



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.

Dear Owners of Record and Customers of Record,

Nipomo Community Services District is advancing a study of its water rates for the purpose of reducing the scheduled 14.7% water rate increase to 4.5%. The 14.7% rate increase is scheduled to take effect December 1, 2020, but if this proposal is approved, the reduced 4.5% rate increase would take effect January 1, 2021. The global pandemic has affected local and worldwide economies and is creating a challenging financial environment for our customers. In response to COVID-19, the Board of Directors instructed staff to provide rate relief for District customers by reducing the rate increase in 2020. The funding deficit created by the 10.2% approved rate reduction will be met by utilizing District reserves and by spreading the cost over future years through 2025.

**COVID-19
RESPONSE**

Effective Date	1-Jan-21	1-Jan-22
PROPOSED 2020	4.5%	8.9%
ADOPTED 2017	<u>14.7%</u>	<u>4.5%</u>
ADJUSTMENT	-10.2%	+4.4%

The proposed water rate adjustment 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 became effective on December 1, 2019 and was based on a 5-year rate study adopted in October 2017. Two major cost factors in the scheduled 14.7% rate increase were (1) the additional supplemental water required to be purchased in 2020, a \$335,000 added cost to the budget, and (2) funds dedicated to rebuilding the District’s operating reserves, \$242,000.

Inflationary factors continue to 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 supplemental water purchasing obligations, 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.

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”). The rate per unit would be the same for all users. Additionally, the proposed rates would extend a rate plan to 2025, when the District will begin (July 1, 2025) to meet its obligation to import 2,500 acre-feet of water annually. The proposed rates are structured to meet the increased financial obligations for importing 60% more water from Santa Maria, without imposing a large rate increase all in one year. The proposed rates would go into effect January 1, 2021. The subsequent year rate increases and a breakdown of costs 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

THE PROPOSED WATER RATES

Proposed Bi-Monthly Fixed Charges with Uniform Rate Structure

	Current Charge	Scheduled Dec. 2020	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
<u>Meter Size</u>			<u>Fixed Charge (\$ per bi-month)</u>				
5/8 thru 1 inch	\$51.59	\$58.26	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	\$67.97	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	\$87.05	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	\$200.11	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	\$253.78	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
			<u>Variable Use Charge (\$ per Hundred Cubic Feet)</u>				
All Consumption	\$5.95	\$6.92	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45
Proposed Rates							

Single-family Residential

Example of 2021 Bi-Monthly Water Bills Including Proposed Rates									
Description	Use (HCF)	<u>Current Bill</u>			<u>Proposed FY 2021 Bill</u>				
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$51.59	\$0.00	\$51.59	\$53.70	\$0.00	\$53.70	\$2.11	4.1%
Very Low	5	\$51.59	\$29.75	\$81.34	\$53.70	\$31.05	\$84.75	\$3.41	4.2%
Low	10	\$51.59	\$59.50	\$111.09	\$53.70	\$62.10	\$115.80	\$4.71	4.2%
Median	17	\$51.59	\$101.15	\$152.74	\$53.70	\$105.57	\$159.27	\$6.53	4.3%
Average	24	\$51.59	\$142.80	\$194.39	\$53.70	\$149.04	\$202.74	\$8.35	4.3%
High	40	\$51.59	\$238.00	\$289.59	\$53.70	\$248.40	\$302.10	\$12.51	4.3%
Very High	50	\$51.59	\$297.50	\$349.09	\$53.70	\$310.50	\$364.20	\$15.11	4.3%

Impact of Proposed Bi-Monthly Fixed Charges with Uniform Rate Structure Over Time							
Description	Use (HCF)	Current Bill	January 1, 2021 Bill	January 1, 2022 Bill	January 1, 2023 Bill	January 1, 2024 Bill	January 1, 2025 Bill
	0	\$51.59	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
Very Low	5	\$81.34	\$84.75	\$94.12	\$103.78	\$114.25	\$125.37
Low	10	\$111.09	\$115.80	\$127.52	\$139.83	\$153.25	\$167.62
Median	17	\$152.74	\$159.27	\$174.28	\$190.30	\$207.85	\$226.77
Average	24	\$194.39	\$202.74	\$221.04	\$240.77	\$262.45	\$285.92
High	40	\$289.59	\$302.10	\$327.92	\$356.13	\$387.25	\$421.12
Very High	50	\$349.09	\$364.20	\$394.72	\$428.23	\$465.25	\$505.62

