

*John*

# NIPOMO COMMUNITY SERVICES DISTRICT AGENDA

REGULAR BOARD MEETING    FEBRUARY 7, 1996    7:00 P.M.  
BOARD ROOM    261 W. DANA STREET, SUITE 100    NIPOMO, CA

## BOARD MEMBERS

STEVEN SMALL, **PRESIDENT**  
KATHLEEN FAIRBANKS, **VICE PRESIDENT**  
ALEX MENDOZA, **DIRECTOR**  
AL SIMON, **DIRECTOR**  
ROBERT BLAIR, **DIRECTOR**

## STAFF

DOUGLAS JONES, **General Manager**  
DONNA JOHNSON, **Secretary to the Board**  
JON SEITZ, **General Counsel**

CALL TO ORDER AND FLAG SALUTE

ROLL CALL

APPROVAL OF MINUTES

1. REGULAR MEETING OF JANUARY 17, 1996  
SPECIAL MEETING OF JANUARY 24, 1996

PUBLIC COMMENTS PERIOD

2. PUBLIC COMMENTS  
Public comments on matters other than scheduled items.  
Presentations limited to three (3) minutes.

BOARD ADMINISTRATION

3. INTENT-TO-SERVE TRACT 1736  
Request for water and sewer service to Tract 1736, a 21 lot subdivision at Colt Lane and Souza St. (Discussion/Action)
4. WELL SITE EXCHANGE FOR WATER SERVICE  
Potential District water service in exchange for a well site near Hwy. 1 & Dawn Rd. (Discussion/Action).
5. WATER LINE EXTENSION REIMBURSEMENT  
Frontage Rd. & Grande Ave. water line extension reimbursement requested by Skylark Park LLC, Tract 1813 (Discussion/Action)
6. DISTRICT INVESTMENT POLICY  
Review draft of a formal investment policy for the District (Discussion/Information)
7. SAFETY MEETING MINUTES  
Approval of District's Safety Meeting Minutes (Discussion/Action)

FINANCIAL REPORT

8. APPROVAL OF WARRANTS

OTHER BUSINESS

9. MANAGER'S REPORT
  1. TAX EXCHANGE WORKSHOP HELD ON FEB. 3
  2. PB PIPE REPAIR STATUS
10. DIRECTORS COMMENTS  
WATER COMMITTEE REPORT (DIR. BLAIR/SIMON)
11. PUBLIC COMMENTS

CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL

1. Existing litigation GC§ 54956.9  
NCSD vs. Shell Oil, et. al. Case No. CV 077387

\*GC§ refers to Government Code Sections

C:\W\AGENDA\A020796

FEB 7 1996

NIPOMO COMMUNITY SERVICES DISTRICT  
MINUTES

REGULAR BOARD MEETING      JANUARY 17, 1996      7:00 P.M.  
BOARD ROOM      261 W. DANA STREET, SUITE 100      NIPOMO, CA

BOARD MEMBERS

STEVEN SMALL, **PRESIDENT**  
KATHLEEN FAIRBANKS, **VICE PRESIDENT**  
ALEX MENDOZA, **DIRECTOR**  
AL SIMON, **DIRECTOR**  
ROBERT BLAIR, **DIRECTOR**

STAFF

DOUGLAS JONES, **General Manager**  
DONNA JOHNSON, **Secretary to the Board**  
JON SEITZ, **General Counsel**

CALL TO ORDER AND FLAG SALUTE

President Steven Small called the January 3, 1996 Regular Meeting to order at 7:00 p.m. and led the flag salute.

ROLL CALL

At Roll Call, all Board members were present.

APPROVAL OF MINUTES

1. REGULAR MEETING OF JANUARY 3, 1996  
Upon motion of Director Blair and seconded by Director Simon, the Board unanimously approved the Minutes of the January 3, 1996 meeting.

PUBLIC COMMENTS PERIOD

2. PUBLIC COMMENTS  
Public comments on matters other than scheduled items.  
Presentations limited to three (3) minutes.  
Donna Melschau and John Snyder commented from the audience.

BOARD ADMINISTRATION

3. FOOD BANK COALITION OF SLO CO.  
Request to drop food deliveries on the dock at the old District Office Building  
(Discussion/Action)  
Mr. Jones explained that the Food Bank Coalition of San Luis Obispo County requested permission to distribute food to the Nipomo area by unloading their supplies at the 148 S. Wilson address. Upon motion of Director Simon and seconded by Director Blair, the Board unanimously approved the Food Bank using the old building.

4. CATHODIC PROTECTION TANK INSTALLATION

Review proposals to install CP in a 0.5 MG water storage reservoir (Discussion/Action).

Mr. Jones explained that Cathodic Protection Services Co. was the lowest proposal out of two proposals received. Upon motion of Director Fairbanks and seconded by Director Mendoza, the Board unanimously approved Resolution 96-568 for the purpose of designing and installing a cathodic protection system in a 0.5 MG water storage reservoir.

**RESOLUTION NO. 96-568**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
APPROVING THE SERVICES OF CATHODIC PROTECTION SERVICES CO.**

5. INTENT-TO-SERVE, TRACT 2212

Request for and Intent-to-Serve for an 8-lot subdivision near the W. Tefft and Pomeroy Streets intersection. (Discussion/Action)

Upon motion of Director Blair and seconded by Director Fairbanks, the Board unanimously approved the request for an Intent to Serve letter for sewer and water service to Tract 2212 with the conditions in board memo.

6. SLO COUNCIL OF GOVERNMENTS MEETING

SLOCOG requesting attendance at their workshop on Feb. 3, (Discussion/Action)

Mr. Jones explained that the District received a request from the San Luis Obispo Council of Governments for the presence of the general manager and a board member at the February 3, 1996 workshop. Mr. Jones and Director Blair plan to attend.

7. PROPERTY EXCHANGE

A lot split by District so property may be returned to original owner.

Upon motion of Director Simon and seconded by Director Blair, the Board unanimously approved to execute the agreement for the property exchange for APN 91-371-01.

**FINANCIAL REPORT**

8. APPROVAL OF WARRANTS

Upon motion of Director Mendoza and seconded by Director Simon, the Board unanimously approved the warrants presented at the January 17, 1996 Regular Meeting.

MINUTES  
JANUARY 17, 1996  
PAGE THREE

9. SECOND QUARTER FINANCIAL REPORT AND BUDGET REVIEW  
Lisa Bognuda gave an explanation of the Second Quarter Financial Report and answered questions from the Board, President Small thanked Lisa for the report. John Snyder and Cees Dobbe commented from the audience.

OTHER BUSINESS

10. MANAGER'S REPORT  
Mr. Jones presented information on the following items. No action was necessary.
  1. CHAMBER OF COMMERCE INSTALLATION DINNER
  2. PB PIPE REPAIR STATUS
  3. NEW OFFICE BUILDING STATUS
  4. 101 OVERPASS STATUS
  5. OPERATION REPORT SECOND QUARTER
  6. CSDA LEGISLATIVE UPDATE
11. DIRECTORS COMMENTS
12. PUBLIC COMMENTS

Cees Dobbe and John Snyder made comments concerning the proposed Groundwater Management Agency.

CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL

1. Existing litigation GC§ 54956.9  
State of Calif. vs. NCSD Case No. CV 078345
2. Existing litigation GC§ 54956.9  
NCSD vs. Shell Oil, et. al. Case No. CV 077387

\*GC§ refers to Government Code Sections

The Closed Session was canceled.

At 8:45 the Board adjourned to Study Session on January 24, 1996 at 7:00 p.m.

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

SPECIAL BOARD MEETING JANUARY 24, 1996 7:00 P.M.  
BOARD ROOM 261 W. DANA STREET, SUITE 100 NIPOMO, CA

BOARD MEMBERS

STEVEN SMALL, **PRESIDENT**  
KATHLEEN FAIRBANKS, **VICE PRESIDENT**  
ALEX MENDOZA, **DIRECTOR**  
AL SIMON, **DIRECTOR**  
ROBERT BLAIR, **DIRECTOR**

STAFF

DOUGLAS JONES, **General Manager**  
DONNA JOHNSON, **Secretary to the Board**  
JON SEITZ, **General Counsel**

CALL TO ORDER AND FLAG SALUTE

President Steven Small called the January 24, 1996 Special Meeting to order at 7:00 p.m. and led the flag salute.

ROLL CALL

At Roll Call, all Board members were present.

Mr. Jones requested that the order of the meeting be changed somewhat to accommodate the arrival of Mr. Seitz at a later time. The Board agreed that they would proceed with the Study Session and return to Item #2 later.

PUBLIC COMMENTS PERIOD

1. PUBLIC COMMENTS

Public comments on matters other than scheduled items.  
Presentations limited to three (3) minutes.

Mr. Frank Hirsch commented from the audience.

BOARD ADMINISTRATION

The Board temporarily skipped Item #2 until the arrival of Jon Seitz. They proceeded to Item #3.

2. EXCHANGE OF PROPERTY

Review a proposal to provide water service to the Nipomo Regional Park in exchange for County land. (Discussion/Action)

The Board returned to Item #2. There was discussion among the Board and comments from Mr. Hirsch concerning the exchanging of the property now belonging to the County for water usage at Nipomo

Regional Park. Upon motion of Director Blair and seconded by Director Simon, the Board unanimously approved the Memorandum of Understanding between the NCSD and the County of San Luis Obispo to exchange APN 90-142-007 for water usage to equal the value of the property.

3. STUDY SESSION

President Small opened the meeting to a Study Session to review the Boyle Report. The board discussed several options given in the report.

- A. WATER - Boyle Report
  - 1. Water System Improvements
  - 2. Additional well-site location
  - 3. Other sources
  
- B. SEWER
  - 1. Wastewater Treatment Facilities Expansion

Mr. Hirsch and John Snyder commented from the audience. No action was necessary or taken.

4. DIRECTORS COMMENTS

5. PUBLIC COMMENTS

Pursuant to Government Code 54956.9, the need to hold a Closed Session was proven. Upon motion of Director Simon and Seconded by Director Mendoza, the Board unanimously agreed to hold a Closed Session to discuss existing litigation between CCWA and NCSD concerning DWR condemnation.

6. CLOSED SESSION

The Board returned to open session and unanimously approved a Right of Entry agreement for access by the State to enter the District's wastewater treatment facility.

ADJOURN

FEB 7 1996

TO: BOARD OF DIRECTORS  
FROM: DOUG JONES  
DATE: FEBRUARY 7, 1996

TRACT 1736  
INTENT TO SERVE

The District has received a request from Mr. William J. Ghormley for an Intent-to-Serve for Tract 1736, a 21 lot subdivision at the intersection of Colt Lane and Souza St. Lot sizes in this development range from approximately 3500 sq. ft. to 5000 sq. ft. as shown on the tentative tract map. It is estimated that water use for this tract will use less than 7 acre feet per year. Wastewater of approximately 4000 gallons per day will be generated from this subdivision.

The developer has entered into a Plan Check and Inspection Agreement with the District and has paid the sewer portion but not the water portion (\$835.00). If your Honorable Board wishes to approve an Intent-to-Serve letter for Tract 1736, the following conditions must be complied with before a final Will-Serve letter will be issued:

1. Before the Intent-to-Serve letter is issued, the Plan Check and Inspection water fee must be paid.
2. Improvement plans must be submitted to the District for approval.
3. All appropriate easements and improvements must be dedicated to the District when completed.
4. All appropriate water and sewer fees must be paid.
5. Conduit with a pull string must be installed from the meter box to the house phone receptacle for future meter reading capabilities.

It would be staff's recommendation that this Tract 1736 be approved and an Intent-to-Serve letter with the above conditions be issued.



**WILLIAM J. GHORMLEY**  
**CONSULTING CIVIL ENGINEERS, INC.**

4567 TELEPHONE ROAD, SUITE 201  
VENTURA, CALIFORNIA 93003

(805) 644-1049

January 24, 1996

Mr. Doug Jones  
Nipomo Community Services District  
P. O. Box 326  
Nipomo, CA 93444

Subject: Tract 1736 - Colt Lane - Nipomo

Dear Doug:

Please provide a Water Will-Serve Letter and a Sewer Service Will Serve letter to provide services to the above mentioned site.

Thank you in advance.

Very truly yours,

William J. Ghormley, P. E.

WJG/kg

cc. John H. Ghormley

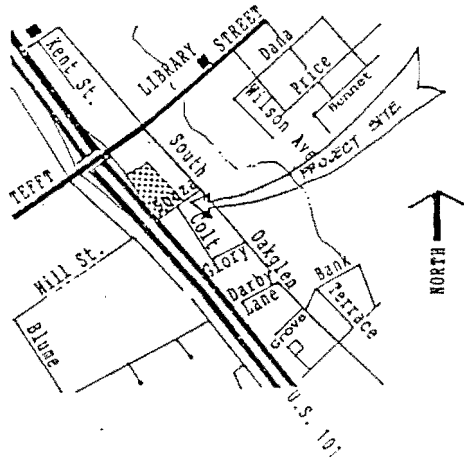
**RECEIVED**

**JAN 25 1996**

**NIPOMO COMMUNITY  
SERVICES DISTRICT**



# REVISED MAP



VICINITY MAP (NOT TO SCALE)

## VESTING TENTATIVE TRACT NO. 1736

COUNTY OF SAN LUIS OBISPO

LEGAL DESCRIPTION: THAT PORTION OF LOT 12 OF THE RESUBDIVISION OF THE WESTERLY PART OF LOT 25 OF THE WIPOMA RANCHO IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

### SURVEYOR'S STATEMENT

This map was prepared by me or under my supervision and, to the best of my knowledge, complies with the lot division ordinance of the County of San Luis Obispo.

