NIPOMO COMMUNITY SERVICES DISTRICT

Water and Wastewater Rate Study Update

December 2002

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INTRODUCTION

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 update its water and wastewater rate study completed in March of 1996. One of the more significant recommendations of the 1996 study was the completion of a replacement cost study. The recommended study would determine the timing and cost requirements of aging facility replacement. The District engaged Boyle Engineering Corporation to perform the replacement study, which was completed in January of 2000. The "Water and Sewer Replacement Study" provided the cost data that could now be integrated into the District's revenue plan that was completed in November of 2000.

This plan update includes analyses of water and wastewater operating rates and charges for the Town and Black Lake Divisions. The intent of this plan update is to assess the District's current revenue requirements and provide an independent evaluation of the equity of the charge structure. A proposed rate structure that enables the District to meet revenue requirements, provide for replacement of aging facilities, 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 Town Division and the Black Lake Division. The District provides both water and sewer services to the two divisions.

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.

FOREWARD

FOREWORD

The plan update was approached in two phases. Phase one of the study calculated the revenue coverage of the current rate structures exclusive of replacement 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. Phase two of the plan update integrated and calculated the annual replacement requirement and integrated this cost into the appropriate rates and charges.

As with the Water Rate Study, 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 with replacement costs at 100%. All sewer rates calculated under this study are fixed based upon the number of dwelling unit equivalents (DUE's) being served.

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 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 divisions 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 divisions reserve targets were determined at 25%, or four months of operating costs, net of the replacement reserve requirements. The reserve requirements for the wastewater divisions are lower than those required for the water divisions, because 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.

The Town Water Division's reserves have been depleted by ongoing water rights litigation costs that have been totaling approximately $300,000 per year. The District may wish to utilize its existing property tax fund to help relieve the burden of these litigation costs.

DEPRECIATION RECOVERY

Setting aside replacement reserves for aging facilities 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 Town Water Division is currently funding $358,050 or 100% of its annual replacement requirement and the Town Sewer Division is currently funding $255,750 or 100% of its annual replacement requirement. The study recommends continued funding of replacement reserves at 100%.

The Black Lake Water division is currently funding $20,000 or 100% of its annual replacement requirement after consideration of replacement reserve cash balances. The Black Lake Sewer division is currently funding $34,000 or 100% of its annual replacement requirement. The study recommends continued funding of replacement reserves at 100%.

RECOVERY OF PRIVATE SYSTEM FIRE PROTECTION COSTS

A significant factor effecting the capital and operating costs of the District is the over sizing of facilities required for increased fire flow protection for commercial and industrial private fire protection systems. The 2001 master plan update details fire flow requirements of 3,000 gpm for commercial properties that equates to 50% of the peak hourly demand of 6,020 gpm. In order to equitably recover a portion of 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 25% of their fire flow demands. This is accomplished by equating their fire flow demands to an equivalent meter size and then charging an appropriate capital or monthly fee based upon system fire flow over sizing requirements that are estimated at 25%. In addition, the District also charges a monthly standby charge for private fire systems to help offset the shortfall collected in the capacity charge fee. This policy and the associated charges should be continued in order to minimize the impact of commercial fire protection costs to domestic users.

SUPPLEMENTAL WATER SUPPLY

The projected cost and timing of supplemental water supply sources is uncertain and therefore its impacts upon operating and non-operating rates have not been factored into this study. It is recommended however that the District consider requiring future annexations to fund both the operating and non-operating costs associated with supplemental water. This requirement would protect current customers and landowners within the District from funding the costs of new water acquisitions associated with annexed properties.

The estimated capital participation fee relating only to supplemental water would total $2,800 per dwelling unit equivalent and would be in addition to the District's current water connection fee. The estimated cost for supplemental water is $1,154 per acre-foot or $2.65 per billing unit. The District's current block 2 rate is $1.33 per billing unit or 50% of the supplemental water cost estimate. In addition to the $2.65 supplemental rate it is estimated that the cost to wheel water through the Districts system is $.90 per billing unit. When the wheeling cost is combined with the cost of supplemental water, a rate of $3.55 is required for 100% cost recovery. It should be noted that the wheeling cost could be reduced based upon the annexed properties proximity to the supplemental water delivery system.

The impact of supplemental water costs upon existing customers, in the event that local supplies are reduced due to litigation, equates to approximately $115,400 per 100 acre feet. This would equal approximately 10% of total commodity costs and would most probably drive a 10% commodity rate increase per each 100 acre feet of lost well production.

CURRENT RATE STRUCTURE

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:

TOWN WATER DIVISION

COMMODITY RATES - PER MONTH

Block 1	0 - 20 HCF @ $.90
Block 2	20+ HCF @ $1.33

FIXED MONTHLY RATES

WATER - BY METER SIZE

5/8 to 1 inch	8.75
1-1/2 inch	18.90
2 inch	26.25
3 inch	36.75
4 inch	50.00
6 inch	82.50
8 inch	94.25

MONTHLY SEWER RATES

SEWER - PER DUE

NIPOMO	$18.25

BLACK LAKE WATER DIVISION

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

MONTHLY SEWER RATES

SEWER - PER DUE

BLACK LAKE	$23.00

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

CURRENT RATE ANALYSIS

CURRENT RATE ANALYSIS

WATER DIVISIONS

Nipomo Town Water Division

The total rate revenue required to recover total operating costs for this water division for the fiscal year ending June 30, 2003 is **$1,474,478**. This amount includes **$358,050** to achieve 100% replacement funding and **$160,000** in water rights litigation costs. The projected revenue under current rates, assuming water sales of 832,326 hundred cubic feet (hcf) is **$963,834**, and the projected fixed meter revenue is **$307,747**. The combined fixed and variable revenue is estimated at **$1,271,581** creating an operating ***deficit*** of **$202,897**. This deficit is primarily created by the water rights litigation costs.

Black Lake Water Division

The total rate revenue required to recover total operating costs for this water division for the fiscal year ending June 30, 2003 is **$237,482**. This amount includes **$20,000** to achieve 100% replacement funding. The projected revenue under current rates, assuming water sales of 179,783 hcf is **$177,985**, and the projected fixed meter revenue is **$49,116**. The combined fixed and variable revenue is estimated at **$227,101** creating an operating deficit of **$10,381**. This deficit is primarily created by the water rights litigation costs.

WASTEWATER DIVISIONS

The **Nipomo wastewater division** has a current revenue requirement of **$596,293**, which includes replacement funding at 100% or **$255,750**. Revenues at current rates are projected at **$553,194**, creating a projected operating ***deficit*** of **$43,099**.

The Black Lake wastewater division revenue requirement is **$172,757**, which includes replacement funding at 100% or **$34,000**. Revenues are projected at **$151,800** creating a projected operating deficit of **$20,957**.

SUMMARY

The current rate structure for the Town Water, Town Sewer and Black Lake Sewer Divisions do 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 deplete operating reserves and obtain operating capital from outside sources or borrow from its capital and replacement reserves.

WATER DIVISIONS
RATE ANALYSIS

WATER REVENUE REQUIREMENT AND COST ALLOCATION ANALYSIS

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

The 2002-2003 budgets were adjusted to facilitate 100% replacement funding. The 2002-2003 budgets also include $300,000 for special litigation costs relating to water rights litigation. Due to the uncertainty of this litigation, these amounts were reduced to $200,000 per year over the study period.

Next, the operating costs of the District's Water Divisions 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 costs that 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 five-year study period. Costs were estimated to inflate by three percent per year over the next five years.

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 customer's potential demand on the water system and are based upon meter size. These two quantities were then inflated for estimated growth.

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, follow the escalating capacity rates.

A summary of the rate requirements is as follows:

Town Water Division

COMMODITY RATES	2003 (OLD)	2004 (NEW)	2005	2006	2007	2008	2009
0 - 20 hcf	.95	1.01	1.07	1.08	1.10	1.10	1.10
% Increase		6.3%	6.0%	1.0%	2.0%	0.0%	0.0%
20+ hcf	1.42	1.51	1.64	1.65	1.66	1.67	1.68
% Increase		6.3%	8.6%	1.0%	1.0%	0.0%	0.0%

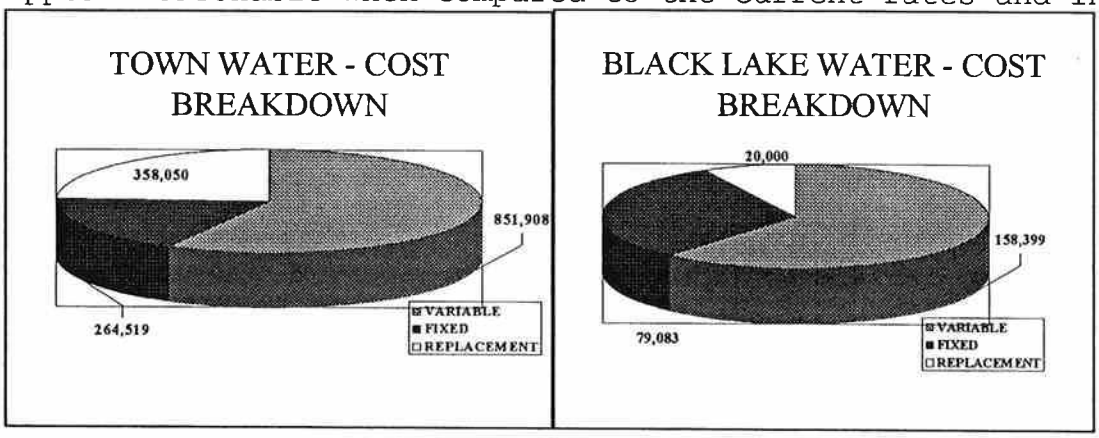
MONTHLY CAPACITY CHARGE BY METER SIZE						
Meter Size	2003	2004	2005	2006	2007	2008
5/8 & 3/4"	8.75	9.63	10.52	10.59	10.66	10.73
1 Inch	8.75	9.63	10.52	10.59	10.66	10.73
1-1/2 Inch *	19.85	21.83	24.01	26.41	29.05	31.96
2 INCH *	27.55	30.30	33.34	36.67	40.34	44.37
3 INCH *	38.60	42.46	46.71	51.38	56.51	62.17
4 INCH *	50.00	55.00	60.50	66.55	73.20	80.53

LITIGATION CHARGE PER METER SIZE

5/8-3/4"	1 Inch	1-1/2 Inch	2 INCH	3 INCH	4 INCH
3.16	3.16	7.18	9.96	13.96	18.00

*** Although the analysis demonstrates justification for raising the monthly meter fee for sizes 1 ½ inch and greater by up to 100%, it is recommended that these fee increases be held at 10% per year.**

As is demonstrated in the table above, the commodity rate increases appear reasonable when compared to the current rates and inflation.



Black Lake Water Division

COMMODITY RATES	2003 (OLD)	2004	2005	2006	2007	2008	2009
0 - 20 hcf	.75	.75	.75	.75	.76	.78	.81
% Increase		0.0%	0.0%	0.0%	1.3%	2.6%	3.8%
20+ hcf	1.15	1.15	1.15	1.15	1.17	1.20	1.24
% Increase		0.0%	0.0%	0.0%	1.7%	2.6%	3.3%

MONTHLY CAPACITY CHARGE BY METER SIZE						
Meter Size	2003	2004	2005	2006	2007	2008
5/8 & 3/4"	6.50	8.11	8.93	9.12	9.31	9.50
1 Inch *	6.50	8.11	8.93	9.12	9.31	9.50
1-1/2 Inch *	15.00	16.50	18.15	19.96	21.96	24.15
2 INCH *	21.00	23.10	25.41	27.95	30.74	33.82
3 INCH *	30.00	33.00	36.3	39.93	43.92	48.31

LITIGATION CHARGE PER METER SIZE

5/8-3/4"	1 Inch	1-1/2 Inch	2 INCH	3 INCH
3.16	3.16	7.18	9.96	13.96

*** Although the analysis demonstrates justification for raising the monthly meter fee for sizes 1 ½ inch and greater by up to 100%, it is recommended that these fee increases be held at 10% per year.**

The District has concluded that it would like to detail the cost of the water rights litigation in its customer's rates and charges. The tables titled "**LITIGATION CHARGE PER METER SIZE**" detail the litigation cost per meter size on a monthly basis. These charges are included in the monthly capacity charges detailed above.

SEWER DIVISIONS
RATE ANALYSIS

WASTEWATER RATE ANALYSIS

This chapter identifies revenue requirements for the Town and Black Lake sewer divisions.

