

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: PETER V. SEVCIK, P.E. *P.V.S.*
DIRECTOR OF ENGINEERING
AND OPERATIONS

DATE: OCTOBER 18, 2013

**AGENDA ITEM
E-1
OCTOBER 23, 2013**

**SERVICE REQUEST
JIM O. MILLER PARK**

ITEM

Consider request for water, sewer and solid waste service (Intent-to-Serve Letter) for Jim O. Miller Park, a proposed park on Carrillo Street and Tefft Street [RECOMMEND CONSIDER INTENT TO SERVE LETTER AND APPROVE, DENY OR CONTINUE].

BACKGROUND

Your Board considered Olde Towne Nipomo Association's (OTNA) request for water and sewer service to the proposed Jim O. Miller Park on June 12 and June 26, 2013. Your Board directed staff to continue the item pending clarification of OTNA's role in park development and the property owner's (County of San Luis Obispo) recognition and agreement with OTNA's involvement.

The County has issued a Use Permit to OTNA which formalizes the Association's role as a facilitator in the project working with the County and the District to further the vision, planning, funding, and ultimate development of Jim O. Miller Park. The Use Permit is an Exhibit to a proposed Amendment of the District and County Memorandum of Understanding (MOU) regarding development of the proposed park. The MOU Amendment reflects the current project plan including the change in the location for the proposed park to APN 090-142-007, located on the southeast corner of West Tefft Street and Carrillo Street, as well as the involvement of OTNA in the planning and advancement of the park vision.

At the October 9, 2013 Regular Meeting, your Board approved the MOU Amendment. The County Board of Supervisors is scheduled to review and approve the Amendment on November 5, 2013.

The remainder of this staff report (below in italics) reflects changes from the June 26, 2013 staff report in underline and strike out font. The first new condition states the Intent-to-Serve letter is valid once the Board of Supervisors approves the proposed MOU Amendment. The second new condition reflects the change in the project location. In addition, the fee calculation has been updated to reflect the increase in the capacity charges that went into effect on July 1. Deletions from the original staff report are lined out as indicated.

The District received an application for water, sewer and solid waste service for proposed Jim O. Miller Park, APN 092-142-034, located on Carillo Street and Tefft Street, on March 14, 2013 from Olde Towne Nipomo Association. The parcel is not currently served with District water, sewer and solid waste service.

The project will be required to obtain water, sewer and solid waste service in compliance with current District standards. Any existing well(s) on the property will not be utilized to provide domestic water service to any part of the project.

Water demand for the project is estimated by the landscape architect to be 2.34 acre-feet per year and sewer demand is estimated at 20 gallons per day. Commercial projects that submit a landscape plan consistent with best management practices are exempt from District Code Chapter 3.05, Water Service Limitations (annual allocation limits). The District accounts for increased water demand resulting from commercial growth by reducing the water allocation reservation for residential projects by 5%. The applicant will be required to submit an irrigation plan, a plant material layout plan, a plant material list, and a hardscape plan, if there are any water features (such as fountains and swimming pools) included in the project, to the District for review and approval prior to issuance of the Will-Serve letter for the project.

FISCAL IMPACT

Water and sewer capacity fees will be based on the domestic meter size and irrigation meter size as shown on the District approved improvement plans for the final County approved project as well as CAL FIRE's fire service requirements. Assuming one (1) 1-inch domestic meter, one (1) 1-inch irrigation meter, and one (1) 1.5-inch fire connection, as well as one (1) sewer connection based on the domestic water meter size, the estimated fee deposit for the project is \$53,048 based on the current District fee schedule. ~~In addition, pursuant to an agreement between the County of San Luis Obispo and the District, as part of the County's Tefft Street Enhancement Project, the District installed a sewer lateral for the property. Pursuant to District Resolution 2004-918 and the Agreement, the cost of construction and installation of the lateral in the amount of \$3657.55 is due when the property connects to the District's system.~~

RECOMMENDATION

Staff requests the Board provide staff with direction to approve, deny or continue the application. If the Board desires to approve the project, then staff should be directed to issue an Intent-to-Serve letter for the project with the following conditions:

