

TO: BOARD OF DIRECTORS

FROM: DON SPAGNOLO
GENERAL MANAGER



DATE: SEPTEMBER 15, 2010

**AGENDA ITEM
E-3**

SEPTEMBER 22, 2010

**CONCEPT LANDSCAPE METERS ORDINANCE FOR
COMMERCIAL/MULTI FAMILY PROJECTS**

ITEM

Consider concept landscape meter ordinance for commercial and multi-family projects that demonstrate landscape water conservation beyond minimum requirements [RECEIVE REPORT AND PROVIDE COMMENTS].

BACKGROUND

Section 3.04.030 of the District Code provides that except for single-family residences, a separate service connection with backflow protection shall be provided to each parcel for landscape irrigation and a separate landscape meter connection fee shall be paid. The current requirements do not provide a mechanism to provide any irrigation capacity charge relief for commercial and multi-family projects that demonstrate landscape water conservation beyond the minimum requirements.

Staff has developed the attached concept to provide partial irrigation capacity charge relief in response to requests from the development community for both multi-family and commercial projects. The applicant would still be required to install an irrigation meter and backflow assembly as well as pay the water capacity fees for existing water system facilities. The District would defer collection of the supplemental water capacity charge if the applicant satisfied the following conditions:

1. Submitted a landscape plan prepared by a licensed landscape architect that did not include any turf
2. Submitted a calculation of yearly water demand for irrigation demand that could not exceed a predetermined amount,
3. Record a document against the title for each parcel of the project that would provide for collection of the deferred supplemental water capacity charge if any of the conditions were not satisfied

FISCAL IMPACT

Development of this draft concept did use previously budgeted staff time and legal consulting cost.

RECOMMENDATION

Staff recommends that the Board review the draft ordinance concept and provide direction to Staff.

ATTACHMENTS

- Draft Irrigation Meter Ordinance Concept Dated September 22, 2010

Irrigation Meter Ordinance Concept – 9/22/2010

I - Intent

Provide partial irrigation capacity charge relief for commercial and multi-family projects that:

- A. Demonstrate landscape water conservation beyond minimum requirements; and
- B. Comply with the requirements specified herein.

II - Irrigation Water Meters Required

Prior to NCSD issuing a Will-Serve letter, all commercial and multi-family projects are required to:

- A. Install landscape water meter connected to NCSD distribution system with backflow prevention devices pursuant to District standards; and
- B. Irrigate landscape with water delivered through the irrigation water meter; and
- C. Pay District's water capacity charges and bi-monthly rates and charges for water delivered through the irrigation water meter.

III- Supplemental Water Capacity Charges Irrigation of Turf

Commercial and multi-family projects shall pay the District's standard water capacity charges (existing facility and supplemental water) for landscape meters prior to the District issuing a Will-Serve letter where the landscape plan includes the irrigation of turf.

IV - Multi-Family Projects

- A. The District will consider deferring payment of the supplemental water component of the landscape meter capacity charge where Applicant as part of the District's plan approval process prior to issuance of a Will-Serve letter:
 - 1. Submits to the District a landscape plan, approved by the County, prepared by a licensed landscape architect, to the satisfaction of the District, that:
 - a. The site will not included irrigated turf; and
 - b. The site's total irrigated landscaped area is limited to 200 square feet, or less, per unit;
 - 2. Submits a calculation of yearly water demand, in units, for the project in accordance with the District's then current water allocation ordinances;

3. Agrees to conditions within the Intent-to-Serve letter.
 4. Agrees to record a document, to the satisfaction of District Legal Counsel, stating the conditions and future obligations to make full payment of capacity charges.
- B. Upon approval of the submittals referenced in Paragraph A, above, the District will defer payment of the supplemental water portion of the irrigation meter capacity charge until such time as:
1. The property fails to comply with Paragraph A(1), above.
 2. The property's total water demand exceeds the water calculation referenced in the Intent-to-Serve letter.

V - Commercial

- A. The District will consider deferring payment of the supplemental water component of the landscape meter capacity charges where the Applicant as part of the District's plan approval process prior to issuance of a Will-Serve letter:
1. Submits to the District with landscape plan, approved by the County, prepared by a licensed landscape architect, to the satisfaction of the District, that
 - a. The property will not include irrigated turf; and
 - b. Submits a calculation of yearly water demand, in units, for the project that the property's total irrigated water demand does not exceed XX units of water per year for each 1,000 square feet of the undeveloped parcel.

Undeveloped parcel means – the square feet of existing parcel minus building envelope and related facilities (sidewalks, driveways, etc.).
 2. Agrees to the conditions within the Intent-to-Serve letter; and
 3. Agrees to record a document, to the satisfaction of District Legal Counsel, stating the conditions and future obligations to make full payment of capacity charges.
- B. Upon approval of the submittals referenced in Paragraph A, above, the District will defer payment of the supplemental water capacity charge component of the District's standard capacity charges until such time as:
1. Applicant fails to comply with Paragraph A(1)(a), above; or
 2. The water demand exceeds the approved yearly water demand calculations referenced in Paragraph A(1)(b), above.

TO: BOARD OF DIRECTORS

FROM: DON SPAGNOLO
GENERAL MANAGER



DATE: SEPTEMBER 17, 2010

**AGENDA ITEM
E-4**

SEPTEMBER 22, 2010

CONSIDER FINAL WATER RATE STRUCTURE

ITEM

Consider Final Water Rate Structure [RECOMMEND TENTATIVE APPROVAL OF PROPOSED RATE STRUCTURE AND INSTRUCT STAFF TO INITIATE PROPOSITION 218 NOTICE PROCEDURES PRIOR TO FINAL CONSIDERATION]

BACKGROUND

On September 8, 2010, the Board of Directors approved the following rate structures to be included in the final draft water rate study:

- Residential – 4 block structure
- Irrigation – 2 block structure
- Agriculture and All other Users – Uniform water rate

Attached is Tuckfield & Associates draft Water Rate Study. The objectives of the study include the following:

- Analyze the Water Fund's historical revenue and revenue requirements, and project future revenue and revenue requirements recognizing the existing water service rates and future water system operations.
- Develop a reliable 5-year financial plan for the Water Fund that identifies adjustments to revenue to meet future Water Fund obligations.
- Create a schedule of water service rates that is fair and equitable, that provides predictable sources of revenue as described in the financial plan, and that meets Proposition 218 requirements for water service rates.

The overall rate increase is 13% per year for five years. Tuckfield & Associates compared NCSD's current and proposed rates with twelve other agencies in SLO County and determined that NCSD was and will remain the fourth lowest (see Chart ES-1 on page 5).

FISCAL IMPACT

The last water rate increase went into effect on January 1, 2009. The 2010-2011 Fiscal Year Budget for the Water Fund has a deficit and Reserves are used to balance the budget. A rate increase is necessary to balance the budget.

RECOMMENDATION

Staff recommends Your Honorable Board tentatively approve the Draft Water Rate Study, initiate Proposition 218 notice procedures and tentatively set the Protest Hearing for November 17, 2010.

ATTACHMENTS

- Draft Water Rate Study

Management Consulting



Report on
Water Rate Study

for

Nipomo Community Services District

September 2010

DRAFT

FINANCIAL CONSULTING
**TUCKFIELD &
ASSOCIATES**
MANAGEMENT CONSULTING

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EXECUTIVE SUMMARY

This report has been prepared for the Nipomo Community Services District (District) by Tuckfield & Associates to document the findings and results of the District's 2010 Water Rate Study. The objectives of the study include the following.

- Analyze the Water Fund's historical revenue and revenue requirements, and project future revenue and revenue requirements recognizing the existing water service rates and future water system operations.
- Develop a reliable 5-year financial plan for the Water Fund that identifies adjustments to revenue to meet future Water Fund obligations.
- Create a schedule of water service rates that is fair and equitable, that provides predictable sources of revenue as described in the financial plan, and that meets Proposition 218 requirements for water service rates.

Water System Summary of Findings

- Near term capital improvements of the water system consist of the Waterline Intertie Project, Misty Glen to Hetrick and Hetrick to Sandydale waterlines (Willow Phase I and II), a new water storage tank, and other replacement projects. The improvements are estimate to cost over \$27,800,000 including inflation and will be financed from District reserves and the Waterline Intertie Project assessment bond proceeds.
- Analysis of the Water Fund's revenue and revenue requirements indicated that the fund will be deficient in meeting its future obligations. The deficiency is due to an existing operating deficiency, inflation in operation and maintenance (O&M) expenses, and the additional expense obligations related to supplemental water from the Waterline Intertie Project. Revenue from water service rates will need to increase by 13 percent on January 1 of 2011 through 2015.
- Table ES-1 presents the proposed water fixed charges for implementation by the District. The fixed charges increase with meter size with fixed charges related to litigation expenses being constant over the study period.

Table ES-1
Nipomo Community Services District
Water Utility
Proposed Bi-monthly Water Fixed Charges

Meter Size/ Litigation Charge	Effective January 1 of each Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
1 inch and less	\$24.52	\$27.71	\$31.31	\$35.38	\$39.98
Litigation Charge	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32
1 1/2 inch	\$69.61	\$78.66	\$88.89	\$100.45	\$113.51
Litigation Charge	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36
2 inch	\$110.25	\$124.58	\$140.78	\$159.08	\$179.76
Litigation Charge	\$19.92	\$19.92	\$19.92	\$19.92	\$19.92
3 inch	\$205.15	\$231.82	\$261.96	\$296.01	\$334.49
Litigation Charge	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92
4 inch	\$340.68	\$384.97	\$435.02	\$491.57	\$555.47
Litigation Charge	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
6 inch	\$679.22	\$767.52	\$867.30	\$980.05	\$1,107.46
Litigation Charge	\$59.58	\$59.58	\$59.58	\$59.58	\$59.58
8 inch	\$1,085.63	\$1,226.76	\$1,386.24	\$1,566.45	\$1,770.09
Litigation Charge	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08

- Table ES-2 presents the proposed residential volume rates, designed in this study as four-block rate structure. The rate structure applies to single family and multifamily customers. The rate structure for multifamily customers has been designed to be applicable to each dwelling unit. For multifamily customers that have one meter serving multiple dwelling units, it is necessary to multiply the number of dwelling units on the meter by the block rate break points, then applying the usage through the blocks to appropriately apply the rate structure.
- Table 8 in the report presents the proposed non-residential volume rates, designed as a two-block rate structure for Commercial and Irrigation Customers. The rate structure applies to individual meter size, recognizing average consumption of each meter size as the first block break point. All other non-residential customers are charged a uniform rate.

Table ES-2
Nipomo Community Services District
Water Utility
Proposed Residential Water Consumption Rates⁽¹⁾

Customer		Effective January 1 of each Fiscal Year				
Classification	Rate Block	2010-11	2011-12	2012-13	2013-14	2014-15
Single Family						
<u>Proposed 4 Block Structure</u>						
	0 to 24 Ccf	\$1.80	\$2.03	\$2.29	\$2.59	\$2.93
	25 to 40 Ccf	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
	41 to 100 Ccf	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	Over 100 Ccf	\$5.40	\$6.10	\$6.89	\$7.79	\$8.80
Multifamily						
<u>Proposed 4 Block Structure (per dwelling unit)</u>						
	0 to 8 Ccf	\$1.80	\$2.03	\$2.29	\$2.59	\$2.93
	9 to 12 Ccf	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
	13 to 25 Ccf	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	Over 25 Ccf	\$5.40	\$6.10	\$6.89	\$7.79	\$8.80

⁽¹⁾ Does not include fixed charges.

- Table ES-3 presents example bi-monthly water bills at various levels of consumption for a single family residential 1 inch meter and smaller. The table indicates that for the January 1, 2011 rate increase, the bi-monthly water bill for the average single family customer consuming 40 Ccf bi-monthly will increase from \$90.12 to \$100.88, a \$10.76 increase, or 11.9 percent.

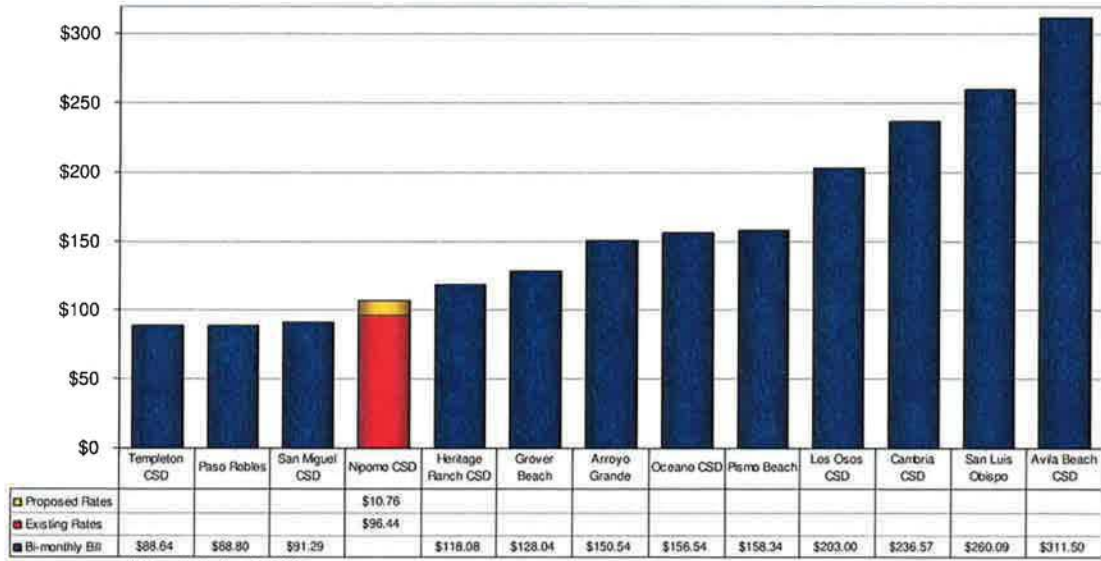
Table ES-3
Nipomo Community Services District
Water Utility
Example Residential Bi-monthly Water Bills ⁽¹⁾

Customer Classification	Consumption Ccf	Existing Rates	Proposed		Percent Difference
			4 Block Rates	Difference	
Single Family	0	\$24.52	\$24.52	\$0.00	0.0%
1" meter	5	\$32.72	\$33.52	\$0.80	2.4%
and smaller	10	\$40.92	\$42.52	\$1.60	3.9%
	20	\$57.32	\$60.52	\$3.20	5.6%
	30	\$73.72	\$80.15	\$6.43	8.7%
	40	\$90.12	\$100.88	\$10.76	11.9%
	50	\$118.12	\$132.38	\$14.26	12.1%
	60	\$146.12	\$163.88	\$17.76	12.2%
	70	\$174.12	\$195.38	\$21.26	12.2%
	80	\$202.12	\$226.88	\$24.76	12.2%
	90	\$230.12	\$258.38	\$28.26	12.3%
	100	\$258.12	\$289.88	\$31.76	12.3%
	150	\$398.12	\$559.88	\$161.76	40.6%
	200	\$538.12	\$829.88	\$291.76	54.2%

⁽¹⁾ Includes both fixed and consumption (variable) charges.

