

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN *MGL*
GENERAL MANAGER

DATE: MARCH 6, 2015

**AGENDA ITEM
E-1
MARCH 11, 2015**

EXTENSION OF TRACT 2642 OUTSIDE SERVICE COMMITMENT

ITEM

Consider request to extend term of Outside-User Agreement for Tract 2642, an eighteen (18) lot subdivision on South Oakglen Avenue. [RECOMMEND CONSIDER REQUEST]

BACKGROUND

Tract 2642 is a proposed 18 lot residential subdivision on South Oakglen Avenue that is within the District's Sphere of Influence but outside of the District's current boundary. The project applicants are Carl and Debra Holloway.

The Outside User Agreement for Tract 2642 was approved by the District Board on February 28, 2007 and was subsequently approved by the Local Agency Formation Commission of San Luis Obispo County on March 15, 2007. The original Agreement required the applicant to commence construction of water and sewer improvements by September 15, 2008 and allowed the applicant to request a six (6) month extension. In September 2008, the Board approved a six (6) month extension to March 15, 2009. Subsequently, the owner requested and your Board approved three amendments to the Agreement, each extending the deadline for commencing construction by two years. The current Agreement requires construction of improvements to begin by March 15, 2015.

Attached is a January 13, 2015 request from the applicant asking for a two (2) year time extension of the Outside User Agreement. If your Board approves the applicant's request, the applicant would have until March 15, 2017 to begin construction of the water and sewer improvements for the project.

FISCAL IMPACT

Prior to the District issuing a Will Serve letter, the Outside User Agreement requires the applicant to pay the District's current Water and Sewer System Capacity charges. The current capacity charges are \$10,491 per 1" water connection and \$8,526 per sewer connection (based on a 1" water connection). Total capacity charges for this project at today's rate is \$323,289.

RECOMMENDATION

Staff recommends that your Honorable Board consider the request. To approve the request your Board would adopt the attached Resolution authorizing Amendment No. 4 to the Agreement for Providing Water, Sewer and Solid Waste Services to Tract 2642.

ATTACHMENTS

- A. January 13, 2015 Request for Two Year Time Extension
- B. Draft Amendment No. 4 to Agreement for Providing Water and Sewer Service to Tract 2642
- C. Draft Resolution 2015-XXXX Holloway Outside User Agreement Extension 3

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March 11, 2015

E-1

ATTACHMENT A

RECEIVED
JAN 15 2015
NIPOMO COMMUNITY
SERVICES DISTRICT

January 13, 2015

Michael LeBrun
Nipomo Community Services District
148 S. Wilson Street
Nipomo, CA 93444

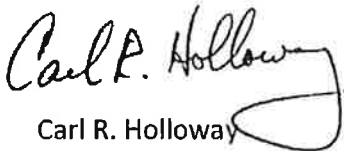
RE: Request for Two Year Extension on Outside User Agreement
Tract 2642, Oakglen Avenue, Nipomo

Dear Mr. LeBrun,

We would like to request a two year time extension on Tract 2642 Outside User Agreement which will expire on March 14, 2015. Our plans are approved and current with the County of San Luis Obispo through 2016 with additional extensions available.

As in the past, and if still necessary, we would also to request that we be scheduled on the Agenda for the NCSD Board Meeting. Please provide us with a date and time and, if you need additional information or have any questions, you may contact us at (805)929-4326. Thank you.

Sincerely,



Carl R. Holloway
561 South Oakglen Avenue
Nipomo, CA 93444

March 11, 2015

E-1

ATTACHMENT B

**Recording Requested By and
When Recorded Return to:**

**Nipomo Community Services District
P.O. Box 326
Nipomo, California 93444**

APN# 091-171-005
091-171-027
091-171-028
091-171-029

**AMENDMENT NO. 4 TO
AGREEMENT FOR PROVIDING WATER, SEWER, AND SOLID WASTE
SERVICE TO TRACT 2642**

Exhibit "A": Legal Description

THIS AMENDMENT TO AGREEMENT (herein "Amendment") is made this 11th day of March 2011, in San Luis Obispo County, California, by and between the Nipomo Community Services District, duly existing and operating pursuant to the provisions of Government Code Sections 61000, *et. seq.*, (hereinafter "District"), and Carl Holloway and Debra Holloway, (hereinafter referred to as "Owners"), with reference to the following Recitals:

RECITALS

- A. Owner is the legal fees simple owner of certain real property located in San Luis Obispo County, California, referred to as Tract 2642 (herein "Property" or "Tract 2642), which is located off South Oakglen Avenue, Nipomo, California, and is more particularly described on Exhibit "A", attached hereto and incorporated herein by this reference.
- B. On March 1, 2007, the District and Owners entered into an Agreement titled "Agreement for Providing Water, Sewer, and Solid Waste Service to Tract 2642 (herein "Agreement").
- C. The Agreement was recorded on April 6, 2007, in the Official Records of San Luis Obispo County as Document #2007023430.
- D. On March 8, 2009, the District and Owners entered into Amendment #1 to Agreement that amended Paragraph 9 of the Agreement to allow Owners a longer period of time for the construction of water and sewer improvements.

