

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS *LSB*
GENERAL MANAGER
DATE: FEBRUARY 9, 2018



**REVIEW PUBLIC DRAFT OF LOCAL AGENCY FORMATION
COMMISSION (LAFCO) SPHERE OF INFLUENCE UPDATE
AND MUNICIPAL SERVICES REVIEW**

ITEM

Review public draft of LAFCO Sphere of Influence Update and Municipal Services Review
[RECOMMEND REVIEW AND PROVIDE DIRECTION TO STAFF]

BACKGROUND

The San Luis Obispo Local Agency Formation Commission (LAFCO) is required to update the Sphere of Influence and Municipal Services Review for the District. The last update was adopted in July 2010.

Attached is the Public Review Draft (Attachment A) presented to the LAFCO Commissioners at their January 18, 2018 meeting. LAFCO opened the public comment period and requests comments be submitted by the end of February. Public comments on the draft will be considered by LAFCO at their March meeting.

Also, attached are comments received by Board of Directors and Staff prior to the publishing of this staff report (Attachment B).

FISCAL IMPACT

Minor budgeted staff time to prepare these materials.
LAFCO oversees and approves changes in the District's services and service boundaries.

STRATEGIC PLAN

7.2 Maintain productive communication and relationships with key stakeholders, such as city, County, State and Federal legislators, service clubs, etc. As appropriate, plan and assign for this role.

RECOMMENDATION

Staff recommends your Board review the comments and direct Staff to submit comments to LAFCO by the end of February.

ATTACHMENTS

- A. Public Review Draft Sphere of Influence Update and Municipal Services Review
- B. Comments received by Board and Staff

FEBRUARY 14, 2018

ITEM E-1

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

**PUBLIC REVIEW DRAFT
SPHERE OF INFLUENCE UPDATE
MUNICIPAL SERVICE REVIEW**



**PREPARED BY:
SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
JANUARY 2018**

SAN LUIS OBISPO LOCAL AGENCY FORMATION COMMISSION

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Vice Chair: Tom Murray, Public Member
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Raymond A. Biering, Legal Counsel
Mike Prater, LAFCO Sr. Analyst
Donna J. Bloyd, Commission Clerk

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- A: Past LAFCO Actions
- B: Memorandum of Agreement
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CHAPTER 1 - INTRODUCTION & EXECUTIVE SUMMARY

INTRODUCTION

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the Spheres of Influence (SOI) for all applicable jurisdictions in the County every five years or as needed. A Sphere of Influence is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI is generally considered by San Luis Obispo LAFCO as a 20-year, long-range planning tool. The Act further requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of a Sphere of Influence. The MSR evaluates the capability of a jurisdiction to serve their existing residents and future development that might occur within its Sphere of Influence.

Sphere of Influence

"...a plan for the probable physical boundary and service area of a local agency or municipality..."

Chapter Two is the Sphere of Influence Update and it does two things: 1) describes the requirements of the Cortese-Knox-Hertzberg Act, and 2) makes recommendations for updating the Sphere of Influence for the Nipomo Community Services District. The Sphere Update is based upon Chapter three, the Municipal Service Review, that analyzes the jurisdiction's capability to provide services to existing and future residents. The SOI Update and Municipal Service Review are prepared to meet the requirements of the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH). The San Luis Obispo LAFCO's Municipal Service Review Guidelines were used to develop information, perform analysis and organize this study. The update of the Sphere of Influence for the District recognizes the existing circumstances and recommends no changes to the SOI at this time.

The legislative authority for conducting Service Reviews is provided in section 56430 of the CKH Act. The Act states: "That in order to prepare and to update Spheres of Influence in accordance with Section 56425, the Commission shall conduct a service review of the municipal services provided in the County or other appropriate area designated by the Commission ...". A Service Review must have written determinations that address the legislative factors in order to update a Sphere of Influence.

Information that addresses each of the seven factors is provided in Chapters 3 – the Municipal Service Review. The seven factors are listed below, and Written Determinations for each factor are found after each section.

LAFCOs are encouraged to compile a variety of information in preparing a Service Review. LAFCOs also may use a significant proposal or study (general plan, master plan, specific plan, water and wastewater plans, etc.) as a way to compile the information needed for a Service Review. Administrative, organizational, and financial information is also collected and summarized.

SERVICE REVIEW & SPHERE OF INFLUENCE UPDATE PROCESS

The process for updating the Agency’s Spheres of Influence includes several steps:

1. Gathering and compiling information regarding the jurisdictions service capability.
2. Update of District/County Memorandum of Agreement (MOA) regarding SOI boundaries and development provisions for the Sphere of Influence area, if necessary.
3. Preparation and release of a Public Review Draft Sphere of Influence Update and Municipal Service Review. Completion of the environmental review process consistent with the California Environmental Quality Act (CEQA). Public Review and Comment period for all documents.
4. If agreed to, District and County approval of a Memorandum of Agreement (2010 MOA found in Appendix B). LAFCO is required by the CKH Act to give “great weight” to an agreement between the District and the County when considering the Sphere of Influence Update.
5. LAFCO consideration of Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement, and Environmental Review documentation.

SEVEN SERVICE REVIEW FACTORS

- 1. Growth and Population projections for the affected area**
- 2. Location and characteristics of any disadvantaged unincorporated communities**
- 3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies**
- 4. Financial ability of agencies to provide services**
- 5. Status of, and opportunity for, shared facilities**
- 6. Accountability for community service needs including governmental structure and operational efficiencies**
- 7. Any other matter related to effective or efficient service delivery, as required by commission policy**

Past LAFCO Actions. The last SOI Study for Nipomo Community Services District was completed in 2010 which included a reduction of agricultural land that is in strawberry production in the southern part of the District. The SOI totals approximately 5,817+/- acres beyond the service area and includes seven general areas. Since that time no proposals for annexation or changes to the General Plan have been considered. Appendix A contains a table that shows the latest LAFCO actions regarding the District.

Current LAFCO Action. LAFCO is being asked to consider the following actions as a part of this Sphere of Influence Update:

1. Approve and adopt the environmental documentation pursuant to CEQA;
2. Approve the Municipal Service Review found in Chapter Three of this document; and
3. Approve and adopt the Sphere of Influence Update for the Nipomo Community Services District in Chapter Two of this document.

Environmental Determination

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSR's are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation Section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded."

Furthermore, the SOI update qualify for a general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." There is no possibility that the MSR or SOI update would have a significant effect on the environment because there is no land use changes associated with the document. If the

Commission approves and adopts the MSR's and SOI update and determines that the project is exempt from CEQA, staff will prepare and file a notice of exemption with the Clerk of the County of San Luis Obispo, as required by CEQA Regulation Section 15062.

The study of impacts associated with the Sphere of Influence is often speculative since it is unclear what type of project might be proposed or if an area will even be annexed in the future. The District or County studies impacts comprehensively when a project-specific environmental review is completed. Also, the recommendation to maintain the existing Sphere of Influence without changes causes no impacts because the Sphere of Influence already exists and has been in place since 2010.

EXECUTIVE SUMMARY

The following is a summary of the key information contained in the Sphere of Influence Update and Municipal Service Review completed for the Nipomo Community Services District. The seven factors that are required to be addressed by the CKH Act are covered in this summary section. The analysis in the chapter that follows evaluates and addresses the factors unique to LAFCO's role and decision-making authority pursuant to the CKH Act. The following is a summary of the key information contained in this Service Review:

CHAPTER 2 SPHERE OF INFLUENCE UPDATE

The Sphere of Influence Chapter describes the requirements of the Cortese-Knox-Hertzberg Act and provides background regarding the existing SOI for the District. It also identifies the Study Areas that were evaluated in determining the SOI's, the City-County agreement for Nipomo Community Services District, and the LAFCO staff recommendation. The MOA for the District can be found in Appendix B as well as summarized in this chapter. Also covered are the factors that are required by CKH for establishing a SOI. The Staff Recommendation is to maintain the existing SOI for Nipomo Community Services District.

CHAPTER 3 MUNICIPAL SERVICE REVIEW UPDATE

1. Growth & Population

According to the 2010 US Census, Nipomo and surrounding area had a population of 16,714. According to the NCSD's water management plan the estimated population within the current service area of the NCSD is estimated to be 12,886 and 5,484 in the existing SOI for a total of 18,370. In the 2015 Urban Water Management Plan, Nipomo CSD estimates that 12,886 people are served by the District using the Department of Water Resources (DWR) Population Tool. In 2010, the U.S. Census stated the total number of dwelling units as 5,038 with an average household size of 3.03 persons and an occupancy rate of about 71%. Generally population estimates include the Nipomo Urban Reserve Line (URL) boundary as the reference; however the Nipomo URL and NCSD service area are significantly different. The 2015 UWMP based projected growth rates for the NCSD:

Table 1-1: Historical & Projected Population Growth for NCSD

	1980 ⁽¹⁾	1990 ⁽¹⁾	2000 ⁽¹⁾	2015 ⁽²⁾	2020 ⁽²⁾	2030 ⁽²⁾	2040 ⁽²⁾
Population	5,247	7,109	12,626	12,886	13,721	14,399	15,827
10 Year Increase	---	1,862	5,517	260	835	678	1,428
10 year Avg. Increase		26%	43%	2%	6%	4.7%	9%
Average per Year	--	2.6%	4.4%	<1%	1.2%	<1%	1%

(1) Source: U.S. Census

(2) Source: Nipomo CSD 2015 UWMP

2. Location and Characteristics of any Disadvantaged Unincorporated Communities

LAFCO is required to identify the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the agency or property owners. Government Code section 56033.5 further defines disadvantaged unincorporated communities as inhabited territory; an area with 12 or more registered voters, and an area with an income of 80 percent or less of the statewide median income. In the analysis completed by LAFCO staff, Nipomo CSD's Sphere of Influence does not have any disadvantage unincorporated communities within the proposed Sphere of Influence or in the areas contiguous to the Sphere of Influence.

3. Infrastructure Needs & Deficiencies

The Municipal Service Review summarizes if a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to serve areas already within the District and in the Sphere of Influence. It is important that the infrastructure and resource capacities be adequate and reliable when revisions to the SOI and annexations are proposed by the District or property owners. In the case of this SOI Update, it is prudent for LAFCO continue to analyze present and long-term infrastructure demands and resource capabilities of the NCSD. LAFCO accomplishes

this by evaluating 1) the resources and services that are currently available, and 2) the ability of the District to expand such resources and services in line with future demands. An example of this is the District's approach to the supplemental water project.

Water

Historically, the District has relied on groundwater as the sole source of water. The water supply is pumped from the Santa Maria Groundwater Basin (which contains the Nipomo Mesa Management Area-NMMA) through five active wells and one standby well operated by the District. The Basin has been adjudicated and a stipulated settlement agreement signed. In July 2015, the District completed the Nipomo Supplemental Water Project (NSWP) and began importing water from the City of Santa Maria. NCSD has a current minimum take of 800 afy from the City of Santa Maria with an incremental increase of 1,000 afy minimum take in fiscal year 2020-2021 and a final increase to 2,500 afy minimum take in fiscal year 2025-2026. The District Supplemental Water Agreement with the City of Santa Maria allows up to 3,000 AFY. The table below shows the District's current water supply situation.

Table 1-2 – Nipomo CSD Current Water Supply

Source	Actual Amount (acre feet)	Available Allocation (acre feet)
Groundwater – (Basin wells)	1,626*	2,900*
Supplemental Water Project (City of Santa Maria)	322**	3,000**
Recycled Water	50	50
Total	1,998	5,950

* Maximum extracted in 2005, the District has the goal of reducing the amount pumped from the basin. The amount pumped in 2015 was 1,626 AF. There is no existing estimate for the perennial yield of this sub-basin.

** The Supplemental Water Agreement with the City of Santa Maria allows up to 3,000 AFY. 322AF was received in 2015.

NCSD's existing water demands within the NCSD service area for calendar year 2015 was 1,948 AF. The District's anticipates future water demand within the District to be 4,244 acre-feet per year. This estimate does not include future water demand from properties within the Sphere of Influence that do not already receive water service. Properties within the Sphere of Influence will be reviewed on a case-by-case basis.

Wastewater

NCSD operates two wastewater collection systems within the service area. The Town System collects wastewater on the easterly side of the service area from Orchard Road to Cedarwood Street and on southerly side of the service area from Juniper Street to Southland Street. The Blacklake System collects wastewater from the Blacklake community north of Willow Road. A large portion of the NCSD water service area is not sewered (approximately half of the Town area is on septic). Almost all of the area within the Blacklake community is sewered. According to the County's annual Resource Summary Report the Town system is at approximately 62% of capacity during average dry-weather flow and the Blacklake system is at 49% of capacity. The NCSD recently finished a major upgrade project and adopted a Sewer Master Plan with recommendations to tie the two plants together under one system.

Solid Waste Disposal

The District contracts with South County Sanitation, a private vendor, and receives a franchise fee between 5%-10%. The District Board reviews rates to consider the benefits of mandatory versus non-mandatory solid waste collection. The NCSD uses existing franchise fees to fund administrative costs, local community cleanups and creek cleanup within its service area. The Board of Directors is also reviewing the potential for other uses for the Franchise Fees.

4. Financing Constraints & Opportunities

The District adopts the budget each fiscal year (July – June) and it is used as the spending plan for the District. The District appears able to meet its financial obligations and responsibilities. Annual audits confirm the sound fiscal status of the NCSD. The District's financial constraints involve the limited ability to receive revenues and the desires of the people in the community to fund certain activities by establishing assessment districts or fees. Funding sources are limited and it can be difficult to expand the revenue base to fund services. Also, any proposed increase in taxes is normally subject to a proposition 218 action.

The Districts water and sewer services are operated as enterprise funds. About 50% of the District's revenues come from water charges and other fees and 28% from sewer revenue. In FY2017-2018 budget, these revenues are expected to be around \$6,985,484. Property tax revenues make up \$622,000 while other transfers, charges and fees are \$1,414,333.

The District completed a water rate study in 2017 and put new water rates into effect as of December 2017. The new rate structure is comprised of a fixed or readiness to serve charge and a variable or commodity charge. The commodity charge is calculated based on the amount of water used by the customer and changed from an inclining four tiered conservation-centric rate structure to a single uniform pricing model. This change in rate structure was due to a 2015 Court ruling.

5. Opportunities for Shared Facilities

Development in Nipomo can lead to shared infrastructure between the County, the District, and the Cities. At present, the distinction between District and County services in the area is clear. The opportunities for more coordination may include:

- Roadway connections (this is a County function, not a District function)
- Coordinated open space preservation
- District and County parks and recreational facilities
- Preservation and enhancement of Agricultural Lands

6. Government Structure and Accountability

The governing body of the Nipomo CSD is the Board of Directors that is elected in compliance with California Election Laws. The District appears to comply with the Brown Act Open-Meeting Law and provides the public with opportunities to obtain information about community issues, including website and phone access. The District's website contains information about the various services it provides to residents. The District has legal counsel at each meeting to advise them in regard to the Brown Act and other legal matters.

The Board of Directors holds regular meetings at 9:00 a.m. on the second and fourth Wednesdays of each month in the Jon S. Seitz Board Room 148 South Wilson Street, Nipomo, Ca.

REORGANIZATION

The reorganization of County Service Area (CSA) 1 has not occurred yet, however the District and County Public Works are in discussion on how to achieve this goal.

RECOMMENDATION

Based upon the information contained in Chapters 2 and 3 of this document, and the environmental determination, it is recommended that the Nipomo Community Services District Sphere of Influence remain unchanged.

CHAPTER 2

– SPHERE OF INFLUENCE UPDATE

INTRODUCTION

This Sphere of Influence (SOI) Update chapter is prepared for the Nipomo CSD and is based upon the following Municipal Service Review (Chapter 3) that analyzes the District's capability to serve existing and future residents. The SOI Update and Service Review were prepared to meet the requirements of the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (CKH). The fundamental role of the Local Agency Formation Commission, LAFCO, is to implement the CKH Act, consistent with local conditions and circumstances. LAFCO's decisions are guided by the CKH Act, found in Government Code 56000, et seq. The major goals of LAFCO include:

- Encouraging orderly growth and development which are essential to the social, fiscal, and economic well-being of the state;
- Promoting orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- Discouraging urban sprawl;
- Preserving open space and prime agricultural lands by guiding development in a manner that minimizes resource loss;
- Promoting logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide necessary services and housing;
- Making studies and obtaining and furnishing information which will contribute to the logical and reasonable development of local agencies and shaping their development so as to advantageously provide for the present and future needs of each county and its communities;
- Determining whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, where deemed necessary, consider reorganization with other single purpose agencies that provide related services;
- Updating SOIs every five years or as necessary.

To carry out State policies, LAFCO has the power to conduct studies, approve or disapprove proposals, modify boundaries, and impose reasonable terms and conditions on approval of proposals. Existing law does not provide LAFCO with direct land use authority, although some of LAFCO's discretionary actions consider land use in the decision making process. LAFCO is expected to weigh, balance, deliberate, and set forth the determinations of a specific action when considering a proposal.

An important tool used in implementing the CKH Act is the adoption of a Sphere of Influence (SOI) for a jurisdiction. A SOI is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...". A SOI represents an area adjacent to a city or district where a jurisdiction might be reasonably expected to provide services over the next 20 years. This chapter, along with the following Municipal Service Review, provides the basis for updating the Nipomo CSD's Sphere of Influence, which is required to be updated every five years or as needed.

This Sphere of Influence Update chapter addresses the key factors called for in the Cortese/Knox/Hertzberg Act by referring to information contained in the Service Review. Also, the following written determinations must be addressed according to section 56425(e)(1-4) of the Cortese/Knox/Hertzberg Act:

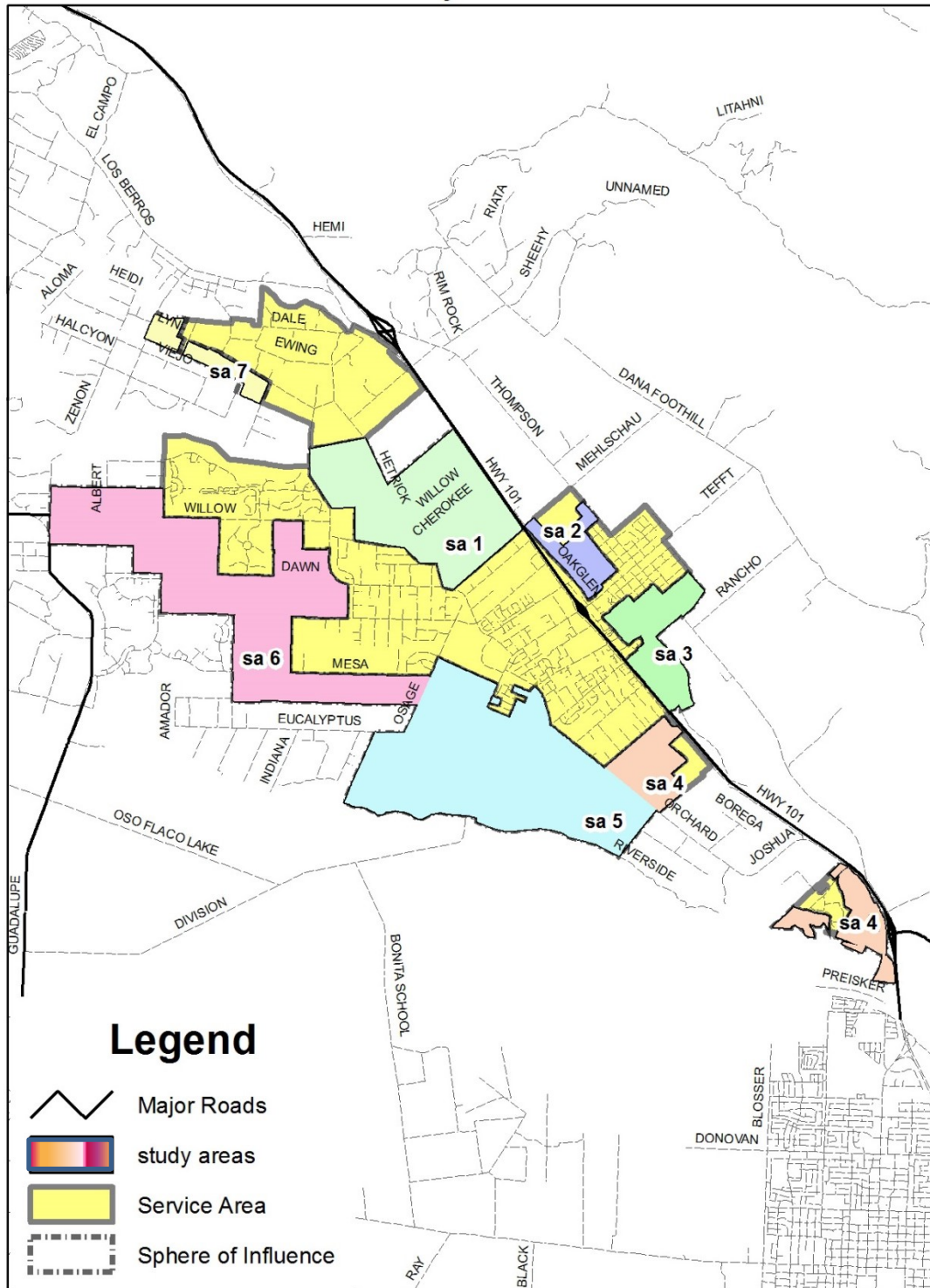
- Present and planned land uses in the area, including agriculture, and open space lands;
- Present and probable need for public facilities and services in the area;
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and
- Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
- The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

EXISTING SPHERE OF INFLUENCE

The District's existing Sphere of Influence is approximately 5,817+/- acres beyond the service area and includes seven general areas. The map on the next page shows the existing Sphere of Influence and Study Areas of the District under this review.

Figure 2-1 – Nipomo’s Existing SOI and Study Areas

Nipomo Community Services District Study Areas



SPHERE OF INFLUENCE STUDY AREAS

For analysis purposes, the Nipomo CSD and LAFCO staff prepared a map that included the existing SOI properties as the Study Areas to be considered for this Sphere of Influence update. The Study Areas are used to help analyze and identify which properties should remain/ be included and which should be excluded from the Sphere of Influence. A summary of the Study Areas are listed in the table below:

Table 2-1: Existing Land Use in Study Areas

Area	Acres	Land Use Category/Zoning	Notes
#1	1,082	Agriculture-420, Residential Rural-662	Cañada Ranch and Willow Road
#2	132	Agriculture	Prime Ag, Flood Plain, appears unlikely to be developed
#3	266	Residential Single Family, Res. Suburban, Recreation, Agriculture	Within Urban Reserve Line
#4	1,273	Rural Lands-1,173, Southland Area 100 ac	Includes Maria Vista, Commercial Area
#5	1,350	Residential Single Family-154, Residential Suburban-1,196	Mostly developed area on one acre lots
#6	1,375	Residential Suburban-28, Agriculture-83, Residential Rural-1,264	Urban Separator in County General Plan
#7	339	Residential Rural-339	Land Use Ordinance Amendment already approved by County

Source: SLO County Planning & Building Department, General Plan.

The Study Areas are described in more detail below. The discussion addresses the size and location of the area, current zoning, possible zoning for each area and other relevant information.

Study Areas

The areas being studied are existing sites within the District's Sphere of Influence. These areas are generally within the Urban Reserve Line (URL). These properties are not under Williamson Act contracts. These areas are described below:

Study Area 1. This area is located west of Highway 101 and north of the Urban Reserve Line (URL) for Nipomo with properties zoned Residential Rural and Agriculture. The properties are adjacent to Highway 101, just north of Nipomo's URL and south of Summit Station. The Cañada Ranch is a 285-acre parcel included in this area. The South County Area Plan (SCAP) calls for eventual development of this property. The project may include a number of residential units along with commercial and retail uses. Also, the Cañada Ranch is proposed as a commercial

job center for Nipomo in the SCAP. This area also includes the location of the Willow Road extension project. The District has waterlines located along Hetrick Road and Live Oak Ridge. The water tank standpipe is also cited in the area. The area also includes several existing residences near Pomeroy Road. The area adjacent to Highway 101 is considered in the SCAP as a “gateway” into the Nipomo community.

Study Area 2. This area is located to the north of Olde Towne and on the east side of Highway 101. The total acreage is 132 acres zoned Agriculture. The Nipomo High School is located to the northeast; Olde Towne of Nipomo is to the south and east. The larger of the two properties is currently being farmed and it is considered to be prime agricultural land. The area is also prone to flooding during storms and is mapped by FEMA as a flood hazard zone. The Nipomo Creek is located adjacent to Highway 101 on the southwest side of the property. The property has significant environmental constraints that would need to be addressed in the development and review process if a project is to be considered for this site. This area is nearly surrounded by development and is an island panhandle within Nipomo. The future use would be determined through either a comprehensive update of the South County Area Plan or a General Plan Amendment submitted by the property owner to the County for processing. It is possible that with the high school to the north, Commercial Retail to the south and Residential Single Family to the east, this area could eventually develop into a more urban environment that would need the services of the District. The District has water and sewer infrastructure adjacent to the area.

Study Area 3. This area is located east of Highway 101 and south of Olde Towne Nipomo. Much of the land is within the Nipomo URL as defined by the County in the South County Area Plan. The only area outside the URL within the SOI is a site between Thompson Road and the Nipomo Creek adjacent to Sparks Avenue. This site, zoned Agriculture, is a small area designated to be the future site of a government center. Area Three includes several land use categories including: Residential Single Family, Residential Suburban, Agriculture and Recreation. The Dana Adobe site is located in an area that is zoned Recreation. To protect the historic nature of the Adobe, the South County Area Plan has special development standards for this area. The District currently provides the Adobe with water service under an agreement approved in 1972 between the District and the San Luis Obispo County Historical Society. The SCAP recommends that a Specific Plan be completed to identify the appropriate civic-related functions and related private uses that would be associated with a government center. The Knotts Street area, on the east side of Highway 101 and the south side of town, is the subject of

special development standards in the SCAP, including the requirement of a detailed hydro-geologic analysis for projects proposed in the area. As this area develops it will eventually need the services of the District and is within the URL, with the exception of the government center site designated in the South County Area Plan.

Study Area 4. This area is located to the south of the current District boundary and north of the Santa Maria Valley. The area to the south of Southland Street is zoned Rural Lands. The total area is approximately 350 acres. The South County Area Plan calls for a Specific Plan to be prepared for the site just south and adjacent to Southland Street. The SCAP calls for the application of the Highway 101 Corridor Design Standards as well as area standards that apply to the Rural Lands land use zone. As currently zoned, the area would not likely need the services of the District, with the exception of the Maria Vista development and the surrounding lands zoned Residential Suburban. If the Rural Lands zoning is changed to increase the allowed density, the area may need services from the District.

Study Area 5. This area is just southwest of the District's existing boundary and is zoned Residential Suburban and Residential Single Family. This area is also within the County's Urban Reserve Line as established in the South County Area Plan. The area is largely built out. The Galaxy Park development is located in this area and zoned Residential Single Family. Golden State Water Company and County Service Area 1 provide this area with water and some sewer services respectively. This area could be served by the District with other services such as solid waste, drainage, or street lighting.

Study Area 6. This area is located west of the NCSD service area boundary east of the Woodlands project and Highway 1 and south of Willow Road. The area is zoned Residential Rural, with two smaller parcels zoned Agriculture. The area includes several greenhouses as well as a number of residential units on five-acre lots and larger. Generally the area is being developed pursuant to the current allowed density of one unit per five-acre lot. The District has waterlines and wells located in the area. Several small private water companies are operating in the area. Many private wells provide water to private residences. This area could benefit from the District providing services in the future because the District could eventually consolidate and manage the water service systems. The District could also provide other services such as solid waste, drainage and street lighting. Government Code 56000, et al does not provide LAFCO

with the authority to regulate private mutual water companies or privately operated wastewater facilities such as were approved to serve The Woodlands Development.

Study Area 7. This 180-acre area is located on the west side of Highway 101, to the west of the Summit Station area and south of Los Berros Road. The area is zoned Residential Rural and includes the Robertson Annexation area which calls for the NCSO to provide services to existing residences. The Robertson and Patterson annexations were approved by LAFCO in 2004. The wells in this area are subject to failure from time-to-time.

