



**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 - 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

Notice of Time Change

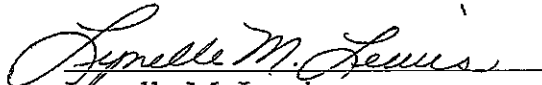
**FINANCE/ADMINISTRATION
COMMITTEE MEETING**

10:15 a.m.

Tuesday, February 26, 2013

Notice is hereby given that on Tuesday, February 26, 2013 the Finance/Administration Committee Meeting of the Board of Directors has been rescheduled from 10:00 a.m. to 10:15 a.m. The meeting will be held in the Training Resource Center of the Administration Building, 375 - 11th Street, Oakland, California.

Dated: February 21, 2013


Lynelle M. Lewis
Secretary of the District

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**BOARD OF DIRECTORS
EAST BAY MUNICIPAL UTILITY DISTRICT**

375 – 11th Street, Oakland, CA 94607

Office of the Secretary: (510) 287-0440

**AGENDA
Finance/Administration Committee
Tuesday, February 26, 2013
10:15 a.m.
Training Resource Center**

(Committee Members: Directors Coleman {Chair}, Linney, and Patterson)

ROLL CALL:

PUBLIC COMMENT: The Board of Directors is limited by State law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to items that are not listed on the agenda.

DETERMINATION AND DISCUSSION:

1. FY13 Semi-Annual Budget Performance Report (Sandler)
2. Semi-Annual Internal Audit Report (Gardin)
3. Private Sewer Lateral Incentive Program Update (Haunschild)

ADJOURNMENT:

Disability Notice

If you require a disability-related modification or accommodation to participate in an EBMUD public meeting please call the Office of the Secretary (510) 287-0404. We will make reasonable arrangements to ensure accessibility. Some special equipment arrangements may require 48 hours advance notice.

Document Availability

Materials related to an item on this Agenda that have been submitted to the EBMUD Board of Directors within 72 hours prior to this meeting are available for public inspection in EBMUD's Office of the Secretary at 375 11th Street, Oakland, California, during normal business hours.

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: February 21, 2013
MEMO TO: Board of Directors
FROM: Alexander R. Coate, General Manager *ARC*
SUBJECT: FY13 Semi-Annual Budget Performance Report

Attached is the Semi-Annual Budget Performance Report for the period ending December 31, 2012, which will be discussed at the Finance/Administration Committee meeting on February 26th. This report includes information on revenue, operating expenses, and major capital project expenditures.

At a workshop on May 22, 2012, staff presented the mid-cycle budget update to the Board. The staff report and presentation contained updated projections for FY 2013, highlighting significant revenue shortfalls as well as an unbudgeted 27th pay period. At the workshop, staff also presented mitigation strategies to address the projected budgetary deficit. These strategies included additional reductions to the operating budget, but also involved a significant restructuring of the District's outstanding Water System debt—temporarily reducing debt service expenditures in fiscal years 2013-2015. District management has implemented the operating budget reductions and in November 2012 executed the Board-approved debt restructuring.

Current estimates of FY 2013 revenues are roughly consistent with the estimates provided at the mid-cycle update. As a result of the implementation of the expense mitigation strategies the previously identified budgetary deficits have been addressed.

FY13 Six-Month Budget Performance

For the first six months of the fiscal year, total Water System revenues were \$251.3 million (53% of budget) and operating expenses were \$161.1 million (41% of budget). Of the total revenue for the Water System, revenue from water sales totaled \$184.3 million or 54% of budget compared to 56% projected in the budget for the first six months of the fiscal year. Wastewater System revenues were \$50.7 million (49% of budget) and operating expenses were \$39.4 million (42% of budget). Of the total revenue for the Wastewater System, revenue from treatment charges and permits totaled \$28.8 million or 50% of budget compared to 50% projected in the budget for the first six months of the fiscal year.

FY13 Year-end Projection

As discussed at the February 13th Board workshop on the Strategic Plan Update and FY14-15 Budget, revenues are projected to be approximately \$29 million less than budget in FY13. Although there has been a slight increase in water sales compared to last year, there continues to be a lag behind budget in FY13 due to reduced post-drought consumption and the economic downturn.

Our current projection is that water sales will be \$17 million less than budget this fiscal year. We are also projecting that interest income revenues will be approximately \$11 million less than budget due to lower interest rates. In addition, the tax revenue projection for FY13 is based on the actual tax revenue distributed by Alameda and Contra Costa counties in FY12 and is anticipated to be \$0.9 million less than budget.

We implemented a variety of mitigation strategies that we discussed at the February 13th workshop in order to offset this revenue shortfall. We are projecting that expenditures will be approximately \$42 million less than budget. This is primarily due to expenses being less than budgeted for debt service (\$30 million), lower operating expenses (\$10 million), and the amount of overhead charged to the capital program (which reduces operating expenses by a like amount) is projected to be over budget by approximately \$2 million. Operating expenses are anticipated to be less than budget as a result of hiring freeze savings, chemical costs resulting from reduced demand and reductions in discretionary expenditures.

Wastewater System revenues in FY13 are projected to be approximately \$2 million less than budget. Operating expenditures are anticipated to be approximately \$3 million less than budget primarily due to lower operating costs, and similar to the Water System, implementation of cost-saving measures.

In conclusion, the FY13 budgetary challenges we face have been temporarily addressed by the successful implementation of specific mitigation strategies. Staff will present the proposed FY14-15 biennial budget at the April 9th budget workshop detailing a comprehensive budget plan to set the District on a course of long-term organizational and fiscal sustainability.

ARC:ELS;jc

Attachment



SEMI-ANNUAL
BUDGET PERFORMANCE
FOR FISCAL YEAR
2013

***EAST BAY MUNICIPAL UTILITY DISTRICT
OAKLAND, CA***

Prepared by the Budget Office
of the Finance Department



FY13 SEMI-ANNUAL BUDGET PERFORMANCE

This report provides an analysis of budget results for the Water and Wastewater Systems of the East Bay Municipal Utility District for the first six months of Fiscal Year 2013.

Our objectives in this report are to:

- provide an analysis of budgeted revenues and expenditures compared to actuals;
- monitor spending by operating departments; and
- provide a summary of major capital project expenditures.

