

TO: MICHAEL S. LEBRUN *MSL*
 GENERAL MANAGER

FROM: LISA BOGNUDA *LB*
 FINANCE DIRECTOR

DATE: MARCH 3, 2014

AGENDA ITEM

2

MARCH 6, 2014

REVIEW EMPLOYEE COST OF LIVING ADJUSTMENT (COLA)

ITEM

Review employee Cost of Living Adjustment (COLA)

BACKGROUND

The NCSD Personnel Policies & Procedures Manual, Section 3030(4) states the following:

Cost of Living Adjustments – Annually, the Board may consider a Cost of Living Adjustment (COLA). If the COLA is approved, the step plan will be adjusted accordingly, thus keeping the plan current. Therefore, an employee may receive both a Cost of Living Adjustment and an increase in compensation pursuant to Section 3030(2) in any given year until the employee reaches Step 5. Upon reaching Step 5, the only salary adjustments an employee will receive will be Board-approved Cost of Living Adjustments.

On December 13, 2006, the Board of Directors approved Resolution 2006-1000 which included:

Approve the use of the Consumer Price Index-Urban Wage Earners and Clerical Workers (Average of annual increase for the Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose) for all future Cost of Living Adjustments (COLA).

Staff computed the average of annual increase for the Consumer Price Index of Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose to be 1.625%. (Attachment D)

Since the adoption of Resolution 2006-1000, the Board approved COLA adjustments have been as follows:

Fiscal year	COLA Computation	Board Approved	Difference	Accumulated Difference
7/1/13	2.48%	2.48%	0.00%	(3.17%)
7/1/12	3.02%	1.50%	(1.52%)	(3.17%)
7/1/11	1.65%	0.00%	(1.65%)	(1.65%)
7/1/10	0.00%	0.00%	0.00%	0.00%
7/1/09	3.61%	3.61%	0.00%	0.00%
7/1/08	3.22%	3.22%	0.00%	0.00%
7/1/07	3.53%	3.53%	0.00%	0.00%

Staff contacted nearby Community Services District and obtained the following information:

	COLA 7/1/13	Expected COLA 7/1/14	How is COLA computed
Heritage Ranch CSD	2.0%	2.0%	Three year MOU provides a 2% COLA every year and phase in of employee contributing 3% to CALPERS in 2013, 1% in 2014 and 2% in 2015.
Templeton CSD	0%	Not yet determined	Pay scales restructured September 2013
Cambria CSD	1.65%	Not yet determined	Union Agreement states COLA equal to average CPI April to April increase for Los Angeles/Anaheim/Riverside and San Francisco areas up to a maximum of 3%

(1) California Index uses the weighted average of the CPI for Los Angeles-Anaheim-Riverside and San Francisco-Oakland-San Jose.

STRATEGIC PLAN

Strategic Plan Item 4.1 – Retain long-term employees and attract new employees by providing industry competitive salary/benefits.

RECOMMENDATION

It is recommended that the Committee review the COLA and forward its recommendation to the Board of Directors.

ATTACHMENTS

- A. Section 3030(4) from NCSD Personnel Policies and Procedures (Page 1)
- B. Resolution 2006-1000 (Page 2)
- C. Excerpt from Bureau of Labor Statistics on how to compute the CPI (Pages 3-4)
- D. Consumer Price Index information and computation (Page 5)

MARCH 6, 2014

ITEM 2

ATTACHMENT A

B. For employees entering the District who are appointed to a regular position at a step other than the first step, the anniversary date shall be the day following the completion of 12 months of service at such step.

4. Cost of Living Adjustments – Annually, the Board may consider a Cost of Living Adjustment (COLA). If the COLA is approved, the step plan will be adjusted accordingly, thus keeping the plan current. Therefore, an employee may receive both a Cost of Living Adjustment and an increase in compensation pursuant to Section 3030(2) in any given year until the employee reaches Step 5. Upon reaching Step 5, the only salary adjustments an employee will receive will be Board-approved Cost of Living Adjustments.

5. Promotion - Employees promoted to a position with a higher salary range shall be placed on the step of the range allocated to the new classification which would grant such employee an increase in pay, provided, however, the increase may exceed five percent at the discretion of the General Manager, and that such increase shall not exceed the top step of the range allocated to the new classification. Such action shall require the General Manager to establish a new anniversary date in accordance with the following criteria:

A. For employees who are promoted to a permanent position and placed at the first step of the salary range, the anniversary date shall be the date following the completion of 12 months of service at such step.

B. For employees who are promoted to a permanent position and placed at a step other than the first step, the anniversary date shall be the day following the completion of 12 months of service at such step.

6. Lateral Transfer – When employee agrees to transfer to a different position or classification with similar responsibilities as his/her existing position, the affected employee shall be placed at a salary range within the new classification that is most consistent with the employee's existing salary range not to exceed Step 5 unless employee is eligible for longevity pay.

7. Incentive Pay - For Utility Operators who successfully achieve Water or Wastewater Grade certificates over and above those required for the position while employed with the District will be entitled to receive a one time incentive pay of \$500.00 for each certificate obtained.

MARCH 6, 2014

ITEM 2

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2006-1000**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE MONTHLY SALARY SCHEDULE, PROPOSED SALARY
RANGE PLACEMENT, AND CPI INDEX**

WHEREAS, the Nipomo Community Services District (herein "District") Board of Directors (herein "Board") is a local governmental agency formed and authorized to provide services within its jurisdiction, pursuant to Section 61000 et seq. of the California Government Code; and

WHEREAS, the Nipomo Community Services District contracted with a Koff & Associates, Inc. to perform a professional Salary and Benefits Survey; and

WHEREAS, the Board of Directors accepted and filed the final report titled "Total Compensation Study for the Nipomo Community Services District" on December 13, 2006; and

WHEREAS, Koff & Associates, Inc. recommended a new Monthly Salary Schedule and proposed Salary Range Placement in the report; and

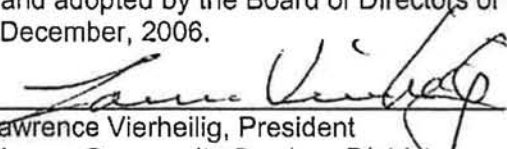
NOW, THEREFORE, the Board of Directors of the Nipomo Community Services District does hereby resolve, declare, determine and order as follows:

1. Adopt the Monthly Salary Schedule (Exhibit "A")
2. Adopt the Proposed Salary Range Placement (Exhibit "B")
3. Approve the use of the Consumer Price Index-Urban Wage Earners and Clerical Workers (Average of annual increase for the Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose) for all future Cost of Living Adjustments (COLA).
4. Authorize Staff to advertise for the positions of District Engineer, Utility Foreman and Water Conservation Specialist at the newly approved monthly salary schedule

On the motion of Director Trotter, seconded by Director Harrison, and on the following roll call vote, to wit:


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

The foregoing resolution is hereby passed, approved and adopted by the Board of Directors of the Nipomo Community Services District this 13th day of December, 2006.



