

Dana Doty

NIPOMO COMMUNITY SERVICES DISTRICT AGENDA

REGULAR BOARD MEETING AUGUST 6, 1997 7:00 P.M.
BOARD ROOM 261 W. DANA STREET, SUITE 100 NIPOMO, CA

1150

BOARD MEMBERS

KATHLEEN FAIRBANKS, **PRESIDENT**
ALEX MENDOZA, **VICE PRESIDENT**
AL SIMON, **DIRECTOR**
ROBERT BLAIR, **DIRECTOR**
GENE KAYE, **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 JULY 16, 1997

PUBLIC COMMENTS PERIOD

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

BOARD ADMINISTRATION (The following may be discussed and acted on by the Board.)

3. BLACK LAKE TRACT 2264 - INTENT TO SERVE
Review Intent-to-Serve letter for Tract 2264
4. BLACK LAKE WASTEWATER TREATMENT PLANT EXPANSION (TRACT 1912)
Status report on the plant expansion and Tract 1912 homes being sold.
5. BLACK LAKE INTER-TIE
Review engineering proposals to design an inter-tie between the Town & Black Lake Divisions
6. TOWN DIVISION WATER RATE STUDY PROPOSALS
Review water rate study proposals received by the District
7. ACCEPT IMPROVEMENTS FOR PROJECT D950231S (JAMES) APN 090-093-004
Accept water & sewer improvements for commercial development at Chestnut & Thompson Ave.

FINANCIAL REPORT

8. APPROVAL OF WARRANTS

OTHER BUSINESS

9. MANAGER'S REPORT
 1. CSDA Annual Conf. Sept 24-26, 1997
 2. SB 1268, Acquisition of Public Water Systems
 3. Correspondence from Senator O'Connell on Prop. 218
 4. SLO Co. State Water Project policies
10. DIRECTORS COMMENTS
11. PUBLIC COMMENTS

CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL

Existing litigation GC§ 54956.9

1. NCSD vs. Shell Oil, et. al. Case No. CV 077387
Conference with real property negotiator, Dana-Doty water line easement, GC§54956.8

*GC§ refers to Government Code Sections

ADJOURN

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

REGULAR BOARD MEETING JULY 16, 1997 7:00 P.M.
BOARD ROOM 261 W. DANA STREET, SUITE 100 NIPOMO, CA

BOARD MEMBERS

KATHLEEN FAIRBANKS, **PRESIDENT**
ALEX MENDOZA, **VICE PRESIDENT**
AL SIMON, **DIRECTOR**
ROBERT BLAIR, **DIRECTOR**
GENE KAYE, **DIRECTOR**

STAFF

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

CALL TO ORDER AND FLAG SALUTE

President Fairbanks called the July 16, 1997 meeting to order at 7:08 p.m. and led the flag salute.

ROLL CALL

At Roll Call, the following Board members were present:
Directors Fairbanks, Blair, Kaye and Simon. Director Mendoza was on vacation.

APPROVAL OF MINUTES

1. **REGULAR MEETING OF JULY 2, 1997**
Upon motion of Director Kaye, seconded by Director Blair, the Board unanimously approved the Minutes of the July 2, 1997 meeting.

PUBLIC COMMENTS PERIOD

2. **PUBLIC COMMENTS**
Public comments on matters other than scheduled items. Presentations limited to three (3) minutes
President Fairbanks opened the meeting to Public Comments.
There were no public comments.

BOARD ADMINISTRATION (The following may be discussed and acted on by the Board.)

3. **BLACK LAKE TRACT 2264 - INTENT TO SERVE**
Continued item to review wording for the Intent-to-Serve letter.

Mr. Jones explained that a meeting was tentatively scheduled for July 22 to discuss the matter concerning Tract 2264, Intent-to-Serve. Upon motion of Director Simon and seconded by Director Blair, the Board unanimously agreed to table this item until after the July 22nd meeting. It will be brought up again at the August 6, 1997 Regular Meeting.
4. **TRACT 2210 - REQUEST FOR REFUND**
Developer request for refund of sewer & water capacity fees for Tract 2210.

Mr. Jones explained the request from Raj Ayyar, developer of Tract 2210, for a refund of capacity fees paid to the District in the course of the development. Mr. Seitz explained that Mr. Ayyar signed an agreement to be recorded in order that any future buyers would be aware that the fees were not paid in full. Mr. Ayyar explained his position in the matter. He is unable to complete the project. Mr. Seitz explained the reason for the creation of Ordinance 86-49. Upon motion of Director Kaye and seconded by Director Simon, the Board unanimously approved to record the agreement between the District and Mr. Ayyar and also agreed to refund one-half of the Sewer Capacity Fees paid as stated in District Code 4.160.030 minus the cost of the water used during construction.

5. OAKGLEN-MALLAGH - WATER LINE IMPROVEMENTS - EIR

Consideration to approve a draft negative declaration for proposed water line between Oakglen & Mallagh. Set Public Hearing for August 20, 1997.

Mr. Jones explained that staff has determined that there is no significant effect on the environment for the Oakglen-Mallagh Water Line project to construct a water line beginning at the intersection of Oakglen and Pioneer Ave. and extending Easterly to Mallagh Ave. Russ Thompson of Cannon & Associates, told the Board that he had prepared the Initial Study and draft Negative Declaration. Some environmental concerns included the possibility of the presence of the red-legged frog, a replacement of willow trees, repairing vegetation disturbed during construction, and possible archeological finds.

Upon motion of Director Kaye and seconded by Director Simon, the Board unanimously approved Resolution 97-618 approving the Draft Environmental Negative Declaration pipeline project.

RESOLUTION NO. 97- 618

RESOLUTION OF THE BOARD OF DIRECTORS

OF THE NIPOMO COMMUNITY SERVICES DISTRICT

APPROVING THE DRAFT ENVIRONMENTAL NEGATIVE DECLARATION FOR

THE OAKGLEN-MALLAGH WATER TRANSMISSION PIPELINE

Upon motion of Director Blair, seconded by Director Simon the Board unanimously agreed to advertise for bids for construction.

Upon motion of Director Blair and seconded by Director Kaye, the Board directed staff to negotiate with the owner of the property for 10 days and approved appraisal work after that time.

6. RATE STUDY PROPOSALS

Establish a committee to review proposals from consultants for a rate study for Town Division. Three proposals were received for a water rate study from the Town Division of the Nipomo Community Services District. The Finance Committee will set meeting date and time later to discuss the proposals.

John Snyder (out of District resident) asked for a copy of the proposals.

7. APPROVAL OF WARRANTS

Upon motion of Director Simon, seconded by Director Kaye the Board unanimously approved the Warrants presented at the July 16, 1997 meeting.

8. SECOND QUARTER INVESTMENT REPORT

Review District's Second Quarter Investment Report

The Second Quarter Investment Report for 1997 was presented to the Board. There were no public comments. Upon motion of Director Kaye and seconded by Director Blair, the Board unanimously received this report into the file.

OTHER BUSINESS

9. MANAGER'S REPORT

Manager, Doug Jones provided information of the following:

1. American Desalting Association Conference
2. AWWA Water Resources Conference

10. DIRECTORS COMMENTS

Director Blair commented about the school site.

Director Kaye said there had been a meeting of the Nipomo Community Network on Friday July 11, 1997

11. PUBLIC COMMENTS

John Snyder (outside District resident) asked when water would be flowing through the State Water Line.

The Closed Session was canceled.

ADJOURN

President Fairbanks adjourned the meeting at 8:25 p.m.

AGENDA ITEM

AUG 6 1997

3

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: AUGUST 6, 1997

BLACK LAKE
TRACT 2264
INTENT-TO-SERVE

The Intent-to-Serve letter for Black Lake Tract 2264 has been carried over from the last Board meeting to allow the developer and legal counsel to review the wording of the Intent-to-Serve letter. The letter has been modified and is attached for the Board's review and approval.

C:\W:\TR2264.DOC

NIPOMO COMMUNITY SERVICES DISTRICT
P O BOX 326 NIPOMO, CA 93444
(805) 929-1133 FAX (805) 929-1932

August 7, 1997

Brad Brechwald
John Wallace & Associates
4115 Broad St., Suite B-5
San Luis Obispo, CA 93401

DRAFT

TRACT 2264
INTENT TO SERVE
57 SINGLE FAMILY RESIDENTIAL LOTS

At their Regular Meeting on August 6, 1997, the Board of Directors of the Nipomo Community Services District granted your request for water, sewer and streetlighting service for Tract 2264. The Intent-to-Serve for 57 single family residential lots is subject to the following conditions:

1. SLO County must approve an amendment to the Black Lake Specific Plan allowing for the development of 57 single family residential parcels on Tract 2264.
2. Submit improvement plans to the District for review and approval prior to commencing construction.
3. Enter into a standard Plan Check & Inspection Agreement prior to commencing construction.
4. Payment of meter installation fees at the prevailing charge at the time of installation. Currently, the charge is \$180.00 per unit.
5. Payment to Black Lake Estates Partners, L. P. of any reimbursement fees due under any applicable water, sewer and sewer expansion reimbursement agreements, which the District is responsible for collecting.
6. Submit an Offer of Dedication, Engineer's Certification, and As-Builts for all the off-site water and sewer improvements.
7. Design the common areas and other landscaped areas for minimal water use.
8. The expansion of the Black Lake Wastewater Facility (associated with Tract 1912) shall be completed before a final "Will-Serve" is issued.
9. Street lighting poles and heads shall be maintained by the utility company, P. G. & E. or their successor under the Rate Code LS1D.
10. Provide District with a ballot signed by the landowner(s) of Tract 2264 agreeing to join Black Lake Streetlighting Assessment District at current charges, pursuant to Proposition 218.
11. Water service shall be available to Tract 2264 for 57 single family residential units on the earlier to occur on (a) completion of a new well by the NCSO increasing its water capacity or (b) July 15, 1998. However, this and the other conditions set forth in this Intent-to-Serve are subject to the provisions set forth in section 13 below.

