



MINUTES OF SPECIAL BUDGET & FINANCE COMMITTEE MEETING January 18, 2023

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.

Wednesday, January 18, 2023, at 2:00 p.m., via video/teleconference.

MINUTES

1. **Convene Meeting**
Roll Call: 2:00 p.m.

Committee Members - Present

Gail Mahood, Committee Chair

Jeff Hill

Monica Martinez (arrived 2:04)

Jim Mosher

Jim Bahn

Staff - Present

Rick Rogers, District Manager

Kendra Reed, Director of Finance and Business Services

Holly Hossack, District Secretary

2. **Oral Communications:**
C. Dzendzel questioned if her area is on well or surface water.

R. Rogers said that her area is receiving surface water from the emergency intertie.

R. Rogers said that he would like rearrange the order of the items on the agenda to accommodate a guest consultant for the Investment Funds item 4b.

3. **Unfinished Business:**

- a. REMOTE AUTHORIZATION UNDER AB 361
A motion was made and seconded to adopt Resolution No. 4 (20-21) for remote authorization.

The Committee voted unanimously to adopt.

4. New Business:

Each of the public committee members introduced themselves to the group.

b. INVESTMENT OF FUNDS FROM LOANS

K. Reed introduced and explained this item.

Chris Perlitz, consultant with Municipal Capital Markets, explained the arbitrage rates. No restrictions on cash. Investments are in liquid government securities.

Discussion by the Committee, consultant, and staff regarding:

- Treasuries or CDs liquidity - cashflow
- Saleability/Rollover
- Adoption of a resolution by the Board regarding why the money has not been spent
- Restriction on time to spend the money
- Value changes
- Treasury zero coupon doesn't lose value
- Hire a consultant to set up arbitrage payments
- Move ahead according to investment policy
- A written plan to the Board with Resolution explaining why the funds haven't been spent
- Quarterly Investment Reports go to the Board
- Cost of a consultant is within the District Mgr.'s authorization

c. DRAFT RATE STUDY - REQUEST FOR PROPOSALS

K. Reed introduced this item and read from the memo.

Discussion by the Committee and staff regarding:

- Changes to the Rate Study by Mahood & Hill
- Damage Estimates
 - Add the following:
Repair of Damages from Winter 2022/23 Storms
Central and Northern California experienced the wettest 3-week period in the last 161 years starting December 27, 2022 through mid-January 2023. Surface water intakes on creeks were damaged by high debris laden flows. Saturated ground combined with high winds resulted in many landslides and fallen trees that damage District access roads and caused earth movements that broke water mains. Current estimates of damages exceed \$3 million. California has secured a Presidential Disaster Declaration which makes FEMA funds available for assistance in making repairs.
 - Also add:
With the addition of storm related repairs to the recovery from the CZU Fire will create cash flow concerns that need to be considered in the Rate Study

given that reimbursement from FEMA for allowed expenses is a complicated and slow process. This disaster related work will further stretch the capacity of our relatively small staff to coordinate repairs and may require an examination of staffing levels.

- *Add to or expand on the Rate Assistance Program, determine how the District can fund a low income rate assistance program given current State regulations and provide recommendations on how it might be implemented and expanded under various rate structures.*

A motion was made and seconded to adopt the Draft Rate Study RFP with the 2 stated changes; one incorporating the new information about storm related damage, and the second about potential expansion and modeling of various scenarios of the LIRA Program.

Motion passed unanimously.

This item will be taken to the 2.2.23 BoD item.

a. BUDGET vs. ACTUALS REPORT FISCAL YEAR 2021-22

K. Reed introduced and explained this item.

Discussion by the Committee and staff regarding:

- Differences in consumption/usage/water conservation
- Material delays (pipe 1 year out, meter 15-20 weeks out)
- Pandemic supply chain issues
- Expected FEMA reimbursements
- Historical data used for projections
- Consumption and drought messaging
- Fixed assets loss - with depreciation
- ERP-Emergency Response Plan (unfunded State mandated)
- Interest rates
- Staffing

C. Dzendzel said she and her neighbors would appreciate timely communication regarding water sources.

5. **Adjournment:** 3:17 p.m.