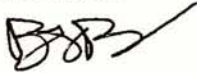


TO: BOARD OF DIRECTORS

FROM: BRUCE BUEL 

DATE: SEPT. 21, 2007

AGENDA ITEM

D-7

SEPT. 26, 2007

ACCEPT BLACKLAKE SEWER FUND FINANCIAL PLAN

ITEM

Accept Blacklake Sewer Fund Financial Plan; propose user fees; and authorize 45 day notice for public hearings pursuant to California Constitution Article XIIIID [RECOMMEND ADOPTION].

BACKGROUND

Attached is Bob Reed's revised Draft Blacklake Sewer Financial Plan including the minor edits ordered by the Board at the August review. As set forth in the draft, Mr. Reed is proposing a 50% user fee increase effective April 2008; another 8% user fee increase effective January 2009; and a 3% user fee increase effective January 2010. Thus, the typical single family customer's bi-monthly bill would increase from \$77.55 in 2007 to \$115.96 after April 1, 2008; to \$125.24 in January 2009; and \$128.99 in January 2010. It should be noted that these increases replace the previous 4% increases ordered by the Board (\$80.65 every two months effective 7/1/08 and \$83.87 every two months effective 7/1/09). The largest component of both the User Fee increase is the projected cost of providing the collection, treatment and disposal services required to comply with our discharge order. This Draft assumes that the District will continue to use a flat fee user charge for this period and research the feasibility of converting to a commodity based user charge when rates are next considered.

Mr. Reed is also proposing that NCSD collect a Surcharge of \$13.46 every two months for ten years to repay the \$200,000 loan issued by the Board to fund the replacement of the Pond #3 liner for those customers who choose not to repay their \$356 loan obligation up front.

Should your Honorable Board accept the report at this meeting, staff would publish the 45-Day notice in late November and schedule the approval hearing at the January 23, 2008 Board Meeting. Staff recommends January to avoid the holiday season and to allow for the other rate studies to progress.

RECOMMENDATION

Staff recommends that your Honorable Board accept the Draft Plan; propose the User Fees and Surcharges set forth in the Plan; and authorize publication of the 45-Day notice for an approval hearing to be held on January 23, 2008.

ATTACHMENTS

- Draft Blacklake Sewer Fund Financial Plan

T:\BOARD MATTERS\BOARD MEETINGS\BOARD LETTER\BOARD LETTER 2007\Reed BL Sewer Rate Notice.DOC

Nipomo Community Services District

BLACKLAKE SEWER SYSTEM

FINANCIAL PLAN AND

USER RATES

FINAL REPORT

August 24, 2007



THE REED GROUP, INC.

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I. Executive Summary

Introduction

In 2005, The Reed Group, Inc. assisted the Nipomo Community Services District with the development of five-year financial plans for the District's water and sewer utilities. In the spring of 2007 the Nipomo Community Services District retained The Reed Group, Inc. to update financial plans and water and sewer rate recommendations for the District's Town and Blacklake Divisions. This report presents a financial plan and sewer rate recommendations for the Blacklake Division. Financial plans and water/sewer rate recommendations for the District's other water and sewer systems are presented in separate reports.

The District owns, operates, and maintains a sewer collection, treatment, and disposal system for the Blacklake development. The sewer rates paid by customers of the sewer system are generally intended to cover the costs of the sewer system. The District's Town and Blacklake sewer systems are operated as independent systems.

The remainder of this Executive Summary presents primary findings and recommendations related to the (1) Blacklake sewer system financial plan, and (2) sewer rates for the system. Section II provides details on the financial plan. Section III presents sewer rate calculations.

Blacklake Sewer System Financial Plan

The financial plan for the Blacklake sewer system was developed to cover a five-year planning period from FY 07-08 through FY 11-12. The financial plan includes estimated operating and maintenance costs, anticipated debt service obligations, and capital program needs.

The financial plan model was used to identify annual sewer rate revenue requirements for each year of the planning period. The revenue requirement is the amount needed to cover operating costs, debt obligations, and capital program needs with consideration of other revenues and financial reserves. Annual rate increases are based on the estimates of current and future costs provided by the District. Analyses sought to develop a financial strategy that would help to minimize the magnitude of annual sewer rate increases, while still meeting financial obligations.

The financial plan model is intended to serve a planning and management tool to assist the District in evaluating the current and future needs of the sewer utility. Underlying assumptions, financial objectives, and the proposed financial strategies are described in Section II of this report. Significant findings and recommendations resulting from the financial planning efforts are presented below.

- Planned expenditures and capital program transfers exceed current revenues, which will result in a negative Operating Fund balance in FY 07-08 unless sewer rates are increased significantly.
- The beginning-of-year (FY 07-08) Operating Fund balance is about \$52,000 with a target Operating Reserve of \$54,000. Therefore, the Blacklake Sewer Operating Fund is slightly below the minimum target level.

- The District annually transfers an amount equal to depreciation into the Funded Replacement Fund. However, the Funded Replacement Fund is beginning FY 07-08 with a negative balance and will have inadequate cash for planned replacement and upgrade projects for the five-year planning period with current funding practices. Increased transfers and/or supplemental funding will be required to undertake planned sewer system improvements.
- The District previously adopted Blacklake sewer rate increases for January 2008 and January 2009 of 4 percent each year. However a significant and immediate increase in the sewer rate will be required to meet financial obligations and to maintain a positive Operating Fund balance. Rate recommendations presented in this report would supersede previously approved sewer rates.

The proposed financial strategy for the Blacklake sewer system includes:

- The Blacklake Sewer Funded Replacement Fund should obtain a \$200,000 loan from the Town Sewer Funded Replacement Fund in order to provide the money needed to undertake planned capital improvement projects. The loan should be repaid, with interest, over a five-year period.
- As directed by the Board of Directors, the loan should be repaid through a special surcharge to be applied to each customer's utility bill. Customers should be allowed to prepay the amount owed (thereby avoiding interest costs), or repay the loan over a 5-year period.
- The annual transfer from the Operating Fund to the Funded Replacement Fund should be increased to \$40,000 in FY 07-08 and then to \$100,000 for the remainder of the planning period to provide additional money needed to undertake planned capital improvement projects as scheduled.
- Planned capital improvements including liner replacements, lift station rehabilitation, and sewer main replacement total more than \$450,000 over the next five years.
- Sewer rates for the Blacklake sewer system should be increased as shown below. The rate increases are relative to the current sewer rates, and would supersede the previously approved rate increases for 2008 and 2009.

April 2008	50%
January 2009	8%
January 2010	3%
January 2011	3%
January 2012	3%

- Even with the proposed sewer rate increases the Blacklake Sewer Operating Fund would be below the target minimum operating reserve until FY 10-11.

Proposed Sewer Rate Schedules and Loan Surcharge

This study included developing specific sewer rate recommendations for the next three years. Proposed sewer rate schedules covering the three-year period are presented in **Exhibit I-1** for the Blacklake sewer system. Proposed rates are intended to generate the revenues reflected in the financial plan.

