

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER
DATE: FEBRUARY 23, 2012

**AGENDA ITEM
E-3
FEBRUARY 29, 2012**

**BENEFIT ASSIGNMENT CHANGES FOR SUPPLEMENTAL WATER
PROJECT ASSESSMENT DISTRICT**

ITEM

Receive update on benefit assignment changes requested by property owners [RECOMMEND APPROVE CHANGES]

BACKGROUND

The assignment of supplemental water project benefit to the nearly 8,000 parcels within the proposed assessment district requires a varying degree of interpretation depending on property complexity. The main area of ambiguity arises when a property is vacant or partially developed.

On January 11, 2012, your Board considered and approved a Supplemental Water Project Benefit Assignment Change Policy intended to provide clear guidance to staff on the review of requests for changes to benefit assignment based on development potential. The Assessment Engineer has processed numerous requests for benefit assignment change and has summarized the ongoing effort in the attached memorandum.

Proposed changes to benefit assignments in accordance with the District' policy are scheduled to be reviewed and considered for approval by your Board at the March 14, 2012 Regular Meeting.

FISCAL IMPACT

Staff time and professional consulting services related to supplemental water project development are included in the 2011-2012 budget. These costs are capitalized and included in the project cost and are recoverable following a successful financing vote.

STRATEGIC PLAN

Strategic Plan Goal 1.2 – Secure New Water Supplies

RECOMMENDATION

Staff recommends that your Honorable Board review the recommended benefit assignment changes, provide comment and direct staff.

ATTACHMENT

- February 24, 2012 Wallace Group Memo

MEMORANDUM

Date: February 24, 2012
To: Michael LeBrun, General Manager
Nipomo Community Services District
From: Kari Wagner, PE
Subject: Status Update of Assessment District Proceedings

Per your Board of Director's authorization at the January 11th, 2012 Board meeting, Wallace Group mailed out over 8,000 mailers to the property owners within the proposed assessment district for the Supplemental Water Project on January 12, 2012. There were three direct reasons for sending out the letter to each property owner within the assessment district, which include:

- To notify each property owner of their assigned benefit units.
- To make any corrections to the database due to errors in the assigned benefit units.
- To allow property owners the opportunity to adjust their benefit unit assignment if capable based on future development potential.

Since this time, Wallace Group has answered over 830 phone calls, emails, and letters, met with several property owners one-on-one, and attended four workshops with over 600 attendees in total. We have tried our hardest to respond to all phone calls and emails within two to three days from the initial contact. A good majority of the phone calls and emails have very specific questions to the following:

- What is a benefit unit?
- Why do I have 2.0 benefit units when I only have one home?
- I only have one home, but the letter says I have two. Please correct.
- What is the cost of a benefit unit?
- Please explain what this is for.

My staff and I have been providing these property owners with the answers to these questions. In addition to these questions, we have been receiving emails, letters, and phone calls with good information pertaining to the individual properties that have resulted in numerous changes to the database that were required from an administrative level. These changes include:



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- Private well owners requesting to be exempted from the assessment district. WG researched these properties owners and are confirming that they do not receive water from their water purveyor before exempting the property.
- Parcels that are encumbered by easements, buffer zones, drainage basins, oak trees, bluff, etc have requested lowered benefit unit assignments. We worked with each of these property owners, reviewed aerial photographs, and identified the area that was encumbered and then agreed with the property owner to the revised benefit unit assignment if necessary.
- Properties were assigned wrong category, parcel size was incorrect, or current number of homes was incorrect. Wallace Group reviewed the information and made corrections as necessary.
- Property owners are requesting to increase their benefit unit assignment for secondary homes or other future development potential. Wallace Group has sent the waiver form to each of these property owners to be filled out. This list of requested increases will be available for review and approval at the March 14th, 2012 Board meeting.
- Property owners are requesting to decrease their benefit unit assignment to accommodate less development potential on their property. Wallace Group has sent out the deed restriction form to each of these property owners to be filled out. This list of requested decreases will be available for review and approval at the March 14th, 2012 Board meeting.
- A few areas are being identified as having deed restrictions that do not allow for secondary homes, which was not identified earlier. They include Ten Oaks Way, Summit Station, and Falcon Ridge Estates. Wallace Group is reviewing the deed restrictions and making adjustments to the benefit unit assignments if necessary.

In addition to the corrections from the property owners, Wallace Group, based on the phone calls and discussions with various property owners, have found a few additional properties that were miss-assessed and are correcting these errors even though the actual property owners have not contacted Wallace Group. Wallace Group will continue to review the database to eliminate any other inconsistencies and to accurately spread the benefit unit assignments equitably based on the engineer's report before the final engineer's report is published for the March 14, 2012 board meeting.

