

NIPOMO COMMUNITY SERVICES DISTRICT

AGENDA

FEBRUARY 3, 1999 7:00 P.M.
BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

ROBERT BLAIR, **PRESIDENT**
GENE KAYE, **VICE PRESIDENT**
AL SIMON, **DIRECTOR**
RICHARD MOBRAATEN, **DIRECTOR**
ALEX MENDOZA, **Director**

STAFF

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

NOTE: All comments concerning any item on the agenda are to be directed to the Board Chairperson.

CALL TO ORDER AND FLAG SALUTE

ROLL CALL

APPROVAL OF MINUTES

1. a) REGULAR MEETING OF JANUARY 6, 1998
- b) REGULAR MEETING OF JANUARY 20, 1998

PUBLIC COMMENTS PERIOD

2. PUBLIC COMMENTS

Members of the public, wishing to address the Board on matters other than scheduled items, may do so when recognized by the Chairperson. The Board will listen to all communications; however, in compliance with the Brown Act, the Board cannot act on items not on the agenda. **Presentations are limited to three (3) minutes.**

BOARD ADMINISTRATION (The following may be discussed and action may be taken by the Board.)

3. WIDOW LANE UTILITIES
Developer concerns about the cost of water & sewer lines.
4. REPLACEMENT STUDY
Approve request for proposal for a Water & Sewer Replacement Study
5. ANNUAL REVIEW OF BOARD BY-LAWS POLICY
By-Laws are presented for the Board's review
6. SAFETY MEETING MINUTES
Review and accept into file Minutes of Safety Meeting

FINANCIAL REPORT

7. INVESTMENT POLICY- QUARTERLY REPORT
8. SECOND QUARTER FINANCIAL STATEMENT
9. APPROVAL OF WARRANTS

OTHER BUSINESS

9. MANAGER'S REPORT
10. DIRECTORS COMMENTS
 1. CSDA Survey - Director Mobraaten
 2. WATER CONSERVATION CONFERENCE -Director Blair

CLOSED SESSION

- CONFERENCE WITH LEGAL COUNSEL (a) and (b) GC§ 54956.9
- a. SMVWCD vs NCSD Case No. CV 770214
 - b. NCSD vs. Shell Oil, et. al. Case No. CV 077387

ADJOURN

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

JANUARY 6, 1999 7:00 P.M.

BOARD ROOM 148 S. WILSON STREET NIPOMO, CA

BOARD MEMBERS

AL SIMON, **Director**
ROBERT BLAIR, **Director**
GENE KAYE, **Director**
RICHARD MOBRAATEN, **Director**

STAFF

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

General Manager, Doug Jones, told the Board that since there was no Board President or Vice-President, the secretary would call the meeting to order.

CALL TO ORDER AND FLAG SALUTE

The secretary called the meeting to order at 7:03 p.m. and led the flag salute.

ROLL CALL

At Roll Call, the following Board members were present:
Directors Mobraaten, Kaye, Blair and Simon.

A. ELECTION OF BOARD OFFICERS (PRESIDENT & VICE PRESIDENT)

Director Simon took the seat of President temporarily for this night only until a fifth Board member could be present to vote on the offices.

B. SPECIAL PRESENTATION (PAST BOARD MEMBERS)

Interim President Simon presented past directors Kathleen Fairbanks and Alex Mendoza with a plaque for their service to the District. He also presented past President Alex Mendoza with an engraved gavel.

Upon motion of Director Kaye and seconded by Director Blair, the Board unanimously approved Resolution 99-673.

RESOLUTION 99-673

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
COMMENDING KATHLEEN FAIRBANKS FOR HER SERVICE TO THIS COMMUNITY**

Upon motion of Director Kaye and seconded by Director Blair, the Board unanimously approved Resolution 99-674.

RESOLUTION 99-674

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
COMMENDING ALEX MENDOZA FOR HIS SERVICE TO THIS COMMUNITY**

During this agenda item, the following members of the public spoke:

John Snyder, 662 Eucalyptus, Nipomo - "I would like to thank Alex Mendoza and Katie Fairbanks for the time spent on the NCSD Board during this difficult time of water. I appreciate how much effort you put into it."

Katcho Achadjian, 4th District Supervisor, SLO County - would like a copy of resolution sent to his office to recognize their efforts at the County level. He would like to continue receiving these types of resolutions for the next four years.

MINUTES SUBJECT TO BOARD APPROVAL

Copy of document found at www.NoNewWipTax.com

APPROVAL OF MINUTES

1. REGULAR MEETING OF DECEMBER 2, 1998

Upon motion of Director Blair and seconded by Director Simon, the Board unanimously approved the Minutes of the December 2, 1998 Regular Meeting. There were no public comments.

PUBLIC COMMENTS PERIOD

2. PUBLIC COMMENTS

During this agenda item, the following members of the public spoke:

Katcho Achadjian, 4th District Supervisor, SLO County - He would like to meet with Mr. Jones periodically and possibly have a meeting place here at the District. Would like to set up an advisory group consisting of all types of people from Nipomo. Would like to have a study session where goals for Nipomo could be aired.

John Snyder, 662 Eucalyptus, Nipomo - wanted to welcome Director Mobraaten to the Board.

BOARD ADMINISTRATION (The following may be discussed and action may be taken by the Board.)

3. WIDOW LANE UTILITIES

Developer concerns about the cost of water & sewer lines

Mr. Jones explained the situation on Widow Lane. He showed different ways which the water and sewer lines could be placed to accommodate the property owners.

During this agenda item, the following member of the public spoke:

Mike Kelly - 1889 River Ranch Rd., Santa Maria - Would like to have a sewer line so that he may build on his half-acre property on Widow Lane. He pointed out the other property owners and asked how they could finance the project.

District counsel, Jon Seitz, explained how a Zone of Benefit could be utilized to pay for improvements.

Director Kaye made a motion to bring this item back at a future meeting at Mr. Kelly's request. Director Mobraaten seconded. All directors were in favor.

4. 1999 INVESTMENT POLICY

Mr. Jones explained that the California Government Code Section 53646 requires local government entities to adopt an annual investment policy. Upon motion of Director Kaye and seconded by Director Blair, the Board unanimously adopted Resolution 99-675. Vote 4-0. There were no public comments.

**RESOLUTION NO. 99-675
A RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE 1999 DISTRICT INVESTMENT POLICY**

NIPOMO COMMUNITY SERVICES DISTRICT

MINUTES

JANUARY 20, 1999 7:00 P.M.

BOARD ROOM 148 S. WILSON STREET NIPOMO, CALIFORNIA

BOARD MEMBERS

ROBERT BLAIR, **President**
GENE KAYE, **Vice President**
AL SIMON, **Director**
DICK MOBRAATEN, **Director**
ALEX MENDOZA, **Director**

STAFF

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

Mr. Jones stated that since there was no president yet, the secretary would call the meeting to order.

CALL TO ORDER AND FLAG SALUTE

The secretary called the meeting to order at 7:05 p.m. and led the flag salute.

ROLL CALL

At Roll Call, the following board members were present:
Directors Kaye, Mobraaten, Blair and Simon.

A. CONSIDERATION OF APPOINTMENT TO THE VACANT SEAT ON THE BOARD

The appointment of a Member of the Nipomo Community Services District Board of Directors is to fill the unexpired term created by the resignation of a seated Director. The appointed term of office will expire on the first Friday of December, 2000. The individual appointed to the Board must seek election in the General Election scheduled for November, 2000, and be successful, to remain as a member of the NCS D Board of Directors.

The following individuals were given 5 minutes to make a presentation to the Board for consideration for appointment to the vacant seat on the Board.

William Esakoff - 214 E. Tefft St., Nipomo
William Glasspool - 615 Sandydale Dr., Nipomo
Alex Mendoza - 449 Terrace St., Nipomo
John Miranda - 491 Nopal Way, Nipomo
Leonard Ojena - 614 Sandydale Dr., Nipomo

Director Blair nominated Alex Mendoza to fill the vacancy. There were no other nominations. Director Kaye made a motion to close the nominations. Director Simon seconded the motion. Motion unanimously passed. Alex Mendoza was sworn in by the secretary. Director Mendoza then took a seat on the Board. He then expressed his appreciation to all the other applicants for their interest and hopes they will continue their interest for the next election.

B. ELECTION OF BOARD OFFICERS (PRESIDENT & VICE PRESIDENT)

Director Simon nominated Director Blair as President of the Board. Director Mobraaten nominated Director Kaye.

A motion was made by Director Blair and seconded by Director Simon to close the nominations. Motion passed unanimously. There were no public comments. Vote was taken for Director Blair. Vote 3-2 with Directors Kaye and Mobraaten as the dissenting votes. Director Blair took the President's seat.

Director Blair opened the nominations for Vice President. Director Mendoza nominated Director Kaye. Director Blair nominated Director Simon. Director Kaye made a motion to close the nominations for Vice President. Motion passed unanimously. No public comments or directors

MINUTES SUBJECT TO BOARD APPROVAL

FEB 5 1999

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: FEBRUARY 3, 1999

WIDOW LANE UTILITIES

The District has received an unsigned letter from the Kelley's requesting financial assistance in installing utilities on Widow Lane, which will connect into Southland Street.

BACKGROUND

For additional background, attached is the agenda item from the January 6, 1999 meeting discussing this matter. In the Kelley's January 18, 1999 letter, they point out that two proposals for financial assistance were suggested during the previous Board meeting: 1) depreciation of the existing water line and 2) modification of the Capacity Fees.

