



FINANCE COMMITTEE

REGULAR MEETING
Thursday, April 26, 2018 - 9:00 am-12:00 pm
2850 Burton Drive Cambria CA 93428

AGENDA

- A. CALL TO ORDER
- B. ESTABLISH QUORUM
- C. CHAIRMAN'S REPORT

1. PUBLIC COMMENT

Members of the public may now address the Committee on any item of interest within the jurisdiction of the Committee but not on its agenda today. In compliance with the Brown Act, the Committee cannot discuss or act on items not on the agenda. Each speaker has up to three minutes. Speaker slips (available at the entry) should be submitted to the District Clerk.

2. CONSENT AGENDA

- A. Consideration to Approve the April 5, 2018 Regular Meeting Minutes

3. REGULAR BUSINESS

- A. Review of Finance Committee Scope of Responsibilities and Functions
- B. Discuss Newly Created Departmental Balance Sheets for the CCSD
- C. Discuss Feasibility of Possible Financing for the CCSD's Sustainable Water Facility and Capital Improvement Infrastructure Needs
- D. Brown Act Training - This Will Be at 10:30 a.m. with the Infrastructure Committee Joining

4. FUTURE AGENDA ITEMS

5. ADJOURN



FINANCE COMMITTEE

REGULAR MEETING
Thursday, April 5, 2018 - 10:00 AM
2850 Burton Drive Cambria CA 93428

MINUTES

A. CALL TO ORDER

Amanda Rice called the meeting to order at 10:00 a.m.

B. ESTABLISH QUORUM

A quorum was established.

Committee members present: Amanda Rice, David Pierson, Ted Siegler, Cindy Steidel, and Dewayne Lee

Staff present: General Manager Jerry Gruber, Finance Manager Rudy Hernandez, and Confidential Administrative Assistant Haley Dodson

C. ELECTION OF CHAIR AND VICE CHAIR

Amanda Rice nominated David Pierson to the Chair of the Committee.

Dewayne Lee seconded the motion.

Motion Passed Unanimously: 5-Ayes, 0-Nays, 0-Absent

Cindy Steidel nominated Ted Siegler to the Vice Chair of the Committee.

Amanda Rice seconded the motion.

Motion Passed Unanimously: 5-Ayes, 0-Nays, 0-Absent

1. PUBLIC COMMENT

Karen Dean

2. REGULAR BUSINESS

A. Discussion of Finance Committee Scope of Responsibilities and Functions

Each committee member discussed what they'd like the committee's scope of responsibilities and functions to be.

Vice Chairman Siegler discussed his list (attached).

The Chairman and committee defined the following scope of responsibilities and functions (David Pierson's attachment attached):

- 1) District Pension Liabilities: Status of funding and the impact on current and future budgets. An emphasis on transparency for the Board and the community
- 2) Review of the Balance Sheet: Including all assets and liabilities including interagency debt, external debt, and fixed assets. Review the Asset Management Program and its impact on current and future expenses. Review the District Reserve Policy and recommend changes as needed.
- 3) Annual District Planning and Budget Review – Review of the annual plan and budget including all personnel additions/subtractions, infrastructure improvements and upgrades, efficiency improvements, and customer satisfaction improvement projects. Review overhead allocations to each agency. Review on a quarterly basis at a minimum with an emphasis on plan achievement and subsequent budget conformation.
- 4) Long-range Plan and Budget Review: Review the plan and budget including revenue projections, rate and fee changes, CIP (Capital Improvement Plan), and Asset Management.
- 5) Advise the District Financial Manager on reports and financial documents with an emphasis on providing the maximum transparency and accuracy for the community.
- 6) Review the District policy on pursuing grants. Recommend a plan to achieve greater success by utilizing District assets and/or consultants as needed.
- 7) Review all large (>\$50,000) purchases and make recommendation to the Board as directed.
- 8) Review and recommend changes to the Purchasing Policy and other policies as directed by the Board.
- 9) Hold a minimum of two Town Hall meetings with the public to improve District financial transparency.
- 10) Other items as directed by the Board.

B. Discussion of Committee Procedures, Including Agenda Setting Process, Establishment of Regular Meeting Dates & Times, and Responsibilities of Members

Public Comment:

John Martinez

Chairman Pierson suggested the committee should establish regular monthly meetings at the May meeting.

C. Discussion of Committee Regarding Revision of the Purchasing Policy

General Manager Jerry Gruber discussed the purchasing policy and the suggested revisions.

Finance Manager Rudy Hernandez discussed the petty cash procedures.

