

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, DECEMBER 21, 2020 AT 4:00 P.M.
VIA TELECONFERENCE

Director Sannella called the meeting to order at the hour of 4:00 p.m. The meeting was held via teleconference.

Present: Director Boyd-Hodgson
 Director Sannella
 General Manager Pruum
 Finance Manager Owen
 Principal Financial Analyst Arthur
 Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

BUDGET OVERVIEW

General Manager Pruum clarified that there was only one agenda item, Budget Overview. The other two items on the agenda were documents that were sent to the Committee. The purpose of the meeting was to provide a very broad overview of the budget process.

Finance Manager Owen and Principal Financial Analyst Arthur facilitated a presentation, Financial Overview, which had been used during the previous budget process, as follows:

- Budget Process and Calendar
 - Internal Process
 - Public Meetings/Workshops
- 2020/21 Budget - \$90,625,000
- 2020/21 Water Operating Expense Budget - \$42,726,000
- Operating Expenses – Water
- Operating Budget – Water
- 2020/21 Wastewater Operating Expense Budget - \$13,310,000
- Operating Expenses - Sewer
- Operating Budget – Salaries and Benefits
- Operating Budget – Full-time Equivalent Employees
- Water Sales – Sales
- Water Purchases
- Budget Assumptions
- Fiscal Year 2020/21 Budget Effects
- Average Customer Bill

- Water Sales – Revenue
- Sewer Revenues
- Capital Project Request Page
- Capital Budget
- Capital Improvement Projects by Function Total
- Reserve Balances
- Replacement Reserves

General discussion took place during which Director Sannella inquired about what options the Board has to control rates as water purchases make up 70% of the water operating budget. Finance Manager Owen stated that during the very detailed budget process, staff reviews controllable expenses such as materials and services in order to eliminate unnecessary costs as much as possible. He noted that in planning to reduce costs in the future, the Board approved pre-funding the California Public Employees' Retirement System (PERS) Unfunded Accrued Liability which has saved the District approximately \$10 million as well as fully funding the Other Post Employment Benefits (OPEB), saving approximately \$400,000 per year, both of which helped to save money for the District's rate payers. General Manager Pruim stated options can be explored during the Cost of Service Study when operational costs are determined and during the rate setting process.

General Manager Pruim recommended staff meet with new Directors Boyd-Hodgson and Pennock separately from the Finance Committee to provide a more comprehensive review of the budget and to answer questions they may have.

The Committee concurred with General Manager Pruim's suggestion to schedule meetings with staff and Directors Boyd-Hodgson and Pennock.

Finance Manager Owen stated that a Finance Committee meeting is likely to be scheduled in February for the kickoff of the budget process for Fiscal Year 2021-2022.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:53 p.m.