


TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER 
DATE: OCTOBER 21, 2021



PRESENTATIONS AND REPORTS

The following presentations and reports are scheduled:

- C-1) QUARTERLY ENGINEER'S REPORT, DIRECTOR OF ENGINEERING AND OPERATIONS REPORT ON DISTRICT PROJECTS SYSTEM-WIDE [RECOMMEND RECEIVE AND FILE]
- C-2) SENATE BILL 1383 ("SB-1383") – SOLID WASTE MANAGEMENT AND THE IMPACTS OF SB-1383 ON COMMUNITIES.
- C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS.
Receive Announcements and Reports from Directors
- C-4) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: OCTOBER 22, 2021

AGENDA ITEM

C-1

OCTOBER 27, 2021

**QUARTERLY ENGINEER'S REPORT
DIRECTOR OF ENGINEERING AND OPERATIONS REPORT
ON DISTRICT PROJECTS SYSTEM-WIDE**

ITEM

Engineering and Operations update for July through September 2021

BACKGROUND

Director of Engineering and Operations, Peter Sevcik will overview his update (Attachment A) and discuss District projects for the July through September 2021 period.

RECOMMENDATION

Staff recommends that your Honorable Board receive the update.

ATTACHMENTS

- A. Engineering and Operations Update for July to September 2021

OCTOBER 27, 2021

ITEM C-1

ATTACHMENT A

Engineering and Operations Update – July 2021 to September 2021



Peter V. Sevcik, P.E.
Director of Engineering and Operations
Nipomo Community Services District
October 27, 2021

Completed Project

Southland WWTF Blower #3

- Total construction cost - \$126,470
- Completed 8/2021



Project in Close Out Stage

Southland WWTF Screw Press

- Contract Cost – \$978,523
- Notice to Proceed Issued – 12/21/2020
- Contract close out pending



Projects in Construction

Supplemental Water Project Joshua Road Pump Station Pump #1-4 Improvements

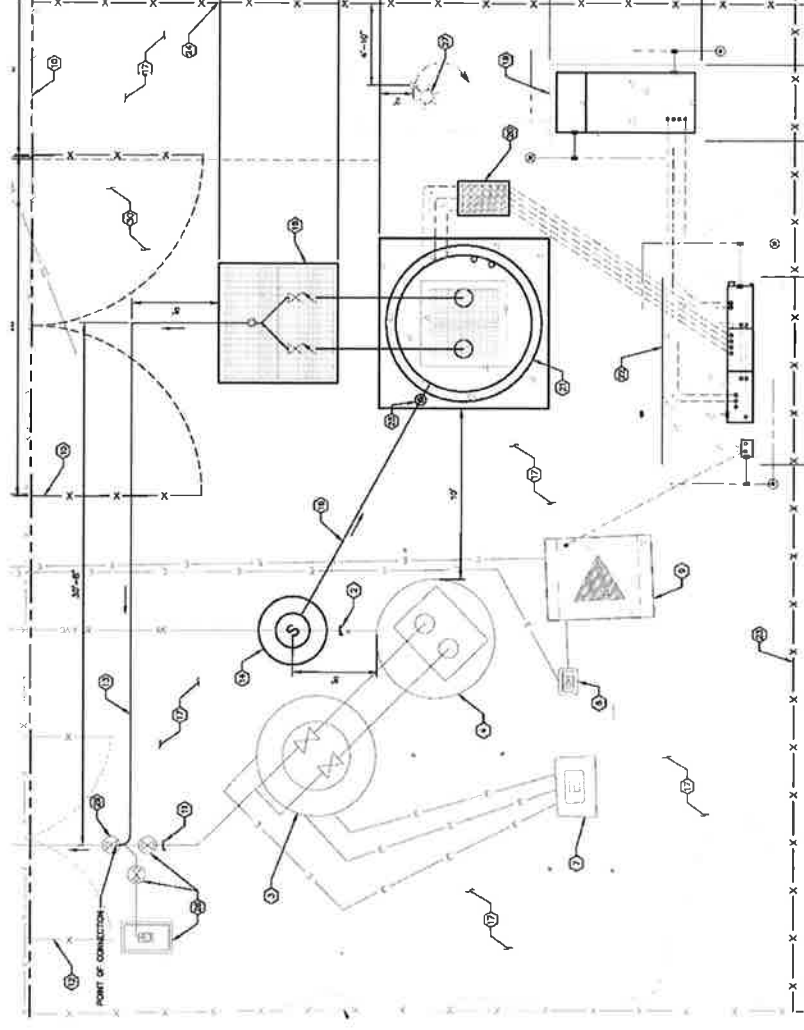
- Contract cost - \$396,059
- Notice to proceed issued – 8/19/2020
- Revised projected completion date – 1/18/2022
- Pump delivery impacted by COVID-19
- Factory pump testing completed



Projects in Construction

Nipomo Palms Lift Station Replacement

- Contract cost – \$918,368
- Notice to Proceed Issued – 5/17/2021
- Revised project completion date – 3/23/2022
- Pump and generator delivery impacted by COVID-19
- Construction in progress





Blacklake Sewer System Consolidation Project

Contracts to Date

- Permitting assistance contract approved – 7/2020
 - Southland WWTF and Blacklake WRF permitting in progress
- Design contract for lift station and force main approved – 8/2020
 - 90% design review in progress
- Flow monitoring contract approved – 10/2020
 - Completed
- CEQA contract approved – 12/2020
 - Preparation of Mitigated Negative Declaration (MND) in progress



Blacklake Sewer System Consolidation Project

California Environmental Quality Act (CEQA) Compliance

- Preparation of Mitigated Negative Declaration (MND) in progress
- California Red Legged Frog (CRLF) habitat assessment
 - Field survey identified CRLF in effluent discharge pond on golf course
 - District will need to obtain USFWS Section 10 Incidental Take Permit before construction can begin
 - Expected to delay bidding for 12 months
- Botanical surveys
 - Field surveys did not identify protected species
- Cultural resources
 - Native American Heritage Committee records search completed
 - Field survey did not identify cultural resources
 - Tribal consultation is pending

Blacklake Sewer System Consolidation Project

Schedule milestones	Original	New
• Design completion –	12/2021	12/2022
• Permitting completion –	12/2021	12/2022
• Board authorization to bid –	1/2022	1/2023
• Board construction contract award –	5/2022	5/2023
• Construction completion date –	3/2024	3/2025



