

**Minutes of the Special Meeting of the Finance Committee
of the
Florin Resource Conservation District Board of Directors**

Thursday, May 13, 2015

Attendance:

Committee Members: Chuck Dawson, Bob Gray, Elliot Mulberg, Tom Nelson, and Jeanne Sabin

Associate Members: Mike Schmitz

Staff Members: Mark J. Madison, General Manager; Jim Malberg, Finance Manager; Donella Murrillo, Finance Supervisor; Stefani Phillips, Secretary; Bruce Kamilos, Associate Civil Engineer; Ellen Carlson, Management Analyst

Consultants Present: Ann Siprelle, Best Best & Krieger (BB&K)

This was a posted meeting and no members of the public was present.

Draft Fiscal Year 2015-16 Elk Grove Water District Operating Budget

Mark J. Madison, General Manager introduced the Draft Fiscal Year 2015-16 Elk Grove Water District Operating Budget and explained to the Board of Directors what key items Jim Malberg, Finance Manager, would cover in his presentation.

Mr. Malberg explained to the Board of Directors what key assumptions staff is working on:

- Revenue projection includes approved 3% revenue adjustment on January 1, 2016 and 10% reduced consumption over & above 2014 conservation levels
- COLA is estimated at 2%, CPI-W data scheduled to be released May 22, 2015 (each 1% of COLA represents approximately \$25,000)

Chairman Chuck Dawson inquired how the Elk Grove Water District Tier 2 fairs in relation to the San Juan Capistrano lawsuit. Mr. Madison and Mr. Malberg replied that they feel comfortable and confident with the rate model tying it back to cost for service.

Director Bob Gray inquired if there is a lag in revenues because of the Districts back billing process. Mr. Madison responded stating that he will check into that and will report to the Board on his findings.

Mr. Gray inquired why there was a drop in fire service revenues. Mr. Madison responded that the revenues were reduced because of the revised allocations in the new rate structure.

Mr. Malberg informed the Board that the District will no longer be budgeting for depreciation and amortization. He stated that the District will be budgeting a deposit for the capital reserves and the amount will be based from the Asset Management Plan over the next 18 years.

The Board inquired if we had any temporary employee salaries budgeted for. Mr. Malberg replied that he believed they were contained in contracted services. Mr. Malberg stated that he would verify and report to the Board his findings.

Mr. Malberg stated that staff has separated the purchased water expense from the category "Office and Operational".

Director Bob Gray proposed the separation of Office from Operational. He stated he would like to see the operational overhead. Director Tom Nelson commented, "is it worth the staff's time to switch the method. Mr. Gray replied, probably not. Mr. Madison replied, let's not rule it out.

Mr. Madison commented that the Board member costs will not be separated (seminars, conventions, travel). Mr. Madison will provide this information to the Board on an as needed basis.

The next Finance Committee Meeting to be determined.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary