

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF ENGINEERING
AND OPERATIONS

DATE: AUGUST 7, 2013

AGENDA ITEM
E-1
AUGUST 14, 2013

DISTRICT DEVELOPMENT PROCESS AND FEE COLLECTION POLICY

ITEM

Review of District Development Process and Fee Collection Policy [RECOMMEND REVIEW POLICY AND PROVIDE DIRECTION TO STAFF].

BACKGROUND

The District has a multi-step development approval process that works in conjunction with the County of San Luis Obispo's development approval process. The process begins with a developer applying for an Intent-to-Serve letter and ultimately ends with the District setting water meters and providing water and/or sewer service after the developer has completed all of the required steps. Attached is a summary of the District's current development procedure as well as a flowchart that overviews the entire process.

A significant milestone in the process is the issuance by the District of a Will-Serve letter for the project. Issuance of a Will-Serve letter commits the District, with very little recourse and no expiration, to supplying a future development. The County requires a Will-Serve letter from the District prior to filing a Final Tract Map, if the project requires a subdivision, or prior to building permit issuance in cases where subdivision is not required. Current District policy requires a 100% deposit of fees at the time a Will Serve Letter is issued as follows:

3.04.051 - Payment of connection fees and capacity charges.

The applicant shall pay the water capacity charges (including supplemental water capacity charges), sewer capacity charges, reimbursement charges (if applicable), meter fee and account set-up fee, collectively "Fees for Connection" as follows:

- A. The applicant shall make a non-refundable deposit ("deposit") at the time the district issues a will-serve letter in an amount equal to the then calculated fees for connection.*

- B. The fees for connection shall be calculated and owing as of the date the district sets the water meter(s) to serve the affected property from which the amount of the deposit shall be deducted.*

- C. The district will set water meter(s) upon proof of a building permit from the County of San Luis Obispo and that the district has accepted improvements to be dedicated to the district, if applicable.*

D. All water and sewer improvements shall be bonded for or otherwise secured in the district's name to the satisfaction of the district.

District fees include connection and capacity charges and are set to represent a buy-in to existing infrastructure and cost of developing additional resources and infrastructure to serve the new development. Typically, sewer treatment and water resource projects take much longer to develop than do commercial and residential projects.

Development, in accordance with the County General Plan, is considered in the build out capacity of the District's Supplemental Water Project. Capacity charges collected from new water connections are an identified source of funding for Phases 2 and 3 of the Project. Capacity charges also support continued development of the District's longer-term water supply portfolio.

FISCAL IMPACT

In recent decades the cost of obtaining new water resources, protecting and managing current water supplies, and maintaining and replacing existing infrastructure have increased substantially.

For the District's current customer base, the potential positive fiscal impact associated with new customers is associated with adding new supply source(s) which benefit all users in the future. However, this benefit must be balanced by insuring the costs to process potential new connections to the system is borne by the development interest and that the buy-in charges fully cover the cost to the District for providing the service.

The District is currently seeking proposals for a comprehensive review of water rate and connection charges. The Board is scheduled to select a consultant for the project in September. A rate study is expected to be completed in 2014. A Proposition 218 rate hearing will be required to promulgate any changes in District rates and charges.

STRATEGIC PLAN

Strategic Plan Goal 1.1 – Protect, Enhance, and Assess available Water Supplies
Strategic Plan Goal 1.2 – Secure New Water Supplies

RECOMMENDATION

Staff recommends that the Board consider and discuss the current District policy and provide direction to staff.

ATTACHMENTS

- A. Development Process Summary
- B. Development Process Flowchart



NIPOMO COMMUNITY SERVICES DISTRICT

DEVELOPMENT SERVICE PROCEDURE SUMMARY

The following is only a summary of the District's Development Service Procedure. Please refer to the District's Code, Policies, Procedures and Standard Specifications for details of the District's requirements.

1. DEVELOPER/APPLICANT:

- Submit a complete, signed, Intent-to-Serve letter application (water and/or water and sewer) including six (6) sets of 24" by 36" site maps and one (1) 8 ½" x 11" site map as well as pay applicable application fee. Application must include a Water Demand Certification for non-commercial projects and dwelling unit portion of mixed-use developments. Commercial projects must estimate annual water demand in acre-feet per year and sewer loading in gallons per day.

Note: Request to transfer existing, valid ITS letters to new owners must be made in writing to District for approval. New owner must acknowledge conditions of ITS in writing. The District may revise and/or update approval conditions.

2. DISTRICT:

- The request is submitted to the Board of Directors for consideration if project is commercial or a lot split with more than 4 lots (i.e. – tract). Smaller projects are considered by General Manager.
- If approved an Intent-to-Serve letter with conditions will be issued along with a Plan Check and Inspection Agreement (PCIA) specifying the required deposit.
- Intent-to-Serve letters expire: 1) Eight months from date of issue, unless proof of complete COUNTY building application is received; and/or 2) three years from date of issue.

3. DEVELOPER/APPLICANT:

- Enter into Plan Check and Inspection Agreement (PCIA), make deposit. (NOTE: All District costs directly associated with the project will be charged to the Project). A deficient deposit account balance will result in suspension of District activity on the project.
- Submit four (4) sets of improvements plans and two (2) sets of Tract Maps for District review showing the water and sewer off-site and on-site improvements, in accordance with the *District Standard Specifications* (available at the NCSD Office or on the District's website at ncsd.ca.gov).

4. DISTRICT:

- Plans reviewed and mark ups returned to developer after PCIA executed and deposit received.
- Depending on the developer's schedule, complexity of the project and compliance of the project plans with the District's standards and specifications, steps 3, 4 and 5 can take a period of months or years.

Effective 8/7/2013 - Procedure subject to change without notice.

5. DEVELOPER/APPLICANT:

- Improvement plans incorporating District corrections, if any, are completed and returned to the District. When plans are ready for District approval, Applicant shall provide District with one mylar copy and two paper sets of drawings for approval.
- Submit proof of CalFire approval of plans.

6. DISTRICT:

- District Engineer approves plans.
- District issues a Notice to Proceed.

7. DEVELOPER/APPLICANT:

- Upon written request, connection fee estimate is provided (based on approved plans).
- Pay estimated fees.
- All easements required by District shall be offered and accepted PRIOR to issuance of Will-Serve letter.

8. DISTRICT:

- Once estimated capacity and meter fee deposit and final balance due on application fee are paid, and conditions of Intent-to-Serve letter are met to District satisfaction (Bonding for incomplete off-site improvements is required), a Will-Serve letter is issued.

9. DEVELOPER/APPLICANT:

- Schedule a pre-construction meeting.
- Applicant's engineer to provide daily inspection and serve as engineer of record.
- Request for District presence at specific construction milestones (e.g. pipe installation, sewer video, final inspection) shall be made 48 hours in advance.

10. DISTRICT:

- District staff will inspect the site during construction phase.
- Upon written request for final sign-off/inspection a "Punch List" will be provided by District.

