

TO: BOARD OF DIRECTORS

REVIEWED: RAY DIENZO, P.E. *R.D.*
GENERAL MANAGER

FROM: JANA ETTEDDGUE *J*
FINANCE DIRECTOR

DATE: JUNE 5, 2025

AGENDA ITEM
E-5 (B)
JUNE 11, 2025

PUBLIC HEARING TO ADOPT FISCAL YEAR 2025-2026 BUDGET FOR NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)

ITEM

Public Hearing to adopt Fiscal Year 2025-2026 Budget for Nipomo Supplemental Water Project ("NSWP") [RECOMMEND CONDUCT PUBLIC HEARING, CONSIDER TESTIMONY, ORDER EDITS, IF ANY, AND BY MOTION AND ROLL CALL VOTE ADOPT RESOLUTION APPROVING NSWP FISCAL YEAR 2025-2026 BUDGET]

BACKGROUND

On May 1, 2025, the Finance and Audit Committee met and reviewed the draft Budget for Fiscal Year 2025-2026 for NSWP.

The Nipomo Community Services District ("District"), City of Santa Maria ("City"), Woodlands Mutual Water Company ("WMWC"), Golden State Water Company ("GSWC"), Rural Water Company ("RWC"), along with hundreds of other individuals and entities are parties to a certain groundwater adjudication commonly referred to as the Santa Maria Groundwater Litigation. GSWC purchased RWC in 2015 and therefore is referenced below as GSWC/RWC. The Judgement (through the Stipulation) requires the District and the purveyor partners together ("Parties") to purchase and transmit to the Nipomo Mesa Management Area ("NMMA") a minimum of 2,500 acre-feet of "Nipomo Supplemental Water" each year, and to employ its best efforts to timely implement the Nipomo Supplemental Water Project ("NSWP").

The Judgment further provides that once the Nipomo Supplemental Water is capable of being delivered, the Parties shall purchase the following portions of Nipomo Supplemental Water each year to offset groundwater pumping within the NMMA.

ENTITY	PERCENT ALLOCATION	ACRE FEET/YEAR (AFY)
NCSD	66.68	1,667.00
WMWC	16.66	416.50
GSWC/RWC	16.66	416.50
TOTAL	100.00	2,500.00

On May 3, 2013, the District entered into a Wholesale Water Supply Agreement with the City of Santa Maria to purchase supplemental water. Upon completion of the interconnection, the minimum quantity of purchase/delivery is as follows:

DELIVERY YEARS	FISCAL YEAR ENDING	MINIMUM DELIVERY VOLUME (AFY)
1	July 1, 2015 to June 30, 2016	645
2-5	July 1, 2016 to June 30, 2020	800
6-10	July 1, 2020 to June 30, 2025	1,000
11- Term	July 1, 2025 to June 30, 2035	2,500

On July 2, 2015, supplemental water began flowing from the City of Santa Maria into the Nipomo Community Services District system.

On October 16, 2015, the Supplemental Water Management and Groundwater Replenishment Agreement ("Agreement") was approved by the District, WMWC, GSWC and RWC. The agreement outlines all parties' responsibilities and obligations relating to the delivery and payment of supplemental water. Section VIII of the agreement states in part as follows:

- A. District shall operate the NSWP as an enterprise fund, separating all costs related to the NSWP within and only to that NSWP fund. Prudent Utility Practices shall apply to District's management of the NSWP Enterprise Fund.
- B. Each Fiscal Year District shall prepare a NSWP Enterprise Fund Budget (Budget) for all revenues and expenditures related to the NSWP Enterprise Fund. The Budget shall include a summary of projected NSW deliveries and Costs associated with those deliveries. A draft of the Budget shall be available to each Water Company for review by May 1st of each year. District shall make every reasonable effort to adopt the final Budget during June of each year at a regularly scheduled District board meeting. The Advisory Committee shall determine the most effective content, format and reporting frequency for financial and budget reports for the NSWP Enterprise Fund.
- C. The Budget shall provide the basis for and detail the cost allocations and quarterly billing described in Section IX.

The District receives and pays a quarterly invoice from the City for the cost of water. The District in turn invoices WMWC and GSWC for their applicable percentages of the cost of water, in addition to other applicable costs pursuant to the agreement. WMWC and GSWC are current and continue to make quarterly payments to the District.

Attached is the draft Budget based on the purchase of 2,500 acre feet of supplemental water. The City adopted a new rate structure commencing January 1, 2025. The Base Energy Cost CPI will be adjusted based on the July index; however, the City has agreed to implement the energy adjustment to coincide with the January 1 rate increases. The Operations and Maintenance ("O&M") Budget has been estimated based on current fiscal year expenditures and the increase in supplemental water intake. The administrative fee is set at 15% of O&M costs.

RECOMMENDATION

Conduct a public hearing, consider testimony, order edits, if any, and by motion and roll call vote adopt Resolution approving the NSWP Fiscal Year 2025-2026 Budget.

