



**VALLEY COUNTY WATER DISTRICT  
MINUTES FOR THE SPECIAL MEETING OF THE FINANCE COMMITTEE HELD  
FRIDAY, JULY 26, 2013**

**Committee Members Present:** Director Margarita Vargas, Chairperson  
Vice President Mariana Lake, Co-Chairperson

**Others Present:** Director Armando Macias  
Director Ken Woods

**Staff Present:** Lynda Noriega, General Manager  
Angela Skidmore, Finance & Administrative Manager  
Tom Mortenson, Operations & Maintenance Manager  
Victoria Pulido, Operations Assistant

Meeting called to order at 11:00 am.

**1. 2013-2014 Capital Improvement Budget**

- General Manager explained that the capital improvement budget was a working outline; added that prior to moving forward with any of the listed projects, all information related to the project would be presented to the Board of Directors for approval
- Director Vargas commented that the "TOTAL" column for the capital improvement budget was listed incorrectly
- General Manager reviewed the "TOTAL" column; confirmed that the totals were calculated incorrectly and that the amounts needed to be revised
- Vice President Lake commented that Operations had purchased the copier, scanner, and fax machine in the current fiscal year; asked why the "TOTAL" column did not have the correct total
- General Manager explained that the "TOTAL" column for all of the items needed to be corrected and updated
- Operations & Maintenance Manager explained that other than the water mainline replacement project, the option to proceed with any of the remaining projects was contingent on the progress of the Live Oak Avenue Reservoir Project
- General Manager reiterated that not many projects were outlined for the 2013-2014 fiscal year in order to pursue the Live Oak Avenue Reservoir Project; stated that Phase III of the water mainline replacement project was scheduled for the 2013-2014 fiscal year, which would complete the required upgrades near Baldwin Park High School; explained the proposed exterior repairs, new paint applications, and interior carpet replacements for the Administrative Office
- Director Lake stated that the Board of Directors previously proposed consolidating the Administrative Office with the Operations Office at the Clinton O. Nixon facility; explained that the project never progressed; added that the General Manager should consider remodeling and expanding the existing office space
- General Manager stated that this project was budgeted further out in the capital improvement plan
- Director Lake suggested that the Board of Directors and staff needed to consider the impact on the customers that moving the Administrative Office to the Clinton O. Nixon Facility would have; recommended expanding the current office space
- Operations & Maintenance Manager reported that he proposed the purchase of four vehicles for the 2013-2014 fiscal year and an additional three vehicles for the 2014-2015 fiscal year

- General Manager explained that the BPOU Nitrate Bypass Pipeline for nitrate management would be funded by a Proposition 84 grant from the California Department of Public Health

