

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS  
GENERAL MANAGER



DATE: JANUARY 18, 2019

**AGENDA ITEM**

**C**

**JANUARY 23, 2019**

## **PRESENTATIONS AND REPORTS**

The following presentations and reports are scheduled:

- C-1) INTRODUCE NEW EMPLOYEE, ELIZABETH VILLANUEVA, ASSISTANT ENGINEER [RECOMMEND RECEIVE AND FILE]
- C-2) 2019 FIRST QUARTER ENGINEER'S REPORT – DIRECTOR OF ENGINEERING AND OPERATIONS REPORT ON DISTRICT PROJECTS SYSTEM-
- C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS.  
Receive Announcements and Reports from Directors
- C-4) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS

TO: BOARD OF DIRECTORS  
FROM: MARIO E. IGLESIAS  
GENERAL MANAGER  
DATE: JANUARY 18, 2019



**AGENDA ITEM**  
**C-1**  
**JANUARY 23, 2019**

**INTRODUCE NEW EMPLOYEE**

**ITEM**

Introduce new Nipomo Community Services Employee, Elizabeth Villanueva, Assistant Engineer [RECOMMEND RECEIVE AND FILE].

**BACKGROUND**

On January 14, 2019 Elizabeth Villanueva began her employment with the Nipomo Community Services District. Elizabeth was selected from a wide ranging candidate pool after the District's second recruitment effort.

Elizabeth graduated from California Polytechnic State University with a B.A. in Environmental Engineering and a M.S. in Civil and Environmental Engineering. She impressed the District's interview panels with her communication skills, friendly nature, and an educational background in water and wastewater.

Elizabeth lives in Santa Maria where she was raised and where her family continues to reside. The District team is extremely pleased that Elizabeth has decided to join the Nipomo Community Services District in its efforts to provide the community with the best possible utility experience. Staff is confident that Elizabeth is a great addition to our team and looks forward to a long and productive relationship with our new teammate.

**FISCAL IMPACT**

None

**STRATEGIC PLAN**

Goal 3. PERSONNEL AND ORGANIZATION. Maintain a qualified, long-term and productive workforce to assure an effective organization.

3.b. Ongoing activities

B.1 Ensure the District is adequately staffed with high quality, long-term employees and supported by appropriate contractors and partnerships.

**RECOMMENDATION**

Recommend receive and file.

**ATTACHMENTS**

None

TO: BOARD OF DIRECTORS

FROM: MARIO E. IGLESIAS  
GENERAL MANAGER



DATE: JANUARY 18, 2019

**AGENDA ITEM**  
**C-2**  
**JANUARY 23, 2019**

**2019 FIRST QUARTER ENGINEER'S REPORT  
DIRECTOR OF ENGINEERING AND OPERATIONS REPORT  
ON DISTRICT PROJECTS SYSTEM-WIDE**

**ITEM**

Engineering and Operations update for October through December 2018

**BACKGROUND**

Director of Engineering and Operations, Peter Sevcik will overview his update (Attachment A) and discuss District projects for the October through December 2018 period.

**RECOMMENDATION**

Staff recommends that your Honorable Board receive the update.

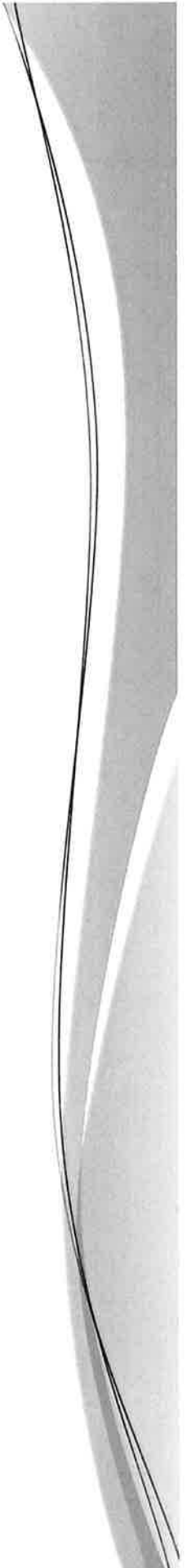
**ATTACHMENTS**

- A. Engineering and Operations Update for October to December 2018

JANUARY 23, 2019

ITEM C-2

ATTACHMENT A



# **Engineering and Operations Update**

## **– October to December 2018**

Peter V. Sevcik, P.E.  
Director of Engineering and Operations  
Nipomo Community Services District  
January 23, 2019



# Projects in Construction

## Southland WWTF Drying Bed Cover Project

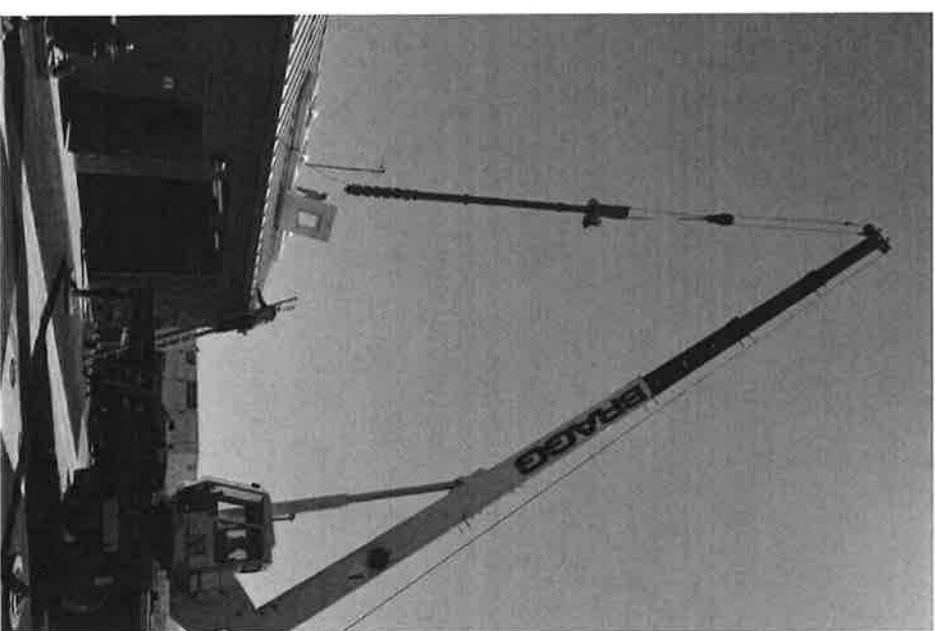
- Bid Process completed
- Board contract award –  
November 28, 2018
- Notice to Proceed Issued
- Scheduled Completion March 2019
- FY 18/19 budgeted project cost  
\$143,000



# Projects in Construction

## Supplemental Water Project Joshua Road Pump Station Pump 4 Improvements

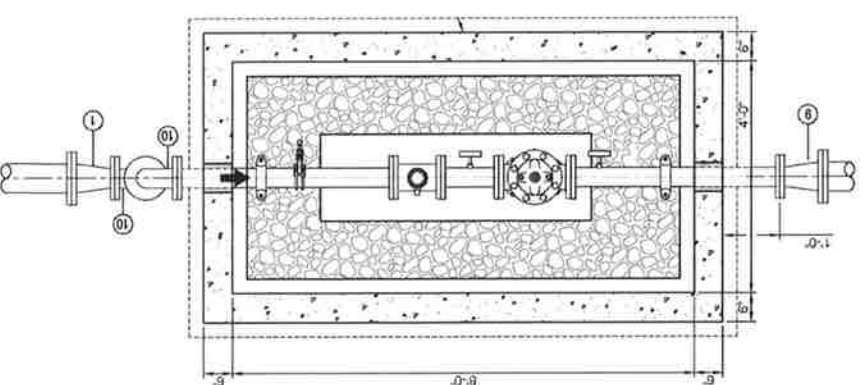
- Bid Process Completed
- Board contract award –  
December 12, 2018
- Notice to Proceed Issued
- Scheduled completion June 2019
- FY 18/19 budgeted project cost  
\$300,000



# Projects in Design

## Supplemental Water Project Interconnects

- Final design in progress for three interconnects
  - Golden State Water Company Nipomo
  - Golden State Water Company Cypress Ridge
  - Woodlands Mutual Water Company
- 60% Design completed
- CEQA review in progress
- Tentative Board authorization to bid – April, 2019
- FY 18/19 budgeted project cost \$630,000





# Projects in Design

## Supplemental Water Project Nipomo Area Pipeline Improvements

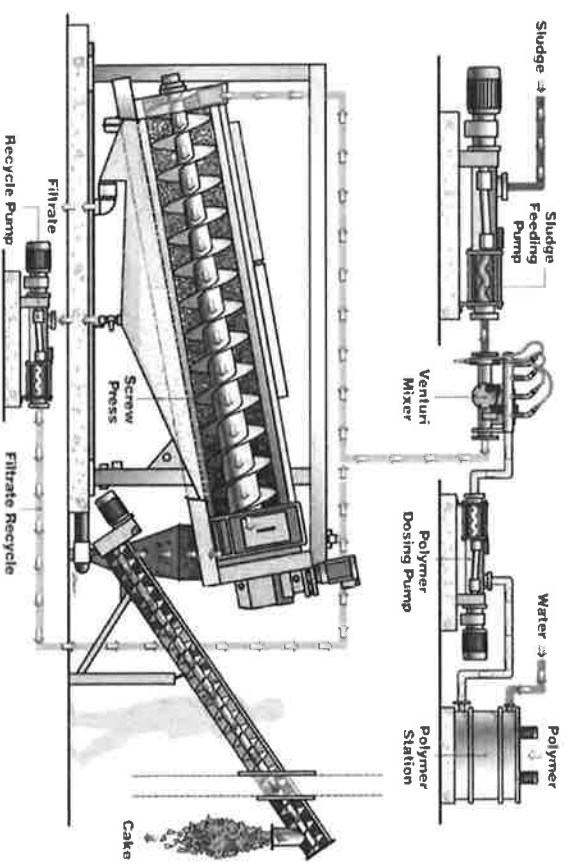
- 30% design completed
- CEQA review in progress
- 100% design completion – April, 2019
- Construction cost of \$3,050,000 not budgeted in FY 18/19



# Projects in Design

## Southland WWTF Screw Press

- Draft Design Report completed
- 3 Screw Press Vendors Identified
- Tentative Board authorization to bid – June, 2019
- FY 18/19 budgeted project cost \$920,000





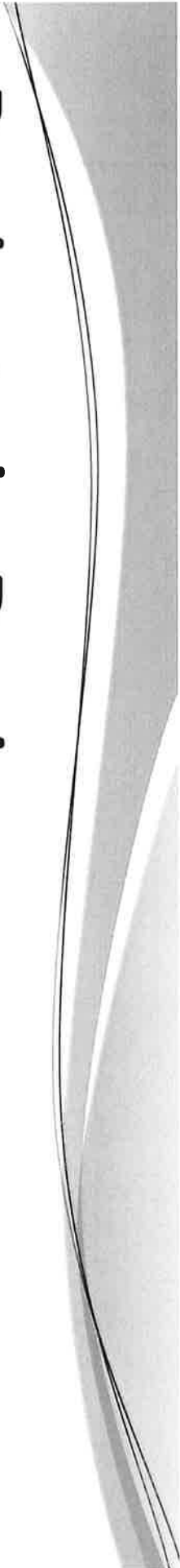
# Projects in Design

## **Nipomo Palms Lift Station Replacement**

- On-hold - 90% design plan review
- Tentative bid date – to be determined upon completion of design
- FY 18/19 budgeted project cost \$800,000

## **Woodgreen Lift Station Replacement**

- On-hold - 50% design plans
- Coordinating design with Blacklake Fairways HOA and BLMA
- Tentative bid date – to be determined upon completion of design
- FY 18/19 budgeted project cost \$610,000



# Projects in Design

## Eureka Well Replacement

- Easement acquisition in progress
  - Need to secure temporary construction easements for development water disposal
- Tentative bid date – on hold until easements secured
- FY 18/19 budgeted project cost \$1,000,000



# Projects in Design

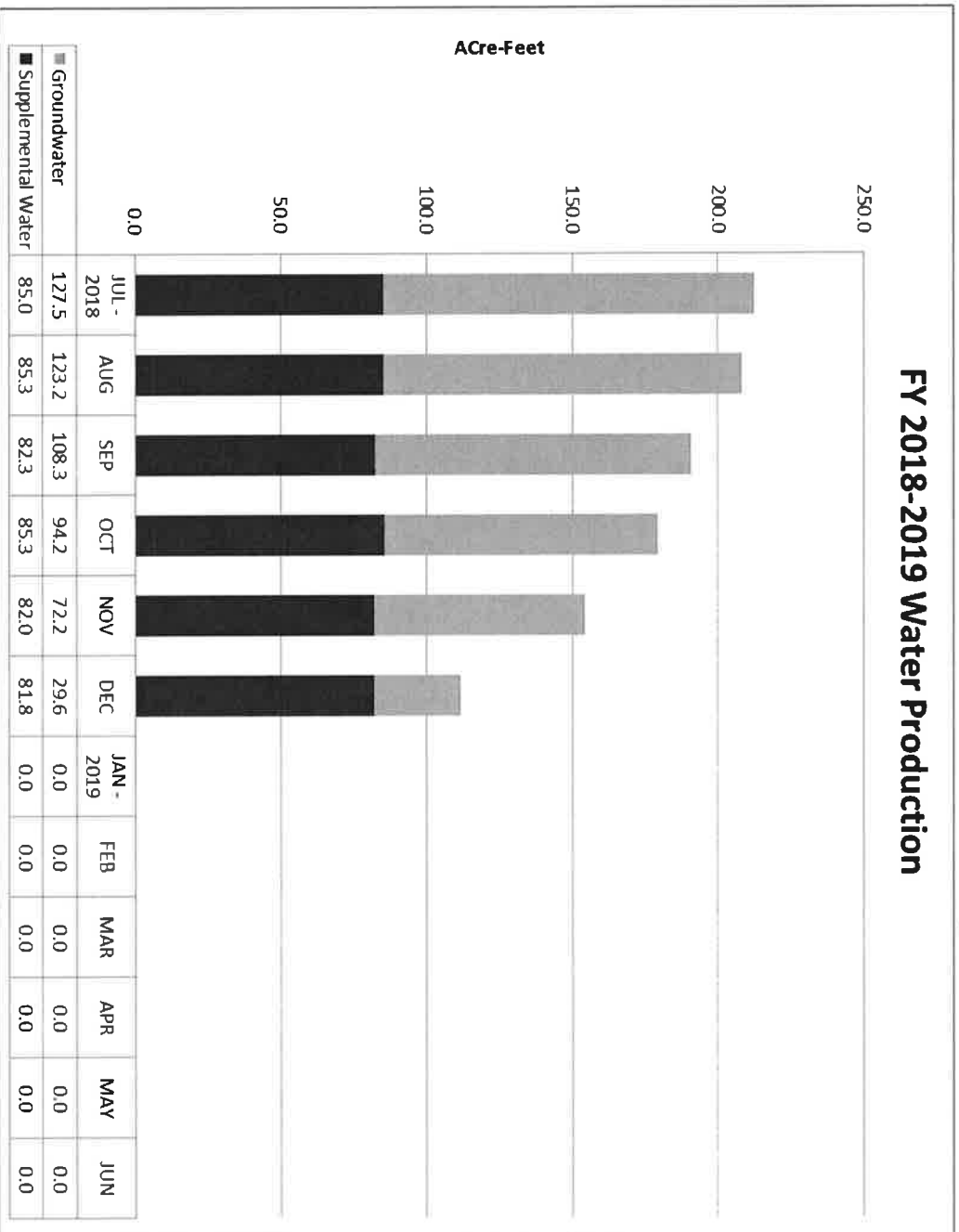
## **Branch Street Waterline Replacement Project**

- 90% design plans completed – on hold
- Property owner right of entry acquisition – on hold
- FY 18/19 budgeted project cost \$650,000