- The Intent to Serve Letter will be valid following SLO County Board of Supervisor's approval of the proposed amendment of the Memorandum of Understanding between the County and District in regard to development of Jim O. Miller Park that was approved by the District on October 9, 2013.
- The project is located on APN 090-142-007 which is situated on the southeast corner of West Tefft and Carrillo Streets.
- The Project shall obtain solid waste, sewer and water service.
- The project shall be served by a single one (1) inch meter and backflow assembly for indoor use.
- A separate one (1) irrigation meter and backflow assembly shall be provided for the project. Irrigation meter capacity charges are applicable.
- The project shall be served by a single appropriately sized fire service and backflow assembly as required by CAL FIRE of SLO County. CAL FIRE of SLO County must approve the development plans prior to District approval. Fire service capacity charges will be applicable.

- Record a restriction, subject to District approval, on the property prohibiting the use of well(s) to provide water service to any parcel within the Project.
- Properly abandon any existing groundwater wells and provide documentation to District.
- Record a restriction, subject to District approval, on all parcels prohibiting use of self-regenerating water softeners.
- Comply with District water conservation program.
- Pay all appropriate District fees associated with this development.
- Applicant shall provide the District with a copy of County application approval and County project conditions of approval.
- Enter into a Plan Check and Inspection Agreement and provide a deposit.
- Submit improvement plans in accordance with the District Standards and Specifications for review and approval. Applicant shall provide plans consistent with current District Standards and based on the proposed lot configuration.
- Any easements required for water and sewer improvements that will be dedicated to the District shall be offered to the District prior to final improvement plan approval.
- Any easements required for private water and sewer laterals shall be recorded prior to final improvement plan approval and shall be subject to District approval.
- All water and sewer improvements to be dedicated to the District shall be bonded for or otherwise secured in the District's name prior to issuance of Will-Serve letter.
- An irrigation plan, a plant material layout plan, a plant material list (if not included in the plant material layout plan), and a hardscape plan, if there are any water features (such as fountains and swimming pools) included in the project, shall be submitted for review and approval prior to issuance of Will-Serve letter.
- A Will-Serve letter for the Project will be issued after improvement plans are approved and signed by the District.
- Applicant shall make a non-refundable deposit ("Deposit") at the time the District issues a Will Serve Letter in an amount equal to the then calculated Fees for Connection.
- Fees for Connection shall be calculated and owing as of the date the District sets the water meter(s) to serve the affected property from which the amount of the Deposit shall be deducted.
- Construct the improvements required and submit the following:
 - Reproducible "As Builts" - A mylar copy and digital format disk (AutoCAD) which includes engineer, developer, tract number and water and sewer improvements
 - Offer of Dedication
 - Engineer's Certification
 - Summary of all water and sewer improvement costs
- The District will set water meter(s) upon proof of a building permit from the County of San Luis Obispo, the District's acceptance of improvements to be dedicated to the District, if applicable, and the final payment of all charges and fees owed to the District.
- This letter is void if land use is other than commercial use as defined by the District.
- Intent-to-Serve letters shall automatically terminate on the first to occur:
 - Failure of the Applicant to provide District with written verification that County application for the Project has been deemed complete within two hundred forty (240) calendar days of the date the Intent-to-Serve Letter is issued; or
 - Three (3) years, from date of issuance. However, Applicant shall be entitled to a one-year extension upon the following conditions:
 - Applicant makes written application for the extension prior to the expiration of the Intent-to-Serve Letter.

- *Applicant provides proof of reasonable due diligence in processing the Project.*
- *Applicant agrees to revisions of the conditions contained in the Intent-to-Serve letter consistent with then existing District policies.*
- *This Intent-to-Serve letter shall be subject to the current and future rules, agreements, regulations, fees, resolutions and ordinances of the District.*
- *This Intent-to-Serve letter may be revoked, or amended, as a result of conditions imposed upon the District by a court or availability of resources, or by a change in ordinance, resolution, rules, fees or regulations adopted by the Board of Directors.*
- *The District reserves the right to revoke this "Intent-to-Serve letter at any time.*
- *The Applicant shall provide a signed copy of the Intent-to-Serve letter within thirty (30) days of issuance.*

