

John
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1999

NIPOMO COMMUNITY SERVICES DISTRICT
AGENDA
SPECIAL MEETING

MARCH 31, 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. REGULAR MEETING OF MARCH 17, 1999

PUBLIC COMMENTS PERIOD

2. PUBLIC COMMENTS

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

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

3. RESOLUTION OF NECESSITY - TEFFT ST/DANAFOOTHILL RD. TANK SITE
Necessary action to begin Eminent Domain proceeding to acquire an easement for a water storage site.
4. NEW WATERLINE AND STORAGE FACILITY
Review bids received to construct new water lines and storage
5. BLACK LAKE INTER-TIE
Review bids received for the construction of the Black Lake Inter-tie
6. DISTRICT LIABILITY INSURANCE COVERAGE
Possible change of insurance carrier

FINANCIAL REPORT

7. APPROVAL OF WARRANTS

OTHER BUSINESS

8. MANAGER'S REPORT
 1. LIQUID ASSETS ARTICLE-WALL STREET JOURNAL
 2. WATER RIGHT LETTER - DRAFT

9. DIRECTORS COMMENTS

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL (a) and (b) GC\$54956.8

- a. NCSD vs. Shell Oil, et. al. Case No. CV 077387
- b. SMVWCD vs NCSD Case No. CV 770214
- c. Real Property Negotiation, Dist. Rep. Gen. Manager., Prop rep. Dana Estates, acquisition of tank site easement at Dana-Foothill & Tefft St.

April 7, 1999 Regular Meeting is canceled.
Next Regular Meeting is to be held on April 21, 1999.

ADJOURN

NIPOMO COMMUNITY SERVICES DISTRICT
MINUTES

AGENDA ITEM
MAR 31 1999

1

MARCH 17, 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**
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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

President Blair called the meeting to order at 7:07 p.m. and led the flag salute.

ROLL CALL

At Roll Call, the following members were present: Directors Mobraaten, Simon, Kaye and Blair. Director Mendoza was absent.

SPECIAL PROCLAMATION - "APRIL, MONTH OF THE CHILD & APRIL 17, DAY OF THE CHILD"

Legal Counsel, Jon Seitz, read the Special Proclamation prepared proclaiming April as "Month of the Child" and April 17, 1999 as "Day of the Child." Ms. Traci Bognuda accepted the proclamation from President Blair.

APPROVAL OF MINUTES

1. **REGULAR MEETING OF MARCH 3, 1999**

Upon motion of Director Kaye and seconded by Director Mobraaten, the Board unanimously approved the Minutes of the March 3, 1999 Regular Meeting as amended by Mr. Seitz.

PUBLIC COMMENTS PERIOD

2. **PUBLIC COMMENTS**

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction, provided the matter is not on the Board's agenda, or pending before the Board. Presentations are limited to three (3) minutes or otherwise at the discretion of the Chair.

There were no public comments.

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

3. **LETTER TO COUNTY BOARD OF SUPERVISORS**

Approval of draft letter to Board of Supervisors on affordable housing

Mr. Jones presented the draft letter to the Board of Supervisors for the Board's approval. There were no public comments. Upon motion of Director Kaye and seconded by Director Simon, the Board unanimously approved the letter as written.

4. **COUNTY SERVICE AREA 1-F (CSA 1-F NEW GALAXY PART)**

Discuss issues of connection of CSA 1-F to NCSD sewer system

Mr. Jones described the situation at New Galaxy Park. District staff and representatives from the County plan to meet to review the details necessary to modify the existing agreement between NCSD and the County. This matter was tabled to a future meeting. There were no public comments.

5. **INTENT-TO-SERVE - TRACT 2304 (WITTSTROM)**

Request for water service for a 46-lot subdivision at Mesa & Osage Roads

Mr. Jones explained the request from Developer, Karl Wittstrom, for an Intent-to-Serve letter for Tract 2304. Legal Counsel, Jon Seitz, added these two conditions to the letter:

7. Deliver to District a recordable document notifying future owners that the individual lots are served by private septic tanks that are not the maintenance responsibility of the Nipomo Community Services District.

MINUTES SUBJECT TO BOARD APPROVAL

8. That the Open Space Easement referenced in the March 4, 1999 Memorandum from Jay Johnson, County Associate Planner to Michael LeBrun of the Regional Water Quality Control Board, be recorded in conjunction with the document referenced in Condition 7, above.

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

Karl Wittstrom, Developer for Tract 2304 - Paso Robles - He explained that open space areas were changed to save some mature oak trees. He explained that the septic tanks for the project were sized according to County standards.

Michael LeBrun, Regional Water Quality Control Board - He said area is well suited for septic tanks. Mr. LeBrun answered questions from the District Board.

Upon motion of Director Simon and seconded by Director Kaye, the Board approved to issue an Intent-to-Serve letter for Tract 2304 with the additional requirements as stated by Mr. Seitz. Vote 3-1 with Director Mobraaten voting no.

6. REPLACEMENT STUDY PROPOSALS

Selection of consultant to do a water and sewer replacement study

Mr. Jones explained that the Sub-committee consisting of Directors Kaye and Mendoza, reviewed the two proposals to perform the Water and Sewer Replacement Study. Director Kaye explained that the committee recommended Boyle Engineering. Upon motion of Director Kaye and seconded by Director Simon, the Board unanimously authorized the Board President to execute the agreement between Boyle Engineering and the District with the modifications in Sections 3(b) and 12 as described.

7. WASTEWATER TREATMENT FACILITY EXPANSION - PHASE II

Authorization to request bids to construct Phase II of the sewer plant expansion

Mr. Jones explained that the drawings for Phase II of the Southland Wastewater Treatment Facility Expansion have been completed by Garing, Taylor and Associates and approved by the State and are ready to go to bid for construction.

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

Harold Walsh, P O Box 747, Nipomo

Upon motion of Director Simon and seconded by Director Mobraaten, the Board unanimously authorized the request to go to bid to construct Phase II of the sewer expansion.

8. CALIF. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Resolution of Intention to amend District contract for miscellaneous members

Mr. Jones explained that at the March 3, 1999 District meeting, the Board directed staff to proceed with amending the District's contract with PERS to provide a 2% at 55 full formula for members. A Resolution of Intention is necessary to begin this process. There were no public comments. Upon motion of Director Kaye and seconded by Director Simon, the Board unanimously approved Resolution 99-676.

RESOLUTION 99-676

**A RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO
CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE PUBLIC
EMPLOYEES' RETIREMENT SYSTEM AND THE BOARD OF DIRECTORS OF
THE NIPOMO COMMUNITY SERVICES DISTRICT**

MINUTES SUBJECT TO BOARD APPROVAL

9. ACCEPTING IMPROVEMENTS FOR TRACT 1741

Resolution accepting the water and sewer improvements for Tract 1741

Mr. Jones explained that Tract 1741 is now completed with all District conditions being met. There were no public comments. Upon motion of Director Mobraaten and seconded by Director Kaye, the Board unanimously approved Resolution 99-677 approving Tract 1741.