11. DEVELOPER/APPLICANT: When the applicant completes all required improvements and is ready for the District to accept the project the following must be completed:

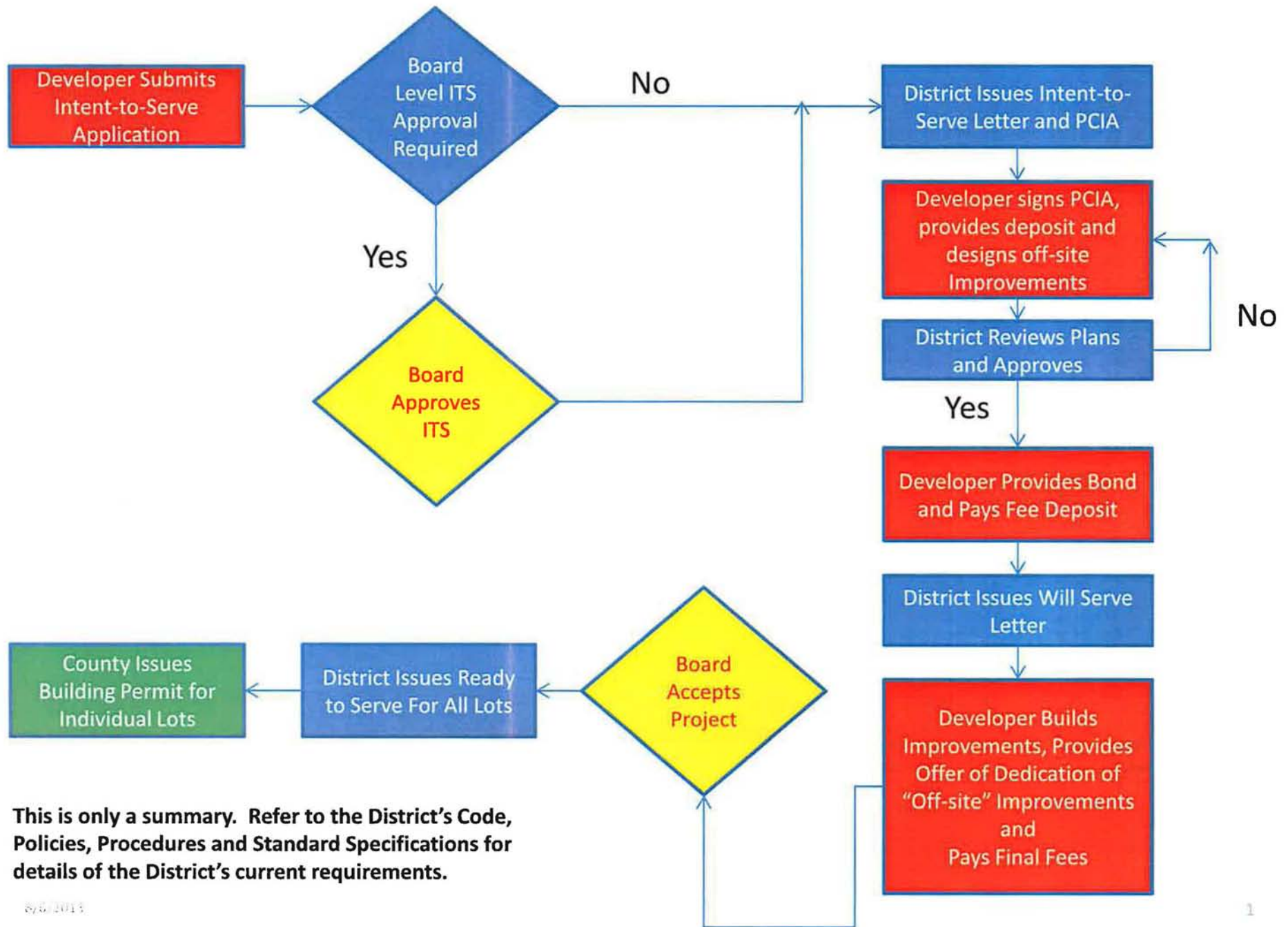
- Pay final capacity and meter, if required.
- Pay final PCIA balance.
- All conditions of PCIA satisfied.
- Corrected Punch List, with final signature from District inspector.
- Reproducible "As Builts" of Utilities – A mylar copy and AutoCAD file(s) which include engineer, developer, tract number and water/sewer improvements
- Offer of Dedication
- Engineer's Certification
- A summary of all water and/or sewer improvement costs
- Recorded Assessor's Parcel Numbers and street addresses
- Written request for meter(s)

12. DISTRICT:

- Resolution of acceptance is presented to the Board.
- Board accepts improvements.
- Water meters set.
- Water and sewer charges begin the day meter is set.

Effective 8/7/2013 - Procedure subject to change without notice.

NCSD STANDARD PROCESSING PROCEDURE



This is only a summary. Refer to the District's Code, Policies, Procedures and Standard Specifications for details of the District's current requirements.

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF ENGINEERING
AND OPERATIONS

DATE: AUGUST 7, 2013



HILLSIDE TERRACE APARTMENT PROJECT STATUS

ITEM

Review status of Hillside Terrace Apartment Project, APN 092-577-002, 530 Hill Street, Nipomo [RECOMMEND CONSIDER STATUS AND DIRECT STAFF].

BACKGROUND

Hillside Terrace Apartment Project

The Hillside Terrace Apartment Project, APN 092-577-002, 530 Hill Street, Nipomo, is a proposed twenty (20) unit multi-family development. Attachment A is a location map. The project is being developed by Bill Kengel, Mesa Dunes Investments Inc. Mr. Kengel has asked that his project be brought before the Board for review. Mr. Kengel provided staff a memorandum on August 8 outlining his specific request (Attachment B).

The Apartment project is proposed on one of two parcels created by Parcel Map 06-0225 that was filed by Mr. Kengel in 2010. The District issued a Will-Serve letter, Attachment C, which allowed the filing of the Parcel Map 06-0225 and division of the parcel. The November 18, 2009 Will-Serve letter is for a single one-inch meter serving a single residential unit on each parcel. To date, none of the conditions noted in the Will-Serve letter have not been satisfied by the developer.

The improvements for Parcel Map 06-0225 consisted solely of water services and sewer laterals that connected the single family residence on each of the two parcels to the planned water and sewer lines associated with the adjacent development, Tract 2689. The District approved the improvement plans for Parcel Map 06-0225 on November 16, 2009. The planned street (Blume) and public water and sewer utilities associated with Tract 2689 are now substantially complete, however they have not been offered for dedication to the District by the owner.