ATTACHMENTS

- A. Application
- B. Site Map

OCTOBER 23, 2013

ITEM E-1

ATTACHMENT A



NIPOMO COMMUNITY SERVICES DISTRICT

148 SOUTH WILSON STREET
POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326
(805) 929-1133 FAX (805) 929-1932
Website: ncsd.ca.gov

Office use only:
Date and Time
Complete
Application and
fees received:
RECEIVED
JAN 1 2013

RECEIVED

APR 1 2013

INTENT-TO-SERVE APPLICATION

NIPOMO COMMUNITY SERVICES DISTRICT

NIPOMO COMMUNITY SERVICES DISTRICT
w/ Fee: Accepted for processing
M. J. B. M.

NO FEES TAKEN,
ACCEPTED AS IS
M. J. B. M.

- This is an application for: Sewer and Water Service Water Service Only
- SLO County Planning Department/Tract or Development No.: N/A
- Attach a copy of SLO County application.

Note: District Intent-to-Serve letters expire eight (8) months from date of issue, **unless** the project's County application is deemed complete.

- Project location: CARRILLO & TEEFT
- Assessor's Parcel Number (APN) of lot(s) to be served: 90-141-006
- Owner Name: SAN LUIS OBISPO COUNTY
- Mailing Address: _____
- Email: _____
- Phone: _____ FAX: _____
- Agent's Information (Architect or Engineer):
Name: OLDE TOWNE NIPOMO ASSOCIATION
Address: 330-H W. TEEFT ST. NIPOMO CA. 93444
Email: KKUBIAK@AOL.COM
Phone: 929-1241 FAX: 929-3267

11. Type of Project: (check box) (see Page 3 for definitions)

<input type="checkbox"/> Single-family dwelling units	<input type="checkbox"/> Multi-family dwelling units
<input type="checkbox"/> Commercial	<input type="checkbox"/> Mixed Use (Commercial and Residential)

12. Total Number of Dwelling Units 0 Number of Low Income Units _____

13. Does this project require a sub-division? Yes No
If yes, number of new lots created _____

14. Site Plan:

For projects requiring Board approval, submit six (6) standard size (24" x 36") copies and one reduced copy (8½" x 11"). Board approval is needed for the following:

- more than four dwelling units
- property requiring sub-divisions
- higher than currently permitted housing density
- commercial developments

All other projects, submit three (3) standard size (24" x 36") and one reduced copy (8½" x 11").

Show parcel layout, water and sewer laterals, and general off-site improvements, as applicable.

15. Water Demand Certification:

A completed Water Demand Certification, signed by project engineer/architect, must be included for all residential and the residential portion of mixed-use projects.

16. Commercial Projects Service Demand Estimates:

Provide an estimate of yearly water (AFY) and sewer (gallons) demand for the project prepared by a licensed Engineer/Architect. **Please note:** All commercial projects are required to use low water use irrigation systems and water conservation best management practices.

17. Agreement:

The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of persons and property; that this requirement shall apply continuously and not be limited to normal working hours; and the Applicant shall defend, indemnify, and hold the District and District's agents, employees and consultants harmless from any and all claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities arising out of the performance or attempted performance of the work on this project; except those claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities resulting from the negligence or willful misconduct of the District.

Nothing in the foregoing indemnity provision shall be construed to require Applicant to indemnify District against any responsibility or liability or contravention of Civil Code §2782

Application Processing Fee.....See Attached Fee Schedule

Date 1-10-2013 Signed 
(Must be signed by owner or owner's agent)
Print Name KATHY KUBIAK

WATER DEMAND CERTIFICATION

Supplement to Intent-to-Serve/Will Serve Application

Definitions

(Please note – these definitions do NOT reconcile with standard SLO County Planning department definitions)

Multi-family dwelling unit – means a building or portion thereof designed and used as a residence for three or more families living independently of each other under a common roof, including apartment houses, apartment hotels and flats, but not including automobile courts, or boardinghouses.

