

ACTION SUMMARY MINUTES
MINUTES OF THE BUDGET WORKSHOP MEETING OF
THE BOARD OF DIRECTORS OF THE
FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
HELD WEDNESDAY, JUNE 8, 2011

Pursuant to notice, the Budget Workshop Meeting of the Board of Directors of the Fresno Metropolitan Flood Control District was held Wednesday, June 8, 2011 at 6:00 p.m. in the Board Chambers of the Fresno Metropolitan Flood Control District at 5469 East Olive Avenue; Fresno, California.

DIRECTORS PRESENT: Roy Spina, Chairman
Jennette Williams, Vice-Chairman
Kendall Groom
Mike Rastegar
Barbara Goodwin
Frank Fowler
Buzz Burleson

DIRECTORS ABSENT: None

STAFF, CONSULTANTS,
OTHERS PRESENT: Jerry Lakeman, District Engineer
Alan Hofmann, Assistant District Engineer/Design
David Pomaville, Administrative Services Manager
Peter Sanchez, Operations Engineer
Frances Lopez, Office Manager
Paul Merrill, Finance Manager
Daniel Rourke, Environmental Resources Manager
Larry Kalpakoff, Information Systems Coordinator
Carol Gerking, Accountant
Karyn Kruser, Staff Analyst
Esther Schwandt, Clerk to the Board

Doug Jensen, General Counsel; Baker, Manock & Jensen
Ken Price, Assistant General Counsel;
Baker, Manock & Jensen

Scott Anderson, Fancher Creek Properties

PRESIDING: Director Spina, presiding as Chairman called the meeting to order at 6:00 p.m. and Mr. Jensen led the Pledge of Allegiance.

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2. REPORT OF THE GENERAL MANAGER:

Mr. Lakeman, in the absence of the General Manager, gave the following report: (1) he reported the District had received a letter from FEMA indicating that FEMA has approved the District's floodplain map revisions; he then distributed an outline entitled "Status of the Fancher Letter of Map Revisions (LOMR)" and reviewed a map showing the Fancher Creek LOMR Zone "A" areas being removed; (2) he distributed a memo from TJ Cox addressed to the Board regarding Prop 84 Statewide Park Program Grant Application, Task Responsibilities, and a copy of a Memo address to Mr. Lakeman from Ed Kashian regarding Preliminary Term Sheet for the Fancher Creek Statewide Park Program Application; he stated this item was regarding Drainage Area "BO" and would be addressed in Business from the Floor; (3) he distributed a copy of a letter from Legal Counsel to William Cowin, Attorney for Brar Construction regarding Brar Construction & Development, Inc. vs. FMFCD; (4) he distributed a copy of an email from the Department of Water Resources, Mahyar Sabbaghian, regarding finalizing of the agreement regarding the Redbank Spoil Site; (5) he distributed a copy of "The Board Room" article which appeared in the Business Section of the Fresno Bee dated Sunday, May 29, 2011 featuring the District's newest Board Members; (6) he reported the issue regarding FMFCD vs. Park Place Holdings (Bluff View Private Preschool) appears to have been resolved; (7) he stated he and Ken Price had attended a meeting today with the City of Fresno, where they believed they have found a suitable solution to the delay of construction of Contract "II-123"; he then reviewed the issue showing photos of the site and the proposed solution; and (8) he noted that a Dinner/Board Meeting had been scheduled for Wednesday, July 27th at the Downtown Club to honor an employee who has 30 years with the District.

3. APPROVAL OF MINUTES: Minutes of May 25, 2011

Due to his absence at the May 25, 2011 Board Meeting, Director Spina abstained.

Approved as Recommended

Motion by: Williams Second by: Fowler
Ayes: Williams, Groom, Rastegar, Goodwin, Fowler, Burleson
Noes: None
Abstentions: Spina
Absentees: None

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4. BUSINESS AND PRESENTATIONS FROM THE FLOOR:

Mr. Scott Anderson, representing Fancher Creek Properties, addressed the Board regarding their request for the District's participation/assistance in the Prop 84 Statewide Park Program Grant Application for the Fancher Creek Park and Trail Project. Discussion was carried among Board Members, Legal Counsel, Staff and Mr. Anderson as to the necessity of adding this item to the Agenda.

