

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

DATE: OCTOBER 18, 2013

AGENDA ITEM

F

OCTOBER 23, 2013

GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is October 5, 2013 through October 18, 2013.*

DISTRICT BUSINESS

Administrative

- Filling staffing vacancies remains a top priority. Recruitment for Wastewater Supervisor, Utility Operator, Board Clerk and Customer Service positions is ongoing. An offer has been tendered to a Utility Operator candidate. Initial interviews of Customer Service candidates are scheduled for the week of October 21.
- On October 8, 2013, Governor Brown signed a package of bills to help expand access to clean drinking water in California. A summary of the bills and a copy of AB 803 are attached.
- The SLO Grand Jury requests the District Manager and/or President, along with other CSD officials, attend a roundtable discussion with the Jury on November 13, 2013 at 10AM. This date and time conflicts with your Board's next regular meeting. Staff has replied to the Grand Jury with 'regrets' and an offer to meet at another time. The Grand Jury's October 15 letter is attached.
- In the past two weeks, a fraction of an inch was recorded at the County rain gauge located at the Southland Wastewater Plant (attached). No rain was recorded at the County's gauge located at the District's Tefft Street water tank storage site. County rain gauges are reset on July 1 each year. Last rain year, Nipomo South gauge (Sensor 730 – located at Southland WWTP) measured total rainfall for the year of 7 inches, 44% of the 16-inch annual average. Last year the Nipomo East gauge (Sensor 728 – located at Tefft Street Water tank storage site) measured 5.9 inches for the past year, 33% of the 18 inch annual average.; Lopez Lake stands at 63.7% capacity (31,449 Acre-feet). The District does not have access to Lopez water, however Lopez is a major source of recharge to the Northern Cities Management Area portions of the Santa Maria Groundwater basin.

Safety Program

- No incidents to report

Public Outreach

The following public outreach related information is attached to the Manager's Report:

- A summary of outreach and education activities
- Recent outreach materials;
 - Water Conservation Advertisement
- Recent press releases and press release log
- District related news articles
 - 4th District Supervisor Appointment
 - Supreme Court denies request to review Groundwater case
 - District contracts for water rate study
 - Transparency Certificate received
 - New location for Jim O. Miller Park

Monthly Connection Report

Nipomo Community Services District Water and Sewer Connections		End of Month Report 2013										
	DEC-12	JAN-13	FEB-13	MAR-13	APR-13	MAY-13	JUN-13	JUL-13	AUG-13	SEPT-13	OCT-13	
Water Connections (Total)	4259	4268	4268	4268	4268	4287	4287	4289	4290	4290	4293	
Sewer Connections (Total)	3055	3064	3064	3064	3064	3083	3083	3083	3084	3084	3086	
Meters turned off (Non-payment)	20	18	34	32	14	20	13	13	28	30	23	
Meters off (Vacant)	52	55	57	56	58	57	55	53	48	45	45	
Sewer Connections off (Vacant)	20	22	24	22	23	24	20	28	18	14	14	
New Water Connections	12	9	0	0	0	2	0	2	1	0	3	
New Sewer Connection	12	9	0	0	0	2	0	0	1	0	2	
Galaxy & PSHH at Orchard and Division Sewer Connections billed to the County	462	462	462	462	462	462	462	462	462	462	463	

Other News of Interest (All items attached to this report)

- October 22, SLO County Board of Supervisors Agenda
- Pending sale of Rural Water Company to Golden State Water Company
- The California Conundrum: Water
- Cambria Well Rebound
- San Simeon Water Restrictions
- Oceano CSD Hires GM
- Drought Tolerant Landscape Information from UC Davis Extension

Meetings

Meetings Attended (telephonically or in person):

- October 7, Water Resources Committee
- October 8, Public Outreach Coordination
- October 9, Regular Board Meeting
- October 10, Website Update Pre-meeting
- October 10& 18, Management Coordination
- October 14, Board Officers

- *October 15, District Counsel and Special Counsel on Water Policy*
- *October 16, Website Update with Consultant*
- *October 16, Staff Performance Review*
- *October 16, Water Savings Incentives with Lucia Mar Unified SD Facilities Director*
- *October 17, 4th District Supervisor Ray*
- *October 18, Strategic Planning Consultant*
- *October 18, Managing Editor Santa Maria Sun*

Meetings Scheduled:

- *October 21, Executive Director San Luis Coastal RCD*
- *October 22, Rate Study Kickoff with Consultant*
- *October 22, BMP Annual Report Review and Water Demand Analysis Kickoff*
- *October 23, Regular Board Meeting*
- *October 23, River Crossing Celebration*
- *October 24, Meter Read Service Provider*
- *October 24, Management Coordination*
- *October 25, NMMA Managers*
- *October 25, SLO CO CSD General Managers*
- *November 4, Board Officers*
- *November 5, Water Resources Committee Members*
- *November 6, SLO CO Water Resources Advisory (WRAC)*
- *November 7, NMMA Technical Group*

RECOMMENDATION

Staff seeks direction and input from your Honorable Board

ATTACHMENTS

- A. Summary of Water Legislation
- B. SLO County Grand Jury Request
- C. SLO CO Nipomo Rain Gauge
- D. District Public Outreach Materials and News
- E. SLO County Board of Supervisor Agenda
- F. Golden State Water Company Purchase
- G. CA Conundrum
- H. Cambria Well Rebound
- I. San Simeon Water Restrictions
- J. Ocean CSD Hire
- K. Drought Tolerant Landscape Information

OCTOBER 23, 2013

ITEM F

ATTACHMENT A

Governor Brown Signs Water Legislation

Created on Tuesday, 08 October 2013 20:48 Written by IVN

Sacramento, California - Governor Edmund G. Brown Jr. today signed a package of bills to help expand access to clean drinking water in California.

The Governor signed the following bills today:

- AB 21 by Assemblymember Luis Alejo (D-Salinas) – Creates the Safe Drinking Water Small Community Emergency Grant Fund which would be administered by the Department of Public Health.
- AB 30 by Assemblymember Henry T. Perea (D-Fresno) – Removes the sunset date for the Small Community Grant Fund, which provides grants to small communities for the construction of wastewater collection, treatment, or disposal projects.
- AB 115 by Assemblymember Henry T. Perea (D-Fresno) – Authorizes the eligibility of multi-agency Safe Drinking Water State Revolving Fund applications or applications submitted by a legal entity on behalf of a community, as specified.
- AB 118 by the Committee on Environmental Safety and Toxic Materials – Declares certain water systems serving a severely disadvantaged community as eligible for a grant instead of a loan from the Safe Drinking Water State Revolving Fund.
- AB 120 by the Committee on Environmental Safety and Toxic Materials – Allows school districts to apply for reimbursement from the School Districts Account within the Underground Storage Tank Clean-up Fund by adjusting the underground storage tank permit requirements.
- AB 240 by Assemblymember Anthony Rendon (D-Lakewood) – Requires mutual water companies to comply with open meeting, public record, and budget requirements and allows them to impose liens to collect unpaid charges. Allows the Water Replenishment District of Southern California to receive specified Department of Public Health grants to improve drinking water infrastructure in communities served by mutual water companies in the City of Maywood. A signing message can be found [here](#).
- AB 426 by Assemblymember Rudy Salas (D-Bakersfield) – Allows the State Water Resources Control Board to approve a water transfer involving any water right determined through a statutory adjudication by eliminating the requirement that only those decreed after January 1, 1981 are eligible.
- AB 803 by Assemblymember Jimmy Gomez (D-Northeast Los Angeles) – Modifies the State Water Resources Control Board and Regional Water Quality Control Boards regulation of recycled water.
- AB 850 by Assemblymember Adrin Nazarian (D-Sherman Oaks) – Authorizes joint powers authorities to issue rate reduction bonds to finance publicly owned utility projects until December 31, 2020. The bonds would be secured by utility project property and repaid through a separate utility project charge imposed on the utility customers' bills.

- SB 322 by Senator Ben Hueso (D-San Diego) – Requires by December 31, 2016, the Department of Public Health in consultation with the State Water Resources Control Board, to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse, to provide a final report on that investigation to the Legislature no later than December 31, 2016; and requires the Department to complete the public review draft of its report by September 1, 2016. A signing message can be found [here](#).
- SB 620 by Senator Roderick D. Wright (D-Los Angeles) – Amends state laws governing water replenishment districts' annual budget reserves and the penalties a water replenishment district can impose on water-producing facility operators.
- SB 753 by Senator Darrell Steinberg (D-Sacramento) – Provides the Central Valley Flood Protection Board, with new and clarified authorities for addressing unauthorized and unforthcoming structures built in or on levees or other areas of the flood control system which are under the jurisdiction of the Board.
- SB 763 by Senator Jean Fuller (R-Bakersfield) – Extends the sunset date on the Replacing, Removing, and Upgrading Tanks (RUST) Program, changes the interest rate on RUST loans, reduces the share of funds that may be used for RUST grants, and transfers \$8 million from the Underground Storage Tank Cleanup Fund to the Petroleum Underground Storage Tank Financing Account to finance RUST loans and grants.

For full text of the bills, visit: <http://leginfo.ca.gov/bilinfo.html>.

Assembly Bill No. 803

CHAPTER 635

An act to amend Section 5411.5 of, and to add Chapter 4.5 (commencing with Section 8117) to Part 1 of Division 8 of, the Health and Safety Code, and to add Section 13263.7 to the Water Code, relating to recycled water.

[Approved by Governor October 8, 2013. Filed with
Secretary of State October 8, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

AB 803, Gomez. Water Recycling Act of 2013.

(1) Existing law requires the State Department of Public Health to establish uniform statewide recycling criteria for each varying type of use of recycled water where the use involves the protection of public health. Existing regulations prescribe various requirements and prohibitions relating to recycled water. Existing law requires any person who, without regard to intent or negligence, causes or permits any sewage or other waste, or the effluent of treated sewage or other waste, to be discharged in or on any waters of the state, or where it probably will be discharged in or on any waters of the state, to immediately notify the local health officer of the director of environmental health of the discharge, as prescribed.

This bill, the Water Recycling Act of 2013, would provide that this notification requirement does not apply to an unauthorized discharge of effluent of treated sewage defined as recycled water, as defined.

(2) Existing law provides for the regulation of cemeteries, including, among others, private cemeteries, public cemeteries, and cemeteries operated by a religious organization. Existing law permits a governing board of a city or county to prescribe standards of maintenance for cemeteries to protect the public health or safety.

This bill would specify that hose bibs are approved for use at cemeteries supplied with disinfected tertiary treated recycled water. The bill would require a cemetery supplied with disinfected tertiary treated recycled water that installs a hose bib in a public access area to post visible signage and labeling indicating that the water is nonpotable.

(3) Existing law establishes the State Water Resources Control Board and the California regional water quality control boards as the principal state agencies with authority over matters relating to water quality.

This bill would authorize compliance with effluent limitations and any other permit or waste discharge requirements for the release or discharge of recycled water determined to be suitable for direct potable reuse or surface water augmentation into a conveyance facility to be determined at the point where the recycled water enters the conveyance facility but prior to commingling with any raw water. The bill would require, before a discharge

may be allowed, that consent be obtained from the owner or operator of the conveyance facility that directly receives the recycled water.

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Water Recycling Act of 2013.

SEC. 2. Section 5411.5 of the Health and Safety Code is amended to read:

5411.5. (a) Any person who, without regard to intent or negligence, causes or permits any sewage or other waste, or the effluent of treated sewage or other waste, to be discharged in or on any waters of the state, or discharged in or deposited where it is, or probably will be, discharged in or on any waters of the state, shall, as soon as that person has knowledge of the discharge, immediately notify the local health officer or the director of environmental health of the discharge.

(b) A person who fails to provide the notice required by this section is guilty of a misdemeanor and shall be punished by a fine of not less than five hundred dollars (\$500) nor more than one thousand dollars (\$1,000), or imprisonment for less than one year, or both the fine and imprisonment.

(c) The notification required by this section shall not apply to a discharge authorized by law and in compliance with waste discharge requirements or other requirements established by the appropriate regional water quality control board or the State Water Resources Control Board.

(d) The notification required by this section shall not apply to an unauthorized discharge of effluent of treated sewage defined as recycled water pursuant to Section 13050 or 13529.2 of the Water Code.

SEC. 3. Chapter 4.5 (commencing with Section 8117) is added to Part 1 of Division 8 of the Health and Safety Code, to read:

CHAPTER 4.5. MAINTENANCE OF CEMETERY GROUNDS

8117. Hose bibs are approved for use at cemeteries supplied with disinfected tertiary treated recycled water.

8118. A cemetery supplied with disinfected tertiary treated recycled water that installs a hose bib in an area subject to access by the general public shall post signage and labeling visible to the general public that the water is nonpotable. The signage and labeling shall be regularly inspected by the water purveyor, as defined in Section 512 of the Water Code, to ensure that the general public has proper notice of this fact.

SEC. 4. Section 13263.7 is added to the Water Code, to read:

13263.7. (a) Compliance with effluent limitations and any other permit or waste discharge requirements, as appropriate, for the release or discharge of recycled water determined to be suitable for direct potable reuse or surface water augmentation, as defined in Section 13561, into a conveyance facility

may be determined at the point where the recycled water enters the conveyance facility but prior to commingling with any raw water.

(b) Before the discharge may be allowed, consent must be obtained from the owner or operator of the conveyance facility that directly receives the recycled water.

(c) This section does not limit or restrict the authority of the State Water Resources Control Board.

(d) For purposes of this section, "raw water" means surface water or groundwater in its naturally occurring state prior to treatment.

OCTOBER 23, 2013

ITEM F

ATTACHMENT B



RECEIVED

OCT 16 2013

NIPOMO COMMUNITY
SERVICES DISTRICT

GRAND JURY

October 15, 2013

Michael S. LeBrun General Manager
Nipomo Community Services District
PO Box 326
Nipomo CA 93444-0326

Ladies and Gentlemen,

In the past, incoming Grand Jurors have met with various SLO County department and agency heads to get an overview of County government. We think that the 'education' of the new Grand Jurors should also include an opportunity to hear from the managers and/or CSD presidents of the Community Sanitation Districts of the County.

