

EID Reports



Summary of the May 27, 2009 EID Board Meeting

For Immediate Release: May 27, 2009

EID Board Ends Stage 1 Drought Declaration for Entire Service Area Board also says “No” to State borrowing of local tax revenues

Placerville, CA... During a special meeting today, the El Dorado Irrigation District (district) board of directors terminated the stage 1 drought declaration that has been in effect across the district’s service area since March 23. The unanimous decision came after discussion of customer response to the drought declaration, the effects of the wet spring, and a decision by the Bureau of Reclamation to allocate 100 percent of the district’s municipal contract for water from Folsom Lake.

The board’s action means that the stage 1 drought rate that went into effect concurrent with the drought declaration is also lifted. Upcoming customer bills will be calculated under non-drought rates, prorated as necessary.

“Until last Friday, we did not know what the bureau was going to do about our water contract at Folsom,” said board president George Wheeldon. “They were proposing a fifty-percent cut in our allocation from the lake when we declared the stage 1 drought in late March. That would have made it difficult for us to get through the year without asking our customers to conserve more than they usually do. Now that the bureau has announced its final allocations for 2009 and because of early May rain and a very strong response by our customers, we’re in better shape.”

Significantly, from April 1—after the stage 1 drought was declared—through the middle of May, customer demand dropped nearly twenty-six percent from the previous three-year average during the same time period.

“This is very good news,” said board vice president John Fraser. “And we encourage our customers to continue their conservation efforts. They’ll not only save water, they can save money too. Our new rate structure definitely rewards water conservation.”

Fraser was referring to the conservation-oriented rate structure that the board adopted in late March. District staff calculated that single-family residential customers who use 1,800 cubic feet of water every two months will be charged \$37.03 under the new structure rather an average of about \$45.00 under the old rate schedule. Residential customers who use 3,000 cubic feet every two months, which is about average in the District’s service area, will see their bills drop \$3 to \$6 every two months.

The lifting of the declaration means the district’s service area is now at drought management stage “0,” which approximates normal conditions. The district encourages customers to take a number of sensible steps during stage 0, as follows.

- Water outside only when necessary.
- Sweep, don’t wash, paved areas.
- Repair leaky faucets. Don’t dawdle in the shower.
- Wash when your dishwasher and clothes washer are full.
- Don’t run water continuously while shaving, brushing teeth, or washing dishes by hand.
- Agricultural customers who do not participate in the district’s conservation-minded Irrigation Management Services (IMS) program are encouraged to submit a conservation plan.

MORE >

Board resolution opposes state borrowing of local property tax revenues

The board unanimously adopted a resolution condemning recommendations to trigger Proposition 1A (from 2004) and thus allow the state to borrow eight percent of local property tax revenues in an effort to close California's budget deficit.

The resolution, introduced by Board president George Wheeldon, draws particular attention to the California Legislative Analyst's Office (LAO) proposal, which would load much of the burden onto water and wastewater districts. The LAO reasons that these districts have more flexibility to cut back on programs or increase their revenues through rate hikes.

"The state is obviously passing a hot potato to local governments and water districts," Wheeldon said. "Legislators were told pretty emphatically by voters just a week ago that new or higher taxes won't wash. So now the LAO recommends that state legislators borrow local property tax revenues and basically tell water agencies to raise their rates. That's nothing more than a not-so-hidden, state-induced tax hike."

The resolution notes that the District has been cutting its budget for more than two years, starting with a 10-percent, across-the-board reduction in the 2008 budget. In September 2008, the District downsized and reorganized its management ranks—eliminating and downgrading 18 positions—to save an additional \$1.1 million in the 2008 budget and \$1.4 million annually thereafter. Following the Wall Street implosion in September 2008, the District cut an additional \$5 million through more reductions in supplies and services, the elimination of 8 vacant positions and 12 full-time equivalent positions through early retirements, a 12.5-percent reduction in Board member income, and the unfortunate layoff of 31 employees.

These actions resulted in a 19-percent reduction in the overall workforce from early 2008 levels and an approximate \$6-million (12-percent) cut in the initial 2009 budget, which as finally adopted was nearly \$2 million less than the 2007 budget.

"There's no way we can continue to make cuts like these and still provide reliable service to our customers," said board director Harry Norris. "The state will force us to make decisions we shouldn't have to make and all because of their inability to balance their budget."

District staff calculated that every \$1 million in lost property tax revenues equates to a three-percent rate hike for water, wastewater, and recycled water services.

The complete resolution is attached to this news release.

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For more information, contact Deanne Kloepfer at 530-622-4513 or 916-965-0930.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
EL DORADO IRRIGATION DISTRICT
IN OPPOSITION TO PROPOSALS TO ALLOW THE STATE TO BORROW
LOCAL AGENCIES' PROPERTY TAX REVENUES**

WHEREAS, budget proposals by the California Department of Finance and the State's Legislative Analyst's Office (LAO) call for triggering Proposition 1A (from 2004), which would allow the State to borrow 8 percent of the total amount of ad valorem property tax revenues allocated among all local agencies within each county; and

WHEREAS, the LAO's May 21, 2009 Overview of the 2009-10 May Revision states at page 20: "The Constitution does not require that the property tax borrowing be implemented on an across-the-board basis as proposed by the Governor. Instead of borrowing 8 percent from each [sic] local agency, the state could borrow a larger percentage from agencies that have greater capacity to (1) reduce programs or (2) replace property taxes with fees or other revenues. For example, the state could borrow over a quarter of the total loan amount from waste and water enterprise special districts.... Borrowing more property taxes from waste and water enterprise special districts would allow the state to borrow less from agencies with less fiscal flexibility."; and

