

NIPOMO COMMUNITY SERVICES DISTRICT

MARCH 12, 2013

1:00 P.M.

SPECIAL MEETING NOTICE & AGENDA

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

APPOINTED COMMITTEE MEMBERS

MICHAEL K. NUNLEY, CHAIRMAN (NON-VOTING)
PETER V. SEVCIK, VICE CHAIRMAN (NON-VOTING)
DAN GARSON (VOTING)
DENNIS GRAUE (VOTING)
KATHIE MATSUYAMA (VOTING)
ROBERT MILLER (VOTING)
SAM SALTOUN (VOTING)
DAVE WATSON (VOTING)
DAN WOODSON (VOTING)

PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASST GM/FINANCE DIRECTOR

**MEETING LOCATION - District Board Room
148 S. Wilson Street, Nipomo, California**

- 1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL**
- 2. REVIEW DRAFT MINUTES FROM FEBRUARY 4, 2013, COMMITTEE MEETING**

RECOMMENDATION: Provide revisions or corrections to meeting minutes from the February 4, 2013, Committee meeting. Accept minutes as revised.
- 3. REVIEW DRAFT MINUTES FROM FEBRUARY 15, 2013, COMMITTEE MEETING**

RECOMMENDATION: Provide revisions or corrections to meeting minutes from the February 15, 2013, Committee meeting. Accept minutes as revised.
- 4. REVIEW DRAFT MINUTES FROM FEBRUARY 22, 2013, COMMITTEE MEETING**

RECOMMENDATION: Provide revisions or corrections to meeting minutes from the February 22, 2013, Committee meeting. Accept minutes as revised.
- 5. EDIT AND FINALIZE COMMITTEE REPORT**

RECOMMENDATION: Provide edits to Draft Final Report (dated February 26, 2013) and to Draft Executive Summary and direct Chairman to finalize the Report.
- 6. DISCUSSION OF "NEXT STEPS"**

RECOMMENDATION: Based on input and discussions with various Committee members, some may be interested in presenting their work to the Community in workshops or other forums. Some Committee members may wish to lead or participate in this effort after the report is finalized.

SPECIAL MEETING AGENDA
SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

7. ADJOURN

TO: EVALUATION COMMITTEE

FROM: MICHAEL K. NUNLEY, PE
CHAIRMAN

MKN

DATE: MARCH 8, 2013

AGENDA ITEM

#2

MARCH 12, 2013

REVIEW DRAFT MINUTES FROM FEBRUARY 4, 2013, COMMITTEE MEETING

ITEM

Review the Draft Meeting Minutes from the February 4, 2013, Supplemental Water Alternatives Evaluation Committee (Committee) meeting.

BACKGROUND

According to the Bylaws, the Committee must approve the meeting minutes. Draft minutes are to be posted online. If revised by the Committee during the approval process, final minutes will be posted to replace the draft minutes.

RECOMMENDATION

Provide revisions or corrections to the meeting minutes from the February 4, 2013, Committee meeting. Accept minutes as revised.

ATTACHMENT

DRAFT SWAEC Meeting Minutes – February 4, 2013

NIPOMO COMMUNITY SERVICES DISTRICT

FEBRUARY 4, 2013

1:00 P.M.

MEETING MINUTES

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

APPOINTED COMMITTEE MEMBERS

MICHAEL K. NUNLEY, CHAIRMAN (NON-VOTING)
PETER V. SEVCIK, VICE CHAIRMAN (NON-VOTING)
DAN GARSON (VOTING)
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SAM SALTOUN (VOTING)
DAVE WATSON (VOTING)
DAN WOODSON (VOTING)

PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASST GM/FINANCE DIRECTOR

MEETING LOCATION - District Board Room
148 S. Wilson Street, Nipomo, California

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Nunley called the Special Meeting of February 4, 2013, to order at 1:00 PM and led the flag salute. At roll call, all Committee members were present.

2. GENERAL MANAGER'S REPORT

General Manager Michael LeBrun met with Tom Geaslen on Friday but did not have anything in writing or further update on Oceano CSD's good faith offer to provide water to Nipomo CSD. In the meeting, Mr. Geaslen said he would provide additional information today and that his next step would be to provide a term sheet.

General Manager LeBrun and the Board are excited about the Committee's progress and look forward to getting an update at the Board meeting on February 13th. The Board is working hard on a parallel path to implement the phased Supplemental Water Project which could begin construction this spring.

Member Garson asked about the recent request for an abatement of the water service moratorium. General Manager LeBrun said at the Board meeting on January 23rd, a developer had requested that the Board rescind the moratorium for a specific development project and another group had requested the moratorium be rescinded for the Jim O. Miller Community Park that would be built near the District office. Both requests were denied by a 3-1 vote with the Board President dissenting. It was recommended that both proponents return in April when a Supplemental Water Project may be underway.

Member Garson asked if any projects had been approved since the Board had issued the moratorium. General Manager LeBrun responded no new applications after June 2012 had been reviewed, but some that had already been submitted were being processed. He said that some applicants were already in the approval process prior to that date and some of their approvals had already been perfected.

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Member Garson asked if Santa Maria Vista had been issued will-serves. General Manager LeBrun said that development project had been issued will-serves that were not transferable. A development agreement has been approved with the new owner. About 10 meters have been placed in that development.

Member Garson asked about the status of the Dana Wells. General Manager LeBrun noted the casings and a developer-installed pump were installed but the wells were never completed or activated. The pumps have been sitting in the well so long they are considered past their useful life. Some additional infrastructure would be required to tie them into the District system and the well equipment would need to be replaced.

Member Matsuyama asked if this status applied to all the wells and General Manager LeBrun responded this only applied to the Cheyenne and Mandy wells (the 2 "Dana Wells"). They are located off the west side of Camino Cabello. They are on the lower-producing side of the Oceano fault trace.

Member Garson asked if the Dana Wells could be tied into an 8-inch line that was installed as part of the development and if that pipeline is going to be used for the initial phase of the Supplemental Water Project. The General Manager explained that the wells are not located near the Maria Vista Estates development and there is a 12-inch waterline between Maria Vista Estates and the rest of the District distribution system along Orchard Road. There is also a sewer pipeline to convey wastewater from the development to the District wastewater system. The Orchard Road pipeline is a key component for delivering water from the Supplemental Water Project to the District. Member Garson asked if it was originally intended to deliver to Maria Vista Estates and is now being used to convey supplemental water in the opposite direction. General Manager LeBrun said this is accurate if water is provided from the City of Santa Maria. Chairman Nunley asked if the District had already accepted the waterline from the developer and the General Manager responded that it was accepted and now owned and operated by the District. Member Garson asked if Phase I of the Supplemental Water Project would tie into the 12-inch waterline and the General Manager said it would. Chairman Nunley asked the General Manager to show where the Dana Wells are located on a map. Chairman Nunley clarified that the Dana Wells are not in the Maria Vista development. Member Garson asked if the 12-inch waterline would be increased in future. The General Manager responded that the project would require pumps, new mains between the waterline and Tefft Street water mains, and that ultimately 6200 AFY delivery may require direct connection to the District's water tanks.

There was no public comment.

3. REVIEW DRAFT MINUTES FROM JANUARY 14, 2013, COMMITTEE MEETING

The Committee voted unanimously to approve the draft notes.

There was no public comment.

4. REVIEW DRAFT MINUTES FROM JANUARY 25, 2013, COMMITTEE MEETING

The Committee voted unanimously to defer review and approval of the notes until the next meeting.

Public Comment:

Julie Tacker (non-resident of Nipomo) recommended that the item be deferred since the minutes were not available on the website until today and it appears the Committee has not had a chance to review them.

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5. REVIEW SUBCOMMITTEE ASSIGNMENTS

Chairman Nunley introduced the item and expressed the District's appreciation for the Committee's meetings, conference calls, and hard work. He projected the Committee members' weighting recommendations on the screen, and noted he had received numbers from Members Woodson, Graue, Watson, Saltoun, and Matsuyama and all their information is displayed on the screen.

Member Graue said he felt it was worthwhile to document all the considerations incorporated in the alternative evaluation. However, there is a fair amount of repetition and redundancy among the 18 categories and this makes the weighting important. In order to develop a ranking, he thought the four important criteria were feasibility, cost, public support, and court compliance. He gave 30% to feasibility and cost, and 20% to public support and court compliance, respectively.

Member Saltoun agreed there are a lot of criteria that overlap. For example, 7 of the 18 are directed at supply and he discussed some examples of overlap and duplication that may skew the ranking outside of the intent of the bylaws. He noted he agreed with Member Graue that it was important to analyze all of the categories when performing their evaluation, however.

Chairman Nunley said he liked the tool that Member Saltoun had prepared for weighting since each member could apply their own ranking, and all would be averaged together instead of all members needing to agree on one set of weighting criteria. He also noted there are several criteria not included in the bylaws. Member Garson said the Committee respected the bylaws, but felt there were issues that should be evaluated that are not included in the bylaws and had identified evaluation criteria accordingly. He agreed there were several criteria related to each other and noted there could be a concern with weighting one set of criteria (such as supply) more heavily.

Member Miller asked Member Saltoun to discuss his weighting recommendations. Member Saltoun said the 3000 AFY supply category had been assigned zero points because it had been repeated three times in the matrix. Member Miller noted Member Saltoun had not narrowed the number of criteria as much as had Member Graue.

Member Watson said he had assigned the same weighting to all the criteria since he thought weighting assigned a second level of subjectivity to the analysis, and also felt this would require a second level of explanation to the public and it might divert attention away from the analysis itself.

Member Miller said there could be benefits to seeing how the raw rankings progress and putting them into different weighting models to see how the results compare. He would like to see all the criteria have some consideration and would favor a broader look similar to what Mr. Saltoun has done.

Member Matsuyama felt there were too many categories and was concerned it would be difficult to explain the Committee's work to the community. In addition, a couple of Committee meetings have been spent on weighting instead of the alternatives themselves where the time should be spent.

Member Woodson said it looked like the purpose of the spreadsheet is to develop an aggregate weighting system from all the Committee members' recommendations.

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Member Graue noted he did not want the list of evaluation criteria used in the ranking process to be so long that the Committee could not clearly identify which alternatives were preferred.

Member Watson said the Committee might need to explain why some of the higher cost items may be ranked very high, and weighting the criteria could complicate the Committee's ability to explain the ranking results in that case.

Member Garson thought the Committee may want to run through the raw scores and then look at weighting if the results do not make sense.

Chairman Nunley asked the subcommittees to present the scores for their alternatives.

Member Matsuyama said the subcommittee was collapsing graywater into the Conservation alternative analysis and provided scores. She read the subcommittees' scores for Conservation, Local Shallow Groundwater, and Dana Wells. (See attached matrix with full scores from the subcommittees.) She asked to add "Not feasible due to legal opinion" to the Riverside Wells title.

Member Miller presented subcommittee scores for Santa Maria Intertie Phase I, Full Project, Recycled Water Supplies, and Surface Water. He said he can provide a preliminary analysis of the Oceano option and the Chairman suggested he provide it at the end of the ranking discussion.

