


TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER 
DATE: SEPTEMBER 7, 2017

**AGENDA ITEM
C
SEPTEMBER 13, 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: SEPTEMBER 7, 2017

AGENDA ITEM
D
SEPTEMBER 13, 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 AUGUST 23, 2017, REGULAR BOARD MEETING MINUTES
[RECOMMEND APPROVAL]
- D-3) APPROVE AUGUST 30, 2017, SPECIAL BOARD MEETING MINUTES
[RECOMMEND APPROVAL]
- D-4) ACCEPT SUPPLEMENTAL WATER PROJECT JOSHUA ROAD PUMP STATION
RESERVOIR [RECOMMEND ACCEPT]

TO: BOARD OF DIRECTOR


REVIEWED: MARIO IGLESIAS
GENERAL MANAGER

FROM: LISA BOGNUDA
FINANCE DIRECTOR

DATE: SEPTEMBER 8, 2017

AGENDA ITEM
D-1
SEPTEMBER 13, 2017

WARRANTS WILL BE DISTRIBUTED ON TUESDAY, SEPTEMBER 12, 2017

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER 
DATE: SEPTEMBER 7, 2017

**AGENDA ITEM
D-2
SEPTEMBER 13, 2017**

**APPROVE AUGUST 23, 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. August 23, 2017 draft Regular Board Meeting Minutes

September 13, 2017

ITEM D-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community Since 1965

DRAFT REGULAR MINUTES

AUGUST 23, 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 August 23, 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.

The following members of the public spoke:

Brad Anderson, Quiring representative and Nipomo Oaks developer, commented on the project and attempts to get a water meter. Mr. Anderson stated he may need to request a special meeting so he can move the project forward.

Peter Sevcik, Director of Engineering and Operations, responded regarding documentation needed for the Nipomo Oaks project and that he will follow-up with the project engineer.

The Board discussed and set a Special Meeting for August 30, 2017 at 8:30 AM to review Mr. Anderson's request for a water meter.

Pam Wilson, Nipomo resident, requested the Board reconsider the "all or nothing" policy regarding water meters. Ms. Wilson asked the Board to review options during their Strategic Planning session on August 30, 2017.

00:14:40 C. PRESENTATIONS AND REPORTS

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

Director Eby

- *August 10, Attended the District Board Officer's meeting.*
- *August 17, Attended the Local Area Formation Committee (LAFCO) meeting.*
- *August 22, Attended the District's Water Rate Study public workshop.*
- *The next Nipomo Mesa Management Area (NMMA) Technical Group meeting will be on September 15th.*
- *Twitchell reservoir is releasing 500 acre-feet of water per day.*

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
REGULAR MEETING
MINUTES

Director Gaddis

- August 10, Attended the District Board Officer's meeting.
- August 22, Attended the District's Water Rate Study public workshop.

C-2) 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, Armstrong, Woodson and Gaddis	None	None

00:17:32 D. CONSENT AGENDA

D-1) WARRANTS

D-2) APPROVE AUGUST 9, REGULAR BOARD MEETING MINUTES

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, Woodson, Blair, Armstrong, and Gaddis	None	None

E. ADMINISTRATIVE ITEMS

00:18:03 E-1) CONSIDER ADOPTING A RESOLUTION FOR PUBLIC ART ON NIPOMO COMMUNITY SERVICES DISTRICT FACILITIES

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

The Board discussed.

There were no public comments.

Director Gaddis restated the disadvantages presented in the staff report and did not believe the benefits outweighed the drawbacks.

Director Eby commented that having a public art program would incur administrative costs and could pose difficulties for the fire department to locate District fire hydrants.

Nipomo Community Services District
REGULAR MEETING
MINUTES

*Upon the motion of Director Ed Eby and seconded, the Board unanimously adopted the Resolution.
Vote 5-0.*

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

RESOLUTION 2017-1454
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING A POLICY REGARDING PUBLIC ART ON DISTRICT PROPERTY OR EQUIPMENT

00:26:28

E-2) CONSIDER ADOPTING A RESOLUTION TO CONFIRM STAGE IV WATER SHORTAGE CONDITIONS, CONTINUE STAGE III RESPONSE ACTIONS UNDER THE WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN, AND ALLOW CONSTRUCTION AND DUST CONTROL WATER FOR CUSTOMERS WITH ACTIVE INTENT-TO-SERVE LETTERS

Mario Iglesias, General Manager, reviewed the report as presented in the Board Packet. Mr. Iglesias reported that currently there are 11 active Intent-to-Serve Letters (ITS), 2-4 projects are projected to come to fruition within the next year, and 5-10 acre feet of water could be used.

Director Gaddis clarified that the District will remain is a Stage IV water shortage, but remain at Stage III response actions.

Director Blair commented that the policy should allow 25 acre feet for individuals to build a single family home.

There were no public comments regarding Director Blair's request.

Director Blair made a motion to allow 25 acre feet of water for single family home development. The motion was not seconded.

Director Eby requested clarification on restrictions in the policy for the construction water and when it would be effective. Mr. Iglesias responded that construction water would be limited to active ITS letter holders and the policy would go into effect immediately.

Whitney McDonald, District Legal Counsel, clarified that this policy ties up loose ends and the District would remain in a Stage IV water shortage, stay with Stage III actions, and allow construction water for active ITS letter holders.

The Board discussed. Mr. Iglesias answered questions from the Board.

Ms. McDonald suggested adding the wording "any construction or dust control water allowed under this Resolution must be used on the site subject to the active Intent-to-Serve letter" and "this Resolution shall become effective immediately."

There were no public comments.

Nipomo Community Services District
REGULAR MEETING
MINUTES

Upon the motion of Director Ed Eby and seconded, the Board unanimously adopted the Resolution as amended.
Vote 5-0.

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

RESOLUTION 2017-1455
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REVISING DISTRICT WATER SHORTAGE RESPONSE AND MANAGEMENT PLAN PURSUANT TO WATER CODE 375

00:42:26

E-3) CONSIDER ADOPTION OF A MODIFIED POLICY ON THE USE OF EMAIL AND OTHER TECHNOLOGY RESOURCES

Mario Iglesias, General Manager, reviewed the report as presented in the Board Packet.

The Board discussed. Mr. Iglesias answered questions from the Board.

Director Eby commented that the Board By-laws may state that a previous resolution cannot be rescinded until after 6 months has passed since the adoption of the resolution.

Director Gaddis called a recess at 9:56 AM so District staff and legal counsel could review Board By-laws.

The Board came back into Open Session at 10:00 AM.

Whitney McDonald, District Legal Counsel, reviewed Board By-laws Section 3.2 and stated the Board can use their discretion on when to bring back a resolution for modification.

Ms. McDonald commented on legal concerns if the policy includes an acknowledgement form and the District carrying out actions uniformly. Ms. McDonald clarified staff's recommendation to adopt the policy excluding the acknowledgement form.

There were no public comments.

Upon the motion of Director Ed Eby and seconded, the Board unanimously adopted the modified policy excluding the acknowledgement form.
Vote 5-0.

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

RESOLUTION 2017-1456
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
REPEALING RESOLUTION 2017-1452 AND ADOPTING POLICY ON THE USE OF EMAIL AND OTHER TECHNOLOGY RESOURCES

01:00:18

F. MANAGER'S REPORT

Mario Iglesias, General Manager, reviewed the report as presented in the Board packet. Mr. Iglesias also reported the following:

- Gave a summary of the Water Rate Study public workshops that were held on August 22nd.

Mr. Iglesias answered questions from the Board.

There were no public comments.

G. COMMITTEE REPORTS

None.

01:07:25 H. DIRECTORS' REQUESTS TO STAFF AND SUPPLEMENTAL REPORTS

Director Eby

- *Requested the status of the Blacklake Sewer Master Plan. Mario Iglesias, General Manager, responded that the consultant has provided the District a draft report and it is currently being reviewed. It will then go to the Facilities/Water Resources Committee for review before sharing with the Blacklake Facilities Committee.*

Director Blair

- *Requested clarification on the Strategic Plan interviews. Mario Iglesias, General Manager, responded.*

01:11:39 I. CLOSED SESSION ANNOUNCEMENTS

1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9

- a) SMVWCD VS. NCSO (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND ALL CONSOLIDATED CASES).
- b) NCSO VS. LOS PRIMOS PROPERTIES LLC, SAN LUIS OBISPO COUNTY CASE NO. 16CV0512

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There were no public comments.

K. ADJOURN TO CLOSED SESSION

President Gaddis adjourned to closed session at 10:20 a.m.

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

The Board came back into Open Session at 10:42 a.m.

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

Nipomo Community Services District
REGULAR MEETING
MINUTES

ADJOURN

President Gaddis adjourned the meeting at 10:43 a.m.

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	1 hour 17 minutes
Closed Session	22 minutes
TOTAL HOURS	1 hour 39 minutes

Respectfully submitted,

Mario Iglesias, General Manager and Secretary to the Board

Date

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: SEPTEMBER 7, 2017

**AGENDA ITEM
D-3
SEPTEMBER 13, 2017**

**APPROVE AUGUST 30, 2017
SPECIAL 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. August 30, 2017 draft Special Board Meeting Minutes

September 13, 2017

ITEM D-3

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community Since 1965

DRAFT SPECIAL MEETING MINUTES

AUGUST 30, 2017 AT 8:30 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 1. CALL TO ORDER, FLAG SALUTE, AND ROLL CALL

President Gaddis called the Special Meeting of August 30, 2017 to order at 8:30 a.m. and led the flag salute.

At Roll Call, all directors except Director Blair were present.

There were no public comments.

00:00:37 2. ACCEPT OFFER OF WATER AND SEWER IMPROVEMENTS AND EASEMENT FOR NIPOMO OAKS ASSISTED LIVING AND MEMORY CARE CENTER, APN 092-572-058, AT JUNIPER STREET AND MARY STREET IN NIPOMO

Mario Iglesias, General Manager, reviewed the report as presented in the Board Packet.

