

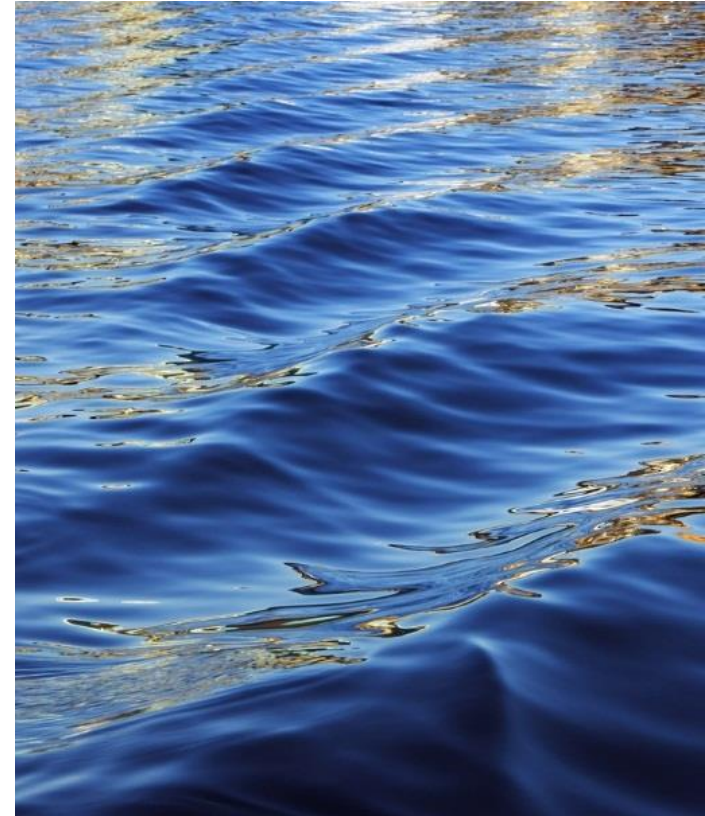


Water Rate Study

Financial Plan and Water Rate Study Presentation

Nipomo Community Services District

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Tuckfield & Associates
April 2017



Agenda

- Assumptions and Planning Factors
 - Key Assumptions
 - Financial and Reserve Policies
 - Financial Planning Goals
- Financial Plan and Revenue Adjustments
 - Historical Water Sales Volume
 - Financial Plan
- Water Rate Design
 - Proposed Rate Structure
- Bill Impacts
- Bill Survey
- Next Steps

Key Assumptions

- **Customer Growth**
 - No growth the first 3 years; then about 22 dwellings added annually or 0.5% increase
- **Inflation Factors**
 - Purchased Water – 5%
 - Electric Power – 3%
 - Chemicals – 2%
 - Personnel Services and Benefits – 5%
 - Capital – 2%
 - All Other – 3%
- **Employee Additions**
 - One Cust Service Rep FY 17-18; one Field Crew FY 18-19; one Office Clerk FY 19-20
- **Interest Earnings Rate**
 - 0.65% annually on average fund balances

Financial and Reserve Policies

- **Financial Policy**

- Meet Budget Goals and Reserve Policy Targets
- Transfer \$566,000 plus inflation annually to Water Replacement Reserve (Fund 805)
- Meet Debt Service Coverage Requirements

- **Reserve Policy**

- NCSD has adopted Reserve Policy in Resolution No. 2012-1285
 - Operating Reserve Policy – 365 days of O&M
 - Rate Stabilization Reserve Policy - \$400,000

Current Reserves and Target Reserves

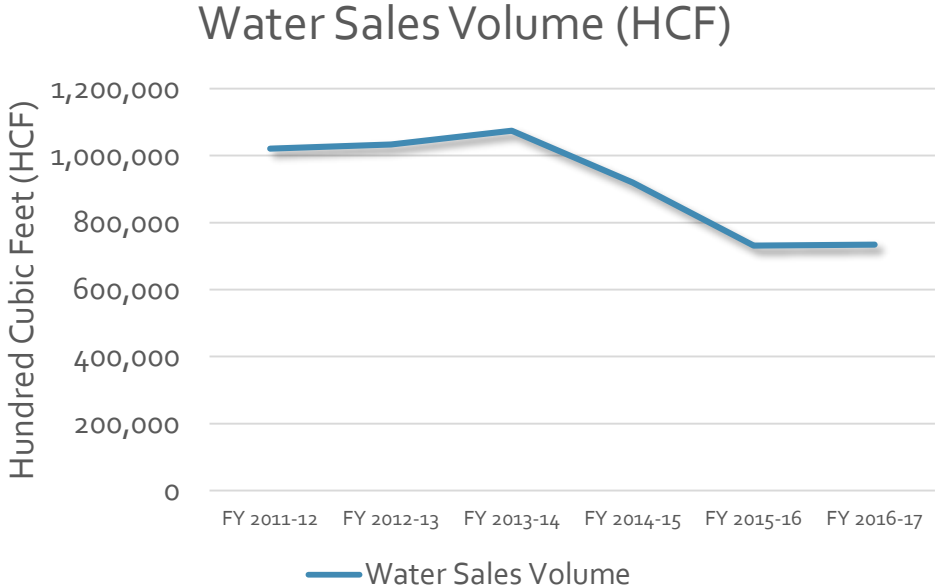
- Reserves as of June 30, 2016

Reserve Type	Reserve Balance	Reserve Target
Fund 125 Water Operating Reserve	\$1,449,165	\$2,993,000
Fund 126 SWP	\$55,946	\$0
Fund 128 Rate Stabilization	\$404,021	\$400,000
Total	\$1,909,132	\$3,393,000

