

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION 2017-1447**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE NSWP (NIPOMO SUPPLEMENTAL WATER PROJECT)
2017-2018 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 1st 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 2017-2018 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 Armstrong, seconded by Director Woodson, and on the following roll call vote, to wit:

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

the foregoing Resolution is hereby adopted this 14th day of June 2017



DAN A. GADDIS
President of the Board

ATTEST:



MARIO IGLESIAS
General Manager and Secretary to the Board

APPROVED AS TO FORM AND LEGAL EFFECT:



WHITNEY G. McDONALD
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2017-2018**

	Acre Feet Purchase	Cost per Acre Foot (AF)	Total Cost
Water Purchase Fiscal Year 2017-2018 (see page 2)	800	\$1,672.00	\$1,337,600.00
NCSD Water O & M Cost per AF ** (see page 3)	800	\$146.06	\$116,848.00
NCSD Admin Fee per AF (15% of O & M per AF) ** (see page 3)	800	\$21.91	\$17,528.00
		<u>\$1,839.97</u>	<u>\$1,471,976.00</u>

**To be adjusted annually based on actual costs

	TOTAL	NCSD	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	\$1,337,600	\$891,912	\$222,844	\$222,844
4 Supplemental Water O & M Cost	\$116,848	\$77,914	\$19,467	\$19,467
5 Supplemental Water NCSD Admin Fee	\$17,528	\$11,688	\$2,920	\$2,920
6 Total Annual Supplemental Water Volume Cost	<u>\$1,471,976</u>	<u>\$981,514</u>	<u>\$245,231</u>	<u>\$245,231</u>

	TOTAL	NCSD	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) (3)	\$74,343	\$0	\$32,524	\$41,819
10 Yearly Capital Recovery Charge-Interest (1) (3)	\$354,603	\$0	\$198,862	\$155,741
11 Yearly Capital Recovery Charge-Principal (2) (3)	\$5,751	\$0	\$2,511	\$3,240
12 Yearly Capital Recovery Charge-Interest (2) (3)	\$27,420	\$0	\$15,355	\$12,065
13 Supplemental Water Project Yearly Replacement(4)	\$206,865	\$149,439	\$28,713	\$28,713
14 Total Annual Fixed Supplemental Charges	<u>\$668,982</u>	<u>\$149,439</u>	<u>\$277,965</u>	<u>\$241,578</u>

15 Total Volume and Annual Fixed Charges for Fiscal Year 2017-2018 (Line 6 + Line 14)	<u>\$2,140,958</u>	<u>\$1,130,953</u>	<u>\$523,196</u>	<u>\$486,809</u>
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16 Electrical Pumping Credit (\$249.85 per acre foot)	(\$66,600)	\$0	(\$33,300)	(\$33,300)
17 SUPPLEMENTAL WATER BUDGET FISCAL YEAR 2017-2018	<u>\$2,074,358</u>	<u>\$1,130,953</u>	<u>\$489,896</u>	<u>\$453,509</u>

(1)	Per applicable amortization schedule as of June 30, 2015
(2)	Per applicable amortization schedule as of June 30, 2016
(3)	To be re-amortized as of June 30, 2017 for project costs incurred between July 1, 2016 and June 30, 2017. New Amortization schedules will be issued with September 30, 2018 invoice.
(4)	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

NCSD = 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 Adj by Energy CI	Current Period Costs of Energy	Change in Costs of En	Net 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	\$1,937,614

FY 2015/16 Rate - Tier 1 (Current)	
\$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
FY 2016/17 Rate - Tier 1 (Proposed)	
\$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
FY 2017/18 Rate - Tier 1 (Proposed)	
\$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 2017-2018**

OPERATIONS AND MAINTENANCE BUDGET

OPERATIONS AND MAINTENANCE	2015-16 ACTUAL	2016-17 BUDGET	2016-17 EST ACTUAL	2017-18 PROPOSED
Electricity	27,367	50,000	40,000	50,000
Labor (fully weighted)	19,006	12,000	25,000	26,250
Water	635	700	700	800
Chemicals	13,891	20,000	12,000	12,500
Lab Tests	0	2,000	100	500
Operating Supplies	5,422	6,000	9,000	9,500
Permits and Operating Fees	1,687	2,000	2,000	2,500
Insurance	2,518	5,100	4,200	4,800
Repairs and Maintenance	1,230	10,000	8,000	10,000
TOTAL OPERATIONS AND MAINTENANCE	71,756	107,800	101,000	116,850
Cost per acre foot @ 645 acre feet	111.25			
Cost per acre foot @ 800 acre feet		134.75	126.25	146.06
Overhead allocation 15% of O and M	16.69	20.21	18.94	21.91

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 May 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 2017-2018**

FUNDED REPLACEMENT RESERVES

Beginning Balance, July 1, 2016		207,000
Collections FY 2016-17		
NCS D	149,439	
WMWC	28,713	
GSWC	<u>28,713</u>	
		206,865
Estimated interest income FY 2016-2017		<u>500</u>
Estimated Ending Balance, June 30, 2017(after collections of June 30, 2017 Invoice)		<u><u>414,365</u></u>
Collections FY 2017-18		
NCS D	149,439	
WMWC	28,713	
GSWC	<u>28,713</u>	
		206,865
Estimated interest income FY 2017-18		<u>700</u>
Estimated Ending Balance, June 30, 2018 (after collections of June 30, 2018 Invoice)		<u><u>621,930</u></u>

Funded Replacement Reserve Requirement - Pursuant to Section XVIII (J)		
CPI Adjustment as of June 30, 2017		
CPI - 2016 Annual	249.246	
CPI - 2015 Annual	<u>(244.632)</u>	
	4.614	
Divide by previous period CPI +	<u>244.632</u>	
	0.0189	
	<u>100.000</u>	
X	<u>1.89</u>	
Percent Change		<u><u>1.89</u></u>
Maximum Balance computed as of June 30, 2016		3,027,210
Adjusted by CPI June 30, 2017 (\$3,027,210 x 1.89%)		57,214
Maximum Balance adjusted as of June 30, 2017		<u><u>3,084,424</u></u>

	CPI INDEX	ADJ	RUNNING BALANCE
			3,000,000
6/30/2016	0.907	27,210	3,027,210
6/30/2017	1.89	57,214	3,084,424

Note: Funds held in separate savings account at Rabobank