Mr. Iglesias commented that new documents arrived from the project engineer last night and have to be reviewed by the District's engineering department. Staff's recommendation is to adopt the resolution pending final review.

Peter Sevcik, Director of Engineering and Operations, commented on minor corrections on the As-Builds delivered by the project engineer and that they have been certified with the engineer's stamp.

Director Blair arrived at 8:36 a.m.

The Board discussed. Mr. Iglesias and Mr. Sevcik answered questions from the Board.

The following members of the public spoke:

Brad Anderson, Quiring Representative and Developer, commented on the document's corrections.

Upon the motion of Director Craig Armstrong and seconded, the Board unanimously adopted the Resolution accepting offer of improvements and easements for Nipomo Oaks Assisted Living and Memory Care Center and directed staff to not set a meter until contingencies are met.

Vote 5-0.

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

RESOLUTION 2017-1457

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ACCEPTING WATER AND SEWER IMPROVEMENTS AND EASEMENT FOR NIPOMO OAKS ASSISTED LIVING AND MEMORY
CARE CENTER**

SUBJECT TO BOARD APPROVAL

President Gaddis called a recess at 8:45 a.m.

The Board came back into Open Session at 9:00 a.m.

00:12:45 3. CONDUCT THE DISTRICT'S 2017 STRATEGIC PLAN UPDATE WORKSHOP

President Gaddis introduced the item and the public in attendance.

The following members of the public spoke:

Jimmy Paulding introduced himself and commented that he will be running for SLO County 4th District Supervisor.

Tom Glover, Nipomo resident, commented that he is interested in the Strategic Plan process.

Martin Rauch, Senior Consultant with Rauch Communication Consultants, Inc., introduced the Strategic Plan process and handed out an Agenda for the workshop (available for review at the District office).

Mario Iglesias, General Manager, reviewed the status of the District's current Strategic Plan.

Mr. Rauch led the Board and staff through the workshop.

The following members of the public spoke:

Jimmy Paulding, Candidate for SLO County 4th District Supervisor, commented on the District's current rate study and communicating with the public regarding current proposed rates and future costs for the Supplemental Water Project.

Tom Glover, Nipomo resident, commented on increased customer satisfaction thanks to the District's efforts. Mr. Glover also commented on the unique financial concerns of the District, concerns with the State Water Project, and other opportunities for projects such as recycled water.

President Gaddis called a recess at 11:34 a.m.

The Board came back into Open Session at 11:53 a.m.

Mr. Rauch continued leading the workshop.

Mr. Rauch commented that the next steps will include compiling the results of today's discussion, creating goals and objectives, and creating an implementation plan. Once that is complete, it will be reviewed with staff and brought back to the Board for approval.

ADJOURN

President Gaddis adjourned the meeting at 12:55 p.m.

MEETING SUMMARY	HOURS & MINUTES
TOTAL HOURS	3 hours 47 minutes

Respectfully submitted,

Mario Iglesias, General Manager and Secretary to the Board

Date

SUBJECT TO BOARD APPROVAL

TO: BOARD OF DIRECTORS
REVIEWED: MARIO IGLESIAS
GENERAL MANAGER
FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: SEPTEMBER 7, 2017

**AGENDA ITEM
D-4
SEPTEMBER 13, 2017**

**ACCEPT SUPPLEMENTAL WATER PROJECT
JOSHUA ROAD PUMP STATION RESERVOIR**

ITEM

Accept work performed by Pacific Hydrotech Corporation for Supplemental Water Project Joshua Road Pump Station Reservoir and authorize staff to file Notice of Completion [RECOMMEND, BY MOTION AND ROLL CALL VOTE, ACCEPT PROJECT AND DIRECT STAFF TO FILE NOTICE OF COMPLETION].

BACKGROUND

On March 9, 2016, the Board awarded a construction contract for the Supplemental Water Project Joshua Road Pump Station Reservoir to Pacific Hydrotech Corporation. The approved contract amount was \$2,463,375 and the Board also authorized a construction contingency of \$250,000. Change Orders in the total amount of \$237,342 were issued during the construction of the project. The final contract amount was \$2,700,717. Construction has been completed.

FISCAL IMPACT

Construction Contract Cost Summary	
Original Contract Amount – Pacific Hydrotech Corporation	\$2,463,375
Change Orders	\$237,342
Revised Contract Amount	\$2,700,717

STRATEGIC PLAN

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

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

RECOMMENDATION

Staff recommends that the Board, by motion and roll call vote, accept the project and authorize the General Manager to file a Notice of Completion for the project.

ATTACHMENTS

None

TO: BOARD OF DIRECTORS

FROM: MARIO E. IGLESIAS
GENERAL MANAGER



DATE: September 8, 2017

**AGENDA ITEM
E-1
SEPTEMBER 13, 2017**

**CONSIDER OPTERRA ENERGY SERVICES PROPOSAL TO CONDUCT AN
ENERGY SAVINGS PROGRAM DEVELOPMENT PLAN**

ITEM

Consider proposal by Opterra Energy Services to conduct an energy savings Program Development Plan for \$29,853 [RECOMMEND AUTHORIZING GENERAL MANAGER TO SIGN A PROGRAM DEVELOPMENT AGREEMENT WITH OPTERRA ENERGY SERVICES FOR \$29,853 TO COMPLETE A PROGRAM DEVELOPMENT PLAN]

BACKGROUND

The Nipomo Community Services District ("District") operates and maintains water and wastewater facilities that consume approximately 2,500,000 kWhs of electricity at a cost in excess of \$500,000 per year. The cost of electricity is the highest variable cost element in the District's annual budget. Staff continues to explore opportunities to reduce operations and maintenance costs. OpTerra Energy Services ("OpTerra") is a company providing energy conservation, engineering and project development services, is presenting the District with an opportunity to reduce energy costs across its water and wastewater facilities.

OpTerra completed an Opportunity Assessment at no charge to the District and is scheduled to present their findings to the community at the September 13, 2017 Board Meeting. The Opportunity Assessment analyzed the potential power cost savings opportunities within the District's operations based on a limited review of District energy consumption and costs. OpTerra is suggesting that a more thorough evaluation of the District's power consumption would provide them information that could develop an energy conservation and cost reduction action plan or, in OpTerra's terms a Program Development Assessment ("Assessment").

To provide a guaranteed level of savings, OpTerra is looking to create a plan through their Assessment process that is specific to the District's power demand profile. The Program Development Agreement [Attachment A] defines the objectives of the Assessment and the obligations taken on by the parties to the agreement.

Essentially, the District seeks assurance from OpTerra that the financial benefits derived from a long-term agreement are explicit and reasonably obtainable with a low threshold of risk. OpTerra seeks to provide assurances to the District that it can achieve the cited objectives – it has provided similar organizations – and meet specific cost savings commitments to the District's satisfaction as expressed and outlined in the Opportunity Assessment. For OpTerra to make such assurances, it needs to perform a more robust analysis of District energy usage and financial fitness before guaranteeing project performance. The Program Development Agreement intends to provide each party with a workable level of confidence to advance the evaluation process that may lead to the possible implementation of a project.

OpTerra's Assessment Fee to complete the Program Development Assessment is \$29,853. This cost can be a stand-alone fee that the District could elect to pay if your Board were to decide not to advance to the project level or the cost could be infused into the project cost should the District find benefit in advancing to OpTerra's recommended plan. If after completing the Assessment OpTerra finds it cannot reach the Opportunity Assessment outcome and create a Paid-From-Savings Project that complies with California Government Code Sections 4217.10 through 4217.18, the Assessment Fee will not apply and the Nipomo Community Services District will have no obligation to pay any portion of the Assessment Fee to OpTerra Energy Services.

The Program Development Assessment is a relatively low risk opportunity for the District to evaluate alternative energy solutions that could provide significant cost savings to the community as well as reduce the District's carbon footprint.

The Lucia Mar Unified School District ("LMUSD") is the local school district, a customer of the Nipomo CSD, and has contracted with OpTerra Energy Services for similar services. Superintendent of LMUSD, Dr. Raynee Daley, has provided a testimonial in the OpTerra presentation. The LMUSD Business Manager has been invited to the Board Meeting to provide your Honorable Board with the LMUSD experience after the project completion, filling in some of the uncertainties your Board may consider as you evaluate the risk/benefit balance.

The City of Pismo Beach ("City") is also engaged with OpTerra to provide similar services. Interviewing their Public Works Director, Mr. Ben Fine explained the City reviewed multiple proposals and found Opterra Energy Services to provide the best answer to the City's needs and requirements.

FISCAL IMPACT

This project was not included in the Fiscal Year 2017-18 Budget. If the Board finds value in advancing the project, staff will need to come back to the Board with a Budget Adjustment request and resolution. Funds must be made available prior to committing to the agreement in the event your Board decides not to advance the project and Opterra provides proof of Paid-From-Savings project can be accomplished.

If the Board moves forward with a project, the \$29,853 cost of the Program Development Assessment would be incorporated into the project cost. At that point the Budget Adjustment would not be necessary.

STRATEGIC PLAN

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

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

4.3 Monitor opportunities for grant funding.

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

6.3 Provide excellent customer service.

RECOMMENDATION

Recommend your Honorable Board, after developing an understanding of the proposal through the presentation provided by OpTerra's representative, authorize the General Manager to sign a Program Development Agreement with Opterra Energy Services for \$29,853 to complete a Program Development Plan as defined above.