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 one of this analysis consists of the projection of inflation factors as applied to the District's current sewer budgets. It is expected that the District's newly finished plant expansion, completed in June 2000, will not materially affect these projections on a DUE basis. Inflation was assumed at three percent per annum.

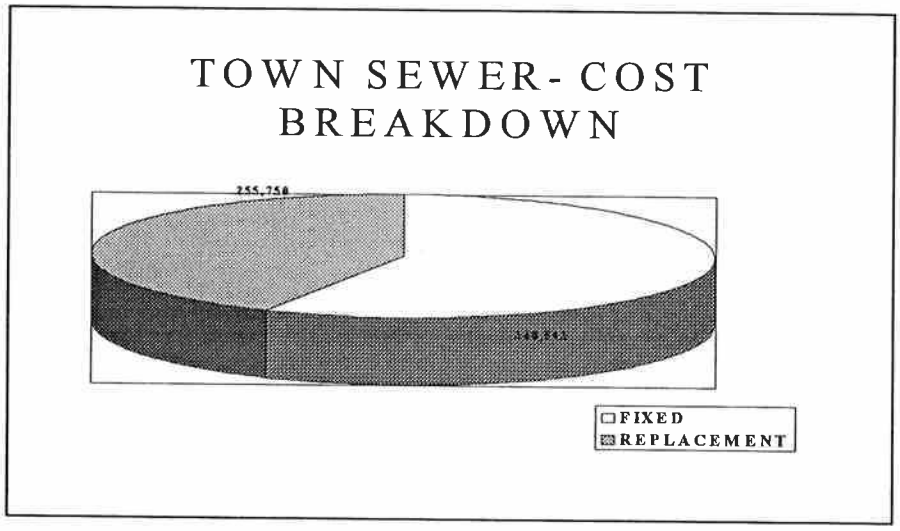
Step two of the analysis projected the growth of sewer DUE's for the Nipomo and Black Lake Sewer Divisions to be at 2.3% and 0%, respectively. The final step of the analysis was to divide the revenue requirements by the sewer DUE projections.

WASTEWATER RATE ANALYSIS RESULTS

NIPOMO DIVISION

As is demonstrated in the Nipomo division rate models located in Appendix B, the current rate of **$18** per DUE should be increased to **$19.39** by fiscal year 2007. This equates to a 6.2% increase over the study period of five years or 1.2% per year.

FIVE-YEAR RATE SCHEDULE MONTHLY RATE						
	2003 (OLD)	2003 (NEW)	2004	2005	2006	2007
PER DUE	18.25	18.43	18.61	18.80	18.99	19.39
% CHANGE	0.0%	1.0%	1.0%	1.0%	1.0%	2.1%



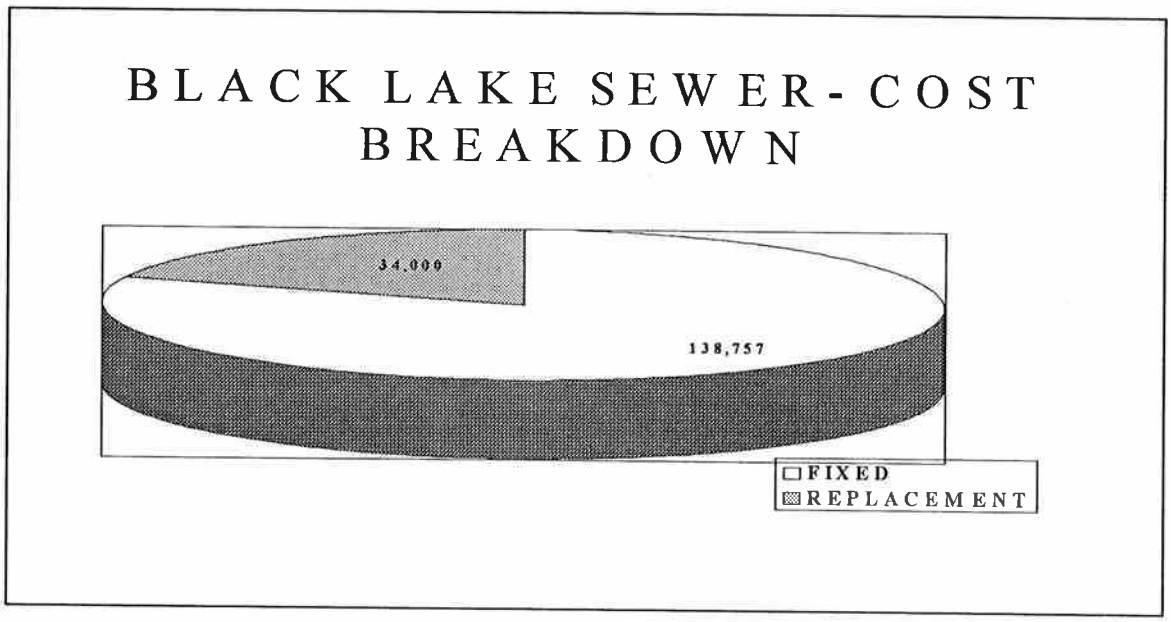
BLACK LAKE DIVISION

As is demonstrated in the Black Lake division models located in Appendix B, the current rate of **$23.00** per DUE should be increased to **$28.43** per DUE for the fiscal year ending 2007. This equates to a 23% increase over the five-year period or 4.7% per year.

Inflation and energy costs are the driving factors behind the required rate increase for this division.

BLACK LAKE WASTEWATER RATE RECOMMENDATIONS

FIVE-YEAR RATE SCHEDULE MONTHLY RATE						
	2003 (OLD)	2003	2004	2005	2006	2007
PER DUE	23.00	24.15	25.35	26.62	27.95	28.43
% CHANGE		5.0%	5.0%	5.0%	5.0%	1.7%



CAPITAL FACILITIES PLAN

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 the facilities detailed in the District's recently completed facility master plan were detailed and analyzed. Facilities that are to be property specific were deleted from the facilities list because they will funded by the land owner. Facility costs were then updated for current bid prices and spread over the life of the financial plan for cash flow purposes.

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, 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 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. This 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 benefiting 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 $230,000 annually are the only fixed property based revenue that the District currently receives.

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 to 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.

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 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 benefiting 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. 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 benefiting 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 benefiting property owners by utilizing a land-based financing vehicle. This condition should be placed upon all future annexations to the District.

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.

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. 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 benefiting 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.

Supplemental Water

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 that are secured by the benefiting land base. This requirement should be reflected in all future annexations.

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.

Tax Shift – State of California

The District make also wish to consider a financing program that could protect it's general purpose tax revenues from being transferred to the State of California. This program would entail taking advantage of the debt service exemption for property tax transfers by issuing municipal bonds that are specifically secured by the property tax revenues. This financing would provide over two million dollars in funding for capital projects and at the same time protect the present value of the hidden general-purpose tax revenue that equates to the same amount.

TOWN WATER CAPACITY

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

NEW DEMAND PROJECT REQUIREMENTS	**$11,797,000**
REQUIRED CAPACITY FEE UP TO 1 INCH	**$3,690**
CURRENT CAPACITY FEE	**$3,370**

As can be noted in the models 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 3% per annum.

FIVE YEAR SUMMARY OF WATER CAPACITY FEE

2003	2004	2005	2006	2007
3,690	3,801	3,915	4,032	4,152

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. As the wastewater models demonstrate the District will have the ability to cash 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 benefiting property owners connect to the system. The Black Lake Wastewater division was not considered or analyzed because the developer contributed this division's facilities.

A summary of the financing models is as follows:

TOTAL NEW DEMAND REQUIREMENTS	**$3,069,000**
REQUIRED CAPACITY FEE PER DUE	**$3,048**
CURRENT FEE	**$2,500**

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 3% per annum.

FIVE YEAR SUMMARY OF WASTEWATER CAPACITY FEE

2003	2004	2005	2006	2007
3,048	3,139	3,233	3,329	3,428

APPENDIX A – WATER DIVISION MODELS

TOWN DIVISION

REPLACEMENT %		**100%**							
	FISCAL YEAR ENDING JUNE 30, 2003					FISCAL YEAR ENDING JUNE 30, 2004			
WATER DIVISION	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS		%					%		
CHEMICALS	$3,700	100.00%	$3,700	$0	3.00%	$3,811	100.00%	$3,811	$0
ENGINEERING	$8,000	50.00%	$4,000	$4,000	3.00%	$8,240	50.00%	$4,120	$4,120
FUEL	$6,600	75.00%	$4,950	$1,650	3.00%	$6,798	75.00%	$5,099	$1,700
LAB TESTS & SUPPLIES	$8,700	75.00%	$6,525	$2,175	3.00%	$8,961	75.00%	$6,721	$2,240
OUTSIDE SERVICES	$17,000	75.00%	$12,750	$4,250	3.00%	$17,510	75.00%	$13,133	$4,378
OPERATING SUPPLIES	$23,000	75.00%	$17,250	$5,750	3.00%	$23,690	75.00%	$17,768	$5,923
PAGING EXPENSE	$900	75.00%	$675	$225	3.00%	$927	75.00%	$695	$232
PERMITS & OPERATING FEES	$7,650	75.00%	$5,738	$1,913	3.00%	$7,880	75.00%	$5,910	$1,970
R&M VEHICLES	$4,700	50.00%	$2,350	$2,350	3.00%	$4,841	50.00%	$2,421	$2,421
R&M WATER	$44,000	75.00%	$33,000	$11,000	3.00%	$45,320	75.00%	$33,990	$11,330
SMALL TOOLS & SUPPLIES	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
UNIFORMS	$2,700	0.00%	$0	$2,700	3.00%	$2,781	0.00%	$0	$2,781
ELECTRICITY	$325,000	100.00%	$325,000	$0	3.00%	$334,750	100.00%	$334,750	$0
UTILITIES-GAS	$50,000	100.00%	$50,000	$0	3.00%	$51,500	100.00%	$51,500	$0
WAGES-MAINTENANCE	$90,500	75.00%	$67,875	$22,625	3.00%	$93,215	75.00%	$69,911	$23,304
WAGES-MAINTENANCE O.T.	$17,250	100.00%	$17,250	$0	3.00%	$17,768	100.00%	$17,768	$0
EMPLOYEE BENEFITS	$41,000	75.00%	$30,750	$10,250	3.00%	$42,230	75.00%	$31,673	$10,558
CONTINGENCY	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
DEBT SERVICE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	$358,050	75.00%	$268,538	$89,513	3.00%	$368,792	75.00%	$276,594	$92,198
METER INSTALLATIONS	$35,000	100.00%	$35,000	$0	3.00%	$36,050	100.00%	$36,050	$0
LITIGATION CONTINGENCY	$160,000	20.00%	$32,000	$128,000	3.00%	$164,800	20.00%	$32,960	$131,840
DEPRECIATION	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	$21,200	50.00%	$10,600	$10,600	3.00%	$21,836	50.00%	$10,918	$10,918
METER REPLACEMENT PROGRAM	$12,000	100.00%	$12,000	$0	3.00%	$12,360	100.00%	$12,360	$0
SUB-TOTAL	$1,236,950		$939,950	$297,000		$1,274,059		$968,149	$305,910
SUB-TOTAL %	100.00%		75.99%	24.01%		100.00%		75.99%	24.01%
ALLOCATION OF G & A	$314,328		$238,856	$75,472	3.00%	$401,738		$305,278	$96,460
TOTAL COSTS	$1,551,278		$1,178,806	$372,472		$1,675,797		$1,273,427	$402,370
LESS OTHER REVENUE	($76,800)		($58,360)	($18,440)	3.00%	($79,104)		($60,111)	($18,993)
TOTAL TO BE RECOVERED	**$1,474,478**		**$1,120,446**	**$354,032**		**$1,596,693**		**$1,213,316**	**$383,377**
REVENUE			**$1,109,241**	**$354,032**					
WATER SALES - HUNDRED CUBIC FEET			***832,326***		2.30%			851,469	
CAPACITY UNITS				35,887	2.30%				36,713

