

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS  
GENERAL MANAGER

DATE: OCTOBER 23, 2020

## AGENDA ITEM

### E-1

OCTOBER 28, 2020

## CONDUCT PROTEST HEARING, DETERMINE PROTEST STATUS, AND IF THERE IS NOT A MAJORITY PROTEST, CONSIDER ADOPTION OF RESOLUTION INCREASING DISTRICT WATER USER FEES

### ITEM

Conduct Protest Hearing, determine protest status, and if there is not a majority protest, consider adoption of Resolution increasing District water user fees [RECOMMEND CONDUCT PUBLIC HEARING AND IF THERE IS NO MAJORITY PROTEST, ADOPT RESOLUTION INCREASING WATER USER FEES].

### INTRODUCTION

The information provided in this staff report for your Board's review is sectioned under the following headings. A brief description of each heading is provided for clarity.

- Background – A brief history of prior Board actions
- Public Hearing for Rate Adoption and Rate Schedule
- Use of Water Revenue – Definition of how water revenue is to be applied
- Strategic Plan – How the item adheres to the District mission and vision.
- Fiscal Impact – Defines the purpose of proposing the item
- Recommendation – Staff's recommendation for the item
- Attachments – Supporting documentation needed to better understand item

In general, the item being heard by your Board discusses the necessity for adjusting the water rates and charges. Of some significance, the proposed water rates, if approved, will cancel the water rate increases scheduled to take effect on December 1, 2020 (14.7%) and 2021 (4.5%). The proposed rate schedule addresses rate adjustments for 5 years, starting January 1, 2021 with the last increase scheduled for January 1, 2025.

Table 1. Proposed Rate Schedule

Proposed Bi-Monthly Fixed and Variable Charges - Uniform Volume Rate Structure							
	Current	14.7	4.5	8.9	8.9	8.9	8.9
	Fixed Charge	Scheduled	January 1,	January 1,	January 1,	January 1,	January 1,
		Dec. 2020	2021	2022	2023	2024	2025
Buy Water from City		1,000 AcFt	1,000 AcFt	1,000 AcFt	1,000 AcFt	1,000 AcFt	2,500 AcFt
Meter Size		Fixed Charge (\$ per bi-month)					
5/8 thru 1 inch	\$51.59	<del>\$58.26</del>	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	<del>\$67.97</del>	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	<del>\$87.05</del>	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	<del>\$200.11</del>	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	<del>\$253.78</del>	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
6 inch	\$372.90	<del>\$406.41</del>	\$631.28	\$697.07	\$766.35	\$840.66	\$919.47
8 inch	\$538.01	<del>\$580.83</del>	\$995.04	\$1,095.60	\$1,202.00	\$1,316.33	\$1,437.85
			Variable Charge (\$ per HCF)				
All Consumption	\$5.95	<del>\$6.92</del>	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45

Table 1. Proposed Rate Schedule shows the December 2020 current rate that will take effect if the proposed rate scheduled in the 2020 Rate Study is not adopted. The proposed 2020 rate schedule addresses the Board of Director's desire to reduce the December 1, 2020 rate of 14.7% and accomplishes critical funding tasks that will assure the financial needs of the Water Enterprise are met.

### **BACKGROUND**

At your April 22, 2020 Board Meeting, your Board directed staff to prepare a water rate study, with the aid of our Consultant, that would take into consideration and provide rate relief from the previously approved 14.7% water rate adjustment scheduled to take effect December 2020. Additionally, the Consultant was directed to build a rate structure that would address the financial needs of the Water Enterprise as it moved through Fiscal Year 2025-26. At that time, Nipomo Community Services District ("District") is obligated to take or pay for 1,667 acre feet per year of water (AFY), the District's portion of the 2,500 AFY to be imported from the City of Santa Maria. The water imported from the City of Santa Maria will come at a significantly higher cost than the District's cost of pumping groundwater.

The Consultant completed the draft outline of the requested 5-year proposed water rate structure which includes a 10-year financial plan. The Consultant presented his analysis to the District's Finance and Audit Committee at their July 1, 2020 meeting. The Finance and Audit Committee members received the presentation and directed staff to bring the presentation forward to the District's Board of Directors for review and discussion. The Consultant presented the draft rate study recommendations at your Board's July 22, 2020 Board Meeting.

Included in the Consultant's report were two rate structure methodologies for Board consideration. Both rate structures comply with regulatory requirements for rate development and justification. One methodology continues the District's current uniformed pricing policy, where each unit of water sold is priced uniformly. The other methodology looks at meeting developing water conservation regulations, and focuses on allocating the real costs of interior and exterior water production in a tiered rate structure. Although the District moved away from tiered rates after the San Juan Capistrano ruling narrowed its applicability several years ago, multiple factors warranted a revisiting of the tiered rate methodology. The tiered rate structure struck down in the San Juan Capistrano decision was not supported by the factual and financial record the Consultant has produced, which shows why the cost of water increases as customers use more water. Based on these findings and other considerations, your Board directed the Consultant to include both methodologies in the water rate report, but ultimately selected the current uniformed pricing policy.

At your Board's August 26, 2020 Board Meeting, your Board took the following actions:

1. Approved the August 2020 Water Rate Study
2. Approved the Water Rate Adoption Schedule
3. Approved the Proposition 218 Rate Notice and directed staff to initiate Proposition 218 proceedings
4. Set 9:00 AM Wednesday, October 28, 2020, your Board's Regularly Scheduled Board Meeting, as the date and time for the public hearing.

**PUBLIC HEARING FOR RATE ADOPTION**

Adoption of new rates and charges requires a public hearing process in compliance with Proposition 218. Following your Board's August 26, 2020 approval of the Rate Study, a Public Notice was mailed to all owners of record and customers of record impacted by the proposed new fees. The water enterprise serves 4,471 parcels. By State law, a successful majority protest vote requires 50%+1 or 2,236 of the parcel owners to file a valid written protest.

The schedule to rate adoption is as follows:

Date	Description
April 22, 2020	Board Meeting: Considers Rate Normalization
May 13, 2020	Board Meeting: Awards Rate Study Contract
July 22, 2020	Board Meeting: Receives Rate Study Presentation
August 26, 2020	Board Meeting: Approves Rate Study, Initiates Prop. 218 Process
September 3, 2020	Mail 45-Day Prop 218 Notice
September 30, 2020	Community Outreach (Presentation on District Website)
October 28, 2020	Board Meeting: Board Approves Rates
January 1, 2021	Rate Becomes Effective

As of the date of this staff report, 108 written protests have been received. The written protests will be inspected for validity following the close of the hearing, if required.

**USE OF WATER REVENUES**

The District's water system is operated as a separate enterprise from all other services it provides to the community. The revenues derived from the water rate increase do not exceed the funds required to provide water service because the rates are calculated to provide:

- Provide sufficient funds for on-going operation and maintenance for the District Water System.
- Rehabilitate, replace and upgrade facilities needed to provide services for the District Water System.
- Establish reserves to reduce risk and prudently manage the District's delivery of water resources.

Water revenues collected from water customers are deposited into designated accounts and cannot be used for any purpose other than that for which the charge is imposed as outlined above. For further information of the use of water revenues, please see the attached 2020 Water Rate Study.

**STRATEGIC PLAN**

The District is committed to operating all enterprise funds to be balanced and financially sound. Specific to reaching this outcome, the District focuses on maintaining reserves that cover unforeseen emergencies, anticipate cash flow variations, and sustain its debt service coverage ratios as required. In order to accomplish this, the rates and charges must reflect the cost of providing services, including the cost of replacing and/or rehabilitating aging facilities, daily operations and maintenance, and financial obligations of the District.

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

**FISCAL IMPACT**

Historically, the District conducts rate studies every 5 years to look forward and determine if water rates and charges will meet the cost of service. The 2020 Rate Study however, seeks to adjust rates three years into the 2017 Rate Study, potentially cancelling rate increases for the last 2 years. If there is no majority protest vote, then the 2020 Rate Study's rate adjustment schedule will cancel the 2017 Rate Study's rate adjustment for 2020 and 2021.

If adopted, the 2020 Rate Study will cancel the December 1, 2020 rate increase of 14.7% and replace it with a rate adjustment of 4.5% effective on January 1, 2021. The 2021 revenue shortfall that the proposed rate decrease will cause in the water fund for 2021, will be offset by drawing down water reserve and stabilization funds. The proposed rate schedule includes rebuilding water reserve and stabilization funds in subsequent years 2022 through 2025.

If approved, the new water rate would become effective January 1, 2021. Without increased rates as proposed, revenues will not meet expenditure demands, reserve levels will not meet District policy levels, and debt coverage requirements would fall below defined bond covenant levels.

**RECOMMENDATION**

Staff recommends as follows:

1. Conduct Public Hearing, receive Public Comment, and receive Written Protest;
2. Close Public Hearing;
3. Establish number of valid Written Protests that have been submitted per Prop 218 Article XIII D of the California Constitution;
4. If there is no majority protest, adopt Resolution 2020-xxxx Water Rate Increase; or
5. If there is a Majority Protest, direct staff to develop alternatives.

**ATTACHMENTS**

- A. Report on Water Rate Study, August 2020
- B. Resolution 2020-xxxx, Setting Bi-Monthly Water Rates and Charges and Private Fire Protection Charges
- C. Proposition 218 Notice to Owners of Record and Customers of Record
- D. Public Outreach Presentation

OCTOBER 28, 2020

ITEM E-1

ATTACHMENT A



**Report on**

# **Water Rate Study**

**August 2020**

For:

**Nipomo Community Services District**

148 S Wilson Street  
Nipomo, CA 93444  
(805) 929-1133

Submitted By:

**Tuckfield & Associates**

Contact: Clayton Tuckfield  
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# Tuckfield & Associates

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Email [ctuckfield@tuckfieldassociates.com](mailto:ctuckfield@tuckfieldassociates.com)

August 27, 2020

Mr. Mario Iglesias  
General Manager  
Nipomo Community Services District  
148 South Wilson Street  
Nipomo, CA 93444

Dear Mr. Iglesias:

Tuckfield & Associates is pleased to provide this Water Rate Study (Study) report to the Nipomo Community Services District (District). This Study reviewed records and documents of the District and performed various analyses for the purpose of reducing the impact of the currently scheduled 14.7 percent revenue increase scheduled for December 1, 2020 while recognizing the effects of Corona Virus COVID-19 and its financial impacts on the community.

The Study develops a five-year financial plan that provides a pathway forward to reduce financial impacts to customers as well as present two water rate structure alternatives. The first alternative is the current uniform volume rate structure that is currently used by the District. The second is a tiered rate structure that would move the District toward the rate structure discussed in AB 1669 and SB 606 and is provided for the District's consideration. This legislation requires the Department of Water Resources and State Water Resources Control Board to develop standards for indoor and outdoor water use by June 30, 2022 and requires water suppliers to calculate their water use objective by November 2023.

The water rates developed in this Study are based on cost of service principles and follow industry trade guidelines of the American Water Works Association as well as state legislation. The report outlines the approach, methodology, and findings for the District's water rates. Tables and discussion throughout the report provide the documentation necessary to support defensible water rates for the District.

It has been a pleasure to work with District staff during the performance of this study. If there are any questions, please contact me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield  
Principal Consultant



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# Water Rate Study

## Nipomo Community Services District

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# Water Rate Study

## Nipomo Community Services District

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# **Water Rate Study**

## **Nipomo Community Services District**

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# Executive Summary

The Nipomo Community Services District (District) engaged Tuckfield & Associates in November 2019 to conduct a Water Rate Study (Study) for its water enterprise. The previous water rate study for the District was completed in July 2017 and included a revenue increase of 14.7 percent effective December 1, 2020. The purpose of this Study is to reduce the financial impact of the December 1, 2020 increase as well as reduce any financial hardship caused by the Corona virus COVID-19 on customers within the District's service area.

This Study includes development of a financial plan of revenues and revenue requirements of the District's water system and supplemental water system (together the "System"), analyses to determine the costs of providing water service to its customers, and proposed water rates and charges for implementation.

## Financial Plan

The revenue and revenue requirements of the System were identified and projected to create a forward-looking financial plan of the water enterprise. Annual costs of the System include operation and maintenance expense (O&M), supplemental water purchases, debt service, and annual capital replacement.

The District's FY 2020-21 budget expenses are included in the financial plan and future expenses were projected through application of inflation factors to the budgeted expenses to complete a five-year plan. Annual replacement capital related to both the water system and supplemental water system is an annual financial obligation and is included in the financial plan. Debt service payments of the 2013 and 2013A Certificates of Participation (COPs) are also included in the financial plan which are partially offset by property taxes received by the District.

The District has prepared a Capital Improvement Program (CIP) for FY 2019-20 through FY 2024-25. Costs for projects in this five-year CIP, and costs for projects awarded in the current year, total about \$13.8 million. The District anticipates that all CIP improvements can be funded with reserves and replacement transfers received into the Water Replacement Fund (Fund 805), Water Capacity Fund (700), and Supplemental Water Capacity Fund (Fund 500) funds.

The District combined the water system (Fund 125) and the supplemental water system (Fund 126) on July 1, 2017 and Fund 125 was used to evaluate the sufficiency of revenue, using the District's current water rates to meet the projected revenue requirements (costs) of the System. The analyses indicated that the currently scheduled revenue increases could be modified to reduce the 14.7 percent December 1, 2020 increase to a near inflationary level and implement equal annual increases that would meet the additional take-or-pay Supplemental Water expense that the District will face in FY 25-26 while also meeting Target reserve levels and debt service coverage ratios for the System. Increases in revenue consisting of a 4.5 percent increase beginning January 1, 2021, followed by 8.9 percent annual increases January 1, 2022 through January 1, 2025 should meet the District's purpose and objectives of this Study. The financial plan is presented in Table 12.

## Current Water Rates

The current water rates for the District's customers consist of fixed charges and variable charges. Current fixed charges consist of bi-monthly charges by meter size applicable to all customers. Variable charges include a

uniform volume charge where all water consumed by the District's customers are charged at the same rate. The current water rates are summarized in Table 3.

## Recent Legislation

In 2018, AB 1668 and SB 6060 were passed to provide a pathway to ensure that the state has enough water to supply future water needs. The legislation directs the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) to develop and adopt standards for indoor and outdoor residential water use as well as Commercial/Industrial/Institutional (CII) landscape water use with dedicated meters. The goals are efficient water use statewide and to better prepare for longer and more severe droughts.

The DWR and SWRCB agencies prepared a handbook titled "Making Conservation a California Way of Life" which outlines the timeline and responsibilities for the agencies and water suppliers while promoting a water budget rate structure. The handbook states that the SWRCB will develop and adopt water use standards by June 30, 2022. Each water supplier will need to calculate its water "objective" for water needed in its service area based on the standards by November 2023. Water suppliers not meeting its "objective" will be subject to enforcement.

## Proposed Water Rate Structures and Rates

Two water rate structure and rate alternatives have been designed for this Study. The first is the uniform volume rate structure which is currently employed by the District, and the second is a tiered water rate structure.

### Uniform Volume Rate Structure Alternative

The proposed uniform volume rate structure alternative is the same as is currently used by the District. The fixed charges consist of bi-monthly fixed charges based on meter size installed at the customers premise. Detail of the design of the fixed charges can be found in the section of this Water Rate Study Report (Report) titled Proposed Fixed Charges on page 19. The proposed fixed charges generate about 25 percent of the revenue received from water rates. The uniform volume variable rate is a charge to all water consumed and applicable to all customer classes and details may be found on page 21. Table ES-1 presents the proposed uniform volume rate structure fixed and variable charges for the System.

**Table ES-1**  
**Proposed Bi-Monthly Fixed and Variable Charges with Uniform Volume Rate Structure**

	Current Rate	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Meter Size	Fixed Charge (\$ per bi-month)					
5/8 thru 1 inch	\$51.59	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
6 inch	\$372.90	\$631.28	\$697.07	\$766.35	\$840.66	\$919.47
8 inch	\$538.01	\$995.04	\$1,095.60	\$1,202.00	\$1,316.33	\$1,437.85
	Variable Charge (\$ per HCF)					
All Consumption	\$5.95	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45



### Residential Bill Impacts with Uniform Volume Rate Structure

Table ES-2 presents the impacts to District single-family residential bills from the proposed uniform volume rate structure using the January 1, 2021 rates. The table shows that the water bill of an average single-family residential customer using 24 hundred cubic feet (HCF) bi-monthly will increase from \$194.39 to \$202.74, an increase of \$8.35, or 4.3 percent.

**Table ES-2**  
**Comparison of District Single-family Residential Current Bi-Monthly Bill with**  
**Proposed Bi-Monthly Bill Using January 2021 Uniform Volume Rate Structure and Rates**

Description	Use (HCF)	Current Bill			Proposed FY 20-21 Bill				
		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%

### Tiered Rate Structure Alternative

The proposed tiered rate structure alternative designed in this Study is intended to move the District toward the water budget rate structure that is likely to occur from the legislation discussed above. Tier definitions have been developed and consist of the following.

Tier 1 is defined as consumption to provide basic indoor water use. For Single-family Residential (SFR) customers, Tier 1 is based on 3.08 persons per household (pph) (from Census.gov for Nipomo CDP for years 2014-2018) using 55 gallons per capita per day (gpcd) resulting in a Tier 1 breakpoint of 14 HCF. This calculation is provided below.

$$\text{Tier 1} = 3.08 \text{ pph} * 55 \text{ gpcd} * \frac{365 \text{ days}}{\text{year}} * \frac{1 \text{ HCF}}{748 \text{ gal}} * \frac{1 \text{ year}}{6 \text{ bills}} = \sim 14 \text{ HCF}$$

*pph* = persons per household

*gpcd* = gallons per capita per day

*HCF* = hundred cubic feet

*gal* = gallons

Tier 2 is defined as consumption related to outdoor water use. The outdoor water use for a water budget rate structure depends upon the size of the irrigated area, climate, and other factors. The District does not currently have the information available needed to determine water budgets for the outdoor water use by parcel, nor is the billing system capable to implement the water budget rate structure.

For this Study, Tier 2 is further defined as water consumption up to the average bi-monthly SFR summer peak demand which was determined from billing information to be 32 HCF. Tier 3 is defined as water use above Tier 2. The SFR Tier structure is provided in Table ES-3 below.



