

**MINUTES OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
WALNUT VALLEY WATER DISTRICT**

**April 24, 2014
At the Offices of the District**

DIRECTORS PRESENT:

Barbara A. Carrera, President
Theodore L. Ebenkamp
Scarlett P. Kwong
Allen L. Wu (arrived at 4:48 p.m.)
Edwin Hilden

STAFF PRESENT:

Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Brian Teuber, Director of Finance
Gabriela Sanchez, Executive Secretary
Carmen Fleming, Executive Assistant
Jim Ciampa, Legal Counsel

DIRECTORS ABSENT:

None

The meeting was called to order at 4:02 p.m. with President Carrera presiding.

Guests and others in attendance: Mr. Sanjay Gaur of Raftelis Financial Consultants

Item 3: Public Comment –President Carrera

- ◆ There were no requests.

Item 4: Review of 2013 Rate Model Study

- ◆ The Board received a PowerPoint presentation reviewing the 2013 Rate Model Study prepared by Mr. Sanjay Gaur of Raftelis Financial Consultants, Inc. The presentation provided a review of the District's financial policies, a 5-year financial plan, and 5-year proposed rates forecast.
- ◆ The Board was then asked to review and comment on the proposed rate model scenarios included in the presentation. Mr. Gaur advised that each model takes into consideration the pricing objectives ratified by the Board at the November 21, 2013 Special Board meeting. Following discussion regarding the components of the scenarios, Board direction was given to provide additional rate model scenarios demonstrating fixed revenue between the 24%-30% range. An additional request was made for a rate survey of neighboring water agencies.

Item 5: Fiscal Year 2014-15 Draft Budget Overview

- ◆ The Board viewed a PowerPoint presentation detailing the various elements of the District's proposed FY 2014-2015 Budget. A summary of Budget priorities, proposed cost-control efforts, major expenses, debt service, and revenue were provided.
- ◆ Discussion was held regarding purchased water projections and related observations for FY 2014-15. The General Manager noted projections are based on a three-year average and incorporate the effects of water conservation, economic and hydrologic impacts. With that said, WVWD water purchases for the upcoming fiscal year are projected at 20,044 acre feet. Staff noted MWD has approved a 1.5% water rate increase effective January 2015, and with all water related charges included from MWD and TVMWD, the increase to the District is 3.7%.
- ◆ Mr. Teuber took a moment to review the District's projected personnel costs. He noted that proposed salaries, benefits, and employer costs for FY 2014-15 are projected to increase by 5.09% when compared to FY 2013-14. The first component impacting the budgeted amounts for FY 2014-15 is the Cost-of-Living-Adjustment (COLA) for 2015 (which is subject to negotiations and Board approval.) A projected COLA of 3.85% (less the buy-back of 1%) was included in the proposed FY 2014-15 Budget. Second is the District's PERS contribution and third, the estimated medical premium increase of 10% effective January 1, 2015 for medical, and 5% increase for dental.
- ◆ Staff continued in discussion regarding debt service and budget-related items such as projected revenue and projected expenses. Following their review of budget materials, staff proposed presenting the budget for further discussion and possible adoption at the May 23, 2014 (4:00 p.m.) Special Board meeting.

Adjournment at 6:12 p.m.

Motion No. 14-04-624: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and unanimously carried (5-0), to adjourn the meeting.*

President Carrera indicated Motion No. 14-04-624 was approved by a 5-0 vote