

## ***STAFF REPORT***

**To:** Coastside County Water District Board of Directors

**From:** David Dickson, General Manager

**Agenda:** February 9, 2010

Report

Date: February 5, 2010

**Subject:** Discussion and direction to staff regarding possible sale of water service connections

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### **Recommendation:**

Provide direction to staff regarding possible sale of non-priority water service connections.

### **Background:**

Based on the Board's interest in the possible sale of connections from the 72 non-priority connections the District now holds, staff conducted a survey which indicated that the number of parcel owners interested in purchasing the connections significantly exceeds the number of connections available. Should the Board desire to proceed with a sale, we now need further direction from the Board in a number of areas in order to be able to design a sale process that meets the Board's objectives:

- 1. How many of the 72 connections will be made available for sale and purchase?** Staff feels it would be prudent to offer only a portion of the connections available in the first sale. This would provide us with the opportunity to evaluate the sale process and, if necessary, make adjustments for subsequent sales.
- 2. Will the District charge an administrative fee for the connection in addition to the Transmission and Storage Fee?** This fee would be designed to recover the District's costs for developing and administering the sales program. Under the sale concepts previously approved by the Board, the administrative fee would not be refundable if a connection reverted to the District as a result of the purchaser's failure to install water service within the specified time.
- 3. Will the District allow purchase alternatives other than full payment at the time of purchase?** This might include the ability for a purchaser to pay for the connection in installments.

- 4. Does the Board want to establish a priority for well owners or any other class(es) of customers?** In past discussion, the Board has expressed an interest in encouraging developed residential properties on wells to connect to CCWD's system. Of the 227 survey respondents who indicated interest in purchasing a connection, 57 were owners of developed residential properties with wells.

With direction from the Board on the above questions and any other considerations the Board may wish to introduce, staff will work with counsel to design a detailed process for the connection sale, to be brought back to the Board for consideration at a future meeting.

**Fiscal Impact:**

None.