

**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER
DISTRICT
AGENDA**

**NOTICE OF SPECIAL MEETING
APRIL 12, 2017**

NOTICE IS HEREBY GIVEN that a special meeting of the Board of Directors of the San Lorenzo Valley Water District will be held on Wednesday, **April 12, 2017 at 1:30 p.m.** at the Operations Building, 13057 Highway 9, Boulder Creek, California.

1. Convene Meeting

2. Roll Call

3. New Business:

Members of the public will be given the opportunity to address each scheduled item prior to board action. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agenda.

a. SAN LORENZO VALLEY WATER DISTRICT RATE STUDY-PRESENTED BY NBS

Discussion by the Board relative to the SLVWD rate study.

- (1) Initial Review of Capacity Charges
- (2) Initial Review of Sewer Rates
- (3) Discussion of Water Rate Design Scenarios

4. Adjournment

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Secretary's Office at (831) 430-4636 a minimum of 72 hours prior to the scheduled meeting.

Agenda documents, including materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such

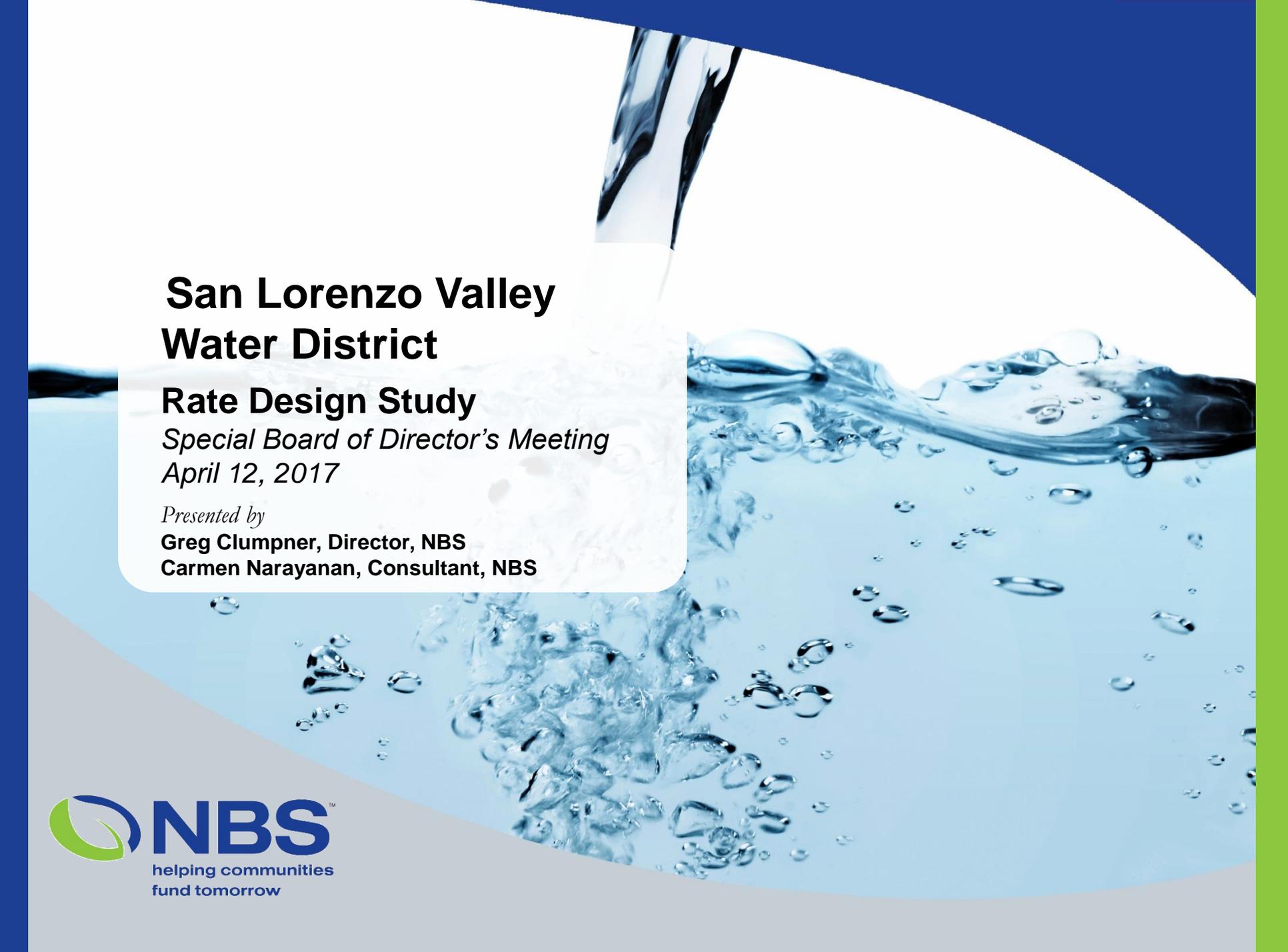
documents are also available on the District website at www.slvwd.com subject to staff's ability to post the documents before the meeting.

Certification of Posting

I hereby certify that on March 30, 2017 I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 24 hours in advance of the special meeting of the Board of Directors of the San Lorenzo Valley Water District (Government Code Section 54956).

Executed at Boulder Creek, California on March 30, 2017

Holly B. Morrison, District Secretary
San Lorenzo Valley Water District

A dynamic background image showing water being poured from a glass, creating a large splash with many bubbles. The water is clear and bright blue, set against a white background. The splash is contained within a white, rounded rectangular frame.

San Lorenzo Valley Water District

Rate Design Study

*Special Board of Director's Meeting
April 12, 2017*

Presented by

Greg Clumpner, Director, NBS
Carmen Narayanan, Consultant, NBS

Overview & Meeting Objectives

- **Sewer Rates**
 - ✓ Financial Plan
 - ✓ Cost-of-Service Analysis
 - ✓ Proposed Rates and Bill Comparisons
- **Water Connection Fees**
- **Water Rate Design Alternatives**
 - ✓ Recap of Cost-of-Service Analysis
 - ✓ Overview of Rate Design Alternatives
- **Next Steps**

Recap of Rate Study Tasks

Key Components in a Rate Study:

1 FINANCIAL PLAN / REVENUE REQUIREMENTS

**Step 1: Financial Plan/
Revenue Requirements -**
Compares current sources
and uses of funds and
determines the revenue
needed from rates and
projected rate adjustments.

2 COST-OF-SERVICE ANALYSIS

**Step 2: Cost-of-Service
Analysis -** Allocates
revenue requirements to the
customer classes in a "fair
and equitable" manner that
complies with Prop 218.

