

TO: BOARD OF DIRECTORS
 FROM: MICHAEL S. LEBRUN *MSL*
 GENERAL MANAGER
 DATE: FEBRUARY 8, 2013

**AGENDA ITEM
 F
 FEBRUARY 13, 2013**

GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is January 18, 2013 through February 8, 2013.*

DISTRICT BUSINESS

Administrative

- Duplicate billing at property owners request is allowed by District policy. Staff is working with billing program contractor and developing a nominal fee to facilitate implementing the option. Staff expects to be offering the service to property owners, upon written request, by March 1, 2013.
- Second Interviews for the Assistant Engineer position are scheduled for February 19-21
- County Public Works wrote the District expressing concern over District being able put to use the \$2.2M grant for supplemental water project – attached.
- Finance Director and Audit Committee have established the time-line for developing the 2013-2014 Fiscal Year Budget – attached.
- A look at a 'typical' month of customer service for our Administrative staff. The majority of these contacts are handled by either the Billing Clerk or the Board Clerk.

	WEEK 1 DEC 31-JAN 4	WEEK 2 JAN 7-JAN 11	WEEK 3 JAN 14-JAN 18	WEEK 4 JAN 21- JAN 25	WEEK 5 JAN 28-FEB 1	TOTALS Jan-13
QUESTIONS ABOUT CUSTOMER A/C	59	57	47	43	44	250
CONSULT ON HIGH WATER/SEWER BILL	3	4	5	5	1	18
WATER CONSERVE INFO	0	0	2	2	2	6
DEVELOPMENT	3	4	6	4	8	25
TRASH SERVICE	4	6	8	4	4	26
COUNTY-RELATED	0	0	3	2	1	6
COMPLAINTS	0	0	0	0	1	1
COMPLIMENTS	0	0	0	0	0	0
OTHER ISSUES	1	2	3	3	5	14
TOTAL:	70	73	74	63	66	346

pot holes, water softener, summit station

fire hydrant meter, galaxy info, supplemental water

SCAC elections galaxy sewer supple water bid list street lights

NIPOMO COMMUNITY SERVICES DISTRICT
 SUMMARY
 WALK-IN CUSTOMER SERVICE

	WEEK 1 DEC 31-JAN 4	WEEK 2 JAN 7-JAN 11	WEEK 3 JAN 14-JAN 18	WEEK 4 JAN 21-JAN 25	WEEK 5 JAN 28-FEB 1	TOTALS Jan-13
PAY A BILL/OTHER CUSTOMER SERVICE	91	54	63	74	51	282
CONSULT ON HIGH WATER/SEWER BILL	0	2	1	2	1	5
WATER CONSERVE INFO	1	2	2	0	2	5
DEVELOPMENT	0	3	2	2	2	7
TRASH SERVICE	0	0	0	2	1	2
COUNTY-RELATED	0	0	2	1	1	3
COMPLAINTS	0	0	0	0	0	0
COMPLIMENTS	0	0	0	0	0	0
OTHER ISSUES	5	2	0	1	3	8
TOTAL:	97	63	70	82	61	312

fire system
 water conserv
 fee, pipe locating

Safety Program

- No accidents or injuries to report.

Public Outreach

- Press Releases and Advertisements released and ran during the period covered by the report are attached along with a Press Release Log for the year.
- 2013 1st Quarter Newsletter in production and on schedule for mid-month mailing to property owners. Print copy is attached.
- A monthly Manager's column within Adobe Press is scheduled for debut in February 2013.

Connection Report

Nipomo Community Services District
 Water and Sewer Connections **End of Month Report 2013**

	DEC-12	JAN-13	FEB-13	MAR-13
Water Connections (Total)	4259	4268		
Sewer Connections (Total)	3055	3064		
Meters turned off (Non-payment)	20	18		
Meters off (Vacant)	52	55		
Sewer Connections off (Vacant)	20	22		
New Water Connections	12	9		
New Sewer Connection	12	9		
Galaxy & PSHH at Orchard and Division Sewer Connections billed to the County	462	462		

Meetings

Meetings attended:

- *January 22, Information Technology consultant*
- *January 22, County Planning and Property Services on Jim Miller Park*
- *January 22, Santa Maria Utilities Director and Santa Barbara County Public Works Deputy Director on supplemental water*
- *January 23, Regular Board Meeting*
- *January 24, SLO County Partners for Water Conservation*
- *January 24, Management Coordination*
- *January 29 and 30, Assistant Engineer Candidate Interviews*
- *January 31, Personnel Committee*
- *January 31, Blacklake Well #4 Bid opening*
- *January 31, Finance and Audit Committee*
- *February 1, Oceano CSD GM on Supplemental Water*
- *February 4, Board Officers*
- *February 4, SWAEC*
- *February 5, Southland Construction Review and SCADA briefs*
- *February 6, Operations and Engineering coordination*
- *February 7, Personnel Committee*
- *February 8, NMMA*

Meetings Scheduled:

- *February 12, KCOY on Supplemental Water review and Phase 1 project*
- *February 12, Intertie Pipeline Design, Construction Mgmt, Right-of-Way, Legal, Finance*
- *February 12, Blacklake HOA regarding Blacklake Wastewater System Master Plan*
- *February 13, Regular Board Meeting*
- *February 14, Quarterly All Staff Safety Meeting*
- *February 14, Management Coordination*
- *February 15, SWAEC*
- *February 15, South County Sanitation*
- *February 19,20, 21, Assistant Engineer Candidate Interviews*
- *February 19, Board Officers*
- *February 22, Annual Meeting SLO County Chapter of CA Special District Asso.*

News of Interest

- County rain gauge reports for area gauges are provided
- Sewage spill during heavy rain event to cost community millions
- Smart Water Meters now at focus of consumers
- 'Toilet to Tap' concerns in Texas

RECOMMENDATION

Staff seeks direction and input from your Honorable Board

ATTACHMENTS

- A. January 30, 2013 SLO County Public Works Letter
- B. 2013-2014 Fiscal Year Budget timeline

- C. Press Release Log and recent releases
- D. February 2013 Quarterly District Newsletter
- E. County Rain Gauge Data for Nipomo
- F. Sewage Spill Fine
- G. Smart Water Meters
- H. Water Reuse/Toilet to Tap concerns

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FEBRUARY 13, 2013

ITEM F

ATTACHMENT A



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Paavo Ogren, Director

County Government Center, Room 207 • San Luis Obispo, CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us

January 30, 2013

Mr. Michael LeBrun
General Manager
Nipomo Community Services District
148 South Wilson Street
Nipomo, CA 93444

RECEIVED

FEB - 1 2013

**NIPOMO COMMUNITY
SERVICES DISTRICT**

Subject: Funding and Project Commitments for the \$2.2M Proposition 84 Round 1 Implementation Grant Allocation

Dear Mr. LeBrun:

On behalf of Public Works Staff, I would like to thank you and your staff for your timeliness and professionalism in responding to the State Department of Water Resources (DWR) on your scope, schedule and budget for the Nipomo Supplemental Water Project – Phase I (Project). Staff is supportive of your efforts to preserve the \$2.2 million allocation of the \$10.4 million IRWM grant approved by DWR for the San Luis region. However, before recommending that the Board of Supervisors enter into Grant Agreements with both DWR and the Nipomo CSD, staff now needs an unequivocal commitment from your Board of Directors to implement the Project that is described in your latest scope submittal including all related items.

Time is of the essence, as DWR and the County are ready to proceed with execution of the Grant Agreement. Staff's need for an unequivocal commitment has developed because DWR has also expressed that Nipomo CSD must be 100% committed before the Grant Agreement can be executed. Per Section 11 of the Grant Agreement (excerpt attached), if the Project is included in the Grant Agreement and is subsequently not implemented, the entire \$10.4 million grant is at risk. As such, commitment from your Board must address both Project funding and the Project itself, as described below. In summary, time is of the essence because the Nipomo CSD decision will be creating delays in executing the Grant Agreement and providing funding for the Arroyo Grande Creek Waterway Management projects, and the Los Osos Wastewater Project and other pending IRWM grants, including approved funding for the Santa Maria Groundwater Basin Characterization Study and the Regional Recycled Water Strategic Plan, which further benefits Nipomo CSD.

Other Project Commitments

In addition to the need for the Nipomo CSD Board to decide on whether to proceed with Phase I of the Supplemental Water Project, we are not clear on "other agency involvement" that requires approvals in order for Nipomo CSD to proceed. For example, we need to ensure that any approvals from the City of Santa Maria, Santa

Barbara County, and others, if any, are identified at this time. Depending on the timing and uncertainty of other agency decisions, the ability of Nipomo CSD to utilize the IRWM grant may already be at risk.

Please submit documentation of a formal action by your Board to dedicate sufficient funding for the other costs of the Project as soon as possible. It is staff's understanding that you have identified potential sources of such funding, but that your Board has not yet formally acted to dedicate some of that funding for the Project should it proceed (Nipomo CSD Board Agenda Materials, 11/14/12 E-8, Fiscal Impact Table). This would include providing documentation of specific actions related to each Fund and option in the referenced table.

If there are timing implications related to securing or committing funding for the Project and your Board will not make necessary funding commitments, please provide that information to the County.

Summary

Timing for your Board's consideration of the Grant Agreement is anticipated to coincide with your Board's consideration of your Water Committee's findings. A formal commitment to move forward with implementation of the Project will be needed at that time together with the other needed actions to provide DWR with the 100% assurance that Nipomo CSD will implement the Project. With both your Board's documented action to proceed with implementing the Project and signed Grant Agreement, County staff will then be able to recommend that the County Board of Supervisors approve the Grant Agreement.

Again, while Public Works staff is supportive of allocating grant funding to address the water needs of the Nipomo Mesa, time is of the essence that a commitment be made to implement the Project. Otherwise, if the grant allocation cannot be preserved for the Nipomo Mesa, staff must engage with DWR to replace the Project so that the grant allocation may be preserved for the San Luis IRWM Region. As you are aware, the Countywide Water Resource Advisory Committee has evaluated and endorsed alternative projects in the event that Nipomo CSD does not proceed.

I look forward to receiving your response regarding your course of action within the next few weeks.

Sincerely,



PAAVO OGREN

Public Works Director

c: Nipomo CSD Board of Directors

File: CF 310.100.01

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Grant Agreement Excerpt

11. WITHHOLDING OF GRANT DISBURSEMENT BY STATE. If State determines that a project is not being implemented in accordance with the provisions of this Grant Agreement, or that Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if Grantee does not remedy any such failure to State's satisfaction, State may withhold from Grantee all or any portion of the Grant Commitment and take any other action that it deems necessary to protect its interests. State may require the Grantee to immediately repay all or any portion of the disbursed grant amount with interest, consistent with its determination. State may consider Grantee's refusal to repay the requested disbursed grant amount a contract breach subject to the default provisions in Paragraph 13, "Default Provisions." If State notifies Grantee of its decision to withhold the entire grant amount from Grantee pursuant to this Paragraph, this Grant Agreement shall terminate upon receipt of such notice by Grantee and shall no longer be binding on either party.

The full boilerplate Grant Agreement can be viewed at:

http://www.water.ca.gov/irwm/grants/docs/ResourcesLinks/ContractTemplates/Prop_84_Implementation_Template_Round_1_070312_WEB.pdf

FEBRUARY 13, 2013

ITEM F

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
TIME LINE FOR
2013-2014 FISCAL YEAR BUDGET**

February	Start drafting budget (Lisa)
February 18	Capital Improvement Projects Budget, Utility Field and District Engineer submittals to Lisa
March 5 @ 2:00 p.m.	Kick off meeting with Finance Committee to hear input
Week of March 25	Staff circulates draft Budget to Finance Committee
Week of April 8	Staff meets with Finance Committee and receives recommendations/changes/deletions
Week of April 29	Staff circulates draft Budget to entire Board of Directors based on Finance Committee recommendations
Week of May 13	Staff prepares for public notice of adoption for newspaper (publish on May 25 and June 1)
May 13 or 20	Study Session with Board of Directors
May 7	Staff circulates final draft budget based on recommendations received at Study Session
June 12	Public Hearing

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**PROPOSED TIME LINE FOR
LANDSCAPE MAINTENANCE DISTRICT #1**

April 10	Adopt Resolution initiating Engineer's Report
May 8	Approve Resolutions to approve Engineer's Report and Intention to Levy Assessment
May 29	Publish public notice in newspaper
June 12	Public Hearing and adopt Resolution approving assessments

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**PROPOSED TIME LINE FOR
BLACKLAKE STREET LIGHTING**

May 29	Publish public notice in newspaper
June 12	Public Hearing and adopt Resolution approving assessments

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**PROPOSED TIME LINE FOR
SOLID WASTE DELINQUENCIES**

MAY 1	South County Sanitary send certified letters giving 45 day notice
May 10	South County Sanitary provide list of delinquent accounts
May 15	NCSD send Notice of Public Hearing
May 22 and 29	Publish Notice of Public Hearing
June 12	Public Hearing and adopt Resolution approving assessments

FEBRUARY 13, 2013

ITEM F

ATTACHMENT C

**Press Release Log
2013**

Date of PR	Title	Date Sent to Media	Date Placed On Website	Media Published	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published
1/10/2013	Board Authorizes Purchase of New Service Truck	1/10/2013	1/10/2013	Times Press	1/18/2013						
1/10/2013	Board Ratifies Committee Assignments for 2013	1/10/2013	1/10/2013								
1/10/2013	Board to Consider Revision of District's Bill Payment Policy	1/10/2013	1/10/2013	SM Times	1/18/2013	Adobe	1/18/2013	Times Press	1/25/2013	Univision	1/18/2013
1/10/2013	Board Authorizes Representation for Nipomo Mesa Management Area Technical Group	1/10/2013	1/10/2013								
1/24/2013	Board Commends District's Finance Director for Twenty Years of Outstanding Service	1/24/2013	1/25/2013	Adobe	2/1/2013						
1/24/2013	Board Awards Contract for Blacklake Sewer Master Plan to Michael K. Nunley & Associates	1/24/2013	1/25/2013	Adobe	2/1/2013						
1/24/2013	Board Considers Requests for New Water Service at Jim Miller Park and New Development	1/24/2013	1/25/2013	Tribune	1/31/2013	Adobe	2/1/2013			SM Times	2/4/2013



FOR IMMEDIATE RELEASE

Date: January 24, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov

Board Considers Requests for New Water Service at Jim Miller Park and New Assisted Living Facility

On Wednesday, January 23rd, the District's Board held their regular meeting at 9AM and heard two requests for new water service: one from Olde Towne Nipomo Association regarding Jim Miller Park and the other from Valerie Williams regarding the development of an assisted living facility.

In June 2012, following a failed property tax measure to fund a supplemental water pipeline project, the Board suspended the processing of applications for new water service (Ordinance 2012-117). The Board is scheduled to consider bidding a phased supplemental water pipeline project on February 13, 2013 and is scheduled to consider awarding the bid and commencing construction on the project in April 2013. Furthermore, a District ordinance provides Board Policy on considering variance requests related to District requirements. Ms. Williams specifically requested that the Board *"remove the moratorium and return all policy, resolution and code to its former status."*

The Board denied the requests for processing of an application for new-water service and directed the project proponents to return in April following the Board's decision on supplemental water. The Board expressed support for the concept of both the projects but cited concern of current state of water resources as a paramount issue that must be resolved prior to processing applications for new water connections to the District's system.

