



**PICO WATER DISTRICT
FINANCE STANDING COMMITTEE MEETING**
4843 S. Church Street
Pico Rivera, California, 90660

10:00 AM Friday, November 18, 2022

AGENDA

Pursuant to the provisions of Government Code Section 54953(e), as amended by AB 361, any Board member and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Zoom link below to join by webcam or teleconference.

Any member of the public wishing to make any comments to the Board may do so through that Zoom link. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment. Members of the public wishing to make a comment are asked to state their name for the record and will be provided three (3) minutes to comment, the Board secretary will alert those commenting when they only have 30 seconds remaining. All members of the public will be disconnected from the Zoom link immediately before the Board of Directors adjourns into Closed Session.

<https://us06web.zoom.us/j/9521779948?pwd=dGNxcXh3YitEc2NlVVdrUzVvNm4rZz09>

Phone +1 669 900 6833

Meeting ID: 952 177 9948

Passcode: 421745

1. Roll Call of Committee Members: Victor Caballero – Chair
Pete Ramirez – Vice Chair
David Gonzales – Alternate
2. Time Reserved for Public Comments.
Members of the public shall be allowed three minutes to address the Board on any matter

*on the agenda and/or within the jurisdiction of the District, which is not on the Agenda. All comments should be addressed to the presiding officer of the meeting. Additional public comments shall be allowed when a listed agenda item is being considered, but such comments made at that time must be confined to the subject that is being discussed at the time such comments are made. Members of the public are asked to state their name for the record. Due to all Board Meetings being run as Zoom Meetings all participants will be placed on mute at the start of the meeting and when the meeting is open for public comment the participant will be asked to raise their hand through the button on the video conference screen if participating by video conference or by pressing *9 on their phone if participating by teleconference.*

3. Discussion Items.
 - A. Presentation of 2023 Budget by Eide Bailly
 - B. Discussion of 2023 Budget
4. Time Reserved for Director's Comments.
5. Adjournment.



Pico Water District

2023 Proposed Budget

Schedule A

	A	B	C	D = C-B	E = D/B
	Adopted Budget 2022	Projected Year-End 2022	Proposed Budget 2023	\$ Difference	% Difference
1 OPERATING REVENUES					
2 WS 1 - Potable Water Charges	\$ 2,213,695	\$ 2,220,200	\$ 2,308,900	\$ 88,700	4%
3 WS 2 - Recycled Water Charges	44,000	60,000	60,000	-	0%
4 MS 1 - Meter Charges	1,330,224	1,507,000	1,597,500	90,500	6%
5 MS 2 - Multi Unit Charges	-	-	-	-	0%
6 MS 3 - Fire Protection Charges	57,200	78,200	82,900	4,700	6%
7 Infrastructure Surcharge [RESTRICTED]	409,450	415,600	425,000	9,400	2%
8 <u>Misc. Charges</u>					
9 Late Fees & Other Water Charges	39,475	82,900	73,800	(9,100)	-11%
10 Backflow Program	23,300	33,300	33,300	-	0%
11 Water Rights Income	45,000	18,500	18,500	-	0%
12 Capacity Charge	-	20,500	-	(20,500)	-100%
13 TOTAL OPERATING REVENUES	4,162,344	4,436,200	4,599,900	163,700	4%
14 OPERATING EXPENSE					
15 Source of Supply	1,233,768	1,197,000	1,254,700	57,700	5%
16 Pumping	470,468	535,000	580,000	45,000	8%
17 Water Treatment	117,668	118,800	127,300	8,500	7%
18 Transmission & Distribution	206,268	171,200	186,300	15,100	9%
19 Customer Accounts	198,769	209,600	221,200	11,600	6%
20 General & Administrative	1,353,076	1,383,900	1,528,700	144,800	10%
21 COVID-19 Salaries	5,000	4,500	-	(4,500)	-100%
22 TOTAL OPERATING EXPENSE	3,585,017	3,620,000	3,898,200	278,200	8%
23 OPERATING INCOME (LOSS)	577,327	816,200	701,700	(114,500)	-14%
24 NON-OPERATING INCOME					
25 Interest & Investment Income	35,000	17,400	21,800	4,400	25%
26 Grant Revenue	-	-	-	-	0%
27 Other Income	5,000	8,800	-	(8,800)	-100%
28 House Rental Income	20,400	20,400	22,400	2,000	10%
29 TOTAL NON-OPERATING INCOME	60,400	46,600	44,200	(2,400)	-5%
30 NON-OPERATING EXPENSE					
31 Loan Principal	-	163,900	169,900	6,000	4%
32 Interest Expense	240,254	240,300	234,200	(6,100)	-3%
33 Annual Loan Fee Expense	19,601	19,600	19,100	(500)	-3%
34 Other Non-Operating Expense	-	1,500	-	(1,500)	-100%
35 Rental House Expense	2,500	2,500	2,600	100	4%
36 TOTAL NON-OPERATING EXPENSE	262,355	427,800	425,800	(2,000)	0%
37 NET INCOME / (LOSS) BEFORE CAPITAL & DEPR.	375,372	435,000	320,100	(114,900)	-26%
38 Capital Improvement Projects (District Funded)	(1,020,000)	(115,700)	(703,200)	(587,500)	508%
39 Depreciation	(540,000)	-	-	-	0%
40 NET CHANGE IN CASH & INVESTMENTS	\$ (1,184,628)	\$ 319,300	\$ (383,100)	\$ (702,400)	-220%



