

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BBB*
DATE: APRIL 25, 2008

**AGENDA ITEM
E-3
APRIL 30, 2008**

BLACKLAKE WATER FUND EQUITY BUY-IN

ITEM

Adopt Final Report establishing Blacklake Water Fund equity buy-in, Adopt Resolution tentatively approving Blacklake water rate increase, and introduce ordinance merging Town and Blacklake Water Divisions [ADOPT RESOLUTION].

BACKGROUND

Your Honorable Board on April 9, 2008 reviewed options for providing water supply to Blacklake and selected Option 5 – the Director Trotter Proposal (Merger of the Blacklake Water Fund with the Town Water Fund based on the payment of an equity buy-in by Blacklake Water Customers based on a determination of the Town System Assets that provide service to Blacklake). Your Honorable Board also set this agenda item to proceed with the merger by approving a Final Report on the merger, adopting a resolution tentatively approving the proposed Blacklake water rates, and introducing an ordinance that would ultimately merge the two funds.

In regards to the Final Report, staff has prepared the attached draft Final Report for Board review. The attached draft describes the Trotter Proposal, details the equity buy-in, and states the 2008 and 2009 water rate user fees proposed for Blacklake Water Customers if the Proposition 218 protest proceeding is successful. The draft does provide for the option of Blacklake Customers to pay off the equity surcharge as a one time lump sum payment as opposed to paying a surcharge every two months for ten years.

In regards to the Resolution, District Legal Counsel has referenced the Final Report, tentatively proposed new Water Rates for Blacklake Water customers and proposes the Proposition 218 protest proceeding. Should your Honorable Board adopt the attached resolution, staff would be directed to provide notice in May such that each property owner and tenant in Blacklake would have standing to submit protests up to the close of the protest hearing to be held on Wednesday July 9, 2008. Staff would also hold an informational forum at Blacklake (likely June 21, 2008).

In regards to the Ordinance, District Legal Counsel has proposed revisions to the District Code to provide for the merger of the Blacklake Water Division with the Town Water Division to form the District Water System should the Proposition 218 protest proceeding be successful. Staff anticipates that this ordinance will be introduced at this meeting but not considered for adoption until late July.

RECOMMENDATION

Staff recommends that your Honorable Board:

1. Edit and then adopt the attached Final Report;
2. Edit and then adopt the attached resolution;
3. Receive the introduction version of draft ordinance and set consideration for adoption at the July 23, 2008 Board Meeting if there is not a majority protest at the July 9, 2008 Board Meeting.

ATTACHMENTS

- Draft Final Report
- Draft Resolution
- Draft Ordinance

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**BLACKLAKE WATER FUND MERGER WITH TOWN WATER FUND
FINANCIAL PLAN AND USER RATES
FINAL REPORT**

PREPARED BY: BRUCE BUEL, NCSD GENERAL MANAGER

APRIL 23, 2008

**BLACKLAKE WATER FUND MERGER WITH TOWN WATER FUND
FINANCIAL PLAN AND USER RATES
FINAL REPORT**

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BLACKLAKE WATER FUND MERGER WITH TOWN WATER FUND

FINANCIAL PLAN AND USER RATES

FINAL REPORT

I. OVERVIEW AND SUMMARY

This final report presents a financial plan and water user fee rate recommendations for the District's Blacklake water customers assuming that the Blacklake Water Fund is merged with the District Water Fund (Previously described as the Town Water Fund) effective October 1, 2008. The final report is intended to describe the equity buy-in that Blacklake customers will pay to access the assets of the District Water Fund so that all customers of the combined fund will have a parity of investment as of June 30, 2006. In combining the two water funds, District customers in Blacklake avoid paying for the estimated \$800,000 cost of reconstruction of the Blacklake Water System including replacement of the Blacklake Water Booster Station.

The overall concept for the merger is for District customers in Blacklake to pay the same user fees and water rates as all other NCSD customers within the Town Water Division plus either a one-time equity buy-in charge or a bi-monthly equity surcharge over a ten year period. The 2008 and 2009 user fee water rates for the Blacklake and Town Water Divisions were set by Ordinance 2005-103 on June 8, 2005.

The September 14, 2007 report entitled "Nipomo Community Services District Combined Water System Financial Plan and User Rates – Final Report" authored by the Reed Group, Inc., concludes that the use of the Town Water Division Rates (excluding the equitable surcharge) District wide would provide adequate funding to meet the financial requirements for District wide Operation and Maintenance, Rehabilitation, Replacement and Upgrade of Water Facilities, and Establish reserves to reduce the risk and prudently manage the District's delivery of water resources.

It is anticipated that the Board will consider revising these user fee water rates sometime in 2009 for a new rate period starting in 2010. The 2008 and 2009 District water user fee rates are attached as Appendix A and incorporated by reference herein by this reference.

In regards to the equity buy-in to be paid by all District Customers within Blacklake, the total equity buy-in is computed at \$590,412 or \$928 per equivalent one inch meter. Each District Customer within the Blacklake Water Division will have the option to either pay one lump sum payment of \$928 per equivalent one inch meter during the month of September 2008 or to pay off the \$928 per equivalent one inch meter in sixty (60) bi-monthly installment payments of \$20.07 over a ten year term (through October 2018). A five percent interest rate is included on any equity surcharge payment to be made over time. Details of the equity surcharge are included in section II of this report.

BLACKLAKE WATER FUND MERGER WITH TOWN WATER FUND

FINANCIAL PLAN AND USER RATES

FINAL REPORT

II. EQUITY BUY-IN CALCULATION

The equity buy-in was calculated based on a determination of the June 30, 2006 Town System assets that provide service to Blacklake; in other words, exclusion of the Town System assets that do not provide benefits to Blacklake. Staff's conclusion is that 25.7% of the linear feet of the Town distribution system benefits Blacklake. Multiplying .257 times the \$15,215,058 in total June 30, 2006 Town System Assets (adjusted to deduct the Olde Towne Grant), results in an estimate of \$3,912,861 in Town System Assets that benefit Blacklake (See Appendix B for a listing of Assets). Dividing the \$3,912,861 by 4,215 total equivalent 1" meters in both systems results in a value of \$928 per meter or a total equity buy-in of \$590,412 (See Appendix B for a listing of equivalent meters by system). Thus, if each 1" equivalent Blacklake Meter were to make a one time Lump Sum payment of \$928, then the total equity buy-in of \$590,412 would be paid off up front. If the \$590,412 equity payment is spread over 10 years at 5% interest, then the bi-monthly surcharge charge for a 1" meter would be \$20.07 (paid in sixty equal payments).

To estimate the 25.7% benefit ratio, staff used the Water Gems model to determine the increased flows in the Town System plumbing that would result in a 1,500 gallon per minute fire at Champions Lane in Blacklake, with no wells running (See attached assumption sheet for the model run). Water Gems produced the Appendix B system map showing the increased velocities above 1 foot per second in the Town Distribution System (Colors light blue, green, yellow, orange and red). Water Gems also produced the attached report (Appendix B) calculating that 77,596 linear feet of Town System Mains would have increased flows of greater than 1 cubic foot per second. Staff also developed the attached listing of 29,150 linear feet of additional Town system plumbing that would logically be used to connect the Water Gems colored reaches through the dark blue reaches to the nearest colored reach. The circled numbers on the Water Gems map correspond to the reach numbers set forth on the listing of connectors (Appendix B). Adding the 77,596 linear feet from the water gems printout to the 29,150 linear feet from the connector lines printout results in a total of 106,746 feet of Town Water System plumbing that benefits Blacklake. Dividing the 106,749 feet by the 415,079 linear feet of total Town Water System plumbing results in a value of .257, which is 25.7%. Multiplying the total Town System June 30, 2006 Asset Value of \$15,215,058 by .257 results in a value of \$3,912,861, which is the portion of 2006 Town Water Assets that benefit Blacklake. Dividing the \$3,912,861 by the 4,215 (the total number of Town and Blacklake equivalent 1" meters), results in a \$928 value, representing the segment of Town Water System assets per meter that benefit Blacklake. Multiplying the \$928 by the 636 equivalent Blacklake 1" Meters results in a total equity surcharge of \$590,412. In Blacklake, there are 571 1" meters, 15 1 1/2" meters, and 3 2" meters.

Following is a chart detailing the Lump Sum Payment by meter size for those who opt to pay off their share of the equity Buy-In as a one time payment:

	METER SIZE		
	UP TO 1"	1 1/2"	2"
LUMP SUM PAYMENT	\$928	\$2,784	\$4,454

**BLACKLAKE WATER FUND MERGER WITH TOWN WATER FUND
FINANCIAL PLAN AND USER RATES
FINAL REPORT**

II. EQUITY BUY-IN CALCULATION (Continued)

Following is a chart detailing the bi-monthly equity surcharge payment by meter size for those who opt to pay off their share of the equity buy-in in sixty installments over a ten year period:

	METER SIZE		
	UP TO 1"	1 ½ "	2"
Bi-Monthly Surcharge	\$20.07	\$60.21	\$96.34

**BLACKLAKE WATER FUND MERGER WITH TOWN WATER FUND
FINANCIAL PLAN AND USER RATES
FINAL REPORT**

III. FINANCIAL PLAN AND USER FEES

For the period from October 1, 2008 through December 31, 2008, each District Water Customer in Blacklake would pay the following User Fee Water Rates. Following is a chart illustrating the 2008 Bi-Monthly Availability Charges, Litigation Charges and Equity Surcharge per meter size (the equity surcharge shall not apply to customers who have made the one Lump Sum Payment prescribed in Section II of this report):

SIZE OF METER	BI-MONTHLY CHARGES EXCLUDING USAGE CHARGES		
	AVAILABILITY CHARGE	LITIGATION CHARGE	EQUITY CHARGE
1" or Less	\$22.71	\$6.32	\$20.07
1 ½"	\$64.46	\$14.36	\$60.21
2"	\$102.09	\$19.92	\$96.34

Following is a chart illustrating the 2008 Bi-Monthly Residential Usage Rates for all units of water consumed:

	USAGE RATE
Tier 1 (0-40 units)	\$1.52 per unit
Tier 2 (> 40 units)	\$2.59 per unit

Following is a chart illustrating the 2008 Bi-Monthly Non-Residential Usage Rates for all units of water consumed:

