III. PROJECT DESCRIPTION

A. PROJECT BACKGROUND

The Nipomo Community Services District (NCSD or the District) was formed in 1965 and currently provides water, wastewater, lighting and solid waste disposal services to approximately 12,000 residents of the Nipomo area. The Nipomo Community Services District is a California Community Services District organized pursuant to Government Code Sections 61000 et. seq. The NCSD's service area overlies the southern portion of the Nipomo area within the unincorporated portion of San Luis Obispo County. Pursuant to the Government Code, the NCSD provides water to its residents, similar to a municipal water district. The Nipomo Communit Services District's authority does not include legislative or executive powers over zoning or land use. (Further details concerning the legislative authority of the Nipomo Community Services District can be found in Section V.A. Land Use). The District currently relies primarily upon groundwater from the Nipomo Mesa Management Area (formerly known as the Nipomo Mesa Groundwater Subbasin) of the Santa Maria Groundwater Basin for water supply.

Over the past several years, a number of groundwater studies have been conducted in the Nipomo Mesa area in order to assess the status of groundwater resources in the area. These analyses include: 1) Water Resources of the Arroyo Grande – Nipomo Mesa Area in 2002, prepared by the California Department of Water Resources (DWR), dated October 25, 2002; 2) Water and Wastewater Impacts Analyses for both the Summit Station Area Land Use Ordinance Amendment and the Woodlands EIR, prepared by Cleath & Associates, both dated 2003; (3) Nipomo Mesa Groundwater Resource Capacity Study prepared by the firm of S.S. Papadopoulos & Associates, Inc.; (4) "Water Supply in the Nipomo Mesa Area, October, 2004", a Resource Capacity Study prepared by the County of San Luis Obispo, Department of Planning and Building in 2004 and 5) Technical Memorandum Regarding Emergency Water Shortage Regulations and Future Groundwater in Storage prepared by Science Applications International Corporation (SAIC) dated January 6, 2008.

The above referenced studies contained varying conclusions concerning the status of groundwater supplies in the Nipomo Mesa Management Area. The Cleath Reports concluded that a groundwater overdraft condition does not exist in the Nipomo Mesa Sub-Area but a water deficit does exist within the area and this deficit is compensated by inflows from other portions of the Santa Maria Groundwater Basin. The 2002 Department of Water Resources Report concluded that overdraft of the Santa Maria Groundwater Basin is not likely through the year 2020 but indicates that projected water demands significantly exceed the dependable safe yield of groundwater in the Nipomo Mesa Sub-Area. The 2004 Papadopulos Report concluded that the Nipomo Mesa Sub-Basin is currently in overdraft and that the greater Santa Maria Groundwater Basin is in steady decline. The County's 2004 Resource Capacity Study indicated that in order to maintain sustainability of the Nipomo Mesa groundwater supply, total extractions would have to be stabilized at 6,000 acre-feet per year (as first indicated in the Department of

Water Resources Report) and that sustainability can be achieved through a combination of conservation and water supply augmentation.

Since 1997, the entire Santa Maria Groundwater Basin, including the Nipomo Mesa Groundwater Management Area, has been the subject of ongoing adjudication based upon a lawsuit initiated by the Santa Maria Valley Water Conservation District against the City of Santa Maria and other water purveyors in the groundwater basin. When the lawsuit was first initiated, the issue was whether or not the City of Santa Maria had the right to claim ownership of percolated effluent resulting from the use of imported water in the basin. Subsequently, the lawsuit has broadened to address groundwater management of the entire Santa Maria Groundwater Basin. A preliminary ruling by the Court concluded that the overall Santa Maria Groundwater Basin is not currently in an overdraft condition but recognized the need for active management of the existing hydrologic sub-areas.

On August 3, 2005, the Court approved a Settlement Stipulation for the case which divides the Santa Maria Groundwater Basin into three separate management sub-areas; the Northern Cities Management Area, the Nipomo Mesa Management Area and the Santa Maria Valley Management Area. The Settlement Stipulation contained specific provisions with regard to groundwater rights, groundwater monitoring programs and development of plans and programs to respond to potential water shortage conditions. Within the Settlement Stipulation and subsequent Judgment, the Nipomo Community Services District has agreed to purchase supplemental water from the City of Santa Maria for delivery to the Nipomo Mesa Management Area.