Other Projects in Design

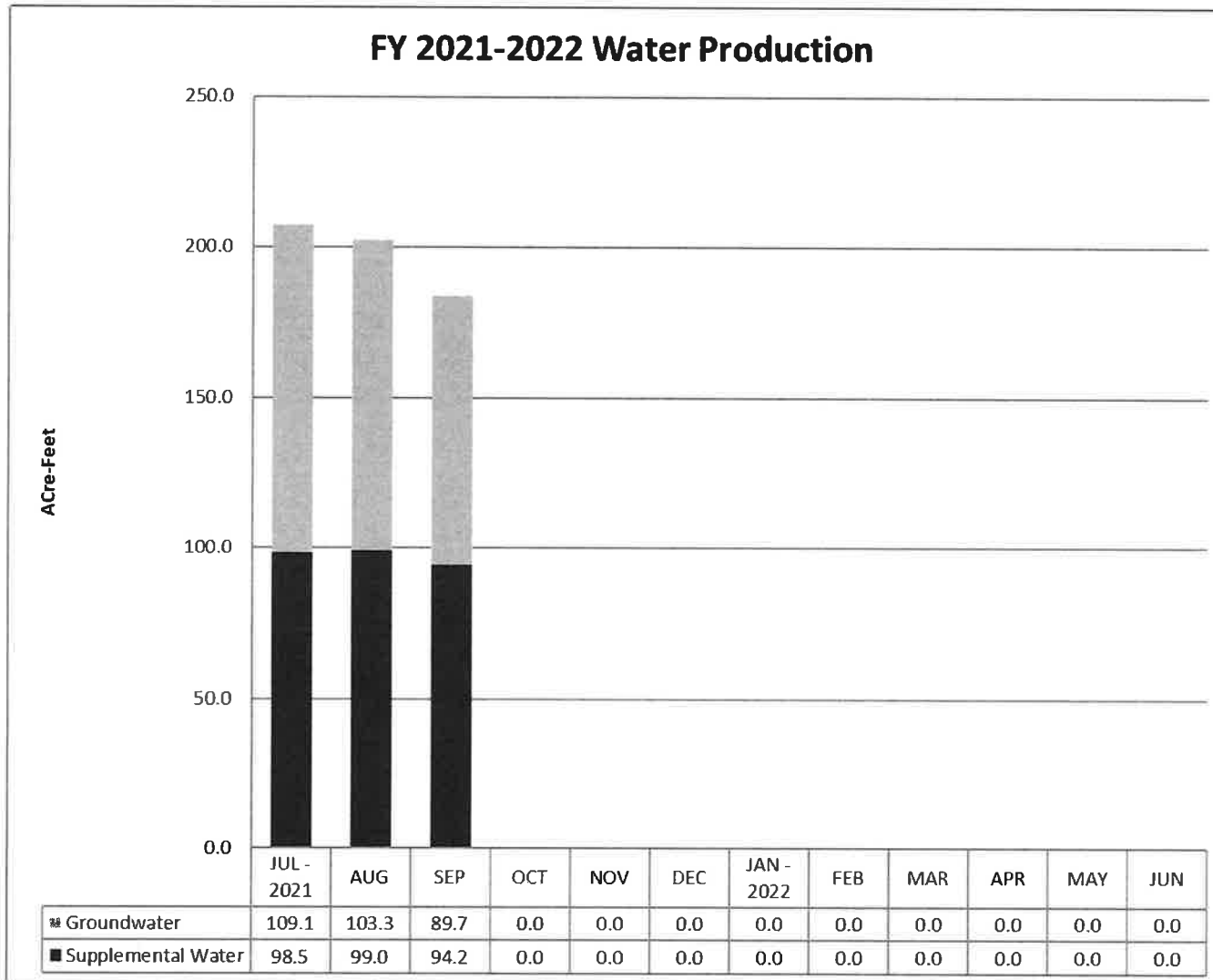
- Eureka Well #2 Pump and Controls
 - 100% design in progress
- Branch Street Watermain Replacement
 - 100% design in progress
- Woodgreen Lift Station
 - 90% design in progress



Other Projects in Design

- District Office Generator
 - 100% design in progress
- Supplemental Water Project Interconnects
 - Woodlands easement recorded
 - Design on hold
- Foothill Tank Land Acquisition
 - Preparation of Mitigated Negative Declaration (MND) in progress

Operations – Water System



Supplemental Water	291.7 AF
Groundwater	302.0 AF
FY 21-22 Total Production To Date	593.7 AF

Operations – Water System

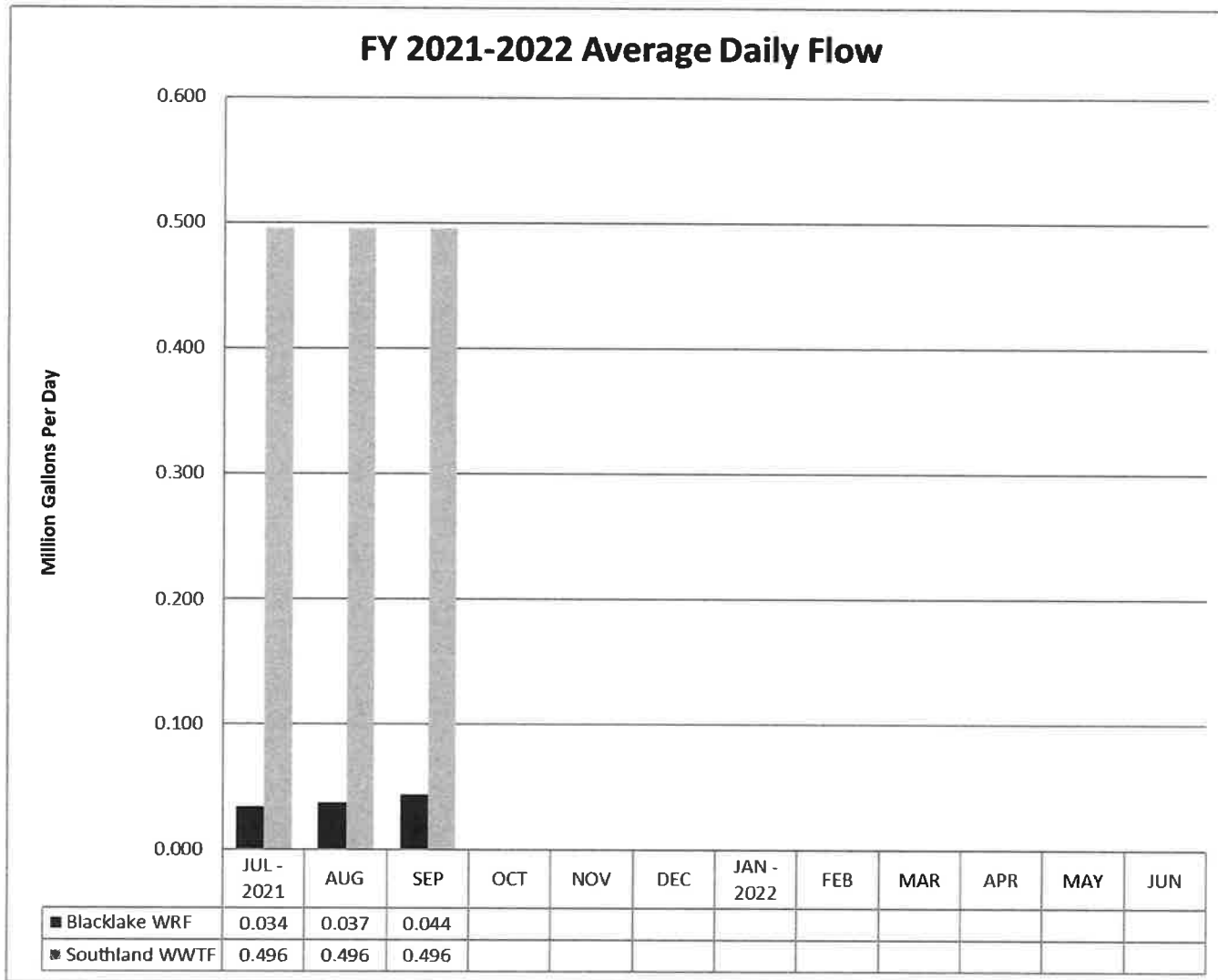
- **Regulatory**

- State Water Resources Control Board Division of Drinking Water
 - Submitted routine monthly coliform, quarterly raw water coliform, quarterly nitrate, quarterly disinfection byproducts
 - Submitted triannual lead and copper sampling report
 - Submitted 6 year radiological sample report for Knollwood Well
 - Water system inspection - 2021 Sanitary Survey