Pico Water District

2023 Proposed Budget

Operating Expense Detail

Schedule B

	Adopted Budget 2022	Projected Year-End 2022	Proposed Budget 2023	\$ Difference	% Difference
1 OPERATING EXPENSE					
2 SOURCE OF SUPPLY					
3 Salaries & Wages	\$ 81,768	\$ 61,300	\$ 70,000	\$ 8,700	14%
4 Recycled Water	52,000	52,400	54,700	2,300	4%
5 Ground Water Replenishment	1,100,000	1,083,300	1,130,000	46,700	4%
6 TOTAL SOURCE OF SUPPLY	1,233,768	1,197,000	1,254,700	57,700	5%
7 PUMPING					
8 Salaries & Wages	202,768	209,400	240,000	30,600	15%
9 Maintenance	37,400	63,600	66,600	3,000	5%
10 Power	230,300	262,000	273,400	11,400	4%
11 TOTAL PUMPING	470,468	535,000	580,000	45,000	8%
12 WATER TREATMENT					
13 Salaries & Wages	12,668	16,600	20,000	3,400	20%
14 Maintenance	35,000	38,100	40,000	1,900	5%
15 Water Treatment Regulations	70,000	64,100	67,300	3,200	5%
16 TOTAL WATER TREATMENT	117,668	118,800	127,300	8,500	7%
17 TRANSMISSION & DISTRIBUTION					
18 Salaries & Wages	126,568	74,400	85,000	10,600	14%
19 Maintenance	58,700	67,700	69,500	1,800	3%
20 Vehicle Maintenance & Fuel	21,000	29,100	31,800	2,700	9%
21 TOTAL TRANSMISSION & DISTRIBUTION	206,268	171,200	186,300	15,100	9%
22 CUSTOMER ACCOUNTS					
23 Meter Reading Labor	27,724	29,600	35,000	5,400	18%
24 Billing/Customer Service Salaries & Wages	122,045	124,800	128,200	3,400	3%
25 Supplies	49,000	55,200	58,000	2,800	5%
26 TOTAL CUSTOMER ACCOUNTS	198,769	209,600	221,200	11,600	6%
27 GENERAL & ADMINISTRATIVE					
28 Salaries	210,000	225,600	275,500	49,900	22%
29 Vacation/Holiday/Other Payroll	152,652	183,600	171,500	(12,100)	-7%
30 Directors Compensation	30,000	35,000	35,000	-	0%
31 Travel & Meetings (Board)	15,000	15,000	15,000	-	0%
32 Travel & Meetings (Staff)	2,500	2,900	3,000	100	3%
33 Board Room Expenses	5,000	2,500	2,600	100	4%
34 Office Supplies	8,000	11,400	12,000	600	5%
35 Office Utilities	22,000	25,100	26,400	1,300	5%
36 <u>Professional Services</u>					
37 Accounting	40,000	67,600	70,400	2,800	4%
38 Computer	5,000	5,700	6,000	300	5%
39 Engineering	4,000	4,800	5,000	200	4%
40 Legal	45,000	43,700	45,000	1,300	3%
41 Miscellaneous	1,500	8,200	4,000	(4,200)	-51%
42 PWAG - Emergency Services Coordinator	12,000	12,400	13,000	600	5%
43 Tyler Technologies Licensing and Support	13,000	23,400	25,000	1,600	7%
44 Nobel Systems - GIS Program	19,000	19,000	20,000	1,000	5%
45 Insurance	301,250	295,700	331,300	35,600	12%
46 Payroll Taxes	70,537	76,000	84,600	8,600	11%
47 Pension	169,937	165,200	214,800	49,600	30%
48 OPEB Trust Contribution	90,000	90,000	90,000	-	0%



