

MEETING REPORT  
FISCAL COMMITTEE  
THURSDAY, JANUARY 6, 2009  
7:30 A.M.

Directors:        Joseph Day  
                     Bob Behee

Staff:             Pete Kampa                             John Barnhart  
                     Tom Scesa                                Erik Johnson  
                     Casey Prunchak

**Review of West Big Hill Improvement Funding, USDA Rural Development**

Pete Kampa briefly summarized the West Big Hill Improvement Project, noting that the Project is in the final stages of a variety of improvements.

Erik Johnson reported that District staff has researched all funding alternatives and options that are currently available to the District to complete this Project, noting that in the upcoming years additional funding source could become available.

Erik Johnson indicated that the improvements for the Big Hill water system were divided into two phases, the first phase was the eastern portion of Big Hill, and the second phase is West Big Hill.

Erik Johnson and the Committee reviewed the following improvements that have been completed and improvements that have not yet been started for the Big Hill water system:

Completed

Engineering Design –                    project management; Monte Grande distribution; East Big Hill distribution; West Big Hill distribution; storage tanks.

Monte Grande construction  
Big Hill clearwell and shale rock tank  
East Big Hill distribution  
Big Hill water treatment plant  
Monte Grande water treatment plant

Proposition 13 grant revived	\$3,437,521
Proposition 13 grant outstanding	\$ 622,720
SRF grant received	\$1,549,410
SRF grant outstanding	\$ 180,590
SRF loan	\$ 501,452

Remaining

West Bill Hill distribution -            phase 1 (distribution system to new storage tank); phase 2 (distribution system for new service connections); phase 3 (additional distribution system from the new storage tank to new service connections).

Proposition 13 grant outstanding	\$ 939,759
USDA RD grant (proposed)	\$1,000,000
USDA RD loan (proposed)	\$1,950,000

Erik Johnson reported that the District has submitted a final application to USDA Rural Development for a \$1,000,000 grant and a \$1,950,000 loan, with the District proposing to contribute the balance of \$47,598.

District staff responded to questions from the Committee members.

District staff and the Committee members discussed alternatives and methodology of reimbursing the District for any loans incurred for the Big Hill water system improvements. District staff recommends that the loan be reimbursed utilizing a district wide assessment, due to the water savings, the labor savings and the reliability of a back-up system.

Erik Johnson indicated that District staff recommends that the Project move forward with the USDA RD funding application, and the construction of phase 1 and a portion of phase 2 (until the available \$939,759 is depleted).

Consensus of the Committee was for District staff to move forward with construction of phase 1 and a portion of phase 2, not to exceed the available funds of \$939,759.

#### **Review of a Draft Five Year Budget Proposal and Proposed Water Rate Adjustments**

John Barnhart and the Committee members reviewed the consolidated budget projections. Mr. Barnhart reported that the cash flow before major projects and debt service deficit is \$1,666,669, with a revenue increase requirement of -27.88% in the water fund.

John Barnhart and the Committee members reviewed the proposed water rate adjustments that would need to be adopted to ensure the District covers all their current and future expenses over the next four years. Mr. Barnhart indicated that the projected increase for FY 2009-2010 is proposed to be \$22.00 per month with a proposed \$4.00 Cola rate per month over the pursuing three years.

#### **Discussion of Proposed Loans to Finance FY 2008-09 Projects**

John Barnhart explained that the District is proposing to seek alternative financing, approximately \$8,000,000 for a variety of new District projects outlined in the FY 2008/09 budget, noting that completing these projects would be without depleting the funds from the reserves.

Board members and District staff reviewed the two bid proposals that were received: Capital One Bank and SDRMA.

John Barnhart indicated that District staff is not requesting a recommendation from the Committee at this time, noting that he is still reviewing the proposals. Mr. Barnhart explained that District staff will prepare an exact term proposal for a 15 year loan and a 30 year loan, and solicit bid proposals from the financial institutions.

#### **Update on GASB 45 Actuarial Study of TUD's Retirement Health Benefits**

John Barnhart reported that he has been in discussions with John Bartel of Bartel Associates regarding the GASB 45 actuarial study of the District's retirement health benefits. Mr. Bartel indicated that the fee proposal that we received in September, 2007, would remain the same at approximately \$11,000 to \$12,000. Mr. Barnhart explained that assuming, the District can get him the needed information, he could most likely complete the study by the of March 2009.

#### **Review How the Strategic Plan fits into the Fiscal Committee Structure**

Pete Kampa inquired on the level of review and input that the Fiscal Committee would like to see and be involved as District staff begins developing some of the components of the Strategic Plan, noting that he wants to assure that the Committee structure has a good understanding of each of the items.

Pete Kampa reported that the Fiscal Committee will be directly involved in issues of funding of retiree health insurance benefits; issues of funding PERS pension liability; assistance with Water and Wastewater Master Plans; asset management program; the reserve policy; and the rate analysis as they all relate to fiscal management. Mr. Kampa assured the Committee that District staff will be presenting updates to the Committee on each of the components, and prior to Board review and consideration for approval.

Pete Kampa indicated that he will be presenting a quarterly report to the Board on the Strategic Plan process.

Consensus of the Committee was to meet more frequently and discuss fewer items on each agenda.