- Chart ES-1 has been prepared to compare the District's average single family residential water bill with those of other San Luis Obispo County communities. Using the single family residential average water consumption of 40 Ccf to calculate the bills, the chart indicates that the District's water bill, including the January 1, 2011 increase and the Litigation Charge, is in the lower half of the communities shown.

Chart ES-1
San Luis Obispo County Water Agencies
Comparison of Single Family Residential Bi-monthly Water Bills^[1]
at 40 Ccf Bi-monthly



[1] For rates in effect July 2010.

1.0 INTRODUCTION

This report has been prepared for the Nipomo Community Services District by Tuckfield & Associates and presents the findings and results of the 2010 Water Rate Study. The report includes development of a pro forma statement of revenues and expenses of the District's water enterprise fund and proposes adjustments to water rates for users of the system.

1.1 BACKGROUND

The Nipomo Community Services District (District) was formed in 1965 and covers an area of approximately 4,650 acres. The District is located in the central coastal region of the state of California in San Luis Obispo County, north of Los Angeles by approximately 175 miles. The District has a population of over 12,000 and provides water service inside the District limits. Water service is accounted for in an enterprise fund of the District and relies upon user charges to meet all financial obligations.

The District obtains its water supply from eight active wells with an additional five wells on standby or out of service. The eight wells have a capacity of 3,920 gpm and extract water primarily from the Nipomo Mesa Management Area (NMMA) of the Santa Maria Groundwater Basin encompassing nearly 27.5 square miles. From the Memorandum of Understanding between the City of Santa Maria and the District, supplemental water is to be purchased from the City of Santa Maria and transmitted to the NMMA by the District. From the purchase and transmission of this supplemental water, the District will receive an initial delivery of 2,000 ac-ft, thereby reducing groundwater pumping by the District. The cost of supplemental water and the costs associated with operation and maintenance of its delivery are planned and included into the District's future operating and capital budgets.

In addition to the groundwater wells, the water system includes six above ground storage reservoirs (tanks) and approximately 85 miles of distribution mains. The tanks have a storage capacity of 4.4 million gallons while the distribution system consists of piping ranging in size from 6 inch to 16 inches, valves, fire hydrants, and over 4,000 service connections.

1.2 SCOPE OF WORK

This study includes the results of the review and analysis of the District's Water Fund. Historical trends were analyzed from data provided by the District showing the number of customers, water consumption, revenue, and revenue requirements. Annual growth projections are reflected in the revenue projections by customer classification.

Revenue requirements include operation and maintenance expense, routine capital outlays, replacement, existing and proposed debt requirements, transfers, and additions to reserves. Changing conditions such as additional facilities, recognition of growth, and non-recurring maintenance expenditures are also recognized. Inflation for ongoing operation and maintenance expenses and other revenue requirements are included to reflect cost escalation.

It should be noted that the financial plan and rates developed herein are based on the funding of the capital improvement plan as presented as well as estimates of operation and maintenance expenses. Any significant deviation from the construction cost estimates and funding requirements, major operating changes, or other financial policy changes that were not foreseen, may result in the need for lower or higher revenue than anticipated. It is suggested that the District conduct an update to the rate study at least every three years for prudent rate planning.

2.0 WATER UTILITY FINANCIAL PLANNING

Financial planning includes identifying and projecting revenues and revenue requirements for the Water Fund for a five-year planning period. A pro forma financial plan is prepared that compares revenue from projected water sales and other sources, with the projected revenue requirements of the fund. From this comparison, the pro forma statement is analyzed to determine the impacts from capital improvement financing decisions, from future estimates of operation and maintenance expense, and from any new obligation of the fund. The pro forma financial plan is then used to develop water service rates to meet the projected revenue requirements in such a manner that they may be phased-in to avoid rate spikes in any one particular year.

The remainder of this section discusses the capital improvement expenditures, the financing of those expenditures, and the revenue and revenue requirements identified for the Water Fund.

2.1 CAPITAL IMPROVEMENT PROGRAM

The District has developed a capital improvement program (CIP) for the water utility, presented in Table 1. The table includes the Waterline Intertie Project, Misty Glen to Hetrick and Hetrick to Sandydale waterlines (Willow Phase I and II), a new water storage tank, and other replacement projects. Improvement cost estimates total over \$27,800,000 with inflation as shown on line 18 of Table 1.

Table 1
Nipomo Community Services District
Water Utility
Proposed Capital Improvement Program

Line No.	Project Description	Fiscal Year Ending June 30					Total
		2010-11	2011-12	2012-13	2013-14	2014-15	
1	Waterline Intertie Project	\$11,597,300	\$6,940,200	\$0	\$0	\$0	\$18,537,500
2	Desalination	0	0	300,000	500,000	500,000	1,300,000
3	Water Storage Tank	315,000	1,280,000	0	0	0	1,595,000
4	Misty Glen to Hetrick (Willow Phase 1)	1,050,000	0	0	0	0	1,050,000
5	Hetrick to Sandydale (Willow Phase 2)	315,000	1,050,000	0	0	0	1,365,000
6	SCADA Upgrades - Water Fund Share	147,000	20,000	20,000	20,000	20,000	227,000
7	Urban Water Management Plan Update	52,500	0	0	0	0	52,500
8	Shop Equipment Storage Building	73,500	0	0	0	0	73,500
9	Standpipe Mixing	157,500	0	0	0	0	157,500
10	Fire Hydrants	72,600	72,600	72,600	72,600	72,600	363,000
11	Valves	184,000	184,000	184,000	184,000	184,000	920,000
12	Air/Vac's	16,500	16,500	16,500	16,500	16,500	82,500
13	Well Refurbishment	200,000	100,000	100,000	100,000	100,000	600,000
14	Cathodic Protection	5,000	0	0	0	0	5,000
15	Well Buildings	30,000	0	0	0	0	30,000
16	Tank Coating and Repairs	325,000	175,000	300,000	0	0	800,000
17	Total Capital Improvements (Uninflated)	\$14,540,900	\$9,838,300	\$993,100	\$893,100	\$893,100	\$27,158,500
18	Total Capital Improvements (Inflated) ¹¹	\$14,540,900	\$10,182,600	\$1,063,900	\$990,300	\$1,024,900	\$27,802,600

¹¹ Projects inflated at 3.5% per year based on 5-year average annual increase in the historical ENR Index.

2.2 CAPITAL IMPROVEMENT PROGRAM FINANCING PLAN

Table 2 shows the sources of funds to finance the CIP listed in Table 1. Several sources of funding are used to complete the CIP improvements that generally follow the District’s adopted FY 2010-11 Budget. The Waterline Intertie Project is financed from an assessment debt issue and from District reserves providing proceeds of \$12,200,000 and \$6,000,000, respectively.

Transfers from the Water Replacement Fund, Water Capacity Fund, and Supplemental Water Fund follow the adopted Budget with the exception of the Water Capacity Fund. The Water Capacity Fund is depleted by the end of FY 2011-12. It is assumed that the Water Replacement Fund will loan sufficient amounts as necessary to the Water Capacity Fund to complete the CIP identified for that fund. The Water Capacity Fund will repay the borrowed amount back to the Water Replacement Fund when such funds become available.

Table 2
Nipomo Community Services District
Water Utility
Water Capital Improvement Financing

Line No.	Description	Fiscal Year Ending June 30				
		2010-11	2011-12	2012-13	2013-14	2014-15
Source of Funds						
1	Funds on Hand at Beginning of Year	\$0	\$4,602,700	\$0	\$0	\$0
2	Water Replacement Fund	833,100	567,200	721,100	413,700	428,100
3	Water Capacity Fund	2,110,500	2,432,300	21,400	22,200	23,000
4	Supplemental Water Fund	2,000,000	2,580,400	321,400	554,400	573,800
5	Reserves	2,000,000	0	0	0	0
6	Assessment District Debt Issue ^[1]	12,200,000	0	0	0	0
7	Total Sources of Funds	19,143,600	10,182,600	1,063,900	990,300	1,024,900
Use of Funds						
8	Major Capital Improvements ^[2]	14,540,900	10,182,600	1,063,900	990,300	1,024,900
9	Total Use of Funds	14,540,900	10,182,600	1,063,900	990,300	1,024,900
10	Funds on Hand at End of Year	\$4,602,700	\$0	\$0	\$0	\$0

^[1] Assumes Waterline Intertie Project is financed with an Assessment District.

^[2] From Table 1.

2.3 REVENUES

The Water Fund receives revenue from several sources. These sources include water sales revenue, miscellaneous revenue, and interest income. Revenue from water sales was projected through application of the January 1, 2009 water rates to projections of customer growth and water sales volume.

2.3.1 Customer Growth.

The District's Water and Sewer Master Plan (master plan) indicate that customer growth for the service area follows the San Luis Obispo County Growth Management Ordinance. The master plan assumed an average annual population growth rate of 2.3 percent. However, based on recent discussions with District staff and review of the economy within San Luis Obispo County, it is assumed that there will be no customer growth throughout the study period and that current customers will remain connected to the system.

2.3.2 Water Sales Volume.

The NCSO Waterline Intertie Final EIR stated that the San Luis Obispo Local Agency Formation Commission (LAFCO) required that prior to any annexation to the District, that a water conservation program be implemented with the goal of reducing consumption by 15 percent. In addition, the State of California adopted the 20x2020 Water Conservation Plan in February 2010, calling for a state-wide 20 percent reduction in per capita water consumption by the year 2020. The District has implemented a water conservation program, and the water sales projections include an assumed reduction in use per customer of 1 percent annually for residential classifications. Projected annual water sales volume is determined by multiplying the customer growth assumptions by the assumed use per customer.

2.3.3 Water Sales Revenue.

Revenue from water sales was determined through application of the January 1, 2009 water rates to projections of customer growth and water sales volume discussed above. Future water sales revenue using the existing water rates is projected to decline with the reduction in water consumption.

2.3.4 Miscellaneous Revenue.

Miscellaneous revenue includes fees and penalties related to service turn-on, service turn-off, late fees, and interest income on reserve balances. Interest income is projected based on the average fund balance available in each of the District's funds assuming an annual interest earnings rate of 0.5 percent.

2.4 REVENUE REQUIREMENTS

Revenue requirements of the District's Water Fund include operation and maintenance expense, existing debt service, annual minor (routine) capital expenditures, and Transfers to the Replacement Fund. The revenue requirement projections presented herein reflect the District's FY 2010-11 Budget for the first year. The revenue requirements are then escalated into the future based on known conditions regarding proposed operating and capital improvement plans, expected changes to system operations, and inflation.

2.4.1 Operation and Maintenance Expense

Operation and maintenance (O&M) expense includes the cost of personnel, utilities, chemicals, and miscellaneous materials and supplies needed to operate the water system on an annual basis. Table 3 summarizes the historical and projected O&M expense for the water system, excluding debt service. Annual minor (routine) capital is stated separately. The expenses for FY 2010-11 are shown as budgeted, then are escalated into the future based upon the assumed inflation factors presented above.

The projected O&M expenses include additional costs related to the Waterline Intertie Project in FY 2012-13 shown on lines 5 and 6. The Project will deliver 2,000 ac-ft of water to the District at an estimated cost of \$1,250 per ac-ft. Of this amount, it is assumed that Golden State Water Company, Woodlands, and Rural Water Company will sign contracts to take 320 ac-ft, 170 ac-ft, and 170 ac-ft of water respectively, leaving a net delivery of 1,340 ac-ft of water to the District at a cost of \$1,675,000.

Approximately 31 percent of this amount, or \$519,300, will be included into the District's water operation and maintenance expense while the remaining annual costs will be recovered through the assessment. The District will also incur additional expenses for chemicals, labor, and energy related to the Project, estimated as annual expense of 9 percent of the cost of the 1,340 ac-ft of supplemental water delivery. Additionally in FY 2012-13, electricity and chemical costs related to water pumped from the District's wells will decrease, as future operational plans include using all of the allocation of the supplemental water first, then pumping well water as needed to meet demand.

2.4.2 Debt Service

The District has an outstanding debt obligation from a 1978 Safe Drinking Water Loan. Annual debt service payments on this loan average approximately \$15,300 annually. The loan will be retired in FY 2018-19.

2.4.3 Minor Annual (Routine) Capital Outlay

Minor (routine) annual capital outlays are financed from annual system revenues and include estimates for relatively small additions of fixed asset purchases, utility vehicles, office/technical equipment, and other assets. Future projections reflect budgeted capital outlay in FY 2010-11 of \$75,900 with estimated expenditures of \$65,000 in FY 2012-13, increasing at 3 percent annually through the study period.

