

**NIPOMO**  
**COMMUNITY**  
**SERVICES DISTRICT**

**WATER & SEWER**  
**COMPREHENSIVE**  
**FINANCIAL PLAN**

**APRIL 30, 1996**

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# **OPERATING RATES INTRODUCTION AND BACKGROUND**

## **INTRODUCTION**

Maintaining an adequate level of revenue, which is collected equitably from all classes of customers using utility services, is a major responsibility of water and wastewater utility management.

Demonstrating its commitment to efficient and equitable managerial practices, the Nipomo Community Services District ("District") commissioned Perry R. Louck, Certified Public Accountant, to perform a water and wastewater comprehensive financial plan. The plan includes an analyses of both operating and non-operating rates and charges. The intent of this study is to assess the District's revenue requirements and provide an independent evaluation of the fairness and equity of the charge structure. A proposed rate structure that enables the District to meet revenue requirements and to maintain fairness and equity among ratepayers is recommended.

## **BACKGROUND**

The District is located along Highway 101 in the Southern portion of San Luis Obispo County, California and is situated between the cities of San Francisco and Los Angeles.

The District provides water and sewer services to an unincorporated area of San Luis Obispo County. The primary service areas of the District are known as the Nipomo division and the Black Lake division. The District provides both water and sewer service to the two divisions. For the purpose of this study, the two water divisions were combined because they will operate as a single water system when the Water Facilities Master Plan recommendations are implemented. The Nipomo and Black Lake wastewater division's rates and charges have been calculated separately due to the fact that they are not interconnected and no mutual economic benefit is created for the separate customers of each division.

The District currently bills customers once every two months on a bi-monthly basis. All rates, fees and allotments computed in the study are shown on a monthly basis and current bi-monthly rates were adjusted to a monthly basis for comparison purposes.



# **FOREWORD**

## FOREWORD

The operating rate study was approached in two phases. Phase one of the study was a pure economic analysis of the fixed and variable costs of the District without consideration for water conservation or lifeline rates. The goal of phase one was to calculate rates and charges in the most conservative fashion in order to provide adequate revenues to recover the District's operating costs. During this phase all variable, or water commodity rates, were calculated based upon 100% recovery of variable costs while all fixed monthly rates were calculated based upon 100% recovery of fixed costs.

The advantage of this economic approach to rate setting is that the probability of lost revenues due to seasonal reductions of water deliveries is minimized because all variable costs fall proportionally with the decrease in variable revenues.

The disadvantage of an economic analysis is that it does not provide a rate structure which encourages water conservation nor a lifeline water discount. After discussions with the District's staff, and consideration of the District's current water supply conditions, it was determined that an increasing water rate structure would be preferable in furthering the District's goals and objectives. Therefore, phase two of the study provides for a monthly lifeline allotment of 10 hundred cubic feet (HCF) at a discounted rate, and an escalating rate structure to encourage water conservation.

The sewer operating rate portion of the study calculates the recommended monthly sewer rates necessary to recover sewer operating costs from the two sewer divisions. All sewer rates calculated under this study are fixed based upon the number of dwelling unit equivalents (DUE's) being served.

It should be noted that the estimates in the June 30, 1996 Operating Budgets of the water and wastewater divisions were adjusted to reflect the effects of policy changes recommended in the study (see Appendixes A & B ) to remove capital, non-operating or non-recurring costs, and to reflect more recent revenue estimates, all of which would have a material impact upon the study results.

# **POLICY DECISIONS AFFECTING RATES**

## POLICY DECISIONS AFFECTING RATES

### CASH RESERVES

The study evaluates the appropriate level of cash reserves for each of the operating divisions. The appropriate level of cash reserves for various types of operations is dependent on a number of factors, as follows:

- 1 - The ratio of fixed-to-variable revenue coverage when compared to fixed and variable expenses;
- 2 - The volatility of sales volumes;
- 3 - The contribution margin of additional sales revenue; and
- 4 - The volatility of costs from year to year.

After evaluating the impact of the factors impacting reserve requirements for the District, it was determined that the water reserves should be set at 50% (six months) of variable operating costs. Variable operating costs were chosen as the reserve requirement target for the water division because fixed operating costs tend to be less volatile and are recovered in the study with fixed revenues. Variable costs, however, tend to be more volatile and variable revenues are impacted by the volatility of water sales.

The wastewater division reserve targets were determined at 25%, or four months of operating costs net of the depreciation reserve requirements. The reserve requirements for the wastewater divisions are lower than those required for the water divisions due to the fact that the majority of costs relating to wastewater treatment are fixed in nature and are, therefore, less volatile than variable costs. In addition, wastewater plants tend to gain economies of scale as customers are added and experience less cost volatility than water operations.

### DEPRECIATION RECOVERY

Depreciation is of particular importance to water and wastewater utilities because of the relatively large investment in utility plant required to provide service. Depreciation of utility plant assets is an economic fact that must be given explicit and systematic recognition as a cost of rendering service. A failure to adequately fund the replacement of utility assets over their useful life will result in substantial financing requirements in the future.

A lack of adequate funding for utility plant replacement is, in fact, a form of deficit spending because depreciation costs relating to current sales revenues will be financed with future debt to be paid for by future customers. The need for adequate

replacement funding requires that the use of replacement reserves be restricted and utilized only for the replacement of aging facilities.

The water division is currently funding \$78,000 or 16% of its annual depreciation requirements. The study recommends funding depreciation at 100% and the depreciation funding was increased by 45% a year over the five-year life of the study to achieve 100% coverage at \$499,959 by the fiscal year ending June 30, 2001.

The Nipomo wastewater division is currently funding 18% of its annual depreciation requirements. The study recommends funding current depreciation at 100%, and the depreciation funding increased in the current year from \$31,100 to \$78,000, and was inflated in future years by 25% to achieve 100% coverage by the fiscal year ending June 30, 2001.

The Black Lake wastewater division is currently funding 34% of its annual depreciation requirements. The study recommends funding current depreciation at 35% and the depreciation funding was increased by 5% a year over the five year life of the study to achieve 35% coverage by the fiscal year ending June 30, 2001. A funding level of only 35% was recommended for this division due to the relative youth of its utility plant and currently small customer base. It would be inequitable to recover the majority of the depreciation from the current customers when the plant is running under capacity because the current customers would be funding replacement cost for vacant capacity. The target recovery percentage for this plant should be evaluated every five years and adjusted accordingly.

Conventional depreciation accounting for utilities is based upon the recovery of historical costs. The adequacy of historical cost-based recovery is suspect due to the impact of inflationary factors on replacement values for assets with extended useful lives. In connection with this concern, it has been suggested depreciation charges should be based upon the cost of replacing the utility plant as opposed to historical costs. It is recommended that the District complete a replacement cost study over the next five years and integrate its results into future rate studies.

#### METER CHANGE-OUT PROGRAM

The control of water produced and delivered to the distribution system is closely allied with the control of revenues. This control assists the utility in increasing the effectiveness and efficiency of its operation.

The ratio of total water used by customers to total water delivered to the distribution system provides one index to monitor the efficiency of utility operation. The most recent facility master plan identified material variations in the unaccounted for water ratio. A program of systematic meter reading, testing, repair and control of unauthorized use will help attain acceptable levels of unaccounted for water. Increasing utility plant costs and limited

water supplies makes it imperative that plant capacity be used efficiently.

In response to the concern for unaccounted for water, the cost of a ten-year cycle meter change-out program has been included in the rate study. It is projected that the meter change-out program will reduce water loss by 10% to a more acceptable ratio of 15%, and these factors have been included in the plan models.

# **CURRENT RATE STRUCTURE**

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### **CURRENT RATE STRUCTURE**

The District's current water rate structure includes both a commodity and fixed monthly rate. The water commodity rate structure is ascending in nature and is broken down into blocks as follows:

#### **COMMODITY RATES - PER MONTH**

Block 1	0 - 20 HCF @ \$.75
Block 2	20+ HCF @ \$1.15

#### **FIXED MONTHLY RATES**

##### **WATER - BY METER SIZE**

5/8 to 1 inch	\$ 6.50
1-1/2 inch	15.00
2 inch	21.00
3 inch	30.00
4 inch	45.00
6 inch	75.00

##### **SEWER - PER DUE**

NIPOMO	\$16
BLACK LAKE	\$16

This study examines and evaluates the current rate structure and proposes possible changes.



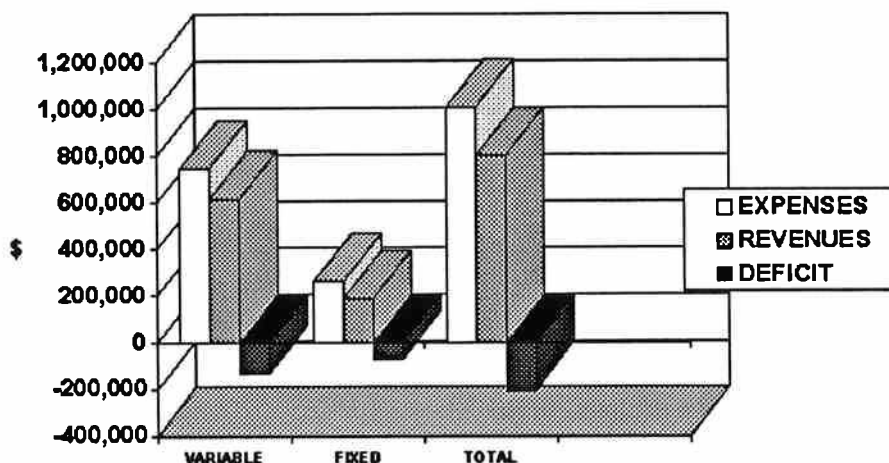
# **CURRENT RATE ANALYSIS**

## CURRENT RATE ANALYSIS

### WATER DIVISION

The total rate revenue required to recover adjusted operating costs (see pages 29-30) for the water division for the fiscal year ending June 30, 1996 is \$932,939. The projected revenue under current rates, assuming water sales of 553,045 hcf is \$565,475, and the projected fixed meter revenue is \$184,158. The combined fixed and variable revenue is estimated at \$749,633 creating an operating deficit of \$183,306. The combined water cash reserves are estimated at \$360,000 and would be depleted within two years. This clearly indicates that an evaluation of current rates is required.

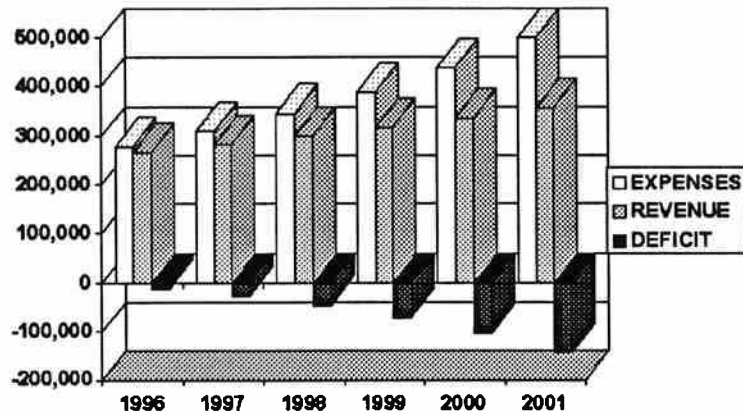
### WATER COST COVERAGE CURRENT RATES



## WASTEWATER DIVISIONS

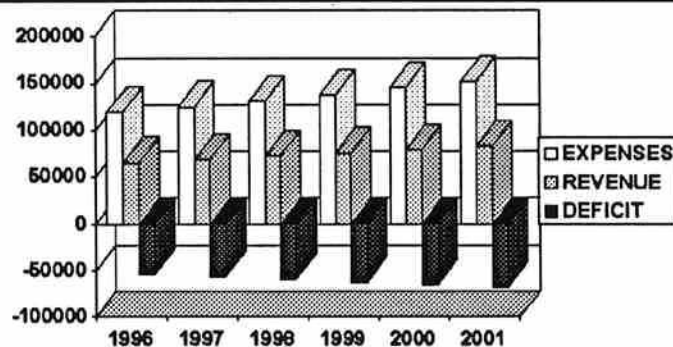
The Nipomo wastewater division has a current revenue requirement of \$278,195 and revenues are projected at \$265,728, creating a minor operating deficit.

### NIPOMO SEWER DEFICIT



The Black Lake wastewater division revenue requirement is \$119,337 and revenues are projected at \$65,280 creating an operating deficit of \$54,057. The current Black Lake operating reserve is estimated at \$45,360 and would be reduced to zero in one year. It is evident that an evaluation of current rates is required for the Black Lake wastewater division.

### BLACK LAKE



The current rate structure for the water and two respective sewer divisions does not provide for 100% of cost recovery. If the current rates are not adjusted to reflect the true cost of service, the district will be forced to reduce operating reserves to zero and obtain operating capital from outside sources or borrow from its capital and replacement reserves.

# **WATER - ECONOMIC ANALYSIS**

## WATER REVENUE REQUIREMENT AND COST ALLOCATION ANALYSIS NO. 1

This chapter identifies revenues that must be raised from water rate payers and allocates the requirements into cost categories.

The purpose of the rate analysis is to develop rates that generate sufficient revenues to cover all expenditures needed to operate, maintain, and administer the water and sewer utility and that equitably reflect the costs imposed by the customer on the system. A well-designed analysis will balance the needs above and, at the same time, create a rate structure that encourages the furtherance of the District's operating goals and objectives.

### WATER AND CAPACITY RATE ANALYSIS NO. 1

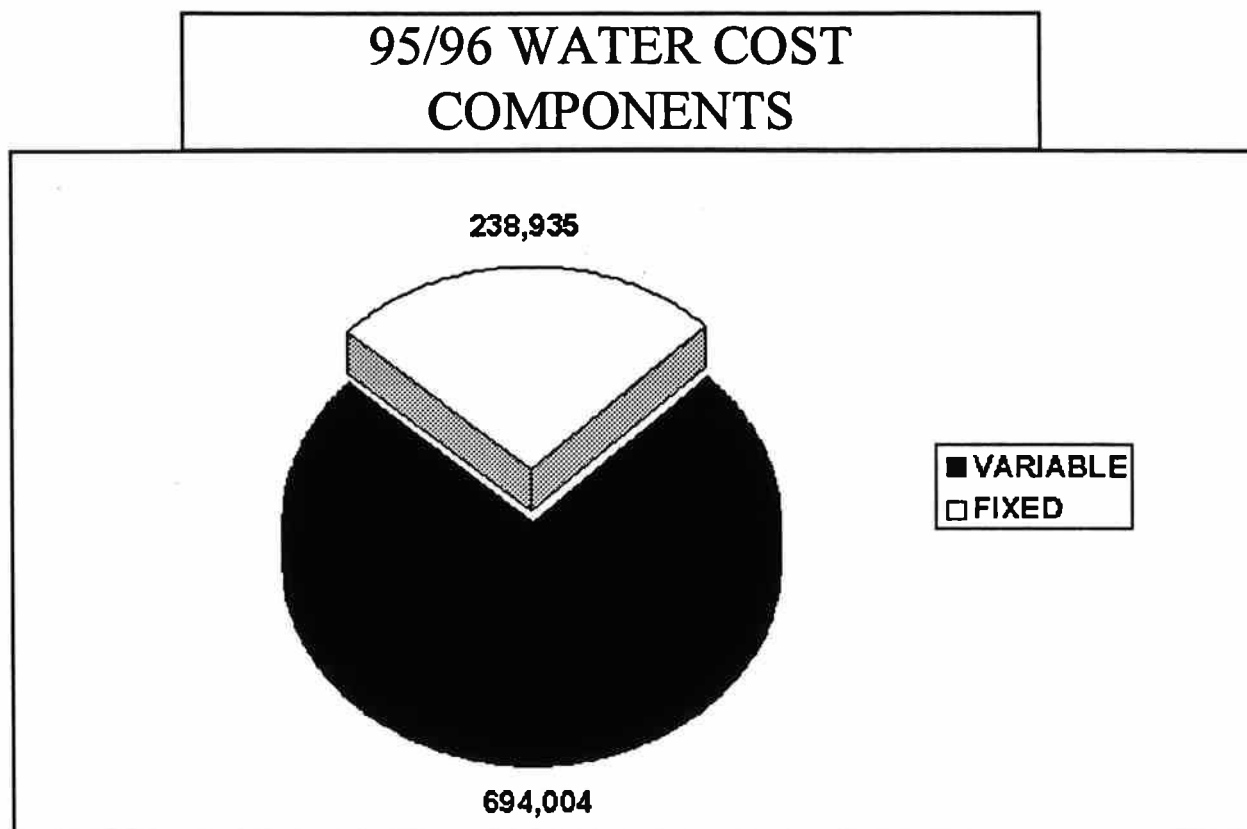
Part one of this analysis was undertaken with only the economic factors of the District taken into consideration. This analysis is depicted in Appendix A and started with the District's 1995-1996 operating budget.

The 1995-1996 budgets were adjusted for non-recurring and extraordinary costs such as litigation and major capital expenditures. Depreciation recovery was increased from \$67,200 to \$78,000, and escalated by 45% in each succeeding year to greater reflect the true cost of facility replacement requirements. The final adjustment to projected operating costs included the annual cost of replacing 5% of customer water meters on an annual basis in order to decrease the Districts current water loss factor range from 20-25% down to 15-20%. A 10 point reduction in the water loss percentage due to metering losses could increase revenues by approximately \$55,000.

Next, the operating costs of the District were broken down between their fixed and variable components. These components are defined as the commodity or variable component, and the fixed or capacity component. The fixed and variable analysis is critical to the effectiveness of the rate plan due to the nature of fixed and variable costs. Fixed costs are those which, by nature, do not vary with the amount of water sold as opposed to variable costs which change in direct proportion to the quantity of water sold. Examples of variable costs would be utilities related to well pumping, certain maintenance functions and chemicals.

The third step of the analysis projects the operating costs over the life of the study which, in the case, is five years. Costs were estimated to inflate by five percent per year over the next five years with the exception of utility costs, which will vary in direct proportion with sales quantities. As a part of this third step, general and administration costs were allocated between fixed and variable costs based upon their relative percentage to all other operating costs.

At this time, the administrative, fringe benefit and overhead costs were allocated based upon estimated labor dollar allocations. This study recommends that the District determine an allocation procedure for indirect overhead and fringe benefit costs based upon actual direct labor dollars.



The fourth step in the analysis was to determine the quantity of both the amount of water sold and the number of capacity units currently held by district customers. The capacity units represent each customers' potential demand on the water system and is based upon meter size. These two quantities are then inflated for growth estimated at 7% a year, per the master plan, for water consumption, and 5% for new meters.

Finally, the revenue requirements are divided by the water sales quantities and capacity units to determine the rates required for 100 percent cost recovery. These rates are titled "commodity" rate for the variable cost recovery and "capacity" rate for the fixed rate recovery. The justification for the capacity rate arises from the fact that the District must incur fixed costs in order to be prepared to meet the capacity demands placed on the system by the customers. These fixed costs vary directly with the various meter sizes and, therefore, so follow the escalating capacity rates.

