

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN  
GENERAL MANAGER



DATE: APRIL 18, 2014

**AGENDA ITEM**

**D**

**APRIL 23, 2014**

**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 APRIL 9, 2014 REGULAR BOARD MEETING MINUTES [RECOMMEND APPROVAL]
- D-3) RECEIVE QUARTERLY INVESTMENT REPORT [RECOMMEND RECEIVE REPORT]
- D-4) RECEIVE THIRD QUARTER FINANCIAL REPORT [RECOMMEND RECEIVE REPORT]
- D-5) ADOPT RESOLUTION RE-APPROVING WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN - AFFIRM ACTION TAKEN ON APRIL 9, 2014 [RECOMMEND ADOPT RESOLUTION RE-APPROVING SHORTAGE RESPONSE PLAN]

TO: BOARD OF DIRECTORS  
 FROM: MICHAEL S. LEBRUN *(MSB) for MSL*  
 GENERAL MANAGER  
 DATE: APRIL 18, 2014

**AGENDA ITEM  
 D-1  
 APRIL 23, 2014**

**HAND WRITTEN CHECKS**

04-10-14 10245 KATHERINE DILLON  
 04-23-14 10246 JUSTIN CURTIS  
 04-23-14 10247 LARRY WORKS

**TOTAL COMPUTER CHECKS**

\$201,942.61  
 WASHER REBATE \$75.00  
 WASHER REBATE \$75.00  
 WASHER REBATE \$75.00

VOIDS - 10244

**COMPUTER GENERATED CHECKS**

22966	04/11/14	EMP01	EMPLOYMENT DEVELOP DEPT	1320.47	.00	1320.47	B40407	STATE INCOME TAX
22967	04/11/14	MID01	RABOBANK-PAYROLL TAX DEPO	4261.33	.00	4261.33	B40407	FEDERAL INCOME TAX
				49.60	.00	49.60	1B40407	FICA
				1092.20	.00	1092.20	2B40407	MEDICARE (FICA)
			Check Total.....:	5403.13	.00	5403.13		
22968	04/11/14	MID02	RABOBANK-DIRECT DEPOSIT	27761.18	.00	27761.18	B40407	NET PAY
22969	04/11/14	PER01	PERS RETIREMENT	8830.17	.00	8830.17	B40407	PERS PAYROLL REMITTANCE
22970	04/11/14	STA01	CALPERS 457 DEFERRED COMP	2580.00	.00	2580.00	B40407	457 DEFERRED COMP
022971	04/09/14	SPI02	SPIESS CONSTRUCTION ESCRO	1747.70	.00	1747.70	2	RETENTION-PROGRESS PMT #2
022972	04/09/14	SPI02	SPIESS CONSTRUCTION ESCRO	1489.80	.00	1489.80	1	RETENTION-PROGRESS PMT #1
022973	04/23/14	ABA01	ABALONE COAST BACTERIOLOG	3520.00	.00	3520.00	MAR 2014	LAB TESTS
022974	04/23/14	AME03	AMERI PRIDE	135.46	.00	135.46	501091328	UNIFORMS
				155.88	.00	155.88	501096006	UNIFORMS
				144.07	.00	144.07	501100699	UNIFORMS
			Check Total.....:	435.41	.00	435.41		
022975	04/23/14	AQU01	AQUA-METRIC SALES CO.	10808.08	.00	10808.08	0051547	1" & 5/8" METERS
022976	04/23/14	ATT01	AT&T	185.80	.00	185.80	5285812	TELEPHONE
022977	04/23/14	BAB01	BABE' FARMS INC	500.00	.00	500.00	MAY 2014	RENT
022978	04/23/14	BRE02	BRENNTAG PACIFIC INC.	371.04	.00	371.04	BPI404310	SODIUM HYPOCHLORITE
				333.76	.00	333.76	BPI404311	SODIUM HYPOCHLORITE
				389.67	.00	389.67	BPI406210	SODIUM HYPOCHLORITE
				371.04	.00	371.04	BPI406211	SODIUM HYPOCHLORITE
			Check Total.....:	1465.51	.00	1465.51		
022979	04/23/14	CAL03	CALIFORNIA ELECTRIC SUPPL	3317.02	.00	3317.02	559701	SZ-3 STARTER
022980	04/23/14	CAL06	CALIFORNIA MUNICIPAL	225.00	.00	225.00	13091905	CAFR REPORT STATISTICS
022981	04/23/14	CAN02	CANNON CORPORATION	8797.38	.00	8797.38	56348	STANDPIPE CONSTRUCTION SU
022982	04/23/14	CLE06	CNSLSO INC	2209.00	.00	2209.00	18049	COMPUTER SUPPORT-APRIL
022983	04/23/14	COR01	CORBIN WILLITS SYSTEMS	65.00	.00	65.00	000B40331	COMPUTER SUPPORT
022984	04/23/14	CRU02	CRUMP & COMPANY, INC.	25918.25	.00	25918.25	3195	BUTTERFLY VALVES
022985	04/23/14	CRY01	CRYSTAL SPRINGS	55.62	.00	55.62	MAR 2014	DISTILLED WATER
022986	04/23/14	CWE01	CWEA	148.00	.00	148.00	B40417	CALLEJA MEMBERSHIP RENEWA
022987	04/23/14	DEW01	J B DEWAR INC	108.03	.00	108.03	396623	CHEVRON MEROPA 220
022988	04/23/14	ELE03	ELECTRICRAFT, INC.	3838.00	.00	3838.00	7304	OFFICE REPAIRS-ELECTRICAL
				594.00	.00	594.00	7387	BL WELL #4-WIRING EVALUAT
				14660.00	.00	14660.00	13603	BL WWTP ELECTRICAL REPAIR
				995.00	.00	995.00	13603A	SUNDALE ELECTRICAL REPAIR
			Check Total.....:	20087.00	.00	20087.00		
022989	04/23/14	EVE02	EVERYTHING RIGHT NOW, INC	125.00	.00	125.00	1318	WEBSITE DEVELOPMENT
022990	04/23/14	FAR01	FARM SUPPLY COMPANY	24.88	.00	24.88	15868	GREASE GUN HOSE/LEVER

TO: BOARD OF DIRECTORS  
 FROM: MICHAEL S. LEBRUN  
 GENERAL MANAGER  
 DATE: APRIL 18, 2014

**AGENDA ITEM**  
**D-1**  
**APRIL 23, 2014**  
**PAGE TWO**

022991	04/23/14	FER01	FERGUSON ENTERPRISES INC	66.60 3775.40	.00 .00	66.60 3775.40	0530844 0464913-1	125# BLND FLG ADPT L/A / FLG TEE
			Check Total.....:	3842.00	.00	3842.00		
022992	04/23/14	FGL01	FGL ENVIRONMENTAL	417.70 417.70	.00 .00	417.70 417.70	480218A 480465A	LAB TESTS LAB TESTS
			Check Total.....:	835.40	.00	835.40		
022993	04/23/14	FUG01	FUGRO CONSULTANTS, INC.	967.50	.00	967.50	62130046	BL WELL #4
022994	04/23/14	LEB02	LeBRUN, MICHAEL	65.00	.00	65.00	APR 2014	CELL PHONE REIMBURSEMENT
022995	04/23/14	LEE02	LEE CENTRAL COAST NEWSPAP	202.00	.00	202.00	27823	PUBLIC NOTICE
022996	04/23/14	MNS01	MNS ENGINEERS INC	* 37357.38	.00	37357.38	64290	SOUTHLAND WWTF UPGRADE
022997	04/23/14	MOR02	MORE OFFICE SOLUTIONS	196.18 558.32 220.09	.00 .00 .00	196.18 558.32 220.09	625303 625304 631246	COPIER MAINTENANCE COPIER MAINTENANCE COPIER MAINTENANCE
			Check Total.....:	974.59	.00	974.59		
022998	04/23/14	MUL01	MULLAHEY FORD	1096.31	.00	1096.31	02389	2010 FORD REPAIR
022999	04/23/14	NIP05	NIPOMO CHAMBER OF COMMERC	2329.25	.00	2329.25	APR 2014	NIP CHAMBER OF COMMERCE
023000	04/23/14	NUN01	NUNLEY, MICHAEL K. & ASSO	495.00 720.00	.00 .00	495.00 720.00	177 178	SEWER CAD REVIEW GIS SERVICES
			Check Total.....:	1215.00	.00	1215.00		
023001	04/23/14	NUT01	NU TECH PEST MGMT	265.00 75.00	.00 .00	265.00 75.00	0104339 0104341	RODENT CONTROL RODENT CONTROL
			Check Total.....:	340.00	.00	340.00		
023002	04/23/14	OFF01	OFFICE DEPOT	67.58 145.75	.00 .00	67.58 145.75	29925001 35816001	OFFICE SUPPLIES OFFICE SUPPLIES
			Check Total.....:	213.33	.00	213.33		
023003	04/23/14	PER04	PERRY'S ELECTRIC MOTORS	9069.65	.00	9069.65	16601	SUNDALE PUMP REPAIR
023004	04/23/14	POO01	POOR RICHARD'S PRESS	78.87 226.56 202.08 910.56	.00 .00 .00 .00	78.87 226.56 202.08 910.56	259210A 259210B 259224A 259224B	MAIL-LATE BILLS POSTAGE FOR LATE BILLS MAIL-BILLS POSTAGE FOR BILLS
			Check Total.....:	1418.07	.00	1418.07		
023005	04/23/14	PRI02	PRICE, POSTEL & PARMA, LL	8451.09	.00	8451.09	115604	RIGHT OF WAY-SWP
023006	04/23/14	QUI03	QUINN COMPANY	210.10	.00	210.10	910027996	PALLET/CONCRETE READY MIX
023007	04/23/14	RAB02	RABOBANK PETTY CASH	101.03 92.24	.00 .00	101.03 92.24	APR 2014A APR 2014B	POSTAGE BOARD MTG. SUPPLIES
			Check Total.....:	193.27	.00	193.27		
023008	04/23/14	SCI01	SCIENCE DISCOVERY	421.25	.00	421.25	716NCSD	WATER CONSERVATION/CLASS
023009	04/23/14	SPE02	SPECIAL DISTRICT FINANCIN	2550.00	.00	2550.00	12093	ANNUAL DISCLOSURE REPORTS
023010	04/23/14	THE02	THE TRIBUNE SLO CO NEWSPAP	182.89	.00	182.89	7047565	PUBLIC NOTICE
023011	04/23/14	VER03	VERIZON WIRELESS	302.57 676.97	.00 .00	302.57 676.97	22336412A 22336412B	CELL SERVICE EQUIPMENT
			Check Total.....:	979.54	.00	979.54		
023012	04/23/14	WAL01	WALLACE GROUP	1901.56	.00	1901.56	36835	FOG PERMIT & INSPECTION

TO: BOARD OF DIRECTORS  
FROM: MICHAEL S. LEBRUN *msl*  
GENERAL MANAGER  
DATE: APRIL 18, 2014

**AGENDA ITEM**  
**D-2**  
**APRIL 23, 2014**

## **APPROVE MINUTES OF PREVIOUS BOARD MEETINGS**

### **ITEM**

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

### **BACKGROUND**

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

### **RECOMMENDATION**

Approve minutes as part of Consent Agenda.

### **ATTACHMENT**

- A. April 9, 2014 draft Board Meeting Minutes

APRIL 23, 2014

ITEM D-2

ATTACHMENT A

# NIPOMO COMMUNITY SERVICES DISTRICT

*Serving the Community Since 1965*

## REGULAR MINUTES

APRIL 9, 2014 AT 9:00 A.M.

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

### BOARD of DIRECTORS

CRAIG ARMSTRONG, PRESIDENT  
JAMES HARRISON, VICE PRESIDENT  
LARRY VIERHEILIG, DIRECTOR  
DAN GADDIS, DIRECTOR  
BOB BLAIR, DIRECTOR

### PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER  
LISA BOGNUDA, FINANCE DIRECTOR  
MICHAEL W. SEITZ, GENERAL COUNSEL  
PETER SEVCIK, DIRECTOR OF ENG. & OPS.  
NITA WINDSOR, BOARD CLERK

Mission Statement: The Nipomo Community Services District's mission is to provide its customers with reliable, quality, and cost-effective services now and in the future.
--

**00:00** A. CALL TO ORDER AND FLAG SALUTE

*President Armstrong called the Regular Meeting of April 9, 2014 to order at 9:00 a.m. and led the flag salute.*

**0:00:42** B. ROLL CALL AND PUBLIC COMMENT FOR ITEMS NOT ON AGENDA

*At Roll Call, all Directors were present.*

*The Board took public comment.*

*Art Cocks, NCSD Customer, commented on the District's letter dated March 31, 2014 regarding the water shortage.*

**0:05:26** C. PRESENTATIONS AND REPORTS

C-1) REPORT ON MARCH 26, 2014 REGULAR MEETING CLOSED SESSION

Announcement of actions, if any, taken in Closed Session

*Michael Seitz, District Legal Counsel, announced that the Board discussed Item One (a) (Conference with District Legal Counsel re: pending litigation pursuant to GC §54956.9 SMVWCD VS NCSD) in closed session, but took no reportable action.*

*Mr. Seitz reported that the Board discussed Item One (b) (NCSD v. Troesh, et al.) in closed session, but took no reportable action.*

*Mr. Seitz reported that the Board discussed Item Two (Conference with Legal Counsel pursuant to Govt. Code §54956.9(d)(2)&(e)(1) in closed session, but took no reportable action.*

C-2) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES, AND SEMINARS.

Receive Announcements and Reports from Directors

Subject to Board Approval

**Nipomo Community Services District  
REGULAR MEETING  
MINUTES**

**C. PRESENTATIONS AND REPORTS (CONTINUED)**

**C-2 (CONTINUED)**

Director Gaddis

- ◇ Attended the Nipomo Chamber of Commerce Luncheon on March 27
- ◇ Toured the Southland Waste Water Treatment Facility and the Joshua Road Pump Station on March 28

Director Harrison

- ◇ Attended the Nipomo Chamber of Commerce Luncheon on March 27
- ◇ Attended the Fire Safe Council Meeting on March 27
- ◇ Attended the COLAB Meeting on March 27
- ◇ There is a fundraiser to benefit the Jim O. Miller Park at Miner's Hardware on April 13
- ◇ CC Greenhouse Growers is holding an Open House on April 12

Director Vierheilig

- ◇ Will attend the NCS D Personnel Committee Meeting on April 11

Director Blair

- ◇ Attended the Nipomo Chamber of Commerce Luncheon on March 27

**C-3) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS**

*There was no public comment.*

*Upon the motion of Director Blair and seconded by Director Gaddis, the Board unanimously voted to receive and file the presentations and reports as submitted.  
Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Blair, Gaddis, Vierheilig, Harrison and Armstrong	None	None

**D. CONSENT AGENDA**

- D-1) WARRANTS
- D-2) APPROVE MARCH 26, 2014 REGULAR BOARD MEETING MINUTES
- D-3) INITIATE PROCEEDINGS FOR ANNUAL LEVY OF ASSESSMENTS FOR STREET LANDSCAPE MAINTENANCE DISTRICT NO.1

*Michael Seitz, District Legal Counsel, announced that Item D-2 would be voted as a separate motion, as Director Vierheilig had a planned absence for the March 26 Regular Board meeting, and will need to abstain from voting.*

**0:09:50** D. CONSENT AGENDA (CONTINUED)

*President Armstrong asked if any Directors desired to pull items from the Consent Agenda or had any questions. No items were pulled from the Consent Agenda. Director Harrison requested clarification on warrants.*

*There was no public comment.*

*Upon the motion of Director Vierheilig and seconded by Director Gaddis, the Board unanimously approved Items D-1 and D-3 of Consent Agenda.  
 Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Vierheilig, Gaddis, Blair, Harrison and Armstrong	None	None

RESOLUTION 2014-1334  
 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO  
 COMMUNITY SERVICES DISTRICT INITIATING PROCEEDINGS FOR  
 ANNUAL LEVY OF ASSESSMENTS FOR THE STREET LANDSCAPE  
 MAINTENANCE DISTRICT NO. 1 FOR FISCAL YEAR 2014-2015 PURSUANT  
 TO THE PROVISIONS OF PART 2 OF DIVISION 15 OF THE CALIFORNIA  
 STREETS AND HIGHWAYS CODE

*Director Gaddis had one correction on the minutes of the March 26 Regular Board Meeting.*

*Upon the motion of Director Gaddis and seconded by Director Blair, the Board approved Item D-2, as amended.  
 Vote 4-0*

YES VOTES	NO VOTES	ABSTAIN
Directors Gaddis, Blair, Harrison and Armstrong	None	Vierheilig

E. ADMINISTRATIVE ITEMS

**0:13:08** E-1) CONSIDER WAIVING DISTRICT FEES AND CHARGES FOR PROPOSED JIM O MILLER PARK

*Michael LeBrun, General Manager, reviewed the report as presented in the Board packet. Mr. LeBrun and Michael Seitz, District Legal Counsel, answered questions from the Board. Mr. Seitz stated that the Board can discuss this Item today, and that future Boards cannot be bound with regards to an application for service which does not presently exist.*

*The following members of the public spoke:*

*Ruth Bracket, representing Kathy Kubiak of Olde Towne Nipomo Association (OTNA), expressed concerns regarding payment of fees, and stated that OTNA will continue to fundraise for the proposed park.*



**E. ADMINISTRATIVE ITEMS (CONTINUED)**

ITEM E-1 (CONTINUED)

Jim Tefft, NCSO Customer, expressed his thanks to the District and the Board for their service to the Nipomo area, and commented on the payment of fees.

Ed Eby, NCSO Customer, had concerns regarding any discussion of fees at this time without having plans, or knowing what fees will be required.

Art Cocks, NCSO Customer, commented on the payment of fees and fire protection for any public facility.

Peg Miller, NCSO Customer, commented on the payment of fees.

Michael Seitz, District Legal Counsel, stated that the Parks Committee will meet in the future with OTNA to further discuss this matter once plans and fees are available.

President Armstrong announced at 9:55 a.m. that the Board would take a 5 minute break prior to discussion of Item E-2.

The Board reconvened at 10:05 a.m.

E-2) CONSIDER DRAFT PROPOSED WATER SHORTAGE RATES AND SUPPLEMENTAL WATER RATES

Michael LeBrun, General Manager, reviewed the report as presented in the Board packet and provided a slide presentation (see Exhibit "A"). Mr. LeBrun answered questions from the Board.

The following members of the public spoke:

Ed Eby, NCSO Customer, commented in favor of the presentation and the proposed Water Shortage and Supplemental Water Rates.

Dan Hall, NCSO Customer, commended the District and the Board in bringing Supplemental Water to the Nipomo area, and handed his written questions and comments to Mr. LeBrun (see Exhibit "B").

Clayton Tuckfield, P.E., of Tuckfield and Associates, gave a Power Point presentation on the Water Rate and Capacity Charge Study (see Exhibit "C"). Mr. LeBrun, Mr. Tuckfield and Lisa Bognuda, Finance Director, answered questions from the Board.

The following members of the public spoke:

Ed Eby, NCSO Customer, requested confirmation that other water purveyors in the area will be charged capital costs for supplemental water.

Bill Kenigel, NCSO Customer, commented on the supplemental water rates.

**E. ADMINISTRATIVE ITEMS (CONTINUED)**

**ITEM E-2 (CONTINUED)**

*Dan Hall, NCSD Customer, requested the percentage of water pumped across the Mesa which goes to NCSD. Michael LeBrun, General Manager, responded to Mr. Hall.*

*Sam Saltoun, NCSD Customer, expressed praise for the Board's actions with regards to supplemental water.*

*Upon the motion of Director Harrison and seconded by Director Blair, the Board unanimously agreed with using "Price Induced" water shortage rates.*

*Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Blair, Gaddis, Vierheilg and Armstrong	None	None

*Upon the motion of Director Harrison and seconded by Director Vierheilg, the Board voted to use a "fixed charge" approach to apportioning supplemental water costs.*

*Vote 4-1.*

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Vierheilg, Blair and Gaddis	Armstrong	None

*The Board took a break from 12:07 p.m. to 12:13 p.m.*

**E-3) PUBLIC HEARING TO APPROVE WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN**

*Michael LeBrun, General Manager, reviewed the report as presented in the Board packet, and handed out a letter to the Board from David Watson of Watson Planning Consultants (see Exhibit "D"). Mr. LeBrun answered questions from the Board.*

*Director Vierheilg noted two corrections to the Resolution.*

*President Armstrong opened the Public Hearing at 12:34 p.m.*

*Ed Eby, NCSD Customer, encouraged the Board to adopt the Water Shortage Response and Management Plan.*

*President Armstrong closed the Public Hearing at 12:37 p.m.*

*Upon the motion of Director Harrison and seconded by Director Gaddis, the Board unanimously approved the Resolution adopting a Water Shortage and Management Plan, as amended.*

*Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Harrison, Gaddis, Blair, Vierheilg and Armstrong	None	None

RESOLUTION 2014-1335  
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO  
COMMUNITY SERVICES DISTRICT ADOPTING A WATER SHORTAGE  
RESPONSE AND MANAGEMENT PLAN PURSUANT TO WATER  
CODE § 375.

