

TO: BOARD OF DIRECTORS  
REVIEWED: RAY DIENZO, P.E. R.D.  
GENERAL MANAGER  
FROM: PETER V. SEVCIK, P.E.  
DIRECTOR OF  
ENGINEERING & OPERATIONS  
DATE: NOVEMBER 6, 2024

**AGENDA ITEM**  
**E-3**  
**NOVEMBER 13, 2024**

## **LETTER TO PURVEYORS REGARDING DELIVERY OF SUPPLEMENTAL WATER STARTING IN JULY OF 2025**

### **ITEM**

Consider Sending Letter to Purveyors Receiving Supplemental Water [RECOMMEND, BY MOTION AND ROLL CALL VOTE, DIRECT STAFF TO SEND LETTER TO PURVEYORS].

### **BACKGROUND**

The Nipomo Supplemental Water Project ("NSWP") delivers water purchased by the District from the City of Santa Maria and allows the District to reduce pumping from existing wells to reduce the potential for seawater intrusion on the Nipomo Mesa. The NSWP also increases the reliability of the District water supply by providing an additional source other than groundwater. The NSWP is required by the stipulation and judgment in the Santa Maria Groundwater Adjudication ("Stipulation"). Construction of the NSWP has been phased to manage the high capital cost of the project as well as track with the phased water delivery schedule.

In Section VI.A.6 of the Stipulation, the parties agreed that the District would import NSWP water and that local purveyor partners must purchase specified quantities of the NSWP annually, once the water is "capable of being delivered." The allocation of NSWP costs as well as the distribution and use of NSWP water is governed by the *Nipomo Supplemental Water Project Supplemental Water Management and Groundwater Replenishment Agreement* ("Agreement"), an agreement between the District, Golden State Water Company ("GSWC") and Woodlands Mutual Water Company ("WMWC"). At present, the District is offsetting its groundwater pumping with NSWP water. However, in July 2025, when the phased delivery increases to 2,500 acre-feet per year, the District will no longer be able to simply offset its groundwater pumping with NSWP water since the District's current total demand is in the range of 1,900 acre-feet per year. Thus, the District will need to deliver NSWP water to GSWC and WMWC starting in July 2025.

Before the District can deliver NSWP water to GSWC and WMWC, the existing GSWC interconnect at Primavera Lane and the existing WMWC interconnect at Via Concha Road need to be replaced to provide fully functional points of interconnection. In addition, a new interconnect at the end of the District's water system on Lyn Road needs to be constructed in order to provide water delivery to GSWC Cypress Ridge ("GSWC-CR"). Pipeline improvements to the District's water system in the Summit Station vicinity are also required for the GSWC-CR connection. Construction of the interconnects is underway and anticipated to be completed by April 2025. The pipeline improvements are currently out to bid and anticipated to be completed by July 2025. Thus, the NSWP water will be "capable of being delivered" to WMWC and GSWC by July 1, 2025,

as required by the Stipulation and the Agreement, and the District will expect WMWC and GSWC to begin their annual obligations to purchase water as of that date.

However, WMWC and GSWC must take actions to be able to receive the new supply of water. In September 2015, the District converted to chloramination as the disinfectant in the Water Distribution System. This ensured compatibility of the supplemental water purchased from the City of Santa Maria with the water the District pumped from its wells, and reduced the potential for trihalomethane (“THM”) formation that would exceed the Federal and State maximum contaminate level (“MCL”). The conversion required the District to install chloramination facilities at all its well sites.

Both WMWC and GSWC currently use chlorine as their disinfectant. District staff have informally notified WMWC and GSWC staff of this potential disinfectant compatibility issue. Both WMWC and GSWC are working on technical solutions to solve this issue. Though the District continues to work collaboratively with WMWC and GSWC, they will be solely responsible for maintaining the water quality within their own water systems once they receive the NSWP water.

The District is preparing a permit amendment for submittal to the State Water Resources Control Board Division of Drinking Water (“SWRCB DDW”) to allow the District to deliver NSWP water to WMWC and GSWC.

With about seven months before the date the NSWP water will be “capable of being delivered” to WMWC and GSWC, it is appropriate to formally remind the purveyors of this issue that needs to be addressed. Staff prepared the attached letter at the Board’s request.

**FISCAL IMPACT**

Budgeted staff time as used to prepare this staff report.

**STRATEGIC PLAN**

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

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

**RECOMMENDATION**

Staff recommends that the Board, by motion and roll call vote, review the letter, make any necessary edits, and direct staff to send the letter to Woodlands Mutual Water Company and Golden State Water Company.

