

COST OF SERVICES STUDY UPDATE

December 13, 2010

PREVIOUS BOARD ACTION

- February 4, 2010 – The Board adopted Resolution 2010-003, to approve increases to water, wastewater, and recycled water service charges; authorize implementation of increases only in 2010, 2011, and 2012 only; make findings; and direct the General Manager regarding additional District cost-cutting, a cost of services study, reconciliation of capital expenditures and funding sources, and other matters.

PREVIOUS BOARD ACTION

- September 1, 2010 – The Board adopted policies to guide rate-setting, as recommended by the 2010 Cost of Services Study Advisory panel.
- October 12, 2010 – The Board was provided with an update on the progress of the Cost of Services Study.
- November 8, 2010 – The Board was provided with an update on the progress of the Cost of Services Study.

NOVEMBER 19 AGENDA

- COS Analysis and Terms
- Wastewater Strength Allocation
- Recycled Water
- Financial Plan Final Draft
- Compliance with BMP11
- Next Steps

COST OF SERVICE TERMS

- Water
 - Commodity
 - Capacity
 - Customer
 - Fire
 - Direct

COST OF SERVICE TERMS

- Wastewater
 - Volume
 - Strength
 - Customer
 - Direct
- Wastewater – Restaurant/Markets
 - 3-tier – high, medium and low

COST OF SERVICE TERMS

- Recycled Water
 - Wastewater or water enterprise
 - Checking BMP with WateReuse Association

OVERHEAD TO DIRECT COST

- Moved some Environmental Compliance positions from overhead to direct costs
- Changed allocation to 62% water and 38% wastewater

BMP11 COMPLIANCE

- Canadian method or
70% variable and 30% fixed
- SB 7x7 – four options

NEXT STEPS

- January 14 COS Panel Meeting
 - Briefing on BMP11 – Canadian Method results
 - Briefing on recycling – which enterprise fund
 - Financial plan
 - Revenue requirements by customer class

NEXT STEPS

- January 24 - Board Briefing
- February – Proposed rates by customer class for both methods
- March – Presentation to Board on proposed rates (tentative)

QUESTIONS?

COMMENTS...