Table 3

**Nipomo Community Services District
Water Utility**

Historical and Projected Operation and Maintenance Expense and Minor Capital

Line No.	Description	Fiscal Year Ending June 30									
		Historical (Actual)				Budget		Projected			
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Operation and Maintenance Expense ⁽¹⁾										
	Operations and Maintenance										
1	Salaries	\$204,368	\$227,082	\$211,455	\$240,500	\$282,000	\$337,030	\$340,700	\$347,500	\$357,400	\$367,600
2	Benefits	103,181	105,110	94,736	157,000	158,000	183,700	194,800	206,300	218,900	231,900
3	Electricity - Pumping	264,294	361,242	252,680	405,000	500,000	565,000	588,400	283,900	292,800	302,000
4	Natural Gas - Pumping	65,252	82,140	52,393	36,100	11,565	0	0	0	0	0
5	Supplemental Water	0	0	0	0	0	0	0	519,300	534,800	550,900
6	Supplemental Water Other	0	0	0	0	0	0	0	150,800	155,300	159,900
7	Chemicals	2,908	5,068	2,375	6,000	7,000	9,000	9,200	4,400	4,400	4,500
8	Repairs and Maintenance	103,791	175,330	124,512	180,000	150,000	200,000	206,000	212,200	218,600	225,200
9	Meters - New Installations	7,549	3,739	13,599	0	0	5,000	0	0	0	0
10	Meters - Replacement Program	5,302	22,620	14,550	20,000	45,000	48,000	49,400	50,900	52,400	54,000
11	Other	154,723	188,883	251,987	271,500	244,100	428,130	434,300	447,400	460,700	474,400
12	Subtotal	911,368	1,171,214	1,018,287	1,316,100	1,397,665	1,775,860	1,822,800	2,222,700	2,295,300	2,370,400
	General and Administrative										
13	Salaries	96,373	100,217	137,335	159,300	221,000	245,520	248,000	252,900	260,400	268,100
14	Benefits	46,105	44,655	64,119	154,010	169,100	180,320	191,200	202,600	214,800	227,600
15	Operating Transfer Out - Admin	129,371	142,769	177,410	226,072	320,390	297,581	306,500	315,700	325,200	335,000
16	Other	393,268	491,301	526,573	450,852	426,094	537,120	553,400	569,900	587,200	604,900
17	Subtotal	665,117	778,942	905,437	990,234	1,136,584	1,260,541	1,299,100	1,341,100	1,387,600	1,435,600
18	Total Operation and Maintenance Expense	\$1,576,485	\$1,950,156	\$1,923,724	\$2,306,334	\$2,534,249	\$3,036,401	\$3,121,900	\$3,563,800	\$3,682,900	\$3,806,000
	Minor Capital ⁽¹⁾										
19	Fixed Asset Purchases	16,497	0	43,773	51,000	204,044	75,900	65,000	67,000	69,000	71,100
20	Total Minor Capital	\$16,497	\$0	\$43,773	\$51,000	\$204,044	\$75,900	\$65,000	\$67,000	\$69,000	\$71,100
21	Total O&M and Minor Capital	\$1,592,982	\$1,950,156	\$1,967,497	\$2,357,334	\$2,738,293	\$3,112,301	\$3,186,900	\$3,630,800	\$3,751,900	\$3,877,100

⁽¹⁾ Expenses are inflated as follows: Salaries - 1% in FY 2011-12, 2% in FY 2012-13, 3% annually thereafter; Benefits - 6% annually; Unit Electricity Cost - 5% annually; Unit Chemical Cost - 3% annually; Supplemental Water Cost per ac-ft- 3% annually; all other expenses are inflated at 3% annually.

2.4.4 Transfers

The Water Fund makes an annual Transfer to the Water Replacement Fund to provide replacement capital for the water system. The District commissioned a Replacement Study in 2007 to study the amount that should be included annually in the District's Budget as a transfer for water system replacement. The study analyzed three replacement program funding methods of which the District's preference is the Model 2: Service Life Savings Replacement program.

For FY 2010-11, the District has budgeted a Transfer to the Water Replacement Fund in the amount of \$700,000. Future transfers have been estimated to increase at 50 percent of the levels identified in the Replacement Study for Model 2: Service Life Savings Replacement.

2.5 WATER FUND ANALYSIS

Table 4 presents a pro forma flow of funds statement for the Water Fund. Revenue from the sources discussed above is included in the table on lines 1 through 11. Revenue requirements discussed above are included on lines 13 through 16. Analysis of the Water Fund without revenue increases indicated that the fund will be deficient in meeting its future obligations. The deficiency is due to an existing operating deficiency, inflation in O&M expenses, and the additional expense obligations related to supplemental water from the Waterline Intertie Project. The statement indicates that revenue from water service rates will need to increase by 13.0 percent annually, shown on lines 2 through 6, to meet the future obligations of the fund.

The increases in the water sales revenue were determined by recognizing specific financial planning criteria for the Water Fund. The criteria included a target Water Fund operating reserve of 180 days of O&M expense and a debt service coverage ratio that meets the requirements of Resolution No. 137. The operating reserve balance is allowed to decrease from the target level in interim years of the financial plan so that revenue adjustments could be established as equal annual increases. The operating reserve target fund balance is met by the last year of the study.

Table 4
Nipomo Community Services District
Water Utility
Water Fund Flow of Funds Statement

Line No.	Description	Fiscal Year Ending June 30						
		2010-11	2011-12	2012-13	2013-14	2014-15		
Revenue								
1	Water Sales Revenue Under Existing Rates ^[1]	\$2,761,000	\$2,743,900	\$2,727,000	\$2,710,300	\$2,693,600		
	Additional Water Sales Revenue Required: Annualized							
	Fiscal Year	Revenue Increase	Effective Date					
2	2010-11	13.0%	Jan 1, 2011	179,500	356,700	354,500	352,300	350,200
3	2011-12	13.0%	Jan 1, 2012		201,500	400,600	398,100	395,700
4	2012-13	13.0%	Jan 1, 2013			226,300	449,900	447,100
5	2013-14	13.0%	Jan 1, 2014				254,200	505,300
6	2014-15	13.0%	Jan 1, 2015					285,500
7	Total Additional Water Sales Revenue			179,500	558,200	981,400	1,454,500	1,983,800
8	Litigation Charge Revenue			169,900	169,900	169,900	169,900	169,900
9	Total Water Sales Revenue			3,110,400	3,472,000	3,878,300	4,334,700	4,847,300
10	Other Revenue ^[2]			70,800	70,800	70,800	70,800	70,800
11	Interest Income From Operations ^[3]			10,900	8,800	7,600	7,200	8,500
12	Total Revenue			\$3,192,100	\$3,551,600	\$3,956,700	\$4,412,700	\$4,926,600
Revenue Requirements								
13	Operation and Maintenance Expense ^[4]			\$3,036,400	\$3,121,900	\$3,563,800	\$3,682,900	\$3,806,000
14	Debt Service							
14	1978 Water Revenue Bonds ^[5]			15,300	14,800	15,200	15,700	15,100
15	Minor Capital Expenditures			75,900	65,000	67,000	69,000	71,100
16	Transfers to Water Replacement Fund ^{[4][6]}			700,000	566,000	566,000	566,000	571,000
17	Total Revenue Requirements			3,827,600	3,767,700	4,212,000	4,333,600	4,463,200
18	Net Funds Available			(\$635,500)	(\$216,100)	(\$255,300)	\$79,100	\$463,400
19	Beginning Water Fund Balance			2,500,000	1,864,500	1,648,400	1,393,100	1,472,200
20	Cumulative Water Fund Balance			\$1,864,500	\$1,648,400	\$1,393,100	\$1,472,200	\$1,935,600
21	Minimum Desired Balance ^[7]			\$1,518,200	\$1,561,000	\$1,781,900	\$1,841,500	\$1,903,000
Annual Debt Service Coverage								
22	Net Revenue ^[8]			\$202,800	\$459,900	\$401,900	\$736,600	\$1,125,100
23	Existing Debt Service Payments ^[9]			15,300	14,800	15,200	15,700	15,100
24	Coverage			1325%	3107%	2644%	4692%	7451%

^[1] Estimated revenue based on number of customers and projected water sales volume.

^[2] Includes penalties and miscellaneous income.

^[3] Assumes an interest rate of 0.5% on the average fund balance.

^[4] Projected expense from Table 3.

^[5] Existing 1978 Revenue Bonds debt service.

^[6] Annual amount for water system replacement. As budgeted for FY 2010-11.

^[7] Estimated at 180 days of operation and maintenance expense.

^[8] As defined in Resolution No. 137. Includes all charges and all other income including interest income of the Enterprise.

^[9] Debt service from line 14 above.

3.0 WATER UTILITY RATE DESIGN

3.1 EXISTING WATER SERVICE RATES

The existing water service rates were implemented on January 1, 2009, presented in Table 5. The structure consists of a bi-monthly fixed charge based on meter size and a consumption charge consisting of a two-block volume charge for residential customers and a uniform volume charge for non-residential customers. Residential rate blocks were established recognizing the average bi-monthly consumption.

Table 5
Nipomo Community Services District
Water Utility
Schedule of Existing Water Service Rates

Bi-monthly Fixed Charge ⁽¹⁾							
Meter Size							
	1" and less	1 1/2"	2"	3"	4"	6"	8"
All Customers	\$24.52	\$69.61	\$110.25	\$340.68	\$340.68	\$679.22	\$1,085.63
Litigation Charge	\$6.32	\$14.36	\$19.92	\$27.92	\$36.00	\$59.58	\$68.08

Volume Charge ⁽¹⁾⁽²⁾			
Block (in Ccf)			
	0 to 40	Over 40	All Water
Residential	\$1.64	\$2.80	
Irrigation			\$2.06
All Other			\$2.06

⁽¹⁾ Rates became effective January 1, 2009.
⁽²⁾ Charge per Ccf of bi-monthly water consumption.

3.2 PROPOSED WATER RATE STRUCTURES AND RATES

The overall water system was evaluated to determine a methodology for which to design rates. The District has less than 4,500 accounts with non-residential customers making up about 4 percent of those accounts lending support to using a commodity-demand method of cost allocation.

In the commodity-demand method, revenue requirements are assigned as commodity costs, demand (capacity) costs, and customer costs. Commodity costs are characterized by those costs that vary with the quantity of water produced, such as pumping power, chemicals, purchased water, and other costs. Demand costs are generally those costs associated with providing facilities to meet peak rates of use. Such costs may include all transmission and distribution system pumping and all treatment, transmission, and distribution mains and storage facilities that are sized to meet peak demands. Customer costs include those incurred to serve the customer, regardless of the amount of water consumed. These costs include meter and service maintenance, meter reading, billing, collecting, and accounting costs. The cost of service analysis resulted in an allocation of 25 to 30 percent of costs to be recovered from fixed charges with the remaining 70-75 percent of costs recovered from commodity rates. This result is similar to the existing rate structure.

3.2.1 Fixed Charge Component

A review and analysis was conducted of the current fixed charges of the District. The fixed charges are established recognizing meter capacity ratios. Revenue generated from the fixed charges is approximately equal to 30 percent of the total water sales revenue, including the Litigation Charge revenue. Because the current fixed charges reflect industry practice, it is proposed that future charges be established by increasing the current fixed charges by the annual percentages determined in the financial plan in Table 4. However, for the first year increase, it is proposed that the fixed charges remain at their current levels. This will reduce the percentage of fixed charge revenue to total water sales revenue to approximately 25 percent. Increasing the fixed charges in this manner will establish fixed charge revenue that follows averages for the state of California and follow guidelines of the California Urban Water Conservation Council (CUWCC) for fixed charges. Table 6 presents the proposed fixed charges for the each year of the study period. Fire protection fixed charges are presented in Appendix C.

3.2.2 Variable Rate Component

Water service rates are typically composed of a fixed charge and a volume charge (variable charge). All costs not recovered in the fixed charge are recovered in the volume charge. The volume charge may be a uniform charge per unit of consumption, or established as a series of block rates, where a block of water is a defined amount of water consumption, such as zero to 500 cubic feet (0 to 5 Ccf).

Rate blocks are designed based on an analysis of the bills rendered by customer classification for various levels of consumption. This analysis includes tabulating the number of bills and their consumption, then developing cumulative consumption of bills rendered for each consumption level.

The result of this tabulation is the determination of the percentage of the total water volume that is consumed in each block, allowing consumption curves to be drawn to illustrate usage patterns. Such curves allow pricing to be established for various rate blocks and the determination of revenue impacts from such pricing.

Table 6
Nipomo Community Services District
Water Utility
Proposed Bi-monthly Water Fixed Charges

Meter Size/ Litigation Charge	Effective January 1 of each Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
1 inch and less Litigation Charge	\$24.52 \$6.32	\$27.71 \$6.32	\$31.31 \$6.32	\$35.38 \$6.32	\$39.98 \$6.32
1 1/2 inch Litigation Charge	\$69.61 \$14.36	\$78.66 \$14.36	\$88.89 \$14.36	\$100.45 \$14.36	\$113.51 \$14.36
2 inch Litigation Charge	\$110.25 \$19.92	\$124.58 \$19.92	\$140.78 \$19.92	\$159.08 \$19.92	\$179.76 \$19.92
3 inch Litigation Charge	\$205.15 \$27.92	\$231.82 \$27.92	\$261.96 \$27.92	\$296.01 \$27.92	\$334.49 \$27.92
4 inch Litigation Charge	\$340.68 \$36.00	\$384.97 \$36.00	\$435.02 \$36.00	\$491.57 \$36.00	\$555.47 \$36.00
6 inch Litigation Charge	\$679.22 \$59.58	\$767.52 \$59.58	\$867.30 \$59.58	\$980.05 \$59.58	\$1,107.46 \$59.58
8 inch Litigation Charge	\$1,085.63 \$68.08	\$1,226.76 \$68.08	\$1,386.24 \$68.08	\$1,566.45 \$68.08	\$1,770.09 \$68.08

A bill tabulation and analysis was performed for the District's customer classifications using 5 year's of historical information from billing system records. From the tabulation, charts showing the distribution of bills by their consumption level can be developed. These are presented in Appendix A for the single family and multifamily classifications. Additionally, several findings can be drawn from the bill tabulation and analysis that include the following.

- Approximately 82 percent of the water consumed is related to residential customers (single-family, multifamily).
- The average bi-monthly consumption of a single-family residential customer is 40 Ccf.
- The average bi-monthly consumption of a multifamily dwelling unit is 12 Ccf.
- The average bi-monthly water consumption of the commercial classification is 60 Ccf.
- Commercial accounts consist of less than 3 percent of the total accounts.
- Irrigation sales volume represents approximately 13 percent of total water sales volume.

Also from the tabulation, customer classification usage patterns were drawn and evaluated and are presented in Appendix B. Figure B-1 shows consumption patterns of the various customer classifications of the District. Review of all the curves indicates that it is appropriate to recognize these as separate classes, because of the wide separation of the curves from one another.

The curve for single family customers exhibits a typical consumption pattern for this classification. The multifamily curve has been determined on an individual dwelling unit basis and displays a more uniform use per unit than single family. These conclusions are also supported by the charts in Appendix A.

3.2.3 Residential Rate Structures

The current two-block residential rate structure is designed such that the first block is set at the average water use of single family customers. The findings of the bill tabulation analysis confirmed that 40 Ccf is the average for single family while the analysis determined that 12 Ccf is the average for multifamily. The price differential from the first to the second block is 170 percent. While a two-block rate structure is adequate for water conservation, it does not necessarily address excess use that may occur in the top of the consumption curve.

The proposed four-block residential structure is established with a first block that corresponds to average winter water consumption, to provide a signal of when an average residential customer may be starting to use water for outdoor uses. The average winter water use consumption was determined using water billing information from the months of December through March.

The second block is designed such that the block break point is set at the average water consumption for each of the residential classifications. The fourth block is established to capture slightly less than 10 percent of the highest water usage. The highest block is typically established to capture 80 to 90 percent of the top water consumption. The third block captures all remaining use. Prices for the four-block rate structure have been set to increase by 115 percent, 175 percent, and 300 percent of the first block price. The third block price reflects the cost of supplemental water including operation and maintenance costs. Table 7 presents the proposed residential water rate structure and proposed future residential consumption rates for each year of the study period. The proposed consumption rates increase at the percentages identified in the financial plan in Table 4, beginning with FY 2011-12.

