

TO: MICHAEL LEBRUN
INTERIM GENERAL MANAGER

FROM: PETER SEVCIK *PVS*
DISTRICT ENGINEER

DATE: MARCH 17, 2011

AGENDA ITEM
E-1
MARCH 23, 2011

URBAN WATER MANAGEMENT PLAN PUBLIC HEARING

ITEM

Conduct Urban Water Management Plan Public Hearing [CONDUCT PUBLIC HEARING, RECEIVE COMMENTS, AND PROVIDE DIRECTION].

BACKGROUND

On September 30, 2009, the Board of Directors selected Water Systems Consulting Inc. (WSC) to prepare the 2010 Urban Water Management Plan (UWMP) Update. On December 9, 2009, WSC presented the project scope and schedule to the Board. The Board authorized an addition to the Project Scope of Work to include the computation of the baseline per capita water use within the District.

On April 14, 2010, WSC presented the development of the Demand Database (Work Product #1) and computation of District per capita water use to the Board. WSC then developed two Administrative Drafts of the 2010 UWMP Update before providing a Public Review Draft of the 2010 UWMP Update that was dated September 16, 2010. The Public Review Draft was reviewed at the October 1, 2010 Special Board meeting and the Board provided numerous comments on the initial Public Review Draft. The Board requested the plan be revised prior to circulation to the County and other interested parties.

On October 27, 2010 the Board considered the revised Public Review Draft 2010 UWMP Update, provided additional comments and directed staff to include the California Urban Water Conservation Council (CUWCC) Best Management Practices (BMP) report and DWR checklist. At the December 1, 2010 Board meeting, the Board approved an amendment to WSC's contract to assist the District with preparation of the 2008 and 2009 BMP reports.

The Water Conservation Committee met on December 6, 2010 to review the status of the BMP's and developed a recommendation to the Board that the District adopt all of the CUWCC BMP's. The Board subsequently approved the Water Conservation Committee's recommendation.

On January 26, 2011, the Board reviewed the BMP reports developed by WSC for 2008 and 2009 and directed staff to circulate the Draft 2010 UWMP to the County, interested parties and the public for comment. Notice of the public hearing to consider comments on the Draft 2010 Urban Water Management Plan was published in the Santa Maria Times and the San Luis Obispo Tribune as required.

On March 2, 2011, DWR released the final 2010 UWMP Preparation Guidebook. The main change in the final Guidebook is the requirement for suppliers that want to use their CUWCC BMP report in lieu of a Demand Management Measures (DMM) section of the UWMP to be in *full* compliance with the CUWCC MOU and use the 2009-2010 CUWCC BMP Report. If the BMP report is not in full compliance, the 2010 UWMP will have to include a DMM section.

The CUWCC website reporting tool for preparation of the 2009-2010 CUWCC BMP report went active on March 14, 2011. In order to determine the level of compliance with the CUWCC

AGENDA ITEM E-1

March 17, 2011

MOU and CUWCC BMPs, a supplier needs to complete the 2009-2010 CUWCC BMP report using the website reporting tool.

Based on the requirements of the recently released Final DWR 2010 UWMP Preparation Guidebook as well as recent availability of the CUWCC website reporting tool for the preparation of the 2009-2010 CUWCC BMP report, the 2009-2010 BMP report needs to be developed and the District may potentially need to add a DMM section to the 2010 UWMP update. The Board can take public comment on the current form of the 2010 UWMP Update. However, staff needs to develop a plan to address the new requirements before the 2010 UWMP can be finalized and adopted.

FISCAL IMPACT

The Project is included in the FY 10-11 Budget. The 2010 UWMP Update expenditure is currently within budget. Staff anticipates that an additional amendment to the existing contract with WSC will be required to support completion of the plan to address the new requirements that are outside of the scope of the existing contract.

RECOMMENDATION

Staff recommends that the Board receive public comment on the revised Public Review Draft 2010 Urban Water Management Plan Update and direct staff to develop a plan, for approval at a subsequent Board meeting, to address the new DWR requirements.

ATTACHMENTS

- None

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\2011\110323 URBAN WATER MANAGEMENT PLAN.doc

TO: MICHAEL LEBRUN
INTERIM GENERAL MANAGER

FROM: PETER SEVCIK
DISTRICT ENGINEER *PVS*

DATE: MARCH 18, 2011

AGENDA ITEM

E-2

MARCH 23, 2011

CANNON CONTRACT AMENDMENT WILLOW ROAD PHASE 1 WATERLINE PROJECT

ITEM

Authorize execution of amendment to Cannon design and construction management agreement in the amount of \$18,915 for additional services required to complete project [RECOMMEND APPROVAL].

BACKGROUND

In 2008, the Board selected Cannon to provide design services for the Willow Road Phase 1 Waterline Extension Project. The District subsequently entered into an agreement with the County whereby the County agreed to incorporate the District's waterline into the County's road project. The final design was completed in coordination with the County's roadway design and bids for the project were opened in February 2010. In March 2010, the Board amended the design agreement with Cannon to include construction management and full-time inspection of the waterline portion of the work for the project based on the District's reimbursement agreement with the County. Construction began in May 2010.

During the course of construction, the County has had to make several design revisions to the vertical and horizontal alignments of Willow Road and Hetrick Avenue. These revisions necessitated that Cannon redesign the waterline based on the County's roadway design changes a total of five times at a cost of approximately \$18,915. These redesign costs were not anticipated. Construction is approximately 85% complete and Cannon is requesting a contract amendment in the amount of \$18,915 to provide the construction management services required to complete the project.

FISCAL IMPACT

The proposed amendment would increase the not-to-exceed agreement expenditure limit to \$258,975. The FY 10-11 Budget includes \$1,000,000 in the Water Capacity Charge Fund (Fund #700) for the construction of the Willow Road Waterline Extension Project Phase 1. Total construction cost is estimated at \$580,000 and the County's cost to incorporate the waterline into the roadway project is estimated at \$110,520. Thus, the total estimated project cost is approximately \$950,000. It is important to note that the original project cost was estimated to be \$1,300,000 for design and construction.

RECOMMENDATION

Staff recommends that your Honorable Board authorize the General Manager to execute an amendment in the amount of \$18,915 to the existing Cannon Willow Road Phase 1 Waterline Design and Construction Management Agreement.

ATTACHMENTS

- Cannon Request Letter dated March 16, 2011



March 16, 2011

Mr. Peter Sevcik
Nipomo Community Services District
148 South Wilson Street
Nipomo, CA 93444-0326

Subject: Willow Road Phase I

Hello Peter:

This letter is to request additional fees to finish the construction observation and to update you regarding the construction progress of Willow Road Phase I project.

As you know, the County has made several design revisions to the vertical and horizontal alignments of Willow Road and Hetrick Avenue due to unforeseen existing site conditions. These revisions have necessitated that we redesign the waterline based on the County's roadway design changes. Specifically, we have redesigned Hetrick Avenue three times and Willow Road two times.

To continue forward momentum and to avoid multiple requests for change orders, we performed these services under our currently contracted fees. Since we had no line item in our contract for redesigns, most of this work was billed to Task 19.1 Construction Observation.

However, the waterline portion of the project is about 85% complete and we are almost out of budget to complete the work. At this time we are requesting an additional \$18,915 to complete our scope of work. This dollar amount is based on the amount of budget we used to perform the five redesigns mentioned above.

If you have any questions regarding this request, please feel free to call me.

Thank you,

A handwritten signature in black ink, appearing to read "Jeff Spannbauer".

