

TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
INTERIM GENERAL MANAGER
DATE: APRIL 22, 2011



GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is April 8, 2011 through April 22, 2011.*

DISTRICT BUSINESS

Administrative

- Applications for vacant operation's position are being reviewed. First round interviews pending
- 2011/2012 Budget development. Board Workshop is scheduled for May 18
- Air Pollution Control Board 2011-2012 Proposed Fee Schedule (Attached)
- Credit and debit card payment option made available on April 18. Initial customer participation is strong
- Staff is developing a draft update of Personnel Policies and Procedures
- Industry News of Interest (Attached)
 - SLO Water Rates on the Rise
 - Desal Timeline Extended
 - Buellton Water and Sewer Rate Increase

Operations

- 'Smart' Electrical Meter to be installed at Southland yard on May 3, 2011
- Sludge pumping completed at Southland Facility on April 6
- Via Concha well remains inoperable

Conservation

- District is participating with San Luis Obispo Partners in Water Conservation in a contract with GardenSoft to develop a County specific tailored 'Water Wise Gardening' web site
- Staff is coordinating with Blacklake Home Owners Association to schedule an irrigation controller workshop at Blacklake

Meetings

Meetings attended:

- April 8, NMMA Technical Group
- April 12, Southland Upgrade Operator Workshop
- April 12, phone conference with Via Concha Well contractor
- April 13, Regular Board Meeting
- April 13, Supplemental Water Ad Hoc
- April 14, Finance and Audit Committee
- April 15, District Counsel Coordination
- April 18, Supplemental Water Ad Hoc
- April 19, Southland Upgrade Environmental Consultant
- April 20, coordination with District Engineer
- April 20, phone conference with Rate Consultant

- April 22, SCADA/iPAAC Consultant
- April 22, President Blacklake Home Owners Master Association
- April 22, Dana Adobe Nipomo Amigos

Meetings Scheduled:

- April 25, NMMA TG
- April 25, Outreach Ad Hoc
- April 26, Consulting Hydrogeologist Southland Disposal
- April 26, Developer Tract 2650
- April 27, Regular Board Meeting
- April 28, Information Technology service provider

Safety Program

- No accidents or injuries
- Incident on South Frontage with District manhole cover being knocked off by a vehicle resulting in vehicle damage and claim

RECOMMENDATION

Staff seeks direction and input from your Honorable Board

ATTACHMENTS

- April 15, 2011 APCD Notice
- SLO Tribune Article on Water Rate Increase
- April 21, 2011, Desal Article
- April 21, 2011, Buellton Rate Increase Article



**AIR POLLUTION
CONTROL DISTRICT**
COUNTY OF SAN LUIS OBISPO

RECEIVED

APR 18 2011

NIPOMO COMMUNITY
SERVICES DISTRICT

TO: APCD Permit Holders and Other Interested Parties *msr*

FROM: *RA* Larry R. Allen, Air Pollution Control Officer

DATE: April 15, 2011

SUBJECT: Notice of Availability of Proposed District Budget for 2011-2012 and Changes to District Rule 302 Schedule of Fees and Rule 303 Hearing Board Fees

Availability of Proposed District Budget for 2011-2012 for Review and Comment

You are invited to provide input on the proposed annual budget for the District for Fiscal Year (FY) 2011-2012. Comments on the budget or suggested changes may be submitted in writing prior to two scheduled public budget hearings or may be made orally at those hearings. The Air Pollution Control District (APCD) Board will hold hearings on May 18, 2011 at 9:00 a.m. and on July 27, 2011 at 9:00 a.m. in the Board of Supervisors Chambers at the County Government Center, San Luis Obispo, California. Formal adoption of the budget and fee schedule by the APCD Board is scheduled for their July 27, 2011 meeting.

The Air Pollution Control District's budget request of \$4,156,766 for Fiscal Year 2011-2012 represents a 10% decrease to the current budget for FY 2010-2011. A summary of the FY 2011-2012 Proposed Budget is scheduled to be available for public review beginning April 15, 2011 on weekdays between 8:00 a.m. and 5:00 p.m. at the Air Pollution Control District office, located at 3433 Roberto Court, San Luis Obispo, California. Copies of the budget summary and the schedule of District fees will also be available for review at the public libraries in Nipomo, Arroyo Grande, San Luis Obispo, Morro Bay, Atascadero and Paso Robles during their normal business hours. The budget information is available to be mailed to permit holders and interested parties on request, and is also available on the District's website at <http://www.slcleanair.org>.