ATTACHMENTS

- A. Resolution 2025-XXXX (NSWP Budget adoption)
- B. NSWP Fiscal Year 2025-2026 Budget

JUNE 11, 2025

ITEM E-5 (B)

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION 2025-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE NSWP (NIPOMO SUPPLEMENTAL WATER PROJECT)
2025-2026 FISCAL YEAR BUDGET**

WHEREAS, on October 16, 2015, the Nipomo Supplemental Water Project Water Management and Groundwater Replenishment Agreement ("Agreement") was made between Nipomo Community Services District (NCSD), Rural Water Company (RWC), The Woodlands Mutual Water Company (WMWC), and Golden State Water Company (GSWC), collectively referred to as the Parties, and

WHEREAS, the purpose of the Agreement is to enable the Parties to meet their respective obligations under the Judgment based on the percentage allocations presented in Section I.K regarding the NSWP. In particular, the Parties intend this Agreement to provide for: (1) payment to NCSD for each Party's allocation of Costs and (2) distribution and use of Nipomo Supplemental Water, and

WHEREAS, pursuant to the Agreement, each fiscal year NCSD shall prepare a NSWP Enterprise Fund Budget for all revenues and expenditures related to the NSWP Enterprise Fund. The Budget shall include a summary of projected Nipomo Supplemental Water deliveries and the Costs associated with those deliveries. A draft of the Budget shall be available to each Party for review by May 1st of each year. NCSD shall make every reasonable effort to adopt the final Budget during June of each year at a regularly scheduled NCSD board meeting. The Advisory Committee shall determine the most effective content, format and reporting frequency for financial and budget reports for the NSWP Enterprise Fund.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of the Nipomo Community Services District, San Luis Obispo County, California, as follows:

1. The 2025-2026 Nipomo Supplemental Water Project Budget is hereby approved and adopted.
2. The budget be administered in accordance with generally accepted accounting principles and the past policies and practices established by the District and pursuant to the Agreement.
3. The above Recitals are true and correct and incorporated herein by this reference.

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

AYES:
NOES:
ABSTAIN:
ABSENT:

the foregoing Resolution is hereby passed and adopted this 11th day of June 2025.

ED EBY
President of the Board

ATTEST:

APPROVED AS TO FORM AND
LEGAL EFFECT:

RAY DIENZO
General Manager and Secretary to the Board

CRAIG A. STEELE
District Legal Counsel

JUNE 11, 2025

ITEM E-5 (B)

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2025-2026**

	Acre Feet Purchase (A)	Cost per Acre Foot (AF)	Total Cost	
Water Purchase Fiscal Year 2025-2026 (see page 2)	2500	see page 2	\$6,851,018	
NCSD Water O & M Cost per AF ** (see page 3)	2500	\$158.44	\$396,100	
NCSD Admin Fee per AF (15% of O & M per AF) ** (see page 3)	2500	\$23.77	\$59,415	
		\$182.21	\$7,306,533	
**To be adjusted annually based on actual costs				
	TOTAL	NCSD	WMWC	GSWC
1 Phase 1 Supplemental Water Annual Allocation (AF)	2500	1667	416.5	416.5
2 Phase 1 Supplemental Water Delivery Percentages	100.00%	66.68%	16.66%	16.66%
3 Pass-Through Supplemental Water Cost	\$6,851,018	\$4,568,258	\$1,141,380	\$1,141,380
4 Supplemental Water O & M Cost	\$396,100	\$264,119	\$65,990	\$65,990
5 Supplemental Water NCSD Admin Fee	\$59,415	\$39,618	\$9,899	\$9,899
6 Total Annual Supplemental Water Volume Cost	\$7,306,533	\$4,871,996	\$1,217,268	\$1,217,268

	TOTAL	NCSD	WMWC	GSWC
7 Allocated Project Capacity (AF)	3,000.00	2,167.00	416.50	416.50
8 Percentage of Fixed Capital Cost Allocation	100.00%	72.24%	13.88%	13.88%
9 Yearly Capital Recovery Charge-Principal 6/30/2015 (1)	\$109,792	\$0	\$45,612	\$64,180
10 Yearly Capital Recovery Charge-Interest 6/30/2015 (1)	\$276,627	\$0	\$143,247	\$133,380
11 Yearly Capital Recovery Charge-Principal 6/30/2016 (2)	\$9,287	\$0	\$4,315	\$4,972
12 Yearly Capital Recovery Charge-Interest 6/30/2016 (2)	\$23,885	\$0	\$13,552	\$10,333
13 Yearly Capital Recovery Charge-Principal 6/30/2017 (3)	\$16,556	\$0	\$7,679	\$8,877
14 Yearly Capital Recovery Charge-Interest 6/30/2017 (3)	\$42,564	\$0	\$24,115	\$18,449
14 Yearly Capital Recovery Charge-Principal 6/30/2018 (4)	\$1,155	\$0	\$535	\$620
15 Yearly Capital Recovery Charge-Interest 6/30/2018 (4)	\$2,966	\$0	\$1,678	\$1,288
16 Yearly Capital Recovery Charge-Principal 6/30/2019 (5)	\$1,417	\$0	\$655	\$762
17 Yearly Capital Recovery Charge-Interest 6/30/2019 (5)	\$3,638	\$0	\$2,055	\$1,583
18 Yearly Capital Recovery Charge-Principal 6/30/2020 (6)	\$18,167	\$0	\$8,377	\$9,790
19 Yearly Capital Recovery Charge-Interest 6/30/2020 (6)	\$46,655	\$0	\$26,310	\$20,345
20 Yearly Capital Recovery Charge-Principal 6/30/2021 (7)	\$4,648	\$0	\$2,139	\$2,509
21 Yearly Capital Recovery Charge-Interest 6/30/2021 (7)	\$11,930	\$0	\$6,716	\$5,214
22 Yearly Capital Recovery Charge-Principal 6/30/2022 (8)	\$3,441	\$0	\$1,580	\$1,861
23 Yearly Capital Recovery Charge-Interest 6/30/2022 (8)	\$8,832	\$0	\$4,964	\$3,868
25 Yearly Capital Recovery Charge-Principal 6/30/2023 (9)	\$114	\$0	\$52	\$62
26 Yearly Capital Recovery Charge-Interest 6/30/2023 (9)	\$290	\$0	\$163	\$127
27 Yearly Capital Recovery Charge-Principal 6/30/2024 (10)	\$1,767	\$0	\$808	\$959
28 Yearly Capital Recovery Charge-Interest 6/30/2024 (10)	\$4,529	\$0	\$2,536	\$1,993
29 Supplemental Water Project Yearly Replacement (11)	\$206,865	\$149,439	\$28,713	\$28,713
30 Total Annual Fixed Supplemental Charges	\$795,125	\$149,439	\$325,801	\$319,885

