

NIPOMO COMMUNITY SERVICES DISTRICT

AGENDA

REGULAR BOARD MEETING OCTOBER 2, 1996 7:00 P.M.
BOARD ROOM 261 W. DANA STREET, SUITE 100 NIPOMO, CA

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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 SEPTEMBER 18, 1996

PUBLIC COMMENTS PERIOD

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

BOARD ADMINISTRATION

3. ANNUAL AUDIT REPORT (Discussion/Action)
Mr. Carlos Reynoso, CPA, will make his financial audit report to the Board.
4. OUTSIDE DISTRICT WATER SERVICE (R. JONES) (Discussion/Action)
Request for water service outside District based on hardship.
5. TRACT NO. 2151 - WATER SERVICE LINES (Discussion/Action) (continued from 9/18/96 meeting)
Review District requirements and Black Lake Adv. Committee recommendations.
6. TREATMENT PLANT EXPANSION AND FUNDING (Discussion/Action)
 - 1) Continuance from Sept. 18 meeting. Environmental review of the negative declaration for the Southland Wastewater Treatment Plant expansion. (PUBLIC HEARING)
 - 2) Resolution requesting State Revolving Fund Loan
7. REPLACEMENT OF STEEL WATER LINES (Discussion/Action)
Review bids received for replacement of water lines and award contract to low responsive bid.
8. NEW OFFICE BUILDING (Discussion/Action)
Board approval of plans & specifications and request bids to construct new office building
9. WELL PUMP HOUSES (Discussion/Action)
Filing Notice of Completion for construction of three pump houses.
10. ANNEXATION NO. 15 - TAX EXCHANGE (Discussion/Action)
Approval of property tax exchange with SLO Co. for the LAFCO amended boundary for Annex No. 15.

FINANCIAL REPORT

11. APPROVAL OF WARRANTS

OTHER BUSINESS

12. MANAGER'S REPORT
 1. Prop 218, Right to Vote Tax Act
 2. LAFCO Study on Outside User Agreements
13. DIRECTORS COMMENTS
14. PUBLIC COMMENTS

CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL

1. Existing litigation GC§ 54956.9
NCSD vs. Shell Oil, et. al. Case No. CV 077387
2. Anticipated Litigation, One Case GC§54956.9 (c)

ADJOURN

*GC§ refers to Government Code Sections

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

AGENDA ITEM

OCT 2 1996

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REGULAR BOARD MEETING SEPTEMBER 18 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 Small opened the September 18, 1996 meeting at 7:05 p.m. and led the flag salute.

ROLL CALL

At Roll Call, all Board members were present.

APPROVAL OF MINUTES

1. REGULAR MEETING OF SEPTEMBER 4, 1996
Upon motion of Director Simon, seconded by Director Mendoza, the Board unanimously approved the Minutes of the September 4, 1996 Regular Meeting.

PUBLIC COMMENTS PERIOD

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

President Small opened the meeting to Public Comments. There were none.

BOARD ADMINISTRATION

President Small moved the following Item 5 to this position to accommodate Mr. Stoddard.

5. PROPOSED BLACK LAKE DEVELOPMENT ADVISORY COMMITTEE
Consideration to establish an advisory committee for the Black Lake Golf Course area (Discussion/Action)

Jack Stoddard, President of the Black Lake Management Association, spoke to the Board regarding a resolution to form the Black Lake Advisory Committee. The Association has retained Roger Lyon, Legal counsel and John Wallace & Associates. President Small asked for public comment concerning the resolution. Upon motion of Director Blair, seconded by Director Fairbanks, the Board unanimously approved Resolution 96-592.

RESOLUTION NO. 96-592
RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT ESTABLISHING
BLACK LAKE AREA OVERSIGHT ADVISORY COMMITTEE

President Small continued the meeting in regular order.

7. COUNTY AIR POLLUTION CONTROL DISTRICT MONITORING SITE (Discussion/Action)
APCD request to relocate monitoring facility to District's Twin Tank site at Tefft St. and Dana-Foothill Rd.

Mr. Jones explained that the SLO County Air Pollution Control District monitoring station, which is presently located behind the old office building, is looking for another space to re-locate. Paul Allen from APCD asked if they could lease an area at the Twin Tanks site. Motion made by Director Blair, seconded by Director Simon to investigate other possibilities for location of building. Motion passed unanimously.

8. OLD OFFICE DEMOLITION - CEQA DETERMINATION & DEMOLITION BIDS (Discussion/Action)
Review CEQA exemption and bids received to demolish District old office building at 148 S. Wilson St.

Upon motion of Director Simon, seconded by Director Mendoza, the Board unanimously approved Resolution 96-593 awarding the demolition contract to George Garcia & Sons in the amount of \$31,160.00.

**RESOLUTION NO. 96-593
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE CONTRACT WITH GEORGE F. GARCIA & SONS
TO DEMOLISH THE DISTRICT OLD OFFICE BUILDING**

Upon motion of Director Blair, seconded by Director Fairbanks the Board unanimously approved Resolution 96-594 making this project categorically exempt for CEQA.

RESOLUTION NO. 96-594

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REGARDING A FINDING THAT THE DEMOLITION AND
RECONSTRUCTION OF THE NEW DISTRICT OFFICE BUILDING
IS CATEGORICALLY EXEMPT FROM CEQA**

9. RESOLUTION FOR REIMBURSEMENT OF EXPENDITURES (Discussion/Action)
Consideration to adopt a resolution to replace District expenditures from issuance of obligations.

Upon motion of Director Simon, seconded by Director Mendoza, the Board approved Resolution 96-595 with a 3-2 vote. Directors Fairbanks and Blair voted no.

**RESOLUTION NO. 96-595
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
DECLARING INTENTION TO REIMBURSE DISTRICT
EXPENDITURES FROM THE PROCEEDS OF
OBLIGATIONS THAT MAY BE ISSUED BY THE DISTRICT
FOR THE REPLACEMENT OF WATER LINES
AND THE BUILDING OF AN OFFICE FACILITY**

10. FINANCIAL COMMITTEE REPORT (Discussion/Information)
Directors Small and Fairbanks

Directors Small and Fairbanks discussed their Financial Committee meeting with Carlos Reynoso, CPA. Mr. Reynoso will be meeting with the Board on October 2, 1996. No action was taken.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: OCTOBER 2, 1996

WATER SERVICE OUTSIDE DISTRICT

The District has received a letter from Mr. Ralph L. Jones requesting water service outside the District boundary. Mr. Jones property is located at the corner of Sundale Way and Willow Road across from the Black Lake Golf Course. The District has a water line in Willow which fronts part of Mr. Jones property. He is requesting water service based on hardship. Attached is a letter explaining his circumstances and also is a map showing Mr. Jones location along with some other properties outside the District boundary that are receiving water service.

Your Honorable Board has the following options:

1. Deny the request for service outside District boundary.
2. Approve the request for service outside District boundary with the following conditions:
 - a. Applicant process his request for service to LAFCO for approval. Applicant is to be responsible for all necessary LAFCO applications and payment of appropriate fees.
 - b. Applicant is to comply with the District's retrofit program before receiving water services.
 - c. The water rates outside the District boundary would be double the rates for similar service inside boundary.
 - d. Pay all appropriate District fees.

Your Honorable Board may direct Mr. Jones and/or staff on how to proceed in this matter.

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NIPOMO COMMUNITY
SERVICES DISTRICT

9-10-96

TO NIPOMO COMMUNITY WATER DISTRICT

SUBJECT - WATER SERVICE FOR HARDSHIP CASE

DUE TO SAND BEING PUMPED IN MY WELL

CONTRACTOR TERRY McCORMICK - LICENSE # 322158

PHONE 937-5522 TELLS ME MY NEW PUMP AND

MOTOR WILL ONLY LAST A SHORT TIME. MR McCORMICK

THINKS I HAVE A BROKEN CASING. BEING RETIRED

AND ON A FIXED INCOME I CAN'T AFFORD A

NEW WELL OR TO REPLACE THE PUMP AND MOTOR

ON A REGULAR BASIS. AT A COST OF SEVERAL

HUNDRED DOLLARS EACH TIME. I AM TAKING CARE

OF MY WIFE WHO HAS ALZHEIMERS, I HAVE TO

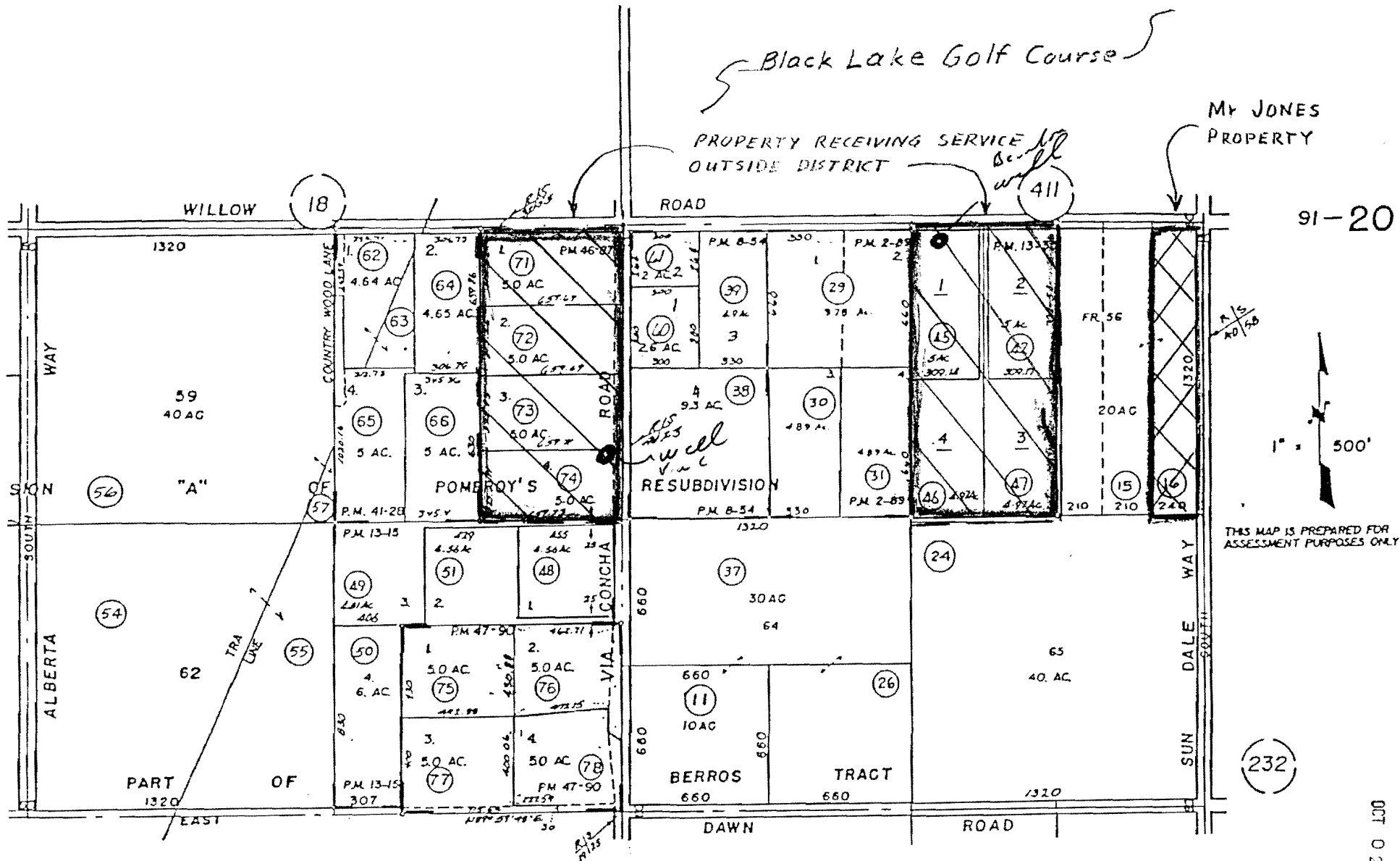
WASH BEDCLOTHES DAILY, MY WASHING MACHINE

WILL NOT FUNCTION PROPERLY, I HAVE TO PUT
WATER IN THE TUB WITH A BUCKET, THE SAND
CLOGS THE WATER HOSES, YOU HAVE YOUR WATER
LINE RUNNING IN FRONT OF MY PROPERTY
ON WILLOW ROAD, FOUR OF MY NEIGHBORS ARE
RECEIVING CITY WATER, I UNDERSTAND THERE
WILL BE A \$500 HUNDRED FEE TO CONNECT TO
CITY WATER WHICH I AM WILLING TO PAY FOR
A DEPENDABLE SUPPLY OF WATER, IF YOU REFUSE
MY REQUEST I DON'T KNOW WHAT I CAN DO BUT
MOVE, IF YOU HAVE ANOTHER SOLUTION PLEASE LET
ME KNOW.