The multifamily rate structure has been established on an individual dwelling unit basis so as to develop rates that places multifamily consumption on a similar basis as single family customers. For multifamily customers that have one meter serving multiple units, it is necessary to multiply the number of dwelling units on the meter by the block rate break points, then applying the usage through the blocks. This effectively charges each dwelling unit the average use per unit of the water consumed through the meter. The District may need to program the billing system to perform this task.

Table 7
Nipomo Community Services District
Water Utility
Proposed Residential Water Consumption Rates ⁽¹⁾

Customer		Effective January 1 of each Fiscal Year				
Classification	Rate Block	2010-11	2011-12	2012-13	2013-14	2014-15
Single Family						
<u>Proposed 4 Block Structure</u>						
	0 to 24 Ccf	\$1.80	\$2.03	\$2.29	\$2.59	\$2.93
	25 to 40 Ccf	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
	41 to 100 Ccf	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	Over 100 Ccf	\$5.40	\$6.10	\$6.89	\$7.79	\$8.80
Multifamily						
<u>Proposed 4 Block Structure (per dwelling unit)</u>						
	0 to 8 Ccf	\$1.80	\$2.03	\$2.29	\$2.59	\$2.93
	9 to 12 Ccf	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
	13 to 25 Ccf	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	Over 25 Ccf	\$5.40	\$6.10	\$6.89	\$7.79	\$8.80

⁽¹⁾ Does not include fixed charges.

3.2.4 Non-Residential Rate Structures

The proposed rate structures for non-residential water service were established by analyzing the non-residential classifications individually. These classifications include Commercial, Irrigation, Agriculture, and All Other non-residential customers.

3.2.4.1 Commercial Classification. Block rate structures are generally not appropriate for Commercial customers because of the disparity of use within this classification. Exploring this type of structure for the District’s Commercial class included an analysis of the commercial use by meter size. Figure B-2 in Appendix B shows this wide range of the use, illustrated by the consumption patterns. For example, if a block rate structure were designed that applied to all Commercial customers with a block break point set at the average use of 60 Ccf, from Figure B-2, those with a 1½ inch meter would have nearly 80 percent of their use over 60 Ccf and would be unfairly penalized. Customers with a ¾ inch meter would have consumed nearly 90 percent of their use by the block break point, and would seldom be over the first block.

However, to design an equitable Commercial block rate structure requires the use of individual block rates for each Commercial meter size. This analysis has been completed and a two-block rate

structure has been designed that is equated to the residential classifications. The first block is set at the average consumption for that individual meter size, with a second block that captures all remaining use. The Commercial rate structure and pricing is presented in Table 8.

3.2.4.2 Irrigation Classification. The Irrigation class is generally recognized by the relatively high demands it places on the water system, from landscape systems, parks, and other uses. Following a similar exercise that was performed for the Commercial classification, Figure B-3 shows the consumption patterns of the Irrigation classification by meter size. The consumption patterns indicate a similar wide separation among the meter sizes as was found in the Commercial classification.

Inspection of Figure B-3 also indicates that several of the meter sizes could be grouped because of the similarities in the consumption patterns. From Figure B-3, the 5/8 inch and 1 inch meter sizes exhibit similar use patterns, as does the 1 1/2 inch and 2 inch meter sizes, and similarly between the 3 inch and 4 inch meters. The Irrigation two-block rate structure is designed by grouping the larger meter sizes and by establishing the first block at the average consumption of the meters. The Irrigation rate structure and pricing is presented in Table 8.

Table 8 also presents the proposed future non-residential consumption rates for each year of the study period for all non-residential classifications. The proposed consumption rates increase at the percentages identified in the financial plan in Table 4, beginning with FY 2011-12.

Table 8
Nipomo Community Services District
Water Utility
Proposed Non-residential Water Consumption Rates ⁽¹⁾

Customer			Effective January 1 of each Fiscal Year				
Classification	Meter Size	Rate Block	2010-11	2011-12	2012-13	2013-14	2014-15
Commercial							
	5/8" Meter	0 to 35	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 35	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	3/4" Meter	0 to 50	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 50	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	1" Meter	0 to 55	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 55	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	1 1/2" Meter	0 to 290	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 290	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	2" Meter	0 to 165	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 165	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	3" Meter	0 to 82	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 82	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	4" Meter	0 to 25	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 25	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
Irrigation							
	5/8" Meter	0 to 50	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 50	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	1" Meter	0 to 75	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 75	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	1 1/2" Meter	0 to 350	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 350	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	2" Meter	0 to 350	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 350	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	3" Meter	0 to 3000	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 3000	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
	4" Meter	0 to 290	\$2.07	\$2.34	\$2.64	\$2.98	\$3.37
		Over 290	\$3.15	\$3.56	\$4.02	\$4.54	\$5.13
Agriculture			\$2.40	\$2.71	\$3.06	\$3.46	\$3.91
All Other			\$2.40	\$2.71	\$3.06	\$3.46	\$3.91

⁽¹⁾ Does not include fixed charges.

3.3 EXAMPLE BI-MONTHLY BILLS UNDER PROPOSED RATES

Tables 9 and 10 present example bi-monthly bills of the residential and the non-residential water rate structures, respectively, for the January 1, 2011 increase. Table 9 indicates that for the January 1, 2011 increase, the bi-monthly water bill for the average single family customer consuming 40 Ccf bi-monthly will increase from \$90.12 to \$100.88 (exclusive of Litigation Charges), an increase of \$10.76 increase, or 11.9 percent.

Table 9

Nipomo Community Services District

Water Utility

Example Residential Bi-monthly Water Bills⁽¹⁾

Customer Classification	Consumption Ccf	Existing Rates	Proposed 4 Block		Percent Difference
			Rates	Difference	
Single Family	0	\$24.52	\$24.52	\$0.00	0.0%
1" meter and smaller	5	\$32.72	\$33.52	\$0.80	2.4%
	10	\$40.92	\$42.52	\$1.60	3.9%
	20	\$57.32	\$60.52	\$3.20	5.6%
	30	\$73.72	\$80.15	\$6.43	8.7%
	40	\$90.12	\$100.88	\$10.76	11.9%
	50	\$118.12	\$132.38	\$14.26	12.1%
	60	\$146.12	\$163.88	\$17.76	12.2%
	70	\$174.12	\$195.38	\$21.26	12.2%
	80	\$202.12	\$226.88	\$24.76	12.2%
	90	\$230.12	\$258.38	\$28.26	12.3%
	100	\$258.12	\$289.88	\$31.76	12.3%
	110	\$286.12	\$343.88	\$57.76	20.2%
	120	\$314.12	\$397.88	\$83.76	26.7%
	130	\$342.12	\$451.88	\$109.76	32.1%
	140	\$370.12	\$505.88	\$135.76	36.7%
150	\$398.12	\$559.88	\$161.76	40.6%	
200	\$538.12	\$829.88	\$291.76	54.2%	
Multifamily	0	\$24.52	\$24.52	\$0.00	0.0%
1" meter and smaller	20	\$65.72	\$60.52	(\$5.20)	-7.9%
	40	\$106.92	\$98.70	(\$8.22)	-7.7%
4 Units	48	\$123.40	\$115.28	(\$8.12)	-6.6%
	50	\$127.52	\$127.88	\$0.36	0.3%
	100	\$230.52	\$279.08	\$48.56	21.1%
	150	\$333.52	\$559.88	\$226.36	67.9%

⁽¹⁾ Includes both fixed and consumption (variable) charges.

Table 10
Nipomo Community Services District
Water Utility
Example Non-residential Bi-monthly Water Bills⁽¹⁾

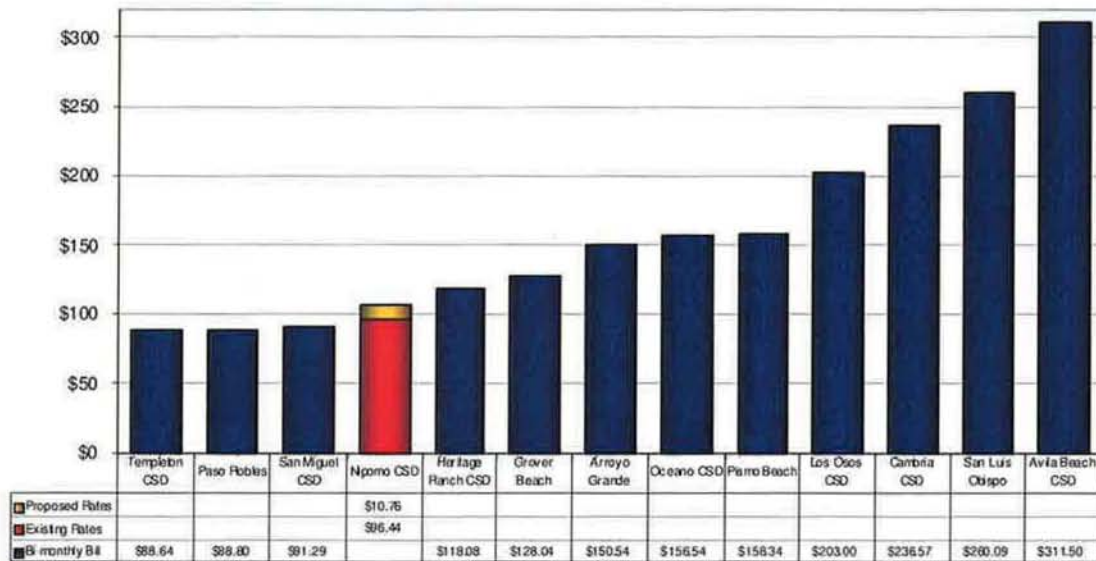
Customer Classification	Consump Ccf	Existing Rates	Commercial 2 Block	Irrigation 2 Block	Difference
Commercial	0	\$24.52	\$24.52		\$0.00
1" Meter	20	\$65.72	\$65.97		\$0.25
	40	\$106.92	\$107.41		\$0.49
	60	\$148.12	\$154.25		\$6.13
	80	\$189.32	\$217.25		\$27.93
	100	\$230.52	\$280.25		\$49.73
	150	\$333.52	\$437.75		\$104.23
	200	\$436.52	\$595.25		\$158.73
	250	\$539.52	\$752.75		\$213.23
	300	\$642.52	\$910.25		\$267.73
	350	\$745.52	\$1,067.75		\$322.23
	400	\$848.52	\$1,225.25		\$376.73
	500	\$1,054.52	\$1,540.25		\$485.73
Irrigation	0	\$69.61		\$69.61	\$0.00
1 1/2" Meter	50	\$172.61		\$173.23	\$0.62
	100	\$275.61		\$276.85	\$1.24
	150	\$378.61		\$380.47	\$1.86
	200	\$481.61		\$484.08	\$2.47
	250	\$584.61		\$587.70	\$3.09
	300	\$687.61		\$691.32	\$3.71
	350	\$790.61		\$794.94	\$4.33
	400	\$893.61		\$1,064.94	\$171.33
	450	\$996.61		\$1,334.94	\$338.33
	500	\$1,099.61		\$1,604.94	\$505.33
All Other Non-residential	0	\$24.52		\$24.52	\$0.00
1" Meter	100	\$230.52		\$264.52	\$34.00
	200	\$436.52		\$504.52	\$68.00
	300	\$642.52		\$744.52	\$102.00
	400	\$848.52		\$984.52	\$136.00
	500	\$1,054.52		\$1,224.52	\$170.00

⁽¹⁾ Includes both fixed and consumption (variable) charges.

3.4 SINGLE FAMILY BILL COMPARISON WITH OTHER LOCAL AGENCIES

A bi-monthly bill comparison has been prepared showing the District's average single family bi-monthly bill under the proposed rates with other local water purveyors in San Luis Obispo County. The comparison has been made using water rates in effect as of July 1, 2010. The comparison shown in Chart 1 was prepared by applying the District's average single family water consumption of 40 Ccf to each of the water purveyor's single family water rate schedules. The chart indicates that the District's bi-monthly bill at 40 Ccf, including Litigation Charges, is in the lower half of the agencies listed.

Chart 1
San Luis Obispo County Water Agencies
Comparison of Single Family Residential Bi-monthly Water Bills^[1]
at 40 Ccf Bi-monthly