## **Southland WWTF Storage Building**

- Deferred to FY 2018-2019

# Operations – Water System

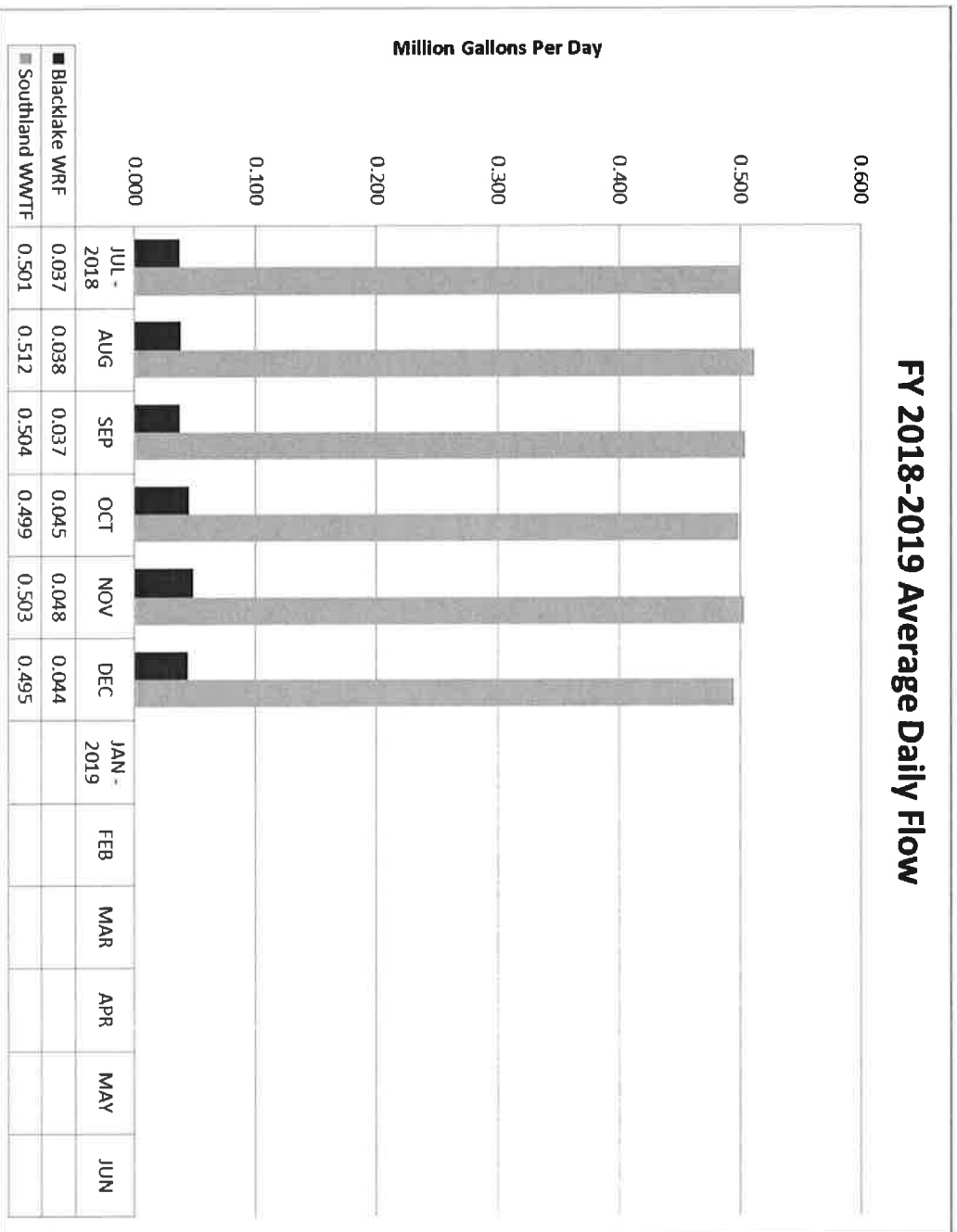




# Operations – Water System

- **State Water Resources Control Board Division of Drinking Water**
  - Routine monthly reports submitted
  - UCMR<sub>4</sub> first round completed December 2018
- **Other Water Operations**
  - Annual SCADA instrumentation calibration checks
  - Hit hydrant – 1
  - Hydrant repair - 1
  - Service line leaks - 3

# Operations – Wastewater







# Operations – Wastewater System

- **San Luis Obispo Air Pollution Control District Notice of Violation**
  - Mutual settlement approved by the Board
  - Continuing to aerate drying biosolids regularly
  - Continuing to remove biosolids as soon as practical
- **Other Wastewater Operations**
  - Annual SCADA instrumentation calibration checks
  - Annual Southland WWTF electrical maintenance
  - Replaced Grinder 2 at Blacklake WWTF
  - Replaced 2 VFD drives for RAS pumps at Southland WWTF



# Other Engineerings and Operations

- **District**
  - SCADA Server Replacement – In progress
  - Sedaru Software Implementation – In progress
  - 2018 Vehicle SMOG Testing completed
- **Personnel**
  - Water Operator 1 Recruitment – Completed October 2018
  - Assistant Engineer Recruitment – Completed December 2018
  - Wastewater Operator 1 Recruitment – Not started



# Other Engineerings and Operations

- **New Development**
  - 335 Summit Station Road – Commercial Fire Sprinkler System
  - 164 Mallagh – Multifamily
  - Mary Avenue – Senior Apartments
  - CO 17-0131 – Frank Court – Single Family Residential
  - Tract 2441 – Blume – Single Family Residential
  - Tract 2558 – Magenta – Single Family Residential
  - Tract 2611 – South Frontage – Mixed use
  - Tract 2650 – Via Concha – Single Family Residential



# Engineering and Operations

## Questions

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS  
GENERAL MANAGER 

DATE: JANUARY 18, 2019

**AGENDA ITEM**

**D**

**JANUARY 23, 2019**

## **CONSENT AGENDA**

The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item removed. If discussion is desired, the item may be removed from the Consent Agenda by a Board member and will be considered separately at the conclusion of the Administrative Items. Individual items on the Consent Agenda are approved by the same vote that approves the Consent Agenda, unless an item is pulled for separate consideration. The recommendations for each item are noted in bracket. Members of the public may comment on the Consent Agenda items.

**Questions or clarification may be made by the Board members  
without removal from the Consent Agenda.**

- D-1) WARRANTS  
[RECOMMEND APPROVAL]
  
- D-2) APPROVE JANUARY 9, 2019 REGULAR BOARD MEETING MINUTES  
[RECOMMEND APPROVE MINUTES]

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS  
GENERAL MANAGER



FROM: LISA BOGNUDA  
FINANCE DIRECTOR



DATE: JANUARY 18, 2019

**AGENDA ITEM**  
**D-1**  
**JANUARY 23, 2019**

## WARRANTS

HANDWRITTEN CHECKS  
None

TOTAL COMPUTER CHECKS  
\$472,250.53

VOIDS – NONE

**COMPUTER GENERATED CHECKS – SEE ATTACHED**



Nipomo Community Services District

Item D-1 Warrants JANUARY 23, 2019  
By Payment Number

Payment Dates 01/23/2019 - 01/23/2019

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount
<b>Payment: 4481</b>					
Abalone Coast Analytical, Inc.	Lab tests	4483	01/23/2019		9,725.25
				<b>Payment 4481 Total:</b>	<b>9,725.25</b>
<b>Payment: 4482</b>					
Advantage Answering Plus, In	Answering service	12-959-041	01/23/2019		240.13
				<b>Payment 4482 Total:</b>	<b>240.13</b>
<b>Payment: 4483</b>					
AECOM USA Inc.	Nipomo Area Pipeline Improv	2000158913	01/23/2019		5,957.43
				<b>Payment 4483 Total:</b>	<b>5,957.43</b>
<b>Payment: 4484</b>					
Allweather Landscape Mainte	LMD	33816	01/23/2019		325.00
				<b>Payment 4484 Total:</b>	<b>325.00</b>
<b>Payment: 4485</b>					
AmeriPride	Uniforms	1502314243	01/23/2019		297.95
AmeriPride	Uniforms	1502310190	01/23/2019		299.61
				<b>Payment 4485 Total:</b>	<b>597.56</b>
<b>Payment: 4486</b>					
AT&T	Telephone	12445311	01/23/2019		172.36
				<b>Payment 4486 Total:</b>	<b>172.36</b>
<b>Payment: 4487</b>					
BR Services	Quarterly gate maintenance	5312	01/23/2019		179.00
				<b>Payment 4487 Total:</b>	<b>179.00</b>
<b>Payment: 4488</b>					
Brenntag Pacific, Inc.	Sodium hypochlorite	906250	01/23/2019		609.51
Brenntag Pacific, Inc.	Sodium hypochlorite	906251	01/23/2019		90.22
				<b>Payment 4488 Total:</b>	<b>699.73</b>
<b>Payment: 4489</b>					
Burdine Printing	Postage for bills	38183B	01/23/2019		94.00
Burdine Printing	Bill stuffers	38141	01/23/2019		433.58
Burdine Printing	Mail bills	38183A	01/23/2019		72.11
Burdine Printing	Postage for bills	38213B	01/23/2019		1,287.90
Burdine Printing	Mail bills	38213A	01/23/2019		210.50
Burdine Printing	Utility billing paper forms	38008	01/23/2019		1,666.44
				<b>Payment 4489 Total:</b>	<b>3,764.53</b>
<b>Payment: 4490</b>					
California Water Environment	CSM3 exam application	BROWN2019	01/23/2019		200.00
				<b>Payment 4490 Total:</b>	<b>200.00</b>
<b>Payment: 4491</b>					
Carquest Auto Parts	Vehicle repair/maintenance	DEC2018	01/23/2019		55.98
				<b>Payment 4491 Total:</b>	<b>55.98</b>
<b>Payment: 4492</b>					
City of Santa Maria	Water purchase 10-1-18 to 12	77860	01/23/2019		415,164.20
				<b>Payment 4492 Total:</b>	<b>415,164.20</b>
<b>Payment: 4493</b>					
Clever Ducks	Computer expense	26216	01/23/2019		2,535.00
				<b>Payment 4493 Total:</b>	<b>2,535.00</b>
<b>Payment: 4494</b>					
Engel & Gray, Inc.	Biosolids collection - bin renta	8CX00011	01/23/2019		125.00
				<b>Payment 4494 Total:</b>	<b>125.00</b>

## Item D-1 Warrants JANUARY 23, 2019

Payment Dates: 01/23/2019 - 01/23/2019

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount	
<b>Payment: 4495</b>						
Farm Supply Company	Cat litter	59790	01/23/2019		168.34	
					<b>Payment 4495 Total:</b>	<b>168.34</b>
<b>Payment: 4496</b>						
FGL Environmental	Lab tests	883594	01/23/2019		521.00	
					<b>Payment 4496 Total:</b>	<b>521.00</b>
<b>Payment: 4497</b>						
Fisher Pump & Well Service, I	Sundale well pump repair	5862	01/23/2019		2,240.00	
					<b>Payment 4497 Total:</b>	<b>2,240.00</b>
<b>Payment: 4498</b>						
Great Western Alarm and Co	CCTV installation	190101327201	01/23/2019		750.00	
					<b>Payment 4498 Total:</b>	<b>750.00</b>
<b>Payment: 4499</b>						
Heacock Trailers & Truck Acce	Vehicle repair/maintenance	5595	01/23/2019		635.55	
					<b>Payment 4499 Total:</b>	<b>635.55</b>
<b>Payment: 4500</b>						
Home Depot Credit Services D	Steel shelving	DEC2018	01/23/2019		895.15	
					<b>Payment 4500 Total:</b>	<b>895.15</b>
<b>Payment: 4501</b>						
Iglesias, Mario	Cell phone reimbursement	JAN2019	01/23/2019		65.00	
					<b>Payment 4501 Total:</b>	<b>65.00</b>
<b>Payment: 4502</b>						
Integrated Industrial Supply, I	Disposable gloves, iodine wip	58412	01/23/2019		234.00	
					<b>Payment 4502 Total:</b>	<b>234.00</b>
<b>Payment: 4503</b>						
Jan-Pro Central Coast	Janitorial services	81198	01/23/2019		727.14	
					<b>Payment 4503 Total:</b>	<b>727.14</b>
<b>Payment: 4504</b>						
More Office Solutions	Copier maintenance	2359682	01/23/2019		768.49	
					<b>Payment 4504 Total:</b>	<b>768.49</b>
<b>Payment: 4505</b>						
NexTraq	GPS subscription	AT01416729	01/23/2019		479.40	
					<b>Payment 4505 Total:</b>	<b>479.40</b>
<b>Payment: 4506</b>						
Nipomo Community Services	Juniper LS	JAN2019C	01/23/2019		47.48	
Nipomo Community Services	SWWTP	JAN2019A	01/23/2019		77.34	
Nipomo Community Services	LMD	JAN2019B	01/23/2019		315.86	
					<b>Payment 4506 Total:</b>	<b>440.68</b>
<b>Payment: 4507</b>						
Perry's Electric Motors & Cont	Motor for pump	22589	01/23/2019		734.33	
					<b>Payment 4507 Total:</b>	<b>734.33</b>
<b>Payment: 4508</b>						
Quinn Company	Generator parts	PC030299341	01/23/2019		37.30	
Quinn Company	Generator parts	PC030299340	01/23/2019		79.57	
Quinn Company	Generator repair	WO030042698	01/23/2019		829.66	
					<b>Payment 4508 Total:</b>	<b>946.53</b>
<b>Payment: 4509</b>						
Santa Maria Sun, LLC	Conservation ads	292160	01/23/2019		396.00	
Santa Maria Sun, LLC	Conservation ads	291891	01/23/2019		396.00	
					<b>Payment 4509 Total:</b>	<b>792.00</b>
<b>Payment: 4510</b>						
Schenberger, Taylor, McCormi	Property appraisal	JAN2019	01/23/2019		11,000.00	
					<b>Payment 4510 Total:</b>	<b>11,000.00</b>



Item D-1 Warrants JANUARY 23, 2019

Payment Dates: 01/23/2019 - 01/23/2019

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount
<b>Payment: 4511</b>					
SWCA, Inc.	Environmental - Interconnects	88593	01/23/2019		2,214.25
				<b>Payment 4511 Total:</b>	<u>2,214.25</u>
<b>Payment: 4512</b>					
Tri-County Office Furniture, In	Office furniture	137641	01/23/2019		2,397.04
				<b>Payment 4512 Total:</b>	<u>2,397.04</u>
<b>Payment: 4513</b>					
UPS Store #6031	Package handling	9700	01/23/2019		11.71
				<b>Payment 4513 Total:</b>	<u>11.71</u>
<b>Payment: 4514</b>					
USA Bluebook	Wide mouth jars, disposable	769716	01/23/2019		97.69
				<b>Payment 4514 Total:</b>	<u>97.69</u>
<b>Payment: 4515</b>					
Villanueva, Elizabeth	Livescan reimbursement	VILLANUEVA2019	01/23/2019		80.00
				<b>Payment 4515 Total:</b>	<u>80.00</u>
<b>Payment: 4516</b>					
Wallace Group	Fog control program	47459	01/23/2019		6,311.06
				<b>Payment 4516 Total:</b>	<u>6,311.06</u>

TO: BOARD OF DIRECTORS  
FROM: MARIO IGLESIAS  
GENERAL MANAGER  
DATE: JANUARY 18, 2019



**AGENDA ITEM  
D-2  
JANUARY 23, 2019**

**APPROVE JANUARY 9, 2019  
REGULAR BOARD MEETING MINUTES**

**ITEM**

Approve action minutes from previous Board meetings. [RECOMMEND APPROVE MINUTES]

**BACKGROUND**

The draft minutes are a written record of the previous Board Meeting action.

**RECOMMENDATION**

Approve Minutes

**ATTACHMENT**

- A. January 9, 2019 draft Regular Board Meeting Minutes

JANUARY 23, 2019

ITEM D-2

ATTACHMENT A

# NIPOMO COMMUNITY SERVICES DISTRICT

*Serving the Community Since 1965*

## DRAFT REGULAR MINUTES

**JANUARY 9, 2019 AT 9:00 A.M.**

JON S. SEITZ BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

### BOARD of DIRECTORS

ED EBY, PRESIDENT  
DAN ALLEN GADDIS, VICE PRESIDENT  
BOB BLAIR, DIRECTOR  
CRAIG ARMSTRONG, DIRECTOR  
DAN WOODSON, DIRECTOR

### PRINCIPAL STAFF

MARIO IGLESIAS, GENERAL MANAGER  
LISA BOGNUDA, FINANCE DIRECTOR  
WHITNEY MCDONALD, GENERAL COUNSEL  
PETER SEVCIK, DIRECTOR OF ENG. & OPS.

