

NIPOMO COMMUNITY SERVICES DISTRICT

MONDAY, MARCH 3, 2008

9:00 A. M.

SPECIAL MEETING NOTICE & AGENDA **FINANCE AND AUDIT COMMITTEE**

COMMITTEE MEMBERS

LARRY VIERHEILIG, CHAIR
JAMES HARRISON, MEMBER

PRINCIPAL STAFF

BRUCE BUEL, GENERAL MANAGER
LISA BOGNUDA, ASSISTANT GM
DONNA JOHNSON, BOARD SECRETARY
JON SEITZ, GENERAL COUNSEL

MEETING LOCATION - District Board Room
148 S. Wilson Street, Nipomo, California

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

ACTION RECOMMENDED: None

2. CONSIDER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2007-2008

ACTION RECOMMENDED: Forward recommendations to Board of Directors

3. REVIEW THE FOLLOWING FOR INCLUSION IN THE 2008-2009 FISCAL YEAR BUDGET:

- **PROPOSED CAPITAL IMPROVEMENT PROJECTS (Pages 1-3)**
- **PROPOSED REPLACEMENT PROJECTS (Page 4)**
- **PROPOSED FIXED ASSET PURCHASES (Page 5)**
- **PROPOSED MAJOR OPERATIONS & MAINTENANCE ITEMS (Page 6)**
- **PROPOSED CONSERVATION AND PUBLIC OUTREACH BUDGET (Pages 7-8)**
- **PROPOSED STAFFING (Page 9)**
- **PROPOSED MERGER OF BLACKLAKE AND TOWN WATER DIVISIONS (Page 10)**
- **REPLACEMENT STUDY PROGRESS UPDATE (Page 10)**
- **OPEB LIABILITY (OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS) PROGRESS UPDATE (Page 10)**
- **FISCAL IMPACTS OF POTENTIAL RATIONING (Page 10)**

ACTION RECOMMENDED: Provide direction to Staff

4. CONSIDER EMPLOYEE COST OF LIVING ADJUSTMENT (COLA)

ACTION RECOMMENDED: Forward recommendation to Board of Directors

5. SET NEXT MEETING DATE

ACTION RECOMMENDED: Next meeting April 10, 2008 at 9:00 a.m.

**** End Special Meeting Notice ****

TO: BOARD OF DIRECTORS
 FROM: BRUCE BUEL *BB*
 DATE: FEBRUARY 25, 2007

AGENDA ITEM
2
MARCH 3, 2008

CONSIDER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2007-2008

ITEM

Consider Budget adjustments for fiscal year 2007-2008

BACKGROUND

The Board of Directors adopted the 2007-2008 fiscal year budget on June 20, 2007. On a quarterly basis, Staff presents to the Board of Directors a financial report that includes a comparison of actual expenditures to the budgeted expenditures.

On February 13, 2008, Staff presented the second quarter financial report and noted that some line item expenditures had exceeded the budgeted amounts. Staff stated that budget adjustments would be presented to the Finance and Audit Committee for review.

Attached for your review is a combined and condensed budget to actual comparison of the budgeted expenditures through December 31, 2007 (50% of the year completed). Underlined are the expenditures that exceed 60% of the budget and should be considered for budget adjustment. It should be noted that some items do exceed 60% and are not presented for budget adjustment due to the nature of the expenditure (i.e. one time expense or item is not expected to be exceeded by June 30, 2008).

Budget Item	Expense thru 12-31-07	Annual Budget	Budget Remaining	Proposed Budget Amendment	Proposed Revised Budget
Operating Supplies	\$81,839	\$87,000	\$5,161	\$40,000	\$127,000
Repairs & Maintenance	\$161,186	\$223,000	\$61,814	\$60,000	\$283,000
Dues & Subscriptions	\$10,603	\$9,900	(\$703)	\$2,500	\$12,400
Education & Training	\$5,529	\$5,500	(\$529)	\$4,000	\$9,900
Professional Services	\$171,860	\$138,000	(\$33,860)	\$100,000	\$238,000
Repairs & Maintenance- Office	\$2,961	\$4,000	\$1,039	\$2,000	\$6,000
Repairs & Maintenance- Building	\$0	\$3,500	\$3,500	\$5,500	\$9,000

Operating Supplies

The Utility Department purchases operating supplies in order to repair and maintain the water and wastewater facilities.

Repairs and Maintenance

Due to the aging of the facilities and more emphasis being placed and repairs and maintenance, on-going repairs and maintenance will continue.

Dues and Subscriptions

While this item is not a large budget item in comparison to other budget items, the annual budget has already been exceeded and additional expenses are expected.

Education and Training

While this item is not a large budget item in comparison to other budget items, the annual budget has already been exceeded additional education and training is planned for staff and directors.