3 RATE DESIGN

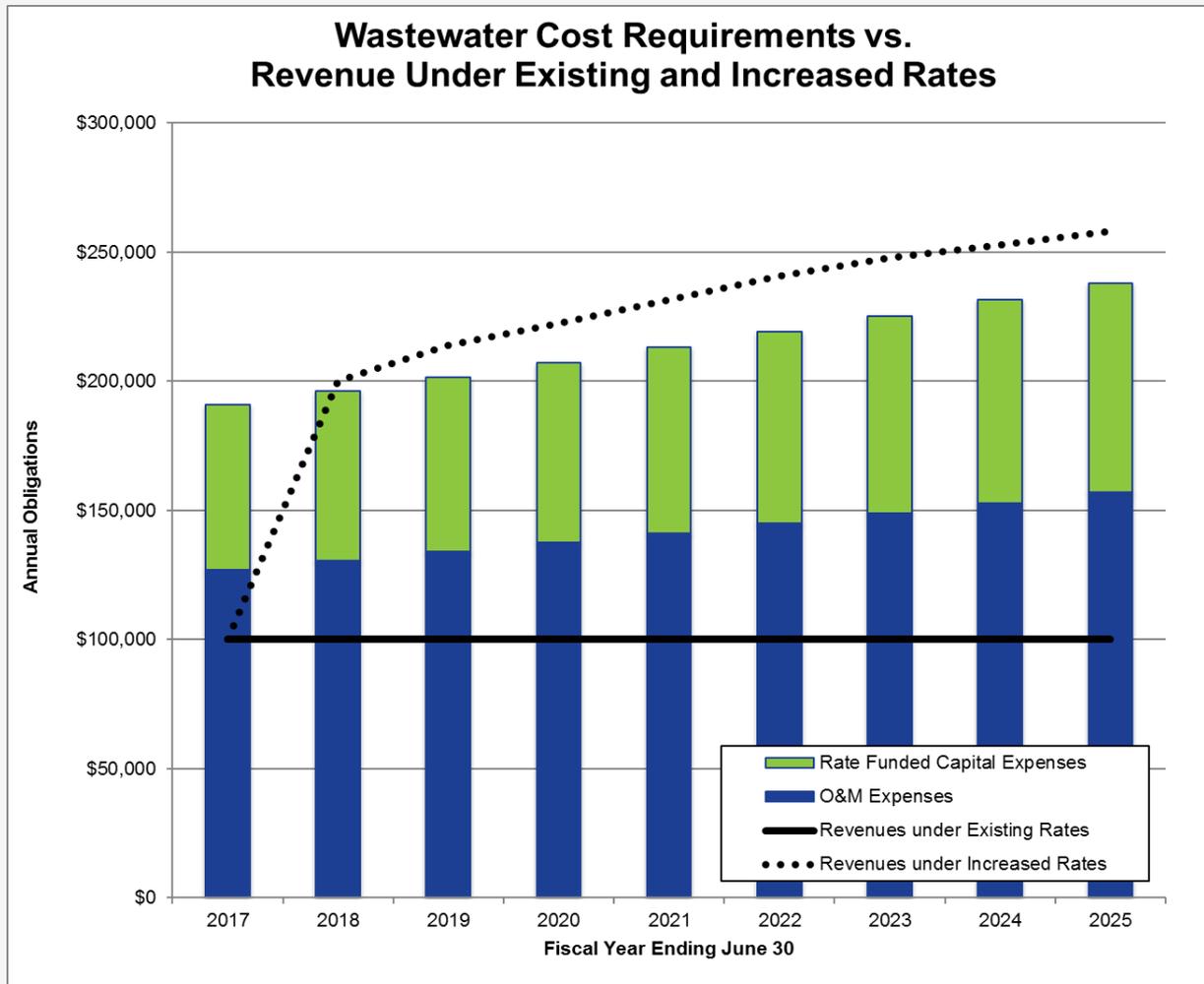
Step 3: Rate Design -
Considers what rate
structure alternatives will
best meet the District's
need to collect rate revenue
from each customer class.

Covered in COSA Analysis

**Focus of Rate
Design Study**

Sewer Rates

Sewer Financial Plan



Increase Rates Annually to:

1. Meet Revenue Requirements
2. Fund Capital R&R and Improvement
3. Build & Maintain Appropriate Reserve Funds

Sewer Financial Plan – (cont.)

Five-Year Financial Projection:

