



## **Nacimiento Project Commission Notice of Special Meeting and Agenda**

**Thursday, April 22, 2010 – 4:00 pm  
Templeton Community Services District Offices**

- I. Call to Order, Roll Call, and Flag Salute
- II. Public Comment  
This is the opportunity for members of the public to address the Commission on items that are not on the agenda, subject to a three minute time limit.
- III. Meeting Notes from February 25, 2010  
(RECOMMEND APPROVAL)
- IV. COMMISSION INFORMATION ITEMS – (since this is a Special Meeting, no additional information items are scheduled)
- V. PRESENTATIONS
  - a. Ribbon-Cutting Ceremony Planning
- VI. COMMISSION ACTION ITEMS  
(No Board of Supervisors Action Required)
  - a. Revised Project Budget – Design and Construction Phase
- VII. COMMISSION ACTION ITEMS  
(Subsequent Board of Supervisors Action Required)
  - a. Fiscal Year 2010/11 Nacimiento Water Operating Fund Budget
- VIII. FUTURE AGENDA ITEMS DESIRED BY COMMISSION

Commissioners

**David Brooks, Chair,**  
Templeton CSD

**Grigger Jones, Vice Chair,**  
Atascadero MWC

**John Hamon,** City of El Paso de Robles

**Frank Mecham,** SLO County  
Flood Control & Water  
Conservation District

**Dave Romero, Chair,** City of San Luis Obispo

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**Next Commission meeting scheduled for  
Thursday, May 27th, at 4:00 pm at  
Templeton Community Services District offices**

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Nacimiento Project Commission  
April 22, 2010  
**Agenda Item III – Meeting Notes from February 22, 2009**

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**I. Call to Order, Roll Call and Flag Salute**

Chairman Romero convened the meeting at 4:00 pm.

Commissioners Present: Chairman Dave Romero, City of San Luis Obispo  
Vice Chairman David Brooks, Templeton CSD  
John Hamon, City of Paso Robles<sup>1</sup>  
Grigger Jones, Atascadero MWC  
Frank Mecham, SLO Flood Control & Water Conservation District

**I. Election of 2010 Officers**

Commissioner Mecham nominated Commissioner Brooks as Chairman; Commissioner Jones seconded; passed 4-0.

Commissioner Mecham nominated Commissioner Jones as Vice-Chairman; Commissioner Romero seconded; passed 4-0.

Commissioner Hamon joined the meeting at 4:03 p.m. Gavel passed to new Chairman Brooks.

**III. Meeting Notes from Prior Meeting**

Commissioner Romero asked if the statement “MCWRA is currently on track to implement the initial watercraft inspection program by March 31, 2010” was accurate. John Hollenbeck confirmed that as of the November 9, 2009, meeting date it was. Commissioner Hamon moved to approve the meeting notes for November 9, 2009; Commissioner Mecham seconded; passed 5-0.

**IV. Project Manager’s Report**

Construction Status John Hollenbeck introduced Jacobs construction manager Johnnie Overton. Mr. Overton briefly summarized his 35-year career, then reported that the pump stations are 99% complete with the exception of the Intake Pump Station. The most recent pump submittal for that station was received on February 19, 2010. Mr. Overton announced the pumps for the Intake Pump Station may arrive in June 2010. Seismic compliance is at issue and at this rate, system start-up is expected to be complete in October 2010. Both Teichert and Southern California Pipeline pipe crews are still working with Southern California Pipeline’s prevailing wage dispute still pending. The District is holding approximately \$1.6 million as ordered by the State; however, the contractor is still on track for timely completion.

Status of Project Team Mr. Hollenbeck reported that he seeks a proposal from Black & Veatch to assemble the Project Operations Manual. The District is preparing a memorandum of agreement with the City of San Luis Obispo to plant 250 coast live oaks as supported by the Commission as part of the oak tree mitigation compliance. Mr. Hollenbeck also noted that about 50 people attended the burial ceremony for the human remains found on Camp Roberts.

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<sup>1</sup> Joined meeting in progress as noted.



Commissioner Brooks asked if liquidated damages would apply to any contractor responsible for late completion and Mr. Hollenbeck confirmed that this is the case. The construction manager is working closely with Mountain Cascade in this regard.

Outside Agency Issues The Wallace Group is underway with design of an emergency connection to MCWRA's low level outlet works.

Mr. Hollenbeck explained that actual construction costs for the County ITD fiber optics facilities exceeded the 2006 estimate. The "soft costs" (i.e. the agreed-upon percentage allowances for design, construction management, administration, etc.) are in review now and are likely to be lower than enumerated in 2006. Mr. Hollenbeck identified a range of between \$55,000 and \$100,000 for the soft costs. The District will report to the Commission the outcome of the soft cost component at a future meeting.

Mussel Prevention - Christine Halley reported on recent events with MCWRA and Monterey County Parks. Staff is working closely together to get signage, self-check forms, public outreach, and other program elements in place in time for this year's boating season. The February 19, 2010, elected officials meeting was cancelled when it became apparent that MCWRA both increased the program cost estimate by 20% and proposed a cost-sharing approach that sharply deviated from the group's discussions in January. Neither of these issues has been resolved by staff within each agency. Mrs. Halley will author a range of alternative approaches to cost sharing, work jointly with Monterey agencies staff to final a staff report, then reconvene the elected officials.

Mrs. Halley reported skepticism at having a self-certification and education program fully implemented by the milestone date of March 31, 2010. Her best-assessment is that an education program may be in place by Memorial Day.

Monterey County Parks received several hundred applications for four ranger positions, and they have shortlisted this down to four possible candidates.

The general consensus between the Project Manager, Mrs. Halley, and the Commissioners is that MCWRA and Monterey Parks lack sincerity in making lake protection from invasive aquatic species a true priority for this boating season. District staff remains actively engaged to proactively advance this issue and keep it a high priority. The District's proposed budget (refer to Agenda Item V.a) has significant funds proposed to address this issue. TJ Cross Engineers, where Mrs. Halley works, has engaged additional staff to increase the deliverables in what short time remains between now and the original milestone of March 31, 2010.

Mrs. Halley represented the District at the annual Board Meeting for Cal-Shasta on February 13, 2010. Robin Dickerson of TJCross Engineers and Tom Shepherd from Monterey County Parks also attended. They provided an overview of mussel infestation concerns and sought input on the 2010 boating season prevention program. Cal-Shasta members had a good understanding of the issue and a willingness to be part of the prevention program. They expressed concern about boaters rejected from launching without an option to decontaminate somewhere in the vicinity. Their general advice was to include Oak Shores and Heritage Ranch in the education outreach and voiced that internal ballast boats constitute the largest threat to Lake Nacimiento. Phil Humfrey is Cal-Shasta's contact in this regard.

Surplus Water – Doug Bird, County Public Works Department, reviewed the delivery entitlement contract terms pertaining to the administration of surplus water. He confirmed that the "water year" is defined as the twelve month period beginning October 1 of each year. Mr. Bird is working with Department accounting staff to establish Reserve Water Customer pricing for the current water year,



particularly to discuss with Papich Construction as a potential Reserve Water Customer in Unit G1. Staff will report progress on establishing the pricing and potential customer dialogue at future TSG and Commission meetings. Chairman Brooks questioned the number of pipe taps required to deliver water to Reserve Water Customers in light of the potential for leaks. Mr. Hollenbeck mentioned tapping into air-vacuum valve facilities and blow-off facilities as the preferential tapping point as well as pump station yard piping. The Public Works Department will establish design standards for locating and constructing such taps, which are to be financed by the Reserve Water Customer, noting that this is a supplemental water supply subject to interruptions. Mrs. Halley pointed out that the administration of temporary uses of water are akin to hydrant metering at each Participant's retail systems. Gary Henderson pointed out that San Luis Obispo City does not allow such uses of potable water but do make a non-potable well available for construction water. Commissioners expressed their expectation that any such taps into the Nacimiento pipeline would be secured to deter stealing water.

Schedule – The construction schedule needs updated to reflect the delay in submittal processing for the Intake Pump Station.

## **V. Presentations**

FY 2010/11 Nacimiento Project Draft Budget – Mr. Hollenbeck noted that as the Project nears start-up, the Commission may expect more direct reporting by Public Works Department staff. Today's budget presentation is along that line.

Wendy Hall, County Public Works Department administrative analyst, distributed the draft budget. The TSG and Finance Committee will meet to discuss the draft budget on March 11, 2010, with another opportunity at the April 8, 2010, TSG meeting. The Commission will take action at their April 22, 2010, meeting. Email comments to [WHall@co.slo.ca.us](mailto:WHall@co.slo.ca.us) are welcome.

Nacimiento Lake Ordinance Revisions – Mr. Hollenbeck reviewed the proposed ordinance revision, noting that San Luis Obispo County has been collaborating with Monterey County on this effort. Pat Foran's understanding is that County General Services is to take the item for Board of Supervisors' consideration in mid-March.

## **VI. Commission Action Items**

Line Item Budget Adjustments - Mr. Hollenbeck noted that annually, he considers line item budget adjustments to better align with costs-to-date and anticipated costs-to-complete. He reviewed the basis for the primary proposed line item budget adjustments. When asked if the Commission had a preference for retaining a consistent "TOTAL PROJECT" cost of \$176 million or to adjust that as-appropriate, the Commission elected to retain a consistent amount. Mr. Hollenbeck will bring back proposed adjustments retaining that figure and consistent with oak tree mitigation budgeting. Commission action was deferred for the time being.

## **VII. Commission Action Items**

Pressure Monitoring Instrumentation – Mr. Hollenbeck described the potential consequences of pipeline rupture resulting from transient surges, sharing illustrations of potential damage. He described the "TP-1" devices and how they work. Commissioner Mecham asked if the devices would trigger a system shut-down and Mr. Hollenbeck said no, that they would alert operators to changes in brief, transient surges for further diagnosis. Other instrumentation is in place that would trigger an emergency shut-down. The TP-1's are considered insurance, for events that otherwise would go undetected. Chairman Brooks questioned whether competitive bids were sought. Mr. Hollenbeck explained that the device is new to the industry and that, given these unique circumstances, seeking

competitive proposals would result in incongruity, delays, and would not serve the public well. Commissioner Hamon asked about other ongoing costs and Mr. Hollenbeck described data analysis and maintenance steps. Commissioner Mecham asked if the devices could be installed later. They could, but a primary value and opportunity to protect the public's investment is during system start-up. Commissioner Romero concurred that the installation is less expensive and easier now. With that background, Vice Chairman Jones moved support for processing Change Order No. 013 for Construction Contract No. 300187.08.02 in the amount of \$395,000; Commissioner Romero seconded the motion; passed 5-0.

**VIII. Future Agenda Items Desired by Commission**

None mentioned.

Chairman Brooks adjourned the meeting at 5:35 pm.