Professional Services

	Expense thru 12-31-07	Annual Budget
Rate Study	\$34,860	\$50,000
Hydrological Monitoring and Emergency Triggers	\$131,084	\$75,000
Strategic Plan Workshop	\$0	\$3,000
Actuarial Services for GASB 45	\$0	\$10,000

Repairs and Maintenance – Office

This budget item is for the monthly maintenance agreements on the copiers that includes toner and a per copy charge. A higher copy charge is billed for color copies and NCSD has significantly increased its volume of color copies.

Repairs and Maintenance – Building

This item has not been exceeded as of December 31, 2007, however, two maintenance items have subsequently been approved by the Board of Directors. This includes the removal of dangerous trees around the building and the purchase and installation of tree grates in the front of the building.

It is proposed that the proposed budget adjustments be funded with operating reserves.

RECOMMENDATION

It is recommended that the Committee review the budget adjustments and forward its recommendation to the Board of Directors.

ATTACHMENT

Budget to Actual Summary Report

NIPOMO COMMUNITY SERVICES DISTRICT
 BUDGET TO ACTUAL - FUND #110, #120, #130, #140 AND #150
 FOR THE PERIOD ENDING DECEMBER 31, 2007

6 months = 50% of year

	YTD ACTUAL	ANNUAL BUDGET	% OF BUDGET
5010 - Wages	323,113.13	767,975.00	42.07 %
5020 - Wages-Overtime	29,775.46	55,000.00	54.14 %
5100 - Payroll Taxes	7,524.04	14,760.00	50.98 %
5110 - PERS Retirement	83,229.81	212,195.00	39.22 %
5120 - Medical	70,197.87	169,005.00	41.54 %
5130 - Dental/Vision	8,474.97	20,805.00	40.74 %
5140 - Workers Comp Insurance	13,093.13	29,655.00	44.15 %
5210 - Electricity	247,597.38	555,250.00	44.59 %
5220 - Natural Gas	10,729.21	147,750.00	7.26 %
5230 - Chemicals	11,828.68	46,000.00	25.71 %
5240 - Lab Tests	30,132.59	66,000.00	45.66 %
5250 - Operating Supplies	<u>81,838.81</u>	<u>87,000.00</u>	<u>94.07 %</u>
5260 - Outside Services	22,940.31	121,690.00	18.85 %
5270 - Permits & Operating Fees	15,249.95	16,750.00	91.04 %*
5280 - Repairs and Maintenance	<u>161,186.58</u>	<u>223,000.00</u>	<u>72.28 %</u>
5290 - Repairs & Maintenance-Vehicles	4,498.56	21,600.00	20.83 %
5300 - Engineering	23,598.23	48,500.00	48.66 %
5310 - Fuel	14,598.16	36,000.00	40.55 %
5320 - Paging & Cellular Service	2,783.81	6,200.00	44.90 %
5330 - Meters-New Installation	8,524.88	15,000.00	56.83 %
5340 - Meters Replacement Program	14,550.29	22,000.00	66.14 %*
5350 - Uniforms	2,587.40	6,600.00	39.20 %
5600 - Conservation Program (CP)		52,975.00	.00 %
5601 - CP-Printing	3,053.30		.00 %
5602 - CP-Supplies	4,535.32		.00 %
5605 - CP-Postage	725.91		.00 %
5606 - CP-Advertising	2,079.04		.00 %
6010 - Audit	8,000.00	8,000.00	100.00 %*
6020 - Bank Charges and Fees	675.95	1,880.00	35.95 %
6030 - Computer Expense	13,271.50	32,000.00	41.47 %
6050 - Director Fees	9,000.00	24,000.00	37.50 %
6060 - Dues and Subscriptions	<u>10,603.19</u>	<u>9,900.00</u>	<u>107.10 %</u>
6070 - Education and Training	<u>5,529.55</u>	<u>5,500.00</u>	<u>100.54 %</u>
6090 - Insurance-Liability	17,583.51	33,500.00	52.49 %
6100 - Landscape and Janitorial	5,078.00	8,820.00	57.57 %
6105 - LAFCO Funding	15,832.00	17,800.00	88.94 %*
6110 - Legal-General Counsel	53,786.69	104,000.00	51.72 %
6115 - Legal-Special Counsel	1,640.80	30,000.00	5.47 %
6120 - Legal-Water Counsel	32,428.57	100,000.00	32.43 %
6125 - Professional Services	<u>171,860.29</u>	<u>138,000.00</u>	<u>124.54 %</u>
6130 - Miscellaneous	1,377.38	5,700.00	24.16 %
6140 - Newsletters & Mailers		3,060.00	.00 %
6150 - Office Supplies	6,290.80	14,500.00	43.38 %
6160 - Postage	7,182.17	22,690.00	31.65 %
6180 - Repairs and Maintenance-Office	2,961.44	4,000.00	74.04 %
6190 - Repairs and Maintenance-Building		3,500.00	.00 %
6200 - Property Taxes	927.30	830.00	111.72 %*
6210 - Telephone	3,021.87	5,340.00	56.59 %
6220 - Travel and Mileage	4,041.70	10,000.00	40.42 %

Note: If % of budget is greater than 60%, the item has been underlined for review.