Next Scheduled Board Meeting: Wednesday, February 13, 2013, 9AM, District Board Room 148 South Wilson, Nipomo

For more information or to view the minutes, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

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Established in 1965 to meet the health and sanitation needs of the local community, Nipomo Community Services is pleased to provide a wide variety of services throughout its district including the provision of water, sewer, and waste management services as well as lighting and drainage in limited areas. The mission of Nipomo Community Services District is to provide its customers with reliable, quality, and cost-effective services now and in the future.



FOR IMMEDIATE RELEASE

Date: January 24, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov

Board Commends District's Finance Director for Twenty Years of Outstanding Service

On Wednesday, January 23rd, the District's Board held their regular meeting at 9AM and presented NCSD Finance Director/Assistant General Manager, Lisa Souza Bognuda the Resolution of Commendation recognizing her continued outstanding service to the District for twenty years.

Ms. Bognuda began her employment with the District on January 11, 1993 and has served the District with great dedication and professionalism ever since. Her competence, organization, professionalism, and commitment to her job as Finance Director and Assistant General Manager are why Nipomo Community Services District enjoys a high degree of fiscal accountability, health, and sustainability. Ms. Bognuda is the primary reason the District's past twenty annual independent audits have found no reportable qualifications or inequities in District accounting records and practices.

Next Scheduled Board Meeting: Wednesday, February 13, 2013, 9AM, District Board Room 148 South Wilson, Nipomo

For more information or to view the minutes, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

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FOR IMMEDIATE RELEASE

Date: January 24, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov

Board Awards Contract for Blacklake Sewer Master Plan to Michael K. Nunley & Associates

On Wednesday, January 23rd, the District's Board held their regular meeting at 9AM and approved to award the contract for the Blacklake Sewer Master Plan to Michael K. Nunley & Associates.

The objectives of the plan are to:

- Evaluate the condition of the existing wastewater collection and treatment system
- Identify wastewater collection system issues that need to be addressed in order to comply with the State's Sanitary Sewer Management Plan (SSMP) regulations
- Identify wastewater treatment issues that may be necessary to comply with contemporary and future Waste Discharge Requirements (WDR)
- Develop a short-term and long-term bio-solids handling strategy
- Review alternatives for providing salts management as part of the wastewater treatment process to address on-going compliance issues
- Define and prioritize replacement, upgrade, and maintenance projects
- Estimate the costs of recommended projects

At the November 14, 2012 Board meeting, the Board authorized staff to circulate a Request for Proposal (RFP) for preparation of the Blacklake Sewer Master Plan. Staff mailed the RFP to seven engineering firms and posted the RFP on the District's website. The District opened proposals on December 21, 2012. Four firms submitted proposals:

AECOM	\$64,978
Cannon	\$79,900
Michael K. Nunley & Associates (MKN)	\$51,760
Water Systems Consulting (WSC)	\$59,941

The Board's approval authorized staff to issue a Task Order to Michael K. Nunley & Associates for a not-to-exceed amount of \$59,040 for preparation of the Blacklake Sewer Master Plan and to update the Blacklake Wastewater Reclamation Facility Operation and Maintenance Manual.

Next Scheduled Board Meeting: Wednesday, February 13, 2013, 9AM, District Board Room 148 South Wilson, Nipomo

For more information or to view the minutes, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

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FOR IMMEDIATE RELEASE

Date: February 5, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov

Committee Develops Initial Ranking of Supplemental Water Alternatives

At its meeting on February 4, 2013, Nipomo CSD's Supplemental Water Alternatives Evaluation Committee (A volunteer citizens' committee tasked with researching possible sources of water to supplement the District's groundwater-only supply and reporting to the District's Board of Directors), developed preliminary recommendations and initial ranking of alternatives. The Committee nominated a member to present the preliminary report at the Board's February 13, 2013 Regular Meeting. A final report from the Committee is scheduled to be delivered at the end of the month.

District General Manager Michael S. LeBrun stated "The Board of Directors is impressed by the dedication and effort put forth by the individual members of the committee and is anxious to receive the Evaluation Committee's preliminary findings". LeBrun indicated the Committee's report is scheduled at the front of the February 13 meeting agenda, which begins at 9AM. At that same meeting, the Board is also scheduled to review a funding plan for a \$14M Phase 1 intertie pipeline with the City of Santa Maria and authorize bidding the pipeline project. The proposed phased intertie pipeline is the first true opportunity the District has had to diversify its water supply since the community voted to not participate in the State Water project in the early 90's.

For more information or to view the minutes, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

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FEBRUARY 13, 2013

ITEM F

ATTACHMENT D



District News

Greetings and Welcome to our first quarterly newsletter of the new year and best wishes in 2013! It has been a few years since the District published a regular newsletter and we are excited about reestablishing this avenue of communication with our customers. We hope you find this information useful and we encourage you to let us know what you'd like to see in upcoming editions.

Sincerely,
Michael S. LeBrun, General Manager

2012 - A "Service" Year in Review

2012 was a busy and productive year for the District. Here are just a few highlights:

Operations: Operations are the reason we are here. The District currently employs 12.5 operations staff. The team is lead by a Utilities Superintendent. In 2012 the team produced, treated, and delivered over 800 Million Gallons of safe potable drinking water (at a cost of a fraction of a

penny per gallon); collected, treated, and reclaimed more than 250 Million Gallons of wastewater (sewage); 100% on-time regulatory (State Health, State Water, County Air) reporting with zero fines or violation notices; minor localized water delivery interruptions; and zero wastewater spills.

Administration: Through continued yet measured process auto-

mation and improvement, District administrative staffing levels have remained constant through twenty years of growth. The District employs four full-time administrative staff: General Manager, Finance Director, Billing Clerk, and Board Clerk. A part-time Public Information Assistant was added in 2013. During 2012: 26th consecutive independent annual financial audit with clean opinion; received a AA

Continued on page 2

History of the Nipomo Community Services District

After four confirmed cases of typhoid fever in the early 1960's, the San Luis Obispo County Health Department tested private wells in the community and found high concentrations of nitrate and chlorides in the water. Coliform bacteria was also found in some of the private water wells in Nipomo. It was determined that wastewater was seeping into the water supply. The County Health Department established a direct relationship between the occur-

rence of infant methemoglobinemia (Blue Babies) in the community and the presence of nitrates in the drinking water. On June 4, 1964, County Hydraulic Engineer Mr. Bob Born made a report to the County Board of Supervisors on the water and sanitary problems in Nipomo. Mr. Born's report concluded with the recommendation that a public entity be formed to address the water and sewer problems in Nipomo.

On January 28, 1965, Nipomo Community Services District was formed under the Community Services District Law of California Government Code Section 61000. The first elected Board Members were William C. Black, Cecil E. (Gene) Davis, James A. Kitchen, Oren W. (Jim) Miller and John R. Mylan. The Board of Directors immediately pursued the construction of the District's first public water system. A bond election was held on February 15, 1966, and the property owners whose land was

Continued on page 2

Board of Directors

Jim Harrison
President

Larry Vierheilig
Vice President

Dan A. Gaddis
Director

Bob Blair
Director

Craig Armstrong
Director

Staff

Michael S. LeBrun, P.E.
General Manager

Lisa Bognuda
Finance Director

Peter Sevcik, P.E.
District Engineer

Tina Grietens
Utilities Superintendent

Jessica Matson
Public Information Assistant

In this issue:

Service Year in Review	1,2
History of NCSD	1,2
Less Watering, More Money	2
Meet the District's GM	3
Washer Rebate	3
FAQs	3
Dates to Remember	4

2012 - A "Service" Year in Review (continued)



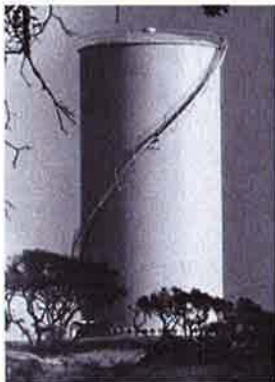
Southland Wastewater Treatment and Reclamation Facility Upgrade Under Construction

Bond rating from Standard & Poor's allowing District's Town Sewer division to raise nearly \$10 million in bond sales at an investment grade rate of 4.05%; retired two debts with a total principal value of \$246,172 at a significant savings to the District; and expanded electronic bill pay options. **Engineering:** The District currently employs a District Engineer and is recruiting to fill an Assistant Engineer Position. In 2012 the District

Engineer: completed construction of a \$2.2 million South Frontage Road sewer trunk replacement project 13% under budget; finalized design, permitting, and commenced construction on a \$13,000,000 upgrade of the Southland wastewater treatment and reclamation facility; redesigned supplemental water pipeline project to allow phased construction - significantly lowering initial capital costs allowing funding for future project phases

to be funded by development as needed; completed a \$350,000 upgrade of the District operations monitoring and control network which allows remote monitoring of the District's twenty-seven remote facilities (wells, water storage tanks, wastewater collection lift stations, and wastewater treatment plants); the District Engineer also implements the District's Safety Program which boasts zero loss-time accidents in 2012!

History of the Nipomo Community Services District (continued)



**Nipomo Water Tower
Built in 1933**

covered by the new District approved a property tax measure to support the sale of bonds worth \$650,000. These funds paid for the acquisition, construction, and installation of the District's first water system. Construction began in June 1966, and was completed in November 1966, at which time water began to flow. This 25-year bond issue was paid off June 15, 1991. Today, the District serves over 4,000 water system connections through over 90-miles of buried water lines. The Dis-

trict operates eight wells to produce water and holds over 4-million gallons of water in storage for system reliability and emergency (fire) response. In 2007, the District water system was valued at over \$90,000,000. As far as sewer services, today, there are approximately 2,500 connections to the District's 'Town' sewer system via thirty-miles of buried sewer collection lines. Wastewater is conveyed to the District's Southland treatment and reclamation plant located at

the intersection of South Frontage Road and Southland Road. The Southland facility is currently in the middle of a \$13,000,000 upgrade to meet strict new regulatory requirements for treatment and reclamation of wastewater. The upgrade project is scheduled to be complete in May 2014. In 2007, the Town Sewer collection and treatment system was valued at nearly \$40,000,000. In 2007, the stand-alone wastewater collection and reclamation serving the 560 homeowners in Blacklake Village was valued at \$10,000,000.

Less Landscape Watering, More Money in Your Pocket!



Save water, save money!

For many customers the difference between winter water bills and summer water bills can be hundreds of dollars. Almost half the water use of a typical residential customer goes to landscape irrigation. Most landscapes are overwatered. For instance, in winter months most

grasses and shrubs need little or no irrigation other than the natural rainfall. Closely monitoring your landscape irrigation can save hundreds of dollars every year. The District has many tips on how to check for leaks and address common irrigation issues. Learn more by calling 929-1133 or visiting

www.ncsd.ca.gov. However, if tinkering with valves and automatic sprinkler controllers are not for you, consider having a local landscape contractor review your irrigation system once or twice yearly. In many cases the service call charge will be more than covered by the cost savings of more efficient irrigation.

Meet the District's General Manager

Michael S. LeBrun started his career with the United States Navy as a Nuclear Electrician/Plant Operator and Navy Diver in 1979 and served on active duty through 1985. Following his honorable discharge from active service in 1985 he joined the United States Navy Reserves until 1992. During this time, he studied Engineering at Golden West Junior College in Huntington Beach, CA and then at California Polytechnic University in San Luis Obispo, CA. After graduating college with honors in 1993, Michael worked

full time with the California Regional Water Quality Control Board as a Water Resource Control Engineer (1993-1996), Associate Engineer (1996-2000), and Senior Engineer (2000-2004). During this time, Michael also received his State of California license as a Professional Civil Engineer (1996). In September of 2004, Michael joined the Nipomo Community Services District as its General Manager. In May of 2006, Michael left the District and provided professional engineering consulting services while also working

with the Land Conservancy of SLO County as a Restoration Program Manager and Special Projects Manager until December of 2009. In December of 2009, Michael returned to Nipomo Community Services District as its General Manager and currently leads the District in its efforts to provide reliable, quality, and cost-effective services to the Nipomo community. When Michael is not at the office or out in the field, he enjoys spending time with his wife, two daughters and grandchildren as well as gardening, camping and cycling.



NCSO General Manager,
Michael S. LeBrun

High-Efficiency Clothes Washer Rebates

As a NCSO customer, you may be eligible for a \$75 rebate on a new high-efficiency clothes washer!

Old clothes washers use about 20% of indoor water use—up to 60 gallons per load of wash! The new high-efficiency washers use up to 50% less water and energy, and 2/3 less detergent. Most are large enough to wash bulky items like quilts, pil-

lows and sleeping bags. In addition, they are gentle on clothing because clothes are tumbled and not agitated.

To find out if you are eligible for the clothes washer rebate, visit the NCSO website at www.ncsd.ca.gov, click on the "High Efficiency Washer Rebate" link under Quick Links, then scroll down for the clothes washer rebate information.

If you have any questions, stop by the office at 148 S. Wilson in Nipomo, call NCSO at 929-1133 or email info@ncsd.ca.gov.

"Old clothes washers use about 20% of indoor water use - up to 60 gallons per wash!"

Frequently Asked Questions

What's with my water pressure?

Our system is pressurized by gravity so system pressure varies by elevation. Typical system pressure is approximately 60 pounds per square inch (psi). In higher elevations of our service area, pressure will be lower. In lower elevations pressure will be higher.

What is a special district?

In plain language, a special district is a separate local government that delivers a limited number of public services to a geographically limited area. Special districts, like NCSO, have a governing board, provide services and facilities, and have defined boundaries.

Can NCSO fix a pothole?

NCSO does street repair only if it is a result of a water leak repair. SLO County Road Department handles all other road maintenance and can be reached at 800-834-4636.

We welcome your feedback and questions! If you have a question or comment, feel free to contact info@ncsd.ca.gov.



Providing the community with reliable, quality, and cost-effective services now and in the future.

Phone: 805-929-1133 | Fax: 805-929-1932 | E-mail: info@ncsd.ca.gov | www.ncsd.ca.gov

Nipomo Community Services District
148 South Wilson Street, Nipomo, CA 93444



Upcoming Meetings and Dates to Remember

Mon, February 18th

Office CLOSED for President's Day

Wed, March 27th @ 9:00 am

Board Meeting at NCSD Office
(public welcome)

Wed, February 27th @ 9:00 am

Board Meeting at NCSD Office
(public welcome)

Wed, April 10th @ 9:00 am

Board Meeting at NCSD Office
(public welcome)

Wed, March 13th @ 9:00 am

Board Meeting at NCSD Office
(public welcome)

Wed, April 24th @ 9:00 am

Board Meeting at NCSD Office
(public welcome)

Check ncsd.ca.gov for updates

Pay your bill online!

www.ncsd.ca.gov

For customer convenience, Nipomo Community Services District continues to offer an online bill paying service. This service accepts Visa, Master Card, Discover, and American Express, as well as debit cards and e-checks. Customers can also pay in the office Monday - Friday 8:00am - 4:30pm, except holidays. There is a payment drop box in the driveway.