Chairman Nunley read the raw total scores and said he thought the Local Shallow Groundwater score looked high. Member Miller noted that while the Committee knows shallow groundwater is rising in some areas, it is difficult to estimate the quantity. He thought 1000 AFY was a safe assumption but reliability could vary widely at higher flows. Member Graue said a study is required to determine this. Member Garson asked how it could be scored in the absence of data. Member Miller said we know the shallow groundwater does not exist everywhere on the Mesa – it is present at Woodlands but not at Rural Water Company or Cypress. He thought 6200 AFY would be a stretch but thought a 10 implied a high level of certainty in supply, like seawater. Member Graue asked where the shallow groundwater exists and noted it had never been mapped according to Brad Newton. Member Miller said we know where it exists based on some well information and we know it is present above 300 feet in the Woodlands. It varies in production and quality from the lower aquifer. Member Graue said he was not clear this limited definition is what the subcommittee had in mind. Member Matsuyama said they felt this alternative required a study and could be used to emphasize the need for this work. Member Garson asked if Member Miller had worked with the subcommittee on scoring the alternatives based on his experience in the area, would the subcommittee have scored these the same? Chairman Nunley said the Committee did not need to use scoring to make a point with the Board, and they can have recommendations highlighting the need for a groundwater study without ranking it artificially high.

Member Matsuyama said the Committee could include a list of the major findings or a summary at the start of the alternative evaluations, and each of these major findings could be part of the executive summary. Member Saltoun said the comment column in the summary matrix could also include this information.

Member Watson asked if based on the numbers, there is a realistic chance to acquire 6200 AFY. Members Graue and Matsuyama said there is not enough information to confirm that for this analysis or for some of the conclusions in the other evaluations, but there could be

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enough water. Chairman Nunley said we could put numbers to some of the alternatives such as State Water because we know more about them, and is concerned about assigning artificially high numbers to an alternative to make a point. Member Garson said the subcommittee had not intended to score the criteria to make a point and they had tried to determine how much water shallow wells could provide, for example, but felt they could reconsider the scoring based on new information. Member Saltoun said the description of the variation in the ranking matrix could include a requirement for the aquifer study similar to the pilot testing reference for the solar distillation variation.

Member Miller said he had some data that could be provided about shallow groundwater that would help refine the supply-related scores. Chairman Nunley and Member Miller suggested having the Committee send some questions to the NMMA Technical Group members to get their input on whether the shallow groundwater supply is independent from deeper supply. Member Graue asked how we knew if the supplies were independent. Member Miller said there is some information based on water quality and Member Graue said Brad Newton had noted there was no information available on connectivity in December when he met with the Committee. Member Miller said this information is new. Chairman Nunley proposed that the Committee put a list of groundwater questions together. Member Saltoun suggested Member Graue could put the list together.

Chairman Nunley suggested that he take the weighted scores provided by the Committee members and apply the weights to the matrix, then provide this to the Committee for their consideration. He proposed presenting the raw scores on February 13th as a progress submittal to the Board along with some of the Committee's key findings. Member Garson agreed with the approach and felt the raw scores were the best information available at the time, and felt the Committee should bring their recommendations to the Board for consideration even though they are not related to the ranking process.

Member Garson felt the Oceano alternative should be part of what is presented to the Board even if it cannot be ranked yet. Member Saltoun suggested adding Oceano intertie as an alternative or as a variation to Santa Maria intertie alternative. Chairman Nunley thought the Oceano alternative could be a separate alternative instead of a variation of the Santa Maria alternative. Member Matsuyama said she agreed with Member Saltoun's suggestion and thought the Santa Maria alternative could be renamed Regional Waterline Projects and the Santa Maria and Oceano options could have a common theme. The Committee would like to encourage regional cooperation. Member Woodson asked if the Oceano alternative should be evaluated if it can only produce about 500 AFY. Member Graue noted that combinations should be considered, since several alternatives do not meet 3000 AFY individually but together could be significant. Member Matsuyama agreed. Member Graue noted that combining the South SLOCSD effluent and Oceano alternatives could yield several thousand AFY.

Member Miller gave a brief overview of findings. He noted the project would need to connect to the District system at Willow Rd and Hwy 1 according to Vice Chair Sevcik. Also, there is an alignment that is approximately 6 milesⁱ, though right of way may be very challenging. Costs are summarized below.

- Pipeline: \$7.8M to \$10.2M
- Booster Pump and Storage: \$1M to \$2M
- Chloramination: \$0.5M
- Design, environmental, admin, right of way, other non-construction costs: \$3M to \$4M

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The bottom line is that it will cost about \$13-14M, the same as Phase 1 of the Santa Maria project. The project would be constrained at considerably less flow than Santa Maria. Unit cost for purchasing the water is not clear at this time. Member Miller suggested the Fee Schedule for the Santa Maria Intertie be included in the list of approved documents. In 2013 dollars, Santa Maria water is about \$1570/AF and it increases annually. He noted Oceano's cost according to the last meeting was about \$1500/AF, so he would expect the costs would be similar but we do not know how it would escalate or how much markup OCSD would need to charge NCSD. He said it looks like Santa Maria is the more viable option due to similar capital costs, similar O&M costs, and more available supply. Member Saltoun noted the temporary nature of this water deal. Member Miller said Rural Water uses about 700 AFY and they are closer to OCSD than NCSD. However, even if all the water was able to be transferred to them, the other participants in the Supplemental Water Project would want to receive this water directly and would not be satisfied with all the water going to Rural Water Company. Member Garson asked how much Rural Water Company pays for their water. Member Miller said they only use groundwater and it is probably about \$150-200/AF including energy and other considerations. Member Garson said Rural Water Company would probably not have any incentive to pay for this water. Member Miller said the District should never close the door to an opportunity, but the small volume of water results in lower scores for this option. Chairman Nunley noted that time-related cost escalation (due to permitting & design timeline) would result in a higher capital cost for OCSD. Member Miller did not include an analysis of the use of the CCWA pipeline to convey the water to Nipomo since this had been addressed in other work by the Committee.

Member Saltoun said cost and supply are objective criteria unlike some of the more subjective ones, and the subcommittees had assigned numbers from 1 to 10 for cost without performing a full comparison of all alternatives per the rubric. Chairman Nunley said he had provided an administrative draft cost table to the Committee for their comment. Member Miller asked if it had been populated to the extent possible and Chairman Nunley said he would take another look and see if he could fill out more information.

Public Comment:

Vincent McCarthy, Nipomo resident, said he would have no idea what the graph meant if he were a member of the public. He asked how the Committee would know about any of this stuff and a hydrology study would be needed to establish any numbers. He asked if there was a specific definition of many of the categories and he felt this was far too complicated. He said people would look at their pocketbooks first and some would not be able to afford it. By 2015, 1000 AFY of water would be \$1.8M. He thought local groundwater could be used to supplement water supply if a study were performed.

Julie Tacker (non-resident of Nipomo) said the Committee had been on her radar. She said there was a quote from Mr. Geaslen about the OCSD Board authorizing a water offer. She had no knowledge of this being discussed at any of the District's public meetings, felt the Board had not given authorization at any public meetings, and felt the Committee should not consider this alternative until the Oceano public had considered it. She said OCSD had considered a water sale of \$2.0M for 100 AFY for transfer to Pismo Beach several years ago and the Oceano ratepayers had agreed to accept a rate increase instead of selling their water. She recommended the General Manager get a statement from the OCSD Board allowing this discussion to continue before they investigate this option further.

Lynn Hill (non-resident of Nipomo) property owner in Oceano and wife of former OCSD Board Member, said her tenants in Oceano had received three rate increases and no infrastructure had been fixed. She follows the OCSD meetings and said she had not seen

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any evidence that the Board had authorized developing a water deal, and she recommended the Committee not spend time analyzing this alternative until they had confirmed the Board was interested.

Ed Eby, Nipomo resident, said he did not think that shallow groundwater is considered supplemental water, unlike State Water, Santa Maria, Nacimiento, or OCSD water. Water taken out of the aquifer here does not help the solution to declining water levels. He thought it should be assigned the same rank as Santa Maria riverside wells. If the Court revisited this option, he did not think it would consider it helpful to addressing the problem.

He said the Santa Maria pipeline is ready to go out to bid in a month or two, whereas it will be many years to implement the OCSD intertie. This should be considered in the evaluation. He felt everyone agrees that time is of the essence due to the threat of seawater intrusion. He thought the weighting is a little complicated and he is not sure the Committee can assign relevant weightings to all the categories. A 100% weighting range assigns a false level of precision.

Julie Tacker asked if Member Miller had considered reusing oil pipelines in his analysis.

Member Saltoun said he thought there is a way to categorize the 18 criteria into supply, cost, and feasibility groups. Columns for each related criteria can be grouped together. He summarized conference calls with Andy Romer (senior pipeline engineer at AECOM and winner of the Bechtel pipeline award from ASCE last year) and Rich Haberman, a former District manager for CDPH. Romer had said it is expensive to evaluate oil pipeline condition and toxicity of hydrocarbons is nearly impossible to remove and requires flushing and then disposal of the flushing fluid. There is no lining that can be applied that is impermeable to hydrocarbons. Soil around old pipelines is probably contaminated and there are associated liability issues since the soil must be handled as a hazardous material. It is unclear if the liability goes to the new owner of the pipeline or the previous owner. Even putting a brand new pipe in a right-of-way of an abandoned oil pipeline still presents contaminated material handling concerns. Delivering any water for nonpotable uses through the abandoned pipelines results in air quality concerns and requires separation of any hydrocarbons at the end of the pipe. Rich Haberman said there are stringent legal requirements for separation between waterlines and other utility corridors, and material requirements that would prevent reuse of oil pipelines for potable water. There is concern that oil pipelines reused to convey recycled water could be mistakenly connected to potable water mains.

Chairman Nunley said the Committee had established 18 criteria to capture the Bylaw requirements and some criteria have very subtle differences. He said the Committee did not need to develop a weighting scheme or that all eighteen criteria be added to calculate a total raw score. The Committee will communicate their analysis, explain the issues, and total scores could even be removed from the matrix if desired and if weighting becomes a distraction.

Member Miller said he thought aggregating the criteria into a summary table and having the broad categories with the detailed information to back it up would be an informative exercise. Member Saltoun said the Graue/Matsuyama/Saltoun could take a look at aggregating the criteria into broad categories and provide a draft to the Committee for consideration. Chairman Nunley said he would take another look at the cost summary table and see how much he could fill in and then send to the Committee for review.

Member Watson felt the detailed evaluation should be in an Appendix and the matrix should be collapsed into a simplified presentation.

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Chairman Nunley said a simplified matrix could be included in the executive summary and the more detailed matrix could be included in the body of the report.

Member Woodson supports using the current matrix and keeping it to one page if possible.

Member Saltoun quoted sections from the bylaws on the Committee's requirements for their work product. He said the full matrix is the work product per the bylaws, and a simplified version could be added to this.

Chairman Nunley summarized the action items for the Committee:

- direct the Chairman to update the cost summary table and circulate it to the Committee;
- add Oceano intertie to the evaluation and to the matrix as a Regional Waterline Intertie Project; and
- add a summary matrix for the executive summary.

Member Graue suggested highlighting the key points in the executive summary. Member Watson recommended including a short description at the top of each evaluation writeup to explain the alternative. Member Miller said he would like to include a map in the report. Chairman Nunley said he would be sending a draft basemap with his markups to the Committee. It will include neighboring water companies, backbone water distribution system mains, District service area, NMMA boundary, Phillips 66, and other information.

Member Saltoun said Mr. Eby had mentioned the Nacimiento Water Supply Project and asked if the Committee should include it. Member Miller said the Committee could list it and say why they did not evaluate it. Member Saltoun felt it would be relatively straight-forward. Chairman Nunley said it had been evaluated in the 2007 Constraints Analysis and is mainly the cost for a pipeline. Member Saltoun added that treatment is also required since it is a raw water supply.

Member Watson asked if Nacimiento should be included in the Regional Intertie category.

The Committee voted unanimously to direct the Chairman to update the cost table; and direct the Committee to add the Oceano and Nacimiento intertie projects; develop a map; and direct the Graue/Matsuyama/Saltoun subcommittee to develop a draft summary matrix.