	USAGE RATE
All Water Use	\$1.91 per unit

**BLACKLAKE WATER FUND MERGER WITH TOWN WATER FUND
FINANCIAL PLAN AND USER RATES
FINAL REPORT**

III. FINANCIAL PLAN AND USER FEES (Continued)

For the period from January 1, 2009 through the next rate adjustment, each District Water Customer in Blacklake would pay the following User Fee Water Rates. Following is a chart illustrating the 2009 Bi-Monthly Availability Charges, Litigation Charges and Equity Surcharge per meter size (the equity surcharge shall not apply to customers who have made the one Lump Sum Payment prescribed in Section II of this report):

SIZE OF METER	BI-MONTHLY CHARGES EXCLUDING USAGE CHARGES		
	AVAILABILITY CHARGE	LITIGATION CHARGE	EQUITY CHARGE
1" or Less	\$24.52	\$6.32	\$20.07
1 ½"	\$69.61	\$14.36	\$60.31
2"	\$110.25	\$19.92	\$96.34

Following is a chart illustrating the 2009 Bi-Monthly Residential Usage Rates for all units of water consumed:

	USAGE RATE
Tier 1 (0-40 units)	\$1.64 per unit
Tier 2 (> 40 units)	\$2.80 per unit

Following is a chart illustrating the 2009 Bi-Monthly Non-Residential Usage Rates for all units of water consumed:

	USAGE RATE
All Water Use	\$2.06 per unit

APPENDIX A

ORDINANCE 2005-103

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2005-103**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING TITLE 3 AND TITLE 4 OF THE
NIPOMO COMMUNITY SERVICES DISTRICT CODE TO
ESTABLISH BI-MONTHLY RATES FOR WATER AND SEWER SERVICE
FOR THE TOWN DIVISION AND BLACKLAKE DIVISION
AND TO REVISE VARIOUS DISTRICT CODE SECTIONS RELATED
TO WATER AND SEWER SERVICE**

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to:

- A. Operate and maintain its water production and distribution facilities so as to provide adequate water service and fire protection to District water customers;
- B. Maintain adequate levels of revenue, equitably collected from District water customers, to meet the District's financial commitments including operation, maintenance, replacement and administrative costs of District's water production and distribution facilities and acquiring supplemental water to augment the District's current water production facilities to prevent impairment to the Groundwater Basin and maintaining adequate reserves;
- C. Operate and maintain its sewer distribution facilities so as to provide adequate sewer treatment services to District's sewer customers;
- D. Maintain equitable levels of revenue equitably collected from District sewer customers, to meet the District's financial commitments including the operation, maintenance, replacement and administrative costs of District sewer collection and treatment facilities and maintaining adequate reserves; and

WHEREAS, the District has reviewed a number of reports and studies related to the capacity of the Groundwater Basin to supply current and future growth on the Mesa. Said reports are referenced in the Staff Report for Agenda Item E-10 for the Board of Directors meeting of April 13, 2005. Said Staff Report and referenced studies and reports are incorporated herein by this reference; and

WHEREAS, the District commissioned Robert Reed, of the Reed Group, Inc., to perform a Water and Sewer Rate Study Update (herein "Study"). The Study includes an analysis of both the water and sewer operating rates and charges for the District's Town Division and Blacklake Division. The intent of the Study is to assess the District's revenue requirements and to provide an independent evaluation of the equity of the District's current rate structure and the relationship (nexus) between the rates charged and the services provided. The Study further identifies a new rate structure for the Town Division and Blacklake Divisions that enables the District to meet revenue requirements for water and sewer operations and to provide for supplemental water while maintaining fairness and equity among existing and future rate payers; and

WHEREAS, the draft Study was received and filed on April 13, 2005, and has been available for public inspection at the District office since that date; and

WHEREAS, the Study was made final on May 25, 2005; and

WHEREAS, certain District Code Sections require amendment to facilitate the implementation of the new bi-monthly rates for water and sewer fees and charges; and

NIPOMO COMMUNITY SERVICES DISTRICT
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WHEREAS, based upon facts and analysis presented by Robert Reed, the Study, the Staff Report, and public testimony received, the Board of Directors finds:

- A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act);
- B. That notice has been provided as required by law; and
- C. The fees, rates and charges that are the subject of this Ordinance do not exceed the estimated reasonable cost of providing the services, for which the fees and/or charge or charges are imposed; and
- D. The rates and charges established by this Ordinance are imposed as an incident of requesting or using District water and sewer treatment services.
- E. That the tiered water rate structure approved by this Ordinance is implemented, in part, to achieve the goals of the District's Urban Water Management Plan and Section 2, Article X of the California Constitution and Section 100 of the California Water Code related to water conservation.
- F. That the public benefits from the logical, long-range approach to financing of public facilities.
- G. Pursuant to the provisions of Proposition 218, NCSD did deliver written public notices of the hearing and find that the protests did not meet the required 50% of the notices mailed. NCSD did not receive any protests, written or oral, to the proposed rates for water and sewer charges.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the District as follows:

Section 1. Authority.

This Ordinance is enacted pursuant to Government Code Sections 61600(a) and (b), 61621, 61621.5, and 61623.

Section 2. Appendices A and B to Chapter 3.03 of the District Code (Bi-Monthly Water Rates for Town Division and Blacklake Division) are repealed in their entirety and replaced with the Bi-Monthly Rates and Charges reflected in Exhibit "A", attached hereto and incorporated into this Ordinance by reference.

Section 3. Appendix A to Chapter 4.12 of the District Code (Calculation of Bi-Monthly Sewer Rates and Charges for the Town Division and Blacklake Division) are repealed in its entirety and replaced with the Bi-Monthly Calculation of Rates and Charges reflected in Exhibit "B", attached hereto and incorporated into this Ordinance by reference.

NIPOMO COMMUNITY SERVICES DISTRICT
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AN ORDINANCE OF THE BOARD OF DIRECTORS
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Section 4. Section 3.20.035 A is repealed in its entirety and replaced with the following:

3.20.035 A The charge for water pursuant to District Code Section 3.20.03(A) shall be charged at the then current water rate for non-residential water users as stated in Appendix B of Chapter 3.03 to the District Code.

Section 5. Section 4.12.150 A of the District Code is repealed in its entirety and replaced with the following:

4.12.150 A Bi-monthly User Fee. The bi-monthly sewer user rates and fees are set forth in Appendix A to this Chapter 4.12.

Section 6. Section 4.12.180 is repealed in its entirety and replaced with the following:

4.12.180 SPECIAL RULES FOR MEDIUM AND HIGH STRENGTH DISCHARGERS:

The District reserves the right to require medium strength and high strength discharges as referenced in Appendix A to Chapter 4.12 to provide pretreatment of sewer discharges. Said requirements may include pretreatment, a monitoring program, and a plan check and monitoring agreement to allow the District to recover its costs in approving and monitoring pretreatment facilities.

Section 7. Incorporation of Recitals

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and support the findings of the District in support of this Ordinance.

Section 8. Effect of Repeal on Past Actions and Obligations.

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

Section 9. CEQA Findings

The Board of Directors of the District finds that the fees and charges adopted by this Ordinance are exempt from the California Environmental Quality Act pursuant to Public Resources Code § 21080(b)(8) and CEQA Guidelines Section 15273. The Board of Directors further finds that the adoption of the Rules and Regulations established by this Ordinance fall within the activities described in Section 15378(b)(3) of the CEQA Guidelines which are deemed not to be "projects" for the purposes of CEQA, because it can be seen with certainty that the adoption of the Rules and Regulations may have a significant effect on the environment. The District General Manager is directed to prepare and file an appropriate notice of exemption.

Section 10. Severance Clause.

NIPOMO COMMUNITY SERVICES DISTRICT
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If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, ineffective or in any manner in conflict with the laws of the United States, or the State of California, such decision shall not affect the validity of the remaining portions of this Ordinance.

The Governing Board of the District hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsection, sentence, clause or phrase be declared unconstitutional, ineffective, or in any manner in conflict with the laws of the United States or the State of California.

Section 11. Effect of Headings in Ordinance.

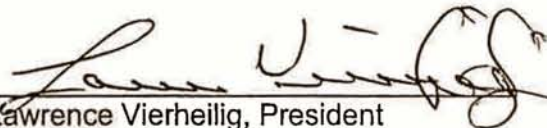
Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 12. Effective Date.

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage. Before the expiration of fifteen (15) days after passage it shall be posted in three (3) public places with the names of the members voting for and against the Ordinance and shall remain posted thereafter for at least one (1) week. The Ordinance shall be published once with the names of the members of the Board of Directors voting for and against the Ordinance in The Tribune.

Introduced at its regular meeting of the Board of Directors held on April 13, 2005, and passed and adopted by the Board of Directors of the Nipomo Community Services District on the 8th day of June, 2005, by the following roll call vote, to wit:

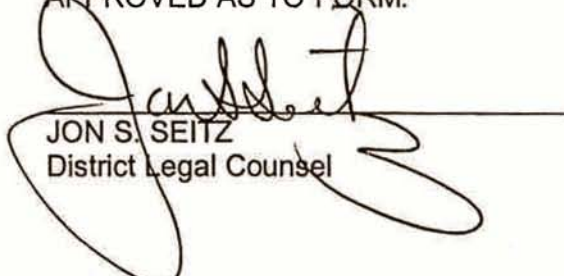
AYES: Director Winn, Eby, Wirsing, Trotter and Vierheilig
NOES: None
ABSENT: None
CONFLICTS: None


Lawrence Vierheilig, President
Nipomo Community Services District
Board of Directors

ATTEST:


DONNA K. JOHNSON
Secretary to the Board

APPROVED AS TO FORM:


JON S. SEITZ
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2005-103**

EXHIBIT "A"

APPENDIX A TO CHAPTER 3.03

WATER RATES AND CHARGES

BI-MONTHLY AVAILABILITY CHARGES*

(The bi-monthly availability charge shall take effect August 1, 2005, and Future increases shall take effect on January 1, of each succeeding year.)

