



NCSD approves water rate increase

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An increase in water rates that includes a four-tier structure to encourage conservation is proposed for Nipomo Community Services District customers.

The rate increases are needed to make up a gap in the cost of delivering water and the rates customers are currently paying, said Michael LeBrun, NCSD general manager.

LeBrun said that gap in the 2011-12 budget is about \$600,000, which is being covered by reserve funds until a rate increase is implemented.

The proposal calls for a 9.5-percent increase in water use rates each year for the next five years, starting Nov. 1, to cover increasing costs and build up a fund to replace existing infrastructure.

For some customers, the increase would be as low as 4.1 percent. For the highest water users, it could jump as much as 42.1 percent for single-family homes and 53.4 percent for multifamily residences.

None of the rate increases would apply to the proposed pipeline to bring supplemental water to the Nipomo Mesa from Santa Maria.

Under the new rates, the fixed fees charged to residential customers would rise, although the litigation fee charged to cover the cost of the groundwater basin lawsuit would not.

Residential customers also would pay increasingly higher rates for higher water use across four tiers, creating an incentive to conserve water.

Commercial customers would be subject to a two-tiered set of rates. Water for agricultural use would remain under a single rate.

The proposed new rates still must pass a Proposition 218 protest hearing set for 9 a.m. Wednesday, Oct. 12, to become effective.

LeBrun said that, if necessary, the hearing could be continued to Wednesday, Oct. 26.

If 50 percent plus one customer objects, the new rates could not be implemented, and the district would have to dip deeper into its \$2.5 million in reserves, LeBrun said.

"We could have a couple of years of deficit spending before we'd have to start making some very difficult cuts or get a rate increase in place," he said.

"Unfortunately, if we use our reserves, that money is not in place to soften the rate increase," he added, noting the use of reserves is holding down the proposed increase.

Directors voted 5-0 to start the protest hearing procedure at their July 13 meeting. The district expects to begin mailing notices to customers around July 29 and no later than 45 days before the hearing.

But NCSD Director Ed Eby dissented in the 4-1 vote to approve the rates because he objected to the tiered rate structure.

If implemented, this would be the first water rate increase for district customers in about 2 1/2 years. It is also less than the increases recommended in 2009 and 2010 rate studies.

Currently, all customers pay a bimonthly fixed charge of \$24.52 for a 1-inch or smaller meter plus a \$6.32 litigation charge. The charges increase with the size of the meter.

Residential customers then pay \$1.64 per hundred cubic feet of water up to 4,000 cubic feet of use and \$2.80 for more than 4,000 cubic feet.

The rate for irrigation water is \$2.06 per hundred cubic feet.

Under the proposed rates, the fixed fee would be \$26.85 for 1-inch or smaller meters as of Nov. 1, rising to \$38.60 by 2015-16.

The use fees for single-family residential units would start at \$1.64 per hundred cubic feet up to 2,400 cubic feet, \$2.05 for 2,500 to 4,000 cubic feet, \$2.88 for 4,100 to 10,000 cubic and \$4.93 for more than 10,000 cubic feet for the first year.

Rates in each tier would increase each year for the following four years. For example, the lowest tier would rise to \$2.37 and the highest tier would rise to \$7.08 per hundred cubic feet by 2015-16.

For residents in multifamily units, rates would be the same but the breaking points for the tiers would be lower — at 800, 1,200 and 2,500 cubic feet.

Rates for commercial and irrigation use would start at \$2.05 per hundred cubic feet for up to 3,500 cubic feet and \$2.88 for more than 3,500 cubic feet.

Those would rise to \$2.95 and \$4.14, respectively, by 2015-16.

Agricultural customers would pay \$2.37 per hundred cubic feet, regardless of how much they use, which would rise to \$3.41 by 2015-16.