

CENTRAL BASIN MUNICIPAL WATER DISTRICT

FEBRUARY 11, 2004 - Finance

Hawkins, Cole

FEBRUARY 23, 2004 - Board Meeting

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Approved by: Darryl G. Miller

ACTION CALENDAR

STANDBY CHARGE PUBLIC HEARINGSUMMARY:

Each year, Central Basin reviews its financial obligations and sources of revenue as part of the annual budget process. Included within the budget are two parcel charges that require the Board to conduct a public hearing. The parcel charges are described below:

Central Basin's Recycled Water Parcel Charge

In the early 1990's, Central Basin initiated their efforts in drought-proofing the District's region by constructing pipelines and pump stations to provide recycled water to various irrigation customers. As a result of the regional drought-proofing effort, Central Basin implemented a recycled water parcel charge that has been used to finance the Central Basin Water Recycling Program and is used to help offset the debt service obligations of the outstanding debt. The \$10 per parcel per acre charge currently generates approximately \$3.2 million.

Central Basin has developed a long-term financial model to analyze the impacts of changes in the structure of water rates, and includes the ability to analyze options to reduce or eliminate Central Basin's recycled water parcel charge earlier than the current life of the outstanding debt. In addition, the District's designated funds policy further reflects strategies that could enable the District to contribute to an early debt retirement designated fund. This designated fund would be funded only after the District has determined that all other designated fund levels are adequate.

Since its inception, the Board has conducted an annual public hearing to discuss and receive comments regarding the parcel charge. As of February 3, 2004, the District has received no comments.

Metropolitan Water District (MWD) Parcel Charge

For the last nine years, MWD has had a parcel charge in place for Central Basin that has been used to finance the annual "Readiness-to-Serve" (RTS) obligation. The MWD parcel charge is collected by MWD and used to finance the annual RTS obligation. Any surplus or deficit is charged to the District on the monthly water bill. Central Basin has continued to collect its obligations to MWD's RTS charge through a parcel charge. This charge, which generates approximately \$3.3 million annually, helps to defray the need for substantial rate increases to imported and recycled water rates.

FISCAL IMPACTS:

The recommended water parcel charges will be incorporated into the proposed fiscal year 2004-05 budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on February 11, 2004 and agendized to the February 23, 2004 Board meeting to hold a public hearing to receive comments.

RECOMMENDED MOTION:

That the Board conducts a public hearing to receive comments on Central Basin's proposed fiscal year 2004-05 recycled water standby charge and Central Basin's MWD water parcel charge for the fiscal year 2004-05.

LIST OF EXHIBITS:

None.