**E. ADMINISTRATIVE ITEMS (CONTINUED)**

*The Board considered Item I next.*

**I. CLOSED SESSION ANNOUNCEMENTS**

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

a) SMVWCD VS. NCSO (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND ALL CONSOLIDATED CASES).

b) NCSO v Troesh, et al. SLOCSC# CV130175

**2. CONFERENCE WITH LEGAL COUNSEL PURSUANT TO GOVT. CODE §54956.9(d)(2)&(e)(1):**

Significant Exposure to Litigation - 1 case.

**J. PUBLIC COMMENT ON CLOSED SESSION ITEMS**

There was no public comment.

**3:26:52 K. ADJOURN TO CLOSED SESSION**

*President Armstrong adjourned to closed session at 12:42 p.m.*

**L. OPEN SESSION**

**ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION**

*The Board came back into Open Session at 1:33 p.m.*

*Michael Seitz, District Legal Counsel, announced that the Board discussed Items One and Two listed above under closed session announcements, but took no reportable action.*

**F. GENERAL MANAGER'S REPORT**

*Michael LeBrun, General Manager, reviewed the report as presented in the Board packet. Mr. LeBrun answered questions from the Board.*

*There was no public comment.*

**G. COMMITTEE REPORTS**

*There were no committee reports.*

**H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS**

*There were no requests to staff.*

Nipomo Community Services District  
**REGULAR MEETING  
MINUTES**

ADJOURN

*President Armstrong adjourned the meeting at 1:50 p.m.*

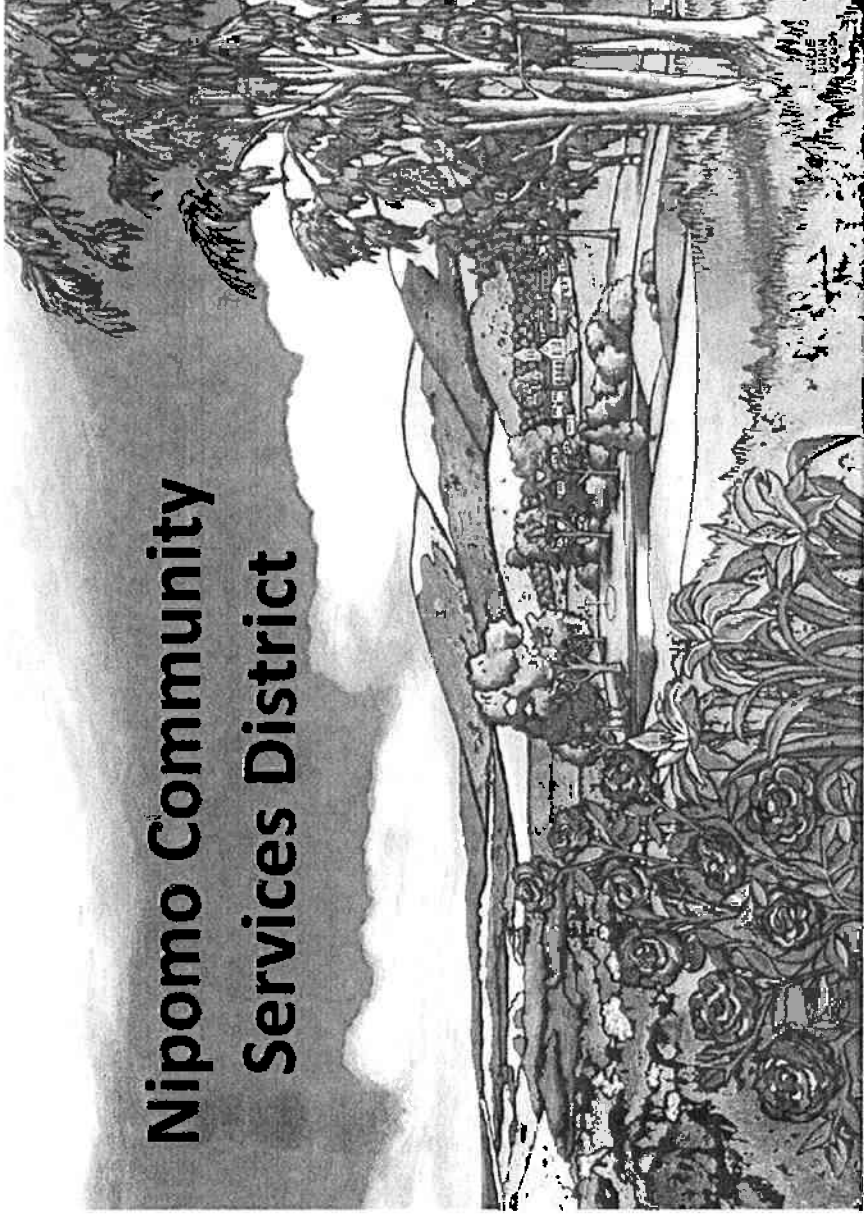
MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	3 hour 59 minutes
Closed Session	0 hour 51 minutes
TOTAL HOURS	4 hours 50 minutes

APRIL 9, 2014

REGULAR BOARD MEETING MINUTES

EXHIBIT "A"

**Nipomo Community  
Services District**



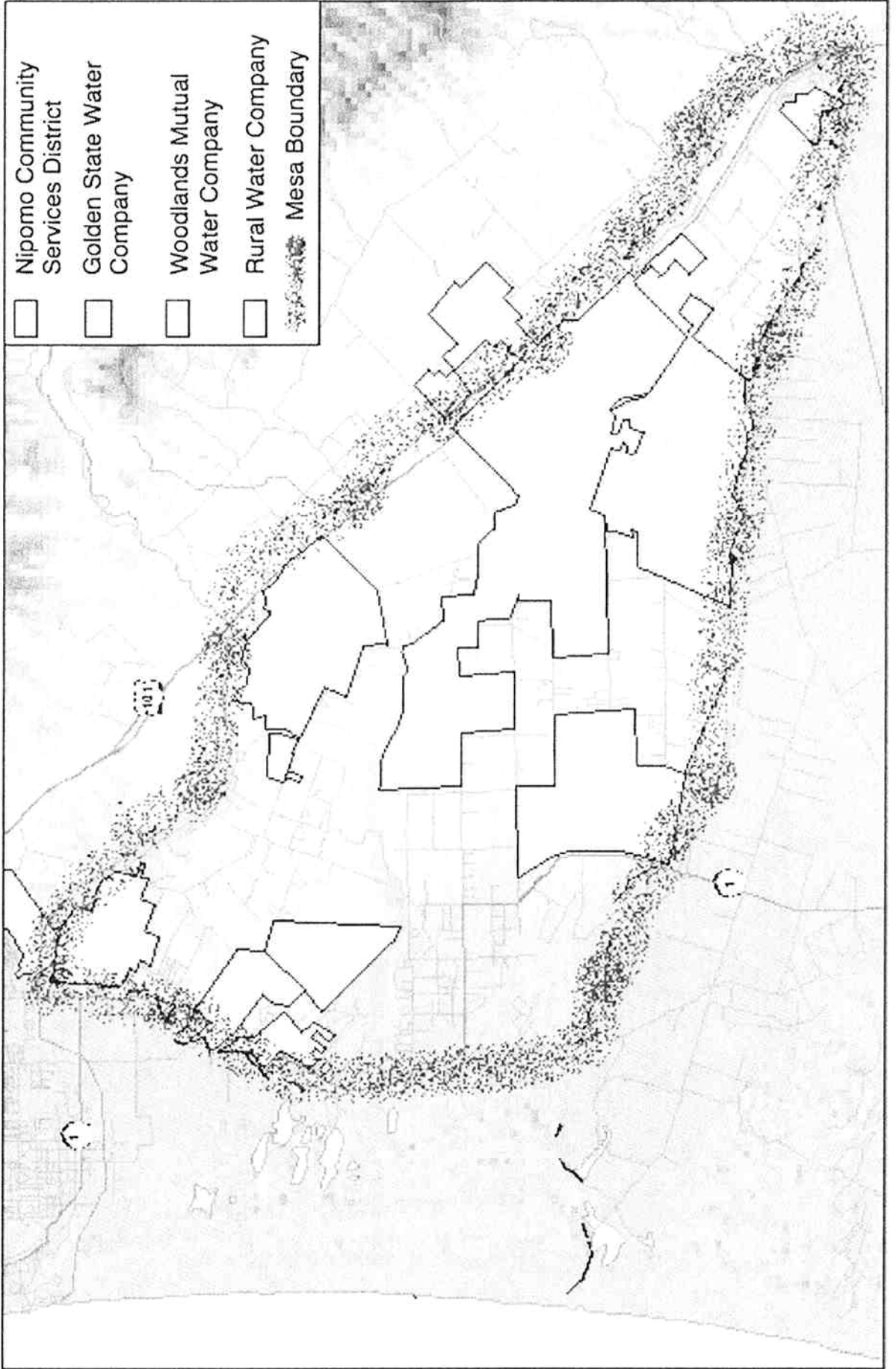
April 9, 2014

Nipomo CSD  
Board Room

**The Problems Caused by Decades of  
OVERPUMPING and DROUGHT  
and Our Proposed Solutions**



# Nipomo Mesa Water Purveyors





## **Our Water Problem**

**The Nipomo Mesa has  
only ONE source of water . . .  
. . . the groundwater pumped from  
beneath us.**



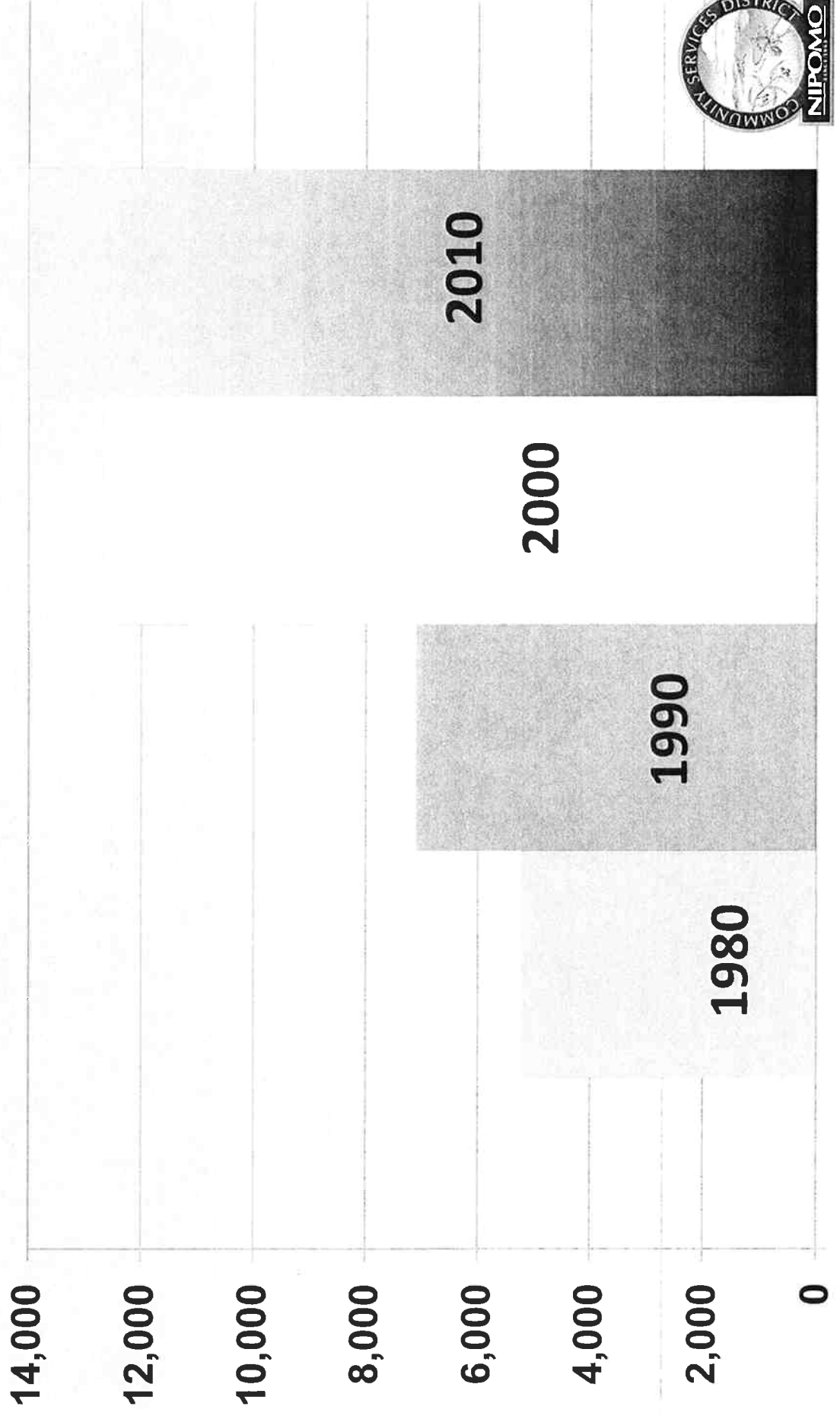


# **Groundwater Levels Are Dropping Here's Why**

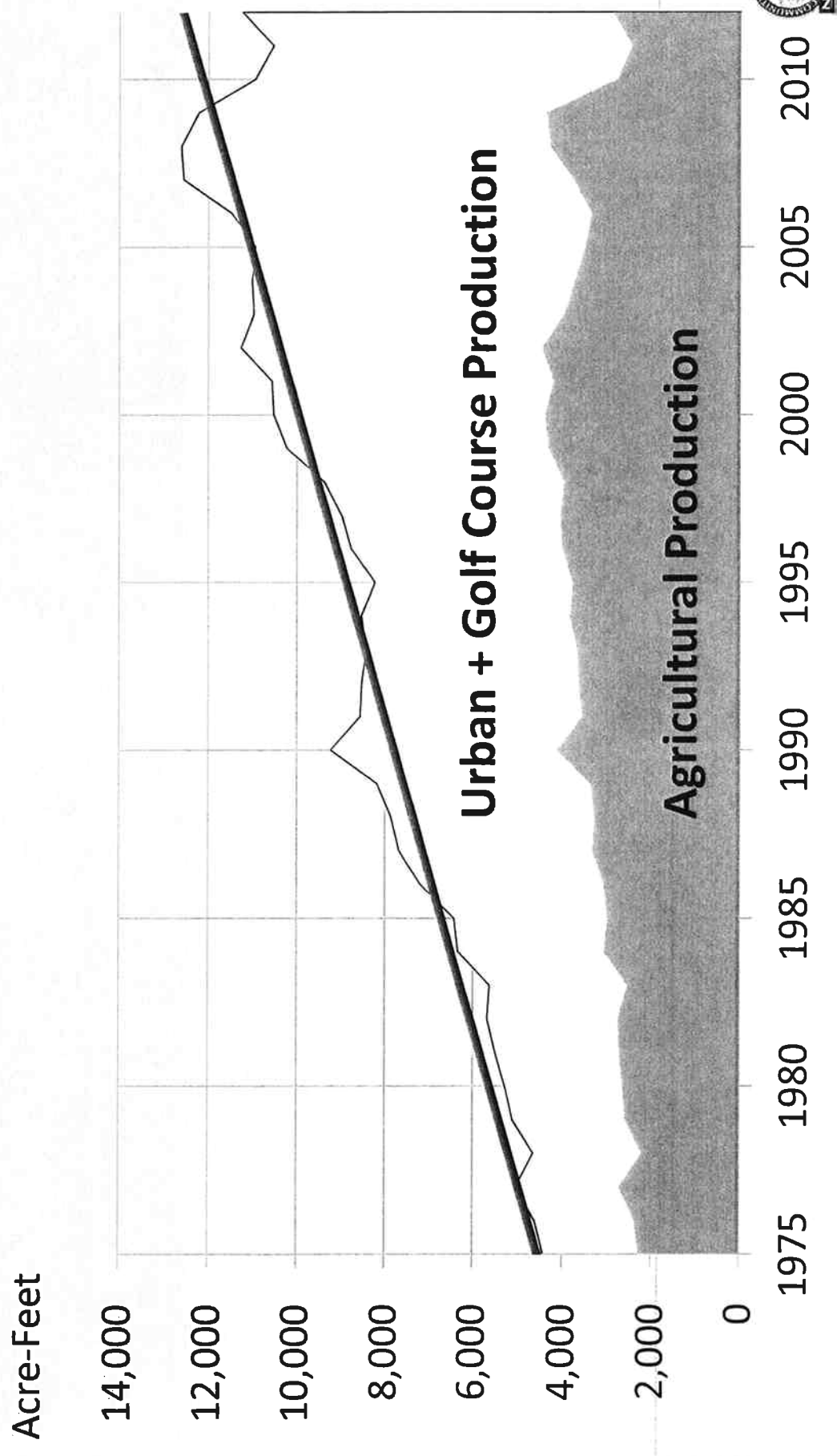


# Nipomo Mesa Population Growth

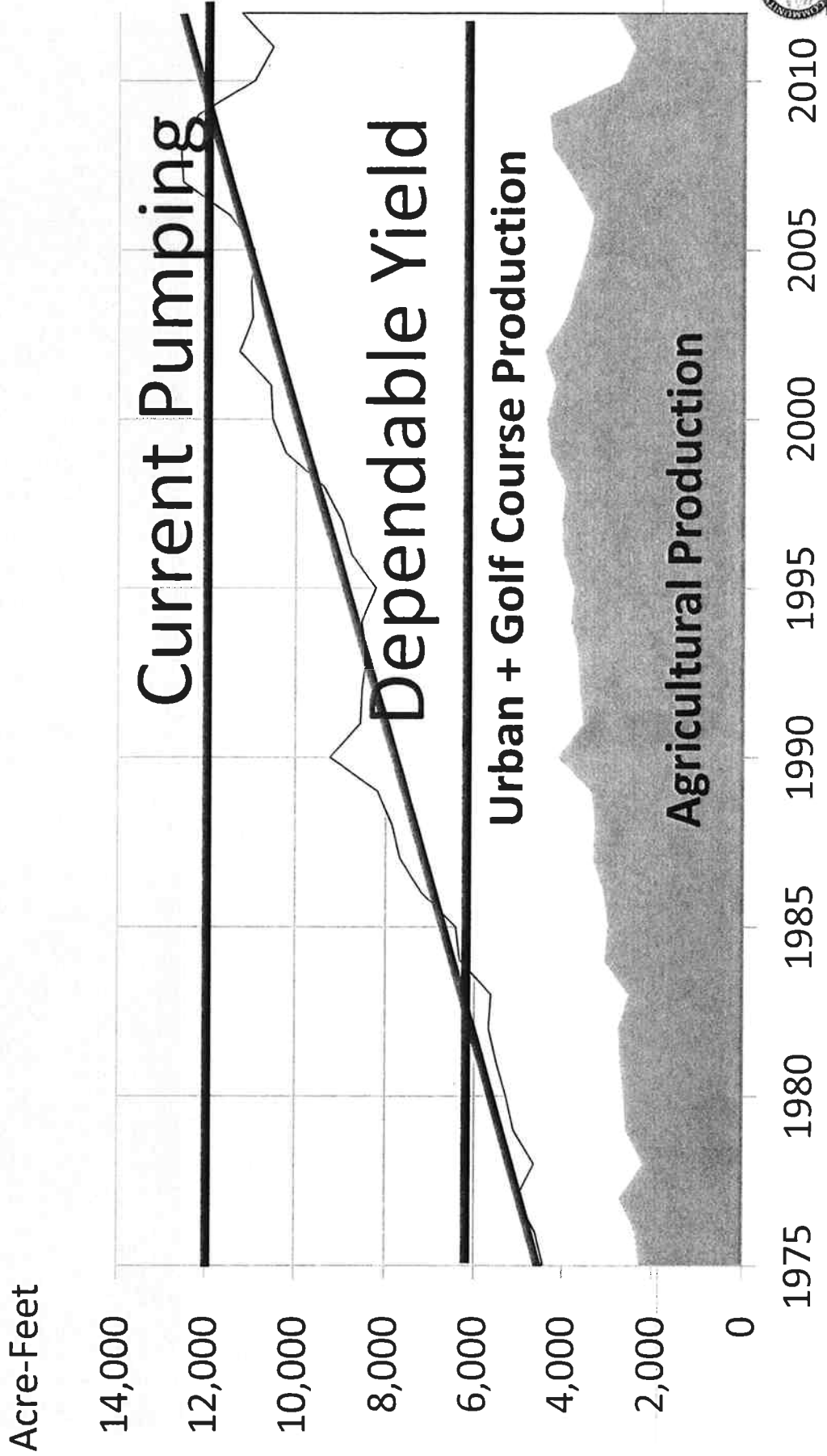
## 11% from 2000 to 2010



# Nipomo Mesa Water Use Steady Water Use Increase Since 1970s



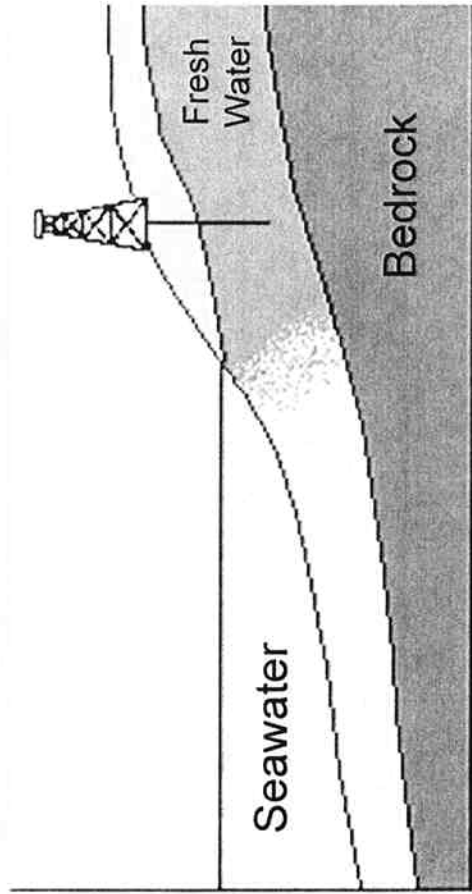
# We are pumping twice the dependable yield The Amount The Can Be Pumped Reliably Into the Future



**Since we are next to the  
Pacific Ocean,  
exceeding the  
dependable yield  
is likely to invite  
seawater intrusion**

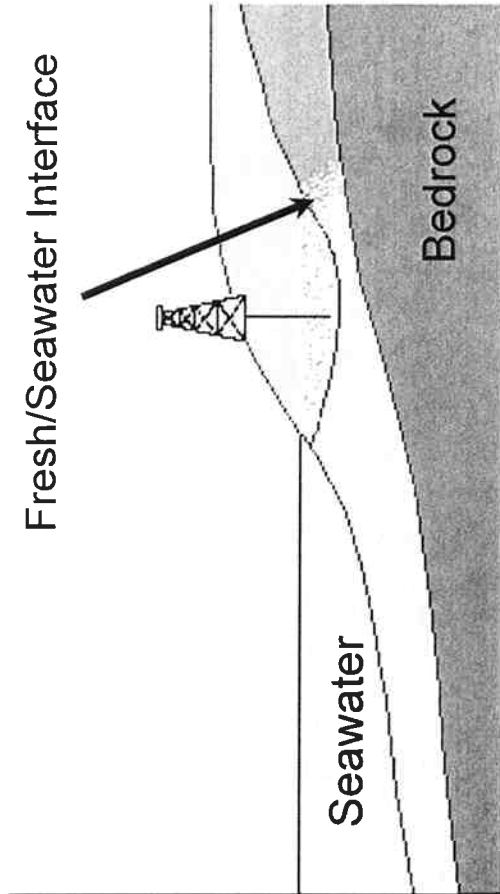


# Our Aquifer is Next to the Pacific Ocean



When fresh water table stays above sea level...

