

Finance Committee Meeting Minutes
San Juan Water District
March 4, 2025
1:00 p.m.

Committee Members: Mike McRae, Director (Chair)
Manuel Zamorano, Director (Member)

District Staff: Paul Helliker, General Manager
Donna Silva, Director of Finance & Human Resources
Tony Barela, Director of Operations
Andrew Pierson, Director of Engineering Services
Adam Larsen, Field Services Manager
Devon Barrett, Customer Service Manager
Greg Turner, Water Treatment Plant Manager
Greg Zlotnick, Water Resources Manager
Mark Hargrove, Senior Engineer
Teri Grant, Board Secretary/Administrative Assistant

Members of the Public: Ted Costa
Meera Deshmane
Anthony Wong

1. Draft Retail Financial Plan Update and Proposed 4-Year Rate Schedule (R)

Director McRae thanked staff for working with the Finance Committee regarding the CIP projects. Director Zamorano concurred with Director McRae and emphasized the importance of saving money while not causing injury to the District.

Director McRae reviewed an action item list which covered the ARV Replacement Program, the Kokila Reservoir Project, the water loss topic, the Lateral Replacement Program, and the Fire Hydrant Replacement Program. Staff will provide the committee with more information regarding the number of service laterals, ARVs and fire hydrants that would be replaced when completing some of the larger projects that are listed on the CIP.

Director McRae commented that the D1 and D2 scenarios removed the Administration Building and due to Ms. Silva's inquiry D2 applied the savings of removing the Administration Building to the reduction of future debt, while D1 simply removed the costs of the building from the plan.. He requested that staff add separate columns to show existing debt, new debt and total debt to the rate scenario spreadsheet. Ms. Silva provided the committee with an Analysis of Current and Proposed Debt. A copy will be attached to the meeting minutes. She explained the table and showed how each project affects costs per connection.

The committee discussed the Administration Building, and the ADA compliance issues with the Engineering & Field Services Building. In addition, Mr. Barela mentioned the recent JPIA site visit where they noted the District's lack of fire sprinklers. Mr. Barela will provide the committee members with the ADA reports that he has on the District's facilities. Staff reiterated that there is still an ADA compliance issue with the Engineering & Field Services Building should any improvements need to be made and agreed with Director McRae that maintenance work does not trigger the District to bring the building into ADA compliance.

Director McRae asked if staff have any ideas to minimize expenses or reduce the capital budget. Staff informed the committee that staff removed the covered storage facilities which removed approximately \$2.5 million from the CIP. Mr. Barela informed the committee that staff do discuss reducing costs where it is possible for all projects.

Director McRae suggested that he and Director Zamorano meet to come up with a recommendation to bring to the Board and stated that they should meet before the next Finance Committee meeting which is scheduled for March 11. Director Zamorano suggested that there is staff input prior to a recommendation to the Board. GM Helliker commented that he didn't believe that the Board was requesting a recommendation as to the scenario since the full Board will be discussing the topic and suggested that the directors meet at the next Finance Committee meeting to discuss committee topics.

The committee discussed the Meter Replacement Program and Mr. Larsen confirmed that the program prioritizes the replacement of the highest user meters and the older meters. In addition, Mr. Larsen informed the committee that meters are expected to last 15 years; however, the District has been seeing meters last 20-25 years due to the District's excellent water quality.

2. Public Comment

Ms. Meera Deshmane requested that Ms. Silva include the cost per connection of proposed new debt in the Prop. 218 notice.

The meeting was adjourned at 2:26 p.m.

SAN JUAN WATER DISTRICT
 Analysis of Current and Proposed Debt
 January 2025

	Wholesale	Retail	Combined
Number of Connections	41,352	11,033	52,385

EXISTING DEBT

Total Debt Service Cost:	Wholesale	Retail	Total
Hinkle SRF Loan - 1.2%	100%		
Loan Amount/Current Balance	\$ 22,865,492	\$ -	\$ 22,865,492
Interest Expense	\$ 4,810,774	\$ -	\$ 4,810,774
Avg. Annual Int. Exp next 10 yrs.	\$ 246,051	\$ -	\$ 246,051
Avg. Debt Service next 10 yrs.	\$ 848,333	\$ -	\$ 848,333
Interest cost per connection	\$ 91.83	\$ -	\$ 91.83
Annual Interest cost per connectio	\$ 3.06	\$ -	\$ 3.06
Monthly interest cost per connecti	\$ 0.26	\$ -	\$ 0.26

Eureka Rd. SRF Loan - 1.1%	Wholesale	Retail	Total
	100%		
Loan Amount/Current Balance	-	3,345,186	3,345,186
Interest Expense	-	665,201	665,201
Avg. Annual Int. Exp next 10 yrs.	-	32,948	32,948
Avg. Debt Service next 10 yrs.	-	122,049	122,049
Interest cost per connection	-	\$ 60.29	\$ 60.29
Annual Interest cost per connectio	-	\$ 2.01	\$ 2.01
Monthly interest cost per connecti	-	\$ 0.17	\$ 0.17

