

TO: BOARD OF DIRECTORS

FROM: DON SPAGNOLO
GENERAL MANAGER



DATE: SEPTEMBER 2, 2010

AGENDA ITEM E-4

SEPTEMBER 8, 2010

USE OF SOLAR ELECTRICITY GENERATION

ITEM

Consider the use of solar electricity generation at District facilities [RECEIVE REPORT AND PROVIDE DIRECTION TO STAFF]

BACKGROUND

The Board requested staff to investigate the potential for installing solar power generating arrays at district facilities. Staff contacted a company that specializes in solar power generation to investigate the potential solar power at District's facilities. The purpose of this report is to provide an update of the findings from the preliminary investigations.

Before moving forward with a solar project, an assessment is conducted to determine if solar power generation is feasible and to establish a baseline cost estimate. This required a review of existing electricity usage, site visits and a review of the structural loading capacity of the existing roof. The data gathered was used to determine if District facilities are capable of providing renewable energy based on the available space for each site.

Two facilities were considered as potential sites for installation of solar power generating arrays, 148 S. Wilson Street (District Office) and 509 Southland Drive (District Field Office).

A stand-alone solar power system mounted to the roof of each building was determined to be the optimal design. The proposed solar panel modules could generate approximately 15.75 kW at the office site and 12.6 kW at the field office. The space requirement for a 15.75 kW system at the office covers about one half of the roof and the 12.6 kW system at the field office covers about three quarters of the roof. The estimated cost to install the office system is \$95,210 and the field system is \$76,337.

REC Solar was contacted to determine the initial feasibility of installing a solar generation system. Additional companies could be solicited for cost comparisons if the Board is interested in pursuing solar generation.

FISCAL IMPACT

Preparation of the Budgetary Solar Proposal by REC Solar was prepared at no cost to the District. The attached financial benefits analysis for each site included the system capacity, incentives, payback period and return on investment. The analysis also included the system cost, operating costs and depreciation. A comparison bill was prepared to show the before and after annual electric bills.

RECOMMENDATION

Staff recommends the Board receive the Budgetary Solar Proposal prepared by REC Solar and provide direction to staff.

ATTACHMENTS

Budgetary Solar Proposal prepared by REC Solar for the District Office at 148 S. Wilson Street and Field Office at 509 Southland Drive

Budgetary Solar Proposal

Nipomo Community Services District

15.75kW/DC-148 S. Wilson St
&
12.6kW/DC-509 Southland Dr

Roof Mounted Grid-Connected PV Systems
Nipomo, CA
September, 2010



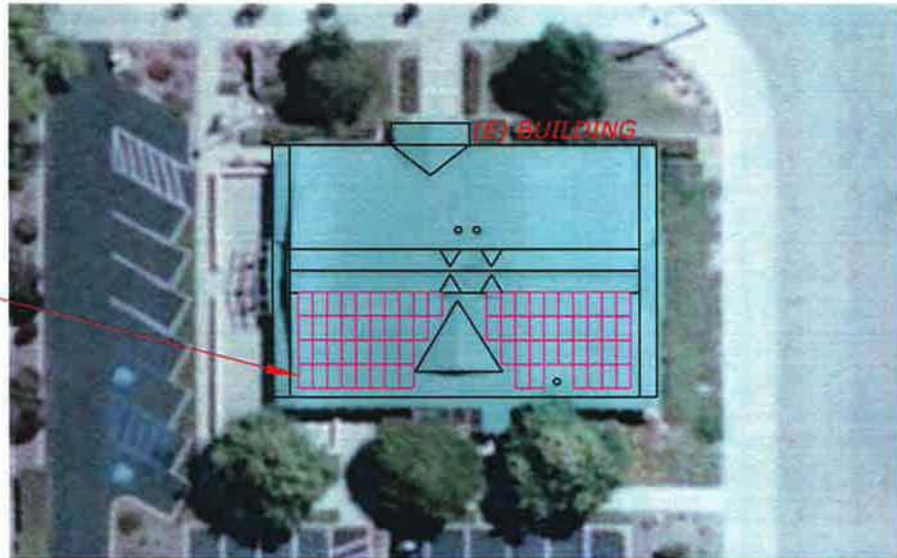
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ENGINEER	DRAFTER	DESCRIPTION
YURYSTA	S. JENKINS	PHOTOVOLTAIC SYSTEM

PROPOSED SOLAR ARRAY

NIPOMO COMMUNITY SERVICES DISTRICT

SOLAR MODULES
(5) STRINGS OF (14)



SYSTEM INFO

TILT: FLUSH MOUNT
 AZIMUTH: 228 DEG TRUE
 RACKING: SOLARAK



CONCEPTUAL DESIGN
 DETAILS SUBJECT TO CHANGE
 PENDING FULL ENGINEERING DESIGN



REC SOLAR, INC.
 CA CL# 750184 775 Fiero Lane, Suite 200
 San Luis Obispo, CA 93401 USA
 Phone (888)657-6527 Fax (805)528-9701

CUSTOMER APPROVAL:	
PLANS REVIEWED:	
BOM REVIEWED:	

NCS D
 148 S. WILSON STREET
 NIPOMO, CA 93444

LAYOUT

REV: 0
 01.26.2009



September 2, 2010

775 Fiero Lane, Suite 200
 San Luis Obispo, CA 93401
 Phone: 805-440-6299
 Fax: 805-528-9701

Estimated System Quotation

Solar System Owner	Solar System Size
Nipomo Community Services District 148 S. Wilson Nipomo, CA 93444	\$6.98 Cost per DC Watt 15,750 Watts DC Solar Electric System 13,398 Watts AC Solar Electric System

Class	Item	Description	Qty.	Amount
Complete Turn-Key System Cost to Include the Following Items:			1	\$ 109,935.00
Solar Panels				
	REC 225	REC Group 225-Watt	70	
Inverters				
	SB5000US	SMA 5000-Watt,	1	
	SB7000US	SMA 7000-Watt,	1	
Monitoring				
	WEBBOX	Sunny WebBox	1	
	RS-485	Piggyback Card	2	
Racking				
	RACKING	REC Solar SolaRak™	4	
Other Expenses				
	MISC ELEC	Misc Electrical Equipment	1	
	EQ RENT	Equipment Rental	1	
	S&H	Shipping and Handling	1	
Labor Components				
	GEN LAB	General Labor	1	
	ELEC LAB	Electrical Labor	1	
	D&E	Design and Engineering	1	
	REC WARRANTY	Installation (10 yr)	1	
Solar Administration				
	REBATE	Rebate Administration	1	
	INTERCON	Interconnection	1	
	SALES TAX	REC Sales Tax	1	
	PERMITTING	Permitting	1	

*Rebate is an estimate only.

Total to REC Solar	\$109,935
State Rebate*	14,725
Federal Tax Cash Grant	0
State Tax Credit	0
Net System Cost**	\$95,210

**These system costs are a preliminary estimate only. Final system cost will be determined after detailed engineering has been conducted by REC Solar.

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REC SOLAR - FINANCIAL BENEFITS ANALYSIS

148 S. Wilson St – Non-Profit

15.750 kW - DC

SYSTEM CAPACITY:	15.750 kW-DC (13 kW-AC)
SYSTEM PRODUCTION FACTOR:	1,547 kWh/kW/Year*
ANNUAL SOLAR PRODUCTION:	24,365 Kilowatt hours (kWh)
EFFECTIVE UTILITY SAVINGS RATE:	\$0.182 / kWh
ANNUAL UTILITY BILL SAVINGS:	\$4,438 Year 1 Savings
*Degradation: 0.5% per Year; kW Offset: Summer 25.0%, Winter 20.0%	
Utility Rate CA, Pacific Gas and Electric, A1; Annual Rate Inflation 5.50%	

INCENTIVES			
Federal Tax Credit/Cash Grant:	0%	Tax Credit	ITC not taxable.
State Tax Credit:	NA		
State Rebate**:	\$1.10 per kW AC		
Average SREC:	NA	SREC Years: 0	
**State/utility rebates and tax credits vary by state and system size.			

PAYBACK: 15.7 Years

RETURN ON INVESTMENT: 5 Year ROI 5.7%

	Year 1	Year 5	Year 10	Year 25
Estimated Annual Electricity Savings	\$ 4,438	\$ 5,388	\$ 6,863	\$ 14,118
Net System Cost	\$ 95,210	\$ 95,210	\$ 95,210	\$ 95,210
Annual ROI on Net System Cost	4.7%	5.7%	7.2%	14.8%
Net Cost after Deprec Savings	\$ 95,210	\$ 95,210	\$ 95,210	\$ 95,210
Annual ROI on Net Cost after Deprec Savings	4.7%	5.7%	7.2%	14.8%

20 YEAR IRR (After-Tax): 3.2%		20 YEAR IRR (Pre-Tax): 3.2%		
Internal Rate of Return (IRR)	Year 10	Year 15	Year 25	
After-Tax Cash-on-Cash Return (IRR)***:	-8.5%	-0.8%	5.4%	
Taxable Equivalent Yield (@ Combined Rate):	-8.5%	-0.8%	5.4%	
***Net Cash Flow drives Internal Rate of Return calculation.				

SYSTEM COST: \$6.98/Watt (DC)	YEAR 1			YEAR 5		
			\$ per W			\$ per W
Total System Cost	(\$109,935)	100%	\$ 6.98	(\$109,935)	100%	\$ 6.98
Federal Tax Credit (or Grant)	\$0	0%	\$ -	\$0	0%	\$ -
Cost after Investment Tax Credit	(\$109,935)	100%	\$ 6.98	(\$109,935)	100%	\$ 6.98
State Rebates	\$14,725	-13%	\$ (0.93)	\$14,725	-13%	\$ (0.93)
Tax on State Rebates	\$0	0%	\$ -	\$0	0%	\$ -
State Tax Credit	\$0	0%	\$ -	\$0	0%	\$ -
Federal Tax Impact of State Tax Credit	\$0	0%	\$ -	\$0	0%	\$ -
Net System Cost	(\$95,210)	87%	\$ 6.05	(\$95,210)	87%	\$ 6.05
Depreciation Tax Savings	\$0	0%	\$ -	\$0	0%	\$ -
Net Cost After after Deprec Savings	(\$95,210)	87%	\$ 6.05	(\$95,210)	87%	\$ 6.05
SREC Revenue	\$0	0%	\$ -	\$0	0%	\$ -
Tax on SREC Revenue	\$0	0%	\$ -	\$0	0%	\$ -
Net Cost Incl Deprec & SRECs	(\$95,210)	87%	\$ 6.05	(\$95,210)	87%	\$ 6.05

OPERATING EXPENSES

Maintenance Cost (\$/W)	\$0.010
Maint. Cost escalation	2.5%
Inverter replacement (\$/kW)	\$250
Inverter replacement year	15

TAX RATES

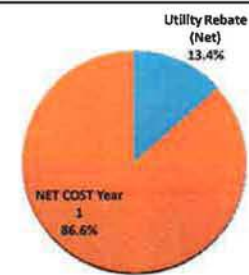
Federal Tax Rate:	0.00%
State Tax Rate:	0.00%
Combined Tax Rate:	0.00%

DEPRECIATION

Depreciation Schedule	Fed DDB 5 Yr	State*** DDB 12 Yr
Bonus Depreciation	0%	0%
Depreciable Basis	\$ 93,445	\$ 109,935

***Note: Only a few states recognize Bonus Depreciation (DR, CO); most do not. Not all states use 5 year depreciation for solar (CA may use 12 year). Clients should always consult their tax advisor with respect to depreciation and tax issues in general.

NET SYSTEM COST - YEAR 1



Cash Flow Analysis	Year 0	1	2	3	4	5	10	15	20	25	30
System Purchase Price	(109,935)	-	-	-	-	-	-	-	-	-	-
Tax Credits	-	-	-	-	-	-	-	-	-	-	-
Federal - Cash Grant	-	-	-	-	-	-	-	-	-	-	-
Federal - Tax Credit	-	-	-	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-	-
State Incentives	-	-	-	-	-	-	-	-	-	-	-
EPBB Rebate	-	14,725	-	-	-	-	-	-	-	-	-
PBI	-	-	-	-	-	-	-	-	-	-	-
SREC Revenue	-	-	-	-	-	-	-	-	-	-	-
Energy Savings	-	4,438	4,659	4,891	5,134	5,388	6,863	8,735	11,109	14,118	17,927
Expenses	-	-	-	-	-	-	-	-	-	-	-
Maintenance	-	(161)	(165)	(170)	(174)	(178)	(202)	(228)	(258)	(292)	(330)
Inverter Replacement	-	-	-	-	-	-	-	(3,938)	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Tax Savings (Cost)	-	-	-	-	-	-	-	-	-	-	-
FED Income Tax Savings (Cost)	-	-	-	-	-	-	-	-	-	-	-
STATE Income Tax Savings (Cost)	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow****	\$ (109,935)	\$ 19,002	\$ 4,494	\$ 4,721	\$ 4,960	\$ 5,210	\$ 6,661	\$ 4,569	\$ 10,851	\$ 13,826	\$ 17,597
Cumulative Cash Flow	\$ (109,935)	\$ (90,933)	\$ (86,440)	\$ (81,719)	\$ (76,759)	\$ (71,549)	\$ (41,284)	\$ (6,556)	\$ 42,786	\$ 105,684	\$ 185,770
ANNUAL SOLAR PRODUCTION (KWH)		24,365	24,243	24,122	24,000	23,878	23,269	22,660	22,051	21,441	20,832

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Bill Details

Customer: 148 S. Wilson St
 System Size: 15.750 kW DC
 Total Annual Solar Production: 24,365 kWh

kWh Before Solar: 24,600
 kWh After Solar: 235
 kWh Reduction: 99%



Before Solar

Total Bill	\$4,600
Total kWh	24,600
Average Energy Cost (Bill/kWh)	\$0.187

Rate Tariff CA, Pacific Gas and Electric, A1
 Effective March 1, 2010

Service Charges		Annual Charge
Customer Charge Per day	0.44	\$162
Meter Charge per Day		
Meter Surcharge (Monthly)		
Total Service Charges		\$162

Demand Charges		Average Monthly kWh	Annual Charge
		\$/kW	
Summer (6 months)	Monthly Peak Period		
	Part-Peak Period		
	Off-Peak Period		
	Total Demand Charges		
Winter (6 months)	Monthly Peak Period		
	Part-Peak Period		
	Off-Peak Period		
	Total Demand Charges		

Energy Charges		\$/kWh	Annual kWh	Annual Charge
Summer	Peak/Total	\$0.20495	13,880	\$2,845
	Part-Peak			
	Off-Peak			
Winter	Peak	\$0.14867	10,720	\$1,594
	Part-Peak/Total			
	Off-Peak			
Total Energy Charges			24,600	\$4,438

Total Annual Bill \$4,600

After Solar

Total Savings	\$4,438
Total Solar Production (kWh)	24,365
Avoided Energy Cost (Savings/Solar kWh)	\$0.182

Rate Tariff CA, Pacific Gas and Electric, A1
 Effective March 1, 2010

Service Charges		Annual Charge
Customer Charge Per day	0.44	\$162
Meter Charge per Day		
Meter Surcharge (Monthly)		
Total Service Charges		\$162

Demand Charges		Average Monthly kWh	Annual Charge
		\$/kW	
Summer (6 months)	Monthly Peak Period		
	Part-Peak Period		
	Off-Peak Period		
	Total Demand Charges		
Winter (6 months)	Monthly Peak Period		
	Part-Peak Period		
	Off-Peak Period		
	Total Demand Charges		

Energy Charges		\$/kWh	Annual kWh	Annual Charge
Summer	Peak/Total	\$0.20495	-1,215	(\$249)
	Part-Peak			
	Off-Peak			
Winter	Peak	\$0.14867	1,450	\$216
	Part-Peak/Total			
	Off-Peak			
Total Energy Charges			235	(\$33)

Total Annual Bill \$162

Annual Savings.....\$4,438	Annual Reduction.....96 %
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REC Solar Confidential
 *The first year energy savings and any future energy savings are estimates only. Savings may vary based on solar radiation levels, soiling or any factors that affect solar system production. Actual savings may also be different from estimated savings as a result of electric rate changes.