6. **COORDINATE COMPLETION OF DRAFT REPORT AND BOARD PRESENTATION**

Chairman Nunley presented the item. Member Watson said he did not think it would be difficult for the Committee to include the Oceano alternative in the matrix and discuss which alternatives rise to the top today based on raw scores. Member Matsuyama noted there was a pretty clear break between the top tier of projects and the next tier. She felt the Committee could rank categories of projects now. Member Miller asked if there would be another meeting between today and February 13. Chairman Nunley said he thought the Committee could meet late next week or the following week to focus on the draft report. He added a row to the draft matrix and the Committee walked through draft scores for each of the 18 evaluation criteria.

Member Watson said his subcommittee had approached the court compliance category as a scale of 1 to 10 whereas the rubric had only allowed scores of 1 or 10 for court compliance. Member Saltoun said the Committee should reevaluate the rubric, if necessary, so all Committee members use the same guidance. Member Miller said he felt the Oceano option could be considered similar to the Santa Maria intertie by the court, but had not been

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specifically approved so it should rank slightly lower for court compliance. Member Saltoun felt it would be challenging to evaluate how the court would view these alternatives since multiple parties are involved in the stipulation. Various members discussed the need to reevaluate the rubric for court compliance.

Member Garson noted that subcommittees performing rankings alone will result in scores that vary from what the full Committee may decide together.

Member Watson said he thought some of the alternatives that may not deliver water directly to the District, but still result in offsetting groundwater pumping, could be viewed favorably by the Court. Members Graue and Saltoun said the Court had specified the water must come from Santa Maria.

Chairman Nunley suggested the Graue/Matsuyama/Saltoun subcommittee look at where to include court compliance when regrouping the evaluation categories in the draft summary matrix.

Member Graue asked how public support could be ranked so high for the Santa Maria Intertie variations when the project had been voted down. Chairman Nunley responded that the assessment vote concerned project financing.

Member Matsuyama said the Committee could look at projects below a score of 100 as not being preferred. Member Saltoun noted some alternatives, such as reuse of Phillips 66 wastewater, scored low due to quantity but would be a great project. He thought the recommendations could include many smaller alternatives and strategies and not just one preferred project.

Member Watson noted the County and other regional entities are pursuing various water supply strategies such as recycled water, and these could be pursued concurrently with some of the top-ranked alternatives.

Chairman Nunley said he would send the weighted scores, based on the Committees' weighting recommendations, to the Committee for their consideration.

Member Miller clarified raw scores would be provided to the Board on February 13th. Chairman Nunley added that the Committee should include their recommendations, as well, apart from the matrix. He said the Committee can walk into that meeting with their recommendations and the matrix without submitting something in advance.

Member Saltoun asked for Vice Chair Sevcik's input. Vice Chair Sevcik noted the Santa Maria Waterline Intertie had ranked first, followed by local groundwater which has not risen to the top of other District planning efforts, then followed by desalination and State Water and then recycled water. The Committee's work further supports the District's efforts to continue looking at recycled water after the Southland WWTF upgrade is completed and to pursue desalination. The District certainly wants to be involved with desalination but may not be the right agency to lead that effort. There is an opportunity to work together with the Northern Cities on various efforts including desalination. He felt the Committee's work was providing good guidance to the District for years to come.

Public Comment:

Ed Eby, Nipomo resident, said only about 4-5 pages of the 30 to 50-page stipulation addresses the intertie project. He said the 4 purveyors on the Mesa, Conoco Phillips, and a

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landowner group worked out the solution for a supply to be imported to the Mesa. If the District did not comply with any provision of the stipulation, the first step would be to get agreement from all the entities in the stipulation and then it would go back to the Court. He noted everyone (Twitchell Reservoir owners, City of Santa Maria, and others) would need to approve a different project and Santa Maria would likely prefer the District get water directly from them. It is uncertain whether a different imported water supply would be approved by them, so court compliance scores should be a little lower (perhaps 8 out of 10) for Oceano. He noted you really needed to satisfy the stipulators instead of the Court. He added that Santa Maria did not want Nipomo to draw water from the CCWA pipeline and wanted them to get water directly from the City instead. He thought importing other water would not be opposed by the Mesa stipulators, but might be opposed by others if it is not the Santa Maria Intertie.

Member Garson said he thought stipulating parties could come back to the court for reconsideration of supply alternatives. Mr. Eby said he thought this was the case, but you still needed to get agreement from the stipulators first and the Court wouldn't amend the order without approval from the stipulating parties or a separate lawsuit.

Mr. Eby asked which "public" is being considered in scoring the Public Support criteria in the Oceano option. He doubted there would be much support from the Oceano community for this project. He looked at prior OCSD agendas and could find no agenda item to present a water offer to NCSO. He thought there needed to be some scrutiny of the authority to make an offer to NCSO.

Member Matsuyama asked if the OCSD General Manager had come to the Board to present the offer. Vice Chair Sevcik said General Manager LeBrun had met with Mr. Geaslen last Friday to request a term sheet but none had been submitted yet and there had been no other contact.

Member Miller asked if Member Saltoun would consider giving the presentation on Wednesday. Members Garson and Matsuyama expressed support and Member Saltoun said he would be willing. Member Saltoun asked if the reorganization and summary of the matrix would be included. Chairman Nunley said only the raw scores and talking points or recommendations would be presented. Member Garson asked who was preparing the talking points. He and various members collaboratively identified the following recommendations:

- More scientific study
- Regional approach
- Better public education and outreach, including specifically the Santa Maria Intertie
- Consideration of alternatives that individually do not meet supply goals, but can meet them together
- Conservation should be part of every project
- Inclusion of non-stipulating parties (well owners and agricultural users) in the solution

Chairman Nunley said he would draft these and email them to the Committee for consideration.

The Committee unanimously voted to assign Member Saltoun to present the matrix and recommendations to the Board on February 13th.

7. ASSIGN SPOKESPERSON TO PRESENT DRAFT REPORT TO THE BOARD

The Committee addressed this in Item 6.

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

There was no public comment.

8. PRESENT REFERENCE DOCUMENTS FOR REVIEW AND ACCEPTANCE

This item was deferred.

9. SET NEXT COMMITTEE MEETING DATE AND TIME

The Committee unanimously voted to meet at February 15 at 9:00 AM.

10. ADJOURN

Chairman Nunley adjourned the meeting at 3:52 PM.

ATTACHMENTS

Draft Matrix

Draft Weighting Worksheet

ⁱ 8 miles was stated at the meeting but corrected in notes from Member Miller after the meeting.

DRAFT

WORKING DRAFT - SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE RANKING MATRIX - WORKING DRAFT

DATE: 2/4/2013

SHOW RANKINGS

MAJOR ALTERNATIVES	VARIATIONS	CRITERIA																		FINAL SCORE	RANK			
		SUPPLY POTENTIAL			COST CONSIDERATIONS		COURT COMPLIANCE			CRITICAL MILESTONES FOR DELIVERY			RELI-ABILITY	PHASING	QUALITY		FEAS-ABILITY	SUSTAIN-ABILITY	PUBLIC SUPPORT			RAW SCORES		
		1,000 AFY	3,000 AFY	6,200 AFY	CAPITAL	O&M	Method	Quantity	Source	1,000 BY 2015	3,000 BY 2020	6,200 (Future)			Raw	Finished								
																				0.0%				
SW State Water Project	01A-SW	Acquire Unused Table A Allocation from SLOFCWCD		10	10	10	1	7	1	10	10	1	1	1	2	10	10	10	1	10	1	106		
	01B-SW	Acquire Excess Table A Allocation identified by CCWA & SLOFCWCD		10	10	1	2	7	1	10	10	1	5	1	2	10	10	10	2	10	1	103		
	02-SW	Purchase Unused Table A Allocation from SWP Participants & Buy-into CCWA Pipeline		10	3	1	8	1	1	1	10	10	1	1	2	1	10	10	3	10	1	84		
	03-SW	Reactivate Desal Plant in SB / Exchange for SWP Supplies - NOT FEASIBLE PER CITY OF SB		10	10	1	8	1	1	1	10	10	10	10	1	5	10	1	10	2	6	1	107	
C Demand Management / Conservation /	04-C	Conservation Programs (Current and Future)		1	1	1	10	10	1	1	10	1	1	1	10	1	10	10	10	10	10	99		
AIR Agricultural and Industrial Reuse	06-AIR	Agricultural Tailwater Reuse		3	1	1	1	1	1	1	1	1	1	5	1	1	10	3	10	5	48			
	07-AIR	Phillips 66 Refinery Process Water Reuse		1	1	1	4	8	1	1	10	1	1	1	8	1	5	10	8	10	10	82		
	08-AIR	Phillips 66 Refinery Thermal Waste Recapture - NOT FEASIBLE PER P66																						
	09-AIR	PXP Arroyo Grande Production Wastewater Reuse		9	1	1	5	3	1	1	10	10	1	1	10	1	10	10	7	5	3	89		
SM Regional Waterline Intertie Projects	10A-SM	Santa Maria Intertie - Phase 1		10	10	10	8	8	10	10	10	10	10	5	9	8	9	7	10	5	5	154		
	10B-SM	Santa Maria Intertie (Full)		10	10	10	8	8	10	10	10	10	10	5	9	8	9	7	10	5	5	154		
	10C	OCSD Intertie		5	2	1	4	7	1	1	10	1	1	1	5	3	9	7	5	4	4	71		
RWW Recycled Water Supplies	11-RWW	Acquire Supply from South SLO County Sanitary District		10	7	1	7	7	6	7	5	2	5	1	10	5	5	9	7	8	8	110		
	12-RWW	Acquire Supply from Pismo Beach		10	5	1	7	7	6	3	5	2	4	1	10	5	5	9	7	8	8	103		
LG Local Groundwater	13-LG	Local Shallow Aquifer		10	10	10	10	10	1	10	1	10	10	10	5	3	7	5	5	5	8	130		
	14-LG	Dana Wells		1	1	1	1	1	1	1	1	1	1	1	3	1	5	5	9	5	8	47		
	15-LG	Riverside Wells - NOT FEASIBLE PER LEGAL OPINION																						
SFW Surface Water	16-SFW	Oso Flaco Lake		1	1	1	2	2	1	3	1	1	1	1	3	2	1	9	1	3	3	37		
	17-SFW	Santa Maria River - NOT FEASIBLE PER LEGAL OPINION																						
SEA Seawater / Brackish / Other Desalination Options	19A-SEA	Seawater Desalination - P66 Outfall		10	10	10	2	9	1	10	10	1	1	10	10	10	1	10	3	9	5	122		
	19B-SEA	Seawater Desalination - New Outfall		10	10	10	2	9	1	10	10	1	1	10	10	10	1	10	3	9	5	122		
	19C-SEA	Brackish Water Desalination		10	10	10	2	9	1	10	10	1	1	10	10	10	3	10	3	9	5	124		
	20A-SEA	Solar Distillation - Inland (Pilot Project Required)		10	10	10	1	10	1	10	10	1	1	10	10	9	3	10	3	10	6	125		
	20B-SEA	Solar Distillation - Coastal (Pilot Project Required)		10	10	10	3	10	1	10	10	1	1	10	10	9	3	10	2	10	8	128		