A summary of the rate requirements is as follows:

SUMMARY OF RATES UNDER ANALYSIS #1

COMMODITY RATES	1996 (OLD)	1996 (NEW)	1997	1998	1999	2000	2001
0 - 20 hcf	.75	1.25	1.30	1.34	1.42	1.54	1.71
% Increase		66.7%	4.0%	3.0%	6.0%	8.5%	11.0%
20+ hcf	1.15	1.25	1.30	1.34	1.42	1.54	1.71
% Increase		8.7%	4.0%	3.0%	6.0%	8.5%	11.0%

MONTHLY CAPACITY CHARGE BY METER SIZE						
Meter Size	95/96	96/97	97/98	98/99	99/00	00/01
5/8 & 3/4" *	6.50	6.91	6.61	6.49	6.35	6.20
1 Inch *	6.50	6.91	6.61	6.49	6.35	6.20
1-1/2 Inch	15.00	22.81	21.82	21.42	20.97	20.47
2 INCH	21.00	36.64	35.04	34.40	33.68	32.88
3 INCH *	30.00	69.14	66.11	64.91	63.54	62.04

\* Although the analysis demonstrates justification for raising the 1 inch monthly fee to \$6.91 per month, it is recommended that the fee be held at \$6.50 until the 98/99 fiscal year. It is also recommended that the required increases for the 1 1/2, 2, and 3 inch meters be phased in over the next five years until the 2001 rate goal is achieved.

**RECOVERY OF PRIVATE SYSTEM FIRE PROTECTION COSTS**

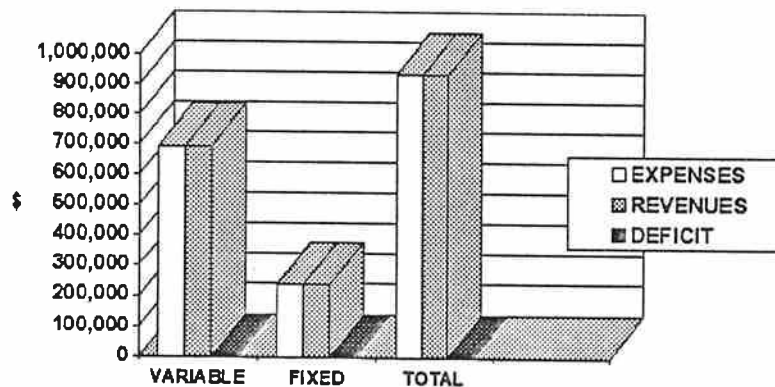
A significant factor effecting the capital and operating cost of the District is the oversizing of facilities required for increased fire flow protection for commercial and industrial private fire protection systems. In order to equitably recover these additional costs, customers which require a private fire protection system, should be charged both a capital participation fee and monthly capacity fee equivalent to 50% of their fire flow demands. This is accomplished by equating their fire flow demands to an equivalent meter size and then charging the appropriate capital or monthly fee based upon system fire flow oversizing requirements which are estimated at 50%.



It should be noted that no consideration was given under this economic analysis for the District's current policies of a 0 to 20 hcf monthly lifeline discount.

As is demonstrated in the table on the preceding page, the commodity rate increases appear reasonable when compared to the current rates. Also, the fixed monthly meter rates will actually decline in future years due to the economies of scales created with the addition of new accounts. As a result, it is recommended that the fixed monthly meter charge be held at the current rate of \$6.50 per meter equivalent.

## WATER COVERAGE AT PROPOSED RATES



The advantage of the rate structure described above is that it provides maximum assurance that the District will acquire and remain in a healthy financial condition regardless of fluctuations in water demands. The drawbacks to this rate structure are that it does not encourage water conservation, nor does it provide for a lifeline rate.

After consideration of the above structure with the District's staff, it was determined that a second alternative more conducive to water conservation should be devised. This alternative led to analysis NO.2.

**WATER - ANALYSIS  
INTEGRATING  
OPERATING GOALS**

**WATER REVENUE REQUIREMENT AND COST ALLOCATION  
ANALYSIS NO. 2**

Part two of the analysis was undertaken with both the economic and operating goals of the District taken into consideration. The operating goals of the District built into the model were created out of a desire to encourage water conservation by maintaining its ascending rate structure.

The steps taken under this analysis were identical to those taken under analysis NO. 1 with the exception of the following:

A three-tiered ascending rate structure was created. The first tier provides a discount for low water consumption, while the second tier reflects the average variable cost of water production and delivery. The final tier reflects a premium charge for water consumption. Tier one was set at 50% of the average monthly consumption per meter or 10 HCF. Tier two was set from 10-40 HCF at 51% to 200% of average consumption, while tier three reflects all consumption over 40 HCF or 200% of average consumption.

It should be noted that there is no current economic justification for discounted or premium rates due to the fact that the District currently produces 100% local water. If and when the District begins to purchase other sources of water at a higher cost, then an economic justification for ascending rates is created due to the marginal cost increases of additional water sources. The ascending rate structure is justified by the need to further the District's water conservation goals by giving discounts for low water consumption and charging premiums for high water consumption.

The monthly fixed capacity rates per meter size were not affected by the changes described in this analysis.

Commodity rates produced under analysis NO. 2 are as follows:

Tiered Rate	Old	New	% Avg Rate	Increase
to 10 HCF	.75	.97	75%	26.25%
10 to 40 HCF	1.15	1.30	100%	9.79%
40+ HCF	1.15	1.75	135%	48.21%

TIERED FIVE-YEAR SCHEDULE						
QUANTITY	1996 (OLD)	1997 (NEW)	1998	1999	2000	2001
0 - 10 HCF	.75	.97	1.00	1.07	1.16	1.28
10 - 40 HCF	1.15	1.30	1.34	1.42	1.54	1.71
40+ HCF	1.15	1.75	1.81	1.92	2.08	2.31

MONTHLY CAPACITY CHARGE BY METER SIZE						
Meter Size	95/96	96/97	97/98	98/99	99/00	00/01
5/8 & 3/4" *	6.50	6.91	6.61	6.49	6.35	6.20
1 Inch *	6.50	6.91	6.61	6.49	6.35	6.20
1-1/2 Inch	15.00	22.81	21.82	21.42	20.97	20.47
2 INCH	21.00	36.64	35.04	34.40	33.68	32.88
3 INCH *	30.00	69.14	66.11	64.91	63.54	62.04

\* Although the analysis demonstrates justification for raising the 1 inch monthly fee to \$6.91 per month, it is recommended that the fee be held at \$6.50 until the 98/99 fiscal year. It is also recommended that the required increases for the 1 1/2, 2, and 3 inch meters be phased in over the next five years until the 2001 rate goal is achieved..

**TIERS BY METER SIZE - MONTHLY  
QUANTITIES IN HCF**

METER SIZE	FLOW EQUIVALENT	TIER 1	TIER 2	TIER 3
UP TO 1 "	1	0-10	10-40	40 +
1 1/2 "	3.3	0-33	33-132	132+
2 "	5.3	0-53	53-212	212+
3 "	10.0	0-100	100-400	400+

# **SEWER DIVISIONS RATE ANALYSIS**

## WASTEWATER RATE ANALYSIS

This chapter identifies revenues that must be raised from sewer rate payers.

After discussion with the District's staff and analysis of the sewer operating divisions, it was determined that neither plant provides economic benefit to customers of the other, except in the sharing of overhead costs. As a result, the Nipomo and Black Lake sewer divisions' rates were calculated on a mutually exclusive basis.

The purpose of the wastewater rate analysis is to develop rates that generate sufficient revenues to cover all expenditures needed to operate, maintain, and administer the sewer utility, and that equitably reflect the costs imposed by the customer on the system.

The sewer rate analysis is simpler than that required for the water system due to the fact that the costs of operating a sewer utility are basically fixed in nature. This eliminates the need for the fixed and variable cost component analysis.

Step 1 of this analysis consists of the projection of inflation factors as applied to the District's current sewer budget. It is expected that the construction and completion of the District's proposed plant expansion will not materially affect these projections on a DUE basis. Inflation was assumed at five percent per annum.

Step 2 of the analysis projected the growth of sewer DUE's for the Nipomo and Black Lake sewer divisions to be at 6% and 5%, respectively. The final step of the analysis was to divide the revenue requirements by the sewer DUE projections.

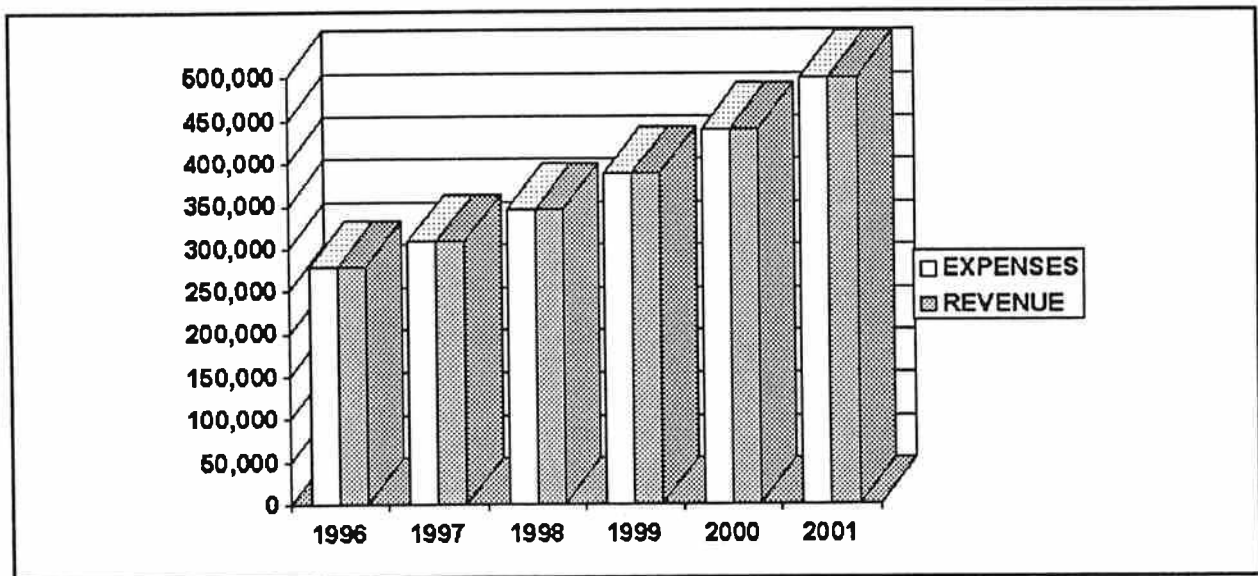
## WASTEWATER RATE ANALYSIS RESULTS

### NIPOMO DIVISION

As is demonstrated in the Nipomo division rate models located in Appendix B, the current rate of \$16 per DUE should be increased by \$.75 to \$16.75 for the current fiscal year and from 5%-7% per year through the fiscal year ending June 30, 2001.

FIVE-YEAR RATE SCHEDULE MONTHLY RATE						
	1996 (OLD)	1997 (NEW)	1998	1999	2000	2001
PER DUE	16.00	16.75	17.55	18.50	19.61	20.92
% CHANGE	0.0%	4.69%	4.80%	5.38%	6.00%	6.68%

### NIPOMO PROPOSED SEWER RATE COVERAGE



## BLACK LAKE DIVISION

As is demonstrated in the Black Lake division models located in Appendix B, the current rate of \$16 per DUE should be increased by \$13.25 to \$29.25 per DUE for the current fiscal year. The \$29.25 per DUE rate will meet revenue requirements through the study period ending June 30, 2001. The required rate adjustment is equal to 82% of the current rate. The Black Lake operating reserve is projected to be \$14,000 at June 30, 1996 and, therefore, does not provide enough funding to defer the required rate increases.

Although the recommended \$29.25 per month DUE charge for the Black Lake treatment plant is consistent with other plants of this size and with similar treatment requirements, the 82% increase required in the current year is prohibitive based upon its impact upon the current customer base. As a result of the magnitude of the required increase, four revenue generating scenarios were considered to help offset and phase in the revenue requirements.

First a standby charge was considered for unconnected properties. Under the uniform standby code, the District could levy a \$30 per acre annual standby charge on unconnected properties. This option was abandoned because the revenue generated was estimated at only \$6,000 per year, and the probability of facing heavy protest from the unconnected property owners would most likely result in a large enough vote by vacant properties to defeat the standby charge.

The second possibility for revenue generation would be to charge the golf course a discounted rate for the use of the reclaimed water generated by the plant. With the District's current and limited water supply, it should consider mandating the use of reclaimed water where it is practical and feasible.

The third recommendation is to use \$55,000 annually of the general purpose property taxes received from the County each year to *phase in the required rate increase over five years*. The drawback to this scenario lies in the fact that the State of California in recent years has taken back a portion of property taxes that were used to supplement the operations of special districts. The probability for the loss of these revenues may have decreased because the State, in the prior and current fiscal year, has shown no intention to secure general purpose property taxes due to their improved budget conditions. This scenario was rejected because the Black Lake area was annexed without general purpose tax revenue rights from the County.

The fourth consideration was to re-evaluate the allocation of the operating reserves between the Black Lake Water and Wastewater divisions. Since the Black Lake water divisions reserves are adequate, a \$140,000 transfer could be made to the wastewater division prior to consolidation of the two water divisions. Although this scenario would allow for phasing of the required rate increase for the Black Lake Wastewater division, it would at the same time deplete the water division reserves below the recommended amounts.

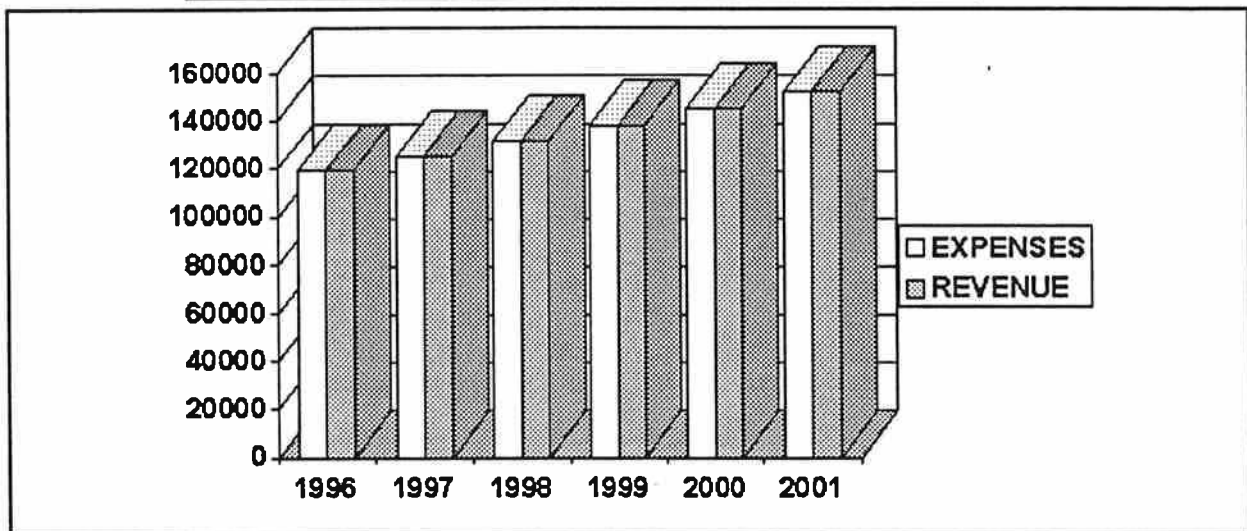


With the limited reserve funds of the Black Lake Wastewater Division, the District is forced to either implement the required rate increase or implement any combination of the above revenue generating scenarios.

**BLACK LAKE WASTEWATER RATE RECOMMENDATIONS**

FIVE-YEAR RATE SCHEDULE MONTHLY RATE						
	1996 (OLD)	1997 (NEW)	1998	1999	2000	2001
PER DUE	16.00	29.25	29.25	29.25	29.25	29.25
% CHANGE		82.81%	0%	0%	0%	0%

**PROPOSED BLACK LAKE  
SEWER COST COVERAGE**



# **FINANCIAL SYSTEM AND COMPUTER RECOMMENDATIONS**

## FINANCIAL SYSTEM & COMPUTER RECOMMENDATIONS

During preparation of the Financial Plan a number of areas were identified for upgrade or enhancement which could improve the quality of management information. The following should be considered in order to gain efficiencies in the District's financial system and add to the equity of cost allocations among the customer base.

### FUNCTIONAL CHART OF ACCOUNTS & PROGRAM BUDGETING

It is recommended that the District modify its chart of accounts to more accurately reflect each of the functional aspects of its water operations. The National Association of Regulatory Utility Commissioners recommends functional expense categories as follows:

*\* source of supply and pumping:*

*operation  
maintenance*

*\* water treatment expense:*

*operation  
maintenance*

*\* transmission and distribution expense:*

*operation  
maintenance*

*\* customer service*

*\* administrative and general expense*

The advantage of a chart of accounts that reflect the various functions of the utility is two-fold. It provides uniformity with the utility industry and it creates the ability to compare costs by functions which relate directly to the activities of the district rather than by simple line items.

The specific line items can still be traced by creating a job costing system that tracks the specific programs contained in each function. For example, under the function of transmission and distribution there are a number of specific programs such as valve exercising, air vac maintenance, cathodic protection and various other programs required to adequately maintain the utility system. Work orders or standings would be produced during the budget process for each of these programs based upon a zero based budget that is justified by the various functions and their cost components.

## **ALLOCATION OF INDIRECT COSTS**

The allocation of indirect costs to the various divisions of the District has a material impact on the various rates and charges of its operating divisions. Indirect costs would include general and administrative (G&A) support functions, fringe benefits, and other costs that cannot be traced directly to a program or function.

In prior years, the District has utilized estimates to allocate indirect costs. It is recommended that the District change its indirect cost allocations from estimates to actual direct labor hours. Direct labor hours appear to have the highest correlation with the level of activity for the district.

Under a direct labor allocation method the District would first determine its various overhead factors such as G&A and fringe benefits. The total cost of these indirect costs would then be accumulated and divided by the total direct labor of the district to determine a indirect cost allocation percentage. Only labor that is charge directly to functions that support the direct upkeep and maintenance of the district's programs would receive the overhead burdens. At fiscal year end, the amount of overhead costs allocated would be compared to the actual costs and the over or under allocation of indirect cost would be adjusted to zero.

The indirect costs should also be allocated in the same manner to capital projects and fee for service projects so that the ratepayers do not support the indirect cost of these programs.

## **AUTOMATED INFORMATION SYSTEMS**

Increased use of and reliance on computers and other forms of automated information systems is occurring in both large and small utilities. Computer software and hardware are readily available and are frequently less expensive now than a few years ago. The rate of innovation in the computer technology can be overwhelming. Thus, selecting the appropriate computer hardware and software to resolve your business needs requires deliberate planning and proven approaches.

