

EID Reports



Summary of the August 10, 2009 EID Board Meeting

El Dorado Irrigation District—serving people, agriculture, businesses, and the environment in El Dorado County since 1925

For immediate release: August 12, 2009

Board Adopts Mitigated Negative Declaration for New Rancho Del Sol Water Tank Standing Committee Hears Financial Projections

Placerville, CA... El Dorado Irrigation District (district) board members gave their okay to an environmental document that clears the way for potential construction of a new water tank in the Rancho del Sol residential area near Camino. Dena McCann, environmental review analyst for the district, presented the board with the mitigated negative declaration for the project. The declaration listed potential impacts and the measures that will be taken to reduce those impacts.

McCann also pointed out that the project is recommended in EID's 2002 storage evaluation report. "The report found that the existing 60,000-gallon tank at Rancho del Sol is too small to provide sufficient pressure and protection during emergencies and structural fires," she explained. "And the report states that a 300,000-gallon tank is needed to meet domestic demand and store enough water for emergencies and fire flows."

Board approval is still needed to award a construction contract and fund the project. District staff will likely seek that approval before the end of the year.

Finance, Rates, and Charges Standing Committee

Meeting as EID's Finance, Rates, and Charges Standing Committee, the board discussed long-term finances following a presentation by Mark Price, the district's finance director. Price projected revenues and expenditures through 2018, with emphasis on the next two to three years, noting that his revised revenue projections are below those in the 2009-2010 budget prepared late last year. For 2009, Price's new projections indicate a drop of more than \$14 million in revenue from the levels anticipated during the budget preparation process last year, while the new 2010 revenue projections are also down about \$14 million. On the plus side, Price now projects that EID's debt service costs will be \$14 million lower than expected in 2009, and \$6.6 million lower in 2010.

"Even so, if these projections play out, we will fall short of the debt coverage we've promised our bondholders," Price said. "We remain fully able to pay those debts, but we need to take action to improve our debt ratio, or else we'll probably pay higher interest rates on money we borrow in the future for capital improvements."

"There are two major reasons for the lower revenue projections," he explained. "First, we lost eight percent, or about \$800,000, of our local property tax revenue because the state is taking the money to help pay down its multi-billion-dollar debt. And our tax revenues will probably decrease even more because of the reduced property tax valuations in the county. Second, revenue from hook-ups to new homes is down significantly because of the continuing sluggish housing market. That is not likely to change soon."

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Price also said that lower interest earned on the district's investments and lower prices for the renewable energy EID produces through its hydropower system have dragged down revenues compared to last year.

Price told the board he believes the district needs to continue to adapt to new economic realities and take further actions "to keep the district on a secure, stable financial path." For example, he presented scenarios that rely less on property tax revenue for daily operations, using that revenue instead to fund capital improvement projects. "Moving tax revenues to the capital budget would help shield our operating budget from the state government's endless fiscal crisis and reduce our borrowing for capital projects," he said. The scenarios include already approved cost-of-living rate increases of no more than four percent over each of the next four years, but also suggest the potential for more substantial rate increases to reduce reliance on development-dependent revenues.

Price's presentation was for information only; no action was taken.

In other business, the board:

- Adopted the following energy policy statement: "It is the policy of the El Dorado Irrigation District that resources planning and infrastructure, including water and wastewater systems, emphasize renewable energy and energy efficiency toward a goal of energy independence for El Dorado County and its citizens." The district has undertaken a number of energy efficiency—and cost-effective—initiatives, including the production of energy from EID's solar photovoltaic facility at the El Dorado Hills wastewater treatment plant.
- Heard an update from the district's legislative advocate Bob Reeb on several pieces of legislation that have a bearing on the district and are under discussion by state legislators.

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