By: *William R. Dyer*

Date: 2/12/90

PREPARED FOR:

BS&K PARTNERS

839 BUGAN DRIVE  
PISMO BEACH, CA. 93449

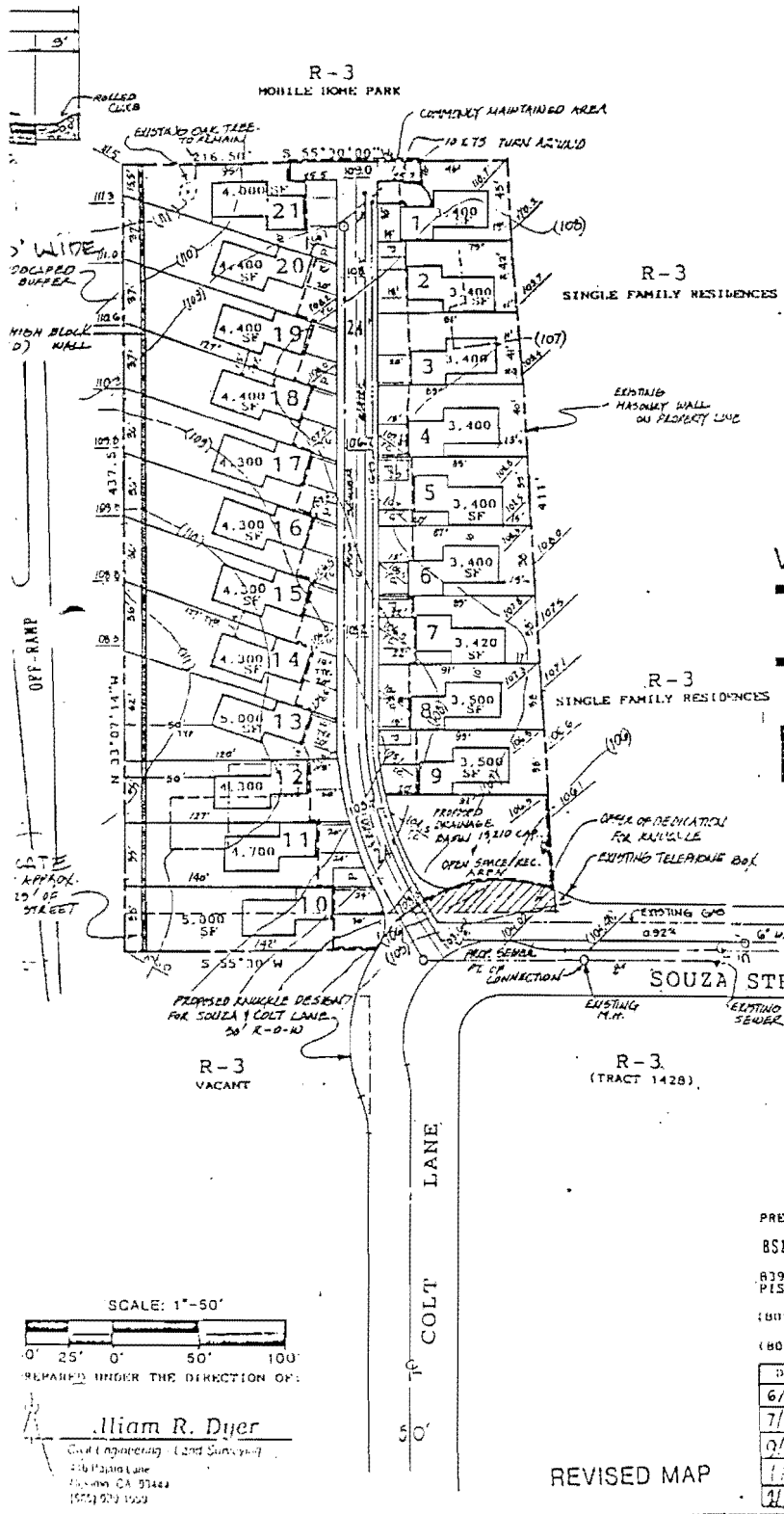
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(805) 473-1927

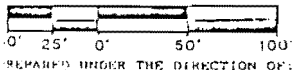
REVISIONS 2/12/90

DATE	NOTES	P. H.	P. D.
6/30/89	Revised Colt Lane		182
7/19/89	Chained setbacks and pads		18
9/14/89	Added lot for Required Portion		18
1/15/90	Revised setbacks, varied setbacks & orient.		18
1/12/90	Change of setbacks (1-9) to 10' Rollback no. of 1202		182

REVISED MAP



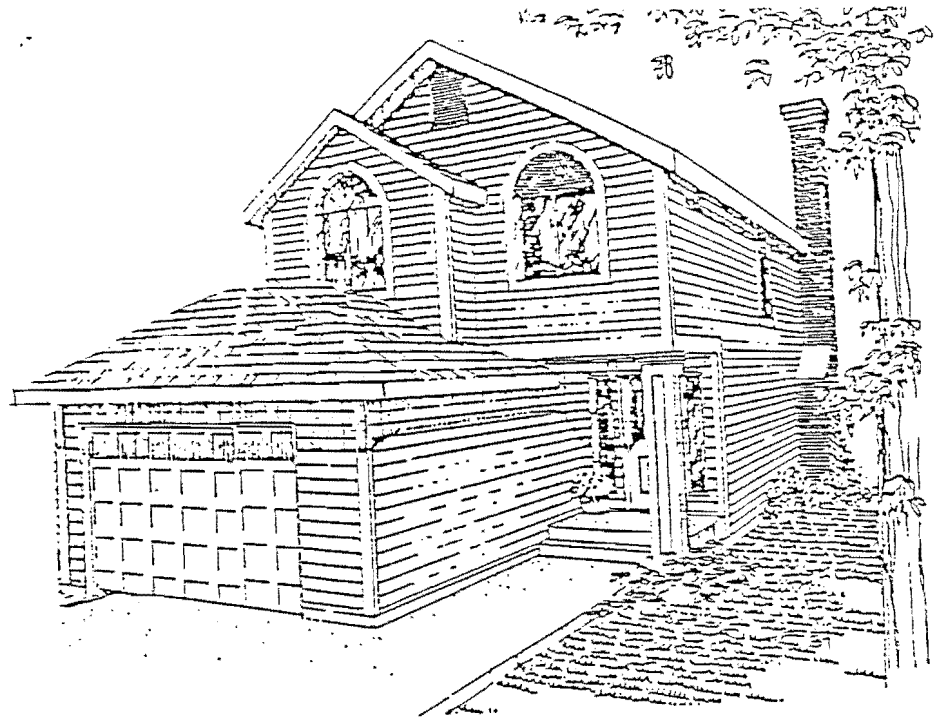
SCALE: 1"=50'



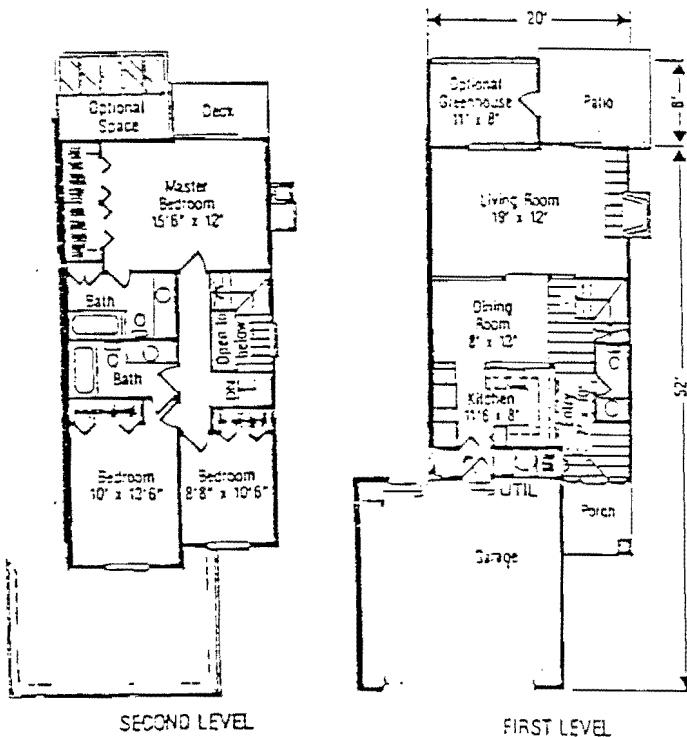
PREPARED UNDER THE DIRECTION OF:

*William R. Dyer*

Civil Engineering & Land Surveying  
436 Pismo Lane  
Pismo, CA 93449  
(805) 929-1500



TRACT 1736



- Tiled entry flows by powder room to formal dining room and adjacent living room with tiled fireplace.
- Sliding door from the living room leads to the rear patio and adjacent optional skylit greenhouse.
- Kitchen, with space-conscious design, opens to the dining room and separate utility area.
- Upstairs, master bedroom has a full bath, plenty of closet space and a private deck.
- Two additional bedrooms and a full bath complete the second level.
- Plan has a slab foundation.

□ Each du measures 20' x 52'.

FLOOR PLAN / ELEVATION

D880900D

TO: BOARD OF DIRECTORS  
FROM: DOUG JONES  
DATE: FEBRUARY 7, 1996

**AGENDA ITEM**  
**FEB 7 1996**

4

POSSIBLE EXCHANGE  
WELL-SITE FOR WATER SERVICE

The District has received a letter from Mr. Fred Kulikoff inquiring about the possibility of the District providing water service to his property in exchange for an easement for a well-site. Mr. Kulikoff owns 15 acres near the intersection of Dawn Road and Hwy. 101. This area is designated for Rural Residential (minimum 5 acre parcels) development by the San Luis Obispo County Planning Department. Therefore, land could be developed into three parcels.

Water well production in this area would be expected to be between 800-1000 gallons per minute.

If the District wished to serve this property, the area could be annexed to the District or the District could request LAFCO to serve this area outside the District boundary. Both of these actions would take LAFCO approval. A third option would be, if a mutual water company existed, it could contract with the District for water service.

The attached map show the location of the property with respect to District boundaries and District wells. Your Honorable Board may direct staff how they wish to proceed in this matter.

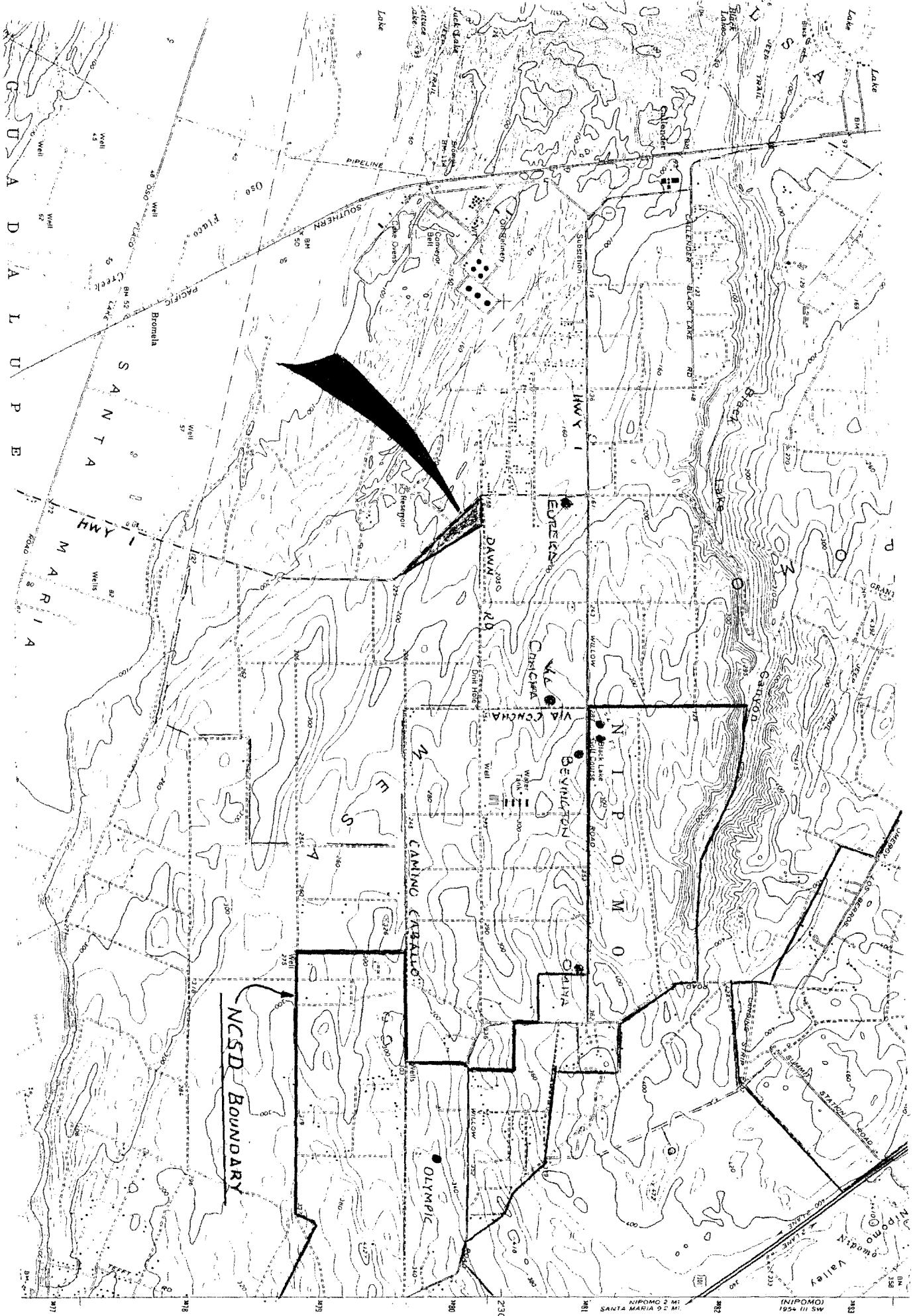
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APW 91-211-14  
91-211-16  
91-211-17

FARD KULIKOFF,  
P.O. BOX 175  
Pismo Beach, CA  
95449  
805-481-5874

I FARD KULIKOFF DESIRE TO EXCHANGE  
AN AGREEMENT FOR A FULL SIGHT TO  
W.C.S.D. FOR AN EXCHANGE FOR SHARES  
TO LOCAL SIGHT ON APPROXIMATELY 15 ACRES  
(FFFEAN ACRES)  
FARD KULIKOFF

DEC 28, 1991





TO: BOARD OF DIRECTORS  
FROM: DOUG JONES  
DATE: FEBRUARY 7, 1996

WATER LINE EXTENSION REIMBURSEMENT  
TRACT 1813 (SKYLARK PARK)

Tract 1813 (Skylark Park) is a development fronting Frontage Rd. between Grande Avenue and Division Street as shown as Parcel E on Exhibit A. There presently exists a 6-inch water line running down the back property line of all the parcels fronting Frontage Road. The District wishes to abandon this 6-inch water line because of the difficulty of maintaining it in a back yard easement. To do this, a new water line of a greater capacity needs to be installed in Frontage Road between Grande and Division. One of the requirements of the Skylark Development was that they install an eight-inch water line from Grande to their project, which in the future could be extended to Division Street.

