**METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT**
**FINANCE OVERSIGHT COMMITTEE**

**Metropolitan Domestic Water Improvement District**
****Board Conference Room****
**6265 N. La Cañada Drive**
**Tucson, AZ 85704**

**March 23, 2015**

**MINUTES**

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| Committee Members Present: | Reb Guillot, Chair<br>Sheila Bowen, Vice Chair (via telephone)<br>Barbara Gelband, Member<br>Lee Harbers, Member<br>Doug Hofmann, Member<br>Tom Ruppenthal, Member<br>Danny Sargent, Member<br>Robert Shonka, Member |
| Committee Members Not Present: | Lee Mayes, Member |
| District Staff Present: | Joseph Olsen, General Manager<br>Diane Bracken, Chief Financial Officer<br>Charlie Maish, District Engineer<br>Tullie Noltin, Recorder<br>Warren Tenney, Assistant General Manager |

## I. Call to Order and Roll Call

Mr. Guillot called the Metropolitan Domestic Water Improvement District Finance Oversight Committee (Committee, FOC) meeting to order at 4:00 p.m. Mr. Guillot, Ms. Gelband, Mr. Harbers, Mr. Hofmann, Mr. Ruppenthal, Mr. Sargent, and Mr. Shonka were present. Ms. Bowen was present by telephone. Mr. Mayes was not present.

Mr. Guillot welcomed Danny Sargent to the FOC.

## II. Call to the Public

There were no comments by the public.

## III. Approval of Minutes – January 26, 2015 Meeting

Mr. Harbers said he appreciates the detailed minutes since he was not present at the last meeting.

Mr. Ruppenthal made a motion to accept the minutes as presented. Ms. Gelband seconded the motion. Motion passed unanimously.

## IV. Discussion of Enhancement of Revenue Stability through Adjustment of Rates & Fees

Mr. Olsen said last year the FOC discussed the importance of three key arenas and the requirements to increase stability for the District. The first is water resource stability, which the District was able to address by increasing the Water Resources Utilization Fee (WRUF) from 20 cents to 40 cents per thousand gallons to allow the District to move forward with projects to leverage renewable water resources. The other two arenas are revenue stability and financial cycle stability and these will be addressed in the current rate cycle.

In past years, the Board would approve the financial plan with inputs from the FOC and the budget would go into effect July 1. A couple months later, the FOC and Board would then take up a discussion on potential adjustments to rates and revenue and a situation was created where the District would have an approved financial plan for the fiscal year, followed by a rate increase taking effect on November 1 that was not in the financial plan. Financial best practices indicate the District should reverse the order in the process and secure the revenue to meet requirements before approving the financial plan. The schedule going forward is to discuss the financial plan with the FOC and take any recommendations related to rates and revenue to the Board, hold an information meeting for the public on May 13, 2015 and a rate hearing May 18, 2015. In June, the Board would take up the discussion of the financial plan, incorporating all those previous items. This will bring stability to the financial process.

There are two main sources of revenue the District generates on each customer bill: fixed revenue, or the monthly service charge customers pay regardless of how much water is used; and variable revenue based on volumetric water consumption. In a truly revenue balanced entity, 100% of fixed costs or requirements that must be paid regardless of how much water is sold would be covered by fixed revenue. The District is currently at 69%, meaning 31% of its fixed costs are covered from variable revenue. That becomes problematic when there is a situation where demands are decreasing because those fixed requirements must be met each year. This has been a challenge for a number of years and in 2014, Metro Main had the lowest demand year on record, which was 4% less than 2013, the previous lowest year.

Staff has looked at various rate models to address this and found a way to shift the District from recovering 69% to 83% of its fixed costs without having a significant impact on customers' bottom line. The monthly Water Availability Rate would be incremented up for a 5/8 inch meter from $22.00 to $27.00 while at the same time, lowering the first tier of volumetric water consumption charges from $2.00 to 99 cents per thousand gallons, resulting in a slight increase of around 80 cents on the average customer's bill. This increase of less than one dollar takes the District from 69% to 83% stability on revenue. This is less of a rate increase and more about shifting revenue into the right category. The District has an inverted rate block, where customers in the top three tiers are encouraged to use their water efficiently. With the upper tiers promoting conservation, under any scenario, it is difficult to reach 100% fixed revenue covering 100% of fixed costs but the closer we can get to 100%, the better. After looking at all the models, increasing the monthly service charge while bringing down the cost for water in the first two tiers will have the desired result of covering up to 83% of expenditures with an impact of about 80 cents to the average customer. The upper ate blocks promote conservation so there was not much manipulation in the top three tiers.

