

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
DATE: MAY 7, 2010

**AGENDA ITEM
E-1
MAY 12, 2010**

REVIEW PROPOSAL FOR WATER RATE STUDY

ITEM

Review Proposal From Tuckfield & Associates For Water Fund Financial Analysis/Rate Study

BACKGROUND

On April 28, 2010, your Board directed staff to have Tuckfield and Associates update the Water Rate Study they performed for the District in 2009. The update will include the most recent District financial data and analyze four water-rate scenarios, as follows:

- Water rates assuming no Waterline Intertie Project (WIP) and funding 100% of the Service Life Savings Program, Model 2, of the District's 2007 Water and Sewer Replacement Study ("Service Life Replacement").
- Water rates assuming no WIP and funding 50% of the Service Life Replacement.
- Water rates assuming WIP is completed on schedule and funding 100% of the Service Life Replacement.
- Water rates assuming WIP is completed on schedule and funding 50% of the Service Life Replacement.

On May 4, 2010, staff spoke with Mr. Tuckfield and outlined your Board's request. Mr. Tuckfield estimated the effort would take approximately 60-days to produce a Study and provide your Board with a presentation of the Study. Mr. Tuckfield is developing a scope and proposal for this work. His proposal will be available on Monday, May 10, at which time it will be delivered to your Board and posted on the District web site (ncsd.ca.gov).

The Study will analyze each scenario and provide a percent increase per year required in the water rate through a 5-year period. Once your Board selects a rate scenario, Mr. Tuckfield would then design a rate structure for that scenario.

Staff believes a rate scenario that was not tied to the WIP assessment timing could be taken to vote (Prop 218 Protest Vote) and, if approved, implemented as early as January 1, 2011.

RECOMMENDATION

It is recommended that the Board review and approve Mr. Tuckfield's proposal.

ATTACHMENTS

The Project Proposal will be available on our website Monday, May 10, 2010.

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
DATE: MAY 7, 2010

**AGENDA ITEM
E-2
MAY 12, 2010**

LAB EQUIPMENT PURCHASE

ITEM

Lab equipment purchase in the amount of \$27,785.46 [RECOMMEND APPROVAL]

BACKGROUND

The Nipomo Community Services District Strategic Plan identified the need for the development of an in-house laboratory in order to evaluate the performance of NCSD'S water and sewer facilities in a timely and more cost-efficient manner. Laboratory analysis is part of the day-to-day operation of the water and sewer facilities. The addition of new equipment for the in-house laboratory will facilitate process control of our water and wastewater systems and enhance the District's ability to operate the new Biolac® Treatment System, proposed for the Southland Wastewater Treatment Facility Upgrade. This purchase is part of the phased expansion of the District's water/wastewater laboratory.

Staff requested quotes from two national laboratory equipment and supply companies for the purchase of a variety of specialized laboratory equipment. This equipment will be used to analyze constituents in the wastewater for process control of our wastewater facilities, as well as to provide internal process control of our water system. Some of the analyses which will be performed in the laboratory include total suspended solids, biochemical oxygen demand, bacteriological, pH, total dissolved solids and conductivity. Other laboratory equipment which has been purchased this fiscal year includes field equipment to monitor dissolved oxygen, pH, and chlorine residual as well as refrigerated samplers for the Southland Wastewater Treatment Facility.

FISCAL IMPACT

The FY09-10 annual operating budget provided for \$50,350.00 for lab equipment and set up. The quotes received from the two laboratory supply companies are very close in comparison, \$29,390.91 from VWR International, and \$27,785.46 from Fisher Scientific. Both quotes include sales tax.

RECOMMENDATION

Staff recommends that the Board approve purchase of laboratory equipment from Fisher Scientific.

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
DATE: MAY 7, 2010



MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report April 23, 2010 through May 7, 2010.*

DISTRICT BUSINESS

Administrative

- Negotiations with a new General Manager are complete. Mr. Don Spagnolo will assume the position of District General Manager on June 1, 2010.
- Interviews will be conducted May 11, 2010, to fill pending vacancy of Board Secretary.
- Development of the District's 2010/2011 Budget continues. **A Board public workshop on the draft Budget is scheduled for May 19, 2010, 9AM.**
- District office:
 - Roof repair is complete. Painting bids have been received and are being evaluated.
- LAFCO will consider the District SOI/MSR update on May 20, 2010. District staff met with LAFCO and County planning staff on April 22, 2010, and again on May 7, 2010 to discuss the May 2005 Memorandum of Agreement between the County and District. Based on discussions at that meeting, LAFCO will draft and update of the MOA for consideration by both agencies.

Operations

- Sundale Well is operational. The standby generator will be secured at the site and emergency operation trials will be conducted in the coming weeks.
- Maria Vista Estates has set a total of ten water meters.

Meetings

Significant meetings attended or scheduled:

- May 3, 2010 – Board Special Meeting
- May 4 – Finance and Budget Committee on 2010//2011 budget
- May 7 – Meeting with Home Builder Assoc. Representatives to discuss District Fee Policy.
- May 11 – UWMP Update Workshops (staff level)
- May 11 – NMMA Technical Group
- May 17 – Southland Coordination and Committee meetings
- May 18 – UWMP Update Workshop (staff level)
- May 19 – Special Board Meeting, Budget Workshop
- May 20 – LAFCO Meeting, NCSD SOI/MSR Update
- May 24 – Waterline Intertie Project Coordination and Committee meetings

Safety Program

No incidents or accidents to report.

Other

- SLO County Water Resources Advisory, May 5, 2010 staff report on Central Coast Water Authority negotiations and Rainfall and Reservoir update (see attached)
- May 3, 2010 Water Resources Development Act Funding Request Packet (see attached)
- May 12, 2010 LAFCO Budget (see attached)

RECOMMENDATION

Staff seeks direction and input from your Honorable Board.

