

OCTOBER 2014

Nipomo Community Services District

NOTICE OF PUBLIC HEARING - RATE INCREASE FOR SUPPLEMENTAL WATER

This is a notice to explain proposed increases in water rates for the Nipomo Community Services District (“NCSD” or the “District”) and the majority protest procedures. The proposed rate increases will be recommended for adoption by NCSD’s Board of Directors at the Public Hearing described in this Notice. See the back page of this Notice for Public Hearing date.

Dear Owners of Record and Customers of Record,

Nipomo’s water supply is in trouble. Population growth and one of the most severe droughts in recent history have caused groundwater demand to exceed dependable supply. The District has been actively addressing water supply issues to ensure a sustainable water supply now and in the long-term.

We are bringing in a new supplemental water source.

After years of engineering, environmental studies and public debate, an agreement is in place to buy water from Santa Maria. Construction is underway and delivery of the supplemental water is scheduled to begin in summer 2015.

Over the past year the District has carried out a public process to evaluate its water rates.

Since January 2014, the District has held more than a dozen public meetings including four Town Hall discussions. Additionally, the District has mailed four newsletters covering the topic.

Once supplemental water deliveries begin, we will need to add a supplemental water charge to our customers’ bills.

The District’s water rates are currently among the lowest in the region since we now rely only on low-cost groundwater. We must supplement our supply and this new water source requires an additional charge to pay for it.

Cost of Supplemental Water to Be Shared. The cost of the supplemental water pipeline as well as the water purchased from Santa Maria will be shared with our three neighboring water agencies.

See Inside for Details on the Proposed Charge. The additional charge for supplemental water is proposed to include two amounts—a fixed charge to build the facilities required to bring the water to Nipomo and a volume charge to pay for purchasing water and operating the delivery facilities.

PLEASE CONTACT US IF YOU HAVE QUESTIONS OR COMMENTS ABOUT THE PROPOSED RATE INCREASE

(805) 929-1133 | info@ncsd.ca.gov | P.O. Box 326, Nipomo, CA 93444

ABOUT THE PROPOSED RATES

The proposed rate change does not affect the District's current water rates. Current water rate schedules can be found on the District's website (www.ncsd.ca.gov).

The proposed new Supplemental Water charge consists of bi-monthly Fixed and Volume charges and will be in addition to existing District charges for water.

Basis of Fixed charge. The proposed fixed charge is intended to recover NCSD customer's share for building the facilities required to bring the water to Nipomo.

Basis of Volume charge. The proposed volume charge recovers the cost of the District's share of supplemental water purchased from the City of Santa Maria and NCSD's operation and maintenance costs to deliver the supplemental water.

MORE DETAILS ON PROPOSED SUPPLEMENTAL WATER CHARGE BEGINNING JULY 2015

The proposed Supplemental Water charge will be applicable to all NCSD customer classifications and will consist of a bi-monthly Fixed charge and a Volume charge.

Fixed charge. The proposed charge is based on meter size as shown in the table to the right.

Volume charge. The proposed volume charge will be based on the amount of water used as shown in the table to the right.

Pass-Through: The District will purchase supplemental water from Santa Maria. Santa Maria may increase its water charges to the District. These increased charges, if any, will be passed through to customers beginning July 1, 2015, and annually thereafter through July 1, 2020. The proposed volume charge includes a 5% annual escalation in the cost of Santa Maria water.

Notice of the amount of an annual adjustment for any pass-through charge will be given not less than 30 days prior to the effective date of the adjustment. Future increases beyond the five-year period, if any, will be established in future rate proceedings.

Proposed Bi-Monthly Meter Charge for Supplemental Water for all Customer Classifications			
Meter Size	Bi-monthly Fixed Charge		
	July 1, 2015	July 1, 2016	July 1, 2017
1 inch and less	\$13.20	\$13.20	\$13.20
1 1/2 inch	39.60	39.60	39.60
2 inch	63.36	63.36	63.36
3 inch	118.80	118.80	118.80
4 inch	198.00	198.00	198.00
6 inch	\$396.00	\$396.00	\$396.00

Proposed Supplemental Water Volume Charge for All Customer Classifications			
	Volume Charge		
	July 1, 2015	July 1, 2016	July 1, 2017
Volume Charge (\$/Unit (Ccf))	\$0.774	\$1.003	\$1.041

AVAILABILITY OF STUDIES, REPORTS, AND INFORMATION

Additional information on the proposed water rates is available in the *Water Rate and Capacity Charge Study - September 2014* and the *Staff Report*. These reports are available for review at the District's administrative offices located at 148 South Wilson Street, Nipomo and on the District's website at www.ncsd.ca.gov. In addition, customers may contact the General Manager at (805) 929-1133 for further information about the proposed rates.

