

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN
GENERAL MANAGER

DATE: MAY 23, 2014

AGENDA ITEM

F

MAY 28, 2014

GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is May 3, 2014 through May 23, 2014.*

DISTRICT BUSINESS

Administrative

- In spring 2013, the Nipomo Mesa Management Area groundwater basin's Key Wells Index was at its lowest level in the forty-year record. The County of San Luis Obispo provided April 2014 groundwater well level data to the District and the District made these data available to the Nipomo Mesa Management Area Technical Group for analysis and calculation of the 2014 Key Wells Index. The Group may provide public information on this year's calculation in June.
- Should the Key Wells Index reach a Severe Water Shortage condition, the District will be required to reduce groundwater pumping 30%. Regardless of the Index reading, the persistent and historic drought the region is experiencing warrants more focused water conservation efforts by the District and its customers.
- The District's Supplemental Water Project, Phase 1 is under construction and on schedule for completion in Summer 2015. A portion of Phase 2 of the project (a 0.5 million gallon tank at the pump station) is included in the draft 2014-2015 Budget. However, funding for the work still must be determined.
- The District continues to encourage all customers to **conserve water**. In April 2014, the District produced **15% less** groundwater compared to the monthly five-year average, and **25% less** than was pumped in April 2013. This is progress which needs to continue.
- In our District, the average single family home uses 14,000 gallons of water every month however, more than 70% of water bills are for use below this average. This means there is a minority of customers who are using well *above* average amounts of water. High water use is on a steady *decline* since 2011 when the District implemented water rates that ramp up with use and charge 300% more for high volume water use.
- The vast majority of above average water use is for landscape irrigation and most landscapes are *over* watered. District staff provides informational resources and direction to customers who are interested in saving money by saving water.
- Implementation of drought rates (premiums on top of existing rates) and/or water use restrictions may be necessary if our groundwater basin levels continue to decline.
- San Luis Obispo County maintains two rain gauges in the area. The "Nipomo South" gauge is located at the District's Southland Wastewater Plant. The "Nipomo East"

gauge is located at the District's Tefft Street water storage site. No rainfall has been recorded in the past two-weeks at either location. The normal winter rainy season has ended for 2013-2014. The seasonal rain total for Nipomo South is 4.6-inches which is 29% of the long-term annual average of 16-inches for this gauge. The seasonal total for Nipomo East is 5.8-inches which is 32% of the long-term annual average rainfall of 18-inches for this gauge.

Safety Program

- No accidents or incidents to report

Connection Report

Nipomo Community Services District Water and Sewer Connections	END OF MONTH								
	AUG-13	SEPT-13	OCT-13	Nov-13	Dec-13	JAN-14	FEB-14	MAR-14	APR-14
Water Connections (Total)	4290	4290	4293	4310	4312	4313	4313	4314	4315
Sewer Connections (Total)	3084	3084	3086	3102	3104	3104	3104	3105	3107
Meters turned off (Non-payment)	28	30	23	20	37	11	19	6	28
Meters off (Vacant)	48	45	45	44	32	44	46	49	46
Sewer Connections off (Vacant)	18	14	14	11	11	12	14	16	16
New Water Connections	1	0	3	17	2	1	0	1	1
New Sewer Connection	1	0	2	16	2	0	0	1	2
	0	0	0	0	0	0			
Sewer Connections billed to the County	462	462	463	463	463	463	463	463	463

The District has made 157 new water connections in the past 2.75 years, an average of 57 connections per year.

Public Outreach

The following Public Outreach Program materials are provided:

- A summary of outreach and education activities
- Recent press releases and press release log
- District related news articles

Other Items and News of Interest (Attachments to this Report)

- San Luis Obispo County Board of Supervisors May 20, 2014 Meeting Agenda.
- Pages 1-3 of recent CalPERS Employer News – full newsletter available upon request.
- CA Special District Association e-News regarding water district rate case decision.
- SLO County Integrated Regional Water Management Plan, Regional Water Management Group summary of Drought Grant projects to be included in the County's application for \$200M of emergency drought relief funds. The District's supplemental water project (Phases 1, 2, and 3) was not eligible to compete for these funds.

Meetings

Meetings Attended (telephonically or in person):

- *May 14, Regular Board Meeting*
- *May 15 & 22, Management Coordination*
- *May 16, County Energy Watch*
- *May 16, General Counsel on water sales agreement*
- *May 16, Board Officers*
- *May 19, NMMA Technical Group*
- *May 19, Cypress Ridge Developer*
- *May 20, Blacklake Developer*
- *May 21, Director of Public Works Administration – Wallace Group*
- *May 23, Director of Utilities – City of Santa Maria*
- *May 23, Rate Consultant*

Meetings Scheduled:

- *May 27, Operations – Administration coordination*
- *May 27, SCAC area representative Art Hebron*
- *May 28, Regular Board Meeting*
- *May 29, Staff performance evaluation*
- *May 29, Outreach Program*
- *May 29 & June 5, Management Coordination*
- *June 2, Board Officers*
- *June 4, SLO Co. Regional Water Management Plan*
- *June 4, SLO Co. Water Resources Advisory Committee*

RECOMMENDATION

Staff seeks direction and input from your Honorable Board

ATTACHMENTS

- A. District Outreach Summary and Materials
- B. May 20, 2014 SLO County Supervisors Agenda
- C. CalPERS Employer News
- D. CSDA e-News
- E. IRWMP-RWVG summary

MAY 28, 2014

ITEM F

ATTACHMENT A

**NCSO Outreach Summary
May 2014**

Date Started	Outreach	Description	Status	Date Completed
2/28/2014	Brochure	Creation of "Detecting Leaks" insert for "Water Meter" brochure	In Progress	
3/17/2014	Website Upgrade	Content archiving	In Progress	
4/1/2014	Public Hearing Notice	Notice of public hearing regarding water rate increase	In Progress	
4/17/2014	Manager's Column	Article 15 for Manager's Column in Adobe Press, pub date 4/25	Complete	4/21/2014
4/21/2014	Ad	Public Workshop 1/4 page ad in 4/25 Adobe	Complete	4/23/2014
4/28/2014	Ad	Public Workshop 1/4 page ad in 5/2 Adobe	Complete	4/28/2014
4/3/2014	District Newsletter	2014 2nd quarter newsletter for May (late April) distribution	Complete	4/28/2014
4/21/2014	Bulletin Board	Update of lobby and Board room bulletin boards	Complete; Ongoing	4/28/2014
5/5/2014	Public Workshop	Held public workshop at Blacklake and NCSO regarding Nipomo water shortage	Complete	5/5/2014
4/23/2014	Press Release	"Board Declares Stage II Drought and Moves Forward with Response Plan"	Complete	5/7/2014
4/21/2014	Website Updates	Press Releases, reports, presentations, links	Complete; Ongoing	5/8/2014
5/8/2014	Website	Added a drought page for drought documents and questions	Complete; ongoing	5/8/2014
5/5/2014	FAQs	Compilation of FAQs regarding water shortage and rates	In Progress	
5/6/2014	Ad Campaign	Intensive ad campaign regarding conservation	In Progress	
4/23/2014	Consumer Confidence Report	Update and redesign of 2013 Consumer Confidence Report	In Review	
5/14/2014	Press Release	Board Adopts Resolution for Consolidation of Board Election with General Election	Complete	5/16/2014
5/14/2014	Press Release	Nipomo's Water Shortage Prompts Board of Directors to Deny Requests for Water	Complete	5/16/2014