Memorandum of Agreement

The District Board of Directors and County Board of Supervisors considered a Memorandum of Agreement (MOA) between the Nipomo CSD and the County of San Luis Obispo in 2010. That MOA continues to cover the areas of most interest to the District and will continue to be in place under this update. The MOA is included as Appendix B. The CKH Act requires that this agreement be given “great weight” by the Commission in making its decision regarding the update of the District’s SOI. The District and the County has agreed upon the extent of the District’s Sphere of Influence. The general approach of the MOA focuses on what supporting services the District will provide to various areas. Key provisions of the MOA include the following:

- Continued commitment from the District to secure the Waterline Intertie Project with the City of Santa Maria to deliver 3,000 AFY of supplemental water;
- Continued commitment from the District to not extend water and sewer services into study areas 5, 6, & 7 unless authorized by a County General Plan Amendment and approval by LAFCO;
- Protection of the groundwater resource in the Nipomo Mesa Water Conservation Area;
- Outlines development process for land in the Districts SOI.

The MOA enhances the communication between the District and the County and helps to clarify the process for developing the areas. Also included in the MOA are the relevant goals from the each jurisdiction’s General Plan.

District Board Action. The Board of Directors approved the MOA on June 30, 2010.

County Board of Supervisors Action. The County Board of Supervisors approved the MOA on July 13, 2010.

Conditions of Approval

The following conditions of approval are adopted based on this updated Sphere of Influence Update, Municipal Service Review, Memorandum of Agreement, the environmental review, and public input and to reflect the current situation for services and protection of agricultural and open space lands.

WATER

1. As a condition of an annexation application being filed with LAFCO, the District shall document with a water supply analysis that an adequate, reliable, and sustainable water supply is available and deliverable to serve the areas proposed for annexation.

WASTEWATER

2. The District shall not provide sewer services to Study Area Four (except for the Southland Specific Plan Area and areas zoned Residential Suburban), Five (Residential Suburban zoning only), Six, and Seven. This condition shall be applied by LAFCO to any annexations proposed in those Study Areas as shown in the map found in Figure 2-1 and by the District through any annexation agreements it approves. The purpose of this condition is to prevent sewer services from moving into rural areas which could encourage a potential increase in density or a change in zoning.

AGRICULTURE & OPEN SPACE

3. The County shall identify all agricultural and open space lands to be protected in the annexation areas when rezoning or preparing land use entitlements for an area.
4. Prior to LAFCO filing the certificate of completion (if an annexation is approved), conservation easement(s) or other appropriate mitigation measures as listed in LAFCO's Agricultural Policy 12, shall be recorded on the deed(s) of the properties affected by the annexation specifying the areas to be protected in perpetuity.

REORGANIZATION

5. Reorganization of CSA 1 and Moss Lane residences.
 - a. County Service Area I Reorganization. This proposal would dissolve CSA 1 and annex those areas into the District. The District would not be providing water service, but would assume the provision of sewer services and the maintenance of drainage facilities to these areas. This proposal has no impacts on District water resources since these areas are already served by Golden State Water Company., or
 - b. Moss Lane Annexation. These are the six residences that were not a part of the Maria Vista annexation. These residences have failing wells that may create a health and safety problem in the future. Hookups are readily available through Maria Vista. The impact to the District's water supply would be insignificant.

PRESENT AND PLANNED LAND USE

The land use zoning within the proposed Study Areas of the Sphere of Influence vary from Agriculture, residential suburban, single family, multi-family to recreation and public facility. The seven existing SOI areas surround the NCSD service area. Some limitations are imposed for future development that limits sewer service or increased water supply services that would increase development potential. The County's General Plan policies manage the growth and development within these areas.

PRESENT/PROBABLE NEED FOR PUBLIC SERVICES

The present need for public services in the SOI areas varies in the different areas. For example, areas zoned Residential Rural has been annexed into the District due to the need for reliable water service (Summit Station). These RR areas do not require other urban level services. On the other end of the spectrum, annexations to the District from Study Area Three would likely require urban-level services when a project is approved. Study Area Four does not appear to be in need of services at this point in time and no plans to increase that need for services are evident. Significant changes in zoning do not appear likely in any of the Study Areas. Many of the properties' in Study Area five are currently developed and provided water from Golden State. The probable need for public services in the proposed Sphere of Influence is low.

Present Capacity of Public Facilities and Adequacy of Public Services

Water supply is identified as a key issue because the Nipomo CSD primary source is groundwater which operates under a signed stipulated agreement from the courts. The District's supplemental water supply is an intertie between the City of Santa Maria and NCSD for up to 3,000 afy. The Water Intertie Project not only supplements the NCSD but other purveyors in the NMMA in an effort to reduce groundwater pumping. In 2015, the District reported annual water use of 1,948 acre-feet. Under the existing General Plan, the District's build-out would demand an estimated 4,244 afy. The existing wastewater treatment plants are operated at 62% capacity for Southland and 49% capacity for Blacklake.

SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

The Nipomo CSD has a variety of social and economic communities of interest, including numerous businesses, schools, churches, public sector facilities, and other Community Service programs that serve residents. The existing social fabric of the District will not change substantially by maintaining the Sphere of Influence. Industrial, commercial, and retail areas could bring jobs and economic growth into the District. Chapter Three of this report provides information that documents the effect of the proposed Sphere of Influence on the District and evaluates the District's ability to manage future expansions.

Present and Probable need for Public Facilities and Services of Disadvantaged Unincorporated Communities

The Nipomo CSD has a variety of economic diversity that lives within the service area and surrounding area. Disadvantaged community means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. The Nipomo CSD's Sphere of Influence does not qualify under the definition of disadvantage community for the present and probable need for public facilities and services.

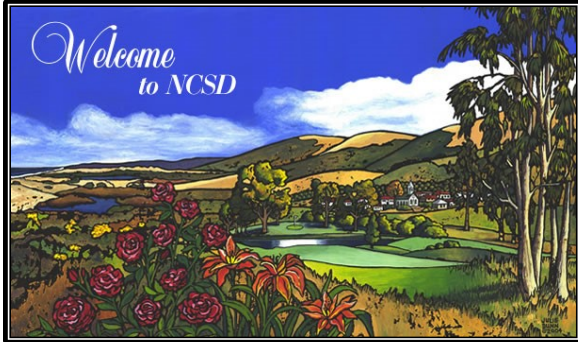
LOCAL SPHERE OF INFLUENCE GUIDELINES

The Cortese/Knox/Hertzberg Act (CKH Act) requires that each Commission establish written policies and procedures. The Act also states that LAFCOs are to exercise their powers consistent with those policies and procedures. San Luis Obispo LAFCO policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl. This Sphere of Influence Update

and Municipal Service Review for the Nipomo CSD is consistent with those policies and the purposes of LAFCO. The recommended SOI discourages urban sprawl and encourages the preservation of open space and agricultural land by maintaining the existing Sphere of Influence. The County has adopted programs and policies in their General Plans to preserve the agricultural lands and natural resources surrounding the District which is consistent with LAFCO's policies.

CHAPTER 3

NIPOMO CSD – Municipal Service Review



The legislative authority for conducting Municipal Service Reviews is provided in Section 56430 of the Cortese-Knox-Hertzberg Act (CKH). The Act states that, in order to update Spheres of Influence in accordance with Government Code Section 56425, LAFCOs are required to conduct a review of the services provided by the jurisdiction. The

Municipal Service Review factors that are required by State Law to be addressed include:

1. Growth and Population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
4. Financial ability of agencies to provide services
5. Status of, and opportunity for, shared facilities
6. Accountability for community service needs including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy

The above-listed factors are addressed in this chapter and written determinations are included for each factor as called for in the CKH Act. The following powers are activated and may be provided by the District to residents within its boundaries:

- ❖ Water services;
- ❖ Wastewater services;
- ❖ Street lighting;
- ❖ Landscape Maintenance;
- ❖ Solid Waste; and
- ❖ Drainage

Other powers under the CSD law (Principal Act) Government Code 61600 are considered “latent” and would need to be activated through approval by LAFCO before the District could provide those services.

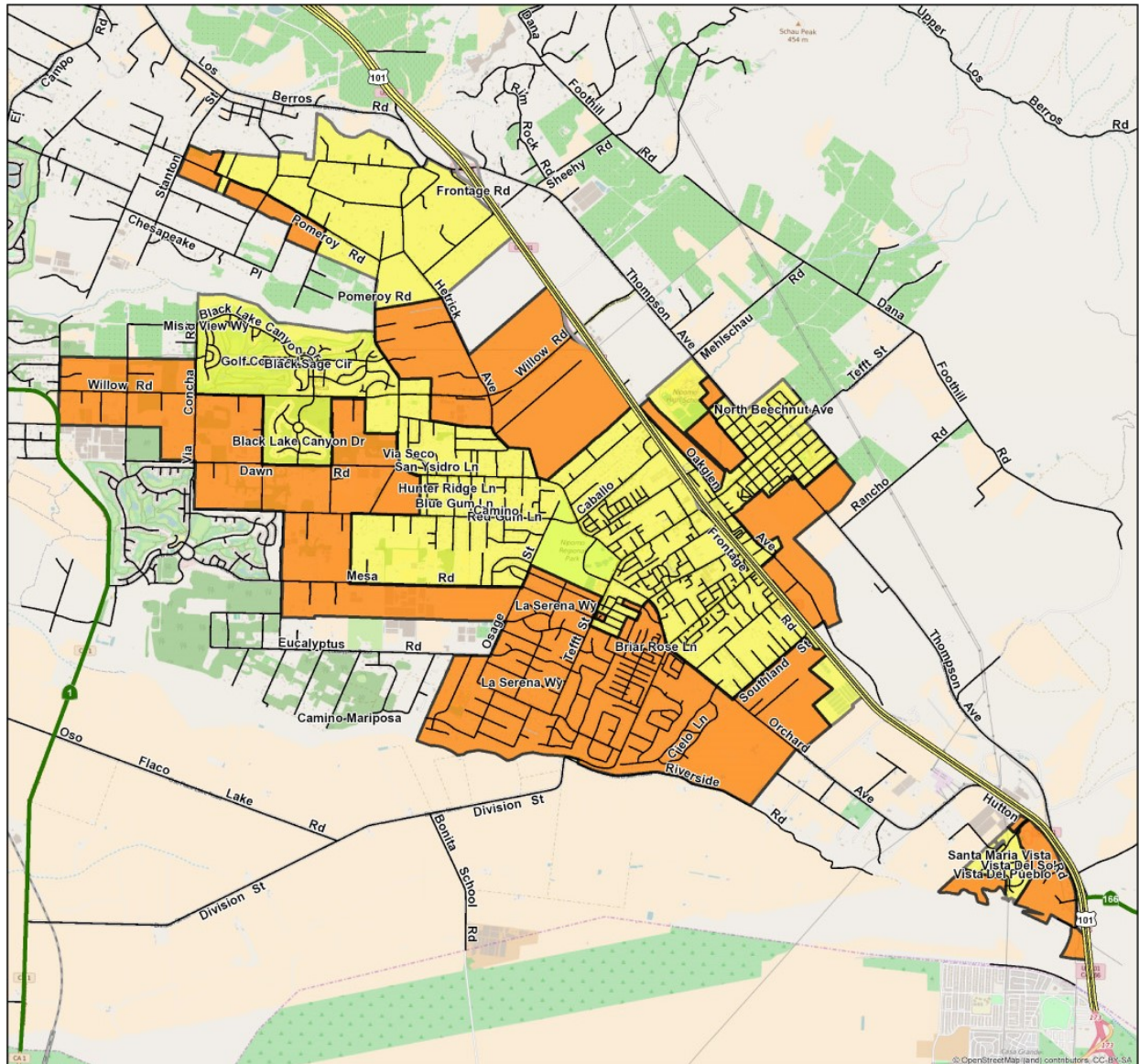
The Nipomo Community Services District was formed following election in 1965 for the purposes of providing urban services, particularly water and sewer service, to the growing Nipomo area. In addition to the district a number of other private water companies such as Golden State Water Company and Woodlands Mutual Water Company and many other mutual water companies also provide water service in the area. Water is drawn from the Santa Maria Groundwater Basin and Arroyo Grande Groundwater Basin (~10,500 acre-feet per year) to serve the area. The District (NCSD) provides water and wastewater service to approximately 25% of the Mesa area’s population with a demand of about 2,500 afy. The district has had 20 annexations and two detachments since formation increasing its service area by 3,000 acres. The NCSD provides service for an additional two outside user agreements. The District estimates they currently serve 12,886 people that cover approximately 11.4 square miles of the service area. The Nipomo Mesa area is the most populated unincorporated area in San Luis Obispo County at approximately 16,714 people.

The Nipomo Mesa is home to three major golf courses Blacklake Golf Resort, Monarch Dunes and Cypress Ridge. Agriculture continues to be the dominant business in Nipomo with dozens of greenhouses providing cut flowers nationwide, orchards filled with citrus and avocados and fields of strawberries and vegetables. Other businesses currently in Nipomo include real estate, restaurants, shops, hotels, gas stations, banks, veterinary hospital, a travel RV center and grocery stores. The area is served by a number of churches and numerous service and community clubs.

The surrounding area is largely agricultural land. The topography ranges from semi-flat to rolling hills. There are several housing tracts within the sphere of influence served by private water and septic systems. The Nipomo CSD Sphere of Influence was most recently updated in 2010, and included seven areas to the north and south. Figure 3-1 shows the adopted service area and Sphere of Influence for the District. Figure 3-2 shows the Study Areas considered under this review. Please note that a study area is intended to be studied for possible inclusion. The area may or may not be included in the SOI.

Figure 3-1 – Nipomo’s Existing SOI

**Nipomo Community Services District
Service Area & Sphere of Influence
Adopted: July 2010**



Legend

	Service Area
	Sphere of Influence



Prepared By SLOLAFCO
Name: Nipomo_SOI Bndy
Date: 2/10/2016

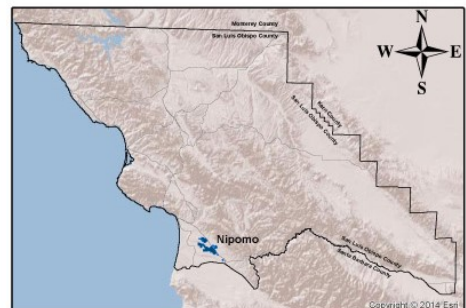
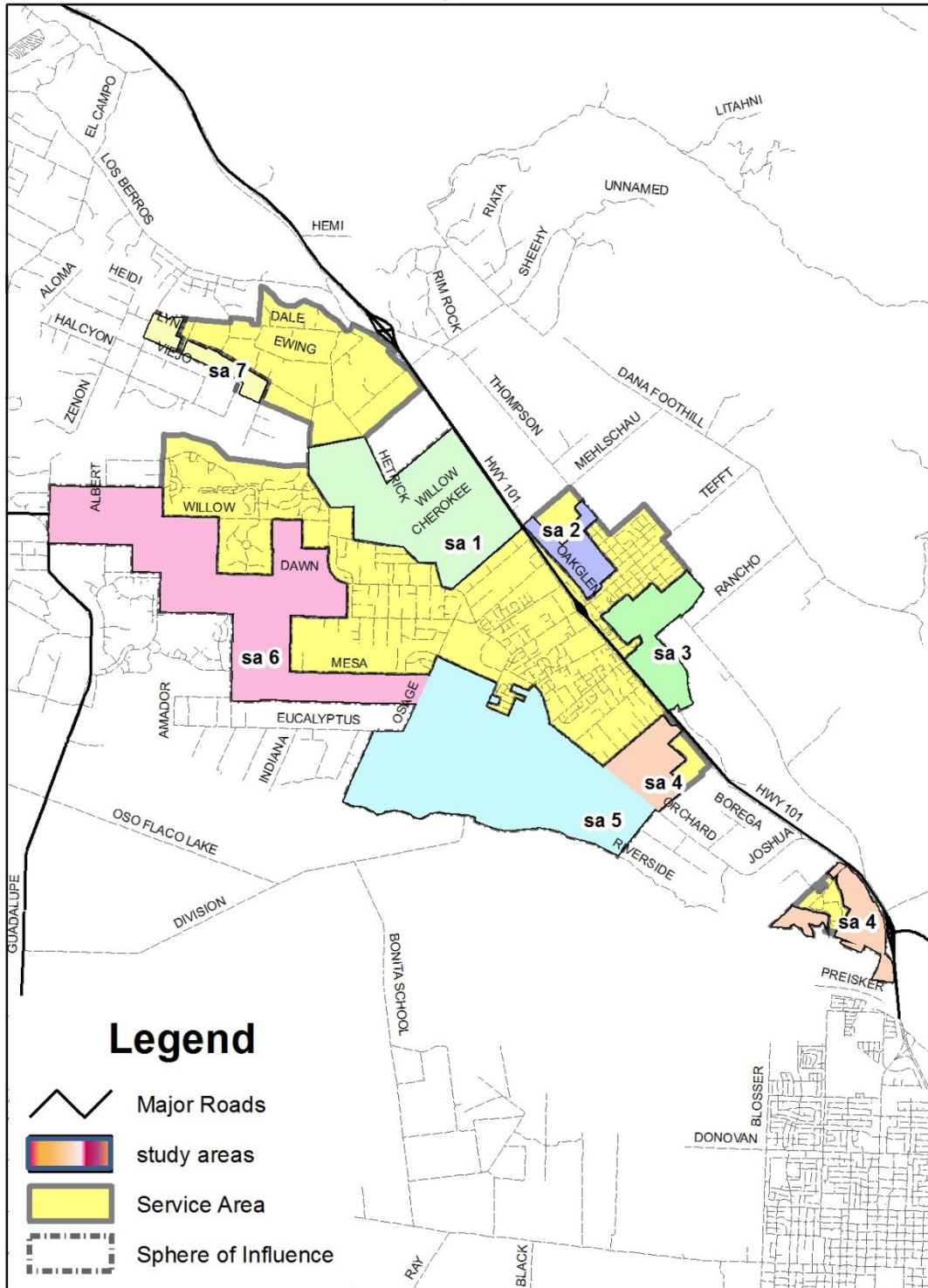


Figure 3-2 – Nipomo’s Study Areas

Nipomo Community Services District Study Areas



3.1 Growth and Population Projections for the Affected Area

POPULATION

This factor is intended to identify growth and population projections for the affected area of a jurisdiction. Various sources of information will be used to review future growth and population for Nipomo and the surrounding area. The previous Sphere of Influence update and Municipal Service Review for Nipomo Community Services District provides background information, as does, the County of San Luis Obispo's South County Area Plan. The County and Council of Governments also prepare population studies and analysis.

The unincorporated community of Nipomo is located about five miles south of the City of Arroyo Grande, and just north of the county line in the South County planning area. The Nipomo area has been one of the fastest growing unincorporated communities in the County. Most new construction in the South County planning area has occurred in the Nipomo urban area. Between 1980 and 1990, 1,080 dwelling units were constructed in the Nipomo urban area. The population increased approximately 13% from the year 2000 to 2010. According to the County RMS report the population is expected to grow another 19% through the year 2020. The Nipomo urban area is projected to build out with a population of about 23,462 people. The Nipomo Community Services District provides water and wastewater service to approximately 75% of the Mesa area's population.

Due to the nature of agricultural and service-oriented businesses, about 30% of South County residents hold part time or seasonal jobs. It is estimated in the County's 2014 Nipomo Community Plan that the most significant job generating activities in the county are tourism and retail trade. Retail trade employment in Nipomo comprises 13.8% of the town's work force, compared to 20% of the work force in the five cities. The absence of a strong commercial economy makes jobs difficult to find and future job-growth projections are low but improving.

According to the 2010 US Census, Nipomo and surrounding area had a population of 16,714. Total housing units were estimated to be 5,759 units. According to the NCSD's water management plan the estimated population within the current service area of the NCSD is estimated to be 12,886 and 5,484 in the existing SOI for a total of 18,370. The County Board of Supervisors establishes growth rates for various communities. The County also adopts lower growth rates in some communities. For example, Cambria has a 0% growth rate due to limited water availability, and Nipomo has a 1.8% growth rate, also due to limited water supply.

Council of Governments Population Projections-2011

The Council of Governments had the consulting firm AECOM update population projections for San Luis Obispo County including Nipomo. The original study was updated in 2011 to take into account the economic downturn years. A more recent study has not been completed for the unincorporated communities. A study for just the Cities was updated in 2017. These projections use a variety of data sources and assumptions to project the future population of the cities and unincorporated areas of the County. These projections incorporate information from the State of California about future population increases, past and present County growth trends, and projected changes within the region. The consultants worked with local planners to anticipate future growth in the various areas of the County to estimate the potential for increases in population. The updated report presents low, medium, and high population growth projections for areas in the County including Nipomo. The table below shows those results:

**Table 3-1: Projected Population Growth Nipomo
San Luis Obispo Council of Governments Projections**

	2008	2010	2015	2020	2025	2030	2035
LOW	14,726	15,256	16,419	17,357	18,309	19,423	20,479
MEDIUM	14,726	15,256	16,419	17,429	18,460	19,669	20,822
HIGH	14,726	15,256	16,419	17,494	18,582	19,876	21,109

Note: The Nipomo figure above represents a larger area of the Nipomo Mesa and not just the NCSD jurisdictional boundary.

According to the South County Area Plan and Village Plans the vision for the South County sub-area revolves around three significant findings made during the studies leading to the evolution of this area: (1) the desire to protect the essentially rural character of the area and protect the continuation of economic agriculture; (2) the recognition that the current economic base is not capable of providing the public services desired; and (3) the desire of the Nipomo community to be self-governing. Further, the vision of this plan recognizes limited water resources that are incapable of supporting un-managed growth.

The South County planning area contains five identifiable villages: Black Lake, Woodlands, Los Berros, Palo Mesa and Callender-Garrett. Each is defined by a village reserve line that distinguishes the village from surrounding rural portions of the planning area. Only Black Lake Village is within the service area of the NCSD or SOI. The other four villages are served by private community water and sewer systems, or by septic systems and rural wells. Black Lake includes approximately 514 acres, Callender-Garrett Village includes about 700 acres, Los Berros Village includes approximately 95 acres, Palo Mesa village reserve line encompasses

approximately 918 acres, and Woodlands Village includes about 959 acres. The table below summarizes the land uses in each village:

Table 3-2: Land Uses by Village

Table 4-1: Land Use Category Acreage					
Land Use Categories	Black Lake	Callender-Garrett	Los Berros	Palo Mesa	Woodlands
Agriculture	-	-	-	-	-
Rural Lands	-	-	-	-	-
Recreation	514	-	-	-	922
Open Space	-	-	-	-	-
Residential Rural	-	-	-	-	-
Residential Suburban	-	681	95	867	-
Residential Single Family	-	-	-	28	-
Residential Multi-Family	-	-	-	-	-
Office and Professional	-	-	-	-	-
Commercial Retail	-	-	-	11	10
Commercial Service	-	-	-	-	27
Industrial	-	25	-	-	-
Public Facilities	-	-	-	12	-
Dalidio Ranch	-	-	-	-	-
Total	514	706	95	918	959

Source: South County Village Plan, 2013

The separation of communities by open countryside gives the area a basic identity. Large agricultural areas between Santa Maria, Nipomo and Arroyo Grande characterize that atmosphere. Rural character is also achieved by development in a rural residential density which is the dominant land use on the Nipomo Mesa between the urban and village areas. This is typically a minimum lot size of five acres. A combination of this overall low density and development helps maintain the rural character. Development projects are approved contingent upon receiving water and sewer services from community water and sewer systems such as those operated by the NCSD. The County's General Plan identifies the type and intensity of development allowed in each of several land use categories (zoning) for County.

The following table summarizes the zoning and acreage for the study areas that were included in the Sphere of Influence:

Table 3-3: Existing Land Use in Study Areas

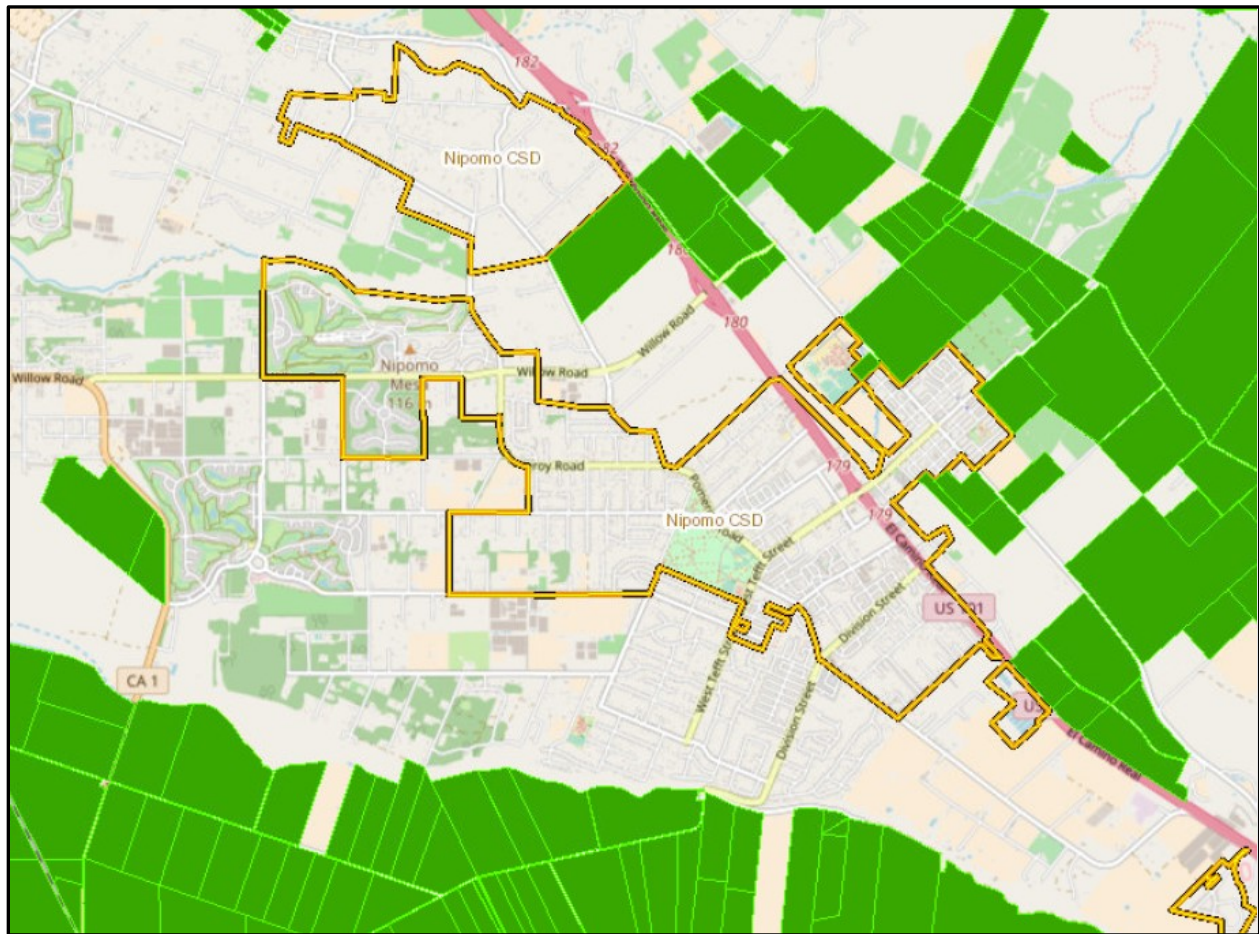
Area	Acres	Land Use Category/Zoning	Notes
#1	1,082	Agriculture-420, Residential Rural-662	Cañada Ranch and Willow Road
#2	132	Agriculture	Prime Ag, Flood Plain, appears unlikely to be developed
#3	266	Residential Single Family, Res. Suburban, Recreation, Agriculture	Within Urban Reserve Line
#4	1,273	Rural Lands-1,173, Southland Area 100 ac	Includes Maria Vista, Commercial Area
#5	1,350	Residential Single Family-154, Residential Suburban-1,196	Mostly developed area on one acre lots
#6	1,375	Residential Suburban-28, Agriculture-83, Residential Rural-1,264	Urban Separator in County General Plan
#7	339	Residential Rural-339	Land Use Ordinance Amendment already approved by County

Source: SLO County Planning & Building Department, General Plan.

A key factor in determining the density of a development is whether or not a parcel has access to an adequate water supply and sewer system. Any significant increase in density would likely require a zoning change in the form of a General Plan Amendment.