Mission Statement: The Nipomo Community Services District's mission is to provide its customers with reliable, quality, and cost-effective services now and in the future.

#### A. CALL TO ORDER AND FLAG SALUTE

*President Eby called the Regular Meeting of January 9, 2019, to order at 9:00 a.m. and led the flag salute.*

#### B. SWEAR IN AND SEAT NEW DIRECTORS, ROLL CALL, AND PUBLIC COMMENT FOR ITEMS NOT ON AGENDA

The newly elected directors were previously sworn in and seated in December so no action at this meeting was necessary.

Mark Albright, asked when water meters would be available for vacant lots.

#### C. PRESENTATIONS AND REPORTS

##### C-1 RECOGNITION OF 2018 BOARD OFFICERS AND SEATING OF 2019 BOARD OFFICERS [NO BOARD ACTION REQUIRED]

Mr. Iglesias thanked President Eby and Vice President Gaddis for their service to the Board in 2018 and announced they would be serving in the same capacity in 2019.

President Eby thanked the Board for their vote of confidence in electing him President for 2019. He stated he would like to see the other Board Members rotate into the President and Vice President positions next year.

##### C-2 DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS [RECEIVE ANNOUNCEMENTS AND REPORTS FROM DIRECTORS]

Director Gaddis  
*January 2, attended Board Officer's meeting*

Director Eby  
*January 2, attended Board Officer's meeting*

##### C-3 RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS

*There were no public comments.*

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District  
**DRAFT REGULAR MEETING  
 MINUTES**

*Upon the motion of Director Gaddis and seconded, the Board unanimously approved receiving and filing presentations and reports.  
 Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Gaddis, Armstrong, Woodson, Blair and Eby	None	None

D. CONSENT AGENDA

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE DECEMBER 12, 2018 REGULAR BOARD MEETING MINUTES [RECOMMEND APPROVE MINUTES]
- D-3) ANNUAL REVIEW OF SUPPLEMENTAL WATER ACCOUNTING [RECOMMEND REVIEW AND FILE]  
 REPORT [RECOMMEND RECEIVE AND FILE]
- D-4) ANNUAL REVIEW OF DISTRICT DEBT MANAGEMENT, CASH RESERVE AND INVESTMENT POLICY [RECOMMEND REVIEW AND REAFFIRM DEBT MANAGEMENT, CASH RESERVE AND INVESTMENT POLICY]
- D-5) 2018 FALL GROUNDWATER INDEX REVIEW [RECOMMEND RECEIVE AND FILE]

*President Eby requested item D-2 be pulled for separate vote. (He is not eligible to vote on this item since he was absent).*

*Director Gaddis and Blair asked questions of Staff regarding Item D-1 and D-3.*

*Pam Wilson, NCSO customer, asked how the Fall Groundwater Index compared to the previous year index.*

*Upon the motion of Director Armstrong and seconded, the Board unanimously approved Consent Agenda Items D-1, D-3, D-4 and D-5.  
 Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Armstrong, Woodson, Blair and Gaddis	None	None

*Upon the motion of Director Armstrong and seconded, the Board approved the Consent Agenda Items D-2.  
 Vote 4-0-1.*

YES VOTES	NO VOTES	ABSTAIN
Directors Armstrong, Gaddis, Woodson and Blair	None	Eby

E. ADMINISTRATIVE ITEMS

- E-1) ADOPT ORDINANCE AMENDING NIPOMO COMMUNITY SERVICES DISTRICT CODE CHAPTER 3.24 REGARDING WATER CONSERVATION REQUIREMENTS [RECOMMEND READ FULL TITLE, WAIVE FURTHER READING OF THE ORDINANCE, SUBJECT TO BOARD APPROVAL]

Nipomo Community Services District  
DRAFT REGULAR MEETING  
MINUTES

ADOPT ORDINANCE, AND DIRECT DISTRICT COUNSEL AND STAFF TO PREPARE AND PUBLISH SUMMARY OF ORDINANCE PER WATER CODE SECTION 376]

*Director Woodson asked if the adoption of this ordinance would impact dealings with the northern cities.*

*There were no public comments.*

*Upon the motion of Director Armstrong and seconded, the Board approved an Ordinance of the Board of Directors of the Nipomo Community Services District Amending Nipomo Community Services District Code Chapter 3.24, waived further reading of the ordinance, and directed District Counsel and staff to prepare and publish the ordinance in accordance with Water Code Section 376.*

*Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Armstrong, Gaddis, Woodson, Blair and Eby	None	None

ORDINANCE 2019-128

AN ORDINANCE OF BOARD OF THE DIRECTORS OF  
THE NIPOMO COMMUNITY SERVICES DISTRICT  
AMENDING NIPOMO COMMUNITY SERVICES DISTRICT  
CODE CHAPTER 3.24

E-2) RATIFY 2019 BOARD COMMITTEE ASSIGNMENTS [RECOMMEND APPROVE ASSIGNMENTS]

*Mario Iglesias, General Manager, presented the item. President Eby stated the assignments would not change from previous year unless any Board member objected. President Eby confirmed the Committee assignments*

*There were no public comments.*

*Upon the motion of Director Blair and seconded, the Board unanimously approved Committee Assignments for 2019.*

*Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Blair, Woodson, Armstrong, Gaddis and Eby	None	None

E-3) LOCAL AREA FORMATION COMMISSION SPECIAL DISTRICT SEAT NOMINATION AND BALLOTING [RECOMMEND DESIGNATE VOTING DELEGATE, CONSIDER NOMINATION, CONSIDER ALTERNATIVE QUORUM PROCEDURE, AND DIRECT TAFF]

*Mario Iglesias, General Manager, presented the item and answered questions from the Board.*

*There were no public comments*

*Upon the motion of Director Armstrong and seconded, the Board unanimously approved 1) President Eby as the voting delegate, 2) vote "yes" on Alternative Quorum Procedure, and 3) if no one else is nominated for LAFCO Special District Member, President Eby should be nominated at the January 25 San Luis Obispo Chapter of the California Special District*

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District  
DRAFT REGULAR MEETING  
MINUTES

Association meeting.  
Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Armstrong, Blair, Woodson, Gaddis and Eby	None	None

F. GENERAL MANAGERS REPORT

Mario Iglesias, General Manager, presented the item and answered questions from the Board

There were no public comments.

G. COMMITTEE REPORTS

None

H. DIRECTORS' REQUEST TO STAFF AND SUPPLEMENTAL REPORTS

None

I. CLOSED SESSION ANNOUNCEMENTS

1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9

- a) SMVWCD V. NCSO (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND A LITIGATION PURSUANT TO GC §54956.9 ALL CONSOLIDATED CASES)

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

There were no public comments.

K. ADJOURN TO CLOSED SESSION

L. OPEN SESSION

ANNOUNCEMENTS OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

Whitney McDonald, District Legal Counsel, announced that the Board discussed Item 1(a). The Board took no reportable action

ADJOURN

President Eby adjourned the meeting at 10:39 a.m.

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	0 hours 57 minutes
Closed Session	0 hours 42 minutes
TOTAL HOURS	1 hours 39 minutes

Respectfully submitted,

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS  
GENERAL MANAGER 

DATE: JANUARY 17, 2019

**AGENDA ITEM  
E-1  
JANUARY 23, 2019**

**CONDUCT PROTEST HEARING, DETERMINE PROTEST STATUS,  
AND IF THERE IS NOT A MAJORITY PROTEST, CONSIDER  
ADOPTION OF RESOLUTION INCREASING SEWER RATES  
FOR THE NIPOMO COMMUNITY SERVICES DISTRICT'S  
BLACKLAKE SEWER DIVISION**

**ITEM**

Conduct Protest Hearing, determine protest status, and if there is not a majority protest, consider adoption of Resolution increasing District Blacklake Sewer Division service rates [RECOMMEND ADOPT RESOLUTION].

**BACKGROUND**

The Nipomo Community Services District ("District"), hired Lechowicz & Tseng Municipal Consultants ("Consultant") to complete a five-year sewer rate study report for the District's Blacklake Sewer Division. On November 14, 2018 the consultant provided the District with the Blacklake Sewer Rate Study Final Report ("Report") for your Board's consideration. The Report projected financial needs of the sewer enterprise through Fiscal Year 2023. The District last undertook the task of completing a Blacklake Sewer Division rate study in 2008. Under District Resolution 2009-1117, the District's Board of Directors enacted a 5-year rate structure that was implemented in 2009. The final rate increase took affect January 1, 2013. It has been 10 years since the last rate study was completed and 6 years since a rate increase for residents of the Blacklake Sewer Division.

*Public Hearing for Rate Adoption*

Adoption of new rates and charges requires a public hearing process in compliance with Proposition 218. Following your Board's November 14, 2018 approval of the Rate Study, a Public Hearing Notice was mailed to all owners of record and customers of record impacted by the proposed new rates. The Blacklake Sewer Division serves 559 customers. By State law, a successful majority protest vote requires 50%+1 or 280 of the parcel owners to file a valid written protest.

As of the preparation of this staff report, 4 written protests have been received by the District. The written protests will be inspected for validity following the close of the hearing, if required.

**USE OF SEWER REVENUES**

The District's Blacklake Sewer Division is operated as a separate enterprise from all other services the District provides to the community. As such, revenues derived from sewer rates are designated to fund only those costs associated with the Blacklake Sewer Division. It has been demonstrated in the Report that proposed revenues do not exceed the Blacklake Sewer Division's revenue requirements. The rates provide:

- Sufficient funds for on-going operation and maintenance
- Funding to rehabilitate, replace and upgrade facilities needed to provide sewer services
- Reserves to reduce risk and prudently manage the District's collection of wastewater



Sewer rates and charges collected from Blacklake Sewer Division customers are deposited into designated accounts and cannot be used for any purpose other than that for which the charge is imposed as outlined above.

**STRATEGIC PLAN**

The following goals are addressed by this action:

- Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.
- Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.
- Goal 5. OPERATIONS. Maintain a proactive program to ensure readiness of systems and cost-effectiveness of operations.

**FISCAL IMPACT**

The proposed rate increase is required to meet and maintain the Blacklake Sewer Division operational costs, fund needed capital improvements, and build fiscal reserves. If approved, the new sewer rate would become effective April 1, 2019. Without increased rates as proposed, revenues will not meet the operations, maintenance, and capital replacement costs and reserve levels will not meet District policy levels.

**RECOMMENDATION**

Staff recommends as follows:

1. Conduct Public Hearing
  - o Receive Public Comment
  - o Receive Written Protests (Have staff check drop box)
  - o Inquire if there any requests to withdraw written protests
2. Close Public Hearing;
3. Establish number of valid Written Protests that have been submitted per Prop 218\Article XIII D of the California Constitution;
4. If there is no majority protest, adopt Resolution 2019-xxxx Sewer Rate Increase; or
5. If there is a Majority Protest, direct staff to develop alternatives.

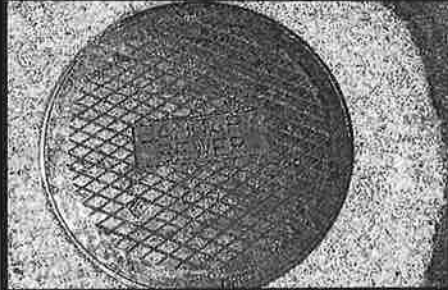
**ATTACHMENTS**

- A. Report on Sewer Rate Study, dated November 14, 2018
- B. Resolution 2019-xxxx Sewer Rate Increase
- C. Proposition 218 Notice to Owners of Record and Customers of Record

JANUARY 23, 2019

ITEM E-1

ATTACHMENT A



# **NIPOMO COMMUNITY SERVICES DISTRICT Blacklake Sewer Rate Study**

**Final Report  
November 14, 2018**



**LECHOWICZ + TSENG  
MUNICIPAL CONSULTANTS**

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## TABLE OF CONTENTS

SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY .....	1
1.1 Background .....	1
1.2 Requirements of Proposition 218 .....	1
1.3 Rate Study Process .....	3
1.4 Proposed Rates .....	4
SECTION 2: CURRENT RATES AND CUSTOMER BASE .....	6
2.1 Historical and Current Wastewater Rates .....	6
2.2 Current Revenues.....	8
2.3 Wastewater Flow Statistics .....	8
SECTION 3: REVENUE REQUIREMENT .....	10
3.1 Operations Fund .....	10
3.2 Operations Cash Flow .....	12
3.3 Capital Fund .....	14
SECTION 4: COST ALLOCATION .....	16
4.1 Fixed Costs .....	16
4.2 Variable Costs.....	16
SECTION 5: RATE DESIGN .....	18
5.1 Billing Units .....	18
5.2 Unit Cost Calculation.....	20
5.3 Rate Calculation .....	20
5.4 Proposed Wastewater Rates.....	22
5.5 Future Recommendations.....	24

## **SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY**

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### **1.1 Background**

The Nipomo Community Services District (NCSD) is located in southern San Luis Obispo County near Highway 101. NCSD consists of two separately operated wastewater collection, treatment, and disposal systems – the Town system and the Blacklake system. The Town system utilizes the Southland Wastewater Treatment Facility (WTF) and serves about 3,100 accounts. The Blacklake system serves 559 customers and utilizes the Blacklake Water Reclamation Facility (WRF). The Blacklake WRF was constructed in 1984 to treat and dispose of wastewater generated throughout the Blacklake development. The WRF uses designated areas of the nearby golf course as a permitted spray field to dispose of treated reclaimed effluent. The Blacklake system has seven miles of gravity pipeline ranging from 6 to 12 inches in diameter and three lift stations (Misty Glen, The Oaks, and Woodgreen).

As described in Blacklake Sewer Master Plan (October 2017) by MKN Associates, Nipomo CSD is investigating the feasibility of regionalization of the Blacklake system with the Southland WTF. Regionalization would involve de-commissioning the Blacklake WRF and routing flows to the Southland WTF for treatment. This rate study does not take into consideration the costs associated with regionalization.

The Master Plan identifies three categories of capital improvements: 1) projects needed to maintain service in the near-term, 2) projects needed for continued local operation of the Blacklake WRF, and 3) improvements needed for regionalization at the Southland WTF. The community has not made a final decision regarding local operation vs. regionalization. Therefore, this report is based on continued local operation in the near-term and includes category 1 projects. Regionalization will take four to five years to physically connect the two systems and conduct improvements to the Town system to accept Blacklake flows. These more intensive projects (category 2 or 3 projects) are beyond the five-year scope of this rate study. Even if regionalization is pursued, near-term improvements to Blacklake (category 1) are needed to provide uninterrupted service.

NCSD last conducted an in-depth wastewater rate study in 2007. The study provided a schedule of rate adjustments through 2013. NCSD has maintained the same rates for the past five years despite inflationary cost increases. Fiscal year (FY) 2018 operating cash flows resulted in positive net revenues of a few thousand dollars. However, rate increases are needed to fund future capital improvements which total \$3.5 million over the next five years.