**NCSO Outreach Summary
May 2014**

Date Started	Outreach	Description	Status	Date Completed
5/14/2014	Press Release	Board of Directors Receive Certificate of Achievement for Excellence in Financial Reporting	Complete	5/16/2014
5/14/2014	Press Release	NCSO Board of Directors Save Customers Money by Deferring Solid Waste Rate Increase	Complete	5/16/2014
5/14/2014	Press Release	Supervisor Ray Presents the Certificates of Appreciation for Solid Waste Removal to the District and Nipomo Chamber of Commerce	Complete	5/16/2014
5/16/2014	Bulletin Board	Update of lobby and Board room bulletin boards	Complete; Ongoing	5/16/2014
5/9/2014	Website Updates	Press releases, reports, etc	Complete; ongoing	5/21/2014
5/9/2014	Conservation Education	Judging of conservation poster contest	Complete	5/22/2014
5/22/2014	Manager's Column	Article 16 for Manager's Column in Adobe Press, pub date 5/30	In Progress	

**Press Release Log
2014**

Date of PR	Title	Date Sent to Media	Date Placed On Website	Media Pub	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published
1/22/2014	NCSO Board of Directors Review SLO County Resource Management System	1/24/2014	1/24/2014								
1/22/2014	NCSO Director of Engineering and Operations Summarizes a Busy Year	1/24/2014	1/24/2014	SM Times	1/29/2014	Adobe	1/31/2014				
1/22/2014	NCSO Board of Directors Accept Completion of Supplemental Water Project Phase 1	1/24/2014	1/24/2014	SM Times	1/29/2014	Adobe	1/31/2014				
3/3/2014	January Water Demand up Significantly over 2013	3/4/2014	3/4/2014	SM Times	3/5/2014	Adobe	3/7/2014				
3/26/2014	Nipomo CSD Board of Directors Authorize Contract for Eureka Well Repair	4/3/2014	4/3/2014								
3/27/2014	Nipomo Community Services District Taking Action to Address the Drought	3/31/2014	4/3/2014	Sun	4/3/2014	Adobe	4/4/2014				
4/2/2014	Nipomo CSD Launches New Customer-Friendly Website	4/3/2014	4/3/2014								
4/11/2014	Board Actions Address Water Shortage and Drought	4/11/2014	4/16/2014	Tribune	4/9/2014	KSBY	4/10/2014	Adobe	4/18/2014		

**Press Release Log
2014**

Date of PR	Title	Date Sent to Media	Date Placed On Website	Media Pub	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published
4/11/2014	Nipomo CSD Receives Recognition for Accounting Excellence	4/14/2014	4/16/2014	Adobe	4/18/2014						
5/7/2014	Board Declares Stage II Drought and Moves Forward with Response Plan	5/7/2014	5/7/2014	SM Times	5/8/2014	Adobe	5/9/2014	KCBX	5/12/2014		
5/14/2014	Board Adopts Resolution for Consolidation of Board Election with General Election	5/16/2014	5/16/2014								
5/14/2014	Nipomo's Water Shortage Prompts Board of Directors to Deny Requests for Water	5/16/2014	5/16/2014								
5/14/2014	Board of Directors Receive Certificate of Achievement for Excellence in Financial Reporting	5/16/2014	5/16/2014								
5/14/2014	NCSB Board of Directors Save Customers Money by Deferring Solid Waste Rate Increase	5/16/2014	5/16/2014								

FOR IMMEDIATE RELEASE

Date: May 14, 2014
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 Adopts Resolution for Consolidation of Board Election with General Election

At its May 14th Regular Meeting, the Nipomo Community Services District Board of Directors adopted a resolution to consolidate Board elections with the November 4, 2014 General Election. The Resolution provides for the election of the District's Board of Directors to be included on the County-wide ballot.

Three seats on the five-member Board of Directors will be contested this fall. Each seat is for a four-year term. District residents who are interested in running for the open seat must file an application between July 14 and August 8. Candidates are responsible for all cost associated with filing and running for office.

The District Board of Directors meets twice monthly and sets the policy direction for the District. The Board approves the District's nearly 8 million dollar annual budget and is responsible for hiring and evaluating the District General Manager.

General Manager, Michael LeBrun, stated "the upcoming election is an opportunity for District customers to get involved with their local governance."

Next Scheduled Regular Board Meeting: Wednesday, May 28th, 2014, 9AM, District Board Room 148 South Wilson, Nipomo.

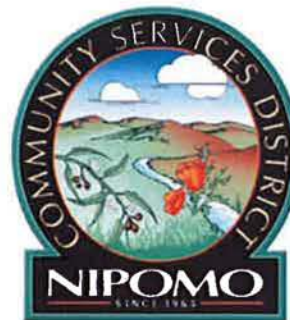
For more information, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

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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: Provide our customers with reliable, quality, and cost-effective services now and in the future.

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Nipomo's Water Shortage Prompts Board of Directors to Deny Requests for Water

On Wednesday, May 14th, the District's Board held their regular meeting at 9AM and denied both Viola Construction's and Steve Soares Trucking's request for water service via a metered hydrant.

Steve Soares Trucking requested water service via a hydrant meter for animal husbandry while Viola Construction requested approximately 8,000 gallons of water via a hydrant meter for a construction project. Both requests were for usage outside the District's service boundary.

The Board recognized both company's needs, but denied the request based on District ordinance which states "water service is limited to parcels within the district boundaries." The ordinance also states "The water shall not be used for irrigation or commercial husbandry or crop growing purposes."

Additionally, these requests were made during a time where the Board is asking all customers to reduce water usage by 20% due to a Stage II drought situation.

Next Scheduled Regular Board Meeting: Wednesday, May 28, 2014, 9AM, District Board Room 148 South Wilson, Nipomo.

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Board of Directors Receive Certificate of Achievement for Excellence in Financial Reporting

At the Wednesday, May 14th Regular Board meeting, the Board of Directors received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.

On March 28, the Government Finance Officers Association notified Nipomo CSD that the District's annual financial report (audit) for 2012-2013 qualified for the Association's Achievement of Excellence in Financial Reporting.

The GFOA's Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Attainment of the Certificate represents a significant accomplishment by a government and its management.

The Association also specifically recognized District Finance Director and 22-year District employee, Ms. Lisa Bognuda with an Award of Financial Reporting Achievement for her instrumental role in the District achieving a level of accounting excellence.

Board President, Craig Armstrong, stated "With my background in finance, I am well aware of how difficult it is to comply with the ever-changing rules and regulations of accounting. District management and especially Ms. Bognuda deserve the community's deep appreciation for the job they are doing."

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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Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov



NCSD Board of Directors Save Customers Money by Deferring Solid Waste Rate Increase

On Wednesday, May 14th, the District's Board held its regular meeting at 9AM and considered South County Sanitary's request for a solid waste rate increase. The Board unanimously agreed to defer the rate increase and not pass this onto NCSD customers.

South County Sanitary Services (SCSS) provides solid waste collection services to District customers under a franchise agreement with the District. Under the agreement, the District is required to administer annual lien process for the collection of delinquent solid waste payments and administer rate proceedings.

SCSS is requesting a 2.05% rate increase across its service area which would cover administrative costs and a landfill expansion. The District will absorb the cost and cover the rate increase by lowering the District's franchise fee to the SCSS. The last rate increase was in February 2013.