ATTACHMENTS

- A. OpTerra – Opportunity Assessment
- B. OpTerra – Program Development Agreement
- C. Gov. Code Title 1, Div. 5, Chapter 3.2, Sec. 4217.10 – 4217.18

September 13, 2017

ITEM E-1

ATTACHMENT A



OPTERRA
ENERGY SERVICES

40
YEARS

**Opportunity Assessment:
Nipomo Community
Services District**

Ashu Jain, P.E.
Ryan Rodriguez, CEM
Jacob Goering

Senior Manager
Lead Project Engineer
Lead Project Engineer

September 13, 2017

Agenda

1. Introduction to OpTerra

2. Program Scope

3. Financial Overview

4. Program Benefits and Roadmap



OPTERRA
ENERGY SERVICES



OpTerra Energy Services

By the Numbers



40+ YEARS

Experience as an Accredited Energy Service Provider (NAESCO)

150 MW+

Installed Solar Projects for Public Entities in CA

\$2.5B

Of Completed Projects

1,000+

Satisfied Customers Nation Wide

\$300MM

Sales in 2016

300+

Employees, Including 150 Engineers (PE, ME, EE, Civil, CEM, LEED AP)

Owned by **ENGIE** – largest independent electricity producer in the world. **ENGIE** is the third largest retail electricity supplier in the US. **Engie** has over 150,000 employees and over \$75 billion in revenue

Introduction: Our Services



- Solar Energy
- Biogas to Energy – Fuel Cells, Engines & Microturbines
- Fuel Switching (Natural Gas Engines)
- Back-up Generation
- Energy Efficiency
- Demand Response
- HVAC
- LED Lighting
- AMR/AMI
- SCADA
- Variable Frequency Drives
- Water Recycling
- Water Treatment Plant Upgrades
- Wastewater Treatment Plant Upgrades
- Energy Storage

Lucia Mar Unified School District



PROGRAM HIGHLIGHTS

- Will save the District \$20MM over 30-year period
- Reduced the District's electricity costs by 75%
- Upgraded infrastructure without using any General Fund dollars

- Will save more than \$430,000 in water costs for the District over program life

TECHNICAL SCOPE

- 1.7 MW of solar on ground-mounted and parking canopy systems across seven sites
- Interior and exterior LED lighting upgrades at 20 sites
- Mechanical system upgrades and replacement at three High Schools
- Weather-based irrigation control systems at five sites

"One of the really great things about working with OpTerra is that the estimated cost savings are guaranteed. If the District doesn't save the energy dollars that OpTerra projects, the company will cut Lucia Mar a check for the difference."

Dr. Raynee Daley, Superintendent
Lucia Mar Unified School District



Selma-Kingsburg-Fowler County Sanitation District



PROJECT HIGHLIGHTS

Expected to create the equivalent of 244 jobs resulting from the economic multiplier effect over the program life

Expected to reduce carbon emissions equivalent to removing 700 cars from highways annually

Expected to reduce the District's electricity spending by 70%

\$14.7MM

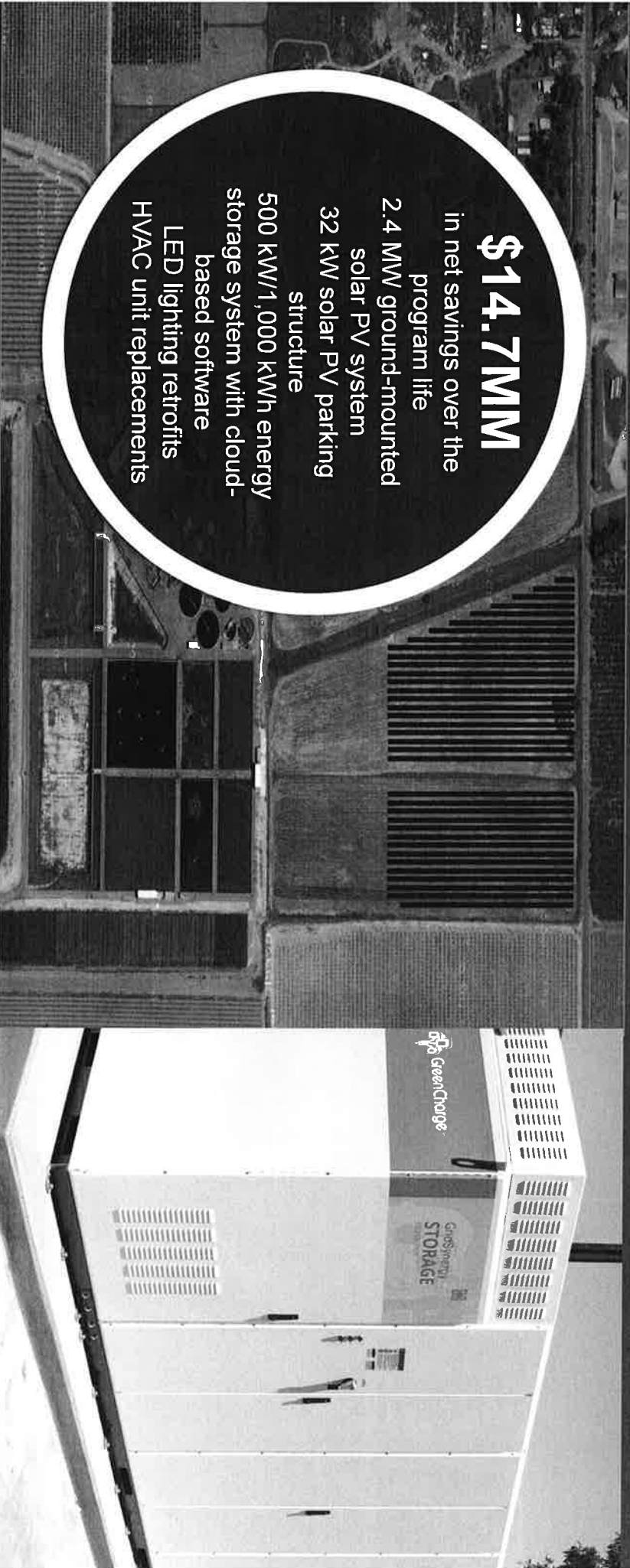
in net savings over the program life

2.4 MW ground-mounted solar PV system

32 kW solar PV parking structure

500 kW/1,000 kWh energy storage system with cloud-based software

LED lighting retrofits
HVAC unit replacements

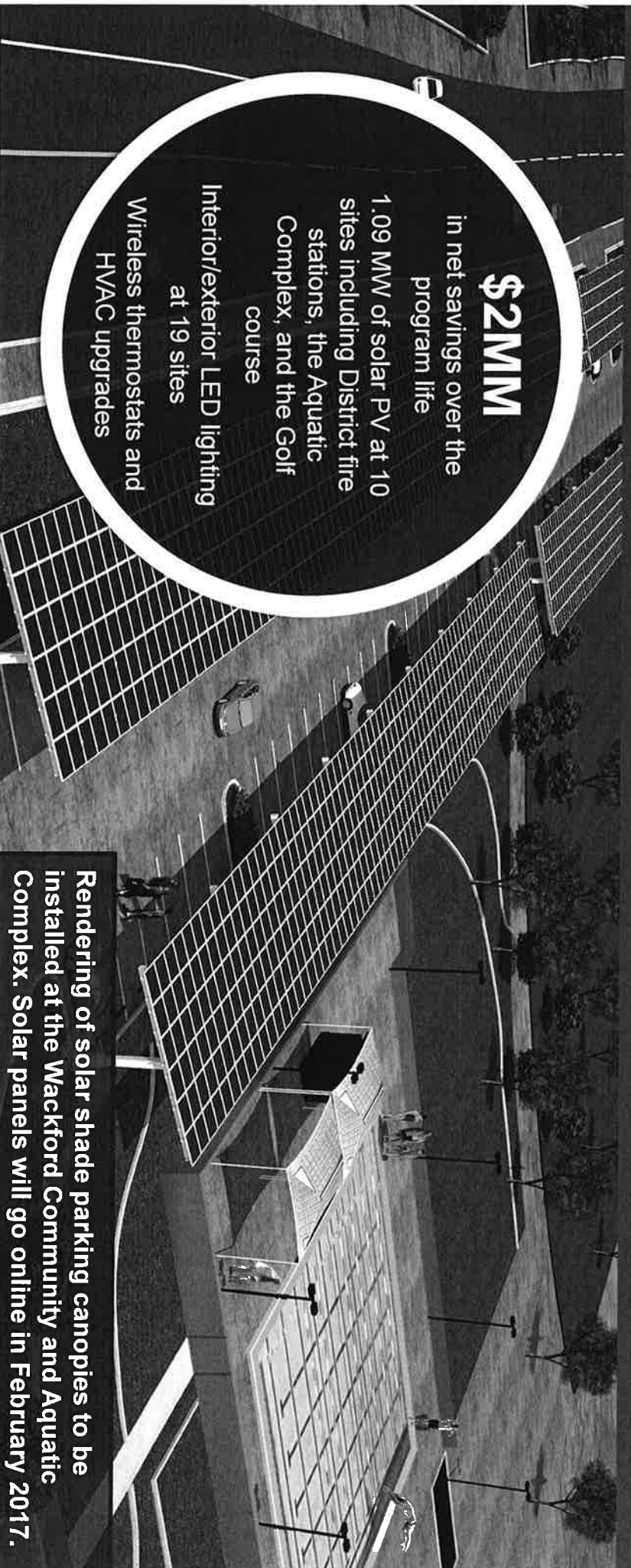


Cosumnes Community Services District



PROJECT HIGHLIGHTS

- Creates local jobs for Elk Grove and Galt residents and workers
- Models fiscally responsible environmental stewardship in the region
- Provides sustainability education initiatives and community events for area students