Jeff Spannbauer, PE
Senior Associate Engineer

1050 Southwood Drive
San Luis Obispo, CA 93401
T 805.544.7407
F 805.544.3863

CannonCorp.us



**Fee Amendment for
Scope of Services Amendment No. 2**

Phase/Task Description	Current Contract Budget	Revised Budget	Net Change
Phase 0 - Project Management Services			
Task i. Prepare and Submit Monthly Progress Reports	\$4,320	\$4,320	\$0
Task ii. Meet with District Staff	\$10,810	\$10,810	\$0
Phase 1 - Preliminary Engineering Services			
Task 1. Project Kick-off Meeting	\$1,790	\$1,790	\$0
Task 2. Coordination Meeting with County	\$1,470	\$1,470	\$0
Task 3. Assist District in Security ROE Agreement	\$0	\$0	\$0
Task 4. Supplemental Geotechnical Evaluation	\$520	\$520	\$0
Task 5. Supplemental Topographic Survey and Utility Research	\$1,120	\$1,120	\$0
Task 6. Preliminary Design Drawings	\$20,120	\$20,120	\$0
Task 7. Preliminary Design Submittal Review Meeting	\$1,700	\$1,700	\$0
Phase 2 - Design and Construction Document Services			
Task 8. Prepare and Submit 50% Design and Construction Documents	\$11,660	\$11,660	\$0
Task 9. Prepare and Submit 95% Design and Construction Documents	\$27,661	\$27,661	\$0
Task 10. Assist in Securing Permits	\$0	\$0	\$0
Task 11. Prepare and Submit Design Documents (Final)	\$24,165	\$24,165	\$0
Phase 3 - Bid Support Services			
Task 12. Advertise Bidding, Interact with Bidder, and Open Bids	\$4,400	\$4,400	\$0
Task 13. Provide Electronic Clearinghouse	\$0	\$0	\$0
Task 14. Present Bids/Recommendations to Board for Award	\$0	\$0	\$0
Task 15. Assist the District in Resolving Bid Protests	\$0	\$0	\$0
Task 16. Secure Contract Submittals	\$1,680	\$1,680	\$0
Phase 4 - Construction Engineering Services			
Task 17. Participate in Job Walk with Construction Team(s)	\$0	\$0	\$0
Task 17.1 Participate in Job Walk - Pre-Construction Conference	\$1,520	\$1,520	\$0
Task 18. Provide Engineering Services During Construction			
Task 18.1 Progress Pay Estimate	\$1,560	\$3,640	\$2,080
Task 18.2 Submittal Management	\$2,880	\$2,880	\$0
Task 18.3 Change Order Management and Requests for Information (RFI)	\$2,360	\$3,400	\$1,040
Task 18.4 Final Inspection and Punch List	\$2,400	\$4,480	\$2,080
Task 18.5 As-Built Documentation	\$5,560	\$8,040	\$2,480
Task 19 Provide Construction Management Services			
Task 19.1 CM Services - Construction	\$71,218	\$79,453	\$8,235
Task 19.2 CM Services - Staking	\$10,000	\$13,000	\$3,000
Task 19.3 CM Services - Materials	\$27,566	\$27,566	\$0
Task 20. Participate in Forums/Workshops	\$0	\$0	\$0
Task 21 Prepare Exhibits for Public Review	\$0	\$0	\$0
Task 22 Submit Electronic Copies	\$1,080	\$1,080	\$0
Task 23 Additional Design and Construction Services for Pomeroy Road Waterline Extension (Fees are included in the above tasks)	\$0	\$0	\$0
Reimbursables	\$2,500	\$2,500	\$0
Total Fees	\$240,060	\$258,975	\$18,915

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *ML*
INTERIM GENERAL MANAGER
DATE: MARCH 18, 2011

**AGENDA ITEM
E-3
MARCH 23, 2011**

**CONSIDER MODIFICATION OF CAPACITY CHARGES FOR PRIVATE
FIRE SERVICE**

ITEM

Consider modification of capacity charges for private fire service [Consider Proposed Changes, Set Revision Schedule]

BACKGROUND

On March 9, 2011 your Board considered public testimony regarding the financial hardship placed on commercial development for payment of private fire capacity charges and alternate methodologies of calculate the charge. Your Board directed staff to research the basis for current fee structure and options for private fire service charge modification.

The District first enacted a capacity charge for private fire service through Ordinance 97-86, adopted on June 4, 1997 (Attached). Ordinance 97-86 established the private fire service capacity charge at 25% of the water capacity charge. The new capacity charge was based on the April 30, 1996 Water & Sewer Comprehensive Financial Plan (Excerpts Attached). The Financial Plan recommended a 50% portioned charge.

In December 2002, a Water and Wastewater Rate Study Update affirmed the 25% capacity charge ratio and provide further discussion of its basis (Excerpts Attached). On January 8, 2003, your Board adopted Ordinance 2003-95 (Attached) and reaffirmed private fire capacity charge.

On April 13, 2005, your Board received and filed a Water and Wastewater Rate Study Update and on April 27, 2005, your Board adopted Ordinance 2005-101 (Attached). The Ordinance established that the capacity charge portion of the District connection charge included a supplemental water charge.

Your Board may consider limiting the private fire capacity charge to not exceed 25% of the water capacity charges attributable to the potable water supply meter for the affected parcel or limit the private fire capacity charges not to exceed 25% of a 2-inch fire flow meter regardless of the fire flow requirements set by Cal Fire.

A draft capacity charge modification Ordinance is not available in time for inclusion with this staff report. Staff is making every effort to have a draft Ordinance available for discussion during the meeting. A schedule for modifying the private fire capacity charge will be discussed.

FISCAL IMPACT

Unbudgeted staff time was used to prepare these materials and otherwise respond to testimony presented on March 9, 2011.

A downward charge revision will negatively affect the District's ability to collect charges and fund supplemental water efforts. The District has collected private fire charges since 2000. The supplemental water portion of the charge has significantly offset District expenditures related to the supplemental water project.

RECOMMENDATION

Review material and provide policy direction to staff.

ATTACHMENT

- A. Ordinance 97-98
- B. April 30, 1996 Financial Plan
- C. December 2002, Rate Update
- D. Ordinance 2003-95
- E. Ordinance 2005-101

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**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 97- 86**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO:
1. ESTABLISH CAPACITY CHARGES FOR WATER SERVICE;
2. AMEND ADMINISTRATIVE PROCEDURES**

WHEREAS, it is the responsibility of the Nipomo Community Services District ("District") to maintain adequate levels of revenue, equitably collected from all classes of utility customers, to meet the District's financial commitments; and

WHEREAS, the District has completed a water and sewer comprehensive Financial Plan. The Financial Plan includes an analysis of both operating and non-operating District rates and charges. The purpose of the Financial Plan is to assess the District's revenue requirements and provide an independent evaluation of the fairness and equity of the District's charges, and

WHEREAS, the Financial Plan was received and filed on April 27, 1996, and has been available to the public since that date; and

WHEREAS, the Financial Plan demonstrates the necessity to modify the District's connection and capacity charges to the District's domestic water and sewer system, and

WHEREAS, based upon facts and analysis presented in the Financial Plan, the Staff Report, and public testimony received, the Board of Directors finds:

- A. This public meeting has been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act); and that the District has complied with the requirements of Government Code Section 66016; and
- B. The fees and charges, for development within the District that are the subject of this Ordinance, do not exceed the estimated reasonable cost of providing the services for which the fees and/or charges are imposed; and
- C. That the public benefits from the logical, long-range approach to financing of public facilities:

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

Section 1. Authority.

1.1. This Ordinance is enacted pursuant to Government Code Sections 61600(a)and (b), 61621, 61621.5, 61623, 66013 and 66016.

Section 2. Section 3.03.190.

Section 3.03.190 of the District Code is hereby repealed in its entirety and replaced with the following:

"Collection of delinquent charges with taxes.

A. The Board of Directors adopts the procedures for the collection of rates, charges and fees for nonpayment of delinquent bills established in Government Code Sections 61621, 61621.2 and 61621.3 or any successor statutes.

B. Remedies for collection and enforcement for nonpayment of delinquent rates, charges and fees are cumulative and may be pursued alternatively or consecutively by the District. The General Manager or his/her designee is authorized to record a Certificate specifying the amount of such charges and fees and the name and address of the persons liable therefore, 60 days after the payment becomes delinquent, pursuant to Government Code Section 61621."

Section 3. Section 3.04.060A and A1.

Sections 3.04.060A and A1 of the District Code are repealed in their entirety and replaced with the following:

"A. Fees. New connections shall be subject to water connection fees/capacity charges based on the estimated reasonable cost of the district facilities required to provide the service. The fees shall consist of five component parts (i.e., capacity charge, installation fee, meter fee, account set-up fee and supplemental charge {if applicable}).

1. For municipal, industrial and irrigation services six inches or less in diameter that do not require a pressure regulator, backflow prevention device or other special facilities, standard schedules of fees are set forth in Appendix A to Chapter 3.04."

Section 4. Section 3.04.140.

Section 3.04.140 (B)(3) is hereby established to read as follows:

"The capacity charge for private fire service shall be 25% of the water capacity charge established by Appendix A to Chapter 3.04."

