

TO: BOARD OF DIRECTORS
 FROM: MICHAEL S. LEBRUN *MSL*
 GENERAL MANAGER
 DATE: OCTOBER 21, 2011



GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is October 7, 2011 through October 21, 2011.*

DISTRICT BUSINESS

Administrative

- Operations recruitment, interviews scheduled for October 26 and October 27.
- Supplemental Water Project cost summary update (Attached)
- News of Interest (all items are attached to this report)
 - Monterey Water Options Pricey, October 8, 2011
 - ConocoPhillips DEIR Review Period Extended
 - Wave of State Actions Could Cause Water Rate Hikes, October 18, 2011
 - SLO to Pay \$57,130 Fine for Sewage Spills, October 19, 2011
 - Status of Coastal Desalination in California, Fall 2011
- Service Connections

Nipomo Community Services District
 Water and Sewer Connections

End of Month Report 2011

	JULY	AUG	SEPT	OCT	NOV	DEC
Water Connections	4158	4164	4168			
Sewer Connections	2987	2991	2994			
Meters turned off	73	69	59			
Sewer Connections off	33	34	30			
New Water Connections	2	6	0			
New Sewer Connection	0	4	3			
Galaxy & PSHH Sewer Connections billed to the County	460	460	460			

Conservation

- Local Nursery Man/Author David Fross gave a presentation on Reimagining the California Lawn on Saturday October 15, 2011 at the District Offices, approximately 40 persons attended.

Meetings

Meetings attended:

- *October 10, Home Builders Association, supplemental water*
- *October 10, Supplemental Water Outreach Ad-hoc*

- *October 11, NMMA Technical Group*
- *October 12, Regular Board Meeting, Rate Hearing*
- *October 13, Management Coordination*
- *October 14, Presentation on Mesa water issues to Pismo Coast Realtor Association*
- *October 14, Coordination with District Counsel*
- *October 17, Coordination with Board Officers*
- *October 18, Coordination with District Engineer*
- *October 19, Coordination with Operations Superintendent*
- *October 19, Conference call with Supplemental Water Financial Advisor*
- *October 19, Supplemental Water Ad-Hoc*
- *October 20, County Public Works preparation for October 25 Board of Supervisors on Supplemental Water*

Meetings Scheduled:

- *October 24, Southland Contractor Pre-Qualification Development*
- *October 25, County Board of Supervisors Supplemental Water*
- *October 26, Regular Board Meeting*
- *November 1, Finance Committee Audit Review*

Safety Program

- Minor traffic incident involving District staff and vehicle on October 11, 2011. Investigation on-going.

RECOMMENDATION

Staff seeks direction and input from your Honorable Board

ATTACHMENTS

- Supplemental Water Project Cost Summary
- October 8, 2011 Monterey Peninsula Water Pricey
- October 17, 2011 ConocoPhillips DEIR Extension
- October 18, 2011 State Actions Lead to Water Rate Increases
- October 19, 2011 SLO to Pay Sewer Fines
- Status of Coastal California Desalination Projects

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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	7/1/2011 TO 6/30/2012	GRAND TOTAL
1645	Reservation Fee-City of Santa Maria	37,500.00	0.00	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	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	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	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	0.00	5,570.07
1590-A5	Prop 50 Grant Application	2,757.00	6,210.00	0.00	1,857.80	0.00	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	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	0.00	15,000.00
1590-B1	Shipsey & Seitz	0.00	23,095.55	17,564.25	2,201.50	18,224.00	16,601.58	18,664.80	4,250.40	100,602.08
1590-B2	McDonough, Holland & Allen	0.00	34,177.28	15,871.65	0.00	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	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	0.00	37,770.00
1590-C2	Property Negotiations (Hamner Jewell)	0.00	0.00	0.00	0.00	15,250.00	14,748.75	36,481.90	3,989.32	70,469.97
1590-C3	Property Acquisitions	0.00	0.00	0.00	0.00	673.00	2,772.00	600.00	2,800.00	6,845.00
1590-D1	Reed Group and Wallace Group	0.00	2,809.85	0.00	0.00	7,585.45	4,476.25	0.00	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	0.00	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	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	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	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	0.00	6,000.00
1590-E5	Project Design (AECOM)	0.00	0.00	0.00	0.00	752,319.66	228,952.01	172,785.69	0.00	1,154,057.36
1590-E6	Pressure Testing	0.00	0.00	0.00	0.00	8,682.92	0.00	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	0.00	57,055.10
1590-E8	Pot Holing	0.00	0.00	0.00	0.00	0.00	29,053.05	0.00	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	0.00	5,047.00
1590-F2	Copy/Print	0.00	0.00	740.24	1,022.01	0.00	0.00	52.07	0.00	1,814.32
1590-G1	Permits	0.00	0.00	0.00	0.00	130.00	0.00	0.00	0.00	130.00
1590-H1	Assessment District	0.00	0.00	0.00	0.00	83,030.71	21,227.92	56,931.64	4,566.00	165,756.27
1590-H2	SLO County Reimb Agreement-JPA	0.00	0.00	0.00	0.00	0.00	36,603.80	6,799.89	0.00	43,403.69
1590-H3	Purveyor Partner Reimbursements to NCSD	0.00	0.00	0.00	0.00	0.00	0.00	(10,492.04)	0.00	(10,492.04)
1590-H4	A/D Financial Advisor	0.00	0.00	0.00	0.00	0.00	0.00	8,835.63	0.00	8,835.63
1590-H5	A/D Outreach/Education	0.00	0.00	0.00	0.00	0.00	0.00	74,571.75	60,853.84	135,425.59
1590-I1	Construction Management (MNS)	0.00	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	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	46,698.55	7,242.01	229,030.93
1590-Z2	Payroll Taxes-Capitalized	0.00	587.22	587.42	455.96	504.53	2,058.44	1,918.13	105.00	6,216.70
1590-Z3	Retirement-Capitalized	0.00	8,418.08	10,344.53	8,110.84	8,690.47	9,443.17	6,729.62	1,676.76	53,413.47
1590-Z4	Medical-Capitalized	0.00	2,861.36	3,367.02	2,564.88	2,757.36	3,390.94	3,352.92	295.00	18,589.48
1590-Z5	Dental/Vision-Capitalized	0.00	0.00	247.90	329.23	348.15	459.62	239.83	39.54	1,663.27
1590-Z6	Workers Compensation-Capitalized	0.00	260.35	341.83	225.21	259.81	271.21	277.61	29.24	1,665.26
		103,938.03	225,459.74	562,634.14	334,404.32	1,055,642.22	522,743.28	449,182.79	85,847.11	3,339,851.63