DRAFT

12. Pay to the District a "Pro Rata Share" (P) of any overage above the Well Cost incurred by the District in building the new well.

Pay Pro Rata Share "P"

C = Construction Cost of New Well
I = Inter-tie Cost
B = Black Lake 2/7 Contribution to new well (\$158,000 - I)
T = Town Division 5/7 Contribution to new well
[5/2 (\$158,000 - I)]
P = Tract 2264 Pro Rata Share [C - (B + T)] 44/559

If P > 0 the cost spread of the new well is as follows:

Additional Contributions:

C-P-B-T = Shortfall
Black Lake Division Shortfall x 2/7
Town Division Shortfall x 5/7

The final cost spread between the Town and Black Lake Division will be based on final production of the new well with Black Lake allocated 200 gpm of the production.

13. This "Intent-to-Serve" letter shall be subject to the current and future rules, agreements, regulations, fees (other than water capacity), resolutions and ordinances of the Nipomo Community Services District. This "Intent-to-Serve" letter may be suspended if and for so long as the increased water capacity required by this Intent-to-Serve is not available. The District shall use all reasonable efforts to develop a new well site capable of servicing Tract 2264 by July 15, 1998. However, the parties recognize that circumstances outside the control of the District may preclude the District from completing a new functioning and water producing well by July 15, 1998. Further, this "Intent to Serve" letter is subject to availability of resources and future ordinances, resolutions, rules or regulations adopted by the Board of Directors for the protection of the health, safety and welfare of the District.

A TWO YEAR EXPIRATION DATE IS IN EFFECT

Sincerely,

NIPOMO COMMUNITY SERVICES DISTRICT

Doug Jones
General Manager

cc: Black Lake Management Association
Jon Seitz, District Legal Counsel

AUG 6 1997

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: AUGUST 6, 1997

BLACK LAKE TREATMENT PLANT EXPANSION
ESCROW AGREEMENT TO SELL HOUSES
TRACT 1912

The District has an agreement with The Estates (the developers of Tract 1912) and their escrow company (First American Title) that no more than 25 houses would close escrow until the sewer plant expansion is completed and fully operational. Staff has periodically been checking with the escrow company to get the number of houses sold. An inventory was requested on July 27, 1997. The escrow officer said at that time they were getting very close to the 25 units.

First American Title supplied a list showing units sold:

25 houses
6 lots (2 lots have had houses built on them)
3 of the 4 model homes
34 Total

This is a violation of the agreement between The Estates and the escrow officer of First American Title Company, which states only 25 houses, other than the model homes, are to be sold. A letter was sent directing First American Title to cease closing further sales until the sewer plant is complete and fully operational. Once the plant is fully operational, the escrow officer and The Estates will be notified that they may proceed with closing escrows.

Attached:

1. Minutes of Feb. 19, 1997 Board meeting, Item No. 3
2. Agreement letter signed by The Estates and First American Title
3. Letter to First American Title Co.

C:\W:\1912escr.DOC

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

REGULAR BOARD MEETING FEBRUARY 19, 1997 7:00 P.M.
BOARD ROOM 261 W. DANA STREET, SUITE 100 NIPOMO, CA

BOARD MEMBERS

KATHLEEN FAIRBANKS, PRESIDENT
ALEX MENDOZA, VICE PRESIDENT
AL SIMON, DIRECTOR
ROBERT BLAIR, DIRECTOR
GENE KAYE, DIRECTOR

STAFF

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

CALL TO ORDER AND FLAG SALUTE

President Fairbanks called the February 19, 1997 meeting to order at 7:06 p.m. and led the flag salute.

ROLL CALL

At Roll Call all Board members were present.

APPROVAL OF MINUTES

1. REGULAR MEETING OF FEBRUARY 5, 1997

Upon motion of Director Kaye and seconded by Director Mendoza, the Board unanimously approved the Minutes of the February 5, 1997 meeting.

PUBLIC COMMENTS PERIOD

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

President Fairbanks opened the meeting to Public Comments:

There were none.

BOARD ADMINISTRATION (The following may be discussed and acted on by the Board.)

3. TRACT 1912 - LETTER OF CREDIT TIME EXTENSION
Request for time extension for performance schedule of Black Lake Wastewater Facility.

Mr. Jones explained the proposed changes in the Performance Schedule concerning the extension of time in the Letter of Credit for Tract 1912. Mr. Kaye asked about the date change and the wording in Item 4. Mr. Jones explained that the date of May 31, 1996 was changed to October 21, 1997 for both Items No. 3 & 4. Carl Alfano assured the Board that only 25 homes would be occupied. The Board wanted to have good control of the stipulation of the 25 homes. A motion was made by Director Simon and seconded by Director Blair to approve the modified language as reflected on Agenda Item #3 Board letter with the provision that once the house is final locks will be put on the meters to assure that occupancy is limited to 25. The Performance Schedule should read as follows:

- 3) At the earliest of either the occupancy of the 25th home or October 21, 1997, the sewer treatment plant expansion shall be completed in conformance with beneficiary's requirements.
- 4) At the earlier of the occupancy of the 25th (twenty-fifth) home or October 21, 1997, the off-site water system improvements shall be completed in conformance with beneficiary's requirements.

The Board approved the revised language in a 4/1 vote with Director Kaye voting no.



12 February 1997

Ms. Stephanie Monk
First American Title Co.
559 Five Cities Dr.
Pismo Beach, CA 93449

077, 1130

Dear Stephanie:

Pursuant to the terms and conditions of a letter of credit placed to secure the improvements of a wastewater treatment plant expansion at Blacklake, incidental to the subdivision improvements of Tract 1912, you are hereby instructed, excluding the unoccupied models on Lots 6, 7, 8, & 9, and the Homeowners Association Building on Lot 83 of Tract 1912, to not close more than 25 escrows of completed homes approved for occupancy in the above subdivision until such a time as a release is given to you in writing by the Nipomo Community Services District. This instruction shall be irrevocable unless modified in writing by the Nipomo Community Services District.

Blacklake Estate Partners

By: Carlo Alfano / AGENT

CA:dlws

Please acknowledge receipt of this letter.

Stephanie Monk

Stephanie Monk
First American Title Co.

RECEIVED

MAR 18 1997

NIPOMO COMMUNITY
SERVICES DISTRICT

NIPOMO COMMUNITY SERVICES DISTRICT

261 WEST DANA STREET, SUITE 101
POST OFFICE BOX 326 NIPOMO, CA 93444
(805) 929-1133 FAX (805) 929-1932

July 29, 1997

Stephanie Munk
First American Title Co.
559 Five Cities Drive
Pismo Beach, CA 93449

SUBJECT: TRACT 1912


Dear Stephanie,

It has come to the attention of the District that 27 meters have been set at lots belonging to 27 different owners at the Black Lake Estates, Tract 1912. As you are aware, only 25 escrows are to be closed prior to the wastewater treatment plant being completed, therefore, please cease closing any further properties in the Black Lake Estates. Please provide a list of all closed escrows in Tract 1912 for comparison with District records. After reviewing this information, we will proceed based on our findings.

If you have any questions, please call.

Very truly yours,

NIPOMO COMMUNITY SERVICES DISTRICT



Doug Jones
General Manager

cc: Carlo Alfano
Jon Seitz, District Legal Counsel

C\W\1912ceas

AUG 6 1997

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: AUGUST 6, 1997

BLACK LAKE WATER SYSTEM WATER INTER-TIE

The District has requested proposals to engineer the inter-tie with the Black Lake Division and the Town Division water systems. Two proposals were received.

Garing, Taylor and Associates \$6,000

Cannon Associates \$9,800

Staff recommends that your Honorable Board approve Garing, Taylor and Associates to design the inter-tie between Black Lake Division and the Town Division.

The attached resolution is presented to the Board for consideration.

C:\W:\intertie.DOC

RESOLUTION 97-INTER-TIE

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING GARING, TAYLOR AND ASSOCIATES ENGINEERING SERVICES
TO DESIGN THE BLACK LAKE INTER-TIE**

WHEREAS, the District requested proposals from consulting engineer firms to design the inter-tie between the Town Division and the Black Lake Division, and

WHEREAS, staff has reviewed the proposals and recommends the engineering services for the Black Lake inter-tie be given to Garing, Taylor and Associates..

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of the Nipomo Community Services District, San Luis Obispo County, California, as follows:

1. That Garing, Taylor and Associates is approved to perform the engineering design work for the Black Lake inter-tie in the amount of \$6,000.
2. That the President of the Board is instructed to execute the contract on behalf of the District.

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

AYES: Directors _____
NOES: None
ABSENT: None
ABSTAIN: None

the foregoing Resolution is hereby adopted this 6 th day of August 1997.

Kathleen Fairbanks, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
District Legal Counsel

C:\W\RES\97-intertie

NIPOMO COMMUNITY SERVICES DISTRICT
P O BOX 326
NIPOMO, CA 93444

CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT, made this 5th day of March 1997, by and between the NIPOMO COMMUNITY SERVICES DISTRICT (hereinafter referred to as "**DISTRICT**"), and **Garing, Taylor and Associates** (hereinafter referred to as "**CONSULTANT**").

WITNESSETH

WHEREAS, **DISTRICT** desires to retain a qualified engineering firm to provide services in designing water line improvements in Nipomo, California; and

WHEREAS, **DISTRICT** desires to engage **CONSULTANT** to provide services by reason of its qualifications and experience in performing such services, and **CONSULTANT** has offered to provide the required services on the terms and in the manner set forth herein.

NOW, THEREFORE, in consideration of their mutual covenants, the parties hereto agree as follows:

1. **CONTRACT COORDINATION**

(a) **DISTRICT**. The General Manager shall be the **Contract Manager** of the **DISTRICT** for all purposes under this Agreement.

(b) **CONSULTANT**, **Jim Garing** shall have the responsibility for the progress and execution of this Agreement for **CONSULTANT**.