District staff has consulted with the developer's engineer and has made suggestions in their design.

- 1) Install clean out instead of a manhole
- 2) Relocate a manhole so a drop manhole would not be needed. 1 & 2 would save the developer thousands of dollars in construction costs. It is unknown if these savings are included in the bid.
- 3) The developer may request a reimbursement agreement with the District to receive reimbursement from property owners connecting to the proposed sewer line and those who connect to the water line who are not presently connected.

The District is requesting a replacement (depreciation) study to determine the time and costs to replace its infrastructure. It would be premature to determine the depreciation of the Widow Lane water line at this time. It should be noted that the Widow Lane water line is a 6-inch dead end line, and would most likely have a much lower priority for replacement than a major trunk line

When a piece of property is being developed and utilities (or other public facilities) are in the way, the developer is usually responsible for relocating or modifying them at their expense and not at the expense of the public entity. There is presently a tract in the District being developed whereas over 1000 feet of 10-inch water line is being relocated at the developers' cost.

The District has established rules, regulations and specifications. Your Honorable Board may vary from these, but that may set a precedent for future actions by the Board. The Widow Lane lot (which the proposed utilities are to be constructed for) is posted "FOR SALE".

RECOMMENDATIONS

1. The developer pays the existing Sewer Capacity Fees and other fees that are appropriate for this project.
2. Require the developer to install the appropriate the water and sewer utilities to meet his project without financial participation by the District.
3. Developer request a reimbursement agreement

Nipomo Community Service District

January 18, 1999

Attention: Doug Jones & the Board of Directors

Dear Sirs;

The following are the most current cost figures for the sewer and water line project for Widow Lane:

Topology Map of Widow Lane	Jensen-Lenger Surveyors	\$500.00
Engineering	San Luis Engineering	\$2241.00
Xerox Plans	Mayfield Blueprint	\$63.99
District Plan Review	NCSD - Doug Jones	\$500.00
Tree Removal	Steve's Tree Service	\$6000.00
Sewer & Water Lines	TLC Backhoe Service	\$25,178.00 Est.
	Sewer	\$14778.00
	Water	\$10400.00
Sewer Connection Fees	Kelley & Perkins	\$4740.00
	Total	\$39222.99

If there are no problems in putting in the new water and sewer lines the cost for the sewer for Mr. Perkins and us will be **\$19611.50** each. That seems like a **tremendously high** figure to my Wife & I. For someone building a large 2000 square foot home in the \$200,000 bracket that amount may be insignificant. However, for my Wife & I the **\$19611.50** is more than **14%** of the total cost of our whole project (land-30%, permits & Fees-8%, modular home-48%, & **sewer-14%**).

We **do not** want the Community Service district to pay a major portion of the Cost of putting in the sewer line. All we ever wanted was some amount of help.

Two proposals were suggested at the last meeting that would keep cost down and that would give us the help that we need. They were:

- 1 The life of a water line is 50 years. The current line is 31 years old. A prorated value be consigned by the community district for the new water line. 31 years is 62% of the life of a water line. If the cost to do a new water line on Widow Lane is for example \$10,400.00(see above) then the district could be kind enough to be responsible for 62% or \$6448.00.
- 2 The connection fees are \$2,370.00 each for Kelley and Perkins. Could the district be kind enough to reduce that figure by a \$1,000 each.

Whatever the district could do would be helpful!!!

Thank You,

Mike & Jo Kelley

AGENDA ITEM
JAN 6 1999

3

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: JANUARY 6, 1999

WIDOW LANE UTILITIES

At the Board of Directors meeting held on December 2, 1998, during the public comments period, Mr. Mike Kelly spoke about utility improvements in Widow Lane and the cost. This item was requested to be put on the next agenda and is now being presented.

Mr. Kelly owns Lot No. 54 on Widow Lane and is interested in extending a sewer line to his property so that he may build on this one-half acre lot. The developer of Honey Grove Lane (Mr. Newdoll) is presently installing a sewer line in Southland. The sewer line in Widow Lane may be connected to the Southland sewer line once the line is completed. There may be a reimbursement to the developer installing the Southland sewer line.

The original subdivision on Widow Lane had a 20-foot road easement. A waterline presently exists in the easement and service is being provided to a number of lots. A sewer line is proposed, but due to the narrowness of the easement, it would be installed on the east side of the easement next to an existing brick wall and underneath a utility pole making maintenance of this line extremely difficult. (See drawing #1.) The engineering firm, San Luis Engineering, has suggested flip-flopping the water and sewer line, whereas the sewer line would appear on the west side easement and the new water line would be installed on the easterly side of the easement. The District standards for location of water lines would be just the opposite, but due to shortness of the sewer line and the restrictions of the easement, the District could waive this requirement and allow the water and sewer line (as shown on drawing #2) to be installed.

Mr. Kelly's concerns:

1. Cost of relocating the water line and the sewer line
2. Removal of a number of large eucalyptus trees

It is staff's understanding that more than one property owner would be assisting in the financing of these improvements. The District has a policy whereas, Mr. Kelly and others would finance the improvements and enter into a "Reimbursement Agreement" so Mr. Kelly and the others can be paid back a portion of the cost of these improvements, when additional connections are made.

It would be staff's recommendation that the proposed design on drawing #2, suggested by the applicant's engineer, be approved and that the District would enter into a reimbursement agreement with Mr. Kelly and possibly others.

C:\W:\Bd2\Widow Ln.DOC

Nipomo Community Service District
Attention: Doug Jones

December 30, 1998

Mr. Jones:

The following cost figures for the sewer and water line project for Widow Lane will be those that we will bring to the District Board meeting on January 6, 1998:

Topology Map of Widow Lane	Jensen-Lenger Surveyors	\$500.00
Engineering	San Luis Engineering	\$2454.00
Xerox Plans	Mayfield Blueprint	\$49.77
District Plan Review	NCSD - Doug Jones	\$500.00
Tree Removal	Steve's Tree Service	\$4000.00 Est.
Sewer & Water Lines	TLC Backhoe Service	\$25,178.00 Est.
	Total	\$32,681.77

Note:

The 'Steve's Tree Service' and 'TLC Backhoe Service' bids were the low bids.
The above does not include the sewer connection fees of \$4740.00 for Perkins & Kelley

Would it be unreasonable to ask the Board members to visit Widow lane for 3 or 4 minutes to see what the neighborhood is like and what is involved in putting in water & sewer for Mr. Perkins & our future home.

Thank You,

Mike & Jo Kelley

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: FEBRUARY 3, 1999

AGENDA ITEM
FEB 3 1999



REPLACEMENT STUDY

District staff has prepared a "Request for Proposal" for a Water and Sewer Replacement Study.

BACKGROUND

The District has constructed water and sewer services infrastructure to provide services to the community of Nipomo. The District's infrastructure has been constructed and financed either through public financing, developer installed facilities and dedication to the District or with capacity fees. Normally, after the improvements are installed, a fiscally prudent agency establishes funding so that as the infrastructure deteriorates or wears out, it may be replaced. The 1998-99 NCSB Budget states:

"Replacement is of particular importance to water and wastewater utilities because of the relatively large investment in utility plant required to provide service. Replacement recovery of utility plant assets is an economic fact that must be given explicit and systematic recognition as a cost of rendering service. A failure to adequately fund the replacement of utility assets over their useful life will result in substantial financing requirements in the future.

"A lack of adequate funding for a utility plant is, in fact, a form of deficit spending because replacement costs relating to current sales revenue will be financed with future debt to be paid for by future customers. The need for adequate replacement funding requires that the use of replacement reserves be restricted and utilized only for the replacement of aging facilities."

Attached is an article that discusses planning and financing in consideration for replacement costs. Even though it was published in 1993 and relates to a city, the concept of replacement cost is covered well.

A draft of the "Request for Proposals" was sent to the Black Lake Advisory Committee last month for review and comment. Any comments received will be presented to the Board.

RECOMMENDATION

Staff recommends that your Honorable Board direct staff to request proposals from consulting firms to do a water and sewer replacement study for the Nipomo and Black Lake water and sewer systems.

C:\W:\Bd99\Replacement study

REQUEST FOR PROPOSALS WATER AND SEWER REPLACEMENT STUDY

Nipomo Community Services District is soliciting proposals for the preparation of a Replacement (Depreciation) Studies for its two existing water and sewer collector and treatment disposal systems.

Project Description

The purpose of the studies are as follows:

1. Develop a replacement and/or rehabilitation schedule for the existing infrastructure; and
2. Develop a schedule of funding requirements to meet the recommended replacement schedule and compare it to the District's current funding of replacement.

The District operates and maintains two water and sewer divisions. They are known as the Town Division and the Black Lake Division. Each Division is independent of the other and will require its own study. Each Division has a Replacement Fund which was established in fiscal year 1995-96. The funding comes from monthly water and sewer user charges. The results of the replacement study may be incorporated into a future rate study.

Minimum Project Requirements

Inventory and Analysis of Existing Facilities

1. Review the inventory of all facilities and determine its completeness.
2. Review maintenance records of all facilities.
3. Develop realistic useful lives, not necessarily industry standard lives, for each component based on actual maintenance records and operational experience.
4. Based on useful lives and maintenance records, establish initial year of rehabilitation or replacement.

Cost of Rehabilitation and Replacement

1. Prepare a cost summary per year of facility rehabilitation and replacements
2. Where possible, use costs from recently completed projects within our District, or within neighboring agencies.
3. Prepare an "ideal" schedule of annual funding to the replacement funds
4. Prepare at least three alternative plans to achieve the funding goals and state that advantages and disadvantages of each alternative.

