

CENTRAL BASIN MUNICIPAL WATER DISTRICT **FEBRUARY 11, 2004 - Finance**
Hawkins, Cole
FEBRUARY 23, 2004 - Board Meeting
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INFORMATION CALENDAR

2003 TIER 2 REVENUES

SUMMARY:

The majority of Central Basin customer agencies voluntarily entered into Water Purchase Agreements with the District in 2003. The Purchase Agreements entitles them to purchase a certain amount of imported water at a lower Tier rate (Tier 1); however, if an agency exceeds their Tier 1 amount in a calendar year, or if they elected not to sign a Purchase Agreement, they pay an additional \$81 per acre-foot (AF) (Tier 2). The intent of this tiered rate structure is to promote water conservation and planning.

As part of the rate structure policy adopted by the Board, net revenues collected from Tier 2 sales can be used to help ensure that the District, as a whole, stays within its Tier 1 limit with Metropolitan Water District. Specifically, the funds can be applied towards recycled water system improvements that conserve imported water.

In 2003, the total Tier 2 revenues collected by the District were \$119,200. Staff recommends that the net revenues from Tier 2 sales be placed into a liability account, to be accessed over time for specific recycled water system improvements.

FISCAL IMPACTS:

The net revenue of \$119,200 earned from Tier 2 sales for 2003 was not anticipated in fiscal year 2002-03 and 2003-04 budgets.

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 as information for discussion.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.