Section 5. Section 3.04.150.

Section 3.04.150 is repealed in its entirety.

Section 6. Appendix A to Chapter 3.04.

There is hereby established Appendix A to Chapter 3.04 as follows:

Appendix A to Chapter 3.04

Standard Schedule of Water Capacity and Connection Fees

The Water Capacity Charge will take effect 30 days after ordinance is passed. The future increases will take effect on July 1st the year 2001:

Standard Schedule of Capacity Charges are established as follows:

<u>METER SIZE</u>	<u>1997</u>	<u>2001</u>
UP TO 1 INCH	\$ 3,180.00	\$ 3,370.00

Capacity charge for meters larger than 1" shall be determined by dividing 30 gpm into the flow rate of the larger meter times the capacity charge of the 1" meter.

Standard Schedule of Installation Fees are established as follows:

<u>METER SIZE</u>	<u>INSTALLATION</u>	<u>METER FEE</u>	<u>ACCOUNT FEE</u>
1 INCH or less	\$ 760	\$ 170	\$10
1½ INCH	AT COST*	\$ 450	\$10
2 INCH	AT COST*	\$ 510	\$10
3 INCH AND LARGER	AT COST*	AT COST	\$10

*AT COST = TIME AND MATERIALS

The variable Connection Fees will take effect 30 days after ordinance is passed.

Section 7. CEQA Finding

The Board of Directors of the District finds that the adoption of this ordinance does not constitute a "project" under the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 et seq.) or its implementing Guidelines (14 California Code of Regulations Section 15000 et seq.) ("CEQA Guidelines"). The Board further finds that the adoption of this ordinance falls within the activities described in Section 15378(b)(3) of the CEQA Guidelines which are deemed not to be "projects". Even if the adoption of this ordinance were a "project" for purposes of CEQA, the District Board finds that it is exempt from review pursuant to Section 15061(b)(3) which provides that an activity is not subject to CEQA review where it can be seen with certainty that there is no possibility that it may have a "significant effect on the

environment." The District Board finds that it can be seen with certainty that there is no possibility that the adoption of this ordinance and the approval of the provisions contained herein may have a significant effect on the environment. The District General Manager is authorized to prepare, execute and file a notice of exemption pursuant to the above provisions.

Section 8. Repeal of Prior Ordinances and Resolutions

All ordinances, sections of ordinances and resolutions that are inconsistent with this ordinance are hereby repealed.

Section 9. Repeal Shall not Revive any Ordinances.

The repeal of ordinances and sections of ordinances herein shall not repeal the repealing clause of such ordinances or revive any ordinances which have been repealed thereby.

Section 10. Effect of Repeal on Past Actions and Obligations.

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

Section 11. Severance Clause.

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

Section 12. Effect of Headings in Ordinance.

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

Section 13. Effective Date.

This ordinance shall take effect and be in full force and effect thirty (30) days after its passage except that the fees, rates, and charges shall effect at the dates prescribed. Before the expiration of fifteen (15) days after passage it shall be posted in three (3) public places with the names of the members voting for and against the ordinance and

shall remain posted thereafter for at least one (1) week. The ordinance shall be published once with the names of the members of the Board of Directors voting for and against the ordinance in the Five Cities Times Press Recorder.

Introduced at a regular meeting of the Board of Directors held on May 21, 1997, and **PASSED AND ADOPTED** by the Board of Directors of the Nipomo Community Services District on the 4th day of June 1997, by the following roll call vote, to wit:

AYES: Directors Kaye, Blair, Mendoza, Simon & Fairbanks

NOES: None

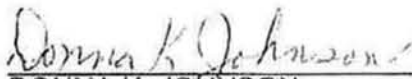
ABSENT: None

ABSTAIN: None




Kathleen Fairbanks
President of the Board
Nipomo Community Services District

ATTEST:



DONNA K. JOHNSON
Secretary to the Board

APPROVED AS TO FORM:



JON S. SEITZ
General Counsel

NIPOMO
COMMUNITY
SERVICES DISTRICT

WATER & SEWER
COMPREHENSIVE
FINANCIAL PLAN

APRIL 30, 1996

PREPARED BY – PERRY R. LOUCK, CPA
TEMECULA, CA . (909) 695-6927

A summary of the rate requirements is as follows:

SUMMARY OF RATES UNDER ANALYSIS #1

COMMODITY RATES	1996 (OLD)	1996 (NEW)	1997	1998	1999	2000	2001
0 - 20 hcf	.75	1.25	1.30	1.34	1.42	1.54	1.71
% Increase		66.7%	4.0%	3.0%	6.0%	8.5%	11.0%
20+ hcf	1.15	1.25	1.30	1.34	1.42	1.54	1.71
% Increase		8.7%	4.0%	3.0%	6.0%	8.5%	11.0%

MONTHLY CAPACITY CHARGE BY METER SIZE						
Meter Size	95/96	96/97	97/98	98/99	99/00	00/01
5/8 & 3/4" *	6.50	6.91	6.61	6.49	6.35	6.20
1 Inch *	6.50	6.91	6.61	6.49	6.35	6.20
1-1/2 Inch	15.00	22.81	21.82	21.42	20.97	20.47
2 INCH	21.00	36.64	35.04	34.40	33.68	32.88
3 INCH *	30.00	69.14	66.11	64.91	63.54	62.04

* Although the analysis demonstrates justification for raising the 1 inch monthly fee to \$6.91 per month, it is recommended that the fee be held at \$6.50 until the 98/99 fiscal year. It is also recommended that the required increases for the 1 1/2, 2, and 3 inch meters be phased in over the next five years until the 2001 rate goal is achieved.

RECOVERY OF PRIVATE SYSTEM FIRE PROTECTION COSTS

A significant factor effecting the capital and operating cost of the District is the oversizing of facilities required for increased fire flow protection for commercial and industrial private fire protection systems. In order to equitably recover these additional costs, customers which require a private fire protection system, should be charged both a capital participation fee and monthly capacity fee equivalent to 50% of their fire flow demands. This is accomplished by equating their fire flow demands to an equivalent meter size and then charging the appropriate capital or monthly fee based upon system fire flow oversizing requirements which are estimated at 50%.

E-3 B-2

***NIPOMO
COMMUNITY
SERVICES DISTRICT***

Water and Wastewater Rate
Study Update

December 2002

PL *PERRY R. LOUCK, C.P.A.*

E-3
C-1

DEPRECIATION RECOVERY

Setting aside replacement reserves for aging facilities is of particular importance to water and wastewater utilities because of the relatively large investment in utility plant required to provide service. Depreciation of utility plant assets is an economic fact that must be given explicit and systematic recognition as a cost of rendering service. A failure to adequately fund the replacement of utility assets over their useful life will result in substantial financing requirements in the future.

A lack of adequate funding for utility plant replacement is, in fact, a form of deficit spending because depreciation costs relating to current sales revenues will be financed with future debt to be paid for by future customers. The need for adequate replacement funding requires that the use of replacement reserves be restricted and utilized only for the replacement of aging facilities.

The Town Water Division is currently funding \$358,050 or 100% of its annual replacement requirement and the Town Sewer Division is currently funding \$255,750 or 100% of its annual replacement requirement. The study recommends continued funding of replacement reserves at 100%.

The Black Lake Water division is currently funding \$20,000 or 100% of its annual replacement requirement after consideration of replacement reserve cash balances. The Black Lake Sewer division is currently funding \$34,000 or 100% of its annual replacement requirement. The study recommends continued funding of replacement reserves at 100%.

RECOVERY OF PRIVATE SYSTEM FIRE PROTECTION COSTS

A significant factor effecting the capital and operating costs of the District is the over sizing of facilities required for increased fire flow protection for commercial and industrial private fire protection systems. The 2001 master plan update details fire flow requirements of 3,000 gpm for commercial properties that equates to 50% of the peak hourly demand of 6,020 gpm. In order to equitably recover a portion of these additional costs, customers which require a private fire protection system should be charged both a capital participation fee and monthly capacity fee equivalent to 25% of their fire flow demands. This is accomplished by equating their fire flow demands to an equivalent meter size and then charging an appropriate capital or monthly fee based upon system fire flow over sizing requirements that are estimated at 25%. In addition, the District also charges a monthly standby charge for private fire systems to help offset the shortfall collected in the capacity charge fee. This policy and the associated charges should be continued in order to minimize the impact of commercial fire protection costs to domestic users.