\$2MM
in net savings over the program life

1.09 MW of solar PV at 10 sites including District fire stations, the Aquatic Complex, and the Golf course

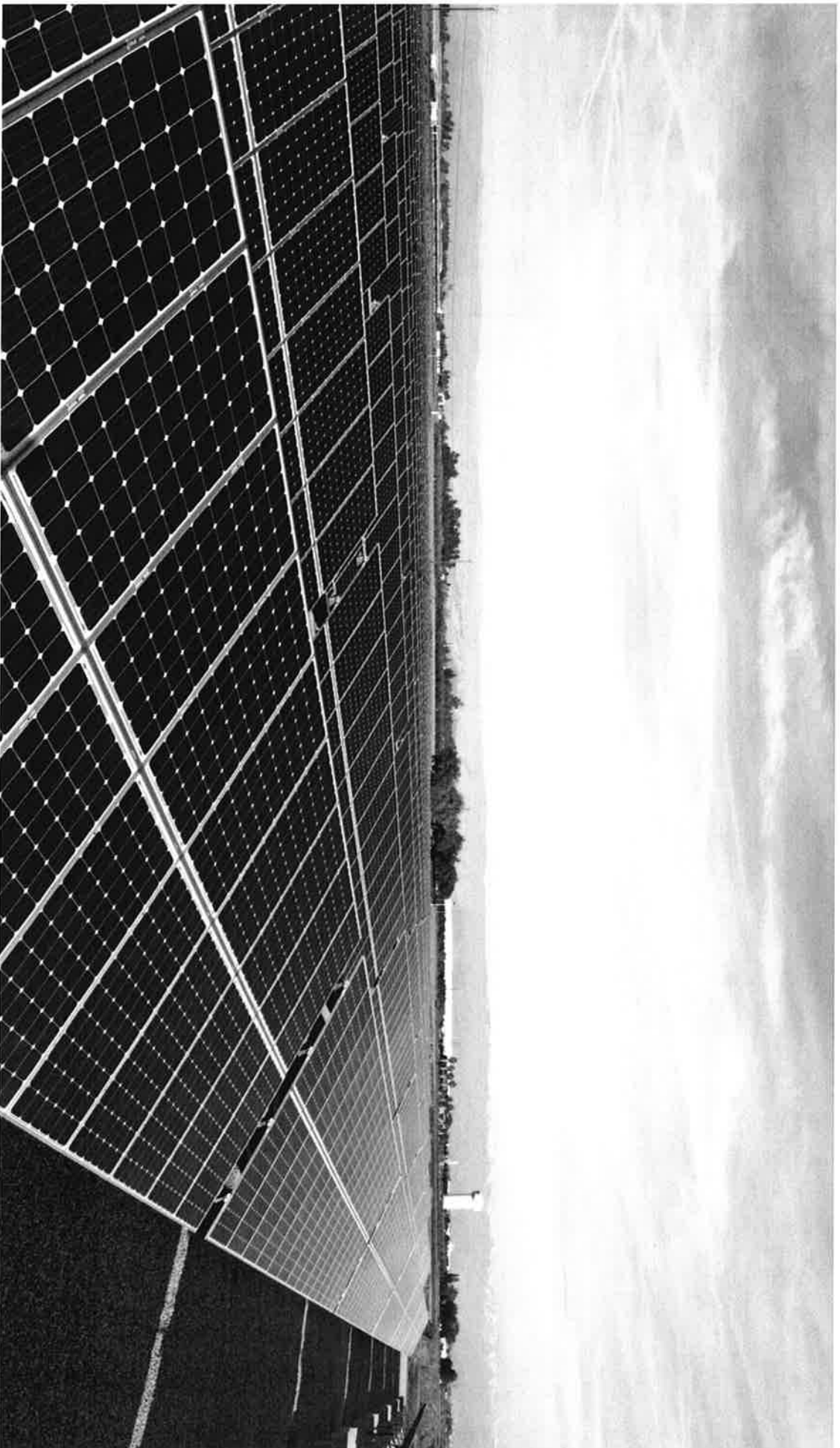
Interior/exterior LED lighting at 19 sites

Wireless thermostats and HVAC upgrades

Rendering of solar shade parking canopies to be installed at the Wackford Community and Aquatic Complex. Solar panels will go online in February 2017.

City of Dinuba WWTP

Ground Mounted, Fixed Tilt Solar System – 1,150 kW



Fresno State University

Solar Parking Canopies – 1,200 kW



City of Delano, CA



PROJECT HIGHLIGHTS

- New Automatic Meter Reading (AMR) increased revenue due to accurate meters and more precise billings
- Annual savings fund infrastructure improvements and provide buffer against future utility price hikes
- Avoids 295 metric tons of CO₂ annually, equivalent to preserving 2.5 acres per year of forest from deforestation

\$6.15MM in net savings over the 20-year program life

- 4,601 water meters replaced with AMR-capable meters
- New pump motors, VFDs, & upgraded SCADA system
- Retrofitted lighting in 14 buildings
- Major HVAC upgrades at 8 facilities

Program Scope



Nipomo Community Services District

Building Name	Address	Square Feet	Annual Electric Usage (kWh)	Annual Electric Billing	Site Efficiency (kWh/sq.ft.)	Solar Projects	LED Lighting	HVAC Replacement
Southland Wastewater Treatment Shop	509 Southland	9,000	41,043	\$ 8,993	4.6		X	
District Office	148 S Wilson	5,000	28,999	\$ 6,357	5.8		X	X
Southland Wastewater Treatment Plant	515/519 Southland	-	684,513	\$ 110,281	-	X	X	
Sundale Well	1604 Camino Caballo	-	363,941	\$ 93,251	-			
RES-BCT Accounts (Southland WWTP)	-	-	1,369,107	\$ 303,551	-	X		
All Other Accounts (<10,000 kWh)	-	-	40,704	\$ 14,478	-			
	Total	-	2,528,307	\$ 536,910	-	2	3	1

Facility Interior & Exterior Lighting Retrofit



Retrofit the interior and/or exterior lighting at the following sites:

- District Office
 - Interior and exterior lighting
- Southland Wastewater Treatment Shop
 - Interior lighting only
- Southland Wastewater Treatment Plant
 - Interior and exterior lighting

Upgrade Interior Lighting and Controls



- Replace linear fluorescent T-8 lamps and ballasts with new, more efficient, longer lasting, and aesthetically pleasing LED retrofit kits
- Retrofit incandescent and CFL screw-in lamps with LEDs
- Replace CFL plug-in lamps with LED plug-in lamps
- Where not currently in place but where appropriate, install wireless vacancy sensors with option to shut off interior lighting when rooms are unoccupied
- LED lamps have a rated life of 75,000 to 100,000 hours leading to substantial savings in maintenance in addition to energy savings
- Benefits include:
 - Better quality lighting
 - Replaces old lamps and ballasts
 - Savings in energy cost
 - Longer life of system
 - Substantial reduction in maintenance cost
 - LEDs do not contain mercury



Upgrade Exterior Lighting and Controls

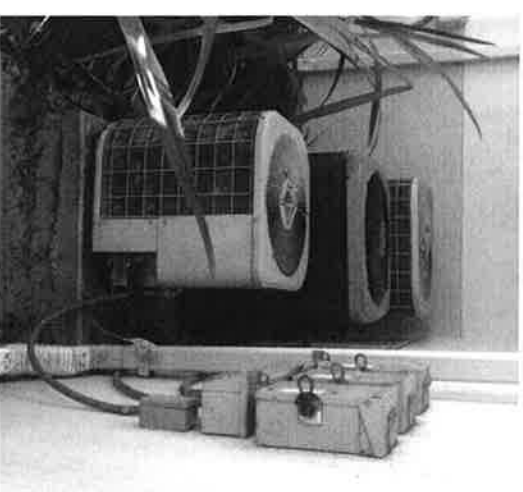


- Replace CFL and HID wall packs at exterior areas with new LED wall packs
- Replace HID pole light heads with new LED area lights
- Replace screw-in CFLs with new screw-in LEDs
- Where applicable, new LED fixtures will come equipped with occupancy sensors
- LED lamps have a rated life of 75,000 to 100,000 hours leading to substantial savings in maintenance in addition to energy savings
- Benefits include:
 - Improves safety
 - Replaces old lamps and ballasts
 - Savings in energy cost
 - Longer life of system
 - Substantial reduction in maintenance cost
 - LEDs do not contain mercury



HVAC Equipment Upgrades District Office

- Replace two (2) of the three (3) HVAC, split DX systems at the District Office with new, energy efficient units of similar size and type
- (1) 2-ton and (1) 4-ton unit, along with associated refrigerant piping, connections, and evaporators will be replaced for maximum product efficiency featuring new R410A refrigerant.
- Benefits include:
 - Increased energy savings
 - Improved comfort
 - Reduced maintenance
 - Planned vs. emergency replacement



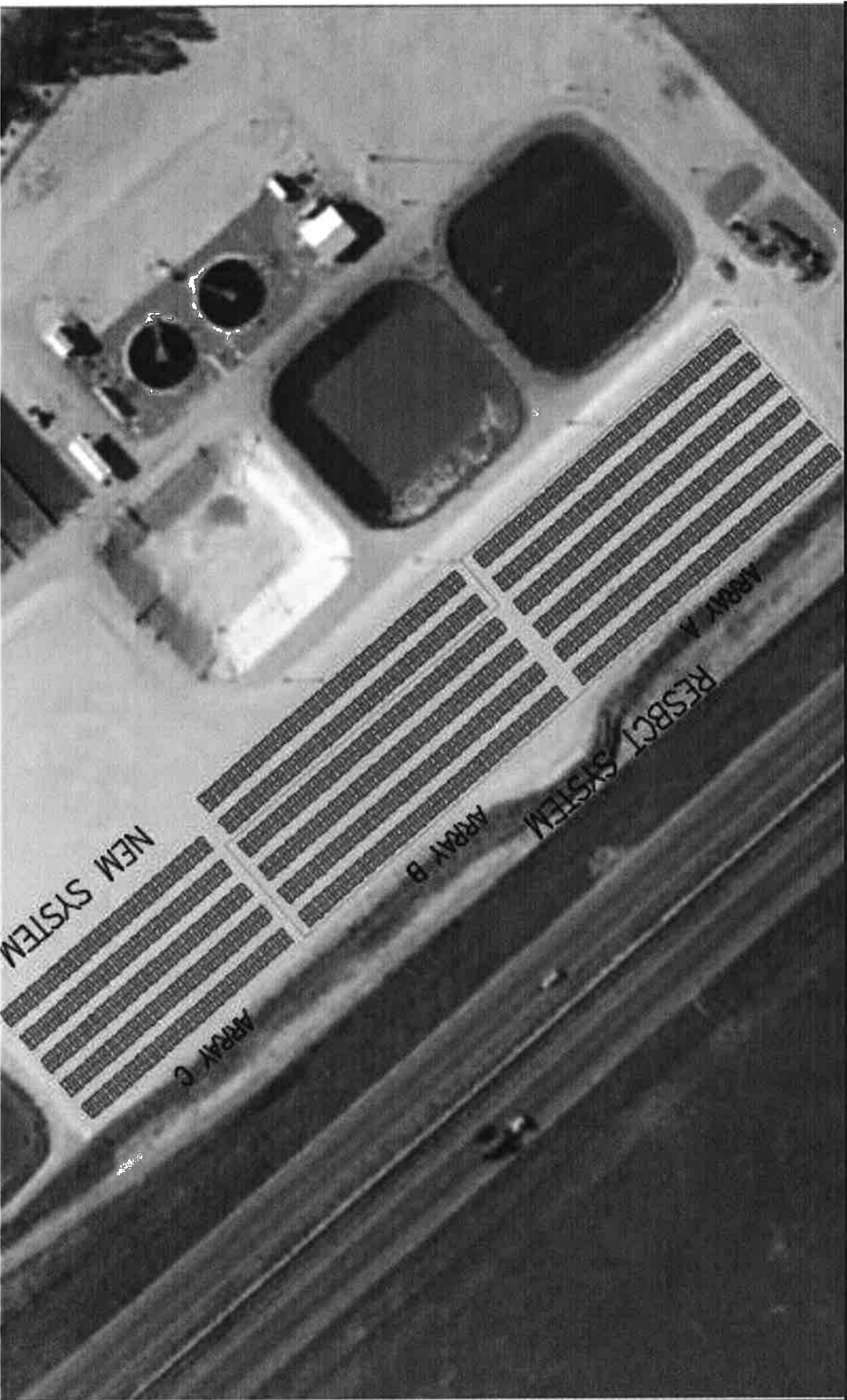
Southland WWTP - Ground Mount Solar Structures (NEM) 382 kW & (RES-BCT) 648 kW



