



Nipomo
Supplemental
Water Project

*Bringing Water
Supply Reliability to
the Nipomo Mesa*

NIPOMO SUPPLEMENTAL WATER PROJECT

FUNDING MEASURE CONSIDERATION

LUCIA MAR UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

May 1, 2012

EXHIBIT D

Overview

- **Supplemental Water Need**
- **Study of Alternatives & Project Selection**
- **Schedule and Budget**
- **Independent Recommendations**

Our Water Problem

**The Nipomo Mesa has
only ONE source of water supply. . .**

. . . the groundwater beneath us.

Our Water Problem

**The Nipomo Mesa has NO
alternate water supplies:**

No lakes

No rivers

No reservoirs

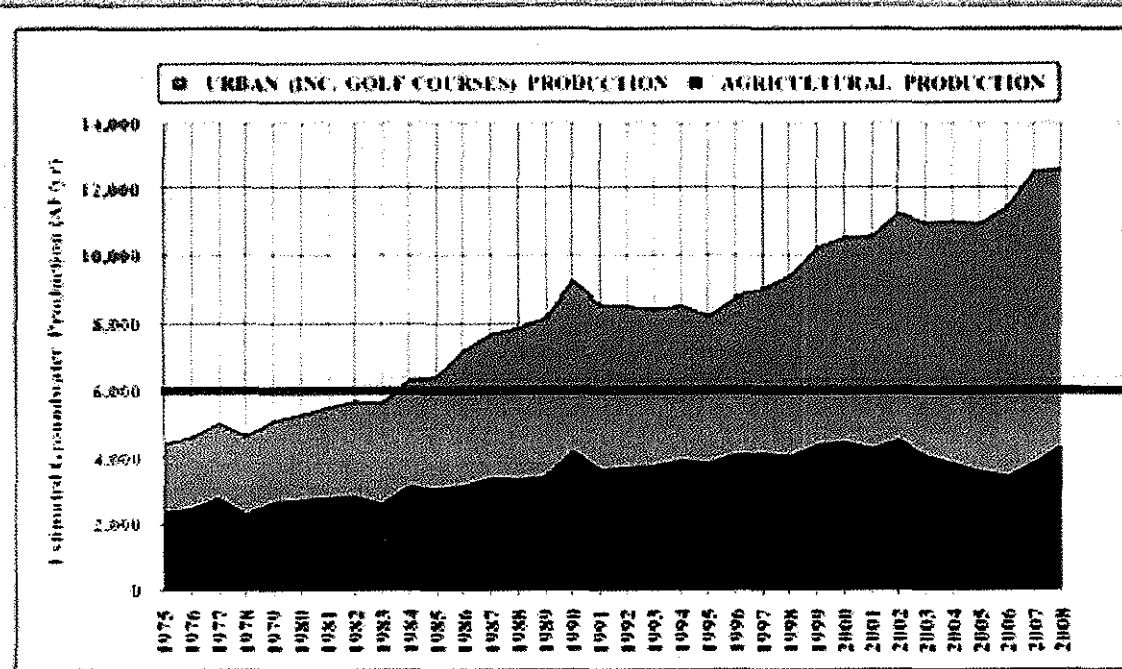
No accessible pipelines

No desalination plants

Others have multiple sources of water

- San Luis Obispo** ① groundwater; ② Nacimiento Lake; ③ Santa Margarita Lake; ④ Whale Rock Reservoir; and ⑤ recycled water
- Avila Beach** ① Lopez Lake and ② State Water Pipeline.
- Pismo Beach** ① groundwater; ② Lopez Lake; and ③ State Water Pipeline.
- Grover Beach** ① groundwater and ② Lopez Lake.
- Arroyo Grande** ① groundwater and ② Lopez Lake.
- Oceano** ① groundwater; ② Lopez Lake; and ③ State Water Pipeline.
- Guadalupe** ① groundwater and ② State Water Pipeline.
- Santa Maria** ① groundwater; ② Twitchell Reservoir; and ③ State Water Pipeline.
- Vandenberg AFB** ① groundwater and ② State Water Pipeline.
- Lompoc** ① groundwater; ② recycled water; and ③ surface water from Frick Springs.
- Buellton** ① groundwater and ② State Water Pipeline.
- Goleta** ① groundwater and ② State Water Pipeline.
- Santa Barbara** ① groundwater; ② Lake Cachuma; and ③ State Water Pipeline.