WHEREAS, the LAO language harkens back to 2004, before passage of Proposition 1A, when the State took but did not repay local property tax revenues and loaded 40 percent of the burden onto water and wastewater districts, costing El Dorado Irrigation District (District) \$10.4 million over two years and forcing deep budget cuts and a four-year surcharge on customer bills; and

WHEREAS, the LAO language also signals that water and wastewater districts may be called on once again to shoulder a disproportionate share of property tax losses should the State decide to trigger Proposition 1A; and

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1 WHEREAS, the District has been cutting its budget for more than two years, starting with a
2 10-percent, across-the-board reduction in the 2008 budget; and

3 WHEREAS, in September 2008, the District downsized and reorganized its management
4 ranks—eliminating and downgrading 18 positions—to save an additional \$1.1 million in the 2008
5 budget and \$1.4 million annually thereafter; and

6
7 WHEREAS, after Wall Street imploded in September 2008, the District cut an additional \$5
8 million through more reductions in supplies and services, the elimination of 8 vacant positions and
9 12 full-time equivalent positions through early retirements, a 12.5-percent reduction in Board
10 member income, and the unfortunate layoff of 31 employees; and

11
12 WHEREAS, these actions resulted in a 19-percent reduction in the overall workforce from
13 early 2008 levels and an approximate \$6-million (12-percent) cut in the initial 2009 budget, which
14 as finally adopted was nearly \$2 million less than the 2007 budget; and

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16 WHEREAS, the health of California's growing population and the welfare of the State's
17 communities depends on reliable and safe water and wastewater services delivered at a reasonable
18 cost; and

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20 WHEREAS, the District's services are pervasively regulated by a wide array of state and
21 federal agencies at considerable cost to our customers; and

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23 WHEREAS, for the District to further "reduce programs" could jeopardize its ability to
24 continue to provide safe and reliable water and wastewater services and meet environmental and
25 regulatory requirements; and

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27 WHEREAS, while the District will continue to look for ways to cut its already-tight budget,
the reality is that increased rates will be needed to compensate for lost property tax revenues if the
State follows through with proposals to trigger Proposition 1A; and

1 WHEREAS, to replace every \$1 million in property tax revenue lost would require a 3-
2 percent increase in rates for each of the District's water, wastewater treatment, and recycled water
3 services; and

4 WHEREAS, the District could lose more than \$10 million in property tax revenue if
5 Proposition 1A is triggered as proposed by the LAO, resulting in 30-percent increases for each of
6 the District's water, wastewater treatment, and recycled water services; and

7 WHEREAS, loss of property taxes under the proposals to trigger Proposition 1A will also
8 reduce the monies needed to invest in District infrastructure, which will further impact the
9 decimated local and statewide construction industries in relation to jobs and materials purchases,
10 thus resulting in fewer revenues from the State sales tax, personal income tax, corporate tax,
11 gasoline tax, and similar sources at a time when the State's projected revenues from these sources
12 are already estimated at \$8 billion to \$12 billion below projections for Fiscal Year 2009-1010; and

13 WHEREAS, projections show California will still face billions of dollars in red ink three
14 years from now, precisely when the state would be required to pay back the borrowed property tax
15 revenues with interest; and

16 WHEREAS, there must be a better way in these difficult economic times for the State to
17 balance its budget than to borrow money from strapped local governments and enterprise districts
18 like El Dorado Irrigation District; and

19 WHEREAS, such borrowing forces enterprise districts like El Dorado Irrigation District to
20 raise rates to make up for lost revenues from local property taxes, **THUS CONSTITUTING**
21 **NOTHING MORE THAN STATE-INDUCED DOUBLE TAXATION FOR THE DISTRICT'S**
22 **CUSTOMERS.**

23 //

1 NOW, THEREFORE, the EL DORADO IRRIGATION DISTRICT BOARD OF
2 DIRECTORS does formally resolve its adamant opposition to any proposals to trigger Proposition
3 1A (from 2004) that would allow the State to borrow ad valorem property tax revenues allocated to
4 local agencies.
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6 FURTHERMORE, the BOARD calls on the State Legislature of California to reject any
7 such proposals should they come before the legislative body.

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The foregoing Resolution was introduced at a special meeting of the Board of Directors of the EL DORADO IRRIGATION DISTRICT, held on the 27th day of May 2009, by Director Osborne, who moved its adoption. The motion was seconded by Director George, and a poll vote taken which stood as follows:

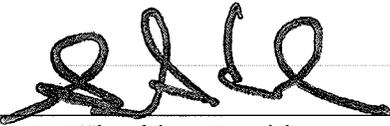
AYES: Directors Osborne, George, Fraser, Wheeldon, and Norris

NOES:

ABSENT:

ABSTAIN:

The motion having a majority of votes "Aye", the resolution was declared to have been adopted, and it was so ordered.



George A. Wheeldon, President
Board of Directors of
EL DORADO IRRIGATION DISTRICT

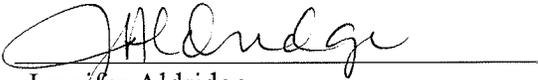
ATTEST:



Jennifer Aldridge
Clerk to the Board

(SEAL)

I, the undersigned, Clerk to the Board of the EL DORADO IRRIGATION DISTRICT hereby certify that the foregoing resolution is a full, true and correct copy of a Resolution of the Board of Directors of the EL DORADO IRRIGATION DISTRICT entered into and adopted at a special meeting of the Board of Directors held on the 27th day of May, 2009.



Jennifer Aldridge
Clerk to the Board
EL DORADO IRRIGATION DISTRICT

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