

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: MAY 5, 2017



AGENDA ITEM
C
MAY 10, 2017

PRESENTATIONS AND REPORTS

The following presentations and reports are scheduled:

- C-1) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES, AND SEMINARS.
Receive Announcements and Reports from Directors
- C-2) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS.

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER 

DATE: MAY 5, 2017

AGENDA ITEM

D

MAY 10, 2017

CONSENT AGENDA

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

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

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE APRIL 26, 2017, REGULAR BOARD MEETING MINUTES
[RECOMMEND APPROVAL]
- D-3) APPROVE LANDSCAPE MAINTENANCE DISTRICT #1 ENGINEER'S LEVY
REPORT [RECOMMEND ADOPT RESOLUTIONS]
- D-4) FINANCIAL REPORT – THIRD QUARTER REPORT [RECOMMEND REVIEW
AND ACCEPT REPORT]

TO: BOARD OF DIRECTOR

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER



FROM: LISA BOGNUDA
FINANCE DIRECTOR



DATE: MAY 5, 2017

AGENDA ITEM

D-1

MAY 10, 2017

WARRANTS WILL BE DISTRIBUTED ON WEDNESDAY, MAY 10, 2017 AT BOARD MEETING.

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: MAY 5, 2017

AGENDA ITEM
D-2
MAY 10, 2017

**APPROVE APRIL 26, 2017
REGULAR BOARD MEETING MINUTES**

ITEM

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

BACKGROUND

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

RECOMMENDATION

Approve Minutes

ATTACHMENT

- A. April 26, 2017 draft Regular Board Meeting Minutes

May 10, 2017

ITEM D-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community Since 1965

DRAFT REGULAR MINUTES

APRIL 26, 2017 AT 9:00 A.M.

JON S. SEITZ BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

DAN ALLEN GADDIS, **PRESIDENT**
ED EBY, **VICE PRESIDENT**
BOB BLAIR, **DIRECTOR**
CRAIG ARMSTRONG, **DIRECTOR**
DAN WOODSON, **DIRECTOR**

PRINCIPAL STAFF

MARIO IGLESIAS, **GENERAL MANAGER**
LISA BOGNUDA, **FINANCE DIRECTOR**
WHITNEY MCDONALD, **GENERAL COUNSEL**
PETER SEVCIK, **DIRECTOR OF ENG. & OPS.**
JESSICA MATSON, **BOARD CLERK**

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

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

President Gaddis called the Regular Meeting of April 26, 2017 to order at 9:00 a.m. and led the flag salute.

00:00:29 B. ROLL CALL AND PUBLIC COMMENT FOR ITEMS NOT ON AGENDA

At Roll Call, all Directors were present.

There were no public comments.

C. PRESENTATIONS AND REPORTS

00:00:42 C-1) DIRECTOR OF ENGINEERING AND OPERATIONS SUMMARY OF ACTIVITIES – MONTHLY REPORT; JOSHUA ROAD PUMP STATION CONSTRUCTION

Peter Sevcik, Director of Engineering and Operations, reviewed the report as presented in the Board Packet and distributed additional project photos to the Board (available for review at the District office).

The new pump is scheduled to start up mid-May and there will be a ribbon cutting ceremony on May 24th. Mr. Sevcik answered questions from the Board.

00:07:39 C-2) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES, AND SEMINARS.

Receive Announcements and Reports from Directors

Director Woodson

- *April 24, Attended the South County Advisory Council (SCAC) meeting where they reviewed the marijuana issue.*
- *Spoke with the County Public Works Project Manager regarding the Tefft Interchange project.*

Director Eby

- *April 14, Attended the Nipomo Mesa Management Area (NMMA) Technical Group Meeting where they reviewed final edits to the annual groundwater report. A public draft is expected to be available April 28.*
- *April 17, Attended the District Board Officer's meeting.*

SUBJECT TO BOARD APPROVAL

**Nipomo Community Services District
REGULAR MEETING
MINUTES**

Director Gaddis

- April 13, Attended the Finance & Audit Committee meeting where they reviewed the draft Fiscal Year 2017-2018 budget.
- April 17, Attended the District Board Officer's meeting.

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

There were no public comments.

*Upon the motion of Director Ed Eby and seconded, the Board unanimously approved to receive and file the presentations and reports as submitted.
Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Eby, Blair, Woodson, Armstrong, and Gaddis	None	None

00:10:18

D. CONSENT AGENDA

D-1) WARRANTS

D-2) APPROVE APRIL 12, REGULAR BOARD MEETING MINUTES

D-3) INVESTMENT POLICY – FOURTH QUARTER REPORT

Directors Woodson and Gaddis requested clarification on warrants. Mario Iglesias, General Manager, responded.

There were no public comments.

*Upon the motion of Director Ed Eby and seconded, the Board unanimously approved the Consent Agenda.
Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Eby, Blair, Woodson, Armstrong, and Gaddis	None	None

E. ADMINISTRATIVE ITEMS

00:12:48

E-1) CONSIDER RESPONDING TO THE COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS' SUSTAINABLE GROUNDWATER MANAGEMENT ACT FUNDING POLICY SHIFT

Mario Iglesias, General Manager, reviewed the report as presented in the Board Packet and distributed Director Eby's draft letter (available for review at the District office).

Director Eby gave a background of the Sustainable Groundwater Management Act (SGMA) and the County's formation of Groundwater Sustainability Agencies (GSAs). Director Eby also commented on the County Board of Supervisors' intention to fund GSAs out of the County's General Fund and that many agencies object to this.

SUBJECT TO BOARD APPROVAL

**Nipomo Community Services District
REGULAR MEETING
MINUTES**

Director Eby commented that stakeholders should fund their own GSA.

The Board reviewed the letter and discussed.

Directors Woodson and Blair commented in support of the letter.

Mario Iglesias, General Manager, commented on possible exclusions for some residents within District boundaries since they could potentially pay twice for the GSA.

Director Gaddis commented that the District should contact the State Department of Water Resources (DWR) to discuss shrinking the boundaries to the adjudicated area.