### **1.2 Requirements of Proposition 218**

Proposition 218, the “Right to Vote on Taxes Act”, was approved by California voters in November 1996 and is codified as Articles XIII C and XIII D of the California Constitution. Proposition 218 establishes requirements for imposing any new or increasing any existing property-related fees and charges. For many years, there was no legal consensus on whether water and sewer service fees met the definition

of “property-related fees.” In July 2007, the California Supreme Court essentially confirmed that Proposition 218 applies to water and wastewater service fees. NCSO must follow the procedural requirements of Proposition 218 for all utility rate increases. These requirements include:

1. **Noticing Requirement** – NCSO must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
2. **Public Hearing** – NCSO must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** - At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established substantive requirements that apply to sewer rates and charges, including:

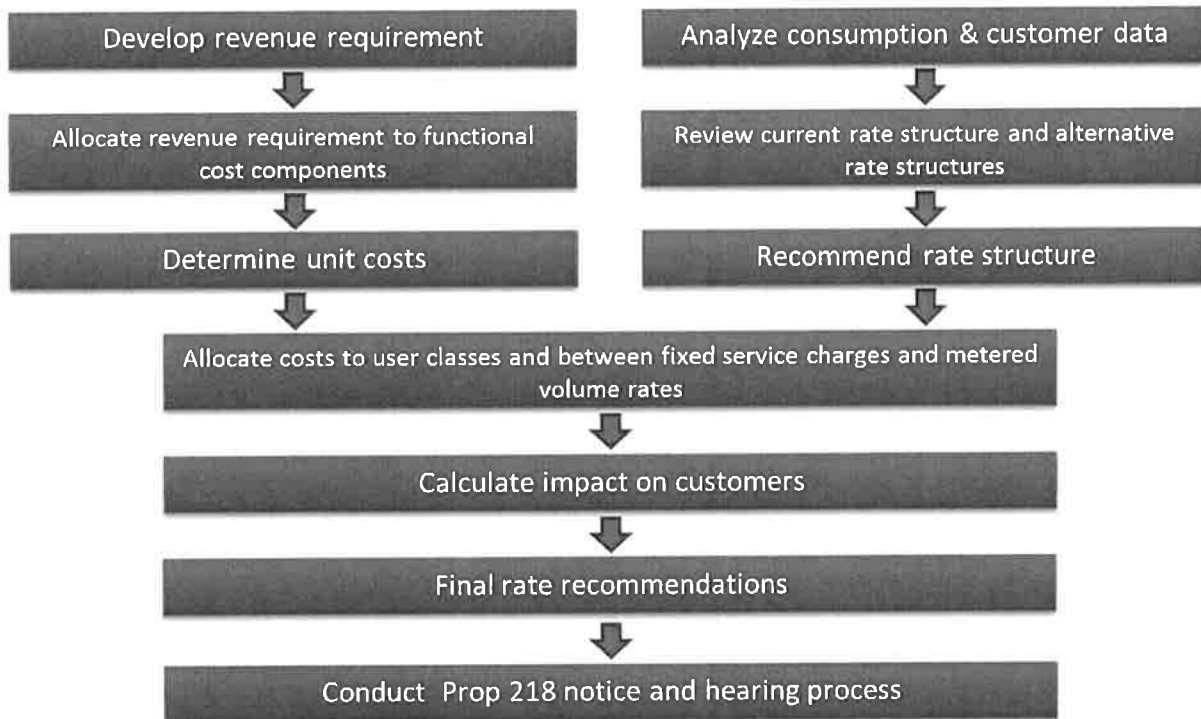
1. **Cost of Service** - Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. **Intended Purpose** - Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. **Proportional Cost Recovery** - The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
4. **Availability of Service** - No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** - No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water, sewer, and refuse collection are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to procedural requirements of Proposition 218.

### 1.3 Rate Study Process

This section details the development of Blacklake’s sewer rates via the Proposition 218 process as shown in the following figure.

Figure 1: Comprehensive Cost of Service Study Process



The following is a brief description of the rate study process:

- **Revenue Requirements** – The revenue requirement is analyzed via a financial plan developed from the Blacklake Sewer Fund budget. Based on the best information currently available, the financial plan incorporates projected operation and maintenance costs, capital expenditures, debt service, and accumulation of prudent reserves. The plan serves as a roadmap for funding Blacklake’s future operating and capital programs while maintaining long-term fiscal stability.
- **Cost of Service Allocation** - The cost of service process builds on the financial plan analysis and assigns wastewater system costs to functional cost components: customer service, capacity, flow, biochemical oxygen demand (BOD) and total suspended solids (TSS).

- **Rate Design** - Rate design involves developing a rate structure that proportionately recovers costs from customers. Final rate recommendations are designed to (a) fund the utility' short- and long-term costs of providing service; (b) proportionately allocate costs to all customers and customer classes; and (c) comply with the substantive requirements of Proposition 218.

## 1.4 Proposed Rates

The findings and recommendations presented in this report were developed with substantial input from District staff, the NCSB Board of Directors, and the Blacklake Advisory Committee. The proposed Blacklake wastewater rates are provided in Table 1. The current single family residential bi-monthly bill is \$145.51. The single family bill is proposed to increase to \$169.76 on April 1, 2019, an increase of 16.7%.

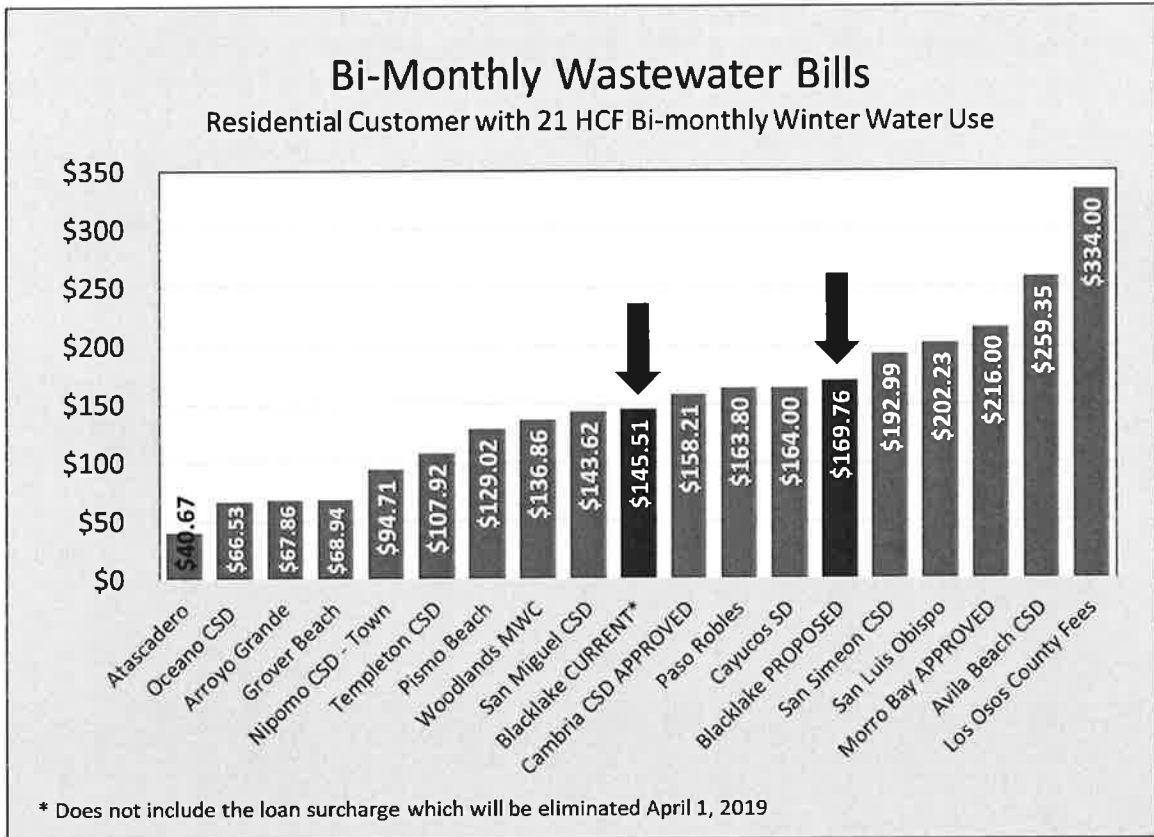
**Table 1: Current and Proposed Bi-Monthly Sewer Rates  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Customer Class	Current	April 1, 2019	April 1, 2020	April 1, 2021	April 1, 2022	April 1, 2023
<b>Bi-Monthly Residential Service Charges [1]</b>						
Single Family	\$145.51	\$169.76 16.7%	\$197.77 16.5%	\$230.40 16.5%	\$268.42 16.5%	\$295.26 10.0%
Condominium (per dwelling unit)	\$95.08	\$109.08 14.7%	\$127.07 16.5%	\$148.04 16.5%	\$172.47 16.5%	\$189.72 10.0%
<b>Non-Residential Service Charges [1]</b>						
<b>Fixed Meter Charges</b>						
Up to 1"	\$65.52	\$88.35	\$102.93	\$119.91	\$139.70	\$153.67
1.5"	\$186.50	\$233.45	\$271.97	\$316.85	\$369.13	\$406.04
2"	\$295.38	\$364.04	\$424.11	\$494.09	\$575.61	\$633.17
3"	\$549.43	\$668.75	\$779.09	\$907.64	\$1,057.40	\$1,163.14
4"	\$912.36	\$1,104.05	\$1,286.22	\$1,498.45	\$1,745.69	\$1,920.26
6"	\$1,819.68	\$2,192.30	\$2,554.03	\$2,975.44	\$3,466.39	\$3,813.03
8"	\$2,908.48	\$3,498.20	\$4,075.40	\$4,747.84	\$5,531.23	\$6,084.35
<b>Non-Residential Usage Rates (\$/HCF)</b>						
Low Strength	\$3.56	\$3.97	\$4.63	\$5.39	\$6.28	\$6.91
Medium Strength	\$4.80	\$5.28	\$6.15	\$7.16	\$8.34	\$9.17
High Strength	\$7.59	\$8.22	\$9.58	\$11.16	\$13.00	\$14.30
Loan Surcharge	\$8.90	NA	NA	NA	NA	NA

1 – Does not include the loan surcharge of \$8.90 which will no longer be billed after April 1, 2019



Provided below is a chart comparing Blacklake’s current and proposed typical residential sewer bill with the bills of other local agencies. Some agencies, like NCS D, charge residential customers a fixed sewer charge, while others charge volume rates based on estimated sewer flow. The bills for agencies with volume rates were based on assumed sewer flow of 21 hundred cubic feet (HCF)<sup>1</sup> per bi-monthly period. 21 HCF is the average bi-monthly residential flow in the Blacklake service area.



<sup>1</sup> One HCF = 748 gallons

## **SECTION 2: CURRENT RATES AND CUSTOMER BASE**

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This section provides an overview of Blacklake’s current wastewater rates, revenues, customer base, and sewer flows.

### **2.1 Historical and Current Wastewater Rates**

NCSD bills its customers on a bi-monthly basis meaning that each bill represents a two-month period. There is a separate schedule of charges for residential and commercial customers. Single family and condominium (multi-family) residential customers are billed a fixed bi-monthly fee and are not billed volume rates for sewer flow. Instead, the fixed residential fees are intended to recover the average cost of providing sewer service across the entire residential class. Condominium customers are billed a lower fixed fee reflecting lower average sewer flow.

Commercial customers are charged a fixed fee based on the size of the water meter plus volume rates. Bi-monthly metered water consumption is used as a proxy for sewer flow. Outdoor commercial water use is separately metered under irrigation accounts which are not billed for sewer service. The commercial volume rate schedule consists of a low, medium, and high wastewater pollutant rate billed on a \$/HCF basis.

NCSD last increased the Blacklake sewer rates in 2013. A schedule of historical and current rates is provided in Table 2.

**Table 2: Historical and Current Bi-Monthly Sewer Rates  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Customer Class	Apr 2009	Jan 2010	Jan 2011	Jan 2012	Jan 2013 /Current
<b>Bi-Monthly Residential Service Charges [1]</b>					
Single Family	\$107.12	\$118.90	\$131.98	\$138.58	\$145.51
Condominium (per dwelling unit)	\$69.99	\$77.69	\$86.24	\$90.55	\$95.08
<b>Non-Residential Service Charges [1]</b>					
<b>Fixed Meter Charges</b>					
Up to 1"	\$48.23	\$53.54	\$59.43	\$62.40	\$65.52
1.5"	\$137.29	\$152.39	\$169.16	\$177.62	\$186.50
2"	\$217.45	\$241.36	\$267.91	\$281.31	\$295.38
3"	\$404.47	\$448.96	\$498.35	\$523.26	\$549.43
4"	\$671.65	\$745.53	\$827.54	\$868.91	\$912.36
6"	\$1,339.59	\$1,486.94	\$1,650.51	\$1,733.03	\$1,819.68
8"	\$2,141.12	\$2,376.64	\$2,638.07	\$2,769.98	\$2,908.48
<b>Non-Residential Usage Rates (\$/HCF)</b>					
Low Strength	\$2.62	\$2.91	\$3.23	\$3.39	\$3.56
Medium Strength	\$3.53	\$3.92	\$4.35	\$4.57	\$4.80
High Strength	\$5.59	\$6.20	\$6.89	\$7.23	\$7.59

1 – Does not include the loan surcharge of \$8.90

## 2.2 Current Revenues

Table 3 provides Blacklake’s current customer count and FY2018 revenues. The Blacklake system serves 559 customers, of which four are commercial. End of year FY2018 unaudited operating results indicate that rate revenues totaled approximately \$475,500.

**Table 3: Current Customer Count and Rate Revenue  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Customer Class	Current Rates	FY2018 Customer Count	% of Total	FY2018 Est. Rev	% of Total
<b>Bi-Monthly Residential Service Charges [1]</b>					
Single Family	\$145.51	487	87.1%	\$425,180	89.5%
Condominium	\$95.08	<u>68</u>	<u>12.2%</u>	<u>\$38,793</u>	<u>8.2%</u>
(per dwelling unit)		555	99.3%	\$463,973	97.7%
<b>Non-Residential Service Charges [1]</b>					
<b>Fixed Meter Charges</b>					
Up to 1"	\$65.52	3	0.5%	\$1,179	0.2%
1.5"	\$186.50	0	0.0%	\$0	0.0%
2"	\$295.38	1	0.2%	\$1,772	0.4%
3"	\$549.43	0	0.0%	\$0	0.0%
4"	\$912.36	0	0.0%	\$0	0.0%
6"	\$1,819.68	0	0.0%	\$0	0.0%
8"	\$2,908.48	<u>0</u>	<u>0.0%</u>	<u>\$0</u>	<u>0.0%</u>
		4	0.7%	\$2,952	0.6%
<b>Non-Residential Usage Rates (\$/HCF)</b>					
Low Strength	\$3.56	533		\$1,897	0.4%
Medium Strength	\$4.80	0		\$0	0.0%
High Strength	\$7.59	<u>833</u>		<u>\$6,322</u>	<u>1.3%</u>
		1,366		\$8,220	1.7%
		Total	100.0%	\$475,144	100.0%
				FY2018 Year End Actual	\$475,508

1 - Does not include the \$8.90 loan surcharge

## 2.3 Wastewater Flow Statistics

NCSD does not individually measure the wastewater flow of each customer. As described above, bi-monthly water use is used as a proxy for commercial sewer effluent. Residential customers do not have dedicated irrigation meters. Therefore, residential wastewater flows are based on winter water consumption when outdoor water use is at a minimum.

Table 4 provides an analysis of single family residential winter water use. The average bi-monthly winter consumption is 20.5 HCF based on spring 2018 data. This closely aligns with 22 HCF per bi-monthly usage estimated in the 2007 rate study. As part of the rate study process, 2017 data was also considered. However, 2017 was an extreme drought year and is not indicative of anticipated flows over the next five years. Ultimately, 2018 data was selected as the basis for this rate study.

**Table 4: Single Family Residential Winter Water Use  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Month	FY2018 HCF
July 2017	15,924
September 2017	15,776
November 2017	14,619
January 2018	11,352
March 2018	8,622
May 2018	13,241
Average Winter Use (shaded)	9,987
Number of Single Family Residential Dwelling Units	487
Average Use Per Unit	20.5
Prior Rate Study (Hundred cubic feet/billing period)	22

Table 5 provides the estimated condominium water use and sewer flow. As shown below, the condominium customer class does not have a distinctive low usage period during the winter. It is likely that condominium customers have limited, seasonal outdoor water use. For rate design purposes, the two lowest water usage periods were used to estimate condominium sewer flow. The average use is 5.2 HCF per bi-monthly period which is slightly higher than the use estimated in the prior rate study.

