



SEPTEMBER 2025

Nipomo Community Services District

NOTICE OF PUBLIC HEARING - WATER RATE INCREASE

This is a notice to explain proposed increases in water rates for 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 and deadline and process for submitting written substantive objections.

The Nipomo Community Services District (District) is proposing to increase its water rates. The District is mailing this notice to you because you are a water customer or are the owner of record of a property that receives water service. This notice describes proposed changes to the water rates and provides information about a Public Hearing to be held to allow community discussion regarding the water rate increases.

Why Rates are Changing

The District is facing increased operating and capital expenses in its water system. The District’s operating expenses continue to increase, which include electricity, maintenance, chemicals, salaries and benefits, and general and administrative costs. Additionally, the District began its first year of buying “take-or-pay” supplemental water at 1,667 acre-feet per year (AFY) from the City of Santa Maria, an increase of about \$2.7 million over the prior year water supply cost. The District is also planning to construct needed water system capital improvements as part of their five-year capital improvement plan. The projects include a new well (\$3 million), tank rehabilitation (\$1.65 million) and other water infrastructure replacements and improvements (\$4.2 million). These operating expenses and capital improvements are necessary to maintain a financially stable water enterprise supplying water to the community. The rates proposed herein include the above discussed increases in operating and capital expenses.

What Is Funded From Water Rates

The District provides water service to a mix of residential and commercial customers. Monthly revenue from water rates charged to system users (customers) is the primary source of revenue for the water system. Revenue from water rates provides funding for annual operating and maintenance costs, capital projects to improve water infrastructure, administration, and maintaining adequate fund reserves and planning for contingencies.

Why Rate Increases Are Needed

Current water rates do not provide adequate funding for long-term operation and maintenance expenses and capital projects. The District engaged a consultant to perform a written study of the District’s water funds and to recommend water rates designed to meet the District’s financial needs, including operating and maintenance service costs, funds for needed capital projects, and maintenance of reserves. The study identified cost increases for operation and maintenance expenses, capital infrastructure needs, maintenance of reserves, and the cost of import water from the City of Santa Maria via the Nipomo Supplemental Water Project as drivers of the necessary water rate increases.

Proposed Water Rates

The proposed rates would maintain a uniform rate per unit of water used (1 Unit = 748 gallons or One Hundred Cubic Feet “HCF”) for in District customers and create an “annex variable rate” for customers that annex into the District as of November of 2024 and later, pursuant to District policy. All users will pay the same fixed charge by meter size. The proposed rates are structured to meet the increasing costs of operations, maintenance, and infrastructure, along with the costs of financial obligations for importing more water from Santa Maria. Water supplied to annexed customers will be entirely from supplemental water and they will pay the annexation variable rate. The proposed rates would go into effect February 1, 2026. The subsequent year rate increases are on the following pages.

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

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

Proposed Water Rates

	Current Rate	February 1, 2026	January 1, 2027	January 1, 2028
Meter Size		Fixed Charge (\$ per month)		
5/8 thru 1 inch	\$41.56	\$47.23	\$65.70	\$81.17
1-1/2 inch	\$57.19	\$64.48	\$89.73	\$111.02
2 inch	\$79.45	\$89.95	\$125.17	\$155.01
3 inch	\$167.87	\$197.40	\$274.70	\$340.35
4 inch	\$232.94	\$271.48	\$377.82	\$468.35
6 inch	\$459.73	\$523.83	\$729.15	\$904.67
8 inch	\$718.92	\$812.23	\$1,130.67	\$1,403.32
		Variable Charge (\$ per HCF)		
District Rate (\$/HCF)	\$8.45	\$9.09	\$10.07	\$10.94
Annex Rate (\$/HCF)	n/a	\$10.46	\$11.54	\$12.41

District Single-Family Residential – Comparison of Current Bill with February 1, 2026 Bill

Description	Use (HCF)	Current Bill			Proposed February 1, 2026 Rates			
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	February 1, 2026 Bill	Dollar Difference
	0	\$41.56	\$0.00	\$41.56	\$47.23	\$0.00	\$47.23	\$5.67
Very Low	5	\$41.56	\$42.25	\$83.81	\$47.23	\$45.45	\$92.68	\$8.87
Low	8	\$41.56	\$67.60	\$109.16	\$47.23	\$72.72	\$119.95	\$10.79
Median	11	\$41.56	\$92.95	\$134.51	\$47.23	\$99.99	\$147.22	\$12.71
Average	12	\$41.56	\$101.40	\$142.96	\$47.23	\$109.08	\$156.31	\$13.35
High	30	\$41.56	\$253.50	\$295.06	\$47.23	\$272.70	\$319.93	\$24.87
Very High	50	\$41.56	\$422.50	\$464.06	\$47.23	\$454.50	\$501.73	\$37.67