**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	158,988.75	243,988.75	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
FY June 30, 2014	100,000.00	146,885.00	246,885.00	3,135,000.00
FY June 30, 2015	100,000.00	143,110.00	243,110.00	3,035,000.00
FY June 30, 2016	105,000.00	139,137.50	244,137.50	2,930,000.00

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NIPOMO COMMUNITY SERVICES DISTRICT
 SUPPLEMENTAL WATER PROJECT
 MONTHLY REPORT TO THE BOARD OF DIRECTORS
 (FY JUNE 30, 2012)

REVENUES FY 2011-2012 (1)	MONTH OF AUGUST	FISCAL YEAR 7/1/2011 TO 6/30/2012
Supplemental Water Capacity Fees Collected	14,605.00	14,605.00
Interest Income (monthly & quarterly posting)	545.14	1,090.14
Revenue Subtotal	15,150.14	15,695.14

EXPENDITURES FY 2011-2012 (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	3,968.80	4,250.40
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)	0.00	0.00
1590-C2	Property Negotiations (Hamner Jewell)	1,663.79	3,989.32
1590-C3	Property Acquisitions	0.00	2,800.00
<u>FINANCIAL</u>			
1590-D1	Reed Group and Wallace Group	0.00	0.00
1590-D2	Lobbying	0.00	0.00
<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	0.00
1590-E6	Pressure Testing	0.00	0.00
1590-E7	Peer Review	0.00	0.00
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	4,328.00	4,566.00
1590-H2	SLO County Reimbursement Agreement for JPA	0.00	0.00
1590-H3	Purveyor Partner Reimbursements to NCS	0.00	0.00
1590-H4	A/D Financial Advisor	0.00	0.00
1590-H5	A/D Outreach/Education	60,853.84	60,853.84
<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	3,621.02	7,242.01
1590-Z2	Payroll Taxes-Capitalized	52.50	105.00
1590-Z3	Retirement-Capitalized	838.38	1,676.76
1590-Z4	Medical-Capitalized	147.65	295.30
1590-Z5	Dental/Vision-Capitalized	19.77	39.54
1590-Z6	Workers Compensation-Capitalized	14.62	29.24
	Expenditure Subtotal	75,508.37	85,847.41
	Net Revenues less Expenditures	(60,358.23)	(70,152.27)
	Beginning Fund Balance as of July 1, 2011		2,070,224.10
	Ending Fund Balance as of June 30, 2012		2,000,071.83

(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 NCS projects and capitalized as part of the cost of the project.