The primary purpose of the computer technology is to provide mechanical and information services to all other functions of the utility. After reviewing the District's current automated system with staff, it is recommended that the district upgrade its current information system to better facilitate its operational and information needs. By far the most critical and complex function that must be satisfied by the system is that of utility billing. The current utility billing system fails in its ability to track an adequate and accurate history of water consumption and use. This function is critical to the successful management of the utility. In addition, it is doubtful that the current system can be integrated in such a way as to implement the functional chart of accounts and job cost system that is recommended in the study.

# **CAPITAL FINANCING PLAN INTRODUCTION**

available, the greater flexibility in the funding options available. The higher degree of fixed revenue creates more flexibility because the ability to manage financing risk is minimized by fixed or property-secured revenue streams. The lower the percentage of fixed non-operating revenues streams the greater the financing risk to the District. The analysis of financing risk for the District cannot be over emphasized.

The District should minimize the matching of fixed debt service payments with variable revenue streams such as capacity fees or water surcharges. In all cases, any long-term financing should be hedged or secured with either a fixed property based assessment or cash balances. The district should never assume the risk for new development infrastructure needs and investment for a customer unless that customer is willing to make a fixed commitment to the district in the form of a cash payment or property secured assessment. In other words, the landowner benefitting from the utility investment should bear the timing and financing risks rather than the District.

An analysis of the District's non-operating revenues concludes that the majority of non-operating revenues available for water and wastewater utility funding are variable in nature in the form of capital participation fees. General purpose tax revenues approximating \$150,000 annually are the only fixed property based revenue that the District currently receives. The District has projected cash balances of \$774,587 for the water divisions and \$1,200,000 for the wastewater division. These cash balances have been collected from existing customers and are committed to the funding of the current utility system deficiencies. Included in the reserves of the water division, are prior year collections of general purpose tax revenues.

Due to the variable nature of the District's capital participation charges, it is recommended that utility investment relating to new development be funded on a pay-as-you-go basis. The District should not commit to investment related new development until it has the cash in hand to complete the projects. Using the pay-as-you-go philosophy will shift the risk of financing new projects to the benefiting party or landowner.

An exception to the pay-as-you-go method was made in the current water plan for the funding of system corrections. After analyzing the effects of the pay-as-you-go method on the fund balances, it was determined that the District may want to borrow against its fixed revenue streams in the form of the general purpose tax revenues. Therefore, a \$1,000,000 borrowing and its related debt service has been factored into the water plan. The borrowing increased the cash reserves of the water capital fund which will be utilized to correct existing system deficiencies and fund a portion of system replacement costs.

If the District accumulates substantial cash reserves in advance of capital spending requirements, it could consider various financing scenarios to maximize the return on its portfolio and hedge its financing risk. The financing scenarios would be driven by the

# CAPITAL FACILITIES PLAN

## INTRODUCTION

Capital facilities represent a major investment by water and wastewater utilities. Supply, treatment, transmission, and distribution facilities are needed to provide water service to the various customers of the district. Investment in collection, transmission, treatment, and disposal facilities are required for wastewater service. Capital investments are necessary to maintain high-quality service to existing customers and to provide facilities for future growth and economic development.

The magnitude of investment required for the proper management of a utility system mandated the development of an effective long-range capital financing plan. The most important factor affecting capital expansion is growth in demand. As areas are developed or annexed, additional pressure is placed on a utility to provide water and wastewater services. The capital investment required to support this growth should be funded in such a way so that the financing risks relating to growth are minimized for the district.

To minimize financing risks and equitably allocate the costs of utility investment between existing customers and new customers, the plan first identifies the types of facilities that are required over the planning horizon of twenty years. The plan then breaks out these facilities into two categories. The first category called *"system corrections"*, are those facility investments that benefit the current customer base. The second category called *"new demand facilities"*, identifies the capital investment required to serve new customers who are not currently connected to the utility system. The categorizing of facilities in this manner adds to the fairness of the plan, by equitably allocating the cost of facilities to current and future customers based upon the need for capital investment required to meet their service demands.

The final step of the plan is to calculate the required customer impact fee amounts needed to finance the required utility plant investment. A major factor impacting customer impact fees is the financing method of the required capital projects. A number of viable financing methods currently exist in the California municipal debt market. Examples would include traditional fixed rate financing in the form of general obligation bonds, certificates of participation, revenue bonds, and tax exempt private issues. Short-term tax exempt financing methods would include revenue anticipation notes and tax-exempt variable demand notes. In addition, the State of California has financing programs available for the construction of wastewater facilities.

When considering the most efficient and risk averse financing tools for the District, a number of factors should be taken into consideration. The most critical factor for consideration is the amount and type of revenues that the District has available to fund its required capital programs. Generally, the higher the percentage of fixed non-operating revenues that the District has



spread between the portfolio yield and the available financing vehicles. After discussion with a number of investment banking firms, it was determined that these scenarios may be limited due to the inefficiencies of issuing variable rate debt for a non-rated District of this size. Another possible financing vehicle would be the pursuit of a State revolving loan fund. Again, this option should be evaluated based upon the spread between a safe investment yield and the cost of the loan.

The intent of the plan is to provide the District with a rational and feasible financial blueprint which will provide adequate funding for the facilities identified in the recently completed water and wastewater master plans and minimize the District's financing risk. The plan detailed in this document identifies the District's facility requirements for the next twenty years, recommends capacity fee rates, projects cash balances and attempts to minimize financial risk by shifting the burden of risk to the benefitting property owners.

#### FOREWORD

After numerous discussions with the District's staff and the determination that fixed revenue streams are limited, it was decided that the District would prefer to minimize financing risks and, therefore, chose a pay-as-you-go method for the funding of capital facilities that rely on variable revenue streams. As was mentioned earlier, a \$1,000,000 financing that is secured by the general purpose property tax revenues has been factored into the water division models. The pay-as-you-go method assumes that facilities will not be constructed until the District has sufficient cash reserves to complete the required project. If a specific development requires facilities before the cash reserves are present, then the development can cash fund the project and be reimbursed over time as other benefitting property owners connect to the system.

The nature of the supplemental water project precludes the District from approaching this project on a pay-as-you-go basis. This project requires the District to commit to a series of annual cash payments over time before the proper cash funding can be obtained from future connections. It is recommended that the District shift the burden created by these future commitments back to the benefitting property owners by utilizing a land-based financing vehicle.

The implementation of the models enclosed in this plan will ensure that the District has adequate funding to complete its required water and wastewater facilities and, at the same time, minimize the risks associated with funding the projects by utilizing a pay-as-you-go philosophy.

# **CAPITAL PLAN WATER FACILITIES**

## WATER FACILITIES

The Water Facilities Financing Model (see Appendix C) was constructed on a pay-as-you-go basis for projects related to variable revenue streams, and with the financing of \$1,000,000 of system corrections supported by general purpose tax revenues. Under the pay-as-you-go philosophy, projects will not be commenced until such time that the required funding is in place. Utilizing the pay-as-you-go method minimizes the risks associated with capital funding to the District. These risks arise if the District were to commit to a capital project, through the funding of bonds or other financing vehicles, to accommodate future growth and depend on an unsecured revenue stream such as capacity fees to meet debt service requirements in the future. By waiting until cash funding is in place the District shifts the risk of capital funding back to the benefitting property owners.

The Financing Plan first breaks out facilities by two categories referred to as corrective and new demand projects. Corrective facilities are those which are required to correct system deficiencies and enhance service to current users. New demand facilities are those required to meet the service requirements of future customers.

The corrective and new demand projects can then be broken down by type between source of supply facilities and distribution facilities. Source of supply facilities are given the highest priority for funding when resources are limited because they are the back-bone of the water system. Category two facilities represent the secondary distribution facilities which benefit various properties within the district. In tract facilities that benefit only a specific property, have not been factored into the plan because they are the direct responsibility of the benefitting property owner. The category two facilities have a lesser overall benefit to all District constituents and, therefore, are given a secondary financing priority.

Step two of the models matches the District's funding sources to the corrective and new demand categories. Under the plan, all corrective facilities will be cash funded with the existing capacity fee cash balance and the general purpose tax receipts passed through by the county. All new demand facilities will be funded through the capital participation charges related to new customers.

The potential future facilities relating to the cost of acquiring and utilizing supplemental water have not been included in this financial plan due to the uncertainty of this project. The costs relating to a supplemental water project would have a material impact on the plan and should be incorporated into the models at the time that they become available.

If the District pursues a supplemental water program, and cannot fund it on a pay as you go basis, it should consider a land-secured financing to fund the project. A land secured financing is recommended in order to minimize the risk of this project to the district. It is recommended that the District only commit to a level of funding on this project that can be covered by revenue streams which are secured by the benefitting land base.

This could be accomplished in a variety of ways through a water futures program, an assessment district or a Mello-Roos district. The most important feature of this program would be the shifting of risk away from the District to those property owners who will benefit from this additional water supply. This could be accomplished by allowing the property owners to assume the risk of subscribing or not subscribing to the program. Those that subscribe will be guaranteed a future water supply and encumber their property for the cost thereof. Those that do not subscribe will not be guaranteed future water supply and will not incur an encumbrance against their property.

A summary of the capital expenditures in the financing models is as follows :

CORRECTIVE PROJECT REQUIREMENTS	\$915,000
NEW DEMAND PROJECT REQUIREMENTS	\$4,122,752
TOTAL WATER FACILITY REQUIREMENTS	\$5,037,752
REQUIRED CAPACITY FEE UP TO 1 INCH	\$2,789
CURRENT CAPACITY FEE	\$2,055

As can be noted in the models, both the corrective and new demand funds are projected to have reasonable cash balances over the life of the plan. These amounts represent reasonable construction reserves for future projects or unforeseen contingencies.

The plan demonstrates the need to increase the capacity fee annually to keep pace with inflationary impacts on construction costs. This factor is assumed to be at 5% per annum.

#### FIVE YEAR SUMMARY OF WATER CAPACITY FEE

96/97	97/98	98/99	99/00	00/01
2,789	2,928	3,075	3,229	3,390

## WASTEWATER FINANCING PLAN

The Nipomo Division Wastewater Facilities Financing Model detailed in Appendix D of this document was constructed on the pay-as-you-go method described in Chapter Two. The financing plan breaks out facilities between corrective facilities and new demand facilities. As the wastewater models demonstrate the District will have the ability to cash fund both the corrective and new demand facilities. The pay-as-you-go method again creates minimal risk for the district relating to the advance funding of projects. If a landowner or developer has a need for facilities in advance of funding, then said individual can cash fund the project and be reimbursed over time as other benefitting property owners connect to the system. The Black Lake Wastewater division was not considered or analyzed because this division's facilities were contributed by the developer.

Step two of the plan matches the funding of corrective projects with existing capital reserves and new demand projects with future capital participation fee revenues. As is demonstrated in the plan, it is projected that there will be adequate capital participation fees collected to maintain a positive cash balance over both phases of the wastewater project.

A summary of the financing models is as follows :

TOTAL CORRECTIVE REQUIREMENTS	\$187,000
TOTAL NEW DEMAND REQUIREMENTS	\$3,072,748
TOTAL WASTEWATER FACILITY REQUIREMENTS	\$3,259,746
REQUIRED CAPACITY FEE PER DUE	\$2,086
CURRENT FEE - VACANT VOLUNTEER	\$2,100
CURRENT FEE - DEVELOPED VOLUNTEER	\$ 0
CURRENT FEE - ALL OTHERS	\$3,500

The plan demonstrates the need to inflate the capacity fee annually to keep pace with inflations impact on construction costs. This factor is assumed to be 5% per annum.

### FIVE YEAR SUMMARY OF WASTEWATER CAPACITY FEE

96/97	97/98	98/99	99/00	00/01
2,086	2,190	2,300	2,415	2,535

**CAPITAL PLAN  
NIPOMO  
WASTEWATER  
FACILITIES**

# APPENDIX A

## WATER DIVISION MODELS

## **WATER DIVISION FOOTNOTES**

### **NOTE 1 - ASSUMPTIONS**

The following assumptions have been integrated into the water division models :

1 - The majority of operating cost categories were inflated by 5% a year over the life of the study with the exception of utility and depreciation costs. Utility costs were adjusted at 7% a year which reflects both the impact of inflation and higher pumping requirements caused by increased sales. Depreciation recovery costs were inflated by 45% a year in order to achieve 100% of historical cost recovery by year five of the plan.

2 - Rent expense, under general and administrative cost, was reduced in fiscal year 1998 to reflect completion of the new headquarters building. The increased capital or interest costs are reflected in the non-operating portion of the plan. Repairs and maintenance costs were also adjusted to reflect expected cost increases associated with the new facility.

3 - Sales quantities were estimated based upon the most recent master plan and were adjusted to reflect a 20% water loss factor in the 1996 fiscal year. The water loss factor is reduced to 10% over five years as a result of the expected impact of the meter-change-out program. Sales quantities were also increased for growth by 5% a year which is consistent with historical growth factors and estimates in the master plan. As a result of the above estimates, the total sales quantities were increased by 7% a year reflecting a 2% increase for reduced water loss and a 5% increase for growth.

4 - The number of water units was increased by 5% a year which is consistent with historical growth factors and master plan projections.

### **FOOTNOTE 2 - METER CHANGE-OUT PROGRAM**

\$15,000 was added to the operating cost for fiscal year 1996 to reflect the expense of a 10 year meter change-out program. It is projected that this program will reduce the water loss ratio by 10%.

### **FOOTNOTE 3 - OTHER OPERATING REVENUES**

Other operating revenues include interest income from operating reserves, and other miscellaneous charges reflected in the 1996 budget.



#### FOOTNOTE 4 - ADJUSTMENTS TO 1996 ADOPTED BUDGET

The June 30, 1996 fiscal year budget estimates were adjusted to reflect the effects of policy changes recommended in the study. Non-operating capital acquisitions and replacement capital costs funded from depreciation reserves were also removed from operating costs. Non-recurring legal costs were amortized over the five year life of the study so that rates were not artificially increased to recover these costs over a one year period. Sales quantities and water units were adjusted to reflect the most recent estimates.

NIPOMO COMMUNITY SERVICES DISTRICT

FISCAL YEAR ENDING JUNE 30, 1996

WATER DIVISION	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
<b>OPERATING COSTS</b>		%			
CHEMICALS	\$1,440	100.00%	\$1,440	\$0	5.00%
ENGINEERING	\$4,320	50.00%	\$2,160	\$2,160	5.00%
EQUIPMENT RENTAL	\$285	75.00%	\$214	\$71	5.00%
LAB TESTS & SUPPLIES	\$8,190	75.00%	\$6,143	\$2,048	5.00%
OUTSIDE SERVICES	\$32,000	75.00%	\$24,000	\$8,000	5.00%
OPERATING SUPPLIES	\$37,000	75.00%	\$27,750	\$9,250	5.00%
PAGING EXPENSE	\$1,224	75.00%	\$918	\$306	5.00%
PERMITS & OPERATING FEES	\$6,120	75.00%	\$4,590	\$1,530	5.00%
R&M VEHICLES	\$3,400	50.00%	\$1,700	\$1,700	5.00%
R&M WATER	\$5,000	75.00%	\$3,750	\$1,250	5.00%
SMALL TOOLS & SUPPLIES	\$2,720	50.00%	\$1,360	\$1,360	5.00%
UNDERGROUND NOTIFICATION	\$340	0.00%	\$0	\$340	5.00%
UNIFORMS	\$1,632	0.00%	\$0	\$1,632	5.00%
ELECTRICITY	\$214,500	100.00%	\$214,500	\$0	7.00%
UTILITIES-GAS	\$456	100.00%	\$456	\$0	5.00%
WAGES-MAINTENANCE	\$112,884	75.00%	\$84,663	\$28,221	5.00%
WAGES-MAINTENANCE O.T.	\$21,460	100.00%	\$21,460	\$0	5.00%
INTEREST EXPENSE	\$11,000	0.00%	\$0	\$11,000	5.00%
CONTINGENCY	\$2,000	50.00%	\$1,000	\$1,000	5.00%
DEBT SERVICE	\$5,000	0.00%	\$0	\$5,000	5.00%
REPLACEMENT	\$4,500	0.00%	\$0	\$4,500	5.00%
METER INSTALLATIONS	\$9,600	100.00%	\$9,600	\$0	5.00%
CORRECTIVE MAINTENANCE	\$90,000	0.00%	\$0	\$90,000	5.00%
DEPRECIATION	\$78,000	100.00%	\$78,000	\$0	45.00%
FIXED ASSETS/CAPITAL OUTLAY	\$7,100	50.00%	\$3,550	\$3,550	5.00%
METER REPLACEMENT PROGRAM	\$15,000	100.00%	\$15,000	\$0	5.00%
SUB-TOTAL	\$675,171		\$502,253	\$172,918	
SUB-TOTAL %	100.00%		74.39%	25.61%	
ALLOCATION OF G & A	\$329,968		\$245,460	\$84,508	5.00%
TOTAL COSTS	\$1,005,139		\$747,713	\$257,426	
LESS OTHER REVENUE	(\$72,200)		(\$53,709)	(\$18,491)	5.00%
TOTAL TO BE RECOVERED	\$932,939		\$694,004	\$238,935	
WATER SALES - HUNDRED CUBIC FEET			553,045		7.00%
CAPACITY UNITS				34,560	5.00%
UNIT COST			\$1.2549	\$6.91	
RESERVE - NET SOURCES AND USES					
RESERVE BALANCE			\$389,961		
% OF TOTAL VARIABLE COSTS			56.19%		
DEPRECIATION AT 100%	\$360,130				
% RECOVERED	21.66%				