Total Volume and Annual Fixed Charges for Fiscal Year				
31 2025-2026 (Line 6 + Line 30)	\$8,101,658	\$5,021,435	\$1,543,069	\$1,537,153

32 Electrical Pumping Credit (not applicable this year)	\$0	\$0	\$0	\$0
33 SUPPLEMENTAL WATER BUDGET FISCAL YEAR 2025-2026	\$8,101,658	\$5,021,435	\$1,543,069	\$1,537,153

- (1) Per applicable amortization schedule as of 6/30/15-Schedule 1
 - (2) Per applicable amortization schedule as of 6/30/16-Schedule 2
 - (3) Per applicable amortization schedule as of 6/30/17-Schedule 3
 - (4) Per applicable amortization schedule as of 6/30/18-Schedule 4
 - (5) Per applicable amortization schedule as of 6/30/19-Schedule 5
 - (6) Per applicable amortization schedule as of 6/30/20-Schedule 6
 - (7) Per applicable amortization schedule as of 6/30/21-Schedule 7
 - (8) Per applicable amortization schedule as of 6/30/22-Schedule 8
 - (9) Per applicable amortization schedule as of 6/30/23-Schedule 9
 - (10) Per applicable amortization schedule as of 6/30/24-Schedule 10
 - (11) Annual replacement contribution of total Supplemental Water Project cost of \$20,686,509 assuming a 100 year project life = \$206,865 per year not to exceed \$3,000,000 adjusted annually for CPI per agreement
- NCSD = Nipomo Community Services District
WMWC = Woodlands Mutual Water Company
GSWC = Golden State Water Company
- (A) 2500 ACRE FEET PER CONTRACT

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP) - COST OF WATER PURCHASED FROM CITY OF SANTA MARIA (SM)
BUDGET FOR FISCAL YEAR 2025-26**

FISCAL YEAR	CITY OF SM RATE INCR EFF DATE	(a)	(b)	(c)	(d)	(a)*(d)
		ACRE FEET PURCHASED	CITY OF SM BASE Cost PER ACRE FOOT	CITY OF SM CHANGE IN ENERGY	(b)+(c) COST PER ACRE FOOT	TOTAL COST
FY 15-16	July 1, 2015 to June 30, 2016	1/7/2015	660 \$ 1,495.85	\$ 23.00	\$1,518.85	\$1,001,760
FY 16-17	July 1, 2016 to June 30, 2017	7/1/2016	860 \$ 1,570.77	\$ 17.00	\$1,587.77	\$1,385,482
FY 17-18	July 1, 2017 to June 30, 2018	7/1/2017	945 \$ 1,649.18	\$ -	\$1,649.18	\$1,558,475
FY 18-19	July 1, 2018 to June 30, 2019	7/1/2018	950 \$ 1,649.18	\$ 52.00	\$1,701.18	\$1,616,121
FY 19-20	July 1, 2019 to December 31, 2019	7/1/2019	487 \$ 1,649.18	\$ 45.92	\$1,695.10	\$825,514
FY 19-20	January 1, 2020 to June 30, 2020	1/1/2020	463 \$ 2,077.81	\$ 45.92	\$2,123.73	\$983,287
FY 20-21	July 1, 2020 to December 31, 2020	1/1/2020	555 \$ 2,077.81	\$ 45.92	\$2,123.73	\$1,178,670
FY 20-21	January 1, 2021 to June 30, 2021	1/1/2021	498 \$ 2,160.58	\$ 43.19	\$2,203.77	\$1,097,477
FY 21-22	July 1, 2021 to December 31, 2021	1/1/2021	539 \$ 2,160.58	\$ 43.19	\$2,203.77	\$1,187,832
FY 21-22	January 1, 2022 to June 30, 2022	1/1/2022	531 \$ 2,247.70	\$ 28.14	\$2,275.84	\$1,208,471
FY 22-23	July 1, 2022 to December 31, 2022	1/1/2022	582 \$ 2,247.70	\$ 28.14	\$2,275.84	\$1,324,539
FY 22-23	January 1, 2023 to June 30, 2023	1/1/2023	468 \$ 2,339.17	\$ 149.31	\$2,488.48	\$1,164,809
FY 23-24	July 1, 2023 to December 31, 2023	1/1/2023	525 \$ 2,339.17	\$ 149.31	\$2,488.48	\$1,306,452
FY 23-24	January 1, 2024 to June 30, 2024	1/1/2024	525 \$2,452.43	\$ 92.97	\$2,545.40	\$1,336,334
FY 24-25	July 1, 2024 to December 31, 2024	1/1/2024	525 \$2,452.43	\$ 92.97	\$2,545.40	\$1,336,334
FY 24-25	January 1, 2025 to June 30, 2025	1/1/2025	525 \$2,565.68	\$ 92.97	\$2,658.65	\$1,395,793
FY 25-26	July 1, 2025 to December 31, 2025	1/1/2025	1250 \$2,565.68	\$ 124.63	\$2,690.31	\$3,362,893
FY 25-26	January 1, 2026 to June 30, 2026	1/1/2026	1250 \$2,665.87	\$ 124.63	\$2,790.50	\$3,488,125