To that end, we are inviting you and/or your District President to attend a "roundtable" with the 2013/2014 Grand Jury on *Wednesday* morning, *November 13*, 2013 from 10 AM to 12 PM in San Luis Obispo. Our hope is that you will share information with the new Grand Jurors regarding how your Community District is governed, the issues it is facing and what makes it unique within the County, so that they may become more informed about the County as a whole. We plan an informal discussion with no prepared questions. This will be an opportunity for you to share with the new Grand Jurors what you think they should know about your District and how it functions in today's environment.

The roundtable will be held at the City/County Library Conference room at 995 Palm Street in San Luis Obispo. Please call Sylvia Martinez, our Administrative Assistant, by October 29th at 781-5188 to let her know who from your District will be attending.

I look forward to seeing you on the 13th of next month.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim DeRose III".

Jim DeRose III, Foreperson
2013/2014 San Luis Obispo County Grand Jury

JD:sm

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OCTOBER 23, 2013

ITEM F

ATTACHMENT C

SLOCountyWater.org
San Luis Obispo County Water Resources
Division of Public Works

Home > **Water Resources** > Data > Precipitation > Active > Real Time > Nipomo South

Flood Control Major Projects Water Quality Lab Water Resources Real-Time Water Data

Site Information

**Nipomo South
(Sensor 730)**

Located

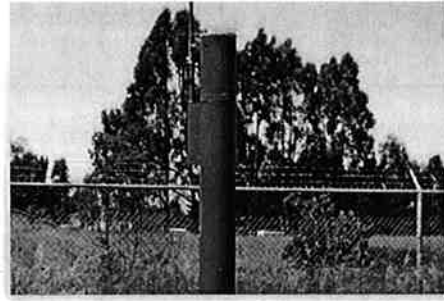
- Nipomo Community Service District (NCSD) equipment yard, Nipomo, CA.

Established

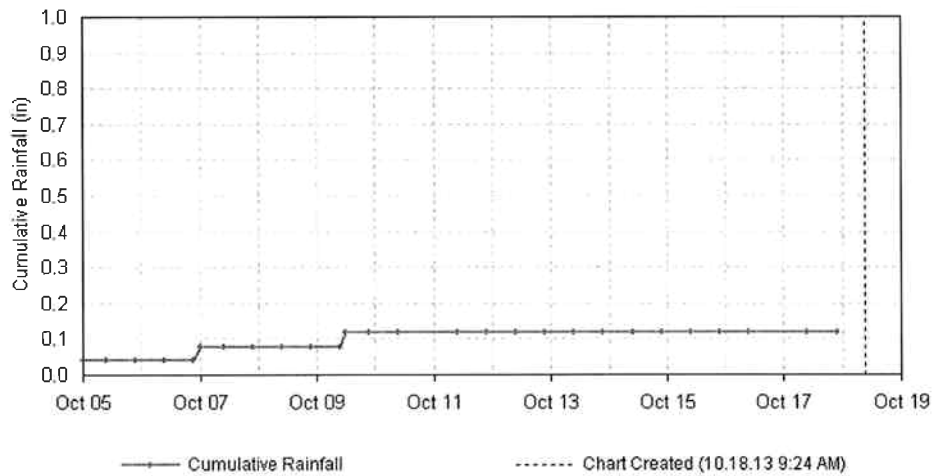
- July 1992

Annual Average Rainfall

- 16 inches



Rainfall



Real-Time Rainfall Data

DIAdvisor™ Web Reports

Nipomo South Precipitation (Sensor 730)

Period: 10/4/2013 9:20:08 AM to 10/18/2013 9:20:08 AM

Date/Time	In for Report	Accum Inch	Pd Accumulated Rain
10/17/13 09:31:10 PM	0.000	0.118	0.079
10/17/13 09:31:09 AM	0.000	0.118	0.079
10/16/13 09:31:08 AM	0.000	0.118	0.079
10/15/13 09:31:06 PM	0.000	0.118	0.079
10/15/13 09:31:05 AM	0.000	0.118	0.079
10/14/13 09:31:04 PM	0.000	0.118	0.079
10/14/13 09:31:04 AM	0.000	0.118	0.079
10/13/13 09:31:02 PM	0.000	0.118	0.079
10/13/13 09:31:00 AM	0.000	0.118	0.079
10/12/13 09:30:59 PM	0.000	0.118	0.079
10/12/13 09:30:59 AM	0.000	0.118	0.079
10/11/13 09:30:58 PM	0.000	0.118	0.079
10/11/13 09:30:56 AM	0.000	0.118	0.079
10/10/13 09:30:54 AM	0.000	0.118	0.079
10/09/13 09:30:54 PM	0.000	0.118	0.079
10/09/13 12:04:12 PM	0.039	0.118	0.079
10/09/13 09:30:53 AM	0.000	0.079	0.039
10/08/13 09:30:54 PM	0.000	0.079	0.039

Date/Time: Specifies the date and time the County Computer detected a transmission from the sensor.

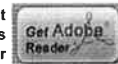
In For Report: Specifies the incremental rainfall (in inches) reported between successive data transmissions.

Accum Inch: Specifies the accumulated rainfall (in inches) reported since July 1st.

Pd Accumulated Rain: Specifies the accumulated rainfall (in inches) reported in the last fourteen (14) days.

Interval Rain: Specifies the accumulated rainfall (in inches) reported in the last ten (10) minutes.

Hour Rain: Specifies the accumulated rainfall (in inches) reported in the last one (1) hour, three (3) hours, six (6) hours, etc.



OCTOBER 23, 2013

ITEM F

ATTACHMENT D

**NCSO Outreach Summary
October 2013**

Date Started	Outreach	Description	Status	Date Completed
5/2/2013	Value of Water Display	Value of Water display for lobby	In Progress	
7/2/2013	FOG	Creating page and graphics for website regarding Fats, Oils, and Grease	In Progress	
8/19/2013	Brochure	Update of "Reading Your Water Meter" brochure	In Progress	
9/17/2013	Program	Creation of program for SWP River Crossing Celebration	In Progress	
10/1/2013	District Newsletter	Fourth quarter newsletter for November 15th distribution	In Progress	
9/27/2013	Website Updates	Press Releases, Manager's Column, Wastewater Supervisor position and Water Cost Comparison added	Complete; Ongoing	10/2/2013
9/19/2013	Incentive	Promotional takeaway for SWP River Crossing Celebration	Complete	10/7/2013
10/7/2013	Ad	Water use 1/4 page ad in Adobe, pub date 10/11	Complete	10/9/2013
10/9/2013	Press Release	Nipomo CSD Board of Directors Award Contract for Strategic Plan Development	Complete	10/10/2013
10/9/2013	Press Release	Nipomo CSD Board of Directors Approve Amendment for the Development of Park Planning for Jim O Miller Park Takes Significant Step Forward	Complete	10/10/2013
10/9/2013	Press Release	Nipomo CSD Board of Directors Inspect New Utility Service Truck	Complete	10/10/2013
10/16/2013	Website Upgrade	"Discovery Phase" with website consultant	Complete	10/16/2013
10/16/2013	Press Release	Nipomo CSD to Celebrate Supplemental Water Project Construction Elected Leaders to be Present	Complete	10/17/2013
10/7/2013	Website Updates	Press Releases, Secretary/Clerk position added	Complete; Ongoing	10/17/2013
10/16/2013	Website Upgrade	"Design Phase" with website consultant	In Progress	

SPEAKING OUT

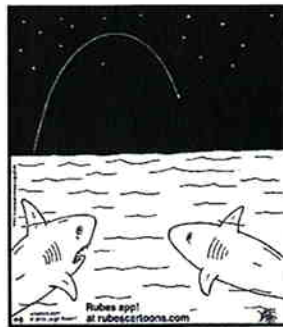
Letters to the Editor

Communicate to save lives

To the Editor:
I am not surprised that communication was a factor in the deaths of the 19 Helios firefighters.
While working for the International Association of Firefighters (IAFF) through the California Fatality Assessment and Control Evaluation (FACE) program, it was obvious communication was a factor in all the fatalities I reported on, or that were made in other states. Not only were devices inequally (in many cases — including PASS devices — but mutual agency responses, they could not communicate with one another in the field.
When I spoke to 17,000 firefighters in Toronto about firefighter fatalities, I left them with one recommendation: Go home and insist their respective agencies provide the best possible communication devices, because their lives depended upon it.
Rick Wilkin
Nipomo

A good plan for feral cats

To the Editor:
Oct. 16 is National Feral Cat Day. I'd like to think about the outdoor cats in our neighborhoods.
Feral cats exist in every community. They live healthy lives outdoors in family groups called colonies. They are the same species as domestic cats but are not accustomed to humans and can't be adopted. Virtually 100 percent of feral cats brought to shelters or pounds are killed there. In fact, shelters are the leading cause of death for the nation's cats.
Our community should



"An emergency distress flare. ... The bad news is that there's not another ship within 500 miles. The good news is that there's not another ship within 500 miles."

know that trap/transfer/return (TNR) for feral cats is a win for the cats and their human neighbors. Santa Barbara-based Catalyst for Cats uses TNR to improve the lives of cats. TNR makes feral cats healthier and ends the breeding cycle, which means no more kittens. It also ends a lot of common behaviors associated with outdoor cats.

A managed TNR program, with a set feeding area and schedule, further discourages roaming.
Outdoor cats have been part of our landscape for thousands of years, and always will be. Compassionate and effective solutions to help cats and communities coexist peacefully are readily available. I have seen the benefits of Catalyst's services for feral cats, both in Santa Maria and in our specific neighborhood.

determined democracy.
What I can't understand and can't support is an obstructionist minority that shuts the government down to prevent implementing a health-insurance program passed by Congress, signed into law by the president, ruled constitutional by a conservative Supreme Court, demanded by a majority of citizens, and provides health coverage for millions of Americans who otherwise will be left uninsured.
Donald Archer
Cambria

Let Congress miss payday

To the Editor:
Democrats can't work things out? I don't get it. Wasn't that what Obama and Democrats ran on last election? Bipartisanship? Harry Reid is trying to blame conservatives for a shutdown, even though he is the one who won't work with the House to fund government.
We are tired of watching government squabble and using our tax dollars as blank checks to do whatever they want and full of government's contributions.

Questioning the shutdown

To the Editor:
I would understand and support a Congress that would shut the government down because that government was imposing people without constitutional due process, or because it was using extraordinary means to spy on its citizens without warrant, or because it was conducting endless wars without congressional approval, or because it was using tax dollars to bail out hedge bankers, or because its Supreme Court equated money with speech and un-

Anne Marie Potts
Santa Maria

Surf:

Continued from A2

able-bodied people struggle with.

"These were surfing gods to do it's thing on them," Cunniff said.

This year, Pollock returned to the Central Coast to help inspire other wounded veterans, both British and American, to get in the water and

maybe find their passion in the cold, foaming ocean.

Nearly two dozen were expected to participate in Operation Surf with veterans planned last Saturday, Oct. 5, through Monday at Avila Beach and Cayucos.

"There's something about being in the water and riding waves that's very powerful. Whatever that brings, that special ingredient that gives you the drive or the reason to do things, that's it," he said.

Crash:

Continued from A2

John Harel, who also serves as the Arroyo Grande building inspector, was called in to assess structural damage to the building, Klein said.

The inspector noted "a tremendous amount of damage" but didn't believe the building was in danger of collapsing, Klein added.

Francisco's Country Kitchen is a favorite breakfast spot for many in the Five Cities area and has a dedicated customer base, Klein noted.

The crash came about two hours before the restaurant was scheduled to open, and the building was empty at the time.

Head waitress Cami Acin, a 22-year employee, arrived

about 5 a.m. and began calling co-workers scheduled to work Saturday morning to advise them of the accident.

The Arroyo Grande restaurant remained closed as of press time Wednesday, Oct. 9, although its business as usual at the Santa Maria location.

Someone who answered the restaurant's phone Monday couldn't speak English, and no one answered the phone Wednesday morning.

"I said hey for Francisco's Country Kitchen — AG & SM. Thank god this happened in the middle of the night," the restaurant's Facebook page said.

Klein said the restaurant's broken windows were boarded up later Saturday and owners were hoping to open at least half the restaurant within a few days.

Fest:

Continued from A3

Stone Fusion.

As in previous years, the Nipomo Youth Coalition will hold its fun run prior to the start of the festival, and the Dave Dams Memorial Car Show will take place in conjunction with the festival.

Wilson said Sunday's event will be on a slightly smaller scale, focusing on a battle of the bands, with

seven groups competing.

Bands scheduled to compete are the Spaces Between, the Armys, the Joe Chavira Band, Miss G and the Bears, 3,000 PSI, Rustled Stone and the Full Gospel Tabernacle.

One thing that won't change is that admission will be free, but this year parking will cost \$3, Wilson said.

For more information, contact the chamber office at 929-158 or 106@nipomochamber.org or visit www.nipomochamber.org.

Our water supply is limited...

Changing our water use habits can save millions of gallons of water.

WATER CONSERVATION AROUND THE HOUSE

WHAT YOU CAN DO:	HOW MUCH YOU CAN SAVE:
Outdoors Water your lawn 1 to 2 days a week instead of 5 days a week	Saves 840 gallons per week
Use a broom instead of a hose to clean driveways	Saves 150 gallons each time
Indoors Wash only full loads of laundry and dishes	Saves up to 50 gallons per week
Turn off the water while you brush your teeth	Saves up to 2.5 gallons per minute

For more conservation tips, visit the District's website

Nipomo Community Services District
148 S. Wilson St., Nipomo 93444
(805) 929-1133 www.ncsd.ca.gov

CHC
Community Health Centers
Healthcare For Life
CHC Nipomo Expands Services
Your new home for Women's Health

Anika Moore, MD
Anika Moore, MD, Obstetrics and Gynecology, joined CHC in January 2010. Dr. Moore attended Wright State University School of Medicine in Dayton, OH and completed her residency at Harbor UCLA Medical Center in Torrance, CA in 2009. "My goals are in line with CHC, with a special emphasis on treating the medically underserved," said Dr. Moore. "My goal is to provide comprehensive medical care with a warm personal touch."