Two-family dwelling units (duplex) – means a building with a common roof containing not more than two kitchens, designed and/or used to house not more than two families living independently of each other.

Single-family dwelling unit – means a building designed for or used to house not more than one family.

Secondary dwelling units – means an attached or detached secondary residential dwelling unit on the same parcel as an existing single-family (primary) dwelling. A secondary unit provides for complete independent living facilities for one or more persons.

Commercial Projects

Commercial projects are exempt from Water Demand Certification; however, low water-use irrigation systems and water conservation best management practices are required. The dwelling component of Mixed-Use projects (e.g. commercial and residential), are required to provide Water Demand Certification for the dwelling unit portion of the project.

Non-Commercial Projects

Water Demand Certification is required for all non-commercial projects and for the dwelling units of Mixed-Use. Certification must be signed by a licensed Engineer/Architect.

- - - Go to next page for demand calculation and certification - - -

Demand Calculation (for new dwelling units only)

Total project water demand (dwelling units including irrigation), by District standard, is as follows:

Number of Multi-family Units	_____	X	0.28	=	_____
Number of Duplexes/Secondary Units	_____	X	0.28	=	_____
Number of Single Family Units with:					
Parcel less than 12,768 sq. ft.	_____	X	0.40	=	_____
Parcel between 12,769 and 25,536 sq. ft.	_____	X	0.68	=	_____
Parcel greater than 25,536 sq. ft.	_____	X	0.82	=	_____
Total demand all dwelling units including irrigation				=	_____

Park site: Total size of site: 74,817 s.f. (1.72 acres) Annual water demand: 2.32 acre feet/year

Certification

I the undersigned do here by certify:

Project design incorporates low water use landscape and landscape irrigation systems.

The design maximum total water demand, including landscaping does not exceed the following:

- 0.28 AFY per Multi-Family Dwelling Unit;
- 0.28 AFY per Dwelling Unit for duplexes and Secondary Dwellings;
- 0.40 AFY per Single Family Dwelling Unit located on a parcel size of twelve thousand seven hundred sixty-eight (12,768) square feet or less;
- 0.68 AFY per Single Family Dwelling Unit located on a parcel size between twelve thousand seven hundred sixty-nine (12,769) and twenty-five thousand five hundred thirty-six (25,536) square feet.
- 0.82 AFY per Single Family Dwelling Unit located on a parcel size that exceeds twenty-five thousand five hundred thirty-six (25,536) square feet.
- Secondary Units – Total water demand for primary and secondary unit shall not exceed 110% of the limitations established for the primary unit.

Note: "AFY" = acre-foot per year
Parcel size is net area

Signed  Date January 11, 2013
Must be signed by project engineer/architect

Title Landscape Architect License Number CLA #2737

Project APN# 090-141-006 (e.g. Tract Number, Parcel Map #, APN)

APPLICATION FEES AND CHARGES
 Effective July 1, 2012

PROJECT SIZE/TYPE	TOTAL AMOUNT DUE**	NON-REFUNDABLE AMOUNT DUE AT TIME OF SUBMITTING APPLICATION PURSUANT TO A & B(1) BELOW	BALANCE DUE PURSUANT TO B(2) BELOW
Residential <3 units	\$1,038.89	\$1,038.89	\$0.00
Residential 4-20 units	\$1,427.02	\$356.76	\$1,070.26
Residential > 20 units	\$1,680.12	\$420.03	\$1,260.09
Commercial <1 acre	\$1,427.02	\$356.76	\$1,070.26
Commercial 1-3 acres	\$1,680.41	\$420.03	\$1,260.09
Commercial > 3 acres	\$2,321.35	\$580.34	\$1,741.01
Mixed Use with less than 3 Dwelling Units	\$1,680.12	\$420.03	\$1,260.09
Mixed Use with four or more Dwelling Units	\$2,321.35	\$580.34	\$1,741.01
*Outside Consulting and Legal fees will be billed to the Applicant at direct rate.			