*Submitted by Christine Halley*



Nacimiento Project Commission  
April 22, 2010  
**Agenda Item V.a– Ribbon-Cutting Ceremony Planning**  
(Information Only – No Action Required)

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**Overview**

The Nacimiento Water Project is now expected to be substantially complete by September/October 2010. The Commission has expressed interest in hosting a ribbon-cutting ceremony for the Nacimiento Water Project. The Project Manager would like to take this opportunity to hear the Commission's thoughts on that topic and to begin planning for that event.

**Potential Dates**

October 19<sup>th</sup> is the anniversary date for signing of the 1959 Master Water Contract. This year that date falls on a Tuesday.

October 25<sup>th</sup> is the anniversary date for Project ground-breaking and this year that date falls on a Monday.

At this point, the Project Manager is exploring the afternoon of October 25, 2010, as a possible date for the ribbon-cutting ceremony. Does the Commission have any concerns with this date?

**Budget/Public Significance**

Funding for a ribbon-cutting event is considered part of the Design and Construction Phase budget and is discretionary on the part of the Participants and the District. By way of comparison, the Project's 2007 groundbreaking ceremony actual cost was approximately \$25,000. That budget included signage, tent and sound system, memorabilia, staff coordination time, event coordinator fee, printing, mailing, and other related costs. An estimated 120+ people participated in that event.

One point of discussion with the Commission is the public significance of Nacimiento Water Project start-up. Given that this is the largest public works project ever undertaken by the County, the fact that this \$176 million project was fully funded with local money, and that it marks a significant milestone in execution of the County's water planning, what overall budget might be appropriate for a ribbon-cutting event? On par with the groundbreaking ceremony perhaps?

**Format**

On a related issue, Commission's input on event format would be valuable. Optional formats are:

1. Project team member as master of ceremonies (MC)
2. Local celebrity as MC
3. Professional level MC (such as a newscaster)



A panel of speakers could be on hand to make remarks “live” during the event, or perhaps a professional video could be assembled ahead of time with cameo remarks assembled into a short documentary.

### **Outreach to Elected Officials**

Should we extend invitations to our State and Federal representatives? If so, who and what may be their role during the event?

The Commission’s thoughts on these topics will help the Project Manager prepare for this red-letter public event.



Nacimiento Project Commission  
April 22, 2010

**Agenda Item VI.a — Revised Project Budget – Design and Construction Phases**  
(Commission Action – No Subsequent Board Action Required)

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**TO:** Nacimiento Project Commission

**FROM:** John R. Hollenbeck, P.E., Nacimiento Project Manager

**DATE:** April 22, 2010

**Recommendation**

We recommend that your honorable Commission approve the revised Nacimiento Water Project Budget Report presented herein, which redistributes monies among those budget categories where improved knowledge of expenditure warrants such redistribution. The overall budget of the Project remains at about \$176-million.

**Discussion**

The Project Budget Report through March 31, 2010, is presented enclosed with this agenda item. On or about every year, a line item adjustment is proposed to your Commission for consideration. The first Design and Construction Phase budget was approved by your Commission on August 23, 2007. Your Commission last approved a revision to certain line items of the budget in February 2009. The proposed changes presented within for your consideration are described in **Table VI-1**.

An error to the District Controlled Contingency-Construction Phase line item was discovered during the preparation of the line item revisions. The error originates with the August 2007, budget and has been carried forward until its discovery in February 2010. The error is about \$1.3-million extra in the Construction Phase contingency line item. The \$1.3-million is the Design Phase Budget Reserve that had not been spent when the August 2007, budget was created. A correction is made to this proposed line item adjustment by subtracting the error about (\$1,317,464) from the Environmental Mitigation line item. The Environmental Mitigation line item was originally budgeted for \$4.5-million, and is judged to require much less than that amount to satisfy the projected expenditures. Currently, the Project Manager estimates about \$1.7-million of this line item will be unused.

The Design Phase Reserve, presently \$720,103, may or may not be spent, and this will remain unknown until the end of the construction. Design Phase elements that are still active include environmental, PG&E service, and right-of-way. The Project Manager's expectations are that the majority of the Design Phase Reserve will not be spent, but instead will be realized as savings to the Project.



**Table VI-1  
Proposed Line Item Adjustments  
to  
Nacimiento Water Project Budget Report (March 22, 2010)**

Line Item	Proposed New Budget Value	Discussion of Adjustments to Feb 2009 Budget Report
<b>DESIGN PHASE COSTS</b>		
Project Management	\$2,450,000	<b>Add \$104,251</b> to more closely reflect actual expenditures of this line item.
Property Acquisition	\$1,700,000	<b>Reduce \$200,000</b> based to more closely reflect actual expenditures
Construction Management	\$669,173	<b>Add \$64</b> to correct error from the with compensation value given in Agreement for Professional Construction Management Services
PG&E Service Extension	\$300,000	<b>Add \$200,000</b> to budget for possible charges from PG&E if pump stations do not use sufficient electricity in the first year. Expect to eventually receive these monies back, but not until during the O&M Phase.
Design Phase Reserves	\$720,103	<b>Reduce \$104,315</b> as the net affect of the above line item adjustments.
<b>CONSTRUCTION PHASE COSTS</b>		
Project Management	\$4,858,563	<b>Added Net \$165,926</b> for truck (\$45,000) and sanitary survey and recreation plan update (\$125,000), and reduce \$4,074 to correct County Overhead Allocation to August 2007 level.
Environmental Mitigation	\$1,862,757	<b>Reduced \$2,637,243</b> based on following: Moved \$364,779 to Construction Contingency to offset change orders that were environmental mitigation work. Moved \$955,000 to Professional Services Contingency to offset costs to JEG for additional environmental monitoring and data collection work. Reduced \$1,317,464 to correct error in the Aug 2007 budget. Error was incorrect transfer of Design Phase Reserves to the Construction Phase Contingency.
Construction Management	\$10,190,827	<b>Added \$1,975,000</b> to CM Services, equal to adding \$1,020,000 for JEG services, and adding \$955,000 for Environmental Monitoring Services (work done by ESA and managed by JEG).
Construction Contracts	\$130,265,722	<b>Added \$6,388,953</b> to construction contract budget, which breaks down as follows: Added \$6,244,248 for change orders to all construction contracts. Added \$369,705 reimbursement cost to Paso Robles for repaving North and South River Road. Reduce Spec 1 \$75,000 for not earning the Incentive Provision Reduce Spec 3 \$100,000 for not earning the Incentive Provision Reduce Spec 5 \$50,000 for not earning the Incentive Provision
Contingency	\$5,235,826	<b>Reduced \$6,439,756</b> , as the affect of the above line item adjustments.



## **Financial Considerations**

The overall Project budget remains at about \$176-million. The proposed line item adjustments to the budget will allow for more accurate tracking of individual budget items.

## **Results**

Approval of the proposed budget line items will provide the Project Team a more accurate tracking of actual expenditures, thus giving management the tools needed to successfully manage the District's largest capital project.

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**Nacimiento Water Project  
Project Budget Reporting  
D R A F T - Report Ending Period: 3/31/10**

	Revised Budget PROPOSED MARCH 2010	Cost to Date thru 3/31/10	Remaining Budget	Projected Total Cost as of 3/31/2010	Projected Variance (Budget Vs. Projected Cost)	Comments
<b>Design Phase Costs</b>						
Project Management	\$2,450,000	\$2,298,745	\$151,255	\$2,419,494	\$30,506	Includes County Project Manager, VE, support staff, TJCross support, finance team, legal fees, and County overhead allocation during Design Phase. Revised 2/2010- Adjusted to better align with actual costs to date.
AD-15 Process (Preparation for Bidding)	\$113,057	\$113,057.01	\$0	\$113,057	\$0	Reproduction and mailing of Contract Docs, addenda, and other bid phase correspondence, utilizing ASAP Reprographics
Environmental	\$2,346,867	\$2,095,287.08	\$251,580	\$2,346,867	\$0	ESA-Includes design assistance, permit applications, agency coordination. Amendments authorized for EIR Addendum and extended cultural resource efforts.
PG&E Service Extension	\$300,000	\$34,472.58	\$265,527	\$300,000	\$0	Estimate to extend power to proposed facilities at \$100,000. Add \$200,000 for low energy usage in first year (2/10)
Right of Way Consulting Services	\$1,562,000	\$1,475,846	\$86,154	\$1,562,000	\$0	Hammer-Jewell contract plus allowance for appraisal, title reports by others, and Special Counsel. Includes court hearings for orders of possessor
Property Acquisition	\$1,700,000	\$1,623,986.57	\$76,013	\$1,700,000	\$0	2/10-Revised acquisition budget.
Construction Mgt/Constructability Review	\$669,173	\$669,109.19	\$64	\$669,173	\$0	Amendment revised Design Phase Value to \$669,173.
Engineering Design (Includes geotechnical, survey & Design CM)	\$9,088,800	\$9,419,153.76	(\$330,354)	\$9,088,800	\$0	Black and Veatch Corporation 11/06-Revised projected total. 8/07-revised back up to original budget pending Design Amendment
Finance	\$0	\$-	\$0	\$0	\$0	PFM, UBS, and Fulbright & Jaworski support services coded to Project Management line item above.
New Participant Contribution	(\$50,000)	(\$49,040)	(\$961)	(\$50,000)	\$0	11/06-CSA 10A buy-in fee per Article 29 of the WDEC.
Design Phase Budget Reserve (NOTE 1)	\$720,103		\$720,103	\$0	\$720,103	
<b>SUMMARY - DESIGN PHASE</b>	<b>\$18,900,000</b>	<b>\$17,680,617</b>	<b>\$1,219,383</b>	<b>\$18,149,391</b>	<b>\$750,609</b>	
<b>Construction Phase Costs</b>						
Project Management	\$4,858,563	\$3,580,243.93	\$1,278,319	\$4,841,136	\$17,427	Includes District staff, County Counsel, intern support, TJCross support, and operator support during construction. Also includes premium for District-provided Builder's Risk Insurance and County overhead allocation. Updated 2/2010: Added \$170,000 from Prof Serv Contingency
Environmental Mitigation	\$1,862,757	\$20,310.75	\$1,842,446	\$150,000	\$1,712,757	For pipeline realignments, special const tech and other costs incurred due to unforeseen enviro issues. Also used for mitigation of habitat (oak trees, SJ Kit Fox, etc). Revised 2/2010 (\$364,779 to Const Cont, \$955,000 to Prof Services Cont., and \$1,317,464 reduction to correct overall budget to Aug 2007 level)
Construction Management, Includes Environmental Monitoring, Materials Testing & Surveying	\$10,190,827	\$8,138,450.75	\$2,052,376	\$10,190,827	\$0	Based on Jacobs construction management services fees and ESA's Environmental Monitoring Fees through Amendment No. 8
Post-Design Services by Designer	\$3,200,000	\$2,294,934.49	\$905,066	\$3,200,000	\$0	Black & Veatch's construction phase services.
Construction Contracts	\$130,265,722	\$123,097,578.29	\$7,168,144	\$130,349,834.75	(\$84,113)	BASED ON CONSTRUCTION BIDDING + CHANGE ORDERS
District Controlled Contingency Construction Phase Contingency and Reserve (NOTE 1)	\$5,235,826		\$5,235,826	\$5,235,826	\$0	Recommended contingency for construction change orders, prof service changes, and other Project reserve. Excludes the carryover of unused Design Phase reserves.
<b>SUMMARY - CONST. PHASE</b>	<b>\$155,613,695</b>	<b>\$137,131,518</b>	<b>\$18,482,177</b>	<b>\$153,967,624</b>	<b>\$1,646,071</b>	
<b>Prior Expenses</b>						
Advance Expenditures	\$513,000	\$513,000	\$0	\$513,000	\$0	
Cuesta Tunnel	\$1,031,000	\$1,031,000	\$0	\$1,031,000	\$0	Includes construction of Nacimiento Water Project pipeline section through Cuesta Tunnel and cost for 2003 EIR.
<b>TOTAL PROJECT</b>	<b>\$176,057,695</b>	<b>\$156,356,135</b>	<b>\$19,701,560</b>	<b>\$173,661,015</b>	<b>\$2,396,680</b>	

Positive Projected Variance indicates costs are under the revised line item budget.  
Recent Update: April 16, 2010

NOTES 1. When the Design Phase is closed, the reserves will be transferred to the Construction Phase Reserves.

