

EID Reports



Summary of the November 9, 2009 EID Board Meeting

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

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Workshop Outlines Considerations for 2010 Budget and Beyond— More Expense Reductions, Rate Increase under Consideration

**Fraser and Wheeldon to Start Third Terms on EID Board; Water Rights Advocacy Applauded;
Sly Park Receives Numerous Recognitions**

Placerville, CA . . . During their November 9 meeting, El Dorado Irrigation District (District) board members questioned general manager Jim Abercrombie and finance director Mark Price about projections in a staff presentation on the district's operating budget. Despite significant cuts in expenses during 2008 and 2009, projected revenues for the longer range 2010-2017 budget cycle will not meet debt coverage obligations required by the district's bond covenants.

"We've made a number of adjustments to the 2008 and 2009 budget and the proposed 2010 budget," Price said. "That includes staff cuts, which reduced personnel costs by \$6 million in the 2009 budget and future budgets; \$300,000 in material and services expense reductions for 2009; and \$1.18 million in additional material and services cuts for 2010. But we had to add about \$400,000 of those savings back into the expense side of the budget because of required increases in the health care benefits we pay to our retired employees." Price explained that the proposed 2010 operating expense budget would show no increase over 2009 expenses. However, revenues are far below those projected in late 2008 when the board adopted the two-year 2009-2010 budget. "We have a revenue shortfall for 2009 that doesn't cover our debt service commitments," he said. "And we face a similar situation over the next five years under the current rate schedule, even if new development begins to pick up."

Abercrombie, who joined the district in early September of this year, said he believes the board and staff have been diligent over the past couple of years in cutting expenses and thus reducing the operating budget. "I think you've been very forward looking in your approach to the worsening economic situation, and I applaud you and staff for your efforts to stem expenses," he told the board. "But no one predicted the disastrous economic conditions we all face today, and especially the inability of the housing market to rebound. There's little to no residential development in the county right now, and in the past the revenue from new development helped to stabilize the district's budget and keep existing customers' rates down."

Abercrombie pointed to revenue projections of \$14 million in 2009 from charges on new development and \$16 million in 2010. "Those projections were made in a better economy and are now too high. We're likely to receive only \$1 million this year, and we've lowered our projections for 2010 to \$3 million."

Abercrombie said he is looking at additional possibilities to decrease the budget, but that recent reductions "have already cut close to the marrow. The district has reduced staff by 17 percent since late 2008 and by 20 percent overall. All of this suggests it's no longer possible to meet our debt service obligations without a rate increase."

The board directed staff to bring additional information and options to the regularly scheduled board meeting on November 23, including a draft Proposition 218 notice that all customers will receive if the board decides to move forward with a rate increase. No final rate decision would be made until after a public meeting, which would be scheduled at least 45 days after mailing the notice.

MORE >

Fraser and Wheeldon to serve third terms on board; Norris re-elected to LAFCO

Board members Harry Norris, Bill George, George Wheeldon, and George Osborne congratulated their colleague John Fraser on his re-election to the EID board during the November 3 election. Fraser, who will begin his third term, represents the west Placerville/El Dorado/Diamond Springs portion of the district's service area. Current board president George Wheeldon, who represents Shingle Springs and most of the Bass Lake/Cameron Park area, will also begin his third term on the board. He was unopposed in last Tuesday's election.

General manager Jim Abercrombie announced that Norris has been re-elected as a special district member of the El Dorado Local Agency Formation Commission (LAFCO). José Henríquez, LAFCO's executive officer, informed the district of the election results in late October. Norris's new LAFCO term will end in May 2013.

Board thanks district legislative advocate Bob Reeb for work on the Delta water legislative package

Following a presentation by the district's state legislative advocate Bob Reeb (Reeb Governmental Relations, Inc.) on the recent state water legislation, director Osborne thanked Reeb for his continuing work to help protect the district's interests and EID's water rights. Osborne referenced the sweeping water-related legislative package passed last week by the California legislature and signed into law by Governor Arnold Schwarzenegger. At one time, the legislation contained a provision that had the potential to strip the district of authority over its long-time water rights. Reeb's efforts in coordination with other foothill and northern California water agencies resulted in the offending language being removed from the final legislation.

Reeb was also instrumental in increasing the amount of money—from \$250 million to \$1 billion—that is targeted for recycled water projects in the new water bond legislation. EID delivers recycled water for landscape irrigation to nearly 4,000 residences and commercial establishments in the county. In effect, the program creates an additional water supply because it saves drinking water from being used for irrigation. The water bond, which will be on the statewide ballot in November 2010, could be a source of funding for EID's recycled water facility needs.

Sly Park Recreation Area earns awards

The district's Sly Park Recreation Area was recently honored with several awards, as reported by park superintendent Cheri Jagers. First, on Monday, November 2, Richard Esposito, publisher of the *Mountain Democrat*, honored the park with the newspaper's "Readers' Choice" award for the best recreation facility.

Second, on Thursday, November 5, the Community Economic Development Association of Pollock Pines gave the park the Association's award for "Most Important Business to the Economy of Pollock Pines." That award earned certificates of special recognition for the park and Jagers from Congressman Tom McClintock and a certificate of recognition from Assemblyman Ted Gaines.

"Our goal is to provide the best service possible," Jagers said, "and we appreciate the support of the readers of the *Mountain Democrat*, our business partners in Pollock Pines, and Congressman McClintock and Assemblyman Gaines."

In other business, the Board —

- Approved a change order for repair and replacement work being done on Flume 51, part of the district's water conveyance system that delivers water for EID customers and for the production of hydroelectric power. The additional funding is needed for shotcrete that is used in shoring up the steep hillside adjacent to the flume to prevent rock slides and landslides.

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