Seawater stays offshore.



Too much pumping...

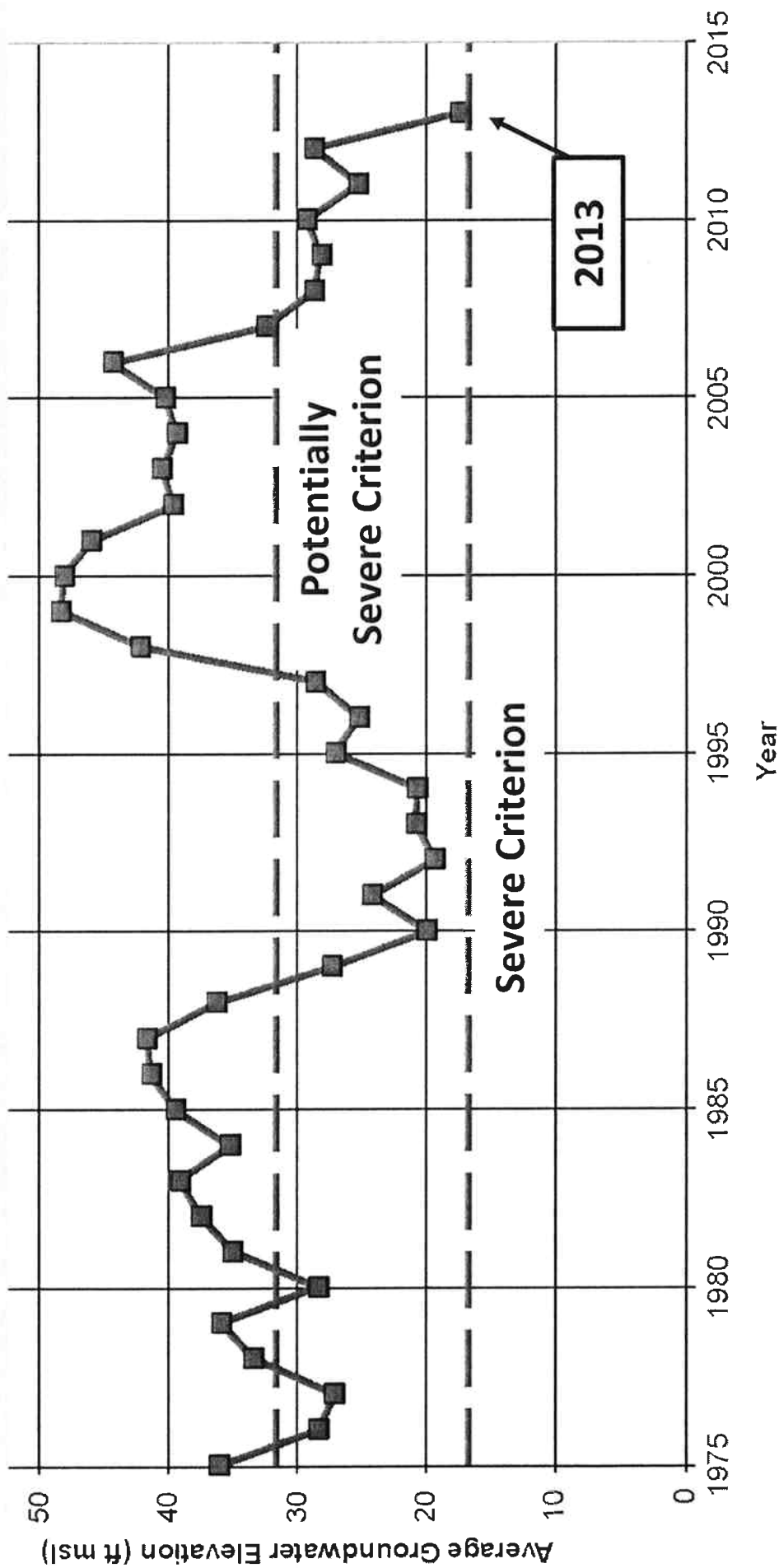
Can cause the fresh water table to fall below sea level...

Creating an invitation for seawater intrusion.



# Approached "Severe Shortage" Groundwater Levels in 2013

Conditions Worse This Year.  
Official Report on Groundwater Health in May



**Groundwater Levels in  
Trouble Before the  
Drought...**

**Now even more so.**





# Regional Seawater Intrusion Problem

	Los Osos	Five Cities Area	Nipomo Mesa
Aquifer shared with the Pacific Ocean	X	X	X
Decreasing well levels	X	X	X
Pumping freshwater wells below sea level	X	X	X
Seawater intrusion documented	X	X	Not yet...
Freshwater Wells Permanently Lost to Seawater Intrusion	X	Not yet...	Not yet...



# Looming Likelihood of Seawater Intrusion

**ALL cases of seawater intrusion elsewhere started with:**

1. Pumping aquifers beyond the dependable yield
2. Consistent dropping of water levels in wells
3. Well levels falling below sea level

**We are experiencing all three of these conditions**



# **Status – Potentially Severe Water Shortage Condition**

- Last year, area wells dropped to their lowest level on record
- Nearly: Severe Water Shortage condition.
- Third year of drought has continued to degrade the groundwater condition;
- Official update on the Basin status in May.



## **Drought Response Plan #1: Obtain Supplemental Supply**

- 3,000 acre-feet of new water to our community.
- Construction is underway and 650 acre-feet of new water supply will be available next year.
- Our rates are among the lowest in the region. Need supplemental charge when new water arrives.
- Additional investment is needed to bring in remaining 2,350 acre-feet of new supply.



## **Drought Response Plan #2: Drought Response and Management Plan**

Follows five Drought Stages tied to court approved groundwater condition measurements

New rates based on drought stages. At each higher stage, rates would increase to:

- motivate people to conserve increasing amounts of water; and
- balance financial loss from reduced water sales.

At higher drought stages, limits and eventually suspension on providing water for new development



# **Drought Response Plan #3**

## **Collaborating for Unified, Regional Program**

### **Collaborating with**

- neighboring water suppliers
- the County of San Luis Obispo
- the court

to ensure an effective and coordinated Basin wide drought response that all participate in



# **Must Implement Effective Drought Plan: Cutbacks in Use and Bring in New Water**

**If we fail to act. Nipomo Mesa water  
shortage consequences:**

- **Seawater Intrusion - Contaminated  
Groundwater**
- **Permanent Loss of Fresh Water Wells**
- **Extreme Water Rationing**
- **Prolonged Water Shortages**
- **Significant Negative Property Value Impacts**



APRIL 9, 2014

REGULAR BOARD MEETING MINUTES

EXHIBIT "B"



4/9/14

E-2

**NCS D MEETING APRIL 9, 2014**

**Supplemental water charge**

1. As NCS D is to pay for 66% of the supplemental water costs and the purveyors are to pay for 34%, will the supplemental water charge to NCS D customers be limited to 66% of the cost of the system? If not, why not?
2. When supplemental water starts to flow at the initial rate of 650 AF and those purveyors who do not take their 34%, will they pay for their assigned share? If not, why not?
3. What is the status of signed agreements with the other purveyors relating to No. 1 & 2 above to ensure NCS D customers are not picking up the tap for other purveyor obligations?

**Water shortage rates**

Nipomo does not have a water shortage problem; the entire mesa has a water shortage problem. NCS D is estimated to be pumping (X)%, the other purveyors are pumping (X)%, Conoco Philips is pumping (X)% and the rural wells are pumping 10%. As with the North County, this is a county problem and solutions for conserving water need to be shared by all parties including the users of rural wells. It is unfair to NCS D customers to be charged under a use penalty system if all of the other users are not charged accordingly.

1. The board reported that the District is working with neighboring water suppliers, the county and the court to ensure an affective and coordinated response to the shortage. What steps are being taken in this effort and why start a penalty system before it is resolved? Why should the NCS D customers accept an unfair charge while the water NCS D saves can just be pumped by others on the mesa?
2. The District states "The more you conserve, the less you pay and the more you use, the more you pay? The District than goes on to say "the rates will be increased to make up for the financial loss from reduced water sales." While we understand the economics of lower income due to conservation, this only makes it more important to have a fair and equitable system for the entire mesa.

DAN HALL  
1154 OAKMONT PLACE  
NIPOMO, CA 93444  
TEL: 929-0335  
EMAIL: SA1L6HD @ CHARTER.NET

APRIL 9, 2014

REGULAR BOARD MEETING MINUTES

EXHIBIT "C"

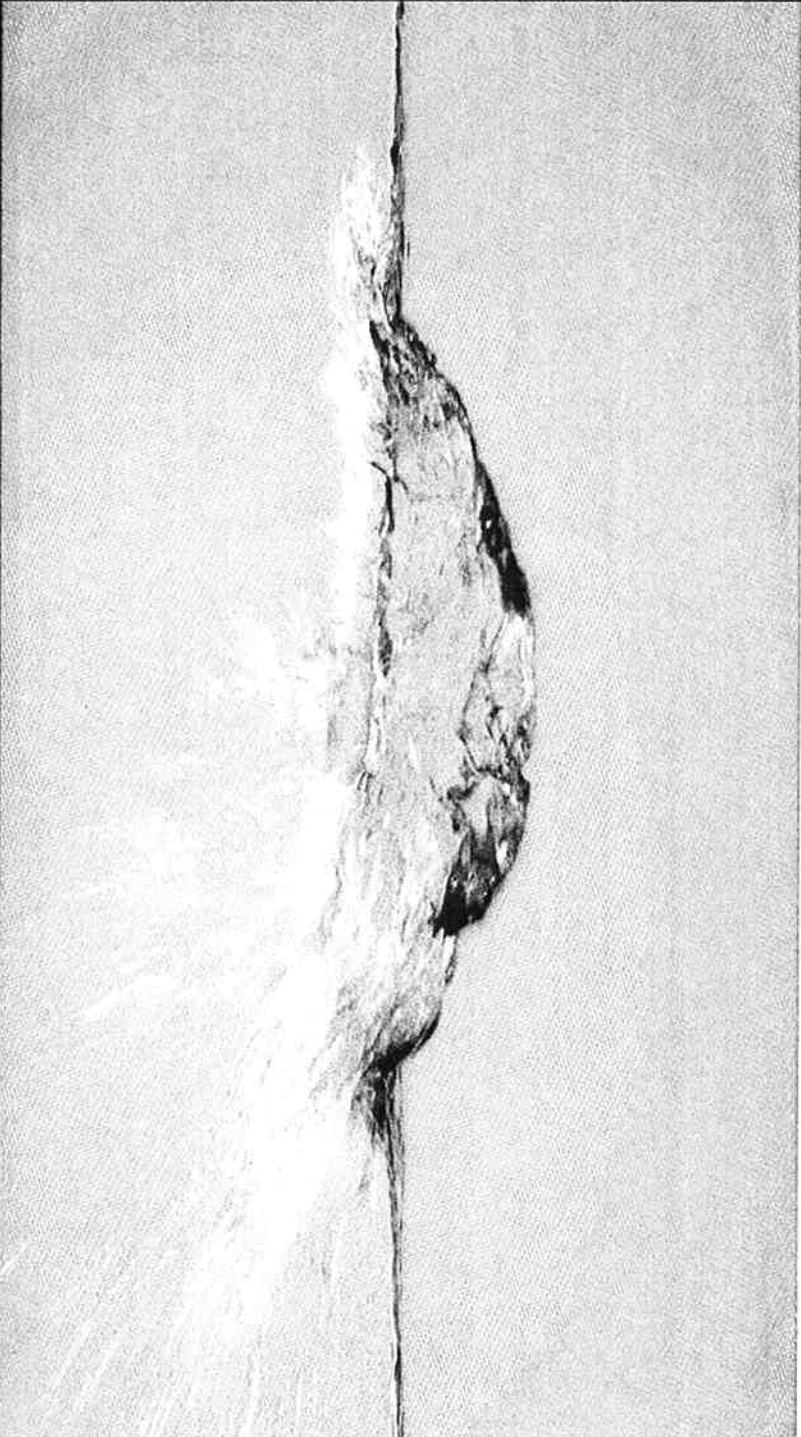
WATER RATE AND CAPACITY CHARGE STUDY  
PRESENTATION #2  
NIPOMO COMMUNITY SERVICES DISTRICT

FINANCIAL CONSULTING  
**TUCKFIELD &  
ASSOCIATES**  
MANAGEMENT CONSULTING

Clayton Tuckfield, P.E.  
Principal, Tuckfield & Associates

Presentation

April 2014



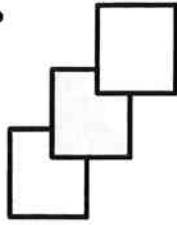
# Topics

- Current Water Rate Schedule
- Water Shortage Rates
  - Price-Induced Reductions Only
  - Mandatory/Voluntary and Price-Induced Reductions
  - Example Bills
- Supplemental Water Charges
  - District Customer Charges
- Next Steps



# Current Tiers and Increases Remain

- Current water rates remains in place
  - Single-Family Residential Bi-monthly Volume Rates
    - » Tier 1: 0-24 Ccf.....\$1.97 per Ccf
    - » Tier 2: 25-40 Ccf.....\$2.46 per Ccf
    - » Tier 3: 40-100 Ccf.....\$3.45 per Ccf
    - » Tier 4: Over 100 Ccf.....\$5.91 per Ccf
    - » (Ccf is one hundred cubic feet or 748 gallons)
  
- Approved rate changes remain in place
  - Nov 1, 2014: 9.5% increase goes into effect
  - Nov 1, 2015: 9.5% increase goes into effect



# Proposed Water Shortage Rates

Two Approaches Being Considered:  
Price-Induced Reductions Only  
Mandatory/Voluntary and Price-Induced Reductions

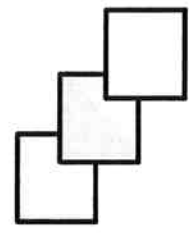
# Key Elements of Water Shortage Response and Management Plan

Stage	Trigger	Response
I	All Times	On-going Conservation Education
II	Potentially Severe Water Shortage Begins	More Intensive Education
III	Severe Water Shortage Declared	30% Reduction in Production
IV	Severe Water Shortage More Than 1 Year or is Triggered by Both Key Wells Index and Coastal Criterion	50% Reduction in Production
V	Severe Water Shortage More Than 2 Years with Both Key Wells Index and Coastal Criterion Triggered	60% Reduction in Production

# Water Sales Volume Targets

Current Conditions	Stage 3	Stage 4	Stage 5
FY 2012-13	30% Reduc	50% Reduc	60% Reduc
Ccf	Ccf	Ccf	Ccf
Water Sales Volume	1,033,151	489,000	392,000

Water Sales Volume is a percentage of water production and includes water losses.



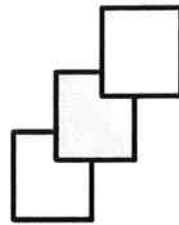


# Volume Charge Revenue Targets

Price-Induced Reductions Only

Description	Current Conditions			
	FY 2012-13	Stage 3 30% Reduc	Stage 4 50% Reduc	Stage 5 60% Reduc
<b>Additional Stage Expense</b>				
<b>Pumping Expense</b>		(\$160,000)	(\$250,000)	(\$300,000)
Administrations		\$50,000	\$50,000	\$50,000
Operations		\$50,000	\$50,000	\$50,000
Legal		\$75,000	\$75,000	\$75,000
Outreach		\$30,000	\$30,000	\$35,000
<b>Total Additional Expense</b>		<b>\$45,000</b>	<b>(\$45,000)</b>	<b>(\$90,000)</b>

<b>Target Volume Charge Revenue</b>	<b>\$2,754,800</b>	<b>\$2,799,800</b>	<b>\$2,709,800</b>	<b>\$2,664,800</b>
-------------------------------------	--------------------	--------------------	--------------------	--------------------



# Consumption Will Decrease With Rising Rates

- Price Elasticity measures the extent to which demand for a good or service changes with price
  - Price elasticity tells you the percentage change in demand for a 1 percent change in price

- EXAMPLE:

Elasticity of  $-1$  means that a.....