**Table 5: Condominium Winter Water Use  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Month	FY2018 HCF
July 2017	453
September 2017	440
November 2017	355
January 2018	387
March 2018	381
May 2018	355
Average Winter Use (shaded)	355
Number of Dwelling Units	68
Average Use Per Unit	5.2
Prior Rate Study (Hundred cubic feet/billing period)	4

## **SECTION 3: REVENUE REQUIREMENT**

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Proposition 218 requires that utility rates be based on the reasonable cost of providing service to customers. The cost of service includes annual operating expenses, debt service payments, capital projects, and the accumulation of appropriate reserves. The Blacklake cost of service was developed based on the FY2019 adopted budget, capital project lists from the 2017 Master Plan, and reserve recommendations based on NCSD's Cash Reserve Policy (Resolution No. 2017-1435). The Blacklake Sewer Enterprise is made up of three funds: Operations (Fund #150), Capital (Asset) Replacement (Fund #830), and the Rate Stabilization Fund (Fund #155).

### **3.1 Operations Fund**

This section describes the revenues and expenses of the Operations Fund. The Operations Fund cash flow is shown in Table 6.

#### **3.1.1 Revenues**

The vast majority of wastewater operating revenues are provided via bi-monthly service rates, about \$475,000 annually. In FY2018, about \$4,000 in non-rate revenues was generated from interest earnings on reserves, and \$25,000 was generated through the loan surcharge. The surcharge will remain in place through April 1, 2019 to repay an inter-fund loan. The loan was issued to fund pond liner improvements at the Blacklake WRF. The Blacklake system is built-out and the customer base is stable. NCSD does not anticipate additional new revenues from customer growth.

#### **3.1.2 Operations and Maintenance (O&M)**

In FY2018, operating expenses totaled about \$287,000. Major cost categories include administration, staffing, electricity, chemicals, and repairs and maintenance. Most expenses are projected to increase by 3% annually. Every three years, the Blacklake system incurs additional costs for legal and professional services. This line-item includes engineering studies, master planning, additional legal support, rate studies, and financial planning. In FY2019, legal and professional services are budgeted at \$99,000.

There is a proposed staffing adjustment recommended for FY2020 which will add \$62,000 in new O&M expenses. Section 10 of the Blacklake Sewer Master plan provides a staffing analysis of the Blacklake WRF. MKN Associates recommends a staffing adjustment of +0.6 to 0.7 full time equivalents (FTEs) for a wastewater treatment operator. This increase reflects the high level of maintenance required to keep the Blacklake WRF operating. Staffing costs were estimated based on the average wages and benefits of current NCSD operators. The proposed staffing expense is projected to increase by 3% annually.

#### **3.1.3 Debt**

In addition to operating expenses, Fund #150 includes Blacklake sewer debt. In FY2019, the pond liner loan will be paid off and the debt will be retired. To fund future capital improvements (Table 7), it is anticipated that the Blacklake system will issue new debt. Debt proceeds (revenues) of \$1.8 million is

included in the Capital Replacement Fund cash flow in Table 8. The payment is projected to be \$144,000 annually beginning in FY2021. Debt covenants typically require that the borrower maintain a debt coverage ratio of 1.25, meaning that net operating revenues<sup>2</sup> are equal to or exceed 1.25 times the annual payment. The financial plan provided in this report is intended to develop revenues to exceed the minimum debt coverage requirement.

### **3.1.4 Capital Replacement Set-aside**

The Blacklake Replacement Fund is used to accumulate funds for the future replacement of existing capital assets. Current annual funding is \$168,000. To keep up with inflationary construction cost increases, it is recommended that the set-aside increase by 3% annually beginning in FY2020.

### **3.1.5 Operating Reserve and Rate Stabilization Reserve**

The wastewater cost of service includes funding to maintain prudent cash reserves. For the Operations Fund, reserves could be used to fund unanticipated or emergency expenses. Blacklake's current reserve target is six months of operating expenses which is recommended to be continued. It should be noted that due to the "lumpiness" of legal and professional service costs, the reserve target may increase or decrease in any given year. In FY2018, the operating reserve was \$243,000 which exceeded the target of \$143,000.

Fund #155 is the Blacklake Sewer Rate Stabilization Fund. The rate stabilization target is \$50,000 which is currently met. Fund #155 was established by the Board to improve the utility's credit rating and financial standing. Rate stabilization funds are more commonly used by water utilities than sewer utilities. Water utilities typically collect a large portion of their revenues from volume rates. Water rate stabilization reserves help agencies maintain cash flow during drought conditions. In contrast, most sewer utilities collect a large portion of revenues from fixed charges which are highly stable. As shown in Table 3, Blacklake collects only 1.7% of its revenues from volume rates. Nevertheless, it is recommended that Blacklake maintain the rate stabilization reserve target of \$50,000 consistent with adopted District policy.

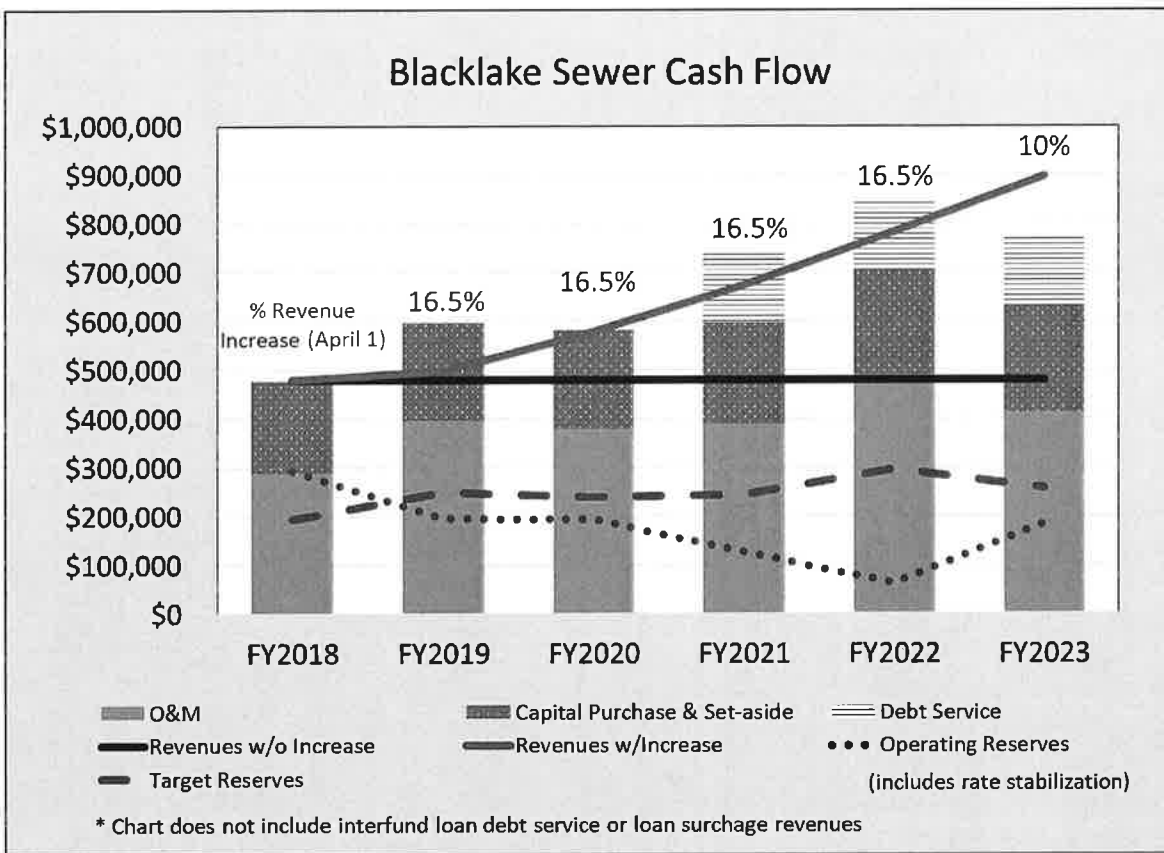
The cash flow analysis developed in this report assumes that Blacklake will use reserves as needed to overcome short-term financial constraints and minimize rate volatility. At the end of the five-year rate plan in FY2023, total operating reserves are projected to be lower than the targeted amount. However, beyond FY2023, Blacklake rate revenues will be adequate to rebuild reserves with only minor inflationary increases.

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<sup>2</sup> Gross operating revenues less operating expenses. Operating expenses do not include capital projects or replacement funding.

### 3.2 Operations Cash Flow

Current rates provide adequate revenue to meet most O&M expenditures, but capital replacement funding – the cost for placing old pipes, pumps, and ponds – has not been sufficiently funded for a number of years. Rate increases are needed over the next five years to fund inflationary cost increases in O&M and new debt service expenses (loans) for money borrowed to pay for replacing or repairing old equipment and facilities. Rate increases are proposed to be implemented April 1 each year for the next five years through April 1, 2023. The total rate revenue collected each fiscal year will reflect 9 months (July to March) at the prior year’s rates plus 3 months (April to June) at the new rates. The operations cash flow is provided in the chart below and in Table 6.





**Table 6: Operations Cash Flow Analysis  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Line	FY2018 Year-End	Prop 218					
		FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	
1	Rate Revenue Increase (Effective Apr 1)	Current	16.5%	16.5%	16.5%	16.5%	10.0%
2	Operations Balance (#150)	\$239,900	\$243,000	\$145,000	\$142,000	\$73,600	\$8,100
	REVENUES						
3	Rate Revenues	475,000	495,000	576,000	671,000	782,000	897,000
4	Loan Surcharge	25,000	20,000	0	0	0	0
5	Interest Income	<u>4,000</u>	<u>3,000</u>	<u>2,000</u>	<u>2,000</u>	<u>1,000</u>	<u>0</u>
6	Total Revenues	504,000	518,000	578,000	673,000	783,000	897,000
	OPERATIONS [1]						
7	Gen & Admin Staffing	8,600	10,000	10,300	10,600	10,900	11,200
8	Legal & Prof Services [2]	8,700	99,000	9,000	9,300	100,000	9,900
9	Office Expenses & Misc	9,000	17,000	17,500	18,000	18,500	19,100
10	Admin Transfer Out	16,200	18,000	18,500	19,100	19,700	20,300
11	Operations Staffing	121,000	116,000	119,500	123,100	126,800	130,600
12	Staffing Adjustment (0.7 FTE) [3]	0	0	62,000	63,900	65,800	67,800
13	Electricity	37,500	43,500	44,800	46,100	47,500	48,900
14	Chemicals	16,000	19,000	19,600	20,200	20,800	21,400
15	Lab Tests & Sampling	25,900	27,500	28,300	29,100	30,000	30,900
16	Repairs & Maintenance	19,900	13,000	13,400	13,800	14,200	14,600
17	Permits and Operating Fees	8,400	9,000	9,300	9,600	9,900	10,200
18	Other O&M Supplies and Services	<u>15,700</u>	<u>25,000</u>	<u>25,800</u>	<u>26,600</u>	<u>27,400</u>	<u>28,200</u>
19	Total Operating Expenses	286,900	397,000	378,000	389,400	491,500	413,100
20	Net Operating Revenues	217,100	121,000	200,000	283,600	291,500	483,900
	DEBT SERVICE						
21	Existing Debt Service (Interfund loan)	24,000	20,000	0	0	0	0
22	New Debt [4]	<u>0</u>	<u>0</u>	<u>0</u>	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>
23	Total Annual Debt Service	24,000	20,000	0	144,000	144,000	144,000
24	Debt Coverage Ratio	9.05	6.05	NA	1.97	2.02	3.36
25	Transfer to Capital (set-aside)	168,000	168,000	173,000	178,000	183,000	188,000
26	Fixed Asset Purchase	22,000	31,000	30,000	30,000	30,000	30,000
27	Total Expenses	500,900	616,000	581,000	741,400	848,500	775,100
28	Net Revenue	3,100	(98,000)	(3,000)	(68,400)	(65,500)	121,900
29	Ending Fund Balance	243,000	145,000	142,000	73,600	8,100	130,000
30	Rate Stabilization (#155) [5]	<u>50,000</u>	<u>51,000</u>	<u>52,000</u>	<u>53,000</u>	<u>54,000</u>	<u>55,000</u>
31	Beginning Fund Balance	293,000	196,000	194,000	126,600	62,100	185,000
32	Target [6]	\$193,500	\$248,500	\$239,000	\$244,700	\$295,800	\$256,600

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- 1 - Most budgeted line items are projected to increase by 3% annually
  - 2 - Reflects additional costs for rate studies, master plans, and specialized legal services needed approximately every 3 years
  - 3 - Staffing recommended in the MKN October 2017 Blacklake Sewer Master Plan, Section 10
  - 4 - Based on \$1.8 million borrowed in FY2020 over 20 years at 5% interest.
  - 5 - Assumed to collect \$1,000 per year in interest earnings
  - 6 - 6 months of operating expenses not including funded replacements plus \$50,000 in rate stabilization reserves

### 3.3 Capital Fund

Capital project costs are the main driver of the proposed rate increases. The 2017 Blacklake Sewer Master Plan describes three categories of capital improvements: 1) near-term repairs to keep the Blacklake system operating, 2) longer-term projects to improve efficiency and retrofit the Blacklake WRF, and 3) an option to join the Blacklake system with the Town system via regionalization. Projects in category 1 are needed regardless of Blacklake’s decision to regionalize or continue local operations. The financial plan and rate recommendations included in this report reflect funding of only near-term repairs of the Blacklake system. A summary of capital improvement expenses is provided in Table 7.

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**Table 7: Capital Improvement Project Summary  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Capital Cost Category	Costs Through FY2023 [1]
Lift Stations	
Woodgreen Rehabilitation	\$683,400
The Oaks Rehabilitation	102,500
Misty Glen Rehabilitation	<u>97,800</u>
Lift Station Subtotal	883,700
Sewer Mains	
Golf Course Trunk Main	560,700
Tourney Hill Sewer Main	319,700
Oakmont Sewer Main	<u>196,200</u>
Sewer Main Subtotal	1,076,600
Sludge Removal	468,600
Blacklake WRF	
Pond 1 Rehabilitation	384,600
Chlorine Contact Chamber Rehab	392,400
Site Improvements	<u>258,100</u>
Blacklake WRF Subtotal	1,035,100
<b>TOTAL</b>	<b>\$3,464,000</b>

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1 - Capital projects described on pages 9-10 of the Master Plan. Costs escalated from December 2013 to the year of construction.

The capital cash flow is provided in Table 8. The current fund balance is \$819,000. To minimize impacts on ratepayers, the financial plan assumes that Blacklake will use its existing reserves to fund projects over the next five years. In addition to reserves, projects will be funded via the annual capital set-aside from the Operations Fund and a new debt issuance of \$1.8 million projected for FY2020. At the end of the five-year rate study period, it is projected that the Blacklake capital fund will have \$56,000 in remaining reserves. Beyond FY2023, NCSD should conduct an engineering analysis to review permitting and regulatory compliance.<sup>3</sup>

**Table 8: Capital Cash Flow Analysis  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

	Prop 218				
	FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Replacement (Fund #830)					
Beginning Fund Balance	\$819,000	\$25,000	\$938,600	\$732,000	\$223,900
REVENUES					
Interest Income [1]	11,000	0	0	0	0
Transfer from Operations	168,000	173,000	178,000	183,000	188,000
Debt Proceeds	<u>0</u>	<u>1,800,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	179,000	1,973,000	178,000	183,000	188,000
CAPITAL PROJECTS					
Lift Station Rehab - Woodgreen	683,400	0	0	0	0
Blacklake Sludge Removal	289,600	179,000	0	0	0
Golf Course Trunk Main	0	560,700	0	0	0
Tourney Hill Sewer Main	0	319,700	0	0	0
WRF Pond 1 Rehab	0	0	384,600	0	0
Lift Station Rehab - The Oaks	0	0	0	102,500	0
WRF Chlorine Contact Chamber Rehab	0	0	0	392,400	0
Oakmont Sewer Main	0	0	0	196,200	0
WRF Site Improvements	0	0	0	0	258,100
Lift Station Rehab - Misty Glen	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>97,800</u>
Total Expenses	973,000	1,059,400	384,600	691,100	355,900
Net Revenues	(794,000)	913,600	(206,600)	(508,100)	(167,900)
Ending Fund Balance	25,000	938,600	732,000	223,900	56,000

1 - FY2021 and beyond, the fund balance is primarily made up of debt proceeds. It is assumed that NCSD would generate negligible interest earnings to avoid negative arbitrage.

<sup>3</sup> This includes anticipated actions for emerging, regulated wastewater pollutants and the need for future capital improvement projects.