We are pumping twice the dependable yield



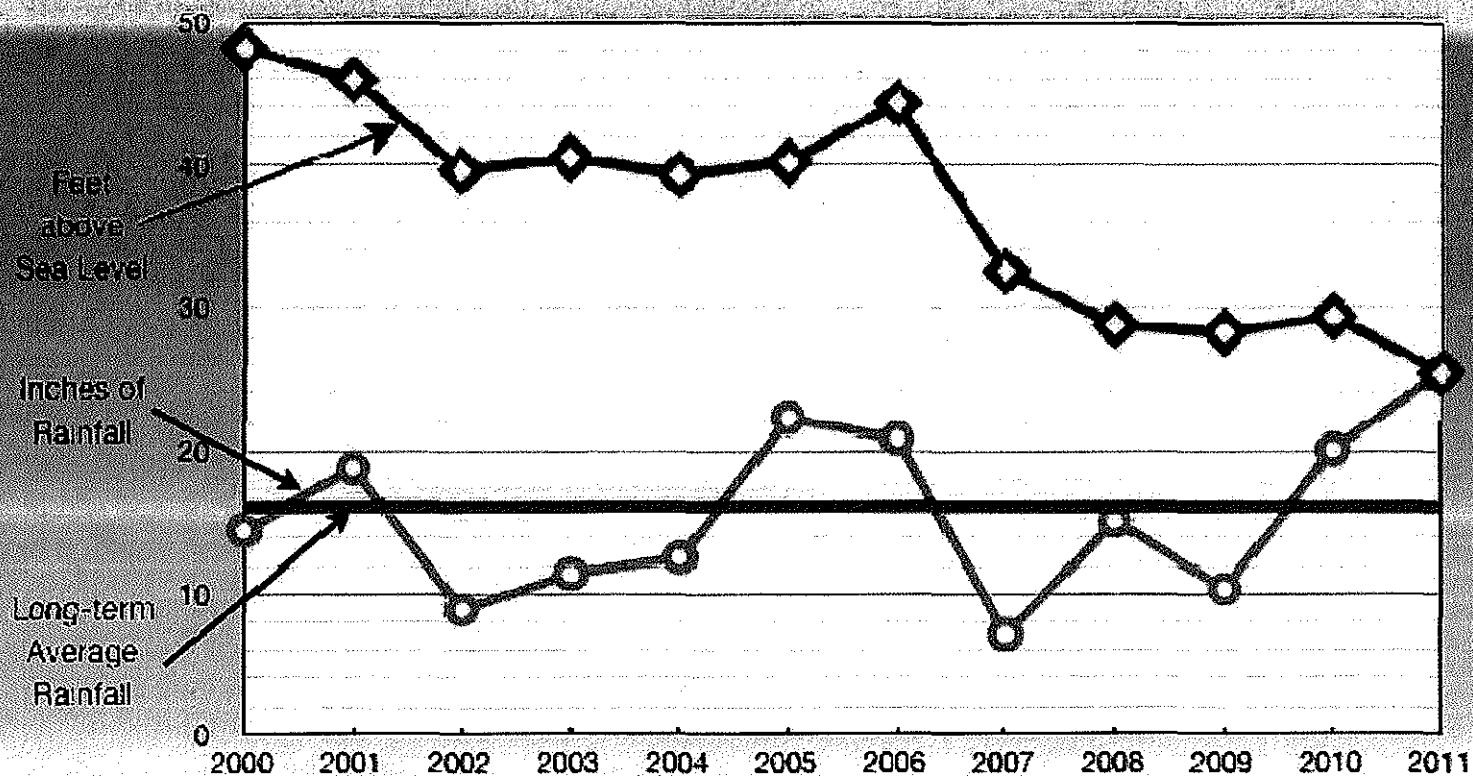
Dependable Yield

Our Water Problem

The experts tell us . . .

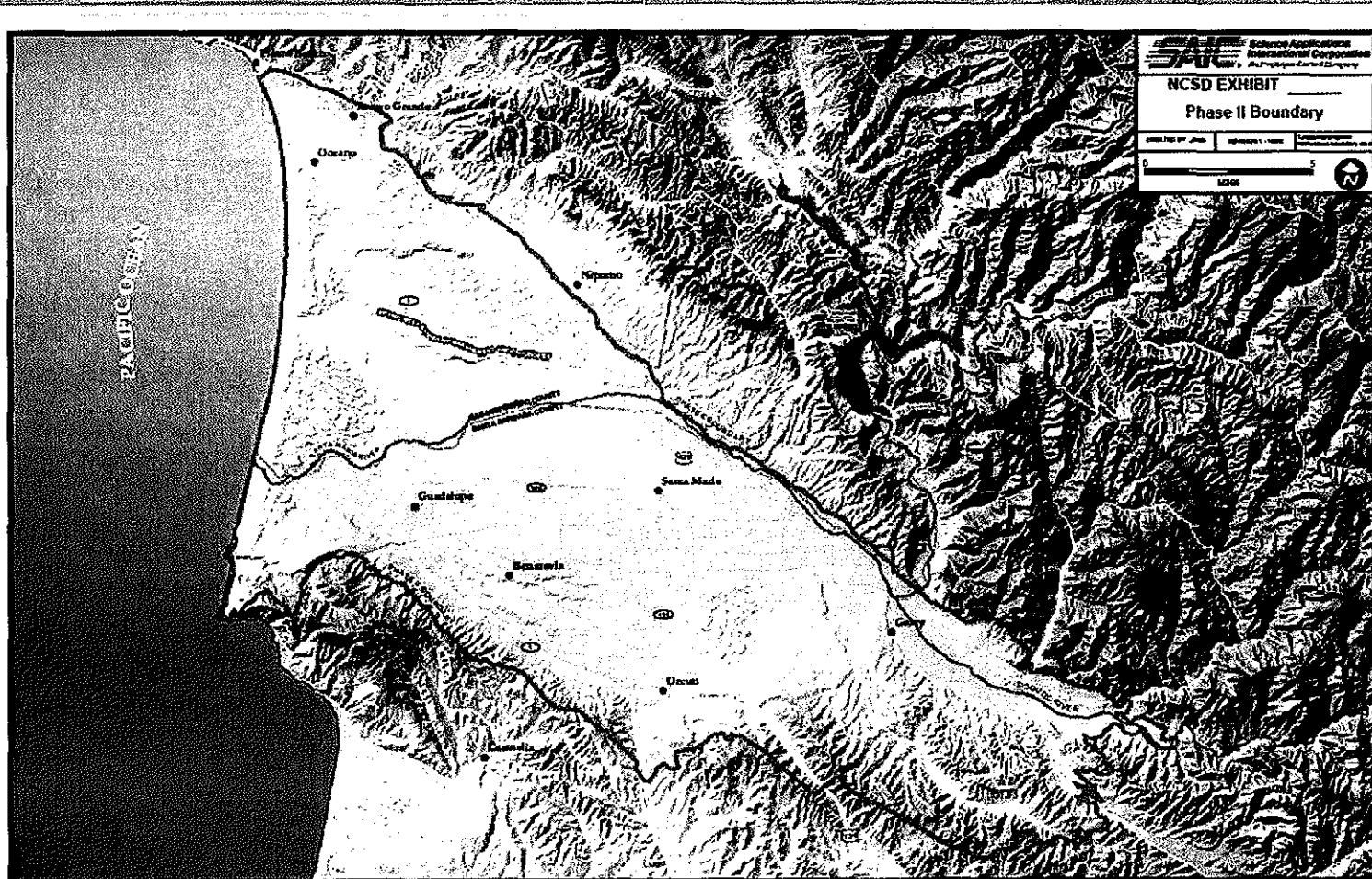
- We are using much more groundwater than is being replaced by rainfall
- Our water table has been dropping since 2000 – despite some years of above-average rainfall
- Many wells have fallen below sea level
- Neighboring communities have experienced seawater intrusion