\$ 6,851,018

City of Santa Maria Adopted Rate Increases

Effective Date of City of SM Rate Increase	(e)	(f)	(e)*(f)
	Base Cost Per Unit (hcf)	Units per Acre Foot	Base Cost per Acre Foot
1/7/2015	\$3.43	435.6	\$1,495.85
7/1/2016	\$3.61	435.6	\$1,570.77
7/1/2017	\$3.79	435.6	\$1,649.18
7/1/2018	\$3.79	435.6	\$1,649.18
7/1/2019	\$3.79	435.6	\$1,649.18
1/1/2020	\$4.77	435.6	\$2,077.81
1/1/2021	\$4.96	435.6	\$2,160.58
1/1/2022	\$5.18	435.6	\$2,247.70
1/1/2023	\$5.37	435.6	\$2,339.17
1/1/2024	\$5.63	435.6	\$2,452.43
1/1/2025	\$5.89	435.6	\$2,565.68
1/1/2026	\$6.12	435.6	\$2,665.87

CITY OF SANTA MARIA - BASE ENERGY COST ADJUSTMENT (A)

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
(1) Current CPI (July)	258.017	264.979	261.037	281.402	289.173	307.536	343.597	390.049	418.679	413.420
(2) Base Period CPI (May 2013)	264.188	264.188	264.188	264.188	264.188	264.188	264.188	264.188	264.188	264.188
(3) Index Point Change (1)-(2)	-6.171	0.791	-3.151	17.214	24.985	43.348	79.409	125.861	154.691	149.232
(4) Divided by prior period (3) + (2)	-0.023358366	0.00299408	-0.011927113	0.065158145	0.094572804	0.164080125	0.300577619	0.476406953	0.585533787	0.564870471
(5) Multiply by 100 for percent change (4) x 100	-2.335836601	0.299407997	-1.192711251	6.515814496	9.457280422	16.40801248	30.0577619	47.64069526	58.55337865	56.48704710
(6) Adjusted to 50% per agreement (5) x 50%	-1.167918301	0.149703999	-0.596355626	3.257907248	4.728640211	8.204006238	15.02888095	23.82034763	29.27668933	28.24352355
(7) Base Cost of Energy (Per Agreement)	206.85	206.85	206.85	206.85	206.85	206.85	206.85	206.85	206.85	206.85
(8) Energy Adjustment (7) x (6) + 100	-2.42	0.31	-1.23	6.74	9.78	16.97	31.06	49.27	60.56	58.42
(9) Adjusted Base Cost of Energy (7) + (8)	204.43	207.16	205.62	213.59	216.63	223.82	237.94	256.12	267.41	265.27
(10) CCWA BUDGET (Per published document)	\$227.27	\$223.71	\$191.77	\$265.90	\$262.54	\$267.02	\$266.08	\$405.43	\$360.38	\$389.90
(11) Change in Cost of Energy (10) - (9), not less than 0	\$23	\$17	\$0	\$52	\$46	\$43	\$28	\$149.31	\$92.97	\$124.63

(A) City of Santa Maria has agreed to implement the Base Energy Adjustment to coincide with the January 1 rate increases.

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2025-26**

OPERATIONS AND MAINTENANCE BUDGET

OPERATIONS AND MAINTENANCE	1000 AFY 2023-24 ACTUAL	1000 AFY 2024-25 BUDGET	1000 AFY 2024-25 EST ACTUAL	2500 AFY 2025-26 PROPOSED
Electricity	103,637	125,000	118,000	250,000
Labor (fully weighted)	85,837	60,000	60,000	65,000
Water	399	500	500	500
Chemicals	9,145	9,500	9,200	18,000
Outside Services	1,159	5,600	5,150	9,300
Permits and Operating Fees	1,259	1,300	1,200	1,300
Insurance (1)	20,545	28,000	29,000	32,000
Repairs and Maintenance	4,996	8,000	7,000	20,000
TOTAL OPERATIONS AND MAINTENANCE	226,977	237,900	230,050	396,100
Cost per acre foot @ 1,000 acre feet	226.98	237.90	230.05	158.44
Overhead allocation 15% of O and M	34.05	35.69	34.51	23.77

(1) SDRMA Insurance provider provided estimate for FY 25-26

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2025-26**

FUNDED REPLACEMENT RESERVES

	<u>FY 24-25</u> <u>EST ACTUAL</u>	<u>FY 25-26</u> <u>PROPOSED</u>
Beginning Balance, July 1	1,990,000	2,261,865
Collections during fiscal year		
NCS D	149,439	149,439
WMWC	28,713	28,713
GSWC	28,713	28,713
	<u>206,865</u>	<u>206,865</u>
Estimated interest income	<u>65,000</u>	<u>65,000</u>
Estimated Ending Balance, June 30	<u>2,261,865</u>	<u>2,533,730</u>

Note: Funds held in separate savings account at Five Star Bank

Funded Replacement Reserve Requirement - Pursuant to Section VIII (J)		
CPI Adjustment as of June 30, 2024		
CPI - 2024 Annual	332.194	
CPI - 2023 Annual	<u>(321.583)</u>	
	10.611	
Divide by previous period CPI ÷	<u>321.583</u>	
	0.0330	
	X 100.000	
Percent Change	<u>3.30</u>	
Maximum Balance computed as of June 30, 2024		3,979,415
Adjusted by CPI June 30, 2024 (\$3,979,415* 3.30%)		131,321
Maximum Balance adjusted as of June 30, 2025		<u>4,110,736</u>