NIPOMO COMMUNITY SERVICES DISTRICT
 SUPPLEMENTAL WATER PROJECT
 MONTHLY REPORT TO THE BOARD OF DIRECTORS
 (FY JUNE 30, 2012)

REVENUES FY 2011-2012 (1)	MONTH OF JULY	FISCAL YEAR 7/1/2011 TO 6/30/2012
Supplemental Water Capacity Fees Collected	0.00	0.00
Interest Income (monthly & quarterly posting)	545.00	545.00
Revenue Subtotal	545.00	545.00

EXPENDITURES FY 2011-2012 (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	281.60	281.60
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)	0.00	0.00
1590-C2	Property Negotiations (Hamner Jewell)	2,325.53	2,325.53
1590-C3	Property Acquisitions	2,800.00	2,800.00
<u>FINANCIAL</u>			
1590-D1	Reed Group and Wallace Group	0.00	0.00
1590-D2	Lobbying	0.00	0.00
<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	0.00
1590-E6	Pressure Testing	0.00	0.00
1590-E7	Peer Review	0.00	0.00
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	238.00	238.00
1590-H2	SLO County Reimbursement Agreement for JPA	0.00	0.00
1590-H3	Purveyor Partner Reimbursements to NCSD	0.00	0.00
1590-H4	A/D Financial Advisor	0.00	0.00
1590-H5	A/D Outreach/Education	0.00	0.00
<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	3,620.99	3,620.99
1590-Z2	Payroll Taxes-Capitalized	52.50	52.50
1590-Z3	Retirement-Capitalized	838.38	838.38
1590-Z4	Medical-Capitalized	147.65	147.65
1590-Z5	Dental/Vision-Capitalized	19.77	19.77
1590-Z6	Workers Compensation-Capitalized	14.62	14.62
	Expenditure Subtotal	10,339.04	10,339.04
	Net Revenues less Expenditures	(9,794.04)	(9,794.04)
	Beginning Fund Balance as of July 1, 2011		2,070,224.10
	Ending Fund Balance as of June 30, 2012		2,060,430.06

(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.

Monterey Peninsula water options pricey

Cal Am study analyzes desal alternatives

By JIM JOHNSON

Herald Staff Writer

Posted: 10/08/2011 01:28:29 AM PDT

A new study suggests there are at least a dozen ways to meet the Peninsula's water needs under a state-ordered cutback in pumping from the Carmel River. But the study's conclusion that most of the 11 alternatives to the California American Water-backed Regional Desalination Project will be at least as costly is already drawing criticism. This week, Cal Am released the study produced by RBF Consulting that analyzed the projected costs of a variety of water supply alternatives. They ranged from a Cal Am-only desal project in north Marina and a deep-water desalination plant at Moss Landing to a pair of smaller Marina desal plants, a series of Carmel Valley filtration plants, and a Salinas River filtration plant.

Most of the proposals are combined with other water supply measures such as aquifer storage and recovery, groundwater recharge and delivery pipelines. The study's findings, along with additional feasibility analysis and a final recommendation, will be presented during a Monterey city-sponsored public forum on Oct. 26. The forum was scheduled to allow Cal Am to present an overview of potential water supply alternatives in response to a request from Peninsula mayors with the Regional Desalination Project's future in question.

In addition to Cal Am, the forum will include representatives from the Monterey Peninsula Water Management District, the Monterey Regional Water Pollution Control Agency and the deep-water desal project. The forum will begin with a presentation by Peninsula developer Nader Agha on his own Moss Landing desal proposal. It will be broadcast live and rebroadcast on public television.

According to the study, more than half of the alternatives would end up more expensive to build than the \$400million regional project, with cost estimates ranging from \$583million for the deep-water project to \$277million for a combination Marina desal plant, aquifer storage and recovery, groundwater recharge and additional conservation. The study also analyzed and compared annual operations and maintenance costs, and per-unit costs. Monterey City Manager Fred Meurer said he had not read the study in depth but noted that any water supply alternative won't represent a simple solution.

"Like everything with water in Monterey County nothing's cheap and nothing's easy," Meurer said. "I think everyone's focused on a quick, easy answer. If there was a quick, easy answer we would have had it by now."

Meurer praised Cal Am for expanding the study after Peninsula mayors reviewed a draft of the report, and noted that some "partial solutions" such as aquifer storage and recovery and recharge were emerging. He acknowledged questions still remain, including how much conservation the community wants to count on as part of the eventual solution, and reconciliation of vastly

different cost estimates by the deep-water desal backers. He said he expects more information will emerge when the timeline and feasibility elements are released.

Meurer said it is important to evaluate the potential impact of ongoing and accelerated conservation efforts on the area's economy, especially with regard to tourism. He said he wants clarity on the study's assumptions to avoid "dueling engineers." George Riley of Citizens for Public Water criticized the study for using what he called exaggerated numbers with regard to how much water is needed and how much the alternatives would be required to produce. Riley said the study analyzes options that nobody is proposing.

"These are straw man arguments," he said. "I think much of this is a wasted exercise."

Cal Am spokeswoman Catherine Bowie said the study has been under way since July, and was intended to "confirm that (the firm is) on the best path."

According to Bowie, the study points out that the north Marina desal plant and pipeline, combined with aquifer storage and recovery, is the most cost-effective option, with one exception. A smaller Marina desal plant combined with aquifer storage and recovery and groundwater recharge would be less expensive, but it would require substantial additional conservation efforts, Bowie said.