Average Water Levels in Key Wells

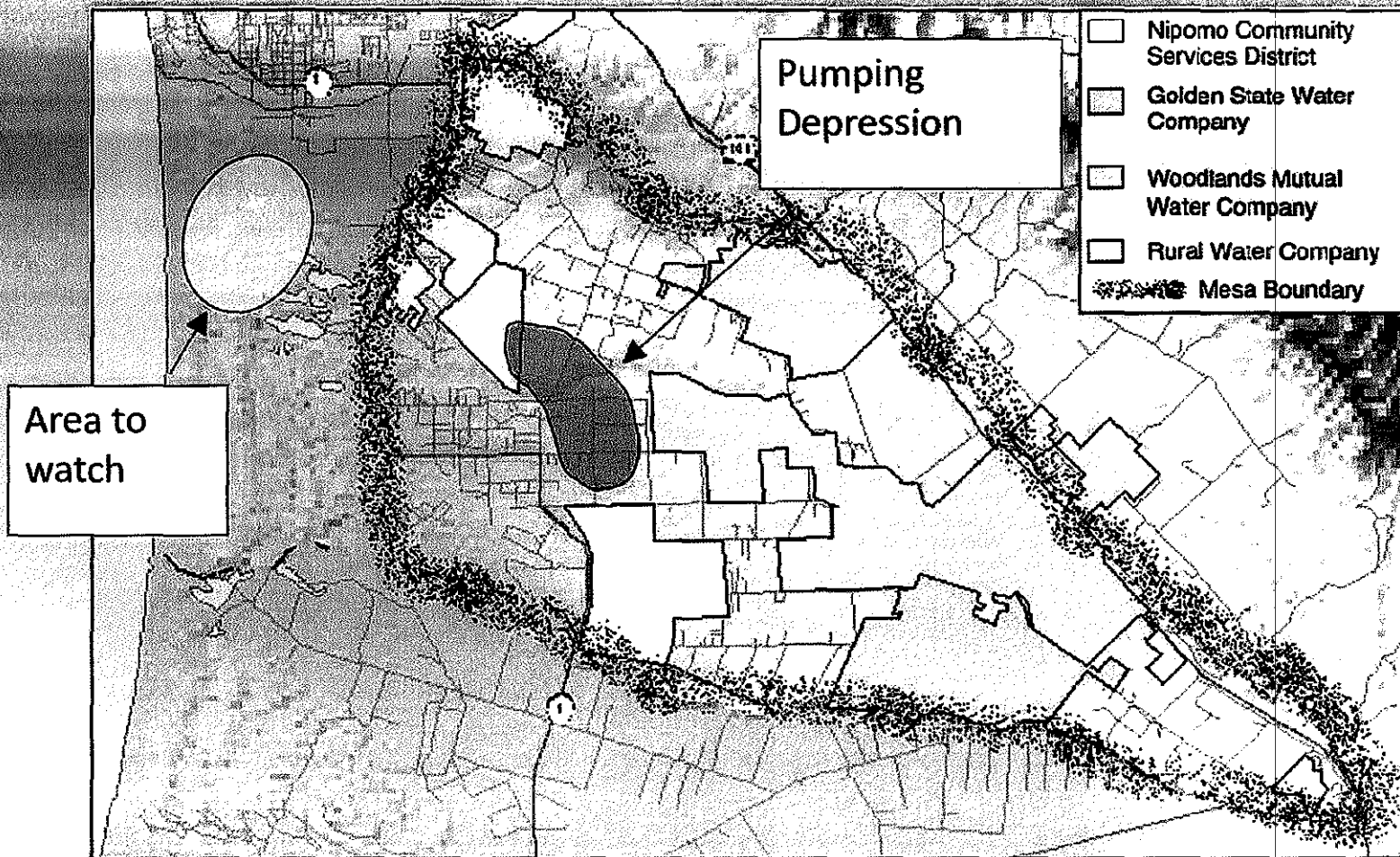


**The Key Well Index dropped 40% between 2000 and 2008. . .
...and it is still dropping after two years of above average rain.**