* items are expenditures for fiscal year that are complete or Staff does not expect budget to be exceeded by June 30, 2008.

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BB*
DATE: FEBRUARY 25, 2007



REVIEW THE FOLLOWING FOR INCLUSION IN THE
2008-2009 FISCAL YEAR BUDGET

ITEM

Review the following in the 2008-2009 fiscal year budget.

BACKGROUND

On February 13, 2008, the Board of Directors approved the proposed time line for the 2008-2009 fiscal year budget preparation. Scheduled for the week of March 3, 2008, is a Kick Off Meeting with the Finance and Audit Committee to hear input.

The following items are for the Committee's review:

- PROPOSED CAPITAL IMPROVEMENT PROJECTS (Pages 1-3)
- PROPOSED REPLACEMENT PROJECTS (Page 4)
- PROPOSED FIXED ASSET PURCHASES (Page 5)
- PROPOSED MAJOR OPERATIONS & MAINTENANCE ITEMS (Page 6)
- PROPOSED CONSERVATION AND PUBLIC OUTREACH BUDGET (Pages 7-8)
- PROPOSED STAFFING (Page 9)
- PROPOSED MERGER OF BLACKLAKE AND TOWN WATER DIVISIONS (Page 10)
- REPLACEMENT STUDY PROGRESS UPDATE (Page 10)
- OPEB LIABILITY (OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS) PROGRESS UPDATE (Page 10)
- FISCAL IMPACTS OF POTENTIAL RATIONING (Page 10)

RECOMMENDATION

It is recommended that the Committee provide direction to Staff. Staff will incorporate the Committee's comments and recommendations into the draft 2008-2009 budget.

ATTACHMENT

Budget information Pages 1-10

**NIPOMO COMMUNITY SERVICES DISTRICT
CAPITAL IMPROVEMENTS
DESCRIPTION OF PROPOSED PROJECTS
2008-2009**

Salt Management Program - Agree on concept; circulate RFP for Program Identification Study; select consultant; execute agreement; prepare study; adopt study; develop draft regulations; develop incentive program for conversion of regenerative softeners; publish educational materials.

Southland WWTF (Phase 1) - Define proposed project; publish proposed Master Plan, prepare initial study; scope EIR; circulate EIR RFP, select environmental consultant; execute agreement; circulate DEIR; respond to comments; certify FEIR; file petition with RWQCB; circulate Design RFP; select design consultant; prepare concept design; adopt funding plan; secure additional land for disposal; secure permits.

Bio-Solids Disposal - enroll in RWQCB bio-solids program; agree on concept for disposal; negotiate with ag operator to grow crop; distribute bio-solids; grow crop; report.

SSO Program - Circulate consultant RFP; select consultant; execute agreement; prepare administrative draft; publish draft; secure board approval; submit to state; fund work.

Sewer Design and Property Acquisition for Properties Not Fronting NCSD Sewer Mains - Receive recommendations from Water and Sewer Master Plan; set priorities; agree on concept; circulate design RFP; select consultant; execute agreement; prepare concept design; identify potential property purchases; retain appraiser; prepare budget level appraisal; conduct initial negotiations; circulate environmental review RFP; select environmental consultant; prepare initial study; complete environmental determination; complete design.

Shop Project Completion - Fencing, landscaping, additional bays to house rolling stock.

Standpipe Mixing - Implement Water and Sewer Master Water Plan Project #27.

Blume Street Dead End Looping - Implement Water and Sewer Master Plan Water Project #30.

New Water Tank Site - Locate alternative sites; discuss purchase with respective owners, prepare appraisals; negotiate acquisition, acquire.

Remove bottlenecks at Camino Caballo - Implement Water and Sewer Master Plan Water Project #1.

Relocate water mains due to County Projects - Design relocation; file Notice of Exemption; solicit bids; award bids and complete construction.

Willow Road Water Line - Implement Water and Sewer Master Plan Water Projects #23-#26.

Reset facilities due to County Road Projects - Design reset; file Notice of Exemption; solicit bids; award bids; and complete construction.

Second Water Connection to Blacklake - Implement Water and Sewer Master Plan Water Project #7.

Security Upgrades - Receive recommendations from Water and Sewer Master Plan; set priorities; circulate design RFP; select consultant, prepare concept design; file Notice of Exemption; secure bids; construct.

SCADA Upgrades - Coordinate with Cannon to add new features.

GIS Upgrades - Coordinate with Nobel Systems to update data base

Woodgreen Lift Station Access - Coordinate with the Fairways; file Notice of Exemption; select contractor; install driveway; accept work; file Notice of Acceptance.

