

Staff Report

for the Regular Meeting of the Board of Directors of November 9, 2016

TO: Board of Directors

FROM: Remleh Scherzinger, General Manager
Marvin Davis, Finance Manager

DATE: November 1, 2016

SUBJECT: 2017 Rate Setting

FINANCE

RECOMMENDATION:

Review the 6% rate increase as approved by Resolution 2014-01 and 2014-02.

BACKGROUND:

The District retained Willdan Financial Services to prepare a Water Rate and Fee Study for the fiscal periods 2014 through 2018. The consultant analyzed historical and budgeted data while forecasted the necessary revenue to cover expenditure assumptions.

The following table indicates the percentages and dollars over / under between the water study forecast and actual sales. In 2013, actual water sales are \$932,399 over rate study. The \$1.7M loss in revenue over the period results from the base rate component and water demand. Although 2016 remains a forecast, it is accurate at this point.

2013	2014	2015	2016	Average
5.1%	-2.6%	-11.9%	1.5%	-2.0%
\$ 932,399	\$ (512,986)	\$ (2,449,682)	\$ 317,667	\$ (1,712,602)

The report recommended an annual 6% increase beginning January 1 over the fiscal years (2014 through 2018) to sustain operations.

BUDGETARY IMPACT: To be discussed