

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: JANUARY 21, 2022



**ADOPT ORDINANCE NO. 2022-134 AMENDING TITLE 3 AND 4
OF THE NIPOMO COMMUNITY SERVICES DISTRICT CODE
TO AMEND BILLING PROCEDURES**

ITEM

Adopt Ordinance NO. 2022-134, an Ordinance of the Nipomo Community Services District amending Title 3 and 4 to amend billing procedures [RECOMMEND ADOPT ORDINANCE, WAIVE FURTHER READING AND READ BY TITLE ONLY ORDINANCE NO. 2022-134]

BACKGROUND

The District currently bills its residential and multi-family customer's bi-monthly (once every two months) and commercial customers monthly. At the Board's direction on October 13, 2021, Staff has been working with Incode (utility billing software company) to transition all customers to monthly billing in January 2022.

Monthly billing will provide customers with greater service by providing a more manageable utility bill on a regular monthly cycle and will help catch customer-side leaks quicker, thereby reduce the customer's cost per leak and saving water.

The District Code billing procedures are directed towards bi-monthly billing; however, Section 3.03.030 (B) does provide for the manager to cause a meter reading to be made at any time, and thereafter bill the customer for water and sewer since the previous reading.

In order to address the transition to monthly billing, the applicable code sections that need to be updated are addressed within the proposed Ordinance, Staff has provided a strike-through of the sections that needs to be replaced and included the new proposed language.

FINANCIAL IMPACT

Shifting to monthly billing will increase the cost of the billing process in three areas, meter reading, bill processing, and bill dissemination.

STRATEGIC PLAN

Goal 6 – GOVERNANCE AND ADMINISTRATION – Conduct District activities in an efficient, equitable and cost-effective manner.

B.1 Utilize technology to maximize productivity and communications.

B.2 Provide excellent customer service.

RECOMMENDATION

It is recommended that your Board adopt the Ordinance, read the full title, waive further reading of the Ordinance, and direct District Counsel and staff to prepare and publish a summary of the ordinance, utilizing the following language in the motion: "I move that we adopt and read by title only ORDINANCE NUMBER 2022-134, AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AMENDING TITLE 3 AND 4 OF THE NIPOMO COMMUNITY SERVICES DISTRICT CODE, waive further reading of the ordinance, and direct District Counsel and staff to prepare and publish a the ordinance in accordance with Government Code section 25124."

ATTACHMENTS

- A. Ordinance No. 2022-134

JANUARY 26, 2022

ITEM E-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE 2022-134

AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE NIPOMO COMMUNITY SERVICES DISTRICT
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WHEREAS, based upon facts and analysis presented by Staff, the Staff Report, and public testimony received, the Board of Directors finds:

A. This public meeting has been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act); and that the District has complied with the requirements of Government Code Section 66016; and

C. Amending the District's Billing Procedures as provided in this Ordinance is in the best interest of the District and its customers:

E. All references to District Code herein refer to the Nipomo Community Services District Code:

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the District as follows:

Section 1. Authority

This Ordinance is enacted pursuant to Government Code Sections 61100, 61115, 66013, and 66016.

Section 2. Administrative Procedures and Billing

Section 3.03.030 (A) of the District Code is hereby repealed in its entirety and replaced with the following:

A. Except as provided in subsection B of this section, water meters are to be read and statements for water and sewer services are to be mailed once every month.

Section 3.03.050 (C) of the District Code is hereby repealed in its entirety and replaced with the following:

C. Small Balance Accounts. Any balance on a bill totaling \$20.00 or less may be carried over and added to the next billing period without being assessed a penalty. Any such small balance not paid during the next billing period will be subject to all otherwise applicable penalties, fees and discontinuation of service procedures.

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Section 3.03.140 of the District Code is hereby repealed in its entirety and replaced with the following:

Partial payment spread.

In the case of partial payment by a customer, the payment will be applied to the account in the following order:

- A. Payment Arrangements;
- B. Fees assessed to the account (tampering, returned check fees, etc.);
- C. Restoration charges (non-payment fees);
- D. Penalties/late charges;
- E. Sewer charge;
- F. Water charge.

Section 3.03.180 of the District Code is hereby repealed in its entirety and replaced with the following:

A. Water rates shall be charged as follows:

1. Minimum Charges. A minimum monthly charge shall be paid by each customer for each monthly billing period during which a service connection exists even if the meter is locked. Such charge for any billing period in which a service connection has existed for less than the whole of a billing period shall be prorated. Minimum monthly charges vary with the size of the meter. The minimum monthly charge for service shall be established by resolution.

Section 3.04.140(2) of the District code is hereby repealed in its entirety and replaced with the following:

2. Monthly charges for private fire service shall be established by Resolution. Water used for fire suppression shall be furnished without charge.

Section 4.12.150 of the District Code is hereby repealed in its entirety and replaced with the following:

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4.12.150 - Monthly user fee.

The monthly sewer user rates and fees shall be established by resolution of the Board. All collection procedures as outlined in Chapter 3.03 are applicable to sewer charges.

Section 3. Inconsistency

To the extent that the terms of provision of this Ordinance may be inconsistent or in conflict with the terms or conditions of any prior district Ordinance(s), Motions, Resolutions, Rules, or Regulations adopted by the District, governing the same subject matter thereof, then such inconsistent and conflicting provisions of prior Ordinances, Motions, Resolutions, Rules, and Regulations are hereby repealed.

Section 4. Incorporation of Recitals

The recitals to this Ordinance are true and correct, are incorporated herein by this reference, including the referenced documents, and constitute further findings for the implementation of the changes adopted by this Ordinance.

Section 5. Severance Clause

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance. The Governing Board of the District hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Section 6. Effect of Headings in Ordinance

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 7. CEQA

The Board of Directors of the District finds that the policies and procedures adopted by this Ordinance are exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b) (2) because such policies and

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procedures constitute general policy and procedure making. The Board of Directors further finds that the adoption of the rules and regulations established by this Ordinance is not a project as defined in CEQA Guideline Section 15378, because it can be seen that monthly billing will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The District General Manager is directed to prepare and file an appropriate notice of exemption.

Section 9 . Effective Date

This Ordinance shall take effect and be in full force and effect thirty (30) days after its adoption. Before the expiration of the tenth (10th) day after adoption this Ordinance shall be published once with the names of the members of the Board of Directors voting for or against the Ordinance in a newspaper of general circulation within the District.

Introduced at its regular meeting of the Board of Directors held on January 12th , 2022, and passed and adopted by the Board of Directors of the Nipomo Community Services District on the _ day of January, 2022 by the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
CONFLICTS:


ED EBY
President of the Board

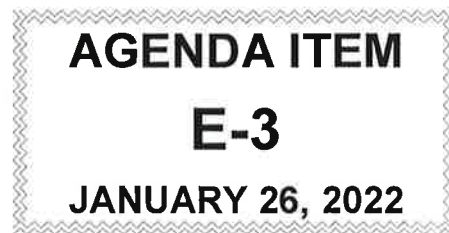
ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
General Manager and Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER 
DATE: JANUARY 21, 2022



REVIEW AND AMEND DEBT MANAGEMENT POLICY AND CONTINUING DISCLOSURE UNDERTAKING POLICY

ITEM

Recommend adopt a resolution approving the adoption of the Amended Debt Management Policy and the Continuing Disclosure Undertaking Policy for the District.