RALPH L. JONES
766 SUNDAY WAY
NIPOMA, CA 93444
PHONE 343 2822

Sincerely
Ralph L. Jones

OCT 02 1996
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THIS MAP IS PREPARED FOR ASSESSMENT PURPOSES ONLY

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TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: OCTOBER 2, 1996

TRACT 2151 - WATER SERVICE LINES

This item was continued from the September 18, 1996, Board meeting so that the newly formed Black Lake Advisory Committee could review the water service lines for Tract 2151 and make a recommendation to Your Honorable Board on this matter. The Board letter of the last meeting is attached for your review.

If the Black Lake Advisory Committee has not had time to meet and make a recommendation, this item may be continued until the next Board meeting.

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TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: SEPTEMBER 18, 1996

AGENDA ITEM

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TRACT 2151

Tract 2151 was previously known as Tract 1409 and was initially developed under the San Luis Obispo County jurisdiction. The County standard for water service lines was Schedule 40 PVC pipe.

Tract Map 1409 expired, therefore, the project had to begin again. The County issued a new number, Tract 2151 for this development. Application was made to the District for an Intent-to-Serve letter for Tract 2151. The District treated this as a new project. An Intent-to-Serve letter was issued indicating that the tract is to meet District standards. All developments in the District are installing Schedule 80 PVC pipe for their water services, therefore, this requirement would apply to Tract 2151. The developer feels that the Schedule 40 PVC pipe, installed under the County's jurisdiction, is adequate for services for this tract. The District feels that Schedule 80 is superior to Schedule 40 and its useful life is greater, therefore, savings in the long-run to District users.

The Board would have the following options in responding to Mr. Pratt's letter with respect to replacing the Schedule 40 PVC pipe with Schedule 80.

1. Have the contractor replace Sch. 40 PVC with Sch 80 .
2. Replace Sch. 40 fittings with Sch. 80 PVC fittings. The fittings are normally the weak point in the Sch. 40 pipe.
3. Leave the Sch. 40 pipe in place and have some type of a financial maintenance arrangement made.
4. Leave the Sch. 40 pipe in place and approve it for services for Tract 2151 only.

Leaving the Sch. 40 pipe in place may have a financial impact on the Black Lake water users. Since the Black Lake area may be having an advisory committee, it is suggested that this item be presented to the proposed Black Lake committee before Your Honorable Board takes action on this matter.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: OCTOBER 2, 1996

**WASTEWATER TREATMENT PLAN EXPANSION
AND FUNDING**

1. PUBLIC HEARING

At the regular meeting of September 18, 1996, the Board held a Public Hearing on the environmental review of the Southland Wastewater Treatment Plant Expansion. Prior to the Public Hearing, the District had received the following items:

1. State Clearinghouse No. 96081004
2. CAL EPA correspondence indicating they had received a notice and had sent out their information on August 7 and that their review period would expire Sept. 27.

There was no public comments or correspondence received prior to or at the Public Hearing held on September 18, 1996. The following day, Sept. 19, the District received a letter from M.V. McKenzie of the Environmental division of the County Planning Department on the Southland Wastewater Treatment Plant Expansion.

The concerns of Mr. McKenzie have been addressed by Garing, Taylor and Associates and are enclosed for the Board's review.

The Public Hearing on the environmental review that was held on Sept. 18, was continued to the Oct. 2, 1996 meeting to comply with the CAL EPA comment expiration date of Sept. 27.

The Board should open the meeting to Public Hearing for public testimony and input. After hearing from the public and staff, the Board may close the Public Hearing and consider adoption of Res. 96-Negdec. This resolution does the following:

- a. Adopts the Negative Declaration for the Southland Wastewater Treatment Expansion.
- b. Authorizes the General Manager to file the Notice of Determination.
- c. Approve the State's Fish & Games Certificate of Fee Exemption.

The above items are presented for Your Honorable Board's review and approval.

WASTEWATER TREATMENT PLAN EXPANSION
AND FUNDING
PAGE TWO

2. FUNDING OF TREATMENT PLANT EXPANSION

At a previous meeting, Your Honorable Board directed staff to inquire about acquiring a State Revolving Fund loan to expand the wastewater treatment plant. Part of the procedure to acquire the loan is as follows:

1. A resolution passed by the Board requesting a State Revolving Fund Loan. The attached resolution meets this requirement.
2. District must match the State Funds equal to 16.667% of the eligible costs. The eligible costs are estimated to be approximately \$900,000. The District would put up about \$150,000.
3. District would pay an administrative cost of up to 0.575% of the loan or approximately \$5,000.
4. Establish appropriate accounting program to track the funds and meet the State requirement on this program.

The attached Res. No. 96-SRF meets the requirements of the State Revolving Fund Loan program and is presented before you for review and approval.

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SAN LUIS OBISPO COUNTY
DEPARTMENT OF PLANNING AND BUILDING

ENVIRONMENTAL DIVISION

September 17, 1996

Doug Jones, General Manager
NCSD
261 W. Dana St., Ste. 101
Nipomo, CA 93444

RE: Proposed Negative Declaration for Southland Wastewater Treatment Plant Expansion

Dear Mr. Jones,

Thank you for the opportunity to review and comment on the proposed Negative Declaration for the Southland Wastewater Treatment Plant Expansion. The County Environmental Division has completed its review of the subject document and has the following comments relating to the document's analysis on water, noise and archaeology.

- 1) The proposed expansion will allow a comparable expansion of water use within the District's boundaries. The South County Area Plan EIR, and more recently the Cypress Ridge EIR and Woodlands Constraint Analysis, identified increased water consumption as a potentially significant impact. The Woodlands Constraint Analysis includes a water model that indicates the high consumption of water at the south end of the mesa (within the Nipomo Mesa groundwater subarea) is having an adverse affect on groundwater levels. It appears that there is currently a greater amount of water being taken from the Santa Maria groundwater basin (which includes the Nipomo Mesa subarea) than is being recharged back. These environmental documents all recommend that water conservation be incorporated into future development to reduce consumption. Since there is a direct connection between water use and wastewater generation, consumption impacts and appropriate mitigation measures should be addressed as part of the proposed negative declaration.
- 2) A second issue is noise. As identified in the proposed ND, the air blower will generate up to 86 dbA at 50' and is proposed for operation between 6 a.m. to 7 p.m. Based on the aerial photo provided in the report, it appears there are several residences in the near vicinity of the proposed air blower building (two residences about 1,100 feet to the west, a couple of residences at the south end

ALEX HINDS
DIRECTOR

BRYCE TINGLE
ASSISTANT DIRECTOR

ELLEN CARROLL
ENVIRONMENTAL COORDINATOR

BARNEY MCCAY
CHIEF BUILDING OFFICIAL

NORMA SALISBURY
ADMINISTRATIVE SERVICES OFFICER

of So. Oak Glen [about 1,500 feet to the east]). According to the County's Noise Element, increasing exterior noise levels to these sensitive noise sources should not exceed the 60 db threshold during the daytime (7 a.m. to 10 p.m.) and 45 db during the nighttime (10 p.m. to 7 a.m.). Based on the standard noise reduction of 3 db each time you double the distance (e.g. 86 db @ 50' becomes 83 db @ 100', which becomes 80 db @ 200', etc.), these residences would appear to be subjected to 71 to 74 db when the air blower is operating, which would exceed the county standards.

This situation may be inconsistent with the county Noise Element. It is our suggestion that you consider retaining a qualified noise specialist to develop appropriate mitigation measures.

- 3) With regards to cultural resources, our records show that a known site (CA-SLO-753) is on the subject property and may be further impacted as a result of the proposed project. Two other known sites exist (CA-SLO-806, CA-SLO-807) immediately to the east and south of the project boundaries. We recommend that additional analysis by a qualified archaeologist be completed to better locate these sites and determine potential impacts as well as any necessary mitigation measures.

The proposed Negative Declaration includes many references to other documents, namely the State Water pipeline EIR. Care should be taken when referencing these documents. It appears that the pipeline corridor evaluated in the State Water EIR is over 1/4 mile away. Many site-specific conclusions reached in this document, such as for wildlife, cultural resources and vegetation, may have minimal bearing on the proposed expansion area and may not be appropriate to use as an assessment for the proposed project. If other documents are referenced, discussion should be provided to show how the analysis applies to the proposed project.

Thank you again for the opportunity to comment on this draft Negative Declaration. If you have any questions regarding our comments please feel free to give me a call. We look forward to receiving a copy of the Final Negative Declaration.

Sincerely,



John McKenzie
Environmental Specialist

c-Ellen Carroll, Environmental Coordinator

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NIPOMO COMMUNITY
SERVICES DISTRICT

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RESOLUTION NO. 96-NEGDEC

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING AN ENVIRONMENTAL NEGATIVE DECLARATION AND
AUTHORIZING THE GENERAL MANAGER TO FILE A NOTICE OF DETERMINATION FOR THE
SOUTHLAND WASTEWATER TREATMENT PLANT EXPANSION PROJECT**

WHEREAS, the Nipomo Community Services District is in the process of expanding the Southland Wastewater Treatment Plant; and

WHEREAS, this hearing has been appropriately noticed under the Brown Act and the California Environmental Quality Act; and

WHEREAS, the California Environmental Quality Act (CEQA) requires the District to assess the impact of such development on the environment, circulate such assessment to interested agencies and the public at large and hold a public hearing on the findings thereof; and

WHEREAS, the Nipomo Community Services District has determined, based on its independent judgement and review, that there is no substantial evidence that the Project may have a significant effect on the environment; and

WHEREAS, on Wednesday, September 18, 1996, the District held a Public Hearing and continued the hearing to October 2, 1996 on the proposed Environmental Declaration for the Project and there were no comments or comments that could not be mitigated.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED THAT THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT does hereby adopt the Negative Declaration for the Southland Wastewater Treatment Plant Expansion and authorize the General Manager to file a Notice of Determination in compliance with Section 21108 or 21152 of the Public Resource Code and the State Department of Fish & Game, Certificate of Fee Exemption.

PASSED AND ADOPTED by the Board of Directors of the Nipomo Community Services District this 2nd day of October, 1996, on the following roll call vote:

AYES: Directors _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

Steven A. Small, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
District Legal Counsel

Notice of Determination

TO: County Clerk
San Luis Obispo County
Government Center Room 385
San Luis Obispo, CA 93408

FROM: Nipomo Community
Services District
P O Box 326
Nipomo, CA 93444-0326

SUBJECT: Filing of Notice of Determination in compliance with
Section 21108 or 21152 of the Public Resources Code.

PROJECT TITLE: Southland Wastewater Treatment Plant Expansion

STATE CLEARINGHOUSE NUMBER: 96081004

CONTACT PERSON: Doug Jones **TELEPHONE:** (805) 929-1133

PROJECT LOCATION: Nipomo Sewer Treatment Plant 590 Southland Street

PROJECT DESCRIPTION: Expansion of the Southland Wastewater Treatment Plant which includes new aeration ponds, perk ponds and associated equipment.

This is to advise that the **NIPOMO COMMUNITY SERVICES DISTRICT** has approved the above described project and has made the following determinations regarding the above described project on October 2, 1996.

1. The Project will not have a significant effect on the environment.
2. An Environmental Impact Report (EIR) was prepared for this project pursuant to the provisions of CEQA.

A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.