Existing Documentation

Existing inventory of water facilities include the following:	Existing inventory of Sewer Facilities include the following:
1. AC Pipeline per size, length and year installed	1. Sewer Treatment Facilities year installed
2. PVC Pipe per size, length & year installed	2. Sewer Collection Pipeline, length & year installed
3. Sources of Supply, years wells were constructed	3. Number of manholes
4. Chlorine Stations, year installed	4. Sewage Lift Station, type and year installed
5. Booster Station equipment and year installed	
6. Reservoirs, size and year installed	
7. Number of fire hydrants and type of hydrant	

**REQUEST FOR PROPOSALS
WATER AND SEWER REPLACEMENT STUDY**

MEETINGS

Consultant shall be available for one (1) initial meeting with administrative staff and (1) initial meeting with maintenance personnel and three (3) other meetings of which will include two (2) public presentations (draft and final report).

Deliverables

Six (6) copies plus one final reproducible master is to be provided to the District for the Administrative Draft, Draft, and Final Report

Project Schedule and Budget

The District has allocated \$16,000 to complete the studies

EVENT	Date
Authorization to solicit RFP	February 3, 1999
Distribute request for proposals	February 5, 1999
Proposals due to the District	February 23, 1999
Review proposals with recommendation to Board	February 25, 1999
Approval of contract by District Board	March 3, 1999
Initial Meeting	March 15, 1999
Administrative Draft	July 15, 1999
Public Draft - First Public Workshop	August 5, 1999
Final Report - District Board Presentation	August 19, 1999

Inquires

Nipomo Community Services District
P O Box 326
148 S. Wilson Street
Nipomo, CA 93444
Attn: Doug Jones, Manager or Lisa Bognuda, Adm. Assistant
Telephone: (805) 929-1133 FAX (805) 544-4294 E-Mail: NCSD@ix.netcom.com

Proposal Requirements

The proposal shall include the following information:

1. **Project Understanding:** Present your understanding and description of the proposed project. Provide a clear, concise statement of the general approach to be undertaken on the project.
2. **Personnel:** Define the experience of the Project Manager, other key personnel, and any sub-consultants to be assigned to the project. The designated Project Manager shall be the primary contact with the District during the contract period and shall function in that capacity while employed by the firm.
3. **Previous Experience:** Describe firm's capabilities and list of relevant projects along with references.
4. **Work Program:** A step-by-step breakdown of the tasks to be performed on a product-by-product basis.
5. **Schedule:** Provide a schedule for performing the tasks identified in the Work Program and for completing each product. Include milestone dates and processing time for review by the District.

**REQUEST FOR PROPOSALS
WATER AND SEWER REPLACEMENT STUDY**

6. Submittal Requirements: Three (3) copies of the complete proposal must be submitted. Hand deliver or mail proposal to:

Doug Jones, General Manager
Nipomo Community Services District
P O Box 326
148 S. Wilson Street
Nipomo, CA 93444

SELECTION CRITERIA

Each proposal will be reviewed by District staff to determine if the minimum proposal requirements outlined herein are met. Final selection will be based on the overall proposal score and the reasonableness of the proposed fee. Final selection will be based primarily on the following:

- ◆ Professional qualifications
- ◆ Experience and performance on similar projects
- ◆ Project familiarity
- ◆ Time frame proposed
- ◆ Compliance with Request for Proposal
- ◆ Fee schedule

GENERAL INFORMATION

1. **Invoicing:** All work is to be invoiced to the District in accordance with provisions of the Agreement for Professional Services. The District will make payments no more than once monthly on approved invoices up to the negotiated fee. Payments for additional work, if any, will be negotiated as required. Final payment will be made after approved and acceptance of the work.
2. **Insurance Documentation:** The consultant shall maintain in full force, during the term of the service contract, limits of insurance as stipulated in the agreement.

This RFP does not commit the District to pay any costs incurred in the preparation of a response. The District reserves the right to accept or reject any or all proposals in part, or in entirety. The District also reserves the right to withdraw this RFP at any time without prior notice and to postpone opening proposals for any reason.

All data, documents and drawings used or developed during the life of the Project will remain the property of the District upon completion of the Scope of Services or termination of the contract for any reason.

Shoreview, Minnesota's Comprehensive Infrastructure Replacement Policy and Plan

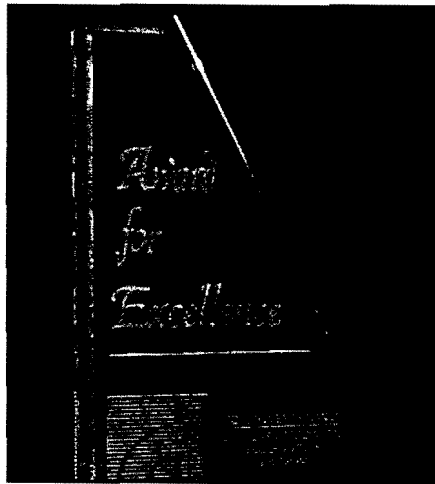
No more jumping from crisis to crisis for this small city. With its long-term emphasis on replacement costs, Shoreview considers needed improvements well before they become necessary and requires that every rate-setting process consider replacement costs.

By Jeanne A. Haapala

Editor's note: Each year the Government Finance Officers Association awards its prestigious Awards for Excellence to recognize outstanding contributions in the field of government finance. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance. This article describes the 1993 winning entry in the small governments category.

Planning for and financing the replacement of a government's infrastructure is an enormous task. Evaluating assets and their expected useful lives, projecting replacement costs, examining financing options, determining bonding levels, estimating user fees and tax levies, and evaluating the impact on property owners all are important steps in the process.

Entities across the country are addressing this issue in different ways. Some governments plan for capital costs associated with repairs or replacements on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP), typically covering five to six years. Both of these approaches are important parts of any capital planning process; but the council and staff of the City of Shoreview, Minnesota, found that neither provided them with enough information about future replacement needs. Hence, in 1992, the Shoreview City Council adopted a Comprehensive Infrastructure Replacement Policy.



Profile of Shoreview

The City of Shoreview, located on the north side of the metro area between Minneapolis and St. Paul, is primarily a residential community with a population of just more than 25,000. Single- and multi-family residential property makes up 87 percent of the tax base. Commercial and industrial property is slightly less than 10 percent. The remaining property value is made up of apartments, seasonal residences and farms. Supplementing this largely residential tax base are employers such as TSI Incorporated, Micro Component Technology, Curtis 1000 and Deluxe Corporation.

During much of the 1970s and 1980s,

Shoreview was a high-growth community. The change in population from 1970 to 1986 averaged 5 percent per year. Rapid growth during these years provided substantial increases in revenues and helped the city achieve a reputation for quality community services and facilities. In recent years, population growth has slowed to an average of 1 percent per year. The slower, more predictable growth has caused the city to focus more on maintenance than on new facilities. Because it is nearing full development, Shoreview is placing more emphasis on planning for the replacement of existing infrastructure as a routine part of the city's financial planning.

Even though Shoreview offers a full range of services to its 25,000 citizens, its operating budget is just more than \$10 million per year, and the general fund budget is less than \$5 million. These budget levels result in low city taxes for citizens but put additional pressure on the community to plan ahead for needed improvements in order to avoid sharp increases in taxes and user fees. In the past 10 years, the city has added several major facilities, including two fire stations, a major addition to its maintenance center, the last water reservoir improvement needed for full development and a new 70,000 square foot city hall/community center, which draws customers from around the metro area.

Provisions for the replacement of infrastructure have been incorporated into

**Exhibit 1
ESTIMATED REPLACEMENT COSTS
WATER FUND ASSETS**

Year	Water Lines		Water Lines Replaced			Wells	Water Towers/ Reservoirs	Total Estimated Costs
	Miles Added	Total Miles	Miles	Cost/ft	Total			
1993	1.0	106.7	1.5	\$24.72	\$200,000			\$200,000
1994	2.0	108.7	1.1	25.46	150,000			150,000
1995	1.0	109.7	1.1	26.22	150,000			150,000
1996	1.0	110.7	2.0	27.01	285,226	\$125,000		410,226
1997	1.0	111.7	2.0	27.82	293,779			293,779
1998	1.0	112.7	2.0	28.65	302,544			302,544
1999	1.0	113.7	2.0	29.51	311,626		\$250,000	561,626
2000	1.0	114.7	2.0	30.40	321,024			321,024
2001	1.0	115.7	2.0	31.31	330,634			330,634
2002	1.0	116.7	2.0	32.25	340,560		300,000	640,560
2003		116.7	2.0	33.22	350,803	125,000		475,803
2004		116.7	2.0	34.22	361,363			361,363
2005		116.7	2.0	35.25	372,240			372,240
2006		116.7	1.0	36.31	191,717			191,717
2007		116.7	1.0	37.40	197,472			197,472
2008		116.7	1.0	38.52	203,386	175,000		378,386
2009		116.7	1.0	39.68	209,510			209,510
2010		116.7	1.0	40.87	215,794		300,000	515,794
2011		116.7	1.0	42.10	222,288			222,288
2012		116.7	1.0	43.36	228,941			228,941
2013		116.7	1.0	44.66	235,805			235,805
2014		116.7	1.0	46.00	242,880		300,000	542,880
2015		116.7	1.0	47.38	250,166	400,000		650,166
2016		116.7	1.0	48.80	257,664			257,664
2017		116.7	1.0	50.26	265,373			265,373
2018		116.7	1.0	51.77	273,346			273,346
2019		116.7	1.0	53.32	281,530			281,530
2020		116.7	1.0	54.92	289,978			289,978
2021		116.7	1.0	56.57	298,690	450,000		748,690
2022		116.7	1.0	58.27	307,666			307,666
2023		116.7	1.0	60.02	316,906			316,906
2024		116.7	1.0	61.82	326,410			326,410
2025		116.7	1.0	63.67	336,178			336,178
2026		116.7	5.0	65.58	1,731,312			1,731,312
2027		116.7	5.0	67.55	1,783,320	500,000		2,283,320
2028		116.7	5.0	69.58	1,836,912		1,750,000	3,586,912

Shoreview's short- and long-term planning for years. It was in 1992, however, that the Shoreview City Council decided to formalize these planning ideas and intentions in a Comprehensive Infrastructure Replacement Policy. The policy requires the preparation of an annual comprehensive replacement plan that must include 40-year cost estimates for the replacement of all assets, as well as the proposed financing mechanisms. The policy also establishes desired fund balances and requires the consideration of replacement projections when determining proposed tax levies and user fees.

