

Citizens Rates and Governance Advisory Committee

KVID Committee Update

Monday February 25, 2019

Sam Mossman



Governance Transition – Progress

Governance Transition – Progress

- ▶ Since our last meeting we have:
 - Met with the Board of Supervisors
 - Work session to provide a progress update and receive feedback
 - Received direction and support for continuing to pursue a July 1 transition date
 - NAPEBT Engagement (Health Benefits)
 - Received confirmation that KVID can continue with NAPEBT benefits
 - Confirmation that KVID's cost structure will remain the same as other entities participating in NAPEBT
 - Included in their monthly stakeholder meetings
 - Working on details to finalize KVID's new membership



Governance Transition – Progress

- ▶ Since our last meeting we have (cont):
 - ASRS Engagement (Retirement)
 - Received confirmation that KVID staff will be eligible to participate in ASRS
 - Confirmation the KVID will not incur additional costs compared to other participants in ASRS
 - Working on the process to enroll KVID with ASRS
 - New Accounting Methods
 - Determined state and local reporting standards for DWIDs
 - Building a new chart of accounts for KVID
 - Setting up the financial system for KVID



Governance Transition – Progress

- ▶ Since our last meeting we have (cont):
 - Working with Other County Department
 - Human Resources
 - Willing to provide HR and payroll services to KVID for at least the first year
 - Services can be provided at the normal interdepartmental rates
 - Working towards a draft IGA for these services
 - Treasurer
 - Banking services provided by the Treasurer (by statute, IGA is unnecessary)
 - Provides services to districts County wide (fire, school, water, etc.)
 - Has expertise regarding districts that will be available to KVID both before and after the transition
 - These services are provided at no cost to KVID



Governance Transition – Progress

▶ Pending Items

- Auditor Engagement
 - Using an auditing firm to review our financial set up and processes, making sure procedures support KVID's need for annual audits
- Coconino County Finance Department
 - Work with Finance to duplicate services they are currently providing
 - Finance has indicated their support, but we are still implementing
- Elections
 - Meet with County elections officials, understand KVID's election process, responsibilities, and costs



Governance Transition – Financial Plan

Governance Transition – Financial Plan

- ▶ During our rate analysis process we developed a financial plan that would support the utility's operations, infrastructure, qualified staff, and also facilitate the transition of KVID from County stewardship to governance by a local Board of Directors
- ▶ We planned for an additional \$155,000 of expenses annually to facilitate the transition
- ▶ Additionally, KVID will not incur County indirect costs, freeing up approximately \$70,000 annually (based on FY15– FY17 data)



Governance Transition – Financial Plan

▶ Planned Increases

- KVID expects to pay more for the following services after the transition:
 - Management Services
 - KVID compensates the County for the management support provided by the Public Works Department (About \$10,000 annually)
 - This service will be replicated by adding an Assistant Utility Director (at a cost of about \$98,000 in salaries and benefits annually)
 - Financial Services
 - KVID currently pays the County about \$15,000 for financial services
 - We are upgrading our Business Manger position and half of our Account Tech II position to be needed to provide financial services to KVID in house (an additional cost of about \$50,000 annually in salaries and benefits)



Governance Transition – Financial Plan

▶ Cost Neutral Items

- KVID expects the costs of the following services to remain unchanged:
 - NAPEBT – KVID will get the same rate as other NAPEBT members
 - ASRS – KVID will get the same rate as other ASRS participants
 - Human Resource and Payroll Services – KVID expects to receive these services at the normal interdepartmental rate (about \$12,000 annually)



Governance Transition – Financial Plan

▶ Cost Savings

- KVID will pay less for the following services after the transition:
 - Treasurer Services (about \$3,000 annually, changing to zero)
 - County Board of Supervisors (about \$12,000 annually, changing to \$2,000)



Governance Transition – Financial Plan

▶ The Unknowns

- Election Costs
 - Still finalizing these costs, anticipated \$5,000 annually for expenses
- Attorney Costs
 - Vary based on KVID annual need for an attorney (between \$2,000 and \$26,000 annually)
 - In addition to the \$7,000 dollar annual average expense with the County, we have added \$7,000
- Auditing and CPA Costs
 - Anticipated \$5,000 annually



Governance Transition – Financial Plan

Transition Financial Summary

Additional Revenue	
Rates	\$155,000
County Savings	\$70,000
Total	\$225,000

Expenses	
Assistant Utility Director	\$98,000
Internal Financial Support	\$50,000
Human Resources and Payroll	\$12,000
Board of Directors	\$2,000
Elections	\$5,000
Attorney	\$14,000
Auditing and CPA cost	\$5,000

Total	\$186,000
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Difference	\$39,000
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Governance Transition – Next Steps

- ▶ Governance Open House (March 11)
- ▶ Advisory Committee meeting and appreciation (April 8)
- ▶ Board of Supervisors work session – governance update (April 16, morning)
- ▶ Board of Supervisors agenda item – set public hearing and DWID decision date (April 16, evening)
- ▶ Notice sent to district landowners (April 23)
- ▶ Second Open House (May 1)
- ▶ Board of Supervisors public hearing – DWID conversion, appointment of new Board of Directors (May 21)
- ▶ New Board of Directors assume their roles as the Water Board for KVID (July 1)



Governance Transition – Open House

Governance Transition – Open House

- ▶ Financial Information
 - Tom Bourassa CPA
- ▶ Infrastructure Information
 - Civiltec representative
- ▶ Board of Supervisors Representation
 - Supervisor Ryan
- ▶ Governance Information and Transition Process
 - Steve Wene
- ▶ KVID Operations
 - Sam Mossman
 - Mike Lopker



Governance Transition – Open House

- ▶ Informational hand out, history, process and FAQ
 - KVID History and County Stewardship
 - KVID's Progress and Preparation for the Transition
 - Infrastructure, Rates, and Governance
 - Frequently Asked Questions
- ▶ Committee Involvement
 - Additional items to include in the handout, or at the open house
 - Review/contribution to the informational hand out
 - Social media posting
 - Open house attendance



Questions and Discussion