- **Other Water Operations**

- Completed annual instrumentation preventive maintenance
- 3 water main leaks

Operations – Wastewater



Blacklake WRF	3.5 MG
Southland WWTF	45.6 MG

FY 21-22 Total Wastewater Flow Treated To Date
49.1 MG
 or
151 AF



Operations – Wastewater System

- **Regulatory**

- State Water Resources Control Board
 - Routine monthly and quarterly reports submitted

- **Other Wastewater Operations**

- Completed annual instrumentation preventive maintenance
- Southland WWTF Gravity belt thickener out of service due to failed drive belt motor – parts ordered



COVID-19 Response Current Status

- Following CDC, state and local guidance
- Most operations employees vaccinated
- Staff working normal schedule
- Performing normal operations and maintenance tasks
- Monitoring inventory and availability of critical services, materials and supplies
- Continuing work on construction projects but schedules are being impacted due to delivery delays of equipment



Engineering and Operations

Questions

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



AGENDA ITEM
C-2
OCTOBER 27, 2021

DATE: OCTOBER 22, 2021

**CALIFORNIA'S SHORT-LIVED CLIMATE POLLUTANTS (SLCP)
REDUCTION STRATEGY – SENATE BILL 1383**

ITEM

Senate Bill 1383 (SB-1383) presentation outlining impacts on Nipomo Community Services District [RECOMMEND RECEIVE AND FILE]

BACKGROUND

In September 2016, Governor Brown signed into law SB 1383 that established methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) in various sectors of California's economy, including waste disposal. This law is the most comprehensive solid waste legislation adopted in California in the last 30 years and expands on the requirements of AB 341 (Mandatory Commercial Recycling) and AB 1826 (Mandatory Commercial Organics).

Organic waste in landfills emits 20% of the state's methane. Organic waste such as food scraps, yard trimmings, paper, and cardboard make up half of what Californians send to landfills. SB 1383 establishes the reduction of organic waste (food waste, green waste, paper products, etc.) disposal by more than 75% by 2025. In addition, the law requires the state to increase edible food recovery by 20% by 2025. From 2016-2020, the California Department of Resources, Recycling and Recovery (CalRecycle) worked to develop regulations to achieve the goals set in SB 1383.

The new regulations were finalized by CalRecycle in November 2020. SB 1383 will take effect January 1, 2022, with full compliance from organic waste generators and enforcement for those that have not complied commencing January 1, 2024. This progressive approach is intended to provide ample time for notification to generators what is required of them and achieve compliance before penalties are required to be issued by the Special District or its designee.

RECOMMENDATION

Staff recommends that your Honorable Board receive and file.

ATTACHMENTS

- A. Presentation – What is Senate Bill 1383?

OCTOBER 27, 2021

ITEM C-2

ATTACHMENT A



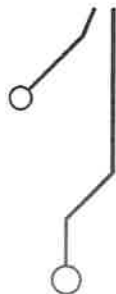


SB 1383: STATE ORGANICS LAW

WHAT IS SENATE BILL 1383?

<https://www.youtube.com/watch?v=7ZoiQVyIW3M>

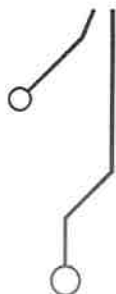




SB 1383

- CalRecycle is the state agency responsible for creating the regulatory standards for SB 1383.
 - **Effective January 1st, 2022:** CalRecycle's regulations to meet statewide organics reduction and food recovery requirements take effect. *Enforcement provisions, including penalties for noncompliance issued by the state, also take effect. (Recent Executive Order stays off Penalties through 2023)*
 - **Effective January 1st, 2024:** Regulations may require local jurisdictions to impose penalties for noncompliance on regulated entities subject to their authority.
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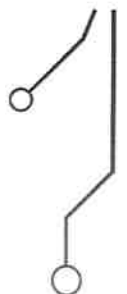
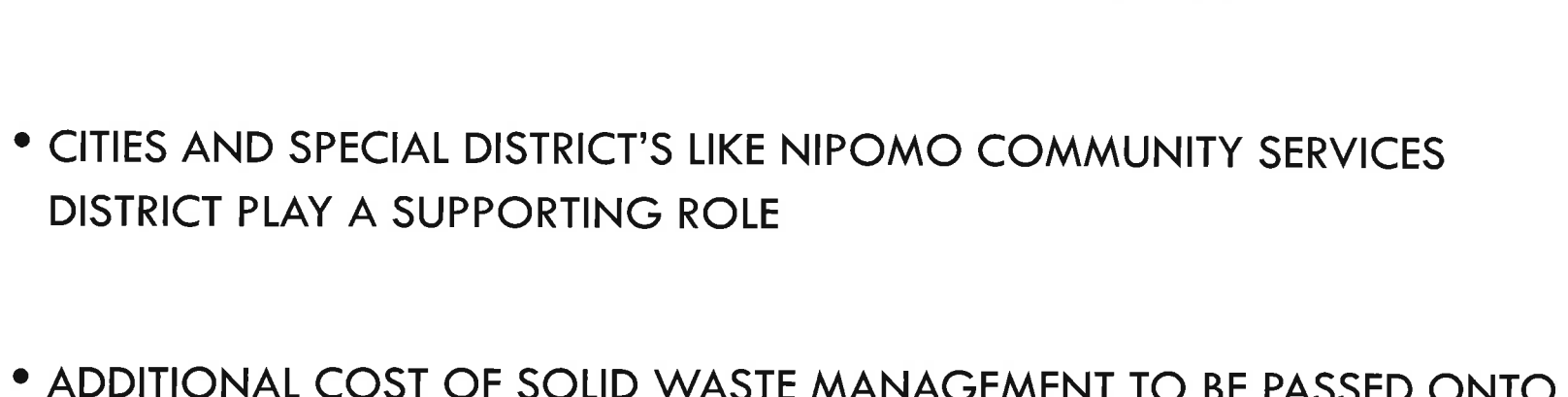
SB 1383

- Who is impacted by SB-1383?
 - Residents – includes those living in single family or multi-family premises
 - Commercial Entities – includes for-profit and non-profit organizations, government offices and agencies, and industrial facilities.
 - Non-Local Entities – includes special districts, state/federal facilities, and prisons.
 - Education Agencies – includes schools, community colleges, and universities.
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SB 1383

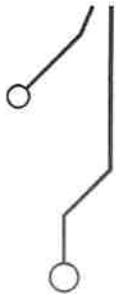
How is this all happening?

- INTEGRATED WASTE MANAGEMENT AUTHORITY (IWMA) HAS BEEN MANAGING THE TRANSITION AND LEADING THE PROGRAM
 - CITIES AND SPECIAL DISTRICT'S LIKE NIPOMO COMMUNITY SERVICES DISTRICT PLAY A SUPPORTING ROLE
 - ADDITIONAL COST OF SOLID WASTE MANAGEMENT TO BE PASSED ONTO THE CUSTOMER
- 
- 





SB 1383

What must happen and when?