Long-term Analysis

The replacement policy requires a long-term analysis of any revenue source used to finance capital replacements in an effort to moderate changes in tax levies and user fees, manage debt levels, predict future debt issuance and maintain quality services. Sharp changes in tax levies and user fees are generally unacceptable to citizens and elected officials. Large capital costs that are not anticipated could force significant changes in taxes or user fees. Shoreview's long-term emphasis on replacement costs requires that the city consider needed improvements well before they are

necessary, and that any rate setting process consider replacement costs in an effort to provide stability for the citizens and business owners.

In addition to Shoreview's desire to moderate changes in rates, the community has set a strict standard relating to the use of special assessments. Property owners are asked to pay assessments for streets, water, sewer and storm sewers only once. Replacement of these improvements is believed to be a responsibility of the entire community; therefore, these costs are supported by tax levies and user fees rather than future special assessments.

The infrastructure replacement policy dedicates funds for the purpose of financing replacement costs and protects the use of dedicated funds by setting a process which must be followed to deviate from the requirements of the policy. In order to use funds dedicated for the replacement of assets for other purposes, the city council must follow one of two procedures. It must either declare a financial emergency by at least a four-fifths vote or conduct a public hearing to declare its intent and invite public input. Notice of any such public hearing must be provided to the public and included in each newspaper of general circulation throughout the community at least 30 days prior to the hearing. The notice must include the amount and intended purpose of the proposed expenditure.

The policy defines eligible replacement costs for each fund and establishes a structure for the accumulation of resources dedicated to replacement costs. Accounting for replacement costs varies depending on the fund that owns the original asset and the method of accounting used by that fund. Costs are accounted for within two capital project funds, three enterprise funds and one internal service fund.

Funding Replacement Costs

Street replacements are funded through an infrastructure reserve capital project fund dedicated for street renewal. The fund was created in 1985 with an initial contribution of \$2 million derived from bond defeasance savings. The fund provides a permanent program to manage, finance and implement the reconstruction or rehabilitation of residential streets. An annual property tax levy and interest revenue is used to support required replacement costs. The initial \$2 million contribution is reserved and maintained so

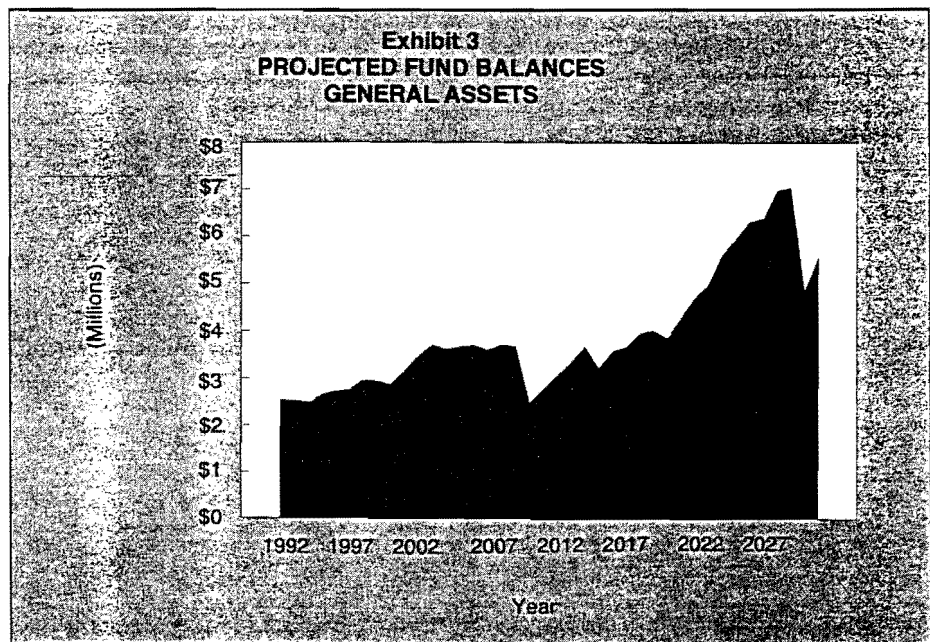
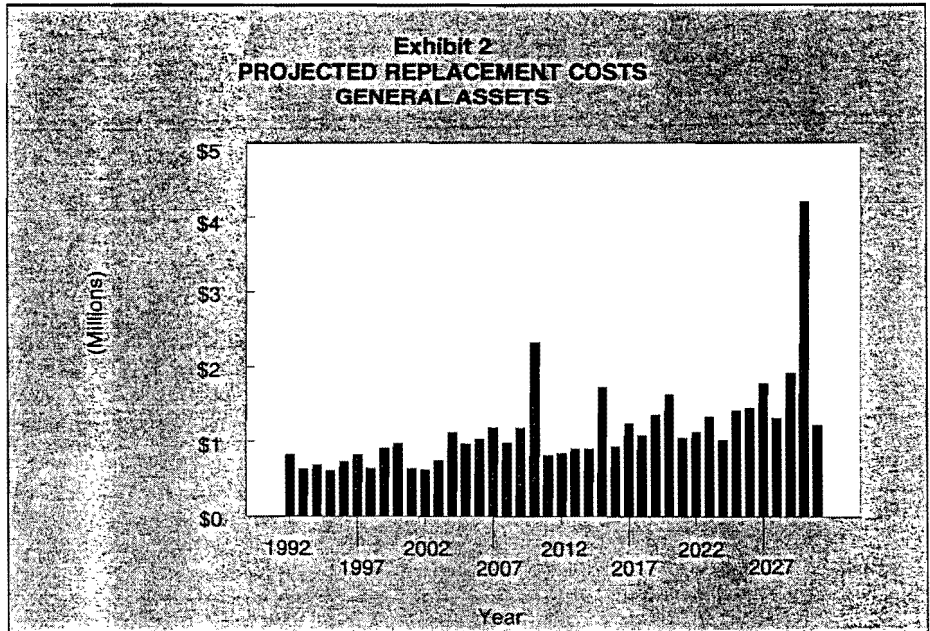
that an ongoing revenue stream from investment income will be available.

Replacement costs for all assets accounted for within the general fixed asset account group are supported by another capital project fund. This includes assets such as public safety equipment and buildings, street lights, general government buildings, furnishings, mechanical systems, computer hardware and software, park buildings, park improvements and trails. Because most of Shoreview's general fixed assets are relatively new and in good condition, this fund did not receive an initial cash contribution.

Revenues are derived from an annual property tax levy and from investment interest. Tax levies are designed to build sufficient fund balances to cover large capital replacement costs as they become necessary. This approach enables the city to gradually increase tax levies and accumulate resources needed to support replacement costs and helps avoid issuing large amounts of debt to finance replacement improvements. Even in instances where the city chooses to issue debt to finance specific replacement costs, the emphasis on long-term planning and the accumulation of necessary resources is designed to allow the existing tax levy and available fund balances to support the debt payments without additional taxing.

Water, sewer and surface water enterprise funds have supported their own system replacements for many years. In some instances current resources are used to support replacement costs, and in other instances debt is issued. Regardless of whether debt is used in any specific instance, utility rates are established with expected capital costs and debt payments in mind. The policy requires that operating projections, capital replacements and capital additions be combined into a utility rate study at least once every five years for all enterprise funds. The combined projections must cover at least 20 years, and the information must be used to analyze and recommend utility rates.

The central garage internal service fund has been used since 1984 to account for the purchase, replacement and maintenance of the city's garage and maintenance equipment. Activities that use equipment owned by the central garage pay fees to this fund much like any internal service fund. The policy has retained the purpose of this fund and added the consideration of long-term replacement projections when setting rental fees.