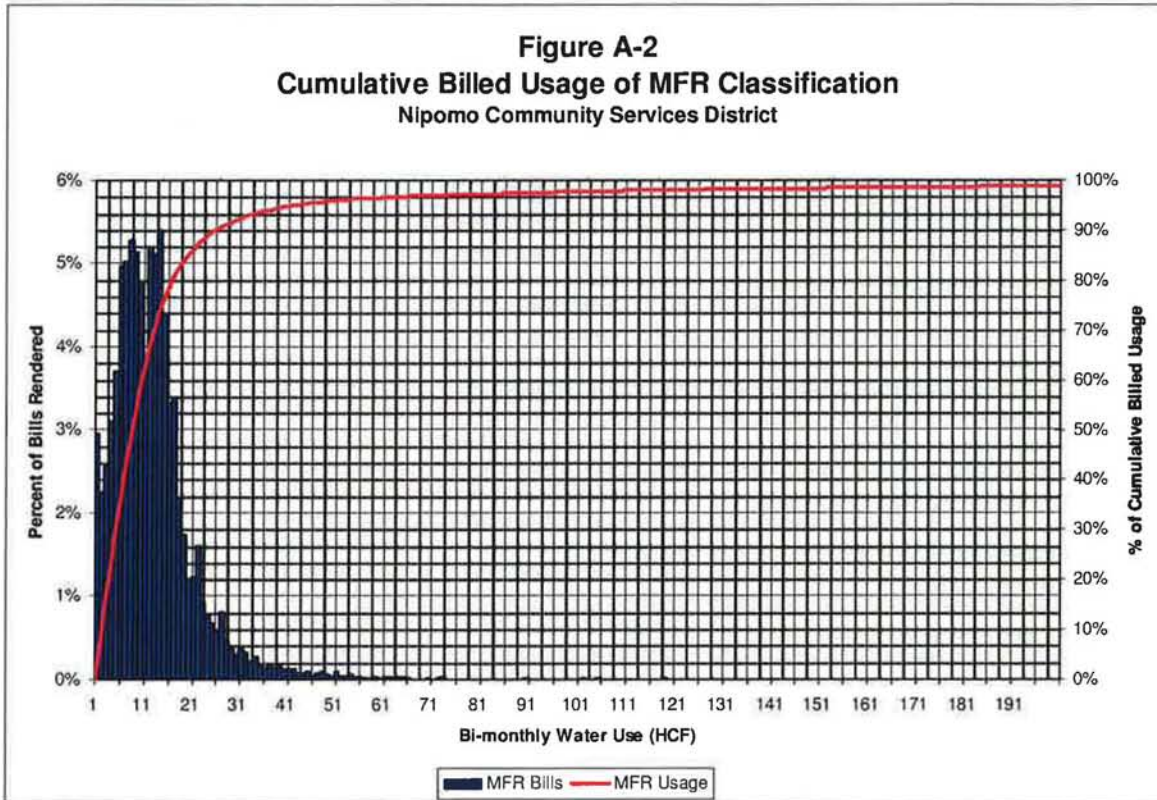
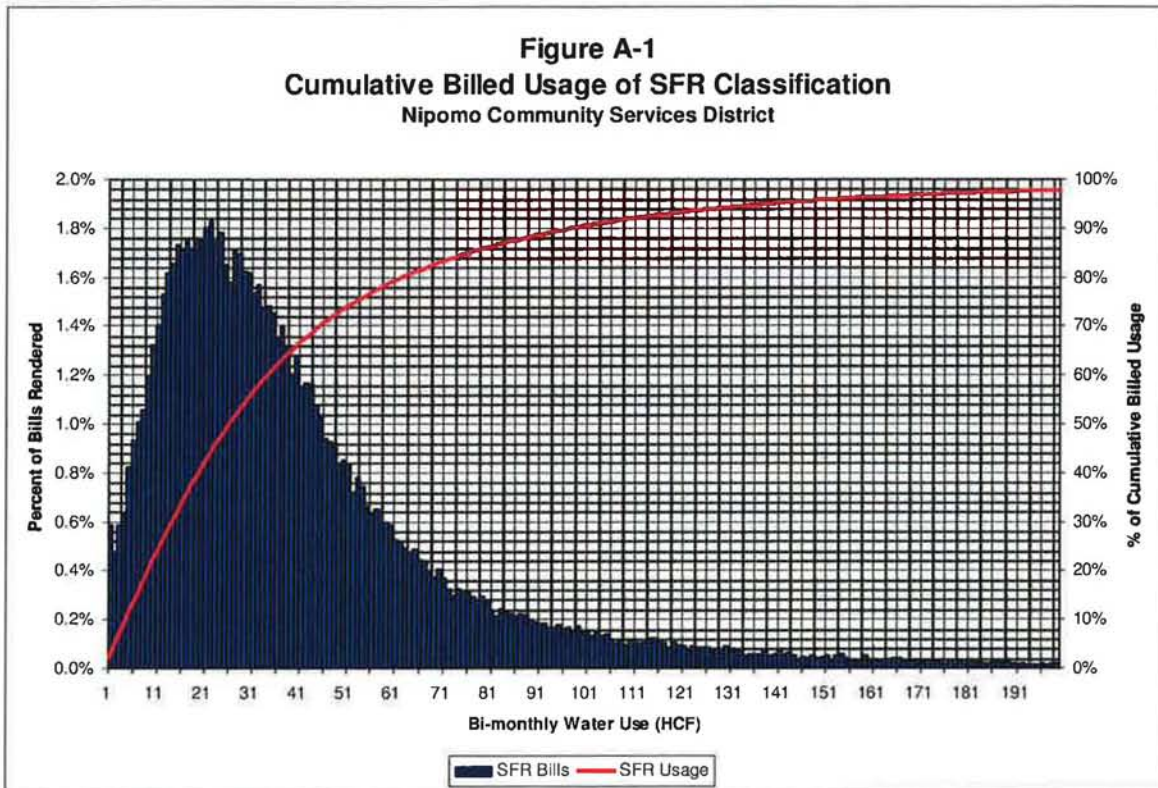


[1] For rates in effect July 2010.

Appendix A

Residential Bill Distribution

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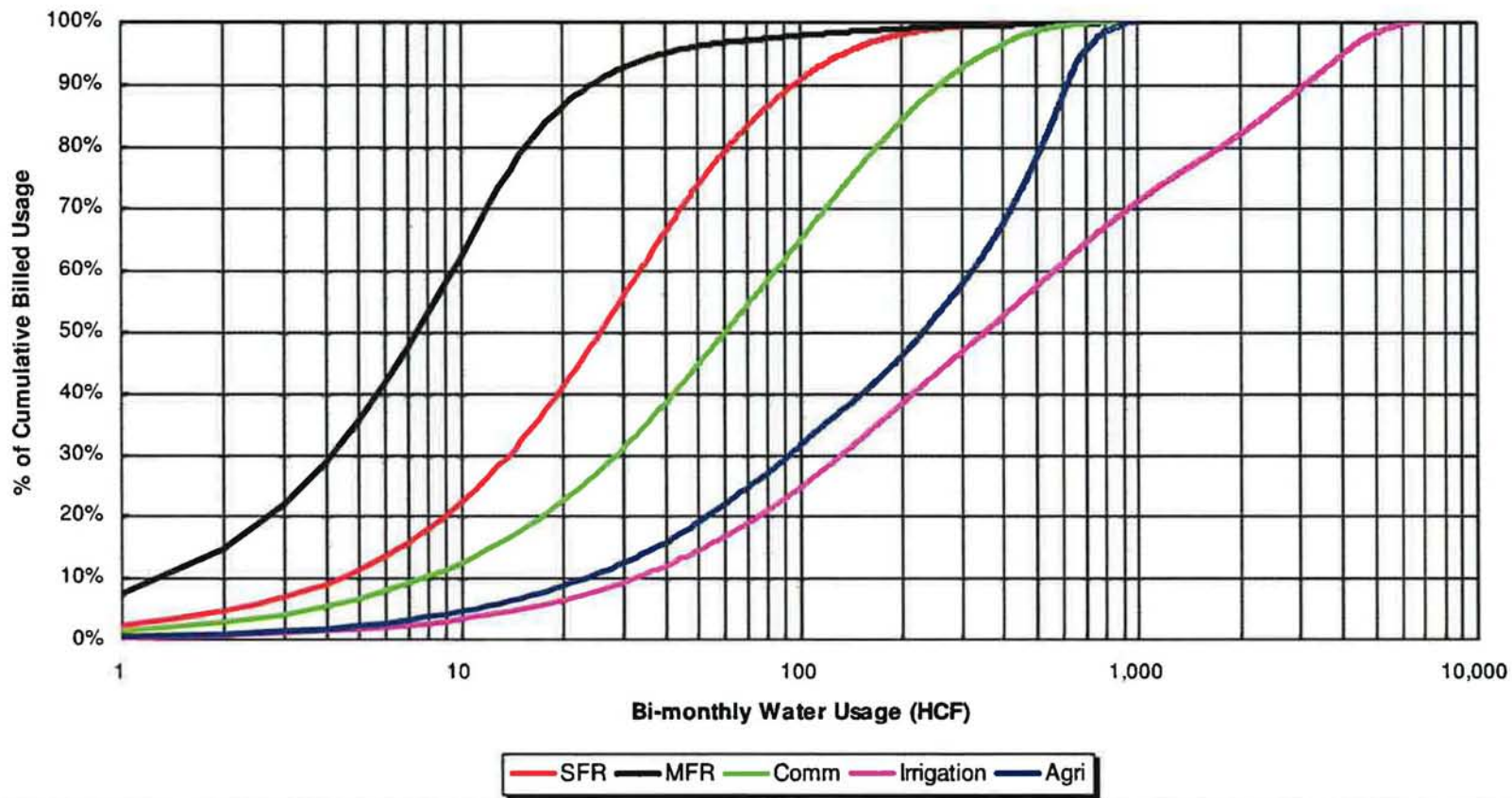
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Appendix B

Cumulative Billed Consumption Of Customer Classifications

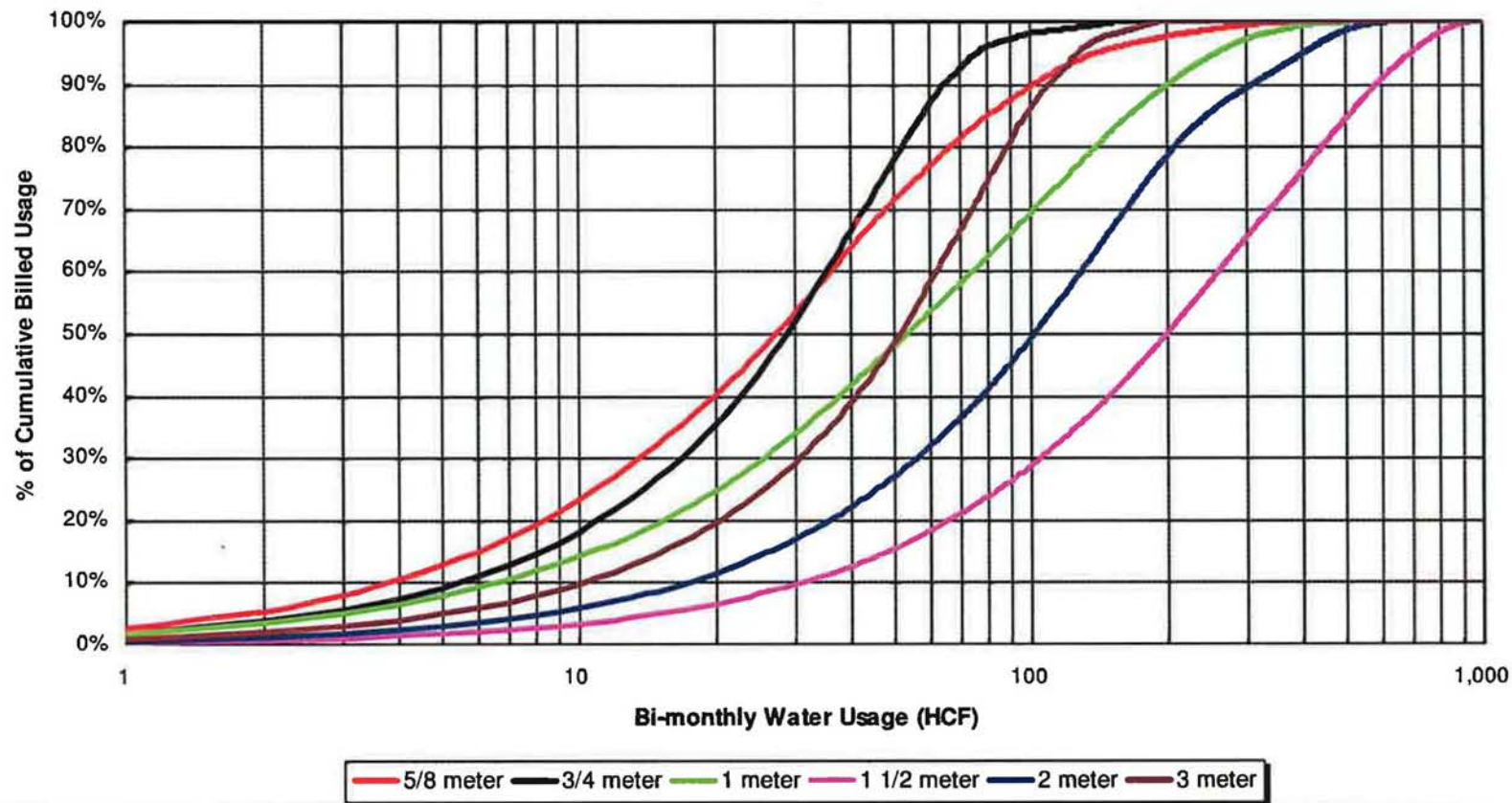
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Figure B-1
Cumulative Billed Usage of Customer Classifications
Nipomo Community Services District
FY 2004-05 thru FY 2008-09



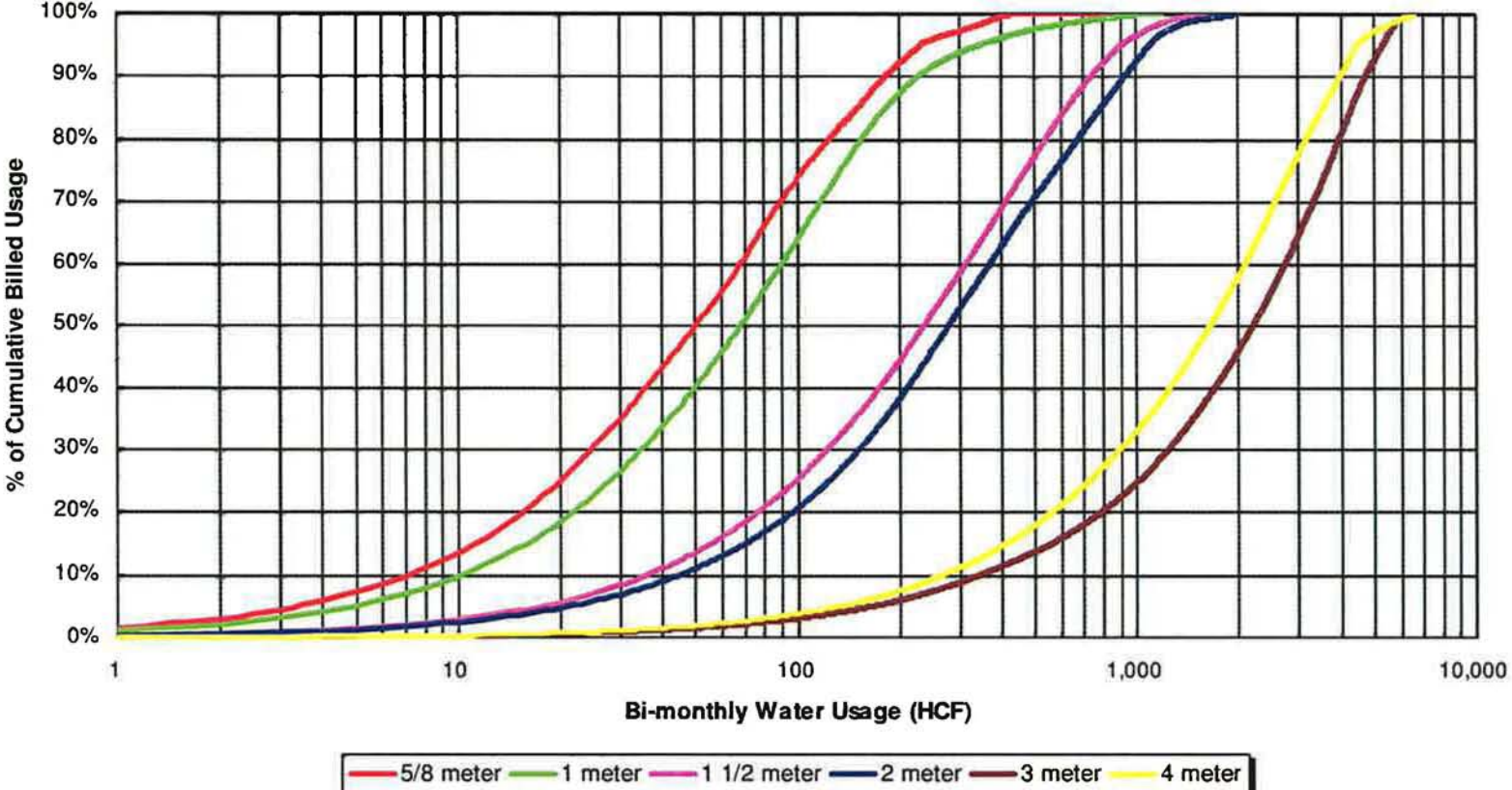
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Figure B-2
Cumulative Billed Usage of Commercial Classifications
Nipomo Community Services District
FY 2004-05 thru FY 2008-09



