

## MEMORANDUM

Date: March 13, 2012

To: Michael LeBrun, General Manager  
Nipomo Community Services District

From: Kari Wagner, PE 

**Subject: General Benefit for the Supplemental Water Project**

The Engineer's Report for Nipomo Community Services District, Assessment District No. 2012-1(Supplemental Water Project), dated March 14, 2012, prepared by Wallace Group includes on page 18 a description of General Benefit for the Supplemental Water Project. This paragraph is noted as follows:

"The Assessment Engineer reviewed whether the Project conveys any public general benefit or conveys special benefit to parcels beyond the properties within the Assessment District. All properties outside of the boundaries of the Assessment District or those exempt within the Assessment District do not receive special benefit because such parcels are subject , to Ordinance No. 3090 of the County of San Luis Obispo, which requires parcels within the Nipomo Mesa Water Conservation Area with general plan amendments or land divisions to off-set their impact and need for supplemental water by paying a supplemental water development fee that will increase, not supplant the existing planned supplemental water provided by the Project. Therefore, those parcels which are not subject to the Assessment or which are restricted in their benefit, will not receive any special benefit beyond what is determined since water will not be available until future improvements and the costs associated therewith have been made by such parcels. General benefit to the public at large, if any, of lessening the threat of seawater intrusion into the fresh water supply or special benefit to properties not covered by Ordinance No. 3090, has been quantified to be much less than the contribution provided by the State Department of Water Resources grant in the amount of \$2,300,000."

Allocation of water and water availability does not change on the Nipomo Mesa due to the Supplemental Water Project, except for parcels subject to the assessment and the availability of water from the four water purveyors which provides a peculiar benefit to properties within the Assessment District. Therefore the primary benefit of the Assessment District for availability and reliability of water allocation does not affect properties outside the Assessment District or those properties not subject to the assessment and on a well. Properties within the Assessment District and properties outside the Assessment District will continue to use ground water as a source of potable water. However, the general and/or specific benefit of the reduced risk of seawater intrusion (one source of ground water contamination), if any, to these properties may exist and should be calculated.



WALLACE GROUP®

CIVIL ENGINEERING

CONSTRUCTION  
MANAGEMENT

LANDSCAPE  
ARCHITECTURE

MECHANICAL  
ENGINEERING

PLANNING

PUBLIC WORKS  
ADMINISTRATION

SURVEYING /  
GIS SOLUTIONS

WATER RESOURCES

WALLACE SWANSON  
INTERNATIONAL

WALLACE GROUP  
A California Corporation

612 CLARION CT  
SAN LUIS OBISPO  
CALIFORNIA 93401

T 805 544-4611  
F 805 544-4294

[www.wallacegroup.us](http://www.wallacegroup.us)



Based on the 3<sup>rd</sup> Annual Report, prepared by the Nipomo Mesa Management Area, submitted June 2011, the estimated groundwater pumping is 10,950 Acre-Feet (AF) for 2010. Of this, 5,000 AF was pumped by the four water purveyors (Nipomo Community Services District, Golden State Water Company, Rural Water Company and Woodlands Mutual Water Company). The customers of these four water purveyors receive special/peculiar benefit from the Supplemental Water Project as they have the exclusive right to receive the increased water supply brought about by the Supplemental water, which is the primary/peculiar benefit of the Project, as well as the benefit of the reduced risk of depending on a sole source of potable water. In other words, properties within the Assessment District will have the ability to mitigate the impacts of ground water contamination (i.e. seawater intrusion/nitrate contamination, etc.) while properties outside the Assessment District will not.

The remaining 5,950 AF of water is pumped by other users (Conoco Phillips, rural landowners, and agriculture) on the Nipomo Mesa. All properties are subject to Ordinance No. 3090 unless the property is unable to further subdivide or develop.

Agriculture and Conoco Philips use an estimated 4,000 AF of groundwater and are both subject to Ordinance No 3090 for any future development. The Supplemental Water Project brings the Special Benefit to the existing use (4,000 AF) due to the reduction in threat of seawater intrusion to the basin, however they do not receive any special benefit since these parcels will not be connecting or have the ability to connect to the project, which is the peculiar special benefit.

The rural landowners outside the four water purveyor's service area or within the services areas but on private wells are estimated to pump 1,950 AF. Of these parcels, the majority of the parcels are unable to subdivide. It is estimated that parcels not subject to Ordinance No. 3090 which might have the ability to construct an additional home on the property may be high as 50% so an increase in AF to 1.5 times 1,950 AF may be foreseeable, if permits are issued by the County and no further water conservation measures are imposed on the new development. Therefore, the total water pumped from rural landowners is estimated at 2,925 AF. Those that are able to subdivide are subject to Ordinance No. 3090. Therefore, as noted above, the Supplemental Water Project brings the Special Benefit to the existing use and projected use (2,925 AF) due to the reduction in threat of seawater intrusion to the basin, however they do not receive any special benefit since these parcels will not be connecting or have the ability to connect to the project, which is the primary special benefit.

The total cost of the project is \$29,763,314 minus financing costs of \$3,502,192 minus the district formation costs of \$1,584,125 which equates to \$24,676,997.

In looking at the estimated acre-foot, we are looking at 5,000 AF for existing water purveyors and those subject to the Assessment, plus 4,000 for Agricultural and Conoco Phillips and 2,925 AF for rural landowners, for a total of 11,925 AF. The cost per acre-foot of the Supplemental Water Project is \$2,069 AF ( $\$24,676,997/11,925 \text{ AF} = \$2,069$ ). Since the reduction of the threat of seawater intrusion is a side effect of the Supplemental Water Project and not the primary benefit, the general and/or special benefit has been estimated at 10% of the total cost per AF. This results in a cumulative special benefit of \$1,034,500 for the existing water purveyors ( $\$2,069 \text{ AF} \times 5,000 \times 10\% = \$1,034,500$ ), a special and/or general benefit of \$827,600 for Agriculture and Conoco

General Benefit for Supplemental Water Project  
March 13, 2012

Philips ( $\$2,069 \text{ AF} \times 4,000 \times 10\% = \$827,600$ ), and a special and/or general benefit of \$605,183 for Rural Landowners ( $\$2,069 \times 2,925 \times 10\% = \$605,183$ ).

Therefore, the total general and/or special benefit to users on the Nipomo Mesa that are not participating in the Supplemental Water Project is \$1,432,783 or less than \$2,300,000, the amount of the State Department of Water Resources Grant.