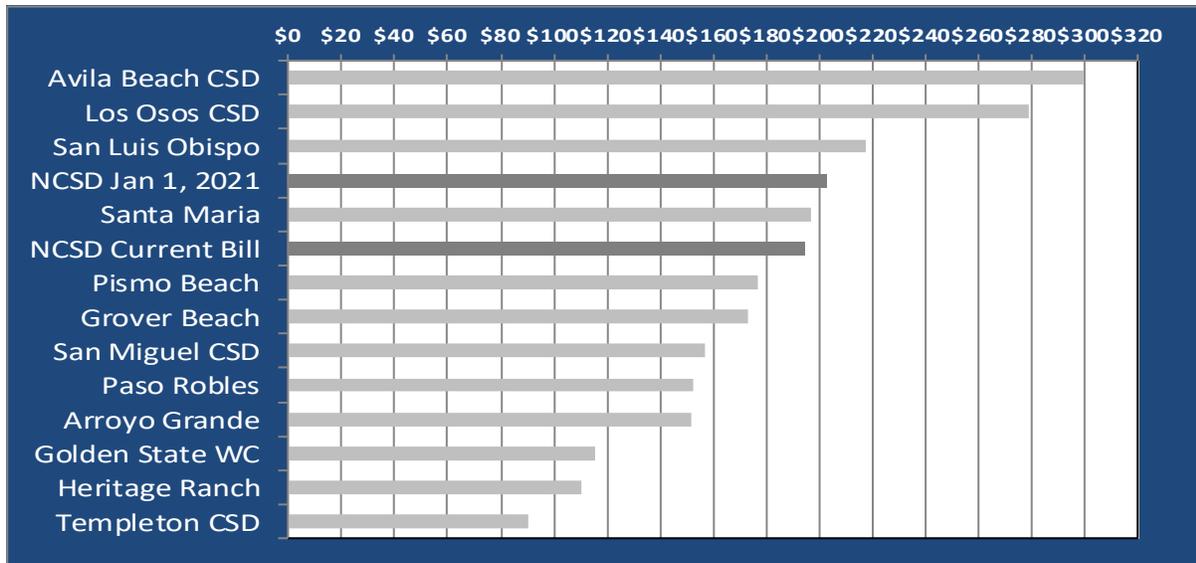
Proposed Bi-Monthly Private Fire Protection Charges

Fireline Size	Fireline Ratio	Current Charge	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
1 inch	0.01	\$0.77	\$0.47	\$0.54	\$0.60	\$0.67	\$0.74
1-1/2 inch	0.03	\$2.25	\$1.36	\$1.57	\$1.74	\$1.94	\$2.16
2 inch	0.06	\$4.79	\$2.90	\$3.34	\$3.71	\$4.13	\$4.61
3 inch	0.16	\$13.91	\$8.41	\$9.70	\$10.78	\$11.99	\$13.39
4 inch	0.34	\$29.65	\$17.93	\$20.68	\$22.97	\$25.56	\$28.52
6 inch	1.00	\$86.13	\$52.08	\$60.07	\$66.73	\$74.25	\$82.86

SINGLE FAMILY BILL COMPARISON WITH OTHER LOCAL AGENCIES

The District's water rates are determined by our mix of low-cost groundwater and more expensive imported water from the City of Santa Maria. The District is obligated to purchase increased amounts of import water thereby reducing the demand and cost savings of low-cost groundwater.

Comparison of Single-family Residential Bi-monthly Water Bills at 25 HCF Bi-monthly for 2021



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

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 NCSO 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 NCSO.

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 increase at any time that such costs are increased to the District during the five-year period from January 1, 2021 to January 1, 2025, as allowed under section 53756 of the California Government Code.

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

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GENERAL MANAGER

Mario Iglesias

APN "APN Number"

Customer Name

Address

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 October 28, 2020, 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.

Limited space for in-person participation will be available and divided to enforce social distancing. Members of the public who attend in person must wear an appropriate face-covering. 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.

PUBLIC HEARING

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

October 28, 2020 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 January 1, 2021. A legal challenge, if any, will be limited to the issues raised at the public hearing.

AVAILABILITY OF STUDIES, REPORTS, AND INFORMATION

Additional information on the proposed water rates is available in the *Water Rate Study - August 2020* 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.