



## NOTICE 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, November 3, 2020 9:00 am**, via video/tele conference.

<https://global.gotomeeting.com/join/859629517>

You can also dial in using your phone.  
(For supported devices, tap a one-touch number below to join instantly.)

United States (Toll Free): 1 877 309 2073  
- One-touch: tel:+18773092073,,859629517#

United States: +1 (646) 749-3129  
- One-touch: tel:+16467493129,,859629517#

Access Code: 859-629-517

### AGENDA

1. Convene Meeting/Roll Call
2. Oral Communications:  
*This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Board can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Committee at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed five (5) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.*
3. Old Business:  
*Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.*

- A. PAST DUE POLICY  
Discussion and possible action by the Committee regarding the Past Due Policy.
  - B. UPDATE ON THE ROAD MAP  
Discussion and possible action by the Committee regarding changes to the B & F road map.
4. New Business:  
*Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.*
- A. FIRE RECOVERY SURCHARGE  
Discussion and possible action by the Committee regarding a fire recovery surcharge.
  - B. FUTURE CASH FLOW NEEDS  
Discussion and possible action by the Committee cash flow needs going forward.
5. Informational Material: None.
6. Adjournment

*Agenda documents, including materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents may also be available on the District website at [www.slwvd.com](http://www.slwvd.com) subject to staff's ability to post the documents before the meeting.*

**Certification of Posting**

I hereby certify that on October 29, 2020 I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 72 hours in advance of the regular meeting of the Budget & Finance Committee of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on October 29, 2020

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Holly B. Hossack, District Secretary

M E M O

TO: Budget & Finance Committee  
FROM: Director of Finance & Business Services  
SUBJECT: 11/3/2020 Agenda Item Discussions  
DATE: November 3, 2020

RECOMMENDATION:

This document summarizes the intended subject matter of the agenda items. Most do not have concrete data yet, so this is meant to help facilitate the discussions.

ITEMS:

1. Past Due Policy – This was initially paused due to the pandemic. It was about to be reinstated when the fires hit.
  - a. The \$10 late fee has been re-established and will begin on bills 11/5 and on.
    - i. The Cycle 2 past due batch had approximately 900 past due accounts, with 650 receiving the courtesy IVR notice. We will know on 11/5 how many will receive the actual late fee. Long term payment plans are accepted to avoid the late fee.
  - b. There is still a State executive order prohibiting turn off for non-payment. There is currently no known sunset date for this. Until then, it is expected certain accounts will continue to accrue unpaid balances. It is not recommended to initiate late tags (\$25 fee) until turn offs for non-payment are reinstated.
  - c. Owner accounts that are significantly past due are continuing to have liens placed on the properties.
  - d. It is recommended the property tax roll is reinstated as a means of collection. This process would start in January. The Board/Committee can help establish parameters for the timeframes we use.
    - i. In April, it was estimated approximately \$120K would have gone on the tax roll. As of September, it is estimated to now be approximately \$175K.
2. Fire Recovery Surcharge
  - a. Finance has not yet received a listing of all the projects with cost estimates. Once we have a better handle on the projects and cost estimates, we can evaluate funding sources. Typically FEMA will cover approximately 75% of qualifying expenses and Cal OES covers a portion of the remaining 25%, however, there is usually a portion the District will have to pay out of pocket. Once we are able to evaluate all of this, we can begin more detailed recommendations for a fire recovery surcharge.
  - b. We have heard it will be north of \$10M. For conservative purposes, below illustrates what it would look like to recover \$3M in a fire surcharge:

<b>Charges Per Customer Account</b>		
<b>Per Month</b>	<b>Annually</b>	<b># Years to Recover \$3M</b>
\$ 1.00	\$ 12.00	31.65
\$ 2.00	\$ 24.00	15.82
\$ 3.00	\$ 36.00	10.55
\$ 4.00	\$ 48.00	7.91
\$ 5.00	\$ 60.00	6.33
\$ 6.00	\$ 72.00	5.27
\$ 7.00	\$ 84.00	4.52
\$ 8.00	\$ 96.00	3.96
\$ 9.00	\$ 108.00	3.52
\$ 10.00	\$ 120.00	3.16

i.

3. Future Cash Flow Needs

- a. Similar to the above, until we have more expenditure projections, we cannot accurately forecast cash flow needs. We believe we still have enough in current reserves to allow for time to get a loan if/when needed.
- b. There is potential for multiple loans:
  - i. Initial loan to cover expenses prior to receiving allocation of fund approval from FEMA – Est. \$1-3M
  - ii. Bridge loan using the FEMA allocated funds – this will be the portion of the overall project covered by FEMA, the allocation is used as lending security.
  - iii. Long term loan to cover the District’s portion if a fire recovery surcharge will not suffice or is not done.

4. Update on the Road Map – In July a presentation on the planned road map was accepted to help guide the District to help develop a strategic plan → capital asset management plan (CAMP) → financial plan.

- a. Strategic Plan - I don’t believe the draft Strategic Plan has been presented yet.
  - i. Timeliness of this will impact the others.
- b. CAMP – In July, a spreadsheet of the assets with key attributes for a matrix analysis was developed. Finance attempted to start populating with the tank listing Operations had presented. While some of the tanks were lining up, other tanks were not appearing to be on the asset listing. Operations is working on going through the spreadsheet and helping reconcile and identify any missing assets. It is not yet known the magnitude, but this is considered a major issue that we hope to have resolved soon. This is causing delay in being able to forecast out any capital outlay.
  - i. This is a major defect that needs to be addressed promptly.
- c. Financial Plan – projections are in place for the more fixed expenditures – need action items from the Strategic Plan and CAMP to complete.