ENVIRONMENTAL REVIEW

System Size: 15.8 DC kW
Rate of Production: 1,547 kWh/kW/Year
Years of Production: 25.0 Years

This sheet quantifies some of the environmental benefits that your system will provide by replacing electricity made from the burning of fuels.

LIFETIME KWH PRODUCTION	Line a:	<u>609,131</u>
The amount of electricity your solar power system will produce over its 25-year lifetime		
BARRELS OF OIL OFFSET BY YOUR SYSTEM, LIFETIME	= a. x .00203	<u>1,237</u>
The number of barrels of oil required to generate the same amount of electricity that your system will produce in its 25-year lifetime.		
CAR MILES NOT DRIVEN, LIFETIME	= a. x 1.7755	<u>1,081,208</u>
Using electricity generated from fossil fuels and driving cars are the two personal activities that have the most significant environmental impact.		
ACID RAIN EMISSIONS REDUCTION, lbs	= a. x 0.0075	<u>4,568</u>
Generating electricity from fossil fuels also releases Sulfur Oxides and Nitrogen Oxides, primary causes of acid rain, into the air. Acid rain damages lakes, streams,		
SMOG EMISSIONS REDUCTION, lbs	= a. x 0.0036	<u>2,193</u>
Nitrogen Oxides are a key contributor to the formation of ground level ozone, a major component of smog. Ozone irritates the eyes, and aggravates respiratory problems. It is our most widespread and intractable urban air pollution problem.		
GREENHOUSE GAS REDUCTION, lbs	= a. x 1.42	<u>864,966</u>
Carbon dioxide, along with other 'greenhouse gases', causes global warming. This results in increased rainfall and violent storms, decreased snow and ice cover, and		
EQUIVALENT NUMBER OF MATURE TREES PLANTED	= a. x 0.0034	<u>2,071</u>
Trees remove carbon dioxide from the atmosphere, and many environmentalists advocate tree planting as a way to offset carbon dioxide emissions into the		

System Performance – The cost savings values presented were developed using the best available “real world” factors that influence system performance. However any particular Installation performance cannot be guaranteed to match performance measures stat

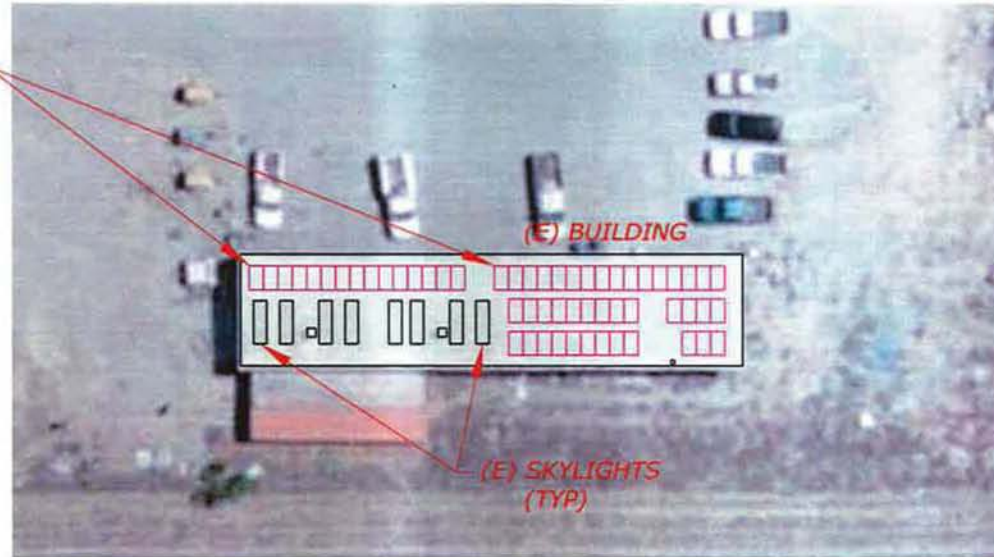
ENGINEER	DRAFTER	DESCRIPTION
YURYSTA	S. JENKINS	PHOTOVOLTAIC SYSTEM

PROPOSED SOLAR ARRAY

NIPOMO COMMUNITY SERVICES DISTRICT

WASTE WATER TREATMENT FACILITY

SOLAR MODULES
(4) STRINGS OF (14)



SYSTEM INFO

TILT: 10° TILT
 AZIMUTH: 228 DEG TRUE
 RACKING: SOLARAK



CONCEPTUAL DESIGN
 DETAILS SUBJECT TO CHANGE
 PENDING FULL ENGINEERING DESIGN



REC SOLAR, INC.
 CA CL# 750184 775 Fiero Lane, Suite 200
 San Luis Obispo, CA 93401 USA
 Phone (888)657-6527 Fax (805)528-9703

CUSTOMER APPROVAL:	
PLANS REVIEWED:	
BOM REVIEWED:	

NCS D WWTF
 509 SOUTHLAND DRIVE
 NIPOMO, CA 93444

LAYOUT

REV: 0
 01.26.2009



September 2, 2010

775 Fiero Lane, Suite 200
 San Luis Obispo, CA 93401
 Phone: 805-440-6299
 Fax: 805-528-9701

Estimated System Quotation

Solar System Owner	Solar System Size
Nipomo Community Services District 509 Southland Dr Nipomo, CA 93444	\$6.98 Cost per DC Watt 12,600 Watts DC Solar Electric System 10,718 Watts AC Solar Electric System

Class	Item	Description	Qty.	Amount
Complete Turn-Key System Cost to Include the Following Items:			1	\$ 87,948.00
Solar Panels	REC 225	REC Group 225-Watt	56	
Inverters	SB5000US	SMA 5000-Watt,	2	
Monitoring	WEBBOX	Sunny WebBox	1	
	RS-485	Piggyback Card	2	
Other Expenses	MISC ELEC	Misc Electrical Equipment	1	
	EQ RENT	Equipment Rental	1	
	S&H	Shipping and Handling	1	
Labor Components	GEN LAB	General Labor	1	
	ELEC LAB	Electrical Labor	1	
	D&E	Design and Engineering	1	
	REC WARRANTY	Installation (10 yr)	1	
Solar Administration	REBATE	Rebate Administration	1	
	INTERCON	Interconnection	1	
	SALES TAX	REC Sales Tax	1	
	PERMITTING	Permitting	1	

Total to REC Solar	\$87,948
State Rebate*	11,611
Federal Tax Cash Grant	0
State Tax Credit	0
Net System Cost**	\$76,337

*Rebate is an estimate only.

**These system costs are a preliminary estimate only. Final system cost will be determined after detailed engineering has been conducted by REC Solar.

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REC SOLAR - FINANCIAL BENEFITS ANALYSIS
509 Southland Dr – Non-Profit
12.600 kW - DC

SYSTEM CAPACITY:	12.600 kW-DC (11 kW-AC)
SYSTEM PRODUCTION FACTOR:	1,494 kWh/kWh/Year*
ANNUAL SOLAR PRODUCTION:	18,824 Kilowatt hours (kWh)
EFFECTIVE UTILITY SAVINGS RATE:	\$0.184 / kWh
ANNUAL UTILITY BILL SAVINGS:	\$3,455 Year 1 Savings

*Degradation: 0.5% per Year; kW Offset: Summer 25.0%, Winter 20.0%
 Utility Rate CA, Pacific Gas and Electric, A1; Annual Rate Inflation 5.50%

INCENTIVES			
Federal Tax Credit/Cash Grant:	0%	Tax Credit	<i>ITC not taxable.</i>
State Tax Credit:	NA		
State Rebate**:	\$1.10 per kW AC		
Average SREC:	NA	SREC Years:	0

**State/utility rebates and tax credits vary by state and system size.

PAYBACK: 16.1 Years

RETURN ON INVESTMENT: 5 Year ROI 5.5%

	Year 1	Year 5	Year 10	Year 25
Estimated Annual Electricity Savings	\$ 3,455	\$ 4,195	\$ 5,342	\$ 10,990
Net System Cost	\$ 76,337	\$ 76,337	\$ 76,337	\$ 76,337
Annual ROI on Net System Cost	4.5%	5.5%	7.0%	14.4%
Net Cost after Deprec Savings	\$ 76,337	\$ 76,337	\$ 76,337	\$ 76,337
Annual ROI on Net Cost after Deprec Savings	4.5%	5.5%	7.0%	14.4%

20 YEAR IRR (After-Tax): 3.0%	20 YEAR IRR (Pre-Tax): 3.0%		
Internal Rate of Return (IRR)	Year 10	Year 15	Year 25
After-Tax Cash-on-Cash Return (IRR)***:	-8.9%	-1.2%	5.1%
Taxable Equivalent Yield (@ Combined Rate):	-8.9%	-1.2%	5.1%

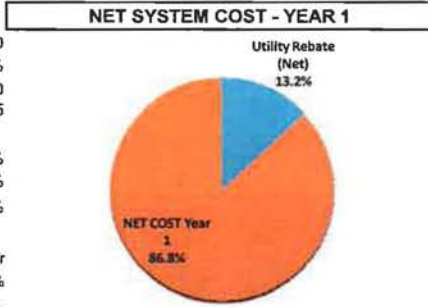
***Net Cash Flow drives Internal Rate of Return calculation.

SYSTEM COST: \$6.98/Watt (DC)	YEAR 1			YEAR 5		
			\$ per W			\$ per W
Total System Cost	(\$87,948)	100%	\$ 6.98	(\$87,948)	100%	\$ 6.98
Federal Tax Credit (or Grant)	\$ 0	0%	\$ -	\$ 0	0%	\$ -
Cost after Investment Tax Credit	(\$87,948)	100%	\$ 6.98	(\$87,948)	100%	\$ 6.98
State Rebates	\$11,611	-13%	\$ (0.92)	\$11,611	-13%	\$ (0.92)
Tax on State Rebates	\$ 0	0%	\$ -	\$ 0	0%	\$ -
State Tax Credit	\$ 0	0%	\$ -	\$ 0	0%	\$ -
Federal Tax Impact of State Tax Credit	\$ 0	0%	\$ -	\$ 0	0%	\$ -
Net System Cost	(\$76,337)	87%	\$ 6.06	(\$76,337)	87%	\$ 6.06
Depreciation Tax Savings	\$ 0	0%	\$ -	\$ 0	0%	\$ -
Net Cost After after Deprec Savings	(\$76,337)	87%	\$ 6.06	(\$76,337)	87%	\$ 6.06
SREC Revenue	\$ 0	0%	\$ -	\$ 0	0%	\$ -
Tax on SREC Revenue	\$ 0	0%	\$ -	\$ 0	0%	\$ -
Net Cost incl Deprec & SRECs	(\$76,337)	87%	\$ 6.06	(\$76,337)	87%	\$ 6.06

OPERATING EXPENSES	
Maintenance Cost (\$/W)	\$0.010
Maint. Cost escalation	2.5%
Inverter replacement (\$/kW)	\$250
Inverter replacement year	15
TAX RATES	
Federal Tax Rate:	0.00%
State Tax Rate:	0.00%
Combined Tax Rate:	0.00%

DEPRECIATION		
Depreciation Schedule	Fed DDB 5 Yr	State*** DDB 12 Yr
Bonus Depreciation	0%	0%
Depreciable Basis	\$ 74,756	\$ 87,948

***Note: Only a few states recognize Bonus Depreciation (DR, CO); most do not. Not all states use 5 year depreciation for solar (CA may use 12 year). Clients should always consult their tax advisor with respect to depreciation and tax issues in general.



Cash Flow Analysis	Year 0	1	2	3	4	5	10	15	20	25	30
System Purchase Price	(\$87,948)										
Tax Credits											
Federal - Cash Grant											
Federal - Tax Credit											
State											
State Incentives											
EPBB Rebate		11,611									
PBI											
SREC Revenue											
Energy Savings											
Expenses											
Maintenance		(129)	(132)	(136)	(139)	(143)	(161)	(182)	(206)	(234)	(264)
Inverter Replacement								(3,150)			
Insurance											
Tax Savings (Cost)											
FED Income Tax Savings (Cost)											
STATE Income Tax Savings (Cost)											
Net Cash Flow****	\$ (87,948)	\$ 14,936	\$ 3,494	\$ 3,671	\$ 3,857	\$ 4,052	\$ 5,181	\$ 3,467	\$ 8,441	\$ 10,756	\$ 13,691
Cumulative Cash Flow	\$ (87,948)	\$ (73,012)	\$ (69,517)	\$ (65,846)	\$ (61,989)	\$ (57,937)	\$ (34,399)	\$ (7,475)	\$ 30,908	\$ 79,838	\$ 142,146
ANNUAL SOLAR PRODUCTION (KWH)		18,824	18,730	18,636	18,542	18,448	17,977	17,507	17,036	16,565	16,095

****Net Cash Flow drives Internal Rate of Return calculation.

GENERAL DISCLAIMER: All quotations are valid for (30) days from the date of the quotation unless a reduction of rebate occurs within the 30 day period, and are based on REC Solar's standard terms, conditions and scope in its Engineering, Procurement, and Construction Services Agreement ("EPC"). Design, permitting, installation, sales tax, utility interconnection.