CONSERVATION TIP

Run your clothes washer and dishwasher only when they are full. You can save up to 1,000 gallons a month.



www.slowaterwiselandscaping.com

FEBRUARY 13, 2013

ITEM F

ATTACHMENT E

SLOCountyWater.org
 San Luis Obispo County Water Resources
 Division of Public Works

Home > Water Resources > Data > Precipitation > Active > Real Time > Nipomo South >

[Flood Control](#)
[Major Projects](#)
[Water Quality Lab](#)
[Water Resources](#)

Site Information

**Nipomo South
(Sensor 730)**

Located

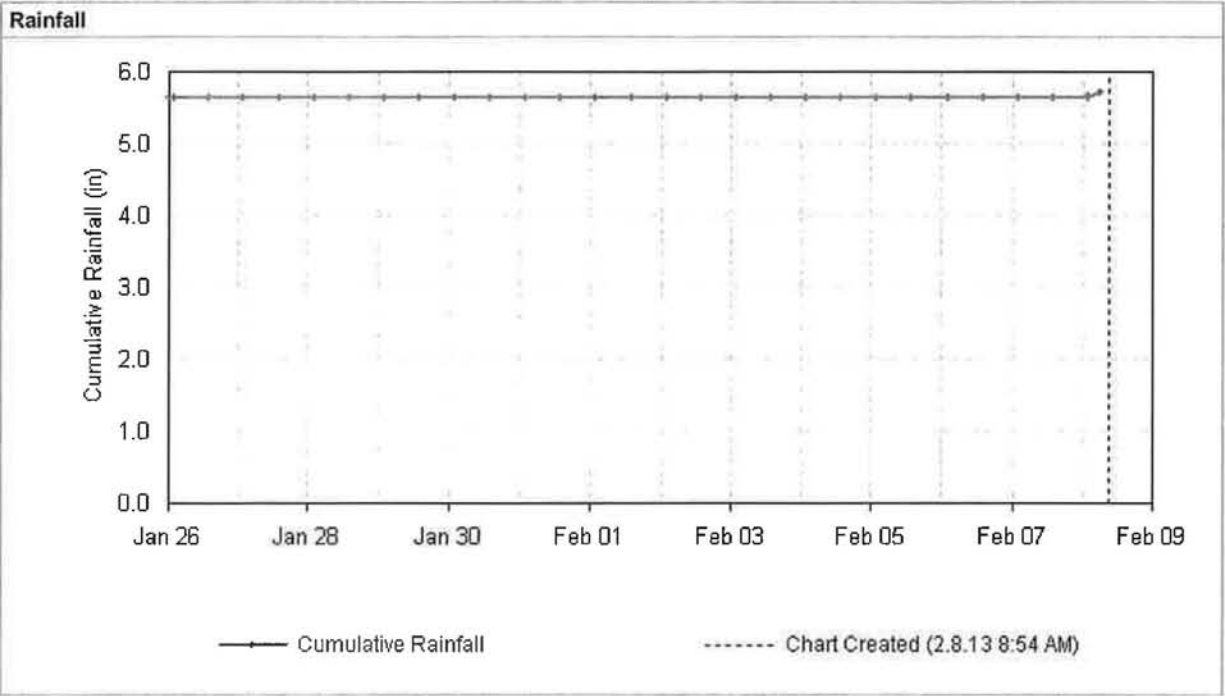
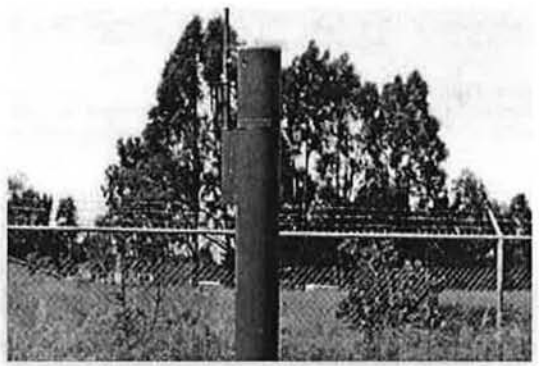
- Nipomo Community Service District (NCSD) equipment yard, Nipomo, CA.

Established

- July 1992

Annual Average Rainfall

- 16 inches



Real-Time Rainfall Data

DIADvisor™ Web Reports

Nipomo South Precipitation (Sensor 730)

Period: 1/25/2013 8:50:07 AM to 2/8/2013 8:50:07 AM

Date/Time	In for Report	Accum Inch	Pd Accumulated Rain
02/08/13 06:03:56 AM	0.039	5.709	0.079
02/08/13 02:12:05 AM	0.039	5.669	0.039
02/08/13 01:55:05 AM	0.000	5.630	0.000
02/07/13 01:55:04 PM	0.000	5.630	0.000
02/07/13 01:55:03 AM	0.000	5.630	0.000
02/06/13 01:55:01 PM	0.000	5.630	0.000
02/06/13 01:54:59 AM	0.000	5.630	0.000
02/05/13 01:54:58 PM	0.000	5.630	0.000
02/05/13 01:54:56 AM	0.000	5.630	0.000
02/04/13 01:54:55 PM	0.000	5.630	0.000
02/04/13 01:54:54 AM	0.000	5.630	0.000
02/03/13 01:54:52 PM	0.000	5.630	0.000
02/03/13 01:54:51 AM	0.000	5.630	0.000
02/02/13 01:54:50 PM	0.000	5.630	0.000
02/02/13 01:54:48 AM	0.000	5.630	0.000
02/01/13 01:54:46 PM	0.000	5.630	0.000
02/01/13 01:54:45 AM	0.000	5.630	0.000

Date/Time: Specifies the date and time the County Computer detected a transmission from the sensor.

In For Report: Specifies the incremental rainfall (in inches) reported between successive data transmissions.

Accum Inch: Specifies the accumulated rainfall (in inches) reported since July 1st.

Pd Accumulated Rain: Specifies the accumulated rainfall (in inches) reported in the last fourteen (14) days.

Interval Rain: Specifies the accumulated rainfall (in inches) reported in the last ten (10) minutes.

Hour Rain: Specifies the accumulated rainfall (in inches) reported in the last one (1) hour, three (3) hours, six (6) hours, etc.

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SLOCountyWater.org

San Luis Obispo County Water Resources
Division of Public Works

Home > Water Resources > Data > Precipitation > Active > Real Time > Nipomo East >

[Flood Control](#) [Major Projects](#) [Water Quality Lab](#) [Water Resources](#)

Site Information

**Nipomo East
(Sensor 728)**

Located

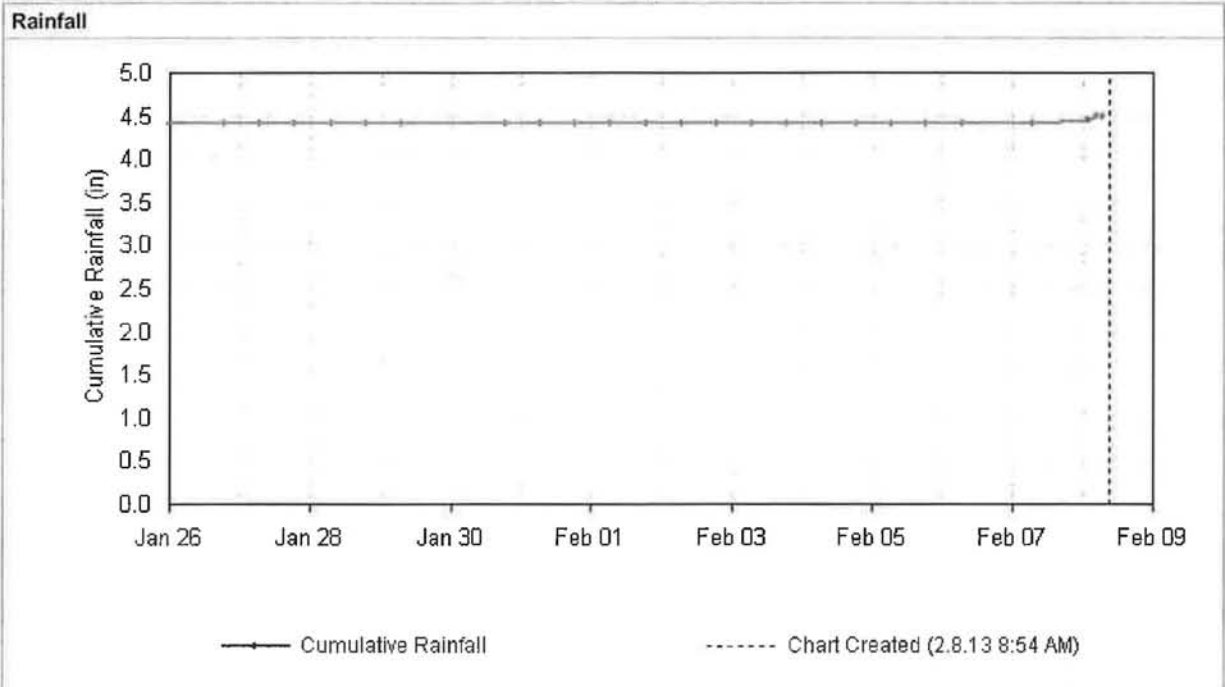
- Nipomo Community Service District (NCSD) water tanks, Nipomo, CA.

Established

- November 18, 1999

Annual Average Rainfall

- 18 inches



Real-Time Rainfall Data

DIADvisor™ Web Reports

Nipomo East Precipitation (Sensor 728)

Period: 1/25/2013 8:50:07 AM to 2/8/2013 8:50:07 AM

Date/Time	In for Report	Accum Inch	Pd Accumulated Rain
02/08/13 06:39:53 AM	0.000	4.488	0.079
02/08/13 04:48:26 AM	0.039	4.488	0.079
02/08/13 02:10:02 AM	0.039	4.449	0.039
02/07/13 06:39:50 AM	0.000	4.409	0.000
02/06/13 06:39:47 AM	0.000	4.409	0.000
02/05/13 06:39:47 PM	0.000	4.409	0.000
02/05/13 06:39:45 AM	0.000	4.409	0.000
02/04/13 06:39:44 PM	0.000	4.409	0.000
02/04/13 06:39:43 AM	0.000	4.409	0.000
02/03/13 06:39:41 PM	0.000	4.409	0.000
02/03/13 06:39:40 AM	0.000	4.409	0.000
02/02/13 06:39:39 PM	0.000	4.409	0.000
02/02/13 06:39:38 AM	0.000	4.409	0.000
02/01/13 06:39:37 PM	0.000	4.409	0.000
02/01/13 06:39:36 AM	0.000	4.409	0.000
01/31/13 06:39:34 PM	0.000	4.409	0.000
01/31/13 06:39:50 AM	0.000	4.409	0.000

Date/Time: Specifies the date and time the County Computer detected a transmission from the sensor.

In For Report: Specifies the incremental rainfall (in inches) reported between successive data transmissions.

Accum Inch: Specifies the accumulated rainfall (in inches) reported since July 1st.

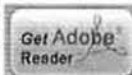
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Hour Rain: Specifies the accumulated rainfall (in inches) reported in the last one (1) hour, three (3) hours, six (6) hours, etc.

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FEBRUARY 13, 2013

ITEM F

ATTACHMENT F

Sewage spillover may land La Mesa costly fine

By Roxana Popescu

6:56 p.m. Jan. 30, 2013

LA MESA — The City of La Mesa is attempting to settle a fine of almost \$1 million levied against it last month by the California Regional Water Quality Control Board after a sewage spill in 2010.

According to documents from the state water board, the city was fined \$948,816 after its sewers overflowed in December 2010, sending more than 1.3 million gallons of raw sewage to the San Diego Bay through Chollas Creek and the Pacific Ocean through Alvarado Creek and the San Diego River.

Earlier this month the city responded to the complaint with a request to negotiate the fine.

“We feel it should be substantially less than their initial conclusion,” said La Mesa City Manager David Witt.

He declined to state the city’s target figure because negotiations are ongoing.

Witt said the incident happened during “an unusually high storm” surge.

“We don’t dispute the fact that there was an overflow. We don’t think it was the result of any negligence on our part,” he said. “There really wasn’t much that we could do. ... We will take responsibility for what was within our control.”

He added that city has since taken to steps to prevent a repeat incident. “We did a lot of work in those last two years to actually improve the storm system to try and prevent it from ever happening again,” he said.

Rebecca Stewart, an engineer with the water board’s Compliance Assurance Unit, declined to discuss details of the case. “We’re currently reviewing it right now and everything in (a) settlement is confidential,” she said.

The complaint, filed at the end of last year, said the city’s smallest assessed liability was \$144,025. Its maximum liability was \$13,157,000. The fine, which fell on the lower end of that spectrum, “corresponds to \$0.72 per gallon of untreated sewage discharged to waters of the United States,” Stewart wrote in the report.

The story was first reported by the San Diego Reader.

FEBRUARY 13, 2013

ITEM F

ATTACHMENT G

Foes fight the tide of 'smart' water meters

Brian Eason, USA TODAY 10:20a.m. EST February 2, 2013

Often when new meters are installed, bills go up even without a rate increase, because old meters can read lower levels of water than people are using.

(Photo: Andy Manis for USA TODAY)

Story Highlights

- The new devices measure water usage digitally, and allow consumers to track it online
- Utilities can save money by getting rid of manual meter readers
- Some complain that residents will bear high up-front costs for the upgrades

Moves to modernize water utilities across the U.S. are coming under fire from opponents who say the costs will outpace the benefits of new technology.

At issue are smart meters, new devices that measure water usage digitally, then transmit the data wirelessly to the utility.

Industry officials tout their efficiency — utilities can save money by getting rid of manual meter readers, for one thing. They also say the new meters will help residents conserve water and monitor their own usage online.

"If I call in right now and I say, 'My water bill went up by \$100, why is that?'" said Chris McNeil, senior account manager with energy giant Siemens, which packages water meters with billing software. "There's no system in place to be able to answer that" in cities with older billing technology.

Opponents, though, dismiss these as talking points with little basis in reality.

"That's really twisted — because really they're going to raise our bills," says Maria Powell, an environmental scientist from Madison, Wis. "The whole premise that people are going to go online and look at their water usage day to day, it's baloney. Most people aren't going to do that."

The opposition mirrors that of fights against smart meters used by electric companies. Residents have bitterly opposed electric smart meters across the country, with some success.

StopSmartMeters.org, an advocacy group in California, reports that 13 city and county governments in the state have banned smart meter installations within their areas. The fight over meters in Texas has become so heated that the Public Utilities Commission keeps reports on smart meters prominently displayed on its homepage. Web visitors can read staff reports extolling the virtues of smart meters, alongside more than 600 collected filings on the subject, many of them petitions from opponents.

Pike Research, a firm specializing in clean technology research, cited the fights over electric smart meters in revising downward its own projections for the industry. But the firm still expects smart water meters to boom in coming years to an installed base of 29.9 million meters by 2017 from 10.3 million in 2011.

Delores Kester, also of Madison, complains that residents will bear high up-front costs, as utilities go about changing out thousands of functioning analog meters.

"It's tough times for a lot of people," said Kester, who organized a petition opposing the meters. "Atlanta had non-stop problems with huge water rate increases."

Indeed, the opposition comes at a time when residents are spending larger and larger shares of their household budget on water. Costs are easily outpacing inflation, according to Fitch Ratings, a market research group. In the most extreme cases like Atlanta, residents are paying three times more for water today than they were 10 years ago, as utilities grapple with costly infrastructure needs.

Often when new meters are installed, bills go up even without a rate increase, because old meters can read lower levels of water than people are using.