**1 percent increase in price leads to a**

**0.1 percent decrease in consumption**

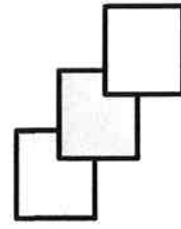
# Reductions Based on Industry Standard Price Elasticities

## Price-Induced Reductions Only

- Significantly higher prices reduce consumption and balance revenue

Classification	Rate Block	Normal Conditions Current Rates \$/Ccf	Stage 3 30% Reduction \$/Ccf	Consumption		Stage 3 Consumption With Response		Revenue		Price Elasticities
				Normal Conditions Ccf	Stage 3 30% Reduction Ccf	Normal Conditions Ccf	With Response Ccf	Normal Conditions Revenue \$	Stage 3 Revenue \$	
Single Family	0 to 24 Ccf	\$1.97	\$2.36	422,215	413,856	413,856		\$834,234	\$979,602	-0.10
	25 to 40 Ccf	\$2.46	\$6.20	147,203	102,444	102,444		363,221	637,084	-0.20
	41 to 100 Ccf	\$3.45	\$12.94	167,392	29,257	29,257		581,676	381,324	-0.30
	Over 100 Ccf	\$5.91	\$22.16	44,319	0	0		266,030	0	-0.40
				781,128	545,557	545,557		\$2,045,161	\$1,998,010	
All Other				252,023	139,162	139,162		709,618	805,181	
				1,033,151	684,719	684,719		\$2,754,778	\$2,803,191	

30% Reduction, Water Sales Volume = 685,000      Revenue Target = \$2,799,800

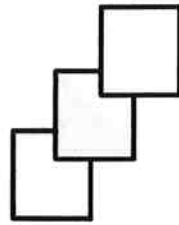


# Drought Rates

Price-Induced Reductions Only

- Price is capped at cost of Desal water in top Tier

Classification	Rate Block	Normal				
		Conditions Current Rates	Stage 3 30% Reduction	Stage 4 50% Reduction	Stage 5 60% Reduction	
		\$/Ccf	\$/Ccf	\$/Ccf	\$/Ccf	\$/Ccf
Single Family	0 to 24 Ccf	\$1.97	\$2.36	\$4.20	\$6.19	
	25 to 40 Ccf	\$2.46	\$6.20	\$11.96	\$14.27	
	41 to 100 Ccf	\$3.45	\$12.94	\$20.70	\$36.25	
	Over 100 Ccf	\$5.91	\$22.16	\$36.25	\$36.25	



# Example Single Family Residential Bills at Each Stage

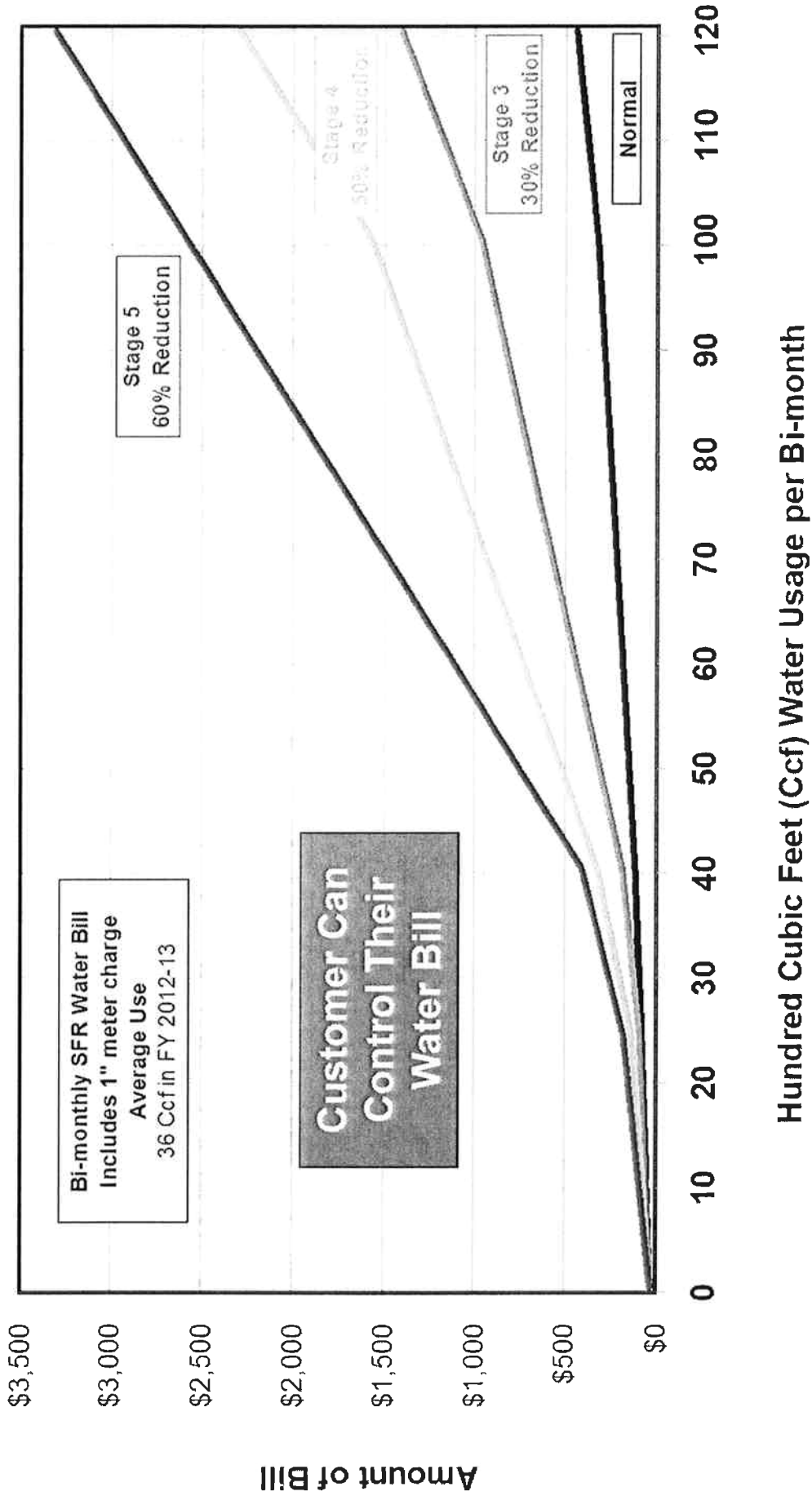
Price-Induced Reductions Only

- No change in use leads to higher bills

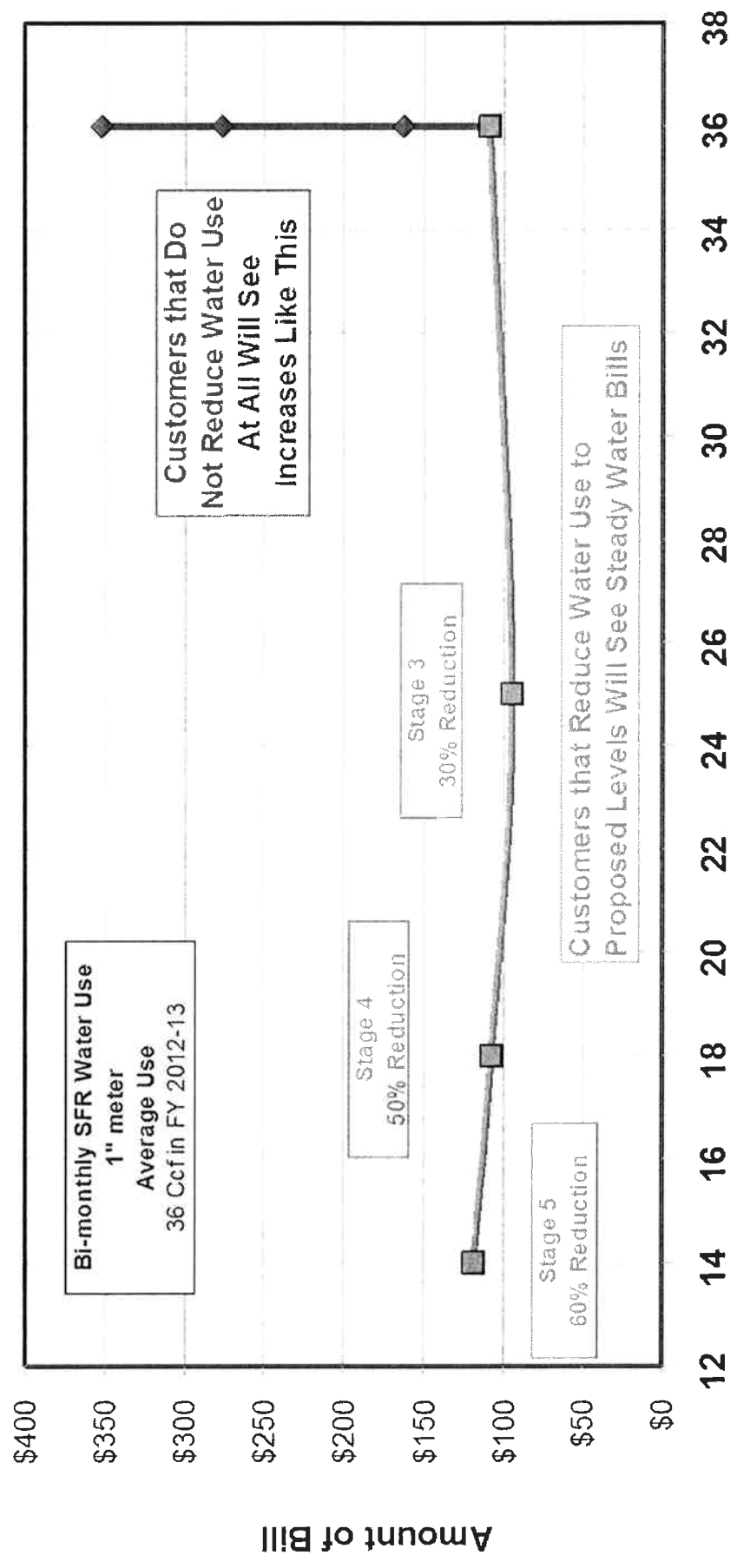
Description	Use	Normal Conditions			
		Current Rates	30% Reduction	50% Reduction	60% Reduction
Very Low	10	\$51.89	\$55.79	\$74.19	\$94.09
Low	20	\$71.59	\$79.39	\$116.19	\$155.99
Average	36	\$108.99	\$163.23	\$276.51	\$351.99
High	80	\$256.83	\$705.63	\$1,152.35	\$1,859.07
Very High	120	\$444.03	\$1,407.63	\$2,291.35	\$3,309.07

Includes bi-monthly 1 inch meter charge of \$32.19.

**Figure 1**  
**Single-Family Residential Bi-monthly Bill**  
 with WSRMP Stage Reductions



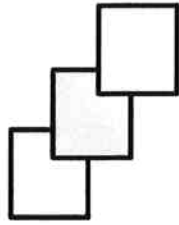
**Figure 2**  
**Impacts to Single-Family Residential Bi-monthly Bills**  
 No Reduction versus Assumed Customer Stage Reductions  
 (Includes bi-monthly fixed meter charge)



Hundred Cubic Feet (Ccf) Water Usage per Bi-month

# Drought Rates with November 1, 2014 Increase

- Drought rates increase at same 9.5%
  - Will likely see decrease in consumption with this increase, but our financial plan assumed a 1 percent reduction
  - Use District operating and rate stabilization reserves as necessary for any shortfall



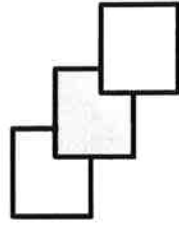


# DWR Urban Drought Guidebook

- “It is standard practice for water suppliers to maintain a dry-year contingency reserve fund to protect revenue through two or more years of supply reductions below normal demand levels.”

(excerpt from 2008 DWR Urban Drought Guidebook, page 55)

- For NCSD, Stage 3 reduction of 752 AF results in lost revenue of about \$1.08M. A two-year drought reserve would equal \$2.2M for Stage 3 drought.



# Mandatory/Voluntary and Price-Induced Revenue Target

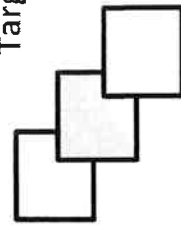
- Mand/Volun method requires additional expense

Description	Current Conditions			
	FY 2012-13	Stage 3 30% Reduc	Stage 4 50% Reduc	Stage 5 60% Reduc
<b>Additional Stage Expense</b>				
Pumping Expense		(\$160,000)	(\$250,000)	(\$300,000)
Administration		\$100,000	\$100,000	\$100,000
Operations		\$100,000	\$100,000	\$100,000
Legal		\$225,000	\$225,000	\$225,000
Outreach		\$40,000	\$45,000	\$50,000
<b>Total Additional Expense</b>		<b>\$305,000</b>	<b>\$220,000</b>	<b>\$175,000</b>

Target Volume Charge Revenue **\$2,744,000**    **\$3,049,000**    **\$2,964,000**    **\$2,919,000**

Target Revenue Price Induced    **\$2,799,800**    **\$2,709,800**    **\$2,664,800**

Increased Cost of Mand/Volun Method    **\$249,200**    **\$254,200**    **\$254,200**



# Rate Comparison of Two Methods

Mandatory/Voluntary and Price-Induced with Price Induced Only

- Mand/Volun method results in higher rates in 1<sup>st</sup> Tier

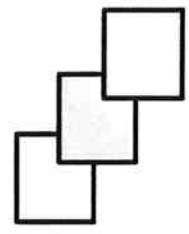
Classification	Rate Block	Normal Conditions Current Rates	Stage 3	Stage 4	Stage 5
			30% Reduction	50% Reduction	60% Reduction
			Mand/Volun and Price Induced		
Single Family	0 to 24 Ccf	\$1.97	\$2.70	\$5.04	\$6.60
	25 to 40 Ccf	\$2.46	\$6.15	\$8.86	\$12.18
	41 to 100 Ccf	\$3.45	\$9.49	\$20.70	\$36.25
	Over 100 Ccf	\$5.91	\$22.16	\$36.25	\$36.25
Price Induced Only					
Single Family	0 to 24 Ccf	\$1.97	\$2.36	\$4.20	\$6.19
	25 to 40 Ccf	\$2.46	\$6.20	\$11.96	\$14.27
	41 to 100 Ccf	\$3.45	\$12.94	\$20.70	\$36.25
	Over 100 Ccf	\$5.91	\$22.16	\$36.25	\$36.25

# Comparison of Example Single Family Residential Bills

Bills are higher at lower uses for Mand/Volun Method

Description	Use	Normal Conditions				
		Current Rates	30% Reduction	50% Reduction	Stage 4	Stage 5
Very Low	10	\$51.89	\$59.19	\$82.59	\$98.19	\$98.19
Low	20	\$71.59	\$86.19	\$132.99	\$164.19	\$164.19
Average	36	\$108.99	\$170.79	\$259.47	\$336.75	\$336.75
High	80	\$256.83	\$574.99	\$1,122.91	\$1,835.47	\$1,835.47
Very High	120	\$444.03	\$1,207.99	\$2,261.91	\$3,285.47	\$3,285.47

Description	Use	Price Induced Only				
		Current Rates	30% Reduction	50% Reduction	Stage 4	Stage 5
Very Low	10	\$51.89	\$55.79	\$74.19	\$94.09	\$94.09
Low	20	\$71.59	\$79.39	\$116.19	\$155.99	\$155.99
Average	36	\$108.99	\$163.23	\$276.51	\$351.99	\$351.99
High	80	\$256.83	\$705.63	\$1,152.35	\$1,859.07	\$1,859.07
Very High	120	\$444.03	\$1,407.63	\$2,291.35	\$3,309.07	\$3,309.07



# Supplemental Water Charges

# Background

- Groundwater basin levels are dropping
  - » Pumping twice the dependable yield
  - » May invite seawater intrusion
- Basin has been Adjudicated
  - » Stipulation Agreement: Rights to groundwater allocated to users
  - » NMMA Physical Solution: supplemental water and % rights
  - » Technical group appointed to manage basin
- Supplemental Water Project is currently underway
  - » Bringing in supplemental water as a long-term water supply source
  - » Project constructed in 3 phases
  - » Phase 1 – 650 AFY initially
- Create New Supplemental Water Charges
  - » Charge to recover all costs associated with new water supply

# New Supplemental Water Op Fund

- Captures all revenue and obligations related to Supplemental Water
  - » Revenues from charges to Purveyors and District customers
  - » Supplemental Water cost from Santa Maria
  - » Annual Project replacement
  - » Portion of 2013 and 2013A COPs debt service
- Purveyor Supplemental Water Charges
  - » Recover fair share of District's costs to construct Supp Water Project
  - » Costs from Santa Maria including additional O&M
- District customers Supplemental Water Charges
  - » Share of COPs debt service not funded by other sources
  - » Share of annual Project replacement
  - » Costs from Santa Maria including additional O&M

# Charge to District Customers

2 months

2014-15

Line No. Description

<b>Pass-Through Supplemental Water Costs <sup>[1]</sup></b>		
1	Supplemental Water Cost (\$ per AF)	\$1,718.23
2	Supplemental Water O&M Cost (\$ per AF)	\$103.17
3	<b>Pass-Through Cost of Supplemental Water (\$ per AF)</b>	<b>\$1,821.40</b>
4	FY 2014-15 Bi-Monthly Supplemental Water Received (AF) [2]	88.91
5	Total Bi-Monthly Cost of Supplemental Water	\$161,935
<b>Bi-Monthly Fixed New Supplemental Water Fund Costs</b>		
6	Supplemental Water Project Annual Replacement <sup>[3]</sup>	\$26,672
7	Difference Between Prop Taxes Received and Debt Service [4]	7,881
8	<b>Total Bi-Monthly Fixed New Supplemental Water Fund Costs</b>	<b>\$34,553</b>
9	Fixed Supplemental Water Charge per Equivalent 1" Meter <sup>[5]</sup>	\$32.79
10	Fixed Costs Charge per Bi-Month per Equivalent 1 inch Meter <sup>[5]</sup>	\$7.00
11	<b>Total Bi-Monthly Fixed Charge per Equivalent 1 inch Meter</b>	<b>\$39.79</b>

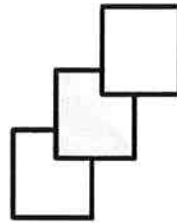
<sup>[1]</sup> The Supplemental Water Costs per AF will increase as the costs are increased to NCSD.

<sup>[2]</sup> Supplemental Water estimate of 533.44 AFY for two months.

<sup>[3]</sup> District share of Supplemental Water Project annual replacement contribution assuming a project cost of \$23,651,640 and a project life of 100 years.

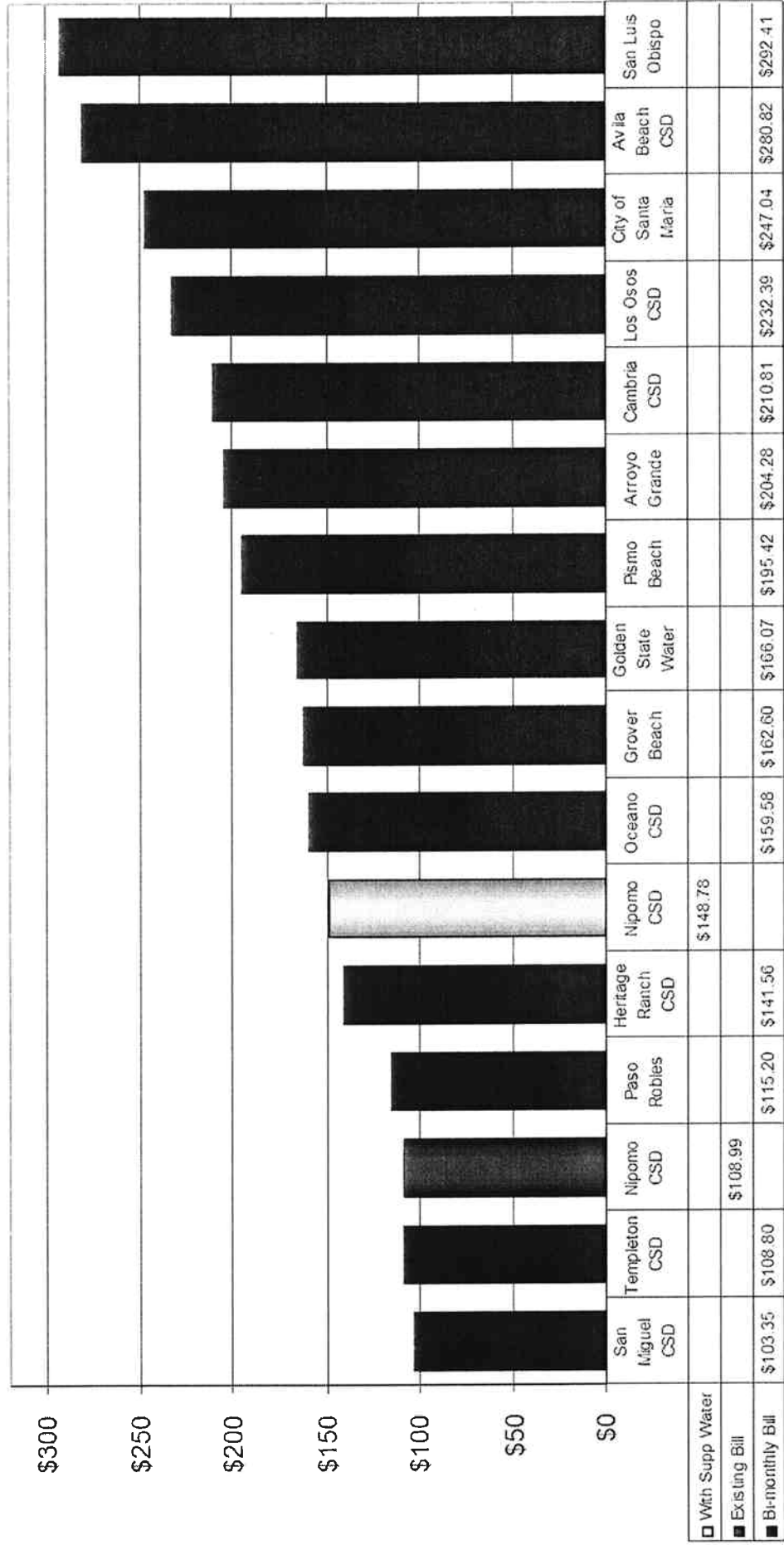
<sup>[4]</sup> Estimated bi-monthly difference between debt service paid and Property Tax Revenue received, less debt service included in Purveyor charges.  $((\$750,000 - \$500,000) / 12 \text{ less } \$16,893) \text{ times } 2$

<sup>[5]</sup> Assumes total number of Equivalent 1 inch Meters of 4,939.





**Selected Local Water Agencies**  
**Comparison of Single-family Residential Bi-monthly Water Bills [1]**  
 at 36 Ccf Bi-monthly

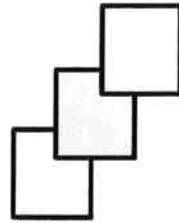


[1] For rates in effect January 2014.