ATTACHMENTS

- SLO County Water Resources Advisory, May 5, 2010 staff report on Central Coast Water Authority negotiations and Rainfall and Reservoir update
- May 3, 2010 Water Resources Development Act Funding Request Packet
- May 12, 2010 LAFCO Budget

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TO: Water Resources Advisory Committee

FROM: Courtney Howard, SLO County Water Resources Engineer

DATE: May 5, 2010

SUBJECT: Agenda Item #4.e: Status of Negotiations with the Central Coast Water Authority for Emergency Water to South County

As discussed at the WRAC on November 4, 2009, and March 3, 2010, the Northern Cities Management Area (NCMA), as defined by the Santa Maria Groundwater Basin litigation stipulation (the cities of Pismo Beach, Grover Beach, and Arroyo Grande, the Oceano Community Services District and overlying landowners), reported that groundwater monitoring results are indicating that seawater intrusion may be occurring in their area. NCMA took action to request temporary deliveries of State Water to offset pumping in their area until such time the threat of drought-related seawater intrusion has been eliminated. Staff has been supportive of the NCMA's intent to mitigate the risk of seawater intrusion and obtained Board of Supervisor support on March 16, 2010, to obtain emergency supplies for NCMA.

Subject to all the necessary approvals and compliance with CEQA, mutually agreeable recommendations by District staff, Central Coast Water Authority (CCWA) and NCMA representatives appear to have been reached. CCWA will provide additional pipeline capacity in exchange for receiving additional water supplies from the District's excess Table A amount. Water available to the NCMA and CCWA will be allocated by the District based upon the most recent DWR allocation announcement. In order to ensure that the NCMA receives emergency supplies as quickly as possible, the following approach will be utilized to allocate available supplies that are in excess to the District's contractual requirement of 4,830 acre-feet. This approach is meant to meet the NCMA's emergency needs quickly and then to reconcile the exchange amounts to CCWA.

The first 500 acre-feet, when allocation permits, will be delivered to the NCMA.
The next 500 acre-feet, when allocation permits, will be delivered to CCWA.
The next 500 acre-feet, when allocation permits, will be delivered to the NCMA.
The next 500 acre-feet, when allocation permits, will be delivered to CCWA.
The next 500 acre-feet, when allocation permits, will be delivered to the NCMA.
The next 2,000 acre-feet, when allocation permits, will be delivered to the CCWA.

Any water available after the exchange process is completed will be subject to a separate negotiation, approval and agreement process with CCWA and stakeholders.

For the exchange, the District will need agreements with both CCWA and NCMA agencies, and to address the County's and District's regional responsibilities, additional provisions are warranted.

In the agreement with NCMA Agencies, the quantity delivered will be charged \$160 per acre foot, plus all variable costs of delivery. Of the amounts that may be available from the 4,830, and/or the 1,500 above as being delivered to the NCMA, 250 acre feet will be delivered with variable costs paid by NCMA agencies for exchange with Zone 3 Lopez water in a manner such that 250 acre feet of exchanged water will be stored behind Lopez Dam, designated for beneficial use in emergency situations that may be declared by the Board of Supervisors, at their sole discretion, for any emergency need within the boundaries of the Flood Control District.

In the agreement with CCWA, in recognizing the inter-regional cooperation to address emergency situations that either exist or may be foreseeable, CCWA will also need to support drought reliability programs for Santa Margarita to connect to the State Water Project if the Community approves a Prop 218 ballot which is being planned and anticipated to be conducted in 2010. A report that staff has recently completed and sent to property owners in Santa Margarita is available for review at www.SLOCountyWater.org. A town hall meeting is planned for May 13th, and the Prop 218 vote is anticipated for the June - October time frame. Staff would also be happy to provide a presentation on Santa Margarita water supply reliability efforts at a future WRAC meeting.

Rainfall Update

Region	Precipitation Station	Average Annual Rainfall	2008-09 Water Year Total Rainfall	2009-10 Water Year												Cumulative Total	% of Total Average
				Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10 ^A	May 10	Jun 10		
Cambria	Santa Rosa at Main Street (ALERT #717)	22.0	10.4 (47%)	0	0	0.16	4.29	0.04	3.43	5.43 ^C	5.20 ^C	1.54 ^C	2.13	-	-	22.21	101%
Paso Robles	Salinas River at Paso Robles (CDEC ID: PAS)	14.1	8.4 (60%)	0	0	0.04	3.60	0	3.48	5.72	3.28	0.56	2.56	-	-	19.24	136%
Atascadero	Atascadero (ALERT #711)	17.0	7.7 (45%)	0	0	0	3.86	0	3.54	5.98	2.99	0.71	1.93	-	-	19.02	112%
Santa Margarita	Santa Margarita (ALERT #723)	24.0	14.4 (60%)	0	0	0	5.71	0.08	4.92	8.62	4.72	0.83	1.89	-	-	26.77	112%
San Luis Obispo	SLO Reservoir (ALERT #749)	24.0	12.3 (51%)	0	0	0.08	7.36	0.08	4.80	8.94	5.75	1.81	2.44	-	-	31.26	130%
Lopez	Lopez Recreation Area (ALERT #707)	23.0	12.5 (55%)	0	0	0	4.70	0	5.85	7.56	4.77	1.99	2.77	-	-	27.64	120%
Nipomo	Nipomo ^B (CIMIS #202)	14.8	7.5 (50%)	0	0	0	0.17	0.21	2.78	6.08	3.54	1.41	2.72	-	-	16.91	114%

A - Report generated at 11:40 a.m. on 04/28/2010

B - It appears that this gauge is occasionally recording irrigation water, in addition to precipitation.

C - Value underrepresents actual rainfall; the equipment at this site malfunctioned during this month.

Notes:

This table contains provisional data from automated gauges and has not been verified.
All units reported in inches.