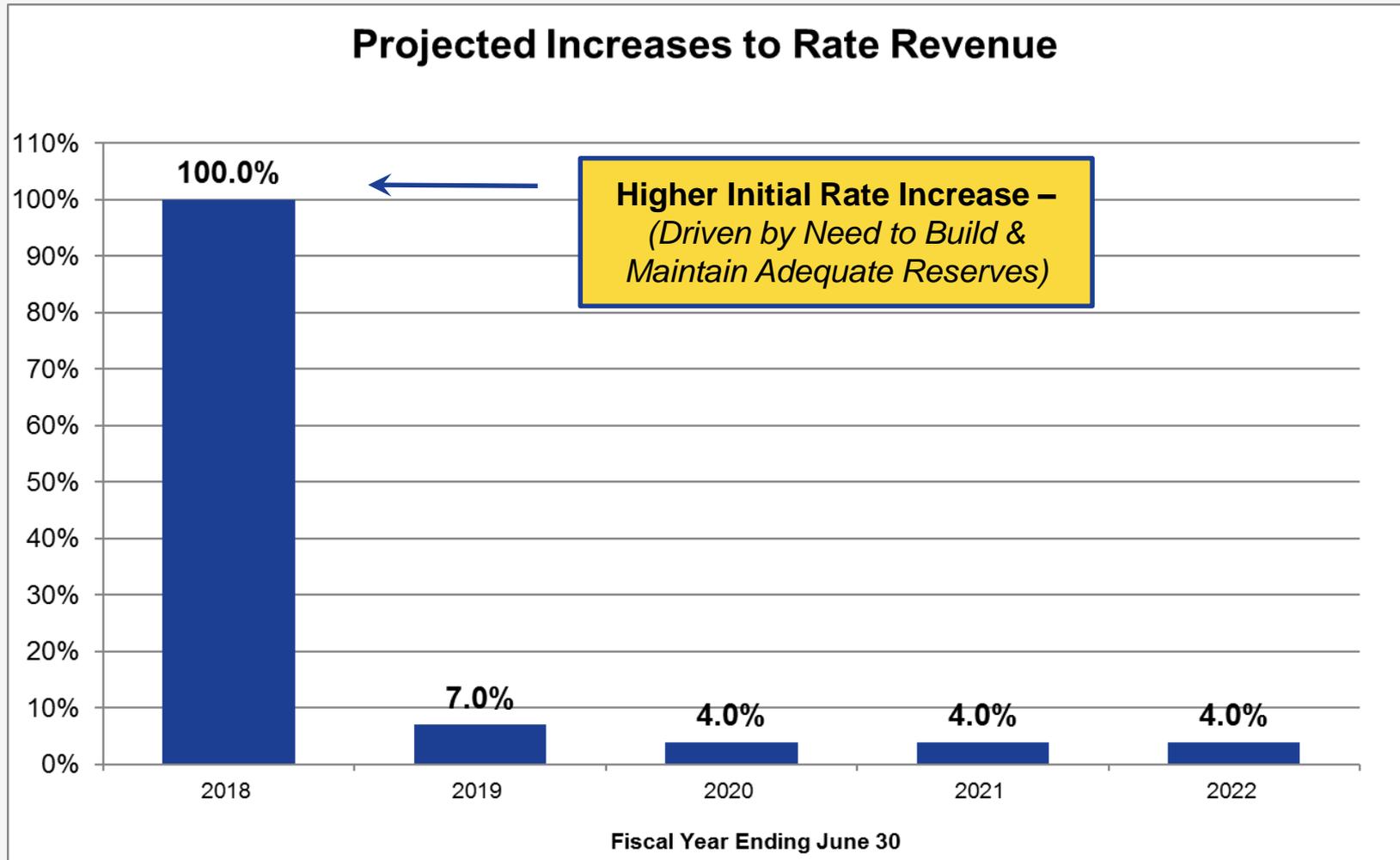
Summar of Sources and Uses of Funds and Net Revenue Requirements	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Sources of Sewer Funds						
Rate Revenue Under Prevailing Rates	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Non-Rate Revenues	-	-	-	-	-	-
Total Sources of Funds	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Uses of Sewer Funds						
Operating Expenses	\$ 127,016	\$ 130,429	\$ 133,932	\$ 137,528	\$ 141,219	\$ 145,010
Debt Service	-	-	-	-	-	-
Capital Expenses	63,880	65,796	67,770	69,803	71,898	74,054
Total Uses of Funds	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064
Surplus / (Deficiency) before Rate Increases	\$ (90,896)	\$ (96,226)	\$ (101,703)	\$ (107,332)	\$ (113,116)	\$ (119,064)
Additional Revenue from Rate Increases (1)	-	-	100,000	114,000	122,560	131,462
Surplus (Deficiency) after Rate Increase	\$ (90,896)	\$ (96,226)	\$ (1,703)	\$ 6,668	\$ 9,444	\$ 12,398
Projected Annual Rate Increase	0.00%	0.00%	100.00%	7.00%	4.00%	4.00%
<i>Cumulative Rate Increases</i>	<i>0.00%</i>	<i>0.00%</i>	<i>100.00%</i>	<i>114.00%</i>	<i>122.56%</i>	<i>131.46%</i>
Net Revenue Requirement (2)	\$ 190,896	\$ 196,226	\$ 201,703	\$ 207,332	\$ 213,116	\$ 219,064

1. Assumes new rates are implemented July 1, 2017.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from sewer rates.

Annual Deficiency in Rate Revenue is Not Sustainable

Annual Sewer Rate Increases



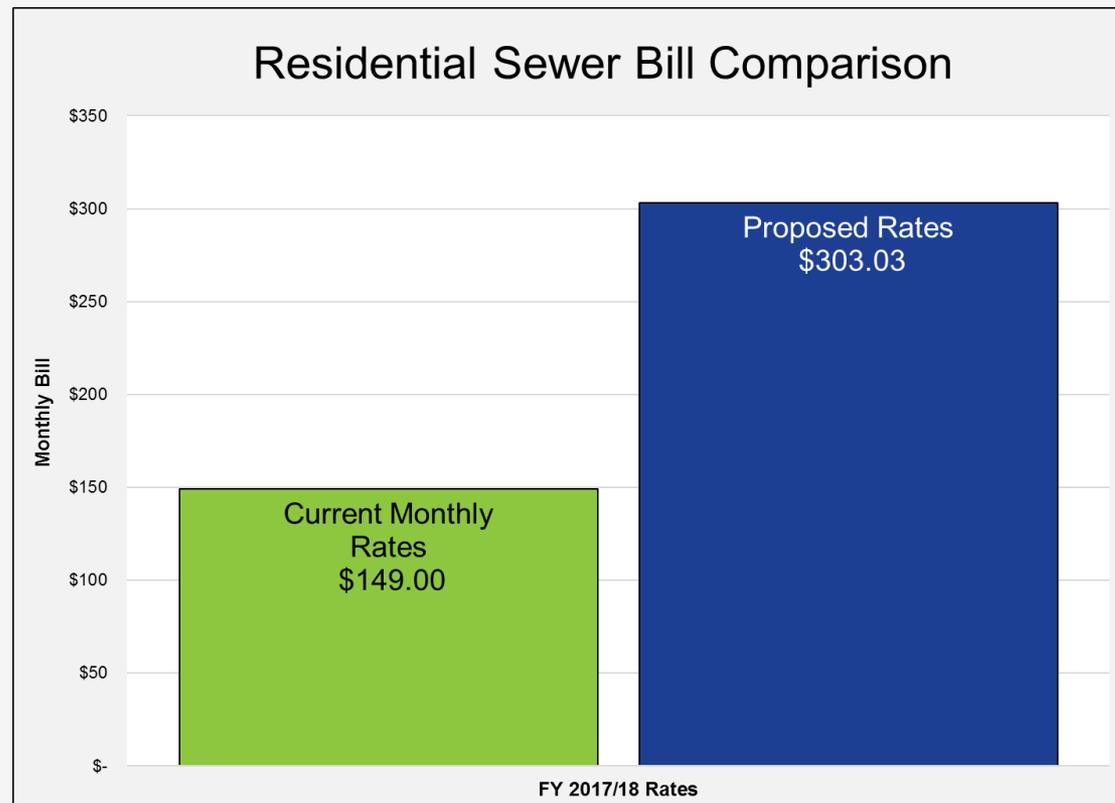
Proposed Sewer Rates

Sewer Rate Schedule	Current Rates	Proposed Rates				
		FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<i>Projected Increase in Rate Revenue per Financial Plan:</i>		100.00%	7.00%	4.00%	4.00%	4.00%
Monthly Fixed Service Charges: All Customers	\$149.00	\$303.03	\$324.24	\$337.21	\$350.70	\$364.73

Note: Current Rates generate about \$98,000 in annual revenue.

Budgeted revenues are equal to \$100,000. To generate this level of revenue, current rates would be \$151.50.

Revenue Requirements are equal to \$200,000.



Sewer Rate Study Recommendations

Recommended Adjustments to Sewer Rates:

- 1. Adopt Recommended Sewer Rates**
- 2. Proceed with Prop 218 Noticing**

Water Connection Fees

Overview of Connection Fee Methodology

AWWA Manual M1* establishes guidelines for three approaches for connection fees:

1. **Buy-In Method**: based on the value of the existing system's capacity.
2. **Incremental Cost Method**: based on the value or cost to expand the existing system's capacity.
3. **Combined Approach**: based on a blended value of existing and expanded system capacity.