BACKGROUND

The Amended Debt Management Policy (Attachment A) was developed to provide guidance in the issuance and management of debt by the District and is intended to comply with Government Code Section 8855(i). The Amended Debt Management Policy is reviewed annually to ensure compliance with the above and to suggest any recommended changes.

Bond counsel for the District has reviewed the Amended Debt Management Policy and does not have any suggested changes.

In 2013, a settlement agreement was reached in the case of Mesa Community Alliance v Nipomo CSD CV 13-0222, and as a result, the following language was added to the debt management policy, Resolution 2013-1324, adopted November 13, 2013.

Section E(2)

(2) Limitations on Debt Financing for Additional Phases of the Supplemental Water Project - With respect to Phases 2 and/or 3 of the Supplemental Water Project, the Board affirms its policy of "pay as you go". However, the Board of Directors cannot anticipate the future needs of the District, including whether (1) the timing of construction of these phases of the Project will need to be moved forward in time due to a court, or regulatory agency with authority over water use in the Nipomo Basin, issuing an order requiring the District to build additional delivery capacity and import water by a time certain or face fines or further litigation or (2) if the Nipomo Mesa Management Area (NMMA) Technical Group issues a finding that the ground water basin is in a severe water shortage condition causing a Mandatory Action Trigger point as defined in Section VI D 2 of the Stipulated Judgment in the Santa Maria Groundwater adjudication case # CV 770214. In any of these cases, and only in one of these cases, the Board shall consider whether to finance any portion(s) of Phases 2 or 3, for the reason(s) set forth above, at two Board meetings at which members of the public may comment. The first meeting will be noticed on the District's Agenda notice, and will include a staff report addressing the reasons for considering financing. The second meeting shall be held at least 14 days after the first meeting. A public notice shall be published once at least 10 days before second/action meeting. At the second meeting, after the public comment, if any, the Board may determine, by a majority vote, whether to finance all, or a portion of, one or both phases before the District has accumulated sufficient funds for "pay as you go." In such case, the District would first use the funds accumulated for the phase(s) and finance the remaining amount(s).

This requirement shall stay in place for 7 years, after which time the Board may, after notice in compliance with §6061, at least 10 days prior to the meeting at which the change will be considered, amend this policy as the Board, in its discretion, determines may be appropriate.

Item E-4
January 26, 2022

The District has completed Phases 2 and/or 3 of the Supplemental Water Project in the past seven years without issuance of additional debt and paid for all of those improvements on a “pay as you go” funding schedule.

The seven year requirement has expired and can now be removed from the Debt Management Policy. The public notice was published in the Santa Maria Times on January 15, 2022, as required of the policy.

FISCAL IMPACT

None.

STRATEGIC PLAN

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

- B.1 Evaluate, plan for and maintain finances that are adequate for all needs, stable, and reliable over the long-term.
- B.5 Maintain adequate rates to fund future capital replacements.

RECOMMENDATION

Staff recommends that the Board adopt the following resolution:

A RESOLUTION APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT MANAGEMENT POLICY AND THE CONTINUING DISCLOSURE UNDERTAKING POLICY FOR THE DISTRICT

ATTACHMENTS

- A. Resolution 2022-XXXX, with Exhibit A – Amended Debt Management Policy and

JANUARY 26, 2022

ITEM E-3

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2022-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT APPROVING THE ADOPTION
OF THE AMENDMENT TO THE DEBT MANAGEMENT POLICY AND
THE CONTINUING DISCLOSURE UNDERTAKING POLICY FOR THE
DISTRICT**

WHEREAS, debt management policies establish parameters for evaluation, issuing, and managing the District's debt. The policies outlined in the attached debt management policy are not intended to serve as a list of rules to be applied to the District's debt issuance process, but rather to serve as a set of guidelines to promote sound financial management; and

WHEREAS, adherence to a debt management policy and adoption of a continuing disclosure undertaking policy assures rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner; and

WHEREAS, the Board of Directors of the Nipomo Community Services District ("District"), desires to adopt an amended debt management policy and a continuing disclosure undertaking policy at this time; and

WHEREAS, Amended Debt Management Policy (the "Amended Debt Management Policy") and the Continuing Disclosure Undertaking Policy (the "Continuing Disclosure Undertaking Policy") have been prepared and are hereby presented at this meeting; and

WHEREAS, it is appropriate at this time for the Board of Directors to consider approval of the adoption of the Amended Policy and the Continuing Disclosure 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, to the best of its knowledge.

Section 2. The Amended Debt Management Policy in the form presented at this meeting attached hereto Exhibit "A" is hereby approved and adopted.

Section 3. The Continuing Disclosure Undertaking Policy in the form presented at this meeting attached hereto Exhibit "B" is hereby approved and adopted.

Section 4. The officers of the District are hereby directed to do and cause to be done any and all acts and things necessary or proper, to the best of its knowledge, in order to effectuate the purposes of this resolution.

Section 5. This resolution shall take effect immediately.

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2022-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT
MANAGEMENT POLICY AND THE CONTINUING DISCLOSURE UNDERTAKING POLICY FOR
THE DISTRICT**

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

**AYES:
NOES:
ABSTAIN:
ABSENT:**

the foregoing resolution is hereby passed and adopted on this ___th day of January, 2022.

ED EBY
President of the Board

ATTEST:

APPROVED AS TO FORM AND
LEGAL EFFECT:

MARIO IGLESIAS
General Manager and Secretary to the Board

CRAG A. STEELE
District Legal Counsel

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AMENDED DEBT MANAGEMENT POLICY

Overview

The District utilizes a comprehensive planning process to determine its long-term capital needs. The District evaluates each capital project in relation to established levels of reserves, current rate structure, expected asset life/replacement timeline and available revenue sources to ensure that adequate financial resources are available to support the District's financial obligations.

The District's Debt Management Policy is integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such the following policies outline the District's approach to debt management.

I. GENERAL MANAGEMENT POLICIES

The District will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting and rate-setting process.

- The District will adopt revised rates, fees and charges in compliance with the applicable law, including the Proposition 218 Omnibus Implementation Act, and will consider recommendations and input from the public as it relates to such proposed changes.
- All District funds will be invested according to the Investment Policy of the District.
- Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget.

II. FINANCIAL MANAGEMENT POLICIES

- The District will evaluate financing for each capital project on a case-by-case basis. The District will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of debt.
- The District will seek to issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected fixed revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such fixed revenues, or

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(ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.

- User Fees and Rates will be set at adequate levels to generate sufficient revenues to pay all operating and maintenance costs, to maintain sufficient operating reserves, and to pay debt service costs, if necessary.

III. DEBT AND CAPITAL MANAGEMENT POLICIES

The following policies formally establish parameters for evaluating, issuing, and managing the District's debt. The policies outlined below are not intended to serve as a list of rules to be applied to the District's debt issuance process, but rather to serve as a set of guidelines to promote sound financial management.