Miller Park - Form Zone of Benefit; prepare and adopt funding plan, submit activation application to LAFCO; secure LAFCO approval; formalize MOU with County of SLO; form Assessment District; prepare environmental documentation.

Supplemental Water Project

Planning - Complete evaluation of options; select proposed project; initiate additional research; develop funding package and scope permit process.

CEQA - Define proposed project; prepare initial study; define focused EIR; circulate RFP; select consultant; execute agreement; circulate Notice of Preparation; prepare administrative draft EIR circulate Notice of Completion.

Design - Circulate RFP; select consultant; execute agreement; prepare concept design; prepare engineer's cost estimate.

Appraisals - Identify potential purchases and prepare budget level appraisals.

Lobbying - Interact with lobbyist; and interact with elected representatives/staff.

Desalination - Implement Phase 1 of Work Program.

NIPOMO COMMUNITY SERVICES DISTRICT
CAPITAL IMPROVEMENTS
SHARED PROJECT COST SUMMARY
2008-2009

BUDGET ITEMS FOR 2008-2009	#820	#830	#700	#710	#500	#600	TOTAL
	FUNDED REPLACEMENT BL WATER	FUNDED REPLACEMENT BL SEWER	TOWN WATER CAPACITY CHARGES	TOWN SEWER CAPACITY CHARGES	SUPPLEMENTAL WATER CHARGES	PROPERTY TAXES	
Salt Management Program	0	0	0	50,000	0	0	50,000
Southland WWTF (Design/CEQA/Construct)	0	0	0	5,000,000	0	0	5,000,000
Bio-Solids Disposal	0	0	0	50,000	0	0	50,000
SSO Program	0	0	0	100,000	0	0	100,000
Sewer Design and Property Acquisition for Properties not Fronting NCSD Sewer Mains	0	0	0	50,000	0	0	50,000
Shop Project Completion	17,000	0	60,000	23,000	0	0	100,000
Standpipe Mixing	0	0	150,000	0	0	0	150,000
Blume Street Dead End Looping	0	0	52,000	0	0	0	52,000
New Water Tank Site	0	0	300,000	0	0	0	300,000
Remove bottlenecks at Camino Caballo	0	0	200,000	0	0	0	200,000
Relocate water mains due to County Projects	0	0	50,000	0	0	0	50,000
Willow Road Water Line	0	0	150,000	0	0	0	150,000
Reset facilities due to County Road Projects	0	0	25,000	25,000	0	0	50,000
Second Water Connection to Blacklake	10,000	0	0	0	0	0	10,000
Security Upgrades	8,000	9,000	60,000	23,000	0	0	100,000
SCADA Upgrades	4,000	4,500	30,000	11,500	0	0	50,000
GIS Upgrades	800	900	6,000	2,300	0	0	10,000
Woodgreen Lift Station Access	0	15,000	0	0	0	0	15,000
Miller Park	0	0	0	0	0	100,000	100,000
Supplemental Water Project							
Planning	0	0	0	0	300,000	0	300,000
CEQA	0	0	0	0	200,000	0	200,000
Design	0	0	0	0	400,000	0	400,000
Appraisals	0	0	0	0	50,000	0	50,000
Lobbying	0	0	0	0	55,000	0	55,000
General Manager Wages and Benefits Allocated	0	0	0	0	45,000	0	45,000
Desalination	0	0	0	0	500,000	0	500,000
	39,800	29,400	1,083,000	5,334,800	1,550,000	100,000	8,137,000

Description of Proposed Capital Improvement Projects can be found on Pages X

NIPOMO COMMUNITY SERVICES DISTRICT
FUNDED REPLACEMENT PROJECTS
2008-2009

<u>BUDGET ITEMS FOR 2008-2009</u>	#800	#810	#820	#830	<u>TOTAL</u>
	FUNDED REPLACEMENT <u>TOWN WATER</u>	FUNDED REPLACEMENT <u>TOWN SEWER</u>	FUNDED REPLACEMENT <u>BL WATER</u>	FUNDED REPLACEMENT <u>BL SEWER</u>	
Fire Hydrant Replacements	80,000	0	0	0	80,000
Lift Station Refurbishment	0	100,000	0	0	100,000
Well Refurbishment	45,000	0	0	0	45,000
Tank Coating and Repairs (Quad Tanks)	250,000	0	0	0	250,000
Subtotal	375,000	100,000	0	0	475,000
<u>Capital Improvement Projects</u>					
Shop Project Completion	0	0	17,000	0	17,000
Second Water Connection to Blacklake	0	0	10,000	0	10,000
Seucrity Upgrades	0	0	8,000	9,000	17,000
SCADA Upgrades	0	0	4,000	4,500	8,500
GIS Upgrades	0	0	800	900	1,700
Woodgreen Lift Station Access	0	0	0	15,000	15,000
Subtotal	0	0	39,800	29,400	69,200
GRAND TOTAL	375,000	100,000	39,800	29,400	544,200