When new meters were installed in Greenville, Miss., some residents' bills doubled, increasing by hundreds of dollars in some cases, according to reports from a local newspaper, the *Delta Democrat Times*. And in nearby Jackson, Miss., smart meters are projected to generate \$60 million over 15 years, money that will be earmarked for work on the city's crumbling water and sewer system, according to city documents.

Opponents also complain of privacy issues, and they say the wireless technology used in them — which is not unlike signals emitted by your cellphone — can cause health problems. Federal regulators insist the signals are safe, and health researchers haven't found a consistent link between radio frequencies and cancer, as opponents suggest.

Still, Powell and Kester successfully lobbied their public utility to allow residents to opt out of the new meters if they wish — for a \$7.78 monthly fee.

"We might have wanted more if it was Christmas," Kester said. "But we worked together to develop the policy that we have."

Eason also reports for The Clarion-Ledger in Jackson, Miss.

FEBRUARY 13, 2013

ITEM F

ATTACHMENT H

Water-Reuse Ideas Go Forward, Despite 'Toilet to Tap' Concerns

Brandon Thibodeaux for The Texas Tribune

By AUDREY WHITE

Published: February 7, 2013

WICHITA FALLS — The idea of turning treated sewage into drinking water may give some people pause.

Daniel K. Nix, the city's public utilities operations manager, indicates the decreasing water line on Lake Arrowhead.

But with lake levels having officially dropped below 40 percent of capacity on Tuesday, this onetime oil boomtown plans to move ahead with the technology. The city hopes to produce five million gallons of water a day next year with potable-reuse technology, which officials say is safe.

"There was probably a lot of reservations about reuse water projects when we first discussed it in the late '90s," Mayor Glenn Barham said. Now, with the drought, he said people have "realized we've got to take steps to make our water supply stable."

The city is one of several in Texas pursuing reuse projects. This spring, a \$14 million plant in the West Texas hamlet of Big Spring will begin turning treated wastewater into drinking water and distribute about two million gallons of it daily to the Midland-Odessa area. Brownwood recently received approval from the Texas Commission on Environmental Quality to build a reuse plant. Abilene and Lubbock are in the early stages of looking at the technology.

"People are paying very, very close attention to what Texas is doing with its potable-reuse initiatives," said Zachary Dorsey, a spokesman for the WaterReuse Association.

In direct potable-reuse, treated wastewater goes through additional chemical and biological processes and extensive filtration and then usually mixes with the regular drinking water supply before going through normal drinking water treatment.

The Big Spring plant will be the first of its kind in the nation. El Paso and Orange County, Calif., also have pioneering reuse projects, but their treated wastewater gets sent through an aquifer before being pumped up for further cleaning. At Big Spring, there is no aquifer step.

Neither the commission on environmental quality nor the Environmental Protection Agency has produced regulations for water reuse. The Texas Water Development Board has hired an engineering firm to provide guidelines.

Health experts say they are confident about the safety of drinking reused wastewater that has gone through proper treatment processes, said Jeff Mosher, executive director of the National Water Research Institute, a California nonprofit. The taste is unlikely to be different from other drinking water.

Critics, who sometimes call potable-reuse “toilet to tap,” still have doubts.

“I’ve had experience with people who pour an incredible variety of chemicals down their drain,” said Christopher Stephens, a rheumatologist in Brownwood. He said the reuse project had been pushed through too hastily and that the city should have first pursued more aggressive conservation measures.

In Wichita Falls, officials expect commission on environmental quality approval soon for their project. The city already treats brackish water from a nearby lake to drinking-water standards, so much of the treatment infrastructure exists. A pipeline to connect the wastewater and drinking water plants will cost about \$9 million or about \$13 million, depending on which plan is adopted, and the city plans to expand the reuse system later, said Daniel K. Nix, the public utilities operations manager for Wichita Falls.

The city needs above-average rainfall to stabilize the city’s surface water supply. But “you can’t go buy a rain,” Mr. Nix said.

awhite@texastribune.org

This article has been revised to reflect the following correction:

Correction: February 7, 2013

A previous version of this article stated incorrectly what will be stabilized by above-average rainfall in Wichita Falls. It is the city’s surface water supply, not the groundwater supply.

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *Msl*
GENERAL MANAGER
DATE: FEBRUARY 7, 2013



COMMITTEE REPORTS

ITEM

Review and discuss Committee meeting minutes.

BACKGROUND

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

- Supplemental Water Alternatives Evaluation Committee
 - January 14, 2013
 - January 25, 2013
- Finance and Audit Committee
 - January 17, 2013
 - January 31, 2013
- Personnel Committee
 - January 31, 2013
 - February 7, 2013

RECOMMENDATION

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

ATTACHMENTS

- A. Supplemental Water Evaluation Committee Meeting Minutes
- B. Finance and Audit Committee Meeting Minutes
- C. Personnel Committee Minutes

FEBRUARY 13, 2013

ITEM G

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

JANUARY 25, 2013

9:30 A.M.

MEETING MINUTES

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

APPOINTED COMMITTEE MEMBERS

MICHAEL K. NUNLEY, CHAIRMAN (NON-VOTING)
PETER V. SEVCIK, VICE CHAIRMAN (NON-VOTING)
DAN GARSON (VOTING)
DENNIS GRAUE (VOTING)
KATHIE MATSUYAMA (VOTING)
ROBERT MILLER (VOTING)
SAM SALTOUN (VOTING)
DAVE WATSON (VOTING)
DAN WOODSON (VOTING)

PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASST GM/FINANCE DIRECTOR

**MEETING LOCATION - District Board Room
148 S. Wilson Street, Nipomo, California**

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Nunley called the Special Meeting of January 25, 2013, to order at 9:32 AM and led the flag salute. At roll call, all Committee members were present except Member Watson who arrived during Agenda Item 2.

2. REVIEW DRAFT MINUTES FROM JANUARY 14, 2013, COMMITTEE MEETING

Chairman Nunley introduced the item and noted the Committee members had received the draft notes on the evening of January 24th, therefore the members may not have had an adequate amount of time to review them for discussion this morning. The Committee voted unanimously to defer review and approval of the notes until the next meeting.

There was no public comment.

3. DISCUSS RANKING PROCESS

Chairman Nunley introduced the item and noted that he had provided a revised draft scoring rubric for the ranking matrix. The supply potential and reliability categories had been revised as discussed at the prior meeting. The proposed scoring rubric for supply categories is a 1 to 10 scale that is based on percentage of delivery goal (1000, 3000, or 6200 AFY). The reliability category now refers to ability to deliver an unspecified "design flow" (since some alternatives will produce less than 3000 AFY) on a long-term basis instead of 3000 AFY. The water quality category was not adjusted in the rubric since no conclusions had been reached regarding any revisions. The draft ranking matrix was projected onscreen and draft scores were filled in as the Committee walked through the alternatives and variations.

Member Graue said he thought he had sent an email to the Chairman describing 9 desalination scenarios. He noted operation & maintenance costs for all 9 had been summarized on the administrative draft cost summary sheet. He said it is worth documenting that they had all been considered and not throw out the higher cost alternatives. Chairman Nunley noted that footnotes could be provided in the cost column

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

and more details could be provided in the appropriate section of the report. Member Graue said different variations could have different supply potential.

Member Saltoun said his subcommittee had met yesterday and had thought the current list of alternatives was inadequate to describe all the variations that had been identified during the evaluation process. For example, 01-SW should be divided into 2 different variations – one for unused and the other for excess State Water. He said the Committee might risk ranking alternatives that do not reflect the final list included in the report. Member Matsuyama suggested ranking of some of the alternatives could be deferred until a future meeting if more variations were needed to fully represent the alternative. Chairman Nunley said he would look for a recommendation from the Committee on how to proceed.

Member Watson said he agrees with Member Matsuyama and discussed the different pathways that the Committee had identified for acquiring State Water through San Luis Obispo County and Santa Barbara County. He said the Committee could focus on the most feasible approach and handle it distinctly from the other variations. This alternative may not be considered two discrete alternatives since it is clear that something would be required from each County to successfully acquire State Water. Member Saltoun noted pursuing excess and unused capacity were very different alternatives although they are currently combined for San Luis Obispo County, so it would be difficult to combine them into one alternative. Chairman Nunley asked which alternatives would be most affected by the need to split them into additional variations and Members Matsuyama and Graue responded that the seawater (19-SEA) and State Water alternatives would be most affected by these proposed changes. Chairman Nunley asked if there was one variation of seawater that had a better track record than others or if all are similar. Member Matsuyama said she thought it was valuable to break it into more variations since there were many questions from the community about it and Member Graue had put together a detailed evaluation of different approaches. Member Graue said treating seawater was more expensive than treating brackish water, and both are more expensive than treating wastewater. Wastewater quantities are limited whereas seawater quantities are not. Treating wastewater with reverse osmosis would satisfy smaller quantities required now but not larger quantities required later. Chairman Nunley noted that costs for reverse osmosis had already been included in some of the recycled wastewater variations, so breaking out new variations to address desalination of various source waters may be redundant. He said it would be valuable to share Member Graue's technology research with the other subcommittees. Chairman Nunley asked if brackish water included the interface of groundwater and seawater and Member Graue said his analysis could apply to any brackish water. He described the bathymetry along the coast and thought that acquiring brackish water through well drilling may require going out several miles. Chairman Nunley asked if the groundwater component may already be included in the Nipomo Mesa Management Area's (NMMA's) water budget and Member Graue said he thought it would be difficult to prevent the freshwater from going out to the ocean.

Member Saltoun said he had attended a meeting in Cambria regarding desalination and had observed that many people had developed their own ideas about desalination and were asking if various options had been pursued. Because of the public's interest in desalination, he suggested including a list of all the desalination variations that had been considered somewhere in the report (executive summary at least), even if it was not included in the matrix. Chairman Nunley said he wanted to make sure the Committee separates the discussion of treatment technologies from supplies. For example, using reverse osmosis for wastewater should be addressed in the recycled wastewater alternative analysis. He thought the list of alternatives was comprehensive so the Committee should consider where the various technologies and options researched by Member Graue should fit. He and

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

Member Miller discussed a suggestion that the subcommittees expand the list of variations under their assigned alternatives, then attempt to fill out the matrix and bring it back to the full committee.

Members Matsuyama and Saltoun suggested displaying the feasibility column first on the rubric. Member Woodson thought feasibility and court compliance could be viewed as screening criteria. Member Garson asked if court compliance was being discussed as a component of feasibility and Member Woodson said it could be used as a screening element for evaluating project feasibility.

Chairman Nunley reviewed the draft rubric's description and score ranges for feasibility.

State Water - Member Saltoun said the SW-1A would utilize the County's unused capacity. There is none within the 4830 AFY being applied by SLO County users. Utilizing the County's unused capacity would require a new pipeline from Devil's Den Pumping Plant to the Nipomo community and would not be feasible. SW-1B would apply the excess pipeline capacity. In 2011, SLOCFCWCD led a reassessment of system capacity and found the Coastal Branch has excess hydraulic capacity of up to 9000 AFY, with about 5500 if everything south of Lopez was isolated. It would require buying in and some of the lead agencies in CCWA may oppose. Buy-in costs may be \$50M, would require a vote to buy into the system, and the District is not likely to be able to acquire all the water they need. This variation would score low on feasibility. Member Miller discussed differences between cost and feasibility and Member Saltoun felt feasibility was low without considering cost (ex. contract coordination is required with multiple agencies). Chairman Nunley mentioned the first rights of refusal of existing State Water customers for any excess water. Member Matsuyama suggested assigning a score of 1. Member Watson thinks it is worth showing a State Water alternative in the final matrix and thinks the parallel pipeline is not a realistic alternative. The excess capacity scenario appears to be the variation that could be the most feasible. Member Saltoun agreed that 1B-SW is the most feasible. Chairman Nunley said he thought expanding the matrix to include 1A-SW and 1B-SW is important to explain the issues with State Water and would not see a challenge with displaying and scoring them separately. He suggested SW-1A have a score of 1 and water from Santa Barbara County (CCWA) have a score of 2. Member Saltoun suggested a score of 1 for 1A-SW and 2 for qb-SW. Regarding 2-SW, Member Saltoun said the maximum entitlement available from Carpinteria is 1000 AFY, and with a long-term reliability of 60% this would result in 600 AFY. There could be another 1000 AFY available from Montecito and Solvang but this has not been pursued. The most the District might get on a long-term average basis is 1500-1700 AFY. This is slightly more feasible so a score of 3 is recommended. First right of refusal is an issue with this method of acquiring water as well. Member Saltoun speculated that the cost may be a reason the Carpinteria water has not sold yet. Variation 03-SW would provide 3000 AFY but seller is not willing to release the water. If it were released, first rights of refusal would affect the ability of the District to acquire the water. He suggested a score of 2 for 03-SW.

Conservation & Graywater were deferred. Chairman Nunley suggested there would be recommendations for adding program elements and may not need to have a "feasibility" score.

Agricultural and Industrial Reuse – Member Matsuyama suggested a score of 3 for reuse of agricultural tailwater. Member Miller confirmed that Phillips 66's possible reuse of municipal wastewater treatment plant effluent was being evaluated as part of the Recycled Wastewater from Municipal Facilities alternative. Member Saltoun said an inventory of possible agricultural dischargers must be performed and it must be confirmed that the water

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

leaves the Mesa for it to be considered "supplemental water". Chairman Nunley said it would be difficult to get CDPH approval for agricultural tailwater as a water supply due to risk of hazardous substances. Member Matsuyama asked if Chairman Nunley had included the quote about efficiency of agricultural users and the lack of excess water that would be discharged from fields in the powerpoint file. Member Garson asked if there would be an inspection or approval required to release or approve this water for use as a water supply. Chairman Nunley said CDPH approval would fall under the feasibility category since it is an "outside agency". Member Watson said the Committee would need to estimate a volume to evaluate this variation and he still sees permitting and timing as the primary issues with feasibility. Member Matsuyama said she would look into available resources for volume estimates. Member Miller discussed the CCAMP monitoring program and noted there may be information available there. Member Woodson noted that RWQCB may have some information since they've started to regulate agricultural tailwater.

Member Matsuyama discussed reuse of Phillips 66 process water and thought it is fairly feasible, possibly earning a score of 6 or 7, and Member Miller expressed agreement. He thought project would be favorably viewed and may deserve a 7 or 8. Chairman Nunley said the quantity of 3000 AFY could be replaced with "design flow" in the feasibility rubric and several Committee members expressed support. Member Watson suggested revising the rubric for a high feasibility score to reflect a 1-2 year process for CEQA compliance. Members Matsuyama and Miller expressed approval. Member Watson suggested a 2-5 year process for the middle scores (4-7). Member Woodson noted that mitigation is also a significant component of project feasibility related to CEQA. Member Miller suggested a score of 8. Member Matsuyama suggested a score of 1 for thermal waste recapture. Member Graue discussed comments from Jim Anderson about the complications in capturing the water. Member Watson asked if this is related to permitting, timing, or volume available and Member Graue noted he thought the major challenge was technical difficulties in designing a system to collect the water. Member Miller said this could also be considered an issue with outside agency acceptance since the outside agency, Phillips 66, did not think it could be done. Member Garson said this would be revising the definition of feasibility since it had been focused on permitting and project approvals. Chairman Nunley suggested adding presence of a "fatal flaw" as another issue associated with a low feasibility score.