Timing of Fee

- A. For residential projects with less than three (3) units the Application Fee is due and payable with the application for service.
- B. For residential units that exceed three (3) units and all commercial projects and mixed use projects, the Application fee is due and payable as follows:
1. Twenty-five percent (25%) as a non-refundable deposit with the application for service.
 2. The remainder of the Application Fee, plus charges for District consultants in processing the application, is due and payable prior to the District issuing a "Will-Serve Letter" or entering into a Plan Check and Inspection Agreement, whichever occurs first.

**Commencing on July 1, 2008 and each year thereafter the Application Fees shall be adjusted by a Consumer Price Index formula.



MEMORANDUM

TO: Peter Sevcik – Nipomo Community Services District
FROM: Karyl Vierra
DATE: 5/23/13
RE: Projected Water Use-Jim Miller Park, Nipomo

Park site elements are a gazebo, covered 'train depot', caboose, veteran's memorial, group picnic area with BBQ, lawn with picnic tables and parking.

Estimate each toilet/urinal flush and sink use combined will use 1.1 gallons of water

Estimated Park Restroom Use:

Group picnic/BBQ: 70 people with one use each, 10 days/year = 770 gallons

Special Events: 200 people with .33 use, 26 days/year = 1,887 gallons

Weekday Use: 8 people with .33 use, 265 days/year = 769 gallons

Week end Use: 50 people with .50 use, 100 days/year = 2,750 gallons

Restroom Total of 6,176 gallons = 0.02 AFY

Landscape Water Use: WELO ETWU = 755,468 gallons = 2.32 AFY (see attached)

*Firma Consultants Incorporated
David W. Foote ASLA
187 Tank Farm Road Suite 23C
San Luis Obispo, CA 93401
(805) 781-9800 • fax (805) 781-9803*

Jim Miller Park

Table 1: annual (Nipomo, CA)

To Calculate MAWA- Maximum Applied Water Allowance	
ETo (annual)	52.1
LA	39,805
SLA	0
MAWA (gallons/year)	900,047
MAWA (inches per sq. ft)	36.27
MAWA (inches per DAY)	0.10

ETo is not adjusted for seasonal rainfall
 $MAWA = (Eto)(0.62)[(0.7xLA)+(0.3xSLA)]$

Table 2a: annual (Nipomo, CA)

To Calculate ETWU- Estimated Total Water Use	
Eto (annual)	52.1
PFxHA (see table 2b)	18,944
HA (see table 2b)	39,805
IE (see Table 3)	0.81
SLA	0
ETWU (gallons/season)	755,468
ETWU (inches per sq. ft.)	30.45
ETWU (per DAY)	0.08

2.32 acre feet / year

ETo is not adjusted for seasonal rainfall
 $ETWU = (Eto)(0.62)[((PFxHA)/IE)+SLA]$

Table 2b

To Determine Plant Factor with Mutiple Hydro Zones				
H.Z	Water Use Type	P.F.**	H.A (s.f.)	Weighted P.F.
1	High (Turf)	0.7	17,505	12,254
2	Low (Grndcvr)	0.3	22300	6690
3				0
4				0
5				0
6				0
Totals			39,805	18,944

**Plant Factor from WUCOLS, August 2000

Note to preparer: Water Use type can be LOW(0-3), MEDIUM(.4-.6), HIGH(.7-.9).
 SLA weighted PF to be separate sum from all other hydrozones (see Table 2b SLA).

ETWU IS LESS THAN MAWA

Note to Preparer: select < or > after doing calculations. If ETWU>MAWA, redesign system

