

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN *MSL*  
GENERAL MANAGER

DATE: NOVEMBER 8, 2013

## AGENDA ITEM

# D

NOVEMBER 13, 2013

### CONSENT AGENDA

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

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

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE OCTOBER 23, 2013 REGULAR BOARD MEETING MINUTES  
[RECOMMEND APPROVAL]
- D-3) ADOPT RESOLUTION RECOGNIZING STAFF SERVICE [RECOMMEND ADOPT]
- D-4) APPROVE AMENDMENT TO DEBT POLICY [RECOMMEND ADOPT RESOLUTION  
AMENDING DEBT POLICY]

TO: BOARD OF DIRECTORS  
 FROM: MICHAEL S. LEBRUN *Msl*  
 GENERAL MANAGER  
 DATE: NOVEMBER 7, 2013

**AGENDA ITEM  
 D-1  
 NOVEMBER 13, 2013**

**HAND WRITTEN CHECKS**

10-23-13 10201 BUNYON BROS TREE SERVICE  
 11-05-11 10202 PGE  
 11-13-13 10203 ELI ZINNER  
 11-13-13 10204 RONALD TUNKS  
 11-13-13 10205 NEWTON GEO-HYDROLOGY  
 VOIDS - 22265

**TOTAL COMPUTER CHECKS  
 \$213,864.78**

VIA CONCHA WELL SITE \$1,200.00  
 ELECTRICITY \$75,444.39  
 WASHER REBATE \$75.00  
 WASHER REBATE \$75.00  
 LITIGATION SERVICE \$5,643.23

**COMPUTER GENERATED CHECKS**

22409	10/25/13	EMP01	EMPLOYMENT DEVELOP DEPT	B31021	10/21/13	STATE INCOME TAX	10-13	1264.19	1264.19
22410	10/25/13	MID01	RABOBANK-PAYROLL TAX DEPOS	B31021	10/21/13	FEDERAL INCOME TAX	10-13	3800.36	
22410	10/25/13	MID01	RABOBANK-PAYROLL TAX DEPOS	1B31021	10/21/13	FICA	10-13	86.80	
22410	10/25/13	MID01	RABOBANK-PAYROLL TAX DEPOS	2B31021	10/21/13	MEDICARE (FICA)	10-13	957.18	4844.34
22411	10/25/13	MID02	RABOBANK-DIRECT DEPOSIT	B31021	10/21/13	NET PAY	10-13	25096.99	25096.99
22412	10/25/13	PER01	PERS RETIREMENT	B31021	10/21/13	PERS PAYROLL REMITTANCE	10-13	8639.81	8639.81
22413	10/25/13	STA01	CALPERS 457 DEFERRED COMP	B31021	10/21/13	457 DEFERRED COMP	10-13	1605.00	1605.00
22414	11/08/13	EMP01	EMPLOYMENT DEVELOP DEPT		1349.89	.00	1349.89	B31105	STATE INCOME TAX
22415	11/08/13	MID01	RABOBANK-PAYROLL TAX DEPO		3973.01	.00	3973.01	B31105	FEDERAL INCOME TAX
					62.00	.00	62.00	1B31105	FICA
					969.50	.00	969.50	2B31105	MEDICARE (FICA)
			Check Total.....:		5004.51	.00	5004.51		
22416	11/08/13	MID02	RABOBANK-DIRECT DEPOSIT		25189.88	.00	25189.88	B31105	NET PAY
22417	11/08/13	PER01	PERS RETIREMENT		8700.04	.00	8700.04	B31105	PERS PAYROLL REMITTANCE
22418	11/08/13	STA01	CALPERS 457 DEFERRED COMP		1655.00	.00	1655.00	B31105	457 DEFERRED COMP
022419	11/13/13	ABA01	ABALONE COAST BACTERIOLOG		6541.00	.00	6541.00	2048	LAB TESTS
022420	11/13/13	ADV01	ADVANTAGE ANSWERING PLUS		134.85	.00	134.85	NOV 2013	ANSWERING SERVICE
022421	11/13/13	AEC01	AECOM USA INC		10797.30	.00	10797.30	37382129	SOUTHLAND WWTF UPGRADE
					11348.70	.00	11348.70	37385594	SWP-ENGINEERING SERVICES
					46453.16	.00	46453.16	37385619	SWP-ENGINEERING DURING CO
					9417.60	.00	9417.60	37389189	SOUTHLAND WWTF UPGRADE
			Check Total.....:		78016.76	.00	78016.76		
022422	11/13/13	ALX01	ALEXANDER'S CONTRACT SERV		3379.81	.00	3379.81	NOV 2013	METER READING SERVICE
022423	11/13/13	AME03	AMERI PRIDE		147.96	.00	147.96	988259	UNIFORMS
					134.40	.00	134.40	993540	UNIFORMS
					146.21	.00	146.21	9997575	UNIFORMS
			Check Total.....:		428.57	.00	428.57		
022424	11/13/13	ASA01	ASAP REPROGRAPHICS		419.90	.00	419.90	164513	STANDPIPE-SEPCS AND PLANS
					249.57	.00	249.57	166644	STANDPIPE SPECS AND PLANS
					105.56	.00	105.56	168639	STANDPIPE-SPECS AND PLANS
			Check Total.....:		775.03	.00	775.03		
022425	11/13/13	ATT02	AT&T		149.92	.00	149.92	4805784	TELEPHONE
					24.07	.00	24.07	4806028	TELEPHONE
					176.11	.00	176.11	4806098	TELEPHONE
			Check Total.....:		350.10	.00	350.10		
022426	11/13/13	BEN02	BENTLEY SYSTEMS, INC.		1705.50	.00	1705.50	47553149	WATER/SEWER GEMS SUBSCRIP
022427	11/13/13	BRE02	BRENNTAG PACIFIC INC.		524.68	.00	524.68	BPI354831	SODIUM HYPOCHLORITE
					378.77	.00	378.77	BPI358720	SODIUM HYPOCHLORITE
					740.44	.00	740.44	BPI358721	SODIUM HYPOCHLORITE
					2368.24	.00	2368.24	BPI360709	CITRIC ACID
					595.77	.00	595.77	BPI360711	SODIUM HYPOCHLORITE
					351.64	.00	351.64	SPI360710	SODIUM HYPOCHLORITE
			Check Total.....:		4959.54	.00	4959.54		
022428	11/13/13	CAR04	CAR QUEST AUTO PARTS		198.84	.00	198.84	661907	SWITCHES/LATEX GLOVES
022429	11/13/13	CHA02	CHARTER COMMUNICATIONS		204.99	.00	204.99	NOV 2013A	SHOP-INTERNET
					204.99	.00	204.99	NOV 2013B	OFFICE-INTERNET
			Check Total.....:		409.98	.00	409.98		
022430	11/13/13	CLE06	CNSSLO INC		405.00	.00	405.00	17325	ADOBE CREATIVE SUITE/PHOT