NIPOMO COMMUNITY SERVICES DISTRICT

TOWN DIVISION
REPLACEMENT %

		FISCAL YEAR ENDING JUNE 30, 2005					FISCAL YEAR ENDING JUNE 30, 2006			
WATER DIVISION	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS			%					%		
CHEMICALS	3.00%	$3,925	100.00%	$3,925	$0	3.00%	$4,043	100.00%	$4,043	$0
ENGINEERING	3.00%	$8,487	50.00%	$4,244	$4,244	3.00%	$8,742	50.00%	$4,371	$4,371
FUEL	3.00%	$7,002	75.00%	$5,251	$1,750	3.00%	$7,212	75.00%	$5,409	$1,803
LAB TESTS & SUPPLIES	3.00%	$9,230	75.00%	$6,922	$2,307	3.00%	$9,507	75.00%	$7,130	$2,377
OUTSIDE SERVICES	3.00%	$18,035	75.00%	$13,526	$4,509	3.00%	$18,576	75.00%	$13,932	$4,644
OPERATING SUPPLIES	3.00%	$24,401	75.00%	$18,301	$6,100	3.00%	$25,133	75.00%	$18,850	$6,283
PAGING EXPENSE	3.00%	$955	75.00%	$716	$239	3.00%	$983	75.00%	$738	$246
PERMITS & OPERATING FEES	3.00%	$8,116	75.00%	$6,087	$2,029	3.00%	$8,359	75.00%	$6,270	$2,090
R&M VEHICLES	3.00%	$4,986	50.00%	$2,493	$2,493	3.00%	$5,136	50.00%	$2,568	$2,568
R&M WATER	3.00%	$46,680	75.00%	$35,010	$11,670	3.00%	$48,080	75.00%	$36,060	$12,020
SMALL TOOLS & SUPPLIES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
UNIFORMS	3.00%	$2,864	0.00%	$0	$2,864	3.00%	$2,950	0.00%	$0	$2,950
ELECTRICITY	3.00%	$344,793	100.00%	$344,793	$0	3.00%	$355,136	100.00%	$355,136	$0
UTILITIES-GAS	3.00%	$53,045	100.00%	$53,045	$0	3.00%	$54,636	100.00%	$54,636	$0
WAGES-MAINTENANCE	3.00%	$96,011	75.00%	$72,009	$24,003	3.00%	$98,892	75.00%	$74,169	$24,723
WAGES-MAINTENANCE O.T.	3.00%	$18,301	100.00%	$18,301	$0	3.00%	$18,850	100.00%	$18,850	$0
EMPLOYEE BENEFITS	3.00%	$43,497	75.00%	$32,623	$10,874	3.00%	$44,802	75.00%	$33,601	$11,200
CONTINGENCY	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
DEBT SERVICE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	3.00%	$379,855	75.00%	$284,891	$94,964	3.00%	$391,251	75.00%	$293,438	$97,813
METER INSTALLATIONS	3.00%	$37,132	100.00%	$37,132	$0	3.00%	$38,245	100.00%	$38,245	$0
LITIGATION CONTINGENCY	3.00%	$169,744	20.00%	$33,949	$135,795	3.00%	$174,836	20.00%	$34,967	$139,869
DEPRECIATION	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$22,491	50.00%	$11,246	$11,246	3.00%	$23,166	50.00%	$11,583	$11,583
METER REPLACEMENT PROGRAM	3.00%	$12,731	100.00%	$12,731	$0	3.00%	$13,113	100.00%	$13,113	$0
SUB-TOTAL		$1,312,280		$997,193	$315,087		$1,351,649		$1,027,109	$324,540
SUB-TOTAL %		100.00%		75.99%	24.01%		100.00%		75.99%	24.01%
ALLOCATION OF G & A	3.00%	$414,296		$314,821	$99,475	3.00%	$426,725		$324,265	$102,460
TOTAL COSTS		$1,726,576		$1,312,014	$414,563		$1,778,374		$1,351,374	$426,999
LESS OTHER REVENUE	3.00%	($81,477)		($61,914)	($19,563)	3.00%	($83,921)		($63,771)	($20,150)
TOTAL TO BE RECOVERED		**$1,645,099**		**$1,250,100**	**$394,999**		**$1,694,452**		**$1,287,603**	**$406,849**
REVENUE										
WATER SALES - HUNDRED CUBIC FEET	2.30%			871,053		2.30%			891,088	
CAPACITY UNITS	2.30%				37,557	2.30%				38,421

TOWN DIVISION
REPLACEMENT %

	FISCAL YEAR ENDING JUNE 30, 2007					FISCAL YEAR ENDING JUNE 30, 2008				
WATER DIVISION	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS			%					%		
CHEMICALS	3.00%	$4,164	100.00%	$4,164	$0	3.00%	$4,289	100.00%	$4,289	$0
ENGINEERING	3.00%	$9,004	50.00%	$4,502	$4,502	3.00%	$9,274	50.00%	$4,637	$4,637
FUEL	3.00%	$7,428	75.00%	$5,571	$1,857	3.00%	$7,651	75.00%	$5,738	$1,913
LAB TESTS & SUPPLIES	3.00%	$9,792	75.00%	$7,344	$2,448	3.00%	$10,086	75.00%	$7,564	$2,521
OUTSIDE SERVICES	3.00%	$19,134	75.00%	$14,350	$4,783	3.00%	$19,708	75.00%	$14,781	$4,927
OPERATING SUPPLIES	3.00%	$25,887	75.00%	$19,415	$6,472	3.00%	$26,663	75.00%	$19,997	$6,666
PAGING EXPENSE	3.00%	$1,013	75.00%	$760	$253	3.00%	$1,043	75.00%	$783	$261
PERMITS & OPERATING FEES	3.00%	$8,610	75.00%	$6,458	$2,153	3.00%	$8,868	75.00%	$6,651	$2,217
R&M VEHICLES	3.00%	$5,290	50.00%	$2,645	$2,645	3.00%	$5,449	50.00%	$2,724	$2,724
R&M WATER	3.00%	$49,522	75.00%	$37,142	$12,381	3.00%	$51,008	75.00%	$38,256	$12,752
SMALL TOOLS & SUPPLIES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
UNIFORMS	3.00%	$3,039	0.00%	$0	$3,039	3.00%	$3,130	0.00%	$0	$3,130
ELECTRICITY	3.00%	$365,790	100.00%	$365,790	$0	3.00%	$376,764	100.00%	$376,764	$0
UTILITIES-GAS	3.00%	$56,275	100.00%	$56,275	$0	3.00%	$57,964	100.00%	$57,964	$0
WAGES-MAINTENANCE	3.00%	$101,859	75.00%	$76,394	$25,465	3.00%	$104,914	75.00%	$78,686	$26,229
WAGES-MAINTENANCE O.T.	3.00%	$19,415	100.00%	$19,415	$0	3.00%	$19,997	100.00%	$19,997	$0
EMPLOYEE BENEFITS	3.00%	$46,146	75.00%	$34,609	$11,536	3.00%	$47,530	75.00%	$35,648	$11,883
CONTINGENCY	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
DEBT SERVICE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	3.00%	$402,988	75.00%	$302,241	$100,747	3.00%	$415,078	75.00%	$311,309	$103,770
METER INSTALLATIONS	3.00%	$39,393	100.00%	$39,393	$0	3.00%	$40,575	100.00%	$40,575	$0
LITIGATION CONTINGENCY	3.00%	$180,081	20.00%	$36,016	$144,065	3.00%	$185,484	20.00%	$37,097	$148,387
DEPRECIATION	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$23,861	50.00%	$11,930	$11,930	3.00%	$24,577	50.00%	$12,288	$12,288
METER REPLACEMENT PROGRAM	3.00%	$13,506	100.00%	$13,506	$0	3.00%	$13,911	100.00%	$13,911	$0
SUB-TOTAL		$1,392,198		$1,057,922	$334,276		$1,433,964		$1,089,660	$344,304
SUB-TOTAL %		100.00%		75.99%	24.01%		100.00%		75.99%	24.01%
ALLOCATION OF G & A	3.00%	$439,527		$333,993	$105,533	3.00%	$452,713		$344,013	$108,699
TOTAL COSTS		$1,831,725		$1,391,915	$439,809		$1,886,677		$1,433,673	$453,004
LESS OTHER REVENUE	3.00%	($86,439)		($65,684)	($20,755)	3.00%	($89,032)		($67,655)	($21,377)
TOTAL TO BE RECOVERED		**$1,745,286**		**$1,326,231**	**$419,055**		**$1,797,644**		**$1,366,018**	**$431,626**
REVENUE										
WATER SALES - HUNDRED CUBIC FEET	2.30%			911,583		2.30%			932,549	
CAPACITY UNITS	2.30%				39,304	2.30%				40,208

BLACK LAKE WATER
REPLACEMENT %

	100%	FISCAL YEAR ENDING JUNE 30, 2003				FISCAL YEAR ENDING JUNE 30, 2004			
WATER DIVISION	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS		%					%		
CHEMICALS	$900	100.00%	$900	$0	3.00%	$927	100.00%	$927	$0
ENGINEERING	$500	50.00%	$250	$250	3.00%	$515	50.00%	$258	$258
FUEL	$880	75.00%	$660	$220	3.00%	$906	75.00%	$680	$227
LAB TESTS & SUPPLIES	$2,000	75.00%	$1,500	$500	3.00%	$2,060	75.00%	$1,545	$515
OTHER	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
OPERATING SUPPLIES	$3,000	75.00%	$2,250	$750	3.00%	$3,090	75.00%	$2,318	$773
PAGING EXPENSE	$120	75.00%	$90	$30	3.00%	$124	75.00%	$93	$31
PERMITS & OPERATING FEES	$1,350	75.00%	$1,013	$338	3.00%	$1,391	75.00%	$1,043	$348
R&M VEHICLES	$600	50.00%	$300	$300	3.00%	$618	50.00%	$309	$309
R&M WATER	$10,000	75.00%	$7,500	$2,500	3.00%	$10,300	75.00%	$7,725	$2,575
OUTIDE SERVICES	$3,200	50.00%	$1,600	$1,600	3.00%	$3,296	50.00%	$1,648	$1,648
UNDERGROUND NOTIFICATION	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
UNIFORMS	$360	0.00%	$0	$360	3.00%	$371	0.00%	$0	$371
ELECTRICITY	$89,000	100.00%	$89,000	$0	3.00%	$91,670	100.00%	$91,670	$0
UTILITIES-GAS	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
WAGES-MAINTENANCE	$20,000	75.00%	$15,000	$5,000	3.00%	$20,600	75.00%	$15,450	$5,150
WAGES-MAINTENANCE O.T.	$3,750	100.00%	$3,750	$0	3.00%	$3,863	100.00%	$3,863	$0
INTEREST EXPENSE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
BENEFITS	$8,915	50.00%	$4,458	$4,458	3.00%	$9,182	50.00%	$4,591	$4,591
DEBT SERVICE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	$20,000	0.00%	$0	$20,000	0.00%	$20,000	0.00%	$0	$20,000
METER INSTALLATIONS	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
CORRECTIVE MAINTENANCE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
LEGAL CONTINGENCY	$40,000	20.00%	$8,000	$32,000	3.00%	$41,200	20.00%	$8,240	$32,960
FIXED ASSETS/CAPITAL OUTLAY	$2,910	50.00%	$1,455	$1,455	3.00%	$2,997	50.00%	$1,499	$1,499
METER REPLACEMENT PROGRAM	$2,000	100.00%	$2,000	$0	3.00%	$2,060	100.00%	$2,060	$0
SUB-TOTAL	$209,485		$139,725	$69,760		$215,170		$143,917	$71,253
SUB-TOTAL %	100.00%		66.70%	33.30%		100.00%		66.89%	33.11%
ALLOCATION OF G & A	$37,497		$25,010	$12,487	3.00%	$51,105		$34,182	$16,923
TOTAL COSTS	$246,982		$164,735	$82,247		$266,275		$178,099	$88,176
LESS OTHER REVENUE	($9,500)		($6,336)	($3,164)	3.00%	($9,785)		($6,545)	($3,240)
TOTAL TO BE RECOVERED	**$237,482**		**$158,399**	**$79,083**		**$256,490**		**$171,554**	**$84,936**