Reserve Targets established by Policy from Resolution No. 2012-1285

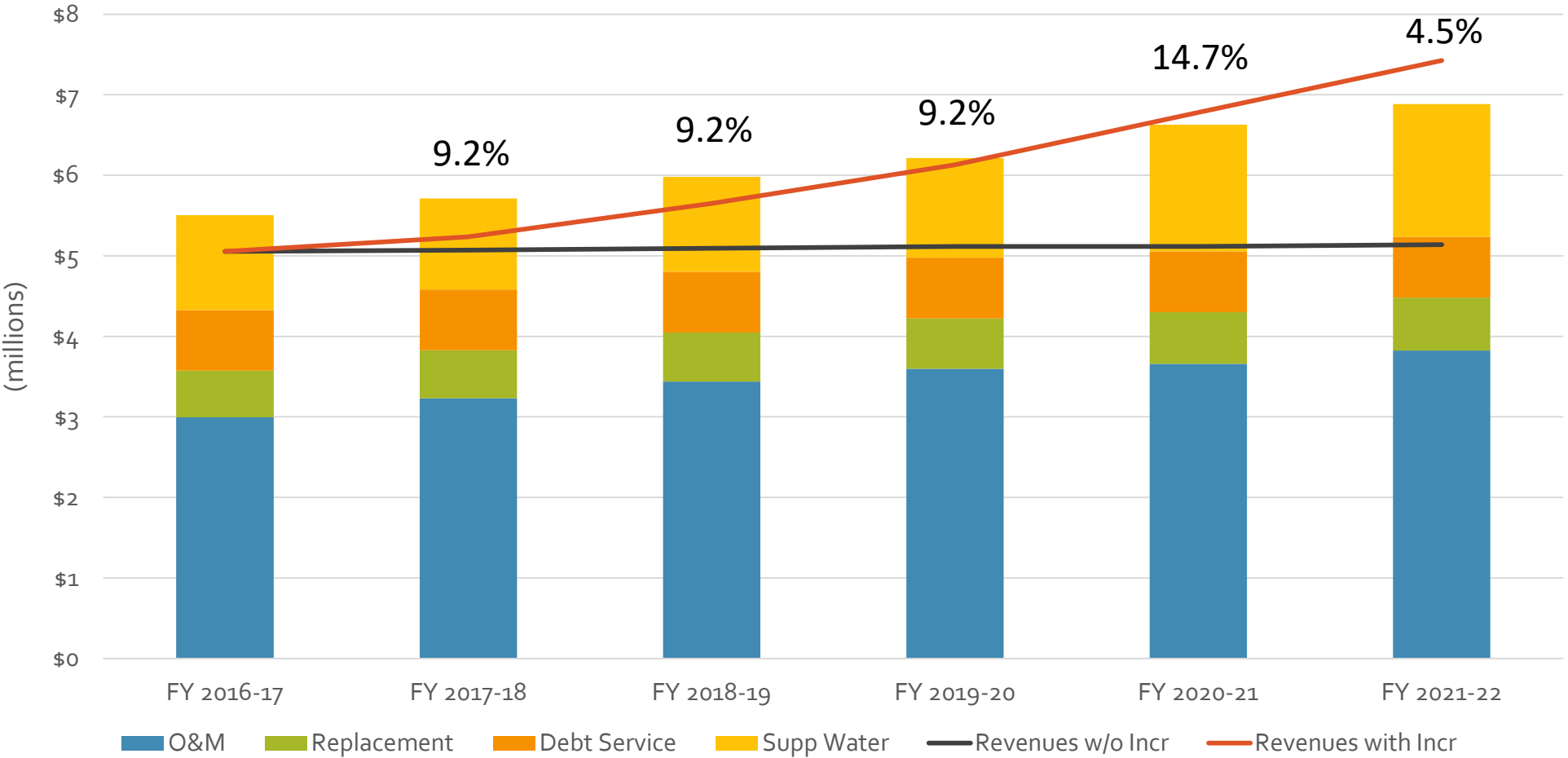
Historical Water Sales Volume

- Decrease of **32%** in water sales volume from FY 2013-14 to FY 2015-16
- Reduction meets Executive Order mandate
- Result is loss of about \$1.2M in annual revenue at current water rates



	Water Sales Volume (HCF)
FY 2011-12	1,020,499
FY 2012-13	1,033,151
FY 2013-14	1,073,971
FY 2014-15	918,979
FY 2015-16	731,602
FY 2016-17	734,530

Financial Plan (combined Fund 125 and Fund 126)



End of Year Cash Balance	\$1.56M	\$1.10M	\$0.79M	\$0.72M	\$0.89M	\$1.45M
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Why are Increases Higher than Inflation?