TAX/FINANCIAL DISCLAIMER: The tax information on this page is intended for discussion purposes only and should not be construed as tax advice. All applicable federal tax credits are estimates. Actual tax credits will be based on customer's financial situation. Customers applying for the commercial tax credit should consult with a tax professional to determine eligibility. We recommend that you contact an accountant or tax attorney for any specific financial advice.

Bill Details

Customer: 509 Southland Dr
 System Size: 12.600 kW DC
 Total Annual Solar Production: 18,824 kWh

kWh Before Solar: 32,888
 kWh After Solar: 14,064
 kWh Reduction: 57%



Before Solar

Total Bill	\$5,828
Total kWh	32,888
Average Energy Cost (Bill/kWh)	\$0.177

Rate Tariff CA, Pacific Gas and Electric, A1
 Effective March 1, 2010

Service Charges		Annual Charge
Customer Charge Per day	0.44	\$162
Meter Charge per Day		
Meter Surcharge (Monthly)		
Total Service Charges		\$162

Demand Charges		Average Monthly kWh	Annual Charge
	\$/kW		
Summer (6 months)			
Monthly Peak Period			
Part-Peak Period			
Off-Peak Period			
Winter (6 months)			
Monthly Peak Period			
Part-Peak Period			
Off-Peak Period			
Total Demand Charges			

Energy Charges		\$/kWh	Annual kWh	Annual Charge
Summer	Peak/Total	\$0.20495	13,805	\$2,829
	Part-Peak			
	Off-Peak			
Winter	Peak	\$0.14867	19,083	\$2,837
	Part-Peak/Total			
	Off-Peak			
Total Energy Charges			32,888	\$5,666

Total Annual Bill **\$5,828**

After Solar

Total Savings	\$3,455
Total Solar Production (kWh)	18,824
Avoided Energy Cost (Savings/Solar kWh)	\$0.184

Rate Tariff CA, Pacific Gas and Electric, A1
 Effective March 1, 2010

Service Charges		Annual Charge
Customer Charge Per day	0.44	\$162
Meter Charge per Day		
Meter Surcharge (Monthly)		
Total Service Charges		\$162

Demand Charges		Average Monthly kWh	Annual Charge
	\$/kW		
Summer (6 months)			
Monthly Peak Period			
Part-Peak Period			
Off-Peak Period			
Winter (6 months)			
Monthly Peak Period			
Part-Peak Period			
Off-Peak Period			
Total Demand Charges			

Energy Charges		\$/kWh	Annual kWh	Annual Charge
Summer	Peak/Total	\$0.20495	2,143	\$439
	Part-Peak			
	Off-Peak			
Winter	Peak	\$0.14867	11,921	\$1,772
	Part-Peak/Total			
	Off-Peak			
Total Energy Charges			14,064	\$2,211

Total Annual Bill **\$2,373**

Annual Savings.....\$3,455	Annual Reduction.....59 %
-----------------------------------	----------------------------------

REC Solar Confidential

*The first year energy savings and any future energy savings are estimates only. Savings may vary based on solar radiation levels, soiling or any factors that affect solar system production. Actual savings may also be different from estimated savings as a result of electric rate changes.



ENVIRONMENTAL REVIEW

System Size: 12.6 DC kW
Rate of Production: 1,494 kWh/kW/Year
Years of Production: 25.0 Years

This sheet quantifies some of the environmental benefits that your system will provide by replacing electricity made from the burning of fuels.

LIFETIME KWH PRODUCTION The amount of electricity your solar power system will produce over its 25-year lifetime	Line a:	<u>470,610</u>
BARRELS OF OIL OFFSET BY YOUR SYSTEM, LIFETIME The number of barrels of oil required to generate the same amount of electricity that your system will produce in its 25-year lifetime.	= a. x .00203	<u>955</u>
CAR MILES NOT DRIVEN, LIFETIME Using electricity generated from fossil fuels and driving cars are the two personal activities that have the most significant environmental impact.	= a. x 1.7755	<u>835,333</u>
ACID RAIN EMISSIONS REDUCTION, lbs Generating electricity from fossil fuels also releases Sulfur Oxides and Nitrogen Oxides, primary causes of acid rain, into the air. Acid rain damages lakes, streams,	= a. x 0.0075	<u>3,530</u>
SMOG EMISSIONS REDUCTION, lbs Nitrogen Oxides are a key contributor to the formation of ground level ozone, a major component of smog. Ozone irritates the eyes, and aggravates respiratory problems. It is our most widespread and intractable urban air pollution problem.	= a. x 0.0036	<u>1,694</u>
GREENHOUSE GAS REDUCTION, lbs Carbon dioxide, along with other 'greenhouse gases', causes global warming. This results in increased rainfall and violent storms, decreased snow and ice cover, and	= a. x 1.42	<u>668,266</u>
EQUIVALENT NUMBER OF MATURE TREES PLANTED Trees remove carbon dioxide from the atmosphere, and many environmentalists advocate tree planting as a way to offset carbon dioxide emissions into the	= a. x 0.0034	<u>1,600</u>

System Performance – The cost savings values presented were developed using the best available “real world” factors that influence system performance. However any particular installation performance cannot be guaranteed to match performance measures stat

Company Profile

REC Solar, Inc. (REC Solar) specializes in the design and installation of grid-tied, solar electric power systems, offering affordable solar solutions for residential, commercial, and government consumers. REC Solar is one of very few solar companies with a fully integrated, vertical business model offering comprehensive, end-to-end solar electric solutions that include state-of-the-art equipment, expert engineering design, top-quality installation, on-going service and support and affordable financing programs.

Founded in 1997, REC Solar is one of the most experienced solar electric system providers in the U.S. With over 450 full-time employees and an average annual growth rate of 75 percent, we are one of the largest and fastest growing solar companies in the country. We maintain 12 regional operations in California, with five more facilities in Oregon, Colorado, Arizona, and Hawaii. REC Solar also maintains contractor licensing in Nevada, New Jersey, Connecticut, and Rhode Island, as well as strong subcontractor relationships in virtually every other state in the US. We have built more than 5,000 systems ranging in size from multi-megawatt commercial projects to individual residential installations. Because solar is all we do, our broad scope of experience enables us to bring our solar expertise to every project we design and build.

REC Solar is a wholly owned subsidiary of the Mainstream Energy Corporation, which also owns AEE Solar, a North American wholesale distribution subsidiary. Mainstream Energy is 20 percent owned by REC ASA (REC Group), one of the top solar energy companies in the industry. REC Group is among the largest producers of silicon materials for photovoltaic applications, manufacturing multicrystalline wafers, as well as solar cells and solar panels. The unique relationship REC Solar enjoys with Mainstream Energy and REC Group provides direct access to high quality solar panels from one of the world's leading suppliers and also insures that REC Solar has stable financial backing and the ability to deliver and support your solar power needs over the long term.

With a focus on quality, professionalism, and service, REC Solar has become a trusted market leader. We pride ourselves on consistently delivering the highest quality systems designed to meet and exceed the expected long-term power demands of consumers.



REC Solar is headquartered in San Luis Obispo, CA, with an office in Hawaii and branch locations in Ventura, Santa Barbara, Bakersfield, Sunnyvale, Marin County, Orange County, San Diego, Sacramento, Fresno, Bakersfield, Visalia, Portland (OR), Boulder (CO), Honolulu (HI), Phoenix (AZ) and New Jersey.

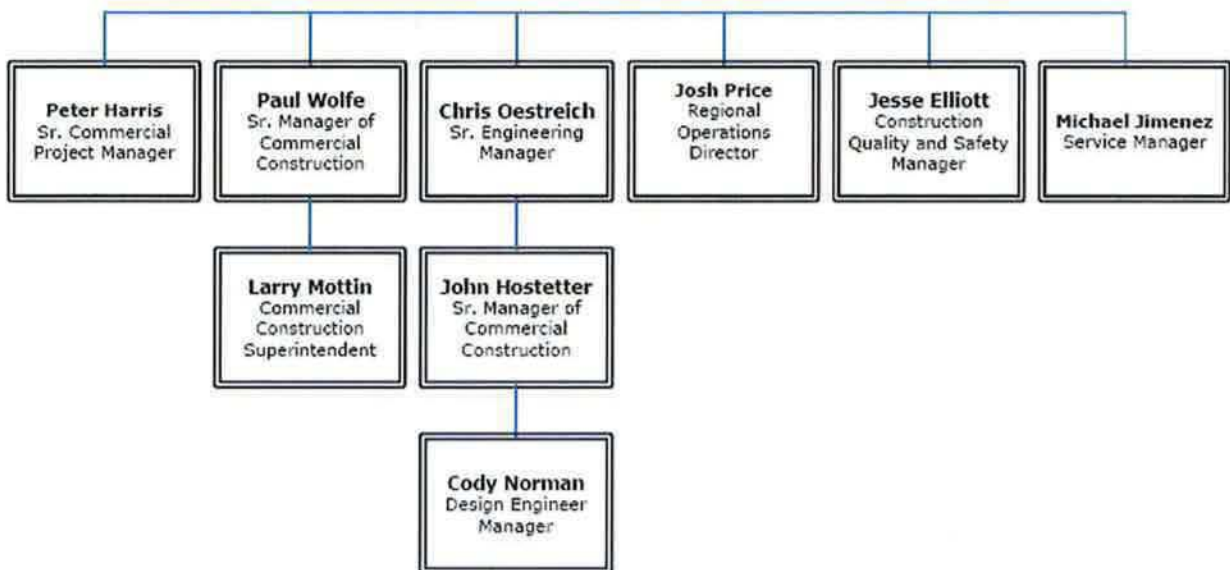
Management Team

The reputation we maintain for quality in the solar industry has resulted in a higher than average ratio of candidates who come to REC with PhD's, MBA's, professional licenses, and advanced engineering degrees. Our experienced construction management team has enabled us to attain a reputation as a consistent and efficient solar provider focused on customer satisfaction and quality workmanship. More than 95% of customers are "satisfied" with their customer experience, resulting in over 30% of new business volume coming from referrals. (Source: Internal client surveys)

REC has received several awards and recognition over the past year, including Inc Magazine's *13th Fastest Growing Energy Company* in the United States, *Angie's List Super Service Award*, *Mitsubishi Electric Supplier of the Year Award*, *Best of the Bay Best in Service Award* in the San Francisco Bay Area and was nominated for Wall Street Journal's *Best Workplace Award*.

Every project has corporate level management from REC Solar Headquarters in San Luis Obispo as well as local construction management at the site. REC Solar will oversee quality of service and product and is the prime contractor responsible for all of the project work. Below represents a sample project team.

Sample Project Team



Our Services and Capabilities

REC Solar's innovative, turnkey solar electric solutions are offered through a comprehensive process that takes your system purchase from concept to commissioning. There is no faster, easier way to obtain a cost-saving, environmentally friendly solar electric system for your facility.

The major activities included in our end-to-end process include:

- Perform site feasibility studies and rate analysis
- Assist you with identifying and acquiring funding
- Engineer a comprehensive, optimized design
- Manage the project implementation
- Construct and install a quality system
- Install real-time, web-based monitoring
- Provide on-going operations and maintenance support

Feasibility Studies

REC Solar performs feasibility studies to determine the viability, size potential, and anticipated savings of installing a solar power system at your facility, helping ensure that our solution can deliver to meet your objectives.

Initially, a site evaluation is performed to determine factors such as roof construction, electrical system specifications, and utility interconnection requirements to determine the suitability of installing solar. We then review your electric bills to determine historical utility usage, and we complete a rate analysis and a cost savings analysis. Then, using satellite imaging and computer modeling, a design engineer determines the ideal system size and energy production potential in order to deliver the maximum benefit of solar installed.



The result of the feasibility analysis phase is a preliminary design of the best system we would propose to meet your site or building's unique characteristics, your targeted energy offset requirements and required rate of return on investment. These results are presented in a feasibility report, providing you with a design layout, a technical summary of the system, a project schedule, and our proposed installation price. In addition we provide a complete financial analysis and environmental benefits overview.

Funding Assistance

REC Solar helps you identify and take advantage of the various incentives offered by government agencies and utilities as well as provides assistance in accessing the various financing opportunities available. The following are some of the funding methods we can help you with:

- **Rebates** – We provide full administration of utility rebates on your behalf
- **Renewable Energy Credits** – Purchase and resale of RECs services
- **Grants** – Aid in filing for financial assistance such as the Department of Treasury federal grant program
- **Funding Assistance** – REC Solar has relationships with banks, leasing companies and the top power purchase agreement providers in the country. REC Solar will work with you to provide the best financing solution for the project.

Design and Engineering

With the data obtained from the site evaluation and feasibility study, our engineering department completes the design of your solar electric system including location and specification of all equipment and points of interconnection.

The system designs are certified by third party engineers, who are licensed in the states where we operate. These certifications ensure that the design is compliant with the local electrical and structural engineering standards in your area.



With tens of megawatts of solar power systems installed, REC Solar’s engineers are dedicated to creating system designs that are compliant with industry standards and best practices.

Project Management

REC Solar has a history of managing large, complex, multi-site and even multi-state projects. Our innovative process of delivering an end-to-end turn-key solution helps ensure that you receive a fully integrated solar electric system. Our project managers have direct oversight and interact with each of our dedicated specialists including engineering, procurement, construction, and electrical teams thereby ensuring a successful implementation.

We work hard to make sure your system is managed efficiently and effectively to deliver a quality system and minimize the impact on your staff and to your site. Project

management of an installation of this size is critical and that's where our dedicated team of project managers who manage solar all day every day are specialist and identifying the critical drivers to every project and working with you closely to deliver on our promise of satisfaction.

The project manager assigned to your installation will oversee every step of the process from the initial kick off meeting, on-going status meetings and provides a single point of contact for you with REC Solar so you get the level of service you deserve. The project managers at REC Solar understand that your satisfaction is their top priority and delivering on time and on budget is key to our success.