She said the study costs less than \$100,000 and Cal Am could submit a request for repayment from area customers if it "proves to be a critical part of the development of a new water supply" for the Peninsula.

Jim Johnson can be reached at jjohnson@montereyherald.com or 753-6753.

See www.amwater.com/caaw/ for a link to the Monterey Water Supply Analysis.



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



Department of Planning and Building
Environmental Division

RECEIVED

OCT 19 2011

**NIPOMO COMMUNITY
SERVICES DISTRICT**

TO: Interested Party
DATE: October 17, 2011
FROM: Murry Wilson, County Planning and Building, Environmental Resource Specialist
Aeron Arlin Genet, SLO County APCD, Planning and Outreach Manager
VIA: Ellen Carroll, County Planning and Building, Environmental Coordinator
SUBJECT: Conoco Phillips Development Plan / Coastal Development Permit – Notice of Public Comment Period Extension on Draft EIR (DRC2008-00146; ED09-153)

A 15-day extension has been granted for public comments on the Draft Environmental Impact Report (DEIR) for the Conoco Phillips Development Plan / Coastal Development Permit. Anyone interested in commenting on the Draft EIR should **submit a written statement by 4:30 p.m. on November 1, 2011**, at:

Aeron Arlin Genet, Planning and Outreach Manager
SLO County Air Pollution Control District
3433 Roberto Court
San Luis Obispo, CA 93401

If you need more information about this project, please contact Aeron Arlin Genet at (805) 781-5998 (or e-mail: aarlingenet@co.slo.ca.us) or Murry Wilson at (805) 788-2352 (or e-mail: mwilson@co.slo.ca.us).

THE PROJECT:

The DEIR addresses the environmental impacts that may be associated with the request to allow:

- An increase in the permitted volume of processed crude oil throughput by 10 percent from 44,500 bpd to 48,950 barrels per day (bpd); and
- The ability to process previously refined gas/oil petroleum liquid within the thresholds established above.

The proposed project is within the Industrial land-use category and is located approximately 1/2 mile south of the intersection of Willow Road (Highway 1) and Winterhaven Way, approximately 3.5 miles south of the community of Oceano, in the South County (Coastal) planning area.

Copies of the Draft EIR are available at the following locations: Cal Poly Library, South County Regional, and City/ County Library of San Luis Obispo. Copies are also available on loan and for review at the Environmental Division of the Planning Department, located at the 976 Osos St., Room 200, San Luis Obispo, 93408 or the Air Pollution Control District (APCD) office, located at 3433 Roberto Court, San Luis Obispo, CA 93401. The DEIR is on the Planning Department's web site at www.sloplanning.org. Either enter "Conoco Phillips" in the 'search box' or go to 'Quicklinks' at bottom of page and click on "Environmental Information and Natural Resources," then "Environmental Notices, Proposed Negative Declarations, EIRs and other Documents," and then find the "Conoco Phillips" web page. The DEIR is also available on the APCD's web site at www.slocleanair.org. Click on the EIR link under "Conoco Phillips - Santa Maria Refinery Throughput Increase Project."

Wave of state actions could hike water rates

Written by Michael Gardner
6:47 p.m., Oct. 18, 2011

Wave of state actions could hike water rates

Already paying more for using less water, Californians are being warned to brace for even higher rates in the coming years as the state moves on a number of fronts to slow global warming, protect the environment and build a reliable supply network.

Most immediately, the California Air Resources Board on Thursday is expected to approve a sweeping plan to attack greenhouse gas emissions that, by some accounts, could cost the San Diego County Water Authority at least \$5 million a year and perhaps much more over time, according to one analysis.

What's ahead

California Air Resources Board: A decision Thursday on emissions could cost water agencies.

\$11 billion bond: A proposed state ballot measure next year for water projects.

Delta restoration: A multi-billion dollar project in the coming years.

Legislation: A bill will be considered next year on financing projects.

The prospect of higher water fees alarms San Diego County Supervisor Ron Roberts, who also sits on the state air board.

"Everyone in San Diego is going to get hammered," Roberts said.

That same air board directive, if adopted, could tack on more costs for the Metropolitan Water District of Southern California, which provides nearly half of the water supplies for the San Diego region.

Metropolitan estimates the plan could cumulatively cost \$10 million a year, or \$2.50 annually for every household.

"It's something we would have to pass on to our customers forever," said Jeff Kightlinger, the wholesaler's general manager.

The cost of the air board's possible decision and other state actions do promise some rewards: a more reliable and cleaner water supply, reduced greenhouse gas emissions and improved fish numbers. But the price tag may be startling for many.

- * "There's only one way for water rates to go. That's up," said Tim Quinn, executive director of the Association of California Water Agencies.

And that's bad news in San Diego County, where businesses and residents have endured a series of hikes even while conserving. Countywide, water rates rose roughly 60 percent over the past four years.