TOWN DIVISION

SIZE OF METER	AUGUST 1, 2005	2006	2007	2008	2009
1 Inch or Less	\$16.76	\$18.43	\$20.64	\$22.71	\$24.52
Litigation Charge	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32
1 ½ Inch	\$47.56	\$52.32	\$58.60	\$64.46	\$69.61
Litigation Charge	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36
2 Inch	\$75.33	\$82.86	\$92.81	\$102.09	\$110.25
Litigation Charge	\$19.92	\$19.92	\$19.92	\$19.92	\$14.36
3 Inch	\$140.17	\$154.18	\$172.68	\$189.95	\$205.15
Litigation Charge	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92
4 Inch	\$232.77	\$256.05	\$286.77	\$315.45	\$340.68
Litigation Charge	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
6 Inch	\$464.07	\$510.48	\$571.73	\$628.91	\$679.22
Litigation Charge	\$59.58	\$59.58	\$59.58	\$59.58	\$59.58
8 Inch	\$741.74	\$815.92	\$913.83	\$1,005.21	\$1,085.63
Litigation Charge	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08

BLACKLAKE DIVISION

SIZE OF METER	AUGUST 1, 2005	2006	2007	2008	2009
1 Inch or Less	\$15.09	\$18.10	\$22.08	\$26.06	\$30.75
Litigation Charge	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32
1 ½ Inch	\$41.73	\$50.07	\$61.09	\$72.08	\$85.06
Litigation Charge	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36
2 Inch	\$65.74	\$78.89	\$96.24	\$113.57	\$134.01
Litigation Charge	\$19.92	\$19.92	\$19.92	\$19.92	\$14.36
3 Inch	\$121.81	\$146.17	\$178.33	\$210.43	\$248.31
Litigation Charge	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92
4 Inch	\$201.90	\$242.28	\$295.58	\$348.78	\$411.56
Litigation Charge	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
6 Inch	\$401.93	\$482.32	\$588.42	\$694.34	\$819.32
Litigation Charge	\$59.58	\$59.58	\$59.58	\$59.58	\$59.58
8 Inch	\$642.06	\$770.48	\$939.98	\$1,109.18	\$1,308.83
Litigation Charge	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08

*The above bi-monthly availability charge reflects the adjusted rate established by Ordinance 2003-95 to meet the District's financial obligations. Litigation charges off-set District financial obligations relating to the lawsuit entitled Santa Maria Valley Water Conservation District vs the City of Santa Maria, the Nipomo Community Services District, et al. When the District's financial obligation regarding this lawsuit have been satisfied, the litigation charge will be removed.

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2005-103

EXHIBIT "A" (Continued)

APPENDIX B TO CHAPTER 3.03

WATER RATES AND CHARGES

(The bi-monthly usage rates shall take effect August 1, 2005, and future increases shall take effect on January 1, of each succeeding year.)

TOWN DIVISION

RESIDENTIAL USAGE RATES

	AUGUST 1, 2005	2006	2007	2008	2009
Tier 1 (0-40 Units)	\$1.12	\$1.23	\$1.38	\$1.52	\$1.64
Tier 2 (> 40 Units)	\$1.91	\$2.10	\$2.35	\$2.59	\$2.80

TOWN DIVISION

NON-RESIDENTIAL USAGE RATES

(Multi-family, Commercial, Irrigation, Agriculture, Industry and Construction)

	AUGUST 1, 2005	2006	2007	2008	2009
All Water Use	\$1.41	\$1.55	\$1.74	\$1.91	\$2.06

BLACKLAKE DIVISION

RESIDENTIAL USAGE RATES

	AUGUST 1, 2005	2006	2007	2008	2009
Tier 1 (0-40 Units)	\$0.97	\$1.16	\$1.42	\$1.68	\$1.98
Tier 2 (> 40 Units)	\$1.70	\$2.04	\$2.49	\$2.94	\$3.47

BLACKLAKE DIVISION

NON-RESIDENTIAL USAGE RATES

(Multi-family, Commercial, Irrigation, Agriculture, Industry and Construction)

	AUGUST 1, 2005	2006	2007	2008	2009
All Water Use	\$1.18	\$1.42	\$1.73	\$2.04	\$2.41

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2005-103

EXHIBIT "B"

APPENDIX A TO CHAPTER 4.12

BI-MONTHLY SEWER SERVICE CHARGES

(The bi-monthly sewer service charges shall take effect August 1, 2005, and future increases shall take effect on July 1 of each succeeding year.)

TOWN DIVISION

RESIDENTIAL (PER DWELLING UNIT)

	AUGUST 1, 2005	2006	2007	2008	2009
Single Family	\$41.60	\$43.27	\$45.00	\$46.80	\$48.67
Multi-Family	\$32.17	\$33.46	\$34.80	\$36.19	\$37.63

NON-RESIDENTIAL (1)

BI-MONTHLY SERVICE CHARGE

SIZE OF METER	AUGUST 1, 2005	2006	2007	2008	2009
1 Inch or Less	\$16.08	\$16.72	\$17.39	\$18.09	\$18.81
1 ½ Inch	\$46.01	\$47.85	\$49.77	\$51.76	\$53.83
2 Inch	\$72.99	\$75.91	\$78.95	\$82.11	\$85.39
3 Inch	\$135.99	\$141.43	\$147.09	\$152.97	\$159.09
4 Inch	\$225.97	\$235.01	\$244.41	\$254.19	\$264.36
6 Inch	\$450.72	\$468.75	\$487.50	\$507.00	\$527.28
8 Inch	\$720.53	\$749.35	\$779.32	\$810.49	\$842.91

NON-RESIDENTIAL (1) (2)

USAGE RATE

	AUGUST 1, 2005	2006	2007	2008	2009
Low Strength	\$1.22	\$1.27	\$1.32	\$1.37	\$1.43
Medium Strength	\$1.35	\$1.40	\$1.46	\$1.52	\$1.58
High Strength	\$1.75	\$1.82	\$1.89	\$1.97	\$2.05

- (1) Sewer rates for non-residential customers include a service charge based on the size of the water meter and a usage charge based on sewer strength category and metered water usage.
- (2) The District has established a category of users to determine strength of sewer discharge. Said categories of uses are for reference only and establish minimum strength standards. The District retains the discretion to assign a higher strength category to individual discharges.

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2005-103**

EXHIBIT "B" (Continued)

APPENDIX A TO CHAPTER 4.12

BI-MONTHLY SEWER SERVICE CHARGES

(The bi-monthly sewer service charges shall take effect August 1, 2005, and future increases shall take effect on July 1, of each succeeding year.)

BLACKLAKE DIVISION

RESIDENTIAL (PER DWELLING UNIT)

	AUGUST 1, 2005	2006	2007	2008	2009
Single Family	\$71.70	\$74.56	\$77.55	\$80.65	\$83.87
Multi-Family	\$38.42	\$39.96	\$41.56	\$43.22	\$44.95

NON-RESIDENTIAL (1)

BI-MONTHLY SERVICE CHARGE

SIZE OF METER	AUGUST 1, 2005	2006	2007	2008	2009
1 Inch or Less	\$32.76	\$34.07	\$35.44	\$36.86	\$38.33
1 ½ Inch	\$94.24	\$98.01	\$101.93	\$106.01	\$110.25
2 Inch	\$149.66	\$155.64	\$161.87	\$168.34	\$175.08
3 Inch	\$279.05	\$290.21	\$301.82	\$313.89	\$326.45
4 Inch	\$463.85	\$482.40	\$501.70	\$521.77	\$542.64
6 Inch	\$925.45	\$962.46	\$1,000.96	\$1,041.00	\$1,082.64
8 Inch	\$1,479.58	\$1,538.76	\$1,600.31	\$1,664.33	\$1,730.90

NON-RESIDENTIAL (1) (2)

USAGE RATE

	AUGUST 1, 2005	2006	2007	2008	2009
Low Strength	\$1.38	\$1.44	\$1.49	\$1.55	\$1.61
Medium Strength	\$1.88	\$1.96	\$2.03	\$2.11	\$2.20
High Strength	\$3.00	\$3.12	\$3.24	\$3.37	\$3.51

- (1) Sewer rates for non-residential customers include a service charge based on the size of the water meter and a usage charge based on sewer strength category and metered water usage.
- (2) The District has established a category of users to determine strength of sewer discharge. Said categories of uses are for reference only and establish minimum strength standards. The District retains the discretion to assign a higher strength category to individual discharges.

APPENDIX B

EXHIBITS SUPPORTING EQUITY BUY-IN CALCULATION

NIPOMO COMMUNITY SERVICES DISTRICT
SUMMARY OF WATER SYSTEM ASSETS AND FINANCIAL RESERVES AS OF JUNE 30, 2006

	TOWN DIVISION				BLACKLAKE DIVISION		
	Water Operating Fund Town (Fund 120)	Water Capacity (Fund 700)	Funded Depreciation Town Water (Fund 800)	Town Division Totals	Water Operating Blacklake (Fund 140)	Funded Depreciation Blacklake (Fund 820)	Blacklake Division Totals
Water System Assets							
1520 - Water-Pumping	1,598,264	774,742	192,373	2,565,379	1,576,268	39,670	1,615,938
1525 - Water-Transmission	1,157,964	1,238,291		2,396,255			0
1530 - Water Distribution	475,714	79,365	116,603	671,682	68,047	2,749	70,796
1535 - Water Contributed	6,147,216			6,147,216	505,732		505,732
1540 - Buildings	55,188			55,188			0
1545 - Machinery & Equipment	82,129			82,129	9,800	30,645	40,445
1550 - Computer Equipment	65,759		126,822	192,581	7,442		7,442
1555 - Office Furniture & Fixtures	9,310			9,310			0
1560 - Land & Land Rights	43,500	235,739		279,239			0
1570 - Vehicles	102,507			102,507	15,687		15,687
1590 - Work in Process		30,125		30,125		13,593	13,593
1595 - Accumulated Depreciation	(4,396,254)	(371,827)	(33,851)	(4,801,932)	(1,103,130)	(4,104)	(1,107,234)
Book Value of water System Assets	5,341,297	1,986,435	401,947	7,729,679	1,079,846	82,553	1,162,399
Removal of Old Town Laterals		(75,662)		(75,662)			
		<u>1,910,773</u>		<u>7,654,017</u>			
Financial Reserves							
1099 - Cash Balance	899,909	4,654,295	1,776,215	7,330,419	(25,287)	491,609	466,322
1210 - A/R - Utility Billing	36,852			36,852	30,479		30,479
1220 - Unbilled A/R-Utility Billing	331,000			331,000	29,000		29,000
1240 - Receivable - Other	9,902			9,902			0
2135 - Accrued Interest Receivable	10,750	51,732	19,919	82,401	90	5,514	5,604
2100 - Accounts Payable	(47,143)	(4,594)		(51,737)	(11,333)	(2,160)	(13,493)
2110 - Refunds Payable - MQ	(939)			(939)			0
2120 - Construction Meter Deposit	(11,500)			(11,500)			0
2130 - Compensated Absences Payable	(23,005)			(23,005)	(2,397)		(2,397)
2320 - Accrued Wages	(4,352)			(4,352)	(968)		(968)
2450 - Deposit - Pomeroy Water Line				0	(24,170)		(24,170)
2510 - Revenue Bonds - Current Portion	(9,000)			(9,000)			0
2610 - Revenue Bonds Payable	(129,000)			(129,000)			0
Financial Reserves	<u>1,063,474</u>	<u>4,701,433</u>	<u>1,796,134</u>	<u>7,561,041</u>	<u>(4,586)</u>	<u>494,963</u>	<u>490,377</u>
Total of Assets and Reserves	<u>6,404,771</u>	<u>6,687,868</u>	<u>2,198,081</u>	<u>15,290,720</u>	<u>1,075,260</u>	<u>577,516</u>	<u>1,652,776</u>
Removal of Old Town Laterals		(75,662)		(75,662)			
		<u>6,612,206</u>		<u>15,215,058</u>			
No. of Equivalent Meters				3579			636
Water System Assets per Equivalent Meter				2460	2,139		1828
Financial Reserves per Equivalent Meter				2112	2,112		772
				<u>4272</u>	<u>4,251</u>		<u>2600</u>