These objectives are based on the Budget Office's FY13 budget plan to monitor and report performance throughout the fiscal year.



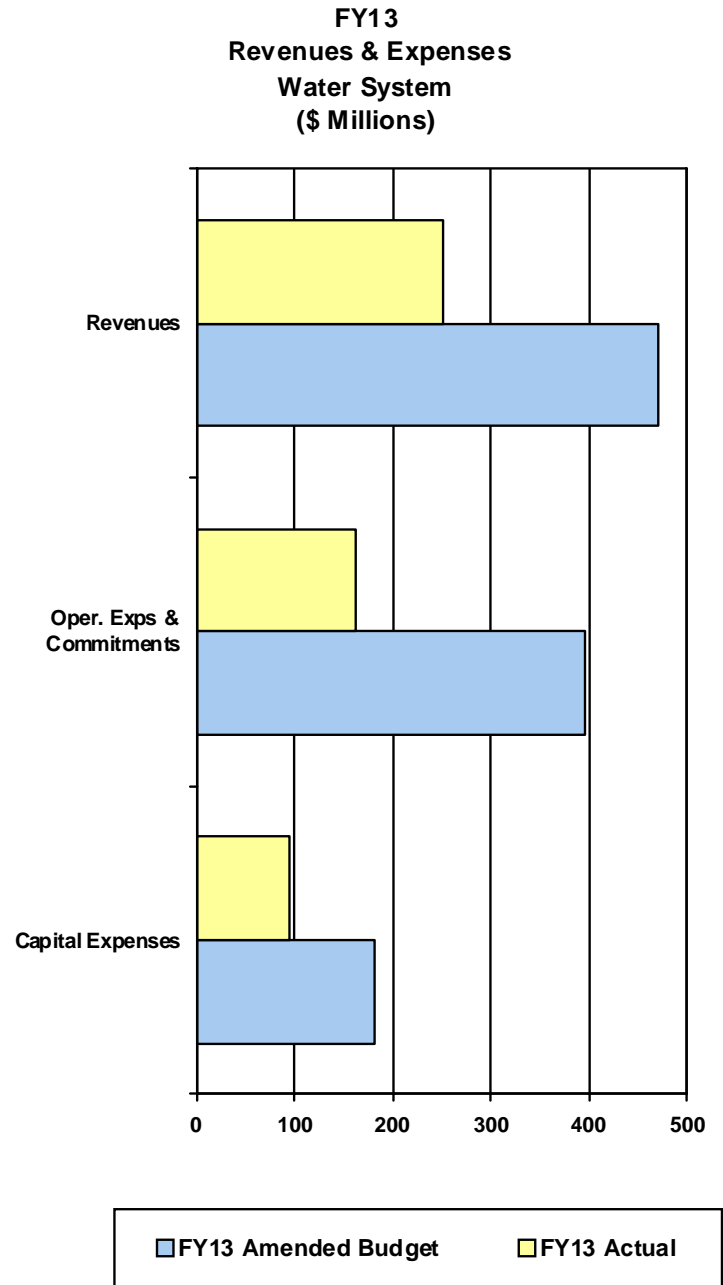
FY13 SEMI-ANNUAL BUDGET PERFORMANCE

WATER SYSTEM

Summary of Revenues & Expenses

For the mid-year ending December 31, 2012, total Water System revenues were \$251.3 million or 53% of fiscal year budgeted revenues of \$471.0 million (Figure 1). Operating expenses and commitments including Debt Service totaled \$161.1 million or 41% of the total amended budget of \$395.3 million. Capital cash flow expenses totaled \$95.7 million or 53% of the total budgeted cash flow of \$181.6 million.

Figure 1





FY13 SEMI-ANNUAL BUDGET PERFORMANCE

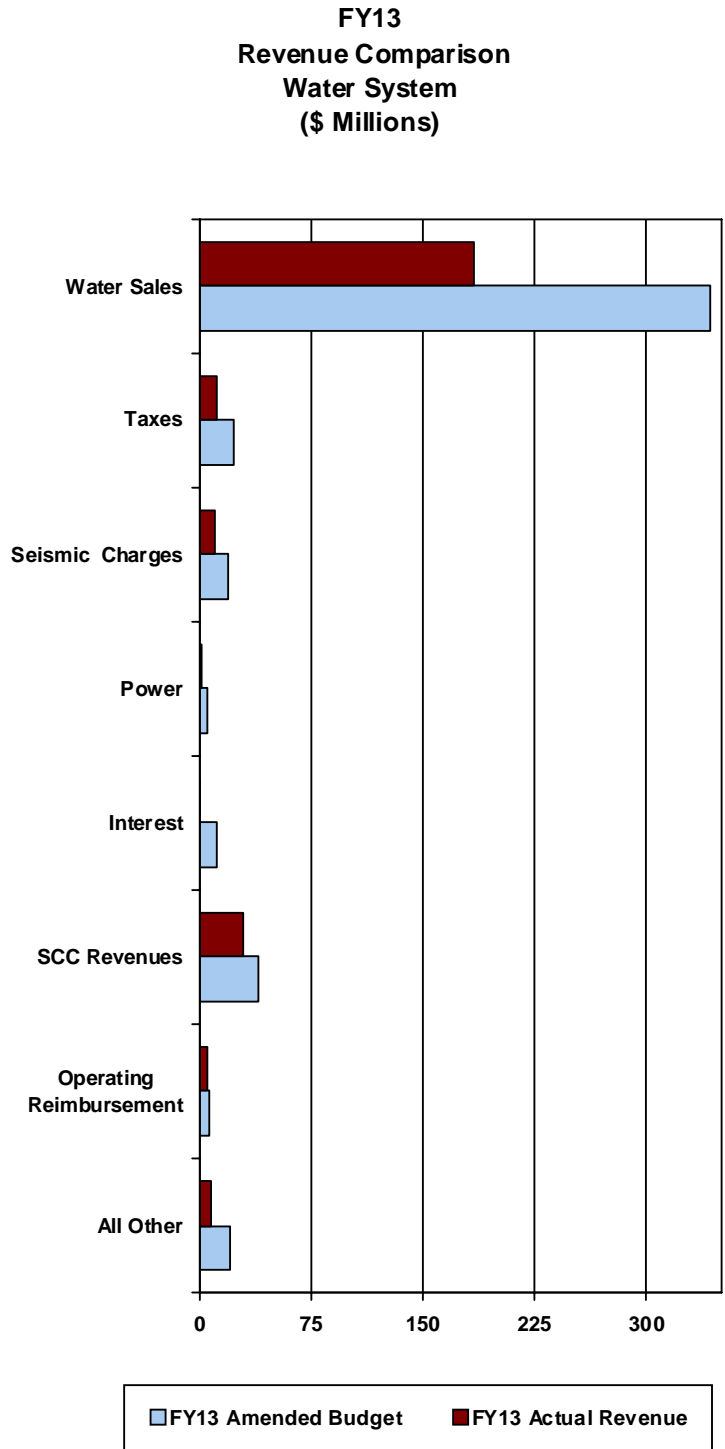
Revenues

Total Water System revenues were \$251.3 million or 53% of total budgeted revenues of \$471.0 million (Figure 2).