Ms. Bowen asked if the current tier structure is based on analysis of the cost of providing the water. Mr. Olsen said in the upper tiers, customers are paying far in excess of the actual cost to deliver and treat the water and that sends a conservation message. Going from $2.00 to 99 cents provides a balance to shift revenue into fixed costs and ensure greater financial stability.

Mr. Ruppenthal said increasing the Water Availability Rate from $22.00 to $27.00 is still less than a dollar per day to have water available at your home. He suggested the District might cover more than 83% of fixed costs if it was increased to $29.00 or $30.00 now, rather than asking for more in a year or two. Mr. Olsen said staff looked at a dozen plus scenarios and found that setting the Water Availability Rate at $27.00 would still allow appropriate adjustments in the first tiers but going above that, the conversation steers away from revenue stability and towards more of a rate increase. The goal this year is to bring fixed and variable into alignment so that future increases in variable or fixed costs can be tied more appropriately to variable or fixed rates.

Mr. Ruppenthal asked if new meter connection fees are considered variable costs. Mr. Olsen said fee components will be discussed later in the agenda. Fees are neither fixed nor variable. Revenue from customer bills is easy to separate into fixed and variable but fees are more complex.

Mr. Harbers asked what percentage of residential customers fall in tiers 1 and 2, and if the average customer falls under tier 3. Ms. Bracken said about one quarter of customers are in tier 1. She will follow-up with the totals in each tier. Mr. Olsen said the average customer using 8,000 gallons per month is in tier 2.

Mr. Ruppenthal said the discussion is centered on standard residential meters and asked if the same approach will be taken with larger meters. Mr. Olsen said the discussion is modeled for the largest number of customers but rates will change across the board for all meter sizes. Ms. Bracken said fees and rates are based on meter size and all sizes were included in the analysis.

Mr. Shonka asked if it is possible to break out fixed versus variable revenue on the balance sheet of the budget. Ms. Bracken said private industry has been looking at fixed and variable for years and the District is doing the same thing but not for reasons related to profit. The District is looking for the break-even point to see if costs are covered. Ms. Bracken explained all costs are entered into a spreadsheet by division and determined to be fixed, variable, or mixed, and that is how the totals are processed. Mr. Shonka said the water utility he managed broke it out as fixed income and metered water sales. Ms. Bracken said she does separate out fixed and variable revenue and can provide the numbers in a follow-up. Expenses for 2016 are split out 52% fixed and 48%

variable. Current planned revenue is 35% fixed and 65% variable. With the proposed adjustments, the District would shift to 40.5% variable revenue and 59.5% fixed revenue, for a total of 83% coverage of fixed costs.

Mr. Olsen said the increase to the average customer equates to about 1.9% but staff is focusing on how this shift brings stability by making sure the revenue comes into the right place. Pima County is recommending a 4% increase for the next couple years and City of Tucson is looking at a 7.3% increase.

Mr. Guillot said this is a smart move towards stability.

Ms. Gelband asked if the changes taking effect July 1, 2015 would include connection fees for those receiving new meters as part of the meter replacement program. Mr. Olsen said no, connection fees apply only to new connections.

Mr. Olsen passed out a spreadsheet regarding connection fees. New entities pay meter connection fees based on the cost of the meter, the associated costs to install the meter, the recuperation of the capacity that is being bought into the system based on meter size (investments such as storage and infrastructure), and water resource buy-in to ensure the District is leveraging its renewable water resources. The last time connection fees were adjusted was July 2006. In the past, these fees were roughly indexed with other entities in the region. This time, staff is recommending using the American Water Works Association (AWWA) approved methodology, *M-1 Principles of Water and Rate Charges*, to identify system capacity and divide it out based on how much capacity each meter will utilize. A standard 5/8 inch residential meter will increase by roughly $16.00. AWWA has approved meter equivalencies for larger meters, which is a multiplying factor for proportionalities. Over the last few years, the District used meter equivalencies different from AWWA standards. In this process, the District is returning to AWWA standards and some of the larger meters will have a more significant increase to arrive at the true proportional cost of capacity for that meter. Mr. Olsen went over some of the other local providers' fees, which vary in the lower sizes but converge with larger meters. With this change, the projected revenue change for next fiscal year from connection fees would decrease by $14,000.

