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Assessment district to finance pipeline

If Nipomo property owners give the OK to an assessment district to finance a supplemental water pipeline, the revenues only will be used to pay for the pipeline construction and related costs.

The cost of the water pumped through it from Santa Maria will be covered by increases in customer rates.

Nipomo Community Services District directors recently selected that financing option from three possible scenarios.

On Wednesday, directors reaffirmed how benefit units will be assigned to various properties, making no changes to the bases previously adopted by the board.

Letters notifying property owners of the number of benefit units assigned to their land likely will be sent out in late January.

Directors on Wednesday also gave the staff direction on how to deal with property owners' requests to reassess their benefit units.

Once all those changes are considered and the assessment plan is finalized, property owners will vote on whether to approve or deny the assessment district.

That vote is expected sometime next spring, NCSD General Manager Michael LeBrun said.

Just how much property owners will pay for the pipeline and how much customers will pay for the water remains to be seen.

But the numbers likely will be less than initially estimated, LeBrun said.

The latest assessment estimate is about \$103 annually per benefit unit over 30 years.

Property owners also would have the option of making a one-time payment estimated at \$1,200.

The annual assessment was previously estimated at about \$240 a year or a \$3,000 one-time payment.

"Those numbers are generalized until we know how many people will be participating and what the financing is," LeBrun said about the latest figures.

The average increase in an NCSD customer's monthly bill was previously estimated at about \$12, but LeBrun said that number likely will be closer to \$8.

That cost also could change based on the price charged by the city of Santa Maria and the number of NCSD customers when water delivery begins.

LeBrun said the differences in the numbers are partly the result of the NCSD board choosing to use the assessment district only for capital costs and using customer rates to cover water costs.

They're also partly the result of an error in the assumptions used in both the assessment and rate studies.

"The error was applied across all three equations," LeBrun said of the optional financing methods. "Really, the cost per benefit unit is about half of what we were talking about."

In 2009, directors planned to include as much as 70 percent of the water cost in the construction financing — bonds that would be repaid through property assessments.

But the favorable 2009 financing rate is no longer available, LeBrun said, and the cost of the water itself has climbed 20 percent.

That led directors to shift all the water cost to ratepayers.

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