Neil Correia, MD
Neil Correia, MD, Obstetrics and Gynecology, joined CHC July 19, 2010. He attended Carleton College and Cal Poly, and graduated from medical school at the Prague, Czech Republic First Faculty of Medicine in 2005. His surgical training includes advanced laparoscopy and minimally invasive surgery. "I am excited to be working with CHC to provide excellent obstetric and gynecologic care to an underserved community," said Dr. Correia.

Now accepting new patients.

Se habla español.

GYN SERVICES:

- Well Women's Exams
- Endometrial Ablation
- Infertility
- Diagnosis and Treatment of STD's
- Cancer Screening

OB SERVICES:

- Low risk and High risk Pregnancy, including Gestational Diabetes, Hypertensive Disorder, Preterm Labor
- Postpartum Depression
- Comprehensive Prenatal Care and Delivery

Also new at CHC Nipomo - Pediatrics and Optometry!
For more information or to make an appointment:

CHC Nipomo
150 Tejas Place, Nipomo
Main Phone: (805) 929-3211
www.communityhealthcenters.org
Serving the Central Coast since 1978.

FOR IMMEDIATE RELEASE

Date: October 9, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov



Nipomo CSD Board of Directors Award Contract for Strategic Plan Development

On Wednesday, October 9th, the District's Board held its regular meeting at 9AM and awarded a contract for strategic plan development to Rauch Communications Consultants. The contract is valued at \$17,250.

On July 24th, the Board authorized circulation of a request for strategic plan development proposals. The District broadly circulated the request to industry professionals. The Board officers, President Jim Harrison and Vice President Larry Vierheilg, along with General Manager Michael LeBrun reviewed and ranked the proposals.

The review team recommended the Rauch Communications proposal based on its thoroughness and the experience of the firm.

Board President Jim Harrison, commented that the District's strategic plan would "provide a road map for continued District progress as we near a ½ century of providing the community reliable, quality, and cost effective services."

Next Scheduled Regular Board Meeting: Wednesday, October 23rd, 2013, 9AM, District Board Room 148 South Wilson, Nipomo.

For more information, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

###

Established in 1965 to meet the health and sanitation needs of the local community, Nipomo Community Services is pleased to provide a wide variety of services throughout its district including the provision of water, sewer, and waste management services as well as lighting and drainage in limited areas. The mission of Nipomo Community Services District is to provide its customers with reliable, quality, and cost-effective services now and in the future.

FOR IMMEDIATE RELEASE

Date: October 9, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov



**Nipomo CSD Board of Directors Approve Amendment for the Development of Park
Planning for Jim O Miller Park Takes Significant Step Forward**

On Wednesday, October 9th, the District's Board held its regular meeting at 9AM and, with a 5-0 vote, approved an Amendment to an existing Memorandum of Understanding (MOU) between the District and the County regarding the development of Jim O. Miller Park in Nipomo.

In March 2009, the Board entered a MOU with the County of San Luis Obispo stating that the County would transfer the property for the park to the District in exchange for District construction and maintenance of a public park at the site. The MOU also outlines the District's activation of park powers to facilitate the commitment to operate the park.

Since the original MOU was adopted there have been several changes to the original vision of the project. The proposed Amendment to the MOU reflects a change of location for the proposed park and the involvement of Olde Towne Nipomo Association (OTNA) in the planning and advancement of the park vision.

The Amendment now goes before the County Board of Supervisors. Once adopted by the Supervisors the Olde Towne Association will be able to move forward with site activities to raise community awareness and input for planning and funding the future park.

Board President, Jim Harrison, commented about the proposed park; "Jim O. Miller Park will provide a much needed community gathering place in Olde Towne. Jim Miller was a founding Director and the first Board President for NCS D. The District is happy to see the park moving forward."

Next Scheduled Regular Board Meeting: Wednesday, October 23rd, 2013, 9AM, District Board Room 148 South Wilson, Nipomo.

For more information, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

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FOR IMMEDIATE RELEASE

Date: October 9, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov



Nipomo CSD Board of Directors Inspect New Utility Service Truck

On Wednesday, October 9th, the District's Board held its regular meeting at 9AM and took time out to 'inspect' the District's new utility service truck.

In January 2013, the Board approved the purchase of a Ford F550 Heavy Utility Truck from Mullahey Ford in Arroyo Grande and authorized an expenditure of \$81,000. The final purchase amount for the truck was just over \$80,000.

The new Heavy Duty Utility Truck is used in the performance of preventive and emergency maintenance and repair of District facilities. The vehicle is outfitted with a heavy duty crane to service District pumps, motors and other facilities in the field. The new vehicle also has sufficient tow capacity to handle the District's largest stand-by generator.

General Manager, Michael LeBrun, stated that; "the new utility truck is the right tool for the job! The truck allows our trained professional operations staff to work smarter and respond better to District maintenance and emergency needs."

Next Scheduled Regular Board Meeting: Wednesday, October 23rd, 2013, 9AM, District Board Room 148 South Wilson, Nipomo.

For more information, please contact the Nipomo Community Services District at 929-1133 or visit www.ncsd.ca.gov.

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FOR RELEASE MONDAY, OCTOBER 21ST, 2013

Date: October 16, 2013
Contact: Michael S. LeBrun, General Manager
Nipomo Community Services District
148 S. Wilson St., Nipomo, CA 93444
Phone: (805) 929-1133 – Email: mlebrun@ncsd.ca.gov



**Nipomo CSD to Celebrate Supplemental Water Project Construction
Elected Leaders to be Present**

On Wednesday, October 23rd, the Nipomo Community Services District's Board will host a River Crossing Celebration to mark the commencement of the District's Supplemental Water Project.

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 reliability Nipomo's water resources for generations to come.

The 10 am Celebration will be held in Santa Maria at the Santa Maria River Levee at Blosser Road. Elected officials scheduled to attend include California 33rd District Assemblyman Katcho Achadjian, San Luis Obispo County 4th District Supervisor Caren Ray, and Santa Maria Councilmember Jack Boysen as well as a Field Representative from the Office of Senator William Monning.

For more information, please contact the Nipomo Community Services District at info@ncsd.ca.gov.

###

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**Press Release Log
2013**

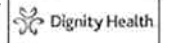
Date of PR	Title	Date Sent to Media	Date Placed On Website	Media Published	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published		
6/12/2013	NCSD Board Hears Sobering News Regarding Groundwater Condition	6/12/2013	6/13/2013	Sun	6/19/2013	SM Times	6/22/2013	Tribune	6/21/2013	Adobe	6/28/2013
6/12/2013	Nipomo CSD Board of Directors Authorizes \$10.5M in Bond Sales to Support Pipeline Construction Financing	6/12/2013	6/13/2013	New Times	6/13/2013	SM Times	6/14/2013	Adobe	6/21/2013		
6/20/2013	Nipomo CSD Board of Directors approves \$17M in contracts to build Supplemental Water Line	6/20/2013	6/20/2013	Adobe	6/21/2013	SM Times	6/21/2013	Sun	6/26/2013		
6/26/2013	District Extends Grant to Chamber Providing for Six More Months of Solid Waste Clean Up in Community	6/26/2013	6/27/2013								
6/26/2013	NMMA Technical Group Release Spring 2013 Groundwater Index	6/26/2013	6/27/2013	SM Times	7/4/2013	Adobe	7/5/2013	CalCoast News	7/7/2013		
7/3/2013	Nipomo CSD is Still Looking for a Few Good Operators	7/3/2013	7/5/2013	Adobe	7/26/2013	SM Times	7/26/2013				

**Press Release Log
2013**

Date of PR	Title	Date Sent to Media	Date Placed On Website	Media Published	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published
7/11/2013	Nipomo CSD Board of Directors Authorizes Construction of Additional Disposal Facilities at Wastewater Treatment Plant	7/12/2013	7/12/2013	Adobe	7/19/2013	SM Times	7/25/2013		
9/11/2013	Nipomo CSD Board of Directors Deny Agricultural Request for Water	NA	9/13/2013	Tribune	9/12/2013	SM Times	9/12/2013	KCOY	9/12/2013
9/25/2013	Nipomo CSD Board of Directors Accept District Transparency Award	9/26/2013	9/27/2013	Adobe	10/4/2013	SM Times	10/7/2013		
9/25/2013	Nipomo CSD Board of Directors Award Contract for Rate Study and Capacity Charge Study	9/26/2013	9/27/2013	SM Times	10/7/2013				
10/9/2013	Nipomo CSD Board of Directors Award Contract for Strategic Plan Development	10/10/2013	10/10/2013						

**Press Release Log
2013**

Date of PR	Title	Date Sent to Media	Date Placed On Website	Media Published	Date PR Published	Media Published	Date PR Published	Media Published	Date PR Published
10/9/2013	Nipomo CSD Board of Directors Approve Amendment for the Development of Park Planning for Jim O Miller Park Takes Significant Step Forward	10/10/2013	10/10/2013	Adobe	10/5/2013				
10/9/2013	Nipomo CSD Board of Directors Inspect New Utility Service Truck	10/10/2013	10/10/2013						
10/16/2013	Nipomo CSD to Celebrate Supplemental Water Project Construction Elected Leaders to be Present	10/17/2013	10/17/2013						



SAN LUIS OBISPO COUNTY

New county supervisor faces several big issues

Posted: Oct 4, 2013 6:00 PM by Cameron Polom, KSBY News



As the San Luis Obispo County Board of Supervisors gets ready for the arrival of a new member, District Four appointee Caren Ray acknowledges she has a lot of work ahead of her.

KSBY spoke briefly with Ms. Ray Friday, and she said her weekend won't feel quite like a normal weekend as she attempts to wrap her head around the many issues facing San Luis Obispo County.

First on her plate is a decision on whether to extend the current urgency ordinance in the north county with respect to the water shortages there.

She may be the separating vote, as last week the board could not agree to extend the current water restrictions which expire next Friday. The Board needed four votes to do it but came up one shy.

She'll also be wrestling with the ongoing Los Osos sewer project, a more than two decade battle between the city of Los Osos and many of its residents. The \$173 million project has had its share of delays but is now on schedule.

On Friday, KSBY spoke with a proud Joe Domingues, principal of Santa Maria High School, where Caren Ray has taught for more than a decade.

"She's a leader in the classroom, leader in the community, leader in the school," said Domingues. "She's people first. If I had to characterize her with anything, she's always students first before herself."

Along with water issues in the north county, she'll also be attempting to solve water shortages in Nipomo and dust and pollution problems in Oceano.

At this time, a date for her swearing in has not been set, but it will likely be before next Tuesday's board meeting regarding the North County Urgency Ordinance.

A Cal Poly grad, Ray has served on the Arroyo Grande City Council and Planning Commission. She also owned her own business called The Game Room, a hobby shop in

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Supreme Court tosses Santa Maria groundwater rights case

October 15, 2013



By JOSH FRIEDMAN

The U.S. Supreme Court refused to hear an appeal of the disputed Santa Maria Groundwater Basin management plan, ending 16 years of costly litigation over water supplies in Northern Santa Barbara County and Southern San Luis Obispo County.

The Santa Maria Groundwater Basin lies underneath much of the northern and southern sections of the respective counties. Well owners in Nipomo, Oceano, Arroyo Grande, Grover Beach and Pismo

Beach all draw water from the basin.

In 1997, the Santa Maria Valley Water Conservation District, which manages Twitchell Dam, a reservoir on the county line, filed a lawsuit over usage of water in the basin.

When a groundwater user or group of users asks a court to establish water rights, the court determines how much water well owners can extract. The process of a court determining groundwater rights is called adjudication.

After more than a decade of adjudication, a superior court in Santa Clara County ruled in 2008 on the allocation of water in the Santa Maria basin. As part of the judgment, the court ordered the Nipomo Community Services District to pipe 2,500 acre-feet of water per year from the city of Santa Maria to the Nipomo Mesa.

The project is expected to cost around \$20 million, and the Nipomo Community Services District incurred more than \$3 million in adjudication expenses.

The Santa Maria basin adjudication process cost all parties involved a total of more than \$11 million through just the first 12 years of the court battles.

Last November, a state appellate court upheld the 2008 superior court judgment. The California Supreme Court then refused to hear the case, validating the basin management plan.

But, a group of farmers and landowners who extract water from the basin refused to sign the management plan, claiming the city did not have rights to groundwater. Part of the management plan stated that the city of Santa Maria had the right to pump water from the aquifer, in addition to piping in water from Twitchell Dam and the State Water Project.

The landowners and farmers appealed the ruling to the U.S. Supreme Court, which last week, chose not to hear the case.

Like the Santa Maria basin, the Los Osos Groundwater Basin and Paso Robles Groundwater Basin have suffered declining levels of water in recent years.

The Los Osos Groundwater Basin is already in adjudication. The Los Osos Community Services District (LOCSD) filed a lawsuit in 2004, asking San Luis Obispo Superior Court to determine rights to the basin water.

San Luis Obispo County, the LOCSD and two other water purveyors are now collaborating under a court order to determine water rights.

Last week, the San Luis Obispo County Board of Supervisors extended an ordinance prohibiting new development in the Paso Robles basin that uses more water than it saves. The controversial ordinance will expire in August 2015, but some opponents of the regulation have threatened to sue and send the basin into adjudication.

Courts have adjudicated a total of 22 groundwater basins in California.

Things to Do, People to see

Event Calendar

Oct 2013						
S	M	T	W	T	F	S
		01	02	03	04	05
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

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Owner
Ins. Bail Lic. # BA1674196

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NCSD contracts for study of water rates

Changes expected sometime next year

16 HOURS AGO • [STAFF REPORT](#)

A contract to conduct a water rate and capacity charge study was awarded recently by Nipomo Community Services District in anticipation of changes to the fees next year.