**ATTACHMENTS**

- A. Draft Letter to Purveyors

NOVEMBER 13, 2024

ITEM E-3

ATTACHMENT A

# NIPOMO COMMUNITY

## BOARD MEMBERS

ED EBY, PRESIDENT  
DAN ALLEN GADDIS, VICE PRESIDENT  
GARY HANSEN, DIRECTOR  
PHIL HENRY, DIRECTOR  
MARIO IGLESIAS, DIRECTOR



*Serving the Community since 1965*

# SERVICES DISTRICT

## STAFF

RAY DIENZO, P.E., GENERAL MANAGER  
JANA ETTEDDGUE, FINANCE DIRECTOR/ASSIST GM  
PETER SEVCIK, P.E., DIRECTOR OF ENG. & OPS.  
CRAIG STEELE, GENERAL COUNSEL

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148 SOUTH WILSON STREET POST OFFICE BOX 326 NIPOMO, CA 93444 - 0326  
(805) 929-1133 FAX (805) 929-1932 Website address: [ncsd.ca.gov](http://ncsd.ca.gov)

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November 13, 2024

Rob Miller, General Manager  
Woodlands Mutual Water Company

Mark Zimmer, General Manager – Coastal District  
Golden State Water Company

### **Subject: Delivery of Nipomo Supplemental Water Project Water**

Dear Mr. Miller and Mr. Zimmer:

The allocation of Nipomo Supplemental Water Project (“NSWP”) costs, as well as the distribution and annual purchase of NSWP water, are governed by the stipulation in the Santa Maria Groundwater Litigation (“Stipulation”) and the *Nipomo Supplemental Water Project Supplemental Water Management and Groundwater Replenishment Agreement* (“Agreement”), an agreement between the District, Golden State Water Company (“GSWC”) and Woodlands Mutual Water Company (“WMWC”). At present, the District is offsetting its groundwater pumping with NSWP water as required by the Stipulation. However, in July 2025, when the phased delivery of supplemental water increases to 2,500 acre- feet per year, the District will no longer be able to simply offset its groundwater pumping with NSWP water since the District’s current total demand is in the range of 1,900 acre-feet per year. Thus, the District will deliver NSWP water to GSWC and WMWC starting in July 2025 as required by the Stipulation and the Agreement.

The District is currently constructing the NSWP Interconnects required to deliver water to your companies starting in July 2025. Construction is anticipated to be completed by April of 2025. The District is also preparing a permit amendment for submittal to the State Water Resources Control Board Division of Drinking Water (SWRCB DDW) to allow the District to deliver NSWP water to WMWC and GSWC. We fully expect that the NSWP water will be “capable of being delivered” by the District to WMWC and GSWC, and anticipate that WMWC and GSWC will then comply with their obligations to purchase the water annually.

The purpose of this letter is to respectfully remind WMWC and GSWC that the water the District will be delivering to WMWC and GSWC through the interconnects is disinfected with chloramines. Although the District will continue to work collaboratively with WMWC and GSWC, your companies will solely be responsible for maintaining the water quality within your own water systems once the NSWP water is delivered through the interconnects.

The District looks forward to this next step in water deliveries and continuing to protect the Nipomo Mesa's groundwater resources.

Sincerely,

**NIPOMO COMMUNITY SERVICES DISTRICT**

Ray Dienzo, P.E.  
General Manager

TO: BOARD OF DIRECTORS  
 FROM: RAY DIENZO, P.E. *R.D.*  
 GENERAL MANAGER  
 DATE: NOVEMBER 7, 2024

**AGENDA ITEM**  
**F**  
**NOVEMBER 13, 2024**

**GENERAL MANAGER'S REPORT**

**ITEM**

Standing report to your Honorable Board -- *Period covered by this report is 10/20/2024 – 11/9/2024.*

**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 October 2024 data, which is the most recent monthly data available.

<b>OFFICE ACTIVITIES</b>	<b>Oct 24</b>	<b>Jan 24- Oct 24</b>
Leak Adjustments	2	19
Leak Adjustment Amount	\$744.48	\$4297.67
Late Fee Waivers	15	48
Late Fee Waiver Adjustment Amount	\$280.63	\$3476.20

**Water Resources**

For the four (4) 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 **180.3 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.

	Oct 24	Jul 24- Oct 24
Groundwater Production	59.8	302.6
Supplemental Water Imported	<u>120.5</u>	<u>466.3</u>
Total Production	180.3	588.6

**NCSD GW Reduction**

The District's purveyor customers, Golden State Water Company and Woodlands Mutual Water Company, each are responsible for 16.66% (cumulatively 33.33%) of the imported water NCSD brings onto the basin through the NSWP. Of the 1,000 AF minimum imported water from the City of Santa Maria, 333 AF or 33.33% of the total imported water – whichever is greater – will be credited to these two purveyor customers. The credited amount must be added to the District's groundwater pumping total every month to reflect the groundwater pumped by these customers in-lieu of taking imported water from the District. Table 2, below, captures this data.

(No changes from 10/9/2024 Meeting)

	Oct-24	Jul 24 – Oct 24
NCSD GW Well Production	59.8	302.6
Purveyor Customer Credit (33.3% of Import Water)	40.1	155.4
NCSD Total Calculated GW Production	99.9	458.0
Average GW Production for 2009-2013	264.7	1064.2
NCSD Percentage of GW Reduction	55.3%	57%

**2024-2025 Fiscal Year Groundwater Pumping Forecast**

Below, Table 3 projects the District’s groundwater pumping reduction for the 2023-24 Fiscal Year. Though we are currently in Stage 2 conditions, we were under Stage 4 NMMA Water Shortage Response Stages conditions through eleven months; the District’s targeted groundwater pumping reduction goal is to pump no more than 1,266 AFY (50% of the 2009-2013 average District GW Pumping). The fiscal year 2024-25 actual – July through Oct – shows a groundwater pumping reduction of 57% .

