

MINUTES
SPECIAL FINANCE/PERSONNEL COMMITTEE
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, February 3, 2010
12:00 P.M.

1. Call to Order / Roll Call

The Special Finance/Personnel Committee of the THREE VALLEYS MUNICIPAL WATER DISTRICT was called to order at 12:00 p.m. by Chairman De Jesus at the District Office located at 1021 East Miramar Avenue, Claremont. All committee members were present

Committee	David De Jesus, Chairman Bob Kuhn Joseph Ruzicka
Staff Present	Liz Cohn, Sr. Financial Analyst Vicki Hahn, Executive Assistant Rick Hansen, General Manager James Linthicum, Chief Financial Officer Esther Romero, Accounting Technician Mike Sovich, Assistant General Manager, Engineering & Operations
Others Present	Ken Deck, Rowland Water District Dave Hamilton, City of Pomona Eric Hitchman, Walnut Valley Water District Fred Lantz, Pomona Citizen Ben Lewis, Golden State Water Company Brian Teuber, Walnut Valley Water District

2. Additions to Agenda

Staff provided a copy of a handout regarding the budget presentation that will be heard later in the proceeding. The handout was excerpted from the January 26, 2010 MWD Budget Workshop. The full MWD presentation is available on their website at www.mwdh2o.com or via email from Mr. Linthicum upon request.

3. Reorder of Agenda

There were not any requests to reorder the published agenda.

4. Public Comment

Chairman De Jesus opened the meeting to receive public comment on agenda items in areas of concern relative to the Finance-Personnel Committee. There were not any comments from members of the public.

5. Draft Budget Review Schedule FY 2010-11

Staff reviewed the draft budget schedule that was included as part of today's meeting packet. There were not any changes from the previously published schedule.

Staff reported that MWD has scheduled their public hearing regarding rates and charges for March 8, 2010. The budget and rates will be sent to the MWD board for approval during their April meeting. Based upon this schedule, TVMWD anticipates having a final budget available for adoption by the TVMWD Board during their May 2010 meeting.

6. MWD FY 2010-11 Budget and 2011 Rate Update

Staff reviewed the handout provided from the January 26, 2010 MWD Budget Workshop and fielded questions from those present. Highlights included:

- Benefits of meeting full cost of service
- Key financial policies
- Importance of coverage ratios and related impacts
- Impacts of bond rating downgrade
- Rates scenarios and assumptions

Following the presentation there were several inquiries and commentary regarding how the MWD rates will fall out. TVMWD Board, staff and member agencies all were in support of taking a larger increase now to stabilize rates going forward. Chairman De Jesus indicated that this has been discussed during the board proceedings at MWD, however there is not consensus among the directors.

Staff reported that it is anticipated that the Water Supply Allocation Plan (WSAP) will be continued for fiscal year 2010-11 at Stage 2. The decision regarding this will also be made in April.

7. TVMWD FY 2010-11 Draft Budget

Staff summarized the fiscal year 2010-11 draft budget. The increase from MWD is anticipated to be \$74 per acre-foot. Two changes regarding the TVMWD budget and rates are being considered:

- Use a true melded rate based upon all operating expenses
- Increase the budgeted water sales from the Miramar plant to 22,000 acre-feet.

Based upon these considerations the projected rate from TVMWD will be \$774 per acre-foot, \$1 less than the projected MWD rate. This budget is based on 70,400 total acre-feet. Even at Stage 2 WSAP (64,000 acre-feet), the projected rate from TVMWD would still be \$1 per acre-foot less than the projected MWD rates.

In addition, funds from the water rate stabilization reserves will be used to forgo collecting any fixed charges during 2011 in an effort to offer rate relief to the TVMWD member agencies.

Staff reported that the Planning and Resource Budget and Asset Repair and Replacement Budget were discussed at this morning's Project Planning and Development Committee and passed through for budget development at the Finance Committee. It was noted that there are not any new capital projects included in the current draft budget. If new capital projects arise during fiscal year 2010-11 TVMWD will follow its previously established protocols with member agencies to include – who, what, when, why and how.

8. Chief Finance Officer Oral Update

Staff reported that the next MWD Budget workshop is scheduled for February 16, 2010 at 12:30 p.m.

Staff also advised those present that in the recent California Special Districts monthly publication there was an article that outlined reimbursement for compliance with the Brown Act in accordance with Senate Bill 90. Member agencies were encouraged to review and apply for these reimbursements.

9. General Manager Oral Update

General Manager Hansen did not have any further update to share with the Committee.

10. Future Agenda Item

- Budget Schedule Update

11. Adjournment

Chairman De Jesus adjourned the meeting at 1:15 p.m. to the next regular meeting scheduled for Wednesday, March 3, 2010 at 9:30 a.m. Note that the time change is permanent. Meetings will continue to be held the first Wednesday of each month.

/s/ David De Jesus
Chairman, Finance Committee
Three Valleys Municipal Water District

Recorded by: Victoria A. Hahn
Executive Assistant