Incorporated with the summary of the proposed budget are supporting documents, including a current schedule of fees charged by the District. Proposed changes to District Rule 302 Schedule of Fees and Rule 303 Hearing Board Fees, are described below.

- The hourly billing rate for reimbursable permit services is proposed to increase from \$110 to \$115 per hour and the permit renewal factor is proposed to increase from \$75.69 to \$80.00. Total fee revenues from permit renewals are expected to increase 5% and new and modified source fees are projected to decrease 23%, maintaining a fiscally conservative outlook that the slow economic recovery will continue to suppress new project proposals into next year.

- A new lower fee structure is proposed for engines of less than 50hp which are used in any operation or production process requiring a permit. Currently, these are assessed at the minimum fee for prime use engines of 50hp or greater, which is 87% higher than the new proposed category (5.6 units versus 3.0 units). A new, lower fee structure is also proposed for small boilers that are exempt from emissions testing (10.3 units versus 24.4 units). These proposed lower rates acknowledge the lower emission impacts of the smaller engines and boilers.
- The agricultural diesel engine registration fee category would be adjusted to result in rounding to the nearest full dollar.
- Petroleum refineries (basic) fee category 44(a) is proposed to increase 8.8% under a long range plan to gradually increase the fee until it matches the category 44(b) amount.
- Annual burn permit fees are proposed to increase by \$25 dollars for typical greenwaste and agricultural permits. Permit fees for larger burn projects will increase by \$25 to \$50, depending upon size. These increases are designed to improve cost recovery for implementing the burn program and were Board-approved under the District's 2009-2013 Fiscal Plan.
- The following proposed changes apply only to new applications or petitions:
 - Filing fee increases from \$170 to \$195
 - Transfer of ownership fee increases from \$85 to \$95
 - Duplicate permit fee increases from \$2.50 to \$10
 - Hearing Board petition filing fee
 - \$450 for a single petitioner
 - \$300 plus \$150 per petitioner, for multiple petitioners

The District is conducting a public workshop to discuss these proposed FY 2011-2012 permit related fees on April 26, 2011 at 3:00 p.m. at the District Office.

If you would like further information about the proposed budget or its hearing and adoption process, please contact Larry Allen, Air Pollution Control Officer, or Kevin Kaizuka, APCD Fiscal Manager. For questions on the proposed fee changes or other rule revisions, please contact Gary Willey, APCD Division Manager. All three can be reached at (805) 781-5912.

SLO raises its water rates to offset city's lower usage

San Luis Obispo's drop in water use results in a more than \$1 million revenue decline

By AnnMarie Cornejo | acornejo@thetribunenews.com

San Luis Obispo residents are using less water, and will now be asked to pay more for it. A 10 percent increase in water rates is being proposed for July, followed by a 9 percent increase in 2012 — which totals nearly 20 percent because of compounding.

That increase is to be used to help offset what the city calls an “unprecedented” drop in water use that has created a more than \$1 million revenue decline, Utilities Director Carrie Mattingly said. “The amount of water used by the community dropped off a cliff this last year,” Mattingly said.

She added that for the past decade water use citywide has averaged about 6,000 acre-feet and is now averaging about 5,500 acre-feet. That's a reduction of about 8.3 percent. An acre-foot of water is nearly 326,000 gallons, enough to cover 1 acre of land a foot deep. San Luis Obispo ratepayers only pay for water that they use. The city does not charge a base fee, Mattingly said.

“What happens because of that is a conundrum — when people conserve, they have to pay more for every unit of water,” she said.

An average local household now uses about 6,732 gallons, or nine billing units, of water a month, according to city figures. The water bill for that household, 2.3 people on average, is \$52.13 a month. It would go up to \$57.33 in July and to \$62.53 in 2012.

Sewer rates will also increase. A 7 percent rate increase is being proposed to begin in July and a 6 percent increase is proposed for 2012. Because of compounding, the total increase will be 13.4 percent. Water and sewer rates have increased by every year since 2006. Rates last increased in July 2010 with an 11 percent increase in water rates and a 9 percent increase in sewer rates.

The increases are intended to pay for improvements to San Luis Obispo's water system and for the city's share of the Nacimiento Water Project. The city is now using Nacimiento Lake, north of Paso Robles, as its main water source. In January, San Luis Obispo became the first city to treat and use the water after completion of the 45-mile, \$176 million pipeline.