## **SECTION 4: COST ALLOCATION**

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FY2019 was used as the test year for cost allocation purposes. Budgeted expenses were assigned to customer service, capacity, collection system, and treatment categories see Table 9.

### **4.1 Fixed Costs**

Customer service costs are fixed and include administration, billing, accounts management, and office supplies. Customer services costs make up about 10% of total costs. Capacity costs are also fixed and consist of expenses needed to maintain Blacklake sewer infrastructure including both the collection system and treatment plant. Line-items include debt service, permits and operating fees, most fixed asset purchase and capital replacement costs, and 50% of operations staffing. Capacity-related operating costs do not vary with the level of wastewater discharge and make up about 44% of system costs. In total, about 54% of Blacklake sewer costs are fixed.

### **4.2 Variable Costs**

Variable or flow related costs were allocated to the collection system and treatment plant. These costs are dependent on the amount of wastewater effluent discharged by customers. Treatment plant costs are further subdivided into flow, biochemical oxygen demand (BOD), and total suspended solids (TSS). BOD and TSS are wastewater pollutant constituents that are costly for Blacklake to treat.

Collection system flow costs include small portions of operations staffing, professional services, and capital costs and 40% of repair and maintenance costs. When customers use the system more heavily, NCSD incurs greater repair and replacement costs. The collection system is allocated 7% of electricity costs based on lift station electric bills from prior years. The collection system flow cost category represents 11% of the total cost of service.

Similar to the other categories, the treatment plant is allocated a portion of operations staffing, professional services, and repairs and maintenance. 93% of electric costs, and 100% of chemicals and laboratory costs are allocated to the treatment plant. Variable costs of operating the treatment plant represent 35% of the total cost of service.

**Table 9: Cost Allocation  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

	FY2019 Budget	Customer		Capacity		Collection System		Treatment		Cust. Service		Capacity		Collection System		Treatment		
		Service Fixed	Fixed	Fixed	Flow	Flow	Flow	BOD	Flow	BOD	Flow	TSS	Fixed	Flow	Flow	BOD	Flow	TSS
<b>OPERATIONS</b>																		
Gen & Admin Staffing	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	100%	0%	0%	0%	0%	0%	0%	0%	0%
Legal & Prof Services	99,000	9,900	49,500	19,800	19,800	0	0	19,800	0	10%	50%	0%	20%	20%	0%	0%	0%	0%
Office Expenses & Misc	17,000	17,000	0	0	0	0	0	0	0	100%	0%	0%	0%	0%	0%	0%	0%	0%
Admin Transfer Out	18,000	18,000	0	0	0	0	0	0	0	100%	0%	0%	0%	0%	0%	0%	0%	0%
Operations Staffing	116,000	0	58,000	17,400	17,400	11,600	11,600	17,400	11,600	0%	50%	15%	15%	15%	10%	10%	10%	10%
Electricity	43,500	0	0	3,248	40,252	0	0	40,252	0	0%	0%	7%	93%	93%	0%	0%	0%	0%
Chemicals	19,000	0	0	0	3,800	7,600	7,600	3,800	7,600	0%	0%	0%	20%	20%	40%	40%	40%	40%
Lab Tests & Sampling	27,500	0	0	0	13,750	6,875	6,875	13,750	6,875	0%	0%	0%	50%	50%	25%	25%	25%	25%
Repairs & Maintenance	13,000	0	2,600	5,200	2,600	1,300	1,300	2,600	1,300	0%	20%	40%	20%	20%	10%	10%	10%	10%
Permits & Operating Fees	9,000	0	9,000	0	0	0	0	0	0	0%	100%	0%	0%	0%	0%	0%	0%	0%
Other O&M	<u>25,000</u>	<u>0</u>	<u>12,500</u>	<u>5,000</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>0%</u>	<u>50%</u>	<u>20%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>
Total Operating	397,000	54,900	131,600	50,648	100,102	29,875	29,875	100,102	29,875	0%	50%	20%	20%	20%	10%	10%	10%	10%
Existing Debt Service	20,000	0	20,000	0	0	0	0	0	0	0%	100%	0%	0%	0%	0%	0%	0%	0%
Transfer to Capital Fund	168,000	0	100,800	16,800	16,800	16,800	16,800	16,800	16,800	0%	60%	10%	10%	10%	10%	10%	10%	10%
Fixed Asset Purchase	31,000	4,650	20,150	1,550	1,550	1,550	1,550	1,550	1,550	15%	65%	5%	5%	5%	5%	5%	5%	5%
Total Expenses [1]	\$616,000	\$59,550	\$272,550	\$68,998	\$118,452	\$48,225	\$48,225	\$118,452	\$48,225	10%	44%	11%	19%	19%	8%	8%	8%	8%

1 – FY2019 expenses of \$616,000 are greater than projected revenues of \$518,000. \$98,000 is projected to be drawn from reserves to cover costs.

## SECTION 5: RATE DESIGN

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This section provides the rate calculations to meet the revenue requirements described in prior sections. Blacklake's current rate structure is consistent with industry standard practice. No rate structure changes are proposed. Instead, the amount of each rate or charge is recommended to increase each year for the next five years.

### 5.1 Billing Units

Proposition 218 requires that rates and charges be billed to customers proportionally based on how they take service from the utility. To establish proportionality, a customer analysis was conducted to review flow and pollutant loading patterns of residential and commercial customers. Total annual flow is estimated in Table 10.

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**Table 10: Flow Estimates  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Customer Class	# of Customers	Winter Water Use (HCF/bi-mo) [1]	Annual Sewer Flow (HCF)
Single Family	487	20.5	59,922
Condominium	68	5.2	2,130
Commercial [2]			
Low Strength			242
Medium Strength			0
High Strength			<u>738</u>
			63,032

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1 - Developed in Table 4 and Table 5; unrounded flow of 20.5072 for single family and 5.2206 for condominium was used to calculate annual flow

2 - Estimated based on FY2018 water use data adjusted downward for outlier data

Table 11 estimates wastewater pollutant concentrations of each customer class. The BOD and TSS loading estimates were developed in Blacklake's prior rate study and are consistent with recommendations from the State Water Resources Control Board. The pollutant strength of each customer class is multiplied by the flow of that class to estimate pounds of BOD and TSS.

**Table 11: Pollutant Loading Estimates  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Customer Class	Flow (HCF)	% of Total	BOD (mg/l)	TSS (mg/l)	BOD (Lbs)	% of Total	TSS (Lbs)	% of Total
Single Family	59,922	95.1%	200	200	74,811	90.8%	74,811	92.4%
Condominium	2,130	3.4%	200	200	2,659	3.2%	2,659	3.3%
Commercial								
Low Strength	242	0.4%	200	200	302	0.4%	302	0.4%
Medium Strength	0	0.0%	400	400	0	0.0%	0	0.0%
High Strength	<u>738</u>	<u>1.2%</u>	1000	700	<u>4,607</u>	<u>5.6%</u>	<u>3,225</u>	<u>4.0%</u>
Total	63,032	100.0%			82,379	100.0%	80,997	100.0%

Table 12 develops the count of customer equivalents. Customer equivalents are used to recover capacity costs. Capacity cost are assigned based on the hydraulic capacity of each customer's connection to the sewer system. Larger connections occupy more capacity in the system than smaller connections and thus have a larger cost burden. Each single family and condominium dwelling unit is counted as one meter or customer equivalent. Commercial customer equivalents are based on meter size.

**Table 12: Customer Equivalents  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Meter Size	# of Meters	Meter Ratio [1]	# of Meter Equivalents [2]
Residential	555	1.0	555.0
Commercial			
1"	3	1.0	3.0
1.5"	0	3.0	0.0
2"	1	4.8	4.8
3"	0	9.0	0.0
4"	0	15.0	0.0
6"	0	30.0	0.0
8"	<u>0</u>	48.0	<u>0.0</u>
Total	559		562.8

1 - Hydraulic capacity factors developed in the 2007 Blacklake Sewer System Financial Plan and User Rates Report

2 - Meter ratio times number of meters

## 5.2 Unit Cost Calculation

The Blacklake unit cost calculation is provided in Table 13. The FY2019 revenue requirement from Table 6 is divided by the billing units for each cost category. The allocation to each cost category is based on the percentages from Table 9. The FY2019 revenue requirement of \$553,000 represents 12 months of rate revenues. However, the FY2019 proposed rate adjustment will take place April 1, 2019. Over the entire fiscal year, Blacklake is projected to collect \$495,000 which is nine months of revenues at the current rates plus three months of revenues based on the unit costs shown below.

Customer service costs are proposed to be recovered as a fixed charge billed based on the number of accounts. Capacity costs are recovered as a fixed charge based on customer equivalents. Collection system and treatment plant flow unit costs are developed based on the estimated wastewater discharge from Table 10. BOD and TSS unit costs are developed from the pollutant loadings shown in Table 11.

**Table 13: FY2019 Unit Cost Calculation  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

	Customer Service	Capacity	Collection System	Treatment			Total
				Flow	BOD	TSS	
Cost Allocation	10%	44%	11%	19%	8%	8%	100%
Revenue Requirement [1]	\$53,000	\$245,000	\$62,000	\$106,000	\$43,000	\$43,000	\$553,375
Billing Units	559 # of Accounts	562.8 # of Equivalents	63,032 Annual Flow (HCF)	63,032 HCF	82,379 lbs	80,997 lbs	
Units Costs	\$15.80 \$/bi-month	\$72.55 \$/bi-month	\$0.98 \$/HCF	\$1.68 \$/HCF	\$0.52 \$/lb	\$0.53 \$/lb	

1 – Rounded to nearest \$1,000

## 5.3 Rate Calculation

The fixed meter fee calculation is provided in Table 14. These fees recover capacity and customer service costs. The capacity unit cost developed above is multiplied by the meter equivalent for each meter size to calculate the total capacity cost. The customer service fee is added to the capacity cost to calculate the total fixed meter fee. Customer service fees do not vary based on the size of the meter and all customers are billed the same amount. Table 15 develops the volume rates for all customer classes based on the unit costs above and the loadings shown in Table 11. The total volume rate consists of a collection system flow charge, a treatment plant flow charge, a BOD treatment charge, and a TSS treatment charge.



**Table 14: FY2019 Fixed Meter Fee Calculation  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Meter Size	Capacity Charge		Meter Equivalent [1]	Subtotal Capacity	Customer Service Fee	Total Bi-monthly Fee (Capacity + Cust. Serv.)
Residential			1.00	\$72.55	\$15.80	\$88.35
Commercial						
1"	\$72.55	X	1.00	\$72.55	\$15.80	\$88.35
1.5"	\$72.55	X	3.00	\$217.65	\$15.80	\$233.45
2"	\$72.55	X	4.80	\$348.24	\$15.80	\$364.04
3"	\$72.55	X	9.00	\$652.95	\$15.80	\$668.75
4"	\$72.55	X	15.00	\$1,088.25	\$15.80	\$1,104.05
6"	\$72.55	X	30.00	\$2,176.50	\$15.80	\$2,192.30
8"	\$72.55	X	48.00	\$3,482.40	\$15.80	\$3,498.20

1 - Hydraulic capacity factors developed in the 2007 Blacklake Sewer System Financial Plan and User Rates Report

**Table 15: FY2019 Flow Rate Calculation  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Component	Low &		
	Residential	Medium	High
Flow			
Collection	\$0.98	\$0.98	\$0.98
Treatment	\$1.68	\$1.68	\$1.68
BOD	\$0.65	\$1.30	\$3.25
TSS	<u>\$0.66</u>	<u>\$1.32</u>	<u>\$2.32</u>
Total (\$/HCF)	\$3.97	\$5.28	\$8.22

FY2019 residential charge calculations are provided in Table 16. The total residential rate is the sum of the customer service, capacity, and flow charges. As described in prior sections, the average single family flow is 20.5 HCF per billing period and the average condominium flow is 5.2 HCF. This flow is multiplied by the low strength volume rate and added to the total residential bill.

**Table 16: FY2019 Residential Rate Calculations  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Components	Unit Cost		Count	Units	Cost (\$/bi-mo)
<b>SINGLE FAMILY RESIDENTIAL</b>					
Customer Service	\$15.80	X	1	account	\$15.80
Capacity	\$72.55	X	1	equivalent	\$72.55
Flow (low strength)[1]	\$3.97	X	20.5	HCF/bi-mo	<u>\$81.41</u>
					\$169.76
<b>CONDOMINIUM</b>					
Customer Service	\$15.80	X	1	account	\$15.80
Capacity	\$72.55	X	1	equivalent	\$72.55
Flow (low strength) [2]	\$3.97	X	5.2	HCF/bi-mo	<u>\$20.73</u>
					\$109.08

1 – Unrounded flow of 20.5072 HCF is used to calculate the total flow charge

2 – Unrounded flow of 5.2206 HCF is used to calculate the total flow charge

#### 5.4 Proposed Wastewater Rates

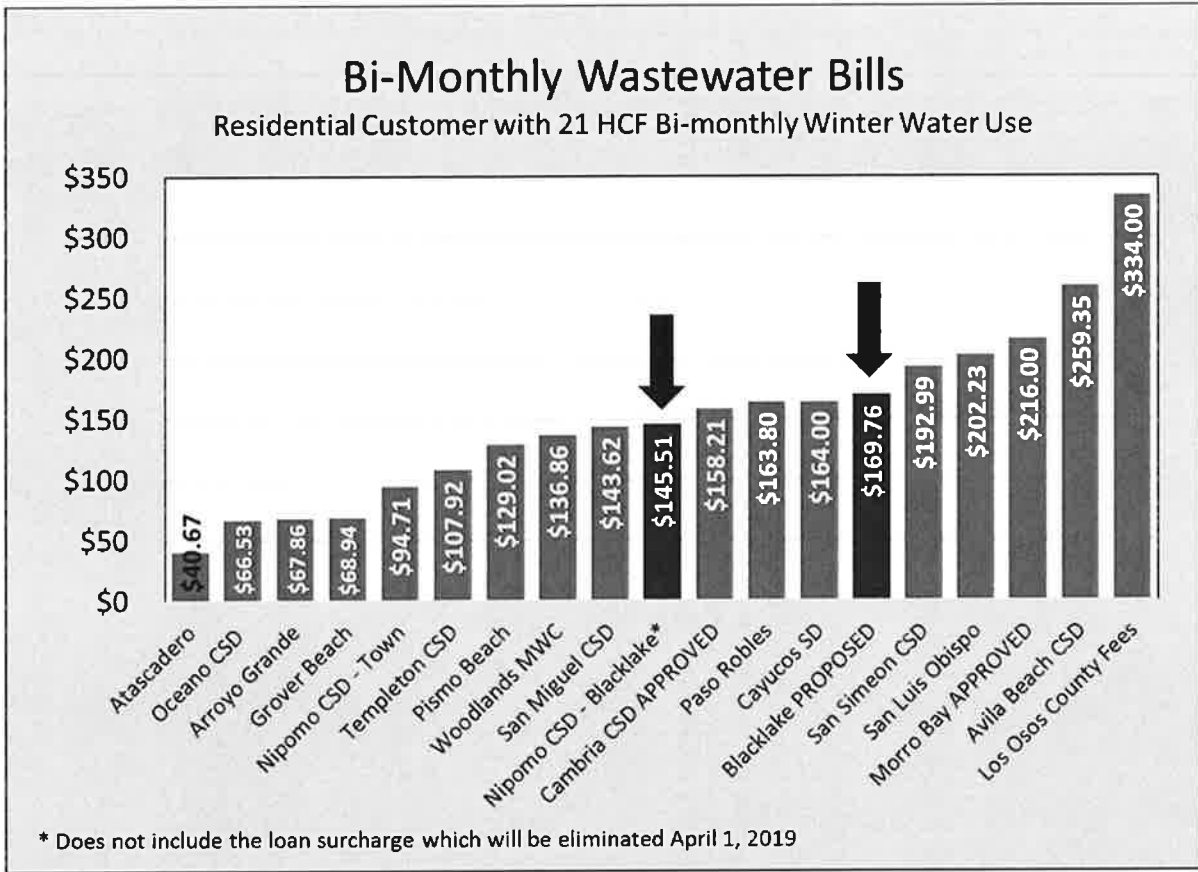
The proposed rates through FY2023 are shown in Table 17. The proposed 2019 rates reflect the cost allocation adjustments described in this report. For example, the systemwide 2019 rate increase is 16.5% as shown in Table 6. Not all customers are proposed to receive an increase of exactly 16.5%. The single family rate is proposed to increase by 16.7% (slightly above the system average) due to wastewater flow and pollutant loading characteristics of that customer class. The rates for FY2020 through FY2023 are calculated as the 2019 rates multiplied by the increase in the revenue requirement each year.