Pico Water District

2023 Proposed Budget

Operating Expense Detail

Schedule B

		Adopted Budget 2022	Projected Year-End 2022	Proposed Budget 2023	\$ Difference	% Difference
49	Maintenance	\$ 23,200	\$ 17,200	\$ 18,000	\$ 800	5%
50	Dues & Subscriptions	18,000	18,700	19,600	900	5%
51	Noticing	7,000	11,400	12,000	600	5%
52	Education Expense	1,500	4,000	4,000	-	0%
53	Conservation Expense	25,000	19,800	25,000	5,200	26%
54	COVID-19 Salaries	5,000	4,500	-	(4,500)	-100%
55	Election Expense	62,000	-	-	-	0%
56	TOTAL GENERAL & ADMINISTRATIVE	1,358,076	1,388,400	1,528,700	140,300	10%
57	TOTAL OPERATING EXPENSE	\$ 3,585,017	\$ 3,620,000	\$ 3,898,200	\$ 278,200	8%



Pico Water District

2023 Proposed Budget

Capital Improvement Projects

	Adopted Budget 2022	Projected Year-End 2022	Proposed Budget 2023	
1 Studies & Plans				
2 Risk Resilience Assessment	\$ -	\$ 3,900	\$ -	*
3 Urban Water Management Plan	-	500	-	*
4 4852 Church Lot Split	-	4,800	-	*
5 Water Master Plan	-	-	94,300	
6 Total Studies & Plans	-	9,200	94,300	
7 Office Equipment Purchase				
8 Office & Boardroom AC Upgrade	50,000	-	25,000	**
9 Tyler Document Management Program & Scanners	-	-	17,000	
10 Total Office Equipment Purchase	50,000	-	42,000	
11 Field Equipment Purchase				
12 Utility Truck - 2022	40,000	-	40,000	**
13 Utility Truck - 2023	-	-	40,000	
14 Total Field Equipment Purchase	40,000	-	80,000	
15 Replacement Programs				
16 Main Lines	110,000	7,400	100,000	
17 Hydrants	25,000	-	25,000	
18 Service Lines	20,000	-	25,000	
19 Meters	-	12,600	90,000	
20 Valves	-	17,500	15,000	
21 Total Replacement Programs	155,000	37,500	255,000	
22 Wells & Equipment Upgrade				
23 Reservoir: Access Door & Overflow Pipe	35,000	3,100	31,900	
24 Block Wall at Well 11	25,000	14,500	-	
25 Treatment System	95,000	-	-	
26 Rehabilitation Well 8	-	4,700	-	*
27 Well 5 - Fencing & Gate	-	8,100	-	*
28 Well 11 - Discharge Line	-	1,700	-	*
29 Well 11 - Generator	-	4,700	-	*
30 Total Wells & Equipment Upgrade	155,000	36,800	31,900	
31 PFAS Remediation Treatment Plants				
32 Well 5A Waste Water Discharge Line	150,000	3,500	200,000	**
33 Well 8 Waste Water Discharge Line	70,000	28,700	-	
34 Treatment Plants Wells 11, 8, 5	400,000	22,600	2,337,800	
35 WRD - PFAS Capital Contributions	-	(22,600)	(2,337,800)	
36 Net PFAS Remediation Treatment Plants	620,000	32,200	200,000	
37 TOTAL CAPITAL IMPROVEMENT PROJECTS	\$ 1,020,000	\$ 115,700	\$ 703,200	