NIPOMO COMMUNITY SERVICES DISTRICT

FISCAL YEAR ENDING JUNE 30, 1997

WATER DIVISION	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
<b>OPERATING COSTS</b>		%			
CHEMICALS	\$1,512	100.00%	\$1,512	\$0	5.00%
ENGINEERING	\$4,536	50.00%	\$2,268	\$2,268	5.00%
EQUIPMENT RENTAL	\$299	75.00%	\$224	\$75	5.00%
LAB TESTS & SUPPLIES	\$8,600	75.00%	\$6,450	\$2,150	5.00%
OUTSIDE SERVICES	\$33,600	75.00%	\$25,200	\$8,400	5.00%
OPERATING SUPPLIES	\$38,850	75.00%	\$29,138	\$9,713	5.00%
PAGING EXPENSE	\$1,285	75.00%	\$964	\$321	5.00%
PERMITS & OPERATING FEES	\$6,426	75.00%	\$4,820	\$1,607	5.00%
R&M VEHICLES	\$3,570	50.00%	\$1,785	\$1,785	5.00%
R&M WATER	\$5,250	75.00%	\$3,938	\$1,313	5.00%
SMALL TOOLS & SUPPLIES	\$2,856	50.00%	\$1,428	\$1,428	5.00%
UNDERGROUND NOTIFICATION	\$357	0.00%	\$0	\$357	5.00%
UNIFORMS	\$1,714	0.00%	\$0	\$1,714	5.00%
ELECTRICITY	\$229,515	100.00%	\$229,515	\$0	7.00%
UTILITIES-GAS	\$479	100.00%	\$479	\$0	5.00%
WAGES-MAINTENANCE	\$118,528	75.00%	\$88,896	\$29,632	5.00%
WAGES-MAINTENANCE O.T.	\$22,533	100.00%	\$22,533	\$0	5.00%
INTEREST EXPENSE	\$11,550	0.00%	\$0	\$11,550	5.00%
CONTINGENCY	\$2,100	50.00%	\$1,050	\$1,050	5.00%
DEBT SERVICE	\$5,250	0.00%	\$0	\$5,250	5.00%
REPLACEMENT	\$4,725	0.00%	\$0	\$4,725	5.00%
METER INSTALLATIONS	\$10,080	100.00%	\$10,080	\$0	5.00%
CORRECTIVE MAINTENANCE	\$94,500	0.00%	\$0	\$94,500	5.00%
DEPRECIATION	\$113,100	100.00%	\$113,100	\$0	45.00%
FIXED ASSETS/CAPITAL OUTLAY	\$7,455	50.00%	\$3,728	\$3,728	5.00%
METER REPLACEMENT PROGRAM	\$15,750	100.00%	\$15,750	\$0	5.00%
SUB-TOTAL	\$744,420		\$562,856	\$181,564	
SUB-TOTAL %	100.00%		75.61%	24.39%	
ALLOCATION OF G & A	\$346,466		\$261,963	\$84,503	5.00%
TOTAL COSTS	\$1,090,886		\$824,819	\$266,067	
LESS OTHER REVENUE	(\$75,810)		(\$57,320)	(\$18,490)	5.00%
<b>TOTAL TO BE RECOVERED</b>	<b>\$1,015,076</b>		<b>\$767,499</b>	<b>\$247,577</b>	
WATER SALES - HUNDRED CUBIC FEET			591,758		7.00%
CAPACITY UNITS				36,288	5.00%
UNIT COST			\$1.2970	\$6.82	
RESERVE - NET SOURCES AND USES					
RESERVE BALANCE			\$389,961		
% OF TOTAL VARIABLE COSTS			50.81%		
DEPRECIATION AT 100%	\$378,137				
% RECOVERED	29.91%		3.36%	-1.32%	

NIPOMO COMMUNITY SERVICES DISTRICT

FISCAL YEAR ENDING JUNE 30, 1998

WATER DIVISION	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
<b>OPERATING COSTS</b>		%			
CHEMICALS	\$1,588	100.00%	\$1,588	\$0	5.00%
ENGINEERING	\$4,763	50.00%	\$2,381	\$2,381	5.00%
EQUIPMENT RENTAL	\$314	75.00%	\$236	\$79	5.00%
LAB TESTS & SUPPLIES	\$9,029	75.00%	\$6,772	\$2,257	5.00%
OUTSIDE SERVICES	\$35,280	75.00%	\$26,460	\$8,820	5.00%
OPERATING SUPPLIES	\$40,793	75.00%	\$30,594	\$10,198	5.00%
PAGING EXPENSE	\$1,349	75.00%	\$1,012	\$337	5.00%
PERMITS & OPERATING FEES	\$6,747	75.00%	\$5,060	\$1,687	5.00%
R&M VEHICLES	\$3,748	50.00%	\$1,874	\$1,874	5.00%
R&M WATER	\$5,513	75.00%	\$4,134	\$1,378	5.00%
SMALL TOOLS & SUPPLIES	\$2,999	50.00%	\$1,499	\$1,499	5.00%
UNDERGROUND NOTIFICATION	\$375	0.00%	\$0	\$375	5.00%
UNIFORMS	\$1,799	0.00%	\$0	\$1,799	5.00%
ELECTRICITY	\$245,581	100.00%	\$245,581	\$0	7.00%
UTILITIES-GAS	\$503	100.00%	\$503	\$0	5.00%
WAGES-MAINTENANCE	\$124,455	75.00%	\$93,341	\$31,114	5.00%
WAGES-MAINTENANCE O.T.	\$23,660	100.00%	\$23,660	\$0	5.00%
INTEREST EXPENSE	\$12,127	0.00%	\$0	\$12,127	5.00%
CONTINGENCY	\$2,205	50.00%	\$1,103	\$1,103	5.00%
DEBT SERVICE	\$5,513	0.00%	\$0	\$5,513	5.00%
REPLACEMENT	\$4,961	0.00%	\$0	\$4,961	5.00%
METER INSTALLATIONS	\$10,584	100.00%	\$10,584	\$0	5.00%
CORRECTIVE MAINTENANCE	\$99,225	0.00%	\$0	\$99,225	5.00%
DEPRECIATION	\$163,995	100.00%	\$163,995	\$0	45.00%
FIXED ASSETS/CAPITAL OUTLAY	\$7,828	50.00%	\$3,914	\$3,914	5.00%
METER REPLACEMENT PROGRAM	\$16,538	100.00%	\$16,538	\$0	5.00%
SUB-TOTAL	\$831,471		\$640,829	\$190,642	
SUB-TOTAL %	100.00%		77.07%	22.93%	
ALLOCATION OF G & A	\$346,784		\$267,272	\$79,511	5.00%
TOTAL COSTS	\$1,178,254		\$908,101	\$270,153	
LESS OTHER REVENUE	(\$79,601)		(\$61,349)	(\$18,251)	5.00%
<b>TOTAL TO BE RECOVERED</b>	<b>\$1,098,654</b>		<b>\$846,752</b>	<b>\$251,902</b>	
WATER SALES - HUNDRED CUBIC FEET			633,181		7.00%
CAPACITY UNITS				38,102	5.00%
UNIT COST			\$1.3373	\$6.61	
RESERVE - NET SOURCES AND USES					
RESERVE BALANCE			\$389,961		
% OF TOTAL VARIABLE COSTS			46.05%		
DEPRECIATION AT 100%	\$397,043				
% RECOVERED	41.30%		3.11%	-3.10%	

NIPOMO COMMUNITY SERVICES DISTRICT

FISCAL YEAR ENDING JUNE 30, 1999

WATER DIVISION	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
<b>OPERATING COSTS</b>		%			
CHEMICALS	\$1,667	100.00%	\$1,667	\$0	5.00%
ENGINEERING	\$5,001	50.00%	\$2,500	\$2,500	5.00%
EQUIPMENT RENTAL	\$330	75.00%	\$247	\$82	5.00%
LAB TESTS & SUPPLIES	\$9,481	75.00%	\$7,111	\$2,370	5.00%
OUTSIDE SERVICES	\$37,044	75.00%	\$27,783	\$9,261	5.00%
OPERATING SUPPLIES	\$42,832	75.00%	\$32,124	\$10,708	5.00%
PAGING EXPENSE	\$1,417	75.00%	\$1,063	\$354	5.00%
PERMITS & OPERATING FEES	\$7,085	75.00%	\$5,313	\$1,771	5.00%
R&M VEHICLES	\$3,936	50.00%	\$1,968	\$1,968	5.00%
R&M WATER	\$5,788	75.00%	\$4,341	\$1,447	5.00%
SMALL TOOLS & SUPPLIES	\$3,149	50.00%	\$1,574	\$1,574	5.00%
UNDERGROUND NOTIFICATION	\$394	0.00%	\$0	\$394	5.00%
UNIFORMS	\$1,889	0.00%	\$0	\$1,889	5.00%
ELECTRICITY	\$262,772	100.00%	\$262,772	\$0	7.00%
UTILITIES-GAS	\$528	100.00%	\$528	\$0	5.00%
WAGES-MAINTENANCE	\$130,677	75.00%	\$98,008	\$32,669	5.00%
WAGES-MAINTENANCE O.T.	\$24,843	100.00%	\$24,843	\$0	5.00%
INTEREST EXPENSE	\$12,734	0.00%	\$0	\$12,734	5.00%
CONTINGENCY	\$2,315	50.00%	\$1,158	\$1,158	5.00%
DEBT SERVICE	\$5,788	0.00%	\$0	\$5,788	5.00%
REPLACEMENT	\$5,209	0.00%	\$0	\$5,209	5.00%
METER INSTALLATIONS	\$11,113	100.00%	\$11,113	\$0	5.00%
CORRECTIVE MAINTENANCE	\$104,186	0.00%	\$0	\$104,186	5.00%
DEPRECIATION	\$237,793	100.00%	\$237,793	\$0	45.00%
FIXED ASSETS/CAPITAL OUTLAY	\$8,219	50.00%	\$4,110	\$4,110	5.00%
METER REPLACEMENT PROGRAM	\$17,364	100.00%	\$17,364	\$0	5.00%
SUB-TOTAL	\$943,554		\$743,380	\$200,174	
SUB-TOTAL %	100.00%		78.79%	21.21%	
ALLOCATION OF G & A	\$364,123		\$286,874	\$77,248	5.00%
TOTAL COSTS	\$1,307,677		\$1,030,255	\$277,422	
LESS OTHER REVENUE	(\$83,581)		(\$65,849)	(\$17,732)	5.00%
<b>TOTAL TO BE RECOVERED</b>	<b>\$1,224,096</b>		<b>\$964,406</b>	<b>\$259,691</b>	
WATER SALES - HUNDRED CUBIC FEET			677,504		7.00%
CAPACITY UNITS				40,008	5.00%
UNIT COST			\$1.4235	\$6.49	
RESERVE - NET SOURCES AND USES					
RESERVE BALANCE			\$389,961		
% OF TOTAL VARIABLE COSTS			40.44%		
DEPRECIATION AT 100%	\$416,895				
% RECOVERED	57.04%		6.44%	-1.82%	

NIPOMO COMMUNITY SERVICES DISTRICT

FISCAL YEAR ENDING JUNE 30, 2000

WATER DIVISION	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
<b>OPERATING COSTS</b>		%			
CHEMICALS	\$1,750	100.00%	\$1,750	\$0	5.00%
ENGINEERING	\$5,251	50.00%	\$2,625	\$2,625	5.00%
EQUIPMENT RENTAL	\$346	75.00%	\$260	\$87	5.00%
LAB TESTS & SUPPLIES	\$9,955	75.00%	\$7,466	\$2,489	5.00%
OUTSIDE SERVICES	\$38,896	75.00%	\$29,172	\$9,724	5.00%
OPERATING SUPPLIES	\$44,974	75.00%	\$33,730	\$11,243	5.00%
PAGING EXPENSE	\$1,488	75.00%	\$1,116	\$372	5.00%
PERMITS & OPERATING FEES	\$7,439	75.00%	\$5,579	\$1,860	5.00%
R&M VEHICLES	\$4,133	50.00%	\$2,066	\$2,066	5.00%
R&M WATER	\$6,078	75.00%	\$4,558	\$1,519	5.00%
SMALL TOOLS & SUPPLIES	\$3,306	50.00%	\$1,653	\$1,653	5.00%
UNDERGROUND NOTIFICATION	\$413	0.00%	\$0	\$413	5.00%
UNIFORMS	\$1,984	0.00%	\$0	\$1,984	5.00%
ELECTRICITY	\$281,166	100.00%	\$281,166	\$0	7.00%
UTILITIES-GAS	\$554	100.00%	\$554	\$0	5.00%
WAGES-MAINTENANCE	\$137,211	75.00%	\$102,908	\$34,303	5.00%
WAGES-MAINTENANCE O.T.	\$26,085	100.00%	\$26,085	\$0	5.00%
INTEREST EXPENSE	\$13,371	0.00%	\$0	\$13,371	5.00%
CONTINGENCY	\$2,431	50.00%	\$1,216	\$1,216	5.00%
DEBT SERVICE	\$6,078	0.00%	\$0	\$6,078	5.00%
REPLACEMENT	\$5,470	0.00%	\$0	\$5,470	5.00%
METER INSTALLATIONS	\$11,669	100.00%	\$11,669	\$0	5.00%
CORRECTIVE MAINTENANCE	\$109,396	0.00%	\$0	\$109,396	5.00%
DEPRECIATION	\$344,799	100.00%	\$344,799	\$0	45.00%
FIXED ASSETS/CAPITAL OUTLAY	\$8,630	50.00%	\$4,315	\$4,315	5.00%
METER REPLACEMENT PROGRAM	\$18,233	100.00%	\$18,233	\$0	5.00%
SUB-TOTAL	\$1,091,104		\$880,922	\$210,183	
SUB-TOTAL %	100.00%		80.74%	19.26%	
ALLOCATION OF G & A	\$382,329		\$308,680	\$73,649	5.00%
TOTAL COSTS	\$1,473,433		\$1,189,601	\$283,832	
LESS OTHER REVENUE	(\$87,760)		(\$70,854)	(\$16,905)	5.00%
<b>TOTAL TO BE RECOVERED</b>	<b>\$1,385,673</b>		<b>\$1,118,747</b>	<b>\$266,926</b>	
WATER SALES - HUNDRED CUBIC FEET			724,929		7.00%
CAPACITY UNITS				42,008	5.00%
UNIT COST			\$1.5433	\$6.35	
RESERVE - NET SOURCES AND USES					
RESERVE BALANCE			\$389,961		
% OF TOTAL VARIABLE COSTS			34.86%		
DEPRECIATION AT 100%	\$437,740				
% RECOVERED	78.77%		8.41%	-2.11%	



NIPOMO COMMUNITY SERVICES DISTRICT

FISCAL YEAR ENDING JUNE 30, 2001

WATER DIVISION	TOTAL	COMMODITY	COMMODITY	CAPACITY
<b>OPERATING COSTS</b>		%		
CHEMICALS	\$1,838	100.00%	\$1,838	\$0
ENGINEERING	\$5,514	50.00%	\$2,757	\$2,757
EQUIPMENT RENTAL	\$364	75.00%	\$273	\$91
LAB TESTS & SUPPLIES	\$10,453	75.00%	\$7,840	\$2,613
OUTSIDE SERVICES	\$40,841	75.00%	\$30,631	\$10,210
OPERATING SUPPLIES	\$47,222	75.00%	\$35,417	\$11,806
PAGING EXPENSE	\$1,562	75.00%	\$1,172	\$391
PERMITS & OPERATING FEES	\$7,811	75.00%	\$5,858	\$1,953
R&M VEHICLES	\$4,339	50.00%	\$2,170	\$2,170
R&M WATER	\$6,381	75.00%	\$4,786	\$1,595
SMALL TOOLS & SUPPLIES	\$3,471	50.00%	\$1,736	\$1,736
UNDERGROUND NOTIFICATION	\$434	0.00%	\$0	\$434
UNIFORMS	\$2,083	0.00%	\$0	\$2,083
ELECTRICITY	\$300,847	100.00%	\$300,847	\$0
UTILITIES-GAS	\$582	100.00%	\$582	\$0
WAGES-MAINTENANCE	\$144,072	75.00%	\$108,054	\$36,018
WAGES-MAINTENANCE O.T.	\$27,389	100.00%	\$27,389	\$0
INTEREST EXPENSE	\$14,039	0.00%	\$0	\$14,039
CONTINGENCY	\$2,553	50.00%	\$1,276	\$1,276
DEBT SERVICE	\$6,381	0.00%	\$0	\$6,381
REPLACEMENT	\$5,743	0.00%	\$0	\$5,743
METER INSTALLATIONS	\$12,252	100.00%	\$12,252	\$0
CORRECTIVE MAINTENANCE	\$114,865	0.00%	\$0	\$114,865
DEPRECIATION	\$499,959	100.00%	\$499,959	\$0
FIXED ASSETS/CAPITAL OUTLAY	\$9,062	50.00%	\$4,531	\$4,531
METER REPLACEMENT PROGRAM	\$19,144	100.00%	\$19,144	\$0
SUB-TOTAL	\$1,289,203		\$1,068,511	\$220,692
SUB-TOTAL %	100.00%		82.88%	17.12%
ALLOCATION OF G & A	\$401,445		\$332,724	\$68,721
TOTAL COSTS	\$1,690,648		\$1,401,235	\$289,413
LESS OTHER REVENUE	(\$92,148)		(\$76,373)	(\$15,774)
<b>TOTAL TO BE RECOVERED</b>	<b>\$1,598,500</b>		<b>\$1,324,862</b>	<b>\$273,639</b>
WATER SALES - HUNDRED CUBIC FEET			775,674	
CAPACITY UNITS				44,108
UNIT COST			\$1.7080	\$6.20
RESERVE - NET SOURCES AND USES				
RESERVE BALANCE			\$389,961	
% OF TOTAL VARIABLE COSTS			29.43%	
DEPRECIATION AT 100%	\$459,627			
% RECOVERED	108.77%		10.68%	-2.37%

NIPOMO COMMUNITY SERVICES DISTRICT

**WATER - GENERAL & ADMINISTRATIVE COSTS**

FISCAL YEAR ENDING JUNE 30, 1996

	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
ACCOUNTING	\$1,525	0.00%	\$0	\$1,525	5.00%
ADVERTISING	\$57	0.00%	\$0	\$57	5.00%
BANK CHARGES	\$29	0.00%	\$0	\$29	5.00%
COMPUTER EXPENSE	\$3,135	0.00%	\$0	\$3,135	5.00%
CONSULTING	\$5,000	0.00%	\$0	\$5,000	5.00%
DIRECTOR FEES	\$10,260	0.00%	\$0	\$10,260	5.00%
DUES & SUBSCRIPTIONS	\$1,767	0.00%	\$0	\$1,767	5.00%
EDUCATION & TRAINING	\$1,710	0.00%	\$0	\$1,710	5.00%
FIRE ALARM-MAINT BLDG	\$306	0.00%	\$0	\$306	5.00%
FUEL	\$6,120	0.00%	\$0	\$6,120	5.00%
INSURANCE - LIABILITY	\$19,950	0.00%	\$0	\$19,950	5.00%
INSURANCE - MEDICAL/DENTAL	\$29,580	0.00%	\$0	\$29,580	5.00%
INSURANCE WORKMANS COMP.	\$7,656	0.00%	\$0	\$7,656	5.00%
LEGAL	\$15,510	0.00%	\$0	\$15,510	5.00%
LEGAL-SPECIAL COUNSEL - 5 year amortization	\$36,000	0.00%	\$0	\$36,000	5.00%
LEGAL -WATER COUNSEL - 5 year amortization	\$4,000	0.00%	\$0	\$4,000	5.00%
MAPS & BLUEPRINTS	\$340	0.00%	\$0	\$340	5.00%
MISCELLANEOUS	\$1,140	0.00%	\$0	\$1,140	5.00%
NEWSLETTER	\$816	0.00%	\$0	\$816	5.00%
OFFICE SUPPLIES	\$1,995	0.00%	\$0	\$1,995	5.00%
POSTAGE	\$5,130	0.00%	\$0	\$5,130	5.00%
PRINTING	\$570	0.00%	\$0	\$570	5.00%
PUBLIC & LEGAL NOTICES	\$1,710	0.00%	\$0	\$1,710	5.00%
RENT	\$15,884	0.00%	\$0	\$15,884	5.00%
R&M BUILDINGS	\$340	0.00%	\$0	\$340	5.00%
R&M MISC.	\$114	0.00%	\$0	\$114	5.00%
RETIREMENT BENEFITS	\$25,520	0.00%	\$0	\$25,520	5.00%
TAXES PAYROLL	\$7,250	0.00%	\$0	\$7,250	5.00%
TELEPHONE	\$4,275	0.00%	\$0	\$4,275	5.00%
TRAVEL & MILEAGE	\$5,415	0.00%	\$0	\$5,415	5.00%
TRASH COLLECTION	\$342	0.00%	\$0	\$342	5.00%
WAGES - OFFICE/MANAGEMENT	\$70,950	0.00%	\$0	\$70,950	5.00%
WAGES O.T. OFFICE/MANAGEMENT	\$645	0.00%	\$0	\$645	5.00%
ADMINISTRATION - ALLOCATED	\$44,927	0.00%	\$0	\$44,927	5.00%
TOTAL G&A	\$329,968	\$0	\$0	\$329,968	