Exhibit I-1
Nipomo Community Services District
Current and Proposed Blacklake Division Sewer Rates

	Current (1)	April 2008	Jan. 2009	Jan. 2010
Bi-Monthly Residential Service Charges (2)				
Single Family	\$ 77.55	\$ 115.96	\$ 125.24	\$ 128.99
Multi-Family	\$ 41.56	\$ 62.83	\$ 67.86	\$ 69.89
Bi-Monthly Non-Residential Service Charges (3)				
Up to 1"	\$ 35.44	\$ 52.53	\$ 56.73	\$ 58.43
1 1/2"	\$ 101.93	\$ 151.56	\$ 163.68	\$ 168.59
2"	\$ 161.87	\$ 240.68	\$ 259.94	\$ 267.73
3"	\$ 301.82	\$ 448.64	\$ 484.53	\$ 499.06
4"	\$ 501.70	\$ 745.72	\$ 805.38	\$ 829.54
6"	\$ 1,000.96	\$ 1,488.42	\$ 1,607.49	\$ 1,655.72
8"	\$ 1,600.31	\$ 2,379.66	\$ 2,570.04	\$ 2,647.14
Non-Residential Usage Rates (\$/HCF)				
Low Strength	\$ 1.49	\$ 2.56	\$ 2.76	\$ 2.85
Medium Strength	\$ 2.03	\$ 3.48	\$ 3.76	\$ 3.87
High Strength	\$ 3.24	\$ 5.55	\$ 5.99	\$ 6.17

Notes:

- (1) Effective January 1, 2007 as adopted with Ordinance 2005-103.
(2) Per dwelling unit.
(3) Non-residential includes commercial.

In addition, the District should adopt the Blacklake sewer loan surcharges shown in **Exhibit I-2**. In order to adequately fund the Blacklake sewer capital improvement plan, a \$200,000 loan is proposed from the Town sewer system to the Blacklake sewer system. The loan would be repaid through bi-monthly loan surcharges applied to customer's utility bills for a five year period. The loan would be fully repaid with interest at 5.0 percent. Customers should be given the opportunity to prepay their share of the loan, as shown in Exhibit I-2, and thereby avoid interest costs and the bi-monthly surcharge. Prepayments would effectively reduce the amount of the loan from the Town sewer fund.

**Exhibit I-2
Nipomo Community Services District
Blacklake Sewer Loan Surcharge**

Lump Sum Prepayment		
Residential Accounts (per DU)		
Single Family	\$	356
Multi-Family	\$	356
Non-Residential Accounts		
1" meter	\$	356
1 1/2" meter	\$	1,068
2" meter	\$	1,709
Bi-Monthly Loan Surcharge		
Residential Accounts (per DU)		
Single Family	\$	13.46
Multi-Family (per DU)	\$	13.46
Non-Residential Accounts		
1" meter	\$	13.46
1 1/2" meter	\$	40.38
2" meter	\$	64.61

Customer Bills Impacts of Proposed Rates

The specific change to rate components in April 2008 reflect the cost of service analysis performed in developing the rates. As a result, the percentage change to individual rates varies based on the demand characteristics of each customer class. The table below summarizes the proposed changes in single family and multi-family sewer rates over the next three years. Non-residential sewer bill changes will depend on each customers meter size and water usage.

	<u>Amount *</u>	<u>\$ Change</u>	<u>% Change</u>
Single Family			
Current	\$77.55		
April 2008	\$115.96	\$38.41	50%
Jan. 2009	\$125.24	\$9.28	8%
Jan. 2010	\$128.99	\$3.76	3%
Multi-Family			
Current	\$41.56		
April 2008	\$62.83	\$21.27	51%
Jan. 2009	\$67.86	\$5.03	8%
Jan. 2010	\$69.89	\$2.04	3%

* Excludes bi-monthly loan surcharge of \$13.46, which may begin in July 2008.

II. Five-Year Financial Plan

This section of the report describes the Blacklake sewer system five-year financial plan prepared for the Nipomo Community Services District. This section includes a description of fund and reserve structures and cash flows, financial plan assumptions including the capital improvement program and financing assumptions for capital projects, and a summary of the financial plan. Detailed exhibits of Blacklake sewer system financial plan model are included in **Appendix A**, at the end of this report.

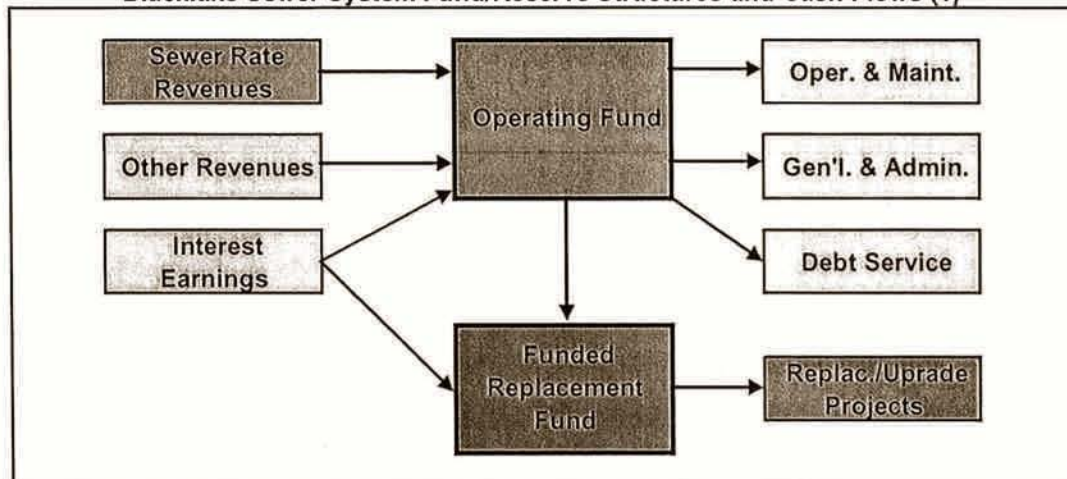
The financial plan is used to determine annual sewer rate revenue requirements. The annual rate revenue requirement is the amount of revenue needed from user rates to cover planned operating, maintenance, debt service, and capital program costs with consideration of other revenues, as well as financial reserves.

Fund and Reserve Structures and Cash Flows

The financial plan is an annual cash flow model. As a cash flow model, it differs from standard accounting income statements and balance sheets. The financial plan models sources and uses of funds into, out of, and between the various funds and reserves of the sewer utility.

The financial plan model is based on the fund, reserve, and account structures currently used by the District. **Exhibit II-1** is a schematic diagram of the funds/reserves and major cash flows associated with the financial plan model. Unlike the Town Sewer System, the Blacklake System does not include a Capital Improvement Fund, or capacity charge revenues, since there is no new development within Blacklake.