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
(1) ESTABLISH BI-MONTHLY RATES FOR WATER AND SEWER SERVICE;
(2) ESTABLISH CAPACITY CHARGES FOR WATER AND SEWER SERVICE; AND
(3) REAFFIRM PRIVATE FIRE SERVICE MONTHLY FEES AND CAPACITY CHARGES**

WHEREAS, it is a major responsibility of the Nipomo Community Services District (District) to maintain adequate levels of revenue, equitably collected from all classes of utility customers, to meet the District's financial commitments; and

WHEREAS, the District commissioned Perry R. Louck, Certified Public Accountant, to perform a WATER AND WASTEWATER RATE STUDY UPDATE (herein the STUDY). The STUDY includes an analysis of both the water and wastewater operating and non operating rates and charges for the Town Division and Blacklake Divisions. The intent of the STUDY is to assess the District's revenue requirements and to provide an independent evaluation of the equity of the District's current rate structure. The STUDY further identifies a new rate structure for the Town Division and Blacklake Division that enables the District to meet revenue requirements, provide for replacement of aging facilities and to maintain fairness and equity among ratepayers; and

WHEREAS, the STUDY was received and filed on December 20, 2002 and has been available for public inspection at the District office since that date; and

WHEREAS, based upon facts and analysis presented by Perry R. Louck, the STUDY, the Staff Report, and public testimony received, the Board of Directors finds:

- A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act); and
- B. That notice has been provided pursuant to Government Code Sections 54354.5 and 66016; and
- C. The fees, rates and charges that are the subject of this Ordinance do not exceed the estimated reasonable cost of providing the services for which the fees and/or charge or charges are imposed; and
- D. That the public benefits from the logical, long-range approach to financing of public facilities:

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

Section 1. Authority.

This Ordinance is enacted pursuant to Government Code Sections 61600(a) and (b), 61621, 61621.5, 61623, 66013 and 66016.

Section 2.

Appendices A and B to Chapter 3.03 of the District Code are repealed in their entirety and replaced with the bimonthly rates and charges reflected in Exhibit A attached hereto and incorporated into this Ordinance by reference.

.NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
(1) ESTABLISH BI-MONTHLY RATES FOR WATER AND SEWER SERVICE;
(2) ESTABLISH CAPACITY CHARGES FOR WATER AND SEWER SERVICE; AND
(3) REAFFIRM PRIVATE FIRE SERVICE MONTHLY FEES AND CAPACITY CHARGES

PAGE 2

Section 3.

Appendix A to Chapter 3.04 is hereby repealed in its entirety and replaced with the capacity charges reflected in Exhibit B attached hereto and incorporated into this Ordinance by reference.

Section 4.

Exhibit B to Chapter 4.12 of the District Code is hereby repealed in its entirety and replaced with Appendix A the bimonthly rates and charges reflected in Exhibit C attached hereto and incorporated into this Ordinance by reference.

Section 5.

Exhibit A to Chapter 4.12 is hereby repealed in its entirety and replaced with Appendix B the capacity charges reflected in Exhibit D attached hereto and incorporated in this Ordinance by reference.

Section 6.

Section 3.04.140(B)(2) and (3), Private Fire Service monthly standby charges and capacity charges are reaffirmed by this Ordinance.

Section 7.

Section 3.04.050 (A), (C) and (D) reference to installation fee shall be removed.

Section 8.

Section 3.03.180 (B)(2) is repealed in its entirety and replaced with the following:

District sewer charges are set forth in Appendix A of Chapter 4.12 of the District Code.

Section 9. Repeal of Prior Ordinances and Resolutions

All Ordinances, sections of Ordinances and Resolutions that are inconsistent with this ordinance are hereby repealed.

Section 10. Effect of Repeal on Past Actions and Obligations.

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

Section 11. CEQA Findings

The Board of Directors of the District finds that the fees and charges adopted by this Ordinance are exempt from the California Environmental Quality Act pursuant to Public Resources Code § 21080(b)(8) and CEQA Guidelines Section 15273. The Board of Directors further finds that

...POMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
(1) ESTABLISH BI-MONTHLY RATES FOR WATER AND SEWER SERVICE;
(2) ESTABLISH CAPACITY CHARGES FOR WATER AND SEWER SERVICE; AND
(3) REAFFIRM PRIVATE FIRE SERVICE MONTHLY FEES AND CAPACITY CHARGES

PAGE 3

the adoption of the Rules and Regulations established by this Ordinance fall within the activities described in Section 15378(b)(3) of the CEQA Guidelines which are deemed not to be "projects" for the purposes of CEQA, because it can be seen with certainty that the adoption of the Rules and Regulations may have a significant effect on the environment. The District General Manager is directed to prepare and file an appropriate notice of exemption.

Section 12. Severance Clause.

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

Section 13. Effect of Headings in Ordinance.

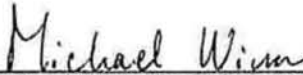
Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 14. Effective Date.

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

Introduced at a special meeting of the Board of Directors held on December 20, 2002 and passed and adopted by the Board of Directors of the Nipomo Community Services District on the day of January 8, 2003, by the following roll call vote, to wit:

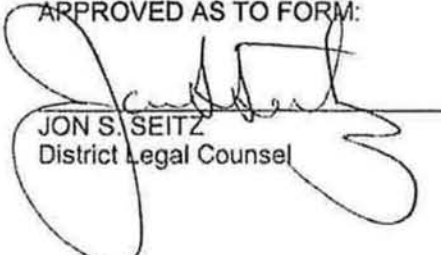
AYES: Directors Vierheilg, Blair, Trotter, Wirsing, and Winn
NOES: None
ABSENT: None
ABSTAINING: None


Michael Winn, President of the Board
Nipomo Community Services District

ATTEST:


DONNA K. JOHNSON
Secretary to the Board

APPROVED AS TO FORM:


JON S. SEITZ
District Legal Counsel

D3

**.POMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95**

- AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO**
- (1) ESTABLISH BI-MONTHLY RATES FOR WATER AND SEWER SERVICE;**
 - (2) ESTABLISH CAPACITY CHARGES FOR WATER AND SEWER SERVICE; AND**
 - (3) REAFFIRM PRIVATE FIRE SERVICE MONTHLY FEES AND CAPACITY CHARGES**

PAGE 4

**EXHIBIT A
WATER RATES AND CHARGES
APPENDIX A TO CHAPTER 3.03**

Bi-Monthly Minimum Charge

The bi-monthly minimum charge will take effect 30 days after Ordinance is passed. The future increases shall take effect on **January 1st** of each year.

TOWN DIVISION*

SIZE OF METER	2003	2004	2005	2006	2007	2008
1 INCH OR LESS	\$11.18	\$12.94	\$14.72	\$14.86	\$15.00	\$15.14
Litigation Charge	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32
1 ½ INCH	\$25.34	\$29.30	\$33.66	\$38.46	\$43.74	\$49.56
Litigation Charge	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36
2 INCH	\$35.18	\$40.68	\$46.76	\$53.42	\$60.76	\$68.82
Litigation Charge	\$19.92	\$19.92	\$19.92	\$19.92	\$19.92	\$19.92
3 INCH	\$49.28	\$57.00	\$65.50	\$74.84	\$85.09	\$96.42
Litigation Charge	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92
4 INCH	\$64.00	\$74.00	\$85.00	\$97.10	\$110.40	\$125.06
Litigation Charge	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
6 INCH	\$105.42	\$121.92	\$140.08	\$160.04	\$182.00	\$206.16
Litigation Charge	\$59.58	\$59.58	\$59.58	\$59.58	\$59.58	\$59.58
8 INCH	\$120.42	\$139.25	\$160.00	\$182.82	\$207.90	\$235.50
Litigation Charge	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08

BLACKLAKE DIVISION*

SIZE OF METER	2003	2004	2005	2006	2007	2008
1 INCH OR LESS	\$6.68	\$9.90	\$11.54	\$11.92	\$12.30	\$12.68
Litigation Charge	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32
1 ½ INCH	\$15.64	\$18.64	\$21.94	\$25.56	\$29.56	\$33.94
Litigation Charge	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36
2 INCH	\$22.08	\$26.28	\$30.90	\$35.98	\$41.56	\$47.72
Litigation Charge	\$19.92	\$19.92	\$19.92	\$19.92	\$19.92	\$19.92
3 INCH	\$32.08	\$38.08	\$44.68	\$51.94	\$59.92	\$68.70
Litigation Charge	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92
4 INCH	\$54.00	\$63.00	\$72.90	\$83.80	\$95.76	\$108.94
Litigation Charge	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
6 INCH	\$90.42	\$105.42	\$121.92	\$131.58	\$151.54	\$173.50
Litigation Charge	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08

*The above bi-monthly minimum charge reflects the adjusted rate established by Ordinance 2003-95 to meet the district's financial obligations relating to the lawsuit entitled Santa Maria Valley Water Conservation District v. the City of Santa Maria, the Nipomo Community Services District, et al. When the district financial obligations regarding this lawsuit have been satisfied, the above litigation charge will be removed.