BLACK LAKE WATER
REPLACEMENT %

	FISCAL YEAR ENDING JUNE 30, 2005					FISCAL YEAR ENDING JUNE 30, 2006				
WATER DIVISION	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS			%					%		
CHEMICALS	3.00%	$955	100.00%	$955	$0	3.00%	$983	100.00%	$983	$0
ENGINEERING	3.00%	$530	50.00%	$265	$265	3.00%	$546	50.00%	$273	$273
FUEL	3.00%	$934	75.00%	$700	$233	3.00%	$962	75.00%	$721	$240
LAB TESTS & SUPPLIES	3.00%	$2,122	75.00%	$1,591	$530	3.00%	$2,185	75.00%	$1,639	$546
OTHER	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
OPERATING SUPPLIES	3.00%	$3,183	75.00%	$2,387	$796	3.00%	$3,278	75.00%	$2,459	$820
PAGING EXPENSE	3.00%	$127	75.00%	$95	$32	3.00%	$131	75.00%	$98	$33
PERMITS & OPERATING FEES	3.00%	$1,432	75.00%	$1,074	$358	3.00%	$1,475	75.00%	$1,106	$369
R&M VEHICLES	3.00%	$637	50.00%	$318	$318	3.00%	$656	50.00%	$328	$328
R&M WATER	3.00%	$10,609	75.00%	$7,957	$2,652	3.00%	$10,927	75.00%	$8,195	$2,732
OUTIDE SERVICES	3.00%	$3,395	50.00%	$1,697	$1,697	3.00%	$3,497	50.00%	$1,748	$1,748
UNDERGROUND NOTIFICATION	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
UNIFORMS	3.00%	$382	0.00%	$0	$382	3.00%	$393	0.00%	$0	$393
ELECTRICITY	3.00%	$94,420	100.00%	$94,420	$0	3.00%	$97,253	100.00%	$97,253	$0
UTILITIES-GAS	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
WAGES-MAINTENANCE	3.00%	$21,218	75.00%	$15,914	$5,305	3.00%	$21,855	75.00%	$16,391	$5,464
WAGES-MAINTENANCE O.T.	3.00%	$3,978	100.00%	$3,978	$0	3.00%	$4,098	100.00%	$4,098	$0
INTEREST EXPENSE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
BENEFITS	3.00%	$9,458	50.00%	$4,729	$4,729	3.00%	$9,742	50.00%	$4,871	$4,871
DEBT SERVICE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	0.00%	$20,000	0.00%	$0	$20,000	0.00%	$20,000	0.00%	$0	$20,000
METER INSTALLATIONS	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
CORRECTIVE MAINTENANCE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
LEGAL CONTINGENCY	3.00%	$42,436	20.00%	$8,487	$33,949	3.00%	$43,709	20.00%	$8,742	$34,967
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$3,087	50.00%	$1,544	$1,544	3.00%	$3,180	50.00%	$1,590	$1,590
METER REPLACEMENT PROGRAM	3.00%	$2,122	100.00%	$2,122	$0	3.00%	$2,185	100.00%	$2,185	$0
SUB-TOTAL		$221,025		$148,234	$72,790		$227,055		$152,681	$74,374
SUB-TOTAL %		100.00%		67.07%	32.93%		100.00%		67.24%	32.76%
ALLOCATION OF G & A	3.00%	$53,144		$35,642	$17,502	3.00%	$54,739		$36,808	$17,930
TOTAL COSTS		$274,169		$183,876	$90,292		$281,794		$189,490	$92,304
LESS OTHER REVENUE	3.00%	($10,079)		($6,759)	($3,319)	3.00%	($10,381)		($6,981)	($3,400)
TOTAL TO BE RECOVERED		**$264,090**		**$177,117**	**$86,973**		**$271,413**		**$182,509**	**$88,904**

BLACK LAKE WATER
REPLACEMENT %

	FISCAL YEAR ENDING JUNE 30, 2007					FISCAL YEAR ENDING JUNE 30, 2008				
WATER DIVISION	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS			%					%		
CHEMICALS	3.00%	$1,013	100.00%	$1,013	$0	3.00%	$1,043	100.00%	$1,043	$0
ENGINEERING	3.00%	$563	50.00%	$281	$281	3.00%	$580	50.00%	$290	$290
FUEL	3.00%	$990	75.00%	$743	$248	3.00%	$1,020	75.00%	$765	$255
LAB TESTS & SUPPLIES	3.00%	$2,251	75.00%	$1,688	$563	3.00%	$2,319	75.00%	$1,739	$580
OTHER	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
OPERATING SUPPLIES	3.00%	$3,377	75.00%	$2,532	$844	3.00%	$3,478	75.00%	$2,608	$869
PAGING EXPENSE	3.00%	$135	75.00%	$101	$34	3.00%	$139	75.00%	$104	$35
PERMITS & OPERATING FEES	3.00%	$1,519	75.00%	$1,140	$380	3.00%	$1,565	75.00%	$1,174	$391
R&M VEHICLES	3.00%	$675	50.00%	$338	$338	3.00%	$696	50.00%	$348	$348
R&M WATER	3.00%	$11,255	75.00%	$8,441	$2,814	3.00%	$11,593	75.00%	$8,695	$2,898
OUTIDE SERVICES	3.00%	$3,602	50.00%	$1,801	$1,801	3.00%	$3,710	50.00%	$1,855	$1,855
UNDERGROUND NOTIFICATION	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
UNIFORMS	3.00%	$405	0.00%	$0	$405	3.00%	$417	0.00%	$0	$417
ELECTRICITY	3.00%	$100,170	100.00%	$100,170	$0	3.00%	$103,175	100.00%	$103,175	$0
UTILITIES-GAS	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
WAGES-MAINTENANCE	3.00%	$22,510	75.00%	$16,883	$5,628	3.00%	$23,185	75.00%	$17,389	$5,796
WAGES-MAINTENANCE O.T.	3.00%	$4,221	100.00%	$4,221	$0	3.00%	$4,347	100.00%	$4,347	$0
INTEREST EXPENSE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
BENEFITS	3.00%	$10,034	50.00%	$5,017	$5,017	3.00%	$10,335	50.00%	$5,167	$5,167
DEBT SERVICE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	0.00%	$20,000	0.00%	$0	$20,000	0.00%	$20,000	0.00%	$0	$20,000
METER INSTALLATIONS	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
CORRECTIVE MAINTENANCE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
LEGAL CONTINGENCY	3.00%	$45,020	20.00%	$9,004	$36,016	3.00%	$46,371	20.00%	$9,274	$37,097
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$3,275	50.00%	$1,638	$1,638	3.00%	$3,373	50.00%	$1,687	$1,687
METER REPLACEMENT PROGRAM	3.00%	$2,251	100.00%	$2,251	$0	3.00%	$2,319	100.00%	$2,319	$0
SUB-TOTAL		$233,267		$157,262	$76,005		$239,665		$161,980	$77,685
SUB-TOTAL %		100.00%		67.42%	32.58%		100.00%		67.59%	32.41%
ALLOCATION OF G & A	3.00%	$56,381		$38,010	$18,371	3.00%	$58,072		$39,249	$18,824
TOTAL COSTS		$289,648		$195,272	$94,376		$297,737		$201,228	$96,509
LESS OTHER REVENUE	3.00%	($10,692)		($7,208)	($3,484)	3.00%	($11,013)		($7,443)	($3,570)
TOTAL TO BE RECOVERED		**$278,955**		**$188,063**	**$90,892**		**$286,724**		**$193,785**	**$92,939**

APPENDIX B – SEWER DIVISION MODELS

NIPOMO

REPLACEMENT % 100%

WASTEWATER DIVISION RATE MODEL

	FISCAL YEAR 2003		FISCAL YEAR 2004		FISCAL YEAR 2005		FISCAL YEAR 2006		FISCAL YEAR 2007		FISCAL YEAR 2008	
	BUDGET		INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE
OPERATING COSTS												
ACCOUNTING	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
ENGINEERING	$2,000		3.00%	$2,060	3.00%	$2,122	3.00%	$2,185	3.00%	$2,251	3.00%	$2,319
EQUIPMENT RENTAL	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
FIRE ALARM-MAINT BLDG	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
FUEL	$2,530		3.00%	$2,606	3.00%	$2,684	3.00%	$2,765	3.00%	$2,848	3.00%	$2,933
INSURANCE - LIABILITY	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
INSURANCE - MEDICAL/DENTAL	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
INSURANCE WORKMANS COMP.	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
LAB TESTS & SUPPLIES	$4,500		3.00%	$4,635	3.00%	$4,774	3.00%	$4,917	3.00%	$5,065	3.00%	$5,217
OUTSIDE SERVICES	$11,000		3.00%	$11,330	3.00%	$11,670	3.00%	$12,020	3.00%	$12,381	3.00%	$12,752
OPERATING SUPPLIES	$2,500		3.00%	$2,575	3.00%	$2,652	3.00%	$2,732	3.00%	$2,814	3.00%	$2,898
PAGING EXPENSE	$345		3.00%	$355	3.00%	$366	3.00%	$377	3.00%	$388	3.00%	$400
PERMITS & OPERATING FEES	$400		3.00%	$412	3.00%	$424	3.00%	$437	3.00%	$450	3.00%	$464
R&M VEHICLES	$1,800		3.00%	$1,854	3.00%	$1,910	3.00%	$1,967	3.00%	$2,026	3.00%	$2,087
R&M BUILDINGS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M SEWER	$30,000		3.00%	$30,900	3.00%	$31,827	3.00%	$32,782	3.00%	$33,765	3.00%	$34,778
R&M MISC.	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
UNDERGROUND NOTIFICATION	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
UNIFORMS	$1,035		3.00%	$1,066	3.00%	$1,098	3.00%	$1,131	3.00%	$1,165	3.00%	$1,200
ELECTRICITY	$137,000		3.00%	$141,110	3.00%	$145,343	3.00%	$149,704	3.00%	$154,195	3.00%	$158,821
UTILITIES-GAS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
TRASH COLLECTION	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
WAGES-MAINTENANCE	$20,000		3.00%	$20,600	3.00%	$21,218	3.00%	$21,855	3.00%	$22,510	3.00%	$23,185
WAGES-MAINTENANCE O.T.	$3,750		3.00%	$3,863	3.00%	$3,978	3.00%	$4,098	3.00%	$4,221	3.00%	$4,347
BENEFITS	$8,915		3.00%	$9,182	3.00%	$9,458	3.00%	$9,742	3.00%	$10,034	3.00%	$10,335
CONTINGENCY	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
ADMINISTRATION	$133,268		3.00%	$137,266	3.00%	$141,384	3.00%	$145,626	3.00%	$149,994	3.00%	$154,494
DEPRECIATION/SEWER RESERVE	$255,750		2.30%	$261,632	2.30%	$267,650	2.30%	$273,806	2.30%	$280,103	2.30%	$286,546
FIXED ASSETS/CAPITAL OUTLAY	$7,500		3.00%	$7,725	3.00%	$7,957	3.00%	$8,195	3.00%	$8,441	3.00%	$8,695
TOTAL	$622,293			$639,172		$656,515		$674,337		$692,651		$711,469
LESS :												
INTEREST SUPPLEMENT	($24,000)			($28,800)		($28,800)		($28,800)		($28,800)		($28,800)
OTHER REVENUES	($2,000)		3.00%	($2,060)	3.00%	($2,122)	3.00%	($2,185)	3.00%	($2,251)	3.00%	($2,319)
NET REVENUE REQUIREMENT	$596,293			$608,312		$625,593		$643,352		$661,600		$680,351
ANNUAL DUE UNITS	30,312		3.00%	31,221	3.00%	32,158	3.00%	33,123	3.00%	34,116	3.00%	35,140
TOTAL DUE'S	2,526											
MONTHLY CHARGE	$19.67			$19.48		$19.45		$19.42		$19.39		$19.36