Southland WWTP - Ground Mount Solar Structures (NEM) 382 kW & (RES-BCT) 648 kW



OPTERRA
ENERGY SERVICES



Water Meter Changeout with Advanced Metering Infrastructure (AMI) System



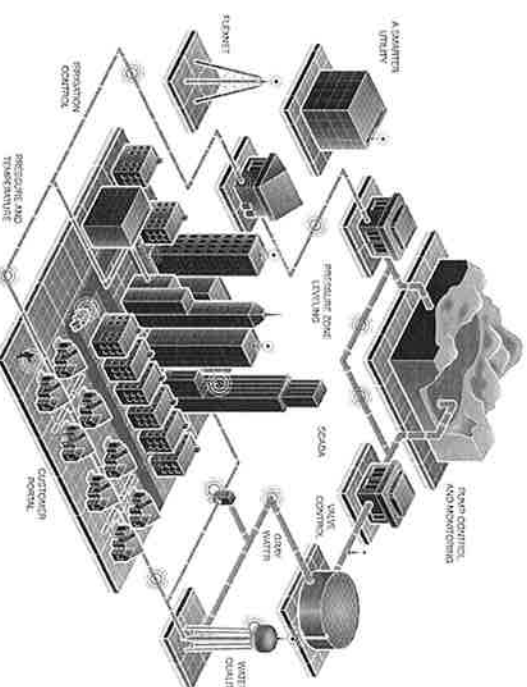
- Supply and install 4,391 water meters with transducers of the following sizes:

<u>Size</u>	<u>Quantity</u>
5/8"	3,039
3/4"	154
1"	1,126
1½"	39
2"	19
3"	5
4"	5
6"	4

- Set-up, program, and commission AMI system
- Assist District with setting up database and linking the data to the billing system

Benefits:

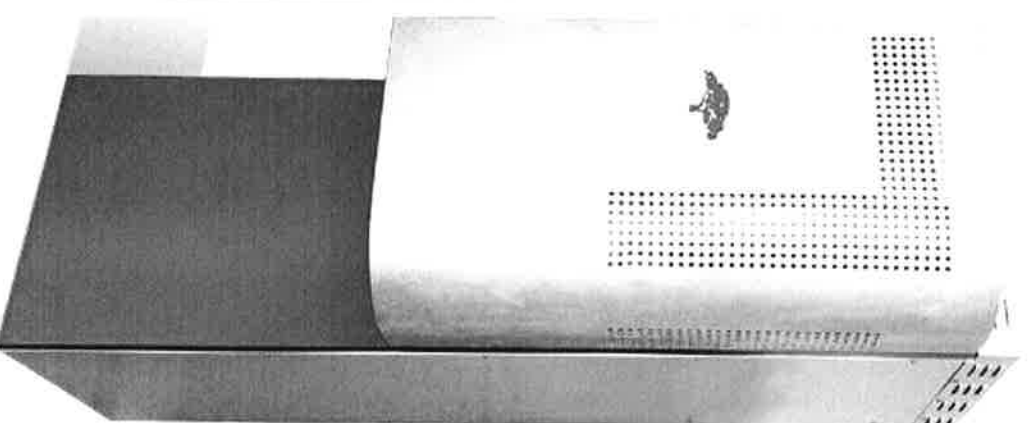
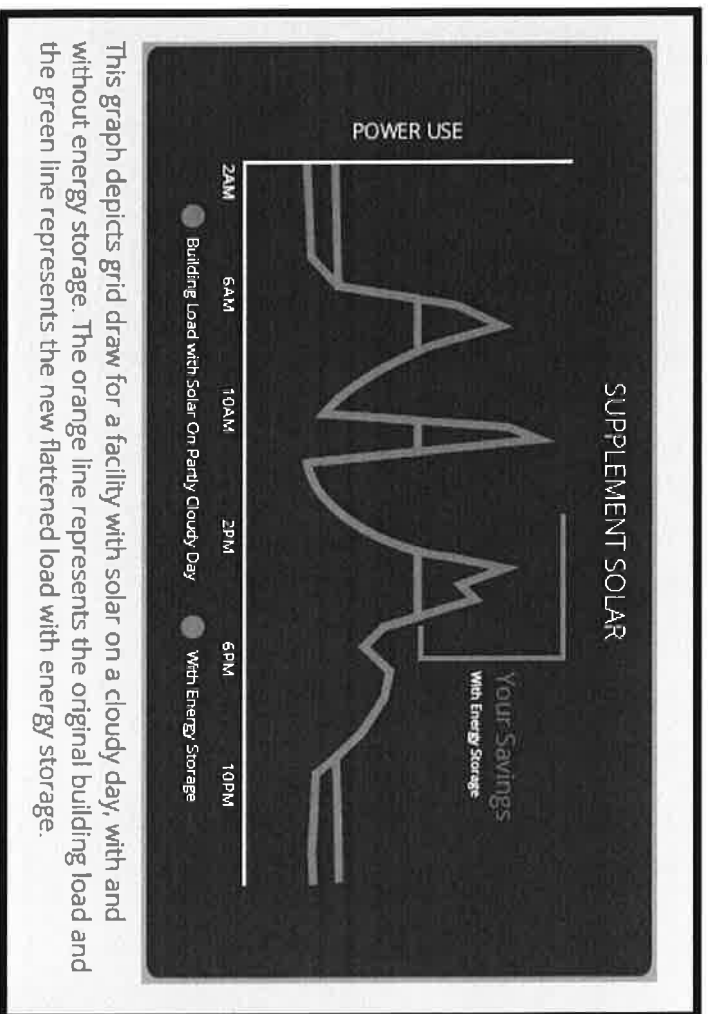
- Eliminates meter reading cost
- Increases revenue due to accurate meters
- Enables leak detection
- More accurate billings
- Eliminates hard to read meter problems
- Eliminates non-scheduled readings for tenant turnover
- Minimizes inconvenience to residents to regularly access their property



Energy Storage Opportunities to be Evaluated During Program Development



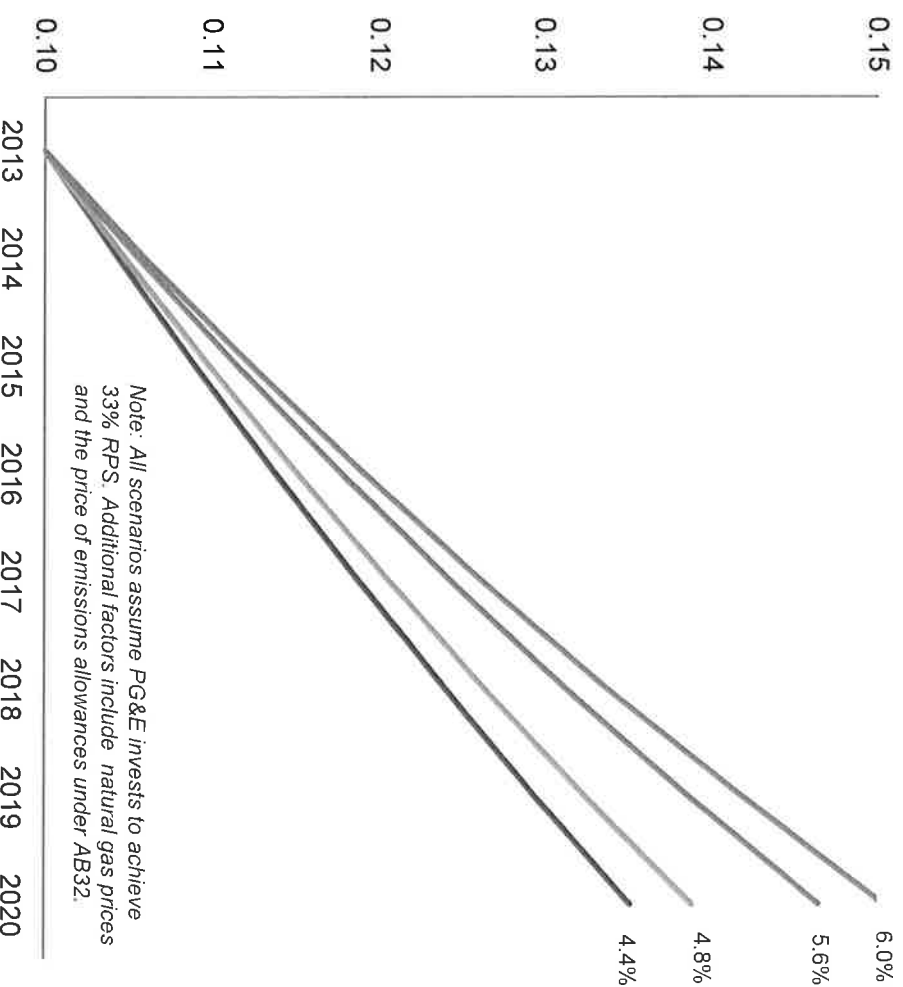
- Benefits include:
- Cost savings from reduced demand charges
- Secure solar investment with improved performance
- Avoid unfavorable tariff rates and bills
- 20-year warranty