In 2004, the San Luis Obispo Local Agency Formation Commission (LAFCO) completed a Sphere of Influence Update and Municipal Services Review for the Nipomo Community Services District (pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000) as well as a Program Environmental Impact Report (EIR) for that project. The EIR evaluated the impacts of expanding the Sphere of Influence to include eight study areas (5,000 acres) adjacent to the Nipomo Community Services District. As a result of the Sphere of Influence Update and their analysis of available services and resources, LAFCO required that prior to the approval of any annexation to the NCSD, the District shall implement a water conservation program that decreases water use by 15 percent based upon per connection water consumption and update its Urban Water Management Plan (UWMP) "to reflect the need to provide additional water in the amount of 1,000 acre feet" to serve the expanded Sphere of Influence area. LAFCO also required that prior to the approval of any annexation, the District must complete negotiations for a supplemental water source outside the Nipomo Mesa Management Area.

In December, 2005, the Nipomo Community Services District completed their Urban Water Management Plan 2005 Update. This update was intended to provide a viable tool for the NCSD's long-term water use planning and to comply with requirements of the California Urban Water Management Act which requires that all urban water suppliers serving more than 3,000 customers prepare and adopt an urban water management plan

every five years. The NCSD Urban Water Management Plan 2005 Update contains background on past and current water demands for different sectors of the Nipomo Community Services District. A copy of this plan in included within Technical Appendix B of this EIR. It provides data on water deliveries in the year 2000 and estimates of total water demand in 2005, based upon the following land use sectors: single family residential, multi-family residential and all other non-residential uses designated as "commercial". Estimates of future demand within the Urban Management Plan 2005 Update contained various assumptions regarding land uses and growth rates within the Nipomo area. As indicated therein, projected water demands for 2025 range from 4,030 acre-feet per year (assuming an existing County land use designation scenario and a 2.3 percent growth rate) to 5,750 acre-feet per year (assuming a high density land use assumption, higher than that currently allowed by the South County Area Plan, and a 7.8 percent growth rate). Future water demands were compared to projected water supplies during a normal water year, a single dry year and multiple dry years. Within a single dry year, no differences in conditions from the normal supply year are anticipated. Additional irrigation demands within this scenario are expected to be compensated by water conservation. Within multiple dry years, irrigation uses would be limited and additional water conservation measures would be required.

In response to these concerns regarding the availability of groundwater supplies in combination with the legislative requirements and judicial directives noted above, the Nipomo Community Services District entered into a Memorandum of Understanding with the City of Santa Maria dated September 7, 2004 for the purchase of approximately 2,500 acre-feet per year with deliveries of water to NCSD not to exceed a maximum of 250 acre-feet per month. The water will be a mix of both City groundwater and State Water Project water that is delivered to the City. According to the District, this acquisition of additional water supply is intended to augment current groundwater inventories with the goals of increasing the reliability and diversity of water supplies and balancing groundwater levels in the Nipomo Mesa Management Area. The Settlement Agreement and Judgment allocates approximately 2,500 acre-feet per year between Nipomo Community Services District and other water purveyors who overlie the Nipomo Mesa Management Area, including the Woodlands, Golden State (formerly Southern California) Water Company and Rural Water Company. Copies of the Memorandum of Understanding, Court Stipulation and Court Judgment are included within Technical Appendix C of this EIR.

In 2005, the Nipomo Community Services District prepared a Feasibility Study which evaluated several alternative methods for extension of a waterline from the City of Santa Maria across the Santa Maria River to connect to existing water transmission facilities within the NCSD. This study provided the basis for selection of three alternatives for extending a waterline from the City of Santa Maria. At that time, the proposed project involved the adoption of one of three alternative methods for the extension of the water supply pipeline across the Santa Maria River: a) attaching the pipeline to the existing Highway 101 bridge or b) two routes for horizontal directional drilling and underground burial of the pipeline beneath the riverbed.