Member Matsuyama discussed an approach for 09-AIR that her subcommittee had analyzed that would rely on trucking the water from PXP to Nipomo CSD and would require no permits. She thought the feasibility score could be as high as 10. She asked if there was a reason the water from PXP was currently being discharged to a creek. Member Watson said they could not store the water on site so they needed to discharge it. He did not know that there was any requirement from an environmental perspective to discharge this water. He noted the water was treated with reverse osmosis and PXP had been looking at other alternatives to tie in the supply to other community systems. Member Woodson asked if the trucking analysis would address pounds of carbon emissions. Member Saltoun noted this would not be an environmentally-preferred alternative. He said the subcommittee had looked at use of an existing oil pipeline, construction of a new pipeline, and trucking water as ways to convey this water to the District. Trucking would require vehicle access and storage/transfer facilities at both ends and 100 stainless steel double-trailer tanker trucks per day. Chairman Nunley said he thought 100 truck trips per day presented a fatal flaw. Member Matsuyama said it would require truck traffic 24 hours per day through the local communities at both ends. Member Watson suggested constructing a pipe approximately 2 miles to the Pismo Beach WWTP outfall and exchanging PXP water for recycled wastewater would be a more feasible project. He thought there would be a regional project in the future to move recycled water around Pismo Beach and South County. He said there were times of the year when PXP cannot discharge water to the

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

creek so they need storage. Member Saltoun asked if the District could acquire access to the outfall pipeline for 10 years or if there is another alternative to temporarily convey this water. Member Watson said this could be one component of a larger regional water program, along with utilization of groundwater aquifers and recycled water exchanges, which could include Nipomo as a partner. Member Saltoun said he thought it should rank as a 10. Chairman Nunley said he thought there would be permits required for this, due at least to truck traffic. Member Matsuyama noted there would be storage facilities required at both ends but she had spoken to her husband, a Caltrans employee, and he had noted that truck haulers have permits to cover this sort of transportation. Member Garson said he thought an EIR would be required to cover the storage facilities, at least, as well as the other project elements and adding 100 trucks per day to the roads would have a traffic impact. Chairman Nunley asked if CDPH approval was ever any issue with using this as a water supply. Member Watson had not heard this was an issue. Member Matsuyama said she thought it was being treated to drinking water standards. Member Watson noted it was his understanding that the water was very high quality and could be substituted for nonpotable uses (agricultural use and cooling water for example), at a minimum, even if potable uses were restricted by CDPH. Member Matsuyama asked if the water must be retained in the ground for 1 year before it is reused. Member Watson said groundwater recharge is doable but requires significant monitoring and study before it can be approved. Chairman Nunley noted that some construction for percolation ponds or other facilities would be required for the use or percolation of this water. Member Watson thought a couple of years to 3-4 years of environmental analysis may be required. He thought trucking the water could require an EIR. He suggested a score closer to 7 since the source is available and the owner wants to get rid of the water. Member Saltoun felt cost could be in the neighborhood of \$6000/AF. Member Graue thought it could be cheaper if there is a rail site at either end, or if it could be constructed. There may be a railway that could be used.

Santa Maria Intertie – Member Miller suggested a 10 since CEQA is completed. Member Matsuyama asked if all permits for Phase 1 was in place and Member Miller asked about permits for the full project. Vice Chair Sevcik noted the key permit was the river crossing for Phase 1, which was authorized in May 2012, and the Caltrans permit for the future phase may expire if future phases are deferred but all permits for the full project are currently in hand. Member Miller suggested assigning a score of 10. Member Miller and Vice Chair Sevcik said the Caltrans permit is relatively easy to get.

Recycled Wastewater from Municipal Facilities – Member Watson noted permitting and a full design package would be required for the South County options and would require 3-5 years for implementation. Member Miller thought there would be environmental review on the pipeline, with less review for sliplining or reuse of an existing pipeline, but could be viewed very positively by various agencies and thought a score of 7 would be appropriate.

Member Watson thought the timing of the various interrelated projects was a factor in implementation schedule. He noted that Pismo Beach is planning to add tertiary treatment to their WWTP. Member Woodson asked if this was associated with the Spanish Springs project and if it relied on availability of State Water for project approval. Member Watson said Pismo Beach was acquiring additional drought buffer from the County but other than that, the existing water supplies and development of a City recycling program would be adequate for addressing the developers' water supply impacts. Member Miller suggested a score of 7 for the Pismo Beach variation. He noted the County has an RFP out for development of a countywide recycled water study. Member Graue asked if these were both reverse osmosis projects that would use the Boyle Site 1 scheme to convey water to the Mesa. Member Watson said the end use would determine the treatment level, and cost would be based on treatment level. He thought the cost opinions may want to assume

SPECIAL MEETING MINUTES
SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

reverse osmosis to reflect groundwater recharge. Member Miller noted this would be very low-pressure, high-recovery reverse osmosis.

Local Groundwater – Member Garson thought acquiring a permit to use local shallow groundwater could have other challenges but a recent exploratory well at the Woodlands required only 2 weeks for acquiring a permit. He noted it would not be considered a new water supply and may rank very low with respect to other criteria but would be worthwhile to include in the analysis to address questions or issues raised by the public. Member Watson said permitting a test well was not usually a big deal to the County, but drilling a production well would require a lengthier process. Member Miller said the presence of rising levels and higher nitrates in the shallow aquifer could result in permitting of this supply being a non-issue. He and Member Garson discussed that this variation is feasible but is not new water and water supply quantities would be limiting. Member Miller suggested a 9. Member Graue thought the Dana Wells should have a similar score. Member Garson thought the riverside wells would have jurisdictional or ownership challenges. Member Matsuyama thought court compliance would be ranked low for this alternative. Member Graue asked if there was a legal opinion that the District could not drill water from this location. Chairman Nunley thought ownership of the water was the challenge. He suggested a 1 with an asterisk and Member Matsuyama asked Vice Chair Sevcik to get more information on the legal issues with this variation.

Surface Water – Member Matsuyama thought many agency approvals would be required to acquire water from surface water supplies. Member Woodson suggested a score of 1 for these alternatives.

Seawater Desalination – Member Graue thought the time required for permitting was around 10 years or more, but as a long-term water supply this would not eliminate this alternative from consideration. Chairman Nunley noted reliability was high. Member Graue thought feasibility should be a 3. Chairman Nunley said the permitting for solar distillation could be longer since such a large land area would be affected. Member Graue thought land costs in the Suey Canyon area could be \$2500/AC and would not be restrictive, but timeline for implementation would be a problem. Member Woodson asked about additional facilities required for this alternative. Member Graue noted that brine discharge and pipelines would be required. Chairman Nunley thought the size of land area would require more time and suggested a score of 2. Member Saltoun suggested a pilot study would be required and a grant may be available for that.

The Chairman directed the Committee to walk through the court compliance criterion for each alternative.

State Water – Chairman Nunley described the rubric and suggested this alternative receive a score of 10 since it would represent importation of new water onto the Mesa.

Member Matsuyama suggested expanding the rubric to discuss two issues related to court compliance – both quantity and whether imported or not imported. Member Watson suggested that court compliance be discussed as part of each alternative evaluation to better explain the score. Chairman Nunley suggested all the alternative evaluations should explain why scores were assigned for each of the criteria and any challenges or issues with assigning a score should be explained there. Member Saltoun suggested expanding this criterion into 2 criteria: one for source and the other for quantity. Member Watson said he thought there may be alternatives to improve the groundwater situation by participating in regional projects such as recycled water that might be applied outside District or NMMA boundaries, but could be presented to the judge to determine if they comply with the intent

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

of the stipulation since they affect the Santa Maria groundwater basin as a whole. Member Saltoun suggested a 1 for method and 10 for quantity.

Member Garson asked if the committee could get some feedback from the public at this time and Member Miller supported the suggestion

Public Comment:

Tom Geaslen, General Manager of the Oceano Community Services District (OCSD) and Nipomo CSD ratepayer, commended the committee on their work and was attending on behalf of OCSD. The District has 303 AFY of surface water at Lopez, 750 AFY of State Water, and a safe yield of groundwater of 900 AFY. This is just under 2000 AFY total and OCSD uses only about 50% of this, including temporary water sales to Canyon Crest and City of Arroyo Grande. OCSD would like to discuss a sale or transfer of possibly 500 AFY to NCSD and would like the Committee to review this alternative. Mr. Geaslen has permission from his Board to present this concept to NCSD.

OCSD is a member of South SLO County Sanitation District which discharges 3 MG of water to the ocean and the member agencies feel this is a waste.

OCSD has gone back to the County to request additional State Water and would like to take advantage of the extra capacity in the State Water pipeline facilities. There was a ballot initiative to prevent a permanent water sale but OCSD has options for temporary sales similar to what they have with Arroyo Grande which is a 5-year sale with multiple 5-year options. He is authorized to offer a 10-year temporary sale with multiple 5-year options. He noted that regional recycled water plans and water management are being promoted by the state and he feels solutions such as he has proposed would be encouraged by the state. This alternative could allow the District to buy time for some of their long-term water supply solutions while complying with the Court stipulation.

Member Matsuyama asked if there was a range of cost available to discuss. Mr. Geaslen said it would likely be a cost plus a percentage. This would include maintenance and capital improvements which change every year. He has a 5-year budget he would review but he thinks it would be considerably less than the Santa Maria water. He said the NCMA is considered a model of water management.

Chairman Nunley asked if District staff had been approached to discuss this alternative. Mr. Geaslen said they had not but he wanted to present this to the Committee to be considered as an alternative. OCSD has had preliminary discussions with the County to acquire more State Water.

Member Garson asked if there is a capital component or mechanism required to deliver water from Oceano to NCSD, in addition to the ongoing or purchase costs. Mr. Geaslen responded that the State Water pipeline could be used to wheel water or the Oceano turnout could be used. He said he and Paavo Ogren would be meeting with CCWA to discuss this. Mr. Geaslen noted he had written a \$600k check for water deliveries this week. His cost per AF for Lopez and State Water was approximately \$1505/AF. The agencies had surplus Lopez water which was not charged this year and OCSD sold it to Arroyo Grande.

Mr. Geaslen said he has permission from NCMA to discuss this with NCSD.

Member Watson asked if Mr. Geaslen could provide a range of costs in his discussions with NCSD staff. Mr. Geaslen said it would be a fair cost-plus offer and he will put together that

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

number. Member Watson asked about potential for a permanent sale. Mr. Geaslen said this would require a vote but a temporary transfer would not require a vote.

OCSD is a disadvantaged community and does not need to meet the 20 by 2020 water conservation requirements.

Member Watson said OCSD was already being considered as a water supply alternative under some of the broader water supply categories such as State Water. Mr. Geaslen said the District has multiple water sources in addition to State Water that could be provided to NCSD. He thinks the Court will be encouraged by the Districts working together on a water supply project and thinks there must be better alternatives than the Santa Maria pipeline project. Chairman Nunley noted this would be a "municipal mix" similar to what is being offered by Santa Maria. Mr. Geaslen said OCSD includes the Halcyon area so it is relatively close to Rural Water and could tie in there. OCSD is also looking at transferring water through oil pipelines. He thinks this alternative would score as a "10" and would not have significant hurdles.

Member Miller asked if the meeting with CCWA would happen within 2 weeks and Mr. Geaslen said it would. Member Miller noted that the use of the pipeline would require multiple agencies to agree and a vote in Nipomo may be required. Mr. Geaslen said this would only apply if the supply was purely State Water. He would apply OCSD's political expertise to negotiate with Department of Water Resources (DWR) to facilitate this transfer. He thinks this would be a win for OCSD & NCSD. He is working on options including use of oil pipelines to transfer water.

Member Matsuyama asked if Mr. Geaslen had talked to Supervisors Teixeira or Hill and Mr. Geaslen responded he had talked with Supervisor Teixeira. He said OCSD is the lead agency for the Integrated Regional Water Management Plan for South County and OCSD would be engaging NCMA and NMMA members in regional planning.

Mr. Geaslen said there is a big push on the east coast for water companies to consolidate together and this could be considered as well. In addition, OCSD qualifies for various grants and has opportunities through Lois Capps' office and federal agencies to receive financial aid.

Member Saltoun said the Committee could address reasonable alternatives when they are identified. He thought the State Water pipeline would only allow the District to receive 750 AFY, or OCSD's Table A amount, but this has not been reduced due to San Luis Obispo County's ~25K AFY of excess entitlement. He discussed the current State Water customers' first rights of refusal for any of this water and also that construction of a new turnout would require full CEQA analysis similar to the original State Water Project, in addition to a ballot initiative. There are several constraints even if there is a willing seller and a willing buyer as discussed today. A separate connector between the distribution systems would be interesting.

Member Miller said it would be good to identify where the systems could be connected and Mr. Geaslen said he is looking at it. Member Woodson noted pipe size would be a consideration in selecting a tie-in location.

Mr. Geaslen said this could be a justifiable solution to deliver water on a short-term basis to NCSD so they can develop long-term water supply plans and OCSD would welcome the additional revenue stream.

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

Bob Blair, Director, said he had hired water expert Bob Beeby and a water attorney when he was previously on the District. He said Mr. Beeby had testified in court that NCSD would take over 15 years to use all their groundwater if there was no rainfall. He urged the Committee to look at the Oceano alternative. He said the Supervisor was on board for this and Mr. Geaslen has political connections. He had constructed the valve on the CCWA pipeline because he thought someone would use it some day. He said the farmers have 10 AFY of water and could use this water as well, if Nipomo can build a turnout. He thought NCSD should not be a customer of Santa Maria.

Ed Eby, Nipomo resident, suggested splitting the court compliance column into method, quantity, and source. He noted that wells on the Mesa, conservation, and recycled water from Southland WWTF are not supplemental water.

Chairman Nunley said he thought the Oceano alternative was different from the Santa Maria Intertie alternative, but had similar regulatory and agency coordination issues. He suggested the Miller/Watson/Woodson committee perform an initial screening and bring back findings to a future meeting. Member Miller said the Committee would like to get cost information in the next few weeks but based on his initial comments, it seemed the cost range would be similar to Santa Maria water. Member Matsuyama said Mr. Geaslen had stated it would be less expensive than Santa Maria water so the Committee could start there with a cost comparison. Member Miller said the subcommittee would start working on developing cost estimates. Members Watson and Matsuyama noted the Oceano alternative sounded like a blended water supply. Member Matsuyama asked if there would be similar institutional constraints for conveying blended water through the CCWA pipeline as had been discussed for State Water. Member Saltoun said he would expect the same need for multiple agency approvals regardless of the water being conveyed through the pipeline. Chairman Nunley said it looked like there were two variations of the Oceano alternative – one is the 1A-SW with OCSD as the entity selling State Water through the CCWA pipeline to NCSD; and the other as a direct connection to deliver blended water from the OCSD system to NCSD. 1A-SW has been analyzed but this OCSD option should be detailed. Member Garson said the OCSD sale of State Water has already been considered but conveying OCSD blended water should be the focus for the Committee's analysis. He thought magnitude of water purchase cost should be similar to Santa Maria. Member Matsuyama noted OCSD is motivated since they need the revenue. She asked if there is still a first right of refusal by other State Water customers if NCSD receives blended water from the OCSD system and various Committee members responded that it is OCSD's water when it enters their distribution system so they have full rights to it. Member Woodson asked if a long-term water partnership, beyond the 10-year contract period, should be viewed in light of OCSD's past financial and institutional challenges. Members Watson and Garson discussed opportunity to build a long-term relationship with either agency, beyond the short-term water supply needs. Member Saltoun noted connecting to the south would meet all the supply goals. Member Matsuyama asked if disadvantaged agencies get preference with respect to State Water deliveries. Member Miller and Chairman Nunley responded that they do not, but they could get grant funding for capital projects. Member Watson said the advantage to connecting a waterline to Oceano could be that it would facilitate construction of a recycled water pipeline as well, and would be the first steps toward a regional network of interconnections between the Five Cities and Nipomo systems. Chairman Nunley said the Committee would need to look at tying into the large mains on Tefft St and the elevation difference will require pumping. Storage will also be required. Hydraulic constraints in both systems must be analyzed since it is a relatively large flow for the OCSD system. The Santa Maria Intertie project required a mile and half water main on Blosser Road to connect to the backbone of the Santa Maria system. It would be difficult to determine the hydraulics in the OCSD system. Member Matsuyama noted Arroyo Grande and Los Berros Creek

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

would need to be crossed presenting regulatory challenges. Member Graue said this would be an expensive project to build for 500 AFY when you have a similar distance to convey 2250 AFY from South County Sanitation District WWTP. Chairman Nunley and Member Miller responded that the recycled wastewater could not be discharged into the Nipomo CSD distribution system since it is illegal to have direct potable reuse of wastewater in California. Member Matsuyama responded that the water could be used for groundwater recharge. Member Saltoun suggested a recycled water and potable water main could be installed in the same trench and Member Miller noted that the two pipelines must have separate trenches according to state law.