2. **DUTIES OF CONSULTANT**

(a) **Services to be furnished**. **CONSULTANT** shall provide all services as set forth in Exhibit "A" attached hereto and incorporated herein by this reference.

(b) Laws to be observed. **CONSULTANT** shall:

(1) Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by **CONSULTANT** under this Agreement;

(2) Keep itself fully informed of all federal, state and local laws, ordinances, regulations, orders and decrees existing on the date of this Agreement which are applicable to the duties of the **CONSULTANT** under this Agreement, any materials used in **CONSULTANT**'s performance under this Agreement, or the conduct of the services under this Agreement;

(3) At all times observe and comply with, and cause all of its employees to observe and comply with all of said laws, ordinances, regulations, orders, and decrees mentioned above.

(4) Promptly report to the **DISTRICT**'s Contract Manager, in writing, any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above in relation to any plans, drawings, specifications, or provisions of this Agreement.

(c) Release of reports and information. Any video tape, computer models, plans, specifications, reports, information, data or other material given to, or prepared or assembled by, **CONSULTANT** under this Agreement shall be the property of **DISTRICT** and shall not be made available to any individual or organization by **CONSULTANT** without the prior written approval of the **DISTRICT**'s Contract Manager.

(d) Copies of video tapes, reports, data and information. If **DISTRICT** requests additional copies of videotapes, reports, drawings, specifications, or any other material in addition to what the **CONSULTANT** is required to furnish in limited quantities as part of the services under this Agreement, **CONSULTANT** shall provide such additional copies as are requested, and **DISTRICT** shall compensate **CONSULTANT** for the costs of duplicating of such copies at **CONSULTANT**'s direct expense.

(e) **Qualifications of CONSULTANT.** **CONSULTANT** represents that it is qualified to furnish the services described under this Agreement.

3. **COMPENSATION**

(a) The **CONSULTANT** will be paid for services provided to the **DISTRICT** in accordance with the schedule set forth in Exhibit "B", attached hereto and incorporated herein by reference.

(b) Payments are due within 60 days of receipt of invoices. Invoices shall reflect the task to which the request for payment is being invoiced in accordance with the "Scope of Service" (Exhibit "A") and the percentage of completion of each task.

(c) The contract budget, as stated in Exhibit "B" shall not be exceeded without the written authorization of the **DISTRICT**.

(d) Payment to **CONSULTANT** shall be considered as full compensation of all personnel, materials, supplies, and equipment used in carrying out the services as stated in Exhibit "A".

(e) Interest at 8 percent per annum (but not exceeding the maximum rate allowable by law) will be payable on any amounts not paid within 60 days of the billing date, payment thereafter to be applied first to accrued interest and then to the principal unpaid amount.

4. **SCHEDULE**

CONSULTANT shall complete the services that are the subject of this Agreement within 60 calendar days of the **DISTRICT's** authorization to proceed. **CONSULTANT** shall not be responsible for delays which are due to causes beyond **CONSULTANT's** reasonable control. In the case of any such delay, the time of completion shall be extended accordingly. The **CONSULTANT** is to notify the District promptly in writing of such delays.

5. **TEMPORARY SUSPENSION**

The **DISTRICT's** Contract Manager shall have the authority to suspend this Agreement wholly or in part, for such period as he deems necessary due to unfavorable conditions or to the failure on the part of the **CONSULTANT** to perform any provision of this Agreement. **CONSULTANT** will be paid for services performed through the date of temporary suspension. In the event that **CONSULTANT's** services hereunder are delayed for a period in excess of six (6) months due to causes beyond **CONSULTANT's** reasonable control, **CONSULTANT's** compensation shall be subject to renegotiation.

6. **SUSPENSION; TERMINATION**

(a) Right to suspend or terminate. The **DISTRICT** retains the right to terminate this Agreement for any reason by notifying **CONSULTANT** in writing seven (7) days prior to termination and by paying **CONSULTANT** for services performed through date of termination; provided, however, if this Agreement is terminated for fault of **CONSULTANT**, **DISTRICT** shall be obligated to compensate **CONSULTANT** only for that portion of **CONSULTANT** services which are of benefit to **DISTRICT**. Said compensation is to be arrived at by mutual Agreement pursuant to the provisions of paragraph 19(a).

(b) Return of materials. Upon such termination, **CONSULTANT** shall turn over to the **DISTRICT** immediately any and all copies of videotapes, studies, sketches, drawings, mylars, computations, computer models and other data, whether or not completed, prepared by **CONSULTANT**, and for which **CONSULTANT** has received reasonable compensation, or given to **CONSULTANT** in connection with this Agreement. Such materials shall become the permanent property of **DISTRICT**. **CONSULTANT**, however, shall not be liable for **DISTRICT's** use of incomplete materials or for **DISTRICT's** use of complete documents if used for other than the project or scope of services contemplated by this Agreement.

7. **INSPECTION**

CONSULTANT shall furnish **DISTRICT** with every reasonable opportunity for **DISTRICT** to ascertain that the services of **CONSULTANT** are being performed in accordance with the requirements and intentions of this Agreement. All work done and all materials

furnished, if any, shall be subject to the **DISTRICT's** Contract Manager's inspection and approval. The inspection of such work shall not relieve **CONSULTANT** of any of its obligations to fulfill its Agreement as prescribed.

8. **INDEPENDENT CONTRACTOR**

The services performed under this Agreement are to be performed by the **CONSULTANT** as an independent contractor.

9. **ASSIGNMENT OF CONTRACT**

Neither party shall assign this Agreement or any portion of the work, other than as designated herein, without the prior written approval of the other party.

10. **NOTICES**

All notices hereunder shall be given in writing and mailed, postage prepaid, by Certified Mail, addresses as follows:

NIPOMO COMMUNITY SERVICES DISTRICT

Doug Jones
P. O. Box 326
Nipomo, CA 93444

CONSULTANT:

Garing, Taylor and Associates, Inc.
141 S. Elm Street
Arroyo Grande, CA 93420

11. **INTEREST OF CONSULTANT**

CONSULTANT covenants that it presently has no known interest, and shall not knowingly acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. **CONSULTANT** further covenants that, in the performance of this Agreement, no subcontractor or person having such a known interest shall be employed. **CONSULTANT** certifies that no one who has or will have

any known financial interest under this Agreement is an officer or employee of **DISTRICT**. It is expressly agreed that, in the performance of the services hereunder, **CONSULTANT** shall at all times be deemed an independent contractor and not an agent or employee of **DISTRICT**. **CONSULTANT** shall be responsible in full for payment of its employees, including insurance, and deductions.

12. **INDEMNITY**

CONSULTANT agrees to defend, indemnify and hold harmless the **DISTRICT**, its employees, managers, agents and directors from any and all liability, claims, losses, damages or expenses (including attorney's fees and costs) arising out of performance of this contract, excepting those arising out of the sole negligence of the **DISTRICT**.

13. **INSURANCE**

(a) The **CONSULTANT** shall maintain worker's compensation insurance to statutory limits, in compliance with state and federal statutes.

(b) The **CONSULTANT** shall maintain comprehensive general liability and automobile liability insurance protecting it against claims arising from bodily or personal injury or damage to property, including loss of use thereof, resulting from operations of **CONSULTANT** pursuant to this Agreement or from the use of automobiles and equipment of the **CONSULTANT**. The amount of this insurance shall not be less than \$1 million combined single limit. The **DISTRICT**, its employees, officers, General Manager and directors, shall be listed as additional insureds.

(c) The **CONSULTANT** shall maintain a policy of professional liability insurance, protecting it against claims arising out of the negligent acts, errors, or omissions of **CONSULTANT** pursuant to this Agreement, in the amount of not less than \$1 million combined single limit.

(d) **CONSULTANT** shall provide client with the following prior to commencement of work under this Agreement:

1. Proof of workman's compensation insurance and professional liability insurance;
2. An endorsement of the comprehensive general liability and automobile liability insurance (pursuant to subparagraph (b)) listing **DISTRICT**, its employees, officers, General Manager and Directors as additional insureds.
3. Proof of errors and omission insurance.

14. **AGREEMENT BINDING**

The terms, covenants and conditions of this Agreement shall apply to, and shall bind, the heirs, successors, executors, administrators, assigns, and subcontractors of both parties.

15. **WAIVERS**

The waiver by either party of any breach or violation of any term, covenant, or condition of this Agreement or of any provision, ordinance, or law shall not be deemed to be a waiver of any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance, or law. The subsequent acceptance by either party of any fee or other money which may become due hereunder shall not be deemed to be a waiver of any preceding breach or violation by the other party of any term, covenant, or condition of this Agreement or of any applicable law or ordinance.

16. **LAW GOVERNING AND VENUE**

This agreement has been executed and delivered in, and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of California. All duties and obligations of the parties created hereunder are performable in the County of San Luis Obispo, and such County shall be the venue for any action, or proceeding that may be brought, or arise out of, in connection with or by reason of this Agreement.

17. **COSTS AND ATTORNEY'S FEES**

The prevailing party in any action between the parties to this Agreement brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorney's fees expended in connection with such an action from the other party.

18. **AGREEMENT CONTAINS ALL UNDERSTANDINGS**

This document (including all exhibits referred to above and attached hereto) represents the entire and integrated Agreement between **DISTRICT** and **CONSULTANT** and supersedes all prior negotiations, representations, or Agreements, either written or oral. This document may be amended only by written instrument, signed by both **DISTRICT** and **CONSULTANT**. All provisions of this Agreement are expressly made conditions. This Agreement shall be governed by the laws of the State of California.

19. **MISCELLANEOUS PROVISIONS**

(a) The parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this agreement. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, which demand shall specify in detail the facts of the dispute. Within ten (10) days from the date of delivery of the demand, the matter shall be submitted to a mediation firm mutually selected by the parties. If the parties are unable to agree upon a mediation firm within said ten (10) day period, the matter shall be submitted to the mediation firm of Fitzpatrick, Barbieri & Raver. The Mediator shall hear the matter and provide an informal opinion and advice within twenty (20) days following written demand for mediation. Said informal opinion and advice shall be non-binding on the parties but shall be intended to help resolve the dispute. The Mediator's fee shall be shared equally by the parties. If the dispute has not been resolved, then an independent arbitrator is to be appointed by mutual agreement and his decision shall be non-binding on the parties.