# Supplemental Water Charges by Meter Size

- Bi-monthly charge increases with meter size

Meter Size	Meter	
	Capacity Ratio	Bi-Monthly Charge
1 inch and less	1.0	\$39.79
1 1/2 inch	3.0	\$119.37
2 inch	4.8	\$190.99
3 inch	9.0	\$358.11
4 inch	15.0	\$596.85
6 inch	30.0	\$1,193.70
8 inch	48.0	\$1,909.92
10 inch	69.0	\$2,745.51
12 inch	93.0	\$3,700.47

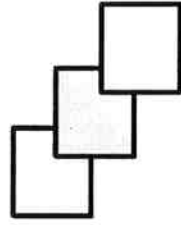


# Responding to the Drought and Beyond

- Groundwater levels in trouble before the drought...  
Now even more so.
- Drought rates help protect water supply.
  - Motivate needed conservation ONLY DURING DROUGHT STAGES
  - Ensure adequate revenue
  - We may never need the upper stages, but we must have a plan in place
- New Supplemental Water charges when new water arrives
  - Pays for the start of a long-term solution
  - New water from Santa Maria
  - Will decrease the need for drought rates and cutbacks
- We have to protect the groundwater table

# Questions For The Board

- Water Shortage Rates
  - » Which method – Voluntary and Price Induced? Price Induced Only?
  - » Modifications?
  - » Finalize Drought and Supp Water Rate Structure by April 23
  - » Proposition 218 hearing July 9
  
- Supplemental Water Charges
  - » Questions? Modification? Direction?



# Next Steps

- April 23<sup>rd</sup> - Draft Rate Study Report
- Week of May 5<sup>th</sup> - Scheduled public workshops
- May 14<sup>th</sup> - Approve Rate Study
- May 23<sup>rd</sup> - Public Notices mailed
- Week of June 2<sup>nd</sup> - Potential Public Workshops
- July 9<sup>th</sup> - Public Hearing on Rates



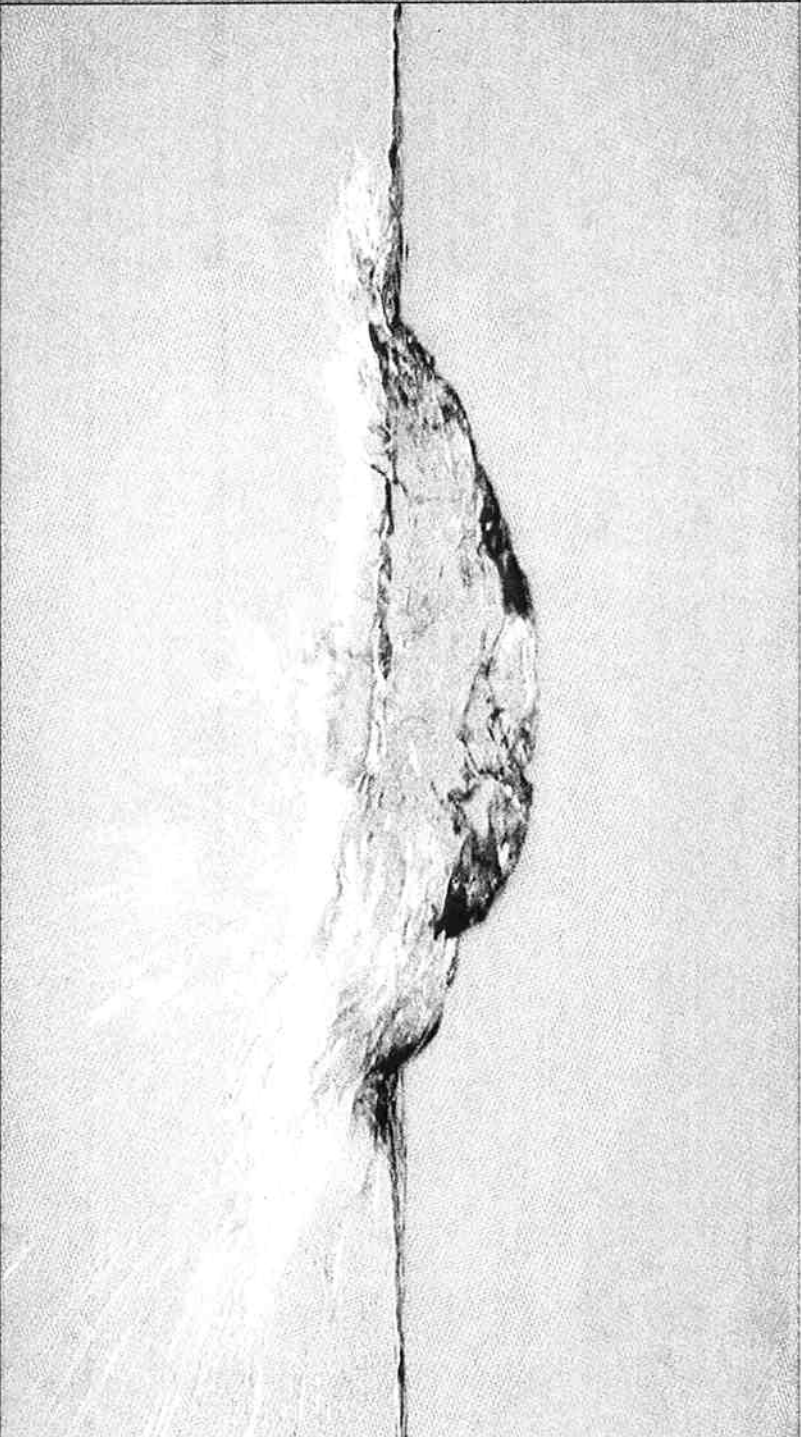
DISCUSSION  
NIPOMO COMMUNITY SERVICES DISTRICT

FINANCIAL CONSULTING  
**TUCKFIELD &  
ASSOCIATES**  
MANAGEMENT CONSULTING

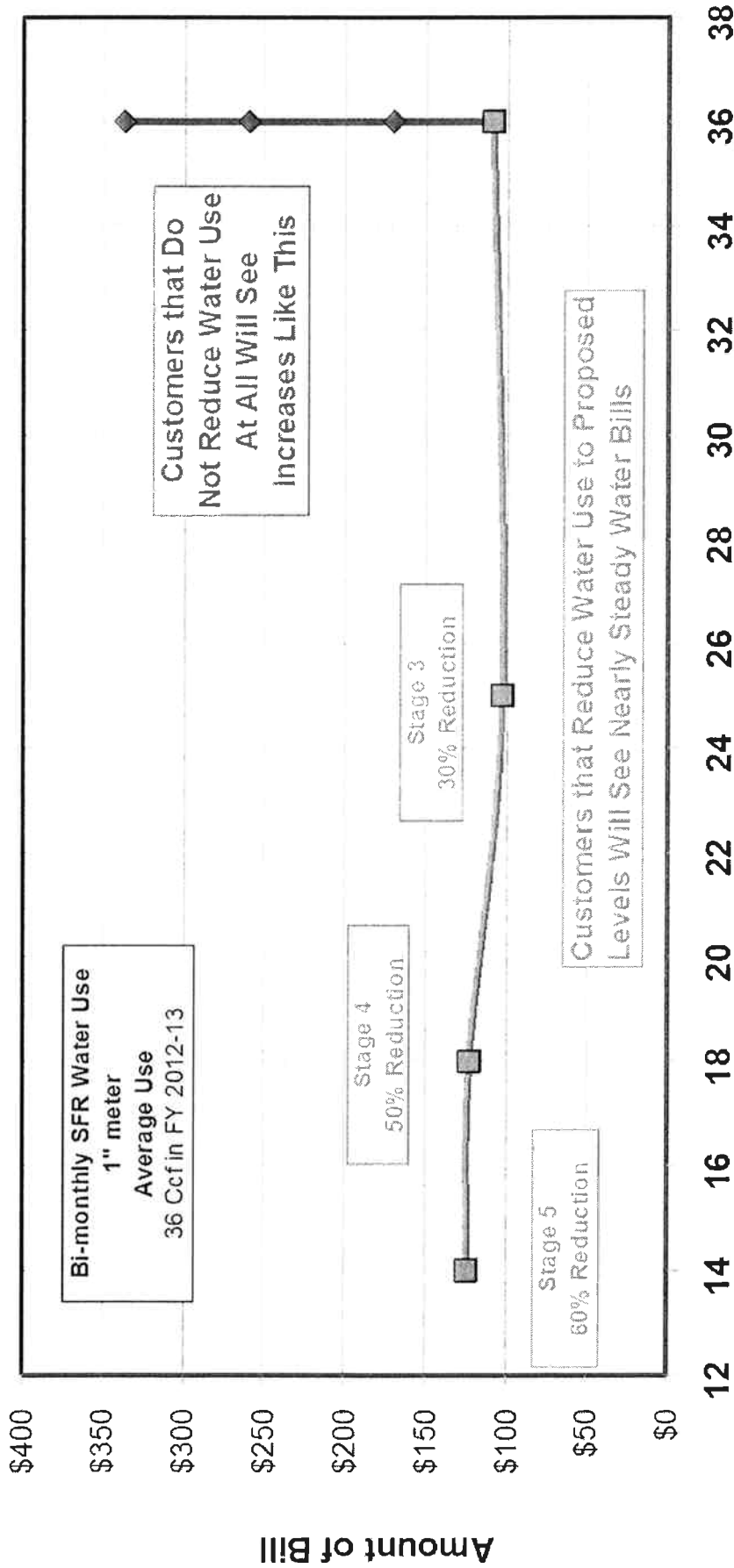
Clayton Tuckfield, P.E.  
Principal, Tuckfield & Associates

Presentation

April 2014

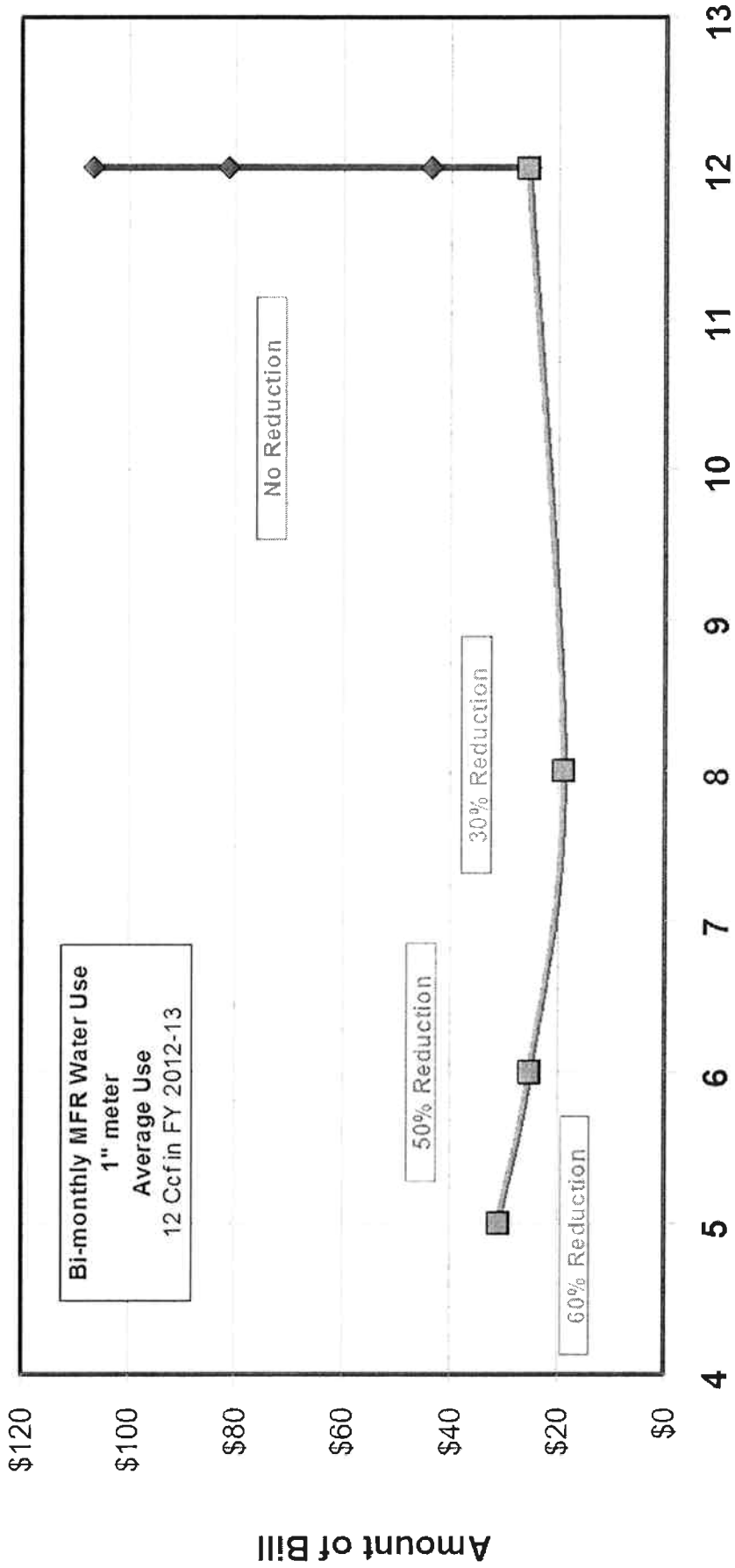


**Figure 2**  
**Impacts to Single-Family Residential Bi-monthly Bills**  
**No Reduction versus Assumed Customer Stage Reductions**  
 (Includes bi-monthly fixed meter charge)



Hundred Cubic Feet (Ccf) Water Usage per Bi-month

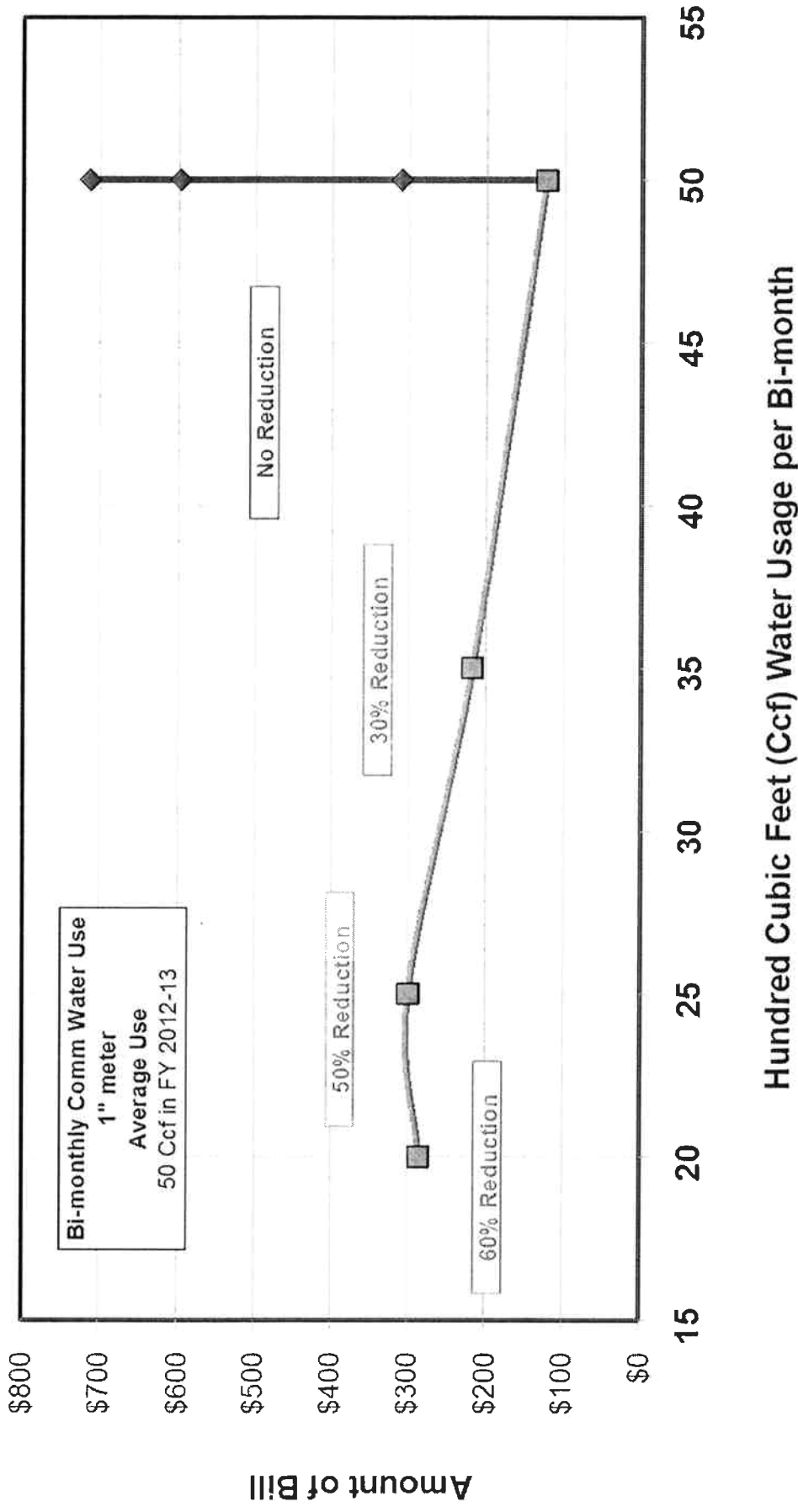
**Figure 3**  
**Impacts to Multifamily Residential Bi-monthly Bills**  
**No Reduction versus Assumed Customer Stage Reductions**  
 (Does not include fixed charges)



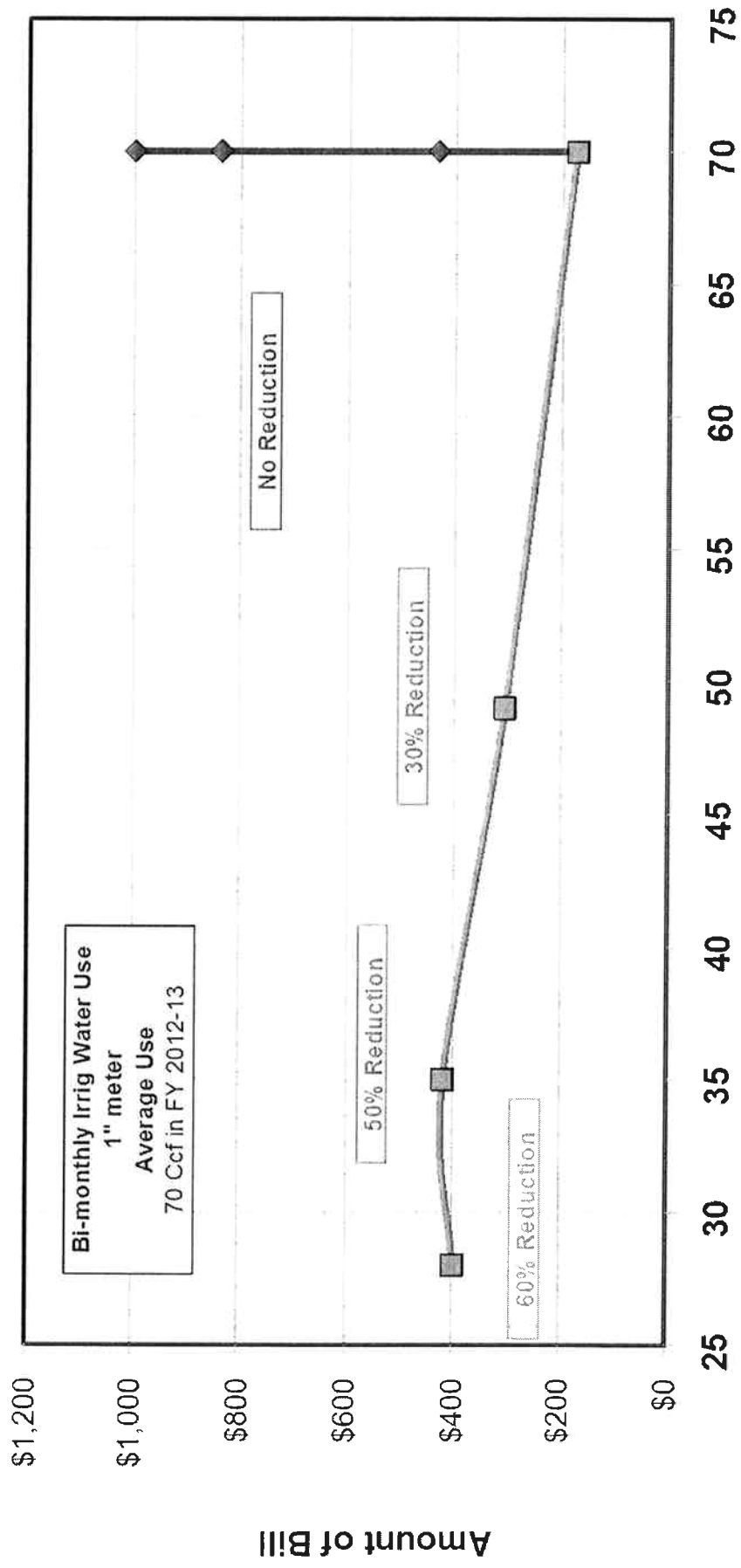
Hundred Cubic Feet (Ccf) Water Usage per Bi-month