Mr. Iglesias and Whitney McDonald, Legal Counsel, commented on petitioning for realignment and the application deadline of January 2018.

Director Eby suggested staff retrieve the data presented at recent outreach meetings from County representatives and continue to work with the County regarding shrinking the boundary.

There were no public comments.

The Board directed staff to:

- *Work with Director Eby to finalize the letter and send to the County by mid-May.*
- *Place regular updates on future Board Agendas.*
- *Work with the County to retrieve the data presented at recent outreach meetings.*
- *Bring the Item to the May 10th Regular Board meeting to discuss redefining fringe areas.*

Upon the motion of Director Ed Eby and seconded, the Board unanimously agreed and directed staff to send the final letter to the County Board of Supervisors and follow-up before June 2017.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
<i>Directors Eby, Blair, Woodson, Armstrong and Gaddis</i>	<i>None</i>	<i>None</i>

E-2) CONSIDER REORGANIZING STAFFING STRUCTURE OF EXISTING OPERATIONAL POSITIONS WITHIN THE WATER AND WASTEWATER ENTERPRISES

Mario Iglesias, General Manager, reviewed the report as presented in the Board Packet. Mr. Iglesias and Peter Sevcik, Director of Engineering and Operations, answered questions from the Board.

Mr. Sevcik commented that developing staff in-house saves the District money and minimizes the risk of fines.

There were no public comments.

**Nipomo Community Services District
REGULAR MEETING
MINUTES**

*Upon the motion of Director Craig Armstrong and seconded, the Board unanimously approved the restructuring of Operator positions and job titles as proposed by staff.
Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
<i>Directors Armstrong, Blair, Woodson, Eby and Gaddis</i>	<i>None</i>	<i>None</i>

00:56:22

E-3) AUTHORIZE STAFF TO BID UTILITY ADJUSTMENT CONTRACT

Peter Sevcik, Director of Engineering and Operations, reviewed the report as presented in the Board Packet. Mr. Sevcik answered questions from the Board.

Director Woodson commented that the County's bid opening was on April 20th and he will research the results.

Director Eby directed staff to follow-up with the County regarding the improvement plans for this project.

There were no public comments.

*Upon the motion of Director Ed Eby and seconded, the Board unanimously authorized and directed staff to bid the utility adjustment contract.
Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
<i>Directors Eby, Woodson, Blair, Armstrong and Gaddis</i>	<i>None</i>	<i>None</i>

01:02:58

F. MANAGER'S REPORT

Mario Iglesias, General Manager, reviewed the report as presented in the Board packet. Mr. Iglesias answered questions from the Board.

There were no public comments.

01:09:22

G. COMMITTEE REPORTS

Director Armstrong reviewed the Finance & Audit Committee meeting minutes as presented in the Board Packet and commented that the draft Fiscal Year 2017-2018 budget will be brought to the full Board in May.

Director Blair reviewed the Administration Committee meeting minutes as presented in the Board Packet and commented on the Board's approval of the Committee's recommendations today.

01:10:19

H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

None.

**Nipomo Community Services District
REGULAR MEETING
MINUTES**

01:10:48

I. CLOSED SESSION ANNOUNCEMENTS

1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9
 - a) SMVWCD VS. NCSD (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND ALL CONSOLIDATED CASES).
 - b) BENING VS. NCSD SAN LUIS OBISPO COUNTY CASE NO 14CV0069
 - c) NCSD VS. LOS PRIMOS PROPERTIES LLC, SAN LUIS OBISPO COUNTY CASE NO. 16CV0512
2. CONTINUE STEP 1 OF 2 – ANNUAL PERFORMANCE REVIEW OF DISTRICT GENERAL MANAGER PURSUANT TO GOVERNMENT CODE SECTION 54957

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There were no public comments.

K. ADJOURN TO CLOSED SESSION

President Gaddis adjourned to closed session at 10:15 a.m.

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

The Board came back into Open Session at 11:10 a.m.

Whitney McDonald, District Legal Counsel, announced that the Board discussed Item I.1(a), 1(b), and 1(c), heard a report, but took no reportable action.

Ms. McDonald also reported that the Board continued performance review of District General Manager.

Director Gaddis reported that Director Eby will chair the May 10th Regular Board meeting in his absence.

ADJOURN

President Gaddis adjourned the meeting at 11:12 a.m.

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	1 hour 17 minutes
Closed Session	55 minutes
TOTAL HOURS	2 hours 12 minutes


Respectfully submitted,

Mario Iglesias, General Manager and Secretary to the Board

Date

SUBJECT TO BOARD APPROVAL

TO: BOARD OF DIRECTOR

REVIEWED: MARIO IGLESIAS 
GENERAL MANAGER

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

DATE: MAY 5, 2017

AGENDA ITEM
D-3
MAY 10, 2017

**APPROVAL OF THE ENGINEER'S LEVY REPORT AND
DECLARATION OF INTENTION TO LEVY ANNUAL ASSESSMENTS
FOR STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1 FOR
FISCAL YEAR 2017-2018**

ITEM

Consider adoption of resolutions approving the engineer's levy report and declaration of intention to levy annual assessments for Street Landscape Maintenance District No. 1 for Fiscal Year 2017-2018. [RECOMMEND ADOPT RESOLUTION]

BACKGROUND

On April 12, 2017, the Board of Directors adopted Resolution 2017-1438 entitled:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT INITIATING PROCEEDINGS FOR ANNUAL LEVY OF ASSESSMENTS FOR THE STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1 FOR FISCAL YEAR 2017-2018 PURSUANT TO THE PROVISIONS OF PART 2 OF THE DIVISION 15 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE

Peter Sevcik, P.E., District Engineer, was directed to prepare the annual levy report (attached). Pursuant to Proposition 218 and the Petition Requesting Formation of the Street Landscape Maintenance District, the annual levy may be increased by a percentage equal to or less than the Consumer Price Index (CPI) without conducting a Protest Vote. The actual amount to be assessed is based on the annual budget and may be less or more than the CPI. Property owners within the Maintenance District must approve any proposed assessment that exceeds the adjusted maximum rate based on the CPI (via a Proposition 218 Protest Vote).

