

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, APRIL 25, 2018 AT 4:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 4:08 p.m.

Present: Director Martin
 General Manager Pruum
 Finance Manager Owen
 Financial Analyst Arthur
 Administrative Secretary Johnson

Absent: Director Sannella

ITEM(S) FOR DISCUSSION

2018/19 BUDGET REVIEW

Finance Manager Owen updated the Committee on the budget process to date, provided a draft of the FY 2018/19 budget, explained changes that have been made since the Committee met on March 22, and facilitated a presentation which included:

- Agenda
- Budget Calendar
- Budget to Actual - Water
- Budget to Actual - Sewer
- Operating Changes
- Draft Operating Budget – Water
- Draft Operating Budget - Sewer
- Salary and Benefit Estimates
- Draft Capital Budget
- Capital Improvement Projects by Function
- Reserve Projections – No Debt
- Reserve Projections – With Debt
- Next Steps – Budget Calendar

During general discussion, Director Martin asked about change order contingencies. Staff explained that they are calculated based on the contract value per District Ordinance No. 146.

Finance Manager Owen stated the draft water operating budget is 3.58% higher than last year due in part to the addition of the groundwater study and Northstar customer billing system review.

Question and answer took place regarding unbilled water, video production costs, meter additions, debt service payments and reserves.

Financial Analyst Arthur discussed water sales and purchases. He anticipates information on the fixed charges from the San Diego County Water Authority will be available in mid-May and anticipates a 3% demand increase from the current fiscal year to the next.

Finance Manager Owen stated the draft sewer operating budget is 1.06% less than last year. He further stated savings in salary and benefits are projected to be approximately \$1.3 million due to four retirements, four vacated positions, two employees on leave without pay and two employees working reduced schedules.

General discussion took place regarding the draft capital budget, carryover projects and the City of San Marcos Joint Capital Improvement Program (CIP) projects. Director Martin indicated he would like more information on the joint CIP projects at a future Board meeting.

Finance Manager Owen stated 12 new projects totaling \$3 million have been requested which is less than last year when there were 25 requests for \$5.5 million.

Finance Manager Owen provided a brief preview of the Five-Year Plan and explained debt service coverage and days in operating cash in relation to the District's AA+ rating.

A Board workshop will be scheduled for May 21 to review the proposed budget with the intent of adopting the approved budget on May 30.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:13 p.m.