The reason for the decrease is a component not in the AWWA standards was discovered. In addition to these charges, multi-family accounts with one large meter paid $819 for each unit, which was not in line with AWWA standards in the current meter connection fee. Staff went back many years and was unable to identify where the $819 came from. Moving forward as proposed, multi-family units will be charged according to AWWA standards, without the additional $819 per unit. Mr. Shonka asked if the $819 was intended as equivalency, to collect as if there were individual meters on each unit. Mr. Olsen said that was one theory. AWWA methodology is based on meter capacity but the additional charges did not line up with capacity. Mr. Ruppenthal asked if the District would increase the fee for larger meters since the $819 will be eliminated. Mr. Olsen said all sizes will be adjusted according to proper AWWA equivalencies. It is unknown exactly how much will be realized in connection fees any given year. Staff is projecting a $14,000 loss but just a couple of new large meters would override that.

Mr. Ruppenthal and Mr. Shonka said the fees are reasonable compared to other regions where they have worked. They are pleased with staff's research efforts. Mr. Shonka asked if the District has ever asked an outside agency to examine development fees and determine if they are too low or too high. Mr. Olsen said there is an annual audit that provides an overarching analysis of the District but development fees have not been adjusted since 2006.

Ms. Bracken said development fees were set based on total asset and value of the system excluding assets unrelated to water infrastructure. Equivalent capacity was converted for each size to determine buy in value according to the AWWA standard so there should not be any variation in the calculation.

Mr. Olsen talked about private fire service lines, which provide fire flow capacity to unmetered lines in standby mode for fire risers or sprinkler systems. The monthly fee is based on proportional capacity for fire flow water available for emergencies. Similar to the meter discussion, the essential equivalencies are factored in. The fee increments up based on the size of the private fire service line to meet fire sprinkler needs. Tucson Water methodology was utilized to set the fee, which the District has not adjusted since 2010, although the City has increased its fee since.

Mr. Olsen said during the staff review, it was discovered that 8 inch lines were not being charged the fee because there was no fee set for an 8 inch line. The proposed adjustment will result in a projected revenue increase of $35,000 over the next fiscal year. Ms. Bracken said the $35,000 includes the accounts currently being billed, the 48 accounts that are now being billed but were not previously paying for the service, and utility and engineering estimates of future development.

Ms. Gelband asked what the fire department says about the increase. Mr. Olsen said fire districts have not weighed in on the increase. The building occupant pays this fee and benefits from the service. Ms. Gelband asked if this applies to residential customers. Mr. Olsen said it is generally commercial customers but does include larger homes with sprinkler systems.

Mr. Harbers said he likes the straightforward approach with the fees. Mr. Olsen said the goal is not about gaining more revenue but about bringing alignment to capture cost of service. The District wants to be able to show ratepayers each of these services are self-sustaining and are not being subsidized.

Mr. Olsen talked about the two inspection fees. The waterline inspection fee is charged when a developer financed project, such as a subdivision or modification of a distribution system, requires a District inspector to ensure the infrastructure is constructed to standards. The current fee of 2.5% of construction costs has been in place for 20 years. The only recommended change is the addition of a minimum of two hours of the inspector's time, so that smaller projects also capture the true cost of service. The second is the backflow inspection fee. The backflow inspector looks at backflow assemblies, which are key protection devices to ensure the quality of water in the system. The backflow inspection fee is proposed at $95.00 per backflow device, up from $25.00, to capture cost of service.

Mr. Ruppenthal asked if staff has considered charging based on the size of the backflow device. Mr. Olsen said there are varying device sizes and levels of complexity but staff took the average of hours to arrive at $95.00 per device.

Mr. Ruppenthal asked if irrigation systems are required to have backflow devices and if the owner is required to maintain those devices. Mr. Olsen confirmed any backflow assembly on the private side is required to be certified by a licensed plumber. The District inspector inspects new backflow assemblies and enters annual inspection reports into the system. Mr. Shepard said there are currently 1,000 to 1,400 backflow devices in the District. This change will increase revenue in the next year by only about $2,000 but the cost of service will be captured. Other utilities have similar inspection fees.

