband, family and friends.

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**SYSTEM REVIEW REPORT**

August 13, 2009

Caliber Audit & Attest, LLP  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Caliber Audit & Attest, LLP (the firm) in effect for the year ended June 30, 2009. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Caliber Audit & Attest, LLP in effect for the year ended June 30, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiencies*, or *fail*. Caliber Audit & Attest, LLP has received a peer review rating of *pass*.



TO: BOARD OF DIRECTORS  
FROM: MICHAEL LEBRUN *MSL*  
DATE: DECEMBER 4, 2009

**AGENDA ITEM**  
**D-5**  
**DECEMBER 9, 2009**

ADOPT BUDGET AMENDMENT FOR GENERAL MANAGER REPLACEMENT

**ITEM**

Adopt budget amendment in the amount of \$51,000 for General Manager replacement.  
[RECOMMEND APPROVAL]

**BACKGROUND**

The General Manager, Bruce Buel, will retire at the end of January after his accrued vacation and sick leave is exhausted. Lisa Bognuda was the Acting General Manager the month of November. The Board of Directors have taken the following actions to find a new General Manager:

Recruitment Consultant

On November 4, 2009, the Board of Directors held a Special Meeting and directed Staff to seek proposals to hire a recruitment consultant. On November 18, 2009, the Board of Directors reviewed four proposals and selected Bob Murray & Associates in an amount not-to-exceed \$22,000.

Overlap of General Manager Services

On November 11, 2009, the Board of Directors conducted Interim General Manager interviews and selected Michael LeBrun. Mr. LeBrun began working for the District on November 30, 2009. There will be approximately two months of overlapping salary and related payroll expenses (November and December). Below is a summary of the net budget amendments required. [Net = Approved Budget Amount (included a full year of General Manager service) minus Estimated Actual (based on Acting and Interim General Manager service)].

Wages (net)	\$22,850
Payroll Taxes and related costs (net)	\$4,825
PERS Retirement (net)	(\$13,675)
TOTAL (ESTIMATED)	\$14,000

Legal Services

District Legal Counsel has provided on-going staff and legal support over the past month with contract negotiations and technical issues. Legal Counsel will continue to do so during the transition periods. It is anticipated an additional \$15,000 in legal fees will be incurred.

**FISCAL IMPACT**

An amendment to the FY 09-10 Budget in the amount of \$51,000 is requested. It is recommended the funds be taken from the operating reserves.

**RECOMMENDATION**

Staff recommends that the Board adopt the attached Resolution.

**ATTACHMENTS**

- Resolution

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**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2009-XXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
AMENDING THE DISTRICT BUDGET FOR  
GENERAL MANAGER REPLACEMENT**

**WHEREAS**, the Nipomo Community Services District ("District") General Manager will retire in January 2010 and the District has hired an Interim General Manager effective November 30, 2009; and

**WHEREAS**, the District authorized the hiring of Bob Murray & Associates to assist in the recruitment of a General Manager; and

**WHEREAS**, on June 24, 2009, the District adopted its FY 09-10 Budget; and

**WHEREAS**, District desires to amend the FY 09-10 Budget to allocate funds to cover the cost of the recruitment consultant, the additional costs of the Interim General Manager services and legal services related to the transition.

**NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE NIPOMO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS AS FOLLOWS:**

The District Board of Directors does hereby authorize the appropriation of the following from operating reserves:

1. \$22,000 for recruitment consultant
2. \$14,000 for overlap of general manager services
3. \$15,000 for legal services for transition

On the motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

CONFLICTS:

the foregoing resolution is hereby adopted this 9<sup>th</sup> day of December, 2009.

\_\_\_\_\_  
James Harrison, President  
Nipomo Community Services District

ATTEST:

\_\_\_\_\_  
Donna K. Johnson  
Secretary to the Board

\_\_\_\_\_  
Jon S. Seitz,  
General Counsel

TO: BOARD OF DIRECTORS  
FROM: MICHAEL LEBRUN *Mejl*  
DATE: DECEMBER 2, 2009

**AGENDA ITEM  
D-6  
DECEMBER 9, 2009**

**CONSIDER ADOPTION OF ELECTRICAL SAFETY POLICY**

**ITEM**

Consider adoption of Electrical Safety Policy in accordance with Cal/OSHA requirements [ADOPT RESOLUTION].

**BACKGROUND**

Cal/OSHA regulations require employers to protect employees from the risk of injury by providing electrical safe-work practices. The District currently does not have an electrical safety policy.

The District's electrical safety consultant prepared the attached Electrical Safety Policy based on Cal/OSHA's requirements and site visits to most of the District's facilities. Staff is scheduled to attend the required electrical safety training on December 8, 2009.