The EIR or Negative Declaration and record of project approval may be examined at:

District Office
261 W. Dana Street, Ste 101
Nipomo, CA 93444

3. A statement of Overriding Considerations was not adopted for this project.

Date Rec'd for Filing: _____ Signature: _____
General Manager

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CALIFORNIA DEPARTMENT OF FISH AND GAME
CERTIFICATE OF FEE EXEMPTION

De Minimis Impact Finding

Project Title/Location

Nipomo Community Services District
Southland Wastewater Treatment Plant Expansion
Post Office Box 326
Nipomo, California 93444-0326

State Clearinghouse No. 96081004

Project Description: Expansion of the Southland Wastewater Treatment Plant which includes new aeration ponds, perk ponds and associated equipment.

Findings of Exemption:

Based upon the evidence in the initial environmental study, which has been completed on the proposed improvement, the Board of Directors of the Nipomo Community Services District have found no evidence that this project will have an adverse effect on wildlife resources or the habitat upon which wildlife depends.

Certification:

I hereby certify that the lead agency has made the above findings of fact and that based upon the initial study and hearing record the project will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.

Doug Jones
General Manager
Nipomo Community Services Dist

Date _____

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RESOLUTION NO. 96-SRF

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REQUESTING A STATE REVOLVING FUND LOAN

WHEREAS, the Board of Directors of the Nipomo Community Services District requests to participate in the State Water Resources Control Board State Revolving Fund Loan, and

WHEREAS, said State Revolving Fund Loan proceeds will be used to expand the District's Southland Wastewater Treatment Facility.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED THAT THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT hereby agrees to the following in return for a zero-percent interest State Revolving Fund (SRF) Loan:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$150,000.
2. To pay an administrative fee of up to 0.575% of the eligible project cost for the administrative match amount, if requested by the State Water Resources Control Board (SWRCB), prior to the issuance of the zero-percent interest SRF loan contract, provided that the fee shall be waived by the SWRCB if sufficient monies to fund the administrative match are available from other sources.
3. To establish a state match account for the project and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
4. To provide the SWRCB, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).
5. To provide the Division with copies of the canceled checks documenting payment of the state match amount, on a quarterly basis.

On the motion of Director _____, seconded by Director _____ and on the following roll call vote, to wit:

AYES: Directors _____
 NOES: _____
 ABSENT: _____
 ABSTAIN: _____

the foregoing resolution is hereby adopted this _____ nd day of _____ 1996.

 STEVEN SMALL, President
 Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

 Donna K. Johnson
 Secretary to the Board

 Jon S. Seitz
 General Counsel

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: OCTOBER 2, 1996

REPLACEMENT OF STEEL WATER LINES

At the September 4, 1996 Regular Board Meeting, Your Honorable Board approved to advertise for bids to replace steel lines within District distribution system. Bids were received and opened September 25, 1996. The following bids were received:

<u>CONTRACTOR</u>	<u>BID</u>
1. T.L.C. Backhoe	\$220,294.80
2. Spiess Construction	\$256,242.05
3. DeChance Construction	\$296,645.00
4. R. Baker	\$335,601.50

Garing, Taylor & Associates have reviewed the bids and found the bid from T.L.C. Backhoe in the amount of \$220,294.50 to be the low responsive bid. The engineer's estimate for replacement of the lines was \$361,619.50.

Funding, for these improvements, is within the budget amount of \$243,600.00. Under Public Resources Code §21080.21, this project is statutorily exempt from an environmental review because the pipeline replacement is less than a mile in length.

**Public Resources Code\Division 13 Environmental Quality
Chapter 2.6 General \ § 21080.21 § Pipeline Projects.**

This division does not apply to any project of less than one mile in length within a public street or highway or any other public right-of-way for the installation of a new pipeline or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal or demolition of an existing pipeline. For purposes of this section "pipeline" includes subsurface facilities but does not include any surface facility related to the operation of the underground facility.

Resolution 96-H₂O, incorporates the Public Resources Code and the awarding of the contract for the replacement of water lines to T.L.C. Backhoe. The resolution is presented to Your Honorable Board for review and approval.

RESOLUTION NO. 96-H₂O

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AWARDING THE CONTRACT TO T.L.C. BACKHOE
FOR THE INSTALLATION OF WATER LINES

WHEREAS, the Board of Directors of the Nipomo Community Services District ("DISTRICT") is desirous of replacing old water lines in this distribution system; and

WHEREAS, the DISTRICT advertised for bids to replace the water lines and said bids were open on September 25, 1996 at 10:00 a.m.; and

WHEREAS, four bids were received and the apparent low responsive bid was from T.L.C. Backhoe in the amount of \$ 220,294.80; and

WHEREAS, replacement of water lines falls into statutory exemption as set forth by Public Resources Code\Division 13 Environmental Quality Chapter 2.6 General \ § 21080.21 Pipeline Projects.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AS FOLLOWS:

- 1) Finds the replacement of water lines falls into statutory exemption as set forth by Public Resources Code\Division 13 Environmental Quality Chapter 2.6 General \ § 21080.21 Pipeline Projects
- 2) The contract for replacement of water lines be awarded to T.L.C. Backhoe in the amount of \$220,294.80.
- 3) The President is instructed to execute the contract in behalf of the District.

Upon the motion of Director _____, seconded by Director _____ and on the following roll call vote, to wit:

AYES: Directors _____
NOES: _____ ABSTAIN: _____
ABSENT: _____

the foregoing resolution is hereby adopted this 2nd day of October 1996.

STEVEN A. SMALL, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
General Counsel

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: OCTOBER 2, 1996

NEW OFFICE BUILDING

The District has hired Barry L. Williams & Associates to design the new office building at 148 South Wilson Street. Your Honorable Board has previously awarded the demolition contract to Garcia & Sons. The demolition of the old office building should be completed by the end of October.

Staff is requesting that Your Honorable Board approve plans and specification and to advertise for bid to construct the new office building at the 148 South Wilson Street location. Attached is the notice that will be published for the Request of Bids. It is anticipated that this item will be brought back to Your Honorable Board at the Nov. 6, 1996 meeting for awarding the contract for construction.

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NIPOMO COMMUNITY SERVICES DISTRICT

REQUEST FOR BIDS

TO CONSTRUCT A NEW OFFICE BUILDING

SEALED BIDS will be received by the Secretary of the Nipomo Community Services District ("District") at its office at 261 W. Dana Street, Suite 100, Nipomo, California, until October 29, 1996, at 10:00 a.m., and promptly thereafter all proposals that have been duly received will be publicly opened and read aloud, for performing work as follows:

The Contractor is to supply all labor, material, and equipment necessary to construct approximately 3800 sq. ft. office building at 148 S. Wilson Street in accordance with the District plans and specifications.

INSTRUCTIONS TO BIDDERS

Plans, specifications, and proposal forms may be inspected at the District office in Nipomo, and copies of said documents may be obtained from the District at 261 W. Dana Street, Suite 101, Nipomo, California, (805) 929-1133 at \$25.00 per set (non-refundable).

No bid will be accepted unless it is made on a proposal form furnished by the District.

The successful bidder must possess the following classification of contractor's license: B-2 General Contractor.

All bids will be accompanied by cash, a certified or cashier's check or bidder's bond in the sum of not less than ten percent (10%) of the total aggregate amount of the bid. Said checks or bonds shall be made payable to the order of the District as liquidated damages in case of the successful bidders failure to enter into the contract within the specified time.

Contractors shall comply with Part 7, Chapter 1, Article 2, Sections 1770, 1773 and 1773.1 of the California Labor Code (prevailing wage, etc.). The prevailing wage schedule is available at District office.

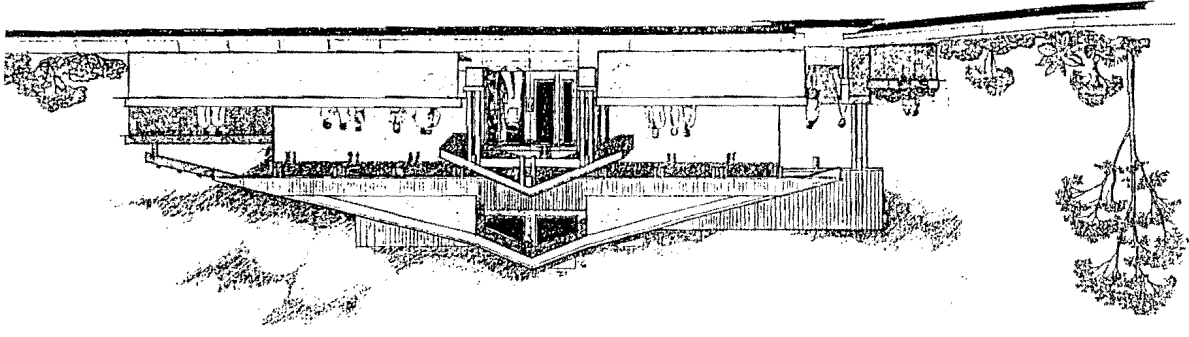
Contractor shall assume full responsibility for job site safety.

Notice is also hereby given that all bidders may be required to furnish, a sworn statement of their financial responsibility, technical ability, and experience before award is made to any particular bidder.

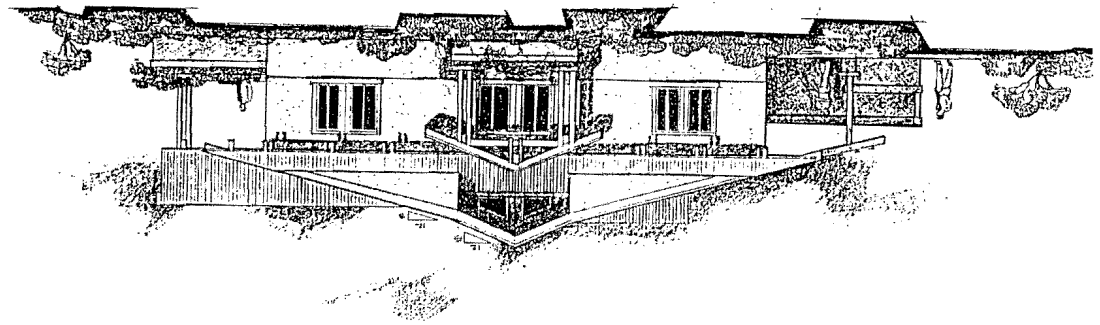
Dated this 2th day of October, 1996, at Nipomo, California.

