

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

9:00 AM, June 22, 2014

1634 Oakforest Road, Santa Ysabel, CA 92070

President Bernard called the meeting to order at 9:13 A.M. Board Members present were: Jo Ann Bernard, President, Ray Mitchell, Water Quality Operations, Tom McDonough, Operations, and Jack Bainbridge, Operations. Board Member Dean Stowers was unable to attend. Staff attending were Robert Gans, Treasurer and Joyce Gans, Office Manager. Co-Lee Grev attended as a guest.

1. Approval of Agenda: The Agenda was modified to include review and approval of the minutes of the May 18, 2014 meeting. Director Mitchell moved to approve the modified agenda. Director Bainbridge seconded the motion. The motion was approved.

1a. Minutes of Meeting of May 18, 2014:

The minutes of the Special Rate Structure Meeting of May 18, 2014, were reviewed. The word "reasonable" was deleted from Section 4 regarding tentative conclusions. Upon motion made by Director Bainbridge and seconded by Director McDonough, the minutes as modified were approved.

2. Old Business:

- a. Reserve Study. Co-Lee Grev presented an updated version of a Reserve Study for the District. The study showed that, based on certain assumptions, the District was 62% funded, meaning that the District will have only 62% of the funds that are projected to be needed for future capital replacements. The study suggested a target capital reserve of \$278,000.
- b. Expenses increases. Treasurer Gans presented a list of expense line items that have increased since 2002. The list of increases totaled \$17,917 a year, excluding costs of maintenance and repair, capital replacements, and water testing. It was noted that water testing in calendar 2014 was projected to cost over \$9,000, due to unusual requirements this year.

3. New Business:

- a. Director Views. Each of the Directors presented his/her views on how to deal with the situation of increasing expenses coupled with an aging physical plant. All of the Directors seemed supportive of the need to increase income to meet these challenges, although it was felt that more data was needed before a firm decision could be reached. There was no formal vote on the need to increase revenue.

- b. Menu of Options. Of the various options for how income could be increased, the Board felt that revenue should be increased using a combination of the available options, and that increasing the quarterly maintenance fee (currently \$21 per quarter) should be the first priority; increasing the annual assessment (currently \$150) collected through property tax bills, should be the second priority; and increasing usage rates should be the third priority. Again, the Board did not have a formal vote on this.
- c. Target Annual Revenue Amount to be Raised. The amounts of \$10,000 and \$20,000 were discussed. It was suggested that if the target amount is to be a number like \$20,000, rate and/or fee increases should be phased in over perhaps three years. Again, there was no formal vote on this point.
- d. Next Steps. Directors Bainbridge and McDonough will collaborate on developing additional data on operating costs and on the suggested need for an increase in revenue. Unless another special meeting is called, this subject will be on the agenda for the next regular Board Meeting on July 20, 2014.

4. Adjourn:

The meeting adjourned at 12:40 PM.

Respectfully submitted,

Joyce E. Gans

Joyce E. Gans, Office Manager