Construction and Interconnection

REC Solar's installation team consists of a diverse group of electrical foreman, solar installers, material handlers, safety inspectors and site supervisors. Being one of the largest solar installers in the country, we have the staff available to coordinate and manage the teams necessary to install a project of this scale.



An experienced construction management team is critical to successful project execution and our dedicated teams have installed many megawatts of solar. During the construction phase of your project you can expect the following from us:

- **Pre-construction meeting** – Set schedules, review the plan, prepare your team
- **Material procurement** – Acquire solar panels, inverters, mounting components, junction boxes, wire, hardware
- **Labor selection** – Determine members of mechanical, electrical, site cleanup teams
- **Site preparation** – Inspect the site and make all necessary improvements including safety modifications in preparation for construction to begin
- **Material delivery** – Take possession of all materials and inspect and stage
- **Solar array installation** – Construct structure and mount panels
- **Electrical installation** – Construct the inverter pad and run DC wiring to the pad
- **Grid interconnection** – Install the AC wiring and connect to the grid
- **System start-up** – Inspect, test, and commission the solar electric system

REC Solar manages the entire project from start to finish, even bringing in specialized contractors when needed to address unique challenges.

Project Experience

The following list represents a sample of REC Solar commercial customers and projects installed within the last several years. Many of these companies have agreed to provide professional references, and additional references are available upon request.



Costco Wholesale, Multiple Sites & States

Overall Project Size: 12.2 MW

Project Description: Under the Costco solar program, REC Solar is responsible for the turnkey design, engineering, and installation of solar systems placed on 21 Costco warehouses. All roof equipment and racking was mounted with a proprietary standing seam clamp system which eliminated all roof penetrations and set screws typically associated with seam clamps. These systems utilized stainless steel, aluminum and PVC construction materials with UV shade plates over all PVC conduit to prevent degradation.



Department of Veterans Affairs, Multi-Sites & States

Overall Project Size: 1.9 MW (under construction)

Project Description: Through REC Solar's federal GSA contract, REC Solar was awarded this multi-site, multi-state job which is currently under construction. Expected to be completed in mid-2010 this solar investment will be the Department of Veterans Affairs largest renewable energy project to-date.



Poway Unified School District, Poway, CA

Project Size: 694 kW

Project Description: REC Solar designed and installed solar systems on 4 Poway Unified School District campuses spread across 16 buildings. All work was permitted under the California Department of State Architects (DSA). The systems are owned and operated by Honeywell Building Solutions. REC Solar will also be conducting educational sessions for students, parents, and teachers.



Allwire, Inc., Chowchilla, CA

Project Size: 484 kW

Project Description: This system included a roof-mounted array mounted to the top of a corrugated metal roof. REC Solar’s responsibilities included the professional structural analysis of the building and the full design and construction of the system.



Longs Drug Stores, Multi-Sites in Hawaii

Overall Project Size: 316 kW

Project Description: REC Solar is working with Longs Drug Stores as it rolls out solar across its facilities. REC Solar has completed three (3) systems, starting in Kauai, Hawaii. The system was designed to resist Hawaii’s corrosive conditions and hurricane wind speeds.



DuPont, Pioneer Parent Seed Facility, Kauai, HI

Project Size: 282 kW

Project Description: REC Solar designed and installed this fixed tilt, ground mounted system on the southern part of the island of Kauai. The system site is located at the mouth of the Waimea Ditch with the array expected to be exposed to 1-2 feet of flowing water during the rainy season. The site was also within 1km of the ocean and directly exposed to ocean trade winds. The array was designed with corrosion resistance as the first priority.



Athenian School, Danville CA

Project Size: 221 kW

Project Description: REC Solar worked with the Athenian School to install a custom solar system on the hillside above the school’s sports fields. REC Solar completed significant geotechnical analysis to ensure the hillside was stable and able to support the solar array. REC Solar installed over one hundred, 15 foot piers to support the hillside system.



Mission Foods, Panorama City, CA

Project Size: 185 kW

Project Description: Mission Foods, a subsidiary of Gruma Corporation, is a manufacturer of tortillas and tortilla-related products based in Irving, Texas. The company procured a 185KW solar electric system from REC Solar for their manufacturing facility in Panorama City, California. REC Solar used our proprietary racking solution for the design of the mounting system.



Babcock Winery, Lompoc, CA

Project Size: 56.1 kW

Project Description: The Babcock Winery system included a roof-mounted and ground-mounted array offsetting 60 to 70 percent of the Babcock Winery's electrical needs on a sunny day. After the system was online, we returned to retrofit their ground-mounted array with the new REC Solar locking bolts for theft prevention.



Grassini Family Vineyards, Santa Ynez, CA

Project Size: 43.8 kW

Project Description: REC Solar worked with Grassini Family Vineyards to design and install a 43.8 kW system. This installation offset two electrical meters with the ground-mount system offsetting the winery electrical load and the roof-mount supplying electricity for the onsite water pump. These systems are estimated to offset half of the winery's electrical usage.

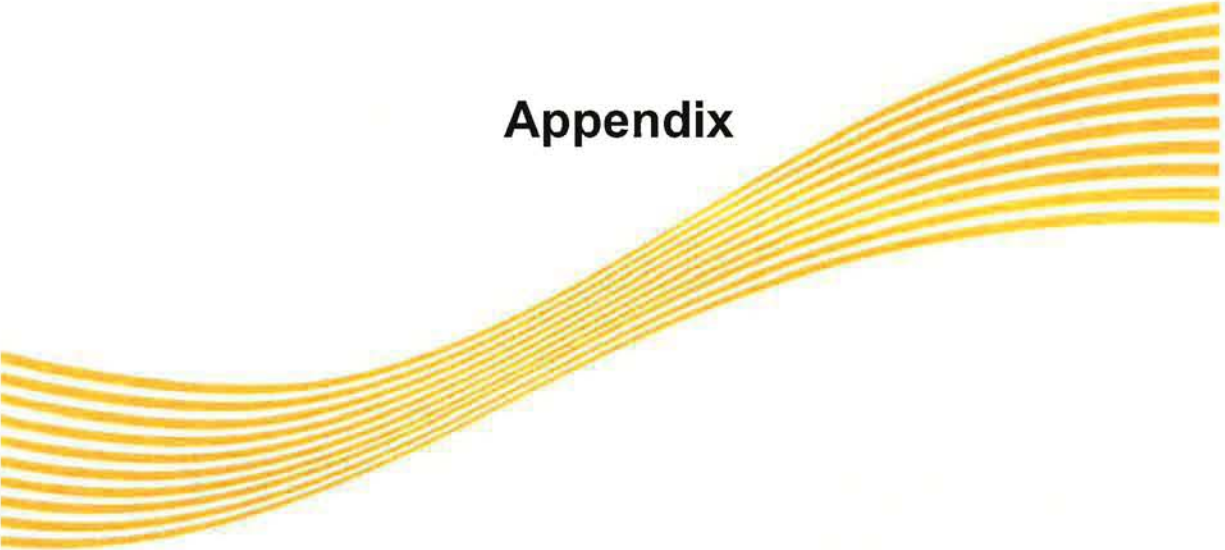


Agriland Farming Company, Chowchilla, CA

Project Size: 27 kW

Project Description: Specializing in the production and development of high value crops, Agriland Farming Company procured a 27 kW roof-mounted solar system for their headquarters building in Chowchilla, CA. The system will offset nearly 100% of Agriland Farming Company's electrical costs.

Appendix



HIGH PERFORMANCE SOLAR MODULES

REC PEAK ENERGY SERIES

REC Peak Energy (PE)-Series modules are the perfect choice for building solar systems that combine long lasting product quality with reliable power output. REC combines high quality design and manufacturing standards to produce high-performance solar modules with uncompromising quality.



**MORE POWER
PER FT²**



**ROBUST AND
DURABLE DESIGN**

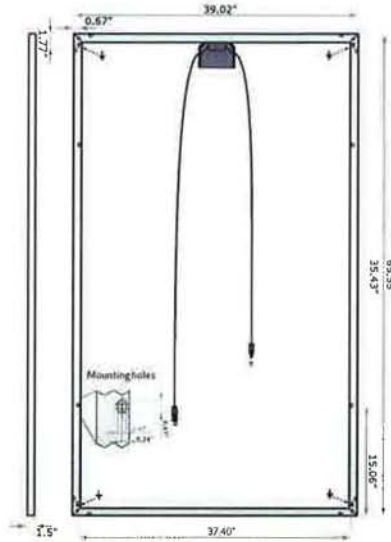


**ENERGY PAYBACK
TIME OF ONE YEAR**

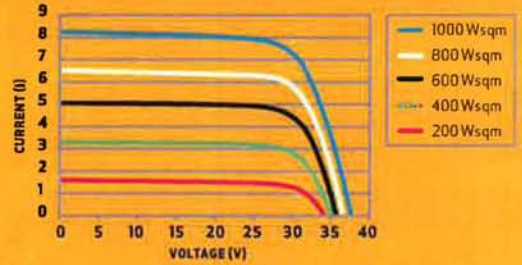


**US-PRODUCED
SILICON**

REC PEAK ENERGY SERIES



IV CHARACTERISTICS 235W MODULE



- 14.2 EFFICIENCY
- 63 MONTHS WORKMANSHIP WARRANTY
- 25 YEAR POWER OUTPUT WARRANTY

ELECTRICAL DATA @ STC	REC215PE	REC220PE	REC225PE	REC230PE	REC235PE
Peak Power Watts - P_{MAX} (Wp)	215	220	225	230	235
Watt Class Tolerance - P_{TOL} (W)	0/+5	0/+5	0/+5	0/+5	0/+5
Watt Class Tolerance - P_{TOL} (%)	0/+2	0/+2	0/+2	0/+2	0/+2
Maximum Power Voltage - V_{MPP} (V)	28.3	28.7	29.1	29.4	29.8
Maximum Power Current - I_{MPP} (A)	7.6	7.7	7.7	7.8	7.9
Open Circuit Voltage - V_{OC} (V)	36.3	36.6	36.8	37.1	37.4
Short Circuit Current - I_{SC} (A)	8.1	8.2	8.2	8.3	8.3
Module Efficiency (%)	13.0	13.3	13.6	13.9	14.2

GENERAL DATA	
Cell Type	60 REC PE multi-crystalline cells 3 strings of 20 cells - 3 by-pass diodes
Glass	High-transparency solar glass with antireflection surface treatment by Sunarc Technology
Back sheet	Double layer high performance polyester
Frame	Anodized aluminium
Cable	Radox 4 mm ² solar cables 35 in +47 in
Connector	MC4 connector

Values at Standard Test Conditions STC (Air Mass AM1.5, Irradiance 1000 W/m², Cell temperature 25 °C)

TEMPERATURE RATINGS (235 W RATED MODULE)	
Nominal Operating Cell Temperature (NOCT)	47.9 °C (±2 °C)
Temperature Coefficient of P_{MPP}	-0.46 %/°C
Temperature Coefficient of V_{OC}	-0.32 %/°C
Temperature Coefficient of I_{SC}	0.011 %/°C

WARRANTY	
10 years	limited warranty of 90% power output
25 years	limited warranty of 80% power output
63 months	workmanship warranty

CERTIFICATION	MECHANICAL DATA
<p>Certified according to ULI1703, IEC 61215 and, IEC 61730</p>	<p>Dimensions 65.55 x 39.02 x 1.5 in</p> <p>Area 17.76 ft²</p> <p>Weight 39.6 lbs</p>

MAXIMUM RATINGS	
Operational Temperature	-40 ... +80 °C
Maximum System Voltage	600V
Design Load (UL1703)	75.2 lbs/ft ² (3600Pa)
Maximum Load (IEC 61215)	551 kg/m ² (5400 Pa)
Maximum Wind Speed	122 mph (safety factor 3)
Max Series Fuse Rating	15A
Max Reverse Current	15A

REC is a leading vertically integrated player in the solar energy industry. REC is among the world's largest producers of polysilicon and wafers for solar applications, and a rapidly growing manufacturer of solar cells and modules. REC is also engaged in project development activities in selected PV segments. Founded in Norway, REC is an international solar company, employing more than 3,000 people worldwide. REC had revenues in excess of NOK 9 billion in 2009.

Notel Specifications subject to change without notice.

Please visit www.recgroup.com



REC Solar AS
Kjørboveien 29
1329 Sandvika
Norway

www.recgroup.com

SUNNY BOY 5000US / 6000US / 7000US / 8000US



- Highest CEC efficiency in its class
- Integrated load-break rated lockable DC disconnect switch
- Integrated fused series string combiner

- Sealed electronics enclosure & Opticool™
- Comprehensive SMA communications and data collection options

- Ideal for residential or commercial applications
- Sunny Tower compatible
- 10 year standard warranty
- UL 1741/IEEE-1547 compliant



SUNNY BOY 5000US / 6000US / 7000US / 8000US

The best in their class

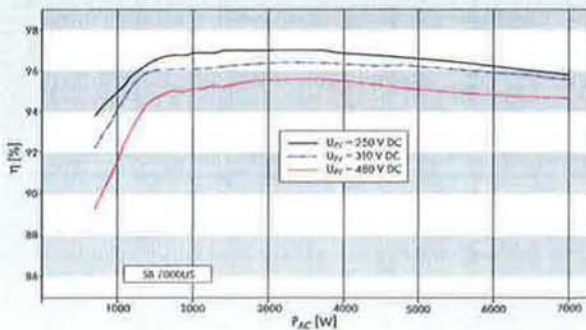
Our US series inverters utilize our proven technology and are designed specifically to meet IEEE-1547 requirements. Sunny Boy 6000US, Sunny Boy 7000US and Sunny Boy 8000US are also compatible with the Sunny Tower. Increased efficiency means better performance and shorter payback periods. All four models are field-configurable for positive ground systems making them more versatile than ever. Throughout the world, Sunny Boy is the benchmark for PV inverter performance and reliability.

