



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 (“NCS D” or the “District”) and the majority protest procedures. The proposed rate increases will be recommended for adoption by NCS D’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,

Nipomo Community Services District (District) depends upon water user fees to fund operating and maintenance costs, to rehabilitate and replace equipment and infrastructure for the water distribution system, and to purchase supplemental water. 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.

Why rates must increase

Cost Increases	FY 2018-19	FY 2019-20	FY 2020-21
Increase in Supplemental Water Cost	50,000	58,000	335,000
Added Employee	54,000	58,000	-
Increase in Other O&M	152,000	103,000	62,000
Rebuilding Reserves	148,000	242,000	242,000
Total Increase in Requirements	404,000	461,000	639,000

The proposed Water Division rate increase is needed to ensure that the District has sufficient revenues to fund operating and capital needs and provide appropriate levels of operating, capital, and emergency reserves. The District’s last rate increase in the Water Division became effective on November 1, 2015 and was based on a 5-year rate study adopted in September 2010. The last rate increase for supplemental water became effective July 1, 2017.

Additionally, there are inflationary factors that put pressure on the cost of import water from the City of Santa Maria via the Nipomo Supplemental Water Project as well as supplies and services needed to operate and maintain the water system.

Multi-year approach to setting rates

By taking a multi-year approach to rate-setting in meeting long-term infrastructure repair and improvement needs as well as delivering day-to-day services, 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 approve rate increases beyond those proposed in this notice without an additional Proposition 218 notice to all of its customers.

Proposed Water Rates

The proposed rates would eliminate tiered rates and, instead, impose a uniform rate per unit used. The rate per unit would be the same for all users. Additionally, the proposed rates would eliminate the separate Supplemental Water rates. These rates would be included in the bimonthly rates. The proposed rates will go into effect December 1, 2017. Subsequent year increases, and a breakdown of rates can be found on the following page.

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

THE PROPOSED WATER RATES

Proposed Bi-Monthly Fixed Charges with Uniform Rate Structure

Meter Size	Current Rate	December 1, 2017	December 1, 2018	December 1, 2019	December 1, 2020	December 1, 2021
		Fixed Charge (\$ per bi-month)				
5/8 thru 1 inch	\$58.12	\$42.51	\$46.52	\$51.59	\$58.26	\$60.15
1-1/2 inch	\$163.54	\$51.49	\$55.55	\$60.87	\$67.97	\$69.74
2 inch	\$256.84	\$67.40	\$72.08	\$78.43	\$87.05	\$88.97
3 inch	\$469.68	\$152.51	\$163.70	\$178.85	\$200.11	\$204.56
4 inch	\$770.31	\$197.75	\$210.55	\$228.44	\$253.78	\$258.52
6 inch	\$1,524.85	\$335.12	\$349.88	\$372.90	\$406.41	\$410.27
8 inch	\$1,777.11	\$492.11	\$509.09	\$538.01	\$580.83	\$583.68

Proposed Bi-Monthly Volume Charges with Uniform Rate Structure

Classification	Current Rate	December 1, 2017	December 1, 2018	December 1, 2019	December 1, 2020	December 1, 2021
Tier 1 - 0 to 24 units	\$3.40					
Tier 2 - 25 to 40 units	\$3.98					
Tier 3 - 41 to 100 units	\$5.17					
Tier 4 - Over 100	\$8.11					
All Consumption		\$4.97	\$5.45	\$5.95	\$6.92	\$7.17
Multifamily Residential (1")						
Tier 1 - 0 to 8 units	\$3.40					
Tier 2 - 9 to 12 units	\$3.98					
Tier 3 - 12 to 25 units	\$5.17					
Tier 4 - Over 25	\$8.11					
All Consumption		\$4.97	\$5.45	\$5.95	\$6.92	\$7.17
Commercial (1")						
Tier 1 - 0 to 55 units	\$3.98					
Tier 2 - Over 55 units	\$5.17					
All Consumption		\$4.97	\$5.45	\$5.95	\$6.92	\$7.17
Irrigation (1")						
Tier 1 - 0 to 55 units	\$3.98					
Tier 2 - Over 55 units	\$5.17					
All Consumption		\$4.97	\$5.45	\$5.95	\$6.92	\$7.17
Agriculture	\$4.44	\$4.97	\$5.45	\$5.95	\$6.92	\$7.17
Construction/Hydrant	\$4.44	\$4.97	\$5.45	\$5.95	\$6.92	\$7.17