In December, 2007, the Nipomo Community Services District completed their Water and Sewer Master Plan Update. A copy of this Master Plan is included within Technical Appendix D of this EIR. This Master Plan Update discussed projects completed under the previous master plans, identified new projects to meet current and future water and sewer demands and estimated costs and priorities for these future projects. The methodology utilized in the Master Plan Update included the development of future water demand and sewer flow projections. These projections to the year 2030 were based upon population growth and increases in system use assuming a General Plan build-out scenario for the NCSD service area and its Sphere of Influence. Existing annual water demand was identified at 3,000 acre-feet per year with future (2030) water demand estimated to be 6,200 acre-feet per year. This estimate of future water demand provided the basis for the design capacity of the proposed waterline intertie project.

In 2005, the Nipomo Community Services District initiated preparation of a Draft and Final Environmental Impact Report which addressed the potential impacts of these three proposed methods for extension of a water supply pipeline. A Draft Environmental Impact Report dated May, 2006 for that project was prepared, reviewed and circulated for public and agency review and comment during the months of May and June of 2006. Subsequent to circulation of that document, several revisions and/or additions to the project design were recommended. These revisions included the reduction in water storage, additional NCSD water distribution system improvements, resolution of water quality issues and phased project development. In addition, an expanded number of project alternatives were also evaluated including the investigation of the viability of desalinization and direct use of State Water Project water. In December, 2006, the NCSD Board of Directors suspended further work on the EIR until the NCSD Board of Directors could evaluate a lower cost project and project design issues could be resolved.

Since that time, several additional studies and field surveys have been prepared by NCSD in order to further evaluate and refine the design of the waterline intertie project. This information includes the Preliminary Engineering Memorandum, prepared by Boyle Engineering, dated November, 2006; Evaluation of Supplemental Water Alternatives – Technical Memorandum No. 1, prepared by Boyle Engineering dated June 2007; Evaluation of Desalinization as a Source of Supplemental Water - Technical Memorandum No. 2, prepared by Boyle Engineering dated September 28, 2007; Evaluation of Supplemental Water Alternatives - Technical Memorandum No. 3, prepared by Boyle Engineering dated November 30, 2007; California Red-Legged Frog Survey Results, prepared by Padre Associates dated April 12, 2007; Recent Biological Field Survey Results from Padre Associates dated March, 2008 and final Preliminary Engineering Memorandum for the proposed project dated May, 2008 prepared by Boyle Engineering.

In addition, the NCSD recently updated their Water and Sewer Master Plan (December, 2007) in which the District water model was updated and recommendations for improvements to the District water distribution system were made. The final Preliminary Engineering Memorandum presented several revisions to the project design which included revised pipeline sizes and routes, a relocated pump stations, elimination of another pump station, a resized water storage reservoir, upgraded in-system water

distribution facilities, phased development of the proposed project and an alternative method of water treatment.

In January, 2008, the State Court issued its final decision on the groundwater rights litigation discussed above. In April, 2008, the NCSD Board of Directors authorized preparation of this Draft and Final Environmental Impact Report pursuant to the requirements set forth in the California Environmental Quality Act (Public Resources Code 21000 et. seq.) and the State CEQA Guidelines which will address the environmental impacts of the currently proposed project.

B. PROJECT OBJECTIVES

The basic objective of the proposed Nipomo Community Services District Waterline Intertie Project is to construct a pipeline connection from the City of Santa Maria water distribution system across the Santa Maria River to the existing water distribution system within the Nipomo Community Services District. In so doing, the proposed project will also achieve the following objectives:

1. Slow the depletion of the above-sea-level groundwater in storage beneath the Nipomo Mesa Groundwater Management Area (NMMA) of the Santa Maria Groundwater Basin to reduce the potential for sea water intrusion by using supplemental water consistent with the settlement agreement and the judgment related to the groundwater adjudication. Since projections have shown that sea water intrusion could occur in 12-14 years with no new development, and under 8 years in a "dry years" scenario, the nearest-term project completion is essential. The conservative goal of this project is to provide at least 2,000 acre-feet per year (AFY) of supplemental water to the NMMA by 2013.

2. Comply with the 2005 groundwater adjudication settlement stipulation and judgment that dictates the need for active management of the NMMA.