- Revenue loss of about \$1.2M annually due to lower water sales volume at current water rates
- Projected annual deficit needs to be overcome
- Need to rebuild Operating Reserve to Target level
 - Going from \$1.5M cash now to \$4.6M in FY 2025-26
 - Gradually building the reserve over 10 years to Target level
- Must take 1,000 AFY of Supplemental Water Beginning FY 21-22
 - Only need to take 800 AFY now
 - Annual increase of \$260K in FY 21-22

Proposition 218 Review

- **Property Related Fee**
 - California Supreme Court defined Property Related Fee in *Big Horn-Desert View Water Agency v. Virjil*
 - Fees and charges for on-going retail water service are a Property Related Fee
- **Property related fees for water and sewer service**
 - Revenues must not exceed cost of service
 - Revenues can only be used for purpose for which fee is imposed
 - Amount of fee must not exceed the proportional cost of service attributable to that parcel

San Juan Capistrano Decision

- Reaffirmed rates must be proportional to cost of service
- Previously proportionality by customer class was sufficient
- Now must justify costs in rate tiers
- Conservation rates are not prohibited but must comply with Proposition 218

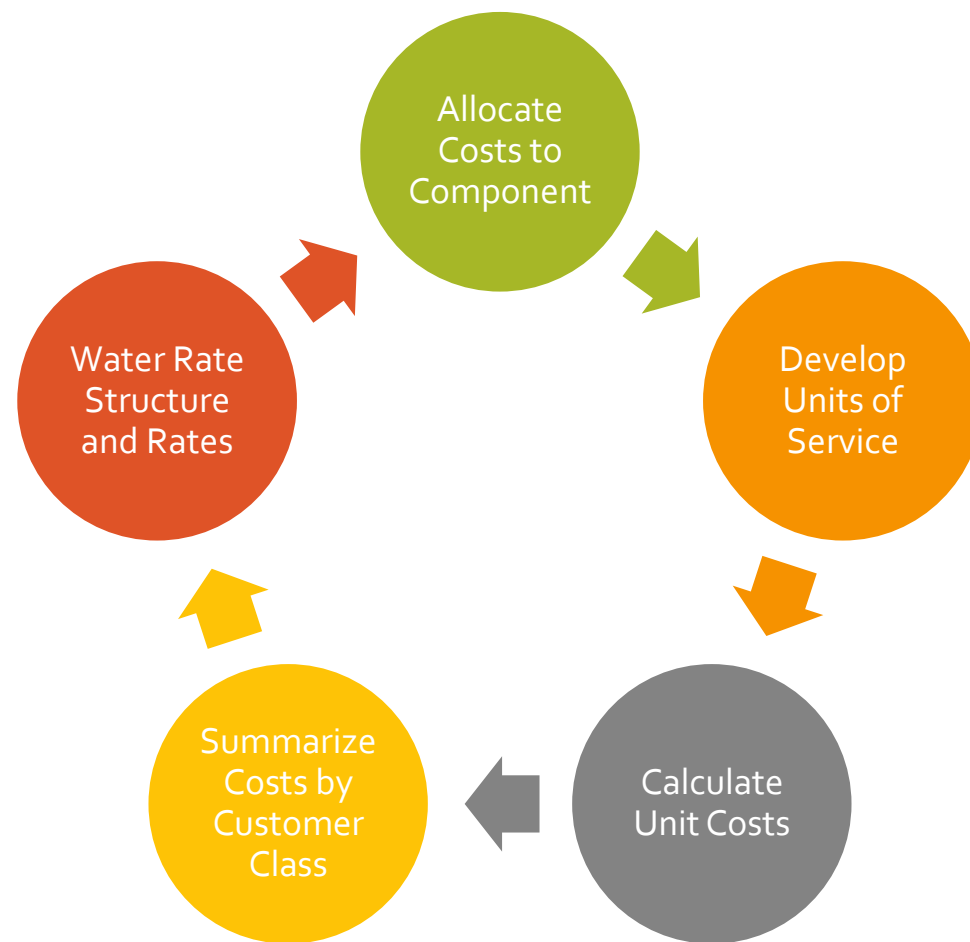


Recent Legislative Action

- January 2014 – State declares emergency and urges voluntary 20% water usage reduction
- April 2015 – Executive Order imposes mandatory 25% water usage reduction; NCS&D required reduction is 28%
- May 2016 – Executive Order to extend emergency regulation through January 2017
- November 2016 – State Agencies release Draft Report “Making Conservation A California Way of Life”
 - Final Report was to be released late February 2017
- February 2017 – Extended emergency regulations unchanged to November 2017

Rate Design Process

- Defensible Cost of Service Methodology
 - Follow AWWA and recent court decisions
 - Goal is to determine cost responsibility
- Recover Costs through Fair and Equitable Water Rates
 - Fixed Charges
 - Variable Charges



Option 1: Cost of Service FY 17-18

- Annual costs allocated to cost component
 - Base costs and Supplemental Water costs vary with the water usage (2013 COPs offset by Tax Revenue)
 - Peaking costs relate to the capacity in the system (fixed includes 805 Replacement and 2013A COPs)
 - Meters & services costs relate to O&M of meters and service lines
 - Customer costs relate to billing, collecting, and meter reading
 - Conservation costs relate to reducing consumption

Cost Component	Water & Suppl Water		Fire Protection		Total Costs
	Fixed	Variable	Public	Private	
Base		\$1,225,122			\$1,225,122
Peaking	734,195	515,166	347,169	20,881	1,617,410
Meters & Services	308,720				308,720
Customer	320,778				320,778
Direct Fire Protection			31,174		31,174
Conservation		84,017			84,017
Supplemental Water		\$1,129,944			1,129,944
Total	\$1,363,692	\$2,954,248	\$378,343	\$20,881	\$4,717,165

Option 1: Uniform Volume Rate Structure

- Design bi-monthly fixed charges based on meter size
 - Fixed costs increase with meter size in different ways
 - Fixed charges generate about 37% of revenue from water rates
- Design volume rate applicable to all customers
 - 63% of costs are recovered based on total consumption
 - Includes District water system plus Supplemental Water