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Figure B-3
Cumulative Billed Usage of Irrigation Classifications
Nipomo Community Services District
FY 2004-05 thru FY 2008-09



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Appendix C

Private Fire Protection Fixed Charges

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Table C-1**Nipomo Community Services District****Water Utility****Proposed Bi-monthly Private Fire Protection Charges**

Size Inches	Existing Charges	Effective January 1 of each Fiscal Year				
		2010-11	2011-12	2012-13	2013-14	2014-15
3	\$10.00	\$10.00	\$11.30	\$12.77	\$14.43	\$16.31
4	\$12.00	\$12.00	\$13.56	\$15.32	\$17.31	\$19.56
6	\$18.00	\$18.00	\$20.34	\$22.98	\$25.97	\$29.35
8	\$25.00	\$25.00	\$28.25	\$31.92	\$36.07	\$40.76
10	\$30.00	\$30.00	\$33.90	\$38.31	\$43.29	\$48.92

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TO: BOARD OF DIRECTORS

FROM: DON SPAGNOLO
GENERAL MANAGER 

DATE: SEPTEMBER 16, 2010

AGENDA ITEM E-5

SEPTEMBER 22, 2010

AGREEMENT FOR PROFESSIONAL SERVICES WITH WAGNER & BONSIGNORE FOR GENERAL GROUNDWATER CONSULTING SERVICES, GROUNDWATER ADJUDICATION SUPPORT SERVICES AND SERVICES RELATED TO SENTINEL WELLS AT OSO FLACO

ITEM

Consider agreement for professional services with Wagner & Bonsignore for general groundwater consulting services, groundwater adjudication support services and services related to sentinel wells at Oso Flaco [RECOMMEND APPROVAL].

BACKGROUND

On September 8, 2010 the Board considered modifications to groundwater consulting contract with Science Applications International Corporation (SAIC) for professional services related to General Consultation, Nipomo Mesa Management Area Technical Group (NMMA) and Oso Flaco Replacement Well. SAIC initially provided consultation services, including expert testimony, to Your Honorable Board through the District special counsel on water rights (Richards Watson and Gershon) as part of the ongoing Santa Maria Valley Groundwater adjudication.

The Board unanimously approved not to bifurcate the contract for groundwater consulting, terminate the contract with SAIC, pay outstanding bills to SAIC, not to exceed \$3,000.00 and have staff bring back a contract that might be awarded to SAIC or Wagner.

Staff contacted SAIC regarding their ability to perform all three task orders. SAIC indicated they have staff that is familiar with task order 100 only and would not feel comfortable performing all three task orders. A contract therefore has been prepared for Wagner & Bonsignore to perform all three task orders. The agreement for professional services includes the following description of the each task.

Task Order 100 – General Consultation is proposed to allow for Wagner & Bonsignore to prepare a Spring and Fall Groundwater Index (GWI) technical memorandum and present it to the District Board of Directors and preparation of other technical memorandums at the request of either the General Manager or the District Board of Directors.

Task Order 200 – NMMA is proposed to allow for Wagner & Bonsignore to provide the litigation support services related to the Groundwater Adjudication including preparation for, travel and attendance/participation at Nipomo Mesa Management Area (NMMA) Technical Group (TG) meetings, preparation for travel and attendance/participation at NMMA TG sub-committee meetings, including meetings with the NCMA representatives and preparation of reports and technical memorandums related to NMMA TG functions with the prior approval of either the District General Manager or District Legal Counsel.

Task Order 300 – Oso Flaco Lake Replacement Well, is proposed to allow for Wagner & Bonsignore to provide separate accounting for services related to advancing the replacement of the Sentinel Well at Oso Flaco Lake. The purpose of the Task Order 300 is to separately account for NCSD's, in lieu services anticipated for reimbursement from other NMMA members.

FISCAL IMPACT

Funds for these services are included in the FY10-11 Budget. A total of \$40,000 was budgeted for General Consulting Services and \$80,000 for participating in the NMMA.

RECOMMENDATION

Staff recommends the Board approve a contract with Wagner & Bonsignore to for general groundwater consulting services, groundwater adjudication support services and services related to sentinel wells at Oso Flaco.

ATTACHMENTS

- Proposal of Professional Services Agreement with Wagner & Bonsignore

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\2010\100922 WAGNER BONSIGNORE GROUNDWATER CONTRACT.DOC

Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444

**AGREEMENT FOR PROFESSIONAL SERVICES
WAGNER & BONSIGNORE CONSULTING CIVIL ENGINEERS**

Exhibit "A" - Task Orders Approved by The District

Exhibit "B" - Designation of Team Leader, Key Personnel and Compensation Schedule

THIS AGREEMENT (hereinafter referred to as "Agreement") is made by and between the Nipomo Community Services District, a Community Services District duly existing and operating pursuant to the provisions of Government Code Section 61000 et seq. (hereinafter referred to as "NCSD" or "District") and Wagner & Bonsignore Consulting Civil Engineers, a California Corporation (herein referred to as "Engineer-Consultant"), with reference to the following Recitals:

RECITALS

A. Dr. Brad Newton under contract with SAIC has provided professional engineering service to the District pertaining to groundwater issues and the Santa Maria Groundwater Adjudication.

B. Dr. Brad Newton is now employed by Wagner & Bonsignore Consulting Civil Engineers (Engineer-Consultant).

C. NCSD desires to continue its relationship with Dr. Brad Newton and thereon desires to retain the services of Wagner & Bonsignore Consulting Civil Engineers on an on-call, as needed basis, to perform services as identified in approved Task Orders.

D. NCSD desires to engage Engineer-Consultant to provide services by reason of its qualifications and experience in performing such services, and Engineer-Consultant has offered to provide the required services through Task Orders on the terms and in the manner set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. DESIGNATED REPRESENTATIVES. Don Spagnolo, General Manager, at telephone number (805) 929-1133 is the representative of NCSD and will administer this Agreement for and on behalf of NCSD. Brad Newton, at telephone number (805) 636-6619 is the authorized representative for Wagner & Bonsignore Consulting Civil Engineers. Changes in designated representatives shall be made only after advance written notices to the other party.

2. NOTICES. Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by first-class mail, postage prepaid, or otherwise delivered as follows:

NCSD: Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444
Attn: General Manager
Facsimile: (805) 929-1132
E-mail: dspagnolo@ncsd.ca.gov

**ENGINEER/
CONSULTANT** Wagner & Bonsignore, Consulting Civil Engineers
420 East Carrillo Street
Santa Barbara, California 93101
Attn: Brad Newton
Facsimile:
E-mail: bnewton@wbecorp.com

or at such other address or to such other person that the parties may from time to time designate. Notices and consents under this Section, which are sent by mail, shall be deemed to be received five (5) days following their deposit in the U.S. mail.

3. ATTACHMENTS. Attached to this Agreement are the following Exhibits that are incorporated into this Agreement by reference.

A. **Exhibit "A"** – Individual Task Orders for Services to be performed by Engineer-Consultant.

A(1) – General Consultation (Task 100)

A(2) - Task Order for litigation support – Santa Maria Groundwater Adjudication (Task 200).

A(3) – Oso Flaco Lake Replacement Well (Task 300).

B. **Exhibit "B"** – Designation of Team Leader, Key Personnel and Compensation Schedule

4. SCOPE OF SERVICES. Engineer-Consultant agrees to provide the Services and submit deliverables to NCSD in accordance with the Task Orders (referenced above and as approved by the NCSD from time to time) and this Agreement, subject to the direction of NCSD as provided from time to time. Engineer-Consultant represents and warrants that the Not-To-Exceed Amount represented in individual Task Orders will be sufficient to provide the Services and submit the deliverables Identified in individual Task Orders.

5. TERM. Engineer-Consultant shall commence performance within five (5) days of NCSD's Execution of Task Orders and unless otherwise directed in writing by NCSD or unless earlier terminated as provided in this Agreement, shall complete performance and make deliverable as provided in this Agreement and individual Task Orders.

6. COMPENSATION OF ENGINEER-CONSULTANT.

A. Engineer-Consultant will be paid for the Scope of Services provided to NCSD on a time and material basis in accordance with the Schedule set forth in the Task Orders subject to the Not to Exceed Amount.

B. Engineer-Consultant shall submit separate invoices for each Task Order no more often than monthly for Services performed and Reimbursable Expenses incurred. Invoices shall be prepared by using "time slips" or other similar billing programs that will identify the person providing the service; detail of the services performed; the amount of time spent on performing the services, hours billed to travel, the corresponding hourly rate and an accounting of reimbursable expenses. Additionally, each invoice shall reflect the percentage of completion of each Task Order and the remaining budget ("Not to Exceed Amount").

C. NCSD shall review each invoice submitted by Engineer-Consultant to determine whether it accurately reflects the Services performed and Reimbursable Expenses incurred in compliance with the provisions of this Agreement and the Task Orders. In the event no charges or expenses are disputed, the invoice shall be approved and paid within forty five (45) days of receipt of the invoice. In the event NCSD disputes any charge or expenses, it shall return the original invoice to Engineer-Consultant for correction and resubmission; however, the undisputed amount shall be paid as indicated above.

D. Without prior written approval of the District General Manager, Engineer-Consultant shall not bill District in excess of eight (8) hours of service per day including travel.

E. NCSD shall not pay Engineer-Consultant more than the Not-to-Exceed Amount referenced in individual Task Orders without the prior written authorization of the NCSD General Manager and/or approval of the NCSD Board of Directors. In order for NCSD to increase the Not-To-Exceed Amount Engineer-Consultant must identify and document in writing how circumstances beyond its reasonable control have increased the time and/or costs of performing the Services beyond the amounts identified in the Task Orders.

F. Payment to Engineer-Consultant shall be full compensation for all personnel, materials, supplies, and equipment used in carrying out the Services.

G. Payment of an invoice by NCSD shall not constitute acceptance of defective Services, and NCSD's failure to discover or object to any unsatisfactory Services or billing prior to payment will not constitute a waiver of NCSD's right to:

1. Require Engineer-Consultant to correct such work or billings without additional charges; or
2. Seek any other legal remedy.

H. NCSD may withhold, or on account of subsequently discovered evidence nullify, the whole or a part of any payment to such extent as may be necessary to protect NCSD from loss, including costs and attorneys' fees, on account of (1) defective or deficient work product not remedied; (2) subsequently discovered errors in invoices previously paid; (3) claims filed or reasonable evidence indicating probable filing of a claim or claims; (4) failure of Engineer-Consultant to make payments properly to its employees or sub-Consultants; or (5) Engineer-Consultant's failure to adhere to the Schedules or to achieve sufficient progress with the Services such that Engineer-Consultant is unlikely to achieve timely completion.

7. STATUS OF ENGINEER-CONSULTANT.

A. Engineer-Consultant is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of NCSD. Engineer-Consultant shall have no authority to bind NCSD in any manner, nor to incur any obligation, debt or liability of any kind on behalf of or against NCSD, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by NCSD.

B. The personnel performing the services under this Agreement on behalf of Engineer-Consultant shall at all times be under Engineer-Consultant's exclusive direction and control. Neither NCSD, nor any elected or appointed boards, officers, officials, employees or agents of NCSD, shall have control over the conduct of Engineer-Consultant or any of Engineer-Consultant's officers, employees or agents, except as set forth in this Agreement. Engineer-Consultant shall not at any time or in any manner represent that Engineer-Consultant or any of Engineer-Consultant's officers, employees, subcontractors, or agents are in any manner officials, officers, employees or agents of NCSD.

C. Neither Engineer-Consultant, nor any of Engineer-Consultant's officers, employees, subcontractors, or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to NCSD's employees. Engineer-Consultant expressly waives any claim Engineer-Consultant may have to any such rights.

8. PERFORMANCE STANDARDS.

A. Compliance with laws. Engineer-Consultant shall (and shall cause its agents and sub-contractors), at its sole cost and expense, to comply with all NCSD, County, State and Federal ordinances, regulations and statutes now in force or which may hereafter be in force with regard to the Services referenced in individual Task Orders, and this Agreement, provided, however, that any change in ordinance, regulation, or statute, that occurs subsequent to the execution of a Task Order, that

significantly affects the cost or schedule of the Services may be brought to the attention of NCSD as a request for extra services. If NCSD agrees that there is a significant change required in the Services on account of the change, NCSD and Engineer-Consultant shall negotiate a mutually agreeable adjustment to the schedule and/or compensation. The judgment of any court of competent jurisdiction, or the admission of Engineer-Consultant in any action or proceeding against Engineer-Consultant, whether NCSD be a party thereto or not, that Engineer-Consultant has violated any such ordinance or statute, shall be conclusive of that fact as between Engineer-Consultant and NCSD. Except as provided above, any corrections to Engineer-Consultant's Services which become necessary as a result of the Engineer-Consultant's failure to comply with these requirements shall be made at Engineer-Consultant's expense.

B. **Standard of Performance.** Engineer-Consultant represents that it has the skills, expertise, and licenses necessary to perform the Services required under this Agreement and subsequently executed Task Orders. Engineer-Consultant shall perform all such Services in the manner and according to the standards observed by professionals experienced in providing Services identified in individual Task Orders. All documents and services of whatsoever nature that Engineer-Consultant delivers to NCSD pursuant to this Agreement and individual Task Orders shall conform to the standards of quality normally observed by professionals experienced in providing Services identified in individual Task Orders. Engineer-Consultant shall promptly correct or revise any errors or omissions at NCSD's request without additional compensation. Licenses required to perform such services shall be obtained and maintained by Engineer-Consultant without additional compensation throughout the term of this Agreement

C. **Professional Seal.** Engineer-Consultant shall have documents stamped by registered professionals, at Engineer-Consultant's cost when required by prevailing law, usual and customary professional practice, by NCSD, or by any governmental agency having jurisdiction over the Project.