Nacimiento Project Commission  
April 22, 2010  
**Agenda Item VII.a – Fiscal Year 2010/11**  
**Nacimiento Water Operating Fund Budget**  
(Commission Action – No Subsequent Board Action Required)

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**TO: Nacimiento Project Commission**

**FROM: Will Clemens**

**DATE: April 22, 2010**

**Recommendation**

Forward the attached draft Nacimiento Water Operating Fund Budget for Fiscal Year 2010/11 to the Board of Supervisors for approval.

**Discussion**

On February 25, 2010, the Commission received an initial draft budget for Fiscal Year 2010/11. The District received comments from Participants on the initial draft budget and met with both the TSG and the Finance Committee on March 11, 2010. Attached is a revised draft budget for the initial Nacimiento Water Project operating year.

With Commission concurrence, the attached draft budget will be forwarded to the Board of Supervisors along with other special district budgets for approval. The Board of Supervisor's budget hearing will be held in June 2010.

**Financial Considerations**

Adoption of the attached draft budget will obligate Participants to make payments per the Delivery Entitlement Contracts with payment of 60% of the Operations & Maintenance Costs due on July 1, 2010, per Article 17(A)(3).

**Results**

Forwarding the attached draft budget to the Board of Supervisors for approval will set into motion the fiscal management of the operating phase of the Nacimiento Water Project.

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# NACIMIENTO WATER OPERATING FUND

**PROPOSED  
BUDGET**

**(REVISED)**

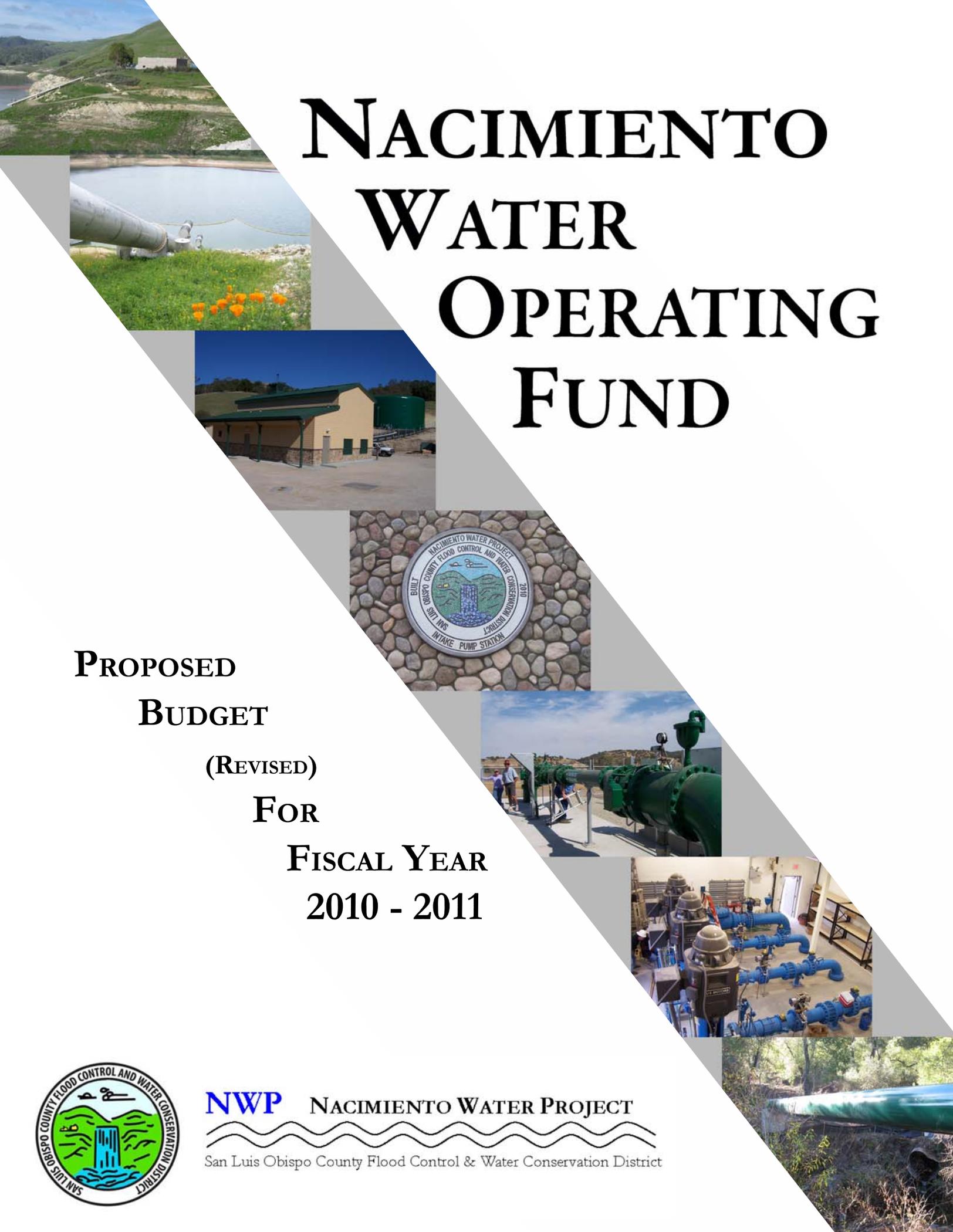
**FOR**

**FISCAL YEAR  
2010 - 2011**



**NWP** NACIMIENTO WATER PROJECT

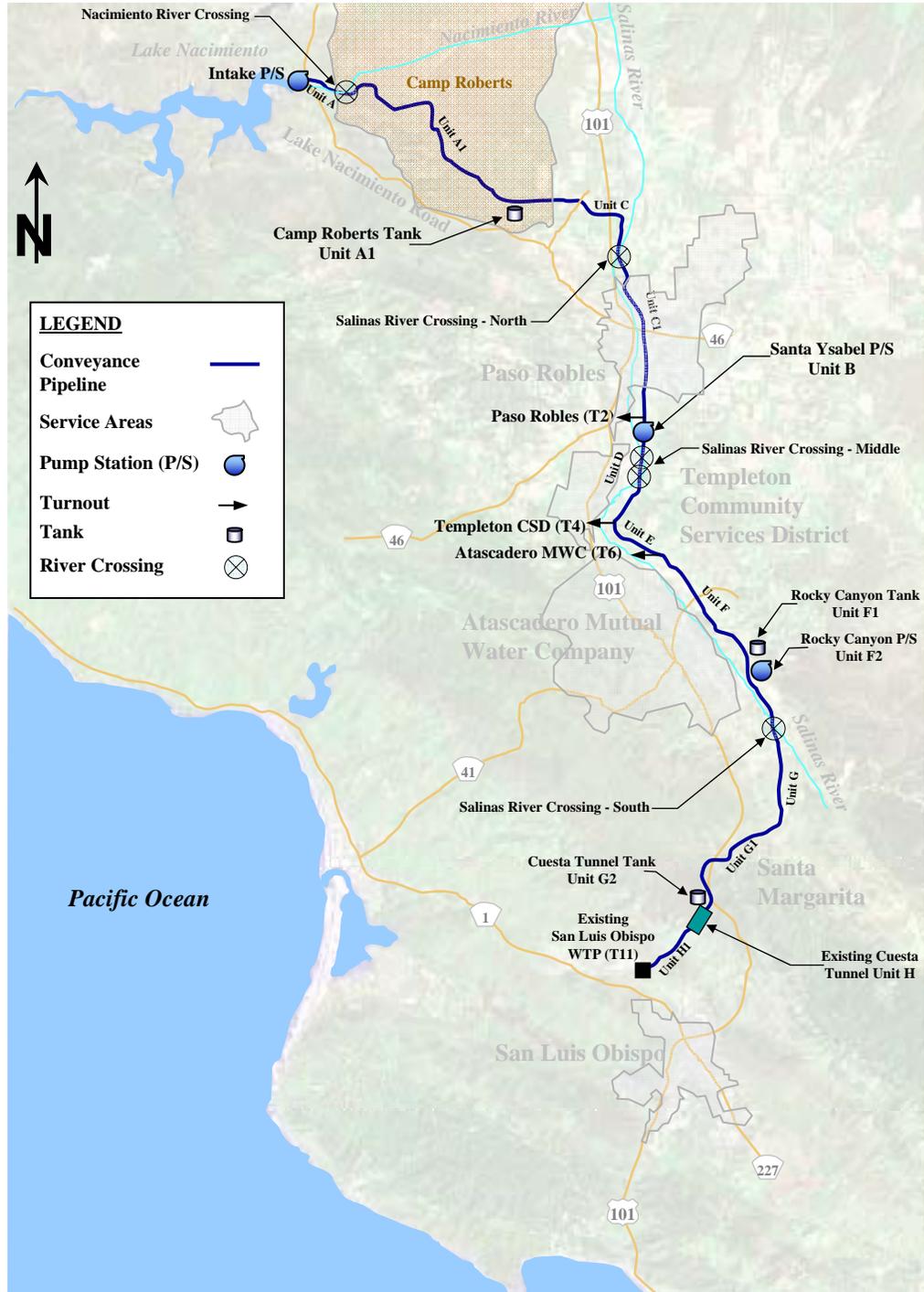
San Luis Obispo County Flood Control & Water Conservation District





# NWP NACIMIENTO WATER PROJECT

San Luis Obispo County Flood Control & Water Conservation District



**Unit Map for Nacimiento Water Project**

**NACIMIENTO WATER OPERATING FUND  
2010/11 PROPOSED BUDGET**

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# SAN LUIS OBISPO COUNTY DEPARTMENT OF PUBLIC WORKS

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February 25, 2010

## MEMORANDUM

**TO:** Nacimiento Project Commission

**FROM:** Will Clemens, San Luis Obispo County Public Works Department Administrator

**SUBJECT:** Nacimiento Water Operating Fund - Proposed Budget FY 2010-11

The 2010-2011 Nacimiento Water Operating Proposed Budget has been prepared by the San Luis Obispo County Flood Control and Water Conservation District staff (Department of Public Works) for your review. Since this proposed budget is the first year of operations of the Nacimiento Water Project, estimates were based on Project Designer recommendations, past expertise and experiences with similar systems, and estimated projections of operation efforts. This budget will be presented to the Commission at the February 25<sup>th</sup>, 2010 meeting with formal approval to take place at a special Commission meeting April 22, 2010.