Member Watson asked if OCSD's water could be delivered to a neighboring water agency and wheeled to NCSD. Member Miller noted that Rural Water Company has no connection to other water agencies but Woodlands has a connection to the NCSD system. Member Garson said an option could be for Woodlands to take water from OCSD and stop pumping groundwater. He said Woodlands Mutual Water Company would consider this an interesting idea.

Chairman Nunley expressed appreciate for Mr. Geaslen attending the meeting today and said he hopes Mr. Geaslen will follow up with the General Manager. Member Saltoun recommended including the OCSD intertie as an additional alternative as a 10C-SM. Chairman Nunley suggested including it as a separate alternative since it may be analyzed at a different level of detail than the other alternatives. The Committee understands that time is of the essence.

Member Matsuyama asked if the grant can be reassigned to an intertie with OCSD. Member Miller said it might require an action from the Board of Supervisors and Chairman Nunley responded that the Integrated Regional Water Management Plan grants are tied to a specific project directly from DWR. They track the list of projects awarded through the plan.

Chairman Nunley noted the February 13 Board meeting is scheduled for release of the bid requests for a component of the Santa Maria Intertie.

Chairman Nunley asked the subcommittees to review their list of variations and determine if the list on the matrix should be updated and bring back their ranking to the full Committee at the next meeting. He would like to see how the Oceano alternative compares to the other alternatives and develop some draft recommendations for the Board even if the full analysis is not complete. Member Miller asked for the Chairman to coordinate with OCSD to provide cost and hydraulic information for the Committee's evaluation. Member Watson asked who is performing engineering services for OCSD and Member Miller noted that Wallace Group no longer performed this service for the District and he did not know who was working for the District. Chairman Nunley said he would put a list of items together to present to General Manager LeBrun for his discussions with the District and would forward to the subcommittee for their review.

The Committee unanimously voted to schedule the next meeting for February 4, 2013 at 1 PM; to assign the Miller/Watson/Woodson subcommittee to perform an initial screening of the OCSD intertie alternative; and to direct the subcommittees to review and assign scores to the variations of their alternatives.

See the attached draft matrix for a summary of draft scores.

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

4. OVERVIEW OF DISTRICT'S 2010 UWMP DEMAND AND SUPPLY PROJECTIONS

Vice Chair Sevcik presented the summary table provided in the Staff Report, which is based on the District's 2010 Urban Water Management Plan (UWMP). He noted the wholesale demand included Rural Water Company and Golden State Water Company. At the time the UWMP was drafted it was assumed that Woodlands would not be taking direct delivery of water but the District would be reducing groundwater pumping instead.

Member Miller said it is likely that Woodlands would take "wet" water directly from the District system now. He noted the increase in District demand looked like it included approximately 500 AFY of infill development, which could increase more slowly than shown due to water conservation and the slow rate of private development. Vice Chair Sevcik said the demands were based on the District meeting their 2020 goal of reduction of 20% water demand. The District used growth projections were provided by SLOCOG which were much lower than used to estimate 2005 water demand. Even using these projections, the water demand is nearly flat. He said the District has held a demand of 2500 +/- 100 AFY for the past several years.

Member Matsuyama asked if the Board had voted to lift the moratorium on new water service at the January 23rd Board meeting and Vice Chair Sevcik said the request, which had been made by two citizens, had been denied. The Board directed the citizens to return with their request after a new water supply project is being implemented. Until there is a water supply project underway, the District intends to keep the moratorium in place but the Board revisits it twice a year.

Member Miller asked if there was a retrofit offset program required by the County for new growth in Nipomo and noted it was applied in Los Osos and a retrofit program also helped keep water demands constant for years in San Luis Obispo.

Member Matsuyama asked Vice Chair Sevcik to explain the water loss numbers. Vice Chair Sevcik responded that this was the difference between metered well production and customer meter records. Member Miller said this was a very low loss number compared to most water providers. Vice Chair Sevcik noted the District was planning to calibrate their well meters in the near future.

Member Watson asked if the "flat" water demand over the past several years was due to conservation or lack of growth. Member Matsuyama said she thought lack of growth was a factor. Vice Chair Sevcik discussed the four-tier water rate and foreclosures in the community.

Member Watson asked Vice Chair Sevcik to explain the 6200 AFY future demand being addressed by the Committee. Vice Chair Sevcik said this number was estimated in the 2007 Water Master Plan and is based on current zoning of the LAFCO-designed Sphere of Influence (SOI), in addition to the District's service area. Member Matsuyama asked if this is the same as the Urban Reserve Line. Vice Chair Sevcik said it was the area the District could serve within a 20-year horizon according to LAFCO rules. Chairman Nunley said the land use was developed by San Luis Obispo County and the District has no control over zoning or land use.

Member Watson asked if supplemental water would completely replace groundwater use and if the future supplies shown in the UWMP chart are sustainable flows. Vice Chair Sevcik said the District would like to continue using as much groundwater as possible because it is a good source and less expensive than other supplies. He said the goal would be approximately 1500 AFY in the long-term based on the UWMP and this goal was applied

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

to develop the purchase schedule with City of Santa Maria. Member Graue asked if the 1500 AFY was a scientific number or a guess and Vice Chair Sevcik responded it was probably as scientific as the 2500 AFY number.

Member Watson asked if 6200 AFY is a "buildout" or maximum potential number, then if 1500 AFY groundwater is subtracted, then it would be reasonable to say the District may need 4700 AFY in the future which is beyond the Santa Maria Intertie capacity. Vice Chair Sevcik said this was assumed in the UWMP and is one of the reasons the District is interested in pursuing desalination long-term. Member Watson said many agencies plan for a water supply buffer in their planning and asked if the District was incorporating a buffer in their planning process. Vice Chair Sevcik said the District needs some buffer and relying only on groundwater, the District has no buffer. Chairman Nunley said particularly if seawater intrusion occurs, water would need to be trucked into the community if there is no other water supply. Vice Chair Sevcik said the partnership with Santa Maria would help address this since they have planned for multiple sources of water and this would be a strategic move for the Nipomo community. Member Watson said the community needs understand that having more supplies is advantageous. Member Matsuyama asked if the Committee should suggest a planning buffer in their final report. Member Watson responded that it is difficult to work with static numbers in reference to water supply and demand since the numbers vary each year, and it is important to have redundant supplies to provide reliability.

Member Graue asked if DWR had developed a study to show long-term reliability or evaluate risk to the water supply and help communities plan and address these issues. Chairman Nunley said there is a reliability report DWR publishes every few years that is used by water agencies to evaluate their own supply reliability. He described the UWMP required for all communities over 3000 connections and mentioned that CCWA completes one as well, and they use the DWR reliability studies for their own analysis. Vice Chair Sevcik said the UWMP looked at reliability of Santa Maria water and incorporated that into the District's UWMP as required by DWR, and could be addressed in a separate discussion.

There was no public comment.

Member Watson suggested the Committee review the table from the UWMP and use it to determine the targets for future water supplies being evaluated. He said it looks like the community needs 4700 AFY in addition to 1500 AFY to meet future demands. Member Miller asked if the 2007 Water Master Plan included 4700 AFY of supplemental water in addition to 1500 AFY of groundwater. Vice Chair Sevcik said that given the level of accuracy of the 6200 AFY demand, it was assumed this was an appropriate numerical goal for future water supplies. Chairman Nunley said it makes sense to plan for the full 6200 AFY to provide redundancy, and Member Miller added that this particularly makes sense if it is relatively inexpensive to increase the supply capacity to that delivery rate.

5. DISCUSS NEED FOR SPOKESPERSON TO PROVIDE UPDATE TO THE BOARD

Member Miller asked if this item would be revisited on February 4 in time for the Board presentation and Chairman Nunley said the Committee could do that. Chairman Nunley said the Committee would also need to tell the Board which members were analyzing the Oceano intertie alternative per the Bylaws.

There was no public comment.

SPECIAL MEETING MINUTES
SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

6. PRESENT REFERENCE DOCUMENTS FOR REVIEW AND ACCEPTANCE

Member Miller said more reports may be identified as the Oceano intertie alternative is evaluated. The Committee voted unanimously to add the capacity study of the Coastal Branch Pipeline completed in December 2011 by San Luis Obispo County and Central Coast Water Authority. The Chairman said he would send the Committee members a link to the online report.

There was no public comment.

7. SET NEXT COMMITTEE MEETING DATE AND TIME

The Committee set a new date and time at the end of the Item 4 discussion (February 4 at 1:00 PM).

8. ADJOURN

Chairman Nunley adjourned the meeting at 12:20 PM.

ATTACHMENTS

Draft Matrix

Draft Rubric (provided at meeting)

DRAFT - SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE RANKING MATRIX - DRAFT

DATE: 1/25/2013

SHOW RANKINGS

MAJOR ALTERNATIVES	VARIATIONS	CRITERIA															FINAL SCORE	RANK		
		SUPPLY POTENTIAL			COST CONSIDERATIONS		COURT COMPLIANCE	CRITICAL MILESTONES FOR DELIVERY			RELIABILITY	PHASING	QUALITY	FEASIBILITY	SUSTAINABILITY	PUBLIC SUPPORT			RAW SCORES	
		1,000 APY	3,000 APY	8,200 APY	CAPITAL	OBM		1,000 BY 2015	3,000 BY 2020	8,200 (Future)										
		6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	100.0%			
SW	State Water Project	01-SW	Acquire Unused or Excess Table A Allocation from SLO County	10	10	1			M1, O10				8			A, B, 2		25		
		02-SW	Acquire Unused or Excess Table A Allocation from SB County	10	8	1							5			3		27		
		03-SW	Reactivate Desal Plant in SB / Exchange for SWP Supplies	10	10	1							1			2		24		
C	Demand Management / Conservation / Graywater	04-C	Conservation Programs (Current and Future)																	
		05-C	Graywater Programs																	
AIR	Agricultural and Industrial Reuse	06-AIR	Agricultural Tiltwater Reuse										1			3		4		
		07-AIR	Phillips 66 Refinery Process Water Reuse	3	1	1							8			8		21		
		08-AIR	Phillips 66 Refinery Thermal Waste Recapture	1	1	1							1			1		5		
		09-AIR	PXP Arroyo Grande Production Wastewater Reuse	9	1	1							1			7		19		
SM	Santa Maria Waterline Interline Project	10-SM	Phase I only	10	10	10							10			10		50		
		10A-SM	Full Project	10	10	10							10			10		50		
RWW	Recycled Water Supplies	11-RWW	Acquire Supply from South SLO County Sanitary District	10	7	1							10			7		15		
		12-RWW	Acquire Supply from Pismo Beach	10	5	1							10			7		15		
LG	Local Groundwater	13-LG	Local Shallow Aquifer	1	1	1										9		12		
		14-LG	Dena Wells	1	1	1										9		12		
		15-LG	Riverside Wells	1	1	1										1*		12		
SPW	Surface Water	16-SFW	Oso Flaco Lake	1	1	1										1		1		
		17-SFW	Santa Maria River	1	1	1										1		1		
SEA	Seawater / Brackish / Other Desalination Options	19-SEA	Seawater Desalination Project	10	10	10							10			3		11		
		20-SEA	Solar Distillation of Seawater	10	10	10							10			2		12		

DRAFT SCORING RUBRIC

1/25/2013

SCORING CATEGORIES	POINT ASSIGNMENT		
	1-3	4-7	8-10
Supply Potential: 1000 AFY	Alternative can deliver up to 350 AFY	Alternative can deliver 350 to 750 AFY	Alternative can deliver 750 to 1000 AFY
Supply Potential: 3000 AFY	Alternative can deliver up to 1050 AFY	Alternative can deliver 1050 to 2250 AFY	Alternative can deliver 2250 to 3000 AFY
Supply Potential: 6200 AFY	Alternative can deliver up to 2170 AFY	Alternative can deliver 2170 to 4650 AFY	Alternative can deliver 4650 to 6200 AFY
Cost Considerations: Capital	Three alternatives with the highest capital costs (most expensive capital costs) to deliver 3000 AFY	"Middle" capital costs to deliver 3000 AFY	Three alternatives with the lowest capital costs to deliver 3000 AFY
Cost Considerations: Operation & Maintenance	Three alternatives with the highest O&M costs (most expensive O&M) for 3000 AFY. Alternatives with energy or chemical costs that are less likely to fluctuate in the future will score higher.	"Middle" O&M costs for 3000 AFY. Alternatives with energy or chemical costs that are less likely to fluctuate in the future will score higher.	Three alternatives with the lowest O&M costs for 3000 AFY. Alternatives with energy or chemical costs that are less likely to fluctuate in the future will score higher.
Court Compliance	1 Point - Is in conflict with Stipulation or does not import water to the Mesa	--	10 Points - Imports water to the Mesa and complies with the Stipulation
Critical Milestones for Delivery: 1000 AFY by 2015	1 Point - Cannot deliver 1000 AFY by Jun 2015	--	10 Points - Can deliver 1000 AFY by Jun 2015
Critical Milestones for Delivery: 3000 AFY by 2020	1 Point - Cannot deliver 3000 AFY by 2020	--	10 Points - Can deliver 3000 AFY by 2020
Critical Milestones for Delivery: 6200 AFY (Future)	1 Point - Cannot ultimately deliver 6200 AFY in future (past 2030)	--	10 Points - Can ultimately deliver 6200 AFY in future (past 2030)
Reliability	Considered not reliable (<80%) on a long-term basis based on historic performance or availability of "design flow". Projects may not be able to produce at least 80% of "design flow" or may not be able to do so reliably.	Considered moderately reliable (80%+) on a long-term basis based on historic performance or availability of "design flow" (ex. only 80% of "design flow" may be available at some times). Subject to seasonal limitations or fluctuations that would impact supplies available to District.	Considered highly reliable on a long-term basis based on historic performance or availability of 80% of "design flow". Not subject to seasonal limitations or fluctuations that would impact supplies available to District.
Feasibility	Permitting is expected to represent a significant hurdle - either adding five (5)+ years to project implementation for 3000 AFY delivery, or may be opposed by resource agencies or in conflict with their policies. May require significant contract negotiations with multiple outside entities that are expected to challenge the project.	May require CEQA permitting and some contract negotiation with an outside entity, but negotiation is not expected to be challenged by outside entities or to take longer than 1-2 years.	Can be accomplished without new CEQA or additional "major" resource agency permits (CDFG, NOAA Fisheries, CA Coastal Commission, etc.) or can acquire permits/authorizations within 1 year. Can be accomplished with minor effort to update existing contracts or without any contract modifications requiring more than 1 year to finalize.
Phasing	Project either cannot be upgraded from 1000 to 3000 AFY or will require more than 100% of the initial (1000 AFY) capital cost	Project can be upgraded from 1000 to 3000 AFY but will require 60 to 80% of the initial (1000 AFY) capital cost	Project can be upgraded from 1000 to 3000 AFY without requiring more than 50% of the initial (1000 AFY) capital cost
Water Quality	Requires "high" level of treatment - reverse osmosis or similar desalination - for intended use, or has significant health/safety concerns or risks	Requires "moderate" level of treatment - basic filtration & disinfection - for intended use	Requires minor chemical addition (disinfection) or no treatment for intended use
Sustainability	Significant negative environmental impact due to energy usage, carbon footprint, greenhouse gas emissions, or other similar measures.	Some environmental impact with an increase in carbon footprint, greenhouse gas emissions, or other similar measures.	Positive environmental impact or no increase in carbon footprint, greenhouse gas emissions, or other similar measures.
Public Support	Opposition is anticipated	Indifferent	Positive

NIPOMO COMMUNITY SERVICES DISTRICT

JANUARY 14, 2013

1:00 P.M.

