

**ADMINISTRATION AND FINANCE
COMMITTEE MEETING
AND
SPECIAL MEETING OF THE
BOARD OF DIRECTORS**

**Thursday, March 26, 2020
4:00 P.M.**



602 E. Huntington Drive, Suite B
Monrovia, CA 91016

(626) 443-2297
www.upperdistrict.org

Committee Members:

Alfonso "Al" Contreras, Chair
Charles M. Treviño, Vice-Chair

SPECIAL NOTICE - Teleconference Accessibility

Pursuant to Executive Order N-29-20 issued by Governor Newsom in response to the COVID-19 outbreak and as a precaution to protect both staff, our constituents, and elected officials, the Upper District will hold its Administration and Finance Committee meeting and special meeting of the Board of Directors via teleconference or the most rapid means of communication available at the time. The public may participate in the teleconference by calling the number below:

Conference Call-In: (877) 411-9748 Participant Code: 8736969

Public comments may be made through teleconference when prompted by the Chairman during the public comment period. Public comments may also be provided by emailing christy@usgvmwd.org in advance of or during the meeting. Please indicate "PUBLIC COMMENT" in the subject line.

If you have difficulty connecting to the teleconference line, please call (626) 443-2297 or email valeria@usgvmwd.org

*The Administration and Finance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Administration and Finance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Administration and Finance Committee will not vote on matters before the Committee.

Communications

1. Call to Order.
2. Public Comment.

Discussion/Action

3. Resolution No. 4-20-608, Initiating Proceedings for the Establishment of a Water Availability or Standby Charge for Fiscal Year 2020/21. *(Staff memorandum enclosed.)*

Oral Reports

4. Proposed General and Administrative Budget for FY 2020/21.

Other Matters

- 5.

Adjournment

Next Meeting: Thursday, April 23, 2020 at 5:00 p.m.

American Disabilities Act Compliance

Government Code Section 54954.2(a)



To request special assistance to participate in this meeting, please contact Upper District at (626) 443-2297 or valeria@usgvmwd.org at least 24 hours prior to meeting.



MEMORANDUM



ITEM 3.

DATE: March 24, 2020
TO: Administration and Finance Committee and Board of Directors
FROM: General Manager
SUBJECT: Resolution No. 4-20-608, Initiating Proceedings for the Establishment of a Water Availability or Standby Charge for Fiscal Year 2020/21.

Recommendation

Staff recommends that the Board of Directors:

1. Adopt Resolution No. 4-20-608;
2. Schedule a public hearing on May 27, 2020; and
3. Instruct the General Manager to publish notice of the hearing as required by statute.

Background

Since Fiscal Year 1992-93, the Upper District has utilized revenues generated from a water availability standby charge to fund its water conservation and water recycling program capital budgets. That charge was originally established at \$10 per acre/parcel for parcels of land within the District boundaries. If the standby charge is reauthorized for fiscal year 2020/21 at a rate of \$10 per acre/parcel, approximately \$2.05 million in revenue will be generated for the year. Standby charge revenue will be utilized to fund the water recycling and conservation programs.

The attached resolution initiates proceedings for the consideration of a water availability standby charge for fiscal year 2020/21. The resolution also establishes May 27, 2020 as the public hearing date regarding the proposed reauthorization of the water availability standby charge as required under Government Code Section 53753.

Attachments

RESOLUTION NO. 4-20-608

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
INITIATING PROCEEDINGS FOR THE ESTABLISHMENT OF A
WATER AVAILABILITY OR STANDBY CHARGE FOR
FISCAL YEAR 2020/21**

WHEREAS, the Upper San Gabriel Valley Municipal Water District, herein after referred to as "Upper District", has initiated the design and implementation of the San Gabriel Valley Water Recycling Program; and

WHEREAS, the Upper District has executed a Memorandum of Understanding to implement Best Management Practices for Urban Water Conservation requiring the development of comprehensive conservation programs; and

WHEREAS, the Upper District has undertaken a Recycled Water Program and a Water Conservation Program that shall require an increased stable revenue source for implementation; and

WHEREAS, the state legislature has provided the Upper District with statutory powers to impose water standby or availability of service charges, by and through Water Code Section 71638 et seq., in addition to preexisting District powers to set rates and charges; and

WHEREAS, rapidly fluctuating water supply conditions have demonstrated the economic and political deficiencies in relying on water sales as the sole alternative revenue source to ad valorem taxes, inasmuch as obtaining reasonably stable revenues from water sales would require rate increases of unacceptable percentages to occur in order to implement necessary water recycling and water conservation projects in a timely manner; and

WHEREAS, the Upper District's financial advisors have counseled this Board that a lack of a stable annual revenue source would significantly and adversely impact the Upper District's ability to fund the development and implementation of long term water recycling and water conservation projects required by the Community to achieve water supply reliability; and

WHEREAS, a program of water standby or availability of service charges collected on parcel or per acre basis would provide a stable and dependable annual revenue source which would allow implementation of necessary projects benefiting the entire Upper District service area; and

WHEREAS, information secured from the County of Los Angeles shows estimated revenues to be received from a water standby or availability of service charge of \$10.00 (Ten Dollars) per acre of land or \$10.00 (Ten Dollars) for each parcel of land less than an acre, would be approximately \$2,050,000.00 (Two Million and Fifty Thousand Dollars); and

WHEREAS, in order to fix such a charge by ordinance pursuant to Water Code Sections 71638, et seq., it is necessary to set forth by resolution the schedule of the proposed charges and give notice of a public hearing; and