Table ES-3  
Single-family Residential Tiered Rate Structure

Tier	Current	Proposed Tiers
Tier 1	No Tier	0 to 14 units
Tier 2	No Tier	15 to 32 units
Tier 3	No Tier	Over 32 units

The District's annual costs for FY 20-21 were allocated according to American Water Works Association (AWWA) industry methods while also following Proposition 218 and the recent San Juan Capistrano court decision. The cost allocation is the same for each water rate alternative and therefore the fixed charges are identical for either alternative. The method used to design the tiered rates for the single-family residential class as well as the other District classes are provided in the Report section titled Tiered Rate Structure Alternative on page 23. Table ES-4 provides the proposed tiered water rate structure fixed and variable charges.

Table ES-4  
Proposed Bi-Monthly Fixed and Variable Charges with Tiered Rate Structure

	Current Rate	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Meter Size	Fixed Charge (\$ per bi-month)					
5/8 thru 1 inch	\$51.59	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
6 inch	\$372.90	\$631.28	\$697.07	\$766.35	\$840.66	\$919.47
8 inch	\$538.01	\$995.04	\$1,095.60	\$1,202.00	\$1,316.33	\$1,437.85
	Variable Charge (\$ per HCF)					
<b>Single-family Residential</b>						
Tier 1 - 0 to 14 units	\$5.95	\$3.64	\$4.01	\$4.40	\$4.82	\$5.28
Tier 2 - 15 to 32 units	\$5.95	\$7.01	\$7.45	\$7.99	\$8.58	\$9.24
Tier 3 - Over 32 units	\$5.95	\$9.29	\$9.99	\$10.77	\$11.64	\$12.60
<b>Multifamily Residential</b>	\$5.95	\$5.78	\$6.21	\$6.71	\$7.26	\$7.86
<b>Commercial</b>	\$5.95	\$7.05	\$7.51	\$8.08	\$8.70	\$9.38
<b>Agriculture</b>	\$5.95	\$8.06	\$8.57	\$9.20	\$9.90	\$10.67
<b>Construction/Hydrant</b>	\$5.95	\$7.79	\$8.40	\$9.08	\$9.84	\$10.67
<b>Irrigation</b>	\$5.95	\$8.10	\$8.65	\$9.30	\$10.03	\$10.82

### Residential Bill Impacts with Tiered Rate Structure

Table ES-5 presents the impacts to District single-family residential bills from the proposed tiered rate structure using the January 1, 2021 rates. The table shows that the water bill of an average single-family residential customer using 24 hundred cubic feet (HCF) bi-monthly will decrease from \$194.39 to \$174.76, a decrease of

\$19.63, or 10.1 percent. However, customers that consume more than the average will experience an increase in their bi-monthly bill as shown in table.

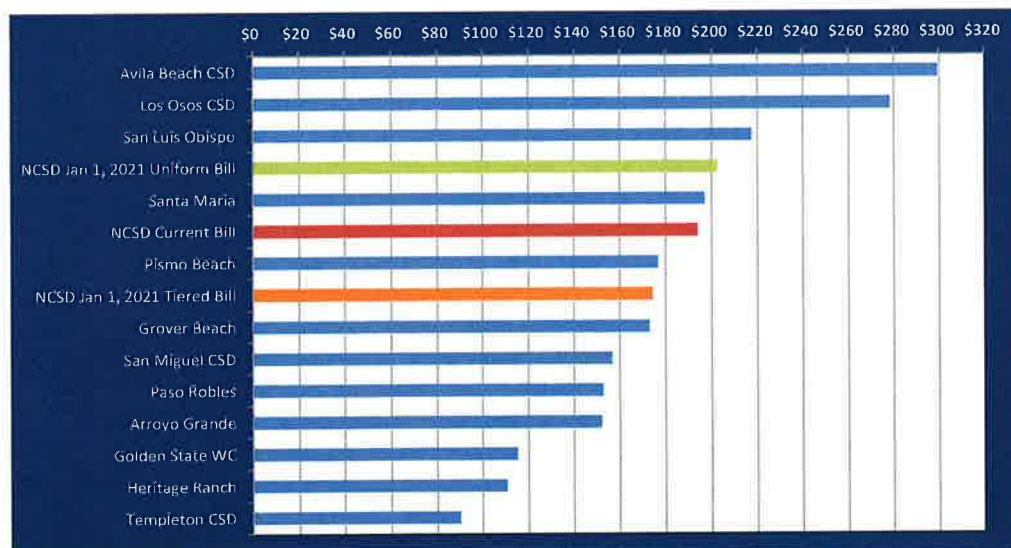
**Table ES-5**  
**Comparison of District Single-family Residential Current Bi-Monthly Bill with Proposed Bi-Monthly Bill Using January 2021 Tiered Rate Structure and Rates**

Description	Use (HCF)	Current Bill			Proposed FY 20-21 Bill				
		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	\$18.20	\$71.90	(\$9.44)	-11.6%
Low	10	\$51.59	\$59.50	\$111.09	\$53.70	\$36.40	\$90.10	(\$20.99)	-18.9%
Median	17	\$51.59	\$101.15	\$152.74	\$53.70	\$71.99	\$125.69	(\$27.05)	-17.7%
Average	24	\$51.59	\$142.80	\$194.39	\$53.70	\$121.06	\$174.76	(\$19.63)	-10.1%
High	40	\$51.59	\$238.00	\$289.59	\$53.70	\$251.46	\$305.16	\$15.57	5.4%
Very High	50	\$51.59	\$297.50	\$349.09	\$53.70	\$344.36	\$398.06	\$48.97	14.0%

## Water Rate Survey

Chart ES-1 compares the District's single-family residential water bill with water bills of other communities. The chart indicates that a District single-family residential customer with a bi-monthly consumption of 24 hundred cubic feet (HCF) will experience a bill that is in upper range of the communities listed for the uniform volume rate structure bill but in the mid-range for the tiered rate structure bill.

**Chart ES-1**  
**Survey of Single-family Residential Bi-Monthly Water Bills Using 24 HCF**  
**For Rates in Effect July 2020**



Note: Above table uses water rates in effect July 2020. District January 2021 bill is based on the rate structure and rates in Tables ES-1 and ES-4.

## Impact of Water Sales Volume Reduction

If the District experienced a twenty percent reduction in water consumption, a revenue loss of about \$940,000 is expected to occur. The District's Operating Reserve and the Rate Stabilization Reserve as of July 1, 2020 total a combined \$2.9 million and the District is able to absorb this loss for one year.

## Introduction

The Nipomo Community Services District (District) engaged Tuckfield & Associates in November 2019 to conduct a Water Rate Study (Study) for its water enterprise. This Study includes development of a financial plan of revenues and revenue requirements of the water enterprise system ("System"), various analyses to determine the cost of providing water service, and new water rates and charges for implementation.

## Background

The Nipomo Community Services District was formed in 1965 and covers an area of approximately 3,917 acres. The District is located in the central coastal region of the state of California in San Luis Obispo County, north of Los Angeles by approximately 175 miles. The District serves a population of over 17,445 (from 2018 American Community Survey for Nipomo CDP from Census.gov) and provides water service within the District's service area. Water service is accounted for in an enterprise fund of the District and relies upon user charges to meet all financial obligations.

Currently, the District obtains its water supply from five active wells and from supplemental water supply from the City of Santa Maria. The five wells have a capacity of 2,500 gpm and extract water primarily from the Nipomo Mesa Management Area (NMMA) of the Santa Maria Groundwater Basin (Basin).

The District has an agreement with the City of Santa Maria to receive water that is supplemental to the District's groundwater supply (Supplemental Water). The agreement states that the District must take-or-pay 800 acre-feet per year (AFY) of Supplemental Water in FY 15-16 through FY 19-20, 1,000 AFY in FY 20-21 through FY 24-25, then 2,500 AFY for years beyond FY 24-25. The District's share of the Supplemental Water is 66.67 percent of the annual AFY and associated costs.

In addition to water supply facilities, the water system includes five above ground storage reservoirs (tanks) and approximately 85 miles of distribution mains. The tanks have a storage capacity of 4 million gallons while the distribution system consists of piping ranging in size from 6 inches to 24 inches, valves, fire hydrants, and over 4,000 service connections.

## Purpose

The District's July 2017 water rate study identified annual revenue increases needed by the water system that included a 14.7 percent increase December 1, 2020. The purpose of this Study is to (1) review the current and future financial status of the District's water enterprise including supplemental water expenses, (2) determine new revenue increases required that will reduce the financial impact to customers from the currently scheduled December 1, 2020 revenue increase which will assist to reduce financial hardships experienced by customers from the Corona virus COVID-19, (3) provide for adequate reserves and debt service coverage, and (4) design water

rates that generate the required revenue while being fair and equitable for its customers and meeting requirements of Proposition 218.

## Scope of the Study

This Study includes the findings and recommendations of analyzing the water enterprise financial status and related CIP of the System. Historical trends were analyzed from data supplied by the District showing the number of customers, water consumption volumes, revenue, and revenue requirements.

Revenue requirements of the System include operation and maintenance expense, routine capital outlays, debt service, replacement transfers, and additions to reserves. Changing conditions such as additional facilities, system growth, employee additions, and non-recurring maintenance expenditures are recognized. Inflation for ongoing expenditures is included to reflect cost escalation.

The financial plan and rates developed herein are based on funding of the capital improvement plan as stated as well as estimates of operation and maintenance expenses developed from information provided by the District. Deviation from the financial plans, construction cost estimates and funding requirements, major operational changes, or other financial policy changes that were not foreseen, may result in the need for lower or higher revenue than anticipated. It is suggested that the District conduct an update to the rate study at least every three years for prudent rate planning.

## Assumptions

Several assumptions were used to conduct the Study for the period FY 2019-20 to FY 2024-25. The assumptions included growth rates in customer accounts, interest earnings on fund reserves, and expense inflation factors. The assumptions for financial planning are provided in Table 1.

Table 1  
Assumptions and Planning Factors

Description	Value
<b>Annual Account &amp; Demand growth [1]</b>	
Single-family Residential	0.5%
All Other	0.0%
<b>Interest earnings on fund reserves (annual)</b>	1.0%
<b>Cost Escalation</b>	
Purchased Water	5%
Personnel Services [2]	5%
Benefits	5%
Electrical Power	3%
All Other Operations & Maintenance	3%
Chemicals	2%
Capital	3%

[1] Annualized growth in water accounts is based on historical information provided by staff.

[2] Personnel Services growth in promotions and inflation is 5.0% annually.

## Water Funds and Reserve Policy

The District has a written water system reserve policy provided in Resolution No. 2018-1489 (Reserve Policy). The Reserve Policy provides a basis to deal with unanticipated loss in revenues, changes in the costs of providing services, spending for fixed asset repair and replacement, natural disaster recovery, and other issues. It also provides guidelines to maintain the financial health and stability of the enterprise funds. The District's water system funds, reserve types, and the amount of the reserves are discussed below.

**Water Fund #125 Operating Reserve** – The purpose of this reserve is to ensure sufficient cash resources are available to fund daily administration, operations, and maintenance of providing water service. The target balance to be maintained, including Water Fund #128 Rate Stabilization Reserves, is equal to or greater than 12 months (360 days) of annual budgeted operation and maintenance expense, not including funded replacement.

**Water Fund #128 Rate Stabilization Reserve** – The rate stabilization reserve is intended to serve as a buffer to water rates during any period where there are unexpected increases in operating costs or decreases in revenue. This reserve is also intended to absorb revenue losses due to severe drought or heavy rainfall. The reserve may be drawn into Fund 125 to stabilize water rates and may provide level increases to water rates. The minimum target reserve is established at \$400,000.

**Supplemental Water Fund #500** – Revenue generated from Supplemental Water Capacity Charges are accumulated into this fund and their use is restricted to projects, programs, and expenditures that reduce the District's reliance on groundwater. No minimum target reserve level has been established.

**Water Capacity Charges Fund #700** – Revenue generated from Water Capacity Charges are accumulated into this fund and is used to offset development related capital improvement as outlined by the District's Capital Improvement plan. No minimum target reserve level has been established.

**Water Replacement Fund #805 Reserve** – The Water Replacement Reserve is used to fund current and future replacement of capital assets as they reach the end of their useful lives. This fund also helps to normalize the impact of capital asset replacements on future water rates. No minimum target is established.

## Beginning Balances and Reserve Targets

The District's goal is to maintain operating and capital reserves as discussed above. As of June 30, 2019, the District's beginning water system reserve balances are listed in Table 2 below. The cash balances are used in the development of the financial plans for the System with the intent to meet the Target Reserves established in Resolution 2018-1489 during or by the end of a 10-year planning period.

Table 2  
June 30, 2020 Reserve Balances and Reserve Targets

Reserve Type	Reserve Balance	Reserve Target
Fund 125 Water Operating Reserve	\$2,500,000	\$3,179,000
Fund 128 Rate Stabilization	\$427,000	\$400,000
Fund 500 SWP Capital Project	\$2,400,000	n/a
Fund 700 Water Capacity Fund	\$1,918,000	n/a
Fund 805 Water Replacement Fund	\$4,800,000	n/a
Total	\$12,045,000	\$3,579,000



## Financial Planning

Financial planning for the System includes identifying and projecting revenues and revenue requirements for a ten-year planning period. Estimates of revenue from various sources are compared with the projected revenue requirements of the System. This comparison allows the review of the adequacy of existing revenue to meet annual System obligations and provide the basis for any rate adjustments. New water rates and charges are created to recover the District's annual operating and capital costs associated with the System.

### Current Water Rates

The current water rates consist of fixed and variable charges to residential and non-residential customers of the System. All customers are charged bi-monthly fixed charges by meter size with the 5/8-inch, ¾-inch, and 1-inch meters exhibiting the same charge. Private fire protection service is charged to those customers receiving this benefit.

Variable charges include a uniform volume charge applicable to all customers. Customers are charged for all water consumed at the same rate. The uniform volume charge includes both groundwater and Supplemental Water. Current bi-monthly fixed and variable charges of the District are provided in Table 3.

Table 3  
Current Water Bi-monthly Fixed and Variable Charges

Meter Size	Fixed Charge	Classification	Variable Rate (\$/HCF)
5/8, 3/4, 1-inch	\$51.59	All Customers	\$5.95
1-1/2 inch	\$60.87		
2 inch	\$78.43		
3 inch	\$178.85		
4 inch	\$228.44		
6 inch	\$372.90		
8 inch	\$538.01		

## Water User Classifications

### Number of Customers

The District currently classifies customers as Single-family Residential (SFR), Multifamily Residential (MFR), Commercial, Agriculture, Construction Hydrant, and Irrigation. SFR customers account for about 85 percent of the total customers served by the System. Growth is projected only in SFR accounts at the rate of 0.50 percent annually or about 20 accounts added each year, following the assumptions in Table 1. Table 4 provides the historical and projected number of customers by classification.

Table 4  
Historical and Projected Water Customers by Classification

Customer Class	Historical	Projected					
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
<b>Number of Accounts</b>							
Single-family Residential [1]	3,705	3,725	3,745	3,765	3,785	3,805	3,825
Multifamily Residential	449	449	449	449	449	449	449
Commercial	102	102	102	102	102	102	102
Agriculture	1	1	1	1	1	1	1
Construction/Hydrant	9	9	9	9	9	9	9
Irrigation	87	87	87	87	87	87	87
<b>Total Accounts</b>	<b>4,353</b>	<b>4,373</b>	<b>4,393</b>	<b>4,413</b>	<b>4,433</b>	<b>4,453</b>	<b>4,473</b>
<b>Fire Protection</b>							
Public Fire Protection	660	660	660	660	660	660	660
Private Fire Protection	43	43	43	43	43	43	43
<b>Total Fire Protection Hydrants</b>	<b>703</b>	<b>703</b>	<b>703</b>	<b>703</b>	<b>703</b>	<b>703</b>	<b>703</b>
<b>Number of Dwelling Units</b>							
Single-family Residential [1]	3,705	3,725	3,745	3,765	3,785	3,805	3,825
Multifamily Residential	948	948	948	948	948	948	948

[1] Residential accounts are forecast to increase based on the assumed growth rate of 0.5% annually.

## Number of Water Meters

Nearly all SFR and MFR residential customers have either 5/8-inch, 3/4-inch, or 1-inch meters installed at the service location. Currently, there is one SFR 1.5-inch meter size installed. For new construction, the minimum size for installation is the 1-inch meter size and the projected growth in SFR customers is in this meter size. Commercial and Irrigation customers have a range of meters sizes from 5/8-inch to 4-inch. Table 5 provides a summary of the number of current and projected meters by size.

Table 5  
Historical and Projected Number of Water Meters by Size

Description	Historical	Projected					
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
<b>Active Water Meters/Accounts [1]</b>							
5/8 & 3/4 inch	3,164	3,164	3,164	3,164	3,164	3,164	3,164
1 inch	1,071	1,091	1,111	1,131	1,151	1,171	1,191
1-1/2 inch	61	61	61	61	61	61	61
2 inch	33	33	33	33	33	33	33
3 inch	14	14	14	14	14	14	14
4 inch	10	10	10	10	10	10	10
<b>Total Accounts</b>	<b>4,353</b>	<b>4,373</b>	<b>4,393</b>	<b>4,413</b>	<b>4,433</b>	<b>4,453</b>	<b>4,473</b>

[1] Historical water accounts for FY 18-19 were provided through District billing records.

## Water Sales Volumes

Table 6 provides the historical and projected water sales volume by customer classification. Water sales volumes were projected by recognizing the growth in the number of accounts and the FY 2018-19 use per customer.

Table 6  
Historical and Projected Water Sales Volume (in HCF)

Description	Historical	Projected <sup>[1]</sup>					
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Single-family Residential	529,611	529,183	532,025	534,866	537,707	540,549	543,390
Multifamily Residential	47,555	47,261	47,261	47,261	47,261	47,261	47,261
Commercial	38,469	38,232	38,232	38,232	38,232	38,232	38,232
Agriculture	6,839	6,797	6,797	6,797	6,797	6,797	6,797
Construction/Hydrant	1,318	1,310	1,310	1,310	1,310	1,310	1,310
Irrigation	102,126	101,496	101,496	101,496	101,496	101,496	101,496
<b>Total Projected Consumption</b>	<b>725,918</b>	<b>724,279</b>	<b>727,121</b>	<b>729,962</b>	<b>732,803</b>	<b>735,645</b>	<b>738,486</b>

[1] Forecast assumes that the use per customer from FY 18-19 and applied to the number of customers.

## Water Financial Plan

The financial plan provides the means of analyzing the revenue and revenue requirements of the System. The analyses determine the ability to fund on-going operation and maintenance expense and capital infrastructure requirements as well as the impact on reserves. The financial plan includes the projection of revenue, operation and maintenance expenses, capital improvement needs of the System and its financing, debt service requirements, Supplemental Water expense, and revenue adjustments needed to maintain a sustainable water enterprise.

