

**COMMUNITY ADVISORY COMMITTEE MEETING MINUTES
OF THE FLORIN RESOURCE CONSERVATION DISTRICT/
ELK GROVE WATER DISTRICT**

Monday, February 12, 2018

Attendance:

Committee Members Present: Robert Blank, Gary Crotwell, Robert Stresak, Mark Freathy, Inderjit Kallirai, Shahid Chaudhry and Dwight Weathers

Staff Present: Mark J. Madison, General Manager; Patrick Lee, Finance Manager; Stefani Phillips, Board Secretary; Bruce Kamilos, Associate Civil Engineer; Donella Ouellette, Finance Supervisor; Sarah Jones, Program Manager; and Amber Parker, Administrative Assistant II (Confidential)

Consultants Present: None

1. 2018-2022 Water Rate and Connection Fee Study

General Manager Mark J. Madison opened the meeting and initiated introductions.

Mr. Madison explained communications between the Community Advisory Committee (CAC) relating to Brown Act compliance.

Mr. Madison informed and invited the CAC to the upcoming finance committee meeting on March 7th. The meeting was scheduled to discuss the Florin Resource Conservation District and what the District will do with it. Mr. Madison discussed an email received by one of the members of the CAC that proposed holding off on the rate study until the outcome of the FRCD is concluded. Mr. Madison responded stating, the outcome of the FRCD has no bearing on the rate study and the rate study must be performed.

Overview of Current Rates and Fees

Patrick Lee, Finance Manager lead the meeting and provided information on current rates and fees.

There was a brief discussion regarding amending the existing ordinance or developing a new document.

Outstanding Debt and Debt Service Coverage Ratio

Mr. Lee explained where the District stands with the debt service coverage, as well as above and below the line of revenue as it relates to the debt service coverage ratio.

Mr. Madison explained how a not-for-profit organization can make a profit. This is because the bond covenant requires the District to meet at least 1.15 times the sum of debt service. After the

debt income, the District has money to build capital projects, which do not affect the debt service coverage ratio.

A question and answer period occurred regarding debt services and bond ordinances.

Reserve Policy

Mr. Lee provided information on the reserve buckets: 1) Operating Reserve bucket 2) Capital Improvement bucket, 3) Capital Replacements bucket 4) Elections bucket, 5) Future Capital Replacement bucket, and 6) Future Capital Improvements bucket. Buckets 5 and 6 have surplus reserves.

Mr. Madison explained how the surplus reserves have grown and the District has to do something with them. He provided various options to the CAC for consideration. He informed the CAC how certain options effect the debt service coverage ratio.

One of the options provided was a new administration building. Mr. Madison explained where the District is at related to the needs assessment study for District Administration Building.

A question was asked regarding whether we could use the surplus reserves to advance pay some of the debt. Mr. Lee informed the committee that we cannot pre-pay before 2024. Mr. Madison stepped in to discuss that it is still an option if we put the surplus reserves into a separate bank account and let it sit until 2024.

Discussion continued on the reserves, as well as what will happen when the debt is paid off. Mr. Madison talked about all the changes the EGWD has made to save money, which in turn has kept the reserves at a steady amount instead of bleeding down like previously suggested in the 2013 rate study. Among the discussion of changes made, Mr. Madison talked about the addition of the Employee Cost Control Program and how it has been used to reduce employee costs.

Public and Private Fire Services

Mr. Madison provided background on public and private fire services and how it relates to the EGWD.

Mr. Madison stated, the question is, should there be a fire service fee. A brief discussion ensued and Mr. Madison informed the committee that this will be discussed in depth at the Thursday meeting.

Standby/Inactive Account Charges

Mr. Madison provided background on the standby and inactive accounts.

Mr. Madison stated, the question is, do you charge a fee or not charge a fee. A discussion took place and the question of whether there is a way to assess the fire hydrant fee was asked. Mr. Madison informed the CAC that the District has assessed the fee stating that it was built into the 2013 Rate Study; the cost of the fire service was added as part of the fixed fee. After more discussion, another question was asked regarding the outcome of a case with the Rio Linda Water District when they added a fire service fee and the staff will look into it.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary
AP/SP

Adjourn to next Community Advisory Committee Meeting: Thursday, January 15, 2018.