TO: BOARD OF DIRECTORS  
 FROM: MICHAEL S. LEBRUN *MSL*  
 GENERAL MANAGER  
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022431	11/13/13	COR01	CORBIN WILLITS SYSTEMS	750.83	.00	750.83	B310151	COMPUTER SUPPORT
022432	11/13/13	CRY01	CRYSTAL SPRINGS	31.44	.00	31.44	OCT 2013	DISTILLED WATER
022433	11/13/13	FAR01	FARM SUPPLY COMPANY	266.79	.00	266.79	10965	CLAMPS AND VALVES
022434	11/13/13	FAR02	FAR WEST EXPRESS	23.00	.00	23.00	OCT 2013	DELIVERY
022435	11/13/13	FGL01	FGL ENVIRONMENTAL	371.26	.00	371.26	383448A	LAB TESTS
				265.00	.00	265.00	383450A	LAB TESTS
				19.80	.00	19.80	383462A	LAB TEST
			Check Total.....:	656.06	.00	656.06		
022436	11/13/13	GIL01	GLM, INC.	1655.00	.00	1655.00	OCT 2013B	IRRIGATION CONTROLLER INS
				340.00	.00	340.00	OCT 2103A	LANDSCAPE MAINT
			Check Total.....:	1995.00	.00	1995.00		
022437	11/13/13	GWA01	GWA INC	85.00	.00	85.00	11230	CHECK/FIX CAMERA SYSTEM A
				87.00	.00	87.00	NOV 2013A	SHOP-MONITORING
				55.00	.00	55.00	NOV 2013B	OFFICE-MONITORING
				87.00	.00	87.00	NOV 2013C	UTILITY OFFICE-MONITORING
			Check Total.....:	314.00	.00	314.00		
022438	11/13/13	IND01	INDUSTRIAL MEDICAL GROUP	140.00	.00	140.00	9252	EMPLOYMENT PHYSICAL & DRU
022439	11/13/13	KOE01	KOEHLER PLUMBING, INC	125.00	.00	125.00	6580	(3)BACKFLOW DEVICE TESTS
022440	11/13/13	LAN02	LANDMARK LANDSCAPE CO INC	214.00	.00	214.00	OCT 2013	LANDSCAPE MAINTENANCE
022441	11/13/13	LEB02	LeBRUN, MICHAEL	65.00	.00	65.00	NOV 2013	CELL PHONE REIMBURSEMENT
022442	11/13/13	MCC04	McCALL'S METER SALES & SE	3020.52	.00	3020.52	24619	FLANGED TUBE METER/DIGITA
022443	11/13/13	MCR01	MCR TECHNOLOGIES, INC.	5977.48	.00	5977.48	33084	SUBMERSIBLE LEVEL TRANSDU
022444	11/13/13	MIN02	MINER'S ACE HARDWARE	132.27	.00	132.27	OCT 2013	SUPPLIES
022445	11/13/13	MOR02	MORE OFFICE SOLUTIONS	189.81	.00	189.81	515537	B & W/COLORED COPIES
				349.25	.00	349.25	526119	BW/COLORED COPIES
			Check Total.....:	539.06	.00	539.06		
022446	11/13/13	NEX01	NEXTEL COMMUNICATIONS	462.56	.00	462.56	OCT 2013	CELLULAR SERVICE
022447	11/13/13	NEX03	NEXTRAQ	308.50	.00	308.50	NOV 2013	GPS SERVICE
022448	11/13/13	NIP05	NIPOMO CHAMBER OF COMMERC	100.00	.00	100.00	1343	MEMBERSHIP DUES
				1732.50	.00	1732.50	B31105	CHAMBER OF COMMERCE GRANT
			Check Total.....:	1832.50	.00	1832.50		
022449	11/13/13	NUN01	NUNLEY, MICHAEL K. & ASSO	1135.00	.00	1135.00	69	GIS SERVICE
022450	11/13/13	NUT01	NU TECH PEST MGMT	265.00	.00	265.00	101617	PEST CONTROL
				75.00	.00	75.00	101620	RODENT CONTROL
			Check Total.....:	340.00	.00	340.00		
022451	11/13/13	OFF01	OFFICE DEPOT	15.25	.00	15.25	612027001	OFFICE SUPPLIES
				136.35	.00	136.35	719062001	OFFICE SUPPLIES
				216.65	.00	216.65	790199001	OFFICE SUPPLIES
			Check Total.....:	368.25	.00	368.25		
022452	11/13/13	ONE02	101 BLUEPRINT & COPY	33.77	.00	33.77	13-1642	BLUEPRINTS
022453	11/13/13	PRE01	PRECISION JANITORIAL	650.00	.00	650.00	241	JANITORIAL SERVICES
022454	11/13/13	QUI03	QUINN COMPANY	210.10	.00	210.10	910025449	PALLET CONCRETE READT MIX
022455	11/13/13	RAB02	RABOBANK PETTY CASH	41.20	.00	41.20	OCT 2013	POSTAGE
				124.60	.00	124.60	OCT 2013A	SUPPLIES
			Check Total.....:	165.80	.00	165.80		
022456	11/13/13	RED01	RED VALVE COMPANY, INC.	2935.20	.00	2935.20	615988	EXPANSION JOINTS/CONTROLS
022457	11/13/13	REL01	RELIABLE OFFICE SUPPLIES	76.66	.00	76.66	DQ274001	OFFICE SUPPLIES
022458	11/13/13	SLO06	SAN LUIS OBISPO TAX COLL	7.00	.00	7.00	B31015	PROPERTY TAXES
				1041.64	.00	1041.64	B31015B	PROPERTY TAXES
			Check Total.....:	1048.64	.00	1048.64		

