

Ad-Hoc Funding Committee Meeting

September 26, 2013

Today's Meeting

- Call to Order, Roll Call, and Introductions
- Committee comments (limited to 3 minutes per person)
- Public comments (limited to 3 minutes per person)
- Approve minutes of August 22, 2013 meeting
- Announce Vice-Chair appointment to the Ad Hoc Funding Committee
- Consider Proposals for Rate-Setting support services
- Rate Setting Process - Update
 - Update on current litigation – Pendry/Griffith lawsuits set for oral arguments in appellate court October 9, 2013
- Basin Management Plan Update and EIR Schedule and activities
- Future agenda items
- Upcoming Meetings
- Adjourn

The Need for Rate Setting Support Services

-- Cost of Service Study --

Cost of Service Study addresses legal, financial and operational objectives

- Effectiveness in Achieving Revenue Needs
- Revenue Stability and Predictability
- Financial Resilience to the Unexpected
- Promotes Efficient Water Use
- Rate Payer Equity / Fairness
- Clear, Understandable, and Easy to Implement
- Legal and Defensible
- Manage Competing Objectives

Cost of Service process includes three main analysis components

Revenue Requirement Analysis

- Compares the revenues to operating and capital costs to determine adequacy of the existing rates to recover costs

Cost of Service Analysis

- Allocates revenue requirements to various customer classes in a reasonable and equitable manner

Rate-Design Analysis

- Considers the structure of the rate design to collect the revenue requirements from each class of service

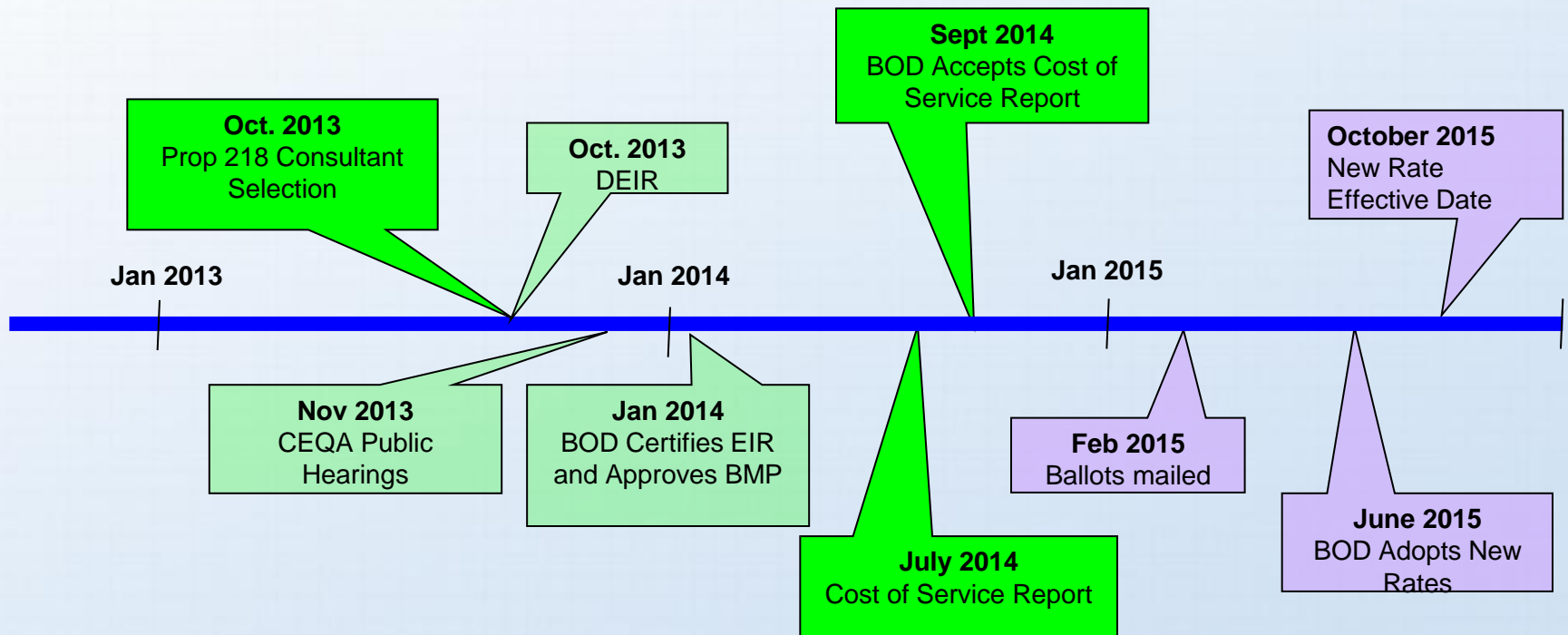
Consider Proposals for Rate Setting Support Services

- Five firms were invited to propose on the work:
 - HDR, Inc, Mr. Kevin Calderwood
 - Willdan Financial Services, Ms. Gladys Medina
 - Carollo Engineers, Mr. Lou Carella
 - Bartle Wells, Mr. Doug Dove
 - NBS, Mr. Greg Clumpner
- Two firms submitted proposals:
 - NBS, Mr. Greg Clumpner
 - Carollo Engineers, Mr. Lou Carella

Proposal and Contracting Schedule

Item	Date
Submit Proposals	September 19, 2013
Committee Review and Recommendation	September 26, 2013
Conduct Interviews (if needed)	October 2-3, 2013
Notify Selected Team	October 3 or 7, 2013
Negotiate Contract	October 7-10, 2013
Board Approval of Contract	October 16, 2013

There is A Lot of work remaining following the BMP & CEQA process!



*Not to scale

Discuss Proposals & Provide Direction

Update on current litigation

- Pendry/Griffith lawsuits set for oral arguments in appellate court on October 9, 2013

BMP Update & EIR Activities

- “Screen Check” Draft EIR under review by staff
- Public Review Draft EIR release in early October
- **Newsflash (9/25/2013)!**
 - \$7.6 Million awarded to Pajaro River Watershed
 - PVWMA awarded \$1.03 Million

Project	Project Cost	Funding Allocation
Critical Water Supply System for Pajaro DAC	\$1,500,000	\$1,500,000
Hollister Urban Area Water and Wastewater MP	\$27,500,000	\$4,228,000
Integrated Aquifer Enhancement/Irrigation & Nutrient Mgmt	\$1,500,000	\$428,000
Watsonville Recycled Water Storage	\$6,200,000	\$1,033,000
Grant Administration and Management	\$380,000	\$380,000
TOTAL	\$37,080,000	\$7,569,000

Questions / Comments...