CPI = Consumer Price Index
 NCS D = Nipomo Community Services District
 WMWC = Woodlands Mutual Water Company
 GSWC = Golden State Water Company

	CPI INDEX	ADJ	RUNNING BALANCE
			3,000,000
6/30/2016	0.907	27,210	3,027,210
6/30/2017	1.89	57,214	3,084,424
6/30/2018	2.79	86,055	3,170,479
6/30/2019	3.81	120,478	3,290,957
6/30/2020	3.07	101,032	3,391,989
6/30/2021	1.62	54,950	3,446,939
6/30/2022	3.83	132,018	3,578,957
6/30/2023	7.45	266,632	3,845,589
6/30/2024	3.48	133,826	3,979,415
6/30/2025	3.30	131,321	4,110,736

TO: BOARD OF DIRECTORS
REVIEWED: RAY DIENZO, P.E. *R.D.*
GENERAL MANAGER
FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: JUNE 5, 2025

**AGENDA ITEM
E-6
JUNE 11, 2025**

**AUTHORIZE AGREEMENT FOR CROSS-CONNECTION
INSPECTION SERVICES WITH SAN LUIS OBISPO COUNTY**

ITEM

Authorize agreement for Cross-Connection Inspection Services with San Luis Obispo County [RECOMMEND BY MOTION AND ROLL CALL VOTE AUTHORIZE THE GENERAL MANAGER TO EXECUTE AGREEMENT].

BACKGROUND

The County of San Luis Obispo ("County") currently provides cross-connection inspection services to the Nipomo Community Services District ("District"). The County tests all new backflow assemblies installed in the District, maintains a list of and tracks the annual testing for all backflow devices in the District. Based on the information tracked by the County, the District mails inspection due notices to customers as required. The District is required to report these activities to the California State Water Resources Control Board Division of Drinking Water on an annual basis as part of the Annual Public Water System report.

The existing agreement for these services expires on June 30, 2025. The County is requesting that the District sign the attached agreement in order to continue to receive cross-connection inspection services from the County. The agreement will be effective through June 30, 2035 and includes a 30-day termination for convenience provision.

FISCAL IMPACT

The approved Fiscal Year ("FY") 2025-2026 budget includes funding in the amount of \$25,000 for cross-connection inspection services. Agreement costs are billed on a time and materials basis. Actual costs vary year to year and are impacted by the number of new connections. Actual costs for the last three fiscal years have been as follows:

Fiscal Year	Actual Cost
FY 22-23	\$11,994
FY 23-24	\$12,461
FY 24-25	\$11,685

STRATEGIC PLAN

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

RECOMMENDATION

Staff recommends that the Board authorize the General Manager to execute the Agreement for Cross-Connection Inspection Services with the County of San Luis Obispo.

ATTACHMENTS

- A. Agreement for Cross-Connection Inspection Services

JUNE 11, 2025

ITEM E-6

ATTACHMENT A

AGREEMENT FOR CROSS-CONNECTION INSPECTION SERVICES

This Agreement for Cross-Connection Inspection Services ("Agreement") is made and entered into by and between the County of San Luis Obispo, a public entity in the State of California, ("County") and Nipomo Community Services District ("Contractor"), (collectively, "Parties").

WITNESSETH:

WHEREAS, Contractor, within its jurisdictional boundaries or area of responsibility, is in need of special services; to wit, cross-connection inspection services; and

WHEREAS, County has qualified staff who are trained, experienced, expert and competent to provide cross-connection inspection services for the appropriate fees and pursuant to the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the covenants, conditions, agreements and stipulations set forth herein, the Parties hereby mutually agree as follows:

1. **Services.** The Parties agree to perform the services described in Exhibit A, attached hereto and incorporated herein by this reference.
2. **Compensation.** The Parties agree to the compensation described in Exhibit B, attached hereto and incorporated herein by this reference.
3. **Duration.** The Parties agree to the duration described in Exhibit C, attached hereto and incorporated herein by this reference.
4. **General Conditions.** The Parties agree to the general conditions described in Exhibit D, attached hereto and incorporated herein by this reference.
5. **Special Conditions.** The Parties agree to the special conditions described in Exhibit E (if any), attached hereto and incorporated herein by this reference. To the extent that there are conflicts between the general conditions in Exhibit D and the special conditions in Exhibit E, the terms and conditions of the special conditions in Exhibit E shall be controlling.
6. **Notices.** Notices required under this Agreement shall be provided to:

COUNTY OF SAN LUIS OBISPO
Matthew A. Giuffrida
Cross-Connection Control Specialist
2156 Sierra Way, San Luis Obispo, CA 93406

Nipomo Community Services District
Ray Dienzo, General Manager
PO BOX 326
Nipomo, CA 93444

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set for the below.

CONTRACTOR

By: _____ Date _____ Ray Dienzo,
General Manager

COUNTY OF SAN LUIS OBISPO:

By: _____ Date _____ Nicholas
Drews, Health Agency Director

APPROVED AS TO FORM AND LEGAL EFFECT:

Jon Ansolabehere
County Counsel

By: _____ Date _____ Deputy
County Counsel

AGREEMENT FOR CROSS-CONNECTION INSPECTION SERVICES

EXHIBIT A

SCOPE OF SERVICES

1. Contractor Obligations. The Contractor shall perform the following duties:
 - A. Contractor will prepare, adopt, and furnish all appropriate ordinances, resolutions or policies.
 - B. Contractor may include in any will-serve letters to water users a contractual obligation to comply with ordinances, resolutions and policies pertaining to cross-connections. Notice shall be given in a will-serve letter that violations of the cross-connection ordinances, resolutions or policies may result in a later termination of water service to the extent allowed by law.
 - C. Contractor may pursue appropriate enforcement, including, but not limited to, contract remedies.
2. County Obligations. The County, acting through the Public Health Department, Environmental Health Division, shall perform the following duties within the Contractor's areas of responsibility:
 - A. County will conduct a survey by performing a thorough inspection of all water uses for cross-connections. County will prioritize surveys of special hazard facilities. If corrections are necessary or if other need arises, County will conduct additional surveys as needed to confirm compliance, follow-up on corrections or identify newly created cross-connections.
 - B. County will prepare and maintain written survey reports, water user notices, correction notices and follow-up reports.
 - 1) Water User Notices.
 - a. County will provide a written survey report to a water user listing cross-connections found on the user's premises. County will notify the water user of corrective action required, if any, and the required compliance date.
 - b. County will follow up with the water user to confirm that corrective action was performed in a timely manner and compliance has been achieved or if non-compliance continues. County will inform the water user of further corrective action and required compliance dates as needed. County will re-inspect as needed until compliance is

accomplished.

- 2) Contractor Notices. County will provide a copy of the survey report and letter to the water user to the Contractor. County will provide a copy of the follow-up letters(s) to the user confirming compliance or notifying the water user of further corrective action and compliance dates.

C. County will perform the following enforcement measures.

- 1) To the extent the County would normally prosecute San Luis Obispo County Code violations, County may prosecute violations of any County ordinances related to cross-connections.
- 2) County will also cite any State laws, non-County ordinances, Contractor ordinances, resolutions or policies in a correction letter to a water user.
- 3) Contractor may pursue enforcement as appropriate. In the event of litigation in any tribunal with the power to issue subpoenas, and provided a subpoena is issued for a County employee with the appropriate fees tendered as per Government Code, section 68096.1, County employees, if still in County service, shall appear and testify as a witness regarding cross-connections. County employees may be interviewed or deposed to prepare for litigation.

D. Backflow Prevention Devices.

- 1) County will determine the necessity of backflow prevention devices at the water service connection for the protection of the water main where internal protection does not solve the total cross-connection problem.
- 2) County will maintain a list of known backflow devices and the known location of the devices in service in the Contractor's service area.
- 3) County will provide a diagram for the proper installation of approved backflow prevention devices. If a manufacturer's installation instructions, diagrams or both are available, providing the manufacturer's material shall satisfy this obligation.

E. County will perform plan checks of water usage when requested by the water purveyor/district when necessary to supplement Building Department plan reviews.

F. Testing. Testing of backflow devices is required as per the Cross-Connection Control Policy Handbook issued by the State Water Resources Control Board, as hereafter amended. At present, testing is required annually.

- 1) County will notify the water user when testing is due.
- 2) County will supply a list of qualified backflow prevention device testers.
- 3) County will follow up on delinquent reporting of test results.
- 4) County will update records when testing reports are received.
- 5) County will evaluate testing results for inadequacies.

G. Technical Consultations. County will provide technical consultation with Contractor. At present, the County normally coordinates cross-connection control program elements with other water purveyors, districts, and users. To the extent this service continues in the future, County will continue to coordinate cross-connections with other jurisdictions or responsible purveyors or water users and will share information that is not restricted due to confidentiality. Contractor will also provide reciprocal technical consultants and non-confidential information to County.

AGREEMENT FOR CROSS-CONNECTION INSPECTION SERVICES

EXHIBIT B

COMPENSATION

1. Time and Costs. This is a time and costs Agreement. The cross-connection inspection services shall be charged hourly. Additional costs shall include, but not be limited to, "out-of-pocket" costs.
 - A. Hourly Rate-. The hourly rate shall include compensation for the County's inspector staff, departmental overhead, and clerical support and office supplies. The hourly rate for FY 2025-26 is \$149 per hour. The San Luis Obispo County fee schedule is located at the following link:
<https://www.slocounty.ca.gov/departments/health-agency/public-health/environmental-health-services/forms-documents/fees>
 - 1) The San Luis Obispo County Board of Supervisors establishes, amends and modifies the hourly rates at least annually and at other times as necessary. The rate establishment and amendments are "events of independent significance" and are subject to public review and are part of the public record. These rates are specific, identifiable and enforceable.
 - 2) There is a public notice of the Board's proposed action and action to amend the rates through the process of the Board's regularly scheduled meetings. Therefore, the rates will change by the public, unilateral action of the Board of Supervisors without further agreement or action by Contractor.
 - 3) The duly adopted current rates and subsequent amendments to the rates shall be binding in this Agreement without additional written amendments to this Agreement. Upon the effective date of the rate change, all services provided on or after that date shall be charged at the new rates.
 - B. Costs. Additional costs shall be itemized. Additional costs shall include, but not be limited to, out-of-pocket expenses.
 - C. Administrative Costs. Administrative costs are charges to water purveyors based on the number of their service connections, which compensates the County of San Luis Obispo for time that benefits the Cross Connection Program but cannot be attributed to an individual water purveyor.

2. Billing. County shall submit an itemized statement to Contractor on or before the 15th day of every other month for all services rendered during the previous two calendar months. Contractor shall remit to the County of San Luis Obispo all uncontested amounts listed on the itemized statement not later than thirty (30) days after it is received by the Contractor.