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022459	11/13/13	SOU01	SOUTH COUNTY SANITARY	38.98	.00	38.98	4263700	GARBAGE SERVICE-OFFICE
				188.70	.00	188.70	4264956	GARBAGE SERVICE-OLDE TOWN
			Check Total.....:	227.68	.00	227.68		
022460	11/13/13	SOU03	SAN LUIS GARBAGE COMPANY	189.00	.00	189.00	OCT 2013	SOLID WASTE TAX LIENS
022461	11/13/13	STE01	STERLING COMMUNICATIONS	752.25	.00	752.25	28333	MOBILE RADIO PROGRAMMING
022462	11/13/13	THE01	THE GAS COMPANY	17.60	.00	17.60	OCT 2013A	OFFICE-HEAT
				16.65	.00	16.65	OCT 2013B	HEAT-SHOP
			Check Total.....:	34.25	.00	34.25		
022463	11/13/13	THE02	THE TRIBUNE SLO CO NEWSPAP	496.00	.00	496.00	OCT 2013	SEC/CLERK EMPLOYMENT ADS
022464	11/13/13	TUC01	TUCKFIELD & ASSOCIATES	3510.00	.00	3510.00	358	PROGRESS BILLING-WATER RA
022465	11/13/13	USA01	USA BLUEBOOK	806.43	.00	806.43	190425	METER GASKETS/HYDRANT PAI
				1290.26	.00	1290.26	190452	DISSOLVED OXYGEN
			Check Total.....:	2096.69	.00	2096.69		
022466	11/13/13	USB01	US BANK (VISA)	213.27	.00	213.27	OCT 2013A	SUPPLIES
				754.08	.00	754.08	OCT 2013B	COMPUTER EXPENSE
				373.96	.00	373.96	OCT 2013C	SUPPLIES
				645.42	.00	645.42	OCT 2013D	PLAQUE-FOUNDING FATHERS
			Check Total.....:	1986.73	.00	1986.73		
022467	11/13/13	VER01	VERIZON	46.07	.00	46.07	B31030	TELEPHONE
022468	11/13/13	\G013	GRANITE RANCH OPPORTUNITI	54.05	.00	54.05	000B31101	MQ CUSTOMER REFUND FOR GR

**FUNDS TO BE WIRED (IN LIEU OF CHECKS) FOR  
 SOUTHLAND WWTF IMPROVEMENTS PHASE 1 PROJECT**

Cushman Contracting	Period 10/1/13 to 10/31/13	\$656,789.44
First Republic Bank	Period 10/1/13 to 10/31/13 Retention	\$34,567.86
	<b>TOTAL</b>	<b>\$691,357.30</b>

**FUNDS TO BE WIRED (IN LIEU OF CHECKS) FOR  
 SUPPLEMENTAL WATER PROJECT PHASE 1 – BID PACKAGE #1**

ARB, Inc.	Period 10/1/13 to 10/31/13	\$124,846.98
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TO: BOARD OF DIRECTORS  
FROM: MICHAEL S. LEBRUN *MSL*  
GENERAL MANAGER  
DATE: NOVEMBER 8, 2013



## 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. October 23, 2013 draft Regular Board Meeting Minutes

NOVEMBER 13, 2013

ITEM D-2

ATTACHMENT A

# NIPOMO COMMUNITY SERVICES DISTRICT

*Serving the Community Since 1965*

## REGULAR MINUTES

OCTOBER 23, 2013, AT 9:00 A.M.

BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

### BOARD of DIRECTORS

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

### PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER  
LISA BOGNUDA, FINANCE DIRECTOR  
MICHAEL W. SEITZ, GENERAL COUNSEL  
PETER SEVCIK, DIRECTOR OF ENG. & OPS.  
MERRIE WALLRAVIN, 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.

00:00:00

#### A. CALL TO ORDER AND FLAG SALUTE

*President Harrison called the Regular Meeting of October 23, 2013, to order at 9:00 a.m. and led the flag salute.*

00:00:40

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

*At roll call, all Board members were present.*

*There was no public present.*

*President Harrison adjourned the meeting at 9:02 a.m.*

*President Harrison reconvened the meeting at 10:00 a.m. in the City of Santa Maria, North Blosser Road at the Santa Maria River Levee.*

*At roll call, all Board members were present.*

#### C. PRESENTATIONS AND PUBLIC COMMENT

##### C-1) RIVER CROSSING CELEBRATION

A ceremony will be conducted to celebrate the commencement of District's supplemental water project and pipeline crossing under the Santa Maria river.