**2021 Carryover Projects*

***2022 Carryover Projects*

Cash Projections		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Projected Ending Cash		\$ 2,216,300	\$ 2,105,600	\$ 2,120,200	\$ 2,100,500	\$ 2,214,300	\$ 2,313,900	\$ 2,523,900	\$ 2,716,600	\$ 3,007,100	\$ 3,305,600
Reserve Target		2,601,500	2,697,300	2,745,700	2,830,400	2,876,200	2,962,600	3,021,400	3,115,900	3,185,500	3,281,700

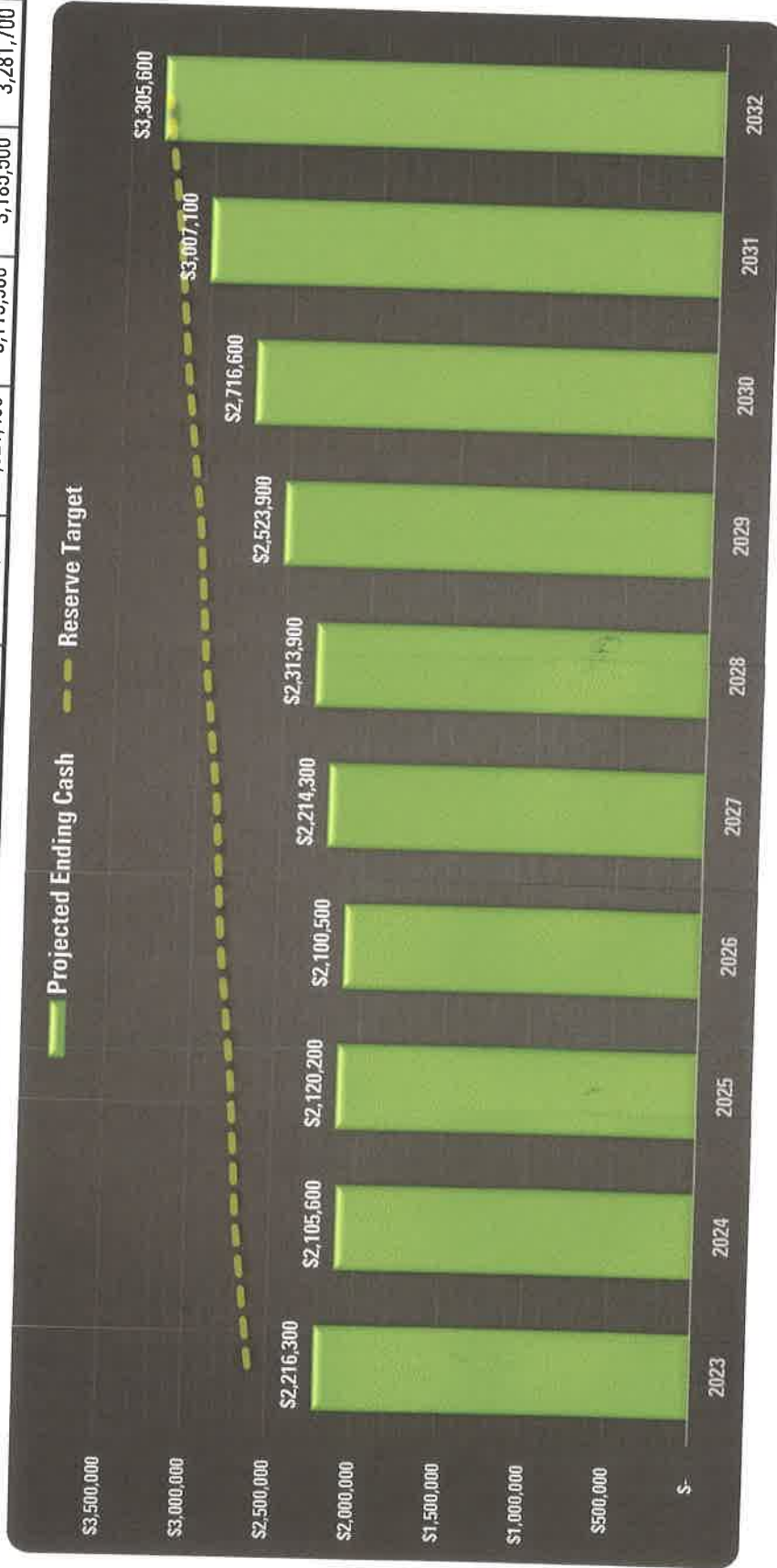


Table A. Los Angeles-Long Beach-Anaheim, CA, CPI-U 1-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2018		2019		2020		2021		2022	
	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month
January	0.8	3.5	0.7	3.2	0.8	3.1	0.2	0.9	1.1	7.5
February	0.7	3.6	0.1	2.5	0.3	3.4	0.4	1.0	0.3	7.4
March	0.4	3.8	0.6	2.7	0.7	1.9	0.5	2.2	1.5	8.5
April	0.4	4.0	1.0	3.3	-0.3	0.7	1.1	3.6	0.5	7.9
May	0.4	4.1	0.2	3.1	0.4	0.9	0.6	3.9	0.8	8.0
June	-0.2	4.0	0.0	3.3	0.5	1.4	0.6	4.0	1.1	8.6
July	0.2	3.9	0.1	3.3	0.6	1.9	0.6	3.9	-0.2	7.7
August	0.2	3.9	0.0	3.0	0.1	2.0	0.2	4.0	0.1	7.6
September	0.5	3.9	0.5	3.0	-0.3	1.2	0.3	4.6	0.5	7.8
October	0.5	4.1	0.7	3.2	0.2	0.7	0.9	5.4	0.6	7.5
November	-0.3	3.6	-0.3	3.2	0.1	1.0	0.6	6.0		
December	-0.3	3.2	-0.6	3.0	-0.2	1.5	0.4	6.6		

Acct #	Description	Adopted Budget 2022	Projected Year-End 2022	Proposed Budget 2023	\$ Change	% Change
10-110-5001	Source of Supply Salaries & Wages	\$ 81,768	\$ 61,300	\$ 70,000	\$ 8,700	14.2%
10-120-5100	Pumping Salaries & Wages	202,768	209,400	240,000	30,600	14.6%
10-130-5200	Treatment Salaries & Wages	12,668	2,600	20,000	17,400	669.2%
10-140-5300	Trans & Distrib Salaries & Wages	126,568	74,400	85,000	10,600	14.2%