Electricity Price Escalation



- PG&E rate increase approved for the next 2 years:
 - <http://www.ora.ca.gov/general.aspx?id=2034>
 - 2018 – 5.5%
 - 2019 – 4.2%
- UC Davis Study: 4.4-6.0% annual increase
- Annual increase for the E-19 rate applicable to the WWTP account:
 - 2016 – 7.4%
 - Last 5 years – 5.0%
- Any shortfall in project performance will be paid out based on the escalated rate in the contract and not on the actual rate



Source: UC Davis, drawing on information from the Energy Information Administration, Energy and Environmental Economics, Inc, California Public Utilities Commission

Program Benefits



- Create over \$113,000 in annual net savings and \$7.4 million over project life after paying for all costs
- Hedge against rising energy costs
- Utilize savings to replace old mechanical equipment
- Save maintenance staff's time with long-life LED lighting and removing of old mechanical equipment from operation
- Save maintenance staff's time in changing out old water meters
- OpTerra guarantees 95% of the energy savings
- Increase revenue, eliminate meter reading cost, and conserve water with new AMI water meters
- Stimulate local economy and provide local jobs
- Establish District as a regional technology leader
- Substantial environmental benefits equivalent to removing 267 cars off the road annually

Roadmap



OPTERRA
ENERGY SERVICES

A black and white photograph of a river flowing through a wooded area. The foreground is dominated by the dark, silhouetted branches of a large tree on the right side. The river flows from the background towards the right, with a small boat visible in the distance. The sky is overcast with soft clouds.

Opportunity Assessment **Mar 2017 – May 2017**

Program Development **Sep 2017 – Jan 2017**

Implementation **Mar 2018 – Mar 2019**

September 13, 2017

ITEM E-1

ATTACHMENT B



OpTerra ES Project #: - _ _ _ _ _
OpTerra ES Contract # R

PROGRAM DEVELOPMENT AGREEMENT

This PROGRAM DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of this ____ day of February 2017 between OpTerra Energy Services, Inc., a Delaware corporation ("OpTerra Energy Services"), having its principal offices at 500 12th Street, Suite 300, Oakland, CA 94607, and Nipomo Community Services District, located at 148 South Wilson Street, Nipomo, CA 93444 ("Nipomo Community Services District" and together with OpTerra Energy Services the "Parties" and each of Nipomo Community Services District and OpTerra Energy Services a "Party".)

WHEREAS, OpTerra Energy Services is an energy services and solutions company with the technical and management capabilities and experience to perform an integrated energy assessment (an "Assessment") and to identify supply-side and/or demand-side energy conservation measures ("ECMs");

WHEREAS, Nipomo Community Services District desires to enter into an agreement to have OpTerra Energy Services perform an Assessment in accordance with the scope of work set forth in Attachment A (the "Scope of Work") for the sites listed on Part I of Attachment B (the "Sites"), and to identify energy improvements and operational changes which are recommended to be installed or implemented at the Included Facilities; and

WHEREAS, the primary purpose of the Assessment is to provide an engineering and economic basis for the implementation of ECMs, which, if the Assessment shows adequate bases for the ECMs, the Parties may negotiate and execute a contract providing for, among other things, engineering, procurement, installation, construction, and training services for the identified ECMs (an "Energy Services Contract");

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. ASSESSMENT

OpTerra Energy Services agrees to complete the Assessment within one hundred and twenty (120) calendar days after the date on which OpTerra Energy Services receives the information listed in Part I of Attachment A (the "Required Information"). Nipomo Community Services District agrees to deliver the Required Information to OpTerra Energy Services no later than thirty (30) calendar days after the date hereof.

Nipomo Community Services District agrees to assist OpTerra Energy Services in performing the Assessment by (i) providing OpTerra Energy Services with access to key decision makers and stakeholders of the Nipomo Community Services District, (ii) providing OpTerra Energy Services, its employees and agents, such access to the Sites and other relevant facilities of Nipomo Community Services District as OpTerra Energy Services deems necessary, and (iii) providing, or causing Nipomo Community Services District's energy suppliers to provide, complete and accurate data concerning energy usage and costs related to the Sites and other relevant facilities. OpTerra Energy Services will be entitled to rely upon the accuracy and completeness of all information provided to OpTerra Energy Services by Nipomo Community Services District and Nipomo Community Services District's energy suppliers. OpTerra Energy Services will promptly provide written notice to Nipomo Community Services District if OpTerra Energy Services determines there is any incorrect data included in the information provided by Nipomo Community Services District or Nipomo Community Services District's energy suppliers, but OpTerra Energy Services will have no obligation to correct or confirm any such information unless otherwise specified in the Scope of Work. Any change(s) in the Scope of Work will be set forth in a writing executed by the Parties.

OpTerra Energy Services will determine, as part of the Assessment, whether the anticipated cost to the Nipomo Community Services District for the ECMs will be less than the anticipated marginal cost to the Nipomo Community Services District of the thermal, electrical, or other energy that would have been consumed by the Nipomo Community Services District in the absence of those purchases, as described in California Government Code sections 4217.10-4217.18 ("Paid-From-Savings Project").

2. COMPENSATION TO OPTERRA ENERGY SERVICES

Nipomo Community Services District will compensate OpTerra Energy Services for its performance of the Assessments by payment to OpTerra Energy Services of a fee (the "Assessment Fee") in the amount of Twenty-Nine

Thousand Eight Hundred Fifty-Three Dollars (\$29,853). If OpTerra Energy Services determines that the projected monetary savings from implementation of the ECMs identified during the Assessment cannot result in a Paid-From-Savings Project that complies with California Government Code Sections 4217.10 through 4217.18, the Assessment Fee will not apply and the Nipomo Community Services District will have no obligation to pay any portion of the Assessment Fee to OpTerra Energy Services

The Assessment Fee will be due and payable ~~sixty three (360)~~ calendar days after completion of the Assessment; *provided* that if on such sixtieth (60th) calendar day OpTerra Energy Services and Nipomo Community Services District are negotiating an Energy Services Contract in good faith, the Assessment Fee will be due ninety (90) ~~one hundred twenty (120)~~ calendar days after completion of the Assessment; *provided further*, that if OpTerra Energy Services and Nipomo Community Services District execute an Energy Services Contract within one hundred twenty (120) ~~one hundred eighty (180)~~ calendar days after completion of the Assessment, the Assessment Fee shall be incorporated into the total contract amount payable under such Energy Services Contract.

Each of Nipomo Community Services District and OpTerra Energy Services reserves the right to terminate this Agreement at any time during the course of the Assessment, by delivery of written notice to the other. If this Agreement is terminated by Nipomo Community Services District, a fee will be payable by Nipomo Community Services District to OpTerra Energy Services within thirty (30) calendar days of termination, in an amount equal to the greater of (i) OpTerra Energy Services' estimate of its fees, costs, expenses, disbursements and overhead incurred through the date of termination, or (ii) a pro-rated fee based on OpTerra Energy Services' estimate of the percentage of completion of the Assessment. If this Agreement is terminated by OpTerra Energy Services, Nipomo Community Services District shall have no obligation to pay any portion of the Assessment Fee to OpTerra Energy Services.

3. INSURANCE

OpTerra Energy Services will maintain, or cause to be maintained, for the duration of this Agreement, the insurance coverage outlined in (A) through (F) below, and all such other insurance as required by applicable law. Evidence of coverage will be provided to Nipomo Community Services District via a certificate of insurance.

- A. Workers' Compensation/Employers Liability for states in which OpTerra Energy Services is not a qualified self-insured. Limits as follows:
- * Workers' Compensation: Statutory
 - * Employers Liability: Bodily Injury by accident \$1,000,000 each accident
Bodily Injury by disease \$1,000,000 each employee
Bodily Injury by disease \$1,000,000 policy limit
- B. Commercial General Liability insurance with limits of:
- * \$1,000,000 each occurrence for Bodily Injury and Property Damage
 - * \$1,000,000 General Aggregate - other than Products/Completed Operations
 - * \$1,000,000 Products/Completed Operations Aggregate
 - * \$1,000,000 Personal & Advertising Injury
 - * \$ 100,000 Damage to premises rented to OpTerra Energy Services

Coverage to be written on an occurrence form. Coverage to be at least as broad as ISO form CG 0001 (04/13), without endorsements that limit the policy terms with respect to: (1) provisions for severability of interest or (2) explosion, collapse, underground hazard.

- C. Auto Liability insurance for owned, hired and non-owned vehicles with limits of \$1,000,000 per accident. Coverage to be written on an occurrence form.
- D. Professional Liability insurance with limits of:
- * \$1,000,000 per occurrence
 - * \$1,000,000 aggregate

Coverage to be written on a claims-made form.

- E. Umbrella / Excess Liability insurance. Limits as follows:
- * \$1,000,000 each occurrence
 - * \$1,000,000 aggregate

Coverage terms and limits to apply excess of the per occurrence and/or aggregate limits provided for Commercial General Liability and Professional Liability written on a claims made form. Coverage terms and limits also to apply in excess of those required for Employers Liability and Auto Liability written on an occurrence form.

F. Policy Endorsements.

The Nipomo Community Services District, its officers, employees, and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured will not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein will not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured will not be required to contribute anything toward any loss or expense covered by the insurance provided by this provision.

