



Adopt Resolution Approving Treatment Charge Workgroup's Proposal

Finance & Insurance Committee
Item 8-1
April 10, 2017

Summary

- At the March 13, 2017 F&I Committee meeting direction was provided to staff to bring options for action to the Board in April
- There are three Options:
 1. Adopt the Treatment Charge Workgroup's Proposed Policy Principles, Recommendations, and Implementation of a Treatment Capacity Charge
 2. Adopt Workgroup's Policy Principles only
 3. Maintain the current 100% volumetric treatment surcharge

June 2016 Executive Committee Direction to Workgroup: Address Policy Issues

- Define objectives of a fixed treated water charge
- Determine costs to be included in fixed charge
- Determine allocation methodology
- Address issues related to implementation of a new charge
- Consider implementation in January 2018 or as part of the next biennial budget

Workgroup Process

- Six Workgroup meetings beginning September 2016 through February 2, 2017
 - Participation from 16 Member Agencies
 - Facilitated by Dr. Tom Chesnutt
 - Regular updates to the F&I Committee and the Member Agency Managers
- Feb. 2017 F&I: Treatment Charge Workgroup Proposal presented
- Mar. 2017 F&I: Follow-up questions
 - F&I consensus to bring Proposal to the Board for action

Treatment Charge Workgroup Proposal

- Policy Principles
 - Align costs with services and benefits received consistent with cost of service principles
 - Recognize treatment services to include physical water treatment and operational benefits, such as available capacity
 - Programmatically identify opportunities to right-size treatment capacity; obtain commitments for expansion
- Adopt Treatment Capacity Charge that mirrors existing Capacity Charge
- Implement no sooner than 2021

Questions from the March 2017 F&I Committee Meeting

1. Financial resiliency

- Workgroup stated it is an important attribute of effective treated water cost recovery
- Fixed charges contribute to stable revenue and financial resiliency

2. Treatment costs supporting information

- Presented to Workgroup in October 2016
- Detail found in Biennial Budget and Cost of Service

Board Options

1. Option #1: Adopt CEQA determination and Adopt Resolution Approving the Treatment Charge Workgroup's Policy Principles, Recommendations, and Implementation of a Treatment Capacity Charge
2. Option #2: Adopt CEQA determination and Adopt Resolution Approving the Workgroup's Policy Principles only
3. Option #3: Adopt CEQA determination and Maintain the current 100% volumetric Treatment Surcharge

Staff Recommendation

1. Option #1: Adopt CEQA determination and Adopt Resolution Approving the Treatment Charge Workgroup's Policy Principles, Recommendations, and Implementation of a Treatment Capacity Charge