A Williamson Act contract preserves land that is used for agricultural purposes and provides the owner with a decrease in property taxes. Williamson Act contracts exist in proximity to the Nipomo CSD, however no contract exist in any of the Study Areas or Sphere of Influence. The Cortese-Knox-Hertzberg Act states that the Commission shall only include parcels under Williamson Act contract in a Sphere of Influence if the SOI change meets the criteria found in GC 56426.6 of the CKH Act. The Commission must find that the change in the SOI would facilitate planned, orderly and efficient pattern of land use or provision of services and the public interest in the change substantially outweighs the public interest to maintain the area in the contract.

The figure on the next page shows the surrounding properties in Williamson Act contracts.

Figure 3-3 Williamson Act Properties

Source: County Permit View online GIS mapping service.

County Resource Management System (RMS)

Biennial Report - 2014-2016

The Resource Management System (RMS) provides information to guide decisions about balancing land development with the resources necessary to sustain such development. It focuses on, 1) Collecting data, 2) Identifying resource problems and 3) Recommending solutions. Nipomo is one of the fourteen unincorporated community services districts in the county. Nipomo CSD continues to include approximately 11.4 square miles of land within its service area.

According to the 2014-2016 Biennial Resource Management System Report, the District estimates that it now serves approximately 12,886 residents in 2016 compared to an estimated

15,075 in 2010¹. A lower growth rate is expected through 2020. The Nipomo urban area has the build out potential for 24,032 people. Currently, Nipomo's urban area is at about 80% of its buildout population per the County General Plan. The table below reflects the population data from the census and the July 2011 AECOM report:

**Table 3-4 & 3-5: Historical & Projected Population Growth
Nipomo California: Census and RMS Data**

	2010 ¹⁾	2015 ²⁾	2020 ²⁾	2025 ²⁾	2030 ²⁾	2035 ²⁾
Population	15,267	15,725	16,752	17,852	18,875	19,926
5 Year Increase		458	1,027	1,100	1,023	1,051
5 year % Incr.		2.9%	6.1%	6.1%	5.4%	5.2%

Sources: 1) US Census, 2) AECOM for SLOCOG, July 2011

Community	Nipomo CSD	Woodlands	Golden State
2016 Population	12,886	1,600	4,904
2015-16 Water Use (AFY)	1,773	732	625
Forecast Demand in 20-yrs	4,103	1,520	1,847

Sources: 1) Resource Management System Biennial Report, 2014-2016

Note: water use measured in acre-feet per year.

Nipomo CSD Urban Water Management Plan, 2015

Housing Units and Growth Projections. In the 2015 Urban Water Management Plan, Nipomo CSD estimates that 12,886 people are served by the District using the Department of Water Resources (DWR) Population Tool. In 2010, the U.S. Census stated the total number of dwelling units as 5,038 with an average household size of 3.03 persons and an occupancy rate of about 71%. Generally population estimates include the Nipomo Urban Reserve Line (URL) boundary as the reference; however the Nipomo URL and NCSD service area are significantly different, so population estimates provided in this document are considered general for the Nipomo area.

¹ 2010 population estimates are for the larger URL area of the Nipomo Mesa.

The table below is taken from the UWMP and shows historic and projected growth rates for the NCSD:

Table 3-6: Historical & Projected Population Growth for NC

	1980 ⁽¹⁾	1990 ⁽¹⁾	2000 ⁽¹⁾	2015 ⁽²⁾	2020 ⁽²⁾	2030 ⁽²⁾	2040 ⁽²⁾
Population	5,247	7,109	12,626	12,886	13,721	14,399	15,827
10 Year Increase	---	1,862	5,517	260	835	678	1,428
10 year Avg. Increase		26%	43%	2%	6%	4.7%	9%
Average per Year	--	2.6%	4.4%	<1%	1.2%	<1%	1%

(1) Source: U.S. Census

(2) Source: Nipomo CSD 2015 UWMP

Land Use

The District has been conditioned to follow the County's land use process in the 2010 SOI Update before any services could be provided by the district by either annexation or outside user agreement.

Land Use-Related Conditions of Approval-2010 SOI Update

In approving the 2010 Sphere of Influence Update, LAFCO placed the following conditions of approval related to the District providing services to any property. After each condition is a summary of the current compliance status.

Condition 1. *Prior to providing services to an area or property in the District's Sphere of Influence one or more of the following processes shall be completed:*

a. Approval by the County of San Luis Obispo of Tract or Parcel Map, Conditional Use Permit, Specific Plan, and/or General Plan Amendment, or

b. Approval by LAFCO of an Outside User Agreement or an Annexation.

These processes shall be subject to the environmental review process consistent with the California Environmental Quality Act (CEQA). Any conflicts between the Sphere of Influence and the General Plan shall be resolved through the processes stated above. Impacts associated with premature or "leapfrog" development, development outside the Urban Reserve Line, potential growth-inducing impacts, and the availability of public services shall also be addressed and mitigated to the greatest possible degree through these discretionary approval processes.

Condition 1- Compliance. No service requests within the District's Sphere of Influence have

been submitted to the NCSD.

Condition 2. *The District shall not provide sewer services to Study Area Four (except for the Southland Specific Plan Area and areas zoned Residential Suburban), Five (Residential Suburban zoning only), Seven, and Eight. This condition shall be applied by LAFCO to any annexations proposed in those Study Areas as shown in the map found in Figure 2- 1 and by the District through any annexation agreements it approves. The purpose of this condition is to prevent sewer services from moving into rural areas which could encourage a potential increase in density or a change in zoning.*

Condition 2- Compliance. With regard to condition 2, No service requests have been provided to properties within the District Sphere of Influence in these study areas.

COUNTY'S GENERAL PLAN

The County's Land Use Ordinance and the South County Area Plan of its General Plan establish land use policy in the unincorporated area of Nipomo and surrounding areas. It was last updated in 2013. The County's plans identify where and how the County anticipates development over the next 20-years for Nipomo. The County's Plans promote the preservation of prime agricultural lands and open space corridors. It has a number of policies that call for guiding growth away from agricultural areas and promoting infill or other non-prime agricultural use.

The County's Conservation and Open Space Element (COSE) is utilized as a tool to protect and preserve the unique natural resources. The element addresses many issues with regard to conservation, development, and utilization of natural resources. The element includes policies and strategies that address reducing greenhouse gas emissions, directing growth away from areas with constrained natural resources, water and energy conservation, use of low impact development and green building techniques, increased protection of community separators and scenic corridors.

The County recognizes that separation between communities provides each community with the opportunity for developing its own distinctive identity. The physical difference between each community is strengthened by intervening rural land, which can contribute to a unique sense of arrival or departure. The open areas between each town provide rural visual character where densities in the Agriculture, Rural Lands and Residential Rural category are acceptable. The

County's policies promote preservation of open areas that separate communities through controls on the amount and location of development. This distinct change in the amount of development at the edge of a town in relation to other towns and the countryside establishes a logical border to the communities.

The County has adopted Strategic Growth Principles that strengthens and directs development towards existing communities within an Urban Reserve Line, provides for logical, attractive and safe pedestrian circulation, and protects, preserves, and/or restores important open space, scenic natural beauty and sensitive environmental areas. These policies allow the County to work with communities to maintain distinct urban boundaries and community separators and identify suitable development, where supported by sustainable resource capacities. Nipomo also has a prohibition zone where expansion or increased development potential is limited because of sewer services. Other parts of NCSD are limited based on water supply either through the stipulated agreement, County MOA, or LAFCO conditions of approval for the Sphere of Influence.

The figures on the next pages show the surrounding land uses under County designations and prohibition zone in Nipomo that was established by the District.

Figure 3-4 (E) Land Use

Existing Land Use

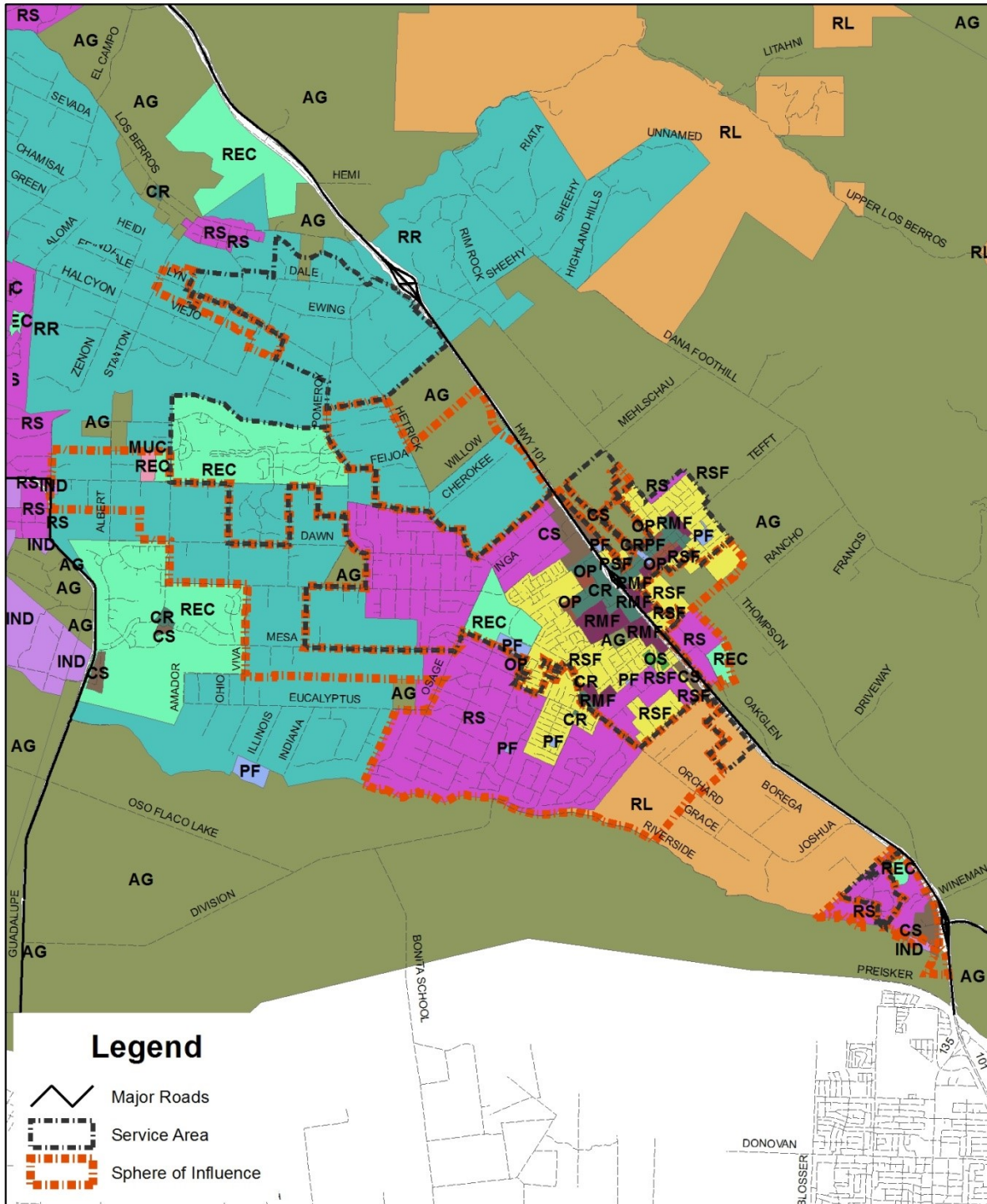
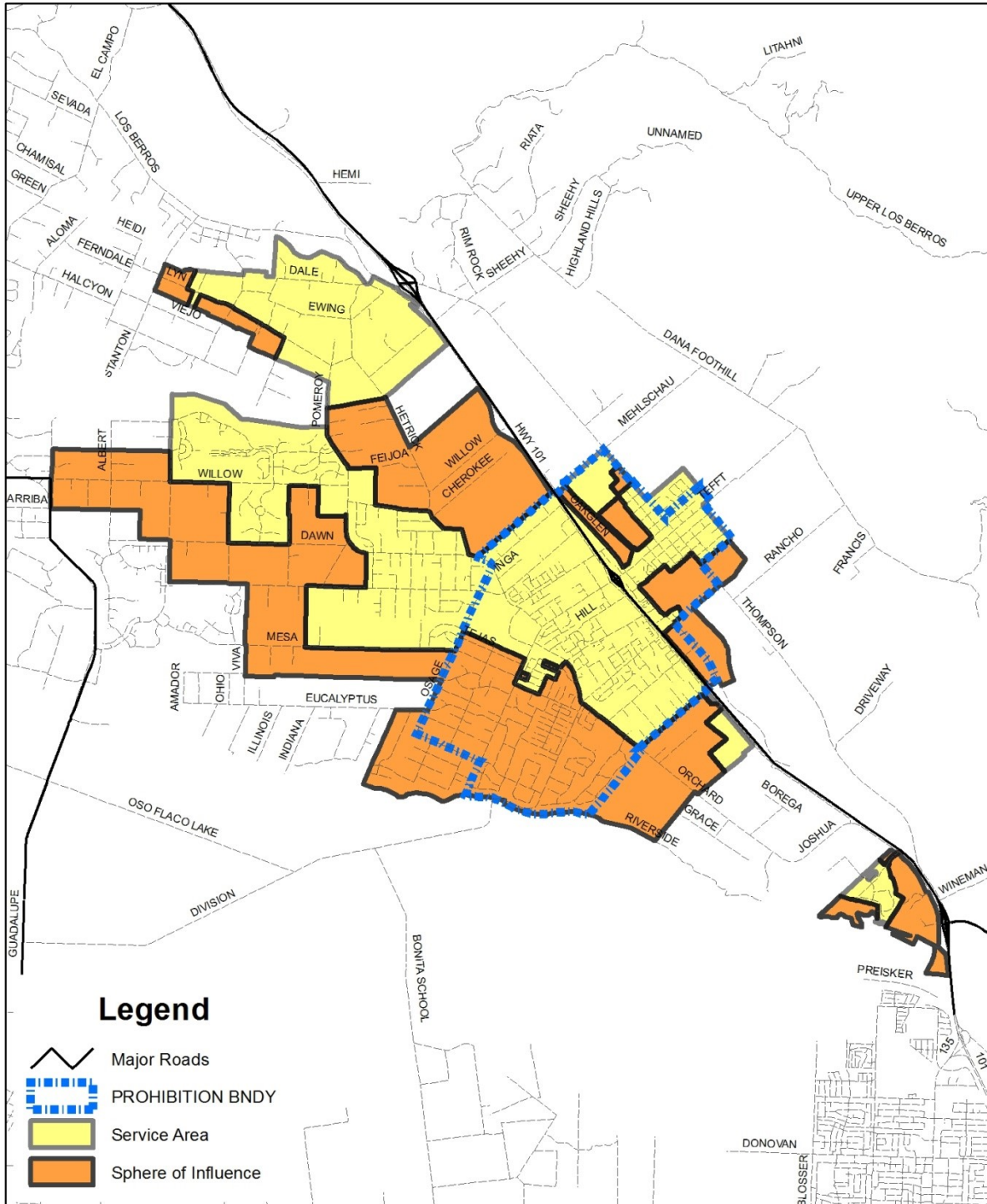


Figure 3-5 Prohibition Zone

Nipomo Community Services District Prohibition Zone



The prohibition zone is an area that requires connection to the District's wastewater treatment system, if within 50-feet of the system.

County General Plan

The County's General Plan governs the development of land in the Community of Nipomo. The District does not have authority over land use decisions, however, the provision of public services (primarily water, and sewer) to an area does influence land use decisions. Public services can allow for increased densities and may encourage changes in zoning. The South County Area Plan identifies and sets policy for land uses in the Nipomo area. The following excerpt from the Area Plan describes the land uses in the Nipomo community:

Agriculture. There is one area designated as Agriculture within the Nipomo urban reserve line, located east of Blume Street on Grande Avenue. The property is covered by an agricultural preserve contract, and the site is developed with greenhouses. If the owner decides to terminate the agricultural preserve contract in the future, the Land Use Element should be amended to another land use category. This area was removed from the NCSA Sphere of Influence in 2010.

The Agriculture land use category designates areas that have existing or potential production capability. Agriculture has historically been, and still is, the most widespread use of land in the South County (South) sub-area. Agricultural practices of varying degrees of intensity involve over two-thirds of the sub-area. Any appreciable loss in viable farm acreage should be avoided.

Nipomo Valley. Most of the land east of Highway 101 and outside the Nipomo urban reserve line has been in long term agricultural use, including ranching, orchards and grain crops. This land will be appropriate for continued long-term agriculture depending on continued larger property sizes, water supply and soil types. Adjacent to Nipomo, commitments to agriculture have been made through voluntary property owner contracts in the County agricultural preserve program. These commitments should be bolstered by retaining the agriculture category next to the Nipomo urban area east of Highway 101. The Nipomo urban area has adequate build out capacity so that expansion of urban development into agricultural lands in the Nipomo Valley is not necessary. Prime soils in the valley lands should be protected exclusively for agriculture. Large portions of the Nipomo and Santa Maria Valleys are in agricultural preserves and should be retained as primary farming areas.

Thompson Road Area. A re-configuration of parcels and permanent agricultural protection is envisioned for a 252-acre ownership that is northeast of Thompson Road, adjacent to Knotts Street in Nipomo. A portion of the property has been designated in the Residential Single Family category within the Nipomo urban reserve line. This area would be resubdivided into larger

agricultural parcels and committed to open space uses, transferring current residential entitlements into residential development within the urban area, except for those needed for agricultural purposes.

Nipomo Mesa. There are a wide range of agricultural uses occurring on the Nipomo Mesa. However, most of the area designated Agriculture on the mesa includes lands currently under agricultural preserve contracts. Noncontract lands include avocado and citrus orchards, tree farms and grazing land. As this land comes into the agricultural preserve program, the land use category should be changed through amendment to the Land Use Element to designate these lands in the Agriculture land use category.

The Williamson Act contracts that do exist surround the Nipomo CSD and no contracts exist in any of the Study Areas or Sphere of Influence.

Residential Suburban. The Residential Suburban category includes about two thirds of the residential land in Nipomo. Development on one acre lots has concentrated along Tefft Street west of Las Flores Drive, utilizing a private community water company. Another concentration of one acre parcels is located along Pomeroy Road north of Camino Caballo, using water from the Nipomo Community Services District. Both of these areas can accommodate additional infill development with present standards that require drainage controls and incremental road improvements.

Residential Single Family. The Residential Single Family category (RSF) covers about 26 percent of the land designated for residential use in Nipomo. Existing development is concentrated in widely separated areas: Juniper Street, Division Street, and east of Highway 101.

The designated single family residential areas include large blocks of undeveloped land that will accommodate the majority of population growth. These areas are conducive to block development, with neighborhoods separated from major streets yet accessible for pedestrians by open cul-de-sacs within the right-of-way.

Mobile homes are presently found in four major concentrations; Galaxy Park, Nipomo Palms, Black Lake Estates and Folkerts Oaks Park. Galaxy Park is the largest of these mobile home

subdivisions, with several hundred units. Except for the type of dwelling units, all four of these areas are similar to single family housing tracts.

Residential Multi-Family. Multiple family developments should provide lower cost rental or ownership opportunities. Large-lot areas are designated close to employment areas that should be developed at moderate densities of 15 to 20 dwellings per acre. This density will enable some affordable housing, minimize long term impacts on resources such as roads and water supply and provide open areas consistent with the urban character of existing neighborhoods.

Recreation. Recreation facilities in Nipomo will continue to be primarily oriented to residents rather than tourists. Nipomo Regional County Park occupies 130 acres at Tefft Street and Pomeroy Road. Recreation facilities presently include playgrounds, ball fields, courts, picnic areas, and a charro arena. Diverse activities and facilities are planned for various sports. Equestrian trails and jogging paths should also be provided. The regional park will provide community facilities for the northwest portion of town, but it must be augmented by additional neighborhood parks to serve east and southwest Nipomo. These parks should be provided adjacent to and as part of the recommended school facilities, in the locations shown on the Combining Designations map and dispersed in neighborhoods to locate play areas within convenient walking distance of homes.

Office and Professional. There are four areas designated for Office and Professional uses. Two areas border the central business district east of Highway 101 and are intended to provide a transition and buffer between commercial and residential uses. Now that development can be accommodated by the public sewer system, the areas should develop with uses that will be supportive to the nearby commercial uses in the central business district.

The office area west of Highway 101 on West Tefft Street provides the transition from the central business district on the east to the residential areas of west Nipomo.

The fourth area designated Office and Professional is the site of the Nipomo Health Clinic on West Tefft Street.

Commercial Retail. The Commercial Retail category provides land for businesses that serve daily and comparison shopping needs. Almost all of this land is located within the central business district. Several neighborhood serving commercial sites are located outside of downtown.

Commercial Service. The area designated Commercial Service is generally adjacent to the freeway along North and South Frontage Roads. An excellent opportunity is provided to develop business parks and accommodate outdoor storage and manufacturing uses with adequate screening. It will provide an excellent location and large properties for development when access is opened between Tefft Street and the proposed Willow Road interchange. This area also provides the "gateway" to the community, so consistently well-designed structures that face the highway are of primary importance within individual projects

Public Facilities. The Public Facilities designation is applied to the California Department of Forestry (CDF) station on North Oak Glen Avenue and the two elementary schools, Nipomo Elementary School in east Nipomo and William C. Dana School in west Nipomo. The California Department of Forestry fire station is expected to remain at the present location for some time, however, the facility should eventually be relocated to a site that will provide better emergency response times as the community intensifies.

Recent Land Use Permit Activity

The following table is a summary of the land use permits that have been approved since 2010. These include approval for single-family dwellings, multifamily units, secondary unit waivers, commercial and other projects. As noted above the County has not approved changes in zoning (General Plan Amendments) that would increase density in the Nipomo area. The area has continued to build-out under the existing zoning. One exception may be in the Woodlands Specific Plan if the County allows for greater residential development. Permits and approvals issued by the County may include: Conditional Use Permit (CUP), Development Plan for larger projects, Minor Use Permit for smaller projects, Certificate of Compliance to confirm legal lot status, Concurrent Parcel Map and CUP for subdivision with four lots or less and/or concurrent Tract Map and CUP for a subdivision with five lots or more.

Table 3-7: Land Use Permits-2010-2017

Permit Number	Permit Type	Approval Date	Description
SUB2006-00165	Conditional Certificate of Compliance	1/14/2010	PROP 1 CONDNTIONAL CERT OF COMPLIANCE
SUB2008-00013	Parcel Map	1/14/2010	PARCEL MAP (CO08-0105) TO SUBDIVIDE AN EXISTING 10 ACRE PARCEL INTO TWO PARCELS OF FIVE ACRES EACH FOR THE PURPOSE OF SALE AND/OR DEVELOPMENT.

Permit Number	Permit Type	Approval Date	Description
DRC2008-00147	MINOR USE PERMIT	3/22/2010	MINOR USE PERMIT TO ALLOW THE CONSTRUCTION OF A 20-UNIT MULTI-FAMILY (RENTAL APARTMENTS) PROJECT.
DRC2009-00040	MINOR USE PERMIT	3/22/2010	DISTANCE WAIVER FOR SECONDARY DWELLING
SUB2006-00151	Parcel Map	5/3/2010	4-LOT PARCEL MAP
DRC2009-00044	MINOR USE PERMIT	5/27/2010	4,000 SF MEDICAL MARIJUANA DISPENSARY - SUITE 425 B
SUB2009-00047	Lot Line Adjustment	6/18/2010	2 PARCEL LOT LINE ADJUSTMENT
DRC2008-00140	MINOR USE PERMIT	7/2/2010	INSTALL 9 PANEL ANTENNAS ON EXISTING 85' PG&E TOWER. INSTALL 12'X20' EQUIPMENT SHELTER AT BASE OF TOWER.
DRC2008-00148	MINOR USE PERMIT	8/6/2010	TEMPORARY EVENTS. 16 EVENTS ANNUALLY, WITH UP TO 200 ATTENDEES EACH.
DRC2009-00091	MINOR USE PERMIT	8/20/2010	MUP FOR A CARETAKER RESIDENCE ON INDUSTRIAL ZONED PROPERTY. CAZ
DRC2008-00139	CONDITIONAL USE PERMIT/DEV PLAN	8/26/2010	INSTALL 15 PANEL ANTENNAS TO BE MOUNTED ON PROPOSED 55' MONOPINE. INSTALL 12' X 20' EQUIPMENT SHELTER ON CONCRETE SLAB 12" ABOVE GRADE.
LRP2009-00003	APP INIT - ORDINANCE	9/30/2010	JACK READY PARK - REZONE PROPERTY TO PUBLIC FACILITIES
SUB2010-00014	Public Lot	10/5/2010	PUBLIC LOT FOR PUMP STATION
SUB2010-00020	Public Lot	10/5/2010	PARCEL MAP TO CREATE PUBLIC LOT FOR SALE TO ADJOINING PROPERTY OWNER
DRC2010-00002	MINOR USE PERMIT	11/5/2010	MINOR USE PERMIT FOR A DISTANCE WAIVER FOR A GUEST HOUSE.
DRC2010-00008	MINOR USE PERMIT	1/7/2011	T-MOBILE - UNMANNED WIRELESS COMMUNICATIONS FACILITY CONSISTING OF 9 PANEL ANTENNAS MOUNTED ON EXISTING 71 FT MONOPINE AND ASSOCIATED EQUIPMENT.
SUB2009-00016	Parcel Map	3/8/2011	SUBDIVIDE 10.16 ACRE LOT 2 LOTS OF 5 ACRES & 5.16 ACRES
DRC2009-00062	CONDITIONAL USE PERMIT/DEV PLAN	4/4/2011	JACK READY PARK FOR PHYSICALLY AND MENTALLY CHALLENGED CHILDREN
SUB2008-00031	Lot Line Adjustment	4/13/2011	LOT LINE ADJUSTMENT TO ADJUST TWO PARCELS
SUB2010-00078	Lot Line Adjustment	9/16/2011	LOT-LINE ADJUSTMENT (2 LOTS)
DRC2010-00080	CONDITIONAL USE PERMIT/DEV PLAN	9/29/2011	MODIFICATION TO ORIGINAL LAND USE PERMIT
DRC2010-00027	CONDITIONAL USE PERMIT/DEV PLAN	10/27/2011	CUP FOR PROPOSED NEW STRUCTURE TO BE BUILT ON VACANT PORTION OF LOT 15, 000 SQ FT MEDICAL CLINIC.
DRC2005-00073	CONDITIONAL USE PERMIT/DEV PLAN	11/3/2011	21-UNIT INDUSTRIAL PARK TO BE CONSTRUCTED IN 5 PHASES, WITH 7 CARETAKER UNITS, ON 7 LEGAL PARCELS.