MEETING MINUTES

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

APPOINTED COMMITTEE MEMBERS

MICHAEL K. NUNLEY, CHAIRMAN (NON-VOTING)
PETER V. SEVCIK, VICE CHAIRMAN (NON-VOTING)
DAN GARSON (VOTING)
DENNIS GRAUE (VOTING)
KATHIE MATSUYAMA (VOTING)
ROBERT MILLER (VOTING)
SAM SALTOUN (VOTING)
DAVE WATSON (VOTING)
DAN WOODSON (VOTING)

PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASST GM/FINANCE DIRECTOR

MEETING LOCATION - District Board Room 148 S. Wilson Street, Nipomo, California

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Nunley called the Special Meeting of January 14, 2013, to order at 1:00 PM. and led the flag salute. At roll call, all Committee members were present except Members Watson and Matsuyama who arrived during Agenda Items 2 and 3, respectively.

2. GENERAL MANAGER'S REPORT

General Manager Michael LeBrun provided an update to the Committee on items relevant to their work. He had received a call from Rick Sweet with the City of Santa Maria about a person named Bezmarevich who was contacting Central Coast Water Authority (CCWA) member agencies and attempting to negotiate water transfers between the agencies and District via a direct delivery from CCWA facilities. The General Manager assured Mr. Sweet that only District staff or Committee members would be engaging CCWA members to discuss water supply alternatives on behalf of the District.

Member Miller asked if there was any update from the County on the District's grant or the letter they had said they would issue requesting an update on the District's Supplemental Water Project. General Manager LeBrun responded there had been no new communication with the County and there was no update on the water supply analysis being conducted by Supervisor Texiera, which had been discussed by Director Blair at a prior Board meeting.

3. REVIEW DRAFT MINUTES FROM DECEMBER 19, 2012, COMMITTEE MEETING

Chairman Nunley introduced the item and presented the edits requested by Dr. Bradley Newton and Member Graue. The Committee voted unanimously to approve the draft minutes as revised (see attachment).

4. DISCUSS RANKING PROCESS

Chairman Nunley introduced the item. The draft ranking matrix was projected onscreen and draft scores were filled in as the Committee walked through the items.

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

Member Woodson noted he had received the draft ranking matrix as a pdf file and asked if it was available as a spreadsheet. Chairman Nunley said he had provided this to the Committee members and would make sure Member Woodson gets a copy of the spreadsheet.

Member Garson said he was pleased with the thoroughness of the information (rubric, ranking, and other documents). Chairman Nunley noted Member Saltoun had put the spreadsheet together and Member Saltoun gave Member Watson credit for presenting the concept.

Member Miller said the water quality criterion should consider differences between high-quality, low-salinity supplies and those that are potable but have high salinity. He compared salinity of water from the Santa Maria Groundwater Basin (ex. 1000 ppm TDS for discussion) to State Water (say 300 ppm TDS) and asked how those would be scored in the rubric. Chairman Nunley suggested changing the criterion to salinity and scoring based on concentrations. Member Garson asked if agricultural reuse is sensitive to salinity. Chairman Nunley responded that it depends on the crop. Member Garson noted that other chemicals could affect use of water from agricultural operations. Member Matsuyama mentioned nitrates would be an issue. Member Miller thought water quality could be a criterion focused on quality of finished water and that cost should address treatment requirements to reach quality objectives. He suggested 300-500 ppm could earn a high score, 500 to 750 would earn a medium score, and over 750 would earn a low score. Chairman Nunley said it was assumed all supplies would be treated to be safe for their intended uses. He had attempted to capture risk in the rubric, as well. Member Garson asked how chloramination would be addressed in the rubric. Chairman Nunley responded that supplies requiring disinfection (such as chloramination) could still earn a high score in the rubric. Member Garson suggested the Committee look at Oso Flaco as an alternative to discuss as an example of how to handle the scoring. Member Miller noted the treatment process for that supply would produce a very high quality water (with respect to salinity) in order to remove other contaminants of concern. Therefore, it could score very high as opposed to a groundwater option that produces a high-salinity water supply of 800 ppm which would receive a lower score. Member Watson asked if two categories (one for potable and one for recycled water) should be considered since water quality goals and treatment requirements could differ significantly. Member Miller noted he would prefer using the single category with a footnote to discuss how the quality is appropriate for the intended use. Member Graue said it would be important to identify the intended use. Member Saltoun said treated water quality could have a very narrow range of scores, whereas raw water quality could have a very wide range, therefore it is important to clarify this. He said he thinks the raw water quality should be considered. He also noted the District does not have the distribution system to deliver two different levels of quality and he thinks considering raw water quality would allow the Committee to more distinctly rank the alternatives. A new category would not be required if this approach was pursued. He noted there are not two different distribution systems to deliver different water quality to users.

Member Garson said he thought potable water should rank higher in water quality than nonpotable water (for example, water that is only useful for agriculture). Member Graue noted this could make the alternatives difficult to rank since use of nonpotable water could reduce demand for potable water. Chairman Nunley said he had tried to tie both the intended use and treatment requirements to the water quality criterion and discussed the scoring rubric. He noted that reverse osmosis may be required (per the guidance documents) to treat wastewater plant effluent for use by Phillips 66, but it should rank higher than Oso Flaco since no pesticides or hazardous chemicals are present. State Water would score very high because very little treatment is required and the water has low hardness and

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

salinity. He said he assumes some discussion will be required to justify many of the scores assigned in the matrix. Member Garson noted this is an area where weighting the scores could be beneficial – for example, potable supplies could be weighted higher than nonpotable supplies.

Member Woodson said he sees court compliance as a “go/no-go” issue, not as a criterion for scoring. Members Garson and Matsuyama discussed the importance of bringing some recommendations to the Board even if they do not comply directly with the court stipulation. Conservation measures and graywater were discussed as examples.

Member Saltoun said some of the criterion that defined only two options for scoring (1 or 10) should be reconsidered since there may be “shades of gray” between the two extremes. For example, if a supply can only meet 990 AFY would it get a score of 1 for ability to deliver 1000 AFY? Member Miller said he agreed with that perspective and weighting could be applied to assign importance to some of the criteria such as court compliance.

Member Miller asked when the weighting criteria should be considered. Chairman Nunley suggested the Committee begin assigning raw scores and see the preliminary results first. He noted there are two adjustment areas for scores – the rubric and the weighting process.

Subcommittees began lead the scoring discussion for each alternative and variation, based on the draft rubric.

State Water – Member Saltoun discussed the variations listed on the matrix. He noted the major challenge with acquiring water from San Luis Obispo County is that the County can only deliver 4830 AFY through the existing conveyance system. The District would need to acquire water from existing County purveyors. Oceano only has 750 AF of State Water and would only have a limited amount of that total to sell to the District. It appears that the District could never acquire 1000, 3000, or 6300 AFY. He noted County State Water customers had received their full entitlement even when statewide deliveries were at 40% of Table A quantities because of their excess entitlement.

Acquiring water from Santa Barbara County is more expensive since the communities are farther along the pipeline. Member Saltoun noted that Carpinteria had offered to sell 1000 AFY for \$5000 AFY. CCWA had said that Montecito and Solvang may have water to sell (perhaps 1700 AFY of Table A water) but the District would need to send a formal letter to see if they would be interested in selling. He also said State Water has a long-term reliability of 60% which would result in 600 AFY out of 1000 AFY of Table A water. Therefore, the Committee may want to assign a score of 6 to the 1000 AFY Delivery criterion. Member Watson said it looked like the scores could be 10, 1, and 1 for 1000, 3000, and 6200 AFY supply potential criteria (respectively) and reliability would be addressed separately in the matrix. Member Saltoun responded that no State Water participant regularly received their full Table A allocation and if that concept was applied, the Santa Barbara Desalination variation could receive scores of 10 and 10 for 1000 and 3000 AFY deliveries based only on production capacity even though the City would never sell the water. Member Miller suggested assigning a rank of 2 or 3 to the Santa Barbara County variation for the 3000 AFY Supply Potential criteria. Member Graue asked if a parallel pipeline or more pumps could deliver San Luis Obispo County’s Table A water to the District and, therefore, could rank higher for delivery. Member Saltoun discussed the excess capacity study recently conducted by CCWA and the County of San Luis Obispo that identified some pipeline capacity that is currently “unused” by project participants. Chairman Nunley said he would look at contracting as a feasibility issue and supply potential as a physical availability, with reliability also considered separately instead of trying to address all

SPECIAL MEETING MINUTES
SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

these issues within the Supply Potential criterion. Members Graue and Matsuyama noted that San Luis Obispo County has over 25,000 AFY of Table A water, so the supply potential scores could be 10 for all delivery goals. Member Miller expressed concern about defining projects too broadly and not considering the real constraints associated with each project when scoring and ranking them. Members Matsuyama and Watson discussed availability of Oceano water and the recent vote by the community against a sale of State Water. Member Watson noted that the comments and analyses that will be included behind the matrix will be important for explaining the assumptions behind assigning scores. Member Miller thought it would be prudent to increase the scores for San Luis Obispo County State Water since the County has some excess capacity and may be developing a strategy to transfer that water. Members Matsuyama and Saltoun discussed the first rights of refusal by current State Water customers for State Water sales in San Luis Obispo and Santa Barbara County, as well as the need for all State Water customers within a County to agree to a sale involving another County.

Chairman Nunley said he would be sending a draft of Member Saltoun's State Water Alternative report and recommends putting the final evaluation in this format. He proposed putting the information from the powerpoint status report files into this format. Member Miller expressed support for this concept. Member Saltoun said he considered the general public as an audience when he drafted this first section of the subcommittee's report. He asked if the District could only go to other agencies to request Table A water or if CCWA could be approached to sell water. Chairman Nunley responded that CCWA has no Table A water itself – SLO County and Santa Barbara County Flood Control & Water Conservation District are contractors with the state for Table A water. DWR has no additional Table A water. CCWA has State Water subcontractors as member agencies – it does not have its own Table A water, any water transfers must be developed with individual agencies and not CCWA. Member Saltoun asked if water that is not Table A water could be purchased and delivered via the CCWA facilities. Chairman Nunley noted all Table A water was already contracted by DWR – the District would need to buy water from another State Water customer. Member Saltoun asked if the District could buy State Water from SLO and/or Santa Barbara County and then negotiate with CCWA to purchase pipeline capacity. Member Miller said he considered this approach when recommending the scores discussed earlier. Members Miller and Watson discussed the need to confirm the 3000-5000 AFY excess capacity with San Luis Obispo County before finalizing the scores for the Supply Potential criteria. Members Matsuyama and Saltoun discussed the need for any negotiation involving a purchase of State Water, relying on delivery via the CCWA pipeline, to negotiate with Santa Barbara County State Water subcontractors.

Member Watson discussed connecting to Oceano CSD as an approach that would not require negotiation with all the Santa Barbara County State Water customers. Member Watson suggested the Oceano CSD service connection could be a separate variation. Member Saltoun had assumed this option was included with the first variation. Chairman Nunley noted that a connection to Oceano CSD for the purpose of transferring State Water would require environmental review, the quantity for sale is less than their 750 AFY Table "A" water, and the community had recently voted against selling State Water (based on a law or ordinance recently passed by the voters). Member Matsuyama said the Supply Potential criteria should be well-defined in the evaluation report. She also noted that the State Water draft analysis could develop a water supply that is close to 3000 AFY, so the 3000 AFY Supply Potential could be ranked fairly high.

Graywater and conservation were not discussed.

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

Agricultural and Industrial Reuse – Member Matsuyama said the Committee could not evaluate the quantity of agricultural tailwater water available. Member Graue noted only 320 AFY is available from Phillips 66 and Member Saltoun acknowledge the challenges with convincing their company to reduce groundwater pumping or take treated effluent. Member Graue noted it would not be feasible to collect and condense Phillips 66's evaporated water and reuse it. He thought scores of 1, 1, and 1 would appropriate for 1000, 3000, and 6200 AFY supply potential for the Phillips 66 reuse variation. The PXP variation was scored as 10, 1, and 1 for 1000, 3000, and 6200 AFY supply potential.

Santa Maria Waterline Intertie Project – Member Miller said the Committee is waiting for input from the City of Santa Maria on a varied daily delivery strategy in order to increase the annual delivery to the District. Chairman Nunley suggested the Committee consider the phased Waterline Intertie Project in conjunction with the full Waterline Intertie Project without separating them. Member Saltoun thought a possible scenario would be completion of one phase of the Waterline Intertie Project then development of an additional water supply, therefore it could be analyzed separately from the full Waterline Intertie Project. Member Matsuyama thought breaking out the Phase I project would be easier to describe and present to the public as a separate variation. Members Miller and Garson discussed analyzing and presenting Phase I as a separate variation when it is just the initial phase of the full Waterline Intertie Project. Phases 2 and 3 could not be separate projects since they cannot stand alone without Phase I. Members Saltoun and Garson thought a combination of recommendations could be presented to the public for implementation, including only Phase I for example. Member Matsuyama said the Committee must review Phase I as directed in the Bylaws. Members Matsuyama, Garson, and Miller discussed scoring the Phase I and full Waterline Intertie Project as 10, 10, and 10 for the 1000, 3000, and 6200 AFY Supply Potential since the water is available from the City of Santa Maria. Chairman Nunley noted that Phase I would not be able to meet 3000 and 6300 AFY deliveries and would therefore score very low for these criteria. Member Woodson discussed how the Waterline Intertie Project could have different cost/benefit ratios for each phase. Members Miller, Nunley, and Matsuyama suggesting separating the phased and full Waterline Intertie Project and filling out as much of both variations as possible, but not trying to complete all categories for both projects. Member Garson suggesting assigning a score of 10 to all Supply Potential categories for both the Phased and full Waterline Intertie Project variations since the "pool" of supply is available.