Also provided below is a chart comparing the current and proposed Blacklake single family residential sewer bill with the sewer bills of other local agencies. For agencies that charge volume rates, an estimated flow of 21 HCF per two-month period was used for comparison purposes.

**Table 17: Current and Proposed Bi-Monthly Sewer Rates  
Nipomo Community Services District  
Blacklake Sewer Rate Study 2018**

Customer Class	Current	April 1, 2019	April 1, 2020	April 1, 2021	April 1, 2022	April 1, 2023
<b>Bi-Monthly Residential Service Charges [1]</b>						
Single Family	\$145.51	\$169.76 16.7%	\$197.77 16.5%	\$230.40 16.5%	\$268.42 16.5%	\$295.26 10.0%
Condominium (per dwelling unit)	\$95.08	\$109.08 14.7%	\$127.07 16.5%	\$148.04 16.5%	\$172.47 16.5%	\$189.72 10.0%
<b>Non-Residential Service Charges [1]</b>						
<b>Fixed Meter Charges</b>						
Up to 1"	\$65.52	\$88.35	\$102.93	\$119.91	\$139.70	\$153.67
1.5"	\$186.50	\$233.45	\$271.97	\$316.85	\$369.13	\$406.04
2"	\$295.38	\$364.04	\$424.11	\$494.09	\$575.61	\$633.17
3"	\$549.43	\$668.75	\$779.09	\$907.64	\$1,057.40	\$1,163.14
4"	\$912.36	\$1,104.05	\$1,286.22	\$1,498.45	\$1,745.69	\$1,920.26
6"	\$1,819.68	\$2,192.30	\$2,554.03	\$2,975.44	\$3,466.39	\$3,813.03
8"	\$2,908.48	\$3,498.20	\$4,075.40	\$4,747.84	\$5,531.23	\$6,084.35
<b>Non-Residential Usage Rates (\$/HCF)</b>						
Low Strength	\$3.56	\$3.97	\$4.63	\$5.39	\$6.28	\$6.91
Medium Strength	\$4.80	\$5.28	\$6.15	\$7.16	\$8.34	\$9.17
High Strength	\$7.59	\$8.22	\$9.58	\$11.16	\$13.00	\$14.30
Loan Surcharge (All customers)	\$8.90	NA	NA	NA	NA	NA

1 – Does not include the loan surcharge of \$8.90 which will no longer be billed as of April 1, 2019



### 5.5 Future Recommendations

It is recommended that NCSO update the Blacklake cost of service and rates every five years to account for cost increases and operational changes. It is anticipated that any future rate studies will reflect either regionalization of Blacklake with the Town system or continued local operation of the Blacklake WRF. Any future rate studies should also review permitting and regulatory issues and the need for additional capital improvements.

JANUARY 23, 2019

ITEM E-1

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2019-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING SEWER RATES FOR THE BLACKLAKE DIVISION**

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to maintain adequate levels of revenue, equitably and proportionately collected to meet the District's financial commitments for the operation and maintenance for wastewater facilities at the Blacklake Division, as well as the replacement of existing facilities in the future; and

WHEREAS, the District retained Lechowicz & Tseng, Municipal Consultants, to evaluate wastewater rates and charges for the Blacklake Division and to develop a rate study based on a five year estimation of revenue requirements. Revenue requirements include estimated annual operating expenses, debt service payments, capital projects, and the accumulation of appropriate reserves for the period from FY 18-19 through FY 22-23. These estimates were based on the District's FY 2018-2019 adopted budget, capital project lists from the 2017 Blacklake Sewer Master Plan, and the District's Cash Reserve Policy. The 2018 Blacklake Sewer Rate Study Final Report (Rate Study) was approved by the District Board of Directors on November 14, 2018, and is incorporated herein by this reference; and

WHEREAS, Government Code §61115 authorizes the District to adopt rates and charges by resolution; and

WHEREAS, on January 23, 2019, the District conducted a duly noticed public hearing wherein the Board of Directors considered public comments in support and in opposition to the proposed rate increase and whether or not a majority protest to the proposed rate increase exists pursuant to Section 6 of Article XIII D of the California Constitution. A total of 559 parcels would be subject to the proposed rate increase; therefore, 280 protests would be needed to constitute a majority protest. At the conclusion of the public hearing, the Board found that \_\_\_\_\_ written protests were received and that a majority protest did not exist.

WHEREAS, based on facts and analysis presented in and relied on by the Rate Study, written protests received prior to the close of the January 23, 2019 public hearing, the Staff Report, Staff Presentation, and public testimony received, the Board of Directors finds:

- A. The District identified the parcels upon which the new rates and charges will be imposed, calculated the amount of the rates, and mailed notices to all Owners of Record and Customers of Record of properties responsible for the sewer rates and charges, which notices provided information on the proposed rates and charges, the basis for the calculation, the reason for the rates and charges, and the date, time, and location for a public hearing which was not less than 45 days after the date of mailing.
- B. The public hearing adopting this Resolution has been properly noticed pursuant to the Section 6 of Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act (Government Code §53750, et. seq.), and the Brown Act (Government Code §54950, et seq.).
- C. The rates and charges adopted by this Resolution:
  - 1. Are for the purposes of meeting operation, maintenance, and capital replacement expenses for providing wastewater services for the District's Blacklake Division customers.

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2019-XXXX

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING SEWER RATES FOR THE BLACKLAKE DIVISION

2. Do not exceed the funds required to provide wastewater services to the District's Blacklake Division customers.
3. Do not exceed the proportional cost of services attributable to those parcels receiving wastewater service within the Blacklake Division.

D. The revenues derived from the Blacklake Division wastewater rates and charges will not be used for any purpose other than that for which the charge is imposed.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED, by the Board of Directors of the District as follows:

Section 1. Incorporation of Recitals

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and support the findings of the District in support of this Resolution.

Section 2. Bi-Monthly Wastewater Rates - Blacklake Division

The bi-monthly sewer user rates and fees for the Blacklake Division, referred to in Sections 3.03.180 and 4.12.150 of the District Code, reflected in Exhibit A attached hereto and incorporated herein by reference are hereby adopted, effective April 1, 2019.

The Blacklake Division Bi-Monthly Sewer Service Charges will adjust automatically in the amounts and in accordance with the schedule identified in Exhibit A.

Section 3. Effective Date

The effective date of this Resolution shall be as set forth in Section 2 above, which is incorporated herein as if set forth in full.

Section 4. Repeal of Prior Resolutions

All resolutions and sections of resolutions that are inconsistent with this Resolution are hereby repealed, subject to the effective dates identified in Section 2 above.

Section 5. Effect of Repeal on Past Actions and Obligations

This Resolution does not affect prosecutions for violations committed prior to the effective date of this Resolution, does not waive any fee or penalty due and unpaid on the effective date of this Resolution, and does not affect the validity of any amounts owed, posted, filed, or deposited pursuant to the requirements of any prior resolution or ordinance.

Section 6. CEQA Findings

The Board of Directors of the District finds that the rates and charges adopted by this Resolution are for the purpose of meeting operating expenses, purchasing or leasing supplies,

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2019-XXXX

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING SEWER RATES FOR THE BLACKLAKE DIVISION

equipment, or materials, meeting financial reserve needs and requirements, and obtaining funds for capital projects that are necessary to maintain service within existing service areas, as set forth in detail in the Rate Study. Therefore, this action is exempt from the California Environmental Quality Act pursuant to Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273. The District General Manager is directed to prepare and file appropriate notices.

Section 7. Severance Clause

If any section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Resolution. The Governing Board of the District hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

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

AYES:  
NOES:  
ABSENT:  
CONFLICTS:

the foregoing resolution is hereby adopted this 23rd day of January, 2019.

\_\_\_\_\_  
ED EBY, President  
Nipomo Community Services District  
Board of Directors

ATTEST:

APPROVED AS TO FORM AND EFFECT:

\_\_\_\_\_  
Mario Iglesias  
General Manager and  
Secretary to the Board

\_\_\_\_\_  
Whitney G. McDonald  
District Legal Counsel



**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2019-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING SEWER RATES FOR THE BLACKLAKE DIVISION**

**EXHIBIT "A"**

**BLACKLAKE DIVISION**

**BI-MONTHLY SEWER SERVICE CHARGES**

Customer Class	Current	April 1, 2019	April 1, 2020	April 1, 2021	April 1, 2022	April 1, 2023
<b>Bi-Monthly Residential Service Charges</b>						
Single Family	\$145.51	\$169.76	\$197.77	\$230.40	\$268.42	\$295.26
Condominium (per dwelling unit)	\$95.08	\$109.08	\$127.07	\$148.04	\$172.47	\$189.72
<b>Non-Residential Service Charges</b>						
<b>Fixed Meter Charges</b>						
Up to 1"	\$65.52	\$88.35	\$102.93	\$119.91	\$139.70	\$153.67
1.5"	\$186.50	\$233.45	\$271.97	\$316.85	\$369.13	\$406.04
2"	\$295.38	\$364.04	\$424.11	\$494.09	\$575.61	\$633.17
3"	\$549.43	\$668.75	\$779.09	\$907.64	\$1,057.40	\$1,163.14
4"	\$912.36	\$1,104.05	\$1,286.22	\$1,498.45	\$1,745.69	\$1,920.26
6"	\$1,819.68	\$2,192.30	\$2,554.03	\$2,975.44	\$3,466.39	\$3,813.03
8"	\$2,908.48	\$3,498.20	\$4,075.40	\$4,747.84	\$5,531.23	\$6,084.35
<b>Non-Residential Usage Rates (\$/hundred cubic feet)</b>						
Low Strength	\$3.56	\$3.97	\$4.63	\$5.39	\$6.28	\$6.91
Medium Strength	\$4.80	\$5.28	\$6.15	\$7.16	\$8.34	\$9.17
High Strength	\$7.59	\$8.22	\$9.58	\$11.16	\$13.00	\$14.30
Loan Surcharge (All Customers)	\$8.90	NA	NA	NA	NA	NA

JANUARY 23, 2019

ITEM E-1

ATTACHMENT C



# Nipomo Community Services District

## NOTICE OF PUBLIC HEARING - BLACKLAKE SEWER RATE INCREASE

**This is a notice to explain proposed increases in sewer rates affecting the community of Blacklake served by 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,

You are receiving this notice because the Nipomo Community Services District (NCSD) is considering a sewer (wastewater) rate increase for customers in the District’s Blacklake sewer service area. NCSD operates and manages the Blacklake sewer system (“Sewer System”) on behalf of the Blacklake community. NCSD has two wastewater service areas – the Town wastewater service area and the Blacklake wastewater service area. The two areas are distinct, are not interconnected, and have separate wastewater rates. The information in this notice only applies to Blacklake customers.

NCSD depends upon sewer user fees to fund operating and maintenance costs and to pay for rehabilitating and replacing equipment such as pipes, pumps, and treatment ponds that make up the Sewer System. The District is fully committed to serving existing and future generations of residents in the most efficient manner possible, while protecting both public health and the environment. The last rate increase for customers of the Sewer System was in 2013.

### **Why must sewer rates increase?**

The Blacklake wastewater system is financially supported by the rates and charges paid by the customers who use this system to treat their wastewater. The Sewer System does not receive any additional outside revenue from NCSD, the state of California, or general taxes to operate. A rate increase is needed to:

- 1) make needed repairs and replace aging pipes, pumps, and treatment ponds,
- 2) keep pace with increases in the costs of operations and maintenance, and
- 3) build and maintain reasonable operating and emergency reserves.

Failure to increase funding to meet the financial needs expressed above exposes the Blacklake community to costly, unscheduled emergency repairs. Events such as a lift station collapse, sewer pipeline leaks and blockages, and sewage spills can result in penalties and fines imposed by the State Water Quality Control Board.

With help of a utility rate consultant approved by the Blacklake\NCSD Oversight Committee (“Committee”), NCSD developed a financial plan for the next five years. Inflation costs have not been accounted for since 2013. Going forward, Operating costs ( electricity, chemicals, repairs, staffing and regulatory compliance) are expected to increase by 3% per year due to inflation. The predominant reason for the rate increase is to pay to repair and replace aging sewer pipes, lift station-pumps, and treatment ponds.

In 2017, with help from the Committee, NCSD completed an engineering master plan for the Sewer System. The master plan identified costs for;

- 1) near-term repairs necessary to keep the Sewer System operating,
- 2) longer-term projects to retrofit the Blacklake wastewater treatment plant to make it more efficient, and
- 3) an option to regionalize (hook-up) the Blacklake sewer system with the Town sewer system.

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

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

The proposed financial plan and rate study include only the near-term repairs necessary to keep the Blacklake wastewater system operating. The cost of these repairs over the next five years is \$3.5 million and will be funded by a combination of existing cash reserves, new debt, and rate increases. Longer-term capital costs for the continued use of the Blacklake treatment plant will be reviewed in future rate studies. The regionalization option will be presented to the community in a separate presentation once estimated costs and construction schedules are established.

### Current Sewer Rates

The Blacklake sewer rates consist of bi-monthly (2 months) charges for single family residential, multi-family (condominium) residential, and commercial customers. Single family and multi family customers pay fixed charges. Commercial customers pay fixed charges based on the size of the water meter plus volume rates based on metered water use. The commercial volume rate schedule consists of low, medium, and high wastewater pollutant strength rates that are billed on a \$ per hundred cubic foot (HCF) basis. One HCF is 748 gallons. Higher strength wastewater discharge is billed at a higher rate because it costs more to treat.

## THE PROPOSED BLACKLAKE SEWER RATES

### Proposed Bi-Monthly Sewer Rates

Customer Class	Current	April 1, 2019	PROPOSED			
			April 1, 2020	April 1, 2021	April 1, 2022	April 1, 2023
<b>Bi-Monthly Residential Service Charges</b>						
Single Family	\$145.51	\$169.76	\$197.77	\$230.40	\$268.42	\$295.26
Multi Family (Condo) (per dwelling unit)	\$95.08	\$109.08	\$127.07	\$148.04	\$172.47	\$189.72
<b>Non-Residential –Commercial Accounts— Service Charges</b>						
<b>Fixed Meter Charges</b>						
Up to 1"	\$65.52	\$88.35	\$102.93	\$119.91	\$139.70	\$153.67
1.5"	\$186.50	\$233.45	\$271.97	\$316.85	\$369.13	\$406.04
2"	\$295.38	\$364.04	\$424.11	\$494.09	\$575.61	\$633.17
3"	\$549.43	\$668.75	\$779.09	\$907.64	\$1,057.40	\$1,163.14
4"	\$912.36	\$1,104.05	\$1,286.22	\$1,498.45	\$1,745.69	\$1,920.26
6"	\$1,819.68	\$2,192.30	\$2,554.03	\$2,975.44	\$3,466.39	\$3,813.03
8"	\$2,908.48	\$3,498.20	\$4,075.40	\$4,747.84	\$5,531.23	\$6,084.35
<b>Non-Residential —Commercial Accounts— Usage Rates (\$/hundred cubic feet)</b>						
Low Strength	\$3.56	\$3.97	\$4.63	\$5.39	\$6.28	\$6.91
Medium Strength	\$4.80	\$5.28	\$6.15	\$7.16	\$8.34	\$9.17
High Strength	\$7.59	\$8.22	\$9.58	\$11.16	\$13.00	\$14.30
Loan Surcharge	\$8.90	NA	NA	NA	NA	NA

## Proposed Sewer Rates

The sewer rate proposal includes a series of rate increases to take effect April 1 of each year for the next five years. If approved, single family and multi family (condominium) customers will continue to pay a fixed bi-monthly fee. Commercial customers will continue to pay a fixed bi-monthly meter charge plus volume rates. The proposed rates reflect the increased cost of repairs and replacement of aging pumps, pipes and treatment ponds, maintaining capacity in the system, and conveying and treating wastewater flow.