**Principles of Water Rates, Fees, and Charges, Chapter VII.2 (7th ed.). (2017). Denver, CO: American Water Works Association.*

Connection Fee Methodology (cont.)

Connection Fees are a Very Simple Calculation:

$$\frac{\text{Asset Replacement Costs less Depreciation}}{\text{Projected Number of New EDU's}} = \$/\text{EDU}$$

Connection Fee Methodology (cont.)

Current System Assets:

Asset Category (1)	Original Values (1)		Asset Cost Less Depreciation	Replication Values (2)		System Buy-In Cost Basis for Consideration (3)
	Asset Cost	Depreciation to Date		Asset Cost	Depreciation to Date	
Water Fund						
Admin/Office Building	\$ 1,915,392	\$ 1,130,865	\$ 784,527	\$ 2,063,820	\$ 1,025,991	\$ 1,037,828
Diversions	1,643,966	1,334,463	309,503	1,858,102	1,214,239	643,863
Hydrants	17,333	11,486	5,847	48,596	33,272	15,324
Land	5,074,098	-	5,074,098	22,096,913	-	22,096,913
Meters	1,090,299	712,940	377,359	1,592,646	1,050,952	541,694
Other	1,454,329	1,352,315	102,014	527,419	292,353	235,067
Pipes	20,413,079	10,824,428	9,588,651	32,334,922	15,721,315	16,613,607
Pump Stations	6,450,031	2,170,995	4,279,036	9,882,393	3,814,661	6,067,732
Rolling Stock	662,164	523,523	138,640	326,649	178,697	147,952
Tanks	3,067,699	2,710,226	357,473	12,871,568	11,526,809	1,344,759
Tools	362,607	337,774	24,833	52,283	18,097	34,186
Treatment	6,591,825	4,366,950	2,224,875	14,192,484	9,510,255	4,682,229
Wells	1,605,663	733,763	871,899	2,303,912	1,207,728	1,096,184
Total Capital Facilities & Equipment	\$ 50,348,485	\$ 26,209,728	\$ 24,138,757	\$100,151,706	\$ 45,594,369	\$ 54,557,337

Connection Fee Methodology (cont.)

Growth's Share of Existing System Assets (RCNLD*):

Asset Category (1)	System Buy-In Cost Basis for Consideration (3)	Allocation Basis (%) (4)			Distribution of Cost Basis (\$)		
		Exclude from Analysis	Existing Services	Future Services	Exclude from Analysis	Existing Services	Future Services
Water Fund							
Admin/Office Building	\$ 1,037,828	0.0%	79.9%	20.1%	\$0	\$ 829,172	\$ 208,656
Diversions	643,863	0.0%	79.9%	20.1%	0	514,414	129,449
Hydrants	15,324	0.0%	79.9%	20.1%	0	12,243	3,081
Land	22,096,913	0.0%	79.9%	20.1%	0	17,654,317	4,442,596
Meters	541,694	0.0%	79.9%	20.1%	0	432,786	108,908
Other	235,067	0.0%	79.9%	20.1%	0	187,806	47,260
Pipes	16,613,607	0.0%	79.9%	20.1%	0	13,273,433	3,340,174
Pump Stations	6,067,732	0.0%	79.9%	20.1%	0	4,847,811	1,219,921
Rolling Stock	147,952	0.0%	79.9%	20.1%	0	118,206	29,746
Tanks	1,344,759	0.0%	79.9%	20.1%	0	1,074,394	270,364
Tools	34,186	0.0%	79.9%	20.1%	0	27,313	6,873
Treatment	4,682,229	0.0%	79.9%	20.1%	0	3,740,864	941,365
Wells	1,096,184	0.0%	79.9%	20.1%	0	875,795	220,388
Total Capital Facilities & Equipment	\$ 54,557,337	0.0%	79.9%	20.1%	\$0	\$ 43,588,556	\$10,968,781

* Replacement Cost New less Depreciation

Connection Fee Methodology (cont.)

Growth's Share of Planned System Assets (RCNLD*):

Facility / Equipment (1)	Current Cost Estimate (\$2017) ¹	Year to be Completed	System Development Cost Basis for Consideration ²	% Allocation		Allocation \$	
				Existing Services	Future Services	Existing Services	Future Services
Pipes	\$ 21,076,074	2035	\$ 21,076,074	79.9%	20.1%	\$ 16,838,718	\$ 4,237,356
Tanks (including 10% volume contingency)	10,977,120	2035	10,977,120	79.9%	20.1%	8,770,164	2,206,956
Pump Stations	12,276,000	2035	12,276,000	79.9%	20.1%	9,807,904	2,468,096
Wells	4,590,000	2035	4,590,000	79.9%	20.1%	3,667,178	922,822
Treatment	1,274,661	2035	1,274,661	79.9%	20.1%	1,018,390	256,271
Diversions	1,147,500	2035	1,147,500	79.9%	20.1%	916,795	230,705
Admin/Operations Building	2,493,162	2035	2,493,162	79.9%	20.1%	1,991,910	501,252
Estimated FY 2016/17 CIP Expenditures	3,100,000	2017	3,100,000	79.9%	20.1%	2,476,743	623,257
Total	\$ 56,934,517		\$ 56,934,517	79.9%	20.1%	\$ 45,487,802	\$ 11,446,715

Water Connection Fee Findings

- Planning Period through FY 2035/36
- Fees calculated using the “combined” approach.

Demographic Statistics	Existing Total	Projected Service Total	Allocation Factors		Cumulative Change	
			Existing Services	Future Services	Number of Units	% Increase
SFR Meter Equivalent Units	8,055	10,082	79.9%	20.1%	2,027	25.2%

System Asset Values Allocated to Future Development	
Projected Increase In Connections to the Water System	Customers
Increase in 5/8-inch Equivalent Meters (1)	2,027
System Asset Values Allocated to Future Development	
<i>System Asset Values Allocated to New Development</i>	
Existing System Buy-In (2)	\$ 10,968,781
Future System Expansion (3)	11,446,715
Total: Existing & Future System Costs	\$ 22,415,496
<i>Adjustments to Cost Basis:</i>	
Cash Reserves	\$ 521,778
Outstanding Long-Term Debt (Principal) Allocated to Future Users	(1,003,901)
Total: Adjustments to Cost Basis	\$ (482,123)
Total Adjusted Cost Basis for New Development	\$ 21,933,373
Maximum Water Connection Per 5/8 or 3/4-inch meter	\$ 10,821