In issuing debt, the District objectives are:

- Ensure ratepayer security
- Maintain high credit ratings and access to credit enhancement
- Preserve financial flexibility

A. Standards for Use of Debt Financing

When appropriate, the District will use long-term debt financing to achieve an equitable allocation of costs/charges between current and future system users; to provide more manageable rates in the near and medium term; and to minimize rate volatility.

- Debt financing will be utilized as needed to finance (1) system expansion projects related to demand growth, and (2) major projects necessary to comply with regulatory requirements.
- Capital projects financed through debt issuance should not be financed for a term longer than the expected useful life of the project.
- Lease Agreements and Installment Sale Agreements shall be considered as an alternative to long-term debt. Although these forms of alternative financing are subject to annual appropriation, they shall be considered as long-term fixed rate debt until maturity.

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B. Financing Criteria

The District will evaluate alternative debt structures (and timing considerations) to ensure cost-efficient financing under prevailing market conditions.

Credit Enhancement - The District will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

Cash-Funded Reserve/Surety - The District may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous.

Call Provisions - In general, the District's securities should include optional call provisions. The District will avoid the sale of non-callable long-term fixed rate bonds, absent careful evaluation of the value of the call option.

Additional Bonds Test/Rate Covenants - The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and these policies.

Short-Term Debt - The District may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing, or future bonding capacity.

Term - 10 to 30 years is standard, but up to 35 years may be acceptable, depending on cash flow assumptions, construction timeline, and remaining useful life of the asset being financed.

Maximum Yield - Case by case, as recommended by Municipal Advisor and as governed by State law.

Maximum Premium - Case by case, as recommended by Municipal Advisor and as governed by State law.

Maximum Discount - Case by case, as recommended by Municipal Advisor and as governed by State law.

Payment Dates - After considering cash flow needs, the General Manager will determine the occurrence of all new debt service payments.

Structure of the Debt - Prefer level debt service, but shall be determined on a case-by-case basis, as recommended by of the General Manager and Municipal Advisor.

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Use of Variable Rate Debt - The District will not issue variable interest rate debt unless the proposed debt is converted to a fixed rate or hedged.

Investment of Bond Proceeds - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction. The District will seek to maximize investment earnings within the investment parameters set forth in each respective bond indenture. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

Reimbursement Resolution - Must be adopted by the Board if the project capital costs are advanced by the District prior to the expenditure and/or commitment of funds, and bond sale.

C. Types of Long-Term Funding

The District shall consider several methods of financing capital projects. This policy will set forth guidelines for these decisions by identifying parameters within each funding source that are considered appropriate. These parameters are defined below.

Certificates of Participation/Lease Revenue Bonds - Certificates of Participation (COP's) and Lease Revenue Bonds (LRB) can finance water, wastewater and electrical utilities, or other public facilities and are almost identical in structure and security. They are used to finance capital projects that either 1) have an identified budgetary system for repayment; 2) generate enterprise revenue; 3) rely on a broader pledge of General Fund revenues; or 4) finance the purchase of real property and the acquisition and installation of equipment for the District's general government or enterprise purposes. COP's and LRB's are secured by a lease-back or installment sale arrangement between the District and another public entity. The general operating revenues of the District or an enterprise and/or a designated special fund are used to pay the lease or installment payments, which are, in turn, used to pay debt service on the COP's or LRB's. Bond covenants provide that revenues generated by enterprise funds must be sufficient to maintain required debt coverage levels, or the rates of the enterprise have to be raised to maintain the coverage and operations of the facility. For General Fund pledges, bond covenants include an annual appropriation covenant. COP's and LRB's do not constitute indebtedness under the state constitution and are not subject to voter approval.

Because COP's are not created by statute, but rather are used to securitize an underlying contract, they can be adapted to a number of financing situations. They are commonly used for both lease revenue and enterprise revenue financings where no

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workable statutory framework is available or a joint powers financing authority is not available.

Revenue Bonds - Revenue Bonds also finance water, wastewater utilities, or other public facilities. They are payable by the revenues generated by the enterprise. This type of debt is considered self-liquidating. Revenue Bonds are payable solely from the enterprise funds and are not secured by any pledge of General Fund revenues of the District. Bond covenants provide that revenues generated by these enterprise funds must be sufficient to maintain required debt coverage levels, or the rates of the enterprise have to be raised to maintain the coverage and operations of the facility. A bond election may be required to issue Revenue Bonds.

Assessment Bonds - The District may issue assessment bonds under the 1911 and 1915 Improvement Acts through the formation of a special benefit assessment district under the 1911 or 1913 Acts. The bonds may be issued to finance facilities or provide services and are secured by assessments levied on parcels within a defined area that are proportionate to the special benefit conferred upon a parcel, as determined by a qualified assessment engineer. Assessments are subject to majority protest hearing and notice ballot requirements. Assessment Bonds, although repaid through additional assessments levied on a discrete group of property owners, constitute overlapping indebtedness of the District and have an impact on the overall level of debt affordability. Assessment Bonds are not obligations of the District's General Fund.

Mello-Roos Bonds - The Mello-Roos Act of 1982 allows the District to establish a Mello-Roos Community Facilities District (CFD) which allows for financing of public improvements and services. These CFD special taxes must be approved by a two thirds vote of registered voters within the special district (unless there are fewer than 12 registered voters, in which case the vote is by landowners), and are secured solely by a special tax on the real property within the special district. CFD Bonds, although repaid through additional special taxes levied on a discrete group of taxpayers, also constitute overlapping indebtedness of the District and have an impact on the overall level of debt affordability. CFD Bonds are not obligations of the District's General Fund.

Capital Lease Debt - A lease purchase obligation placed with a lender without the issuance of securities may be used to finance certain vehicle and equipment purchases will be evaluated on a case-by-case basis.

D. Limitations on Amount of Debt Issuance

(1) Pursuant to Section 61126 of Government Code of the State of California, the District may incur general obligation bonded indebtedness in an amount not to exceed 15% of the total assessed valuation of all real and personal property in the District.

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Review of recent credit rating agency guidelines indicate that debt service of more than 10% of available revenues or expenditures is considered above average or high. The District shall strive to maintain its non-enterprise backed debt service as a percentage of available revenue below 10%.

Long-term obligations payable solely from specific pledged sources, in general, are not subject to a debt limitation. Examples of such long-term obligations include those which achieve the financing or refinancing of projects provided by the issuance of debt instruments that are payable from restricted revenues or user fees (enterprise funds) and revenues generated from a project. In determining the affordability of proposed enterprise obligations, the District will perform an analysis comparing projected annual net revenues (after payment of operating and maintenance expense) to estimated annual debt service. Generally, legal covenants requiring a minimum coverage ratio are set forth in the bond documents, and are based on the level of security provided to the bondholders (of the senior or subordinate debt obligations). The District's enterprise obligations shall include a coverage ratio requirement of at least 125% for senior bonds and a coverage ratio requirement of at least 105% for senior and subordinate debt combined. Per the rating agency guidelines, the District shall strive to maintain a coverage ratio of 115% using historical and/or projected net revenues to cover annual debt service for bonds issued on a subordinate basis which have a 105% coverage ratio requirement. The District will require a rate increase to cover both operations and debt service costs, and create debt service reserve funds to maintain the required coverage ratios.