After receiving the Will Serve Letter and completing the property division, Mr. Kengel subsequently applied for an Intent-to-Serve letter for a twenty (20) unit apartment project on Parcel 2 of CO 06-0225, APN 092-577-002, 530 Hill Street. The District originally issued an Intent-to-Serve letter for the project on September 9, 2009, that was subsequently revised and reissued on January 27, 2010 and that was set to expire on September 9, 2013. The developer applied for a new Intent-to-Serve letter on July 9, 2013 and the Board authorized the issuance a new Intent-to-Serve letter at the July 24, 2013 Board meeting. Attachment D is a copy of the new Intent-to-Serve letter that will expire in July 2016. To date, the developer has not provided a signed acknowledgement of the new Intent-to-Serve letter as required within 30-days of issuance.

In accordance with the District's Water Allocation Ordinance, a total of 6.6 acre-feet per year (20 X .33) was allocated for the project in Water Years 2008-09 and 2009-10. On July 24, 2013,

your Board authorized this allocation be carried forward to the new Intent-to-Serve letter for the project. Therefore the Project has full water allocation.

One of the complicating factors regarding the Hillside Terrace Apartment project is that as of the last design provided to the District by the developer, water service for fire protection for the project and sewer service to the project is to be via future Blume Street. However, the District does not own the water and sewer infrastructure in future Blume Street. The water and sewer related underground infrastructure that was installed as part of Tract 2689 in future Blume Street has not been offered for dedication to the District or accepted by the District. The District cannot provide service via infrastructure that has not been dedicated or accepted by the District. The District can provide water service to the project via existing water system infrastructure located in Hill Street and sewer service for the project is available at the intersection of Blume Street and Hill Street.

The District has a multi-step development approval process that works in conjunction with the County of San Luis Obispo's development approval process. The process begins with a developer applying for an Intent-to-Serve letter and ultimately ends with the District setting water meters and providing water and/or sewer service after the developer has completed all of the required steps. Attachment E is a summary of the District's current development procedure as well as a flowchart that overviews the entire process.

The Hillside Terrace Apartment Project is currently at Step 3. District review of the improvement plans is pending re-submittal by the developer in response to the District's last review and comment letter. Once the District receives, reviews and approves the revised improvement plans, and the developer pays the fee deposit, provides a bond to cover the cost of completing the improvements, provides all required easement documents, and satisfies the administrative conditions outlined in the Intent-to-Serve letter, the District can issue the Will-Serve letter so that the developer can obtain a building permit for the project. The District can provide water service to the project via existing water system infrastructure located in Hill Street and sewer service for the project is available at the intersection of Blume Street and Hill Street until such time that the water and sewer infrastructure in Blume Street is dedicated to the District.

697 West Tefft Street Commercial Project (Former Tract 2689)

At the July 10, 2013 Board meeting, the Board approved a request for a new Intent-to-Serve Letter for 697 West Tefft Street, APN 092-577-008, Attachment F, and rescinded the Intent-to-Serve letter issued to the previous owner for Tract 2689. At this time, the current property owner plans to build a single commercial building, with no division of property. District staff is actively working with the new owner's engineer to develop a plan to disconnect or otherwise isolate any water and sewer services installed by the previous property owner as part of the abandoned project that will not be utilized for the current project from the improvements that will be dedicated to the District. Isolation of installed but not utilized services is necessary to protect water quality in the water distribution system and prevent overflows in the sewer collection system as well as reduce potential for illegal connections to the District's infrastructure.

FISCAL IMPACT

Development of this staff report did use previously budgeted staff time.

Water and sewer capacity fees for the Hillside Terrace Apartment Project will be based on the domestic meter size and irrigation meter size requested for the final County approved project as

well as CAL FIRE's fire service requirements. Assuming one (1) 2 inch water meter for indoor water use, one (1) 1 inch irrigation water meter, one (1) 6 inch fire sprinkler service, and one (1) sewer connection based on the domestic meter size, the estimated fee deposit for the project is \$220,659 less a credit of \$24,729 (related to Parcel Map 06-0225) paid by the owner for a net amount of \$195,930 based on the current District fee schedule.

RECOMMENDATION

Staff requests your Honorable Board review the status of the project, consider any specific request of the developer, and provide direction to staff.

ATTACHMENTS

- A. Hillside Terrace Apartments Project Location Map
- B. Kengel Memorandum
- C. Parcel Map 06-0225 Will-Serve Letter
- D. Hillside Terrace Apartments Intent-to-Serve Letter
- E. Current Development Process Summary
- F. 697 W Tefft Street Commercial Project Intent-to-Serve Letter

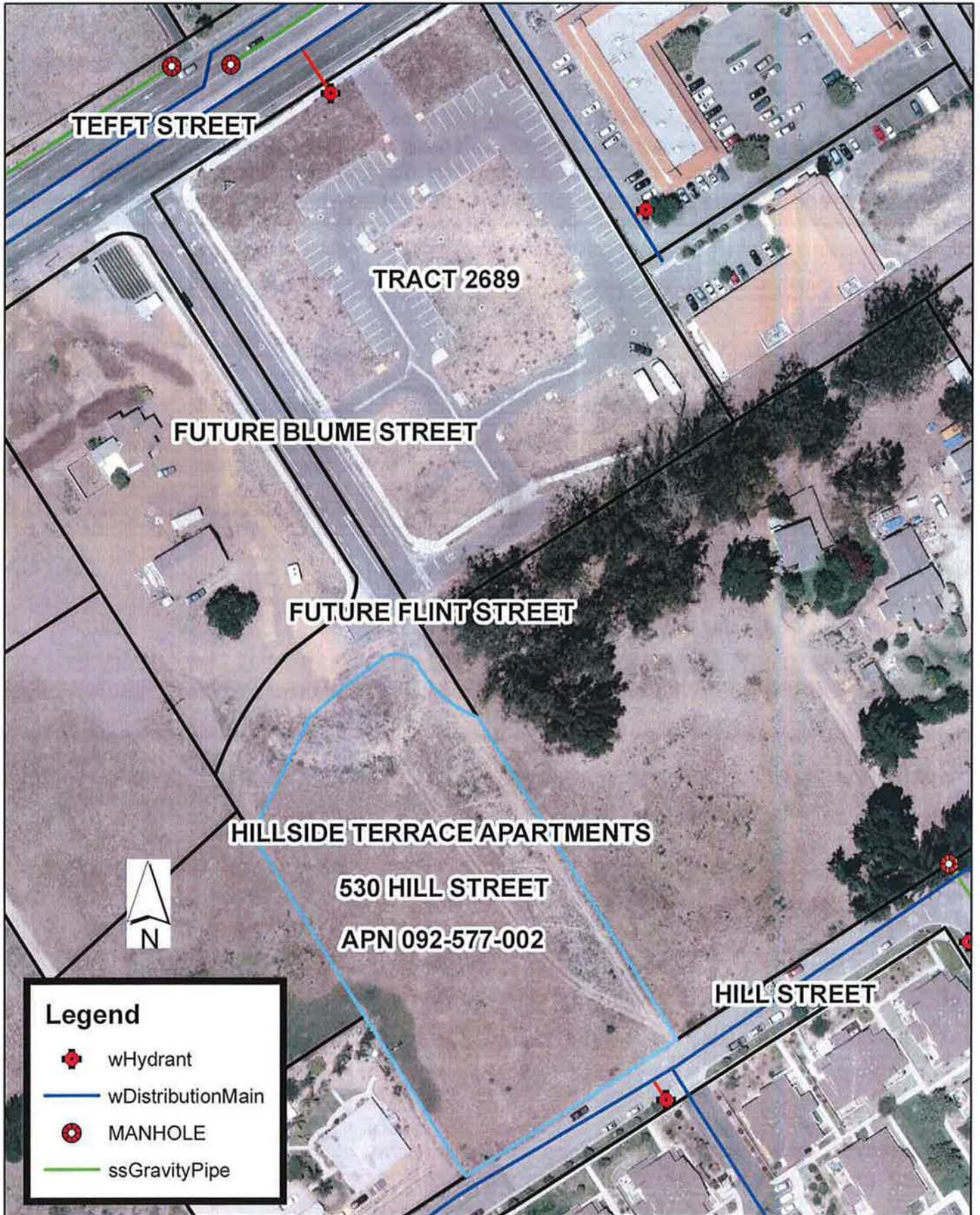
T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\2013\130814 HILLSIDE TERRACE APARTMENTS PROJECT STATUS.docx