NIPOMO COMMUNITY SERVICES DISTRICT
FIXED ASSET PURCHASES
2008-2009

BUDGET ITEMS FOR 2008-2009	#110 ADMIN	#120 TOWN WATER	#130 TOWN SEWER	#140 BL WATER	#150 BL SEWER	TOTAL
Canon Copier/Scanner to replace Xerox and Canon Copier/Scanner for Shop	15,600	0	0	0	0	15,600
Storage Container and Shelving for Storage Rooms	5,000	0	0	0	0	5,000
New office workstation (panels/desk/phone/computer)	5,000	0	0	0	0	5,000
Plotter	7,500	0	0	0	0	7,500
Board Room Projection System	5,000	0	0	0	0	5,000
Office Back Up Power - natural gas	10,000	0	0	0	0	10,000
Preventative Maintenance Software/Training	0	30,000	11,500	4,000	4,500	50,000
Pick Up Truck - Replacement (4 x 4)	0	15,000	5,750	2,000	2,250	25,000
Pick Up Truck - New Addition (2 x 4)	0	11,400	4,370	1,520	1,710	19,000
Rockhound Brush Shredder - Backhoe Mount	0	4,410	1,690	590	660	7,350
Lab Equipment and Set Up	0	12,000	4,600	1,600	1,800	20,000
	<u>48,100</u>	<u>72,810</u>	<u>27,910</u>	<u>9,710</u>	<u>10,920</u>	<u>169,450</u>

NIPOMO COMMUNITY SERVICES DISTRICT
REPAIR AND MAINTENANCE SUMMARY
2008-2009

BUDGET ITEMS FOR 2008-2009

OPERATIONS & MAINTENANCE

	#110 ADMIN	#120 TOWN WATER	#130 TOWN SEWER	#140 BL WATER	#150 BL SEWER	TOTAL
<u>WATER DIVISIONS</u>						
Dive and Inspect Tanks	0	15,000	0	3,600	0	18,600
Hydrant Flushing and Valve Maintenance	0	46,750	0	8,250	0	55,000
Fire Hydrant Painting and Numbering	0	17,000	0	3,000	0	20,000
Various Repairs and Maintenance	0	102,000	0	18,000	0	120,000
<u>SEWER DIVISIONS</u>						
Jetting and Pumping	0	0	60,000	0	10,000	70,000
Various Repairs and Maintenance	0	0	85,000	0	15,000	100,000
	0	180,750	145,000	32,850	25,000	383,600

GENERAL & ADMINISTRATIVE

	#110 ADMIN	#120 TOWN WATER	#130 TOWN SEWER	#140 BL WATER	#150 BL SEWER	TOTAL
Office Landscape Plan & Phase I implementation	20,000	0	0	0	0	20,000
Office Structural Repairs and Painting	50,000	0	0	0	0	50,000
Various Repairs and Maintenance - Office Building	5,000	0	0	0	0	5,000
	75,000	0	0	0	0	75,000

**DRAFT BUDGET: CONSERVATION AND
PUBLIC OUTREACH SPECIALIST, FY 2007 - 2008**

**WATER CONSERVATION
SHARED EXPENSES:**

Publications/ Outreach Literature

Bill Stuffers (12 mailings, \$800 ea	\$9,600
Brochures/Flyers (out-source print)	\$7,000
PrePrinted Materials	\$4,000
Postage & mailing svc. (2/yr) 8000 @ \$1.00 ea	\$8,000
One-time charge for WUIW logo rights	\$2,500
	<u>\$31,100</u>

WORKSHOPS

Irrigation x 2		
Stipend x 2		\$600
Hospitality x 2		\$100
Advertisement (\$400 ea)		\$800
Support Materials		\$100
Soil/Compost x 2		
Stipend x 2		\$600
Hospitality x 2		\$100
Advertisement (\$400 ea)		\$800
Support Materials		\$100
Xeriscape, California Natives x 2		
Stipend x 2		\$600
Hospitality x 2		\$100
Advertisement (\$400 ea)		\$800
Support Materials		\$100
Water Conservation x 2		
Stipend x 2		\$600
Hospitality x 2		\$400
Advertisement (\$400 ea)		\$800
Support Materials		\$100
		<u>\$6,700</u>

Advertisement \$12,000

Customer Promotional/Giveaway Items \$8,000

Water Audits
Up to 120 SFR audits. \$14,175

***Free Small Area Landscape Designs
for Customers*** \$1,000

OTHER:

PROFESSIONAL DEVELOPMENT

Conferences

Fees	\$1,000
Lodging	\$1,000
Transportation	\$600
Sustenance	\$500

Water Conservation Practitioner Certification \$600

Books, Magazines \$300

Membership, Professional Organizations \$300

Water Audit Certification Maintenance \$500

\$4,800

PROFESSIONAL DEVELOPMENT TOTAL: \$4,800

TOTAL BUDGET FOR PROGRAM: \$138,233

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Volumetric: Rate charged per increment of sewer flow; based on metered volume (water consumption).