Mr. Olsen talked about Plan Review fees. Similar to previous discussions, if a developer wants to do any modification to the system they are required to submit plans to District Engineering staff so they can be reviewed for completeness, accuracy, standards, pressures, flows, and constructability. This fee has not been adjusted in over 20 years, although the costs to review plans have increased. Staff looked at all the appropriate classifications of those involved in reviewing plans and calculated costs including overhead based on the actual number of hours to review submitted plans. Staff is not projecting a large number of plan sets next year, so this adjustment only generates around $2,300 in projected revenue. Similar to meter connections, staff is estimating according to the information available but it is important that the plan review fee is adjusted to bring it into alignment with actual costs. The methodology is similar to what other utilities use to ensure cost recovery.

Mr. Harbers asked if by correcting some of these fees, they will no longer be subsidized by water consumption revenue. Mr. Olsen confirmed. As staff went through this process, a lot of information was discovered. The previous methodology was not flawed but staff looked at it with a different perspective. Mr. Olsen is comfortable recommending the changes so there is no cost covering from other revenue streams. Mr. Harbers said it is good that customers will not have to pay for other items in addition to the water they use. Mr. Olsen said it is better to stand before the public and show the District is not just working on fixed/variable revenue but is also bringing fees into alignment with costs.

## V. Discussion of Requested Fiscal Year 2016 Budget

Mr. Olsen said the priority-driven budget process was leveraged in the creation of the requested financial plan, which is similar to last year with two notable improvements. This year, when management sat down with each division, the supervisors, leads, and anyone involved in the implementation of the financial plan were included in discussions. Having more people involved increases the number of efficiencies and ideas. A cultural shift with regards to budgeting is evident because more staff have a vested interest in the process. Staff is looking at the true requirements and how to meet them efficiently. With an $18 million budget, it is very difficult to prioritize but staff has taken to heart the question of how to best spend each dollar as if it was the last.

The requested operating budget is $125,000 less than last fiscal year. It is unusual to have an operating budget decrease, particularly as various cost components increase due to inflation. The reason the District is able to accomplish this is due in large part to the implementation of the priority driven budget, which realized a savings last year of $1 million.

The District accomplished everything it needed to but in innovative ways. On page 38 of the requested budget, last year's capital equipment list is shown with a funding line, and the midyear budget review adding additional meter replacements. The District had $700,000-800,000 in requirements with about half funded through the priority-driven budget process. A handout was provided to the FOC to show that all items that were funded last year are completed or are very near completion, to show that the items were valid needs and the District has been able to accomplish them. The various items below the funding line on page 38 are requests that were not funded last year but have been removed from the list or accomplished through innovative solutions. For example, Board room audio upgrades were requested last year, to include microphones, speakers, and recording capabilities. Staff took a step back and identified the current and most pressing requirement as the ability to record meetings and found a work around for about $150. In five or six years, the District may need to upgrade the other components but this will satisfy the requirements we have now. The list includes many items that were either rolled into the financial plan under specific line items, or were eliminated because of discussions with staff. The current requested items submitted were discussed and found to be valid requirements; therefore, staff is proposing to fund all capital equipment requests.

The bottom line of operating and maintenance shows meter replacements at $120,000 to continue replacing aged and under reading meters, which generates revenue.

The Capital Improvement Program (CIP) had seen some belt tightening last year so the proposed CIP reflects a 250% increase over last year's CIP. There are two subtotals because staff knows the proposed financial plan is not a foregone conclusion. The first subtotal, $911,000, is the CIP if none of the fixed/variable rates and fees previously discussed tonight are approved by the Board. In that case, the District would still be able to do $911,000 in capital. If those rates and fees are approved and adjusted, and the District is able to obtain revenue stability and cost of service recovery of fees, the CIP could be $1.2 million next fiscal year. The CIP is an investment in infrastructure, particularly on the maintenance side. Included on the proposed list are neighborhood mains that have had numerous failures near Oracle and Ina Road, continuing replacement of lost well capacity at the Oracle Jaynes Well, leveraging the partnership with Tucson Water to be able to interconnect and have renewable water resources wheeled to Metro Southwest, and a series of other projects to start addressing issues such as the critically needed storage at Metro Hub.

The Water Resource Utilization Fee (WRUF) will allow the District to move forward with acquiring the land needed for the infrastructure to recover our renewable resources at the Avra Valley Recharge Project (AVRP) and convey the water into the District to stop the two foot annual decline of the aquifer in Metro Main. Based on this proposed financial plan, the CIP is all revenue funded, with no debt servicing and no loans. This would bring the District's debt service ratio to 1.56, which puts the District on a healthy trajectory.

Mr. Ruppenthal asked if the extra requests balance out with the proposed rate changes. Mr. Olsen confirmed. There is an additional 1.9% revenue from the fixed/variable adjustment, and the goal is to invest the majority of that into the CIP.