Exhibit II-1
Nipomo Community Services District
Blacklake Sewer System Fund/Reserve Structures and Cash Flows (1)



An understanding of the fund/reserve structure is helpful in understanding the financial plan worksheets that model annual cash flows through the sewer utility from one year to the next. The fund/reserve structure is comprised of:

- **Operating Fund** – The Operating Fund is the primary fund within the sewer utility. Most of the sewer system’s revenues, including rate revenues, flow into the Operating Fund and all operating and maintenance costs, including capital outlay items and debt service payments, are paid out of this fund. Funds are also transferred from the Operating Fund to the Funded Replacement Fund to fund capital projects intended to rehabilitate and upgrade facilities.
 - **Operating Reserve** – The District currently has a policy goal to maintain Operating Reserves within the Operating Fund equal to 25 percent of annual operating and maintenance costs for the water system. The purpose of the Operating Reserve is to provide working capital and funds for unplanned operating and maintenance expenditures. The balance in the sewer system Operating Fund is currently slightly below the minimum target Operating Reserve.
 - **Uncommitted Fund Balance** – The balance in the Operating Fund in excess of the target amount for the Operating Reserve is shown in the financial plan exhibits (see Appendix A) as Uncommitted Fund Balance. After all other obligations are met the Uncommitted Fund Balance is available to offset rate increases, and the financial plan model attempts to reduce any Uncommitted Fund Balance. A negative amount shown for the Uncommitted Fund Balance indicates the amount by which the Operating Fund is below the target operating reserve.
- **Funded Replacement Fund** – The Funded Replacement Fund is used to account for capital projects intended to rehabilitate or upgrade the Blacklake sewer system. The primary source of money for the Funded Replacement Fund is a transfer from the Operating Fund. The District currently transfers an amount equal to annual depreciation into the Funded Replacement Fund. At present, the Funded Replacement Fund for the Blacklake sewer system has a negative balance.

Financial Plan Assumptions

The financial plan was created to reflect the proposed FY 07-08 budget and financial condition as of the beginning of the fiscal year. The financial plan also reflects planned capital improvement program expenditures, as identified by staff for the five-year planning period.

The process used to develop the financial plan involved estimating future revenues and expenditures based on growth projections, inflation and interest rates, anticipated capital improvement needs, and other information. The data and assumptions used in developing the financial plans were reviewed by staff. It is important to recognize that the District does not have formal estimates of future operating and maintenance costs, and capital improvement needs are defined at a planning level. The financial plan is based on the best available information and assumptions are believed to be reasonable; however, no assurance can be provided as to the accuracy and completeness of the estimates.

Basic Assumptions

Exhibit II-2 summarizes the basic assumptions reflected in the financial plan model, as described below.

Exhibit II-2
Nipomo Community Services District
Summary of Financial Plan Assumptions

Interest Earnings	4.5%					
General Inflation Rate	3.0%					
Operating Reserve - Sewer	25% of operating expenditures					
Customer Growth Rate Blacklake Division	0.0% per year					
	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
No. of Accounts						
Blacklake - Sewer	558	558	558	558	558	558
No. of Equiv. Customers	562	562	562	562	562	562
Sewer Loan From Town (Fund 810) to Blacklake (Fund 830) Funded Replacement Funds (FY 07-08)						
Amount of Loan	\$ 200,000					
Interest Rate	5.0%			Blacklake Sewer Loan Surcharge		
Term	5 years			\$ 356	Lump Sum Payment	
Bi-Monthly Payment	\$ 7,562			\$ 13.46	Bi-Monthly Surcharge	

- *Inflation Rates* – Operating costs are inflated largely based on a factor for general inflation. An annual inflation rate of 3.0 percent was used for operational costs.
- *Interest Rates* – The District earns interest on its fund and reserve balances. Most of the District’s available cash is invested in the Local Agency Investment Fund (LAIF). An annual return on fund and reserve balances is assumed to be 4.5 percent per year estimated on the beginning-of-year balances. The current interest earnings on funds deposited with LAIF is about 5.2 percent, however, the 4.5 percent assumption is more consistent with long-term averages. The assumption reflected herein is therefore somewhat conservative.
- *Growth Projections* – Because the Blacklake subdivision is essentially built out the financial plan and rate analysis assume no new growth or service connections to the Blacklake sewer system.
- *Customer Account and Water Use Data* – In developing the financial plan model, detailed customer account and water use data were obtained for the period from June 2006 through May 2007. Additional information on the current number and type of customers is provided in Section III of this report. Winter water use data is used to determine residential sewer rates. Non-residential sewer rates are based on bi-monthly water use.

Operating and Maintenance Costs

Annual operating and maintenance costs are based on the proposed FY 07-08 budget. In addition, the financial plan assumes the addition of a Maintenance Worker and a Utility Worker to the District in FY 08-09 (with a portion of costs allocated to the Blacklake sewer system). Future loan repayment obligations associated with the loan from the Town sewer system are included in future operating and maintenance costs.

Capital Improvement Program

At present, the District is nearing completion of a 20-year sewer system master plan for the both the Town and Blacklake sewer systems. For purposes of this study, District staff prepared a five-year capital improvement plan for the Blacklake sewer system. Financial plan exhibits contained in Appendix A list each project, estimated cost, and year of construction. All capital improvement projects of the Blacklake sewer system costs are funded from the Funded Replacement Fund.

The District plans to replace the liner for one of three wastewater treatment ponds during FY 07-08. The cost of this project is estimated to be about \$150,000. Because of this cost, the negative balance in the Funded Replacement Fund, and other planned projects, the District plans for the Town sewer system Funded Replacement Fund to make a \$200,000 loan to the Blacklake sewer system Funded Replacement Fund. The loan is assumed to be repaid over a five-year period, including interest at 5.0 percent through a surcharge to be applied to customer's utility bills. In order to undertake future capital improvement projects, as planned and scheduled, it will be necessary to increase the annual transfer from the Operating Fund to the Funded Replacement Fund to \$40,000 in FY 07-08 and to \$100,000 per year for the rest of the planning period.

Financial Plan Findings and Conclusions

The preceding portion of this section described the basic framework and assumptions underlying financial analyses. Specific findings and conclusions pertaining to the Blacklake sewer system is presented below, beginning with a description of the current situation.

Currently the Blacklake sewer system has:

- Budgeted expenditures and transfers that exceed current revenues, which results in a declining Operating Fund balance. As of the end of FY 06-07 the Operating Fund was slightly less than the minimum operating reserve target level. Without a significant rate increase, the Operating Fund could have a negative fund balance by the end of FY 07-08.
- The Blacklake sewer Funded Replacement Fund has a negative balance, and the District can only undertake planned capital improvements with an inter-agency loan.

Sewer rates and other Operating Fund revenues should normally cover all operating and maintenance costs, plus providing ongoing support for capital replacement and upgrade needs through annual transfers to the Funded Replacement Fund. Current sewer rates and other revenues do not meet this requirement. A significant rate increase is needed immediately to correct the poor financial condition of the Blacklake sewer system. Subsequent rate increases are required to sustain revenues at the level of costs and to maintain prudent financial reserves, consistent with current District policies.

The proposed overall average annual rate increases needed to meet estimated financial obligations of the Blacklake sewer system are shown below.

