

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2015-1371**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING A WATER RESOURCES POLICY**

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

WHEREAS, the District's current water supply is groundwater extracted from the Nipomo Mesa Management Area (NMMA) as established by the court in the Santa Maria Groundwater Litigation (also referred to as the Nipomo Mesa Water Conservation Area (NMWCA) by the County of San Luis Obispo, pursuant to County Ordinance 3090), of the Santa Maria Groundwater Basin; and

WHEREAS, pursuant to Section VI D(1) of the June 2005 Stipulation as incorporated into the January 25, 2008, Final Judgment in the Groundwater Litigation, the Nipomo Mesa Management Area Technical Group has declared that a "Potentially Severe Water Shortage Condition" exists within the Nipomo Mesa Management Area; and

WHEREAS, the San Luis Obispo County Department of Planning and Building's 2004 Resource Capacity Study for the Water Supply in the Nipomo Mesa Area recommended a Level of Severity III (existing demand equals or exceeds dependable supply) be certified for the Nipomo Mesa Area and that measures be implemented to lessen adverse impacts of future development (said Study and referenced documents are incorporated herein by reference); and

WHEREAS, the San Luis Obispo County Board of Supervisors ("County") in June 2007, certified the Nipomo Mesa Water Conservation Area as a Severity Level III, meaning that existing water demand equals or exceeds the dependable supply; and

WHEREAS, the resource protection goals of the San Luis Obispo County South County Area Plan include the following:

- Balance the capacity for growth allowed by the Land Use Element with the sustained availability of resources.
- Avoid the use of public resources, services and facilities beyond their renewable capacities, and monitor new development to ensure that its resource demands will not exceed existing and planned capacities or service levels; and

WHEREAS, the District is constructing a supplemental water project to increase its available water supply and meet the District's share of the court ordered commitment to bring a minimum of 2,500 AFY of supplemental water to the Nipomo Mesa Management Area (NMMA); and

WHEREAS, the District's supplemental water project includes a 500 AFY capacity reservation for new development within the District's existing boundaries consistent with the court order requirements that all new urban water demand within the NMMA be met with new developed water; and

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

- A. That the purpose and intent of this Resolution is consistent with the purposes found in the Judgment and Stipulation in the Ground Water Litigation imposing a physical solution to assure long term sustainability of the groundwater basin and the San Luis Obispo County's certification of a Severity Level III for the waters underlying the NMWCA and;
- B. That adopting this Resolution will ensure the water supply for the greater public benefit, with particular regards to domestic use, sanitation and fire protection by ensuring that all new urban demand within the District is satisfied with new developed water and;

WHEREAS, based on the Staff Report, Staff presentation, and public comment, the District Board of Directors further finds this Resolution is adopted for the protection of the health, safety and welfare of District water customers who depend on the underlying ground water basin as their source of water supply.

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

- 1. Exhibit "A", attached hereto, is hereby incorporated by this reference as the District's Water Resources Policy
- 2. The above Recitals are true and correct and incorporated herein by reference.


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

AYES: Directors Eby, Woodson, Blair, Gaddis, and Armstrong
NOES: None
ABSENT: None
CONFLICTS: None

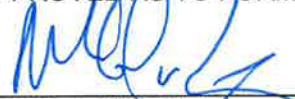
the foregoing resolution is hereby adopted this 8th day of April 2015.


CRAIG ARMSTRONG
President of the Board

ATTEST:


MICHAEL S. LEBRUN
General Manager and Secretary to the Board

APPROVED AS TO FORM:


MICHAEL W. SEITZ
District Legal Counsel

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WATER RESOURCES POLICY**

EXHIBIT A

**NIPOMO COMMUNITY SERVICES DISTRICT
WATER RESOURCES POLICY**

Purpose

This policy statement is intended to support the mission of the NCS D to “provide our customers with reliable, quality, and cost-effective services now and in the future.” Further background on development of this policy can be found in Exhibit 1.

WATER RESOURCES POLICY STATEMENT

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

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- Within the service boundaries of Golden State Water Company (GSWC) and Rural Water Company (RWC), all new uses for water must be met by supplemental water (2005 Stipulation).

- In areas not served by GSWC, NCSO, or RWC, subject to stated exceptions in the 2005 Stipulation, all new urban uses resulting from land divisions must pay a supplemental water fee (SLO CO Ordinance 3090). The fee must be applied to a new supply of supplemental water. All new urban uses resulting from general plan amendment must utilize new sources of supplemental/developed water (SLO CO Ordinance 3090).

- Consistent with its mission to reliably provide its customers with water services, the District recognizes its responsibility to object to and contest actions that would enable violation of the 2005 Stipulation that new urban uses “shall provide a source of supplemental water, or a water resource development fee, to offset the water demand associated with that development.”

5. Supplemental water charges collected from inside the District boundary will be utilized to build out the current supplemental water project to full (3,000 AFY) capacity.
6. The District will continue cooperation with the County and NMMA groundwater producers to define and implement management measures that will protect area groundwater resources.
7. The District will continue working with the County and other regional purveyors and interested parties to define and acquire new sources of supplemental/developed water with the goal of continued improvement in the District’s long term water resources supply dependability.

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EXHIBIT 1

WATER RESOURCES POLICY STATEMENT BACKGROUND

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

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

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

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

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

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

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

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EXHIBIT 1

WATER RESOURCES POLICY STATEMENT BACKGROUND

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

In order to support the Stipulation, the District awarded construction contracts for Nipomo Supplemental Water Project, Phase 1 in June 2013. Phase 1 will have an initial capacity of 650 afy and is scheduled to be completed by July 2015.

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