

MINUTES OF A WORKSHOP OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
MONDAY, JUNE 27, 2016 AT 5:00 PM AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Sannella called the Board Workshop to order at the hour of 5:00 p.m.

Director Martin led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Hernandez
Director Martin
Director Sannella

Staff Present: Interim General Manager Scaglione
Legal Counsel Scott
Administrative Services Manager Emmanuel
District Engineer Gumpel
Operations & Maintenance Manager Pedrazzi
Finance Manager Fusco
Accounting Supervisor Owen
Financial Analyst Arthur
Executive Secretary Posvar
Administrative Secretary Johnson

ADOPT AGENDA FOR THE WORKSHOP OF JUNE 27, 2016

16-06-19 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to adopt the agenda for the Board Workshop of June 27, 2016.

PUBLIC COMMENT

None.

ITEM FOR DISCUSSION

PROPOSED FISCAL YEAR 2016/2017 BUDGET

Interim General Manager Scaglione provided a handout to the Board that outlined recommended cuts and deferrals as directed by the Board at the June 6 Board Workshop.

Director Martin inquired on the history of previous budget timelines as well as the Proposition 218 process. General discussion on the Proposition 218 timeline took place. During general discussion, Director Hernandez requested information be provided at the next Board meeting outlining the impacts between an October or December Proposition 218 notice distribution to customers. General discussion continued.

Interim General Manager Scaglione reviewed portions of the proposed budget document which included the transmittal letter, budgetary considerations, water graphs budget and the revenue summary.

Financial Analyst Arthur reviewed the proposed budget focusing on revenue items and water purchases, which usage included behavior, growth factors and rates. He also reviewed the rate tiers as well as the ready-to-serve charge. General discussion followed.

Interim General Manager Scaglione reviewed changes from the May 13, 2016 draft proposed operating budget which consisted of materials and services for water and sewer. He also reviewed personnel changes. General discussion followed.

Operations & Maintenance Manager Pedrazzi reviewed the materials, supplies and services budget amounts for the Operations and Maintenance department. Principal Engineer Gumpel reviewed changes to outside services. Finance Manager Fusco reviewed Information Technology items that can be reduced/deferred. Accounting Supervisor Owen reviewed dues and subscriptions to various organizations; reductions in outreach and advertising as well as reductions in branding consulting, outreach and newsletters for North San Diego Economic Development Council. General discussion took place.

Director Hernandez inquired on the list of memberships and dues that had been previously requested. Finance Manager Fusco responded that he is working on the list and will provide it to the Board tomorrow. Discussion also took place on Board of Directors' fees and expenses.

Financial Analyst Arthur reviewed comparisons on three scenarios for rate increases. The comparisons reviewed for a three year term were 5%, 5%, 5%; 7%, 4%, 4%; and, 6.4%, 4.5%, 4.5%. General discussion followed.

President Sannella inquired on dues and subscriptions to various organizations and possible reductions. General discussion followed. Director Martin inquired if there is a list for FY 15/16 of all discretionary monies that this Board and previous Boards approved and was paid out or a warrants list with those payments so they know exactly what the Board spent money on last year that has continued without their knowledge. Finance Manager Fusco stated that what has been done in the past is to include a line item in the budget – dues and subscriptions. Ordinance 194 contains a list of organizations that the Board has chosen to belong to. He further stated that he is working on the list of those organizations and which ones have been paid to provide to the Board.

Director Sannella inquired about the Public Awareness and Conservation program. Interim General Manager Scaglione stated that outreach and advertising has been reduced by \$18,000, which included a reduction of \$12,500 for branding and consulting and elimination of newsletters prepared for North San Diego Economic Council as well as the part time position.

Operations and Maintenance Manager Pedrazzi reviewed the sewer portion of the budget and stated that the cuts are very similar to the water portion of the budget. Reductions have been made in training services, outside services, Meadowlark staff training services, computer services, contingency account funds, materials and chemicals, as well as outside services.

Finance Manager Fusco reviewed/identified district positions that have been removed, deferred or will not be filled. In total, there is 2.85% in cuts to the operating budget as well as water and sewer. It does not include water purchases or wastewater treatment.

Discussion ensued on the possibility of establishing rates for a one year period or three years. Also discussed were the various rate options.

Director Hernandez motioned to approve the budget as presented. Director Martin seconded the motion. Discussion ensued

Following discussion, Director Martin rescinded his second on the motion by Director Hernandez.

16-06-20 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried 4 – 1 with Director Evans voting no, to approve the budget as presented by staff, with the rate of 5% as presented by staff, for one year as a maximum.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Workshop of the Board of Directors at the hour of 7:24 p.m.

Michael A. Sannella, President
Board of Directors
Vallecitos Water District

ATTEST:

Tom Scaglione, Secretary
Board of Directors
Vallecitos Water District