Reservoir Update

Reservoir	Date	Water Elevation (ft)	Spillway Elevation (ft)	Storage (acre-feet)	Capacity (%)
Nacimiento	April 26, 2010	777.0	800.0	258,800	68%
	April 26, 2009	745.6		136,355	40%
Lopez	April 28, 2010	499.7	523.0	31,101	63%
	April 28, 2009	495.8		29,170	59%
Salinas (Santa Margarita)	April 28, 2010	1300.8	1300.7	23,909	100%
	April 28, 2009	1289.4		16,470	69%
Whale Rock	April 28, 2010	181.2	216.0	22,966	56%
	April 28, 2009	185.8		24,944	61%
Twitchell	April 28, 2010	557.6	651.5	13,958	7%

NIPOMO COMMUNITY

BOARD MEMBERS

JAMES HARRISON, PRESIDENT
LARRY VIERHEILIG, VICE PRESIDENT
MICHAEL WINN, DIRECTOR
ED EBY, DIRECTOR
WILLIAM J. NELSON, DIRECTOR



SERVICES DISTRICT

STAFF

MICHAEL LEBRUN, INTERIM GENERAL MANAGER
LISA BOGNUDA, ASST. GEN. MGR./FINANCE DIR.
PETER SEVCIK, P.E., DISTRICT ENGINEER
JON SEITZ, GENERAL COUNSEL

Celebrating 45 Years of Service 1965-2010

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

May 3, 2010

The Honorable Dianne Feinstein
331 Hart Senate Office Building
Washington, DC 20510

Dear Senator Feinstein:

The Nipomo Community Services District (NCSD) has developed the Waterline Intertie Project to initially purchase 3,000 acre feet per year of supplemental water from the City of Santa Maria that will help us address our significant concerns with salt water intrusion into the Nipomo Mesa groundwater basin. We currently rely on groundwater from the Nipomo Mesa for 100% of our water supply, but use less than 30% of the total water pulled from the groundwater basin. The basin supports over 24,000 people, a \$100 million per year agriculture industry, and several industrial users who use vast sums of groundwater.

Apart from developing a new source of water, we have adopted a Water Conservation Plan that includes a multi-tiered rate structure, substantial education and rebate programs for turf replacement and the purchase of efficient irrigation controllers. In addition, we completed a toilet retrofit program and have developed Emergency Water Shortage Regulations to control potable water demand.

The NCSD Waterline Intertie Project will include the construction of a water pipe from the City of Santa Maria water distribution system across the Santa Maria River to the existing water distribution system within the NCSD. Construction of the Intertie Project is expected to last 11 months and will cost \$23 million.

The Waterline Intertie Project will avoid the further depletion of the Nipomo Mesa Management Area groundwater area. In addition, this project will prevent seawater intrusion by providing supplemental water consistent with the proposed settlement agreements related to the groundwater negotiation. Therefore, we ask for your support for inclusion of the following language into the 2010 Water Resources Development Act so this project may become a Section 219 Corps of Engineers project:

Section 219 of the Water Resources Development Act of 1992 (106 Stat. 4835; 110 Stat. 3757; 113 Stat. 334; 113 Stat. 1494; 114 Stat. 2763A–219; 119 Stat. 2255) is amended—

“(XX) NIPOMO, CALIFORNIA.—\$10,000,000 for construction of water-related infrastructure, Nipomo, California.

Thank you for your support of the Nipomo Community Services District. We appreciate your efforts on our behalf.

Sincerely,

NIPOMO COMMUNITY SERVICES DISTRICT



James Harrison
President of the Nipomo Community Services District



**2010 WRDA Requests
Senator Dianne Feinstein**

Application Name: Nipomo.WRDA2010.Waterline Intertie Project

Personal Information	Mailing Address	Permanent Address
Name: Burns, Greg	101 Constitution Ave. NW, Suite	101 Constitution Ave. NW, Suite
Phone: 202-737-8162	600W	600W
Email: gburns@vsadc.com	Washington, DC 20001	Washington, DC 20001

General Information

1. Requesting Entity

The name of the local government or organization making the request. Do not use acronyms or abbreviations. Incorporated cities should begin with "City of" and counties should begin with "County of."

For example: City of Cityville

Nipomo Community Services District

2. Requesting Individual

The name of the person making the request, e.g. the Mayor, Board of Supervisors, Director, President, etc.

For example: Mayor Jane Smith

Board President Jim Harrison

3. Priority

- 1

4. Total Projects Requested

- 1

5. Project Title

Nipomo, California

6. Current WRDA Section

If applicable, name the pre-existing WRDA Section that provides the Corps with the authority for this activity. If not, leave blank.

Examples: Section 219 (Environmental Infrastructure); Section 211 (Construction of Flood Control Projects by Non-Federal Interests)

Section 219

7. Language Requested

Insert Bill and Report Language requested (specify which)

Bill language:

Section 219 of the Water Resources Development Act of 1992 (106 Stat. 4835; 110 Stat. 3757; 113 Stat. 334; 113 Stat. 1494; 114 Stat. 2763A–219; 119 Stat. 2255) is amended—

“(XX) NIPOMO, CALIFORNIA.--\$10,000,000 for construction of water related infrastructure, Nipomo, California.

8. Project Justification

(4 sentence, 250 word limit) Provide a synopsis in order for the Senator to quickly understand the project – be concise but provide an adequate explanation. Summarize the necessary information about the project to make its case.

The Nipomo Community Services District (NCSD) has developed the Waterline Intertie Project to initially purchase 3,000 acre feet per year of supplemental water from the City of Santa Maria that will help us address our significant concerns with salt water intrusion into the Nipomo Mesa groundwater basin. We currently rely on groundwater from the Nipomo Mesa for 100% of our water supply, but use less than 30% of the total water pulled from the groundwater basin. The basin supports over 24,000 people, a \$100 million per year agriculture industry, and several industrial users who use vast sums of groundwater. The project will include the construction of a water pipe from the City of Santa Maria to the existing water distribution system within the NCSD. Construction is expected to last 11 months and will cost \$23 million.

9. Primary Congressional District

- CA23 Capps

10. Secondary Congressional Districts

If the project or program is in additional Congressional Districts, list those here, using the format above (Ex. CA01 Thompson, CA02 Herger, CA03 Lungren).

CA22 McCarthy

11. Primary County

- San Luis Obispo

12. Secondary Counties

If the project or program is in additional counties, list those here in order of the project’s impact high to low.