Responding to Director Goodwin's question, Mr. Lakeman stated staff was looking for direction from the Board as to how much they wanted staff involved in this item, noting the Board's recent direction has been that staff not get involved in development of parks.

Mr. Anderson stated they are proposing to develop a park similar to what the District has done at Basin "D" Oso de Oro and Basin "Y" Trolley Creek Park. He stated they are therefore requesting authorization for the District staff to assist them in the preparation of the grant application, noting the District's knowledge and experience related to construction costs and ongoing maintenance costs for an ADA (Americans with Disabilities Act) park as the District has done at the two previously mentioned basin parks. Secondly, with respect to ongoing maintenance, their owners Ed Kashian and Tom Richards have noted how well the District takes care of the two previously mentioned facilities, and they would like to petition the Board possibly at the next Board Meeting to allow staff to work as a maintenance consultant under a maintenance district that they are forming for all of the improvements so that they can be assured that their park will be maintained at the highest level.

Responding to Director Rastegar's question, Director Lakeman stated while staff time is extremely busy, and participating in this project would mean that some other District items would be pushed aside, staff also realizes that if the floodway were returned to the previous owner and not maintained as a park it would be a considerable loss to the community. Also, he noted the grant funds are a good way to pursue the development for these types of parks, so the District does not want to turn its back on the community. However, he would note that this is certainly not the District's area of responsibility. He stated that is his reason for objecting to being a joint applicant in the application; however, staff is knowledgeable and can assist in the grant application process should the Board authorize staff to assist. Mr. Lakeman noted this is a unique situation, in that this does not involve the District's facilities, but rather is next to the District's Basin "BO"

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Director Goodwin stated she would prefer this item come back to the Board at the next Board Meeting. Also, she noted that this may be an opportunity for the District to show that someone else can do these facilities with the staff providing some help in showing how an application might be successful.

Director Spina concurred. Director Williams noted if they are asking for direction as to whether the Board would allow staff to work with them using staff's knowledge and expertise, then she believed that was a management's decision to monitor the amount of staff time that is expended. Director Burleson stated he concurred noting his belief that staff should be able to share the cost information without taking up too much of staff time. Director Fowler questioned how two parks would have enough data history as the District is not a parks district, and noted the City of Fresno has an excellent parks department. He stated while he does not have a problem with the District participating to some extent, he cautioned this could get carried away and possibly involve a lot of staff time.

Mr. Anderson noted the Grant Application is due July 1st and what they are trying not to do is reinvent the wheel with respect to the ADA compliance parks, and since the District has two great models to work from, they are proposing to meet tomorrow, bringing in a landscape and park design consultant that they have been working with, and they believe by pairing him up with District staff they may be able to assist them in developing a site plan.

It was the consensus of the Board that staff, at their own discretion, assist Fancher Creek Properties in the preparation of their Grant Application. It was also the consensus of the Board that this item be placed on the June 15, 2011 Board Meeting Agenda.

5. ADDITIONS TO THE AGENDA:

There were no Additions to the Agenda.

6. POTENTIAL CONFLICTS OF INTEREST:

There were no Conflicts of Interest.

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7. PUBLIC HEARING:

Adoption of Resolution Adopting Negative Declaration for the Elimination of Local Drainage Area "DJ"

Recommend the Board of Directors consider the proposed Negative Declaration, Public Comments, and any testimony at the Public Hearing. It is also recommended the Board include additional measures it feels are necessary to mitigate or alleviate any concerns raised through Public testimony or Board discussion. Subsequently, it is recommended the Board of Directors approve the final Negative Declaration and adopt the Resolution attached to the Board Memorandum. Following adoption of the Negative Declaration, it is recommended the Board approve the project.

Chairman Spina opened the Hearing for Public Comment, there being none, the Public Comment portion of the Hearing was closed at 6:30 pm.

Approved as Recommended, Adopting Resolution No. 2011-699

Motion by: Rastegar Second by: Fowler

Ayes: Spina, Williams, Groom, Rastegar, Goodwin, Fowler, Burleson

Noes: None

Abstentions: None

Absentees: None

8. CONSENT CALENDAR:

None scheduled.