10-150-5400	Meter Read & Svc Call Salaries & Wages	27,724	24,200	35,000	10,800	44.6%
10-150-5403	Billing & Cust Svc Salaries & Wages	122,045	143,800	128,200	(15,600)	-10.8%
10-200-6000	Gen & Admin Salaries & Wages	210,000	215,600	275,500	59,900	27.8%
10-200-6003	Salaries - Sick Leave	25,500	60,100	38,000	(22,100)	-36.8%
10-200-6006	Salaries - Allowed Time	15,692	15,700	18,900	3,200	20.4%
10-200-6009	Salaries - Vacation Pay	44,500	63,600	44,500	(19,100)	-30.0%
10-200-6012	Salaries - Holiday Pay	39,000	21,100	41,000	19,900	94.3%
10-200-6015	Salaries - Standby Pay	18,900	18,800	19,000	200	1.1%
10-200-6018	Salaries - Jury Duty Pay	-	-	-	-	0.0%
10-200-6021	Salaries - Phone Allowance	1,260	1,100	1,680	580	52.7%
10-200-6024	Salaries - Car Allowance	4,800	2,500	8,400	5,900	236.0%
10-200-6098	Salaries - COVID-19	5,000	4,500	-	(4,500)	-100.0%
10-200-6099	Salaries - Other	3,000	700	-	(700)	-100.0%
		\$ 941,193	\$ 919,400	\$ 1,025,180	\$ 105,780	
	accruals broken out per G/L postings					

EMPLOYMENT CONTRACT
FOR GENERAL MANAGER OF
PICO WATER DISTRICT

This agreement is made and entered into at Pico Rivera, California, effective July 1, 2022, by and between the PICO WATER DISTRICT, a County Water District organized and existing under County Water District Law (hereafter referred to as the “District”), and JOE BASULTO (hereafter referred to as “BASULTO” or as “General Manager”).

RECITALS:

A. At a regular meeting of the District’s Board of Directors on June 1, 2022, the Board selected BASULTO and subsequently directed the District’s legal counsel to commence negotiations on the terms under which the District would hire BASULTO to serve as the District’s General Manager.