Major variances were:

- Water sales of \$184.3 million were 54% of the \$342.0 million budget. Water consumption year-to-date was 189.5 MGD compared to 182.5 MGD for the previous year. Demand continues to be low due to reduced post-drought consumption and the economic downturn.
- Power revenue of \$1.3 million was 23% of the \$5.7 million budgeted. A greater portion of the power revenue is generated in the second half of the fiscal year when the water runoff for hydroelectric production is more plentiful.
- Interest income of \$0.9 million was 7% of the \$12.4 million budgeted. This decrease is due to significantly lower short-term interest rates than projected.
- SCC revenues were \$29.4 million or 73% of the \$40.1 million budget. SCC revenues consist of collections and debt service reimbursements for the Freeport project and other future water supply projects.

Figure 2





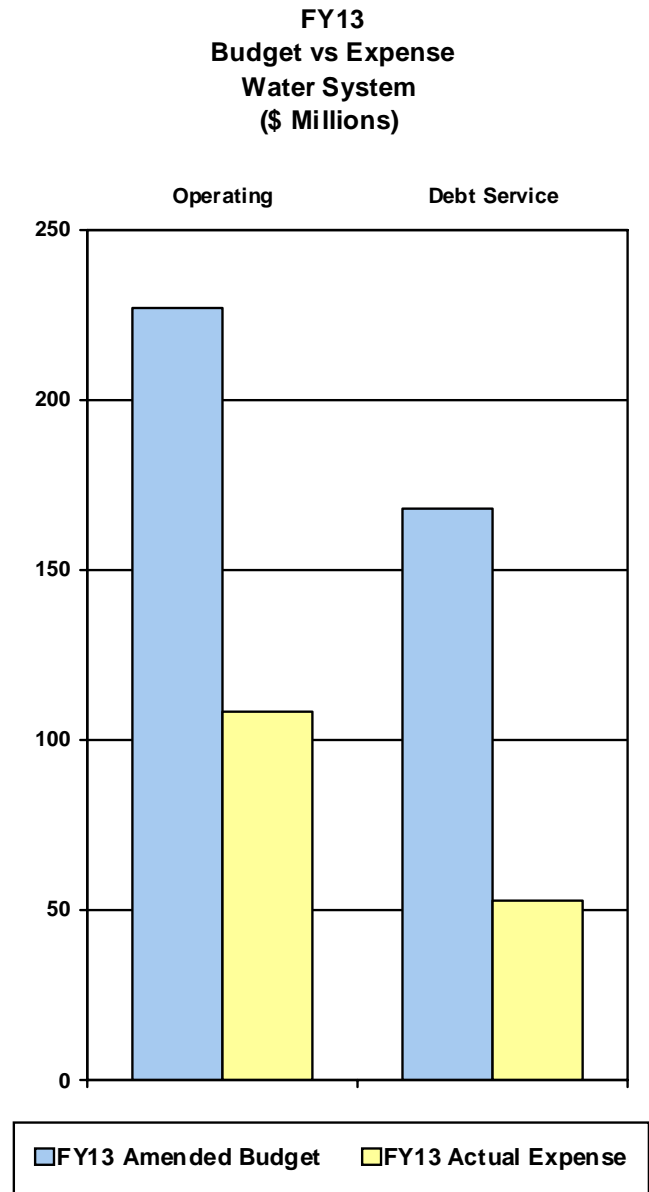
FY13 SEMI-ANNUAL BUDGET PERFORMANCE

Operating Expenses and Commitments

Expenses and commitments for the first six months totaled \$108.3 million or 48% of the total budget of \$227.0 million (Figure 3). This was primarily due to operating costs trending less than budget, actions taken to reduce expenditures and higher than budgeted administrative reimbursements for capital projects of \$2.0 million which decrease operating expenses by a like amount.

Debt service totaled \$52.8 million or 31% of the \$168.3 million budget primarily due to principal payments occurring in the second half of the year and savings due to refinancing outstanding debt.