NIPOMO COMMUNITY SERVICES DISTRICT
/s/ DOUGLAS JONES
General Manager

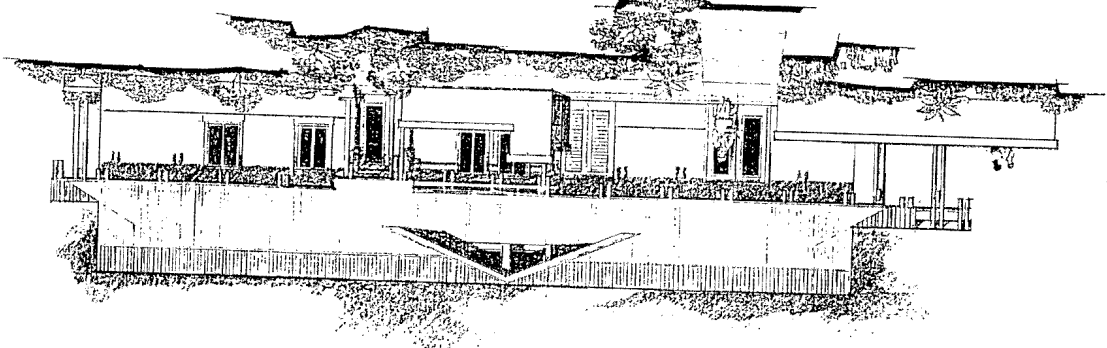
NORTHWEST ELEVATION - HERBING PARK 1/8" = 1'-0"



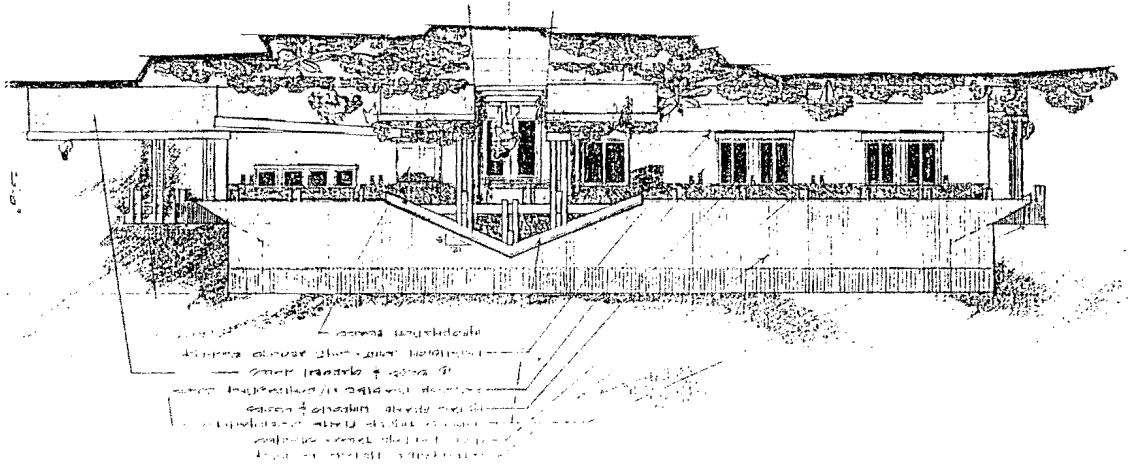
SOUTHEAST ELEVATION - PARK ST 1/8" = 1'-0"



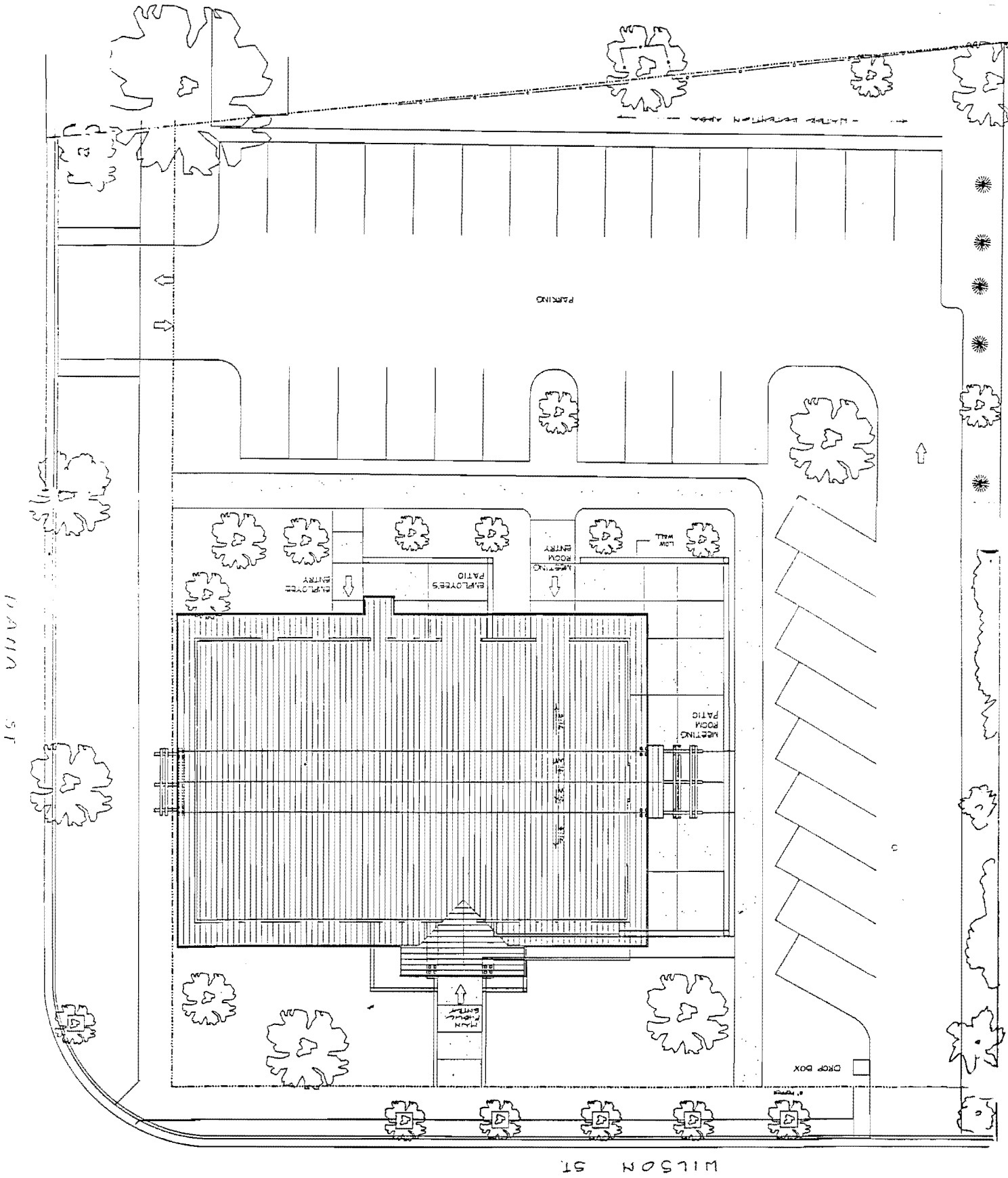
SOUTHWEST ELEVATION - PARKING LOT 1/8" = 1'-0"



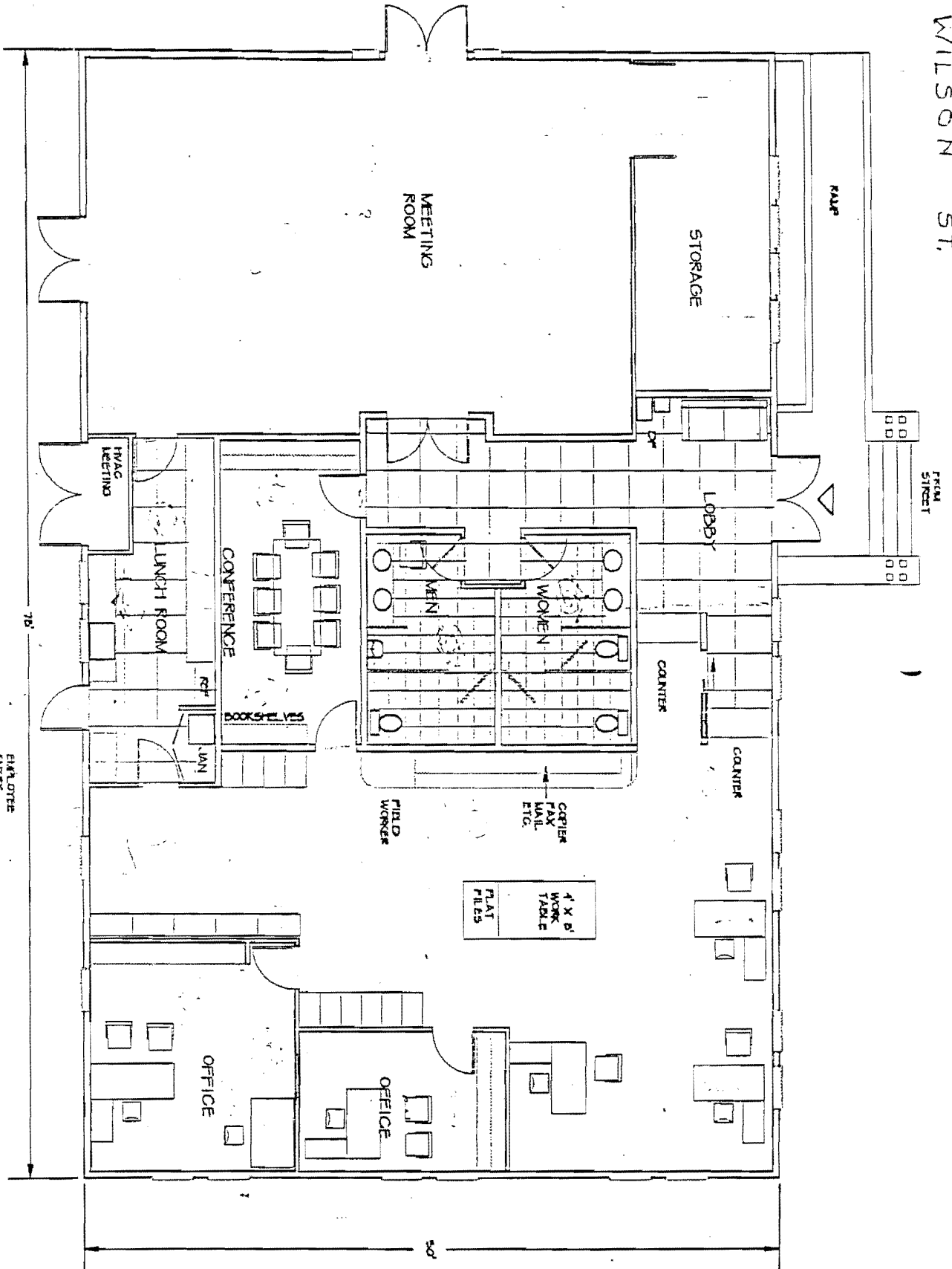
NORTHEAST ELEVATION - HISSON ST 1/8" = 1'-0"



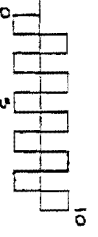
SITE PLAN



WILSON ST.



FLOOR PLAN



SCALE 1" = 10'

DANA ST.

OCT 2 1996

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: OCTOBER 2, 1996

WELL PUMP HOUSES
NOTICE OF COMPLETION

At the Regular Meeting of June 19, 1996, Your Honorable Board approved a contract with J. Miller Construction Co. to construct three pump houses at the Eureka, Bevington and Via Concha Well sites. The bid amount was for \$11,300.00. J. Miller Construction has now completed the three pump houses.

Upon completion of a project the District should file a Notice of Completion. If no claims are filed against the contractor for a period of 35 days, the 10% retention funds are then released to the contractor.

It would be appropriate for a motion to be made to file the attached Notice of Completion for the three pump houses.

C:\W:\BD\pumphos4.DOC

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

NIPOMO COMMUNITY SERVICES DISTRICT
P.O. Box 326
Nipomo, CA 93444

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF COMPLETION

Notice pursuant to Civil Code Section 3093, must be filed within 10 days after completion.

Notice is hereby given that:

1. The undersigned is owner or corporate officer of the owner of the interest or estate stated below in the property hereinafter described:

2. The full name of the owner is Nipomo Community Services District

3. The full address of the owner is Post Office Box 326
Nipomo, CA 93444

4. The nature of the interest or estate of the owner is: In fee.
Public Improvements
(If other than fee, strike "In fee: and insert, for example, "purchaser under contract of purchase," or "lessee")

5. The full names and full addresses of all persons, if any, who hold title with the undersigned as joint tenants or as tenants in common are:

NAMES	ADDRESSES
None	

6. A work of improvement on the property hereinafter described was completed on Sept. 16, 1996 the work done was:
Construction of three well pump houses.

7. The name of the contractor, if any, for such work of improvement was J. Miller Construction Co.

8. The property on which said work of improvement was completed is in the city of Nipomo

County of San Luis Obispo State of California, and is described as follows:
Eureka, Bevington, and Via Concha Well sites

9. The street address of said property is Hwy 1 south of Willow Rd. (Eureka)
South side of Willow Rd. (Bevington) Via Concha .2 Mi. south of Willow Rd.

Dated: 09/16/96 (Via Concha)
Verification for Individual Owner

Signature of owner or corporate officer of owner
named in paragraph 2 or his agent

No transferors

VERIFICATION

I, the undersigned, say: I am the _____ the declarant of the foregoing
("President of", "Manager of", "A partner of", "Owner of", etc.)

notice of completion; I have read said notice of completion and know the contents thereof: the same is true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on _____, 19____, at _____, California.
(Date of signature) (City where signed)

(Personal signature of the individual who is swearing that the contents of
the notice of completion are true.)