AUGUST 14, 2013

ITEM E-2

ATTACHMENT A

LOCATION MAP HILLSIDE TERRACE APARTMENTS



AUGUST 14, 2013

ITEM E-2

ATTACHMENT B

Subject: Re: Next meeting
From: William Kengel (wgktbh@yahoo.com)
To: sbwlff@sbcglobal.net;
Date: Wednesday, August 7, 2013 3:56 AM

RECEIVED
AUG 08 2013
NIPOMO COMMUNITY
SERVICES DISTRICT

Sounds like this thing is getting off track. To clarify, forget about private projects on either property and look at it as two subdivisions. Subdivision Map Act requires both water and sewer service to each parcel of each subdivision. Further, such service must be in conformance with the County General Plan, meaning if a parcel is zoned for 20 units, District must plan to serve that many. In the case of commercial mixed-use zoning there is no allocation amount for commercial and residential becomes a "best guess". (I guessed at about 15 units for assessment district vote & suspect Tr. 2689 did about the same.) A District subdivision Will-Serve must guarantee immediate service to each parcel in actual fact and by State Water Code such service must include domestic, sanitary and fire service. The only allowed exclusion to immediacy would be if mains are not built, but in that case a bond must be posted in favor of County to cover potential cost of construction.

Perhaps I am preaching to the quire with this stuff, but it is the law the Road Construction Agreement was based on and the wording of that agreement includes granting of sufficient land, building in actual fact (not bonding) and owning a minimum of 50% of every main. Separating one sewer main from the rest does not solve the problem. Tr. 2689 has no service whatever without my offer of dedication. My Hill St. parcel can be served landscape and domestic water off Hill St. Fire would require an additional 6" main and private hydrant at considerable expense. My Tefft St. parcel has no fire service and development beyond the few proposed removable structures would require additional water service that is not

available. Sewer is not available without offer by owner of Tr. 2689 of dedication of facilities in Tefft St.

My direction is to separate mains of common use in the streets from private projects they serve such that any private project on any parcel can proceed independently of any other private project. That is the essence of a subdivision guarantee of W/S service; not only is service available, but in sufficient quantity to serve the General Plan zoning needs of the parcels created. If County Environmental Health had been aware such service was not really available the subdivision(s) could not and should not have been approved and recorded.

The above is the argument that must come to the Board by way of staff report. The Board's decision would then allow any parcels currently under consideration plus any other un-named parcels as yet to be developed the use of mains, both water and sewer, within the public or proposed public rights-of-way.

Since you are leaving, I'll forward this on to Michael LeBrun, Larry Vierheilig, Terry Orton and any others you may feel should consider it. As you may have time, please advise.

From: James Harrison <sbwlff@sbcglobal.net>
To: William Kengel <wgktbh@yahoo.com>
Cc: larry Vierheilig <lvorchid@sbcglobal.net>; jim harrison <sbwlff@sbcglobal.net>
Sent: Tuesday, August 6, 2013 4:58 PM
Subject: Re: Next meeting

Bill

I will be leaving early in the morning and will not be back home until probable Sunday. I am willing to meet with you again if you feel it is necessary? Yes we have on the agenda the sewer main that is in question. Larry and I met with Michael and discussed this at length so meeting should be informative you should probable meet with Michael prior to the Board meeting if you have other input to this situation.

Jim

AUGUST 14, 2013

ITEM E-2

ATTACHMENT C

NIPOMO COMMUNITY

BOARD MEMBERS

JAMES HARRISON, PRESIDENT
LARRY VIERHEILIG, VICE PRESIDENT
MICHAEL WINN, DIRECTOR
ED EBY, DIRECTOR
BILL NELSON, DIRECTOR



SERVICES DISTRICT

STAFF

LISA BOGNUA, ACTING GENERAL MANAGER
JON SEITZ, GENERAL COUNSEL
PETER SEVCIK, P.E., DISTRICT ENGINEER

148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

November 18, 2009

San Luis Obispo County
Government Center
Building and Planning Department
San Luis Obispo, CA 93401

Bill Kengel
Mesa Dunes Investments, Inc.
P.O. Box 267
Avila Beach, CA 93424

SUBJECT: VERIFICATION OF WATER AND SEWER SERVICE
2 LOT PARCEL MAP CO 06-0225
APN 092-130-012

As required by Section 19.20.238 Title 19 of the San Luis Obispo County Code, the Nipomo Community Services District ("District") certifies that subject to the conditions provided herein, it will provide potable water service (single 1-inch meter for each parcel) and sewer service for Parcel Map CO 06-0225, a two (2) lot parcel, in Nipomo (APN 092-130-012), and that it has sufficient water resources and system capacity to provide such service. Such service will be provided on the same basis as the District provides new service to any other legal parcel within the District service area and once the new service is established for the single family residential units within the development, the District will provide service to said parcels on the same basis it provides service to other customers with the same land use designation.

The District will set water meters and provide service when:

1. Final fees for connection are paid; and
2. Upon proof of a building permit from the County of San Luis Obispo for each individual parcel; and
3. Improvements are constructed in accordance with the Plan Check and Inspection Agreement including the submission of the following for District approval:
 - o Reproducible "As-Builts" - A mylar copy and digital format disk (AutoCad) which includes engineer, developer, tract number and water improvements
 - o Offer of Dedication
 - o Engineer's Certification
 - o A summary of all water and sewer improvement costs; and
4. District has accepted improvements to be dedicated to the District; and
5. Proof is submitted to the District that the Project is provided with solid waste removal services.