### Revenues

The District receives operating and capital revenue from several sources. Operating revenue is received from rates and charges for water service. Table 7 presents the projected fixed and variable charge revenue from current water rates of the System. The revenue is projected by applying the current water rates to the projected number of accounts and consumption volume.

Table 7  
Projected Rate-based Water Revenue Using Existing Rates

Description	Projected					
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
<b>Water Service Revenues</b>						
Fixed Charges <sup>[1]</sup>	\$1,330,025	\$1,385,586	\$1,391,776	\$1,397,967	\$1,404,158	\$1,410,349
Variable Charges <sup>[2]</sup>	4,176,677	4,326,369	4,343,272	4,360,177	4,377,087	4,393,990
Subtotal Revenues From Current Rates	\$5,506,702	\$5,711,955	\$5,735,048	\$5,758,144	\$5,781,245	\$5,804,339
Fire Protection Revenues	19,923	20,514	20,514	20,514	20,514	20,514
<b>Total Revenues From Current Rates</b>	<b>\$5,526,625</b>	<b>\$5,732,469</b>	<b>\$5,755,562</b>	<b>\$5,778,658</b>	<b>\$5,801,759</b>	<b>\$5,824,853</b>

[1] FY 19-20 and forecast revenue calculated by multiplying current water service rate by the number of projected meters.

[2] FY 19-20 and forecast revenue calculated by multiplying projected water sales by the current variable rates.



Additionally, miscellaneous revenue is received that includes penalties/late fees, meter connection fees, water turn on fees, plan check and inspection fees, interest income, and miscellaneous other sources. Capital revenue from capacity charges is received directly into the appropriate capital funds. Table 8 provides the projected miscellaneous revenue for the Study period.

Table 8  
Projected Miscellaneous Revenue

Description	Est Actual	Budget	Projected			
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Fees and Penalties	\$130,000	\$118,000	\$118,000	\$118,000	\$118,000	\$118,000
Meter and Connection Fees	2,000	5,000	5,000	5,000	5,000	5,000
Plan Check and Inspection Fees	1,500	1,000	1,000	1,000	1,000	1,000
Miscellaneous Income	85,135	41,500	41,500	41,500	41,500	41,500
<b>Total Miscellaneous Revenues</b>	<b>\$218,635</b>	<b>\$165,500</b>	<b>\$165,500</b>	<b>\$165,500</b>	<b>\$165,500</b>	<b>\$165,500</b>

## Revenue Requirements

Revenue requirements of the System include operation and maintenance expense, annual capital replacement transfer, existing debt service payments, and Supplemental Water expense. Each of these items are discussed below.

### Operation and Maintenance Expense

Operation and maintenance expenses (O&M) are an on-going obligation of the water system and such costs are normally met from water service revenue. O&M includes the cost to operate and maintain the water supply, reservoirs, and distribution system facilities. Costs also include technical services and other general and administrative expenses. Table 9 provides a summary of the O&M expenses for the Study period.

Table 9  
Projected Operation and Maintenance Expense

Description	Budget		Projected			
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
<b>Operation and Maintenance Expense</b>						
Personal Services	\$909,000	\$1,076,000	\$1,129,800	\$1,186,292	\$1,245,604	\$1,307,885
Electricity - Pumping	356,000	358,000	367,291	381,410	396,048	411,218
Chemicals	33,000	42,000	32,354	33,271	34,213	35,179
Lab Tests and Sampling	47,000	50,000	51,500	53,045	54,636	56,275
Operating Supplies	140,000	155,000	159,650	164,440	169,373	174,454
Repairs and Maintenance	150,000	100,000	103,000	106,090	109,273	112,551
Engineering	18,000	15,000	15,450	15,914	16,391	16,883
Meters	50,000	50,000	51,500	53,045	54,636	56,275
Water Conservation/Recycle Program	17,000	20,000	20,600	21,218	21,855	22,511
All Other	183,500	194,000	224,820	205,815	211,989	243,349
<b>Subtotal</b>	<b>\$1,903,500</b>	<b>\$2,060,000</b>	<b>\$2,155,965</b>	<b>\$2,220,540</b>	<b>\$2,314,018</b>	<b>\$2,436,580</b>
<b>General and Administrative</b>						
Personal Services	\$523,550	\$675,900	\$709,695	\$745,181	\$782,439	\$821,560
Computer Expense	85,000	96,600	99,498	102,483	105,557	108,724
Insurance - Liability	67,000	94,000	96,820	99,725	102,717	105,799
Legal Services	83,000	90,000	92,700	95,482	98,346	101,297
Professional Services	105,000	133,600	137,608	141,736	145,988	150,368
Operating Transfer Out - Admin	328,320	450,061	463,563	477,470	491,794	506,548
All Other	83,900	100,380	97,212	106,131	103,134	112,227
<b>Subtotal</b>	<b>\$1,275,770</b>	<b>\$1,640,541</b>	<b>\$1,697,096</b>	<b>\$1,768,208</b>	<b>\$1,829,975</b>	<b>\$1,906,523</b>
<b>Total Water System O&amp;M Expense</b>	<b>\$3,179,270</b>	<b>\$3,700,541</b>	<b>\$3,853,061</b>	<b>\$3,988,748</b>	<b>\$4,143,993</b>	<b>\$4,343,103</b>
<b>Replacement Transfer</b>	<b>\$610,000</b>	<b>\$625,000</b>	<b>\$641,000</b>	<b>\$657,000</b>	<b>\$673,000</b>	<b>\$690,000</b>
<b>Total O&amp;M Expense and Replacement</b>	<b>\$3,789,270</b>	<b>\$4,325,541</b>	<b>\$4,494,061</b>	<b>\$4,645,748</b>	<b>\$4,816,993</b>	<b>\$5,033,103</b>

O&M has been projected recognizing the major expense categories of personnel services, electric power expense, chemicals, all other expenses, and capital outlay. Personnel costs consist of salaries and benefits expense of those personnel directly involved with providing water service. Personnel costs are projected to increase by 5 percent annually. Electric power expense is projected to increase annually at 3 percent. Chemicals expense and Capital outlay is projected to increase at 2 percent annually. All other O&M expense is projected to increase by 3 percent annually.

### Capital Replacement Transfer

The District plans for annual water line replacements in its capital planning and these replacements occur from time to time during the fiscal year. An annual amount is transferred from the operating fund (Fund 125) to the Water Replacement Fund (Fund 805) to aid in funding these replacements. An annual amount of \$566,000 was established from Board of Directors policy from a replacement study performed for the District in 2007 (2007 Replacement Study). The transfer amount inflates annually, and the replacement transfer is \$625,000 in FY 20-21 and this amount increases at the rate of 3 percent annually during the Study period.

An annual amount for capital replacement for the supplemental water facilities has also been established. This amount changes with capital additions to the Supplemental Water Project and is currently calculated as the value of the facilities divided by a 100-year life multiplied by the District's capacity share of 72.24 percent. The current amount is \$149,400 annually.

### Existing Debt Service

The District has two outstanding debt issues consisting of the 2013 Revenue Certificates of Participation (COPs) and the 2013A Revenue Refunding Bond (Bonds) obligations. The 2013 COPs partially financed the Supplemental Water Project while the 2013A Bonds refinanced a prior debt issue related to the water system. The 2013 COPs have annual debt service payments of about \$530,000 and will be retired in 2044. The 2013A Bonds has annual debt service payments of about \$225,000 and will be retired in 2032.

### Supplemental Water Expense

This District purchases Supplemental Water from the City of Santa Maria. The expenses include purchased water, electricity, chemicals, overhead, and other expenses. Purchased water expense increases with the Santa Maria Tier 1 water rate and the volume purchased. Electricity and chemicals expense increase with inflation and the volume purchased. Overhead is charged at 15 percent of the total of the electricity, chemicals, and other expenses. Overall, the Supplemental Water O&M expense increases between 4 and 5 percent annually, generally following the rate increases in Santa Maria's Tier 1 water rates. Table 10 provides a summary of the Supplemental Water purchased water expenses for the Study period.

Table 10  
Projected Supplemental Water Expense

Description	Estimated	Projected				
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Supplemental Water Purchases Expense	\$1,234,266	\$1,487,000	\$1,500,553	\$1,562,206	\$1,637,868	\$1,719,531
Electric Power Expense	45,382	59,345	61,125	62,959	64,848	66,793
Chemicals Expense	3,334	3,434	3,503	3,573	3,644	3,717
All Other	57,543	66,404	61,755	63,607	65,516	67,481
Subtotal Supplemental Water O&M Expense	\$106,259	\$129,183	\$126,383	\$130,139	\$134,008	\$137,991
Supplemental Water Overhead @ 15%	\$15,939	\$19,377	\$18,957	\$19,521	\$20,101	\$20,699
Supplemental Water Replacement	\$149,439	\$149,439	\$149,439	\$149,439	\$149,439	\$149,439

## Water Capital Improvement Program

The District has developed a capital improvement program (CIP) that lists capital expenditures for FY 2019-20 through FY 2024-25. Over this period the District projects that it will expend approximately \$13,718,000. The improvements include watermain replacements, new water storage tank, pump station improvements, blow-off and air-vac valve repair/replacements, fire hydrant repair/replacements, and well refurbishment and maintenance. The District intends to meet all capital expenditures in the Study period from capital reserves and replacement transfers into the capital funds from annual revenue. Table 11 presents the capital improvements to the System and the financial means of funding the program.

Table 11  
Water Capital Improvement Program With Sources and Uses of Funds

Description	Budget	Projected				
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
<b>Current Capital Improvement Projects (CIP) [1]</b>						
Interconnects	\$650,000	\$0	\$0	\$0	\$0	\$0
Pump Station Improvements	300,000	-	-	-	450,200	-
Orchard/Southland to Telt/Oakglen Waterline	3,700,000	-	-	-	-	-
Pomeroy Waterline from Augusta to Arden Way	-	-	-	196,700	1,429,400	-
Tract 2650 Connection to Blacklake Pressure Zone	180,000	-	-	-	-	-
Water Master Plan	220,000	-	-	-	-	-
New Water Storage Tank	-	-	-	327,800	2,588,700	-
Branch Street 6" Waterline Replacement	650,000	-	-	-	-	-
Eureka Well Replacement	1,000,000	-	-	-	-	-
Blow-Off Repair	20,000	20,600	21,200	21,900	22,500	23,200
Air-Vac Replacement	20,000	20,600	21,200	21,900	22,500	23,200
Fire Hydrant Replacement	50,000	51,500	53,000	54,600	56,300	58,000
Valve Replacement	50,000	103,000	106,100	109,300	112,600	115,900
Well Refurbishment	-	103,000	106,100	109,300	112,600	115,900
Quad Tank Disinfection System	-	-	-	-	300,000	-
<b>Total Water CIP</b>	<b>\$6,840,000</b>	<b>\$298,700</b>	<b>\$307,600</b>	<b>\$841,500</b>	<b>\$5,094,800</b>	<b>\$336,200</b>
<b>Sources and Uses of Capital Funds</b>						
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from Supplemental Water Capacity Fund #500	4,650,000	-	-	196,700	1,879,600	-
Transfer from Water Capacity Fund #700	400,000	-	-	327,800	2,588,700	-
Transfer from Water Replacement Fund #805	1,790,000	298,700	307,600	317,000	626,500	336,200
Capital Improvement Replacement Projects (CIP)	(2,190,000)	(298,700)	(307,600)	(644,800)	(3,215,200)	(336,200)
Capital Improvement Supp Water Projects (CIP)	(4,650,000)	-	-	(196,700)	(1,879,600)	-
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

[1] CIP Source: FY 19-20 CIP.

## Water Financial Plan

A financial plan has been prepared that includes the revenues and revenue requirements that were identified for the System. A revenue sufficiency analysis was performed on the projected financial plan that includes the revenues and obligations of the water system Fund 125. The combined financial plan is presented in Table 12.

The financial plan incorporates specific planning criteria or goals to provide guidance to maintain the financial health of the System on an on-going basis. The criteria included the following.

- Generate positive levels of income in each year of the Study period
- Maintain the operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required

- Meet annual capital replacement spending from annual revenue and capital reserves

## Proposed Revenue Adjustments

The revenue sufficiency analysis indicated that the current level of revenue being received should be increased to meet future obligations of the System during the Study period. The recommended revenue increases include a 4.5 percent increase January 1, 2021, followed by 8.9 percent annual increases January 1, 2022 through January 1, 2025.

Table 12  
Water Financial Plan

Description	Projected				
	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
<b>Proposed Revenue Increase (January 1)</b>	<b>4.5%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>8.9%</b>
<b>Revenue</b>					
Revenues from Existing Water Rates [1]	\$5,732,469	\$5,755,562	\$5,778,658	\$5,801,759	\$5,824,853
Total Additional Water Sales Revenue [2]	85,987	437,432	992,576	1,601,593	2,269,487
Miscellaneous Income	165,500	165,500	165,500	165,500	165,500
Transfer from Property Tax Fund	696,000	702,960	709,990	717,090	724,261
Interest Income [3]	28,057	27,041	29,272	35,323	45,358
<b>Total Revenues</b>	<b>\$6,708,013</b>	<b>\$7,088,495</b>	<b>\$7,675,996</b>	<b>\$8,321,265</b>	<b>\$9,029,459</b>
<b>Revenue Requirements</b>					
O&M and Capital Outlay	\$3,700,541	\$3,853,061	\$3,988,748	\$4,143,993	\$4,343,103
Replacement Transfer to Fund 805	625,000	641,000	657,000	673,000	690,000
Supplemental Water Purchases	1,487,000	1,500,553	1,562,206	1,637,868	1,719,531
Supplemental Water O&M	129,183	126,383	130,139	134,008	137,991
Supplemental Water Overhead	19,377	18,957	19,521	20,101	20,699
Supplemental Water Replacement	149,439	149,439	149,439	149,439	149,439
2013 COPs Debt Service	532,413	533,025	533,100	527,900	527,000
2013A Revenue Refunding Bonds Debt Service	221,675	220,300	218,675	223,675	226,175
<b>Total Revenue Requirements</b>	<b>\$6,864,628</b>	<b>\$7,042,718</b>	<b>\$7,258,828</b>	<b>\$7,509,984</b>	<b>\$7,813,938</b>
<b>Net Funds Available</b>	<b>(\$156,615)</b>	<b>\$45,777</b>	<b>\$417,168</b>	<b>\$811,281</b>	<b>\$1,215,521</b>
<b>Available Reserves</b>					
Beginning available reserves [4]	\$2,927,000	\$2,770,386	\$2,816,163	\$3,233,331	\$4,044,612
Additions (reductions)	(156,615)	45,777	417,168	811,281	1,215,521
Ending available reserves	\$2,770,386	\$2,816,163	\$3,233,331	\$4,044,612	\$5,260,133
Target Reserves [5]	\$3,701,000	\$3,853,000	\$3,989,000	\$4,144,000	\$4,343,000
Above (below) Target	(\$930,615)	(\$1,036,837)	(\$755,669)	(\$99,388)	\$917,133
<b>Debt Service Coverage</b>					
Net Revenues [6]	\$1,991,088	\$2,171,924	\$2,569,777	\$3,004,236	\$3,427,347
Annual Debt Service	\$754,088	\$753,325	\$751,775	\$751,575	\$753,175
Coverage [7]	264%	288%	342%	400%	455%

[1] Projected using the existing rates.

[2] Additional revenue from proposed rate adjustments.

[3] Interest earnings on the average fund balance calculated at 1.00%.

[4] The available beginning FY 19-20 cash balance provided by District. Includes Operating Reserve and Rate Stabilization Reserve.

[5] Target reserve estimated at 12 months of operation and maintenance expense.

[6] Includes water revenues, capacity charge revenue, property tax revenue, miscellaneous, and interest income.

[7] Minimum coverage is 125 percent.

A graphical depiction of the revenue and revenue requirements from Table 12 are presented in Figure 1. Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Water system expenses, replacement, debt service, and Supplemental Water expense are shown as columns in the figure.

The revenue increases from Table 12 were designed to reduce the 14.7 percent revenue increase scheduled for December 1, 2020 and to reduce the future revenue increase that would be required to meet the take-or-pay Supplemental Water Expense that will occur in FY 25-26. The revenue (red line) increases in a smooth manner to meet the take-or-pay additional Supplemental Water expense in FY 25-26 while meeting the financial obligations, debt service coverage ratios, and Target reserves.