3. Assist in stabilizing the groundwater levels in the NMMA by reducing pumping in the NMMA.

4. Augment current water supplies available to the Nipomo Community Services District by a phased delivery of supplemental water. Phase I will supply approximately 2,000 AFY by pipeline from Santa Maria following Phase 1 construction completion. Phase II will supply up to an additional 1,000 AFY by pipeline from Santa Maria (a cumulative total of 3,000 AFY). A third phase (Phase III), if implemented, would supply up to an additional 3,200 AFY (a cumulative total of 6,200 AFY) by pipeline from Santa Maria. *Each phase will be separately approved and funded by authorization of the NCSD Board of Directors. Phases I and II will supply water only to customers in the current NCSD boundaries and other water purveyors in the NMMA, specifically the Woodlands Mutual Water Company, Golden State Water Company and Rural Water Company. Only in Phase III will water be made available to new customers in the 2004 Sphere of Influence Areas that are annexed into the NCSD boundaries."*

5. Augment current water supplies available to the Woodlands and other water purveyors on the Mesa by 831 acre-feet per year as follows: Woodlands (415 AFY), Golden State Water Company (208 AFY) and Rural Water Company (208 AFY).

6. Increase the reliability of District water supply by providing a diversity of water sources. Avoid the potential use of supplemental water return flows from the District,

the Woodlands and the other purveyors, being used to support the water requirements of new development.

7. Comply with Local Agency Formation Commission (LAFCO) conditions for securing supplemental water prior to annexation of lands now within the District's Sphere of Influence. This supplemental water for annexations shall be in addition to the 3,000 AFY developed by Phases I and II.

8. Avoid multiple waterline crossings of the Santa Maria River and associated environmental impacts, by constructing a single pipeline capable of transporting sufficient water for potential NMMA growth consistent with the South County Area Plan (Inland) of San Luis Obispo County's General Plan. The pipeline diameter crossing the Santa Maria River would accommodate a 6,200 AFY capacity.

9. Slow the depletion of the above-sea-level groundwater in storage beneath the NMMA by:

   A. Providing supplemental water for new development within the current service area of the District and the Mesa's other water purveyors (Golden State and Rural Water) consistent with the South County Area Plan (Inland);

   B. Facilitating supplemental water delivery for new development within the District's Sphere of Influence consistent with the South County Area Plan (Inland) and the conditions in LAFCO's 2004 Sphere of Influence Update;

   C. Providing the basis for the assessment of County Impact Fees upon development outside the District's Sphere of Influence and the service areas of the Mesa's other water purveyors (Golden State and Rural Water Companies).

These project objectives play an important role in this EIR in that these objectives provide the basis for judging the merits of the proposed project. These objectives also assist in the evaluation (and possible adoption or rejection) of alternatives to the proposed project (see Section VII. Alternatives to the Proposed Project).

From NCSD Town Hall Meeting - November 9, 2011
RE "Our Water Problem on the Nipomo Mesa"

Answers to Questions

Question	# of Cards (similar questions)	Answer
1. How much will groundwater pumping be reduced after connection with Santa Maria?	1	Groundwater pumping by the NCSD will be reduced by the same amount brought in by pipeline from Santa Maria (a minimum of 2,000 acre-feet per year or 652 Million gallons per year).
2. Why does development on the Mesa continue if our water resources are so severely threatened?	3	The NCSD does not control development on the Mesa. The County has control of approving new development. NCSD only approves delivery of water to new customers in our area as long as there is adequate supply. Due to both national and state financial conditions, development on the Mesa is now at a low level. Our challenge is to find a solution for past basin damage, not to facilitate future growth where it is not already entitled.
3. How much did the NCSD pay for putting on this presentation and other efforts to reach out to the public on this project? Who pays for these costs?	1	NCSD surveys found a lack of accurate information in the community about both our water shortage problem and the true costs of bringing in supplemental water to mitigate basin damage here. The District Board authorized $150,000 to close the information gap--all of which is funded by new development fees collected since 2007. No funds collected from water bills paid for our public outreach about the water shortage dilemma we are facing on the Nipomo Mesa.

