

*The minutes presented herewith are not a verbatim transcription of the Regular Board meeting held May 23, 2017. The intent is to provide a synopsis of key points of discussion and to chronicle decisions and actions taken by a quorum of the Board of Directors (ref: Roberts Rules of Order, Section 48). For more information or background, please refer to the applicable board packet.*

**MINUTES OF THE BUDGET WORKSHOP OF THE BOARD OF DIRECTORS OF THE  
RINCON DEL DIABLO MUNICIPAL WATER DISTRICT  
May 23, 2017**

A Budget Workshop of the Board of Directors of the Rincon Del Diablo Municipal Water District was held on Tuesday, May 23, 2017 at 6:00 p.m. at the offices of the District located at 1920 North Iris Lane, Escondido, California 92026.

**Directors Present:** Murtland, Lump, Drake, and Towne.

**Directors Absent:** Quist.

**District Staff Present:** Greg Thomas, General Manager; Clint Baze, Director of Engineering & Operations; Julia Escamilla, Public Services Information Officer; Tish Berge, Director of Administration and Finance; and Nick Lyuber, Senior Engineer.

**Legal Counsel Present:** Gerald Shoaf, Legal Counsel, Redwine & Sherrill.

President Murtland called the meeting to order at 6:00 p.m. Director Drake then led the Board of Directors and attendees in the Pledge of Allegiance to the Flag of the United States of America.

**ORAL COMMUNICATIONS TO THE BOARD**

There were none.

**AGENDA ITEMS**

**A. Fiscal Years (FY) 2017-18 and 2018-19 Budget Development.**

Tish Berge, Director of Administration and Finance started the presentation with the budget scenario the Directors approved at the May 16 Board meeting for the FY 2018-2019 and 2019-2020 budgets. The budgets assume 20 percent conservation and Level 1 rates and includes cost-containment measure. In addition, Board policy includes increases in revenues to fund capital projects and reserves.

The new budget includes increased transparency addressing best management practices from GFOA and CSMFO. The budget also incorporates Board feedback to provide more detail on staffing costs and provide more overviews to aid public reviewers.

Factors impacting the budget include:

- Increasing revenues or decreasing expenses and decreasing revenues
  - Increasing investment earnings
  - Debt service payment less than anticipated
  - Increased property taxes
- Decreasing revenues or increasing expenses
  - Increasing pension costs
  - Increasing public water system permit annual fee
  - Increase in emergency repair costs
  - Staff changes to meet public outreach, customer service, and engineering demands.

Additional factors include expenses moved from capital to operating, health costs controlled, and staffing. Staff has maintained a minimal 1.5 percent increase for overhead costs for the last 9 years.

Ms. Berge then reviewed the budget summaries. The budget consists of a Potable Water Fund, a Recycled Water Fund, and a Fire Fund and all are included in the budget.

Following the presentation, the Board asked questions. Ms. Berge and General Manager Thomas responded to the questions. Concerns identified by the Board included:

- Why the District was over budget in various line items on last years budget
- Staffing – Cost of engineering consultants (this consists of engineering consultants used during a vacancy, inspections, and includes consultants for special projects).
- Auditor and Consultant Fees - This line item includes expenses for additional required studies including the Capacity Fee Study, the Compensation Study, the Strategic Plan, and the Auditor.
- The results of the Cost of Service Fire Study should be memorialized or be codified in the Budget Report.
- Prior to hiring additional staff, the Board would like to move forward with the Two Tier Program for health benefits for a potential cost savings.
- Conservation grants are specifically used for conservation.

The budget will be presented to be approved at the June 27<sup>th</sup> Budget Meeting.

B. General Manager's Oral Report.

General Manager Thomas reported on the following:

- The Waste Water meeting will take place on June 21<sup>st</sup> at 6:00 p.m. (later changed to 11:30 a.m.)

**ADJOURNMENT**

There being no further business before the Board of Directors, the meeting was adjourned by President Murtland at 7:45 p.m.

**APPROVED:**



James B. Murtland, President

**ATTEST:** Wanda Cassidy  
Wanda Cassidy, Board Secretary