RESOLUTION 99-677

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT ACCEPTING THE WATER AND
SEWER IMPROVEMENTS FOR TRACT 1741**

10. SPECIAL BOARD MEETING - MARCH 31, 1999

Mr. Jones explained that due to special legal counsel meeting with the Board, the date of the next Board meeting could be changed to March 31, 1999 as a Special Board Meeting and the April 7, 1999 meeting could be cancelled.

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

John Snyder, 662 Eucalyptus Rd., Nipomo

Upon motion of Director Simon and seconded by Director Kaye, the Board unanimously approved changing the meeting as above.

FINANCIAL REPORT

11. APPROVAL OF WARRANTS

Upon motion of Director Kaye and seconded by Director Mobraaten, the Board unanimously approved the Warrants presented at the March 17, 1999 meeting. There were no public comments.

OTHER BUSINESS

12. MANAGER'S REPORT

Mr. Jones presented information of the following items:

1. CA-NV Section AWWA Conference
2. Senator O'Connell - Capitol Seminar 1999
3. Correspondence from Bear Valley CSD on proxy vote

13. DIRECTORS COMMENTS

Director Kaye reported on the Rotary Club meeting today with Katcho (Supervisor Achadjian) as the feature speaker. Director Kaye also told the Board about a meeting sponsored by the Nipomo Chamber of Commerce called "Wake up Nipomo" to be held Thurs. March 25 at 7:00 pm at Dana School.

Director Mobraaten reported on the School Board meeting held Tues. The escrow for the High School is planned to be signed on Friday.

Jon Seitz explained that the CSDA as been requested to join the SLO-COG. A meeting will be held Wed. April 7 at 8:30 a.m. in the SLO County Board of Supervisors Room.

Legal Counsel, Jon Seitz, explained the need to go into Closed Session.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL (a) and (b) GC\$54956.8

- a. NCSD vs. Shell Oil, et. al. Case No. CV 077387
- b. SMVWCD vs NCSD Case No. CV 770214
- c. Real Property Negotiation, Dist. Rep. Gen. Manager., Prop rep. Dana Estates, acquisition of tank site easement at Dana-Foothill & Tefft St.

The Board came back into Open Session with no reportable action.

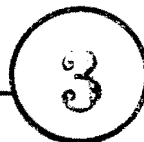
ADJOURN

President Blair adjourned the meeting at 8:55 p.m.

MINUTES SUBJECT TO BOARD APPROVAL

TO: BOARD OF DIRECTORS
FROM: MICHAEL W. SEITZ
DEPUTY DISTRICT LEGAL COUNSEL
DATE: MARCH 31, 1999

AGENDA ITEM
MAR 31 1999



RESOLUTION OF NECESSITY FOR THE WATER STORAGE FACILITY PROJECT

As the Honorable Board is aware, it has approved the planning of the water main and water tank storage project known as the Thompson-Tefft Water Main and Storage Project. By previous Board action, easements were obtained for the water mains. The action before the Board tonight is the approval of the Resolution of Necessity for the storage tank project site. The Resolution of Necessity is a prerequisite to initiating eminent domain proceedings to acquire the real property necessary to construct the project.

In voting on the Resolution of Necessity, you will take evidence and, if appropriate, make the following findings:

1. That the public interest and necessity requires the Thompson-Tefft Water Storage Project;
2. That the Thompson-Tefft Water Storage Project is planned and located in a manner which will be most compatible with the greatest public good and the least private injury;
3. That the easement on the real property being sought is necessary for the Thompson-Tefft Water Storage Project.

Prior to the vote on the Resolution, testimony should be taken from Staff and Engineers on each of the issues described above. Notice has been given by first class U.S. Mail to all of the registered property owners based upon the last Tax Assessor's roll giving notice of their opportunity to give written notice of their intention to appear at the meeting and to be heard regarding the issues being considered by the Board (1, 2, and 3 above). At the time of this staff report, no written notices have been received.

At the Public Hearing on this matter, it is suggested that the President first consider the staff report and testimony relevant to the three required findings, then open the public hearing and announce the status of written requests by the property owners to speak on the issues. If no such written requests have been received, and if a property owner attends, it would be up to the President of the Board as to whether to allow the property owner to speak. However, property owners have been advised that failure to give written notice of their intention to speak at the meeting **waives their right to speak.**

After presentation from staff and the public hearing, the President should close the public hearing and entertain Board discussion. The President should seek a motion to adopt the Resolution of Necessity. After the Board discussion, a roll call vote should be taken. In order to approve the Resolution of Necessity, a four-fifths vote of the Board Members is required if all five Board members are in attendance. If only four Board Members are in attendance, then a three-quarters vote would be sufficient. If only three members are in attendance, the vote would need to be unanimous.

The District Staff is continuing to negotiate with the Dana Estate representatives regarding the purchase. However, in order to provide closure of these issues, it is necessary to institute the beginnings of the Eminent Domain proceedings. This is to ensure that construction can take place in a timely manner.

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**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 99-NECESSITY**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
OF NECESSITY FOR CONDEMNATION OF REAL PROPERTY FOR THE
THOMPSON-TEFFT WATER STORAGE PROJECT**

WHEREAS, the Board of Directors of the Nipomo Community Services District does hereby resolve as follows, that:

1. It is a Community Services District of the State of California whose specific grant of power of condemnation is derived from Government Code Section 61610.
2. It desires to condemn an easement described in Exhibit "A", attached hereto and incorporated herein.
3. Said real property is located outside the boundary of the Community Services District. It is condemned because this real property is necessary for construction of water storage facilities, and a water storage facilities expansion areas. The approximate location of the real property easement being acquired is shown on the map attached hereto as Exhibit "B" and incorporated herein.
4. Said real property is being condemned pursuant to Code of Civil Procedure Section 1240.110.

IT IS HEREBY FOUND AND DETERMINED by at least four-fifths vote of this entire Governing Board that:

1. The public interest and necessity require this proposed project as above described.
2. The proposed project is planned and located in the manner that is most compatible with the greatest public good and the least private injury.
3. The property described in this Resolution is necessary for the proposed project.
4. The necessary notice of this hearing required by Code of Civil Procedure Section 1245.235 has been given.
5. That the offer required by Government Code Section 7267.2 has been made to the owners.

RESOLUTION NO. 99-NECESSITY

PAGE TWO

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
OF NECESSITY FOR CONDEMNATION OF REAL PROPERTY
FOR THE THOMPSON-TEFFT WATER STORAGE PROJECT**

6. Shipsey & Seitz, Inc., heretofore retained by the District for this purpose, shall proceed with the filing and processing of suit, including the obtaining of any necessary orders for possession.

7. The President, or Vice President, of the District is hereby authorized and directed to execute documents and papers necessary for the initiation, processing and completion of a eminent domain action for the acquisition of the above-described real property.

