

**WYNOLA WATER DISTRICT
BOARD OF DIRECTORS
RATE STRUCTURE REVIEW SPECIAL MEETING MINUTES**

9:00 AM, May 18, 2014
1634 Oakforest Road, Santa Ysabel, CA 92070

President Bernard called the meeting to order at 9:12 A.M. Board Members present were: Jo Ann Bernard, President, Ray Mitchell, Water Quality Operations, Dean Stowers, VP PRD-16, Tom McDonough, Operations, and Jack Bainbridge, Operations. Staff attending were Robert Gans, Treasurer and Joyce Gans, Office Manager.

1. Approval of Agenda: The Agenda was modified to delete discussion of a Reserve Study prepared by Co-Lee Grev. Ms. Grev was unable to attend, and the study was not yet available. Director Stowers moved to approve the modified agenda. Director Bainbridge seconded the motion. Motion was approved.

2. Income and Expense Report: Treasurer Gans presented a report showing changes in the District's revenue and expenses since 2002. Not including routine maintenance and capital replacements, the District's cash flow has decreased by about \$18,000 a year. Total revenue is about the same.

Expense increases are:

Audit	\$1,020
Insurance	239
Office Manager	2,400
Water Ops Contractor	4,800
Electric Service	2,304
Permits (County Env. Health)	2,056
Telephone	1,498
Backup Generator Rental	3,600
Total	\$17,917

The comparison also shows expense decreases for water testing of \$1,634 and for office expense of \$597, although it was felt that these decreases may be temporary.

[After the meeting, Mr. Gans reviewed the District's historical cash position. At June 30, 2002, total cash was \$145,170. It peaked on June 30, 2013 at \$232,953.]

3. Financial Projection:

Total cash as of June 30, 2014 is estimated at \$181,000, a decrease of about \$52,000:

Beginning Cash June 30, 2013	\$233,000
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Revenue	54,000
Expenses	
Storage Tank Refurbishing Project	\$35,000
Ransom Pump & Supply	11,000
Julian Backhoe/Frank Martinez	8,000
Ron Placa/Generator & Electric	4,000
Maintenance & Repair	12,000
All other	36,000
Total Expenses	106,000
Ending Cash June 30, 2014	\$181,000

Going forward, the biggest unknown is how much will be needed for routine maintenance and for capital replacements.

Assuming \$10,000 for routine maintenance, the District should have approximately \$4,200 a year for capital replacements. See the attached which shows an estimate for F2014 and a proforma for future years.

4. Tentative Conclusion

It appears that, under almost any set of reasonable assumptions, it is going to be necessary to increase income, in order to provide for future capital replacements.

5. Next Steps:

Directors Bainbridge and Stowers will prepare several models of how revenue might vary, using different tiers and rates.

Treasurer Gans will prepare a financial presentation for use at a public hearing, that shows the District's Revenue and Expense picture, and the need to increase revenue.

6. Adjourn:

The meeting adjourned at 11:15 AM. There will be another Rate Structure Special Meeting at 9:00 AM, Sunday, June 22, at the Gans Residence at 1634 Oakforest Road, Santa Ysabel to review the results of the above, and to prepare a recommendation for the regular Board Meeting on July 20, 2014.

Respectfully submitted,

Joyce E. Gans

Joyce E. Gans, Office Manager