The board of directors awarded the \$38,000 contract to Clayton Tuckfield and Associates of Newport Beach at its Sept. 25 meeting.

Five firms responded to the board's July request for proposals, district officials said.

Tuckfield's proposal outlined a comprehensive study of district water rates, charges and fees, with an estimated completion time of eight months, at the lowest price.

Rate studies are conducted to assess the current and projected financial "fitness" of the district's various independent funds, NCSD General Manager Michael LeBrun said.

This study will evaluate the water fund, which all district water customers support through rates.

LeBrun said the goal of the study is to "develop a fair and equitable water rate structure that will allow the district to meet its financial, contractual and legal obligations while ensuring long-term financial stability of the Water Fund."

The study will be conducted over the next several months and include a number of public meetings and workshops.

LeBrun said he expects the board to consider a new set of connection fees by July and a new set of water use rates by the end of 2014.

The next regular board meeting is set for 9 a.m. Wednesday in the district board room, 148 S. Wilson St.

For more information, call NCSD at 929-1133 or visit www.ncsd.ca.gov.

Transparency certificate earned by NCSD

New website planned for next year

OCTOBER 07, 2013 12:00 AM • [STAFF REPORT](#)

Nipomo Community Services District board President Jim Harrison officially accepted the District Transparency Certificate of Excellence at the California Special District Association annual conference in September.

District officials said additional plans are in the works to make NCSD's operations more open to public access.

The association's District Transparency Certificate of Excellence program came about after recent scrutiny of how transparently various public agencies are operating.

An association spokesman said the program acknowledges "special districts that have demonstrated an outstanding commitment to transparency."

To receive the award, a special district must complete eight governance transparency requirements, an NCSD spokesman said.

Those include providing ethics training for all board members, properly conducting open and public meetings and filing financial transactions and compensation reports with the State Controller's Office in a timely manner.

NCSD also fulfilled 15 website requirements for providing the public with readily available information, including board agendas, minutes of previous meetings, the current district budget and the most recent financial audit.

"We pursued the certificate as a means of reviewing our practices against a standard of excellence," NCSD General Manager Michael LeBrun said.

"This award is a testament to the Nipomo Community Services District's commitment to open government."

LeBrun said the district is continuing to work on improving transparency and plans to launch a more user-friendly and better organized website in 2014.

For more information, call NCSD at 929-1133 or visit www.ncsd.ca.gov.

District wins transparency certificate

By Adobe Staff

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For more information, call NCSD at 929-1133 or visit www.ncsd.ca.gov.

Posted Friday September 27, 2013

Park: New site located near West Tefft at Carrillo Street

By Mike Hodgson/ mhodgson@theadobepress.com

The Jim O. Miller Memorial Park planned for Olde Towne Nipomo is still moving forward, although the project has taken a detour to a new location.

But if the park's proponents can keep the process on track, the new destination will only slightly delay its arrival.

The next whistle stop in that process will come when Nipomo Community Services District directors consider updating a memorandum of understanding with San Luis Obispo County.

NCSD General Manager Michael LeBrun said that revised agreement could come before the board as soon as the Wednesday, Oct. 9, meeting.

Last month, LeBrun told directors the county has drafted a minor use permit for Olde Towne Nipomo Association, which took the lead on developing the park after property owners around the proposed site failed to approve an assessment district to pay for maintenance.

"The only snafu is the permit is not valid until the MOU is updated," he said.

He said the revision is needed because OTNA wasn't included in the original memorandum of understanding, which called for NCSD to activate its latent park powers and assume responsibility for maintenance of the site.

Once both the county and NCSD approve the updated memorandum, the county and OTNA can get rolling on a use permit for the new location.

"I have signed the use permit, and it's been signed by the manager of the county's property services," said OTNA President Kathy Kubiak, noting the permit still must be approved by the Board of Supervisors.

"We have to provide proof of liability and assume maintenance of the property," she added.

That property is not the plot of land on the north side of West Tefft Street across from Carrillo Street where the park was initially planned.

A new site

The new location is on the south side of West Tefft on the east side of Carrillo, where an NCSD sewer lift station is located.

Kubiak said an environmental survey of the proposed site, where a Pacific Coast Railway warehouse once stood, found the soil is contaminated with heavy metals.

LeBrun said while the contamination levels are relatively low, the problem would still have to be addressed by the current property owner, which is the county.

With the county already struggling to maintain its existing parks and not willing to take on any new facilities,

that's unlikely to happen soon.

"We've been assured by the county the south side is not contaminated," said Jim Harrison, president of the NCSO board of directors.

Design changes

Kubiak said once all the paperwork is done, the park will have to go through the planning process that will deal with design changes required by the new site.

The new layout will have to deal not only with the sewer lift station but also gas and sewer lines that run below the surface.

"We have to lose the pole barn," Kubiak said.

But she added the park, originally proposed to have railroad-style architecture, will still include the planned gazebo and a marker commemorating a famous Depression Era photograph taken in Nipomo.

Paul Lester, a professor in the Department of Communications at Cal State, Fullerton, is working to place a marker commemorating Dorothea Lange's photograph known as "Migrant Mother" that was taken in 1936 at a migrant workers camp on South Oakglen Avenue.

A marker already located on the original park site that commemorates the route of the Pacific Coast Railway likely will move to the new site, as well.

A 30-foot-wide mural depicting Nipomo's historical Olde Towne sites on the side of Casa Grande Plaza overlooking the new park location will be replaced.

Barbara Westfall of the Nipomo Arts Commission said the mural was painted in sections by community members and artists and mounted on the wall in 2004.

But it has since deteriorated and was recently tagged with graffiti, so NAC plans to remove it and have a new mural painted directly on the building, Westfall said.

Removal could begin this weekend, but work on the replacement is likely a year away, she said.

In the meantime, a Park and Ride lot will be built along the west side of the park site, probably in January, Kubiak said.

Given the need for design work and fundraising, actual construction of the park likely won't begin for three to five years, she said.

When completed, the park will serve as a memorial to Jim O. Miller, a longtime Nipomo businessman and community booster

.Posted Friday September 27, 2013

OCTOBER 23, 2013

ITEM F

ATTACHMENT E

AGENDA

Dan Buckshi
County Administrator



BOARD OF SUPERVISORS

Frank R. Mecham, 1st District
Bruce Gibson, Vice-Chairperson, 2nd District
Adam Hill, 3rd District
Caren Ray, 4th District
Debbie Arnold, 5th District

Tuesday, October 22, 2013

CONSENT AGENDA

9:00 AM

REVIEW AND APPROVAL

PRESENTATION

PUBLIC COMMENT PERIOD

BOARD BUSINESS

HEARINGS

ADJOURN

12:00 PM

- The Board of Supervisors' weekly agenda and staff reports are available at the following website: www.slocounty.ca.gov. Packets are also available at the County Government Center and may be viewed on-line at the Atascadero, Arroyo Grande, Paso Robles, Nipomo, Morro Bay, SLO City/County Libraries and the SLO Law Library.
- All persons desiring to speak on any Board item, including the Consent agenda, Closed Session or during the general public comment period are asked to fill out a "Board Appearance Request Form" and submit to the Clerk of the Board *prior* to the start of the Board item. Each individual speaker is limited to a MAXIMUM of three (3) minutes.
- Please refer to the information brochure located in the back and outside of the Board Chambers for additional information regarding accommodations under the Americans with Disabilities Act, supplemental correspondence, and general rules of procedure.

9:00 FLAG SALUTE

CONSENT AGENDA – REVIEW AND APPROVAL

The items listed on this portion of the agenda are scheduled for consideration as a group. The staff recommendations will be approved as outlined within the staff report. Any Supervisor may request an item be withdrawn from the Consent Agenda to permit discussion or change the recommended course of action for an item.

Bid Opening:

1. Request to adopt plans and specifications (Clerk's File), and authorize public bidding for construction improvements for the Animal Services Addition and renovation located at 885 Oklahoma Avenue, San Luis Obispo, CA. Set bid opening date for Thursday November 21, 2013, and approve the incorporation of specified materials, products and control systems.

Consent Agenda - Board of Supervisors Items:

2. Request to appoint Tracy Schiro to replace Don Dennison on the Children and Families Commission for the remainder of his four (4) year term.
3. Request to re-appoint Terry Fibich and Steve Flood to the Arroyo Grande Cemetery District.

Consent Agenda - Clerk-Recorder Items:

4. Submittal of a resolution approving the Conflict of Interest Code for the Consolidated Office of Auditor-Controller-Treasurer- Tax Collector-Public Administrator.

Consent Agenda - District Attorney Items:

5. Request to authorize the District Attorney to sign a grant renewal agreement (Clerk's File) in the amount of \$125,000, on the Board's behalf, with the California Office of Emergency Services (Cal OES) for the continuing administration of an Underserved Victim Advocacy and Outreach (UV) Program serving elder victims of crime for FY 2013-14.

Consent Agenda - General Services Agency Items:

6. Submittal of a resolution amending the Position Allocation List for Fund Center 113 – General Services Agency by deleting a 1.00 FTE Buyer I or II and adding a 1.00 FTE Senior Buyer, approving the new classification of Senior Buyer and setting salary range.
7. Request to create a new capital project to update the Airport Layout Plan for the San Luis Obispo County Regional Airport and authorize a budget adjustment in the amount of \$333,325 from a Federal Aviation Administration (FAA) grant and \$34,340 from the Airport Enterprise. District 3.
8. Request to approve a budget adjustment from Fund Center 305 Parks Contingencies in the amount of \$264,000 and Designated Park Project Reserves in the amount of \$246,000, to Fund Center 230 Capital Projects, for the project to Restore Cayucos Pier in the total amount of \$510,000. District 2.
9. Request to approve documents that will allow the Juvenile Hall Expansion project to move through the State Public Works Board process, including: adoption of a resolution confirming the legal right and power of the Board to enter into a ground lease agreement, approval of the SB81 State Ground Lease Agreement (Clerk's File), approval of the Right of Entry Agreement (Clerk's File), and approval a Grant of Easement (Clerk's File) for State access to the leased site through County properties; and a request to delegate approval authority to the General Services Agency Director for all future minor and incidental agreements of documents for this project.

Consent Agenda - Health Agency Items:

10. Request to approve renewal contracts (Clerk's File) with the incorporated communities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Pismo Beach, Paso Robles, and San Luis Obispo for a three year term to provide animal care and control services within these communities.
11. Submittal of a resolution commending Lisa Willis for her retirement after 13 years of service to the County of San Luis Obispo.

Consent Agenda - Public Works Items:

12. The following map has been received and has satisfied all the conditions of approval that were established in the public hearing on the tentative map, Tract 2791, a proposed subdivision resulting in 5 lots by Linda Louise Shephard, Trustee of the Larry and Linda Shephard Trust, Nipomo. District 4.
13. Submittal of a resolution authorizing execution of notice of completion and acceptance for the Vineyard Drive Bike Lanes from Bethel Road to Ashton Way in Templeton. District 1.
14. Submittal of a resolution authorizing the Director of Public Works to enter into environmental processing agreements with other public agencies. All Districts.

Consent Agenda Public Works - Board Sitting as Flood Control District:

15. Submittal of a resolution adopting a policy governing bid protests and other challenges to construction contracts of the San Luis Obispo County Flood Control and Water Conservation District. All Districts.

Presentations:

16. Submittal of a resolution recognizing William Castellanos for being selected by The Community Foundation San Luis Obispo County to receive the Isabel P. Ruiz Humanitarian Award for 2013.

Public Comment Period:

17. The general public comment period is intended to provide an opportunity for members of the public to address the Board on matters within the Board's purview that are not scheduled on the current agenda. Individuals interested in speaking are asked to fill out a "Board Appearance Request Form" and submit it to the Clerk of the Board prior to the start of general public comment. When recognized by the Chair, each individual speaker may address the Board and is limited to a MAXIMUM of three (3) minutes or a reasonable period of time as determined by the Board Chairperson.

Board Business:

18. An update on State Legislative activities by Paul Yoder and Karen Lange, Shaw/Yoder/Antwih, Inc. and Peterson Consulting, Inc. All Districts.
19. Request for an authorization to process a Land Use Ordinance Amendment application (LRP2011-00017 – Green Canyon LLC) to amend Section 22.112.040 of the South County (Inland) Planning Area Standards to eliminate a restriction on grazing animals on a 22-acre site located at the southern terminus of Woodhaven Way along Sunnybrook Lane, approximately 2 miles southwest of the community of Nipomo. District 4.

Hearings:

20. Hearings to consider two proposals to amend existing agricultural preserves. Districts 1 and 4.
21. Hearing to consider a resolution amending the 2009, 2010, 2011, 2012 and 2013 Action Plans for HUD grants, allocations of General Fund Support and Social Services funds for Homeless Services.