General Manager, Michael LeBrun, states "The Board of Directors is compassionate about keeping cost of services to District customers equitable and reasonable."

Next Scheduled Regular Board Meeting: Wednesday, May 28th, 2014, 9AM, District Board Room 148 South Wilson, Nipomo.

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

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Date: May 14, 2014
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



**Supervisor Ray Presents the Certificates of Appreciation for Solid Waste Removal
to the District and Nipomo Chamber of Commerce**

At the Wednesday, May 14th Regular Board meeting, 4th District Supervisor Caren Ray presented Certificates of Appreciation to the Nipomo Community Services District Board of Directors, Nipomo Chamber of Commerce, and Achievement House for the area's successful 'Keep Nipomo Clean' solid waste removal program.

The community clean-up program is funded by a grant from the District, administered by the Chamber, and carried out by Achievement House.

The program began over a year ago when then Chamber President Rudy Stowell and the Olde Towne Nipomo Association approached the Board of Directors with concerns for trash in the streets and common areas of Nipomo. A three-month grant and trial pick up program followed. The program is now well established and highly successful.

Next Scheduled Board Meeting: Wednesday, May 28th, 2014, 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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Report calls for water saving

By Mike Hodgson/mhodgson@theadobepress.com

Immediate water conservation measures must be undertaken to reduce groundwater pumping on the Nipomo Mesa, according to the annual report released by a technical group charged with monitoring the aquifer's health in the Five Cities area.

San Luis Obispo County also must restrict future development on the Nipomo Mesa, according to the Northern Cities Management Area Technical Group's report on the groundwater basin for 2013.

Released April 28, the report is required by the settlement reached some years ago in a lawsuit filed over rights to water in the Santa Maria Valley Groundwater Basin that stretches all the way to Pismo Beach.

The findings and recommendations in the report are the result of well measurements taken and analyzed by the four NCMA Technical Group members — the cities of Arroyo Grande, Grover Beach and Pismo Beach and Oceano Community Services District.

The report noted a "pumping depression," where the groundwater has dropped below sea level, in the Nipomo Mesa Management Area has expanded both west and north toward the Northern Cities Management Area.

The report said that expansion has eliminated the historical divide between the two groundwater subbasins.

"With the loss of this divide there has been a reversal of groundwater gradients and the development of a landward gradient in the southern portion of the NCMA," the report said.

That landward gradient — essentially a west-to-east flow — is not only reducing the safe yield of the aquifer but also creating conditions favorable to seawater intrusion in both subbasins, the report said.

"To mitigate the risk of seawater intrusion and restore the subsurface inflow into the aquifer, immediate conservation measures must be made to reduce demand in the NMMA," the report said.

"Additionally, the County of San Luis Obispo, which possesses land use authority, must restrict any future development that increases water demand in the NMMA."

So far, no seawater intrusion has been detected in wells near the ocean, but the report notes the groundwater level in spring 2013 was only 5 feet above sea level near the shoreline.

By fall, the levels had dropped as little as 2 feet above sea level in some of the shoreline areas, the report said.

Groundwater levels throughout the Northern Cities Management Area were generally 10 to 15 feet lower in spring 2013 than in spring 2012, according to the report.

Pumping depressions were also noted in the Northern Cities area, including a trough detected in spring 2013 along the north side of the basin, which the report attributed to heavier pumping by the cities of Arroyo Grande and Grover Beach.

"In April 2013 municipal groundwater pumpage was increased to replace temporarily unavailable supplies from

Copy of document found at www.NoNewWIPtax.com

Lake Lopez,” the report said.

“As a result, the groundwater level in (a Highway 1 sentry well) declined by as much as 14 feet in seven days and was below sea level for a total of six days,” the report continued.

“The decline in water level due to increased pumpage required almost two weeks to recover to the initial water levels observed prior to the increased pumping.”

Water levels in some agricultural wells in the east central portion of the Northern Cities last fall were found to be almost 7 feet below sea level, the report said.

The report noted that averaging the depth in three deep wells resulted in a 7.5-foot index number that can be used to assess the health of the basin.

From October 2007 to August 2009, the level remained below that 7.5-foot index, and in late 2009 high concentrations of sodium and chloride — indicators of potential seawater intrusion — were detected in two sentry wells.

“This is potentially significant because the measured index level was as much as 6 feet below the index value of 7.5 in April 2013 and remained at or below the index from early June 2013 until mid-December 2013,” the report said.

“Continued average values below the index create a potential environment for increased risk of seawater intrusion.”

Posted Friday, May 16, 2014



[Around The Bay Area](#)
[Too Young To Smoke, But Not To Pick Tobacco](#)



[Local Health Issues](#)
[Meds Can Help Problem Drinkers, But Many Doctors Don't Know That](#)



[2014 California Election Watch \(via KQED\)](#)

Drought

5:44 PM MON MAY 12, 2014

Water challenges are many and diverse on California's Central Coast

By JASON LOPEZ

2:23 4:10

Where does one start with the Central Coast water drought and crisis?

Take your pick says James Caruso, Senior Planner with the Department of Planning and Building of San Luis Obispo County. "There are things that go back all the way to the California Constitution which makes certain types of water demand, which is groundwater, very difficult to regulate - impossible to regulate." Over time, with a patchwork of water districts, private wells, and for-profit companies offering water from the same aquifers, "you do that long enough as your pumping grows and grows and you reach a problem like we have in several of our basins."



http://mediad.publicbroadcasting.net/p/kcbx/files/201405/rain_barrels.jpg

Rain barrels capture rainwater from roof runoff to use for irrigation or other non-potable needs
Credit Flickr member FireballSedai

In Cambria water has always been an issue. There is no access to it other than what's under the town. The Cambria Community Services District hasn't issued a new water meter for a new house in more than a decade. Having a meter means having a right to be connected to District water. Existing meters become available when a house is demolished and can fetch as much as \$250,000. There is a long waiting list. The drought only makes the situation more extreme. Groundwater under Cambria is being exhausted. Many people flush toilets with collected water from their rain gutters as well as from buckets in the shower. Water conservation is being enforced with punitive rates for using more than allotted by the District.

Paso Robles was momentarily headed toward an Old West water conflict between agriculture and homeowners. There are still people willing to go to court to essentially stake their water claim. But a bill in the state legislature to create a Paso Robles water district, supported by farmers and homeowners, appears to be the best chance for the region to manage and conserve water. The wine industry, which has helped to turn the area's fortunes around, is riding on the availability of water.

Nipomo is another town with no alternative source of water other than it's wells. The aquifer under the mesa has been in danger of depletion as well as being poisoned by

saltwater for two decades. In the early 1990s residents voted down a proposal to connect to a state water project. Two years ago, Nipomo voters rejected a property tax hike to pay for a pipeline from Santa Maria. Michael Lebrun, the General Manager of the Nipomo Community Water Services District, says the district moved forward in its mandate to acquire additional water. One of the key aspects of his job is to do outreach to Nipomo residents to talk about using less water and to deliver the news of rate increases to pay for the pipeline.

In Los Osos, where many of the residents are served by the Golden State Water Company, some customers are angry about steep water bills. They have formed a group called Los OsosFLOW, after a similar one named OjaiFLOW. That group in Ojai recently won a court decision against Golden State Water to purchase its assets and create a new water district. But Golden State Water maintains that water bills reflect the real costs of providing water.