DRAFT - WEIGHTING CALCULATIONS - DRAFT

DATE: 2/4/2013

MEMBER	RATIO HIGHEST TO LOWEST SCORE (SEE NOTES)	RANK	CRITERIA (USING RANK: HIGHEST 1 THRU LOWEST 18) (USING POINTS: WHOLE NUMBER FROM ZERO TO 1000)																	TOTAL	
			SUPPLY 1,000 AFY	SUPPLY 3,000 AFY	SUPPLY 6,200 AFY	COST CAPITAL	COST O&M	COURT COMPLIANCE METHOD	COURT COMPLIANCE QUANTITY	COURT COMPLIANCE SOURCE	MILESTONE 1,000 BY 2015	MILESTONE 3,000 by 2020	MILESTONE 6,200 (FUTURE)	RELIABILITY	PHASING	QUALITY RAW	QUALITY FINISHED	FEASIBILITY	SUSTAIN-ABILITY		PUBLIC SUPPORT
Garson, Dan	1.0 : 1	RANK (1-18)																			
		%																			
Graue, Dennis	0.0 : 1	POINTS (0-1000)				500	500	222	222	222								1000		666	3332
		%	0.00%	0.00%	0.00%	15.01%	15.01%	6.66%	6.66%	6.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	30.01%	0.00%	19.99%	100.00%
Matsuyama, Kathie	0.0 : 1	POINTS (0-1000)	0	0	4	7	6	0	0	2	0	0	0	9	0	0	3	1	8	5	45
		%	0.00%	0.00%	8.89%	15.56%	13.33%	0.00%	0.00%	4.44%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	6.67%	2.22%	17.78%	11.11%	100.00%
Miller, Robert	1.0 : 1	RANK (1-18)																			
		%																			
Saltoun, Sam	0.0 : 1	POINTS (0-1000)	1000	0	1000	1000	1000	250	1000	750	1000	250	750	1000	500	1000	0	1000	0	1000	12500
		%	8.00%	0.00%	8.00%	8.00%	8.00%	2.00%	8.00%	6.00%	8.00%	2.00%	6.00%	8.00%	4.00%	8.00%	0.00%	8.00%	0.00%	8.00%	100.00%
Watson, Dave	0.0 : 1	POINTS (0-1000)	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	18000
		%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	100.00%
Woodson, Dan	0.0 : 1	POINTS (0-1000)	913	830	240	673	719	620	959	980	887	797	0	937	860	557	760	1000	380	480	12592
		%	7.25%	6.59%	1.91%	5.34%	5.71%	4.92%	7.62%	7.78%	7.04%	6.33%	0.00%	7.44%	6.83%	4.42%	6.04%	7.94%	3.02%	3.81%	100.00%
AVERAGE WEIGHTING		%																			0.00%
		RANK																			

NOTES:

- EXAMPLES OF RATIOS:
 - 1:1 WEIGHTS ARE DISTRIBUTED EQUALLY TO ALL CRITERIA.
 - 1.5:1 WEIGHTS ARE DISTRIBUTED WITH THE NUMBER ONE RANKED CRITERIA WEIGHTED 1.5 TIMES MORE THAN 18.
 - 5:1 WEIGHTS ARE DISTRIBUTED WITH THE NUMBER ONE RANKED CRITERIA WEIGHTED 5 TIMES MORE THAN 18.
- TO BYPASS WEIGHT DISTRIBUTION BY RANK, ENTER A ZERO RATIO (0 : 1). THEN ASSIGN POINTS TO EACH CRITERION USING ANY WHOLE NUMBERS FROM ZERO TO 1000.
- ALGORITHM USED FOR WEIGHT DISTRIBUTION CALCULATION:
 $RATIO = [(RATIO - 1) \times (RANK - 1)] / (\# \text{ OF CRITERIA} - 1)$

TO: EVALUATION COMMITTEE

FROM: MICHAEL K. NUNLEY, PE
CHAIRMAN

DATE: MARCH 8, 2013

AGENDA ITEM

#3

MARCH 12, 2013

**REVIEW DRAFT MINUTES FROM FEBRUARY 15, 2013,
COMMITTEE MEETING**

ITEM

Review the Draft Meeting Minutes from the February 15, 2013, Supplemental Water Alternatives Evaluation Committee (Committee) meeting.

BACKGROUND

According to the Bylaws, the Committee must approve the meeting minutes. Draft minutes are to be posted online. If revised by the Committee during the approval process, final minutes will be posted to replace the draft minutes.

RECOMMENDATION

Provide revisions or corrections to the meeting minutes from the February 15, 2013, Committee meeting. Accept minutes as revised.

ATTACHMENT

DRAFT SWAEC Meeting Minutes – February 15, 2013

NIPOMO COMMUNITY SERVICES DISTRICT

FEBRUARY 15, 2013

9:00 A.M.

MEETING MINUTES

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

APPOINTED COMMITTEE MEMBERS

MICHAEL K. NUNLEY, CHAIRMAN (NON-VOTING)
PETER V. SEVCIK, VICE CHAIRMAN (NON-VOTING)
DAN GARSON (VOTING)
DENNIS GRAUE (VOTING)
KATHIE MATSUYAMA (VOTING)
ROBERT MILLER (VOTING)
SAM SALTOUN (VOTING)
DAVE WATSON (VOTING)
DAN WOODSON (VOTING)

PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASST GM/FINANCE DIRECTOR

MEETING LOCATION - District Board Room
148 S. Wilson Street, Nipomo, California

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Nunley called the Special Meeting of February 15, 2013, to order at 9:02 AM and led the flag salute. At roll call, all Committee members were present.

2. GENERAL MANAGER'S REPORT

NCSD General Manager, Michael LeBrun, said the Committee's report to the NCSD Board of Directors on Wednesday was exceptional and was well-done. The Board expresses great thanks and looks forward to the draft final report which will be presented on February 27th at the next Board meeting.

On Wednesday, the District Board directed staff to authorize release of the request for bids for the first Phase 1 Santa Maria Intertie Project bid package (Santa Maria River crossing). The Board plans to make a final decision on April 24th to award the construction contract after bids are received. The Phase 1 Santa Maria Intertie Project would be an important first component of the District's Supplemental Water Program and would allow the Board to import water by the middle of 2015.

Member Miller asked how the Directors voted on the decision to release the request for bids. General Manager LeBrun said that the vote was 4 to 1 in favor of releasing bids, with Director Blair disapproving of the action. The General Manager noted that Director Blair had been looking into water supplies in the Oso Flaco area, at the Phillips 66 Refinery, and from the SSLOCSD Wastewater Treatment Facility. Mr. LeBrun said he reminded the Director that the Committee was looking at all these alternatives.

Member Matsuyama asked if there was public comment about release of the request for bids. Mr. LeBrun responded that the development community and others expressed support. Two individuals had spoken against the project and one had opined that the assessment vote represented a vote by the community against the Supplemental Water Project. The

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

opinion was countered by the Board and staff who noted that when a funding plan falls apart on a project, it does not mean the project falls apart.

Member Garson asked if Director Blair was looking into any alternatives that are not being evaluated by the Committee and Mr. LeBrun said he was not.

Member Miller thanked Member Saltoun for presenting to the Board. Chairman Nunley noted Members Graue, Woodson, and Matsuyama had attended and he thanked them. He said all the Board members had expressed appreciation for all the time and technical expertise that had been donated by the Committee.

Member Matsuyama said she was surprised by Director Blair's alternatives since they had been reviewed and largely considered not feasible by the Committee, and particularly since he is talking about them this late in the process.

Member Saltoun said he hopes the public will review the report when it is published and it could change the way people view the alternatives.

Member Saltoun and General Manager LeBrun discussed cloud-seeding. Mr. LeBrun said cloud-seeding has taken place in the Twitchell Reservoir watershed. Member Graue asked if it had been effective and Mr. LeBrun said he did not know.

Member Garson asked if Oceano CSD (OCSD) had formalized their offer to the District. Mr. LeBrun said there had been no further information. He followed up with Tom Geaslen, the OCSD General Manager, but had no additional information. Member Garson asked if additional action was required from the Committee on this alternative. Member Miller said he thought the Committee had performed their due diligence on the alternative based on the information at hand, and Member Saltoun agreed this was similar to how other alternatives had been approached by the Committee.

Chairman Nunley said there could be several alternatives the Board may want to evaluate in more detail after the report is finished, and if OCSD continues to contact the District the Board could continue evaluating this alternative.

There was no public comment.

3. REVIEW DRAFT MINUTES FROM JANUARY 25, 2013, COMMITTEE MEETING

Chairman Nunley said he would give the Committee several days to review the February 4 meeting minutes prior to requesting revision or approval at the next meeting. The Committee voted unanimously to accept the January 25 minutes with no changes.

4. REVIEW RANKING MATRIX

Chairman Nunley introduced the item and mentioned raw scores had been presented to the Board of Directors at their February 13 meeting.

Member Graue presented the summary ranking matrix that his subcommittee had developed. He said he felt that totaling the raw scores would not be a measure of what the Committee thought was important because some of the columns are redundant, among other reasons. He felt the proposed scheme would help emphasize the criteria the Committee feels are most important for ranking alternatives.

Member Garson said he thought the simplified matrix was effective in simplifying the 18 evaluation criteria and would be a good summary of the Committee's work product. He felt

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

the weighting could be contested. He thought reliability and a long project life could be very important, although they are not the highest-weighted criteria, and other Committee members could have similar concerns based on what they felt was most important. Member Saltoun said he thought Member Watson's suggestion to weight criteria evenly was appropriate, and had just level-weighted the major categories in the draft document. Member Garson said the Committee would need to make sure they were comfortable with that. Member Saltoun said he thought it was important to agree on which criteria go into which category. For instance, several criteria could be related to the cost category. Member Garson agreed the group would need to reach consensus on how to group the criteria. Member Miller said he likes the way the categories were approached and likes that cost has a high weighting in the categorized matrix. He would like to revisit how the rubric is applied.

Chairman Nunley noted the Committee had applied a few different weighting methods as well as calculating unweighted raw scores, but it did not significantly affect which alternatives ranked highest. Member Garson said he thought local groundwater should be recalculated based on Member Miller's input given his design experience with wells in the area and other information the subcommittee had heard. He thought the Committee should tighten these scores as a group. Member Watson said he thought it is valuable to revisit scores & the rubric and he felt it would be difficult to explain two levels of ranking or weighting to the public. He said he had been considering how the Committee would present the ranking results and then also develop recommendations for how the Board should proceed. For example, he was pleasantly surprised at how the desalination options rose to the top and it made him think about how the Committee should look at those alternatives that are longer-term solutions versus those that are shorter-term solutions. Member Matsuyama said she thought the Committee was spending too much time worrying about scoring and weighting, and the Committee had looked at numbers in different formats and different ways and had found the same results. She also felt the Committee was spending too much time thinking about how to explain the ranking analysis and results to the public whereas the Committee should be spending more time detailing and packaging the projects. She said the first public commenter at the Wednesday meeting had noted the Committee's ranking process was subjective and she agreed and she felt the Committee's work should be focused on the projects.

Members Watson asked where the matrix should be presented in the report. Member Matsuyama suggested the more detailed matrix should be included with the technical evaluations in the back of the report so they don't become the focus of the report. Chairman Nunley said he had envisioned an Executive Summary that would be a brief intro, discussion of process, and recommendations. The matrix could be the next page and all the other work products would go in the report. He noted the detailed matrix provides sufficient information to allow the District to take some of the alternatives like recycled water that may have ranked lower in the matrix, but could be considered more attractive when viewed as part of the County's pending regional recycled water study. The matrix provides enough information for the Board and staff to reconsider these alternatives if new information or opportunities are identified. Member Miller said the snapshot summary was important for the public based on his experience. Member Saltoun said the summary matrix spreadsheet tool could be placed on the website for use or review by the public. Member Woodson suggested adding patterns to the color so it would print black & white and could be reviewed by folks who are colorblind.