Date	Description
October 13, 2021	Award contract for Solid Waste Rate Study
October 27, 2021	Staff Presentation to Board – Impact of SB 1383 on Community
November 10, 2021	Introduce Ordinance Addressing SB 1383 – First Reading
December 8, 2021	Adopt Ordinance Addressing SB 1383 – Second Reading
December 8, 2021	Adopt MOA between IWMA and NCSD
January 12, 2022	Adopt Amended Franchise Fee Agreement - SCSS
January 12, 2022	Board Meeting: Receives Rate Study Presentation*
January 26, 2022	Board Meeting: Approves Rate Study, Initiate Prop. 218 Process*
February 1, 2022	Mail 45-Day Prop 218 Notice (Drop Dead Date)
March 23, 2022	Board Meeting: Public Hearing - Board Adopts New Rates
May 1, 2022	Rates Go into Effect (minimum 30 days after rates adopted)



TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: OCTOBER 21, 2021

AGENDA ITEM

D

OCTOBER 27, 2021

CONSENT AGENDA

The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item removed. If discussion is desired, the item may be removed from the Consent Agenda by a Board member and will be considered separately at the conclusion of the Administrative Items. Individual items on the Consent Agenda are approved by the same vote that approves the Consent Agenda, unless an item is pulled for separate consideration. The recommendations for each item are noted in bracket. Members of the public may comment on the Consent Agenda items.

Questions or clarification may be made by the Board members without removal from the Consent Agenda

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE OCTOBER 13, 2021, REGULAR BOARD MEETING MINUTES
[RECOMMEND APPROVE MINUTES]
- D-3) REVIEW INVESTMENT POLICY – THIRD QUARTER REPORT [RECOMMEND
ACCEPT AND FILE REPORT]
- D-4) ANNUAL REVIEW OF CASH RESERVES IN ACCORDANCE WITH RESERVE
POLICY [RECOMMEND RECEIVE AND FILE REPORT]

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER *MIG*

FROM: LISA BOGNUDA *LSB*
FINANCE DIRECTOR

DATE: OCTOBER 22, 2021

AGENDA ITEM
D-1(A)
OCTOBER 27, 2021

WARRANTS

COMPUTER CHECKS GENERATED – SEE ATTACHED	\$818,503.64
HAND WRITTEN CHECKS	NONE
VOIDED CHECKS	\$0.00



Nipomo Community Services District

Item D-1(A) Warrants OCTOBER 27, 2021

By Payment Number

Payment Dates 10/27/2021 - 10/27/2021

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount	
Payment: 7684						
Advantage Answering Plus, In	Answering service	22-826-591	10/27/2021		254.49	
					Payment 7684 Total:	<u>254.49</u>
Payment: 7685						
Allweather Landscape Mainte	LMD	42117	10/27/2021		325.00	
					Payment 7685 Total:	<u>325.00</u>
Payment: 7686						
Bognuda, Lisa	Mileage-SLO County Recorder	OCT2021	10/27/2021		27.44	
					Payment 7686 Total:	<u>27.44</u>
Payment: 7687						
Brenntag Pacific, Inc.	Ammonium Sulfate/Sodium H	BPI185640	10/27/2021		1,278.28	
Brenntag Pacific, Inc.	Ammonium Sulfate/Sodium H	BPI185641	10/27/2021		1,693.38	
Brenntag Pacific, Inc.	Sodium Hypochlorite	BPI185642	10/27/2021		885.74	
Brenntag Pacific, Inc.	Sodium Hypochlorite	BPI185643	10/27/2021		551.39	
Brenntag Pacific, Inc.	Ammonium Sulfate/Sodium H	BPI185638	10/27/2021		1,773.89	
Brenntag Pacific, Inc.	Ammonium Sulfate/Sodium H	BPI185639	10/27/2021		495.35	
					Payment 7687 Total:	<u>6,678.03</u>
Payment: 7688						
Cahua, Luisa	Reimbursement supplies	OCT 2021	10/27/2021		81.50	
					Payment 7688 Total:	<u>81.50</u>
Payment: 7689						
CalPortland Construction	Sand	95226898	10/27/2021		59.94	
					Payment 7689 Total:	<u>59.94</u>
Payment: 7690						
Cannon Corporation	Office Generator	78037	10/27/2021		322.50	
Cannon Corporation	Nipomo Palms Lift Station Reh	77997	10/27/2021		3,548.00	
					Payment 7690 Total:	<u>3,870.50</u>
Payment: 7691						
Carquest Auto Parts	Vehicle repair/maintenance	7314-1258154	10/27/2021		78.90	
					Payment 7691 Total:	<u>78.90</u>
Payment: 7692						
Charter Communications	Internet - Shop and/or Office	0224495102021	10/27/2021		734.20	
Charter Communications	Internet - Shop and/or Office	0225708102221	10/27/2021		734.20	
					Payment 7692 Total:	<u>1,468.40</u>
Payment: 7693						
City of Santa Maria	Water purchased 7-1-21 to 9-	99396-2021	10/27/2021		617,057.28	
					Payment 7693 Total:	<u>617,057.28</u>
Payment: 7694						
Electricraft, Inc.	Service call-Maria Vista LS	16191	10/27/2021		859.13	
					Payment 7694 Total:	<u>859.13</u>
Payment: 7695						
Engel & Gray, Inc.	Biosolids collection	19X00011	10/27/2021		2,792.14	
					Payment 7695 Total:	<u>2,792.14</u>
Payment: 7696						
Excel Personnel Services, Inc.	Employment agency	3822653	10/27/2021		461.05	
Excel Personnel Services, Inc.	Employment agency	3827426	10/27/2021		297.60	
					Payment 7696 Total:	<u>758.65</u>
Payment: 7697						
Executive Janitorial	Janitorial services	82094	10/27/2021		780.00	
					Payment 7697 Total:	<u>780.00</u>