Question	# of Cards (similar questions)	Answer
4. Does Rural Water Company get connected to the system?	5	Rural Water is not currently connected to the NCSD water distribution system. Golden State and Woodlands water companies are connected to NCSD system – those existing connections were constructed by and paid for by the customers of those two companies. Rural Water Company may connect to the NCSD system in the future, but is not required to. Regardless of a physical connection, Rural Water Company is required by the Court's final ruling to participate in the supplemental water project. Rural will, by active participation in the project, maintain its right to connect to the system and receive its allotment of water directly at any time in the future. Until such time as a physical connection is made, the benefit of the project to Rural and its customers is indirect. That is, the water supply for Rural's wells will be more secure by reason of reduced pumping nearby, reducing the risk of seawater intrusion into their wells. Importing new water is a benefit to all users of the basin.
5. Should the Environmental Impact Report for running a pipeline under the Santa Maria River recognize the impact of having parallel pipes?	1	No parallel pipes are part of the Supplemental Water Project. The Environmental Impact Report (EIR) for this project was certified by the NCSD Board of Directors in May 2009, without any legal challenge.
6. Would gravel pits in strategic areas of runoff aid the aquifer? Will the aquifer collapse as it is pumped down?	1	Runoff on the Mesa already recharges our aquifer very quickly without any need for further aid. The aquifer is not collapsing despite current overpumping, and supplemental water will make that even less likely.
7. What is the purpose of the Court's indicating a need for 2,500 acre-feet of imported water per year?	1	In its January 2005 Judgment After Trial, the Court incorporated the Settlement Stipulation into its own ruling and ordered all stipulating (agreeing/settling) parties to comply with its terms. The 2,500 acre-feet per year order was the minimum delivery mandated by the Court to remediate the pumping depressions on the Mesa.

Question	# of Cards (similar questions)	Answer
8. Why aren't the other water users (farmers, refinery, private land owners on private wells or small water systems) required to participate in the project?	9	The answer to this question is complex at best and grounded in the Santa Maria groundwater rights court case that has been ongoing since 1997. In a very general sense, landowners who overlie the groundwater basin and pump water from the basin to use on their overlying land, have a senior right to water. California law related to groundwater and surface water rights is some of the most complex law in the United States. NCSD and other water companies utilizing the Santa Maria Groundwater basin expended a great deal of effort and resources (many millions of dollars) over the past fourteen years trying to establish and defend the right to pump groundwater. The success of these efforts was limited, and in the end, the Court required the four major water companies and their customers on the Nipomo Mesa to fund and construct a project that would import new water to the area. Overlying landowners/water users are not required to participate.
9. Will Santa Maria be able to cut off water to the Nipomo Mesa if they are faced with supply constraints (drought etc.)?	2	No. The District contract for water purchase with the City of Santa Maria mandates that reduction in delivery to the District can only be made if equal reductions are required of all Santa Maria City water customers (NCSD rights to Santa Maria City water are on the same level as all Santa Maria City water customers).
10. The "White Paper" handed out references "the Court". Why is 'the Court' involved? The "White Paper" says Golden State Water Company already gets State Water. Why must we also participate in NCSD's project?	2	The referenced White Paper is NOT a document produced by NCSD or any of the water project partners.
11. Will people with their own wells be required to participate in the project?	3	Well owners outside the four service areas? No. Well owners inside a water company's service area, if not currently a customer, may opt out; but future connection is not guaranteed.
12. Have other sources of funding or grants been explored?	1	Yes. The District actively pursued and was awarded a $2.3M grant from Department of Water Resources. The District is looking into low-interest state loans that would be available *after* project financing is in place and may utilize these programs if they are found to be beneficial to project customers.

Question	# of Cards (similar questions)	Answer
13. Why is my proposed assessment based on my property's potential water use and not my actual water use?	3	Your water rate charges will be directly proportional to your actual water use, but the charges for the pipeline infrastructure will be based on your property's full potential as currently zoned. You will have an opportunity to opt out of future expansion beyond one unit per parcel if you wish to give up that right. The proposed property assessment will fund project infrastructure that will serve the District and partners for decades to come and be financed by a 30-year bond. Therefore, the participation in funding the capital is based on a property's potential for water use in the future since today's water use on any one property has little bearing on what the demands of that property may be in a decade or two, or three. The purchase of water from Santa Maria will be covered, at least in part, by water rate charges in the District and other partner areas. Therefore, one's use of water over the years will define the level of participation in the project.
14. How will the proposed project impact water rates?	11	Water rates will be impacted somewhat by the project and how the project's water costs are financed. Under the scenario presented at the November 9, 2011 Town Hall meeting, the cost of water to the "average" NCSD customer is estimated to increase by **$8/month** after the project is completed. Should other financing approaches be used – where fewer costs are applied to property assessment and more costs applied to rates – rate impacts would increase AND property assessments would DECREASE.
15. If the project is approved and a homeowner chooses monthly payments, do the monthly payments continue if the house is sold?	1	The "monthly" payments represent the annual tax assessment to the property divided by twelve months. Property owners who have a property tax "impound" with their mortgage payments will pay this amount monthly. Property assessments generally run with the land – but are not required to.