New Connection Fee is about Double the Current Fee

Water Connection Fees

Meter Size	Equivalency Factor		Maximum Unit Cost (\$/EDU)	Updated Maximum Connection Fee Per Meter
	Maximum Continuous Flow (gpm) (1)	Equivalency to 5/8 or 3/4-inch Base Meter Size		
5/8 Inch	20	1.00	\$10,821	\$10,821
3/4 Inch	30	1.00	\$10,821	\$10,821
1 Inch	50	1.67	\$10,821	\$18,035
1 1/2 Inch	100	3.33	\$10,821	\$36,070
2 Inch	160	5.33	\$10,821	\$57,713
3 Inch	320	10.67	\$10,821	\$115,425
4 Inch	500	16.67	\$10,821	\$180,352
6 Inch	1,000	33.33	\$10,821	\$360,704
8 Inch	1,600	53.33	\$10,821	\$577,126

Meter Size	Current Connection Fee
5/8 Inch	\$4,966
¾ Inch	\$4,966
1 Inch	\$9,932
1 ½ Inch	\$19,864

Water Connection Fee Recommendations

Recommended Actions re: Water Connection Fees:

- 1. Receive District comments on this analysis.**
- 2. NBS will document this analysis in a report to the District.**
- 3. District Adopt Recommended Connection Fees**

Water Rates

(Rate Design)

Recap of Cost of Service Results

Cost of Service Analysis Results (Alternative #1):

Rate Alternative #1 Net Revenue Requirements - Per COSA Results	Total Rate Revenue Requirements	Variable Costs	Fixed Costs	
		Commodity Related Costs	Capacity Related Costs	Customer Related Costs
Rate-Design Adjustments to Fixed/Variable (%)	100.0%	35.7%	57.6%	6.7%
Rate-Design Adjustments to Fixed/Variable (\$)	\$8,011,739	\$2,863,243	\$4,614,921	\$533,574
		36%	64%	

Current Rates are \approx 50% Fixed/50% Variable

Recap of Cost of Service Results

Other COS Rate Alternatives Considered:

Alt. #2 results in Fixed Charges that are equal to Current Rates

Rate Alternative #2 Net Revenue Requirements Allocation of 55% Fixed / 45% Variable	Total Rate Revenue Requirements	Variable Costs	Fixed Costs	
		Commodity Related Costs	Capacity Related Costs	Customer Related Costs
Rate-Design Adjustments to Fixed/Variable (%)	100.0%	45.1%	48.2%	6.7%
Rate-Design Adjustments to Fixed/Variable (\$)	\$8,011,739	\$3,616,374	\$3,861,790	\$533,574
		45%	55%	

Rate Alternative #3 Net Revenue Requirements Allocation of 45% Fixed / 55% Variable	Total Rate Revenue Requirements	Variable Costs	Fixed Costs	
		Commodity Related Costs	Capacity Related Costs	Customer Related Costs
Rate-Design Adjustments to Fixed/Variable (%)	100.0%	55.0%	38.3%	6.7%
Rate-Design Adjustments to Fixed/Variable (\$)	\$8,011,739	\$4,406,456	\$3,071,708	\$533,574
		55%	45%	

Rate Alternative #4 Net Revenue Requirements Allocation of 30% Fixed / 70% Variable	Total Rate Revenue Requirements	Variable Costs	Fixed Costs	
		Commodity Related Costs	Capacity Related Costs	Customer Related Costs
Rate-Design Adjustments to Fixed/Variable (%)	100.0%	70.0%	23.3%	6.7%
Rate-Design Adjustments to Fixed/Variable (\$)	\$8,011,739	\$5,608,217	\$1,869,947	\$533,574
		70%	30%	

Water Rate Design Alternatives

Overview of Rate Design Alternatives

■ Rate Design Alternatives:

- ✓ All Rate Design will be Based on Financial Plan & Cost-of-Service Results
- ✓ Rate Design Components:
 - Timing of Rate Increases: What % in What Year?
 - % Fixed vs. Variable Revenue?
 - Single-Family: Uniform or Multi-Tiered Rates?
 - Base Rate (Fixed Charge): Include 2 hcf of Consumption?
- ✓ Related Rate Design Questions:
 - Seasonal Rates
 - Eliminate Volumetric Surcharge (*Assumed to be Removed*)

■ Water Bill Comparisons

Water Rate Design Alternatives (cont.)

Timing of Rate Increases: What % in What Year?

Current alternatives being evaluated –

Rate Increase Alts.	Projected Rate Increases (5 Years)				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
10-Year Phase In	45.0%	7.0%	5.0%	5.0%	5.0%
5-Year Phase In	65.0%	1.25%	1.25%	1.25%	1.25%
Low Flat Rate Increases	9.0%	9.0%	9.0%	9.0%	9.0%
Mid Flat Rate Increases	17.0%	15.0%	15.0%	15.0%	11.0%

Rate Increase Alts.	Projected Rate Increases (5 Years)					Total (Cumulative)
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	
10-Year Phase In	45.0%	7.0%	5.0%	5.0%	5.0%	79.6%
5-Year Phase In	65.0%	1.25%	1.25%	1.25%	1.25%	73.4%
Low Flat Rate Increases	9.0%	9.0%	9.0%	9.0%	9.0%	53.9%
Mid Flat Rate Increases	17.0%	15.0%	15.0%	15.0%	11.0%	97.5%

Water Rate Design Alternatives (cont.)

% Fixed vs. Variable Charges: Rate Alternatives Adjust Revenue Collected

Option	Fixed	Variable	Total
<i>Current Rates</i> ¹	50%	50%	100%
Rate Alternative #1	64%	36%	100%
Rate Alternative #2	55%	45%	100%
Rate Alternative #3	45%	55%	100%
Rate Alternative #4	30%	70%	100%

Alt. #2 results in Fixed Charges that are equal to Current Rates

1. Variable includes drought surcharge revenue, which will be eliminated.

Water Rate Design Alternatives (cont.)

Single-Family Vol. Rates: Uniform or Multi-Tiered Rates?

<i>Variable Rate Options</i>		
Customer Class	Uniform	Tiered
Single Family Residential	✓	✓
Non-Residential	✓	✗

?

- Current SFR Rates are 4-Tiers
- New SFR Rates will be 2-Tiers? 3-Tiers?
- Assumption: Eliminate Drought Surcharge of \$1/ccf

Water Bill Comparisons: Single- vs. Two-Tiers

*(These are Generic Examples,
Not Actual \$'s)*

Water Rate Bill Comparisons (*generic*)

Generic Rate Design Alternatives:

General Assumptions for a Single-Tier Example:

Assumptions

- Average Residential Bill = \$50/Month
- Uniform (Single-) Tier Volumetric Rate
- Average SFR Use is 5 hcf/mo.
- *NOT Representative of Actual Costs*

Water Rate Alternatives (cont.)