OCTOBER 23, 2013

ITEM F

ATTACHMENT F

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Rural
Water Company (C 311) and Golden State
Water Company (U 133 W) for an Order
Authorizing Rural Water Company to Sell
and Golden State Water Company to
Purchase the Assets of Rural Water
Company

Application No. _____

**APPLICATION OF RURAL WATER COMPANY AND GOLDEN STATE
WATER COMPANY FOR AN ORDER AUTHORIZING RURAL WATER
COMPANY TO SELL AND GOLDEN STATE WATER COMPANY TO
PURCHASE THE PUBLIC UTILITY ASSETS OF RURAL WATER COMPANY,
AND REQUEST FOR EXPEDITED, EX PARTE CONSIDERATION**

RURAL WATER COMPANY

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October 10, 2013

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Rural Water Company (C 311) and Golden State Water Company (U 133 W) for an Order Authorizing Rural Water Company to Sell and Golden State Water Company to Purchase the Assets of Rural Water Company

Application No. _____

APPLICATION OF RURAL WATER COMPANY AND GOLDEN STATE WATER COMPANY FOR AN ORDER AUTHORIZING RURAL WATER COMPANY TO SELL AND GOLDEN STATE WATER COMPANY TO PURCHASE THE PUBLIC UTILITY ASSETS OF RURAL WATER COMPANY, AND REQUEST FOR EXPEDITED, EX PARTE CONSIDERATION

I. INTRODUCTION

Pursuant to Sections 851-854 and 2718-2720 of the California Public Utilities Code, and Article 2 and Rule 3.6 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), Rural Water Company (“Rural”) and Golden State Water Company (“Golden State”) (collectively, the “Joint Applicants”) request that the Commission issue an order authorizing Rural to sell, and Golden State to purchase, all of the public utility assets owned by Rural and used in Rural’s provision of public utility water service in Rural’s service territory in San Luis Obispo County, California.¹ The acquisition of these assets by Golden State will occur pursuant to an Asset Purchase Agreement entered into by the Joint Applicants on June 12, 2013 (“Asset Purchase Agreement”), and will result in Golden Sate taking over

¹ Golden State is not purchasing the facilities that Rural shares with Cypress Ridge Sewer Co. (“Cypress Ridge”) related to Cypress Ridge’s provision of sewer service to the same customers of the Rural water system. Cypress Ridge shall continue to provide sewer service to these customers.

all of Rural's water utility service operations. A copy of the Asset Purchase Agreement is attached hereto as Exhibit 1.

As a corollary to the Commission's approval of the sale and purchase of Rural's public utility assets, the Joint Applicants further request that the Commission take the following actions: (i) relieve Rural of its obligation to provide public utility water service to customers within its service territory; (ii) expand Golden State's certificate of public convenience and necessity to permit it to provide public utility water service to current and future customers in Rural's service territory; (iii) establish Rural's current rates for water service in the existing Rural service territory as Golden State's rates until Golden State's next general rate case ("GRC"); (iv) establish a rate base for the acquired assets consisting of the \$1.7 million purchase price for the assets; (v) adopt the proposed ratemaking treatment as described and requested herein; and (vi) authorize Golden State to incorporate the Rural water system into Golden State's Santa Maria ratemaking district, and during the next GRC cycle to set rates for the current Rural customers based upon the Santa Maria ratemaking district tariff.

The Joint Applicants are also submitting the prepared testimony of Rural witness Frank Brommenschenkel, and Golden State witnesses Keith Switzer and Toby Moore in support of this Application. The Joint Applicants do not believe that the relief requested in this Application, nor the various witnesses' testimony submitted in support of the Application, raises any contested issues of material fact. The proposed acquisition furthers important Commission policies and goals, and results in significant benefits to

Rural's customers. Accordingly, the Commission should conserve its resources and consider this Application on an expedited, ex parte basis.

II. DESCRIPTION OF THE PROPOSED TRANSACTION

A. Parties to the Transaction

1. Rural Water Company

Rural is a Class C water utility that serves approximately 950 customer connections in its service territory located in the northern area of the Nipomo Mesa in San Luis Obispo County, California.² Rural's legal name is Rural Water Company. Rural is a public utility as defined by Section 216 of the Public Utilities Code, and is qualified to transact business in California. Rural is a California corporation, organized under the laws of California, and with its principal place of business in Pismo Beach, California.

Rural's service territory consists primarily of low and medium density residential development.³ Charles Baker is the sole shareholder and President of Rural.⁴ In 2012, Rural had annual revenues of approximately \$917,000.⁵ Rural currently has three (3) part time employees that are responsible for the water system operations.⁶ A full description of Rural's plant, and property is on file with the Commission in Rural's 2012 Annual Report to the Commission. That description includes a statement of the cost of Rural's

² Brommenschenkel Testimony at 3.

³ Switzer Testimony at 3.

⁴ *See id.* at 2.

⁵ *See id.* at 3.

⁶ *See id.*

property and the amortization reserve applicable to each item of property in its various operating systems.

2. Golden State Water Company

Golden State is a Class A water utility that serves approximately 260,000 customer connections in nine (9) separate ratemaking areas within ten (10) counties throughout California.⁷ Golden State's legal name is Golden State Water Company, which is a regulated subsidiary of American States Water Company. Golden State is a public utility as defined by Section 216 of the Public Utilities Code, and is qualified to transact business in California. Golden State is a California corporation, organized under the laws of California, and with its principal place of business in San Dimas, California.

Golden State has provided water service in California for over 80 years.⁸ Golden State divides its service territory into three geographical regions: Region 1, Region 2 and Region 3. Region 1 incorporates customer service areas in Northern California and California's Central Coast. Regions 2 and 3 encompass areas of Southern California. A full description of Golden State's plant, water systems and property is on file with the Commission in Golden State's 2012 Annual Report to the Commission. That description includes a statement of the cost of Golden State's property and the amortization reserve applicable to each item of property in its various operating systems.

Golden State is an experienced water system operator in the Santa Maria area of San Luis Obispo and Santa Barbara Counties. Golden State currently provides water

⁷ See *id.* at 4.

⁸ See *id.*

service to approximately 13,400 customer connections in its Santa Maria Customer Service Area (“CSA”), which is located in its Region 1, through five non-contiguous water systems in the Orcutt, Nipomo, Tanglewood, Lake Marie and Sisquoc communities.⁹ Golden State’s Santa Maria CSA is located in close proximity to the Rural water system—the Nipomo water system is located approximately six (6) miles from the Rural water system.¹⁰

B. Assets To Be Sold and Purchased

Pursuant to the Asset Purchase Agreement, Rural will sell, and Golden State will purchase, all of the assets that comprise the Rural water system.¹¹ These assets include all real property, improvements, easements, rights of way, infrastructure, tanks, wells, mains, meters, hydrants, franchise/license agreements, permits, contracts, tangible personal property, intangible property, records, equipment, machinery, furniture, tools and other facilities necessary to provide domestic water service in Rural’s service territory.¹² The Schedules attached to the Asset Purchase Agreement identify the specific assets Golden State will purchase, including, *inter alia*, Rural’s physical assets, permits, licenses and contracts.¹³ Furthermore, Section 1.1 of the Asset Purchase Agreement provides that the intention of the parties is that assets transferred from Rural to Golden

⁹ *See id.*

¹⁰ *See id.* at Appendix B.

¹¹ *See* Exhibit 1 (Asset Purchase Agreement) at § 1.1.

¹² *See id.*

¹³ *See id.* at Schedules 1.1(a), 2.3, 2.7 and 2.12.

State shall consist of every right or asset that is or has been used in, or necessary for, the operation, maintenance or management of Rural's water system.¹⁴

C. Purchase Price for Rural's Assets

The Asset Purchase Agreement provides that the purchase price for Rural's assets shall be \$1,700,000.00, payable as follows: (i) \$200,000 within five (5) business days of the execution of the Asset Purchase Agreement; (ii) the balance of \$ 1,500,000 payable at the closing of the transaction, which shall occur thirty days after all conditions to closing have been satisfied or waived, including, *inter alia*, securing the Commission's approval and authorization of the acquisition transaction.¹⁵ This purchase price is the result of arms length negotiations and represents the fair market value for the assets purchased.¹⁶

Golden State has evaluated this purchase price using several independent measures and comparisons which demonstrate that \$1.7 million is a reasonable and fair price for the assets purchased. This analysis is set forth in the Testimony of Golden State witness Keith Switzer. In summary, comparing the \$1.7 million purchase price to several different categories of transactions—including recent transactions involving Class A water utilities in California, transactions approved by the Commission in the last 12 years, and reported water system acquisitions outside of California—demonstrates that the purchase price paid by Golden State for the Rural assets is reasonable.¹⁷

¹⁴ See *id.* at § 1.1.

¹⁵ See *id.* at § 1.2(a).

¹⁶ Brommenschenkel Testimony at 5; Switzer Testimony at 6-7.

¹⁷ Switzer Testimony at 9-11. Pursuant to Decision 99-10-064, attached hereto as Exhibit 2 is a copy of an independent appraisal of the Rural Water Company.

D. Provision of Public Utility Water Service By Golden State

After Rural sells and Golden State purchases the assets of the Rural water system, Rural will be relieved of its obligation to provide water service, and Golden State will assume the sole obligation of operating the Rural system and providing public utility water service to current and future customers in Rural's service territory. Golden State and Rural will file concurrently with this Application a change of ownership application with the California Department of Public Health ("CDPH"). The Joint Applicants expect that the CDPH will act on this application prior to the conclusion of this proceeding.¹⁸

Golden State requests authorization to retain the rates for water service that are authorized in Rural's current tariff until the Commission issues a decision in Golden State's next GRC, which is due to be filed in July of 2014. Golden State also requests the Commission to establish a rate base for the assets acquired through the Asset Purchase Agreement consisting of the \$1.7 million purchase price, and adopt the ratemaking treatment for this \$1.7 million outlined in Section IV below. In addition, Golden State requests authorization to incorporate the Rural system within Golden State's Santa Maria CSA in its Region 1 service territory, and during the next GRC cycle to set rates for the current Rural customers based upon the Santa Maria ratemaking district tariff. Golden State has prepared a Results of Operations report related to this proposed acquisition, attached hereto as Exhibit 3.

¹⁸ See *id.* at 30.

III. THE PROPOSED TRANSACTION WILL BENEFIT CUSTOMERS AND IS IN THE PUBLIC INTEREST

Proposed water utility ownership changes are reviewed under Sections 851 through 854 of the Public Utilities Code, which prohibit the sale or transfer of control of a public utility without advance approval of the Commission. The Commission will authorize and approve the sale of public utility property if it determines that the public interest is promoted by the proposed transfer.¹⁹

A. Reasons for Entering into the Transaction

The Rural water system is a relatively small system that has been owned and operated since 1988 by Charles Baker.²⁰ Mr. Baker, the sole shareholder of Rural, has overseen the growth of the company from 142 customers to 935 customers over a period of 25 years.²¹ Due to his advancing age, Mr. Baker has determined that it is in his and his customers' best interest for him to sell the Rural water system.²² Mr. Baker is now over 80 years old and no longer drives, making it difficult if not impossible for him to continue to operate the Rural system.²³ In addition, Mr. Baker does not have any family members that are interested in taking over the operations of the company.²⁴ Given these circumstances, it is appropriate and reasonable for Mr. Baker to sell the Rural water system.

¹⁹ See D.00-05-027.

²⁰ Brommenschenkel Testimony at 3.

²¹ See *id.*

²² See *id.* at 4.

²³ See *id.*

²⁴ See *id.*

Golden State is the logical choice to take over the Rural water system. Golden State is the only Class A water utility that operates in San Luis Obispo County, where the Rural system resides.²⁵ This transaction will therefore result in a seamless ownership change with continued Commission jurisdiction over the water service to the Rural customers. Moreover, Golden State currently operates a small water system on the Nipomo Mesa, where the Rural system is located, with very similar demographics, and facing similar water supply issues as the Rural water system.²⁶ Mr. Baker and Golden State have a long standing cooperative relationship, and Mr. Baker is fully supportive of the sale of the Rural water system to Golden State.²⁷

B. Rural's Customers Will Benefit From the Proposed Transaction

Golden State's acquisition and operation of the Rural water system will provide a number of important benefits to Rural's customers.

1. Continuity of Service

Rural's customers will benefit from the continuity of service that will result from the proposed transaction. The Commission's approval of this acquisition will relieve Rural of its duty to provide public utility water service to this small system and ensure an orderly transition to a responsible and experienced Class A water utility that has the resources and capability to continue to provide water service notwithstanding any future difficulties encountered in the water system. Based on Golden State's long history of providing continuous and high-quality water service in California, the prospect of the

²⁵ Switzer Testimony at 29.

²⁶ *See id.*

²⁷ Brommenschenkel Testimony at 5.

Rural water system being abandoned or transferred once it is acquired by Golden State is virtually non-existent.

2. Reliability and Water Quality

Golden State is an experienced water utility that provides water service to more than a quarter of a million customer connections in the State of California, including customers in close proximity to the Rural system in the Santa Maria CSA.²⁸ The Santa Maria CSA supplies water to approximately 13,400 customers in the five water systems that are located in the Counties of Santa Barbara and San Luis Obispo.²⁹ The Santa Maria CSA staff consists of a Field Operations Superintendent, two Customer Service Representatives, seven Water Distribution Operators, and four Water Supply Operators.³⁰ The total number of facilities within the Santa Maria CSA includes 22 active wells, 22 boosters, and nine (9) storage facilities, which have a combined storage of 2.92 million gallons.³¹ As of December 31, 2010, estimates show approximately 933,000 feet of distribution mains in the Santa Maria CSA.³²

Golden State proposes to add Rural as the sixth non-contiguous water system in the Santa Maria CSA. Given Golden State's considerable operational expertise and experience in the Santa Maria CSA—which in large part utilizes the same water supply sources that serve the Rural system—Golden State will maintain or improve the

²⁸ Switzer Testimony at 4.

²⁹ *See id.*

³⁰ *See id.* at 15-16.

³¹ *See id.* at 5.

³² *See id.*

reliability and water quality of the Rural system. Rural customers will benefit from the services of Golden State's staff of water treatment operators, distribution operators, and supervisors in the Santa Maria CSA, who will continue to efficiently address the water quality and operational issues facing all of the water systems in this region, including in the Rural system. Golden State is well positioned to perform needed system maintenance, respond to customer specific operational issues, invest in necessary capital improvements, and, in the event of an emergency, deploy the resources required to resolve reliability and water quality issues in the Rural system.

3. Efficiencies and Economies of Scale

Rural's customers will directly benefit from the efficiencies and economies of scale inherent in becoming a part of the collective operation of Golden State's Santa Maria CSA, as well as becoming a part of Golden State's general corporate structure. For example, Golden State has better access to financial markets and, as a larger utility, can secure necessary funding for capital improvements more efficiently and on better terms.³³ Rural's customers will benefit from Golden State's sophisticated customer service with access to Golden state's customer service representatives 24 hours a day, 7 days a week.³⁴ Rural customers will have access to Golden State's low income assistance programs, and eligible customers will receive discounts and credits under these

³³ See *id.* at 16.

