



FINANCE COMMITTEE

REGULAR MEETING

Thursday, November 1, 2018 - 10:00 AM to 12:00 PM
1000 Main Street Cambria, CA 93428

AMENDED ON 11/1/2018 TO INCLUDE 3.C. ATTACHMENTS

MINUTES

A. CALL TO ORDER

Chairman Pierson called the meeting to order at 10:00 a.m.

B. ESTABLISH QUORUM

A quorum was established.

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

Committee member absent: Amanda Rice.

Staff present: Acting General Manager Monique Madrid, Finance Manager Pamela Duffield, District Engineer Bob Gresens and Deputy District Clerk Haley Dodson.

Public present:

Paul Reichardt

Harry Farmer

Paul Nugent

Crosby Swartz

Laura Swartz

Donn Howell

Jim Bahringer

C. CHAIRMAN'S REPORT

Chairman Pierson stated my goal for this committee is to get three policies to the full board by the December meeting.

1. PUBLIC COMMENT

Chairman Pierson stated the public may address any item in jurisdiction of this committee that's not on the agenda. We will not be discussing the hiring of the general manager.

Public Comment:

Laura Swartz: Since we got substantial raises as of today, I would love to see Cambria get its financial house and try to refinance the plant loan because I think it will be problematic.

Paul Reichardt: I think having the two committees is the best thing this district has done in 25 years. David, I applaud you for making changes and I trust that you have the best interest of the community in mind. One of the things that bothered me was the rate study. What happened to the \$50k? Why don't we have a rate study sheet that shows what this committee needs?

Paul Nugent: We've had discussions regarding the Infrastructure and Finance Committees being separate. To me, Infrastructure is supposed to focus on Infrastructure and Finance is supposed to focus on the budget.

Mr. Gresens stated he's frustrated about the priority on the bridge pipe. The Infrastructure Committee decided to push it off.

Committee member Lee stated it's difficult trying to prepare for these meetings. I didn't get the green sheets until about 30 minutes before this meeting. We don't have enough time between the two committee meetings to coordinate, review the information and make an intelligent recommendation.

Chairman Pierson agreed. There should be more than two days between meetings.

Ms. Madrid stated we have a 72-hour posting period.

Public Comment:

Donn Howell: I would recommend that the meetings be a week apart and one week before the board meeting.

Chairman Pierson requested that the Infrastructure Committee move their meetings forward.

2. CONSENT AGENDA

A. Consideration to Approve the October 11, 2018 Regular Meeting Minutes

Committee member Lee moved to approve the minutes.

Committee member Steidel seconded the motion.

The motion was approved: 4-Ayes (Lee, Steidel, Pierson, Siegler), 0-Nays, 1-Absent (Rice)

3. REGULAR BUSINESS

A. Discussion Regarding Progress Made on Budget, Allocated Overhead and Reserve Fund Policies

Chairman Pierson introduced the item.

The committee discussed the budget policy and revisions.

Chairman Pierson suggests Ms. Madrid review the personnel policy within the budget policy.

Vice Chair Siegler moved that we recommend the proposed budget policy as amended by adding a table within the organization chart to the full board for adoption.

Committee member Steidel seconded the motion.

The motion was approved: 4-Ayes (Siegler, Steidel, Lee, Pierson), 0-Nays, 1-Absent (Rice)

Chairman Pierson stated the reserve policy was missing in the packet and we won't cover the reserve policy today.

B. Discussion Regarding Progress Made on Inter-fund Loan Policy

Chairman Pierson stated he drafted this policy. The two items in red are draft paragraphs. He asked the committee for any thoughts on the policy.

The committee provided revisions to the policy.

Public Comment:

Paul Nugent: asked a question regarding funds.

Crosby Swartz: read a sentence out of the policy and stated the second sentence doesn't help you at all.

Laura Swartz: if you don't have a time constraint to buy it back, it's kind of a gift.

Donn Howell: beef up the ongoing structure sentence.

Unknown name: asked a question regarding Board policy.

Vice Chair Siegler stated we shouldn't write a policy that we don't adhere to.

Chairman Pierson stated we, the full board, make policies and give guidance to staff and general manager. It gives them a road map of how to run district and they should be adhering to the policy. If they aren't, we should make sure they are.

Chairman Pierson stated he will make the changes and bring it back to the committee for review.

C. Discussion and Consideration Regarding the Infrastructure Committee's CIP Priorities

Chairman Pierson introduced the item and stated we haven't had a great deal of time to review the priorities. I'm not sure exactly what we want to do.

