

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

RESOLUTION NO 16-172

INTRODUCED BY DIRECTOR PALMER
SECONDED BY DIRECTOR McGRAIL

***TREATED WATER SERVICE RATES FOR
CALENDAR YEARS 2017 AND 2018***

WHEREAS Zone 7 has experienced significant revenue losses due to drought conditions and State-mandated water use reductions; and

WHEREAS in 2015, the Zone 7 Board of Directors engaged an independent water rate consultant, Raftelis Financial Consultants, Inc. ("RFC"), to prepare a Cost of Service Study to identify the cost of providing wholesale treated water service. In October 2015, the Zone 7 Board adopted treated water rates for Calendar Years (CY) 2016, 2017 and 2018 and a Temporary Conservation Surcharge for CY 2016 which sunsets on December 31, 2016; and

WHEREAS continued revenue losses due to drought conditions and State-mandated water use reductions prompted staff to hire RFC to revisit restructuring rates to include a fixed component and to determine whether the temporary conservation surcharge should be extended; and

WHEREAS based on the rate study results, staff recommends restructuring the treated water rates to include a fixed charge to recover 35% of revenue requirements and volume-based rate to recover 65% of revenue requirements; and

WHEREAS calculations of fixed and volume-based rates are based on the rates previously adopted for Calendar Years 2017 and 2018; and

WHEREAS there is still a need for a Temporary Surcharge.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby adopts the following treated water fixed charges and volume-based rates for CY 2017 and CY 2018.

FIRST, a water delivery charge, per the table below for all metered water delivered to each customer per month per 100 cubic feet (CCF) for CY 2017 and CY 2018 that includes a temporary surcharge of \$0.57 per CCF for calendar year 2017. This surcharge will **sunset December 31, 2017.**

Volume-based Rate	CY 2017¹	CY 2018
Rate per CCF	\$1.98	\$2.04
Temporary Surcharge per CCF	\$0.57	-
Total per CCF	\$2.55	\$2.04

¹Includes a temporary one-year surcharge of \$0.57 per 100 cubic feet (CCF) which will sunset on December 31, 2017; any extension of the temporary surcharge will require a separate Board approval.

SECOND, a fixed charge of \$14,223,775 for Retailers and \$143,531 for Direct Customers for CY 2017 per the tables below. Actual monthly billing will be 1/12 of the annual amount.

Fixed Charge per Retailer	CY 2017
City of Pleasanton	\$4,468,719
Dublin San Ramon Services District	\$4,363,160
California Water Service Company	\$2,751,052
City of Livermore	\$2,640,824
Total Retailer Fixed Charge	\$14,223,755

Fixed Charge per Direct Customer	CY 2017
Lawrence Livermore Laboratory	\$61,273
Veterans Hospital	\$55,489
Wente Vineyards	\$19,941
East Bay Regional Park District	\$5,949
Livermore Area Parks and Recreation District	\$863
State of California Department of Water Resources	\$15
Total Direct Customer Fixed Charge	\$143,531

THIRD, a fixed charge of \$15,686,384 for Retailers and \$163,226 for Direct Customers for CY 2018. Actual monthly billing will be 1/12 of the annual amount.

FOURTH, authorize the General Manager to reallocate CY 2018 Fixed Charge per Retailer and Direct Customer based on updated two-year rolling average of proportional use, to be determined at the end of FY 2016-17. CY 2018 Fixed Charges of \$15,868,364 and \$163,226 for Retailers and Direct Customers, respectively, will not be changed without Board approval.

FIFTH, rates and service charges for other treated water services, including recharge, temporary treated water, fire and standby and In-lieu treated water service shall remain as set in Zone 7 Board resolution 15-95.

SIXTH, eliminate the monthly Treated Water Service Charge of \$153 and \$157 per metered service for CY 2017 and CY 2018, respectively as set forth in Zone 7 Board resolution 15-95.

BE IT FURTHER RESOLVED that said fixed charges and volume-based rate schedules for treated water service as adopted herein shall be effective on January 1, 2017 and shall end on the next effective date for such water rates as adopted by the Board.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS FIGUERS, GRECI, McGRAIL, PALMER, QUIGLEY, STEVENS

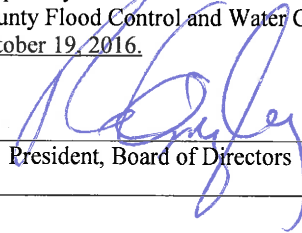
NOES: DIRECTOR RAMIREZ HOLMES

ABSENT: NONE

ABSTAIN: NONE

I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on October 19, 2016.

By



President, Board of Directors