	<u>Overall Average Rate Increase</u>
April 2008	50%
January 2009	8%
January 2010	3%
January 2011	3%
January 2012	3%

At present, Blacklake sewer rates generate about \$247,000 annually. With the requirements for ongoing operations and maintenance, as well as the requirements of the planned capital improvement plan (including loan repayment), annual costs will exceed \$400,000 per year. The Blacklake sewer system can not sustain current operations and prudent capital improvements without the recommended rate increases.

The loan from the Town Funded Replacement Fund to the Blacklake Funded Replacement Fund of \$200,000 should be repaid through a surcharge applied to Blacklake customer's utility bills. The surcharge is calculated in the next section of this report. In order to avoid the surcharge, as well as the interest costs associated with the loan, Blacklake customers should be provided the opportunity to prepay their portion of the loan amount. This would effectively reduce the loan amount from the Town sewer system, and prepayments would be added directly to the Blacklake Funded Replacement Fund for capital project purposes.

III. Sewer Rates

This section of the report describes proposed sewer rates for the Blacklake Division of the Nipomo Community Services District. A three-year rate plan is presented. This section also includes information on the current sewer rates, customer account data, and the impact of proposed rates on typical sewer bills.

Current Sewer Rates

The current sewer rates of the Blacklake sewer system are summarized below in **Exhibit III-1**. Residential sewer customers are charged a flat amount for sewer service based on the number of dwelling units. Commercial sewer customers are charged a fixed bi-monthly service charge based on the size of the water meter and a commodity charge based on water use and strength classification. There are only 2 non-residential sewer customers in Blacklake.

**Exhibit III-1
Nipomo Community Services District
Current Blacklake Division Sewer Rates (1)**

Blacklake Division	
<i>Bi-Monthly Residential Service Charges (2)</i>	
Single Family	\$ 77.55
Multi-Family	\$ 41.56
<i>Bi-Monthly Non-Residential Service Charges (3)</i>	
Up to 1"	\$ 35.44
1 1/2"	\$ 101.93
2"	\$ 161.87
3"	\$ 301.82
4"	\$ 501.70
6"	\$ 1,000.96
8"	\$ 1,600.31
<i>Non-Residential Usage Rates (\$/HCF)</i>	
Low Strength	\$ 1.49
Medium Strength	\$ 2.03
High Strength	\$ 3.24

Notes:

- (1) Effective January 1, 2007 as adopted with Ordinance 2005-103.
- (2) Per dwelling unit.
- (3) Non-residential includes commercial.

Sewer Rate Calculations

The calculation of sewer rates is both similar and different to water rate calculations. Sewer rate calculations are similar to water rates in that it involves a three-step process. First, the annual sewer rate revenue requirement must be determined. The sewer rate revenue requirement is that amount of revenues to be generated annually to meet operating and capital program needs with consideration of other sewer system revenues and reserves. Annual sewer rate revenue requirements were determined using the five-year financial plan model described in Section II. The second step in the rate setting process is a cost of service analysis accomplished by the allocation of sewer system costs to rate components. Finally, the third step in the process is rate design and the development of sewer rate schedules.

Sewer rates differ from water rates in that costs are allocated not only on flow, but also on the strength characteristics of sewer flows, which affect the cost of treatment. The amount of biochemical oxygen demand (BOD) and suspended solids (SS) are used in addition to sewer flow to calculate sewer rates. Restaurants, for example, generate a high strength waste that is more costly to treat than waste from a retail store or office building. In developing sewer rates for the District non-residential customers have been categorized into low, medium, and high strength categories.

The Blacklake sewer system provides sewer service to 487 single family residences, 69 multi-family dwellings, and 2 commercial customers. Sewer rate calculations are intended to recover costs from each customer in proportion to the cost of providing service.

Annual Sewer Rate Revenue Requirement

The annual sewer rate revenue requirements were determined for each fiscal year of the five-year financial planning models. Because sewer rates are adjusted annually at the beginning of each calendar year, the revenue fiscal year revenue requirement must be adjusted to a calendar year revenue requirement. This rate study included developing specific rate schedules for the next three years. The current annual sewer rate revenues and calendar year annual revenue requirements for the next three years are summarized below. The 2008 rate increase is not planned to be implemented until about April 2008.

	<u>Blacklake Sewer Rate Rev. Reqmt.</u>	<u>Percent Change</u>
2007	\$247,000	
2008	\$371,000	50%
2009	\$400,000	8%
2010	\$412,000	3%

The sewer rate schedules developed for each of the next three years are intended to generate the amount of revenue listed above.

Cost of Service Analysis

Once the annual revenue requirement has been determined, sewer rates are calculated following cost of service and rate design principles. Cost of service analysis includes the allocation of costs (the revenue requirement) to the categories described below. The cost allocation was performed at the line-item level of detail in the budget.

- *Customer Costs* – Customer costs such as billing and customer service are fixed costs that tend to vary as the function of the number of customers served. Customer costs are allocated equally to all customers based on the total number of accounts, and are included in the bi-monthly service charge.
- *Capacity Costs* – Capacity costs are fixed costs associated with maintaining and rehabilitating the sewer system. These costs include maintenance costs as well as the annual transfer to the Funded Replacement Fund. Capacity costs tend to vary in relation to the total capacity of the collection system. Customers who have the ability to place a greater or lesser demand on the sewer system (as indicated by the size of the water meter) should bear a greater or lesser share of fixed capacity costs, respectively. The sewer system is sized to meet peak demands. Therefore, fixed capacity costs are allocated to sewer connections in proportion to the capacity provided by various sized meters. They are included in the service charge portion of the sewer rates.
- *Collection System Costs* – Collection system costs are variable costs associated with the operation and maintenance of the underground pipelines and lift stations prior to the treatment plant. As there are no treatment costs associated with conveying sewer flows to the treatment plant, collection system costs are assigned to each customer in relation to estimated sewer flows from each customer. Collection system costs are recovered through the commodity rate portion of the sewer rates.
- *Treatment Costs* – The costs of providing sewer treatment and disposal are considered variable costs. However, treatment costs are assigned to customers based not only on sewer flows, but also BOD and SS. For purposes of rate analyses presented herein, treatment costs are allocated 34 percent to flow, 33 percent to BOD, and 33 percent to SS.
- *Shared (Indirect) Costs* – Some cost items are not directly allocated to any of the four components identified above. Instead these costs are first allocated as shared (indirect) costs, and subsequently reallocated to each of the four components based on the percentage of costs that were directly allocated to these components.