The District code allows a developer to request a Reimbursement Agreement for improvements that benefit other properties along with themselves. Skylark Park LLC has requested such a Reimbursement Agreement for an 8-inch water line installed in Frontage Road. Parcels A through E are presently receiving water service via the back yard. Parcel A was developed a few years ago into an apartment complex. At that time, the water line should have been extended across their parcel on Frontage Rd. but it was not. Parcels B, C, and D are individual residents being served water from the back property water line. Parcels B, C, and D are zoned Multi-residential use. If, in the future, they develop to their potential, they would reimburse the developer for the water line improvements within the scope of the agreement. In fairness, since Parcel A had been previously developed, staff felt that the District would pay for the front footage of Parcel A. If Parcel A modifies its use, then, it would be possible that those moneys may be recaptured by the District.

Included for the Board's review is the Public Extension Reimbursement Agreement between the District and Skylark Park LLC. Exhibit A of the Agreement shows the reimbursement schedule for each of the parcels.

Part of the procedure of having a reimbursement agreement is that all property owners affected by this agreement will be notified. It is recommended that Your Honorable Board set for Public Hearing for March 20, 1996 so that any input from property owners may be heard. Enclosed is a copy of the notice of Public Hearing that will be sent to the affected property owners.

Skylark Park LLC  
P.O. Box 920  
Nipomo, CA 93444

JAN 10 1996

January 9, 1996

NCSD  
Att: Doug Jones  
P.O. Box 326  
Nipomo, CA 93444

TRACT 1813

Dear Mr. Jones:

Pursuant to our conversation on January 8, 1996, we are requesting reimbursement for the water line we installed on Frontage Road. I have enclosed a copy of the original contract between MJ Ross and Skylark Park as well as a letter from MJ Ross that gives the breakdown of the cost of the offsite water line on Frontage Road.

Please advise if any other documentation is needed for this reimbursement. If you have any question you can contact us at (805) 929-1984. Thank you for your time and attention.

Sincerely,



Melissa F. Cady  
Assistant





GENERAL ENGINEERING CONTRACTOR • LIC. NO. 658997

January 9, 1996

Via Facsimile & U.S. Mail

Ms. Melissa Cody  
Skylark Park, LLC  
P.O. Box 920  
Nipomo, CA 93444

Re: Skylark Park, LLC TRACT 1813  
Project No. 0667

Dear Melissa,

Pursuant to your request, following is a breakdown of the total cost of the *offsite* water line and additional *offsite* paving, at the above referenced project.

Offsite Water:	\$ 15,903.00		
Offsite Paving:	\$ 5,750.00	TOTAL $\approx$ 5000 sq Ft.	Pipeline paving $\approx$ 1200 sq Ft
Total:	\$ 21,653.00	$\approx$ \$1.15/sq Ft.	

If you should need any further information for Nipomo Community Services District, please do not hesitate to contact Michael Ross or me.

Regards,

Leslie A. Reilly  
Project Administrator

NCSD\_WTR.L01

cc: Michael Ross

Cost Adjustment

Water	=	\$ 15,903.00
Paving	=	1,380.00
		<u>\$ 17,283.00</u>

PUBLIC EXTENSION REIMBURSEMENT AGREEMENT BETWEEN  
THE NIPOMO COMMUNITY SERVICES DISTRICT  
AND SKYLARK PARK LLC  
FOR TRACT 1813

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 1996, in San Luis Obispo County, California, by and between the Nipomo Community Services District, State of California, hereinafter referred to as "District", and the SKYLARK PARK LLC, hereinafter referred to as "Applicant" with reference to the following recitals:

A. Applicant owns and is developing certain property within the boundaries of the District, commonly referred to as TRACT 1813 and herein referred to as The Tract; and

B. In order to develop The Project, Applicant is required by the District to construct a public service extension along Frontage Road to serve The Project. Said service extension is described as follows:

A 8" PVC water line in Frontage Rd. southerly from Grande Ave. approximately 561 ft.

C. Said Public service extension is to be shown on a map attached hereto as Exhibit A.

D. The Applicant's costs descriptions in constructing the public service extension are described as follows:

Construction Cost	\$ 17,283.00
Front Footage	561'
Unit cost per front foot	\$ 30.81

E. Applicant has agreed to or has dedicated the public service extension to the District;

F. The public service extension will serve adjacent land owners as provided in the rules and regulations of the District.

G. The District will reimburse Applicant on a prorated basis for part of Applicant's costs in constructing the public service extension from adjacent land owners as herein provided.

PUBLIC EXTENSION REIMBURSEMENT AGREEMENT  
PAGE TWO

NOW, THEREFORE, in consideration of the mutual conveyance contained herein, Applicant and District agree as follows:

1. Term.

The term of this agreement shall be for 10 years from the date it is approved by the District Board of Directors.

2. Rate of Reimbursement.

During the term of this Agreement, the District will reimburse Applicant for his costs in constructing the public service extension on a prorated basis from adjacent land owners pursuant to the District engineer's report. The District will collect said prorated amount from each adjacent land owner before permitting said owner to connect to the public service extension.

3. Administrative Costs.

Ten percent (10%) of all monies collected pursuant to this agreement shall accrue to the District as administrative fee.

4. District Connections.

4.1 The District may make connections to said public extension to serve public facilities without obligation to reimburse Applicant.

4.2 The District may also make or permit connections to said public service extensions to serve private property outside of the area of proration as determined by the District engineer; provided, however, that the District Board reserves the right to determine at the time whether or not the owners of such private property shall be subject to the reimbursement provisions of this Agreement.

5. Conditions of Reimbursement.

District's obligation to reimburse Applicant is conditioned on the following:

5.1 Applicant providing District with an engineer's certification that extensions are constructed in substantial conformance with the plans and the standard improvement specification and drawings submitted to the District.

PUBLIC EXTENSION REIMBURSEMENT AGREEMENT  
PAGE THREE

5.2 The utility line extension has been inspected and approved by the District.

5.3 Applicable easements have been offered and accepted by the District.

5.4 Applicant providing the District with a detailed accounting, satisfactory to the District, of the amounts expended for the construction and installation of the public service extension.

6. Obligation of District.

If, for any reason, the reimbursement fee is or becomes legally uncollectible, the District shall not be responsible in any way for collecting the reimbursement fee and/or reimbursing the Applicant for the costs of the public service extension.

7. Place of Payment.

The District shall make payment to Applicant at Skylark Park LLC, Post Office Box 920, Nipomo, CA 93444. This address may be changed at any time by Applicant by receipt of written notice to the District.

8. Successor's and Heirs.

This Agreement shall be binding on and shall enure to the benefit of the heirs, executors, administrator, successors, and assigns of the parties hereto.

9. Severability.

Shall any provision of this Agreement be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect unimpaired by the court ruling.

10. Captions.

The captions of the Sections of this Agreement are for convenience and reference only. They shall not be construed to define or limit the provisions to which they relate.