Technical Data

	SB 5000US	SB 6000US	SB 7000US	SB 8000US
Recommended Maximum PV Power (Module STC)	6250 W	7500 W	8750 W	10000 W
DC Maximum Voltage	600 V	600 V	600 V	600 V
Peak Power Tracking Voltage	250-480 V	250-480 V	250-480 V	300-480 V
DC Maximum Input Current	21 A	25 A	30 A	30 A
Number of Fused String Inputs	3 (inverter), 4 x 20 A (DC disconnect)	3 (inverter), 4 x 20 A (DC disconnect)	3 (inverter), 4 x 20 A (DC disconnect)	3 (inverter), 4 x 20 A (DC disconnect)
PV Start Voltage	300 V	300 V	300 V	365 V
AC Nominal Power	5000 W	6000 W	7000 W	8000 W
AC Maximum Output Power	5000 W	6000 W	7000 W	NA @ 208 V 7700 W @ 240 V 8000 W @ 277 V
AC Maximum Output Current (@ 208, 240, 277 V)	24 A, 21 A, 18 A	29 A, 25 A, 22 A	34 A, 29 A, 25 A	N/A, 32 A, 29 A
AC Nominal Voltage Range	183 - 229 V @ 208 V 211 - 264 V @ 240 V 244 - 305 V @ 277 V	183 - 229 V @ 208 V 211 - 264 V @ 240 V 244 - 305 V @ 277 V	183 - 229 V @ 208 V 211 - 264 V @ 240 V 244 - 305 V @ 277 V	N/A @ 208 V 211 - 264 V @ 240 V 244 - 305 V @ 277 V
AC Frequency: nominal / range	60 Hz / 59.3 - 60.5 Hz	60 Hz / 59.3 - 60.5 Hz	60 Hz / 59.3 - 60.5 Hz	60 Hz / 59.3 - 60.5 Hz
Power Factor (Nominal)	0.99	0.99	0.99	0.99
Peak Inverter Efficiency	96.8%	97.0%	97.1%	96.5%
CEC Weighted Efficiency	95.5% @ 208 V 95.5% @ 240 V 95.5% @ 277 V	95.5% @ 208 V 95.5% @ 240 V 96.0% @ 277 V	95.5% @ 208 V 96.0% @ 240 V 96.0% @ 277 V	N/A @ 208 V 96.0% @ 240 V 96.0% @ 277 V
Dimensions: W x H x D in inches	18.4 x 24.1 x 9.5	18.4 x 24.1 x 9.5	18.4 x 24.1 x 9.5	18.4 x 24.1 x 9.5
Weight / Shipping Weight	141 lbs / 148 lbs	141 lbs / 148 lbs	141 lbs / 148 lbs	148 lbs / 152 lbs
Ambient Temperature Range	-13 to 113 °F	-13 to 113 °F	-13 to 113 °F	-13 to 113 °F
Power consumption at night	0.1 W	0.1 W	0.1 W	0.1 W
Topology	Low frequency transformer, true sinewave	Low frequency transformer, true sinewave	Low frequency transformer, true sinewave	Low frequency transformer, true sinewave
Cooling Concept	OptiCool™, forced active cooling	OptiCool™, forced active cooling	OptiCool™, forced active cooling	OptiCool™, forced active cooling
Mounting Location: indoor / outdoor (NEMA 3R)	●/●	●/●	●/●	●/●
LCD Display	●	●	●	●
Communication: RS485 / wireless	○/○	○/○	○/○	○/○
Warranty: 10 years / 15 years / 20 years	●/○/○	●/○/○	●/○/○	●/○/○
Compliance: IEEE-929, IEEE-1547, UL 1741, UL 1998, FCC Part 15 A & B	●	●	●	●
Specifications for nominal conditions	● Included ○ Optional			

NOTE: US inverters ship with gray lids.

Efficiency Curves



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www.SMA-America.com

SMA America, LLC

Sunny WebBox™



Web enabled data logging and control for alternative energy systems



System access from any Web browser - anywhere in the world

Recording of daily, monthly and annual energy yield via Sunny Portal™

Remote plant diagnosis

Remote system configuration

Automatic data transfer at chosen intervals

Data storage and display via Ethernet

Compatible with all SMA utility interactive inverters

Low power consumption

Automated communication with Sunny Portal™

The new Sunny WebBox from SMA is a powerful communications tool that allows the operating data of your solar system to be logged and easily transmitted via modem or Ethernet to the Web or directly to your PC. It can also send the data to SMA's new internet portal (Sunny Portal) which provides free long-term data storage and graphical display of your system data. Collected information is stored in common file formats so that you can use it in various spreadsheets, graphs or your own web site. The Sunny WebBox is extremely versatile; making the storage, transmission, management and display of your system data easier than ever before.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
03/31/10


PRODUCER 0726293 1-415-546-9300 Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., License #0726293 One Market Plaza, Spear Tower Suite 200 San Francisco, CA 94105	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.												
INSURED REC Solar, Inc. 775 Fiero Lane, Suite 200 San Luis Obispo, CA 93401	<table border="1"> <tr> <th>INSURERS AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: STEADFAST INS CO</td> <td>26387</td> </tr> <tr> <td>INSURER B: ZURICH AMERICAN INS CO</td> <td>16535</td> </tr> <tr> <td>INSURER C: AMERICAN GUAR & LIAB INS</td> <td>26247</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> </table>	INSURERS AFFORDING COVERAGE	NAIC #	INSURER A: STEADFAST INS CO	26387	INSURER B: ZURICH AMERICAN INS CO	16535	INSURER C: AMERICAN GUAR & LIAB INS	26247	INSURER D:		INSURER E:	
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COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR. INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY	GL0938235301	04/01/10	04/01/11	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 10,000
	<input checked="" type="checkbox"/> XCU Included				PERSONAL & ADV INJURY	\$ 1,000,000
	<input checked="" type="checkbox"/> Contractual Liability				GENERAL AGGREGATE	\$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$ 2,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
B	AUTOMOBILE LIABILITY	BAP938235201	04/01/10	04/01/11	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
<input checked="" type="checkbox"/> HIRED AUTOS						
<input checked="" type="checkbox"/> NON-OWNED AUTOS						
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$
					AUTO ONLY: AGG	\$
C	EXCESS / UMBRELLA LIABILITY	UMB488677500	04/01/10	04/01/11	EACH OCCURRENCE	\$ 5,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 5,000,000
	<input type="checkbox"/> DEDUCTIBLE					\$
	<input checked="" type="checkbox"/> RETENTION \$ 0					\$
						\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WC938235402	04/01/10	04/01/11	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)				E.L. EACH ACCIDENT	\$ 1,000,000
	If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
					E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
OTHER						

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
Proof of Insurance

CERTIFICATE HOLDER Evidence of Insurance Only	CANCELLATION 10 Day Notice for Non-Payment SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
	AUTHORIZED REPRESENTATIVE 

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

TO: BOARD OF DIRECTORS

FROM: DON SPAGNOLO
GENERAL MANAGER



DATE: SEPTEMBER 3, 2010

AGENDA ITEM E-5

SEPTEMBER 8, 2010

CONSIDER UPDATED PURCHASING POLICY

ITEM

Consider updated Purchasing Policy [PROVIDE DIRECTION].

BACKGROUND

Government Code Section 54202 provides that every local agency shall adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency, and that purchases of supplies and equipment by the local agency shall be in accordance with said duly adopted policies and in accordance with all provisions of law governing same, and that no policy, procedure, or regulation shall be adopted which is inconsistent or in conflict with statute.

The District has previously adopted the following policies relating to purchasing and contracting (copies of these documents can be found in Section 4 of the Policy Manual):

- Resolution 2001-800 – Establishing Policies, Procedures and Regulations Governing the Purchase of Supplies and Equipment
- Resolution 2006-974 – Establishing Policies and Procedures for Executing Task Orders for Environmental Review Services
- Resolution 2006-988 – Establishing Policies and Procedures for Executing Task Orders for Retention of contractors to Construct Small Project Works
- Resolution 2008-1066 – Procedures for Executing Task Orders and Contracts for Engineering Services under Non-Emergency and Emergency Situations
- Policy regarding Retention of Construction Management Services (no Resolution adopted)

Staff has prepared an updated Purchasing Policy by combining all of the relevant policies and procedures from the previously adopted documents into one master document as well as adding new sections where applicable.

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends Your Honorable Board provide input on the Draft Purchasing Policy.

ATTACHMENTS

- Draft Purchasing Policy

t:\board matters\board meetings\board letter\2010\100908 purchasing policy.doc

**NCS D PURCHASE POLICIES
TABLE OF CONTENTS**

I – POLICY

1.1. Procedures 1
1.2. Fiscal Year Budget 1
1.3. Conflicts with Laws 1
1.4. Monitoring 1
1.5. Limitations 2
1.6. Conflicting Procedures 2
1.7. Employee Conflicts 2

II – GENERAL

2.1 Definitions 2
2.2 Signing Authority 3
2.3 Budget Procurements 3
2.4 Unbudgeted Procurements 4
2.5 Methods of Procurements 5

III – PURCHASE OR MATERIALS, SUPPLIES and EQUIPMEMNT

3.1 Introduction 6
3.2 Purchase of Materials, Supplies and Equipment with an Estimated Cost of Less than \$25,000 6
3.3 Purchase of Materials, Supplies and Equipment with an Estimated Cost Equal or Greater than \$25,000 8
3.4 Non-Compleitive Negotiations 9
3.5 Purchase Order Preparation 10
3.6 Open Purchase Orders 11

IV – PROCUREMENT OF PROFESSIONAL SERVICES

4.1 Method of Procurement 12
4.2 Applicability 12
4.3 Selection 13
4.4 Professional Services with an Estimated Cost of Less the \$25,000 13
4.5 Professional Services with an Estimated Cost of \$25,000 or More 13
4.6 Contract Amendment 13

V – PROCUREMENT OF PUBLIC WORKS

5.1 Applicability 14
5.2 Purchase of Materials and Supplies for Construction or Completion of Buildings, Structures or Improvements with A Cost of Less than \$25,000 14

5.3	Construction or Completion of Buildings, Structures or Improvements Where the Estimated Cost is Less than \$25,000	14
5.4	Purchase of Materials and Supplies for Construction or Completion of Buildings, Structures or Improvements with A Cost of \$25,000 or More.	15
5.5	Construction or Completion of Buildings, Structures or Improvements Where the Estimated Cost of \$25,000 or More.....	15
5.6	Authority of the General Manager.....	15

VI – PAYMENT

6.1	Voucher System.....	15
6.2	Check Signing Procedures.....	19
6.3	Payment Via NCSD Credit Cards.....	19
6.4	Petty Cash Procedures	19

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NIPOMO COMMUNITY SERVICES DISTRICT PURCHASE POLICIES

I POLICY

1.1 PROCEDURES

This title provides the authority, approval requirements and procedures for the procurement of materials, supplies, equipment, Public Works and services referenced in the approved fiscal year budget.

1.2 FISCAL YEAR BUDGET

The fiscal year budget approved by the Board provides the authority to NCSD staff to procure materials, supplies, equipment, services and Public Works referenced in the approved budget for the upcoming fiscal year.

1.3 CONFLICTS WITH LAWS

In the event these policies and procedures are inconsistent with State or Federal law, then said State or Federal law shall control.

1.4 MONITORING

A. It is important for the NCSD to evaluate materials, equipment, and services of all current suppliers. Suppliers with a low rating can be viewed as costing the NCSD time and money, and, therefore, should be terminated upon documentation.

B. In an effort to obtain the best prices possible, vendors contacted for quotes and/or bids shall be regularly reviewed to ensure competitive pricing and maintenance of vendor lists.

C. This policy should be reviewed on an annual basis and changed where deemed appropriate to reflect changes in the NCSD's operations. The General Manager, acting with the Board, may at any time make changes to this policy to facilitate a more efficient purchasing process for the NCSD.

1.5 LIMITATIONS

These policies do not apply to payment of recurring expenditures.

1.6 CONFLICTING PROCEDURES

When contracting for services that includes the installation of equipment such as computers and electronic devices, the determination of whether the purchase should be as a procurement of material, supplies, and equipment or the procurement of services shall be made at the General Manager's discretion after giving consideration to the costs of the equipment, whether or not the equipment is unique to the person or firm providing the services and the cost of the services.

1.7 EMPLOYEE CONFLICTS

A. Employees must recuse themselves from all purchasing activities when an economic conflict of interest exists. NCSD employees may not perform services for the NCSD on a contractual basis. Employees may not economically benefit from their employment within the NCSD except as related to their approved salary and benefits.

B. Employees shall not use their employment status with the NCSD to obtain discounts or any other advantage for personal purchases. Unsolicited discounts offered by vendors for all NCSD employees are exempt.

II. GENERAL

2.1 DEFINITIONS

A. General Manager. The NCSD General Manager and Treasurer, or in his/her absence the Assistant General Manager.

B. Assistant General Manager. The NCSD Finance Director and Assistant General Manager.

C. Board of Directors or Board. The NCSD Board of Directors

D. Contract. A written agreement covering the performance of work or services including the furnishing of labor, materials, tools and equipment in performing services to the NCSD.

E. NCSD. Nipomo Community Services District.

F. Department Manager. The General Manger, Assistant General Manager, Utility Superintendent and District Engineer.

G. Change Order or Contract Amendment. Alterations, deviations, additions to or deletions from the plan, specifications and/or scope of services, including the right to increase or decrease the quantity of any item or portion of the work or services or to delete any item or portion of the work or services as may be deemed to be necessary, as determined by the District, for the proper completion, construction of the work or services contemplated.

H. Task Order Contract. Contract with pre-qualified consultant or contractor where specific services are contracted for by Task Orders.

I. Emergency. "Emergency" means a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services.

J. Purchasing Agent. Department Managers.

K. Purchase Order. A form designed to contain all necessary information and signatures relevant to purchases by the NCSD and is used as a written order to a vendor and may be either an original order or may confirm a verbal order. The current Purchase Order forms may be developed and/or modified from time to time at the discretion of the General Manager.

L. Recurring Expenditures. Administrative expenditures that occur from time to time in the normal course of NCSD business, including, but not limited to, the following: Utilities (electricity, natural gas, telephone service, etc.), servicing of District equipment pursuant to contract, fuel for operation of District vehicles and equipment, debt service payments, payroll, payroll taxes and benefits, insurance, postage, postage meter rental and on-going rental payments shall not require requisition or Purchase Orders.

2.2 SIGNING AUTHORITY

The General Manager, or in his/her absence the Assistant General Manager, is hereby authorized to sign on behalf of the NCSD the following documents:

A. Any documents necessary to conduct the general business of the NCSD that does not require prior approval of the Board.

B. Any documents necessary to conduct the general business of the NCS D requiring approval of the Board, after said documents have received approval of the Board.

2.3 BUDGETED PROCUREMENTS

A. Budget. At the beginning of each fiscal year the Finance Director shall issue a complete NCS D Budget approved by the Board. This budget will contain the purchasing account titles, description of line items, and numbers corresponding with budgeted funds for each item. Each NCS D department will receive its own budget for conducting purchasing transactions. It is the responsibility of each Department Manager to control spending and monitor the funds in the account line items that they are authorized to use. A monthly or quarterly status report will be issued showing a comparison between budgeted amounts and the department purchasing activity.