District Single-Family Residential – Impact to Monthly Bill Over Time

Description	Use (HCF)	Current Water Bill	Feb 2026 Water Bill	Jan 2027 Water Bill	Jan 2028 Water Bill
	0	\$41.56	\$47.23	\$65.70	\$81.17
Very Low	5	\$83.81	\$92.68	\$116.05	\$135.87
Low	8	\$109.16	\$119.95	\$146.26	\$168.69
Median	11	\$134.51	\$147.22	\$176.47	\$201.51
Average	12	\$142.96	\$156.31	\$186.54	\$212.45
High	30	\$295.06	\$319.93	\$367.80	\$409.37
Very High	50	\$464.06	\$501.73	\$569.20	\$628.17

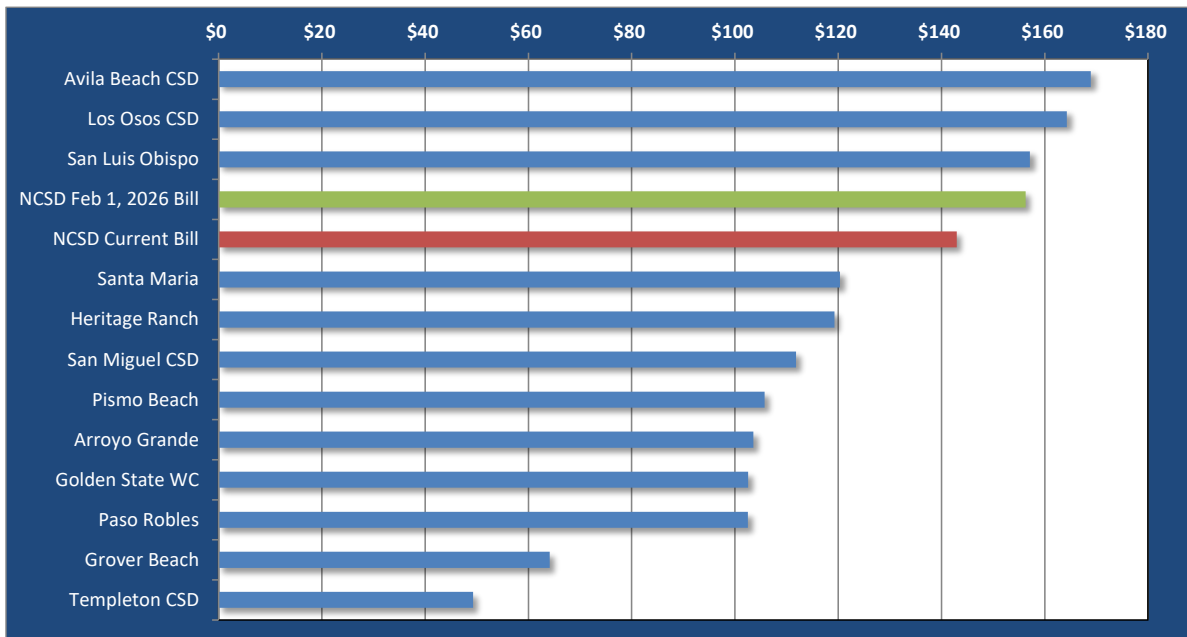
Proposed Private Fire Protection Charges

Fireline Size	Current Charge	February 1, 2026	January 1, 2027	January 1, 2028
inches				
2 inch	\$2.30	\$2.08	\$2.89	\$3.62
3 inch	\$6.69	\$5.54	\$7.71	\$9.66
4 inch	\$14.26	\$11.76	\$16.39	\$20.53
6 inch	\$41.43	\$34.60	\$48.20	\$60.37
8 inch	\$88.28	\$73.70	\$102.67	\$128.59
10 inch	\$158.77	\$132.52	\$184.61	\$231.22

SINGLE FAMILY BILL COMPARISON WITH OTHER LOCAL AGENCIES

The District's water rates are determined based on the costs of the mix of low-cost groundwater and more expensive imported water from the City of Santa Maria. Annexed properties will be supplied by imported water only at different rates for those customers based on the higher cost of that imported water. The District is obligated to purchase increased amounts of imported water which will reduce the demand and cost savings of lower-cost groundwater, but also help to preserve groundwater resources.