Figure 1  
Water Financial Plan  
Comparison of Revenue with Annual Obligations

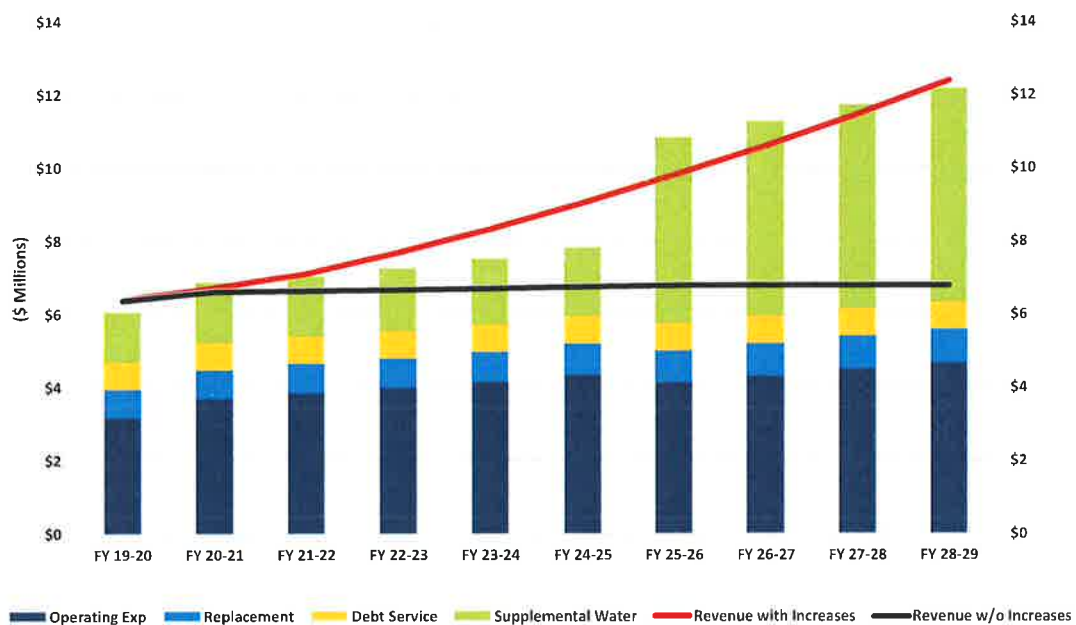
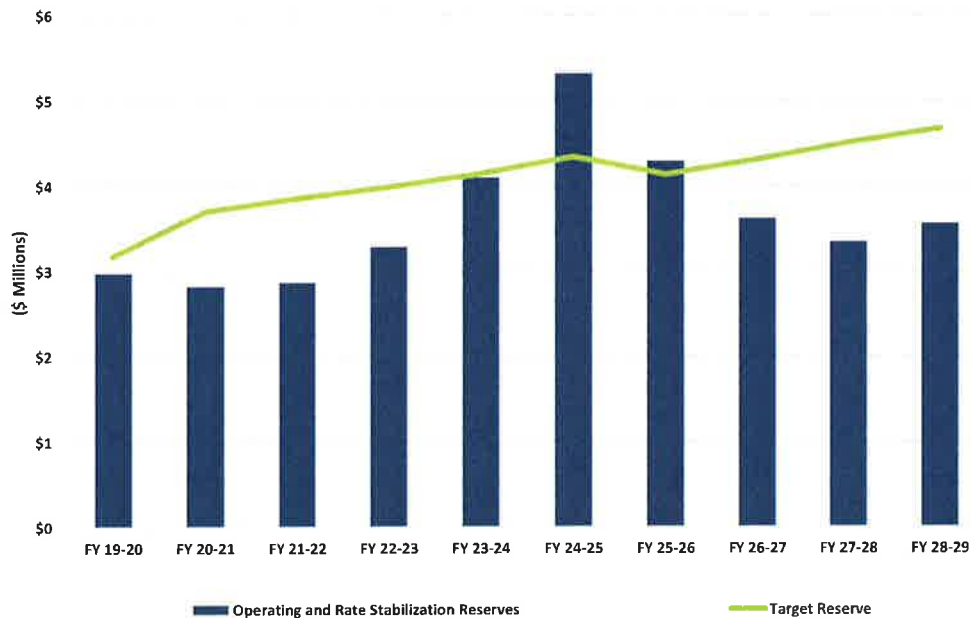


Figure 2 provides the level of annual reserves compared with the Target reserves. The green line represents the Target reserve level (for the operating and rate stabilization reserves) while the blue column indicates the annual cash reserve level at the end of year. The figure shows that the reserve balance (blue column) declines in the middle years of the Study but returns above the Target reserve (green line) at the end at the Study period. In some years, cash reserves are used to meet annual obligations when revenue is not sufficient while in other years cash reserves increase when revenue is greater than the annual obligations.

Figure 2  
Water Operating and Rate Stabilization Reserves



## Cost of Service

Establishing rates in California requires that the agency responsible for imposing property-related fees create a nexus, or connection, between the cost of providing service and the rates to be imposed. The connection is created through employing industry methodology with application to the District's unique water system characteristics.

### Industry Methodology

This Study uses methodologies from the American Water Works Association (AWWA) to determine costs of service for the System. AWWA is an industry trade organization that provides guidance on operations and management of water utilities. Through their Manual M1, general guidelines and principles are provided to assist agencies with the design of water rates such that the rates may be consistent with local requirements while also recognizing state laws and legal framework. The guidelines and principles in the AWWA Manual M1 have been used to conduct this Study and to design the District's water rates while also following Proposition 218 and the recent San Juan Capistrano court decision.



The annual costs of providing water service from the financial plan are allocated to cost components according to industry standards provided in the AWWA Manual M1 in an effort to provide a defensible cost allocation. The methodology provides the basis to design fixed and variable rates and charges to recover the costs under the methodology such that adequate revenue is generated to meet the estimated annual revenue requirements from the financial plan.

## Costs of Service to be Allocated

The annual cost of service consists of O&M expenses and capital costs of the water and supplemental water systems. O&M expenses include costs related to water distribution, maintenance of the facilities, and general and administrative costs. Capital costs include annual capital replacement and existing debt service discussed in the financial plan.

The water and supplemental water costs first need to be allocated to cost component based on the operating characteristics and design of the System facilities. Cost allocations consider the average quantity of water consumed as well as the peak rate at which water is consumed. The System is designed to serve average and peak demands, and costs that are related to serving average and peak demands are allocated in a manner such that they may be recovered appropriately.

For this Study, the cost components include Supplemental Water, Groundwater, Delivery, Peaking, Meters and Services, Customer, Direct Fire Protection, and Conservation. Supplemental Water costs include the purchased water O&M expenses from the City of Santa Maria and the fixed costs of the 2013 COPs that partially financed the supplemental water facilities. Groundwater costs include the electricity and chemicals cost associated with pumping groundwater.

The Delivery component includes District costs related to facilities that meet average-day water demand and includes certain labor, materials, and supplies including electric power and chemicals expense. The Peaking component includes District costs related to facilities that meet peak demands. Some of the Peaking costs have been reallocated based on meter capacity to be recovered in fixed charges. The Meters and Services component includes District costs related to maintain meters and service lines. The Customer component included District costs related to serving the customer and include billing, collecting, and meter reading costs. The Fire Protection component includes District costs to operate and maintain fire hydrants and a portion of facilities that are designed to meet the peak demand from a fire event. The Conservation component includes District costs related to its water conservation program.

Operating and capital costs from each year of the financial plan are assigned to each of these parameters resulting in total annual costs of service by cost component. A summary of the total cost to be recovered from the users of the water system by cost component for FY 2020-21 is presented in Table 13. A detailed allocation for this same year is provided Appendix A Table A-1. The costs of service for each year of the financial plan are allocated in the same manner.

Table 13  
Summary of FY 2020-21 Allocated Costs of Service

Year	Revenue	Suppl Water	Groundwater	Delivery	Peaking	Customer		Direct Fire	
	Requirement	Variable			Max Month	Meters/Serv	Customer	Protection	Conservation
FY 20-21 [1]	\$5,990,430	\$1,784,999	\$292,600	\$1,600,572	\$1,566,456	\$262,755	\$405,579	\$44,123	\$33,345

[1] From Table A-3.

## Rate Design

The cost of service allocations described in the previous section provides the basis for water rate design. The goal of the design of rates is to achieve fairness and ensure that each customer class reasonably pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements.

## Recent Legislation

In 2018, AB 1669 and SB 606 were passed by the state of California which provide a pathway to ensure that the state has enough water supply for the future. This legislation requests the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) to develop standards for indoor and outdoor water use for various water customers and promote a water budget rate structure. The state agencies responded by producing a handbook titled “Making Conservation a California Way of Life” that outlines the timeline and responsibilities of the state agencies and water suppliers.

The legislation requires the SWRCB is to adopt standards by no later than June 30, 2022 for indoor and outdoor residential water use, Commercial/Industrial/Institutional (CII) landscape water use using dedicated meters, and credits for potable water reuse. The current standard for indoor water use for residential customers is 55 gallons per capita per day (gpcd) aggregated over the service area. The outdoor use standard for residential is expected to be based land cover, climate, and other factors reflecting the state’s Model Water Efficient Landscape Ordinance (MWELO).

Two water rate structure and rate alternatives have been designed for this Study. The first is the uniform volume rate structure, which is currently employed by the District, and the second is a tiered rate structure that reflects the intent of the legislation discussed above. Each of these rate structures are provided below and both have the same fixed charges. The proposed fixed charges are presented first, followed by proposed variable charges for each of the alternative rate structures.

## Proposed Fixed Charges

The proposed fixed charges are designed to recover certain costs identified in Table 13. The fixed charges include the Peaking, Meter Capacity, Meters and Services, and Customer costs of service and also recovers costs allocated to public fire protection. Peaking and Meter Capacity costs are recovered based on capacity ratios while and Meters and Services costs are recovered based on meter and service ratios. These ratios are provided by AWWA in their Manual M1. Customer and public fire protection costs are recovered based on the number of bills issued.



Tables 14 below presents the design of the proposed bi-monthly fixed charges for all customers for FY 2020-21. The current fixed charges generate about 25 percent of revenue from water rates. The proposed fixed charges also generate approximately 25 percent of the revenue from water rates.

Table 14  
Design of Fixed Charges

Customer Service Cost	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	
Customer	\$405,579	\$473,034	\$542,797	\$617,367	\$691,581	
Public Fire Protection	250,372	288,333	320,405	356,512	397,705	
Customer Cost	\$655,952	\$761,367	\$863,201	\$973,879	\$1,089,287	
Number of Bills	26,358	26,478	26,598	26,718	26,838	
Customer Cost per Unit	\$24.89	\$28.76	\$32.46	\$36.45	\$40.59	Line A
Meters and Services Cost	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	
Meters and Services	\$262,755	\$306,191	\$350,581	\$397,117	\$445,607	
Number of Equivalent Meters & Services	27,791	27,911	28,031	28,151	28,271	
Meters and Services Cost per Unit	\$9.45	\$10.97	\$12.51	\$14.11	\$15.76	Line B
Peaking Cost	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	
Peaking Costs Less Fire Protection	\$545,000	\$593,505	\$646,327	\$703,850	\$766,493	
Number of Equivalent Meters	28,153	28,273	28,393	28,513	28,633	
Peaking Cost per Unit	\$19.36	\$20.99	\$22.76	\$24.69	\$26.77	Line C
Bi-Monthly Base Fixed Charge - 5/8", 3/4", 1"	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12	Line A + B + C

Fixed charges for meter sizes greater than 1-inch are increased as shown below in Table 15 for FY 2020-21. The total fixed bi-monthly charges by meter size reflect increases in the Peaking, Meter Capacity, and Meter and Services charges from application of the appropriate capacity and meter and service cost ratios to the base fixed charge for 5/8-inch, 3/4-inch, and 1-inch meter sizes.

Table 15  
Design of Fixed Charges by Meter Size  
FY 20-21

Meter Size	Meter & Service Ratio	Meters & Services Charge	Meter Capacity Ratio	Peaking Charge	Public Fire Protection Charge	Customer Charge	Total Bi-Monthly Charge
inches							
5/8 thru 1 inch	1.00	\$9.45	1.00	\$19.36	\$9.50	\$15.39	\$53.70
1-1/2 inch	1.29	\$12.15	2.00	\$38.72	\$9.50	\$15.39	\$75.76
2 inch	2.07	\$19.58	3.20	\$61.95	\$9.50	\$15.39	\$106.42
3 inch	7.86	\$74.25	6.40	\$123.90	\$9.50	\$15.39	\$223.04
4 inch	10.00	\$94.50	10.00	\$193.60	\$9.50	\$15.39	\$312.99
6 inch	15.00	\$141.75	24.00	\$464.64	\$9.50	\$15.39	\$631.28
8 inch	20.71	\$195.75	40.00	\$774.40	\$9.50	\$15.39	\$995.04

## Private Fire Protection Fixed Charges

Annual costs allocated to the Fire Protection cost component are separated into Public and Private Fire Protection costs. Public Fire Protection costs are included into the bi-monthly service charges as shown in Tables 13 and 14.

Private Fire Protection costs are recovered from those customers that receive the direct fire protection benefit. The bi-monthly cost by equivalent fireline size is provided in Table 16. The bi-monthly private fire protection charges increase with fireline size based on fireline ratios provided by AWWA. The proposed private fire protection fixed charges are shown in Table 17.

**Table 16**  
**Design of Private Fire Protection Charges**

Fire Protection Cost	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Private Fire Protection	\$12,405	\$14,308	\$15,894	\$17,685	\$19,735
Private Fire Protection Eq. Hydrants	238	238	238	238	238
Private Fire Protection	\$52.08	\$60.07	\$66.73	\$74.25	\$82.86

**Table 17**  
**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
inches							
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
8 inch	2.13	\$183.54	\$110.99	\$128.01	\$142.21	\$158.23	\$176.57
10 inch	3.83	\$330.07	\$199.60	\$230.21	\$255.74	\$284.56	\$317.54

## Variable Rate Structure Alternatives

### Uniform Volume Rate Structure Alternative

The variable charges for the uniform volume rate structure are designed to recover the Supplemental Water, Groundwater, Delivery, Peaking, and Conservation costs as shown in Table 18. The proposed variable charges are designed to be uniform volume charges that apply to all users of the system. The table includes variable rates for projected years of the financial plan.

Table 18  
Design of Uniform Volume Charge

Water System Volume Charge	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Supplemental Water	\$1,784,999	\$1,795,332	\$1,861,305	\$1,941,416	\$2,027,660
Groundwater	292,600	289,458	300,258	311,446	323,031
Delivery	1,600,572	1,821,805	2,044,243	2,278,605	2,538,636
Peaking Less Fire Protection	802,801	929,545	1,036,278	1,157,532	1,296,697
Conservation	33,345	38,347	43,331	48,433	53,624
Total Variable Cost	\$4,514,318	\$4,874,487	\$5,285,415	\$5,737,431	\$6,239,648
Units of Service (Ccf)	727,121	729,962	732,803	735,645	738,486
Uniform Volume Charge (\$/HCF)	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45
Supplemental Water Cost	\$1,784,999	\$1,795,332	\$1,861,305	\$1,941,416	\$2,027,660
Units of Service (Ccf)	727,121	729,962	732,803	735,645	738,486
Supplemental Water Unit Cost	\$2.45	\$2.46	\$2.54	\$2.64	\$2.75

### Proposed Variable Rates with Uniform Volume Rate Structure

Table 19 presents the proposed fixed and variable charges with the uniform volume rate structure for the next five years. Table 19 includes the current charges and the proposed future charges designed for the System. The fixed and variable charges are proposed to be effective beginning on January 1, 2021 and each January 1 through FY 2024-25.

Table 19  
Proposed Bi-Monthly Fixed and Variable Charges - Uniform Volume Rate Structure

	Current Rate	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Meter Size	Fixed Charge (\$ per bi-month)					
5/8 thru 1 inch	\$51.59	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
6 inch	\$372.90	\$631.28	\$697.07	\$766.35	\$840.66	\$919.47
8 inch	\$538.01	\$995.04	\$1,095.60	\$1,202.00	\$1,316.33	\$1,437.85
	Variable Charge (\$ per HCF)					
All Consumption	\$5.95	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45

### Customer Bill Impacts with Uniform Volume Rate Structure

A bill impact analysis was performed to evaluate the change in the District's SFR customer bills that would occur from the implementation of the proposed uniform volume rate structure and rates for January 1, 2021. For an average single-family customer with a 1-inch or smaller meter size using 24 hundred cubic feet (HCF) bi-monthly, the bill will increase from \$194.39 to \$202.74, an increase of \$8.35 or 4.3 percent. The bill impacts are provided in Table 20 below. Additional bill impacts for other customer classifications are provided in Appendix B Tables B-1.

**Table 20**  
**Comparison of Single-family Residential Current Bi-Monthly Bill with Proposed**  
**Bi-Monthly Bill Using January 2021 Uniform Volume Water Rate Structure and Rates**

Description	Use (HCF)	Current Bill			Proposed FY 20-21 Bill				
		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%

### Tiered Rate Structure Alternative

Variable charges for this rate structure are designed to recover the Water Supply (Supplemental Water and groundwater), Delivery, Peaking, and Conservation costs from Table 13. Consumption and peaking characteristics of water system customers were analyzed to allocate costs to customer classification as well as between each tier. Water Supply costs consisting of groundwater and Supplemental Water were allocated to each tier based on water availability and the demand in each tier.

### Tier Definitions

The District plans to comply with legislation discussed above that encourages water purveyors in California to implement a water-budget based rate structure in the near future, however the District is not yet in a position to implement this type of rate structure. In the interim, the District could implement a tiered rate structure in an effort to move toward the water budget rate structure. In that regard, the following tier definitions and their applicability to customer classes are discussed below.

Tier 1 is defined as consumption to provide basic indoor water use. For Single-family Residential (SFR) customers, Tier 1 is based on 3.08 persons per household (pph) (from Census.gov for Nipomo CDP for years 2014-2018) using 55 gallons per capita per day (gpcd) resulting in a Tier 1 breakpoint of 14 HCF. This calculation is provided on the next page.

$$\text{Tier 1} = 3.08 \text{ pph} * 55 \text{ gpcd} * \frac{365 \text{ days}}{\text{year}} * \frac{1 \text{ HCF}}{748 \text{ gal}} * \frac{1 \text{ year}}{6 \text{ bills}} = \sim 14 \text{ HCF}$$

*pph* = persons per household

*gpcd* = gallons per capita per day

*HCF* = hundred cubic feet

*gal* = gallons

Tier 2 is defined as consumption related to outdoor water use. The outdoor water use for a water budget rate structure depends upon the size of the irrigated area, climate, and other factors. The District does not currently have the information available needed to determine water budgets for the outdoor water use by parcel, nor is the billing system capable to implement the water budget rate structure.

For this Study, Tier 2 is further defined as water consumption up to the average bi-monthly SFR summer peak demand which was determined from billing information to be 32 HCF. Tier 3 is defined as water use above Tier 2. The SFR Tier structure is provided in Table 21 below.

**Table 21**  
**Single-family Residential Tiered Rate Structure**

<b>Tier</b>	<b>Current</b>	<b>Proposed Tiers</b>
Tier 1	No Tier	0 to 14 units
Tier 2	No Tier	15 to 32 units
Tier 3	No Tier	Over 32 units

For the other customer classes of Multifamily, Commercial, Agriculture, Construction, and Irrigation, these classes will have an individual uniform volume rate structure, however each will also recognize the peaking characteristics specific to each class in their variable rate. A uniform volume variable rate structure is recommended for these classes as most of the Multifamily and Commercial customers have separate Irrigation meters which separates indoor from outdoor water uses.

### **Water Supply and Conservation Costs**

The District's water supply consists of groundwater and Supplemental Water sources. Groundwater is the least expensive water supply source while Supplemental Water purchased from the City of Santa Maria is the most expensive water supply source.

Groundwater and Supplemental Water supply sources are allocated to each tier assuming the least expensive source of water is used first, followed by the more expensive source to meet the demand. Table 22 provides the District's water demand by tier for the entire water system, the water supply source used to meet the demand in the tier, the costs associated with the water supply, and the resulting water supply rate in the tier. Additionally, the Conservation costs from Table 13 are allocated to Tier 3 customers, reflecting the intent that the conservation program is targeted to these customers.