**AMENDMENT NO. 4 TO
AGREEMENT FOR PROVIDING WATER, SEWER, AND SOLID WASTE
SERVICE TO TRACT 2642**

- E. On March 8, 2011, the District and Owners entered into Amendment #2 to Agreement that amended Paragraph 9 of the Agreement to allow Owners a longer period of time for the construction of water and sewer improvements.
- F. On October 24, 2012, the District and Owners entered into Amendment #3 to Agreement that amended Paragraph 9 of the Agreement to allow Owners a longer period of time for the construction of water and sewer improvements.
- G. District and Owners desire to amend Paragraph 9 of the Agreement to allow Owners a longer period of time for the construction of water and sewer improvements.

NOW, THEREFORE in consideration of the mutual covenants and conditions contained herein, the parties agree to the fourth Amendment of the Agreement as follows:

Section 1

Except as amended by Section 2 below, the Terms and Conditions of the Agreement shall remain in full force and effect and such terms and conditions, including Exhibits, are incorporated herein by reference.

Section 2

Paragraph 9 of the Agreement is amended and restated as follows:

9. District's Right to Terminate.

Owner shall be in default, and District shall have the right to terminate this Agreement, if Owner fails:

- A. To make payments as required by this Agreement;
- B. To promptly design and construct the water and sewer improvements in accordance with District's rules, regulations, ordinances and the Plan Check and Inspection Agreement (Exhibit "B");
- C. To commence construction of water and sewer improvements by March 15, 2017; or

**AMENDMENT NO. 4 TO
AGREEMENT FOR PROVIDING WATER, SEWER, AND SOLID WASTE
SERVICE TO TRACT 2642**

D. To comply with any other terms or conditions of this Agreement.

District shall provide Owner with Notice of Termination and Owner shall have fifteen (15) days from the date of such Notice to cure the default. After the fifteen (15) day period to cure, the District may immediately terminate this Agreement and terminate District services to the Property.

Section 3

Owner and District consent to the recordation of this Amendment in the official records of the County Recorder of the County of San Luis Obispo.

Section 4

Recitals A, B, C, and D to this Amendment are incorporated herein by reference.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Agreement to be effective upon the date executed by District

OWNER:
CARL HOLLOWAY

OWNER:
DEBRA HOLLOWAY

By: _____
[Signature must be notarized]

By: _____
[Signature must be notarized]

Date: _____

Date: _____

NIPOMO COMMUNITY SERVICES DISTRICT

By: _____
CRAIG ARMSTRONG, PRESIDENT
Nipomo Community Services District
Board of Directors

Date: _____

ATTEST:

**AMENDMENT NO. 4 TO
AGREEMENT FOR PROVIDING WATER, SEWER, AND SOLID WASTE
SERVICE TO TRACT 2642**

By: _____
MICHAEL S. LEBRUN, General Manager and
Secretary to the Board of Directors,

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March 11, 2015

E-1

ATTACHMENT C

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2015-XXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING AMENDMENT NO. 4 TO OUTSIDE USER AGREEMENT
FOR WATER, SEWER, AND SOLID WASTE SERVICES TO TRACT 2642**

WHEREAS, the Nipomo Community Services District ("District") entered into an Agreement for Providing Water, Sewer and Solid Waste Service to Tract 2642 ("Agreement") on March 1, 2007, with Carl and Debra Holloway ("Owners"); and

WHEREAS, the District and Owners entered into Agreement Amendment #1 for Providing Water, Sewer and Solid Waste Service for Tract 2642 ("Amendment #1") to amend Paragraph 9 of the Agreement to allow Owners additional time for the construction of water and sewer improvements; and

WHEREAS, the District and Owners entered into Agreement Amendment #2 for Providing Water, Sewer and Solid Waste Service for Tract 2642 ("Amendment #2") to amend Paragraph 9 of the Agreement to allow Owners additional time for the construction of water and sewer improvements; and

WHEREAS, the District and Owners entered into Agreement Amendment #3 for Providing Water, Sewer and Solid Waste Service for Tract 2642 ("Amendment #3") to amend Paragraph 9 of the Agreement to allow Owners additional time for the construction of water and sewer improvements; and

WHEREAS, the District and Owners desire to further amend Paragraph 9 of the Agreement to allow Owners a longer period of time for the construction of water and sewer improvements:

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT THAT:

1. Amendment No. 4 to Agreement for Providing Water, Sewer and Solid Waste Service for Tract 2642, attached hereto as Exhibit "A", as amended, is hereby approved provided the applicant delivers to the District a fully signed Amendment within fifteen (15) calendar days from the date of the Hearing.
2. The above Recitals are true and correct and incorporated herein by reference.

