

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION 2018-1482**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE NSWP (NIPOMO SUPPLEMENTAL WATER PROJECT)
2018-2019 FISCAL YEAR BUDGET**

WHEREAS, on October 16, 2015, the Nipomo Supplemental Water Project Water Management and Groundwater Replenishment Agreement ("Agreement") was made between Nipomo Community Services District (NCSD), Rural Water Company (RWC), The Woodlands Mutual Water Company (WMWC), and Golden State Water Company (GSWC), collectively referred to as the Parties, and

WHEREAS, the purpose of the Agreement is to enable the Parties to meet their respective obligations under the Judgment based on the percentage allocations presented in Section I.K regarding the NSWP. In particular, the Parties intend this Agreement to provide for: (1) payment to NCSD for each Party's allocation of Costs and (2) distribution and use of Nipomo Supplemental Water, and

WHEREAS, pursuant to the Agreement, each fiscal year NCSD shall prepare a NSWP Enterprise Fund Budget for all revenues and expenditures related to the NSWP Enterprise Fund. The Budget shall include a summary of projected Nipomo Supplemental Water deliveries and the Costs associated with those deliveries. A draft of the Budget shall be available to each Party for review by May 1st of each year. NCSD shall make every reasonable effort to adopt the final Budget during June of each year at a regularly scheduled NCSD board meeting. The Advisory Committee shall determine the most effective content, format and reporting frequency for financial and budget reports for the NSWP Enterprise Fund.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of the Nipomo Community Services District, San Luis Obispo County, California, as follows:

1. The 2018-2019 Nipomo Supplemental Water Project Budget is hereby approved and adopted.
2. The budget be administered in accordance with generally accepted accounting principles and the past policies and practices established by the District and pursuant to the Agreement.
3. The above Recitals are true and correct and incorporated herein by this reference.

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

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

the foregoing Resolution is hereby passed and adopted this 13th day of June 2018.



ED EBY
President of the Board

ATTEST:



MARIO IGLESIAS
General Manager and Secretary to the Board

APPROVED AS TO FORM AND LEGAL EFFECT:



WHITNEY G. McDONALD
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2018-2019**

		Acre Feet Purchase	Cost per Acre Foot (AF)	Total Cost
Water Purchase Fiscal Year 2018-2019 (see page 2)		850	\$1,695.00	\$1,440,750.00
NCSD Water O & M Cost per AF ** (see page 3)		850	\$172.96	\$147,016.00
NCSD Admin Fee per AF (15% of O & M per AF) ** (see page 3)		850	\$25.94	\$22,049.00
			\$1,893.90	\$1,609,815.00
			\$1,893.90	\$1,609,815.00
		TOTAL	NCSD	WMWC
1	Phase 1 Supplemental Water Annual Allocation (AF)	800	533.44	133.28
2	Phase 1 Supplemental Water Delivery Percentages	100.00%	66.68%	16.66%
3	Pass-Through Supplemental Water Cost	\$1,440,750	\$960,692	\$240,029
4	Supplemental Water O & M Cost	\$147,016	\$98,030	\$24,493
5	Supplemental Water NCSD Admin Fee	\$22,049	\$14,702	\$3,673
6	Total Annual Supplemental Water Volume Cost	\$1,609,815	\$1,073,425	\$268,195

**To be adjusted annually based on actual costs

		TOTAL	NCSD	WMWC	GSWC
7	Allocated Project Capacity (AF)	3,000.00	2,167.00	416.50	416.50
8	Percentage of Fixed Capital Cost Allocation	100.00%	72.24%	13.88%	13.88%
9	Yearly Capital Recovery Charge-Principal (1) (4)	\$83,783	\$0	\$37,237	\$46,546
10	Yearly Capital Recovery Charge-Interest (1) (4)	\$345,164	\$0	\$194,150	\$151,014
11	Yearly Capital Recovery Charge-Principal (2) (4)	\$6,481	\$0	\$2,875	\$3,606
12	Yearly Capital Recovery Charge-Interest (2) (4)	\$26,691	\$0	\$14,992	\$11,699
13	Yearly Capital Recovery Charge-Principal (3) (4)	\$11,555	\$0	\$5,117	\$6,438
14	Yearly Capital Recovery Charge-Interest (3) (4)	\$47,565	\$0	\$26,677	\$20,888
15	Supplemental Water Project Yearly Replacement(5)	\$206,865	\$149,439	\$28,713	\$28,713
16	Total Annual Fixed Supplemental Charges	\$728,104	\$149,439	\$309,761	\$268,904

Total Volume and Annual Fixed Charges for Fiscal Year 2018-2019					
17	(Line 6 + Line 16)	\$2,337,919	\$1,222,864	\$577,956	\$537,099

18	Electrical Pumping Credit (\$264.65 per acre foot-estimated)	(\$74,954)	\$0	(\$37,477)	(\$37,477)
19	SUPPLEMENTAL WATER BUDGET FISCAL YEAR 2018-2019	\$2,262,965	\$1,222,864	\$540,479	\$499,622

(1)	Per applicable amortization schedule as of June 30, 2015
(2)	Per applicable amortization schedule as of June 30, 2016
(3)	Per applicable amortization schedule as of June 30, 2017
(4)	To be reamortized as of June 30, 2018 for project costs incurred between July 1, 2017 and June 30, 2018. New amortization schedules will be issued with September 30, 2018 invoice.
(5)	Monthly replacement contribution of total Supplemental Water Project cost of \$20,686,509 assuming a 100 year project life = \$206,865 per year not to exceed \$3,000,000 adjusted annually for CPI per agreement

