

III. PROJECT DESCRIPTION

A. PROJECT BACKGROUND

The Nipomo Community Services District (NCSD or the District) was formed in 1965 and currently provides water, wastewater, lighting and solid waste disposal services to approximately 12,000 residents of the Nipomo area. The Nipomo Community Services District is a California Community Services District organized pursuant to Government Code Sections 61000 et. seq. The NCSD's service area overlies the southern portion of the Nipomo area within the unincorporated portion of San Luis Obispo County. Pursuant to the Government Code, the NCSD provides water to its residents, similar to a municipal water district. The Nipomo Community Services District's authority does not include legislative or executive powers over zoning or land use. (Further details concerning the legislative authority of the Nipomo Community Services District can be found in Section V.A. Land Use). The District currently relies primarily upon groundwater from the Nipomo Mesa Management Area (formerly known as the Nipomo Mesa Groundwater Subbasin) of the Santa Maria Groundwater Basin for water supply.

Over the past several years, a number of groundwater studies have been conducted in the Nipomo Mesa area in order to assess the status of groundwater resources in the area. These analyses include: 1) Water Resources of the Arroyo Grande – Nipomo Mesa Area in 2002, prepared by the California Department of Water Resources (DWR), dated October 25, 2002; 2) Water and Wastewater Impacts Analyses for both the Summit Station Area Land Use Ordinance Amendment and the Woodlands EIR, prepared by Cleath & Associates, both dated 2003; (3) Nipomo Mesa Groundwater Resource Capacity Study prepared by the firm of S.S. Papadopoulos & Associates, Inc.; (4) "Water Supply in the Nipomo Mesa Area, October, 2004", a Resource Capacity Study prepared by the County of San Luis Obispo, Department of Planning and Building in 2004 and 5) Technical Memorandum Regarding Emergency Water Shortage Regulations and Future Groundwater in Storage prepared by Science Applications International Corporation (SAIC) dated January 6, 2008.

The above referenced studies contained varying conclusions concerning the status of groundwater supplies in the Nipomo Mesa Management Area. The Cleath Reports concluded that a groundwater overdraft condition does not exist in the Nipomo Mesa Sub-Area but a water deficit does exist within the area and this deficit is compensated by inflows from other portions of the Santa Maria Groundwater Basin. The 2002 Department of Water Resources Report concluded that overdraft of the Santa Maria Groundwater Basin is not likely through the year 2020 but indicates that projected water demands significantly exceed the dependable safe yield of groundwater in the Nipomo Mesa Sub-Area. The 2004 Papadopoulos Report concluded that the Nipomo Mesa Sub-Basin is currently in overdraft and that the greater Santa Maria Groundwater Basin is in steady decline. The County's 2004 Resource Capacity Study indicated that in order to maintain sustainability of the Nipomo Mesa groundwater supply, total extractions would have to be stabilized at 6,000 acre-feet per year (as first indicated in the Department of

Water Resources Report) and that sustainability can be achieved through a combination of conservation and water supply augmentation.

Since 1997, the entire Santa Maria Groundwater Basin, including the Nipomo Mesa Groundwater Management Area, has been the subject of ongoing adjudication based upon a lawsuit initiated by the Santa Maria Valley Water Conservation District against the City of Santa Maria and other water purveyors in the groundwater basin. When the lawsuit was first initiated, the issue was whether or not the City of Santa Maria had the right to claim ownership of percolated effluent resulting from the use of imported water in the basin. Subsequently, the lawsuit has broadened to address groundwater management of the entire Santa Maria Groundwater Basin. A preliminary ruling by the Court concluded that the overall Santa Maria Groundwater Basin is not currently in an overdraft condition but recognized the need for active management of the existing hydrologic sub-areas.

On August 3, 2005, the Court approved a Settlement Stipulation for the case which divides the Santa Maria Groundwater Basin into three separate management sub-areas; the Northern Cities Management Area, the Nipomo Mesa Management Area and the Santa Maria Valley Management Area. The Settlement Stipulation contained specific provisions with regard to groundwater rights, groundwater monitoring programs and development of plans and programs to respond to potential water shortage conditions. Within the Settlement Stipulation and subsequent Judgment, the Nipomo Community Services District has agreed to purchase supplemental water from the City of Santa Maria for delivery to the Nipomo Mesa Management Area.

In 2004, the San Luis Obispo Local Agency Formation Commission (LAFCO) completed a Sphere of Influence Update and Municipal Services Review for the Nipomo Community Services District (pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000) as well as a Program Environmental Impact Report (EIR) for that project. The EIR evaluated the impacts of expanding the Sphere of Influence to include eight study areas (5,000 acres) adjacent to the Nipomo Community Services District. As a result of the Sphere of Influence Update and their analysis of available services and resources, LAFCO required that prior to the approval of any annexation to the NCS D, the District shall implement a water conservation program that decreases water use by 15 percent based upon per connection water consumption and update its Urban Water Management Plan (UWMP) “to reflect the need to provide additional water in the amount of 1,000 acre feet” to serve the expanded Sphere of Influence area. LAFCO also required that prior to the approval of any annexation, the District must complete negotiations for a supplemental water source outside the Nipomo Mesa Management Area.