*The River Crossing Celebration Ceremony was conducted. (See Exhibit "A" The Program).*

*President Harrison adjourned the meeting at 10:36 a.m.*

*President Harrison reconvened the meeting at 1:00 p.m. at the District Board Room 148 South Wilson, Nipomo.*

*At roll call, all Board members were present.*

##### C-2) SAN LUIS OBISPO COUNTY SHERIFF COMMANDER JAY DONOVAN Update Report re: South County Law Enforcement and Department News

*Sargent Jay Wells, substituting for Commander Jay Donovan gave a summary of reported crimes in the Nipomo area (See Exhibit "B"). Sargent Wells answered questions from the Board. The Board thanked Sargent Wells for his report.*

SUBJECT TO BOARD APPROVAL

- C-3) CAL FIRE BATTALION CHIEF PAUL VAN GERWEN  
Update Report re: South County Cal Fire Activity and Department News

*Battalion Chief Paul Van Gerwen introduced himself and gave activity reports for July, August, and September 2013 (See Exhibit "C"). Battalion Chief Van Gerwen answered questions from the Board. The Board thanked Battalion Chief Van Gerwen for his report.*

- 00:16:31 C-4) REPORT ON SEPTEMBER 25, 2013 REGULAR MEETING CLOSED SESSION  
Announcement of actions, if any, taken in Closed Session

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

*The Board discussed Item Two (Conference with District Legal Counsel re: anticipated litigation pursuant to GC §54956.9 MCA VS. NCSD) in closed session, but took no reportable action.*

- C-5) DIRECTOR OF ENGINEERING AND OPERATIONS  
RE: Summary of recent activities

*Peter Sevcik, Director of Engineering and Operations, reviewed the report as presented in the Board packet. Mr. Sevcik answered questions from the Board. The Board thanked Mr. Sevcik for his report.*

- C-6) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES, AND SEMINARS.  
Receive Announcements and Reports from Directors

Director Vierheilig

- ◇ *November 1, Blacklake Management Association will meet at the Blacklake Community Center at 10:00 a.m. to discuss the proposed signal light at the Willow Road and Pomeroy Road intersection.*
- ◇ *November 6, San Luis Obispo County Water Resources Advisory Committee will meet and discuss the Paso Robles Groundwater Basin's urgency Ordinance 3246 and Cambria groundwater levels.*

Director Blair

- ◇ *Commented on attending a pipeline safety meeting and the importance of dialing 811 before digging.*

Director Harrison

- ◇ *October 22, Attended the San Luis Obispo County Board of Supervisors meeting to hear an update on the proposed 5 lot split on El Campo Road.*
- ◇ *Met with Caren Ray, San Luis Obispo County 4<sup>th</sup> District Supervisor.*
- ◇ *Attended a COLAB mixer at the Edwards Bar.*
- ◇ *Attended the Fire Safe Council meeting.*



**Nipomo Community Services District  
REGULAR MEETING  
MINUTES**

- C-7) 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 Vierheilig and seconded by Director Gaddis, the Board unanimously approved to receive and file the presentations and reports as submitted.  
Vote 5-0.*

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

00:39:47

D. CONSENT AGENDA

- D-1) WARRANTS
- D-2) APPROVE OCTOBER 9, 2013 REGULAR BOARD MEETING MINUTES
- D-3) DECLARE 2002 TOYOTA PICK UP TRUCK SURPLUS AND AUTHORIZE SALE
- D-4) RECEIVE QUARTERLY INVESTMENT REPORT

*Peter Sevcik, Director of Engineering and Operations, and Lisa Bognuda, Finance Director, answered questions from the Board.*

*There was no public comment.*

*Upon the motion of Director Armstrong and seconded by Director Gaddis, the Board unanimously approved the consent agenda.  
Vote 5-0.*

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

E. ADMINISTRATIVE ITEMS

00:46:12

- E-1) E-1) APPROVE SERVICE REQUEST (INTENT TO SERVE LETTER) FOR WATER AND SEWER SERVICE TO JIM MILLER PARK

*Michael LeBrun, General Manager, reviewed the report as presented in the Board Packet. Mike Seitz, Legal Counsel, and Mr. LeBrun answered questions from the Board.*

*The following members of the public spoke:*

*Kathy Kubiak, Olde Towne Nipomo Association President, had concerns about the fees and feels the fees should be waived.*

*Michael LeBrun, General Manager, commented on Ms. Kubiak's concerns.*

**ITEM E-1(Continued)**

*Upon the motion of Director Armstrong and seconded by Director Gaddis, the Board approved the application and directed staff to issue an Intent-to-Serve letter with the conditions outlined in the staff report.*

*Vote 4-1.*

YES VOTES	NO VOTES	ABSENT
<i>Directors Armstrong, Gaddis, Blair, and Vierheilig</i>	<i>Director Harrison</i>	<i>None</i>

01:06:03

**E-2) ANNUAL REVIEW OF CASH RESERVES IN ACCORDANCE WITH CASH RESERVE POLICY**

*Michael LeBrun, General Manager, reviewed the report as presented in the Board packet. Lisa Bognuda, Finance Director, and Mr. LeBrun answered questions from the Board.*

*There was no public comment.*

*Upon the motion of Director Vierheilig and seconded by Director Armstrong, the Board unanimously approved staff's recommendation.*

*Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
<i>Directors Vierheilig, Armstrong, Blair, Gaddis, and Harrison</i>	<i>None</i>	<i>None</i>

01:15:21

**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**

*Water Resources Committee.*

*There was no public comment.*

01:23:01

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

*Director Blair*

- *Mentioned the State Water pipeline valve near the intersection of Thompson and Mehlschau Roads.*

*Director Harrison*

- *Commented on Governor Brown's pending bill regarding infrastructure for State water.*

