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EID kicks $16 million can down the road

El Dorado Irrigation District's June 11 board approval of General Manager Jim Abercrombie's proposed refinancing of year 2003 bonds will move $16 million of debt principal repayments from the years 2013-16 out to the years 2022-29.

Abercrombie's version of the refinancing is, "This debt restructuring will have no adverse financial impact to the district, because the present value of the restructured payments is almost identical to those currently in place. It will have the beneficial impacts of reducing the district's short-term debt load and better equalizing debt payments over time, averting rate increases that could otherwise be required to meet bond covenants."

But left unsaid was that even after EID's board passed $15 million of rate increases for the years 2010-15 (including 102 percent of water rate increases) EID additionally is resorting to $16 million of accounting gimmicks in order to make their debt ratios for the next four years.

Of further multi-million-dollar concern is that EID's board passed the debt refinancing without knowing what interest rate would apply, how much fees would apply and with no indication that competitive financing bids were secured to ensure that the refinancing is placed at interest rates and fees most in ratepayers' interests. Every quarter point difference in rates and half-million dollars in fees should go to EID ratepayers … not to crony bankers that EID management non-competitively chose to handle the refinancing.

While Abercrombie asserted that without the refinancing rates would need to be even higher, he failed to disclose that the $16 million of deferred debt repayment really is going to pay for EID's surging employee benefit costs, $53 million of unfunded pension and retiree medical costs and excessive overhead which together are increasing ratepayer costs by $19.2 million for the four years 2013-16.

EID's $16 million of interest savings should be returned to the ratepayers… not for allowing EID to avoid slashing its lavish employee benefits and excessive overhead, and to over-compensate crony bankers.

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