

**ACTION SUMMARY MINUTES**  
**MINUTES OF THE BUDGET WORKSHOP MEETING OF**  
**THE BOARD OF DIRECTORS OF THE**  
**FRESNO METROPOLITAN FLOOD CONTROL DISTRICT**  
**HELD WEDNESDAY, JUNE 6, 2012**

Pursuant to notice, the Budget Workshop Meeting of the Board of Directors of the Fresno Metropolitan Flood Control District was held Wednesday, June 6, 2012 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  
Kendall Groom  
Mike Rastegar  
Barbara Goodwin  
Frank Fowler  
Buzz Burleson

**DIRECTORS ABSENT:** Jennette Williams, Vice-Chairman

**STAFF, CONSULTANTS,  
OTHERS PRESENT:**

Bob Van Wyk, General Manager-Secretary  
Jerry Lakeman, District Engineer  
Alan Hofmann, Assistant District Engineer/Design  
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

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

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**2. REPORT OF THE GENERAL MANAGER:**

Mr. Van Wyk reported on the following: (1) he reminded the Board tomorrow Legal Counsel will be conducting the AB 1234 Workshop for the mandatory 2 hour training beginning at 12:00 pm; (2) he distributed a request from BM&J to evaluate their rates; he noted this item would be placed on the next Regular Board Meeting Agenda for the Board's consideration; (3) he distributed a copy of a letter the District received from Rio Bravo Fresno acknowledging the District's assistance to them, in particular Messrs. Lakeman and Rouke; Mr. Lakeman explained the situation; Director Spina expressed the thanks of the Board to Messrs. Lakeman and Rourke; (4) he distributed copies of the Board's Priorities & Programming Committee Minutes of May 14, 2012 and the Administrative Committee Minutes of May 17, 2012; (5) he distributed a Comparison Chart showing the Revenue, Personnel, GF-Capital and PPDA-Capital; and (6) he distributed a letter from BM&J in which they identify they have a Partner on staff who has provided services regarding the Simonian Family, however they are comfortable that their partner's indirect work with Mr. Simonian's associate will not affect BM&J's representation of the District; Mr. Jensen clarified the situation.

**3. APPROVAL OF MINUTES: None Submitted**

**4. BUSINESS AND PRESENTATIONS FROM THE FLOOR:**

There was no Business or Presentations from the Floor

**5. ADDITIONS TO THE AGENDA:**

There were no Additions to the Agenda.

**6. POTENTIAL CONFLICTS OF INTEREST:**

There were no Conflicts of Interest.

**7. PUBLIC HEARING:**

There were no Public Hearings scheduled.

**8. CONSENT CALENDAR:**

None scheduled.

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**9. Presentation of the Draft Budget, Fiscal Year 2012-2013**

Recommend the Board of Directors consider the 2012-2013 Draft Budget and provide direction to staff on any changes.

Mr. Van Wyk reported the Priorities & Programming Committee had reviewed the Capital Projects proposed in the draft Budget, and recommended it be forwarded to the entire Board for their consideration this evening; and the Administrative Committee had reviewed the draft Budget, and recommended it be forwarded to the entire Board for their consideration this evening.

Mr. Merrill began the review of the Budget as attached to the Board Packet. He distributed an amended page 21 (the one page overview of the Budget including Revenue and Expenses of all funds) due to some minor corrections.

**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. Van Wyk noted this Budget (2012-2013) does not include any funds from the Redevelopment Agency, however it is believed the District should begin seeing a flow of Revenue coming from the Redevelopment Agency into the Budget in the very near future.

**b. Expenditures; Operational and Administrative Expenditures:**

**(1) Personnel Expense**

Ms. Kruser reviewed the Personnel Expense portion of the Budget (pages 35 – 38). She noted one change in the proposed Budget regarding the Long Term Disability, specifically \$30,000 was proposed; however, the provider has reduced that amount to \$15,000.