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: OCTOBER 2, 1996

ANNEXATION NO. 15
PROPERTY TAX EXCHANGE

The Local Agency Formation Commission (LAFCO) at their Sept. 19, 1996 meeting considered the Annexation No. 15 to the Nipomo Community Services District. After extensive deliberation, LAFCO approved Annexation No. 15 with amended boundaries to include the previous Annexation No. 12 and eliminating the previously considered lots A & B. The area approved for annexation to the District is attached as Exhibit D.

In approving the amended boundaries to Annexation No. 15, LAFCO conditioned it to the approval of the Nipomo Community Services District, by resolution, of compliance with the District's annexation policy regarding water and sewer services. If the tax exchange is approved, the District will hold a hearing on Annexation No. 15, with its amended boundaries. At this hearing, the amended area to Annex. No. 15 will be reviewed with respect to compliance with the District's annexation policy, regarding water and sewer services.

Attached for the Board's review and approval is the property tax exchange Resolution No. 96-XTAX for the amended area to Annexation No. 15, which is equivalent to 4.1858884 %.

C:\W:\BD\annex15.DOC

RESOLUTION NO. 96-xtax

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING RENEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE
AND ANNUAL TAX INCREMENT FROM COUNTY OF SAN LUIS OBISPO
TO NIPOMO COMMUNITY SERVICES DISTRICT
FOR ANNEXATION NO. 15 (NEWDOLL/HASTINGS)**

WHEREAS, in the case of a jurisdictional change other than a city incorporation or district formation which will alter the service area or responsibility of a local agency, Revenue and Taxation Code Section 99(b) requires that the amount of property tax revenue to be exchanged, if any, and the amount of annual tax increment to be exchanged among the affected local agencies shall be determined by negotiation; and

WHEREAS, when an independent special district is involved, the negotiations are conducted by the Board of Supervisors of the County and the Board of Directors of the District pursuant to Revenue and Taxation Code Section 99.(b)(5); and

WHEREAS, Revenue and Taxation Code Section 99.(b)(6) requires that each local agency, upon completion of negotiations, adopt resolutions whereby said local agencies agree to accept the negotiated exchange of property tax revenues and annual tax increment and requires that each local agency transmit a copy of each such resolution to the Executive Officer of the Local Agency Formation Commission; and

WHEREAS, no later than the date on which the certificate of completion of the jurisdictional change is recorded with the County Recorder, the said Executive Officer shall notify the County Auditor of the exchange of property tax revenues by transmitting a copy of said resolutions to him and the County Auditor shall thereafter make the appropriated adjustments as required by law; and

WHEREAS, the negotiations have taken place concerning the transfer of property tax revenues and annual tax increment between the County of San Luis Obispo and the Nipomo Community Services District pursuant to Section 99(a)(1) for the jurisdictional change designated as LAFCo File 5-R-96: Annexation No. 15 (Newdoll/Hastings) to the Nipomo Community Services District; and

WHEREAS, the negotiating parties, to wit: Paul Hood, Principal Administrative Analyst, County of San Luis Obispo and Doug Jones, General Manager of the Nipomo Community Services District have negotiated the exchange of property tax revenue and annual tax increment between such entities as hereinafter set fourth; and

WHEREAS, it is in the public interest that such negotiated exchange of property tax revenues and annual tax increment was consummated by the Board of Supervisors on August 20, 1996; and

WHEREAS, on September 19, 1996, the Local Agency Formation Commission (LAFCO) modified the annexation by adding territory as set forth in Exhibit A; and

WHEREAS, revenue and taxation code Section 99(b)(7) provides for a 15-day renegotiation period if a proposal is modified by LAFCO.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT, STATE OF CALIFORNIA, AS FOLLOWS:

**RESOLUTION 96-xtax
PAGE TWO**

1. That the recitals set forth above are true, correct and valid.
2. That the Nipomo Community Services District agrees to accept the following negotiated exchange of property tax revenues and annual tax increment for the original territory, plus the territory added by LAFCO as set forth in Exhibit A.
 - a. No base property tax revenue shall be transferred from the County of San Luis Obispo to the Nipomo Community Services District.
 - b. Annual tax increment in an amount to be determined by the County Auditor, based upon the following percentage agreed to by the negotiating parties, 4.1858884 percent, after the ERAF calculations, shall be transferred from the County of San Luis Obispo to the Nipomo Community Services District in the fiscal year 1997-98 and each fiscal year thereafter.
3. Upon receipt of a certified copy of this resolution and a copy of the recorded certificate of completion, the County Auditor shall make the appropriate adjustments to property tax revenues and annual tax increment as set forth above.
4. That the Secretary to the Board of Directors is authorized and directed to transmit a certified copy of this resolution to the Executive Officer of the San Luis Obispo Local Agency Formation Commission, who shall then distribute copies thereof in the manner prescribed by law.

On the motion of Director _____ and seconded by Director _____ and on the following roll call vote, to wit:

AYES: Directors _____
 NOES: _____
 ABSENT: _____
 ABSTAIN: _____

the foregoing resolution is hereby adopted this _____ day of _____ 1996.

 STEVEN SMALL, President
 Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

 Donna K. Johnson
 Secretary to the Board

 Jon S. Seitz
 General Counsel

APPROVED ANNEXATION NO. 15 TO
NCSD - ROBERT NEWDOLL, ET. AL.

EXHIBIT A - REVISED 9/19/96
LAFCO FILE NO. 5-R-96

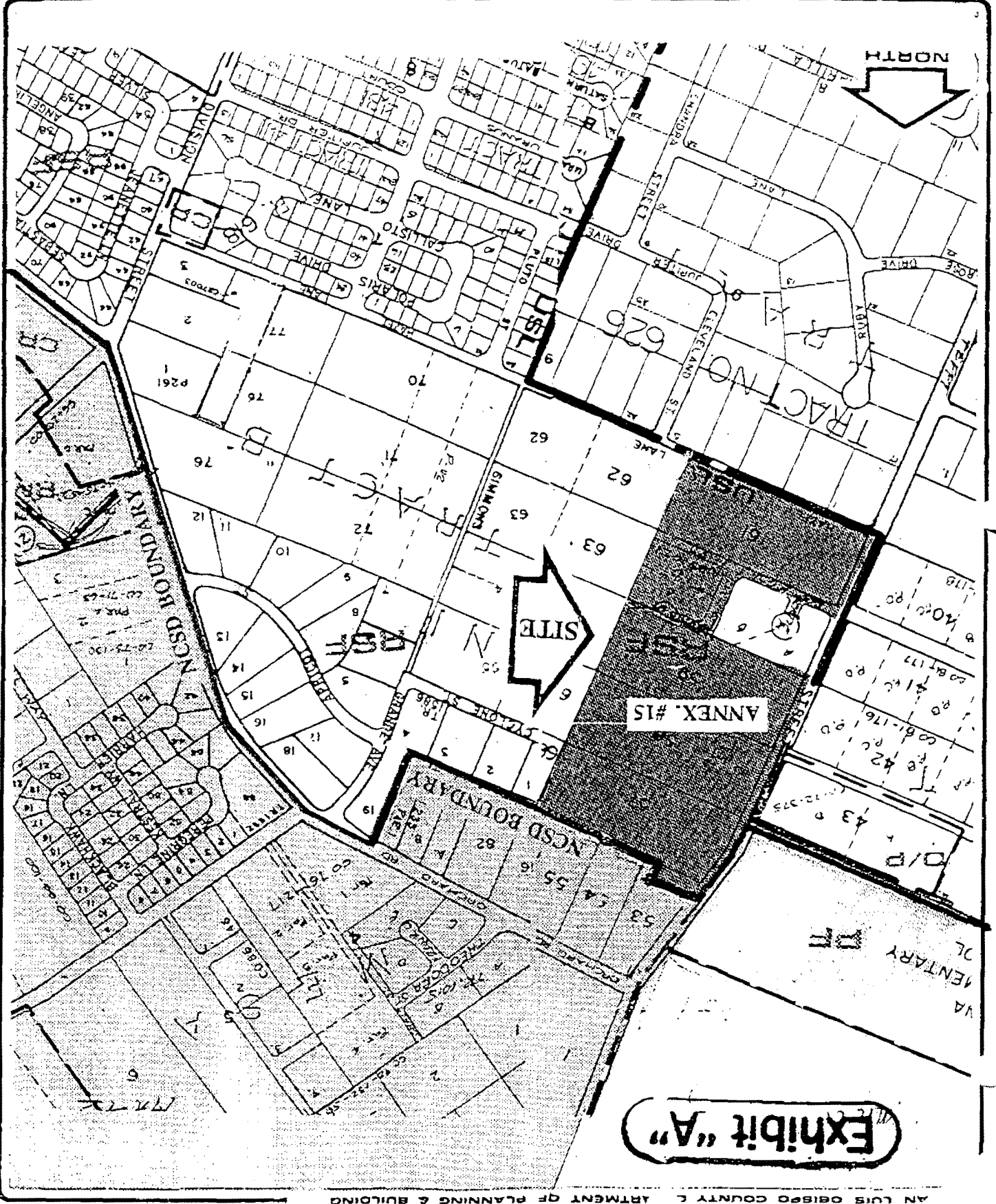


Exhibit "A"

AN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING & BUILDING

AGENDA ITEM

OCT 2 1996

12

TO: BOARD OF DIRECTORS

FROM: DOUG JONES

DATE: OCTOBER 2, 1996

MANAGER'S REPORT

1. Prop 218, Right to Vote Tax Act
2. LAFCO Study on Outside User Agreements

NEWS WISE



Published by Fieldman, Rolapp & Associates, Independent Financial Advisors

Fall 1996

UPDATE: RIGHT TO VOTE ON TAXES ACT

If the "Right to Vote on Taxes Act," the proposed initiative on the November 6, 1996 ballot were to pass, it would essentially change the way *all California local governments* levy assessments, fees and charges.

The most significant impact would be felt by those California agencies currently levying assessments for landscaping and lighting maintenance districts. In Riverside County alone, passage of the initiative could negatively affect the City of Corona's \$4.3 million city-wide landscaping and lighting district revenues, along with Riverside's \$2.9 million, Lake

Elsinore's \$2.1 million, Hemet's \$1.8 million and San Jacinto's \$670,000, by requiring a more stringent majority voting process for approval of the ongoing assessments.

Here's a quick summary of the significant changes required by the proposed "Right to Vote on Taxes Act":

- General tax increases will require a majority vote; special purpose taxes will require a two-thirds vote.
- General taxes imposed, extended or increased without voter approval by any local government on or after January 1, 1995 to November 6, 1996, will continue to be imposed only if approved by a majority vote, and the election must be held within two years of November 6, 1996.

- Assessments (defined as special assessments, benefit assessments, maintenance assessments, special assessment taxes and standby charges) will need to be approved by a majority of property owners whose property receives a special benefit and who respond favorably by ballot and Ballot voters are weighted by the property owners' proportionate share of the proposed assessments.

Continued on page 4 . . .

Right to Vote on Taxes Act

Continued from Page 1 . . .

- Fees and charges will require an approval process similar to how special assessments are currently being levied: 1) the proposed fees or charges are explained and mailed to property owners through written notice, 2) a public hearing is held, and 3) the fee or charge is levied if less than a majority of written protests is received by the conclusion of the public hearing. However, unlike assessments, the protest is weighted by the number of written protests from the majority of own-

ers. Voter approval is required for all new or increased fees except for sewer, water and refuse collection.

- Special purpose districts or agencies, including school districts, will have no power to levy general taxes.
- Public agencies will not be exempt from paying assessments for which they receive special benefit.
- No assessment, fee or charge may exceed the cost of its proportioned benefit.
- Exemptions for assessments existing November 6 will include:
 - ◊ Assessments imposed specifically for sidewalks, streets, sewers, water, flood control, drainage systems or vector control.

- ◊ Assessments imposed pursuant to a petition signed by 100% parcel owners subject to assessment.
- ◊ Any assessments securing bonded indebtedness.
- ◊ Any assessment previously approved by a majority vote.

