

MEETING COMMUNITY WATER SUPPLY NEEDS

2017 WATER RATE STUDY

Mario Iglesias, General Manager

August 22, 2017

NCSD Jon S. Seitz Board Room



Agenda

The District's Mission

What is a Rate Study?

Why Must Rates Increase?

Multi-year Approach to Setting Rates

Discussion/Questions

Presentation on Proposed Water Rates from Rate Consultant

Conclusion – Final Questions

INTRODUCTION

The District's mission
What is a rate study?

The District's Mission

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

What is a Rate Study?

Conducted to Assess current and projected “financial fitness”

Last Water Rate Study was conducted in 2010

Water user fees are necessary for:

- Operating and Maintenance costs
- Rehabilitation and Replacement of equipment and infrastructure
- Purchase Supplemental Water from Santa Maria

WHY MUST RATES INCREASE?

Cost Factors

Why Rates Must Increase

Sufficient Revenues

- Fund operating and capital needs
- Provide appropriate levels of operating capital and emergency reserves

Inflationary Factors

- Purchase of supplemental water from Santa Maria
- Services and Supplies needed to operate and maintain water system

Why Rates Must Increase - Cost Factors

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

MULTI-YEAR APPROACH

5-Year Approach to Setting Rates
Meeting long-term needs

5-Year Approach to Setting Rates and Meeting System Needs

Advantages

- Meet long-term infrastructure repair and improvement needs
- Deliver day-to-day services

Disadvantages

- Lose flexibility

DISCUSSION/ QUESTIONS

PROPOSED WATER RATES

Rate Adoption Process

Rate Adoption Process

July 12th

- Rate Report Presentation at Regular Board Meeting

August 9th

- Board Approved Rate Study

August 22nd

- Public Workshops

October 11th

- Public Hearing to Adopt Rates

December 1st

- Rates Become Effective (if adopted)

PRESENTATION BY RATE
CONSULTANT,
CLAYTON TUCKFIELD