Permit Number	Permit Type	Approval Date	Description
SUB2011-00032	Lot Line Adjustment		LLA BETWEEN TWO LOTS OF 5,793 SQ FT AND 7,818 SQ FT PROPOSED TO BE ADJUSTED TO 6,677 SQ FT AND 6,934 SQ FT.
LRP2011-00001	APP INIT - ORDINANCE	6/14/2012	AMENDMENTS TO ARTICLE 9 OF THE LAND USE ORDINANCE.
DRC2011-00042	CONDITIONAL USE PERMIT/DEV PLAN	6/15/2012	MASTER PLAN FOR THE DANA ADOBE-130 ACRE SITE. INCLUDES 6, 266 S. F. VISITOR CENTER ON 30 ACRE SITE.
DRC2011-00071	CONDITIONAL USE PERMIT/DEV PLAN	9/27/2012	MODIFY MINIMUM SITE ARE FOR KENNEL PERMIT.
SUB2011-00059	Parcel Map	11/6/2012	TWO PARCELS.
DRC2011-00063	CONDITIONAL USE PERMIT/DEV PLAN	1/24/2013	NEW CELL SITE
DRC2012-00039	MINOR USE PERMIT	3/1/2013	WAIVER OF DISTANCE STANDARD FOR SECOND DWELLING
DRC2012-00037	MINOR USE PERMIT	3/15/2013	INSTALL A WIRELESS COMMUNICATIONS FACILITY
DRC2007-00137	CONDITIONAL USE PERMIT/DEV PLAN	5/23/2013	CONSTRUCT A 33,324 SF MIXED USE LIGHT INDUSTRIAL WAREHOUSE AND OFFICES
DRC2012-00120	CONDITIONAL USE PERMIT/DEV PLAN	8/23/2013	MODIFY CONDITION ON PREVIOUS LAND USE PERMIT TO INCREASE THE NUMBER OF CLIENTS.
DRC2012-00073	DEVELOPMENT PLAN FOR MODIFICATION	12/6/2013	REMOVE 3 ANTENNAS AND STEEL MONOPOLE; INSTALL (8) NEW LTE PANEL ANTENNAS; (8) RRU UNITS ON NEW SIMULATED EUCALYPTUS TREE POLE; (2) EQUIPMENT RACKS ON NEW CONCRETE SLAB
DRC2005-00144	CONDITIONAL USE PERMIT/DEV PLAN	1/9/2014	MINI-STORAGE COMPLEX, CAR WASH, CARETAKER'S UNIT
DRC2013-00003	CONDITIONAL USE PERMIT/DEV PLAN	2/4/2014	CUP FOR CONSTRUCTION AND OPERATION OF A 96 BED ASSISTED LIVING FACILITY AND A 36 UNIT SENIOR LIVING APARTMENT COMPLEX.
SUB2013-00005	Lot Line Adjustment	2/4/2014	LLA OF TWO PARCELS.
DRC2011-00042	CONDITIONAL USE PERMIT/DEV PLAN	2/6/2014	MASTER PLAN FOR THE DANA ADOBE-130 ACRE SITE. INCLUDES 6, 266 S. F. VISITOR CENTER ON 30 ACRE SITE.
SUB2013-00026	Lot Line Adjustment	3/7/2014	LLA BETWEEN TWO PARCELS OF 0.90 ACRES AND 4.55 ACRES IN SIZE, TO RESULT IN 2.58 ACRE AND 2.86 ACRES
DRC2008-00147	MINOR USE PERMIT	8/28/2014	MINOR USE PERMIT TO ALLOW THE CONSTRUCTION OF A 20-UNIT MULTI-FAMILY (RENTAL APARTMENTS) PROJECT.
SUB2012-00029	Parcel Map	9/9/2014	4-LOT RESIDENTIAL PARCEL MAP LOT1-44,115 SF, LOT 2-44,112 SF, LOT 3-60,121 SF, LOT 4-60,092
SUB2008-00028	TDC Rec Site/Tract Map	9/19/2014	TRACT MAP WITH CUP AND TDC CREDITS TO CREATE 21 ONE-ACRES
SUB2014-00021	Lot Line Adjustment	11/7/2014	TWO LOT ADJUSTMENT

Permit Number	Permit Type	Approval Date	Description
DRC2014-00014	MINOR USE PERMIT	1/26/2015	MUP FOR 6 NEW 2-BED/1-1/2 BATH RENTAL UNITS WITH REQUIRED PARKING AND COMMON GARDEN AREA
DRC2014-00059	MINOR USE PERMIT	3/23/2015	MUP FOR DISTANCE MODIFICATION AND CONSTRUCTION OF SECONDARY DWELLING OF 763 S.F.
DRC2013-00003	CONDITIONAL USE PERMIT/DEV PLAN	5/12/2015	CUP FOR CONSTRUCTION AND OPERATION OF A 96 BED ASSISTED LIVING FACILITY AND A 36 UNIT SENIOR LIVING APARTMENT COMPLEX.
DRC2013-00084	MINOR USE PERMIT	5/18/2015	MUP TO REMOVE EXISTING (2) ANTENNAS, REPLACE WITH (4) 6 FT ANTENNAS, RELOCATE (4) E MICROCELL CABINETS, INSTALL (4) RRUS ON MOUNT, ADD NEW 15' X 10' EQUIPMENT AREA W/CONCRETE PAD.
DRC2014-00070	MINOR USE PERMIT	7/9/2015	MEDICAL MARIJUANA DISPENSARY, APPROX 2500 FT
DRC2014-00132	MINOR USE PERMIT	7/18/2015	WATER TANK STORAGE YARD 960 SQ FT OFFICE
DRC2014-00153	CONDITIONAL USE PERMIT/DEV PLAN	7/23/2015	CONDITIONAL USE PERMIT TO INCREASE SENIOR APARTMENTS FROM APPROVED 36 UNITS (DRC2013-00003) TO 40
SUB2014-00027	Parcel Map	8/4/2015	(2) LOT PARCEL MAP
DRC2012-00116	MINOR USE PERMIT	8/24/2015	CONSTRUCT NEW 12' TALL CMU BLOCK WALL APPROX. 320' LONG AND 3' TALL CMU BLOCK WALL APPROX. 25' LONG TO SEPERATE 2 PARCELS.
DRC2014-00148	MINOR USE PERMIT	10/5/2015	CONVERT GARAGE WITH OFFICE INTO 800 SQFT 2ND DWELLING (110' FROM EXISTING DWELLING)
DRC2014-00065	CONDITIONAL USE PERMIT/DEV PLAN	10/22/2015	A 3,360 SQUARE FOOT (SF) WINERY TO INCLUDE A 446 SF TASTING ROOM
DRC2014-00157	CONDITIONAL USE PERMIT/DEV PLAN	10/22/2015	ADDITION OF 40,722 SQFT OF STORAGE BUILDINGS TO AN EXISTING MINI-STORAGE FACILITY.
DRC2015-00017	CONDITIONAL USE PERMIT/DEV PLAN	10/22/2015	CONDITIONAL USE PERMIT TO ALLOW THE EXISTING BILLBOARD SIGN TO REMAIN ON SITE.
DRC2014-00065	CONDITIONAL USE PERMIT/DEV PLAN	10/26/2015	A 3,360 SQUARE FOOT (SF) WINERY TO INCLUDE A 446 SF TASTING ROOM
DRC2014-00100	CONDITIONAL USE PERMIT/DEV PLAN	10/26/2015	WIRELESS COMMUNICATIONS FACILITY
DRC2014-00156	MINOR USE PERMIT	11/21/2015	JIM MILLER COMMUNITY PARK IN OLDE TOWNE NIPOMO
DRC2014-00151	MINOR USE PERMIT	12/12/2015	WIRELESS FACILITY: (1) CHARLES CABINET, (1) 2FT ANTENNA, (9) RRU'S, (3) DIPLEXERS
DRC2015-00017	CONDITIONAL USE PERMIT/DEV PLAN	1/12/2016	CONDITIONAL USE PERMIT TO ALLOW THE EXISTING BILLBOARD SIGN TO REMAIN ON SITE.
DRC2014-00097	MINOR USE PERMIT	1/19/2016	DEMO 1316 SQFT SFD, CONSTRUCT NEW 4372 SQFT SFD. MUP TO MODIFY BLUFF SETBACK.
DRC2014-00142	MINOR USE PERMIT	1/19/2016	SFR APPRX 2400 SQ FT

Permit Number	Permit Type	Approval Date	Description
DRC2015-00051	MINOR USE PERMIT	1/19/2016	(2) NEW ANTENNAS (1) NEW CROSS ARM ANTENNA MOUNT (1) NEW EQUIPMENT CABINET (2) NEW RRUS (1) NEW DIPLEXER (1) NEW PG&E/VERIZON WIRELESS METER (1) NEW PG&E SHUT-DOWN SWITCH
SUB2004-00046	Parcel Map	2/1/2016	VESTING TENTATIVE PARCEL MAP TO ALLOW SUBDIVISION OF TWO APPROXIMATELY TEN ACRE PARCELS INTO FOUR PARCELS OF FIVE ACRES EACH FOR THE PURPOSE OF SALE AND/OR DEVELOPMENT.
SUB2011-00028	Parcel Map	2/2/2016	PARCEL MAP TO SUBDIVIDE EXISTING RS PARCEL INTO 3 RESIDENTIAL LOTS (1 ACRE NET) & ONE NON-DEVELOPED OPEN SPACE LOT.
DRC2015-00048	MINOR USE PERMIT	2/8/2016	A REQUEST BY SAM ROBINSON FOR A MINOR USE PERMIT TO ALLOW CONSTRUCTION OF A NEW 1,200 SQUARE-FOOT SECONDARY DWELLING
SUB2015-00004	Parcel Map	3/8/2016	SUBDIVIDE EXISTING RESIDENTIAL PARCEL INTO 4 LOTS. MIN LOT SIZE IS 6,200 SF.
DRC2014-00126	CONDITIONAL USE PERMIT/DEV PLAN	3/16/2016	A REQUEST BY VERIZON WIRELESS FOR A CONDITIONAL USE PERMIT TO ALLOW THE CONSTRUCTION AND OPERATION OF A NEW WIRELESS COMMUNICATIONS FACILITY CONSISTING OF TWELVE
DRC2015-00004	MINOR USE PERMIT	3/21/2016	EXISTING CHICKEN PENS APPROX 400 CHICKENS IN USE LAST 20 YEARS - CODE ENFORCEMENT CASE
SUB2015-00053	Lot Line Adjustment	5/21/2016	LOT LINE ADJUSTMENT TO ADJUST LOT LINE WHICH CURRENTLY RUNS THROUGH AND EXISTING RESIDENCE. OWNER WOULD LIKE TO CORRECT THIS SITUATION
SUB2015-00009	Parcel Map	6/7/2016	VESTING TENTATIVE PARCEL MAP TO DIVIDE PROPERTY RESULTING IN (4) PARCELS OF 5.2, 5.3, 5.3 AND 5.1 ACRES EACH
SUB2015-00037	Parcel Map	6/7/2016	DIVISION OF ONE 10 ACRE PARCEL TO TWO PARCELS OF 5 ACRES EACH, LOCATED AT 400 ALOMA WAY, ARROYO GRANDE
DRC2014-00089	CURB & GUTTER WAIVER REQUEST	6/17/2016	CURB, GUTTER & SIDEWALK WAIVER
DRC2014-00024	MINOR USE PERMIT	6/20/2016	RV STORAGE AND SALES LOT
DRC2015-00101	CONDITIONAL USE PERMIT/DEV PLAN	9/8/2016	A DEVELOPMENT PLAN/COASTAL DEVELOPMENT PERMIT TO ALLOW CONSTRUCTION OF AN 85,663 SQUARE-FOOT SELF-STORAGE FACILITY AND 1,200 SQUARE-FOOT CARETAKER'S UNIT
SUB2004-00164	Parcel Map	9/13/2016	PROP 4 LOT PARCEL MAP
SUB2005-00266	Parcel Map	11/8/2016	2 LOT SPLIT - 26.66 AC. INTO 16.19 AC AND 10.47 AC
G980008N	CO INIT - LUE TEXT	2/14/2017	DELETE SUMMIT STATION AP STND 1C
SUB2016-00002	Parcel Map	3/7/2017	TWO LOT VESTING PARCEL MAP WITH SETBACK ADJUSTMENT
SUB2009-00016	Parcel Map	4/3/2017	SUBDIVIDE 10.16 ACRE LOT 2 LOTS OF 5 ACRES & 5.16 ACRES
SUB2007-00070	Parcel Map	5/1/2017	PARCEL MAP

Permit Number	Permit Type	Approval Date	Description
DRC2016-00087	MINOR USE PERMIT	6/17/2017	11709 SF BLDING CONSISTING OF WAREHOUSE & OFFICES
DRC2016-00069	CONDITIONAL USE PERMIT/DEV PLAN	7/13/2017	ASSISTED LIVING FACILITY
DRC2016-00005	MINOR USE PERMIT-MODIFICATION/A DJUSTMENT	7/24/2017	MIXED USE DEVELOPMENT: 8,200 SQFT. COMMERCIAL WITH 3 LEASE SPACES; (6) 800 SQFT. 1-BDRM RESIDENTIAL UNITS ON SECOND FLOOR, 2 GAS PUMPS ACCESSORY TO GROCERY.
SUB2016-00023	Conditional Certificate of Compliance	8/9/2017	PROP 2 CONDITIONAL CERTIFICATES OF COMPLIANCE

Source: County Planning and Building Department 2017

Recent Building Permit Activity

Building Permits have been compiled for the following Nipomo areas from the Department of Planning and Building: Rural South County, Nipomo, Los Berros, Calendar-Garrett, Palo Mesa, and Blacklake. Please note that some of these areas are not within the District's Service Area or SOI. The chart on the next page shows the building permits by year and area from 2010 through 2017. Since 2010 the South County Rural (Woodlands) and Nipomo (CSD Service Area) areas are the locations for most of the building permit activity (80%). The Palo Mesa area (Cypress Ridge) is responsible for about 15% of the building permit activity. Building permit activity has been on the incline in recent years.

Table 3-8: Building Permits Finaled 2010-2017

	SC Rural (Woodland)	Nipomo	Los Berros	Cal-Garrett	Palo Mesa	Blacklake	Total
2010	77	104	3	9	14	3	210
2011	100	176	4	24	31	7	342
2012	91	166	3	25	26	5	316
2013	66	220	1	21	30	3	341
2014	114	187	3	41	25	9	379
2015	133	261	6	34	51	29	514
2016	151	274	4	29	52	22	532
2017	167	216	2	31	35	10	461
Total	899	1,604	26	214	264	88	3,095

Source: County Planning and Building Department 2017

Housing Element. The County's Housing Element was adopted by the Board of Supervisors and certified by the State Department of Housing and Community Development (HCD) in 2014. The Goals, Policies and Programs found in the Housing Element are the Housing Implementation Plan for the period from January 1, 2014 through July 1, 2019. The table below shows the total number of residential units (1,347) the unincorporated County of San Luis Obispo must provide zoning for in that time period. HCD completed the review and certified the Housing Element. The County will begin an update to the Housing Element that reflects the new housing cycle RHNP allocation for the next planning period from 2019 to 2025.

Table 3-9: 2014-2019 - SLOCOG Regional Housing Needs Allocation

	Units By Income Category					Totals	% of Units
	Very Low	Low	Moderate	Above Moderate			
Arroyo Grande	60	38	43	101	242	5.8%	
Atascadero	98	62	69	164	393	9.5%	
Grover Beach	41	25	29	69	166	5.8%	
Morro Bay	39	24	27	65	154	3.7%	
Paso Robles	123	77	87	206	492	11.8%	
Pismo Beach	38	24	27	64	152	3.6%	
San Luis Obispo	285	179	201	478	1,144	27.3%	
County Unincorp.	336	211	237	563	1,347	32.5%	
Total Units	1020	640	720	1710	4,090	100%	

Source: SLOCOG RHNA 2013

The Housing Element is one of the seven State mandated elements of the General Plan and is updated every six years to identify recent demographic and employment trends and can be correlated with the three-year cycle of transportation planning, which may affect existing and future housing demand and supply. The Housing Element is used to identify and provide for the housing needs of the community. The Housing Element addresses the ability to meet the State assigned regional housing needs shown in the above table. It specifies the number of units to be zoned for in terms of affordability. The County has developed a set of objectives and specific policies and programs to prepare for the production of housing in the unincorporated County, including Nipomo.

A Housing Element is required by California law to establish policies and programs that will support the provision of an adequate housing supply for citizens of all income levels. The intent of State law is to assure that jurisdictions in the State make a good faith effort to provide

adequate housing to all members of the community. While the State Department of Housing and Community Development (HCD) reviews the Housing Element for compliance with housing law, each jurisdiction must identify its particular issues to address its housing needs.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Growth and Population:

1. The Nipomo area is building out under the existing zoning and land use policies. The population is increasing at a steady rate.
2. According to both the County's Resource Management System and the Council of Governments Population Projections the Nipomo area is projected to grow at a 2% per year rate or less in the coming years.
3. The NCSD's Urban Water Management Plan anticipates growth to be approximately 1% per year.
4. Development activity has increased in the Nipomo area over the last several years. This is evidenced by the building and land use permit data provided by the Department of Planning and Building.
5. Proposals for annexation to the District have slowed due to the lack of available water supply. Much of the recent population growth is due to developments that are outside of the NCSD's boundaries.
6. The County has placed a growth cap on the number of dwelling units approved in Nipomo of 1.8% based on the Resource Management System Annual Report.
7. The County approved ordinance §3090 which specifically links density increasing General Plan Amendments to the District's supplemental water project and establishes a water conservation area for the Nipomo Mesa.

3.2 Location and Characteristics of any Disadvantaged Unincorporated Communities

LAFCO is required by the Cortese-Knox-Hertzberg Act to determine the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence of a jurisdiction. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the sphere of influence or contiguous to the sphere of influence, it is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the District or property owners.

The community of Nipomo has a variety of economic diversity that resides within the CSD boundary and surrounding area. A Disadvantaged community is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Government Code section 56033.5 further defines it as inhabited territory; an area with 12 or more registered voters. In the analysis completed by LAFCO staff, Nipomo CSD's Sphere of Influence does not have any disadvantage unincorporated communities within the proposed Sphere of Influence or in the areas contiguous to the Sphere of Influence.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding disadvantaged unincorporated communities:

1. The Nipomo Community Services District's proposed Sphere of Influence does not have an underserved disadvantaged unincorporated community located within or adjacent to its boundary.

3.3 Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies

LAFCO is responsible for determining that a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to serve areas already within the service area and in the Sphere of Influence. It is important that such findings of infrastructure and resource availability occur when revisions to the SOI and annexations are proposed by the District or property owners.

The MSR analyzes present and long-term infrastructure needs and resource capabilities of the Nipomo Community Services District. LAFCO reviews and evaluates: 1) the resources and services that are currently available, and 2) the ability of the CSD to expand such resources and services in line with increasing demands.

The most basic infrastructure needs are the provision of water and wastewater services. Beyond these services, sheriff and fire protection, and road/drainage services are considered high priority needs for future growth of the District.

This section evaluates the NCSD's capabilities with regard to the provision of water and wastewater. While not authorized to provide Fire Protection Services, the District is responsible for providing adequate fire flow in terms of a water supply for fire suppression. The roads and a majority of the drainage basins are maintained by the County of San Luis Obispo Public Works Department with law enforcement services provided by the County Sheriff.

The other services provided by the NCSD are limited to smaller areas within the service boundary and while the district is capable of providing these services expansions is not anticipated nor are they a significant demand on the district. These include, street lighting, drainage, landscape maintenance and solid waste. The primary services focus in this report includes water and wastewater services.

WATER

The provision of water services to residents and landowners is a major focus of the Nipomo Community Services District. This section will summarize the District's water situation using a variety of documentation. The NCSD has been diligently pursuing the provision of water to its residents and planning for possible future growth in the area. The District has been conditioned to document its water planning and resource efforts since the 2004 SOI Update and similar conditions were carried forward in the 2010 SOI Update. In Chapter 2, some recommendation will be removed and others added for the Sphere of Influence under this review.

Water-Related Conditions of Approval-2010 SOI Update

In approving the 2010 Sphere of Influence Update, LAFCO placed the following conditions of approval related to the District's water situation. After each condition is a summary of the current compliance status.

2010 Condition 3. *Except as provided below, prior to LAFCO approval of any annexation, the District shall:*

A. Implement a water conservation program that decreases water use by 15% based on per connection water consumption. Annexations shall only be approved if the District provides documentation that certifies a 15% decrease in water use has occurred since the approval date of the Sphere of Influence. Conservation measures shall be implemented at the District's discretion.

Condition 3 - Compliance. With regard to condition 3, since 2004 the District had achieved a 16% per connection reduction in water use. California legislation required 20% reduction starting in 2010. The community exceeded the conservation objective set by the State of California and is 1.5% away from meeting the Nipomo Mesa Management Area Technical Group's 50% groundwater pumping reduction. This timeframe included the extended drought conditions. The NCSD Board of Directors is continuing its message to meet the stringent water restrictions, and it seems to be working. This condition may not be needed moving forward.

2010 Condition 4. *Prior to approval by LAFCO of any annexation, the District shall complete negotiations for a supplemental water source outside the Nipomo Mesa Management Area and provide documentation that an agreement is in place to deliver such water. Documentation shall be consistent with the sections of the latest SB 610 Guidebook for documenting supplies.*

Condition 4 - Compliance. With regard to condition 4, no annexations have been requested; however the District has completed the supplemental water

project with the City of Santa Maria for additional water outside of the Nipomo Mesa Management Area. Water is now being delivered from the City to the District via a pipeline. This condition may not be needed moving forward.

***2010 Condition 5.** Prior to final approval of any annexation that is a “project”, as defined under the Water Code 10912, the District shall submit a Water Assessment pursuant to the procedures found in the Guidebook for Implementation of SB 610 and SB 221, using only the steps applicable to SB 610.*

Condition 5 - Compliance. With regard to condition 5, no annexations have been requested. This condition may not be needed moving forward. However, implementation of SB610 would be based on a project size of greater than 500 homes and therefore could be required on an as-needed basis depending on the project.

Water Supply

Historically, the District has relied on groundwater as the sole source of water. The water supply is pumped from the Santa Maria Groundwater Basin (which contains the Nipomo Mesa Management Area-NMMA) through five active wells and one standby well. The Basin has been adjudicated and a stipulated settlement agreement signed. The Stipulation divides the Santa Maria Groundwater Basin into three management areas known as the Santa Maria Valley Management Area (Southern portion of the Groundwater Basin) the Nipomo Mesa Management Area (the NMMA) (the center portion of the Groundwater Basin) and the Northern Cities Management Area (the northern portion of the Groundwater Basin). The settlement contains specific terms regarding groundwater rights, monitoring programs, and plans to respond to a future severe water shortage. The Court found that the Santa Maria Groundwater Basin was not in a long-term overdraft condition. In addition the Court recognized that sub-areas (potentially NMMA) within the Basin could be found to be in overdraft as more data is collected.

The Nipomo Mesa Management Area Technical Group (NMMA TG) was established in accordance with the Stipulation Agreement. The NMMA TG was established by the Court and charged with developing the technical bases for sustainable management of the NMMA. The Court established three management areas: the Northern Cities, the Nipomo Mesa, and the Santa Maria Valley. The TG consists of ConocoPhillips, Golden State Water Company, the NCSD, Woodlands Mutual Water Company and an agricultural landowner who is a party to the Stipulated Agreement.

In July 2015, the District completed the Nipomo Supplemental Water Project (NSWP) and began importing water from the City of Santa Maria. Pursuant to the Stipulation the NCSD, the Woodland Mutual Water Company, Golden State Water Company and Rural Water (Golden State acquired Rural Water in 2013 to create Cypress Ridge Water System) are participants in the Waterline Intertie Supplemental Water Project. The NCSD may purchase up to 3,000 acre-feet of water from the City of Santa Maria. NCSD has a current minimum take of 800 afy from the City of Santa Maria with an incremental increase of 1,000 afy minimum take in fiscal year 2020-2021 and a final increase to 2,500 afy minimum take in fiscal year 2025-2026. The mandated minimum water delivery under the agreement with City of Santa Maria is 2,500 AFY. The Nipomo CSD will be required to purchase 1,667 AFY of the 2,500 AFY minimum supplies. NCSD has been charging approximately \$14,000 per dwelling unit to help pay for the Nipomo Supplemental Water Project. Other water purveyors, Woodlands MWC and Golden State Water Company will also share in the project costs and will together receive one-third of the mandated minimum water delivery (a total of 833 AFY of 2,500 AFY). The additional 500 AFY capacity has been reserved for use by the Nipomo CSD for infill, or existing users outside of the district service area. The NCSD policy is that no annexations or General Plan Amendments may use this water, with the exception of existing customers.

Wastewater Treatment

NCSD operates two wastewater treatment facilities within the water service area. The Southland WWTF collects and treats wastewater (~628AF in 2015) from the majority of the District and discharges treated effluent back into the Santa Maria River Valley Groundwater Basin via percolation ponds. The Blacklake WWTF treats wastewater (~50AF in 2015) through secondary treatment and recycles wastewater to the water hazards at Blacklake Golf Course. Water is extracted from the water hazards as necessary to irrigate limited areas of the course. Blacklake WWTF operates under Reclamation Orders from Regional Water Quality Control Board. NCSD does not provide recycled water to any other users. NCSD does not anticipate expanding recycled water use within the NCSD water service area. The District is not currently pursuing desalinated water opportunities.

NCSD Urban Water Management Plan, Adopted June 2016

The NCSD updated the Urban Water Management Plan in 2016 to help manage water

resources. The Plan covers the District's current Service Boundary and Sphere of Influence, and includes information regarding Water Supply, Water Use, Water Demand Management and Conservation Measures, Water Shortage Response, and Supplemental Water Supplies. Considering all of the water sources together as a whole will assist the District in evaluating how well its current resources can meet current and projected demands with the intent of reducing groundwater pumping. This plan also provides a framework for evaluating future water supply needs based on existing obligations and available water sources including the supplemental water delivery system. The Plan was prepared by MKN & Associates and submitted to the Department of Water Resources.

Current Supply and Demand

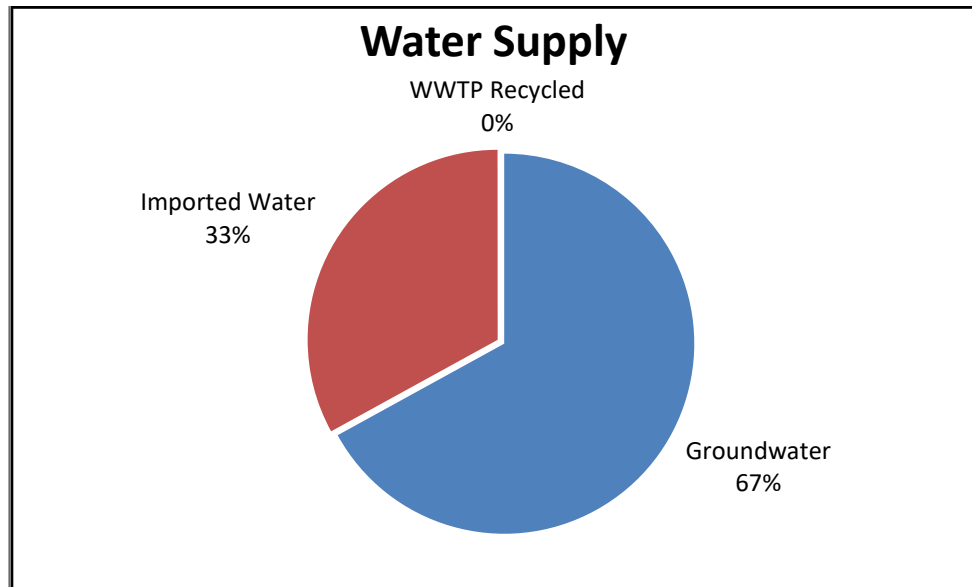
The NCS D (District) is a public urban water supplier serving more than 4,300 customers. NCS D's existing water demands within the NCS D service area for calendar year 2015 was 1,948 AF. The amount of groundwater pumped was 1,626AF plus NCS D received 322AF from the City of Santa Maria in 2015.

Table 3-10 – Nipomo CSD Current Water Supply

Source	Actual Amount (acre feet)	Available Allocation (acre feet)
Groundwater – (Basin wells)	1,626*	2,900*
Supplemental Water Project (City of Santa Maria)	322**	3,000**
Recycled Water	50	50
Total	1,998	5,950

* Maximum extracted in 2005, the District has the goal of reducing the amount pumped from the basin. The amount pumped in 2015 was 1,626 AF. There is no existing estimate for the perennial yield of this sub-basin.

** The Supplemental Water Agreement with the City of Santa Maria allows up to 3,000 AFY. 322AF was received in 2015.

Figure 3-6 Nipomo CSD Current Water Supply 2015

At this time the District is capable of meeting the water demands of the District. In May, 2015, the Board of Directors of the Nipomo CSD declared a Stage III water shortage as required under the Water Shortage Response and Management Plan (WSRMP). This was in response to the ongoing drought. The WSRMP is based on five escalating stages of drought. In Stages III through V, there are targeted reductions in water use designed to protect long-term groundwater supplies. Stage III represents Severe Water Shortage Conditions and sets a goal of reducing District-wide water use by 30%. In July, 2016, the Nipomo CSD Board declared a Stage IV water shortage and began implementing additional mandatory conservation measures that limits municipal irrigation, suspends pending applications for water service and requires groundwater pumping to be reduced by 50%. Even with additional conservation measures in place, Golden State Water Company, Woodlands MWC, and Nipomo CSD could experience supply deficits if groundwater is insufficient to meet increases in demands. To address this need, the County RMS report suggests the water purveyors investigate other supply sources, recycled water, and increasing delivery from the Nipomo Supplemental Water Project as feasible water management strategy options to be considered and implemented. According to the County RMS additional water via the City of Santa Maria (if possible), desalination and recycled water should also be considered as a long-term alternative source for the Nipomo CSD and others in the region. The District should continue to improve their water supply reliability and reduce groundwater pumping. The District should consider efforts to work with stakeholders for the use of recycled water.