B. The District’s legal counsel has reached agreement with BASULTO on the terms under which he would serve as the District’s General Manager, as memorialized in this Agreement.

C. At the regular meeting of the District’s Board of Directors on July 6, 2022, the Board considered the terms of BASULTO’s employment as the District’s General Manager, as set forth in this Agreement, which the Board approved at that regular meeting.

AGREEMENTS:

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES SET FORTH BELOW, the parties agree as follows:

1. EMPLOYMENT

Subject to the provisions of Paragraph 5 below, the District employs BASULTO as its General Manager beginning July 1, 2022 and continuing for a term of one (1) year, until June 30,

2023, unless sooner terminated as provided herein, and BASULTO hereby accepts such employment. The Employment Contract shall be automatically renewed and extended on July 1st of each year beginning July 1, 2023 for a succeeding two (2) year period, but only if BASULTO receives a satisfactory evaluation as a result of his performance evaluation as set forth in Paragraph 3, below. It is the right of either party to give written notice of his or its intention not to renew the Employment Contract to the other on or before June 30 of each year.

2. DUTIES

The General Manager shall perform those duties expected of a general manager as more clearly defined and set forth in the General Manager's Job Description approved by the Board of Directors, a copy of which is attached as Exhibit "A" and incorporated by reference to this Employment Contract. The Board of Directors may revise the General Manager's job description in the future without having to also amend this Agreement and in the event of any such change, Exhibit "A" will be deemed amended to reflect any such changes.

3. COMPENSATION

The District shall pay the General Manager an annual salary of One Hundred Fifty Thousand Dollars (\$150,000.00), payable in equal installments concurrently with salary payments to other employees of the District. If this Employment Contract is extended as provided in Paragraph 1, above, and the annual salary is adjusted by the Board, such adjustment will be effective July 1 by written amendment to this Employment Contract signed by the parties and approved by action of the Board following the annual evaluation of the performance of the General Manager; provided that the Board will also conduct performance reviews of BASULTO on or around October 5, 2022, January 3, 2023 and April 5, 2023, and the Board may, in its discretion, adjust BASULTO's compensation at any of those times. Any salary adjustments will be based upon the review of the performance of the General Manager by the Board, and in the case of any annual performance evaluation shall

subsequently be completed prior to June 30 of each year with any salary adjustments effective July 1. Evaluations will be performed by the Board. Salary adjustments shall be within the sole discretion of the Board. Adjustments shall be in addition to any general cost-of-living adjustments which the District may, at any time during this Employment Contract, provide to other employees of the District as provided in Paragraph 4(a) below.

4. BENEFITS AND SPECIAL COMPENSATION

a. The District agrees to provide to the General Manager the same benefits and special compensation, if any, including, but without being limited to, retirement benefits, health and welfare insurance, life insurance and other benefits which the District at any time or from time to time during the continuance of this Employment Contract provides to other employees of the District and upon the same terms and conditions applicable to such employees. The General Manager will provide and maintain a cellular phone/smart phone that he will use for District business purposes and the District will pay for all expenses incurred in connection with use of cellular phone/smart phone, including the monthly service charges.

b. The General Manager shall be entitled to vacation and sick leave time in accordance with the District's Employee Handbook, as it exists from time to time, with full pay. The vacation time hereby authorized to be taken by the General Manager may be taken by him either all at one time or at various times, aggregating in any one year the total vacation time to which he is entitled in each of the years of his employment hereunder and at such time or times as are convenient to the General Manager. The General Manager agrees to take his vacation at such time or times as in his opinion will cause the least inconvenience to the District, but in no instance will any one vacation exceed twenty (20) working days in length without prior Board approval.

c. As it did in connection BASULTO's prior position, the District will provide BASULTO with a suitable vehicle for his use at all times on District business. The District will pay

all operational costs for that vehicle, including, but not limited to, gasoline, maintenance and repairs costs and automobile insurance premiums. The parties acknowledge they will revisit this subdivision after staffing changes are implemented that would necessitate the use of that vehicle by another District employee.