Volume Based: Calculated based on average water usage during winter months (flat rate based on average water usage during winter months)..

NIPOMO COMMUNITY SERVICES DISTRICT
DISTRICT PERSONNEL
2008-2009

<u>OFFICE</u>	<u>CURRENT</u>	<u>PROPOSED</u>
General Manager	1	1
Assistant General Manager	1	1
District Engineer	1	1
Secretary	1	1
Billing Clerk	1	1
Water Conservation and Public Outreach Specialist	<u>1</u> <u>6</u>	<u>1</u> <u>6</u>
<u>MAINTENANCE</u>	<u>CURRENT</u>	<u>PROPOSED</u>
Utility Superintendent	1	1
Utility Field Supervisor	1	1
Inspector/Preventive	2	2
Maintenance Supervisor		
Utility Operator/Water Quality Technician***	0	0
Utility Worker	2	2
Maintenance/Customer Service Worker	1	2
Secretary-Part-Time**	<u>1</u> <u>8</u>	<u>1</u> <u>9</u>
TOTAL	<u>14</u>	<u>15</u>

**Position should be filled in April or May 2008

***One Inspector will perform Water Quality Technician duties until the other supervisor retires

- **PROPOSED MERGER OF BLACKLAKE AND TOWN WATER DIVISIONS**

The 2008-2009 NCSD Budget will be prepared under the assumption that all of the existing Funds will remain as is.

The Town and Blacklake Water Divisions will be budgeted separately. At the time of any action by the Board of Directions on the merger, the 2008-2009 NCSD Budget may have to be modified.

- **REPLACEMENT STUDY PROGRESS UPDATE**

District Engineer, Peter Sevcik, will provide an update to the Committee

- **OPEB LIABILITY (OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS) PROGRESS UPDATE**

On February 14, 2008, Staff provided The Epler Company the information requested. A telephone conference is set for 1:30 p.m. on March 3, 2008, with Staff and the Finance and Audit Committee.

- **FISCAL IMPACTS OF POTENTIAL RATIONING**

The 2008-2009 NCSD Budget will be prepared under the assumption that rationing will not be in effect. If the Board of Directors determine a need for rationing during the fiscal year 2008-2009, budget adjustments will be necessary.

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BBB*
DATE: FEBRUARY 25, 2007

AGENDA ITEM
4
MARCH 3, 2008

CONSIDER EMPLOYEE COST OF LIVING ADJUSTMENT (COLA)

ITEM

Consider employee Cost of Living Adjustment (COLA)

BACKGROUND

The NCSO Personnel Policies & Procedures Manual, Section 3030(4) states the following:

Cost of Living Adjustments – Annually, the Board may consider a Cost of Living Adjustment (COLA). If the COLA is approved, the step plan will be adjusted accordingly, thus keeping the plan current. Therefore, an employee may receive both a Cost of Living Adjustment and an increase in compensation pursuant to Section 3030(2) in any given year until the employee reaches Step 5. Upon reaching Step 5, the only salary adjustments an employee will receive will be Board-approved Cost of Living Adjustments.

On December 13, 2006, the Board of Directors approved Resolution 2006-1000 which included:

Approve the use of the Consumer Price Index-Urban Wage Earners and Clerical Workers (Average of annual increase for the Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose) for all future Cost of Living Adjustments (COLA).

Staff had computed the average of annual increase for the Consumer Price Index of Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose to be 3.220%.

Pursuant to the Personnel Policies and Procedures Manual, the Board of Directors may consider a Cost of Living Adjustment. The approval of Resolution 2006-1000 provides for consistency in computing the COLA from year to year. The Board of Directors may consider a COLA for the employees up to a maximum of 3.220% for 2008-2009 fiscal year.

RECOMMENDATION

It is recommended that the Committee review the COLA and forward its recommendation to the Board of Directors.

ATTACHMENT

Section 3030(4) from NCSO Personnel Policies and Procedures
Resolution 2006-1000
Excerpt from Bureau of Labor Statistics on how to compute the CPI
Consumer Price Index information and computation