Item D-1(A) Warrants OCTOBER 27, 2021

Payment Dates: 10/27/2021 - 10/27/2021

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount
Payment: 7698					
Famcon Pipe and Supply, Inc.	Meter change out supplies	S100064885.001	10/27/2021		88.09
Famcon Pipe and Supply, Inc.	Operating supplies	S100064739.001	10/27/2021		26.10
Famcon Pipe and Supply, Inc.	Operating supplies	S100064700.001	10/27/2021		300.15
Famcon Pipe and Supply, Inc.	Gaskets, Corp caps, meter box	S100060441.001	10/27/2021		6,718.32
Payment 7698 Total:					7,132.66
Payment: 7699					
FGL Environmental	Lab tests	182934A	10/27/2021		773.00
Payment 7699 Total:					773.00
Payment: 7700					
Frontier Communications	Phone	OCT 2021	10/27/2021		58.97
Payment 7700 Total:					58.97
Payment: 7701					
Hach Company	WIMS Software	12686856	10/27/2021		2,348.00
Payment 7701 Total:					2,348.00
Payment: 7702					
Iglesias, Mario	Cell phone reimbursement	SEPT 2021	10/27/2021		65.00
Iglesias, Mario	Cell phone reimbursement	OCT 2021	10/27/2021		65.00
Payment 7702 Total:					130.00
Payment: 7703					
Integrated Industrial Supply, I	Gloves	79819	10/27/2021		235.41
Payment 7703 Total:					235.41
Payment: 7704					
Lee Wilson Electric Company,	Lamp replacement 320 & 322	3337	10/27/2021		486.48
Payment 7704 Total:					486.48
Payment: 7705					
Mission Uniform Service	Uniforms	515728303	10/27/2021		188.13
Mission Uniform Service	Uniforms	515684465	10/27/2021		249.86
Payment 7705 Total:					437.99
Payment: 7706					
Municipal Code Corporation	Online hosing of Distrcit Code	364264	10/27/2021		900.00
Payment 7706 Total:					900.00
Payment: 7707					
NexTraq	GPS subscription	AT1422342	10/27/2021		419.25
Payment 7707 Total:					419.25
Payment: 7708					
Nipomo Community Services	Water	SEPT 2021	10/27/2021		751.90
Payment 7708 Total:					751.90
Payment: 7709					
Nu-Tech Pest Management	Pest Control	161258	10/27/2021		265.00
Nu-Tech Pest Management	Pest Control	161261	10/27/2021		75.00
Payment 7709 Total:					340.00
Payment: 7710					
Office Depot	Office supplies	204853085001	10/27/2021		74.60
Payment 7710 Total:					74.60
Payment: 7711					
Perry's Electric Motors & Cont	Pump Service	25537	10/27/2021		7,768.46
Payment 7711 Total:					7,768.46
Payment: 7712					
PG&E	Electricity	OCT 2021	10/27/2021		52,218.47
Payment 7712 Total:					52,218.47
Payment: 7713					
Polydyne, Inc.	Clarifloc	1585467	10/27/2021		1,298.74
Polydyne, Inc.	Calrifloc	1583250	10/27/2021		1,298.74
Payment 7713 Total:					2,597.48

Item D-1(A) Warrants OCTOBER 27, 2021

Payment Dates: 10/27/2021 - 10/27/2021

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount
Payment: 7714					
Powerslide Battery Co., Inc.	Batteries	84601	10/27/2021		125.93
					Payment 7714 Total:
					<u>125.93</u>
Payment: 7715					
Quinn Company	Spring	PC030336481	10/27/2021		44.21
					Payment 7715 Total:
					<u>44.21</u>
Payment: 7716					
Ray Morgan Company	B&W/Color copies	3480835	10/27/2021		156.29
Ray Morgan Company	B&W/Color copies	3480836	10/27/2021		287.92
					Payment 7716 Total:
					<u>444.21</u>
Payment: 7717					
Rogers, Anderson, Malody & S	Progress Billing on Fiscal Year	66949	10/27/2021		17,000.00
					Payment 7717 Total:
					<u>17,000.00</u>
Payment: 7718					
Santa Maria Ford Lincoln	Vehicle repair/maintenance	209110	10/27/2021		50.76
					Payment 7718 Total:
					<u>50.76</u>
Payment: 7719					
Santa Maria Times	Public Notice	49065	10/27/2021		166.32
					Payment 7719 Total:
					<u>166.32</u>
Payment: 7720					
Simplot Grower Solutions	CAN 17	780146790	10/27/2021		807.21
					Payment 7720 Total:
					<u>807.21</u>
Payment: 7721					
SLO County IWMA	Hazardous Waste Disposal Fe	114	10/27/2021		100.00
					Payment 7721 Total:
					<u>100.00</u>
Payment: 7722					
SoCalGas	Heat - shop/office	SEPT 2021	10/27/2021		17.89
					Payment 7722 Total:
					<u>17.89</u>
Payment: 7723					
Tyler Business Forms	Office supplies	63761	10/27/2021		301.90
					Payment 7723 Total:
					<u>301.90</u>
Payment: 7724					
Tyler Technologies, Inc.	Data import	49234	10/27/2021		390.00
					Payment 7724 Total:
					<u>390.00</u>
Payment: 7725					
Unified Feild Services Corpora	Joshua Road Pump Station Im	JRPS -1	10/27/2021		80,518.25
					Payment 7725 Total:
					<u>80,518.25</u>
Payment: 7726					
USA Bluebook	CHEMKEY	762403	10/27/2021		379.24
USA Bluebook	CHEMKEY	762324	10/27/2021		408.78
USA Bluebook	CHEMKEY	756261	10/27/2021		359.36
USA Bluebook	Operating supplies	759717	10/27/2021		114.38
USA Bluebook	Operating supplies	745987	10/27/2021		107.19
USA Bluebook	CHEMKEY	759529	10/27/2021		4,390.44
					Payment 7726 Total:
					<u>5,759.39</u>
Payment: 7727					
Wallace Group	FOG Program	54408	10/27/2021		167.50
					Payment 7727 Total:
					<u>167.50</u>
Payment: 7728					
WaterISAC	Annual membership	10799-2021	10/27/2021		550.00
					Payment 7728 Total:
					<u>550.00</u>
Payment: 7729					
White, Christian	Uniforms	OCT2021	10/27/2021		165.00
					Payment 7729 Total:
					<u>165.00</u>

Item D-1(A) Warrants OCTOBER 27, 2021

Payment Dates: 10/27/2021 - 10/27/2021

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount
Payment: 7730 Zlerman Plumbing, Inc	Plumbing repair	15844	10/27/2021		131.00
				Payment 7730 Total:	<u>131.00</u>

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER *MIK*

FROM: LISA BOGNUDA *LSB*
FINANCE DIRECTOR

DATE: OCTOBER 22, 2021

AGENDA ITEM
D-1(B)
OCTOBER 27, 2021

WARRANTS – BLACKLAKE ASSESSMENT DISTRICT 2020 -1

COMPUTER CHECKS GENERATED – SEE ATTACHED	\$59,223.75
VOIDED CHECKS	\$0.00



Nipomo Community Services District

Item D-1(B) Warrants OCTOBER 27, 2021

By Payment Number

Payment Dates 10/27/2021 - 10/27/2021

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount
Payment: 36 Cannon Corporation	Blacklake Sewer Consolidatio	77927	10/27/2021		59,223.75
				Payment 36 Total:	<u>59,223.75</u>
				Grand Total:	<u><u>59,223.75</u></u>

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: OCTOBER 21, 2021



AGENDA ITEM
D-2
OCTOBER 27, 2021

**APPROVE OCTOBER 13, 2021
REGULAR BOARD MEETING MINUTES**

ITEM

Approve action minutes from previous Board meetings. [RECOMMEND APPROVE MINUTES]

BACKGROUND

The draft minutes are a written record of the previous Board Meeting action.

RECOMMENDATION

Approve Minutes

ATTACHMENT

- A. October 13, 2021 draft Regular Board Meeting Minutes

OCTOBER 27, 2021

ITEM D-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community since 1965

DRAFT REGULAR MINUTES

OCTOBER 13, 2021 AT 9:00 A.M.

JON S. SEITZ BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

ED EBY, **PRESIDENT**
DAN ALLEN GADDIS, **VICE PRESIDENT**
DAN WOODSON, **DIRECTOR**
RICHARD MALVAROSE, **DIRECTOR**

PRINCIPAL STAFF

MARIO IGLESIAS, **GENERAL MANAGER**
LISA BOGNUDA, **FINANCE DIRECTOR**
PETER SEVCIK, **DIRECTOR OF ENG. & OPS.**
CRAIG STEELE, **GENERAL COUNSEL**

Mission Statement:

Provide our customers with reliable, quality, and cost-effective services now and in the future.

A. CALL TO ORDER AND FLAG SALUTE

President Eby called the Regular Meeting of October 13, 2021, to order at 9:00 a.m. and led the flag salute.