D4

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
(1) ESTABLISH BI-MONTHLY RATES FOR WATER AND SEWER SERVICE;
(2) ESTABLISH CAPACITY CHARGES FOR WATER AND SEWER SERVICE; AND
(3) REAFFIRM PRIVATE FIRE SERVICE MONTHLY FEES AND CAPACITY CHARGES

PAGE 5

EXHIBIT A (CONTINUED)

APPENDIX B TO CHAPTER 3.03

Bi-Monthly Water Rates

The bi-monthly water rates will take effect 30 days after Ordinance is passed. The future increases shall take effect on **January 1st** of each year.

TOWN DIVISION

	2003	2004	2005	2006	2007	2008	2009
0 – 40 UNITS	\$0.95	\$1.01	\$1.07	\$1.08	\$1.10	\$1.10	\$1.10
OVER 40 UNITS	\$1.42	\$1.51	\$1.64	\$1.65	\$1.66	\$1.67	\$1.68

BLACKLAKE DIVISION

All increases shall take effect on **January 1st** of each year.

	2003	2004	2005	2006	2007	2008	2009
0 – 40 UNITS	\$0.75	\$0.75	\$0.75	\$0.75	\$0.76	\$.81	\$0.81
OVER 40 UNITS	\$1.15	\$1.15	\$1.15	\$1.15	\$1.17	\$1.20	\$1.24

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**...POMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
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(3) REAFFIRM PRIVATE FIRE SERVICE MONTHLY FEES AND CAPACITY CHARGES**

PAGE 6

EXHIBIT B

APPENDIX A TO CHAPTER 3.04

Standard Schedule for Town Water Capacity and Connection Fees

The water capacity charge will take effect 60 days after Ordinance is passed. The future increases will take effect on July 1st of the year:

	AWWA C701-88 CAPACITY GPM	CAPACITY EQUIVALENT	2003	2004	2005	2006	2007
1 Inch or less	30	1.00	\$3,690.00	\$3,801.00	\$3,915.00	\$4,032.00	\$4,152.00
1 ½ Inch	100	3.33	\$12,287.70	\$12,657.33	\$13,036.95	\$13,426.56	\$13,826.16
2 Inch	160	5.33	\$19,667.70	\$20,259.33	\$20,866.95	\$21,490.56	\$22,130.16
3 Inch	350	11.67	\$43,062.30	\$44,357.67	\$45,688.05	\$47,053.44	\$48,453.84
4 Inch	600	20.00	\$73,800.00	\$76,020.00	\$78,300.00	\$80,640.00	\$83,040.00
6 Inch	1250	41.67	\$153,762.30	\$158,387.67	\$163,138.05	\$168,013.44	\$173,013.84

Standard Schedule for Meter Fees and Account Fees are established as follows:

Meter Size	Meter Fee	Account Fee
1 Inch or Less	\$275.00	\$10.00
1 ½ Inch	\$555.00	\$10.00
2 Inch	\$615.00	\$10.00
3 Inch or larger	At Cost	\$10.00

D6

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95

- AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
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 - (2) ESTABLISH CAPACITY CHARGES FOR WATER AND SEWER SERVICE; AND
 - (3) REAFFIRM PRIVATE FIRE SERVICE MONTHLY FEES AND CAPACITY CHARGES

PAGE 7

EXHIBIT C

Appendix to Chapter 4.12

Appendix A

Bi-Monthly Sewer User Fees

All increases shall take effect on July 1st of each year.

TOWN DIVISION

	2003	2004	2005	2006	2007
PER DUE	\$36.86	\$37.22	\$37.60	\$37.98	\$38.78

Montecito Verde II Sewer Maintenance District \$28.00 per DUE (See Footnote 1)

Footnote 1: Upon connection to the Town Division Wastewater Treatment Plant, the Montecito Verde II operation and maintenance charge shall be the same as the charges collected from sewer customers in the Town Division.

BLACK LAKE DIVISION

All increases shall take effect on July 1st of each year.

	2003	2004	2005	2006	2007
PER DUE	\$48.30	\$50.70	\$53.24	\$55.90	\$56.86

D7

.POMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2003-95

- AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
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PAGE 8

EXHIBIT D

Appendix B to Chapter 4.12

Cost of Sewer Capacity Charge – Town Division
Per Dwelling Unit Equivalent (DUE)

The sewer capacity charge will take effect 60 days after Ordinance is passed. The future increases will take effect on July 1st of the year:

	2003	2004	2005	2006	2007
DUE	\$3,048.00	\$3,139.00	\$3,233.00	\$3,329.00	\$3,428.00

Note: Volunteers (properties within the Nipomo Sewer Project Assessment District) with existing structures or new construction replacing structures existing prior to 1985 and having no greater DUE will not have a sewer capacity charge. All other construction on volunteer property as zoned in 1985 shall have the option to pay the District sewer capacity charge, as defined above or \$2,100.00 per DUE.

D8

ORDINANCE NO. 2005-101

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
ESTABLISH WATER AND SEWER CAPACITY CHARGES
AND TO REVISE DISTRICT CODE SECTIONS TO FACILITATE IMPLEMENTING
SAID WATER AND SEWER CAPACITY CHARGES**

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to maintain adequate levels of revenue, equitably collected to meet the District's financial commitments for existing facilities or charges for new facilities to be constructed in the future which benefit the person or property being charged; and

WHEREAS, the District has reviewed a number of reports and studies related to the capacity of the Groundwater Basin to supply current and future growth on the Mesa. Said reports are referenced in the Staff Report for Agenda Item E-10 for the Board of Directors meeting of April 13, 2005. Said Staff Report and referenced studies and reports are incorporated herein by this reference; and

WHEREAS, the District has entered into a Memorandum of Understanding ("MOU") with the City of Santa Maria to acquire supplemental water. Pursuant to the terms of said MOU the District is in the process of performing studies pursuant to the California Environmental Quality Act. Said MOU is incorporated herein by this reference; and

WHEREAS, the District commissioned Robert Reed, of the Reed Group, Inc., to perform a Water and Wastewater Rate Study Update (herein the "Study"). The Study includes an analysis of both the water and wastewater capacity charges for the District's Town Division. The intent of the Study is to assess the District's revenue requirements and to provide an independent evaluation of the equity of the District's current capacity charge structure and the relationship (nexus) between the rates and charges and the existing facilities or charges for new facilities to be constructed in the future which benefit the person or property being charged. The Study further identifies capacity charges for the Town Division to enable the District to meet revenue requirements for new development, and provide for supplemental water and to maintain fairness and equity among existing and future rate payers; and

WHEREAS, the Study was received and filed on April 13, 2005 and has been available for public inspection at the District office since that date; and

WHEREAS, certain District Code provisions are required to be revised and/or repealed to facilitate implementing the water and sewer capacity charges adopted by the Ordinance; and

WHEREAS, based upon facts and analysis presented by Robert Reed, the Study, the Staff Report, and public testimony received, the Board of Directors finds:

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ORDINANCE NO. 2005-101

ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
ESTABLISH WATER AND SEWER CAPACITY CHARGES
AND TO REVISE DISTRICT CODE SECTIONS TO FACILITATE IMPLEMENTING
SAID WATER AND SEWER CAPACITY CHARGES

- A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act); and
- B. That notice has been provided pursuant to Government Code Section 66016; and
- C. The rates and charges that are the subject of this Ordinance do not exceed the estimated reasonable cost for existing facilities or charges for new facilities to be constructed in the future which benefit the persons or properties being charged; and
- D. That the public benefits from the logical, long-range approach to financing of public facilities:

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

Section 1. Authority.