WHEREAS, the General Manager and staff believe the proposed recommendation is fair, proper and necessary in order to fund the foregoing programs within the existing service area of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT as follows:

Section 1. In accordance with applicable law, a public hearing is hereby set to receive public comment on the implementation of a water standby or availability of service charge on all lands within the Upper District. Said public hearing shall be conducted at the **Upper San Gabriel Valley Municipal Water District Office, 602 E. Huntington Drive, Suite B, Monrovia, California on May 27, 2020 at the hour of 9:00 a.m.**, or as soon thereafter as the matter can be heard for the purpose of considering the adoption of an Ordinance fixing a water availability standby charge on or before the third (3rd) Monday of August, 2020; pursuant to the Water Code Sections 71638, et seq.

Section 2. The imposition of such a charge for Fiscal Year 2020/21 is \$10.00 (Ten Dollars) per acre of land, or \$10.00 (Ten Dollars) per parcel of land less than one acre within the boundaries of the Upper District.

Section 3. The General Manager/Secretary of the Upper District is hereby directed to cause due notice of the public hearing to be given in compliance with the applicable state law.

Section 4. The General Manager shall cause a written Engineer's Report to be prepared and filed with the Secretary of the Upper District and made available for public review on or before May 13, 2020. Said report shall be designed to provide the Board and the public with information describing the benefits which create the basis for water standby or availability of service charges as described herein.

Section 5. The General Manager shall cause any and all necessary acts to occur so as to implement this Resolution and conduct the Upper District's public hearing on the proposed water standby or availability of service charge.

PASSED, APPROVED, AND ADOPTED this 8th day of April, 2020.

AYES:

NOES:

ABSTAIN:

ABSENT:

Ed Chavez, President

ATTEST:

Anthony R. Fellow, Secretary

(SEAL)

APPROVED AS TO FORM:

Steven P. O'Neill, District Counsel



FY 2020-21 General and Administrative Budget

**Joint Meeting of the Board of Directors and the
Administrative and Finance Committee**

March 26, 2020



Budget Highlights

**Total
proposed
Admin budget
- \$2.97 million**

Election Costs

Rising prices and CPI

CalPERS Contributions

Administrative Expenses

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
ADMINISTRATIVE EXPENSES			
Personnel Expenses			
Employee Salaries	1,511,000	1,511,000	1,585,000
Employee Benefits	328,000	339,000	339,000
Retired Employee Benefits	60,000	60,000	62,000
Employee Travel/Conference	50,000	60,000	60,000
Sub Total	1,949,000	1,970,000	2,046,000
Director Expenses			
Director Compensation	216,000	216,000	216,000
Director Benefits	140,000	141,000	141,000
Retired Director Benefits	45,000	58,000	42,000
Director Public Outreach	25,000	25,000	25,000
Director Travel/Conference	40,000	50,000	50,000
Sub Total	466,000	490,000	474,000
Pension/OPEB Expense			
CalPERS-Employees, Directors, Retirees	555,000	555,000	621,000
Sub Total	555,000	555,000	621,000



Administrative Expenses

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
ADMINISTRATIVE EXPENSES			
Office Expenses			
Office Supplies/Equipment	75,000	95,000	95,000
Equipment Operations & Maintenance	15,000	30,000	20,000
Computer Systems	50,000	50,000	65,000
Assessments	67,000	67,000	69,000
Meeting Expense	20,000	30,000	30,000
Sub Total	227,000	272,000	279,000
Facility Expenses			
Building Maintenance	3,000	3,000	8,000
Liability/Property Insurance	65,000	60,000	67,000
Office Lease	241,800	241,800	246,600
Telephone/Utilities	21,000	21,000	25,000
Sub Total	330,800	325,800	346,600

Administrative Expenses

	FY 2019-20 FORECASTED	FY 2019-20 BUDGET	FY 2020-21 BUDGET
ADMINISTRATIVE EXPENSES			
Professional Services			
Legal/Financial	88,000	88,000	88,000
Engineering	108,000	110,000	120,000
Auditor	30,000	37,000	37,000
Outside Services	100,000	100,000	100,000
Public Information/Outreach	3,000	3,000	3,000
Sub Total	<u>329,000</u>	<u>338,000</u>	<u>348,000</u>
Other Expenses			
Election Costs	0	-	517,700
Sub Total	<u>0</u>	<u>-</u>	<u>517,700</u>
Allocation to Projects and Programs			
Salaries/Overhead Allocated to Projects	(1,589,900)	(1,589,900)	(1,667,800)
Sub Total	<u>(1,589,900)</u>	<u>(1,589,900)</u>	<u>(1,667,800)</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>2,266,900</u>	<u>2,360,900</u>	<u>2,964,500</u>



Budget Summary

\$Millions	Forecasted 2019-20	Budget 2019-20	Budget 2020-21	Budget to Budget Change	%
Administrative					
Personnel	2.50	2.53	2.67	0.14	5.5%
Director expenses	0.47	0.49	0.47	(0.02)	-4.1%
Office/facility expenses	0.56	0.60	0.63	0.03	5.0%
Professional services	0.33	0.34	0.35	0.01	2.9%
Other	-	-	0.52	0.52	n/a
Capital project/program allocation	(1.59)	(1.59)	(1.67)	(0.08)	5.0%
Total Administrative	2.27	2.37	2.97	0.60	25.3%