Lawrence Vierheilig, President
Nipomo Community Services District

ATTEST:



Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM:



Jon S. Seitz
General Counsel

T:\BOARD MATTERS\RESOLUTIONS\RESOLUTIONS 2006\2006-1000 salary schedule.DOC

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ITEM 2

ATTACHMENT C



Consumer Price Index

How to Use the Consumer Price Index for Escalation

The Consumer Price Index (CPI) measures the average change in the prices paid for a market basket of goods and services. These items are purchased for consumption by the two groups covered by the index: All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers, (CPI-W).

Escalation agreements often use the CPI—the most widely used measure of price change—to adjust payments for changes in prices. The most frequently used escalation applications are in private sector collective bargaining agreements, rental contracts, insurance policies with automatic inflation protection, and alimony and child support payments.

The following are general guidelines to consider when developing an escalation agreement using the CPI:

DEFINE clearly the base payment (rent, wage rate, alimony, child support, or other value) that is subject to escalation.

IDENTIFY precisely which CPI index series will be used to escalate the base payment. This should include: The population coverage (CPI-U or CPI-W), area coverage (U.S. City Average, West Region, Chicago, etc.), series title (all items, rent of primary residence, etc.), and index base period (1982-84=100).

SPECIFY a reference period from which changes in the CPI will be measured. This is usually a single month (the CPI does not correspond to a specific day or week of the month) or an annual average. There is about a 2-week lag from the reference month to the date on which the index is released (e.g., the CPI for May is released in mid-June). The CPI's for most metropolitan areas are not published as frequently as are the data for the U.S. City Average and the 4 regions. Indexes for the U.S. City Average, the 4 regions, 3 city-size classes, 10 region-by-size classes, and 3 major metropolitan areas (Chicago, Los Angeles, and New York) are published monthly. Indexes for the remaining 23 published metropolitan areas are available only on a bimonthly or semiannual basis. Contact the BLS address at the end of this fact sheet for information on the frequency of publication for the 26 metropolitan areas.

STATE the frequency of adjustment. Adjustments are usually made at fixed time intervals, such as quarterly, semiannually, or, most often, annually.

DETERMINE the formula for the adjustment calculation. Usually the change in payments is directly proportional to the percent change in the CPI index between two specified time periods. Consider whether to make an allowance for a "cap" that places an upper limit to the increase in wages, rents, etc., or a "floor" that promises a minimum increase regardless of the percent change (up or down) in the CPI.

PROVIDE a built-in method for handling situations that may arise because of major CPI revisions or changes in the CPI index base period. The Bureau always provides timely notification of upcoming revisions or changes in the index base.

The CPI and escalation: Some points to consider

The CPI is calculated for two population groups: All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers (CPI-W). The CPI-U represents about 87 percent of the total U.S. population and is based on the expenditures of *all* families living in urban areas. The CPI-W is a subset of the CPI-U and is based on the expenditures of families living in urban areas who meet additional requirements related to employment: more than one-half of the family's income has to be earned from clerical or hourly-wage occupations. The CPI-W represents about 32 percent of the total U.S. population.

There can be small differences in movement of the two indexes over short periods of time because differences in the spending habits of the two population groups result in slightly different weighting. The long-term movements in the

indexes are similar. CPI-U and CPI-W indexes are calculated using measurement of price changes for goods and services with the same specifications and from the same retail outlets. The CPI-W is used for escalation primarily in blue-collar cost-of-living adjustments (COLA's). Because the CPI-U population coverage is more comprehensive, it is used in most other escalation agreements.

The 26 metropolitan areas for which BLS publishes separate index series are by-products of the U.S. City Average index. Metropolitan area indexes have a relatively small sample size and, therefore, are subject to substantially larger sampling errors. Metropolitan area and other sub-components of the national indexes (regions, size-classes) often exhibit greater volatility than the national index. BLS strongly recommends that users adopt the U.S. City Average CPI for use in escalator clauses.

The U.S. City Average CPI's are published on a seasonally adjusted basis as well as on an unadjusted basis. The purpose of seasonal adjustment is to remove the estimated effect of price changes that normally occur at the same time and in about the same magnitude every year (e.g., price movements due to the change in weather patterns, model change-overs, holidays, end-of-season sales, etc.). The primary use of seasonally adjusted data is for current economic analysis. In addition, the factors that are used to seasonally adjust the data are updated annually. Also, seasonally adjusted data that have been published earlier are subject to revision for up to 5 years after their original release. For these reasons, the use of seasonally adjusted data in escalation agreements is inappropriate.

Escalation agreements using the CPI usually involve changing the base payment by the percent change in the level of the CPI between the reference period and a subsequent time period. This is calculated by first determining the index point change between the two periods and then the percent change. The following example illustrates the computation of percent change:

CPI for current period	136.0	
Less CPI for previous period	129.9	
Equals index point change	6.1	
Divided by previous period CPI	129.9	
Equals	0.047	
Result multiplied by 100	0.047 x 100	
Equals percent change	4.7	

The Bureau of Labor Statistics neither encourages nor discourages the use of price adjustment measures in contractual agreements. Also, while BLS can provide technical and statistical assistance to parties developing escalation agreements, we can neither develop specific wording for contracts nor mediate legal or interpretive disputes which might arise between the parties to the agreement.

For any additional information about the CPI, please call (202) 691-7000, or write to:

Bureau of Labor Statistics Office of Prices and Living Conditions 2 Massachusetts Avenue, NE., Room
3615 Washington, DC 20212-0001

Last Modified Date: October 16, 2001

U.S. Bureau of Labor Statistics | Division of Consumer Prices and Price Indexes, PSB Suite 3130, 2 Massachusetts Avenue, NE
Washington, DC 20212-0001

www.bls.gov/CPI | Telephone: 1-202-691-7000 | [Contact CPI](#)

MARCH 6, 2014

ITEM 2

ATTACHMENT D

Consumer Price Index - Urban Wage Earners and Clerical Workers

Series Id: CWURA421SA0
 Not Seasonally Adjusted
 Area: Los Angeles-Riverside-Orange County, CA
 Item: All items
 Base Period: 1982-84=100

