



**VALLEY COUNTY WATER DISTRICT
MINUTES FOR THE MEETING OF THE FINANCE & CAPITAL IMPROVEMENTS COMMITTEE HELD
THURSDAY, JUNE 15, 2017**

- Committee Members Present:** President Paul Hernandez, Chairperson
Vice President Lenet Pacheco, Co-Chairperson
- Staff Present:** General Manager, Jose Martinez
Finance & Customer Service Manager, Jandy Macias
Operations & Maintenance Manager, Tom Mortenson
Executive Assistant/Board Liaison, Colleen Malaiba
- Others Present:** Director Mariana Lake
Director David L. Muse
Director Margarita Vargas
Alfonso Contreras, Upper San Gabriel Valley Municipal Water District

A. CALL TO ORDER

The meeting of the Finance & Capital Improvements Committee held on Thursday, June 15, 2017, was called to order at 8:00 am by President Hernandez.

B. PUBLIC COMMENT

- No comment

C. DISCUSSION/INFORMATION ITEMS

1. Review DRAFT 2015-2016 Audited Financial Statements

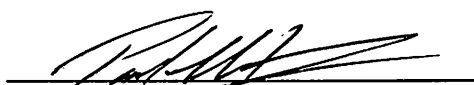
- Finance & Customer Service Manager
 - Reviewed that the financial statements were evaluated by the Vicenti, Lloyd, & Stutzman to be presented fairly and all material respects
 - Stated that overall operating revenues decreased by 11.05% as a result of decreased in Project Reimbursements and Settlement Revenue attributed to the Baldwin Park Operable Unit
 - Stated that Operating Expenses decreased by 13.69% primarily due to decrease in Water Purchases and decreases in Transmission and Distribution Expenses
 - Stated that the change in Total Net Position between fiscal year ending August 31, 2015 and fiscal year ending August 31, 2016 was \$1,771,298
- President Hernandez asked what recommendations the auditors had
- Finance & Customer Service Manager stated that they discussed streamlining job processes so that they be closed sooner
- President Hernandez asked about the District's status on unfunded liabilities
- Finance & Customer Service Manager said that an actuarial evaluation was scheduled to be conducted within the next fiscal year
- Vice President Pacheco stated that she was concerned about the four Identified Findings listed by the auditors within the Independent Auditors Report
- General Manager stated that the District utilizes the audit to identify areas where daily operations can be improved

- Finance & Customer Service Manager stated that she would review the recommendations provided by the auditors and formulate new policy procedures for the recommended areas
2. *Review DRAFT Resolution of the Board of Directors of Valley County Water District Adopting the Audited Financial Report for the Fiscal Year Ended August 31, 2016*
 - General Manager stated that the resolution was a standard form for the board to approve the audited financial statements
 3. *Review DRAFT Resolution of the Board of Directors of Valley County Water District Transferring Funds Unappropriated as of August 31, 2016 to the Capital Improvement and Replacement Fund*
 - Finance & Customer Service Manager stated that the transferring of unappropriated funds is an annual accounting procedure
 - General Manager stated that the action is used to account for transactions that have occurred throughout the year
 4. *Review the Year-To-Date Totals for the 2016/2017 General Operating Budget*
 - Finance & Customer Service Manager reviewed the year-to-date budget totals
 - General manager stated that he anticipated changing from the current fiscal year (September 1 – August 31) to the water fiscal year (July 1 – June 30) in the 2018/2019 fiscal year
 5. *Review Amendment 1 to the Consulting Services for the Water Rates Study Conducted by Raftelis Financial Consultants*
 - General Manager
 - Stated that after conducting customer impact scenarios based on the proposed rate structure, it was determined that a new customer class would be needed to identify multifamily accounts
 - Stated that Raftelis Financial Consultants (RFC) requested an amendment to the existing rate study agreement in order to cover the additional work not anticipated in the original scope of work
 - President Hernandez asked if offering an incentive for installing individual meters would benefit these multi-family customers, as it may result in better meter readings and possible increased water conservation
 - Stated that the District could work with the City of Baldwin Park to recommend changes to construction standards mandating individual meters
 - General Manager
 - Reviewed the draft of the potential rates
 - Discussed doubling the amount of units included in each tier
 - Stated that he would present the proposed rate structure and review the proposition 218 notification process for rates with the Board of Directors at an upcoming meeting
 - President Hernandez requested staff provide the Board of Directors with talking points in preparation for the public hearing
 - The Finance & Capital Improvements Committee agreed to recommend the approval of Amendment 1 of the Consulting Services for the Water Rate study conducted by Raftelis Financial Consultants
 6. *New and Old Business*
 - No other business discussed

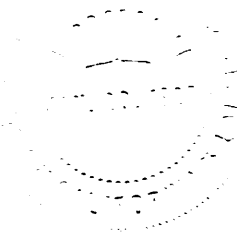
D. ADJOURNMENT

- The meeting of the Finance & Capital Improvements Committee held Thursday, June 15, 2017 was adjourned at 8:55 am by President Hernandez.

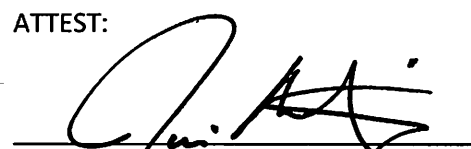
SIGNED:



 President of the Board of Directors
 (OFFICIAL VCWD SEAL)



ATTEST:



 Secretary of the Board of Directors



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