Nipomo Community Services District  
REGULAR MEETING  
MINUTES

01:28:42

I. CLOSED SESSION ANNOUNCEMENTS

1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9 SMVWCD VS. NCSD (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND ALL CONSOLIDATED CASES).
2. CONFERENCE WITH LEGAL COUNSEL PURSUANT TO GOVT. CODE §54956.9(a):  
Existing litigation - 1 case: Mesa Community Alliance Vs. District, Case No. CV 130222
3. CONFERENCE WITH LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC SECTION 54956.9; NCSD VS. COUNTY SLO, ET AL. (CASE #CV090010)

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

*There was no public comment.*

K. ADJOURN TO CLOSED SESSION

*President Harrison adjourned to closed session at 2:30 p.m.*

L. OPEN SESSION  
ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

*The Board came back into Open Session at 2:54 p.m.*

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

ADJOURN

*President Harrison adjourned the meeting at 2:55 p.m.*

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	2 hours 30 minutes
Closed Session	25 minutes
TOTAL HOURS	2 hours 55 minutes

OCTOBER 23, 2012

REGULAR BOARD MEETING MINUTES

EXHIBIT "A"

BOARD OF DIRECTORS

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

DISTRICT MANAGEMENT STAFF

MICHAEL S. LEBRUN, P.E., GENERAL MANAGER  
PETER V. SEVCIK, P.E., DIRECTOR OF  
ENGINEERING AND OPERATIONS  
LISA BOGNUDA, FINANCE DIRECTOR

DESIGN ENGINEER

AECOM, INC.

CONSTRUCTION MANAGER

MNS ENGINEERS, INC.

CONSTRUCTION CONTRACTORS

ARB, INC.  
SPECIALTY CONSTRUCTION, INC.  
SPIESS CONSTRUCTION CO., INC.

NIPOMO COMMUNITY  
SERVICES DISTRICT

RIVER CROSSING CELEBRATION  
SUPPLEMENTAL WATER PROJECT  
PHASE 1

WEDNESDAY, OCTOBER 23, 2013  
10:00 AM

SANTA MARIA RIVER LEVEE AT BLOSSER ROAD  
SANTA MARIA, CALIFORNIA

## PROJECT HIGHLIGHTS

THE SUPPLEMENTAL WATER PROJECT IS A \$17.5 MILLION PUBLIC WORKS CONSTRUCTION PROJECT, SUPPORTED BY A \$2.2 MILLION DEPARTMENT OF WATER RESOURCES GRANT. THE PROJECT WILL FACILITATE INTERCONNECTION OF FOUR REGIONAL WATER PROVIDERS AND THE IMPORTATION OF DEVELOPED WATER FROM THE CITY OF SANTA MARIA TO THE NIPOMO MESA MANAGEMENT AREA IN ACCORDANCE WITH A COURT ORDER.

THE PROJECT WILL INCREASE NIPOMO'S WATER RESOURCES FOR GENERATIONS TO COME AND INCREASE SUPPLY RELIABILITY.

RIVER CROSSING SCHEDULED TO BE COMPLETED

FALL 2013

SUPPLEMENTAL WATER PROJECT SCHEDULED FOR COMPLETION  
MAY 2015



## CEREMONY

CALL MEETING TO ORDER  
BOARD PRESIDENT JIM HARRISON

OPENING COMMENTS  
GENERAL MANAGER MICHAEL S. LEBRUN

INTRODUCTIONS  
BOARD PRESIDENT JIM HARRISON

COMMENTS BY ELECTED LEADERS:  
CA 33RD DISTRICT ASSEMBLYMAN  
KATCHO ACHADJIAN

FIELD REPRESENTATIVE FROM THE OFFICE  
OF SENATOR WILLIAM MONNING  
KEVIN BOMMARITO

SAN LUIS OBISPO COUNTY 4TH DISTRICT  
SUPERVISOR CAREN RAY

SANTA MARIA COUNCILMEMBER  
JACK BOYSEN

BOARD PRESIDENT JIM HARRISON

ADJOURN MEETING TO 1PM AT  
148 S WILSON, NIPOMO

LIGHT REFRESHMENTS AND SNACKS SERVED

## Nipomo Community Services District Supplemental Water History

Updated July 5, 2013

### Chronology

- February 2013;** Board reestablishes processing of applications for new water connections.
- February 2013;** Supreme Court of CA denies appellants petition for review of Groundwater ruling effectively marking the end of sixteen-year adjudication.
- March 2013;** Total of construction bid exceeds project cost estimate by 24%. Total project construction costs projected to be \$17.8 Million for Phase 1 project.
- April 2013;** Board meets to discuss revised projected costs and direct District Finance and Audit Committee to convene and consider a revised Financing Plan based on updated cost projections. Committee meets on April 17 and on April 24, Board approves a revised Financing Plan for the project.
- May 3, 2013;** Mesa Community Alliance (MCA) files a law suit in San Luis Obispo County Superior Court raising concerns over the District's plan to use \$4M in Water Replacement funds to finance the project. The Board schedule for consideration of issuing public financing on May 12 is continued.
- May 10, 2013;** In a Special Meeting, Board approves a revised project financing plan that relies on borrowing \$9M and avoids using Water Replacement funds.
- May 29 and June 5, 2013;** The court gives favorable initial rulings regarding the scope of the lawsuit filed by MCA which allow the District to move forward with revised alternate funding plan.
- June 12, 2013;** Board authorizes sale of up to \$10.5M in bonds as part of project financing plan.
- June 19, 2013;** Bond sale commences and bonds are priced.
- June 20, 2013;** In a Special Meeting, the Board approves award of the three project construction contracts contingent on successful bond sale.
- June 21, 2013;** Bond sale closes and Notice of Award is sent to all three contractors prior to the expiration of bid price guarantees (bids set to expire on June 24 and 26).
- July 10, 2013;** Construction contracts signed with ARB Inc., Spiess Construction Company Inc., and Specialty Construction Inc. for the completion of Nipomo Supplemental Water Project, Phase 1. Notice to Proceed issued to ARB for horizontal directional drill phase of project.
- July 2013 – May 2015;** pipeline construction scheduled to take 22 months.

