1. **Roll call – determination of quorum.**

   Chair Saxod called the Administrative and Finance Committee meeting to order at 1:31 p.m. Committee members present were Chair Saxod, Vice Chairs Arant and Wilson, and Directors Cherashore, Croucher, Gallo, Guerin, Hall, Hedberg, Murtland, Simpson and Watkins. Directors absent were Ayala and Heinrichs. Also present were Directors Butkiewicz, Evans, Fong-Sakai, Hilliker, Kennedy, Miller, Olson, Preciado, Smith, Steiner, Tu, Scalzitti and Weston. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

   Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Operations and Maintenance Fisher, Director of Finance/Treasurer Harris, Director of Engineering and Operations Reed, Director of Water Resources Yamada, and Budget and Analysis Manager Whyte.

2. **Additions to the agenda.**
   There were no additions to the agenda.

3. **Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.**

   There were no members of the public who wished to speak.

4. **Chair’s report.**
   There was no Chair’s report.

5. **Consideration of the General Manager’s Recommended Budget for Fiscal Years 2018 and 2018.**

   Chair Saxod stated that the board had received the budget document for review at the May 25, 2017, Board Meeting and at that time the General Manager had provided a budget overview, description of document layout, and had encouraged Directors to submit questions to staff prior to the workshops. She reminded Directors that the Board would meet again on Thursday, June 8, 2017 from 1:30-3:30 p.m. for the second budget workshop. She then reviewed logistics of how the workshops would run and turned it over to General Manager Stapleton.

   Ms. Stapleton began the presentation with a budget overview, which included factors that impacted the budget such as water supply and demand, lifting of drought regulations, state long-term water use efficiency, CIP, Asset Management and litigation with Metropolitan Water District. She also discussed key components of the recommended budget, historical
Mr. Yamada presented the Cost of Water segment of the workshop beginning with a background describing how the Water Authority conducts water use forecasts on a long-range demand basis, and short-term budgetary forecast. He explained factors including short-term sales, trends in total water demand, member agency local surface water use, and total water sales.

Ms. Harris presented the debt portfolio and debt service segment of the budget workshop beginning with the Capital Financing Plan targets including long-term debt, short-term debt, and PAYGO/Cash funds; explained how the senior lien coverage meets board policy target; reviewed the financing mix; and summarized the Water Authority’s existing debt service, prudent debt management, and debt service expenditures.

Mr. Fisher presented the Asset Management segment of the budget workshop beginning with an explanation of Asset Management including steps to complete an equipment review, project priorities, upcoming activities, and fiscal years 2016-2017 accomplishments.

The Board asked several questions and made comments mostly related to project review and project costs.

Mr. Reed reviewed the Capital Improvement Program component of the Budget covering information from 2000-2020, and a review of completed projects such as relining over 5000 LF of pipe, resolved 5 major encroachments, resolved 85 new encroachments, and removed 238 trees from pipeline right of ways. He explained the aqueduct system, asset management history, and board policies as it related to asset management. He also explained the internal project review process involved with CIP projects. He stated the focus of the Water Authority’s CIP was now on engineering services core work including planning, design, construction, and post construction. He explained the pipeline relining, flow control facilities, infrastructure rehabilitation, and 3D scanning. He also explained the Right of Way core work included Right of Way management, property acquisitions, property surveys and drone technology.

The Board asked several questions and made comments and staff provided answers.

5. Adjournment.

There being no further business to come before the Administrative and Finance Committee, Chair Saxod adjourned the meeting at 3:50 p.m.