

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION 2019-1513**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE NSWP (NIPOMO SUPPLEMENTAL WATER PROJECT)
2019-2020 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 2019-2020 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 Gaddis, and on the following roll call vote, to wit:

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

the foregoing Resolution is hereby passed and adopted this 12th day of June 2019.



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 2019-20**

	Acre Feet Purchase	Cost per Acre Foot (AF)	Total Cost	
Water Purchase Fiscal Year 2019-2020 (see page 2) (A)	850	\$1,700.00	\$1,445,000.00	
NCS D Water O & M Cost per AF ** (see page 3)	850	\$168.94	\$143,599.00	
NCS D Admin Fee per AF (15% of O & M per AF) ** (see page 3)	850	\$25.34	\$21,539.00	
		<u>\$1,894.28</u>	<u>\$1,610,138.00</u>	
**To be adjusted annually based on actual costs				
	TOTAL	NCS D	WMWC	GSWC
1 Phase 1 Supplemental Water Annual Allocation (AF)	800	533.44	133.28	133.28
2 Phase 1 Supplemental Water Delivery Percentages	100.00%	66.68%	16.66%	16.66%
3 Pass-Through Supplemental Water Cost	\$1,445,000	\$963,526	\$240,737	\$240,737
4 Supplemental Water O & M Cost	\$143,599	\$95,752	\$23,924	\$23,924
5 Supplemental Water NCS D Admin Fee	\$21,539	\$14,362	\$3,588	\$3,588
6 Total Annual Supplemental Water Volume Cost	\$1,610,138	\$1,073,640	\$268,249	\$268,249

	TOTAL	NCS D	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)	\$83,783	\$0	\$37,237	\$46,546
10 Yearly Capital Recovery Charge-Interest (1)	\$345,164	\$0	\$194,150	\$151,014
11 Yearly Capital Recovery Charge-Principal (2)	\$6,481	\$0	\$2,875	\$3,606
12 Yearly Capital Recovery Charge-Interest (2)	\$26,691	\$0	\$14,992	\$11,699
13 Yearly Capital Recovery Charge-Principal (3)	\$11,555	\$0	\$5,117	\$6,438
14 Yearly Capital Recovery Charge-Interest (3)	\$47,565	\$0	\$26,677	\$20,888
14 Yearly Capital Recovery Charge-Principal (4)	\$806	\$0	\$356	\$450
15 Yearly Capital Recovery Charge-Interest (4)	\$3,316	\$0	\$1,857	\$1,459
16 Supplemental Water Project Yearly Replacement(5)	\$206,865	\$149,439	\$28,713	\$28,713
17 Total Annual Fixed Supplemental Charges	\$732,226	\$149,439	\$311,974	\$270,813

18 Total Volume and Annual Fixed Charges for Fiscal Year 2019-2020 (Line 6 + Line 18)	\$2,342,364	\$1,223,079	\$580,223	\$539,062
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19 Electrical Pumping Credit (\$223.15 per acre foot-estimated)	(\$63,200)	\$0	(\$31,600)	(\$31,600)
20 SUPPLEMENTAL WATER BUDGET FISCAL YEAR 2019-2020	\$2,279,164	\$1,223,079	\$548,623	\$507,462

(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)	Per applicable amortization schedule as of June 30, 2018
(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

(A) 800 ACRE FEET PER CONTRACT PLUS 50 ACRE FEET FOR OPERATIONAL BUFFER

NCS D = 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**

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

Delivery Years	Minimum Delivery Volume (AFY)
1	645
2-5	800
6-10	1,000
11-Term	2,300

CPI Index - Energy Services - Los Angeles-Riverside-Orange County, CA	
Current	276.771
Base	264.188

Feb-19
May 2013-Date of signed agreement

Assumptions:	
Year 1 Demand (AF)	645
Years 2-5 Demand (AF)	800
Base Costs of Delivery (AF)	\$206.85
CPI Escalator Energy:	2.4%