It is recommended that the assessment remain the same amount of \$380.00 for FY 2017-2018 (See Page 4 of Engineer's Levy Report). The computed Maximum Assessment Allowable is \$479.05. The budgeted expenditures for FY 2017-2018 do not warrant assessing the full Maximum Assessment Allowable.

With the proposed assessment amount, the Maintenance District is projected to have an approximate deficit of \$1,310 in 2017-2018 and reserve balance at the end of FY 2017-2018 of \$19,690. The Cash Reserve Goal is \$20,000. As the history of the Maintenance District's annual levy (below) shows, the levy can be lowered in the future when reserves are adequate.

Period Covered	Amount Assessed per Parcel
Fiscal Year 2003-2004 (first year of assessment)	\$345.00
Fiscal Year 2004-2005	\$346.96
Fiscal Year 2005-2006	\$354.94
Fiscal Year 2006-2007	\$365.34
Fiscal Year 2007-2008	\$365.34
Fiscal Year 2008-2009	\$387.74
Fiscal Year 2009-2010	\$301.78
Fiscal Year 2010-2011	\$303.57
Fiscal Year 2011-2012	\$303.57
Fiscal Year 2012-2013	\$315.00
Fiscal Year 2013-2014	\$330.00
Fiscal Year 2014-2015	\$330.00
Fiscal Year 2015-2016	\$360.00
Fiscal Year 2016-2017	\$380.00

FISCAL IMPACT

Budgeted staff time was used to prepare this staff report.

RECOMMENDATION

Staff recommends that the Board, by motion and roll call vote, approve Resolution 2017-XXXX Approving the Engineer's Report and Declaring the Intention to Levy the Annual Assessment.

ATTACHMENTS

- A. Resolution 2017-XXXX Approving Engineer's Report and Declaring Intention to Levy
- B. FY 2017-2018 LMD No 1. Engineer's Report

May 10, 2017

ITEM D-3

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE ANNUAL ENGINEER'S LEVY REPORT,
DECLARING ITS INTENTION TO LEVY ANNUAL ASSESSMENTS
FOR STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FOR FISCAL YEAR 2017-2018,
AND SETTING A PUBLIC HEARING THEREON**

WHEREAS, the Board of Directors of the Nipomo Community Services District ("NCSD") has, by previous Petition and Resolutions, formed the Nipomo Community Services District Street Landscape Maintenance District No. 1 (hereinafter referred to as "Street Landscape Maintenance District No. 1") and initiated proceedings for the annual assessments for Fiscal Year 2017-2018 pursuant to the provisions of the Landscaping and Lighting Act of 1972, Streets and Highways Code of California, beginning with Section 22500 (hereinafter referred to as "Act"), which provides for the levy and collection of assessments by the County of San Luis Obispo for the NCSD to pay for the maintenance and services of all improvements and facilities related thereto; and

WHEREAS, the Street Landscape Maintenance District No. 1 and the associated assessments are in compliance with the provisions of California Constitution Article XIID; and

WHEREAS, by previous Resolution, the Board of Directors initiated proceedings for the annual levy of assessments for Street Landscape Maintenance District No. 1 for fiscal year 2017-2018 and appointed Peter Sevcik, District Engineer, for the purpose of assisting with the annual levy and to prepare and file a Report in accordance with Chapter 1, Article 4 of the Act, and

WHEREAS, said Report has been prepared, filed, and presented to the Board of Directors, as required by Chapters 1 and 3 of said Act; and

WHEREAS, the Board of Directors has carefully examined and reviewed the Report as presented, is satisfied with the budget items and documents as set forth therein, and is satisfied that the proposed assessments have been spread in accordance with the Petition for Street Landscape Maintenance District No. 1 and with benefits received from the improvements, operation, maintenance, and services to be performed within Street Landscape Maintenance District No. 1 as set forth in said Report, and

WHEREAS, the NCSD intends to levy and collect the annual assessments for Street Landscape Maintenance District No. 1 as set forth in said Report, pursuant to the Act.

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

SECTION 1: That the above recitals are all true and correct and incorporated herein by reference.

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE ANNUAL ENGINEER'S LEVY REPORT,
DECLARING ITS INTENTION TO LEVY ANNUAL ASSESSMENTS
FOR THE STREET LANDSCAPE AND MAINTENANCE DISTRICT NO. 1
FOR FISCAL YEAR 2017-2018,
AND SETTING A PUBLIC HEARING THEREON**

SECTION 2: That the presented Report consists of the following:

- a. A Description of the Improvements
- b. The Annual Budget (Costs and Expenses of Services, Operation, and Maintenance)
- c. The Method of Apportionment that details the method of calculating each parcel's proportional special benefits and annual assessment.
- d. The District Roll containing the proposed assessment for each parcel within the District for fiscal year 2017-2018.

SECTION 3: That the Report (Attached as Exhibit "A") is hereby approved and ordered to be filed in the NCSD Offices as a permanent record and remain open to public inspection.

SECTION 4: That the NCSD General Manager shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Engineer's Annual Levy Report.

BE IT FURTHER RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT, PURSUANT TO SECTION 22624 OF THE ACT, AS FOLLOWS:

SECTION 5: Intention: The NCSD hereby declares that it intends to levy and collect annual assessments pursuant to the Act over and including the land within the Street Landscape Maintenance District No. 1 boundary, and to levy and collect the assessments on all such land to pay the costs of the operation, maintenance, and servicing of landscaping and all appurtenant facilities and operations related thereto.

SECTION 6: Description of Improvements and Any Substantial Changes Proposed: The improvements within the Street Landscape Maintenance District No. 1 include: the maintenance and operation of and the furnishing of services and materials for landscaping which includes trees, shrubs, grass, and other ornamental vegetation, and appurtenant facilities, including irrigation systems within the Street Landscape Maintenance District No. 1. The Engineer's Annual Levy Report describes any new improvements or substantial changes in existing improvements.