Figure 3





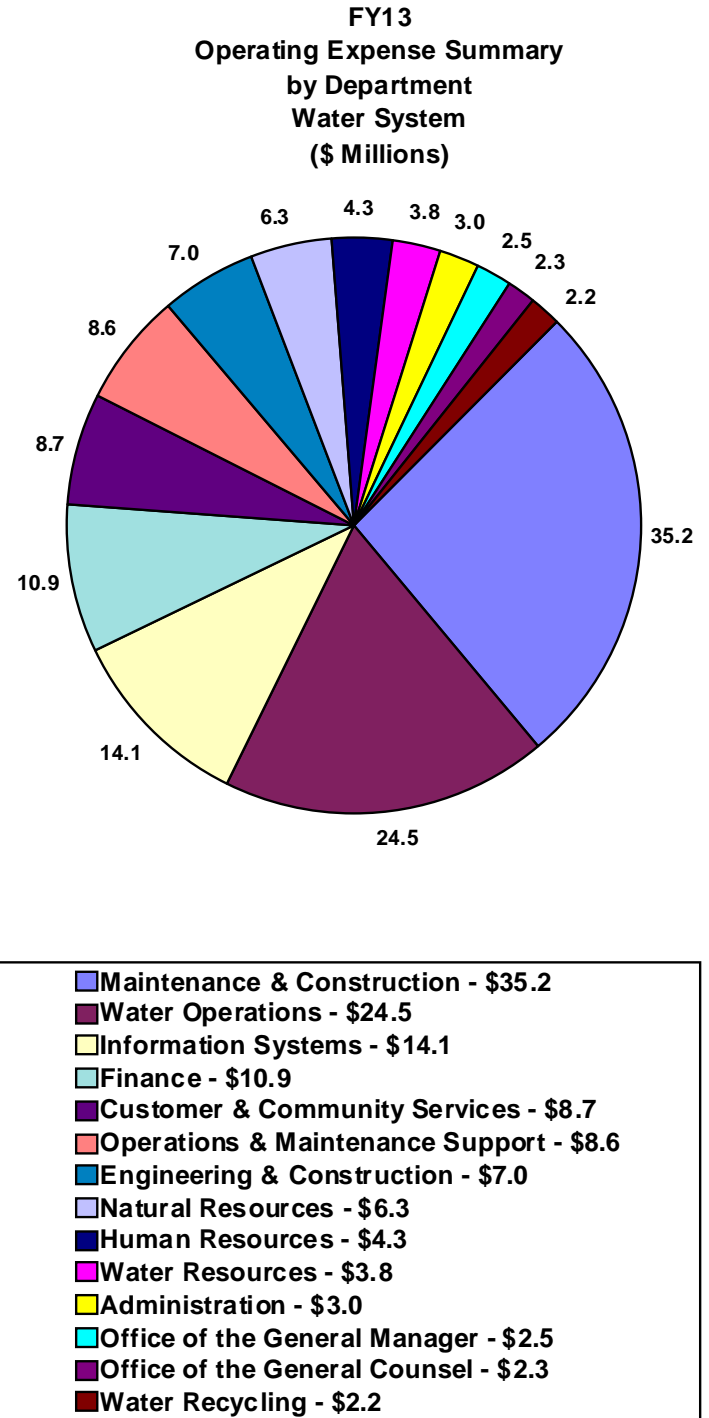
FY13 SEMI-ANNUAL BUDGET PERFORMANCE

Department Expenditures

Department expenditures totaled \$133.4 million or 49% of the total budget of \$272.4 million.

Year-to-date expenditures by department are summarized in Figure 4.

Figure 4





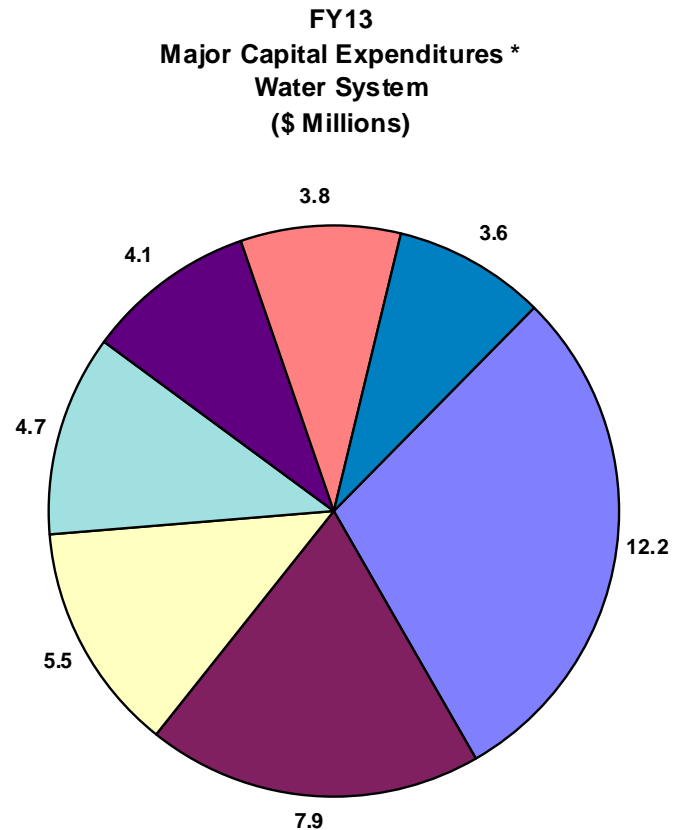
FY13 SEMI-ANNUAL BUDGET PERFORMANCE

Capital Expenditures and Commitments

For the first six months, capital cash flow expenditures totaled \$95.7 million. Of this amount, direct costs associated with capital projects totaled \$76.2 million and the remaining \$19.5 million represents administrative and general costs.

Major FY13 capital expenditures for the first six months are summarized in Figure 5.

Figure 5



* Direct costs only

■	Pipeline Infrastructure Renewals - \$12.2
■	Raw Water Improvement - \$7.9
■	Reservoir Rehab / Maintenance - \$5.5
■	Central Oakland Hills Cascade - \$4.7
■	Pumping Plant Rehab - \$4.1
■	Service Lateral Repl Polybutylene - \$3.8
■	New Service Installation - \$3.6