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: PETER V. SEVCIK *P.V.S.*
DISTRICT ENGINEER

DATE: FEBRUARY 23, 2012

AGENDA ITEM
E-4
FEBRUARY 29, 2012

**SOUTHLAND WASTEWATER TREATMENT FACILITY
PHASE 1 IMPROVEMENT PROJECT
AUTHORIZATION TO BID BASED ON BIOLAC®**

ITEM

Authorize staff to advertise the Southland Wastewater Treatment Facility Phase 1 Improvement Project for bid based on Biolac® wastewater treatment technology. [RECOMMEND, BY MOTION AND ROLL CALL VOTE, ADOPT RESOLUTION AUTHORIZING STAFF TO ADVERTISE PROJECT FOR BID BASED ON BIOLAC® WASTEWATER TREATMENT TECHNOLOGY].

BACKGROUND

In 2006, the District received a Notice of Violation (NOV) from the Regional Water Quality Control Board (RWQCB) regarding the Waste Discharge Requirements (WDR) for the Southland Wastewater Treatment Facility (WWTF). Permit limitations for biological oxygen demand (BOD) and total suspended solids (TSS) had been exceeded and were noted in the NOV. The District was required to respond to the NOV with actions for improving the quality of plant effluent in order to meet discharge limitations.

The District developed short-term plant improvements (including aeration system expansion and sludge removal) to meet the effluent requirements. At the time, AECOM (formerly Boyle Engineering) noted that a treatment pond system would not reliably meet these limitations. While the short-term plant improvements did provide some enhancement of water quality, AECOM recommended that the District evaluate other treatment process options that would more reliably meet the effluent limits and also could help reduce nitrogen contribution to the groundwater basin.

SOUTHLAND WWTF MASTER PLAN

AECOM worked with the District to develop the Southland WWTF Master Plan and finished the document in January 2009. The study evaluated several wastewater treatment processes and technologies including conventional activated sludge, expansion of the existing pond system, and two extended aeration activated sludge (EAAS) systems: the Parkson Biolac® system and oxidation ditch technology.

Based on this alternatives evaluation, the Board selected the Parkson Biolac® system as the lowest-cost alternative that would meet the District's multiple objectives in upgrading the Southland WWTF. The Biolac® system maximizes use of the existing ponds and reduces the need for tank structures. Although it is a proprietary technology, it is the only system of its kind that has been permitted by the RWQCB and that has a successful track record for multiple publicly-owned facilities in California. The alternatives analysis is described in detail within the January 2009 Southland WWTF Master Plan.

SOUTHLAND WWTF PHASE 1 IMPROVEMENT PROJECT DESIGN

In March 2009, the Board selected AECOM to provide final engineering design services for the Southland Wastewater Treatment Facility (WWTF) Phase 1 Improvement Project based the use of Biolac® technology as recommended in the Master Plan.

During the preparation of the Concept Design Report, AECOM noted that flow to the Southland WWTF was not increasing as quickly as originally projected. The Southland WWTF Master Plan was amended in August 2010 to provide for a three phase improvement project instead of a two phase project to ensure that the upgraded plant would operate efficiently and effectively. The amendment also reaffirmed the use of Biolac® technology as part of the upgrade project.

The Phase 1 project will replace the current 0.9 million gallon per day (MGD) pond plant with a new treatment plant that will include an influent lift station, influent screening system, grit removal system, Biolac® aeration basin to treat wastewater, a clarifier, gravity belt thickener, two concrete lined sludge drying beds, controls & blower building, and a non-potable plant water system. The Phase 1 project also includes an additive alternate bid item for a second clarifier and an additive alternate bid item for additional on-site disposal facilities. The plans and specifications for the project are being finalized.

The Phase 1 project design is based on the Parkson Biolac® system and a quote has been provided by Parkson for inclusion in the bid documents. AECOM worked with Parkson to finalize the scope and budget for their equipment and process and this quote is based on these negotiations and the prior evaluation. Based on AECOM's engineering evaluations and the completion of the design, AECOM recommends that the Board approve inclusion of the Parkson Biolac® system in the bid documents without substitutions. A copy of AECOM's recommendation is attached.

SOUTHLAND WWTF PHASE 1 IMPROVEMENT PROJECT ENVIRONMENTAL REVIEW

In 2009, the District retained Doug Wood and Associates Inc. (DWA) to perform environmental work related to the Southland Wastewater Treatment Facility Improvement Master Plan. On June 22, 2011, the Board authorized circulation of the Draft Environmental Impact Report (EIR) for the Southland Wastewater Treatment Facility (WWTF) Improvement Project.