³⁴ See *id.*

programs.³⁵ In general, Golden State's excellent technical, managerial and financial capabilities will improve water service for the customers of the small Rural system.

4. Santa Maria Water Rights Litigation

Golden State's acquisition of the Rural water system will result in substantial benefits to Rural customers related to the obligations and issues arising from the ongoing Santa Maria groundwater adjudication and litigation. A detailed description of the issues associated with this litigation, and the benefits to Rural's customers in Golden State taking over Rural's obligations with respect to this matter are set forth in the Testimony of Golden State witness Toby Moore.

In summary, both Rural and Golden State were sued in 1997 in a lawsuit brought to adjudicate the water rights in the Santa Maria Basin.³⁶ The impetus for this litigation was that groundwater extractions from the Santa Maria Basin were significantly exceeding natural replenishment, and the Santa Maria Basin could not support then-current water demands without the development of additional supplies.³⁷ After several years of litigation, a majority of the parties, including Golden State and Rural, settled their dispute through a stipulation that was approved by the trial court in 2005 (referred to as the "Stipulation").³⁸

The benefits and obligations imposed by the Stipulation are essentially the same for both Rural and Golden State. Under the Stipulation, both Rural and Golden State

³⁵ *See id.*

³⁶ Moore Testimony at 1.

³⁷ *See id.*

³⁸ *See id.*

have agreed to a determination of their water rights and committed to share a portion of the construction costs for a new water supply pipeline connecting the City of Santa Maria to the Nipomo Mesa—this construction project is known as the Nipomo Supplemental Water Project (the “NSWP”).³⁹ The Stipulation also obligates both Golden State and Rural to share in ongoing groundwater basin management expenses.⁴⁰

On May 13, 2013 the Commission issued Decision 13-05-011 resolving Golden State’s general rate case and specifically authorizing Golden State to participate in the Stipulation, including Golden State’s participation in the construction and maintenance of the NSWP.⁴¹ Rural’s request that the Commission likewise approve its participation in the Stipulation is currently pending before the Commission.⁴² Pursuant to the Asset Purchase Agreement, the Joint Parties have agreed that the Commission’s approval of Rural’s entry into, participation in and implementation of the Stipulation, including Rural’s participation in the construction and maintenance of the NSWP, is a condition precedent to the closing of the transaction.⁴³

As described in detail in the Testimony of Golden State witness Toby Moore, Golden State’s acquisition of the Rural water system will result in direct benefits to the

³⁹ *See id.*

⁴⁰ *See id.*

⁴¹ D.13-05-011 at 58.

⁴² Rural requested that the Commission authorize its participation in the Stipulation in Advice Letter No. 68, filed on April 29, 2011. The Commission’s Division of Water and Audits issued Proposed Resolution W-4950 on May 16, 2013, proposing to delay the Commission’s decision on Rural’s request until (among other things) the resolution of Golden State’s same request in its general rate case. Given that the Commission authorized Golden State to participate in the Stipulation on May 13, 2013 in Decision 13-05-011, Rural requested that the Commission change Proposed Resolution W-4950 to likewise authorize Rural’s participation in the Stipulation. The Commission has not yet issued a final Resolution W-4950 resolving this issue.

⁴³ *See* Exhibit 1 (Asset Purchase Agreement) at § 6.1(e).

customers of the Rural system, as Golden State's expertise and resources will be utilized on behalf of the Rural water system in dealing with the Santa Maria adjudication litigation and compliance with the terms of the Stipulation. Golden State is in a far better position than the current owners of the Rural water system to manage the obligations, negotiations and other issues resulting from the Santa Maria adjudication proceeding and Stipulation.

5. The Proposed Transaction is Consistent with the Commission's Water Action Plan

The Commission's updated 2010 Water Action Plan sets forth policy objectives for the regulation of investor-owned water utilities, one of which is to "maintain highest standards of water quality." In order to meet that objective, the Water Action Plan lists a number of action items, one of which is to "provide incentives for the acquisition or operation of small water and sewer utilities." In adopting this action item, the Commission noted that:

Smaller water companies often do not have the resources or expertise to operate in full compliance with increasingly stringent and complex water quality regulations. Many water companies are too small to be viable in the long-term, raising questions as to whether they will be able to continue to provide clean and reliable water in the future. DPH requests Class A utilities (over 10,000 connections) to report on an annual basis which smaller utilities they might consider purchasing.

The improved water quality and service that will result from Golden State's acquisition of Rural's assets and operations is consistent with these policy goals. In fact, Rural is one of those small water utilities referenced in the Water Action Plan whose ability to "operate in full compliance with increasingly stringent and complex water

quality regulations,” as well as its long-term viability is questionable. As described above, this is particularly true given the unique problems and issues facing the water systems operating on the Nipomo Mesa, including dealing with the Santa Maria adjudication and complying with the terms of the Stipulation. Golden State’s acquisition of Rural’s assets and operations will resolve these questions and fulfill the Water Action Plan’s objective of maintaining the highest standards of water quality.

IV. GOLDEN STATE’S PROPOSED RATEMAKING TREATMENT FOR THE ACQUIRED ASSETS IS REASONABLE AND CONSISTENT WITH THE CONSOLIDATION ACT

Golden State requests that the Commission adopt ratemaking treatment for the Rural assets it is purchasing that is consistent with the Consolidation Act, codified in Public Utilities Code Sections 2718-2720. The Consolidation Act was enacted by the Legislature in part to facilitate the acquisition of small water systems by Class A water utilities and to:

aid water systems in making infrastructure improvements, to meet increasingly stringent state and federal drinking water laws, to recognize that economies of scale are achievable in the operation of public water systems, and to provide water corporations with incentives to achieve economies that benefits ratepayers.⁴⁴

Public Utilities Code §2720(a) provides that the Commission “shall use the standard of fair market value when establishing the rate base for the distribution system of a public water system acquired by a water [utility]. This standard shall be used for ratesetting.”

Public Utilities Code §2720(a)(2), in turn, defines “fair market value” as having the meaning set forth in Code of Civil Procedure section 1263.320, subsection (a), which

⁴⁴ See D.99-10-064 at 1.

states that fair market value is “the highest price ... that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obligated to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing[.]”

Golden State requests that the Commission authorize it to include the \$1.7 million purchase price for Rural’s assets in Golden State’s rate base. As described above in Section II.D, this purchase price is the result of arms length negotiations and represents the fair market value for the assets purchased. While this fair market value exceeds Rural’s existing rate base, currently estimated at approximately \$590,000,⁴⁵ pursuant to the Consolidation Act the Commission should nevertheless authorize Golden State to include the difference between Rural’s current rate base and the \$1.7 million purchase price in rate base. This increase in rate base is justified by the significant benefits to the customers of the Rural water system resulting from this acquisition that are explained in Section III above.

The testimony of Golden State witness Keith Switzer describes Golden State’s specific ratemaking proposal for the \$1.7 million purchase price. In summary, taking into consideration several factors, including (1) the increase in rate base associated with the acquisition of the Rural assets; (2) the impacts to the General Office allocation resulting from the acquisition of the Rural water system; and (3) the cost savings associated with

⁴⁵ Pursuant to Rural’s last GRC, the Commission’s adopted value for Rural’s rate base was \$392,282 for Test Year 2010. This rate base calculation is based upon a \$4.5 million plant investment at original cost, less accumulated depreciation of \$1.8 million, resulting in a Net Plant value of \$2.7 million. Adjustments for Contributions in Aid of Construction (\$2.3 million) and working cash allowance (\$100,000) result in the adopted rate base of \$392,282. Rural’s rate base has subsequently increased to an estimated value of \$570,000. *See* Switzer Testimony at 11.

consolidating the Rural water system with the Santa Maria CSA, Golden State proposes the following: \$750,000 shall be recorded in the General Office rate base; and \$950,000 shall be recorded as Rural water system assets in the combined Rural/Santa Maria CSA rate base.⁴⁶ As explained by Mr. Switzer, the effect of this ratemaking proposal is a decrease in revenue requirement for the Santa Maria CSA (inclusive of the Rural water system), and a revenue neutral impact to the remaining customers of the company.⁴⁷ As explained below, while Golden State is requesting that the Commission adopt this specific ratemaking proposal in its decision on this Application, the implementation of this ratemaking proposal, and impact to customer rates in the Santa Maria CSA, will occur in Golden State's next GRC. This proposal is equitable, reasonable and in conformance with the Commission's policies and standards.

V. GOLDEN STATE'S PROPOSAL TO CONSOLIDATE THE RURAL WATER SYSTEM IN THE SANTA MARIA CSA IS REASONABLE

Golden State requests that the Commission establish Rural's current rates for water service as Golden State's rates applicable to the Rural water system customers until Golden State's next GRC. Golden State further requests that the Commission authorize the incorporation of the Rural water system within Golden State's Santa Maria CSA, with actual rates for the Rural customers to be implemented in Golden State's next GRC pursuant to the Santa Maria ratemaking district tariff. This request is reasonable and prudent for the following reasons.

⁴⁶ Switzer Testimony at 18-26.

⁴⁷ *See id.*

First, the Santa Maria CSA is close in proximity to the Rural water system. The Santa Maria CSA is comprised of five non-contiguous systems located in and around the city of Santa Maria, in both San Luis Obispo and Santa Barbara Counties.⁴⁸ The Rural water system is located within six (6) miles of Golden State's Nipomo system in San Luis Obispo County.⁴⁹ Accordingly, combining the Rural system with the current Santa Maria CSA will result in a CSA with six (6) non-contiguous water systems, which are all in close proximity.

Second, the Rural system will be operated and managed in a similar manner as the other water systems in the Santa Maria CSA. Specifically, the Rural system will be managed out of Golden State's Region 1 Coastal District Office by the same Santa Maria CSA operating personnel that manage the other five systems in the Santa Maria CSA.⁵⁰ Given the commonality of operations in the Santa Maria CSA, Golden State's costs and expenses to operate the Rural water system within this existing CSA will be in line with the per customer operating costs of the existing Santa Maria ratemaking district tariff.

Third, the water supply and corresponding capital infrastructure of the Rural system is similar to the existing plant in the other water systems in the Santa Maria CSA. Rural and all of Golden State's Santa Maria CSA water systems rely upon similar groundwater sources, and therefore require wells and storage capacity to effectively provide water service.⁵¹ Moreover, Rural and Golden State's existing Nipomo system

⁴⁸ *See id.* at 12.

⁴⁹ *See id.*

⁵⁰ *See id.*

⁵¹ *See id.* at 12-13.

are both located on the Nipomo Mesa, and therefore share the same water supply issues discussed above in Section III.A.4. These common water supply issues support the consolidation of the Rural water system with the Santa Maria CSA.

Fourth, the rates of Rural and the Santa Maria CSA are comparable. As explained in Mr. Switzer's testimony, the current rates of the Rural water system are similar to the current Santa Maria CSA rates.⁵²

In sum, given the physical proximity, benefits of common management and operation, shared water supply issues and rate comparability, the Rural water system should be combined with the five (5) water systems that are already in the Santa Maria CSA. The Joint Applicants note that the four (4) factors analyzed above are consistent with the criteria set forth in the 1992 Consolidation Guidelines agreed to by several Class A water utilities and the Division of Ratepayer Advocates ("DRA").⁵³ While these guidelines are not binding, the fact that all four (4) criteria are readily met in this case provides support for the consolidation of the Rural water system with the Santa Maria CSA.

VI. THE PROPOSED TRANSACTION DOES NOT REQUIRE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) REVIEW

Rule 2.4 of the Commission's Rules of Practice and Procedure requires applications to address the applicability of the California Environmental Quality Act ("CEQA") to the proposed project or transaction that is the subject of the application.

⁵² See *id.* at 13.

⁵³ See *id.* at Appendix E.

The proposed transaction at issue here is not an activity that is subject to CEQA because it does not constitute a “project” within the meaning of CEQA. The applicability of CEQA is limited to certain “projects,” which are specifically defined as any “activity which may cause either a direct physical change [to] the environment, or a reasonably foreseeable indirect physical change in the environment.”⁵⁴ A proposed “activity [that] will not result in a direct or reasonably foreseeable indirect physical change in the environment” is not subject to CEQA.⁵⁵ Similarly, where “it can be seen with certainty that there is no possibility that the [proposed] activity in question may have a significant effect on the environment, the activity is not subject to CEQA.”⁵⁶

The Joint Applicants seek only the Commission’s approval of the transfer and sale of Rural’s water system assets and related property to Golden State. Critically, there will be no change in the operation of the assets serving customers within the Rural water system. These assets will be used in the same manner they are currently being used. The Commission has consistently held that such a transfer of control and operation of existing water system facilities does not result in any changes to the environment, and thus, an application seeking authorization for such a transaction is not subject to CEQA.⁵⁷ Here also, because it is clear that no “direct or reasonably foreseeable indirect physical change in the environment” will occur as a result of the proposed transaction, it is not subject to the provisions of CEQA.

⁵⁴ See Cal. Pub. Res. Code § 21065.

⁵⁵ CEQA Guideline § 15060(c)(2).

⁵⁶ CEQA Guideline § 15061(b)(3).

⁵⁷ See D.13-01-033 at 8-9; D.11-03-016 at 9-10.

VII. OTHER PROCEDURAL REQUIREMENTS

A. Communications Concerning Application

All communications and correspondence with concerning this Application should be directed to:

For Rural:

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For Golden State:

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Email: jkarp@winston.com

B. Articles of Incorporation and Financial Statements

A copy of Rural's Articles of Incorporation are attached hereto as Exhibit 4. Rural's financial statements are attached hereto as Exhibit 5.

A copy of Golden State's Articles of Incorporation, as amended on September 16, 2005, are on file with the Commission in connection with Golden State's last GRC, attached as Exhibit L to Golden State's Application in proceeding A.11-07-017. Golden State's financial statements are attached hereto as Exhibit 6.

