

News from the GM

MARIANA RANCHOS COUNTY WATER DISTRICT

FINANCE COMMITTEE

SPECIAL POINTS OF INTEREST:

- This month's Board meeting is Tuesday, April 14th at 6:00pm
- Finance Committee meets Friday, May 8th at 5:00pm
- Please call the office with any questions or to receive financial assistance on your bill.

The Finance Committee has asked me to take a majority of my newsletter this month to update you on what is going on and more importantly what has been going on.

The easiest way is just to rip the band-aid off quickly. The District has not operated in the black since fiscal year (FY) 05-06. There are a multitude of reasons for this and I would like to highlight just a few. Our income sources have dried up. In this terrible economy, with the housing market suffering so badly we have no brand-new customers. These are the folks that pay Meter & Installation Fees, Supplemental Water Fees and Connection Fees. Operating without these fees has dealt a severe blow to the District's coffers. For example:

Meter & Installation Fees are **down** 96.41%

Supplemental Water Fees are **down** 93.21%

Connection Fees are **down** 100%

Even our Hydrant Meter Rentals are **down** 96.82%

These items represent over \$150,000 of annual income the District has been doing without. Unfortunately, the spending continued. FY 05-06 managed to make a small reserve. Since that time the District has encumbered a loss each year.

FY 08-09 will break that chain! I have streamlined our expenses, and cut them over 51%, and yet it's still not enough. During the heyday of FY 05-06 we created a much larger infrastructure than we can afford during this economy.

This is why your Finance Committee is working so diligently on the Budget and our Rate Structure. Will they have to raise rates? Yes we will.

INSIDE THIS ISSUE:

Finance Committee	1
Finance Committee (cont)	2
March Agenda Items	2
Contact Information	2
Phone Numbers	2

**EMERGENCY AND AFTER HOURS
PLEASE CALL 760-912-9400**



M A R I A N A R A N C H O S
C O U N T Y W A T E R
D I S T R I C T

General Manager: James Hansen
9600 Manzanita Street
Apple Valley, California 92308

Phone: 760-247-9405

Fax: 760-247-1205

E-mail: gmmarianacwd@verizon.net

Office Hours: 9:00am-1:00pm M-F

March Meeting of the Board

The following Actions occurred at the March 10th regular meeting.

Approved Resolutions 09-02 & 09-03 adjusting current late fees dates and 48 hour notifications to accounts
Approved closing the office for training.
Approved GMs nomination for ACWA Excellence in Water Leadership Award

Agenda Items for the March Meeting

Discuss and Approve Resolutions 9-04/9-05 concerning Rate Adjustment goals
Discuss and approve GM meeting with AV Heights GM to go over Allegre Vista situation

F I N A N C E C O M M I T T E E (P A R T 2)

Any business that continues to operate in the red won't be a business for long. Now I can hear you already...the District is not a business, they can't make a profit! Well, you are right on one hand and not on the other. The District has to be run like a business. We sell a commodity, and that commodity costs "X" amount to produce. We need to recover at least the amount it cost to us to produce. Here comes the profit part. If you bring in the cost of production but you don't have any in reserve to fix, repair and replace the production equipment you're out of business. So the District does not make a profit, it gathers reserves.

Your elected Board has a civic duty to keep the District running and in good repair. The Board is also charged with replacing old equipment, structures and vehicles when the cost to operate and repair them outweighs the acquisition of a new ones. This is where the reserves come in. Without reserves we would be forced to come knocking on your door looking for a contribution to get the place back up and running!

That's the long way around but I hope it helped your understanding of why rates must increase, normally on an annual basis. Currently the Finance Committee is looking at every option to keep our rates low. But there will be an increase. There is no way around it. Please attend one of the committee's workshops. You will be proud of how hard these folks are working to give **us** a better District!