Download:  .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2003	177.8	179.6	181.6	180.9	179.9	179.6	179.6	180.5	181.9	181.2	180.5	180.2	180.3	179.9	180.7
2004	181.7	183.4	184.9	185.2	186.8	187.4	186.8	186.5	187.8	189.8	190.3	188.5	186.6	184.9	188.3
2005	188.5	190.3	192.1	194.2	194.6	193.7	194.6	196.4	199.0	200.0	198.4	196.5	194.9	192.2	197.5
2006	198.3	199.9	200.8	202.9	205.0	204.2	204.5	205.0	205.3	203.5	203.3	202.9	203.0	201.9	204.1
2007	204.498	206.632	208.929	210.195	211.145	209.614	209.444	209.240	209.849	211.259	212.844	212.282	209.661	208.502	210.820
2008	213.825	214.231	216.493	217.914	219.702	222.435	223.245	221.230	220.285	218.726	214.083	211.007	217.765	217.433	218.096
2009	212.454	213.234	213.013	213.405	214.446	216.145	216.128	216.628	217.302	217.474	216.618	216.233	215.257	213.783	216.730
2010	217.290	217.090	218.157	218.475	218.787	218.222	218.367	218.752	218.427	219.339	218.694	219.619	218.435	218.004	218.866
2011	221.540	222.814	225.770	227.051	226.842	225.461	224.277	224.665	226.096	226.116	225.786	224.444	225.072	224.913	225.231
2012	226.245	227.585	230.281	230.023	230.180	228.917	228.446	230.229	231.085	233.431	230.426	228.940	229.649	228.872	230.426
2013	230.651	232.983	233.200	232.030	232.387	232.378	232.190	232.245	232.817	232.735	231.598	231.594	232.234	232.271	232.197

Series Id: CWURA422SA0
 Not Seasonally Adjusted
 Area: San Francisco-Oakland-San Jose, CA
 Item: All items
 Base Period: 1982-84=100

Download:  .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2003		193.7		193.6		192.2		192.3		191.9		191.1	192.4	192.9	191.9
2004		194.1		194.7		195.4		195.0		196.4		195.9	195.0	194.4	195.7
2005		197.3		199.3		197.5		199.5		202.6		199.3	199.1	197.9	200.3
2006		202.5		204.9		205.2		206.7		206.2		205.6	204.9	203.7	206.1
2007		208.803		211.189		211.422		211.620		213.133		214.204	211.370	209.986	212.754
2008		214.913		217.913		221.454		221.385		221.192		213.685	218.441	217.487	219.396
2009		216.797		218.587		220.996		221.279		221.708		220.121	219.645	218.182	221.109
2010		222.049		223.821		224.185		224.195		224.352		224.152	223.624	223.012	224.236
2011		226.638		231.600		230.605		231.445		232.371		231.109	230.337	229.074	231.600
2012		234.648		236.626		236.890		238.445		240.864		236.454	237.097	235.572	238.622
2013		240.262		241.764		243.052		242.903		243.711		242.602	242.125	241.141	243.109

**NIPOMO COMMUNITY SERVICES DISTRICT
 CONSUMER PRICE INDEX ADJUSTMENT
 PROPOSED FOR JULY 1, 2014**

	<u>SF</u>	<u>LA</u>	<u>AVERAGE</u>
CPI for current period	242.125	232.234	
Less CPI for previous period	<u>(237.097)</u>	<u>(229.649)</u>	
Equals index point change	5.028	2.585	
Divide by previous period CPI	237.097	229.649	
Equals	0.0212	0.0113	
Result multiplied by 100	0.0212 x 100	0.0113 x 100	
	<u>2.120</u>	<u>1.130</u>	<u>1.625</u>

TO: MICHAEL S. LEBRUN *M9L*
GENERAL MANAGER

FROM: LISA BOGNUDA *LB*
FINANCE DIRECTOR

DATE: MARCH 3, 2014

AGENDA ITEM

3

MARCH 6, 2014

REVIEW DRAFT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) REPORT

ITEM

Review draft Other Post-Employment Benefits (OPEB) Report

BACKGROUND

On April 30, 2008, the Board of Directors adopted Resolution 2008-1078, Approving Agreement and Election to Prefund Other Post Employment Benefits through CALPERS and Certification of OPEB Funding Policy and Government Accounting Standards Board (GASB) 43/45 Reporting Compliance. On November 16, 2011, the Board of Directors approved the revised California Employers' Retiree Benefit Trust (CERBT) agreement to allow the District to use the Alternative Measurement Method (AMM).

Pursant to the CERBT contract, the District is required to have an actuarial report completed every two years. James Marta & Company LLP has prepared the draft report using the AMM.

Employers are not required to fund any or all of the computed Annual Required Contribution (ARC). To comply with GASB 45, employers must simply measure and report their liabilities. GASB 45 does not require that contributions be made.

Below is a summary of the ARC pursuant to previously approved actuarial valuation reports and the amounts approved for funding by the District.

Fiscal Year	Annual Required Contribution ARC, per OPEB Reports	ARC Funded by NCSD
6/30/09	\$113,000	\$113,000
6/30/10	\$113,000	\$113,000
6/30/11	\$103,000	\$103,000
6/30/12	\$114,406	\$103,000
6/30/13	\$114,406	\$114,400
6/30/14	\$109,705 (per draft Report)	\$114,400 (approved in FY 13-14 Budget)

RECOMMENDATION

It is recommended that the Committee receive the draft report and direct Staff to final the report and include the ARC of \$109,705 in the FY 14-15 Budget.

ATTACHMENT

- A. CERBT Letter dated February 5, 2014
- B. Draft Other Post-Employment Benefits (OPEB) Liability Report

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MARCH 6, 2014

ITEM 3

ATTACHMENT A

Lisa Bognuda

From: CERBT4U <CERBT4U_CERBT4U@CalPERS.CA.GOV>
Sent: Wednesday, February 05, 2014 2:20 PM
To: Lisa Bognuda
Subject: CalPERS-CERBT Update



California Public Employees' Retirement System
Affiliate Program Services Division
CERBT (OPEB)
P.O. Box 1494
Sacramento, CA 95812-1494
TTY: (877) 249-7442
(888) 225-7377 phone · (916) 795-0032 fax
www.calpers.ca.gov

February 5, 2014

Lisa Bognuda
Finance Director/Assistant General Manager
Nipomo Community Services District

Dear Lisa,

I hope the start of 2014 has been a good one for you. I want to take this opportunity to share some important information with you.

I am pleased to announce the total annual cost for participation in the CERBT has been lowered to 14 basis points beginning February 1, 2014.

