

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION 2016-1419**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
ADOPTING THE NSWP (NIPOMO SUPPLEMENTAL WATER PROJECT)  
2016-2017 FISCAL YEAR BUDGET**

**WHEREAS**, on October 16, 2015, the Nipomo Supplemental Water Project Water Management and Groundwater Replenishment Agreement ("Agreement") was made between Nipomo Community Services District (NCSD), Rural Water Company (RWC), The Woodlands Mutual Water Company (WMWC), and Golden State Water Company (GSWC), collectively referred to as the Parties, and

**WHEREAS**, the purpose of the Agreement is to enable the Parties to meet their respective obligations under the Judgment based on the percentage allocations presented in Section I.K regarding the NSWP. In particular, the Parties intend this Agreement to provide for: (1) payment to NCSD for each Party's allocation of Costs and (2) distribution and use of Nipomo Supplemental Water, and

**WHEREAS**, pursuant to the Agreement, each fiscal year NCSD shall prepare a NSWP Enterprise Fund Budget for all revenues and expenditures related to the NSWP Enterprise Fund. The Budget shall include a summary of projected Nipomo Supplemental Water deliveries and the Costs associated with those deliveries. A draft of the Budget shall be available to each Party for review by May 1<sup>st</sup> of each year. NCSD shall make every reasonable effort to adopt the final Budget during June of each year at a regularly scheduled NCSD board meeting. The Advisory Committee shall determine the most effective content, format and reporting frequency for financial and budget reports for the NSWP Enterprise Fund.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED** by the Board of Directors of the Nipomo Community Services District, San Luis Obispo County, California, as follows:

1. The 2016-2017 Nipomo Supplemental Water Project Budget is hereby approved and adopted.
2. The budget be administered in accordance with generally accepted accounting principles and the past policies and practices established by the District and pursuant to the Agreement.
3. The above Recitals are true and correct and incorporated herein by this reference.

Upon motion of Director Eby, seconded by Director Gaddis, and on the following roll call vote, to wit:

**AYES:** Directors Eby, Gaddis, Blair, Woodson, and Armstrong  
**NOES:** None  
**ABSENT:** None  
**ABSTAIN:** None

the foregoing Resolution is hereby adopted this 8<sup>th</sup> day of June 2016.

  
**CRAIG ARMSTRONG**  
President of the Board

ATTEST:

  
**MARIO IGLESIAS**  
General Manager and Secretary to the Board

APPROVED AS TO FORM:

  
**MICHAEL W. SEITZ**  
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT  
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)  
BUDGET FOR FISCAL YEAR 2016-2017**

	Acre Feet Purchase	Cost per Acre Foot (FY 16-17)	Total Cost	
Water Purchase Fiscal Year 2016-2017 (see page 2)	800	\$1,594.00	\$1,275,200.00	
NCS D Water O & M Cost per AF ** (see page 3)	800	\$134.75	\$107,800.00	
NCS D Admin Fee per AF (15% of O & M per AF) ** (see page 3)	800	\$20.21	\$16,168.00	
		<u>\$1,748.96</u>	<u>\$1,399,168.00</u>	
**To be adjusted annually based on actual costs				
	TOTAL	NCS D	WMWC	GSWC
1 Phase 1 Supplemental Water Annual Allocation (AF)	800	533.44	133.28	133.28
2 Phase 1 Supplemental Water Delivery Percentages	100.00%	66.68%	16.66%	16.66%
3 Pass-Through Supplemental Water Cost	\$1,275,200	\$850,304	\$212,448	\$212,448
4 Supplemental Water O & M Cost	\$107,800	\$71,882	\$17,959	\$17,959
5 Supplemental Water NCS D Admin Fee	\$16,168	\$10,780	\$2,694	\$2,694
<b>6 Total Annual Supplemental Water Volume Cost</b>	<b>\$1,399,168</b>	<b>\$932,966</b>	<b>\$233,101</b>	<b>\$233,101</b>

	TOTAL	NCS D	WMWC	GSWC
7 Allocated Project Capacity (AF)	3,000.00	2,167.00	416.50	416.50
8 Percentage of Fixed Capital Cost Allocation	100.00%	72.24%	13.88%	13.88%
9 Yearly Capital Recovery Charge-Principal (1) (2)	\$74,343	\$0	\$32,524	\$41,819
10 Yearly Capital Recovery Charge-Interest (1) (2)	\$354,603	\$0	\$198,862	\$155,741
11 Supplemental Water Project Yearly Replacement(3)	\$206,865	\$149,439	\$28,713	\$28,713
<b>12 Total Annual Fixed Supplemental Charges</b>	<b>\$635,811</b>	<b>\$149,439</b>	<b>\$260,099</b>	<b>\$226,273</b>

<b>Total Volume and Annual Fixed Charges for Fiscal Year 2016-2017</b>				
<b>13 (Line 6 + Line 12)</b>	<b>\$2,034,979</b>	<b>\$1,082,405</b>	<b>\$493,200</b>	<b>\$459,374</b>

14 Electrical Pumping Credit (\$100.57 per acre foot)	(\$26,808)	\$0	(\$13,404)	(\$13,404)
<b>15 SUPPLEMENTAL WATER BUDGET FISCAL YEAR 2016-2017</b>	<b>\$2,008,171</b>	<b>\$1,082,405</b>	<b>\$479,796</b>	<b>\$445,970</b>

(1)	Per applicable amortization schedule as of June 30, 2016
(2)	To be re-amortized as of June 30, 2016 for project costs incurred between July 1, 2015 and June 30, 2016. New Amortization schedules will be issued with September 30, 2017 invoice.
(3)	Monthly replacement contribution of total Supplemental Water Project cost of \$20,686,509 assuming a 100 year project life = \$206,865 per year not to exceed \$3,000,000 adjusted annually for CPI per agreement