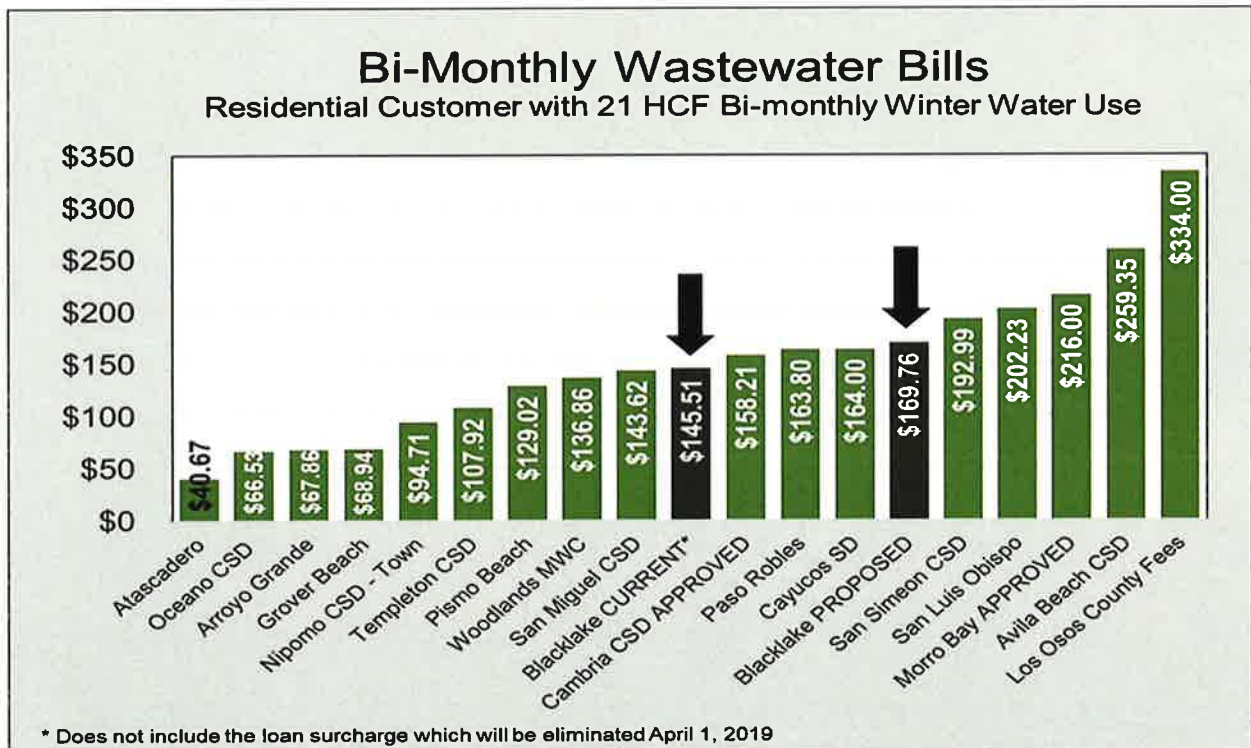
## Multi-year approach to setting rates

By taking a multi-year approach to rate-setting, the District can better prepare for the future and avoid significant unexpected rate increases. For this reason, the District is proposing rate increases for the next five years. It is important to note that if subsequent annual reviews of revenues and expenses show that future rate increases are not needed or can be adopted at lower amounts, the Board of Directors can postpone or adopt a smaller increase. However, the Board cannot implement rate increases beyond those proposed in this notice without an additional Proposition 218 notice to all of its customers.

## Regionalization: Hooking up the Blacklake Sewer System to the Town Sewer System

The NCS, the Committee, and the community have not fully vetted the regionalization option vs. continuing to operate the Blacklake sewer system as a stand-alone system. If regionalization is pursued, it is estimated that it will take at least four to five years to complete a funding plan, design and construct the pipes and pumps necessary to physically connect the two systems, and make the improvements to the Town sewer system necessary to accept Blacklake sewer flows.

## SINGLE FAMILY BILL COMPARISON WITH OTHER LOCAL AGENCIES



## AVAILABILITY OF STUDIES, REPORTS, AND INFORMATION

Additional information on the proposed sewer rate is available at [www.ncsd.ca.gov](http://www.ncsd.ca.gov). The Sewer Rate Study report and the Sewer Master Plan are available for review at the District's administrative offices located at 148 South Wilson Street, Nipomo. In addition, customers may contact the General Manager at (805) 929-1133 for further information about the proposed rates.



# NOTICE OF SEWER RATE INCREASE



**Nipomo Community Services District**  
148 S. Wilson St.  
PO Box 326  
Nipomo, CA 93444  
(805) 929-1133  
www.ncsd.ca.gov

Presorted  
First Class Mail  
U.S. Postage  
**PAID**  
Pismo Beach, CA  
Permit #106

## GENERAL MANAGER

**Mario Iglesias**

Mailing Label

## HOW TO PROTEST

The following persons may submit a written protest against the Proposed Sewer 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 sewer service from the NCSD Blacklake Sewer 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 sewer service;
- "Customer of record" (Tenant(s)) whose name appears on the District records as the customer of record for the corresponding parcel receiving sewer service from the NCSD.

A valid written protest must include:

1. A statement that it is a protest against the proposed sewer rate increase;
2. The name of the owner of record or customer of record;
3. The identity of the affected parcel by assessor's parcel number or service address;
4. An original signature (not photocopy, email, or fax copy) of the owner of record or customer of record of the identified parcel; **AND**
5. The date the written protest is signed.

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 sewer 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), placed in the drop-box located in the parking lot of the NCSD Office, or mailed to:

**Nipomo Community Services District**

**Attn: District Clerk**

**148 South Wilson Street, Nipomo, CA 93444 or P.O. Box 326, Nipomo, CA 93444-0326**

**To be counted, the written protest, including those mailed to the District, must be received by the close of the Public Hearing on January 23, 2019.** 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 sewer service within the NCSD's Blacklake Sewer System, then the NCSD will not adjust/increase the sewer rates.

## PUBLIC HEARING

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

**January 23, 2019 at 9 AM**  
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 Sewer Rate Increase and whether or not a Majority Protest exists. If approved, the Sewer Rate Increase would become effective April 1, 2019.

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS  
GENERAL MANAGER

DATE: JANUARY 18, 2019

**AGENDA ITEM  
F  
JANUARY 23, 2019**

**GENERAL MANAGER'S REPORT**

**ITEM**

Standing report to your Honorable Board -- *Period covered by this report is January 6, 2018 through January 19, 2019.*

**DISTRICT BUSINESS**

**Administrative**

The District encourages residents to provide reports of any observed water waste. The District keeps an accounting of leak adjustments as a measure of non-revenue water lost to leaks. The table below provides the November data as December data will be provided the second meeting of the month.

**Office Activities**

	Dec-18	Jul-Dec 2018
Reports of water waste followed up on	0	4
Leak Adjustments	0	13
Leak Adjustment Amount	\$0	\$4,178

**Water Resources**

**Table 1. Total Production Acre Feet (AF)**

	Dec-18	Jul 18 - Dec 18
Groundwater Production	29.6	554.9
Supplemental Water Imported	81.8	501.8
Total Production	111.4	1,056.7

NCSD imported 81.8 AF of water over the 31 day period in December averaging 597 gallons per minute for a daily total of 859,826 gallons per day. For fiscal year 2018-19 [July-2018 through June-2019] the District must import 800 AF of supplemental water. However, at the current import level, the District could see up to 960 AF for this time period. The District's total production, including groundwater wells and imported water measured at the Joshua Road Pump Station, registered 1,056.7 AF of water for the current fiscal year.

On the following page, Table 2 compares the District's total water production for the month of December and the fiscal year (July 2018 through June 2019) year-end total against those same periods for 2013 (pre-drought production). 2013 is the year the Department of Water Resources ("DWR") designated as the pre-drought production year. The pre-drought production data is included in the monthly water production report and compared to current usage, all of which is submitted by water purveyors statewide to DWR. For December 2018, the community's water conservation effort reached approximately 37.6% compared to December 2013. The District's year-end conservation effort for fiscal year 2019 will continue to be monitored throughout the year.

**Table 2. FY 2019 Total Demand To-date Compared to 2013**

	Dec-18	Jul 18 - Dec 18
Total Production (AF) for FY 2018-19	111.4	1,056.7
Total Production (AF) for 2013	<u>178.5</u>	<u>1,321.8</u>
Reduction	<u>67.1</u>	<u>265.1</u>
Percentage Reduction	37.6%	20.1%

**NCS D GW Reduction**

The District’s purveyor customers, Golden State Water Company and Woodlands Mutual Water Company, each claim 16.66% (cumulatively 33.33%) of the imported water NCS D brings onto the basin through the NSWP. Of the 800 AF minimum imported water from the CSM, 266.6 AF will be credited to these two purveyor customers. The credited amount must be added to the District’s groundwater pumping total every month to reflect the groundwater pumped by these customers in-lieu of taking imported water from the District. Table 3 below demonstrates the calculus for determining the District’s groundwater pumping reduction.

**Table 3. NCS D GW Production (NCS D GW Well Production plus Purveyor Credit)**

	Dec -18	Jul 18 - Dec 18
NCS D GW Well Production	29.6	554.9
Purveyor Customer Credit (33.3% of Import Water)	<u>27.3</u>	<u>167.6</u>
NCS D Total Calculated GW Production	56.8	722.5
Average GW Production for 2009-2013	<u>141.4</u>	<u>1,384.6</u>
NCS D Percentage of GW Reduction	60%	48%

Taking into consideration the above referenced purveyor customer credit, the District can claim a groundwater pumping reduction of 60% for the month of December compared to the 5-year average from 2009 to 2013 (NMMA-TG assigned comparator). For Fiscal Year 2019, the cumulative groundwater pumping reduction is 48%. At the current Stage IV level of NMMA’s Water Shortage Condition and Response Plan, the District has targeted groundwater pumping reduction level of 50% for the year.

**Table 4. 2019 Fiscal Year Forecasted Groundwater Pumping**

	Dec-18	Jul 18-Jun 19	Target	Over_(Under)	
NCS D GW Well Production	29.6	1,003.0			
Purveyor Customer Credit (33.3% of Import Water)	<u>27.3</u>	<u>319.8</u>			
NCS D Total Calculated GW Production	56.9	1,322.9	1,266.7	(56)	AcFt
Average GW Production for 2009-2013	<u>141.4</u>	<u>2,533.4</u>	<u>2,533.4</u>		
NCS D Percentage of GW Reduction	60%	48%	50%		



Table 4 is a forward looking view of the District's groundwater pumping reduction efforts for Fiscal Year 2019. The targeted groundwater pumping reduction is 50%. For future months, January 2019 through June 2019, Fiscal Year 2018 production values from the previous year are used as estimates for future use. Looking at the six months of actual data, July 2018 through December 2018, and completing the year using last year's monthly data where necessary, the District can forecast an "Over\_(Under)" value. By using this method to forecast groundwater pumping into fiscal year 2019, it can be estimated that the District will be 56 acre feet over the groundwater reduction target. Each year trends slightly different depending upon the weather, a major factor that drives consumer water demand. As actual data replaces projected data, the reliability of the table to provide year-end groundwater reduction becomes more reliable and aids staff in recognizing opportunities for shifting water production strategies.

**Table 5. FY 2018 v. FY 2019 Groundwater Pumping**

	Dec-18	Jul 18-Dec 18	Dec-17	Jul 17-Dec 17
NCSW GW Well Production	29.6	562.1	76.7	606.6
Purveyor Customer Credit (33.3% of Import Water)	27.3	167.6	28.4	169.8
NCSW Total Calculated GW Production	56.9	729.7	105.1	776.4
Average GW Production for 2009-2013	141.4	1,384.6	141.4	1,243.3
NCSW Percentage of GW Reduction	60%	47%	26%	38%

Table 5 compares the previous year's groundwater pumping with the current year groundwater pumping for the same time period (July through December). The comparison demonstrates a favorable consumption forecast emerging where demand on groundwater supplies diminished putting the District in a stronger position to reach the target reduction of 50%.

**Rainfall Gauge**

(Reported in inches)	Nipomo East (Dana Hills Reservoirs)	Nipomo South (Southland Plant)
December 2018 Total	1.06	.79
July-2018 through Jun-2019 (Seasonal Total)	3.66	2.72
Average Annual Year Rainfall	18	16
January 1, 2019 to January 17, 2019	3.63	3.03
Total to date	7.29	5.75

**Safety Program**

No Accidents or Incidents to report

**Other Items and News of Interest**

No additional items

**Supplemental Water Capacity Accounting**

The District is not currently accepting applications for new water service.

<b>Supplemental Water Available for Allocation</b>	<b>500 AFY</b>
<b>Supplemental Water Reserved (Will Serve Letter Issued)</b>	<b>-51.2 AFY</b>
<b>Subtotal Net Supplemental Water Available for Allocation</b>	<b>448.8 AFY</b>
<b>Supplemental Water Assigned (Intent-to-Serve Issued)</b>	<b>-47.4 AFY</b>
<b>Total Remaining Supplemental Water Available for Allocation</b>	<b>401.4 AFY</b>

This information is accurate through December 2018.

**Connection Report**

Nipomo Community Services District  
 Water and Sewer Connections

**END OF MONTH REPORT**

	18-Jan	18-Feb	18-Mar	18-Apr	18-May	18-Jun	18-Jul	18-Aug	18-Sep	18-Oct	18-Nov	18-Dec
Water Connections (Total)	4405	4405	4405	4405	4405	4405	4407	4407	4412	4434	4434	4434
Sewer Connections (Total)	3174	3174	3174	3174	3174	3175	3175	3176	3180	3197	3197	3197
New Water Connections	3	0	0	0	0	0	2	0	5	22	0	0
New Sewer Connection	3	0	0	0	0	1	0	1	4	17	0	0
Galaxy & PSHH at Orchard and Division Sewer Connections billed to the County	473	473	473	473	474	476	477	477	477	475	475	475

The Connection Report is current through December and reflects calendar year 2018.

**Meetings (December 9 through January 5)**

*Meetings Attended (telephonically or in person):*

- Jan. 7, Grover Beach – Greg Ray
- Jan. 8, Streetlight Energy Conservation – PG&E
- Jan. 9, Rotary
- Jan. 9, Regular Board Meeting
- Jan. 9, Exec. Team After-Board Meeting
- Jan. 10, NMMA Manager’s Meeting
- Jan. 10, LAFCO – David Church
- Jan. 11, Exec. Team – Doc. Review/Update
- Jan. 11, Eng/Admin Meeting
- Jan. 14, NMMA-TG Meeting
- Jan. 14, Board Officer Meeting
- Jan. 15, NCSD Management Team
- Jan. 16, Rotary
- Jan. 3, NCSD Management Team

**Meetings Scheduled (January 6 through January 12):**

*Upcoming Meetings (telephonically or in person):*

- *Jan. 21, Holiday*
- *Jan. 22, NCSD Eng/Admin Meeting*
- *Jan. 23, Rotary*
- *Jan. 23, Regular Board Meeting*
- *Jan. 23, Exec. Team After-Board Meeting*
- *Jan. 24, NMMA Manager's Meeting*
- *Jan. 25, Clever Ducks – Communications Improvement*

**Upcoming Water Resource and Other Meetings**

*Upcoming Standing Meetings:*

- *NMMA-TG: February 8<sup>th</sup> (Friday) @ 9:00 AM, NCSD Board Room*
- *RWVG: February 13<sup>th</sup> @ 10:00 AM, SLO Library*
- *WRAC: February 13<sup>th</sup> @ 1:30 PM, SLO Library*
- *NMMA Purveyor Meeting: February 21<sup>st</sup> @ 10:00 AM, NCSD Admin Office*
- *NCMA/NMMA Managers Meeting: Tentatively set for Jan. 24, 2019 11:00 AM*

**RECOMMENDATION**

Staff seeks direction and input from your Honorable Board

**ATTACHMENTS**

NONE