**Figure 4**  
**Impacts to Commercial Bi-monthly Bills**  
 No Reduction versus Assumed Customer Stage Reductions  
 (Does not include fixed charges)



**Figure 5**  
**Impacts to Irrigation Bi-monthly Bills**  
**No Reduction versus Assumed Customer Stage Reductions**  
 (Does not include fixed charges)



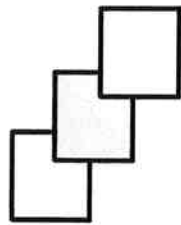
Hundred Cubic Feet (Ccf) Water Usage per Bi-month

# Percentage Price Increases

Price-Induced Reductions Only

- Larger price increases in upper Tiers increase motivation to conserve

Classification	Rate Block	Stage 3		Stage 4		Stage 5	
		30% Reduc	50% Reduc	50% Reduc	60% Reduc		
Single Family	0 to 24 Ccf	120%	213%	314%			
	25 to 40 Ccf	252%	486%	580%			
	41 to 100 Ccf	375%	600%	1051%			
	Over 100 Ccf	375%	613%	613%			



# Charge to Purveyors

Line No.	Description	Fiscal Year				RWC	GSWC
		2014-15	NCSD	WMWC			
1	Phase 1 Supplemental Water Annual Allocation (AF)	800	533.44	133.28	66.64	66.64	
2	Phase 1 Supplemental Water Delivery Percentages		66.68%	16.66%	8.33%	8.33%	
	<b>Pass-Through Supplemental Water Costs <sup>(1)</sup></b>						
3	Supplemental Water Cost (\$ per AF)	\$1,718.23	\$1,718.23	\$1,718.23	\$1,718.23	\$1,718.23	
4	Supplemental Water O&M Cost (\$ per AF)	\$103.17	\$103.17	\$103.17	\$103.17	\$103.17	
5	Pass-Through Cost of Supplemental Water (\$ per AF)	\$1,821.40	\$1,821.40	\$1,821.40	\$1,821.40	\$1,821.40	
6	<b>Pass-Through Cost of Supplemental Water (\$ per month)</b>		\$20,230		\$10,115	\$10,115	
	<b>Monthly Fixed Supplemental Water Costs <sup>(2)</sup></b>						
7	Monthly Capital Recovery Charge	\$50,700	\$33,807	\$8,447	\$4,223	\$4,223	
8	NCSD Sunk Cost Contributions <sup>(3)</sup>	28,100	18,737	4,681	2,341	2,341	
9	Amortization of Interest on NCSD Sunk Cost <sup>(4)</sup>	1,400	933	233	117	117	
10	Amortization of NCSD Equity Contributions <sup>(5)</sup>	33,800	22,537	5,631	2,816	2,816	
11	Supplemental Water Project Monthly Replacement <sup>(6)</sup>	20,000	13,336	3,332	1,666	1,666	
12	<b>Total Monthly Fixed Supplemental Water Costs</b>	\$134,000	\$89,350	\$22,324	\$11,163	\$11,163	
13	<b>Fixed Charge per Month</b>		\$22,324		\$11,163	\$11,163	
14	<b>Total Charge per Month</b>		\$42,554		\$21,278	\$21,278	

<sup>(1)</sup> The Supplemental Water Costs per AF will increase to each purveyor as the costs are increased to NCSD from the City of Santa Maria.

<sup>(2)</sup> Fixed costs allocated to Purveyors based on Phase 1 Supplemental Water Delivery Percentages.

<sup>(3)</sup> Amortization of \$5,225,500 of NCSD sunk costs at 5.0% percent for 30 years.

<sup>(4)</sup> Amortization of \$262,100 of NCSD interest on Sunk Cost at 5.0% percent for 30 years.

<sup>(5)</sup> Amortization of \$6,304,000 of NCSD equity contributions at 5.0% percent for 30 years.

<sup>(6)</sup> Monthly replacement contribution of total Supplemental Water Project cost of \$23,651,640 assuming a 100 year project life.

# Charge to Purveyor with Reimbursement

Fiscal Year

Line No.	Description	2014-15	NCS D	WMWC	RWC	GSWC
1	Phase 1 Supplemental Water Annual Allocation (AF)	800	533.44	133.28	66.64	66.64
2	Phase 1 Supplemental Water Delivery Percentages		66.68%	16.66%	8.33%	8.33%
	<b>Pass-Through Supplemental Water Costs <sup>[1]</sup></b>					
3	Supplemental Water Cost (\$ per AF)	\$1,718.23	\$1,718.23	\$1,718.23	\$1,718.23	\$1,718.23
4	Supplemental Water O&M Cost (\$ per AF)	\$103.17	\$103.17	\$103.17	\$103.17	\$103.17
5	<b>Pass-Through Cost of Supplemental Water (\$ per AF)</b>	<b>\$1,821.40</b>	<b>\$1,821.40</b>	<b>\$1,821.40</b>	<b>\$1,821.40</b>	<b>\$1,821.40</b>
6	<b>Pass-Through Cost of Supplemental Water (\$ per month)</b>		\$20,230	\$10,115	\$10,115	\$10,115
	<b>Monthly Fixed Supplemental Water Costs <sup>[2]</sup></b>					
7	Monthly Capital Recovery Charge	\$50,700	\$33,807	\$8,447	\$4,223	\$4,223
8	Supplemental Water Project Monthly Replacement <sup>[3]</sup>	20,000	13,336	3,332	1,666	1,666
9	<b>Total Monthly Fixed Supplemental Water Costs</b>	<b>\$70,700</b>	<b>\$47,143.00</b>	<b>\$11,779.00</b>	<b>\$5,889.00</b>	<b>\$5,889.00</b>
10	<b>Total Charge per Month</b>		\$32,009	\$16,004	\$16,004	\$16,004
	<b>Allocation of Reimbursement Costs</b>					
11	NCS D Sunk Cost Contributions <sup>[4]</sup>	\$5,225,500	\$3,484,364	\$870,568	\$435,284	\$435,284
12	Interest on NCS D Sunk Cost Contributions <sup>[5]</sup>	262,100	174,768	43,666	21,833	21,833
13	NCS D Equity Contributions (from various funds) <sup>[6]</sup>	6,304,000	4,203,508	1,050,246	525,123	525,123
14	<b>Total</b>	<b>\$11,791,600</b>	<b>\$7,862,640</b>	<b>\$1,964,480</b>	<b>\$982,240</b>	<b>\$982,240</b>
15	<b>Cash Reimbursement from Each Purveyor</b>		\$1,964,480	\$982,240	\$982,240	\$982,240

<sup>[1]</sup> The Supplemental Water Costs per AF will increase to each purveyor as the costs are increased to NCS D from the City of Santa Maria.

<sup>[2]</sup> Fixed costs allocated to Purveyors based on Phase 1 Supplemental Water Delivery Percentages.

<sup>[3]</sup> Monthly replacement contribution of total Supplemental Water Project cost of \$23,651,640 assuming a 100 year project life.

<sup>[4]</sup> Allocation of \$5,225,500 of NCS D equity contributions allocated to Purveyors based on Phase 1 Supplemental Water Delivery Percentages.

<sup>[5]</sup> Interest on District contributions towards the Waterline Intertie Project from 6/30/2005 through 6/30/2014 at LAIF historical interest rates.

<sup>[6]</sup> From Agenda Item 2, May 10, 2013. Allocated to Purveyors based on Phase 1 Supplemental Water Delivery Percentages.

APRIL 9, 2014

REGULAR BOARD MEETING MINUTES

EXHIBIT "D"

4/9/14 E-3

**WATSON**  **PLANNING**  
**C O N S U L T A N T S**

*Land Use Planning and Real Estate Development  
Solutions and Services Since 1989*

Post Office Box 385  
Pismo Beach, California 93448  
Telephone 805.704.8728  
www.WatsonPlanning.us  
Dave@WatsonPlanning.us  
PlanningConsults@aol.com

April 8, 2014

President Armstrong and NCSD Board Members  
via Mr. Michael LeBrun  
General Manager  
**NIPOMO COMMUNITY SERVICES DISTRICT**  
148 S Wilson Street  
Nipomo, California 93444

**Re: 4-9-14 Agenda Item E-3 – "Shortage Response & Management Plan"**

Gentlemen:

Please accept my apologies for being unable to attend tomorrow's hearing.

Concerning the proposed SRMP, it is well organized and does the District and its customers the service of clearly outlining the progressive steps needed to manage, and we all hope successfully address, the water shortage conditions we are experiencing.

I would offer the following specific comments for your consideration:

1. I did not see a clear declaration (such as a **Whereas** or a **Finding**) by the Board in your Resolution of what your Board considers the currently-applicable water supply Stage to be.
2. The staff report or proposed Resolution were not clear (to me) in distinguishing whether the NMMA Technical Group or the NCSD Board was responsible for making the "Stage" declaration included within the SRMP.
3. I believe it is essential for this SRMP to clearly outline who makes this "Stage" declaration, and what the public comment and hearing process will be in considering and making a declaration regarding any applicable water supply Stage for NCSD.

I'd encourage you to consider reinforcing how this declaration is arrived at in the SRMP.

Sincerely,



David Watson  
**WATSON PLANNING CONSULTANTS**

TO: BOARD OF DIRECTORS  
 FROM: MICHAEL S. LEBRUN *MSL*  
 GENERAL MANAGER  
 DATE: APRIL 18, 2014

**AGENDA ITEM  
 D-3  
 APRIL 23, 2014**

**INVESTMENT POLICY – FIRST QUARTER REPORT**

**ITEM**

Review Investment Policy First Quarter Report [RECOMMEND ACCEPT]

**BACKGROUND**

The Board of Directors have adopted an Investment Policy for NCSD which states that the Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the Board of Directors.

Below is the March 31, 2014 Quarterly Report for your review. As District Finance Officer and Treasurer, I am pleased to inform the Board of Directors that the District is in compliance with the 2014 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-FIRST QUARTER REPORT 3/31/14**

Investment	Institution	Amount of Deposit 3/31/14	Rate of Interest	Quarterly Interest Earned or Accrued 3/31/14	Amount of Deposit 3/31/13	Rate of Interest	Quarterly Interest Earned or Accrued 3/31/13
Public Checking	Rabaobank	\$145,448.04	0.00%	\$0.00	\$136,868.16	0.00%	\$0.00
Savings-Improvement Bonds	Rabobank	\$172,719.08	0.25%	\$109.56	\$166,723.05	0.06%	\$24.11
Savings-Performance Bonds	Rabobank	\$200,482.35	0.25%	\$127.15	\$0.00	n/a	n/a
Pooled Money Investment	Local Agency Investment Fund (LAIF)	\$22,395,870.35	0.23%	\$12,898.83	\$22,317,516.76	0.28%	\$15,463.41
Certificate of Deposit Account Registry Service (CDARS)	Mission Community Bank	\$0.00	n/a	n/a	\$924,392.54	0.09 %	\$205.18

**RECOMMENDATION**

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

**ATTACHMENTS**

None



TO: MICHAEL S. LEBRUN *ML*  
GENERAL MANAGER

FROM: LISA BOGNUDA  
FINANCE DIRECTOR

DATE: APRIL 18, 2014

**AGENDA ITEM**

**D-4**

**APRIL 23, 2014**

**ACCEPT QUARTERLY FINANCIAL REPORT**

**ITEM**

ACCEPT QUARTERLY FINANCIAL REPORT [RECOMMEND ACCEPT AND APPROVE]

**BACKGROUND**

The District's fiscal year is now 75% complete. The consolidated operating revenues are at 76.69% of the budget, operating expenditures are at 61.64% of the budget and general and administrative expenditures are at 63.75% of the budget.

Attached are the following which provide an overview of the first nine months of the fiscal year:

Page 1	Summary of Approved Budget Amendments
Page 2	Summary of Revenues, Expenses and Cash Balances by Fund
Page 3	Consolidated Balance Sheet
Page 4-5	Consolidated Income Statement
Page 6-7	Graphs for Consolidated Revenues and Expenses
Page 8-10	Graphs for major funds (Water, Town Sewer, and Blacklake Sewer)

Detailed information by fund is available in the office.

**RECOMMENDATION**

It is recommended that your Honorable Board accept report and direct Staff to file the quarterly financial report for the third quarter of fiscal year 2013-2014.

NIPOMO COMMUNITY SERVICES DISTRICT  
SUMMARY OF APPROVED BUDGET AMENDMENTS  
FISCAL YEAR ENDING JUNE 30, 2014

THIRD QUARTER ENDING MARCH 31, 2014

DATE	DESCRIPTION	FUNDS	APPROVED BUDGET	APPROVED AMENDMENT	AMENDED BUDGET
	<b>None</b>				

SECOND QUARTER ENDING DECEMBER 31, 2013

DATE	DESCRIPTION	FUNDS	APPROVED BUDGET	APPROVED AMENDMENT	AMENDED BUDGET
	<b>None</b>				

FIRST QUARTER ENDING SEPTEMBER 30, 2013

DATE	DESCRIPTION	FUNDS	APPROVED BUDGET	APPROVED AMENDMENT	AMENDED BUDGET
	<b>None</b>				

NIPOMO COMMUNITY SERVICES DISTRICT  
SUMMARY OF REVENUES AND EXPENSES BY FUND  
NINE MONTHS ENDING MARCH 31, 2014

FUND	FUND #	YTD REVENUES	YTD EXPENSES	SUBTOTAL	FUNDED REPLACEMENT	TRANSFERS B/W FUNDS	YTD SUPRPLUS/ (DEFICIT)
Administration	110	319,136	(319,136)	0	0	0	0
Water	125	3,080,944	(2,074,863)	1,006,081	(207,000)	0	799,081
Water Rate Stabilization	128	729	0	729	0	0	729
Town Sewer	130	1,408,690	(721,704)	686,986	(296,250)	620,225	1,010,961
Town Sewer Rate Stabilization	135	547	0	547	0	0	547
Blacklake Sewer	150	331,932	(193,709)	138,223	(126,000)	0	12,223
Blacklake Sewer Rate Stabilization	155	91	0	91	0	0	91
Blacklake Street Lighting	200	17,868	(16,336)	1,532	0	0	1,532
Street Landscape Maintenance	250	6,811	(4,043)	2,768	0	0	2,768
Solid Waste	300	95,910	(37,586)	58,324	0	0	58,324
Drainage Maintenance	400	9,793	0	9,793	0	0	9,793
Supplemental Water Capacity Fees	500	1,175	0	1,175	0	0	1,175
Property Taxes	600	355,301	(153,783)	201,518	0	0	201,518
Water Capacity Fees	700	5,756	0	5,756	0	0	5,756
Town Sewer Capacity Fees	710	634	0	634	0	0	634
Funded Replacement-Water	805	9,283	0	9,283	207,000	0	216,283
Funded Replacement-Town Sewer	810	7,512	0	7,512	296,250	(432,398)	(128,636)
Funded Replacement-BL Sewer	830	668	0	668	126,000	0	126,668
Town Sewer Sinking Fund	880	3,669	0	3,669	0	(187,827)	(184,158)
<b>TOTAL</b>		<b>5,656,449</b>	<b>(3,521,160)</b>	<b>2,135,289</b>	<b>0</b>	<b>0</b>	<b>2,135,289</b>

CASH BALANCE OF EACH FUND

FUND	FUND #	CASH BALANCE 3/31/2014
Administration	110	85,561
Water	125	1,724,661
Water Rate Stabilization	128	401,184
Town Sewer	130	323,296
Town Sewer Rate Stabilization	135	301,143
Blacklake Sewer	150	257,431
Blacklake Sewer Rate Stabilization	155	50,148
Blacklake Street Lighting	200	27,463
Street Landscape Maintenance	250	19,810
Solid Waste	300	383,445
Drainage Maintenance	400	28,321
Supplemental Water	500	5,845,565
Property Taxes	600	250,411
Water Capacity Fees	700	1,803,085
Town Sewer Capacity Fees	710	363,009
Funded Replacement-Water	805	5,021,155
Funded Replacement-Town Sewer	810	3,617,388
Funded Replacement-BL Sewer	830	415,463
Sinking Fund-Town Sewer	880	1,923,374
Funds held by Trustee		3,357,667
<b>TOTAL</b>		<b>26,199,580</b>

NIPOMO COMMUNITY SERVICES DISTRICT  
BALANCE SHEET - CONSOLIDATED  
AS OF MARCH 31, 2014

ASSETS

Cash and Cash Equivalents	26,199,579.60
Accounts Receivable - Utility Billing	225,162.59
Unbilled Accounts Receivable	887,000.00
Property, Plant & Equipment	73,993,851.46
Accumulated Depreciation	(16,714,676.72)
Prepaid Expenses	23,454.02
Accrued Interest Receivable	12,858.35
Notes Receivable - BL Sewer - Current	20,264.84
Notes Receivable - BL Water Merger - Current	21,813.57
Reservation Fee	37,500.00
Notes Receivable - BL Sewer - Long Term	108,564.53
Notes Receivable - BL Water Merger - Long Term	119,419.37

Total Assets 84,934,791.61

LIABILITIES

Accounts Payable	386,793.44
Other Payables	694.50
Construction Meter Deposits	3,500.00
Compensated Absences Payable	72,866.00
Accrued Interest Payable	31,304.48
Deposits	226,613.47
P/R Tax and Workers Comp Payable	4,046.00
Retention Payable	12,539.67
Deposit - NMWCA	311,700.00
Deposit - Tefft Street Project	203,657.55
Bond Premium - 2012 Revenue COP's	72,473.37
Bond Premium - 2013 Refunding	225,543.70
Notes Payable - Property Tax Fund - Current	20,264.84
Notes Payable - BL Water Merger - Current	21,813.57
SRF Loan #110 - Current Portion	34,868.35
SRF Loan #120 - Current Portion	42,180.25
2012 Revenue COP's - Current Portion	145,000.00
Notes Payable - Property Tax Fund - Long Term	108,564.53
Notes Payable - BL Water Merger - Long Term	119,419.37
SRF Loan #110 Payable - Long Term Portion	139,473.40
SRF Loan #120 Payable - Long Term Portion	253,081.50
2012 Revenue COP's - Long Term Portion	9,490,000.00
2013 Refunding - Long Term Portion	2,845,000.00
2013 COP's - Long Term Portion	9,660,000.00

Total Liabilities 24,431,397.99

FUND EQUITY

Contributed Capital - Assets	15,134,509.78
Contributed Capital - Capacity Fees (CY)	116,726.00
Contributed Capital - Supplemental Water Fees (CY)	370,700.26
Contributed Capital - Capacity Fees (PY)	17,728,551.37
Contributed Capital - Supplemental Water Fees (PY)	3,499,777.87
Contributed Capital - Right of Way	70,100.00
Contributed Capital - Assessment Districts	1,120,502.00
Contributed Capital - Grants	2,304,014.66
Retained Earnings - Reserved (Funded Replacement)	12,551,233.15
Retained Earnings - Unreserved	5,471,989.22
CURRENT EARNINGS	2,135,289.31