Option 1: Bi-Monthly Fixed Charges

- Fixed charges includes Customer, Public Fire Protection, Meters and Services, and Peaking costs

Customer Service Cost	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	
Customer	\$320,778	\$362,815	\$428,537	\$504,301	\$530,783	
Public Fire Protection	378,343	415,393	449,964	499,661	521,440	
Customer Cost	\$699,121	\$778,209	\$878,501	\$1,003,962	\$1,052,223	
Number of Bills	25,596	25,596	25,716	25,836	25,956	
Customer Cost per Unit	\$27.31	\$30.40	\$34.16	\$38.86	\$40.54	Line A
Meters and Services Cost	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	
Meters and Services	\$308,720	\$343,517	\$389,065	\$453,324	\$471,377	
Number of Equivalent Meters & Services	26,690	26,690	26,810	26,930	27,050	
Meters and Services Cost per Unit	\$11.57	\$12.87	\$14.51	\$16.83	\$17.43	Line B
Peaking Cost	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	
Peaking Costs Less Public Fire	\$734,195	\$740,335	\$750,028	\$758,887	\$767,922	
Number of Equivalent Meters	27,145	27,145	27,265	27,385	27,505	
Peaking Cost per Unit	\$27.05	\$27.27	\$27.51	\$27.71	\$27.92	Line C
Bi-Monthly Base Fixed Charge - 5/8", 3/4", 1"	\$65.93	\$70.55	\$76.18	\$83.40	\$85.88	Line A + B + C

Option 1: Bi-Monthly Fixed Charges by Meter Size

- Fixed charges includes Customer, Public Fire Protection, Meters and Services, and Peaking (capacity) costs
 - Meter and Service Ratios and Meter Capacity Ratios from AWWA

FY 17-18

Meter Size	Meter & Service Ratio	Meters & Services Charge	Meter Capacity Ratio	Peaking Charge	Fire Protection Charge	Customer Charge	Total Bi-Monthly Charge	Charge Stated Monthly
inches								
5/8 & 3/4 inch	1.00	\$11.57	1.00	\$27.05	\$14.78	\$12.53	\$65.93	\$32.97
1 inch	1.00	\$11.57	1.00	\$27.05	\$14.78	\$12.53	\$65.93	\$32.97
1-1/2 inch	1.29	\$14.87	2.00	\$54.09	\$14.78	\$12.53	\$96.27	\$48.14
2 inch	2.07	\$23.96	3.20	\$86.55	\$14.78	\$12.53	\$137.82	\$68.91
3 inch	7.86	\$90.88	6.40	\$173.10	\$14.78	\$12.53	\$291.29	\$145.65
4 inch	10.00	\$115.67	10.00	\$270.47	\$14.78	\$12.53	\$413.45	\$206.73
6 inch	15.00	\$173.50	24.00	\$649.13	\$14.78	\$12.53	\$849.94	\$424.97
8 inch	20.71	\$239.60	40.00	\$1,081.88	\$14.78	\$12.53	\$1,348.79	\$674.40

Option 1: Private Fire Protection Fixed Charges

- Private fire protection is the water lines that enter into a building or other structure to fight fires through the building's sprinkler system. It is a direct benefit to the property/parcel.

Annual Private Fire Protection Costs

Fire Protection Cost	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Private Fire Protection	\$20,881	\$22,802	\$24,594	\$27,141	\$28,268
Private Fire Protection Eq.	238	238	238	238	238
Private Fire Protection	\$87.67	\$95.73	\$103.26	\$113.95	\$118.68

Private Fire Protection Bi-monthly Charge by Size

Hydrant Size	Hydrant Ratio	Bi-Monthly Hydrant Charge
1 inch	0.01	\$0.79
1-1/2 inch	0.03	\$2.29
2 inch	0.06	\$4.88
3 inch	0.16	\$14.16
4 inch	0.34	\$30.18
6 inch	1.00	\$87.67
8 inch	2.13	\$186.82
10 inch	3.83	\$335.98

Private Fire Protection Bi-monthly Fixed Charges

Hydrant Size	Current Charge	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
inches						
1 inch	\$0.00	\$0.79	\$0.86	\$0.93	\$1.02	\$1.07
1-1/2 inch	\$0.00	\$2.29	\$2.50	\$2.69	\$2.97	\$3.10
2 inch	\$0.00	\$4.88	\$5.32	\$5.74	\$6.34	\$6.60
3 inch	\$15.75	\$14.16	\$15.46	\$16.68	\$18.41	\$19.17
4 inch	\$18.90	\$30.18	\$32.96	\$35.55	\$39.23	\$40.86
6 inch	\$28.33	\$87.67	\$95.73	\$103.26	\$113.95	\$118.68
8 inch	\$39.37	\$186.82	\$204.01	\$220.05	\$242.84	\$252.92
10 inch	\$47.23	\$335.98	\$366.88	\$395.72	\$436.70	\$454.84

Option 1: Uniform Volume Rate Structure

- Variable charges include Base, Peaking Variable, Conservation, and Supplemental Water costs

Water System Volume Charge	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Base Costs	\$1,225,122	\$1,370,628	\$1,536,351	\$1,688,286	\$1,786,914
Peaking Variable	515,166	623,935	727,162	878,167	942,970
Conservation Cost	84,017	91,774	103,882	120,920	125,558
Uniform Volume Charge (\$/Ccf)	\$1,824,304	\$2,086,337	\$2,367,395	\$2,687,373	\$2,855,442
Units of Service (Ccf)	731,602	731,602	734,530	737,457	740,386
Uniform Volume Charge (\$/Ccf)	\$2.49	\$2.85	\$3.22	\$3.64	\$3.86
Units of Service with Demand Response	730,684	726,601	725,227	720,786	734,286
Uniform Volume Charge (\$/Ccf)	\$2.50	\$2.87	\$3.26	\$3.73	\$3.89