This Ordinance is enacted pursuant to Government Code Sections 61600(a) and (b), 61621, 61621.5, 61623, 66013 and 66016.

Section 2.

Appendix A to Chapter 3.04 of the District Code (Town Division Water Capacity Charges) is hereby repealed in its entirety and replaced with the capacity charges reflected in Exhibit "A", attached hereto and incorporated into this Ordinance by reference.

Section 3. Appendix B to Chapter 4.12 of the District Code (Town Division Sewer Capacity Charges) is hereby repealed in its entirety and replaced with the capacity charges reflected in Exhibit "B", attached hereto and incorporated into this Ordinance by reference.

Section 4. Section 3.04.040 (A) is repealed in its entirety and replaced with the following:

3.04.040(A) Except as provided in subsection B of this Section the water meter size for each service connection shall be determined by the District, pursuant to the then current Uniform Plumbing Code.

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ORDINANCE NO. 2005-101

ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
ESTABLISH WATER AND SEWER CAPACITY CHARGES
AND TO REVISE DISTRICT CODE SECTIONS TO FACILITATE IMPLEMENTING
SAID WATER AND SEWER CAPACITY CHARGES

Section 5. Section 3.04.050 (A) is repealed in its entirety and replaced with the following:

3.04.050 (A) New connections shall be subject to water connection fee/capacity charges based on the estimated reasonable cost of the District facilities to provide the service. These fees shall consist of the following component parts: capacity charges (including a supplemental water charge), meter fee, account set up fee, and reimbursement charge, if applicable. These fees are established in Appendix A to this Chapter.

Section 6. Section 3.04.050(B) is re-titled to state:

B. Reimbursement Charges

Section 7. Section 3.04.090(A) is repealed in its entirety and replaced with the following:

3.04.090(A) Replace Small Meter with Larger Meter. The customer shall pay the then current connection fee/capacity charges required for the larger meter less a credit for the then current connection fee for the existing meter.

Section 8. Section 4.12.080 of the District Code is repealed in its entirety and replaced with the following:

4.12.080 Sewer Capacity Charge Computation. Computation method and unit cost. Except as limited elsewhere in this Code, the capacity charge shall be computed in accordance with Appendix A to this Chapter.

Section 9. Section 4.12.090 is repealed in its entirety and replaced with the following:

4.12.090 If at any time after payment of a sewer capacity charge is made, additional construction, or change of operation occurs which increases the water meter size assigned to a discharger, an additional sewer capacity charge shall be computed in accordance with the then applicable District Code and paid by the discharger.

Section 10. Section 4.12.110, 4.12.120, 4.12.130, 4.12.140, 4.12.290 are repealed in their entirety.

Section 11. Section 4.12.280 is repealed in its entirety and replaced with the following:

4.12.280 The fee for checking and approving improvement plans, and inspecting and accepting District-dedicated improvements, shall be the fee referenced in the District's Plan

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ORDINANCE NO. 2005-101
ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
ESTABLISH WATER AND SEWER CAPACITY CHARGES
AND TO REVISE DISTRICT CODE SECTIONS TO FACILITATE IMPLEMENTING
SAID WATER AND SEWER CAPACITY CHARGES

Check and Reimbursement Agreement.

Section 12. Incorporation of Recitals

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and support the findings of the District in support of this Ordinance.

Section 13. Repeal of Prior Ordinances and Resolutions

All Ordinances, sections of Ordinances and Resolutions that are inconsistent with this ordinance are hereby repealed.

Section 14. Effect of Repeal on Past Actions and Obligations.

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

Section 15. CEQA Findings

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

Section 16. Severance Clause.

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

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ORDINANCE NO. 2005-101
ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
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ESTABLISH WATER AND SEWER CAPACITY CHARGES
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the United States or the State of California.

Section 17. Effect of Headings in Ordinance.

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

Section 18. Effective Date.

This Ordinance shall take effect and be in full force and effect sixty (60) days after its passage. Before the expiration of fifteen (15) days after passage it shall be posted in three (3) public places with the names of the members voting for and against the Ordinance and shall remain posted thereafter for at least one (1) week. The Ordinance shall be published once with the names of the members of the Board of Directors voting for and against the Ordinance in The Tribune.

Introduced at its regular meeting of the Board of Directors held on April 13, 2005 and passed and adopted by the Board of Directors of the Nipomo Community Services District on the 27th day of April, 2005, by the following roll call vote, to wit:

AYES: Directors Winn, Eby, Wirsing and Vierheilig

NOES: None

ABSENT: Director Trotter

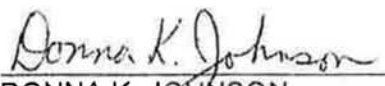
CONFLICTS:None



Lawrence Vierheilig, President
Nipomo Community Services District
Board of Directors

ATTEST:

APPROVED AS TO FORM:



DONNA K. JOHNSON
Secretary to the Board



JON S. SEITZ
District Legal Counsel

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Ordinance 2005-101
 AN ORDINANCE OF THE BOARD OF DIRECTORS
 OF THE NIPOMO COMMUNITY SERVICES DISTRICT
 AMENDING TITLE 3 AND TITLE 4 OF THE
 NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
 ESTABLISH WATER AND SEWER CAPACITY CHARGES
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 SAID WATER AND SEWER CAPACITY CHARGES

EXHIBIT "B"

Appendix B to Chapter 4.12

**TOWN DIVISION
 SEWER CAPACITY CHARGE BASED ON METER SIZE**

METER SIZE	Effective date July 1, 2005
1 Inch or less*	\$3,977.00
1 ½ Inch*	\$11,919.00
2 Inch*	\$19,078.00
3 Inch*	\$35,794.00
4 Inch*	\$59,669.00
6 Inch*	\$119,302.00

***Annual Adjustment.** Commencing July 1, 2006, and each fiscal year thereafter, the meter portion of the capacity charge shall be increased to reflect the increase in the costs of the construction of District facilities. The determination of whether there has been an increase in costs and the amount of the increase in costs shall be determined by the average of the percentage changes in the Consumer Price Index for all items for San Francisco/Oakland/San Jose and the Consumer Price Index for all items for Los Angeles/Anaheim/Riverside at March 31st (or as soon thereafter as the data is available) of the current year over the previous year's index on the same date.

Note: Volunteers (properties within the Nipomo Sewer Project Assessment District) with existing structures or new construction replacing structures existing prior to 1985 and having no greater DUE will not have a sewer capacity charge. All other construction on volunteer property as zoned in 1985 shall have the option to pay the District sewer capacity charge, as defined above or \$2,100.00 per DUE.

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Ordinance 2005-101
 AN ORDINANCE OF THE BOARD OF DIRECTORS
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EXHIBIT "A"
APPENDIX A TO CHAPTER 3.04
WATER CAPACITY CHARGES

METER SIZE	Effective date July 1, 2005
1 Inch or less* (1) Supplemental Water (2)	\$2,501.00 \$11,121.00
1 ½ Inch* (1) Supplemental Water (2)	\$7,495.00 \$33,331.00
2 Inch*(1) Supplemental Water (2)	\$11,996.00 \$53,350.00
3 Inch* (1) Supplemental Water (2)	\$22,507.00 \$100,093.00
4 Inch*(1) Supplemental Water (2)	\$37,519.00 \$166,855.00
6 Inch* (1) Supplemental Water (2)	\$75,016.00 \$333,610.00

Standard Schedule for Meter Fees and Account Fees are established as follows:

Meter Size	Meter Fee	Account Fee
1 Inch or Less	\$275.00	\$10.00
1 ½ Inch	\$555.00	\$10.00
2 Inch	\$615.00	\$10.00
3 Inch or larger	At Cost	\$10.00

***Annual Adjustment.** Commencing July 1, 2006, and each fiscal year thereafter, the meter portion of the capacity charge shall be increased to reflect the increase in the costs of the construction of District facilities. The determination of whether there has been an increase in costs and the amount of the increase in costs shall be determined by the average of the percentage changes in the Consumer Price Index for all items for San Francisco/Oakland/San Jose and the Consumer Price Index for all items for Los Angeles/Anaheim/Riverside at March 31st (or as soon thereafter as the data is available) of the current year over the previous year's index on the same date.