Comparison of Single-family Residential District Monthly Water Bills at 12 HCF Monthly for 2026



This is for an average single-family, monthly water bill at 12 HCF (including Fixed and Volume charges) compared to other local water agencies.

HOW TO PROTEST THE PROPOSED WATER RATES

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

A valid written protest must include:

1. A statement that it is a protest against the proposed water rate increase;
2. The name of the record owner 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 record owner or customer of record of the identified parcel; **AND**
5. The date the written protest is signed.

Pass-Through: The District is purchasing supplemental water from Santa Maria. Santa Maria may increase its water charges to the District. The District may pass-through any additional increase at any time that such costs are increased to the District during the five-year period from February 1, 2026 to January 1, 2030, as allowed under section 53756 of the California Government Code.

HOW TO PROTEST (continued)

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 water rate increase may be delivered to the NCSD Office located at 148 South Wilson Street, placed in the District's payment 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 must be received by the close of the Public Hearing which begins at 9:00 AM on December 10, 2025, including those mailed to the District. 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. Any interested party or their representative may submit comments via email to info@ncsd.ca.gov by 9:00 a.m. on the day of the hearing for inclusion in the record of the hearing. All comments received by email will be transmitted to the Board or read at the hearing.

If valid written protests are presented by a majority of owners of record and/or customers of record of parcels receiving water service with- in the NCSD's Water System, then the NCSD will not adjust/increase the water rates. Only one protest per parcel will be counted in determining whether or not a majority protest exists.

Exhaustion of Administrative Remedies - Written Objections

How do I preserve my ability to judicially challenge the proposed water rates?

Pursuant to California Government Code Sections 53759.1 and 53759.2, a person or entity will be prohibited from bringing a judicial action or proceeding alleging that the proposed water rates do not comply with Article XIII D of the California Constitution (Proposition 218) unless that person or entity has timely submitted a substantive Written Objection to the proposed water rates. This is known as an Exhaustion of Administrative Remedies requirement and is separate from the Proposition 218 majority protest against the amounts of the rates through the process described above.

To exhaust your administrative remedies, your Written Objection must be submitted to the District not later than 5:00 pm on December 1, 2025 and include the specific grounds for alleging that the proposed water rates do not comply with Article XIII D of the California Constitution. The District will respond to each timely Written Objection that raises a substantive issue.

Written Objections may be mailed to the NCSD General Manager at 148 S. Wilson Street, Nipomo, CA 93444, emailed to the District at info@ncsd.ca.gov, or hand delivered to the General Manager at the District's at 148 S. Wilson Street. However, delivered, Written Objections must be **received by the District by 5:00 pm on December 1, 2025. Note that this deadline for submitting a Written Objection is earlier than the deadline for submitting a Written Protest** to provide the District with time to respond. **A failure to file a timely objection in writing bars any right to challenge the proposed water rates through a legal proceeding.** The District will respond in writing to all Written Objections received by the deadline and the District Board will consider timely objections and responses during the public hearing.

A Written Objection that also complies with the requirements for a Written Protest (see **"How to Protest The Proposed Water Rate Increases"** above) will also be counted as a Written Protest in determining whether a majority protest exists against the proposed water rate increases.

Statute of Limitations for Challenging The Proposed Water Rates

If the District Board adopts the proposed water rates, then pursuant to California Government Code Section 53759, there will be a 120-day statute of limitations for judicially challenging the water rates that run from the date the District adopts a resolution approving the water rates.

AVAILABILITY OF STUDIES, REPORTS, AND INFORMATION

Additional information and analysis on the proposed water rates is available in the *Water Rate Study - September 2025*. This report is available for review at the District's administrative offices located at 148 South Wilson Street, Nipomo and on the District's website at www.ncsd.ca.gov. Not later than December 6, 2025 the agenda, staff report, and proposed resolutions will also be available on the District's website. In addition, customers may contact the General Manager at (805) 929-1133 during business hours for further information about the proposed rates.

PUBLIC HEARING

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

December 10, 2025 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 Water Rate Increase, any substantive objections submitted prior to the deadline, and whether or not a Majority Protest exists. If approved, the Water Rate Increase would become effective February 1, 2026. A legal challenge, if any, will be limited to the issues raised at the public hearing.