Total Fund Equity 60,503,393.62

Total Liabilities and Fund Equity 84,934,791.61

UNAUDITED

NIPOMO COMMUNITY SERVICES DISTRICT  
 INCOME STATEMENT - CONSOLIDATED  
 FOR THE PERIOD ENDING MARCH 31, 2014

	YTD ACTUAL	ANNUAL BUDGET	% OF BUDGET
<b>OPERATING REVENUES</b>			
Water - Fixed Charge	758,533.37	926,000.00	81.92 %
Water - Usage	2,226,564.94	2,866,500.00	77.68 %
Sewer Charges	1,715,202.38	2,284,800.00	75.07 %
Fees and Penalties	32,084.80	46,000.00	69.75 %
Meters	5,500.00	4,950.00	111.11 %
Plan Check & Inspection Fees	200.00	500.00	40.00 %
Franchise Fees	95,291.20	137,900.00	69.10 %
Miscellaneous Income	36,522.70	46,000.00	79.40 %
Street Lighting Charges	17,820.00	24,508.00	72.71 %
Landscape Maintenance Dist Charges	6,778.00	9,240.00	73.35 %
Operating Transfers In - Funded Administration	310,156.88	421,910.00	73.51 %
Operating Transfers In - Funded Replacement	629,249.94	839,000.00	75.00 %
<b>Total Operating Revenues</b>	<b>5,833,904.21</b>	<b>7,607,308.00</b>	<b>76.69 %</b>
<b>OPERATING EXPENSES - OPERATIONS &amp; MAINTENANCE</b>			
Wages and Benefits	608,601.08	1,248,100.00	48.76 %
Electricity	499,027.55	629,150.00	79.32 %
Chemicals	43,457.69	69,500.00	62.53 %
Lab Tests	63,766.42	120,500.00	52.92 %
Operating Supplies	24,879.28	49,600.00	50.16 %
Outside Services	84,762.22	124,500.00	68.08 %
Permits and Operating Fees	21,653.63	33,500.00	64.64 %
Repairs and Maintenance	107,486.04	216,000.00	49.76 %
Engineering	16,621.22	20,000.00	83.11 %
Fuel	20,737.78	35,000.00	59.25 %
Paging Service	4,964.25	9,550.00	51.98 %
Meter Replacement Program	31,186.84	50,000.00	62.37 %
Safety Program	6,974.28	12,200.00	57.17 %
Uniforms	6,392.28	10,600.00	60.30 %
Landscape Maintenance & Water	3,952.72	7,400.00	53.42 %
Conservation Program	24,769.75	50,000.00	49.54 %
Solid Waste Program	20,240.41	75,000.00	26.99 %
Operating Transfers Out - Funded Replacement	629,249.94	839,000.00	75.00 %
<b>Subtotal - Operating Expenses Operations &amp; Maint</b>	<b>2,218,723.38</b>	<b>3,599,600.00</b>	<b>61.64 %</b>
<b>OPERATING EXPENSES - GENERAL AND ADMINISTRATIVE</b>			
Wages and Benefits	428,205.32	641,430.00	66.76 %
Audit	7,800.00	7,800.00	100.00 %
Bank Charges and Fees	6,074.10	6,800.00	89.33 %
Computer Expense	66,545.42	98,000.00	67.90 %
Dues and Subscriptions	14,551.26	16,500.00	88.19 %
Education and Training	5,688.17	11,000.00	51.71 %
Insurance - Liability	52,118.61	80,000.00	65.15 %
LAFCO Funding	21,231.30	21,000.00	101.10 %
Landscape and Janitorial	12,516.00	14,500.00	86.32 %
Legal - General Counsel	68,510.88	97,000.00	70.63 %
Legal - Water Counsel	2,290.00	169,000.00	1.36 %
Professional Services	156,455.84	210,000.00	74.50 %
Miscellaneous	4,016.71	11,500.00	34.93 %
Newsletters & Mailers	2,265.11	9,100.00	24.89 %

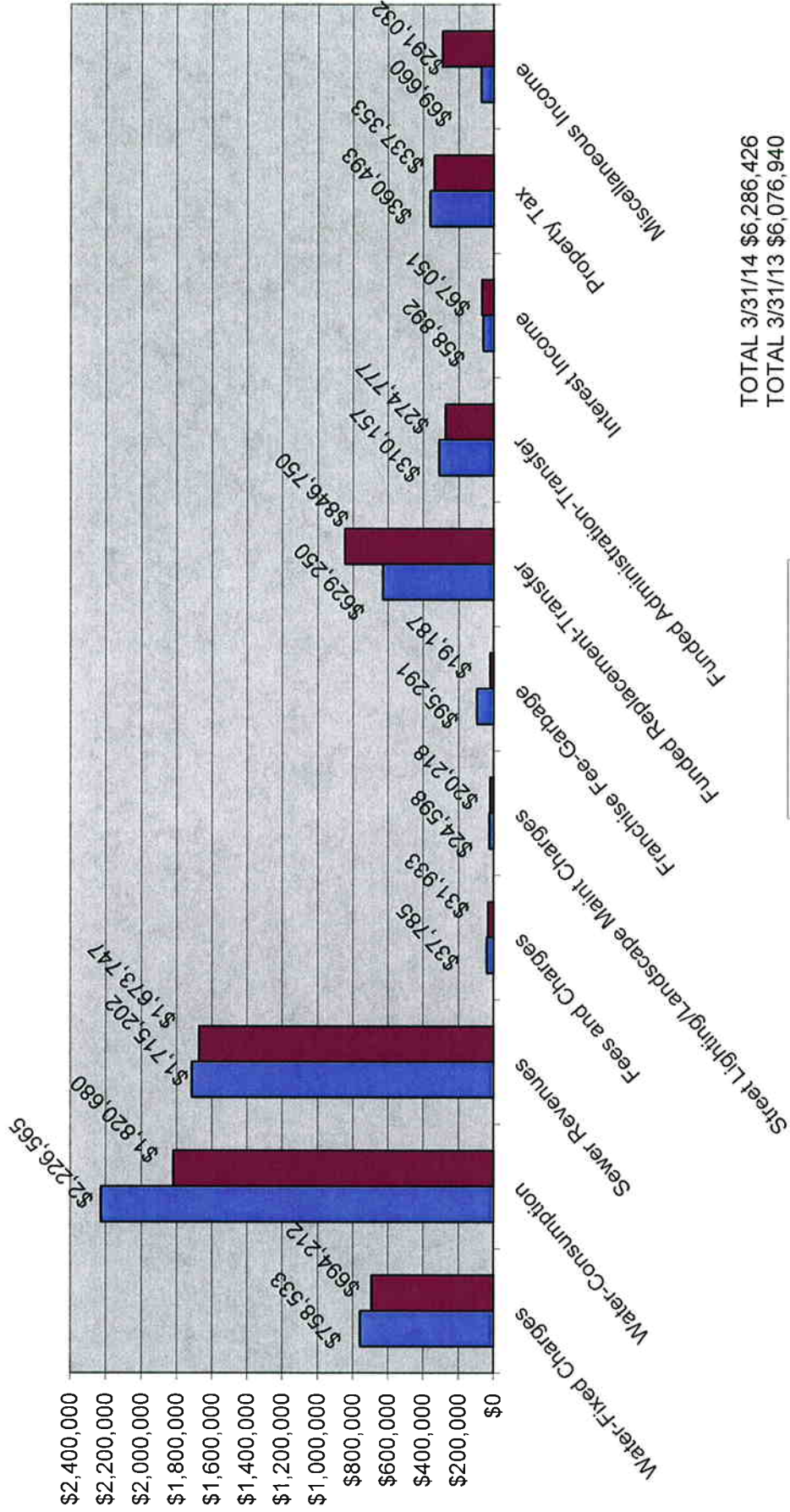
NIPOMO COMMUNITY SERVICES DISTRICT  
 INCOME STATEMENT - CONSOLIDATED  
 FOR THE PERIOD ENDING MARCH 31, 2014

	YTD ACTUAL	ANNUAL BUDGET	% OF BUDGET
Office Supplies	10,916.61	14,000.00	77.98 %
Outside Service	11,601.73	19,000.00	61.06 %
Postage	16,564.95	25,000.00	66.26 %
Public Notices	4,905.82	6,900.00	71.10 %
Repairs and Maintenance	7,602.57	16,000.00	47.52 %
Property Taxes	1,048.64	1,050.00	99.87 %
Telephone	5,721.80	9,540.00	59.98 %
Travel and Mileage	5,717.86	13,450.00	42.51 %
Utilities	13,307.33	18,000.00	73.93 %
Operating Transfer Out - Funded Administration	310,156.88	421,911.00	73.51 %
Subtotal - Operating Expenses General & Admin	1,235,812.91	1,938,481.00	63.75 %
Total Operating Expenses	3,454,536.29	5,538,081.00	62.38 %
Total Operating Surplus/(Deficit)	2,379,367.92	2,069,227.00	114.99 %
 <b>NON OPERATING INCOME</b>			
Interest Income	58,891.81	89,897.00	65.51 %
Property Tax Revenues	360,493.18	513,850.00	70.16 %
BL Sewer Surcharge	16,342.38	24,480.00	66.76 %
BL Water Surcharge	16,794.90	25,779.00	65.15 %
Total Non Operating Income	452,522.27	654,006.00	69.19 %
 <b>NON OPERATING EXPENSES</b>			
Interest Expense	539,075.88	799,984.00	67.39 %
Other Post Employment Benefits (OPEB)	85,800.00	114,406.00	75.00 %
Cost of Issuance	71,725.00	0	.00 %
Total Non Operating Expenses	696,600.88	914,390.00	76.18 %
Total Non Operating Surplus/(Deficit)	(244,078.61)	(260,384.00)	93.74 %
Total Operating & Non Operating Surplus/(Deficit)	2,135,289.31	1,808,843.00	118.05 %

UNAUDITED

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**NIPOMO COMMUNITY SERVICES DISTRICT  
 COMBINED REVENUES FOR ALL FUNDS  
 NINE MONTHS ENDED  
 MARCH 31, 2014 AND MARCH 31, 2013**

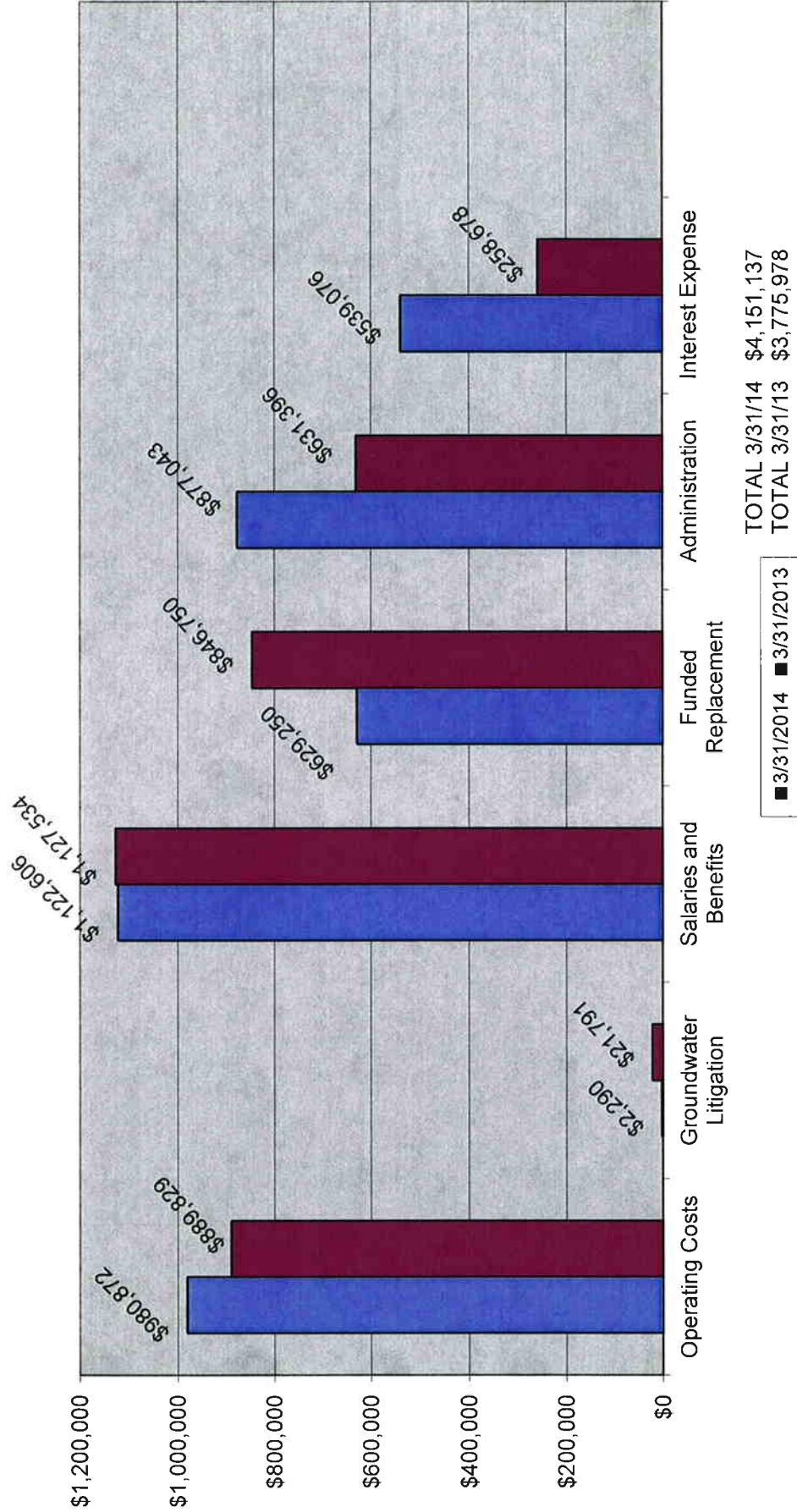


TOTAL 3/31/14 \$6,286,426  
 TOTAL 3/31/13 \$6,076,940

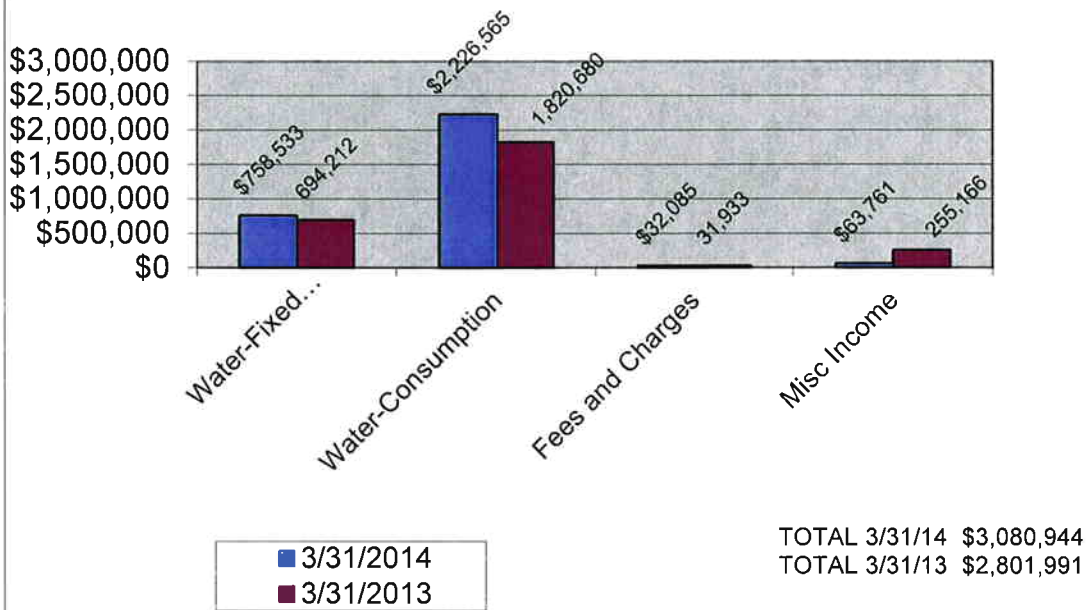
■ 3/31/2014 ■ 3/31/2013



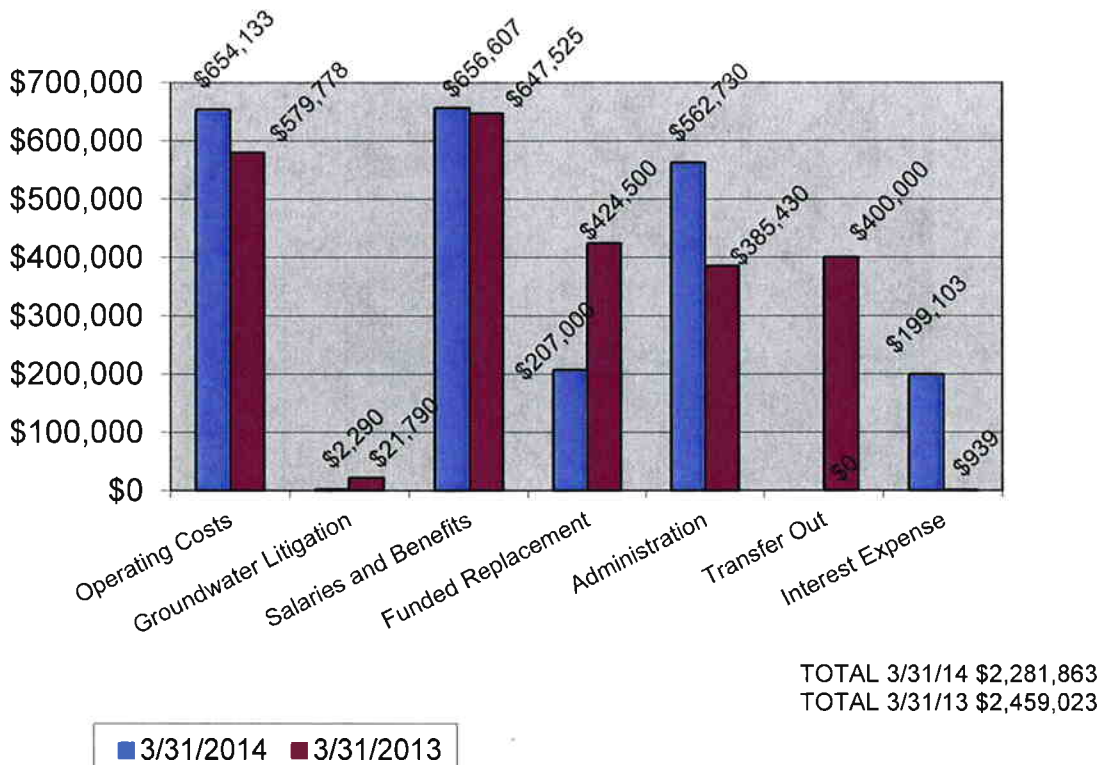
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 COMBINED EXPENDITURES FOR ALL FUNDS  
 NINE MONTHS ENDED  
 MARCH 31, 2014 AND MARCH 31, 2013**



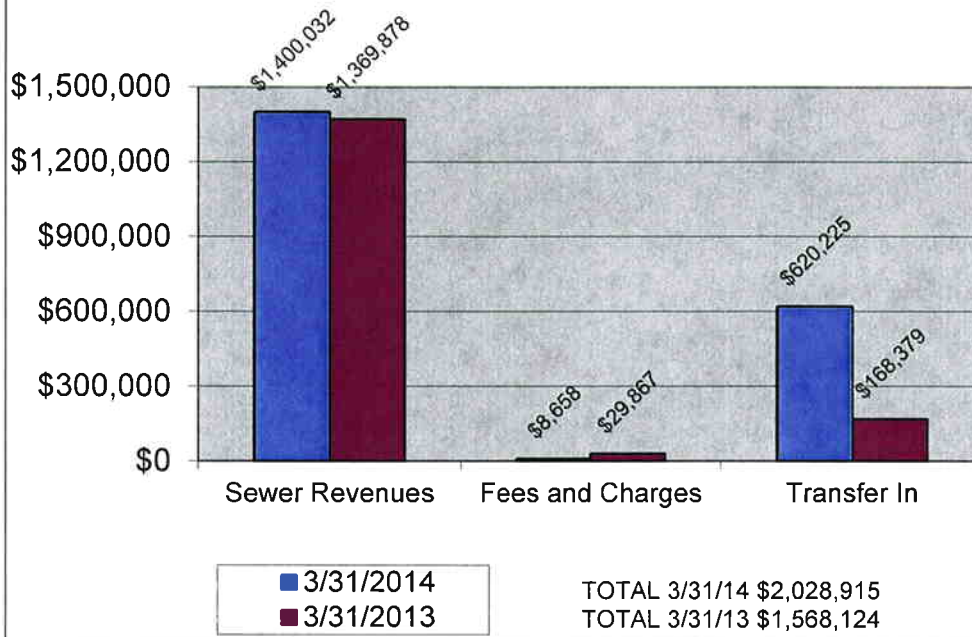
**NIPOMO COMMUNITY SERVICES DISTRICT  
WATER FUND #125  
REVENUES-MARCH 31 2014 AND MARCH 31, 2013**



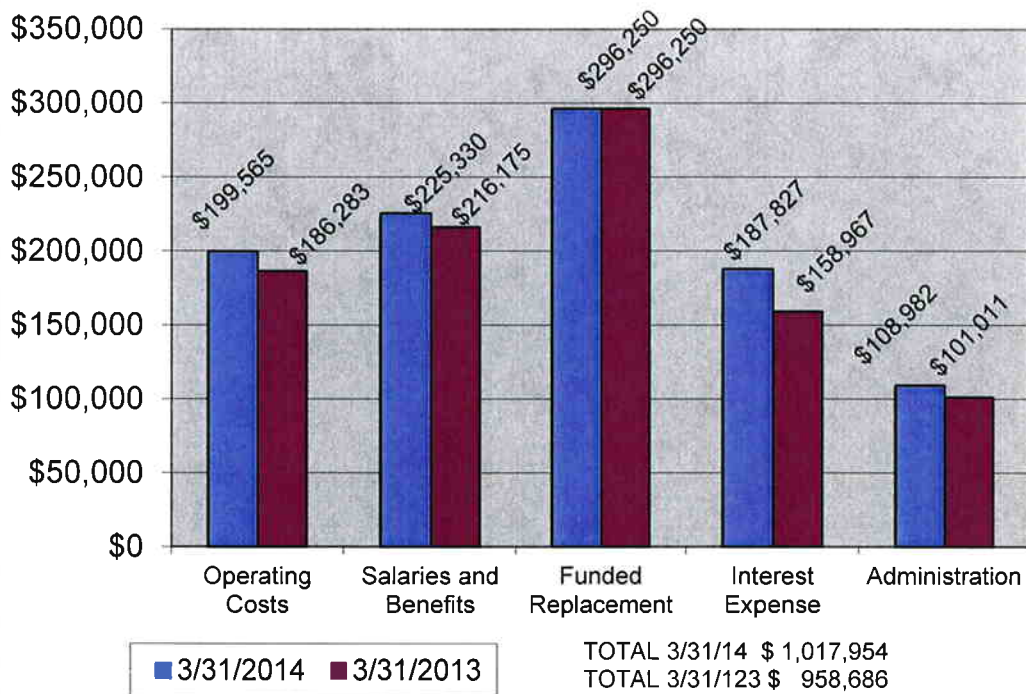
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WATER FUND #125  
EXPENDITURES-MARCH 31, 2014 AND MARCH 31, 2013**