Mr. Gresens stated staff was tasked with finding out which projects could be completed with the rate study being approved. He discussed the memo and the green sheet. The Infrastructure Committee approved what is outlined on 3B as far as the Wastewater projects, with no changes. As far as SWF recommendations, they asked to move forward with no changes. The Water recommendation was to reduce the bridge from \$120k to \$20k and add in all other gray areas (lines 5,6,16, 20 and 25) with the exception of moving line 26 and reducing it to \$20k instead of \$50k. The committee also added on the Wastewater CIP sheet a line asking for two additional positions because there's no funds set aside for personnel and asked that the Finance Committee please consider that. This sums up what the Infrastructure Committee wanted the Finance Committee to consider.

Vice Chair Siegler stated there's a question from Elizabeth Bettenhausen about the influent screen replacement. Are the associated projects within the plan?

Mr. Gresens stated some are operating costs. We are working with PG&E. We don't have the personnel to run equipment.

Chairman Pierson stated the SSMP has the requirement to clean those pipes. Are we going to do the inspecting and cleaning? Are we going to hire someone? Do we need to purchase a Vactor truck?

Mr. Gresens stated the Vactor truck needs to be purchased. It's a critical piece of equipment. We don't have the staff to clean and tv lines. We had Pro Pipe do it before. We should do 10% a year and make some progress.

Chairman Pierson stated why are we buying a tv camera if we don't have the staff to use it?

Mr. Gresens stated we have the tv truck and reels. Historically, they had a panel truck and the tv camera got damaged. The staff gets calls for blockages and this camera would be used on a routine basis. We need to think about additional staffing.

Vice Chair Siegler stated the discussion of CIP is completely out of context. Pam has a lot of work to do with the revised budget. This starts with what are the plans, what we are trying to do, what are the costs and what capital items are necessary. I can't sit here and make any kind of intelligent comment about whether there should be two more operators in Wastewater or not because there's no context to put that into. We spent a full day in July going through CIP plan and context of the rate increases and it would be a shame if we have shortfalls that weren't fully discussed. If we can't do what we said we were going to do in July with a rate increase, that's a problem.

Committee member Lee stated the rate increase puts us in a whole new ball park. I think what we need to step back and get the information from staff. The five of us don't know what you need in each department and what you need first. Our recommendations to the Board are basically based on the recommendations we receive from staff. We don't want to buy a piece of equipment that we don't have staff to operate or a camera they can't use.

Chairman Pierson agreed.

Public Comment:

Crosby Swartz: Why is the water meter replacement program number one? Why do you have to spend a million dollars replacing meters at this point in time? I don't think it should be a priority item.

Committee member Steidel said we are not spending a million dollars, we will spend money replacing them over time. This was discussed in depth at the Infrastructure Committee meeting. The meters are not recording the water usage volumes. With new meters, we can recognize water leaks. There's a potential for expanding the technology.

Ms. Madrid stated it helps with water conservation, reduces staff time and helps identify leaks.

Mr. Gresens stated meters are beginning to fail because they are at the end of their life.

Committee member Lee stated now is the time to start looking at what's available and implementing the new meters. We don't want them to fail.

Ms. Madrid stated it's easy to point fingers and to say we are doing less than an adequate job. Our staff deserves to be commended, not criticized. We have new staff and this rate increase was just approved on October 4th and we are trying to do the best job we can. We've taken on additional committees with the same staff. I request we step back and figure out how much money we have and what we can do with that money. We are scrambling around to get the information to the committees. We are working at lightning speed every day and we are doing the best we can, but we are still getting criticized. Most staff work hard every day.

Public Comment:

Paul Reichardt: I never said anything discriminatory against any staff members. What did we get with the \$50k rate study? This district needs a true capital infrastructure program. This sheet isn't a capital improvement program. This is a wish list. I agree to step back and put a capital improvement plan together.

Ms. Madrid stated we need to look at what we need to do operationally and decide what is required so we have a CIP list to maintain assets and see what we need to do regulatory wise. We work at lightning speed and that's why we have high turnover.

Committee member Lee stated you need a planning department that can come up with a plan from staff and departments and make a recommendation on the board.

Public Comment:

Laura Swartz: I have empathy towards Ms. Madrid and I know you're working really hard. I think we are overwhelmed with the plant.