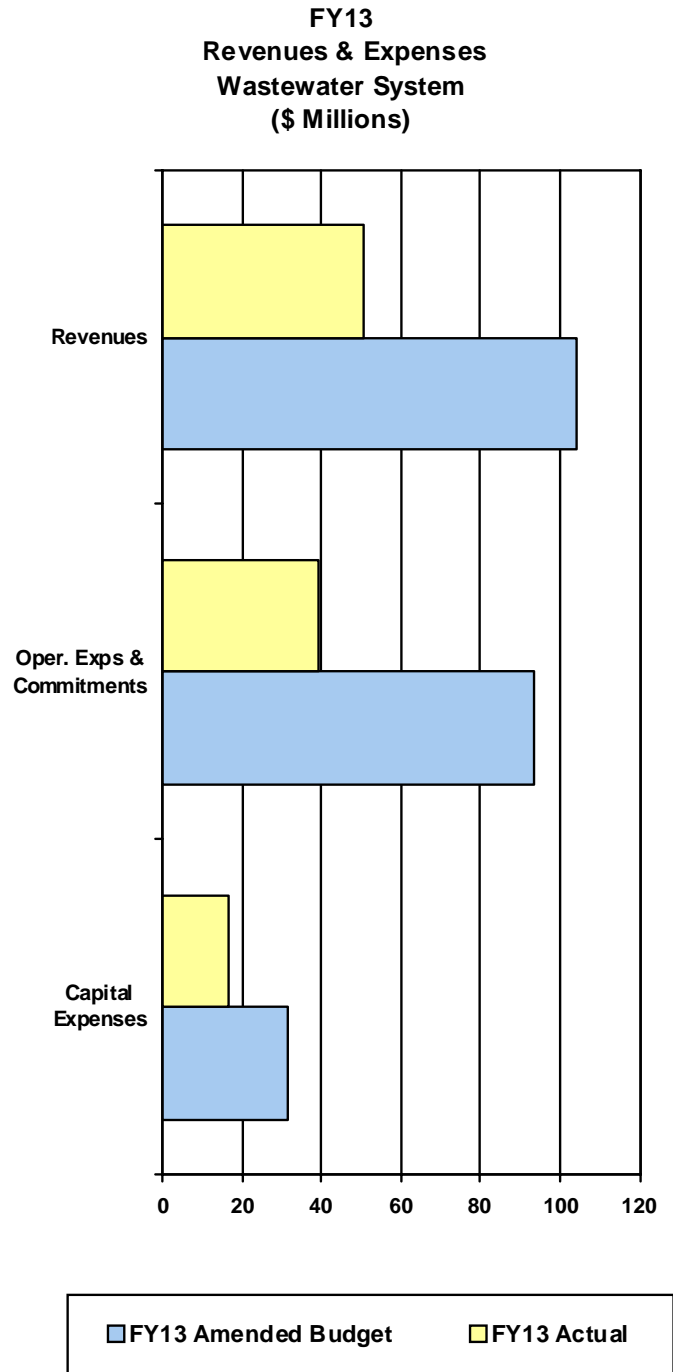
FY13 SEMI-ANNUAL BUDGET PERFORMANCE

WASTEWATER SYSTEM

Summary of Revenues & Expenses

For the first six months ending December 31, 2012, total Wastewater System revenues were \$50.7 million or 49% of fiscal year budgeted revenues of \$104.3 million (Figure 6). Operating expenses and commitments including debt service totaled \$39.4 million or 42% of the total budget of \$93.3 million. Capital cash flow expenses totaled \$16.6 million or 53% of the budgeted cash flow of \$31.6 million.

Figure 6





FY13 SEMI-ANNUAL BUDGET PERFORMANCE

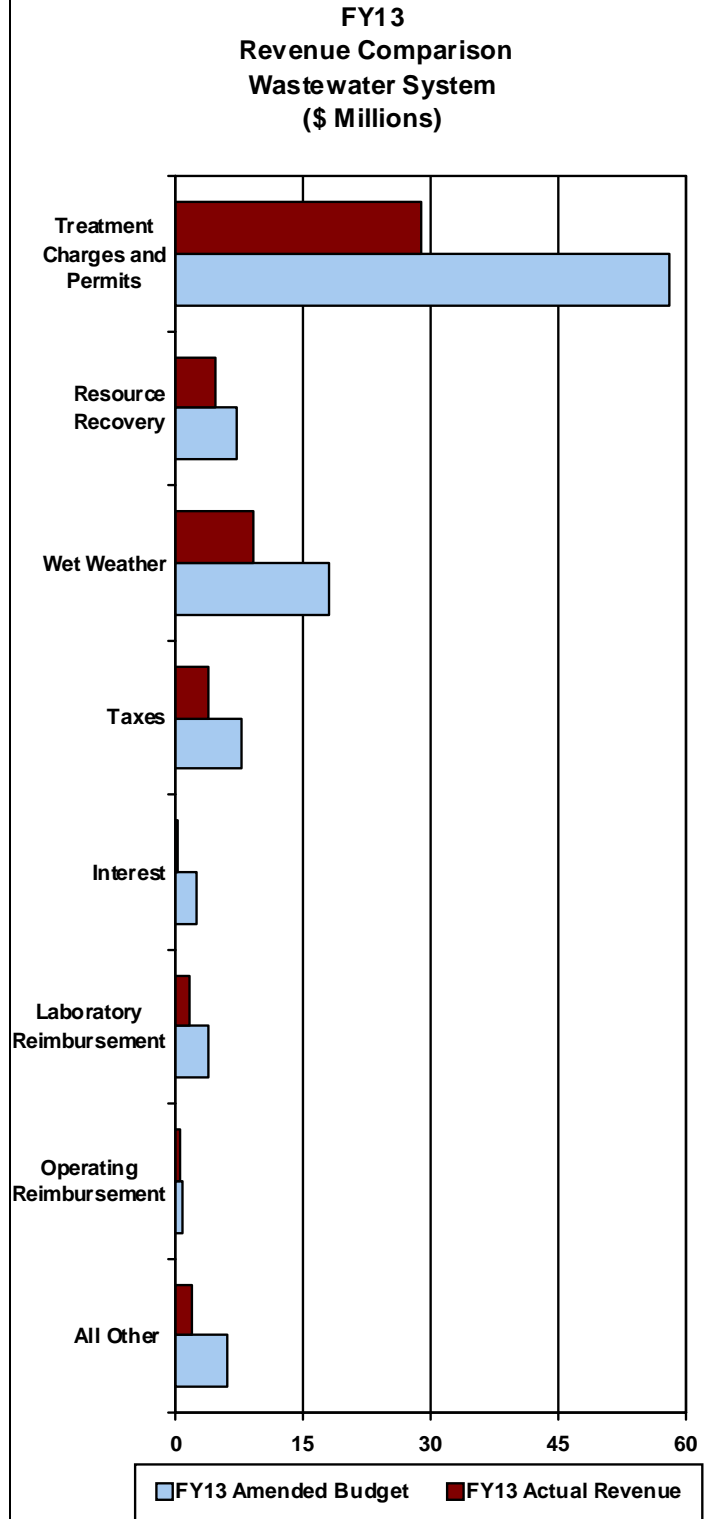
Revenues

Wastewater System revenues for the first six months totaled \$50.7 million or 49% of the budgeted amount of \$104.3 million (Figure 7).

Major variances were:

- Revenues for Resource Recovery totaled \$4.6 million or 63% of the \$7.3 million budgeted.
- Interest revenue of \$0.2 million or 8% of the \$2.5 million budget due to significantly lower short-term interest rates than projected.
- All Other Revenue totaled \$1.9 million or 31% of the \$6.1 million budget due to less revenue from the PGS turbine and the Private Sewer Lateral program than projected.

