COST OF SERVICES STUDY UPDATE

December 13, 2010
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
• 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)