Note: All referenced reports and additional information can be found on the District website  
(ncsd.ca.gov)

- 1970's and 1980's;** Nipomo Community Services Board of Directors (District) expresses concern over groundwater resources in response to County approved development projects across the Nipomo Mesa, including Blacklake Golf Resort.
- 1991;** District customer's Vote to not participate in County led State Water Project. The vote is considered 'advisory' and NCSD Board moves forward with participation in the State Water project.
- 1992;** District customers demand and receive a binding vote regarding participation in the State Water project. Customers vote overwhelmingly to not participate in State Water.
- 1993;** Prolonged drought and failing wells leads to emergency annexation of the Summit Station area of the Nipomo Mesa into Nipomo CSD.
- 1994;** In the midst of continued drought conditions, the District commissions first study of alternatives for supplementing its groundwater only supply. Evaluation of Alternative Supplemental Water Supplies. Bookman-Edmonston Engineering, Inc. Robert Beeby, Project Manager, July 15, 1994. The report concludes/recommends: Construct turn-out in Nipomo on CCWA (State Water) pipeline; Negotiate for City of Santa Barbara Desal water; Negotiate for other sources of 'State Water'; Reclaim wastewater at South County Sanitation; Deep fractured rock wells; Groundwater Management District formation and leadership; Conservation.
- 1996;** District attempts, unsuccessfully, to get an 'Emergency Turnout' built on State Water line traversing Nipomo.
- 1997;** Santa Maria Valley Groundwater Litigation begins
- 2001;** District commissions an updated study of supplemental water alternatives. Evaluation of Water Supply Alternatives. Kennedy/Jenks Consultants, October 2001. Conclusions: Conservation; Intertie with City of Santa Maria; Refinery reclaim water; SLOCSO reclaim to offset agricultural pumping, and; Deep fractured rock wells. Direct connection to State Water is found to be too politically complicated to be viable any longer.
- 2004;** San Luis Obispo County consultant S.S. Papadopolos & Associates completes the Nipomo Mesa Groundwater Resource Capacity Study, March 2004. Conclusion is the Mesa area groundwater is in overdraft.

2004; District signs MOU with City of SM outlining the future purchase of City water by District. The cost of building an inter-tie connection is estimated at \$4 million based on conceptual river crossing approaches.

**April 2005;** District completes Waterline Feasibility Study, Santa Maria River Crossing Alternatives and Probable Cost Estimates, Cannon Associates, April & June 2005. Conclusions – horizontal directional drill under the river is best crossing method. Crossing and connection estimated at \$10 million.

**June 2005;** Groundwater Court files a settlement Stipulation agreed to by vast majority of litigants. Nipomo CSD—City of Santa Maria Intertie pipeline and supplemental water delivery is incorporated in to settlement as a 'Physical Solution' for the Nipomo Mesa Management Area (NMMA). The other three major municipal water purveyors within the NMMA stipulate to paying for 33% of the first 2,500 Acre-feet of water delivered annually. Additionally, the Stipulation requires all new urban water demands within the NMMA are required to pay fee or deliver supplemental water.

**August 2005;** District abandons deep well project in Nipomo Valley - \$400K loss

**May 2006;** SLO County adopts Ordinance 3090 requiring new subdivisions within Nipomo Mesa Water Conservation Area to pay a supplemental water fee toward the Nipomo/CSM intertie. 3090 requires amendments to the General Plan which increase urban water demand to rely on imported or supplemental water – thereby holding amendments until supplemental water is delivered.

**June 2006;** Preliminary Engineering Memorandum and Cost Estimate for intertie with Santa Maria; Boyle Engineers. – Cost opinion = \$25M, capacity 3000 AFY project. Board suspends work on design and orders a review of alternatives and costs.

**June 26, 2006;** SLO County Board of Supervisors certify a Level of Severity III (most severe) for Nipomo Mesa water resource. Certification is based on the 2004 Resource Capacity Study.

**2007;** District completes a series of Technical Memoranda (Evaluation of Supplemental Water Alternatives, Boyle, June 2007; Evaluation of Desalination as a Source of Supplemental Supply, Boyle, September 2007; Evaluation of Water Supply from CCWA/State Water Pipeline, Boyle, November 2007), evaluating alternatives for supplemental water supply – intertie with SM found most feasible and cost effective. Board directs intertie project design be restarted and completed as quickly as possible.

**2007 – 2011;** District works to complete project design and construction cost detail. District works with County and project partners to define a funding approach for raising capital.

**January 2008;** Superior Court of California, County of Santa Clara, issues Final Judgment in Santa Maria Groundwater Litigation. Court "... approves the Stipulation, orders the Stipulating Parties to comply with each and every term thereof, ...." Case is appealed by non-stipulating parties.

**October 2008;** SLO County adopts Ordinance 3160 based on findings of 'overdraft' of groundwater underlying Nipomo Mesa Water Conservation Area. Ordinance implements conservation measures such as toilet retrofits.

**March 2009;** NCSD/City of Santa Maria waterline intertie project Environmental Impact Report certified.

**January 2010;** District enters a Water Wholesale Agreement with City of Santa Maria – this agreement replaces/supersedes the 2004 sales memorandum.

**January 2011;** intertie project is awarded \$2.3M grant of State water bond funds through County coordinated grant requests.