These are just a few of the pain points on the central coast where solutions that please everyone are elusive.

"Water is an emotional thing," says Dana Merrill, owner of Pomar Junction Winery in Templeton, and board member of the Paso Robles Agriculture Alliance for Groundwater Solutions. "It's not about who had the water first or who should get it. We all need water and we have to figure it out together."

1 Comment KCBX

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Join the discussion...



samrivers · 21 hours ago

It's inaccurate to say that the California Constitution makes it difficult to regulate groundwater. Historically, the problem has been a spineless group of elected officials at both the State and local level.

Reply · Share

ALSO ON KCBX

WHAT'S THIS?

Riot breaks out at Deltopia in Isla Vista, 26 hospitalized

1 comment · a month ago



Pillsbury Pancakes — Maybe if the police don't act like it's a police state in isla vista these tensions ...

Fast-moving fire forces evacuations near Lompoc

1 comment · 16 hours ago



FireBlogger — Tanker 910 is worth the price paid to have it on scene, even on initial attack.

Curb scam hits Paso Robles neighborhoods

1 comment · 2 months ago



Edward Acuna — Many of my neighbors agreed to have their curbs painted w/address. They ...

"The Discussion" End of life decisions

2 comments · 2 months ago



groundgivesway — I'm listening in now. Such a great program today! - Leilani Maxera

NCS D talks about water rate increases

By Mike Hodgson/mhodgson@theadobepress.com

About 30 residents turned out this week to hear about the Nipomo Mesa's water and why they'll soon be asked to pay more for it.

The workshop at Blacklake was the first of two presented Monday, May 5, by Nipomo Community Services District as it prepares two potential rate increases.

"What the board wants to do is get out in the community, get the citizens onboard and answer some of their questions about the rates," NCS D General Manager Michael LeBrun told the audience.

The district has already approved 9.5-percent rate increases that take effect this November and November 2015 to cover ordinary operating and replacement costs.

The proposed new increases are separate from those and aimed at specific goals.

Most of the residents who offered opinions didn't question the reasons behind the increases.

But they did object to inequities in who will pay more for water and why the root causes haven't been addressed.

LeBrun said NCS D directors will consider the comments when they discuss the proposed rates Wednesday, May 14.

At that meeting, set for 9 a.m. in the board room at 148 S. Wilson St., directors plan to define a rate-setting schedule.

"The earliest a rate hearing would be held would be late July or August, just because of the process required," LeBrun said.

That process involves public votes mandated by Proposition 218 anytime a public agency wants to raise or add taxes or fees.

Drought rates

NCS D currently has a four-tier rate schedule, with those in the top tier of water use paying the most. But the district is considering "drought rates" that would charge even more per unit as the use rises.

The rates are being proposed as the district anticipates a stage 3 "severe shortage" will be declared by the Nipomo Mesa Management Area Technical Group when it releases a report on water levels in eight "key wells" later this month.

If that happens, NCS D and three other Nipomo Mesa water purveyors have agreed to reduce the amount of water they pump by 30 percent.

NCS D's tiered drought rates are intended to accomplish that by assuming customers will use less water to

avoid paying higher bills.

“When you talk about reducing water use 30 percent, I think most residents can do that,” said Craig Armstrong, NCSD board president.

Engineer Clayton Tuckfield of Tuckfield and Associates, who is developing the rates, noted it’s a difficult process because when rates rise, revenue goes down because the district sells less water, yet some costs increase.

So setting the rates requires balancing a number of variables, some of which are unknown, to keep district finances in the black, he said.

LeBrun noted it will be up to the other water purveyors — Golden State Water Co., Rural Water Co. and Woodlands Mutual Water Co. — to decide how they will meet the 30-percent reduction.

But he noted there is no way to require the owners of more than 1,000 private wells to reduce their pumping.

Supplemental water rates

NCSD is also thinking about tacking a fee onto water rates to cover the cost of building a pipeline to deliver water from Santa Maria as well as the cost of the water itself.

Already under construction, the pipeline is part of a court-approved settlement in a groundwater rights lawsuit that requires the four water purveyors to bring in supplemental water to offset overpumping.

NCSD is taking the lead on the project, and the other three purveyors have agreed to pick up their share of the cost — a combined total of about 33 percent.

But LeBrun said there is no legal way to have private well owners contribute to the pipeline, even though they will benefit from it.

That didn’t sit well with some.

“So we’re subsidizing the farmers, and that’s not right,” said resident Jim Gallagher. “I don’t have any issues with (the district) being proactive. I have issues with subsidizing the farmers and not getting compensated.”

NCSD Director Jim Harrison said the blame for overpumping the basin doesn’t lie with farmers.

“The problem was not caused by landowners,” he said. “The problem was caused by development.”

That prompted residents to question why NCSD is still approving water connections, the county is still approving development and new developments aren’t paying for the pipeline.

LeBrun said the district is working with the county to limit development, but if new projects are approved, NCSD has a certain obligation to serve them.

He also said since 2005, new customers have been paying supplemental water charges that have covered the \$5 million the district already has invested in the project.



.com

NCSD discusses water rate increase

Workshops explain how they'll address drought conditions



MAY 08, 2014 12:45 AM • MIKE

HODGSON/MHODGSON@SANTAMARIATIMES.COM

About 30 residents turned out this week to hear about the Nipomo Mesa's water and why they'll soon be asked to pay more for it.

The workshop at Blacklake was the first of two presented Monday by Nipomo Community Services District as it prepares two potential rate increases.

"What the board wants to do is get out in the community, get the citizens onboard and answer some of their questions about the rates," NCSD General Manager Michael LeBrun told the audience.

The district has already approved 9.5-percent rate increases that take effect this November and November 2015 to cover ordinary operating and replacement costs.

The proposed new increases are separate from those and aimed at specific goals.

Most of the residents who offered opinions didn't question the reasons behind the increases.

But they did object to inequities in who will pay more for water and why the root causes haven't been addressed.

LeBrun said NCSD directors will consider the comments when they discuss the proposed rates May 14.

At that meeting, set for 9 a.m. in the board room at 148 S. Wilson St., directors plan to define a rate-setting schedule.

"The earliest a rate hearing would be held would be late July or August, just because of the process required," LeBrun said.

That process involves public votes mandated by Proposition 218 anytime a public agency wants to raise or add taxes or fees.

Drought rates

NCSD currently has a four-tier rate schedule, with those in the top tier of water use paying the most. But the district is considering "drought rates" that would charge even more per unit as the use rises.

The rates are being proposed as the district anticipates a stage 3 “severe shortage” will be declared by the Nipomo Mesa Management Area Technical Group when it releases a report on water levels in eight “key wells” later this month.

If that happens, NCSD and three other Nipomo Mesa water purveyors have agreed to reduce the amount of water they pump by 30 percent.

NCSD’s tiered drought rates are intended to accomplish that by assuming customers will use less water to avoid paying higher bills.

“When you talk about reducing water use 30 percent, I think most residents can do that,” said Craig Armstrong, NCSD board president.

Engineer Clayton Tuckfield of Tuckfield and Associates, who is developing the rates, noted it’s a difficult process because when rates rise, revenue goes down because the district sells less water, yet some costs increase.

So setting the rates requires balancing a number of variables, some of which are unknown, to keep district finances in the black, he said.