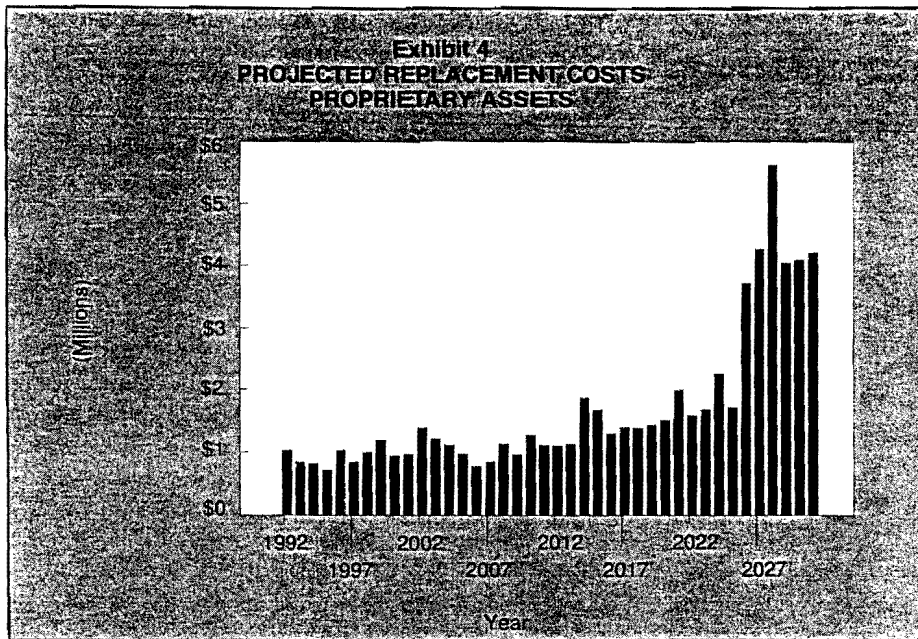


From Policy to Planning Document

The infrastructure replacement plan document, which addresses the requirements of the policy, evolved over several years. Like the policy, it emphasizes Shoreview's preference for long-range planning as a routine part of the budget and rate-setting process. Shoreview officials believe that this long-term emphasis will place the city in a better financial position in the future to

maintain services and facilities.

Determining how to compute replacement costs and the appropriate level of detail were the first technical obstacles that officials had to overcome in implementing the policy. Like any community, the city owns numerous assets, which are recorded at historical costs. Assets have different service lives and inflation rates, and the methods used to evaluate the condition of assets vary greatly.



To simplify this part of the process, the city groups similar assets into 13 categories and prepares replacement projections for each category in aggregate. The categories include streets, public safety equipment, street lights, computer equipment, buildings and furnishings, park improvements, bike paths, water lines, wells and reservoirs, sewer lines, lift stations, storm lines and central garage equipment.

Information regarding the age and condition of assets is used to project replacement costs for each category. For instance, a review of water and sewer lines indicated that materials used during different stages of the community's development resulted in different expected lives. Lines installed in the 1950s and 1960s were made of materials that cannot be expected to last as long as the lines installed in the 1970s and 1980s. Newer materials do not corrode as quickly and therefore will last much longer.

The replacement projections take the overall condition of the assets into account but are not prepared for specific neighborhoods or projects. Based on the analysis of water lines mentioned above, the city estimates that the volume of water lines to be replaced each year will decrease around the year 2005, when most of the water lines installed in the 1950s and 1960s will have been replaced. The analysis also indicates that the surge in residential development during the 1970s and early 1980s will cause an increase in water line

replacements approximately 30 years from now. Exhibit 1, an excerpt from the water system replacement projections, illustrates these expected changes.

The first comprehensive replacement plan satisfying the provisions of the replacement policy was prepared in 1992 and presented to the city council shortly after the adoption of the policy. The replacement projections indicate that more than \$114 million in capital replacement costs are expected over the next 40 years. Replacement costs for general fixed assets, including streets, account for \$46.8 million in costs, and the remaining \$68 million is for proprietary assets.

Exhibit 2 shows that replacement projections for general fixed assets vary greatly from year to year, due primarily to large capital items. The main source of funding for these improvements is the tax levy. For this first plan, no bonding was assumed for general fixed assets.

Projections included in the plan indicate that annual increases of no more than 3 percent per year will sufficiently support the scheduled replacements for the entire 40 years. Fund balance projections, shown in Exhibit 3, are expected to be sufficient to support anticipated costs.

Replacement projections for all proprietary assets—water, sewer, surface water and central garage—are shown in Exhibit 4. The replacement plan itself does not include operating projections for the enterprise funds because of the complexity

of those funds and their operations. It does, however, include a copy of a utility study which serves this purpose.

The replacement policy requires that projections similar to those provided in the utility study be prepared at least every five years. The combined analysis of replacement projections and operating costs, as shown in the study, allowed the city to examine the impact on cash balances and establish a strategy for the issuance of debt based on the impact on cash balances and user fees.

A Commitment to Quality

In the year since the completion of the first Comprehensive Infrastructure Replacement Plan, Shoreview has used the replacement projections to assist in setting priorities for the community. The replacement policy and plan have helped clarify the use of resources and have made it a priority to provide for capital replacements before considering new improvements.

Replacement projections are updated on an ongoing basis whenever new information becomes available. Information derived each year during the budget process and as part of other studies will be incorporated into the next update of the plan, scheduled for completion in late 1993.

In adopting and implementing the Comprehensive Infrastructure Replacement Policy, Shoreview's City Council has formally stated its commitment to maintaining the sense of quality in city services and facilities. Renewal of the city's infrastructure and planning for the financing of replacement costs will become more important as assets age and deteriorate. Shoreview officials believe that government must budget beyond yearly budget cycles or periodic economic fluctuations and that doing so will avoid jumping from crisis to crisis. The Comprehensive Infrastructure Replacement Policy represents a significant step toward identifying current and future resources needed to maintain quality facilities for the citizens of Shoreview. Shoreview officials believe that this policy will help the city maintain reasonable tax levies and user fees, strong financial condition and moderate debt levels in the future. □

JFANNY A. HAAPALA has been finance director/ treasurer of the City of Shoreview, Minnesota, for the past five years and was president of the Minnesota GFOA in 1991.

REQUEST FOR PROPOSALS WATER AND SEWER REPLACEMENT STUDY

Jack; These are my recommended changes; only the second major topic is affected. Si Ely

Key: ~~deleted wording~~, added wording.

RECEIVED

Minimum Project Requirements

JAN 28 1999

Inventory and Analysis of Existing Facilities

NIPOMO COMMUNITY SERVICES DISTRICT

1. Review and report on the existing inventory of ~~all facilities~~ each facility, and determine its completeness.
2. Review and report on the existing maintenance records of ~~all facilities~~ each facility.
3. Develop realistic ~~useful~~ remaining lives, ~~not necessarily industry standard lives~~, for each component, based on industry standard lives, actual maintenance records, and operational experience.
4. Based on ~~useful~~ newly established remaining lives and ~~maintenance records~~, establish ~~initial~~ projected year of rehabilitation or replacement .

Cost of Rehabilitation and Replacement

1. Prepare a cost summary per year of facility rehabilitation and replacements
2. Where possible, use costs from recently completed projects within our District, or within neighboring agencies.
- ~~3. Prepare an "ideal" schedule of annual funding to the replacement funds.~~
4. 3. Prepare at least three alternative plans to achieve the funding goals ~~and state that advantages and disadvantages of each alternative.~~
4. Include a sinking fund recovery plan based on the State Board of Equalization Appraisal Standards for Public Utilities. Base such projections on the current rates for government bonds.

5. State the advantages and disadvantages of each alternative.

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: FEBRUARY 3, 1998

ANNUAL REVIEW OF BOARD BY-LAW POLICY

The Board By-laws assists in the government of the behavior between and among the members of the Board of Directors and provide the rules that shall be observed.

Section 8 of the Board By-Law Policy states the following:

"The Board By-Law Policy shall be reviewed annually at the first regular meeting in February. The review shall be provided by District Counsel and ratified by Board Action."

District Counsel will review the By-Laws with the Board. If there are any modifications suggested, this item will be brought back at the next meeting for consideration.

If no modifications are suggested, a motion, second and vote would be in order to reaffirm the Board By-Laws.

Board2/bylawreview.doc

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 98-671**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
REVISING BOARD BYLAWS**

WHEREAS, the Board of Directors of Nipomo Community Services District is committed to providing excellence in legislative leadership that results in the provision of the highest quality of services to its constituents.

WHEREAS, in order to assist in the government of the behavior between and among members of the Board of Directors, the following rules shall be observed.

WHEREAS, the District is a member of the Special District Risk Management Authority (**SDRMA**). The District participates in the SDRMA Credit Incentive Program which includes the adoption of Board policies and procedures (Directors By-laws) for the District to receive a one point credit.

WHEREAS, **SDRMA** has adopted 1998-1999 Credit Incentive Program whereby the District can receive a one point credit for an annual review of Board By-Laws conducted by the District's Legal Counsel and ratified by Board action.

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

NIPOMO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTOR BYLAWS

1. OFFICERS OF THE BOARD OF DIRECTORS

1.1 The officers of the Board of Directors are the President and Vice President.

1.2 The President of the Board of Directors shall serve as chairperson at all Board meetings. He/she shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions.

1.3 In the absence of the President, the Vice President of the Board of Directors shall serve as chairperson over all meetings of the Board. If the president and Vice President of the Board are both absent, the remaining members present shall select one of themselves to act as chairperson of the meeting.

1.4 The President and Vice President of the Board shall be elected annually at the last regular meeting of each calendar year.

1.5 The term of office for the President and Vice President of the Board shall commence on January 1 of the year immediately following their election.

1.6 The Board President shall appoint such ad hoc committees as may be deemed necessary or advisable by himself/herself and/or the Board. The duties of the ad hoc committees shall be outlined at the time of appointment, and the committee shall be considered dissolved when its final report has been made.

2. MEETINGS

2.1 Regular meetings of the Board of Directors shall be held on the first and third Wednesday of each calendar month in the Board Room at the District Office.

2.2 Members of the Board of Directors shall attend all regular and special meetings of the Board unless there is good cause for absence.

