

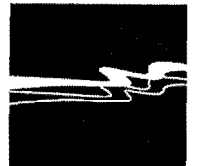
# MEMORANDUM

Date: May 9, 2012  
To: Michael LeBrun, General Manager  
Nipomo Community Services District  
From: Kari Wagner, PE  
Subject: Corrections to Engineer's Report

Wallace Group has continued to answer questions, replace ballots, update property owner information, and evaluate any corrections since the issuance of the Engineer's Report on Friday, May 4, 2012. The following corrections are being made in response to the correction requests and are being requested to be included in the adoption of the Final Engineer's Report, Roll and Diagram:  
92272008

1. 092-272-008, N3243, Owner - CABALES FLORENDA I TRE: Current assessment, 7 undeveloped benefit units. Property had a home on it that burned down. Home was demolished and meter was pulled. New Assessment – 2.0 developed benefit units and 5.0 undeveloped benefit units. Total assessment = \$15,257.07, reduction of \$2,048.54.
2. 090-385-017, N1922, Owner - FITZ-GERALD ALBERT S JR TRE ETAL: Current assessment is 2.1 undeveloped benefit units. Property has one existing home on the property. Assessment should be 1.0 developed benefit units and 1.1 undeveloped benefit units. Total assessment = \$4,167.41, reduction of \$1,024.27.
3. 092-572-015, 025, and 045 (N2535, N2975, and N2548) are part of an approved Tract Map (Tract 2652). The old assessment was for 6 undeveloped benefit units for each of the three parcels. After evaluating the Tract Map, it was determined that the assigned benefit units was not adequate for the approved Tract Map. The proposed assessment is as follows:
  - a. 092-572-015, N2535, Owner - MALLY CRAIG H ETAL: 49.35 undeveloped benefit units, \$122,004.55
  - b. 092-572-025, N2975, owner - MUSSELL JOHN L TRE ETAL: 2.0 undeveloped benefit units, \$4,944.46
  - c. 092-572-045, N2548, Owner - MALLY CRAIG H ETAL: 4.0 undeveloped benefit units, \$9,888.92

The total assessment change for the three parcels = \$136,837.93, increase of \$92,337.79.



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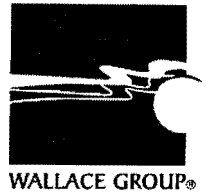
WALLACE SWANSON  
INTERNATIONAL

WALLACE GROUP  
A California Corporation

612 CLARION CT  
SAN LUIS OBISPO  
CALIFORNIA 93401

T 805 544-4011  
F 805 544-4294

[www.wallacegroup.us](http://www.wallacegroup.us)



**Engineer's Report:** Included as an attachment to this memorandum are the changes to the Engineer's Report as a result of the corrections noted above. The changes are noted on Pages 25, 28, 37, 38 and 39. Due to the corrections noted above, the Nipomo Community Services District's contributions are minimal due to rounding discrepancies and the confirmed assessments for all properties within the Nipomo Community Services District are amended per the corrected sheets.

In addition, page 18 of the Engineer's Report is provided with the following clarification to the first sentence in paragraph two under Special Benefit:

"The Properties within the Assessment District are *the* only parcels that will receive special benefit..."

**Engineer's Roll:** The corrections noted above were made too late to re-print the roll to reflect the changes to the confirmed assessments for all residents within Nipomo Community Services District. The Engineer's Roll will be provided following the hearing with the corrections noted.

In addition, there have been property ownership changes to the Rural Water Company Roll for the following properties that are to be included in the updated Engineer's Roll:

075-411-055, R0754, New Owner: Taylor, Carol

075-411-044, R0731, New Owner: Hatmaker, Robert J & Grace M

restricted in their benefit, will not receive any special benefit beyond what is determined since water will not be available until future improvements and the costs associated therewith have been made by such parcels. General benefit to the public at large, if any, of lessening the threat of seawater intrusion into the fresh water supply or special benefit to properties not covered by Ordinance No. 3090, has been quantified to be much less than the contribution provided by the State Department of Water Resources grant in the amount of \$2,300,000 in accordance with the memorandum dated March 13, 2012 prepared by the assessment engineer incorporated herein by reference, in which detailed analysis and quantification of such benefit was calculated.

## **SPECIAL BENEFIT**

In making the special benefit analysis, it was necessary to first identify the special and general benefits that the work of improvements render to the properties within the Assessment District and to determine that the zones, and the properties within the zones, receive a direct and special benefit distinguished from that of the general public. The special benefit for each zone has been measured in the quantity of the supplemental water available and the detailed analysis of the average water use for certain categories of parcels or parcels in particular. The special benefit to each property within the zone, as a result of the construction of the work of improvements, is the ability of each property to have reliable sources of fresh water from direct and/or supplemental water sources, the reduced risk of seawater intrusion and the satisfaction of obligations under the court-approved Judgment.

The properties within the Assessment District are the only parcels that will receive a special benefit from the work of improvements. The work of improvements provide special benefit for each property within the Zones which are part of a service area to a water purveyor and are subject to or benefit by the availability of the supplemental water provided by the work of improvements, the risk of seawater intrusion and the satisfaction of court-approved Judgment. The improvements are for the use and benefit of the properties within the Assessment District only and will not serve or directly benefit the general public or those parcels not subject to the Assessment. Additionally, the improvements have been sized for the benefit of the properties within the Assessment District and does not contain additional capacity which would allow other areas to use the improvements without an additional cost and addition to the improvements.

## **GENERAL DESCRIPTION OF METHOD**

All properties that stand to benefit from the construction of the Nipomo Mesa Supplemental Water Project, public or private, vacant or occupied, subdivided or un-subdivided, have been assessed a portion of the project costs. The benefits to an individual parcel are based on its service location, zoning, size, use of the property, whether it is currently developed, and its development potential. First, the proposed Assessment District is broken into four zones based on the boundaries of each water purveyor's water system boundary or service area: Nipomo Community Services District (NCSD) – Zone A, Golden State Water Company (GSWC) – Zone B, Rural Water Company (RWC) – Zone C, and Woodlands Mutual Water Company (WMWC) – Zone D. Each zone has a different share in the total project costs identified in Part III of this Engineer's Report, based on their percentage established in the Stipulation noted in Part V of this Engineer's Report, which apportionment and rationale has been reviewed by the Assessment Engineer and in which the Assessment Engineer concurs. Apportionment of the costs of the Project for each zone is based on the percentage of the projected quantity of

**Zone A**  
**(Nipomo Community Services District)**  
**Basis of Assessment**

Group	Sub Group	Land Use Category	Description	Parcel Sizes Included (acres)	Basis of Assessment
1	A	Residential with 1 unit (RSF, RMF, RR, RS, RL)	All residential parcels with one unit	<= to 0.35	1.00 Equivalent Benefit Unit
	B			>0.35 & <= 0.65	1.60 benefit units
	C			>0.65	2.00 benefit units
2	A	Residential with Granny unit	Secondary Unit on a residential property	<=1.00	0.00 benefit units
	B			>1.00	0.30 benefit unit for second unit
3	A	Residential with 3 or More units	Residential properties with greater than two units (Does not include subdividable RSF parcels)	All Parcel Sizes	0.70 benefit unit for each additional unit beyond two units
4	A	Residential Multi-Family (RMF)	Multi-family units w/ no land (i.e. condos, apartments, mobile homes)	All Parcel Sizes	0.70 benefit units per unit
5	A	Commercial (CS, OP, CR)	Commercial Services, Office Professional, Commercial Retail	<= to 0.35	1.00 benefit unit
	B			>0.35 & <= 0.65	1.60 benefit units
	C			>0.65 & <= 2.00	3.00 benefit units
	D			>2.00	6.00 benefit units
6	A	Mini Storage	Storage units with physical storage structures	All Parcel Sizes	0.50 benefit units
7	A	School	School	<= to 0.35	1.00 benefit unit
	B			>0.35 & <= 0.65	1.60 benefit units
	C			>0.65 & <= 2.00	3.00 benefit units
	D			>2.00	3.00 benefit units plus 1.0 benefit unit for every acre above 2.0 acres
8	A	Public Mtg	Includes churches, public meeting halls, excluding schools	<= to 0.35	1.00 benefit unit
	B			>0.35 & <= 0.65	1.60 benefit units
	C			>0.65 & <= 2.00	2.00 benefit units
	D			>2.00	1.00 benefit units per acre
9	A	Recreational	Parks, Fields, etc	All Parcel Sizes	1.00 benefit units per acre
10	A	Government	Government (i.e. Fire Station, Police, etc)	<= to 0.35	1.00 benefit unit
	B			>0.35 & <= 0.65	1.60 benefit units
	C			>0.65 & <= 2.00	3.00 benefit units
	D			>2.00	3.00 benefit units plus 1.00 benefit unit for every acre above 2.00 acres
11	A	Public Facilities w/ No Irrigation	Public Facilities with no irrigation (i.e. wells, tanks, lift stations)	All Parcel Sizes	0.00 benefit units
12	A	Public Facilities w/ Irrigation	Public Facilities with irrigation	All Parcel Sizes	1.00 benefit units per acre
13	A	Open Space w/ No Irrigation	Open Space w/ no irrigation (i.e. medians, parking lots, etc)	All Parcel Sizes	0.00 benefit units
14	A	Open Space w/ Irrigation	Open Space w/ existing irrigation	All Parcel Sizes	1.00 benefit units per acre
15	A	WWTP	Wastewater Treatment Plant	All Parcel Sizes	1.00 benefit unit
16	A	Agriculture	Agriculture parcels using NCSD water	All Parcel Sizes	1.00 benefit units per acre
17	A	Hotel	Hotel or Bed & Breakfast	All Parcel Sizes	0.40 benefit units per room
18	A	Exempted Parcels	Parcels with their own water source	All Parcel Sizes	0.00 benefit units
19	A	Interval Ownership Suites	Two-bedroom hotel/timeshare units	All Parcel Sizes	0.55 benefit units per unit
20	A	Assisted Living	Assisted living facility	All Parcel Sizes	0.35 benefit units per room

**Group 13: Open Space with No Irrigation**

This group includes all designated open space parcels with no irrigation. These parcels include hardscaped medians, parking lots, areas with dense oak trees, etc. All parcels within this group are assigned zero benefit units.

**Group 14: Open Space with Irrigation**

This group includes all designated open space parcels with irrigation. Benefit unit assignment is based on parcel size.

**Group 15: Wastewater Treatment Plant**

This group includes all public facilities designated for a wastewater treatment plant. These parcels are assigned 1.0 benefit unit regardless of parcel size.

**Group 16: Agriculture**

This group includes all agriculture parcels that are currently served by Nipomo Community Services District within Zone A. Benefit unit assignment is based on parcel size.

**Group 17: Hotel**

This group includes all parcels designated for a hotel or bed & breakfast. Benefit unit assignment is based on the number of rooms within the hotel or bed & breakfast.

**Group 18: Exempted Parcels**

Parcels located within Zone A, but have their own well and underlying appropriative water rights are assigned zero benefit units.

**Group 19: Interval Ownership Suites**

This group includes all parcels designated for an Interval Ownership Suites. Benefit unit assignment is based on the number of two-bedroom units.

**Group 20: Assisted Living**

This group includes all parcels designated for an Assisted Living Facility. Benefit unit assignment is based on the number of one-bedroom units.

Based on this analysis, there are 5,866.36 benefit units assigned to existing development and 1,913.19 benefit units assigned to future development (un-developed) for a total of 7,779.55 benefit units.

**Zone B**

The Basis of Assessment for Zone B is summarized in "Zone B Basis of Assessment" table. A full description of each group in this table is as follows:

**Group 1: Residential with One Unit**

This group includes all residential properties, including Land Use Categories Residential Single Family, Residential Multi-Family, Residential Rural, Residential Suburban, and Rural Lands with one unit. The following parameters were used to determine benefit unit assignments:

- Developed parcels less than or equal to 2.0 acres – Parcels were only assessed for their existing use and were not assessed for their full development potential if capable of subdividing or adding an additional granny unit.

**Summary**

Based on the above methodology the total benefit units assigned to each Zone is as follows:

	Total # of Benefit Units	Developed Benefit Units	Undeveloped Benefit Units
Zone A	7,779.55	5,866.38	1,913.19
Zone B	2,667.13		
Zone C	1,663.66		
Zone D	1,516.25		

It should be noted that the total benefit units identified above are amended from the Engineer's Report, date March 14, 2012. The benefit units identified are the actual benefit units assigned for each water purveyor after the completion of all corrections and amendments.

**B. ASSESSMENT RATE CALCULATION**

The assessment rate calculation is provided for each water purveyor below. The assessment rates are amended from the Engineer's Report and Roll, dated March 14, 2012, but in no instance is the cost per benefit unit increased above the approved Engineer's Roll. Any deficit in the amount of funds raised by the residents in each of the Water Purveyor's zone will be contributed by the Water Purveyor. A summary of the assessments and any contributions required to be paid by the Water Purveyors is provided at the end of this section in "Summary of Benefit Unit Costs by Water Purveyor".