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2014 Website Traffic Summary

Week	Visits	Unique Visitors	Pageviews	Pages/Visit	Avg. Visit Duration	Bounce Rate	% New Visits	Highest Traffic Day	Significant Actions During the Week Possibly Contributing to Traffic
12/30/13 - 1/5/14									GA Data Error
1/6/14 - 1/12/14									GA Data Error
1/13/14 - 1/19/14									GA Data Error
1/20/14 - 1/26/14									GA Data Error
1/27/14 - 2/2/14									GA Data Error
2/3/14 - 2/9/14									GA Data Error
2/10/14 - 2/16/14									GA Data Error
2/17/14 - 2/23/14									GA Data Error
2/24/14 - 3/2/14									GA Data Error
3/3/14 - 3/9/14									GA Data Error
3/10/14 - 3/16/14									GA Data Error
3/17/14 - 3/23/14									GA Data Error
3/24/14 - 3/30/14									GA Data Error
3/31/14 - 4/6/14	237	189	688	2.9	0:03:38	46.84%	72.57%	Fri 4/4	Announcement of Board meeting, New website launch
4/7/14 - 4/13/14	344	259	880	2.56	0:02:38	50.58%	62.50%	Tue 4/8	Board meeting, Water shortage press release, Accounting award press release
4/14/14 - 4/20/14	330	261	878	2.66	0:02:55	41.82%	64.55%	Fri 4/18	Announcement of Board meeting, clean-up week ad
4/21/14 - 4/27/14	393	305	985	2.51	0:02:47	44.02%	65.14%	Mon 4/21	Board meeting, public meeting ad
4/28/14 - 5/4/14	329	268	807	2.45	0:02:43	45.90%	64.44%	Mon 4/28	Public meeting ad
5/5/14 - 5/11/14	428	326	1094	2.56	0:03:07	39.72%	61.68%	Mon 5/5	Announcement of Board meeting, public meeting re water shortage and rates, press release on declaration of stage II drought
5/12/14 - 5/18/14	433	344	1084	2.5	0:02:17	36.95%	67.44%	Mon 5/12	Board meeting; press releases
5/19/14 - 5/25/14									
5/26/14 - 6/1/14									

2014 Email List (Subscriber) Summary

Week	New Subscribers	Un-subscribed	Total Subscribed	# of Campaigns Sent	% Opened	% Clicked	Campaigns
3/31/14 - 4/6/14	2	4	210	1	38.80%	13.90%	Regular Board Meeting 4/9/14
4/7/14 - 4/13/14	2	0	212	1	36%	12.40%	Personnel Committee Meeting
4/14/14 - 4/20/14	3	0	215	1	33.10%	16.30%	Regular Board Meeting 4/23/14
4/21/14 - 4/27/14	1	0	216	0			
4/28/14 - 5/4/14	0	0	216	0			
5/5/14 - 5/11/14	5	1	220	2	33.3% 29.7%	11.1% 12.6%	Finance and Audit Committee Meeting, Regular Board Meeting 5/14/14
5/12/14 - 5/18/14	2	1	221				
5/19/14 - 5/25/14							
5/26/14 - 6/1/14							
6/2/14 - 6/8/14							
6/9/14 - 6/15/14							
6/16/14 - 6/22/14							
6/23/14 - 6/29/14							

MAY 28, 2014

ITEM F

ATTACHMENT B

AGENDA

Dan Buckshi
County Administrator



BOARD OF SUPERVISORS

Frank R. Mecham, Vice-Chairperson, 1st District
Bruce Gibson, Chairperson, 2nd District
Adam Hill, 3rd District
Caren Ray, 4th District
Debbie Arnold, 5th District

Tuesday, May 20, 2014

CONSENT AGENDA

9:00 AM

REVIEW AND APPROVAL

PRESENTATIONS

PUBLIC COMMENT PERIOD

BOARD BUSINESS

CLOSED SESSION

RECESS

AFTERNOON SESSION

1:30 PM

REPORT ON CLOSED SESSION

HEARINGS

BOARD BUSINESS

ADJOURNMENT

5:00 PM

- The Board of Supervisors' weekly agenda and staff reports are available at the following website: www.slocounty.ca.gov. Packets are also available at the County Government Center and may be viewed on-line at the Atascadero, Arroyo Grande, Paso Robles, Nipomo, Morro Bay, SLO City/County Libraries and the SLO Law Library.
- All persons desiring to speak on any Board item, including the Consent agenda, Closed Session or during the general public comment period are asked to fill out a "Board Appearance Request Form" and submit to the Clerk of the Board *prior* to the start of the Board item. Each individual speaker is limited to a MAXIMUM of three (3) minutes.
- Please refer to the information brochure located in the back and outside of the Board Chambers for additional information regarding accommodations under the Americans with Disabilities Act, supplemental correspondence, and general rules of procedure.

9:00 FLAG SALUTE

CONSENT AGENDA – REVIEW AND APPROVAL

The items listed on this portion of the agenda are scheduled for consideration as a group. The staff recommendations will be approved as outlined within the staff report. Any Supervisor may request an item be withdrawn from the Consent Agenda to permit discussion or change the recommended course of action for an item.

Items Set for Hearing:

1. Introduction of an ordinance adding a new Title of the San Luis Obispo County Code, requiring the filing of campaign statements and reports solely in electronic form, including certain exemptions. Hearing date set for June 3, 2014. All Districts.
2. Request to set a hearing to consider the Temporary Commercial Outdoor Entertainment License Application by Forever Never Land, LLC. Hearing date set for June 3, 2014. District 3.

Bid Opening:

3. Letter transmitting plans and specifications (Clerk's File) for removal and replacement of the security fence at the Lopez Water Treatment Plant, Arroyo Grande, for Board approval and advertisement for construction bids. Bid opening date set for Thursday, June 19, 2014. Districts 3 and 4.
4. Request to authorize a budget adjustment in the amount of \$650,000 from FC 305- Parks Project Reserves to FC 230- Capital Projects to fund repairs of the Cayucos Pier; transmit plans and specifications (Clerk's File) for approval and advertisement for construction bids. Set bid opening date of July 10, 2014. District 2.

Consent Agenda - Auditor - Controller - Treasurer - Tax Collector Items:

5. Submittal of a resolution to change officers authorized to direct the transfer of Tobacco Settlement Funds. All Districts.
6. Submittal of a resolution to change the composition of the Debt Advisory Committee membership due to the consolidation of the Offices of the Auditor-Controller and Treasurer-Tax Collector. All Districts.
7. Request to approve a tipping fee increase to the Public and Commercial rates, proposed by Chicago Grade Landfill. Districts 1 and 5.

Consent Agenda - Clerk-Recorder Items:

8. Request to declare the results of the May 6, 2014 Special Tax Election held in the Leonard Place Road Improvement Zone of County Service Area No. 21. District 2.

Consent Agenda - General Services Agency Items:

9. Request to approve a concession contract with EcoLearn LLC dba Vista Lago Adventure Park for the construction and operation of an aerial challenge course concession at Lopez Lake Recreational Area. District 4.
10. Submittal of a resolution accepting a grant award up to \$350,000 from the California Coastal Conservancy for the purpose of improving public coastal access at Pirates' Cove and the Cave Landing area, near Avila Beach, and request to authorize a corresponding budget adjustment in the amount of \$350,000 from unanticipated revenues to Fund Center 230- Capital Projects to construct Cave Landing Trail. District 3.