9. FAMILIARITY WITH SERVICES TO BE PERFORMED. By executing this Agreement and individual Task Orders, Engineer-Consultant represents that Engineer-Consultant (a) has thoroughly investigated and considered the Scope of Services referenced in Task Orders to be performed; (b) has carefully considered how the services should be performed; (c) fully understands the difficulties and restrictions attending performance of the services under this Agreement; and (d) that the "not to exceed amount" is adequate for the Services to be performed by Engineer-Consultant.

10. TAXES. Engineer-Consultant shall pay all taxes, assessments and premiums under the federal Social Security Act, any applicable unemployment insurance contributions, Workers Compensation insurance premiums, sales taxes, use taxes, personal property taxes, or other taxes or assessments now or hereafter in effect and payable by reason of or in connection with the services to be performed by Engineer-Consultant.

11. CONFLICT OF INTEREST.

A. Engineer-Consultant covenants that neither it, nor any officer or principal of its firm, or subcontractors retained by Engineer-Consultant has, or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of NCSD or which would in any way hinder Engineer-Consultant's performance of services under this Agreement and related Task Orders. Engineer-Consultant further covenants that in the performance of the Services, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the prior express written consent of the NCSD Manager. Engineer-Consultant agrees to at all times avoid conflicts of interest, with the interests of the NCSD in the performance of the Services. The NCSD may require Engineer-Consultant to file a Form 700 Statement of Economic Interests pursuant to the Fair Political Practices Act. Examples of Form 700 Statements are available on the web at <http://www.fppc.ca.gov/forms>.

B. Prior to NCSD's approval of this Agreement, Brad Newton shall complete and file with the NCSD a form 700 disclosing investments and real property within the boundary of the Santa Maria Groundwater Basin (Regulation 18730 § 7(A)) and shall thereon prepare and file the same with the District on or before April 1st of each calendar year.

12. RESPONSIBILITIES OF NCSD. NCSD shall provide all information reasonably necessary by Engineer-Consultant in performing the services provided herein.

13. OWNERSHIP OF DOCUMENTS. All reports, documents, drawings, photographs, videotape, specifications, data, and other instruments of professional service, in paper and electronic form, whether in draft or final, prepared by Engineer-Consultant during the performance of this Agreement (the "Documents") shall be and become the property of NCSD. Engineer-Consultant shall deliver the Documents to the NCSD promptly upon completion of the Services or termination of this Agreement, for any reason, whichever shall occur first. However, Engineer-Consultant shall not be liable for NCSD's use of documents and instruments of professional service if used for other than the Services referenced in individual Task Orders. Engineer-Consultant shall not release Documents to third parties without the prior written authorization of NCSD

14. RECORDS, AUDIT AND REVIEW. Engineer-Consultant and Engineer-Consultant's subcontractors shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of Engineer-Consultant's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting practices. NCSD shall have the right to audit and review all such documents and records at any time during Engineer-Consultant's regular business hours or upon reasonable notice.

15. INDEMNIFICATION.

A. Engineer-Consultant shall indemnify, defend, and hold harmless NCSD, the NCSD Board of Directors, each member thereof, present and future, its officers, agents and employees from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of Engineer-Consultant, its officers, employees, agents, subcontractors, or vendors in performing services pursuant to this Agreement and the Task Orders. It is further agreed, Engineer-Consultant's obligations to indemnify, defend and hold harmless will apply even in the event of concurrent negligence on the part of NCSD, the NCSD Board of Directors, each member thereof, present and future, or its officers, agents and employees, except for liability resulting solely from the negligence or willful misconduct of NCSD, its officers, employees or agents. Payment by NCSD is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Engineer-Consultant and NCSD, as to whether liability arises from the sole negligence of the NCSD or its officers, employees, agents, subcontractors or vendors, Engineer-Consultant will be obligated to pay for NCSD's defense until such time as a final judgment has been entered adjudicating the NCSD as solely negligent.

B. Nothing contained in the foregoing indemnity provisions shall be construed to require Engineer-Consultant to indemnify NCSD, against any responsibility or liability in contravention of Civil Code §2782.

C. Neither termination of this Agreement or completion of the Scope of Services under this Agreement shall release Engineer-Engineer-Consultant from its obligations referenced in sub-paragraph A, above, as to any claims, so long as the event upon which such claims is predicated shall have occurred prior to the effective date of any such termination or completion and arose out of or was in any way connected with performance or operations under this Agreement by Engineer-Consultant, its employees, agents or Engineer-Consultants, or the employee, agent or Engineer-Consultant of any one of them.

D. Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in this Agreement does not relieve Engineer-Consultant from liability referenced in Paragraph A, above. The obligations of this article shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

16. INSURANCE.

A. Engineer-Consultant and its sub-Consultants shall procure and maintain insurance with companies authorized to do business in the State of California and

assigned an A.M. Best's rating of no less than A-(IX), the following insurance coverage on an "occurrence basis", written on the ISO form shown below (or its equivalent) at the limits of liability specified for each:

General Liability Insurance (including coverage for premises, products and completed operations, independent Engineer-Consultants/vendors, personal injury and contractual obligations with combined single limits of coverage of at least	\$ 1 Million per occurrence. \$ 2 Million in the aggregate
Commercial Automobile Liability Insurance (ISO Form CA001 12/90)	\$ 1 Million per accident
Workers' Compensation Insurance	Statutory
Employer's Liability Insurance	\$ 1 Million policy limit
Professional Liability Insurance	\$ 2 Million per claim \$ 2 Million in the aggregate

B. The General and Commercial Automobile liability policies shall include the following:

(1) NCSD, its officers, directors, employees and agents shall be named as Additional Insureds; and

(2) The coverage afforded NCSD shall be primary and non-contributing with any other insurance maintained by NCSD.

(3) If not covered separately under a business automobile liability policy, the general liability policy shall also be endorsed to include non-owned and hired automobile liability.

C. Prior to commencing work under this Agreement, Engineer-Consultant shall provide NCSD with Certificates of Insurance evidencing compliance with the foregoing requirements, accompanied by copies of the required endorsements. Certificates of Insurance for commercial general liability, automobile liability, workers' compensation, employer's liability, and professional liability insurance shall specify that the insurer shall give NCSD thirty (30) days advance written notice by the insurer prior to cancellation of the policy except ten (10) days for nonpayment of premium.

D. All insurance coverage required hereunder shall be kept in full force and effect for the term of this Agreement. Professional liability insurance shall be maintained for an additional, uninterrupted period of three (3) years after termination of this Agreement, provided such insurance is commercially available at rates reasonably comparable to those currently in effect. Certificates of Insurance evidencing renewal of the required coverage shall be provided within ten (10) days of the expiration of any policy at any time during the period such policy is required to be maintained by

Engineer-Consultant hereunder. Any failure to comply with this requirement shall constitute a material breach of this Agreement.

17. PERSONNEL.

A. The NCSD desires that Engineer-Consultant be committed to providing the Team Leader and Designated Personnel referenced in Exhibit "B" for the duration of the Services to be performed pursuant to this Agreement (herein "Key Personnel"). The Key Personnel will work closely with NCSD and its representatives. Engineer-Consultant will not change the Key Personnel without providing the NCSD with notice and the opportunity to review the qualifications of the person proposed to replace one or more of the Key Personnel. Engineer-Consultant will not appoint a Key Personnel replacement to whom NCSD has an objection.

B. In the event that NCSD agrees that Engineer-Consultant may replace Key Personnel, NCSD shall not be charged any fees or reimbursable expenses in connection with that transition, including the cost of having the new Key Personnel become familiar with the Services to be performed pursuant to this Agreement, or any other related matter.

18. TERMINATION.

A. If Engineer-Consultant at any time refuses or neglects to perform the Services in a timely fashion or in accordance with the Schedule referenced in Task Orders, or is adjudicated a bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without NCSD's written consent, or fails to make prompt payment to persons furnishing labor, equipment, or materials, or fails in any respect to properly and diligently prosecute the Services, or otherwise fails to perform fully any and all of this Agreements herein contained, Engineer-Consultant shall be in default.

B. If Engineer-Consultant fails to cure the default within seven (7) days after written notice thereof, NCSD may, at its sole option, take possession of any documents, files (including CAD and other electronic files), or other materials prepared or used by Engineer-Consultant in connection with the Services and (a) provide any such services, labor, or materials as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to Engineer-Consultant under this Agreement; or (b) terminate Engineer-Consultant's right to proceed with the Services.

C. In the event NCSD elects to terminate this Agreement, NCSD shall have the right to immediate possession of all Documents and other work in progress prepared by or on behalf of Engineer-Consultant, whether located at the District Office, at Engineer-Consultant's place of business, or at the offices of a subcontractor, and may employ any other person or persons to provide the Services and provide the materials therefore. In case of such default termination, Engineer-Consultant shall not be entitled to receive any further payment under this Agreement until the Services are completely

finished. At that time, if the unpaid balance of the amount to be paid under this Agreement exceeds the expenses incurred by NCSD in obtaining Services, such excess shall be paid by NCSD to Engineer-Consultant, but, if such expense shall exceed such unpaid balance, then Engineer-Consultant shall promptly pay to NCSD the amount by which the expenses exceeds the unpaid balance. The expense referred to in the last sentence shall include expenses incurred by NCSD in obtaining the Services from others, for attorneys' fees, and for any damages sustained by NCSD by reason of Engineer-Consultant's default or defective Services.

D. In addition to the foregoing right to terminate for default, NCSD reserves the absolute right to terminate the Services authorized by this Agreement without cause ("Terminate for Convenience"), upon 72-hours' written notice to Engineer-Consultant. In the event of termination without cause, Engineer-Consultant shall be entitled to payment in an amount not to exceed the Not to Exceed Amount referenced in Task Orders, which shall be calculated as follows: (1) Payment for any Services then satisfactorily completed and accepted by NCSD, plus (2) Reimbursable Costs actually incurred by Engineer-Consultant; plus (3) reasonable termination costs incurred by Engineer-Consultant solely on account of the termination for convenience. There shall be deducted from such sums as provided in this Section the amount of any payment made to Engineer-Consultant prior to the date of termination of the Services. Engineer-Consultant shall not be entitled to any claim or lien against NCSD or the proposed project for any additional compensation or damages in the event of such termination and payment. In addition, the NCSD's right to hold funds pursuant to Section 6(H) shall be applicable in the event of a termination for convenience.

E. If this Agreement is terminated by NCSD for default and it is later determined that the default termination was wrongful, such termination automatically shall be converted to and treated as a Termination for Convenience under Paragraph D, above, and Engineer-Consultant shall be entitled to receive only the amounts payable hereunder in the event of a Termination for Convenience.

F. Should NCSD fail to pay Engineer-Consultant undisputed payments set forth in Section 6 above, Engineer-Consultant may, at Engineer-Consultant's option, suspend its services if such failure is not remedied by NCSD within thirty (30) days of written notice to NCSD of such late payment.

19. BREACH OF LAW. In the event the Engineer-Consultant or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public Engineer-Consultant or Engineer-Consultant; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Sections 11, 23, 24, 25 of this Agreement; or for any other cause the NCSD determines to be so serious and compelling as to affect Engineer-Consultant's

responsibility as a public Engineer-Consultant or Engineer-Consultant, including but not limited to, debarment by another governmental agency, then the NCSD reserves the unilateral right to terminate this Agreement, seek indemnification and/or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper.

20. EXTRA SERVICES. Engineer-Consultant shall not provide services not covered by a written Task Orders. It is the responsibility of the Engineer-Consultant to provide prior notice to the NCSD Contract Administrator prior to performing services that might not be covered by individual Task Orders. If Engineer-Consultant proceeds without prior written approval and the Contract Administrator later determines that such work is not covered by a Task Order then Engineer-Consultant does so at Engineer-Consultant's own risk and with the understanding that the NCSD will not be obligated for payment of additional compensation.

21. DISPUTE RESOLUTION.

A. **Invoices** - the following Sections shall apply only to disputes related to non-payment of disputed amounts as referenced in Section 6, above:

1. The Parties agree in good faith to attempt to resolve amicably disputed amounts. In the event that any dispute cannot be resolved through direct discussions, the Parties agree to endeavor to settle the dispute by mediation. Either Party may make a written demand for mediation, which demand shall specify the facts of the dispute. The matter shall be submitted to a mediator who shall hear the matter and provide an informal nonbinding opinion and advice in order to resolve the dispute. If the Parties are unable to agree on a mediator, then either Party can request the Presiding Judge of the San Luis Obispo County Superior Court to appoint a mediator. Said appointment shall be binding on the Parties. The mediator's fee shall be shared equally by the Parties. If the dispute is not settled by mediation, then the Parties agree to submit the dispute to binding arbitration as provided in Paragraph 2, below.

2. Either Party may demand arbitration by filing a written demand with the other Party within thirty (30) days from the date of the informal non-binding opinion of the mediator, in accordance with the prevailing provisions of the California Arbitration Act at the time of the written demand. The arbitration procedures are as follows:

(a) The parties may agree on one arbitrator. If they cannot agree on one arbitrator, there shall be three: one named in writing by each of the parties within five days after demand for arbitration is given, and a third chosen by the two appointed. Should either party refuse or neglect to join in the appointment of the arbitrator(s) or to furnish the arbitrator(s) with any papers or information demanded, the arbitrator(s) may proceed ex parte.

(b) A hearing on the matter to be arbitrated shall take place before the arbitrator(s) within the County of San Luis Obispo, State of California, at the time and place selected by the arbitrator(s). The arbitrator(s) shall select the time and

place promptly and shall give each party written notice of the time and place at least sixty (60) days before the date selected. The procedures of the California Arbitration Act are incorporated herein by reference.

(c) If there is only one arbitrator, his or her decision shall be binding and conclusive on the parties, and if there are three arbitrators, the decision of the two shall be binding and conclusive. The submission of a dispute to the arbitrator(s) and the rendering of a decision by the arbitrator(s) shall be binding on the parties. A judgment confirming the award may be given by any Superior Court having jurisdiction, or that Court may vacate, modify, or correct the award in accordance with the prevailing provision of the California Arbitration Act.

(d) If three arbitrators are selected, but no two of the three are able to reach an agreement regarding the determination of the dispute, then the matter shall be decided by three new arbitrators who shall be appointed and shall proceed in the same manner, and the process shall be repeated until a decision is agreed on by two of the three arbitrators selected.

(e) The costs of the arbitration shall be borne by the losing party or shall be borne in such proportions as the arbitrator(s) determine(s).