UPON THE MOTION OF Director _____, seconded by Director _____ and on the following roll call vote, to wit:

AYES: Directors _____

NOES:

ABSTAIN:

ABSENT:

the foregoing resolution is hereby adopted this 31st day of March 1999.

Robert L. Blair, President
Nipomo Community Services District

ATTEST:

Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM AND LEGAL EFFECT:
SHIPSEY & SEITZ, INC.

MICHAEL W. SEITZ

Dated: _____

RESOLUTION 99-NECESSITY

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
OF NECESSITY FOR CONDEMNATION OF REAL PROPERTY FOR THE
THOMPSON-TEFFT WATER STORAGE PROJECT**

EXHIBIT A

Legal Description of Water Tank Site

Beginning at the most westerly corner of Tract GG of Lot 69 of Rancho Nipomo, as shown on map thereof recorded in Book A of Maps at page 13, in the office of the County Recorder of said County; thence,

1st: along the Northwesterly line of said Tract GG, North 33° 18' East 400.00 feet; thence,

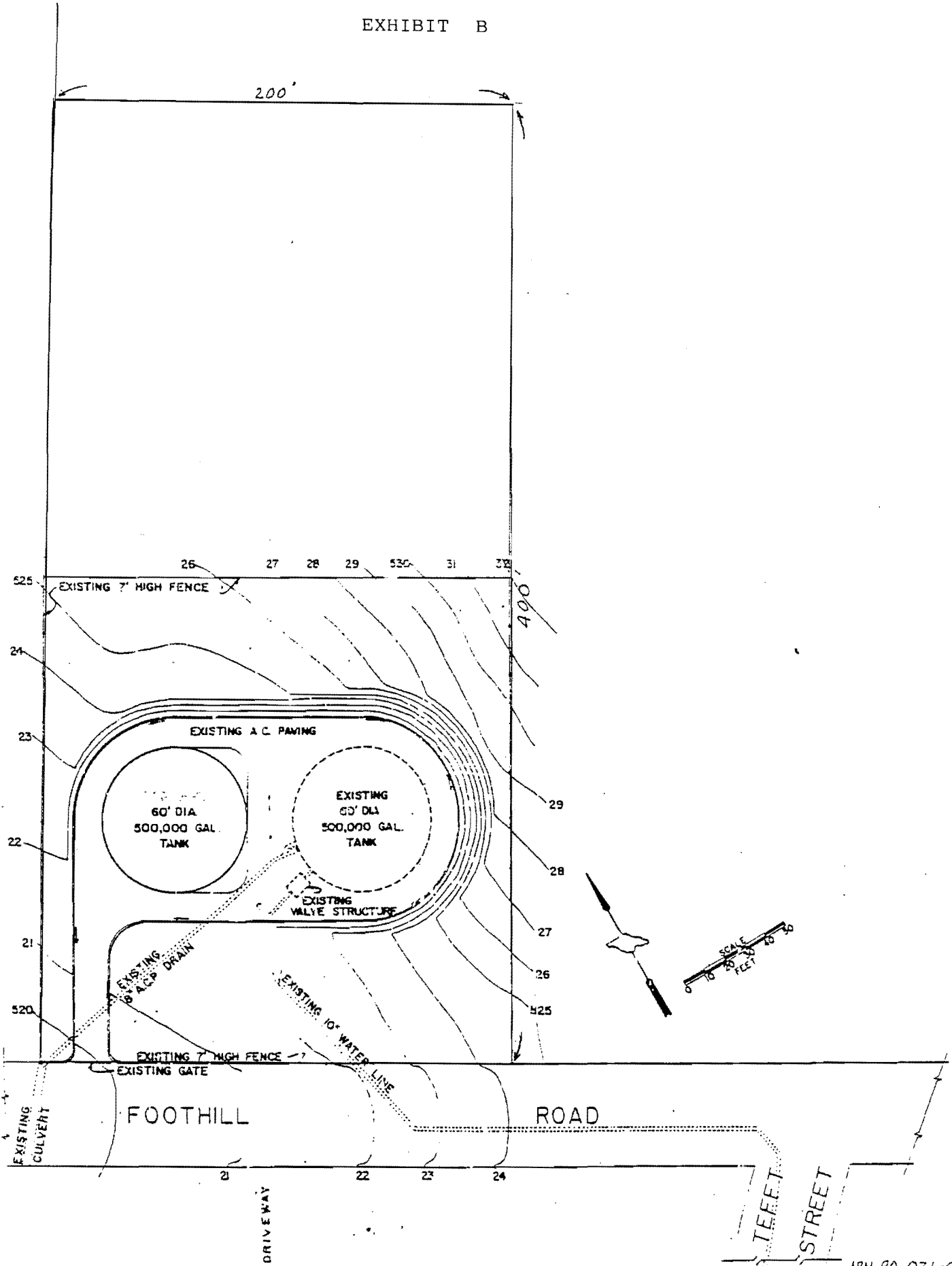
2nd: parallel with the Northeasterly line of County Road No. 149, South 59° 05' East 200.00 feet; thence,

3rd: parallel with said Northwesterly line of Tract GG, South 33° 18' West 400.00 feet to said Northeasterly line of County Road No. 149; thence,

4th: along said Northeasterly line of County Road No. 149, North 59° 05' West 200.00 feet to the point of beginning,

containing 1.84 acres, more or less.

EXHIBIT B



APN 90-031-003

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MARCH 31, 1999

NEW WATER LINES AND STORAGE FACILITIES

ITEM

Construction of new water lines in Sea Street, Thompson Avenue and Tefft Street and an additional one-million gallon water storage facility at Tefft Street and Dana-Foothill Rd. location.

The District has sent out plans and specifications to 21 contractors requesting bids to construct the water mains and storage facility.

BACKGROUND

The District's Water and Sewer Master Plan suggests that an additional one-million gallon storage tank and a water line to the storage facility need to be constructed to meet the District's peaking demands. The design of the proposed improvements were completed by Garing, Taylor and Assoc. On March 3, 1999, your Honorable Board authorized staff to request bids.

The District has budgeted \$1.175 million to construct these facilities. Funding for this project comes from the District's Water Capacity Fees Fund. If there are insufficient funds in the Water Capacity fund, the District would borrow from one of the other funds in order to complete the project.

RECOMMENDATION

The bid opening time is Monday, March 29, 1999 @ 2:00 p.m. The bid results along with a recommendation for awarding the contract will be presented to your Honorable Board on the 31st after they have been tabulated.

C:\W:\Bd99\WATER LINE results.DOC

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MARCH 31, 1999

AGENDA ITEM
MAR 31 1999



BLACK LAKE INTER-TIE

ITEM

Construction of the Black Lake Inter connection and meter station for a back-up water supply to the Black Lake Division from the Town Division.

The plans and specifications for construction of the inter-tie were sent to five plan houses and 13 contractors requesting bids to construct the inter-tie. The following bids were received.

Black Lake Inter-Tie
Bid opening 3/24/99 @ 2:00 p.m.