(b) In the performance of its professional services, **CONSULTANT** will use that degree of care and skill ordinarily exercised under similar conditions in similar localities and no other warranties, expressed or implied are made or intended in any of **CONSULTANT**'s proposals, contracts or reports.

(c) Should any provision herein be found or deemed to be invalid, this agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this agreement are declared to be severable.

(d) Whenever reference is made in this Agreement to standards or codes in accordance with which work is to be performed or tested, the edition or revision of the standards or codes current on the effective date of this Agreement shall apply, unless otherwise expressly stated.

IN WITNESS WHEREOF, **DISTRICT** and **CONSULTANT** have executed this Agreement the day and year first above written.

CONSULTANT
Garing, Taylor and Associates, Inc.

By: _____
Managing Engineer

DISTRICT
By: Kathleen Fairbanks
Board President

EXHIBIT "A"

SCOPE OF SERVICE

Design an Inter-Tie between the Black Lake Division and the Town Division near the Black Lake hydromatic system for the District.

EXHIBIT "B"

COMPENSATION

Fees for this design work shall not exceed \$6,000.00 without prior written approval from the District. Billing shall be in accordance to the attached Schedule of Rates and Charges.



GARING, TAYLOR & ASSOCIATES, INC.

CIVIL ENGINEERS SURVEYORS PLANNERS

FEE SCHEDULE
APRIL 1, 1995

Fee charges by GARING, TAYLOR & ASSOCIATES, INC. depend on the person or persons performing the work.

<u>CLASSIFICATION</u>	<u>OFFICE</u>	<u>RATE</u>
Principal		78.00/82.00
Civil Engineer		62.00/67.00
Civil Engr\Land Surveyor		67.00
Land Surveyor		67.00
Senior Designer		60.00
Designer		55.00
Planner		55.00
Civil Engineering Assistant III		60.00
Civil Engineering Assistant II		56.00/57.00
Civil Engineering Assistant I		53.00
Engineering Technician III		51.00/54.00
Engineering Technician II		45.00/46.00
Engineering Technician I		39.00
Specification Technician I		41.00
Draftsperson II		38.00
Draftsperson I		36.00
Party Chief III		54.00
Party Chief II		48.00
Party Chief I		46.00
Chainman II		44.00
Chainman I		41.00
Surveying Technician III		54.00
Surveying Technician II		39.00
Surveying Technician I		37.00
Survey Trainee		35.00
Office Manager		64.00
Administrative Assistant II		33.00/46.00
Administrative Assistant I		30.00
Computer Technician		41.00
	<u>FIELD</u>	
Two Man Party		120.00
Three Man Party		162.00
Four Man Party		202.00
Construction Inspector		60.00

The above fees include office and field equipment and vehicles. A fee for travel time may be charged for projects located at a significant distance from our office. Any costs for postage, shipping, courier services, photocopies, blueprints, telephone and fax charges, outside professional services and other miscellaneous charges are additional unless stated otherwise by agreement.

TAYLOR SURVEYING, INC.

When required by union contracts on construction projects, Taylor Surveying, Inc. union employees will be hired at their hourly rate plus health, education, welfare and other employee benefits times a multiplier of 3.0.

OVERTIME

Authorized overtime is charged at one and one-half the normal rate and/or as otherwise provided by state and federal law.

PRATEFEES\FEESCHO1.697

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: AUGUST 6, 1997

AGENDA ITEM
AUG 6 1997

6

TOWN DIVISION WATER RATE STUDY

The Board Sub-Committee consisting of Directors Fairbanks and Kaye met with staff and reviewed the three proposals received to perform a water rate study for the Town Division of the Nipomo Community Services District. The committee felt that a replacement study would be more apropos to the District than a rate study. The recommendation is that the Board not proceed on a water rate study, but investigate possibilities of developing a replacement study for the District. A replacement study would encompass the following:

- Inventory of all water and sewer lines, lift station, wells, and storage facilities.
- Estimate age and condition of inventoried items.
- Establish remaining useful life of each of the sections of water and sewer lines, and lift stations, wells, and storage facilities.
- Tabulate the cost to replace inventoried items.
- Incorporate Water and Sewer Master Plan recommendations.
- Generate a schedule for replacement.
- Create a replacement fund based on the age, condition, useful remaining life of the inventoried items and the cost of replacement. The replacement fund would represent an annual capital requirement for replacement over a set period of time. The committee recommended that staff try to locate an existing replacement study for review by the District prior to proceeding on such a study.

The committee's recommendation was to reject all proposals for a water rate study and investigate the possibilities of performing a replacement study for the District.

C:\W:\rplcstdy.DOC

AGENDA ITEM
AUG 8 1997



TO: BOARD OF DIRECTORS ,
FROM: DOUG JONES
DATE: AUGUST 6, 1997

PROJECT D950231S (APN 090-093-004)
ACCEPT IMPROVEMENTS

Dr. Ernest James has completed his commercial development at the intersection of Chestnut and Thompson Avenues. Water and sewer improvements were installed as required by the District. The Offer of Dedication and Engineer's Certification has been given to the District, as required. Now is the time to accept the improvements by adopting a resolution of acceptance. Attached for the Board's consideration is Resolution 97-James accepting water and sewer improvements for County Project D950231S (APN 090-093-004, James).

C:\w:\projects\950231s.doc

RESOLUTION NO. 97-JAMES

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING THE WATER AND SEWER IMPROVEMENTS
FOR PROJECT NO. D950231S (APN 090-093-004 JAMES)**

WHEREAS, on July 3, 1996, the District Board of Directors issued a Will-Serve letter for service to a commercial development at the intersection of Chestnut and Thompson Avenues, County Project No. D950231S (APN 090-093-004, James), and

WHEREAS, the District approved and signed the construction plans for said project on June 12, 1996, for the water and sewer improvements to be constructed, and

WHEREAS, the water and sewer improvements have been constructed and said improvements are complete and certified by the engineer, and

WHEREAS, on July 14,, 1997, the Owner offered the water and sewer improvements to the Nipomo Community Services District, and

WHEREAS, this District has accepted such offer without obligation except as required by law, and

WHEREAS, all water and sewer fees, required in conformance with District Ordinances, have been paid in full for said project, and

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

That the water and sewer improvements constructed to serve the commercial development at the intersection of Chestnut and Thompson Avenues County Project No. D950231S (APN 090-093-004, James) are accepted by this District.

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 6th day of August 1997.

Kathleen Fairbanks, President
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
General Counsel

AUG 6 1997

TO: BOARD OF DIRECTORS

FROM: DOUG JONES

DATE: AUGUST 6, 1997

MANAGER'S REPORT

Information on the following is presented:

1. CSDA Annual Conf. Sept 24-26, 1997
2. SB 1268, Acquisition of Public Water Systems
3. Correspondence from Senator O'Connell on Prop. 218
4. SLO Co. State Water Project policies

C:\w:\mgr\080697.DOC

M

ickey Mouse and his friends Minnie, Dumbo and Goofy are not the only attractions this fall in Anaheim.

The California Special Districts Association will hold its annual "roundup" -

RIDE TALL IN THE SADDLE: Special Districts: Pad'ners in Local Government - at the Sheraton Anaheim from September 24-26, 1997.

This year's theme promotes and reinforces special districts unique ability to work in concert with other forms of local government to serve their constituents. The "nuts and bolts" workshops offered at this year's conference have been developed to help attendees build upon their already strong performance foundation. The broad choice of educational opportunities offers "something for everyone." Elected officials, administrators and staff will all benefit from the information, networking, and training they receive at the CSDA annual conference. When participants leave Anaheim, they will be better equipped to serve their constituents as an effective government leader or manager.



CSDA's annual conference is modeled after special districts - cost effective and efficient.

No where else can special district representatives attend sessions on key topics as: administration, personnel, legal, management, and legislative for such a moderate registration fee. The goal of CSDA's annual conference is to inform, enlighten and enhance attendees ability to deliver services.

This year, CSDA offers attendees a little "foot stompin', knee slappin'" western entertainment. Wednesday's welcome introduces Doc Blakely a keynote speaker, humorist, business consultant, seminar leader, storyteller, yarn spinner, and author. At Thursday evening's annual banquet, Doc will be joined by his son, Mike, a western novel writer to perform as the Swing Riders.

For a real taste of "How the West Was Fun" this year's special event is an evening at Wild Bill's Wild West Dinner Show. Separate registration is required (see Special Event Highlight Box).

RIDE TALL IN THE SADDLE

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

Pad'ners

IN LOCAL GOVERNMENT

CSDA 28th ANNUAL CONFERENCE

SEPTEMBER 24-26, 1997

SHERATON HOTEL

ANAHEIM, CALIFORNIA

T E N T A T I V E P R O G R A M

WEDNESDAY, SEPTEMBER 24, 1997

8:00 a.m.

Registration Opens

11:00 a.m. - 1:00 p.m.

Welcome Luncheon and "Yee Haw" Opening
Entertainment with Doc Blakely

1:15 p.m. - 2:45 p.m.

STRATEGIC WORKSHOPS - Session I

A) Planning Tools: Establishing a Mission Statement and Long/Short Range Plans

Presenter: Robert Rauch, Rauch Communication Consultants

B) Part I - You Are the Jury - Sexual Harassment Goes to Trial

Presenter: Dennis J. Walsh, Esq.

C) Communicating with Your Constituents

Presenter: Patricia Tennyson, Katz & Associates

3:00 p.m. - 4:30 p.m.

STRATEGIC WORKSHOPS - Session II

D) It's the Law: Legal Update '97

Presenter: David McMurchie, Esq.