The budget will be provided to the Technical Support Group (TSG) February 25, 2010, with a March 11, 2010 meeting with the TSG and Finance Committee to review the proposed budget and discuss any Participant questions and/or comments. Any revisions to the Proposed Budget that come out of the March 11, 2010 meeting will be returned to the TSG during their April 8, 2010 monthly meeting. A summary of the FY 2010-2011 budget is as follows:

Description	Preliminary Estimates	2010-11 Budget	Dollar Change	Percent Change
<b>Operations And Maintenance</b>				
Billable Routine	3,158,555	3,001,197	(157,358)	(5.24)%
<b>Total O&amp;M</b>	<b>\$3,158,555</b>	<b>\$3,001,197</b>	<b>(\$157,358)</b>	<b>(5.24)%</b>
Billable Capital Outlay/Reserves	2,024,000	2,260,406	236,406	11.68%
Billable Debt Service	3,673,256	3,673,256	0	0%
<b>Total Participant Billings</b>	<b>\$8,855,811</b>	<b>8,934,859</b>	<b>\$79,048</b>	<b>0.89%</b>

## **Variance Discussion:**

As this is the first year of operation, there are no budget variances to report, however, the preliminary estimates made at the time of bond issuance are used as a comparison. Total billings to participating agencies are 0.89% higher than preliminary estimates.

### **Billable Operations and Maintenance**

O&M billings are 5.24% lower than the preliminary estimates.

### **Billable Capital Outlay/Reserves**

Capital/Reserve billings are \$236,406 or 11.68% higher than preliminary estimates. Based on updated engineering analysis and decisions made by the Nacimientto Commission on November 19, 2009, Capital Reserve billings are \$10,000 higher than preliminary estimates. Approximately \$103,000 of these reserve billings are being appropriated as a contingency in case emergency replacement becomes necessary, however, any expenditure made for such an emergency would most likely be covered by warranty in the first year of operations.

Additionally, \$226,406 is being placed into operating reserves which could be used toward prevention of invasive species if necessary. Costs related to invasive species were not anticipated when preliminary estimates were made.

### **Billable Debt Service**

Debt service remains consistent with preliminary estimates. A final allocation of debt service among participating agencies will be made once the project is complete.

# Nacimientto Water Operating Fund Fiscal Policies

(Articles refer to Nacimientto Project Water Delivery Entitlement Contract)

## BUDGET

### Operating Reserves

On November 19, 2009, the Commission approved a target reserve balance of 20% of annual Operations and Maintenance expenditures. This reserve will be accumulated from fund interest earnings until the target balance is reached.

### Capital Reserves (Article 4(C))

No later than March 1<sup>st</sup>, the District shall determine the amount of Capital Reserves necessary for the Nacimientto Facilities for the upcoming water year and shall prepare its annual draft budget to reflect such Capital Reserves.

On November 19, 2009, the Commission approved the collection of Capital Reserves in the amount of \$490,000 annually. After five years of Capital Reserve collections, this amount will be reviewed for sufficiency based on a five-year capital replacement plan.

Capital reserves will be billed to agencies based on Delivery Entitlement Share and maintained in separate accounts by participating agency. Capital reserve expenditures will be allocated from these accounts based on unit percentage share (Article 16(C)(1)).

### Interest Earnings

All revenues received and interest accrued thereon from the Nacimientto Facilities shall be used for the sole benefit of the Nacimientto Facilities (Article 4(B)).

District will maintain separate accounts for each of the participating agencies and will deposit installment debt service and capital reserve payments into such accounts to allow for the allocation of interest earnings and separate accounting of these funds.

Interest earnings on Operations and Maintenance payments will be allocated annually based on the percentage share of participating agencies' Operations and Maintenance costs of the corresponding fiscal year.

### Purchase of Reserve Water Delivery Entitlement and Reserved Capacity Fee (Buy-in Fee)

As per Article 29(B), the methodology and development of the "Buy-in Fee" was approved by the Nacimientto Project Commission on August 8, 2008.

## **CONTRACT PAYMENTS ARTICLE 16 & 17**

On or before April 1<sup>st</sup> of each calendar year, District shall estimate the new or additional Nacimiento Water Project Costs for the fiscal year commencing on the immediately following July 1<sup>st</sup> and the result shall comprise the Total Participant Contract Payment due.

On or before July 1<sup>st</sup> of each fiscal year, the Participating Agency shall pay a sum equal to 60% of the Participant's allocation of Capital Reserve and Operations & Maintenance Costs.

On the immediately following January 1<sup>st</sup> of each fiscal year, the Participating Agency shall pay a sum equal to 40% of the Participant's allocation of Capital Reserve and Operation & Maintenance Costs.

On or before July 1<sup>st</sup> of each fiscal year, the Participating Agency shall pay a sum equal to the Participant's annual allocation of Capitol Project Installment Debt Service.

On or before July 1<sup>st</sup> of each fiscal year, the Participant shall pay a sum equal to the Participant's allocation of Additional Capital Project Costs and Master Water Contract Costs.

The District shall apply the apportioned ad valorem taxes received to the reduction of Reserved Capacity Construction Cost Component in each fiscal year in which the District receives such taxes up to and until the said Reserved Capacity Construction Cost component is paid. The District shall credit to the Participants the Delivery Entitlement Share of said apportioned tax proceeds, less any amounts which the District is obligated to pay under the terms of the Master Water Contract and/or any amounts which are not received or retained by the District because of the operation of the Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) or any other applicable law.

On or before December 1<sup>st</sup> of each fiscal year, District shall deliver to the Participants a statement of the actual Operation & Maintenance Costs and Capital Reserve charges imposed or incurred during the fiscal year most recently concluded, to determine any additional contract payments or credits needed. Any additional contract payments must be paid within 180 days of receipt of the statement, or conversely, a credit will be made against the Participant's future Contract Payments to the District.

Variable Energy Costs will be billed by Calendar Quarter. Variable Energy Costs are divided by the total acre feet (AF) of water delivered, then multiplied by the number of AF delivered to each of the participants. District is to notify the Participants no more than 45 days following the end of each calendar quarter of the amount due and the invoice is due within 30 days of receipt.

# Definitions

(Articles refer to Nacimientto Project Water Delivery Entitlement Contract)

**Additional Capital Project Costs** shall mean costs expended or incurred by the District for Additional Capital Projects and not attributable to, financed by or included in Capital Projects Installment Debt Service.

**Calendar Quarter** shall mean each three (3)-month period commencing on January 1, April 1, July 1, and October 1 of each year.

**Capital Projects Installment Debt Service (Debt Service)** shall mean payments on debt or similar obligations incurred by the District for the Nacimientto Facilities consisting of, in the aggregate, (a) principal and interest (or mandatory sinking fund payments, installments or lease or similar payments due) with respect to all Municipal Obligations at the time outstanding in accordance with their terms, *provided* that capitalized interest funded from the proceeds of Municipal Obligations need not be taken into account, (b) annual costs of administering the Municipal Obligations, including the annual fees of any trustee or paying agent therefore, and (c) the costs, if any, of annual credit enhancement for the Municipal Obligations, whether or not based on a 3 June 27, 2006 derivative structure as provided in Section 5922(a) of the Government Code. In the event, and to the extent that, any Additional Capital Project is financed by means of the issuance of a series of additional Municipal Obligations, then the payments and costs associated with the additional Municipal Obligations shall become a part of the Capital Projects Installment Debt Service.

**Capital Reserve Costs** shall mean the District's annual costs of maintaining Capital Reserves, determined by the District and budgeted annually by the District as provided for in Article 4(C) to be apportioned among All Participants as provided for in Article 16(C)(1).

**Capital Reserves** shall mean those reserves established and maintained by the District for (i) Scheduled Maintenance or (ii) for anticipated costs of a Required Additional Project imposed, or likely to be imposed, by a Governmental Authority (an "External Requirement") in order for the District to continue to operate the Nacimientto Facilities, *provided* however, that the District shall not expend any portion of the Capital Reserves for any External Requirement until and unless such External Requirement becomes a final order of such Governmental Authority, not subject to further appeal. Such Capital Reserves may be established either, (i) on a year-to-year basis by the District in its annual budgets, copies of which shall be supplied to the Participant promptly following adoption, or (ii) on a multi-year basis by the District through the development and promulgation to the Participant of a long-term capital improvement plan of the District; *provided*, however, that no Approved Additional Projects shall be funded from the Capital Reserves.

**Delivery Entitlement** shall mean the quantity of Nacimiento Project Water which the Participant is entitled to have delivered by the District to the Participant in any given Water Year, as set forth in Article 6(A). “Delivery Entitlement Share” shall mean the proportion of the Delivery Entitlement as compared to the Total Delivery Entitlement Obligation in any given Water Year.

**Due Date** shall mean the date upon which each payment of Capital Projects Installment Debt Service is required to be made by the Participant or any Other Participant.

**Fiscal Year** shall mean the twelve (12)-month period from July 1 of a Calendar Year to June 30 of the immediately following Calendar Year, both dates inclusive or such other dates constituting the designated fiscal year of the Participant as shall be determined by the governing board of the Participant.

**Master Water Contract** shall mean that certain Agreement, entered into by and between the District and the Monterey County Water Resource Agency (the “Monterey Water Agency”), successor to the Monterey County Flood Control and Water Conservation District, on October 19, 1959, and all amendments thereto.

**Master Water Contract Costs** shall mean those amounts that the District is obligated to pay under the Master Water Contract and which are attributable to the 15,750 acre-feet per year of Nacimiento Project Water.

**Operation and Maintenance Costs** shall mean the reasonable and necessary current expenses of maintaining, repairing and operating the Nacimiento Facilities, including District administrative expenses directly attributable to the Nacimiento Facilities, but excluding the Capital Reserve Costs and the Capital Projects Installment Debt Service, all computed in accordance with generally accepted accounting principles applicable to enterprise funds of government agencies.

**Project Administration Costs** shall mean those costs expended or incurred by the District relating to the administration or management of the Nacimiento Project or the Nacimiento Facilities, including, but not limited to, costs relating to accounting services, legal services, risk management, insurance, and claims management. Project Administration Costs occur during the Design Phase, Construction Phase, and Operation and Maintenance Phase.

**Reserved Capacity** shall mean that part of the capacity of the Nacimiento Facilities which is not needed by the District for the delivery of the Total Delivery Entitlement Obligation.