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	645	\$ 1,496	\$ 204.43	\$ 227.27	\$ 23	\$ 1,516.69	\$ 979,553
Year 2	800	\$ 1,571	\$ 207.16	\$ 223.71	\$ 17	\$ 1,587.32	\$ 1,269,859
Year 3	800	\$ 1,649	\$ 206.62	\$ 191.77	\$ -	\$ 1,649.18	\$ 1,319,345
Year 4	800	\$ 1,649	\$ 213.59	\$ 265.90	\$ 52	\$ 1,701.49	\$ 1,361,194
Year 5	800	\$ 1,649	\$ 211.76	\$ 262.54	\$ 51	\$ 1,699.76	\$ 1,359,811

Brad Whitty:
Per CCWA Draft Budget, 03/19

Brad Whitty:
As of Feb-19 Energy CPI. Subject to change in July-19

FY 2015/16 Rate - Tier 1	\$ 3,434 SM Tier 1 Water Rate (Base) per HCF
	435.60 100 CF units per Acre-Foot
	\$ 1,455.85 Water Rate per AF
FY 2016/17 Rate - Tier 1	\$ 3,605 SM Tier 1 Water Rate (Base) per HCF
	435.60 100 CF units per Acre-Foot
	\$ 1,570.77 Water Rate per AF
FY 2017/18 - FY 2018/19 Rate - Tier 1	\$ 3,786 SM Tier 1 Water Rate (Base) per HCF
	435.60 100 CF units per Acre-Foot
	\$ 1,649.18 Water Rate per AF

Per Brad Whitty, City of Santa Maria, base water rate will remain unchanged on July 1, 2019.

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2019-2020**

OPERATIONS AND MAINTENANCE BUDGET

OPERATIONS AND MAINTENANCE	2017-18 ACTUAL	2018-19 BUDGET	2018-19 EST ACTUAL	2019-20 PROPOSED
Electricity	62,639	67,223	66,078	68,060
Labor (fully weighted)	37,183	30,900	39,042	40,213
Water	608	721	537	553
Chemicals	8,018	11,330	7,587	7,815
Lab Tests	0	258	0	0
Operating Supplies	721	5,150	1,000	1,030
Outside Services	5,275	5,459	1,480	1,524
Permits and Operating Fees	694	721	1,244	1,281
Insurance	4,123	4,247	4,247	4,374
Repairs and Maintenance	12,791	12,360	10,000	10,300
TOTAL OPERATIONS AND MAINTENANCE	132,052	138,368	131,215	135,151
Cost per acre foot @ 800 acre feet	165.07	172.96	164.02	168.94
Overhead allocation 15% of O and M	24.76	25.94	24.60	25.34

Estimate 3% increase in expenses FY 19-20

**NIPOMO COMMUNITY SERVICES DISTRICT
NIPOMO SUPPLEMENTAL WATER PROJECT (NSWP)
BUDGET FOR FISCAL YEAR 2019-2020**

FUNDED REPLACEMENT RESERVES

Beginning Balance, July 1, 2018		570,452
Collections FY 2018-19		
NCS D	149,439	
WMWC	28,713	
GSWC	28,713	
		206,865
Estimated interest income FY 2018-19		13,800
Estimated Ending Balance, June 30, 2019		791,117
Collections FY 2019-20		
NCS D	149,439	
WMWC	28,713	
GSWC	28,713	
		206,865
Estimated interest income FY 2019-20		35,000
Estimated Ending Balance, June 30, 2020		1,032,982

Funded Replacement Reserve Requirement - Pursuant to Section XVIII (J)

CPI Adjustment as of June 30, 2019		
CPI - 2018 Annual	265.962	
CPI - 2017 Annual	(256.210)	
	9.752	
Divide by previous period CPI ÷	256.210	
	0.0381	
	100.000	
Percent Change	3.81	
Maximum Balance computed as of June 30, 2018		3,170,479
Adjusted by CPI June 30, 2019 (\$3,170,479 * 3.81%)		120,478
Maximum Balance adjusted as of June 30, 2020		3,290,957

	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
6/30/2019	3.81	120,478	3,290,957

Note: Funds held in separate savings account at Five Star Bank