Proposed Bi-Monthly Private Fire Protection Charges

Hydrant Size	Hydrant Ratio	Current Charge	December 1, 2017	December 1, 2018	December 1, 2019	December 1, 2020	December 1, 2021
inches							
1 inch	0.01	\$0.00	\$0.64	\$0.71	\$0.77	\$0.86	\$0.90
1-1/2 inch	0.03	\$0.00	\$1.87	\$2.07	\$2.25	\$2.51	\$2.61
2 inch	0.06	\$0.00	\$3.99	\$4.41	\$4.79	\$5.34	\$5.56
3 inch	0.16	\$15.75	\$11.58	\$12.82	\$13.91	\$15.52	\$16.15
4 inch	0.34	\$18.90	\$24.69	\$27.32	\$29.65	\$33.07	\$34.42
6 inch	1.00	\$28.33	\$71.71	\$79.36	\$86.13	\$96.07	\$99.99
8 inch	2.13	\$39.37	\$152.82	\$169.13	\$183.54	\$204.73	\$213.08
10 inch	3.83	\$47.23	\$274.83	\$304.15	\$330.07	\$368.17	\$383.19

Outside District Rate Differential*

Description	December 1, 2017	December 1, 2018	December 1, 2019	December 1, 2020	December 1, 2021
Surcharge (\$/HCF)	\$0.83	\$0.84	\$0.84	\$0.85	\$0.85

*The District receives property tax revenue from taxes paid by Inside District customers. Customers that reside outside the District do not pay property taxes for which the District receives any revenue. A rate differential is calculated to surcharge these customers such that they are charged the same rates as Inside District customers.

EXAMPLE WATER BILLS INCLUDING PROPOSED RATES

The table below provides examples of bi-monthly bills that are expected as a result of implementing the proposed Water Rate increase.

		Single-family Residential							
		Current Bill			Proposed December 1, 2017 Bill				
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$58.12	\$0.00	\$58.12	\$42.51	\$0.00	\$42.51	(\$15.61)	-26.9%
Very Low	5	\$58.12	\$17.00	\$75.12	\$42.51	\$24.85	\$67.36	(\$7.76)	-10.3%
Low	10	\$58.12	\$34.00	\$92.12	\$42.51	\$49.70	\$92.21	\$0.09	0.1%
Median	19	\$58.12	\$64.60	\$122.72	\$42.51	\$94.43	\$136.94	\$14.22	11.6%
Average	25	\$58.12	\$85.58	\$143.70	\$42.51	\$124.25	\$166.76	\$23.06	16.0%
High	40	\$58.12	\$145.28	\$203.40	\$42.51	\$198.80	\$241.31	\$37.91	18.6%
Very High	50	\$58.12	\$196.98	\$255.10	\$42.51	\$248.50	\$291.01	\$35.91	14.1%

Example calculation for Median (19 Ccf) use shown above at current rates:
\$58.12 (1" meter fixed charge) + **\$64.60** (19 units x \$3.40/unit) = **\$122.72**

Example calculation for Median use shown above when proposed rate is applied on December 1, 2017:
\$42.51 (proposed 1" meter fixed charge) + **\$94.43** (proposed uniform volume charge of \$4.97 x 19 units) = **\$136.94**

These examples apply to single family residential customers with 1" or smaller meters. Customers with larger meter or different classes can refer to their current bill or existing District rates to estimate the impact of the proposed rates.

SINGLE FAMILY BILL COMPARISON WITH OTHER LOCAL AGENCIES

The District's water rates are among the lowest in the region due to our mix of low-cost groundwater and imported water from the City of Santa Maria*.

Comparison of Single-family Residential Bi-monthly Water Bills

at 25 Ccf Bi-monthly



This is for an average single-family, bi-monthly water bill at 25 Ccf bi-monthly (including Fixed and Volume charges) compared to other local water agencies.

***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 increase at any time that such costs are increased to the District during the five-year period from December 1, 2017 to December 1, 2022, as allowed under section 53756 of the California Government Code.

AVAILABILITY OF STUDIES, REPORTS, AND INFORMATION

Additional information on the proposed water rates is available in the *Water Rate Study - August 2017* and the *Staff Report*. 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. In addition, customers may contact the General Manager at (805) 929-1133 for further information about the proposed rates.

NOTICE OF WATER 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

APN "APN Number"

Customer Name

Address

HOW TO PROTEST

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 NCSD 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 NCSD.

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.

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 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 must be received by the close of the Public Hearing on October 11, 2017, 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.

If valid written protests are presented by a majority of owners of record and/or customers of record of parcels receiving water service within 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.

PUBLIC HEARING

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

October 11, 2017 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 and whether or not a Majority Protest exists. If approved, the Water Rate Increase would become effective December 1, 2017.