**May 2012** Assessment District formation to fund \$19 million of the intertie pipeline infrastructure is defeated by property owners.

**June 2012,** District revises policy and ceases processing of applications for new water service (Moratorium).

**August 2012,** Board of Directors appoints an independent volunteer citizen's committee ("Supplemental Water Alternatives Review Committee") to conduct a fourth formal review of alternatives for supplemental water.

**October 2012,** District approves feasibility study of a phased intertie pipeline with Santa Maria and authorizes design to proceed.

**November 2012,** CA Court of Appeal, Sixth Appellate District, upholds the majority of the Superior Court original ruling. (Ruling filed 11/21/12). Non-stipulating parties petition CA Supreme court to review the case.

**February 2013;** District receives Final report from citizen's committee. The Committee ranks an intertie pipeline with City of Santa Maria as most feasible and cost effective near-term (5-10) source of supplemental water. Committee recommends the District and other Mesa water users redouble efforts in conservation, education, and groundwater basin management.

**February 2013;** District approves funding plan for a \$14 Million Phase 1 intertie pipeline and authorizes staff to bid the construction project. Construction award is scheduled for end of April with a construction schedule of May 2013- September 2014.



OCTOBER 23, 2012

REGULAR BOARD MEETING MINUTES

EXHIBIT "B"

**San Luis Obispo County Sheriff's Office  
South Patrol Station  
Report to Nipomo Community Service District**

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**Date: 10/23/2013**

**Summary of reported crimes, Nipomo area, 09/22/2013-10/22/2013**

**Total Calls for Service (CFS), Nipomo: 971** ( CFS are inclusive of all received calls and dispositions, probation activity, medical/fire 9-1-1, and calls transferred to other agencies.)

**Reports taken by Sheriff's office for reporting period by classification:**

Theft/Burglary:	43
Assault:	4
Sex offense:	1
Domestic Violence:	19
Vandalism:	2
Drug related:	11
Alcohol related:	9
Traffic related:	9
Warrant arrests:	15
Miscellaneous:	13

Report prepared by Sgt. Jay Wells, Sheriff's South Patrol Station

OCTOBER 23, 2012

REGULAR BOARD MEETING MINUTES

EXHIBIT "C"



**CAL FIRE**  
**San Luis Obispo**  
**County Fire Department**

635 N. Santa Rosa • San Luis Obispo, CA 93405  
Phone: 805-543-4244 • Fax: 805-543-4248  
[www.calfireslo.org](http://www.calfireslo.org)



*Robert Lewin, Fire Chief*

## **Nipomo Station 20 Monthly Response Stats**

**July 2013: 137 total calls**

**16 Fires**  
**63 EMS**  
**18 Vehicle Accidents**  
**40 Various Others**

**August 2013: 126 total calls**

**13 Fires**  
**70 EMS**  
**4 Vehicle Accidents**  
**39 Various Other**

**September 2013: 120 total calls**

**9 Fires**  
**62 EMS**  
**14 Vehicle Accidents**  
**35 Various Other**



**CAL FIRE**  
**San Luis Obispo**  
**County Fire Department**

635 N. Santa Rosa • San Luis Obispo, CA 93405  
Phone: 805.543.4244 • Fax: 805.543.4248  
[www.cdfslo.org](http://www.cdfslo.org)



*Matt Jenkins, Fire Chief*

## **Mesa Station 22 Monthly Response Stats**

**July 2013 : 73 Total calls (**

**4 Fires**  
**44 EMS**  
**11 Vehicle Accidents**  
**20 Various Other**  
**13 Dunes Calls**

**August 2013 79 Total Calls (dunes 29)**

**3 Fires**  
**58 EMS**  
**13 Vehicle Accidents**  
**15 Various Other**  
**29 Dune calls**

**September 2013 63 total calls**

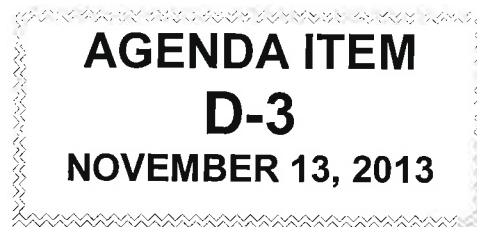
**4 Fires**  
**48 Medical Aid:**  
**6 Vehicle Accidents**  
**9 Various Other**  
**8 Dune calls**

**Dune calls since July 4th: 49**  
**Medicals year to date 356**

**Year to date total= 669 calls**

**Report completed by Battalion Chief Paul Van Gerwen 10/20/2013**

TO: BOARD OF DIRECTORS  
FROM: MICHAEL S. LEBRUN *MGL*  
GENERAL MANAGER  
DATE: NOVEMBER 8, 2013



## **ADOPT RESOLUTION RECOGNIZING STAFF SERVICE**

### **ITEM**

Adopt a Resolution recognizing twenty three year service and retirement of Billing Clerk Kathy Beltran. [ADOPT RESOLUTION]

### **BACKGROUND**

Ms. Beltran began her employment with the District on January 2, 1991 and has served the District with great dedication and professionalism ever since.

### **FISCAL IMPACT**

None

### **RECOMMENDATION**

Staff recommends your Board by motion and roll call vote adopt resolution recognizing Ms. Beltran's service to the District.