9. Presentation of the Draft Budget, Fiscal Year 2011-2012

Recommend the Board of Directors consider the 2011-2012 Draft Budget and provide direction to staff on any changes.

Mr. Pomaville began the review of the Budget as attached to the Board Packet.

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a. Total Revenues:

- (1) Property Tax Revenues**
- (2) Assessment Tax Revenues**
- (3) Interest and Rental Revenue**
- (4) Income – Grants Loans and Contributions**
- (5) Income from Service Charges**
- (6) Other Revenue**
- (7) Drainage Fee Revenue**

Mr. Pomaville reviewed the total Revenues portion of the Budget.

b. Expenditures; Operational and Administrative Expenditures:

Mr. Pomaville reviewed the Expenditures portion of the Budget.

(1) Personnel Expense

Mr. Pomaville reviewed the Personnel Expense portion of the Budget. He noted it originally included a 10% to 12% increase in health care costs beginning next year; however the Association of California Water Agencies is offering an incentive for agencies that implement programs that use all of their services. He stated since the District has all their health care placed with them, under this incentive, the District will receive a 4% reduction in the District's rates.

Director Burluson questioned page 34 of the Budget which shows the Cost of Living as 2.34%, and then under Agenda Item 11c, page 5, in the Five-Year Financial Forecast, it shows a projected Cost of Living Increase to be 1% to 2% annually. Mr. Pomaville stated the 2.34% is a percentage of the overall personnel costs. He stated the \$191,508 cost is based on a 3.3% increase in salaries. He stated with respect to the Five-Year Financial Forecast, when they looked at the overall costs of all of the line items in Personnel they are relatively consistent noting they anticipated about a 5.29% overall growth. He stated that is right about where we are this year even though the Cost of Living is a little bit higher there are other portions that are not growing as fast.

(2) Office Administration

Mrs. Lopez and Mr. Kalpakoff reviewed the Office Administration portion of the Budget.

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Director Goodwin questioned why the District did not prepare double sided copies of documents. Mr. Pomaville stated staff can certainly start to work in that direction, and see if there are any concerns with regard to that.

(3) Management Support

Mr. Pomaville reviewed the Management Support portion of the Budget.

(4) Insurance

Mr. Pomaville reviewed the Insurance portion of the Budget. Responding to Director Spina's question, Mr. Pomaville stated the dam failure insurance cost the same as last year, and noted last year the District had put it out to bid.

(5) Professional Services

Mr. Pomaville, Mr. Merrill and Mr. Kalpakoff reviewed the Professional Services portion of the Budget.

(6) PPDA Reimbursements

Mr. Pomaville reviewed the PPDA Reimbursements portion of the Budget.

(7) Other Administrative Expense

Mr. Pomaville reviewed the Other Administrative Expense portion of the Budget. Director Spina noted a discrepancy in the overhead showing the total amount for Other Administrative Expense. Mr. Pomaville stated the amount shown on page 20 of the Budget showing \$323,480 is the correct total amount for Other Administrative Expense.

(8) System Operations and Maintenance

Mr. Sanchez and Mr. Rourke reviewed the System Operations and Maintenance portion of the Budget.

(9) Office Buildings Expense

Mr. Pomaville reviewed the Office Buildings Expense portion of the Budget. With respect to Director Spina's question as to the landscape expenses, Mr. Pomaville stated they were primarily for the District's Office complex.

(10) Stormwater Quality Management

Mr. Rourke reviewed the Stormwater Quality Management portion of the Budget. Responding to Director Spina's question regarding the public information program, Mr. Rourke stated the District's consultant takes a public survey poll every two to three years. He stated the next poll would probably be taken in fiscal year 2012 – 2013. Director Spina noted the benefit of these polls.

(11) Debt Service

Mr. Pomaville reviewed the Debt Service portion of the Budget.

c. Capital Expenditures:

(1) Office Buildings

(2) Equipment

Mr. Pomaville, Mr. Kalpakoff, and Mr. Sanchez reviewed the Equipment portion of the Budget.

Responding to Director Fowler's question, Mr. Sanchez stated in the 2010 – 2011 Budget, the District had budgeted for a vehicle at a cost of \$31,000; however, the truck will not be delivered until the start of the 2011 – 2012 Budget, so since that truck purchase will be carried over from 2010 – 2011 there will be two trucks that will be shown on the 2011-2012 budget.