Upon the motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
CONFLICTS:

the foregoing resolution is hereby adopted this 11th day of MARCH 2015.

CRAIG ARMSTRONG
President of the Board

ATTEST:

APPROVED AS TO FORM:

MICHAEL S. LEBRUN
Secretary to the Board

MICHAEL W. SEITZ
District Legal Counsel

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER
DATE: MARCH 6, 2015

**AGENDA ITEM
E-2
MARCH 11, 2015**

**CONDUCT A HEARING TO ADOPT AN ORDINANCE REPEALING
DISTRICT CODE SECTIONS
3.05.10 THROUGH 3.05.060 AND 3.05.080 THROUGH 3.05.170
WATER ALLOCATION POLICY**

ITEM

Conduct a hearing to adopt an Ordinance repealing Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170 pertaining to water allocation policy. [RECOMMEND, BY MOTION AND ROLL CALL VOTE, ADOPT ORDINANCE AND APPROVE RESOLUTION]

BACKGROUND

In 2004, your Board adopted an Ordinance intended to limit new and increased demand on area groundwater resources by allocation of groundwater resources. Subsequently, the District added 500 acre feet per year of capacity to the Nipomo Supplemental Water Project and is now accounting for new water connection against this supplemental water volume. Therefore the allocation system is no longer applicable.

FISCAL IMPACT

Minor staff time preparing board materials.

STRATEGIC PLAN

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

RECOMMENDATION

By motion and roll call vote:

- Adopt proposed Ordinance repealing Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170; and
- Direct staff to prepare and file CEQA notice and findings.

ATTACHMENTS

- A. Ordinance 2015-XXX Repeal Allocation

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March 11, 2015

E-2

ATTACHMENT A

ORDINANCE NO. 2015-XXX

**AN ORDINANCE OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REPEALING SECTIONS 3.05.10 THROUGH 3.05.060 AND 3.05.080
THROUGH 3.05.170, WATER ALLOCATION POLICY, OF THE DISTRICT
CODE**

WHEREAS, the Nipomo Community Services District ("District") provides water service within the District's water service area pursuant to §61100(a) of the Community Services District Law, and

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

WHEREAS, the Nipomo Community Services District ("District") is a party to a groundwater adjudication, Santa Maria Valley Water Conservation District v. City of Santa Maria, etc et al, Case No CV 770214, and

WHEREAS, the District agreed to purchase an additional 500 acre feet per year of supplemental water to water in-fill development within District boundaries pursuant to the Stipulated Judgment, and

WHEREAS, the District is currently constructing a supplemental water pipeline and expects delivery of supplemental water in Summer 2015, and

WHEREAS, the current allocation ordinance is no longer applicable, and

WHEREAS, the District Board of Directors, at a public meeting, on February 25, 2015, considered a Staff Report, and public testimony regarding repealing Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170 of the District Code; and

WHEREAS, on March __, 2015, the District Board of Directors, at a public meeting, took the following actions in considering the repealing of Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170:

- A. Considered the facts and analysis as presented in the Staff Report prepared for the adoption of this Ordinance;
- B. Conducted a public hearing to obtain public testimony on the proposed Ordinance;

WHEREAS, in repealing Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170, the District does not intend to limit other authorized means of managing, protecting and conserving the groundwater basin, and intends to work cooperatively with the NMMA Technical Group and other agencies to implement joint groundwater management practices; and

WHEREAS, based on the Staff Report, staff presentation, and public comment, the District Board of Directors finds:

AN ORDINANCE OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REPEALING SECTIONS 3.05.10 THROUGH 3.05.060 AND 3.05.080 THROUGH 3.05.170, WATER
ALLOCATION POLICY, OF THE DISTRICT CODE

- A. Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170 are no longer applicable or necessary.

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

Section 1. Repeal of Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170 to the District Code

Sections 3.05.010 through 3.05.060 and 3.05.080 through 3.05.170 of the District Code are hereby repealed in their entirety.

Section 2. Incorporation of Recitals

The recitals to this Ordinance are true and correct and are incorporated herein by this reference.

Section 3. Severability

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

Section 4. Effect of headings in Ordinance

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

Section 5. Inconsistency

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

Section 6 — CEQA

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

ORDINANCE NO. 2015-XXX

AN ORDINANCE OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REPEALING SECTIONS 3.05.10 THROUGH 3.05.060 AND 3.05.080 THROUGH 3.05.170, WATER
ALLOCATION POLICY, OF THE DISTRICT CODE

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

Section 7 — California Department of Fish and Game Certificate of Fee Exemption

Pursuant to § 711.4 (c)(2)A of the Fish and Game Code, the District Board of Directors finds that rules and regulations adopted by this Ordinance will have no effect on fish and wildlife. The General Manager is authorized to file a California Department of Fish and Game Certificate of Fee Exemption.