Here are the reasons why the cost is lower now. The California Employers' Retiree Benefit Trust (CERBT) program continues to experience strong trust growth. At calendar year end 2013 the trust had grown to 386 contracted employers with \$3.2 billion of assets under management. The aggregated investment returns for all three strategies the trust offers for calendar year 2013 was 13.16%. The employer contributions and investment returns have been higher than projected. The program costs have been at or below budget. The CERBT program will continue to adjust without advance notice the cost charged to employers whenever it is appropriate to do so.

We hope that your 6/30/2013 (or 7/1/2013) OPEB actuarial valuation is completed or nearly so. Fiscal year end comprehensive annual financial reports (CAFR) will be on us before we know it. The OPEB valuation reports are required to complete those CAFRs.

As you probably know, the Governmental Accounting Standards Board (GASB) is deliberating changes to accounting standards (GASB 43, 45, and 57) of other post-employment benefits (OPEB). The GASB expects to issue their Exposure Draft in April 2014. We are preparing a brief description of possible important changes which we will share with you soon.

The CERBT has applied to the Internal Revenue Service for a Private Letter Ruling (PLR). We expect the IRS to deliver a favorable ruling within the next 18 months. The establishment and administration practice of the CERBT is guided by advice from highly qualified tax counsel. The design and administrative compliance of the CERBT plan with Internal Revenue Code (IRC) Section 115 requirements is simple.

Thank you for participating in the CERBT. We are pleased to serve you.

Regards,

A handwritten signature in black ink, appearing to read "John Swedensky". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Swedensky
CERBT Program Manager
Affiliate Program Services Division
CalPERS

MARCH 6, 2014

ITEM 3

ATTACHMENT B

Nipomo Community Services District

Retiree Health Benefits Liabilities

Alternative Measurement Method

July 1, 2013

DRAFT



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

DATE

Lisa Bognuda
Finance Director/Assistant General Manager
Nipomo Community Services District

Other Postemployment Benefits Liability

Dear Ms. Bognuda,

Thank you for using James Marta & Company LLP's services. This report contains the results using the Alternative Measurement Method to calculate your Other Postemployment Benefits liability in Accordance with GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. It also contains a detailed explanation of the calculation. All data and assumptions provided by you are included.

The exhibit below provides the specific results of the calculation, which may be used in the preparation of your financial statements. A description of the results and how they were derived are described in the contents of the report.

Specific Results

Valuation Date: July 1, 2013

Annual Required Contribution (ARC)	Normal Cost	Amortization Amount	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarially Accrued Liability (UAAL)
\$ 109,705	\$ 69,864	\$ 39,841	\$ 699,641	\$ 1,520,862	\$ 821,221

The specific results in the table above were calculated using the Entry Age Cost Method with Level Percentage of Payroll Normal Costs and UAAL Amortized as Level Percentage of Payroll.

If you should have any questions regarding the methods and assumptions used, please do not hesitate to call.

DRAFT

James Marta & Company LLP
Certified Public Accountants

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Board and Management
Nipomo Community Services District

We have performed the procedures enumerated below, which were agreed to by the Board and management of Nipomo Community Services District (the "District"), solely to assist you in calculating the liability for Retiree Health Benefits of the District as of June 30, 2014 in accordance with the Alternative Measurement Method as provided in Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and to provide information necessary to comply with the requirements of said statement. The District's management is responsible for the underlying assumptions, methods, participant data and benefits information used in determining the Retiree Health Benefits liability and related disclosures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Performed

1. We obtained from management of the District:
 - A. A copy of the retiree health benefits plan offered to employees of the District as of July 1, 2013.
 - B. A list of employees and retirees as of July 1, 2013, which included their employment status, gender, number of years employed, and current age.
 - C. A schedule of medical premiums, as of July 1, 2013, for single and married employees under the different plans.
 - D. The minimum years of service required for employees to qualify for Retiree Health Benefits.

2. We used the following trend information:
 - A. Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment.
 - B. Expected long-term inflation rate from the United States Social Security Administration.
 - C. Estimated turnover rates from GASB Statement No. 45, paragraph 35b.
 - D. Life expectancy data from the National Center for Health Statistics.

3. We calculated the following:
 - A. Projected future benefit payments for all employees and retirees in accordance with GASB Statement No. 45.
 - B. Normal cost, actuarial accrued liability and annual required contribution using the Entry Age Level Percentage of Payroll Actuarial Cost Method as provided in GASB Statement No. 45 using the Alternative Measurement Method.

4. We prepared the footnote disclosure information required by GASB Statement No. 45.

Management of the District provided certain assumptions necessary to calculate the estimated Retiree Health Benefits liability as of June 30, 2014. Those assumptions include:

- a) estimated retirement age of employees of 60,
- b) estimated long-term discount rate of 4.61% and
- c) the actuarial cost method used which is the Entry Age Cost Method with Level Percentage of Payroll Normal Costs and UAAL Amortized as Level Percentage of Payroll.

Findings

The total estimated actuarial accrued liability as of July 1, 2013 is \$1,520,862 and the annual required contribution is \$109,705. For a complete summary of results, assumptions and disclosure information, see appendix A.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Retiree Health Benefits Liability of Nipomo Community Services District as of June 30, 2014. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and management of the District, and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

James Marta & Company LLP
Certified Public Accountants

DATE

DRAFT

EXECUTIVE SUMMARY

This purpose of this report is to provide information needed to comply with Governmental Accounting Standards Board Statement Nos. 43 and 45 related to Other Postemployment Benefits (OPEB). Nipomo Community Services District should not use this report for any other purpose without discussing with James Marta & Company.

Key Assumptions

The following key assumptions were provided by management and used in our calculation of the liability for retiree benefits using the Alternative Measurement Method for employers in plans with fewer than 100 plan members:

Actuarial Cost Method – Entry Age

Amortization Method – Level percentage of payroll over remaining 26 year period

Discount Rate – 4.61%

Healthcare Cost Trend – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4.0%.

Payroll Growth Rate – 3%

Long-term Inflation Rate – 2.75%

Asset Valuation – \$699,641 per annual statement from California Employer's Retiree Benefit Trust.

OPEB Liabilities

Present Value of Total Projected Benefits - \$2,469,271

Unfunded Actuarially Accrued Liability (UAAL) - \$821,221

Normal Cost - \$69,864

Amortized UAAL - \$39,841

Annual Required Contribution - \$109,705 (Normal Cost + Amortized UAAL)

Pay-As-You-Go Cost - \$92,861

DESCRIPTION OF RETIREE BENEFITS PLAN

The District provides retiree health coverage through the CalPERS Health Program. In general, to be eligible for retiree medical benefits, an employee must retire from PERS on or after age 50 with at least 5 years of District service. For employees hired prior to February 1, 2006, the District's financial obligation is to pay 100% of the cost of coverage for the eligible retiree and any eligible dependents. For employees hired on or after February 1, 2006, the District's contribution percentage is based on the employee's years of CalPERS eligible service at retirement starting at 50% for employees with 10 years increasing by 5% per year of service up to 100% at 20 years of service. The District's maximum contribution is based on this contribution percentage applied to the average weighted premium rates established annually by CalPERS.