Table 22  
Design of Water Supply and Conservation Rates by Tier  
FY 20-21

Tier	Projected Consumption	Consumption Met From		Water Supply Costs	Conservation Costs	Water Supply Rates	Conservation Rates
		Groundwater	Supplemental Water				
Tier 1 - 0 to 14 units	304,051	304,051	-	\$258,775		\$0.85	\$0.00
Tier 2 - 15 to 32 units	170,885	39,742	131,143	\$644,503		\$3.77	\$0.00
Tier 3 - Over 32 units	252,185		252,185	\$1,174,321	\$33,345	\$4.66	\$0.13
	727,121	343,793	383,328	\$2,077,599	\$33,345		

### Delivery Costs

Delivery costs are operating and capital costs of the water system related to delivering water to all customers at an average rate of use. Delivery costs tend to vary with the total quantity of water consumed under average-load conditions. Total Delivery costs from Table 13 are shared uniformly by all customers of the system. Table 23 provides the per unit Delivery cost.

Table 23  
Design of Uniform Volume Rate for Delivery Costs  
FY 20-21

Customer Class	Delivery Costs	Volume	Uniform Rate
Single-family Residential	\$1,171,118	532,025	\$2.20
Multifamily Residential	104,033	47,261	\$2.20
Commercial	84,158	38,232	\$2.20
Agriculture	14,962	6,797	\$2.20
Construction/Hydrant	2,884	1,310	\$2.20
Irrigation	223,418	101,496	\$2.20
Total Cost of Service	\$1,600,572	727,121	\$2.20

### Peaking Costs

Peaking costs are costs associated with meeting peak demand rates of use requirements of the water system and include operating and capital costs beyond that required for average rates of use. Water system facilities are designed to meet peak characteristics and are apportioned to customer classes based on their system use characteristics. Peaking costs may be assigned to tiers in a tiered-rate structure based on the customers within the tier that are causing the peak demand.

Peaking costs are first allocated to each customer class based on their total demand. Then for SFR, peaking costs are allocated to each tier based on the peaking factors that occur from customers within each tier, for the tier break points discussed above. Tier 1 is considered to have a peaking factor of 1.0, Tier 2 and Tier 3 have peaking factors that reflect the average use per customer within these tiers as a ratio to Tier 1. Table 24 presents the SFR consumption in each tier, peaking factor for each tier, Peaking cost allocation, and the resulting rate by tier for SFR customers.



Table 24

## Design of Single-family Residential Peaking Variable Rate by Tier

FY 20-21

Tier	Percent Consumption in Tier	Consumption	Peaking Factor	Weighted Consumption	Peaking Cost Allocation	Rate in Tier
Tier 1 - 0 to 14 units	50.2%	267,024	1.00	267,024	\$156,710	\$0.59
Tier 2 - 15 to 32 units	28.8%	153,388	1.77	271,384	\$159,269	\$1.04
Tier 3 - Over 32 units	21.0%	111,614	3.93	438,122	\$257,124	\$2.30
	100.0%	532,025		976,529	\$573,103	

**Design of Single-family Residential Tiered Variable Rates**

The final SFR rates by tier is a sum of the components from each of the tables above. The water supply and conservation rates from Table 22 plus the Delivery rate from Table 23 plus the Peaking rates from Table 24 are summed to produce the final rates by tier applicable to the SFR customer classification. Table 25 provides a summary of the variable rates by tier for the SFR class.

Table 25

## Design of Single-family Residential Variable Rates

FY 20-21

Customer Class	Differentiated Water Supply	Delivery	Peaking	Conservation	Proposed Volume Rate
Single-family Residential					
Tier 1 - 0 to 14 units	\$0.85	\$2.20	\$0.59	\$0.00	\$3.64
Tier 2 - 15 to 32 units	\$3.77	\$2.20	\$1.04	\$0.00	\$7.01
Tier 3 - Over 32 units	\$4.66	\$2.20	\$2.30	\$0.13	\$9.29

**Design of Multifamily and Non-Residential Variable Rates**

For MFR and Non-Residential customers, it is proposed that these classes have an individual uniform volume rate structure that recognizes a blending of the components of water supply, Delivery, Peaking, and Conservation costs. However, each classification will recognize the individual peaking characteristics of its class in their variable rate. MFR is proposed to have a uniform variable charge because most of these customers are individually metered. A uniform variable rate structure is reasonable for MFR and other Non-residential classes as their outdoor consumption is measured through separate irrigation meters. Table 26 provides the water rates for these classes for this tiered rate structure.

Table 26  
Design of Multifamily and Non-Residential Variable Rates  
FY 20-21

Customer Class	Differentiated	Delivery	Peaking	Conservation Volume (HCF)	Proposed Volume	
	Water Supply				Rate	
	(1)	(2)	(3)	(4)	(5)	SUM((1) thru (4)) / (5)
Multifamily Residential	\$128,095	\$104,033	\$38,569	\$2,645	47,261	\$5.78
Commercial	\$145,413	\$84,158	\$36,569	\$3,267	38,232	\$7.05
Agriculture	\$31,238	\$14,962	\$7,714	\$874	6,797	\$8.06
Construction/Hydrant	\$4,643	\$2,884	\$2,571	\$102	1,310	\$7.79
Irrigation	\$442,700	\$223,418	\$144,276	\$11,700	101,496	\$8.10

### Proposed Fixed and Variable Rates with Tiered Rate Structure

Table 27 summarizes the water rates for each customer classification for the tiered rate structure proposed for this Study. The table provides the January 1, 2021 rates that were developed above as well as rates for future years that were developed using the same methods.

Each customer class pays for their individual requirements placed on the water system. All customers pay for the more expensive Supplemental Water supply in Tiers 2 and 3 (shown in Table 22) due to the customers in those tiers causing the District to obtain more expensive water to meet that demand. The SFR customer class retains the tiered rate structure whereas other customer classifications pay for a blend of groundwater and Supplemental Water supply.

Table 27  
Proposed Bi-Monthly Fixed and Variable Charges - Tiered Rate Structure

	Current Rate	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Meter Size	Fixed Charge (\$ per bi-month)					
5/8 thru 1 inch	\$51.59	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
6 inch	\$372.90	\$631.28	\$697.07	\$766.35	\$840.66	\$919.47
8 inch	\$538.01	\$995.04	\$1,095.60	\$1,202.00	\$1,316.33	\$1,437.85
	Variable Charge (\$ per HCF)					
<b>Single-family Residential</b>						
Tier 1 - 0 to 14 units	\$5.95	\$3.64	\$4.01	\$4.40	\$4.82	\$5.28
Tier 2 - 15 to 32 units	\$5.95	\$7.01	\$7.45	\$7.99	\$8.58	\$9.24
Tier 3 - Over 32 units	\$5.95	\$9.29	\$9.99	\$10.77	\$11.64	\$12.60
<b>Multifamily Residential</b>	\$5.95	\$5.78	\$6.21	\$6.71	\$7.26	\$7.86
<b>Commercial</b>	\$5.95	\$7.05	\$7.51	\$8.08	\$8.70	\$9.38
<b>Agriculture</b>	\$5.95	\$8.06	\$8.57	\$9.20	\$9.90	\$10.67
<b>Construction/Hydrant</b>	\$5.95	\$7.79	\$8.40	\$9.08	\$9.84	\$10.67
<b>Irrigation</b>	\$5.95	\$8.10	\$8.65	\$9.30	\$10.03	\$10.82



### Customer Bill Impacts with Tiered Rate Structure

A bill impact analysis was performed to evaluate the change in the District's SFR customer bills that would occur from the implementation of the proposed tiered rate structure and rates for January 1, 2021. The impacts are provided in Table 28 below. For an average single-family customer with a 1-inch or smaller meter size using 24 hundred cubic feet (HCF) bi-monthly, the bill will decrease from \$194.39 to \$174.76, a decrease of \$19.63 or 10.1 percent. However, customers that consume more than the average will experience a larger bi-monthly bill as shown in the table. Additional bill impacts for other customer classifications are provided in Appendix B Tables B-2.

**Table 28**  
**Comparison of Single-family Residential Current Bi-Monthly Bill with**  
**Proposed Bi-Monthly Bill Using January 2021 Tiered Rate Structure and Rates**

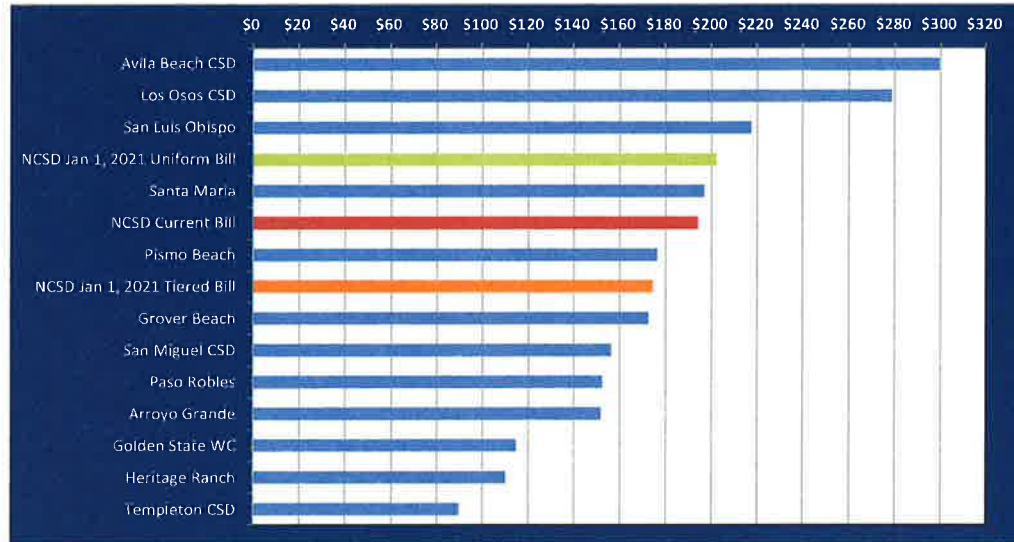
Description	Use (HCF)	Current Bill			Proposed FY 20-21 Bill				
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$51.59	\$0.00	\$51.59	\$53.70	\$0.00	\$53.70	\$2.11	4.1%
Very Low	5	\$51.59	\$29.75	\$81.34	\$53.70	\$18.20	\$71.90	(\$9.44)	-11.6%
Low	10	\$51.59	\$59.50	\$111.09	\$53.70	\$36.40	\$90.10	(\$20.99)	-18.9%
Median	17	\$51.59	\$101.15	\$152.74	\$53.70	\$71.99	\$125.69	(\$27.05)	-17.7%
Average	24	\$51.59	\$142.80	\$194.39	\$53.70	\$121.06	\$174.76	(\$19.63)	-10.1%
High	40	\$51.59	\$238.00	\$289.59	\$53.70	\$251.46	\$305.16	\$15.57	5.4%
Very High	50	\$51.59	\$297.50	\$349.09	\$53.70	\$344.36	\$398.06	\$48.97	14.0%

## Water Rate Survey

A water rate survey was conducted for neighboring communities to the Nipomo Community Services District. Chart 1 compares the District's average single-family residential bi-monthly water bill at 24 hundred cubic feet (HCF) with those of neighboring communities at the same consumption. The rate survey includes rate schedules in effect July 2020.

Water bills for the District are shown using the current rates, the proposed January 1, 2021 uniform volume rates from Table 19, and the January 1, 2021 tiered water rates from Tables 27. The chart indicates that a District single-family residential customer with a bi-monthly consumption of 24 hundred cubic feet (HCF) will experience a bill that is in the upper range of the communities listed with a uniform volume rate structure and in the mid-range with a tiered rate structure.

**Chart 1**  
**Survey of Single-family Residential Bi-Monthly Water Bills Using 24 HCF**  
**For Rates in Effect July 2020**



Note: Above table uses water rates in effect July 2020. District January 2021 bill is based on the rate structure and rates in Tables 19 and 27.

## Pass-Through Provision

Though the variable charges designed in this Study reflect projected costs, this Study proposes a Pass-Through Adjustment for the costs of purchased Supplemental Water. Under a Pass-Through Adjustment, the District may pass-through any increase in the cost of purchased Supplemental Water at any time that such costs are increased to the District during the five-year period from January 1, 2021 to January 1, 2025.

The pass-through of costs are allowed under section 53756 of the California Government Code. For each change in purchased Supplemental Water supply rates and costs to the District, the District may calculate a revised variable charge and pass this change through to the customer's bill. The District will provide 30-day notice of any pass-through charge.

The District has renegotiated the date upon which the City of Santa Maria increases its water rates including the energy cost adjustment to the District. The date of the changes is now January 1 of each fiscal year, and this has been included into each of the rate structures and rate alternatives proposed in this Study. The only expected pass-through cost in the District's water rates is the change in Supplemental Water energy cost from what is projected in this Study versus the actual cost experienced.

## Impact of Water Sales Volume Reduction

An analysis was performed to determine the impact to revenue if the District were to experience a reduction in water consumption. The analysis indicates that if the District experienced a twenty (20) percent reduction in water consumption, the result would be a loss of about \$940,000 in revenue. The District has Operating and Rate Stabilization reserves that total about \$2.9 million as shown in Table 2 and will be able to absorb this revenue loss for one year.

# **Appendix A**

## **Technical Appendix**

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Table A-1  
Allocation of Revenue Requirements to Cost Component FY 20-21

Description	Total FY 20-21	Supplemental Water		Groundwater	Delivery	Peaking	Customer	Customer	Direct	
		Variable	Fixed			Max Bi-Month	Meters/Serv		Fire	Conservation
<b>Operation and Maintenance Expense</b>										
Maintenance Personnel Services	\$1,076,000	\$0	\$0	\$0	\$437,918	\$431,422	\$107,600	\$86,080	\$12,980	\$0
Maintenance	584,000	0	0	0	232,278	228,836	50,000	46,000	6,886	20,000
Electricity - Pumping	358,000	0	0	250,600	63,176	44,224	0	0	0	0
Chemicals	42,000	0	0	42,000	0	0	0	0	0	0
Total Maintenance	\$2,060,000	\$0	\$0	\$292,600	\$733,372	\$704,482	\$157,600	\$132,080	\$19,866	\$20,000
<b>General and Administrative</b>										
Admin Personnel Services	\$675,900	\$0	\$0	\$0	\$244,996	201,627	\$48,127	\$168,975	\$6,067	\$6,108
Admin Maintenance	964,641	0	0	0	383,765	362,666	71,448	126,783	10,912	9,067
Total General and Administration	\$1,640,541	\$0	\$0	\$0	\$628,761	\$564,293	\$119,575	\$295,758	\$16,979	\$15,174
<b>Supplemental Water</b>										
Supplemental Water Purchases Expense	\$1,487,000	\$1,487,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplemental Water O&M	129,183	129,183	0	0	0	0	0	0	0	0
Supplemental Water Overhead @ 15%	19,377	19,377	0	0	0	0	0	0	0	0
Total Supplemental Water Costs	\$1,635,560	\$1,635,560	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total O&M	\$5,336,101	\$1,635,560	\$0	\$292,600	\$1,362,133	\$1,268,775	\$277,175	\$427,838	\$36,845	\$35,174
<b>Capital Costs</b>										
Replacement Transfer to Fund 805	\$625,000	\$0	\$0	\$0	\$310,204	\$305,601	\$0	\$0	\$9,195	\$0
2013 COPs Debt Service	532,413	0	532,413	0	0	0	0	0	0	0
2013A Revenue Refunding Bonds Debt Service	221,675	0	0	0	0	221,675	0	0	0	0
Total Capital Costs	\$1,528,527	\$149,439	\$532,413	\$0	\$310,204	\$527,276	\$0	\$0	\$9,195	\$0
<b>Adjustments</b>										
Revenue Offsets [1]	(\$889,557)	\$0	(\$532,413)	\$0	(\$77,904)	(\$235,314)	(\$15,669)	(\$24,187)	(\$2,083)	(\$1,988)
Adjustments for Annual Cash Balance	(156,615)	0	0	0	(62,598)	(58,308)	(12,738)	(19,662)	(1,693)	(1,616)
Adjustments to Annualize Rate Increase [2]	171,974	0	0	0	68,737	64,026	13,987	21,590	1,859	1,775
Total Adjustments	(\$874,197)	\$0	(\$532,413)	\$0	(\$71,764)	(\$229,596)	(\$14,420)	(\$22,259)	(\$1,917)	(\$1,829)
Total Revenue Requirements	\$5,990,430	\$1,784,999	\$0	\$292,600	\$1,600,572	\$1,566,456	\$262,755	\$405,579	\$44,123	\$33,345

[1] Includes property tax revenue, miscellaneous revenue, and interest income.

[2] Adjustment to annualize revenue from the partial year rate adjustment.