Future Supply and Demand Summary

The sources of water described above are all presently supplied by NCSD and delivered to its residents. The table below projects NCSD possible future water demand situation. The annual water demand was assumed to increase in proportion to the population projected by SLOCOG for the Nipomo area and to meet the 20% reduction goal set by the Water Conservation Act of 2009 by 2020. Future water demand projections also include water deliveries to Golden State Water Company (GSWC) and Woodlands Mutual Water Company (WMWC) as part of the Supplemental Water Project. Projected water demands through 2040 including groundwater, imported water and recycled water. The variation in groundwater supply through 2040 is based on the assumption that NCSD will reduce groundwater pumping based on the volume of supplemental water delivered into the system to meet projected demands.

Table 3-11 Water Supplies Projected

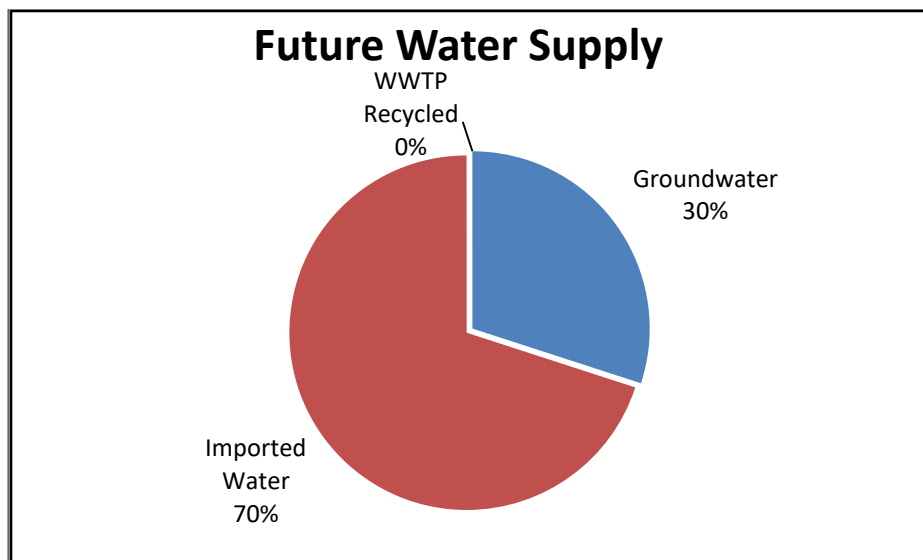
Projected Water Supply, AFY						
	2015	2020	2025	2030	2035	2040
Groundwater	1,626*	2,187	1,287	917	1,053	1,194
Imported Water	322	1,000	2,500	3,000	3,000	3,000
Recycled Water	50	50	50	50	50	50
Total	1,998	3,237	3,837	3,967	4,103	4,244

* Actual 2015 water usage with mandatory water conservation

Note: The District water supply is estimated based on fiscal year from July to June.

Source: NCSD Urban Water Management Plan, Adopted June 2016

Figure 3-7 Nipomo CSD Projected Water Supply by 2025



County Biennial Resource Summary Report, 2014-2016

The County Department of Planning and Building prepares the Biennial Resources Summary Report that summarizes the resource situation (including water) of Nipomo CSD and other public water purveyors within the County. The Report evaluates the capability of incorporated cities and unincorporated communities to meet water, wastewater, transportation, air quality and school service needs. The Biennial Report uses a Level of Severity rating system for water supply and water delivery systems. The rating system for water includes evaluating the available supply and the production and distribution system for a particular jurisdiction. The Cities of Arroyo Grande, Grover Beach and Pismo Beach along with Oceano CSD are to the north and within the Northern Cities Management Area a sub set of the Santa Maria Groundwater Basin where all interested parties commonly manage the water resources under a stipulation and judgement agreement. The following rating system is used:

The RMS utilizes three alert levels called levels of severity (LOS) to identify differing levels of resource deficiencies.

- Level I is the first alert level. Level I occurs when sufficient lead time exists either to expand the capacity of the resource, or to decrease the rate at which the resource is being depleted.
- Level II identifies the crucial point at which some moderation of the rate of resource use must occur to prevent exceeding the resource capacity.
- Finally, Level III occurs when the demand for the resource equals or exceeds its supply. It is the most critical level of concern. The County should take actions to address resource deficiencies before Level III is reached.

Increased demand on water supplies during several recent years of below average rainfall combined to degrade the groundwater basin below the Nipomo Mesa Water Conservation Area (NMWCA). This contributed to the County Board of Supervisors declaring a Level of Severity III, the highest severity level in the County's General Plan's Resource Management System. The following is an excerpt from the 2014-2016 Biennial Resource Summary Report for Nipomo:

The community's water supply includes groundwater, Imported Water from City of Santa Maria and reclaimed water.

Total water supply= 1,932 acre feet per year (AFY)

**Table 3-12 Nipomo Water Use
Estimates, AFY**

2010*	2014	2015	2035
2,421	2,110.1	1,773.3	2,849

Source: 2014-2016 RMS - * 2010-2012 RMS

San Luis Obispo County Master Water Plan

The County Water Master Plan inventories the existing water supplies and future demand for the County of San Luis Obispo. It also provides analysis of water supply alternatives and identifies potential water deficiencies. The County defines the Nipomo Mesa area as Water Planning Area 7 and identifies a number of larger water purveyors in the area, including the NCSD, Golden State Water Company, and Woodlands Water Company. The table below shows the water purveyors operating in the Nipomo Mesa area:

Other Water Providers

Table 3-13: Water Purveyors in Nipomo Area

Larger Purveyors	
Nipomo Community Services District	Golden State Water Co. Cypress Ridge
Golden State Water Co. - Nipomo	Woodlands Water Company
Smaller Purveyors	
Arroyo Grande Mushroom Farm	Blacklake Canyon Water Supply
Callender Water Assn.	Country Hills Estates
Greenheart Water Supply Farms	Heritage Lane Mutual Water Company
Hetrick Water Company	Ken Mar Gardens
La Mesa Water Company	Rancho Nipomo Water Company
Guadalupe Cooling	Clearwater Nursery
Cuyama Lane Water Company	Dana Elementary School
La Colonia Water Association	Laguna Negra (Tract 610)

Smaller Purveyors	
Santa Maria Speedway	Rim Rock Water Company
True Water Supply	Speedling, Inc.
Ball Tagwa Growers	Mutual Water Association
Conoco Phillips	Callender Grover MWC
Nunes Water Co.	Crossroads Community Church Water
Vista De Las Flores	T&A Properties Water Co.
	Woodland Park MWC

Although the Santa Maria Groundwater Basin has been adjudicated, the potential remains for shortfalls to purveyors and overlying users that continue to rely primarily on groundwater. Water demand projected over 15 years is projected to equal or exceed the estimated dependable supply based on all the users in the area. Uncertainties remain about the reliability of water resources serving the Nipomo Mesa Management Area. The Table below forecasts the water supply and demand for the Nipomo Mesa Management Area as was taken from the 2014-2016 RMS report.

Table 3-14: Water Purveyors in Nipomo Area Water Supply & Demand

Table II-17 -- Santa Maria Groundwater Basin – Nipomo Mesa Management Area Existing and Forecasted Water Supply and Demand					
Demand	Nipomo CSD	Woodlands Mutual Water Co.	Golden State Water Co.	Agriculture	Rural
FY 2015/2016 Demand (AFY) ¹	1,773.3	732.1	625.1	7,337	2,878 ²
Forecast Demand in 15 Years (AFY)	3,995	1,386 ⁶	1,690	7,575	5,222
Forecast Demand in 20 Years (AFY)	4,103	1520 ⁶	1,847	8,291	5,661
Buildout Demand (30 Or More Years) (AFY)	4,244 ³	1520 ^{4,6}	1,944	8,291	5,661
Supply					
Nipomo Supplemental Water Project (AFY) ⁵	2,237	417	208	0	0
Santa Maria Groundwater Basin -- Nipomo Mesa Sub- Area (AFY)	1,000	817	852	7,482	2,095
San Luis Obispo Valley Groundwater Basin	0	0	0	809	226
Other GW Supplies	0	0	0	0	0
Recycled Water (AFY)	60-74	200	0	0	0
Total Supply:	3,311	1,434	1,060	8,291	5,661
Water Supply Versus Forecast Demand	Water demand projected over 15 years is projected to equal or exceed the estimated dependable supply. ⁴				

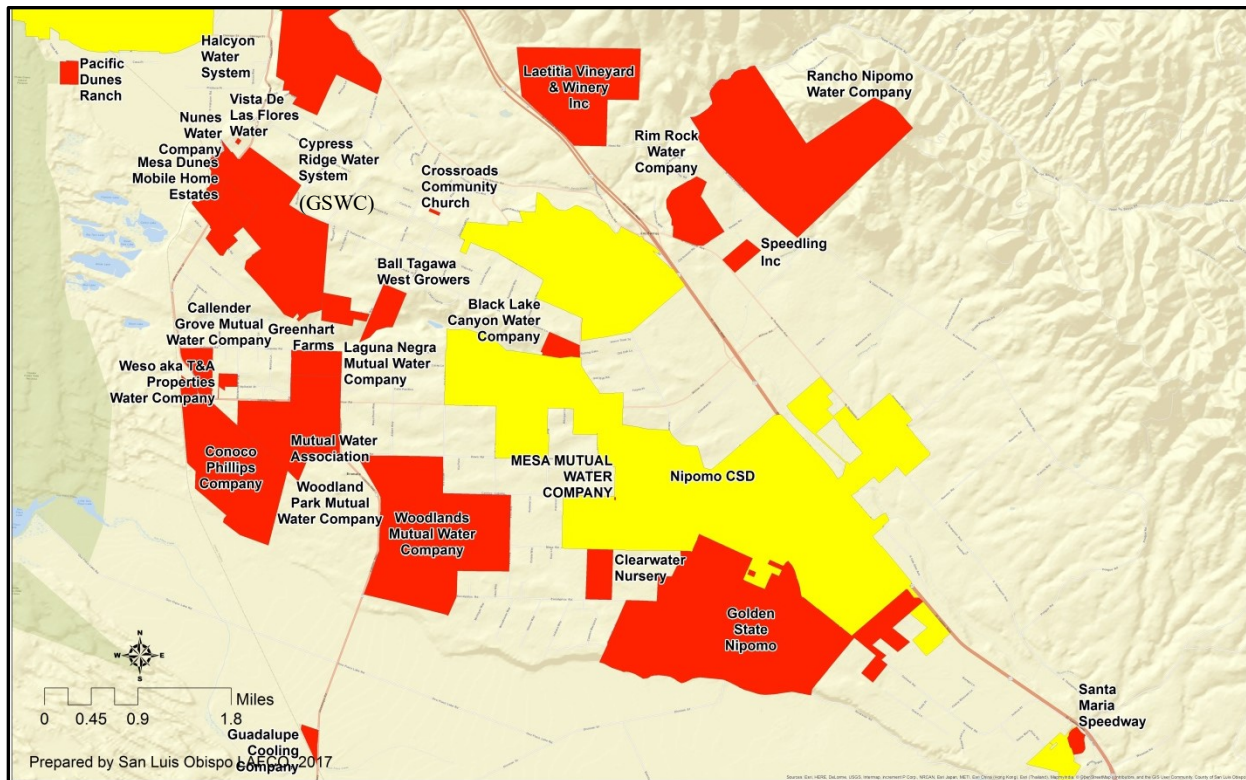
Source: Water System Usage Form: July 2014 to June 2016, as part of the San Luis Obispo County Master Water Report, as reported in the 2014-2016 RMS.

Notes:

1. See Table II-1. Current year data for agriculture is from the Nipomo Management Area 2015 Annual Report.
2. Nipomo Mesa Management Area 2015 Annual Report
3. Nipomo CSD 2015 Urban Water Management Plan.
4. Ten percent additional water conservation (beyond what has already been accomplished) assumed for the low end of the forecast buildout demand, except for Grover Beach, which assumed 20% additional reduction.
5. Nipomo supplemental water project includes Nipomo CSD, Woodlands MWC, Golden State Water Company, and Rural Water Company (now GSWC- Cypress Ridge). Nipomo CSD will receive approximately 1,667 AFY and has reserved an additional 500 AFY. The other three will receive 833 AFY.
6. The NCMA cities, NMMA cities, County, District, and local land owners actively and cooperatively manage surface and groundwater with the goal of preserving the long-term integrity of water supplies in the NCMA and NMMA.
7. Demands are based on an 18-hole golf course constructed in Phase IIA/IIB. Projected demands may be reduced if the open space is planted with vineyards or drought tolerant landscaping in lieu of the golf course.

This is important because private water purveyors provide water to development proposals that require community water systems when they are approved by the County. Also contributing to increased water use is the approval of residences that are served by individual wells. The most updated list of water purveyors operating in the area can be obtained from the County Health Department which regulates all but the largest (District, Golden State Water Company and their Cypress Ridge system (formerly Rural Water), Woodlands, and Mesa Dunes Mobile Home Park). A map is provided below that shows the water purveyors in the area.

Figure 3-8 Other Water Providers



Water Conservation and Contingency Program

The NCSD adopted the Water Conservation Program (“WCP”) in February 2008. The program is a comprehensive approach to conserving water resources designed to achieve a 20% reduction in water use by the District. The program is divided into “core measures” and “non-core measures”. The core measures include the following:

- Public education and outreach/advertising measures: Many of these are available online at the District’s website.
- Technical assistance measures-leak detection and water audits;

The non-core measures include:

- High Efficiency clothes washer rebates: \$75 is the current rebate
- Indoor plumbing (non-toilet) retrofit and leak detection aids
- Pilot turf replacement programs
- Irrigation efficiency equipment

The NCSD along with the other Nipomo Mesa Management Area Technical Group participants approved a set of water shortage response stages including pumping reduction targets during advanced shortage conditions. Response stages are triggered based on the Technical Groups’ previously developed shortage criterion for Potentially Severe Water Shortage Conditions and Severe Water Shortage Conditions.

In May 2015 the drought caused the NCSD to take several actions to protect the groundwater basin. At that time the Nipomo Community Services District declared Stage III Water Shortage conditions and directed District staff to implement the response plan. In 2016 the District declared a Stage IV. The Water Shortage Response and Management Plan is based on five escalating stages of drought. In Stages III through V, there are targeted reductions in water use designed to protect long-term groundwater supplies. Stage III represents Severe Water Shortage Conditions and sets a goal of reducing District-wide water use by 30%. The Table on the following page summarizes the water shortage conditions and targets supply reductions:

Table 3-15 Stages of Water Shortage Contingency Plan

Complete Both (% reduction & restrictions)		
Stage	% Supply Reduction*	Water Supply Condition
I	0%	Always in place.
II	20%	Potentially Severe Water Shortage Condition declaration pursuant to NMMA Water Shortage Condition and Response Plan.
III	30%	Severe Water Shortage Condition declaration pursuant to NMMA Water Shortage Condition and Response Plan.
IV	50%	Severe Water Shortage Condition declaration pursuant to NMMA Water Shortage Condition and Response Plan, lasting more than 1 year from the initial declaration; or Severe Water Shortage declaration pursuant to NMMA declaration triggered by both the Key Well Index and the Coastal Area Criterion.
V	60%	Severe Water Shortage Condition declaration pursuant to NMMA Water Shortage Condition and Response Plan, lasting more than 2 years from the initial declaration, based on both the Key Well Index and Coastal Area Criterion.

* One stage in the Water Shortage Contingency Plan must address a water shortage of 50%

Notes: Based on NMMA Water Shortage Response Stages Endorsed by NMMA Technical Group April 14, 2014

Source: NCSU UWMP, 2017

Table 3-16 Retail Only: Restrictions and Prohibitions on End Uses

Stage	Restrictions and Prohibitions on End Users	Additional Explanation or Reference
I	Landscape - Restrict or prohibit runoff from landscape	
I	Landscape - Limit landscape irrigation to specific times	
I	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	
II	Landscape - Restrict or prohibit runoff from landscape	Stage II Includes all Stage I requirements
II	Landscape - Limit landscape irrigation to specific times	
II	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	
II	Pools and Spas - Require covers for pools and spas	
II	Other - Prohibit use of potable water for washing hard surfaces	
III	Landscape - Restrict or prohibit runoff from landscape irrigation	Stage III includes all Stage I & II requirements
III	Landscape - Limit landscape irrigation to specific times	
III	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	
III	Pools and Spas - Require covers for pools and spas	
III	Other - Prohibit use of potable water for washing hard surfaces	
III	Landscape - Prohibit certain types of landscape irrigation	
III	Other water feature or swimming pool restriction	

Stage	Restrictions and Prohibitions on End Users	Additional Explanation or Reference
III	Other - Prohibit use of potable water for construction and dust control	
III	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	
IV	Landscape - Restrict or prohibit runoff from landscape irrigation	Stage IV includes all Stage I, II, & III requirements
IV	Landscape - Limit landscape irrigation to specific times	
IV	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	
IV	Pools and Spas - Require covers for pools and spas	
IV	Other - Prohibit use of potable water for washing hard surfaces	
IV	Landscape - Prohibit certain types of landscape irrigation	
IV	Other water feature or swimming pool restriction	
IV	Other - Prohibit use of potable water for construction and dust control	
IV	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	
IV	Landscape - Prohibit all landscape irrigation	
V	Landscape - Restrict or prohibit runoff from landscape irrigation	Stage V includes all Stage I, II, III & IV requirements
V	Landscape - Limit landscape irrigation to specific times	
V	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	
V	Pools and Spas - Require covers for pools and spas	
V	Other - Prohibit use of potable water for washing hard surfaces	
V	Landscape - Prohibit certain types of landscape irrigation	
V	Other water feature or swimming pool restriction	
V	Other - Prohibit use of potable water for construction and dust control	
V	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	
V	Landscape - Prohibit all landscape irrigation	

Water Distribution and Storage System

The District’s water distribution system delivers potable water through a transmission main from various wells to customers and fire hydrants via a pump station, water tanks, and approximately 97.6 miles of water distribution pipelines. NCSD’s service area is primarily residential land uses, with some light commercial and suburban residential comprising the Nipomo village area. NCSD is comprised of one water system with three pressure zones; one zone serves the Blacklake

Specific Plan area, one zone serves the Maria Vista Pressure Zone, and the third zone serves the rest of NCSD's service area. The primary water entering NCSD's distribution system is groundwater production. NCSD also constructed a Supplemental Waterline Intertie line to the City of Santa Maria. NCSD supplies recycled water to irrigate the golf course at Blacklake; however, it is accounted for separately. NCSD has emergency connections with Golden State Water Company and Woodlands Mutual Water Company.

Water Distribution. The Water Distribution system includes over 97 miles of various pipes from 6- to 24 inches, one concrete post stress and six above ground steel water storage tanks totaling 4.9 million gallons, five active wells and approximately 600 fire hydrants. The Water System Master Plan indicates that the system is well-maintained and provides adequate water pressures for most areas of the District. The District has completed a number of improvements to the distribution system, including pipeline upgrades and meter replacements.

The Water Master Plan identifies areas of the distribution system that experience less than desirable pressures (from as low as 40 psi to over 150 psi) during domestic demands and substandard pressures or flows under fire flow conditions. Storage tanks provide the necessary fire and emergency storage volumes and help equalize system pressure during high demands.

WASTEWATER COLLECTION & TREATMENT SYSTEM

Facility Description. NCSD operates two wastewater collection systems within the service area. The Town System collects wastewater on the easterly side of the service area from Orchard Road to Cedarwood Street and on southerly side of the service area from Juniper Street to Southland Street. The Blacklake System collects wastewater from the Blacklake community north of Willow Road. A large portion of the NCSD water service area is not sewered (approximately half of the Town area is on septic). Almost all of the area within the Blacklake community is sewered. The Table below provides an overview of the quantity of wastewater collected within the NCSD water service area.

Table 3-17 – Wastewater Collected Within Service Area

Wastewater Collection			Recipient of Collected Wastewater			
Name of Wastewater Collection Agency	Wastewater Volume Metered or Estimated?	Volume of Wastewater Collected in 2015 (AF)	Name of Agency Receiving Collected Wastewater	Treatment Plant Name	Is WWTP Located Within UWMP Area?	Is WWTP Operation Contracted to a Third Party?
Nipomo CSD	Metered	628	Nipomo CSD	Southland Wastewater Treatment Facility	Yes	No
Nipomo CSD	Metered	50	Nipomo CSD	Blacklake Wastewater Reclamation Facility	Yes	No
Total Wastewater Collected from Service Area in 2015		678				

Source: NCSD UWMP, 2016

According to the County's annual Resource Summary Report the Town system is at approximately 62% of capacity during average dry-weather flow and the Blacklake system is at 49% of capacity. The collection system is generally in good condition and is regularly maintained by the District. The District's Water and Sewer Master Plan Update provides for a capital improvement program to help prioritize and implement projects related to the sewer systems.

Wastewater Collection. The NCSD is responsible for collecting, transporting and treating wastewater from customers to its two wastewater treatment facilities. The Town system is comprised of approximately 35 miles of gravity sewer pipe ranging in size from 6- to 15 inches, 3 miles of force-main sizes 4- to 8 inches, and 11 lift stations the convey wastewater to the Southland Wastewater Treatment Facility. The Town treatment plant has a design flow of 0.9 MGD; current (2015) average daily flows are 0.558 MGD. In 2014, the CSD completed the first phase of a three-phase upgrade to the Southland Wastewater Treatment Plant. Phase I improve the treatment capability of the plant but did not increase treatment capacity. Completion of all three phases of improvements (tentatively to be completed by 2017, depending on the rate of population growth) will expand treatment capacity to a 1.8 MGD from its current capacity of 0.9 million gallons per day.

The Blacklake system is comprised of approximately 4 miles of gravity sewer pipe ranging in sizes from 6- to 12 inches, 0.5 miles of force-main sizes 4-to 6 inches, and 3 lift stations which convey wastewater to the Blacklake Wastewater Treatment Plant. The Blacklake system has a design flow of 0.10 MGD; current (2015) average daily flows are 0.049 MGD. The NCSD has adopted a Blacklake Sewer Master Plan and will follow its recommendations.

Projects Budgeted or In Process for Blacklake System

- ▶ Priority 1 – Recommended to be completed 1 to 3 years from completion of the Master Plan to replace pieces of equipment that are at the end of their design life, address capacity and /or performance deficiencies, and/or address safety concerns.
- ▶ Golf Course Trunk Main Replacement – Install 980 linear feet of 12-inch sewer pipe
- ▶ Tourney Hill Sewer Main Replacement – Install 690 linear feet of 8-inch sewer pipe
- ▶ Oakmont Sewer Main Replacement – Install 566 linear feet of 8-inch sewer pipe
- ▶ Augusta Sewer Main Replacement – Install 185 linear feet of 8-inch sewer pipe
- ▶ Offset Joint Repair (2 locations)
- ▶ Woodgreen Lift Station – Replace lift station
- ▶ The Oaks Lift Station – Add ventilation, coat piping in wet-well, replace electrical panels, update instruments & replace cables
- ▶ Misty Glen Lift Station – Install spring-assisted hatches, replace electrical panels, update instruments & replace cables
- ▶ Headworks Rehabilitation – Repair and recoat concrete channels, install safety rails, chains and gates, replace stop plates with slide gates, recoat piping, perform miscellaneous improvements, and rehabilitate influent manhole (concrete repair, coating, and replace rim and lid).
- ▶ Treatment Pond Rehabilitation – Replace HDPE liner on Pond 1, rebuild failing CMU wall, and install safety railing.
- ▶ Sludge Removal for existing flows and loadings.
- ▶ Chlorine Contact Chamber Rehabilitation – Repair and recoat concrete channels, replace steel support beams, and install effluent flow meter, mechanical mixer, composite sampler, and online chlorine analyzer.
- ▶ WRF Site Improvements – Miscellaneous control building repairs, install building security alarms, replace temporary retaining wall with permanent wall, drainage improvements.
- ▶ WRF Electrical Improvements – Add automation and SCADA interfacing, install permanent generator, effluent lift station improvements, and various electrical site improvements.

Solid Waste Disposal

In 2001 the District, with LAFCO approval, activated its latent power of solid waste collection. The District contracts with South County Sanitation, a private vendor, and receives a franchise fee between 5%-10%. The District Board reviews rates to consider the benefits of mandatory versus non-mandatory solid waste collection. The NCS D uses existing franchise fees to fund administrative costs, local community cleanups and creek cleanup within its service area. The Board of Directors is also reviewing the potential for other uses of the Franchise Fees.

South County Sanitary Service is the private vendor that provides services to the area through a franchise agreement with the NCS D. Waste Connections, Inc. (WCI) has purchased the Cold Canyon Landfill, Coastal Rolloff Service, Morro Bay Solid Waste Service, San Luis Solid Waste Co., Mission Country Disposal and the South County Sanitary Service. Waste Connections, Inc. ("WCI" or "the Company") was incorporated in Delaware on September 9, 1997 and commenced its operations on October 1, 1997 through the purchase of certain solid waste operations in Washington. The Company is a regional, integrated, non-hazardous solid waste services company that provides collection, transfer, disposal and recycling services to commercial, industrial and residential customers in California, Colorado, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Montana, Nebraska, New Mexico, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Washington and Wyoming.

Fire

The County provides services regarding planning and development, parks and recreation, roads and streets, law enforcement, and fire response. While not authorized to provide fire protection services, the District is responsible for providing adequate fire flow in terms of a water supply for fire suppression.

The County's/CALFIRE Nipomo Fire Station #20 is located at 450 Pioneer Ave. CALFIRE employs one full-time Battalion Chief and two full-time Engineers. The fire department responded to 1,683 calls, for an average of 22 calls per month, of which 971 were medical incidents. The station is equipped with a State Type III wildland fire engine, a County Type I fire engine, and Type III small rescue vehicle. The Mesa Fire Station #22 is located 5.5 miles away on 2391 Willow Road with an additional two full-time staff.

Police/Sheriff.

Police protection is provided by the San Luis Obispo County Sheriff's Department through their South County Station, located at 1681 Front Street, in Oceano. The station is staffed with a commander, one sergeant, four senior deputies, 19 Sheriff Deputies and two legal clerks. The Sheriff's Department goal in the South County is to provide a 10-minute response time for high priority, life-threatening calls. In 2016 the Sheriff's South Station handled a total of 22,018 calls for service within their area of responsibility. The South Patrol Division covers 850 square miles from Oceano, Nipomo, unincorporated Arroyo Grande, Los Berros, New Cuyama, Huasna Valley, Blacklake, Callendar, and Woodlands. The Sheriff office opened a new Nipomo Report Writing Room in the center of town. The room enables South County patrol deputies to continue to provide service to the Nipomo area, while allowing residents a place to meet with deputies working in the area.

The California Crime Rate for the unincorporated areas of the County is the lowest in the State compared with other counties with a population of 100,000 or more. The statewide average for serious crimes per 100,000 people is 1,270; the County's crime rate was at 623/100,000 people.

Although the new substation at South County Regional Center and report writing room in Nipomo have decreased response times slightly. There is presently a need to expand police services in the South County area, and this need will increase as the population grows.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Infrastructure Needs and Deficiencies:

Water Supply and Demand

1. The District is the most appropriate service agency to provide water services to the existing and future residents within the service area and those within the Sphere of Influence.
2. The District has completed a number of professionally prepared plans, studies and reports in order to proactively evaluate and manage the water resources. These plans, studies and reports show that the District has been diligent in its responsibility to provide adequate and sustainable water service to the residents of Nipomo.

3. Based on information found in the District's documentation the District clearly recognizes the need for carefully and thoughtfully managing water resources and obtaining supplemental water resources.
4. The District does not have an adequate water supply to serve the anticipated build-out under the current General Plan plus the sphere of influence areas.
5. The District does not currently have adequate and reliable water resources available to meet the needs of the Sphere of Influence over the next 20 years. At this point in time the District's most viable future water source is the City of Santa Maria via the water-intertie pipeline. Future annexations should be carefully considered with a focus on the NCSD's ability to provide reliable, adequate, and sustainable water service.
6. The County approved ordinance §3307 which establishes water conservation and a 1:1 offset ratio for the Nipomo Mesa Conservation Area.