11. Submittal of a resolution to initiate proceedings for the dissolution of San Luis Obispo County Service Area No. 17 in California Valley and to designate the remaining fund balance be used for public facilities in or within 10 miles of the service area; and authorize a budget adjustment of approximately \$105,000 for repairs to the Simmler Community Building located at 10750 Carrisa Highway in Simmler. District 5.
12. Request to approve a resolution to surplus and transfer ownership of 335 computer workstations: 235 to Cuesta College and 100 to the Lucia Mar Unified School District for educational purposes. All Districts.

Consent Agenda - Public Works Items:

13. Submittal of right of way documents accepting conveyance from SLO Buckley Properties, LLC, and from Dolphin Investments for the Buckley Road Widening Project, San Luis Obispo. District 3.
14. The following parcel map has been received and has satisfied all the conditions of approval that were established at the public hearing for Parcel Map CO 11-0022, a proposed subdivision resulting in 2 lots by Nancy Jayne Cherry and Barbara Irene Condon, Trustees of the Jack G. and Marjorie M. Allen Living Trust, Templeton, District 1.
15. Request for authorization of a Change Order for the Project Collection System Areas B & C Contract in the amount of \$180,000 for additional collection system work, Los Osos Wastewater Project, Los Osos. District 2.
16. Request to approve Amendment No. 6 to a Cooperative Funding Agreement with San Luis Obispo Council of Governments; authorize a budget adjustment, in the amount of \$165,000 to increase the appropriation and associated funding for "Cambria and Nipomo Park and Ride Lots" and \$200,000 to increase the appropriation and associated funding for "Price Canyon Road Phase II" for a total budget adjustment of \$365,000. Districts 2, 3 and 4.

Consent Agenda Public Works - Board Sitting as Flood Control District:

17. Submittal of a resolution to levy assessments for Flood Control Zone 4 (Santa Maria River Levees). District 4.

Presentations:

18. Presentation of Richard J. Weyhrich Leadership Scholarship awards to students. All Districts.

Public Comment Period:

19. The general public comment period is intended to provide an opportunity for members of the public to address the Board on matters within the Board's purview that are not scheduled on the current agenda. Individuals interested in speaking are asked to fill out a "Board Appearance Request Form" and submit it to the Clerk of the Board prior to the start of general public comment. When recognized by the Chair, each individual speaker may address the Board and is limited to a MAXIMUM of three (3) minutes or a reasonable period of time as determined by the Board Chairperson.

Board Business:

20. Submittal of the Fiscal Year 2013-14 Third Quarter Financial Report. All Districts.
21. Review a request by the Land Conservancy of San Luis Obispo for \$1,000,000 of Park Public Facility Fees to assist in the purchase of the Pismo Preserve and approve a budget adjustment in the appropriate amount from Park Public Facility Fee Fund Center (FC) 247 to Parks Land Fund Center (FC) 30504. District 3.

RECESS1:30 REPORT ON CLOSED SESSIONHearings:

22. Hearing to consider an amendment to the Growth Management Ordinance, Title 26 of the County Code, to update the fiscal year references for the maximum number of new dwelling units allowed for the Nipomo Mesa area for Fiscal Year 2014-15; exempt from the California Environmental Quality Act (CEQA). District 4.

Board Business:

23. Annual review of County Growth Rate in accordance with Title 26 of the County Code, Growth Management Ordinance and submittal of a resolution approving the annual growth rate for the unincorporated areas of the county. All Districts.
24. Consideration of a request to authorize processing of possible amendments to the County Code and related amendments to the Conservation and Open Space, Agriculture and other elements and policies of the County General Plan in order to implement countywide water resource policies and strategies, as follows: 1) establish special growth limitations in the Growth Management Ordinance (Title 26), 2) increase minimum parcel sizes for new land divisions (Titles 22 and 23), 3) merge substandard parcels (Titles 21 and 22), and 4) apply the Transfer of Development Credits (TDC) program to constrained groundwater basins (Title 22). All Districts.
25. WEEKLY REPORT OF ENVIRONMENTAL DOCUMENTS AVAILABLE FOR REVIEW

The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by the County, so that environmental considerations become a part of the decision making process. The following is a summary of the most recent determinations made by the County's Environmental Coordinator. The purpose of this listing is to notify the public of pending actions, which may affect the environment of San Luis Obispo County.

You are invited to participate in this process by reviewing and providing comments on the recommendations of the Environmental Coordinator. Your comments should be in writing and should be delivered to: Ellen Carroll, Environmental Coordinator, Department of Planning and Building, 976 Osos Street, Room 300, San Luis Obispo, Ca 93408-2040. For more information about the environmental review process, please write

to the address above, call the Environmental Division of the Department of Planning and Building at (805) 781-5600, or review the environmental determination and other information on our website located at www.sloplanning.org.

Proposed Negative Declarations

A Negative Declaration is issued for projects that would not result in significant effects on the environment. In many cases, the project applicant has added mitigation measures to the project to reduce environmental impacts in order to qualify for a Negative Declaration. If you disagree with the issuance of a proposed Negative Declaration, you may provide comments or file a Request for Review (appeal) of the Negative Declaration. Requests for Review must be filed within two weeks of the date that the proposed Negative Declaration is posted and must address only environmental issues. There is a fee for the request. If you would like more information about this process, please contact the Environmental Coordinator.

For Week of May 15, 2014

San Miguel Area

Vargas Minor Use Permit. Request by Pedro Vargas to allow a 3,000 square foot (sf) wine processing facility. The project will result in the disturbance of approximately 4,275 sf on a 17.71 acre parcel. No special events and no public tasting are proposed. Wine production is estimated at 5,000 cases per year. The applicant requests a waiver of the minimum 200 foot setback to property line requirement to allow a 50 feet (rear) setback. The proposed project is within the Agriculture land use category and is located at 950 Indian Dunes Rd. (private road), approximately 1,500 feet north of Pear Valley Way, approximately 2 miles west of San Miguel. The site is in the Salinas River planning area. ED13-093 (DRC2013-00006)

MAY 28, 2014

ITEM F

ATTACHMENT C

CalPERS EMPLOYER NEWS

Spring 2014

- 2 CIO Joe Dear Passes

- 3 2013 Investment Returns

- 4 CalPERS Benefits Education Events

- 7 Board of Administration Election Results

- 8 Prepare Your Employees for the Unexpected

- 10 Employer Education & Events

Find CalPERS Annual Financial Reports Online

You and your employees can easily access annual financial reports that detail the financial status of CalPERS pension plans and the plans of CalPERS contracting public agencies including cities, counties and special districts.

The 2013 Comprehensive Annual Financial Report (CAFR) features CalPERS key financial and investment programs including relevant actuarial and statistical data with the Fiscal Year ending June 30, 2013.



Key findings from the 2013 CAFR include:

The Public Employees' Retirement Fund (PERF) was funded at 69.6 percent, based on the actuarial value of assets as of June 30, 2012, the date of the most recent actuarial valuation. The PERF is the main pension trust fund in which CalPERS retirement benefits are paid.

The CalPERS PERF earned a net of 13.2 percent return for the 2012-13 Fiscal Year with strong results in the global equity markets and a rejuvenated real estate portfolio that contributed to the performance.

CalPERS negotiated nominal health care cost increases from 2.7 to 5.3 percent in 2012 that resulted in a savings of

more than \$104 million including \$50 million in savings for the State General and Special Funds.