Section 8. Effective Date

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage. The Ordinance shall be published once with the names of the members of the Board of Directors voting for and against the Ordinance in a paper of general circulation.

Introduced on the 25th day of February, 2015 and adopted by the Board of Directors of the Nipomo Community Services District March __, 2015, by the following roll call vote, to wit:

- AYES:
- NOES:
- ABSENT:
- ABSTAINING:

CRAIG ARMSTRONG
President of the Board

ATTEST:

APPROVED AS TO FORM:

MICHAEL S. LEBRUN
General Manager and Secretary to the Board

MICHAEL W. SEITZ
District Legal Counsel

T:\BOARD MATTERS\ORDINANCES\2015\2015-XXX REPEAL CHAPTER 3.05.DOC

TO: BOARD OF DIRECTORS

FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

DATE: MARCH 6, 2015

**AGENDA ITEM
E-3
MARCH 11, 2015**

CONSIDER DISTRICT WATER RESOURCES POLICY

ITEM

Consider District water resources policy and provide staff direction [RECOMMEND CONSIDER INFORMATION AND DIRECT STAFF].

BACKGROUND

The District is constructing a supplemental water supply pipeline and preparing to increase area water supply sources. Supplemental water will facilitate better management of the local groundwater resource. Currently, groundwater is the only water supply to the District and entire Nipomo Mesa.

The District's project will ultimately bring 3,000 acre feet per year of supplemental supply to the Nipomo Mesa. 2,500 acre-feet of the new supply will be used to offset and reduce existing groundwater demands in compliance with the goal of returning our local basin to balance and long-term sustainability. The project also meets the District's requirement under a court-ordered settlement of the Santa Maria groundwater adjudication.

The District is making a significant investment to bring supplemental water to the Mesa. The District desires to protect this investment by ensuring this supplemental water source results in direct and sustained reduction in urban related groundwater pumping across the Nipomo Mesa.

In addition to reducing the current urban related groundwater demand in the area, all new development going forward must be met by imported water or the beneficial effects of the current project would be nullified. For this reason, the settlement Stipulation specifies that new urban uses must be watered with supplemental water (Section VI.E., Page 27).

In order to meet this requirement, the District added 500 acre-feet per year of capacity to the supplemental water project. This water is earmarked for new development within the District's boundaries and is being accounted for against all new water connections since January 2008 – when the groundwater court issued its Final Judgment.

As the Mesa's only public water purveyor, the District plays an important role in protecting the area's water resources. However, with limited geographic and policy authority, the District is not in a position to dictate water resources policy across the Nipomo Mesa.

The County of San Luis Obispo, through its planning and building powers, controls new/future development. The Nipomo Mesa Management Area (NMMA) Technical Group is the court appointed group tasked with monitoring and managing the area groundwater resources and reporting annually to the groundwater court. The NMMA membership includes all four of the Mesa's largest urban water suppliers, including the District. Each purveyor also plays a role in making sure new development is not putting new demand on the groundwater basin.

To be effective, District policy needs to be applicable and implementable across the area. This is accomplished by basing the policy on previous groundwater court and County actions regarding the use and protection of Nipomo area groundwater resources. Specifically, these actions include the Stipulation and Final Judgment of the court, as mentioned above, and San Luis Obispo County Ordinance 3090.

In 2006, the County Board of Supervisors certified Mesa area groundwater resources as Level of Severity III (most severe) and adopted Ordinance 3090. The County Ordinance requires supplemental water fees be established and collected and new supplemental water be used for new development across the Nipomo Mesa.

In 2014, the District solicited input on the draft Water Resources Policy Statement from the County and NMMA Technical Group. Some NMMA members commented on the draft, but the Technical Group did not endorse the Policy. Directors and staff met with County staff and 4th District Supervisor on two occasions to discuss the draft Policy Statement. Most of the County's comments addressed the background information to the Policy. These comments have been addressed.

Last month, your Board considered the draft policy and directed further changes and review by Facilities/Water Resources Committee.

On February 18, 2015, the Facilities/Water Resources Committee reviewed the policy and further refined the draft policy. The current version of the draft Policy is attached.

Your Board may consider finalizing the policy and then seeking County support or first seeking further County support and input on the draft policy.

FISCAL IMPACT

Over the next ten years, the District will invest over \$30 million in infrastructure to deliver supplemental water to the area. District water rates will increase to pay for the more expensive imported water. There must be strong policy in place to ensure the maximum benefit and protection of area groundwater resources comes from this investment.

STRATEGIC PLAN

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

- 1.4 Seek to have the County implement sustainable water supply policies that match the level of development they approve, including all the features described in the Water Resources Policy Statement.

RECOMMENDATION

Staff is seeking Board and public input on how best to protect the District's primary water supply through sustainable management of the local groundwater basin. Staff is seeking Board direction on promulgation of a District Water Resources Policy.