- (1) Charges applies to Town Division only
- (2) Charge applies to both Town Division and Blacklake Division

*ES
E7*

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *ML*
INTERIM GENERAL MANAGER

**AGENDA ITEM
E-4
MARCH 23, 2011**

DATE: MARCH 17, 2011

REVIEW SUPPLEMENTAL WATER SUPPLY PROJECT STATUS

ITEM

Review Supplemental Water Supply/Groundwater Augmentation Project Schedule [CONSIDER INFORMATION PRESENTED AND PROVIDE INSTRUCTION TO STAFF]

BACKGROUND

For more than 40 years numerous agencies and parties have conducted groundwater studies of the Nipomo Mesa area. These studies have voiced varying levels of concern for aquifer health and long-term reliability. In 2004, the County of San Luis Obispo commissioned a meta-study (review of previous work and available data) by S.S. Papadopoulos. The report found the aquifer area underlying the mesa to be in overdraft. Subsequently the County affirmed a Level of Severity III (resources unable to meet current demand) for the area. In May 2006, San Luis Obispo County adopted Ordinance 3090 establishing the Nipomo Mesa Water Conservation Area and restricting development in the Area contingent on importation of supplemental water and/or participation in supplemental water importation efforts.

Today, groundwater remains the sole potable water supply for the entire mesa area which includes an estimated 25,000 residents, three golf courses, numerous commercial agricultural businesses including both greenhouses and outdoor growing/row crops, and an oil refinery. Supplemental sources of water would increase reliability of the area supply and protect the aquifer from possible damage including seawater contamination.

The District has been evaluating water resources to augment local groundwater supply for nearly twenty years. The District has conducted three formal studies of water supply alternatives since 1994; the most recent is a series of Technical Memorandums completed in 2007. The 2007 study reaffirmed the purchase of water from the City of Santa Maria as the most cost efficient, timely, and technically viable option for obtaining supplemental water.

To date, the District has expended approximately 3.1 million dollars (see cost summary attached) to plan and design a pipeline that would connect Nipomo Mesa area water providers to the City of Santa Maria's potable water distribution system. This source would serve to diversify the Mesa's water supply portfolio, increase supply dependability, reduce pumping from the pumping depressions and protect groundwater supply quality.

Pipeline design is nearly complete and detailed review of a project-funding plan is ongoing. All four major water providers on the Mesa are participating in the project and the Court appointed Nipomo Mesa Management Area Technical Group supports the supplemental water project.

The District is now preparing an Education and Outreach campaign to inform property owners within the participating water companies/purveyors on the status of area water supply, as outlined above, and the need for supplemental water sources. Education efforts will be coordinated with funding plan development in order to inform affected property owners about the Project and all proposed charges.

SCHEDULE

Outreach efforts, property owner polling, and interviews will drive the schedule over the next three to six months. Concurrently, staff will be working with project partners including the County appointed Bond Team to define the project-funding plan. The goal of the outreach program is to provide decision makers (property owners and ratepayers) with the information needed to understand both the need for the project and its associated costs.

Staff expects to review a draft outreach plan and materials with your Board on April 27, 2011 and commence active public outreach shortly thereafter.

PROJECT COSTS

As design has progressed during the past year, the infrastructure cost estimate of building the intertie pipeline has remained relatively stable at near \$23.6 Million. In an effort to provide the Assessment Engineer a cost estimate for inclusion in the Assessment Report, and with an understanding that this value would set the ceiling for property assessments, staff reviewed project soft costs and increased budget estimates where justified resulting in a \$25.3 million estimate. This estimate does not include financing costs or the cost of delivered water.

Your Board previously authorized the formation of an Assessment District to fund the Supplemental Water Project because, unlike user fees, assessments can be spread over both developed and undeveloped properties located within the participating water companies/purveyors that will benefit from the Supplemental Water Project.

Staff feels the current cost estimate is conservatively high, yet reasonable. The estimate represents a balance between insuring the assessment generates enough revenue to complete the project while at the same time keeping the cost to property owners as reasonable as possible. Future inflationary pressure may affect project costs.

The 2010 Wholesale Water Agreement signed with the City of Santa Maria defines the cost of delivered supplemental water. Supplemental water has two variable cost components; one linked to the City's Tier 1 water rate and one to an energy index. A portion of supplemental water cost represents capital charges and could be financed, along with the pipeline infrastructure costs outlined above, via property assessment. Rates and charges may also be increased incrementally to support the higher cost of supplemental water.

While the cost estimates for building the infrastructure and buying the supplemental water are well defined, the method by which costs are financed can have a significant effect on the lifetime costs of the project. Staff is working with project partners and the County appointed bond team to define funding options and a recommended funding plan.

FISCAL IMPACT

Budgeted staff time was used to prepare this report. The supplemental water project is, by far, the largest capital improvement project ever undertaken by the District. Six million dollars in District reserves are earmarked to offset the District portion of project capital costs. The District has collected over three million dollars in supplemental water charges. The District has earmarked two million dollars of funds from Certificates of Participation to further fund supplemental water efforts. Some portion of these funds may be recovered through project financing.

AGENDA ITEM E-4
March 23, 2011

RECOMMENDATION

Staff recommends that the Board consider the information presented and provide staff direction.

ATTACHMENTS

Supplemental Water Cost Summary

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**NIPOMO COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL WATER COST SUMMARY**

A/C #	DESCRIPTION	7/1/2004 TO 6/30/2005	7/1/2005 TO 6/30/2006	7/1/2006 TO 6/30/2007	7/1/2007 TO 6/30/2008	7/1/2008 TO 6/30/2009	7/1/2009 TO 6/30/2010	7/1/2010 TO 6/30/2011 (July-Feb)	GRAND TOTAL
1645	Reservation Fee-City of Santa Maria	37,500.00	0.00	0.00	0.00	0.00	0.00	0.00	37,500.00
1590-A1	Feasibility Study (Cannon)	25,887.29	0.00	0.00	0.00	0.00	0.00	0.00	25,887.29
1590-A2	EIR Preparation (Wood & Assoc)	29,037.48	87,100.23	16,053.83	45,407.70	76,544.11	500.00	0.00	254,643.35
1590-A3	Est/Preliminary Schedule (Cannon)	3,706.19	2,602.75	0.00	0.00	0.00	0.00	0.00	6,308.94
1590-A4	Proposed Routes/Facilities (Cannon)	5,050.07	520.00	0.00	0.00	0.00	0.00	0.00	5,570.07
1590-A5	Prop 50 Grant Application	2,757.00	6,210.00	0.00	1,857.60	0.00	0.00	0.00	10,824.60
1590-A6	Project Support (Cannon)	0.00	11,797.44	0.00	0.00	0.00	0.00	0.00	11,797.44
1590-A7	Groundwater Grant Assistance (SAIC)	0.00	0.00	0.00	15,000.00	0.00	0.00	0.00	15,000.00
1590-B1	Shipsey & Seltz	0.00	23,095.55	17,564.25	2,201.50	18,224.00	16,601.58	15,681.60	93,368.48
1590-B2	McDonough, Holland & Allen	0.00	34,177.28	15,871.65	0.00	0.00	0.00	0.00	50,048.93
1590-B3	Richard, Watson & Gershon	0.00	9,472.38	27,954.81	0.00	0.00	0.00	0.00	37,427.19
1590-C1	Appraisals (Tarvin & Reeder Gilman)	0.00	0.00	16,170.00	10,000.00	0.00	8,000.00	3,600.00	37,770.00
1590-C2	Property Negotiations (Hamner Jewell)	0.00	0.00	0.00	0.00	15,250.00	14,748.75	27,889.64	57,888.39
1590-C3	Property Acquisitions	0.00	0.00	0.00	0.00	673.00	2,772.00	600.00	4,045.00
1590-D1	Reed Group and Wallace Group	0.00	2,809.85	0.00	0.00	7,585.45	4,476.25	0.00	14,871.55
1590-D2	Lobbying	0.00	0.00	0.00	38,801.11	38,950.00	54,000.00	9,000.00	140,751.11
1590-E1	Preliminary Engineering Design (Boyle)	0.00	6,470.33	223,286.67	103,460.19	2,194.43	0.00	0.00	335,411.62
1590-E2	Water Modeling by Carollo (City of SM)	0.00	0.00	24,942.00	0.00	0.00	0.00	0.00	24,942.00
1590-E3	Alternative Water Supplies (Boyle)	0.00	0.00	164,230.48	70,772.01	0.00	0.00	0.00	235,002.49
1590-E4	Project Information (Boyle)	0.00	0.00	0.00	6,000.00	0.00	0.00	0.00	6,000.00
1590-E5	Project Design (AECOM)	0.00	0.00	0.00	0.00	752,319.66	228,952.01	169,459.29	1,150,730.96
1590-E6	Pressure Testing	0.00	0.00	0.00	0.00	8,682.92	0.00	0.00	8,682.92
1590-E7	Peer Review	0.00	0.00	0.00	0.00	7,571.05	37,349.25	12,134.80	57,055.10
1590-E8	Pot Holing	0.00	0.00	0.00	0.00	0.00	29,053.05	0.00	29,053.05
1590-F1	Lab Testing (FGL Environmental)	0.00	0.00	5,047.00	0.00	0.00	0.00	0.00	5,047.00
1590-F2	Copy/Print	0.00	0.00	740.24	1,022.01	0.00	0.00	0.00	1,762.25
1590-G1	Permits	0.00	0.00	0.00	0.00	130.00	0.00	0.00	130.00
1590-H1	Assessment District	0.00	0.00	0.00	0.00	83,030.71	21,227.92	49,912.14	154,170.77
1590-H2	SLO County Reimb Agreement-JPA	0.00	0.00	0.00	0.00	0.00	35,803.80	1,155.76	37,759.56
1590-H3	Purveyor Partner Reimbursements to NCSA	0.00	0.00	0.00	0.00	0.00	0.00	(47,992.04)	(47,992.04)
1590-H4	A/D Financial Advisor	0.00	0.00	0.00	0.00	0.00	0.00	8,835.63	8,835.63
1590-H5	A/D Outreach/Education	0.00	0.00	0.00	0.00	0.00	0.00	19,182.90	19,182.90
1590-I1	Construction Management (MNS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1590-I2	Arborist (A&T Arborist)	0.00	0.00	0.00	0.00	0.00	2,830.00	0.00	2,830.00
1590-Z1	Wages-Capitalized	0.00	29,076.92	35,884.51	28,197.08	31,926.57	50,005.29	29,837.37	204,927.74
1590-Z2	Payroll Taxes-Capitalized	0.00	587.22	587.42	455.96	504.53	2,058.44	996.21	5,189.78
1590-Z3	Retirement-Capitalized	0.00	8,418.08	10,344.53	8,110.84	8,690.47	9,443.17	5,180.92	50,188.01
1590-Z4	Medical-Capitalized	0.00	2,861.36	3,367.02	2,564.88	2,757.36	3,390.94	2,762.32	17,703.88
1590-Z5	Dental/Vision-Capitalized	0.00	0.00	247.90	328.23	348.15	459.62	180.79	1,544.69
1590-Z6	Workers Compensation-Capitalized	0.00	260.35	341.83	225.21	259.81	271.21	183.88	1,542.29
		103,938.03	225,459.74	562,634.14	334,404.32	1,055,642.22	522,743.28	308,581.21	3,113,402.94