Committee member Steidel stated it appears to me that we are caught in a growing pains cycle. We have the opportunity for revenue and resources that we haven't had in a long time. We are in a mode where we need to recognize that and try to do be aware of it as we are going through the process and make recommendations to the Board that can be acted on.

Chairman Pierson would like to move along.

Public Comment:

Paul Reichardt: I'm a resource. I can help make a difference right now. It seems like there isn't a plan. We need to come up with a capital improvement plan and move forward.

Ms. Madrid stated I agree we need to plan our plan.

Vice Chair Siegler suggests we need the pickup truck with crane and let's propose to purchase that. The Vactor truck is a critical item and we shouldn't be dysfunctional any longer.

Committee member Lee stated if staff says we need this piece of equipment, then let's find the money.

Public Comment:

Donn Howell: This reminds me of the Infrastructure meeting where we tended to flow into financing.

Committee member Lee stated we need to stop and take a breather and let staff do the work, let the Infrastructure Committee do their work, and present it to us to review.

Vice Chair Siegler stated the green sheets have no context for us without a plan and budget. It's too early for us to be able to make intelligent comments about what we should be doing financially.

Chairman Pierson stated we need a plan and then we need a budget to implement the plan and that's what we are looking for in February. Staff needs to bring forward items needed immediately. The Vactor truck and truck with crane makes sense. I think you need to look at maintenance and emergency funding and see if you have any money left. In February, the committee would like a plan on how to start moving forward on the issues in front of the community and district and how to spend the money the rest of year. Then in May, come back with a continued plan and what we need to spend in 2019-2020. This is the general consensus of the committee. I also expect to have a plan in February as to what we plan to do with the Vactor truck, with the tv and why we need more people. Why do you need two more people in Wastewater? I know why, but the community needs to know why. What are the employees going to do for us? If they are going to do the tv work, then great, we need to find that out. This needs to come to the committee in February and then we will make a recommendation to the board.

Committee member Steidel agrees with the outline of specifics but i just wanted to take a couple steps back and understand the process. There was no requirement or definition associated with the resources. I want to acknowledge Bob's process and staff has responded each time.

Public Comment:

Donn Howell: Is this committee passing the Infrastructure Committee's committee suggestion?

Chairman Pierson stated we are passing it on and seeing if we'll have the money for it.

D. Discussion and Consideration of Development of a Debt Policy

Chairman Pierson introduced the item and asked the committee to look at TCSD's policy. It was brought to our attention that in order for us to get loans, we have to have a Debt Management Policy in place. We are looking at TCSD's policy because we need to get it done ASAP and to the full Board for approval, so we can adopt the policy to get loans for things we need right away.

Committee member Lee stated we haven't had enough time to adequately say this is good or bad. It needs to go to a subcommittee.

Ms. Madrid stated if we want to get loan for the truck, we need a Debt Management Policy in place. I agree it's rushed. We could adopt the same policy and revise it based on the needs.

Vice Chair Siegler stated I'd be willing to take TCSD's policy and change to CCSD. I'd like to spend a few minutes on the phone with district counsel to make sure it covers necessary needs for the immediate future. I can have it ready for the November board meeting.

Chairman Pierson would like to establish an Ad Hoc Committee to move forward with revising the Debt Management Policy. This committee would also be tasked with revising the policy early next year.

The committee agreed.

Chairman Pierson asked for volunteers for the Ad Hoc Committee.

Vice Chair Siegler and Committee member Steidel volunteered to be on the Ad Hoc Committee.

Public Comment:

Crosby Swartz: shouldn't there be an acknowledgement made saying it's copied from the TCSD?

Committee member Lee motioned that we task Vice Chair Siegler and Committee member Steidel with revising the Debt Management Policy, work with district counsel and staff to finalize the wording and have it ready for the meeting in two weeks.

Vice Chair Siegler seconded the motion.

The motion was approved: 4-Ayes (Lee, Siegler, Pierson, Steidel), 0-Nays, 1-Absent (Rice)

4. FUTURE AGENDA ITEMS

The committee would like the following items on the next agenda:

- A discussion item for a plan for budget revision
- Review the reserve fund policy
- Get an Update from Bob on the IRWN grant and Civil Engineers grant

Public Comment:

Paul Nugent: I would like the committee to review the district vehicle fuel tracking. The verbiage is vague. Employees are not getting taxed on that properly.

The committee would like to add the vehicle policy to the next agenda.

5. ADJOURN

Chairman Pierson adjourned the meeting at 11:48 a.m.

DRAFT