B. ROLL CALL AND PUBLIC COMMENT FOR ITEMS NOT ON AGENDA

At Roll Call, Directors Malvarose, Woodson, Gaddis, and Eby were present.

Mario Iglesias, General Manager, notified the Board that Director Robert Blair had passed away on October 5, 2021.

There were no public comments.

President Eby announced that Item E-4 would be taken out of order.

- E-4) REVIEW AND FILE NOTICE OF VACANCY ON THE NIPOMO COMMUNITY SERVICES DISTRICT'S GOVERNING BOARD OF DIRECTORS [RECOMMEND RECEIVE, DISCUSS, AND PROVIDE DIRECTION TO STAFF REGARDING FILLING THE VACANCY]

Craig Steele, General Counsel, presented the item and answered questions from the Board of Directors.

Upon the motion of Director Gaddis and seconded, the Board unanimously approved to direct the General Manager to provide Notice of Vacancy to the County of San Luis Obispo Elections Official. Vote 4-0-0.

YES VOTES	ABSTAIN	ABSENT
<i>Directors Gaddis, Woodson, Malvarose, and Eby</i>	<i>None</i>	<i>None</i>

Upon the motion of Director Gaddis and seconded, the Board unanimously approved to move forward with the appointment process to fill the vacancy on the Board. Vote 4-0-0.

YES VOTES	ABSTAIN	ABSENT
<i>Directors Gaddis, Woodson, Malvarose, and Eby</i>	<i>None</i>	<i>None</i>

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

Upon the motion of Director Malvarose and seconded, the Board unanimously approved for the General Manager to post the notice of potential appointment at three prominent locations.
Vote 4-0-0.

YES VOTES	ABSTAIN	ABSENT
Directors Malvarose, Woodson, Gaddis, and Eby	None	None

Craig Armstrong, NCSD resident, expressed his interest in filling the vacancy and provided his background and history with the District.

C. PRESENTATIONS AND REPORTS

- C-1) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS.
Receive Announcements and Reports from Directors

Director Gaddis

- October 4, attended Board Officers' meeting
- October 6, attended RWMG meeting remotely

Director Eby

- October 4, attended Board Officers' meeting
- October 4, attended CSDA meeting remotely
- October 6, attended WRAC meeting remotely

- C-2) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS

There were no public comments.

President Eby called for a 5 minute break.

D. CONSENT AGENDA

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE SEPTEMBER 22, 2021, REGULAR BOARD MEETING MINUTES [RECOMMEND APPROVE MINUTES]
- D-3) ACCEPT OFFER OF WATER AND SEWER IMPROVEMENTS AND DEED RESTRICTION FOR 130 MARY AVENUE, APN 092-572-057[RECOMMEND ADOPT RESOLUTION ACCEPTING OFFER OF IMPROVEMENTS AND DEED RESTRICTION]

District staff and General Counsel answered questions from the Board regarding item D-3.

There were no public comments.

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

Upon the motion of Director Woodson and seconded, the Board approved the Consent Agenda.

Vote 3-1-0 on D-1.

Vote 4-0-0 on D-2 and D-3.

	YES VOTES	ABSTAIN	ABSENT
D-1	Directors Woodson, Gaddis, and Eby	Malvarose	None
D-2, D-3	Directors Woodson, Malvarose, Gaddis, and Eby	None	None

RESOLUTION NO. 2021-1606
A RESOLUTION OF THE BOARD OF
DIRECTORS OF THE NIPOMO COMMUNITY
SERVICES DISTRICT ACCEPTING
130 MARY AVENUE WATER AND
SEWER IMPROVEMENTS
AND DEED RESTRICTION

E. ADMINISTRATIVE ITEMS

- E-1) CONSIDER REQUEST FOR WATER, SEWER AND SOLID WASTE SERVICE (INTENT-TO-SERVE LETTER) FOR APN 090-122-014, A COMMERCIAL DEVELOPMENT LOCATED AT 120 S. THOMPSON AVENUE [RECOMMEND CONSIDER INTENT-TO-SERVE LETTER AND APPROVE WITH CONDITIONS]

Peter Sevcik, Director of Engineering and Operations, presented the item and answered questions from the Board of Directors.

Upon the motion of Director Malvarose and seconded, the Board approved the Intent-to-serve with conditions.

Vote 4-0-0.

YES VOTES	ABSTAIN	ABSENT
Directors Malvarose, Woodson, Gaddis, and Eby	None	None

- E-2) REVIEW AND CONSIDER ADVANCING SOLID WASTE PROGRAMS FOR FISCAL YEAR 2021-2022 THAT BENEFIT THE COMMUNITY [RECOMMEND REVIEW AND CONSIDER SOLID WASTE PROGRAMS AND DIRECT STAFF]

Mario Iglesias, General Manager, introduced the item and answered questions from the Board of Directors.

The Board decided to re-evaluate the Solid Waste Programs at a later date.

- E-3) CONSIDER ADOPTING A RESOLUTION TO AMEND THE 2021-2022 WATER BUDGET IN SUPPORT OF TRANSITIONING THE NIPOMO COMMUNITY SERVICE DISTRICT FROM A BI-MONTHLY TO A MONTHLY BILLING CYCLE [RECOMMEND ADOPT RESOLUTION AMENDING THE FISCAL YEAR 2021-2022 WATER FUND BUDGET IN THE AMOUNT OF \$43,000 TO ADVANCE THE TRANSITION TO A MONTHLY BILLING CYCLE]

SUBJECT TO BOARD APPROVAL

**Nipomo Community Services District
REGULAR MEETING
MINUTES**

Mario Iglesias, General Manager, presented the item and answered questions from the Board of Directors.

Lisa Bognuda, Finance Director, answered questions from the Board of Directors.

Pam Wilson, NCS D resident, said "Thank you".

Upon the motion of Director Gaddis and seconded, the Board adopted the resolution amending the Fiscal year 2021-2022 Water Fund Budget in the amount of \$43,000 to advance the transition to a monthly billing cycle.

Vote 4-0-0.

YES VOTES	ABSTAIN	ABSENT
Directors Gaddis, Malvarose, Woodson, and Eby	None	None

RESOLUTION NO. 2021-1607
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES
DISTRICT AUTHORIZING A WATER FUND
BUDGET AMENDMENT IN THE AMOUNT OF \$43,000

F. GENERAL MANAGER'S REPORT

Mario Iglesias, General Manager, presented the item and answered questions from the Board.

President Eby asked questions about the COVID-19 relief money other municipalities are receiving.

Lisa Bognuda, Finance Director, answered questions regarding the COVID-19 arrearage program.

There were no public comments.

G. COMMITTEE REPORTS

None.

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

None.

I. CLOSED SESSION ANNOUNCEMENTS

**1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION
PURSUANT TO GC §54956.9**

- a. SMVWCD V. NCS D (SANTA CLARA COUNTY CASE NO. CV 770214,
SIXTH APPELLATE COURT CASE NO. H032750, AND ALL
CONSOLIDATED CASES

Craig Steele, District Legal Counsel, announced the Board discussed Item 1 in Closed Session and took no reportable action.

ADJOURN MEETING

SUBJECT TO BOARD APPROVAL

**Nipomo Community Services District
REGULAR MEETING
MINUTES**

President Eby adjourned the meeting at 10:55 a.m.

