

Finance Committee
Meeting Minutes – January 3, 2012

Members in Attendance: Loyd Smith (chair), Larry Burmeier, Bill Cobb, Jack Lewis, Norty Markham, Earl Foster and Alan Hitchcock Others in Attendance: Kay Andrews

Starting Time: 3pm / Ending Time: 5:10pm

Agenda Items

Over age 65 Exemption

- One key point to remember is that tax revenues are used exclusively for debt reduction and inflow / infiltration problems (preventative maintenance).
- The over age 65 population in our MUD District has increased each year over the last 5 years by about 75 per year. The number of new hook-ups is much lower than that so our base is not increasing proportionately to the age 65 numbers.
- We are consistent with the City of Lakeway with our \$5,000 exemption.
- To increase the exemption by \$5,000, we would have to increase the tax rate by .0007 and the tax savings for an over 65 senior with a \$540,000 house would net out to \$6.48 annually.
- Bill Cobb requested that we note in the minutes that he is against a tax and spend type of philosophy.
- After reviewing we do not feel the small tax savings justifies pursuing a change in the exemption at this time. If the District Board wants to address from a goodwill standpoint that is an option open to them.

Paperless Project

- 77 people have signed up and there are still some bugs to work out.

Monthly Expense Project

- The Committee reviewed the latest report and suggested a few changes which Earl will incorporate. With the changes Earl and the staff have made we now have interim data three days after the end of the month which is tremendous.
- The Committee feels Earl has done an excellent job in developing this management tool.
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Non - Agenda Items

Auditor's Report

- We plan to review the Auditor's report in our February meeting. Earl will e-mail or mail us a copy of the report as soon as he receives it.

Conservation Efforts

- In May we anticipate that the LCRA will declare this drought is worse than the drought of record which means we will have to reduce consumption by 20%.
- Earl will be looking at both individual household and commercial rates and recommending changes.
- Under strong consideration is limiting irrigation to one day per week and increasing rates for residential customers when usage exceeds 15,000 gallons per billing cycle with incremental increases at each level after that. The rate change would be a strong incentive to conserve.
- Conservation incentives would also be built into the commercial rates.
- In any notice that goes out we suggested that we again mention paperless billing. A customer who signs up would be able to look at his or her past usage during various billing periods. This could help them devise a personal conservation plan, plus, it gives us the chance to promote both conservation and paperless billing at the same time.
- Earl wants to increase rates at the end of the first quarter. As an alternative, some of the Committee recommended tying the increase timing to the LCR declaration date.

Norty Markham, Secretary