SECTION 7: Boundaries and Designation: The boundaries of the Street Landscape Maintenance District No. 1 are generally described as Lots 1 through 29 of Tract 2409 located in the County of San Luis Obispo and more particularly described in the Report.

SECTION 8: Increase in Assessments: The assessment is proposed to remain the same as in the previous year (\$380.00).

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING THE ANNUAL ENGINEER'S LEVY REPORT,
DECLARING ITS INTENTION TO LEVY ANNUAL ASSESSMENTS
FOR THE STREET LANDSCAPE AND MAINTENANCE DISTRICT NO. 1
FOR FISCAL YEAR 2017-2018,
AND SETTING A PUBLIC HEARING THEREON**

SECTION 9: Engineer's Report: The Report is attached hereto as Exhibit "A" and is on file with the Secretary of NCSD Board of Directors. The Report contains a full and detailed description of the improvements, the boundaries of Street Landscape Maintenance District No. 1, and the proposed assessments upon assessable lots and parcels of land within Street Landscape Maintenance District No. 1.

SECTION 10: Time of Public Hearing: Notice is hereby given that a public hearing will be held by the Board of Directors of the Nipomo Community Services District on _____, 2017, at 9:00 a.m. in the Regular Meeting Room located within the District Offices located at 148 South Wilson Street, Nipomo. California 93444.

SECTION 11: Notice: Pursuant to Sections 22552, 22553, and 22626 of the Act, notice of the Public Hearing shall be provided in accordance with Section 6061 of the Government Code, including publication of this Resolution once in the Santa Maria Times not less than ten (10) days before the date of the public hearing and by posting a copy of this Resolution on the official bulletin board customarily used by the NCSD for the posting of notices.

SECTION 12: Incorporation of Recitals: The above Recitals are true and correct and incorporated herein by reference.

SECTION 13: Other Actions: The Board of Directors and such employees of the NCSD as are appropriate are authorized and directed to execute such other documents and take such further action as shall be consistent with the intent and purpose of this Resolution.

PASSED AND ADOPTED by the Board of Directors of the Nipomo Community Services District this ____ day of _____, 2017.

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

DAN A. GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM AND LEGAL EFFECT:

MARIO IGLESIAS
General Manager and Secretary to the Board

WHITNEY G. McDONALD
District Legal Counsel

May 10, 2017

ITEM D-3

ATTACHMENT B

NIPOMO COMMUNITY SERVICES DISTRICT
ENGINEER'S ANNUAL LEVY REPORT
STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FISCAL YEAR 2017-2018

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Introduction

Nipomo Community Services District ("NCSD") annually levies and collects special assessments to maintain improvements within Street Landscape Maintenance District No. 1 ("District"). The District was formed and annual assessments are established pursuant to the Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "1972 Act").

This Engineer's Annual Report ("Report") describes the District and the proposed assessments for the fiscal year 2017-2018. The assessments are based on the historical and estimated future costs to maintain the improvements that provide a direct and special benefit to properties within the District.

For the purposes of this Report, the word "parcel" refers to an individual property assigned its own Assessor Parcel Number by the San Luis Obispo County Assessor's Office. The San Luis Obispo County Auditor/Controller uses Assessor Parcel Numbers and specific Fund Numbers to identify properties assessed for special district benefit assessments on the tax roll.

Effect of Proposition 218

In November 1996, California voters approved Proposition 218 that established specific requirements for the on-going imposition of taxes, assessments and fees. The provisions of the Proposition are now contained in the California Constitutional Articles XIII C and XIII D.

All assessments described in this Report and approved by the Board of Directors are prepared in accordance with the 1972 Act and are in compliance with the provisions of the California Constitution Article XIII D.

The assessments adopted include the District's annual inflationary adjustment to the maximum assessment rate. This annual inflationary adjustment to the maximum assessment rate is provided in this Report.

Description of the District and Services

The District (formed on April 9, 2003) provides and ensures the continued maintenance, servicing, administration and operation of landscaping located within a portion of the public rights-of-way and dedicated landscape easements in Tract 2409, a 28 lot subdivision commonly known as Vista Verde Estates, located off of West Tefft across from Dana Elementary School.

NIPOMO COMMUNITY SERVICES DISTRICT
ENGINEER'S ANNUAL LEVY REPORT
STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FISCAL YEAR 2017-2018

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Improvements within the District include the maintenance and operation and the furnishing of services and materials for landscaping which include trees, shrubs, grasses and other ornamental vegetation, and appurtenant facilities, including irrigation systems.

The landscape maintenance obligation is limited to the following:

- Landscaping bordering the frontage of lots 1 through 6 on Tefft Street
- Landscaping bordering the frontage of lots 1, 15, 16, and 28 on Tejas Place
- Landscaping bordering the southwest and northwest sides of lot 29 (drainage basin) on Tejas Place
- The pathway between lots 4 and 5 between Tefft Street and Vista Verde

Method of Apportionment

General

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the construction, maintenance and servicing of landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The formula used for calculating assessments of the District therefore reflect the composition of the parcels, and the improvements and services provided, to fairly apportion the costs based on the benefits to each parcel.

Benefit Analysis

The associated costs and assessments have been carefully reviewed, identified and allocated based on special benefit pursuant to the provisions of the California Constitution and 1972 Act. The improvements associated with the District have been identified as necessary, required and/or desired for the orderly development of the properties within the District to their full potential, consistent with the proposed development plans. As such, these improvements would be necessary and required of individual property owners for the development of such properties, and the ongoing operation, servicing and maintenance of these improvements would be the financial obligation of those properties. Therefore,

NIPOMO COMMUNITY SERVICES DISTRICT
ENGINEER'S ANNUAL LEVY REPORT
STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FISCAL YEAR 2017-2018

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the improvements and the annual costs of ensuring the maintenance and operation of the improvements are of direct and special benefit to the properties.

The method of apportionment (method of assessment) is based on the premise that each assessed parcel within the District receives special benefit from the improvements provided by the District. The desirability of properties is enhanced by the presence of local improvements in close proximity to those properties.