BLACK LAKE SEWER

REPLACEMENT % 100%

WASTEWATER DIVISION RATE MODEL	FISCAL YEAR 2003		FISCAL YEAR 2004		FISCAL YEAR 2005		FISCAL YEAR 2006		FISCAL YEAR 2007		FISCAL YEAR 2008	
	BUDGET		INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE
OPERATING COSTS												
ACCOUNTING	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
CHEMICALS	$12,500		3.00%	$12,875	3.00%	$13,261	3.00%	$13,659	3.00%	$14,069	3.00%	$14,491
COMPUTER EXPENSE	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
ENGINEERING	$500		3.00%	$515	3.00%	$530	3.00%	$546	3.00%	$563	3.00%	$580
EQUIPMENT RENTAL	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
FIRE ALARM-MAINT BLDG	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
FUEL	$990		3.00%	$1,020	3.00%	$1,050	3.00%	$1,082	3.00%	$1,114	3.00%	$1,148
LAB TESTS & SUPPLIES	$9,000		3.00%	$9,270	3.00%	$9,548	3.00%	$9,835	3.00%	$10,130	3.00%	$10,433
OUTSIDE SERVICES	$2,500		3.00%	$2,575	3.00%	$2,652	3.00%	$2,732	3.00%	$2,814	3.00%	$2,898
OPERATING SUPPLIES	$2,000		3.00%	$2,060	3.00%	$2,122	3.00%	$2,185	3.00%	$2,251	3.00%	$2,319
PAGING EXPENSE	$135		3.00%	$139	3.00%	$143	3.00%	$148	3.00%	$152	3.00%	$157
PERMITS & OPERATING FEES	$1,325		3.00%	$1,365	3.00%	$1,406	3.00%	$1,448	3.00%	$1,491	3.00%	$1,536
R&M VEHICLES	$700		3.00%	$721	3.00%	$743	3.00%	$765	3.00%	$788	3.00%	$811
R&M BUILDINGS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M SEWER	$4,000		3.00%	$4,120	3.00%	$4,244	3.00%	$4,371	3.00%	$4,502	3.00%	$4,637
R&M MISC.	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
UNIFORMS	$405		3.00%	$417	3.00%	$430	3.00%	$443	3.00%	$456	3.00%	$470
ELECTRICITY	$20,000		3.00%	$20,600	3.00%	$21,218	3.00%	$21,855	3.00%	$22,510	3.00%	$23,185
UTILITIES-GAS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
WAGES-MAINTENANCE	$28,000		3.00%	$28,840	3.00%	$29,705	3.00%	$30,596	3.00%	$31,514	3.00%	$32,460
WAGES-MAINTENANCE O.T.	$5,250		3.00%	$5,408	3.00%	$5,570	3.00%	$5,737	3.00%	$5,909	3.00%	$6,088
BENEFITS	$12,470		3.00%	$12,844	3.00%	$13,229	3.00%	$13,626	3.00%	$14,035	3.00%	$14,456
CONTINGENCY	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
SEWER RESERVE	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
ADMINISTRATION	$36,042		3.00%	$37,123	3.00%	$38,237	3.00%	$39,384	3.00%	$40,566	3.00%	$41,783
REPLACEMENT RESERVE	$34,000		3.00%	$35,020	3.00%	$36,071	3.00%	$37,153	3.00%	$38,267	3.00%	$39,415
FIXED ASSETS/CAPITAL OUTLAY	$2,940		3.00%	$3,028	3.00%	$3,119	3.00%	$3,213	3.00%	$3,309	3.00%	$3,408
TOTAL	$172,757			$177,940		$183,278		$188,776		$194,440		$200,273
ANNUALIZED DUE'S	6,600		0.00%	$6,840	0.00%	6,840	0.00%	6,840	0.00%	6,840	0.00%	6,840
TOTAL DUE'S	550			570		570		570		570		570
MONTHLY RATE PER DUE	$26.18			$26.01		$26.80		$27.60		$28.43		$29.28

APPENDIX C – REPLACEMENT MODELS

INTEREST RATE - 5.0%	5.0%
GROWTH RATE - 2.3%	2.3%

YEAR	1	2	3	4	5
TOWN WATER					
REPLACEMENT %	**100%**	**$0**			
OPENING BALANCE	$505,936	$595,733	$983,569	$1,399,033	$1,843,694
SOURCES					
WATER REPLACEMENT REVENUE	$350,000	$358,050	$366,285	$374,710	$383,328
INTEREST EARNINGS	$25,297	$29,787	$49,178	$69,952	$92,185
TOTAL SOURCES	$375,297	$387,837	$415,464	$444,661	$475,513
REPLACEMENT VALUE - NOTE 1	$ 60,000	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1	$ 225,500				
TOTAL USES	$ 285,500	$ -	$ -	$ -	$ -
ENDING BALANCE	$595,733	$983,569	$1,399,033	$1,843,694	$2,319,207
	$1,455,753				
100% replacement	$350,000				

BLACK LAKE WATER					
REPLACEMENT %	**100%**	**$400,000**			
OPENING BALANCE	$454,639	$438,571	$480,499	$524,524	$570,751
SOURCES					
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$22,732	$21,929	$24,025	$26,226	$28,538
TOTAL SOURCES	$42,732	$41,929	$44,025	$46,226	$48,538
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1	$ 58,800				
TOTAL USES	$ 58,800	$ -	$ -	$ -	$ -
ENDING BALANCE	$438,571	$480,499	$524,524	$570,751	$619,288
	$136,635				
100% replacement	$20,000				
1 - From Boyle Engineering study - January 2000					

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	6	7	8	9	10	11
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	$2,319,207	($3,269,529)	($3,031,841)	($2,773,043)	($2,491,865)	($2,186,973)
SOURCES						
WATER REPLACEMENT REVENUE	$392,145	$401,164	$410,391	$419,830	$429,486	$439,364
INTEREST EARNINGS	$115,960	($163,476)	($151,592)	($138,652)	($124,593)	($109,349)
TOTAL SOURCES	$508,105	$237,687	$258,799	$281,178	$304,892	$330,015
REPLACEMENT VALUE - NOTE 1	$ 5,944,341	$ -	$ -	$ -	$ -	$ 998,700
REPAIR VALUE - NOTE 1	$ 152,500					$ 104,000
TOTAL USES	$ 6,096,841	$ -	$ -	$ -	$ -	$ 1,102,700
ENDING BALANCE	($3,269,529)	($3,031,841)	($2,773,043)	($2,491,865)	($2,186,973)	($2,959,658)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$619,288	$611,753	$662,340	$715,457	$771,230	$829,792
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$30,964	$30,588	$33,117	$35,773	$38,562	$41,490
TOTAL SOURCES	$50,964	$50,588	$53,117	$55,773	$58,562	$61,490
REPLACEMENT VALUE - NOTE 1	$ 50,000	$ -	$ -	$ -	$ -	$ 59,900
REPAIR VALUE - NOTE 1	$ 8,500					$ 21,600
TOTAL USES	$ 58,500	$ -	$ -	$ -	$ -	$ 81,500
ENDING BALANCE	$611,753	$662,340	$715,457	$771,230	$829,792	$809,781
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	12	13	14	15	16	17
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($2,959,658)	($2,658,171)	($2,331,273)	($1,977,454)	($1,595,125)	($3,939,002)
SOURCES						
WATER REPLACEMENT REVENUE	$449,469	$459,807	$470,383	$481,201	$492,269	$503,591
INTEREST EARNINGS	($147,983)	($132,909)	($116,564)	($98,873)	($79,756)	($196,950)
TOTAL SOURCES	$301,486	$326,899	$353,819	$382,329	$412,513	$306,641
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 2,734,390	$ -
REPAIR VALUE - NOTE 1					$ 22,000	
TOTAL USES	$ -	$ -	$ -	$ -	$ 2,756,390	$ -
ENDING BALANCE	($2,658,171)	($2,331,273)	($1,977,454)	($1,595,125)	($3,939,002)	($3,632,361)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$809,781	$870,270	$933,784	$1,000,473	$1,070,497	$1,091,521
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$40,489	$43,514	$46,689	$50,024	$53,525	$54,576
TOTAL SOURCES	$60,489	$63,514	$66,689	$70,024	$73,525	$74,576
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 52,500	$ -
REPAIR VALUE - NOTE 1					$ -	
TOTAL USES	$ -	$ -	$ -	$ -	$ 52,500	$ -
ENDING BALANCE	$870,270	$933,784	$1,000,473	$1,070,497	$1,091,521	$1,166,098
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	18	19	20	21	22	23
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($3,632,361)	($3,298,805)	($2,936,722)	($2,544,414)	($3,830,670)	($3,457,974)
SOURCES						
WATER REPLACEMENT REVENUE	$515,174	$527,023	$539,144	$551,545	$564,230	$577,208
INTEREST EARNINGS	($181,618)	($164,940)	($146,836)	($127,221)	($191,534)	($172,899)
TOTAL SOURCES	$333,556	$362,083	$392,308	$424,324	$372,697	$404,309
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ 1,651,580	$ -	$ -
REPAIR VALUE - NOTE 1				$ 59,000		
TOTAL USES	$ -	$ -	$ -	$ 1,710,580	$ -	$ -
ENDING BALANCE	($3,298,805)	($2,936,722)	($2,544,414)	($3,830,670)	($3,457,974)	($3,053,665)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$1,166,098	$1,244,402	$1,326,623	$1,412,954	$789,341	$848,808
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$58,305	$62,220	$66,331	$70,648	$39,467	$42,440
TOTAL SOURCES	$78,305	$82,220	$86,331	$90,648	$59,467	$62,440
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ 714,260	$ -	$ -
REPAIR VALUE - NOTE 1				$ -		
TOTAL USES	$ -	$ -	$ -	$ 714,260	$ -	$ -
ENDING BALANCE	$1,244,402	$1,326,623	$1,412,954	$789,341	$848,808	$911,249
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	24	25	26	27	28	29
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($3,053,665)	($2,615,865)	($2,142,593)	($2,378,945)	($1,865,722)	($1,312,297)
SOURCES						
WATER REPLACEMENT REVENUE	$590,483	$604,064	$617,958	$632,171	$646,711	$661,585
INTEREST EARNINGS	($152,683)	($130,793)	($107,130)	($118,947)	($93,286)	($65,615)
TOTAL SOURCES	$437,800	$473,271	$510,828	$513,224	$553,425	$595,970
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ 688,180	$ -	$ -	$ -
REPAIR VALUE - NOTE 1			$ 59,000			
TOTAL USES	$ -	$ -	$ 747,180	$ -	$ -	$ -
ENDING BALANCE	($2,615,865)	($2,142,593)	($2,378,945)	($1,865,722)	($1,312,297)	($716,326)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$911,249	$976,811	$1,045,652	$999,234	$1,069,196	$1,142,656
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$45,562	$48,841	$52,283	$49,962	$53,460	$57,133
TOTAL SOURCES	$65,562	$68,841	$72,283	$69,962	$73,460	$77,133
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ 118,700	$ -	$ -	$ -
REPAIR VALUE - NOTE 1			$ -			
TOTAL USES	$ -	$ -	$ 118,700	$ -	$ -	$ -
ENDING BALANCE	$976,811	$1,045,652	$999,234	$1,069,196	$1,142,656	$1,219,789
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	30	31	32	33	34	35
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($716,326)	($75,341)	($303,222)	$389,910	$1,133,988	$1,931,936
SOURCES						
WATER REPLACEMENT REVENUE	$676,802	$692,368	$708,293	$724,583	$741,249	$758,297
INTEREST EARNINGS	($35,816)	($3,767)	($15,161)	$19,495	$56,699	$96,597
TOTAL SOURCES	$640,985	$688,601	$693,131	$744,079	$797,948	$854,894
REPLACEMENT VALUE - NOTE 1	$ -	$ 916,482	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1						
TOTAL USES	$ -	$ 916,482	$ -	$ -	$ -	$ -
ENDING BALANCE	($75,341)	($303,222)	$389,910	$1,133,988	$1,931,936	$2,786,831
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$1,219,789	$1,300,778	$1,185,817	$1,265,108	$1,348,363	$1,435,782
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$60,989	$65,039	$59,291	$63,255	$67,418	$71,789
TOTAL SOURCES	$80,989	$85,039	$79,291	$83,255	$87,418	$91,789
REPLACEMENT VALUE - NOTE 1	$ -	$ 200,000	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1						
TOTAL USES	$ -	$ 200,000	$ -	$ -	$ -	$ -
ENDING BALANCE	$1,300,778	$1,185,817	$1,265,108	$1,348,363	$1,435,782	$1,527,571
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	36	37	38	39	40	41
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	$2,786,831	$964,651	$1,806,463	$2,708,619	$3,674,555	$4,707,889
SOURCES						
WATER REPLACEMENT REVENUE	$775,738	$793,580	$811,833	$830,505	$849,606	$869,147
INTEREST EARNINGS	$139,342	$48,233	$90,323	$135,431	$183,728	$235,394
TOTAL SOURCES	$915,080	$841,813	$902,156	$965,936	$1,033,334	$1,104,542
REPLACEMENT VALUE - NOTE 1	$ 2,737,260	$ -	$ -	$ -	$ -	$ 6,316,270
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 2,737,260	$ -	$ -	$ -	$ -	$ 6,316,270
ENDING BALANCE	$964,651	$1,806,463	$2,708,619	$3,674,555	$4,707,889	($503,839)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$1,527,571	$688,669	$743,103	$800,258	$860,271	$923,284
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$76,379	$34,433	$37,155	$40,013	$43,014	$46,164
TOTAL SOURCES	$96,379	$54,433	$57,155	$60,013	$63,014	$66,164
REPLACEMENT VALUE - NOTE 1	$ 935,280	$ -	$ -	$ -	$ -	$ 368,220
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 935,280	$ -	$ -	$ -	$ -	$ 368,220
ENDING BALANCE	$688,669	$743,103	$800,258	$860,271	$923,284	$621,228
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	42	43	44	45	46	TOTAL
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($503,839)	$360,106	$1,287,700	$2,282,593	$3,348,633	$505,936
SOURCES						
WATER REPLACEMENT REVENUE	$889,138	$909,588	$930,508	$951,910	$973,804	$ 28,095,718
INTEREST EARNINGS	($25,192)	$18,005	$64,385	$114,130	$167,432	$ (1,442,582)
TOTAL SOURCES	$863,946	$927,593	$994,893	$1,066,040	$1,141,236	$ 26,653,135
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 3,034,115	$ 25,081,318
REPAIR VALUE - NOTE 1						$ 622,000
TOTAL USES	$ -	$ -	$ -	$ -	$ 3,034,115	$ 25,703,318
ENDING BALANCE	$360,106	$1,287,700	$2,282,593	$3,348,633	$1,455,753	$1,455,753
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$621,228	$672,290	$725,904	$782,200	$841,310	$454,639
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$ 920,000
INTEREST EARNINGS	$31,061	$33,614	$36,295	$39,110	$42,065	$ 2,116,496
TOTAL SOURCES	$51,061	$53,614	$56,295	$59,110	$62,065	$ 3,036,496
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 766,740	$ 3,265,600
REPAIR VALUE - NOTE 1						$ 88,900
TOTAL USES	$ -	$ -	$ -	$ -	$ 766,740	$ 3,354,500
ENDING BALANCE	$672,290	$725,904	$782,200	$841,310	$136,635	$136,635
100% replacement						
1 - From Boyle Engineering study - January 2000						

