

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION 2020-1563**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE NSWP (NIPOMO SUPPLEMENTAL WATER PROJECT)
2020-2021 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 2020-2021 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 Blair, and on the following roll call vote, to wit:

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

the foregoing Resolution is hereby passed and adopted this 10th day of June 2020.



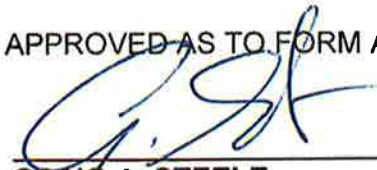
DAN ALLEN GADDIS
President of the Board

ATTEST:



MARIO IGLESIAS
General Manager and Secretary to the Board

APPROVED AS TO FORM AND LEGAL EFFECT:



CRAIG A. STEELE
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2020-21**

	Acre Feet Purchase	Cost per Acre Foot (AF)	Total Cost	
Water Purchase Fiscal Year 2020-2021 (see page 2) (A)	1050	\$2,124.00	\$2,230,200.00	
NCSD Water O & M Cost per AF ** (see page 3)	1050	\$184.07	\$193,273.50	
NCSD Admin Fee per AF (15% of O & M per AF) ** (see page 3)	1050	\$27.61	\$28,990.50	
		<u>\$2,335.68</u>	<u>\$2,452,464.00</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	\$2,230,200	\$1,487,097	\$371,551	\$371,551
4 Supplemental Water O & M Cost	\$193,274	\$128,875	\$32,199	\$32,199
5 Supplemental Water NCSD Admin Fee	<u>\$28,991</u>	<u>\$19,331</u>	<u>\$4,830</u>	<u>\$4,830</u>
6 Total Annual Supplemental Water Volume Cost	<u>\$2,452,464</u>	<u>\$1,635,303</u>	<u>\$408,581</u>	<u>\$408,581</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)	\$86,604	\$0	\$34,797	\$51,807
10 Yearly Capital Recovery Charge-Interest (1)	\$299,814	\$0	\$154,061	\$145,753
11 Yearly Capital Recovery Charge-Principal (2)	\$7,305	\$0	\$3,292	\$4,013
12 Yearly Capital Recovery Charge-Interest (2)	\$25,866	\$0	\$14,575	\$11,291
13 Yearly Capital Recovery Charge-Principal (3)	\$13,024	\$0	\$5,858	\$7,166
14 Yearly Capital Recovery Charge-Interest (3)	\$46,096	\$0	\$25,936	\$20,160
14 Yearly Capital Recovery Charge-Principal (4)	\$908	\$0	\$408	\$500
15 Yearly Capital Recovery Charge-Interest (4)	\$3,213	\$0	\$1,805	\$1,408
16 Yearly Capital Recovery Charge-Principal (5)	\$1,114	\$0	\$499	\$615
17 Yearly Capital Recovery Charge-Interest (5)	\$3,940	\$0	\$2,210	\$1,730
18 Supplemental Water Project Yearly Replacement(6)	\$206,865	\$149,439	\$28,713	\$28,713
19 Total Annual Fixed Supplemental Charges	<u>\$694,749</u>	<u>\$149,439</u>	<u>\$272,154</u>	<u>\$273,156</u>

20 Total Volume and Annual Fixed Charges for Fiscal Year 2020-2021 (Line 6 + Line 19)	<u>\$3,147,213</u>	<u>\$1,784,742</u>	<u>\$680,734</u>	<u>\$681,736</u>
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21 Electrical Pumping Credit (\$241.40 per acre foot-estimated)	(\$80,434)	\$0	(\$40,217)	(\$40,217)
22 SUPPLEMENTAL WATER BUDGET FISCAL YEAR 2020-2021	<u>\$3,066,779</u>	<u>\$1,784,742</u>	<u>\$640,517</u>	<u>\$641,519</u>

(1) Per applicable amortization schedule as of June 30, 2015	
(2) Per applicable amortization schedule as of June 30, 2016	(A) 1000 ACRE FEET PER CONTRACT PLUS 50 ACRE FEET FOR OPERATIONAL BUFFER
(3) Per applicable amortization schedule as of June 30, 2017	
(4) Per applicable amortization schedule as of June 30, 2018	
(5) Per applicable amortization schedule as of June 30, 2019	
(6) 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