~~(2) — Limitations on Debt Financing for Additional Phases of the Supplemental Water Project With respect to Phases 2 and/or 3 of the Supplemental Water Project, the Board affirms its policy of "pay as you go". However, the Board of Directors cannot anticipate the future needs of the District, including whether (1) the timing of construction of these phases of the Project will need to be moved forward in time due to a court, or regulatory agency with authority over water use in the Nipomo Basin, issuing an order requiring the District to build additional delivery capacity and import water by a time certain or face fines or further litigation or (2) if the Nipomo Mesa Management Area (NMMA) Technical Group issues a finding that the ground water basin is in a severe water shortage condition causing a Mandatory Action Trigger point as defined in Section VI D 2 of the Stipulated Judgment in the Santa Maria Groundwater adjudication case # CV 770214. In any of these cases, and only in one of these cases, the Board shall consider whether to finance any portion(s) of Phases 2 or 3, for the reason(s) set forth above, at two Board meetings at which members of the public may comment. The first meeting will be noticed on the District's Agenda notice, and will include a staff report addressing the reasons for considering financing. The second meeting shall be held at least 14 days after the first meeting. A public notice shall be published once at least 10 days before second/action meeting. At the second meeting, after the public comment, if any, the Board may~~

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~~determine, by a majority vote, whether to finance all, or a portion of, one or both phases before the District has accumulated sufficient funds for "pay as you go." In such case, the District would first use the funds accumulated for the phase(s) and finance the remaining amount(s).~~

~~This requirement shall stay in place for 7 years, after which time the Board may, after notice in compliance with §6061, at least 10 days prior to the meeting at which the change will be considered, amend this policy as the Board, in its discretion, determines may be appropriate.~~

E. Method of Issuance

The District will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation. Public offerings can be executed through either a competitive sale or a negotiated sale. It shall be the policy of the District to issue debt through a competitive sale whenever feasible subject to advice of the District Municipal Advisor.

Competitive Sale - In a competitive sale, the District's bonds shall be awarded to the lowest responsible bidder providing the lowest true interest cost ("TIC"), as long as the bid adheres to requirements set forth in the official notice of sale.

Negotiated Sale - District recognizes that some securities are best sold through negotiation. In consideration of a negotiated sale, the District shall assess the following circumstances in determining the advisability such a sale:

- Issuance of variable rate or taxable bonds
- Complex structure or credit considerations (such as non-rated bonds), which requires a strong pre-marketing effort
- Significant par value, which may limit the number of potential bidders
- Unique proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process
- Market volatility, such that the District would be better served by flexibility in the timing of its sale in a changing interest rate environment
- When an Underwriter has identified new financing opportunities or presented alternative structures that financially benefit the District that could not be achieved through a competitive bid.

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- As a result of an Underwriter's familiarity with the project/financing, which enables the District to take advantage of efficiency and timing considerations.
- Other considerations and advantages as presented by District Consultants and Staff

Private Placement – From time to time the District may elect to issue debt on a private placement basis. Such method shall only be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

F. Service Provider Selection

All Municipal Advisors, bond counsel, disclosure counsel, trustees, and underwriters will be selected pursuant to District's Purchase Policy relating to hiring consultants.

G. Market Communication and Reporting Requirements

Rating Agencies and Investors - The General Manager shall be responsible for maintaining the District's relationships with one or more national rating agencies.

Continuing Disclosure - The District shall use its best efforts to be in compliance with Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders.

H. Initial Disclosure

When the District determines to issue debt directly, the General Manager shall request the involved departments to prepare, review or update portions of any required offering document or preliminary official statement (the "POS") within their particular areas of knowledge for which they are responsible. The information contained in the POS is developed by personnel under the direction of the General Manager, with the assistance of the financing team, including the Bond Counsel, Disclosure Counsel, District Counsel and Municipal Advisor. The financing team shall assist staff in determining the materiality of any particular item, and in the development of specific language for the POS. Once the draft POS has been substantially updated, the entire draft POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the District's senior officials.

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A substantially final form of the POS is provided to the Board in advance of approval, generally by including the document with the agenda material relating to the approval of the debt, to afford such Board an opportunity to review the POS, ask questions and make comments.

IV. POST ISSUANCE COMPLIANCE POLICY

A. In General

The Board of Directors of the District recognizes its responsibility to ensure compliance with all Federal laws and regulations ("Federal Requirements") applicable to the District's bonds and other obligations the interest on which is excluded from gross income for federal income tax purposes or are otherwise tax advantaged ("Tax-Exempt Bonds"). This policy and guidelines relate to requirements that must be met subsequent to the issuance of Tax-Exempt Bonds in order to maintain that exclusion or receive a federal tax credit payment including, without limitation, requirements relating to use of proceeds, arbitrage, private business use, and record retention. This policy and guideline supersede any post-issuance compliance policy previously adopted by the District but do not supersede, limit or contravene any representations, statements or covenants of the District contained in the bond documents (the "Bond Documents") for its Tax-Exempt Bonds. The purpose of this policy is to provide guidelines and establish procedures for compliance with Federal Requirements in connection with the issuance of Tax-Exempt Bonds.

B. Policy

It is the policy of the District to adhere to all applicable tax requirements with respect to its Tax-Exempt Bonds as set forth in the Bond Documents including, but not limited to, requirements relating to the use of proceeds of Tax-Exempt Bonds and facilities financed and refinanced with Tax-Exempt Bonds (the "Bond-Financed Facilities"), arbitrage yield restrictions and rebate, timely return filings, and other general tax requirements set forth in the Bond Documents.

C. Compliance Monitoring

Consistent with the covenants of the District contained in the Bond Documents, the District will monitor compliance with the federal tax requirements applicable to its Tax-Exempt Bonds. The following officers or employees of the District are responsible for monitoring compliance with those requirements: General Manager with assistance from Bond and Tax Counsel and Municipal Advisor. The General Manager shall report to the

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Board of Directors in conjunction with the annual Debt Policy review that compliance with federal tax requirements applicable to its Tax-Exempt Bonds have been reviewed and met.

D. Record Retention

In accordance with Internal Revenue Service ("IRS") requirements, the District will retain the following records with respect to its Tax-Exempt Bonds:

- Bond transcripts;
- Documentation showing the expenditure of proceeds of the Tax-Exempt Bonds for one or more Bond-Financed Facility;
- Documentation showing the use of the Bond-Financed Facilities;
- Documentation showing the sources of payment and security for the Tax-Exempt Bonds;
- Documentation related to the investment of proceeds of the Tax-Exempt Bonds, including the purchase and sale of securities, investment income received, yield calculations, and rebate calculations;
- All returns filed with the IRS for the Tax-Exempt Bonds (including, as applicable, IRS Forms 8038-G *Information Return for Tax-Exempt Governmental Obligations*, 8038-T *Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate*, and 8038-R *Request for Recovery of Overpayments under Arbitrage Rebate Provisions*), together with sufficient records to show that those returns are correct; and
- Any other documentation that is material to the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

Except as otherwise set forth in the Bond Documents, the District will retain the records described above in hard and/or electronic copy format for so long as the applicable Tax-Exempt Bonds remain outstanding and for a period of six years after final redemption of the applicable Tax-Exempt Bonds. With respect to Tax-Exempt Bonds that are refunding bonds, the District will retain the above-described records for the refunding and refunded bonds (and any earlier issue in the case of a series of refundings).