C. Categorization and Schedule

Joint Applicants request that the Commission classify this Application as ratesetting. The issues presented in this Application are whether the proposed transaction will serve the public interest, whether Golden State is financially qualified to acquire Rural's assets, whether Golden State is operationally qualified to utilize such assets in providing public water service, what the appropriate rates for the customers of the Rural water system should be, what the appropriate rate base for the acquired assets should be, and whether the Rural water system should be consolidated with Golden State's Santa Maria CSA. Joint Applicants do not believe these issues raise material contested issues of fact and thus, no hearing is required. Therefore, Joint Applicants request that the Commission grant this Application on an expedited, ex parte basis based on the following schedule:

Application Filed	October 2013
Protests Filed	30 days after Notice appears in the Daily Calendar

Proposed Decision

February 2014

Final Decision

March 2014

In the event protests are filed that raise issues of contested material facts, hearings will be necessary, and the Commission could alter the schedule to account for such hearings at a prehearing conference.

D. Notice and Service of Application

As soon as the Commission has accepted this Application for filing and assigned an application number, Rural will provide written notice of the proposed transaction and the filing of this Application to its customers, and Golden State will provide written notice of the proposed transaction and the filing of this Application to its Santa Maria CSA customers. A copy of the proposed written notice to Rural's customers is attached hereto as Exhibit 7. A copy of the proposed written notice to Golden State's Santa Maria CSA customers is attached hereto as Exhibit 8. A copy of this Application is also being served on those persons and entities set forth on the service list attached hereto. Golden State also will promptly provide a copy of the Application to any party requesting a copy.

VIII. CONCLUSION

For all of the reasons described herein, Golden State and Rural respectfully request the Commission to issue its order approving this Application and:

1. Authorize Rural Water Company to sell, and Golden State Water Company to purchase the public utility assets of Rural Water Company;
2. Relieve Rural Water Company of its public utility obligations;
3. Expand Golden State Water Company's certificate of public convenience and necessity and its Santa Maria Customer Service Area in its Region 1 service territory to permit it to provide public utility water service to the current customers of Rural Water Company;
4. Establish Rural Water Company's current rates for water service in Rural's existing service territory as Golden State Water Company's rates until Golden State Water Company's next general rate case;
5. Establish and authorize a total rate base for the acquired assets of \$1.7 million;
6. Adopt Golden State's ratemaking proposal to record \$750,000 of the \$1.7 million in Golden State Water Company's General Office rate base, and to record the remaining \$950,000 in Golden State Water Company's Santa Maria Customer Service Area rate base;
7. Authorize Golden State Water Company to consolidate the Rural service territory with Golden State Water Company's current Santa Maria CSA,

and during the next GRC cycle to set rates for the current Rural customers based upon the Santa Maria ratemaking district tariff.

October 10, 2013

Respectfully submitted,

/s/ Charles Baker

RURAL WATER COMPANY
Charles Baker
President
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/s/ Keith Switzer

GOLDEN STATE WATER COMPANY
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Attorneys for Golden State Water Company

VERIFICATION

With respect to the within Application, the undersigned certifies that he holds the position indicated below his name, that he is authorized to make this verification for and on behalf of said entity; that he has read the Application and knows the contents thereof; and that the same is true of his own knowledge and belief, except as to those matters which are thereon stated upon his information or belief, and as to those matters, he believes them to be true.

The undersigned declares under penalty of perjury that the foregoing is true and correct.

Executed on October 10, 2013, in the San Dimas, California.

By Keith Switzer
Keith Switzer

Vice President, Regulatory Affairs

GOLDEN STATE WATER COMPANY

VERIFICATION

With respect to the within Application, the undersigned certifies that he holds the position indicated below his name, that he is authorized to make this verification for and on behalf of said entity; that he has read the Application and knows the contents thereof; and that the same is true of his own knowledge and belief, except as to those matters which are thereon stated upon his information or belief, and as to those matters, he believes them to be true.

The undersigned declares under penalty of perjury that the foregoing is true and correct.

Executed on October 10, 2013, in Arroyo Grande, California.

By Charles M. Baker

Charles Baker

President

RURAL WATER COMPANY

LIST OF EXHIBITS

- Exhibit 1: Asset Purchase Agreement dated June 12, 2013 by and between Golden State Water Company and Rural Water Company and as to Article 5, Cypress Ridge Sewer Co.
- Exhibit 2: Kennedy/Jenks Valuation of the Rural Water Company, dated October 4, 2013
- Exhibit 3: Results of Operation Report
- Exhibit 4: Rural Water Company Articles of Incorporation
- Exhibit 5: Rural Water Company Inc.'s Financial Statements
- Exhibit 6: Golden State Water Company's Financial Statements
- Exhibit 7: Proposed Customer Notice for Rural Water Company's customers
- Exhibit 8: Proposed Customer Notice for Golden State Water Company's customers

OCTOBER 23, 2013

ITEM F

ATTACHMENT G

The California conundrum:

Is water a public resource, an economic good, or a tax?

By Tim Seufert, Managing Director/NBS

Summary

Depending on the beholder's viewpoint, water has been called a public resource, defined as an economic good, and categorized as a "tax," subject to the rigors of California's electorate under the rules of Proposition 218. In a local government setting, are water rates set artificially low for short-term political gains in today's post tax revolt California? Or are they determined by sound analysis on a foundation of "good" public policy choices, such as addressing environmental concerns, fiscal prudence, and fairness?

The positive news from the results of my recent study is that it appears water rates are generally set by good public policy decisions. In addition, over half of the respondents had a water conservation-based rate structure. Fiscally prudent policies ranked highest in the survey, followed by fairness and environmental concerns. However, rate tension and political pressures were also present, especially when a conservation rate structure is in use. In addition, there is a concern that conservation mandates have had the unintended consequences of decreasing the public's sentiment for conservation, and its commensurate price tag, while undermining overall revenue stability for local water agencies.

Background and discussion

Are local water rates set artificially low for short-term political gains? Or are they determined by sound technical analysis on a foundation of "good" public policy choices? This research study (a cross-sectional quantitative survey of local water agencies in California, augmented by qualitative interviews) sought to understand this timely question by performing background and literature research as well as directly surveying local public water suppliers in California. For the study, good public policy criteria were defined as addressing environmental concerns, fiscal concerns, and fairness.

Amidst these water policy discussions, the anti-tax movement must be considered. Local governments in California have been embroiled in the anti-tax movement since the 1970's. This was remarkably demonstrated by the voter-approved fiscal constraint measure known as Proposition 13 in 1978. In 1996, Proposition 218 was approved; this established further limitations on local governments' abilities to raise revenues. The anti-tax revolt became a significant problem for local water agencies in the most recent decade, as the California Supreme Court concluded in 2006 in the Bighorn-Desert View Water Agency vs. Verjil case that water rates were subject to the initiative powers granted, perhaps unintentionally, by Proposition 218.

Proposition 218 was in many ways a successor initiative to Proposition 13, with its express intent being to limit local governments' revenue abilities. Was the intent also aimed at the cost of water provision, given that water is



an economic good subject to market pricing? The Findings and Declarations of the so-called “Right to Vote on Taxes Act” states: “This measure protects taxpayers by limiting the methods by which local governments exact revenue from taxpayers without their consent”¹. The California Supreme Court appears to have taken the measure’s language to the extreme.

General Background

The availability of water is a basic need in society. The pricing of water is a fundamental public policy issue in our quest for environmental sustainability, in California and in the rest of the World. As to potable water, it was not uncommon in the past to provide water at practically no cost to users. It was considered to be a cheap resource and a basic necessity. This is no longer the case today, and water pricing is an important management tool.

Water management is also an important tool. Water, which includes potable water, wastewater, recycled water, and storm water, should be viewed and managed in a holistic manner. Water is a “common pool item” and as such, “government’s role is to develop policies to ensure their [its] continuance or sustainability.”² This is especially true in California where water is precious, and increasingly in short supply. Unfortunately, the panoply of public and private agencies are not always in sync in terms of public policy and general management of the resource, and pricing thereof.

Previously thought of as a public good, water was declared an “economic good” in 1992 under the Dublin Water Principles³ and in other forums, an economic good being subject to the market rigors of price and demand. The United Nations Agenda 21 incorporates sustainable development as a way to mitigate poverty and environmental degradation.⁴ Water availability, efficiency, and pricing are seen as supportive of these global goals.

When water is priced appropriately, it will be put to use in the most valuable and efficient uses. “Sound rate making policy is a policy of reasonable compromise among partly conflicting objectives.”⁵ From a social perspective, equity is a consideration. With the consideration of equity, politics becomes a force to reckon with. To complicate matters, politicians always have two goals: a policy goal on whatever program they would like to see accomplished, and a political goal. The paradox is that in gaining or preserving their power, they may lose perspective on the policy decisions.⁶

Regardless of whether or not policy or political goals were paramount, in the early twentieth century days of public administration, public or municipal entities provided an increasing share of potable water, but not always correctly. As noted by Harry Baker in 1917, “there is probably

¹ California Legislative Analyst’s Office. (1996) *Understanding Proposition 218*.

² Kraft, Michael E and Scott R. Furlong. (2007) *Public Policy – Politics, Analysis and Alternatives*. Third Edition. CQ Press: Washington DC.

³ Rogers, Peter, de Silva, Radhika, and Bhatia, Ramesh. (2002) Water is an Economic Good: How to use prices to promote equity, efficiency, and sustainability. *Water Policy* 4, 1-17. Retrieved from Waterpolicy.net

⁴ *ibid*

⁵ Bonbright, James Cummings. (1961) *Principles of Public Utility Rates*. Columbia University Press: New York.

⁶ Stone, Deborah. Policy Paradox: The Art of Political Decision Making. In *Classics of Public Administration*. Edited by Jay Shafritz and Albert C. Hyde. Thomson Wadsworth: Boston. 2007

no greater field of discrimination and unfair rates than among the municipally-owned utilities.” There was clearly some room for improvement in rate discussions.

The California Environment

A variety of water rate structures are in use today by public water agencies in California for a host of economic, public policy, and practical reasons. These structures range from flat (or fixed) rates to metered rates to conservation-based tiered or block rates. More recently, water-budget rates (or customer-specific allocation based rates) have become technically feasible in California, and elsewhere. A water budget rate is “an increasing block rate structure in which the block definition is different for each customer based on an efficient level of water use by that customer.”⁷ In the recent past, water budget rates linked with an increasing block rate structure have been implemented successfully in more than 20 utilities.⁸ However, detractors of water-budget rates have concerns about equity with such a rate scheme, and the motivational structures they can foster (to build a larger home, for example).

Table 1 – Common Water Rate Structures

Type of Rate Structure	Description	Considerations
Flat/Fixed Rate	Flat or fixed charge	Simplicity, no conservation incentive, often unmetered consumption
Uniform Rates	Uniform volumetric charges	Simplicity, minimally conservation oriented, must have water meters
Inclining Block Rates	Rates increase with consumption	Multi-tiered, conservation oriented
Declining Block Rates	Rates decrease with consumption	Economic or business oriented; uncommon today
Water-Budget Rates	Customer-specific allotments, typically with inclining tiers	Requires detailed monitoring and billing systems

The current environment in the State of California reflects mandated water conservation and the passage and implementation of Proposition 218 and other law, which has had an effect on water rate implementation. There is also a continuation of the demand to maintain or reduce fees for such services, especially when provided by a local government. On top of this is the generally accepted premise that our collective water infrastructure is in a state of decline, and it needs costly and significant repair and replacement.⁹ Additionally, conservation rates bring up technical problems when viewed from the cost of service mindset. “Often such [conservation] rates raise questions about the need to maintain cost of service principles in rate design that

⁷ Mayer, Peter W. (2008) *Water Budgets and Rate Structures: Innovative Management Tools*. American Water Works Association Research Foundation: Denver, Colorado.

⁸ *ibid*

⁹ American Society of Civil Engineers (ASCE). (2013) *Failure to Act: The Impact of Current Infrastructure Investment on America’s Economic Future*

avoid the subsidization of any customer by another customer.”¹⁰ The paradigm of conservation rates and the principles of cost of service may be difficult to reconcile.

The Public Policy Institute of California recently published a white paper entitled *Water and the California Economy*. This paper discussed a wide range of water-related issues at stake in California today. This included economic concerns, climate change, and many other perspectives. However, the number one priority listed for action was to modernize water measurement and pricing.¹¹

In general, calculating and implementing water rates has become more complicated and technically challenging within the California environment. In addition, Propositions 13 and 218 have added a level of politics and complexity. “Over the course of 34 years, California’s law of local utility fees has been transformed. An earlier era of legislative discretion and deferential judicial review meant disputes over rates were more often resolved by political means than lawsuits.”¹² Clearly, the environment of policy decision making on water rate structures has changed.

Moreover, the relationship with the public at large has changed significantly, requiring a whole new paradigm of public education and engagement. This was discussed at length at a recent nationwide forum of water leaders: “The inevitable raising of rates will require trust, clarity, and understanding. Consumers need to understand the full implications of not raising rates. They need to understand the drivers of rates and rate increases. For many utilities, effectively communicating these messages will require professional help.”¹³



¹⁰ Corsmitt, C.W. Editor. (2010) *Water Rates, Fees and the Legal Environment*. American Water Works Association. Second edition.

¹¹ Hanak, Ellen. (2012) *Water and the California Economy*. Public Policy Institute of California.