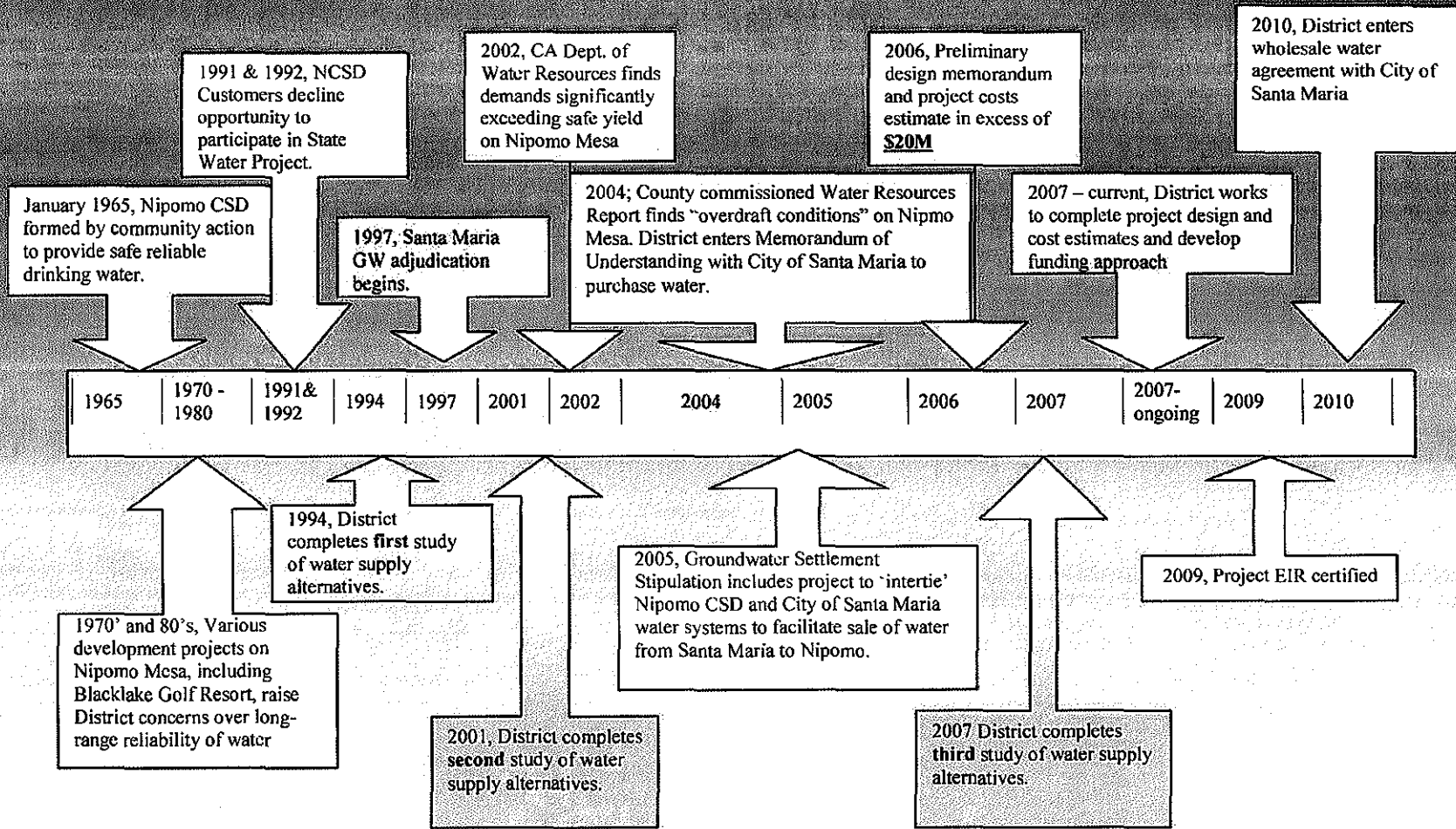
Santa Maria Groundwater Basin



Nipomo Mesa Water Company Boundaries and Proposed Assessment District



Supplemental Water History



Supplemental Water Options Considered

Option	Public Input	Technical Studies
Conservation	X	X
State Water Pipeline	X	X
Building Moratorium	X	
Desalination	X	X
Recycled Water	X	X
Santa Maria Pipeline	X	X
Other Pipelines	X	X
Rainwater Collection	X	

Criteria for the Optimal Solution

Origin	Outside the Nipomo Mesa Management Area – NEW WATER
Quantity	2,500 acre-feet per year minimum, per Court ruling
Schedule	ASAP
Cost	Lowest
Reliability	Uninterrupted year around
Quality	Little or no purification required