If the "Right to Vote on Taxes" is passed by voters in November, all assessments, fees and charges must comply with the changes imposed by the initiative by July 1, 1997.

If you have any questions about how to proceed today with a proposed financing or fee or charge which could be affected by the "Right to Vote on Taxes Act," please contact Larry Rolapp or Tom Johnsen at (714) 660-8500. □

How will the "Right to Vote on Taxes Act" (Proposition 218) affect your Agency ?

Prepared by: *Berryman & Henigar*

Proposition 218, an initiative to amend the constitution will appear on the November 1996 ballot. This initiative has been proposed by the Howard Jarvis Taxpayers Association. If approved, the initiative would change existing laws related to the use of special assessments, and other property based fees and charges to limit the ability of local government to raise revenues. Berryman & Henigar has developed this brief analysis to help public agencies understand how the initiative will affect them if it is approved.

What are the significant features of the "Right to Vote on Taxes Act"?

The "Right to Vote on Taxes Act" is an initiative on the November ballot (Proposition 218) which seeks to limit the ability of local government to generate revenue by the use of special assessments, local taxes, fees and charges without taxpayer or property owner consent. Its significant features include:

- ◆ Requires Voter Approval for Tax Levies - The Act would prohibit any agency from imposing, extending, or increasing a general tax, including a utility tax, unless the tax is submitted to the electorate and approved by a majority vote. Tax elections must be consolidated with a regularly scheduled general election for members of the local government's governing body. Any general tax which was enacted, extended or increased after January 1, 1995 could continue to be imposed only if it is or was approved by a majority of voters in an election held by November 6, 1998.
- ◆ Requires Approval by a Majority of Property Owners for All Assessments - In order to levy assessments after July 1, 1997, the Act would require that a mailed ballot be sent to all property owners and that a majority would have to return their ballots in favor of the assessment than those opposed to it, based upon the amount of the assessment to be collected from each property. This would apply to all assessments including existing, new or increased assessments. The only exception would be if the assessment was previously approved by a majority of the voters, and assessments which are collected to pay bonds or existing assessments for the construction, maintenance or operation of sidewalks, streets, sewers, water, flood control, drainage systems or vector control.
- ◆ Requires Majority Property Owner Approval or Optional Two-Thirds Electorate Approval for Property-Related Fees and Charges - The Act would require that a mailed notice be sent to each property owner and that the fee or charge be approved by a majority of the property owners subject to any property based fee or charge prior to its adoption beginning July 1, 1997. This would apply to increases to existing fees as well as all new fees. The only exception would be fees or charges for water, sewer or refuse collection services. However, the agency could still

be required to mail a notice to each property owner and conduct a protest hearing. As an option, the agency could choose to undertake a general election, which would require a two-thirds vote of the electorate residing in the affected area for approval. The Act defines standby fees as assessments which would need to go to the ballot for adoption.

- ◆ Authorizes the use of the initiative process to repeal or reduce local taxes, fees, charges and assessments - If approved, the Act would allow use of the initiative process to repeal or reduce existing taxes, fees and assessments. This is currently prohibited and, if enacted, could have far reaching impacts on public agencies especially in the ability of agencies to pledge revenues to the repayment of bonds.

How would this affect existing Lighting and Landscape assessment districts?

While there are many unanswered questions regarding how the requirements of the Act would be interpreted by the Courts, it would appear that the intent of the proponents of the initiative is that public agencies will have to submit the assessment to property owners for approval beginning in FY 97-98, to continue collecting assessments on existing Lighting and Landscaping maintenance districts.

This would require that each assessed property owner receive a mailed notice which would include a ballot to indicate their support or opposition to the proposed assessment. If a majority of the property owners returning the ballot do not support the levy of the annual assessment, the agency would no longer be able to levy the assessment that year. This will place an increased financial burden on the agency by increasing the costs of administering existing districts even if no increase in the amount of assessment is proposed.

The only exceptions to this requirement would be if the existing assessment proceeds are used exclusively to repay bonded indebtedness, if the assessment received majority voter approval prior to its adoption or if the assessment was imposed pursuant to a petition signed by all property owners at the time the assessment was initially imposed.

What about other types of assessment districts?

The initiative as proposed exempts any existing assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for certain categories of public improvements, including sidewalks, streets, sewers, water, flood control, drainage systems or vector control. However, any future increase in assessments would have to follow the new requirements including the mailing of a ballot to each property owner.

Can we still form new Lighting and Landscape and other types of assessment districts?

Yes. However, as part of the public noticing process for any new assessment, the mailed notice for the formation of new assessment districts must include a ballot which can be used by property owners to indicate their support or opposition to the proposed assessment. In addition to the change in the protest procedure, the initiative also attempts to place a greater burden of proof on

public agencies to demonstrate that the properties being assessed receive a special benefit over and above the benefits conferred on the public at large.

How will the Act impact other property based fees and charges?

Like assessments, beginning July 1, 1997, property owners must approve of any new property based fee or charge before they are imposed or increases in existing ones. This will require that a mailed notice be sent to each property owner and that if a majority of the property owners protest in writing the new or increased fee, it must be rejected. In addition, an election must be held to approve all new fees or increased to existing fees, with the exception of charges for water, sewer and refuse collection. This would apply even to those charges which are levied to recover the costs of services provided by the agency to property. The revenue collected by the fee or charge would be limited by the Act to the amount required to provide the service. The Act would also prohibit the use of the revenue for any additional service other than its original intended use.

What can we do?

Many public agencies have come to rely on revenue from assessments and property based fees or charges to provide and fund services that citizens expect. Elimination of these revenue sources would have a severe impact on the ability of many public agencies to provide services. The State's Director of Finance has estimated that, if the initiative is approved by voters, the fiscal impact to local governments may exceed \$100 million.

- ◆ The first step should be to conduct an evaluation of how the initiative will impact your agency, if it is approved. This should include a review of all revenue sources that would be impacted and an analysis of the impact which the potential loss of that revenue would have on current programs and services.
- ◆ For each revenue source that would be impacted, an evaluation should be made of what steps will be required to continue collecting it after July 1, 1997. This should include a realistic appraisal of the likelihood of a favorable property owner vote.
- ◆ Prepare a detailed plan and timeline for meeting the requirements which would be imposed by the initiative, if it is approved by the voters.
- ◆ Develop a public information program to educate property owners and citizens. Although public funds cannot be used to promote one viewpoint over another, public agencies can develop and provide information about important issues such as this. When local governments have been able to inform and educate their citizens on how the funds will be expended, widespread citizen support has often been the result. Public information educational campaigns including newsletters, public access announcements, and other activities, help citizens understand the need for funding.

If you would like to learn more about how this initiative would affect your agency, please contact Berryman & Henigar's Management & Finance staff.

LAFCO • Local Agency Formation Commission

Serving the Area of San Luis Obispo County

COMMISSIONERS

CRAIG PRITCHARD, Chair
Public Member

BYRON BRILEY, Vice-Chair
Special District Member

DAVID BLAKELY
County Member

WILLIAM ENGELS
Special District Member

GENE GATES
City Member

LAURENCE LAURENT
County Member

DUANE PICANCO
City Member

ALTERNATES

EVELYN DELANY
County Member

PETE DOUGALL
City Member

CAROLYN MOFFATT
Special District Member

RICHARD ROBERTS
Public Member

STAFF

ROBERT E. HENDRIX
Executive Officer

PAUL L. HOOD
Deputy Executive Officer

KATHY BOUCHARD
Legal Counsel

NIKKI J. SCHMIDT
Clerk to the Commission

**TO: CITY ADMINISTRATORS, PLANNING DIRECTORS, AND
SPECIAL DISTRICT ADMINISTRATORS**

FROM: PAUL L. HOOD, DEPUTY EXECUTIVE OFFICER, LAFCO

DATE: SEPTEMBER 24, 1996

SUBJECT: LAFCO STUDY ON OUTSIDE USER AGREEMENTS

A Study Session on Outside User Agreements will be held at the **October 17, 1996** meeting of the Local Agency Formation Commission (LAFCO). By way of background, AB 1335 (Gotch) provides that before a city or special district can provide services outside its boundaries by contract, it must first receive approval from LAFCO. The area must also be within the agency's sphere of influence.

The Commission directed that the Study Session be held as a result of several recent applications by the Templeton Community Services District (TCSD) to serve developments outside the district's boundaries, but within its sphere of influence. The Commission questioned why the areas should not be annexed rather than served pursuant to outside user agreements.

The October 17, 1996, meeting will essentially be a "fact-finding" session to determine if a more proactive approach by cities and special districts should be encouraged by LAFCO. One or more subsequent Study Sessions may be held in the future should the Commission determine that they are necessary.

The Commission meets in the Board of Supervisors Chambers in San Luis Obispo. The meetings begin at 9:00 a.m. and members of the public are encouraged to attend. A notice of the hearing will be sent to all cities and special districts as soon as it is finalized.

Please feel free to contact me if you have any questions.

c - Members, Formation Commission

RECEIVED

SEP 26 1996

MIRCO COMMUNITY
SERVICES DISTRICT

OCT 2 1996

TO: BOARD OF DIRECTORS

FROM: DOUG JONES

DATE: OCTOBER 2, 1996

ANNUAL AUDIT REPORT

The District is required by law to have an independent audit performed on its financial statements. Carlos Reynoso, CPA prepared the audit for the fiscal year ending June 30, 1996. On September 3, Mr. Reynoso met with District staff and the Finance Committee, Directors Small and Fairbanks, to review the draft audit report. Mr. Reynoso answered questions and did a page by page review of the audit report. Attached for your review is a copy of the audit report.

Carlos Reynoso, CPA is here tonight to make a formal presentation to the Board of Directors. He will answer any questions you may have regarding the financial statements.

Upon completion of the presentation and public comments, a motion would be in order to accept the audit report for June 30, 1996.

C:\W\BD\AUDIT96

NIPOMO COMMUNITY SERVICES DISTRICT

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1996



CARLOS J. REYNOSO
CERTIFIED PUBLIC ACCOUNTANT

NIPOMO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
JUNE 30, 1996

<u>Name</u>	<u>Office Held</u>
Steven Small	President
Kathleen Fairbanks	Vice-President
Alex Mendoza	Director
Albert Simon	Director
Robert Blair	Director

NIPOMO COMMUNITY SERVICES DISTRICT
REPORT AND FINANCIAL STATEMENTS
JUNE 30, 1996

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Carlos J. Reynoso
Certified Public Accountant

935 Riverside Ave., Suite 8 • P.O. Box 70
Paso Robles, California 93447-0070
(805) 238-9601 • Fax (805) 238-2406

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
NIPOMO COMMUNITY SERVICES DISTRICT
Nipomo, California 93444**

I have audited the accompanying financial statements of Nipomo Community Services District as of and for the year ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nipomo Community Services District as of June 30, 1996, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The statement of operating expenses is presented for purposes of additional analysis and are not a required part of the financial statements of the Nipomo Community Services District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated August 1, 1996, on my consideration of Nipomo Community Services District's internal control structure and a report dated August 1, 1996, on its compliance with laws and regulations.

Carlos J. Reynoso
Carlos J. Reynoso, C.P.A.

August 1, 1996

NIPOMO COMMUNITY SERVICES DISTRICT
BALANCE SHEET
JUNE 30, 1996

ASSETS

Current Assets

Cash and cash equivalents - Note 2	\$ 1,896,724
Accounts receivable	53,727
Notes receivable-current portion	9,769
Unbilled utility receivables	198,000
Accrued interest receivable	48,250
Prepaid expenses	<u>4,673</u>
Total current assets	2,211,143

<u>Restricted Assets-Cash and Cash Equivalents-Note 2</u>	2,437,466
--	-----------

<u>Fixed Assets (net of accumulated depreciation)-Notes 3 and 4</u>	14,065,582
--	------------

Other Assets

Deposits	3,766
Notes receivable-long-term portion	<u>102,490</u>
Total assets	<u>\$18,820,447</u>

LIABILITIES AND FUND EQUITY

Current Liabilities

Accounts payable	\$ 74,699
Customer deposits	7,126
Compensated absences payable	26,692
Maintenance guarantee deposit	5,000
Deferred revenue	6,300
Cash held in trust for Assessment District No. 93-1	620,067
Note payable-current portion-Note 4	<u>6,000</u>
Total current liabilities	745,884

Noncurrent Liabilities

Note payable-Note 5	<u>201,000</u>
Total liabilities	<u>946,884</u>

Fund Equity-Note 6

Contributed capital, net	<u>15,673,158</u>
Retained earnings:	
Reserved for sewer system replacement	135,000
Reserved for debt service	15,600
Reserved for emergencies	50,000
Reserved for funded replacement	119,029
Unreserved	<u>1,880,776</u>
Total retained earnings	<u>2,200,405</u>
Total fund equity	<u>17,873,563</u>
Total liabilities and fund equity	<u>\$18,820,447</u>

The accompanying notes are an integral part of this financial statement.

