



## 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.

Tuesday, **March 5, 2019 at 9:00 a.m.** at the Operations Building, 13057 Highway 9, Boulder Creek, California.

### MINUTES

1. Convene Meeting 9:03  
Roll Call: L. Sanders, L. Henry were present. B. Fultz emailed that he would be absent.  
Staff: Dist. Manager R. Rogers, Dir. of Finance S. Hill, Dist. Secretary H. Hossack
2. Oral Communications: None
3. Old Business: None
4. New Business:
  - A. HIGH LEVEL FY2019/20 BUDGET EXPECTATIONS

S. Hill introduced this item and explained the handout. Next B & F will have operating projections.

R. Rogers said he is not anticipating a large push for conservation this year.

L. Sanders thanked S. Hill for her work. He found it very understandable. Questioned the conservation activities being at crossed purposes with the need for revenue. Has anyone ever been fined for too much water consumption?

S. Hill in 2014 conservation was mandated by the State to be funded through the water rates. The District has never had to go to rationing of water. We have sent out warnings to high water users.

L. Henry said that as paying members of SMGWA, which is also mandated by state, the District is charged for over drafting of the aquifer.

R. Rogers explained that our drought program is more education than policing.

S. Hill you can see when consumption goes down drastically, so does revenue.

L. Sanders who in the District is responsible for controlling the overdraft?

R. Rogers said the Board is responsible and that is part of working with SMGWA.

L. Henry invited Mr. Sanders to the SMGWA meeting on Saturday.

E. Frech said there isn't a model yet. Who says we're over drafted.

R. Rogers SMGWA is just preparing to hire a hydrologist to make the next step for a model. He believes we are over drafting.

B. INTEGRATING STRATEGIC PLAN TO THE BUDGET PRESENTATION

S. Hill introduced this item. She plans to go for the Government Financial Officers Award budget presentation. With that there is a lot more verbiage that needs to come from the Board. Taking goals, objectives and the strategic plan and tying it into the budget.

L. Sanders questioned if the Strategic Plan to be used is the 2016 version.

S. Hill explained that it is on the Board's agenda to be working on an updated Strategic Plan.

L. Sanders questioned if the District is using any of the International Standards Organization 9000 series standards to measure whether what we say is what we do.

S. Hill not aware of ISO 9000 series.

L. Henry said that the District is audited every year.

C, REVIEW DRAFT RESERVE FUND POLICY

S. Hill introduced this item. There were changes to policy by GASB in 2014. The Reserve Fund Policy was reworded. No one could agree on the amounts for each area so it stayed the same. She would like to start working towards a more realistic Reserve Fund Policy.

L. Henry it needs to be based on life, not depreciation. It needs to look at tanks and infrastructure. It's difficult to know costs for 20 - 40 years from now. Operational reserves should be keeping lights on, salaries, rent, etc. She would like to understand what these numbers are based on.

S. Hill best practices says operational reserves should be 3 to 6 months. It should be based on the current budget range. If you go by a percentage of adopted budget it will be fluid. Capital reserves is the most difficult. Take a projection and apply a percentage that guides the Capital Improvement fund. The easiest is debt reserves.

L. Henry committed doesn't mean that you can't spend it on something else.

S. Hill the Board can commit a certain amount and if something changes they can acknowledge and adjust.

L. Henry questioned if there is an Emergency reserve fund.

S. Hill said we can set up an Emergency Reserve fund but we don't have the money for reserves now. We can set the goals for what we want to do.

L. Henry said she thinks a simplified Profit & Loss statement would be useful for Board members.

S. Hill said she will try to make it as simple as possible.

L. Sanders asked who is responsible for determining how much is spent?

S. Hill said the Board sets policy.

L. Henry said that this Thursday evening Stephanie will be giving a B & F presentation.

S. Hill described an overview of her presentation.

D. Loewen feels strongly that the budget is the heart of the District. Reserves are important and will make or break the District. S. Hill should assign numbers to the reserves.

S. Hill said at this time the Operation Reserve Fund is the only one the District has.

R. Rogers said we do need an Emergency Reserve fund.

S. Hill said part of the rate study does look at long term projections for reserves.

R. Rogers said the Lyon access road is going to be \$1.5 or 2 million to repair. she said.

S. Hill said that what she is hearing is Capital Reserves fund is important. Operating Reserves fund should be reworded to say 3-6 mos of approved expenditures. The remaining reserve funds should be assigned a priority,

5. Informational Material: None.

6. Adjournment S. Hill not available on April 2<sup>nd</sup> discuss alternate dates for the next 9:48