While the CAFR sets the foundation of the multifaceted Pension Fund, specific information relating to each CalPERS contracting public agency is listed in the Public Agency Valuation Reports. These reports detail the financial status of more than 2,000 contracting public agency pension plans and establish employer contribution rates for the 2014-15 Fiscal Year.

Copies of these reports can be found in the Forms & Publications Center of the CalPERS website at www.calpers.ca.gov.





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twitter.com/calpers

[youtube.com/user/CalPERSNetwork](https://www.youtube.com/user/CalPERSNetwork)



Going Green—You Can Help

CalPERS promotes environmental responsibility by providing digital publications, thus reducing the environmental impacts of printing, processing and delivery.

We encourage you to "Go Green" by accessing employer forms and publications at www.calpers.ca.gov

Publications available include CalPERS Circular Letters, actuarial reports and legislation information.

CalPERS *Employer News* is published quarterly by the External Affairs Branch of the California Public Employees' Retirement System.

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888 CalPERS (or 888-225-7377)



Printed at CalPERS



Chief Investment Officer Joseph Dear Passes

With great sadness, we announce the passing of Joseph A. Dear, our Chief Investment Officer.

Joe succumbed to prostate cancer this past February after taking leave from running the CalPERS Investment Office. Words cannot express the loss that the CalPERS family feels at this time. Joe was an invaluable member of the CalPERS Executive Team, an incredible leader of our Investment Office, and a good friend to all those who knew and worked closely with him. We will miss Joe, his passion for excellence in performance and his sharp wit and humor. Joe is survived by his wife, Anne Sheehan, and his children, Annie and Ben.

Joe was born in 1951 in Washington, D.C. and studied at The Evergreen State College in Olympia, WA. It was there he cultivated his passion for both the Cascade Mountains and for making government work better through innovative public policy and sheer force of will.

Joe was hired by the CalPERS Board of Administration in 2009 when the financial industry was suffering from the global meltdown that led to the Great Recession and a loss of one fourth of CalPERS portfolio assets. Joe guided the largest public pension fund portfolio in the nation to recoup all financial losses and reach new heights of more than \$283 billion in assets.

Ted Eliopoulos, our Senior Investment Officer for Real Estate, will continue as the Interim Chief Investment Officer until the CalPERS Board of Administration announces the search for a new Chief Investment Officer.

16.2

CalPERS Investments Earn 16.2 Percent in 2013

The CalPERS pension fund earned a 16.2 percent return for the 2013 calendar year. This return was led by strong gains in our global stock, private equity and real estate portfolios.

Global equity, made up of U.S. and foreign stocks, led with a 25.6 percent gain. Private equity, investments in private companies not listed on a stock exchange, returned 19.1 percent. Real assets, including real estate holdings such as apartment and office buildings, turned in an 11.1 percent return.

Even with these strong numbers, keep in mind that CalPERS is a long-term investor. That means that any one-year positive—or negative—investment return alone does not give an accurate snapshot of the long-term health of the Pension Fund.

To get a useful snapshot of investment performance, you must look at returns for longer time periods. CalPERS investments have grown by 10.9 percent during the past five calendar years and by 7.9 percent during the last 20 years. Our experts predict that we need a yearly return of 7.5 percent for the Pension Fund to be healthy. Clearly, 2013 was another step in the right direction.

Returns by Asset Class 2013 Calendar Year

Growth	24.4%
Global Equity	25.6%
Private Equity	19.1%
Fixed Income	(4.0)%
Real Assets	11.08%
Real Estate	11.7%
Liquidity	(1.5)%
Inflation-Linked Securities	(4.8)%
Hedge Funds	9.2%

Keep Your Employees' Addresses Current

We have contacted all active CalPERS members to ask if their mailing addresses on file with their employers are up-to-date. As a result, some of your employees may be contacting your human resources department to check their addresses on file.

Take a few minutes to update your employee mailing addresses to ensure that important CalPERS correspondence reaches them in a timely manner.

Welcome New CalPERS CERBT Fund Agencies

The Upper San Gabriel Valley Municipal Water District became the 400th local government employer to contract with CalPERS to prefund health care obligations to public employee retirees.

CalPERS welcomes the following employers who signed new contracts for the CalPERS Retirement Program and California Employers' Retiree Benefit Trust (CERBT) Fund during 2013-14 Fiscal Year.

CERBT has established contractual relationships with:

- City of Sacramento
- Menlo Park City School District
- Sausalito-Marín City Sanitary District

Visit www.calpers.ca.gov for more information on the CERBT Fund and CalPERS Retirement Programs.

MAY 28, 2014

ITEM F

ATTACHMENT D



Mission Springs Water District: Court Decision Reaffirms Rate-Setting Powers of Water Districts

By Arden Wallum and John Pinkney

Mission Springs Water District ("MSWD" or "District")— encompassing North Palm Springs, Desert Hot Springs and some unincorporated areas of Riverside County — experienced robust growth for a decade until 2007.

During the growth spurt, MSWD significantly expanded its facilities to keep up with the demand created by nearly \$1 billion in new development and construction. In less than five years, MSWD's assets grew from \$90 million to over \$150 million as the District built new infrastructure to keep up with increased demand.

But the Great Recession stopped economic momentum in MSWD's service area almost overnight. MSWD's revenues declined by millions, but the District still had to maintain its new and expanded infrastructure. On top of that, regulations requiring a new solids removal and treatment process in one of the District's production wells added nearly \$1 million annually to operating costs.

Like other public agencies in California, MSWD quickly found itself facing a challenging position. The District aggressively cut costs — including staff layoffs, a salary freeze and other measures — to reduce operating expenses. But it was not enough and raising water and sewer rates became inevitable.

So MSWD initiated and completed a Prop 218 rate increase process and held eight public meetings to garner extensive community input. Most of the meeting participants supported the proposed rate increase, and less than 0.2 percent of those receiving rate increase notices objected to the proposed new rates. Even the local daily newspaper publically endorsed the proposal.

MSWD maintained some of the lowest rates in the region, even after the rate increase went into effect at the start of 2011.

After the new rates were implemented, a small group began circulating petitions to place initiatives on an upcoming ballot that would reduce MSWD's revenues by as much as 40 percent. One of the initiatives' proponents made comments to the local press that the initiatives were intended to force MSWD into insolvency with the intent the District would then be taken over by neighboring agencies.

MSWD's financial analysis concluded that the District would be rendered insolvent and unable to continue providing water and sewer services if voters approved the initiatives. The MSWD board and its general manager had serious concerns not only about the impact of the initiatives themselves, but also about whether a small group of voters could misuse the initiative process as a means to drive a public agency into insolvency.

Consequently, MSWD evaluated its legal options. One concern was that the initiatives violated the mandates of

California Water Code section 31007, which requires that water rates be set at levels that are sufficient to cover the cost of providing services, service debt and set aside reasonable reserves. Amid an election year, the MSWD board made the politically difficult decision to file a lawsuit challenging the legality of the initiatives on several grounds.