Top Six Solutions

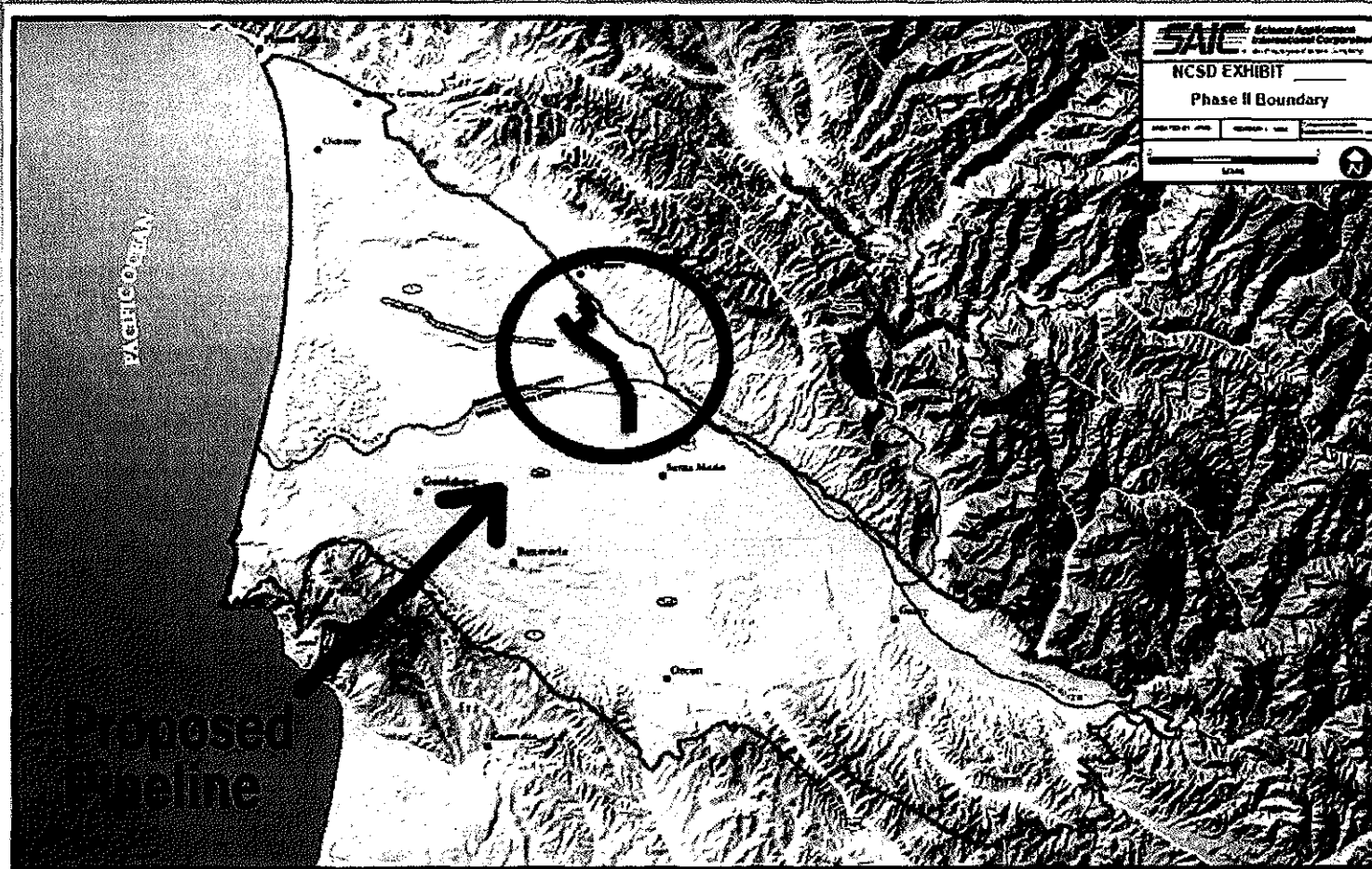
Acceptable

Marginal

Fatal Flaw

Option	Origin	Quantity	Schedule	Cost	Reliability	Quality
State Water Pipeline		Unavailable				
Santa Maria Pipeline		2,500-6,300	2 years	\$25M for 3,000 AFY capacity	3 water sources	Better
Desalination			15-20 years	\$100-400M	Best	Best
Building Moratorium		2X overuse remains				
Reclaimed Water	No new water	600-1,400	4 years	\$15M		
Conservation		100% for urban users				

Santa Maria Pipeline



Santa Maria Pipeline

Most Cost-Effective Solution



IMMEDIATELY CONNECTS TO:

- NCS D
- Golden State water system
- Woodlands water system
- 1.5 miles to Rural connection

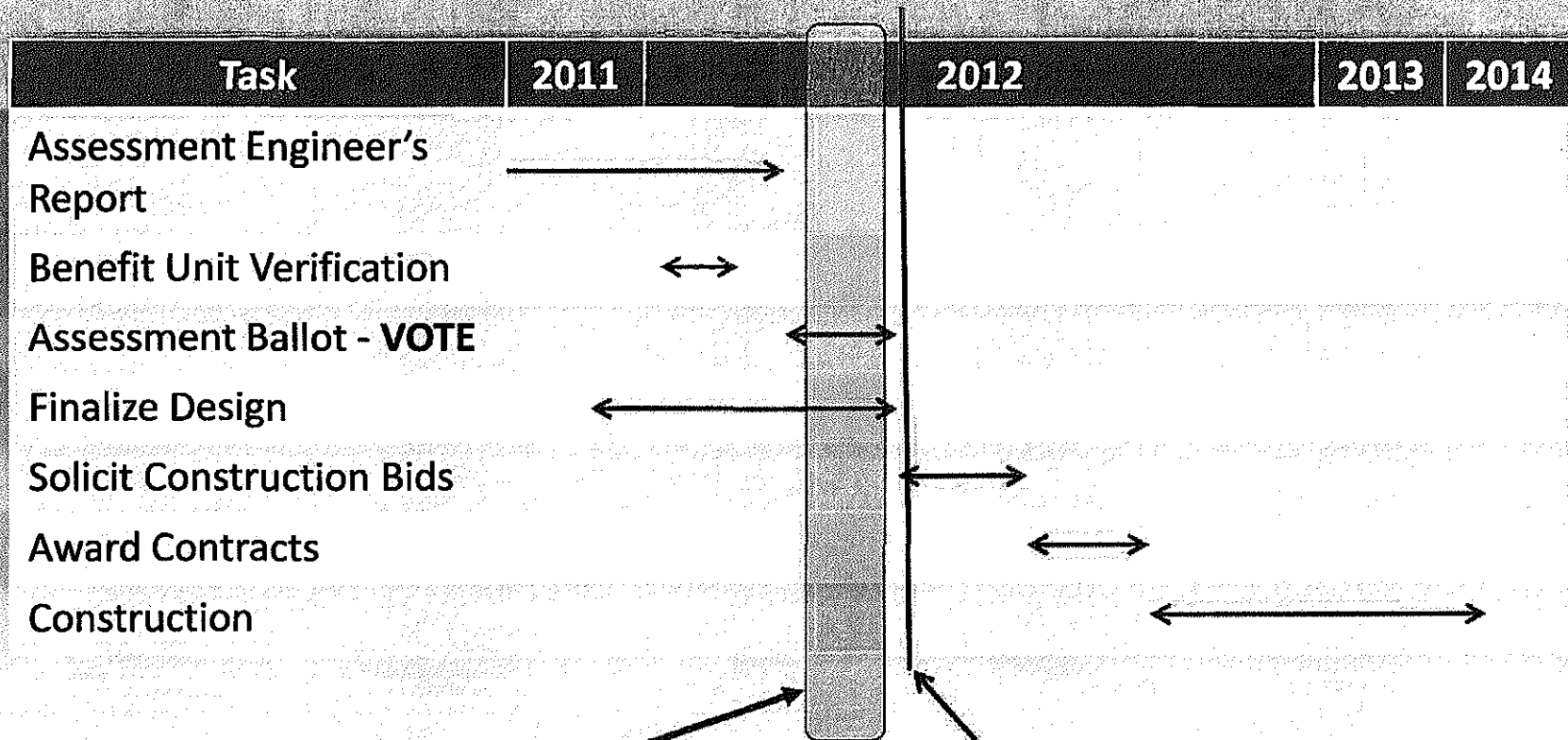
COST: \$25.9 M

Design and construction

TIMELINE:

18 months to complete

Santa Maria Pipeline - SCHEDULE



Where we are today

Property Owner support of funding ballot required to move past this point

Construction and Financing Breakdown

Item	Cost	
Construction Costs	\$18.3M	\$25M Construct and Design
Design, EIR, Right of Way, Construction Management, Mitigation Monitoring	\$6.5M	
Assessment District Planning & Formation	\$1.6M	\$29.8M Total All Costs
Financing Costs & Reserves	\$3.5M	
Contributions: DWR Grant	Less \$2.3M	
NCSD Reserves	Less \$6.0M	
Total Funds Required	\$21.6M	

The Ballot & Voting Process

- Property Owners Ballot Mailed
- Maximum assessment cost and estimated annual installment stated on ballot
- Vote is weighted based on dollar value of owners assessment
- ALL voting will occur 100% by mail
- If 50% of the value of returned ballots are YES, the Assessment District will be formed
- Only ballots returned will be counted

What do the Court-recognized Technical Experts recommend?

Nipomo Mesa Management Area Technical Group (TG)

“ . that the Nipomo Supplemental Water Project be implemented as soon as possible.”

(2nd & 3rd Annual Reports, 2009/2010)

What do neighboring government policy makers recommend?

“Please join our city in providing your full support for this critically important regional project.”

Arroyo Grande City Council, 8/26/11

“The Nipomo Supplemental Water Supply Project is a necessary and urgent first step to begin to manage the regional water resources sustainably, and protect the economy of the South County area.”

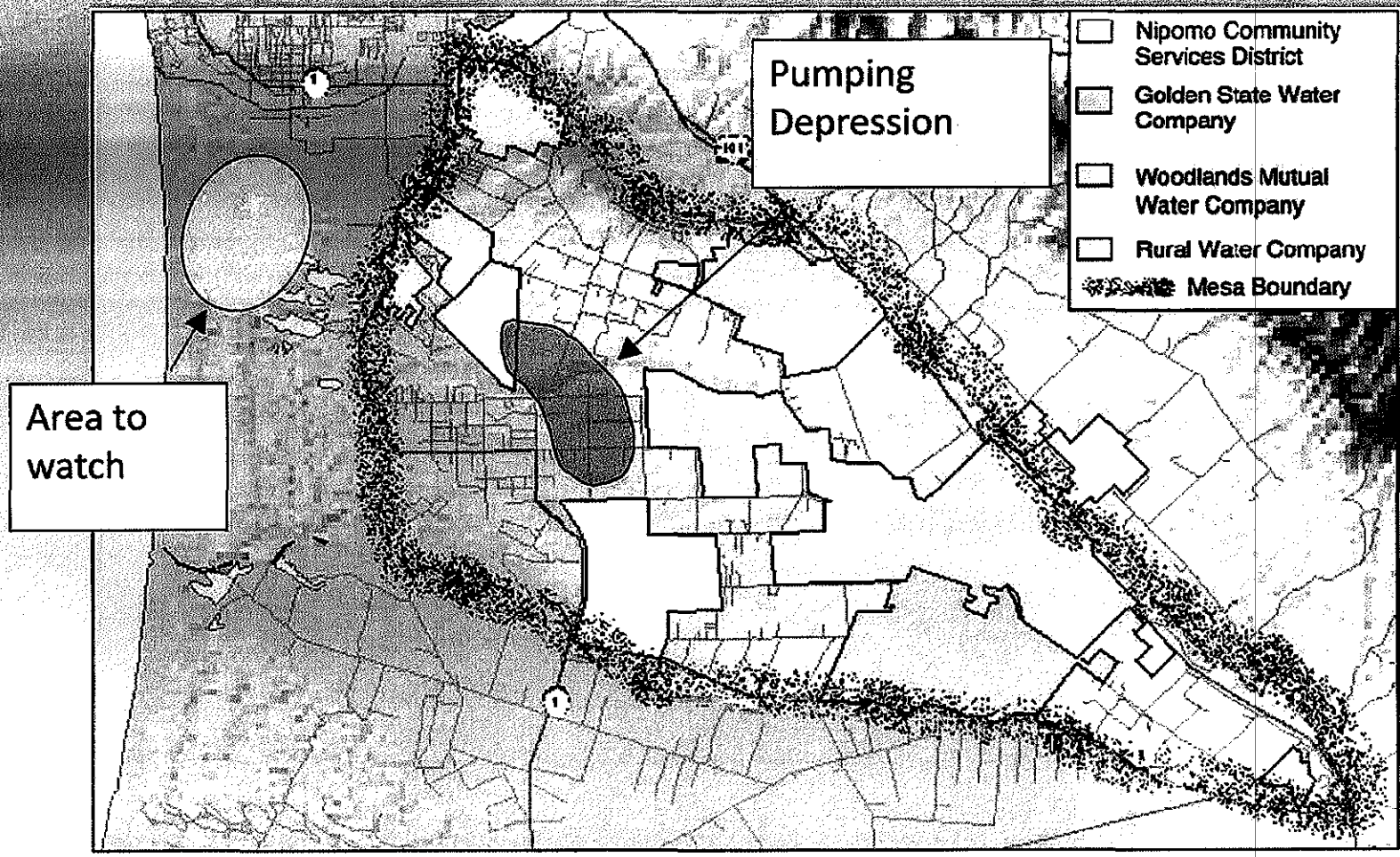
Pismo Beach City Council, 9/8/11

What does the Editorial Review Board of the Tribune Recommend?

“We strongly urge Nipomo-area property owners to vote in favor of the Santa Maria pipeline project.”