Public Comment:
John Martinez
Karen Dean
Harry Farmer

Chairman Pierson suggests the committee table this item and discuss it at a future meeting. The committee unanimously agreed.

3. FUTURE AGENDA ITEMS

Chairman Pierson suggested the committee have an interim meeting at the end of this month to have a brown act training, review the balance sheet, and having a conversation about where the dollars come from and where does CCSD spend the dollars? We want to clarify the difference between what the rate payers are responsible for and what the tax payers are responsible for. He suggested having another meeting on Thursday, May 10, 2018 at 10:00 a.m. and limiting the length of the meeting to two hours.

The committee unanimously agreed to have a meeting on Thursday, May 10, 2018 from 10:00 a.m. to 12:00 p.m.

The committee unanimously agreed to have a meeting on Thursday, April 26, 2018 from 9:00 a.m. to 12:00 p.m.

4. ADJOURN

Chairman Pierson adjourned the meeting at 11:51 a.m.

CCSD Finance Committee:

- Pension liability
 - Does the CCSD have an unfunded pension liability
 - How much
 - Is it recorded
 - Should the CSD set up a sinking fund to deal with it
- Clarify the difference between what rate payers are responsible for versus taxpayers
 - While the base is essentially the same, the costs hit individual pocket books differently
 - CCSD Board will need to lead by being clear about which fund is involved in decision making
 - There may be interesting things to consider, such as, should the fire department pay a fee for the water infrastructure devoted to fire suppression
- Prepare a spreadsheet that clearly shows the intra-agency debt. Include it in the monthly reporting package.
- For intra-agency debt, what is the interest rate? Repayment schedule?
 - Repayment should be built into the rates
 - If the enterprises put forward a payment schedule, would we need a \$65 parcel fee to fund a 4th firefighter per shift
 - Would funds be available to accelerate the East Ranch park
 - Etc.
- Midyear budget update was frustrating
 - Brought finances up to date as of 3 months ago. Only 3 months left to correct course. Was the CSD operating on business as usual in January, February and March?
 - Why was the agency waiting for Board direction before taking corrective action
 - A statement along the lines of "We'll really sharpen our pencils over the next three months. If we're not successful, you can authorize use of reserves in August," isn't helpful. What will be cut? How can the Board make a decision to proceed with cuts? If cuts can be made without affecting performance, why haven't they been in place anyway? I would have wanted to hear, "This is what we've done, and this is how much the course-corrections will save. We have several big items that we want your judgement to resolve."
 - The resolution recommended to the Board suggested using reserves to cover spending that already happened. That's backward – use of reserves should be authorized in advance of spending overruns
 - While all the detail is nice, the presentation should focus on salient issues that the Board can impact. Don't lose track of the big issues as a result of being bombarded by a lot of data.
 - The fire chief's SUV should receive board follow-up. How can a large-ticket item be purchased on terms inconsistent with CSD policy? Is there a control issue?

- Accounting for the drop in reserves should focus on use of reserves for investment, versus use of reserves to cover operating deficits. The assumption here is that investment is a conscious choice by the Board that provides benefits to the community, including lower costs, improved reliability, new functions/opportunities, etc.

Cambria Community Services District – Finance Standing Committee

Scope of Responsibilities and Functions

The Standing Committee was formed by the District Board of Directors and convened on April 5, 2018. The committee's chair will report to the Board at the Board's scheduled monthly meeting. The committee will be responsible for reviewing all aspects of the District's finances including but not limited to the following areas.

- 1) District Pension Liabilities: Status of funding and the impact on current and future budgets. An emphasis on transparency for the Board and the community
- 2) Review of the Balance Sheet: Including all assets and liabilities including interagency debt, external debt, and fixed assets. Review the Asset Management Program and its impact on current and future expenses. Review the District Reserve Policy and recommend changes as needed.
- 3) Annual District Planning and Budget Review – Review of the annual plan and budget including all personnel additions/subtractions, infrastructure improvements and upgrades, efficiency improvements, and customer satisfaction improvement projects. Review overhead allocations to each agency. Review on a quarterly basis at a minimum with an emphasis on plan achievement and subsequent budget conformation.
- 4) Long-range Plan and Budget Review: Review the plan and budget including revenue projections, rate and fee changes, CIP (Capital Improvement Plan), and Asset Management.
- 5) Advise the District Financial Manager on reports and financial documents with an emphasis on providing the maximum transparency and accuracy for the community.
- 6) Review the District policy on pursuing grants. Recommend a plan to achieve greater success by utilizing District assets and/or consultants as needed.
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- 10) Other items as directed by the Board.