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Responding to Director Burleson's question as to why the total Budgeted 2011-2012 for Personnel was \$8,187,548; however, the Actual amount was \$7,830,781, Mr. Van Wyk stated that was due to the three vacancies. Director Burleson questioned the wisdom of budgeting the 80 positions, noting salary adjustments are proposed for those positions that are incurring the additional workload from those three vacancies. Mr. Van Wyk stated those three positions total approximately \$251,187 noting that was a large contingency; and he was going to continue to try and work without filling those three positions. He stated he would propose we drop those three positions, and if he sees a need in the future to reinstate them, then he would discuss that with the Board at that time. He noted the only item that was not included in that salary amount was the medical expense. Responding to Director Burleson's subsequent question, Mr. Van Wyk stated that would also affect the future years' Budget. Director Spina expressed his concern noting he believed the three positions were reserve funds just in case the General Manager believed he needed to fill those positions. Mr. Van Wyk stated he saw the positions that way as well, but believed staff has been able to manage the additional workload. He also stated should he see that the workload was not manageable, then he would come back to the Board. Mr. Lakeman suggested those funds could be held for future projects, which means it would act as a reserve but if it is not needed then it would smooth out the Capital Program.

Director Rastegar initiated discussion with respect to the reserve funds, noting his belief that the reserve funds were pretty high right now, and at any time should the General Manager need a particular position filled, then the funds could be made available. Mr. Van Wyk noted there are two reserve funds, one being the Economic Development Reserves which was a Board directed Reserve, and which the District has not had a request to use those funds for quite some time. Director Fowler stated assuming the economy changes, then the District should see more revenues due to higher property taxes, higher development fees, etc. and, which would also cause a need for additional staff.

**(2) Office Administration**

Mrs. Lopez reviewed the Office Administration portion of the Budget (pages 38 – 39; and page 51).

Mr. Kalpakoff reviewed the Computer Components and Supplies of the Office Administration portion of the Budget (pages 38 – 39; and page 51).

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**(3) Management Support**

Mrs. Lopez reviewed the Management Support portion of the Budget (pages 39 and 52). She noted the Administrative Committee had recommended we reduce the Economic Development Corporation Investment from \$25,000 per year to \$5,000. She stated this reduced amount would not affect the District's position with retaining a seat on the Economic Development Corporation Board.

**(4) Insurance**

Mrs. Lopez reviewed the Insurance portion of the Budget (pages 39-40 and 52).

**(5) Professional Services**

Mr. Merrill reviewed the Professional Services portion of the Budget (pages 40 and 52-53). Responding to Director Spina's question with respect to the \$10,000 Legislative Services amount, Mr. Merrill stated that amount is used for hiring a consultant to work on a specific legislative should it be needed, noting the last time the District used it was for AB 263. Director Burleson noted this amount could be used by the Ad Hoc Committee-Legislative, as they are currently reviewing ways to engage with Legislative representatives. Director Goodwin noted one of the issues the Committee is deciding is whether we use in-house staff, or engage legislative services.

Responding to Director Burleson's question regarding the \$15,000 for Great Plains enhancements and to begin reconfiguring the Accounting systems to address budgets and forecasting needs, Mr. Merrill stated this indeed is to help with succession planning.

**(6) PPDA Reimbursements**

Mr. Merrill reviewed the PPDA Reimbursements portion of the Budget (pages 44 and 77).

**(7) Other Administrative Expense**

Mr. Merrill reviewed the Other Administrative Expenditures portion of the Budget (pages 40 and 53-54).

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**(8) System Operations and Maintenance**

Mr. Sanchez reviewed the System Operations and Maintenance portion of the Budget (pages 40-42 and 54-55). He noted this year's Budget is approximately \$50,000 less than what was Budgeted last year due to the contracts coming in lower than originally estimated, and due to switching funds from Recharge Basin Maintenance to Stormwater Quality. He stated he would be bringing an item to the Board requesting a fee update for Recharge.

Mr. Rourke reviewed the Environmental component of the System Operations and Maintenance portion of the Budget (page 55).

Mr. Sanchez then reviewed the Equipment portion of the Budget (pages 43-44 and 59-60).

Mr. Kalpakoff reviewed the Computer component of the Office Equipment portion of the Budget (pages 43 and 59-60).

Mr. Sanchez reviewed the Telemetry System portion of the Budget (page 60).

**(9) Office Buildings Expense**

Mr. Sanchez reviewed the Office Buildings Expense portion of the Budget (pages 42 and 56).

**(10) Stormwater Quality Management**

Mr. Rourke reviewed the Stormwater Quality Management portion of the Budget (page 42-43 and 56-58).