Table 3. Projected Groundwater Pumping

	Jul-24	Aug-24	Sep-24	Oct-24	Year-to-Date	Target	Over/(Under)
NCSD GW Well Production	89.6	80.2	73.0	59.8	302.6		
Purveyor Customer Credit (33.3% of Import Water)	38.8	38.9	37.5	40.1	155.4		
NCSD Total Calculated GW Production	128.4	119.1	110.5	100.0	458.0	532.1	74
Average GW Production for 2009-2013	291.2	284.7	264.7	223.6	1,064.2	1,064.2	
NCSD Percentage of GW Reduction	56%	58%	58%	55.3%	57.0%	50.0%	

As demonstrated in Table 3, the District achieved its 50% groundwater pumping reduction target by 74 AcFt under the conditions stated in the previous paragraph.

**Other Items**

- Dana Reserve Annexation Progress
  - o LAFCO Hearing – 11/14/2024
- Sewer Rate Study – in progress - target effective date July 2025

**Blacklake Lighting District Update**

- Staff is aware that some of the streetlights are out. We are coordinating with PG&E since it is a power issue.

**Progress on Director Requests**

- Ad-Hoc Committee for Supplemental Water – this committee will most likely be formed when the new Board of Directors are seated in the Dec 11 meeting.
- The January report will include an update on the Meter Aging program, and the District financial snapshot

**Monthly Investment Policy Report**

Pursuant to Section 8.A of the District’s Investment Policy, we will be posting a summary of our current investments every month. The following are the state of our investments as of October 31, 2024.

Pursuant to Section 8.A. of the Investment Policy Nipomo Community Services District Investments October 31, 2024					
	<u>CUSIP</u>	<u>Purchased</u>	<u>Maturity</u>	<u>to Maturity</u>	
Treasury Bills-6 Month Treasuries	912797LF2	6/28/2024	12/5/2024	5.136%	\$ 3,886,000
CD's - Simmons Bank Pine- 12 month	82869AGJ8	6/17/2024	6/17/2025	5.30%	\$ 237,000
CD's - Bar Harbor Bank & Trust- 12 month	066851YJ9	6/17/2024	6/17/2025	5.30%	\$ 237,000
CD's - Charles Schwab-12 month	15987UCW6	6/20/2024	6/17/2025	5.35%	\$ 237,000
CD's - CFSBank Charleroi PA-12 month	12526AAP2	6/20/2024	6/20/2025	5.30%	\$ 237,000
CD's - Western Alliance Bank-12 month	95763PTU5	6/21/2024	6/20/2025	5.40%	\$ 237,000
CD's - Gateway Bank Mendota-12 month	36758RFA1	6/21/2024	6/20/2025	5.30%	\$ 237,000
CD's - Byline Bank Chicago-12 month	12441PBQ8	6/21/2024	6/20/2025	5.35%	\$ 237,000
CD's - Alpine Bank Glenwood-18 month	02081QCN8	6/28/2023	12/30/2024	5.15%	\$ 200,000
CD's - Mercantile Bank Grand-18 month	587379AM0	6/30/2023	12/30/2024	5.15%	\$ 200,000
Local Agency Investment Fund-LAIF				4.71%	\$ 13,474,593
<b>Investment Total</b>					<b>\$ 19,419,593</b>

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

**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**

- |            |  |          |                     |
|------------|--|----------|---------------------|
| 11/14/2024 | - LAFCO - Dana Reserve Hearing                     | 9:00 AM  | SLOCo Board Room    |
| 11/19/2024 | - NMMA - TG  | 9:30 AM  | Teams               |
|            | Coordination meeting County of Santa               |          |                     |
| 12/2/2024  | - Barbara and San Luis Obispo, City of Santa Maria | 10:30 AM | District Board Room |
| 12/11/2024 | - NCSD Board Meeting                               | 9:00 AM  | District Board Room |



**FUTURE BOARD AGENDA ITEMS**

Per Section 3.1 of the Board By-laws, "The General Manager, in cooperation with the Board President, shall prepare the agenda for each regular and special meeting of the Board of Directors."

Anticipated Board items for Dec 11, 2024:

- SWEAR IN AND SEAT NEW DIRECTORS
- ACCEPT FIRST QUARTER FISCAL YEAR 2024-2025 QUARTERLY FINANCIAL REPORT
- APPROVE NEWTON GEO-HYDROLOGY 2025 CONSULTING SERVICES CONTRACT
- AWARD WATER DISTRIBUTION SYSTEM IMPROVEMENTS – Pomeroy, Sea Pines, and Red Oak Water Mains
- ADOPT CYBER SECURITY POLICY

**SAFETY PROGRAM**

No reportable issues

**RECOMMENDATION**

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