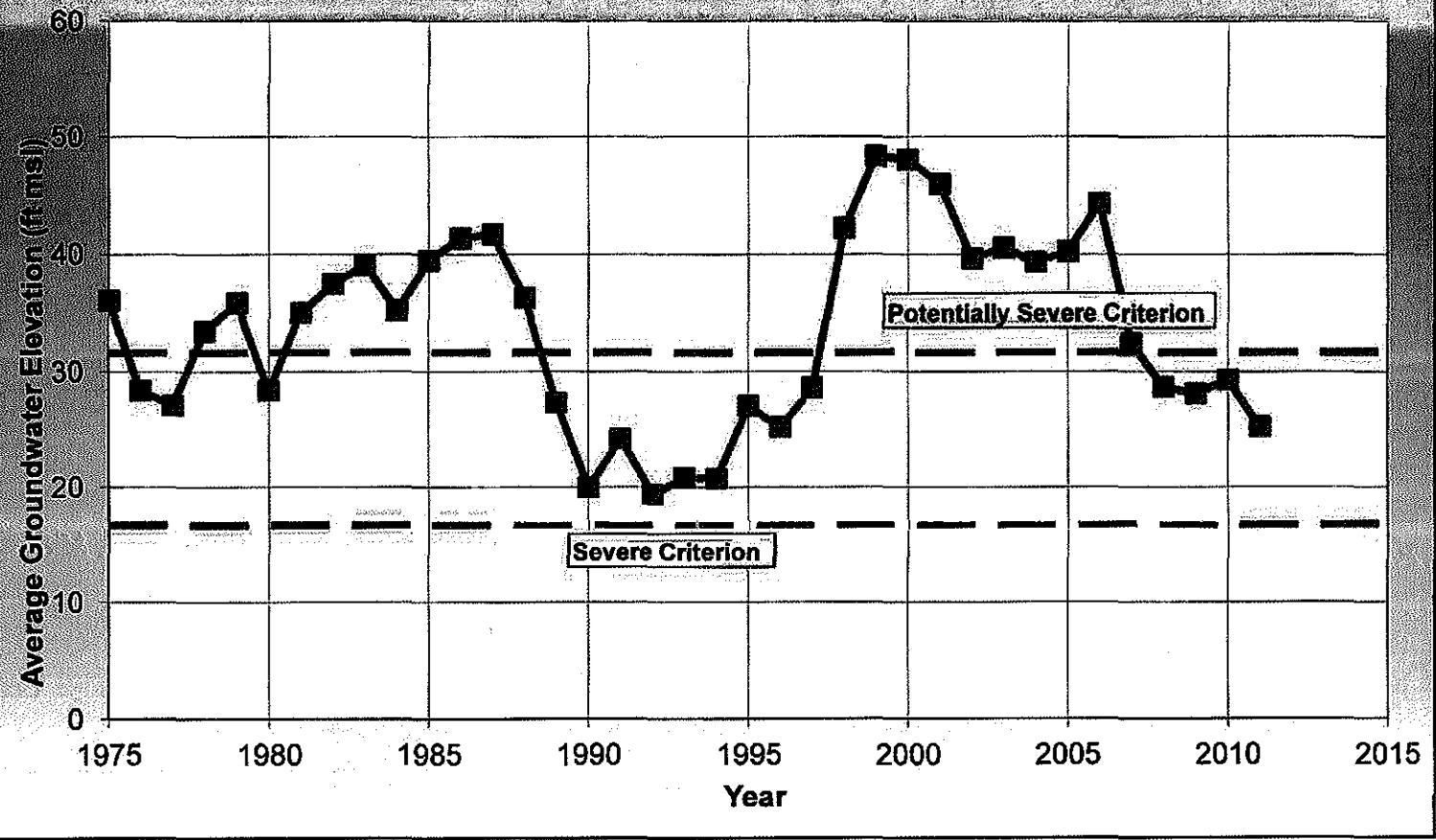
March 18, 2012

Nipomo Mesa Water Company Boundaries and Proposed Assessment District

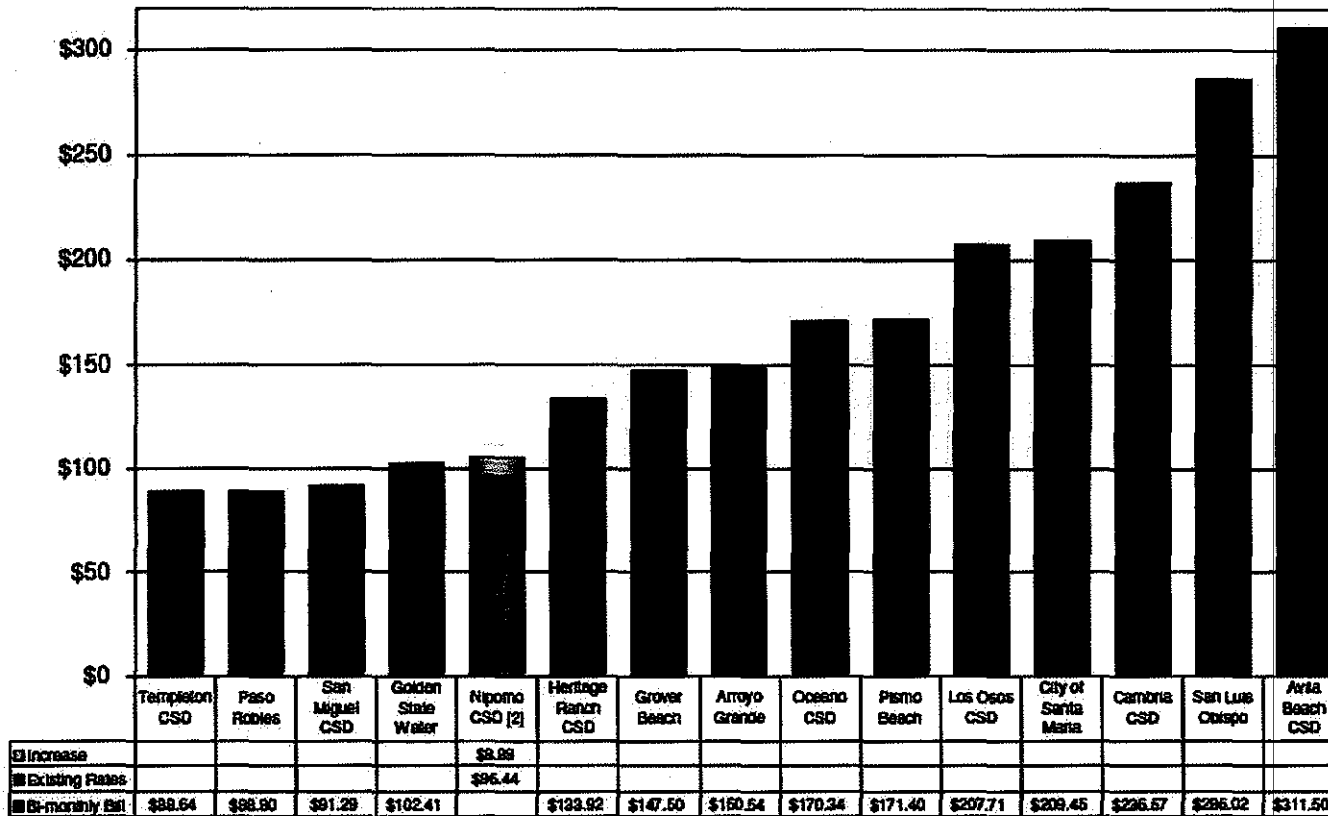


QUESTIONS?

Key Wells Index



**Chart ES-1
Selected Local Water Agencies
Comparison of Single-family Residential Bi-monthly Water Bills ^[1]
at 40 Ccf Bi-monthly**



[1] For rates in effect July 2011.
[2] Total bi-monthly bill is \$105.33.

MCA presentation to Lucia Mar Unified School District Board of Education
May 1, 2012

EXHIBIT E

Good Evening. My name is Pat Eby and I am a member of the Mesa Community Alliance, a Public Benefit Corporation.

Lucia Mar Unified School District has received ballots for the NCS D Supplemental Water Project Assessment District that will impose tax obligations on Mesa schools for more than \$177,000. **MCA respectfully asks the District to vote NO on their ballots for the following reasons:**

1. MCA is outraged that NCS D has assessed a property tax on our schools that currently do not pay property taxes. This assessment further impacts the quality of education that our schools can provide at a critical time when school budgets are being hammered year after year with cuts to their funding streams. This truly is a shameful abuse of power.
2. In its final mailing prior to the balloting period, NCS D stated that the assessment district only determines the funding mechanism for the pipeline. Therefore, this is not a vote for or against the pipeline or the need for supplemental water. Growth on the Mesa is currently constrained by our water supply. Gradual growth provides time to ensure we have adequate water. *A YES vote opens the door to unconstrained growth on the Mesa -- as noted in the project's Final EIR -- with accompanying impact on District schools.*
3. **MCA believes this project is primarily about growth as shown by NCS D's taxing methods. NCS D has stacked the deck so that the developed properties pay for most of the capital costs, while the undeveloped properties get the future benefit. So LMUSD's should vote NO because they would be paying for future growth under the guise of a current water shortage.** NCS D's ballots are heavily weighted in favor of the undeveloped properties that are assessed at a higher rate. Developed properties -- including the schools in NCS D's territory -- are losing \$6,000,000 in voting power because of this method of assigning costs.