G. Subrogation

The insurance provided by OpTerra Energy Services shall be primary to any coverage available to the Nipomo Community Services District with respect to any activity conducted pursuant to this Agreement. OpTerra Energy Services hereby grants to the Nipomo Community Services District, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Party with respect to the services addressed herein, a waiver of any right to subrogation which any such insurer of OpTerra Energy Services may acquire against the Nipomo Community Services District by virtue of the payment of any loss under such insurance, but only to the extent of the indemnity obligations contained in this Agreement.

4. INDEPENDENT CONTRACTOR

OpTerra Energy Services, and the agents and employees of OpTerra Energy Services, its subcontractors and/or consultants, are acting in an independent capacity in the performance of this Agreement, and not as public officials, officers, employees, consultants or agents of the Nipomo Community Services District. This Agreement may not be construed to represent the creation of an employer/employee or principal/agent relationship. OpTerra Energy Services will act in an independent capacity and retain sole discretion in the manner and means of carrying out its activities under this Agreement. OpTerra Energy Services is free to work for other entities while under contract with Nipomo Community Services District.

5. ENERGY SERVICES CONTRACT

As it is the intent of Nipomo Community Services District and OpTerra Energy Services to pursue cost effective energy retrofits and ECMs at the Sites pursuant to an Energy Services Contract, both Parties agree to enter into good faith negotiations of an Energy Services Contract immediately following completion of the Assessment, if the Assessment concludes that the ECMs will result in a Paid-From-Savings Project.

6. WORK PRODUCT

Nipomo Community Services District will not, by virtue of this Agreement, acquire any interest in any formulas, patterns, devices, secret inventions or processes, copyrights, patents, other intellectual or proprietary rights, or similar items of property which are or may be used in connection with the Assessment. All data, proposals, plans, specifications, flow sheets, drawings, and other work product prepared or produced by OpTerra Energy Services hereunder ("Work Product") and furnished directly or indirectly, in writing or otherwise, to Nipomo Community Services District under this Agreement will remain OpTerra Energy Services' property and will be used only in connection with work performed by OpTerra Energy Services. OpTerra Energy Services will be deemed the author and owner of such Work Product and will retain all common law, statutory and other reserved rights, including copyrights. The Work Product may not be used by Nipomo Community Services District as a basis for facility construction or implementation of ECMs developed herein by any entity other than OpTerra Energy Services, without the prior written agreement of OpTerra Energy Services. Any unauthorized use of the Work Product will be at Nipomo Community Services District's sole risk and without liability to OpTerra Energy Services, and Nipomo Community Services District agrees to waive and release, and indemnify and hold harmless, OpTerra Energy Services, its subcontractors, and their directors, employees, subcontractors, and agents from any and all actions, claims, demands, damages, disabilities, fines, penalties, losses, costs, expenses (including consultants' and attorneys' fees and other defense expenses) and liabilities of any nature (collectively, "Losses") associated with or resulting from such use.

7. LIMITATION OF LIABILITY

The liability of a defaulting Party, in connection with this Agreement or any analysis, report, or other deliverables provided hereunder, will be limited to direct, actual damages. Neither Party shall be liable to the other Party for any special, indirect, incidental or consequential damages whatsoever, whether in contract, tort (including negligence) or strict liability, including, but not limited to, operational losses in the performance of business such as lost profits or revenues or any increase in operating expense. Additionally, each Party waives any claims for negligence against the other Party to the greatest extent permitted by law. In no event will ~~either Party OpTerra Energy Services~~ be liable to ~~the other Nipomo Community Services District~~ for any Losses which collectively exceed the amount of the Assessment Fee, regardless of whether such amounts arise out of breach of contract, guarantee or warranty, tort, product liability, contribution, strict liability or any other legal theory. This Section 7 shall not apply to or otherwise limit the provisions of Section 8 herein.

8. INDEMNITY

To the maximum extent permitted by law, OpTerra Energy Services hereby agrees, at its sole cost and expense, to defend with competent defense counsel reasonably approved by the Nipomo Community Services District, protect, indemnify, and hold harmless the Nipomo Community Services District, its elected and appointed officials, officers, employees, volunteers, attorneys, agents (including those Nipomo Community Services District agents serving as independent contractors in the role of Nipomo Community Services District representatives), successors, and assigns (collectively "Indemnitees") from and against any and all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, charges, obligations, damages, causes of action, proceedings, suits, losses, stop payment notices, judgments, fines, liens, penalties, liabilities, costs and expenses of every kind and nature whatsoever ~~to the extent arising out of, incident to, related to, in connection with or resulting from any act, failure to act, error or omission of OpTerra Energy Services or any of its officers, agents, servants, employees, Subcontractors, material suppliers or any of their officers, agents, servants or employees, in the performance of this Agreement;~~ including, without limitation, the payment of attorneys' fees, experts' fees, and other related costs and expenses (individually, a "Claim," or collectively, "Claims"), except to the extent any such Claim is due to the sole negligence or willful misconduct of the indemnified party. OpTerra Energy Services shall promptly pay and satisfy any judgment, award, or decree that may be rendered against any of the Indemnitees as to any such Claim. OpTerra Energy Services' obligation to indemnify shall not be restricted to insurance proceeds, if any, received by OpTerra Energy Services or Indemnitees.

Nothing in this Section ~~8~~ shall be construed to encompass Indemnitees' sole or active negligence or willful misconduct to the extent that this Agreement is subject to California Civil Code section 2782.

9. NONDISCRIMINATION; COMPLIANCE WITH LAWS

OpTerra Energy Services will comply with all applicable laws, rules, regulations and policies, including, but not limited to, those relating to nondiscrimination, accessibility, and civil rights.

The Parties acknowledge and agree that OpTerra Energy Services is not a municipal advisor and cannot give advice to Nipomo Community Services District with respect to municipal securities or municipal financial products absent Nipomo Community Services District being represented by, and relying upon the advice of, an independent registered municipal advisor. OpTerra Energy Services is not subject to a fiduciary duty with regard to Nipomo Community Services District or the provision of information to Nipomo Community Services District. Nipomo Community Services District will consult with an independent registered municipal advisor about the financing option(s) appropriate for Nipomo Community Services District's situation.

OpTerra Energy Services cannot guarantee that Nipomo Community Services District will receive funding from any energy efficiency rebate, incentive, and/or loan program(s) (collectively, "Incentive Funds"); OpTerra Energy Services expressly disclaims any liability for Nipomo Community Services District's failure to receive any portion of the Incentive Funds, and Nipomo Community Services District acknowledges and agrees that OpTerra Energy Services will have no liability for any failure to receive all or any portion of the Incentive Funds.

10. FORCE MAJEURE

Neither Party will be considered to be in default in the performance of any material obligation under this Agreement (other than the obligation to make payments) when a failure of performance will be due to an event of Force Majeure. The term "Force Majeure" will mean any cause beyond the control of the affected Party and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which, despite using commercially reasonable efforts, it has been unable to overcome. Neither Party will be relieved of its obligation to

perform if such failure is due to causes arising out of its own negligence or due to removable or remediable causes which it fails to remove or remedy within a reasonable time period. Either Party rendered unable to fulfill any of its obligations under this Agreement by reason of an event of Force Majeure will give prompt written notice of such fact to the other Party.

11. INTEGRATION; AMENDMENT

This Agreement constitutes the entire contract among the Parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement may not be amended except by a writing executed by both Parties. No oral amendment shall be enforceable, even if supported by new consideration. Delivery of an executed counterpart of a signature page of this Agreement by email or fax shall be effective as delivery of a manually executed counterpart of this Agreement.

12. DISPUTE RESOLUTION; APPLICABLE LAW; VENUE; SEVERABILITY

If a dispute arises out of or relates to this Agreement, or the transaction contemplated by this Agreement (a "Dispute"), either Party may initiate the dispute resolution process set forth in this Section 12 by giving notice to the other Party. Senior executives for the Parties will meet, within thirty (30) calendar days after notice of the Dispute, in an attempt to resolve the Dispute and any other identified disputes or any unresolved issues that may lead to a dispute. If the senior executives are unable to resolve a Dispute or if a senior management conference is not held within the time provided herein, either Party may submit the Dispute to mediation.

If the Dispute is not settled by senior management conference, the Parties will endeavor to settle the Dispute by mediation under the Commercial Mediation Procedures of the American Arbitration Association. Mediation is a condition precedent to the institution of legal or equitable proceedings by either Party. Once one Party files a request for mediation with the other Party and with the American Arbitration Association, the Parties agree to conclude the mediation within sixty (60) calendar days after filing the request. Either Party may terminate the mediation at any time after the first session, but the decision to terminate must be delivered in person by the Party's representative to the other Party's representative and the mediator.

If any term of this Agreement is declared by a court to be illegal, invalid or unenforceable, the legality, validity and enforceability of the other terms of this Agreement will not be affected or impaired thereby, and the rights and obligations of the Parties will be enforced as if the illegal, invalid or unenforceable term were revised to the minimum extent necessary to make such term legal, valid and enforceable.

[the Parties' signatures appear on the following page]

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto subscribe their names to this Agreement.

OPTERRA ENERGY SERVICES, INC., a Delaware Corporation

NIPOMO COMMUNITY SERVICES DISTRICT:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

By: _____

Print Name: _____

Title: _____

ATTACHMENT A

SCOPE OF WORK

Attachment A – Scope of Work

I. Required Documents (Needed to Proceed).

- A. Nipomo Community Services District will provide the following detailed documentation:
1. Most recent three (3) years of audited financial statements.
 2. Actual utility company invoices for all utilities serving the Sites, for a minimum of two (2) years, and preferably three (3) years, immediately prior to the date hereof, with, beginning with the most recently completed month.
 3. Utility company demand interval recordings of 15/30 minute electrical demand for one year, where available.
 4. Record drawings (AutoCAD or hard copy) for the Sites:
 - a. electrical
 - b. structural
 - c. architectural
 - d. modifications and remodels
 - e. site landscaping
 5. AutoCAD or hard copy of 8 ½" x 11" or 11" x 17" floor and roof plans of all Sites, as well as information on the age, type and condition of buildings and roofs.
 6. A list of key contacts at each site, including Nipomo Community Services District personnel knowledgeable of the electrical, HVAC, lighting and controls systems.

