



May 21, 2009

TO: LOCSD Board of Directors
FROM: Mitch Cooney, Interim General Manager *MC*
SUBJECT: Agenda Item 5C – 5/21/09 Board Meeting
Review of the District’s Current Water Rate Structure

- President**
Joe Sparks
- Vice-President**
Marshall Ochylski
- Director**
Chuck Cesena
Maria Kelly
Steve Senet
- General Manager**
- Utilities Manager**
George J. Milanés
- Fire Chief**
Matt Jenkins

SUMMARY

The District has recently completed a Water Rate Study prepared by the FCS Group. The next step in the process is to prepare and finalize the Fiscal Year 2009/2010 budget. The FY 2009/2010 budget will be prepared with the restructuring of District operations in mind. This budget will be geared to give the Board of Directors a clear view of the financial condition of the District and what adjustments need to be made to the District’s water rates to ensure the viability of ongoing operations and a strong funded Utility reserve to address repair, replacement and emergency needs.

For the District to know repair, replacement and emergency needs an updated Water Master Plan should be addressed in the near future.

As part of the evaluation process it is recommended that any rate structure modification include a means to assist the San Luis Obispo Coastal School District with their utility obligations to the District. Currently under review are the following:

- provide the School District with storm water rather than pump this resource to the Bay;
- initiate a Conservation program in which the District offers monetary incentives;
- restructure the District’s water rates in which a “Public Facilities” rate is added
- restructure the District water rates in which the top tier of the rate structure is capped;
- A combination of some or all of the above suggestions.



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Whatever recommendation(s) staff brings to your Board will be done so in concert with and the agreement of School Board officials. It is anticipated that, depending upon the availability of School Board personnel to meet, that a recommendation(s) can be brought back to your Board during the late Summer months. Prior to bringing recommendations to the Board of Directors, they will be reviewed by District Legal Counsel and the Water Advisory Committee.

THE RECOMMENDED ACTION BEFORE YOUR BOARD: This is an informational item; no action is needed unless the Board of Directors wishes to give specific or general direction to Staff.