5. TERMINATION

a. This Employment Contract shall terminate on death or disability of the General Manager. For purposes of this subparagraph (a), the term “disability” shall mean that the General Manager is unable to perform the duties of his position by reason of a physical or mental illness or impairment as determined by the Board, and such condition shall have continued for a period of ninety (90) days. If the General Manager is unable to resume and effectively discharge his duties hereunder at the end of such ninety (90) day period to the reasonable satisfaction of the Board, the District may cancel this Employment Contract and be relieved of any obligations hereunder after the date of official action by the Board terminating this Employment Contract.

b. In addition, this Employment Contract may be terminated by the General Manager at any time, without cause, upon no less than three (3) months’ prior notice to the District.

c. Upon showing of good cause, the District may terminate the General Manager’s employment, and thereby terminate this Employment Contract at any time, upon not less than thirty (30) days prior written notice to the General Manager. Good cause under this subparagraph is defined as a finding by a majority of the Board that the General Manager has, for reasons other than disability, failed to competently discharge his duties and responsibilities. The Board shall state objective findings in connection with any such termination.

d. Absent good cause, the District may terminate the General Manager’s employment and thereby terminate this Employment Contract at any time upon a supermajority vote of the Board and upon not less than sixty (60) days prior written notice to the General Manager, but

in such event the District shall pay to the General Manager in a lump sum upon the effective date of termination an amount equal to two (2) months of the then current salary of the General Manager. For the purposes of termination by the District absent good cause as stated herein, a supermajority vote shall mean a vote in favor of termination by at least four (4) of the five (5) directors of the District's Board of Directors.

e. Notwithstanding any other provisions of this Employment Contract, the District shall have the right to terminate the General Manager's employment and thereby terminate this Employment Contract in the event of any willful breach of duty or willful breach of District rules by the General Manager in the course of his employment or for acts of moral turpitude or conviction of a felony. Any termination by the District under this subparagraph must be by action of the Board at a duly convened meeting with at least seventy-two (72) hours advance notice to the General Manager.

f. If the General Manager is convicted of a crime involving an abuse of his office or position, the General Manager shall be obligated to reimburse the District the full amount of any payments described in Government Code Section 53243 et seq. that were provided to the General Manager by the District.

g. Except as otherwise provided in this Paragraph 5, upon the effective date of termination neither party shall have any further responsibility, obligation or liability under this Employment Contract.

6. GENERAL PROVISIONS

a. This Employment Contract constitutes the entire agreement between the parties and supersedes all prior oral or written agreements of any kind. No amendments to this Employment Contract may be made except by a writing signed by both parties.

termination neither party shall have any further responsibility, obligation or liability under this Employment Contract.

6. GENERAL PROVISIONS

a. This Employment Contract constitutes the entire agreement between the parties and supersedes all prior oral or written agreements of any kind. No amendments to this Employment Contract may be made except by a writing signed by both parties.

b. The validity and interpretation, performance and effect of this Employment Contract shall be construed in accordance with the laws of the State of California.

c. Any notice or communication required or permitted to be given under this Employment Contract shall be effective when deposited, postage prepaid, with the United States Mail. Any notice to the District shall be addressed as follows:

Pico Water District
4843 Church Street
Pico Rivera, California 90660

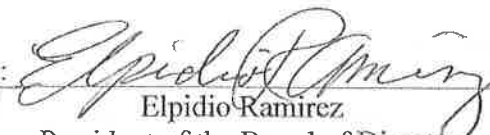
Notice to the General Manager shall be addressed to the General Manager at his last known personal address as reflected in the District's records.

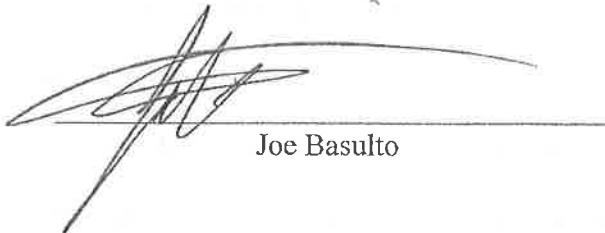
d. If any provision of this Employment Contract is held invalid or unenforceable, the remainder of this Employment Contract shall nevertheless remain in full force and effect.

Executed on July 11, 2022 at Pico Rivera, California.

"District"

"General Manager" or "BASULTO"

By: 
Elpidio Ramirez
President of the Board of Directors,
Pico Water District


Joe Basulto