Santa Barbara

13. California Local Contact Name/Title/Phone/Email

Not necessarily the Requesting Individual, but a person best able to answer technical questions about the request.

*Michael LeBrun
Interim General Manager
(805) 929-1133
mlebrun@ncsd.ca.gov*

14. Washington Contact Name/Affiliation/Phone/Email (If applicable)

*Greg Burns
Van Scoyoc Associates
(202) 737-8162
gburns@vsadc.com*

Endorsements

15. Local Elected Officials

Provide a list of the local elected officials who support the project. Letters or other documentation may be included in the emailed submission packet.

*Board of the Nipomo Community Services District
San Luis Obispo Board of Supervisors
City of Santa Maria City Council*

16. House of Representatives

If this specific project was included on a House member's Fall 2009 WRDA request list to the T&I Committee, provide the District number and Member name. If not, leave blank. Example: CA01 Thompson

CA23 Capps

Authorization and Budget

1. What is the nature of this project? Check all that apply.

- *Water/Wastewater Infrastructure*
- *Water Supply*

2. If you marked Other above, please explain.

No Answer Given

3. Is this a phase in a larger project? If yes, explain the larger project in relation to this phase of the project.

No Answer Given

4. List all previously completed studies or reports

**Draft Waterline Intertie Project Preliminary Engineering Memorandum, Boyle Engineering, November 2006*

**Evaluation of Supplemental Water Alternatives, AECOM, June 2007*

**Waterline Intertie Project Preliminary Engineering Memorandum, AECOM, May 2008*

**Waterline Intertie Project Environmental Impact Report, Douglas Wood and Associates, April 2009*

**Waterline Intertie Project Concept Design Report, AECOM, April 2009*

5. List all studies or reports not yet completed

No Answer Given

6. Is this project eligible for funding under the Clean Water or Drinking Water State Revolving Fund?

- *Yes*

7. List all previous federal authorizations for the project in the Army Corps or other federal agency (P.L. and Section # preferred)

No Answer Given

8. List any California State authorizations for this project, if applicable

No Answer Given

Budget

9. What is the total federal funding requested?

\$10,000,000

10. What is the total project cost?

\$23,600,000

11. Are the requested funds for planning and design, construction, or both?

Construction

12. How will the project proponent secure a local/state match? What are the anticipated non-Federal sources?
Nipomo water users
13. If there is a completed Corps report, what was the cost benefit ratio?
No Answer Given
14. How much state and local funding has been expended on this project thus far? Please identify each expenditure and its source.
\$2,500,000 by the Nipomo CSD (via reserves)
15. Provide an estimate of the number of jobs created by this project. Write out a numeral only.
256

EPW Committee Request Form

1. Name of Project
Nipomo, California
2. Location (City/County/State)
Nipomo, San Luis Obispo County, California
3. Corps District(s)
Los Angeles
4. Non-Federal Sponsor Contact Information
Name, Phone, and Email Address of the requesting entity's primary staff in California working on this project.
Michael LeBrun, (805) 929-1133, mlebrun@ncsd.ca.gov
5. Non-Federal Sponsor Contact Street Address (Including Zip Code)
*148 South Wilson Street
Nipomo, CA 93444*
6. Corps Report
If the request is for a construction authorization, does the project have a completed Corps Report?
• *No*
7. Project Modification
Does this request modify an existing authorization?
• *No*
8. If yes, please provide a reference for the existing authorization (P.L. and Section #)
No Answer Given
9. Project Cost
\$23,600,000
10. Description of Purpose and Need for Request
Summary

The Nipomo Community Services District (NCSD) relies on groundwater from the Nipomo Mesa for 100% of its water supply, but uses less than 30% of the total water pulled from the groundwater basin. This basin, which supports over 24,000 people, a \$100 million per year agriculture industry, and several industrial users who use vast sums of groundwater, is subject to salt water intrusion. Groundwater data indicate only 59,000 acre-feet of water remain in the underlying basin, and seawater intrusion has begun to impact the northwestern portion of the basin. The NCSD is not responsible for controlling growth on the Mesa.

In response to the impending threat of salt water intrusion, the District has implemented a comprehensive Water Conservation Plan which has reduced water consumption by 16% over the past three years, developed Emergency Water Shortage Regulations, and developed the Waterline Intertie Project to buy 3,000 acre feet per year of supplemental water from the City of Santa Maria to ensure adequate water supply to the Mesa. The \$23 million project is expected to effectively increase NCSD customer water rates by roughly 150 percent.

Nipomo Mesa Water Shortage

The Santa Maria Valley Groundwater Basin includes three distinct water management areas: one beneath Arroyo Grande, Grover Beach, Pismo Beach, and Oceano, another beneath the Nipomo Mesa, and a third beneath Santa Maria.

The NCSD shares its groundwater management area with several other water purveyors and users on the Nipomo Mesa, including Woodlands Mutual Water Co., Golden State Water Co., and the Rural Water Co., all of whom collectively provide water to more than 24,000 people. Other large users of water on the Mesa include the \$100 million per year agriculture industry, which is mostly a greenhouse industry, and a ConocoPhillips refinery which alone uses roughly 1,000 acre feet of water per year. The NCSD uses less than 30% of the total water pulled from the groundwater basin.

To settle groundwater rights on the Mesa, a January 25, 2008 final Groundwater Adjudication by a Santa Clara County Superior Court judge directed Mesa water purveyors (although not the agriculture or industrial users) to develop supplemental water sources because of overpumping.

The Nipomo Mesa groundwater basin is adjacent to the Pacific Ocean and is subject to salt water intrusion. Fall 2009 groundwater measures indicate only 59,000 acre-feet of water in the basin, a drop of 30% from fall 2004 levels. Recent data indicating seawater intrusion in the northwestern area of the basin are under investigation by the Northern Cities groundwater management group. That intrusion would have devastating effects on the aquifer, because areas invaded by saltwater can no longer be used to store and provide potable water. In response to this recent data, the City of Arroyo Grande placed a six-month moratorium on approving new development in the City.