AGREEMENT FOR CROSS-CONNECTION INSPECTION SERVICES

EXHIBIT C

DURATION

1. Effective Date. The effective date of this Agreement shall be July 1, 2025.
2. Service Date. Services shall commence on or after the Effective Date and shall end upon the Duration Date.
3. Duration Date. This Agreement shall terminate on June 30, 2035. This Agreement may be terminated prior to the Duration Date in accordance with the termination provisions in Exhibit D of this Agreement.
4. Termination. The San Luis Obispo County Board of Supervisors specifically delegates to the Director of the San Luis Obispo County Health Agency the authority to terminate this Agreement in accordance with the provisions in Exhibit D without further need for action, approval or ratification by the Board of Supervisors.

AGREEMENT FOR CROSS-CONNECTION INSPECTION SERVICES

EXHIBIT D

GENERAL CONDITIONS

1. Termination for Convenience. Either Party may terminate this Agreement at any time by giving the other Party thirty (30) days written notice of termination. Termination for convenience shall have no effect upon the rights and obligations of the Parties arising out of any services provided prior to the effective date of such termination. County shall be paid for all work satisfactorily completed prior to the effective date of termination.

2. Termination for Cause. If any of the following occur, either Party shall have the right to terminate this Agreement effective immediately upon giving written notice to the other Party. Rights or obligations of either Party for services satisfactorily performed prior to the termination shall not be affected.
 - A. Either Party fails to perform its duties in a timely and professional manner.
 - B. Funds intended for use for compensation in this Agreement become unavailable for use for the purposes of this Agreement.

3. Status of the Parties' Officers/ Employees/ Agents. Neither Party's officers, employees, agents, partners, other contractors or subcontractors shall be deemed to be employees of the other Party at any time. Nothing in this Agreement shall be construed as creating a civil service employer-employee relationship or a joint venture relationship. No officer, employee, agent, partner, other contractor or subcontractor of the other Party shall be eligible for membership in or any benefits from any County group plan for hospital, surgical, or medical insurance, or for membership in any County group plan for hospital, surgical, or medical insurance, or for membership in any County retirement program, paid vacation, paid sick leave, other leave, with or without pay, collective bargaining rights, grievance procedures, appeals to the Civil Service Commission or any other benefits which inures to or accrues to a County civil service employee. County employees shall not have those rights in Contractor's benefits and programs. The only performance and rights due to the other Party are those specifically stated in this Agreement.

4. Warranty of Professional Service. Each Party warrants that professional staff is necessary to perform this Agreement and that staff members will at all times be properly trained, certified and licensed under the laws and regulations of the State of California to provide the special services herein described. If for any reason staff members are required to provide professional services and all reasonably available staff are not

qualified, this Agreement is automatically canceled effective the same date.

5. Authority. Any individual executing this Agreement on behalf of Contractor represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of the Contractor, and that this Agreement is binding upon Contractor in accordance with its terms.
6. No Assignment of Agreement. Neither Party may delegate its rights or obligations under this Agreement and shall not assign or otherwise transfer its rights or obligations or any interest herein without the express prior written consent of the other Party. Any attempted assignment, transfer, delegation, hypothecation or subletting without the other Party's prior written consent shall be null and void.
7. Applicable Law and Venue. This Agreement has been executed and delivered in the State of California and covers services to be performed in California. The Parties agree that issues of validity, interpretation and enforcement shall be governed and determined by the laws of the State of California. All of the Parties' rights and obligations created hereunder shall be performed in the County of San Luis Obispo, State of California and such County shall be the venue for any action or proceeding arising out of this Agreement.
8. Severability. The invalidity of any provision of this Agreement shall not affect the validity or enforcement of any other provision of this Agreement.
9. Entire Agreement and Modifications. This Agreement supersedes all previous Agreements on the same subject and constitutes the entire understanding of the Parties hereto. No changes, amendments or alterations shall be effective or binding unless in writing and signed in advance of the effective date by both Parties.

AGREEMENT FOR CROSS-CONNECTION INSPECTION SERVICES

EXHIBIT E

SPECIAL CONDITIONS

The records required by this Agreement shall be retained for a minimum period of:

- A. Three (3) years in accordance with Cross-Connection Control Policy Handbook issued by the State Water Resources Control Board, and as hereafter amended.
- B. All surveys noticed and all correspondence with a water user, County or Contractor shall be maintained for a minimum of five (5) years after compliance has been certified by the County or the longest statutory period cited above, whichever is longer. After five (5) years, the records may continue to be maintained in hardcopy, microfiche or electronic form, if needed, at the sole option of the County.

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TO: BOARD OF DIRECTORS
 FROM: RAY DIENZO, P.E. (R.D.)
 GENERAL MANAGER
 DATE: JUNE 6, 2025



GENERAL MANAGER’S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is 5/25/2025 – 6/7/2025.*

DISTRICT BUSINESS

Administrative

The District encourages residents to provide reports of any observed water waste. The District also keeps an accounting of leak adjustments as a measure of non-revenue water lost to leaks and tracks late fee waivers. The table below provides May 2025 data and calendar year 2025.

OFFICE ACTIVITIES	May 25	Jan 25 – May 25
Leak Adjustments	0	15
Leak Adjustment Amount	\$0	\$2446.55
Late Fee Waivers	10	41
Late Fee Waiver Adjustment Amount	\$171.05	\$942.49

Water Resources

For the eleven (11) months of the 2024-2025 Fiscal Year, the District’s total combined production, including groundwater production wells and supplemental water imported through the Joshua Road Pump Station, registered **1767.4 AF**.

The District imported more water through the Joshua Road Pump Station than it produced from groundwater sources. This trend will continue through the year as the District strives to maintain the 50% groundwater reduction goal while also reaching the District’s contract import water take amount of 1,000 AFY minimum.