Member Watson asked if alternatives should be separated into categories in the report based on which the Committee would recommend pursuing. Chairman Nunley responded that the summary matrix allows sorting by rank. Member Garson said he thought the

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

executive summary should sort the alternatives by rank and he did not favor splitting the project list into categories.

Chairman Nunley asked Director Armstrong to provide an opinion on the presentation of the ranking matrix. Director Armstrong said he would be inclined to put the lowest-ranked alternatives in the appendix instead of the executive summary. Member Matsuyama and Chairman Nunley expressed support for including all the alternatives in the summary matrix since the public may not read much farther. Member Saltoun said there could be hyperlinks between the summary matrix entries and the detailed evaluation sections.

Member Watson suggested assigning each alternative with a single number in the matrix. Chairman Nunley suggested assigning letters so there would not be confusion with numerical rankings. Member Saltoun said it would be simple to do this in the matrix. Chairman Nunley expressed support for assigning patterns as well as colors to the summary matrix scores.

Chairman Nunley asked how the Committee members felt about grouping all 18 criteria into broad categories, the category assignments themselves; and weighting each broad category the same. He said he thought assigning the highest weighting to each cost category was appropriate. Member Miller expressed support for the proposed categories and weighting. Member Watson asked if buy-in cost should be a third cost criterion for consideration. Member Saltoun said he thought State Water would be the only alternative with a "buy-in" cost and that cost was included in the capital cost for those variations. Chairman Nunley noted that buy-in was broken out in the detailed evaluations. Member Woodson said engineering alternatives often group capital and operation & maintenance costs for a single cost in order to simplify an analysis. Member Watson said he thought this would prevent emphasizing some important differences between cost categories. Member Saltoun said buy-in cost could be added as a separate column. Chairman Nunley noted he thought buy-in cost would be difficult to explain to the public, given the subjectivity, especially in one cell of a spreadsheet. Member Garson asked if adding buy-in cost would affect the rankings. Member Saltoun said scoring this as a new criteria and evenly weighting it within the cost category could affect the ranking.

Director Armstrong suggested showing the cost per acre foot (including amortized capital cost) would be a simpler way to present cost alternatives. Various members discussed useful life of different project components that would be used for amortizing the capital costs.

Member Saltoun reminded the group that a public commenter had suggested breaking the capital and operation & maintenance costs into separate columns at a past meeting in order to prevent developing financing, lifecycle, or amortization assumptions. He felt taking the wide range of costs and combining them into a single number would not be meaningful. Member Graue said he likes the single number approach which is the standard way that desalination companies present their numbers. Chairman Nunley noted that debt service can vary widely and recognized that the desalination industry commonly presents estimates this way. He thought that not all the reports being used for cost opinions will have sufficient information to develop amortized costs per AF. He noted that the desalination studies are comparing similar facilities with similar design lives and financing periods so it would be easier to compare them on a cost per AF basis. Member Watson said he felt that the alternative costs could be presented relatively simply with some assumptions. Member Graue said it would be nice to help the ratepayers understand what impact different projects would have on their monthly rates. Director Armstrong asked if some of the costs from studies would be escalated between the year of the study and today. Chairman Nunley said

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it could be done. Member Garson asked that the Committee reconsider the initial question about including buy-in cost as a separate criteria. He felt the Committee should not try to provide a detailed financial assessment nor is it their task. Chairman Nunley said he did not think there was sufficient value in adding buy-in cost as a separate column (since it is already included in capital cost). Member Miller said he supported "staying the course" and letting the Board determine rate impact after the Committee has completed their work and the Board has decided how to move forward. Chairman Nunley said he thought making financing assumptions could risk weakening the entire analysis if the Board goes a different direction with financing than what the Board had assumed. Members Matsuyama and Saltoun quoted the introductory paragraph from the cost section of their State Water alternative evaluation. Chairman Nunley suggested including this paragraph in the overall cost summary section.

Member Miller asked if the other Committee members agreed that the summary matrix should be in the executive summary with the more detailed work and ranking matrix in the appendix of the report.

Chairman Nunley asked if the Committee members would like to reconsider the rubric in order to make sure all members are applying the same approach to scoring the alternatives. Member Garson expressed support for the Committee members reviewing the rubric and scoring methodology. Member Miller asked if there were other criteria than court compliance that should be revisited. Members Watson and Garson discussed going through the full matrix one cell at a time. Vice Chair Sevcik asked for the Committee to reconsider the 6200 AF supply potential criteria and the score of 5 assigned to the Santa Maria Intertie alternatives whereas local groundwater had been assigned a score of 10.

Member Garson said the committee has assumed that 8 wells could deliver 1000 AFY but based on discussion with Member Miller, they recognized that shallow groundwater would not be available across the Mesa. Member Garson asked if 22 wells could be located to deliver 3000 AFY. Members Miller and Garson agreed on a score of 1 for 6200 AFY supply potential. Member Miller thought it was unlikely that 22 wells could be located across the Mesa to collect shallow groundwater in the most promising areas without interfering with each other. Member Graue said the Committee could only have a "gut feel" about yield. Member Miller felt there was probably a significant source of supply in shallow groundwater but not 3000 AFY. Member Garson asked how many wells could be constructed. Member Miller responded that he thought that 10 or 12 could be installed. Member Garson said he accepted the logic and a 5 sounded appropriate for the 3000 AFY supply potential criterion. Member Saltoun said he thought the Committee was discussing collecting some of the flow going to the ocean instead of installing wells on the Mesa. Member Miller said the shallow groundwater withdrawal could be water flowing to the ocean or water on the Mesa, and does not need to be an "either/or" choice. Member Saltoun said outflow to the ocean was about 1000 AFY from the Mesa but the flow picks up considerably farther south according to the Papadopoulos report. Chairman Nunley said a purveyor on the Mesa cannot drill wells in another management area. Member Matsuyama said a member of the public had approached the Committee and had asked about the legal opinion that had prevented purveyors on the Mesa from acquiring water from other management areas. Chairman Nunley discussed the riverside wells, and noted that the concern is based on a letter from Santa Maria Valley Water Conservation District (SMVWCD) admonishing the NCSWCD not to withdraw water for which SMVWCD has rights from the river underflow. He also noted that a legal opinion on this had been issued by the District's attorney, Jim Markman, who had also reviewed the analysis of this alternative in the 2007 Boyle Constraints Analysis. Chairman Nunley said based on the percentage of supply potential, at 1500 AFY it appeared the scores for 1000, 3000, and 6200 AFY supply potential should be

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10, 5, and 1. Delivery milestones for 1000, 3000, and 6200 AFY should be 10, 1, and 1 per Member Graue.

Member Miller discussed the court compliance criteria and said in his experience, projects that can be mutually agreed upon by all parties and that are not in direct conflict with a court order can be accepted by the court. He felt assigning a 10 or 1, based on court compliance or non-compliance, was too restrictive. Member Matsuyama said it may be difficult to get all the stipulating parties to agree upon a project. Member Miller said alternative projects can be presented to the court and an opportunity is provided for stipulating parties to oppose the proposal, but the proposer does not need to ask all individual parties for their approval prior to presenting it to the court.

Chairman Nunley said the Bylaws require the Committee to evaluate only alternatives that comply with the court stipulation, and the Committee had incorporated that requirement by creating a category for it. Vice Chair Sevcik said he agreed with Member Miller that the Court would likely accept other imported water options even if they are lower than the 2500 AFY requirement. Member Saltoun asked if Ed Eby, who was in the audience, could speak to the court compliance issue.

Public Comment:

Ed Eby, Nipomo resident, said when the Bylaws were written that the Board had only considered compliance and non-compliance, but he thought there could be "shades of gray". For example, water from OCS D could meet the spirit of the stipulation but would require approval from all the parties and the court. It would likely take over a year. The stipulation was signed in 2005 and the court order was 2 years later. He asked hypothetically, "Would you hold off on any project until you have the court order, or risk proceeding without court approval?" Also there is a risk that someone could oppose the project since it would not have received court approval, if it had not been received prior to moving forward.

Mr. Eby suggested using a lifecycle cost instead of individual capital and operation & maintenance cost. He said many customers would not see a lot of project capital costs, for example from the Phase I Santa Maria Intertie Project, in their bill because NCS D would apply budget toward this project instead of another effort. He also wondered if the cost for the different options was based on 1000, 3000, or 6200 AFY deliveries. He thought it could be cleaner to evaluate cost to deliver water based on the court order. Member Saltoun said his committee had evaluated the cost to deliver the maximum amount of water (up to 6200 AFY) that could be supplied by a particular source. Mr. Eby said this should be reconsidered since it could be very expensive to get from 3000 to 6200 AFY. For example, it appears the Santa Maria Intertie Project would cost an additional \$30M to deliver 6200 AFY versus 3000 AFY.

Mr. Eby said costs for an array of wells across Santa Barbara and San Luis Obispo Counties must consider length of pipeline and spacing of wells. He said 3000 AFY delivery would duplicate the District's well system and would be a very expensive project and feasibility should be reconsidered. He said the shallow groundwater could be considered a seawater barrier and extracting large quantities of that water could be a risk to intrusion. He thought the cost would be much higher than a score of 10 suggests.

Mr. Eby said he thought the Santa Maria Intertie could be phased as well as desalination and could not see why they were scored differently for phasing. He thought the SSLOCSD Wastewater Treatment option could provide approximately 3000 AFY and if all that water could be reclaimed, a pipeline would be required and a 30-year commitment would be

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needed. He thought several entities would want that water it became available, and public reaction within Five Cities would be negative if it were offered for to NCS D for a long period of time.

He thought carrying the final scores to four decimal points was too precise.

Member Miller thought from a technical standpoint, shallow wells would be located in SLO County but the groundwater study would need to incorporate or consider Santa Barbara County. He agreed with Mr. Eby that maintaining water levels along the coast was important to prevent seawater intrusion, but shallow water levels are much higher than needed to prevent seawater intrusion. There must always be an outflow to the ocean but some water may still be available. He thinks, however, it is a very limited supply. If the source can be delivered close to point of use, the cost could be low. He did not feel strongly about the phasing score for the Santa Maria Intertie. He thought desalination may be a little more readily phased and Members Saltoun, Matsuyama, and Graue discussed.

Chairman Nunley suggested reviewing the rubric. He thought finalizing the report should proceed concurrently with finalizing scores. It would take a couple of days to get the administrative draft together but would be good to agree on the rubric now.

Member Matsuyama pointed out that only 4 projects did not assign scores of 1 or 10 to Court Compliance.

Chairman Nunley read several components of the rubric and discussed his concern about adding lifecycle cost or other items to the matrix, given the schedule and the need to report findings to the Board to inform their decisions soon. Member Miller said he did not think there should be any changes to the cost criteria in the matrix and Member Matsuyama said there was sufficient detail in the evaluations to address concerns about buy-in or other costs.

Member Miller suggested assigning scores of 1 to 3 under court compliance for projects that are substantially non-conforming with the court order and middle scores for those that could be acceptable by the court and stipulating parties but would require approval. Various members discussed how to score this criterion. Member Saltoun suggested that the court compliance quantity criterion could have scores of 8 to 10 if 2000 to 2500 AFY could be delivered. Members Woodson, Miller, and Watson discussed assigning a score of 5 if a project is expected to be viewed favorably by the court (under the source criteria). Member Saltoun said method and quantity are both defined explicitly in the stipulation, whereas the supply (City of Santa Maria) is inferred by the method and language.

Chairman Nunley noted the court compliance – method criteria accounts for 3% of the total score and court compliance is one of the evaluation criteria require in the bylaws. He said it sounds like the Committee will assign a 1 or 10 for method and a 1, 5, or 10 for source. Member Saltoun discussed the Committee having a conversation in the past that the court may be more open to a different method than a different quantity. Member Saltoun suggested 1 point if it does not comply; 5 points if it is likely to be approved; and 10 points if it is in compliance (both method & source). Member Matsuyama and Chairman Nunley discussed the history of splitting the original court compliance criterion into multiple criteria.