Waterline Intertie Project Description

In response to the Court's directive and the impending threat of salt water intrusion, the NCSD has developed the proposed Waterline Intertie Project to buy supplemental water from the City of Santa Maria. Santa Maria currently has a surplus of water from groundwater drawn from the Santa Maria basin and its connection to the Coastal Branch of the State Water Project.

The NCSD Waterline Intertie Project will include the construction of a water pipe from the City of Santa Maria water distribution system across the Santa Maria River to the existing water distribution system within the NCSD. Construction of the Intertie Project is expected to last 11 months, and will cost \$23 million. The project is expected to be built in two phases, with the first phase delivering up to 3,000 acre-feet of water per year and the second phase capable of delivering an additional 3,200 acre-feet a year.

In cooperation with the other water purveyors on the Mesa, the NCSD asked San Luis Obispo County to create a joint powers authority among the NCSD, Woodlands Mutual, Golden State, and Rural Water companies in order to share the costs of the project. The County has done as requested and these three water purveyors are expected to pay \$3.197 million, \$1.587 million, and \$1.587 million of the cost of the project, respectively. The NCSD will pay the remaining \$16.6 million of the cost of the project, including a \$6.5 million contribution from other private developers. To date, the NCSD has already spent approximately \$2.5 million of its reserves developing the project. The project is expected to effectively increase NCSD customer water rates by roughly 150 percent.

The Waterline Intertie Project will avoid the further depletion of the Nipomo Mesa Management Area groundwater. In addition, this project will prevent sea water intrusion by providing supplemental water consistent with the proposed settlement agreements related to the groundwater negotiation.

The project, along with all requisite environmental documents, was unanimously approved by the Santa Maria City Council in January, 2010. The NCSD also unanimously approved the project in October, 2009.

NCSD Conservation Efforts

In 2008, the District implemented a comprehensive Water Conservation Plan including a multi-tiered rate structure, substantial education, and rebate programs for turf replacement and purchase of efficient irrigation controllers. NCSD previously completed a toilet retrofit program and is cooperating with San Luis Obispo County in developing retrofit programs upon sale of existing residences. In addition, NCSD has developed Emergency Water Shortage Regulations to control potable water demand.

With these efforts, the NCSD has reduced water use by roughly 16 percent since 2008.

Nipomo Mesa Growth Issues

Through decisions made by San Luis Obispo County with regard to growth in unincorporated parts of the County, the average annual growth rate on the Nipomo Mesa over the last decade has been roughly 4% and is expected to return to similar rates when the economy rebounds. While the NCSD has no control over growth in its area, it is expected to continue to provide reliable sources of water for the community.

Language Requested

Section 219 of the Water Resources Development Act of 1992 (106 Stat. 4835; 110 Stat. 3757; 113 Stat. 334; 113 Stat. 1494; 114 Stat. 2763A–219; 119 Stat. 2255) is amended—

“(XX) NIPOMO, CALIFORNIA.--\$10,000,000 for construction of water related infrastructure, Nipomo, California.

Policy/Programmatic/Other Language Requests

Complete this section if your request is programmatic or policy-related.

11. Provision Title

No Answer Given

12. Geographic Area Affected (if applicable)

No Answer Given

13. Description of Purpose and Need for Request

No Answer Given

ATTACHMENT A

**2010 Water Resources Development Act
Environment and Public Works Committee
REQUEST SHEET**

(Please fill out one sheet for each request)

MEMBER: Feinstein

Member Staff Contact Name: Leah Russin

Phone Number: 202 224 3841

Email: wrda@feinstein.senate.gov

Priority: _____ of _____

Project/Study/Activity Requests

(Complete this section if your request relates to a specific project)

Name of Project: Nipomo, California

Location (include city/county and state): Nipomo, San Luis Obispo County, California

Corps District(s): Los Angeles

Non-Federal Sponsor Contact Information (Name, Phone, and Email Address):

Michael LeBrun, (805) 929-1133, mlebrun@ncsd.ca.gov

Corps Report: If the request is for a construction authorization, does the project have a completed Corps report? yes no

Project Modification: Does this request modify an existing authorization? yes no
If yes, please provide a reference for the existing authorization:

Project Cost: \$23,600,000

Policy/Programmatic/Other Language Requests

(Complete this section if your request is programmatic or policy-related)

Provision Title: _____

Geographic Areas Affected (if applicable): _____

Description of Purpose and Need for Request

(Complete this section for ALL requests. Attach additional pages if needed.)

Summary

The Nipomo Community Services District (NCS D) relies on groundwater from the Nipomo Mesa for 100% of its water supply, but uses less than 30% of the total water pulled from the groundwater basin. This basin, which supports over 24,000 people, a \$100 million per year agriculture industry, and several industrial users who use vast sums of groundwater, is subject to salt water intrusion. Groundwater data indicate only 59,000 acre-feet of water

remain in the underlying basin, and seawater intrusion has begun to impact the northwestern portion of the basin. The NCS D is not responsible for controlling growth on the Mesa.

In response to the impending threat of salt water intrusion, the District has implemented a comprehensive Water Conservation Plan which has reduced water consumption by 16% over the past three years, developed Emergency Water Shortage Regulations, and developed the Waterline Intertie Project to buy 3,000 acre feet per year of supplemental water from the City of Santa Maria to ensure adequate water supply to the Mesa. The \$23 million project is expected to effectively increase NCS D customer water rates by roughly 150 percent.

Nipomo Mesa Water Shortage

The Santa Maria Valley Groundwater Basin includes three distinct water management areas: one beneath Arroyo Grande, Grover Beach, Pismo Beach, and Oceano, another beneath the Nipomo Mesa, and a third beneath Santa Maria.

The NCS D shares its groundwater management area with several other water purveyors and users on the Nipomo Mesa, including Woodlands Mutual Water Co., Golden State Water Co., and the Rural Water Co., all of whom collectively provide water to more than 24,000 people. Other large users of water on the Mesa include the \$100 million per year agriculture industry, which is mostly a greenhouse industry, and a ConocoPhilips refinery which alone uses roughly 1,000 acre feet of water per year. The NCS D uses less than 30% of the total water pulled from the groundwater basin.

