

WEST BASIN MUNICIPAL WATER DISTRICT

AUGUST 7, 2002 – Water Resources
McDonald, Little

AUGUST 26, 2002 – Board Meeting

Prepared by: Mark Tettemer

Submitted by: Paul E. Shoenberger

Approved by: Darryl G. Miller

INFORMATION CALENDAR

DECISION PROCESS TO INITIATE DESIGN AND CONSTRUCTION
OF RECYCLED WATER LATERALS

SUMMARY:

West Basin Municipal Water District (WBMWD) staff and consultants continue to progress with recycled water customer development on many of the sites identified in the Recycled Water Master Plan. WBMWD staff is taking this opportunity to share with the Board the approach it will be taking with regard to coordinating the customer development effort with design and construction of the distribution laterals to serve those customers.

The customer development process developed by WBMWD staff includes ten sequential steps from initial contact to connection. Staff also identified two milestones which consultants were instructed not to pass without staff approval as a way of managing project costs. Staff considered developing all sites up to Step 3 (the first milestone) and temporarily suspending work until enough additional customer interest was demonstrated to create an economically viable lateral. Concerns have been expressed that temporarily suspending the customer development process at some sites, while sufficient customer commitments were obtained may result in diminished interest by customers. To remedy this concern, staff will work with the consultants to complete all steps, without delay, up to the actual connection which cannot occur until the pipeline has been constructed.

Regarding the decision to commence design and construction of a distribution lateral, staff will continue to keep the Board informed as to the progress of each lateral. Starting next month, progress on each distribution lateral will be expressed in terms of estimated annual gains or losses over a twenty-five year period based on the net result of the following economic factors:

- Estimated recycled water sales;
- Metropolitan Water District's Local Resources Program funding;
- Grant funds (e.g. U. S. Army Corps);
- Design and Construction costs;
- Operation and Maintenance costs;
- Replacement costs;
- Inflation;
- Cost of customer development; and
- Regulatory Fees.

As laterals approach economic viability, the Board will periodically be asked to consider staff's recommendations to initiate design and construction based on:

- The estimated annual gain or loss for the lateral;
- Customers that have committed to using recycled water;
- Customers that are out of business or decline to use recycled water; and
- Customers in progress.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on August 7, 2002 and agendaized to the August 26, 2002 Board meeting as information.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.

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