The Committee members voted unanimously to assign a score of 1, 5, or 10 for method and source; and scale of 1-10 for quantity, varying by amount proportional to 2500 AFY.

There was no public comment on the motion.

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Member Miller asked Chairman Nunley to adjust scores based on the motion.

The Committee next discussed critical milestones for delivery. Under 6200 AFY milestone, Member Saltoun suggested noting a date for delivery. Chairman Nunley responded that the rubric identifies the schedule as "past 2030" and Member Saltoun suggested adding 2030 to the criterion title.

The Committee unanimously voted to accept the rubric for critical milestones for delivery and to ask that the rubric be revised to emphasize the 2030 date for 6200 AFY delivery. They also voted to direct the Chairman to apply these changes to all the scores for review by the full Committee.

Member Miller suggested revising the desalination score for phasing to match the score for the Santa Maria Intertie project.

Chairman Nunley suggested that he create a draft version of the matrix based on applying the rubric and circulate it to the Committee for consideration. Member Saltoun expressed support since the Chairman had been the only person who had seen all the alternative evaluations. Member Graue specified this would be focused on the court compliance areas and phasing as discussed. Members Watson and Miller asked that any changes be highlighted with notes.

Public Comment:

Ed Eby noted that all desalination projects would require pilot testing so that note should be assigned consistently. Member Graue asked if pilot testing would be required for reverse osmosis. Mr. Eby responded that wells and other components would require testing. Chairman Nunley said piloting would be required for developing beach wells and for nailing down pretreatment requirements. Member Miller clarified that the technology for solar distillation would need to be piloted.

The Committee voted unanimously to direct the Chairman to look at scores already entered; look at the narrative analysis submitted by subcommittees; look at the rubric; show revised scoring for the entire matrix; and send it out to the subcommittees for consideration and modification.

Member Watson asked if local shallow groundwater would refer to wells inside the NMMA or outside the NMMA. He asked for clarification since the description in the matrix identifies the need for a groundwater study in SLO and Santa Barbara Counties. Member Matsuyama said her subcommittee would clarify this item.

Chairman Nunley said pipeline costs would be important to capture since multiple wells would be required and tying them together could be a significant cost. He also said the subcommittee should consider water quality. Member Miller said that water for use by golf courses or process water for Phillips 66 would not likely require treatment although this could change over time; for instance, nitrate concentrations are currently below maximum contaminant levels but could change.

Chairman Nunley said he thought the facility costs for solar distillation, due to the size of the land area, could be understated since pipeline costs, roads, and supporting facilities could be significant. Member Graue said the costs were very preliminary at this stage anyway, except for pipelines to and from the site. Chairman Nunley said he thought the power cost

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appeared to be appropriate but capital costs could be significantly higher than reverse osmosis. Member Graue said he had used 2 liters/ sq meter/ day but efficiency could have a large impact on land area required.

Member Saltoun said the statement "pilot testing required for proof of concept" should be applied to the solar distillation descriptions in the matrix and Members Matsuyama and Graue expressed support.

Member Saltoun suggested "regional basinwide aquifer study and modeling in SLO and Santa Barbara Counties required" should be added to the local shallow groundwater description in the matrix. Member Matsuyama asked Member Saltoun to take the background color off of the matrix so it will be more readable. She also suggested that the cost criteria titles note that this is the cost to deliver 3000 AFY. Chairman Nunley said the rubric could be modified to note that costs were developed for either 3000 AFY or for the "design flow". Member Matsuyama said the cost titles could reference the rubric for definition.

Member Saltoun suggested adjusting the court compliance titles to include "part 1" and "part 2" since they are separated across different major categories.

Member Saltoun said the subcommittee had preliminarily determined which criteria should go in which category, and the Committee should agree or modify the categories.

The Committee unanimously voted to accept the draft categories as proposed by Member Saltoun's subcommittee.

5. COORDINATE COMPLETION OF DRAFT REPORT AND BOARD PRESENTATION

Chairman Nunley presented the item. Member Matsuyama asked if the Board needs a draft report in advance of the Board meeting on February 27. Chairman Nunley said he had assumed he would send out the full administrative draft today for comments by the subcommittee, then make any changes early next week. He asked the Vice Chair if the draft report could be walked into the next meeting. Member Matsuyama asked if the Committee would go back to the Board in 2 weeks to respond to comments in order to allow time for review. She thought this would give the public the same opportunity. Chairman Nunley said the draft final report represents the Committee's complete analysis and all work has been performed in public. He would not see making major adjustments after the draft final is submitted based on comments from the Board or the public. Member Garson said the value with presenting the draft would be for the Committee to be able to address any major problems if they are identified by the Board.

Chairman Nunley said he thought he should send the revised matrix and rubric out to the subcommittees by Monday. He said the Committee members will be looking at the introduction (drafted by Member Watson), recommendations, and other subcommittees' work for the first time. Member Miller thought the Committee may want to have another meeting next Friday so the full Committee could approve the report as a draft with edits based on their discussion. That would allow a few days early the following week to make copies and distribute by Wednesday, February 27th. Otherwise, trying to provide the report in the Board packet would not allow sufficient time to resolve any conflicting comments from Committee members.

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Member Garson said it would appear the goal of the next meeting would be to debate or discuss any changes, then edit or correct items. This would be the sole purpose of the next meeting.

Vice Chair Sevcik said he has safety training next Friday and cannot make the meeting. He said he is comfortable with the Committee meeting that day since it appeared there was not another good day or time for the Committee members to meet again. He felt the discussion by the Committee on resolving the rubric and scores had addressed some of his concerns.

Member Matsuyama said she would provide a revised conservation section by Monday. Member Graue noted Chairman Nunley would send the groundwater section to the NMMA Technical Group for comments. Chairman Nunley noted he was working with a subcommittee on the surface water, recycled wastewater, and regional intertie sections. Member Saltoun noted his subcommittee would take another look at capital costs for solar distillation. The Graue/Matsuyama/Saltoun subcommittee said they would provide a revised agricultural and industrial reuse evaluation on Monday.

Member Saltoun asked the Committee to confirm that the weightings were acceptable as proposed and various members noted that the last motion captured weightings as well as categories. He also asked the Committee to confirm that letters would be added to identify each alternative and variation. Member Saltoun asked if the comment column should be removed from the summary matrix and various members agreed this should be removed.

Member Matsuyama asked if the GIS map would be completed by the Board meeting. Chairman Nunley said he would provide a board if the map can be completed by then. Chairman Nunley suggested a powerpoint file for the presentation could include the bulleted recommendations, the summary matrix, and the cost summary table.

Member Saltoun said he would have all the edits compiled in the matrix and supporting sheets so the Chairman can send his suggested scores on the update matrix.

The Committee voted unanimously to send revised sections to the Chairman on Monday; schedule the next meeting on February 22 at 11 AM to review the draft report; and present the report findings and provide the draft report to the Board on February 27.

Member Graue asked the Chairman to provide hard copies of the draft report as early as possible, prior to the meeting on the 22nd, and the Chairman said he would make copies available for members at the District office.

Member Saltoun suggested some additional wording for the recommendations based on discussions he had with members of the public following the last Board presentation by the Committee. Member Graue felt the proposed wording of the aquifer management study would address some of the concerns expressed by Paavo Ogren. Member Matsuyama said she would be including suggestions in the conservation section to help low-income users. She mentioned PG&E's programs to ensure low-income customers have heat during the winter. Chairman Nunley noted that unlike PG&E, NCSD is a non-profit so the community would need to decide to take on more burden to support these customers. Member Miller said SLO County is looking into Community Development Block Grant (CDBG) funds for these types of issues so there may be some creative solutions out there. Members Woodson and Matsuyama said they would like to see NCSD maximize opportunities like that. Member Garson and Chairman Nunley discussed opening this recommendation to all water users and all stipulated parties on the Mesa. Member Watson discussed recommending the District and other parties minimize impact of water rate adjustments on

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all users, and in particular low-income customers. Member Graue asked if this statement implied that the District is not already doing this, and Member Watson responded that he did not think that was the case but just wanted to emphasize the importance of minimizing ratepayer impacts.

The Committee unanimously voted to accept changes to the recommendations as modified during the discussion. See below:

Add an introduction to the Recommendations as underlined:

Nipomo Community Services District, stipulated partners, and all water users in the Nipomo Mesa Management Area are encouraged to:

Make the following changes (as underlined):

1. Press for a complete aquifer management study to develop a unified model covering the full extent of the Santa Maria Groundwater Basin and analyze the optional development schemes for use of the water in the Santa Maria Groundwater Basin, considering rainfall and users' pumping plans.
4. Consider solutions that may provide less supplemental water individually, but together can help meet the Nipomo Mesa region's needs.

Add Recommendation 7: Pursue opportunities to minimize the impact of water rate adjustments on all users, and in particular low-income customers.

Chairman Nunley asked if the Committee would want to expand the recommendations and, if so, who should be assigned to do so. Members Garson, Watson, and Miller expressed support for keeping the recommendations as bullet points.

There was no public comment for this motion.

6. ASSIGN COMMITTEE MEMBERS TO PRESENT DRAFT REPORT TO THE BOARD

This item was deferred.

7. PRESENT REFERENCE DOCUMENTS FOR REVIEW AND ACCEPTANCE

This item was deferred.

8. SET NEXT COMMITTEE MEETING DATE AND TIME

The Committee unanimously voted to meet on February 22 at 11:00 during the Item 5 discussion.

9. ADJOURN

Chairman Nunley adjourned the meeting at 12:08 PM.