Supplemental Volume Charge	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Supplemental Water	\$1,129,944	\$1,179,944	\$1,238,368	\$1,573,768	\$1,649,388
Units of Service (Ccf)	731,602	731,602	734,530	737,457	740,386
Uniform Volume Charge (\$/Ccf)	\$1.54	\$1.61	\$1.69	\$2.13	\$2.23
Units of Service with Demand Response	730,684	726,601	725,227	720,786	734,286
Supplemental Water Volume Charge (\$/Ccf)	\$1.55	\$1.62	\$1.71	\$2.18	\$2.25

Outside District Rate Differential

- Inside District customers pay property taxes of which NCSD receives about \$600K back
- NCSD does not receive property tax revenue back from Outside District customers
- To compensate fairly, Outside District customers are charged a rate differential
 - However, contracts with Outside District customers remain in effect

Outside District Rate Differential	January 1, FY 17-18
Property Tax Revenue	\$601,960
Inside District Volume	727,188
Unit Tax Revenue (\$/HCF)	\$0.83

Option 1: Water Rates

Bi-monthly Fixed Charges

	Current Rate	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
Meter Size	Fixed Charge (\$ per bi-month)					
5/8 & 3/4 inch	\$58.12	\$65.93	\$70.55	\$76.18	\$83.40	\$84.95
1 inch	\$58.12	\$65.93	\$70.54	\$76.18	\$83.40	\$84.96
1-1/2 inch	\$163.54	\$96.27	\$101.50	\$107.84	\$115.92	\$117.85
2 inch	\$256.84	\$137.82	\$144.33	\$152.25	\$162.41	\$165.05
3 inch	\$469.68	\$291.29	\$306.08	\$324.24	\$348.47	\$355.21
4 inch	\$770.31	\$413.45	\$431.84	\$454.37	\$484.31	\$493.06
6 inch	\$1,524.85	\$849.94	\$878.02	\$912.05	\$956.44	\$971.06
8 inch	\$1,777.11	\$1,348.79	\$1,387.93	\$1,435.10	\$1,496.01	\$1,517.35

Private Fire Protection Bi-monthly Fixed Charges

Hydrant Size	Current Charge	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
inches						
1 inch	\$0.00	\$0.79	\$0.86	\$0.93	\$1.02	\$1.07
1-1/2 inch	\$0.00	\$2.29	\$2.50	\$2.69	\$2.97	\$3.10
2 inch	\$0.00	\$4.88	\$5.32	\$5.74	\$6.34	\$6.60
3 inch	\$15.75	\$14.16	\$15.46	\$16.68	\$18.41	\$19.17
4 inch	\$18.90	\$30.18	\$32.96	\$35.55	\$39.23	\$40.86
6 inch	\$28.33	\$87.67	\$95.73	\$103.26	\$113.95	\$118.68
8 inch	\$39.37	\$186.82	\$204.01	\$220.05	\$242.84	\$252.92
10 inch	\$47.23	\$335.98	\$366.88	\$395.72	\$436.70	\$454.84

Bi-monthly Variable Charges

Classification	Current Rate	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
	Variable Charge (\$ per HCF)					
Single-family Residential (1")						
Tier 1 - 0 to 24 units	\$2.37					
Tier 2 - 25 to 40 units	\$2.95					
Tier 3 - 41 to 100 units	\$4.14					
Tier 4 - Over 100	\$7.08					
All Consumption		\$4.05	\$4.49	\$4.97	\$5.91	\$6.14
Multifamily Residential (1")						
Tier 1 - 0 to 8 units	\$2.37					
Tier 2 - 9 to 12 units	\$2.95					
Tier 3 - 12 to 25 units	\$4.14					
Tier 4 - Over 25	\$7.08					
All Consumption		\$4.05	\$4.49	\$4.97	\$5.91	\$6.14
Commercial (1")						
Tier 1 - 0 to 55 units	\$2.95					
Tier 2 - Over 55 units	\$4.14					
All Consumption		\$4.05	\$4.49	\$4.97	\$5.91	\$6.14
Agriculture	\$3.41	\$4.05	\$4.49	\$4.97	\$5.91	\$6.14
Construction/Hydrant	\$3.41	\$4.05	\$4.49	\$4.97	\$5.91	\$6.14
Irrigation (1")						
Tier 1 - 0 to 55 units	\$2.95					
Tier 2 - Over 55 units	\$4.14					
All Consumption		\$4.05	\$4.49	\$4.97	\$5.91	\$6.14
Supplemental Water	\$1.03					

Outside District Rate Differential

Outside District Rate Differential	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
Unit Cost (\$/HCF)	\$0.83	\$0.84	\$0.84	\$0.85	\$0.85

Option 1: SFR and MFR Bi-Monthly Bill Impacts

		Single-family Residential							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$58.12	\$0.00	\$58.12	\$65.93	\$0.00	\$65.93	\$7.81	13.4%
Very Low	5	\$58.12	\$17.00	\$75.12	\$65.93	\$20.25	\$86.18	\$11.06	14.7%
Low	10	\$58.12	\$34.00	\$92.12	\$65.93	\$40.50	\$106.43	\$14.31	15.5%
Median	19	\$58.12	\$64.60	\$122.72	\$65.93	\$76.95	\$142.88	\$20.16	16.4%
Average	25	\$58.12	\$85.58	\$143.70	\$65.93	\$101.25	\$167.18	\$23.48	16.3%
High	40	\$58.12	\$145.28	\$203.40	\$65.93	\$162.00	\$227.93	\$24.53	12.1%
Very High	50	\$58.12	\$196.98	\$255.10	\$65.93	\$202.50	\$268.43	\$13.33	5.2%