In December, 2005, the Nipomo Community Services District completed their Urban Water Management Plan 2005 Update. This update was intended to provide a viable tool for the NCS D’s long-term water use planning and to comply with requirements of the California Urban Water Management Act which requires that all urban water suppliers serving more than 3,000 customers prepare and adopt an urban water management plan

every five years. The NCS D Urban Water Management Plan 2005 Update contains background on past and current water demands for different sectors of the Nipomo Community Services District. A copy of this plan is included within Technical Appendix B of this EIR. It provides data on water deliveries in the year 2000 and estimates of total water demand in 2005, based upon the following land use sectors: single family residential, multi-family residential and all other non-residential uses designated as “commercial”. Estimates of future demand within the Urban Management Plan 2005 Update contained various assumptions regarding land uses and growth rates within the Nipomo area. As indicated therein, projected water demands for 2025 range from 4,030 acre-feet per year (assuming an existing County land use designation scenario and a 2.3 percent growth rate) to 5,750 acre-feet per year (assuming a high density land use assumption, higher than that currently allowed by the South County Area Plan, and a 7.8 percent growth rate). Future water demands were compared to projected water supplies during a normal water year, a single dry year and multiple dry years. Within a single dry year, no differences in conditions from the normal supply year are anticipated. Additional irrigation demands within this scenario are expected to be compensated by water conservation. Within multiple dry years, irrigation uses would be limited and additional water conservation measures would be required.

In response to these concerns regarding the availability of groundwater supplies in combination with the legislative requirements and judicial directives noted above, the Nipomo Community Services District entered into a Memorandum of Understanding with the City of Santa Maria dated September 7, 2004 for the purchase of approximately 2,500 acre-feet per year with deliveries of water to NCS D not to exceed a maximum of 250 acre-feet per month. The water will be a mix of both City groundwater and State Water Project water that is delivered to the City. According to the District, this acquisition of additional water supply is intended to augment current groundwater inventories with the goals of increasing the reliability and diversity of water supplies and balancing groundwater levels in the Nipomo Mesa Management Area. The Settlement Agreement and Judgment allocates approximately 2,500 acre-feet per year between Nipomo Community Services District and other water purveyors who overlie the Nipomo Mesa Management Area, including the Woodlands, Golden State (formerly Southern California) Water Company and Rural Water Company. Copies of the Memorandum of Understanding, Court Stipulation and Court Judgment are included within Technical Appendix C of this EIR.

In 2005, the Nipomo Community Services District prepared a Feasibility Study which evaluated several alternative methods for extension of a waterline from the City of Santa Maria across the Santa Maria River to connect to existing water transmission facilities within the NCS D. This study provided the basis for selection of three alternatives for extending a waterline from the City of Santa Maria. At that time, the proposed project involved the adoption of one of three alternative methods for the extension of the water supply pipeline across the Santa Maria River: a) attaching the pipeline to the existing Highway 101 bridge or b) two routes for horizontal directional drilling and underground burial of the pipeline beneath the riverbed.

In December, 2007, the Nipomo Community Services District completed their Water and Sewer Master Plan Update. A copy of this Master Plan is included within Technical Appendix D of this EIR. This Master Plan Update discussed projects completed under the previous master plans, identified new projects to meet current and future water and sewer demands and estimated costs and priorities for these future projects. The methodology utilized in the Master Plan Update included the development of future water demand and sewer flow projections. These projections to the year 2030 were based upon population growth and increases in system use assuming a General Plan build-out scenario for the NCS D service area and its Sphere of Influence. Existing annual water demand was identified at 3,000 acre-feet per year with future (2030) water demand estimated to be 6,200 acre-feet per year. This estimate of future water demand provided the basis for the design capacity of the proposed waterline intertie project.

In 2005, the Nipomo Community Services District initiated preparation of a Draft and Final Environmental Impact Report which addressed the potential impacts of these three proposed methods for extension of a water supply pipeline. A Draft Environmental Impact Report dated May, 2006 for that project was prepared, reviewed and circulated for public and agency review and comment during the months of May and June of 2006. Subsequent to circulation of that document, several revisions and/or additions to the project design were recommended. These revisions included the reduction in water storage, additional NCS D water distribution system improvements, resolution of water quality issues and phased project development. In addition, an expanded number of project alternatives were also evaluated including the investigation of the viability of desalinization and direct use of State Water Project water. In December, 2006, the NCS D Board of Directors suspended further work on the EIR until the NCS D Board of Directors could evaluate a lower cost project and project design issues could be resolved.