**Unit** shall mean those facilities, which collectively make up the operating segments of the Nacimiento Facilities.

**Unit Percentage Share** shall mean the Participant’s pro rata share of the Capital

Reserve Costs, the Operation and Maintenance Costs and All Other Construction Costs Component for each Unit and as set forth in Article 16(C)(1) and (3)(c); or, in the context of a Like-Contract with any Other Participant, the term

**Unit Percentage Share** shall mean and refer to the correlative pro rata share of such Other Participant or Participants.

**Variable Energy Costs** shall mean the actual Nacimiento Facilities pumping energy costs incurred by the District in conveying and delivering: (i) the Delivery Entitlement and Surplus Water to the Participant and (ii) the respective Other Delivery Entitlements and surplus water to the Other Participants as defined under their respective Like-Contracts and as set forth in Article 16(C)(2).

**Water Delivery Entitlement** Contracts shall mean the Contract and the other Nacimiento Project Water Delivery Entitlement Contracts entered into by and between the District and the Other Participants.

**Water Year** shall mean the twelve (12)-month period from October 1 of each year to and including September 30 of next following year.

**Wheeling Customer** shall mean any person or entity to which the District conveys water, other than Nacimiento Project Water, through any Unit.

**Nacimiento Water Operating Fund AllocationTable**

4/1/2010

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1		Dist. Method		Dist. Method	City of El Paso de Robles		Templeton Community Services District		Atascadero Mutual Water Company		City of San Luis Obispo		County Service Area 10		Total	
2	<b>9,655 ACRE FEET</b>				4,000		250		2,000		3,380		25			
3	Delivery Entitlement Share (Article 1 definitions)	A			41.429%			2.589%		20.715%		35.008%		0.259%		
4	Unit Percentage Share, Capital Reserve Costs and O&M Costs (Article 16(C)(1))	B	Unit Percentage Share, All Other Construction Costs (Article 16 (C)(3)(c))	C	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.
5	Unit A	B	Unit A	C	41.429%	41.429%	2.589%	2.589%	20.715%	20.715%	35.008%	35.008%	0.259%	0.259%	100.00%	100.00%
6	Unit A1	B	Unit A1	C	41.429%	41.429%	2.589%	2.589%	20.715%	20.715%	35.008%	35.008%	0.259%	0.259%	100.00%	100.00%
7	Unit B	B	Unit B	C	N/A	20.715%	4.421%	3.505%	35.367%	28.041%	59.770%	47.389%	0.442%	0.351%	100.00%	100.00%
8	Unit C	B	Unit C	C	41.429%	41.429%	2.589%	2.589%	20.715%	20.715%	35.008%	35.009%	0.259%	0.259%	100.00%	100.00%
9	Unit C1	B	Unit C1	C	41.429%	41.429%	2.589%	2.589%	20.715%	20.715%	35.008%	35.008%	0.259%	0.259%	100.00%	100.00%
10	Unit D	B	Unit D	C	N/A	20.715%	4.421%	3.505%	35.367%	28.041%	59.770%	47.389%	0.442%	0.351%	100.00%	100.00%
11	Unit E	B	Unit E	C	N/A	20.715%	N/A	1.295%	37.003%	28.859%	62.535%	48.772%	0.463%	0.361%	100.00%	100.00%
12	Unit F	B	Unit F	C	N/A	20.715%	N/A	1.295%	N/A	10.358%	99.266%	67.137%	0.734%	0.497%	100.00%	100.00%
13	Unit F1	B	Unit F1	C	N/A	20.715%	4.421%	3.505%	35.367%	28.041%	59.770%	47.389%	0.442%	0.351%	100.00%	100.00%
14	Unit F2	B	Unit F2	C	N/A	20.715%	N/A	1.295%	N/A	10.358%	99.266%	67.137%	0.734%	0.497%	100.00%	100.00%
15	Unit G	B	Unit G	C	N/A	20.715%	N/A	1.295%	N/A	10.358%	99.266%	67.137%	0.734%	0.497%	100.00%	100.00%
16	Unit G1	B	Unit G1	C	N/A	20.715%	N/A	1.295%	N/A	10.358%	99.266%	67.137%	0.734%	0.497%	100.00%	100.00%
17	Unit G2	B	Unit G2	C	N/A	20.715%	N/A	1.295%	N/A	10.358%	99.266%	67.137%	0.734%	0.497%	100.00%	100.00%
18	Unit H	B	Unit H	C	N/A	20.715%	N/A	1.295%	N/A	10.358%	99.266%	67.137%	0.734%	0.497%	100.00%	100.00%
19	Unit H1	B	Unit H1	C	N/A	20.715%	N/A	1.295%	N/A	10.358%	99.266%	67.137%	0.734%	0.497%	100.00%	100.00%
20	Unit T-2	B	Unit T-2	C	100.000%	100.000%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100.00%	100.00%
21	Unit T-4	B	Unit T-4	C	N/A	N/A	100.000%	100.000%	N/A	N/A	N/A	N/A	N/A	N/A	100.00%	100.00%
22	Unit T-6	B	Unit T-6	C	N/A	N/A	N/A	N/A	100.000%	100.000%	N/A	N/A	N/A	N/A	100.00%	100.00%
23	Unit T-11	B	Unit T-11	C	N/A	N/A	N/A	N/A	N/A	N/A	99.266%	99.266%	N/A	N/A	99.27%	99.27%
24	Unit T-11a	B	Unit T-11a	C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.734%	0.734%	0.73%	0.73%

## Nacimiento Water Operating Fund FY 2010-11 Proposed Budget Summary

4/1/2010

A	B	C	D	E	F
1	Actual FY 2008/2009	Prior Year Budget FY 2009/2010	Current Proposed FY 2010/2011	Budget Variance	1
2	<b>Revenues</b>				2
4	Fund Balance Available	0	0	0	0
5	Cancelled Reserves	0	0	133,400	133,400
6	Property Tax	0	0	1,000,000	1,000,000
7	Interest	0	0	0	0
8					
9	Water Sales				
10	City of El Paso de Robles	0	0	2,605,504	2,605,504
11	Templeton Community Services District	0	0	223,511	223,511
12	Atascadero Mutual Water Company	0	0	1,930,266	1,930,266
13	City of San Luis Obispo	0	0	4,162,755	4,162,755
14	County Service Area 10	0	0	12,823	12,823
15				0	0
16	Other Revenues	0	0	221,794	221,794
17	<b>TOTAL FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,290,053</b>	<b>\$10,290,053</b>
18	<b>Operating Activity</b>				18
19	Routine Operations and Maintenance	0	0	3,001,197	3,001,197
20	Non Routine Operations and Maintenance	0	0	0	0
21	<b>TOTAL OPERATING ACTIVITY</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,001,197</b>	<b>\$3,001,197</b>
22	<b>Capital Outlay and Debt Service</b>				22
23	Prior District Costs	0	0	1,544,000	1,544,000
24	Additional Capital Project Costs	0	0	0	0
25	Capital Replacement Contingency	0	0	103,400	103,400
26	Debt Service	0	0	4,895,050	4,895,050
27	<b>TOTAL CAPITAL AND DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,542,450</b>	<b>\$6,542,450</b>
28	<b>TOTAL O&amp;M, CAPITAL AND DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,543,647</b>	<b>\$9,543,647</b>
29	<b>Reserves</b>				29
30	Operating	0	0	256,406	256,406
31	Capital	0	0	490,000	490,000
32	<b>TOTAL RESERVES (increases)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$746,406</b>	<b>\$746,406</b>
33	<b>TOTAL BUDGET REQUIREMENTS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,290,053</b>	<b>\$10,290,053</b>