D-Kal Engineering	\$43,200
Lee Wilson Electric Co.	\$43,847
Building Energy Consultants	\$45,800
U.P.S. Plumbing Services, Inc.	\$45,800
R. Baker, Inc.	\$46,283
Special Service Contractors	\$46,800
John Madonna Construction	\$53,385
The Sanchez Co.	\$53,750
DeChance Construction	\$56,552
Maino Construction	\$56,695
Sansone Co. Inc.	\$58,558
Madonna Construction Co.	\$65,600

BACKGROUND

The District operates two separate water systems. One is the Town Division and the other is the Black Lake Division. An analysis of the water production requirements of the Black Lake Division, based on build-out with a major production well down, would need a back-up water supply of approx. 200 gallons per minute (gpm). This inter-tie between the two divisions is designed to supply the Black Lake Division with the necessary 200 gpm. back-up water supply. The engineer's estimate to construct this facility is \$47,000.00. Developer's contribution to the Black Lake Division have established funding for construction of the inter-tie.

Attached is a sketch of the inter-tie construction between the Town Division's system and the Black Lake Division's system.

RECOMMENDATION

After a review of the bids received, it is recommended that the contract to construct the Black Lake Inter-tie be awarded to D-Kal Engineering in the amount of \$43,200.

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 99-INTER-TIE**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AWARDING THE CONTRACT D-KAL ENGINEERING
FOR CONSTRUCTION OF THE BLACK LAKE INTER-TIE**

WHEREAS, the Board of Directors of the Nipomo Community Services District ("DISTRICT") is desirous to construct an Inter-tie to the Black Lake Development; and

WHEREAS, the DISTRICT has requested bids to replace the water services and said bids were open on March 24, 1999 at 2:00 p.m.; and

WHEREAS, twelve bids were received and the apparent responsive and reliable low bid for the Black Lake Inter-tie was from D-Kal Engineering in the amount of \$43,200.00; and

WHEREAS, this work falls into statutory exemption as set forth in CEQA Guidelines §15302 (c).

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

- 1) Finds the construction of an Inter-tie falls into statutory exemption as set forth in CEQA Guidelines §15302 (c).
- 2) Finds the Staff Report to be in order and attached hereto.
- 3) The contract for construction of the Black Lake Inter-tie be awarded to D-Kal Engineering in the amount of \$43,200.00
- 4) The President is instructed to execute the contract in behalf of the District.

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

AYES: Directors _____

NOES:

ABSTAIN:

ABSENT:

the foregoing resolution is hereby adopted this 31st day of March 1999.

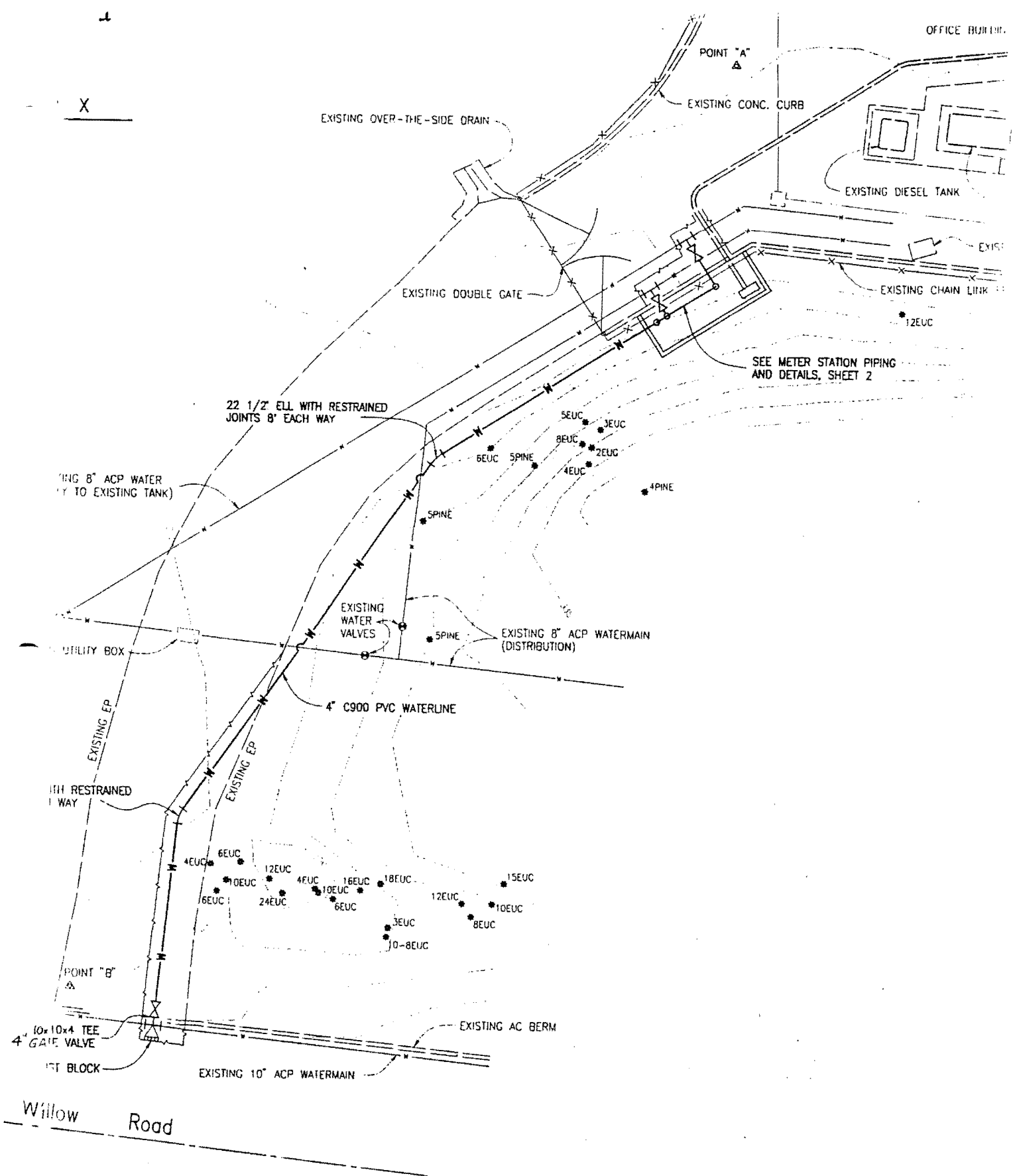
Robert L. Blair, President
Nipomo Community Services District

ATTEST:

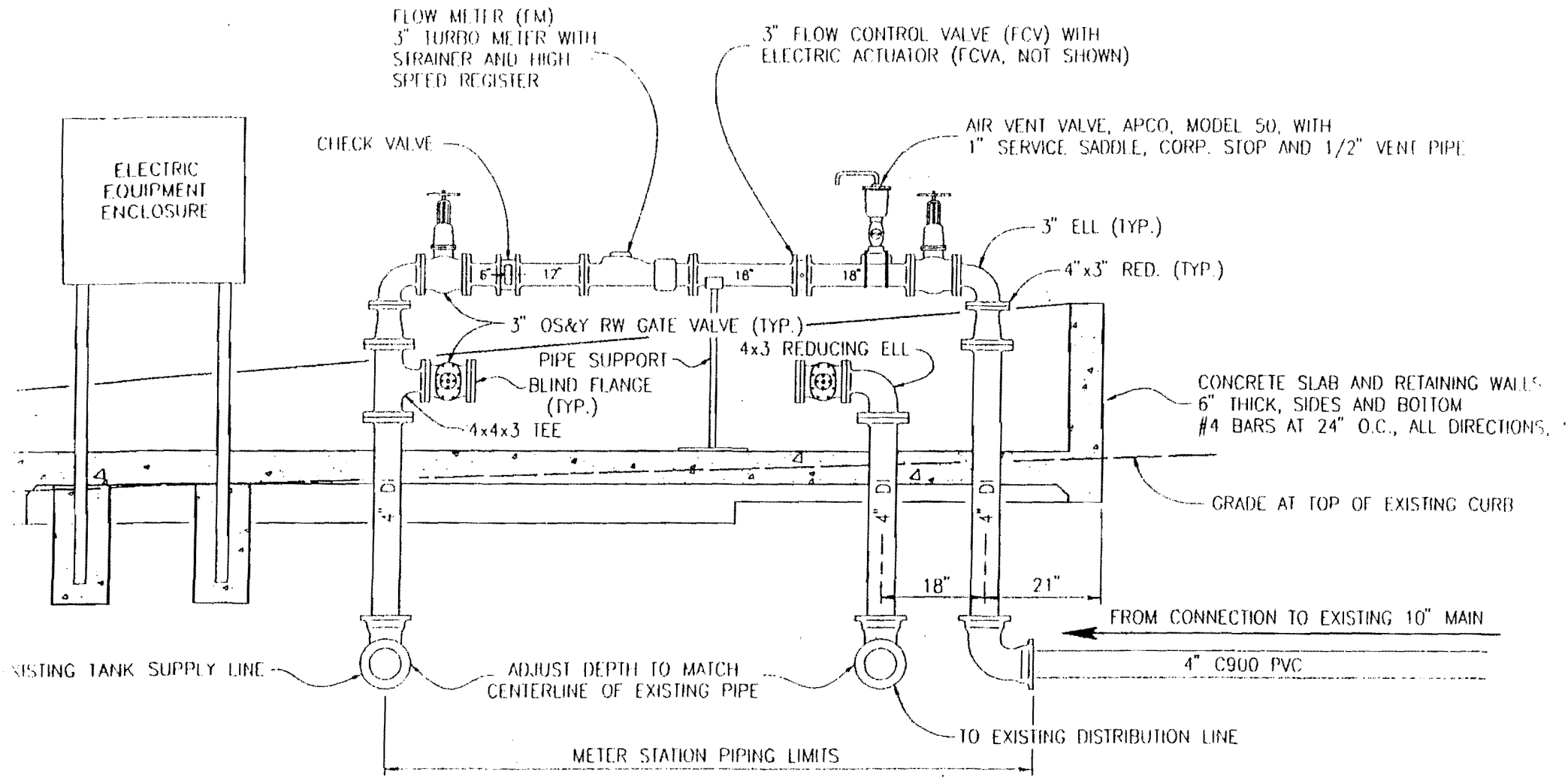
APPROVED AS TO FORM:

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
General Counsel



1. ALL OF THE EXISTING WATERLINE ARE SHOWN ON THIS DRAWING
 RECORDS AND PLANS.
 2. THE CONTRACTOR SHALL VERIFY THE LOCATION OF EXISTING FACILITIES BEFORE
 BEGINNING CONSTRUCTION.
 3. THE CONTRACTOR SHALL VERIFY THAT THE TANK SUPPLY LINE AS SHOWN ON THE
 DRAWING IN FACT CONNECT TO THE EXISTING WATER TANK.
 4. THE WATER LINE SHALL BE INSTALLED ON A STRAIGHT GRADE
 FROM THE EXISTING MAIN IN WILLOW ROAD TO THE METER STATION PIPING.



PIPING SECTION A-A

SCALE: 1" = 2'

MAR 31 1999

TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MARCH 31, 1999

DISTRICT LIABILITY INSURANCE COVERAGE

The District is currently a member of Special District Risk Management Authority (SDRMA). The District has a Joint Powers Agreement (JPA) with SDRMA to provide insurance coverage. The District joined SDRMA in July 1994 because the premiums were lower than those in the open market.

For the fiscal year 1998-99, SDRMA premiums were as follows:

Gross Premiums	\$23,252.22
Additional \$5.5M coverage	696.43
	<u>\$23,948.65</u>
Credit Incentive Points	(1,346.90)
Net Premium	<u>\$22,601.75</u>

SDRMA will notify the District in May of the premium for next fiscal year.

In conjunction with the California Rural Water Association (membership required) and Coregis Insurance, the District has received an insurance quote from Montgomery, Fansler, Carlson and Valois Insurance Brokers. The quote, guaranteed for three years, is \$17,709 per year.

Attached is District Counsel's review of the insurance policy. Based upon his review, it appears that the proposed policy coverages are broader and the limits are higher for less dollars.

The JPA requires the District to provide written notice to SDRMA 90 days prior to the end of the fiscal year (i.e. April 1). Staff recommends the following:

1. District withdraw from SDRMA effective June 30, 1999 and provide SDRMA with written notice via fax and certified mail on April 1, 1999.
2. District proceed with contracting with Coregis Insurance as of July 1, 1999
3. District join the California Rural Water Association-\$295.00 per year

B659/insurancecoverage.doc

MEMORANDUM

TO: Board of Directors, Nipomo Community Services District
FROM: Michael W. Seitz *MWS*
RE: Coregis Insurance Policy
DATE: March 25, 1999

Lisa Bognuda has asked me to review a recent contract proposal from MFC&V Insurance Services for replacement of the current SDRMA comprehensive general liability policy. It is my understanding that the District may be interested in changing insurance coverages based upon a cost savings. A review of the policy shows that it has a number of advantages over the present SDRMA policy. Those advantages include:

- (1) All defense costs are outside of the policy.
- (2) There appears to be prior acts coverage.

(3) There is coverage for the "failure to supply water." An initial review of this indicates that this policy was limited to \$250,000.00 with a diminishing limit. I have confirmed by telephone conference with Doug Smith that that limitation has been withdrawn. Consequently, there is full coverage. It would be my understanding that the \$10,000,000.00 umbrella would also apply to this aspect of the coverage as well.

This review was based upon a review of the coverage endorsement pages. I did not have an opportunity to review the complete policy. Based upon this review, it appears that this coverage is superior to that provided by SDRMA.