ATTACHMENTS

Draft Matrix

VARIATIONS	SUPPLY CRITERIA										COST CRITERIA			FEASIBILITY CRITERIA								RAW SCORE	☑											
	SUPPLY POTENTIAL			CRITICAL MILESTONES FOR DELIVERY			COURT ORDER (1)		RELI- ABILITY	WEIGHTED AVERAGE SUPPLY SCORE	COST CONSIDERATIONS		WEIGHTED AVERAGE COST SCORE	COURT ORDER (2) METHOD	PHASING	QUALITY		FEAS- IBILITY	SUSTAIN- ABILITY	PUBLIC SUPPORT	WEIGHTED AVG FEAS- IBILITY SCORE		WEIGHTED FINAL SCORE	RANK										
	1,000 AFY	3,000 AFY	6,200 AFY	1,000 BY 2015	3,000 BY 2020	6,200 (FUTURE)	QUANTITY	SOURCE			CAPITAL	O&M				RAW	FINISHED																	
	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	33.33%	16.67%	16.67%	33.33%	4.76%	4.76%	4.76%	4.76%	4.76%	4.76%	4.76%	33.33%		100.0%											
01A-SW	Acquire Unused Table A Allocation from SLOFCWCD		10	10	10	1	1	10	10	10	2	2.37	1	7	1.33	1	10	10	10	1	10	1	2.05	115	5.7513	13								
01B-SW	Acquire Excess Table A Allocation identified by CCWA & SLOFCWCD		10	10	6	1	10	1	10	10	2	2.22	2	7	1.50	1	10	10	10	2	10	1	2.10	113	5.8175	12								
02-SW	Purchase Unused Table A Allocation from SWP Participants & Buy-into CCWA Pipeline		10	3	1	10	1	1	1	10	2	1.44	8	1	1.50	1	1	10	10	3	10	1	1.71	84	4.6587	15								
04-C	Conservation Programs (Current and Future)		1	1	1	1	1	1	10	10	10	1.00	10	10	3.33	1	1	10	10	10	10	10	2.48	99	6.8095	4								
06-AIR	Agricultural Water Reuse		3	1	1	1	1	1	1	5	0.56	1	1	0.33	1	1	1	10	3	10	5	1.48	48	2.3651	19									
07-AIR	Phillips 66 Refinery Process Water Reuse		1	1	1	1	1	1	10	8	0.93	4	8	2.00	1	1	5	10	8	10	10	2.14	82	5.0688	14									
09-AIR	PXP Arroyo Grande Production Wastewater Reuse		9	1	1	10	1	1	1	10	8	1.56	5	3	1.33	1	1	10	10	7	5	3	1.76	87	4.6508	16								
10A-RWI	Santa Maria Intertie - Phase 1		10	10	10	10	10	5	10	10	9	3.11	8	8	2.67	10	8	9	7	10	5	5	2.57	154	8.3492	1								
10B-RWI	Santa Maria Intertie - Full		10	10	10	10	10	5	10	10	9	3.11	8	8	2.67	10	8	9	7	10	5	5	2.57	154	8.3492	1								
10C-RWI	Oceano Intertie		5	2	1	1	1	1	10	5	1.00	4	7	1.83	1	3	9	7	5	4	4	1.57	71	4.4048	17									
10D-RWI	Nacimiento Water Project Intertie		10	7	1	1	1	1	8	10	9	1.78	1	6	1.17	1	6	2	7	2	8	1	1.29	82	4.2302	18								
11-RWW	Acquire Supply from South SLO County Sanitary District		10	7	1	2	5	1	7	5	10	1.78	7	7	2.33	6	5	5	9	7	8	8	2.29	110	6.3968	8								
12-RWW	Acquire Supply from Pismo Beach		10	5	1	2	4	1	3	5	10	1.52	7	7	2.33	6	5	5	9	7	8	8	2.29	103	6.1376	11								
13-LG	Local Shallow Aquifer (Regional Basin-wide Aquifer Study is Required in SLO and SB Counties)		10	5	1	10	1	1	10	1	5	1.63	10	10	3.33	1	3	7	5	5	5	8	1.62	98	6.5820	5								
14-LG	Dana Wells		1	1	1	1	1	1	1	3	0.41	1	1	0.33	1	1	5	5	9	5	8	1.62	47	2.3598	20									
16-SFW	Oso Flaco Lake		1	1	1	1	1	1	3	1	3	0.48	2	2	0.67	1	2	1	9	1	3	3	0.95	37	2.1005	21								
19A-SEA	Seawater Desalination - P66 Outfall		10	10	10	1	1	10	10	10	10	2.67	2	9	1.83	1	10	1	10	3	9	5	1.86	122	6.3571	9								
19B-SEA	Seawater Desalination - New Outfall		10	10	10	1	1	10	10	10	10	2.67	2	9	1.83	1	10	1	10	3	9	5	1.86	122	6.3571	9								
19C-SEA	Brackish Water Desalination		10	10	10	1	1	10	10	10	10	2.67	2	9	1.83	1	10	3	10	3	9	5	1.95	124	6.4524	7								
20A-SEA	Solar Distillation - Inland (Pilot Project Required)		10	10	10	1	1	10	10	10	10	2.67	1	10	1.83	1	9	3	10	3	10	6	2.00	125	6.5000	6								
20B-SEA	Solar Distillation - Coastal (Pilot Project Required)		10	10	10	1	1	10	10	10	10	2.67	3	10	2.17	1	9	3	10	2	10	8	2.05	128	6.8810	3								
REMOVED FROM CONSIDERATION			SUPPLY STATISTICS										COST STATISTICS				FEASIBILITY STATISTICS																	
03-SW	Reactivate Desal Plant in SB / Exchange for SWP Supplies -NOT FEASIBLE PER CITY OF SB												HIGHEST SCORE				3.11		HIGHEST SCORE				3.33		HIGHEST SCORE								2.57	
05-C	Graywater Programs - ALTERNATIVE ADDRESSED IN 04-C AS AN ELEMENT OF CONSERVATION												LOWEST SCORE				0.41		LOWEST SCORE				0.33		LOWEST SCORE								0.95	
08-AIR	Phillips 66 Refinery Thermal Waste Recapture - NOT FEASIBLE PER P66												AVERAGE SCORE				1.82		AVERAGE SCORE				1.82		AVERAGE SCORE								1.91	
15-LG	Riverside Wells - NOT FEASIBLE PER LEGAL OPINION												MEDIAN SCORE				1.78		MEDIAN SCORE				1.83		MEDIAN SCORE								1.95	
17-SFW	Santa Maria River - NOT FEASIBLE PER LEGAL OPINION												TOP QUINTILE >				2.57		TOP QUINTILE >				2.73		TOP QUINTILE >								2.25	
18-SFW	Lopez Reservoir ALTERNATIVE ADDRESSED IN RWW												4TH QUINTILE >				2.03		4TH QUINTILE >				2.13		4TH QUINTILE >								1.92	
21-SEA	Enhanced Reverse Osmosis (VSEP) Circuit Oil Fields NOT APPROPRIATE FOR POTABLE USE												3RD QUINTILE >				1.49		3RD QUINTILE >				1.53		3RD QUINTILE >								1.60	
22-SEA	Liquid-Liquid Extraction of Brine EVOLVING TECHNOLOGY NOT IN USE												BOTTOM TWO QUINTILE >				0.95		BOTTOM TWO QUINTILE >				0.93		BOTTOM TWO QUINTILE >								1.28	

TO: EVALUATION COMMITTEE

FROM: MICHAEL K. NUNLEY, PE
CHAIRMAN



DATE: MARCH 8, 2013

AGENDA ITEM

#4

MARCH 12, 2013

**REVIEW DRAFT MINUTES FROM FEBRUARY 22, 2013,
COMMITTEE MEETING**

ITEM

Review the Draft Meeting Minutes from the February 22, 2013, Supplemental Water Alternatives Evaluation Committee (Committee) meeting.

BACKGROUND

According to the Bylaws, the Committee must approve the meeting minutes. Draft minutes are to be posted online. If revised by the Committee during the approval process, final minutes will be posted to replace the draft minutes.

RECOMMENDATION

Provide revisions or corrections to the meeting minutes from the February 22, 2013, Committee meeting. Accept minutes as revised.

ATTACHMENT

DRAFT SWAEC Meeting Minutes – February 22, 2013

NIPOMO COMMUNITY SERVICES DISTRICT

FEBRUARY 22, 2013

11:00 A.M.

MEETING MINUTES

SUPPLEMENTAL WATER ALTERNATIVES EVALUATION COMMITTEE

APPOINTED COMMITTEE MEMBERS

MICHAEL K. NUNLEY, CHAIRMAN (NON-VOTING)
PETER V. SEVCIK, VICE CHAIRMAN (NON-VOTING)
DAN GARSON (VOTING)
DENNIS GRAUE (VOTING)
KATHIE MATSUYAMA (VOTING)
ROBERT MILLER (VOTING)
SAM SALTOUN (VOTING)
DAVE WATSON (VOTING)
DAN WOODSON (VOTING)

PRINCIPAL STAFF

MICHAEL S. LEBRUN, GENERAL MANAGER
LISA BOGNUDA, ASST GM/FINANCE DIRECTOR

**MEETING LOCATION - District Board Room
148 S. Wilson Street, Nipomo, California**

1. CALL TO ORDER, FLAG SALUTE AND ROLL CALL

Chairman Nunley called the Special Meeting of February 22, 2013, to order at 11:02 AM. At roll call, all Committee members were present.

2. REVIEW AND REVISE DRAFT REPORT

Chairman Nunley led the review of the administrative draft report. He noted that the draft base map was not included in the administrative draft report but will be submitted to the Committee members for review and incorporated in the draft final report.

Member Graue noted that some members included interview notes in the evaluations and others did not. Members Graue and Miller discussed getting permission from the people who were interviewed. Chairman Nunley said that the Committee members could reserve a page for the interview but not include it unless approved by that individual. Member Miller suggested each subcommittee should identify the key individuals who were contacted. Chairman Nunley asked that each subcommittee send him the list by Monday, February 25.

The Committee members discussed various formatting issues and edits that were addressed in the draft final report submitted to the District Board on February 27, 2013. Chairman Nunley said he would make edits to each of the alternative evaluation sections based on the discussion today and send each section back to each assigned subcommittee over the weekend. He requested that revised sections be sent back by Monday at close of business. Some of the more substantial changes are listed below:

- Move the Recommendations section forward in the report (after Introduction).
- Put the Recommendations first within the Executive Summary.

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- Include the scope of the recommended aquifer management study in the Recommendations section after the bulleted list of general recommendations. Member Graue said he would provide the text for this within 24 hours.
- Member Matsuyama said she would provide recommendations related to conservation for inclusion in the Recommendations section, as well.
- Add the variation titles and both identifiers (letter and number/abbreviation) to each subsection of the alternative evaluations.
- Provide consistent page numbers (1 through end).
- Include bylaws, reference documents, and member qualifications in the appendix.
- Expand the introduction section to include a brief history of the stipulation, expand the list of NMMA Technical Group members, discuss Committee formation, and refer to the appendices.
- In the evaluations, note which alternatives may not meet the specific language in the stipulation but are likely to be approved by all parties and the court.
- Chairman Nunley to contact Rich Haberman and Andy Romer to request their permission to include their interviews in the report.
- Revise the capital cost for the Pismo Beach Wastewater Treatment Plant alternative to include salt removal for a total treatment facility capital cost of \$8-10M and add the pipeline cost estimated for the Oceano CSD Intertie to the SSLOCSD Treatment Plant alternative.
- Add the pipeline cost estimated for the Oceano CSD Intertie to the SSLOCSD Treatment Plant alternative.
- Chairman Nunley to request input from NMMA Technical Group on the groundwater evaluation.
- Direct the Chairman which alternatives or major features to include on the map.
- Add banding to the matrix rows to make them more readable.

Member Miller said he had reviewed Chairman Nunley's draft scores based on the revised rubric and was in agreement with them. Member Saltoun said he and his subcommittee had also reviewed and accepted the Chairman's suggestions relative to their assigned alternatives. They had three other changes:

1. 01B-SW – 6200 AFY supply potential was revised to a score of 1
2. 04C – 1000 AFY supply potential was revised to 5.
3. 04C -- 1000 AFY milestone was increased from 1 to 2

Member Matsuyama said her other subcommittee had also reviewed Chairman Nunley's suggestions and accepted them.

Member Watson asked why court compliance (source) was assigned low scores for some of the recycled water options in Chairman Nunley's draft matrix. Chairman Nunley and other members noted these should be revised and a score of 10 should be assigned for these options since the supply comes from outside the NMMA, per the rubric.

Member Saltoun discussed options for assigning scores based on capital and operation & maintenance costs; a cost-benefit approach based on a ratio of available supply to delivery capacity; and a simple cost/AFY delivery capacity. He recommended assigning scores from 1 to 10 per the rubric, based on \$/AFY delivery capacity for capital cost and \$/AFY for operation & maintenance cost instead of costs to deliver 3000 AFY per the rubric. This would allow comparison of smaller alternatives that do not deliver 3000 AFY individually but could still be cost-effective for the amount of water they could deliver. If this is acceptable to the Committee, the rubric would be revised accordingly.

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Member Miller said he liked the cost-benefit approach and thought any approach the Committee follows should be explained and included in the appendix of the report.

Member Saltoun recommended using the simple cost/AFY approach since it would be more readily communicated to the public. Members Graue, Miller, Matsuyama, and Garson expressed support. Member Watson thought it would be helpful for the Committee to explain how the costs were evaluated and compared several different ways prior to selecting the preferred approach. Chairman Nunley asked Member Saltoun to draft the cost summary discussion and incorporate a brief discussion of the options considered.