Mr. Hofmann then began the review of the Capital Program of the Budget. He noted the Board's Priorities & Programming Committee had reviewed and recommended to the full Board the Capital Program as shown in the Appendix 1 2011-2012 Capital Improvements document of the Budget.

(3) Land Appraisal and Acquisitions

Mr. Hofmann reviewed the Land Appraisal and Acquisitions portions of the Budget.

(4) Engineering

Mr. Hofmann reviewed the Engineering portion of the Budget.

(5) Improvements

Mr. Hofmann and Mr. Sanchez reviewed the Improvements portion of the Budget.

Responding to Director Goodwin's question with respect to non-identification from the other agencies, Mr. Hofmann stated he believed the other agencies have slowed down on their Capital Projects unless its ARRA (American Recovery Reinvestment Act) funded or has some special funding associated with it. He stated they do find the other agencies doing a lot of street overlays mostly on existing roads where the District already has pipes in. Director Goodwin questioned whether because of this there was the potential for pipelines not being maintained adequately, Mr. Hofmann stated that staff looks very strongly at areas in older parts of town, and noted that most of the projects that the District has in its Capital Program are within existing areas. He stated staff is trying to bring conveyance to the older areas first, as the Developers will take care of the newer areas of town.

(6) Environmental Planning

(7) Master Plan Engineering

Mr. Hofmann and Mr. Sanchez reviewed the Master Plan Engineering portion of the Budget.

Responding to Director Burleson's question regarding the total for the toe drain repair of the Big Dry Creek Dam, Mr. Sanchez stated the front side is \$1.5 million and the blanket on the back side of the Dam is proposed to be \$3 million. He stated Phase 1 will be the toe drain, which staff is setting aside \$750,000 in this year's Budget, and hopes to set aside another \$750,000 in 2012 – 2013. Responding to Director Burleson's question as to additional funding for the \$3 million, Mr. Lakeman stated staff anticipates round 2 of Prop 1E funds which is the 50% matching for flood control and stormwater work. He stated staff intends to include in our application for the Prop 1E funds, the work at Big Dry Creek Dam, Dry Creek Extension Basin, and Dry Creek Detention Basin.

(8) Unauthorized Projects

Mr. Hofmann reviewed the Unauthorized Projects portion of the Budget.

d. PPDA Fund

Mr. Pomaville then reviewed the PPDA Fund portion of the Budget.

10. Board Direction of Final Budget Revenue, Expenditure and Reserve

Recommend the Board of Directors instruct staff as to specific changes to the Draft Budget, for preparation of the Final Fiscal Year 2011-2012 Budget for presentation at the June 29, 2011 Budget Hearing.

Director Burlison re-initiated discussion among Board Members and Staff regarding page 34 and page 49 of the Budget, Personnel Section on the 3.3% COLA and how it is calculated, applied to salaries and its impact on the Five-Year Financial Forecast.

Director Burlison expressed his concern with respect to offering a 3.3% COLA, given the Five-Year Financial Forecast projected only a 1% - 2% COLA increase, noting he would need more information to be convinced that the District should be offering a 3.3% COLA.

Director Groom initiated discussion regarding what the other public agencies are offering their employees as shown on page 4 of Board Memorandum No. 9.

Director Spina expressed his support for the 3.3% COLA noting other agencies have huge Budget issues, which the District does not, and noted the cost of living has definitely increased.

Director Williams concurred with Director Spina, noting the District is still staying within our Budget, and the assumptions used for developing the Five-Year Financial Forecast were very conservative.

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Director Rastegar referring to the Five-Year Proposed Financial Forecast noted the Personnel cost indeed will go up, however he believed the concern was Health Care, as he believed the COLA was a smaller portion of the Personnel Cost. He stated technically the COLA is not a salary increase, but rather a purchase power loss due to inflation. He stated he believed at some point the District's expenses will be more than its revenues. He noted there are various ways to mitigate this, and discussions on this issue have begun. He noted the District is fortunate in that the liability for retirement when it comes to compensation, the costs do not go up as the employees are not part of a defined benefit retirement program, but are a part of a defined contribution retirement program. He expressed his support for the COLA. Director Rastegar noted the COLA based on the Pacific Western Cities Index came in higher than was projected in the Five-Year Financial Forecast. He stated what he has suggested, is that in the future a process be developed to do a project cost analysis and tracking staff time against project cost.