B. General Manager Approval. Subject to Section C, below, the General Manager or in his/her absence the Assistant General Manager shall approve all Contracts, Contract Amendments, Change Orders, Task Order Contracts (and related Task Orders) and Purchase Orders.

- C.** Board Approval Required. Board approval is required for the following:
1. Contracts, Contract Amendments and Purchase Orders for the purchase of supplies, equipment or materials where the estimated cost is twenty-five thousand (\$25,000) dollars or more.
 2. Professional service contracts and Amendments where the estimated cost is twenty-five thousand (\$25,000) dollars or more.
 3. Public Works contracts with an engineer's estimate of twenty-five thousand (\$25,000) dollars or more.
 4. Task Orders or Task Order Amendments where the original scope of service or work is exceed by ten thousand (\$10,000) dollars.
 5. Any procurement referred to the Board by the General Manager or Assistant General Manager.

2.4 UNBUDGETED PROCUREMENTS

The Board shall approve all unbudgeted expenditures except for the following:

A. The General Manager or in his/her absence the Assistant General Manager is authorized to approve unbudgeted expenditures up to five thousand (\$5,000) dollars for any single purchase.

B. Upon written finding of the General Manager that an emergency situation exists, the General Manager is authorized to approve unbudgeted expenditures up twenty-five thousand (\$25,000) dollars.

C. The General Manager shall account to the Board within thirty (30) days of the expenditures authorized by subparagraphs A & B, above and request the appropriate budget amendments and/or transfers.

2.5 METHODS OF PROCUREMENTS.

The following chart summarizes methods of procurement by category. The Assistant General Manager should be consulted when a Purchasing Agent has a question about which method should be used to implement procurements.

A. Materials, Supplies and Equipment – See Chapter III, below, for procedures and limitations.

\$0-500	No Purchase Order Required
\$501-\$5,000	Written Quote (minimum 2 quotes) Purchase Order or Contract Required
\$5,001-\$24,999	Written Quote (minimum 3 quotes) Purchase Order or Contract Required
\$25,000 +	Prepare Notice of Inviting Proposals for Board Approval – Board Approval Required for Contract or Purchase Order

B. Professional Services. - See Chapter IV, below, for procedures and limitations.

\$0-\$24,999	Solicit Proposals From a Qualified Consultant/Professional By Whatever Method The Purchasing Agent Deems Appropriate Under The Circumstances.
\$25,000 +	Prepare Request For Proposals for Board Approval – Board Approval of Contract Required

C. Public Works. - See Chapter V, below, for procedures and limitations.

\$0-\$24,999	Same as Material Supplies and Equipment (subparagraph A, above) by Purchase Order or Contract. Construction – Comparative pricing or competitive bidding by Contract only.
\$25,000 +	Formal Bid Procedures – Board Approval Required

**III.
PURCHASE OF MATERIALS, SUPPLIES and EQUIPMENT**

3.1 INTRODUCTION

A The following procedures are established for the purchase of materials, supplies and equipment, as referenced in Government Code Section 54202.

B In addition to the procedures of this Chapter:

1. The NCSD may request the State Department of General Services to make purchases of materials, equipment, or supplies on its behalf pursuant to Section 10298 of the Public Contract Code; and

2. The NCSD may request the Purchasing Agent of the County of San Luis Obispo to make purchases of materials, equipment, or supplies on its behalf pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

C. Methods of Procurement.

1. Purchases of materials, supplies and equipment are normally made pursuant to Purchase Orders as described in this Chapter.

2. In the discretion of the Purchasing Agent and with the approval of the General Manager and NCSL legal Counsel a contract may be substituted for a Purchase Order.

3.2 PURCHASES OF MATERIALS, SUPPLIES AND EQUIPMENT WITH AN ESTIMATED COST OF LESS THAN TWENTY-FIVE THOUSAND (\$25,000) DOLLARS.

For purchases of materials, supplies and equipment with an estimated cost of less than \$25,000 the following shall apply:

A. Competitive written quotes applies to purchase of materials, supplies and/or equipment with an estimated price of greater than \$500.

B. Types Of Quotations:

1. Verbal - Verbal requests for written quotations will be sent to a minimum of two (2) vendors for purchases of standard or non-complex materials with an estimated price of \$501 to \$5,000 and not covered by a contractual agreement.

2. Written - Written requests for quotations (RFQ) will be sent to a minimum of three (3) vendors under the following conditions:

a.) Purchases estimated to exceed \$5,000, but less than a total of \$25,000.

b.) All capital equipment purchases exceeding \$5,000, but less than a total of \$25,000.

c.) Non-standard conditions, requirements, instructions, etc.

d.) Any occasion where more permanent documentation is advisable.

e.) Any purchase based on best value rather than lowest price.

C. Award of Purchase Orders: The Department Manager will examine the quotations for completion and thereon determine the most responsive bidder with consideration of price and date of delivery. The quotation will be attached to the Purchase Order. The

purchase order and the award will be made by the Department Manager after review by the General Manager. The Department Manager or his/her designee will notify the successful and unsuccessful vendors. PURCHASES OF MATERIALS, SUPPLIES AND EQUIPMENT EQUAL TO OR GREATER THAN TWENTY-FIVE THOUSAND (\$25,000) DOLLARS.

A. Purchases of material, supplies and equipment equaling to or greater than twenty-five thousand (\$25,000) dollars shall be approved by the Board with the vendor who, in response to the Notice of Inviting Proposals, submits a proposal that most closely meets the NCSD's specifications with the consideration of price and delivery dates.

B. The Notice of Inviting Proposals shall be approved by the Board of Directors and published and distributed by the Department Manager in a manner to reasonably assure that the proposed purchase is made to the lowest responsive and responsible vendor

C. Notice of Inviting Proposals shall include the following:

- 1.) A statement of specifications of equipment and/or supplies to be purchased;
- 2.) The location and deadline for submission of proposals;
- 3.) The location where the specifications and proposal blanks forms, if required, may be secured;
- 4.) The proposed delivery date and place of delivery;
- 5.) The date, time and place assigned for the opening of sealed proposals;
- 6.) The type and character of proposal security required, if any;
- 7.) A statement that the NCSD intends to award the Contract to the vendor who submits a proposal that most closely meets the NCSD specifications with the consideration of price and delivery dates;
- 8.) That the NCSD reserves the right to reject all proposals; and
- 9.) Notice that no vendor can withdraw its proposal for a period of sixty (60) days from the date of opening proposals.

D. Alternative Procedure. As an alternative to the procedures described in Paragraphs A, B and C, above, the Board may approve the purchase of supplies and equipment by accepting

a proposal submitted by a vendor to another agency for similar equipment and/or supplies upon the Board approving the purchase by Resolution making the following findings:

1.) The other agency's procedures for the purchase were substantially similar to the NCSD's procedures as stated in Paragraphs A, B and C, above.

2.) The equipment and/or supplies to be purchased by NCSD is substantially similar to the supplies and equipment purchased by the other agency, so that the submitted proposals would be responsive to the NCSD's specifications.

3.) The negotiations regarding the purchase are minor and the proposed purchase is consistent with the policy of awarding the contract to the most responsive vendor with the consideration of price and delivery date.

3.4 NON-COMPETITIVE NEGOTIATIONS.

A. This approach involves procurement of materials, supplies and equipment through solicitation of a proposal from only one source. Such negotiations may be used in limited situations when the award of a contract or purchase order is not feasible under other methods upon the following findings:

- 1 The purchase price is reasonable; and
- 2 One or more of the following exists:
 - a.) The product is the only one that will properly meet the needs of the NCSD because:
 - The item is unique and is available only from a sole source; or
 - The item is unique and is designed to match others used in or furnished to a particular installation, program, facility or location.
 - b.) The product will be used in a field test or experiment to determine the products suitability for future use.
 - c.) Public exigency or emergency will not permit delay.
 - d.) The Federal Grantor authorized non-competitive negotiations.

B. Findings

1. The Department Manager shall make written findings referenced in subparagraph A2 above to be approved by the General Manager for purchases less than twenty-five thousand (\$25,000) dollars that are not otherwise approved by the Board.

2. The Board by Resolutions shall adopt findings for purchases referenced in subparagraph A2 above for purchases of twenty-five thousand (\$25,000) dollars or more.

3.5 PURCHASE ORDER PREPARATION

A. Purchase orders shall be prepared from a properly completed purchase order form. The form is designed to contain all the necessary information and signatures relevant to the purchase within the NCSD. The current purchase order form may be redesigned from time to time at the discretion of the General Manager, or his/her designee, whenever conditions warrant.

B. The purchase order form is used as a written order to a vendor and shall include a Purchase Order number. A Purchase Order may also serve as a written change order. Purchase Orders must be approved as referenced in Section 3.2 above.

C. Each purchase order form shall be filled out by the NCSD employee prior to NCSD funds being obligated for a purchase and shall contain the following information:

- 1.) Purchase order number, date, department, and who wrote it.
- 2.) To whom the purchase order is issued, together with a complete address.
- 3.) Quantity/unit and description of item(s) to be purchased.
- 4.) Account number to be charged.
- 5.) Unit price and extended amount (depending upon quantity).
- 6.) If applicable, the words "OPEN PO" and "EXPIRATION DATE," not to exceed past the end of the current fiscal year, at the top of the purchase order form.
- 7.) The words "NOT TO EXCEED" if it is for a repetitive purchase or a contract amount.
- 8.) The total amount of the purchase order shall include charges for freight and

tax, if applicable.

9.) The initial purchase order MUST have attached to it the following: the written quote or estimate or a copy of the contract, or other backup supporting documentation.

D. The completed purchase order shall be distributed as follows:

1.) Vendor Copy (white original) – to be delivered to the vendor, if desired and or/required.

2.) Accounts Payable (yellow carbon) – to be delivered to Accounts Payable and attached to the approved invoice.

3.) Department Copy (pink carbon) – shall be maintained by the Department in chronological order for accountability purposes.

E. The purchase order must be submitted immediately to the General Manager or his/her designee. The purchase order date must precede the order date.

F. Any incomplete purchase orders will be returned to the Department Manager for completion.

G. Insofar that it does not conflict with any other Purchasing Policy limitations, a purchase order may be exceeded by up to 10% of the original purchase order amount. No increase may be given for quoted prices.

H. When a purchase order is intended to be used to issue a check, write "Check Request" on the purchase order.

3.6 OPEN PURCHASE ORDERS.

A. A blanket or open purchase order can be used to reduce the time consuming process of filling out a purchase order form for each purchase when it is with the same vendor and for repeat materials.

B. Open purchase orders are to be used when the NCSD will:

1. Purchase repetitive, specified services or items, or categories of items from the same vendor over a period of less than one year, or on a monthly basis.

2. Order standard materials or maintenance supplies, which require numerous

shipments.

3. Obtain more favorable pricing through volume commitments.

C. An employee making a purchase with an open purchase order vendor shall immediately transmit the invoice to his/her Department Manager for processing. The Department Manager shall sign the invoice and indicate the budgetary account upon the face of the invoice and promptly route the invoice to Accounts Payable for payment.

D. Open purchase orders generally should NOT be used when:

- 1.) No benefit will be derived over and above a regular purchase.
- 2.) Prices are unknown at ordering time, or subject to change later without notice.
- 3.) Quality of vendor or service is questionable.
- 4.) Control over NCSD expenditures would be weakened significantly.

E. An open purchase order differs from the normal purchase order only in the date entry block that now has a date range not to exceed past the end of the current fiscal year.

F. Each year during the month of June, each Department Manager will review all department blanket purchase orders and reissue all necessary blanket purchase orders effective July 1.

IV PROCUREMENT OF PROFESSIONAL SERVICES

4.1 METHOD OF PROCUREMENT.

Procurement of Professional Services is normally made pursuant to a Contract or Task Order Contract.

4.2 APPLICABILITY.

A. The procedures established herein are for the procurement of professional and consulting services including, but not limited to, auditors, electricians, financial advisors, technology advisors, rate consultants, plumbers, private architects, landscape architect, engineers, environmental consultants, land surveyors, and/or construction project managers

B. It is the policy of the NCSD to employ professional and other consultant services whenever it is in the NCSD's best interest.

C. The requirements to solicit proposals referenced in Sections 4.4 & 4.5, below, do not apply to Contract Amendments so long as the amendment is related to the completion of the contemplated work or services of the original Contract.

4.3 SELECTION.

Professional service contracts shall be awarded on the basis of demonstrated competence qualification for the type of service to be performed and at a fair and reasonable price to the District.

4.4 PROFESSIONAL SERVICES WITH AN ESTIMATED COST OF LESS THAN TWENTY-FIVE THOUSAND (\$25,000) DOLLARS.

A. For contracts estimated to be less than \$25,000 the Purchasing Agent will solicit proposals from the qualified consultants and professionals by whatever method the Purchasing Agent deems most appropriate under the circumstances. Should we have some language regarding requirements for written proposals i.e., "normally (blank) written proposals will be solicited for services with an estimated cost in excess of \$15,000".

B. Professional services will only be procured by a contract that is approved by the General Manager and District legal counsel.

4.5 PROFESSIONAL SERVICES WITH AN ESTIMATED COST OF TWENTY-FIVE THOUSAND (\$25,000) DOLLARS OR MORE.

The following procedures shall apply the procurement of professional services with an estimated cost of twenty-five thousand (\$25,000) dollars or greater.

A. The Board of Directors shall approve the request for proposals and the award of professional service contracts.

B. The written contract shall be awarded to the professional service provider who, in response to a request for proposals that submits a statement of qualifications and proposal for services that most closely meets the District's requirements at a fair and reasonable cost.

4.6 CONTRACT AMENDMENT.

Unless otherwise directed by the Board of Directors at the time of the award of the contract, the General Manager is authorized to approve change orders and/or contract amendments for professional service contracts in an amount not-to-exceed **five thousand (\$5,000) dollars** per contract upon a written finding that the amendment is consistent with the approved fiscal year budget. All other change orders and contract amendments shall be approved by the Board of Directors.

V

PROCUREMENT OF PUBLIC WORKS

5.1 APPLICABILITY.

A. The following procedures apply to:

1. To the purchase of materials and supplies for the construction or completion of buildings, structures or improvements as referenced in Public Contract Code Section 20682.
2. The construction or completion of buildings, structures or improvements as referenced in Public Contract Code Section 20682.5.