2.3 The General Manager, in cooperation with the Board President, shall prepare an agenda for each regular and special meeting of the Board of Directors. Any Director may call the General Manager and request an item to be placed on the agenda no later than 4:30 o'clock p.m. one week prior to the meeting date.

2.4 No action or discussion may be taken on an item not on the posted agenda; provided, however, matters deemed to be emergencies or of an urgent nature may be added to the agenda under the procedures of the Brown Act. Pursuant to the Brown Act:

- (a) Board Members may briefly respond to statements or questions from the public; and
- (b) Board Members may, on their own initiative or in response to public questions, ask questions for clarification, provide references to staff or other resources for factual information, or request staff to report back at a subsequent meeting; and
- (c) A Board Member or the Board itself may take action to direct staff to place a matter on a future agenda.

2.5 The President, or in his/her absence the Vice President shall be the presiding officer at District Board meetings. He/she shall conduct all meetings in a manner consistent with the policies of the District. He/she shall determine the order in which agenda items shall be considered for discussion and/or actions taken by the Board. He/she shall announce the Board's decision on all subjects. He/she shall vote on all questions and on roll call his/her name shall be called last.

2.6 A majority of the Board shall constitute a quorum for the transaction of business. A majority of the Board is sufficient to do business, however motions must be passed unanimously if only three attend. When there is no quorum for a regular meeting, the President, Vice President, or any Board member shall adjourn such meeting, or, if no Board member is present, the District secretary shall adjourn the meeting.

2.7 A roll call vote shall be taken upon the passage of all ordinances and resolutions, and shall be entered in the minutes of the Board showing those Board members voting aye, those voting no and those not voting or absent. A roll call vote shall be taken and recorded on any vote not passed unanimously by the Board. Unless a Board member states that he or she is not voting because of a conflict of interest, his or her silence shall be recorded as an affirmative vote.

2.8 Public Comment and Public Testimony shall be directed to the President of the Board and limited to three minutes unless extended or shortened by the President in his/her discretion.

2.9 Any person attending a meeting of the Board of Directors may record the proceedings with an audio or video tape recorder or a still or motion picture camera in the absence of a reasonable finding that the recording cannot continue without noise, illumination, or obstruction of view that constitutes or would constitute a persistent disruption of the proceedings. All video tape recorders, still or motion picture cameras shall be located and operated from behind the public speakers podium once the meeting begins.

3. PREPARATION OF MINUTES AND MAINTENANCE OF TAPES

3.1 The minutes of the Board shall be kept by the District Secretary and shall be neatly produced and kept in a file for that purpose, with a record of each particular type of business transacted set off in paragraphs with proper subheads;

3.2 The District Secretary shall be required to make a record only of such business as was actually passed upon by a vote of the Board and, except as provided in Section 3.3 below, shall not be required to record any remarks of Board Members or any other person;

3.3 Directors may request for inclusion into the minutes brief comments pertinent to an agenda item, only at the meeting that item is discussed.

3.4 The District Secretary shall attempt to record the names and addresses of persons addressing the Board, the title of the subject matter to which their remarks related, and whether they spoke in support or opposition to such matter; and

3.5 Whenever the Board acts in a quasi-judicial proceeding such as in assessment matters, the District Secretary shall compile a summary of the testimony of the witnesses.

3.6 Any tape or film record of a District meeting made for whatever purpose at the direction of the District shall be subject to inspection pursuant to the California Public Records Act. District tape and film records may be erased ninety (90) days after the taping or the recording.

4. MEMBERS OF THE BOARD OF DIRECTORS

4.1 Directors shall prepare themselves to discuss agenda items at meetings of the Board of Directors. Information may be requested from staff or exchanged between Directors before meetings.

4.2 Information that is exchanged before meetings shall be distributed through the General Manager, and all Directors will receive all information being distributed.

4.3 Directors shall at all times conduct themselves with courtesy to each other, to staff and to members of the audience present at Board meetings.

4.4 Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action, Directors should commit to supporting said action and not to create barriers to the implementation of said action.

5. AUTHORITY OF DIRECTORS

5.1 The Board of Directors is the unit of authority within the District. Apart from his/her normal function as a part of this unit, Directors have no individual authority. As individuals, Directors may not commit the District to any policy, act or expenditure.

5.2 Directors do not represent any fractional segment of the community, but are, rather, a part of the body which represents and acts for the community as a whole.

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 98-671
PAGE 4

5.3 The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to professional staff members of the District.

5.4 The Board of Directors at a regular or special meeting may authorize a Director or Staff to speak on behalf of the District or represent the District at a meeting or related function.

5.5 A Director expressing comments other than at Board Meetings, Special Meeting or at the specific direction of the Board of Directors pursuant to Section 5.4 shall make it clear that he/she is speaking on his/her own behalf and not representing the District or its Board of Directors.

6. DIRECTOR GUIDELINES

6.1 Board Members, by making a request to the General Manager or Administrative Assistant, shall have access to information relative to the operation of the District, including but not limited to statistical information, information serving as the basis for certain actions of Staff, justification for Staff recommendations, etc. If the General Manager or the Administrative Assistant cannot timely provide the requested information by reason of information deficiency, or major interruption in work schedules, work loads, and priorities, then the General Manager or Administrative Assistant shall inform the individual Board Member why the information is not or cannot be made available.

6.2 In handling complaints from residents and property owners of the District, said complaints should be referred directly to the General Manager.

6.3 In seeking clarification for policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the General Manager.

6.4 When approached by District personnel concerning specific District policy, Directors should direct inquires to the General Manager or Administrative Assistant. The chain of command should be followed.

6.5 Directors and General Manager should develop a working relationship so that current issues, concerns and District projects can be discussed comfortably and openly.

6.6 When responding to constituent request and concerns, Directors should respond to individuals in a positive manner and route their questions to the General Manager, or in his/her absence, to the Administrative Assistant.

6.7 Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.

7. DIRECTOR COMPENSATION (Established pursuant to Resolution 95-450)

7.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular, adjourned or special meeting of the Board attended by him/her and for each day's service rendered as a Director by request of the Board.

7.2 Each Director is authorized to receive fifty dollars (\$50.00) as a compensation for each meeting other than regular, adjourned or special meetings or other function attended by him/her and each half day's service rendered as a Director at the request of the Board.

7.3 Director compensation shall not exceed six full days in any one calendar month.

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 98-671
PAGE 5

7.4 Each Board Member is entitled to reimbursement for their expenses incurred in the performance of the duties required or authorized by the Board.

8. BOARD BY-LAW REVIEW POLICY

The Board By-law Policy shall be reviewed annually at the first regular meeting in February. The review shall be provided by District Counsel and ratified by Board action.

9. RESTRICTIONS ON RULES

9.1 The rules contained herein shall govern the Board in all cases to which they are applicable, and in which they are not inconsistent with State or Federal laws.

Resolution 96-601 is hereby repealed in its entirety.

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

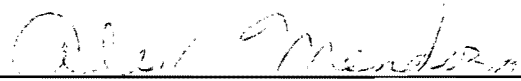
AYES: Directors Blair, Fairbanks, Simon, and Mendoza

NOES: None

ABSENT: Director Kaye

ABSTAIN: None

the foregoing resolution is hereby passed and adopted this 2nd day of December, 1998.



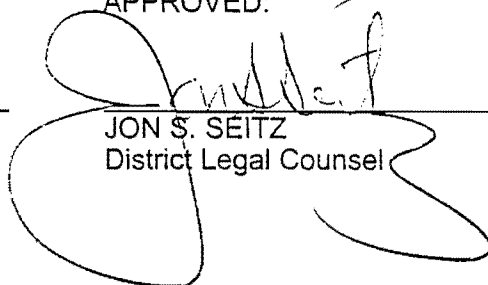
ALEX MENDOZA, President of the Board
Nipomo Community Services District

ATTEST:



DONNA K. JOHNSON
Secretary to the Board

APPROVED:



JON S. SEITZ
District Legal Counsel

Res98-671

AGENDA ITEM

6

FEB 3 1999

TO: BOARD OF DIRECTORS

FROM: DOUG JONES

DATE: JANUARY 16, 1999

MINUTES FROM SAFETY MEETING

The Minutes from the Safety Meeting of December 3 and 7, 1998, are presented to your Honorable Board for your review. After review and comments, the Board of Directors may make a motion to accept and file the Safety Minutes.

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

C:\W:\BD\safemtg.DOC

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

NIPOMO CSD SAFETY MINUTES

Date: December 3, 1998

Present: Lee Douglas, Butch Simmons and Rick Motely

The following videos were viewed:

1. Chainsaw Maintenance
2. Fire Extinguishers
3. Preventing Head Injuries

The District recently purchased a chainsaw and the field crew needed training on the new piece of equipment.

There were no questions relating to the videos.

Adjournment

Date: December 7, 1998

Present: Kathy Beltran, Donna Johnson and Lisa Bognuda

The following videos were viewed:

1. Fire Extinguishers
2. Preventing Head Injuries

There were no questions relating to the videos.

Adjournment.

AGENDA ITEM
FEB 3 1999



TO: BOARD OF DIRECTORS

FROM: DOUG JONES

DATE: FEBRUARY 3, 1999

INVESTMENT POLICY - QUARTERLY REPORT

The Board of Directors have adopted an Investment Policy for NCSD which states that the Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the Board of Directors.

Below is the December 31, 1998 Quarterly Report for your review. The Finance Officer is pleased to report to the Board of Directors that the District is in compliance with the Investment Policy.

After Board consideration and public comment, it is recommended that your Honorable Board accept the quarterly report by motion and minute order.