Table A-2  
FY 20-21 Units of Service

Customer Class	FY 20-21 Annual Use	Max Bi-Month Requirements				Meter Capacity	Meters & Services	Customer Bills	Direct	
		Average Daily Use	Capacity Factor	Total Capacity	Extra Capacity				Fire Protection	Conservation
	Ccf	Ccf		Ccf/day	Ccf/day	Eq. Mtr	Eq. Mtr/Srv		Eq. Hyd	Ccf
Single-family Residential	532,025	1,458	138%	2,006	548	22,476	22,472	22,470		111,614
Multifamily Residential	47,261	129	104%	135	6	3,001	3,005	2,694		20,002
Commercial	38,232	105	122%	128	23	1,622	1,446	612		24,708
Agriculture	6,797	19	142%	27	8	19	12	6		6,606
Construction/Hydrant	1,310	4	254%	9	5	173	112	54		772
Irrigation	101,496	278	182%	505	227	862	744	522		88,484
<b>Fire Protection</b>										
Public Fire Protection				722	722				3,960	
Private Fire Protection				43	43					
<b>Total System</b>	727,121	1,992		3,575	1,583	28,153	27,791	26,358	3,960	252,185

Table A-3  
FY 20-21 Development of Unit Costs

Description	FY 20-21	Suppl Water		Delivery	Peaking	Meter	Customer		Fire	Conservation
	Total Costs	Variable	Groundwater		Max Bi-Month	Capacity	Meters/Serv	Customer		
<b>Total Costs of Service</b>	\$5,990,430	\$1,784,999	\$292,600	\$1,600,572	\$1,566,456		\$262,755	\$405,579	\$44,123	\$33,345
Reallocation of Demand Costs					(\$545,000)	\$545,000				
<b>Total Adjusted Cost of Service</b>	\$5,990,430	\$1,784,999	\$292,600	\$1,600,572	\$1,021,456	\$545,000	\$262,755	\$405,579	\$44,123	\$33,345
Units of Service		383,328	343,793	727,121	3,575	28,153	27,791	26,358	3,960	252,185
<b>Unit Costs of Service</b>		\$4.66	\$0.85	\$2.20	\$285.69	\$19.36	\$9.45	\$15.39	\$11.14	\$0.13
Units of Measure		Ccf	Ccf	Ccf	Ccf/day	Eq. Mr	Eq. Mr/Srv	Bills	Eq. Hyd	Ccf

Table A-4  
Distribution of Costs to Customer Classes FY 20-21 with Uniform Volume Rate Structure

Description	Allocated	Suppl Water		Delivery	Peaking	Meter	Customer		Direct Fire	Conservation
	Total Cost	Variable	Groundwater		Max Bi-Month	Capacity	Meters/Serv	Customer		
Unit Costs of Service		\$4.66	\$0.85	\$2.20	\$285.69	\$19.36	\$9.45	\$15.39	\$11.14	\$0.13
Units of Measure		Ccf	Ccf	Ccf	Ccf/day	Eq. Mr	Eq. Mr/Srv	Bills	Eq. Hyd	Ccf
<b>Single-family Residential</b>										
Units of Service		280,476	251,549	532,025	2,006	22,476	22,472	22,470	0	111,614
Allocated Cost of Service	\$4,272,449	\$1,306,061	\$214,092	\$1,171,118	\$573,103	\$435,099	\$212,465	\$345,754	\$0	\$14,758
<b>Multifamily Residential</b>										
Units of Service		24,915	22,346	47,261	135	3,001	3,005	2,694	0	20,002
Allocated Cost of Service	\$408,250	\$116,020	\$19,018	\$104,033	\$38,569	\$58,098	\$28,413	\$41,453	\$0	\$2,645
<b>Commercial</b>										
Units of Service		20,155	18,077	38,232	128	1,622	1,446	612	0	24,708
Allocated Cost of Service	\$287,726	\$93,855	\$15,385	\$84,158	\$36,569	\$31,407	\$13,668	\$9,417	\$0	\$3,267
<b>Agriculture</b>										
Units of Service		3,583	3,214	6,797	27	19	12	6	0	6,606
Allocated Cost of Service	\$43,552	\$16,686	\$2,735	\$14,962	\$7,714	\$372	\$118	\$92	\$0	\$874
<b>Construction/Hydrant</b>										
Units of Service		691	619	1,310	9	173	112	54	0	772
Allocated Cost of Service	\$14,534	\$3,216	\$527	\$2,884	\$2,571	\$3,345	\$1,058	\$831	\$0	\$102
<b>Irrigation</b>										
Units of Service		53,507	47,989	101,496	505	862	744	522	0	88,484
Allocated Cost of Service	\$701,143	\$249,161	\$40,843	\$223,418	\$144,276	\$16,679	\$7,034	\$8,032	\$0	\$11,700
<b>Public Fire Protection</b>										
Units of Service			0	0	722	0	0	0	3,960	0
Allocated Cost of Service	\$250,372	\$0	\$0	\$0	\$206,250	\$0	\$0	\$0	\$44,123	\$0
<b>Private Fire Protection</b>										
Units of Service			0	0	43	0	0	0	0	0
Allocated Cost of Service	\$12,405	\$0	\$0	\$0	\$12,405	\$0	\$0	\$0	\$0	\$0
<b>Total Costs of Service</b>	\$5,990,430	\$1,784,999	\$292,600	\$1,600,572	\$1,021,456	\$545,000	\$262,755	\$405,579	\$44,123	\$33,345



# Appendix B

## Customer Bill Impacts

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- Tables B-1 Single-family, Multifamily, Commercial, and Irrigation Customer Bill Impacts with Uniform Volume Rate Structure
- Tables B-2 Single-family, Multifamily, Commercial, and Irrigation Customer Bill Impacts with Tiered Rate Structure

Table B-1

Uniform Rate Structure

Nipomo Community Services District

## Water Utility

Comparison of Bi-Monthly Water Bills Using Current Rates To Proposed Bills Using January 1, 2021 Water Rates

Customer Classification	Meter Size Inches	Service Charge			Consumption Charge				Total Bi-monthly Bill			
		Current Rates	Proposed Rates January 1, 2021	Difference	Bi-monthly Consumption HCF	Current Rates	Proposed Rates January 1, 2021	Difference	Current Rates	Proposed Rates January 1, 2021	Difference	Percent Difference
Single-family Residential	5/8" thru 1"	\$51.59	\$53.70	\$2.11	0	\$0.00	\$0.00	\$0.00	\$51.59	\$53.70	\$2.11	4.1%
		\$51.59	\$53.70	\$2.11	5	\$29.75	\$31.05	\$1.30	\$81.34	\$84.75	\$3.41	4.2%
		\$51.59	\$53.70	\$2.11	10	\$59.50	\$62.10	\$2.60	\$111.09	\$115.80	\$4.71	4.2%
	Median	\$51.59	\$53.70	\$2.11	17	\$101.15	\$105.57	\$4.42	\$152.74	\$159.27	\$6.53	4.3%
	Average	\$51.59	\$53.70	\$2.11	24	\$142.80	\$149.04	\$6.24	\$194.39	\$202.74	\$8.35	4.3%
		\$51.59	\$53.70	\$2.11	30	\$178.50	\$186.30	\$7.80	\$230.09	\$240.00	\$9.91	4.3%
		\$51.59	\$53.70	\$2.11	35	\$208.25	\$217.35	\$9.10	\$259.84	\$271.05	\$11.21	4.3%
		\$51.59	\$53.70	\$2.11	40	\$238.00	\$248.40	\$10.40	\$289.59	\$302.10	\$12.51	4.3%
		\$51.59	\$53.70	\$2.11	50	\$297.50	\$310.50	\$13.00	\$349.09	\$364.20	\$15.11	4.3%
		\$51.59	\$53.70	\$2.11	60	\$357.00	\$372.60	\$15.60	\$408.59	\$426.30	\$17.71	4.3%
		\$51.59	\$53.70	\$2.11	70	\$416.50	\$434.70	\$18.20	\$468.09	\$488.40	\$20.31	4.3%
		\$51.59	\$53.70	\$2.11	80	\$476.00	\$496.80	\$20.80	\$527.59	\$550.50	\$22.91	4.3%
		\$51.59	\$53.70	\$2.11	90	\$535.50	\$558.90	\$23.40	\$587.09	\$612.60	\$25.51	4.3%
		\$51.59	\$53.70	\$2.11	100	\$595.00	\$621.00	\$26.00	\$646.59	\$674.70	\$28.11	4.3%
		\$51.59	\$53.70	\$2.11	150	\$892.50	\$931.50	\$39.00	\$944.09	\$985.20	\$41.11	4.4%
		\$51.59	\$53.70	\$2.11	200	\$1,190.00	\$1,242.00	\$52.00	\$1,241.59	\$1,295.70	\$54.11	4.4%
		\$51.59	\$53.70	\$2.11	250	\$1,487.50	\$1,552.50	\$65.00	\$1,539.09	\$1,606.20	\$67.11	4.4%
		\$51.59	\$53.70	\$2.11	300	\$1,785.00	\$1,863.00	\$78.00	\$1,836.59	\$1,916.70	\$80.11	4.4%
Multifamily Residential	5/8" thru 1"	\$51.59	\$53.70	\$2.11	0	\$0.00	\$0.00	\$0.00	\$51.59	\$53.70	\$2.11	4.1%
		\$51.59	\$53.70	\$2.11	5	\$29.75	\$31.05	\$1.30	\$81.34	\$84.75	\$3.41	4.2%
		\$51.59	\$53.70	\$2.11	10	\$59.50	\$62.10	\$2.60	\$111.09	\$115.80	\$4.71	4.2%
		\$51.59	\$53.70	\$2.11	15	\$89.25	\$93.15	\$3.90	\$140.84	\$146.85	\$6.01	4.3%
		\$51.59	\$53.70	\$2.11	20	\$119.00	\$124.20	\$5.20	\$170.59	\$177.90	\$7.31	4.3%
		\$51.59	\$53.70	\$2.11	25	\$148.75	\$155.25	\$6.50	\$200.34	\$208.95	\$8.61	4.3%
		\$51.59	\$53.70	\$2.11	30	\$178.50	\$186.30	\$7.80	\$230.09	\$240.00	\$9.91	4.3%
		\$51.59	\$53.70	\$2.11	40	\$238.00	\$248.40	\$10.40	\$289.59	\$302.10	\$12.51	4.3%
		\$51.59	\$53.70	\$2.11	50	\$297.50	\$310.50	\$13.00	\$349.09	\$364.20	\$15.11	4.3%
		\$51.59	\$53.70	\$2.11	60	\$357.00	\$372.60	\$15.60	\$408.59	\$426.30	\$17.71	4.3%
		\$51.59	\$53.70	\$2.11	70	\$416.50	\$434.70	\$18.20	\$468.09	\$488.40	\$20.31	4.3%
		\$51.59	\$53.70	\$2.11	80	\$476.00	\$496.80	\$20.80	\$527.59	\$550.50	\$22.91	4.3%
		\$51.59	\$53.70	\$2.11	90	\$535.50	\$558.90	\$23.40	\$587.09	\$612.60	\$25.51	4.3%
		\$51.59	\$53.70	\$2.11	100	\$595.00	\$621.00	\$26.00	\$646.59	\$674.70	\$28.11	4.3%
		\$51.59	\$53.70	\$2.11	200	\$1,190.00	\$1,242.00	\$52.00	\$1,241.59	\$1,295.70	\$54.11	4.4%
		\$51.59	\$53.70	\$2.11	300	\$1,785.00	\$1,863.00	\$78.00	\$1,836.59	\$1,916.70	\$80.11	4.4%
		\$51.59	\$53.70	\$2.11	400	\$2,380.00	\$2,484.00	\$104.00	\$2,431.59	\$2,537.70	\$106.11	4.4%
		\$51.59	\$53.70	\$2.11	500	\$2,975.00	\$3,105.00	\$130.00	\$3,026.59	\$3,158.70	\$132.11	4.4%

Table B-1

Nipomo Community Services District

Uniform Rate Structure

## Water Utility

Comparison of Bi-Monthly Water Bills Using Current Rates To Proposed Bills Using January 1, 2021 Water Rates

Customer Classification	Meter Size inches	Service Charge			Bi-monthly Consumption HCF	Consumption Charge			Total Bi-monthly Bill			
		Current Rates	Proposed Rates January 1, 2021	Difference		Current Rates	Proposed Rates January 1, 2021	Difference	Current Rates	Proposed Rates January 1, 2021	Difference	Percent Difference
Commercial	2"	\$78.43	\$106.42	\$27.99	0	\$0.00	\$0.00	\$0.00	\$78.43	\$106.42	\$27.99	35.7%
		\$78.43	\$106.42	\$27.99	10	\$59.50	\$62.10	\$2.60	\$137.93	\$168.52	\$30.59	22.2%
		\$78.43	\$106.42	\$27.99	15	\$89.25	\$93.15	\$3.90	\$167.68	\$199.57	\$31.89	19.0%
		\$78.43	\$106.42	\$27.99	20	\$119.00	\$124.20	\$5.20	\$197.43	\$230.62	\$33.19	16.8%
		\$78.43	\$106.42	\$27.99	30	\$178.50	\$186.30	\$7.80	\$256.93	\$292.72	\$35.79	13.9%
		\$78.43	\$106.42	\$27.99	40	\$238.00	\$248.40	\$10.40	\$316.43	\$354.82	\$38.39	12.1%
		\$78.43	\$106.42	\$27.99	50	\$297.50	\$310.50	\$13.00	\$375.93	\$416.92	\$40.99	10.9%
		\$78.43	\$106.42	\$27.99	100	\$595.00	\$621.00	\$26.00	\$673.43	\$727.42	\$53.99	8.0%
		\$78.43	\$106.42	\$27.99	150	\$892.50	\$931.50	\$39.00	\$970.93	\$1,037.92	\$66.99	6.9%
		\$78.43	\$106.42	\$27.99	200	\$1,190.00	\$1,242.00	\$52.00	\$1,268.43	\$1,348.42	\$79.99	6.3%
		\$78.43	\$106.42	\$27.99	250	\$1,487.50	\$1,552.50	\$65.00	\$1,565.93	\$1,658.92	\$92.99	5.9%
		\$78.43	\$106.42	\$27.99	300	\$1,785.00	\$1,863.00	\$78.00	\$1,863.43	\$1,969.42	\$105.99	5.7%
		\$78.43	\$106.42	\$27.99	350	\$2,082.50	\$2,173.50	\$91.00	\$2,160.93	\$2,279.92	\$118.99	5.5%
Commercial	4"	\$228.44	\$312.99	\$84.55	0	\$0.00	\$0.00	\$0.00	\$228.44	\$312.99	\$84.55	37.0%
		\$228.44	\$312.99	\$84.55	10	\$59.50	\$62.10	\$2.60	\$287.94	\$375.09	\$87.15	30.3%
		\$228.44	\$312.99	\$84.55	15	\$89.25	\$93.15	\$3.90	\$317.69	\$406.14	\$88.45	27.8%
		\$228.44	\$312.99	\$84.55	20	\$119.00	\$124.20	\$5.20	\$347.44	\$437.19	\$89.75	25.8%
		\$228.44	\$312.99	\$84.55	30	\$178.50	\$186.30	\$7.80	\$406.94	\$499.29	\$92.35	22.7%
		\$228.44	\$312.99	\$84.55	40	\$238.00	\$248.40	\$10.40	\$466.44	\$561.39	\$94.95	20.4%
		\$228.44	\$312.99	\$84.55	50	\$297.50	\$310.50	\$13.00	\$525.94	\$623.49	\$97.55	18.5%
		\$228.44	\$312.99	\$84.55	100	\$595.00	\$621.00	\$26.00	\$823.44	\$933.99	\$110.55	13.4%
		\$228.44	\$312.99	\$84.55	150	\$892.50	\$931.50	\$39.00	\$1,120.94	\$1,244.49	\$123.55	11.0%
		\$228.44	\$312.99	\$84.55	200	\$1,190.00	\$1,242.00	\$52.00	\$1,418.44	\$1,554.99	\$136.55	9.6%
		\$228.44	\$312.99	\$84.55	250	\$1,487.50	\$1,552.50	\$65.00	\$1,715.94	\$1,865.49	\$149.55	8.7%
		\$228.44	\$312.99	\$84.55	300	\$1,785.00	\$1,863.00	\$78.00	\$2,013.44	\$2,175.99	\$162.55	8.1%
		\$228.44	\$312.99	\$84.55	350	\$2,082.50	\$2,173.50	\$91.00	\$2,310.94	\$2,486.49	\$175.55	7.6%

Table B-1

Nipomo Community Services District

Uniform Rate Structure

**Water Utility**

Comparison of Bi-Monthly Water Bills Using Current Rates To Proposed Bills Using January 1, 2021 Water Rates

Customer Classification	Meter Size inches	Service Charge			Consumption Charge				Total Bi-monthly Bill			
		Current Rates	Proposed Rates January 1, 2021	Difference	Bi-monthly Consumption HCF	Current Rates	Proposed Rates January 1, 2021	Difference	Current Rates	Proposed Rates January 1, 2021	Difference	Percent Difference
Irrigation	2"	\$78.43	\$106.42	\$27.99	0	\$0.00	\$0.00	\$0.00	\$78.43	\$106.42	\$27.99	35.7%
		\$78.43	\$106.42	\$27.99	50	\$297.50	\$310.50	\$13.00	\$375.93	\$416.92	\$40.99	10.9%
		\$78.43	\$106.42	\$27.99	100	\$595.00	\$621.00	\$26.00	\$673.43	\$727.42	\$53.99	8.0%
		\$78.43	\$106.42	\$27.99	150	\$892.50	\$931.50	\$39.00	\$970.93	\$1,037.92	\$66.99	6.9%
		\$78.43	\$106.42	\$27.99	200	\$1,190.00	\$1,242.00	\$52.00	\$1,268.43	\$1,348.42	\$79.99	6.3%
		\$78.43	\$106.42	\$27.99	250	\$1,487.50	\$1,552.50	\$65.00	\$1,565.93	\$1,658.92	\$92.99	5.9%
		\$78.43	\$106.42	\$27.99	300	\$1,785.00	\$1,863.00	\$78.00	\$1,863.43	\$1,969.42	\$105.99	5.7%
		\$78.43	\$106.42	\$27.99	350	\$2,082.50	\$2,173.50	\$91.00	\$2,160.93	\$2,279.92	\$118.99	5.5%
		\$78.43	\$106.42	\$27.99	400	\$2,380.00	\$2,484.00	\$104.00	\$2,458.43	\$2,590.42	\$131.99	5.4%
		\$78.43	\$106.42	\$27.99	450	\$2,677.50	\$2,794.50	\$117.00	\$2,755.93	\$2,900.92	\$144.99	5.3%
		\$78.43	\$106.42	\$27.99	500	\$2,975.00	\$3,105.00	\$130.00	\$3,053.43	\$3,211.42	\$157.99	5.2%
		\$78.43	\$106.42	\$27.99	600	\$3,570.00	\$3,726.00	\$156.00	\$3,648.43	\$3,832.42	\$183.99	5.0%
		\$78.43	\$106.42	\$27.99	800	\$4,760.00	\$4,968.00	\$208.00	\$4,838.43	\$5,074.42	\$235.99	4.9%
Irrigation	4"	\$228.44	\$312.99	\$84.55	0	\$0.00	\$0.00	\$0.00	\$228.44	\$312.99	\$84.55	37.0%
		\$228.44	\$312.99	\$84.55	50	\$297.50	\$310.50	\$13.00	\$525.94	\$623.49	\$97.55	18.5%
		\$228.44	\$312.99	\$84.55	100	\$595.00	\$621.00	\$26.00	\$823.44	\$933.99	\$110.55	13.4%
		\$228.44	\$312.99	\$84.55	150	\$892.50	\$931.50	\$39.00	\$1,120.94	\$1,244.49	\$123.55	11.0%
		\$228.44	\$312.99	\$84.55	200	\$1,190.00	\$1,242.00	\$52.00	\$1,418.44	\$1,554.99	\$136.55	9.6%
		\$228.44	\$312.99	\$84.55	250	\$1,487.50	\$1,552.50	\$65.00	\$1,715.94	\$1,865.49	\$149.55	8.7%
		\$228.44	\$312.99	\$84.55	300	\$1,785.00	\$1,863.00	\$78.00	\$2,013.44	\$2,175.99	\$162.55	8.1%
		\$228.44	\$312.99	\$84.55	350	\$2,082.50	\$2,173.50	\$91.00	\$2,310.94	\$2,486.49	\$175.55	7.6%
		\$228.44	\$312.99	\$84.55	400	\$2,380.00	\$2,484.00	\$104.00	\$2,608.44	\$2,796.99	\$188.55	7.2%
		\$228.44	\$312.99	\$84.55	450	\$2,677.50	\$2,794.50	\$117.00	\$2,905.94	\$3,107.49	\$201.55	6.9%
		\$228.44	\$312.99	\$84.55	500	\$2,975.00	\$3,105.00	\$130.00	\$3,203.44	\$3,417.99	\$214.55	6.7%
		\$228.44	\$312.99	\$84.55	600	\$3,570.00	\$3,726.00	\$156.00	\$3,798.44	\$4,038.99	\$240.55	6.3%
		\$228.44	\$312.99	\$84.55	800	\$4,760.00	\$4,968.00	\$208.00	\$4,988.44	\$5,280.99	\$292.55	5.9%