PUBLIC EXTENSION REIMBURSEMENT AGREEMENT  
PAGE FOUR

11. Indemnity.

Applicant agrees to save, indemnify and hold harmless, the Nipomo Community Services District, its officers, employees and agents, from all liabilities, judgments, costs and expenses, due to any and all activities related to the implementation of the rights and privileges granted in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement effective as of the day approved by the Board of Directors of the Nipomo Community Services District.

AGREED.

Date: \_\_\_\_\_  
\_\_\_\_\_ APPLICANT

Approved by the Nipomo Community Services District Board of Directors on this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_.

\_\_\_\_\_  
STEVEN SMALL, President  
to the Board of the Nipomo  
Community Services District

ATTESTED

\_\_\_\_\_  
DONNA K. JOHNSON  
Secretary to the Board

APPROVED AS TO FORM:

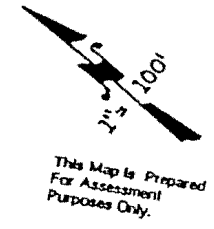
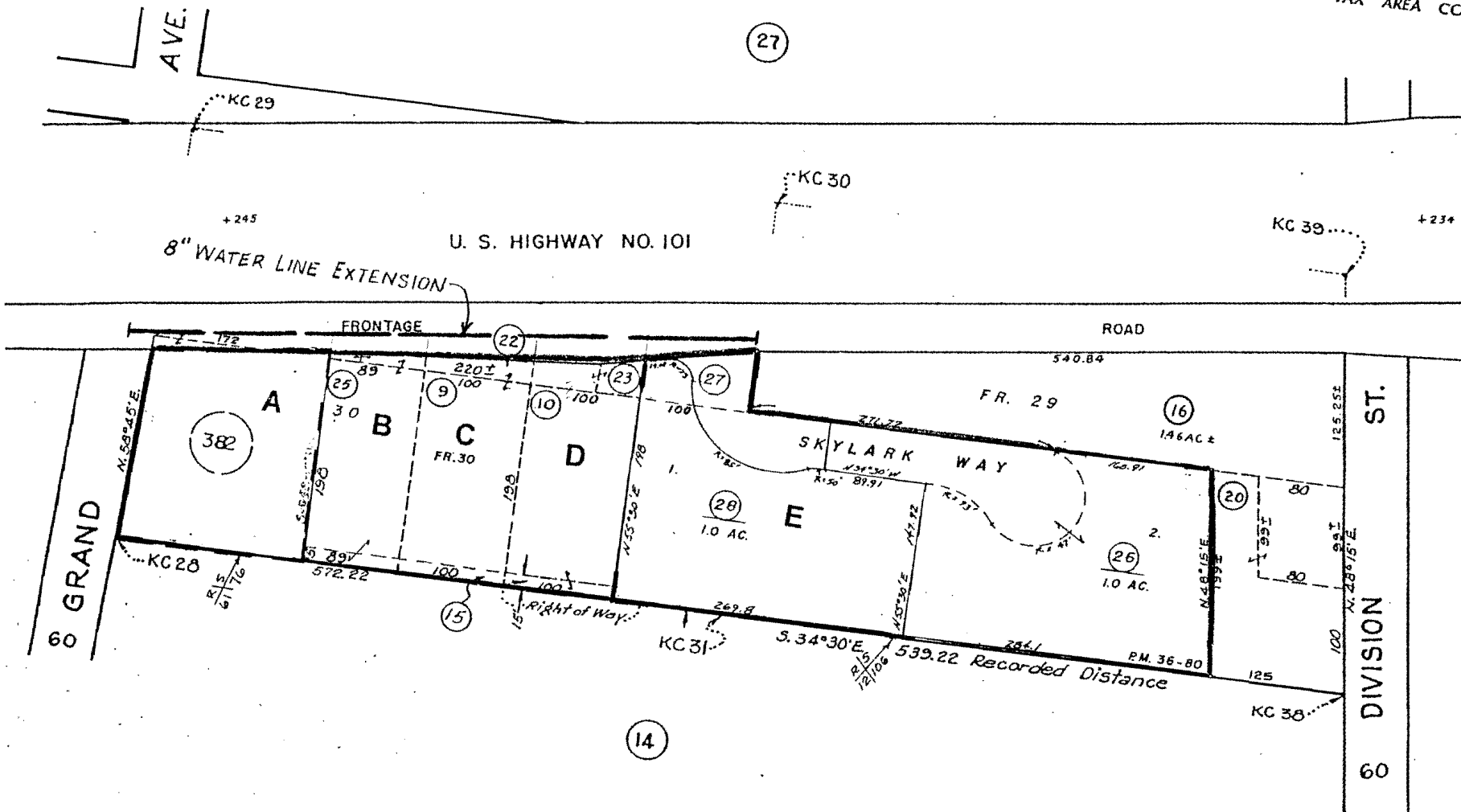
\_\_\_\_\_  
JON S. SEITZ  
General Counsel

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REIMBURSEMENT SCHEDULE			
PARCEL	FOOTAGE	UNIT COST	AMOUNT
A	172'		
B	89'	\$30.81	5298.00
C	100'	30.81	2742.00
D	100'	30.81	3081.00
E	100'	30.81	3081.00
		30.81	3081.00

# EXHIBIT A

TAX AREA CODE NO. 92-38



**NIPOMO COMMUNITY SERVICES DISTRICT**  
POST OFFICE BOX 326 261 W DANA STREET SUITE 101  
NIPOMO, CALIFORNIA 93444 (805) 929-1133 FAX (805) 929-1932

**NOTICE OF PUBLIC HEARING**  
**SKYLARK PARK WATER LINE**

APN \_\_\_\_\_  
NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
\_\_\_\_\_

Dear Property Owner:

February \_\_\_\_, 1996

The Skylark Park Subdivision, Tract 1813, constructed a water line in Frontage Road southerly from Grande Avenue to their subdivision at their own expense, a cost of \$17,283.00. Skylark Park dedicated this water line to Nipomo Community Services District. As a result, the District will operate and maintain this water line.

Pursuant to District Code Section 3.04.260, any lot or parcel, which in the future may be served by connecting to this water line, will be required to reimburse Skylark Park LLC a pro-rated share of the cost of the water line. The District has determined that your property is to be included in the Skylark Park Water Reimbursement Area. Attached is a copy of the Reimbursement Boundary Area and Water Reimbursement Spread, Exhibit "A".

The District's Board of Directors will hold a Public Hearing to consider property owners comments on the construction of this water line.

**PLEASE NOTE:** Water service is presently being supplied to your property. There will be no cost to you at this time but prior to any new development on your property, the District will require you to pay the water line reimbursement fee as well as the District's standard Water Capacity Fee.

The Reimbursement Agreement with Skylark Park will expire in ten (10) years. Anyone connecting to the water line after this time will not be obligated to pay a reimbursement fee, however, all other District fees will still be applicable.

APN \_\_\_\_\_

PRO-RATED COST \$ \_\_\_\_\_

PUBLIC HEARING DATE \_\_\_\_\_

If you have any questions, please feel free to contact our office at 929-1133.