**FISCAL IMPACT**

Preparation of the policy, presentation of the policy at the Board meeting, and employee training involves usage of previously budgeted staff and consultant time.

**RECOMMENDATION**

Staff recommends that your Honorable Board adopt the attached Resolution.

**ATTACHMENT**

Resolution 2009-XXXX with Exhibit "A" – Electrical Safety Policy



**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2009-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
ADOPTING AN ELECTRICAL SAFETY POLICY**

**WHEREAS**, the Nipomo Community Services District (herein "District") does not have an Electrical Safety Policy; and

**WHEREAS**, Staff has determined that the District needs an Electrical safety Policy to protect employees from the risk of injury by providing electrical safe-work practices; and

**WHEREAS**, the Electrical Safety Policy attached as Exhibit "A" to this Resolution has been reviewed by the Board of Directors of the Nipomo Community Services District.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the Nipomo Community Services District, as follows:

1. The policy attached hereto as Exhibit "A" is hereby adopted as the Electrical Safety Policy of the Nipomo Community Services District.
2. Effective Date. This Resolution and the attached Electrical Safety Policy shall take effect immediately.

Upon motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, and on the following roll call vote, to wit:

AYES:  
NOES:  
ABSENT:  
CONFLICT:

the foregoing resolution is hereby passed and adopted this 9<sup>th</sup> day of December, 2009.

\_\_\_\_\_  
James Harrison  
President of the Board  
Nipomo Community Services District

ATTEST:

APPROVED:

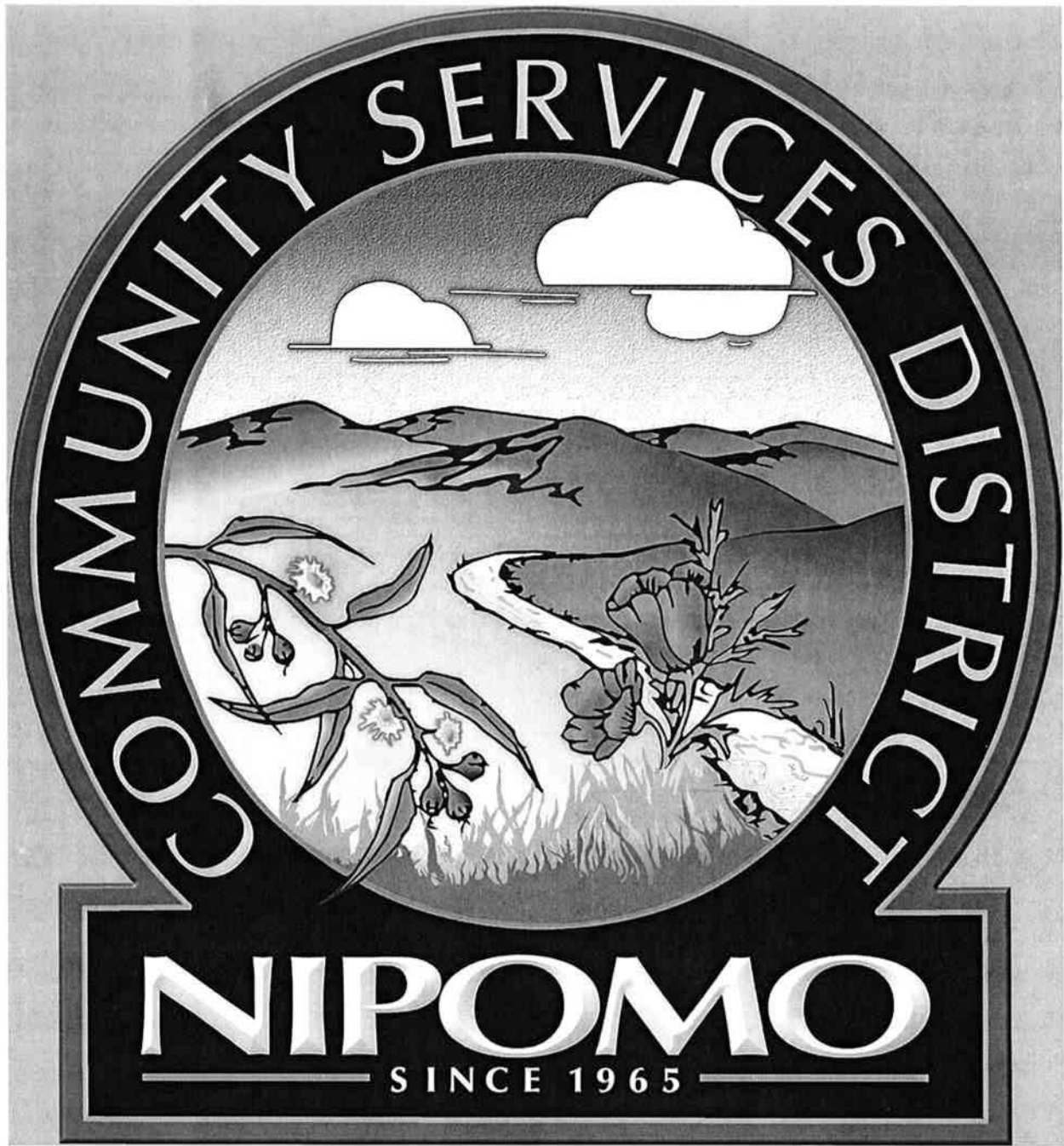
\_\_\_\_\_  
Donna K. Johnson  
Secretary to the Board

