

MINUTES OF A SPECIAL MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
TUESDAY, JANUARY 24, 2017 AT 4:30 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 4:30 p.m.

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

ITEMS FOR DISCUSSION

PROPOSITION 218 – PUBLIC HEARING NOTICE REGARDING RATES

Director Martin stated the purpose of this meeting was to discuss the time line for the Proposition 218 public hearing notice process regarding rates in order to establish meeting dates and determine what needs to be done and when.

General Manager Pruim stated that the presentation today included a time line with tentative dates for Finance/Investment Committee and Board workshop meetings, and that the budget process and the Proposition 218 process go hand-in-hand.

Finance Manager Fusco distributed copies of the budget calendar and provided a presentation on the Fiscal Year 2017/18 Budget Process as follows. General question and answer took place during and after the presentation.

- Budget
- Budget Process
 - Immediate Goals
 - Operating Budget Components
 - Capital Budget Components
 - Long-Term Goals
- Budget Calendar
- Historical Information
- Cost Reduction Efforts

General discussion took place during which the operating budget components and the process of obtaining data from the staff, supervisors and management (bottom up) were discussed. Director Sannella stated he would like the Board to discuss and consider

setting a target savings percentage that executive staff would need to determine how to meet. He would feel more comfortable doing that instead of just passing a 218 based on the information from the bottom up team. Director Martin stated the Board should look at staffing for further cost savings as well as insurances such as AFLAC.

General discussion took place regarding potential debt. Assistant General Manager Scaglione stated potential debt is reviewed during every budget process. New debt may be necessary for the San Marcos Interceptor and the District's portion of the EWA improvement plan as there are not enough funds in reserve for these projects.

FINANCE COMMITTEE MEETING SCHEDULE

Finance Manager Fusco stated that monthly meetings of this Committee are included in the budget calendar. All meetings are tentatively set for the last Wednesday of each month. March is the month when all of the necessary information for the budget starts coming together. For this reason, two Committee meetings are scheduled during March. A full Board workshop will be scheduled in May when a final draft proposed budget is complete, and a second full Board workshop may be scheduled if necessary to revise and refine the recommended budget.

General Manager Pruim stated that a full Board workshop is currently being scheduled for the end of January or early February. Director Sannella inquired about the starting time of the workshop, stating that as it is a public meeting, it should not be held in the middle of the day. Director Martin disagreed, stating that for the first workshop in January or February, it is not necessary to begin the meeting at 5:00 p.m. because at this point in time public participation will be minimal. It will be more important to schedule the workshop(s) in May later in the day as there most likely will be more public interest when more information is known.

Finance Manager Fusco stated the tentative date to present the recommended budget for adoption is June 7 at the Regular Board meeting which would give the Board enough time to make additional changes if necessary.

General Manager Pruim asked the Committee what information they would like to be provided at future Committee meetings. The following items were identified:

- Director Martin requested detailed information pertaining to salaries and the number of employees per department.
- Director Martin requested documentation to show that the District has done everything possible to cut costs in order to keep rate increases to a minimum before moving forward with the 218 notice.
- Director Sannella requested the purchasing policy (Resolution No. 1484) be complied with to bid out competing vendors that the Districts pays over \$100,000 per year.
- Director Sannella would like the Committee to look at outsourcing positions where possible, Board member expenses and Board member benefits. He

stated he has no interest in looking at employee benefits; he is happy with the employee MOU that was negotiated last year.

- Director Sannella would like to look at ways to increase revenue such as eliminating all of the District's current conservation restrictions if allowed by law.
- Director Sannella suggested possibly mandating a certain cost savings target that all departments would have to meet. He stated he has some numbers and percentages in mind, but he did not share that information.

General discussion took place regarding the feasibility and timing of conducting an efficiency study.

The consensus of the Finance/Investment Committee was to review all possible cost saving opportunities as well as ways to increase revenue before considering a rate increase.

OTHER BUSINESS

None.

PUBLIC COMMENT

Mike Hunsaker, member of the public, commented on the City of Escondido's recycling facility, the need for reserve capacity, and the issue of porosity of pipes.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 6:05 p.m.