

**STAFF REPORT**  
**City of Lancaster**

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MVB

Date: February 26, 2008

To: Mayor Hearn and City Council Members

From: James R. Williams, Public Works Director

Subject: **Adopt Resolution Establishing a Recycled Water Rate Schedule for Users of the City of Lancaster Recycled Water System**

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**Recommendation:**

Adopt **Resolution No. 08-23**, establishing a Recycled Water Rate Schedule for users of the City of Lancaster Recycled Water System.

**Fiscal Impact:**

Initially the city will operate the recycled water system at a loss due to: limited recycled water availability and the small number of customers. However, as additional recycled water becomes available and more customers connect to the existing system the system will begin to cover its costs of operation and maintenance. The shortfall for FY 2008-2009 is estimated to be less than \$150,000.

The proposed rate for recycled water is set 15% less than water purchased from Los Angeles County Waterworks District 40 Antelope Valley, Region 4, Lancaster. The reduced cost is an incentive to proposed users to connect to the recycled water system. The reduced cost will allow proposed users to recover, over time, their capital investment to convert from potable water to recycled water use. The City's cost to purchase recycled water from the Sanitation District (District) is based on operation and maintenance costs incurred by the District in accordance with the Recycled Water Purchase Agreement (Agreement).

In an effort to assist the City's implementation of a recycled water program the District agreed to provide recycled water at no cost until the full scale tertiary treatment facilities are completed and operational. The full scale facilities are expected to be operational in late 2010 and the city would begin paying for recycled water beginning July 1, 2011 in accordance with the Agreement.

The Proposed Recycled Water Rate Schedule included as Exhibit "A" with the attached Resolution includes three rates for various users. The RW-1 and RW-2 rates include a quantity charge, monthly meter charge and, if applicable, a connection charge. Rate RW-3 covers charges for temporary/portable meters.

**Background:**

In December 2004 the City Council approved moving forward with the establishment of a recycled water system for the city of Lancaster to allow much needed reuse of disinfected tertiary treated wastewater in place of potable water supplies. In March 2005 Ordinance No. 841

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was adopted establishing a recycled water master plan and implementation of procedures for a City

owned and operated recycled water distribution and direct reuse system in the city of Lancaster. Ordinance 841 provides that a recycled water rate is to be established by resolution of the City Council. It is recommended that the attached Resolution and Proposed Recycled Water Rate Schedule be adopted as the rates charged for recycled water to all users to be served by the City of Lancaster Recycled Water System. Recycled water is proposed to be provided to users at a rate that is approximately 85% of the cost of potable water.

The city is nearing completion of construction of the Division Street Corridor Recycled Water Improvements. Once complete the city will be ready to provide recycled water to its proposed customers along Division Street.

SD:ddd

**Attachments:**

Resolution No.

Recycled Water Rate Schedule Exhibit "A"