Nacimiento Water Operating Fund Billing Analysis for FY 2010-11 Proposed Budget

4/1/2010																			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	R	S	T		
		Dist. Method	City of El Paso de Robles		Templeton Community Services District		Atascadero Mutual Water Company		City of San Luis Obispo		County Service Area 10		Ad Valorem Property Tax	Surplus Water Revenues	Interest Revenues	Reserves	Other	TOTAL	
1	9,655 ACRE FEET		4,000		250		2,000		3,380		25								
2	DEBT SERVICE																		
3	BONDS	4,895,050		1,173,701		79,566		858,991		1,563,587		(2,589)	1,000,000				221,794	4,895,050	
4	OTHER BOND COSTS	0																0	
5																		0	
6	SUB TOTAL DEBT SERVICE	\$4,895,050	\$0	\$1,173,701	\$0	\$79,566	\$0	\$858,991	\$0	\$1,563,587	\$0	(\$2,589)	\$1,000,000	\$0	\$0	\$0	\$221,794	\$4,895,050	
7	TOTAL DEBT SERVICE	\$4,895,050	\$0	\$1,173,701	\$0	\$79,566	\$0	\$858,991	\$0	\$1,563,587	\$0	(\$2,589)	\$1,000,000	\$0	\$0	\$0	\$221,794	\$4,895,050	
OPERATIONS AND MAINTENANCE			City of El Paso de Robles		Templeton Community Services District		Atascadero Mutual Water Company		City of San Luis Obispo		County Service Area 10		Ad Valorem Property Tax	Surplus Water Revenues	Interest Revenues	Reserves	Other	TOTAL	
Routine			4,000		250		2,000		3,380		25								
			UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.	UPS Reserves, O&M	UPS All Other Const.							
8	MASTER WATER CONTRACT	217,140	A	89,960		5,622		44,980		76,016		562						217,141	
9	VARIABLE ENERGY COSTS	780,182	USAGE	0		32,946		263,570		480,115		3,550						780,182	
10	WATER QUALITY SUPPORT/ANALYSIS	317,437	B	131,511		8,218		65,757		111,128		822						317,437	
11	REGULATORY AGENCY/DEPARTMENT OF PUBLIC HEALTH	66,615	B	27,598		1,725		13,799		23,321		173						66,615	
12	INVASIVE SPECIES/QUAGGA MUSSEL	0	B	0		0		0		0		0						0	
13	ENVIRONMENTAL MITIGATION	10,312	A	4,272		267		2,136		3,610		27						10,312	
14	UTILITIES OPERATIONS AND OFFICE ENGINEERING	373,184	B	154,606		9,662		77,305		130,644		967						373,184	
15	GENERAL ACCOUNTING	239,720	B	99,314		6,206		49,658		83,921		621						239,720	
16	COUNTY WIDE OVERHEAD	57,211	B	23,702		1,481		11,851		20,028		148						57,211	
17	CONTRIBUTION TO ISF/NEW EQUIPMENT	3,000	B	1,243		78		621		1,050		8						3,000	
18	GENERAL UNITS	11,905	B	4,932		308		2,466		4,168		31						11,905	
19	UNIT A	288,992	B	119,727		7,482		59,865		101,170		748						288,992	
20	UNIT A1	63,976	B	26,504		1,656		13,253		22,397		166						63,976	
21	UNIT B	181,665	B	0		8,031		64,250		108,581		803						181,665	
22	UNIT C	16,967	B	7,029		439		3,515		5,940		44						16,967	
23	UNIT C1	18,915	B	7,836		490		3,918		6,622		49						18,915	
24	UNIT D	7,101	B	0		314		2,511		4,244		31						7,101	
25	UNIT E	1,790	B	0		0		662		1,119		8						1,790	
26	UNIT F	8,298	B	0		0		0		8,237		61						8,298	
27	UNIT F1	53,821	B	0		2,379		19,035		32,169		238						53,821	
28	UNIT F2	136,504	B	0		0		0		135,502		1,002						136,504	
29	UNIT G	9,074	B	0		0		0		9,007		67						9,074	
30	UNIT G1	11,353	B	0		0		0		11,270		83						11,353	
31	UNIT G2	58,301	B	0		0		0		57,873		428						58,301	
32	UNIT H	1,328	B	0		0		0		1,319		10						1,328	
33	UNIT H1	9,736	B	0		0		0		9,664		71						9,736	
34	UNIT T-2	10,669		10,669		0		0		0		0						10,669	
35	UNIT T-4	11,461		0		11,461		0		0		0						11,461	
36	UNIT T-6	10,669		0		0		10,669		0		0						10,669	
37	UNIT T-11/11a	23,871		0		0		0		23,696		175						23,871	
38	SUB TOTAL ROUTINE O & M	\$3,001,197		\$708,903	\$0	\$98,767	\$0	\$709,822	\$0	\$1,472,813	\$0	\$10,892	\$0	\$0	\$0	\$0	\$0	\$3,001,197	
39	TOTAL ROUTINE O & M	\$3,001,197		\$708,903	\$0	\$98,767	\$0	\$709,822	\$0	\$1,472,813	\$0	\$10,892	\$0	\$0	\$0	\$0	\$0	\$3,001,197	
Non Routine			City of El Paso de Robles		Templeton Community Services District		Atascadero Mutual Water Company		City of San Luis Obispo		County Service Area 10		Ad Valorem Property Tax	Surplus Water Revenues	Interest Revenues	Reserves	Other	TOTAL	
			4,000		250		2,000		3,380		25								
40			B															0	
41			B															0	
42			B															0	
43	SUB TOTAL NON-ROUTINE O & M	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
44	TOTAL NON-ROUTINE O & M	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Outlay / Reserves			City of El Paso de Robles		Templeton Community Services District		Atascadero Mutual Water Company		City of San Luis Obispo		County Service Area 10		Ad Valorem Property Tax	Surplus Water Revenues	Interest Revenues	Reserves	Other	TOTAL	
			4,000		250		2,000		3,380		25								
45	OTHER CAPITAL PROJECTS																	0	
46	PRIOR DISTRICT COSTS	1,544,000		426,100		26,631		213,050		875,555		2,664						1,544,000	
47	ADDITIONAL CAPITAL PROJECT COSTS	0	C	0		0		0		0		0						0	
48	CAPITAL REPLACEMENT CONTINGENCY	103,400	C	0		0		0		0		0						103,400	
49	CAPITAL RESERVE/EQUIPMENT REPLACEMENT	490,000	B	203,002		12,686		101,504		171,539		1,269						490,000	
50	OPERATING RESERVES	256,406	B	93,798		5,862		46,900		79,260		586						256,406	
51	SUB TOTAL CAPITAL OUTLAY / RESERVES	\$2,393,806		\$296,800	\$426,100	\$18,548	\$26,631	\$148,404	\$213,050	\$875,555	\$1,855	\$2,664	\$0	\$0	\$0	\$133,400	\$0	\$2,393,806	
52	TOTAL CAPITAL OUTLAY / RESERVES	\$2,393,806		\$722,900	\$426,100	\$45,179	\$26,631	\$361,454	\$213,050	\$1,126,354	\$4,519	\$2,664	\$0	\$0	\$0	\$133,400	\$0	\$2,393,806	
53	SUB GRAND TOTAL	\$10,290,053		\$1,005,703	\$1,599,801	\$117,314	\$106,197	\$858,225	\$1,072,041	\$1,723,613	\$2,439,142	\$12,748	\$75	\$1,000,000	\$0	\$0	\$133,400	\$221,794	\$10,290,053
54	GRAND TOTAL	\$10,290,053		\$2,605,504	\$1,599,801	\$223,511	\$106,197	\$858,225	\$1,072,041	\$1,723,613	\$2,439,142	\$12,748	\$75	\$1,000,000	\$0	\$0	\$133,400	\$221,794	\$10,290,053

13.91% 2.17% 18.76% 40.45% 0.12%

\* Billed based on actual billings quarterly.

# Nacimientto Water Project Labor Matrix

FY 2010-2011

DESCRIPTION	Water Systems Superintendent	Water Systems Worker III	Engineer II	Engineer IV	Civil Engineer Technician II	Environmental Resource Specialist	Water Systems Lab Tech. I	Water Systems Lab Tech. II	Water Systems Chemist II	Water Quality Manager	Nacimientto Water Project Manager	Director of Public Works	Department Administrator	Administrative Services Manager (Accounting)	Division Manager-Utilities	Hydraulics Operations Admin. III	Total Hours	FTE	Labor Costs
MASTER WATER CONTRACT																	0.0	0.00	\$0
VARIABLE ENERGY COSTS																	0.0	0.00	\$0
WATER QUALITY SUPPORT/ANALYSIS							130.0	130.0	1,020.0	100.0							1,380.0	0.78	\$93,216
REGULATORY AGENCY/DEPARTMENT OF PUBLIC HEALTH				60.0	24.0					2.0					20.0	60.0	164.0	0.09	\$13,089
INVASIVE SPECIES/QUAGGA MUSSEL									120.0								122.0	0.07	\$8,783
ENVIRONMENTAL MITIGATION		60.0				56.0											116.0	0.07	\$7,958
UTILITIES OPERATIONS AND OFFICE ENGINEERING			900.0	240.0	1,760.0										420.0	300.0	3,620.0	2.06	\$259,766
GENERAL-ACCOUNTING											500.0	50.0	50.0	1,320.0			1,920.0	1.09	\$197,492
COUNTY WIDE OVERHEAD																	0.0	0.00	\$0
CONTRIBUTION TO ISF/NEW EQUIPMENT																	0.0	0.00	\$0
GENERAL UNITS	60.0	60.0															120.0	0.07	\$8,991
UNIT A	240.0	1,376.0															1,616.0	0.92	\$114,393
UNIT A1	120.0	555.0															675.0	0.38	\$48,014
UNIT B	170.0	638.0															808.0	0.46	\$57,785
UNIT C		190.0															190.0	0.11	\$13,118
UNIT C1		213.0															213.0	0.12	\$14,706
UNIT D		76.0															76.0	0.04	\$5,247
UNIT E		15.0															15.0	0.01	\$1,036
UNIT F		91.0															91.0	0.05	\$6,283
UNIT F1	140.0	389.0															529.0	0.30	\$38,170
UNIT F2	140.0	389.0															529.0	0.30	\$38,170
UNIT G		99.0															99.0	0.06	\$6,835
UNIT G1		99.0															99.0	0.06	\$6,835
UNIT G2	140.0	389.0															529.0	0.30	\$38,170
UNIT H		10.0															10.0	0.01	\$690
UNIT H1		106.0															106.0	0.06	\$7,318
UNIT T-2	16.0	92.0															108.0	0.06	\$7,645
UNIT T-4	16.0	92.0															108.0	0.06	\$7,645
UNIT T-6	16.0	92.0															108.0	0.06	\$7,645
UNIT T-11/11a	125.0	120.0															245.0	0.14	\$18,386
<b>Total Hours</b>	<b>1,183.0</b>	<b>5,151.0</b>	<b>900.0</b>	<b>300.0</b>	<b>1,784.0</b>	<b>56.0</b>	<b>130.0</b>	<b>130.0</b>	<b>1,140.0</b>	<b>102.0</b>	<b>500.0</b>	<b>50.0</b>	<b>50.0</b>	<b>1,320.0</b>	<b>440.0</b>	<b>360.0</b>	<b>13,596.0</b>		
<b>FTE</b>	<b>0.67</b>	<b>2.93</b>	<b>0.51</b>	<b>0.17</b>	<b>1.01</b>	<b>0.03</b>	<b>0.07</b>	<b>0.07</b>	<b>0.65</b>	<b>0.06</b>	<b>0.28</b>	<b>0.03</b>	<b>0.03</b>	<b>0.75</b>	<b>0.25</b>	<b>0.20</b>		<b>7.73</b>	
<b>Labor Costs</b>	<b>\$95,598</b>	<b>\$355,625</b>	<b>\$63,801</b>	<b>\$27,219</b>	<b>\$112,767</b>	<b>\$3,816</b>	<b>\$4,874</b>	<b>\$6,786</b>	<b>\$81,863</b>	<b>\$8,476</b>	<b>\$74,350</b>	<b>\$7,360</b>	<b>\$4,849</b>	<b>\$110,933</b>	<b>\$44,409</b>	<b>\$24,660</b>			<b>\$1,027,386</b>

**Nacimiento Water Operating Fund  
Reserves  
Projected at 6/30/11**

	A	B	C	D	E	F	G	H
1	<b>Reserve Type</b>	<b>City of El Paso de Robles</b>	<b>Templeton Community Services District</b>	<b>Atascadero Mutual Water Company</b>	<b>City of San Luis Obispo</b>	<b>County Service Area 10</b>	<b>District</b>	<b>Total</b>
2	Operating	60,565	8,438	60,643	125,829	931	-	\$ 256,406
3	Capital	203,002	12,686	101,504	171,539	1,269	-	\$ 490,000
4								
5	<b>Total</b>	<b>\$ 263,567</b>	<b>\$ 21,124</b>	<b>\$ 162,147</b>	<b>\$ 297,368</b>	<b>\$ 2,200</b>	<b>\$ -</b>	<b>\$ 746,406</b>

**Nacimiento Water Operating Fund  
Proposed FY 2010-2011 Budget  
Estimated Net Debt Service**

	A	B	C	D	E	F	G
1	Delivery Entitlement (AFY) Percent	4,000 41.429%	250 2.589%	2,000 20.715%	3,380 35.008%	25 0.259%	9,655 100.000%
2		City of El Paso de Robles	Templeton Community Services District	Atascadero Mutual Water Company	City of San Luis Obispo	County Service Area 10	TOTAL
3	<b>Gross Debt Service</b>						
4	Principal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5	Interest	\$1,685,637.50	\$111,943.75	\$1,066,137.45	\$2,031,331.25	\$0.00	\$4,895,049.95
6	<b>Total Debt Service</b>	<b>\$1,685,637.50</b>	<b>\$111,943.75</b>	<b>\$1,066,137.45</b>	<b>\$2,031,331.25</b>	<b>\$0.00</b>	<b>\$4,895,049.95</b>
7							
8							
9	<b>Less District Revenues</b>						
10	Debt Service Reserve Fund Interest	(\$97,642.94)	(\$6,484.71)	\$0.00	(\$117,666.14)	\$0.00	(\$221,793.79)
11	Ad Valorem Property Tax Credit	(\$414,293.11)	(\$25,893.32)	(\$207,146.56)	(\$350,077.68)	(\$2,589.33)	(\$1,000,000.00)
	<b>Total Debt Service Credits</b>	<b>(\$511,936.05)</b>	<b>(\$32,378.03)</b>	<b>(\$207,146.56)</b>	<b>(\$467,743.82)</b>	<b>(\$2,589.33)</b>	<b>(\$1,221,793.79)</b>
	<b>Net Debt Service</b>	<b>\$1,173,701.45</b>	<b>\$79,565.72</b>	<b>\$858,990.89</b>	<b>\$1,563,587.43</b>	<b>(\$2,589.33)</b>	<b>\$3,673,256.16</b>