					Difference (Lump Sum per Reed Report less Recomputed removing Old Town Laterals Town Laterals)
Blacklake Equity Surcharge (\$/Eq. Meter)	(4,272 - 2,600)	1,672	(4,251 - 2,600)	1,651	21
Revenue Requirement	(1,672 * 636)	1,063,392	(1,651 * 636)	1,050,036	13,356

Principal Balance 1,050,036 (1,063,392 - 13,356)
Interest Rate 5%

	Principal & Interest	Annual Per Meter Equivalent	Bi-Monthly charge per Meter Equivalent
10 Years	135,984.47	213.81	35.64
11 Years	126,412.67	198.76	33.13
12 Years	118,470.74	186.27	31.05
13 Years	111,782.39	175.76	29.29
14 Years	106,078.80	166.79	27.80
15 Years	101,162.87	159.06	26.51
16 Years	96,886.73	152.34	25.39
17 Years	93,137.29	146.44	24.41
18 Years	89,826.61	141.24	23.54
19 Years	86,885.24	136.61	22.77
20 Years	84,257.61	132.48	22.08
21 Years	81,898.72	128.77	21.46
22 Years	79,771.77	125.43	20.90
23 Years	77,846.33	122.40	20.40

Nipomo Community Services District

Scenario Summary

ID	2760
Label	MDD+FF @ J-126 No Pumps
Notes	
Active Topology	<I> 2504: ExNetwork
Physical	<I> 2479: Calibrated
Demand	<I> 2538: FF@J-126 (Champions Ln)
Initial Settings	2640: NoPumps
Operational	2629: NoControl
Age	<I> 28: Base-Age Alternative
Constituent	<I> 29: Base-Constituent
Trace	<I> 30: Base-Trace Alternative
Fire Flow	<I> 31: Base-Fire Flow
Flushing	<I> 2759: Base Flushing
Energy Cost	<I> 32: Base-Energy Cost
Transient	<I> 2758: Base HAMMER
Pressure Dependent Demand	<I> 33: Base Pressure Dependent Demand
User Data Extensions	<I> 34: Base-User Data
Steady State/EPS	
Solver Calculation Options	<I> 35: SteadyState
Transient Solver Calculation Options	<I> 2757: Base

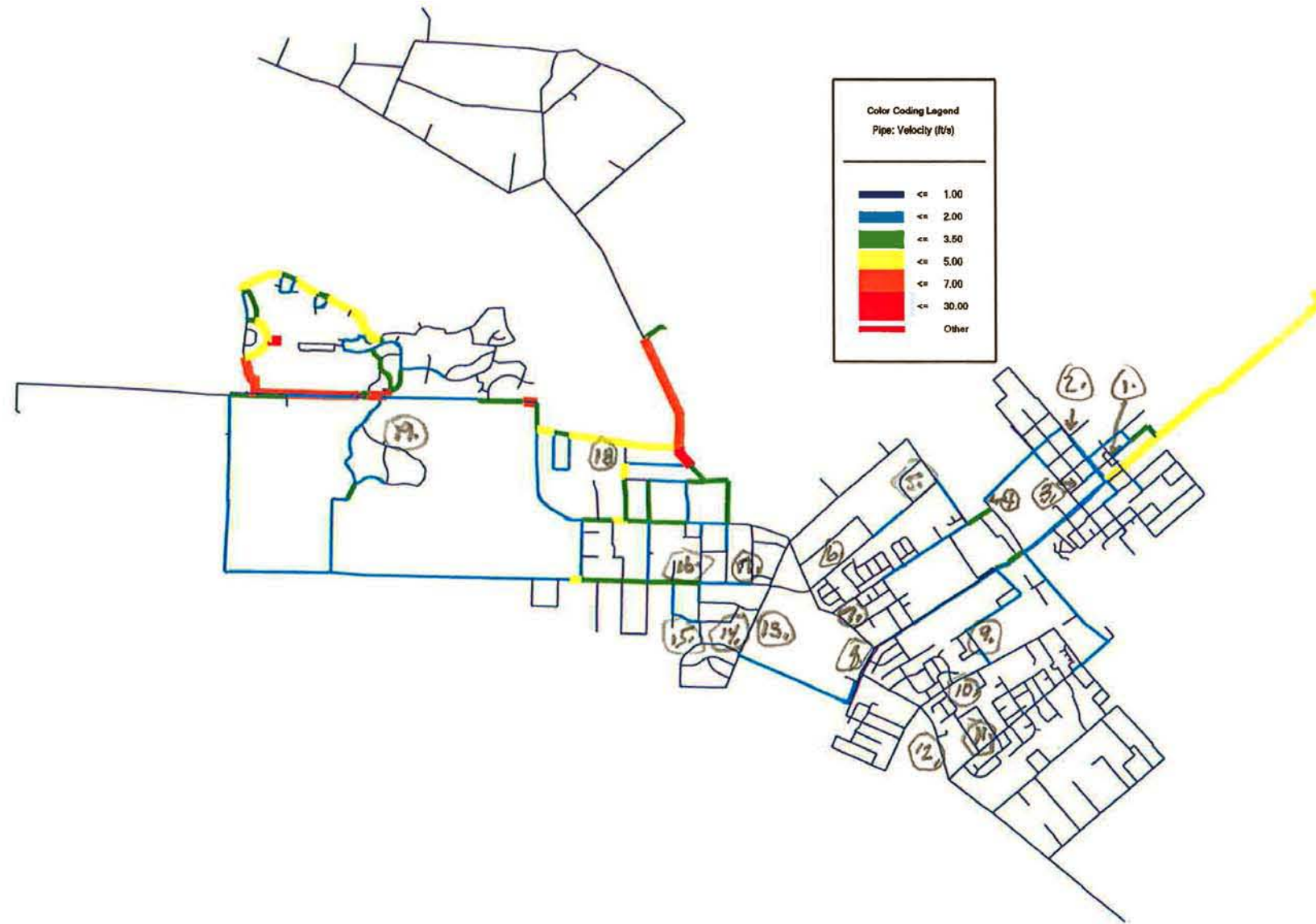
Hydraulic Summary

Time Analysis Type	Steady State	Use Simple Controls?	True
Friction Method	Hazen-Williams	Is EPS Snapshot?	False
Accuracy	0.001	Start Time	12:00:00 AM
Trials	40		

Water Quality (Advanced)

Calculation Type	Hydraulics Only
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Nipomo Community Services District



NOJD
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

Id	Label	Start Node	Stop Node	Count By Diameter	Diameter (in)	Material	Flow (gpm)	Velocity (ft/s)	Length (User Defined) (ft)
1045	3437	434: J-199	374: J-2506		6	Asbestos Cement	114.97	1.3	6
1052	3402	934: J-149	426: J-804		6	Asbestos Cement	-99.46	1.13	295
1095	2255	172: J-1278	495: J-3215		6	Asbestos Cement	105.15	1.19	339
1110	3175	272: J-3252	717: J-3592		6	Asbestos Cement	-234.65	2.66	1
1204	917	256: J-5139	398: J-5236		6	PVC	-134.14	1.52	1
1351	5091	557: J-5201	528: J-2885		6	Asbestos Cement	304.63	3.46	441
1393	1485	702: J-1359	582: J-2311		6	Asbestos Cement	-100.41	1.14	803
1426	3509	587: J-1658	654: J-1867		6	Asbestos Cement	111.61	1.27	10
1427	117	557: J-5201	768: J-1726		6	Asbestos Cement	-306.70	3.48	349
1430	3485	796: J-3039	528: J-2885		6	Asbestos Cement	-144.30	1.64	1
1443	1224	100: J-1371	102: J-713		6	PVC	-91.92	1.04	1
1445	2553	730: J-3068	452: J-3377		6	Asbestos Cement	93.52	1.06	649
1520	3309	384: J-65	324: J-1140		6	Asbestos Cement	-125.00	1.42	470
1551	3129	272: J-3252	598: J-2250		6	Asbestos Cement	94.94	1.08	1
1575	2374	747: J-2922	673: J-3255		6	Asbestos Cement	94.01	1.07	1
1576	3366	689: J-1267	414: J-1834		6	Asbestos Cement	-96.41	1.09	436
1586	3358	895: J-1144	426: J-804		6	Asbestos Cement	102.54	1.16	1
1618	3486	528: J-2885	611: J-1688		6	Asbestos Cement	155.25	1.76	1
1634	3367	414: J-1834	728: J-802		6	Asbestos Cement	-95.90	1.09	50
1653	2621	269: J-1391	240: J-422		6	PVC	-180.15	2.04	1
1679	1604	594: J-2107	582: J-2311		6	PVC	116.31	1.32	404
1723	901	398: J-5236	164: J-268		6	PVC	-135.24	1.53	329
1746	3109	848: J-2050	228: J-1124		6	Asbestos Cement	250.86	2.85	1
1759	106	478: J-1816	262: J-1293		6	Asbestos Cement	-107.62	1.22	465
1769	3522	568: J-931	448: J-941		6	Asbestos Cement	92.19	1.05	371
1793	1594	723: J-287	308: J-2079		6	PVC	-107.60	1.22	353
1817	2791	384: J-65	727: J-66		6	Asbestos Cement	122.60	1.39	4
1822	2215	523: J-776	228: J-1124		6	Asbestos Cement	-249.49	2.83	1
1848	228	569: J-1030	951: J-1099		6	PVC	-234.81	2.66	23
1884	3149	272: J-3252	97: J-3240		6	PVC	129.63	1.47	915
1896	230	569: J-1030	950: J-2636		6	PVC	97.63	1.11	22
1916	3107	226: J-3431	848: J-2050		6	Asbestos Cement	340.29	3.86	342
1921	3482	796: J-3039	262: J-1293		6	Asbestos Cement	108.76	1.23	1
1925	2602	240: J-422	817: J-1364		6	Asbestos Cement	-229.31	2.6	198
1946	3087	598: J-2250	752: J-323		6	PVC	177.93	2.02	1058
1970	1280	930: J-1272	288: J-3409		6	Asbestos Cement	-165.60	1.88	43
1978	3407	701: J-1160	934: J-149		6	Ductile Iron	-192.29	2.18	5