NCS D = Nipomo Community Services District  
WMWC = Woodlands Mutual Water Company  
GSWC = Golden State Water Company

**CITY OF SANTA MARIA & NIPOMO COMMUNITY SERVICES DISTRICT**  
**Calculations based on May 2013 Wholesale Supply Agreement**

Assumptions:	
Year 1 Demand (AF):	645
Years 2-5 Demand (AF):	800
Base Costs of Delivery (AF):	\$206.85
CPI Escalator Energy:	-1.20%

CPI Index - Energy Services - Los Angeles-Riverside-Orange County, CA		
Current	258.017	15-Jul
Base	264.188	May 2013 - date of signed agreement

Year	Minimum Demand	Base Water Rate (Tier 1)	Base Energy Cos Current Period Adj by Energy CI Costs of Energy	Change in Net Costs of En Water Rate	Minimum Invoice Amt
2015/16	645	\$1,496	\$204 \$227	\$23 \$1,519	\$979,553
2016/17	800	\$1,571	\$204 \$227	\$23 \$1,594	\$1,274,888
2017/18	800	\$1,649	\$204 \$227	\$23 \$1,672	\$1,337,614

<b>FY 2015/16 Rate - Tier 1 (Current)</b>	
\$3.43	SM Tier 1 Water Rate (Base) per HCF
435.60	100 CF units per Acre-Foot
\$1,495.85	Water Rate per AF
<b>FY 2016/17 Rate - Tier 1 (Proposed)</b>	
\$3.61	SM Tier 1 Water Rate (Base) per HCF
435.60	100 CF units per Acre-Foot
\$1,570.77	Water Rate per AF
<b>FY 2017/18 Rate - Tier 1 (Proposed)</b>	
\$3.79	SM Tier 1 Water Rate (Base) per HCF
435.60	100 CF units per Acre-Foot
\$1,649.18	Water Rate per AF

**Notes:**

- 1 Base Water Rate (Tier One) to be adjusted quarterly based on rate approved by City Council at beginning of Quarter (Item 6 in Wholesale Supply Agreement)
- 2 Base Energy Cost adjusted by CPI Index (Item 7 in Wholesale Supply Agreement)  
 CPI based on table found at: <http://www.bls.gov/data/#>  
 CPI adjusted annually based on July index  
 Base Energy Cost to be adjusted annually at beginning of FY (July 1)
- 3 Invoices to be generated quarterly (Item 8 in Wholesale Supply Agreement)  
 Qtr 1, 2, and 3 to be based on actual demand  
 Qtr 4 to include true-up to minimum demand if actual demand is less than minimum

**NIPOMO COMMUNITY SERVICES DISTRICT  
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)  
BUDGET FOR FISCAL YEAR 2016-2017**

**OPERATIONS AND MAINTENANCE BUDGET**

OPERATIONS AND MAINTENANCE	2015-16 EST ACTUAL	2016-17 PROPOSED
Electricity (1)	27,000	50,000
Labor (fully weighted)	11,000	12,000
Water	550	700
Chemicals	18,000	20,000
Lab Tests	0	2,000
Operating Supplies	5,000	6,000
Permits and Operating Fees	1,700	2,000
Insurance	2,550	5,100
Repairs and Maintenance	2,500	10,000
<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<b>68,300</b>	<b>107,800</b>
Cost per acre foot @ 645 acre feet	105.89	
Cost per acre foot @ 800 acre feet		134.75
Overhead allocation 15% of O and M	15.88	20.21

(1) Starting July 1, 2016, both pumps will be running a portion of every day

**Note:**

On April 20, 2016, Nipomo Community Services District issued a Notice to Proceed for construction of the Joshua Road Pump Station Reservoir - Phase 2A. The estimated completion date is January 2017. The budget for this project is \$3.4M. Capital costs incurred during each fiscal year will be accumulated and at June 30 of each year, the amortization schedules will be adjusted to reflect each entities' share of the capital costs.

**NIPOMO COMMUNITY SERVICES DISTRICT  
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)  
BUDGET FOR FISCAL YEAR 2016-2017**

**FUNDED REPLACEMENT RESERVES**

Beginning Balance, July 1, 2015		0
Collections FY 2015-16		
NCS D	149,439	
WMWC	28,713	
GSWC	<u>28,713</u>	
		206,865
Estimated interest income FY 2015-2016		<u>90</u>
Estimated Ending Balance, June 30, 2016 (after collections of June 30, 2016 Invoice)		<u><u>206,955</u></u>
Collections FY 2016-17		
NCS D	149,439	
WMWC	28,713	
GSWC	<u>28,713</u>	
		206,865
Estimated interest income FY 2016-17		<u>550</u>
Estimated Ending Balance, June 30, 2017 (after collections of June 30, 2017 Invoice)		<u><u>414,370</u></u>

**Funded Replacement Reserve Requirement - Pursuant to Section XVIII (J)**

CPI Adjustment as of June 30, 2016 (See pages 5-7)		
CPI - 2015 Annual	244.632	
CPI - 2014 Annual	<u>(242.434)</u>	
	2.198	
Divide by previous period CPI ÷	<u>242.434</u>	
	0.009	
	<u>X 100.000</u>	
Percent Change		<u><u>0.907</u></u>
Maximum Balance (to be adjusted annually)		3,000,000
Adjusted by CPI June 30, 2016 (\$3,000,000 x .907%)		27,210
Maximum Balance adjusted as of June 30, 2016		<u><u>3,027,210</u></u>

Note: Funds held in separate savings account at Rabobank