ATTACHMENTS

- A. February 18, 2015 - draft Water Resources Policy Statement,

March 11, 2015

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ATTACHMENT A

Nipomo Community Service District

3/11/15 DRAFT – Water Resources Policy Statement

Purpose

This policy statement is intended to support the mission of the NCSO to “provide our customers with reliable, quality, and cost-effective services now and in the future.”

WATER RESOURCES POLICY STATEMENT

1. In the context of the court’s Final Judgment, “New Urban Uses” of the basin groundwater is use associated with development approved after the Judgment was filed on January 25, 2008.
2. The District added 500 acre feet per year (afy) of capacity to the Court ordered 2,500 afy Nipomo Supplemental Water Project. The District added the capacity in order to supply water to new development on undeveloped and under-developed parcels within its services boundary. All District approved applications for new water service after January 2008 will be tentatively counted against the added 500 afy of supplemental water capacity. When a ‘new’ project is issued a Will Serve letter (final non-revocable commitment to serve), the allocation of water for the project will be permanently counted against the District’s 500 afy of additional supplemental water project capacity.
3. Once the District has allocated 500 afy of supplemental water capacity from the current supplemental water project to ‘new’ urban uses, no further applications for new water service will be accepted and no commitments for new water service will be made by the District unless and until additional supplemental/developed water sources are under contract.
4. Subject to the terms of the 2005 Stipulation the District will work with the County of San Luis Obispo to insure that areas outside the District services boundary and within the NMWCA/NMMA, and excepting only development within the Woodlands Specific Plan (for which 416 AFY of capacity in the Nipomo Supplemental Water Project has been specifically reserved), all new urban uses are met by a future source (in addition to the court defined Nipomo Supplemental Water Project) of supplemental water as follows:
 - Within the service boundaries of Golden State Water Company (GSWC) and Rural Water Company (RWC), all new uses for water must be met by supplemental water (2005 Stipulation).

Nipomo Community Service District

3/11/15 DRAFT – Water Resources Policy Statement

- In areas not served by GSWC, NCSD, or RWC, subject to stated exceptions in the 2005 Stipulation, all new urban uses resulting from land divisions must pay a supplemental water fee (SLO CO Ordinance 3090). The fee must be applied to a new supply of supplemental water. All new urban uses resulting from general plan amendment must utilize new sources of supplemental/developed water (SLO CO Ordinance 3090).
 - Consistent with its mission to reliably provide its customers with water services, the District recognizes its responsibility to deny services that would enable violation of the 2005 Stipulation that new urban uses “shall provide a source of supplemental water, or a water resource development fee, to offset the water demand associated with that development.”
5. The District will cooperate with San Luis Obispo County to reconcile County Ordinance 3090 with the 2005 Stipulation by expanding the County Ordinance to require that all new water uses (not just that new water use resulting from property division and/or general plan amendment) pay a supplemental water fee toward new sources of supplemental water, subject to the terms of the June 30, 2005 Stipulation.
 6. Supplemental water charges collected from inside the District boundary will be utilized to build out the current supplemental water project to full (3,000 AFY) capacity.
 7. The District will continue cooperation with the County and NMMA groundwater producers to define and implement management measures that will protect area groundwater resources.
 8. The District will continue working with the County and other regional purveyors and interested parties to define and acquire new sources of supplemental/developed water with the goal of continued improvement in the District’s long term water resources supply dependability.

WATER RESOURCES POLICY STATEMENT BACKGROUND

The entire Nipomo Mesa and greater Nipomo area relies on groundwater to meet 100% of current water needs. The District and two other large water companies account for about 39% of the annual groundwater pumping and supply about half of the area's residential homes and commercial businesses. The remainder of users including agriculture, residential and commercial, is supplied by private wells to access the groundwater.

Urban groundwater pumping across the Nipomo Mesa was approximately 3,000 acre-feet per year (afy) in 1981. By 2001 it had more than doubled to over 6,000 afy. Mesa area urban pumping peaked in 2007 at approximately 9,000 afy before falling along with the economy and local housing construction. In 2013, urban demand is back over 9,000 afy due to new urban development.

In 2002, the California Department of Water Resources issued a report that estimated the "safe yield" of the Nipomo Mesa was between 4,800 and 6,000 acre-feet per year.

In 1997, the Santa Maria Groundwater Basin from Orcutt to Shell Beach including the entire Nipomo, became subject to groundwater litigation. On January 25, 2008 the court issued a Final Judgment in the case and ordered a 2005 Stipulation that had been entered into by most litigants be implemented.

The 2005 Stipulation defines three management areas across the basin (Northern Cities, Nipomo Mesa, and Santa Maria Valley) and establishes membership and reporting requirements for each. The Stipulation requires that the District lead a project (the Nipomo Supplemental Water Project) to import 2,500 AFY of water to the Nipomo Mesa Management Area (NMMA) from the City of Santa Maria (June 30, 2005 Stipulation, Section VI Physical Solution).