NIPOMO COMMUNITY SERVICES DISTRICT

**WATER - GENERAL & ADMINISTRATIVE COSTS**

FISCAL YEAR ENDING JUNE 30, 1997

	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
ACCOUNTING	\$1,601	0.00%	\$0	\$1,601	5.00%
ADVERTISING	\$60	0.00%	\$0	\$60	5.00%
BANK CHARGES	\$30	0.00%	\$0	\$30	5.00%
COMPUTER EXPENSE	\$3,292	0.00%	\$0	\$3,292	5.00%
CONSULTING	\$5,250	0.00%	\$0	\$5,250	5.00%
DIRECTOR FEES	\$10,773	0.00%	\$0	\$10,773	5.00%
DUES & SUBSCRIPTIONS	\$1,855	0.00%	\$0	\$1,855	5.00%
EDUCATION & TRAINING	\$1,796	0.00%	\$0	\$1,796	5.00%
FIRE ALARM-MAINT BLDG	\$321	0.00%	\$0	\$321	5.00%
FUEL	\$6,426	0.00%	\$0	\$6,426	5.00%
INSURANCE - LIABILITY	\$20,948	0.00%	\$0	\$20,948	5.00%
INSURANCE - MEDICAL/DENTAL	\$31,059	0.00%	\$0	\$31,059	5.00%
INSURANCE WORKMANS COMP.	\$8,039	0.00%	\$0	\$8,039	5.00%
LEGAL	\$16,286	0.00%	\$0	\$16,286	5.00%
LEGAL-SPECIAL COUNSEL - 5 year amortization	\$37,800	0.00%	\$0	\$37,800	5.00%
LEGAL -WATER COUNSEL - 5 year amortization	\$4,200	0.00%	\$0	\$4,200	5.00%
MAPS & BLUEPRINTS	\$357	0.00%	\$0	\$357	5.00%
MISCELLANEOUS	\$1,197	0.00%	\$0	\$1,197	5.00%
NEWSLETTER	\$857	0.00%	\$0	\$857	5.00%
OFFICE SUPPLIES	\$2,095	0.00%	\$0	\$2,095	5.00%
POSTAGE	\$5,387	0.00%	\$0	\$5,387	5.00%
PRINTING	\$599	0.00%	\$0	\$599	5.00%
PUBLIC & LEGAL NOTICES	\$1,796	0.00%	\$0	\$1,796	5.00%
RENT	\$16,678	0.00%	\$0	\$16,678	5.00%
R&M BUILDINGS	\$357	0.00%	\$0	\$357	5.00%
R&M MISC.	\$120	0.00%	\$0	\$120	5.00%
RETIREMENT BENEFITS	\$26,796	0.00%	\$0	\$26,796	5.00%
TAXES PAYROLL	\$7,613	0.00%	\$0	\$7,613	5.00%
TELEPHONE	\$4,489	0.00%	\$0	\$4,489	5.00%
TRAVEL & MILEAGE	\$5,686	0.00%	\$0	\$5,686	5.00%
TRASH COLLECTION	\$359	0.00%	\$0	\$359	5.00%
WAGES - OFFICE/MANAGEMENT	\$74,498	0.00%	\$0	\$74,498	5.00%
WAGES O.T. OFFICE/MANAGEMENT	\$677	0.00%	\$0	\$677	5.00%
ADMINISTRATION - ALLOCATED	\$47,173	0.00%	\$0	\$47,173	5.00%
TOTAL G& A	\$346,466		\$0	\$346,466	

NIPOMO COMMUNITY SERVICES DISTRICT

**WATER - GENERAL & ADMINISTRATIVE COSTS**

FISCAL YEAR ENDING JUNE 30, 1998

	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
ACCOUNTING	\$1,681	0.00%	\$0	\$1,681	5.00%
ADVERTISING	\$63	0.00%	\$0	\$63	5.00%
BANK CHARGES	\$32	0.00%	\$0	\$32	5.00%
COMPUTER EXPENSE	\$3,456	0.00%	\$0	\$3,456	5.00%
CONSULTING	\$5,513	0.00%	\$0	\$5,513	5.00%
DIRECTOR FEES	\$11,312	0.00%	\$0	\$11,312	5.00%
DUES & SUBSCRIPTIONS	\$1,948	0.00%	\$0	\$1,948	5.00%
EDUCATION & TRAINING	\$1,885	0.00%	\$0	\$1,885	5.00%
FIRE ALARM-MAINT BLDG	\$337	0.00%	\$0	\$337	5.00%
FUEL	\$6,747	0.00%	\$0	\$6,747	5.00%
INSURANCE - LIABILITY	\$21,995	0.00%	\$0	\$21,995	5.00%
INSURANCE - MEDICAL/DENTAL	\$32,612	0.00%	\$0	\$32,612	5.00%
INSURANCE WORKMANS COMP.	\$8,441	0.00%	\$0	\$8,441	5.00%
LEGAL	\$17,100	0.00%	\$0	\$17,100	5.00%
LEGAL-SPECIAL COUNSEL - 5 year amortization	\$39,690	0.00%	\$0	\$39,690	5.00%
LEGAL -WATER COUNSEL - 5 year amortization	\$4,410	0.00%	\$0	\$4,410	5.00%
MAPS & BLUEPRINTS	\$375	0.00%	\$0	\$375	5.00%
MISCELLANEOUS	\$1,257	0.00%	\$0	\$1,257	5.00%
NEWSLETTER	\$900	0.00%	\$0	\$900	5.00%
OFFICE SUPPLIES	\$2,199	0.00%	\$0	\$2,199	5.00%
POSTAGE	\$5,656	0.00%	\$0	\$5,656	5.00%
PRINTING	\$628	0.00%	\$0	\$628	5.00%
PUBLIC & LEGAL NOTICES	\$1,885	0.00%	\$0	\$1,885	5.00%
RENT	\$206	0.00%	\$0	\$206	5.00%
R&M BUILDINGS	\$675	0.00%	\$0	\$675	5.00%
R&M MISC.	\$126	0.00%	\$0	\$126	5.00%
RETIREMENT BENEFITS	\$28,136	0.00%	\$0	\$28,136	5.00%
TAXES PAYROLL	\$7,993	0.00%	\$0	\$7,993	5.00%
TELEPHONE	\$4,713	0.00%	\$0	\$4,713	5.00%
TRAVEL & MILEAGE	\$5,970	0.00%	\$0	\$5,970	5.00%
TRASH COLLECTION	\$377	0.00%	\$0	\$377	5.00%
WAGES - OFFICE/MANAGEMENT	\$78,222	0.00%	\$0	\$78,222	5.00%
WAGES O.T. OFFICE/MANAGEMENT	\$711	0.00%	\$0	\$711	5.00%
ADMINISTRATION - ALLOCATED	\$49,532	0.00%	\$0	\$49,532	5.00%
TOTAL G&A	\$346,784		\$0	\$346,784	

NIPOMO COMMUNITY SERVICES DISTRICT

**WATER - GENERAL & ADMINISTRATIVE COSTS**

FISCAL YEAR ENDING JUNE 30, 1999

	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
ACCOUNTING	\$1,765	0.00%	\$0	\$1,765	5.00%
ADVERTISING	\$66	0.00%	\$0	\$66	5.00%
BANK CHARGES	\$34	0.00%	\$0	\$34	5.00%
COMPUTER EXPENSE	\$3,629	0.00%	\$0	\$3,629	5.00%
CONSULTING	\$5,788	0.00%	\$0	\$5,788	5.00%
DIRECTOR FEES	\$11,877	0.00%	\$0	\$11,877	5.00%
DUES & SUBSCRIPTIONS	\$2,046	0.00%	\$0	\$2,046	5.00%
EDUCATION & TRAINING	\$1,980	0.00%	\$0	\$1,980	5.00%
FIRE ALARM-MAINT BLDG	\$354	0.00%	\$0	\$354	5.00%
FUEL	\$7,085	0.00%	\$0	\$7,085	5.00%
INSURANCE - LIABILITY	\$23,095	0.00%	\$0	\$23,095	5.00%
INSURANCE - MEDICAL/DENTAL	\$34,243	0.00%	\$0	\$34,243	5.00%
INSURANCE WORKMANS COMP.	\$8,863	0.00%	\$0	\$8,863	5.00%
LEGAL	\$17,955	0.00%	\$0	\$17,955	5.00%
LEGAL-SPECIAL COUNSEL - 5 year amortization	\$41,675	0.00%	\$0	\$41,675	5.00%
LEGAL-WATER COUNSEL - 5 year amortization	\$4,631	0.00%	\$0	\$4,631	5.00%
MAPS & BLUEPRINTS	\$394	0.00%	\$0	\$394	5.00%
MISCELLANEOUS	\$1,320	0.00%	\$0	\$1,320	5.00%
NEWSLETTER	\$945	0.00%	\$0	\$945	5.00%
OFFICE SUPPLIES	\$2,309	0.00%	\$0	\$2,309	5.00%
POSTAGE	\$5,939	0.00%	\$0	\$5,939	5.00%
PRINTING	\$660	0.00%	\$0	\$660	5.00%
PUBLIC & LEGAL NOTICES	\$1,980	0.00%	\$0	\$1,980	5.00%
RENT	\$216	0.00%	\$0	\$216	5.00%
R&M BUILDINGS	\$709	0.00%	\$0	\$709	5.00%
R&M MISC.	\$132	0.00%	\$0	\$132	5.00%
RETIREMENT BENEFITS	\$29,543	0.00%	\$0	\$29,543	5.00%
TAXES PAYROLL	\$8,393	0.00%	\$0	\$8,393	5.00%
TELEPHONE	\$4,949	0.00%	\$0	\$4,949	5.00%
TRAVEL & MILEAGE	\$6,269	0.00%	\$0	\$6,269	5.00%
TRASH COLLECTION	\$396	0.00%	\$0	\$396	5.00%
WAGES - OFFICE/MANAGEMENT	\$82,133	0.00%	\$0	\$82,133	5.00%
WAGES O.T. OFFICE/MANAGEMENT	\$747	0.00%	\$0	\$747	5.00%
ADMINISTRATION - ALLOCATED	\$52,009	0.00%	\$0	\$52,009	5.00%
TOTAL G&A	\$364,123		\$0	\$364,123	

NIPOMO COMMUNITY SERVICES DISTRICT

**WATER - GENERAL & ADMINISTRATIVE COSTS**

FISCAL YEAR ENDING JUNE 30, 2000

	TOTAL	COMMODITY	COMMODITY	CAPACITY	INFLATOR
ACCOUNTING	\$1,854	0.00%	\$0	\$1,854	5.00%
ADVERTISING	\$69	0.00%	\$0	\$69	5.00%
BANK CHARGES	\$35	0.00%	\$0	\$35	5.00%
COMPUTER EXPENSE	\$3,811	0.00%	\$0	\$3,811	5.00%
CONSULTING	\$6,078	0.00%	\$0	\$6,078	5.00%
DIRECTOR FEES	\$12,471	0.00%	\$0	\$12,471	5.00%
DUES & SUBSCRIPTIONS	\$2,148	0.00%	\$0	\$2,148	5.00%
EDUCATION & TRAINING	\$2,079	0.00%	\$0	\$2,079	5.00%
FIRE ALARM-MAINT BLDG	\$372	0.00%	\$0	\$372	5.00%
FUEL	\$7,439	0.00%	\$0	\$7,439	5.00%
INSURANCE - LIABILITY	\$24,249	0.00%	\$0	\$24,249	5.00%
INSURANCE - MEDICAL/DENTAL	\$35,955	0.00%	\$0	\$35,955	5.00%
INSURANCE WORKMANS COMP.	\$9,306	0.00%	\$0	\$9,306	5.00%
LEGAL	\$18,853	0.00%	\$0	\$18,853	5.00%
LEGAL-SPECIAL COUNSEL - 5 year amortization	\$43,758	0.00%	\$0	\$43,758	5.00%
LEGAL -WATER COUNSEL - 5 year amortization	\$4,862	0.00%	\$0	\$4,862	5.00%
MAPS & BLUEPRINTS	\$413	0.00%	\$0	\$413	5.00%
MISCELLANEOUS	\$1,386	0.00%	\$0	\$1,386	5.00%
NEWSLETTER	\$992	0.00%	\$0	\$992	5.00%
OFFICE SUPPLIES	\$2,425	0.00%	\$0	\$2,425	5.00%
POSTAGE	\$6,236	0.00%	\$0	\$6,236	5.00%
PRINTING	\$693	0.00%	\$0	\$693	5.00%
PUBLIC & LEGAL NOTICES	\$2,079	0.00%	\$0	\$2,079	5.00%
RENT	\$227	0.00%	\$0	\$227	5.00%
R&M BUILDINGS	\$744	0.00%	\$0	\$744	5.00%
R&M MISC.	\$139	0.00%	\$0	\$139	5.00%
RETIREMENT BENEFITS	\$31,020	0.00%	\$0	\$31,020	5.00%
TAXES PAYROLL	\$8,812	0.00%	\$0	\$8,812	5.00%
TELEPHONE	\$5,196	0.00%	\$0	\$5,196	5.00%
TRAVEL & MILEAGE	\$6,582	0.00%	\$0	\$6,582	5.00%
TRASH COLLECTION	\$416	0.00%	\$0	\$416	5.00%
WAGES - OFFICE/MANAGEMENT	\$86,240	0.00%	\$0	\$86,240	5.00%
WAGES O.T. OFFICE/MANAGEMENT	\$784	0.00%	\$0	\$784	5.00%
ADMINISTRATION - ALLOCATED	\$54,609	0.00%	\$0	\$54,609	5.00%
TOTAL G&A	\$382,329		\$0	\$382,329	

NIPOMO COMMUNITY SERVICES DISTRICT

**WATER - GENERAL & ADMINISTRATIVE COSTS**

FISCAL YEAR ENDING JUNE 30, 2001

	TOTAL	COMMODITY	COMMODITY	CAPACITY
ACCOUNTING	\$1,946	0.00%	\$0	\$1,946
ADVERTISING	\$73	0.00%	\$0	\$73
BANK CHARGES	\$37	0.00%	\$0	\$37
COMPUTER EXPENSE	\$4,001	0.00%	\$0	\$4,001
CONSULTING	\$6,381	0.00%	\$0	\$6,381
DIRECTOR FEES	\$13,095	0.00%	\$0	\$13,095
DUES & SUBSCRIPTIONS	\$2,255	0.00%	\$0	\$2,255
EDUCATION & TRAINING	\$2,182	0.00%	\$0	\$2,182
FIRE ALARM-MAINT BLDG	\$391	0.00%	\$0	\$391
FUEL	\$7,811	0.00%	\$0	\$7,811
INSURANCE - LIABILITY	\$25,462	0.00%	\$0	\$25,462
INSURANCE - MEDICAL/DENTAL	\$37,752	0.00%	\$0	\$37,752
INSURANCE WORKMANS COMP.	\$9,771	0.00%	\$0	\$9,771
LEGAL	\$19,795	0.00%	\$0	\$19,795
LEGAL-SPECIAL COUNSEL - 5 year amortization	\$45,946	0.00%	\$0	\$45,946
LEGAL -WATER COUNSEL - 5 year amortization	\$5,105	0.00%	\$0	\$5,105
MAPS & BLUEPRINTS	\$434	0.00%	\$0	\$434
MISCELLANEOUS	\$1,455	0.00%	\$0	\$1,455
NEWSLETTER	\$1,041	0.00%	\$0	\$1,041
OFFICE SUPPLIES	\$2,546	0.00%	\$0	\$2,546
POSTAGE	\$6,547	0.00%	\$0	\$6,547
PRINTING	\$727	0.00%	\$0	\$727
PUBLIC & LEGAL NOTICES	\$2,182	0.00%	\$0	\$2,182
RENT	\$238	0.00%	\$0	\$238
R&M BUILDINGS	\$781	0.00%	\$0	\$781
R&M MISC.	\$145	0.00%	\$0	\$145
RETIREMENT BENEFITS	\$32,571	0.00%	\$0	\$32,571
TAXES PAYROLL	\$9,253	0.00%	\$0	\$9,253
TELEPHONE	\$5,456	0.00%	\$0	\$5,456
TRAVEL & MILEAGE	\$6,911	0.00%	\$0	\$6,911
TRASH COLLECTION	\$436	0.00%	\$0	\$436
WAGES - OFFICE/MANAGEMENT	\$90,552	0.00%	\$0	\$90,552
WAGES O.T. OFFICE/MANAGEMENT	\$823	0.00%	\$0	\$823
ADMINISTRATION - ALLOCATED	\$57,340	0.00%	\$0	\$57,340
TOTAL G&A	\$401,445		\$0	\$401,445

# APPENDIX B

## SEWER DIVISION MODELS

## NIPOMO WASTEWATER DIVISION FOOTNOTES

### FOOTNOTE 1 - ASSUMPTIONS

The following assumptions have been integrated into the wastewater division models :

1 - The majority of operating cost categories were inflated by 5% a year over the life of the study with the exception of depreciation costs which were inflated by 25% a year in order to recover 100% of depreciation costs by the year 2001.

2 - Annual DUE'S were increased by 6% a year which is consistent with historical growth and the most recent master plan projections.

### FOOTNOTE 2 - OTHER OPERATING REVENUES

Other operating revenues include interest income from operating reserves, and other miscellaneous charges reflected in the 1996 budget.

### FOOTNOTE 3 - ADJUSTMENTS TO 1996 ADOPTED BUDGET

The June 30, 1996 fiscal year budget estimates were adjusted to reflect the effects of policy changes recommended in the study. Non-operating capital acquisitions and replacement capital costs funded from depreciation reserves were also removed from operating costs. Revenues were adjusted to reflect the most recent estimate of DUE'S. The annual depreciation reserve was also increased to \$75,000 from \$31,100.

