

Hello Neighbor,

PSWID has scheduled a special meeting on Wednesday May 19, 2010 at 2:00 PM at the Pine-Strawberry Fire Station in Pine.

May 8, 2010 PSWID Meeting

Next regular PSWID Meeting: Wednesday May 26, 2010 at 7:00 PM at the Pine Cultural Center

1. Milk Ranch Well To Get a New Pump
 - a. The pump in the Milk Ranch well burned out and the board made an emergency appropriation of \$7800 to get it replaced. That brings the total spent to fix the Milk Ranch well to \$70,000.
2. Pitch to Sell Solitude Trails DWID to PSWID
 - a. Mr. Fumusa was back making his pitch to sell the STDWID for \$500,000. This time he brought an opinion form an attorney that it is legal for PSWID to buy STDWID. No change in the terms from when he presented it last time.
 - b. Comment: The price is ridiculously high, but since the board has set a precedent of spending large sums of money without appraisals who knows what they might do? More fundamentally, why spend money for water that you already have access to?
3. 2010-2011 Fiscal Year Budget
 - a. The slides that were presented can be found here:
<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm> .
 - b. The budget being proposed is \$2,876,533.77. That is made up of \$1,351,287.11 in operations expenditures and \$1,525,266.66 in capital improvement expenditures.
 - c. The operations expenditures consist of:
 - i. Administration: \$338,750.07
 - ii. Board of Directors: \$58,030.00
 - iii. Operations: \$577,488.12
 - iv. Grant Expenses: \$98,000.00
 - v. Interest and Finance Charges: \$279,018.92
 - d. The capital expenditures consist of:
 - i. Well Development and Exploration: \$1,244,000.00
 - ii. Existing Infrastructure Improvements: \$256,666.66
 - iii. Miscellaneous: \$24,600.00
 - e. Projected revenue of \$1,483,466.83 consists of:
 - i. Misc./WIFA Grants: \$70,600.00
 - ii. Property Tax Levy: \$258,266.60 (Note: \$58,266.60 is carry-over from this year)
 - iii. Water Fees: \$1,154,600.23
 - f. The remainder of the Compass Bank loan will be drawn upon, resulting in \$1,434,000 to the district.

- g. The operations expenses include the cost of converting the contract employees to district personnel. Cost for administrative personnel increases by 19% and the cost for operations personnel increases by 26%.
 - h. Comparison of what we have been told in the past about the revenue and expenses for fiscal year 2010-2011:
 - i. Projected Operating expenses:
 - 1. Economists.com estimate: \$841,201
 - 2. Water For Pine Strawberry (WFPS) estimate: \$1,004,500 (from the 1/1/2010 PSWID Misc Info email.)
 - 3. Proposed PSWID budget: \$974,268
 - 4. Comment: PSWID has pushed the cost of Engineering Services out of the operations budget and into capital improvement budget. If you add that \$30,000 back into the PSWID budget, the proposed budget and the WFPS estimate are very close. As has been pointed out fairly often, Economists.com used an unrealistic number in order to spin the no rate increase story.
 - ii. Projected Revenue:
 - 1. Economists.com estimate: \$1,344,759
 - 2. Proposed PSWID budget: \$1,355,200 (Note: The money anticipated from WIFA grants and the carryover of tax revenue was removed so that the comparison with Economists.com number has the same content)
 - iii. Debt Service Costs:
 - 1. Economists.com estimate: \$342,059
 - 2. Proposed PSWID budget: \$279,018
 - 3. Comment: The difference comes from Economists.com assuming an immediate draw on the line of credit versus the actual gradual drawdown that has occurred.
4. Water Rate Increases
- a. Projections show that by 6/30/2011 (end of this next fiscal year being planned for) that both the credit line and the cash on hand will be exhausted.
 - b. The district needs to prepare for refinancing the \$6,400,000 Compass Bank loan by 9/30/2012. Anticipated refinancing costs of \$300,000 to \$500,000.
 - c. District wants to borrow an additional \$5,000,000 for capital improvements.
 - d. In order to prepare financially for that, the discussion was on when and how rate increases would be approached. No specific action was taken, just a general discussion.
 - i. The board members seemed to gravitate towards having a rate increase on 1/1/2011, midway through the next fiscal year.
 - ii. Discussion of having a higher monthly base rate fee that included the first few thousands of gallons of usage in the base fee. For example, the base fee might go from \$18.45 to \$24.00, but would

- include the first thousand gallons. Variations with higher fees and gallons were also discussed.
- iii. About 75-80% of customers use less than 2000 gallons per month, so the thinking is that doing it this way would spread more of the cost to those folks.

This email is from the group Water For Pine Strawberry. We will be sending out an email after each of the PSWID meetings with a summary of what the board did, additional facts that are relevant to what went on, and some commentary. Please forward this email to friends and neighbors that are interested in the local water issues. If you would like to be added to or removed from the list for these emails, please reply to WaterForPineStrawberry@hotmail.com. Emails on earlier meetings are available on our website: www.WaterForPineStrawberry.com .

Water For Pine Strawberry is a group of residents who are concerned about the communities water issues and how they can best be resolved. Visit our web site, www.WaterForPineStrawberry.com, for more information. The website for PSWID is www.pswid.org .

Clarifications can be submitted by anyone who is explicitly named, implicitly identifiable, or a board member to items in this email. Clarifications will be posted on our website. We reserve the right to post a response. Clarifications must deal with the topics discussed in the email that relate to the individual or the board. They must be in family friendly language and be non-abusive. When the clarification is accepted, it will be posted to the website and notice of that posting will be added to the next email.