NCS
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

1979	3393	306: J-1848	934: J-149		6 Asbestos Cement	92.83	1.05	456
				6" Count	38			8848
1006	3066	743: J-277	823: J-4977		8 PVC	185.19	1.18	73
1015	2075	489: J-2256	198: J-769		8 Asbestos Cement	204.08	1.3	416
1019	399	832: J-5231	526: J-3140		8 PVC	307.35	1.96	1
1047	3065	642: J-240	743: J-277		8 Asbestos Cement	-504.80	3.22	396
1058	3892	763: J-83	355: J-5237		8 Asbestos Cement	-894.55	5.71	340
1082	3027	698: J-4286	179: J-5292		8 Asbestos Cement	-226.33	1.44	1800
1087	3385	728: J-802	731: J-248		8 Asbestos Cement	-200.70	1.28	355
1103	3417	223: J-2718	478: J-1816		8 Asbestos Cement	-289.41	1.85	39
1107	2296	834: J-744	97: J-3240		8 Asbestos Cement	-338.42	2.16	1
1153	393	508: J-540	886: J-304		8 PVC	310.40	1.98	379
1158	3097	544: J-380	84: J-2274		8 PVC	742.87	4.74	490
1189	2077	691: J-4552	489: J-2256		8 Asbestos Cement	214.85	1.37	256
1196	3100	84: J-2274	309: J-424		8 PVC	739.63	4.72	1
1238	354	898: J-5250	360: J-412		8 PVC	171.55	1.09	257
1285	3056	743: J-277	503: J-1253		8 Asbestos Cement	-698.19	4.46	243
1304	222	603: J-1504	533: J-15		8 PVC	160.08	1.02	449
1321	297	842: J-76	847: J-1243		8 PVC	-337.12	2.15	1
1325	3819	134: J-82	763: J-83		8 Asbestos Cement	-449.56	2.87	4
1330	3051	642: J-240	319: J-4946		8 PVC	-171.82	1.1	942
1357	3123	309: J-424	503: J-1253		8 PVC	737.63	4.71	1
1363	3816	744: J-4126	361: J-2321		8 Asbestos Cement	-448.87	2.87	28
1368	1895	650: J-1641	853: J-550		8 Asbestos Cement	-168.76	1.08	1
1384	1553	389: J-259	594: J-2107		8 PVC	161.86	1.03	33
1398	312	842: J-76	719: J-5110		8 PVC	174.26	1.11	259
1400	2180	574: J-3203	562: J-2812		8 Asbestos Cement	-471.30	3.01	313
1416	1873	637: J-812	555: J-5251		8 Asbestos Cement	174.20	1.11	248
1450	1872	420: J-5071	637: J-812		8 Asbestos Cement	265.19	1.69	1
1514	2238	562: J-2812	90: J-2201		8 Asbestos Cement	-477.14	3.05	354
1529	134	590: J-225	346: J-473		8 PVC	-447.30	2.86	61
1537	315	719: J-5110	898: J-5250		8 PVC	172.86	1.1	1
1556	2085	574: J-3203	781: J-2061		8 Asbestos Cement	227.50	1.45	1
1572	2221	523: J-776	171: J-2092		8 Asbestos Cement	-321.49	2.05	543
1573	2185	90: J-2201	523: J-776		8 Asbestos Cement	-564.37	3.6	1
1578	3379	478: J-1816	728: J-802		8 Asbestos Cement	-182.13	1.16	365
1601	135	519: J-226	763: J-83		8 PVC	-444.90	2.84	1085
1605	2359	97: J-3240	747: J-2922		8 Asbestos Cement	-212.16	1.35	1
1608	1722	441: J-461	353: J-573		8 Asbestos Cement	167.49	1.07	231

NC
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

1619	350	804: J-871	360: J-412		8	PVC	-170.17	1.09	467
1643	2177	179: J-5292	574: J-3203		8	Asbestos Cement	-235.09	1.5	502
1668	1845	377: J-1015	555: J-5251		8	Asbestos Cement	-173.34	1.11	1
1700	2150	781: J-2061	691: J-4552		8	Asbestos Cement	219.37	1.4	1
1701	2132	171: J-2092	752: J-323		8	Asbestos Cement	-543.33	3.47	1
1702	3032	651: J-2721	642: J-240		8	Asbestos Cement	-672.68	4.29	377
1751	3543	731: J-248	348: J-3031		8	Asbestos Cement	200.76	1.28	49
1770	3818	361: J-2321	134: J-82		8	Asbestos Cement	-448.94	2.87	10
1779	3029	698: J-4286	651: J-2721		8	Ductile Iron	-672.65	4.29	1
1787	2148	752: J-323	834: J-744		8	Asbestos Cement	-372.11	2.38	1
1800	3158	544: J-380	814: J-1589		8	PVC	1139.69	7.27	165
1814	5146	346: J-473	744: J-4126		8	PVC	-447.77	2.86	826
1839	327	842: J-76	696: J-566		8	PVC	161.64	1.03	851
1843	3067	823: J-4977	319: J-4946		8	PVC	176.72	1.13	330
1863	400	886: J-304	832: J-5231		8	PVC	308.59	1.97	1
1880	3544	348: J-3031	324: J-1140		8	Asbestos Cement	163.82	1.05	360
1900	2629	853: J-550	269: J-1391		8	Ductile Iron	-179.15	1.14	1
1926	372	508: J-540	804: J-871		8	PVC	-168.13	1.07	402
1944	1884	893: J-3135	650: J-1641		8	Asbestos Cement	-161.19	1.03	971
1950	5049	951: J-1099	377: J-1015		8	Asbestos Cement	-251.36	1.6	1038
1986	3421	938: J-1127	223: J-2718		8	Asbestos Cement	-184.91	1.18	472
1987	101	938: J-1127	258: J-1240		8	Asbestos Cement	174.91	1.12	215
2045	P-848	171: J-2092	961: J-6075		8	PVC	218.99	1.4	796
2046	P-849	961: J-6075	213: J-256		8	PVC	205.71	1.31	732
				8" Count	61				18540
1098	3611	146: J-5211	768: J-1726		10	Asbestos Cement	1058.66	4.32	1856
1181	4329	974: Quad Tar	626: J-1383		10	Asbestos Cement	1058.66	4.32	50
1366	4324	626: J-1383	195: J-18		10	Asbestos Cement	1058.66	4.32	119
1441	4356	210: J-4870	899: J-4956		10	Asbestos Cement	1058.66	4.32	975
1460	3966	899: J-4956	146: J-5211		10	Asbestos Cement	1058.66	4.32	1
1999	4345	195: J-18	943: J-3133		10	Asbestos Cement	1058.66	4.32	10
2000	4348	943: J-3133	210: J-4870		10	Asbestos Cement	1058.66	4.32	129
1667	2191	416: J-5217	198: J-769		10	Asbestos Cement	-1003.49	4.1	269
1337	5092	768: J-1726	800: J-3163		10	Asbestos Cement	937.89	3.83	529
1014	3496	800: J-3163	130: J-3175		10	Asbestos Cement	934.41	3.82	1
1212	3510	731: J-248	130: J-3175		10	Asbestos Cement	-933.79	3.81	1
1114	2164	524: J-2177	175: J-2226		10	Asbestos Cement	-829.88	3.39	291
1604	2160	235: J-763	524: J-2177		10	Asbestos Cement	-822.01	3.36	1
1516	3184	814: J-1589	488: J-3558		10	Asbestos Cement	819.96	3.35	1

NCS
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

1773	3170	488: J-3558	547: J-4503		10	Asbestos Cement	819.42	3.35	1
1289	3169	547: J-4503	717: J-3592		10	Asbestos Cement	818.38	3.34	340
1703	2113	198: J-769	235: J-763		10	Asbestos Cement	-806.71	3.3	20
1080	2135	645: J-257	213: J-256		10	Asbestos Cement	-802.24	3.28	20
1558	2166	175: J-2226	151: J-2227		10	Asbestos Cement	-697.90	2.85	1
1664	3638	687: J-49	143: J-319		10	Asbestos Cement	651.67	2.66	1434
1130	3701	143: J-319	404: J-1305		10	Asbestos Cement	651.66	2.66	17
1055	2590	846: J-1514	740: J-1748		10	Asbestos Cement	-648.71	2.65	335
1856	2119	151: J-2227	645: J-257		10	PVC	-638.06	2.61	665
1722	1471	296: J-2067	702: J-1359		10	Asbestos Cement	-616.91	2.52	38
1899	2686	740: J-1748	396: J-5255		10	Asbestos Cement	-613.80	2.51	365
1140	1468	213: J-256	296: J-2067		10	Ductile Iron	-599.03	2.45	21
1895	3167	717: J-3592	769: J-5274		10	Asbestos Cement	581.81	2.38	578
1962	2308	769: J-5274	150: J-2208		10	Asbestos Cement	581.15	2.37	1
1674	3362	638: J-1663	731: J-248		10	Asbestos Cement	-531.64	2.17	49
1849	1591	702: J-1359	723: J-287		10	Asbestos Cement	-520.01	2.12	295
1874	4953	703: J-1531	846: J-1514		10	Asbestos Cement	-519.42	2.12	1
1438	2720	180: J-3411	137: J-2748		10	Asbestos Cement	463.67	1.89	558
2371	P-3315	817: J-1364	2370: J-8490		10	Asbestos Cement	-438.23	1.79	931
2372	P-3316	2370: J-8490	234: J-2507		10	Asbestos Cement	-438.23	1.79	931
2029	2259	172: J-1278	150: J-2208		10	PVC	-419.60	1.71	15
1323	1938	119: J-1057	137: J-2748		10	Asbestos Cement	-416.89	1.7	326
1706	1592	723: J-287	905: J-2809		10	Asbestos Cement	-416.83	1.7	28
1781	1935	221: J-1503	119: J-1057		10	Asbestos Cement	-401.04	1.64	631
1967	1998	221: J-1503	255: J-1270		10	Asbestos Cement	394.87	1.61	907
1053	5026	234: J-2507	880: J-580		10	Asbestos Cement	-384.09	1.57	1
1118	2673	292: J-866	703: J-1531		10	Asbestos Cement	-371.53	1.52	352
1437	2592	405: J-4309	292: J-866		10	Asbestos Cement	-368.55	1.51	209
1022	2593	349: J-2027	405: J-4309		10	Asbestos Cement	-360.35	1.47	692
1691	5027	939: J-1131	139: J-1149		10	Asbestos Cement	342.36	1.4	61
1129	3324	695: J-5031	638: J-1663		10	Asbestos Cement	-342.24	1.4	146
1524	1585	905: J-2809	869: J-2102		10	Asbestos Cement	-340.65	1.39	627
2040	P-889	695: J-5031	641: J-1720		10	Ductile Iron	339.55	1.39	288
1185	2919	139: J-1149	880: J-580		10	Asbestos Cement	339.20	1.39	10
1803	5036	465: J-4997	641: J-1720		10	Asbestos Cement	-338.32	1.38	74
1646	255	142: J-771	194: J-477		10	PVC	338.31	1.38	1
1468	301	194: J-477	163: J-689		10	PVC	338.31	1.38	1
1414	300	163: J-689	847: J-1243		10	PVC	337.75	1.38	1
1177	5033	238: J-5001	465: J-4997		10	Asbestos Cement	-337.10	1.38	1
1990	5032	940: J-3468	238: J-5001		10	Asbestos Cement	-336.40	1.37	114