NIPOMO COMMUNITY SERVICES DISTRICT
INVESTMENT POLICY - QUARTERLY REPORT 12/31/98

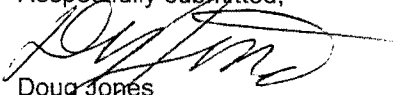
- The District's investments are as follows:

TYPE OF INVESTMENT	INSTITUTION	DATE OF MATURITY	AMOUNT OF DEPOSIT 12/31/98	RATE OF INTEREST	ACCRUED INTEREST 12/31/98
Money Market Checking	Mid-State Bank	n/a	\$333,366.38	1.01%	\$0.00
Savings	Mid-State Bank	n/a	\$383.54	2.54%	\$0.00
Pooled Money Investment	Local Agency Investment Fund	n/a	\$5,340,699.85	5.46%	\$72,066.09

n/a = not applicable

As District Finance Officer and Treasurer, I am pleased to inform the Board of Directors that the District is in compliance with the 1998 Investment Policy and that the objectives of safety, liquidity, and yield have been met. The District has the ability to meet cash flow requirements for the next six months.

Respectfully submitted,



Doug Jones
General Manager and
Finance Officer/Treasurer

AGENDA ITEM

FEB 3 1999

8

TO: BOARD OF DIRECTORS

FROM: LISA BOGNUDA

DATE: FEBRUARY 3, 1999

SECOND QUARTER FINANCIAL STATEMENTS

Attached are the Consolidated Balance Sheet as of December 31, 1998 and the Consolidated Income Statement for the six months ended December 31, 1998. Also, attached is the summary of revenues and expenses and cash balances for each fund as of December 31, 1998 and December 31, 1997. The prior year is presented for comparison purposes. If you would like a balance sheet and income statement for each fund, please let me know.

The fiscal year is 50% complete with six months remaining. The Consolidated Income Statement summarizes the District's operations for the first six months of the fiscal year. The total operating revenues are 62% of the budgeted amount and total operating expenditures are 46% of the budgeted amount.

**SUMMARY OF REVENUES AND EXPENSES BY FUND
SIX MONTHS ENDED DECEMBER 31, 1998**

FUND	FUND #	YTD REVENUES	YTD EXPENSES	FUNDED REPLACEMENT	12/31/98	COMPARISON
					YTD NET INC/ (NET LOSS)	12/31/97 YTD NET INC/ (NET LOSS)
Administration	110	55,579	(55,579)	0	0	0
Town Water	120	629,937	(458,857)	(51,552)	119,528	127,770
Town Sewer	130	234,901	(111,136)	(46,878)	76,887	59,705
Blacklake Water	140	125,077	(54,993)	(4,998)	65,086	68,584
Blacklake Sewer	150	51,495	(41,555)	(3,252)	6,688	(1,451)
Blacklake Streetlighting	160	10,156	(8,963)	0	1,193	2,096
Drainage Maintenance	170	8,364	0	0	8,364	6,287
Sewer Maint Dist (Folkert Oaks)	180	11,385	(355)	0	11,030	11,464
Montecito Verde II	190	3,805	(263)	0	3,542	5,036
Property Taxes	210	96,372	(610)	0	95,762	82,872
Town Water Capacity Fees	220	18,943	0	0	18,943	19,185
Town Sewer Capacity Fees	230	56,448	(44)	0	56,404	(543)
Blacklake Water Capacity Fees	240	3,192	0	0	3,192	5,219
Funded Replacement-Town Water	800	8,937	0	51,552	60,489	57,390
Funded Replacement-Town Sewer	801	11,357	0	46,878	58,235	55,336
Funded Replacement-BL Water	802	1,010	0	4,998	6,008	5,705
Funded Replacement-BL Sewer	803	626	0	3,252	3,878	3,683
TOTAL		1,327,584	(732,355)	0	595,229	508,338

**CASH BALANCE OF EACH FUND
AS OF DECEMBER 31, 1998**

FUND	FUND #	CASH BALANCE 12/31/98	COMPARISON CASH BALANCE 12/31/97
Administration	110	219	(9,373)
Town Water	120	171,882	301,885
Town Sewer	130	449,058	296,611
Blacklake Water	140	566,970	476,257
Blacklake Sewer	150	1,477	16
Blacklake Streetlighting	160	51,981	51,514
Drainage Maintenance	170	118,959	104,863
Sewer Maint Dist (Folkert Oaks)	180	158,747	141,005
Montecito Verde II	190	44,010	38,336
Property Tax	210	98,206	0
Town Water Capacity Fees	220	681,533	729,803
Town Sewer Capacity Fees	230	2,152,604	1,958,936
Blacklake Water Capacity Fees	240	82,269	167,546
Funded Replacement-Town Water	800	351,560	233,556
Funded Replacement-Town Sewer	801	437,423	323,716
Funded Replacement-BL Water	802	39,325	27,599
Funded Replacement-BL Sewer	803	24,433	16,867
SUBTOTAL		5,430,656	4,859,137
CUSTODIAL FUNDS-A/D #93-1			
A/D-Redemption Fund	820	55,943	164,610
A/D-Reserve Fund	820	111,595	104,179
SUBTOTAL		167,538	268,789
GRAND TOTAL		5,598,194	5,127,926

CONSOLIDATED-ALL FUNDS

Period Ending: 12/31/98
FY 99

BALANCE SHEET
NIPOMO COMMUNITY SERVICES DIST

15:07:47 Page 1
Report Date: 01/26/99
(Consolidated) 100 - 803

	Current Balance	Year's Beg. Bal.	Change	Cur Month Last Year	Change	% of Change
ASSETS						
CURRENT ASSETS						
Cash on Hand	350	350	0	350	0	0
1040 Cash-Checking	134,768	-228	134,996	293	134,475	999
1045 Cash-Savings	384	12,697	-12,314	5,466	-5,083	-93
1050 Cash-SRF Checking	57	0	57	0	57	0
1051 Cash-SRF Savings	117,043	0	117,043	0	117,043	0
1080 Cash in L.A.I.F.	5,340,700	5,241,242	99,457	5,119,246	221,453	4
1081 Cash-Fiscal Agent	4,892	13,260	-8,368	2,570	2,322	90
Due To/From Cash Pool	-167,538	-308,759	141,221	-268,789	101,251	-38
1210 Accounts Receivable-Water/Sewer	74,319	50,607	23,713	74,877	-557	-1
1220 Unbilled Water Sales Receivable	136,000	136,000	0	172,000	-36,000	-21
1221 Unbilled Sewer Sales Receivable	52,000	52,000	0	44,000	8,000	18
1260 Prepaid Insurance	11,055	0	11,055	13,187	-2,133	-17
1340 Due from SWRCB	304,748	0	304,748	0	304,748	0
Due To/From Other Funds	0	0	0	0	0	% -100
TOTAL CURRENT ASSETS	6,008,778	5,197,169	811,608	5,163,201	845,577	16
FIXED ASSETS						
Property, Plant and Equipment	21,589,863	20,801,259	788,604	19,275,434	2,314,429	12
1590 Accumulated Depreciation	5,139,158	5,139,158	0	4,518,354	620,804	-13
NET FIXED ASSETS	16,450,705	15,662,101	788,604	14,757,080	1,693,625	11
OTHER ASSETS						
1800 Accrued Interest Receivable	70,190	68,703	1,486	66,818	3,371	5
1833 Deposit-W/C Insurance	2,848	2,700	148	2,700	148	5
1835 Notes Receivable-M.V. I	81,403	89,379	-7,977	92,916	-11,513	-13
1840 Matching Funds-SRF Loan	116,230	0	116,230	0	116,230	0
TOTAL OTHER ASSETS	270,670	160,783	109,888	162,434	108,236	66
TOTAL ASSETS	22,730,153	21,020,053	1,710,100	20,082,715	2,647,437	13
LIABILITIES AND FUND EQUITY						
CURRENT LIABILITIES						
2100 Accounts Payable	224,637	113,367	111,270	43,803	180,834	412
2101 Compensated Absences Payable	36,731	36,731	0	32,805	3,926	11
2115 Construction Meter Deposits	3,500	3,250	250	3,500	0	0
2116 PCI Deposit	6,664	-704	7,369	-184	6,848	% -3732

