



MEINERS OAKS WATER DISTRICT

October 10, 2016

Minutes of MOWD Drought Committee Meeting

Committee	Drought Committee
Meeting Date	October 10, 2016, at 9:00 AM at the District's office
Attendance	Mike Hollebrands – General Manager Diane Engle – Director Jim Kentosh – President General public – three attendees
Topics	How to Pay For the Increased Casitas MWD Surcharge

Among other things, the budget for our current fiscal year is based on a \$1.00 per unit "over-allocation charge" paid to Casitas MWD for any water we use above our reduced allocation of 490 AF in Stage 3. Last month, Casitas increased their over-allocation charge to \$5.00 per unit. This unexpected increase could have a big impact on our budget, with the following uncertainties and concerns:

- 1) If we increase our over-allocation charge to \$5, we still may not collect enough revenue in a dry year. Some customers will be severely affected.
- 2) We don't know how much rain we're going to have this winter. With 16" of rain we will likely not exceed our Casitas allocation. With only 4" we may go far over our allocation.
- 3) With a dry winter, our financial reserves could fall by \$400,000 if we make no change.
- 4) Casitas bills us in August for any amount we exceed our allocation in the prior 12 months (June through July). We prefer not to hit our customers with a big bill all at once in August.
- 5) Our current approach provides an incentive to conserve. However, an over-allocation charge of \$5 is more of a penalty, and it may be appropriate to be a bit more generous with our allocations in that case.

The drought committee discussed several options for dealing with this issue. We are still developing additional information and have not yet reached a consensus nor are we ready to make recommendations. We will discuss and receive input from the board next week.