NC
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

1102	2526	776: J-1039	844: J-1609		10	Asbestos Cement	-332.30	1.36	79
1449	2559	676: J-2097	776: J-1039		10	Asbestos Cement	-330.37	1.35	1
995	3186	814: J-1589	431: J-3537		10	Asbestos Cement	319.71	1.31	1
999	3092	431: J-3537	161: J-3543		10	Asbestos Cement	317.34	1.3	1
1188	3094	161: J-3543	599: J-4277		10	Asbestos Cement	309.51	1.26	1
1684	2258	747: J-2922	172: J-1278		10	PVC	-309.12	1.26	639
1872	5017	869: J-2102	427: J-2308		10	Asbestos Cement	-306.87	1.25	661
1581	3095	599: J-4277	226: J-3431		10	Asbestos Cement	303.93	1.24	361
1991	2841	940: J-3468	939: J-1131		10	Asbestos Cement	290.94	1.19	24
1689	3472	414: J-1834	638: J-1663		10	PVC	-290.89	1.19	327
1749	3369	604: J-1705	414: J-1834		10	PVC	-288.92	1.18	404
1949	3413	937: J-1865	604: J-1705		10	PVC	-285.04	1.16	454
1753	2524	844: J-1609	349: J-2027		10	Asbestos Cement	-282.01	1.15	462
1251	4819	147: J-1798	910: J-980		10	Asbestos Cement	-279.87	1.14	16
1609	1307	910: J-980	255: J-1270		10	Asbestos Cement	-264.71	1.08	179
1463	3260	944: J-1049	863: J-4741		10	PVC	-261.26	1.07	890
1919	5441	923: J-1564	701: J-1160		10	PVC	257.89	1.05	29
1631	5165	459: J-531	504: J-1454		10	PVC	-256.60	1.05	70
1616	3428	425: J-1357	123: J-548		10	PVC	256.52	1.05	211
1666	2468	260: J-4354	676: J-2097		10	Asbestos Cement	-253.05	1.03	1
1298	2521	260: J-4354	665: J-1074		10	Asbestos Cement	250.07	1.02	268
				10" Count	75				20398
1070	3918	851: J-972	291: J-1447		12	PVC	1884.04	5.34	926
1106	3905	291: J-1447	646: J-223		12	PVC	1884.04	5.34	1089
1859	3920	646: J-223	510: J-2823		12	PVC	1884.04	5.34	70
1835	3152	510: J-2823	544: J-380		12	PVC	1884.04	5.34	822
1126	4343	340: J-28	473: J-1482		12	PVC	1496.99	4.25	154
1305	3959	430: J-5213	192: J-5018		12	PVC	1496.99	4.25	1
1481	3599	732: J-5024	239: J-563		12	PVC	1496.99	4.25	921
1542	3957	192: J-5018	732: J-5024		12	PVC	1496.99	4.25	1
1673	3961	395: J-447	430: J-5213		12	PVC	1496.99	4.25	1
1804	4342	974: Quad Tar	340: J-28		12	PVC	1496.99	4.25	7
1831	3975	473: J-1482	395: J-447		12	PVC	1496.99	4.25	2031
1067	3497	239: J-563	584: J-321		12	PVC	1306.43	3.71	1747
1697	3033	653: J-4424	698: J-4286		12	Asbestos Cement	-895.90	2.54	48
1648	3821	355: J-5237	653: J-4424		12	Asbestos Cement	-895.23	2.54	227
1600	5136	420: J-5071	877: J-5072		12	PVC	-799.73	2.27	1
1726	19	92: J-3952	164: J-268		12	PVC	528.67	1.5	194
1148	3285	615: J-3895	632: J-2584		12	PVC	472.22	1.34	1

NCSD
TOWN WATER SYSTEM PIPES WITH VELOCITY GREATER THAN 1 FPS
SCENARIO MDD+FF @ J-126 (Champions Lane)

1395	3286	632: J-2584	779: J-3372		12	PVC	472.22	1.34	1
1458	3466	701: J-1160	615: J-3895		12	Ductile Iron	472.22	1.34	1
1622	3284	779: J-3372	813: J-2568		12	PVC	472.22	1.34	1
1692	3282	813: J-2568	178: J-1138		12	PVC	472.22	1.34	1
1274	5440	178: J-1138	792: J-3464		12	PVC	471.45	1.34	21
1820	7	164: J-268	85: J-4858		12	PVC	387.29	1.1	1
1009	60	504: J-1454	85: J-4858		12	PVC	-363.78	1.03	523
				12" Count	24				8790
993	P-854	318: J-6067	526: J-3140		14	Asbestos Cement	-1194.44	2.49	485
1548	3813	128: J-5287	519: J-226		14	Asbestos Cement	-891.56	1.86	997
2032	3720	526: J-3140	128: J-5287		14	Asbestos Cement	-887.51	1.85	1465
2048	P-861	929: J-6069	318: J-6067		14	Asbestos Cement	-713.42	1.49	73
1727	3636	404: J-1305	325: J-5281		14	Asbestos Cement	651.44	1.36	862
2022	P-860	325: J-5281	929: J-6069		14	Asbestos Cement	647.24	1.35	651
				14" Count	6				4533
1025	4300	664: J-1251	851: J-972		16	PVC	2094.04	3.34	1
1442	4311	976: Stand Pig	664: J-1251		16	PVC	2094.04	3.34	1
1312	77	382: J-1664	520: J-590		16	PVC	-1207.91	1.93	67
1046	75	424: J-5289	382: J-1664		16	PVC	-1206.69	1.93	1
2374	P-3317	180: J-3411	2373: J-8491		16	PVC	-1205.66	1.92	648
2375	P-3318	2373: J-8491	424: J-5289		16	PVC	-1205.66	1.92	648
1000	76	520: J-590	584: J-321		16	PVC	-1203.76	1.92	876
1104	5439	808: J-2135	416: J-5217		16	Ductile Iron	-1000.44	1.6	152
1286	2058	494: J-292	733: J-2137		16	Ductile Iron	-990.89	1.58	21
1124	2032	855: J-2116	494: J-292		16	Ductile Iron	-990.89	1.58	17
2126	P-3298	2124: J-8476	855: J-2116		16	Ductile Iron	-990.89	1.58	2533
2125	P-3297	142: J-771	2124: J-8476		16	Ductile Iron	-990.89	1.58	2533
1132	5386	733: J-2137	808: J-2135		16	Ductile Iron	-924.24	1.47	255
1560	5133	180: J-3411	877: J-5072		16	PVC	799.73	1.28	526
1960	5008	492: J-2059	142: J-771		16	Ductile Iron	-652.58	1.04	2700
1013	2015	507: J-692	492: J-2059		16	Ductile Iron	-652.58	1.04	1828
1523	3010	578: J-50	507: J-692		16	PVC	-652.58	1.04	1608
2119	P-3294	2117: J-8475	578: J-50		16	PVC	-652.58	1.04	1036
2118	P-3293	687: J-49	2117: J-8475		16	PVC	-652.57	1.04	1036
				16" Count	19				16487
				Grand Count	223				77596

MAP # CONNECTOR LINES SUPPLYING WATER TO BLACKLAKE

REACH	FEET
1 Branch from Avocado to Thompson	600
2 Thompson from Dahlia to Sea	300
3 Branch from Burton to Mallagh	450
4 Oakglen from Juniper Extension to Sea	300
5 Camino Caballo from No Frontage to Linden	500
6 Camino Caballo from Inga to Quail Oaks	5000
7 Juniper from Crosby to Pomeroy	1300
8 Tefft from Gardenia to Orchard	1900
9 Blume from Hill to Mid-Block	500
10 Grande from Blume to Orchard	2100
11 Division from Frontage to Orchard	4200
12 Orchard from Division to Tefft	3700
13 Osage from Charro to Camino Caballo	1900
14 Charro from Osage to Red Gum	1100
15 Red Gum from Charro to Camino Robles	1000
16 Red Gum from Camino Caballo to Mid Block	700
17 Sweet Gum from Camino Caballo to Mid Block	700
18 Amber Way from Ridge to Live Oak	500
19 Black Lake Cyn around the inner loop	<u>2400</u>
TOTAL	29150

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2008-BLACKLAKE WATER RATES

AN RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
TENTATIVELY APPROVING A WATER RATE INCREASES
BLACKLAKE WATER DIVISION

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to maintain adequate levels of revenue, equitably collected to meet the District's financial commitments for existing facilities and charges for new facilities to be constructed in the future which benefit the person or property being charged; and

WHEREAS, the District is considering the merger of the Blacklake Water Division with the Town Water Division whereby:

- The temporary bypass intertie constructed in October, 2006, would be declared permanent.
- The Blacklake Water Division projects known as the Blacklake Booster Station and Blacklake Hydromatic Tank will no longer be required to provide fire service and potable water within the Blacklake Water Division and would be abandoned.
- Town Water Division and the Blacklake Water Division would be merged into a single water division known as the Nipomo Community Services District Water System or District Water System.
- The Town Division Water rates adopted by Ordinance 2005-103 would be the District Water System rates subject to an equity surcharge to be paid by the Blacklake water customers.