E) Part II - You Are the Jury - Sexual Harassment Goes to Trial

Presenter: Dennis J. Walsh, Esq.

F) Emergency Planning and Response

Presenter: Don Kendall, Calleguas Mun. Water District

6:00 p.m. - 9:30 p.m.

Special Event (Separate registration and fee required)

Wild Bill's Wild West Show

FRIDAY, SEPTEMBER 26, 1997

7:00 a.m. - 9:00 a.m.

CSDA Board of Directors Meeting

9:00 a.m. - 10:15 a.m.

CSDA Annual Meeting, Elections and Year-end Review

10:15 a.m. - 11:30 a.m.

CSDA Legislative Update

Presenter: Ralph Heim, CSDA Legislative Advocate

THURSDAY, SEPTEMBER 25, 1997

7:00 a.m. - 8:00 a.m.

CSDA Fun Run/Walk (*all attendees are invited to participate*)

8:30 a.m. - 5:00 p.m.

Exhibitor Trade Show

8:30 a.m. - 9:30 a.m.

SDRMA Annual Meeting and Elections

9:30 a.m. - 10:45 a.m.

STRATEGIC WORKSHOPS - Session III

G) Effective Use of the Internet

Presenter: Dawnie Andrak, Capital Web Works

H) Conducting a Legal and Complete Performance Review

Presenter: John Adkisson, Esq.

I) Understanding LAFCO in the '90s

Presenter: Mike Gotch, Local Government Consultant

11:00 a.m. - 12:30 p.m.

STRATEGIC WORKSHOPS - Session IV

J) Outcome Based Evaluations for Special Districts

Presenter: Glenn Reiter, Reiter Lowry Associates

K) Keeping Staff Morale High

Presenter: Michael Glaze, MPA

L) Reorganization Issues: Consolidation, Dissolution, Annexation, and Cooperative Agreements

Presenter: Mike Gotch, Local Government Consultant

12:30 p.m. - 2:00 p.m.

LUNCH

2:00 p.m. - 3:30 p.m.

STRATEGIC WORKSHOPS - Session V

M) You're Out of Order! How Not to Run a Board Meeting

Presenter: John Fox, Local Government Institute

N) Proper Hiring and Screening Techniques

Presenter: Janice Sperow, Ruiz & Sperow

O) Making the Decision to Issue Debt

Presenter: Peter Schaafsma, CA Debt and Investment Advisory Commission

3:45 p.m. - 5:00 p.m.

Local Chapter Roundtable

3:45 p.m. - 4:15 p.m.

SDWCA Annual Meeting

4:15 p.m. - 4:45 p.m.

CSDA Finance Corporation Annual Meeting

6:00 p.m. - 7:00 p.m.

Exhibitors' Reception

7:00 p.m. - 9:30 p.m.

Annual Awards Banquet & Entertainment

The Swing Riders will perform immediately following the awards presentation.

SENATE RULES COMMITTEE
Office of Senate Floor Analyses
1020 N Street, Suite 524
(916) 445-6614 Fax: (916) 327-4478

SB 1268

THIRD READING

Bill No:	SB 1268
Author:	Peace (D)
Amended:	4/7/97
Vote:	21

SENATE ENERGY, U. & C. COMMITTEE: 6-0, 4/8/97
AYES: Peace, Hughes, Johnston, Kelley, Rosenthal, Solis
NOT VOTING: Brulte, Hayden, Mountjoy

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: Water corporations: public water system:
acquisition

SOURCE: Author

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to value water systems, in the context of acquisition by a water corporation, at fair market value.

ANALYSIS: The provision of potable water is a monopoly service regulated by the CPUC when the service is provided by investor-owned utilities.

Water systems, both investor-owned and municipal, are finding it increasingly costly to meet water quality standards. The problem is more acute for smaller water systems who cannot take advantage of scale economies in the water supply business. National Academy of Sciences has found that smaller water systems (i.e., water systems serving fewer than 500 customers) are more than twice as

likely to violate Safe Drinking Water Act contaminant levels than water systems serving larger communities.

California has approximately 200 CPUC-regulated water utilities. (In contrast, in 1995 the CPUC regulated about 5 electric utilities and about 20 local telephone companies.)

Approximately three-quarters of these water utilities serve fewer than 500 customers.

The CPUC policy on the purchase of water systems is to value the acquired water system at book value, which is the original cost of the plant less depreciation. This valuation is extremely important because it directly effects the profitability of the acquisition. The higher the CPUC values the acquisition the more the water utility profits. However, book value can often be lower than fair market value. Consequently, this CPUC policy has discouraged the acquisition of water systems by water utilities. Yet, acquisitions can be in the public interest if they result in lower overall rates to customers and/or better service quality.

This bill provides an incentive for acquisition by requiring the CPUC to use the concept of fair market value in valuing a water system acquisition, rather than their current policy of book value.

The bill defines "fair market value" as the amount at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

To the extent that fair market value exceeds the cost of reproducing the system, the CPUC may include that additional cost in rates subject to an evaluation of the following specific parameters:

1. Does the acquisition improve system reliability?
2. Does the acquisition improve the ability of the water corporation to comply with health and safety regulations?
3. Will the acquisition lead to additional efficiencies and economies of scale?
4. Is the acquisition fair and reasonable to the current customers of the acquiring water corporation?

The provisions of this bill also apply to the acquisition

of sewer systems.

Comments:

Proposition 218, which limits the ability of local government to raise fees and taxes, may encourage municipally-owned water systems to exit the business. This bill applies to acquisitions of both investor-owned and municipally-owned water systems.

The CPUC has recognized that it needs to review its policies on the acquisition of small water companies. It has indicated that it will open an investigation into this issue by June 1997.

The definition of "fair market value" in the bill comes from Black's Law Dictionary.

Paragraph (b) of the bill is intended to provide a protection against overpayment for a water system by a water utility. While the overpayment may constitute fair market value, it may nevertheless be unjustified. This could happen because the incentive to strike the best possible bargain is somewhat diluted. The buyer, in this case the water utility, can theoretically recoup even an overpayment because of his monopoly on water service. The protection in this bill applies when the purchase price exceeds the cost to build the system. In that case the CPUC may permit all or part of the difference if it finds that the acquisition will improve service quality, generate additional economies, and is fair to existing customers.

The CPUC has no official position on the bill, but they are interested in providing additional protections against overpayment. The author believes that such protections already reside in the bill but has indicated a willingness to work with the CPUC on their concerns.

The California Water Association supports the bill. They believe that the bill facilitates water system consolidations and will benefit ratepayers of water systems, both investor-owned and municipally-owned, who are unable to make necessary capital improvements in their water systems.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes
Local: No

SUPPORT: (Verified 4/22/97)

California Water Association
California Water Service Company
Dominguez Water Corporation
San Gabriel Valley Water Company
San Jose Water Company
Southern California Water Company
Suburban Water Systems

SACRAMENTO OFFICE
E CAPITOL ROOM 5035
SACRAMENTO, CA 95814
(916) 445-5405

SAN LUIS OBISPO OFFICE
1260 CHORRO STREET, SUITE A
SAN LUIS OBISPO, CA 93401
(805) 547-1800

SANTA BARBARA OFFICE
108 WEST CARRILLO, SUITE F
SANTA BARBARA, CA 93101
(805) 966-2296

VENTURA OFFICE
89 W CALIFORNIA STREET, SUITE E
VENTURA, CA 93001
(805) 641-1500

California State Senate

SENATOR
JACK O'CONNELL
EIGHTEENTH SENATORIAL DISTRICT



COMMITTEE ON
BUDGET & FISCAL REVIEW
SUBCOMMITTEE ON EDUCATION
COASTAL, AUCUS
FALCIT, AUCUS
BUDGET AND FISCAL REVIEW
BUSINESS AND PROFESSIONS
CONSTITUTIONAL AMENDMENTS
EDUCATION
ENVIRONMENTAL QUALITY
GOVERNANCE
NATURAL RESOURCES

July 16, 1997

Douglas Jones, General Manager
Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444

RECEIVED

JUL 18 1997

NIPOMO COMMUNITY
SERVICES DISTRICT

Dear Mr. Jones:

In response to numerous questions raised by the passage of Proposition 218 last fall, the Legislative Analyst's Office convened meetings with local agency representatives, taxpayer advocates, the public finance community, legislative representatives, and developers to discuss legislative options to clarify this difficult measure.

After more than three months of discussions, that group forged consensus on several issues which resulted in the passage of Senate Bill 919 (Rainey) which will clean up and clarify Proposition 218. Senator Rainey's legislation was approved by the Legislature and signed into law by Governor Wilson on July 2nd. The measure:

- Specifies that the process of determining whether the voters will approve or disapprove a proposed assessment is an assessment ballot proceeding, rather than an election. This means that typical election procedures are not required to be followed, i.e. ballot pamphlet, pro and con arguments, rebuttal arguments.
- Clarifies that "notice by mail" means notice by U.S. Mail. Specifies that a mailed ballot may be included in any other mailing to the record owner of property.
- Clarifies that a local agency may propose a range of rates or amounts in a tax, assessment, property-related fee, or property-related charge that would be placed before the local voters. An inflation adjustment would also be allowed, provided it is not applied to a percentage. If approved by the voters, the local agency may set the rate at any amount that is less than or equal to that approved by the voters.
- Clarifies the requirements that public agencies must comply with to (a) raise or establish an assessment, or (b) continue certain existing assessments.