**Zone A**

Zone A, which is served by Nipomo Community Services District, is comprised of residential and commercial units on varying parcel sizes. It also includes the planned development known as Blacklake Village. Based on the basis of assessment, Zone A has a total of 7,779.55 benefit units. Zone A's share of the project is \$19,186,314, which includes the grant from the State Department of Water Resources. The Nipomo Community Services District is allocating \$6,000,000 from reserves to reduce the assessment on developed properties within Zone A, thus the total assessment cost for Zone A is \$13,186,314. Based on the number of benefit units in the Final Engineer's Roll and the cost of the project, the cost per benefit unit is \$2,466.25. ~~However, based on the Preliminary Engineer's Roll, dated March 14, 2012, the cost per benefit unit was \$2,472.23. Therefore, the cost per benefit unit will remain at \$2,472.23 since no assessment will be increased greater than that noted in the Engineer's Roll.~~ It should be noted that the Engineer's Report, dated March 14, 2012 discussed a cost per benefit unit of \$2,522.69, but the Engineer's Roll and subsequently the Ballots mailed to each of the property owners was equivalent to \$2,472.23. ~~and therefore, the \$2,472.23 is the cost per benefit unit that will be final.~~

Nipomo Community Services District has authorized to use of \$6,000,000 of NCSD funds to reduce the cost of the project for the developed parcels within Zone A. Based on this reduction the following provides a summary of the cost per benefit unit for developed and undeveloped parcels. The numbers are based on the benefit units noted in the Preliminary

Engineer's Roll, dated March 14, 2012 and not the actual since the actual numbers will result in a higher cost per benefit unit for the developed parcels.

Project Cost	\$19,186,314
Total # of Benefit Units	7,779.55
Cost Per Benefit Unit	\$2,466.25
<hr/>	
Total # of Developed Benefit Units	5,866.36
Total Project Cost Attributed to Developed Benefit Units	\$14,467,910.35
Less District Funds (\$6,000,000)	\$8,467,910.35
Revised Cost Per Benefit Unit for Developed Parcels Only	\$1,443.47

The final cost per benefit unit for undeveloped parcels is **\$2,466.25**. The final cost per benefit unit for developed parcels is **\$1,443.47**. ~~Nipomo Community Services District will be required to contribute an additional \$51,478.64 to fund the assessment district.~~ Nipomo Community Services District will be required to fund an additional \$5.51 to fund the assessment district to account for rounding discrepancies in the cost per benefit unit.

#### Zone B

Zone B is comprised of large residential units on septic systems. Based on basis of assessment, Zone B has a total of 2,667.13 benefit units. Zone B's share of the project is \$2,086,047. The cost per benefit unit is \$782.13. This cost per benefit unit is amended lower than the preliminary Engineer's Report, dated March 14, 2012. Golden State Water Company will be required to fund an additional \$4.61 to fund the assessment district to account for rounding discrepancies in the cost per benefit unit.

#### Zone C

Zone C is comprised of large residential units and the planned development known as Cypress Ridge. Based on the basis of assessment, Zone C has a total of 1,663.66 benefit units. Zone C's share of the project is \$2,086,047. The cost per benefit unit is \$1,253.89. In no instance shall the cost per benefit unit be higher than the assessment proposed in the preliminary Engineer's Report. Therefore, the final cost per benefit unit for Zone C is \$1,198.95. Rural Water Company will be required to contribute an additional \$91,401.84 to fund the assessment district.

#### Zone D

Woodlands Mutual Water Company owns and operates the water and sewer facilities within the planned community known as the Woodlands. The Woodlands is not fully built out. The Woodlands has an approved tentative map allowing for 1,320 residential units, plus additional commercial facilities. Based on basis of assessment, Zone D has a total of 1,516.25 benefit units. Zone D's share of the project is \$4,104,906. The cost per benefit unit is \$2,707.28. This cost per benefit unit was not amended from the preliminary Engineer's Report and no additional contributions will be required to be made by Woodlands Mutual Water Company. Due to rounded discrepancies, there is a \$7.30 surplus raised by the Woodlands Mutual Water Company residents.

Summary of Benefit Unit Costs by Water Purveyor

	Final Benefit Units Assigned			Confirmed Cost Per BU <sup>1</sup>		Total Raised	Total Required	Water Purveyor Contribution
	Undeveloped	Developed	Total	Undeveloped	Developed			
Zone A (NCSD)	1,913.19	5,866.36	7,779.55	\$2,466.25	\$1,443.47	\$13,186,319.51	\$13,186,314.00	\$5.51
Zone B (GSWC)			2,667.13	\$782.13		\$2,086,042.39	\$2,086,047.00	\$4.61
Zone C (RWC)			1,663.66	\$1,198.95		\$1,994,645.16	\$2,086,047.00	\$91,401.84
Zone D (WMWC)			1,516.25	\$2,707.28		\$4,104,913.30	\$4,104,906.00	-\$7.30
						\$21,371,920.36	\$21,463,314.00	\$91,404.66

<sup>1</sup> Confirmed Cost for Zone's A and C based on Preliminary Engineer's Report/Roll, dated March 14, 2012. Confirmed Cost for Zone B and Zone D based on Final benefit unit assignment per this Engineer's Report.

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