NIPOMO COMMUNITY SERVICES DISTRICT

NIPOMO

WASTEWATER DIVISION RATE MODEL	95/96 FISCAL YEAR	96/97 FISCAL YEAR	97/98 FISCAL YEAR
	BUDGET	INFLATOR	ESTIMATE
<b>OPERATING COSTS</b>			
ACCOUNTING	\$535	5.00%	\$562
ADVERTISING	\$20	5.00%	\$21
BANK CHARGES	\$10	5.00%	\$11
CHEMICALS		5.00%	\$0
COMPUTER EXPENSE	\$1,100	5.00%	\$1,155
CONSULTING		5.00%	\$0
DIRECTOR FEES	\$3,600	5.00%	\$3,780
DUES & SUBSCRIPTIONS	\$620	5.00%	\$651
EDUCATION & TRAINING	\$600	5.00%	\$630
ENGINEERING	\$1,200	5.00%	\$1,260
EQUIPMENT RENTAL	\$100	5.00%	\$105
FIRE ALARM-MAINT BLDG	\$104	5.00%	\$109
FUEL	\$2,070	5.00%	\$2,174
INSURANCE - LIABILITY	\$7,000	5.00%	\$7,350
INSURANCE - MEDICAL/DENTAL	\$8,670	5.00%	\$9,104
INSURANCE WORKMANS COMP.	\$2,244	5.00%	\$2,356
LAB TESTS & SUPPLIES	\$7,560	5.00%	\$7,938
LEGAL	\$6,600	5.00%	\$6,930
LEGAL-SPECIAL COUNSEL	\$0	5.00%	\$0
LEGAL-WATER COUNSEL		5.00%	\$0
MAPS & BLUEPRINTS	\$115	5.00%	\$121
MISCELLANEOUS	\$400	5.00%	\$420
NEWSLETTER	\$276	5.00%	\$290
OFFICE SUPPLIES	\$700	5.00%	\$735
OUTSIDE SERVICES	\$8,000	5.00%	\$8,400
OPERATING SUPPLIES	\$3,000	5.00%	\$3,150
PAGING EXPENSE	\$414	5.00%	\$435
PERMITS & OPERATING FEES	\$2,250	5.00%	\$2,363
POSTAGE	\$1,800	5.00%	\$1,890
PRINTING	\$200	5.00%	\$210
PUBLIC & LEGAL NOTICES	\$600	5.00%	\$630
RENT	\$4,705	5.00%	\$4,940
R&M VEHICLES	\$1,150	5.00%	\$1,208
R&M BUILDINGS	\$115	5.00%	\$121
R&M SEWER	\$4,000	5.00%	\$4,200
R&M MISC.	\$40	5.00%	\$42
RETIREMENT BENEFITS	\$7,480	5.00%	\$7,854
SMALL TOOLS & SUPPLIES	\$920	5.00%	\$966
TAXES PAYROLL	\$2,125	5.00%	\$2,231
TELEPHONE	\$1,500	5.00%	\$1,575
TRAVEL & MILEAGE	\$1,900	5.00%	\$1,995
UNDERGROUND NOTIFICATION	\$115	5.00%	\$121
UNIFORMS	\$552	5.00%	\$580
ELECTRICITY	\$49,500	6.00%	\$52,470
UTILITIES-GAS	\$160	5.00%	\$168
TRASH COLLECTION	\$120	5.00%	\$126
WAGES - OFFICE/MANAGEMENT	\$34,650	5.00%	\$36,383
WAGES O.T. OFFICE/MANAGEMENT	\$315	5.00%	\$331
WAGES-MAINTENANCE	\$16,650	5.00%	\$17,483
WAGES-MAINTENANCE O.T.	\$3,190	5.00%	\$3,350
INTEREST EXPENSE		5.00%	\$0
CONTINGENCY	\$1,000	5.00%	\$1,050
ADMINISTRATION	\$18,720	5.00%	\$19,656
DEPRECIATION/SEWER RESERVE	\$75,000	25.00%	\$93,750
FIXED ASSETS/CAPITAL OUTLAY	\$31,000	5.00%	\$32,550
TOTAL	\$314,695		\$345,925
LESS:			\$382,496
INTEREST SUPPLEMENT	(\$28,800)		(\$28,800)
OTHER REVENUES	(\$7,700)	5.00%	(\$8,085)
NET REVENUE REQUIREMENT	\$278,195		\$309,040
			\$345,206
ANNUAL DUE UNITS	16,608	6.00%	17,604
TOTAL DUE'S	\$1,384		
MONTHLY CHARGE	\$16.75		\$17.55
ANNUAL % INCREASE	4.69%		4.80%
			5.38%
REVENUES AT CURRENT RATE	\$265,728		\$281,672
BUDGETED SURPLUS/(DEFICIT)	(\$12,467)		(\$27,368)
			(\$46,634)
RESERVES	\$159,636		\$159,636
% OF TOTAL OPERATING COSTS LESS DEPRECIATIO	66.60%		63.30%
			60.17%
DEPRECIATION AT 100%	\$174,881		\$183,625
% OF DEPRECIATION RECOVERED	42.89%		51.06%
			60.78%



NIPOMO COMMUNITY SERVICES DISTRICT

NIPOMO

WASTEWATER DIVISION RATE MODEL	98/99 FISCAL YEAR		99/2000 FISCAL YEAR		2000/2001 FISCAL YEAR	
	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE
<b>OPERATING COSTS</b>						
ACCOUNTING	5.00%	\$619	5.00%	\$650	5.00%	\$683
ADVERTISING	5.00%	\$23	5.00%	\$24	5.00%	\$26
BANK CHARGES	5.00%	\$12	5.00%	\$12	5.00%	\$13
CHEMICALS	5.00%	\$0	5.00%	\$0	5.00%	\$0
COMPUTER EXPENSE	5.00%	\$1,273	5.00%	\$1,337	5.00%	\$1,404
CONSULTING	5.00%	\$0	5.00%	\$0	5.00%	\$0
DIRECTOR FEES	5.00%	\$4,167	5.00%	\$4,376	5.00%	\$4,595
DUES & SUBSCRIPTIONS	5.00%	\$718	5.00%	\$754	5.00%	\$791
EDUCATION & TRAINING	5.00%	\$695	5.00%	\$729	5.00%	\$768
ENGINEERING	5.00%	\$1,389	5.00%	\$1,459	5.00%	\$1,532
EQUIPMENT RENTAL	5.00%	\$116	5.00%	\$122	5.00%	\$128
FIRE ALARM-MAINT BLDG	5.00%	\$120	5.00%	\$126	5.00%	\$133
FUEL	5.00%	\$2,396	5.00%	\$2,516	5.00%	\$2,642
INSURANCE - LIABILITY	5.00%	\$8,103	5.00%	\$8,509	5.00%	\$8,934
INSURANCE - MEDICAL/DENTAL	5.00%	\$10,037	5.00%	\$10,538	5.00%	\$11,065
INSURANCE WORKMANS COMP.	5.00%	\$2,598	5.00%	\$2,728	5.00%	\$2,864
LAB TESTS & SUPPLIES	5.00%	\$8,752	5.00%	\$9,189	5.00%	\$9,649
LEGAL	5.00%	\$7,840	5.00%	\$8,022	5.00%	\$8,423
LEGAL-SPECIAL COUNSEL	5.00%	\$0	5.00%	\$0	5.00%	\$0
LEGAL-WATER COUNSEL	5.00%	\$0	5.00%	\$0	5.00%	\$0
MAPS & BLUEPRINTS	5.00%	\$133	5.00%	\$140	5.00%	\$147
MISCELLANEOUS	5.00%	\$463	5.00%	\$486	5.00%	\$511
NEWSLETTER	5.00%	\$320	5.00%	\$335	5.00%	\$352
OFFICE SUPPLIES	5.00%	\$810	5.00%	\$851	5.00%	\$893
OUTSIDE SERVICES	5.00%	\$9,261	5.00%	\$9,724	5.00%	\$10,210
OPERATING SUPPLIES	5.00%	\$3,473	5.00%	\$3,647	5.00%	\$3,829
PAGING EXPENSE	5.00%	\$479	5.00%	\$503	5.00%	\$528
PERMITS & OPERATING FEES	5.00%	\$2,605	5.00%	\$2,735	5.00%	\$2,872
POSTAGE	5.00%	\$2,084	5.00%	\$2,188	5.00%	\$2,297
PRINTING	5.00%	\$232	5.00%	\$243	5.00%	\$255
PUBLIC & LEGAL NOTICES	5.00%	\$695	5.00%	\$729	5.00%	\$766
RENT	5.00%	\$5,447	5.00%	\$5,719	5.00%	\$6,005
R&M VEHICLES	5.00%	\$1,331	5.00%	\$1,398	5.00%	\$1,468
R&M BUILDINGS	5.00%	\$133	5.00%	\$140	5.00%	\$147
R&M SEWER	5.00%	\$4,631	5.00%	\$4,862	5.00%	\$5,105
R&M MISC.	5.00%	\$46	5.00%	\$49	5.00%	\$51
RETIREMENT BENEFITS	5.00%	\$8,659	5.00%	\$9,092	5.00%	\$9,547
SMALL TOOLS & SUPPLIES	5.00%	\$1,065	5.00%	\$1,118	5.00%	\$1,174
TAXES PAYROLL	5.00%	\$2,460	5.00%	\$2,583	5.00%	\$2,712
TELEPHONE	5.00%	\$1,736	5.00%	\$1,823	5.00%	\$1,914
TRAVEL & MILEAGE	5.00%	\$2,199	5.00%	\$2,309	5.00%	\$2,425
UNDERGROUND NOTIFICATION	5.00%	\$133	5.00%	\$140	5.00%	\$147
UNIFORMS	5.00%	\$639	5.00%	\$671	5.00%	\$705
ELECTRICITY	6.00%	\$58,955	6.00%	\$62,493	6.00%	\$66,242
UTILITIES-GAS	5.00%	\$185	5.00%	\$194	5.00%	\$204
TRASH COLLECTION	5.00%	\$139	5.00%	\$146	5.00%	\$153
WAGES - OFFICE/MANAGEMENT	5.00%	\$40,112	5.00%	\$42,117	5.00%	\$44,223
WAGES O.T. OFFICE/MANAGEMENT	5.00%	\$365	5.00%	\$383	5.00%	\$402
WAGES-MAINTENANCE	5.00%	\$19,274	5.00%	\$20,238	5.00%	\$21,250
WAGES-MAINTENANCE O.T.	5.00%	\$3,693	5.00%	\$3,877	5.00%	\$4,071
INTEREST EXPENSE	5.00%	\$0	5.00%	\$0	5.00%	\$0
CONTINGENCY	5.00%	\$1,158	5.00%	\$1,216	5.00%	\$1,276
ADMINISTRATION	5.00%	\$21,671	5.00%	\$22,754	5.00%	\$23,892
DEPRECIATION/SEWER RESERVE	25.00%	\$146,484	25.00%	\$183,105	25.00%	\$228,882
FIXED ASSETS/CAPITAL OUTLAY	5.00%	\$35,886	5.00%	\$37,681	5.00%	\$39,565
TOTAL		\$425,614		\$476,781		\$537,866
LESS:						
INTEREST SUPPLEMENT		(\$28,800)		(\$28,800)		(\$28,800)
OTHER REVENUES	5.00%	(\$8,914)	5.00%	(\$9,359)	5.00%	(\$9,827)
NET REVENUE REQUIREMENT		\$387,900		\$438,622		\$499,239
ANNUAL DUE UNITS	6.00%	19,780	6.00%	20,967	6.00%	22,225
TOTAL DUE'S						
MONTHLY CHARGE		\$19.61		\$20.92		\$22.46
ANNUAL % INCREASE		6.01%		6.68%		7.38%
REVENUES AT CURRENT RATE		\$316,486		\$335,475		\$355,604
BUDGETED SURPLUS/(DEFICIT)		(\$71,414)		(\$103,146)		(\$143,635)
RESERVES		\$159,636		\$159,636		\$159,636
% OF TOTAL OPERATING COSTS LESS DEPRECIATIO		57.19%		54.36%		51.66%
DEPRECIATION AT 100%		\$202,447		\$212,569		\$223,197
% OF DEPRECIATION RECOVERED		72.36%		86.14%		102.55%

## **BLACK LAKE DIVISION FOOTNOTES**

### **FOOTNOTE 1 - ASSUMPTIONS**

The following assumptions have been integrated into the wastewater division models :

1 - All operating cost categories were inflated by 5% a year over the life of the study including depreciation costs as discussed in the narrative of the plan under "POLICY DECISIONS EFFECTING RATES".

2 - Annual DUE'S were increased by 5% a year which is consistent with historical growth and the most recent master plan projections.

### **FOOTNOTE 2 - OTHER OPERATING REVENUES**

Other operating revenues include interest income from operating reserves, and other miscellaneous charges reflected in the 1996 budget.

### **FOOTNOTE 3 - ADJUSTMENTS TO 1996 ADOPTED BUDGET**

The June 30, 1996 fiscal year budget estimates were adjusted to reflect the effects of policy changes recommended in the study. Non-operating capital acquisitions and replacement capital costs funded from depreciation reserves were also removed from operating costs. Revenues were adjusted to reflect the most recent estimate of DUE's.

NIPOMO COMMUNITY SERVICES DISTRICT

**BLACK LAKE SEWER**

WASTEWATER DIVISION RATE MODEL	95/96 FISCAL YEAR	96/97 FISCAL YEAR	97/98 FISCAL YEAR
	BUDGET	INFLATOR	ESTIMATE
<b>OPERATING COSTS</b>			
ACCOUNTING	\$214	5.00%	\$225
ADVERTISING	\$8	5.00%	\$8
BANK CHARGES	\$4	5.00%	\$4
CHEMICALS	\$5,760	5.00%	\$6,048
COMPUTER EXPENSE	\$440	5.00%	\$462
CONSULTING		5.00%	\$0
DIRECTOR FEES	\$1,440	5.00%	\$1,512
DUES & SUBSCRIPTIONS	\$248	5.00%	\$260
EDUCATION & TRAINING	\$240	5.00%	\$252
ENGINEERING	\$480	5.00%	\$504
EQUIPMENT RENTAL	\$40	5.00%	\$42
FIRE ALARM-MAINT BLDG	\$41	5.00%	\$43
FUEL	\$810	5.00%	\$851
INSURANCE - LIABILITY	\$2,800	5.00%	\$2,940
INSURANCE - MEDICAL/DENTAL	\$5,100	5.00%	\$5,355
INSURANCE WORKMANS COMP.	\$1,320	5.00%	\$1,386
LAB TESTS & SUPPLIES	\$5,250	5.00%	\$5,513
LEGAL	\$2,640	5.00%	\$2,772
MAPS & BLUEPRINTS	\$45	5.00%	\$47
MISCELLANEOUS	\$160	5.00%	\$168
NEWSLETTER	\$108	5.00%	\$113
OFFICE SUPPLIES	\$280	5.00%	\$294
OUTSIDE SERVICES	\$2,000	5.00%	\$2,100
OPERATING SUPPLIES	\$2,000	5.00%	\$2,100
PAGING EXPENSE	\$162	5.00%	\$170
PERMITS & OPERATING FEES	\$630	5.00%	\$662
POSTAGE	\$720	5.00%	\$756
PRINTING	\$80	5.00%	\$84
PUBLIC & LEGAL NOTICES	\$240	5.00%	\$252
RENT	\$1,882	5.00%	\$1,976
R&M VEHICLES	\$450	5.00%	\$473
R&M BUILDINGS	\$45	5.00%	\$47
R&M SEWER	\$1,000	5.00%	\$1,050
R&M MISC.	\$16	5.00%	\$17
RETIREMENT BENEFITS	\$4,400	5.00%	\$4,620
SMALL TOOLS & SUPPLIES	\$360	5.00%	\$378
TAXES PAYROLL	\$1,250	5.00%	\$1,313
TELEPHONE	\$600	5.00%	\$630
TRAVEL & MILEAGE	\$760	5.00%	\$798
UNDERGROUND NOTIFICATION	\$45	5.00%	\$47
UNIFORMS	\$216	5.00%	\$227
ELECTRICITY	\$8,250	5.00%	\$8,663
UTILITIES-GAS	\$64	5.00%	\$67
TRASH COLLECTION	\$48	5.00%	\$50
WAGES - OFFICE/MANAGEMENT	\$6,600	5.00%	\$6,930
WAGES O.T. OFFICE/MANAGEMENT	\$60	5.00%	\$63
WAGES-MAINTENANCE	\$24,750	5.00%	\$25,988
WAGES-MAINTENANCE O.T.	\$4,350	5.00%	\$4,568
INTEREST EXPENSE		5.00%	\$0
CONTINGENCY	\$1,000	5.00%	\$1,050
SEWER RESERVE		5.00%	\$0
ADMINISTRATION	\$11,231	5.00%	\$11,793
DEPRECIATION	\$6,200	5.00%	\$6,510
FIXED ASSETS/CAPITAL OUTLAY	\$12,500	5.00%	\$13,125
<b>TOTAL</b>	<b>\$119,337</b>		<b>\$125,304</b>
ANNUALIZED DUE'S	\$4,080	5.00%	\$4,284
TOTAL DUE'S	340		357
MONTHLY RATE PER DUE	\$29.25		\$29.25
REVENUES AT CURRENT RATE	\$65,280	5.00%	\$68,544
BUDGETED DEFICIT	(\$54,057)		(\$56,760)
RESERVES	\$14,424		\$14,424
% OF TOTAL OPERATING COSTS LESS DEPRECIATI	12.75%		12.14%
DEPRECIATION AT 100%	\$18,101		\$19,006
% OF DEPRECIATION RECOVERED	34.25%		34.25%