Wastewater

7. The District operates and regularly maintains the wastewater collection and treatment systems, which consists of sewer pipelines, manholes, pump stations, and transports wastewater to the Southland and Blacklake treatment facilities.
8. The capacity of the District's sewer treatment plants are at 62% (Town) and 49% (Blacklake) and an expansion project is being considered to address future needs for the Town area. The District does not anticipate serving rural areas of Nipomo with sewer services.

Roads and Streets

9. The District is not responsible for the construction or maintenance of roads and streets in Nipomo. This responsibility lies with the County of San Luis Obispo, Public Works Department.
10. The County's Circulation Element, in conjunction with the Land Use Element and Capital Improvement Plan, prioritizes and manages the transportation and traffic network.

11. The County's Resource Management System has identified Willow Road and Tefft Street SB ramps in need of improvements. Public Works will be resurfacing Tefft Street with asphalt in 2017 and is working toward operational improvements. The South County Circulation Study contains additional interchange improvements including possible bridge widening, realigning ramp terminals, modifying Frontage Road access and additional turn lanes.

Infrastructure

12. The District continues to regularly upgrade and maintain its public facilities, including water system, and wastewater collection system through its Capital Improvement Plan.

13. Based upon review of the available information, the District's facilities appears to comply with environmental and safety standards.

14. The District may, if necessary, extend physical infrastructure (water and sewer lines) to developments approved by SLO County to SOI locations proposed for annexation into the District. Costs for such extension would be borne by the developer and not the ratepayers.

15. The District should be able to provide the services while continuing to adequately serve existing residents if it continues to resolve its water supply issues.

Police and Fire

16. The County of San Luis Obispo Sheriff's Department provides adequate law enforcement services for the area.

17. The County of San Luis Obispo Fire Department and CALFIRE provides adequate fire and emergency services.

Solid Waste

18. The District manages solid waste resources adequately to provide services to the communities.

Street Lighting

19. The District should continue to look for ways to assume responsibilities from Nipomo Lighting District and CSA 1 to provide street lighting services within the those areas.

Drainage

20. The District should continue to look for ways to assume responsibilities from CSA 1 to provide drainage services within the zone of benefits.

Landscape

21. The District manages landscape services adequately to provide services to the communities.

3.4 Financial Ability of Agencies to Provide Services

Budget

The NCSD budget document is well-organized, thorough, and clearly articulates the District's future financial performance plans. It also contains the purpose of each fund or budget unit, the personnel dedicated to the function and any programs being implemented by the fund. Each fund has a description of its purpose and programs, and where funds comes from and where it goes section, the actual budget, individual line item justifications and debt service information if applicable. The document provides information that is divided into the following sections:

- Introduction
- Consolidated Operating Budget
- Summary of Operating Budget by Fund
- Fixed Assets
- Funded Replacement Projects
- Capital Projects and Funding Plan

The District adopts the budget each fiscal year (July – June) and it is used as the spending plan for the District. The budget provides a framework for the District to address the following issues: revenues, expenditures, fiscal management, investments, capital improvements and rates and fees. The District has adopted investment and purchasing policies by resolution to guide and direct NCSD staff in managing the assets of the District. The investment policies of the District limit the types of investments the General Manager and Financial Officer can make on behalf of the District. The District appears able to meet its financial obligations and responsibilities. Annual audits confirm the sound fiscal status of the NCSD.

Fiscal Trend Analysis

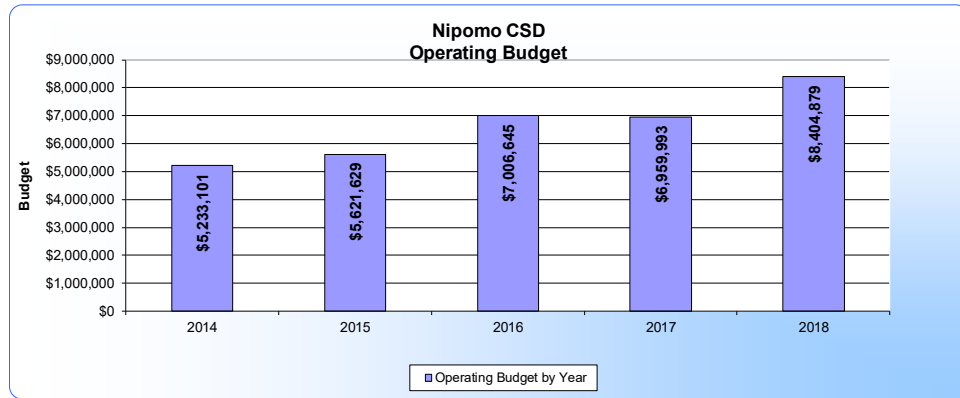
The following charts show the fiscal trend analysis for the past five years for key fiscal indicators that summarize the financial condition of the NCSD. The key indicators are overall operating budget, property tax revenues, long-term debt, and fund balance for each year. The information was derived from the District's annual audit statements that are prepared each year.

Operating Budget Figure 3-9

Formula:
Consolidated
Expenditures /
Fiscal year

Trend Analysis:
Monitor expenditures
over time.

Source:
Annual Budget Audit
FY 17-18 Adopted
Budget: Statement of
Revenues, Expenses &
Changes in Net Assets



Description:

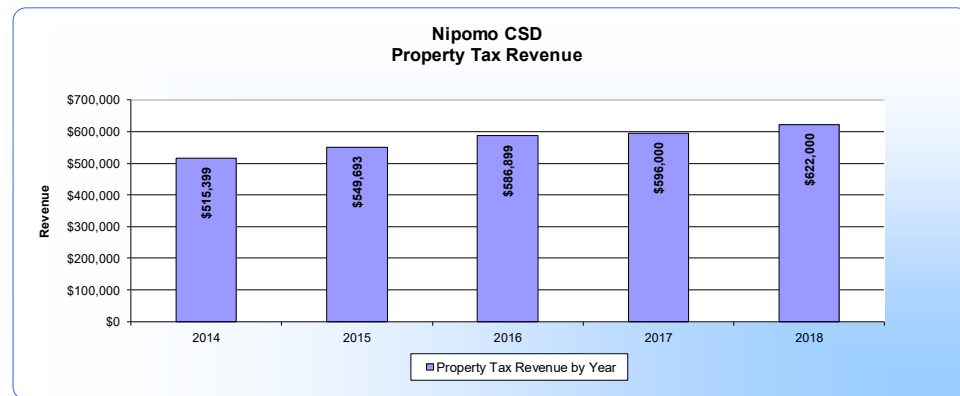
This indicator refers to the overall operating budget and expenditures including enterprise funds. It shows the expenditure pattern for a jurisdiction over a period of several years.

Property Tax Revenues Figure 3-10

Formula:
Property tax revenue /
Fiscal year

Trend Analysis:
Monitor property tax
revenues over time.

Source:
Annual Budget Audit
FY 17-18 Adopted
Budget:



Description:

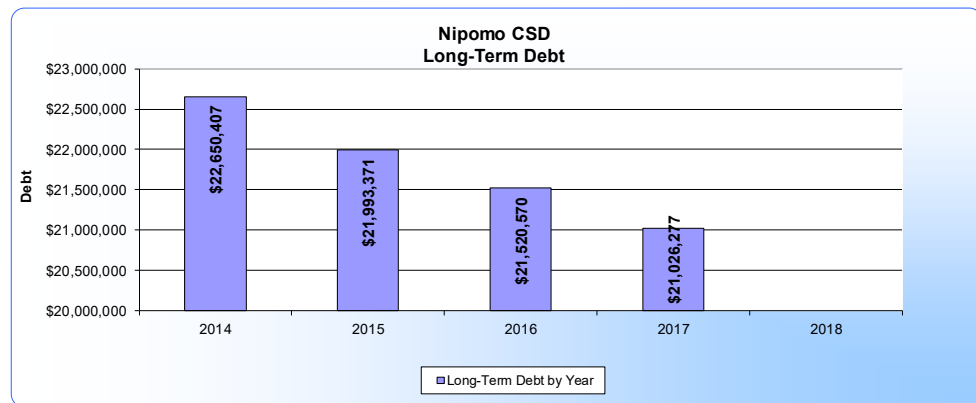
This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As these revenues are closely tied to market conditions, this indicator can depict the ability of an agency to respond to economic fluctuations. The property taxes are distributed based on the calendar year and the years indicated in the chart are the ending years for each calendar year.

Long-Term Debt/Liabilities Figure 3-11

Formula:
Current liabilities / Net
operating revenues

Trend Analysis:
Monitor Long-term debt
at the end of the year as
a percentage of net
operating revenues over
time.

Source:
Annual Budget Audit
FY 17-18 Adopted
Budget: Statement of
long-term debt



Description:

A major component of a jurisdictions liability may be long-term debt in the form of tax or bond anticipation notes. Although long-term borrowing is an accepted way to deal with uneven cash flow, an increasing amount of long-term debt outstanding at the end of successive years can indicate problems.

Changes in Fund Balance Figure 3-12

Formula:

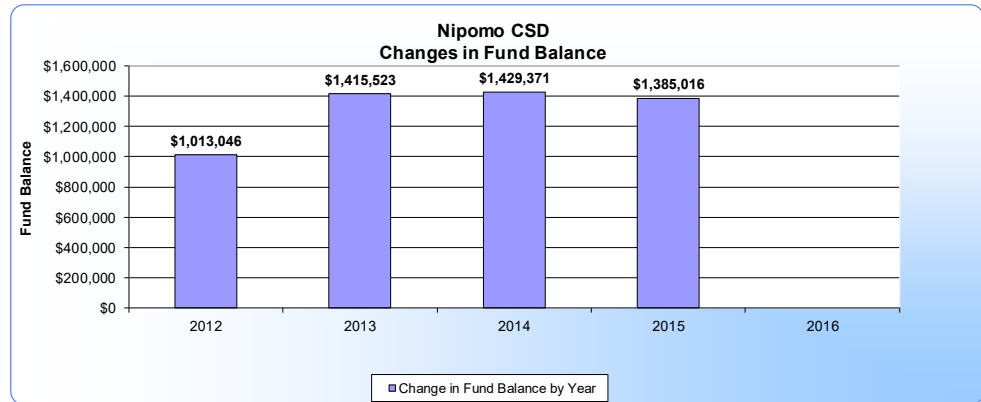
General fund operating deficit or surplus / Fund operating revenue

Trend Analysis:

Monitor fund operating deficit or surplus as a percentage of net operating revenues.

Source:

Annual Budget Audit FY 17-18 Adopted Budget: Statement of Revenues Expenses & Changes in Net Assets



Description:

This indicator is important because a pattern of operating deficits of the funds can be one of the first signs of an imbalance between revenue structure and expenditures. It should be noted that it would not necessarily indicate a problem if the agency had planned the operating deficits and was deliberately drawing down reserve fund balances or using extra revenues from another fund for temporary needs.

As shown in the figures above, property tax is less than 10% of the district’s budget. Property taxes are used for lighting, landscape maintenance and administration services. The long-term debt is associated with the construction of the water pipeline from Santa Maria and the sewer plant upgrades. The long term debt trend shows the debt is being paid off and going down, while the fund balance shows positive contribution.

Constraints

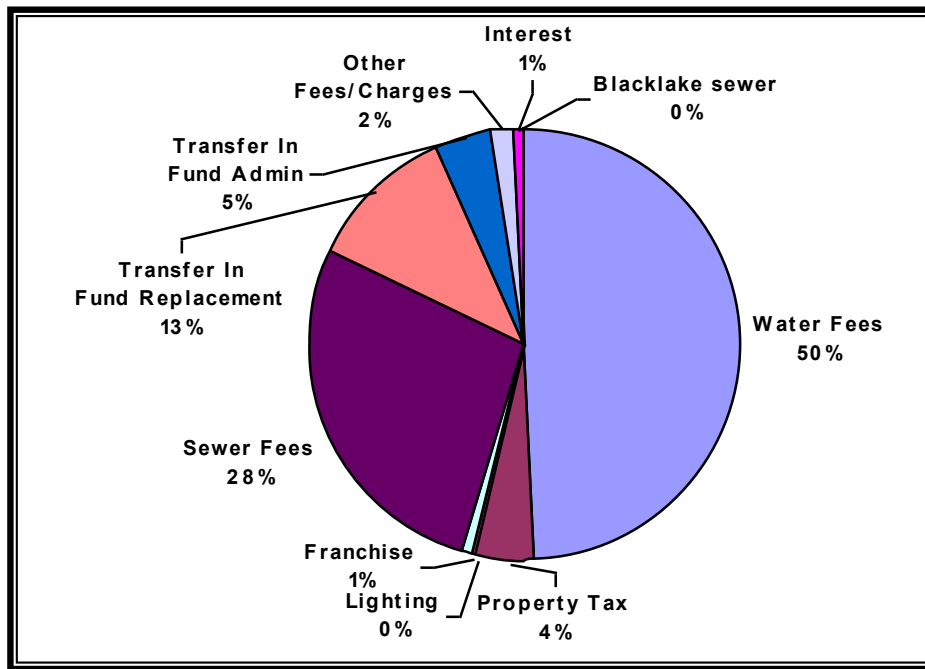
The District’s financial constraints involve the limited ability to receive revenues and the desires of the people in the community to fund certain activities by establishing assessment districts or fees. The laws under which a Community Service District is governed provide the structure for funding activities. Revenue sources for the NCSD include property taxes, fees collected from water sales, water connection fees, sewer sales and connections, and pass-through monies such as grants. Funding sources are limited and it can be difficult to expand the revenue base to fund services. Also, any proposed increase in taxes is subject to a proposition 218 action.

On the expenditures side, the District budgets for the services paid for by residents and provides for other expenses using property tax and, if appropriate, restricted reserve accounts. Key expenditures include personnel, services and supplies, and pass-through revenues for capital projects. The District-established annexation policy requires new annexations to the District to pay fees for the development of a supplemental water supply. Alternatively, the new annexation can bring its own supplemental water supply if one is available.

LAFCO considers the ability of a jurisdiction to pay for improvements or services associated with an annexation. This planning can begin by identifying what opportunities there are to fund infrastructure and maintenance needs associated with future development and annexation.

Major Revenues. The Districts water and sewer services are operated as enterprise funds. In other words, these services are funded by fees paid by the users. About 50% of the District's revenues come from water charges and other fees and 28% from sewer revenue. In FY2017-2018 budget, these revenues are expected to be around \$6,985,484. Property tax revenues make up \$622,000 while other transfers, charges and fees are \$1,414,333.

**Figure 3-13
Revenue Sources**



Rates and Fees

The NCSD regularly prepares rates and fee studies. In 2015, a Wastewater Rate Study for the Town Sewer System and in 2017 a Water Rate Study was prepared by Tuckfield & Associates. The District completed a water rate study in 2017 and put new water rates into effect as of December 2017. The new rate structure is comprised of a fixed or readiness to serve charge and a variable or commodity charge. The commodity charge is calculated based on the amount of water used by the customer and changed from an inclining four tiered conservation-centric rate structure to a single uniform pricing model. This change in rate structure was due to a 2015 Court ruling that provided detailed guidance on how water agencies could construct

tiered water rates. The NCSD used the more refined guidance provided by the Court, and in doing so, the District was unable to devise a tiered rate structure that could meet the Court’s model and was left with implementing the now current uniformed commodity pricing model.

The studies compare wastewater and water rates for those communities within San Luis Obispo County and the State in general. This report indicated the District has mid-range water rates in the County at a comparable cost of water based on a demand of bi-monthly consumption of 25 hundred cubic feet (HCF). The wastewater report indicated single-family residential customer’s bill should increase 1.0 percent. For multi-family residential, the bill should increase by 10.5 percent. The district continues to use studies to adjust its fee structure as appropriate for providing water and wastewater service.

The District’s water and sewer services are operated as enterprise funds. This means that revenues to support operations and capital improvements are borne by the ratepayer. Water and sewer funds are reviewed annually by the District Board at a public hearing where the Board then determines the appropriate rate for service. The following is a table that compares the rates and fees of several service providers for water and sewer services:

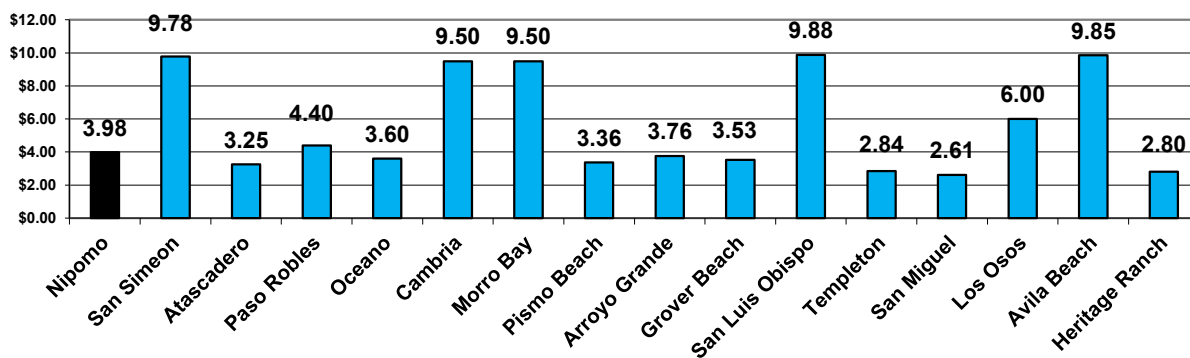
Table 3-18: Residential Water Rates Comparison

Rate/Fee	Nipomo	Templeton	Paso Robles	Morro Bay ¹⁾	Pismo Beach	Arroyo Grande	Grover Beach	San Luis Obispo
Monthly Service Charge	\$ 42.51	\$ 17.05	\$0.00	\$24.18	\$32.57	\$27.52	\$10.06	\$8
Water Fee	\$ 3.40 (3-24 ccf)	\$ 2.13 (3-17 ccf)	\$0	\$4.00 (1-3 ccf)	\$2.72 (1-10 ccf)	\$3.42 (1-18 ccf)	\$3.34 (0-12 ccf)	\$7.90 (0-8 ccf)
Per unit used: 100 cubic feet = 1 ccf	\$ 3.98 (25-40 ccf)	\$2.84 (20-39 ccf)	\$ 4.40 (all ccf)	\$7.00 (4-10 ccf)	\$3.36 (11-20 ccf)	\$3.76 (19-36 ccf)	\$3.53 (13-20 ccf)	\$9.88 (9 + ccf)
100 cubic foot = 748 gallons	\$ 5.17 (41-100 ccf)	\$3.69 (40-79 ccf)		\$9.50 (11-50 ccf)	\$3.97 (21-35 ccf)	\$5.02 (36+ccf)	\$4.04 (21-42 ccf)	5% utility tax
	\$ 8.11 (over 100 ccf)	\$4.83 (80+ ccf)		\$12.50 (50+ ccf)	\$5.43 (36 + ccf)		\$4.57 (42 + ccf)	

1) Morro Bay’s water rate increases with each unit (ccf) used. Note: Paso Robles charges are based on a flat rate per unit consumption.

Comparing the various rates and fees, a sample bill using 20 units of water over a two-month period was calculated. In comparison, Nipomo has an average water rate for this amount of consumption of all the jurisdictions when comparing 20 units of water use:

Figure 3-14: Rates for Water Use at 20 CCF



Sewer rates are compared in the table below:

Table 3-19: Single-Family Sewer Rates

Rate/Fee	Paso Robles	Oceano	Cambria	Heritage Ranch	Atascadero	San Miguel	Nipomo	Templeton
Flat Monthly Rate	\$78.00	\$47.69	\$65.03	\$26.09	\$20.18	\$53.76	\$44.59	\$35.95

The District and the County should work together to ensure that the cost of services for the jurisdictions is equitable. The Memorandum of Agreement calls for this type of coordination. Future growth will likely occur within the District’s existing boundaries from infill development and intensification of existing land uses where appropriate and when resources are available.

Annual Audits

Annual audits of Special Districts are required by State law and are performed with the purpose of identifying any inconsistencies or non-compliance with legally mandated accounting requirements. Audits are important because an “unqualified” independent audit indicates that

the organization is managing their financial resources in accordance with accepted accounting principles and standards. This is an indicator of the financial health of an organization and provides information regarding the District's financial practices. These Audits are to be submitted to the County Auditor's Office each year. The Independent Auditor found that the Financial Statements prepared by the District were consistent with State and Federal accounting principles and requirements. According to the auditor, no financial misstatements were found and materials were presented fairly and in conformity with generally accepted accounting principles.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Financial Constraints and Opportunities:

1. The District prepares a comprehensive and thorough annual budget that clearly describes the services provided to residents and the funds expended for those services.
2. The District requires new development to pay for infrastructure needed to serve new development projects. It is reasonable to conclude that the District endeavors to avoid long-term District obligations for the capital improvement or maintenance of new development projects.
3. There are no apparent fiscal constraints limiting the ability of the District to serve existing and future residents. The District regularly reviews its rates and fees.
4. The District has in place financial regulations that are codified in its implementing ordinances and resolutions.
5. Annual audits show that the District prepares financial statements consistent with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing Special Districts.

3.5 Status of, and Opportunity for, Shared Facilities

In the case of developing areas in the District, LAFCO can evaluate whether services or facilities can be provided in a more efficient manner if both the District and County share the services. In some cases, it may be possible to establish a cooperative approach to facility planning by encouraging the District, surrounding jurisdictions, and County to work cooperatively in such efforts.

The District shares the following facility with City of Santa Maria:

- The District has a water intertie pipeline with the City of Santa Maria that enables the District to receive up to 3,000 acre feet of City water.

The District shares the following facility with Golden State Water Company:

- The District has an emergency intertie with the Golden State Water Company that enables the District or Golden State Water Company to share water in the case of an emergency.
- One way intertie with Woodlands that allows the District to send water to the Woodlands in case of an emergency.

There are opportunities for continued shared relationships between agencies for services within the NCSO boundary. The County and the District coordinate to provide services and avoid a duplication of effort. The relationship between the District and the County could be enhanced by continued improvement of the lines of communication.

Development in Nipomo can lead to shared infrastructure between the County, the District, and the Cities. At present, the distinction between District and County services in the area is clear. The opportunities for more coordination may include:

- Roadway connections (this is a County function, not a District function)
- Coordinated open space preservation
- District and County parks and recreational facilities
- Preservation and enhancement of Agricultural Lands

There are opportunities for shared relationships between agencies for services within the NCSD boundary. The County and the District provide similar services and try to avoid a duplication of effort. The relationship between the District and the County has been improved in recent years. Various County Departments and the District communicate on a regular basis and have benefited from building a stronger working relationship.

The Memorandum of Agreement between the NCSD and County outlines areas to coordinate efforts. The MOA includes details with regard to the District's plan for serving the SOI (Provision #4) and the common agreements between the County and District (Provision #6). The MOA clearly articulates the commitments of both the County and District and identifies the process for evaluating future development. It is the intention of both jurisdictions that the South County Area Plan be implemented as it currently exists. Neither jurisdiction intends for an increase in density that is caused by the Sphere of Influence.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Opportunities for Shared Facilities:

1. The development of areas within the NCSD service boundary may lead to shared infrastructure with the County; i.e. (roads and streets a County function), Sheriff Services, parks and recreational facilities. The potential to create shared relationships for providing some services is suggested and may be appropriate when providing certain services.
2. At present, the distinction between District and County services with the service boundary is clear.
3. The District and County should continue to work together to provide services in an efficient and coordinated manner.

3.6 Accountability for Community Service Needs Including Governmental Structure and Operational Efficiencies

The governing body of the Nipomo CSD is the Board of Directors that is elected in compliance with California Election Laws. The District appears to comply with the Brown Act Open-Meeting Law and provides the public with opportunities to obtain information about community issues, including website and phone access. The District's website contains information about the various services it provides to residents. The District has legal counsel at each meeting to advise them in regard to the Brown Act and other legal matters.

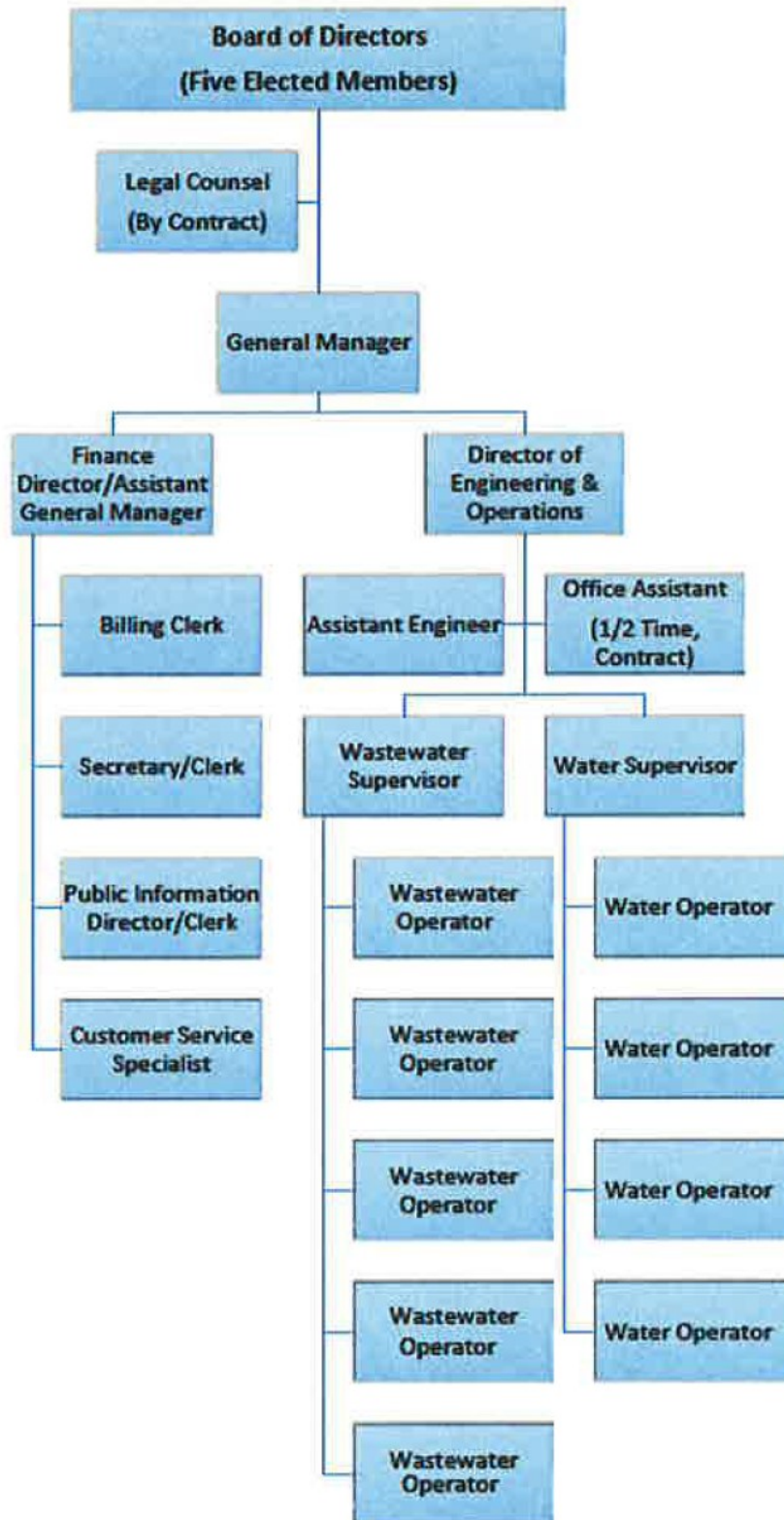
The Board of Directors holds regular meetings at 9:00 a.m. on the second and fourth Wednesdays of each month in the Jon S. Seitz Board Room 148 South Wilson Street, Nipomo, Ca. Other meetings or study sessions are held as needed. A public comment period is scheduled at the beginning of each meeting for citizens to comment on District issues not on the agenda.

The following section briefly discusses various operational and service aspects of the District. Much of the information was obtained from the District's budgets and discussions with their staff. The organizational chart shows the major divisions of the District; the Finance Department, the Engineering and the Utility Operations (Water and Wastewater) Departments.

The Budget includes a purpose statement for each fund account or budget unit, a description of the activity or service and the programs being implemented by the budget unit. The NCS D has an adopted Mission Statement as well as goals that were re-affirmed in the 2017-18 budgets.