NCSD = Nipomo Community Services District
WMWC = Woodlands Mutual Water Company
GSWC = Golden State Water Company

CITY OF SANTA MARIA & NIPOMO COMMUNITY SERVICES DISTRICT Calculations based on May 2013 Wholesale Supply Agreement

**CITY OF SANTA MARIA & NIPOMO COMMUNITY SERVICES DISTRICT
Calculations based on May 2013 Wholesale Supply Agreement**

(In Minimum Delivery, in each Delivery Year during the Term of the Agreement, City shall deliver and NCSO shall purchase the following minimum quantity of Supplemental Water (Minimum Quantity):

Delivery Years	Minimum Delivery (MGD/Day)
2-5	600
6-10	1,000
11-Term	2,500

Assumptions:	
Year 1 Demand (AF)	645
Year 2-5 Demand (AF)	800
Base Costs of Delivery (AF)	\$206.85
CPI Escalator Energy	0.7%

CPI Index - Energy Services - Los Angeles-Orange County, CA	
Current	258.008
Base	254.188
May 2013 - date of signed agreement	

Year	Minimum Demand	Base Water Rate (Tier 1)	Base Energy Cost Adj by Energy CPI	Current Period Costs of Energy *	Change in Costs of Energy	Net Water Rate	Minimum Invoice Amt.
Year 1	2015/16	645 \$ 1,496	204.43	\$ 227.27	23	\$ 1,518.69	\$ 919,553
Year 2	2016/17	800 \$ 1,571	207.16	\$ 223.71	17	\$ 1,587.32	\$ 1,269,859
Year 3	2017/18	800 \$ 1,649	206.62	\$ 191.77	- 5	\$ 1,549.16	\$ 1,319,345
Year 4	2018/19	800 \$ 1,649	208.35	\$ 212.63	4	\$ 1,653.47	\$ 1,327,773

Brad Whitty:
As of Feb/18 Energy CPI, Subject to change in July/18.

Brad Whitty:
Per CCWA Draft Budget, 03/18.

FY 2015/16 Rate - Tier 1	3.432 S&I Tier 1 Water Rate (Base) per HCF	435.60 100 CF units per Acre-Foot
FY 2016/17 Rate - Tier 1	3.606 S&I Tier 1 Water Rate (Base) per HCF	435.60 100 CF units per Acre-Foot
FY 2017/18 Rate - Tier 1	3.786 S&I Tier 1 Water Rate (Base) per HCF	435.60 100 CF units per Acre-Foot
FY 2018/19 Rate - Tier 1	3.786 S&I Tier 1 Water Rate (Base) per HCF	435.60 100 CF units per Acre-Foot

Per Brad Whitty, City of Santa Maria, possible 5% rate increase effective 1-1-19. For Budget, estimate 2.5% for fiscal year (\$1,653.47 * 1.025 = \$1,694.81)

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2018-2019**

OPERATIONS AND MAINTENANCE BUDGET

OPERATIONS AND MAINTENANCE	2016-17 ACTUAL	2017-18 BUDGET	2017-18 EST ACTUAL	2018-19 PROPOSED
Electricity	38,566	50,000	65,265	67,223
Labor (fully weighted)	29,953	26,250	30,000	30,900
Water	740	800	700	721
Chemicals	10,318	12,500	11,000	11,330
Lab Tests	268	500	250	258
Operating Supplies	7,463	9,500	5,000	5,150
Outside Services	3,760	0	5,300	5,459
Permits and Operating Fees	813	2,500	700	721
Insurance	4,186	4,800	4,123	4,247
Repairs and Maintenance	26,624	10,000	12,000	12,360
TOTAL OPERATIONS AND MAINTENANCE	122,691	116,850	134,338	138,368
Cost per acre foot @ 645 acre feet	190.22			
Cost per acre foot		146.06	167.92	172.96
Overhead allocation 15% of O and M	28.53	21.91	25.19	25.94

Estimate 3% increase in expenses FY 18-19

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2018-2019**

FUNDED REPLACEMENT RESERVES

Beginning Balance, July 1, 2017		362,660
Collections FY 2017-18		
NCS D	149,439	
WMWC	28,713	
GSWC	28,713	
		206,865
Estimated interest income FY 2017-2018		870
Estimated Ending Balance, June 30, 2018(after collections of June 30, 2018 Invoice)		570,395
Collections FY 2018-19		
NCS D	149,439	
WMWC	28,713	
GSWC	28,713	
		206,865
Estimated interest income FY 2018-19		1,500
Estimated Ending Balance, June 30, 2019 (after collections of June 30, 2019 Invoice)		778,760

Funded Replacement Reserve Requirement - Pursuant to Section XVIII (J)		
CPI Adjustment as of June 30, 2018		
CPI - 2017 Annual	256.210	
CPI - 2016 Annual	(249.246)	
	6.964	
Divide by previous period CPI ÷	249.246	
	0.0279	
	100.000	
X	2.79	
Percent Change		2.79
Maximum Balance computed as of June 30, 2018		3,084,424
Adjusted by CPI June 30, 2018 (\$3,084,424 x 2.79%)		86,055
Maximum Balance adjusted as of June 30, 2019		3,170,479

	CPI INDEX	ADJ	RUNNING BALANCE
			3,000,000
6/30/2016	0.907	27,210	3,027,210
6/30/2017	1.89	57,214	3,084,424
6/30/2018	2.79	86,055	3,170,479

Note: Funds held in separate savings account at Rabobank