

MINUTES
Workshop Meeting
Laguna Madre Water District
Board of Directors
Wednesday, May 23, 2018
4:30 PM – 5:43 PM
Board Room

ITEM #1 QUORUM

PRESENT: Chairman, Scott D. Friedman
Secretary, Doyle Wells
Director, Herb Houston
Director, Alex Avalos

ADMINISTRATIVE STAFF: General Manager, Carlos J. Galvan, Jr.
Director of Operations, Robert Gomez
District Engineer, Charles Ortiz
Purchasing Agent, Enrique Samaniego
Director of Finance, Eddie Salazar

ABSENT: Vice Chairman, Rick A. Wells

ITEM #2 INVOCATION AND PLEDGE OF ALLEGIANCE

The meeting began with the Pledge Allegiance and an Opening Prayer.

ITEM #3 PRESENTATION BY WILLDAN FINANCIAL SERVICES ON 2018 WATER AND WASTEWATER RATE STUDY AND LONG-TERM FINANCIAL PLAN 

DISCUSSION:

- Presentation given by Dan Jackson with Willdan Financial Services followed by questions and answers
- Presentation on Preliminary results, findings, and recommendations for the District's long-term water and wastewater rate plan for information purposes only
- Information provided to Board and Staff will be used to determine what's the best policy for the District
- The data is hard with initial alternatives presented; Board may request additional options
- Discussion on Current rates and how they compare to other communities, cost, and service
- Cost of water is going up all over the united states and around the world. The average utility rate goes up 5% to 6% a year over the last decade. American Water Works Association projects the water and sewer rates are going to triple in the next 15 years.
- The district's rates are very competitive. Right now, the Residential customer rates are about 40% below the state average.

- The District 's last rate adjustment was in 2016. Current rate plan encourages conservation, and charge by meter size. Most residential customers have 5/8" meters.
- Rate Study plan gave a 5-year plan
- Are we in the norm on state bases? Base charge is a little low.
- Are we in the norm on the higher volumes above the base rate? Gallon allowance is a little high
- Accounts - Healthy account growth in last four years, projecting to increase in reasonably moderate level about 50 accounts per year. A conservative approach, growth numbers may change drastically
- Water usage- this year, projected to sell 1.26 billion gallons of water and expected to increase in the next ten years
- Cost of Service- Fund balance is in very sound condition, rates covering all costs. Water rates are carrying wastewater rates.
- The long-term plan will include water to cover water and wastewater will cover wastewater. Wastewater rate adjustments will be high than water rate adjustments
- Cost of service is composed of 3 expenses - operating expenses, capital outlay, and debt service
- The district is forecast to spend 18 million dollars in capital improvements in the next five years, includes about 6 million dollars in water cost and 12 million dollars in wastewater cost
- Need to generate the income to cover unpaid matching funds
- Rate Plan alternatives:
 - Alternative 1 - Status Quo – gets you all the revenues that the District needs. Implements set annual adjustments based on existing rate structure
 - Alternative 2 - Multi-Family – Treats multifamily customers as same as residential.
 - It will reclassify Multi-Family customers into a separate class with per unit monthly charges.
 - Will be a change in the district's rate structure and conversion will impact every account differently.
 - High volume users will pay less than the low volume users.
 - Will this include multi businesses?
- Raw Water Rate Recommendations:
 - October 2018 - \$.66 and going up in the next four years
 - Are you recommending we sell it at cost? Numbers can be adjusted to increase the cost.

ACTIONS:

- **Adjust long-term plan to include unfunded obligations**
- **Follow-up on another workshop**
- **Would like a recommendation on Raw water rate**

ITEM #4

ADJOURNMENT

The Workshop Meeting was adjourned at 5:43 PM.

SCOTT FRIEDMAN, CHAIRMAN

DOYLE WELLS, SECRETARY

MINUTES APPROVED THIS 13th DAY OF JUNE 2018.