4. Cost of Living Adjustments – Annually, the Board may consider a Cost of Living Adjustment (COLA). If the COLA is approved, the step plan will be adjusted accordingly, thus keeping the plan current. Therefore, an employee may receive both a Cost of Living Adjustment and an increase in compensation pursuant to Section 3030(2) in any given year until the employee reaches Step 5. Upon reaching Step 5, the only salary adjustments an employee will receive will be Board-approved Cost of Living Adjustments.
5. Promotion - Employees promoted to a position with a higher salary range shall be placed on the step of the range allocated to the new classification which would grant such employee an increase in pay, provided, however, the increase may exceed five percent at the discretion of the General Manager, and that such increase shall not exceed the top step of the range allocated to the new classification. Such action shall require the General Manager to establish a new anniversary date in accordance with the following criteria:
 - A. For employees who are promoted to a permanent position and placed at the first step of the salary range, the anniversary date shall be the date following the completion of 12 months of service at such step.
 - B. For employees who are promoted to a permanent position and placed at a step other than the first step, the anniversary date shall be the day following the completion of 12 months of service at such step.
6. Incentive Pay - For Utility Operators who successfully achieve Water or Wastewater Grade certificates over and above those required for the position while employed with the District will be entitled to receive a one time incentive pay of \$500.00 for each certificate obtained.

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2006-1000**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING THE MONTHLY SALARY SCHEDULE, PROPOSED SALARY
RANGE PLACEMENT, AND CPI INDEX**

WHEREAS, the Nipomo Community Services District (herein "District") Board of Directors (herein "Board") is a local governmental agency formed and authorized to provide services within its jurisdiction, pursuant to Section 61000 et seq. of the California Government Code; and

WHEREAS, the Nipomo Community Services District contracted with a Koff & Associates, Inc. to perform a professional Salary and Benefits Survey; and

WHEREAS, the Board of Directors accepted and filed the final report titled "Total Compensation Study for the Nipomo Community Services District" on December 13, 2006; and

WHEREAS, Koff & Associates, Inc. recommended a new Monthly Salary Schedule and proposed Salary Range Placement in the report; and

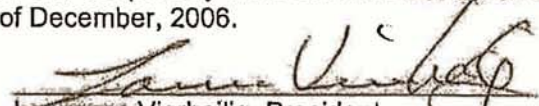
NOW, THEREFORE, the Board of Directors of the Nipomo Community Services District does hereby resolve, declare, determine and order as follows:

1. Adopt the Monthly Salary Schedule (Exhibit "A")
2. Adopt the Proposed Salary Range Placement (Exhibit "B")
3. Approve the use of the Consumer Price Index-Urban Wage Earners and Clerical Workers (Average of annual increase for the Los Angeles-Riverside-Orange County and San Francisco-Oakland-San Jose) for all future Cost of Living Adjustments (COLA).
4. Authorize Staff to advertise for the positions of District Engineer, Utility Foreman and Water Conservation Specialist at the newly approved monthly salary schedule

On the motion of Director Trotter, seconded by Director Harrison, and on the following roll call vote, to wit:

AYES: Director Trotter, Harrison, Eby, Winn and Vierheilig
NOES: None
ABSENT: None

The foregoing resolution is hereby passed, approved and adopted by the Board of Directors of the Nipomo Community Services District this 13th day of December, 2006.


Lawrence Vierheilig, President
Nipomo Community Services District

ATTEST:


Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM:


Jon S. Seitz
General Counsel

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The CPI and escalation: Some points to consider

The CPI is calculated for two population groups: All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers (CPI-W). The CPI-U represents about 87 percent of the total U.S. population and is based on the expenditures of *all* families living in urban areas. The CPI-W is a subset of the CPI-U and is based on the expenditures of families living in urban areas who meet additional requirements related to employment: more than one-half of the family's income has to be earned from clerical or hourly-wage occupations. The CPI-W represents about 32 percent of the total U.S. population.

There can be small differences in movement of the two indexes over short periods of time because differences in the spending habits of the two population groups result in slightly different weighting. The long-term movements in the indexes are similar. CPI-U and CPI-W indexes are calculated using measurement of price changes for goods and services with the same specifications and from the same retail outlets. The CPI-W is used for escalation primarily in blue-collar cost-of-living adjustments (COLA's). Because the CPI-U population coverage is more comprehensive, it is used in most other escalation agreements.

The 26 metropolitan areas for which BLS publishes separate index series are by-products of the U.S. City Average index. Metropolitan area indexes have a relatively small sample size and, therefore, are subject to substantially larger sampling errors. Metropolitan area and other sub-components of the national indexes (regions, size-classes) often exhibit greater volatility than the national index. BLS strongly recommends that users adopt the U.S. City Average CPI for use in escalator clauses.

The U.S. City Average CPI's are published on a seasonally adjusted basis as well as on an unadjusted basis. The purpose of seasonal adjustment is to remove the estimated effect of price changes that normally occur at the same time and in about the same magnitude every year (e.g., price movements due to the change in weather patterns, model change-overs, holidays, end-of-season sales, etc.). The primary use of seasonally adjusted data is for current economic analysis. In addition, the factors that are used to seasonally adjust the data are updated annually. Also, seasonally adjusted data that have been published earlier are subject to revision for up to 5 years after their original release. For these reasons, the use of seasonally adjusted data in escalation agreements is inappropriate.