The following officers or employees of the District are responsible for retaining the records relating to the Issuer's Tax-Exempt Bonds: General Manager and Secretary.

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E. Arbitrage Compliance

It is the policy of the District to maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. Unless otherwise instructed by bond counsel, at closing the District will execute documentation covenanting to comply with Federal rebate and arbitrage requirements. Unless otherwise instructed by bond counsel, annually the District will engage a consultant to assist in the monitoring of the investment of bond proceeds, perform the required calculations to determine arbitrage rebate and yield restriction compliance, and file the required federal forms. Unless otherwise instructed by bond counsel, every five years the District will file (if arbitrage rebate is owed) with the Internal Revenue Service the appropriate required documentation demonstrating arbitrage rebate liability and provide payment of at least 90% to the US Treasury for arbitrage rebate liability, if any.

F. Remedial Action

If the District in complying with the terms and provisions the policies or guidelines set forth herein or determines that the requirements of these policies and guidelines or the tax covenants or representations in the Bond Documents may have been violated, the District will make final determinations, if necessary with the assistance of its Bond and Tax Counsel and Municipal Advisors, and take appropriate actions related to such noncompliance including, if appropriate, any remedial action described under applicable Treasury Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program.

G. Coordination With Bond Documents

In the event of any conflict between these Procedures and Guidelines and the Bond Documents, the Bond Documents shall govern.

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CONTINUING DISCLOSURE UNDERTAKING POLICY

1. PURPOSE

The following policy of the Nipomo Community Services District (the "District") is intended to ensure compliance with securities law requirements applicable to the District's issues, whether comprising bonds, bond anticipation notes, certificates of participation, revenue obligations or other instruments.

2. IN GENERAL

The Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), requires certain information regarding an entity responsible for the repayment of a municipal security (an "Issuer") be disclosed to the municipal marketplace. In 2010, the U.S. Securities and Exchange Commission ("SEC") amended the Rule to enhance the disclosure requirements of Issuers in an effort to improve the quality and availability of information regarding outstanding municipal securities. In SEC Rel. No. 34-62184, accompanying an expansion of the Rule, the SEC summarized its "mandate to adopt rules reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices in the market for municipal securities." The release reiterates the SEC's position that material non-compliance by an Issuer with past continuing disclosure obligations may warrant, without corrective actions, an underwriter being prohibited from underwriting such an Issuer's municipal securities, and thus would prevent the Issuer from accessing the municipal securities market.

The Board of Directors of the District (the "Board") acknowledges that, pursuant to the Rule, the District is required on an ongoing basis to provide certain financial and operating data to those persons and firms who own or are interested in purchasing the bonds, bond anticipation notes, certificates of participation, revenue obligations and other municipal obligations of the District previously issued and those which may in the future be issued by or on behalf of the District (the "Obligations"). Pursuant to the Rule, the District has entered into a number of undertakings, such as an agreement or certificate, under the Rule (each, a "Continuing Disclosure Undertaking") regarding its outstanding Obligations and will be required to enter into a new Continuing Disclosure Undertaking with regard to any additional Obligations of the District.

Inasmuch as the Rule prevents an investment banking firm, or underwriter (each, an "Underwriter") from purchasing the Obligations of the District in the absence of a Continuing Disclosure Undertaking and adequate assurances from the District that it will comply with the terms thereof, it is vital that the District maintain compliance with the Rule and its Continuing Disclosure Undertakings.

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3. SELECTION OF RESPONSIBLE OFFICER

The District will identify, on an annual basis, the Treasurer or his or her designee ("Responsible Officer") within the District that will be responsible for compiling and filing annual reports (the "Annual Reports") and notices (the "Listed Event Notices") of the occurrence of certain listed events (found in each Continuing Disclosure Undertaking), if necessary. In the absence of such delegation by the Board, the Responsible Officer shall be the General Manager of the District.

4. ELECTRONIC MUNICIPAL MARKET ACCESS

The Responsible Officer will familiarize themselves with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website. The Responsible Officer will understand how to locate the District's Obligations on EMMA. If the District is serving as its own Dissemination Agent, the Responsible Officer will establish a user identification and password for EMMA and become familiar with uploading documents onto EMMA.

5. IDENTIFYING AND UNDERSTANDING EXISTING CONTINUING DISCLOSURE OBLIGATIONS

The Responsible Officer will, for each separate issue of outstanding municipal securities to which the Rule applies, read the related Continuing Disclosure Undertaking and identify the following:

- The date by which the Annual Report must be filed;
- The contents that need to be included in the Annual Report;
- The Listed Event Notices that must be filed; and
- When Listed Event Notices are required to be filed.

6. PREPARING AND SUBMITTING THE ANNUAL REPORT

Preparing Annual Audited Financial Statements. The District will begin the process of completing its audited financial statements as soon as practicable after the close of each Fiscal Year. Such audited financial statements should be completed at least one month prior to the date the Annual Report must be filed.

Preparation of Tables and Other Information. The Responsible Officer will identify any information that is required to be included in the Annual Report but is not part of the

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District's audited financial statements, and contact the sources necessary to compile such information as soon as possible after the close of each Fiscal Year. The District should consider adding any information required by its Continuing Disclosure Undertakings not included already in its audited financial statements into a supplementary information section of its audited financial statements.

Submission of Annual Report. Following the compilation of the information that is to be included in the Annual Report and prior to the date on which the Annual Report must be filed, the Responsible Officer will submit the Annual Report to the Dissemination Agent identified in the Continuing Disclosure Undertaking or to EMMA, as applicable.

Review of EMMA. Following the submission of the Annual Report to EMMA or the Dissemination Agent, as applicable, the Responsible Officer should review the EMMA website to confirm that the Annual Report has been posted. If the Annual Report has not been posted, the Dissemination Agent should be notified, or the Responsible Officer should file the Annual Report, as applicable.

7. IDENTIFYING AND REPORTING LISTED EVENTS

Understanding the Listed Events. The Responsible Officer should be aware of the listed events (found in each Continuing Disclosure Undertaking) (the "Listed Events") necessitating the filing of a Listed Event Notice. The Listed Events required to be included in each Continuing Disclosure Undertaking pursuant to the Rule have been included as Appendix A to this policy. Appendix A also includes two Listed Events that became effective for all Continuing Disclosure Undertakings entered into on or after February 27, 2019. These Listed Events are discussed in further detail below. If clarification is required regarding what is meant by each such Listed Event, the District's disclosure counsel should be contacted to clarify such meaning.

Filing Event Notices. Each such notice shall be filed by the District, or by the Dissemination Agent, if any, on behalf of the District, to EMMA in a timely manner.

Occurrence of a Listed Event. The Issuer should contact its disclosure counsel if it has any questions regarding the occurrence of a Listed Event, and whether such occurrence may require the filing of an Event Notice.