NIPOMO COMMUNITY SERVICES DISTRICT

**BLACK LAKE SEWER**

WASTEWATER DIVISION RATE MODEL	98/99 FISCAL YEAR		99/2000 FISCAL YEAR		2000/2001 FISCAL YEAR	
	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE
<b>OPERATING COSTS</b>						
ACCOUNTING	5.00%	\$248	5.00%	\$260	5.00%	\$273
ADVERTISING	5.00%	\$9	5.00%	\$10	5.00%	\$10
BANK CHARGES	5.00%	\$5	5.00%	\$5	5.00%	\$5
CHEMICALS	5.00%	\$6,668	5.00%	\$7,001	5.00%	\$7,351
COMPUTER EXPENSE	5.00%	\$509	5.00%	\$535	5.00%	\$562
CONSULTING	5.00%	\$0	5.00%	\$0	5.00%	\$0
DIRECTOR FEES	5.00%	\$1,667	5.00%	\$1,750	5.00%	\$1,838
DUES & SUBSCRIPTIONS	5.00%	\$287	5.00%	\$301	5.00%	\$317
EDUCATION & TRAINING	5.00%	\$278	5.00%	\$292	5.00%	\$306
ENGINEERING	5.00%	\$556	5.00%	\$583	5.00%	\$613
EQUIPMENT RENTAL	5.00%	\$46	5.00%	\$49	5.00%	\$51
FIRE ALARM-MAINT BLDG	5.00%	\$47	5.00%	\$50	5.00%	\$52
FUEL	5.00%	\$938	5.00%	\$985	5.00%	\$1,034
INSURANCE - LIABILITY	5.00%	\$3,241	5.00%	\$3,403	5.00%	\$3,574
INSURANCE - MEDICAL/DENTAL	5.00%	\$5,904	5.00%	\$6,199	5.00%	\$6,509
INSURANCE WORKMANS COMP.	5.00%	\$1,528	5.00%	\$1,604	5.00%	\$1,685
LAB TESTS & SUPPLIES	5.00%	\$6,078	5.00%	\$6,381	5.00%	\$6,700
LEGAL	5.00%	\$3,056	5.00%	\$3,209	5.00%	\$3,369
MAPS & BLUEPRINTS	5.00%	\$52	5.00%	\$55	5.00%	\$57
MISCELLANEOUS	5.00%	\$185	5.00%	\$194	5.00%	\$204
NEWSLETTER	5.00%	\$125	5.00%	\$131	5.00%	\$138
OFFICE SUPPLIES	5.00%	\$324	5.00%	\$340	5.00%	\$357
OUTSIDE SERVICES	5.00%	\$2,315	5.00%	\$2,431	5.00%	\$2,553
OPERATING SUPPLIES	5.00%	\$2,315	5.00%	\$2,431	5.00%	\$2,553
PAGING EXPENSE	5.00%	\$188	5.00%	\$197	5.00%	\$207
PERMITS & OPERATING FEES	5.00%	\$729	5.00%	\$766	5.00%	\$804
POSTAGE	5.00%	\$833	5.00%	\$875	5.00%	\$919
PRINTING	5.00%	\$93	5.00%	\$97	5.00%	\$102
PUBLIC & LEGAL NOTICES	5.00%	\$278	5.00%	\$292	5.00%	\$306
RENT	5.00%	\$2,179	5.00%	\$2,288	5.00%	\$2,402
R&M VEHICLES	5.00%	\$521	5.00%	\$547	5.00%	\$574
R&M BUILDINGS	5.00%	\$52	5.00%	\$55	5.00%	\$57
R&M SEWER	5.00%	\$1,158	5.00%	\$1,216	5.00%	\$1,276
R&M MISC.	5.00%	\$19	5.00%	\$19	5.00%	\$20
RETIREMENT BENEFITS	5.00%	\$5,094	5.00%	\$5,348	5.00%	\$5,616
SMALL TOOLS & SUPPLIES	5.00%	\$417	5.00%	\$438	5.00%	\$459
TAXES PAYROLL	5.00%	\$1,447	5.00%	\$1,519	5.00%	\$1,595
TELEPHONE	5.00%	\$695	5.00%	\$729	5.00%	\$766
TRAVEL & MILEAGE	5.00%	\$880	5.00%	\$924	5.00%	\$970
UNDERGROUND NOTIFICATION	5.00%	\$52	5.00%	\$55	5.00%	\$57
UNIFORMS	5.00%	\$250	5.00%	\$263	5.00%	\$276
ELECTRICITY	5.00%	\$9,550	5.00%	\$10,028	5.00%	\$10,529
UTILITIES-GAS	5.00%	\$74	5.00%	\$78	5.00%	\$82
TRASH COLLECTION	5.00%	\$56	5.00%	\$58	5.00%	\$61
WAGES - OFFICE/MANAGEMENT	5.00%	\$7,640	5.00%	\$8,022	5.00%	\$8,423
WAGES O.T. OFFICE/MANAGEMENT	5.00%	\$69	5.00%	\$73	5.00%	\$77
WAGES-MAINTENANCE	5.00%	\$28,651	5.00%	\$30,084	5.00%	\$31,588
WAGES-MAINTENANCE O.T.	5.00%	\$5,036	5.00%	\$5,287	5.00%	\$5,552
INTEREST EXPENSE	5.00%	\$0	5.00%	\$0	5.00%	\$0
CONTINGENCY	5.00%	\$1,158	5.00%	\$1,216	5.00%	\$1,276
SEWER RESERVE	5.00%	\$0	5.00%	\$0	5.00%	\$0
ADMINISTRATION	5.00%	\$13,001	5.00%	\$13,651	5.00%	\$14,334
DEPRECIATION	5.00%	\$7,177	5.00%	\$7,536	5.00%	\$7,913
FIXED ASSETS/CAPITAL OUTLAY	5.00%	\$14,470	5.00%	\$15,194	5.00%	\$15,954
<b>TOTAL</b>		<b>\$138,147</b>		<b>\$145,055</b>		<b>\$152,308</b>
ANNUALIZED DUE'S	5.00%	4,723	5.00%	4,959	5.00%	5,207
TOTAL DUE'S		394		413		434
MONTHLY RATE PER DUE		\$29.25		\$29.25		\$29.25
REVENUES AT CURRENT RATE	5.00%	\$75,570	5.00%	\$79,348	5.00%	\$83,316
BUDGETED DEFICIT		(\$62,578)		(\$65,707)		(\$68,992)
RESERVES		\$14,424		\$14,424		\$14,424
% OF TOTAL OPERATING COSTS LESS DEPRECIATI		11.01%		10.49%		9.99%
DEPRECIATION AT 100%		\$20,954		\$22,002		\$23,102
% OF DEPRECIATION RECOVERED		34.25%		34.25%		34.25%

**APPENDIX C**

**WATER CAPITAL  
PLAN MODELS**

NCSD

CAPITAL FINANCING PLAN

WATER

FISCAL YEAR ENDING JUNE 30	1 1997	2 1998	3 1999	4 2000	5 2001	6 2002	7 2003	8 2004	9 2005	10 2006	11 2007
<b>PRIORITY 1 - YEAR 2000</b>											
OAK GLEN/MALLAGH CROSSING		143,000									
BLACK LAKE PUMP REPLACEMENT		140,000									
WELL PUMP REPLACEMENT	100,000	100,000									
W. DANA LINE REPLACEMENT	57,000										
PRICE ST. LINE REPLACEMENT	65,000										
BENNETT ST. LINE REPLACEMENT	76,000										
WELL CAPACITY - DRILL & EQUIP 1 WELL	200,000	200,000									
PRICE/MALLAGH LINE REPLACEMENT	34,000										
SUB - TOTAL	332,000	583,000	0	0	0	0	0	0	0	0	0
<b>PRIORITY 2 - YEAR 2005</b>											
TWIN TANKS INLET/OUTLET LINE						131,400	131,400	131,400	131,400	131,400	
OFFICE HEADQUARTERS @ 47.03 %		201,752									
1MG TANK						100,000	100,000	100,000	100,000	100,000	
WELL PUMP REPLACEMENT						15,000	15,000	15,000	15,000	15,000	
KNOTT THOMPSON LINE						100,000	100,000	100,000	100,000	100,000	
SUB - TOTAL	0	201,752	0	0	0	346,400	346,400	346,400	346,400	346,400	0
<b>PRIORITY 3 - YEAR 2010</b>											
FRONTAGE ROAD UPGRADES											16,200
GRAND AVE. UPGRADE											20,600
FRONTAGE RD. UPGRADE											11,800
BLACK HAWK WAY UPGRADE											1,800
STANDPIPE TANK UPGRADE											32,400
POMEROY LOOP											65,800
HILL ST. UPGRADE											11,000
ELEMENTARY SCHOOL IMP.											7,600
ORCHARD RD. IMP.											8,600
POPPY LANE UPGRADE											12,400
SUB - TOTAL	0	0	0	0	0	0	0	0	0	0	188,000
<b>PRIORITY 4 - YEAR 2015</b>											
1.53 MG STORAGE											
FRONTAGE MAIN											
TWILIGHT LANE											
INGA LANE											
CAMINO CABALLO											
SUB - TOTAL	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL - UNADJUSTED COSTS</b>	332,000	784,752	0	0	0	346,400	346,400	346,400	346,400	346,400	188,000
<b>INFLATED TOTAL</b>	348,600	863,227	0	0	0	450,320	467,640	484,960	502,280	519,600	291,400
<b>INFLATION FACTOR</b>	5.00%										
<b>TOTAL FOR SYSTEM CORRECTIONS</b>	915,000										
<b>TOTAL FOR NEW DEVELOPMENT</b>	4,122,752										
<b>TOTAL CAPITAL PLAN</b>	5,037,752										



NCSD CAPITAL FINANCING PLAN

NCSD

**WATER**

FISCAL YEAR ENDING JUNE 30	12 2008	13 2009	14 2010	15 2011	16 2012	17 2013	18 2014	19 2015	20 2016	TOTAL
<b>PRIORITY 1 - YEAR 2000</b>										
OAK GLEN/MALLAGH CROSSING										143,000
BLACK LAKE PUMP REPLACEMENT										140,000
WELL PUMP REPLACEMENT										200,000
W. DANA LINE REPLACEMENT										57,000
PRICE ST. LINE REPLACEMENT										65,000
BENNETT ST. LINE REPLACEMENT										76,000
WELL CAPACITY - DRILL & EQUIP 1 WELL										200,000
PRICE/MALLAGH LINE REPLACEMENT										34,000
SUB - TOTAL	0	0	0	0	0	0	0	0	0	915,000
<b>PRIORITY 2 - YEAR 2005</b>										0
TWIN TANKS INLET/OUTLET LINE										657,000
OFFICE HEADQUARTERS @ 47.03 %										201,752
1MG TANK										500,000
WELL PUMP REPLACEMENT										75,000
KNOTT THOMPSON LINE										500,000
SUB - TOTAL	0	0	0	0	0	0	0	0	0	1,933,752
<b>PRIORITY 3 - YEAR 2010</b>										0
FRONTAGE ROAD UPGRADES	16,200	16,200	16,200	16,200						81,000
GRAND AVE. UPGRADE	20,600	20,600	20,600	20,600						103,000
FRONTAGE RD. UPGRADE	11,800	11,800	11,800	11,800						59,000
BLACK HAWK WAY UPGRADE	1,600	1,600	1,600	1,600						8,000
STANDPIPE TANK UPGRADE	32,400	32,400	32,400	32,400						162,000
POMEROY LOOP	65,800	65,800	65,800	65,800						329,000
HILL ST. UPGRADE	11,000	11,000	11,000	11,000						55,000
ELEMENTARY SCHOOL IMP.	7,600	7,600	7,600	7,600						38,000
ORCHARD RD. IMP.	8,600	8,600	8,600	8,600						43,000
POPPY LANE UPGRADE	12,400	12,400	12,400	12,400						62,000
SUB - TOTAL	188,000	188,000	188,000	188,000	0	0	0	0	0	940,000
<b>PRIORITY 4 - YEAR 2015</b>										0
1.53 MG STORAGE					153,000	153,000	153,000	153,000	153,000	765,000
FRONTAGE MAIN					63,860	63,860	63,860	63,860	63,860	319,300
TWILIGHT LANE					7,020	7,020	7,020	7,020	7,020	35,100
INGA LANE					18,360	18,360	18,360	18,360	18,360	91,800
CAMINO CABALLO					7,560	7,560	7,560	7,560	7,560	37,800
SUB - TOTAL	0	0	0	0	249,800	249,800	249,800	249,800	249,800	1,249,000
<b>TOTAL - UNADJUSTED COSTS</b>	188,000	188,000	188,000	188,000	249,800	249,800	249,800	249,800	249,800	5,037,752
<b>INFLATED TOTAL</b>	300,800	310,200	319,600	329,000	449,640	462,130	474,620	487,110	499,600	7,560,727
<b>INFLATION FACTOR</b>										
<b>TOTAL FOR SYSTEM CORRECTIONS</b>										
<b>TOTAL FOR NEW DEVELOPMENT</b>										
<b>TOTAL CAPITAL PLAN</b>										

<u>CAPITAL PARTICIPATION FEE CALCULATION</u>	
AVERAGE ANNUAL DEMAND - IN AF PER MASTER PLAN - TABLE 1	1,718
EQUIVALENT CAPACITY UNITS - 1995	2,621
AVERAGE DEMAND IN AF PER CAPACITY UNIT	0.66
PROJECTED ULTIMATE DEMAND IN AF	2,687
PROJECTED CAPACITY UNITS AT BUILDOUT (ULTIMATE DEMAND/AVG. DEMAND PER UNIT)	4,099
NEW DEVELOPMENT CAPACITY UNITS	1,478
TOTAL SYSTEM IMPROVEMENTS	5,037,752
LESS PRIORITY 1 CORRECTIONS	(915,000)
CAPITAL IMP. FOR NEW DEVELOPMENT	4,122,752
CAPITAL PARTICIPATION CHARGE PER EQUIVALENT CAPACITY UNITS	\$2,789



# NCSD CAPITAL FINANCING PLAN

WATER CASH FLOW - SYSTEM CORRECTIONS	1	2	3	4	5	6
FISCAL YEAR ENDING JUNE 30	1997	1998	1999	2000	2001	2002
OPENING CASH BALANCE	774,587	1,599,262	844,000	908,360	979,521	1,057,943
SOURCES						
NEW MONEY	1,000,000					
INVESTMENT INCOME	46,475	95,956	50,640	54,502	58,771	63,477
SUPPLEMENTAL WATER -LAND BASED REVENUE	0	0	0	0	0	600,000
DEBT SERVICE REVENUE	126,800	129,336	131,923	134,561	137,252	139,997
TOTAL SOURCES	1,173,275	225,292	182,563	189,063	196,024	803,474
USES						
CAPITAL EXPENDITURES	348,600	863,227	0	0	0	0
NEW DEBT SERVICE - I=8% , N=20		101,852	101,852	101,852	101,852	101,852
CURRENT DEBT SERVICE		15,475	16,350	16,050	15,750	15,450
SUPPLEMENTAL WATER CAPITAL COSTS	0	0	0	0	0	600,000
TOTAL USES	348,600	980,554	118,202	117,902	117,602	717,302
NET SOURCES AND USES	824,675	(755,262)	64,361	71,161	78,422	86,172
ENDING BALANCE & REPLACEMENT RESERVE	1,599,262	844,000	908,360	979,521	1,057,943	1,144,115

## CAPITAL FINANCING PLAN

WATER CASH FLOW - SYSTEM CORRECTIONS	7	8	9	10	11	12
FISCAL YEAR ENDING JUNE 30	2003	2004	2005	2006	2007	2008
OPENING CASH BALANCE	1,144,115	1,237,557	1,339,812	1,451,465	1,572,139	1,703,484
SOURCES						
NEW MONEY						
INVESTMENT INCOME	68,647	74,253	80,389	87,088	94,328	102,209
SUPPLEMENTAL WATER -LAND BASED REVENUE	600,000	600,000	600,000	600,000	600,000	600,000
DEBT SERVICE REVENUE	142,797	145,653	148,566	151,538	154,568	157,660
TOTAL SOURCES	811,444	819,907	828,955	838,626	848,897	859,869
USES						
CAPITAL EXPENDITURES	0	0	0	0	0	0
NEW DEBT SERVICE - I=8% , N=20	101,852	101,852	101,852	101,852	101,852	101,852
CURRENT DEBT SERVICE	16,150	15,800	15,450	16,100	15,700	15,300
SUPPLEMENTAL WATER CAPITAL COSTS	600,000	600,000	600,000	600,000	600,000	600,000
TOTAL USES	718,002	717,652	717,302	717,952	717,552	717,152
NET SOURCES AND USES	93,442	102,255	111,653	120,674	131,345	142,717
ENDING BALANCE & REPLACEMENT RESERVE	1,237,557	1,339,812	1,451,465	1,572,139	1,703,484	1,846,201

# NCSD CAPITAL FINANCING PLAN

WATER CASH FLOW - SYSTEM CORRECTIONS	13	14	15	16	17	18
FISCAL YEAR ENDING JUNE 30	2009	2010	2011	2012	2013	2014
OPENING CASH BALANCE	1,846,201	2,000,034	2,166,763	2,346,227	2,540,304	2,749,940
SOURCES						
NEW MONEY						
INVESTMENT INCOME						
SUPPLEMENTAL WATER - LAND BASED REVENUE	110,772	120,002	130,006	140,774	152,418	164,996
DEBT SERVICE REVENUE	600,000	600,000	600,000	600,000	600,000	600,000
TOTAL SOURCES	160,813	164,029	167,310	170,656	174,069	177,551
	871,585	884,031	897,316	911,430	926,487	942,547
USES						
CAPITAL EXPENDITURES						
NEW DEBT SERVICE - I=8% , N=20	0	0	0	0	0	0
CURRENT DEBT SERVICE	101,852	101,852	101,852	101,852	101,852	101,852
SUPPLEMENTAL WATER CAPITAL COSTS	15,900	15,450	16,000	15,500	15,000	15,500
TOTAL USES	600,000	600,000	600,000	600,000	600,000	600,000
	717,752	717,302	717,852	717,352	716,852	717,352
NET SOURCES AND USES	153,833	166,729	179,464	194,078	209,635	225,195
ENDING BALANCE & REPLACEMENT RESERVE	2,000,034	2,166,763	2,346,227	2,540,304	2,749,940	2,975,135

## CAPITAL FINANCING PLAN

WATER CASH FLOW - SYSTEM CORRECTIONS	19	20	TOTALS
FISCAL YEAR ENDING JUNE 30	2015	2016	
OPENING CASH BALANCE	2,975,135	3,216,943	774,587
SOURCES			
NEW MONEY			
INVESTMENT INCOME	178,508	193,017	2,067,227
SUPPLEMENTAL WATER -LAND BASED REVENUE	600,000	600,000	9,000,000
DEBT SERVICE REVENUE	181,102	184,724	3,080,906
TOTAL SOURCES	959,610	977,740	15,148,134
USES			
CAPITAL EXPENDITURES	0	0	1,211,827
NEW DEBT SERVICE - I=8% , N=20	101,852	101,852	1,935,188
CURRENT DEBT SERVICE	15,950	15,350	298,225
SUPPLEMENTAL WATER CAPITAL COSTS	600,000	600,000	9,000,000
TOTAL USES	717,802	717,202	12,445,240
NET SOURCES AND USES	241,808	260,538	2,702,894
ENDING BALANCE & REPLACEMENT RESERVE	3,216,943	3,477,481	3,477,481

# NCSD CAPITAL FINANCING PLAN

NCSD

## CAPITAL PARTICIPATION FUND - CASH FLOW

	1	2	3	4	5	6
FISCAL YEAR ENDING JUNE 30	1997	1998	1999	2000	2001	2002
OPENING CASH BALANCE	0	206,138	434,950	688,314	968,243	1,276,899
SOURCES						
NEW MONEY						
INVESTMENT INCOME	0	12,368	26,097	41,299	58,095	76,614
CAPITAL PARTICIPATION CHARGES	206,138	216,444	227,267	238,630	250,562	263,090
TOTAL SOURCES	206,138	228,813	253,364	279,929	308,656	339,704
USES						
CAPITAL EXPENDITURES	0	0	0	0	0	450,320
DEBT SERVICE						
TOTAL USES	0	0	0	0	0	450,320
NET SOURCES AND USES	206,138	228,813	253,364	279,929	308,656	(110,616)
ENDING CASH BALANCE	206,138	434,950	688,314	968,243	1,276,899	1,166,283
CAPITAL PARTICIPATION FEE REVENUE						
NEW UNITS	74	74	74	74	74	74
CAPITAL PARTICIPATION FEE	2,789	2,929	3,075	3,229	3,390	3,560
REVENUE	206,138	216,444	227,267	238,630	250,562	263,090