The various fees aren't expected to appear on bills immediately, and how much rates rise depends on the next steps taken by state agencies and, ultimately, the Legislature that for years has been sharply divided over all things water.

"What we're doing is paying for reliability over the next 50 years," said California Resources Secretary John Laird, one of Gov. Jerry Brown's top water advisers and who worked on water issues while in the Assembly.

"That might be confusing for ratepayers. They think they should pay for water as it comes.

- * We're trying to make sure they have a guaranteed source of water and a guarantee of good water quality."

Water officials do not dispute need. California's plumbing is crumbling, storage isn't keeping pace with growth, climatic changes threaten to diminish the vital Sierra Nevada snowpack and the risks to fish and wildlife are multiplying.

The nonpartisan Legislative Analyst has weighed in, arguing for an assessment on water retailers serving farms and cities to help rebuild California's system.

- As it now stands, California has a backlog of nearly \$100 billion worth of drinking water, wastewater and flood projects over the next 20 years.

That figure does not include \$3.6 billion for ecosystem restoration in the Sacramento-San Joaquin Delta, the report points out.

"This is a particularly active era in water. There are a lot of irons in the fire. It makes the job of advancing and protecting our region's interests more complex than ever," said Dennis Cushman, assistant general manager of the San Diego County Water Authority, the agency that wholesales supplies to districts throughout the region.

Here's some of the possible state actions and their status:

California Air Resources Board

The board on Thursday will take up its rewritten "cap and trade" program as part of Assembly Bill 32, the landmark legislation signed in 2006 requiring the state to gradually reduce greenhouse gas emissions to 1990 levels by 2020.

Under the air board plan, affected businesses will be awarded a certain number of "allowances" to emit greenhouse

gas linked to global warming. While energy utilities will receive a large share for free, water suppliers would have to buy allowances to offset emissions from generating the power necessary to ship water hundreds of miles to cities and farms.

The complex directive could force the Metropolitan Water District to pay extra for using power generated in Arizona to move some water through its Colorado River Aqueduct. The bottom line: an estimated \$2.50 per year hike in residential water bills in areas served by Metropolitan, including San Diego.

More broadly, the state Department of Water Resources will be tagged, especially for using power produced by a coal-fired plant in Nevada until its contract expires in 2013.

As a result, those supplied by the California State Water Project and its cornerstone dam at Lake Oroville will likely be charged more. The San Diego County Water Authority pegs that cost at \$5 million annually.

Air board officials say the added expense will be offset by giving utilities free allowances and requiring the value of those concessions to be passed along to electricity ratepayers.

"The value of the savings associated with electricity is still going back to the same ratepayers," said the air board's Steve Cliff, who helped craft the state's cap and trade program.

Tim Haines, power manager for the State Water Contractors association, is unconvinced. He warns of a repeat of the energy crisis of 2000-01. That's because, as the nonpartisan Legislative Analyst's Office has suggested, the carbon market is unstable and susceptible to gaming, he said.

Delta restoration, canal and bond

Various boards and commissions are attacking how to best restore the economically and environmentally important Sacramento-San Joaquin Delta, a 1,100-mile maze of water ways in the heart of the state. Two-thirds of the state's drinking water flows through the delta, including about 15 percent destined for San Diego.

The state is looking to build a \$12.3 billion-plus tunnel through the San Joaquin Valley to deliver water to Southern California. The tunnel is a dramatically different version of the controversial Peripheral Canal that voters rejected in 1982. The tunnel, or an alternate channel, promises to be more environmentally friendly, but it remains nearly as controversial as the canal.

Big users, such as Metropolitan and the county water authority, have pledged to pick up the tab. That translates into a hit on ratepayers.

- Meanwhile, taxpayers will be billed to repay an \$11 billion water bond — if it passes in November 2012. It may be pulled off the ballot, given growing doubts that voters are in any

mood to spend more at a time when many believe funding is falling short for schools, public safety

Legislation

Sen. Joe Simitian, D-Palo Alto, is carrying closely watched legislation that he says is designed to be a "conversation starter" on how to finance improvements, particularly should the bond collapse.

"It's a vehicle to answer who ought to pay for what," Simitian said of his Senate Bill 34.

Simitian said there are projects that benefit the public at large and, as such, legitimately should be paid out of a bond. But in other instances, he said those who benefit or those who pollute the water and damage the environment should pay more.

^ "Everybody wants to use other people's money. Or they want to advance the notion that state bonds are free money. They're not free. The taxpayers pick up the costs," he said.

The bill has drawn opposition from water agencies. They fear it could lead to surcharges without any guarantees of where the money will go.

^ "We're concerned about sending more money to Sacramento and not seeing it come back," said Cushman of the San Diego County Water Authority.