EXAMPLE WATER BILLS INCLUDING PROPOSED SUPPLEMENTAL WATER CHARGES

The table below provides examples of bi-monthly bills that are expected as a result of implementing the proposed new Supplemental Water Charge. The proposed new charge is in addition to existing water rates including the water rate increases for November 1, 2014 and for November 1, 2015 that were approved through the last Proposition 218 process and public rate hearing (October 12, 2011). The bills shown in the table below include the previously approved water rate increases and the proposed increases in customer bills due to the new Supplemental Water Charge.

Example Single-family Residential Bi-Monthly Bills						
Description	Ccf Used	Previously Approved	Proposed Increase	Previously Approved	Proposed Increase	Proposed Increase
		Nov 1, 2014	July 1, 2015	Nov 1, 2015	July 1, 2016	July 1, 2017
Very Low	10	\$56.85	\$77.79	\$83.24	\$85.53	\$85.91
Low	20	\$78.45	\$107.13	\$114.68	\$119.26	\$120.02
Median	22	\$82.77	\$113.00	\$120.97	\$126.01	\$126.84
Average	36	\$119.37	\$160.43	\$171.94	\$180.19	\$181.56
High	80	\$281.33	\$356.45	\$383.40	\$401.72	\$404.76
Very High	120	\$486.33	\$592.41	\$638.76	\$666.24	\$670.80

Example calculation for Median (22 Ccf) use shown above at November 1, 2014 approved rate:
 $\$35.25$ (1" meter fixed charge) + $\$47.52$ (22 units x $\$2.16$ /unit) = $\$82.77$

Example calculation for Median use shown above when proposed rate is applied on July 1, 2015:
 $\$82.77$ (as of Nov 1, 2014) + $\$13.20$ (proposed 1" meter fixed charge) + $\$17.03$ (proposed volume charge x 22 units) = $\$113.00$

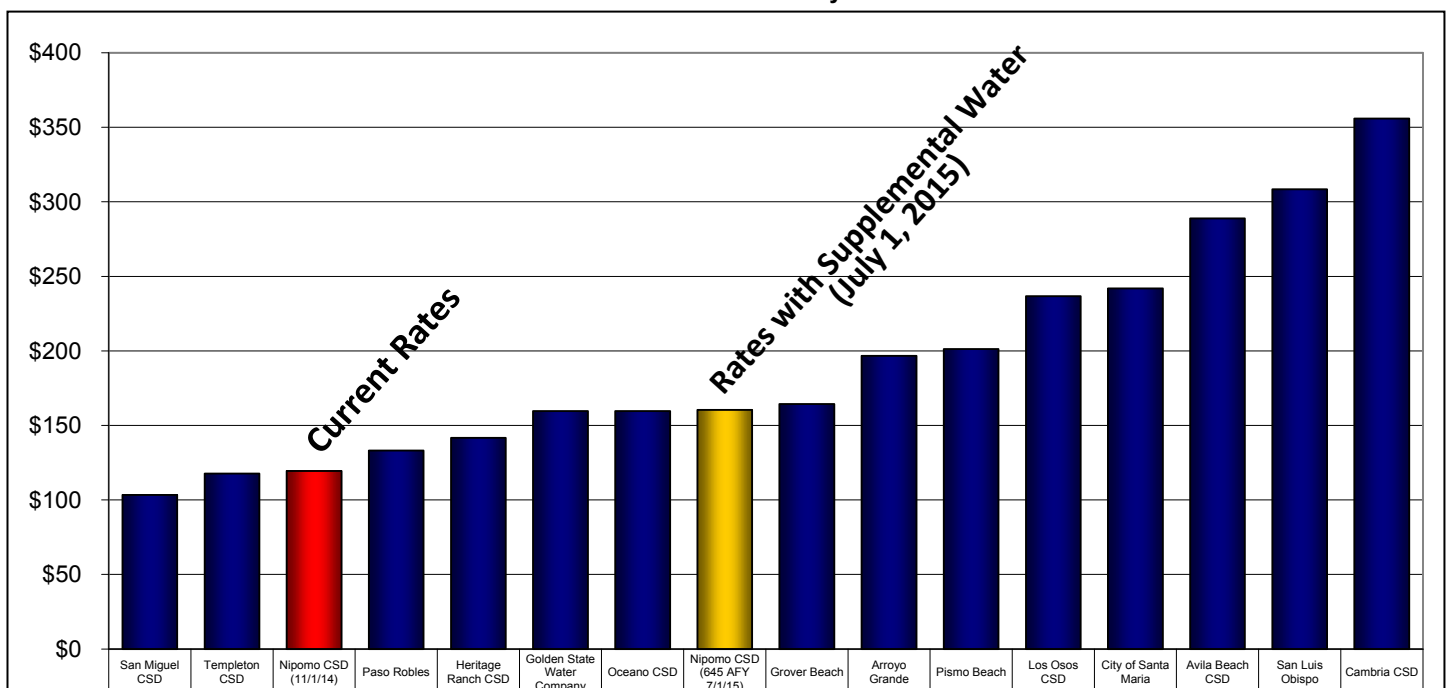
These examples apply to single family residential customers with 1" or smaller meters. Customers with larger meter or different classes can refer to their current bill or existing District rates to estimate the impact of the proposed supplemental charge.