Additional Listed Events Required in Continuing Disclosure Undertakings Entered Into On and After February 27, 2019. As a result of an amendment to the Rule, Continuing Disclosure Undertakings entered into on or after February 27, 2019, are required to include certain additional Listed Events relating to (a) the incurrence of certain financial obligations if material (other than bonds or notes for which an official statement has been posted to EMMA), (b) the modification of the terms of a financial obligation which affects

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security holders, if material, and (c) a default, event of default, acceleration, waiver or other modification or similar events with respect to a financial obligation that reflects financial difficulties. Included as Appendix A is a list of the Listed Events required by the Rule, identifying the two additional events that were incorporated by the amendment to the Rule and are required to be in all Continuing Disclosure Undertakings following February 27, 2019.

As provided in the amendment to the Rule, "[t]he term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule (i.e., posted to EMMA).

Debt Obligations. SEC Rel. No. 34-83886 (the "SEC Release"), the adopting release published in connection with the amendments to the Rule, interprets debt obligations to include both debt and debt-like obligations, and requires them to be disclosed when incurred or amended, if material.

Debt obligations exclude bonds, notes or other obligations (including lease revenue bonds or certificates of participation) offered pursuant to an official statement that complies with the Rule, and is posted by the underwriter or the Issuer to EMMA. Debt obligations also exclude ordinary financial and operating liabilities incurred in the normal course of the Issuer's business.

The SEC Release interprets debt-like obligations to include leases that are "vehicles to borrow money." The SEC Release points to lease-revenue transactions and certificates of participation transactions as examples of such vehicles, as these transactions involve a person advancing money to an Issuer which will be used by the Issuer to acquire or improve property, obtaining title to or a lease of the property, and leasing or subleasing the property to the Issuer in consideration for rent that repays the advance. Most operating leases would not fall into the category of debt obligations for purposes of the amendment either because they do not result in the receipt of money by or for the benefit of an Issuer or are ordinary obligations incurred in the normal course of Issuer operations.

Derivative Instruments. The SEC defines "derivative instrument" as "a derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation." The SEC Release interprets "derivative instrument" to include any swap, security-based swap, future contract, forward contract, option, any combination of the foregoing, or any similar instrument," but only if

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related to an existing or planned debt, either because entered into to hedge the debt or pledged as security for the debt.

Guarantees. The SEC Release states that an Issuer's "guarantee" of a "debt obligation" or covered derivatives instrument would also be considered a "financial obligation." For these purposes, "guarantee" is intended to include any obligation to pay or secure a third party's or Issuer's financial obligation. This term would include a payment guarantee by an entity such as the District.

It is hereby the policy of the District, that the Responsible Officer be notified of the incurrence of any financial obligation to be entered into by or on behalf of the District. The Responsible Officer shall take measures to advise all applicable District staff of this District policy.

In addition, such Responsible Officer will notify the District's municipal advisor and the District's bond counsel and/or disclosure counsel of the receipt by the District of any default, event of acceleration, termination event, modification of terms (only if material or reflecting financial difficulties), or other similar events under any agreement or obligation to which the District is a party and which may be a "financial obligation" as discussed above. Such notice should be provided by the Responsible Officer as soon as the Responsible Officer receives notice from District staff, consultants or external parties of such event or receives direct written notice of such event so that the District can determine, with the assistance of the municipal advisor and bond counsel and/or disclosure counsel, whether notice of such event is required to be filed on EMMA pursuant to the Rule. If filing on EMMA is required, the filing is due within 10 business days of the occurrence of such event to comply with the applicable Continuing Disclosure Undertaking entered into after February 27, 2019.

The District will develop a system whereby a designated member of District Staff will create a list identifying the execution by the District of any agreement or other obligation which might constitute a "financial obligation" for purposes of the Rule and which is entered into after February 27, 2019. Amendments to existing agreements or financial obligations which relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the District's municipal advisor and the District's bond counsel and/or disclosure counsel as soon as notice of amendment requests is received by District staff, consultants, or external parties of such event. Such notice is necessary so that the District can determine, with the assistance of bond counsel and/or disclosure counsel, whether such agreement or other obligation constitutes a material "financial obligation" for purposes of the Rule. If such agreement or other obligation is determined to be a material "financial obligation" or a material amendment to a "financial obligation" described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence.

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8. RECORD RETENTION

The District should retain the transcript containing the documents related to each issue of municipal securities of the District. The District will retain electronic and paper copies of each Annual Report submitted to EMMA. The District will retain electronic and paper copies of each Listed Event Notice submitted to EMMA. The District should retain all source data used to complete the Annual Report. For example, source material pertaining to assessed valuation, tax rates or other tables noted in the Continuing Disclosure Undertaking that are required to be updated annually.

The Responsible Officer should create an index cataloging the aforementioned documents (the "retained documents"). Such index and documents should be stored at the main office of the District. The Responsible Officer should be responsible for the maintenance and updating of such index. If the individual serving as Responsible Officer is replaced, the index, the retained documents and a copy of these procedures should be provided to the individual assuming the position of Responsible Officer.

The retained documents identified in this Section 8.0 should be retained for a period of at least six years following the maturity, prepayment or redemption of the related issue of municipal securities.

9. EFFECTIVE DATE

This Continuing Disclosure Undertaking Policy is effective as of January 8, 2020.

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Appendix A

Listed Events – Pre-February 27, 2019

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the security, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Issuer or another obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or another obligated person or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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New Events – Post-February 27, 2019 Transactions

- (xv) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

TO: BOARD OF DIRECTORS
 FROM: MARIO IGLESIAS
 GENERAL MANAGER
 DATE: January 21, 2022



AGENDA ITEM
F
JANUARY 26, 2022

GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is January 9, 2021 through January 22, 2022.*

DISTRICT BUSINESS

Administrative

The District encourages residents to provide reports of any observed water waste. The District also keeps an accounting of leak adjustments as a measure of non-revenue water lost to leaks as well as tracking late fee waivers. The table below provides December and Calendar Year-to-date data of these items. Data up to December 31 is provided below.

OFFICE ACTIVITIES

	Dec 21	Jan 21 - Dec 21
Reports of Water Waste	0	0
Leak Adjustments	4	30
Leak Adjustment Amount	\$804	\$10,475
Late Fee Waivers (Fees Start 7/1/21)	13	80
Late Fee Waiver Adjustment Amount	\$603	\$3,167

Water Resources

	Dec - 21	Jul 21 - Dec 21
Groundwater Production	35.6	475.6
Supplemental Water Imported	84.5	556.8
Total Production	120.1	1,032.4

The District's total combined production, including groundwater production wells and supplemental water imported through the Joshua Road Pump Station, registered 120.1 AF for the month of December 2021.

NCSW GW Reduction

The District's purveyor customers, Golden State Water Company and Woodlands Mutual Water Company, each claim 16.66% (cumulatively 33.33%) of the imported water NCSW brings onto the basin through the NSWP. Of the 1,000 AF minimum imported water from the City of Santa Maria, 333 AF or 33.33% of the total imported water – whichever is greater – will be credited to these two purveyor customers. The credited amount must be added to the District's groundwater pumping total every month to reflect the groundwater pumped by these customers in-lieu of taking

imported water from the District. Table 2 below demonstrates the calculus for determining the District's adjusted groundwater pumping reduction.