Figure 7





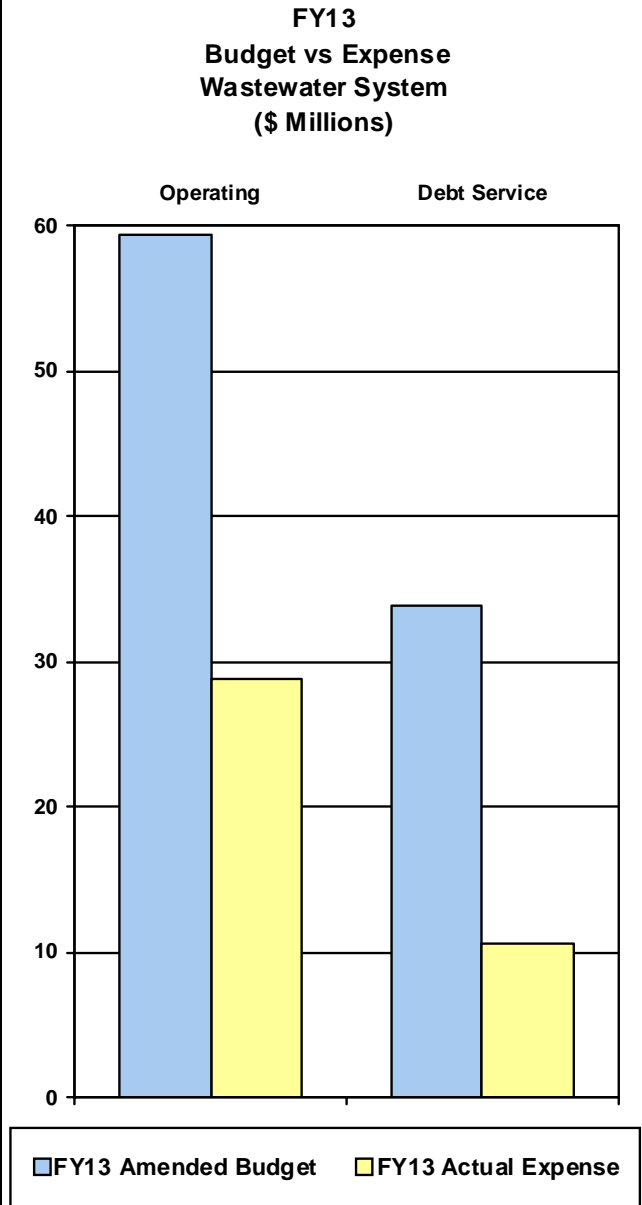
FY13 SEMI-ANNUAL BUDGET PERFORMANCE

Operating Expenses and Commitments

Expenses and commitments for the first six months totaled \$28.8 million or 48% of the budgeted amount of \$59.4 million. This was primarily due to operating costs trending less than budget, actions taken to reduce expenditures and higher than budgeted administrative reimbursements for capital projects of \$0.15 million which decrease operating expenses by a like amount.

Debt service totaled \$10.6 million or 31% of the budgeted amount of \$33.9 million primarily due to principal payments that occur in the second half of the year (Figure 8).

Figure 8





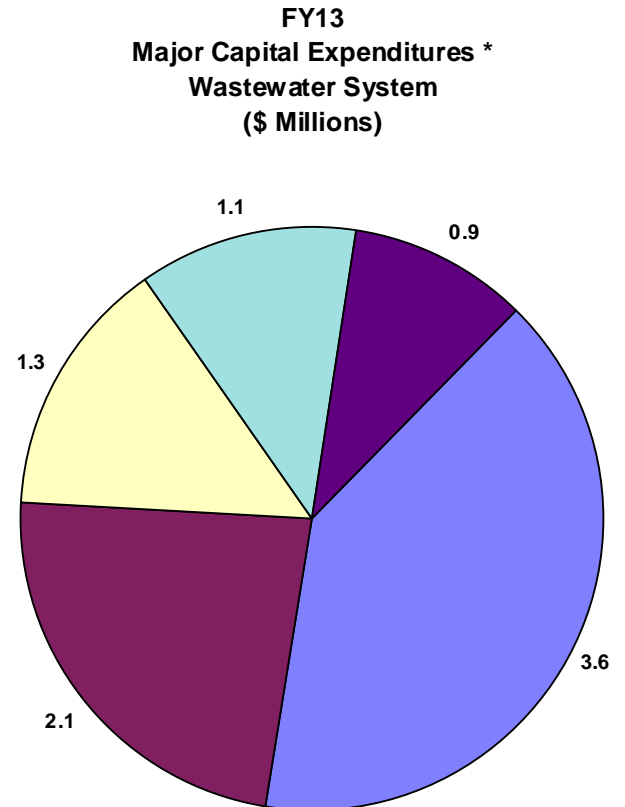
FY13 SEMI-ANNUAL BUDGET PERFORMANCE

Capital Expenditures and Commitments

For the first six months ending December 31, 2012, capital cash flow expenditures totaled \$16.6 million. Of this amount, direct costs associated with capital projects totaled \$14.8 million and the remaining \$1.8 million represents administrative and general costs.

Major FY13 capital expenditures are summarized in Figure 9.

Figure 9



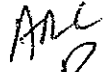
* Direct costs only


- Digester Upgrade - \$3.6
- Treatment Plant Infrastructure - \$2.1
- Concrete Rehabilitation - \$1.3
- Buchanan St Interceptor- \$1.1
- Pump Station D & E Improvements - \$0.9

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: February 21, 2013

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager 

FROM: Barry N. Gardin, Internal Audit Supervisor 

SUBJECT: Semi-Annual Internal Audit Report

INTRODUCTION

In accordance with District Policy 4.24 (Internal Audit), the Internal Audit Section provides a report of its activities to the Board of Directors on a semi-annual basis. Specifically, these reports provide the Board with an update on planned and unplanned efforts that have been completed or are currently underway. It also provides the District's Auditor with an opportunity to apprise the Board of any instances of malfeasance or of any material or otherwise significant control weakness that has been identified. Finally it provides the Board with the opportunity to revisit the FY13 Audit Plan and provide additional guidance and direction or make any adjustments to efforts that are planned for the remainder of the year.

