

Revenue-Stabilization Rate Trigger and Board Notification:

1. For background/informational purposes, District Manager (DM) will provide the Board with the average units of water sales (by month) for the rolling previous three years, which will serve as the “baseline” against which current annual sales to date will be compared. District will include a revenue stabilization rate schedule in each budget year (and Proposition 218 Notices) indicating the volumetric rate for increases of 10%, 15%, and 20%. This information will be provided as a part of the budget package each year.
2. If DM determines that annual water sales (in units) to date is more than 10% below expected year-to-date levels (based on monthly averages over the previous three-years), DM will inform the Board at or before the next regularly scheduled Board meeting. When informing the Board, DM will include expense reduction measures for consideration by the Board that will match the revenue gap. DM will also update the Board on current reserve levels. DM will also provide staff analysis of why the water sales gap is occurring and a six-month projection of anticipated water sales.

Board Action: Once so informed by DM, Board may:

- Order DM to implement all or part of the proposed expense reductions,
- Order DM to utilize reserves to meet all or part of the revenue gap,
- Order DM to defer/stop the revenue-stabilization rate schedule* corresponding to the level of volumetric water sales deficit (10%, 15%, or 20%).

Automatic Implementation: Absent Board action, the revenue stabilization rates most nearly corresponding to the level of volumetric water sales deficit shall be automatically implemented for the next full billing cycle to occur after the DM informs the Board of the deficit and customers have been given 30 days notice.

**Technical Note: the Revenue-Stabilization rate schedule will be the current uniform volumetric rate that is 10%, 15%, and 20% higher.*

Recension: Once the Board is informed by DM that volumetric water sales revenue has returned to expected levels (i.e., [monthly average water sales in units to date] times [adopted uniform volumetric rate])* , the revenue stabilization rates will be automatically rescinded and return to the previous adopted uniform volumetric rate starting with the next full billing cycle after the DM informs the Board.

**Technical Note: The expected year-to-date volumetric rate revenue is the average monthly water sales (in units) times the currently adopted uniform volumetric water rate. This monthly revenue schedule should be proportionally adjusted to match your budgeted volumetric revenue number.*