Pursuant to District Code 3.28.040 notice is provided as follows:

- A. This Will-Serve letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the district. This Will-Serve letter may be revoked as a result of conditions imposed upon the District by a court or by a change in ordinance, resolution, rules, or regulations adopted by the District for the protection of health, safety, and welfare of the District and its residents.
- B. The Nipomo Community Services District has been made a party to that lawsuit entitled Santa Maria Valley Water Conservation District, et al. v. City of Santa Maria, et al., Santa Clara Superior Court Case No. CV 770214. The case involves competing claims to the right to produce water from and/or store water in the Santa Maria Valley Groundwater Basin, the water source from which Nipomo Community Services District derives the water, which it serves. The District is now unable to predict with any certainty the outcome of the above-referenced litigation. However, the litigation conceivably could result in a limitation on the availability of groundwater for the District's production and/or an increase in the cost of water, which the District serves to its water customers.

That this Will-Serve letter and the project are subject to the San Luis Obispo County's Growth Control Ordinance which establishes annual limits on building permits for the Nipomo Mesa. The District by issuance of this Will-Serve letter cannot guarantee that you will receive a project permit from the County of San Luis Obispo.

Very truly yours,
Nipomo Community Services District

Lisa Bognuda
Acting General Manager

VALID ONLY
WITH DISTRICT
SEAL

AUGUST 14, 2013

ITEM E-2

ATTACHMENT D

NIPOMO COMMUNITY

BOARD MEMBERS

JAMES HARRISON, PRESIDENT
LARRY VIERHEILIG, VICE PRESIDENT
DAN GADDIS, DIRECTOR
BOB BLAIR, DIRECTOR
CRAIG ARMSTRONG, DIRECTOR



SERVICES DISTRICT

STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, FINANCE DIRECTOR
PETER SEVCIK, P.E., DIRECTOR OF ENG. & OPS.
MIKE SEITZ, GENERAL COUNSEL

148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

July 24, 2013

Bill Kengel
Mesa Dunes Investments, Inc.
P.O. Box 267
Avila Beach, CA 93424

This is not a Will Serve letter

SUBJECT: INTENT-TO-SERVE WATER AND SEWER SERVICE
530 HILL STREET
MULTI-FAMILY RESIDENTIAL DEVELOPMENT IN NIPOMO, CA

An Intent-to-Serve letter for water and sewer service for APN 092-577-002, a twenty (20) unit multi-family residential development at 530 Hill Street in Nipomo (the "Project"), is approved with conditions.

This Intent-to Serve-letter is limited to the Project as described above.

This Intent-to-Serve Letter shall be effective upon Owner's signature below. The Applicant must return a signed copy of the Intent-to-Serve Letter within thirty (30) days of issuance.

The following conditions must be satisfied prior to the Nipomo Community Services District (District) issuing a Project Will Serve Letter:

GENERAL CONDITIONS

- Project shall obtain solid waste, sewer and water service for all units.
- Water for the project in the amount of 6.6 AF will be allocated in Water Year 2012-2013.
- The parcel shall be served by a single appropriately sized meter and backflow assembly for indoor use.
- A separate one (1) inch irrigation meter shall be provided for the parcel. Irrigation meter capacity charges are applicable.
- A single separate appropriately sized fire service and backflow assembly as required by CAL FIRE of SLO County shall be provided for the parcel. CAL FIRE of SLO County must approve the development plans prior to District approval. Fire service capacity charges will be applicable.
- Record a restriction, subject to District approval, on the property prohibiting the use of well(s) to provide water service to any parcel within the Project.
- Properly abandon any existing groundwater wells and provide documentation to District.
- Record a restriction, subject to District approval, on all parcels prohibiting use of self-regenerating water softeners.
- Comply with District water conservation program.

This is not a Will Serve letter

- Pay all appropriate District fees associated with this development.
- Applicant shall provide the District with a copy of County application approval and County project conditions of approval.
- Enter into a Plan Check and Inspection Agreement and provide a deposit.
- Submit improvement plans in accordance with the District Standards and Specifications for review and approval. Applicant shall provide plans consistent with current District Standards and based on the proposed lot configuration.
- Any easements required for water and sewer improvements that will be dedicated to the District shall be offered to the District prior to final improvement plan approval.
- On-site water and sewer mains shall be private in accordance with District standards.
- Any easements required for private water and sewer laterals shall be recorded prior to final improvement plan approval and shall be subject to District approval.
- All water and sewer improvements to be dedicated to the District shall be bonded for or otherwise secured in the District's name.
- Project will be served by existing water and sewer lines in Hill Street until such time as water and sewer lines in Blume Street area are accepted by the District.
- A Will-Serve letter for the Project will be issued after improvement plans are approved and signed by the District.
- Applicant shall make a non-refundable deposit ("Deposit") at the time the District issues a Will Serve Letter in an amount equal to the then calculated Fees for Connection.
- Fees for Connection shall be calculated and owing as of the date the District sets the water meter(s) to serve the affected property from which the amount of the Deposit shall be deducted.
- Water and sewer capacity fees will be based on the domestic meter size and irrigation meter size requested for the final County approved project as well as CAL FIRE's fire service requirements. Assuming one (1) 2 inch water meter for indoor water use, one (1) 1 inch irrigation water meter, one (1) 6 inch fire sprinkler service, and one (1) sewer connection based on the domestic meter size, the estimated fee deposit for the project is \$220,659 less a credit of \$24,729 (related to Parcel Map 06-0225) paid by the owner for a net amount of \$195,930 based on the current District fee schedule.

CONDITIONS TO SETTING WATER METERS

- Construct the improvements required and submit the following:
 - Reproducible "As Builts" - A mylar copy and digital format disk (AutoCAD) which includes engineer, developer, tract number and water and sewer improvements
 - Offer of Dedication
 - Engineer's Certification
 - Summary of all water and sewer improvement costs
- The District will set water meter(s) upon proof of a building permit from the County of San Luis Obispo, the District's acceptance of improvements to be dedicated to the District, if applicable, and the final payment of all charges and fees owed to the District.

AUTOMATIC TERMINATION

- This letter is void if land use is other than multi-family residential use as defined by the District.
- Intent-to-Serve letters shall automatically terminate on the first to occur:
 - Failure of the Applicant to provide District with written verification that County application for the Project has been deemed complete within two hundred forty (240) calendar days of the date the Intent-to-Serve Letter is issued; or

This is not a Will Serve letter

- Three (3) years, from date of issuance. However, Applicant shall be entitled to a one-year extension upon the following conditions:
 - Applicant makes written application for the extension prior to the expiration of the Intent-to-Serve Letter.
 - Applicant provides proof of reasonable due diligence in processing the Project.
 - Applicant agrees to revisions of the conditions contained in the Intent-to-Serve letter consistent with then existing District policies.
- This Intent-to-Serve letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District.
- This Intent-to-Serve letter may be revoked, or amended, as a result of conditions imposed upon the District by a court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors.
- The District reserves the right to revoke this "Intent-to-Serve letter at any time.
- The Applicant shall provide a signed copy of the Intent-to-Serve letter within thirty (30) days of issuance.