Doug Jones  
General Manager

**AGENDA ITEM**

**FEB 7 1996**

**6**

TO: BOARD OF DIRECTORS  
FROM: DOUG JONES  
DATE: FEBRUARY 7, 1996

DISTRICT INVESTMENT POLICY

The State Legislature has adopted Senate Bill 866 and 564 which require local government entities to adopt a formal investment policy procedure. The attached information from CSDA News and the firm of Bartkiewicz, Kronick & Shanahan are presented to Your Honorable Board for review.

The District has been in compliance with this legislation by presenting to Your Honorable Board its Quarterly financial Reports. Staff has developed a draft of a formal Investment Policy for the Board's review and comment. After the Board has reviewed and commented on the draft, it will be finalized and brought back to the Board for adoption.

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# CSDA NEWS

CSDA NEWS is a publication of the California Special Districts Association. CSDA is located at 1121 L Street, Suite 508, Sacramento, CA 95814. Phone: 916/442-7887. Fax: 916/442-7889.

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Lee Howard, President  
Robert Huntley, Vice President  
Harry Ehrlich, Secretary  
Rita Velasquez, Treasurer  
William Miller, Past President

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Dewey Ausmus, North County Cemetery District  
Chuck Beesley, Contra Costa Mosquito Abatement District  
Kit Carter, Heritage Ranch Community Services District  
Anne Crowder, Bel Marin Keys Community Services District  
Harry Ehrlich, Olivenhain Municipal Water District  
John Fox, Goleta Sanitary District  
Lee Howard, Russian River Flood Control District  
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Rita Velasquez, Eik Grove Community Services District

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Belinda (Bendy) Bunac, Administrative Assistant  
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Ralph Heim, Legislative Advocate (916/442-4584)  
David McMurchie, Legal Counsel (916/443-1030)  
David Nagler, Association Consultant (916/442-8888)



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# New Investment Laws Impact on Local Government Entitled Start January 1

by Tom Courbat,  
FGIC Advisors, Inc.

**S**enate Bills 866 and 564 were signed by Governor Wilson on October 1, 1995 and affect all local government entities.

Effective January 1, 1996, all local government entities must annually adopt formal investment policies and must review and readopt policies in a public meeting annually.

## Permission Required to Withdraw Funds from County Treasurer

A little known section of SB 866 requires agencies to obtain permission of the County Treasurer after January 1, 1996 to withdraw any funds from the County pool for the purpose of investing outside the county pool (new Government Code Section 27136).

## Objectives and Fiduciary Roles

The new laws also establish that the objectives of the investment policy must, in priority order, be safety, liquidity and then yield (best remembered by the acronym SLY). For the first time, the new law classifies the local government entity's governing body, investment officer or Treasurer as trustee and fiduciary subject to the prudent investor standard as defined in the new law.

## Quarterly Reports

Boards and councils must now receive investment reports at least quarterly, and may require them monthly if desired. The law states exactly what must appear in the reports, including the type of investment, issuer, maturity, par

and dollar amount of investment, market value of portfolio and the source of valuation. Exceptions to reporting of market value of holdings apply for deposits in the state-run Local Government Investment Fund (LAIF), FDIC insured deposits, yet the quarterly report must still be presented.

Reports must also indicate that investments are in compliance with the adopted policies or identify areas of non-compliance. It is also now required that agencies must state their ability (or lack of ability) to meet the next six (6) months of cash flow requirements. If not able to meet cash flow demands, the report must state the reasons for the shortfall. Good administrative practice dictates that a plan to cover any deficit also be prepared for action by the policy body.

## Limits on Derivatives

Investment vehicle limitations include a 20 percent limit on

reverse repurchase agreements ("reverse repos") and an outright prohibition on inverse floaters, range notes, and interest only strips. Tax and Revenue Anticipation Notes (TRANS) proceeds cannot be invested for longer than the term of the TRAN itself. This is to avoid "borrowing short" and "investing long" — one of the major problems with the Orange County Investment Pool prior to its collapse in 1994.

## Investment Protection

For protection of the local government entity's funds, all securities must now be delivered via book entry, physical delivery or via a third party custodial agreement. Brokers and dealers may not hold the securities of the local government entity in the Broker or Dealer's name.

For additional information contact Tom Courbat of FGIC Advisors at (800) 407-6452.



**BARTKIEWICZ, KRONICK & SHANAHAN**

A PROFESSIONAL CORPORATION  
1011 22ND STREET, SUITE 100  
SACRAMENTO, CALIFORNIA 95816-4907  
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PAUL M. BARTKIEWICZ  
STEPHEN A. KRONICK  
RICHARD P. SHANAHAN  
DAN B. LILLY  
MID T. SAMMOND

**MEMORANDUM**

**TO: PUBLIC AGENCY CLIENTS**

**FROM: BARTKIEWICZ, KRONICK & SHANAHAN**

**DATE: JANUARY 5, 1996**

**RE: RECENT LEGISLATION GOVERNING LOCAL PUBLIC AGENCY INVESTMENT PRACTICES**

JAN 8 1996  
JAN 22 1996  
NIPOMUC DISTRICT

As expected, the California Legislature responded to the fiscal crisis in Orange County. Last Fall, Governor Wilson signed two bills amending Government Code provisions that regulate local public agencies' investment practices, Senate Bills 564 and 866. Both bills became effective on January 1, 1996.

**Senate Bill 564**

Senate Bill 564 (Johnston) requires local agencies to prepare and file annual investment policy statements and quarterly investment reports. (Stats. 1995, c. 783; amending Govt. Code, § 53646.)

Annual Investment Policy. The treasurer or chief fiscal officer of a local agency must annually prepare and render to the agency governing board (and any applicable oversight committee) a written statement of investment policy. The bill does not specify the contents of the written investment policy. If your agency currently does not have an investment policy, then you may wish to discuss an appropriate policy with your investment advisor, county treasurer, or other financial advisor.

The investment policy adopted by a local agency, at a minimum, must comply with all investment limitations and prohibitions (addressed by SB 866, discussed below, and other statutes). In light of the new prudent investor standard of care (discussed below), the local agency should ensure that the investment policy satisfies the prudent investor standard, including the goals of, first, safeguarding the principal, second, maintaining the liquidity needs of the agency, and last, striving for yield or return on investment. (Govt. Code, §§ 53600.3 & 53600.5.)

Each local agency governing board must "consider" the annual statement of investment policy, and any mid-year changes to the statement, "at a public meeting." In implementing this provision, we recommend that the investment policy be placed on a meeting

agenda in the usual manner, and that the policy be approved by motion (entered in the minutes) or resolution of the governing board.

The bill is somewhat unclear about when a local agency must adopt its initial investment policy (assuming it had not done so previously). The bill takes effect January 1, 1996, and imposes a requirement to "annually render" a statement of investment policy. Arguably, then, the first "annual rendering" is not due until at least one year later, January 1, 1997. However, the bill also requires quarterly reports (discussed below), with the first report due by May 1, 1996. The quarterly report must discuss compliance with the agency's investment policy. Therefore, we believe a reasonable interpretation is that the investment policy must be adopted before May 1, 1996, the first quarterly report due date. We recommend to our public agency clients that you adopt an investment policy by May 1, 1996.

Quarterly Report. Subject to an exception discussed below, the chief fiscal officer or treasurer of a local agency must render a quarterly report outlining the agency's investment activities to the agency's chief executive officer, internal auditor, if any, and governing board. The quarterly report must be submitted within 30 days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1).