July 16, 1997

Page Two

- These requirements include notice by mail to property owners; content of the notice; the time, date and location of the public hearing; how the property owner completes the ballot; how the ballot is returned; and how the ballot is tabulated. These provisions would supersede other statutory requirements, except for certain projects under the Streets and Highways Code.
- Clarifies that certain assessments (for sidewalks, streets, sewers, water, flood control, drainage, and vector control) that are exempt from the provisions of Proposition 218 until the assessments are "increased" would remain exempt even though the assessments are "renewed" annually. Essentially this declares that "renewed" shall not be considered to be a form of "increased" for these exempt assessments.
- Specifies that Proposition 218 shall not be construed to mean that any purchaser of a bond or other debt issued by a local agency assumes any risk or in any way consents to any initiative that would constitute an impairment of contract that is protected by Section 10 of Article I of the United States Constitution.
- Allows public agencies to issue refunding bonds (a refinancing of existing debt) without complying with Proposition 218 if it lowers local debt costs.
- Specifies that the notice and hearing provisions for assessments specified in Proposition 218 supersede the notice and hearing provisions in the Brown Act.
- Specifies that the notice include a statement that the assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment, with ballots weighted according to the proportional financial obligation of the affected property.

I know that complying with the provisions of Proposition 218 has caused great frustration to many local agencies. I hope this information is of assistance to you in that effort.

Sincerely,


JACK O'CONNELL

JO:ks

T1b

HAND WRITTEN CHECKS

17920	Rajan Ayyar	9,764.55
17921	Arroyo Grande Hosp	17.50
17922	Kathleen Fairbanks	100.00
17923	Gene Kaye	100.00
17924	Great Western Alarm	1,080.80
17925	Shipsey & Seitz	2,231.50

VOIDS

ck# 2249

NET PAYROLL

CK# 2250-2258 \$12,324.69

COMPUTER GENERATED CHECKS

9235	07/31/97	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$759.98
9236	07/31/97	DOUG JONES	\$300.00
9237	07/31/97	MID STATE BANK	\$3,971.23
9238	07/31/97	PUBLIC EMPLOYEES RETIREMENT SYSTEM	\$1,879.34
9239	08/01/97	DANA PROPERTIES	\$205.90
9240	08/01/97	J.O. MILLER	\$1,980.00
9241	08/06/97	ADB SYSTEMS	\$238.71
9242	08/06/97	ADVANTAGE ANSWERING PLUS	\$94.50
9243	08/06/97	ROBERT BLAIR	\$100.00
9244	08/06/97	CALIFORNIA APPLIED TECHNOLOGIES	\$269.87
9245	08/06/97	CHEVRON	\$427.95
9246	08/06/97	CLANIN & ASSOCIATES, INC.	\$194.05
9247	08/06/97	KENNETH KERRI, OFFICE OF WATER PROGR	\$62.18
9248	08/06/97	DEWAR, INC.	\$153.43
9249	08/06/97	EASTER RENTS	\$5.98
9250	08/06/97	FGL ENVIRONMENTAL ANALYTICAL CHEMIST	\$294.00
9251	08/06/97	KATHLEEN FAIRBANKS	\$100.00
9252	08/06/97	GEORGE F. GARCIA & SONS	\$1,524.60
9253	08/06/97	GARING, TAYLOR & ASSOCIATE, INC.	\$3,191.56
9254	08/06/97	GTE CALIFORNIA INCORPORATED	\$31.77
9255	08/06/97	GTE MOBILNET	\$42.65
9256	08/06/97	GROENIGER & COMPANY	\$169.35
9257	08/06/97	ICI PAINTS NORTH AMERICA	\$172.40
9258	08/06/97	GENE KAYE	\$100.00
9259	08/06/97	ALEX MENDOZA	\$100.00
9260	08/06/97	MISSION UNIFORM SERVICE	\$265.14
9261	08/06/97	NIPOMO ACE HARDWARE	\$204.76
9262	08/06/97	NIPOMO GARBAGE COMPANY	\$42.15
9263	08/06/97	NIPOMO GARDENING EQUIP REPAIR SHOP	\$53.76
9264	08/06/97	P G & E	\$30,429.35
9265	08/06/97	PACIFIC BELL	\$206.89
9266	08/06/97	PERS HEALTH BENEFIT SERVICES	\$3,006.95
9267	08/06/97	PIONEER EQUIPMENT CO.	\$4,083.73
9268	08/06/97	POSTALIA, INC.	\$23.25
9269	08/06/97	RELIABLE OFFICE SUPPLY	\$295.46
9270	08/06/97	SHIPSEY & SEITZ, INC.	\$2,711.00
9271	08/06/97	ALBERT SIMON	\$100.00
9272	08/06/97	SLOCO DATA, INC.	\$23.60
9273	08/06/97	SOUTHERN CALIF GAS COMPANY	\$50.02
9274	08/06/97	STATE DEPARTMENT OF HEALTH SERVICES	\$131.00
9275	08/06/97	STATE WATER RESOURCES CONTROL BOARD	\$50.00
9276	08/06/97	SYLVESTER'S SECURITY ALARMS, INC.	\$35.00
9277	08/06/97	TOSTE CONSTRUCTION	\$250.00
9278	08/06/97	TRI STATE SEMINAR ON THE RIVER	\$80.00

SAN LUIS OBISPO COUNTY ENGINEERING DEPARTMENT

COUNTY GOVERNMENT CENTER • ROOM 207 • SAN LUIS OBISPO, CALIFORNIA 93408



TIMOTHY P. NANSON
COUNTY ENGINEER
GLEN L. PRIDDY
DEPUTY COUNTY ENGINEER
ENGINEERING SERVICES
NOEL KING
DEPUTY COUNTY ENGINEER
ADMINISTRATION

PHONE (805) 781-5252 • FAX (805) 781-1229

ROADS
SOLID WASTE
FRANCHISE ADMINISTRATION
WATER RESOURCES
COUNTY SURVEYOR
SPECIAL DISTRICTS

July 29, 1997

Doug Jones
Nipomo Community Services District
261 W. Dana
Nipomo CA 93444

Subject: San Luis Obispo County Flood Control and Water Conservation District,
Board of Supervisors - State Water Policy Update

Dear Mr. Jones:

The Board of Supervisors will consider several State Water Project policies at their meeting of August 5, 1997. Some of these policies may be of interest to your agency. A copy of the Board letter and report are enclosed for your information.

Sincerely,

GLEN L. PRIDDY
Deputy County Engineer - Engineering Services

Enclosures: Board Letter & Report

File: SWP

t:\managmnt\glp\swptra.ltr.lnd

JUL 31 1997

NIPOMO COMMUNITY
SERVICES DISTRICT

SAN LUIS OBISPO COUNTY ENGINEERING DEPARTMENT

COUNTY GOVERNMENT CENTER • ROOM 207 • SAN LUIS OBISPO, CALIFORNIA 93408

MATTHEW P. NANSON
COUNTY ENGINEER
GLEN L. PRIDDY
DEPUTY COUNTY ENGINEER
ENGINEERING SERVICES
NOEL KING
DEPUTY COUNTY ENGINEER
ADMINISTRATION

PHONE (805) 781-5252 • FAX (805) 781-1229



ROADS
SOLID WASTE
FRANCHISE ADMINISTRATION
WATER RESOURCES
COUNTY SURVEYOR
SPECIAL DISTRICTS

August 5, 1997

The Honorable Board of Supervisors
County of San Luis Obispo
San Luis Obispo, CA

Subject: State Water Project Policy Update
All Supervisorial Districts

Honorable Board:

Summary:

Your Board has requested an update on the status of the unallocated State Water Entitlement that continues to be held by the Flood Control District. The attached **REPORT** covers the status of the unallocated entitlement as well as many other policies governing the disposition of State Water entitlement within the District. **Your Board my wish to choose only a few issues to discuss at this time and direct staff to bring some of these or other issues back for future discussion.**

Recommendation:

1. Receive the attached **REPORT** titled "State Water Project Policy Update."
2. Receive a verbal presentation from Warren Felger regarding contacts he has had concerning the sale of our excess entitlement.
3. Either:
 - a. Confirm the existing policy that the Department is to sell all excess State Water entitlement; or
 - b. Adopt a new policy that the Department may work with agencies interested in multi-year temporary transfers of part or all of the excess entitlement and bring such offers to your Board for approval in the future should they be received.
4. Authorize the Engineering Department to retain the service of Warren Felger, of the Law Firm of Uremovic and Felger, to represent the San Luis Obispo County Flood

Control and Water Conservation District to potential buyers of its excess State Water entitlement. Authorize the County Engineer to sign a contract.

5. Authorize the Engineering Department to retain the services of Stan Hatch of the law firm of Hatch and Parent to represent the District before the State Water Contractors and the Department of Water Resources in Contract matters relating to permanent or temporary transfer of State Water entitlement. Authorize the County Engineer to sign a contract.
6. Confirm the appropriateness of the "Criteria for Using State Water" that were previously established by your Board.
7. Adopt a "first in, first out" policy for matching potential sellers of State Water allotments to potential buyers of State Water allotments within the District.
8. Authorize staff to offer a contract for State Water allocation to the Afuera de Chorro Mutual Water Company and to bring the contract, with an appropriate Environmental Determination, to your Board for final approval at a future date.
9. Authorize staff to offer a contract for State Water allocation to Nancy Blackburn (after an appropriate agency is formed to enter into the contract), and to bring the contract, with an appropriate Environmental Determination, to your Board for final approval at a future date.
10. Confirm your Board's previous direction to allow the sale of excess entitlement to the City of Morro Bay for the purpose of increasing the reliability of State Water delivery and expand that direction to make excess entitlement available to all subcontractors for that purpose.
11. Consider the new request by the Nipomo Community Service District for a non-entitlement turnout and direct staff to work with NCSD to implement the request with appropriate cost sharing.
12. Direct staff to develop, with the help of the Subcontractors Advisory Committee, an appropriate cost sharing formula for non-entitlement turnouts.

Discussion: (Refer to the attached **REPORT**)

Your Board requested that the Department put an item on the agenda to discuss the status of the sale of the excess State Water entitlement. In developing the discussion, it was determined that there were several inter-related policies that effected the District's State Water entitlement. There are also several currently pending requests and actions by other agencies that relate to the entitlement issue.

The attached report discusses several of the entitlement issues, requests, and actions. Because of the complexity of the State Water Project, even this report does not completely cover the subject. The report does, however, cover the most important policies and the most current issues that need to be resolved.