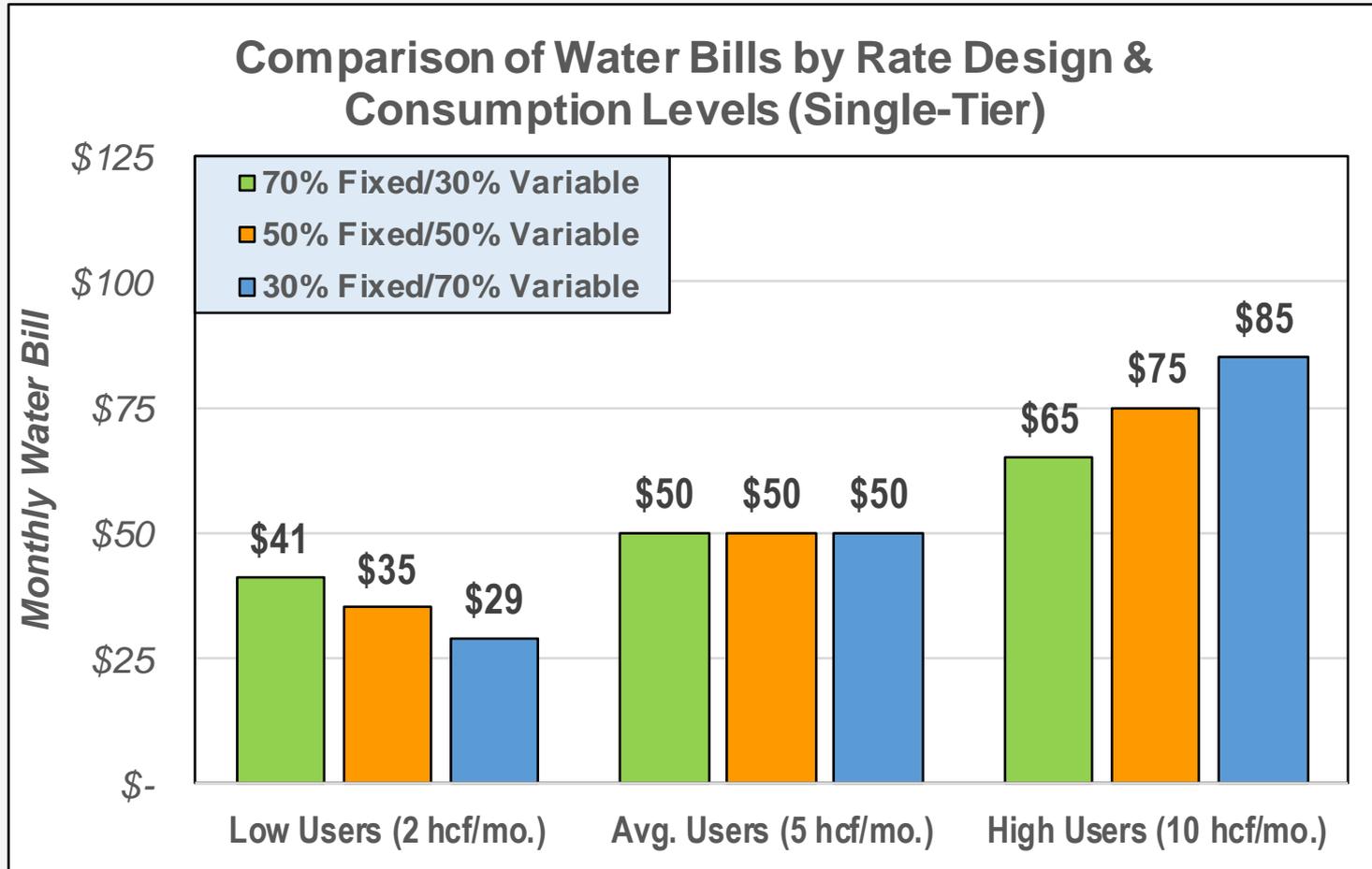
Generic Rate Results (Single-Tier Alternatives):

	Rate Design Alternatives		
	Alt. #1	Alt. #2	Alt. #3
Allocation %:	70% Fixed/ 30% Variable	50% Fixed/ 50% Variable	30% Fixed/ 70% Variable
<i>Fixed Charge:</i>	\$35.00	\$25.00	\$15.00
<i>Vol. Rate:</i>	\$3.00	\$5.00	\$7.00
Low User (2 hcf/mo)			
Mo. Fixed	\$35.00	\$25.00	\$15.00
Mo. Vol.	<u>\$6.00</u>	<u>\$10.00</u>	<u>\$14.00</u>
Total Mo. Bill	\$41.00	\$35.00	\$29.00
Average User (5 hcf/mo)			
Mo. Fixed	\$35.00	\$25.00	\$15.00
Mo. Vol.	<u>\$15.00</u>	<u>\$25.00</u>	<u>\$35.00</u>
Total Mo. Bill	\$50.00	\$50.00	\$50.00
High User (10 hcf/mo)			
Mo. Fixed	\$35.00	\$25.00	\$15.00
Mo. Vol.	<u>\$30.00</u>	<u>\$50.00</u>	<u>\$70.00</u>
Total Mo. Bill	\$65.00	\$75.00	\$85.00