Overall, the District is well equipped administratively to serve Nipomo. The District accomplishes many goals and implements a variety of programs. The District's Budget process is discussed in the Financial Constraints and Opportunities section of this report. The organizational chart shows the structure of the District. Nipomo does maintain various customer-oriented programs, including regular in-house safety training and management, and similar programs designed to enhance the experience for the district customer.

Figure 3-15
Organizational Chart



WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Local Accountability and Governance:

1. The District has historically made reasonable efforts to maintain a public dialogue regarding issues and projects of concern to the community. The District's outreach program includes providing information regarding current issues of significance to the community.
2. The District has maintained relationships with local news media, providing information and/or interviews as requested.
3. The District evaluates the services provided to residents and services that may need to be upgraded or started.
4. The District remains focused on providing quality water, sewer, lighting, drainage and solid waste services to its customers. When an annexation occurs, the District may have to evaluate the need for more staff.
5. The District has prepared a Strategic Plan that helps the District focus on the priorities to achieve its mission. The Strategic Plan contains long-term goals and objectives for the NCSD
6. The District continues to improve its website by adding more information that is accessible to the public.

3.7 OTHER MATTERS

This factor allows LAFCO to discuss other issues and topics that may need to be addressed or focused on in the MSR. A condition in the 2010 SOI Update outlined a process to dissolve CSA 1 and provide those services and annex Moss Lane residences.

Reorganization-Related Conditions of Approval-2010 SOI Update

In approving the 2010 Sphere of Influence Update, LAFCO placed the following conditions of approval related to the District governance. After each condition is a summary of the current compliance status.

Condition 6. *Conditions 4, 5, and 6 shall not apply to the following proposed annexations: (Condition 4, 5, & 6 relate to water supply compliance before annexation or services are provided to an area).*

a. County Service Area I Reorganization. This proposal would dissolve CSA 1 and annex those areas into the District. The District would not be providing water service, but would assume the provision of sewer services and the maintenance of drainage facilities to these areas. This proposal has no impact on District water resources since these areas are already served by Golden State Water Company. or

b. Moss Lane Annexation. These are the six residences that were not a part of the Maria Vista annexation. These residences have failing wells that may create a health and safety problem in the near future. Hookups are readily available through Maria Vista. The impact to the District's water supply would be insignificant.

Condition 6- Compliance. The reorganization of CSA 1 has not occurred yet, however the District and County Public Works are in discussion on how to achieve this condition. The Moss Lane residences have not suffered a health and safety problem yet with failing wells. This condition will continue to be applied in the event the residences need services from the District.

WRITTEN DETERMINATIONS

The following written determinations are based on the information contained in the above section regarding Reorganization:

1. The District should continue to work with County Public Works to complete the reorganization of CSA's and Nipomo Lighting Districts.
2. LAFCO may consider initiating dissolution of CSA 1 and annexing the area into NCSD based on the information in this report.

References

- Nipomo Mesa Management Area 9th Annual Report, 2017
- Water Rate Study , 2017
- NCS D Budget FY 2017/18
- Draft Blacklake Sewer Master Plan, 2017
- Urban Water Management Plan, 2016
- NCS D Audit FY 2014/16
- SLO County Resource Management System Biennial Report 2014-16, 2016
- Town Sewer System Wastewater Rate Study, 2015
- Nipomo Community Plan, County of San Luis Obispo, 2014
- NCS D Strategic Plan, 2014
- San Luis Obispo County Land Use and Circulation Element Area Plans, 2014
- SLOCOG Regional Housing Needs Allocation, 2013
- South County Area Plan, Revised 2013
- Draft South County Villages Plan, 2013
- Town & Blacklake – Sanitary Sewer System Management Plan, 2010
- California Department of Finance E-4 Report, 2010
- San Luis Obispo Council of Governments Regional Transportation Planning Agency, Regional Transportation Plan, 2010.
- Southland Wastewater Treatment Facility Master Plan Amendment #1, 2010
- San Luis Obispo LAFCO, Sphere of Influence Study, 2010
- Southland Wastewater Treatment Facility Master Plan, 2009
- California Department of Finance E-4 Report, 2009
- SLOCOG ERA Population & Employment Forecast, 2009
- Woodlands Specific Plan, 1999
- Blacklake Specific Plan, 1983
- Nipomo CSD, Official Website, www.ncsd.ca.gov
- County of San Luis Obispo, Official Website, www.slocounty.ca.gov
- San Luis Obispo Council of Governments, Official Website, www.slocog.org

LAFCO Actions, Nipomo CSD 1963-2017

Date	Action	LAFCO File No	Proposal	Acres
07/08/09	Activate	1-E-09	Activation of Latent Powers (Parks)-apv 08/20/09 Voters did not approve the tax. Power not activated.	N/A
06/01/09	SOI Update	2-S-09	SOI Update for the NCSD-apv 07/15/10	
05/21/07	Outside User	2-O-07	Outside User Agreement with the NCSD (Craig)	18.89
01/26/07	Outside User	1-O-07	Outside User Agreement with the NCSD (Holloway)	20
09/15/06	Annexation	6-R-06	Anx #28 to NCDS (Craig) - Approved 06/21/07	18.89
01/10/06	Annexation	1-R-06	Anx #27 to the NCSD (Holloway) - Approved 06/15/06	20
01/20/05	Detachment	1-R-05	Detachment #2 NSCD (Gascho) - Approved 04/27/05	10.63
04/04/04	Annexation	4-R-04	Anx #26 - Patterson - Approved	5
2005	Annexation	7-R-03	Anx #25 - Robertson (Lyn Rd) -Approved	63.01
03/19/03	Annexation	1-R-03	Anx #24 - Nipomo Hills (Inactive)	88.13
12/19/02	Annexation	10-R-02	Anx #23 - Tract 2499 (Vista Robles)	19.2
12/19/02	Annexation	9-R-02	Anx #22 - Tract 2384 (Pudwill-withdrawn)	40
09/17/01	Annexation	11-R-01	Anx #21 - Knollwood - Approved	163.5
08/24/01	Annexation	9-R-01	Anx #20 - Maria Vista - Approved	83.9
04/17/01	Annexation	5-R-01	Anx #19 - Lucia Mar (Nipomo High School) - Approved	77
07/25/00	Annexation	9-R-00	Anx #18 - CSD - Tract 2393 (Newdoll)	2.44
11/17/97	Annexation	11-R-97	Anx #17 - Newdoll #2	10
07/09/97	Annexation	9-R-97	Anx #16 - District Wastewater Facility	63.2
05/31/96	Annexation	5-R-96	Anx #16 - Newdoll	7.5
01/24/95	Annexation	2-R-95	Anx #15 - Newdoll	
01/20/94	Annexation	1-R-94	Anx #14 CSD - Bantz	26.04
10/15/93	Annexation	8-R-93	Anx #13 - Brand - Denied	49.09
09/27/93	Annexation	7-R-93	Anx #12 - Calimex Plantation	15
07/28/92	Annexation	8-R-92	Anx to NCSD of Vesting Tentative Tract 1740	115.8
06/15/92	Annexation	5-R-92	Fairview Tract Anx to NCSD	51.42
06/11/92	Annexation	4-R-92	Anx #9 - Baptist Church	9.8
05/20/92	Annexation	3-R-92	Anx #8 to NCSD - Nipomo Regional Park & Dana School	154.1
05/01/92	Annexation	2-R-92	Anx #7 to NCSD - Black Lake Golf Course & Country Club	515
05/01/92	Annexation	1-R-92	Anx #6 - Summit Station	850
None	Annexation	14-R-85	Anx #5 - Lanco	28.90
04/16/84	Annexation	5-R-84	Anx #4 - Corona	10.7
10/11/83	Detach	11-R-83	Detachment of territory from the Nipomo Lighting District	
10/10/78	Reorganization	20-R-78	Reorganization Nipomo - Dissolve CSA & Expand CSA - Approved 05/17/79	2,600+
01/26/77	Detachment	2-R-77	Detachment of territory from NCSD - Ward, et al	133
01/26/77	Dissolution	1-R-77	Dissolution of territory from Nipomo NCSD - Ward,	
01/27/77	Annexation	11-R-76	Anx #3 to NCSD - Bevington (Denied)	32.67+
None	Formation	3-R-75	Formation Nipomo AG Water District Approved 11/06/75	
None	Reorganization	5-R-74	Reorganization Nipomo CSD - Denied 06/27/74	2,380
None	Annexation	6-R-68	Anx #2 to NCSD	857
12/30/65	Annexation	1-R-66	Anx to NCSD - Ball	124
1964	Formation	#8	Formation of NCSD - Approved 09/29/64	1,389

**MEMORANDUM OF AGREEMENT
BETWEEN THE NIPOMO COMMUNITY SERVICES DISTRICT (NCSD)
AND THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE**

This Agreement is entered into on this 13th day of July, 2010 by and between the Nipomo Community Services District (hereinafter "District") and the County of San Luis Obispo (hereinafter "County").

WHEREAS, the Cortese-Knox-Hertzberg Act ("the Act" Government Code 56000 et seq.) requires the Local Agency Formation Commission ("LAFCO") to update the Spheres of Influence for all applicable jurisdictions in the County every five years; and

WHEREAS, the District and the County enter into this agreement with the common goals of preserving and protecting the rural character of Nipomo, identifying areas of potential urban and suburban growth using the existing South County Area Plan-Inland ("SCAP") implementing the District's annexation policies, and planning for future resource and service needs; and

WHEREAS, Section 56001 of the Act declares that it is the policy of the state to encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state; and

WHEREAS, the purposes of the Local Agency Formation Commission as stated in Section 56301 of the Government Code are to discourage urban sprawl, preserve open space and prime agricultural lands, efficiently provide government services, and to encourage the orderly formation and development of local agencies based upon local conditions and circumstances; and

WHEREAS, a Sphere of Influence is defined by Government Code Section 56076 as a "plan for the probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission", and is further defined in SLO LAFCO's Policies and Procedures as a 20-year growth boundary for a jurisdiction's physical development in; and

WHEREAS, the District and the County voluntarily enter into this agreement for the purpose of enhancing and promoting the orderly and logical development of the Nipomo Community; and

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

WHEREAS, this MOA contains three Exhibits, including: A-Provisions, B-Map of the Potential Areas for the Sphere of Influence, C-Map of Project Referral Area; and

WHEREAS, the County Board of Supervisors has certified a Level of Severity III for the Nipomo Mesa Water Conservation Area (June 2007), as indicated in the 2009 Annual Resources Summary Report; and

WHEREAS, the Santa Maria Groundwater Basin Litigation has resulted in a Stipulated Agreement and Final Judgment that calls for the management of the area's water resources;

WHEREAS, the District has adopted an Annexation Policy designed to protect and conserve water resources by requiring all annexations into the District to be supplied by supplemental water; and

WHEREAS, the County has adopted Ordinance 3090 establishing the Nipomo Mesa Water Conservation Area and specific development standards to protect and conserve water resources within the Nipomo Mesa Water Conservation Area; and

WHEREAS, while this agreement clarifies the intent and purpose of the District's and the County's policies regarding the Sphere of Influence, the agreement does not establish the Sphere of Influence for the District; and

WHEREAS, the County, through the inland South County Area Plan adopted in 1994, has established development policies and standards for the rural areas, village areas and within the Nipomo Urban Reserve Line that identifies the areas of urban and suburban development for the community; and

WHEREAS, the District and County have reached an agreement regarding the intent and purpose of the District's Sphere of Influence, the County's Urban Reserve Line and Village Reserve Lines as described in Exhibit A, Provisions; and

WHEREAS, the Sphere of Influence Boundary shall be established by the Local Agency Formation Commission based on the evaluation of the eight Areas shown in Exhibit B and may include all of the eight areas, a combination of Areas, a portion of some areas, or other configuration as approved by LAFCO. (Exhibit B is not intended to be the proposed Sphere of Influence and this agreement does not establish the Sphere of Influence.)

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

NOW, THEREFORE, the parties agree as follows:

1. The provisions found in Exhibit A are intended to state the common understandings and agreements between the County and the District regarding the District's Sphere of Influence, the County's Urban Reserve Line and Village Reserve Lines respectively.
2. The provisions found in Exhibit A are intended to provide the District and the County with guidance for evaluating future annexation proposals for the areas in the District's Sphere of Influence and do not supersede or limit either agency's mission of legislatively established function and do not bind either agency.
3. The parties agree that the above recitals are true and correct.

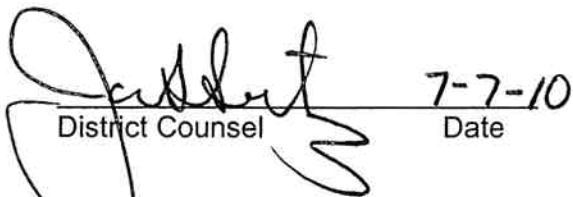


President, Board of Directors Date
Nipomo Community Services District

FRANK R. MECHAM JUL 13 2010

Chair, Board of Supervisors Date
County of San Luis Obispo

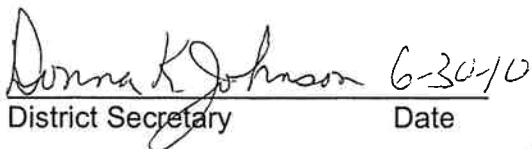
APPROVED AS TO FORM AND ~~LEGAL EFFECT~~



District Counsel Date

County Counsel Date

ATTEST:



District Secretary Date

JULIE L. RODEWALD JUL 13 2010

County Clerk-Recorder Date

By: **ANNETTE RAMIREZ** - 
Deputy Clerk

Exhibit A - PROVISIONS

The following provisions are the provisions identified in the Memorandum of Agreement between the Nipomo Community Services District and the County of San Luis Obispo dated July 13, 2010 and shall be used by the District and County to guide the development decisions within the Sphere of Influence as eventually approved by the San Luis Obispo Local Agency Formation Commission ("LAFCO").

1. **Intent.** It is the intent of the District and the County to work cooperatively toward the goals of preserving and protecting the rural character of the Nipomo area by: identifying areas of potential urban and suburban growth using the existing South County Area Plan (Inland, adopted 1994); implementing the District's annexation policies and procedures; and planning for future resource and service needs. These goals shall be achieved in accordance with the Cortese-Knox-Hertzberg Act ("CKH"), the County's General Plan, the Policies and Procedures of the District, the California Environmental Quality Act and any other applicable laws and regulations.
2. **Term.** Upon adoption of the District's Sphere of Influence ("SOI") by LAFCO, this agreement shall be reviewed, evaluated, or amended as necessary at such time as the SOI is updated by LAFCO, or concurrent with a comprehensive update of the South County Area Plan (Inland) adopted in 1994, as initiated by the County.
3. **Interagency Cooperation.** The District and County shall work cooperatively regarding, but not limited to, issues and policies relating to water, its supply and legal entitlements for the area within the Nipomo Mesa Water Conservation Management Area and Nipomo Valley. For project referrals concerning planning for land use, the provision of public services, utility and road rights-of-way, traffic and circulation, agricultural land and open space preservation, and General Plan Amendments, County planning staff will continue to use the map shown in Exhibit C. Each party shall refer proposals, applications, and actions on a proposal/project to the other party. Information about the proposal/project shall be referred immediately to the following address for review and comment:

Division Manager, Long Range Planning
Department of Planning & Building
County Government Center
San Luis Obispo, CA 93408

General Manager
Nipomo Community Services District
148 South Wilson Street
PO Box 326
Nipomo, CA 93444

This provision shall not supersede or terminate other methods of commenting or providing feedback regarding a proposal or project, but is meant to enhance and increase interagency cooperation and communication.

4. **Commitment by the Nipomo Community Services District.** The District is currently designing and, with the assistance from the County, intends to construct a Waterline Intertie Project with the City of Santa Maria to deliver approximately 3,000 AFY of supplemental water (Phase I Project). The Phase I Project will deliver supplemental water to the District, the Woodlands, the Golden State Water Company and the Rural Water Company consistent with the Judgment and Stipulation in the Santa Maria Groundwater Adjudication. Water delivered to the District from the Phase I Project will be used to serve existing and future customers within the District's current boundary.

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

The District intends to design and construct certain components of the Phase I Project with the capacity for delivery of an additional 3,200 AFY. This additional water (Phase II Project), and subject to appropriate financing mechanisms and approvals, is intended by the District to provide supplemental water within the District's SOI as currently zoned, consistent with the District's Annexation Policy, dated May 24, 2006, and the South County Area Plan (Inland) adopted in 1994, as amended to the date of this MOA by the County Board of Supervisors (except for existing litigation).

The District's SOI is not intended to increase density or encourage urbanization in areas outside the Urban Reserve Line and/or Village Reserve Lines. The District does not encourage or promote projects that are inconsistent with the community's vision for Nipomo, as described in the South County Area Plan (Inland) adopted in 1994.

The District does not intend to extend water or sewer services into Study Area 1 west or northwest of Hetrick Road, unless preceded by (i) a General Plan amendment initiated by the County that would extend the Urban Reserve Line into that area; and (ii) the approval of LAFCO. Subject to LAFCO approval and the delivery of Phase II Project supplemental water, the District will support extension of services into Study Areas 2 and 3. The District will not extend future/new sewer services into Study Area 4 except for the area south of Southland Street, identified as the Southland Specific Plan area in the South County Area Plan (Inland) adopted in 1994, unless the General Plan is amended. The District does not intend to extend sewer service into Study Areas 4, 5, 7 or 8 unless authorized by a County General Plan Amendment and approval by LAFCO.

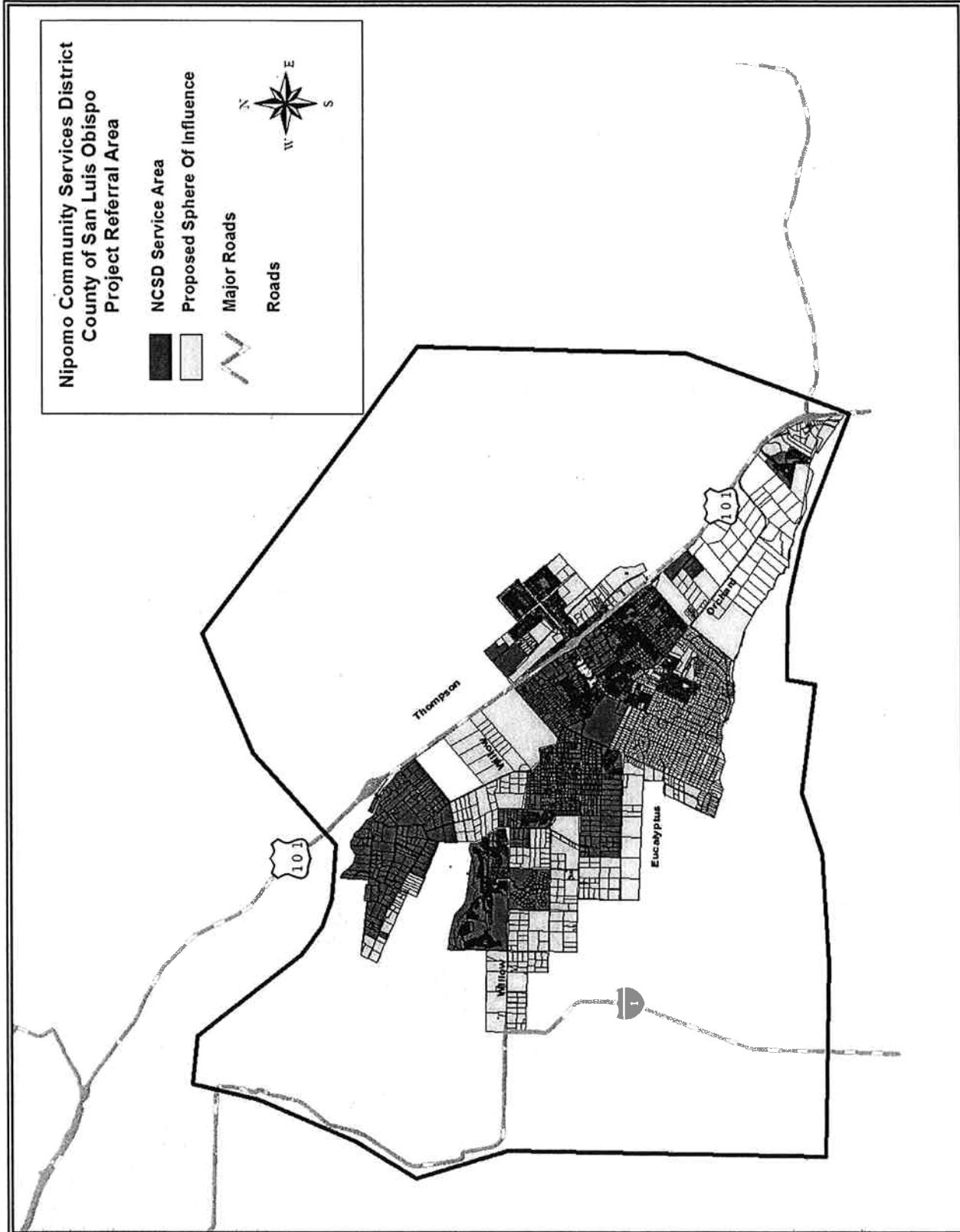
5. **Commitment by the County of San Luis Obispo.** The County shall work cooperatively with the District to efficiently and effectively provide for public services to residents in the Nipomo area. The County intends to continue implementing the vision, goals and policies of the existing South County Area Plan (Inland) adopted in 1994, and as amended from time-to-time by the County Board of Supervisors. The County does not intend, nor does it promote, expanding the existing Urban Reserve Line for the purpose of increasing the density allowed on a particular parcel of land unless approved as a General Plan Amendment or Specific Plan by the Board of Supervisors. The County shall strongly discourage the creation of new Private or Mutual Water Companies, or service by such entities to proposed land divisions within the Nipomo Mesa Water Conservation Area.
6. **Common Agreements by the County and NCSD.** The District and County acknowledge and agree on the following statements:
 - a. Protection and management of the groundwater resource in the Nipomo Mesa Water Conservation Area is important for the future of the Nipomo community.
 - b. Current and Phase 1 Project supplemental water supplies from the City of Santa Maria will not be sufficient to provide water service to the Sphere of Influence.
 - c. Continued approval of development based on water service from mutual and private water companies does not encourage the efficient and effective management of the groundwater resource and makes management of the groundwater basin more difficult.

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE

- d. Future development within the Sphere of Influence, as currently zoned in the South County Area Plan (Inland) adopted in 1994, is intended to be served by the District at such time when an adequate supplemental water supply to serve the development is available and delivered to the District's storage and distribution system.
 - e. Unless amended, the County will process current land use applications under the existing South County Area Plan (Inland) adopted in 1994, standards and policies.
 - f. Subject to LAFCO approval, the District will consider (within its supply capabilities) providing water service to existing developed properties within the Sphere of Influence that experience a documented water supply emergency such as what happened in the Summit Station Road Area.
 - g. Absent additional evidence of impact mitigation and subject to existing County ordinances, standards and policies, the provision of community water service by the District should not be considered by individual property owners to justify or support a change in zoning that would increase density in areas zoned Residential Rural.
 - h. The process of development within the District's Sphere of Influence shall be accomplished in the following order: 1) the District is consulted through referrals on land use applications; 2) Land Use approvals and CEQA documentation are approved and certified by the County; and 3) Annexation application is submitted by the property owner or District for consideration and approval by LAFCO.
7. **Urban Reserve Line and Sphere of Influence.** The County's Urban Reserve Line (URL) is the official boundary in the South County Area Plan (Inland) adopted in 1994, designating future urban growth. The District's SOI boundary as approved by LAFCO is not intended to show, and/or encourage, future urban growth or to compete with the URL. The SOI may be considered when some services that are provided by the NCSD, such as trash pickup; lighting or emergency provision of water as described above is desired by property owners. The Urban Reserve Line shall not extend beyond the SOI unless approved as part of a county initiated General Plan amendment. The County does not intend for areas that are zoned Agriculture, Rural Lands and Residential Rural to be included within the Urban Reserve Line or served with urban services other than solid waste. Areas that are zoned Residential Suburban, Residential Single Family and Residential Multi-Family are intended to be within the Urban Reserve Line and are included in the SOI.
8. **General Plan Update/Specific Plans.** The County is presently in the process of updating the Land Use and Circulation Element (LUCE) of the County General Plan for the unincorporated rural areas of the county. One of the goals of the LUCE is to identify possible least constrained areas adjacent to urban areas for possible future expansion of communities. Any such expansion would be considered at a later date in a separate update of the community general plan. Currently, the South County Area Plan (Inland) adopted in 1994, calls for the preparation of Specific Plans to identify land uses within the areas known as Canada Ranch and the area just south of Southland Street. These Specific Plans should be prepared and adopted by the County prior to annexation of the property into the District.

MEMORANDUM OF AGREEMENT
NIPOMO COMMUNITY SERVICES DISTRICT/THE COUNTY OF SAN LUIS OBISPO
REGARDING THE NCSD'S SPHERE OF INFLUENCE





Exhibit C-Project Referral Area

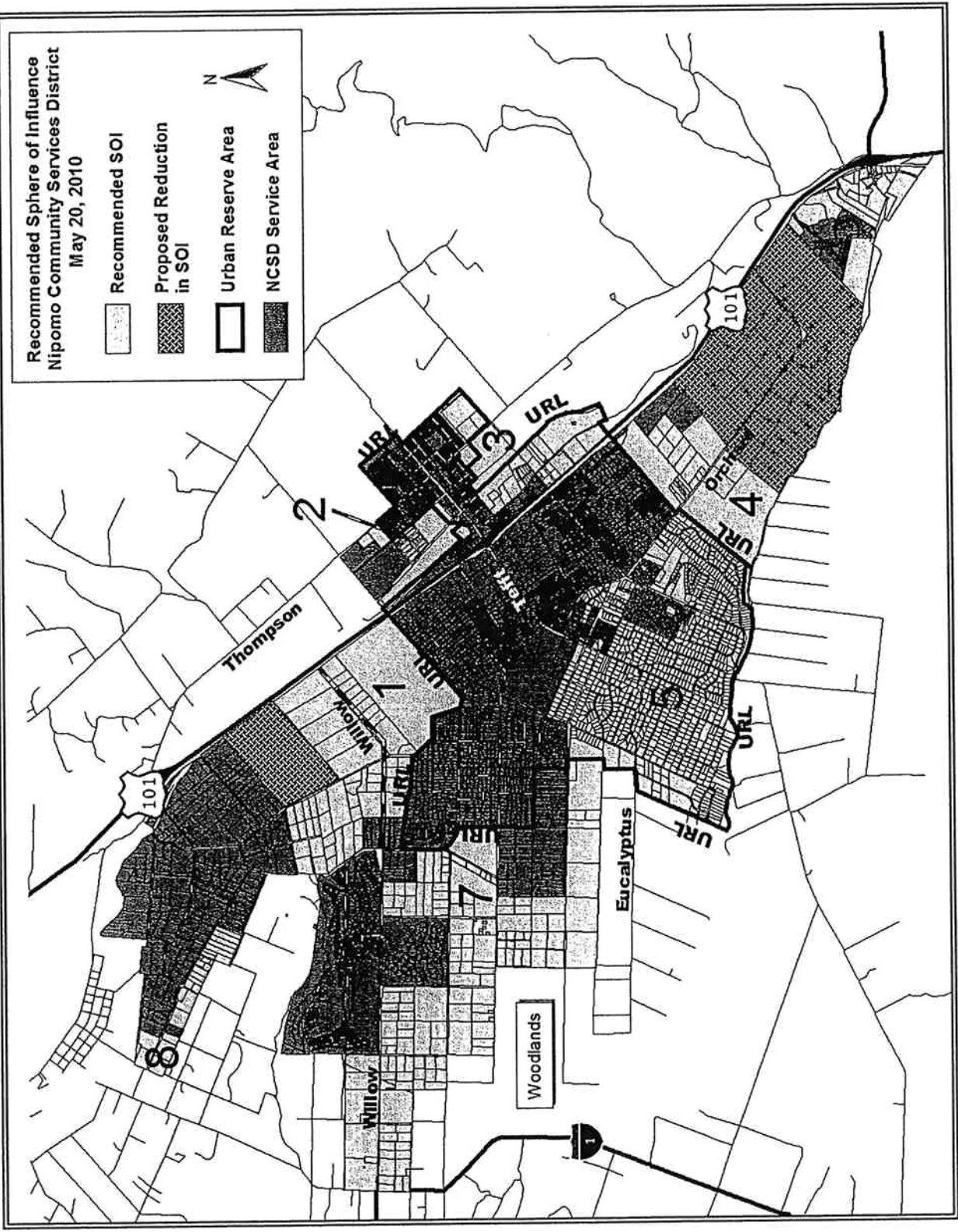


Attachment 2

Proposed Nipomo Sphere of Influence Map

Recommended Sphere of Influence
Nipomo Community Services District
 May 20, 2010

-  Recommended SOI
-  Proposed Reduction in SOI
-  Urban Reserve Area
-  NCSD Service Area



BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Tuesday, July 13, 2010

PRESENT: Supervisors: Bruce S. Gibson, Adam Hill, K.H. 'Katcho' Achadjian, James R. Patterson and Chairperson Frank Mecham

ABSENT: None

In the matter of a Memorandum of Agreement with the Nipomo Community Services District:

This is the time set for consideration of a Memorandum of Agreement with the Nipomo Community Services District for the District's Sphere of Influence update; 4th District.