Below is a discussion of the internal audits that have been completed or are in progress, as well as a copy of FY13 Audit Plan showing the additional audits that are planned for the remainder of FY13. In addition to the audits reflected in the plan, during this period reviews were performed to determine the validity of concerns expressed by staff related to the acquisition of materials and to address a Board member's question pertaining to the accuracy of revenue received through a contractual agreement. In accordance with District' policy audit results, including any findings and recommendations, are summarized in individual reports to the General Manager. A presentation on the semi-annual audit findings will be provided to the Finance/Administration Committee on February 26, 2013.

AUDIT ACTIVITIES

District Management continues to take the appropriate steps to address and resolve audit findings and recommendations. No material findings, control weaknesses, risks, or other significant issues requiring Board action or attention have been noted during this period. Any issues arising from audits that require immediate attention will be discussed with the General Manager, and brought to the Board's attention as warranted.

During this reporting period four of the nine audits identified in the audit plan have been initiated, completed, and/or reported in the following areas.

Customer Assistance Program (Completed) – This audit included a review of the participants in the Customer Assistance Program (CAP) to confirm they have met the program eligibility requirements, and verification that program assistance amounts are calculated in accordance with the program guidelines and accurately provided.

This audit identified a small anomaly in the assistance calculation which resulted in a benefit that was slightly more than the specified amount. This audit also identified the need to improve verification of eligibility and to periodically assess usage to ensure participants remain eligible for program. As a result of this review, the program description was modified to accurately reflect the actual benefit provided, and procedures for verifying customer eligibility were modified to provide greater assurance of their eligibility.

Contract Administration (In Progress) - Contracts selected for administrative compliance during this period include: Berryman Reservoir Replacement - Specification 2010 (Ghilotti Construction); WC WTP Water Treatment and Transmission Improvements – Specification 1992 (C. Overaa & Company); and San Ramon Valley Recycled Water Project Landscape Irrigation Customer Retrofits – (ValleyCrest). Audit completion is anticipated in February.

Water Consumption Recognition, Invoicing, and Receipts (In Progress) - This audit includes a comprehensive assessment of the procedures for establishing customer accounts, measuring and recording water consumption, generating invoices, and collecting payments. This audit also includes a review of the maintenance procedures for ensuring meter accuracy, meter reading thoroughness, consumption information processing, billing accuracy, collections, and reporting. The scope of this audit has been expanded to include a parcel by parcel analysis of the District's service area to identify instances of unauthorized and/or unrecorded use in order to determine the cause(s) and identify any procedural gaps. This scope expansion encompassed the objectives of the Account Verification audit, specifically the identification of unmetered services. As both of these efforts relate to accurately capturing, recording, and invoicing water consumption, any issues identified will be reported in this audit. Audit completion is anticipated in February.

Payroll: Utilization of Stand-By Pay (In Progress) – This audit includes a District-wide review of each department's stand-by pay utilization to ensure the standards used to make stand-by assignments reflect appropriate operational necessity and have been consistently applied. This audit will also include an assessment of the percentage of actual stand-by "call-in" in instances, as well as an evaluation of the instances to determine their operational necessity per the stand-by pay guidelines. Audit completion is anticipated in March.

OTHER AREAS EVALUATED

During this review period several staff approached Internal Audit with concerns related to the appropriateness of material acquisitions in their area. A review was completed to determine whether their concerns were warranted. No instances of inappropriate material acquisitions were identified; however, a violation of purchasing procedures specifically relating to purchase card use

was identified. The purchase card use guidelines were re-emphasized for all purchase card users including the requirement for P-card holders to notify the P-Card Administrator when there is unauthorized use.

Also during this period a concern was raised in the Finance Committee regarding the District's receipt of revenue from the East Bay Regional Park District (EBRPD) as a result of a third party lease revenue sharing agreement. This review indicated that, although the EBRPD is providing the District with the prescribed share of revenue, there are insufficient controls in place at the Park District to ensure the amount they receive is accurate.

No additional areas of concern were raised during this review period. Going forward, if any concerns or issues are raised they will be assessed to determine validity and whether they warrant some degree of independent review and/or investigation. If deemed significant in terms of risk and/or potential exposure, the issues will be immediately discussed at the appropriate management level, up to and including the General Manager and/or the Board of Directors. If the potential risk or exposure is deemed significant to warrant investigation the appropriate level of resources will be allocated.

BNG:bg

Attachment

EAST BAY MUNICIPAL UTILITY DISTRICT FY13 INTERNAL AUDIT PLAN

Project Title	Q1	Q2	Q3	Q4
Customer Assistance Program	—			
Water Consumption (Recognition, Invoicing, and Receipts)	—			
Payroll: Utilization of Stand-By Pay		—		
Account Verification			—	
Materials Management (Surplus and Disposal)			—	
Retirement Administration				—
JPA Expenditures and Cost Allocations (FRWA, DRWA, BACWA)				—
Finding Follow Up and Resolution*	—	—	—	—
Contract Administration				
Contract Provision Compliance		—		—

**Includes follow up testing on findings and recommendations made for audit completed during the current and previous audit cycles.*

AUDIT OBJECTIVES

Customer Assistance Program - Review participation in the Customer Assistance Program to ensure program eligibility requirements are being complied with and program subsidy amounts are being accurately determined and properly applied.

Water Consumption Recognition, Invoicing, and Receipts (In Progress) - This audit will include a comprehensive assessment of the current procedures for recognizing and recording water consumption, generating invoices, and collecting customer payments. This review will encompass various operating activities including, but not limited to, meter reading thoroughness and accuracy, consumption data processing, meter testing, billing accuracy, customer collections, and reporting. (December)

Payroll: Utilization of Stand-By Pay (In Progress) - Review of District-wide utilization of stand-by pay to ensure the standards being used to make stand-by assignments reflect operational necessity and have been consistently applied. This will include a review of the number and types of incidents in which stand-by employees have been utilized. (February)

Account Verification - This audit will include a review of outstanding water main tap and lateral installations which have not obtained metered service to identify unmetered/illegal service

connections. This review will also include an analysis of consumption data by parcel in order to identify and follow up on any unmetered connections.