CONSOLIDATED-ALL FUNDS

Period Ending: 12/31/98
FISCAL YR 99

BALANCE SHEET
NIPOMO COMMUNITY SERVICES DIST

15:07:47 Page 2
Report Date: 01/26/99
(Consolidated) 100 - 803

	Current Balance	Year's Beg. Bal.	Change	Cur Month Last Year	Change	% of Change
2117 Deposit-Pomeroy Rd Lowering	24,170	24,170	0	24,170	0	0
2118 Maintenance Guarantee Deposit	7,000	7,000	0	5,000	2,000	40
2121 Retention Payable	31,946	0	31,946	47,433	-15,488	-33
2160 Deferred Revenues	6,300	6,300	0	6,300	0	0
2170 Bonds Payable-Current Portion	6,000	6,000	0	6,000	0	0
TOTAL CURRENT LIABILITIES	346,948	196,114	150,834	168,828	178,120	105
LONG TERM LIABILITIES, LESS CURRENT PORT						
2220 Water Revenue Bonds Payable-1978	189,000	189,000	0	195,000	-6,000	-4
2230 Note Payable-Walsh/Shiffrar	50,000	50,000	0	100,000	-50,000	-50
2240 Note Payable-SRF Loan	697,367	0	697,367	0	697,367	0
TOTAL LONG TERM LIABILITIES	936,367	239,000	697,367	295,000	641,367	217
TOTAL LIABILITIES	1,283,315	435,114	848,201	463,828	819,487	176
FUND EQUITY						
3100 Contributed Capital-Assets	5,153,747	5,153,747	0	4,166,212	987,535	23
3101 Contrib Cap-Capacity Fees(CY)	266,670	469,195	-202,525	251,935	14,735	5
3102 Contrib Cap-Capacity Fees(PY)	7,172,261	6,703,066	469,195	6,703,066	469,195	6
3103 Contributed Capital-Right of Way	31,600	31,600	0	31,600	0	0
3104 Contributed Capital-Assess Dist	1,631,597	1,631,597	0	1,665,670	-34,073	-3
3110 Capital Grants-Federal and State	3,351,183	3,351,183	0	3,437,607	-86,424	-3
3120 R/E-Reserved	570,249	570,249	0	337,723	232,526	68
3121 R/E-Reserved (Debt Service)	15,600	15,600	0	15,600	0	0
3122 R/E-Reserved (Emergencies)	50,000	50,000	0	50,000	0	0
3123 R/E-Reserved (Sewer Grant)	165,000	165,000	0	150,000	15,000	10
3130 R/E-Unreserved	2,443,702	2,443,702	0	2,301,137	142,565	6
NET INCOME/LOSS	595,229	0	595,229	508,337	86,892	17
TOTAL FUND EQUITY	21,446,838	20,584,939	861,899	19,618,888	1,827,950	9
TOTAL LIABILITIES AND FUND EQUITY	22,730,153	21,020,053	1,710,100	20,082,715	2,647,437	13

UNAUDITED REPORT

CONSOLIDATED-ALL FUNDS

Period Ending: 12/31/98
FISCAL YR 99

INCOME STATEMENT
NIPOMO COMMUNITY SERVICES DIST

15:10:02 Page 1
Report Date: 01/26/99
(Consolidated) 100 - 803

	Total Budget	Cur Month Last Year	Current Month	YTD Total	% of Budget	Last Year YTD
REVENUES						
Water Sales	972,000	66,478	63,620	594,259	61	626,257
Sewer Revenues	510,400	52,903	54,761	273,794	53	248,969
Fees and Penalties	22,000	1,644	2,381	13,182	59	11,632
4220 Meter Fees	21,800	0	1,870	19,569	90	14,450
4240 Water Connection Fees	760	0	760	2,280	300	760
4250 Plan, Check and Inspection Fees	5,000	0	0	3,885	78	2,940
4265 Sewer Lift Station	5,000	0	0	500	10	4,500
Miscellaneous Income	46,000	107	138	5,829	12	4,581
4292 Administrative Fee	0	0	955	955	0	6,708
4295 Streetlighting Income	16,320	5,656	6,908	8,798	54	8,176
4310 Annexation Fees	0	0	500	1,000	0	3,400
4330 Reimb of Fees by Tracts	0	0	0	0	0	10,618
4700 Settlement Income	0	0	12,000	102,000	0	0
4800 Oper Trans In-Admin	93,722	8,491	9,711	52,901	56	40,826
4810 Oper Trans In-Funded Replace	213,360	17,780	17,780	106,680	50	106,664
TOTAL REVENUES	1,906,362	153,060	171,384	1,185,633	62	1,090,480

EXPENSES						
5010 Accounting	3,150	0	0	3,150	100	2,675
5020 Advertising	0	0	0	0	0	113
5030 Bank Charges	475	-6	25	182	38	51
5035 BL Advisory Committee	500	0	0	0	0	0
5060 Chemicals	15,000	487	492	3,073	20	3,168
5070 Computer Expense	5,500	1,323	399	2,461	45	4,737
5080 Consulting	16,000	0	0	0	0	0
5090 Director Fees	15,000	400	400	5,170	34	5,800
5100 Dues and Subscriptions	4,300	449	0	2,412	56	2,606
5110 Education and Training	3,000	0	-40	2,062	69	1,953
5112 Engineering	8,500	793	0	631	7	1,572
5115 Elections	2,500	0	0	0	0	0
5120 Equipment Rental	500	0	0	0	0	24
5123 Fire Alarm	760	60	50	220	29	333
5125 Fuel	6,000	624	0	2,139	36	3,180
5130 Insurance-Liability	23,240	2,198	2,335	12,547	54	13,187
5140 Insurance-Medical/Dental	50,000	5,561	3,496	22,791	46	23,573
5150 Insurance-Workman's Compensation	9,570	2,358	2,756	5,162	54	5,092
5160 Lab Tests and Supplies	14,000	3,721	1,696	8,273	59	10,426
5165 Landscape and Janitorial	4,500	135	603	3,904	87	338
5170 Legal	30,000	1,262	714	9,394	31	9,244
5171 Legal-Litigation	100,000	754	13,759	81,019	81	61,530
5172 Legal-Water Counsel	10,000	0	480	480	5	0
5190 Meters-New	6,000	0	0	5,295	88	544
5195 Meters-Replacement Program	18,165	0	0	4,675	26	11,151
5200 Miscellaneous	2,500	27	14	397	16	241
5210 Newsletter	500	0	0	0	0	0
5220 Office Supplies	6,000	446	259	1,579	26	3,011
5230 Outside Services	21,600	4,843	3,136	8,069	37	10,891
5235 Outside Service-PB Repairs	85,000	0	0	60,561	71	0
5240 Operating Supplies	25,000	1,795	918	7,564	30	14,667

CONSOLIDATED-ALL FUNDS

Period Ending: 12/31/98
FISCAL YR 99

INCOME STATEMENT
NIPOMO COMMUNITY SERVICES DIST

15:10:02 Page 2
Report Date: 01/26/99
(Consolidated) 100 - 803

	Total Budget	Cur Month Last Year	Current Month	YTD Total	% of Budget	Last Year YTD
5250 Paging Expense	1,600	120	98	588	37	628
5280 Permits and Operating Fees	9,450	977	3,240	4,539	48	3,720
5290 Postage	7,000	480	500	3,222	46	2,062
5300 Printing	2,000	153	0	1,061	53	629
5310 Public and Legal Notices	1,500	53	0	326	22	362
5320 Rent	2,800	206	206	1,235	44	5,195
5330 Repairs & Maintenance-Vehicles	5,570	641	662	2,203	40	2,297
5340 Repairs & Maintenance-Building	2,350	52	0	0	0	155
5345 Repairs & Maintenance-Office	0	42	45	835	0	232
5350 Repairs & Maintenance-Water	23,340	3,620	5,540	11,833	51	5,829
5360 Repairs & Maintenance-Sewer	76,240	7,868	4,203	10,090	13	13,347
5370 Retirement Benefits	23,785	1,885	1,800	11,121	47	11,306
5400 Taxes-Payroll	13,000	1,533	760	4,585	35	4,675
5405 Property Taxes	790	0	72	72	9	223
5410 Telephone	5,000	331	298	1,782	36	3,203
5420 Travel and Mileage	5,500	300	408	4,626	84	2,883
5430 Underground Notification	800	0	139	481	60	442
5440 Uniforms	2,430	398	371	1,145	47	1,254
5450 Utilities-Electricity	286,500	15,054	15,971	155,003	54	161,075
5455 Utilities-Electricity(StLight)	17,500	1,188	1,361	8,128	46	6,726
5460 Utilities-Gas	38,495	110	140	352	1	224
5465 Utilities-Trash Collection	1,195	54	55	329	27	302
5470 Wages-Office and Management	178,125	14,386	14,575	87,448	49	86,319
5480 Wages-O.T.-Office and Management	2,000	147	50	447	22	792
5500 Wages-Maintenance	163,630	12,547	12,335	73,189	45	75,194
5510 Wages-O.T.-Maintenance	35,000	2,799	2,156	14,697	42	16,583
TOTAL EXPENSES	1,392,860	92,174	96,474	652,550	46	595,760
EXCESS REV. OVER EXP.	513,502	60,886	74,910	533,083	103	494,720
OTHER INCOME AND EXPENSES						
OTHER INCOME						
Interest Income	110,900	66,984	71,196	142,574	128	131,435
6175 Tax Revenues	13,000	66,921	82,348	106,056	816	90,490
TOTAL OTHER INCOME	123,900	133,905	153,544	248,630	200	221,925
OTHER EXPENSES						
6500 Interest Expense	10,000	5,025	4,875	4,875	-49	5,025
6600 Other Expense	0	0	13,500	22,027	0	55,793
6800 Contingency-Budgeted	5,000	0	0	0	0	0
6901 Oper Trans Out-Admin	93,722	8,491	9,711	52,901	-56	40,826
6950 Oper Trans Out-Funded Replace	213,360	17,780	17,780	106,680	-50	106,664
TOTAL OTHER EXPENSES	-322,082	-31,296	-45,866	-186,483	57	-208,308
TOTAL OTHER INCOME AND EXPENSES	-198,182	102,608	107,678	62,146	-32	13,617
EXCESS REV.& OTHER OVER EXP.	315,320	163,494	157,584	595,229	188	508,337

ASSESSING GOVERNING BOARD EFFECTIVENESS

	<u>Points</u>	<u>Rank</u>
A. A Supportive Framework		
B. Conflict Management Process		
C. Teamwork		
D. Roles		
E. Community Rapport		
F. Staff Relationships		
G. Clear Sense of Purpose		
H. Chairperson Leadership		
I. Productivity		

ASSESSING BOARD'S EFFECTIVENESS

There is no right score. The lower the score, the more effective. The higher scores need work to improve effectiveness.