

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: September 29, 2022

SUBJECT: Request to review draft assumptions and planning factors, and draft financial plans prepared by Tuckfield & Associates for the water and sewer rates study, and provide direction to staff.

Recommendation

It is recommended that the Board of Directors review draft assumptions and planning factors, and draft financial plans prepared by Tuckfield & Associates for the water and sewer rates study, and provide direction to staff.

Background

The Board approved preparation of a water and sewer rates study by Tuckfield & Associates at your May 20, 2021 meeting. Your Board also approved the Capital Improvement Program for the next five years at the August 18, 2022 meeting.

Our water and sewer rates were last updated in 2017 and consisted of an incremental increase over five years starting in 2018. The final incremental increase went into effect January 1, 2022.

Discussion

There are seven tasks associated with the rate study as follows:

- Task 1 - Data Collection
- Task 2 - Long range Financial Planning
- Task 3 - Cost of Service Analyses
- Task 4 - Rate Structure Analyses and Rate Design
- Task 5 - Draft Financial Report
- Task 6 - Board Presentation of Draft Financial Report
- Task 7 - Final Report and Board presentation

We are on Task 2 and Task 3, long range financial planning and cost of services analysis.

The Manager has reviewed the draft assumptions and financial plans prepared by Tuckfield & Associates. The District's current reserve policy, cost of services, and revenue requirements were also discussed. Since there is a large amount of financial information to decide upon, the Manager elected to bring these items to your Board for direction.

The consultant needs this direction on the assumptions and planning factors, and draft financial plans, to move forward with the next step of the rate study, Task 4 - Rate Structure Analyses and Rate Design.

Fiscal Implications

The current water and sewer rates need to be updated to include increased cost of operations as well as the costs for the capital improvement program.

Results

The recommended action will result in progress of updating the District's water and sewer rates.

Attachment: none

File: Rates, Fees, Charges