

Council Meeting Staff Report

October 19, 2016

Agenda No.:	6.E.
Indexes (Council Goals):	BCC - N/A
Presenters:	Jack Richardson
Legislative File:	8418-16

Title

Water System Needs and Cost Structure Report Presentation

Recommended Action

No formal action to be taken.

Staff Recommendation

No formal staff recommendation.

Body

A report has been developed that discusses the following specific items:

- The change in water sales volume and the effect on water rates and the financial health of the water enterprise groups.
- The water systems condition and how that condition affects the need for infrastructure investment.
- The history and planned future infrastructure investment program.
- An analysis of several alternative scenarios for funding a CIP Program, covering O&M costs and meeting the annual cash balance goals pursuant to the DPU Financial Policy guidelines.

Alternatives

The report details three alternative scenarios for determining rates for the Water Distribution, Water Production and Non-Potable water systems. The expenses - revenues - rates models in Excel allow for multiple scenarios to be run based on various assumptions and goals for each system. Eventually a final scenario will be developed and rates for each of these systems will be implemented.

Fiscal and Staff Impact

Impacts to staff in developing the final recommendations, developing the programs and implementing the selected rates should be within normal budget parameters.

Attachments

A - Water System Needs and Cost Structure Report