Chairperson Mecham: opens the floor to public comment.

Mr. James Harrison - Nipomo Community Services District (NCSD) President and Mr. Michael Winn - NCSD: speak.

Mr. Chuck Stevenson - Planning and Building: amends the staff report on page D-1 11, Exhibit A - PROVISIONS, under #3 Interagency Cooperation, by removing "as shown in Exhibit F" from the first sentence.

Thereafter, on motion of Supervisor K.H. 'Katcho' Achadjian, seconded by Supervisor James R. Patterson, and on the following roll call vote:

AYES: Supervisors: K.H. 'Katcho' Achadjian, James R. Patterson, Bruce S. Gibson, Adam Hill, Chairperson Frank Mecham

NOES: None

ABSENT: None

the Board amends Exhibit A - Provisions, on page D-1 11, under #3 Interagency Cooperation, by removing "shown in Exhibit F" from the first sentence and approves the proposed "Memorandum of Agreement between the Nipomo Community Services District (NCSD) and the County of San Luis Obispo regarding the Sphere of Influence" as amended.

07/20/10 ar
cc: Planning (3), Auditor (1)
filed

STATE OF CALIFORNIA)
) ss.
County of San Luis Obispo)

I, **JULIE L. RODEWALD**, County Clerk and ex-officio Clerk of the Board of Supervisors, in and for the County of San Luis Obispo, State of California, do hereby certify the foregoing to be a full, true and correct copy of an order made by the Board of Supervisors, as the same appears spread upon their minute book.

WITNESS my hand and the seal of the said Board of Supervisors, affixed this 20th day of July, 2010.

JULIE L. RODEWALD
County Clerk and Ex-Officio Clerk of the Board of Supervisors

By: _____
 Christine Ramsey
 Deputy Clerk

NOTICE OF EXEMPTION

TO: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: San Luis Obispo LAFCO
1042 Pacific Street
San Luis Obispo, CA 93401

Tommy Gong, County Clerk
County of San Luis Obispo
County Government Center
San Luis Obispo, CA 93401

CONTACT: David Church, Executive Officer
(805) 781-5795

PROJECT TITLE: NIPOMO CSD SPHERE OF INFLUENCE UPDATE AND MUNICIPAL SERVICE REVIEW

Project Location and Description. The Nipomo Community Services District's Sphere of Influence is not recommended to change from the existing adopted Sphere Boundary. The District's existing Sphere of Influence is approximately 5,817+/- acres beyond the District's service area and includes seven general areas. The Sphere of Influence is a 20-year planning boundary that indicates what areas might be annexed and served by the jurisdiction in the future. These areas are recommended to remain in the SOI.

Public Agency Approving Project. The Local Agency Formation Commission (LAFCO) of San Luis Obispo County will be conducted a public hearing on this item in March 15, 2018 at 9:00 a.m. in the Board of Supervisors Chambers in San Luis Obispo at the County Government Center.

Environmental Determination. The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA). In this case, it has been determined with certainty that there is no possibility that the project may have a significant environmental effect on the environment and therefore it is found to be exempt from CEQA pursuant to section 15061(b)(3) of the State Guidelines. The Local Agency Formation Commission will file this Notice of Exemption upon approval of the Sphere of Influence Update.

Reasons for Exemption. A Sphere of Influence is a plan for probable, physical boundary and service areas of a local agency or jurisdiction. As such, it does not give property inside the Sphere boundary any more development rights than what already exist. The Sphere of Influence Boundary is a long-range planning tool that assists LAFCO in making decisions about a jurisdiction's future boundary. The Sphere indicates areas that might be served by the District. It is unknown if an area will ever be annexed to the District. Also, it is often uncertain what type of precise land use is going to be proposed for a specific area. In the case of Nipomo CSD's Sphere of Influence Update, the boundary will not change nor has the setting changed significantly with regard to the SOI.

The study of impacts associated with the Sphere of Influence is often speculative since it is unclear what type of project might be proposed or if an area will even be annexed in the future. The County studies impacts comprehensively when a project-specific environmental review is completed.

David Church, Executive Officer

Date

FEBRUARY 14, 2018

ITEM E-1

ATTACHMENT B

Comments to NCS D Public Review Draft of the SOI Update MSR

	Page/Line	Change or addition (Underlined) or comment	Reason
1.	1-7	Water, 3 rd sentence: "In July 2015, the District completed <u>the first phase</u> of the Supplemental Water Project (NSWP) and began importing water from the City of Santa Maria."	The Nipomo Supplemental Water Project is designed to deliver 3,000 AFY of supplemental water. The current implementation phase of the project has a capacity limit of approximately 1,000 AFY. An additional \$6.5M will be required to fund the NSWP buildout to a 3,000 AFY capacity.
2.	1-7/6	Delete "and one standby well"	District currently has 5 permitted wells, no standby wells
3.	1-7/8	In July 2015 . . . District completed the <u>first of three phases</u> of the Nipomo Supplemental Water Project (NSWP) . . .	The NSWP is designed to deliver 3,000 AFY of supplemental water. The current implementation phase of the project has a capacity limit of approximately 1,000 AFY. An additional \$6.5M will be required to fund the NSWP buildout to a 3,000 AFY capacity.
4.	1-8/22	Remove word "taxes" and insert "rates"	Rates are subject to Prop 218 not taxes
5.	1-7/10	Incremental increase to 1,000 afy	Increase is from 800 to 1,000 afy
6.	Table 1-2 footnote	There is no existing estimate for the perennial yield of this sub-basin. The DWR 2002 report estimated a perennial yield of this sub-basin as 4,800-6,000 AFY.	DWR 2002 Report
7.	Table 1-2	Not clear what "Maximum extracted in 2005" refers to.	Suggest to replace per PVS comment below
8.	Table 1-2	Is 2,900 under available allocation correct?	Suggest to replace per PVS comment below
9.	Table 1-2	Actual Amount 2015	Delete * footnote
10.	Table 1-2	Replace second column as follows: Available Supply 2040 Groundwater - 1244 AFY Supplemental Water - 3000 AFY	Delete ** footnote
11.	1-7, 3-32	Table 1-2, Table 3-10, *: " <u>There is no legal allocation or limitation on the maximum</u>	The proposed additions are needed to clarify that, although the table refers to a groundwater allocation,

Comments to NCSO Public Review Draft of the SOI Update MSR

	Page/Line	Change or addition (Underlined) or comment	Reason
		<u>amount of groundwater that the District may extract. This number represents the Mmaximum extracted in 2005.</u> The District has the goal of reducing the amount pumped from the basin. The amount pumped in 2015 was 1,626. There is no existing estimate for the perennial yield of this sub-basin.	this is not intended to indicate that the adjudication did not limit the District's total groundwater extractions. The proposed deletion of the last sentence is needed because the court concluded as part of the adjudication that there are no sub-basins within the Santa Maria Groundwater Basin. In addition, this is the first time that the concept of a sub-basin is mentioned in the report, which may lead to confusion.
12.	1-7/15	Future water demand of 4,244 doesn't make sense...population goes up 23% (by 2040) and water usage goes up 118%?	Per 2015 UWMP, this figure includes quantity of water delivered to GSWC and WMWC.
13.	1-8/6	Approximately half <u>25%</u> of the Town area is on septic.	With 4,400 water customers and ~3,000 sewer customers, 1,400 without sewer connections would be on septic.
14.	1-8/6	(approximately 28% of the District's customers are on septic systems).	Actual percentage based on GM's report..percentage is for entire system, not just Town_
15.	1-8/10	The NCSO recently finished . . . and adopted a <u>Blacklake Sewer Master Plan with an option</u> recommendations to tie the two plants together under one system.	The Plan did not recommend. It only described an option.
16.	1-8/10	The NCSO recently finished a major upgrade project <u>of the Southland WWTF</u> and...	Only Southland WWTF upgraded
17.	<u>1-8</u>	Wastewater , last sentence: "The NCSO recently finished a major upgrade <u>to the Southland Wastewater Treatment Plant, which serves the Town,</u> and adopted <u>completed</u> a Sewer Master Plan <u>for the Blacklake plant that includes an option</u> with recommendations to tie the two plants together under one system."	The suggested changes are needed to clarify that the recent upgrades were made to one of the two wastewater plants operated by the District and that the recently-completed Sewer Master Plan covers the Blacklake plant and that the plan explores the option of connecting the Blacklake community to the Southland treatment plant. The Plan does not

Comments to NCS D Public Review Draft of the SOI Update MSR

	Page/Line	Change or addition (Underlined) or comment	Reason
			make a recommendation regarding this option and neither the Blacklake community nor the District has determined whether to go forward with this option.
18.	1-8/12	Receives a franchise fee of 10%	Fee is 10%...buydown by NCS D is irrelevant
19.	1-8/13	Uses existing franchise fees to fund rebates to customers, administrative costs...	Rebates are biggest use of franchise fees
20.	1-8/18	The District's financial constraints are the result of a limited ability to raise fees and issue debt to fund major projects.	Sentence as written doesn't make sense. Residents voted down the last attempt to set up an assessment district.
21.	1-8/22	proposed increases in fees	NCS D doesn't charge taxes
22.	1-8 /24	Should read "water charges and fees" ...delete "other"	For clarity .."other fees" could be anything
23.	1-8/26	Don't think transfers should be shown in the \$1,414,333	Doing so is misleading..transfers are between funds...not revenue from outside sources
24.	1-9/6	change in rate structure was to comply with a court ruling regarding how water rates in California should be determined.	Original wording implies that the ruling was against NCS D
25.	1-9/7	Opportunities for Shared Facilities - This entire section seems to be inconsistent with services currently provided by the District, powers currently authorized and location of District relative to cities.	District operations are primarily funded by user rates for water and sewer service. District does not have funding mechanisms to provide listed shared facilities that have been historically tax funded by County.
26.	1-9/23	The reorganization of <u>sewer services provided by CSA1</u>	District is considering assuming sewer service responsibilities, not all services provided by CSA 1.
27.	2-6/14	Study Area 5...This area could be served by District sewer service. Delete drainage and street lighting.	District operations are primarily funded by user rates for water and sewer service. District does not have funding mechanisms to provide drainage or street lighting services.
28.	2-6/21	Study Area 6... Delete drainage and street lighting.	District operations are primarily funded by user rates for water and

Comments to NCSD Public Review Draft of the SOI Update MSR

	Page/Line	Change or addition (Underlined) or comment	Reason
			sewer service. District does not have funding mechanisms to provide drainage or street lighting services.
29.	2-7/19	... to deliver <u>approximately</u> 3,000 AFY of supplemental water.	3,000 is maximum
30.	2-9/3	Delete drainage facilities.	District operations are primarily funded by user rates for water and sewer service. District does not have funding mechanisms to provide drainage services.
31.	2-9	Reorganization, 5.a.: "The District would not be providing water service, but would assume the provision of sewer service and the maintenance of drainage facilities to these areas."	The District will not provide drainage maintenance services to CSA 1. (?) NOTE: the existing District Annexation Policy states that no requests for sewer service will be granted if no water service will be provided by the District. But this condition of the MSR states that no water service will be provided to CSA 1 because they are already served by GSWC. As a result, we may need to amend our annexation policy.
32.	2-9 3-62	On page 2-9, Reorganization, 5.b., last sentence, and on page 3-62, Condition 6.b., last sentence: "The impact to the District's water supply would be insignificant, <u>so long as all requirements of the 2008 Judgment in the Santa Maria Groundwater Adjudication and all District water shortage and conservation requirements and restrictions are met.</u> "	Due to drought and continued decreases in the key well index in the Nipomo Mesa Management Area, the District declared Stage IV water shortage conditions in July 2016 and implemented Stage III requirements to reach a goal of reducing groundwater pumping by 50%. Under this declaration, the District stopped accepting new applications for water service and began processing new water connections from supplemental water only. Were Moss Lane to seek annexation, the new application could not be accepted until Stage III water shortage conditions were lifted. In addition, conditions of

Comments to NCSD Public Review Draft of the SOI Update MSR

	Page/Line	Change or addition (Underlined) or comment	Reason
			both the Judgment in the Santa Maria Groundwater Adjudication and the District's existing annexation policy require that any annexations provide a supplemental water supply not drawn from the Nipomo Mesa Management Area's portion of the Santa Maria Groundwater Basin. The suggested language would make Condition 5.b. consistent with these requirements.
33.	2-9/5	Delete comma and "or" after Golden State Water in Item 5	
34.	2-10/1	...Nipomo CSD's primary source of water is subject to a stipulated agreement regarding groundwater rights.	Awkward sentence plus groundwater can't operate anything
35.	3-2/9	...and Arroyo Grande Groundwater Basin (~10,500 acre-feet per year) to serve the area.	Water is only drawn from the Santa Maria Groundwater Basin. No idea what the other referenced basin is.
36.	3-2	"Water is drawn from the Santa Maria Groundwater Basin and Arroyo Grande Groundwater Basin (~10,500 acre-feet per year) to serve the area."	There is no known basin called the Arroyo Grande Groundwater Basin and the District does not take water from any such basin.
37.	3-2/11	25% of Mesa area's population ?	If the District serves 12,866 people and there are 16,714 on the Mesa, isn't that 75%?
38.	3-2/13	..service for two outside service... delete "an additional"	Additional does not apply
39.	3-19/9	There are 3 elementary schools and 2 high school that are public facilities	Nipomo High School and Dorthea Lange Elementary
40.	3-29/last line	... the District has completed the <u>first of XX phases of the Supplemental Water Project.</u>	The NSWP is designed to deliver 3,000 AFY of supplemental water. The current implementation phase of the project has a capacity limit of approximately 1,000 AFY. An additional \$6.5M will be required to fund the NSWP buildout to a 3,000 AFY capacity.

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41.	3-29	Condition 3 – Compliance, 3 rd sentence. “The community exceeded the conservation objective set by the State of California and is 1.5% away from meeting <u>exceeded the Nipomo Mesa Management Area Technical Group’s 50% groundwater pumping reduction target from July 2016 through June 2017.</u> ”	The Nipomo Mesa Management Area Technical Group targeted a reduction in groundwater pumping by 50% over the course of one year when compared to the five-year average between 2009-2013. The District exceeded this goal by 1% during the period of July 2016 through June 2017.
42.	3-29	Condition 4 – Compliance, 1 st sentence. “With regard to condition 4, no annexations have been requested; however the District has completed the supplemental water project an <u>enforceable agreement with the City of Santa Maria, dated May 27, 2013, to supply the District with at least 2,500 AFY of water from outside of the Nipomo Mesa Management Area. The District has completed the first phase of construction required to obtain the supplemental water from the City of Santa Maria and w</u> Water is now being delivered from the City to the District via a pipeline. <u>The District imported more than 850 AF from the City during July 2016 through June 2017. The District is pursuing funding sources to enable it to complete the additional infrastructure improvements necessary to allow the District to import the full amount of water allowed under the existing agreement with the City of Santa Maria. The agreement obligates the District to take or pay for 2,500 AFY by</u>	The District has completed the first phase of the supplemental water project but will require additional funding to complete the remaining infrastructure improvements needed to enable the District to take the full allocation under the agreement. The agreement with the City of Santa Maria obligates the District to pay for a total of 2,500 AFY by a certain date, providing a significant financial incentive for the District to complete the next phase of improvements. In addition, the agreement allows the District to purchase 700 AFY more than the 2,500 AFY minimum. Given the agreement with the City of Santa Maria and the significant progress that the District has made toward constructing the supplemental water project, the District agrees that Condition 4 is not needed moving forward.

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		<u>the year ____</u> . This condition may not be needed moving forward.”	
43.	3-30/3	This condition may not be needed moving forward.	The NSWP is designed to deliver 3,000 AFY of supplemental water. The current implementation phase of the project has a capacity limit of approximately 1,000 AFY. An additional \$6.5M will be required to fund the NSWP buildout to a 3,000 AFY capacity.
44.	3-30/9	Delete “and one standby well”	District currently has 5 permitted wells, no standby wells
45.	3-30/last line	... and an agricultural landowner who is a party to the Stipulated Agreement.	The “agricultural landowner” is actually an attorney who represents stipulating agricultural landowners. She owns no agricultural land in the adjudicated area.
46.	3-31	1 st sentence: “In July 2015, the District completed <u>the first phase of</u> the Nipomo Supplemental Water Project (NSWP) and began importing water from the City of Santa Maria.”	The District has completed the first phase of the supplemental water project but will require additional funding to complete the remaining infrastructure improvements needed to enable the District to take the full allocation under the agreement.
47.	3-31/1	... the District has completed the <u>first of three phases of</u> the Supplemental Water Project.	The NSWP is designed to deliver 3,000 AFY of supplemental water. The current implementation phase of the project has a capacity limit of approximately 1,000 AFY. An additional \$6.5M will be required to fund the NSWP buildout to a 3,000 AFY capacity.
48.	3-31	3 rd sentence: “The NCSD may purchase up to <u>5,700</u> 3,000 acre-feet of water from the City of Santa Maria.”	The Wholesale Water Supply Agreement entered into between the City of Santa Maria and the District allows the District to purchase 3,200 AFY in addition to the 2,500 AFY minimum.
49.	3-31	7 th sentence: “NCSD has <u>been using a number of funding sources and mechanisms, such as</u> charging approximately	The District has employed a number of different methods to secure funding for the NSWP, including issuing bonds, increased rates and

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		\$14,000 per dwelling unit to help pay for the Nipomo Supplement Water Project.”	charges, and grants, in addition to its connection charges.
50.	3-31/4	...acquired Rural Water in 2015	To correct date
51.	3-31/15	... the Nipomo CSD for infill, or existing users outside of the district	The 500 AFY is only reserved for infill.
52.	3-31	Last 2 sentences of 1 st paragraph	Where does the policy exist that no annexations or General Plan Amendments may use the excess 500 AFY? The annexation policy just requires the applicant to have water from outside the NMMA, which the 500 AFY addressed in the agreement with Santa Maria would seem to provide.
53.	3-32 Table 3-10	Single asterisk is on two different amounts	It’s confusing!
54.	3-32 Table 3-10	Is the 2900 afy (1) the amount pumped in 2005 and (2) why is it the “available allocation”?	Suggest to replace per PVS comment below.
55.	3-32 Table 3-10	Actual Amount 2015	Delete * footnote
56.	3-32 Table 3-10	Replace second column as follows: Available Supply 2040 Groundwater – 1244 AFY Supplemental Water – 3000 AFY	Delete ** footnote
57.	3-33	2 nd Sentence: “This was in response to <u>a declaration by the NMMA TG that severe water shortage conditions had been reached within the NMMA, based on readings from the key well index</u> the ongoing drought. ”	The District’s Water Shortage Response and Management Plan establishes the steps that the District will take when the NMMA TG declares certain levels of water shortage conditions. The NMMA TG declares water shortage conditions based on criteria established in its Water Shortage Conditions Response Plan adopted in April 2009. Those criteria look to groundwater levels within the NMMA portion of the basin as

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			shown in the key well index rather than the drought.
58.	3-33/4	The ongoing drought decreasing groundwater levels.	The trigger is not the drought. The trigger is the measurement of the groundwater levels which are dependant on both the drought and excessive groundwater pumping.
59.	3-33	6 th sentence: "In July 2016, the Nipomo CSD Board declared a Stage IV water shortage and began implementing additional mandatory conservation measures that limits municipal irrigation, suspends <u>accepting new pending</u> applications for water service and <u>targets a reduction in groundwater pumping</u> requires groundwater pumping to be reduced by 50%."	When the District Board of Directors declared a Stage IV water shortage condition in July 2016, it also directed the District General Manager to implement all Stage III conservation measures and to target a reduction in groundwater pumping by 50%. This direction was consistent with the Resolution adopting the Water Shortage Response and Management Plan, which preserved the Board's discretion to order all or some of the response actions listed in the Plan in light of the circumstances.
60.	3-33/8	began implementing additional mandatory conservation measures that limits municipal irrigation,	There are no measures in place to demand or enforce conservation measures.
61.	3-35/7	Why is the sentence "The Cities of Arroyo Grande..agreement." in this section	Sentence does not appear to be connected with preceding part of paragraph.
62.	3-38/ Note 4	Why the reference to Grover Beach?	
63.	3-38/ Table 3-14	Amounts on supplemental water supply line don't add to 3,000 (see note 5)	
64.	3-38 Table 3-14	Replace San Luis Obispo Valley with Nipomo Valley?	
65.	3-38/ Table 3-14	Woodlands MWC amounts should be referenced to note 7 (also the vineyards are already planted)	Note 7 needs to be updated and correctly tied to table
66.	3-38/ Table 3-14	Delete note 6	Note 6 doesn't reflect reality

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67.	3-39/20	... the drought <u>decreasing groundwater levels</u> caused. . .	The trigger is not the drought. The trigger is the measurement of the groundwater levels which are dependant on both the drought and excessive groundwater pumping.
68.	3-39	Last ¶, 3 rd sentence: "The Water Shortage Response and Management Plan is based on five escalating stages of <u>groundwater level reductions</u> drought. "	The District's Water Shortage Response and Management Plan is based on the NMMA TG's determinations of severe water shortage conditions, which are declared based on reductions in the key well level index.
69.	3-40	Table 3-15: "% <u>Groundwater</u> Supply Reduction"	The District's Water Shortage Response and Management Plan and the NMMA's Water Shortage Conditions Response Plan require reductions in groundwater use rather than overall reductions in water supply.
70.	3-40/ Table 3-15	Is asterisked footnote correct?	
71.	3-41	Water Distribution and Storage System - Replace first sentence with: The District's water distribution system delivers potable water from various wells and a pump station to customers, fire hydrants and water tanks through approximately 97.6 miles of water distribution pipelines.	
72.	3-42	Replace second and third sentence with: The water entering NCS D's distribution system is a mix of groundwater pumped from the District's wells and imported water from the City of Santa Maria.	
73.	3-42	Water Distribution	

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		...”one concrete post stress tank and six five above ground steel water storage tanks totaling 4.9 4.5 million...”	
74.	3-42/23	(approximately half <u>25%</u> of ...	With 4,400 water customers and ~3,000 sewer customers, 1,400 without sewer connections would be on septic.
75.	3-42/23	(approximately 28% of the District’s customers are on septic systems).	Actual percentage based on GM’s report..percentage is for entire system, not just Town_
76.	3-43/9	Change 15 inches to 24 inches	
77.	3-43/9	Change 11 to 10 lift stations	
78.	3-43/15	“tentatively to be completed in 2017?” can’t be correct	
79.	3-43	Wastewater Collection ¶ , last sentence: “Completion of all three phases of improvements (tentatively to be completed by 2017, depending on the rate of population growth) will expand treatment capacity to a 1.8 MGD from its current capacity of 0.9 million gallons per day.”	The District does not currently have an estimated timeframe for completion of the remaining two phases of improvements, which did not occur in 2017.
80.	3-44/6	Header “Projects Budgeted or In Process” should be changed	These projects are not currently budgeted or in process except for Woodgreen Lift Station
81.	3-44/5	BL Master Plan includes alternative to consolidate with Town System. District/ BL Community have not yet selected whether to keep existing plant or consolidate.	
82.	3-44/7	Don’t think Priority 1 comment should be a bullet point..check grouping of projects	
83.	3-45/3	Franchise fee of 10%	Fee is 10%...buydown by NCSD is irrelevant
84.	3-48/2	Public Works will be resurfacing Tefft Street with asphalt in 2017 and is working toward operational improvements.	This occurred in 2017 and is not appropriate as a prediction for a 2018 document.

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85.	3-49/1	Delete Determination 19.	District operations are primarily funded by user rates for water and sewer service. District does not have funding mechanisms to provide street lighting services.
86.	3-49/3	Delete Determination 20.	District operations are primarily funded by user rates for water and sewer service. District does not have funding mechanisms to provide drainage services.
87.	3-51 and 3-52/ Tables 3-9,3-10,3-11,3-12	Some data doesn't agree with audit reports, some data is mislabeled (consolidated expenditures is apparently operating expenses), not clear what "changes in fund balance" means, etc	Lisa to verify/correct financial data shown
88.	3-51-Figure 3-9	Source is Annual Adopted budgets not Statement of Revenues, etc	Incorrect statement
89.	3-51/Figure 3-10	2017 data should be 621,622 Description states "calendar Year" should be "fiscal year" Source should be Annual Audit not Annual Budget	Incorrect amount Incorrect statements
90.	3-51/Figure 3-11	2015 data should be \$22,149,898 and 2017 data should be \$21,042,767 Source should be Annual audit not annual budget	Incorrect amounts and statement
91.	3-52-Figure 3-12	The term Fund Balance is no longer used-auditors use the term Net Position Data should be from 2014-2018 and not from 2012-2016 to be consistent with tables on previous page Formula-NCSD does not have a general fund Source should be Annual Audit not annual budget	Incorrect term and incorrect fiscal years

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92.	3-52/2	Delete "Property taxes are used for lighting...administrative services"	Incorrect statement
93.	3-52/6	The District's financial constraints are the result of a limited ability to raise fees and to issue debt to fund major projects.	Sentence as written doesn't make sense. Residents voted down the last attempt to set up an assessment district.
94.	3-52/12	Increase in fees	NCSO doesn't charge taxes
95.	3-52/14	Property Taxes are pledged for debt service payments for the supplemental water project	Incorrect statement-property taxes cannot be used for anything but debt service
96.	3-53/Figure 3-13	Percentages add up to 104%.	
97.	3-54	1 st sentence: "The NCSO used the more refined guidance provided by the Court, and in doing so, the District <u>chose to meet the Court's guidance</u> by was unable to devise a tiered rate structure that could meet the Court's model and was left with implementing the now current uniformed commodity pricing model."	In preparing its recent rate study, the District chose to implement a uniformed commodity model rather than to undertake the type of analysis required by the Court in <i>Capistrano Taxpayer Association, Inc. v. City of San Juan Capistrano</i> .
98.	3-54	Table 3-18, the Water Fee charged by Nipomo is now \$4.97 per HCF.	This chart reflects the old tiered rates that were replaced in 2017.
99.	3-55/4 & 5	How can District and county work together to ensure the cost of services for jurisdictions is equitable? What memorandum of Agreement calls for this type of coordination?	Each agency stands along Clarify memorandum of agreement
100.	3-57/8	... City of Santa Maria that will enable the	The NSWP is designed to deliver 3,000 AFY of supplemental water. The current implementation phase of the project has a capacity limit of approximately 1,000 AFY. An additional \$6.5M will be required to fund the NSWP buildout to a 3,000 AFY capacity.

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101.	3-57/8	... City of Santa Maria that will enable the	The NSWP is designed to deliver 3,000 AFY of supplemental water. The current implementation phase of the project has a capacity limit of approximately 1,000 AFY. An additional \$6.5M will be required to fund the NSWP buildout to a 3,000 AFY capacity.
102.	3-57/15	Opportunities for Shared Facilities - This entire section seems to be inconsistent with services currently provided by the District, powers currently authorized and location of District relative to cities.	District operations are primarily funded by user rates for water and sewer service. District does not have funding mechanisms to provided listed shared facilities that have been historically tax funded by County.
103.	3-62/ 1. And 2.	Written determinations 1. States reorganization 2. States dissolution	Contradictory statements
104.	Exhibit	Memorandum of Agreement dated 7-13-2010 should be reviewed and updated	Now that supplemental water is flowing, references to project phases no longer applicable, etc....