Table 2. NCSD GW Production (NCSD GW Well Production plus Purveyor Credit)

	Dec-21	Jul 21 – Dec 21
NCSD GW Well Production	35.6	475.6
Purveyor Customer Credit (33.3% of Import Water)	28.1	185.5
NCSD Total Calculated GW Production	63.7	661.1
Average GW Production for 2009-2013	141.4	1,384.6
NCSD Percentage of GW Reduction	55%	52%

2022 Fiscal Year Groundwater Pumping Forecast

Table 3 projects the District's groundwater pumping reduction for the Fiscal Year 2022.

Table 3. Projected Groundwater Pumping

	Dec-21	Year-to-Date Jul-Jun 2022	Target	Over/(Under)	
NCSD GW Well Production	35.6	934.8			
Purveyor Customer Credit (33.3% of Import Water)	28.1	354.5			
NCSD Total Calculated GW Production	63.7	1,289.3	1,266.0	(23.27)	AcFt
Average GW Production for 2009-2013	141.4	2,533.4	2,533.4		
NCSD Percentage of GW Reduction	55%	49%	50.0%		

Table 4 compares the previous year's groundwater pumping with the current year's groundwater pumping for the same period.

Table 4. FY 20201 vs. FY 2020 Groundwater Pumping

	Dec-21	Jul 21 -Dec 21	Dec-20	Jul 20-Dec 20
NCSD GW Well Production	35.6	475.6	79.9	557.4
Purveyor Customer Credit (33.3% of Import Water)	28.1	185.5	25.0	189.8
NCSD Total Calculated GW Production	63.7	661.1	104.9	747.2
Average GW Production for 2009-2013	141.4	1,384.6	141.4	1,384.6
NCSD Percentage of GW Reduction	54.9%	52.3%	25.8%	46.0%

Table 4 is showing an improving trend towards reducing groundwater pumping when compared to the same period last year.

Rainfall Gauge

(Reported in inches)	Nipomo East (Dana Hills Reservoirs)	Nipomo South (Southland Plant)
Dec 2021 Total	6.89	5.09
July-2021 through June-2022 (Season Total)	1.80	1.73
Jan 1, 2021 – Jan 7, 2021	<u>0.00</u>	<u>0.00</u>
Total Rainfall to date	8.69	6.82
County Reported Avg. Ann. Year Rainfall	18.0 ¹	14.0 ²
2006 - 2020 Avg. Ann. Year Rainfall*	15.39	13.30
2006 - 2020 Median Ann. Rainfall*	12.64	11.30

*Data from County website

Safety Program

No Safety Incidents to Report

Other Items

- COVID19 NCSD Response Plan Update [Attachment A]
- Notice to State Water Project Contractors [Attachment B]

Connection Report

Nipomo Community Services District Water and Sewer Connections	END OF MONTH REPORT											
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Water Connections (Total)	4476	4477	4485	4486	4495	4496	4496	4500	4500	4501	4501	4501
Sewer Connections (Total)	3243	3243	3250	3250	3259	3260	3260	3264	3264	3265	3265	3265
New Water Connections	1	1	8	1	9	1	0	4	0	1	0	0
New Sewer Connection	1	0	7	0	9	1	0	4	0	1	0	0
Galaxy & PSHH at Orchard and Division Sewer Connections billed to the County	478	478	478	478	479	479	479	479	479	479	480	480

The Connection Report is current to November 5, 2021

Supplemental Water Capacity Accounting

Summary Since January 25, 2008

	Number of Equivalent Meters	AFY
Supplemental Water Available for Allocation	947	500.0
Supplemental Water Reserved (Will Serve Letter Issued)	130	-68.6
Subtotal Net Supplemental Water Available for Allocation	817	431.4
Supplemental Water Assigned (Intent-to-Serve Issued)	177	-93.4
Total Remaining Supplemental Water Available for Allocation	640	338.0

As of January 1, 2021

Meetings (January 9 through January 22)

Meetings Attended (telephonically or in person):

- Jan 10, NCSD Financial Advisor – 2012 COP Refi.
- Jan 11, Eng/Admin Coordination Meeting
- Jan 11, LAFCO/NCSD Coordination Mtg. Dana Reserve
- Jan 11, NCSD Financial Advisor – Prep for S&P Presentation
- Jan 12, NCSD Board Meeting
- Jan 12, NCSD Exec. Team Meeting
- Jan 12, S&P Rating Call – 2012 COP Refi.
- Jan 13, LMUSD – Projects Meeting
- Jan 13, BL Streetlight Review
- Jan 13, WaterView – Consultant (SB 1668 Compliance)
- Jan 14, Staff Mtg. - Admin Supervisor Mtg.
- Jan 14, Staff Mtg. - Cust. Service Specialist
- Jan 14, Board Officer Meeting
- Jan 17, MLK Holiday
- Jan 18, Phone System Installation & Training
- Jan 18, PG&E Streetlight Webinar
- Jan 19, Radio Meter Software Training
- Jan 20, RWG SW Policy Meeting
- Jan 20, Customer Complaint Investigation
- Jan 21, Staff Mtg. - Cust. Service Specialist
- Jan 22, LAFCO Meeting – Dana Reserve

Meetings Scheduled (January 23 through January 29):

Upcoming Meetings (telephonically or in person):

- Jan 24, Staff Mtg. - Admin Supervisor Mtg.
- Jan 24, BL Golf Course Project Planning
- Jan 25, Eng/Admin Coordination Meeting
- Jan 25, Omnistruct Cybersecurity Presentation
- Jan 26, NCSD Regular Board Meeting
- Jan 26, NCSD After-Board Exec. Team Meeting
- Jan 27, NMMA-TG Meeting
- Jan 28, Staff Mtg. - Cust. Service Specialist
- Jan 28, NMMA Manager's Meeting
- Jan 28, NCSD Board Officer Meeting

Upcoming Water Resource and Other Meetings

Upcoming Standing Meetings:

- NMMA-TG: February 27 (Thursday) @ 10:00 AM, Conf. Call
- RWMG: February 2 (Wednesday) @ 10:00 AM, Zoom Meeting
- WRAC: March 2nd (Wednesday) @ 1:30 PM, Zoom Meeting
- NMMA Manager's Meeting: January 28th (Friday) @ 10:00 AM, Zoom Meeting
- NCSD Board Officer Meeting: January 31st @ 2:00 pm, NCSD Conf. Rm.

RECOMMENDATION

Staff seeks direction and input from your Board

ATTACHMENTS

- A. COVID19 - NCSD Response Plan
- B. Media Release – Department of Water Resources increasing SWP Allocation

JANUARY 26, 2022

ITEM F

ATTACHMENT A

Date: January 26, 2022 Board Meeting
Response Activities to COVID19 Health Emergency
Prepared by: Mario Iglesias, General Manager

DISTRICT RESPONSE TO COVID-19, Updated January 21, 2022

New Actions

No new Actions

Personnel on Quarantine

Office Personnel:
No impact.