MWS/clf



TO: BOARD OF DIRECTORS
FROM: DOUG JONES
DATE: MARCH 31, 1999

MANAGER'S REPORT

1. **LIQUID ASSETS ARTICLE**
Enclosed is an article from the Wall Street Journal on water issues in California that may interest the Board .
2. **WILL SERVE LETTERS**
Enclosed is a draft letter which will be sent to recipients of Will-Serve or Intent-to-Serve letters which have been issued since the District was brought into the groundwater litigation. This direction was recommended by legal counsel.

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Water-Policy Foe Is Trying to Tap a Fledgling Market

Liquid Assets

Water-Policy Critic Tries Going Corporate To Tap New Market

Mr. Reisner's Book Brought Fame Without Fortune; Now, He Seeks a Gusher From 'Cadillac Desert' to Volvo

By RICK WARTZMAN

Staff Reporter of THE WALL STREET JOURNAL

SAUSALITO, Calif.—Over the years, author Marc Reisner has been called everything from “brilliant” to “the devil.” But one label has always eluded him: rich.

“I’m too old not to be making money anymore,” says Mr. Reisner, 50 years old, as he perches behind a beat-up metal desk in a modest office here.

His timing could hardly be better. When it was published in 1986, Mr. Reisner’s “Cadillac Desert” was hailed as the definitive account of how the West has been transformed, in many cases for the worse, by the relentless quest for water. A former environmental-group staffer with a conservationist agenda, he told an alarming tale of rivers diverted, of lakes sucked dry, of desert transmogrified into water-hogging farmland and urban sprawl—almost all through massive taxpayer subsidies and powerful government bureaucracies.

Now, a new chapter is unfolding: A private market is emerging to acquire, store

Still, the federal and state governments that dominate the West’s water management have taken only fledgling steps in recent years to deregulate the market for water. It remains tied up in more red tape than gas or electricity. And unlike the utility sector—where a host of corporate competitors around the globe, including Vivendi and U.S. Filter, have won lucrative contracts to run local water-treatment facilities—the basic suppliers at the upstream end of the business haven’t seen any sustained profit.

Indeed, attempts to negotiate large-scale water transfers must navigate the very passions and politics captured by Mr. Reisner in “Cadillac Desert.” “Water is not widgets,” says Bill Craven, the Sierra Club’s California director. “There are public responsibilities associated” with shunting water around.

As industry insiders see it, much of their task boils down to inducing usually antagonistic interests—environmentalists, farmers and urban representatives—to take water out of one place (usually an agricultural area) and send it to another (typically a big city). Agriculture consumes most of the West’s water. Complicating things further is that almost every deal needs the blessing of water bureaucrats—some of whom are skeptical of private enterprise’s role.

“It’s the political aspects of the business that make it difficult,” says Michael Patrick George, chief executive of Western Water Co. The San Diego-based company, which last year executed a landmark deal to deliver a small quantity of water from an agricultural district to urban Orange County, is a pioneer in the market. Others, in addition to U.S. Filter, include Cadiz Inc. and Vidler Water Co., where Mr. Reisner has hung his hat.

The market’s allure flows from powerful logic. As the population of the West swells—California alone is expected to be home to 40 million people by 2010, up from about 33.5 million now—the gap between water supply and demand will only widen. If drought grips the West, companies with water to sell “have the potential to be the next Internet stocks,” says Debra Coy, who tracks the water business for HSBC Washington Analysis.

As such as anyone, Mr. Reisner represents the face of the nascent industry—both its promise and perils. One deal that he’s trying to arrange would turn Madera Ranch, a 13,600-acre piece of property in California’s San Joaquin Valley, into a massive underground storage reservoir. Water would be pumped into the aquifer in abnormally wet years (think El Nino) and taken out again in dry years.

So far, the deal has been stymied by anxious neighbors and other snags—and marred by a feud between Mr. Reisner and a former associate on the project. But if it

comes to pass, Mr. Reisner stands to collect a fee that could turn him into a millionaire overnight. The best he says he has done in annual royalties from “Cadillac Desert” is about \$25,000, a sum augmented by the lecture circuit and consulting for various conservation organizations and water districts.

After flirting with U.S. Filter, Mr. Reisner last fall joined Vidler Water, a unit of Pico Holdings Inc. that is engaged in a range of water storage and transfer projects. It has water projects in four states. Mr. Reisner, who works part time and makes about \$30,000 a year, mainly hunts deals and serves as a political trouble-shooter for the La Jolla, Calif., concern.

Vidler executives note that they hired Mr. Reisner not only for his knowledge and contacts, but also for his cachet in the water world—a status that was enhanced after “Cadillac Desert” was made into an acclaimed public-television series in 1997. “So many people we talk to have cited Marc’s book,” says Vidler Chairman John Hart, “it gives us that much more visibility in the market to have him on board.”

It would be easy, of course, to simply brand Mr. Reisner a sellout. But as is often the case with water in the West, the real story is more complicated than it might first appear.

In fact, many of Mr. Reisner’s old environmental colleagues welcome a private water market. They stress that each deal must contain environmental safeguards, and that private parties can’t be allowed to reap windfalls from water that has been publicly subsidized. But overall, there is a hope that companies can bring new efficiencies to the arena, making more water available for fish and wildlife.

“I don’t have any great love” for business executives, says Tom Graff, an attorney with the Environmental Defense Fund in Oakland, Calif. “But our basic view is that private action—with all its wants—is positive.”

For Mr. Reisner, evolving from chronicler to capitalist is part of a broader transformation that began years ago—before any money was in the picture. Since writing “Cadillac Desert,” he has gone from haranguing farmers to working closely with them; from blasting water subsidies to advocating them in exchange for long-term farmland protection; and from reflexively criticizing most water-development initiatives to embracing the idea of a new canal to transport water to Central and Southern California.



Marc Reisner

Spillover Effect

Vivendi’s \$6.2 billion purchase of U.S. Filter allows the French company to leap ahead of its rivals in the U.S. water business. Separately, Enron executive Rebecca Marks could win rich benefits from the public offering of water company Azurix. Articles on pages A14 and A8.

and ship huge quantities of water across the arid region. Only this time, Mr. Reisner isn’t just acting as an observer; he has become a player, out to make the big bucks that his writing has never provided.

The market he is trying to shape remains in its infancy, but already shows glimmers of what it could become. Yesterday, U.S. Filter Corp. announced an agreement to be bought by France’s Vivendi SA for \$6.2 billion. U.S. Filter’s main operations now are in municipal and industrial water treatment, but in the long run, one of its most valuable assets may be Southern California farmland that is associated with rights to vast amounts of Colorado River water. U.S. Filter hopes to recycle and conserve water used on fields, freeing up any surplus for possible sale through the local irrigation district to thirsty cities.

Not surprisingly, as Mr. Reisner has switched positions, some have questioned his commitment to the environment. "I don't know what his conservationist beliefs are" anymore, says Patrick Porgans, a regulatory consultant and veteran of California's water wars. "They're suspect."

Despite such sentiments, Mr. Reisner's environmental credentials are still largely intact. "Although I don't always agree with" Mr. Reisner, "his heart is in the right place," says Hal Candee, senior attorney at the Natural Resources Defense Council in San Francisco.