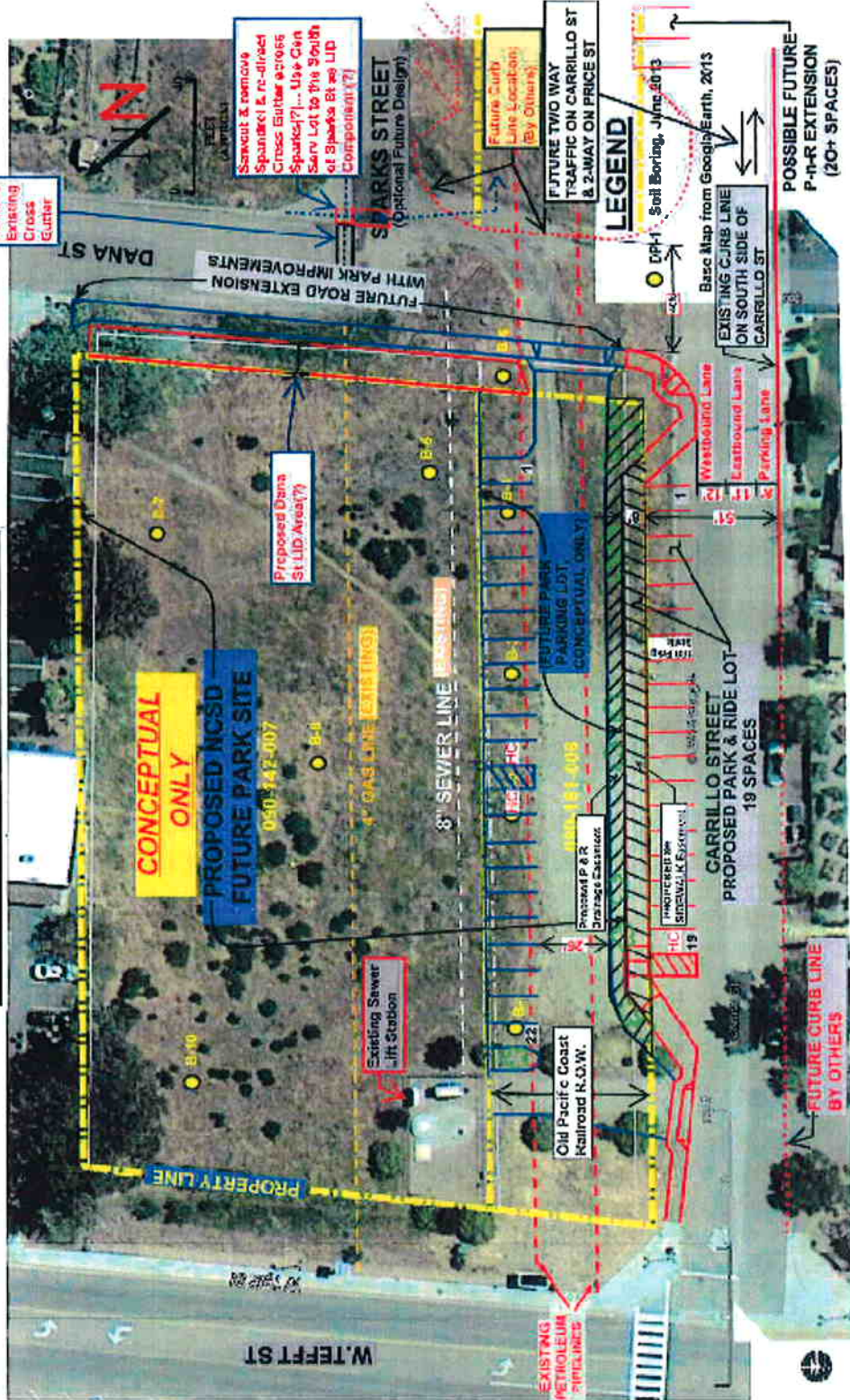
OCTOBER 23, 2013

ITEM E-1

ATTACHMENT B

EXHIBIT "B"

20 scale = Reduce to 77% on Utility Planter



TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN
GENERAL MANAGER

MSL

DATE: OCTOBER 18, 2013

AGENDA ITEM

E-2

OCTOBER 23, 2013

ANNUAL REVIEW OF CASH RESERVES IN ACCORDANCE WITH RESERVE POLICY

ITEM

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

BACKGROUND

On December 12, 2012, the Board of Directors adopted Resolution 2012-1285, *A Resolution Approving the Adoption of the Cash Reserve Policy for the District (attached)*.

For Funds #125, #130 and #150, the policy states, "After the adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirements based on the cash reserve balance of the fiscal year just completed, the Directors may approve a transfer of the excess to Funded Replacement."

This policy review has been delayed several weeks due to the completion of the draft audit.

A summary of these of Funds, cash reserve balances and transfer recommendations are attached for your review.