Ms. Bracken said staff prepared two budgets, one assuming no rate changes and the other with rate changes. Revenue is shown for both scenarios but expenditures stay the same. Without any changes, operating revenue is $17,949,578 with total operating expenditures of $17,333,551 so the District has a balanced budget with or without the rate adjustments. With proposed rates, revenue would increase to $18,557,276, which would be an increase of $607,698. Staff is proposing to put $601,525 of the operating revenue towards these capital initiatives. Revenue projections include consumption declines of 2.4% if the fixed/variable cost recovery changes do not move forward. If the District does move forward, the decline in consumption estimate drops down to 1.4%, since the District will have a much more stable revenue source covering more of the fixed costs. The financial plan does include spending down some of the accumulated cash balance that has been building. With the existing debt service, the District must maintain a coverage ratio of 1.2%. The requested budget without adjustments maintains a 1.4% debt service coverage ratio, or 1.56% with the adjustments. Over the past years, management and staff have implemented many process improvements, reviewed past budgeting and spending patterns, and closely monitored expenditures, resulting in over $1 million in savings. This savings is now being allocated towards District priorities and budget requests.

WRUF funds have been collected since March 2013 with a plan to be used for developing, designing, and constructing projects to utilize the District's renewable water supplies, including Central Arizona Project (CAP) water allocations and effluent. The Fiscal Year 2016 requested budget includes spending $2 million of these restricted WRUF fees to acquire land for the CAP Recharge, Recovery, and Delivery System in accordance with the timeline presented to the FOC on July 28, 2014 and the Board on August 11, 2014.

The key assumptions driving each of the budgeted revenue categories have been defined in the requested budget memo as well as within the budget. With the priority-driven budget process in place, financial resources are being allocated towards District priorities. Total operating expenditures requested in Fiscal Year 2016 are $125,092 lower than the operating expenditures requested in the prior fiscal year.

The requested budget includes a 2% cost of living allowance adjustment and a 2% merit adjustment midyear to eligible employees. According to an article published March 5, 2015 in Forbes magazine, titled Interest Rate Forecast for 2015 and 2016, the goal of the federal government is to tighten interest rates and force the consumer price index (CPI) up by 2% annually excluding food and energy, The Bureau of Labor Statistics reported a negative CPI last month for the first time since 2008 and the February CPI will be released on March 24, 2015. Budgeted wages and benefits this year are projected at a 15% increase due to health and dental insurance costs. Budgeted legal fees have been reduced. Outside contracted electrical work has been reduced with the District now being fully staffed. Issuance costs are no longer being counted in expenditures with the implementation of GASB 65. The request includes an additional $60,000 in principal payment for the Riverside Well funded with the Water Infrastructure Finance Authority (WIFA) loan, as was done last year. If the process of applying this additional principal payment continues, the District should be able to pay off this 20 year loan in five years, saving over $100,000 in interest charges.

The contingency for sick and vacation payout this year included anticipated retirees along with an additional 15% of the vested sick liability. Capital projects are planned for Metro Main, Metro Hub, and Metro Southwest. Metro Southwest has a balanced operating and maintenance budget that is self-supporting for all planned capital projects.

Ms. Gelband asked if the rate adjustment occurs on July 1, 2015, what happens on July 1, 2016. Mr. Olsen said in 2016, the District would continue the budget cycle as discussed. The kickoff would occur in January or February, staff would follow the same procedures and consider requirements, look for significant changes in the components that we cannot control, like power or CAP costs, to see if those items have indexed up, and then continue with the discussion. About a year ago, the WRUF went from 20 cents to 40 cents and we also talked about three subsequent 10 cent increases in future years, except for 2015. The current trajectory would be to look for warranted adjustments, implement the proposed and planned 10 cents per thousand gallons about a year from now, and have the discussion and go through the process with the FOC and Board to determine if the WRUF is adequate to cover the needs and investments for renewable water resources.

Ms. Gelband asked if all the projects would be done if the Board approves all proposed adjustments. Mr. Olsen said a few projects would begin this fiscal year and continue the following fiscal year but the majority on the list would be met and addressed this year. The District has rather large unmet capital infrastructure needs. The list reflects capital funding prioritization but there remain a significant number of other projects needed.

Mr. Shonka asked why the three neighborhood main replacements are in need of replacement. Mr. Olsen said the mains are old and failing continually. Maintenance crews spend a lot of time responding to breaks in the area. This will increase reliability for customers.