Mr. Reisner's toughest critic right now is a fellow businessman, Joe Costello. A prominent San Francisco real-estate broker, Mr. Costello brought Mr. Reisner in on the Madera Ranch deal after he read "Cadillac Desert," hoping his involvement

would ensure a stamp of approval from the environmental community. Since then, however, the two have parted ways, and each is now independently representing the seller of the property.

"Marc has not been in the business world—and his naivete shows," says Mr. Costello, who says Mr. Reisner better not "muck up" any sale Mr. Costello is trying to put together. Beyond that, he finds Mr. Reisner's eager pursuit of a fee a bit unseemly. "The word 'obsessed' comes to mind," Mr. Costello says.

For his part, Mr. Reisner makes no apologies. Last year, he was diagnosed with cancer of the appendix. After seven months of chemotherapy, he says his prognosis is good. But the sickness, he says, accelerated his desire to provide more for his family.

Mr. Reisner's romance with water goes back to the mid-1970s when the Minnesota native visited California for the first time. A freak August blizzard in the Yosemite

high country, coupled with a journey into the heavily irrigated San Joaquin Valley Farm Belt, left him marveling at the region's climatic extremes and manipulated landscape. "It was the greatest epiphany of my life," Mr. Reisner says. The water bug having bitten, he set out to learn as much as he could about what he had seen.

In 1979, Mr. Reisner left the Natural Resources Defense Council, the environmental group, to write "Cadillac Desert." He attacked farmers as "the very embodiment of the costly, irrational welfare state" they claimed to loathe. He condemned the U.S. Bureau of Reclamation as "an indulgent godfather" engaged in fiscal flimflamery. As a whole, he wrote, "the water-development lobby" cannot fathom "someone who puts unspoiled nature above the material aspirations of mankind."

He hit the lecture circuit, inveighing against the "absurdity and inefficiency" of certain water-intensive crops. "Marc was seen as kind of the devil," says Jason Peltier, manager of the Central Valley Project Water Association, which represents a slew of rural water districts.

But in the years since, Mr. Reisner has shown a willingness to learn from his enemies. In 1990, a rice-industry spokesman invited Mr. Reisner to the Sacramento Valley, where a group of growers lectured him about how irrigated rice fields are good for the environment because ducks, geese and other birds thrive in them. After a day's tour of the valley, Mr. Reisner says, "they pretty much had me convinced" that agribusiness had actually created something of a wildlife refuge. He became a vocal supporter of the expanded use of rice fields as waterfowl habitats.

Despite his turnaround on rice—and on a number of other issues—Mr. Reisner was met with some initial wariness as he dipped into the water business.

When he was introduced to Heber Perrett, the owner of Madera Ranch, Mr. Reisner asked him if he had read his book. "Sure," Mr. Perrett replied. "I threw it in the garbage. Twice." A Mormon, he didn't care much for the writer's references to the "dull, pious" and "usurious" members of the religion who had farmed and irrigated the West.

It didn't take long, though, before Messrs. Reisner and Perrett became close. In Mr. Reisner's eyes, Madera Ranch was the perfect venture to demonstrate how he could be an effective "eco-capitalist." The property sits atop a big aquifer, a portion of which has been emptied out over the years by area farmers' intensive groundwater pumping. Filling it back up, proponents say, would be far more cost-effective and environmentally sound than building a gargantuan surface reservoir.

At one point last summer, it looked like Mr. Reisner's connection with Madera Ranch would pay off. He helped negotiate with the Bureau of Reclamation—another old foe that he has since patched up relations with—for the agency to buy the property and develop it into a water-bank and nature preserve. The price on the table: about \$50 million.

Mr. Reisner, who is poised to collect as much as 5% of any sale, thought he had finally found his fortune. He was so optimistic about a deal being signed, he splurged on a new top-of-the-line Volvo.

But then everything fell apart. Neighbors questioned whether tainted water would be pumped into the aquifer. Then they questioned whether their own groundwater would be sucked out and stolen—the specter of "Chinatown" that seems to loom over most every California water deal. Although environmentalists favor the notion of underground water storage, they too have urged a go-slow approach on Madera Ranch.

All the obstacles have left Mr. Reisner fuming. "You just can't please any of the people any of the time," he says. He suspects some environmentalists "don't want to see anybody get rich."

Then there's the spat with his former associate, Mr. Costello. The veteran real-estate broker says he hired Mr. Reisner for six months of consulting on the Madera project. But Mr. Reisner, he says, turned around and cut his own deal with Mr. Perrett, trying to muscle in on the action. "I don't need anybody's help," fumes the 72-year-old Mr. Costello.

Mr. Reisner says that Mr. Perrett simply realized Mr. Reisner's water-world contacts could help further the project, and that he didn't need Mr. Costello. But Mr. Perrett confirms that Mr. Costello is still working on the deal, too. "The two are independent," Mr. Perrett says. "Marc's doing things, and Joe's doing things."

Today, Mr. Reisner is also at work on another book and trying to restore salmon runs and save open space. But most of all, he is now a businessman, looking for ways to cut water deals. Knowing it would boost the bottom line, he says that he even finds himself "perversely praying for a drought."

Agencies cooperate, join forces to safeguard local water supplies.



The Vice Mayor of Folsom Reggie Drew; the Mayor of Citrus Heights William Hughes; Council Member Steve Cohn of the City of Sacramento; and Dave Cox, then-Sacramento County supervisor, participated in a mock signing of a joint powers agreement that made groundwater management a reality in the Sacramento North Area. The four dignitaries attended the Sept. 17, 1998, celebration to commemorate the formation of the Sacramento North Area Groundwater Management Authority.

Photo by Neil Michel, Axiom Photography

By Illa Collin

Protecting Hidden Assets

Sacramento County has entered a joint powers agreement that promises to be an effective way to manage dwindling groundwater resources. The new authority was formed through interest-based negotiation and is receiving broad support from a variety of stakeholders.

The formation of the Sacramento North Area Groundwater Management Authority (SNAGMA) was an historic event in California water policy. It is the first authority of its kind and has been touted as one of the most innovative groundwater programs in the state.

SNAGMA is the result of successful interest-based negotiation, the product of a collaboration between the Sacramento Metropolitan Water Authority and the Sacramento Water Forum, a collaborative planning effort among business interests, agricultural interests, environmentalists, water purveyors and local government.

Working Together

To create SNAGMA, the Water Forum and the Sacramento Metropolitan Water Authority negotiated a groundwater element that provided for development of a joint powers agreement (JPA). The JPA was signed by the cities of Citrus Heights, Folsom, Sacramento and Sacramento County in August 1998.

The JPA stipulates that SNAGMA include representatives from the cities of Folsom and Sacramento, the County of Sacramento, every water district in the North Area of Sacramento, and representatives for agricultural interests and self-supplied business interests. The JPA is remarkable because the three cities and the county have, in effect, delegated their power to govern groundwater resources independently in favor of working together. It is a win/win solution for all parties involved.