With certain stated exceptions, the Stipulation also requires that all new urban water uses within the NMMA shall provide a source of supplemental water or a supplemental water development fee to offset the new water uses associated with that development (June 30, 2005 Stipulation Section VI.E. New Urban Uses). Developed water for new use is above and beyond the 2,500 AFY required by the Stipulation for the purpose of offsetting the existing pumping imbalance.

In May 2006, the County adopted Ordinance 3090 establishing the Nipomo Mesa Water Conservation Area (NMWCA) boundaries. {The boundaries are nearly coterminous with the court defined NMMA boundary.} The Ordinance requires all land divisions within the NMWCA that lead to increased non-agricultural water demand pay a supplemental water fee. Further, Ordinance 3090 requires that amendments to the General Plan which increase non-agricultural water demand within the NMWCA be watered by imported or supplemental water.

In October 2008, the County adopted Ord. 3160 requiring that water conservation measures be implemented in new construction throughout the Nipomo Mesa Water Conservation Area (NMWCA).

In order to support the Stipulation, the District awarded construction contracts for Nipomo Supplemental Water Project, Phase 1 in June 2013. The Project will have an initial 650 acre-foot per year (AFY) capacity and is scheduled to be completed by July 2015.

Phases 2 and 3 of the project will bring total capacity to 3,000 afy. The District is currently designing and preparing bid documents for a ½ million gallon pump station reservoir that is part of Phase 2 work. The tank will be built following commissioning of Phase 1 depending on financing and bid results. The tank will increase delivery capacity to as much as 1,000 afy. The remainder of Phase 2 work and Phase 3 construction is not yet scheduled.

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TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

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

DATE: MARCH 6, 2015

**AGENDA ITEM
E-4
MARCH 11, 2015**

DISCUSS SUPPLEMENTAL WATER ACCOUNTING APPROACH

ITEM

Consider supplemental water accounting approach and provide direction to staff [RECOMMEND CONSIDER INFORMATION AND DIRECT STAFF].

BACKGROUND

The District's commitment to provide water service for new development is a two-step process. The District first assigns water for the project through the Intent-to-Serve letter process to allow a developer to begin the County of San Luis Obispo planning approval process. The developer then has up to 4 years to complete the County planning approval process or the Intent-to-Serve letter expires. Once the project is approved by the County and the developer satisfies all of the District's Intent-to-Serve letter conditions, including payment of the District's connection charges, the District "permanently" reserves water for the project and provides a Will-Serve letter for the project.

The District is now constructing a supplemental water project to increase its available water supply and meet the District's share of the court ordered commitment to bring a minimum of 2,500 AFY of supplemental water to the Nipomo Mesa Management Area (NMMA). In addition, the District's supplemental water project includes a 500 AFY capacity reservation for new development within the District's existing boundaries consistent with the court order requirements that all new urban water demand within the NMMA be met with new developed water.

A policy to account for water reserved for all new development within the District against the 500 AFY supplemental water project capacity is required to ensure that the District does not over reserve or under reserve water for future development. In addition, the District needs to track when it is getting close to fully accounting for and reserving the 500 AFY of supplemental water so that the District can plan for acquiring additional supplies.

District monthly water charges as well as one-time connection charges are developed on the basis of meter size, i.e., meter capacity. Staff proposes to account for and reserve water for new development based on meter size. Meter capacity ratios, which are based on physical meter capacity, would be used to account for and reserve water for other size meters. Supplemental water for all new water connections, residential and commercial, would be accounted for based on meter size.

Staff explored several approaches to developing the appropriate quantity of water that would form the basis for the supplemental water accounting policy and presented these to the Facilities & Water Resources Committee on February 18, 2015. The Committee directed staff to use equivalent meters and total production on a five-year running average as the basis for

assigning a volume of supplemental water to new water connections. Based on the data, staff developed a 1-inch equivalent meter volume of .53 AFY. Staff then applied this rate to all projects approved since January 25, 2008 to estimate the quantity of water reserved for new development (Will-Serve issued) as well as the quantity of water assigned to new development (Intent-to-Serve Letter Issued but subject to expiration). The preliminary summary is as follows:

Available Supplemental Water	500 AFY
Supplemental Water Reserved (Will-Serve Letter Issued)	-5.8 AFY
Subtotal Net Available Supplemental Water	494.2 AFY
Supplemental Water Assigned (Intent-to-Serve Issued, Subject to Expiration)	-143.1 AFY
Total Remaining Supplemental Water	351.1 AFY

The same approach could be used as a basis by the other water purveyors within the NMMA as well as by the County to ensure that new development is not putting new demand on the groundwater basin.

