

July 30, 2008
Town Hall Meeting

SPRING CREEK FOREST PUD

*Chloramine Conversion
Financing Options*



Board of Directors

- Rick Kehlenbach, President
- Dave Simac, Vice-President
- Janet Frakes, Secretary
- Kenneth Heussner, Assistant Secretary
- Derek Drawhorn, Treasurer



Opening Remarks

- District must convert its water disinfection system to chloramines to receive water from North Harris County Regional Water Authority
- Must finance approximately \$750,000 in capital improvements by September 2009
- Proposed project will serve all people in the District
- District must raise the necessary money for the work
- District has levied its maximum maintenance tax
- No bond authorization remains

Why is Chloramine Conversion Required?

- Water coming from Houston plants is treated with this type of disinfection
- Additional disinfection must be of same type chemical – not plain chlorine
- Chloramines are used to reduce formation of Trihalomethanes and other disinfection byproducts and to maintain better residuals in large systems

Project and Schedule

- North Harris County Regional Water Authority intends to deliver surface water to our area in the near future
- SCFPUD is required to have chloramine conversion in place at both water plants by September 1, 2009

Options for Raising Required Funds

- **Option 1:** *Raise Water and Sewer Rates*
- **Option 2:** *Increase Maintenance Tax (requires election)*
- **Option 3:** *Issue Bonds (requires election)*

Option 1: Rate Increase

How much will be required?

- SCFPUD can apply for a bank loan not to exceed 3 years
- SCFPUD needs a minimum of \$275,000 per year in additional revenues to pay off loan

Option 1: Rate Increase

Sample Rate

- Current monthly bill for 12,000 gallons (average monthly usage) is \$81.66
- Proposed monthly bill to raise \$275,000 per year (same average usage) is \$111.16
- Average increase of \$29.50 per month or \$354 per year

Option 1: Rate Increase

Pros and Cons

Pros

- Administration is simple; can be done by Board of Directors at one meeting
- No election is required
- Low cost for SCFPUD

Cons

- Cost to customers

Option 2: Raise Maintenance Taxes

- Current maintenance tax (1978) is \$0.15 per \$100 assessed value; revenues already committed
- District's current assessed value is \$147,005,885
- To raise additional \$275,000 per year to repay loan, maintenance tax rate increase of \$0.187 would be required (\$0.337 total maintenance tax)
- Average \$175,000 home would pay additional tax of about \$327 each year

Option 2: Raise Maintenance Taxes

Pros and Cons

Pros

- Commercial properties with greater assessed values would bear a greater tax burden, lowering impact to residents
- Taxes may be deductible from personal income taxes (check with your own tax advisor)
- No costs of issuance (unlike bonds)

Cons

- Voter approval at a Nov 2008 election would be required
- Cost and uncertainty of election

Option 3: Issuance of Bonds

- Approximately \$1,000,000 bond issue would be needed to pay for chloramine conversion
- Current tax bill on average \$175,000 home is \$823
- Average \$175,000 home would pay additional tax of about \$105 each year for four years, and then about \$52 for eleven years

Option 3: Issuance of Bonds

Pros and Cons

Pros

- Lowest Annual Cost Impact to Taxpayers

Cons

- Voter approval at a Nov 2008 bond election required
- Cost and uncertainty of conducting bond election
- Cost of issuing bonds adds to overall District cost for project

Review the Options

- **Option 1:** *Raise Water and Sewer Rates \$354 / year for 3 years*
- **Option 2:** *Increase Maintenance Tax (requires election) \$327/ year for 3 years*
- **Option 3:** *Issue Bonds (requires election) \$105 / year for 4 years and \$52/ year for 11 years*

Review the Options

- We want your input in this decision
- Required project – three options on how to pay for project

Action Date

If the decision is to hold an election:

- Next uniform election date is November 4, 2008
- Board must make a decision to call any election (bond or maintenance tax) by August 26, 2008

Contact Information

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Public Participation

- Questions and Answers
- Input and Direction for Board



THANK YOU FOR COMING!