Question	# of Cards (similar questions)	Answer
16. Will the Benefit Unit process be made open to the public?	1	Yes. The draft and final assessment report will be prepared in accordance with state assessment law and will be made available for public review prior to an assessment vote. At this time, the draft assessment report is scheduled to be circulated and discussed by the NCSD Board of Directors at the January 11, 2012 regular meeting of the Board. The final report is scheduled to be before the Board on March 14, 2012. All property owners will receive a notice that specifies the proposed assessment for their property – first in draft form in January 2012 and then in ballot/final form in March 2012. Lastly, a property owner's number of votes will equal the number of dollars of proposed assessment on their property.
17. If the assessment vote fails, then what?	6	We do not expect local property owners to vote against this project, a project that will protect them from future water shortages, rationing, and their related impacts. Though there is no formal policy in place now, we would expect to severely restrict water use until we had some answer to the threat of seawater intrusion.
18. Why is Twitchell Reservoir empty?	1	Twitchell Reservoir is usually dry because the Central Coast is a semi-arid area, and the dam was constructed to deal with extraordinary events that might flood Santa Maria. Twitchell Reservoir has two design functions; flood control and water resources. Early in winter the level of the reservoir is kept low enough to insure flood protection throughout the rainy season. Once threat of flood is past, the reservoir is managed to maximize groundwater recharge in the Santa Maria Groundwater basin. The water release rate is set to ensure no surface water flow past Bonita School Road. Thereby insuring the maximium amount of Twitchell water is percolated into the groundwater table. There is no direct delivery of Twitchell water to any user – all Twitchell water and water rights are conveyed through groundwater.
19. Has the idea of damming Nipomo Creek been considered?	1	Yes. However, there is not enough creek water in the best of years to make much of a difference, and it would never be a reliable source.

Question	# of Cards (similar questions)	Answer
20. Where can the studies that have been conducted over the years be found?	1	See the NCSD website (ncsd.ca.gov) and go to "Reports by Subject" and then Water Resources Reports – or click on the "Water Shortage News" button at the bottom of the home page. Either link will take you to a listing of documents on the District's website. If you having any trouble locating reports, contact NCSD at 929-1133 for assistance. Hard copies of reports are available upon request. Reproduction charges do apply.
21. Why don't we simply take the Santa Maria water directly from the State Water pipeline that runs down Thompson Road?	8	The simple answer is, the owners of that pipeline are not willing to allow NCSD access at any reasonable price. The answer becomes significantly more complex when one realizes that "owners" of the pipeline are the hundreds of thousands of people served by the pipeline in Santa Barbara County. These "owners" have participated in (paid for) the pipeline since its inception in the early 1990s. They are represented by eight separate public agencies (water districts and cities), which are governed by elected Boards or councils, and they are not willing to sell it to us. The District has been successful in negotiating the sale of Santa Maria's municipal mix that contains a high percentage of State Water.
22. If the City of Santa Maria pumps water from the same basin as the NCSD and other Mesa water companies, then wouldn't the same threat of seawater intrusion exist for City wells as Mesa area wells?	3	The City of Santa Maria delivers a blend of State Water and groundwater. In 2011, the blend is averaging 95% state water. The City pumps groundwater from wells that are located significantly further inland than the Mesa's production wells, which are closer to the ocean. This means the City's wells are less threatened by seawater intrusion.