Each quarterly report must include, at a minimum, the following information: (1) the type of investment, issuer, date of maturity, par value, and dollar value invested for all investments held by the agency; (2) a description of any agency funds, investments, or programs held under the management of contracted parties; (3) for any securities held by the local agency, and under management of any outside party that is not a local agency or the State of California Local Agency Investment Fund (LAIF), the current market value of the securities and the source of the valuation; (4) a statement regarding the investment portfolio's compliance or noncompliance with the agency's investment policy; and (5) a statement regarding the agency's ability to meet its investment pool's expenditure requirements for the next six months, or an explanation as to why sufficient money shall or may not be available.

The bill does provide an exception to the quarterly report requirement. If a local agency has placed all of its investments in LAIF, one or more FDIC-insured banks or savings and loan associations, a county investment pool, or any combination of these, then, instead of a local agency-prepared quarterly report, the chief fiscal officer or treasurer may submit the most recent statement or statements received by the local agency from these other institutions. This special rule for quarterly reports for agencies with investments only in one of these institutions is not an exception from the obligation to prepare an annual investment policy as discussed above.

### **Senate Bill 866**

Senate Bill 866 (Craven) restricts the types of instruments in which a local public agency may invest its funds and imposes procedural requirements for certain types of investments. (Stats. 1995, c. 784.) A thorough analysis of the investment limitations and regulations in this bill and related statutes is beyond the scope of this memo. We will simply highlight some of the more significant provisions.

County Pool Withdrawals. Government Code section 27136 restricts withdraws from a county treasury pool. When a local agency that has funds on deposit in a county treasury pool seeks to withdraw funds for the purpose of investing or depositing those funds outside the county pool, the local agency must obtain prior approval from the county treasurer.

Higher Duty of Care. The bill which clarifies and increases the standard of care owed by local agency governing board members and officials responsible for agency investments. These officials are now deemed trustees and fiduciaries subject to a prudent investor standard of care defined in the statute. When investing, they must, first, safeguard the principal, second, maintain the liquidity needs of the agency, and last, strive for yield or return on investment. (Govt. Code, §§ 53600.3 & 53600.5.)

Holder of Securities. Local agencies purchasing securities in negotiable, bearer, registered, or nonregistered formats must require delivery of the securities to the agency by book entry, physical delivery, or by third-party custodial agreement. (Govt. Code, §§ 53601 & 53635.) Brokers and dealers can no longer hold a local agency's investments in their name.

Repurchase Agreements. The bill imposes comprehensive new requirements for investments in repurchase agreements and reverse repurchase agreements, including a provision that they cannot exceed 20% of the portfolio. (Govt. Code, §§ 53601(i) & 53635(i).) These are some of the principal type of investments that got Orange County in trouble.

Prohibited Investments. New Government Code sections 53601.6 and 53631.5 prohibit local agencies from investing in (1) inverse floaters, (2) range notes, (3) interest-only slips derived from mortgage pools, and (4) any security that could result in zero interest accrual if held to maturity. The bill contains special grandfather provisions that address newly prohibited investments held at the time of the effective date of the bill.

TRANS Proceeds Investment Limitation. Finally, current Government Code sections authorize local public agencies to borrow money on a short term basis by issuing tax and revenue anticipation notes (TRANS). Senate Bill 866 prohibits public agencies from investing proceeds set aside for the repayment of such notes for terms exceeding the terms of the notes. In other words, the investment of the proceeds must be limited to the terms of the TRANS. (Govt. Code, §§ 53821.5, 53841.5, 53852.5 & 53859.02(b).)

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Please contact our office with any additional questions you have regarding the new legislation.

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## 1996 INVESTMENT POLICY

### NIPOMO COMMUNITY SERVICES DISTRICT

#### 1. INTRODUCTION

The purpose of this written Investment Policy is to establish the guidelines for the prudent investment of Nipomo Community Services District funds (herein referred to as District's funds). The objectives of this policy are safety, liquidity, yield, and compliance with state and federal laws and policies.

District funds are to be managed with a high degree of care and prudence. Though all investments contain a degree of risk, the proper concern for prudence, maintenance of high level of ethical standards and proper delegation of authority reduces the potential for any realized loss.

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

#### 2. FINANCE OFFICER

The Board of Directors appoints the General Manager as the District Finance Officer and Treasurer, who shall serve at the Board's pleasure.

#### 3. SCOPE

The District investment portfolio shall consist of money held in a sinking fund of, or surplus money in, the District's treasury not required for the immediate necessities of the District. The District's investment portfolio shall be invested in accordance with this policy.

#### 4. OBJECTIVES

The primary objectives are safety, liquidity, yield, and compliance.

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## A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

## B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature concurrent with cash needs.

## C. YIELD

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

## D. COMPLIANCE

This Investment Policy is written to be in compliance with California and Federal law.

## 5. STANDARDS OF CARE

### A. PRUDENCE

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

### B. DISCLOSURES

Finance Officer shall disclose any material interest in financial institutions with which he/she conducts the District business.

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6. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

The District Finance Officer is authorized to invest in the following institutions:

1. County pooled funds (California Government Code § 61730)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code § 16429.1)
3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors (California Government Code § 61737.02)
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.

C. DIVERSIFIED INVESTMENTS

Investments, other than investments referenced in paragraphs A (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

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## 7. REPORTS

### A. QUARTERLY REPORT

Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code § 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security
5. Current market value of securities with maturity in excess of twelve months (if applicable)
6. Rate of Interest
7. Statement relating the report to the Statement of Investment Policy
8. Statement that there are sufficient funds to meet the next 30 days obligations
9. Accrued Interest (if applicable)

### B. ANNUAL REPORT

Prior to February 1, of each year, the Finance Officer shall file and submit an annual report to the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

### C. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code § 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of



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association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors, and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 7.A, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment statement as identified in paragraph 7.B, above.

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**AGENDA ITEM**



**FEB 7 1996**

TO: BOARD OF DIRECTORS  
FROM: DOUG JONES  
DATE: FEBRUARY 7, 1996

MINUTES FROM SAFETY MEETING

The minutes from the Safety Meeting of January 31, 1996 is presented to the Board of Directors for your review. After review and comments, the Board of Directors may direct the Board Secretary to acknowledge their receipt, review, and comments in the minutes of tonight's regular Board Meeting.

This is a procedural item so the District may receive credit on its insurance premium.

**NIPOMO COMMUNITY SERVICES DISTRICT  
261 WEST DANA, SUITE 101  
P.O. BOX 326  
NIPOMO, CA 93444-0326  
(805) 929-1133 FAX (805) 929-1932**

NIPOMO CSD SAFETY MINUTES

Date: January 31, 1996

Present: Kathy Beltran, Lisa Bognuda, Doug Jones, Lee Douglas, Butch Simmons, Roger Gomes, Ernest Thompson and Donna Johnson.

Three safety videos were viewed. They were as follows:

1. Water and Sewer Treatment Plant Safety
2. Causes and Care of Acute Back Pain
3. Back in Shape

Included in the Water and Sewer Treatment Plant Safety Video was a discussion on ladder safety. Staff discussed ladder safety within NCSA. Staff also discussed how to lift heavy items to prevent back injury.

Adjournment.

Respectfully Submitted,



Lisa Bognuda  
Assistant Administrator