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED JUNE 30, 1996

Operating Revenues

Water sales	\$ 931,015
Sewer sales	412,181
Water meter and connection fees	21,650
Sewer lift station fees	22,500
Street lighting fees	13,958
Fees and penalties	28,411
Plan, check, and inspection fees	13,964
Administration fees	19,005
Annexation fees	6,000
Other	<u>22,201</u>
Total operating revenues	<u>1,490,885</u>

Operating Expenses

Operating	1,184,185
Depreciation	<u>575,839</u>
Total operating expenses	<u>1,760,024</u>
 Operating loss	 (269,139)

Nonoperating Revenues/Expenses

Property taxes	155,780
Gain on disposal of asset	2,500
Interest income	183,776
Interest expense	<u>(10,600)</u>
Total nonoperating revenues (expenses)	<u>331,456</u>

Net income	62,317
------------	--------

Other Increases

Capacity charges received	855,687
Contributed fixed assets from developers	302,880

Fund Equity - beginning of year	<u>16,652,679</u>
Fund Equity - end of year	<u>\$17,873,563</u>

The accompanying notes are an integral part of this financial statement.

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1996

Cash Flows From Operating Activities:

Operating income		\$ (269,139)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$ 575,839	
Changes in assets and liabilities:		
Decrease in accounts receivable	44,766	
Increase in unbilled utility receivables	(117,000)	
Increase in prepaid expenses	(362)	
Increase in accrued interest receivable	(9,150)	
Increase in notes receivable	(112,259)	
Decrease in deposits	1,981	
Decrease in accounts payable	(41,330)	
Decrease in customer deposits	(31,537)	
Increase in compensated absences	1,973	
Increase in due to assessment district	<u>56,759</u>	
Total adjustments		<u>369,680</u>
Net cash provided by operating activities		100,541

Cash Flows From Noncapital Financing Activities:

Property taxes		155,780
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Cash Flows From Capital and Related Financing Activities:

Payments for acquisition and construction of assets	(190,042)	
Principal paid on note payable	(5,000)	
Proceeds on sale of fixed assets	2,500	
Receipt of capacity charges	855,687	
Interest paid on note payable	<u>(10,600)</u>	
Total cash flows provided by capital and related financing activities		652,545

Cash Flows From Investing Activities:

Interest income		<u>183,776</u>
Net increase in cash and cash equivalents		1,092,642
Cash and cash equivalents at beginning of year		<u>3,241,548</u>
Cash and cash equivalents at end of year		<u>\$4,334,190</u>

Information on Non-Cash Investing, Capital and Financial Activities

During the year, the District received donated fixed assets in the amount of \$302,880 from developers.

The accompanying notes are an integral part of this financial statement.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

Note 1 - Summary of Significant Accounting Policies

A. Organization

The District was formed on January 28, 1965, under the authorization of Community Service District Law, Section 61000, et. seq., of the Government Code of the State of California, for the purpose of providing all permissible services of a community services district. The District which provides water, sanitation, streetlighting, and drainage began operations in November 1966. The District operates under a Board of Directors - Manager form of government.

The District's financial statements include the accounts of all District operations. The accounting policies of the District conform to generally accepted accounting principles.

The Reporting Entity - The Nipomo Community Services District (District) is a political subdivision of the State of California. The District's financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". This technical pronouncement established criteria for determining the organization's activities and functions that should be included in the financial statements of a governmental unit.

For financial reporting purposes, the District would include in this report all funds and account groups of all agencies and boards that are controlled by, or dependent upon, the District's legislative body. The criteria of control is determined on the basis of financial accountability, imposition of will, and financial benefit or burden.

The District is a member of the Special District Risk Management Authority Joint Powers Agency, which was organized for the purpose of providing general liability, automobile, errors and omission, and property loss insurance coverage to special districts. This organization is financed through premium charges to each member. This Organization does not meet the aforementioned reporting entity criteria and therefore is not included in the accompanying financial statements.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Two

Note 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Accounting

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, revenues and expenses are recognized on an accrual basis of accounting. The District's books and records include water funds, sewer funds, street lighting fund, drainage fund, sewer maintenance district fund, community septic system fund, property tax fund, and funded replacement fund.

These funds have been combined in the accompanying balance sheet, statement of revenues, expenses and changes in fund equity, and statement of cash flows. All material interfund and interdivisional transactions have been eliminated.

C. Revenue Recognition

The District recognizes revenue from user fees and service charges, as it is earned. Taxes and assessments are recognized as revenue in the year assessed.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

E. Receivable

District water and wastewater charges are billed monthly or bi-monthly. Customer accounts receivable are placed on the tax roll when the receivable is deemed uncollectible by the District. An allowance for uncollectibles is not considered to be necessary since it would not be material.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Three

Note 1 - Summary of Significant Accounting Policies (continued)

F. Fixed Assets

Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives ranging from five to 50 years using the straight-line method. All purchased fixed assets are valued at historical cost. Other donated fixed assets are valued at their estimated fair market value on the date received.

G. Compensated Absences

Depending on the length of continuous services, a range of 10-20 vacation and 12 days of sick leave per year may be accumulated by each employee. The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to employee's rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with above criteria, the District has accrued a liability for vacation and sick pay which has been earned but not taken by District employees, and is recorded as a liability in accordance with FASB Statement 43.

H. Fund Equity

Contributed capital is recorded when cash or fixed assets are received from developers, customers, or other government entities, and the purpose is for other than operating expenses.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Four

Note 1 - Summary of Significant Accounting Policies (continued)

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10, and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Luis Obispo bills and collects the taxes for the District. Tax revenues are recognized by the District in the year levied.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents at June 30, 1996, consisted of the following:

Cash on hand	\$	350
Cash in bank		30,114
Cash in County Treasury		28,480
Cash in Local Agency Investment Fund (LAIF) (State of California)		<u>4,275,246</u>
		<u>\$4,334,190</u>

The following provides additional information regarding deposits held by the District:

Deposits

All cash deposits are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's (agency) deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC).

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Five

Note 2 - Cash and Cash Equivalents (continued)

The District maintains cash in the San Luis Obispo County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District also maintains cash in the State of California - Local Agency Investment Fund. These pooled funds are carried at cost which approximates market value. Any investment losses are proportionately shared by all funds in the pools. The cash in the Local Agency Investment Fund and the San Luis Obispo, County Treasury is not subject to categorization.

Restricted Assets

Restricted cash and cash equivalents were provided by, and are to be used for the following:

<u>Funding Source</u>	<u>Use</u>	<u>Total</u>
Water capacity charges	For the expansion of the water system	\$ 592,810
Sewer capacity charges	For the expansion of the sewer system	1,590,627
Water sales	Funding replacement	80,711
Sewer sales	Funding replacement	38,318
Sewer sales	Sewer system replacement	<u>135,000</u>
		<u>\$2,437,466</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Six

Note 3 - Fixed Assets

Fixed assets at June 30, 1996, consisted of the following:

	<u>Balance</u> <u>7/1/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/96</u>
Collection and treatment facilities	\$ 8,672,378	\$ 218,968	\$	\$ 8,891,346
Source of supply and pumping	3,232,360	17,815		3,250,175
Transmission and distribution lines	4,882,305	194,505		5,076,810
Machinery and equipment	137,493	84,200		221,693
Vehicles	88,472	14,438	(32,520)	70,390
Building	145,101			145,101
Computer equipment	42,357			42,357
Office furniture and fixtures	42,550	3,153		45,703
Land and land rights	<u>238,730</u>	<u> </u>	<u> </u>	<u>238,730</u>
Subtotal	<u>17,481,746</u>	<u>533,079</u>	<u>(32,520)</u>	<u>17,982,305</u>
Work in process	<u>127,692</u>	<u>134,607</u>	<u>(174,764)</u>	<u>87,535</u>
	<u>17,609,438</u>	<u>\$ 667,686</u>	<u>\$(207,284)</u>	<u>18,069,840</u>
Accumulated depreciation	<u>3,460,939</u>	<u>\$ 575,839</u>	<u>\$ (32,520)</u>	<u>4,004,258</u>
Net fixed assets	<u>\$14,148,499</u>			<u>\$14,065,582</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Seven

Note 4 - Long-Term Debt

Note Payable

In August of 1978, the District issued and sold Water Revenue Bonds amounting to \$270,000. The loan is payable over 40 years and bears interest at 5% per annum . Interest is paid semi-annually. The following is a summary of bond principal debt service requirements to be made in the future:

1997	\$ 6,000
1998	6,000
1999	6,000
2000	6,000
2001	7,000
Thereafter	<u>176,000</u>
	<u>\$ 207,000</u>

Special Assessment Debt

In July 1994, the District issued Assessment District No. 93-1 bonds in the amount of \$1,752,938. The bonds are not secured by the general taxing power of the District. The bonds are secured by the unpaid assessments on each parcel of land. The District is not obligated in any manner. The balance outstanding at June 30, 1996, amounted to \$1,710,000.

Note 5 - Joint Powers Authority

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq. In becoming a member of the Special District Risk Management Authority, the District elected to participate in the risk financing program(s) listed below for the program period August 1, 1995, through July 31, 1996.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Eight

Note 5 - Joint Powers Authority (continued)

Policy No. 9596: Memorandum of Coverage and the following excess policies:

General and Auto Liability and Public Officials' and Employees' Errors and Omissions: Insurance Company of the State of Pennsylvania p.l.c., No. 4795-4156 combined single limit at \$2.0 million per occurrence, subject to the following deductibles:

- \$500 per occurrence for third party general liability property damage;
- \$1,000 per occurrence for third party auto liability property damage.

The coverage was increased to \$3.0 million effective September 13, 1995. Coverage also includes \$100,000 blanket fidelity bond and sublimits with respect to EDP and other coverages.

Property Loss: The Travelers Insurance Company No. KTJ-CMB-230T795-8-95. Replacement cost of property excluding vehicles, or stated value, if property isn't replaced, to combine total of \$25 million per occurrence, subject to a \$2,000 deductible per occurrence.

Boiler and Machinery: Kemper National Insurance Company No. 3XN-023-650-00. Replacement cost excess of listed deductibles.

The annual member contribution was \$33,475 for the Package Program. Members are subject to dividends and/or assessments, in accordance with the Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

Condensed financial information for S.D.R.M.A. for the most recent year available is as follows:

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Nine

Note 5 - Joint Powers Authority (continued)

July 31, 1995

Total assets	\$10,260,690
Total liabilities	<u>7,534,451</u>
Risk margin	<u>\$ 2,726,239</u>
Total revenues	\$ 3,372,249
Total expenses	<u>3,372,761</u>
Net loss	<u>\$ (512)</u>

Complete audited financial statements on the S.D.R.M.A. are on file with the general manager of District.