The District circulated the draft Report for a minimum of 45 calendar days. DWA prepared responses to all comments the District received. On November 16, 2012, the Board held a hearing that was noticed in accordance with CEQA requirements and adopted a resolution certifying the Final EIR for the project.

On December 14, 2011, the Board adopted a resolution making CEQA project findings, adopting a statement of overriding considerations, adopting a project mitigation monitoring plan, approving the Southland WWTF Phase 1 Improvement Project and directing staff to file a Notice of Determination with the County in compliance with CEQA.

REGIONAL WATER QUALITY CONTROL BOARD WASTE DISCHARGE REQUIREMENTS

The operation of the District's Southland WWTF is regulated by RWQCB WDR Order No. 97-75. The District submitted a Report of Waste Discharge application on August 3, 2011 to the RWQCB that included the District's planned improvement of the Southland WWTF in accordance with the Southland WWTF Master Plan based on Biolac® technology.

On November 21, 2011, the RWQCB issued a Notice of Availability of a Draft WRD to replace existing Order No. 97-75 and continue to regulate the collection, treatment, and disposal of wastewater at the Southland WWTF. The draft replacement WDR was subsequently approved by the RWQCB on February 2, 2012. The newly adopted WDR is based on the Parkson Biolac® system.

PRE-QUALIFICATION OF CONTRACTORS

The California Public Contracts Code ("PCC") Section 20101 permits the District to pre-qualify contractors who wish to bid on the District's public works contracts such as the Southland WWTF Phase 1 Improvement Project. PCC Section 20101 requires the District to establish pre-qualification policies and the method by which decisions regarding Contractor's qualifications may be appealed. Pre-Qualification of Contractors helps to ensure that the Project is constructed by reputable, experienced, and qualified contractors.

In November 2011, the Board adopted Resolution 2011-1239 that established a project specific pre-qualification policy for the Southland WWTF Phase 1 Improvement Project. AECOM and District staff are in the process of finalizing the list of general contractors, mechanical contractors, electrical contractors and instrumentation contractors that have pre-qualified to submit bids for the project. The final procurement step, in accordance with the District's Purchasing Policy, is Board approval to solicit bids for the project.

SCHEDULE

The current schedule is as follows:

- Solicit Bids March-April 2012
- Bid review May 2012
- Award construction contract June 2012
- Construction July 2012-December 2013

FISCAL IMPACT

The total project cost is estimated to be approximately \$12 million. The August 24, 2007 Town Sewer System Financial Plan established the funding plan and rates to support the Southland WWTF Phase 1 Improvement Project. The financial plan includes issuing approximately \$10.6 million in long-term debt to provide about \$8.9 million in net proceeds for the Phase 1 Improvement Project. The balance of the funding will come from reserves:

- \$2.6 million from Town Sewer Funded Replacement Fund
- \$.5 million from Town Sewer Capacity Charge Fund

In order to issue the necessary bonds, the District retained Fulbright Jaworski L.L.P. to provide Bond Counsel services and C.M. de Crinis & Co., Inc. to provide Financial Advisory services in July 2011. Staff is working with both firms to coordinate issuance of the bonds with the District's award of the construction contract for the project.

STRATEGIC PLAN

Strategic Plan Goal 2.2 – Upgrade and Maintain Collection and Treatment Works
Strategic Plan Goal 2.3 – Select Disposal Solution for Southland Effluent and Implement
Strategic Plan Goal 2.5 – Comply with State and Federal Regulations and Mandates

RECOMMENDATION

Staff recommends that the Board, by motion and roll call vote, adopt the attached resolution that authorizes staff to advertise the project for bid based on Biolac® technology.

ATTACHMENTS

- AECOM Recommendation for Parkson Biolac® technology
- Draft Resolution 2012-XXXX Southland WWTF Phase 1 Improvement Project Authorization to Bid Based on Biolac® Technology

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February 17, 2012

Michael LeBrun, PE
General Manager
Nipomo Community Services District
P O Box 326
Nipomo CA 93444

Re: Recommendation for Parkson Biolac

AECOM recommends that the Nipomo Community Services District (NCSD) Board of Directors (Board) approve incorporation of the Parkson Biolac system into the Contract Documents for the Southland Wastewater Treatment Facility (WWTF) Phase I Improvements without allowing substitutions. The selection of the Parkson Biolac system is the result of planning efforts and alternative evaluations that have been led and approved by the District Board beginning in 2006.

In 2006, the NCSD received a Notice of Violation (NOV) from the Regional Water Quality Control Board (RWQCB) regarding their Waste Discharge Requirements for the Southland WWTF. Permit limitations for biological oxygen demand (BOD) and total suspended solids (TSS) had been exceeded and were noted in the NOV. The District was required to respond to the NOV with actions for improving the quality of plant effluent in order to meet discharge limitations.