Operational Personnel:
No impact.

Vaccine Update: (No Change)

- 17 District Personnel received at least two doses of the vaccine.
- 2 employees declined vaccination

Ongoing Actions

1. Unvaccinated Employees tested at least once per week
2. Following SLO Co. Masking guidelines
3. Following Cal/OSHA guidelines
4. Participate in SLO County EOC Briefings
5. Review SLO County EOC Status Reports
6. Practicing Social Distancing
7. Face coverings are required when employees are in District Buildings when they are away from their work stations
8. Office Rules for Safe Customer Management – CDC Guidance Enforced

Previous Actions

1. For the Month of September, District Staff Tested 44 times (all negative results)
2. Mask Mandate Requirement Update – As of September 1, 2021, masks must be worn indoors at public facilities.
3. COVID19 Rapid Test Kits secured from SLO County at no cost to provide weekly work-place testing.
4. NCSB Board Passes Resolution Declaring Emergency in District [Res. 2020-1550, Mar. 24, 2020]
5. Admin Office Closed to the Public
 - a. Meetings are virtual – Conference Calls
6. Discontinued: Split staff into two teams
 - a. See schedule on Response Plan
7. Received directions for FEMA Public Assistance – Cost Tracking Guidance
8. Governor's Executive Order – No Water Turn-offs
 - a. District instituted this policy as well as a No Late Fee – No Penalty Fees
9. Wipe-down between shifts
10. Each operator in separate designated vehicle.
11. Received additional PPE. Administration Staff will be on normal schedule 8-4:30 starting Monday May 18th

Date: January 26, 2022 Board Meeting
Response Activities to COVID19 Health Emergency
Prepared by: Mario Iglesias, General Manager

12. Operations Staff are on normal 7:00 am to 3:30 pm work schedule as of Monday, May 4th. County opened up construction sites.
13. Expanded Customer Service Work to include site visits for investigations (high bills, meter issues) week of May 11
14. Trailers for quarantine have been returned – May 1
15. District to begin wastewater sampling in conjunction with County effort to determine presence of COVID19 in communities – May 11
16. Temporary Admin Support Workers brought back to Office (Provider incentivized due to PPP Funds) – June 1
17. Lobby Modifications: Glass is equipped with speaker plates to allow the communication between customer and clerk without opening the sliding window.
18. Board Meetings open to the public.
19. County Offices Continued Closed with Appointments provided to some departments as needed.
20. June 18, 2020, Governor Order issued requiring face masks be worn in public places. District management purchased disposable face masks for staff, Board Members, and any public that attends District Board Meetings and lack a face mask.
21. The customer counter window modifications at the office are completed.
22. Capital Improvement Projects continue to be impacted and schedules for completion continue to be pushed back due to material delivery delays.
23. Administrative Office open to public – April 19, 2021
24. Mask Mandate in SLO County (reinstated on September 1st) will be lifted when:
 - a. The county reaches the yellow, “moderate” level of COVID-19 community transmission, as defined by the Centers for Disease Control and Prevention (CDC), and stay there for at least 10 days, and
 - b. Public Health Officer Dr. Penny Borenstein determines that COVID-19 hospitalizations are low and stable and area hospitals are able to meet the needs of patients.
25. County Health provided COVID19 Rapid Test that will get us through January 2022. NCSO requesting additional tests for February and March. The District has sufficient tests to sustain routine testing practices through January 2022.
- 26.

JANUARY 26, 2022

ITEM F

ATTACHMENT B


NOTICE TO STATE WATER PROJECT CONTRACTORS



Date: 1/20/2022

Number: 22-01

Subject: 2022 State Water Project Table A Allocation Increase from 0 to 15 Percent

From: 

Ted Craddock
Deputy Director, State Water Project
Department of Water Resources

Based on the recent precipitation, runoff, and current water supply conditions, the Department of Water Resources (DWR) is increasing the State Water Project (SWP) Table A Allocation to 15 percent of most SWP long-term contractors' 2022 requested Table A amounts. Attached is the revised 2022 SWP allocation table.

Please note that this Table A Allocation will reduce, on a 1:1 basis, any unmet human health and safety need volumes that were previously identified in the SWP contractors' submittals to DWR.

The Table A Allocation increase is made consistent with the long-term water supply contracts, legal requirements, and public policy. In determining available SWP supplies, DWR has considered several factors including existing storage in SWP conservation reservoirs, estimates of future runoff under very dry conditions, SWP operational and regulatory constraints such as, federal Endangered Species Act and California Endangered Species Act requirements, and the 2022 demands of SWP Contractors. DWR may revise this and any subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

To develop the 15 percent water delivery schedule, DWR will scale up the SWP Contractors' current 5 percent schedules that were submitted in October 2021 (as part of initial requests), unless SWP Contractors submit updated schedules. DWR will provide approved monthly water delivery schedules to the SWP Contractors.

If you have any questions or need additional information, please contact John Leahigh, Water Operations Executive Manager, at (916) 902-9876.

Attachment

**2022 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

SWP CONTRACTORS	TABLE A	INITIAL REQUEST	APPROVED ALLOCATION	PERCENT INITIAL REQUEST APPROVED
	(1)	(2)	(3)	(3)/(2) (4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	5,000	18%
Plumas County FC&WCD	2,700	2,700	405	15%
City of Yuba City	9,600	9,600	2,400	25%
Subtotal	39,800	39,800	7,805	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	7,256	25%
Solano County WA	47,756	47,756	11,939	25%
Subtotal	76,781	76,781	19,195	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	12,093	15%
Alameda County WD	42,000	42,000	6,300	15%
Santa Clara Valley WD	100,000	100,000	15,000	15%
Subtotal	222,619	222,619	33,393	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	855	15%
County of Kings	9,305	9,305	1,396	15%
Dudley Ridge WD	41,350	41,350	6,203	15%
Empire West Side ID	3,000	3,000	450	15%
Kern County WA	982,730	982,730	147,410	15%
Tulare Lake Basin WSD	87,471	87,471	13,121	15%
Subtotal	1,129,556	1,129,556	169,435	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	3,750	15%
Santa Barbara County FC&WCD	45,486	45,486	6,823	15%
Subtotal	70,486	70,486	10,573	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	144,844	144,844	21,727	15%
Santa Clarita Valley WA	95,200	95,200	14,280	15%
Coachella Valley WD	138,350	138,350	20,753	15%
Crestline-Lake Arrowhead WA	5,800	5,800	870	15%
Desert WA	55,750	55,750	8,363	15%
Littlerock Creek ID	2,300	2,300	345	15%
Metropolitan WDSC	1,911,500	1,911,500	286,725	15%
Mojave WA	89,800	89,800	13,470	15%
Palmdale WD	21,300	21,300	3,195	15%
San Bernardino Valley MWD	102,600	102,600	15,390	15%
San Gabriel Valley MWD	28,800	28,800	4,320	15%
San Geronio Pass WA	17,300	17,300	2,595	15%
Ventura County WPD	20,000	20,000	3,000	15%
Subtotal	2,633,544	2,633,544	395,033	
TOTAL	4,172,786	4,172,786	635,434	15%