2022 Refunding Loan - 1.63%	Wholesale	Retail	Total
	64.81%	35.19%	
Loan Amount	\$ 5,283,659	\$ 2,868,878	\$ 8,152,537
Balance at 12/31/2024	\$ 4,323,016	\$ 2,347,276	\$ 6,670,292
Interest Expense	\$ 523,576	\$ 284,287	\$ 807,864
Avg. Annual Int. Exp next 10 yrs.	\$ 19,179	\$ 10,414	\$ 29,592
Avg. Debt Service next 10 yrs.	\$ 307,380	\$ 166,899	\$ 474,279
Interest cost per connection	\$ 12.66	\$ 25.77	
Annual Interest cost per connectio	\$ 1.27	\$ 2.58	
Monthly interest cost per connecti	\$ 0.11	\$ 0.21	

2017 Refunding Bonds - 4%	Wholesale	Retail	Total
	60%	40%	
Loan Amount	\$ 15,675,000	\$ 10,450,000	\$ 26,125,000
Balance at 12/31/2024	\$ 12,876,000	\$ 8,584,000	\$ 21,460,000
Interest Expense	\$ 8,625,696	\$ 5,750,464	\$ 14,376,160
Avg. Annual Int. Exp next 10 yrs.	\$ 201,329	\$ 134,220	\$ 335,549
Avg. Debt Service next 10 yrs.	\$ 514,592	\$ 343,062	\$ 857,654
cost per connection	\$ 208.59	\$ 521.21	
annual cost per connection	\$ 9.48	\$ 23.69	
monthly cost	\$ 0.79	\$ 1.97	

Total Existing Debt:	Wholesale	Retail	Total
Loan Amount	\$ 43,824,151	\$ 16,664,064	\$ 60,488,215
Balance at 12/31/2024	\$ 40,064,508	\$ 14,276,462	\$ 54,340,970
Interest Expense	\$ 13,960,046	\$ 6,699,952	\$ 20,659,998
Avg. Annual Int. Exp next 10 yrs.	\$ 466,559	\$ 144,633	\$ 611,192
Avg. Debt Service next 10 yrs.			
Interest cost per connection	\$ 337.59	\$ 607.26	
Annual Interest cost per connectio	\$ 102.58	\$ 28.28	
Monthly interest cost per connecti	\$ 1.15	\$ 2.36	

PROPOSED DEBT

Total Debt Service Cost:	Wholesale	Retail	Total
Kokila Reservoir - 2%	100%		
Loan Amount		\$ 12,249,669	\$ 12,249,669
Interest Expense		\$ 4,158,734	\$ 4,158,734
Avg. Annual Int. Exp next 10 yrs.		\$ 216,316	\$ 216,316
Avg. Debt Service next 10 yrs.		\$ 546,947	\$ 546,947
Interest cost per connection		\$ 376.94	\$ 376.94
Annual Interest cost per connection		\$ 12.56	\$ 12.56
Monthly interest cost per connection		\$ 1.05	\$ 1.05

Cavit Stallman Pipeline - 2%	Wholesale	Retail	Total
	100%		
Loan Amount	\$ 7,935,380		\$ 7,935,380
Interest Expense	\$ 2,673,337		\$ 2,673,337
Avg. Annual Int. Exp next 10 yrs.	\$ 140,130		\$ 140,130
Avg. Debt Service next 10 yrs.	\$ 354,314		\$ 354,314
Interest cost per connection	\$ 242.30		\$ 242.30
Annual Interest cost per connection	\$ 8.08		\$ 8.08
Monthly interest cost per connection	\$ 0.67		\$ 0.67

Gourndwater Project - 4.5%	Wholesale	Retail	Total
	100.00%		
Loan Amount	\$ 5,520,828		\$ 5,520,828
Balance at 12/31/2024	\$ -		\$ -
Avg. Annual Int. Exp next 10 yrs.	\$ 97,492		\$ 97,492
Avg. Debt Service next 10 yrs.	\$ 246,505		\$ 246,505
Interest Expense	\$ 4,647,137		\$ 4,647,137
Interest cost per connection	\$ 421.20		\$ 421.20
Annual Interest cost per connection	\$ 14.04		\$ 14.04
Monthly interest cost per connection	\$ 1.17		\$ 1.17

Total Proposed Debt	Wholesale	Retail	Total
Loan Amount		\$ 25,705,877	\$ 25,705,877
Avg. Annual Int. Exp next 10 yrs.		\$ 453,939	\$ 453,939
Avg. Debt Service next 10 yrs.		\$ 1,147,765	\$ 1,147,765
Interest Expense		\$ 11,479,208	\$ 11,479,208
cost per connection		\$ 1,040.44	\$ 1,040.44
annual cost per connection		\$ 34.68	\$ 34.68
monthly cost		\$ 2.89	\$ 2.89

Total Proposed and Existing Debt	Wholesale	Retail	Total
Loan Amount	\$ 43,824,151	\$ 42,369,941	\$ 86,194,092
Interest Expense	\$ 13,960,046	\$ 18,179,160	\$ 32,139,206
Avg. Annual Int. Exp next 10 yrs.	\$ 466,559	\$ 598,572	\$ 1,065,131
Avg. Debt Service next 10 yrs.	\$ -	\$ 1,147,765	\$ 1,147,765
Interest cost per connection	\$ 337.59	\$ 1,647.71	
Annual Interest cost per connectio	\$ 102.58	\$ 62.96	
Monthly interest cost per connect	\$ 1.15	\$ 5.25	

Debt Coverage: All current debt issuances require a debt coverage ratio of 1.15. As of 6/30/2024 District's debt coverage ratio was 5.08.

Note: excludes offsetting interest income on loan proceeds. District is curently earning 4-5% interest. At current rates District is making money on SRF loans.