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2020-21**

FISCAL YEAR	City Rate Chg	ACRE FEET PURCHASED	Base Water	Chg in Energy	COST PER ACRE FOOT	TOTAL COST
FY 15-16	7/1/2015	660	\$1,495.85	\$23.00	\$1,518.85	\$1,001,760
FY 16-17	7/1/2016	860	\$1,570.77	\$17.00	\$1,587.77	\$1,365,482
FY 17-18	7/1/2017	945	\$1,649.18	\$0	\$1,649.18	\$1,558,475
FY 18-19	7/1/2018	950	\$1,649.18	\$52.00	\$1,701.18	\$1,616,121
FY 19-20	7/1/2019	487	\$1,649.18	\$45.92	\$1,695.10	\$825,514
FY 19-20	1/1/2020		\$2,077.81	\$45.92	\$2,123.73	

City of SM Adopted Rate Increases

	(a) BASE COST PER UNIT (hcf)	(b) units per AF	(a)*(b) Base Cost
1/7/2015	\$3.43	435.6	\$1,495.85
7/1/2016	\$3.61	435.6	\$1,570.77
7/1/2017	\$3.79	435.6	\$1,649.18
7/1/2018	\$3.79	435.6	\$1,649.18
7/1/2019	\$3.79	435.6	\$1,649.18
1/1/2020	\$4.77	435.6	\$2,077.81
1/1/2021	\$4.96	435.6	\$2,160.58
1/1/2022	\$5.16	435.6	\$2,247.70
1/1/2023	\$5.37	435.6	\$2,339.17

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2020-21**

OPERATIONS AND MAINTENANCE BUDGET

OPERATIONS AND MAINTENANCE	800 AFY 2018-19 ACTUAL	800 AFY 2019-20 BUDGET	800 AFY 2019-20 EST ACTUAL	1,000 AFY 2020-21 PROPOSED
Electricity (1)	64,920	68,060	71,000	89,000
Labor (fully weighted) (2)	47,897	40,213	49,000	50,470
Water (2)	545	553	600	618
Chemicals (2)	6,176	7,815	5,000	5,150
Operating Supplies (2)	0	1,030	0	0
Outside Services (2)	3,919	1,524	11,000	11,330
Permits and Operating Fees (2)	1,651	1,281	624	643
Insurance (2)	4,336	4,374	9,573	9,860
Repairs and Maintenance (2)	3,373	10,300	16,500	16,995
TOTAL OPERATIONS AND MAINTENANCE	132,817	135,150	163,297	184,066
Cost per acre foot @ 800 acre feet	166.02	168.94	204.12	
Cost per acre foot @ 1,000 acre feet				184.07
Overhead allocation 15% of O and M	24.90	25.34	30.62	27.61

(1) Estimated increase in Electricity to pump 1,000 afy

(2) Estimated 3% increase in expenses FY 20-21

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2020-21**

FUNDED REPLACEMENT RESERVES

Beginning Balance, July 1, 2019		792,352
Collections FY 2019-20		
NCS D	149,439	
WMWC	28,713	
GSWC	28,713	
		206,865
Estimated interest income FY 2019-20		17,000
Estimated Ending Balance, June 30, 2020		1,016,217
Collections FY 2020-21		
NCS D	149,439	
WMWC	28,713	
GSWC	28,713	
		206,865
Estimated interest income FY 2020-21		12,000
Estimated Ending Balance, June 30, 2021		1,235,082

Funded Replacement Reserve Requirement - Pursuant to Section VIII (J)

CPI Adjustment as of June 30, 2020		
CPI - 2019 Annual		274.114
CPI - 2018 Annual	(265.962)	
		8.152
Divide by previous period CPI ÷	265.962	
		0.0307
	X	100.000
Percent Change		3.07
Maximum Balance computed as of June 30, 2019		3,290,957
Adjusted by CPI June 30, 2020 (\$3,290,957 * 3.07%)		101,032
Maximum Balance adjusted as of June 30, 2021		3,391,989

	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
6/30/2018	2.79	86,055	3,170,479
6/30/2019	3.81	120,478	3,290,957
6/30/2019	3.07	101,032	3,391,989

Note: Funds held in separate savings account at Five Star Bank