FISCAL IMPACT

None

STRATEGIC PLAN

Strategic Plan Goal 6.1 – Operate all enterprise funds to be financially sound

Strategic Plan Goal 6.2 – Achieve targeted operating and non-operating reserves

Strategic Plan Goal 6.3 – Ensure that decisions consider short and long term fiscal impacts

RECOMMENDATION

Staff recommends the Board of Directors review the Staff Report and by motion and roll call vote make the following findings:

1. Cash Reserve Goals are met for Fund 125 and 150 as of June 30, 2013,
2. Cash Reserve Goal is not met in Fund 130,
3. There will be no transfer to Funded Replacement-Water Fund 805 from Fund 125 due to pending budgeted transfer of \$1,500,000 to Supplemental Water Phase 1 project,
4. There will be no transfer to Funded Replacement-Blacklake Sewer-Fund 820 from Fund 150.

ATTACHMENTS

- A. FY 13-14 Annual Cash Reserve Policy Review
- B. Resolution 2012-1285

OCTOBER 23, 2013

ITEM E-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

CASH RESERVE POLICY REVIEW

FY 13-14

(A) FUND NAME	(B) FUND NUMBER	(C) CASH RESERVE FORMULA	(D) ADOPTED OPERATING BUDGET 2013-2014 (Total Operating Expenses Less Funded Replacement)	(E) CASH RESERVE GOAL (C) * (D)	(F) CASH BALANCE AS OF 6/30/13	TRANSFER TO FUNDED REPLACEMENT RECOMMENDED?
Water Fund	125	180 days (6 months or 50%) of operating expenses	\$2,902,223	\$1,451,112	\$2,484,540	No (1)
Town Sewer Fund	130	180 days (6 months or 50%) of operating expenses	\$1,034,655	\$517,327	\$400,485	No (2)
Blacklake Sewer Fund	150	180 days (6 months or 50%) of operating expenses	\$313,764	\$156,882	\$211,193	No (3)

(1) Water Fund

A Transfer to Funded Replacement is not recommended due to a pending budgeted transfer of \$1,500,000 to the Supplemental Water Project Phase 1 as part of the Board adopted Funding Plan.

(2) Town Sewer Fund

The reserve goal has not been met.

(3) Blacklake Sewer Fund

A transfer to Funded Replacement is not recommended.

OCTOBER 23, 2013

ITEM E-2

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2012-1285**

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

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

WHEREAS, the District desires to formalize its cash reserve policies; and

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

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

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

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

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

Section 1. The above recitals are true and correct.

Section 2. The Cash Reserve Policy 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
BOARD OF DIRECTOR
2012-1285

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES
DISTRICT APPROVING THE ADOPTION OF THE CASH RESERVE POLICY FOR THE
DISTRICT

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

AYES: Directors Armstrong, Vierheilig, Gaddis, Blair, and Harrison

NOES: None

ABSTAIN: None

ABSENT: None

the foregoing resolution is hereby passed and adopted on this 12th day of December, 2012.



JAMES HARRISON
President of the Board

ATTEST:



MICHAEL S. LEBRUN
Secretary to the Board

APPROVED AS TO FORM:



MICHAEL W. SEITZ
District Deputy Legal Counsel

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

PURPOSE

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

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

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

OPERATING FUNDS

WATER FUND (FUND #125)

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

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

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess to the Funded Replacement Water Fund #805.

TOWN SEWER FUND (FUND #130)

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

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

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess to the Funded Replacement Town Sewer Fund #810.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

BLACKLAKE SEWER FUND (FUND #150)

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

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

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess to the Funded Replacement Blacklake Sewer Fund #830.

WATER RATE STABILIZATION FUND (PROPOSED)

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

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

TOWN SEWER RATE STABILIZATION FUND (FUND #135)

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

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

BLACKLAKE SEWER RATE STABILIZATION FUND (PROPOSED)

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

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

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

BLACKLAKE STREET LIGHTING (FUND #200)

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

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

LANDSCAPE MAINTENANCE DISTRICT (FUND #250)

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

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

SOLID WASTE (FUND #300)

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

Target Criteria: Minimum reserve requirement of \$115,000.