		Multifamily Residential							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$58.12	\$0.00	\$58.12	\$65.93	\$0.00	\$65.93	\$7.81	13.4%
Very Low	2	\$58.12	\$6.80	\$64.92	\$65.93	\$8.10	\$74.03	\$9.11	14.0%
Low	5	\$58.12	\$17.00	\$75.12	\$65.93	\$20.25	\$86.18	\$11.06	14.7%
Median	9	\$58.12	\$31.18	\$89.30	\$65.93	\$36.45	\$102.38	\$13.08	14.6%
Average	11	\$58.12	\$39.14	\$97.26	\$65.93	\$44.55	\$110.48	\$13.22	13.6%
High	15	\$58.12	\$58.63	\$116.75	\$65.93	\$60.75	\$126.68	\$9.93	8.5%
Very High	25	\$58.12	\$110.33	\$168.45	\$65.93	\$101.25	\$167.18	(\$1.27)	-0.8%

Option 1: Com and Irrig Bi-Monthly Bill Impacts

		Commercial 1-inch meter							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service	Volume	Current	Service	Volume	Proposed	Dollar	Percent
		Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
	0	\$58.12	\$0.00	\$58.12	\$65.93	\$0.00	\$65.93	\$7.81	13.4%
Very Low	10	\$58.12	\$39.80	\$97.92	\$65.93	\$40.50	\$106.43	\$8.51	8.7%
Low	20	\$58.12	\$79.60	\$137.72	\$65.93	\$81.00	\$146.93	\$9.21	6.7%
Median	45	\$58.12	\$191.00	\$249.12	\$65.93	\$182.25	\$248.18	(\$0.94)	-0.4%
Average	62	\$58.12	\$278.89	\$337.01	\$65.93	\$251.10	\$317.03	(\$19.98)	-5.9%
High	75	\$58.12	\$346.10	\$404.22	\$65.93	\$303.75	\$369.68	(\$34.54)	-8.5%
Very High	100	\$58.12	\$475.35	\$533.47	\$65.93	\$405.00	\$470.93	(\$62.54)	-11.7%

		Irrigation 1-inch meter							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service	Volume	Current	Service	Volume	Proposed	Dollar	Percent
		Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
	0	\$58.12	\$0.00	\$58.12	\$65.93	\$0.00	\$65.93	\$7.81	13.4%
Very Low	50	\$58.12	\$199.00	\$257.12	\$65.93	\$202.50	\$268.43	\$11.31	4.4%
Low	80	\$58.12	\$354.10	\$412.22	\$65.93	\$324.00	\$389.93	(\$22.29)	-5.4%
Median	121	\$58.12	\$566.07	\$624.19	\$65.93	\$490.05	\$555.98	(\$68.21)	-10.9%
Average	170	\$58.12	\$819.40	\$877.52	\$65.93	\$688.50	\$754.43	(\$123.09)	-14.0%
High	200	\$58.12	\$974.50	\$1,032.62	\$65.93	\$810.00	\$875.93	(\$156.69)	-15.2%
Very High	250	\$58.12	\$1,233.00	\$1,291.12	\$65.93	\$1,012.50	\$1,078.43	(\$212.69)	-16.5%

Option 2: Uniform Volume Rate Structure

- Modify allocation and recovery of 805 Replacement
- Result: 24% fixed 76% variable

Bi-monthly Fixed Charges

Meter Size	Current Rate	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
5/8 & 3/4 inch	\$58.12	\$42.51	\$46.52	\$51.59	\$58.26	\$59.22
1 inch	\$58.12	\$42.51	\$46.51	\$51.59	\$58.27	\$59.21
1-1/2 inch	\$163.54	\$51.49	\$55.55	\$60.87	\$67.97	\$68.81
2 inch	\$256.84	\$67.40	\$72.08	\$78.43	\$87.05	\$88.04
3 inch	\$469.68	\$152.51	\$163.70	\$178.85	\$200.11	\$203.63
4 inch	\$770.31	\$197.75	\$210.55	\$228.44	\$253.78	\$257.59
6 inch	\$1,524.85	\$335.12	\$349.88	\$372.90	\$406.41	\$409.34
8 inch	\$1,777.11	\$492.11	\$509.09	\$538.01	\$580.83	\$582.75

Private Fire Protection Bi-monthly Fixed Charges

Hydrant Size	Current Charge	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
1 inch	\$0.00	\$0.64	\$0.71	\$0.77	\$0.86	\$0.90
1-1/2 inch	\$0.00	\$1.87	\$2.07	\$2.25	\$2.51	\$2.61
2 inch	\$0.00	\$3.99	\$4.41	\$4.79	\$5.34	\$5.56
3 inch	\$15.75	\$11.58	\$12.82	\$13.91	\$15.52	\$16.15
4 inch	\$18.90	\$24.69	\$27.32	\$29.65	\$33.07	\$34.42
6 inch	\$28.33	\$71.71	\$79.36	\$86.13	\$96.07	\$99.99
8 inch	\$39.37	\$152.82	\$169.13	\$183.54	\$204.73	\$213.08
10 inch	\$47.23	\$274.83	\$304.15	\$330.07	\$368.17	\$383.19