SNAGMA is charged with several important tasks. The authority is expected to collect and monitor data about groundwater in the North Area, establish and administer a conjunctive use program, and maintain the recommended sustainable yield of the North Area's sub-area of the Sacramento groundwater basin. With the support of the community, members of the authority will promote ways to protect the North Area groundwater resource and provide a long-term safe, reliable water supply for residents, agricultural users and business interests.

Wide-Ranging Support

The authority has much to consider in the coming months, and it has a lot of support from community members, environmentalists, business interests and local government. More than 100 people, including SNAGMA appointees, representatives from the Water Forum

and the Sacramento Metropolitan Water Authority, and local government officials, joined in celebration of the formation of the SNAGMA on September 17, 1998.

John Brown, a member of the state Water Resources Control Board, and Peter Rooney, then-Secretary of Cal/EPA, served as guest speakers to help mark the occasion. Both men focused on the importance of local decision-making.

As Brown noted, "Water resources issues can best be resolved by the people who live and work there, not by people in Sacramento or Washington. [The] JPA that you've put together gives you some horsepower to address the issues and can set the example for what's happening in Northern California. We applaud you for it."

Rooney also commended those responsible for the formation of SNAGMA and said "The secret of government in our society is to have the entire body politic agree that there are right ways to go. The Water Forum started that, and the North Area has added to that...you are a shining light for the rest of the state of California."

Dave Cox, former Sacramento County supervisor and newly elected California State assembly member, stressed the value of SNAGMA in the face of the region's projected growth. "With a population increase of 50 percent

SEE "ASSETS" - PAGE 16

NIPOMO COMMUNITY SERVICES DISTRICT
148 SOUTH WILSON STREET
POST OFFICE BOX 326 NIPOMO, CA 93444-0326
(805) 929-1133 FAX (805) 929-1932

March 25, 1999

«FirstName» «LastName»
«Address1»
«City», «State» «PostalCode»

SUBJECT: GROUNDWATER WATER RIGHTS

PROJECT: «Project»
«Description»

The Nipomo Community Services District has recently been brought into the law suit filed by the Santa Maria Valley Conservation District to determine groundwater rights of the Santa Maria Groundwater Basin. You may have read about this in the local papers. Due to the complexity of water law, a water law attorney has been hired to represent the District in this matter. Therefore, we are notifying everyone that has received an Intent-to-Serve or a Will-Serve letter that the following language has been added and will apply to your «Letter_Type» letter:

Notice is provided that Nipomo Community Services District has been made a party to that lawsuit entitled Santa Maria Valley Water Conservation District, et al. v. City of Santa Maria, et al., Santa Clara Superior Court Case No. CV 770214. The case involves competing claims to the right to produce water from and/or store water in the Santa Maria Valley Groundwater Basin, the water source from which Nipomo Community Services District derives the water, which it serves. The District is now unable to predict with any certainty the outcome of the above-referenced litigation. However, the litigation conceivably could result in a limitation on the availability of groundwater for the District's production and/or an increase in the cost of water which the District serves to its water customers.

It is anticipated that a water lawsuit of this nature will take many years to resolve.

If you have any questions, please call.

Very truly yours,

NIPOMO COMMUNITY SERVICES DISTRICT

Doug Jones
General Manager

cc: Board of Directors
Will-serve/water rights



WARRANTS MARCH 31, 1999

HAND WRITTEN CHECKS

18128	SO. CALIF GAS	15.05
18129	POSTMASTER	500.00
18130	HUNSTAD CONST	488.40

COMPUTER GENERATED CHECKS

10784	03/31/99	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$880.37
10785	03/31/99	DOUG JONES	\$300.00
10786	03/31/99	PUBLIC EMPLOYEES RETIREMENT SYSTEM	\$1,799.68
10788	04/01/99	ADVANTAGE ANSWERING PLUS	\$195.90
10789	04/01/99	ROBERT BLAIR	\$100.00
10790	04/01/99	BOGNUDA, LISA	\$266.12
10791	04/01/99	BOYLE ENGINEERING CORPORATION	\$233.00
10792	04/01/99	CALIFORNIA WATER JOURNAL	\$129.00
10793	04/01/99	DANA PROPERTIES	\$205.90
10794	04/01/99	DEPARTMENT OF GENERAL SERVICES	\$19.52
10795	04/01/99	DEWAR, INC.	\$418.24
10796	04/01/99	EASTER RENTS	\$43.44
10797	04/01/99	EMPLOYMENT DEVELOPMENT DEPARTMENT	\$1,624.00
10798	04/01/99	FGL ENVIRONMENTAL ANALYTICAL CHEMIST	\$12,513.20
10799	04/01/99	GTE CALIFORNIA	\$27.23
10800	04/01/99	GTE WIRELESS	\$32.53
10801	04/01/99	GROENIGER & COMPANY	\$163.04
10802	04/01/99	GREAT WESTERN ALARM AND COMMUNICATIO	\$25.00
10803	04/01/99	JOHNSON, DONNA	\$24.45
10804	04/01/99	GENE KAYE	\$100.00
10805	04/01/99	ALEX MENDOZA	\$150.00
10806	04/01/99	MID STATE BANK-MASTERCARD	\$505.20
10807	04/01/99	MID STATE BANK	\$45.00
10808	04/01/99	MOBRAATEN, RICHARD	\$150.00
10809	04/01/99	NIPOMO AUTO PARTS	\$7.70
10810	04/01/99	NIPOMO REXALL DRUG	\$15.86
10811	04/01/99	P G & E	\$14,286.19
10812	04/01/99	PACIFIC BELL	\$185.76
10813	04/01/99	PERS HEALTH BENEFIT SERVICES	\$3,061.69
10814	04/01/99	POSTMASTER	\$500.00
10815	04/01/99	PRECISION JANITORIAL SERVICE	\$135.00
→ 10816	04/01/99	RICHARDS, WATSON & GERSHON	\$8,381.00
10817	04/01/99	SAN LUIS OBISPO COUNTY	\$40.00
10818	04/01/99	SAN LUIS OBISPO COUNTY CLERK RECORDER	\$14.00
10819	04/01/99	SAN LUIS OBISPO COUNTY HEALTH DEPART	\$1,291.69
10820	04/01/99	ALBERT SIMON	\$100.00
10821	04/01/99	SOUTHERN CALIF GAS COMPANY	\$144.20
10822	04/01/99	STATE COMPENSATION INSURANCE FUND	\$2,111.16
10823	04/01/99	STATEWIDE SAFETY & SIGNS, INC.	\$35.00
10824	04/01/99	TIMES PRESS RECORDER	\$78.00
10825	04/01/99	T.L.C. BACKHOE SERVICES	\$13,000.00
10826	04/01/99	TRI-COUNTIES TRAINING SEMINAR ASSOC.	\$10.00
10827	04/01/99	WIRSING GRAPHICS & TYPESETTING	\$760.05

VOIDS

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