The initiatives' proponents, via representation from the the Howard Jarvis Taxpayers' Association, responded to MSWD's lawsuit by filing a demurrer and a SLAPP motion. Jarvis argued that MSWD had acted without legal authority in failing to place the initiatives on the ballot and argued that the initiatives could not be challenged before the election. MSWD countered that there is no constitutional right to place an unlawful measure on the ballot and the District further argued that post-election initiative challenges that result in successful measures being overturned by courts have the tendency to erode voter confidence. Accordingly, MSWD argued that where a ballot initiative contains serious legal flaws, the better approach is to permit pre-election judicial review of the initiatives. The trial court ruled in favor of MSWD on both the demurrer and SLAPP motion, and thus, refused to dismiss MSWD's lawsuit.

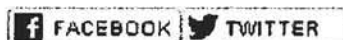
In response, Jarvis filed an appeal with the Fourth District Court of Appeal, which ruled that a measure may be kept off the ballot if it represents an effort to exercise a power which the electorate does not possess. The Court of Appeal agreed with MSWD's position that the initiative proponents lacked the power to exempt themselves from the requirements of Water Code Section 31007.

Thereafter, Jarvis filed a petition for review with the California Supreme Court, which was denied. As a result, the Fourth District Court of Appeal's published opinion remains good law. (See *Mission Springs Water District v. Verjil* (2013) 218 Cal.App.4th 892.)

The case presented some fascinating constitutional issues, primarily whether a group of local voters may rely on the constitutional right of initiative to essentially override a state statute mandating that water rates be set at a minimum level. The Jarvis organization argued to the Fourth District that initiatives could be used to involuntarily bankrupt a public agency. Based on the court's published decision, the answer is clearly that the initiative power has limitations and that when voters step into the shoes of a local agency's legislative body to pass an initiative, the voters are subject to the same laws and limitations as the legislative body.

This may just be the beginning of a long battle between public agencies and taxpayer organizations. In fact, at least one lawsuit similar to the one filed by MSWD has already been filed. How the decision in that case, and others that may follow, impacts the decision in *Mission Springs Water District vs. Verjil* remains to be seen.

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MAY 28, 2014

ITEM F

ATTACHMENT E

Michael LeBrun

From: cberg@co.slo.ca.us
Sent: Wednesday, May 21, 2014 11:35 AM
Subject: Summary of Results from 5/7 IRWM RWMG Meeting - Approved IRWM Drought Grant Application Suite of Projects
Attachments: 20140507 IRWMP_RWMG Mtg Results.pdf

Hello IRWM Regional Water Management Group (RWMG) Members, WRAC Members, and Interested Stakeholders,

Thank you to those who participated in the May 7th RWMG meeting to approve a drought grant application project list! Below is a brief summary of the results and next steps.

As a reminder, Senate Bill 104 appropriated \$200M of existing Proposition 84 IRWM grants to be awarded by the Department of Water Resources (DWR) in an expedited drought relief funding round (via a Statewide competition, rather than the typical Funding Area competition). This is a highly competitive grant application, where DWR will award grant funding to help meet the State's most critical impacts of the current drought.

Local Project Solicitation for 2014 IRWM Drought Grant

The District hired Carollo Engineers to conduct a local drought project solicitation and review, and to develop necessary grant application documents for approved projects. The local drought project solicitation closed on Friday, April 25th. 18 projects and programs were submitted, which are posted at:

<http://www.slocountywater.org/site/Frequent%20Downloads/Integrated%20Regional%20Water%20Management%20Plan/Grant%20Applications/PROP%2084%20Drought%20Grant/>

Approval of the 2014 IRWM Drought Grant Application Suite of Projects

- **RWMG** - On May 7th the RWMG approved (with a 14-0-2 vote) the five projects and estimated grant funding allocation at a maximum, understanding that if project(s) are unable to provide necessary documents for the team to develop the grant application, that project(s) may be removed from the application. The intent is to only submit a highly competitive regional application.
- **WRAC** - On May 7th the Water Resources Advisory Committee (WRAC) supported the RWMG's approved drought grant application project list and recommended that the District Board of Supervisors approve that list and submittal of a regional grant application.
- **District Board** - On June 17th District Staff intends to go to the District Board of Supervisors (RWMG Lead Agency) for authorization to submit the regional grant application. At that meeting, Staff will provide an overview of the eligibility requirements and deadlines, including the need to submit a final IRWM Plan by or before the grant application deadline (tentatively July 1st).

2014 IRWM Drought Grant Application Project List & Grant Allocation (scored suite of projects attached)

NOTE: These are initial project costs and grant allocations, to be finalized as the team works with Project Sponsors over the next two months.

Project	Estimated Project Cost	Drought Funding Allocation in Application
CSA 23-Atascadero-Garden Farms Emergency	\$1,930,000	\$1,450,000
Heritage Ranch CSD Emergency Turnout	\$150,000	\$112,500
Cambria CSD Emergency Water Supply	\$5,000,000	\$3,750,000
San Simeon Small Scale Recycled Water	\$1,728,120	\$1,296,090

Salinas-Nacimiento-CMC Emergency Intertie	\$4,050,000	\$3,040,000
TOTAL GRANT FUNDING for SLO Co IRWM Region Drought Grant Application		\$9,648,590

2014 IRWM Drought Grant State Guidelines

DWR published draft expedited drought grant solicitation requirements on April 3rd (<http://www.water.ca.gov/irwm/grants/implementation.cfm>). The CCFA and District submitted comments on behalf of the region before DWR's May 15th deadline. Grant applications are expected to be due in early July 2014. DWR anticipates publishing draft awards in September 2014.

Thank you for your continued support and interest in the IRWM Program!

Carolyn

Carolyn Berg, P.E.
County of San Luis Obispo, Department of Public Works
Utilities Division Staff Engineer

[Scanned @co.slo.ca.us]

Summary of RWMG Approved Suite of Projects

Project	Meets IRWM Objectives & Goals	Proposal Specific Project Assessment Criteria and Score	Score	Project Cost	P84 IRWM Drought Grant Request Amount	Other Potential Funding Sources (see end notes)	Recommended Drought Funding in Application
CSA 23-Atascadero-Garden Farms Emergency	Yes	Human Right to Water - 1 Readiness to Proceed - 3 Drought Mitigation - 3 Community At Risk of Meeting Drinking Water Demand - 3	10	\$1,930,000	\$1,450,000	Not applicable	\$1,450,000
Heritage Ranch CSD Emergency Turnout	Yes	Human Right to Water - 1 Readiness to Proceed - 3 Drought Mitigation - 3 Community At Risk of Meeting Drinking Water Demand - 3	10	\$150,000	\$112,500	Not applicable	\$112,500
Cambria CSD Emergency Water Supply	Yes	Human Right to Water - 1 Readiness to Proceed - 2 Drought Mitigation - 3 Community At Risk of Meeting Drinking Water Demand - 3	9	\$5,000,000	\$3,750,000	Not applicable	\$3,750,000
San Simeon Small Scale Recycled Water	Yes	Human Right to Water - 1 Readiness to Proceed - 2 Drought Mitigation - 3 Community At Risk of Meeting Drinking Water Demand - 3	9	\$1,728,120	\$1,296,090	Not applicable	\$1,296,090
Salinas Nacimiento Emergency Intertie	Yes	Human Right to Water - 1 Readiness to Proceed - 1 Drought Mitigation - 3 Community At Risk of Meeting Drinking Water Demand - 3	8	\$4,050,000	\$3,040,000	Not applicable	\$3,040,000
Total Recommended Grant Funding for SLO Co IRWM Region Drought Grant Application							\$9,648,590

5.7.2014 RWMG Meeting Results