This "Intent-to-Serve" letter shall be subject to the current and future rules, regulations, fees, resolutions and ordinances of the Nipomo Community Services District. This "Intent-to-Serve" letter may be revoked as a result of conditions imposed upon the District by a Court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors for the protection of the health, safety, and welfare of the District. The District reserves the right to revoke this "Intent-to-Serve" letter at any time.

Please be aware, all building(s) in your development will be required to be connected to District water and sewer service. Water and sewer laterals serving one parcel and crossing subsequent parcel(s) prior to joining mainlines are not allowed unless they are within dedicated easements acceptable to the District.

If you have any questions, please call.

Very truly yours,

NIPOMO COMMUNITY SERVICES DISTRICT

Michael S. LeBrun, P.E.
General Manager

I, _____, have read the foregoing Intent-to-Serve Letter for solid waste, sewer and water service for 530 Hill Street, APN 092-577-002, and by my signature below, agree to the conditions contained herein.

Date: _____

Owner _____

Print Name (Owner)

AUGUST 14, 2013

ITEM E-2

ATTACHMENT E



NIPOMO COMMUNITY SERVICES DISTRICT

DEVELOPMENT SERVICE PROCEDURE SUMMARY

The following is only a summary of the District's Development Service Procedure. Please refer to the District's Code, Policies, Procedures and Standard Specifications for details of the District's requirements.

1. DEVELOPER/APPLICANT:

- Submit a complete, signed, Intent-to-Serve letter application (water and/or water and sewer) including six (6) sets of 24" by 36" site maps and one (1) 8 ½" x 11" site map as well as pay applicable application fee. Application must include a Water Demand Certification for non-commercial projects and dwelling unit portion of mixed-use developments. Commercial projects must estimate annual water demand in acre-feet per year and sewer loading in gallons per day.

Note: Request to transfer existing, valid ITS letters to new owners must be made in writing to District for approval. New owner must acknowledge conditions of ITS in writing. The District may revise and/or update approval conditions.

2. DISTRICT:

- The request is submitted to the Board of Directors for consideration if project is commercial or a lot split with more than 4 lots (i.e. – tract). Smaller projects are considered by General Manager.
- If approved an Intent-to-Serve letter with conditions will be issued along with a Plan Check and Inspection Agreement (PCIA) specifying the required deposit.
- Intent-to-Serve letters expire: 1) Eight months from date of issue, unless proof of complete COUNTY building application is received; and/or 2) three years from date of issue.

3. DEVELOPER/APPLICANT:

- Enter into Plan Check and Inspection Agreement (PCIA), make deposit. (NOTE: All District costs directly associated with the project will be charged to the Project). A deficient deposit account balance will result in suspension of District activity on the project.
- Submit four (4) sets of improvements plans and two (2) sets of Tract Maps for District review showing the water and sewer off-site and on-site improvements, in accordance with the *District Standard Specifications* (available at the NCSD Office or on the District's website at ncsd.ca.gov).

4. DISTRICT:

- Plans reviewed and mark ups returned to developer after PCIA executed and deposit received.
- Depending on the developer's schedule, complexity of the project and compliance of the project plans with the District's standards and specifications, steps 3, 4 and 5 can take a period of months or years.

Effective 8/7/2013 - Procedure subject to change without notice.

5. DEVELOPER/APPLICANT:

- Improvement plans incorporating District corrections, if any, are completed and returned to the District. When plans are ready for District approval, Applicant shall provide District with one mylar copy and two paper sets of drawings for approval.
- Submit proof of CalFire approval of plans.

6. DISTRICT:

- District Engineer approves plans.
- District issues a Notice to Proceed.

7. DEVELOPER/APPLICANT:

- Upon written request, connection fee estimate is provided (based on approved plans).
- Pay estimated fees.
- All easements required by District shall be offered and accepted PRIOR to issuance of Will-Serve letter.

8. DISTRICT:

- Once estimated capacity and meter fee deposit and final balance due on application fee are paid, and conditions of Intent-to-Serve letter are met to District satisfaction (Bonding for incomplete off-site improvements is required), a Will-Serve letter is issued.

9. DEVELOPER/APPLICANT:

- Schedule a pre-construction meeting.
- Applicant's engineer to provide daily inspection and serve as engineer of record.
- Request for District presence at specific construction milestones (e.g. pipe installation, sewer video, final inspection) shall be made 48 hours in advance.

10. DISTRICT:

- District staff will inspect the site during construction phase.
- Upon written request for final sign-off/inspection a "Punch List" will be provided by District.

11. DEVELOPER/APPLICANT: When the applicant completes all required improvements and is ready for the District to accept the project the following must be completed:

- Pay final capacity and meter, if required.
- Pay final PCIA balance.
- All conditions of PCIA satisfied.
- Corrected Punch List, with final signature from District inspector.
- Reproducible "As Builts" of Utilities – A mylar copy and AutoCAD file(s) which include engineer, developer, tract number and water/sewer improvements
- Offer of Dedication
- Engineer's Certification
- A summary of all water and/or sewer improvement costs
- Recorded Assessor's Parcel Numbers and street addresses
- Written request for meter(s)

12. DISTRICT:

- Resolution of acceptance is presented to the Board.
- Board accepts improvements.
- Water meters set.
- Water and sewer charges begin the day meter is set.

Effective 8/7/2013 - Procedure subject to change without notice.

AUGUST 14, 2013

ITEM E-2

ATTACHMENT F

NIPOMO COMMUNITY

BOARD MEMBERS

JAMES HARRISON, PRESIDENT
LARRY VIERHEILIG, VICE PRESIDENT
DAN GADDIS, DIRECTOR
BOB BLAIR, DIRECTOR
CRAIG ARMSTRONG, DIRECTOR



Serving the Community Since 1965

SERVICES DISTRICT

STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, FINANCE DIRECTOR
PETER SEVCIK, P.E., DIRECTOR OF ENG. & OPS.
MIKE SEITZ, GENERAL COUNSEL

148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932 Website address: ncsd.ca.gov

July 10, 2013

Ahmad Mashayekan
9850 Genesee Ave. #160
La Jolla, CA 92037

This is not a Will Serve letter

**SUBJECT: INTENT-TO-SERVE WATER, SEWER AND SOLID WASTE SERVICE
697 WEST TEFFT ST, NIPOMO APN 092-577-008
2900 SQUARE FOOT MEDICAL OFFICE BUILDING LOCATED ON SINGLE
COMMERCIAL PARCEL**

An Intent-to-Serve letter for District services including water, sewer and solid waste service for 697 West Tefft St, APN 092-577-008, a 2900 square foot medical office building located on a single commercial parcel (the "Project"), is approved with conditions.

This Intent-to Serve-letter is limited to the Project as described above.