Question	# of Cards (similar questions)	Answer
23. Is there any independent confirmation of the Oceano area seawater intrusion claim?	2	Yes. The Northern Cities Management Area Technical Group (NCMA-TG) is the court-recognized group that oversees groundwater resources management in the Oceano area. The Group is made up of representatives from the Arroyo Grande, Oceano, Pismo Beach, and Grover Beach. The Group produces and submits to the court an annual report on groundwater conditions in the area. The Northern Cities 2009 Annual Report (see section 4.3.2) describes the indications of seawater intrusion that were measured in 2009 after two years of record low groundwater levels in the near-shore monitoring wells. The seawater intrusion was again described starting in the 4th paragraph of section 4.2.3.1 of that Technical Group's 2010 Annual Report. On November 24, 2009, each of the Northern Cities municipalities sent letters to County staff informing them of seawater intrusion in Oceano. (Both the 2009 and 2010 NCMA-TG Annual Reports can be found on District's website – See Answer 20 above for more information) It is an equally well documented fact that all water agencies in the Northern Cities significantly reduced groundwater pumping in response to these measurements of high salinity in near-shore wells. This reduction in pumping and a return to average and above-average rainfall since 2009 are credited with returning the quality of water in the monitoring wells to normal. To the District's knowledge, there are no recognized reports or studies that deny this intrusion episode.
24. Where does the State Water Pipeline come from?	1	The Coastal Branch of the State Water Pipeline runs from the California Aqueduct in northwestern Kern County through San Luis Obispo County and ultimately to Lake Cachuma in Santa Barbara County. Supply to the California Aqueduct comes from a complex set of reservoirs and conveyance systems first imagined back in the 1930s and initially financed by a $1.75 Billion dollar state-wide general obligation bond issued in 1960. The supply system includes, among others, the Sacramento Delta, Lake Oroville, many other "regulating" reservoirs, and hundreds of miles of canals and pipelines.

Question	# of Cards (similar questions)	Answer
25. Is there a difference in funding the project with property tax assessment versus rates/user fees? Are there income tax benefits from the method selected?	1	There are differences in the cost of property secured financing (property tax assessment) and rate secured financing. As recently as two years ago, property secured financing had the lower interest rate. In today's lending environment, rate-secured financing is favorable. While the cost of financing is the single most important factor in making the decision, other factors including impacts to project schedule and spreading project costs equitably, must be considered. On November 16, 2011, the NCSD Board of Directors voted to finance project construction cost through property secured financing and to pay for the cost of buying the water from Santa Maria through rates and charges. Consult your tax accountant for advice on income tax benefits.
26. Is it true that the District is looking at decreasing the water connection fee for new development if the assessment passes?	1	A large part of the current water connection fee is to support the Supplemental Water Project. Assuming passage of the proposed assessment measure, future support for the Supplemental Water Project will be funded by the property assessment and the water connection fee will be reduced.
27. The Summit Station area of NCSD was assessed for the infrastructure required to connect the areas homes to NCSD water system. Didn't that assessment cover all future costs of water to the Summit Station customers?	1	No. The assessment could not cover all future costs, because it would be impossible to predict them. The assessment only covered the distribution system installed in the Summit Station area. Summit Station homeowners who elected to become NCSD customer also paid a connection fee to pay for the connection to greater existing District infrastructure. Now Summit Station homeowners will be asked, along with all other District homeowners and partner agency homeowners, to share in the cost of upgrading and diversifying the area water supply infrastructure.
28. Home lawns: Do they account for more than 2% of the cost of water?	1	The "average" NCSD customer uses nearly half the water they purchase annually to irrigate landscape.
29. The District stated that 27% of water had been conserved in recent years. How many acre-feet is that?	1	The conservation numbers are based on a per person estimate as required by state reporting standards. Since its peak pumping year of 2007, the District has reduced pumping by 600 acre-feet (2010) or 20%. The population of the District has grown during the same period, and that is why the per-person conservation is closer to 27%.

Question	# of Cards (similar questions)	Answer
30. How can you justify the DWR (State Department of Water Resources) definition of overdraft when it is different than that of the Court (Superior Court of CA)?	1	The discussion of overdraft was not part of our November 9th presentation. Accordingly, it is not NCSD's intention or responsibility to justify the definitions of the CA State agency responsible for water research and policy. When we refer to the DWR, we are simply reporting their findings. See DWR documents for further information.