To settle groundwater rights on the Mesa, a January 25, 2008 final Groundwater Adjudication by a Santa Clara County Superior Court judge directed Mesa water purveyors (although not the agriculture or industrial users) to develop supplemental water sources because of overpumping.

The Nipomo Mesa groundwater basin is adjacent to the Pacific Ocean and is subject to salt water intrusion. Fall 2009 groundwater measures indicate only 59,000 acre-feet of water in the basin, a drop of 30% from fall 2004 levels. Recent data indicating seawater intrusion in the northwestern area of the basin are under investigation by the Northern Cities groundwater management group. That intrusion would have devastating effects on the aquifer, because areas invaded by saltwater can no longer be used to store and provide potable water. In response to this recent data, the City of Arroyo Grande placed a six-month moratorium on approving new development in the City.

Waterline Intertie Project Description

In response to the Court's directive and the impending threat of salt water intrusion, the NCS D has developed the proposed Waterline Intertie Project to buy supplemental water from the City of Santa Maria. Santa Maria currently has a surplus of water from groundwater drawn from the Santa Maria basin and its connection to the Coastal Branch of the State Water Project.

The NCS D Waterline Intertie Project will include the construction of a water pipe from the City of Santa Maria water distribution system across the Santa Maria River to the existing water distribution system within the NCS D. Construction of the Intertie Project is expected to last 11 months, and will cost \$23 million. The project is expected to be built in two phases, with the first phase delivering up to 3,000 acre-feet of water per year and the second phase capable of delivering an additional 3,200 acre-feet a year.

In cooperation with the other water purveyors on the Mesa, the NCS D asked San Luis Obispo County to create a joint powers authority among the NCS D, Woodlands Mutual, Golden State, and Rural Water companies in order to share the costs of the project. The County has done as requested and these three water purveyors are expected to pay \$3.197 million, \$1.587 million, and \$1.587 million of the cost of the project, respectively. The NCS D will pay the remaining \$16.6 million of the cost of the project, including a \$6.5 million contribution from other private developers. To date, the NCS D has already spent approximately \$2.5 million of its reserves developing the project. The project is expected to effectively increase NCS D customer water rates by roughly 150 percent.

The Waterline Intertie Project will avoid the further depletion of the Nipomo Mesa Management Area groundwater. In addition, this project will prevent sea water intrusion by providing supplemental water consistent with the proposed settlement agreements related to the groundwater negotiation.

The project, along with all requisite environmental documents, was unanimously approved by the Santa Maria City Council in January, 2010. The NCS D also unanimously approved the project in October, 2009.

NCS D Conservation Efforts

In 2008, the District implemented a comprehensive Water Conservation Plan including a multi-tiered rate structure, substantial education, and rebate programs for turf replacement and purchase of efficient irrigation controllers. NCS D previously completed a toilet retrofit program and is cooperating with San Luis Obispo County in developing retrofit programs upon sale of existing residences. In addition, NCS D has developed Emergency Water Shortage Regulations to control potable water demand.

With these efforts, the NCS D has reduced water use by roughly 16 percent since 2008.

Nipomo Mesa Growth Issues

Through decisions made by San Luis Obispo County with regard to growth in unincorporated parts of the County, the average annual growth rate on the Nipomo Mesa over the last decade has been roughly 4% and is expected to return to similar rates when the economy rebounds. While the NCS D has no control over growth in its area, it is expected to continue to provide reliable sources of water for the community.

Language Requested

Section 219 of the Water Resources Development Act of 1992 (106 Stat. 4835; 110 Stat. 3757; 113 Stat. 334; 113 Stat. 1494; 114 Stat. 2763A-219; 119 Stat. 2255) is amended—

“(XX) NIPOMO, CALIFORNIA.--\$10,000,000 for construction of water related infrastructure, Nipomo, California.

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *ML*
DATE: MAY 7, 2010



COMMITTEE REPORTS

ITEM

Review Committee Matters.

BACKGROUND

Southland WWTF Upgrade Committee met April 12, 2010.
Finance Committee met May 4, 2010.

RECOMMENDATION

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

ATTACHMENTS

- Southland WWTF Upgrade Committee Minutes
- Finance Committee Minutes

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NIPOMO COMMUNITY SERVICES DISTRICT

MONDAY, APRIL 12, 2010

2:00 P. M.

SPECIAL MEETING MINUTES **SOUTHLAND WWTF UPGRADE PROJECT COMMITTEE**

COMMITTEE MEMBERS

MICHAEL WINN, CHAIR
JAMES HARRISON, MEMBER

PRINCIPAL STAFF

MICHAEL LEBRUN, INTERIM 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 & FLAG SALUTE

Chairperson Winn called the meeting to order at 2:05 p.m. and led the flag salute. Committee Members Harrison and Winn were both present. Also present were Interim General Manager Michael LeBrun, District Engineer Peter Sevcik, and AECOM representative Eileen Shields. There was no public present.

2. REVIEW STATUS OF SOUTHLAND WWTF UPGRADE PROJECT

ACTION RECOMMENDED: Receive Report

District Engineer Peter Sevcik summarized progress in advancing the Southland WWTF Upgrade Project and introduced Eileen Shields, AECOM Project Engineer. Ms. Shields presented the April 2010 Monthly Design Status Report to the Committee. The Committee asked questions. Director Winn suggested that staff investigate the use of solid waste reserves to fund a portion of the headworks improvements. Staff commented on the need to research this issue. Director Harrison expressed concern regarding the slip in the construction schedule. Ms. Shields agreed to research further and provide additional explanation at the 4/14/2010 Board meeting. There was no public comment.

3. REVIEW DRAFT REVISED SOUTHLAND WWTF UPGRADE PROJECT SITE PLAN

ACTION RECOMMENDED: Receive Report

District Engineer Sevcik presented an initial staff summary of the item and introduced Ms. Shields from AECOM. Ms. Shields briefly went over the January 2009 Southland WWTF Master Plan site plan and introduced the draft revised site plan that is currently being developed. The Committee asked questions. Director Winn suggested that the project include the use of solar power to generate electricity for the plant. Director Winn also suggested that the Phasing Triggers reference the appropriate County planning documents. There was no public comment.