The following table summarizes the current monthly medical premiums available to eligible retirees.

Retiree Only	\$ 643.93
Retiree Plus Spouse	\$ 1,287.86
Retiree Plus Family	\$ 1,674.22

OTHER POSTEMPLOYMENT BENEFITS AND COSTS

We calculated the present value of projected benefits based on the Alternative Measurement Method for employers in plans with fewer than 100 plan members as allowed by GASB Statement No. 45.

The actuarial assumptions used for this calculation are summarized in Appendix B.

Present Value of Total Projected Benefits

Active:	Pre-65	\$ 1,570,513
	Post-65	-
Subtotal		1,570,513
Retiree:	Pre-65	758,185
	Post-65	140,573
Subtotal		898,758
Subtotal	Pre-65	2,328,698
Subtotal	Post-65	140,573
Grand Total		\$ 2,469,271

The present value of total projected benefits (PVTPB) should be accrued over the working lifetime of employees. The PVTPB is used to develop expense and liability amounts. The PVTPB is divided into two parts 1) amounts attributable to service rendered prior to the valuation date (past service liability) and 2) amounts attributable to service after the valuation date but prior to retirement (future service liability).

Normal Cost

No. of Active Employees		12
Per Capital Normal Cost		
	Pre-65	\$ 5,822
	Post-65	-
First Year Normal Cost		
	Pre-65	\$ 69,864
	Post-65	-
Total		\$ 69,864

The average age of active, eligible employees is 42. The assumed retirement age is 60. To accrue the liability by retirement, they would accrue the retiree liability over a period of about 18 years.

**OTHER POSTEMPLOYMENT BENEFITS AND COSTS
(Continued)**

Actuarial Accrued Liability (AAL)

Active:	Pre-65	\$ 622,104
	Post-65	-
Subtotal		622,104
Retiree:	Pre-65	758,185
	Post-65	140,573
Subtotal		898,758
Subtotal	Pre-65	1,380,289
Subtotal	Post-65	140,573
Grand Total		1,520,862
Funded at July 1, 2013		699,641
Unfunded AAL		\$ 821,221
UAAL Amortization		\$ 39,841

The actuarial accrued liability is the amount attributed to an employee's past service. The District can amortize the Unfunded AAL over a period of up to 30 years. The table above shows the amount necessary to amortize the UAAL over the remaining period of 26 years at a discount rate of 4.61%.

Annual Required Contribution (ARC)

Normal Cost	\$ 69,864
UAAL Amortization	39,841
ARC	109,705
Estimated Pay-As-You-Go Cost	92,861
Added Cost of GASB 45	\$ 16,844

The Annual Required Contribution (ARC) is the sum of normal cost and the UAAL amortization cost. The ARC payments would continue for 26 more years, after which time UAAL amortization payments would end. The normal cost remains as long as there are qualified active employees.

OTHER POSTEMPLOYMENT BENEFITS AND COSTS
(Continued)

The annual OPEB cost, estimated contributions and net OPEB obligation (asset) for the years ending June 30, 2014, 2015 and 2016 are as follows:

	Fiscal Year Ending June 30:		
	2014	2015	2016
Annual required Contribution	\$ 109,705	\$ 109,705	\$ 109,705
Interest on net OPEB obligation	-	(216)	-
Adjustment to annual required contribution	-	218	-
	<hr/>	<hr/>	<hr/>
Annual OPEB cost (expense)	109,705	109,707	109,705
Estimated contributions	114,400	105,012	109,705
	<hr/>	<hr/>	<hr/>
Change in net OPEB obligation	(4,695)	4,695	-
Net OPEB obligation (asset) - beginning of year	-	(4,695)	-
	<hr/>	<hr/>	<hr/>
Net OPEB obligation (asset) - end of year	<u>\$ (4,695)</u>	<u>\$ -</u>	<u>\$ -</u>

APPENDIX A REQUIRED FOOTNOTE DISCLOSURE

Plan Description

The District provides retiree health coverage through the CalPERS Health Program. In general, to be eligible for retiree medical benefits, an employee must retire from PERS on or after age 50 with at least 5 years of District service. For employees hired prior to February 1, 2006, the District's financial obligation is to pay 100% of the cost of coverage for the eligible retiree and any eligible dependents. For employees hired on or after February 1, 2006, the District's contribution percentage is based on the employee's years of CalPERS eligible service at retirement starting at 50% for employees with 10 years increasing by 5% per year of service up to 100% at 20 years of service. The District's maximum contribution is based on this contribution percentage applied to the average weighted premium rates established annually by CalPERS.

Funding Policy

The District's current funding policy is to fund 100% of the annual required contribution as determined under GASB Statement No. 45 through the California Employers' Retiree Benefit Trust (CERBT). The market value of assets in CERBT as of June 30, 2013 is \$669,641. The unfunded actuarial accrued liability at July 1, 2013 is \$821,221.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 26 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan:

**APPENDIX A
REQUIRED FOOTNOTE DISCLOSURE
(Continued)**

	2014
Annual required Contribution	\$ 109,705
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	109,705
Estimated contributions	114,400
Change in net OPEB obligation	(4,695)
Net OPEB obligation (asset) - beginning of year	-
Net OPEB obligation (asset) - end of year	\$ (4,695)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the past four years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2011	\$ 102,298	101%	\$ (11,168)
June 30, 2012	\$ 114,400	90%	\$ 238
June 30, 2013	\$ 114,400	100%	\$ -
June 30, 2014	\$ 109,705	104%	\$ (4,695)

Funding Status and Funding Progress

As of July 1, 2013, the actuarial accrued liability (AAL) for benefits was \$1,520,862, of which \$821,221 is unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

APPENDIX A
REQUIRED FOOTNOTE DISCLOSURE
(Continued)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Mortality – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover – The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Healthcare cost trend rate – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4.0%.

Health insurance premiums – The 2013 CalPERS Southern California regional health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement

Medicare Coordination – Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase – Changes in the payroll for current employees are expected to increase at a rate of approximately 3% annually.

**APPENDIX A
REQUIRED FOOTNOTE DISCLOSURE
(Continued)**

Discount rate – The calculation uses the CalPERS Strategy 1 annual discount rate of 4.61%. This is based on the assumed long-term return on plan assets.

Actuarial cost method – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2013 was 26 years.