Table 1. Total Production Acre Feet (AF)

	May 25	Jul 24- May 25
Groundwater Production	74.6	672.3
Supplemental Water Imported	<u>109.7</u>	<u>1095.1</u>
Total Production	184.3	1767.4

2024-2025 Fiscal Year Groundwater Pumping Forecast

Table 2 below projects the District’s groundwater pumping reduction for the 2024-2025 Fiscal Year. Though we are currently in Stage 2 conditions under the NMMA Water Shortage Response Stages; with a targeted groundwater pumping reduction goal of 20%, the District voluntarily aims to pump no more than 1,266 AFY (50% of the 2009-2013 average District GW Pumping).

Table 2. Projected Groundwater Pumping

	May-25	Projected Jul-24 to June-25	Over/(Under)
NCSW GW Well Production	74.6	750.14	
Purveyor Customer Credit (33.3% of Import Water)	36.5	400.76	
NCSW Total Calculated GW Production	111.1	1,150.9	116
50% of Average GW Production for 2009-2013		1,266.7	AF

As demonstrated in Table 2, the District achieved its 50% groundwater pumping reduction target by 116 AF under the conditions stated in the previous paragraph.

Other Items

- Dana Reserve Project – developer submitted revised project to the County of SLO
- Water Rate Study – In progress; target effective date of January 2026
- Strategic Plan Update – pending availability of the consultant who performed the previous plan update.
- Regional Water Management Group (RWMG) update
 - o Staff attended the 6/4/2025 meeting to receive an update on the Central Coast Blue project’s (CCB) award in the Proposition 1, Round 2 Integrated Regional Water Management Implementation Grant.
 - o County staff asserts that the revised project scope is “significantly different” from what was authorized by the County Board of Supervisors. The revised project differs in both scope and construction completion. The City of Pismo Beach is the lone agency doing the project.
 - o The RWMG voted to support County Staff’s recommendation to bring the issue back to the County Board of Supervisors consider alternate suite of projects to replace CCB. The grant money that would be available is \$1M.

Water Meter Conversion to Advanced Metering Infrastructure (AMI) Progress Update

- The following table shows a summary of the District’s progress to convert from manual read water meters to AMI meters. AMI provides instant meter reads and provides up to date information and history of water use. Water loss due to leaks can be addressed in a timely manner. The District is on track for full AMI conversion by 2030.

FISCAL Year	Meters converted	PLANNED			ACTUAL		OVER/ UNDER TARGET
		ADD	TOTAL	%	TOTAL METERS ON AMI	%	
2021-2022	0	800	800	-18%	954	21%	+154
2023	800	500	1,300	-29%	1,572	34%	+272
2024	1,300	500	1,800	-40%	1,910	42%	+110
2025	1,800	500	2,230	-50%	2,222	49%	-8
2026	2,230	500	2,800	-62%			
2027	2,800	500	3,300	-73%			
2028	3,300	500	3,800	-85%			
2029	3,800	500	4,300	-95%			
2030	4,300	200	4,500	-100%			

Monthly Investment Policy Report

Pursuant to Section 8.A. of the Investment Policy
Nipomo Community Services District
 Investments
 May 31, 2025

<u>Investments</u>	<u>CUSIP</u>	<u>Purchased</u>	<u>Maturity</u>	<u>Yield to Maturity</u>	<u>Par Value(1)</u>
Certificate of Deposit - Simmons Bank Pine	82869AGJ8	6/17/2024	6/17/2025	5.30%	\$ 237,000
Certificate of Deposit - Bar Harbor Bank & Trust	066851YJ9	6/17/2024	6/17/2025	5.30%	\$ 237,000
Certificate of Deposit - Charles Schwab	15987UCW6	6/20/2024	6/17/2025	5.35%	\$ 237,000
Certificate of Deposit - CFSBank Charleroi PA	12526AAP2	6/20/2024	6/20/2025	5.30%	\$ 237,000
Certificate of Deposit - Western Alliance Bank	95763PTU5	6/21/2024	6/20/2025	5.40%	\$ 237,000
Certificate of Deposit - Galeway Bank Mendota	36758RFA1	6/21/2024	6/20/2025	5.30%	\$ 237,000
Certificate of Deposit - Byline Bank Chicago	12441PBQ8	6/21/2024	6/20/2025	5.35%	\$ 237,000
Certificate of Deposit - Oxford Bank	69141NAL8	4/4/2025	4/10/2026	3.90%	\$ 240,000
Certificate of Deposit - Morgan Stanley Salt Lake	61690D2C1	4/8/2025	10/12/2027	4.10%	\$ 244,000
Certificate of Deposit - Morgan Stanley NY	61776NPY3	4/8/2025	10/12/2027	4.28%	\$ 13,781,520
Local Agency Investment Fund-LAIF					

(1) Par Value is the Face Value of the investment when it matures

Investment Total \$ 15,924,520

Summary of Electronic Transfers (greater than \$500,000)

<u>Transfer Date</u>	<u>Amount</u>	<u>Transfer From</u>	<u>Transfer To</u>
NONE			

Upcoming Water Resource and Other Meetings

6/9/2025	- Integrated Waste Management Authority (IWMA) Local Task Force	1:00 PM	Teams
6/11/2025	- NCSD Board Meeting	9:00 AM	District Board Room
6/11/2025	- Blacklake/NCSD Oversight Committee	2:00 PM	District Board Room
6/19/2025	- Countywide Water Action Team - DESAL	1:00 PM	Teams
7/3/2025	- NMMA - TG	10:00 AM	Teams
7/4/2025	- Independence Day Holiday Office Closed		

Safety Program

- No issues

RECOMMENDATION

Staff seeks direction for format changes or future information your Board would desire to be included in future general manager reports.