\_\_\_\_\_  
JON S. SEITZ  
District Legal Counsel

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**NCSD SAFETY POLICIES AND PROCEDURES**

**ELECTRICAL SAFETY PROGRAM**



# NCSD SAFETY POLICIES AND PROCEDURES

## ELECTRICAL SAFETY PROGRAM

### I. PURPOSE

The purpose of this Electrical Safety Program is to assist employees of the Nipomo Community Services District (NCSD) to eliminate accidents and injuries which may result from the operation, installation, removal, use, or maintenance of any electrical equipment, systems, or tools by providing electrical safe-work practices.

### II. APPLICABILITY

This program establishes and specifies the electrical safe-work practices for all employees and contractors of the NCSD. These practices must be used while operating, installing, removing, using, or performing any maintenance activity on any electrical equipment, system, or tool energized to 600 volts or less and to all work performed on or near such equipment. For equipment and systems energized to greater than 600 volts (high voltage) additional procedures, qualifications, and training are required.

### III. POLICY

It is the policy of the Nipomo Community Services District that all aspects of Cal/OSHA requirements for electrical safety specified in the requirements of the *Electrical Safety Orders, Subchapter 5, Group 1* shall be met or exceeded.

### IV. DEFINITION OF TERMS

*Accessible* - Admitting close approach; not guarded by locked doors, elevation, or other effective means.

*Authorized Person* - A qualified person who has read, understands, and received training in the NCSD Electrical Safety Program and procedures and who has been designated by management to perform specific tasks.

*Barrier* - A physical obstruction that is intended to prevent contact with equipment or live parts or to prevent unauthorized access to a work area.

*De-energized* - Free from any electrical connection to a source of potential difference and from electrical charge; not having a potential different than the earth.

*Electrical Hazard*- A dangerous condition such that contact or equipment failure can result in electric shock, arc flash burn, thermal burn, or blast.

*Energized* - Connected to a source of voltage and having an electrical potential greater than the earth.

# NCS D SAFETY POLICIES AND PROCEDURES

## ELECTRICAL SAFETY PROGRAM

*Equipment* - Any material, fitting, device, appliance, fixture, apparatus, and the like used as a part of, or in conjunction with, an electrical installation.

*Exposed* - Capable of being inadvertently touched because not suitably guarded, isolated, or insulated.

*Limited Approach Boundary* - The electrical shock protection boundary around exposed energized parts of equipment and systems that may be crossed only by a qualified person.

*Qualified Person* - An employee or contractor who has demonstrated knowledge and skill in performing work on electrical equipment and systems and who has successfully completed approved electrical safety training.

*Restricted Approach Boundary* - The electrical shock protection boundary around exposed energized parts of equipment and systems that may be crossed only by a qualified person wearing and using the prescribed protective equipment.

### V. RESPONSIBILITIES

- A. Utility Superintendent and Finance Director/Assistant General Manager shall:
  - 1. Ensure that the Electrical Safety Program is implemented. The Utility Superintendent and Finance Director/Assistant General Manager have the authority to delegate any or all portions of this program to subordinates, but the Utility Superintendent and Finance Director/Assistant General Manager will be held responsible for compliance.
  - 2. Ensure that all authorized and qualified employees are fully trained in this program; and
  - 3. Implement the Electrical Safety Program.
- B. Authorized Qualified Employees shall:
  - 1. Review the electrical safe-work practices prior to performing any work on energized and exposed electrical equipment or systems;
  - 2. Communicate to supervisor the nature and extent of any work to be performed on energized equipment and when it is to commence.
- C. District Engineer/Safety Officer shall:
  - 1. Update and maintain the Electrical Safety Program;
  - 2. Provide assistance in training employees in electrical safe-work practices; and
  - 3. Provide assistance in conducting the equipment survey.

# NCS D SAFETY POLICIES AND PROCEDURES

## ELECTRICAL SAFETY PROGRAM

### VI. ELECTRICAL SAFETY CONTROLS

These controls shall be followed by all employees while operating, installing, removing, or performing any maintenance activity on any electrical, system, or tool energized or intended to be energized to 600 volts or less to ensure the safe completion of that work.