The special benefits associated with landscaped improvements are specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties providing a positive representation of the area.
- Enhanced adaptation of the urban environment within the natural environment from adequate green space and landscaping.
- Environmental enhancement through improved erosion resistance, dust and debris control.
- Increased sense of pride in ownership of property within the District resulting in well-maintained improvements associated with the properties.
- Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings.

Based on the preceding special benefits, it has been determined that the improvements provided through the District and for which parcels are assessed, contribute to aesthetic value and desirability of those properties. It has further been determined that these improvements, either individually or collectively are provided for the special benefit and enhancement of properties within the District and provide no measurable general benefit to properties outside the District or to the public at large.

Assessment Methodology

The maximum annual assessment that may be levied each fiscal year includes an annual inflationary adjustment to the maximum assessment rate based on the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers in San Francisco/San Jose for February 28 of the current year over the previous year's index on the same date. Although the maximum rate for the District may increase each year, the actual amount to be assessed is based on the annual budget and may be less than the maximum rate. The property owners must approve any proposed assessment that exceeds the adjusted maximum rate before it can be imposed.

NIPOMO COMMUNITY SERVICES DISTRICT
ENGINEER'S ANNUAL LEVY REPORT
STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FISCAL YEAR 2017-2018

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The maximum assessment that may be levied in a fiscal year is increased annually by the following formula

$$\left. \begin{array}{l} \text{(Prior Year's Annual Maximum Assessment x CPI)} \\ \text{Plus} \\ \text{Prior Year's Annual Maximum Assessment} \end{array} \right\} = \begin{array}{l} \text{Current Year's} \\ \text{Annual} \\ \text{Maximum} \\ \text{Assessment} \end{array}$$

The percentage change used is the annual change for the preceding 12 months. The annual inflation factor applied for the fiscal year 2017-2018 is based on the percentage change from February 2016 to February 2017 and has been identified as 3.28% (annual percentage change currently available).

MAXIMUM ALLOWABLE ASSESSMENT PER PARCEL (APPLYING INFLATIONARY ADJUSTMENT)	
2016-2017 Maximum Assessment	(A) \$463.84
X CPI (3.28%)	(B) \$15.21

Maximum Assessment Allowable 2017-2018	(A) + (B) \$479.05 =====
Proposed 2017-2018 Annual Assessment	\$380.000 =====

Fiscal Year 2017-2018 District Budget

DESCRIPTION		2017-2018 BUDGET
Beginning Estimated Fund Balance (July 1, 2017)		\$21,000
Proposed Assessment Levy		\$10,640
Estimated Interest Income		\$200
Estimated Expenditures		
Contract Landscape Maintenance	(\$5000)	
Plant attrition and normal loss	(\$2000)	
Water	(\$3000)	
Electricity	(\$150)	
Public Notifications	(\$500)	
Administration	(\$1500)	
Total Estimated Expenditures		(\$12,150)
Estimated Ending Fund Balance (1) (June 30, 2018)		\$19,690

NIPOMO COMMUNITY SERVICES DISTRICT
ENGINEER'S ANNUAL LEVY REPORT
STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FISCAL YEAR 2017-2018

=====

- (1) In accordance with the Reserve Policy adopted by the Nipomo Community Services District Board in 2012, the target fund balance reserve for Street Landscape Maintenance District No. 1 is \$20,000. Reserve is for landscaping repair/replacement and irrigation system repair/replacement.

**NIPOMO COMMUNITY SERVICES DISTRICT
ENGINEER'S ANNUAL LEVY REPORT
STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FISCAL YEAR 2017-2018**

Lot Number	Assessor Parcel Number	Annual Assessment
1	092-512-001	\$380.00
2	092-512-002	\$380.00
3	092-512-003	\$380.00
4	092-512-004	\$380.00
5	092-512-005	\$380.00
6	092-512-006	\$380.00
7	092-512-007	\$380.00
8	092-512-008	\$380.00
9	092-512-009	\$380.00
10	092-512-010	\$380.00
11	092-512-011	\$380.00
12	092-512-012	\$380.00
13	092-512-013	\$380.00
14	092-512-014	\$380.00
15	092-512-015	\$380.00
16	092-512-016	\$380.00
17	092-512-017	\$380.00
18	092-512-018	\$380.00
19	092-512-019	\$380.00
20	092-512-020	\$380.00
21	092-512-021	\$380.00
22	092-512-022	\$380.00
23	092-512-023	\$380.00
24	092-512-024	\$380.00
25	092-512-025	\$380.00
26	092-512-026	\$380.00
27	092-512-027	\$380.00
28	092-512-028	\$380.00
TOTAL		\$10,640.00