YEAR	1	2	3	4	5
TOWN SEWER					
REPLACEMENT %	**100%**	**$400,000**			
OPENING BALANCE	$985,603	$1,012,550	$1,185,594	$1,373,173	$1,576,148
SOURCES					
REPLACEMENT REVENUE	$250,000	$255,750	$261,632	$267,650	$273,806
INTEREST EARNINGS	$49,280	$50,627	$59,280	$68,659	$78,807
TOTAL SOURCES	$299,280	$306,377	$320,912	$336,308	$352,613
REPLACEMENT VALUE	$ 35,000	$ -	$ -	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1	$ 104,000				
TOTAL USES	$ 272,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
ENDING BALANCE	$1,012,550	$1,185,594	$1,373,173	$1,576,148	$1,795,427
100% replacement = $250,000	$250,000				

BLACK LAKE SEWER					
REPLACEMENT %	**100%**	$0			
OPENING BALANCE	$34,321	($14,705)	$18,560	$53,488	$90,162
SOURCES					
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$1,716	($735)	$928	$2,674	$4,508
TOTAL SOURCES	$35,716	$33,265	$34,928	$36,674	$38,508
REPLACEMENT VALUE - NOTE 1	$ 69,742	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1	$ 15,000				
TOTAL USES	$ 84,742	$ -	$ -	$ -	$ -
ENDING BALANCE	($14,705)	$18,560	$53,488	$90,162	$128,670
100% replacement	$34,000				
	$146,760				

1 - From Boyle Engineering study - January 2000

YEAR	6	7	8	9	10	11
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,795,427	$1,967,969	$2,219,580	$2,490,361	$2,781,424	$3,093,938
SOURCES						
REPLACEMENT REVENUE	$280,103	$286,546	$293,136	$299,878	$306,776	$313,831
INTEREST EARNINGS	$89,771	$98,398	$110,979	$124,518	$139,071	$154,697
TOTAL SOURCES	$369,875	$384,944	$404,115	$424,396	$445,847	$468,528
REPLACEMENT VALUE	$ 60,000	$ -	$ -	$ -	$ -	$ 143,420
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1	$ 4,000					$ 44,500
TOTAL USES	$ 197,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 321,253
ENDING BALANCE	$1,967,969	$2,219,580	$2,490,361	$2,781,424	$3,093,938	$3,241,213
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$128,670	$82,104	$120,209	$160,219	$202,230	$246,342
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$6,434	$4,105	$6,010	$8,011	$10,112	$12,317
TOTAL SOURCES	$40,434	$38,105	$40,010	$42,011	$44,112	$46,317
REPLACEMENT VALUE - NOTE 1	$ 72,000	$ -	$ -	$ -	$ -	$ 15,000
REPAIR VALUE - NOTE 1	$ 15,000					$ 32,000
TOTAL USES	$ 87,000	$ -	$ -	$ -	$ -	$ 47,000
ENDING BALANCE	$82,104	$120,209	$160,219	$202,230	$246,342	$245,659
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	12	13	14	15	16	17
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$3,241,213	$3,590,990	$3,965,639	$4,366,576	$4,795,286	$5,166,338
SOURCES						
REPLACEMENT REVENUE	$321,049	$328,434	$335,988	$343,715	$351,621	$359,708
INTEREST EARNINGS	$162,061	$179,549	$198,282	$218,329	$239,764	$258,317
TOTAL SOURCES	$483,110	$507,983	$534,270	$562,044	$591,385	$618,025
REPLACEMENT VALUE	$ -	$ -	$ -	$ -	$ 60,000	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1					$ 27,000	
TOTAL USES	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 220,333	$ 133,333
ENDING BALANCE	$3,590,990	$3,965,639	$4,366,576	$4,795,286	$5,166,338	$5,651,030
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$245,659	$291,942	$340,539	$391,566	$445,144	$446,902
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$12,283	$14,597	$17,027	$19,578	$22,257	$22,345
TOTAL SOURCES	$46,283	$48,597	$51,027	$53,578	$56,257	$56,345
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 15,000	$ -
REPAIR VALUE - NOTE 1					$ 39,500	
TOTAL USES	$ -	$ -	$ -	$ -	$ 54,500	$ -
ENDING BALANCE	$291,942	$340,539	$391,566	$445,144	$446,902	$503,247
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	18	19	20	21	22	23
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$5,651,030	$6,168,229	$6,719,752	$7,307,510	$7,097,646	$7,722,217
SOURCES						
REPLACEMENT REVENUE	$367,981	$376,445	$385,103	$393,961	$403,022	$412,291
INTEREST EARNINGS	$282,551	$308,411	$335,988	$365,375	$354,882	$386,111
TOTAL SOURCES	$650,533	$684,856	$721,091	$759,336	$757,904	$798,402
REPLACEMENT VALUE	$ -	$ -	$ -	$ 805,366	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1				$ 30,500		
TOTAL USES	$ 133,333	$ 133,333	$ 133,333	$ 969,199	$ 133,333	$ 133,333
ENDING BALANCE	$6,168,229	$6,719,752	$7,307,510	$7,097,646	$7,722,217	$8,387,285
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$503,247	$562,409	$624,529	$689,756	$750,244	$821,756
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$25,162	$28,120	$31,226	$34,488	$37,512	$41,088
TOTAL SOURCES	$59,162	$62,120	$65,226	$68,488	$71,512	$75,088
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1				$ 8,000		
TOTAL USES	$ -	$ -	$ -	$ 8,000	$ -	$ -
ENDING BALANCE	$562,409	$624,529	$689,756	$750,244	$821,756	$896,844
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	24	25	26	27	28	29
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$8,387,285	$9,095,090	$9,847,986	$10,451,100	$11,291,873	$12,185,069
SOURCES						
REPLACEMENT REVENUE	$421,774	$431,475	$441,398	$451,551	$461,936	$472,561
INTEREST EARNINGS	$419,364	$454,755	$492,399	$522,555	$564,594	$609,253
TOTAL SOURCES	$841,138	$886,229	$933,798	$974,106	$1,026,530	$1,081,814
REPLACEMENT VALUE	$ -	$ -	$ 161,350	$ -	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1			$ 36,000			
TOTAL USES	$ 133,333	$ 133,333	$ 330,683	$ 133,333	$ 133,333	$ 133,333
ENDING BALANCE	$9,095,090	$9,847,986	$10,451,100	$11,291,873	$12,185,069	$13,133,550
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$896,844	$975,686	$1,058,470	$1,125,894	$1,216,188	$1,310,998
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$44,842	$48,784	$52,924	$56,295	$60,809	$65,550
TOTAL SOURCES	$78,842	$82,784	$86,924	$90,295	$94,809	$99,550
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1			$ 19,500			
TOTAL USES	$ -	$ -	$ 19,500	$ -	$ -	$ -
ENDING BALANCE	$975,686	$1,058,470	$1,125,894	$1,216,188	$1,310,998	$1,410,548
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	30	31	32	33	34	35
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$13,133,550	$4,431,274	$175,214	$556,565	$968,619	$1,413,180
SOURCES						
REPLACEMENT REVENUE	$483,430	$494,549	$505,923	$517,560	$529,463	$541,641
INTEREST EARNINGS	$656,678	$221,564	$8,761	$27,828	$48,431	$70,659
TOTAL SOURCES	$1,140,107	$716,112	$514,684	$545,388	$577,894	$612,300
REPLACEMENT VALUE	$ 9,709,050	$ 4,838,839	$ -	$ -	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 9,842,383	$ 4,972,172	$ 133,333	$ 133,333	$ 133,333	$ 133,333
ENDING BALANCE	$4,431,274	$175,214	$556,565	$968,619	$1,413,180	$1,892,147
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,410,548	$1,515,075	$1,135,329	$1,226,095	$1,321,400	$1,421,470
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$70,527	$75,754	$56,766	$61,305	$66,070	$71,073
TOTAL SOURCES	$104,527	$109,754	$90,766	$95,305	$100,070	$105,073
REPLACEMENT VALUE - NOTE 1	$ -	$ 489,500	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1						
TOTAL USES	$ -	$ 489,500	$ -	$ -	$ -	$ -
ENDING BALANCE	$1,515,075	$1,135,329	$1,226,095	$1,321,400	$1,421,470	$1,526,543
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	36	37	38	39	40	41
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,892,147	$1,160,972	$1,652,530	$2,181,704	$2,750,673	$3,361,736
SOURCES						
REPLACEMENT REVENUE	$554,099	$566,843	$579,880	$593,218	$606,862	$620,820
INTEREST EARNINGS	$94,607	$58,049	$82,627	$109,085	$137,534	$168,087
TOTAL SOURCES	$648,706	$624,892	$662,507	$702,303	$744,395	$788,906
REPLACEMENT VALUE	$ 1,246,548	$ -	$ -	$ -	$ -	$ 1,279,364
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 1,379,881	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 1,412,697
ENDING BALANCE	$1,160,972	$1,652,530	$2,181,704	$2,750,673	$3,361,736	$2,737,944
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,526,543	$656,771	$723,609	$793,790	$867,479	$944,853
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$76,327	$32,839	$36,180	$39,689	$43,374	$47,243
TOTAL SOURCES	$110,327	$66,839	$70,180	$73,689	$77,374	$81,243
REPLACEMENT VALUE - NOTE 1	$ 980,100	$ -	$ -	$ -	$ -	$ 409,322
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 980,100	$ -	$ -	$ -	$ -	$ 409,322
ENDING BALANCE	$656,771	$723,609	$793,790	$867,479	$944,853	$616,774
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	42	43	44	45	46	TOTAL
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$2,737,944	$3,376,607	$4,061,809	$4,796,215	$5,582,629	$985,603
SOURCES						
REPLACEMENT REVENUE	$635,098	$649,706	$664,649	$679,936	$695,574	$ 20,068,370
INTEREST EARNINGS	$136,897	$168,830	$203,090	$239,811	$279,131	$ 10,088,298
TOTAL SOURCES	$771,996	$818,536	$867,739	$919,747	$974,706	$ 30,156,668
REPLACEMENT VALUE	$ -	$ -	$ -	$ -	$ 1,933,110	$ 20,272,047
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 6,133,333
REPAIR VALUE - NOTE 1						$ 246,000
TOTAL USES	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 2,066,443	$ 26,651,380
ENDING BALANCE	$3,376,607	$4,061,809	$4,796,215	$5,582,629	$4,490,891	$4,490,891
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$616,774	$681,612	$749,693	$821,178	$896,237	$34,321
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$ 1,564,000
INTEREST EARNINGS	$30,839	$34,081	$37,485	$41,059	$44,812	$ 1,556,391
TOTAL SOURCES	$64,839	$68,081	$71,485	$75,059	$78,812	$ 3,120,391
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 828,288	$ 2,878,952
REPAIR VALUE - NOTE 1						$ 129,000
TOTAL USES	$ -	$ -	$ -	$ -	$ 828,288	$ 3,007,952
ENDING BALANCE	$681,612	$749,693	$821,178	$896,237	$146,760	$146,760
100% replacement						