The city treats about 2.2 billion gallons of water annually, according to city staff. About 1.1 billion gallons of water from Nacimiento Lake will be used each year, and supplemented mainly from Santa Margarita Lake to meet the city's needs.

The drop in water use is attributed to various factors, including more rain than normal, people removing grass in their yards and watering other landscaping less to save money because of the slowed economy, Mattingly said. Because of the decrease in revenue, capital improvement projects, such as replacing the city's aging water pipes, will be delayed.

Reach AnnMarie Cornejo at 781-7939. Stay updated by following @a_cornejo on Twitter

Read more: <http://www.sanluisobispo.com/2011/04/21/1572136/slo-raises-its-water-rates-to.html#ixzz1KGc0HGYq>

Desal timeline extended by a year: Plant would be constructed by 2016 if OK'd

By J.M. BROWN

Posted: 04/21/2011 01:30:18 AM PDT

SANTA CRUZ -- The proposed timeline for constructing a seawater desalination plant has been extended by a year to 2016 to allow for more time to review potential environmental effects.

An environmental impact study is under way on a plant that could produce 2.5 million gallons of potable water each day (*2800 Acre-Feet/Year*) as a new supply source for the Santa Cruz Water Department and neighboring Soquel Creek Water District. The draft report is expected to be completed early next year, but several opposition groups are poised to fight the project, at the ballot box or in court.

Public comments in response to the environmental report are expected to be voluminous, and project planners have determined construction of the plant will go beyond the original 2015 estimate. A partial design study is expected by year's end so the two agencies can more quickly move forward if the project is eventually approved.

Dan Kriege, a member of the Soquel Creek Water District board, urged minimizing delays to reduce opposition and take advantage of lower construction and materials costs. "It's prudent to get a project under design and out to bid as soon as possible," he said. "The more time we take, the more exposure we put this project to among the people who don't like it."

Wednesday, a joint task force approved a preliminary budget of \$3 million for project planning and management in the fiscal year beginning July 1. Pre-construction costs, split equally between the two agencies, cover the cost of the environmental report, design, public promotion and other planning issues. Construction costs will be split on a 59-41 basis. Bill Kocher, Santa Cruz water director, addressed concerns about wavering estimates for the total cost of the project, including construction of the plant likely on the Westside of Santa Cruz. *An initial estimate dating back to 2002 was \$35 million, but now estimates exceed \$100 million. (no operations cost given)*

Kocher said there is no way to provide a solid estimate because budgeting for an intake facility, treatment plant and mechanism to share the water with Soquel Creek Water District could be 30-50 percent higher than expected.

"As you get better specificity in the project design, you get a better estimate on cost," Kocher said. "There is still an awful lot unknown." Kocher and other desalination proponents argue Santa Cruz needs a new supply to offset drought years and a reduction in diversions from the city's largest sources, four North Coast streams and the San Lorenzo River. But opponents argue greater conservation is the better environmental choice, considering the energy required to run the plant and dispense of the salt removed from seawater.

Note: Above text in *bold italics* added by M. LeBrun

Buellton OKs water, sewer rate increases

By Julian J. Ramos/Staff Writer jramos@santamariatimes.com Santa Maria Times | Posted: Thursday, April 21, 2011 11:21 pm |

Property owners in Buellton will see their sewer rate increase by \$1 per month beginning June 1, with an initial water rate increase a year later, under a new rate schedule approved unanimously last week. Over the next three years, both rates will be increased periodically so that monthly water rates will be \$6 higher and sewer, \$7 higher, at the end of that period.

This is Buellton's first increase in water and sewer rates since the mid 1990s. The increases are based on higher operating costs, including maintenance, labor, replacement and improvements to the water and sewer systems; costs of support from municipal departments; and other state-required monitoring and testing costs, according to city officials.

In a separate matter, council members narrowly denied an extension for the owners of a McMurray Road parcel to submit a development plan for the property to the city Planning Department.

Rates in Buellton are based on the type of water meter for single-family homes, condominiums and commercial buildings. At the moment, single-family and condo water service is set at \$18.20 per month. Under the new rates, the rate will go up \$1 per month July 1, 2012. It will go up an additional \$2 Jan. 1, 2013, \$1 more Jan. 1, 2014, and \$2 more Jan. 1, 2015.

There are separate sewer rates for single-family, \$18; condominium, \$16.08; and commercial customers, which vary. Each sewer rate will go up \$1 per month on June 1 and an increase by another \$2 per month on Jan. 1 in each of the next three years.