Required Supplementary Information: Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of payroll ([a-b]/c)
1/1/2008	\$ 895,231	\$ -	\$ 895,231	0%	\$ 807,004	110.9%
1/1/2010	\$ 1,157,759	\$ 200,164	\$ 957,595	17%	\$ 638,000	150.1%
7/1/2011	\$ 1,328,814	\$ 415,459	\$ 913,355	31%	\$ 761,000	120.0%
7/1/2013	\$ 1,520,862	\$ 699,641	\$ 821,221	46%	\$ 825,340	99.5%

**APPENDIX B
EMPLOYEE DATA**

The employee data listed below was provided by the management of the District.

<u>Employee Number</u>	<u>Status</u>	<u>Current Age</u>	<u>Years of Service</u>	<u>Age at Retirement</u>	<u>Gender</u>	<u>Marital Status</u>	<u>Spouses Age</u>
#1	Active	59	23		F	Married	56
#2	Active	51	21		F	Married	54
#3	Active	36	11		M	Married	38
#4	Active	48	10		M	Married	53
#5	Active	39	7		M	Married	46
#6	Retired	57	4	56	F	Single	
#7	Active	46	6		M	Married	44
#8	Active	26	0.25		F	Single	
#9	Active	35	3		F	Married	41
#10	Active	52	2		M	Married	50
#11	Retired	55	14	53	M	Married	53
#12	Retired	79	12	70	M	Married	68
#13	Retired	71	17	64	M	Married	64
#14	Retired	61	6	56	M	Married	53
#15	Retired	63	17	58	M	Married	59
#16	Retired	64	30	61	F	Single	
#17	Active	52	2		M	Married	53
#18	Active	28	1		M	Married	29
#19	Active	31	1		M	Married	28

APPENDIX C GLOSSARY OF TERMS

Actuarial Accrued Liability, Actuarial Liability, Accrued Liability, or Actuarial Reserve—The portion of the actuarial present value of projected benefits (and expenses, if applicable), as determined under a particular actuarial cost method, which is not provided for by future normal costs. Under certain actuarial cost methods, the actuarial accrued liability is dependent upon the actuarial value of assets.

Actuarial Assumptions—Assumptions as to the occurrence of future events affecting benefits costs, such as mortality, withdrawal, disablement and retirement; changes in compensation, rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; characteristics of future entrants for open group actuarial cost methods; and other relevant items.

Actuarial Cost Method or Funding Method—[1] A procedure for allocating the actuarial present value of projected benefits (and expenses, if applicable) to time periods, usually in the form of a normal cost and an actuarial accrued liability (sometimes referred to as a *funding method*). [2] A procedure for allocating the actuarial present value of future plan costs over time periods.

Actuarial Present Value of Projected Benefits—The actuarial present value of benefits that are expected to be paid in the future, taking into account the effect of such items as future service, advancement in age, and anticipated future compensation (sometimes referred to as the *present value of future benefits*).

Actuarial Value of Assets or Valuation Assets—[1] The value of cash, investments, and other property belonging to a benefit plan, as used by the actuary for the purpose of an actuarial valuation. [2] The value of benefit plan investments and other property, used by the actuary for the purpose of an actuarial valuation (sometimes referred to as *valuation assets* or *market-related value of assets*).

Amortization Method—A method under a contribution or cost allocation procedure for determining the amount, timing, and pattern of recognition of the difference between the actuarial accrued liability and the actuarial value of assets.

Discount Rate—The rate used to discount projected earnings to determine the present value used in an appraisal.

APPENDIX C
GLOSSARY OF TERMS
(Continued)

Entry Age Actuarial Cost Method—A method under which the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation, over the sum of the actuarial value of assets plus the unfunded frozen actuarial accrued liability, is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. The actuarial accrued liability is determined using the entry age actuarial cost method. The portion of this actuarial present value allocated to a valuation year is called the *normal cost*.

Normal Cost—The portion of the actuarial present value of projected benefits (and expenses, if applicable) that is allocated to a period, typically twelve months, under the actuarial cost method. Under certain actuarial cost methods, the normal cost is dependent upon the actuarial value of assets.

Open Amortization Period—A period that begins again or is recalculated at each actuarial valuation date. Within a maximum number of years specified by law or policy (for example, thirty years), the period may increase, decrease, or remain stable. With this method, the liability would still be reduced over time, but it would take many times longer to amortize it fully because the amortization period would start over after every valuation. In contrast, a closed amortization period is a specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period initially is thirty years on a closed basis, twenty-nine years remain after the first year, twenty-eight years after the second year, and so forth. With this method, the entire liability would be fully amortized at the end of thirty years.

Pay-as-You-Go—A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Unfunded Actuarial Accrued Liability, Unfunded Actuarial Liability, Unfunded Accrued Liability, or Unfunded Actuarial Reserve—The excess of the actuarial accrued liability over the actuarial value of assets.

Valuation Date—[1] The date as of which the liabilities are determined. [2] The date as of which the values of the assets and liabilities of the plan are determined. [3] The date through which transactions are included in the data used in the unpaid claim estimate analysis.

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: LISA BOGNUDA *LSB*
FINANCE DIRECTOR

DATE: MARCH 3, 2014



REVIEW INFORMATION FOR INCLUSION IN THE
2014-2015 FISCAL YEAR BUDGET

ITEM

Review time line, various schedules and financial information for in the 2014-2015 fiscal year budget.

BACKGROUND

The following information is provided for the Committee's review:

- PROPOSED TIME LINE FOR COMPLETION (Page 1)
- PROPOSED FIXED ASSET PURCHASES (Page 2)
- PROPOSED FLEET SCHEDULE (Page 3)
- PROPOSED FUNDED REPLACEMENT PROJECTS (Page 4)
- PROPOSED CAPITAL IMPROVEMENT PROJECTS (Page 5-6)
- PROPOSED FIVE YEAR CAPITAL IMPROVEMENT PLAN WATER (Page 7)
- PROPOSED FIVE YEAR CAPITAL IMPROVEMENT PLAN TOWN SEWER AND BLACKLAKE SEWER (Page 8)
- PROPOSED DISTRICT PERSONNEL (Page 9)

RECOMMENDATION

It is recommended that the Committee provide direction to Staff. Staff will incorporate the Committee's comments and recommendations into the draft 2014-2015 budget.