MONDAY, APRIL 12, 2010
2:00 P. M.
SPECIAL MEETING MINUTES
SOUTHLAND WWTF UPGRADE PROJECT COMMITTEE

4. SET NEXT COMMITTEE MEETING

ACTION RECOMMENDED: Set Time/Date for Next Committee Meeting

The Committee agreed to have another meeting on Monday, May 17, 2010, at 2:00 p.m. There was no public comment.

5. ADJOURN

The meeting was adjourned at 3:45 p.m.

T:\BOARD MATTERS\BOARD MEETINGS\MINUTES\2010\Southland WWTF\100412 Southland WWTF Upgrade Minutes.doc

NIPOMO COMMUNITY SERVICES DISTRICT

MAY 4, 2010

MINUTES

FINANCE AND AUDIT COMMITTEE

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

Chairman Vierheilig called the meeting to order at 9:00 a.m. Both Chairman Vierheilig and Director Eby were in attendance along with staff members Michael LeBrun, Lisa Bognuda, Peter Sevcik and Celeste Whitlow. There were no members of the public in attendance. Nelson.

2. REVIEW DRAFT BUDGET FOR FISCAL YEAR 2010-2011

The Finance and Audit Committee reviewed the draft 2010-2011 fiscal year budget and asked questions of staff. Staff answered the Committee's questions. Minor corrections were suggested. The budgeted deficits in the operating funds were discussed. The Funded Replacement transfers in each of the fund impact the budgeted surplus/deficit. In addition, the Water Fund has not had a rate increase since January 1, 2009.

The cash reserves in each of the operating funds (Water Fund #125, Town Sewer Fund #130 and Blacklake Sewer #150) exceeds the District's cash reserve policy. The Committee would like to consider transferring the excess cash reserves into Funded Replacement. Staff stated this was done once in a prior year by Resolution.

Upon motion of Director Eby and seconded by Director Vierheilig, the Committee unanimously directed staff to review the cash reserve balances in the operating funds and determine what would meet the cash reserve policies and consider transferring the remaining balances to Funded Replacement. Staff should prepare a schedule/flow chart to depict the transfers and present it at the May 19 Special Meeting for discussion.

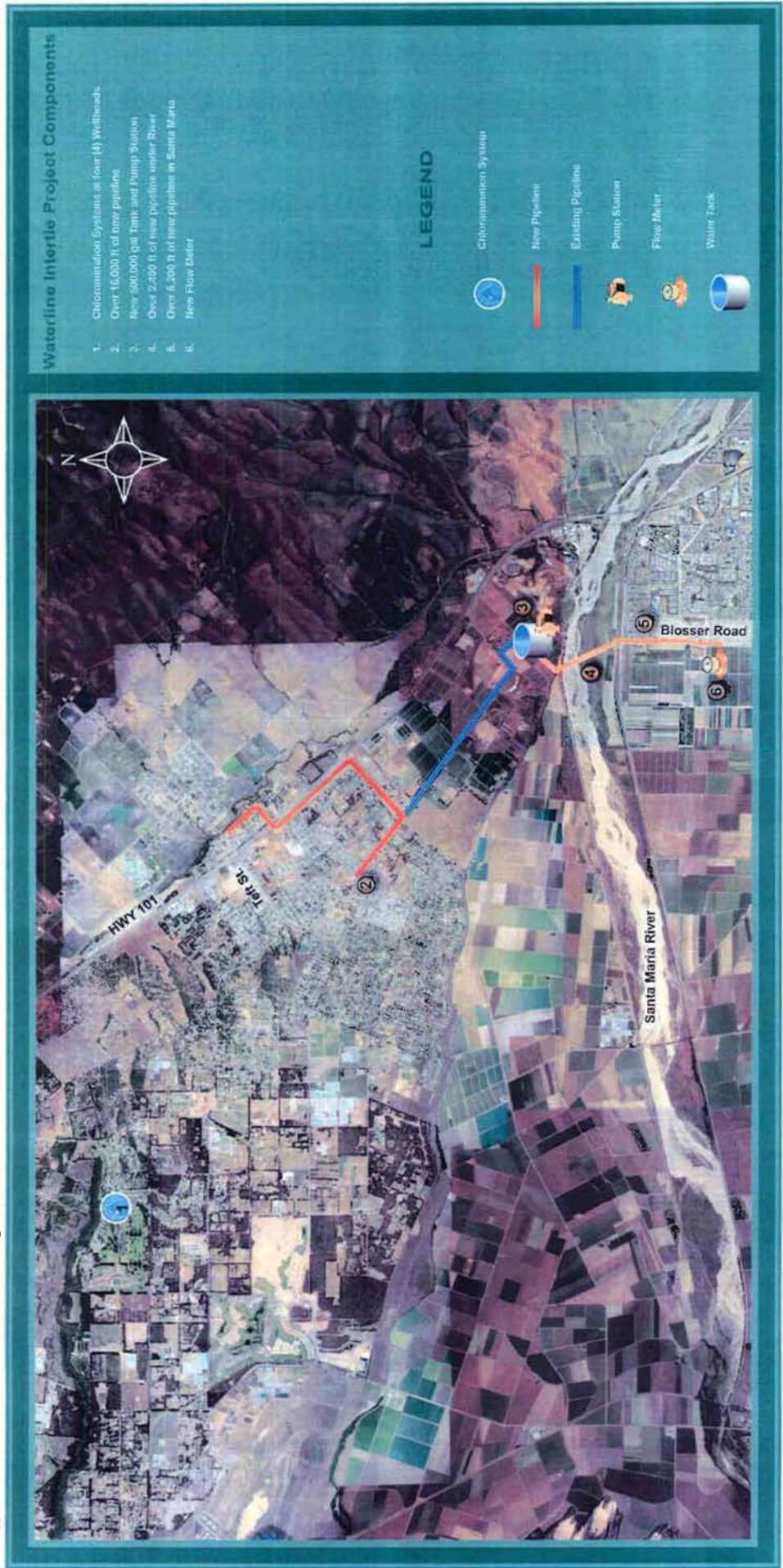
3. SET NEXT MEETING DATE

A Special Meeting with the full Board will be held on May 19, 2010 at 9:00 a.m. to review the Draft Budget for Fiscal Year 2010-2011.