1 - From Boyle Engineering study - January 2000

APPENDIX D – WATER & SEWER CAPITAL MODELS

WATER

		1	2	3	4	5
FISCAL YEAR ENDING JUNE 30	TOTAL	2003	2004	2005	2006	2007
PRIORITY 1						
12 INCH PIPE TEFFT ST	$ 452,000	$ 452,000				
SUB - TOTAL	452,000	452,000	0	0	0	0
PRIORITY 2						
12 PIPE TEFFT	$ 452,000	$ 452,000				
12 PIPE TEFFT	$ 63,000	$ 63,000				
12 PIPE TEFFT	$ 536,000	$ 536,000				
10 PIPE TEFFT	$ 228,000	$ 228,000				
SUB - TOTAL	1,279,000	1,279,000	0	0	0	0
PRIORITY 3						
480 GPM WELL CAPACITY	$ 750,000	$ 375,000		$ 375,000		
SUB - TOTAL	750,000	375,000	0	375,000	0	0
PRIORITY 4						
STATE WATER CONNECTION	$ 465,000					
MESA AREA IMPROVEMENTS	$ 812,000					
1MG TWIN TANKS STORAGE	$ 1,500,000	$ 1,500,000				
STANDPIPE TO MESA LINES	$ 1,587,000					
WELLS TO MESA LINES	$ 594,000					
1MG LOS BERROS TANK	$ 2,919,000					
10 INCH POMEROY LINE	$ 689,000					
12 INCH SUN DALE RD	$ 750,000					
12 INCH BLUFFS DEV.	$ -					
SUB - TOTAL	9,316,000	1,500,000	0	0	0	0
TOTAL - UNADJUSTED COSTS	11,797,000	3,606,000	0	375,000	0	0
INFLATED TOTAL		3,714,180	0	408,750	0	0
INFLATION FACTOR	3.00%					

WATER

	6	7	8	9	10	11
FISCAL YEAR ENDING JUNE 30	2008	2009	2010	2011	2012	2013
PRIORITY 1						
12 INCH PIPE TEFFT ST						
SUB - TOTAL	0	0	0	0	0	0
PRIORITY 2						
12 PIPE TEFFT						
12 PIPE TEFFT						
12 PIPE TEFFT						
10 PIPE TEFFT						
SUB - TOTAL	0	0	0	0	0	0
PRIORITY 3						
480 GPM WELL CAPACITY						
SUB - TOTAL	0	0	0	0	0	0
PRIORITY 4						
STATE WATER CONNECTION						
MESA AREA IMPROVEMENTS						$ 812,000
1MG TWIN TANKS STORAGE						
STANDPIPE TO MESA LINES						
WELLS TO MESA LINES						$ 594,000
1MG LOS BERROS TANK						
10 INCH POMEROY LINE						$ 689,000
12 INCH SUN DALE RD						$ 750,000
12 INCH BLUFFS DEV.						
SUB - TOTAL	0	0	0	0	0	2,845,000
TOTAL - UNADJUSTED COSTS	0	0	0	0	0	2,845,000
INFLATED TOTAL	0	0	0	0	0	3,783,850
INFLATION FACTOR						

WATER

	12	13	14	15	16	17
FISCAL YEAR ENDING JUNE 30	2014	2015	2016	2017	2018	2019
PRIORITY 1						
12 INCH PIPE TEFFT ST						
SUB - TOTAL	0	0	0	0	0	0
PRIORITY 2						
12 PIPE TEFFT						
12 PIPE TEFFT						
12 PIPE TEFFT						
10 PIPE TEFFT						
SUB - TOTAL	0	0	0	0	0	0
PRIORITY 3						
480 GPM WELL CAPACITY						
SUB - TOTAL	0	0	0	0	0	0
PRIORITY 4						
STATE WATER CONNECTION		$ 465,000				
MESA AREA IMPROVEMENTS						
1MG TWIN TANKS STORAGE						
STANDPIPE TO MESA LINES						
WELLS TO MESA LINES						
1MG LOS BERROS TANK						
10 INCH POMEROY LINE						
12 INCH SUN DALE RD						
12 INCH BLUFFS DEV.						
SUB - TOTAL	0	465,000	0	0	0	0
TOTAL - UNADJUSTED COSTS	0	465,000	0	0	0	0
INFLATED TOTAL	0	646,350	0	0	0	0
INFLATION FACTOR						

WATER

	18	19	20	
FISCAL YEAR ENDING JUNE 30	2020	2021	2022	TOTAL
PRIORITY 1				
12 INCH PIPE TEFFT ST				452,000
SUB - TOTAL	0	0	0	452,000
				0
PRIORITY 2				0
12 PIPE TEFFT				452,000
12 PIPE TEFFT				63,000
12 PIPE TEFFT				536,000
10 PIPE TEFFT				228,000
				0
SUB - TOTAL	0	0	0	1,279,000
				0
PRIORITY 3				0
				0
480 GPM WELL CAPACITY				750,000
SUB - TOTAL	0	0	0	750,000
				0
PRIORITY 4				0
STATE WATER CONNECTION				465,000
MESA AREA IMPROVEMENTS				812,000
1MG TWIN TANKS STORAGE				1,500,000
STANDPIPE TO MESA LINES	1,587,000			1,587,000
WELLS TO MESA LINES				594,000
1MG LOS BERROS TANK	2,919,000			2,919,000
10 INCH POMEROY LINE				689,000
12 INCH SUN DALE RD				750,000
12 INCH BLUFFS DEV.				0
				0
SUB - TOTAL	4,506,000	0	0	9,316,000
TOTAL - UNADJUSTED COSTS	4,506,000	0	0	11,797,000
INFLATED TOTAL	6,939,240	0	0	15,492,370
INFLATION FACTOR				

TOTAL FOR SYSTEM CORRECTIONS	452,000					
TOTAL FOR NEW DEVELOPMENT	11,345,000					
TOTAL CAPITAL PLAN	11,797,000					
CAPITAL PARTICIPATION FEE CALCULATION						
AVERAGE ANNUAL DEMAND - IN AF	1,890					
PER MASTER PLAN - TABLE 1						
EQUIVALENT CAPACITY UNITS - 2002	2,991					
AVERAGE DEMAND IN AF PER						
CAPACITY UNIT	0.63					
PROJECTED ULTIMATE DEMAND IN AF	3,910					
(net of properties to be annexed of 1,000 af)						
PROJECTED CAPACITY UNITS AT BUILDOUT	6,188					
(ULTIMATE DEMAND/AVG. DEMAND PER UNIT)						
NEW DEVELOPMENT CAPACITY UNITS	3,197					
TOTAL SYSTEM IMPROVEMENTS	11,797,000					
LESS PRIORITY 1 CORRECTIONS	0					
CAPITAL IMP. FOR NEW DEVELOPMENT	11,797,000					
CAPITAL PARTICIPATION CHARGE PER						
EQUIVALENT CAPACITY UNITS	$3,690					

TOTAL FOR SYSTEM CORRECTIONS						
TOTAL FOR NEW DEVELOPMENT						
TOTAL CAPITAL PLAN						
CAPITAL PARTICIPATION FEE CALCULATION						
AVERAGE ANNUAL DEMAND - IN AF						
PER MASTER PLAN - TABLE 1						
EQUIVALENT CAPACITY UNITS - 2002						
AVERAGE DEMAND IN AF PER						
CAPACITY UNIT						
PROJECTED ULTIMATE DEMAND IN AF						
(net of properties to be annexed of 1,000 af)						
PROJECTED CAPACITY UNITS AT BUILDOUT						
(ULTIMATE DEMAND/AVG. DEMAND PER UNIT)						
NEW DEVELOPMENT CAPACITY UNITS						
TOTAL SYSTEM IMPROVEMENTS						
LESS PRIORITY 1 CORRECTIONS						
CAPITAL IMP. FOR NEW DEVELOPMENT						
CAPITAL PARTICIPATION CHARGE PER						
EQUIVALENT CAPACITY UNITS						

TOTAL FOR SYSTEM CORRECTIONS						
TOTAL FOR NEW DEVELOPMENT						
TOTAL CAPITAL PLAN						
CAPITAL PARTICIPATION FEE CALCULATION						
AVERAGE ANNUAL DEMAND - IN AF						
PER MASTER PLAN - TABLE 1						
EQUIVALENT CAPACITY UNITS - 2002						
AVERAGE DEMAND IN AF PER						
CAPACITY UNIT						
PROJECTED ULTIMATE DEMAND IN AF						
(net of properties to be annexed of 1,000 af)						
PROJECTED CAPACITY UNITS AT BUILDOUT						
(ULTIMATE DEMAND/AVG. DEMAND PER UNIT)						
NEW DEVELOPMENT CAPACITY UNITS						
TOTAL SYSTEM IMPROVEMENTS						
LESS PRIORITY 1 CORRECTIONS						
CAPITAL IMP. FOR NEW DEVELOPMENT						
CAPITAL PARTICIPATION CHARGE PER						
EQUIVALENT CAPACITY UNITS						

TOTAL FOR SYSTEM CORRECTIONS				
TOTAL FOR NEW DEVELOPMENT				
TOTAL CAPITAL PLAN				
CAPITAL PARTICIPATION FEE CALCULATION				
AVERAGE ANNUAL DEMAND - IN AF				
PER MASTER PLAN - TABLE 1				
EQUIVALENT CAPACITY UNITS - 2002				
AVERAGE DEMAND IN AF PER				
CAPACITY UNIT				
PROJECTED ULTIMATE DEMAND IN AF				
(net of properties to be annexed of 1,000 af)				
PROJECTED CAPACITY UNITS AT BUILDOUT				
(ULTIMATE DEMAND/AVG. DEMAND PER UNIT)				
NEW DEVELOPMENT CAPACITY UNITS				
TOTAL SYSTEM IMPROVEMENTS				
LESS PRIORITY 1 CORRECTIONS				
CAPITAL IMP. FOR NEW DEVELOPMENT				
CAPITAL PARTICIPATION CHARGE PER				
EQUIVALENT CAPACITY UNITS				

WATER CASH FLOW		1	2	3	4	5
FISCAL YEAR ENDING JUNE 30	2002	2003	2004	2005	2006	2007
OPENING CASH BALANCE	2,518,618	2,518,618	(602,311)	(183,521)	(136,410)	335,755
SOURCES	0					
CAPITAL PARTICIPATION FEES	0	331,134	341,068	351,300	361,839	372,694
INVESTMENT INCOME	0	151,117	(36,139)	(11,011)	(8,185)	20,145
NEW MONEY		0	0	0	0	0
DEBT SERVICE REVENUE	0	126,800	129,336	131,923	134,561	137,252
TOTAL SOURCES	0	609,051	434,265	472,211	488,215	530,091
USES						
CAPITAL EXPENDITURES	0	3,714,180	0	408,750	0	0
NEW DEBT SERVICE - I=8% , N=20			0	0	0	0
CURRENT DEBT SERVICE		15,800	15,475	16,350	16,050	15,750
SUPLEMENTAL WATER CAPITAL COSTS	0	0	0	0	0	0
TOTAL USES	0	3,729,980	15,475	425,100	16,050	15,750
NET SOURCES AND USES	0	(3,120,929)	418,790	47,111	472,165	514,341
ENDING BALANCE	2,518,618	(602,311)	(183,521)	(136,410)	335,755	850,096

WATER CASH FLOW	6	7	8	9	10	11
FISCAL YEAR ENDING JUNE 30	2008	2009	2010	2011	2012	2013
OPENING CASH BALANCE	850,096	1,409,524	2,016,134	2,674,208	3,387,247	4,157,974
SOURCES						
CAPITAL PARTICIPATION FEES	383,875	395,391	407,253	419,470	432,054	445,016
INVESTMENT INCOME	51,006	84,571	120,968	160,452	203,235	249,478
NEW MONEY						0
DEBT SERVICE REVENUE	139,997	142,797	145,653	148,566	151,538	154,568
TOTAL SOURCES	574,878	622,760	673,874	728,489	786,827	849,063
USES						
CAPITAL EXPENDITURES	0	0	0	0	0	3,783,850
NEW DEBT SERVICE - I=8% , N=20	0	0	0	0	0	0
CURRENT DEBT SERVICE	15,450	16,150	15,800	15,450	16,100	15,700
SUPLEMENTAL WATER CAPITAL COSTS	0	0	0	0	0	0
TOTAL USES	15,450	16,150	15,800	15,450	16,100	3,799,550
NET SOURCES AND USES	559,428	606,610	658,074	713,039	770,727	(2,950,487)
ENDING BALANCE	1,409,524	2,016,134	2,674,208	3,387,247	4,157,974	1,207,487

