

TO: FINANCE AND AUDIT COMMITTEE

AGENDA ITEM

FROM: MARIO IGLESIAS
GENERAL MANAGER 

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JULY 1, 2020

DATE: JUNE 30, 2020

REVIEW PRESENTATION FROM WATER RATE CONSULTANT

ITEM

Review Tuckfield and Associates ("Consultant") water rate presentation and direct staff to prepare report for July 22, 2020 Board Meeting [RECOMMEND REVIEW, DISCUSS, AND DIRECT STAFF]

DISCUSSION

At your April 22, 2020 Board Meeting, your Board directed staff to draft a water rate study with the aid of our Consultant that would provide relief for District rate payers for the January 2021 rate adjustment. Additionally, the Consultant was to build a rate structure that would address the financial needs of the Water Enterprise as it moved through Fiscal Year 2025-26. At that time, Nipomo Community Services District ("District") is obligated to take or pay for 1,667 acre feet of water (AFY), the District's portion of the 2,500 AFY to be imported from the City of Santa Maria.

The Consultant has completed the draft outline of the requested 10-year financial plan which includes a 5-year proposed water rate structure. The presentation will be provided at the committee meeting with the results of the rate study.

FISCAL IMPACT

The fiscal impact to the Water Enterprise when purchased supplemental water reaches the minimum take or pay amount of 1,667 AFY is significant. It is inevitable that this cost will have a significant impact on the District's water rate payers. The cost of hiring the Consultant to define the impact, as well as staff time to work with the consultant and draft the staff report is included in this year's budget.

STRATEGIC PLAN

Strategic Plan Goal 6. – Governance and Administration. Periodically review, update and reaffirm District policies and procedures.

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

- A.3 Develop a Near-, Mid-, and Long-Term Plan to Pay for Take-or-Pay Water. Evaluate potential and options for ramping rates over time compared to making rate jumps as the water becomes available.

RECOMMENDATION

It is recommended that the Committee receive the Consultant's analysis, review information provided in this staff report, take public comment, discuss and provide direction to staff.

ATTACHMENTS

No attachments.