Effective July 1, 2015, fees will increase annually by a small amount that won't exceed the California consumer price index (CPI) for the previous 12-month period. Mayor Ed Andrisek said there were no written protests filed with the city regarding the rate hikes, which he interpreted as a "vote of confidence from the community."

However, during public comment Thursday night, Buellton resident Gerald Grant objected to future rate hikes being tied to the CPI, which measures changes in the price level of consumer goods and services bought by households, because the figure is "easy to manipulate." He also suggested a public vote on future water rates increases and transparency in the process.

Ben Fitzgerald, president of the Ranch Club Mobile Estates homeowners association, initially told council members that seniors are among the most affected by rate increases and some might have protested if they had been informed. Only property owners received official notices, not each individual mobile home owner.

However, after being told the water rate increase was based on a per-water-meter charge — the entire park has one meter — rather than a tiered rate based on consumption of water, Fitzgerald thanked the council for the small impact to mobile-home park residents.

In other action, a split council rejected an amendment to the development agreement on a property once considered for a hotel and spa on McMurray Road. Council members Judith Dale, Dave King and John Connolly voted to deny a time extension for the developers with Andrisek and Mayor Pro Tem Holly Sierra dissenting.

Dale, who made the motion to deny the extension, said the property owner had not met the conditions of the contract and had not followed the prescribed process. King seconded the motion. The applicant, Mark Connolly, had sought a three-year extension of development approvals for the 2.24-acre property near Damassa Road, which is outside the city limits. The property owners have sought annexation into the city.

The city Planning Commission had recommend an 18-month extension to the council in February. Property owners initially proposed to build a resort-style hotel and spa on the property combined with more adjacent acreage inside the city limits, but the two-year deadline for filing the development plan lapsed on Nov. 22.

The denial means that the development agreement is void, said Planning Director Marc Bierdzinski. However, the applicant is still entitled to submit a development plan for a project.

On Feb. 17, Troy White, a representative for Connolly, introduced a conceptual plan for a 70-unit assisted-living and memory-care center to the Planning Commission.

The proposed three-story facility is meant to complement a proposed joint-replacement surgical center on an adjacent 3.5-acre parcel that the Connollys are selling to other developers. The new extension was meant to give the property owners more time to interconnect both proposed projects.

There are no plans for the remaining 4 acres or so of the 7.8-acre parcel inside the city limits, Bierdzinski has said. In November 2008, Buellton voters passed an urban growth boundary ordinance that bans most annexations without a public vote.

Without the development agreement, city staff will have to research whether the growth boundary has to be amended by a public vote before the property can be annexed. Under the development agreement, a public vote was not required because the project was vested before the growth boundary requirements went into effect, Bierdzinski said.

That is no longer the case, he said.

City officials entered into the development agreement with the Connollys before voters approved the boundary in November 2008; the new rules took effect Dec. 22, 2008.

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TO: BOARD OF DIRECTORS
FROM: MICHAEL LEBRUN *MSL*
INTERIM GENERAL MANAGER
DATE: APRIL 21, 2011



COMMITTEE REPORTS

ITEM

Receive Committee meeting minutes.

BACKGROUND

The following meetings were held for which meeting minutes are being provided:

- April 14, 2011, Finance and Audit Committee Meeting Minutes

RECOMMENDATION

It is recommended that your Honorable Board discuss the meeting minutes as appropriate.

ATTACHMENTS

- Finance and Audit Committee Meeting Minutes

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NIPOMO COMMUNITY SERVICES DISTRICT

APRIL 14, 2011

SPECIAL MEETING MINUTES

FINANCE AND AUDIT COMMITTEE

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

Chairman Vierheilig called the meeting to order at 1:00 p.m. Chairman Vierheilig and Director Eby were in attendance along with staff members Michael LeBrun, Lisa Bognuda, Peter Sevcik and Tina Grietens. There were no members of the public present.

• REVIEW THE DRAFT 2011-2012 FISCAL YEAR BUDGET

The Finance and Audit Committee reviewed the draft 2011-2012 fiscal year budget and asked questions of staff. Staff answered the Committee's questions. Minor corrections were suggested.

Staff will make the corrections discussed and prepare the draft 2011-2012 fiscal year budget for presentation to the Board of Directors at a Special Meeting on Wednesday, May 18, 2011 at 9:00 a.m. There was no public comment.

2. ADJOURN – The meeting was adjourned at 2:10 p.m.