WATER CASH FLOW	12	13	14	15	16	17
FISCAL YEAR ENDING JUNE 30	2014	2015	2016	2017	2018	2019
OPENING CASH BALANCE	1,207,487	1,880,662	1,964,182	2,716,893	3,532,086	4,415,063
SOURCES						
CAPITAL PARTICIPATION FEES	458,366	472,117	486,281	500,869	515,895	531,372
INVESTMENT INCOME	72,449	112,840	117,851	163,014	211,925	264,904
NEW MONEY						
DEBT SERVICE REVENUE	157,660	160,813	164,029	167,310	170,656	174,069
TOTAL SOURCES	688,475	745,770	768,161	831,193	898,477	970,345
USES						
CAPITAL EXPENDITURES	0	646,350	0	0	0	0
NEW DEBT SERVICE - I=8% , N=20	0	0	0	0	0	0
CURRENT DEBT SERVICE	15,300	15,900	15,450	16,000	15,500	15,000
SUPLEMENTAL WATER CAPITAL COSTS	0	0	0	0	0	0
TOTAL USES	15,300	662,250	15,450	16,000	15,500	15,000
NET SOURCES AND USES	673,175	83,520	752,711	815,193	882,977	955,345
ENDING BALANCE	1,880,662	1,964,182	2,716,893	3,532,086	4,415,063	5,370,408

WATER CASH FLOW	18	19	20	TOTALS
FISCAL YEAR ENDING JUNE 30	2020	2021	2022	
OPENING CASH BALANCE	5,370,408	(537,244)	159,406	2,518,618
SOURCES				
CAPITAL PARTICIPATION FEES	547,313	563,733	580,645	
INVESTMENT INCOME	322,224	(32,235)	9,564	2,228,175
NEW MONEY				0
DEBT SERVICE REVENUE	177,551	181,102	184,724	3,080,906
TOTAL SOURCES	1,047,088	712,600	774,933	14,206,766
USES				
CAPITAL EXPENDITURES	6,939,240	0	0	15,492,370
NEW DEBT SERVICE - I=8% , N=20	0	0	0	0
CURRENT DEBT SERVICE	15,500	15,950	15,350	314,025
SUPLEMENTAL WATER CAPITAL COSTS	0	0	0	0
TOTAL USES	6,954,740	15,950	15,350	15,806,395
NET SOURCES AND USES	(5,907,652)	696,650	759,583	(1,599,629)
ENDING BALANCE	(537,244)	159,406	918,989	918,989

WASTEWATER		1	2	3	4	5
FISCAL YEAR ENDING JUNE 30	TOTAL	2003	2004	2005	2006	2007
IMPROVEMENTS						
TEFT STREET LIFT STATION	$ 150,000	$ 150,000				
MONTECITO VERDE II LINE	$ 801,000	$ 801,000				
SUB-TOTAL CORRECTIVE	951,000	951,000	0	0	0	0
FUTURE IMPROVEMENTS - 2010						
15 INCH TRUNK LINE	$ 738,000.00		$ 738,000			
TRUNK LINE UPGRADES	$ 774,000.00		$ 774,000			
NORTH FRONTAGE RD. PUMP STATION	$ 250,000.00					
GARDENIA LIFT STATION	$ 75,000.00				$ 75,000	
AMADO ST. LIFT STATION	$ 110,000.00					
GRAVITY COLLECTORS	$ 1,122,000.00					
SUB-TOTAL	3,069,000	0	1,512,000	0	75,000	0
TOTAL UNADJUSTED COSTS	4,020,000	951,000	1,512,000	0	75,000	0
INFLATED TOTAL		979,530	1,602,720	0	84,000	0

WASTEWATER	6	7	8	9	10	11
FISCAL YEAR ENDING JUNE 30	2008	2009	2010	2011	2012	2013
IMPROVEMENTS						
TEFT STREET LIFT STATION						
MONTECITO VERDE II LINE						
SUB-TOTAL CORRECTIVE	0	0	0	0	0	0
FUTURE IMPROVEMENTS - 2010						
15 INCH TRUNK LINE						
TRUNK LINE UPGRADES						
NORTH FRONTAGE RD. PUMP STATION					$ 250,000	
GARDENIA LIFT STATION						
AMADO ST. LIFT STATION						
GRAVITY COLLECTORS			$ 1,122,000			
SUB-TOTAL	0	0	1,122,000	0	250,000	0
TOTAL UNADJUSTED COSTS	0	0	1,122,000	0	250,000	0
INFLATED TOTAL	0	0	1,391,280	0	325,000	0

WASTEWATER	12	13	14	15	16	17
FISCAL YEAR ENDING JUNE 30	2014	2015	2016	2017	2018	2019
IMPROVEMENTS						
TEFT STREET LIFT STATION						
MONTECITO VERDE II LINE						
SUB-TOTAL CORRECTIVE	0	0	0	0	0	0
FUTURE IMPROVEMENTS - 2010						
15 INCH TRUNK LINE						
TRUNK LINE UPGRADES						
NORTH FRONTAGE RD. PUMP STATION						
GARDENIA LIFT STATION						
AMADO ST. LIFT STATION	$ 110,000					
GRAVITY COLLECTORS						
SUB-TOTAL	110,000	0	0	0	0	0
TOTAL UNADJUSTED COSTS	110,000	0	0	0	0	0
INFLATED TOTAL	149,600	0	0	0	0	0

WASTEWATER	18	19	20	
FISCAL YEAR ENDING JUNE 30	2020	2021	2022	TOTAL
				0
IMPROVEMENTS				0
TEFT STREET LIFT STATION				150000
MONTECITO VERDE II LINE				801000
SUB-TOTAL CORRECTIVE	0	0	0	951,000
				0
				0
FUTURE IMPROVEMENTS - 2010				0
				0
15 INCH TRUNK LINE				738000
TRUNK LINE UPGRADES				
NORTH FRONTAGE RD. PUMP STATION				
GARDENIA LIFT STATION				75000
AMADO ST. LIFT STATION				110000
GRAVITY COLLECTORS				1122000
				0
SUB-TOTAL	0	0	0	3,069,000
TOTAL UNADJUSTED COSTS	0	0	0	4,020,000
INFLATED TOTAL	0	0	0	4,532,130

CAPITAL PARTICIPATION FEE CALCULATION						
CURRENT SEWER FLOWS - AVG GPD						
NUMBER OF DUE'S						
PEAK GPD PER DUE						
FLOWS AT BUILDOUT						
ESTIMATED DUE'S AT BUILDOUT						
DUE'S RELATED TO NEW DEVELOPMENT						
LESS PRE-PAID DUE'S (VOLUNTEER)						
NET NEW DUE'S						
TOTAL UNADJUSTED COSTS						
LESS SYSTEM CORRECTIONS						
NET CAPITAL PARTICIPATION REQUIREMENT						
TREATMENT PLANT FEE						
SEWER CAPITAL PARTICIPATION CHARGE						
TOTAL CAPITAL PARTICIPATION FEE						

CAPITAL PARTICIPATION FEE CALCULATION						
CURRENT SEWER FLOWS - AVG GPD						
NUMBER OF DUE'S						
PEAK GPD PER DUE						
FLOWS AT BUILDOUT						
ESTIMATED DUE'S AT BUILDOUT						
DUE'S RELATED TO NEW DEVELOPMENT						
LESS PRE-PAID DUE'S (VOLUNTEER)						
NET NEW DUE'S						
TOTAL UNADJUSTED COSTS						
LESS SYSTEM CORRECTIONS						
NET CAPITAL PARTICIPATION REQUIREMENT						
TREATMENT PLANT FEE						
SEWER CAPITAL PARTICIPATION CHARGE						
TOTAL CAPITAL PARTICIPATION FEE						

CAPITAL PARTICIPATION FEE CALCULATION				
CURRENT SEWER FLOWS - AVG GPD				
NUMBER OF DUE'S				
PEAK GPD PER DUE				
FLOWS AT BUILDOUT				
ESTIMATED DUE'S AT BUILDOUT				
DUE'S RELATED TO NEW DEVELOPMENT				
LESS PRE-PAID DUE'S (VOLUNTEER)				
NET NEW DUE'S				
TOTAL UNADJUSTED COSTS				
LESS SYSTEM CORRECTIONS				
NET CAPITAL PARTICIPATION REQUIREMENT				
TREATMENT PLANT FEE				
SEWER CAPITAL PARTICIPATION CHARGE				
TOTAL CAPITAL PARTICIPATION FEE				

WASTEWATER CASH FLOW

		1	2	3	4	5
FISCAL YEAR ENDING JUNE 30		2003	2004	2005	2006	2007
OPENING CASH BALANCE	0	3,918,207	3,327,219	2,085,255	2,379,549	2,615,960
SOURCES	0					
NEW MONEY	0					
INVESTMENT INCOME	0	235,092	199,633	125,115	142,773	156,958
CAPITAL PARTICIPATION CHARGES	0	153,450	161,123	169,179	177,638	186,519
TOTAL SOURCES	0	388,542	360,756	294,294	320,410	343,477
USES						
CAPITAL EXPENDITURES	0	979,530	1,602,720	0	84,000	0
DEBT SERVICE	0					
TOTAL USES	0	979,530	1,602,720	0	84,000	0
NET SOURCES AND USES	0	(590,988)	(1,241,964)	294,294	236,410	343,477
ENDING CASH BALANCE	0	3,327,219	2,085,255	2,379,549	2,615,960	2,959,437

WASTEWATER CASH FLOW

	6	7	8	9	10	11
FISCAL YEAR ENDING JUNE 30	2008	2009	2010	2011	2012	2013
OPENING CASH BALANCE	2,959,437	3,332,848	3,738,457	2,787,404	3,181,363	3,285,297
SOURCES						
NEW MONEY						
INVESTMENT INCOME	177,566	199,971	224,307	167,244	190,882	197,118
CAPITAL PARTICIPATION CHARGES	195,845	205,638	215,920	226,716	238,051	249,954
TOTAL SOURCES	373,412	405,609	440,227	393,960	428,933	447,072
USES						
CAPITAL EXPENDITURES	0	0	1,391,280	0	325,000	0
DEBT SERVICE						
TOTAL USES	0	0	1,391,280	0	325,000	0
NET SOURCES AND USES	373,412	405,609	(951,053)	393,960	103,933	447,072
ENDING CASH BALANCE	3,332,848	3,738,457	2,787,404	3,181,363	3,285,297	3,732,368

WASTEWATER CASH FLOW

	12	13	14	15	16	17
FISCAL YEAR ENDING JUNE 30	2014	2015	2016	2017	2018	2019
OPENING CASH BALANCE	3,732,368	4,069,162	4,588,886	5,153,572	5,766,607	6,431,614
SOURCES						
NEW MONEY						
INVESTMENT INCOME	223,942	244,150	275,333	309,214	345,996	385,897
CAPITAL PARTICIPATION CHARGES	262,452	275,574	289,353	303,821	319,012	334,962
TOTAL SOURCES	486,394	519,724	564,686	613,035	665,008	720,859
USES						
CAPITAL EXPENDITURES	149,600	0	0	0	0	0
DEBT SERVICE						
TOTAL USES	149,600	0	0	0	0	0
NET SOURCES AND USES	336,794	519,724	564,686	613,035	665,008	720,859
ENDING CASH BALANCE	4,069,162	4,588,886	5,153,572	5,766,607	6,431,614	7,152,473

WASTEWATER CASH FLOW

	18	19	20	
FISCAL YEAR ENDING JUNE 30	2020	2021	2022	TOTALS
OPENING CASH BALANCE	7,152,473	7,933,332	8,778,628	3,918,207
SOURCES				
NEW MONEY				
INVESTMENT INCOME	429,148	476,000	526,718	5,233,058
CAPITAL PARTICIPATION CHARGES	351,710	369,296	387,761	5,073,971
TOTAL SOURCES	780,859	845,296	914,478	10,307,029
USES				
CAPITAL EXPENDITURES	0	0	0	4,532,130
DEBT SERVICE				0
TOTAL USES	0	0	0	4,532,130
NET SOURCES AND USES	780,859	845,296	914,478	5,774,899
ENDING CASH BALANCE	7,933,332	8,778,628	9,693,106	9,693,106