

Summary of February 6, 2014 meeting:

The committee discussed three topics at the meeting:

- 1) Mr. Aratani discussed preliminary 2015/16 operating fund projections and its related timeframe. The County Executive has placed WTD on a fast-track for rate setting for the next rate period, and it is expected that final rate for WTD will be presented to the Executive's office in mid-March. Mr. Aratani delivered a four-year operating expense comparison with preliminary estimated numbers for both 2015 and 2016. Discussion ensued regarding WTD's desire to add a total of 15 FTEs to the rate to support the CSO Program. 11 would be funded through the capital budget and 4 would be employed at West Point and would be funded through the operating budget. WTD has increased the size of the biosolids truck fleet from 26 to 33 and has changed useful life estimates of these vehicles from 20 to 10 years. Both items result in larger fleet charges for the budget period. Finally, it was noted that a 1% replacement "placeholder" for Culver funds was added to the preliminary budgeted expenses. Discussion of Culver was addressed as a separate topic.
- 2) Mr. Aratani discussed the County's charging of a premium for Bond Issuance costs to WTD. The Subcommittee learned that WTD had a lower credit rating than the County's rating as-a-whole. In addition, the County is authorized to issue General Obligation debt which generally has lower interest rates than Revenue Debt issues. These two factors result in County GO debt being issued for the benefit of WTD. Since the County issues debt at a lower rate. The "difference" between the rate the County issues debt at and the rate that WTD could issue debt at is split 50/50 with WTD paying a rate that is higher than the GO debt but lower than debt it would issue on its own. The County considers this reimbursement for allowing WTD to impact the County's total debt capacity.
- 3) Recent Court cases found in the County's favor have raised the possibility that "Culver" funds (or their replacement) may again be assessed against the WTD. The working budgeted expenditures discussed above included a 1% "Culver" fund for 2015-2016 as a placeholder. Mr. Aratani indicated that at this time, neither WTD, DNRP or the Executive have not taken action to restore this though in the future they may. Discussion among the members regarding this charge and its effect on local ratepayers ensued.