Note 6 - Summary of Changes in Fund Equity

	<u>CONTRIBUTED CAPITAL</u>				
	<u>Contributed Fixed Assets</u>	<u>Capacity Charges</u>	<u>Assessment Districts</u>	<u>Federal & State Grants</u>	<u>Total</u>
Balance at June 30, 1995	\$4,255,286	\$5,234,649	\$1,765,416	\$3,610,455	\$14,865,806
Current year additions	302,880	855,687			1,158,567
Current year depreciation	<u>(230,718)</u>		<u>(34,073)</u>	<u>(86,424)</u>	<u>(351,215)</u>
Balance at June 30, 1996	<u>\$4,327,448</u>	<u>\$6,090,336</u>	<u>\$1,731,343</u>	<u>\$3,524,031</u>	<u>\$15,673,158</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Ten

Note 6 - Summary of Changes in Fund Equity (continued)

	<u>RETAINED EARNINGS</u>					
	<u>Reserved For Sewer Replacement</u>	<u>Reserved For Debt Service</u>	<u>Reserved For Emergencies</u>	<u>Reserved For Funded Replacement</u>	<u>Unreserved</u>	<u>Total</u>
Balance at June 30, 1995	\$120,000	\$15,600	\$50,000	\$ -	\$1,601,273	\$1,786,873
Current year grant requirement	15,000				(15,000)	-
Current year depreciation- contributed capital					351,215	351,215
Current year funded replacement				119,029	(119,029)	
Net income					62,317	62,317
Balance at June 30, 1996	<u>\$135,000</u>	<u>\$15,600</u>	<u>\$50,000</u>	<u>\$119,029</u>	<u>\$1,880,776</u>	<u>\$2,200,405</u>

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Eleven

Note 7 - Operating Leases

In June of 1966, the District entered into a 99-year lease for a land lease for its water storage tank site. Current monthly rental amounts to \$205.90. The monthly rental is increased \$50.00 per month every five years plus increases in the Consumer Price Index. Future estimated minimum lease payments in the aggregate and for each of the five succeeding years is as follows:

June 30, 1997	\$ 3,072
1998	3,072
1999	3,072
2000	3,072
2001	3,072
2002-2006	18,360
2007-2111	21,360
2012-2016	24,360
2017-2021	27,360
2022-2026	30,360
2027-2031	33,360
2032-2036	36,360
2037-2041	39,360
2042-2046	42,360
2047-2051	45,360
2052-2056	48,360
2057-2061	51,360
2062-2065	<u>43,488</u>
	<u>\$477,168</u>

Rent expense for the year on the above lease and other short term leases amounted to \$25,336.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Twelve

Note 8 - Defined Benefit Pension Plan

Plan Description

The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as common investment and administrative agent for participating public entities within the State of California. The District's payroll for employees covered by the PERS and total payroll for the year ended June 30, 1996, were \$303,043 and \$333,829.

Employee membership in PERS is compulsory for all employees except those specifically excluded. Exclusions include special contract exclusions; employees who work less than half-time; employees who work half-time or more, but who will work six months or less; and temporary or seasonal full-time employees who will work six months or less.

Benefits fully vest on reaching five years of service. Employees who retire at or after age 60 with five years of credited service are entitled to a retirement benefit payable monthly for life. An employee's monthly service benefit is determined by computing the product; years of credited service multiplied by two percent multiplied by final-average monthly compensation. Final-average monthly compensation is the employee's average monthly salary during the last year of credited service, or the last three years, whichever is greater. Vested employees may retire at or after age 50 and receive reduced retirement benefits. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute. Employees are required to contribute to the plan, however, the District pays this on behalf of the employee. This amount is based upon a payroll contribution rate of 7 percent. The District is required to contribute the remaining amounts necessary to fund PERS, using the actuarial basis specified by statute.

Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of PERS on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to PERS.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Thirteen

Note 8 - Defined Benefit Pension Plan (continued)

Funding Status and Progress (continued)

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1994. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 8.50 percent a year compounded annually, (b) projected salary increases of 4.5 percent a year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent a year, attributable to seniority/merit, and (d) no post-retirement benefit increase.

The total unfunded (overfunded) pension benefit obligation applicable to the District's employees was \$(225,950) at June 30, 1994, as follows:

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 262,229
Current employees	
Accumulated employee contributions including allocated investments earnings	147,139
Employer-financed vested	29,344
Employer-financed nonvested	49,209
Total Pension Benefit Obligation	487,921
Net assets available for benefits at cost (market value is \$711,729)	713,871
OVERFUNDED PENSION BENEFIT OBLIGATION	<u>\$(225,950)</u>
Changes in the Pension Benefit	
Obligation from Last Year Due to:	
Changes in benefit provisions	\$ -0-
Changes in actuarial assumptions	\$ (10,273)

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Fourteen

Note 8 - Defined Benefit Pension Plan (continued)

Contributions Required and Contributions Made

PERS uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize an unfunded actuarial liabilities.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described. The contribution to the System for 1996 of \$41,871 was made in accordance with actuarially determined requirements computed with actuarial valuations determined by PERS. District pension expense was reduced by the use of accumulated Investment Dividend Disbursement Account (IDDA)/ surplus credits totaling \$32,880 for 1996, which resulted in a net expense of \$8,991.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. 10-year trend information is not yet available, however, the available seven-year trend information is shown below.

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

Page Fifteen

Note 8 - Defined Benefit Pension Plan (continued)

REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS
(IN HUNDREDS)

AVAILABLE SEVEN-YEAR TREND INFORMATION

<u>Fiscal Year Ending June 30</u>	(1) <u>Net Assets Available For Benefits</u>	(2) <u>Pension Benefit Obligation</u>	(3) <u>Percentage Funded (1)/(2)</u>
1987	\$ 2,359.2	\$ 2,346.0	100.6%
1988	2,735.7	2,770.6	98.7%
1989	3,367.1	3,325.5	101.3%
1990	4,130.0	4,335.5	95.3%
1991	4,815.0	4,836.9	99.5%
1992	5,583.7	5,472.7	102.0%
1993	6,049.8	5,393.2	112.2%
1994	7,138.7	4,879.2	146.3%

<u>Fiscal Year Ending June 30</u>	(4) <u>Unfunded Pension Benefit Obligation (2) - (1)</u>	(5) <u>Estimated Annual Covered Payroll For the Succeeding Fiscal Year</u>	(6) <u>Unfunded Pension Benefit Obligation As A Percentage of Covered Payroll (4) / (5)</u>
1987	\$ -13.3	\$ 1,980.1	-.7%
1988	34.8	2,038.7	1.7%
1989	-41.6	2,173.9	-1.9%
1990	205.4	1,824.2	11.3%
1991	21.9	2,524.9	.9%
1992	-111.0	3,050.9	-3.6%
1993	-656.7	3,666.4	-17.9%
1994	-2,259.5	2,990.9	-75.5%

NIPOMO COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
Page Sixteen

Note 8 - Defined Benefit Pension Plan (continued)

Postemployment Benefits

In addition to the pension benefits, the District provides postretirement health care benefits. Employees who retire on or after attaining age 60, are eligible for District paid health insurance. The District funds the benefit payments on a pay-as-you-go basis. Currently one retired employee is receiving 100% paid health care benefits totaling \$91 per month.

Note 9 - Segment Information for Enterprise Funds (in 1,000s)

	<u>Water</u>	<u>Sewer</u>	<u>Black Lake Water</u>	<u>Black Lake Sewer</u>	<u>Other</u>	<u>Total</u>
Operating revenues	\$ 842	\$ 363	\$ 156	\$ 66	\$ 64	\$ 1,491
Depreciation and amortization expense	300	179	70	16	11	576
Operating income (or loss)	(156)	2	(12)	(37)	(66)	(269)
Tax revenues					156	156
Net income (or loss)	(221)	48	(11)	(50)	296	62
Current capital contributions	281	774	104			1,159
Property, plant and equipment:						
additions	263	219	8	3		493
deletions	(33)					(33)
Net working capital	813	1,889	450	34	717	3,903
Total assets	5,906	9,248	1,615	715	1,336	18,820
Long-term debt	207					207
Total equity	5,627	9,224	1,608	707	708	17,874

SUPPLEMENTARY INFORMATION

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 1996

Operating Expenses

Chemicals	\$ 6,450
Computer expense	5,168
Consulting	23,853
Director fees	13,250
Dues and subscriptions	2,914
Education and training	2,106
Engineering	14,256
Equipment rental	270
Fuel	6,582
Insurance - general	32,586
Insurance - medical/dental	44,490
Insurance - worker's compensation	10,741
Lab tests and supplies	24,345
Legal	134,794
Miscellaneous	4,068
Office supplies	3,249
Outside services	39,773
Outside service - polybutylene	84,599
Operating supplies	37,497
Paging	1,235
Permits and operating fees	5,277
Postage	7,794
Professional services	2,675
Public and legal notices	1,743
Rent	25,336
Repairs and maintenance	9,966
Retirement benefits	8,992
Small tools and supplies	382
Taxes - payroll	11,309
Telephone	4,089
Travel and mileage	6,929
Uniforms	2,083
Utilities	271,555
Wages and salaries	<u>333,829</u>
 Total operating expenses	 <u>\$1,184,185</u>

WARRANTS OCTOBER 2, 1996

HAND WRITTEN CHECKS

CHECK #	NAME	AMOUNT
17811	Skylark Park LLC	4768.20
17812	S. Novak	47.25
17813	Shipsey & Seitz	4,362.50

VOIDS

17805
2044-2045
8501

NET PAYROLL

ck# 2040-2053 \$11,916.42

COMPUTER GENERATED CHECKS

8495	09/30/96	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$705.17
8496	09/30/96	FEDERAL RESERVE BANK OF MINNEAPOLIS	\$100.00
8497	09/30/96	DOUG JONES	\$300.00
8498	09/30/96	MID STATE BANK	\$3,760.20
8499	10/01/96	DANA PROPERTIES	\$205.90
8500	10/01/96	J.O. MILLER	\$2,028.72
8502	10/02/96	ADVANTAGE ANSWERING PLUS	\$116.82
8503	10/02/96	ROBERT BLAIR	\$100.00
8504	10/02/96	BOGNUDA, LISA	\$478.21
8505	10/02/96	CHEVRON	\$518.21
8506	10/02/96	EASTER RENTS	\$7.63
8507	10/02/96	FGL ENVIRONMENTAL ANALYTICAL CHEMIST	\$392.20
8508	10/02/96	KATHLEEN FAIRBANKS	\$100.00
8509	10/02/96	J FITCH COMPUTING SERVICE	\$105.00
8510	10/02/96	GTE CALIFORNIA INCORPORATED	\$26.97
8511	10/02/96	GTE MOBILENET	\$45.58
8512	10/02/96	GROENTIGER & COMPANY	\$408.78
8513	10/02/96	HAYES & SONS PAVING	\$418.00
8514	10/02/96	JOHNSON, DONNA	\$135.58
8515	10/02/96	MCKESSON WATER PRODUCTS	\$11.70
8516	10/02/96	ALEX MENDOZA	VOID \$100.00
8517	10/02/96	MILLER, JOHN R. CONSTRUCTION	\$3,654.00
8518	10/02/96	NIPOMO GARBAGE COMPANY	\$52.80
8519	10/02/96	P G & E	\$28,567.40
8520	10/02/96	PACIFIC BELL	\$223.86
8521	10/02/96	PERS HEALTH BENEFIT SERVICES	\$3,006.76
8522	10/02/96	PETTY CASH-MIDSTATE BANK	\$31.73
8523	10/02/96	POSTMASTER	\$100.00
8524	10/02/96	RUSSCO	\$1,324.00
8525	10/02/96	SANTA MARIA TIRE, INC.	\$196.53
8526	10/02/96	ALBERT SIMON	\$100.00
8527	10/02/96	STEVEN SMALL	VOID \$100.00
8528	10/02/96	SOUTHERN CALIF GAS COMPANY	\$8.95
8529	10/02/96	STATE COMPENSATION INSURANCE FUND	\$2,650.15
8530	10/02/96	STATE DEPARTMENT OF HEALTH SERVICES	\$36.00
8531	10/02/96	STATE WATER RESOURCES CONTROL BOARD	\$1,200.00
8532	10/02/96	SYLVESTER'S SECURITY ALARMS, INC.	\$35.00
8533	10/02/96	TIMES PRESS RECORDER	\$42.00
8534	10/02/96	UNION ASPHALT, INC.	\$107.00
8535	10/02/96	WYATT & BAKER, Lawyers	\$5,196.35

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