Table B-2

Nipomo Community Services District

Tiered Rate Structure

## Water Utility

Comparison of Bi-Monthly Water Bills Using Current Rates To Proposed Bills Using January 1, 2021 Water Rates

		Service Charge				Consumption Charge			Total Bi-monthly Bill				
Customer Classification	Meter Size	Current Rates	Proposed Rates		Bi-monthly Consumption	Current Rates	Proposed Rates		Current Rates	Proposed Rates		Percent Difference	
			January 1, 2021	Difference			January 1, 2021	Difference		January 1, 2021	Difference		
	inches				HCF								
Single-family Residential	5/8" thru 1"	\$51.59	\$53.70	\$2.11	0	\$0.00	\$0.00	\$0.00	\$51.59	\$53.70	\$2.11	4.1%	
		\$51.59	\$53.70	\$2.11	5	\$29.75	\$18.20	(\$11.55)	\$81.34	\$71.90	(\$9.44)	-11.6%	
		\$51.59	\$53.70	\$2.11	10	\$59.50	\$36.40	(\$23.10)	\$111.09	\$90.10	(\$20.99)	-18.9%	
	Median	\$51.59	\$53.70	\$2.11	17	\$101.15	\$71.99	(\$29.16)	\$152.74	\$125.69	(\$27.05)	-17.7%	
	Average	\$51.59	\$53.70	\$2.11	24	\$142.80	\$121.06	(\$21.74)	\$194.39	\$174.76	(\$19.63)	-10.1%	
		\$51.59	\$53.70	\$2.11	30	\$178.50	\$163.12	(\$15.38)	\$230.09	\$216.82	(\$13.27)	-5.8%	
		\$51.59	\$53.70	\$2.11	35	\$208.25	\$205.01	(\$3.24)	\$259.84	\$258.71	(\$1.13)	-0.4%	
		\$51.59	\$53.70	\$2.11	40	\$238.00	\$251.46	\$13.46	\$289.59	\$305.16	\$15.57	5.4%	
		\$51.59	\$53.70	\$2.11	50	\$297.50	\$344.36	\$46.86	\$349.09	\$398.06	\$48.97	14.0%	
		\$51.59	\$53.70	\$2.11	60	\$357.00	\$437.26	\$80.26	\$408.59	\$490.96	\$82.37	20.2%	
		\$51.59	\$53.70	\$2.11	70	\$416.50	\$530.16	\$113.66	\$468.09	\$583.86	\$115.77	24.7%	
		\$51.59	\$53.70	\$2.11	80	\$476.00	\$623.06	\$147.06	\$527.59	\$676.76	\$149.17	28.3%	
		\$51.59	\$53.70	\$2.11	90	\$535.50	\$715.96	\$180.46	\$587.09	\$769.66	\$182.57	31.1%	
		\$51.59	\$53.70	\$2.11	100	\$595.00	\$808.86	\$213.86	\$646.59	\$862.56	\$215.97	33.4%	
		\$51.59	\$53.70	\$2.11	150	\$892.50	\$1,273.36	\$380.86	\$944.09	\$1,327.06	\$382.97	40.6%	
		\$51.59	\$53.70	\$2.11	200	\$1,190.00	\$1,737.86	\$547.86	\$1,241.59	\$1,791.56	\$549.97	44.3%	
		\$51.59	\$53.70	\$2.11	250	\$1,487.50	\$2,202.36	\$714.86	\$1,539.09	\$2,256.06	\$716.97	46.6%	
		\$51.59	\$53.70	\$2.11	300	\$1,785.00	\$2,666.86	\$881.86	\$1,836.59	\$2,720.56	\$883.97	48.1%	
	Multifamily Residential	5/8" thru 1"	\$51.59	\$53.70	\$2.11	0	\$0.00	\$0.00	\$0.00	\$51.59	\$53.70	\$2.11	4.1%
		\$51.59	\$53.70	\$2.11	5	\$29.75	\$28.90	(\$0.85)	\$81.34	\$82.60	\$1.26	1.5%	
		\$51.59	\$53.70	\$2.11	10	\$59.50	\$57.80	(\$1.70)	\$111.09	\$111.50	\$0.41	0.4%	
		\$51.59	\$53.70	\$2.11	15	\$89.25	\$86.70	(\$2.55)	\$140.84	\$140.40	(\$0.44)	-0.3%	
		\$51.59	\$53.70	\$2.11	20	\$119.00	\$115.60	(\$3.40)	\$170.59	\$169.30	(\$1.29)	-0.8%	
		\$51.59	\$53.70	\$2.11	25	\$148.75	\$144.50	(\$4.25)	\$200.34	\$198.20	(\$2.14)	-1.1%	
		\$51.59	\$53.70	\$2.11	30	\$178.50	\$173.40	(\$5.10)	\$230.09	\$227.10	(\$2.99)	-1.3%	
		\$51.59	\$53.70	\$2.11	40	\$238.00	\$231.20	(\$6.80)	\$289.59	\$284.90	(\$4.69)	-1.6%	
		\$51.59	\$53.70	\$2.11	50	\$297.50	\$289.00	(\$8.50)	\$349.09	\$342.70	(\$6.39)	-1.8%	
		\$51.59	\$53.70	\$2.11	60	\$357.00	\$346.80	(\$10.20)	\$408.59	\$400.50	(\$8.09)	-2.0%	
		\$51.59	\$53.70	\$2.11	70	\$416.50	\$404.60	(\$11.90)	\$468.09	\$458.30	(\$9.79)	-2.1%	
		\$51.59	\$53.70	\$2.11	80	\$476.00	\$462.40	(\$13.60)	\$527.59	\$516.10	(\$11.49)	-2.2%	
		\$51.59	\$53.70	\$2.11	90	\$535.50	\$520.20	(\$15.30)	\$587.09	\$573.90	(\$13.19)	-2.2%	
		\$51.59	\$53.70	\$2.11	100	\$595.00	\$578.00	(\$17.00)	\$646.59	\$631.70	(\$14.89)	-2.3%	
		\$51.59	\$53.70	\$2.11	200	\$1,190.00	\$1,156.00	(\$34.00)	\$1,241.59	\$1,209.70	(\$31.89)	-2.6%	
		\$51.59	\$53.70	\$2.11	300	\$1,785.00	\$1,734.00	(\$51.00)	\$1,836.59	\$1,787.70	(\$48.89)	-2.7%	
		\$51.59	\$53.70	\$2.11	400	\$2,380.00	\$2,312.00	(\$68.00)	\$2,431.59	\$2,365.70	(\$65.89)	-2.7%	
		\$51.59	\$53.70	\$2.11	500	\$2,975.00	\$2,890.00	(\$85.00)	\$3,026.59	\$2,943.70	(\$82.89)	-2.7%	

Table B-2

Nipomo Community Services District

Tiered Rate Structure

## Water Utility

Comparison of Bi-Monthly Water Bills Using Current Rates To Proposed Bills Using January 1, 2021 Water Rates

Customer Classification	Meter Size inches	Service Charge			Bi-monthly Consumption HCF	Consumption Charge			Total Bi-monthly Bill			
		Current Rates	Proposed Rates January 1, 2021	Difference		Current Rates	Proposed Rates January 1, 2021	Difference	Current Rates	Proposed Rates January 1, 2021	Difference	Percent Difference
Commercial	2"	\$78.43	\$106.42	\$27.99	0	\$0.00	\$0.00	\$0.00	\$78.43	\$106.42	\$27.99	35.7%
		\$78.43	\$106.42	\$27.99	10	\$59.50	\$70.50	\$11.00	\$137.93	\$176.92	\$38.99	28.3%
		\$78.43	\$106.42	\$27.99	15	\$89.25	\$105.75	\$16.50	\$167.68	\$212.17	\$44.49	26.5%
		\$78.43	\$106.42	\$27.99	20	\$119.00	\$141.00	\$22.00	\$197.43	\$247.42	\$49.99	25.3%
		\$78.43	\$106.42	\$27.99	30	\$178.50	\$211.50	\$33.00	\$256.93	\$317.92	\$60.99	23.7%
		\$78.43	\$106.42	\$27.99	40	\$238.00	\$282.00	\$44.00	\$316.43	\$388.42	\$71.99	22.8%
		\$78.43	\$106.42	\$27.99	50	\$297.50	\$352.50	\$55.00	\$375.93	\$458.92	\$82.99	22.1%
		\$78.43	\$106.42	\$27.99	100	\$595.00	\$705.00	\$110.00	\$673.43	\$811.42	\$137.99	20.5%
		\$78.43	\$106.42	\$27.99	150	\$892.50	\$1,057.50	\$165.00	\$970.93	\$1,163.92	\$192.99	19.9%
		\$78.43	\$106.42	\$27.99	200	\$1,190.00	\$1,410.00	\$220.00	\$1,268.43	\$1,516.42	\$247.99	19.6%
		\$78.43	\$106.42	\$27.99	250	\$1,487.50	\$1,762.50	\$275.00	\$1,565.93	\$1,868.92	\$302.99	19.3%
		\$78.43	\$106.42	\$27.99	300	\$1,785.00	\$2,115.00	\$330.00	\$1,863.43	\$2,221.42	\$357.99	19.2%
		\$78.43	\$106.42	\$27.99	350	\$2,082.50	\$2,467.50	\$385.00	\$2,160.93	\$2,573.92	\$412.99	19.1%
Commercial	4"	\$228.44	\$312.99	\$84.55	0	\$0.00	\$0.00	\$0.00	\$228.44	\$312.99	\$84.55	37.0%
		\$228.44	\$312.99	\$84.55	10	\$59.50	\$70.50	\$11.00	\$287.94	\$383.49	\$95.55	33.2%
		\$228.44	\$312.99	\$84.55	15	\$89.25	\$105.75	\$16.50	\$317.69	\$418.74	\$101.05	31.8%
		\$228.44	\$312.99	\$84.55	20	\$119.00	\$141.00	\$22.00	\$347.44	\$453.99	\$106.55	30.7%
		\$228.44	\$312.99	\$84.55	30	\$178.50	\$211.50	\$33.00	\$406.94	\$524.49	\$117.55	28.9%
		\$228.44	\$312.99	\$84.55	40	\$238.00	\$282.00	\$44.00	\$466.44	\$594.99	\$128.55	27.6%
		\$228.44	\$312.99	\$84.55	50	\$297.50	\$352.50	\$55.00	\$525.94	\$665.49	\$139.55	26.5%
		\$228.44	\$312.99	\$84.55	100	\$595.00	\$705.00	\$110.00	\$823.44	\$1,017.99	\$194.55	23.6%
		\$228.44	\$312.99	\$84.55	150	\$892.50	\$1,057.50	\$165.00	\$1,120.94	\$1,370.49	\$249.55	22.3%
		\$228.44	\$312.99	\$84.55	200	\$1,190.00	\$1,410.00	\$220.00	\$1,418.44	\$1,722.99	\$304.55	21.5%
		\$228.44	\$312.99	\$84.55	250	\$1,487.50	\$1,762.50	\$275.00	\$1,715.94	\$2,075.49	\$359.55	21.0%
		\$228.44	\$312.99	\$84.55	300	\$1,785.00	\$2,115.00	\$330.00	\$2,013.44	\$2,427.99	\$414.55	20.6%
		\$228.44	\$312.99	\$84.55	350	\$2,082.50	\$2,467.50	\$385.00	\$2,310.94	\$2,780.49	\$469.55	20.3%



Table B-2

Nipomo Community Services District

Tiered Rate Structure

**Water Utility**

Comparison of Bi-Monthly Water Bills Using Current Rates To Proposed Bills Using January 1, 2021 Water Rates

Customer Classification	Meter Size inches	Service Charge			Bi-monthly Consumption HCF	Consumption Charge			Total Bi-monthly Bill			
		Current Rates	Proposed Rates January 1, 2021	Difference		Current Rates	Proposed Rates January 1, 2021	Difference	Current Rates	Proposed Rates January 1, 2021	Difference	Percent Difference
Irrigation	2"	\$78.43	\$106.42	\$27.99	0	\$0.00	\$0.00	\$0.00	\$78.43	\$106.42	\$27.99	35.7%
		\$78.43	\$106.42	\$27.99	50	\$297.50	\$405.00	\$107.50	\$375.93	\$511.42	\$135.49	36.0%
		\$78.43	\$106.42	\$27.99	100	\$595.00	\$810.00	\$215.00	\$673.43	\$916.42	\$242.99	36.1%
		\$78.43	\$106.42	\$27.99	150	\$892.50	\$1,215.00	\$322.50	\$970.93	\$1,321.42	\$350.49	36.1%
		\$78.43	\$106.42	\$27.99	200	\$1,190.00	\$1,620.00	\$430.00	\$1,268.43	\$1,726.42	\$457.99	36.1%
		\$78.43	\$106.42	\$27.99	250	\$1,487.50	\$2,025.00	\$537.50	\$1,565.93	\$2,131.42	\$565.49	36.1%
		\$78.43	\$106.42	\$27.99	300	\$1,785.00	\$2,430.00	\$645.00	\$1,863.43	\$2,536.42	\$672.99	36.1%
		\$78.43	\$106.42	\$27.99	350	\$2,082.50	\$2,835.00	\$752.50	\$2,160.93	\$2,941.42	\$780.49	36.1%
		\$78.43	\$106.42	\$27.99	400	\$2,380.00	\$3,240.00	\$860.00	\$2,458.43	\$3,346.42	\$887.99	36.1%
		\$78.43	\$106.42	\$27.99	450	\$2,677.50	\$3,645.00	\$967.50	\$2,755.93	\$3,751.42	\$995.49	36.1%
		\$78.43	\$106.42	\$27.99	500	\$2,975.00	\$4,050.00	\$1,075.00	\$3,053.43	\$4,156.42	\$1,102.99	36.1%
		\$78.43	\$106.42	\$27.99	600	\$3,570.00	\$4,860.00	\$1,290.00	\$3,648.43	\$4,966.42	\$1,317.99	36.1%
		\$78.43	\$106.42	\$27.99	800	\$4,760.00	\$6,480.00	\$1,720.00	\$4,838.43	\$6,586.42	\$1,747.99	36.1%
Irrigation	4"	\$228.44	\$312.99	\$84.55	0	\$0.00	\$0.00	\$0.00	\$228.44	\$312.99	\$84.55	37.0%
		\$228.44	\$312.99	\$84.55	50	\$297.50	\$405.00	\$107.50	\$525.94	\$717.99	\$192.05	36.5%
		\$228.44	\$312.99	\$84.55	100	\$595.00	\$810.00	\$215.00	\$823.44	\$1,122.99	\$299.55	36.4%
		\$228.44	\$312.99	\$84.55	150	\$892.50	\$1,215.00	\$322.50	\$1,120.94	\$1,527.99	\$407.05	36.3%
		\$228.44	\$312.99	\$84.55	200	\$1,190.00	\$1,620.00	\$430.00	\$1,418.44	\$1,932.99	\$514.55	36.3%
		\$228.44	\$312.99	\$84.55	250	\$1,487.50	\$2,025.00	\$537.50	\$1,715.94	\$2,337.99	\$622.05	36.3%
		\$228.44	\$312.99	\$84.55	300	\$1,785.00	\$2,430.00	\$645.00	\$2,013.44	\$2,742.99	\$729.55	36.2%
		\$228.44	\$312.99	\$84.55	350	\$2,082.50	\$2,835.00	\$752.50	\$2,310.94	\$3,147.99	\$837.05	36.2%
		\$228.44	\$312.99	\$84.55	400	\$2,380.00	\$3,240.00	\$860.00	\$2,608.44	\$3,552.99	\$944.55	36.2%
		\$228.44	\$312.99	\$84.55	450	\$2,677.50	\$3,645.00	\$967.50	\$2,905.94	\$3,957.99	\$1,052.05	36.2%
		\$228.44	\$312.99	\$84.55	500	\$2,975.00	\$4,050.00	\$1,075.00	\$3,203.44	\$4,362.99	\$1,159.55	36.2%
		\$228.44	\$312.99	\$84.55	600	\$3,570.00	\$4,860.00	\$1,290.00	\$3,798.44	\$5,172.99	\$1,374.55	36.2%
		\$228.44	\$312.99	\$84.55	800	\$4,760.00	\$6,480.00	\$1,720.00	\$4,988.44	\$6,792.99	\$1,804.55	36.2%

OCTOBER 28, 2020

ITEM E-1

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING BI-MONTHLY WATER RATES AND CHARGES  
AND PRIVATE FIRE PROTECTION CHARGES**

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to maintain adequate levels of revenue, equitably and proportionately collected, to meet the District's financial commitments for the operation and maintenance for water facilities and the replacement of existing facilities in the future; and

WHEREAS, the District retained Tuckfield & Associates to evaluate water rates and charges and to develop a five year financial plan. The Financial Plan includes estimated operating and maintenance costs, anticipated debt service obligations, and capital replacement program needs covering a period from FY 20-21 through FY 24-25. The Report on Water Rate Study dated August 2020 (Water Rate Study) was approved by the District Board of Directors on August 26, 2020; and is incorporated herein by this reference; and

WHEREAS, Government Code §61115 authorizes the District to adopt rates and charges by resolution; and

WHEREAS, on October 28, 2020, the District conducted a duly noticed public hearing wherein the Board of Directors considered public comment in support and in opposition to the proposed rate increase and whether or not a majority protest to the proposed rate increase exists pursuant to Section 6 of Article XIII D of the California Constitution. A total of 4,471 parcels would be subject to the proposed rate increase; therefore, 2,236 protests would be needed to constitute a majority protest. At the conclusion of the public hearing, the Board found that \_\_\_\_\_ written protests were received and that a majority protest did not exist.