Bi-monthly Variable Charges

Classification	Current Rate	January 1, FY 17-18	January 1, FY 18-19	January 1, FY 19-20	January 1, FY 20-21	January 1, FY 21-22
Single-family Residential (1")						
Tier 1 - 0 to 24 units	\$2.37					
Tier 2 - 25 to 40 units	\$2.95					
Tier 3 - 41 to 100 units	\$4.14					
Tier 4 - Over 100	\$7.08					
All Consumption		\$4.96	\$5.45	\$5.95	\$6.92	\$7.18
Multifamily Residential (1")						
Tier 1 - 0 to 8 units	\$2.37					
Tier 2 - 9 to 12 units	\$2.95					
Tier 3 - 12 to 25 units	\$4.14					
Tier 4 - Over 25	\$7.08					
All Consumption		\$4.96	\$5.45	\$5.95	\$6.92	\$7.18
Commercial (1")						
Tier 1 - 0 to 55 units	\$2.95					
Tier 2 - Over 55 units	\$4.14					
All Consumption		\$4.96	\$5.45	\$5.95	\$6.92	\$7.18
Agriculture	\$3.41	\$4.96	\$5.45	\$5.95	\$6.92	\$7.18
Construction/Hydrant	\$3.41	\$4.96	\$5.45	\$5.95	\$6.92	\$7.18
Irrigation (1")						
Tier 1 - 0 to 55 units	\$2.95					
Tier 2 - Over 55 units	\$4.14					
All Consumption		\$4.96	\$5.45	\$5.95	\$6.92	\$7.18
Supplemental Water	\$1.03					

Option 2: SFR and MFR Bi-Monthly Bill Impacts

		Single-family Residential							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$58.12	\$0.00	\$58.12	\$42.51	\$0.00	\$42.51	(\$15.61)	-26.9%
Very Low	5	\$58.12	\$17.00	\$75.12	\$42.51	\$24.80	\$67.31	(\$7.81)	-10.4%
Low	10	\$58.12	\$34.00	\$92.12	\$42.51	\$49.60	\$92.11	(\$0.01)	0.0%
Median	19	\$58.12	\$64.60	\$122.72	\$42.51	\$94.24	\$136.75	\$14.03	11.4%
Average	25	\$58.12	\$85.58	\$143.70	\$42.51	\$124.00	\$166.51	\$22.81	15.9%
High	40	\$58.12	\$145.28	\$203.40	\$42.51	\$198.40	\$240.91	\$37.51	18.4%
Very High	50	\$58.12	\$196.98	\$255.10	\$42.51	\$248.00	\$290.51	\$35.41	13.9%

		Multifamily Residential							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$58.12	\$0.00	\$58.12	\$42.51	\$0.00	\$42.51	(\$15.61)	-26.9%
Very Low	2	\$58.12	\$6.80	\$64.92	\$42.51	\$9.92	\$52.43	(\$12.49)	-19.2%
Low	5	\$58.12	\$17.00	\$75.12	\$42.51	\$24.80	\$67.31	(\$7.81)	-10.4%
Median	9	\$58.12	\$31.18	\$89.30	\$42.51	\$44.64	\$87.15	(\$2.15)	-2.4%
Average	11	\$58.12	\$39.14	\$97.26	\$42.51	\$54.56	\$97.07	(\$0.19)	-0.2%
High	15	\$58.12	\$58.63	\$116.75	\$42.51	\$74.40	\$116.91	\$0.16	0.1%
Very High	25	\$58.12	\$110.33	\$168.45	\$42.51	\$124.00	\$166.51	(\$1.94)	-1.2%

Option 2: Com and Irr Bi-Monthly Bill Impacts

		Commercial 1-inch meter							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$58.12	\$0.00	\$58.12	\$42.51	\$0.00	\$42.51	(\$15.61)	-26.9%
Very Low	10	\$58.12	\$39.80	\$97.92	\$42.51	\$49.60	\$92.11	(\$5.81)	-5.9%
Low	20	\$58.12	\$79.60	\$137.72	\$42.51	\$99.20	\$141.71	\$3.99	2.9%
Median	45	\$58.12	\$191.00	\$249.12	\$42.51	\$223.20	\$265.71	\$16.59	6.7%
Average	62	\$58.12	\$278.89	\$337.01	\$42.51	\$307.52	\$350.03	\$13.02	3.9%
High	75	\$58.12	\$346.10	\$404.22	\$42.51	\$372.00	\$414.51	\$10.29	2.5%
Very High	100	\$58.12	\$475.35	\$533.47	\$42.51	\$496.00	\$538.51	\$5.04	0.9%