**NIPOMO COMMUNITY SERVICES DISTRICT
CERTIFICATES OF PARTICIPATION
DEBT SERVICE SCHEDULE**

	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL BALANCE
				4,000,000.00
FY June 30, 2004	0.00	136,384.79	136,384.79	4,000,000.00
FY June 30, 2005	75,000.00	169,950.00	244,950.00	3,925,000.00
FY June 30, 2006	80,000.00	167,625.00	247,625.00	3,845,000.00
FY June 30, 2007	80,000.00	165,225.00	245,225.00	3,765,000.00
FY June 30, 2008	85,000.00	163,132.50	248,132.50	3,680,000.00
FY June 30, 2009	85,000.00	161,198.75	246,198.75	3,595,000.00
FY June 30, 2010	85,000.00	158,888.75	243,888.75	3,510,000.00
FY June 30, 2011	90,000.00	156,425.00	246,425.00	3,420,000.00
FY June 30, 2012	90,000.00	153,545.00	243,545.00	3,330,000.00
FY June 30, 2013	95,000.00	150,397.50	245,397.50	3,235,000.00

NIPOMO COMMUNITY SERVICES DISTRICT
WATERLINE INTERTIE PROJECT
MONTHLY REPORT TO THE BOARD OF DIRECTORS
(FY JUNE 30, 2011)

REVENUES FY 2010-2011 (1)	<u>MONTH OF</u> <u>FEBRUARY</u>	<u>FISCAL YEAR</u> <u>7/1/2010 TO</u> <u>6/30/2011</u>
Supplemental Water Capacity Fees Collected	0.00	120,358.00
Interest Income (monthly & quarterly posting)	407.85	7,602.82
Revenue Subtotal	407.85	127,960.82
EXPENDITURES FY 2010-2011 (2)		
<u>CONSULTANTS</u>		
1590-A1 Feasibility Study (Cannon)	0.00	0.00
1590-A2 EIR Preparation (Wood & Assoc)	0.00	0.00
1590-A3 Estimate/Preliminary Schedule (Cannon)	0.00	0.00
1590-A4 Proposed Routes/Facilities (Cannon)	0.00	0.00
1590-A5 Prop 50 Grant Applicatin	0.00	0.00
1590-A6 Project Support (Cannon)	0.00	0.00
1590-A7 Groundwater Grant Assistance (SAIC)	0.00	0.00
<u>LEGAL</u>		
1590-B1 Shipsey & Seitz	1,390.40	15,681.60
1590-B2 McDonough, Holland & Allen	0.00	0.00
1590-B3 Richards, Watson & Gershon	0.00	0.00
<u>LAND ACQUISITION</u>		
1590-C1 Appraisals (Tarvin & Reeder Gilman)	3,600.00	3,600.00
1590-C2 Property Negotiations (Hamner Jewell)	3,298.04	27,889.64
1590-C3 Property Acquisitions	100.00	600.00
<u>FINANCIAL</u>		
1590-D1 Reed Group and Wallace Group	0.00	0.00
1590-D2 Lobbying	0.00	9,000.00
<u>ENGINEERING</u>		
1590-E1 Preliminary Engineering Design (AECOM)	0.00	0.00
1590-E2 Water Modeling by Carollo (City of Santa Maria)	0.00	0.00
1590-E3 Alternative Water Supplies (AECOM)	0.00	0.00
1590-E4 Project Information (AECOM)	0.00	0.00
1590-E5 Project Design (AECOM)	0.00	169,459.29
1590-E6 Pressure Testing	0.00	0.00
1590-E7 Peer Review	0.00	12,134.80
1590-E8 Pot Holing	0.00	0.00
<u>OTHER</u>		
1590-F1 FGL Environmental	0.00	0.00
1590-F2 Copy/Print	0.00	0.00
<u>PERMITS</u>		
1590-G1 Santa Maria Valley Water Conservation District	0.00	0.00
<u>ASSESSMENT DISTRICT</u>		
1590-H1 Wallace Group	0.00	49,912.14
1590-H2 SLO County Reimbursement Agreement for JPA	0.00	1,155.76
1590-H3 Purveyor Partner Reimbursements to NCSD	0.00	(47,992.04)
1590-H4 A/D Financial Advisor	0.00	8,835.63
1590-H5 A/D Outreach/Education	0.00	19,182.90
<u>CONSTRUCTION</u>		
1590-I1 Construction Management (MNS)	0.00	0.00
1590-I2 Arborist (A&T Arborists)	0.00	0.00
<u>SALARY AND BENEFITS (3)</u>		
1590-Z1 Wages-Capitalized	3,838.28	29,837.37
1590-Z2 Payroll Taxes-Capitalized	229.70	996.21
1590-Z3 Retirement-Capitalized	268.12	5,180.92
1590-Z4 Medical-Capitalized	147.65	2,762.32
1590-Z5 Dental/Vision-Capitalized	19.76	160.79
1590-Z6 Workers Compensation-Capitalized	21.34	183.88
Expenditure Subtotal	12,913.29	308,581.21
Net Revenues less Expenditures	(12,505.44)	(180,620.39)
Beginning Fund Balance as of July 1, 2010		2,373,651.69
Ending Fund Balance as of February 28, 2011		2,193,031.30

(1) See attached "Supplemental Water Fees Collected" Schedule for more detail.
(2) See attached "Supplemental Water Cost Summary" for more detail.
(3) Salary and Benefits of GM and District Engineer are allocated among NCSD projects and capitalized as part of the cost of the project.