Ms. Gelband asked if there are any more Regional Transportation Authority (RTA) projects to be completed. Mr. Olsen said most RTA projects have been accomplished. Mr. Maish said the conclusion of the project on La Cholla between Overton and Tangerine, which is being administered by Oro Valley, has a portion between Overton and Lambert that is the District's responsibility if conflicts arise in that section. Mr. Olsen said the La Cañada project still requires adjustment of the above ground infrastructure to raise valves and hydrants.

Ms. Gelband asked if the RTA fee is continuing until 2021. Ms. Bracken confirmed, that is when the associated debt service retires.

Ms. Gelband asked if the WRUF will continue forever. Mr. Olsen confirmed that is based on volumetric usage. The primary focus of that is the infrastructure needed to carry CAP water 13 miles from AVRP to the District. There are a few smaller water resources projects funded through the WRUF as well. Once the planned increases have occurred and the WRUF is 70 cents per thousand gallons, staff is not envisioning a need to increase it higher but water resource needs will be reassessed and that revenue stream can be utilized for renewable water resources.

Mr. Shonka asked if the construction dispute on Magee between the District and the County was ever resolved. Mr. Olsen said the District was able to negotiate a claim settlement and avoid more costly outcomes.

Ms. Bracken pointed out the proposed budget includes mention of indirect and fringe benefit rate calculation. It was discussed last year that this information would be included in future financial plans.

Mr. Hofmann thanked staff for summarizing everything into a few pages. He asked if the end goal is to eventually cover 100% of fixed costs with fixed revenue. Mr. Olsen said while there may be opportunities to get closer, he does not see the District ever getting to 100% because of the inverted rate block. The upper rate blocks generate revenue beyond the actual cost to produce the water. Reaching 83% gets the District in a much more revenue stable position compared to other providers in the region. Ms. Bracken noted fixed costs and debt service change every year, so the percentage would never stay the same year to year.

Ms. Gelband asked what the effect will be in five years when the RTA debt service is paid. Mr. Olsen said that will help debt service ratios but also at that time, the CAP Recharge, Recovery, and Delivery System construction will be ready to commence and additional debt will be required to complete the project. In five years, the District will be in a better financial picture to embark on that stage of the project.

## VI. <u>Possible Recommendations</u>

A. Proposed Rate Adjustment to Balance Revenue for Fixed & Variable Expenditures
B. Water Service Connection Fee
C. Private Fire Service Line Monthly Fee
D. Inspection Fees
E. Plan Review Fees
F. Requested Fiscal Year 2016 Budget

Mr. Ruppenthal made a motion that the FOC recommend to the Board of Directors to take the necessary action to adjust the rate structure for better balance of the revenue generated for fixed and variable expenditures, as presented by staff. Mr. Shonka seconded the motion.

Ms. Gelband asked if actual numbers would be included in the motion. Mr. Olsen said that based on what was discussed at this meeting and presented in the report, staff will give that information to the Board at the study session.

Mr. Harbers asked what the impact of the increase would be on tiers 1 and 2. Mr. Olsen said tier 1 would go from $2.00 per thousand gallons to 99 cents, and tier 2 would go from $2.70 to $2.66 for a bottom line impact to the average customer of 80 cents.

Motion passed unanimously.

Mr. Harbers made a motion to recommend acceptance of the adjustments to the water service fee, private fire service fee, inspection fees, and plan review fees be forwarded to the Board. Ms. Gelband seconded the motion. Motion passed unanimously.

Mr. Hofmann made a motion that the FOC recommends that the Board of Directors consider adopting the requested Fiscal Year 2016 Budget as presented by staff at the Committee's March 23, 2015 meeting. Mr. Shonka seconded the motion. Motion passed unanimously.

## VII. Future Meeting Dates and Agenda Items

Mr. Olsen said there are currently no future FOC meetings scheduled. When the next meeting is scheduled, one item previously requested to be discussed was water security. Ms. Gelband asked if a meeting might be scheduled before or after rate increases. Mr. Olsen said it probably will be scheduled after but if the Board so desires, a meeting can be scheduled before. The Board of Directors will meet on Monday, March 30, 2015 for a study session at 5:30 pm.

## VIII. Call to the Public

There were no comments by the public.

## IX. Adjournment

The meeting adjourned at 5:24 pm.

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Reb Guillot, Chair
Finance Oversight Committee