The scope of the water consumption revenue audit was expanded to include identification of unauthorized service connections as well as any procedural weaknesses (if any) that allowed them to occur and/or go undetected. The results will be reported with in the Water Consumption Recognition, Invoicing, and Receipts audit (noted above).

Materials Management (Surplus and Disposal) - A review of the procedures used to account for and safeguard materials, including copper and brass. This will include evaluating procedures for procuring, receiving, accounting for, storing, issuing, and disposing of materials. (May)

Retirement Administration - This audit will include a comprehensive review of the retirement system to confirm that the retirement fund is properly segregated and accurately accounted for; contribution amounts are being accurately determined and properly collected; and all prescribed and required actuarial reports are being prepared; targeted fund balances are being maintained; and retirement payments (including medical, COLA adjustments, low income, etc.) are accurate, valid, and timely. (June).

JPA Expenditures and Cost Allocations (FRWA, DRWA, BACWA) - A review of the operating activities of the District JPAs to confirm that provisions for reporting, allowable expenses, and cost allocation are complied with. (August FY14)

Contract Administration (Compliance Monitoring & Audits) – In order to confirm that District project managers are ensuring that contractors adhere to standard administrative contract provisions (i.e., insurance, prevailing wage, change order approvals, etc.), we will randomly select three contracts which have been recently completed or are currently in progress and evaluate them for compliance. (June)

EAST BAY MUNICIPAL UTILITY DISTRICT

DATE: February 21, 2013

MEMO TO: Board of Directors

THROUGH: Alexander R. Coate, General Manager *ARC*

FROM: Kurt B. Haunschild, Acting Director of Wastewater *KBH*

SUBJECT: Private Sewer Lateral Incentive Program Update

INTRODUCTION

The District has been operating under a Stipulated Order for Preliminary Relief (SO) with the U.S. Environmental Protection Agency (EPA), State Water Resources Control Board (SWRCB), and the Regional Water Quality Control Board (RWQCB) since July 2009. As part of the SO, the District is required to develop an incentive program to accelerate the inspection and repair or replacement of private sewer laterals (PSLs) beyond what would be accomplished by the Regional PSL Ordinance.

The District has worked with the EPA and RWQCB to develop a pilot project to study alternative approaches for implementation of the incentive program (PSL Incentive Program). The pilot project, which began in October 2011, was designed to allow for the assessment of various alternative approaches and adaptation based on lessons learned. The results of the pilot project will inform the development of an effective and efficient long-term program. This memorandum provides an update on the status of the pilot project. Staff will provide a more detailed presentation at the February 26, 2013 Finance/Administration Committee Meeting.

DISCUSSION

The purpose of the PSL incentive program is to encourage property owners to inspect and repair or replace their PSL on a voluntary basis, thereby increasing the number of upgraded sewer laterals and resulting in further reduction of infiltration to the collection systems. The SO requires the District to spend an average of \$2,000,000 per year for testing and repair or replacement of laterals, starting August 9, 2011. For the first four years, the SO allows the District to "bank" a portion of the required spend over the first three years in order to implement the pilot project and ramp up to implementation of a long-term program. This banking program, if used to its full extent, effectively allows the District to defer up to \$1,500,000 of the current reporting year's \$2,000,000 incentive obligation, if necessary, so long as the District successfully spends at least \$500,000 on actual work before August 9, 2013.

The first phase of the pilot project included two project areas totaling 51 properties. Only one property owner elected to participate in this initial phase. The second phase of the pilot project included offers to 103 properties and eighteen property owners elected to participate. The first two phases capped the rebate amount at \$2,225 per property and targeted 55% of the cost of the work.

The third phase is ongoing and includes an increase in the maximum rebate amount (\$3,000 per property) to increase participation levels. Phase three project areas are associated with active sewer main rehabilitation projects being performed by the satellite agencies. The third phase currently includes four project areas totaling 842 properties. Four additional project areas are planned to allow for confirmation of participation levels and further refinement of the process. To date, 40 property owners have elected to participate and another 100 properties have expressed intent to participate. The participate rate is still relatively low even though the \$3,000 rebate covers nearly all the property owner costs.

Feedback provided by both participating and non-participating property owners has identified three key factors that impact a property owner's participation decision:

- Complexity of the message to the property owner
- Amount of out-of-pocket expense to the property owner
- Level of effort required of the property owner

During the first three phases, the District has streamlined the message to property owners and has increased the rebate amount to reduce out-of-pocket expense. These changes led to increased participation rates in phase three, but program participation remains below the levels necessary to ensure compliance with the SO. To date, \$184,630 has been expended.

At the June 2012 Finance/Administration Committee Meeting, staff presented alternatives for enhancement of the program under phase four, which is designed to further reduce the level of effort required by property owners by having District-hired contractors perform the work. Phase four would consist of the District providing funds directly to selected, pre-qualified contractors, subject to Board approval, for the inspection, replacement and pressure testing of PSLs in an area selected to maximize I/I reduction and coincide with recent public sewer main replacement work.

An agreement with contractors to complete the PSL Replacement Program work in a selected project area is scheduled for Board consideration on February 26, 2013. The selected contractors will provide private sewer lateral inspections and, as needed, replacement services in a specified project area containing 928 properties on streets where the City of Oakland has repaired sewer mains and lower laterals. This project area was targeted by Oakland due to its contribution of stormwater infiltration and inflow to the sewer system.

FISCAL IMPACT

The SO requires that the District spend \$2 million per year starting August 9, 2011 for a total obligation of \$4 million by August 9, 2013 to incentivize private sewer lateral repair/replacement for supplementing the work that will be done because of property sales, remodels and meter size increases at properties. Taking in account the full extent of permissible “banking” under the SO, the total amount the District is required to have committed by August 9, 2013 is \$500,000. After completing three pilot incentive programs working directly with property owners, the total amount spent on incentive work to date is \$184,630. By August 13, 2013, any of the \$500,000 not spent this year on in funds not spent this year on private sewer lateral work within the District service area must be paid directly to the regulators. Funds are available for this work in the FY13-14 budget for the Private Sewer Lateral Replacement Program.

NEXT STEPS

Staff will continue to keep the Board apprised of progress on the PSL Incentive Program. The pilot project is anticipated to continue through 2013, at which time staff will propose a long-term program framework for Board consideration.

KBH:CD:cd