New development is driven largely by economic conditions. In addition, the County, through its planning and building powers, impacts demand for water resources associated with new development. Staff proposes to report supplemental water accounting totals monthly to the Board and provide a comprehensive review of supplemental water (current and future) annually to the Board so that the District can plan for acquiring additional supplies since water projects can take many years to develop. The comprehensive review frequency could increase to semi-annual once the District has “permanently” reserved approximately 300 AFY of supplemental water and then the Board could consider ramping down or cutting off new connections when 400 AFY of the 500 AFY is permanently assigned.

FISCAL IMPACT

The proposed accounting approach based on meter size would support the continued development of the District’s supplemental water project, provide water for new development, and maintain fairness and equity among existing and future rate payers within the District.

STRATEGIC PLAN

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

RECOMMENDATION

Staff is seeking Board direction on the proposed supplemental water accounting approach for new development.

ATTACHMENTS

None

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER
DATE: MARCH 6, 2015

**AGENDA ITEM
E-5
MARCH 11, 2015**

**CONSIDER CALIFORNIA SPECIAL DISTRICT ASSOCIATION
REQUEST FOR NOMINATIONS**

ITEM

Consider California Special District Association call for nominations to fill Coastal Network Seat A. [RECOMMEND DISCUSS AND NOMINATE CANDIDATE].

BACKGROUND

See the information provided by CSDA.

FISCAL IMPACT

None

RECOMMENDATION

Consider the information, should your Board desire, provide a nomination and direct staff to file paper work.

ATTACHMENTS

- A. February 20, 2015 CSDA Packet

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March 11, 2015

E-5

ATTACHMENT A



**California Special
Districts Association**
Districts Stronger Together

RECEIVED
FEB 23 2015
CITY OF SACRAMENTO

DATE: February 20, 2015
TO: CSDA Voting Member Presidents and General Managers
FROM: CSDA Elections and Bylaws Committee
**SUBJECT: CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS
SEAT A**

The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2016 - 2018 term.

The leadership of CSDA is elected from its six geographical networks. Each of the six networks has three seats on the Board with staggered 3-year terms. Candidates must be affiliated with an independent special district that is a CSDA regular member located within the geographic network that they seek to represent. (See attached Network Map)

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The Board of Directors is crucial to the operation of the Association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the Board requires one's interest in the issues confronting special districts statewide.

Commitment and Expectations:

- Attend all Board meetings, held every other month at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento.
(CSDA reimburses Directors for their related expenses for Board and committee meetings as outlined in Board policy).
- Attend CSDA's two annual events: Special District Legislative Days (held in the spring) and the CSDA Annual Conference (held in the fall).
- **Complete all four modules of CSDA's Special District Leadership Academy within 2 years.**
(CSDA does not reimburse for expenses for the two conferences or the Academy classes even if a Board or committee meeting is held in conjunction with the events).

Nomination Procedures: Any Regular Member is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors), for election to the CSDA Board of Directors. **A copy of the member district's resolution or minute action and Candidate Information Sheet must accompany the nomination. The deadline for receiving nominations is May 22, 2015.** Nominations and supporting documentation may be mailed or faxed.

Nominees will receive a Candidate's Packet in the mail. The packet will include campaign guidelines.

CSDA will mail ballots on June 5th. The ballots must be received by CSDA no later than 5:00 p.m. August 7, 2015 and must be the original ballot (no faxes or e-mails). The successful candidates will be notified no later than August 10th. All selected Board Members will be introduced at the Annual Conference in Monterey, CA in September.

Expiring Terms

(See enclosed map for regional breakdown)

Northern Network	Seat A John Woolley, Manila Community Services District
Sierra Network	Seat A Noelle Mattock, El Dorado Hills Community Services District*
Bay Area Network	Seat A <i>Currently vacant</i>
Central Network	Seat A Joel Bauer, West Side Cemetery District*
Coastal Network	Seat A Elaine Freeman, Rancho Simi Recreation & Park District
Southern Network	Seat A Jo MacKenzie, Vista Irrigation District*

(* = Incumbent is running for re-election)

If you have any questions, please contact Charlotte Lowe at 877-924-CSDA or charlottel@csda.net.