- A. Only authorized employees shall perform maintenance or repair work on any electrical equipment or systems.
- B. All electrical equipment and systems shall be treated as energized until tested or otherwise proven to be de-energized.
- C. Work shall not be performed on any exposed energized parts of equipment or systems until that equipment or system has been de-energized through the approved lockout/tagout procedures with these exceptions: 1) when de-energizing the equipment or system would create a greater hazard than working it energized, and 2) when de-energizing the equipment or system is not practicable, as when troubleshooting, metering, or performing similar procedures.
- D. De-energizing electrical equipment and systems is a potentially hazardous task in itself; therefore only authorized qualified employees shall de-energize electrical equipment and systems using the approved lockout/tagout procedures.
- E. A hazard analysis should be performed for any task that involves the approach to exposed energized parts of electrical equipment or systems.
- F. The limited approach boundary shall be established through the use of suitable temporary barriers or barricades and signs to when energized parts are exposed and not under the immediate control of an authorized person.
- G. Conductive measuring tapes, ropes, or similar measuring devices shall not be used when working on or near exposed energized conductors or parts of equipment.
- H. Conductive fish tapes shall not be used in raceways entering enclosures containing exposed energized parts unless such parts are isolated by suitable barriers.
- I. Safety interlocks on equipment and systems shall not be bypassed or defeated by unauthorized unqualified persons.
- J. Portable or fixed illumination shall be used for the work being performed.

# **NCSD SAFETY POLICIES AND PROCEDURES**

## **ELECTRICAL SAFETY PROGRAM**

- K. No electrical power source, permanent or temporary, shall be connected to a premises wiring system, or parts of such system, unless positive means are used to prevent the transmission of electricity beyond the premises wiring system or part of the system.
- L. Only devices, equipment, materials, products, or systems that have been approved, listed, labeled, or certified as conforming to nationally recognized standards, e.g. UL, shall be used.
- M. All electrical devices, equipment, and systems shall be used in accordance with the manufacturer's specifications and only for its intended use.
- N. All portable electrical equipment, including but not limited to, handheld power tools, cord and plug connected equipment, and flexible electrical cords (extension cords) shall be inspected before each use and plugged into only those receptacles (outlets) protected by a ground fault circuit interrupter (GFCI), either permanent or temporary.

### **VII. ELECTRICAL SAFETY PRACTICES**

We recognize that in some instances it may be necessary to perform work on equipment or systems while they are energized. In such instances, the following procedures shall be implemented before work is performed on any energized electrical equipment or systems.

- A. Responsible supervision has determined and authorized the work to be performed while the equipment or system is energized.
- B. All involved personnel have received instructions on the work techniques and hazards involved in working on energized equipment or system.
- C. The appropriate personal protective equipment for work on energized equipment or systems is provided and used. This means rubber insulating gloves meeting the current Cal/OSHA requirement shall be worn if the voltage is greater than 250 volts. For voltages of 250 volts or less, insulated tools meeting the current Cal/OSHA requirement may be used in place of gloves.
- D. The appropriately rated barrier or insulating material shall be provided and used to prevent accidental contact with energized parts.
- E. The appropriate barricades, signs, or tags are set up, or a lookout is posted, to clearly mark and protect the limited approach boundary.
- F. The appropriate eye protection is provided and used.



# **NCSD SAFETY POLICIES AND PROCEDURES**

## **ELECTRICAL SAFETY PROGRAM**

- G. All personnel within the limited approach boundary shall wear clothing deemed appropriate by the NCSD. This means that, at a minimum, the cotton uniforms supplied to each employee shall be worn when within the limited approach boundary and performing any work on energized exposed equipment or systems.
- H. When work on energized equipment or systems is completed the authorized employee shall remove all temporary barriers and barricades and reinstall all permanent covers.

### **VIII. TRAINING**

In order to be qualified to perform electrical work (qualified person) the employee shall have demonstrated knowledge and skill in performing work on electrical equipment and systems and shall have successfully completed electrical safety training approved by the NCSD. The training will consist of a combination of classroom and on-the-job training and will be conducted as required.

The Safety Officer or his designated representative shall certify the completion of this training. Records of this training will be maintained on-site for a period of three (3) years. Supervisors of employees qualified to perform electrical work will be held to the same training standard.

### **IX. PERIODIC INSPECTION**

Periodic inspection and review of the NCSD Electrical Safety Program shall be conducted at least annually to evaluate its continued effectiveness. The Safety Officer or his designated representative(s) shall conduct the inspection for the purpose of identifying and correcting any deficiencies. Management shall promptly investigate any reported deficiencies and provide feedback to employees as to the outcome of the investigation and any steps taken to address any deficiencies found.