



## MINUTES OF BUDGET & FINANCE COMMITTEE MEETING

Responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget and reserves; audit; investments; insurance; and other financial matters.

**NOTICE IS HEREBY GIVEN** that the San Lorenzo Valley Water District has called a meeting of the Budget & Finance Committee to be held on Tuesday, **July 2, 2019 at 9:00 a.m.** at the Operations Building, 13057 Highway 9, Boulder Creek, California.

### MINUTES

1. Convene Meeting 9:03 a.m.  
Roll Call: S. Architzel, L. Sanders, B. Fultz, L. Henry  
Staff: S. Hill-Director of Finance & Business Services, H. Hossack-District Secretary  
  
Due to a technical problem the minutes are not being recorded.
2. Oral Communications  
C. Baughman-Boulder Creek, said that he was recording the meeting if we need it. He also noted that the Admin Committee was canceled but it is still on the website calendar.
3. Old Business:
  - A. RESERVE FUND POLICY  
S. Hill introduced this item.  
L. Sanders read a statement he had prepared regarding the understandability of the Reserve Fund Policy as presented. (See attached documents.)  
S. Hill continued her discussion with the Board regarding Reserve Fund Policy.  
*At 9:10 the recording started.*  
  
Discussion by the Committee and staff regarding committed funds.  
  
S. Hill explained that they are discussing a draft document. The Committee can change anything they want and take it to the Board.  
  
B. Fultz questioned if the Capital Improvement Reserve can it possibly be used to take advantage of matching funds.  
  
S. Hill said yes.  
  
B. Fultz said that should be noted on the document.  
  
L. Henry questioned the target balance being 2.5% of the anticipated capital replacement costs. How do you come up with the replacement costs?  
  
S. Hill explained that the Master Plan will help identify this and add 2% inflation  
  
B. Fultz requested a footnote to that effect.  
  
L. Sanders said that he enjoyed the discussion and is in complete agreement with the approach the Committee is taking.  
  
S. Architzel asked about how the target levels are determined.

S. Hill explained that the target levels were determined at a previous Committee meeting.

Discussion by Committee and staff regarding target levels.

S. Hill continued with compensated absences.

V. Champlin questioned the rationale for choice of number of 2.5% for Capital Improvement.

Discussion by Committee, public and staff regarding Capital Improvement 2.5%.

C. Baughman questioned how much it costs to have money in reserves.

S. Hill responded that financing debt is very affordable right now.

Discussion by Committee, public and staff regarding financing debt.

S. Architzel suggested a footnote saying what we're paying and what our return on investment is.

Discussion by the Committee, staff and public regarding debt expenses.

B. Fultz questioned the last table and what is the current liability on compensated absences.

Discussion by Committee and staff regarding compensated absences.

B. Fultz said he would like to see a report of reserve funds and unfunded liabilities, including pensions, deferred maintenance and also meter installations.

Discussion by Committee and staff regarding deferred maintenance, and use of plain language in government.

S. Hill said that so far the changes are; add at the Board's discretion, add a footnote to the capital reserves section, use of funds in the capital improvement section for matching funds, change compensated absences to assigned, add a column to spell out calculations, add a footnote for current debt financing, add a better definition for the District views assigned as being.

L. Sanders said the addition of visual aids for the ratepayers can reach an additional portion of the population.

C. Baughman questioned the assessment districts amount listed.

S. Hill said that is what we are projecting for FY 19-20 budget.

Discussion by Committee, public and staff regarding assessment districts.

B. Fultz with these changes do we have a consensus that we're ready to go to the Board with a recommendation from the Committee.

S. Hill said she will make the updates and prepare to take it to the Board.

Discussion by Committee and staff regarding Board agenda item.

4. New Business: None

5. Informational Material: None.

6. Adjournment 9:46

**SLVWD Budget & Finance Committee meeting**  
**070219**

I believe the Reserve Fund Policy documents submitted for review today are important and need to be readable and understandable by all ratepayers in the SLVWD.

However, I believe the Reserve Fund Policy document to be discussed in today's meeting fails to meet the readability needs of many ratepayers. Recent studies suggest that many adults struggle to read and comprehend above a 5th grade level.

A paragraph from this document was analysed by readability software and received a "Poor" rating for readability at the 5th grade level. The actual readability level was indicated as "Post Graduate".

I have printed the software generated readability report, and with the Chair's permission, would like to leave the printed copy with the District Secretary as reference for interested parties.

May I do so please?

(Submitted by L.A.S., public volunteer committee member)

The District manages its working capital in a manner that allows the District to fund costs consistent with its annually updated capital improvement program and budgeted financial plan, and that avoids significant rate fluctuations due to changes in cash flow requirements. The ability of the District to maintain reserve funds is a critical factor in providing reliable service, mitigating rate increases, and ensuring overall financial strength.

## Readability

Post-graduate

Poor.

Words: 66

Show More ▼

**1** adverb. Aim for 0 or fewer.

**0** uses of passive voice. Nice work.

**1** phrase has a simpler alternative.

**0** of 2 sentences are hard to read.

**2** of 2 sentences are very hard to read.