Since that time, several additional studies and field surveys have been prepared by NCS D in order to further evaluate and refine the design of the waterline intertie project. This information includes the Preliminary Engineering Memorandum, prepared by Boyle Engineering, dated November, 2006; Evaluation of Supplemental Water Alternatives – Technical Memorandum No. 1, prepared by Boyle Engineering dated June 2007; Evaluation of Desalinization as a Source of Supplemental Water - Technical Memorandum No. 2, prepared by Boyle Engineering dated September 28, 2007; Evaluation of Supplemental Water Alternatives - Technical Memorandum No. 3, prepared by Boyle Engineering dated November 30, 2007; California Red-Legged Frog Survey Results, prepared by Padre Associates dated April 12, 2007; Recent Biological Field Survey Results from Padre Associates dated March, 2008 and final Preliminary Engineering Memorandum for the proposed project dated May, 2008 prepared by Boyle Engineering.

In addition, the NCS D recently updated their Water and Sewer Master Plan (December, 2007) in which the District water model was updated and recommendations for improvements to the District water distribution system were made. The final Preliminary Engineering Memorandum presented several revisions to the project design which included revised pipeline sizes and routes, a relocated pump stations, elimination of another pump station, a resized water storage reservoir, upgraded in-system water

distribution facilities, phased development of the proposed project and an alternative method of water treatment.

In January, 2008, the State Court issued its final decision on the groundwater rights litigation discussed above. In April, 2008, the NCSD Board of Directors authorized preparation of this Draft and Final Environmental Impact Report pursuant to the requirements set forth in the California Environmental Quality Act (Public Resources Code 21000 et. seq.) and the State CEQA Guidelines which will address the environmental impacts of the currently proposed project.

B. PROJECT OBJECTIVES

The basic objective of the proposed Nipomo Community Services District Waterline Intertie Project is to construct a pipeline connection from the City of Santa Maria water distribution system across the Santa Maria River to the existing water distribution system within the Nipomo Community Services District. In so doing, the proposed project will also achieve the following objectives:

1. Slow the depletion of the above-sea-level groundwater in storage beneath the Nipomo Mesa Groundwater Management Area (NMMA) of the Santa Maria Groundwater Basin to reduce the potential for sea water intrusion by using supplemental water consistent with the settlement agreement and the judgment related to the groundwater adjudication. Since projections have shown that sea water intrusion could occur in 12-14 years with no new development, and under 8 years in a “dry years” scenario, the nearest-term project completion is essential. The conservative goal of this project is to provide at least 2,000 acre-feet per year (AFY) of supplemental water to the NMMA by 2013.
2. Comply with the 2005 groundwater adjudication settlement stipulation and judgment that dictates the need for active management of the NMMA.
3. Assist in stabilizing the groundwater levels in the NMMA by reducing pumping in the NMMA.
4. Augment current water supplies available to the Nipomo Community Services District by a phased delivery of supplemental water. Phase I will supply approximately 2,000 AFY by pipeline from Santa Maria following Phase I construction completion. Phase II will supply up to an additional 1,000 AFY by pipeline from Santa Maria (a cumulative total of 3,000 AFY). A third phase (Phase III), if implemented, would supply up to an additional 3,200 AFY (a cumulative total of 6,200 AFY) by pipeline from Santa Maria. *Each phase will be separately approved and funded by authorization of the NCSD Board of Directors. Phases I and II will supply water only to customers in the current NCSD boundaries and other water purveyors in the NMMA, specifically the Woodlands Mutual Water Company, Golden State Water Company and Rural Water Company. Only in Phase III will water be made available to new customers in the 2004 Sphere of Influence Areas that are annexed into the NCSD boundaries.”*
5. Augment current water supplies available to the Woodlands and other water purveyors on the Mesa by 831 acre-feet per year as follows: Woodlands (415 AFY), Golden State Water Company (208 AFY) and Rural Water Company (208 AFY).
6. Increase the reliability of District water supply by providing a diversity of water sources. Avoid the potential use of supplemental water return flows from the District,

the Woodlands and the other purveyors, being used to support the water requirements of new development.

7. Comply with Local Agency Formation Commission (LAFCO) conditions for securing supplemental water prior to annexation of lands now within the District's Sphere of Influence. This supplemental water for annexations shall be in addition to the 3,000 AFY developed by Phases I and II.
8. Avoid multiple waterline crossings of the Santa Maria River and associated environmental impacts, by constructing a single pipeline capable of transporting sufficient water for potential NMMA growth consistent with the South County Area Plan (Inland) of San Luis Obispo County's General Plan. The pipeline diameter crossing the Santa Maria River would accommodate a 6,200 AFY capacity.
9. Slow the depletion of the above-sea-level groundwater in storage beneath the NMMA by:
 - A. Providing supplemental water for new development within the current service area of the District and the Mesa's other water purveyors (Golden State and Rural Water) consistent with the South County Area Plan (Inland);
 - B. Facilitating supplemental water delivery for new development within the District's Sphere of Influence consistent with the South County Area Plan (Inland) and the conditions in LAFCO's 2004 Sphere of Influence Update;
 - C. Providing the basis for the assessment of County Impact Fees upon development outside the District's Sphere of Influence and the service areas of the Mesa's other water purveyors (Golden State and Rural Water Companies).

These project objectives play an important role in this EIR in that these objectives provide the basis for judging the merits of the proposed project. These objectives also assist in the evaluation (and possible adoption or rejection) of alternatives to the proposed project (see Section VII. Alternatives to the Proposed Project).