Various fees

State agencies struggling to recoup the full cost of services and projects, such as permits and environmental assessments, are hiking fees as their general fund allocations shrink.

The Water Resources Control Board increases alone will cost local water agencies statewide about \$300,000 more this fiscal year, according to an analysis.

October 19, 2011

SLO to pay \$57,130 fine after four sewage spills

43,000 gallons of waste were dumped in separate incidences over three years

By AnnMarie Cornejo and Cynthia Lambert | acornejo@thetribunenews.com, clambert@thetribunenews.com

The city of San Luis Obispo will pay a \$57,130 fine stemming from four separate sewage spills in the past three years, the Central Coast Regional Water Quality Control Board announced Tuesday. Collectively, the spills dumped 43,000 gallons of sewage, of which 30,600 gallons entered local creeks. The city has agreed to pay the penalty to settle allegations that it violated water quality laws by spilling sewage into local creeks, according to a news release from the agency. The city will pay \$34,565 of the fine to the water quality board and \$22,565 toward watershed improvements on city-owned undeveloped land at Froom Ranch.

The money given to the board goes into a statewide fund used by water boards and local agencies to clean up emergency situations and spill sites where the board can't determine who is responsible, said Harvey Packard, enforcement coordinator for the Central Coast water board. The maximum fine the board could have levied against the city for the spills was \$315,000.

The penalty will be paid from the city's capital improvement account of its sewer fund — money collected from ratepayers. The city does not have a contingency fund for possible fines, said Carrie Mattingly, utilities director. "We don't plan on these things happening," Mattingly said. "In this case, some very unfortunate things happened all right after one another."

The fine is in response to four spills: In September 2008, 3,000 gallons reached San Luis Obispo Creek; in February 2009, 30,000 gallons reached Orcutt Creek; in March 2009, 9,000 gallons were spilled into Old Garden Creek; and in January 2010, 1,000 gallons were spilled into Stenner Creek. The largest of the spills happened when a corroded pipe at Orcutt Road and Lawnwood Drive caused 30,000 gallons of sewage to spill in February 2009.

The sewage went into Orcutt Creek, which eventually flowed into San Luis Obispo Creek. That pipe has since been replaced. The water board and the city negotiated a settlement to resolve the violations, according to a news release. The city has been responsible for 51 sewage spills totaling 107,000 gallons in the past five years, according to the regional water board.

The sewage spills ranged in volume from five to 40,000 gallons, and 30 of those spills entered surface waters. The majority of those spills were caused by root intrusion, but blockages from grease and debris and broken sewer lines were also at fault, according to the water board.

Shell Beach spill

Elsewhere in the county, signs warning people of a sewage spill in a Shell Beach neighborhood were removed Sunday evening, two days after an estimated 6,000 gallons of sewage were released into a storm drain that leads directly to the ocean. The spill was reported to Pismo Beach city staff about 8:20 p.m. Friday after someone smelled sewage in the area of 96 Indio Drive, according to a news release from the county health agency.

The spill happened when a rubber joint on a bypass pipe failed, city Public Works Director Dwayne Chisam said. The city had been using bypass piping in the area since Tuesday while

crews made some repairs to a lift station, but the work was completed by Friday afternoon, and the bypass piping system had been turned off.

"The piping system had been operating most of the week, and we had no issues with it," Chisam said. "So we had no indication that there was a problem." The maintenance project on the lift station, a pumping station that raises sewage from a lower pipeline to a higher one, will likely cost about \$15,000, he said.

Reach AnnMarie Cornejo at 781-7939 and Cynthia Lambert at 781-7929. Stay updated by following @a_cornejo and @SouthCountyBeat on Twitter.

Read more: <http://www.sanluisobispo.com/2011/10/18/1800960/sewage-spills-fine.html#ixzz1bQshsyq9>



The Status of Coastal Desalination in California—An Update

By Joseph M. Wong, P.E., BCEE, Chair, Desalination Committee, CA-NV AWWA, Brown and Caldwell

Water is becoming an increasingly precious commodity in many parts of the world and desalination is playing an increasingly important role in addressing the global thirst for new water resources. The long-term water supply situation in California is dire due to population growth and potential climate change effects. The California Water Plan Update 2009 includes a recommendation that desalination should be considered, where economically and environmentally appropriate, as an element of a balanced water supply portfolio, which also includes conservation and water recycling to the maximum extent practicable. Seeing the need for alternative new water supply sources, many coastal California communities are either considering or planning for desalination projects to augment existing supplies. There are approximately 20 significant coastal desalination projects in various stages of planning or implementation, with capacities ranging from a fraction of a million gallons per day (mgd) (e.g., Sand City) to as large as 150 mgd (San Diego County Water Authority/Camp Pendleton). The CA-NV Section of AWWA Desalination Committee serves to compile and disseminate information regarding desalination to interested utilities and the general membership through workshops, seminars, and publications. This article presents a summary of the California coastal desalination projects and provides an update and relevant information regarding these projects.