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	1 hour 19 minutes
Closed Session	0 hour 36 minutes
TOTAL HOURS	1 hour 55 minutes

Respectfully submitted,

Mario Iglesias, General Manager and Secretary to the Board

Date

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER

AGENDA ITEM

D-3

OCTOBER 27, 2021

DATE: OCTOBER 22, 2021

INVESTMENT POLICY – THIRD QUARTER REPORT

ITEM

Review Investment Policy Third Quarter Report [RECOMMEND ACCEPT AND FILE REPORT]

BACKGROUND

The District's Investment Policy requires the Finance Officer file a quarterly report that identifies the District's investments and their compliance with the policy. The quarterly report is considered by the Board of Directors and is filed with the District's auditor.

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

INVESTMENT POLICY-QUARTERLY REPORT 9/30/21

Investment	Institution	Amount of Deposit 9/30/21	Rate of Interest as of 9/30/21	Quarterly Interest Earned or Accrued 9/30/21	Amount of Deposit 9/30/20	Rate of Interest as of 9/30/20	Quarterly Interest Earned or Accrued 9/30/20
Public Checking (1)	Mechanics Bank	\$400,997.04	n/a	n/a	\$113,353.07	n/a	n/a
Pooled Money Investment	Local Agency Investment Fund (LAIF)	\$16,694,166.31	0.24%	\$10,366.70	\$17,130,223.93	0.84%	\$38,239.04
Savings-NSWP Funded Replace (2)	Five Star	\$1,283,806.39	0.22%	\$753.45	\$1,072,025.91	0.82%	\$2,664.71
Savings-Improvement Bonds(3)	Mechanics Bank	\$3,088.79	0.02%	\$0.15	\$22,691.15	0.05%	\$3.60
Savings-Performance Bonds(3)	Five Star	\$19,115.14	0.22%	\$11.61	\$19,034.04	0.82%	\$48.55
Savings-Performance Bonds (3)	Five Star	\$107,526.05	0.22%	\$65.32	n/a	n/a	n/a
Checking-BL A/D 93-1 (4)	Five Star	\$589,587.80	0.22%	\$388.51	\$1,000,327.72	0.82%	\$997.88
Savings-BL A/D 93-1 (4)	Five Star	\$955,830.99	0.22%	\$580.62	\$951,775.59	0.82%	\$2,472.19

(1) Analyzed Account

(2) Nipomo Supplemental Water (NSWP) Funded Replacement Fund

(3) Held in Trust – to be returned to developer upon completion of projects

(4) Held in Trust – Blacklake Assessment District 2020-1

n/a Not applicable

RECOMMENDATION

After Board consideration and public comment, it is recommended that your Honorable Board accept the quarterly report and direct staff to file the Report with District Auditor.

ATTACHMENTS

None

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER

MI

FROM: LISA BOGNUDA
FINANCE DIRECTOR

LSB

DATE: OCTOBER 22, 2021

AGENDA ITEM

D-4

OCTOBER 27, 2021

**ANNUAL REVIEW OF CASH RESERVES
IN ACCORDANCE WITH RESERVE POLICY**

ITEM

Annual review of Cash Reserves in accordance with Cash Reserve Policy [RECOMMEND RECEIVE REPORT AND DIRECT STAFF]

BACKGROUND

On October 24, 2018, the Board of Directors adopted Resolution 2018-1489 Amending the Cash Reserve Policy for the District.

The policy states in part that after the adoption of the budget and within 120 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of excess balances from operating funds to funded replacement funds.

In accordance with the Cash Reserve policy, attached is a table providing a review of each Fund's cash reserve target criteria, the cash balance as of June 30, 2021 and determination if target criteria has been met (Attachment A).

FISCAL IMPACT

None

STRATEGIC PLAN

Strategic Plan Goal 4 – Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

RECOMMENDATION

Staff recommends the Board of Directors receive report and take no action at this time.

ATTACHMENTS

- A. Cash Reserve Review
- B. Resolution 2018-1489 Amending Cash Reserve

OCTOBER 27, 2021

ITEM D-4

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY REVIEW – OCTOBER 2021

FUND NAME	FUND NUMBER	CASH RESERVE TARGET CRITERIA	CASH RESERVE GOAL AMOUNT ADOPTED OPERATING BUDGET 2021-2022 (Total Operating Expenses Less Funded Replacement)	CASH BALANCE AS OF 6/30/21 (including Rate Stabilization Fund)	CASH RESERVE CRITERIA MET?	RECOMMENDATION
Water Fund	125	Equal to or greater than twelve months (360 days) of annual budgeted operating expenses (not including Funded Replacement) Including Water Rate Stabilization Fund #128	\$6,684,764- \$641,000= \$6,043,764	Fund #125 and Fund #128 \$3,235,018 + \$433,101= \$3,668,119	No	No action recommended at this time – Rate increase scheduled January 1, 2022
Town Sewer Fund	130	180 days (6 months or 50%) of operating expenses (not including Funded Replacement) Including Water Rate #135	\$2,060,245- \$395,000= \$1,665,245 x 50% = \$832,623	Fund #130 and Fund #135 \$391,042 + \$325,673 = \$716,715	No	No action recommended at this time – Rate increase scheduled July 1, 2022
Blacklake Sewer Fund	150	180 days (6 months or 50%) of operating expenses (not including Funded Replacement) Including Water Rate #155	\$543,000- \$183,000= \$360,000 x 50% = \$180,000	Fund #150 and Fund #155 \$317,030 + \$54,138 = \$371,168	Yes	No action recommended at this time

FUND NAME	FUND NUMBER	Cash Reserve Target Criteria	CASH BALANCE AS OF 6/30/21	CASH RESERVE CRITERIA MET?	RECOMMENDATION
Water Rate Stabilization Fund	128	\$400,000	\$433,101	Yes	No action recommended at this time
Town Sewer Rate Stabilization Fund	135	\$300,000	\$325,673	Yes	No action recommended at this time
Blacklake Sewer Rate Stabilization Fund	155	\$50,000	\$54,138	Yes	No action recommended at this time
Blacklake Street Lighting Fund	200	\$30,000	\$11,754	No	Rate Study in progress. Assessment will be adjusted FY 22-23, subject to voter approval
Landscape Maintenance District	250	\$20,000	\$11,828	No	Action taken in Fiscal Year 21-22- Assessment increased to \$490.00 from \$435.00
Solid Waste	300	\$150,000	\$363,662	Yes	Pursuant to Franchise Fee Policy, Resolution 2018-1492 and Board Direction given 10/13/21, Fund balance will be evaluated during FY 22-23 budget process
Drainage	400	\$50,000	\$57,802	Yes	No action recommended at this time

OCTOBER 27, 2021

ITEM D-4

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2018-1489**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT AMENDING THE CASH RESERVE
POLICY FOR THE DISTRICT**

WHEREAS, the Board of Directors of the Nipomo Community Services District ("District") intends that the District will at all times have sufficient capital available to meet its operating, replacement, capital projects and debt service payments; and

WHEREAS, the District desires to establish sound financial policies to promote favorable bond ratings in capital markets so that bonds may be used for future financing of District projects; and

WHEREAS, the District desires to reserve capital for unanticipated and unforeseeable expenses; and

WHEREAS, the District desires to establish a buffer should revenue estimates in any year not meet projections; and

WHEREAS, the Cash Reserve Policy has been amended and is hereby presented at this meeting and it is appropriate at this time for the Board of Directors to consider approval of the adoption of the amended Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District:

SECTION 1. The above recitals are true and correct.

