

NCSD may be authorized to form assessment district

By Mike Hodgson/Associate Editor

Nipomo Community Services District will likely take the lead in forming an assessment district to pay for construction of a pipeline to bring supplemental water to the Nipomo Mesa.

The San Luis Obispo County Board of Supervisors last week unanimously directed the staff to prepare a resolution allowing NCSD to form the assessment district.

If the resolution is approved at a future meeting, it will rescind a 2010 agreement to form the district.

NCSD asked the county for permission to create the assessment district after discovering county involvement is not legally required, as previously thought.

General Manager Michael LeBrun said there are a number of reasons for NCSD to take the lead on forming the assessment district.

One reason is NCSD is in charge of designing and building the proposed project to initially pipe 2,000 acre-feet of water a year from Santa Maria to the Nipomo Mesa.

“It streamlines the process,” LeBrun said. “It puts the agency that’s in the lead on the project in charge of the assessment district, which is as it should be.”

He said it also will reduce the chance of any delays in the process because of such things as miscommunication with the county.

Another reason is that as the lead agency, all of the financial considerations fall on NCSD.

LeBrun said the financial advisor for the project believes having one agency in charge will reduce the interest rate on the construction bonds.

“Frankly, it’s much easier to describe the project if the district takes the lead on the assessments, so it’s not spread across multiple government agencies,” LeBrun said.

“It will be more familiar to the underwriters,” he explained. “If it’s in unfamiliar territory, the points go up.”

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The supplemental water pipeline and its associated facilities are expected to cost nearly \$25 million, and NCSD is proposing to pay for the project with bonds purchased by investors.

Annual tax assessments on properties within areas served by NCSD, Golden State Water Co., Woodlands Mutual Water Co. and Rural Water Co. would then be used to replay the bonds, with interest.

But whether an assessment district is formed will hinge on whether 50 percent plus one of the affected property owners agree in a Proposition 218 election next year.

And just how much the assessments will be will hinge on which financing options the NCSD board decides to use and an engineer's report.

LeBrun said the district is considering three financing options, each of which has a couple of suboptions.

For example, one option would use bond money to pay for infrastructure built by Santa Maria to deliver water to the supplemental water pipeline.

That would lower annual costs for Nipomo Mesa water customers, LeBrun said. But, conversely, it could increase the interest rate on the bonds.

LeBrun expects the NCSD board to decide on a financing option at its Nov. 16 meeting. A draft engineering report is expected at the board's Dec. 14 meeting.

The board then likely will authorize letters about the assessment district to be sent to property owners in mid-January.

Based on responses from property owners, a final engineering report will be prepared for the first meeting in March, when the 45-day balloting period will begin.

Ballots then would be due by the first meeting in May.

If the assessment district is authorized and the engineering and bidding processes go according to schedule, construction could begin before the end of the year and be completed in 2014.