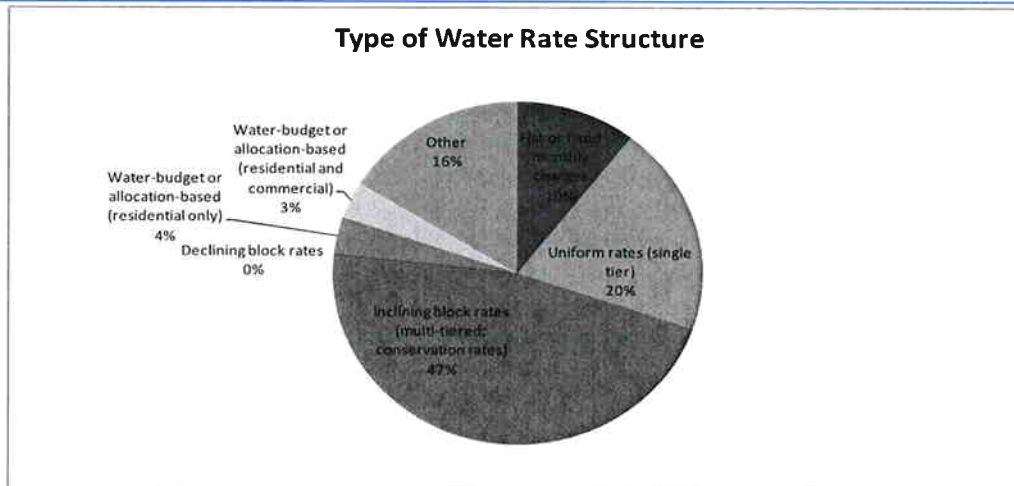
¹² Colantuono, Michael G, Esq. (2012, May) *A History of Rate-Setting Under California Law: Proposition 13 through Proposition 26*. Presented at the Association of California Water Agencies, Monterey, California.

¹³ National Water Rates Summit. (2012) *Declining Water Sales and Utility Revenues – A Framework for Understanding and Adapting*. Alliance for Water Efficiency and The Johnson Foundation. Racine Wisconsin. August 2012.

Study Results

Over half of the survey respondents had some type of conservation-oriented rate structure (inclining block or water-budget rates) in place. This would generally be expected given the conservation-minded goals and policies in use in California.

Table 2 – Types of Water Rate Structures



Notably, it appears from the quantitative data that water rates are generally set by good public policies, most notably those policies classified as fiscally prudent. These top public policy motivations, as distinguished by level of importance (marked on a Likert scale as important, very important, or extremely important), were in the following ranked order:

1. Revenue stability
2. Repair and maintenance
3. Basic costs are covered
4. Fairness/equity in rates
5. Managing a finite supply
6. Ease of implementation
7. Conservation goals
8. Political pressure/Proposition 218

Goal numbers 1 through 4 above had importance scores in the 80-90 range, 5 and 6 in the 60-70 range, and 7 and 8 in the 50-60 range. Economic development and Intergenerational concerns (9 and 10 in the list) were mostly categorized as neutral.

However, palpable tension and political pressures were at work, especially when a conservation rate structure is in place – even more so at smaller water agencies. This was evidenced by Chi square and Gamma relationship statistical tests, which in particular showed a moderate relationship between political pressure and conservation and fiscal policy goals. In addition, concerns were raised that conservation mandates have had the unintended consequences of decreasing the public’s sentiment for conservation while at the same time undermining revenue stability.

Conclusions

What this study means for local water districts is a continued and increased need for rate-making diligence, including the development perhaps of an entirely new form of rate structure or even a new paradigm of ways for charging for water. In addition, water providers should enhance the transparency in rate setting and enliven the public dialog on the needs for water conservation and relevant rate structures in order to sustain the effort to manage the aging water infrastructure assets for the long-term benefit of Californians.

In the future, developing a deeper understanding of water rate making policy decision criteria and the practical implications thereof should include a discussion of these areas:

- Use of conservation rates: It would be valuable to obtain a better understanding of the use of conservation rates and their relationship to overall water conservation. Given the advancement of many water efficiency fixtures and usage procedures, there has been a significant reduction in the use of water in many communities, so much so that revenue stability has emerged as an issue.
- Evolution of water rates: The types of water rate structures have evolved over the past 100 years, at least in most communities. However, further discussion and research and development into other manners of water rates would be interesting. In particular of course, conservation rates are an area to monitor. While water budget rates have become a more common fixture, they are not used widely, perhaps due to their complexity. Will fixed rates no longer be used? Will conservation rates stand the test of time?
- Fixed vs. variable costs: The relationship of fixed to variable costs in water purveyance is an issue to understand better. Although AWWA standards¹⁴ and current procedures advocate assigning a large share of water rate revenue to variable costs in order to induce conservation, the largest share of the costs to run a water system and, importantly, provide for the maintenance and replacement of infrastructure are fixed type costs. How can this be reconciled?
- Revenue stability: The overlapping issues of fixed vs. variable costs, improved water conservation, and increased weather variability due ostensibly to global climate change have caused revenue instability for water providers. How can water providers maintain a fiscally-sound service given these challenges?
- Engaging the public: Lastly, the best practices of community engagement seem to be a critical component of the process of water purveyance and the pricing thereof. Further efforts on how to increase public participation and education on the issues and the evolution of practices would be a valuable endeavor.

¹⁴ American Water Works Association (AWWA). (2000) *Principles of Water Rates, Fees, and Charges – Manual of Water Supply Practices, Manual M1*. Fifth Edition.

OCTOBER 23, 2013

ITEM F

ATTACHMENT H

Cambria well levels rebound from precipitous lows

Published: October 9, 2013

By Kathe Tanner — ktanner@thetribunenews.com

Correction: An earlier version of this story should have said Jerry Gruber believes water is rising in monitoring wells at Santa Rosa Creek, not San Simeon Creek, because of reduced irrigation of Shamel Park.

Water levels are rising somewhat in Cambria's municipal wells at the San Simeon field, according to Jerry Gruber, services district general manager, who released the latest measurements Monday, Oct. 7.

The average of those well levels is now 5.52 feet above sea level, up from the brink of 2.84 feet on Sept. 16, the lowest mid-September readings since the drought years of 1988-89.

Due to very low water levels in those Cambria Community Services District wells, ratepayers are forbidden to irrigate landscaping and plants with drinkable water from the tap or hose. That ban likely will be discussed again at the district Board of Directors meeting Oct. 24.

Some Cambrians, already noted for being water thrifty, say they're experiencing falls and enduring sore shoulders and backs from hauling to their gardens big buckets filled with shower or bathwater — one mostly full 2.5 gallon bucket weighed in at 19 pounds, which can be a real deadlift for people not accustomed to hoisting heavy objects.

Other people are dedicating large chunks of time and effort to getting nonpotable water from a district hose bib just off San Simeon Creek Road, or water from a well owned by San Simeon Creek rancher Clyde Warren. The latter is what Winsor Construction delivers to big tanks at Cambria Nursery and near the skate park on Main Street. Other Cambrians are paying gardeners and haulers to get water from the district connection or Warren well and apply it to their landscapes.

Some district ratepayers are taking the pricier leap into the next level of water reuse, buying large storage tanks in which to hold nonpotable water from the district, the Warren well or roof drain collection systems.

Part-time Cambria residents Cliff and Charlene Mayer were doing good business Friday and over the weekend, selling from a trailer full of tanks set up across from the Veterans Memorial Building.

His Camco Ag Spray & Fertilizer Equipment company sells the tanks in Kerman, just west of Fresno, and offers sizes from 65 to 5,000 gallons.

"We're over here just about every weekend," he said Friday, "so it made sense to bring these with us."

Aquifer recharging

In Gruber's email to district directors and others Monday, he wrote that he believes the water is rising in Santa Rosa Creek monitoring wells due in part to the county's reduced irrigation of Shamel Park. The

agency agreed to pump from its irrigation well once a week, rather than three times a week. Even in this time of water shortage, according to Curtis Black, deputy director of county parks, some irrigation is needed to keep the public park's lawn and landscaping alive and at least somewhat green.

Exacerbating the problem for much of this year, CCSD was unable to draw water from its SR4 well in another watershed on Santa Rosa Creek. First, the well was undergoing repairs, maintenance and upgrades. Once those were complete, the district's permit restrictions forbade water withdrawals because the level in a key monitoring well had fallen below 3 feet.

Level in the WBE monitoring well is at 3.05 feet, above the 3-foot "thou-shalt-not-pump" level. Current level in the SR4 is 43.66 feet, down from 47.27 feet on Sept. 23.

Gruber said staffers are "also working closely with the school district" on reducing irrigation at Coast Union High School, which has its own well on Santa Rosa Creek.

Read more here: <http://www.sanluisobispo.com/2013/10/09/2725843/well-levels-rebound-from-precipitous.html#storylink=cpy>

OCTOBER 23, 2013

ITEM F

ATTACHMENT I

San Simeon faces strict water rules

Published: October 9, 2013

By Kathe Tanner — ktanner@thetribunenews.com

As Cambrians wrestle with limited water supplies, their San Simeon neighbors have been dealing with the same scenario since July, and during many previous years, too.

Because of a shortage of drinkable water, San Simeon residents and businesses soon could be under a Stage 3 water alert, the most stringent restrictions for a town that's also been in a water-shortage-triggered moratorium on new water connections since 1988.

Members of the San Simeon Community Services District Board of Directors are to consider on Wednesday strengthening restrictions in their water-alert stages, especially in Stage 3. The meeting is to begin at 6 p.m. at the Cavalier Banquet Room, 250 San Simeon Ave. That's a week later in the month than usual.

District directors also are to award the first Dee Dee Ricci San Simeon Beautification Award to Brooks Gallery.

According to a notice sent by the district to residents Sept. 25, levels in district wells were "at 14.3 feet below ground level, low enough to initiate Stage 3 water-conservation measures. The probability of saltwater from the ocean impacting our aquifer is significantly greater at this level, especially when combined with seasonal high ocean tides normal for this time of year."

Restrictions in stages 1 and 2, currently in force, include: No outdoor irrigation of any kind; no washing/rinsing of vehicles, mobile or nonmobile equipment; no complete refilling of pools, fountains and spas (only enough water added to keep equipment operative); no automatic serving of water to restaurant patrons; and no washing down sidewalks, driveways, parking areas, buildings or structures (except to alleviate immediate fire or sanitation hazards).

The community is in the conflicted situation of having had for about 10 months a way to help residents irrigate their landscaping without diminishing the amount of available drinkable water but not having the state permit to distribute that water.

District general manager Charles Grace said Monday, Oct. 7, that he expects the hearing on that permit for the small-scale recycled water plant to be held in December.

Read more here: <http://www.sanluisobispo.com/2013/10/09/2725815/san-simeon-faces-strict-water.html#storylink=cpy>

OCTOBER 23, 2013

ITEM F

ATTACHMENT J

For Immediate Release

Oceano Community Services District appoints Lonnie R. Curtis, P.E. as General Manager

Oceano, CA (October 10, 2013) – The Oceano Community Services District has appointed Lonnie R. Curtis, P.E. to serve as General Manager. The appointment was made and announced after a closed session meeting that took place on Wednesday, October 9, 2013. The Board adopted a resolution formally appointing Mr. Curtis during the regular open session meeting immediately thereafter, to be effective October 15, 2013.

Mr. Curtis graduated from University of California, Irvine in 1989 with a BS in Civil Engineering and is a California Registered Engineer. Currently an independent contractor and owner of Curtis Civil Engineering, Mr. Curtis has experience as General Manager for Santiago County Water District and Eldorado County Water Agency. He served as District Manager for Golden State Water Company in Orange County, Project Manager for San Diego County Water Authority, Water Resources Engineer for Kennedy/Jenks Consultants in Irvine, and Engineering Technician for Irvine Ranch Water District. His extensive background includes Sewer Master Plans, Water Treatment Plant and pipeline design and construction.

“We are excited to have Mr. Curtis as our General Manager,” said Mathew Guerrero, President of the Oceano Community Services District board of Directors. “His experience at all levels of water and sewer service will be an incredible asset.”

“We have found the right person and we are pleased that Mr. Curtis will be our General Manager,” said Mary Lucey, Vice-President of the Board. We are looking forward to working with Mr. Curtis and continuing the work of moving this District in the right direction.”

OCTOBER 23, 2013

ITEM F

ATTACHMENT K

Learn how to manage water wisely Saturday



Q: I know a lot of people who have dry wells because of the drought. I know that gardening uses lots of water, so what can I do to help out?

— *Nicole C. Paso Robles*
A: Most analysts have identified water as one of the most significant problems of the western United States. As you know, there are severe water shortages in Paso Robles and the North County, Cambria, Cayucos, Morro Bay and Nipomo. Critical water issues remain in Los Osos, the city of San Luis Obispo, and elsewhere in the county. Besides lack of rainfall, our management of home gardens can contribute to this problem.

The University of California in Davis and the EPA estimate that 25 percent to 60 percent of residential water use goes to landscape irrigation. Now is a good time to find out how al-

GOT A GARDENING QUESTION?

Contact the University of California Cooperative Extension Master Gardeners: at 781-5939 from 1 to 5 p.m. on Monday and Thursday; at 473-7190 from 10 a.m. to noon on Wednesday in Arroyo Grande; and at 434-4105 from 9 a.m. to noon on Wednesday in Templeton. Visit the UCCE Master Gardeners website at <http://ucanr.org/sites/mgsto> or email mgsanluisobispo@ucdavis.edu.

ternative landscaping can reduce water in your own garden. Changing your home landscape can reduce your water bill and maintenance; help in overall water conservation, and at the same time provide texture, color and accents to your existing garden.

There are plenty of good ideas to help you make wise decisions regarding the composition of your garden. There are many principles of constructing xeriscapes, defined as horticulture that emphasizes water conservation,

some of which include grouping plants according to their water and sun needs, using zone irrigation, and finding native plants that are best suited to the local climate.

To help you with this project, the UCCE Master Gardeners of San Luis Obispo County will be conducting a workshop on water-efficient landscapes, native plants and our water catchment system in the garden on Saturday. They will discuss how to select drought-tolerant plants for specific areas, how to in-



UC REGENTS

Drought-tolerant landscaping can include succulent gardens with lots of color and texture, such as this one above.

corporate California and Mediterranean native plants into your existing garden, and how to maintain a rain garden in your landscape using a water catchment system.

The workshop will be held at the Garden of the Seven Sisters, at the free Advice to Grow By workshop at 2156 Sierra Way, from 10 a.m. to noon Saturday, Oct. 19. Arrive early for best seating, bring a chair, hat and water.

10/16/13 TRIBUNE