4. After poring through hundreds of documents, MCA is convinced that this pipeline is a very bad plan that will not cure any water problems. It will also drain more than \$300 million from the Mesa that will affect our economy for the next 30 years.
5. Any claim that the pipeline is "mandatory" is misleading. The Stipulation is an agreement among settling parties that was accepted by the Court and the Court ordered the Stipulation to be part of the Final Judgment. The Court did not have any finding that required the pipeline to solve any water problem so the District does not violate any court order by voting NO -- a NO vote only refuses to allow this unfair tax.
6. MCA does not agree that the Mesa has a critical water shortage. NCS D's own Groundwater Level reports contradict their claims. We agree that the Mesa aquifer has a decades-old pumping depression in the area near the intersection of Willow Rd. and Hwy 1. We suspect the primary cause is due to NCS D pumping ~1,875 AF and Conoco Phillips pumping ~1,200 AF annually from this vicinity -- *this equates to 26% of the total*

MCA presentation to Lucia Mar Unified School District Board of Education
May 1, 2012

Mesa annual water use. Redistribution of well pumping and use of reclaimed wastewater can alleviate the strain on this portion of our aquifer.

MCA supports solutions that produce new water and make proven fiscal sense. As a short-term solution we advocate reclaiming the 3,000 AF of wastewater that the South SLO County Sanitation District dumps into the ocean every year near Oceano. Cleaning that water to a tertiary level will enable its use on golf courses and irrigation to reduce groundwater pumping.

We also advocate brackish water desalination that uses a mixture of fresh and ocean water and have located two successful brackish water operations in Morro Bay and Monterey County that were completed within the last five years. Desalination is not a pipe dream. With excellent planning, it can produce reasonable new water supplies.

Current NCSD and future anticipated water rate comparison:

Water rate math: 1 unit of water = 100 cubic feet (ccf) = 748 gallons
1 acre foot = 435 units = water for about 2 families for one year

May 2012 NCSD cost for 36 units of water = $\$70 \times 6 = \$420/\text{year}$
July 2014 with pipeline water flow: 36 units of water = $\$148 \times 6 = \$888/\text{year}$
Santa Maria has increased water rates 5% per year for the past 28 years.

Thank you for the opportunity to present MCA's views this evening.