WHEREAS, consistent with Government Code §61040 (c) the District Board of Directors requested a financial analysis of merging the two divisions.

WHEREAS, on September 7, 2007, the Reed Group, Inc. provided the District with a report titled Nipomo Community Services District Combined Water Rates System Financial Plan and User Rates (herein "Reed Report"); and

WHEREAS, the Reed Report analyzed the appropriate bi-monthly user rates and the nature and extent, if any, of an equitable surcharge, to be paid by Blacklake water customers to account for the capital contribution to the Town Water Division for providing augmented water service and fire protection through the bypass intertie. The Reed Report came to the following conclusions:

- A. Bi-Monthly Charges for Water Rates: that implementing the Town Division Water Rates and Charges as established by 2005-103 District wide (including Blacklake) will provide adequate financial resources for the next two years for the operation, maintenance, replacement and funding of adequate reserves for the merged water systems.
- B. Equitable Surcharge: based on an analysis of the difference in value of the two (2) water divisions assets and financial resources, the Reed Report set a Blacklake equity surcharge at one million sixty three

thousand three hundred ninety-two dollars (\$1,063,392) which equates to one thousand six hundred seventy-two dollars (\$1,672) per equivalent one inch meter within the Blacklake Water Division. The Report recommended the surcharge be prorated over a ten (10) year period at five percent (5%) interest or approximately thirty-five dollars and fifty-two cents (\$35.52) bi-monthly per one inch water meter. The Reed Report is on file with the District and is available for inspection; and

WHEREAS, at the District's regular meeting of April 9, 2008, District Staff presented an alternative concept to the Reed Report for establishing the equitable surcharge based on an analysis of the Town Water Division's capital assets that provide water and fire protection service to the Blacklake Water Division through the 2006 temporary bypass intertie. The April 9, 2008 concept set the Blacklake Water Division equity surcharge at five hundred ninety thousand four hundred twelve dollars (\$590,412) which equates to nine hundred twenty-eight dollars (\$928) per equivalent one inch meter within the Blacklake Water Division; and

WHEREAS, based on the April 9, 2008, concept District Staff has prepared a report titled *Blacklake Water Fund Merger with Town Water Fund Financial Plan and User Rates – Final Report* (herein " District Final Report"). The District Final Report sets the Town Division Water rates, as adopted by Ordinance 2005-3, as the District Water System water rates and sets the Blacklake Water District equitable surcharge at five hundred ninety thousand four hundred twelve dollars (\$590,412). The District Final Report recommends the surcharge be paid over a ten year period at five percent interest or approximately twenty dollars and seven cents (\$20.07) bi-monthly per one inch water meter ; and

WHEREAS, based upon facts and analysis presented by the District Final Report, the various Studies, the Staff Report, and public testimony received, the Board of Directors finds:

A. The revenues derived from the rates and charges along with the equitable surcharge, as established in Exhibit "A" do not exceed the funds required to provide water service.

B. The rates and charges along with the equitable surcharge, as established in Exhibit "A", imposed upon the parcels within the Blacklake Water Division as an incident of property ownership do not exceed the proportional costs of water service and fire protection attributed to the individual parcels.

C. The Blacklake Equity Surcharge will be used for capital contribution to the District Water System.

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

Section 1. The above Recitals are true and correct and are incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and support the findings of the District in support of this Resolution.

Section 2. The Blacklake Water Fund merger with Town Water Fund Financial Plan and User Rates – Final Report - is approved.

Section 3. Subject to the protest procedures of Section 6 of Article XIII D and Government Code §53755 the rates and charges for water service, including the equitable surcharge, within the Blacklake Water Division attached hereto as Exhibit "A" are tentatively approved.

Section 4. The District's regular meeting of July 9, 2008, is tentatively set for the public hearing to consider protests from tenants and owners of property receiving water service within the Blacklake Water Division. District Staff is directed to provide notice of the public hearing pursuant to the provisions of Section 6, Article XIII D of the California Constitution.

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

AYES:
NOES:
ABSENT:
CONFLICTS:

the foregoing resolution is hereby adopted this ____ day of _____ 2008.

Michael Winn, President
Nipomo Community Services District
Board of Directors

ATTEST:

APPROVED AS TO FORM

Donna K. Johnson
Secretary to the Board

Jon S. Seitz
District Legal Counsel

EXHIBIT A

For the period from October 1, 2008 through December 31, 2008, each District Water Customer in Blacklake would pay the following User Fee Water Rates. Following is a chart illustrating the 2008 Bi-Monthly Availability Charges, Litigation Charges and Equity Surcharge per meter size (the equity surcharge shall not apply to customers who have made the prescribed Lump Sum Payment):

BI-MONTHLY CHARGES EXCLUDING USAGE			
CHARGES			
SIZE OF METER	AVAILABILITY CHARGE	LITIGATION CHARGE	EQUITY CHARGE *1
1" or Less	\$22.71	\$6.32	\$20.07
1 ½"	\$64.46	\$14.36	\$60.21
2"	\$102.09	\$19.92	\$96.34

Following is a chart illustrating the 2008 Bi-Monthly Residential Usage Rates for all units of water consumed:

USAGE RATE	
Tier 1 (0-40 units)	\$1.52 per unit
Tier 2 (> 40 units)	\$2.59 per unit

Following is a chart illustrating the 2008 Bi-Monthly Non-Residential Usage Rates for all units of water consumed:

USAGE RATE	
All Water Use	\$1.91 per unit

*1. This surcharge can be eliminated if the customer has paid the prescribed one time lump sum equity Buy-In Payment.

For the period from January 1, 2009 through December 31, 2009, each District Water Customer in Blacklake would pay the following User Fee Water Rates. Following is a chart illustrating the 2009 Bi-Monthly Availability Charges, Litigation Charges and Equity Surcharge per meter size (the equity surcharge shall not apply to customers who have made the prescribed Lump Sum Payment):

BI-MONTHLY CHARGES EXCLUDING USAGE

CHARGES

SIZE OF METER	AVAILABILITY CHARGE	LITIGATION CHARGE	EQUITY CHARGE *1.
1" or Less	\$24.52	\$6.32	\$20.07
1 ½"	\$69.61	\$14.36	\$60.31
2"	\$110.25	\$19.92	\$96.34

Following is a chart illustrating the 2009 Bi-Monthly Residential Usage Rates for all units of water consumed:

USAGE RATE

Tier 1 (0-40 units)	\$1.64 per unit
Tier 2 (> 40 units)	\$2.80 per unit

Following is a chart illustrating the 2009 Bi-Monthly Non-Residential Usage Rates for all units of water consumed:

USAGE RATE

All Water Use	\$2.06 per unit
---------------	-----------------

*1. This surcharge can be eliminated if the customer has paid the prescribed one time lump sum equity Buy-In Payment.

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2008-_____**

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
ADDING CHAPTER 3.40 TO THE DISTRICT CODE MERGING
TOWN DIVISION AND BLACKLAKE WATER DIVISION**

WHEREAS, it is a major responsibility of the Nipomo Community Services District ("District") to:

- A. Operate and maintain its water production and distribution facilities so as to provide adequate fire protection and water service to District water customers;
- B. Maintain adequate levels of revenue, equitably collected from District water customers, to meet the District's financial commitments including operation, maintenance, replacement and administrative costs of District's water production and distribution facilities; and

WHEREAS, the District operates two (2) water divisions, commonly known as the Town Division and the Blacklake Water Division; and

WHEREAS, the Town Water Division, by design, uses water tanks and a gravity water system to provide water pressure for potable water and fire protection; and

WHEREAS, the Blacklake Water Division, by design, uses a hydro-pneumatic pump station that includes tanks and variable speed pumps (collectively "Booster Station") to provide water pressure for potable water and fire protection; and

WHEREAS, the District has adopted separate water rates for the operation and maintenance of the two water divisions. The current rates and charges are identified in Appendix "A" to Chapter 3.03 of the District Code and are attached hereto and incorporated herein by this reference; and

WHEREAS, the Blacklake Booster Station is worn out and cannot provide reliable pressure for potable water and fire protection within the Blacklake System; and

WHEREAS, to address the immediate need to provide Blacklake residents with potable water and fire protection, the District, in October of 2006, constructed a second and larger intertie between the Town Division and the Blacklake Division that provides a temporary bypass of the Booster Pump Station; and

WHEREAS, the District is considering the merger of the Blacklake Water Division and the Town Water Division whereby:

- The temporary bypass intertie constructed in October, 2006, would be declared permanent.
- The Blacklake Water Division projects known as the Blacklake Booster Station and Blacklake Hydromatic Tank will no longer be required to provide fire service and potable water within the Blacklake Water Division and would be abandoned.
- Town Water Division and the Blacklake Water Division would be merged into a single water division known as the Nipomo Community Services District Water System or District Water System.

- The Town Division Water rates adopted by Ordinance 2005-3 would be the District Water System water rates subject to an equity surcharge to be paid by the Blacklake water customers.

WHEREAS, consistent with Government Code §61040 (c) the District Board of Directors requested a financial analysis of merging the two divisions.

