

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BEB*
DATE: NOVEMBER 23, 2007



RECONSIDER FINANCIAL COMPONENTS OF 11/14/08 BLACKLAKE MOTION

ITEM

Review request to reconsider financial plan components of motion adopted at 11/14/07 Board Meeting re Blacklake and commission special counsel analysis of including/excluding Town Water System Fund 700 (Capacity Charge) in equity comparison [RECOMMEND ADOPTION].

BACKGROUND

At the 11/14/07 Board Meeting your Honorable Board adopted the following motion: "To commission Boyle to prepare a study to upgrade the hydro-geologic capacities supply and demand of Blacklake; To commission Boyle to revisit the cost to replace the pressurized system at Blacklake; and To commission Reed to develop a detailed cost rate study for the stand-alone and fully merged Blacklake-Town systems based on the previous two analyses".

Following the 11/14/07 Meeting, the maker of the motion and the seconder requested that the Board reconsider the third component of the motion (regarding the financial plans), in part due to the input of members of the Blacklake community who have emphasized that they are not interested in paying for a stand-alone system.

RECOMMENDATION

Staff agrees that retention of Mr. Reed to produce the requested financial plans is unlikely to add useful information to the dialog and thus, supports the request to delete this component of the motion. However, simply eliminating this component will not resolve the central issue of whether or not the inclusion of Town Water Fund 700 can be legally included or excluded from the equity comparison.

In addition to deleting the third component of the 11/14/07 Motion, staff recommends that the Board hire the firm of McDonough Holland Allen as Special Counsel to prepare a publishable legal opinion on this issue so that the Board can determine its discretion to include or exclude this fund.

ATTACHMENT – NONE