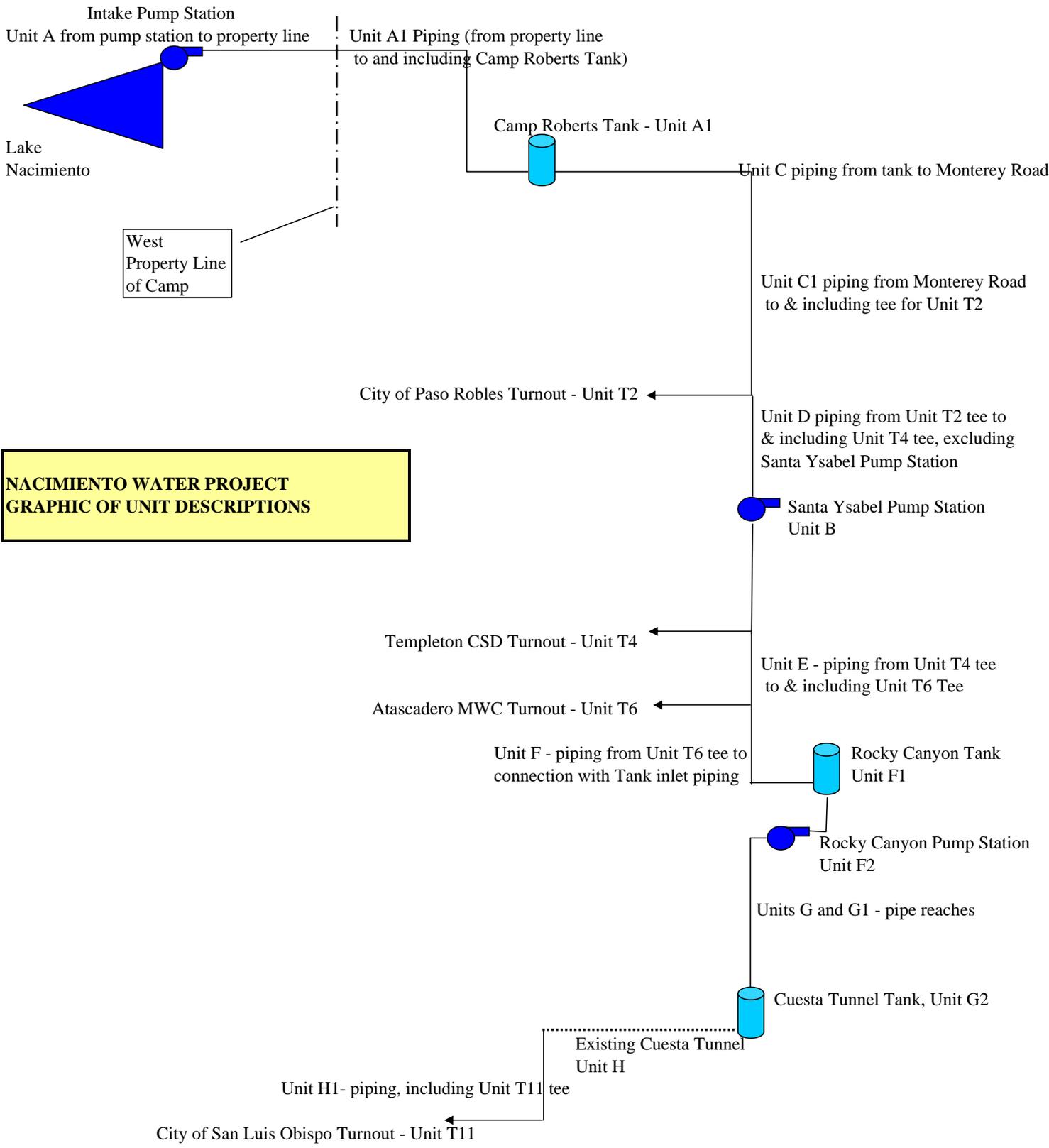
## Annual Key Date Activities Nacimiento Water Project

*Red and Italic Text = DISTRICT*

*Blue Text = PARTICIPANTS*

January	February	March	April
<p>1<sup>st</sup> - <b>Calendar Year</b> Begins.</p> <p>1<sup>st</sup> - Payment due for 40% of the Capital Reserve Costs [Article 17(A)(2)]</p> <p>1<sup>st</sup> - <b>Payment</b> due for 40% of the Operation and Maintenance Costs [Article 17(A)(2)]</p>	<p>15<sup>th</sup> - <i>Determine and Allocate Variable Energy Costs from previous Quarter [Article 16(C)(2)]</i></p>	<p>1<sup>st</sup> - <i>Submit Draft of the Annual Budget for Water Year [Article 4(C)]</i></p> <p>17<sup>th</sup> - <b>Payment</b> of the Variable Energy Costs from the previous Quarter [Article 17(A)(3)]</p>	<p>1<sup>st</sup> - <i>Estimate new or additional Nacimiento Project Costs [Article 16(B)]</i></p>
May	June	July	August
<p>15<sup>th</sup> - <i>Determine and Allocate Variable Energy Costs from previous Quarter [Article 16(C)(2)]</i></p>	<p>1<sup>st</sup> - <i>Invoice Operations and Maintenance Costs [Article 17(A)(1)]</i></p> <p>1<sup>st</sup> - <i>Invoice Capital Reserve Costs [Article 17(A)(1)]</i></p> <p>1<sup>st</sup> - <i>Invoice Capital Projects Installment Debt Service [Article 17(A)(4)]</i></p> <p>1<sup>st</sup> - <i>Invoice of remaining Nacimiento Project Costs [Article 17(A)(5)]</i></p> <p>14<sup>th</sup> - <b>Payment</b> of the Variable Energy Costs from the previous Quarter [Article 17(A)(3)]</p> <p>30<sup>th</sup> - <b>Fiscal Year</b> Ends</p>	<p>1<sup>st</sup> - <b>Fiscal Year</b> Begins</p> <p>1<sup>st</sup> - <b>Payment</b> due for 60% of the Operations and Maintenance Costs [Article 17(A)(1)]</p> <p>1<sup>st</sup> - <b>Payment</b> due for 60% of the Capital Reserve Costs [Article 17(A)(1)]</p> <p>1<sup>st</sup> - <b>Payment</b> due for All of Capital Projects Debt Installment Service due [Article 17(A)(4)]</p> <p>1<sup>st</sup> - <b>Payment</b> due for All Remaining Nacimiento Project Costs [Article 17(A)(5)]</p> <p>1<sup>st</sup> - <b>Submit</b> Approved Water Budget [Article 21(C)]</p> <p>1<sup>st</sup> - <b>Payment/Credit</b> December Statement results are either due and payable, or credits granted on July st billing [Article 17(B)(4)]</p>	<p>15<sup>th</sup> - <i>Determine and Allocate Variable Energy Costs from previous Quarter [Article 16(C)(2)]</i></p>
September	October	November	December
<p>14<sup>th</sup> <b>Payment</b> of the Variable Energy Costs from the previous Quarter [Article 17(A)(3)]</p> <p>30<sup>th</sup> - <b>Water Year</b> Ends</p> <p>30<sup>th</sup> - <i>Determine if water levels are low enough to require execution of Master Water Contract [Article 11(J)] of 12,000 min. ac-feet pool</i></p>	<p>1<sup>st</sup> - <b>Water Year</b> Begins</p> <p>1<sup>st</sup> - <i>Notify Participants of any Surplus Water available [Article 12(A)]</i></p> <p>1<sup>st</sup> - <b>Submit</b> Preliminary Water Delivery Schedule for succeeding 3 Water Years [Article 7(A)]</p>	<p>1<sup>st</sup> - <i>Submit schedule to Monterey Water Agency under Master Water Contract [Article 11(G)]</i></p> <p>15<sup>th</sup> - <i>Determine and Allocate Variable Energy Costs from previous Quarter [Article 16(C)(2)]</i></p>	<p>1<sup>st</sup> - <i>Statement of Operations and Maintenance Costs and Capital Reserve Charges incurred for prior Fiscal Year [Article 17(B)(4)]</i></p> <p>15<sup>th</sup> <b>Payment</b> of the Variable Energy Costs from the previous Quarter [Article 17(A)(3)]</p> <p>31<sup>st</sup> - <b>Calendar Year</b> Ends</p>

Note: Per Article 1 of the Entitlement Agreement, under "Construction Phase," the District shall provide written notice to the Participant upon the end of the Construction Period.



**NACIMIENTO WATER PROJECT  
GRAPHIC OF UNIT DESCRIPTIONS**

## **UNIT DESCRIPTIONS**

**Unit A - Lake Nacimiento Intake and Pump Station to Camp Roberts West Property Line:** Shall consist of the raw water intake structure including rights-of-way, intake shaft, tunnel(s), multi-port underwater intake piping and valves with appurtenances, underwater piping and appurtenance anchor and support blocks, intake fish screens, a building, pumps, piping, surge control facilities, access road, screens, gates, valves, controls and communication, electrical service, instrumentation, grounds, fencing, corrosion control, and appurtenances; and pipeline from the intake to the Camp Roberts west property line including rights-of-way, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit A1 - Camp Roberts West Property Line to and Including the Camp Roberts Tank:** Shall consist of the pipeline from the Camp Roberts west property line to the Camp Roberts Tank outlet piping connection to the main pipeline including rights-of-way, road crossings, the Nacimiento River crossing, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, appurtenances, and the Camp Roberts Tank including rights-of-way, piping and valves, connections to the main pipeline, controls and communication, instrumentation, electrical service, corrosion control and coatings, overflow facilities, access roads, grounds, fencing, and appurtenances.