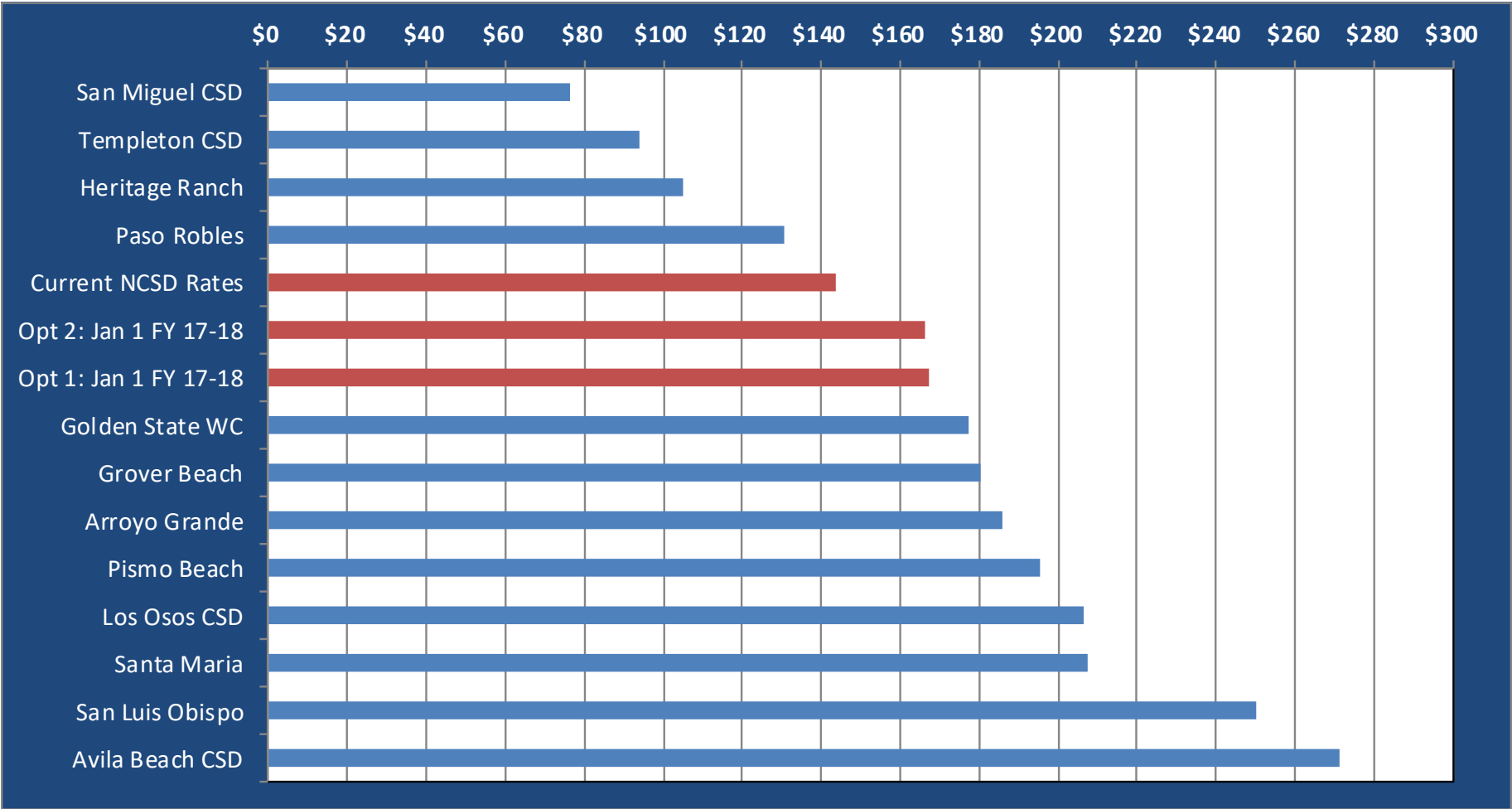
		Irrigation 1-inch meter							
		Current Bill			Proposed FY 17-18 Bill				
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$58.12	\$0.00	\$58.12	\$42.51	\$0.00	\$42.51	(\$15.61)	-26.9%
Very Low	50	\$58.12	\$199.00	\$257.12	\$42.51	\$248.00	\$290.51	\$33.39	13.0%
Low	80	\$58.12	\$354.10	\$412.22	\$42.51	\$396.80	\$439.31	\$27.09	6.6%
Median	121	\$58.12	\$566.07	\$624.19	\$42.51	\$600.16	\$642.67	\$18.48	3.0%
Average	170	\$58.12	\$819.40	\$877.52	\$42.51	\$843.20	\$885.71	\$8.19	0.9%
High	200	\$58.12	\$974.50	\$1,032.62	\$42.51	\$992.00	\$1,034.51	\$1.89	0.2%
Very High	250	\$58.12	\$1,233.00	\$1,291.12	\$42.51	\$1,240.00	\$1,282.51	(\$8.61)	-0.7%

Local Community Rate Structures

Agency	Rate Structure	Date Implemented
San Miguel CSD ^[1]	3-Tier	2007
Heritage Ranch CSD ^[1]	4-Tier	2009
Avila Beach CSD	Uniform	June 2014
Templeton CSD	4-Tier	July 2014
Pismo Beach	4-Tier	August 2014
Los Osos CSD	4-Tier	2015
Santa Maria ^[1]	4-Tier	July 2015
Arroyo Grande	3-Tier	August 2016
Paso Robles	Uniform	January 2017
San Luis Obispo	2-Tier	2017
Golden State WC	3-Tier	March 2017
Grover Beach	Uniform	March 2017

^[1] Rate Study currently in progress.

Bi-Monthly Bill Survey @ 25 HCF Bi-monthly



For water rates in effect March 2017

Next Steps

- Board of Directors to provide review and comment
- Direct Staff to:
 - **Alternative 1:**
 - Select Water Rate Option 1 or Option 2
 - Proceed to Conduct Public Meetings
 - Address questions/requests and return with findings to the Board
 - **Alternative 2:**
 - Request Consultant to prepare Draft Report with selected rate structure
 - Perform Public Workshops and make Draft Report available
 - Create schedule for Public Hearing and water rate implementation
 - Receive public comment at Public Hearing



Discussion

Financial Plan and Water Rate Study