Director Fowler expressed his concern with respect to granting the COLA noting the slowdown in development and its' effect on staffing, the District's revenue sources, the County's financial situation and the public's perception.

Director Groom noted the Budget as a whole seems fine; however, it appears there are differences of opinion with respect to the COLA.

Discussion was carried among Board Members and staff with respect to the three current vacancies, and the stability of staff. Director Rastegar noted he believed it was the General Manager's intent to only fill one of the three positions. Mr. Lakeman noted it is also proposed that the one position would not be filled until mid-year.

Director Goodwin noted she believed the issue is, "are public agencies all in the same boat, and therefore no one should get anything?" She stated the argument is that the District is different in that we have managed our funds better. She stated she believed the Board needed to be defensible in whatever they do so she supported additional information to insure it is defensible.

It was the consensus of the Board that they had no other issues with the Budget, with the exception of the proposed COLA. The Board requested staff bring this issue back to the June 15th Board Meeting with additional information regarding the COLA as to how the COLA is calculated, and how the 3.3% COLA increase impacts the Five-Year Financial Forecast as previously stated.

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11. Budget Workshop 2011-2012 Supplemental Information:

- a. Legal Authority for Budget Development, Adoption**
- b. History of Assessment Tax Levies**

Report submitted for informational purposes only, no action is required by the Board unless specific direction is to be given to staff.

As the report was submitted for informational purposes only, no further action was taken.

- c. Five-Year Financial Forecast**

Recommend the Board review and provide comments on the Draft Five-Year Financial Forecast.

Director Spina noted the following corrections to the Five-Year Financial Forecast document: (1) page 2, Item 4 word “contacts” should be changed to “contracts”; (2) page 13, first paragraph, take out the words “million dollars”; (3) page 22, line 44, 47 and 48 should be dropped as there are no dollar amounts proposed for these projects; and (4) page 23, line 101 should be dropped as there are no dollar amounts proposed for these projects.

Responding to Director Rastegar’s question as to how the District accumulated the \$12 million for capital projects, Mr. Merrill stated there were a number of years where the District was receiving 15% to 17% increases in the District’s Property Taxes, the District was unable to spend it fast enough so the balance just continued to build. He stated as the Board will recall, a few years ago the Board saw the large fund balance amount and directed staff to spend the fund down through the Capital Projects program. With respect to the \$80 million PPDA funds that are owed to the General Fund, Mr. Lakeman stated the General Fund would never get the majority of those funds back, in particular in the older areas of town as there will potentially not be any new development, and the District will not be doing any Assessment Districts in those areas. Director Rastegar stated he believed that should be clarified on page 13 for future Board Members. Mr. Pomaville stated staff will qualify the information on page 13 to include the projected amount of the \$80 million that District believes it will be getting back, and that amount has been included in the Five-Year Financial Forecast.

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Responding to Director Fowler's question with respect to the proposed construction costs in the Five-Year Financial Forecast, Mr. Hofmann stated as costs go up the District's Engineer's Estimates will go up. He stated generally the District's Engineer's Estimates are on the high end of most of their estimates. Mr. Hofmann stated the estimates are just based on what staff believes those costs would be at today's prices. Mr. Lakeman stated you could argue that is a weakness in the projection. Mr. Lakeman stated the Engineer's Estimate is basically to indicate that you are getting fair value for your bid.

12. Board Reports, Workshops, Correspondence and Requests for Future Agenda Items

Director Spina thanked staff with respect to the Tour on Tuesday with the Fresno Irrigation District, noting the staff's efforts were well done and it was an extremely well-coordinated effort.

REPORT OF GENERAL COUNSEL

No items were reported.

CLOSED SESSION

A Closed Session was not convened.

ADJOURNMENT

Adjourned Board Meeting at 8:41 pm

Motion by: Rastegar Second by: Goodwin
Ayes: Spina, Williams, Groom, Rastegar, Goodwin, Fowler, Burleson
Noes: None
Abstentions: None
Absentees: None


JERRY LAKEMAN
DISTRICT ENGINEER

6/16/11
DATE