

**Minutes of the Florin Resource Conservation District  
Finance Committee Meeting**

**Wednesday, April 4, 2012**

**Attendance:**

Committee Members: Chuck Dawson – present  
Barrie Lightfoot – present  
Elliot Mulberg – present  
Tom Nelson – present  
Tony Perez – absent

Associate Members: Don Menasco – present

Staff: Mark J. Madison, General Manager  
Stefani Phillips, Board Secretary  
Bruce Kamilos, Associate Civil Engineer  
Dennis Coleman, Finance Manager

The meeting began at 6:30 p.m. Barrie Lightfoot, Chairman, stated that all members of the Board were present with the exception of Director Tony Perez, who has missed the last four meetings.

This was a posted meeting and one member of the public was present.

**1. FY 2012-13 Major Budget Issues**

Dennis Coleman, Finance Manager gave a presentation on the FY 2012-13 Major Budget Issues, which are indicated below.

- Revenue Projections
- Purchased Water Expenditures
- Capital Investment and Reserve Funding
- Consultants and Contracted Services
- Five Year Water Rate Study
- Employee Cost Control Program
- Employee Medical Costs
- Debt Restructuring
- Depreciation

Comments and inquiries include:

- Why is the District paying for the Meter Retrofit Program through the CIP, should it be covered through the rates?
  - Keep in mind that nine percent of rate adjustments were not implemented from the previous rate study and that affected operations when expenses continued to climb.
- The Board needs to keep in mind Employee Control Cost Program measures, if necessary.
- Changing employee benefit providers is being considered to reduce expenses.
- Purchased water costs and employee salaries are two large expenses for the District.
- CalPERS Retirement System may lower the discount rate on investment, which will increase the cost of employer contribution.
- Concerns were raised regarding the long-term OPEB (other post-retirement employee benefits) costs.

## **2. Capital Investment Funding/Reserve Policy**

Comments and inquiries include:

- Review the need for legal reserve buckets.
- Each reserve bucket should be its own separate fund for identified needs.
- Are the five CIP buckets all that is needed?
  - The specified categories fit the CIP at this time.
- Review the need for IT Improvements reserve bucket.
- When the gross operating and maintenance expense figures are firm, the Board will have options to consider.
- When the rate study is completed, the District will have a better direction.
- To meet the bond covenant, the bond rating agencies like to see 50% of the operations and maintenance budget cash positive at the end of the year.
- Is 3% CPI sufficient for revenue?
  - The District does not have the answer to the question as of yet.
  - The District needs to analyze the previous rate study and the impact of the collected revenues and uncollected CPI.
- Review election costs and special studies every two years.
- Several items in the Capital Improvement Program have been re-evaluated for need.

The Board concluded that they were comfortable with the layout of the reserves presented, with the exception of the IT Improvements and Legal Reserves. The Board requested staff to further review the need for IT Improvement and Legal Reserves.

Adjourn to: Monday, May 16, 2012.

Respectfully submitted,

Stefani Phillips, Secretary