B. These procedures do not apply to emergency procurement as defined in Public Contracts Code Section 22050. Should we include 22050?

C. In addition to the procedures of this Chapter, the District may request the purchasing agent of the County of San Luis Obispo to contract with persons to provide projects, services, and programs authorized by this division pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

5.2 PURCHASE OF MATERIALS and SUPPLIES FOR CONSTRUCTION OR COMPLETION OF BUILDINGS, STRUCTURES OR IMPROVEMENTS WITH ACOST OF LESS THAN TWENTY-FIVE THOUSAND (\$25,000) DOLLARS.

The contract or purchase order for the purchase of materials and supplies for the construction or completion of buildings, structures or improvements where the estimated cost is less than twenty-five thousand (\$25,000) dollars shall be let pursuant to the quotation procedures

referenced in Section _____ of Chapter III, above.

5.3 CONSTRUCTION OR COMPLETION OF BUILDINGS, STRUCTURES, OR IMPROVEMENTS WHERE THE ESTIMATED COST IS LESS THAN TWENTY-FIVE THOUSAND (\$25,000) DOLLARS.

A. The District may construct or complete any building, structure, or improvement with its own forces or by contract without bidding when the cost does not exceed twenty-five thousand (\$25,000) dollars.

B. Except as provided in subparagraph A, above, for the construction or completion of buildings, structures or improvements with an estimated cost of \$25,000 or less the Purchasing Agent shall seek the most favorable terms and price through comparative pricing or competitive bidding, whichever method the Purchasing Agent deems most appropriate under the circumstances.

5.4 PURCHASE OF MATERIALS and SUPPLIES FOR CONSTRUCTION OR COMPLETION OF BUILDINGS, STRUCTURES OR IMPROVEMENTS WITH AN ESTIMATED COST OF \$25,000 OR MORE.

Contracts or purchase orders for materials and supplies for the construction or completing of any building, structure or improvement with an estimated cost of twenty-five thousand (\$25,000) dollars or more shall be contracted for and let to the lowest responsive and responsible bidder after notice pursuant to the provisions of Sections 20680 et seq. of the Public Contract Code.

5.5 CONSTRUCTION OR COMPLETION OF BUILDINGS, STRUCTURES OR IMPROVEMENTS WITH AN ESTIMATED COST OF TWENTY-FIVE THOUSAND (\$25,000) DOLLARS OR MORE.

Contracts for the construction or completion of any building, structure or improvement with an estimated cost of twenty-five thousand (\$25,000) dollars or more shall be contracted for and let to the lowest responsive and responsible bidder after notice pursuant to the provisions of Section 20680 of the Public Contract Code.

5.6 AUTHORITY OF THE GENERAL MANAGER.

A. The General Manger is the District's authorized agent to consent to substitution of contractors as provided in Public Contract Code Section 4107.

B. Unless otherwise directed by the Board of Directors at the time of the award of the contract, the General Manager is authorized to execute changed orders up to 15% of the contract price upon a written finding of project budget consistency. Once the 15% is expended, further change order authority requires Board of Directors approval.

VI PAYMENT

6.1 VOUCHER SYSTEM

A Voucher form will be completed for each invoice or statement to be paid. The classification of expenditure will be clearly indicated on the Voucher. The Voucher will indicate all invoices or statements to be paid with one warrant.

All supporting documents including invoices, Purchase Order, proof of receipt, packing slip, etc. will be attached to the Voucher. The Voucher will be reviewed and initialed by the General Manager verifying that the documents are internally consistent, that invoices being paid are original, that receipt of goods or services has been acknowledged by the LOCSD Department Manager and that the amounts agree between documents.

The General Manager is authorized to approve Vouchers for Recurring Expenditures that are within 110 percent of the budget. The Board of Directors shall approve all other Vouchers as part of its approval of the warrant register.

The warrant number and the date will be entered on the Voucher when the warrant is sent to the vendor.

The Assistant General Manager will be responsible for:

- A.** Filing all paid Vouchers by vendor/service provider and separated by the fiscal year in which the payment was made; and
- B.** Reconciling the checking account upon receipt of monthly bank statements.

6.2 CHECK SIGNING PROCEDURES

A. The Directors of the District, the General Manager and the Assistant General Manager are authorized to sign checks on behalf of the District.

B. All checks issued by the District shall contain two (2) signatures, one of which shall be a Director of the District.

6.3 PAYMENT VIA NCSD CREDIT CARDS

A. All purchases using a NCSD credit card are subject to the same requirements and procedures as outlined in this policy, and the following additional requirements:

1. All NCSD credit cards shall be issued on a department basis in the name of each Department Manager. The General Manager shall manage the administration of NCSD credit cards.

2. Only the General Manager and the Department Managers are authorized to sign credit card purchases. Department Managers may allow their department employees to use the department credit card; however, the Department Manager is responsible for its care and control.

3. The following travel and meeting expenses are authorized to be paid by NCSD credit cards:

- Telephone calls to the NCSD when out of town;
- Expenses related to travel by car on NCSD business;
- Lodging and meals when out of town on NCSD business; and
- NCSD approved seminars and business meetings.
- Credit card receipts SHALL BE obtained for these expenses and turned in immediately upon return to the NCSD Treasurer or his/her designee. If a credit card receipt is lost or misplaced, the receipt replacement form must be promptly filled out by the responsible person and turned in to the NCSD Treasurer or his/her designee.

4. The credit limit on the NCSD credit cards shall be six thousand (\$6,000) dollars

for the General Manager, five hundred (\$500) dollars for the NCSD Treasurer and one thousand (\$1,000) dollars for the Utility Superintendent.

5. Credit card purchases for orders that are made via telephone or Internet are permitted. Purchases over five hundred (\$500) dollars must be accompanied by a purchase order. A receipt must be obtained and turned in to Accounts Payable.

6. The use of NCSD credit cards for personal purchases or spending is prohibited. Any violation of this policy will result in loss of NCSD credit card privileges and violations are subject to disciplinary action.

7. Cash advances on any NCSD credit card are prohibited. Any violation of this policy will result in disciplinary action.

6.4 PETTY CASH PROCEDURES

A. The NCSD Treasurer or his/her designee shall maintain a petty cash fund of two hundred (\$200) dollars.

B. Signed receipts are required for all withdrawals from petty cash. There are no exceptions to the receipt rule.

TO: BOARD OF DIRECTORS

FROM: DON SPAGNOLO
GENERAL MANAGER 

DATE: SEPTEMBER 1, 2010

**AGENDA ITEM
E-6**

SEPTEMBER 8, 2010

**ESTABLISH FEES FOR PROCESSING APPLICATIONS
FOR DEFERRAL OF DISTRICT CONNECTION CHARGES**

ITEM

Consider Establishing Fees for Processing Applications for Deferral of District Connection Charges [Adopt Resolution].

BACKGROUND

At the June 23, 2010 Board meeting, the Board adopted Ordinance No. 2010-115 that amended Section 3.04.051 "Payment of Connection Fees and Capacity Charges" of the District Code and added a new Section 3.04.053 "Payment of Fees for Connection for residential projects creating four or more lots and all mixed use development projects under a single application for a final map, where the Applicant is required to construct and dedicate water and sewer improvements to the District pursuant to a Plan Check and Inspection Agreement" to the District code. The purpose of the ordinance is to provide temporary relief for residential and mixed-use projects where the developer is required to construct offsite water and sewer improvements to be dedicated to the District by deferring payment of the connection charges. Section 3.04.053.C of the new ordinance includes the provision for the District to establish fees via resolution to recover administrative costs for processing and tracking projects through the connection charge deferral program.

Staff evaluated the potential costs the District could incur in implementing the provisions of the ordinance and developed a two level approach to recovering the District's administrative costs for processing and tracking projects through the connection charge deferral program. The first level of costs the District would incur would be to process the capacity charge deferral through the steps outlined in Sections 3.04.053.C to 3.04.053.F. There could potentially be significant legal and staff costs involved in working with the applicant in completing these steps depending on the project. Staff proposes to recover the District's actual costs through a Connection Fee Deferral Reimbursement Agreement that would be similar to other existing agreements the District utilizes to recover development related cost.

The second level of costs the District would incur would be to process the capacity charge deferral through the steps outlined in Section 3.04.053.G. The District would incur costs to track the deferred capacity charges against all of the parcels in the project until such time that the parcels are developed and the capacity charges get paid as well as incur costs related to the issuance of individual Will-Serve letters for each individual parcel as it is developed. Since these costs are difficult to estimate and the timing of these costs could be spread over several years, staff proposes that the District charge a one-time non-refundable amount equal to 5% of the total connection charges owed but deferred through the program. This is similar to other existing mechanisms the District utilizes to recover development related costs that are spread several years.

The attached resolution would establish the fees as outlined above that would allow staff to begin implementing the provisions of Ordinance 2010-115.

FISCAL IMPACT

Development of the resolution involved the use of budgeted staff time. Adoption of the resolution will allow the District to recover administrative costs from applicants that are applying for District service through the Capacity Charge Deferral Program and not burden existing ratepayers with these costs.

RECOMMENDATION

Staff recommends that the Board receive public comment on the draft resolution, order any appropriate edits and then adopt the resolution.

ATTACHMENTS

- Draft Resolution 2010-XXXX Establishing Fees for Processing Applications for Deferral of District Connection Charges
- Ordinance 2010-115

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\2010\100908 ESTABLISH FEES FOR PROCESSING CONNECTION CHARGE DEFERRALS.DOC

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2010-XXXX**

DRAFT 9/1/2010

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ESTABLISHING FEES FOR PROCESSING
APPLICATIONS FOR DEFERRAL OF DISTRICT CONNECTION CHARGES**

WHEREAS, it is a responsibility of the Nipomo Community Services District ("District") to recover administrative costs, including the cost of processing applications for District services from persons that apply for District services; and

WHEREAS, Govt. Code § 61123(a) provides that a Board of Directors may charge a fee to cover the cost of any service which the district provides or the cost of enforcing any regulation for which the fee is charged. No fee shall exceed the costs reasonably borne by the district in providing the service or enforcing the regulation for which the fee is charged; and

WHEREAS, District Code § 3.04.053.C.3 provides in relevant part that as a condition of the deferral, the applicant shall pay the District's non-refundable administrative costs for processing and tracking the project as established by resolution; and

WHEREAS, based upon facts and analysis presented by the Staff Report, Staff Presentation and public comment received, the Board of Directors finds:

- A. The public meetings adopting this Resolution have been properly noticed pursuant to Government Code § 54954.2 (The Brown Act); and
- B. That notice has been provided pursuant to Government Code Section 66018; and

WHEREAS, based on the Staff Report, Staff Presentation and public comment, the Board of Directors further finds and determines that the processing and tracking fees established herein comply with Government Code §§ 66014, 66016 and 61123 in that, said Reports and public comment:

- A. Identify the estimated cost to provide the service.
- B. Identify the revenue source to provide the service.
- C. Demonstrate a reasonable relationship between the amount of the fee and the estimated cost to provide the service.

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

Section 1. Authority.

This Resolution is enacted pursuant to Government Code §§61123, 66014, 66016 and District Code §3.04.053.C.3.

Section 2. Connection Fee Deferral Reimbursement Agreement.

Applicant shall enter into a Connection Fee Deferral Reimbursement Agreement with District to reimburse the District for all costs in processing the application for Connection Fee Deferral through the steps outlined in District Code Sections 3.04.053.C, 3.04.053.D, 3.04.053.E and 3.04.053.F.

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ESTABLISHING FEES FOR PROCESSING
APPLICATIONS FOR DEFERRAL OF DISTRICT CONNECTION CHARGES

Section 3. Connection Fee Deferral Tracking Fee.

In addition to paying all District costs in processing the application for Connection Fee Deferral, as partial reimbursement to the District for its administrative costs in record keeping, collection and tracking activities to process the project through the steps outlined in District Code Section 3.04.053.G, the District shall charge a one-time non-refundable amount equal to 5% of the total owed but deferred Fees For Connection.

Section 4. Additional Fees

The fee deferral processing and tracking fees adopted by this Resolution are in addition to other fees and charges the District imposes on projects, including, but not limited to fees and charges billed by District Consultants for processing applications for service, fees for connections and plan check and inspection fees.

Section 5. Timing of Fee.

- A. The Connection Fee Deferral Reimbursement Agreement deposit is due and payable with the application for Connection Fee Deferral.
- B. The Connection Fee Deferral Tracking Fee is due and payable prior to the District issuance of the "Map Recordation" Will-Serve Letter.

Section 6. Incorporation of Recitals

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports contained therein constitute additional findings of the District in support of this Resolution and the Processing and Tracking Fees adopted herein.

Section 7. CEQA Findings

The Board of Directors of the District finds that the fees adopted by this Resolution are for the purposes of recovering District expenses and are therefore exempt from the California Environmental Quality Act pursuant to Public Resources Code § 21080(b)(8) and CEQA Guidelines Section 15273. The Board of Directors further finds that the adoption of the Rules and Regulations established by this Resolution fall within the activities described in Section 15378(b)(3) of the CEQA Guidelines which are deemed not to be "projects" for the purposes of CEQA, because it can be seen with certainty that the adoption of the Rules and Regulations may have a significant effect on the environment. The District General Manager is directed to prepare and file an appropriate notice of exemption.

Section 8. Severability.

If any section, subsection, sentence, clause or phrase of this Resolution or the imposition of a fee for any project described in the Study or the application thereof to any person or circumstance shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this Resolution or other fees adopted by this Resolution that can be given effect without the invalid provisions or application of fees.

Section 9. Effect of Headings in Resolution.

Title, division, part, chapter, article, and section headings contained herein do not in any manner

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2010-XXXX

DRAFT 9/1/2010

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ESTABLISHING FEES FOR PROCESSING
APPLICATIONS FOR DEFERRAL OF DISTRICT CONNECTION CHARGES

affect the scope, meaning, or intent of the provisions of this Resolution.

Section 10. Effective Date.

The fees identified by this Resolution shall take effect sixty (60) days following the adoption of this Resolution by the Board of Directors.

Upon 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 8th day of September, 2010.