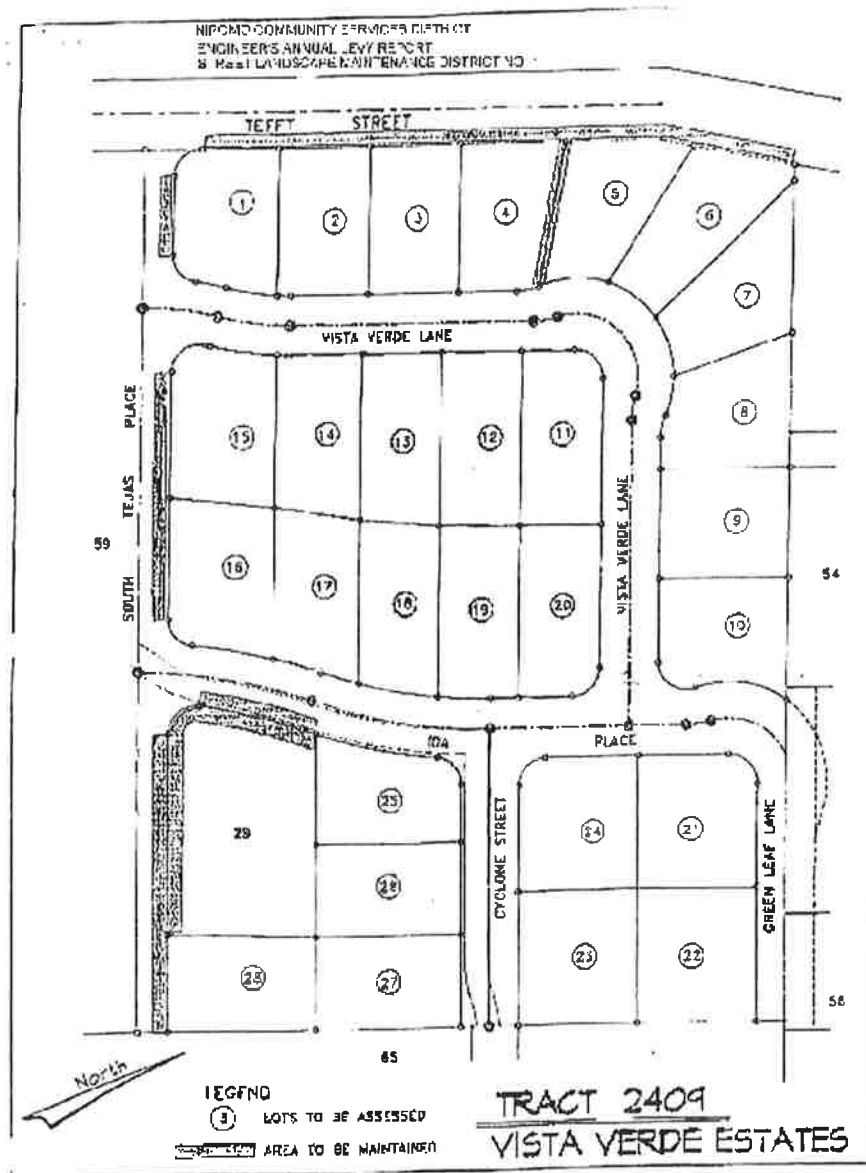


Peter V. Sevcik
PETER V. SEVCIK, P.E.
DISTRICT ENGINEER

5/5/2017
DATE

NIPOMO COMMUNITY SERVICES DISTRICT
ENGINEER'S ANNUAL LEVY REPORT
STREET LANDSCAPE MAINTENANCE DISTRICT NO. 1
FISCAL YEAR 2017-2018

=====



TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER

FROM: LISA BOGNUDA
FINANCE DIRECTOR

DATE: MAY 5, 2017

AGENDA ITEM

D-4

MAY 10, 2017

ACCEPT THIRD QUARTER FISCAL YEAR 2017 QUARTERLY FINANCIAL REPORT

BACKGROUND

As of March 31, 2017, the 2016-2017 Fiscal year is 75% complete. The consolidated operating revenues are 74.05% of budget, operating expenditures are at 69.85% of budget and general and administrative expenditures are at 66.77% of budget.

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

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

STRATEGIC PLAN

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

RECOMMENDATION

It is recommended that your Honorable Board accept report and direct Staff to file the quarterly financial report for the third quarter of fiscal year 2016-2017.

ATTACHMENT

A. Pages 1-10 – NCSD Quarterly Financial Report

May 10, 2017

ITEM D-4

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION - (Unaudited)
MARCH 31, 2017**

ASSETS

Current assets:

Cash and cash equivalents	\$ 16,506,809
Accounts receivable	289,809
Unbilled utilities receivable	937,000
Accrued interest receivable	30,156
Due from the State	0
Due from partner purveyors	138,591
Contracts receivable, current portion	70,036
Total current assets	<u>17,972,401</u>

Noncurrent assets:

Restricted cash-NSWP funded replacement	310,776
Cash with fiscal agent	605,714
Deposits and other assets	175,529
Contracts receivable, less current portion	6,001,185
Net OPEB asset	73,140

Capital assets:

Capital assets, net of depreciation	67,031,325
Total noncurrent assets	<u>74,197,669</u>

Total assets	<u>92,170,070</u> (A)
---------------------	------------------------------

Deferred Outflows of Resources

Pension related	<u>373,960</u> (B)
-----------------	--------------------

LIABILITIES

Current liabilities:

Accounts payable	736,679
Deposits	315,621
Accrued Liabilities	1,066,648
Current portion of long-term debt	517,173
Total current liabilities	<u>2,636,121</u>

Noncurrent liabilities:

Net pension liability	1,174,145
Long-term debt, less current portion	20,834,679
Total noncurrent liabilities	<u>22,008,824</u>

Total liabilities	<u>24,644,945</u> (C)
--------------------------	------------------------------

Deferred Inflows of Resources

Pension related	<u>173,064</u> (D)
-----------------	--------------------

NET POSITION

Net investment in capital assets	42,717,685
Restricted for system expansion, replacement and debt service	11,831,772
Unrestricted	<u>13,176,564</u>

Total net position	\$ <u>67,726,021</u> (A)+(B)-(C)-(D)
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NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENSES - (Unaudited)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	<u>YEAR-TO- DATE</u>	<u>BUDGET</u>	<u>% OF BUDGET</u>
<u>OPERATING REVENUES</u>			
Water fixed charges	\$ 945,540	1,221,000	77.44%
Supplemental fixed charges	281,468	362,000	77.75%
Water usage charges	1,628,522	2,295,000	70.96%
Supplemental water usage charges	526,400	754,500	69.77%
Sewer charges	1,784,404	2,453,000	72.74%
Miscellaneous fees and charges	173,219	146,459	118.27%
Street light and landscape maintenance charges	25,050	24,508	102.21%
Franchise fees	51,241	103,000	49.75%
NSWP - collections from purveyors	412,868	523,628	78.85%
Operating transfers in - Funded Administration	288,467	392,445	73.51%
Operating transfers in - Funded Replacement	846,750	1,129,000	75.00%
Total Operating Revenues	<u>6,963,929</u>	<u>9,404,540</u>	<u>74.05%</u>
<u>OPERATING EXPENSES - OPERATIONS AND MAINTENANCE</u>			
Wages and benefits	983,250	1,396,300	70.42%
Purchased water-NCSD	674,218	850,304	79.29%
Purchased water - purveyors	336,907	424,896	79.29%
Electricity	413,708	605,050	68.38%
Water	11,140	17,500	63.66%
Chemicals	47,286	85,000	55.63%
Lab tests	59,387	102,000	58.22%
Operating supplies	139,169	131,000	106.24%
Outside services	162,835	272,000	59.87%
Permits and operating fees	25,587	38,000	67.33%
Repairs and maintenance	181,487	310,000	58.54%
Engineering	10,188	18,000	56.60%
Fuel	20,513	33,000	62.16%
Meters	12,150	50,000	24.30%
Safety program	2,438	11,000	22.16%
Uniforms	11,113	14,600	76.12%
Insurance-NSWP	4,186	5,100	82.08%
Landscape maintenance district	5,510	9,600	57.40%
Solid waste program	17,819	150,000	11.88%
Conservation program	17,349	50,000	34.70%
Operating transfer out - Funded Replacement	846,750	1,129,000	75.00%
Subtotal - Operating Expenses (Operations and Maintenance)	<u>3,982,990</u>	<u>5,702,350</u>	<u>69.85%</u>