WHEREAS, on September 7, 2007, the Reed Group, Inc. provided the District with a report titled Nipomo Community Services District Combined Water Rates System Financial Plan and User Rates (herein "Reed Report"). Based on an analysis of the difference in value of the two (2) water divisions assets and financial resources, the Reed Report set a Blacklake equity surcharge at one million sixty three thousand three hundred ninety-two dollars (\$1,063,392) which equates to one thousand six hundred seventy-two dollars (\$1,672) per equivalent one inch meter within the Blacklake Water Division. The Report recommended the surcharge be prorated over a ten (10) year period at five percent (5%) interest or approximately thirty-five dollars and fifty-two cents (\$35.52) bi-monthly per one inch water meter. The Reed Report is on file with the District and is available for inspection; and

WHEREAS, at the District's regular meeting of March 12, 2008, the District Board of Directors directed Staff to evaluate and present different options for calculating the equity surcharge to merge the Town Water Division and the Blacklake Water Division; and

WHEREAS, at the District's regular meeting of April 9, 2008, District Staff presented an equity surcharge concept based on an analysis of the Town Water Division's capital assets that provide water and fire protection service to the Blacklake Water Division through the 2006 temporary bypass intertie. The April 9, 2008 concept set the Blacklake Water Division equity surcharge at five hundred ninety thousand four hundred twelve dollars (\$590,412) which equates to nine hundred twenty-eight dollars (\$928) per equivalent one inch meter within the Blacklake Water Division; and

WHEREAS, based on the April 9, 2008, concept District Staff has prepared a report titled *Blacklake Water Fund Merger with Town Water Fund Financial Plan and User Rates – Final Report* (herein " District Final Report"). The District Final Report sets the Town Division Water rates, as adopted by Ordinance 2005-3, as the District Water System water rates and sets the Blacklake Water District equitable surcharge at five hundred ninety thousand four hundred twelve dollars (\$590,412). The District Final Report recommends the surcharge be paid over a ten year period at five percent interest or approximately twenty dollars and seven cents (\$20.07) bi-monthly per one inch water meter. The District Final Report is on file with the District and is available for inspection ; and

WHEREAS, on April 30, 2008, the District Board of Directors approved the District Final Report for establishing the Blacklake Water Division user rates and equity surcharge; and

WHEREAS, based upon facts and analysis presented by the Technical Reports, the various Studies, the Staff Report, and public testimony received, the Board of Directors finds:

- A. The public meetings adopting this Ordinance have been properly noticed pursuant to Government Code Section 54954.2 (The Brown Act);
- B. The application of this Ordinance is conditioned on Blacklake Water Division customers approval of the increase water rate to pay the equity surcharge

pursuant to the provisions of Article XIII D of the California Constitution. Therefore, this Ordinance does not increase water rates within the Blacklake Water Division.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the District as follows:

Section 1. Protest Procedures (Article XIII D of the California Constitution)

The merger of the Blacklake Water Division and the Town Water Division and the application of Sections 1, 2, 3, and 4 of this Ordinance are conditioned on Blacklake Water Division customers and property owners approving an increase in water rates pursuant to the provisions of Article XIII D of the California Constitution (commonly known as Proposition 218) and Government Code §53755.

Section 2. Chapter 3.04 titled Merger of District Water Divisions, shall be added to the District Code as follows:

3.40.010 Merged Water Divisions

- A. The District's Town Water Division and the Blacklake Division Water Division are hereby merged into a single water division known as the Nipomo Community Services District Water System or the District Water System.
- B. The temporary intertie constructed in October, 2006, and the four inch emergency intertie are hereby declared to be permanent connections.
- C. The Blacklake Water Division projects known as the Blacklake Booster Station and the Blacklake Hydro-Pneumatic Tank are no longer required and are hereby abandoned.

3.40.20 Equitable Adjustment

- A. There is hereby established an Equitable Surcharge of five hundred ninety thousand four hundred twelve dollars (\$590,412), constituting Blacklake Water Division's buy-in for connecting to the Town Division Water System Capital Facilities which equates to nine hundred twenty-eight dollars (\$928) per one inch residential water meter within Blacklake.
- B. The increase in the Blacklake customer water rates over the Town Division water rates (herein "Differential Water Rates") for payment of equitable surcharge shall be approved by the Blacklake water customers and property owners pursuant to the provisions of Article XIII D of the California Constitution and Government Code §53755.
- C. The equitable surcharge shall be paid, with interest accumulating at five percent (5%) per annum, to the District Water System from the Differential Water Rates until paid in full (approximately 10 years).
- D. Blacklake Water Division customers will be given the opportunity during the month of September to make a lump sum payment of the equitable surcharge to avoid the five percent (5%) interest rate.

3.40.030 Rates and Charges

- A. Upon the full reimbursement of the equitable surcharge the Differential Water Rates shall terminate and the District Water System shall be operated under

a single combined rate structure.

- B. District Water System rates and charges shall be adjusted from time to time pursuant to the provisions of Article XIII D of the California Constitution (commonly known as Proposition 218).

Section 3. Budget Adjustment – Second Intertie

The District Staff is directed to return to the Board with a budget adjustment, for a second intertie at Misty Glen Road that will:

- A. Assure redundancy of the connection of the two (2) systems; and
- B. Provide a means of looping of the two (2) systems.

Section 4. Accounting

For Accounting purposes:

- A. Blacklake Water Division Fund Account 140 and Town Water Division Water Fund Account 120 will be combined into a single fund; and
- B. Blacklake Water Division Fund Account 820 and Town Water Division Water Fund Account 800 will be combined into a single fund; and
- C. Blacklake Water Division Accounts and Town Water Division Accounts will be operated under a single accounting system effective October 1, 2008.

Section 5. Incorporation of Recitals

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and support the findings of the District in support of this Ordinance.

Section 6. Effect of Repeal on Past Actions and Obligations.

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

Section 7. Severance Clause.

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

Section 8. Effect of Headings in Ordinance.

Title, division, part, chapter, article, and section headings contained herein do not in any manner affect the scope, meaning, or intent of the provisions of this Ordinance.

Section 9. Effective Date.

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage. Before the expiration of fifteen (15) days after passage it shall be published once in the with the names of the members of the Board of Directors voting for and against the Ordinance in the _____ and the _____.

Introduced at its regular meeting of the Board of Directors held on April 30, 2008 and passed and adopted by the Board of Directors of the Nipomo Community Services District on the _____ day of _____, 2008 by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

CONFLICTS:

Michael Winn, President
Nipomo Community Services District
Board of Directors

ATTEST:

APPROVED AS TO FORM:

DONNA K. JOHNSON
Secretary to the Board

JON S. SEITZ
District Legal Counsel

**NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2005-103**

EXHIBIT "A"

APPENDIX A TO CHAPTER 3.03

WATER RATES AND CHARGES

BI-MONTHLY AVAILABILITY CHARGES*

(The bi-monthly availability charge shall take effect August 1, 2005, and Future increases shall take effect on January 1, of each succeeding year.)

TOWN DIVISION

SIZE OF METER	AUGUST 1, 2005	2006	2007	2008	2009
1 Inch or Less	\$16.76	\$18.43	\$20.64	\$22.71	\$24.52
Litigation Charge	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32
1 ½ Inch	\$47.56	\$52.32	\$58.60	\$64.46	\$69.61
Litigation Charge	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36
2 Inch	\$75.33	\$82.86	\$92.81	\$102.09	\$110.25
Litigation Charge	\$19.92	\$19.92	\$19.92	\$19.92	\$14.36
3 Inch	\$140.17	\$154.18	\$172.68	\$189.95	\$205.15
Litigation Charge	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92
4 Inch	\$232.77	\$256.05	\$286.77	\$315.45	\$340.68
Litigation Charge	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
6 Inch	\$464.07	\$510.48	\$571.73	\$628.91	\$679.22
Litigation Charge	\$59.58	\$59.58	\$59.58	\$59.58	\$59.58
8 Inch	\$741.74	\$815.92	\$913.83	\$1,005.21	\$1,085.63
Litigation Charge	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08

BLACKLAKE DIVISION

SIZE OF METER	AUGUST 1, 2005	2006	2007	2008	2009
1 Inch or Less	\$15.09	\$18.10	\$22.08	\$26.06	\$30.75
Litigation Charge	\$6.32	\$6.32	\$6.32	\$6.32	\$6.32
1 ½ Inch	\$41.73	\$50.07	\$61.09	\$72.08	\$85.06
Litigation Charge	\$14.36	\$14.36	\$14.36	\$14.36	\$14.36
2 Inch	\$65.74	\$78.89	\$96.24	\$113.57	\$134.01
Litigation Charge	\$19.92	\$19.92	\$19.92	\$19.92	\$14.36
3 Inch	\$121.81	\$146.17	\$178.33	\$210.43	\$248.31
Litigation Charge	\$27.92	\$27.92	\$27.92	\$27.92	\$27.92
4 Inch	\$201.90	\$242.28	\$295.58	\$348.78	\$411.56
Litigation Charge	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
6 Inch	\$401.93	\$482.32	\$588.42	\$694.34	\$819.32
Litigation Charge	\$59.58	\$59.58	\$59.58	\$59.58	\$59.58
8 Inch	\$642.06	\$770.48	\$939.98	\$1,109.18	\$1,308.83
Litigation Charge	\$68.08	\$68.08	\$68.08	\$68.08	\$68.08

*The above bi-monthly availability charge reflects the adjusted rate established by Ordinance 2003-95 to meet the District's financial obligations. Litigation charges off-set District financial obligations relating to the lawsuit entitled Santa Maria Valley Water Conservation District vs the City of Santa Maria, the Nipomo Community Services District, et al. When the District's financial obligation regarding this lawsuit have been satisfied, the litigation charge will be removed.

NIPOMO COMMUNITY SERVICES DISTRICT
ORDINANCE NO. 2005-103

EXHIBIT "A" (Continued)

APPENDIX B TO CHAPTER 3.03

WATER RATES AND CHARGES

(The bi-monthly usage rates shall take effect August 1, 2005, and future increases shall take effect on January 1, of each succeeding year.)

TOWN DIVISION

RESIDENTIAL USAGE RATES

	AUGUST 1, 2005	2006	2007	2008	2009
Tier 1 (0-40 Units)	\$1.12	\$1.23	\$1.38	\$1.52	\$1.64
Tier 2 (> 40 Units)	\$1.91	\$2.10	\$2.35	\$2.59	\$2.80

TOWN DIVISION

NON-RESIDENTIAL USAGE RATES

(Multi-family, Commercial, Irrigation, Agriculture, Industry and Construction)

	AUGUST 1, 2005	2006	2007	2008	2009
All Water Use	\$1.41	\$1.55	\$1.74	\$1.91	\$2.06

BLACKLAKE DIVISION

RESIDENTIAL USAGE RATES

	AUGUST 1, 2005	2006	2007	2008	2009
Tier 1 (0-40 Units)	\$0.97	\$1.16	\$1.42	\$1.68	\$1.98
Tier 2 (> 40 Units)	\$1.70	\$2.04	\$2.49	\$2.94	\$3.47

BLACKLAKE DIVISION

NON-RESIDENTIAL USAGE RATES

(Multi-family, Commercial, Irrigation, Agriculture, Industry and Construction)

	AUGUST 1, 2005	2006	2007	2008	2009
All Water Use	\$1.18	\$1.42	\$1.73	\$2.04	\$2.41