

MINUTES OF THE FINANCE COMMITTEE  
OF MT. VIEW SANITARY DISTRICT  
MAY 26, 2010

The Finance Committee of the Mt. View Sanitary District convened a duly Noticed Committee Meeting at the Mt. View Sanitary District Conference Room, 3800 Arthur Road, Martinez, County of Contra Costa, State of California on May 26, 2010, at 9:00 a.m.

ROLL CALL

PRESENT: Vice President Elmer J Schaal (Chair) and President Stanley R. Caldwell

ABSENT: None

Also Present: STAFF – District Manager Michael D. Roe, Assistant District Manager Neal Allen

PUBLIC COMMENT

None

DISCUSSION OF MVSD FISCAL 2010-2011 BUDGETS

A. DISCUSSION OF PROPOSED MVSD FISCAL YEAR 2010-2011 BUDGETS

District Manager Roe, Assistant District Manager Allen and Office Manager Riddle presented a draft District Budget for all funds. The draft operations and maintenance budget (Fund 3409) for FY 10/11 represents an overall 15% reduction compared to the current year's budget. The proposed budget does not require the use of reserves to fund operations and maintenance and meets the District's recommended minimum fund balance (7 months of operating expenses plus \$1 million).

The proposed budget assumes a Consumers Price Index (CPI) adjustment increasing the User Service Charges by 1.8% (latest available information). Other key assumptions driving the Fund 3409 Operations and Maintenance Budget are:

- Includes a proposed Cost of Living Adjustment (COLA) to employee wages of 2%

- Assumes all eligible employees will receive merit increases (including merit increase for the District Manager)
- Includes prefunding for Other Post Retirement Benefits (OPEB) in the amount of \$189,000.
- Represents a full time equivalent (FTE) staffing level of 16
- Recognizes that current staffing (15 approved positions filled) allows for reduction in Professional Services and Contractual Services totaling approximately \$500,000.
- Recognizes the benefit of plant operational changes that have reduced overall chemical costs by approximately \$25,000
- Recognizes improvements to digester heating reducing overall fuel cost by approximately \$10,000
- Includes minor cost increases associated with greater stand-by and overtime hours to provide 7 day per week coverage of the District Treatment Plant and Collection System Pump Stations.

One key finding identified by staff is that existing User Service Charges do not support an on-going Capital Improvement Program. The proposed budgets for Facilities Rehabilitation (3410), Capital Out (3412), and Construction (3415) reflect this determination as described below:

#### **Fund 3410 Facilities Rehabilitation Budget**

- Reflects unbudgeted Ad Valorem transfers
- Increased planned expenditures to protect manholes downstream of pump stations to address hydrogen sulfide corrosion
- Increased planned expenditures to perform "spot" pipeline repairs to address identified defects
- Includes budget to replace aging lab equipment

#### **Fund 3412 Capital Outlay**

- Reflects staff recommendation to delay large capital expenditures until completion of System Reliability Evaluation (SRE) provides comprehensive picture of capital need
- Includes budget of increased security measures (fences, automatic gates and cameras) to potentially offset existing security services contract
- Includes one new pick-up to accommodate larger staff
- Includes \$150K for early start should time critical project be identified by SRE.

#### **Fund 3415 Construction**

- Includes full funding (\$126K) for the SEP project in FY 10/11
- Includes estimate of remaining planned expenditures for Pump Station 1 Rehabilitation Project

B. PROVIDE DIRECTION TO STAFF

The Committee directed staff to present the proposed FY 2010-2011 District Budget to the full Board for consideration at the regularly scheduled Board meeting to be held on June 10, 2010.

ADJOURNMENT

Business having been concluded, the meeting was adjourned at 10:38 a.m.



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Neal B. Allen, Assistant District Manager