This Intent-to-Serve Letter shall be effective upon Owner's signature below. The Applicant must return a signed copy of the Intent-to-Serve Letter within thirty (30) days of issuance.

The following conditions must be satisfied prior to the Nipomo Community Services District (District) issuing a Project Will Serve Letter:

GENERAL CONDITIONS

- The Intent-to-Serve Letter issued to the previous property owner, Terrence Flatley, dated January 11, 2012, is rescinded.
- The project shall obtain solid waste, sewer and water service.
- The project shall be served by a single 1 inch meter and backflow assembly for indoor use. Water meter capacity charges will be applicable.
- The project shall be served by a single 1 inch meter and backflow assembly for outdoor use. Irrigation meter capacity charges will be applicable.
- The project shall be served by a single 6 inch fire service and backflow assembly as required by CAL FIRE of SLO County. CAL FIRE of SLO County must approve the development plans prior to District approval. Fire service capacity charges will be applicable.
- Record a restriction, subject to District approval, on the property prohibiting the use of well(s) to provide water service to any parcel within the Project.
- Properly abandon any existing groundwater wells and provide documentation to District.

- Record a restriction, subject to District approval, on the property prohibiting use of self-regenerating water softeners.
- Comply with District water conservation program.
- Pay all appropriate District fees associated with this development. The capacity charges for the Project are currently estimated at \$117,228 based on the current District fee schedule assuming one (1) 1-inch domestic meter, one (1) 1-inch irrigation meter, and one (1) 6-inch fire connection, as well as one (1) sewer connection based on the domestic meter size.
- Fees are subject to change by Board of Directors and will be based on actual meter sizes required to serve the project in accordance with District standards.
- Applicant shall provide the District with a copy of County application approval and County project conditions of approval.
- Enter into a Plan Check and Inspection Agreement and provide a deposit.
- Submit improvement plans in accordance with the District Standards and Specifications for review and approval. Applicant shall provide plans consistent with current District Standards and based on the proposed project configuration. Any water and sewer improvements installed by the previous property owner as part of the abandoned project that will not be utilized for the current project will need to be disconnected or otherwise isolated from the improvements that will be dedicated to the District.
- Discharge of fats, oils and grease to the sanitary sewer system shall be prohibited.
- Any easements required for water and sewer improvements that will be dedicated to the District shall be offered to the District prior to final improvement plan approval.
- Any easements required for private water and sewer laterals shall be recorded prior to final improvement plan approval and shall be subject to District approval.
- All water and sewer improvements to be dedicated to the District shall be bonded for or otherwise secured in the District's name prior to issuance of Will-Serve letter.
- An irrigation plan, a plant material layout plan, a plant material list (if not included in the plant material layout plan), and a hardscape plan, if there are any water features (such as fountains and swimming pools) included in the project, shall be submitted for review and approval prior to issuance of Will-Serve letter.
- A Will-Serve letter for the Project will be issued after improvement plans are approved and signed by the District.
- Applicant shall make a non-refundable deposit ("Deposit") at the time the District issues a Will Serve Letter in an amount equal to the then calculated Fees for Connection.
- Fees for Connection shall be calculated and owing as of the date the District sets the water meter(s) to serve the affected property from which the amount of the Deposit shall be deducted.

CONDITIONS TO SETTING WATER METERS

- Construct the improvements required and submit the following:
 - Reproducible "As Builts" - A mylar copy and digital format disk (AutoCAD) which includes engineer, developer, tract number and water and sewer improvements
 - Offer of Dedication
 - Engineer's Certification
 - Summary of all water and sewer improvement costs
- The District will set water meter(s) upon proof of a building permit from the County of San Luis Obispo, the District's acceptance of improvements to be dedicated to the District, if applicable, and the final payment of all charges and fees owed to the District.

AUTOMATIC TERMINATION

- This letter is void if land use is other than commercial use as defined by the District.

- Intent-to-Serve letters shall automatically terminate on the first to occur:
 - Failure of the Applicant to provide District with written verification that County application for the Project has been deemed complete within two hundred forty (240) calendar days of the date the Intent-to-Serve Letter is issued; or
 - Three (3) years, from date of issuance. However, Applicant shall be entitled to a one-year extension upon the following conditions:
 - Applicant makes written application for the extension prior to the expiration of the Intent-to-Serve Letter.
 - Applicant provides proof of reasonable due diligence in processing the Project.
 - Applicant agrees to revisions of the conditions contained in the Intent-to-Serve letter consistent with then existing District policies.
- This Intent-to-Serve letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District.
- This Intent-to-Serve letter may be revoked, or amended, as a result of conditions imposed upon the District by a court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors.
- The District reserves the right to revoke this "Intent-to-Serve letter at any time.
- The Applicant shall provide a signed copy of the Intent-to-Serve letter within thirty (30) days of issuance.

This "Intent-to-Serve" letter shall be subject to the current and future rules, regulations, fees, resolutions and ordinances of the Nipomo Community Services District. This "Intent-to-Serve" letter may be revoked as a result of conditions imposed upon the District by a Court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors for the protection of the health, safety, and welfare of the District. The District reserves the right to revoke this "Intent-to-Serve" letter at any time.

Please be aware, all building(s) in your development will be required to be connected to District water and sewer service. Water and sewer laterals serving one parcel and crossing subsequent parcel(s) prior to joining mainlines are not allowed unless they are within dedicated easements acceptable to the District.

If you have any questions, please call.

Very truly yours,

NIPOMO COMMUNITY SERVICES DISTRICT

Michael S. LeBrun, P.E.
General Manager

I, _____, have read the foregoing Intent-to-Serve Letter for solid waste, sewer and water service for 697 West Tefft Street, APN 092-577-008, and by my signature below, agree to the conditions contained herein.

Date: _____

Owner _____

Print Name (Owner)

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

**AGENDA ITEM
E-3
AUGUST 14, 2013**

DAVIS OUTSIDE USER REQUEST FOR WATER SERVICE

ITEM

Consider Davis Outside User Request for Water Service for APN 091-131-049, 1074 Hetrick Road [PROVIDE DIRECTION TO STAFF].

BACKGROUND

Jim Davis, the owner of APN 091-131-049 located at 1074 Hetrick Road is requesting District water service. Mr. Davis' July 19, 2013 request is attached.

The parcel is located outside the District's services boundary. The property is within the District's Sphere of Influence, or 'envisioned future services boundary'.

Your Board initially considered this current request on July 24 and directed staff to summarize the pros and cons of supporting Mr. Davis' request and otherwise facilitating the process required to annex the subject parcel and/or to provide water service via an Outside Users Agreement. Your Board denied a similar request from Mr. Davis in October 2010.

Providing service to the Davis' property by means of an annexation or Outside User Agreement would require application to and action by the Local Area Formation Commission (LAFCO). Mr. Davis would be responsible for the cost of application and covering District staff time supporting the application. Depending on the LAFCO fees, these costs could easily reach \$10,000. There is no assurance LAFCO would approve the annexation or outside user service. The District capacity charge and in-lieu fee for joining the Summit Station area infrastructure total over \$30,000. There would be additional cost to Mr. Davis to run water lines from the District connection point to his point of use and any engineering costs associated with designing the associated infrastructure.