## **2. 2013-2014 General Operating Budget**

- General Manager stated that the operating budget was conservative as presented and contingent on several pending factors, including the proposed increases to the Watermaster and the San Gabriel Valley Water Association assessments; explained that the debt service obligation listed on the budget summary included the principle and interest payment that the District would be required to pay if it acquired financing for the Live Oak Avenue Reservoir Project; estimated that the bond would be about \$10 million; announced that with all expenses considered, the District would have a balanced budget of \$1,190,107 available for capital improvements; stated that the 2013-2014 operating budget projected an 8% increase in water sales and service based on the approved rate structure for the 2013-2014 fiscal year; anticipated a 29% decrease in interest revenue due to current market conditions and low, but stable, rates of return on investments; projected a 73 % increase in property tax revenue related to the dissolution of the city redevelopment agencies; Stated that employee salary expense for the current 2012-2013 fiscal year had come in under budget because of the current employee vacancies and turnover; announced that the 2013-2014 budgeted salary expense did not reflect a cost of living adjustment (COLA)
- Vice President Lake requested information for the recommended COLA
- General Manager explained that the recommended COLA would be reviewed as a separate item on the current Finance Committee agenda; reviewed the proposed 5% decrease in 2013-2014 budgeted benefits expense based on an overall 12% decrease in Blue Shield Advantage group health premiums and changes to Director health benefits
- Vice President Lake added that a previous Director used to take the most expensive health insurance offered by the District; added that the changes made by the Board of Directors also contributed to the decrease in benefit expense
- General Manager reported that the 2013-2014 budgeted energy expense was increased as a result of an analysis conducted by Southern California Edison related to their upcoming rate increases; commented that budgeted facility maintenance expenses were projected based on the District's actual expenses with additional contingencies considered for the 2013-2014 fiscal year
- Operations & Maintenance Manager stated that the paving replacement costs increased this year because projects that would typically be completed by District staff had to outsourced due to the recent employee vacancies and turnover
- General Manager explained that expenses for the Maine Street and Clinton O. Nixon GAC Treatment Facilities used to be reimbursed by the Cooperating Respondents; added that these expenses would be listed under water maintenance expenses since the Cooperating Respondents have not committed to reimbursing the expenses; added that these expenses would be considered by the Cooperating Respondents once a resolution to the nitrate management issue at the BPOU Treatment Facility was determined; stated that the 2013-2014 proposed Water Resource Development Assessment was a contingency built in to the budget since it has not been decided by the Watermaster Board of Directors whether the assessment would be implemented for 2013-2014 production or 2014-2015 production; explained that the 2013-2014 proposed administrative and general expenses were 23% higher than the current year due to the upcoming election expense, the anticipated increase in District Memberships & Dues related to the San Gabriel Valley Water Association, and the additional Continuing Education & Training related to employee development
- Vice President Lake stated the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) offered free training for employees; added that events approved with the consent calendar were open to the employees for attendance
- General Manger agreed that ACWA/JPIA provides certain types of management and supervisor training at no cost to the District since it is a member; added that the budgeted total considered additional training that is not offered through ACWA/JPIA; stated that the 2013-2014 proposed budget included an 11% decrease in the operations office and equipment expenses

- Director Vargas requested to go back to the administrative office and general expense; asked if the District should include an amount for the election expense every year
- General Manager stated that the District does not budget for the election expense every year since it does not incur an actual expense for those years when there is not a District related election
- General Manager reviewed the general operating budget summary

**3. Adjustments to 2012-2013 Proposed General Operating Budget**

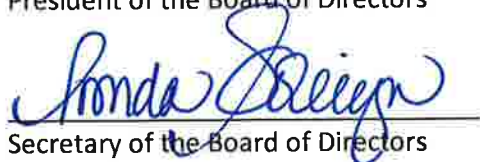
**a. Proposed Cost of Living Adjustment and Effect on Expenses**

- General Manager stated that both the Water Industry Salary Survey and Comparison and the Consumer Price Index Survey were used to calculate the recommended COLA of 2.0%
- Vice President Lake inquired if the General Manager was eligible to receive the COLA increase
- General Manager stated that she was not eligible for the COLA based on her employment contract
- Vice President Lake stated that she would support a 2.0% COLA increase for the employees
- General Manager reviewed the COLA effects on salary and benefit operating expenses
- Vice President Lake asked if the proposed budget would affect the anticipated job description reviews
- General Manager responded that throughout the 2013-2014 fiscal year, the Finance & Administrative Manager would be completing a comprehensive review of the job descriptions and salary offerings; commented that this review would not have an affect on the current budget; explained that any changes to the salary offerings would be proposed for the 2014-2015 budget
- Vice President Lake stated that she supported the recommended 2.0% COLA increase for the employees
- Director Vargas stated that she preferred a 1.5% COLA increase; requested that information pertaining to the 1.5% COLA be provided at a subsequent meeting
- General Manager asked the Committee if they consented to recommending the budget in its current form to the Board of Directors for approval
- Vice President Lake stated she preferred that the Committee review the corrections to the capital improvement budget prior to making a recommendation to the Board of Directors
- Director Vargas announced that she would not be attending the second Board of Directors meeting in August 2013; requested that the budget be presented to the Board of Directors at the Board of Directors meeting scheduled for August 12, 2013
- Vice President Lake requested a study session of the budget for the Board of Directors before the regular meeting on August 12, 2013
- The Committee consented that once the totals on the capital improvement budget were rectified, the General Manager should coordinate with the Finance Committee members to schedule a meeting

Meeting adjourned at 12:06 pm.

SIGNED:

  
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 President of the Board of Directors

  
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 Secretary of the Board of Directors

(OFFICIAL VCWD SEAL)