II. Scope of Work.

An Assessment will be performed as described below:

- A. Perform detailed review of documents delivered above.
- B. Perform an inspection survey to:
1. Identify potential ECMs.
 2. Identify the potential locations and type of application for solar PV and other ECM installations.
 3. Interview the facility manager, chief engineer, or others as needed.
 4. Identify comfort or system-function problems which may impact the performance of the recommended measures.
 5. Obtain the hours of operation for building systems and equipment, and expected occupancy and use.
 6. Survey major energy using equipment, and evaluate for performance improvement or replacement.
- C. To the extent deemed necessary by agreement of Nipomo Community Services District and OpTerra Energy Services, prepare preliminary engineering for ECMs at Sites, to include:
1. A written description including:
 - a. the existing conditions
 - b. the changes to be made
 2. A general scope of the construction work required for installation of work.
 3. Preliminary selection of major equipment.

D. Calculate energy use and cost for viable ECMs:

1. For each ECM, calculate annual energy savings.
2. Calculation methodology will be determined by OpTerra Energy Services, and may include spreadsheet analysis or other accepted, standard engineering procedures.
3. Operational and maintenance savings, if any, will be identified as a separate line item.

E. Prepare a proposed "Project Cost" and a list of "Services to Be Provided," in anticipation of OpTerra Energy Services and Nipomo Community Services District entering into an Energy Services Contract to design, construct, install, and monitor the proposed ECMs. The proposed Project Cost is conditioned on prompt execution of the Energy Services Contract and the condition that hazardous substance or abnormal subsurface/soil condition issues are not present.

F. Provide to Nipomo Community Services District the financial analysis and the draft Energy Services Contract.

III. Technologies to be Considered:

A. The technologies listed below will be considered during the performance of assessments:

1. Solar PV
2. HVAC upgrades/replacements
3. Lighting retrofits
4. Pump upgrades
5. Water meter replacement, including advanced metering technology
6. Energy storage

ATTACHMENT B

NIPOMO COMMUNITY SERVICES DISTRICT SITE INVENTORY

PART I: SITES INCLUDED IN ASSESSMENT

Site Name

Facility Name	Address
Southland Wastewater Shop	509 Southland
Office and Board Room	148 S Wilson
Southland Wastewater Facility	515/519 Southland
Sundale Well	1604 Camino Caballo

PART II: SITES NOT INCLUDED IN ASSESSMENT

Any Sites not included above

September 13, 2017

ITEM E-1

ATTACHMENT C

GOVERNMENT CODE - GOV

TITLE 1. GENERAL [100 - 7914]

(Title 1 enacted by Stats. 1943, Ch. 134.)

DIVISION 5. PUBLIC WORK AND PUBLIC PURCHASES [4000 - 4563]

(Division 5 enacted by Stats. 1943, Ch. 134.)

CHAPTER 3.2. Energy Conservation Contracts [4217.10 - 4217.18]

(Chapter 3.2 added by Stats. 1983, Ch. 868, Sec. 1.)

4217.10.

To help implement the policy set forth in Section 25008 of the Public Resources Code, and to extend that policy to facilities of local governments, public agencies may develop energy conservation, cogeneration, and alternate energy supply sources at the facilities of public agencies in accordance with this chapter.

(Added by Stats. 1983, Ch. 868, Sec. 1.)

4217.11.

The following terms, whenever used in this chapter, have the meanings given in this section, except where the context clearly indicates otherwise:

- (a) "Alternate energy equipment" means equipment for the production or conversion of energy from alternate sources as its primary fuel source, such as solar, biomass, wind, geothermal, hydroelectricity under 30 megawatts, remote natural gas of less than one billion cubic feet estimated reserves per mile from an existing gas gathering line, natural gas containing 850 or fewer British Thermal Units per standard cubic foot, or any other source of energy, the efficient use of which will reduce the use of fossil or nuclear fuels.
- (b) "Cogeneration equipment" means equipment for cogeneration, as defined in Section 216.6 of the Public Utilities Code.
- (c) "Conservation measures" means equipment, maintenance, load management techniques and equipment, or other measures to reduce energy use or make for a more efficient use of energy.
- (d) "Conservation services" means the electrical, thermal, or other energy savings resulting from conservation measures, which shall be treated as a supply of such energy.
- (e) "Energy conservation facility" means alternate energy equipment, cogeneration equipment, or conservation measures located in public buildings or on land owned by public agencies.

(f) "Energy service contract" means a contract entered into by a public agency with any person, pursuant to which the person will provide electrical or thermal energy or conservation services to a public agency from an energy conservation facility.

(g) "Facility financing contract" means a contract entered into by a public agency with any person whereby the person provides financing for an energy conservation facility in exchange for repayment of the financing and all costs and expenses related thereto by the public agency. A facility financing contract may provide for the person with whom the public agency contracts to provide any combination of feasibility studies for, and design and construction of, all or part of the energy conservation facility in addition to the financing and other related services, and may provide for an installment sale purchase, another form of purchase, or amortized lease of the energy conservation facility by the public agency.

(h) "Facility ground lease" means a lease of all, or any portion of, land or a public building owned by, or under lease to, a public agency to a person in conjunction with an energy service contract or a facility financing contract. A facility ground lease may include, in addition to the land on which energy conservation facilities will be located, easements, rights-of-way, licenses, and rights of access, for the construction, use, or ownership by the person of the facility and all related utility lines not owned or controlled by the interconnecting utility, and offsite improvements related thereto. A facility ground lease may also include the addition or improvement of utility lines and equipment owned by the interconnecting utility which are necessary to permit interconnection between that utility and an energy conservation facility.

(i) "Person" means, but is not limited to, any individual, company, corporation, partnership, limited liability company, public agency, association, proprietorship, trust, joint venture, or other entity or group of entities.

(j) "Public agency" means the state, a county, city and county, city, district, community college district, school district, joint powers authority or other entity designated or created by a political subdivision relating to energy development projects, and any other political subdivision or public corporation in the state.

(k) "Public building" includes any structure, building, facility, or work which a public agency is authorized to construct or use, and automobile parking lots, landscaping, and other facilities, including furnishings and equipment, incidental to the use of any structure, building, facility, or work, and also includes the site thereof, and any easements, rights-of-way appurtenant thereto, or necessary for its full use.

(Amended by Stats. 2006, Ch. 198, Sec. 2. Effective January 1, 2007.)

4217.12.

(a) Notwithstanding any other provision of law, a public agency may enter into an energy service contract and any necessarily related facility ground lease on terms that its governing body determines are in the best interests of the public agency if the determination is made at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, and if the governing body finds:

(1) That the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases.

(2) That the difference, if any, between the fair rental value for the real property subject to the facility ground lease and the agreed rent, is anticipated to be offset by below-market energy purchases or other benefits provided under the energy service contract.

(b) State agency heads may make these findings without holding a public hearing.

(Amended by Stats. 1998, Ch. 328, Sec. 7. Effective August 21, 1998.)

4217.13.

Notwithstanding any other provision of law, a public agency may enter into a facility financing contract and a facility ground lease on terms that its governing body determines are in the best interest of the public agency if the determination is made at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, and if the governing body finds that funds for the repayment of the financing or the cost of design, construction, and operation of the energy conservation facility, or both, as required by the contract, are projected to be available from revenues resulting from sales of electricity or thermal energy from the facility or from funding that otherwise would have been used for purchase of electrical, thermal, or other energy required by the public agency in the absence of the energy conservation facility, or both. State agency heads may make these findings without holding a public hearing.

(Amended by Stats. 1998, Ch. 328, Sec. 8. Effective August 21, 1998.)

4217.14.

Notwithstanding any other provision of law, the public agency may enter into contracts for the sale of electricity, electrical generating capacity, or thermal energy produced by the energy conservation facility at such rates and on such terms as are approved by its governing body. Any such contract may provide for a commitment of firm electrical capacity.

(Added by Stats. 1983, Ch. 868, Sec. 1.)

4217.15.

The public agency may, but is not required to, base the findings required under Sections 4217.12 and 4217.13 on projections for electrical and thermal energy rates from the following sources:

- (a) The public utility which provides thermal or electrical energy to the public agency.
- (b) The Public Utilities Commission.
- (c) The State Energy Resources Conservation and Development Commission.
- (d) The projections used by the Department of General Services for evaluating the feasibility of energy conservation facilities at state facilities located within the same public utility service area as the public agency.

(Added by Stats. 1983, Ch. 868, Sec. 1.)

4217.16.

Prior to awarding or entering into an agreement or lease, the public agency may request proposals from qualified persons. After evaluating the proposals, the public agency may award the contract on the basis of the experience of the contractor, the type of technology employed by the contractor, the cost to the local agency, and any other relevant considerations. The public agency may utilize the pool of qualified energy service companies established pursuant to Section 388 of the Public Utilities Code and the procedures contained in that section in awarding the contract.

(Amended by Stats. 1998, Ch. 328, Sec. 9. Effective August 21, 1998.)

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4217.17.

This chapter does not limit the authority of any public agency to construct energy conservation projects or to enter into other leases or contracts relating to the financing construction, operation, or use of alternate energy type facilities in any manner authorized under existing law. This chapter shall not be construed to abrogate Section 14671.6.

(Amended by Stats. 1998, Ch. 328, Sec. 10. Effective August 21, 1998.)

4217.18.

The provisions of this chapter shall be construed to provide the greatest possible flexibility to public agencies in structuring agreements entered into hereunder so that economic benefits may be maximized and financing and other costs associated with the design and construction of alternate energy projects may be minimized. To this end, public agencies and the entities with whom they contract under this chapter should have great latitude in characterizing components of energy conservation facilities as personal or real property and in granting security interests in leasehold interests and components of the alternate energy facilities to project lenders.

(Added by Stats. 1983, Ch. 868, Sec. 1.)