B. Performance Disputes – Except as provided in Paragraph A, above, the parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this Engineer-Consultant performance under this Agreement. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, which demand shall specify the facts of the dispute. The matter shall be submitted to a mediator who shall hear the matter and provide an informal nonbinding opinion and advice in order to help resolve the dispute. The mediator's fee shall be shared equally by the parties. If the dispute is not resolved through mediation, the matter may be submitted to the judicial system, in which event all litigation and collection expenses, witness fees, court costs and attorneys' fees shall be paid to the prevailing party.

C. Progress and Performance No claim, potential claim, dispute or controversy, except non-payment by NCS D of undisputed amounts, shall interfere with the progress and performance of the Services or any changes thereto, and Engineer-Consultant shall proceed as directed by the NCS D in all instances with its Services, including any disputed Services, or any changes thereto and any failure of Engineer-Consultant to proceed shall be deemed a material breach of this Agreement entitling NCS D to all remedies available under Section 19 or other provision of this Agreement and/or applicable law. Except as provided elsewhere in this Agreement, NCS D shall continue to make payments in accordance with this Agreement.

22. NCS D NOT OBLIGATED TO THIRD PARTIES. NCS D shall not be obligated or liable for payment hereunder to any party other than the Engineer-Consultant.

23. NON-DISCRIMINATION. Engineer-Consultant shall not discriminate in any way against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, physical handicap, medical condition or marital status in connection with, or related to, the performance of this Agreement.

24. UNAUTHORIZED ALIENS. Engineer-Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Engineer-Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should the any liability or sanctions be imposed against NCS D for such use of unauthorized aliens, Engineer-Consultant hereby agrees to and shall reimburse NCS D for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by NCS D. Engineer-Consultant shall comply with all the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein.

25. PREVAILING WAGE. Engineer-Consultant shall keep informed and take all measures necessary to ensure compliance with Labor Code requirements, including, but not limited to Section 1720 et seq. of the Labor Code regarding public works, limitations on use of volunteer labor (Labor Code Section 1720.4) and payment of prevailing wages to workers and professionals for work done under this Agreement, as determined by the Director of Industrial Relations of the State of California pursuant to California Labor Code Part 7, Chapter 1, Article 2. Copies of prevailing wage determinations are on file at NCS D offices or otherwise available on the Web at www.cslp.ca.gov.

26. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION.

A. All information gained or work product produced by Engineer-Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Engineer-Consultant. Engineer-Consultant shall not release or disclose any such information or work product to persons or entities other than NCS D without prior written authorization from the District Manager, except as may be required by law.

B. Engineer-Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the District Manager or unless requested by the District Legal Counsel of NCS D, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Engineer-Consultant gives NCS D notice of such court order or subpoena.

C. If Engineer-Consultant, or any officer, employee, agent or subcontractor of Engineer-Consultant, provides any information or work product in violation of this

Agreement, then NCSD shall have the right to reimbursement and indemnity from Engineer-Consultant for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of Engineer-Consultant's conduct.

D. Engineer-Consultant shall promptly notify NCSD should Engineer-Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder. NCSD retains the right, but has no obligation, to represent Engineer-Consultant or be present at any deposition, hearing or similar proceeding. Engineer-Consultant agrees to cooperate fully with NCSD and to provide NCSD with the opportunity to review any response to discovery requests provided by Engineer-Consultant. However, this right to review any such response does not imply or mean the right by NCSD to control, direct, or rewrite said response.

27. ASSIGNMENT. The expertise and experience of Engineer-Consultant are material considerations for this Agreement. NCSD has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon Engineer-Consultant under this Agreement. In recognition of that interest, Engineer-Consultant shall not assign or transfer this Agreement or any portion of this Agreement or the performance of any of Engineer-Consultant's duties or obligations under this Agreement without the prior written consent of the District Board of Directors. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this Agreement entitling NCSD to any and all remedies at law or in equity, including summary termination of this Agreement. NCSD acknowledges, however, that Engineer-Consultant, in the performance of its duties pursuant to this Agreement, may utilize subcontractors.

28. COSTS AND ATTORNEY'S FEES. Except for disputes that are resolved by non-binding mediation, the prevailing party in any action between the parties to this Agreement brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorney's fees expended in connection with such an action from the other party.

29. REIMBURSABLE EXPENSES.

A. Transportation/Travel Expenses.

Reimbursement and hourly rates for travel are subject to the following limitations:

1. Direct out-of-pocket expense for public transportation, fifty (50) cents per mile for private auto.
2. Without the prior authorization of the General Manager, reimbursement will only be allowed for travel to and from destinations within SLO County.

B. Reimbursements for subsistence and out-of-pocket expenses are subject to the following limitations:

1. Ten (\$10) dollars for breakfast, fifteen (\$15) dollars for lunch and thirty (\$30) dollars for dinner.
2. Hotel/Motel expenses must be approved by the District in advance.

C. Actual costs of reproduction, long-distant telephone tolls and other actual expenses directly accruing from services authorized for performance including postage, or other similar supplies or expenses ordered specifically for and used or consumed in the performance or work.

30. SECTION HEADINGS. The headings of the several Sections, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

31. SEVERABILITY. If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

32. REMEDIES NOT EXCLUSIVE. Except for disputes related solely to the payment for Services performed by Engineer-Consultant, no remedy herein conferred upon or reserved to the Parties is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

33. NONEXCLUSIVE AGREEMENT. Engineer-Consultant understands that this is not an exclusive Agreement and that NCSD shall have the right to negotiate with and enter into contracts with others providing the same or similar services as those provided by Engineer-Consultant as the NCSD desires.

34. ASSIGNMENT. Engineer-Consultant shall not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of NCSD and any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination.

33. NON-LIABILITY OF DISTRICT OFFICERS AND EMPLOYEES. No officer or employee of NCSD will be personally liable to Engineer-Consultant, in the event of any default or breach by the NCSD or for any amount that may become due to Engineer-Consultant.

34. INTERPRETATION OF THIS AGREEMENT. The parties acknowledge that each party and its attorney had the opportunity to review, negotiate and revise this

Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the obligations contemplated by this Agreement.

35. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement and each covenant and term is a condition herein.

36. NO WAIVER OF DEFAULT. No delay or omission of NCSD to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default of an acquiescence therein; and every power and remedy given by this Agreement to NCSD shall be exercised from time to time and as often as may be deemed expedient in the sole discretion of NCSD.

37. ENTIRE AGREEMENT AND AGREEMENT. In conjunction with the matters considered herein, this Agreement contains the entire understanding and Agreement of the parties and there have been no promises, representations, Agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral Agreements, course of conduct, waiver or estoppel.

38. SUCCESSORS AND ASSIGNS. All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

39. CALIFORNIA LAW. This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of San Luis Obispo, if in state court, or in the federal court nearest to San Luis Obispo County, if in federal court.

40. EXECUTION OF COUNTERPARTS. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

41. PRECEDENCE. In the event of a conflict between the Exhibits and this Agreement, the provisions of this Agreement shall control.

42. RECITALS. Recitals A through B are incorporated herein by reference as though set forth at length.

43. AUTHORITY TO EXECUTE. All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles,

and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity(ies), person(s), or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, Engineer-Consultant hereby warrants that it shall not have breached the terms or conditions of any other contract or Agreement to which Engineer-Consultant is obligated, which breach would have a material effect hereon.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by the NCSD.

ENGINEER-CONSULTANT: WAGNER & BONSIGNORE CONSULTING CIVIL ENGINEERS

By: _____
Name: _____
Title: _____
Date: _____

NIPOMO COMMUNITY SERVICES DISTRICT

James Harrison, President
Nipomo Community Service District
Board of Directors

Date: _____

ATTEST:

Don Spagnolo, General Manager
and Secretary to the Board of Directors

Date: _____

EXHIBIT "A-1"

to

AGREEMENT FOR PROFESSIONAL SERVICES

Between

**NIPOMO COMMUNITY SERVICES DISTRICT and WAGNER & BONSIGNORE
CONSULTING CIVIL ENGINEERS**

Dated _____, 2010

"TASK ORDER # 100-10"

AUTHORIZATION TO PERFORM WORK:

At the request of the Nipomo Community Services District, Engineer-Consultant is to provide service as described herein. The terms and conditions of the Agreement for Professional Services, dated _____, 2010 are incorporated herein by this reference. The scope of service requested along with the schedule and fees for said service are set forth below as follows:

SCOPE OF SERVICES REQUESTED (Additional information may be attached as an Attachment.):

General Consultation - Attachment "A"

TIME FOR PERFORMANCE (Additional information may be attached as an Attachment.):

Continuing

COMPENSATION:

The Services will be provided for five thousand (\$5,000) dollars (Not-to-Exceed Amount).

Nipomo Community Services District

Engineer-Consultant

Approved By: James Harrison
Title: NCSD Board of Directors President
Date:

Approved By:
Title:
Date:

Task 100 – General Consultation

Task Order 100, General Consulting, is proposed to allow for Wagner & Bonsignore (Engineer-Consultant) to provide the following services, on an as-requested basis, that are not included within the scope other Task Orders. Such services may include:

- A. Preparation of Spring and Fall Groundwater Index (GWI) technical memorandum and presentation thereof to the District Board of Directors.
 - It is understood that reports will, in whole or in part, be based on confidential information obtained in confidence from landowners related to private wells. (see specifically Section 26 of the Agreement related to confidential information).
- B. Preparation of other technical memorandums at the request of either the General Manager or the District Board of Directors.

The proposed budget for Task Order 100 is twenty (20) hours of Dr. Newton's effort, plus hours for his support staff and budget for his travel when requested.

Budget

The budget for Task Order 100, through December 31, 2010, is five thousand (\$5,000) dollars to be billed on a time and material basis in accordance with the Agreement.

(Initial)
Engineer/Consultant

EXHIBIT "A-2"

to

AGREEMENT FOR PROFESSIONAL SERVICES

Between

**NIPOMO COMMUNITY SERVICES DISTRICT and WAGNER & BONSIGNORE
CONSULTING CIVIL ENGINEERS**

Dated _____, 2010

"TASK ORDER # 200-10"

AUTHORIZATION TO PERFORM WORK:

At the request of the Nipomo Community Services District, Engineer-Consultant is to provide service as described herein. The terms and conditions of the Agreement for Professional Services, dated _____, 2010 are incorporated herein by this reference. The scope of service requested along with the schedule and fees for said service are set forth below as follows:

SCOPE OF SERVICES REQUESTED (Additional information may be attached as an Attachment):

Litigation Support Services related to the Santa Maria Groundwater Adjudication – Attachment

"A"

TIME FOR PERFORMANCE (Additional information may be attached as an Attachment.):

Continuing

COMPENSATION:

The Services will be provided for thirty thousand (\$30,000) dollars through December 31, 2010 (Not-to-Exceed Amount).

Nipomo Community Services District

Engineer-Consultant

Approved By: James Harrison
Title: NCSD Board of Directors President
Date:

Approved By:
Title:
Date:

Task 200 – Santa Maria Groundwater Adjudication

Task Order 200, is proposed to allow for Wagner & Bonsignore (Engineer-Consultant) to provide the following litigation support services related to the Groundwater Adjudication:

A. Preparation for, travel and attendance/participation at Nipomo Mesa Management Area (NMMA) Technical Group (TG) meetings.

B. Preparation for travel and attendance/participation at NMMA TG sub-committee meetings, including meetings with the NCMA representatives.

C. Preparation of reports and technical memorandums related to NMMA TG functions with the prior approval of either the District General Manager or District Legal Counsel.

- It is understood that reports will, in whole or in part, be based on confidential information obtained in confidence from landowners related to private wells. (see specifically Section 26 of the Agreement related to confidential information).

D. Provide reports and other opinions requested by District Legal Counsel.

The estimated cost for each NMMA TG meeting under Task Order 200 is three thousand (\$3,000) dollars, which accounts for sixteen (16) hours of Dr. Newton's efforts plus budget for travel.

Budget

The budget for Task Order 200 through December 31, 2010, is thirty thousand (\$30,000) dollars to be billed on a time and material basis in accordance with the Agreement.

(Initial)
Engineer/Consultant

EXHIBIT "A-3"

to

AGREEMENT FOR PROFESSIONAL SERVICES

Between

**NIPOMO COMMUNITY SERVICES DISTRICT and WAGNER & BONSIGNORE
CONSULTING CIVIL ENGINEERS**

Dated _____, 2010

"TASK ORDER # 300-10"

AUTHORIZATION TO PERFORM WORK:

At the request of the Nipomo Community Services District, Engineer-Consultant is to provide service as described herein. The terms and conditions of the Agreement for Professional Services, dated _____, 2010 are incorporated herein by this reference. The scope of service requested along with the schedule and fees for said service are set forth below as follows:

SCOPE OF SERVICES REQUESTED (Additional information may be attached as an Attachment.):

Oso Flaco Lake Replacement Services - Attachment "A"

TIME FOR PERFORMANCE (Additional information may be attached as an Attachment.):

Continuing

COMPENSATION:

The Services will be provided for five thousand (\$5,000) dollars (Not-to-Exceed Amount).

Nipomo Community Services District

Engineer-Consultant

Approved By: James Harrison
Title: NCSD Board of Directors President
Date:

Approved By:
Title:
Date:

Task 300 – Oso Flaco Lake Replacement Well

Task Order 300, Oso Flaco Lake Replacement Well, is proposed to allow for Wagner & Bonsignore (Engineer-Consultant) to provide separate accounting for services related to advancing the replacement of the Sentinel Well at Oso Flaco Lake. The purpose of the Task Order 300 is to separately account for NCSD's, in lieu services anticipated for reimbursement from other NMMA members.

The proposed budget for Task Order 300 is twenty (20) hours of Dr. Newton's effort, plus hours for his support staff and budget for his travel when requested.

Budget

The budget for Task Order 300 is five thousand (\$5,000) dollars to be billed on a time and material basis in accordance with the Agreement.

(Initial)
Engineer/Consultant

EXHIBIT "B"

To Agreement for Professional Services Between the Nipomo Services District and Wagner
Bonsignore Consulting Civil Engineers

Key Personnel/Billing Rate

<u>Staff Name</u>	<u>Staff Title</u>	<u>Billing Rate</u>	<u>Staff Duties/Expertise</u>
Brad Newton	Lead/Principial in Charge	\$165	Client Point of Contact, and Program Development and Implementation including full responsibility to direct staff and oversight of work product
Robert Wagner	Principal Engineer	\$225	Oversight of all engineering activities and signatures on all engineering documents
John Faux	Project Engineer	\$160	Water resources engineer tasks
Jesse Herbert	Technical Staff - GIS/CAD/modeling	\$97.50	Technically competent to design and execute hydrologic calculations in a variety of software including GIS, AutoCad and excel