

MINUTES OF THE SPECIAL FINANCE COMMITTEE MEETING OF THE FLORIN RESOURCE CONSERVATION DISTRICT/ELK GROVE WATER DISTRICT

Wednesday, May 23, 2018

Attendance:

Directors Present: Lisa Medina, Sophia Scherman, Jeanne Sabin, Bob Gray, Tom Nelson
Directors Absent: None
Staff Present: Mark J. Madison, General Manager; Patrick Lee, Finance Manager; Stefani Phillips, Board Secretary; Bruce Kamilos, Associate Civil Engineer; Donella Murillo, Finance Supervisor; Sarah Jones, Program Manager
Consultants Present: None
General Counsel Present: Ruthann Ziegler, Meyers Nave'

1. Draft Fiscal Year 2018-19 Elk Grove Water District Operating Budget

Chairperson, Tom Nelson started the meeting.

Patrick Lee, Finance Manager presented the Budget document and schedule.

Mr. Lee reviewed the changes made from the May 16, 2018 meeting, which were:

1. Revenues: Decreased by \$30,819
 - o Revenue projections were updated with the rates from the 2018 Water Rate Study, approved by the Board on May 16th, 2018, subject to the receipt and consideration of protests and comments before and during a public hearing to be conducted on July 18th, 2018.
2. Salaries & Benefits: Increased by \$1,919
 - o FY 2018-19 COLA is 2.77%. Estimated COLA of 2.73% was used in prior budget draft.
3. Office & Operational: Increased \$9,457
 - o Association Dues – SCGA dues were increased from \$36,000 to \$45,457 based on discussions with the Board.
4. Operations Department Goals, Objectives, and Accomplishments
 - o Slight modifications have been made to the FY 2018-19 Goals and Objectives for the three divisions in Operations
 - o The FY 2017-18 accomplishments for the Distribution and Utility Divisions has been added.

General Manager, Mark Madison discussed the Sacramento County Groundwater Authority (SCGA) dues and the place holder in the budget of \$45, 457. He mentioned, although with the current findings it looks as if the District is only going to pay \$8,500, the dispute is not yet resolved and he does not want to decrease the place holder for that reason.

Mr. Madison discussed Mr. Nelson's comment from the meeting held on May 16, 2018 about diluting or dropping the policy manual update in the Fiscal Year (FY) 2018-19 objectives. He mentioned that Stefani Phillips, Human Resources Administrator/Board Secretary and himself do not recommend doing so and feel the policy manual needs to be updated. He stated they were seeking the Boards acknowledgement to have this as an objective for next year. A discussion ensued.

Mr. Nelson asked if the budget accounts for the increase in legal services for reviewing the updated policy manual. Mr. Madison responded that he curtailed the legal budget, but he feels comfortable with it. Further discussion resulted.

Vice-chairperson, Bob Gray commented, the District consistently comes in under budget in expenses and has not had to dip into reserves.

Mr. Madison stated the District is coming in around \$400,000 under budget in FY 2017-18. He mentioned the budget being brought to the Board this FY is balanced, in the black, and is sufficient to meet the needs of the District.

Director Lisa Medina commented on how huge the purchased water percentage was on the pie graph under expenditures in the budget. Mr. Lee responded, purchased water is supposed to go up 3% in the upcoming year and so the budget reflects that along with estimated consumption average of the past 12 month period.

Ms. Medina also commented on the goals and objectives listed under the department summaries, stating that she was really impressed and feels that the staff deserve what they make monetarily.

Mr. Lee informed Ms. Medina and the Board that the District is trying to submit the budget for a distinction award.

Director Jeanne Sabin asked the \$800,000 difference in revenue between what the District projected and what was budgeted. Mr. Lee informed her that is most likely due to coming out of the drought and customer's consumption going up.

Ms. Medina asked if the District predicts an additional increase in water. Mr. Lee responded yes and no, he took a conservative approach when creating the budget revenues for next year and decreased water consumption by 5% to not overestimate the amount.

A discussion on the budget occurred.

Mr. Gray commented that irrigation is a separate customer class and the District should have a separate break out percentage under the Revenues Category of the budget. Mr. Lee responded, the current system the District uses does not allow for irrigation customers to have a separate break out. There was a discussion on the current system itself, as well as the potential large expense to update it. Mr. Madison clarified that the District will be looking into a new billing system.

Ms. Medina commented regarding the salary schedule having no titles associated with the pay grades located at the end of the budget. Ms. Phillips mentioned a generic version was put in the budget, but if desired, it can be changed to show the titles associated with the assigned pay grade. Mr. Madison commented, it may be better not to associate titles with the pay grades contained in the salary schedule, because sometimes the District needs to reclassify a position to a different pay grade and that would cause the board to make modifications to the budget at a later date.

Ms. Sabin commented that there was an allocation in FY 2017-18 for an intern that was never used. A discussion pursued, including the topics of time, safety, and liability associated with having an intern.

Ms. Sabin provided background on her internship.

The District will talk to the Joint Powers Insurance Authority (JPIA) about liability insurance on interns.

Mr. Madison suggested that the District take \$15,000 from Purchased Water component and put it as a placeholder towards an Internship. The Board agreed on the change.

Mr. Lee commented that the resolution adopted allows the General Manager to move items within the budget. Mr. Madison commented to the Board that the District tries not to move monies between big line items, but only within categories as to keep the amounts the same for each item.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary
AK/SP

Adjourn to next Finance Committee Meeting and Community Advisory Committee Meeting:
Wednesday, May 23, 2018.