DRAINAGE (FUND #400)

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

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

FUNDED REPLACEMENT – WATER (FUND #805)

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

Target Criteria: Based on 2007 or current Replacement Study.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

FUNDED REPLACEMENT – TOWN SEWER (FUND #810)

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

Target Criteria: Based on 2007 or current Replacement Study.

FUNDED REPLACEMENT – BLACKLAKE SEWER (FUND #830)

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

Target Criteria: Based on 2007 or current Replacement Study.

NON-OPERATING FUNDS

SUPPLEMENTAL WATER (FUND #500)

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

Target Criteria: No minimum target is maintained.

PROPERTY TAX (FUND #600)

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

NIPOMO COMMUNITY SERVICES DISTRICT
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Target Criteria: No minimum target is maintained, however, a portion of the annual property tax revenue stream is pledged to pay the annual debt service for the 2003 Certificates of Participation Revenue Bond.

WATER CAPACITY CHARGES (FUND #700)

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

Target Criteria: No minimum target is maintained.

TOWN SEWER CAPACITY CHARGES (FUND #710)

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

Target Criteria: No minimum target is maintained.

SINKING FUND – TOWN SEWER (FUND #880)

Purpose: The reserves may be used to pay annual debt service payments for the Revenue Certificates of Participation (Southland Wastewater Project) Series 2012. (Funded by Town sewer rates and charges in years 2008 – 2012 in anticipation of the Southland Wastewater Treatment Facility Upgrade)

Target Criteria: No minimum target is maintained. Once the reserves in this fund are depleted, the fund will be terminated.

NIPOMO COMMUNITY SERVICES DISTRICT

OPERATING FUNDS

(A) FUND NAME	(B) FUND NUMBER	(C) PROPOSED CASH RESERVE FORMULA	(D) ADOPTED OPERATING BUDGET 2012-2013 (to determine cash reserve requirement)	(E) PROPOSED CASH RESERVE REQUIREMENT (based on 2012- 2013 Operating Budget)	(F) ACTUAL CASH BALANCE AS OF 6/30/12	(G) PROPOSED POLICY MET OR WILL BE MET?
Water Fund	125	180 days (6 months) of operating expenses	\$2,860,269 (\$3,426,269 less Funded Replacement of \$566,000)	\$1,430,135 (\$2,860,269 x 50%)	\$2,103,089	Yes
Town Sewer Fund	130	180 days (6 months) of operating expenses	\$897,042 (\$1,292,042 less Funded Replacement of \$395,000)	\$448,521 (\$897,042 x 50%)	\$563,738	Yes
Blacklake Sewer Fund	150	180 days (6 months) of operating expenses	\$293,699 (\$461,699 less Funded Replacement of \$168,000)	\$146,850 (\$293,699 x 50%)	\$266,573	Yes
Water Rate Stabilization Fund	Proposed	\$400,000	N/A	\$400,000	N/A	Yes (upon transfer from Fund #125)
Town Sewer Rate Stabilization Fund	135	\$300,000	N/A	\$300,000	\$300,000	Yes
Blacklake Sewer Rate Stabilization Fund	Proposed	\$50,000	N/A	\$50,000	N/A	Yes (upon transfer from Fund #150)
Blacklake Street Lighting Fund	200	\$30,000	N/A	\$30,000	\$27,209	No
Landscape Maintenance District Fund	250	\$20,000	N/A	\$20,000	\$20,941	Yes
Solid Waste Fund	300	\$115,000	N/A	\$115,000	\$259,396	Yes
Drainage Fund	400	\$50,000	N/A	\$50,000	\$5,000	No
Funded Replacement-Water	805	Based on 2007 Replacement Study	N/A	\$15,580,000	\$4,573,183	No
Funded Replacement-Town Sewer	810	Based on 2007 Replacement Study	N/A	\$3,300,000	\$4,081,449	Yes
Funded Replacement – Blacklake Sewer	830	Based on 2007 Replacement Study	N/A	\$950,000	\$226,913	No

N/A = not applicable