

SPECIAL BOARD MEETING
CORRECTED AND APPROVED MINUTES

September 24, 2007

DIRECTORS PRESENT: President Lou Reinkens
Directors Erik Henrikson, Dan Wilkins, and Ron Treabess

STAFF PRESENT: Bob Lourey, General Manager
Cindy Gustafson, Assistant General Manager
Jim Dykstra, Director of Accounting
Matt Homolka, Engineer
Bill Back, Director of Public Works
Tony Laliotis, Utilities Superintendent
Ginger Charlton, District Clerk

A. CALL TO ORDER – PLEDGE OF ALLEGIANCE

President Reinkens called the meeting to order at 5:00 p.m. Ms. Gustafson led the audience in the Pledge.

B. PUBLIC FORUM

Virginia Graham thanked the board and everyone that attended the Highlands homeowner meeting regarding fire safety. She said that their group was promised that they would be first on the agenda in the spring.

C. GENERAL

Water and Sewer Rate Study

1. Water and Sewer Revenue Requirements

Mr. Lourey introduced Shawn Koorn and Herta Fairbanks from HDR and reported that they were here to do a power-point presentation on water and sewer revenue requirements.

Mr. Koorn said that they took the information that was provided by district staff and put together a rate model and started moving forward with the analysis. He said that they are at a point in the analysis where they need some policy decisions made by the board. He began the presentation and answered questions.

Mr. Lourey explained that the five-year capital plan that they looked at for building the \$9 million in water capital projects and \$4.8 million in sewer capital projects was based on the philosophy that we had been using in the budgets where we only brought forward capital plans that were under a certain financial cap that the board was comfortable with funding through revenues. He determined that at this point we should be laying out what we think are the needs.

Mr. Dykstra passed out charts on the Water Capital Plan 2008 – 2012 and the Residential Water Consumption Ranges – 91 Test Customers. He explained the charts and answered questions of the board.

Ms. Fairbanks explained ERU's (Equivalent Residential Utilities) and what basis we are going to use for the ERU calculation. The board held a discussion on the options and decided to look at what other utilities in the area are doing and look at all three options.

Ms. Fairbanks went over the sewer rate basis. This item won't be discussed further until everyone is on meters. She then went over metered rates and explained the various options. The board had several other suggestions for options which were discussed with the auditors. Ms. Gustafson concluded that everyone is more comfortable in waiting to change rates until all customers are on meters but would like to find a way to send a message to high users.

That board asked to establish a flat rate for a certain amount of utilization and then have a consumption based surcharge on top of that. They would like to feel reasonably comfortable that 70 – 80% of the customers fell under that flat rate so that the inequity in the transitional period is significantly minimized.

Mr. Koorn went over the property taxes transfer options. He explained that Alpine and Squaw are trying to transition away from property taxes. Each year the numbers are ratcheted down and rates are increased to cover. Director Wilkins said that he doesn't have any issue using property taxes for sewer since everyone uses it. But for water there are lots of taxpayers that are on private water systems. He wondered if we should establish a reserve fund to acquire private water systems. Director Reinkens suggested putting some of it into source and storage. Director Treabess wanted to make sure that regardless of where we put the property tax money, all taxpayers should receive some level of equitability.

Doug Houston noted that there have been a number of statewide bonds that have passed in the past few years and the district may be able to get some money for water projects through them.

Director Reinkens suggested that the District begin using the property taxes as one-third to water, one-third to sewer, and one-third to parks and recreation. Water would drop 20% a year until it is nothing. Mr. Koorn and Ms. Fairbanks listened to all the suggestions of the board and will run the various models and

give them to Mr. Dykstra so that the board can review them without having to have another meeting.

Ms. Fairbanks went over the rest of the presentation and explained the rest of the scenarios. She and Mr. Koorn discussed the next steps and thanked the board.

D. ADJOURNMENT

The meeting adjourned at 7:55 p.m.

Lou Reinkens, President

Ginger Charlton, District Clerk

Prepared by Ginger Charlton