**California Special
Districts Association**
Districts Stronger Together

BOARD OF DIRECTORS NOMINATION FORM

Name of Candidate: _____

District: _____

Mailing Address: _____

Network: _____ (see map on back)

Telephone: _____

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: _____

E-mail: _____

Nominated by (optional): _____

Return this form and a Board resolution/minute action supporting the candidate
and Candidate Information Sheet by fax or mail to:

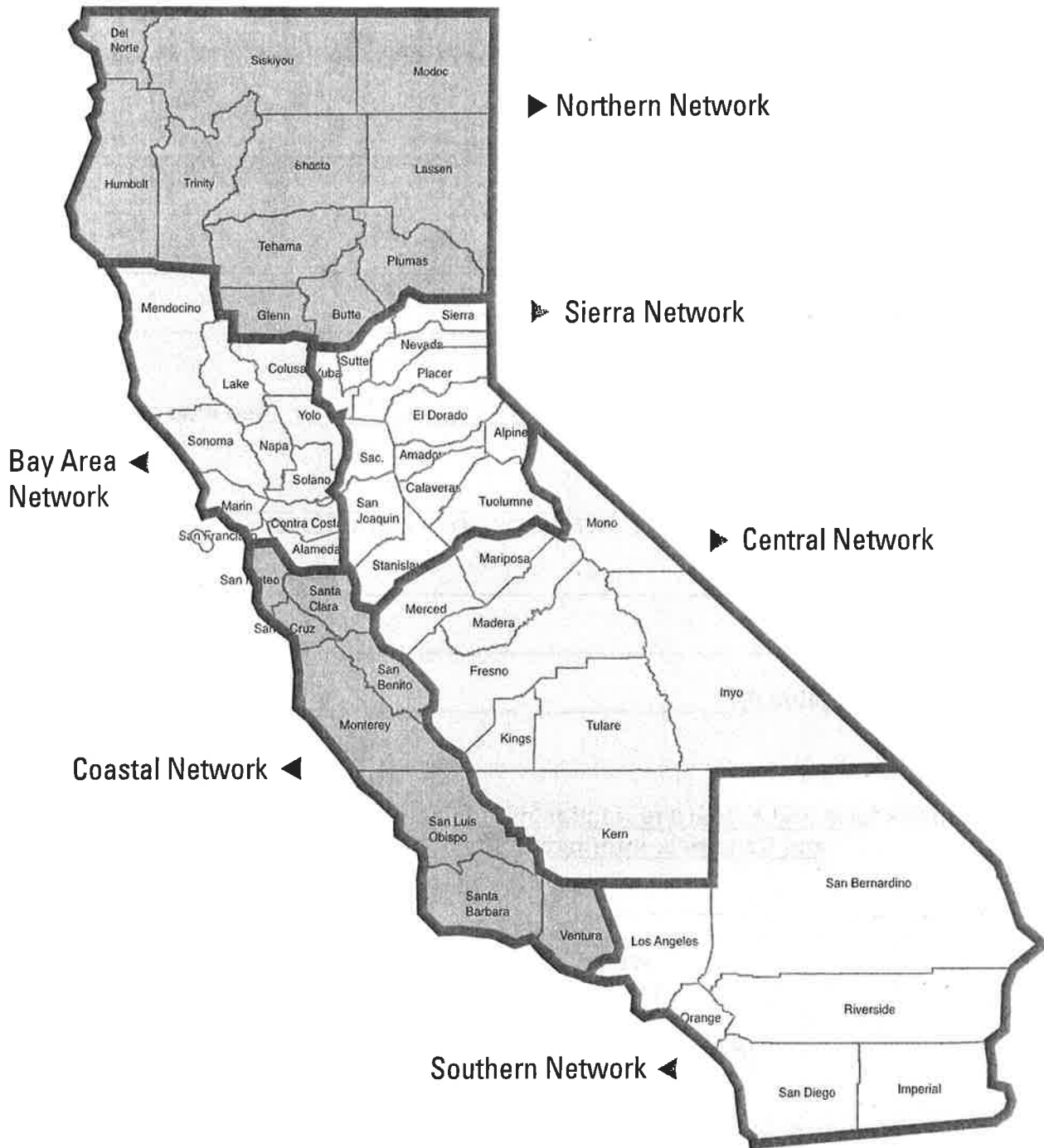
CSDA
Attn: Charlotte Lowe
1112 I Street, Suite 200
Sacramento, CA 95814
(877) 924-2732 (916) 442-7889 fax

DEADLINE FOR RECEIVING NOMINATIONS – May 22, 2015



California Special Districts Association

DISTRICT NETWORKS





CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: _____

District/Company: _____

Title: _____

Elected/Appointed/Staff: _____

Length of Service with District: _____

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

4. List civic organization involvement:

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after June 4, 2015 will not be included with the ballot mailing.**

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER
DATE: MARCH 6, 2015

**AGENDA ITEM
E-6
MARCH 11, 2015**

CONSIDER BOARD MEETING SCHEDULE CHANGES

ITEM

Consider proposed changes to regular Board Meeting Schedule [RECOMMEND CONSIDER PROPOSED CHANGES AND DIRECT STAFF].

BACKGROUND

There are no administrative items pending for the March 25, 2015 Regular Board Meeting. Staff is recommending the meeting be cancelled.

Due to a scheduling conflict, staff requests the Board consider moving the May 13, 2015 Regular Board Meeting to Tuesday, May 12, 2015.

FISCAL IMPACT

None

RECOMMENDATION

Consider the recommendation and request and direct staff.

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