**Customer
Bill
Impacts**

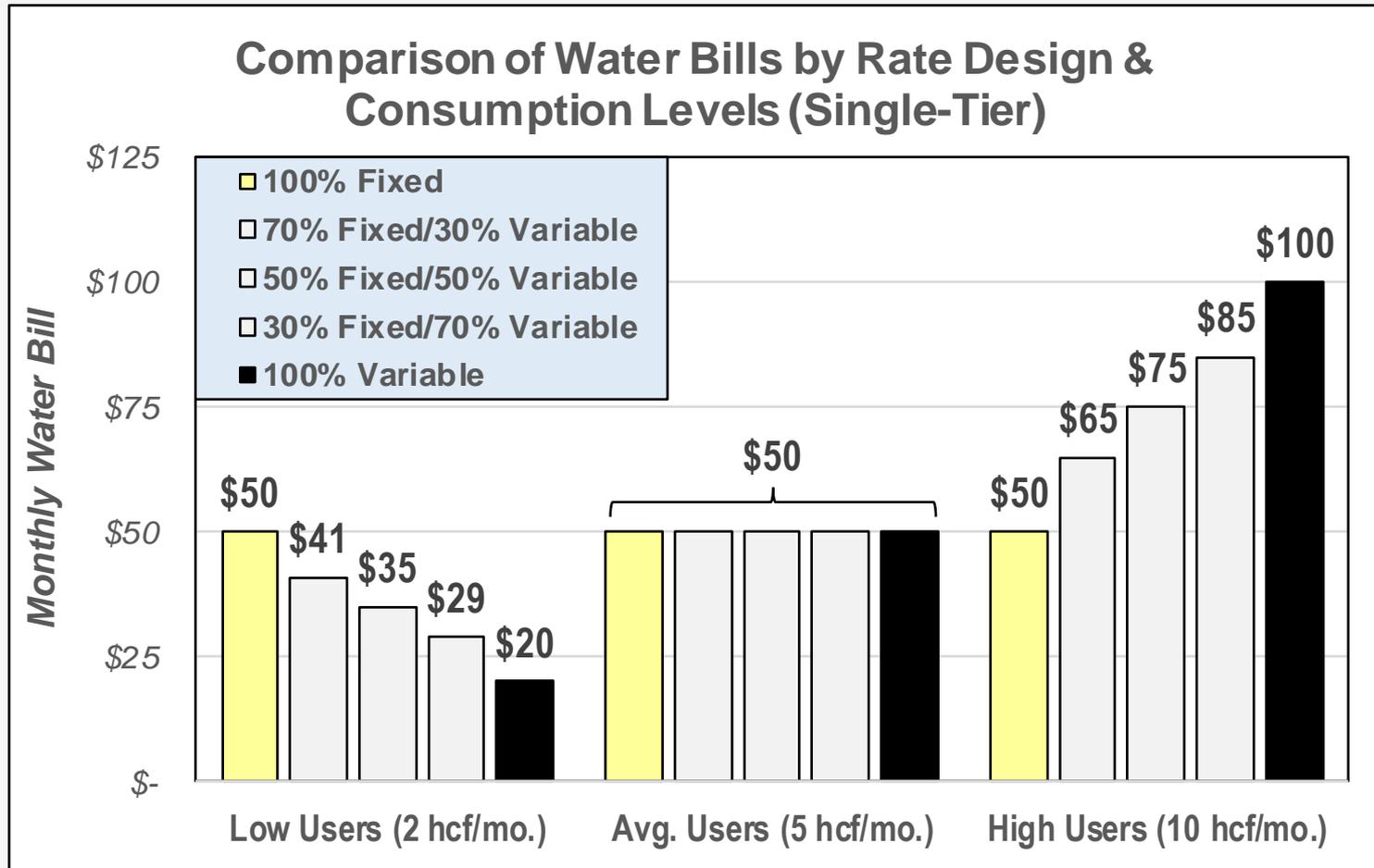
Sample Water Bill Comparisons

Generic Rate Results (Single-Tier):



Sample Water Bill Comparisons (cont.)

Generic Rate Results (with “Bookends” Added):



Water Rate Bill Comparisons (*generic*)

Generic Rate Design Alternatives:

General Assumptions for a Two-Tier Example:

Assumptions	
●	<i>Average Residential Bill = \$50/Month</i>
●	2-Tier Volumetric Rates
●	50% Increase from Tier 1 to Tier 2
●	<i>Average SFR Use is 5 hcf/mo.</i>
●	Tier 2 Applies to > 5 hcf
●	<i>NOT Representative of Actual Costs</i>

Water Rate Alternatives (cont.)

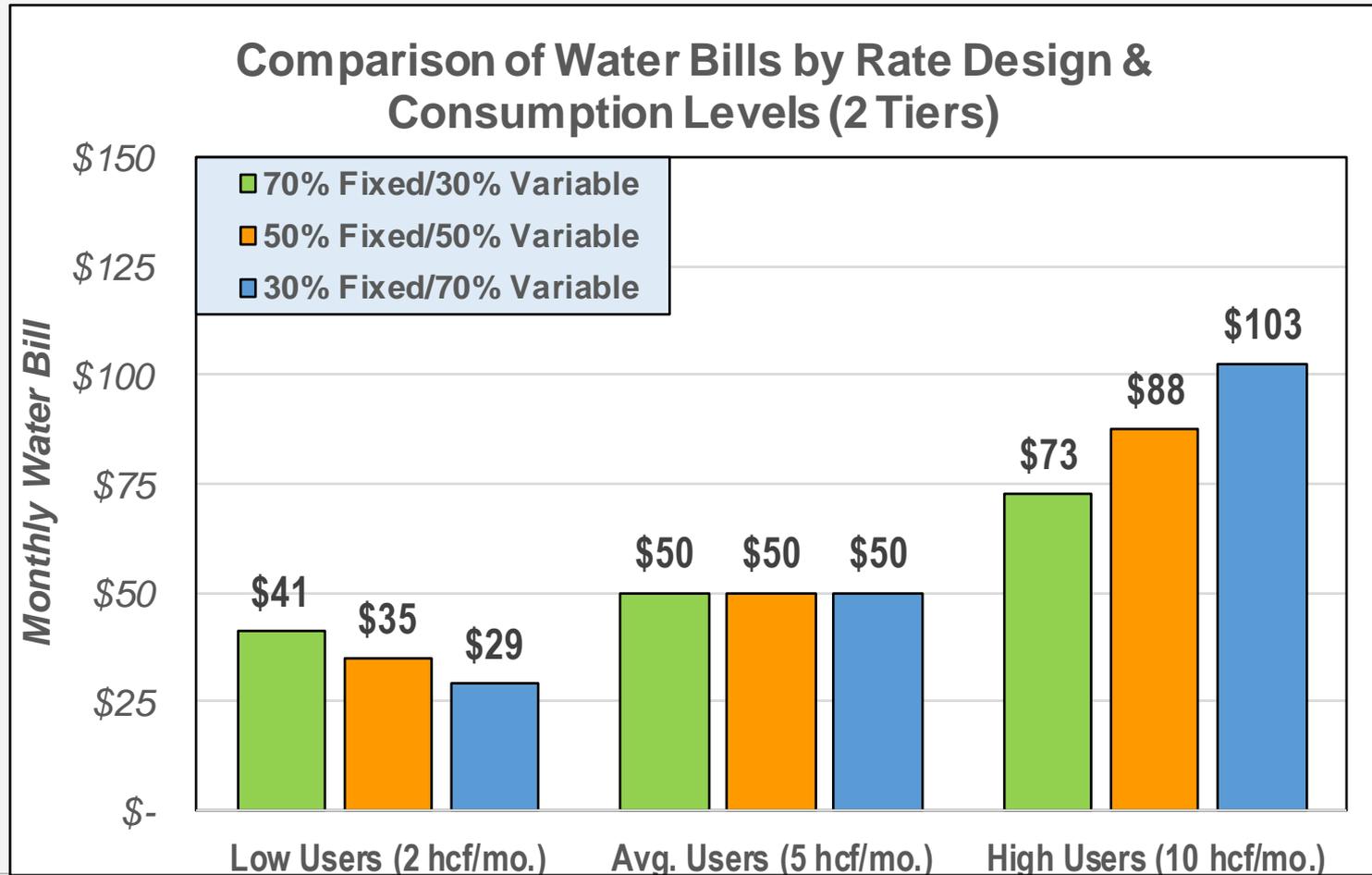
Generic Rate Results (Two-Tier Alternatives):