Recycled Wastewater from Municipal Facilities – Member Miller suggested assigning a 10, 7, and 1 to the 1000, 3000, and 6200 AFY Supply Potential categories for the South San Luis Obispo County Sanitation District supply variation since it can deliver 2250 AFY of recycled water. The Pismo Beach supply variation can deliver approximately 1500 AFY, therefore it could be scored as 10, 5, and 1, respectively, for the Supply Potential categories.

Local Groundwater – Member Garson noted that after the Committee learned local groundwater was not new water, they stopped analyzing the supply potential. Member Miller suggested assigning a score of 1 to all the Supply Potential categories. Member Graue asked the Committee members to review the analysis he has drafted for this category and noted that Dr. Newton had said there was much about the NMMA that is not known. He recommends that the Committee advocate the need for a proper aquifer management study and it had hurt the District's credibility not to have this information. Member Garson said he agrees more research is needed and it should be stated in their recommendations.

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

Surface Water Supplies:

Oso Flaco Lake – Members Matsuyama, Graue, and Garson discussed supply potential and Member Garson suggested assigning a score of 1 to all supply potential categories.

Santa Maria River – Member Miller recommended assigning a score of 1 to all supply potential categories.

Lopez Reservoir – Member Watson said the original concept behind this variation was to exchange Lopez reservoir water for recycled water. The reservoir releases 4200 AFY to satisfy downstream uses such as groundwater recharge and environmental needs. Chairman Nunley suggested Lopez water may not be new water since it is already considered in the NCMA water budget. Member Miller said exchanging recycled water for Lopez water should be included as a recycled water alternative and not a “new” Lopez water supply. Chairman Nunley and Member Miller suggested eliminating this variation from the Surface Water analysis and addressing it only in the Recycled Wastewater from Municipal Facilities analysis as part of the discussion of usage.

Seawater Desalination – Committee members agreed to assign scores of 10 to all supply potential categories. Chairman Nunley suggested eliminating solar distillation as a variation and consider it as an approach for desalinating seawater. Members Graue and Matsuyama discussed leaving the variation as a separate variation. Member Graue mentioned discussing solar distillation with Black & Veatch and Jim Vickers at Separation Processes and they had not known of any commercial-scale systems. He had contacted Coldwell Banker in order to determine land cost for a couple of sections to help assign costs to this variation. The Committee agreed to assign scores of 10 to supply potential categories for solar distillation.

VSEP Variation – Member Graue suggested removing this variation since the technology is not appropriate for potable use.

Liquid/Liquid Extraction – Member Graue noted this process had been invented about 7 years ago by a researcher at MIT but none of the professionals he contacted had heard of this technology. He suggested removing it from the analysis for now.

Chairman Nunley suggested skipping the O&M and Capital Cost discussion today. He asked how the Committee wants to handle O&M and Capital Cost and what units to use for the analysis (\$/AFY or total capital cost in \$MM). He proposed looking at total capital cost (not bonding costs, etc.) on a \$MM basis and looking at O&M cost (including power and chemicals) on a \$/AFY basis. Member Graue noted that Separation Processes said they tailor their cost opinions to the requests of their client, but they typically develop a total \$/AFY number based on profit (if a private entity is developing the project), O&M costs, debt service, and other considerations. Chairman Nunley said he could provide an example table for use at the next meeting. Member Matsuyama suggested using the table to assign scores based on the range of costs. Chairman Nunley said he had anticipated this when he put the rubric together. Member Graue noted he had put together 10 different delivery strategies. Chairman Nunley and Member Saltoun discussed selecting the most inexpensive strategy or assigning a range of costs to reflect this. Member Graue said he has typical efficiency numbers for treating the different supply alternatives. Treating seawater results in an efficiency of 50% and treating brackish water with an efficiency of 85% according to Separation Processes.

The Committee next discussed reliability.

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

State Water - Member Saltoun suggested the reliability for the San Luis Obispo County variation to deliver 2400 AFY (80% of 3000 AFY) would be very low since the Table A water is not available from an existing customer. The members discussed aspects of feasibility (permitting & contracts) that should be considered for State Water. Chairman Nunley noted the County had told the Committee members that adding a new customer to the State Water project could result in reopening the entire environmental process. He thinks the project ranks very low on feasibility due to the requirement that multiple entities approve the transfer. He also said the San Luis Obispo County supply variation would rank higher for reliability than the Santa Barbara County supply variation since San Luis Obispo County has excess Table A water. Member Watson thinks 5 years for low score, 1-2 year for moderate, and 1-year for high score on feasibility would be appropriate. Member Matsuyama asked if the Phase I project has permits and approvals. Vice Chair Sevcik said the environmental review covered Phase I through the full project and a future delivery of 6200 AFY. Member Matsuyama asked if reliability includes drought and earthquake risk considerations and noted the rubric should be written to include these. Member Garson said he would rank PXP low on reliability since it is a short-term (10-12 year solution) as opposed to State Water which has a long-term contractual obligation. He also discussed Oceano's interest in a short-term sale or transfer of State Water (less than 12 years) and this would rank low for reliability as well. Member Miller said he would look at State Water from San Luis Obispo County as having higher reliability than State Water from Santa Barbara County due to the County's excess entitlement.

Vice Chair Sevcik noted that the State Water contracts will be renewed in 2035. The District's contract with Santa Maria is an 85-year contract with a clause to renegotiate the contract at 2035 and address new costs as a result of negotiations between State Water customers and the state. Member Watson does not view this as a reliability issue.

Members Miller and Garson said they think the seawater and recycled wastewater alternatives are very reliable.

Members Saltoun and Graue discussed the Santa Barbara desalination exchange option. They discussed the short-term nature of a water exchange of State Water for seawater desalination and that the City did not intend to sell their water.

Member Miller suggested modifying the reliability criteria to evaluate ability to regularly deliver 80% of design flows and removing the 3000 AFY requirement.

Agricultural and Industrial Reuse - Member Garson said he thinks the Phillips 66 variation could be considered reliable.

Various members discussed agricultural tailwater. While quantities are not known, Member Garson noted it does represent a steady supply of water.

Chairman Nunley said the Committee does not need to complete rankings for alternatives that have fatal flaws. Member Watson noted it was worthwhile to keep all the alternatives on the matrix even if some have fatal flaws.

Public Comment:

Ed Eby, Nipomo resident, said he does not think Phase I is a standalone alternative but is a phasing approach for implementing a waterline connection to Santa Maria. He noted the project will cost more for full delivery of 3000 AFY than \$26M due to phasing, but the full

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

project cannot be implemented since the funding was voted down. Member Matsuyama noted the Committee's Bylaws require analyzing both the phased and full Waterline Intertie Project.

Mr. Eby felt the water quality criterion represented water treatment requirements and these could be incorporated in project cost. He thought water quality should address TDS and nitrates of the delivered water. For example, seawater desalination would produce very high quality water and water from Santa Maria could vary over the year.

Mr. Eby noted that a dual distribution system must be addressed in the cost of any option requiring delivery of differing water quality.

He also said Twitchell Reservoir should be considered in the Surface Water evaluation, noted the weighting factors still need to be assigned, and thought the capacity at Polonio Pass WTP was related to capacity of the disinfection system.

He also discussed the recent vote in Oceano against selling State Water. Member Graue asked if this vote was limited to water or if it affected their wastewater as well and Mr. Eby responded that it only applied to their State Water. Mr. Eby noted any cost for transferring water from Oceano to the District must include all costs to deliver that water into the Nipomo system, such as any pressure mitigation requirements and possibly a pipeline directly to the District's tanks. He did not understand the benefit of a phasing column since phasing was a delivery strategy, not an attribute in itself.

See the attached draft matrix for a summary of draft scores.

5. OVERVIEW OF DISTRICT'S 2010 UWMP DEMAND AND SUPPLY PROJECTIONS

The Committee voted unanimously to defer this item until a future meeting.

6. DISCUSS NEED FOR SPOKESPERSON TO PROVIDE UPDATE TO THE BOARD

The Committee voted unanimously to defer this item until a future meeting.

7. PRESENT REFERENCE DOCUMENTS FOR REVIEW AND ACCEPTANCE

The Committee voted unanimously to defer this item until a future meeting.

8. SET NEXT COMMITTEE MEETING DATE AND TIME

The Committee voted unanimously to schedule the next meeting for January 25 at 9:30 AM to 12:30 PM. There was no public comment.

9. ADJOURN

Chairman Nunley adjourned the meeting at 3:57 PM.

ATTACHMENTS

Revised December 19, 2012, Meeting Notes

Draft Matrix

FEBRUARY 13, 2013

ITEM G

ATTACHMENT B

INIPOMO COMMUNITY SERVICES DISTRICT

THURSDAY, JANUARY 31, 2013

3:00 P.M.

SPECIAL MEETING MINUTES

FINANCE AND AUDIT COMMITTEE

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Vierheilg called the meeting to order at 3:00 p.m. Chairman Vierheilg and Director Armstrong were in attendance along with Staff members Michael LeBrun and Lisa Bognuda. Paul McDonnell of the CM de Crinis & Co was present. No public was in attendance.

2 REVIEW PROPOSED REFINANCING OF 2003 CERTIFICATES OF PARTICIPATION

Michael LeBrun, General Manager, presented the Item. Paul McDonnell of the CM de Crinis & Co presented the financial analysis and answered questions from the Committee.

The Committee unanimously agreed to recommend to the Board of Directors to proceed with the refinancing of the 2003 Certificates of Participation.

3 REVIEW PROPOSED FINANCING OF PHASED SUPPLEMENTAL WATER PROJECT

Michael LeBrun, General Manager, presented the Item. Mr. LeBrun handed out a letter from Paavo Ogren, SLO County Public Works Director stating "time is of the essence" regarding the \$2.2M Proposition 84 Round 1 Implementation Grant Allocation. Michael LeBrun, General Manager and Lisa Bognuda, Finance Director answered questions from the Committee. Paul McDonnell of the CM de Crinis & Co presented the financial analysis and answered questions from the Committee regarding the proposed issuance of new Certificates of Participation as well as combining it with the refinancing as discussed in Item 2 above. The District would need to pledge/dedicate the annual property tax revenues to fund the debt service of the Certificates of Participation.

The Committee unanimously agreed to recommend to the Board of Directors to consider issuing new Certificates of Participation to fund the phased supplemental water project after the bids have been received and then further combine the issuance with the refinancing of the 2003 Certificates of Participation.

4 AUDIT PROPOSAL REVIEW

Lisa Bognuda, Finance Director, presented the Item. The Committee was satisfied with the responses received from Mr. Crosby. The Committee unanimously agreed to recommend to the Board of Directors to approve on the Consent Agenda a three year audit contract to The Crosby Company.

5 SET DATE FOR NEXT FINANCE AND AUDIT COMMITTEE MEETING

The next Finance and Audit Committee meeting will be held on Tuesday, March 5, 2013 at 2:00 p.m.

6. ADJOURN –The meeting was adjourned at 4:03 p.m.

NIPOMO COMMUNITY SERVICES DISTRICT

THURSDAY, JANUARY 17, 2013

9:00 A.M.

SPECIAL MEETING MINUTES

FINANCE AND AUDIT COMMITTEE

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Vierheilig called the meeting to order at 9:00 a.m. Chairman Vierheilig and Director Armstrong were in attendance along with Staff members Michael LeBrun and Lisa Bognuda. No public was in attendance.

2 REVIEW AUDIT PROPOSALS FOR FISCAL YEARS 2013, 2014 AND 2015

Lisa Bognuda, Finance Director, presented the Item. Lisa Bognuda, Finance Director and Michael LeBrun, General Manager answered questions from the Committee. The Committee directed Staff to request Mr. Crosby to address the questions from the Committee. This item was tabled until the next Finance and Audit Committee meeting.

3 ANNUAL REVIEW OF INVESTMENT POLICY

Lisa Bognuda, Finance Director, presented the Item. Lisa Bognuda, Finance Director and Michael LeBrun, General Manager answered questions from the Committee. The Committee recommended an addition to Section 8 (A) to include transfers between bank accounts greater than \$150,000 be reported in the monthly report. No other changes were made. The annual review of the Investment Policy will be made by the Board of Directors on January 23, 2013.

4 PROPOSED SCHEDULE FOR THE PREPARATION OF THE 2013-2014 FISCAL YEAR BUDGET

Lisa Bognuda, Finance Director, presented the Item. Lisa Bognuda, Finance Director and Michael LeBrun, General Manager answered questions from the Committee. The Committee did not recommend any changes to the proposed schedule.

5 SET DATE FOR NEXT FINANCE AND AUDIT COMMITTEE MEETING

The next Finance and Audit Committee meeting will be held on Thursday, January 31, 2013 at 3:00 p.m.

6. ADJOURN –The meeting was adjourned at 9:45 a.m.

FEBRUARY 13, 2013

ITEM G

ATTACHMENT C

NIPOMO COMMUNITY SERVICES DISTRICT

THURSDAY, FEBRUARY 7, 2013

9:00 A.M.

SPECIAL MEETING MINUTES

PERSONNEL COMMITTEE

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Vierheilig called the meeting to order at 9:00 a.m. Chairman Vierheilig and Director Gaddis were in attendance along with Staff members Michael LeBrun, Lisa Bognuda and Peter Sevcik. Director Armstrong was in attendance. No public was in attendance.

2. CONSIDER UPDATES AND CHANGES TO PERSONNEL POLICIES AND PROCEDURES TO ESTABLISH A NEW ORGANIZATIONAL STRUCTURE AND CONSIDER REVISED JOB DESCRIPTIONS AND SALARY RANGES TO SUPPORT STRUCTURAL CHANGES

Michael LeBrun, General Manager, presented the Item. Mr. LeBrun answered questions from the Committee. The Committee recommended changes to the Staff Report.

The Committee unanimously approved the changes to the Staff Report and agreed to recommend to the Board of Directors to approve the updates and changes to the Personnel Policies and Procedures to establish a new organizational structure and revised job descriptions and salary ranges.

3. SET DATE FOR NEXT COMMITTEE MEETING

No meeting date was set.

6. ADJOURN –The meeting was adjourned at 9:20 a.m.

NIPOMO COMMUNITY SERVICES DISTRICT

THURSDAY, JANUARY 31, 2013

10:00 A.M.

SPECIAL MEETING MINUTES

PERSONNEL COMMITTEE

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Vierheilg called the meeting to order at 10:00 a.m. Chairman Vierheilg and Director Gaddis were in attendance along with Staff members Michael LeBrun, Lisa Bognuda and Peter Sevcik. Director Armstrong was in attendance. No public was in attendance.

2. CONSIDER UPDATES AND CHANGES TO PERSONNEL POLICIES AND PROCEDURES TO ESTABLISH A NEW ORGANIZATIONAL STRUCTURE AND CONSIDER REVISED JOB DESCRIPTIONS AND SALARY RANGES TO SUPPORT STRUCTURAL CHANGES

Michael LeBrun, General Manager, presented the Item. Mr. LeBrun answered questions from the Committee. The Committee directed Staff provide additional information regarding salary ranges, current and proposed, as well as comparisons of salaries/job duties to other similar sized Districts and Cities.

3. SET DATE FOR NEXT COMMITTEE MEETING

The next Personnel Committee meeting will be held on Thursday, February 8, 2013 at 9:00 a.m.

6. ADJOURN –The meeting was adjourned at 10:29 a.m.