James Harrison, President
Nipomo Community Services District
Board of Directors

ATTEST:

APPROVED AS TO FORM:

DON SPAGNOLO
General Manager and
Secretary to the Board

JON S. SEITZ
District Legal Counsel

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**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2010-115**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
CODE TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF
DISTRICT FEES FOR CONNECTION FOR
RESIDENTIAL PROJECTS CREATING FOUR OR MORE PARCELS AND MIXED USE
PROJECTS UNDER A SINGLE APPLICATION FOR A FINAL MAP THAT REQUIRE THE
DEDICATION OF ANY WATER AND SEWER IMPROVEMENTS PURSUANT TO A DISTRICT
PLAN CHECK AND INSPECTION AGREEMENT**

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to:

Operate and maintain its water production and distribution facilities so as to provide adequate water service and fire protection to District water customers; and

Maintain adequate levels of revenue, equitably collected from District water customers and future customers, to meet the District's financial commitments including acquiring supplemental water to augment the District's current water production facilities to prevent impairment to the Groundwater Basin.

WHEREAS, pursuant to District Code Section 3.04.051, the District currently requires the initial deposit for "Fees for Connections" to be paid prior to issuance of District Will-Serve Letter; and

WHEREAS, San Luis Obispo County ("County") requires a District Will-Serve Letter prior to recording final maps; and

WHEREAS, on December 16, 2009, January 27, 2010, February 24, 2010, and April 28, 2010, the District Board of Directors received testimony from the Homeowners Association of San Luis Obispo County, Coast National Bank and the public regarding the impacts of the current credit crunch on the ability of developers to borrow money to pay the costs of development including local agency impact fees for water and sewer. The testimony is summarized in an April 02, 2010 letter from Coast National Bank.

WHEREAS, based upon the Staff Report, this Ordinance, Staff Presentation and public testimony, including testimony received on February 24, 2010 and April 28, 2010, the Board of Directors finds:

- A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act);
- B. The purpose of this Ordinance is to provide temporary relief for residential and mixed use projects where the developer is required to construct any offsite water and sewer improvements to be dedicated to the District pursuant to a District Plan Check Inspection Agreement, by deferring payment of a portion of the Fees for Connection as provided in Section 3.04.053, below.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the Nipomo Community Services District as follows:

Section 1. Authority.

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2010-115**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
CODE TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF
DISTRICT FEES FOR CONNECTION FOR
RESIDENTIAL PROJECTS CREATING FOUR OR MORE PARCELS AND MIXED-USE PROJECTS UNDER A
SINGLE APPLICATION FOR A FINAL MAP THAT REQUIRE THE DEDICATION OF ANY WATER AND SEWER
IMPROVEMENTS PURSUANT TO A DISTRICT PLAN CHECK AND INSPECTION AGREEMENT**

This Ordinance is enacted pursuant to Government Code Sections 61600(a), 61060 (a) and (b) and 6115(a)(2).

Section 2. Section 3.04.051 of the District Code is hereby amended and restated as follows:

Section 3.04.051 Payment of Connection Fees and Capacity Charges.

Except as provided in Section 3.04.052 and 3.04.053, below, the Applicant shall pay the water capacity charges (including supplemental water capacity charges), sewer capacity charges, reimbursement charges (if applicable), meter fee and account set-up fee, collectively "Fees for Connection" as follows:

- A. The Applicant shall make a non-refundable deposit ("Deposit") at the time the District issues a Will-Serve Letter in an amount equal to the then calculated Fees for Connection.
- B. The Fees for Connection shall be calculated and owing as of the date the District sets the water meter(s) to serve the affected property from which the amount of the Deposit shall be deducted.
- C. The District will set water meter(s) upon proof of a building permit from the County of San Luis Obispo and that the District has accepted improvements to be dedicated to the District, if applicable.
- D. All water and sewer improvements shall be bonded for or otherwise secured in the District's name to the satisfaction of the District.

Section 3.

Section 3.04.053 is added to the District Code as follows:

Section 3.04.053 Payment of Fees for Connection for residential projects creating four or more parcels and mixed-use developments, developed under a single application for a final map, where the Applicant is required to construct and dedicate any water and sewer improvements to the District pursuant to a Plan Check and Inspection Agreement.

- A. For residential projects and mixed-use projects that do not meet the requirements of subparagraphs B, C and D below, or at the option of Applicant, the payment provisions of Section 3.04.051 shall apply.
- B. Residential projects creating four or more parcels, under a single application

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2010-115**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
CODE TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF
DISTRICT FEES FOR CONNECTION FOR
RESIDENTIAL PROJECTS CREATING FOUR OR MORE PARCELS AND MIXED-USE PROJECTS UNDER A
SINGLE APPLICATION FOR A FINAL MAP THAT REQUIRE THE DEDICATION OF ANY WATER AND SEWER
IMPROVEMENTS PURSUANT TO A DISTRICT PLAN CHECK AND INSPECTION AGREEMENT**

for a final map and mixed use projects, where the Applicant is required to construct and dedicate any water and sewer improvements to the District pursuant to a Plan Check and Inspection Agreement the following procedures shall apply:

Prior to the District issuing a "Map Recordation" Will-Serve Letter, the Applicant may make written request to the District Board of Directors to reduce the Deposit referenced in Section 3.04.051, not-to-exceed eighty (80%) percent of the then calculated Fees for Connection. The written request shall be submitted to the District and shall include the following:

1. Evidence that the Applicant's Plan Check and Inspection Agreement deposit is current as of the date of the written request.
 2. Applicant, at Applicant's cost, submits a current title report for each assessor parcel number under the application for final map.
 3. Any other information requested by the District prior to consideration of the request.
- C. At the hearing where the Board of Directors considers Applicant's request for deferral, and after considering the information provided by Applicant pursuant to paragraph B , above, and information from other interested parties, the District Board of Directors will defer payment of fees not-to-exceed eighty (80%) percent of the then owed Fees for Connection on the following conditions:
1. The project is in compliance with all other District rules, regulations and ordinances.
 2. Applicant has timely complied with all terms and conditions of the Plan Check and Inspection Agreement including requests to increase the deposit.
 3. Applicant agrees to pay the District's non-refundable administrative costs for processing and tracking the project. The administrative costs shall be established by resolution of the District.
 4. Property owner(s), at Applicant's sole costs, submits a petition and ballot to the satisfaction of District Legal Counsel committing the project and parcels created therein in favor of the Assessment District to finance (in whole or in part) the Santa Maria Waterline Intertie Project.
 5. Applicant provides recordable document for the approval of District Legal Counsel, that notifies potential buyers of the entire project or portions of

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2010-115

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
CODE TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF
DISTRICT FEES FOR CONNECTION FOR
RESIDENTIAL PROJECTS CREATING FOUR OR MORE PARCELS AND MIXED-USE PROJECTS UNDER A
SINGLE APPLICATION FOR A FINAL MAP THAT REQUIRE THE DEDICATION OF ANY WATER AND SEWER
IMPROVEMENTS PURSUANT TO A DISTRICT PLAN CHECK AND INSPECTION AGREEMENT**

the project (i.e. individual parcels) within Applicant's project of the assessment petition and ballot and the conditions upon which building permits will be issued by the County of San Luis Obispo and the conditions upon which the District will set water meter(s) including the payment of outstanding fees and the developers obligations to complete the off-site improvements and dedicate them to the District.

6. Applicant provides written verification from the San Luis Obispo County Planning Department that each parcel created by the project will be appropriately flagged so that the County will not issue a building permit for project parcels without first receiving written confirmation from the District that District Fees for Connection have been paid in full.
 7. Applicant submits an Indemnification Agreement, to the satisfaction of District Legal Counsel wherein Applicant and the owner of the real property agree to hold harmless, defend and indemnify the District from any and all claims related to the District's actions and/or conditions imposed on Applicant or the owner of the property in considering and/or granting the Application for deferral of the payment of Fees for Connection.
- D. Upon Applicant satisfying the conditions referenced in Section 3.04.053 B and C above, and upon satisfaction of the following conditions, the District will issue Applicant a "Map Recordation" Will-Serve Letter:
1. Payment in full for all Fees for Connection associated with common irrigation, drainage basin meters and fire system fees that may provide benefit to more than one parcel within the development.
 2. The Applicant makes a deposit of fees not less than twenty percent (20%) of the then owing Fees for Connection. The Deposit shall be applied to the District's standard Fees for Connection for water and sewer service excluding the Santa Maria Waterline Intertie supplemental water capacity charge. The Deposit shall be first applied to sewer capacity charges, if applicable, second to water capacity charges (other than Santa Maria Waterline Intertie supplemental water capacity charge) and third to water meter fees.
 3. The Applicant shall pay one hundred percent (100%) of Reimbursement Charges, if applicable.
 4. Proof that all water and sewer improvements are separately bonded for or otherwise secured in the name of the District, to the satisfaction of the District.
- E. Upon map recordation, the Applicant shall supply the District with newly

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2010-115**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
CODE TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF
DISTRICT FEES FOR CONNECTION FOR
RESIDENTIAL PROJECTS CREATING FOUR OR MORE PARCELS AND MIXED-USE PROJECTS UNDER A
SINGLE APPLICATION FOR A FINAL MAP THAT REQUIRE THE DEDICATION OF ANY WATER AND SEWER
IMPROVEMENTS PURSUANT TO A DISTRICT PLAN CHECK AND INSPECTION AGREEMENT**

created assessor parcel numbers as soon as they are made available by SLO County. Failure of Applicant to supply the District with the assessor parcel numbers may cause further delay in the processing.

- F. Upon the satisfaction of the conditions referenced in 3.04.053 B, C, D and E above, and upon the following, the District will accept improvements to be offered and dedicated to the District:
1. Applicant has complied with the Plan Check and Inspection Agreement and other District Code Sections related thereto.
 2. Applicant has supplied, to the satisfaction of District, a Title Report for each of the created parcels identified in final map.
 3. Applicant provides a recordable document to be recorded on each newly created assessor parcel number for approval of District Legal Counsel, to notify potential buyers of parcels of the assessment petition and ballot and the conditions upon which building permits will be issued by the County of San Luis Obispo and the conditions upon which the District will set water meter(s) including the payment of fees and the developers obligations to complete the off-site improvements and dedicate them to the District.
- G. The District will not issue a Will-Serve Letter for an individual assessor parcel numbers nor set a water meter on any parcel within Applicant's project until the following have occurred:
- a) Payment of all outstanding project Fees for Connection and other District associated costs for individual assessor parcel numbers; and
 - b) The District has accepted improvements to be dedicated to the District.
- H. Unless extended by Resolution by the District Board of Directors Section 3.04.053 shall automatically be repealed (sunseted) upon the first of the following to occur: 1) anytime by District Resolution, or 2) a determination by the District or other designated Governmental Agency that a majority protest exists to the Assessment District to finance the Santa Maria Waterline Intertie Project or, 3) twenty-four months (24) from the effective date of this Ordinance.

Section 4. Section 5.02.010 of the District Code is hereby amended to add:

Section 5.02.010 (4)

All water and sewer improvements shall be bonded for or otherwise secured in the District's name, to the satisfaction of the District.

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2010-115

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
CODE TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF
DISTRICT FEES FOR CONNECTION FOR
RESIDENTIAL PROJECTS CREATING FOUR OR MORE PARCELS AND MIXED-USE PROJECTS UNDER A
SINGLE APPLICATION FOR A FINAL MAP THAT REQUIRE THE DEDICATION OF ANY WATER AND SEWER
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Section 5. Section 4.03.010 of the District Code is hereby amended to add:

Section 4.03.010 title Chapter 3.03 and 3.04 incorporated by reference.

Chapter 3.03 and 3.04 of this code is incorporated herein by reference as though set forth at length.

Section 6. Incorporation of Recitals

The Recitals are true and correct and incorporated herein by this reference.

Section 7. Effect of Repeal on Past Actions and Obligations.

This Ordinance does not affect prosecutions for Ordinance violations committed prior to the effective date of this Ordinance, does not waive any fee or penalty due and unpaid on the effective date of this Ordinance, and does not affect the validity of any bond or cash deposit posted, filed or deposited pursuant to the requirements of any Ordinance.

Section 8. CEQA Findings

The Board of Directors of the District finds that the revisions of the policies and procedures adopted by this Ordinance are exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b) (2) because such amendments constitute general policy and procedure making. The Board of Directors further finds that the adoption of the rules and regulations established by this Ordinance is not a project as defined in CEQA Guideline Section 15378, because it can be seen with certainty that the revisions will not result in either a direct physical change in the environment, nor is there a reasonable indirect physical change in the environment. The District General Manager is directed to prepare and file an appropriate notice of exemption.

Section 9. Severance Clause.

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The Governing Board of the District hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Section 10. Effect of Headings in Ordinance.

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2010-115


AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
CODE TO ESTABLISH NEW PROCEDURES FOR PAYMENT OF
DISTRICT FEES FOR CONNECTION FOR
RESIDENTIAL PROJECTS CREATING FOUR OR MORE PARCELS AND MIXED-USE PROJECTS UNDER A
SINGLE APPLICATION FOR A FINAL MAP THAT REQUIRE THE DEDICATION OF ANY WATER AND SEWER
IMPROVEMENTS PURSUANT TO A DISTRICT PLAN CHECK AND INSPECTION AGREEMENT

Section 11. Effective Date.

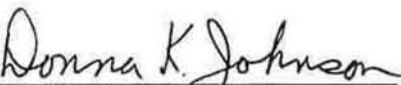
This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage. Before the expiration of fifteen (15) days after passage it shall be posted in three (3) public places with the names of the members voting for and against the Ordinance and shall remain posted thereafter for at least one (1) week. The Ordinance shall be published once in the Santa Maria Times with the names of the members of the Board of Directors voting for and against the Ordinance.

Introduced at its regular meeting of the Board of Directors held on June 9, 2010, and passed and adopted by the Board of Directors of the Nipomo Community Services District on the 23rd day of June, 2010, by the following roll call vote, to wit:

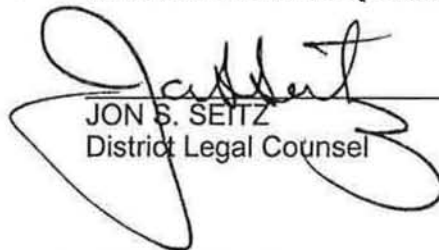
AYES: Directors Winn, Vierheilig, and Nelson
NOES: Directors Eby and Harrison
ABSENT: None
CONFLICTS: None


James Harrison, President
Nipomo Community Services District Board
of Directors

ATTEST:


DONNA K. JOHNSON
Secretary to the Board

APPROVED AS TO FORM:


JON S. SETZ
District Legal Counsel

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