The allocation of costs to each of the cost components occurs at the individual line-item level of detail in the District’s budget and account structure. Most costs are allocated directly to the customer, capacity, collection, or treatment components, although some are categorized as shared costs then reallocated indirectly. Using the FY 07-08 revenue requirement as the basis for cost allocations, costs were allocated as follows:

Customer Costs	3%
Capacity Costs	45%
Collection Costs	23%
Treatment Costs	<u>29%</u>
Total	100%

The allocation of costs to sewer customers is more complex than water rate allocations because the allocations are based on estimated sewer flows (rather than water usage), and because treatment costs must be allocated on multiple bases – flow, BOD, and SS. Exhibits on the following pages provide details for Blacklake sewer rate cost allocations. These include:

- Exhibits III-2 Step 1 – Identification of Users and Pollutant Levels
- Exhibits III-3 Step 2 – Determination of Unit Costs
- Exhibits III-4 Step 2A – Sewer Service Charge Calculation
- Exhibits III-5 Step 3 – Sewer Rate Calculation by Cost Component
- Exhibits III-6 Step 4 – Final Sewer Rate Determination

**Exhibit III-2
Nipomo Community Services District
Sewer Rate Calculation for the Blacklake Division
Step 1 -- Identification of Users and Pollutant Levels**

No. of Accounts	No. of Dwelling Units	User Group	FLOW:				BOD:		SS:		
			Year/Winter Water Consumption Per User Class (HCF)	Rate of Return	Adjust for Rate of Return (HCF)	Annual Capacity (MG)	Total Annual Flow (MGD)	BOD User (mg/l)	Annual Capacity (lbs)	SS Per User (mg/l)	Annual Capacity (lbs)
487 69	487 69	RESIDENTIAL:									
		Single Family	65,200	Applied	65,200	48.8	0.13	200	81,345	200	81,345
		Multi-Family	1,500	Applied	1,500	1.1	0.00	200	1,871	200	1,871
558	558	Subtotal- Residential	66,700		66,700	49.9	0.14		83,216		83,216
1 - 1		NON-RESIDENTIAL:									
		Low	24	90%	22	0.0	0.00	200	27	200	27
		Medium	1	90%	1	0.0	0.00	400	2	400	2
		High	762	90%	686	0.5	0.00	1000	4,278	700	2,995
2		Subtotal Non-Residential	787		708	0.5	0.00		4,307		3,024
558		TOTAL	67,487		67,408	50.4	0.14		87,524		86,240

**Exhibit III-3
Nipomo Community Services District
Sewer Rate Calculation for the Blacklake Division
Step 2 -- Determination of Unit Costs**

Cost Category	Parameter Allocation Percentages	Annual Cost Allocated To Each Parameter	Total Quantities	Unit Cost For Each Parameter
Fixed O,M,&R Costs (Customer and Capacity)				
Less Other Revenues				
Per Fixed Cost Billing Unit	100%	\$ 177,000	562	\$ 315.18
Variable O&M Costs for Collection (Semi-Variable & Variable)		\$85,900		
Flow (MG)	100%	\$ 85,900	50.421	\$ 1,703.64
Variable O&M Costs for Treatment (Semi-Variable & Variable)		\$108,000		
Flow (MG)	34%	\$ 36,720	50.421	\$ 728.26
BOD (LBS.)	33%	\$ 35,640	87,524	\$ 0.4072
SS (LBS.)	33%	\$ 35,640	86,240	\$ 0.4133

Exhibit III-4
Nipomo Community Services District
Sewer Rate Calculations for the Blacklake Division
Step 2A -- Sewer Service Charge Calculation

Customer Class	1" or Less	1 1/2"	2"	3"	4"	6"	8"	Total
Number of Accounts								
Single Family (DUs)	487							487
Multi-Family (DUs)	69							69
Non-Residential - Low	1							1
Non-Residential - Medium								0
Non-Residential - High			1					1
Total	557	0	1	0	0	0	0	558
Hydraulic Cap. Factor	1.0	3.0	4.8	9.0	15.0	30.0	48.0	
Number of Equivalent Meters								
Single Family (DUs)	487							487
Multi-Family (DUs)	69							69
Non-Residential - Low	1	0	0	0	0	0	0	1
Non-Residential - Medium	0	0	0	0	0	0	0	0
Non-Residential - High	0	0	5	0	0	0	0	5
Total	557	0	5	0	0	0	0	562
BI-Monthly Service Charge								
Customer Costs	\$3.02	\$3.02	\$3.02	\$3.02	\$3.02	\$3.02	\$3.02	
Capacity Costs	\$49.51	\$148.54	\$237.66	\$445.62	\$742.70	\$1,485.40	\$2,376.65	
Total Monthly	\$52.53	\$151.56	\$240.68	\$448.64	\$745.72	\$1,488.42	\$2,379.66	
Customer Equiv. Factor	1.00	2.89	4.58	8.54	14.20	28.33	45.30	
Summary of Fixed Costs								
Customer Costs	\$10,100							
Capacity Costs	\$166,900							
	\$177,000							
Number of Equivalent Customers								
Single Family (DUs)	487							487
Multi-Family (DUs)	69							69
Non-Residential - Low	1	0	0	0	0	0	0	1
Non-Residential - Medium	0	0	0	0	0	0	0	0
Non-Residential - High	0	0	5	0	0	0	0	5
Total	557	0	5	0	0	0	0	562

Exhibit III-5
Nipomo Community Services District
Sewer Rate Calculation for the Blacklake Division
Step 3 -- Sewer Rate Calculation By Cost Component

No. of Users	User Group	Fixed O,M,&R Costs		Variable O, M, & R Costs				Total Annual Revenue Required
		Number of Units	Fixed Cost	Collection System	Sewer Treatment			
				Flow	Flow	BOD	SS	
			Unit Cost = \$ 315.18 (\$/Eq. Cust.)	Unit Cost = \$ 1,703.64 (\$/MG)	Unit Cost = \$ 728.26 (\$/MG)	Unit Cost = \$0.4072 (\$/lb)	Unit Cost = \$0.4133 (\$/lb)	
487 69	RESIDENTIAL Single Family Multi-Family	487 69	\$153,493 \$21,748	\$83,086 \$1,911	\$35,517 \$817	\$33,124 \$762	\$33,617 \$773	\$338,837 \$26,012
556	Subtotal- Residential	556	\$175,241	\$84,997	\$36,334	\$33,886	\$34,390	\$364,849
1 0 1	NON-RESIDENTIAL Low Medium High	1 0 5	\$315 \$0 \$1,444	\$28 \$1 \$874	\$12 \$0 \$374	\$11 \$1 \$1,742	\$11 \$1 \$1,238	\$377 \$3 \$5,671
2	Subtotal-Non-Residential	6	\$1,759	\$903	\$386	\$1,754	\$1,250	\$6,051
558	Total	562	\$ 177,000	\$ 85,900	\$ 36,720	\$ 35,640	\$ 35,640	\$ 370,900
Check Total-->								\$ 371,000

Exhibit III-6
Nipomo Community Services District
Sewer Rate Calculation for the Blacklake Division
Step 4 -- Final Sewer Rate Determination