continued on next page

NIPOMO COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENSES - (Unaudited)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	YEAR-TO- DATE	BUDGET	% OF BUDGET
<u>OPERATING EXPENSES - GENERAL AND ADMINISTRATIVE</u>			
Wages and benefits	573,826	828,565	69.26%
Outside services	11,678	22,535	51.82%
Bank charges and fees	6,103	8,000	76.29%
Computer expense	80,261	90,000	89.18%
Dues and subscriptions	41,113	43,100	95.39%
Education and training	10,984	12,500	87.87%
Elections	588	10,000	5.88%
Liability insurance	55,291	80,000	69.11%
Landscape and janitorial	9,773	15,000	65.15%
Legal counsel-general	82,946	100,000	82.95%
Legal counsel-water	30,297	150,000	20.20%
Professional services	122,551	187,000	65.54%
Miscellaneous	2,404	6,000	40.07%
Newsletters and mailers	3,208	11,550	27.77%
Office supplies	8,448	17,000	49.69%
Postage	14,234	28,000	50.84%
Public notices	442	8,000	5.53%
Repairs and maintenance	10,032	16,550	60.62%
Property taxes	1,241	1,700	73.00%
Telephone	5,936	9,660	61.45%
Travel and mileage	11,030	13,500	81.70%
Utilities	12,439	20,500	60.68%
Operating transfer out - Funded Administration	288,467	392,445	73.51%
Subtotal - Operating Expenses (General and Administrative)	<u>1,383,292</u>	<u>2,071,605</u>	<u>66.77%</u>
Total Operating Expenses	<u>5,366,282</u>	<u>7,773,955</u>	<u>69.03%</u>
Total Operating Surplus (Deficit)	1,597,647	1,630,585	97.98%
<u>NON-OPERATING INCOME (EXPENSES)</u>			
Interest income	274,886	390,000	70.48%
Property tax revenue	418,334	612,600	68.29%
Cell site revenue	29,336	38,500	76.20%
Other revenue - purveyors	438,728	0	0.00%
Gain (Loss) on disposal of assets	2,046	0	0.00%
Capacity Charges collected	436,653	0	0.00%
Interest expense	(674,881)	(878,908)	76.79%
Total non-operating revenues (expenses)	<u>925,102</u>	<u>162,192</u>	<u>570.37%</u>
Total Operating and Non-operating Surplus (Deficit)	\$ <u>2,522,749</u>	<u>1,792,777</u>	

NIPOMO COMMUNITY SERVICES DISTRICT
SUMMARY OF REVENUES AND EXPENSES BY FUND
NINE MONTHS ENDING MARCH 31, 2017

FUND	FUND #	YTD REVENUES	YTD EXPENSES	SUBTOTAL	FUNDED REPLACEMENT	TRANSFERS B/W FUNDS	YTD SUPRLUS/ (DEFICIT)
Administration	110	302,494	(302,494)	0	0	0	0
Water	125	2,742,532	(2,030,743)	711,789	(424,500)	0	287,289
NCSD Supplemental Water	126	808,453	(852,116)	(43,663)	0	0	(43,663)
Water Rate Stabilization	128	1,960	0	1,960	0	0	1,960
Town Sewer	130	1,478,900	(1,039,794)	439,106	(296,250)	(1,018,773)	(875,917)
Town Sewer Rate Stabilization	135	2,010	0	2,010	0	0	2,010
Blacklake Sewer	150	333,414	(187,442)	145,972	(126,000)	(29,000)	(9,028)
Blacklake Sewer Rate Stabilization	155	245	0	245	0	0	245
Blacklake Street Lighting	200	17,952	(20,335)	(2,383)	0	0	(2,383)
Street Landscape Maintenance	250	7,338	(6,787)	551	0	0	551
Solid Waste	300	52,671	(30,981)	21,690	0	0	21,690
Drainage Maintenance	400	11,494	0	11,494	0	0	11,494
Supplemental Water Capacity Fees	500	857,897	(393,316)	464,581	0	372,950	837,531
Property Taxes	600	408,908	(117,483)	291,425	0	(372,950)	(81,525)
Water Capacity Fees	700	63,961	0	63,961	0	0	63,961
Town Sewer Capacity Fees	710	177,705	0	177,705	0	0	177,705
Funded Replacement-Water	805	440,103	0	440,103	0	0	440,103
Funded Replacement-Town Sewer	810	308,049	0	308,049	0	1,200,000	1,508,049
Funded Replacement-BL Sewer	830	130,249	0	130,249	0	29,000	159,249
Town Sewer Sinking Fund	880	2,322	0	2,322	0	(181,227)	(178,905)
NSWP Operations & Maintenance	910	1,109,833	(1,062,993)	46,840	0	0	46,840
NSWP Funded Replacement	915	155,493	0	155,493	0	0	155,493
TOTAL		9,413,983	(6,044,484)	3,369,499	(846,750)	0	2,522,749