**Unit C – Camp Roberts Tank Outlet to Monterey Rd / Wellsona:** Shall consist of the pipeline from the Camp Roberts Tank outlet piping connection to the main pipeline to the intersection of Old Highway 101 and Monterey Road, including rights-of-way, the highway crossing, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit C1 – Monterey Rd / Wellsona to Paso Robles Turnout:** Shall consist of the pipeline from the intersection of Old Highway 101 and Monterey Road to and including the mainline connection “tee” for the Paso Robles Turnout, including rights-of-way, the Salinas River crossing, railroad crossing, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit D – Paso Robles Turnout to Templeton CSD Turnout, excluding the Santa Ysabel Pump Station (Unit B):** Shall consist of the pipeline from the mainline connection “tee” for the Paso Robles Turnout to the main pipeline connection with the inlet side of the Santa Ysabel Pump Station, and from the main pipeline connection on the outlet side of the Santa Ysabel Pump Station to and including the mainline connection “tee” for the Templeton CSD turnout, including rights-of-way, surge control, tunneling twice across the Salinas River, access road, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit B – Santa Ysabel Pump Station:** Shall consist of the Santa Ysabel Pump Station from the inlet connection off of the main pipeline to the discharge connection on the main pipeline, including rights-of-way, a building, pumps, piping, connections to the main pipeline, surge control facilities, access road, valves, controls and communication, electrical service, instrumentation, grounds, fencing, corrosion control, and appurtenances.

**Unit E – Templeton CSD Turnout to Atascadero MWC Turnout:** Shall consist of the pipeline from the mainline connection “tee” for the Templeton CSD turnout to and including the mainline connection “tee” for the Atascadero MWC turnout, including rights-of-way, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit F – Atascadero MWC Turnout to Rocky Canyon Tank Inlet:** Shall consist of the pipeline from the mainline connection “tee” for the Atascadero MWC turnout to the Rocky Canyon Tank inlet piping connection off of the main pipeline, including rights-of-way, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit F1 – Rocky Canyon Tank:** Shall consist of the Rocky Canyon Tank from the tank’s inlet piping connection off of the main pipeline through the tank and to within 25-feet, more or less, of the inlet manifold connection to the Rocky Canyon Pump Station, including rights-of-way, piping and valves, connections to the main pipeline, controls and communication, instrumentation, electrical service, corrosion control and coatings, access roads, grounds, fencing, overflow facilities, and appurtenances.

**Unit F2 – Rocky Canyon Pump Station:** Shall consist of the Rocky Canyon Pump Station from the Rocky Canyon Tank outlet connection to the pump station inlet pipe-through the pump station and to the discharge connection on the main pipeline, including rights-of-way, a building, pumps, piping, connections to the main pipeline, surge control facilities, access road, valves, controls and communication, instrumentation, electrical service, grounds, fencing, corrosion control, and appurtenances.

**Unit G – Rocky Canyon Pump Station Discharge to Route 58/Maria Avenue:** Shall consist of the pipeline from the discharge connection of the Rocky Canyon Pump Station to the intersection of Maria Avenue and Route 58 in Santa Margarita, including rights-of-way, a Salinas River Crossing, railroad crossings, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit G1 – Route 58/Maria Avenue to Cuesta Tunnel Tank Inlet:** Shall consist of the pipeline from the intersection of Maria Avenue and Route 58 in Santa Margarita to the inlet piping connection off of the main pipeline of the Cuesta Tunnel Tank, rights-of-way, including railroad and road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit G2 – Cuesta Tunnel Tank:** Shall consist of the Cuesta Tunnel Tank from the inlet piping connection off of the main pipeline through the tank and to the outlet piping connection off of the main pipeline, including rights-of-way, piping and valves, connections to the main pipeline, controls and communication, instrumentation, electrical service, corrosion control and coatings, access roads, grounds, fencing, overflow facilities, and appurtenances.

**Unit H – Cuesta Tunnel:** Shall consist of the existing Nacimiento Pipeline in the Cuesta Tunnel from the existing north portal inlet connection to the main pipeline—through to the south portal outlet connection to the main pipeline, including rights-of-way, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

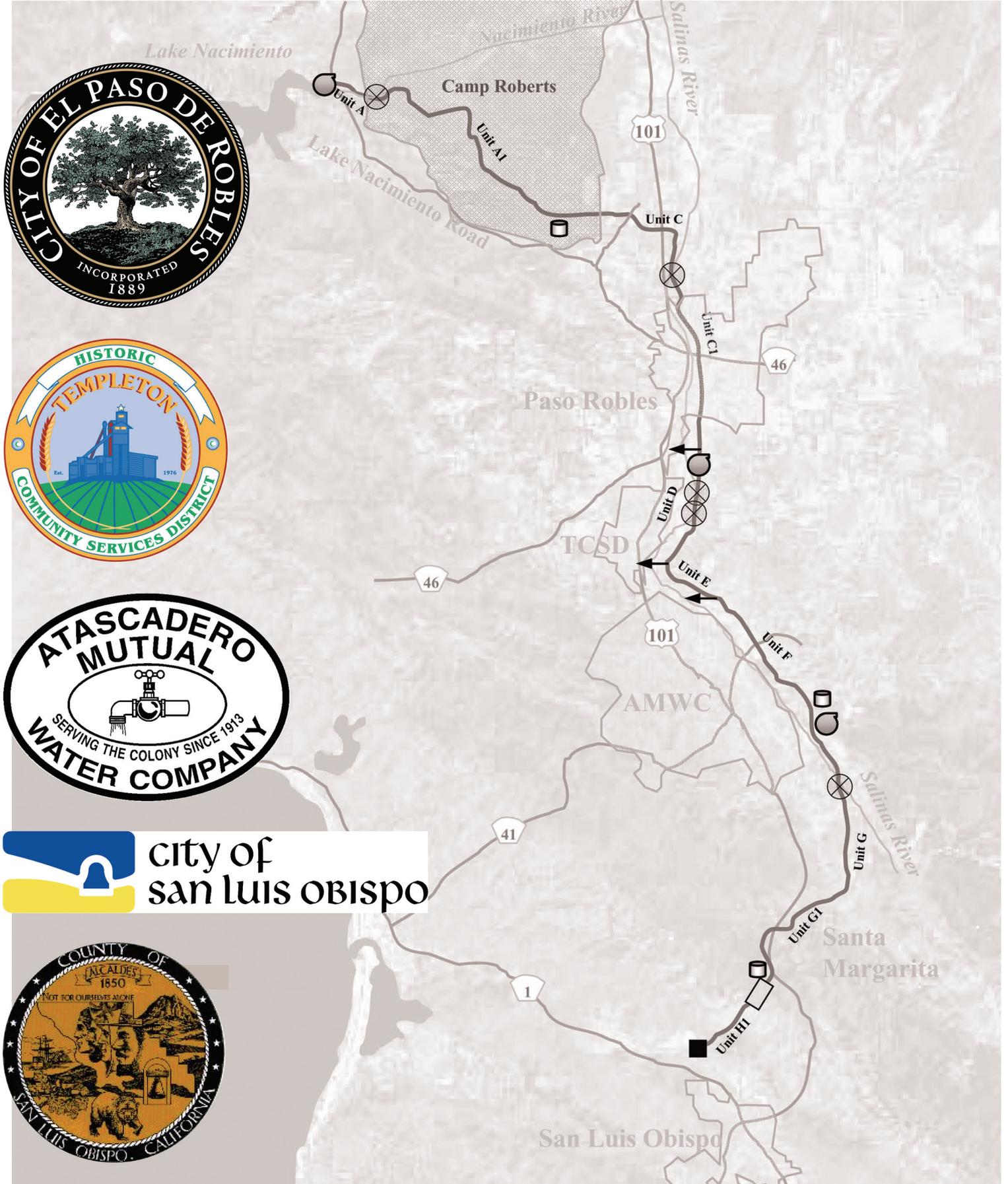
**Unit H1 – Cuesta Tunnel to San Luis Obispo Turnout:** Shall consist of the pipeline from the south portal outlet connection to the main pipeline of the Nacimiento Pipeline in Cuesta Tunnel to and including the mainline connection “tee” for the City of San Luis Obispo turnout, including rights-of-way, railroad crossings, road crossings, controls and communication, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

**Unit T2 – City of Paso Robles Turnout.** Shall consist of a pipeline from the outlet side of the “tee” connection on the main pipeline near Station 1176+50 to and including the turnout flow control facilities connecting the Nacimiento Facilities to the City of Paso Robles water system facilities near the Thunderbird Well Field west of the Salinas River. The turnout shall include rights-of-way, an isolation valve adjacent to the main pipeline, piping, Salinas River crossing, road crossings, controls and communication, instrumentation, electrical service, air release structures, blowoffs, flow meter, isolation valves, flow control valve, vaults and slabs, corrosion control, access roads, grounds, fencing, and appurtenances. The District and City of Paso Robles demarcation point is the buried flange connection located about five feet outside the fence as indicated on construction drawing number T2-C101.

**Unit T4 – Templeton Community Services District Turnout:** Shall consist of a pipeline from the outlet side of the “tee” connection on the main pipeline near Station 1403+00 to and including the turnout flow control facilities connecting the Nacimiento Facilities to the Templeton Community Services District water system facilities near the intersection of El Pomar Drive, Templeton Road and Vineyard Street west of the Salinas River. The turnout shall include rights-of-way, an isolation valve adjacent to the main pipeline, piping, Salinas River crossing, road crossings, controls and communication, instrumentation, electrical service, air release structures, blowoffs, flow meter, isolation valves, flow control valve, vaults and slabs, corrosion control, access roads, grounds, fencing, and appurtenances. The District and Templeton Community Services District demarcation point is the buried flange connection located about five feet outside the fence as indicated on construction drawing number T4-C101.

**Unit T6 – Atascadero Mutual Water Company Turnout.** Shall consist of a pipeline from the outlet side of the “tee” connection on the main pipeline near Station 1496+00 to and including the turnout flow control facilities connecting the Nacimiento Facilities to the Atascadero Mutual Water Company well field and water system facilities west-southwest of the Salinas River. The turnout shall include rights-of-way, an isolation valve adjacent to the main pipeline, piping, Salinas River crossing, road crossings, controls and communication, instrumentation, electrical service, air release structures, blowoffs, flow meter, isolation valves, flow control valve, vaults and slabs, corrosion control, access roads, grounds, fencing, and appurtenances. The District and Atascadero Mutual Water Company demarcation point is the buried flange connection located about five feet outside the fence as indicated on construction drawing number T6-C101.

**Unit T11 –City of San Luis Obispo combined with the San Luis Obispo County Service Area No. 10A Turnout:** Shall consist of a pipeline from the outlet side of the “tee” connection on the main pipeline near Station 2510+00 to and including the turnout flow control facilities connecting the Nacimiento Facilities to the San Luis Obispo Water Treatment Plant. The turnout shall include rights-of-way, an isolation valve adjacent to the main pipeline, piping, Stenner Creek crossing, road crossings, controls and communication, instrumentation, electrical service, air release structures, blowoffs, flow meter, isolation valves, flow control valve, vaults and slabs, corrosion control, access roads, grounds, fencing, and appurtenances. The District and City of San Luis Obispo demarcation point is located downstream and two feet outside of the fence surrounding the turnout facilities shown on construction drawing T11-C101.



# NWP NACIMIENTO WATER PROJECT

San Luis Obispo County Flood Control & Water Conservation District