NCSD CAPITAL FINANCING PLAN

CAPITAL PARTICIPATION FUND - CASH FLOW

	7	8	9	10	11	12
FISCAL YEAR ENDING JUNE 30	2003	2004	2005	2006	2007	2008
OPENING CASH BALANCE	1,166,283	1,044,864	912,652	769,690	616,059	697,398
SOURCES						
NEW MONEY						
INVESTMENT INCOME	69,977	62,692	54,759	46,181	36,964	41,844
CAPITAL PARTICIPATION CHARGES	276,244	290,056	304,559	319,787	335,776	352,565
TOTAL SOURCES	346,221	352,748	359,318	365,968	372,740	394,409
USES						
CAPITAL EXPENDITURES	467,640	484,960	502,280	519,600	291,400	300,800
DEBT SERVICE						
TOTAL USES	467,640	484,960	502,280	519,600	291,400	300,800
NET SOURCES AND USES	(121,419)	(132,212)	(142,962)	(153,632)	81,340	93,609
ENDING CASH BALANCE	1,044,864	912,652	769,690	616,059	697,398	791,008
CAPITAL PARTICIPATION FEE REVENUE						
NEW UNITS	74	74	74	74	74	74
CAPITAL PARTICIPATION FEE REVENUE	3,738	3,925	4,121	4,327	4,543	4,771
	276,244	290,056	304,559	319,787	335,776	352,565

## CAPITAL FINANCING PLAN

## CAPITAL PARTICIPATION FUND - CASH FLOW

	13	14	15	16	17	18
FISCAL YEAR ENDING JUNE 30	2009	2010	2011	2012	2013	2014
OPENING CASH BALANCE	791,008	898,462	1,021,472	1,161,899	1,210,518	1,270,992
SOURCES						
NEW MONEY						
INVESTMENT INCOME	47,460	53,908	61,288	69,714	72,631	76,260
CAPITAL PARTICIPATION CHARGES	370,194	388,703	408,138	428,545	449,973	472,471
TOTAL SOURCES	417,654	442,611	469,427	498,259	522,604	548,731
USES						
CAPITAL EXPENDITURES	310,200	319,600	329,000	449,640	462,130	474,620
DEBT SERVICE						
TOTAL USES	310,200	319,600	329,000	449,640	462,130	474,620
NET SOURCES AND USES	107,454	123,011	140,427	48,619	60,474	74,111
ENDING CASH BALANCE	898,462	1,021,472	1,161,899	1,210,518	1,270,992	1,345,103
CAPITAL PARTICIPATION FEE REVENUE						
NEW UNITS	74	74	74	74	74	74
CAPITAL PARTICIPATION FEE REVENUE	5,009	5,259	5,522	5,799	6,089	6,393
	370,194	388,703	408,138	428,545	449,973	472,471

NCSD CAPITAL FINANCING PLAN

CAPITAL PARTICIPATION FUND - CASH FLOW

	19	20
FISCAL YEAR ENDING JUNE 30	2015	2016
OPENING CASH BALANCE	1,345,103	1,434,794
		0
SOURCES		
NEW MONEY		
INVESTMENT INCOME	80,706	86,088
CAPITAL PARTICIPATION CHARGES	496,095	520,899
TOTAL SOURCES	576,801	606,987
		7,891,081
USES		
CAPITAL EXPENDITURES	487,110	499,600
DEBT SERVICE		6,348,900
TOTAL USES	487,110	499,600
		6,348,900
NET SOURCES AND USES	89,691	107,387
		1,542,181
ENDING CASH BALANCE	1,434,794	1,542,181
		1,542,181
CAPITAL PARTICIPATION FEE REVENUE		
NEW UNITS	74	74
CAPITAL PARTICIPATION FEE	6,713	7,048
REVENUE	496,095	520,899



**APPENDIX D**

**WASTEWATER  
CAPITAL PLAN  
MODELS**

## CAPITAL FINANCING PLAN

WASTEWATER		1	2	3	4	5	6
FISCAL YEAR ENDING JUNE 30		1997	1998	1999	2000	2001	2002
TOTAL							
<b>CORRECTIVE IMPROVEMENTS - 2000</b>							
NIPOMO PALMS LIFT STATION			187,000				
SUB-TOTAL CORRECTIVE		0	187,000	0	0	0	0
<b>NEW DEMAND PROJECTS - 1996</b>							
TREATMENT PLANT EXPANSION-PHASE 1		300,000					
TREATMENT PLANT - PHASE 3		400,000					
SUB-TOTAL NEW DEMAND		700,000	0	0	0	0	0
<b>FUTURE IMPROVEMENTS - 2010</b>							
OAKGLEN AVE. UPGRADE		112,000					11,200
OFFICE HEADQUARTERS @ 52.97%		227,248	227,248				
FRONTAGE RD. UPGRADE		75,000					7,500
FRONTAGE RD. UPGRADE		61,000					6,100
FRONTAGE RD. UPGRADE		89,000					8,900
FRONTAGE RD. UPGRADE		150,000					15,000
FRONTAGE RD. UPGRADE		144,000					14,400
AMADO ST. LIFT STATION		50,000					5,000
AMADO ST. FORCE MAIN		35,000					3,500
TEFFT ST. LIFT STATION		100,000					10,000
ORCHARD RD. COLLECTOR		156,000					15,600
HILL ST. COLLECTOR		90,000					9,000
RAILROAD COLLECTOR		114,000					11,400
FRONTAGE RD. COLLECTOR		168,000					16,800
SEPTIC SYSTEM		1,500					150
SOUTHLAND & CAMINO CABALLO ST		150,000					15,000
TREATMENT PLANT PHASE 2 & 4		750,000					75,000
SUB-TOTAL		2,472,748	0	227,248	0	0	224,550
TOTAL UNADJUSTED COSTS		3,359,748	700,000	414,248	0	0	224,550
INFLATED TOTAL			735,000	455,673	0	0	291,915

## CAPITAL FINANCING PLAN

WASTEWATER	7	8	9	10	11	12	13
FISCAL YEAR ENDING JUNE 30	2003	2004	2005	2006	2007	2008	2009
<b>CORRECTIVE IMPROVEMENTS - 2000</b>							
NIPOMO PALMS LIFT STATION							
SUB-TOTAL CORRECTIVE	0	0	0	0	0	0	0
<b>NEW DEMAND PROJECTS - 1996</b>							
TREATMENT PLANT EXPANSION-PHASE 1							
TREATMENT PLANT - PHASE 3							
SUB-TOTAL NEW DEMAND	0	0	0	0	0	0	0
<b>FUTURE IMPROVEMENTS - 2010</b>							
OAKGLEN AVE. UPGRADE	11,200	11,200	11,200	11,200	11,200	11,200	11,200
OFFICE HEADQUARTERS @ 52.97%							
FRONTAGE RD. UPGRADE	7,500	7,500	7,500	7,500	7,500	7,500	7,500
FRONTAGE RD. UPGRADE	6,100	6,100	6,100	6,100	6,100	6,100	6,100
FRONTAGE RD. UPGRADE	8,900	8,900	8,900	8,900	8,900	8,900	8,900
FRONTAGE RD. UPGRADE	15,000	15,000	15,000	15,000	15,000	15,000	15,000
FRONTAGE RD. UPGRADE	14,400	14,400	14,400	14,400	14,400	14,400	14,400
AMADO ST. LIFT STATION	5,000	5,000	5,000	5,000	5,000	5,000	5,000
AMADO ST. FORCE MAIN	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TEFFT ST. LIFT STATION	10,000	10,000	10,000	10,000	10,000	10,000	10,000
ORCHARD RD. COLLECTOR	15,600	15,600	15,600	15,600	15,600	15,600	15,600
HILL ST. COLLECTOR	9,000	9,000	9,000	9,000	9,000	9,000	9,000
RAILROAD COLLECTOR	11,400	11,400	11,400	11,400	11,400	11,400	11,400
FRONTAGE RD. COLLECTOR	16,800	16,800	16,800	16,800	16,800	16,800	16,800
SEPTIC SYSTEM	150	150	150	150	150	150	150
SOUTHLAND & CAMINO CABALLO ST	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TREATMENT PLANT PHASE 2 & 4	75,000	75,000	75,000	75,000	75,000	75,000	75,000
SUB-TOTAL	224,550	224,550	224,550	224,550	224,550	224,550	224,550
TOTAL UNADJUSTED COSTS	224,550	224,550	224,550	224,550	224,550	224,550	224,550
INFLATED TOTAL	303,143	314,370	325,598	336,825	348,053	359,280	370,508

# NCSD CAPITAL FINANCING PLAN

NCSD

WASTEWATER	14	15	16	17	18	19	20
FISCAL YEAR ENDING JUNE 30	2010	2011	2012	2013	2014	2015	2016
<b>CORRECTIVE IMPROVEMENTS - 2000</b>							
NIPOMO PALMS LIFT STATION							
SUB-TOTAL CORRECTIVE	0	0	0	0	0	0	0
<b>NEW DEMAND PROJECTS - 1996</b>							
TREATMENT PLANT EXPANSION-PHASE 1							
TREATMENT PLANT - PHASE 3							
SUB-TOTAL NEW DEMAND	0	0	0	0	0	0	0
<b>FUTURE IMPROVEMENTS - 2010</b>							
OAKGLEN AVE. UPGRADE	11,200	11,200					
OFFICE HEADQUARTERS @ 52.97%							
FRONTAGE RD. UPGRADE	7,500	7,500					
FRONTAGE RD. UPGRADE	6,100	6,100					
FRONTAGE RD. UPGRADE	8,900	8,900					
FRONTAGE RD. UPGRADE	15,000	15,000					
FRONTAGE RD. UPGRADE	14,400	14,400					
AMADO ST. LIFT STATION	5,000	5,000					
AMADO ST. FORCE MAIN	3,500	3,500					
TEFFT ST. LIFT STATION	10,000	10,000					
ORCHARD RD. COLLECTOR	15,600	15,600					
HILL ST. COLLECTOR	9,000	9,000					
RAILROAD COLLECTOR	11,400	11,400					
FRONTAGE RD. COLLECTOR	16,800	16,800					
SEPTIC SYSTEM	150	150					
SOUTHLAND & CAMINO CABALLO ST	15,000	15,000					
TREATMENT PLANT PHASE 2 & 4	75,000	75,000					
SUB-TOTAL	224,550	224,550	0	0	0	0	0
TOTAL UNADJUSTED COSTS	224,550	224,550	0	0	0	0	0
INFLATED TOTAL	381,735	392,963	0	0	0	0	0

NCSD CAPITAL FINANCING PLAN

NCSD

<b>WASTEWATER</b>		<b>TOTAL</b>
<b>FISCAL YEAR ENDING JUNE 30</b>		<b>0</b>
<b>CORRECTIVE IMPROVEMENTS - 2000</b>		<b>0</b>
NIPOMO PALMS LIFT STATION		187000
SUB-TOTAL CORRECTIVE		187000
		0
<b>NEW DEMAND PROJECTS - 1996</b>		
TREATMENT PLANT EXPANSION-PHASE 1		300000
TREATMENT PLANT - PHASE 3		400000
SUB-TOTAL NEW DEMAND		700000
		0
<b>FUTURE IMPROVEMENTS - 2010</b>		<b>0</b>
OAKGLEN AVE. UPGRADE		112000
OFFICE HEADQUARTERS @ 52.97%		227248
FRONTAGE RD. UPGRADE		75000
FRONTAGE RD. UPGRADE		61000
FRONTAGE RD. UPGRADE		89000
FRONTAGE RD. UPGRADE		150000
FRONTAGE RD. UPGRADE		144000
AMADO ST. LIFT STATION		50000
AMADO ST. FORCE MAIN		35,000
TEFFT ST. LIFT STATION		100,000
ORCHARD RD. COLLECTOR		156,000
HILL ST. COLLECTOR		90,000
RAILROAD COLLECTOR		114,000
FRONTAGE RD. COLLECTOR		168,000
SEPTIC SYSTEM		1,500
SOUTHLAND & CAMINO CABALLO ST		150,000
TREATMENT PLANT PHASE 2 & 4		750,000
		0
SUB-TOTAL		2,472,748
TOTAL UNADJUSTED COSTS		3,359,748
INFLATED TOTAL		4,615,060

# NCSD CAPITAL FINANCING PLAN

NCSD

CURRENT SEWER FLOWS - AVG GPD	CURRENT SEWER FLOWS - AVG GPD	346,000
NUMBER OF DUE'S	NUMBER OF DUE'S	1,412
PEAK GPD PER DUE	PEAK GPD PER DUE	300
FLOWS AT BUILDOUT	FLOWS AT BUILDOUT	900,000
ESTIMATED DUE'S AT BUILDOUT	ESTIMATED DUE'S AT BUILDOUT	3,000
DUE'S RELATED TO NEW DEVELOPMENT	DUE'S RELATED TO NEW DEVELOPMENT	1,588
LESS PRE-PAID DUE'S ( VOLUNTEER)	LESS PRE-PAID DUE'S ( VOLUNTEER)	(67)
NET NEW DUE'S	NET NEW DUE'S	1,521
TOTAL UNADJUSTED COSTS	TOTAL UNADJUSTED COSTS	3,359,748
LESS SYSTEM CORRECTIONS	LESS SYSTEM CORRECTIONS	(187,000)
NET CAPITAL PARTICIPATION REQUIREMENT	NET CAPITAL PARTICIPATION REQUIREMENT	3,172,748
SEWER CAPITAL PARTICIPATION CHARGE	SEWER CAPITAL PARTICIPATION CHARGE	2,086

## CAPITAL FINANCING PLAN

FISCAL YEAR ENDING JUNE 30	1 1997	2 1998	3 1999	4 2000	5 2001	6 2002
OPENING CASH BALANCE	1,200,000	741,424	544,882	802,953	1,087,777	1,401,522
SOURCES						
NEW MONEY						
INVESTMENT INCOME	72,000	44,485	32,693	48,177	65,267	84,091
CAPITAL PARTICIPATION CHARGES	204,424	214,645	225,378	236,647	248,479	260,903
TOTAL SOURCES	276,424	259,131	258,071	284,824	313,746	344,994
USES						
CAPITAL EXPENDITURES	735,000	455,673	0	0	0	291,915
DEBT SERVICE						
TOTAL USES	735,000	455,673	0	0	0	291,915
NET SOURCES AND USES	(458,576)	(196,542)	258,071	284,824	313,746	53,079
ENDING CASH BALANCE	741,424	544,882	802,953	1,087,777	1,401,522	1,454,602
CAPITAL PARTICIPATION FEE REVENUE						
NEW UNITS	98	98	98	98	98	98
CAPITAL PARTICIPATION FEE REVENUE	2,086	2,190	2,300	2,415	2,535	2,662
	204,424	214,645	225,378	236,647	248,479	260,903

## CAPITAL FINANCING PLAN

	7	8	9	10	11	12
FISCAL YEAR ENDING JUNE 30	2003	2004	2005	2006	2007	2008
OPENING CASH BALANCE	1,454,602	1,512,683	1,576,720	1,647,753	1,726,923	1,815,471
SOURCES						
NEW MONEY						
INVESTMENT INCOME	87,276	90,761	94,603	98,865	103,615	108,928
CAPITAL PARTICIPATION CHARGES	273,948	287,645	302,028	317,129	332,986	349,635
TOTAL SOURCES	361,224	378,406	396,631	415,994	436,601	458,563
USES						
CAPITAL EXPENDITURES	303,143	314,370	325,598	336,825	348,053	359,280
DEBT SERVICE						
TOTAL USES	303,143	314,370	325,598	336,825	348,053	359,280
NET SOURCES AND USES	58,082	64,036	71,033	79,169	88,548	99,283
ENDING CASH BALANCE	1,512,683	1,576,720	1,647,753	1,726,923	1,815,471	1,914,754
CAPITAL PARTICIPATION FEE REVENUE						
NEW UNITS	98	98	98	98	98	98
CAPITAL PARTICIPATION FEE REVENUE	2,795	2,935	3,082	3,236	3,398	3,568
	273,948	287,645	302,028	317,129	332,986	349,635



## CAPITAL FINANCING PLAN

	13	14	15	16	17	18
FISCAL YEAR ENDING JUNE 30	2009	2010	2011	2012	2013	2014
OPENING CASH BALANCE	1,914,754	2,026,249	2,151,561	2,292,438	2,854,968	3,472,498
SOURCES						
NEW MONEY						
INVESTMENT INCOME	114,885	121,575	129,094	137,546	171,298	208,350
CAPITAL PARTICIPATION CHARGES	367,117	385,472	404,746	424,983	446,233	468,544
TOTAL SOURCES	482,002	507,047	533,840	562,530	617,531	676,894
USES						
CAPITAL EXPENDITURES	370,508	381,735	392,963	0	0	0
DEBT SERVICE						
TOTAL USES	370,508	381,735	392,963	0	0	0
NET SOURCES AND USES	111,494	125,312	140,877	562,530	617,531	676,894
ENDING CASH BALANCE	2,026,249	2,151,561	2,292,438	2,854,968	3,472,498	4,149,392
CAPITAL PARTICIPATION FEE REVENUE						
NEW UNITS	98	98	98	98	98	98
CAPITAL PARTICIPATION FEE	3,746	3,933	4,130	4,337	4,553	4,781
REVENUE	367,117	385,472	404,746	424,983	446,233	468,544

# NCSD CAPITAL FINANCING PLAN

NCSD

	19		20		TOTALS
FISCAL YEAR ENDING JUNE 30	2015	2016	2015	2016	TOTALS
OPENING CASH BALANCE	4,149,392	4,890,327			1,200,000
SOURCES					
NEW MONEY					
INVESTMENT INCOME	248,964	293,420			2,355,894
CAPITAL PARTICIPATION CHARGES	491,971	516,570			6,759,483
TOTAL SOURCES	740,935	809,990			9,115,377
USES					
CAPITAL EXPENDITURES	0	0			4,615,060
DEBT SERVICE					0
TOTAL USES	0	0			4,615,060
NET SOURCES AND USES	740,935	809,990			4,500,317
ENDING CASH BALANCE	4,890,327	5,700,317			5,700,317
CAPITAL PARTICIPATION FEE REVENUE					
NEW UNITS	98	98			
CAPITAL PARTICIPATION FEE	5,020	5,271			
REVENUE	491,971	516,570			