ATTACHMENTS

- See above

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**NIPOMO COMMUNITY SERVICES DISTRICT
TIME LINE FOR
2014-2015 FISCAL YEAR BUDGET**

February	Start drafting budget (Lisa)
February 20	Capital Improvement Projects Budget, Utility Field and District Engineer submittals to Lisa
Week of March 3	Kick off meeting with Finance Committee to hear input
Week of April 7	Staff circulates draft Budget to Finance Committee
Week of April 14	Staff meets with Finance Committee and receives recommendations/changes/deletions
Week of May 19	Staff prepares for public notice of adoption for newspaper (publish on May 28 and June 4)
May 21	Study Session with Board of Directors
	Staff circulates final draft budget based on recommendations received at Study Session
June 11	Public Hearing

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**PROPOSED TIME LINE FOR
LANDSCAPE MAINTENANCE DISTRICT #1**

April 9	Adopt Resolution initiating Engineer's Report
May 14	Approve Resolutions to approve Engineer's Report and Intention to Levy Assessment
May 28	Publish public notice in newspaper
June 11	Public Hearing and adopt Resolution approving assessments

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**PROPOSED TIME LINE FOR
BLACKLAKE STREET LIGHTING**

May 28	Publish public notice in newspaper
June 11	Public Hearing and adopt Resolution approving assessments

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**PROPOSED TIME LINE FOR
SOLID WASTE DELINQUENCIES**

March 1	South County Sanitary send certified letters giving 45 day notice
May 9	South County Sanitary provide list of delinquent accounts
May 12	NCSD send Notice of Public Hearing
May 21 and 28	Publish Notice of Public Hearing
June 11	Public Hearing and adopt Resolution approving assessments

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NIPOMO COMMUNITY SERVICES DISTRICT
FIXED ASSET PURCHASES
2014-2015

<u>BUDGET ITEMS FOR 2014-2015</u>	#110 ADMIN	#125 WATER	#130 TOWN SEWER	#150 BL SEWER	<u>TOTAL</u>
Copy Machine	20,000	0	0	0	20,000
Utility Billing/Fund Accounting Software - Carry over from FY 2013-14	23,000	69,000	20,000	3,000	115,000
Utility Pick Up Truck	0	23,100	7,700	4,200	35,000
Sewer Bypass Pump	0	0	25,500	4,500	30,000
Whell Loader for Southland WWTF	0	0	50,000	0	50,000
	<u>43,000</u>	<u>92,100</u>	<u>103,200</u>	<u>11,700</u>	<u>250,000</u>

NIPOMO COMMUNITY SERVICES DISTRICT
FLEET SCHEDULE
2014-2015

	OPERATIONS VEHICLES	YEAR	DATE PURCHASED	FISCAL YR PURCHASED	MILEAGE (March 2014)
1	FORD F150 PICK UP (1)	2004	7/8/04	2004	
2	FORD F250 DIESEL 4x4	2007	8/25/06	2007	
3	FORD F150	2008	1/28/08	2008	
4	FORD F150 4x4	2009	12/29/08	2009	
5	FORD F150	2009	1/6/09	2009	
6	FORD RANGER	2010	11/7/09	2010	
7	FORD F250 DIESEL 4X4	2010	1/15/10	2010	
8	FORD F150	2013	1/23/13	2013	

	ADMIN VEHICLES	YEAR	DATE PURCHASED	FISCAL YR PURCHASED	MILEAGE (March 2014)
9	FORD ESCAPE	2007	12/1/06	2007	

	OTHER OPERATIONS EQUIPMENT	DATE PURCHASED	MILEAGE/ HOURS
10	FORD DUMP TRUCK	6/25/06	
11	JOHN DEERE LOADER/BACKHOE JD110	1/2/08	
12	JOHN DEERE BACKHOE JD310	9/3/09	
13	VAC CON	2/10/10	
14	FORD F550 SERVICE TRUCK	04/16/13	

(1) Surplus FY 14-15

NIPOMO COMMUNITY SERVICES DISTRICT
FUNDED REPLACEMENT PROJECTS
2014-2015

BUDGET ITEMS FOR 2014-2015	#805 FUNDED REPLACEMENT WATER	#810 FUNDED REPLACEMENT TOWN SEWER	#830 FUNDED REPLACEMENT BLACKLAKE SEWER	TOTAL
Standpipe Upgrade and Rehabilitation (carry over for completion)	20,000	0	0	20,000
Fire Hydrant Replacements (1)	72,600	0	0	72,600
Valve Replacements (1)	184,000	0	0	184,000
Air Vac Replacements (1)	16,500	0	0	16,500
Well Refurbishment (1)	200,000	0	0	200,000
Branch Street Water Line Replacement (2)	100,000	0	0	100,000
Manhole Rehabilitation (1)	0	90,000	0	90,000
Lift Station Rehabilitation (1)	0	100,000	100,000	200,000
Bio-Solids Removal	0	300,000	160,000	460,000
Blacklake Sewer Master Plan (carry over remaining balance from FY 13-14)	0	0	20,000	20,000
TOTAL	593,100	490,000	280,000	1,363,100

(1) Water and Town Sewer Master Plan Projects

(2) Existing 6 inch diameter water line is failing

NIPOMO COMMUNITY SERVICES DISTRICT
 CAPITAL IMPROVEMENTS
 SHARED PROJECT COST SUMMARY
 2014-2015

<u>BUDGET ITEMS FOR 2014-2015</u>	<u>#700 WATER CAPACITY CHARGES</u>	<u>#710 TOWN SEWER CAPACITY CHARGES</u>	<u>#500 SUPPLEMENTAL WATER CHARGES</u>	<u>TOTAL</u>
Phased Supplemental Water Project Phase 1	0	0	10,504,000	10,504,000
Phased Supplemental Water Project Phase 2	0	0	2,000,000	2,000,000
Water Master Plan	200,000	0	0	200,000
Standpipe Upgrade and Rehabilitation (carry over for completion)	50,000	0	0	50,000
Tract 2650 Connection to Blacklake Pressure Zone	100,000	0	0	100,000
Southland WWTF	0	600,000	0	600,000
TOTAL	<u>350,000</u>	<u>600,000</u>	<u>12,504,000</u>	<u>13,454,000</u>

**NIPOMO COMMUNITY SERVICES DISTRICT
CAPITAL IMPROVEMENTS
DESCRIPTION OF PROPOSED PROJECTS
2014-2015**

Water Projects

Supplemental Water Project Phase 1 - Completion of project construction and begin water delivery.

Supplemental Water Project Phase 2 - Design, bid, award contract and begin construction.

Tract 2650 Connection to Blacklake Pressure Zone - Design, bid, award contract and begin construction.

Standpipe Upgrade and Rehabilitation - Complete construction of Water and Sewer Master Plan Project #27.

Town Sewer Projects

Southland Wastewater Treatment Facility (WWTF) (Phase 1) - Construct facilities.

Blacklake Sewer Projects

Blacklake WWTF Bio-Solids Removal - Prepare bid specification; advertise for work, award work, manage removal operation.