State Water Project Policy Update

August 5, 1997

Glen L. Priddy, Deputy County Engineer - Engineering Services

TABLE OF CONTENTS

1	History	Page 1
1a	<i>Pipe Capacity</i>	Page 1
1b	<i>Excess Entitlement with Capacity</i>	Page 1
1c	<i>Excess Entitlement without Capacity</i>	Page 2
2	Policy and Board Direction	Page 2
2a	<i>Unallocated Entitlement</i>	Page 2
2b	<i>Interest in Purchasing State Water Entitlement with Delivery Capacity</i>	Page 3
2c	<i>Criteria for Using State Water</i>	Page 4
2d	<i>Policy for Sale of Entitlement by Contractors</i>	Page 5
2e	<i>Insurance Water</i>	Page 5
2f	<i>Requests for Non-entitlement Turnouts</i>	Page 5
2g	<i>Other Actions Relating to State Water</i>	Page 6

ATTACHMENTS

A	Letter from Afuera de Chorro Mutual Water Company dated July 16, 1997
B	Letter from Nancy Blackburn dated June 5, 1997
C	Letter from Nipomo Community Service District dated March 21, 1997
D	Letter from the City of Pismo Beach dated May 7, 1997

State Water Project Policy Update

August 5, 1997

Glen L. Priddy

1. *Project History*

The San Luis Obispo County Flood Control and Water Conservation District entered into a contract with the State of California Department of Water Resources (DWR) in 1963 for a water entitlement from the State Water Project. This contract was for 25,000 acre-feet of water per year. Our County's participation in the project was tied to the participation of Santa Barbara County since both counties were to be served through the Coastal Branch of the State Water Project. The DWR then constructed the main aqueduct of the Project and a portion of the Coastal Branch (Phase I) and waited for the two coastal Counties to get ready to build Phase II of the Coastal Branch.

In the mid 1980's, at the request of the two Counties, DWR began work on the Environmental Impact Report for the construction of the Coastal Branch. The report was completed in 1990 and local agencies were requested to sign contracts to take the water. In 1992 eleven agencies signed contracts for 4830 acre-feet of entitlement leaving the Flood Control District with 20,170 acre-feet of unallocated entitlement.

1a. *Pipe Capacity*

The pipeline through our County from the Water Treatment Plant at Polonio Pass to the Lopez turnout has been built with capacity to serve only the contracted entitlement for our County and the contracted entitlement for Santa Barbara County plus a ten percent buffer for Santa Barbara County. This is a total of 47,816 acre-feet per year north of the Chorro Valley turnout with 4830 acre-feet for us and 42,986 for Santa Barbara County. Between the Chorro Valley turnout and the Lopez turnout we have 2392 acre-feet of capacity. We have no capacity rights south of the Lopez turnout. There is no pipeline capacity available through the Water Supply Contract with DWR to deliver the 20,170 acre-feet of excess entitlement held by the District into our County.

1b. *Excess Entitlement with Capacity*

The County originally contracted for 100 acre-feet of entitlement and delivery for County Service Area 16, Shandon, subsequently, the people of the town asked the Board of Supervisors to allow them to cease participation in the project. Additionally, the Oceano Community Services District has decided that it wishes to sell 400 acre-feet of its entitlement. These two sources provide 500 acre-feet of water with pipeline and treatment capacity available for sale.

In Santa Barbara County, the Central Coast Water Authority included a ten percent "drought buffer" in their contract for deliverable water. This entitlement is intended to make the delivery of water more reliable for their member agencies. There is capacity in the pipeline to deliver this water however it is not intended to be used except in the case of delivery cutbacks.

Excess Entitlement Without Capacity

Our County started out with 25,000 acre feet of entitlement. We have subcontracts for 4830 acre-feet. This leaves us with 20,170 acre feet of entitlement that does not have pipeline delivery capacity in the Coastal Branch (Phase II) pipeline.

Santa Barbara County holds 12,000 acre-feet of excess entitlement. CCWA has 2500 acre feet of entitlement without capacity which is contracted to the Goleta Water District to enhance the reliability of its supply.

2. Policies & Board Direction

Your Board has established a number of policies and taken other actions relating to the administration of the State Water Project:

2a. Unallocated Entitlement

The main policy established by your Board has been that all unallocated State Water is to be sold outside of the County. This is to eliminate the need to continue the ad valorem property tax assessment that has been in place to pay the cost of holding this entitlement. This policy to sell the unallocated water was predicated upon the Flood Control District obtaining a fair price for the past cost of holding the entitlement.

The Department has pursued the Board direction and let it be known statewide that our entitlement is for sale. In response to this solicitation, the Department was approached by four southern California water agencies that were interested in acquiring the entitlement. After extended negotiations, it was determined that the deal that was acceptable to the water agencies would leave the tax payers of our County "at risk" for future obligations and did not include a fair price for the past costs incurred by our County. The negotiations with these agencies were concluded with the understanding that we would be willing to reconsider provided that, at a minimum, our tax payers would not be "at risk" for future obligations.

There has been some interest from various sources. A summary of discussions with other agencies will be included in a separate memorandum from Mr. Warren Felger. There have been no formal offers made for the entitlement since the first negotiations. The Monterey Amendment to the Water Supply Contract then became the focus among State Water

Contractors regarding when and how entitlement might be sold. That amendment, and subsequent lawsuits, were only recently concluded, and sales efforts among all statewide contractors have only recently been renewed. The availability of our entitlement is known by major water agencies throughout the state.

The Department used Warren Felger currently with the law firm of Uremovic & Felger as a resource in determining the fairness of the offer we received and in seeking other offers. Mr. Felger has recently informed us of an inquiry about the possibility of a temporary transfer of all or a portion of the excess entitlement. We do not yet know many details of the request.

The concept of multi-year temporary transfers of water entitlement is new the State Water Project. Staff anticipates that there will be several contract issue that will need to be resolved with DWR and with the State Water Contractor. We have been in contact with Stan Hatch of the law firm of Hatch and Parent about these issues. Mr Hatch is a past chairman of the State Water Contractors organization and is one of the authors of the "Monterey Amendment" to the Water Supply Agreement. Staff believes that the District would greatly benefit by retaining the services of Mr Hatch to represent our interests with DWR on State Water Contract issues relating to the sale of our State Water Entitlement.

2b. Interest in purchasing State Water Entitlement with delivery capacity

As stated previously, there are 500 acre-feet of entitlement available for sale that includes delivery capacity.

The California Cities Water Company expressed interest in acquiring Shandon's Water and, about two years ago, your Board directed the Department to work with the them in that regard. Since that time, Cal Cities has not followed through with their request despite repeated attempts by staff to discuss contracts. The Department has received two recent inquires concerning the possible service of State Water to small mutual water companies. The inquiries are from the Afuera de Chorro Mutual Water Company and from Nancy Blackburn.

Afuera De Chorro Mutual Water Company has very recently formally asked to participate in the project (see attached letter). This is an existing company serving an existing subdivision. The Company asked to participate in 1992, and met all of the criteria for participation at that time, but backed out at the last minute in favor of the Nacimiento project. Now that more is known about the Nacimiento Project and the Company's ability to participate in that project, the company has decided that the State Project is better for its purposes.

Nancy Blackburn has expressed interest in acquiring State Water to serve a future subdivision along Ontario Road in the Avila area (see attached letter). The Blackburn

subdivision was also previously interested in receiving state water but was eliminated by the selection criteria because the request was from an individual. Ms. Blackburn has now indicated that they are forming a mutual water company to contract for the water.

2c. Criteria for using State Water

Since there is some entitlement with delivery capacity available within the County, it is important to confirm the eligibility requirements for future contracting agencies. During the deliberations considering the most recent subcontractor for water, the Board of Supervisors established "Criteria for using State Water". These criteria define the process for dealing with requests for participation in the Project.

CRITERIA FOR USING STATE WATER

1. Water be available to existing public agencies, public water companies regulated by the PUC and existing mutual water companies with no water being contracted to individuals.
2. Substantial public and economic benefit.
3. Conservation and reuse of water must be significant components of water use plans for the project.
4. All costs must be paid by the water user.
5. Project must be consistent with LUE, LUO, Coastal Plan (if in coastal zone), RMS, Master Water and Sewer Plan, and Rural Settlement Strategy. All environmental impacts must be mitigated. In addition, project must be consistent with recommendations of the Economic Advisory Committee and Water Resources Advisory Committee.
6. County wide growth rate must not be altered simply because of participation in the SWP.
7. Must be geographically near other water users to avoid taking new water to a remote area and attracting other inappropriate development.
8. Those requesting water for agricultural uses must use the water for agricultural purposes only and execute an easement of their property which will permanently limit the use of the land for agricultural purposes.
9. No water is to be used for projects within incorporated cities.

2c. Policy for Sale of Entitlement by Contractors

There is not currently a policy to cover matching entitlement available from sellers to requests for water service from buyers. A suggestion that might be fair is to use a "first in, first out" system. The sellers available entitlement would be matched to a buyer in the order that the sellers let it be known that they have an entitlement available for sale. Buyers would be given priority to available entitlement in a similar manor.

2e. Insurance Water

The City of Morro Bay has asked for extra entitlement to help increase the reliability of their supply. The entitlement would come out of the 20,170 Acre-feet of excess entitlement held by the district and would not include delivery capacity. The Board of Supervisors has tentatively approved the concept of providing insurance water to Morro Bay and has authorized the Department to work with the City on contracts. The Department has been working with the city on this but the issue has had a low priority because it is not really necessary to come to final resolution until the disposition of the remainder of the excess entitlement is determined.

The California Mens Colony and Cuesta College have also expressed interest in insurance entitlement and other participants may be interested when the time comes.

2f. Requests for non-entitlement turnouts.

There have been two requests from different agencies to have access to the State Water pipeline without an accompanying water entitlement. Both of these agencies are in the Nipomo area but the requests are not related to each other.