	Rate Design Alternatives		
	Alt. #1	Alt. #2	Alt. #3
Allocation %:	70% Fixed/ 30% Variable	50% Fixed/ 50% Variable	30% Fixed/ 70% Variable
<i>Fixed Charge:</i>	\$35.00	\$25.00	\$15.00
<i>Vol. Rate (Tier 1):</i>	\$3.00	\$5.00	\$7.00
<i>Vol. Rate (Tier 2):</i>	\$4.50	\$7.50	\$10.50
Low User (2 hcf/mo)			
Mo. Fixed Charge	\$35.00	\$25.00	\$15.00
Tier 1 Charges	\$6.00	\$10.00	\$14.00
Tier 2 Charges	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total Mo. Bill	\$41.00	\$35.00	\$29.00
Average User (5 hcf/mo)			
Mo. Fixed	\$35.00	\$25.00	\$15.00
Tier 1 Charges	\$15.00	\$25.00	\$35.00
Tier 2 Charges	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total Mo. Bill	\$50.00	\$50.00	\$50.00
High User (10 hcf/mo)			
Mo. Fixed	\$35.00	\$25.00	\$15.00
Tier 1 Charges	\$15.00	\$25.00	\$35.00
Tier 2 Charges	<u>\$22.50</u>	<u>\$37.50</u>	<u>\$52.50</u>
Total Mo. Bill	\$72.50	\$87.50	\$102.50

**Customer
Bill
Impacts**

Sample Water Bill Comparisons

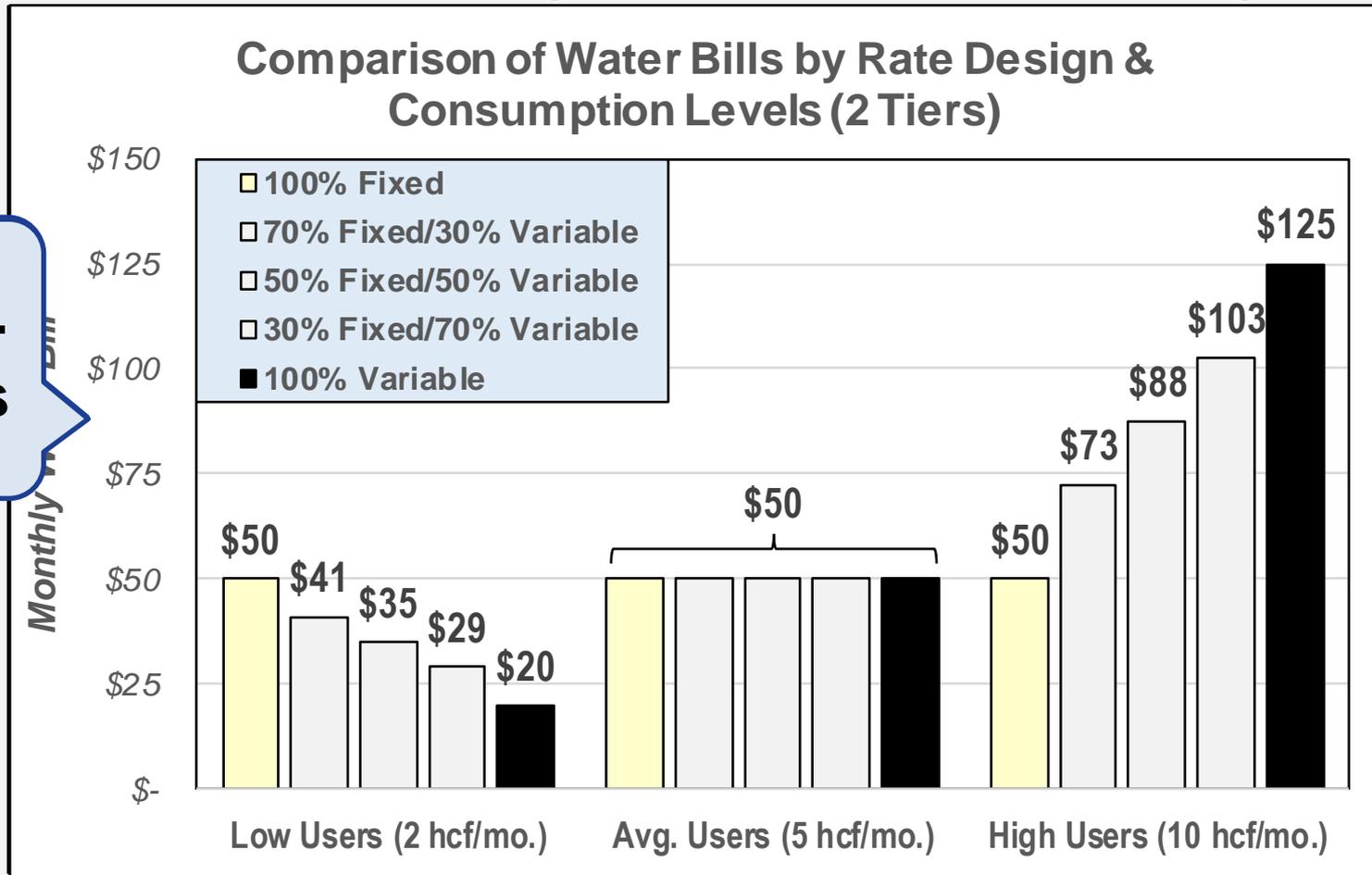
Generic Rate Results (Two-Tiers):



Sample Water Bill Comparisons (cont.)

Generic Rate Results (with "Bookends" Added):

Two-Tiers



Water Rate Design Summary:

Observations of Rate Design Alternatives:

1. Higher % Fixed Charges:

- Provide Less Conservation Incentives
- Spread Higher Share of System Costs to All Users (Regardless of Consumption Levels)
- Provide Greater Revenue Stability

2. Higher % Volumetric Charges:

- Shift Costs to Those Using More Water
- Benefits “Part-Time” Residents (*w/ Lower Fixed Rates*)
- Subjects District to Drought-Risks/Revenue Instability

3. What are Director’s thoughts on Rate Design Alts.?

Action Items for Board of Directors

Provide Comment and Feedback on:

- **Sewer:**
 - ✓ Proceed with Adopting New Sewer Rates?
- **Water Connection Fees:**
 - ✓ Proceed with Adopting New Connection Fees?
- **Water Rate Design:**
 - ✓ Need Direction on Rate Design Alternatives

Next Steps

- 1. Accept/Approve Recommended Sewer Rates & Initiate Prop 218 Process.**
- 2. Accept/Approve Recommended Water Connection Fees.**
- 3. Direct Staff/NBS on Further Development of Rate Design Alternatives.**
- 4. NBS to complete Rate Alternatives Based on Direction from the District.**
- 5. Conduct at Least One More Workshop.**
- 6. Proceed with Prop 218 Noticing/Approval.**

QUESTIONS and COMMENTS