### **ATTACHMENT**

- A. Draft Resolution 2013-XXXX Beltran

NOVEMBER 13, 2013

ITEM D-3

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2013-1323**

**A RESOLUTION OF APPRECIATION TO  
KATHY BELTRAN  
FOR SERVICE TO THE NIPOMO COMMUNITY SERVICES DISTRICT**

**WHEREAS**, Kathy Beltran began her employment with the Nipomo Community Services District on January 2, 1991; and

**WHEREAS**, Kathy Beltran began her tenure with Nipomo Community Services District as a part-time billing clerk and soon became a full-time employee of the District; and

**WHEREAS**, Kathy has faithfully and dutifully served the Nipomo Community Services District for twenty-three (23) years; and

**WHEREAS**, Kathy brought a combination of competence, commitment, and compassion to the her job each day; and

**WHEREAS**, Kathy's work **attendance and punctuality** were exemplary throughout her career; and

**WHEREAS**, Kathy always considered fairness and equity to all customers in her work with any one customer; and

**WHEREAS**, through the decades Kathy maintained good working relationships with her colleagues and participated in training countless new customer service staff.

**NOW, THEREFORE, BE IT RESOLVED AND DETERMINED** that the Board of Directors of the Nipomo Community Services District expresses great appreciation and gratitude to Kathy Beltran for serving the District for the past twenty-three (23) years and wish her well in her retirement years.

The Board unanimously adopted the foregoing resolution on November 13, 2013.

\_\_\_\_\_  
James Harrison, President

\_\_\_\_\_  
Larry Vierheilig, Vice President

\_\_\_\_\_  
Dan A. Gaddis

\_\_\_\_\_  
Bob Blair

\_\_\_\_\_  
Craig Armstrong





TO: MICHAEL S. LEBRUN  
GENERAL MANAGER

FROM: LISA BOGNUDA  
FINANCE DIRECTOR

DATE: NOVEMBER 8, 2013

*MSL*

**AGENDA ITEM  
D-4**

**NOVEMBER 13, 2012**

**AMEND DEBT MANAGEMENT POLICY**

**ITEM**

ADOPT RESOLUTION AMMENDING DEBT MANAGEMENT POLICY [RECOMMEND BY MOTION AND ROLL CALL VOTE ADOPT RESOLUTION AMMENDING DEBT MANAGEMENT POLICY]

**BACKGROUND**

In February 2012, in preparation for issuing debt to facilitate the District's two largest infrastructure projects in its 47-year history – The Supplemental Water Project and the Southland Wastewater Treatment Facility Upgrade – your Board reviewed and adopted a Debt Management Policy.

The Bond Counsel and Financial Advisor working with the District on the project financing plans advised the District to adopt a Debt Management Policy prior to the issuance of bonds.

A debt management policy establishes parameters for evaluating, issuing, and managing the District's debt. The policy outlines the District's approach to debt management. Debt management policies improve the quality of decisions, provide justification for the structure of the debt issuance, identify policy goals, and demonstrate a commitment to long-term financial planning. Adherence to a debt management policy signals to rating agencies and the capital market that a government entity is well managed and should meet its obligations in a timely manner.

Exhibit A to the Resolution is the current Debt Management policy with the suggested amendments shown in underline/strike-out format. The purpose of the proposed amendment is to further clarify limitation for debt financing of future phases of the Supplemental Water Project.

**RECOMMENDATION**

Staff recommends that your Honorable Board, by motion and roll call vote, approve the Resolution adopting the amended Debt Management Policy.

**ATTACHMENT**

- A. Resolution with Exhibit

NOVEMBER 13, 2013

ITEM D-4

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2013-**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO  
COMMUNITY SERVICES DISTRICT APPROVING THE ADOPTION  
OF THE AMENDMENT TO THE DEBT MANAGEMENT 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 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 at this time; and

**WHEREAS**, Amended Debt Management Policy (the "Policy") has been prepared and is 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

**WHEREAS**, THE Board of Directors wishes to further define this policy regarding debt financing of additional phases of the District's Supplemental Water Project.

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

**Section 1.** The above recitals are true and correct.

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

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

**Section 4.** This resolution shall take effect immediately.

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2013-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES  
DISTRICT APPROVING THE ADOPTION OF THE AMENDMENT TO THE DEBT  
MANAGEMENT POLICY FOR THE DISTRICT

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

AYES:

NOES:

ABSTAIN:

ABSENT:

the foregoing resolution is hereby passed and adopted on this \_\_\_\_ day of  
\_\_\_\_\_, 2013.

\_\_\_\_\_  
JAMES HARRISON  
President of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
MICHAEL S. LEBRUN  
Secretary to the Board

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

NIPOMO COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS  
2013 AMENDMENT TO THE  
DEBT MANAGEMENT POLICY  
EXHIBIT "A"

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

NIPOMO COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS  
2013 AMENDMENT TO THE  
DEBT MANAGEMENT POLICY  
EXHIBIT "A"

- 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.

- For growth-related projects, debt financing will be utilized, as needed, to better match the cost of anticipated facility needs with timing of expected new connections to the system.
- 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.

#### **B. Financing Criteria**

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

NIPOMO COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS  
2013 AMENDMENT TO THE  
DEBT MANAGEMENT POLICY  
EXHIBIT "A"

*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 Financial Advisor and as governed by State law.

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

*Maximum Discount* - Case by case as, recommended by Financial 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 Financial Advisor.

*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

NIPOMO COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS  
2013 AMENDMENT TO THE  
DEBT MANAGEMENT POLICY  
EXHIBIT "A"

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 indentifying 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 coverages 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 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 coverages and operations of the facility. A bond election may be required to issue Revenue Bonds.



NIPOMO COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS  
2013 AMENDMENT TO THE  
DEBT MANAGEMENT POLICY  
EXHIBIT "A"

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.

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%.

(2) Limitations on Debt Financing for Additional Phases of the Supplemental Water Project - 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

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(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.

The Board shall consider whether to finance any portion(s) of Phases 2 or 3 of the Supplemental Water Project, 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.

**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 Financial 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.

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*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.
  
- 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 financial 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.

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*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.

**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 Financial Advisor.

**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;



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- 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
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- 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 three 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.

**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

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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 Financial 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.