The proposed new charge applies to all customer classifications.

SINGLE FAMILY BILL COMPARISON WITH OTHER LOCAL AGENCIES

The District's water rates are among the lowest in the region due to our use of low-cost groundwater. However, our groundwater is being depleted and threatened. The District is bringing in supplemental water resources and this new water source requires an additional charge to pay for it.

**Comparison of Single-family Residential Bi-monthly Water Bills
at 36 Ccf Bi-monthly**



This is for an average single-family, bi-monthly water bill at 36 Ccf bi-monthly (including Fixed and Volume charges) compared to other local water agencies.

NOTICE OF WATER RATE INCREASE FOR SUPPLEMENTAL WATER



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GENERAL MANAGER

Michael S. LeBrun

HOW TO PROTEST

The following persons may submit a written protest against the Proposed Water Rate Increase to the District's Clerk before the close of the Public Hearing.

- An owner(s) of property (parcel(s)) ("owner of record") receiving water service from the NCSD Water System. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence that such person signing the protest is the owner of the parcel(s) receiving water service;
- "Customer of record" (Tenant(s)) whose name appears on the District records as the customer of record for the corresponding parcel receiving water service from the NCSD.

A valid written protest must contain a statement that you protest the increase in water rates, the address and Assessor's Parcel Number (APN) of the parcel or parcels which receive water service and must be signed and dated, with original signature, by the owner of record, the customer of record, or a representative of an owner of record or a customer of record, for the parcel or parcels receiving water service. One written protest per parcel shall be counted in calculating a majority protest. Written protests will not be accepted by email or by facsimile. Verbal protests will not be counted in determining the existence of a majority protest.

Written protests regarding the water rate increase may be personally delivered to the NCSD Office located at 148 South Wilson Street, Nipomo during regular office hours (8a.m. - 4:30 p.m. Monday - Friday, excluding holidays) or mailed to:

Nipomo Community Services District
Attn: District Clerk
P.O. Box 326, Nipomo, CA 93444-0326

To be counted, the written protest must be received by the close of the Public Hearing, including those mailed to the District. No postmarks will be accepted; therefore, any written protest not actually received by the close of the Public Hearing, whether or not mailed prior to the Public Hearing, will not be counted.

A representative may sign the written protest on behalf of an owner of record or a customer of record provided the representative attaches to the written protest, written documentation/authorization, with original signature, to act in such capacity.

If valid written protests are presented by a majority of owners of record and/or customers of record of parcels receiving water service within the NCSD's Water System, then the NCSD will not adjust/increase the water rates. Only one protest per parcel will be counted in determining whether or not a majority protest exists.

PUBLIC HEARING

A Public Hearing for the Proposed Water Rate Increase will be held on:

November 21, 2014 at 2 PM

Jon S. Seitz Board Room
Nipomo CSD

148 South Wilson Street, Nipomo

At the public hearing the Nipomo Community Services District Board of Directors will consider all public comment in support and in opposition of the Water Rate Increase and whether or not a Majority Protest exists. If approved, the Water Rate Increase would become effective January 1, 2015, and be applied to customer water bills once supplemental water deliveries commence approximately July 2015.