



# Approve Resolutions Fixing and Adopting the Readiness-to-Serve Charge and Capacity Charge for 2020

Finance & Insurance Committee

Item 8-1

April 8, 2019

# Background

- April 10, 2018:
  - Board adopted charges for Calendar Year (CY) 2019
    - Readiness-to-Serve (RTS) charge set at \$133M
    - Capacity charge set at \$8,600 per cubic foot per second (CFS) - (\$31M)
  - Board approved biennial budget for Fiscal Years (FYs) 2018/19 and 2019/20, with revenue assumptions from charges for CY 2020, as follows:
    - RTS charge set at \$136 M
    - Capacity charge set at \$8,800 per CFS - (\$32M)

# Fixed Charges Determinations

RTS charge recovers capital costs of the portion of Metropolitan's system available for emergency service and available capacity during outages and hydrologic variability

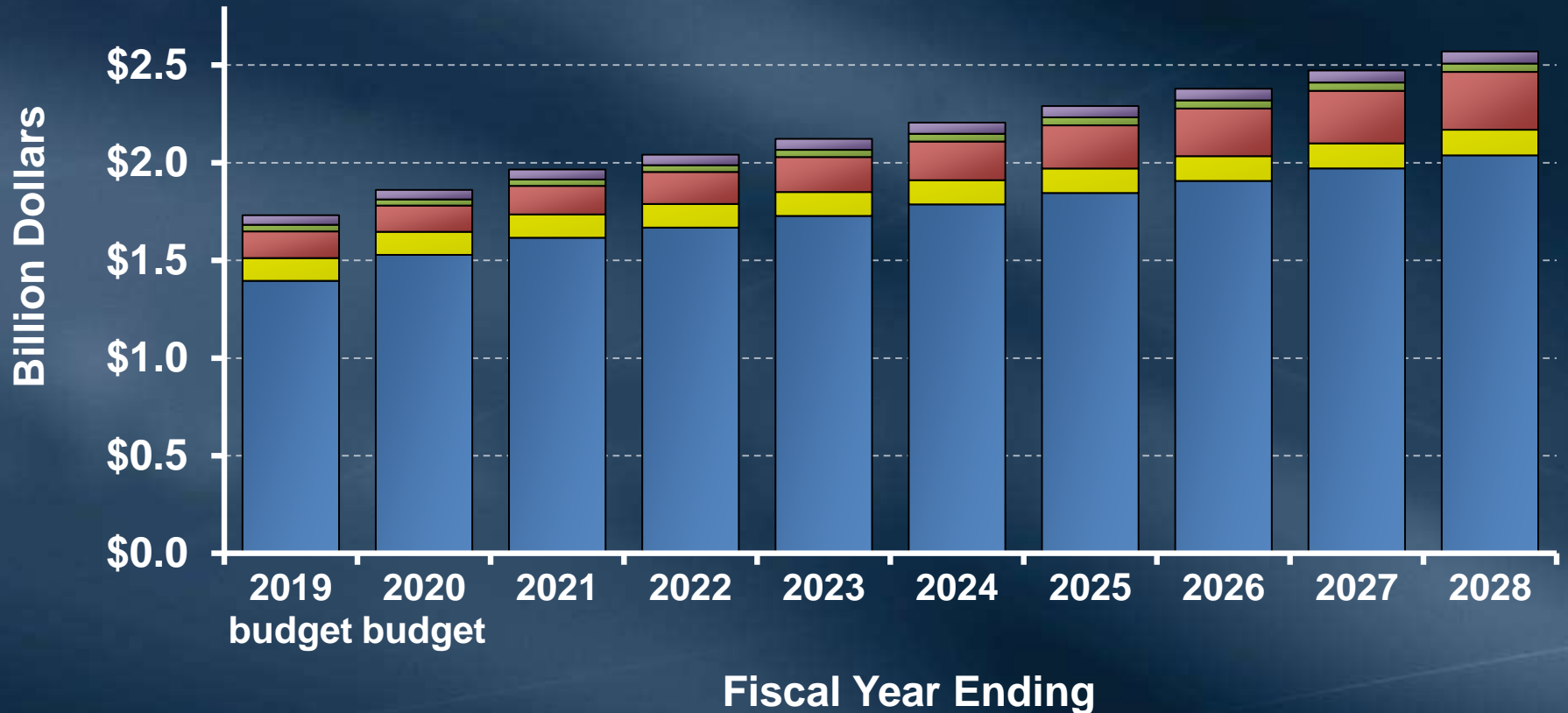
- RTS charge for CY 2020 allocated to member agencies based on their ten-year rolling average firm demands for Fiscal Year (FY) 2008/09 to FY 2017/18

Capacity charge recovers capital costs of the portion of Metropolitan's system for peaking capacity

- Capacity charge for CY 2020 charged on the member agencies' peak day demand between May and September for 2016 to 2018

# Revenue Forecast

- Other
- Capacity Charge
- Readiness-to-Serve
- Taxes
- Water Sales Revenue



# Requested Action

- Approve the Resolutions fixing and adopting the RTS charge and Capacity charge for CY 2020 at levels previously determined by the Board

# Board Options

- Option # 1
  - Adopt CEQA determination
  - Approve resolutions fixing and adopting the RTS charge and Capacity charge, effective January 1, 2020
- Option # 2
  - Direct staff to revisit FY 2019/20 of the biennial budget and water rates and charges for CY 2020

# Staff Recommendation

- Option # 1
  - Adopt CEQA determination
  - Approve resolutions fixing and adopting the RTS charge and Capacity charge, effective January 1, 2020