No. of Equiv. Cust.	User Group	Ann./Win. Water Consumption Per User Class (HCF)	Rate of Return	Adjust For Rate of Return (HCF)	BOD Per User (MG/L)	SS Per User (MG/L)	Bi-Monthly Service Charge (1" Mtr.)	Commodity Rate (\$/HCF)	Annual Fixed Fee Revenue	Annual Variable Revenue	Bi-Monthly Flat Rate per DU
487 69	RESIDENTIAL: Single Family Multi-Family	65,200 1,500	Applied Applied	65,200 1,500	200 200	200 200	\$52.53 \$52.53	\$2.84 \$2.84	\$ 153,493 \$ 21,748	\$ 185,344 \$ 4,264	\$115.96 \$62.83
556	Subtotal- Residential	66,700		66,700					\$ 175,241	\$ 189,608	
1 - 5	NON RESIDENTIAL: Low Medium High	24 1 762	90% 90% 90%	22 1 686	200 400 1000	200 400 700	\$52.53 \$52.53 \$52.53	\$2.56 \$3.48 \$5.55	\$ 315 \$ - \$ 1,444	\$ 61 \$ 3 \$ 4,227	
6	Subtotal Non-Residential	787		708					\$ 1,759	\$ 4,292	
562	TOTAL ALL USERS:	67,487		67,408					\$ 177,000	\$ 193,900	\$370,900

Sewer Rate Structure Design

The final step in the sewer rate setting process is to design sewer rates for each customer class. The proposed sewer rates include a fixed bi-monthly service charge and a commodity rate. Proposed sewer rates maintain the current basic structure, which includes fixed bi-monthly service charges for residential customers and a combination of service charge and commodity charge for non-residential customers.

Residential Sewer Rates

Residential flat rates include a fixed service charge and a commodity charge. The service charge is based on meter size up to 1", which is standard for single family customers. Multi-family customers are also assigned a service charge on a per-dwelling-unit basis. Service charges recover the fixed customer and capacity costs assigned to the residential class.

The commodity charge for single family residential customers was determined based on average water usage during the lowest-use winter months when irrigation usage is minimal. Water used during winter months is assumed to end up in the sewer system, and further assumed to produce a comparable sewer flow throughout the year. Multi-family sewer flows were estimated in the same manner – based on the average minimum winter water use on a per-dwelling-unit basis. Using these sewer flow estimates, a fixed flow rate per dwelling unit was estimated. For single family residences, the sewer flow was determined to be about 22 HCF (274 gpd/du) for the Blacklake sewer system. For multi-family residences, the sewer flow rate was determined to be about 4 HCF (46 gpd/du) for the Blacklake sewer system.

Because multi-family customers generate less sewer flow than single family customers they are charged a lesser amount for the service. Based on costs and revenue needs for FY 07-08, the proposed residential flat rates for 2008 are:

	<u>Current</u>	<u>Proposed (2008)</u>
Single Family	\$ 77.55	\$ 115.96
Multi-family (per DU)	\$ 41.56	\$ 62.83

Non-Residential Sewer Rates

Sewer rates for non-residential customers include a bi-monthly service charge based on the size of the water meter and a uniform commodity rate that varies depending on the strength category for each customer. Basing service charges on the size of the water meter enables rates to reflect the cost of providing sewer service capacity to customers in relation to the potential demand that they can place on the system.

Variable treatment and collection costs are recovered through the commodity rates. The rates vary for each strength category to reflect the added costs associated with treating BOD and SS. It is recommended that the District charge non-residential users on the basis of bi-monthly water use. Unlike residential sewer flows that are based on minimum winter water use, non-residential demands can vary based on a variety of factors that can not be easily simplified into a unit usage value. For purposes of rate analyses, 90 percent of non-residential water usage is assumed to become sewer flows.

The strength categories – low, medium, and high – are proposed for the non-residential sewer rates. Examples of types of customers that would fit into each of these categories include:

- *Low Strength* – Retail, office, beauty shop, Laundromat, car wash, schools, bar without food, storage
- *Medium Strength* – Hotel, service station, auto dealer, commercial/industrial laundry, manufacturing (various types), mixed use (e.g., retail/restaurant)
- *High Strength* – Restaurant, bar with food, grocery with food grinder or bakery, bakery, mortuary, manufacturing (various types)

Appendix B, at the end of this report, includes a compilation of data on the strength characteristics of various types of establishments. This information should be used by the District as a guideline for assigning each non-residential sewer customer to a strength category.

In determining the strength-based commodity rates all variable collection costs are allocated based on flow alone and make up an equal amount to each of the commodity rates. Treatment costs are allocated to the three strength rates based on an allocation of 34 percent to flow, 33 percent based on BOD and 33 percent based on SS. The average composite loading factors used in rate calculations are:

	<u>BOD (mg/l)</u>	<u>SS (mg/l)</u>
Residential	250	250
Low strength	250	250
Medium strength	400	400
High strength	1,000	700

Proposed Sewer Rates Schedules

Exhibit III-7 presents the proposed sewer rate schedule for 2008 through 2010 for the Blacklake sewer system. The proposed rates are intended to meet the annual revenue needs of the sewer utility, as estimated in the financial plan described in Section II. An analysis of the impact of the proposed rates on residential customers is included in the Executive Summary of this report.

Proposed Blacklake Loan Surcharge

The Blacklake sewer system has inadequate cash reserves to fully fund the planned 5-year capital improvement plan, even with the proposed sewer rate increases. To fund the capital program, a \$200,000 loan from the Town sewer system to the Blacklake sewer system has been proposed. This loan would be repaid over five years with interest at 5.0 percent. During a public workshop with the Board of Directors, it was decided that the loan should be reflected in a special surcharge added to the utility bill during the five-year repayment period. It was also suggested that some customers may prefer to prepay their proportionate share of the loan amount with a lump sum prepayment, and thereby avoid the interest costs. In effect, any lump sum payments received from customers would reduce the amount to be borrowed from the Town sewer system.

Exhibit III-8 summarizes the amount of either the lump sum prepayment or the bi-monthly loan surcharge to be placed on the utility bill for five years. It is recommended that the District notify customers of the financial needs of the capital improvement plan, and provide customers with the option of either making a lump sum payment, by a certain date, or be subject to the appropriate loan surcharge. A due date of June 30, 2008 may be convenient, with the bi-monthly loan surcharge being imposed beginning in July 2008 and continuing through June 2013.

**Exhibit III-8
Nipomo Community Services District
Blacklake Sewer Loan Surcharge**

Lump Sum Prepayment		
Residential Accounts (per DU)		
Single Family	\$	356
Multi-Family	\$	356
Non-Residential Accounts		
1" meter	\$	356
1 1/2" meter	\$	1,068
2" meter	\$	1,709
Bi-Monthly Loan Surcharge		
Residential Accounts (per DU)		
Single Family	\$	13.46
Multi-Family (per DU)	\$	13.46
Non-Residential Accounts		
1" meter	\$	13.46
1 1/2" meter	\$	40.38
2" meter	\$	64.61

Appendix A – Financial Plan Exhibits

The following exhibits summarize the Blacklake sewer system five-year financial plan developed for the District and described in Section II of this report.

