

A SPECIAL MEETING OF THE BOARD OF COMMISSIONERS OF MANCHESTER WATER DISTRICT

August 17, 2010

SPECIAL MEETING - Chairman Kyle Galpin called the Special Study-Session Meeting of the Board of Commissioners to order at 5:30 p.m. Present were Chairman Galpin, Secretary James Strode, and Commissioner Steve Pedersen. Staff present included Alan Fletcher, General Manager, and Dennis O'Connell, Operations Manager.

The purpose of the special meeting was for the Board of Commissioners and staff to develop plans, strategies, and priorities for District activities over time and to identify projects and initiatives for Fiscal Year 2011 budget year. In preparation, staff developed a set of *pro forma* scenarios that examined district activities, including Personal Services, Retained Earnings, Operations & Maintenance, and Capital Improvement Program.

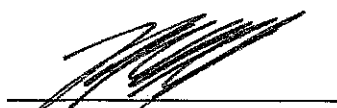
Current economic conditions were discussed, including projected revenues (water sales and new meter connection sales), inflation, and the general rise in the cost of doing business. Notable changes are increases in commercial electric rates, fuel, materials, taxes and insurance.

Discussion also focused on budget "drivers" that included over \$100,000 in water line replacement due to replacement of the Curly Creek Bridge and preparation for construction of the Banner Road Tank & Transmission Pipeline. Financing methods were reviewed including a low-interest Public Works Board loan and traditional bonding.


The Board also reviewed various rate enhancement scenarios, including changes to the base and commodity rates. The Board felt that an increase is needed to accomplish the District's most pressing capital needs. In light of the current economic downturn, discussion centered on the delicate balance of meeting capital needs with that of the customers' ability to pay.

The Board directed staff to refine a proposal for an increase in the base-rate to fill the current revenue gap and to return with a proposed 2011 budget. Due to low water and meter sales, staff envisions a no-growth budget that includes no major spending beyond the previously discussed capital projects.

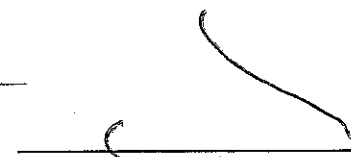
No Board actions were taken during the Special Study-Session Meeting. There being no further business to discuss, the meeting adjourned at 7:45 p.m.



Kyle D. Galpin,
Chair



James E. Strode,
Secretary



Steve Pedersen,
Commissioner