CASH BALANCE OF EACH FUND

FUND	FUND #	CASH BALANCE 3/31/2017
Administration	110	611,634
Water	125	1,656,551
NCSD Supplemental Water	126	73,931
Water Rate Stabilization	128	405,808
Town Sewer	130	868,124
Town Sewer Rate Stabilization	135	304,614
Blacklake Sewer	150	210,220
Blacklake Sewer Rate Stabilization	155	50,726
Blacklake Street Lighting	200	26,973
Street Landscape Maintenance	250	23,206
Solid Waste	300	309,275
Drainage Maintenance	400	59,393
Supplemental Water	500	1,728,791
Property Taxes	600	121,202
Water Capacity Fees	700	1,657,323
Town Sewer Capacity Fees	710	486,705
Funded Replacement-Water	805	3,384,616
Funded Replacement-Town Sewer	810	3,771,099
Funded Replacement-BL Sewer	830	952,820
Sinking Fund-Town Sewer	880	395,643
NSWP	910	13,869
NSWP-Funded Replacement	915	310,776
Funds held by Trustee		(605,714)
Restricted		(310,776)
TOTAL		16,506,809

NOTE:
STATEMENT OF NET POSITION AND STATEMENT
OF REVENUE AND EXPENSES FOR EACH FUND
ARE AVAILABLE FOR REVIEW UPON REQUEST

NIPOMO COMMUNITY SERVICES DISTRICT
SUMMARY OF APPROVED BUDGET AMENDMENTS
FISCAL YEAR JUNE 30, 2017

FIRST QUARTER ENDING SEPTEMBER 30, 2016

DATE	DESCRIPTION	FUND(S)	APPROVED BUDGET	APPROVED AMENDMENT	AMENDED BUDGET
	None				

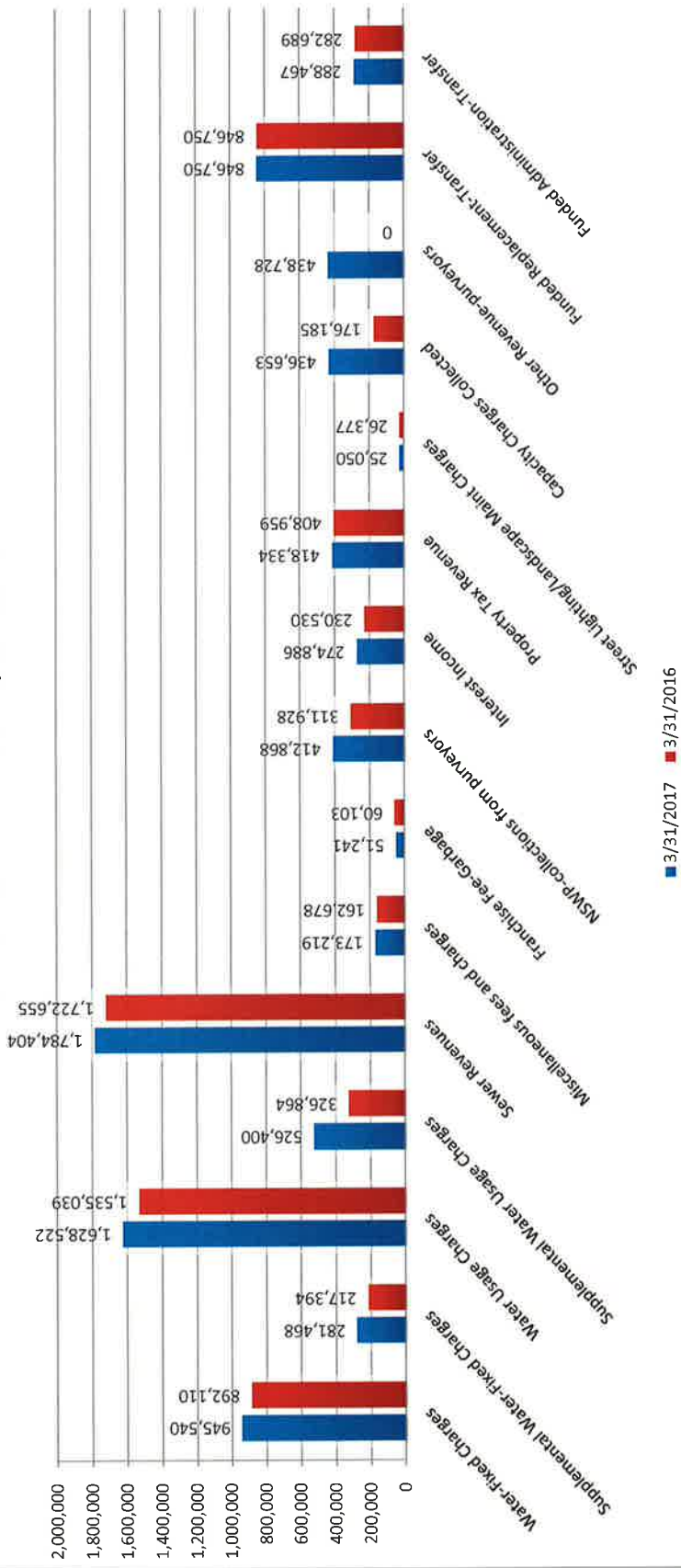
SECOND QUARTER ENDING DECEMBER 31, 2016

DATE	DESCRIPTION	FUND(S)	APPROVED BUDGET	APPROVED AMENDMENT	AMENDED BUDGET
11/9/2016	BI Water Reclamation Facility Headworks Rehabilitation	830	160,000	87,865	247,865

THIRD QUARTER ENDING MARCH 31, 2017

DATE	DESCRIPTION	FUND(S)	APPROVED BUDGET	APPROVED AMENDMENT	AMENDED BUDGET
	None				

**NIPOMO COMMUNITY SERVICES DISTRICT
TOTAL REVENUES
FOR NINE MONTHS ENDED MARCH 31, 2017 AND 2016**



**NIPOMO COMMUNITY SERVICES DISTRICT
TOTAL EXPENDITURES
FOR THE NINE MONTHS ENDED MARCH 31, 2017 AND 2016**