Member Graue clarified that Chairman Nunley would send edited sections back to each Committee member by Saturday for their review and resubmittal on Monday (February 25). Chairman Nunley said he would send the Introduction, Recommendation, and Cost Summary sections to Members Watson, Graue, Matsuyama, and Saltoun without editing them. Chairman Nunley said he would like to include the base map in the draft report even if it is not complete. He also noted he would like to receive comments by Monday at 5 PM to be able to print the document on Tuesday.

Public Comment:

Ed Eby, Nipomo resident, said he is providing comments because he wanted to make sure the Committee puts out a defensible document and receives the least criticism. He recommended only showing a summary, comparative cost of alternatives that could deliver 2500 or 3000 AFY of water since projects that deliver lower quantities are not adequate to meet the District's needs. He suggested smaller delivery alternatives could be collected and shown elsewhere.

Mr. Eby said it is his understanding that the NMMA Technical Group is performing a study and the Committee should note which elements they are recommending that are already being done. Mr. Eby warned the Committee that if Member Graue submits his groundwater study recommendations to the Committee members it would be a violation of the Brown Act. Member Matsuyama clarified that Member Graue would be submitting the recommendation to Chairman Nunley for distribution. Mr. Eby also asked why 8 members were acknowledged in the draft report introduction and noted that Vice Chair Sevcik and Chairman Nunley were not voting members. Chairman Nunley responded that Director Armstrong had been a member prior to being elected to the Board.

Mr. Eby discussed State Water and the difference between drought buffer and Table A water. He noted that the ability to increase capacity of the State Water pipeline was addressed in a trial that Mr. Eby attended yesterday that involved a developer attempting to get State Water. He noted there was confusion at the trial about the different categories and labels of State Water and he suggested not including the specific terms in the report. Member Saltoun suggested any terms used in the report for different types of State Water could be defined.

Mr. Eby asked if taking water from the upper aquifer and reducing pumping from the lower aquifer would have any benefit. Member Graue said the NMMA Technical Group should address whether they are looking at this as a groundwater management option and whether there would be a benefit.

Member Graue said he liked Mr. Eby's idea of separating the cost summary table into projects that can and cannot deliver 3000 AFY, but scoring the alternatives based on

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cost/AFY as suggested by Member Saltoun. Member Watson said he supports this idea. Member Saltoun said he could add a column to indicate which projects can deliver 3000 AFY in the matrix. Member Watson clarified that only the cost summary spreadsheet would need to be restructured according to delivery capacity. Chairman Nunley noted that the majority of the top alternatives do not change since the top few can all deliver 3000 AFY, even if the cost scoring methodology were to change based on delivery capacity.

The Committee members unanimously voted to assign scores based on cost per AFY for the capital cost criterion and cost per AF for the operation & maintenance cost criterion, in addition to separating the cost summary table into projects that can and cannot deliver 3000 AFY.

3. ASSIGN COMMITTEE MEMBERS TO PRESENT DRAFT REPORT TO THE BOARD

Chairman Nunley presented the item. Member Saltoun thought Member Watson would be the right person to provide the overview and he (Saltoun) could present the spreadsheet tools. Member Miller said he would attend the meeting but would prefer not to present.

Member Matsuyama asked how much time had been reserved by the Board. Chairman Nunley said it was his understanding that only 5 or 10 minutes of presentation would be expected by the Board. Member Matsuyama then asked if there would be a longer, future Board meeting after the Board has a chance to review the report. Chairman Nunley said the Committee could choose to do this, but he noted the Committee is not working for the Board and the General Manager had planned to collect any comments from the Board and provide them to the Committee for their consideration.

Member Woodson asked how public comment would be handled. Chairman Nunley said he would be at the meeting to help determine how to respond, if necessary.

The Committee voted unanimously (with Member Saltoun abstaining) to assign Member Watson to present the introduction and Member Saltoun to present the draft matrix.

Member Saltoun said a lot of what was presented on February 13th should be repeated at this Board meeting since it might be a different group of attendees.

4. SET NEXT COMMITTEE MEETING DATE AND TIME

The Committee voted unanimously to meet on March 12 at 1:00 PM.

5. ADJOURN

Chairman Nunley adjourned the meeting at 1:48 PM.

NOTE

Detailed edits and revisions from the meeting were incorporated into the Draft Final Report dated February 26, 2013.

TO: EVALUATION COMMITTEE

FROM: MICHAEL K. NUNLEY, PE
CHAIRMAN

MKN

DATE: March 8, 2013

AGENDA ITEM

#5

MARCH 12, 2013

EDIT AND FINALIZE COMMITTEE REPORT

ITEM

Edit the Draft Final Report and authorize completion of the Final Report

BACKGROUND

Committee members developed a Draft Final Report (dated February 26, 2013) for submittal to the NCSD Board of Directors on February 27, 2013. The Committee's Draft Final Report was developed from over 6 months of Committee meetings, various subcommittee meetings, interviews with technical experts and agency officials, and multiple draft documents refined since September 2012. Chairman Nunley has developed a rough draft of the Executive Summary for consideration by the Committee. As discussed in prior meetings, this Executive Summary was not drafted until the Draft Final Report was completed and submitted.

The Board of Directors anxiously awaits completion of your Final Report. It is proposed that the Committee complete their exceptional work effort by providing edits and finalizing the Report.

The Board members have truly appreciated the hours and months of effort and technical expertise that have been volunteered on behalf of the community.

RECOMMENDATION

Provide edits to the Draft Final Report and direct the Chairman to finalize the Report.

ATTACHMENTS

DRAFT EXECUTIVE SUMMARY

Executive Summary

INTRODUCTION

The Supplemental Water Alternatives Evaluation Committee (SWAEC or Committee) was formed by the Nipomo Community Services District (NCSD) Board of Directors in June, 2012. The Committee was formed to provide a thorough, accurate and objective analysis of various means to provide Supplemental Water supplies to the Nipomo Mesa region.

The SWAEC consists of the following appointments made by the Board of Directors:

Voting Members

Craig Armstrong	Robert Miller
Dan Garson	Sam Saltoun
Dennis Graue	Dave Watson
Kathie Matsuyama	Dan Woodson

Non-voting Members

Michael Nunley, Chair	Peter Sevcik, Vice Chair
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The SWAEC was charged with developing a process to identify a comprehensive list of possible supplemental water supply options for the Mesa, and in turn, vetting each possible alternative to arrive at a listing of viable alternatives that met a series of defined objectives as set forth by the NCSD's Bylaws for the Committee. In approaching this charge, the Committee openly recognizes that this Report and the various findings and statements contained herein are the collective opinion of the Committee members. Said another way, a Committee of eight (8) community volunteers have reviewed materials, discussed parameters and variations of each possible water supply, and conducted a dozen publicly noticed meetings. During these meetings the SWAEC consistently solicited public feedback and suggestions at each and every step of this sequence, in order to arrive at a balanced and fair representation of the viable Supplemental Water Alternatives available to NCSD and its customers.

RECOMMENDATIONS

The Committee developed several general recommendations and a more extensive list of water resources management (groundwater focused) and conservation recommendations. Nipomo Community Services District and other parties to the Stipulation, with support from all water users in the Nipomo Mesa Management Area, are encouraged to:

1. Press for a complete aquifer management study and development of a unified model covering the full extent of Santa Maria groundwater basin.
2. Pursue additional regional partnerships.
3. Provide better public education and outreach.

4. Consider solutions that may provide less supplemental water individually, but together can help meet the Nipomo Mesa region's needs.
5. Encourage individual well owners, and agricultural and industrial water users – the non-stipulated parties within the NMMA – to be part of any solution.
6. Incorporate water conservation in any project or program.
7. Pursue opportunities to minimize the impact of water rate adjustments on all users, and particularly on low-income customers.

RANKING

This Report presents eight (8) major categories of supplemental water supply sources, and then each major category is broken down into separate variations (29 in all), as appropriate. These 29 variations were then analyzed against 18 performance criteria to arrive at the ranking scores presented in the matrices of this Report. These matrices provided the framework for presenting a ranking of each alternative based on the criteria categories. A summary of the Committee's ranking results is provided on the next page.

2/25/2013 SUPPLEMENTAL WATER RANKING SUMMARY

ALTERNATIVES		RANK	SUPPLY	COST	FEASIBILITY
I	10B-RWI Santa Maria Intertie - Full	1	GREEN	SAGE	GREEN
H	10A-RWI Santa Maria Intertie - Phase 1	2	GREEN	YELLOW	GREEN
D	04-C Conservation Programs (Current and Future)	3	RED	GREEN	GREEN
S	19C-SEA Brackish Water Desalination	4	GREEN	SAGE	SAGE
U	20B-SEA Solar Distillation - Coastal (Pilot Project Required for Proof of Concept)	5	GREEN	SAGE	YELLOW
N	13-LG Local Shallow Aquifer (Basin-wide Aquifer Study and Modeling in SLO and SB Counties Required)	6	YELLOW	GREEN	YELLOW
T	20A-SEA Solar Distillation - Inland (Pilot Project Required for Proof of Concept)	7	GREEN	YELLOW	YELLOW
Q	19A-SEA Seawater Desalination - P66 Outfall	8	GREEN	YELLOW	YELLOW
L	11-RWW Acquire Wastewater Supply from South SLO County Sanitation District	9	SAGE	SAGE	SAGE
R	19B-SEA Seawater Desalination - New Outfall	10	GREEN	YELLOW	YELLOW
F	07-AIR Phillips 66 Refinery Process Water Reuse	11	RED	SAGE	GREEN
M	12-RWW Acquire Wastewater Supply from Pismo Beach	12	YELLOW	SAGE	SAGE
G	09-AIR PXP Arroyo Grande Production Wastewater Reuse	13	YELLOW	YELLOW	SAGE
B	01B-SW Acquire Excess Table A Allocation identified by CCWA-SLOCFCWCD & Buy-into CCWA Pipeline	14	SAGE	RED	GREEN
A	01A-SW Acquire Unused Table A Amount from SLOCFCWCD	15	SAGE	RED	SAGE
C	02-SW Purchase Unused Table A Allocation from SWP Participants & Buy-into CCWA Pipeline	16	YELLOW	YELLOW	SAGE
J	10C-RWI Oceano Intertie	17	RED	YELLOW	YELLOW
K	10D-RWI Nacimiento Water Project Intertie	18	YELLOW	RED	YELLOW
E	06-AIR Agricultural Water Reuse	19	RED	RED	YELLOW
O	14-LG Dana Wells	20	RED	RED	YELLOW
P	16-SFW Oso Flaco Lake	21	RED	RED	RED

	LEGEND	TOP QUARTILE	3RD QUARTILE	2ND QUARTILE	BOTTOM QUARTILE
		GREEN	SAGE	YELLOW	RED

TO: EVALUATION COMMITTEE

FROM: MICHAEL K. NUNLEY, PE
CHAIRMAN

MKN

DATE: March 8, 2013

AGENDA ITEM

#6

MARCH 12, 2013

DISCUSSION OF "NEXT STEPS"

ITEM

Discuss opportunities for Committee members to participate in workshops or other efforts after the Committee's work is finished.

BACKGROUND

Some Committee members have expressed interest in supporting workshops or other outreach efforts related to their work product. Since the Report represents the completion of the Committee's duties, some members may wish to approach the General Manager or Board to take part in these or similar efforts.

RECOMMENDATION

Discuss interest of some Committee members in participating in public workshops or other efforts related to the Committee's work.

ATTACHMENTS

NONE