SECTION 2. The Cash Reserve Policy, as amended, in the form presented at this meeting attached hereto Exhibit "A" are hereby approved and adopted.

SECTION 3. The officers of the District are hereby directed to do and cause to be done any and all acts and things necessary or proper in order to effectuate the purposes of this resolution.

SECTION 4. This resolution shall take effect immediately.

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

AYES: Director Armstrong, Blair, Woodson, Gaddis and Eby
NOES: None
ABSTAIN: None
ABSENT: None

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2018-1489**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT AMENDING THE CASH RESERVE
POLICY FOR THE DISTRICT**

The foregoing resolution is hereby adopted this 24^d day of October 2018



ED EBY
President of the Board

ATTEST:

APPROVED AS TO FORM AND
LEGAL EFFECT:


MARIO IGLESIAS

General Manager and Secretary to the Board



WHITNEY G. McDONALD
District Legal Counsel

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

PURPOSE

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Nipomo Community Services District (District) will strive at all times to have sufficient funding available to meet its operating, capital and debt service obligations as well as to protect its creditworthiness. The District is committed to maintaining a financial structure that provides adequate and predictable revenues at the lowest possible cost to meet forecasted needs and operational objectives.

It should be noted that the District has a Debt Management Policy that establishes parameters for evaluating, issuing and managing the District's debt. The District's Debt Management Policy should be considered prior to committing to any new financial obligations.

The adequacy of the targeted cash reserve year-end balance ranges and/or annual contributions to each fund will be reviewed annually during the budgeting process or when a major change in conditions threatens the reserve levels established within this policy.

OPERATING FUNDS

WATER FUND (FUND #125)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Water Fund cash reserves, including the Water Rate Stabilization Fund #128, should be equal to or greater than twelve months (360 days) of annual budgeted operating expenses (not including Funded Replacement).

After adoption of the budget and within 120 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess balance from Water Fund #125 to the Funded Replacement Water Fund #805.

TOWN SEWER FUND (FUND #130)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing waste water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Town Sewer Fund cash reserves, including the Town Sewer Rate Stabilization Fund #135, should be equal to or greater than six months (180 days) of annual budgeted operating expenses (not including Funded Replacement).

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

After adoption of the budget and within 120 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may Approve a transfer of the excess balance from the Town Sewer Fund #130 to the Funded Replacement Town Sewer Fund #810.

BLACKLAKE SEWER FUND (FUND #150)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing waste water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Blacklake Sewer Fund cash reserves, including the Blacklake Sewer Rate Stabilization Fund #155, should be equal to or greater than six months (180 days) of annual budgeted operating expenses (not including Funded Replacement).

After adoption of the budget and within 120 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess balance from the Blacklake Sewer fund #150 to the Funded Replacement Blacklake Sewer Fund #830.

WATER RATE STABILIZATION FUND (FUND #128)

Purpose: To serve as a buffer to water rates during any period where there are unexpected increases in operating costs or decreases in revenues. In addition, in a severe drought or extremely wet conditions, it is reasonable to expect that water sales could fluctuate significantly. As such, this fund will absorb these types of fluctuations in operations and help stabilize rates and enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$400,000.

TOWN SEWER RATE STABILIZATION FUND (FUND #135)

Purpose: To serve as a buffer to sewer rates during any period where there are unexpected increases in operating costs or decreases in revenues. This fund should be used to enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$300,000 set by Bond Indenture Agreement for the Revenue of Certificates of Participation Series 2012.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT"A"

BLACKLAKE SEWER RATE STABILIZATION FUND (FUND #155)

Purpose: To serve as a buffer to sewer rates during any period where there are unexpected increases in operating costs or decreases in revenues. This fund should be used to enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$50,000.

BLACKLAKE STREET LIGHTING (FUND #200)

Purpose: To ensure sufficient cash resources are available to fund administration, operations and maintenance of providing street lighting services for Blacklake Village. (Funded by annual assessment to property owners in Blacklake Village)

Target Criteria: Minimum reserve requirement of \$30,000.

LANDSCAPE MAINTENANCE DISTRICT (FUND #250)

Purpose: To ensure sufficient cash resources are available to fund administration, operations and maintenance of providing landscape maintenance to the property owners of Tract 2409. (Funded by annual assessment to property owners in Tract 2409 aka Vista Verde Estates)

Target Criteria: Minimum reserve requirement of \$20,000.

SOLID WASTE (FUND #300)

Purpose: To ensure sufficient cash resources are available to fund solid waste programs, rate stabilization and to cover operating costs in the event that the District may find itself operating solid waste collection, disposal and recycling functions should its business partner now franchised to do these functions be unable to continue to provide these services due to an unforeseen event. This reserve provides assurance that solid waste services remain uninterrupted during an extended disruption to service provider. (Funded by Franchise Fees)

Target Criteria: Minimum reserve requirement of \$150,000.

DRAINAGE (FUND #400)

Purpose: To ensure sufficient cash resources are available to operate and maintain the Nipomo Drainage Maintenance District 76-02 (storm water conveyance system and basin serving Folkert Oaks Mobile Home Park and adjacent properties on Juniper Street). (Funded by a 1% ad valorem property tax rate)

Target Criteria: Minimum reserve requirement of \$50,000.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT"A"

FUNDED REPLACEMENT- WATER (FUND #805)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future water rates. (Funded by water rates and charges and interest earnings)

Target Criteria: No minimum target is maintained

FUNDED REPLACEMENT- TOWN SEWER (FUND #810)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future town sewer rates. (Funded by Town sewer rates and charges and interest earnings)

Target Criteria: No minimum target is maintained

FUNDED REPLACEMENT- BLACKLAKE SEWER (FUND #830)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future Blacklake sewer rates. (Funded by Blacklake sewer rates and charges and interest earnings)

Target Criteria: No minimum target is maintained

NON-OPERATING FUNDS

SUPPLEMENTAL WATER FUND (#500)

Purpose: The revenue generated from the Supplemental Water Capacity Charge accumulates in this fund and its use is restricted to projects, programs and expenditures that reduce the District's reliance on groundwater as its sole water supply. (Funded by development capacity charges and interest earnings)

Target Criteria: No minimum target is maintained.

PROPERTY TAX (FUND #600)

Purpose: District's share of the 1% ad valorem tax on real property collected by the County of San Luis Obispo and distributed to the District pursuant to Article XIII A of the California Constitution. (Funded by property taxes and interest earnings)

Target Criteria: No minimum target is maintained, however, the annual property tax revenue stream is pledged to pay the annual debt service for the 2013 Certificates of Participation and the 2013 Refunding Revenue Bonds.

WATER CAPACITY CHARGES (FUND #700)

Purpose: The revenue generated from the Water Capacity Charge accumulates in this fund and is used to offset new development related capital improvements as outlined by the District's Capital Improvement Plan. (Funded by development capacity charges and interest)

Target Criteria: No minimum target is maintained.

TOWN SEWER CAPACITY CHARGES (FUND #710)

Purpose: The revenue generated from the Town Capacity Charge accumulates in this fund and is used to offset new development related capital improvements as outlined by the District's Capital Improvement Plan. (Funded by development capacity charges and interest earnings)

Target Criteria: No minimum target is maintained.

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