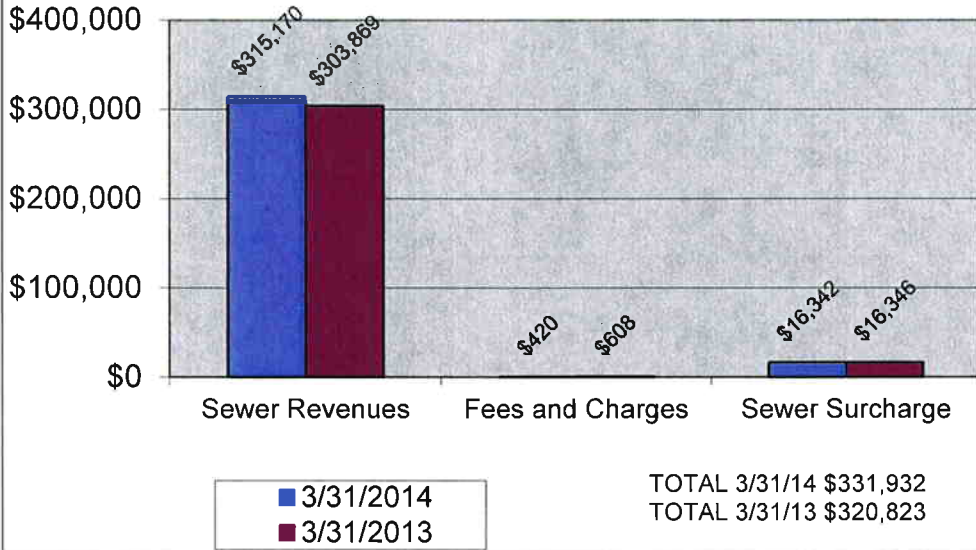
**NIPOMO COMMUNITY SERVICES DISTRICT  
TOWN SEWER FUND #130  
REVENUES-MARCH 31, 2014 AND MARCH 31, 2013**



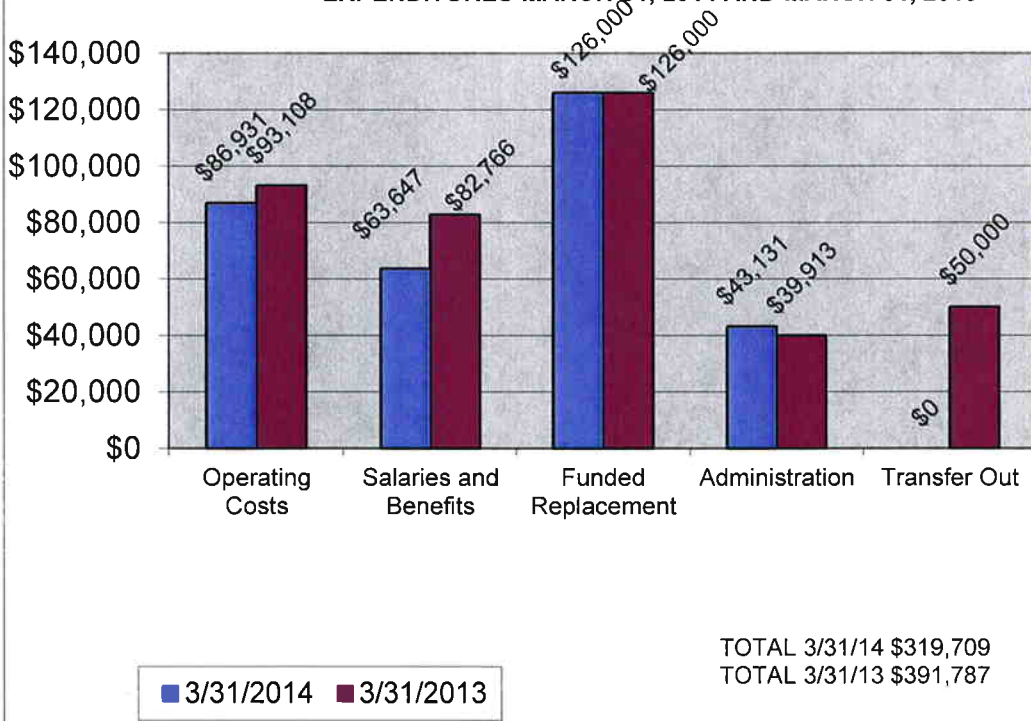
**NIPOMO COMMUNITY SERVICES DISTRICT  
TOWN SEWER FUND #130  
EXPENDITURES-MARCH 31, 2014 AND MARCH 31, 2013**



**NIPOMO COMMUNITY SERVICES DISTRICT  
BLACKLAKE SEWER FUND #150  
REVENUES-MARCH 31, 2014 AND MARCH 31, 2013**



**NIPOMO COMMUNITY SERVICES DISTRICT  
BLACKLAKE SEWER FUND #150  
EXPENDITURES-MARCH 31, 2014 AND MARCH 31, 2013**



TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN  
GENERAL MANAGER

DATE: APRIL 18, 2014

## AGENDA ITEM

### D-5

APRIL 23, 2014

## ADOPT RESOLUTION RE-APPROVING WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN

### ITEM

Adopt Resolution re-approving the Water Shortage Response and Management Plan  
[RECOMMEND ADOPT RESOLUTION APPROVING WATER SHORTAGE PLAN]

### BACKGROUND

On April 9, 2014, your Board adopted Resolution 2014-1335 approving the Water Shortage Management and Response Plan. The adopting resolution did not include findings related to California Environmental Quality Act exemption.

The Shortage Response Plan is not changed from the Plan that the Board approved on April 9.

### STRATEGIC PLAN

Goal 1. WATER SUPPLIES. Actively plan to provide reliable water supply of sufficient quality and quantity to serve both current customers and those in the long-term future.

- 1.3 Develop water shortage response and management plan to respond to drought and other supply emergencies.
- 1.4 Seek to have the County implement sustainable water supply policies that match the level of development they approve, including all the features described in the Water Resources Policy Statement.
- 1.6 Continue to be a leader in management of area water resources.

### RECOMMENDATION

By motion and roll call vote, adopt resolution re-approving the Water Shortage Response and Management Plan.

### ATTACHMENT

- A. Resolution 2014-XXXX, with Exhibit A "WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN"

APRIL 23, 2014

ITEM D-5

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2014-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
REAPPROVING A WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN  
PURSUANT TO WATER CODE § 375**

**WHEREAS**, the Nipomo Community Services District (“District”) provides water service within the District’s water service area pursuant to § 61100 (a) of the Community Services District Law which provides:

“(a) Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail”; and

**WHEREAS**, § 61060 (b) of the Community Services District Law provides in relevant part:

“A district shall have and may exercise all rights and powers, expressed and implied, necessary to carry out the purposes and intent of this division, including, but not limited to, the following powers:

(b) To adopt, by ordinance, and enforce rules and regulations for the administration, operation, and use and maintenance of the facilities and services listed in Part 3 (commencing with Section 61100)”; and

**WHEREAS**, California Water Code Section 375 States in pertinent part:

(a) Notwithstanding any other provision of the law, any public entity which supplies water at retail or wholesale for the benefit of persons within the service area or area of jurisdiction of the public entity may, by ordinance or resolution adopted by a majority of the members of the governing body after holding a public hearing upon notice and making appropriate findings of necessity for the adoption of a water conservation program, adopt and enforce a water conservation program to reduce the quantity of water used by those persons for the purpose of conserving the water supplies of the public entity; and

**WHEREAS**, it is essential for the protection of the health, welfare, and safety of the residents of the District and the public benefit of the State of California (“State”), that the groundwater resources of the Nipomo Mesa be conserved; and

**WHEREAS**, Governor Jerry Brown on January 17, 2014 proclaimed that the entire State of California to be in a Drought State of Emergency; and

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2014-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
REAPPROVING A WATER SHORTAGE RESPONSE AND MANAGEMENT  
PLAN PURSUANT TO WATER CODE § 375**

**WHEREAS**, the District's current water supply is limited to groundwater extracted from the Nipomo Mesa Management Area (NMMA) (also referred to as the Nipomo Mesa Water Conservation Area (NMWCA) by the County of San Luis Obispo), of the Santa Maria Groundwater Basin; and

**WHEREAS**, the District is a party to groundwater adjudication, Santa Maria Valley Water Conservation District v. City of Santa Maria, et. et al., Case No. CV 770214 ("Groundwater Litigation"); and

**WHEREAS**, pursuant to Section VI D(1) of the June 2005 Stipulation as incorporated into the January 25, 2008 Final Judgment in the Groundwater Litigation the Nipomo Mesa Management Area Technical Group declared that a Potentially Severe water shortage condition has existed within the Nipomo Mesa Management Area since the spring of 2008 and during the intervening year, the drought continued and it is anticipated that in May of 2014 that the Nipomo Mesa Management Area Technical Group will declare a Severe water shortage condition; and

**WHEREAS**, the San Luis Obispo County Department of Planning and Building's 2004 Resource Capacity Study for the Water Supply in the Nipomo Mesa Area recommended a Level of Severity III (existing demand equals or exceeds dependable supply) be certified for the Nipomo Mesa Water Conservation Area (NMWCA) and that measures be implemented to lessen adverse impacts of future development (said Study and referenced documents are incorporated herein by reference); and

**WHEREAS**, on June 26, 2007, the San Luis Obispo County Board of Supervisors certified the waters underlying the NMWCA at a Severity Level III; and

**WHEREAS**, the resource protection goals of the San Luis Obispo County South County Area Plan include the following:

- Balance the capacity for growth allowed by the Land Use Element with the sustained availability of resources.
- Avoid the use of public resources, services and facilities beyond their renewable capacities, and monitor new development to ensure that its resource demands will not exceed existing and planned capacities or service levels; and

**WHEREAS**, District Code §3.28.020 provides:

"...all intent-to-serve letters shall be based on findings that sufficient excess water and sewer capacity exists to serve the project..."; and

**WHEREAS**, Water Code § 71640 of the Municipal Water Service District Law provides:

"A district may restrict the use of district water during any emergency caused by drought, or other threatened or existing water shortage, and may prohibit the



**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2014-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
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REAPPROVING A WATER SHORTAGE RESPONSE AND MANAGEMENT  
PLAN PURSUANT TO WATER CODE § 375**

wastage of district water or the use of district water during such periods for any purpose other than household uses or such other restricted uses as the district determines to be necessary. A district may also prohibit use of district water during such periods for specific uses which it finds to be nonessential"; and

**WHEREAS**, the District Board of Directors has noticed this public meeting pursuant to Water Code § 375 and has considered the Staff Report and public testimony regarding the adoption of this Resolution; and

**WHEREAS**, The District Board of Directors wishes to set forth a Water Shortage Response and Management Plan that provides a range of alternative actions that allows for flexibility in responding to a water shortage emergency; and

**WHEREAS**, based on the Staff Report, staff presentation, the reports and studies referenced in this Resolution and public comment, the District Board of Directors finds that:

- (a) That the Nipomo Mesa Management Area Technical Group has declared the Mesa to be in a Potentially Severe water shortage condition for the past six years; and
- (b) That based upon the lack of rainfall during the winter of 2013/2014 and the increase pumping by District and other purveyors in response, it is anticipated that in the near future, Nipomo Mesa Management Area Technical Group will find that the Nipomo Mesa is in a Severe water shortage condition; and
- (c) That it is necessary for the District to adopt a Water Shortage Response and Management Plan to be able to respond to the lack of available groundwater for the purpose of serving District residents.

**WHEREAS**, based on the Staff Report, staff presentation and public comment, the Board further finds:

- A. That the purpose and intent of this Resolution is consistent with the purposes found in the Judgment and Stipulation in the Groundwater Litigation imposing a physical solution to assure long-term sustainability of the groundwater basin and the San Luis Obispo County's certification of a Severity Level III for the waters underlying the NMWCA; and
- B. That adoption of the Water Shortage Response and Management Plan will provide greater assurances that there will be adequate groundwater to meet the present needs of District residents consistent with District Code §3.28.020 and the resource protection goals of the San Luis Obispo County South County Area Plan; and
- C. That adopting this Resolution will further conserve the water supply for the greater public benefit, with particular regards to domestic use, sanitation and fire protection; and
- D. That this Resolution adopts Rules and Regulations for the administration, operation and use of District services; and

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2014-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
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PLAN PURSUANT TO WATER CODE § 375**

- E. The Board of Directors of the District finds that the policies and procedures adopted by this Resolution are exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b) (2) because such policies and procedures constitute general policy and procedure making. The Board of Directors further finds that the adoption of the policies and potential actions established by this Resolution is not a project as defined in CEQA Guideline Section 15378, because it can be seen that the adoption of a Water Shortage Response and Management Plan will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The District incorporates by reference the CEQA findings in support of San Luis Obispo County Ordinance 3090, the County of San Luis Obispo's certification of a Severity Level III for the NMWCA

**WHEREAS**, by readopting this Resolution, the District does not intend to limit other means of managing, protecting and conserving the groundwater basin by the District. Further, the District intends to work cooperatively with the NMMA Technical Group and other agencies, such as the County of San Luis Obispo, to implement regional solutions such as groundwater management and the importation of Supplemental Water to the NMMA\NMWCA; and

**WHEREAS**, based on the Staff Report, staff presentation and public comment, the District Board of Directors further finds this Resolution is adopted for the protection of the health, safety and welfare of District water customers who depend on the underlying groundwater basin as their source of water supply.

**NOW, THEREFORE BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the Nipomo Community Services District, as follows:

1. That the above recitals are true and correct.
2. The Board approves the Water Shortage Response and Management Plan originally approved on April 9, 2014, attached as Exhibit "A" to this Resolution.
3. The Board of Directors reserves the right to order or not order all of the provisions within the Water Shortage Response and Management Plan based upon the circumstances at the time that this policy needs to be enforced.
4. The General Manager is directed to prepare and file an appropriate notice of exemption and file a Certificate of Exemption.
5. The General Manager is directed to publish this Resolution in its entirety in a newspaper of general circulation in the District within ten (10) days.

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2014-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
REAPPROVING A WATER SHORTAGE RESPONSE AND MANAGEMENT  
PLAN PURSUANT TO WATER CODE § 375**

Upon motion by Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, on the following roll call vote, to wit:

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

the foregoing Resolution is hereby passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
**CRAIG ARMSTRONG,**  
President of the Board of Directors

ATTEST:

APPROVED:

\_\_\_\_\_  
**MICHAEL S. LEBRUN**  
General Manager and Secretary to the Board

\_\_\_\_\_  
**MICHAEL W. SEITZ**  
District Legal Counsel

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**NCSD WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN**

STAGE	GROUNDWATER CONDITION	RESPONSE ACTIONS	RELIEF OF RESTRICTIONS
I	All times	<ul style="list-style-type: none"> <li>• Active outreach and education programs regarding water conservation best management practices.</li> <li>• Four Tier escalating water rates.</li> <li>• Recommended Customer Measures:                             <ul style="list-style-type: none"> <li>○ Fix all plumbing and irrigation leaks immediately.</li> <li>○ Irrigate after 8PM and before 9AM.</li> <li>○ Minimum to no irrigation in winter months.</li> <li>○ Check all irrigation systems monthly.</li> <li>○ Do not allow excessive run off.</li> <li>○ Recirculate water in ornamental water features (fountains)</li> </ul> </li> <li>• New applications for water service are accepted and processed.</li> <li>• Supplemental water is allocated to all new projects</li> <li>• New water service connections are made.</li> </ul>	Not Applicable.
II	Potentially Severe Water Shortage Conditions exists	<ul style="list-style-type: none"> <li>• More aggressive conservation outreach and education efforts.</li> <li>• Four-Tier escalating water rates.</li> <li>• Encourage customers to implement the following practices:                             <ul style="list-style-type: none"> <li>○ All Stage I Measures</li> <li>○ Cover Swimming Pools and spas.</li> <li>○ Do not use water to wash down exterior surfaces (e.g. driveway, deck, home)</li> </ul> </li> <li>• New applications for water service are accepted and processed.</li> <li>• Supplemental water is allocated to new projects.</li> <li>• New water service connections are made.</li> </ul>	Potentially Severe Water Shortage no longer exist.
III	Severe Water Shortage conditions exists	<ul style="list-style-type: none"> <li>• District targets a 30% reduction in production (Equating to a 752 acre foot or 245 million gallons of reduction in production on an annual basis).</li> <li>• Implement Stage III Drought Rates to encourage reduction in customer water demand.</li> <li>• Encourage customers to implement the following practices.                             <ul style="list-style-type: none"> <li>○ All Stage I and II measures.</li> <li>○ Turn off all automated irrigation systems.</li> <li>○ Provide minimum necessary irrigation to preserve trees and high-value landscape.</li> <li>○ Do not drain or fill swimming pools or spas.</li> <li>○ Do not use water for dust control or construction.</li> <li>○ Do not use hoses to wash cars or equipment.</li> <li>○ Turn off and drain ornamental fountains and water features</li> </ul> </li> </ul>	Severe Water Shortage no longer exist.**

STAGE	GROUNDWATER CONDITION	RESPONSE ACTIONS	RELIEF OF RESTRICTIONS
		<ul style="list-style-type: none"> <li>• Suspend accepting applications for new water service.</li> <li>• Existing applications for new water service continue to be processed with allocations of supplemental water.</li> <li>• New water service connections are made.</li> </ul>	
IV	Severe Water Shortage conditions exist for >1YEAR or is triggered by both the Key Wells Index and the Coastal Criterion.	<ul style="list-style-type: none"> <li>• District targets a 50% reduction in production (Equating to a 1,254 acre foot reduction in production on an annual basis).</li> <li>• Implement Stage IV Drought Rates to encourage reduction in customer water demand.</li> <li>• Encourage customers to implement the following practices: <ul style="list-style-type: none"> <li>○ All Stage I, II, and III measures.</li> <li>○ Do not use District water for irrigation/outdoor uses of any sort.</li> </ul> </li> <li>• New applications for water service are NOT accepted (Stage III)</li> <li>• Cease processing existing applications for new water service. No allocation of supplemental water is made.</li> <li>• New water service connections are made only to projects with preexisting service commitments.</li> </ul>	Severe Water Shortage conditions no longer exist.
V	Severe Water Shortage conditions for >2 years with BOTH triggers (Key Wells Index and Coastal Area Criterion).	<ul style="list-style-type: none"> <li>• District targets a 60% reduction in production. (Equating to a 1,504 acre foot reduction in production on an annual basis).</li> <li>• Implement Stage V Drought Rates to encourage additional reduction in customer water demand.</li> <li>• Declaration of a Water Shortage Emergency in accordance with CA Water Code Section 350.</li> <li>• Suspend all new water service connections.</li> <li>• Encourage customers to implement all Stage I-IV measures and to use only the absolute minimum water necessary for health and sanitation purposes. <ul style="list-style-type: none"> <li>○ All Stage I, II, and III measures.</li> <li>○ Do not use District water for irrigation/outdoor uses of any sort.</li> <li>○ Do not drain or fill swimming pools or spas.</li> <li>○ All measures possible to reduce water use.</li> </ul> </li> <li>• New applications for water service are NOT accepted (Stage III)</li> <li>• Existing applications for new water service are not processed (Stage IV)</li> </ul>	Severe Water Shortage conditions no longer exist.

\*\* The Nipomo Mesa Management Area (NMMA) Technical Group may determine Severe Water Shortage Conditions no longer exist when groundwater quality criteria threshold are no longer exceeded in a single measurement.

General Notes

1. The implementation of all rate increases and changes in the acceptance and processing of new services applications are subject to approval by the Board of Directors at the time each stage is triggered.

2. Potentially Severe and Severe Water Shortage conditions, Key Wells Index, and Coastal Criterion are as defined in the NMMA Technical Group, Water Shortage Conditions Response Plan, dated April 2009. Key criterion are as follows:

<b><u>Potentially Severe Water Shortage Conditions</u></b>	<b><u>Severe Water Shortage Conditions</u></b>
<ul style="list-style-type: none"> <li>• <i>Key Wells Index less than 31.5 ft msl</i></li> <li>• <i>Greater than 250 mg/l chloride in any NMMA coastal monitoring well</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Key Wells Index is less than 16.5 ft. msl</i></li> <li>• <i>Greater than 500 mg/l chloride in any NMMA coastal monitoring well</i></li> </ul>

3. Reduction goals are a percentage of average annual production volumes for the five calendar years prior to the first year Nipomo Supplemental Water is delivered. NCS D's 2009-2013 average (2507 AFY) is used in the table above.