Escalation agreements using the CPI usually involve changing the base payment by the percent change in the level of the CPI between the reference period and a subsequent time period. This is calculated by first determining the index point change between the two periods and then the percent change. The following example illustrates the computation of percent change:

CPI for current period	136.0
Less CPI for previous period	129.9
Equals index point change	6.1
Divided by previous period CPI	129.9
Equals	0.047
Result multiplied by 100	0.047 x 100
Equals percent change	4.7

The Bureau of Labor Statistics neither encourages nor discourages the use of price adjustment measures in contractual agreements. Also, while BLS can provide technical and statistical assistance to parties developing escalation agreements, we can neither develop specific wording for contracts nor mediate legal or interpretive disputes which might arise between the parties to the agreement.

<http://www.bls.gov/cpi/cpi1998d.htm>



U.S. Department of Labor
Bureau of Labor Statistics

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Change Output Options: From: 1998 To: 2008

include graphs **NEW!**

[More Formatting Options](#) ➔

Data extracted on: February 21, 2008 (4:50:35 PM)

Consumer Price Index - Urban Wage Earners and Clerical Workers

Series Id: CWURA421SA0
Not Seasonally Adjusted
Area: Los Angeles-Riverside-Orange County, CA
Item: All items
Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1
1998	155.1	155.0	155.1	155.6	156.2	156.1	155.9	156.1	156.1	156.8	157.0	157.2	156.0	155.5
1999	157.8	158.1	158.3	160.1	159.7	158.9	159.2	159.8	160.7	160.7	160.6	160.9	159.6	158.8
2000	161.3	162.4	163.9	164.0	164.4	164.3	165.0	165.3	166.3	166.9	166.6	166.7	164.8	163.4
2001	167.3	168.3	169.1	169.6	170.5	171.9	171.3	171.1	171.5	171.0	170.7	169.7	170.2	169.5
2002	171.5	172.8	173.8	174.8	175.4	174.7	175.0	175.6	176.3	176.5	177.0	176.7	175.0	173.8
2003	177.8	179.6	181.6	180.9	179.9	179.6	179.6	180.5	181.9	181.2	180.5	180.2	180.3	179.9
2004	181.7	183.4	184.9	185.2	186.8	187.4	186.8	186.5	187.8	189.8	190.3	188.5	186.6	184.9
2005	188.5	190.3	192.1	194.2	194.6	193.7	194.6	196.4	199.0	200.0	198.4	196.5	194.9	192.2
2006	198.3	199.9	200.8	202.9	205.0	204.2	204.5	205.0	205.3	203.5	203.3	202.9	203.0	201.9
2007	204.498	206.632	208.929	210.195	211.145	209.614	209.444	209.240	209.849	211.259	212.844	212.282	209.661	208.502
2008	213.825													

**NIPOMO COMMUNITY SERVICES DISTRICT
CONSUMER PRICE INDEX ADJUSTMENT
PROPOSED FOR JULY 1, 2008**

	SF	LA	AVERAGE
CPI for current period	211.370	209.661	
Less CPI for previous period	(204.900)	(203.000)	
Equals index point change	6.470	6.661	
Divide by previous period CPI	204.900	203.000	
Equals	0.0316	0.0328	
Result multiplied by 100	.0316 x 100	.0328 x 100	
	<u>3.160</u>	<u>3.280</u>	<u>3.220</u>

Change Output Options: From: 1997 To: 2007

include graphs **NEW!**

[More Formatting Options](#) ➔

Data extracted on: February 21, 2008 (4:50:13 PM)

Consumer Price Index - Urban Wage Earners and Clerical Workers

Series Id: CWURA422SA0
Not Seasonally Adjusted
Area: San Francisco-Oakland-San Jose, CA
Item: All items
Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1997	154.1	155.0	156.2	156.7	156.8	157.0	157.5	158.1	158.6	159.5	159.5	159.4	157.4	156.0	158.8
1998		159.6		160.8		161.7		162.7		163.4		163.7	161.8	160.5	163.1
1999		165.7		168.8		168.3		170.0		171.2		170.9	168.8	167.2	170.5
2000		172.6		174.9		175.2		177.8		179.3		180.2	176.3	173.9	178.7
2001		183.5		184.9		186.9		186.7		187.5		186.5	185.7	184.5	186.9
2002		186.8		188.8		189.1		189.3		190.0		189.6	188.8	188.0	189.6
2003		193.7		193.6		192.2		192.3		191.9		191.1	192.4	192.9	191.9
2004		194.1		194.7		195.4		195.0		196.4		195.9	195.0	194.4	195.7
2005		197.3		199.3		197.5		199.5		202.6		199.3	199.1	197.9	200.3
2006		202.5		204.9		205.2		206.7		206.2		205.6	204.9	203.7	206.1
2007		208.803		211.189		211.422		211.620		213.133		214.204	211.370	209.986	212.754