The District developed short-term plant improvements (including aeration system expansion and sludge removal) to meet their effluent requirements. At the time, it was noted that a treatment pond system would not reliably meet these limitations and these would be short-term improvements. While the short-term plant improvements did provide some enhancement of water quality, the District elected to evaluate other treatment process options that would more reliably meet the effluent limits and also could help reduce nitrogen contribution to the groundwater basin.

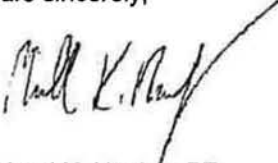
AECOM (formerly Boyle Engineering) worked with the District to develop the Southland WWTF Master Plan and finished the document in January 2009. The study evaluated several process alternatives, including conventional activated sludge, expansion of the existing pond system, and two extended aeration activated sludge (EAAS) systems: the Parkson Biolac and oxidation ditch technology. Based on this alternatives evaluation, the Parkson Biolac system was selected as the lowest-cost alternative that would meet the District's multiple objectives. The Biolac system maximizes use of existing ponds and reduces need for tank structures. Although it is a proprietary technology, it is the only system of its kind that has a successful track record for multiple publicly-owned facilities in California. The alternatives analysis is described in detail within the report.

Design of the Southland WWTF Phase I Improvements began in March 2009 as recommended in the Master Plan. The final contract documents will be released for bidding in March 2012. The design has been based around the Parkson Biolac system and a proposal and quote have been provided by Parkson for inclusion in the contract documents. AECOM worked with Parkson to finalize the scope and budget for their equipment and process and this proposal is based on these negotiations.

The newly adopted Waste Discharge Requirements are based on the Parkson Biolac system.

Based on our engineering evaluations described above and the completion of the design, AECOM recommends the Board approve inclusion of the Parkson Biolac system in the contract documents without allowing substitutions.

Yours sincerely,



Michael K. Nunley, PE
Project Manager
mike.nunley@aecom.com



To enhance and sustain the world's built, natural and social environments

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2012-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING STAFF TO SOLICIT BIDS FOR THE
SOUTHLAND WASTEWATER TREATMENT FACILITY PHASE 1
IMPROVEMENT PROJECT BASED ON BIOLAC®**

WHEREAS, the January 2009 Southland Wastewater Treatment Facility (WWTF) Master Plan, August 2010 Southland WWTF Master Plan Amendment and the 2011 Strategic Plan outline the need for upgrading and replacement of the District's Southland WWTF including wastewater treatment technologies; and

WHEREAS, the Southland WWTF Master Plan evaluated alternative treatment technologies, including conventional activated sludge, expansion of the existing pond system, and two extended aeration activated sludge systems - Parkson Biolac® system and oxidation ditch technology; and

WHEREAS, based on this alternative evaluation, the Parkson Biolac® system, a proprietary wastewater treatment technology, was selected as the lowest-cost alternative that would meet the District's multiple objectives for upgrading the District's Southland WWTF; and

WHEREAS, the California Regional Water Quality Control Board has adopted new Waste Discharge Requirements for the Southland WWTF that are based on the Parkson Biolac® system; and

WHEREAS, plans and technical specifications that are based on the Parkson Biolac® system for the Southland WWTF Phase 1 Improvement Project are being finalized by AECOM Inc.; and

WHEREAS, based on AECOM's engineering evaluations of treatment technologies, the prior selection of Parkson Biolac® as the preferred treatment technology, the RWQCB Waste Discharge Requirements, and the completion of the design, AECOM recommends the Board approve inclusion of the Parkson Biolac® system in the bid documents without substitutions; and

WHEREAS, Parkson has provided a quote for the Biolac® system for inclusion in the bid documents; and

WHEREAS, the District is pre-qualifying contractors who wish to bid on the Southland WWTF Phase 1 Improvement Project in accordance with Resolution 2011-1239.

NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE NIPOMO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS AS FOLLOWS:

1. The Parkson Biolac® system shall be included in the bid documents for the Southland WWTF Phase 1 Improvement Project and no substitutions for this system shall be allowed.
2. The General Manager is authorized to solicit bids from pre-qualified contractors for construction of the project.
3. The above recitals are true and correct and constitute findings for the exclusive use of the Parkson Biolac® system for the treatment of wastewater at the Southland WWTF.

On the motion of Director _____, seconded by Director _____ and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

CONFLICTS:

The foregoing resolution is hereby adopted this 29th day of February 2012.

James Harrison, President
Nipomo Community Services District

ATTEST:

Michael S. LeBrun
General Manager and Secretary to the Board

Jon S. Seitz,
General Counsel