**NIPOMO COMMUNITY SERVICES DISTRICT
FIVE YEAR CAPITAL IMPROVEMENT PLAN
WATER DIVISION**

SUPPLEMENTAL WATER - FUND #500 **FY 14-15**

Supplemental Water Project Phase 1	10,504,000
Supplemental Water Project Phase 2	2,000,000
Supplemental Water Project Phase 3	
TOTAL	10,504,000

FOR PLANNING PURPOSES ONLY

FY 15-16	FY 16-17	FY 17-18	FY 18-19	Total
0	0	0	0	10,504,000
2,500,000				4,500,000
		4,500,000		4,500,000
2,500,000	0	4,500,000	0	19,504,000

WATER CAPACITY - FUND #700

Backbone Improvements

Water Storage Tank	0
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FY 15-16	FY 16-17	FY 17-18	FY 18-19	Total
400,000	1,200,000	400,000	0	2,000,000

Operational Improvements

Standpipe Upgrade and Rehabilitation	50,000
Water Master Plan	200,000
Tract 2650 Connection to Blacklake Pressure Zone	100,000

0	0	0	0	50,000
0	0	0	0	200,000
0	0	0	0	100,000

Eliminate Existing Bottlenecks

Camino Caballo - Blue Gum to existing 16 inch	0
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0	0	0	265,000	265,000
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TOTAL **3,000,000**

400,000	1,200,000	400,000	265,000	2,615,000
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**NIPOMO COMMUNITY SERVICES DISTRICT
FIVE YEAR CAPITAL IMPROVEMENT PLAN
TOWN AND BLACKLAKE DIVISIONS**

TOWN SEWER CAPACITY - FUND #710

Town Sewer Division	FY 14-15
Southland WWTF	600,000

Collection System - Town Sewer Division	
Prohibition Zone Sewer Extensions	0
Division Street, Beverly to Frontage	0

TOTAL **600,000**

FOR PLANNING PURPOSES ONLY

FY 15-16	FY 16-17	FY 17-18	FY 18-19	Total
0	0	0	0	600,000

0	0	50,000	0	50,000
0	0	390,000	0	390,000

0	0	440,000	0	1,040,000
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BLACKLAKE SEWER

Blacklake Sewer Division	FY 14-15
Lift Station Rehabilitation	100,000
To be determined after completion of Sewer Master Plan	0

FOR PLANNING PURPOSES ONLY

FY 15-16	FY 16-17	FY 17-18	FY 18-19	Total
0	0	0	0	100,000
0	0	0	0	0

NIPOMO COMMUNITY SERVICES DISTRICT
DISTRICT PERSONNEL
2014-2015

ADMINISTRATION	Totals for FY 13-14	Proposed Additions for FY 14-15	Proposed Totals for FY 14-15
General Manager	1	0	1
Assist General Manager/Finance Director	1	0	1
Billing Clerk	1	0	1
Secretary/Clerk	1	0	1
Information Assistant	<u>0.5</u>	<u>0</u>	<u>0.5</u>
ADMINISTRATION SUBTOTAL	<u>4.5</u>	<u>0</u>	<u>4.5</u>

OPERATIONS	Totals for FY 13-14	Proposed Additions for FY 14-15	Proposed Totals for FY 14-15
Director of Engineering and Operations	1	0	1
Assistant Engineer	1	0	1
Water Supervisor	1	0	1
Wastewater Supervisor	1	0	1
Utility Operator	3	0	3
Utility Worker	4	0	4
Water Maintenance/Customer Service Worker	2	0	2
Utility Office Assistant	<u>0.5</u>	<u>0</u>	<u>0.5</u>
OPERATIONS SUBTOTAL	<u>13.5</u>	<u>0</u>	<u>13.5</u>

TOTAL	<u>18.0</u>	<u>0</u>	<u>18.0</u>
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TO: FINANCE AND AUDIT COMMITTEE
FROM: MICHAEL LEBRUN *MSL*
GENERAL MANAGER
DATE: MARCH 3, 2014

AGENDA ITEM
5
MARCH 6, 2014

**CONSIDER SCHEDULE FOR ADOPTION OF DROUGHT RATES AND
PASS THROUGH RATES FOR PURCHASE OF SUPPLEMENTAL
WATER**

ITEM

Consider schedule

BACKGROUND

On September 25, 2013, your Board awarded a contract to Tuckfield & Associates to conduct a water rate and capacity charge study. On February 19, your Committee received a presentation by Clayton Tuckfield on the status of the rate study and Work Product #1.

Staff will provide your Committee with a status on Work Product #1 and an overview of the schedule for rate adoption.

STRATEGIC PLAN

Strategic Plan Goal 6.1 – Operate all enterprise funds to be financially sound.

RECOMMENDATION

It is recommended that the Committee discuss the schedule and rate study progress and provide staff direction.

ATTACHMENTS

- A. Rate Adoption Schedule

MARCH 6, 2014

ITEM 5

ATTACHMENT A

**Nipomo Community Service District
Timeline for Drought and Supplemental Water Rate Adoption 2014**

Date	Action/Milestone
March 25, 2014	<ul style="list-style-type: none"> • Staff present draft supplemental water charges and drought rates to Finance and Audit Committee (draft Work Product #2).
March 26, 2014	<ul style="list-style-type: none"> • Consider Water Shortage Management Response Plan (WSMRP) with detailed response actions. Notice of action? (Michael W Seitz)
April 9, 2014	<ul style="list-style-type: none"> • Adopt WSMRP by Resolution. • Staff presents revised draft supplemental water charges and drought rates to Board (draft Work Product #2).
April 23, 2014	<ul style="list-style-type: none"> • Approve Work Product #2 incorporating review and comments and final charges and drought rates. • Approve rate schedules for drought and Supplemental Water. • Set Hearing date and direct staff to notice public hearing.
May 7, 2014	<ul style="list-style-type: none"> • Mail 45-day Notice (allows 9 working days from approval for finalizing ballot, printing, and mailing > 5,000 pieces). • Publish notice during this period in accordance with Prop 218 requirements.
June 21, 2014	45 days since May 7.
June 25, 2014	Conduct Rate Public Hearing. Adopt Rate. Rate becomes effective upon adoption.
July 1, 2014	Drought rate can be implemented by additional Board action if Stage III or higher drought conditions exist.

Additional Outreach Efforts:

- Newsletter/Workshop announcement mailed to all customers – Week of April 7.
- Conduct workshop(s) April 15-17.
- Speak to groups upon request during 45-Notice period prior to hearing.
- Should Stage III (or greater) drought be declared in May 2014: Additional Education; mailers, workshop/forum, advertisements, Public Service Announcements (PSA).