

**AGENDA FOR A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
MONDAY, MARCH 27, 2017 AT 3:00 P.M.  
AT THE DISTRICT OFFICE  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA**

CALL TO ORDER - DIRECTOR MARTIN

ITEM(S) FOR DISCUSSION

1. BUDGET REVIEW

OTHER BUSINESS

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 10:00 a.m., Friday, March 24, 2017.

---

Diane Posvar

MINUTES OF A MEETING OF THE  
FINANCE/INVESTMENT COMMITTEE  
OF THE VALLECITOS WATER DISTRICT  
MONDAY, MARCH 27, 2017 AT 3:00 P.M.  
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,  
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 3:00 p.m.

Present:                    Director Martin  
                                 Director Sannella  
                                 General Manager Pruim  
                                 Assistant General Manager Scaglione  
                                 Finance Manager Fusco  
                                 Operations & Maintenance Manager Pedrazzi  
                                 Accounting Supervisor Owen  
                                 Financial Analyst Arthur  
                                 Administrative Secretary Johnson

Others Present:        Director Evans

ITEM FOR DISCUSSION

BUDGET REVIEW

General Manager Pruim stated the purpose of the meeting was to provide the Committee with a broad overview of components in the preliminary proposed 2017/18 operating budget, specifically expenses. Discussion regarding capital projects and equipment will take place at a future meeting. Detailed line-by-line budget information was distributed to the Committee for their review before the next Finance/Investment Committee meeting at which staff will answer any questions the Directors have.

Finance Manager Fusco distributed handouts which he reviewed with the Committee that included the following information at a broad level and a more detailed level:

- Departmental Budget-to-Budget Variance and Explanations
- Water Operations Draft Budget for the Year Ending June 30, 2018
- Wastewater Operations Draft Budget for the Year Ending June 30, 2018
- 2017-18 Budget Request Materials & Services Budget Amounts
- Draft 2017-18 Personnel Budget
- Draft Budget for the Year Ending June 30, 2018 Salary and Benefit Recap
- Graph – Budgeted-to-Actual Fulltime Equivalent Positions

General discussion took place during which the projected cost increases for pumping, transmissions and distribution, water purchases, water quality, and services were reviewed in detail.

Director Sannella stated that in reviewing the proposed labor costs for Customer Accounts and IT, those are two departments that are somewhat commonly outsourced completely or

almost completely by water districts and other special districts. He asked if the District had performed an analysis of the potential cost savings by outsourcing those departments. He requested this type of information be provided to the full Board to consider if outsourcing would be worth it or not.

General Manager Pruim stated that with the upcoming retirement of the IT Supervisor, he is recommending a pilot project of six to nine months to outsource the management of the IT Department, with the four employees remaining in place.

General discussion took place regarding gathering information from other agencies that have outsourced some of their departments. General Manager Pruim suggested this subject could perhaps be more appropriately addressed in the Strategic Plan, and that he would need further direction from the Board regarding staffing analysis. He asked Director Sannella to forward him information on agencies he is aware of that are outsourcing functions to find out what process they went through, how the experience was, their before and after costs, and if they would do it again.

Operations & Maintenance Manager Pedrazzi commented that operations staffing is at the same level as 2011/2012 even though more facilities have come on line. As positions become open due to retirements, medical leaves, etc., management considers whether the positions need to be filled now or if they can be postponed.

General discussion took place during which the projected cost increases for building and grounds and engineering were reviewed in detail as well as the personnel budget and staffing levels.

General discussion took place concerning the comparison of actual expenses to budgeted expenses in preparing the budget. Directors Sannella and Martin expressed their concerns regarding rates in relation to over budgeting. An error was discovered in the Projected FY16-17 amount for water purchases which should be approximately \$4.9 million dollars higher than the stated \$21.6 million.

The Committee directed staff to present the information provided at this meeting to the full Board at the March 29 Board workshop. Additional information will include budget to actual comparison for FY15-16 and the correction of the projected FY16-17 water purchases. Copies of the handouts from this meeting will be provided to the full Board prior to workshop.

#### OTHER BUSINESS

None.

#### PUBLIC COMMENT

None.

#### ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:47 p.m.