The Nipomo Community Service District (NCSD), in 1994, asked to have a turnout that they could use in case of emergency. The concept was that if their wells failed or were contaminated, they could be without water to serve their community. They want to be able to quickly tie into the State Project in an emergency situation and temporarily buy water from other agencies until they can repair their own system. This request was discussed and not approved by the Board of Supervisors.

NCSD has recently submitted a new request for the same project. This request is similar to the first request except that they are only asking to have a valve installed so that it will be available in the future. They are not asking for any other permanent structure. The City of Pismo Beach, in response to a newspaper story on the subject, has considered this request and sent a letter to the Board expressing their views (attached). The City is concerned about their investment and does not wish for other agencies to get a "free ride" at their expense. The Subcontractors Advisory Committee also "conceptually endorsed" the proposal "provided that there is an equitable investment recovery program for existing

subcontractors". The new request has been discussed and approved by the Water Resources Advisory Committee.

The second request for a non-entitlement turnout was from the Nipomo Valley Mutual Water Company. This agency is newly formed to serve a group of farmers in the Nipomo Valley. The farmers would like to use State Water to supplement their agricultural water supply. They would not have a permanent entitlement. They would purchase water from willing sellers on a short term, as-needed basis. This request was considered by your Board and the Department was directed to work with the Company to develop the agreements necessary to implement the request. After some preliminary meetings there was inaction on the part of the water company for a long period of time. They have recently renewed their interest and the project is now in the environmental review process.

2g. Other actions by your Board relating to State Water Entitlement

Other actions that your Board has taken in the past few years relating the State Water Project include:

Approval of the "Monterey Amendment" to the State Water Contract.

Approval of a multi-year transfer of the Avila Community Services District transfer of water entitlement to lands owned by Unocal Corporation outside of our County.

Approval of a two year reduction in "Table A" entitlement to save on the cost of holding the excess entitlement.

Approval of participation in the project "Turnback Pools" to save on the cost of unused water.

t:\managmnt\swprpt.glp.lb

This is intended as a "laundry list" for your Board to use to begin discussions on the State Water policies.

Other Agency Involvement

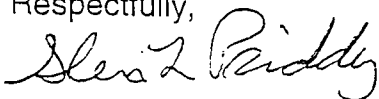
State Water Project policy is of interest to all of the current State Water Subcontractors and to other agencies that may wish to participate in the project in the future. The State Water Subcontractor Advisory Committee is made up of staff members or directors from each of the agencies taking State Water in the District. The Committee provides input on policy issues. The Water Resources Advisory Committee also regularly discusses State Water policy issues.

Financial Considerations

The unallocated State Water entitlement held by the District is paid through the State Water Contract Tax Fund, Budget Unit 0646. The following table is a summary of the tax rate levied on the secured non-unitary roll, and total tax revenues received, since contracts were executed with local agencies in 1992:

FISCAL YEAR	TAX RATE	COUNTY-WIDE TAX REVENUES
1997-98	0.0052 (approximate)	\$850,000
1996-97	0.0063	\$1,053,389
1995-96	0.0087	\$1,412,123
1994-95	0.0087	\$1,390,229
1993-94	0.0091	\$1,564,799
1992-93	0.0081	\$1,276,219
1991-92	0.0109	\$1,437,735

Respectfully,



GLEN L. PRIDDY
Deputy County Engineer - Engineering Services

Attachment: State Water Project Policy Update

File: State Water Project

t:\managmnt\swpltr.blb

ATTACHMENT A

Bob Hather
Afuera de Chorro Water Company
3675 Sequoia Drive
San Luis Obispo, California 93401

July 16, 1997

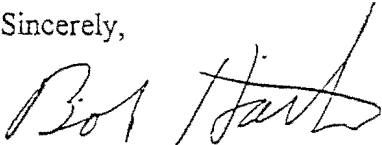
Glen Priddy
County Government Center, Room 207
San Luis Obispo, California 93408

Dear Mr. Priddy,

The Afuera De Chorro Water Company formally requests 30 acre feet from the State Water entitlement currently held by the County Service Area 16-1, Shandon.

We have reviewed the contracts and engineering issues. We are prepared to go forward with this request.

Sincerely,



Bob Hather

RECEIVED

JUL 16 1997

COUNTY ENGINEERING
DEPARTMENT

SL

ATTACHMENT B

6870 Ontario Road
San Luis Obispo, CA 93405

June 5, 1997

Glenn Priddy
County Engineer
San Luis Obispo, CA

Dear Mr. Priddy:

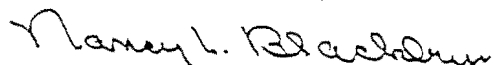
We are making a request to purchase 50 acre feet of state water from the excess that is now available.

The water should be delivered to 6870 Ontario Road and used for development on two parcels. On the approximately 20-acre parcel between the PG&E Community Center and the church, there are plans to develop a rural residential-type project. Estimated completion is two to three years. The second project is subdivision of a 3.5-acre parcel (with an existing home) into a 1-acre and 2.5 acre parcel. We believe these are compatible with current zoning in the area.

We are in the process of forming the Ontario Road Mutual Water Company. You can contact Gail Peron, attorney at law, if you need further information about this. Her number is 541-2180.

If you need more information, please call me at 595-7277, or you can FAX me at 595-9301.

Sincerely,



Nancy L. Blackburn

RECEIVED

JUN 06 1997

COUNTY ENGINEERING
DEPARTMENT

ATTACHMENT C

6-57
SL

NIPOMO COMMUNITY SERVICES DISTRICT

261 WEST DANA STREET, SUITE 101
POST OFFICE BOX 326 NIPOMO, CA 93444
(805) 929-1133 FAX (805) 929-1932

March 21, 1997

Glen Priddy
San Luis Obispo County
Engineering Department, Room 207
SLO County Government Center
San Luis Obispo, CA 93408

SUBJECT: EMERGENCY TURNOUT, COASTAL AQUEDUCT

Dear Glen,

The Board of Directors of the Nipomo Community Services District, at their Regular Board Meeting held on March 19, 1997, directed staff to investigate the possibility of having an emergency turnout on the Coastal Aqueduct in Nipomo, California. Would you outline the steps necessary to proceed in establishing an emergency water supply for the District? Also please provide the District the names of agencies that may have a water supply for such emergencies.

Please let me know if you need any additional information for this request.

Very truly yours,

NIPOMO COMMUNITY SERVICES DISTRICT



Doug Jones
General Manager

cc: CCWA, Dan Masnada
NCSD Board of Directors
Ruth Brackett

C:\W\turnout

RECEIVED

MAR 24 1997

COUNTY ENGINEERING
DEPARTMENT

ATTACHMENT D

File**City of Pismo Beach**

760 Mattie Road - Post Office Box 3
Pismo Beach, California 93448
(805) 773-4657 • Fax (805) 773-7006

May 7, 1997

Board of Supervisors
County Government Center
Room 370
San Luis Obispo, CA 93408

Dear Chairperson Brackett and Boardmembers:

At our regular meeting on May 6, 1997, the Pismo Beach City Council considered recent news accounts of discussions by the Nipomo Community Services District Board regarding possible construction of a turnout in the state water pipeline to allow the CSD to obtain state water in the event of emergencies such as well contamination or severe drought.

As you are well aware, the City of Pismo Beach and a number of other agencies made the difficult decision, some years ago, to provide for their long term water needs by entering into contracts for state water and committing the funds necessary to pay their share of the cost of construction of the pipeline and related facilities and of basic ongoing maintenance of the state water delivery system. Virtually every contracting agency is faced with a substantial financial burden, far into the future, to meet its contractual obligation. For example, in Pismo Beach either a special tax measure or a substantial increase in user rates are confronting our residents within the coming month (to provide a secure source of income to pay the City's state water obligations in the aftermath of the adoption of Proposition 218). Our Finance Director recently reported that from 1992-93 through June 30, 1997, Pismo Beach will have made almost \$2,480,000 in State water payments.

If County Flood Control District, CCWA or other body, considers a request from the Nipomo CSD or from any other agency seeking access to state water, the concerns of all contracting agencies must be obtained and resolved prior to any commitment being made. While not exhaustive, the following are some initial observations on behalf of the City of Pismo Beach.

1. It is a matter of very serious concern to the City of Pismo Beach that agencies which chose not to buy into the state water system, leaving to the participating agencies the responsibility for capital and other fixed costs of bringing the pipeline through San Luis Obispo County, may, without compensating the participating agencies, gain the advantage of the availability of this water.
2. If any such access to state water is being contemplated, there must be a full reimbursement to the participating agencies for the appropriate share of the costs they have borne, including cash flow interest costs.
3. Since "emergency" access presumes needs which could arise 24 hours per day, 365 days per year, allocation of costs related to such access must be based almost entirely on the benefits of state water being available, rather than primarily on the amount of water which may be used.

MEMO TO: San Luis Obispo Board of Supervisors
May 7, 1997 - Page 2 of 2

- 4. If access is being obtained only for "emergency" purposes, there must be a very clear definition of what constitutes an emergency, so that this source does not support any level of additional development.
- 5. It appears, on the basis of very preliminary review, that environmental impacts of such access must be completed before a project is approved.

As noted, these observations are not intended to be a comprehensive analysis of this matter. They are offered for your consideration in the event that a project request is submitted by the Nipomo CSD or by any other party.

In addition to your consideration of these items, the City of Pismo Beach hereby requests official and timely notification in the event that your Board receives or otherwise becomes aware of any proposal for access to state water by any agency not currently contracting for state water.

Please be advised that this matter is of very serious concern to the City of Pismo Beach and that the City Council is prepared to take whatever actions are necessary to assure fair and equitable treatment of Pismo Beach residents and property owners. Your prompt response to the issues and concerns set forth herein will be appreciated.

Very truly yours,


John C. Brown
Mayor

JCB:jy

cc: Chair and Board, Nipomo Community Services District
Central Coast Water Authority
File

RECEIVED

JUL 14 1997

NIPOMO COMMUNITY
SERVICES DISTRICT