Appendix A
Nipomo Community Services District
Blacklake Sewer Division Financial Plan

	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Budget	FY 08-09	FY 09-10	FY 10-11	FY 11-12
<i>Proposed CY Rate Increases --></i>			50%	8%	3%	3%	3%
BLACKLAKE SEWER OPERATING FUND (FUND 150)							
<i>Beginning Balance</i>	14,888	29,265	52,000	33,773	54,273	88,173	126,273
Revenues							
Sewer Rate Revenues	229,899	237,500	278,000	385,500	406,000	418,000	430,500
Plan Check & Insp. Fees	-	-	-	-	-	-	-
Interest Earnings	1,777	2,300	2,200	1,500	2,400	4,000	5,700
Total Revenues	231,676	239,800	280,200	387,000	408,400	422,000	436,200
Expenditures							
<i>Operations & Maintenance</i>							
Wages	30,016	32,000	44,700	56,300	58,000	59,700	61,500
Wages - Overtime	4,565	6,100	6,875	7,100	7,300	7,500	7,700
Payroll Taxes	649	600	935	1,000	1,000	1,000	1,000
Retirement	8,796	9,200	12,300	12,700	13,100	13,500	13,900
Medical and Dental	7,823	8,800	12,250	12,600	13,000	13,400	13,800
Workers Comp Insur.	2,776	2,600	3,000	3,100	3,200	3,300	3,400
Electricity - Pumping	29,152	29,000	30,000	31,200	32,500	33,800	35,200
Natural Gas - Pumping	-	-	-	-	-	-	-
Chemicals	12,188	21,000	15,000	15,600	16,200	16,900	17,600
Lab Tests and Sampling	12,648	13,000	15,000	15,600	16,200	16,900	17,600
Operating Supplies	7,497	3,000	5,000	5,200	5,400	5,600	5,800
Outside Services	2,725	1,000	2,000	2,100	2,200	2,300	2,400
Permits & Operating Fees	2,195	3,100	2,360	2,400	2,500	2,600	2,700
Repairs & Maintenance	11,427	8,000	18,000	18,500	19,100	19,700	20,300
Repairs & Maint - Vehicles	2,754	1,200	2,000	2,100	2,200	2,300	2,400
Engineering	783	-	500	500	500	500	500
Fuel	2,062	2,500	3,240	3,400	3,500	3,600	3,700
Paging and Cellular Service	465	430	560	600	600	600	600
Uniforms	344	450	590	600	600	600	600
Oper. Transfer Out - Replac.	34,000	23,000	40,000	100,000	100,000	100,000	100,000
Total Oper. & Maint.	172,865	164,980	214,310	290,600	297,100	303,800	310,700
<i>General & Administrative</i>							
Wages	9,068	10,500	14,000	14,400	14,800	15,200	15,700
Payroll Taxes	185	200	250	300	300	300	300
Retirement	2,430	2,400	4,185	4,300	4,400	4,500	4,600
Medical and Dental	1,679	1,700	2,700	2,800	2,900	3,000	3,100
Workers Comp Insur.	88	90	135	100	100	100	100
Audit	-	340	640	700	700	700	700
Computer Expense	2,614	1,600	2,560	2,600	2,700	2,800	2,900
Director Fees	1,224	1,500	1,920	2,000	2,100	2,200	2,300
Dues & Subscriptions	514	1,000	975	1,000	1,000	1,000	1,000
Education & Training	194	400	440	500	500	500	500
Elections	-	334	-	500	-	500	-
Insurance - Liability	2,427	2,500	2,680	2,800	2,900	3,000	3,100
Landscape and Janitorial	768	550	610	600	600	600	600
Legal - Gen. & Spec. Counsel	819	500	1,000	1,000	1,000	1,000	1,000
Professional Services	-	1,100	4,770	4,900	5,000	5,200	5,400
Miscellaneous	-	500	500	500	500	500	500
Newsletter and Mailers	-	-	270	300	300	300	300

Appendix A -- Continued
Nipomo Community Services District
Blacklake Sewer Division Financial Plan

	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Budget	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Office Supplies	960	1,300	1,160	1,200	1,200	1,200	1,200
Outside Services	320	350	855	900	900	900	900
Postage	1,247	1,200	2,000	2,100	2,200	2,300	2,400
Public Notices	45	-	450	500	500	500	500
Repairs & Maint. - Office Equip	134	100	320	300	300	300	300
Property Taxes	-	-	-	-	-	-	-
Telephone	644	700	780	800	800	800	800
Travel & Mileage	449	700	800	800	800	800	800
Oper. Transfer Out - Admin.	17,123	20,181	23,598	24,300	25,000	25,800	26,600
Total Gen'l & Admin.	42,932	49,745	67,598	70,200	71,500	74,000	75,600
<i>Other Expenditures</i>							
Fixed Asset Purchases	1,502	2,340	16,519	5,700	5,900	6,100	6,300
Total Other Expenditures	1,502	2,340	16,519	5,700	5,900	6,100	6,300
Total Expenditures	217,299	217,065	298,427	366,500	374,500	383,900	392,600
Ending Balance	29,265	52,000	33,773	54,273	88,173	126,273	169,873
Oper. Resrv. (50% of Expend.)	54,000	54,000	70,000	90,000	92,000	94,000	96,000
Uncommitted Fund Balance	(24,735)	(2,000)	(36,227)	(35,727)	(3,827)	32,273	73,873
BLACKLAKE SEWER FUNDED REPLACEMENT (FUND 830)							
Beginning Balance	116,837	(86,000)	(63,000)	3,750	9,450	94,100	40,800
<i>Revenues and Transfers</i>							
Interest Earnings	2,002	-	-	200	400	4,200	1,800
Loan from Fund Fund 710	-	-	200,000	-	-	-	-
Operating Transfers In	34,000	23,000	40,000	100,000	100,000	100,000	100,000
Total Revs. and Trans.	36,002	23,000	240,000	100,200	100,400	104,200	101,800
<i>Expenditures</i>							
Previous Expenditures	238,839	-	-	-	-	-	-
Liner Replacement	-	-	150,000	-	-	60,000	-
Lift Station Rehabilitation	-	-	15,000	-	15,000	-	15,000
Main Rehabilitation	-	-	-	90,000	-	90,000	-
Contingency (5%)	-	-	8,250	4,500	750	7,500	750
Total Expenditures	238,839	-	173,250	94,500	15,750	157,500	15,750
Ending Balance	(86,000)	(63,000)	3,750	9,450	94,100	40,800	126,850

Appendix B – Sewer User Strength Classifications

The following exhibit provides information on sewer strength characteristics for various types of establishments from published information. This information should be used as a guideline for establishing the appropriate sewer classification for the District's non-residential customers.