History of California Coastal Desalination

The history of significant coastal desalination in California started in 1992 when three seawater reverse osmosis (SWRO) plants were commissioned. The first one was a 0.65 mgd SWRO system installed by Pacific Gas & Electric at the Diablo Canyon Nuclear Power Plant to produce pure water for feed to the steam boilers. This SWRO system was commissioned in March of that year and is

Project Name	Location	Partners	Max. Capacity, mgd	Startup Year
Marin Municipal Water District	San Rafael	MMWD	5-15	Suspended
Bay Area Regional Desalination Project	Pittsburg	EBMUD, SFPUC, CCWD, SCWD, Zone 7	20-71	2020
SCWD ²	Santa Cruz	City of Sant Cruz, Soquel Creek WD	2.5	2015-2016
Marina Coast Water District	Marina	Marin Coast WD	0.3	1997
Monterey Regional Desalination Project	Marina	Marina Coast WD, Monterey County Water Resources Agency, Cal-Am	10	2014
Moss Landing	Moss Landing	Calera Corp, Desal America	9	TBD
City of Sand City	Sand City	City of Sand City	0.6	2010
Cambria	Cambria	Cambria Community Svcs. District, Army Corps of Engineers	0.4	2013
City of Morro Bay	Morro Bay	City of Morro Bay	0.58	1992
Nipomo	Nipomo	Nipomo Community Services District	5.6	2016
South San Luis Obispo County	Oceano	Oceano Community Services District, City of Arroyo Grande, City of Grover Beach	1.9	Suspended
Diablo Canyon	San Luis Obispo	Pacific Gas & Electric	0.65	1992
Charles Meyer Desalination Facility	Santa Barbara	City of Santa Barbara, Ionics	2.5	1992 (Mothballed)
LADWP	Playa Del Rey	LADWP	12-25	Cancelled
West Basin WD	El Segundo	West Basin, MWD	20-100	2020
Huntington Beach	Huntington Beach	Poseidon Resources, City of Huntington Beach	50	2014
Long Beach	Long Beach	City of Long Beach Water Dept.	5-10	Suspended
South Orange	Dana Point	MWDOC	15	2016
Carlsbad	Carlsbad	Poseidon Resources	50	2013
Oceanside	Oceanside	City of Oceanside	5-10	TBD
Camp Pendleton	Camp Pendleton	SDCWA	50-150	2018
Baja California, Mexico	Rosarito Beach, Baja California	NSC Aqua, Otay Water District	50	2015
Baja California, Mexico	Rosarito Beach, Baja California	SDCWA, MWD, SNWA, Central Arizona Water Conservation District, Mexican governmental water authorities	75	TBD

Table 1: Proposed and Implemented Coastal Desalination Plants in California as of 2011



still operating. The second one was the 2.5 mgd SWRO plant installed at City of Santa Barbara to supplement water supply as needed during droughts. This SWRO plant has not been operated since the startup testing in June 1992 and was mothballed in 1996. The third one was a 0.58 mgd SWRO system installed at City of Morro Bay, and it has been operated intermittently as needed. Marina Coast Water District commissioned a 0.3 mgd SWRO system in 1997, but it is not operated presently. Since then, the only significant coastal desalination plant commissioned was the 0.3-0.6 mgd plant at Sand City in 2010. However, there have been approximately 20 coastal desalination

projects proposed in California, including several international cooperative projects with Mexico. Table 1 shows a list and brief information of the proposed and implemented significant coastal desalination projects in California as of 2011.

Status of Proposed Desalination Projects

Currently many of the proposed coastal desalination projects are still being actively pursued and are in different stages of planning or design. Table 2 presents some technical and cost information regarding the active desalination projects. Some projects have gone through changes during the process of planning and negotiations. For

example, the Bay Area Regional Desalination Project was originally envisioned to be operated only during drought years. However, the project partners have recently changed the plan to build a smaller desalination plant (20 mgd) but operate it year round to supply water to the partners that need the water. This would make full use of the proposed desalination facility to decrease the unit cost of water production. Another project, the 50-mgd Carlsbad Desalination Project, has gone through more than 10 years of permit activities and legal challenges while the private project developer (Poseidon) signed long-term water supply agreements with nine public water agencies in the San Diego area. Recently the agreements have been revised so that San Diego County Water Authority (SDCWA) becomes the sole purchaser of the desalted water as an umbrella agency. SDCWA has the option to buy the desalination plant after 10 years.