WHEREAS, based on facts and analysis presented in and relied on by the Water Rate Study, written protests received prior to the close of the October 28, 2020 public hearing, the Staff Report, Staff Presentation and public testimony received, to the best of the Board's knowledge the Board of Directors finds:

A. The District identified the parcels upon which the new rates and charges will be imposed, calculated the amount of the rates, and mailed notices to all Owners of Record and Customers of Record of properties responsible for the water rates and charges, which notices provided information on the proposed rates and charges, the basis for the calculation, the reason for the rates and charges, the means by which a protest could be filed, and the date, time, and location for a public hearing which was not less than 45 days after the date of mailing.

B. The public hearing adopting this Resolution has been properly noticed pursuant to the Section 6 of Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act (Government Code §53750, et. seq.), and the Brown Act (Government Code §54950, et seq.).

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-XXXX

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING WATER RATES AND  
PRIVATE FIRE PROTECTION CHARGES

C. The rates and charges adopted by this Resolution:

1. Are for the purposes of meeting operation, maintenance, and capital replacement expenses for providing water for District customers.
2. Do not exceed the funds required to provide water to District customers.
3. Do not exceed the proportional cost of services attributable to those parcels receiving water service.

D. The revenues derived from the water rates and charges will not be used for any purpose other than that for which the charge is imposed.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED, by the Board of Directors of the District as follows:

Section 1. Incorporation of Recitals

To the best of the Board's knowledge, the Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and support the findings of the District in support of this Resolution.

Section 2. Water Rates

The Bi-Monthly Water Availability Charges and Water Commodity Rates referred to in Section 3.03.180 of the District Code and as set forth in Exhibit A, attached hereto and incorporated herein by reference, are hereby adopted, effective January 1, 2021.

The Bi-Monthly Water Availability Charges and Water Commodity Rates adopted herein shall adjust annually and automatically in the amounts and in accordance with the schedule identified in Exhibit A. Increases or decreases in wholesale water costs that the City of Santa Maria charges to the District, including but not limited to any surcharges, supplemental charges, changes to the Base Rate, or changes in energy costs, as provided for in the Wholesale Water Supply Agreement dated May 7, 2013, shall be passed through to customers in accordance with Government Code section 53756.

Customers who are granted a leak adjustment under District Code Section 3.03.120 will be billed for excess usage above the normal average usage at a rate equivalent to the otherwise applicable water rate minus the Supplemental Water Unit Cost identified in Table 18 of the Water Rate Study.

Section 3. Private Fire Protection Charges

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-XXXX

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING WATER RATES AND  
PRIVATE FIRE PROTECTION CHARGES

The Bi-Monthly Private Fire Protection Charges referred to in Section 3.04.140 of the District Code and as set forth in Exhibit B, attached hereto and incorporated herein by reference, are hereby adopted, effective January 1, 2021. The Private Fire Protection Charges adopted herein shall adjust annually and automatically in the amounts and in accordance with the schedule identified in Exhibit B.

Section 4.      Effective Date

The effective date of the rates established in this Resolution shall be as set forth in Sections 2 and 3 above, which are incorporated herein as if set forth in full.

Section 5.      Repeal of Prior Resolutions

All resolutions and sections of resolutions that are inconsistent with this Resolution are hereby repealed, subject to the effective dates identified in Sections 2 and 3 above. Any existing rates and charges not specifically amended by this Resolution shall remain in full force and effect.

Section 6.      Effect of Repeal on Past Actions and Obligations

This Resolution does not affect prosecutions for violations committed prior to the effective date of this Resolution, does not waive any fee or penalty due and unpaid on the effective date of this Resolution, and does not affect the validity of any bond or cash deposit posted, filed or deposited pursuant to the requirements of any prior resolution or ordinance.

Section 7.      CEQA Findings

The Board of Directors of the District finds that to the best of its knowledge the rates and charges adopted by this Resolution are exempt from the California Environmental Quality Act pursuant to Public Resources Code § 21080(b)(8) and CEQA Guidelines Section 15273. The District General Manager is directed to prepare and file appropriate notices.

Section 8.      Severance Clause

If any section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Resolution. The Governing Board of the District hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-XXXX

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING WATER RATES AND  
PRIVATE FIRE PROTECTION CHARGES

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

AYES:  
NOES:  
ABSENT:  
CONFLICTS:

the foregoing resolution is hereby adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
DAN ALLEN GADDIS, President  
Nipomo Community Services District  
Board of Directors

ATTEST:

APPROVED AS TO FORM  
AND LEGAL EFFECT:

\_\_\_\_\_  
MARIO IGLESIAS  
General Manager and  
Secretary to the Board

\_\_\_\_\_  
CRAIG A. STEELE  
District Legal Counsel



**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING WATER RATES AND  
PRIVATE FIRE PROTECTION CHARGES**

**EXHIBIT "A"**

**BI-MONTHLY AVAILABILITY CHARGES**

Effective January 1 of each year

	<b>Current Rate</b>	<b>January 1, 2021</b>	<b>January 1, 2022</b>	<b>January 1, 2023</b>	<b>January 1, 2024</b>	<b>January 1, 2025</b>
<b>Meter Size</b>	<b>Fixed Charge (\$ per bi-month)</b>					
5/8 thru 1 inch	\$51.59	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
6 inch	\$372.90	\$631.28	\$697.07	\$766.35	\$840.66	\$919.47
8 inch	\$538.01	\$995.04	\$1,095.60	\$1,202.00	\$1,316.33	\$1,437.85

**WATER COMMODITY RATES**

Effective January 1 of each year

	<b>Current Rate</b>	<b>January 1, 2021</b>	<b>January 1, 2022</b>	<b>January 1, 2023</b>	<b>January 1, 2024</b>	<b>January 1, 2025</b>
<b>Variable Charge (\$ per HCF)</b>						
All Consumption	\$5.95	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45

NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2020-XXXX

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE NIPOMO COMMUNITY SERVICES DISTRICT  
SETTING WATER RATES AND  
PRIVATE FIRE PROTECTION CHARGES

**EXHIBIT "B"**

**BI-MONTHLY PRIVATE FIRE PROTECTION CHARGES**

Effective January 1 of each year

<b>Fireline Size</b>	<b>Fireline Ratio</b>	<b>Current Charge</b>	<b>January 1, 2021</b>	<b>January 1, 2022</b>	<b>January 1, 2023</b>	<b>January 1, 2024</b>	<b>January 1, 2025</b>
inches							
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
8 inch	2.13	\$183.54	\$110.99	\$128.01	\$142.21	\$158.23	\$176.57
10 inch	3.83	\$330.07	\$199.60	\$230.21	\$255.74	\$284.56	\$317.54

OCTOBER 28, 2020

ITEM E-1

ATTACHMENT C



SEPTEMBER 2020

# 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

14.7%

4.5%

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](mailto: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
<b>Proposed Rates</b>							

### Single-family Residential

Example of 2021 Bi-Monthly Water Bills Including Proposed Rates									
<u>Current Bill</u>					<u>Proposed FY 2021 Bill</u>				
Description	Use (HCF)	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		

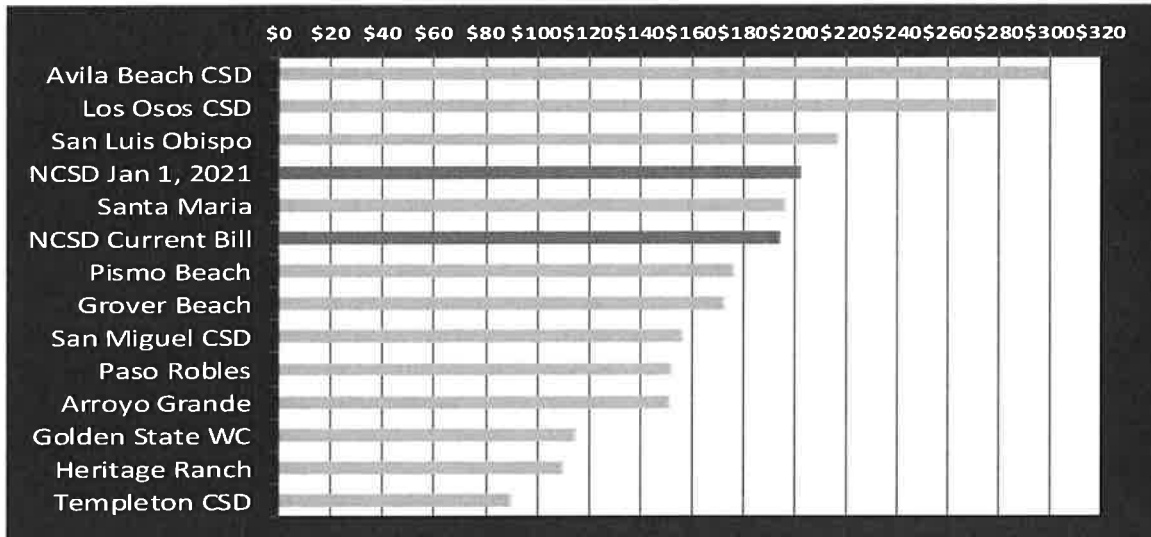
### Proposed Bi-Monthly Private Fire Protection Charges

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 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.

**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](http://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

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### 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](mailto: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](http://www.ncsd.ca.gov). In addition, customers may contact the General Manager at (805) 929-1133 for further information about the proposed rates.

OCTOBER 28, 2020

ITEM E-1

ATTACHMENT D

# PUBLIC OUTREACH EXPLAINING RATE PROPOSAL



NIPOMO COMMUNITY SERVICES DISTRICT  
PROPOSAL FOR 2020 RATE SCHEDULE





## 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	14.7%	4.5%
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
<b>Meter Size</b>			<b>Fixed Charge (\$ per bi-month)</b>				
5/8 thru 1 inch	\$51.59	<del>\$68.36</del>	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	<del>\$82.06</del>	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	<del>\$102.06</del>	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	<del>\$300.44</del>	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	<del>\$353.70</del>	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
			<b>Variable Use Charge (\$ per Hundred Cubic Feet)</b>				
All Consumption	<del>\$5.95</del>	<del>\$6.80</del>	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45
			<b>Proposed Rates</b>				

### Single-family Residential

#### Example of 2021 Bi-Monthly Water Bills Including Proposed Rates

		Current Bill		Proposed FY 2021 Bill					
Description	Use (HCF)	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
Very Low	5	\$51.59	\$0.00	\$51.59	\$53.70	\$0.00	\$53.70	\$2.11	4.1%
Low	10	\$51.59	\$28.75	\$80.34	\$53.70	\$31.05	\$84.75	\$3.41	4.2%
Median	17	\$51.59	\$59.30	\$111.09	\$53.70	\$62.10	\$115.80	\$4.71	4.2%
Average	24	\$51.59	\$81.25	\$132.84	\$53.70	\$105.57	\$159.27	\$6.53	4.3%
High	40	\$51.59	\$142.80	\$194.39	\$53.70	\$149.04	\$202.74	\$8.35	4.3%
Very High	50	\$51.59	\$238.00	\$289.59	\$53.70	\$248.40	\$302.10	\$12.51	4.3%
			\$297.50	\$349.09		\$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
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	0.05	\$2.23	\$1.38	\$1.57	\$1.74	\$1.91	\$2.08
2 inch	0.06	\$4.79	\$2.80	\$3.34	\$3.73	\$4.13	\$4.61
3 inch	0.16	\$19.81	\$8.43	\$9.78	\$10.78	\$11.80	\$12.93
4 inch	0.34	\$29.85	\$17.85	\$20.68	\$22.97	\$25.56	\$28.52
6 inch	1.00	\$86.23	\$52.68	\$60.07	\$66.75	\$74.25	\$82.88



## BUYING WATER FROM CITY OF SANTA MARIA

Date	Description
July 1, 2015	Year 1: Obligated to take a minimum of 645 AcFt of water.
July 1, 2016	Years 2 through 5: Minimum take of pay 800 AcFt of water.
July 1, 2020	Years 6 through 10: Minimum take of pay 1,000 AcFt of water.
July 1, 2025	Years 11 and beyond: Minimum take of pay 2,500 AcFt of water.

1 Acre Foot (AcFt) of water = 325,851 gallons

*[325,851 gallons is approximately a year's worth of water for 3 homes in Nipomo]*



# 2017 RATE STUDY – SCHEDULED INCREASES



Report on

## Water Rate Study

July 2017

For:

Nipomo Community Services District

148 S Wilson Street  
Nipomo, CA 93444  
(805) 939-1133

Submitted By:

Tuckfield & Associates

2549 Eastbluff Dr, #4508  
Newport Beach, CA 92660  
(949) 760-9454  
www.tuckfieldassociates.com



- Adopted Rate Schedule: October 11, 2017 Public Hearing
- Two Approved Rate Adjustments Remaining:
  - December 1, 2020 – 14.7% (Increased Import Water)
  - December 1, 2021 – 4.5%

# 2020 PROPOSED RATE SCHEDULE



## Report on Water Rate Study August 2020

For:  
**Nipomo Community Services District**  
148 S Wilson Street  
Nipomo, CA 93444  
(805) 939-1133

Submitted By:  
**Tuckfield & Associates**  
Contact: Clayton Tuckfield  
2549 Eastbluff Dr, #4508  
Newport Beach, CA 92660  
(949) 760-9454  
[www.tuckfieldassociates.com](http://www.tuckfieldassociates.com)



- Proposed Rate Schedule: October 28, 2020 Public Hearing
- Replaces the two remaining 2017 Rate Adjustments:
  - January 1, 2021 – 4.5%
  - January 1, 2022 – 8.9%



## 2017 SCHEDULED VS. 2020 PROPOSED

### 2017 Water Rate Costs Scheduled to Take Effect on December 1, 2020

Study	Effective Date	% Increase	Monthly Fixed	Variable \$/748 gallons
2017 Rate Study	December 1, 2020	14.7%	\$29.13	\$6.92
2017 Rate Study	Current Rate	NA	\$25.80	\$5.95
<u>Scheduled</u> Increase Amount \$			\$ 3.33	\$ .97

### 2020 Proposed Water Rates

Study	Effective Date	% Increase	Monthly (Fixed)	Variable \$/748 gallons
2020 Rate Study	January 1, 2021	4.5%	\$26.85	\$6.21
2017 Rate Study	Current Rate	NA	\$25.80	\$5.95
2020 Rate Study <u>Proposed</u> Increase Amount \$			\$ 1.05	\$ .26

**2020 Proposed Rate Reduction (Savings)**      \$2.28/Month      \$ .71/Unit

# 2020 RATE STUDY PROPOSED RATES

Proposed Bi-Monthly Fixed and Variable Charges - Uniform Volume Rate Structure

	Current Fixed Charge	Scheduled Dec. 2020 1,000 AcFt	January 1, 2021 1,000 AcFt	January 1, 2022 1,000 AcFt	January 1, 2023 1,000 AcFt	January 1, 2024 1,000 AcFt	January 1, 2025 2,500 AcFt
<b>Buy Water from City</b>							
<u>Meter Size</u>			<u>Fixed Charge (\$ per bi-month)</u>				
5/8 thru 1 inch	\$51.59	<del>\$58.26</del>	\$53.70	\$60.72	\$67.73	\$75.25	\$83.12
1-1/2 inch	\$60.87	<del>\$67.97</del>	\$75.76	\$84.84	\$94.06	\$103.97	\$114.39
2 inch	\$78.43	<del>\$87.05</del>	\$106.42	\$118.65	\$131.20	\$144.69	\$158.90
3 inch	\$178.85	<del>\$200.11</del>	\$223.04	\$249.29	\$276.41	\$305.33	\$335.75
4 inch	\$228.44	<del>\$253.78</del>	\$312.99	\$348.36	\$385.16	\$424.45	\$465.89
6 inch	\$372.90	<del>\$406.41</del>	\$631.28	\$697.07	\$766.35	\$840.66	\$919.47
8 inch	\$538.01	<del>\$580.83</del>	\$995.04	\$1,095.60	\$1,202.00	\$1,316.33	\$1,437.85
			<u>Variable Charge (\$ per HCF)</u>				
All Consumption	\$5.95	<del>\$6.92</del>	\$6.21	\$6.68	\$7.21	\$7.80	\$8.45

2020 Proposed Rate Reduction (Savings)

## SETTING THE 2020 RATE SCHEDULE REVIEW

Date	Description
April 22, 2020	Board Meeting: Considers Rate Normalization (Reduction)
May 13, 2020	Board Meeting: Awarded Rate Study Contract
July 22, 2020	Board Meeting: Received Rate Study Presentation
August 26, 2020	Board Meeting: Approved Rate Study, Initiate Prop. 218 Process
September 3, 2020	Mail 45-Day Prop 218 Notice
September 30, 2020	Community Outreach Meeting (Email Blast: Video Presentation on Website)
October 28, 2020	Board Meeting: Board Approves Rates (If no Majority Protest)
December 1, 2020	<del>2017 Rate Increase 14.7% Becomes Effective</del> (Only if 2020 Proposal Fails)
January 1, 2021	4.5% Rate Increase Becomes Effective



## NEED MORE INFORMATION

- FULL RATE STUDY:

[HTTPS://NCSD.CA.GOV/WP-CONTENT/UPLOADS/2020/09/NCSD-WATER-RATE-STUDY-FINAL-REPORT-8-27-2020.PDF](https://ncsd.ca.gov/wp-content/uploads/2020/09/ncsd-water-rate-study-final-report-8-27-2020.pdf)

- COPY OF THE PUBLIC NOTICE:

[HTTPS://NCSD.CA.GOV/WP-CONTENT/UPLOADS/2020/09/218-NOTICE-WATER-RATES-2020-FINAL-VERSION.PDF](https://ncsd.ca.gov/wp-content/uploads/2020/09/218-notice-water-rates-2020-final-version.pdf)

- CONTACT NIPOMO CSD

- PHONE: (805) 929-1133
- EMAIL : [INFO@NCSD.CA.GOV](mailto:info@ncsd.ca.gov)





# HOW TO PROTEST

A VALID WRITTEN PROTEST MUST BE RECEIVED BY THE CLOSE OF THE PUBLIC HEARING SET FOR OCTOBER 28, 2020 @ 9:00 AM AND LOCATED AT 148 S. WILSON STREET, NIPOMO CA IN BOARD MEETING ROOM. THE PROTEST LETTER NEEDS TO INCLUDE THE FOLLOWING:

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.

