

WEST BASIN MUNICIPAL WATER DISTRICT

DECEMBER 11, 2001 - Finance

Smith, Dear

DECEMBER 17, 2001 – Board Meeting

Prepared by: Fernando Paludi

Submitted by: Paul Shoenberger

Approved by: Darryl G. Miller

INFORMATION CALENDAR

FINANCIAL PLANNING MODEL CONSULTING SERVICESSUMMARY:

Staff has identified the need for consulting assistance in developing a long-term Financial Planning model structured around the District's flow of funds, including water rate revenues, transfers to/from designated funds (reserves), CIP expenditure projections, current and planned debt issuances, etc. The immediate need for the model is in projecting the long-term impact on water rates of different designated funds policy options and will be used at an upcoming Designated Funds Board Workshop, anticipated for January 2002. On an annual basis, the model will be used to monitor designated fund cash balances, project revenue shortfalls and surpluses, review capital structure, and perform "what-if" scenarios using a variety of financial variables.

Integrated Utilities Group (IUG) is in a unique position to assist with the financial planning model cost-effectively and within the brief timeframe required. Earlier this year, IUG was retained under Board authorization to assist staff in updating the District's potable and recycled water rate structures. Under that contract, IUG is currently finalizing a recycled water cost-of-service study and developing alternative rate structures for staff and Board review in December or January. Financial planning models are also part of IUG's core services and both the cost-of-service and financial plan models created by IUG can be linked so that revenue requirements projected in the financial plan model feed directly into the cost-of-service model used annually in setting rates.

While the financial plan model is related to the rate study being conducted by IUG, it is a separate scope of work. The budget for creating the model, including the shell based on the District's flow of funds, data entry and calibration at the District's offices, error detection, and testing, is \$10,000.

FISCAL IMPACTS:

Funds are budgeted in the Water Resources Planning consulting budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on December 11, 2001 and agendized to the December 17, 2001 Board meeting as information.

WBMWD Board Memorandum
December 17, 2001 Page 2

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.

I:\direct\wbmwd\010