From the perspective of current District water customers the pros and cons are as follows:

On the positive side, fees and charges would be collected that would help fund current and future water resources projects and a new water customer would be added to further spread the cost of system operation, maintenance and replacement.

Of concern:

The District would need to allocate some of its finite supplemental water capacity which is earmarked for new development within the District's current services boundary. The District's entire Sphere of Influence is estimated to require 3,200 acre-feet of water annually at build out under the current County General Plan. Of the 500 acre-feet per year supplemental water capacity assigned to new urban development, approximately 450 acre-feet remains available for allocation to new connections.

Establishing a precedent of serving outside parcels with this supplemental water would raise a number of issues related to current District policy associated with supplemental water, outside

users, and annexations. Allocating supplemental water capacity outside District boundary would introduce ambiguity to the District's process for assigning supplemental water capacity. It may lead to challenge related to the Stipulated Settlement at a time when the District is hoping to establish clear policy mesa-wide implementing the court's requirement that all new urban demands are met with developed water.

District Code section 3.16, Water Service Outside the District provides:

3.16.010 - When allowed.

It is the general policy of the district that district water service is limited to parcels within the district boundaries. The district board of directors may authorize water service to parcels outside the district boundaries upon a finding that:

A. There exists an extreme hardship and there is excess capacity within the district system to serve such parcel; or

B. There is a benefit to the district or the community, such as the applicant providing the district with a water resource.

(Ord. 98-87 22 (part), 1998: Ord. 16 2, 1973)

At your July 24 meeting, Mr. Davis stated he is currently buying water from an unknown source which is delivered by truck at a cost of \$0.10/gallon (10 cents). In response to similar issues (private wells across the north eastern area of the mesa going dry) brought on by drought conditions prevailing in the area back in 1990, your Board adopted Resolution No. 419 (Attached), providing for emergency outside water sales via hydrant. Authorized outside sales are billed at twice the District regular rate, or about \$5/hundred cubic foot or \$0.006 (less than one-cent) per gallon.

RECOMMENDATION

Staff recommends that the Board consider the outside user water service request, accept public comment on the request and provide direction to staff on whether or not to proceed with processing an application, including verification of hardship, authorization to enter into a Reimbursement Agreement and the drafting of an Outside User Agreement for consideration at a future Board meeting.

ATTACHMENTS

- A. July 19, 2013 request for water service
- B. Resolution 419

AUGUST 14, 2013

ITEM E-3

ATTACHMENT A

July 19, 2013

Jim Davis
1074 Hetrick Road
Arroyo Grande, CA 93420
jleedavis@yahoo.com
(805) 704-7433 (cell)
(805) 457-1626 (work)

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

Dear Michael,

Thank you for your re-consideration of water services to my home on Hetrick Road. Its been almost four years since our well went dry and we are still in desperate need of a water supply. Connection to the NCSD water is our only viable long term option.

Thank you for your help.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Davis". The signature is fluid and cursive, with a large initial "J" and "D".

Jim Davis

AUGUST 14, 2013

ITEM E-3

ATTACHMENT B

RESOLUTION NO. 419

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING THE SALE OF DISTRICT WATER
FOR CONSUMPTION OUTSIDE THE DISTRICT
FOR SPECIFIED EMERGENCY PURPOSES ONLY

WHEREAS, District ordinances prohibit the sale generally of District water for consumption outside the District; and

WHEREAS, the District has been advised and recognizes that the current multi-year drought is causing some wells utilized for domestic and small farm purposes to go dry on rural single-family parcels in the Nipomo area, but outside the District boundaries; and

WHEREAS, one such family has already requested the District to sell potable water which the family can haul to their residence outside the District; and

WHEREAS, this Board finds and declares that the District policy against sale of water for consumption outside the District is appropriate and necessary for the protection of the District's water supply and service capability for taxpayers within the District; and

WHEREAS, this Board also finds and declares that short term emergency water assistance for persons outside the District would not be incompatible with established District policy, but that the terms and restrictions regarding any such assistance must be specifically established to be sure that no person receiving such assistance would tend to become dependent upon the District's water supply.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District as follows:

- A. The District hereby authorizes the sale of District water for emergency use outside the District subject to each and all of the following restrictions and limitations:
1. The need for water must be the direct and un-anticipated result of the current long-term drought. Those seeking such water must appear before the Board and explain to the satisfaction of the Board what measures the applicant has taken to remedy the water deficiency problem before seeking District water.
 2. District water will be provided only for single-family domestic purposes. The water shall not be used for irrigation or commercial husbandry or crop growing purposes.

3. The maximum amount of water to be sold shall average no more than 80 gallons per day for each resident on the premises receiving the water.
4. The applicant shall obtain the water from District water sources designated by the General Manager.
5. Water provided pursuant hereto for the benefit of any one residence shall be limited in duration to no more than one period of thirty or fewer consecutive days in any twelve month period of time.
6. No water supply authorized hereunder for a particular residence or family shall be sold, given, or otherwise transferred or delivered to any other premises.
7. The District will deliver normal potable District water to the tanks or containers provided by the applicant. The District will not be responsible for the appropriateness of the water for domestic use or human consumption once it leaves the District's supply system. Applicant will sign an agreement to defend and hold harmless from any and all claims arising from or concerning water quality, purity, health or safety deficiencies occurring after the water is delivered to applicant.

- B. The geographical area eligible to purchase District water pursuant to this Resolution shall be limited as described and depicted upon Exhibit "A" map and diagram attached hereto, and incorporated herein; provided that no regular customer of California Cities Water Company or any other operating public utility or entity shall be provided emergency water service pursuant hereto.
- C. The General Manager shall establish procedures as necessary and appropriate to assure that the program authorized herein is not abused.
- D. The General Manager shall personally provide a certified copy of this Resolution to the County Health Officer or his designee.
- E. This Resolution shall be reviewed annually by the Board, with the objective of repealing it as soon as normal groundwater replenishment begins.

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



CONSERVATION COMMITTEE REPORT AND SCOPE EXPANSION

ITEM

Receive an update from Conservation Committee and consider revising the Committee's scope [RECOMMEND RECEIVE REPORT FROM CONSERVATION COMMITTEE AND REVISE COMMITTEE SCOPE AND NAME IF DESIRED]

BACKGROUND

Your Board Conservation Committee member met with staff on July 29 to discuss conservation and water resource topics.

Your Board tasked the Committee to consider changes to the District's water allocation procedures and expansion of the District's high-bill relief policy beyond residential customer classes. Staff is working to develop information related to both topics.

RECOMMENDATION

Staff recommends your Board consider expanding the Water Conservation Committee scope to include general water resources topics and policy and renaming the committee the Water Resources Committee

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