Exhibit B-1
Nipomo Community Services District
Compilation of Published Data on Sewer User Strength Classifications

User Classification Description	Proposed Strength (mg/l)			Percent of Single Family	Data Source
	BOD	SS	Weighted Average		
Strength Weighting Factor	50%	50%			
Residential Single Family	250	250	250	100%	SWRCB
LOW STRENGTH CLASSIFICATION					
Low I Strength:					
Soft Water Service	3	55	29	12%	SWRCB
Office With Public Access	80	80	80	32%	SWRCB
Car Wash	20	150	85	34%	SWRCB
Veterinarian	130	80	105	42%	Los Angeles
Business Equipment Rental	130	80	105	42%	Los Angeles
Business Services -- Other	130	80	105	42%	Los Angeles
Office (Finance, Insurance, etc.)	130	80	105	42%	Los Angeles
Office (No Public Access)	130	80	105	42%	SWRCB
Office (Medical Services)	130	80	105	42%	Los Angeles
Personal Services (Other)	130	80	105	42%	Los Angeles
Photo & Portrait Studios	130	80	105	42%	Los Angeles
Manufacturing - Textile Mill Products	115	115	115	46%	Metcalf & Eddy
Schools	130	100	115	46%	SWRCB
Low II Strength:					
Laundromat-Public	150	110	130	52%	SWRCB
Landscaping Services	150	150	150	60%	Los Angeles
Amusement & Recreation: Indoor & Out	150	150	150	60%	Los Angeles
Auto Parking	150	150	150	60%	Los Angeles
Barber Shop	150	150	150	60%	Los Angeles
Beauty Shop	150	150	150	60%	Los Angeles
Church (No Kitchen)	150	150	150	60%	Los Angeles
Community Center (No Kitchen)	150	150	150	60%	Los Angeles
Grocery Market (No Butcher or Baker)	150	150	150	60%	Los Angeles
Health Spa	150	150	150	60%	Los Angeles
Kennel	150	150	150	60%	Los Angeles
Malls/Dept. Stores (No Food Svcs)	150	150	150	60%	SWRCB
Manufacturing (Other)	150	150	150	60%	Los Angeles
Manufacturing (Apparel & Other Textiles)	150	150	150	60%	Los Angeles
Manufacturing (Furniture)	150	150	150	60%	Los Angeles
Membership Organizations	150	150	150	60%	Los Angeles
Museum/Art Gallery	150	150	150	60%	Los Angeles
Nursery/Greenhouse	150	150	150	60%	Los Angeles
Office (Construction)	150	150	150	60%	Los Angeles
Massage Parlor	150	150	150	60%	Los Angeles
Retail Apparel and Accessory Store	150	150	150	60%	Los Angeles
Retail Bldg. (Materials & Gardening)	150	150	150	60%	Los Angeles
Retail (Packaged) Food (No Sewer Disposal)	150	150	150	60%	Los Angeles
Retail Furniture & Home Furnishings	150	150	150	60%	LACSD
General Merchandise -- Retail/Wholesale	150	150	150	60%	SWRCB
Retail Trade -- Misc. (Except Food/Drink)	150	150	150	60%	SWRCB
Storage, Warehouse & Outdoor	150	150	150	60%	Los Angeles
Studio/Recording Sound Stage	150	150	150	60%	Los Angeles
Theater/Auditorium (No Food)	150	150	150	60%	Los Angeles

Exhibit B-1 -- Continued
Nipomo Community Services District
Compilation of Published Data on Sewer User Strength Classifications

User Classification Description	Proposed Strength (mg/l)			Percent of Single Family	Data Source
	BOD	SS	Weighted Average		
Low III (Residential) Strength:					
Convalescent Homes	250	100	175	70%	SWRCB
Hospital	250	100	175	70%	SWRCB
Other Health Services	250	100	175	70%	SWRCB
Transp. & Utilities (SIC 400 through 489)	200	150	175	70%	Metcalf & Eddy
Agricultural Production	150	250	200	80%	Metcalf & Eddy
Agricultural Services - Other	250	150	200	80%	Metcalf & Eddy
Bar Without Restaurant	200	200	200	80%	SWRCB
Restaurant -- Preprocessed Only	200	200	200	80%	Los Angeles
Social Services	200	200	200	80%	SWRCB
MEDIUM STRENGTH CLASSIFICATION					
Medium I Strength:					
Hotel (No Restaurant)	310	120	215	86%	SWRCB
Prison With Food Service	310	120	215	86%	Los Angeles
Auto Repair (No Steam Cleaning)	180	280	230	92%	SWRCB
Auto Service Station (No Steam Cleaning)	180	280	230	92%	SWRCB
Agricultural Services -- Animal	350	150	250	100%	Metcalf & Eddy
Auto/Vehicle Sales	300	200	250	100%	Metcalf & Eddy
Repair Services -- Misc.	250	250	250	100%	Metcalf & Eddy
Manufacturing -- Rubber/Plastic Products	200	350	275	110%	Metcalf & Eddy
Medium II Strength:					
Manufacturing -- Electric/Electronic Equipment	300	350	325	130%	Metcalf & Eddy
Manufacturing - Instruments	300	350	325	130%	Metcalf & Eddy
Manufacturing -- Fabricated Metal Products	300	350	325	130%	Metcalf & Eddy
Manufacturing -- Transport Equipment	400	250	325	130%	Metcalf & Eddy
Laundromat, Commercial	450	240	345	138%	SWRCB
Transportation -- Bus/Air Terminal	350	350	350	140%	Metcalf & Eddy
Medium III Strength:					
Malls/Shopping (Including Food Sales)	400	400	400	160%	Los Angeles
Manufacturing -- Machine Shops	290	550	420	168%	Los Angeles
Manufacturing -- Metal Industry	290	550	420	168%	Los Angeles
Manufacturing -- Lumber & Wood Products	431	431	431	172%	Los Angeles
Manufacturing -- Stone, Clay, Glass Products	200	700	450	180%	Metcalf & Eddy
Reproduction/Mailing Service	500	400	450	180%	Metcalf & Eddy
Hotel (With Restaurant)	500	600	550	220%	SWRCB
Manufacturing -- Paper/Containers	700	500	600	240%	Metcalf & Eddy
Manufacturing -- Printing & Publishing	700	500	600	240%	Metcalf & Eddy
Laundry (Industrial)	670	680	675	338%	SWRCB
HIGH STRENGTH CLASSIFICATION					
High I Strength:					
Agricultural Production - Livestock	1,200	350	775	310%	Metcalf & Eddy
Mortuary	800	800	800	320%	SWRCB
Grocery (W/Butcher or Baker)	800	800	800	320%	SWRCB
Manufacturing -- Baked Foods	1,000	600	800	320%	SWRCB
Restaurant/Bar (W/Food Preparation)	1,000	600	800	320%	SWRCB
Manufacturing -- Beverages	1,500	300	900	360%	Metcalf & Eddy
Manufacturing -- Paint	1,300	1,100	1,200	480%	Metcalf & Eddy
Manufacturing -- Other Chemical Products	1,300	1,100	1,200	480%	Metcalf & Eddy
High II Strength:					
Manufacturing -- Dairy Products	2,369	922	1,646	658%	Los Angeles
Steam Cleaning -- Auto	1,150	2,150	1,650	660%	SWRCB
Manufacturing -- Other Food Products	2,213	1,453	1,833	733%	Los Angeles
High III Strength:					
Septage	5,400	12,000	8,700	3480%	SWRCB