The meeting was adjourned at 9:48 a.m.

Nipomo Community Services District

Waterline Inter-tie Project





LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

COMMISSIONERS

DUANE PICANCO
Chair, City Member

RICHARD ROBERTS
Vice Chair,
Public Member

KATCHO ACHADJIAN
County Member

DAVID BROOKS
Special District
Member

ED EBY
Special District
Member

BRUCE GIBSON
County Member

ALLEN SETTLE
City Member

ALTERNATES

TOM MURRAY
Public Member

JAMES R. PATTERSON
County Member

KRIS VARDAS
City Member

VACANT
Special District
Member


STAFF

DAVID CHURCH
Executive Officer

RAYMOND A. BIERING
Legal Counsel

DONNA J. BLOYD
Commission Clerk

TO: BOARD OF SUPERVISORS, EACH CITY, AND EACH INDEPENDENT SPECIAL DISTRICT

FROM: DAVID CHURCH, EXECUTIVE OFFICER 

DATE: APRIL 21, 2010

SUBJECT: FINAL 2010-11 LAFCO BUDGET

Attached is a copy of LAFCO's Final 2010-11 Budget that was approved by the Commission on April 15, 2010. The charges to individual cities and special districts will be calculated by the County Auditor-Controller Office using proportional revenues from the most recent State Controllers Annual Reports. The Auditor will request payment from each city and each independent special district no later than July 1, 2010. Payment must be received within 60-days of the payment notice.

Please let me know if you have any questions or comments on the Commission's 2010-11 Final Budget.

c – Jim Erb, County Auditor-Controllers Office

RECEIVED
APR 23 2010
NIPOMO COMMUNITY SERVICES DISTRICT

Final 2010-2011 LAFCO Budget
Approved April 15, 2010

4/15/2010

EXPENDITURES SUMMARY	Current Year	Exp YTD	Proj. Yr End	Final 10-11	Inc/Dec	%
Salaries	256,622	208,395	255,074	196,707	-59,915	-23%
Benefits	161,170	103,783	140,495	145,371	-15,799	-10%
Services and Supplies	118,253	89,178	108,633	115,613	-2,640	-2%
Total Expenses	536,045	401,357	504,202	457,691	-78,354	-15%

Services and Supplies	Current Year	Exp YTD	Proj. Yr End	Final 10-11	Inc/Dec	%
Food	1,000	807	1,000	1,000	0	0%
Maintenance - Equipment	650	477	650	500	-150	-23%
Maintenance - Software	400	470	470	400	0	0%
CALAFCO/Other Memberships	3,750	3,635	3,750	3,750	0	0%
Office Supplies	2,750	2,093	2,750	2,700	-50	-2%
Commissioner/Consultant Exp	10,000	6,370	8,000	10,000	0	0%
Publication/Legal Notices	1,000	297	800	1,000	0	0%
Rent	38,500	30,565	36,677	38,500	0	0%
Small Equipment	250	0	215	250	0	0%
Large Equipment	500	1,536	1,536	500	0	0%
Computer Software	250	402	402	250	0	0%
Employee Mileage	1,000	277	350	700	-300	-30%
Commissioner Mileage	2,000	1,581	1,800	2,000	0	0%
Airfare/Public Transportation	1,250	516	800	1,000	-250	-20%
Accommodations/Travel	5,000	3,209	3,500	4,000	-1,000	-20%
Auto Allowance	5,400	4,143	5,400	5,400	0	0%
Training/Conf Registration	4,000	3,940	4,000	4,000	0	0%
Utilities	3,250	2,225	3,000	3,250	0	0%
Car/Vehicle Rentals	1,500	165	250	1,000	-500	-33%
Postage	2,000	337	1,000	1,500	-500	-25%
Custodian	800	765	780	910	110	14%
Copying	1,250	529	750	1,250	0	0%
ITD-SAP/Board Chambers	850	0	850	850	0	0%
Phones	1,450	796	1,450	1,450	0	0%
County Auditor	6,453	6,453	6,453	6,453	0	0%
Insurance	8,000	6,133	7,000	8,000	0	0%
Legal Counsel/Other Co Billings	15,000	11,458	15,000	15,000	0	0%
Subtotal Services & Supplies	118,253	89,178	108,633	115,613	-2,640	-2.23%

Total Expenses	536,045	401,357	504,202	457,691	-78,354	-15%
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REVENUE DETAIL	Adopted 09-10	Realized YTD	Proj. Yr End	Final 10-11	Inc/Dec	%
Interest	7,500	1,384	2,300	2,500	-5,000	-67%
Environmental Fees	1,000	2,000	2,000	2,000	1,000	100%
Sphere of Influence Fee	1,000	2,500	2,500	2,000	1,000	100%
LAFCO Processing Fees	7,500	5,000	5,000	9,000	1,500	20%
Refunds-Orcutt		-8,882	-8,882			
Other Revenue	3,000	678	678	1,000	-2,000	-67%
Sub-Total w/out Agency Charge	20,000	2,679	3,596	16,500	-3,500	-18%
LAFCO Charge to Agencies	516,045	518,798	518,798	441,191	-74,854	-15%
Total Revenue	536,045	521,477	522,394	457,691	-78,354	-15%

Projected Fund Balance	0	18,192	0
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Agency Share	2009-10	2010-11	Inc/Dec	%
Cities	172,015	147,064	-24,951	-15%
County	172,015	147,064	-24,951	-15%
Special Districts	172,015	147,064	-24,951	-15%
Total	516,045	441,191	-74,854	-15%