Several proposed coastal desalination projects have been cancelled or suspended, primarily due to the high cost and high

Continued from page 20

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energy usage of the proposed projects. Other reasons include decreasing water demands due to conservation efforts and economic downturn during the past several years in the state. The City of Los Angeles discontinued the desalination project after conducting feasibility and pilot studies and decided to focus only on water conservation and recycling to create sustainable sources of water for the future in Los Angeles. Marin Municipal Water District (MMWD) started its interest in desalination during the drought of 1976-1977 and had completed two pilot testing programs since then (1991 and 2006). The MMWD board of directors approved the engineering and permitting work for a desalination project in August 2009 but voted to suspend the project in April 2010 due to the trend of declining water demand in the past two years. MMWD will re-evaluate the long-term supply and demand issues to determine the necessity of the desalination project in the future. Table 3 presents information on some of the cancelled or suspended projects which had gone through considerable study efforts.

Summary and Conclusions

A review of the approximately 20 existing and proposed significant coastal desalination projects in California indicates that desalination will continue to play an important role in the long term to enhance water supply reliability and to augment dwindling supplies, such as imported water from the Colorado River and Sacramento Bay Delta to Southern California. The total proposed capacity of these projects ranges from approximately 300 mgd to >500 mgd. The costs vary from region to region and depend on a variety of factors.

One trend that is obvious is that the time period required for planning studies and permitting activities is much longer than originally anticipated for almost every project. The Carlsbad Desalination Project is the first large-scale project proposed in California, and it has taken more than 10 years for permit-associated activities, but it appears that it has cleared most if not all the hurdles for implementation.

Due to the high cost of desalination and environmental concerns, some communities discontinued or suspended the pursuit of desalination as the alternative water source. One agency suspended the desalination project due to the trend of decreased

Project Name	MAX. Capacity, mgd	Intake/Brine Disposal	Proposed Pretreatment	Desal Plant Cost Information
Bay Area Regional	71	Open surface/wastewater treatment plant outfall	MF/UF	\$150 million capital cost for initial 20 mgd
Santa Cruz/Soquel Creek WD (SCWD2)	2.5	Open ocean/wastewater treatment plant outfall	Coagulation, DAF, granular media filtration (GMF) or UF	Capital cost of \$59 (GMF) to \$64 million (UF)
Monterey Regional	10	Intake wells/wastewater treatment plant outfall	Filtration	Capital cost of \$297.5 million; total product cost of \$6,300/ac-ft
Cambria	0.4	Horizontal intake wells/	Unknown	Capital cost of \$14 million
West Basin WD/MMWD	20-100	To be determined in new study	Granular media filtration/MF	To be determined in new study
Long Beach	5-10	Under-floor ocean intake/discharge	GMF Filtration	>\$2,600/ac-ft of product water
Huntington Beach	50	Existing power station intake/discharge	GMF Filtration or MF/UF	Capital cost of \$350 million
Dana Point	15	Slant beach well intake/discharge	Iron and manganese removal	Capital cost of \$150 million and product cost of \$1,300/ac-ft
Carlsbad	50	Existing power station intake/discharge	GMF Filtration or MF/UF	Capital cost of \$530 million
Oceanside	5-10	Subsurface intake wells/discharge	Filtration	Capital cost of \$90-151 million
SDCWA/Camp Pendleton	50-100	Undecided	DAF/MF for open intake case	Capital cost of \$1.3-1.9 billion for total project and product water cost of \$600-980/ac-ft
Baja California/Olay WD	50	Existing power station intake/discharge	Filtration or MF/UF	Product cost of \$1,500/ac-ft
Baja California/SWCWA	75	Existing power station In/discharge	Filtration or MF/UF	TBD

Table 2: Technical and Cost Information for Active Proposed Desalination Projects in California

water consumption during the past two to three years, which is a trend for most water suppliers in California due to the sagging economy and increased awareness in conservation.

Due to the ecological concerns of entrainment and impingement associated with open water intakes, many of the proposed desalination projects are actively pursuing the beach wells approach, especially the smaller to medium-sized projects. This is the approach favored by the state regulatory agencies; however, the beach wells usually require a lot of land area even if the hydrogeological conditions are favorable and there is the potential of biological growth in the sand layer that could cause plugging and decreased flow rates during long-term operation. For larger collocated projects that relied on using an existing power plant condenser cooling intake system for desalination feed water supply and concentrate disposal, the

phasing out of once-through cooling in the state has caused an increase in overall project costs and environmental concerns.

Although large-scale desalination projects have been proven feasible and reliable in many parts of the world, there are still a lot of challenges ahead for the planned California desalination projects.

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Project Name	Maximum Capacity, mgd	Status of Project	Cost Information	Reason for Suspension or Cancellation
Marin Municipal Water District	5	Suspended	Capital cost of \$111 million	Long term trend of water supply and demand projections to be re-evaluated due to trend of decreased water consumption in 2008-2009
Oceano	1.9	Suspended	Product cost of \$3,380/ac-ft	Cost too high
LADWP/Playa Del Rey	25	Cancelled	N.A.	City of Los Angeles decided to focus on water conservation and water recycling only
Long Beach	5-10	Suspended	Product cost of >\$2,600/ac-ft	Cost too high

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