**(11) Debt Service**

Mr. Merrill reviewed the Debt Service portion of the Budget (pages 44-45 and page 75). He noted this is the first year in 20 years that the District does not have an SRF (State Revolving Fund) Loan #1 as it has been paid off.

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Responding to Director Rastegar's question as to now that the SRF Loan #1 has been paid off, would it make sense to look at our needs, and possibly get another loan, Mr. Van Wyk stated staff has looked at this issue. He stated when the District took out SRF Loan #1 it was at a time when property values were accelerating extremely fast and it made a lot of sense to acquire those properties well in advance of development activity and at an extremely attractive interest rate. However, currently there are only 8 or 10 basin sites that would need to be acquired under the District's Master Plan; some of which are in the Budget this year. However, he stated staff will continue to monitor the SRF Loan Fund.

Discussion continued with respect to the SRF Loans. The Board requested staff look into the possibility of pursuing additional SRF loans and continue to monitor the real estate market.

The Board recessed at 7:31 pm and reconvened in regular session at 7:38 pm.

**c. Capital Expenditures:**

Mr. Hofmann reviewed the Capital Expenditures portion of the Budget (pages 63-67).

- (1) Office Buildings**
- (2) Equipment**
- (3) Land Appraisal and Acquisitions**
- (4) Engineering**

Mr. Hofmann reviewed the Engineering component of the Capital Expenditures portion of the Budget (page 68).

**(5) Improvements**

Mr. Hofmann reviewed the Improvements component of the Capital Expenditures portion of the Budget (page 68).

Mr. Sanchez reviewed the Rural component of the Capital Expenditures portion of the Budget (page 69).

**(6) Environmental Planning**

**(7) Master Plan Engineering**

Mr. Hofmann reviewed the Master Plan Engineering component of the Capital Expenditures portion of the Budget (page 70). Responding to Director Rastegar's question as to Engineer staffing, Mr. Hofmann stated that if he did not have the Development Review staff available, three Engineers in Capital Projects could not keep up with a \$6 million workload. Responding to Director Rastegar's subsequent question, Mr. Hofmann stated if Development increases, District projects would need to be outsourced.

**(8) Unauthorized Projects**

Mr. Hofmann reviewed the Unauthorized Projects component of the Capital Expenditures portion of the Budget.

**d. PPDA Fund**

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

Responding to Director Burleson's follow-up question to removing the three positions, Mr. Van Wyk stated it would be staff's recommendation to put those funds into the unauthorized projects. Mr. Van Wyk then directed Mr. Merrill to remove the expenses of those three positions from the Budget, bring that revised amount to the Budget Hearing, and directed Ms. Kruser to remove those positions from the Organizational Charts.

Director Fowler expressed his concern with respect to placing those funds under unauthorized projects, and stated he would prefer it go to a designated project. Mr. Lakeman stated staff would designate it to a specific project; however, it will not be authorized. Director Fowler noted his concern that it was still a Reserve amount. Director Burleson expressed his preference that it go under unauthorized projects, rather than personnel. Responding to Director Fowler's request that staff show a list of potential unauthorized projects that those funds would be applied to, Mr. Lakeman stated staff would prepare that.

Director Rastegar requested with respect to the 2012-2013 Position and Salary Schedule (pages 90-92) that the salaries be shown as monthly rates, rather than biweekly rates. Mrs. Gerking stated the District is based on the County schedule, so staff believed it more relevant to show it biweekly since payroll is biweekly. Director Rastegar stated he would be ok with showing both a biweekly and monthly if that would be more convenient for staff. Mrs. Gerking stated she would make that change.



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Director Rastegar requested staff provide the specific details of the number of people eligible for Promotions and Step Increases and include that with the Budget (page 36). Director Rastegar requested the table showing the Salary Adjustments of the Local Agencies during the last five-year fiscal periods be included in the Budget (page 7 of Agenda Item No. 7).

Director Rastegar stated he preferred with respect to Salary Adjustments, and based on the Brown Act, that anything related to performance, doing additional work, the level of responsibility changes, the merit part of it, and whether the Budget can afford it, etc., be discussed in Closed Session and the amount of it be discussed in Open Session.

Director Spina expressed his concern with respect to discussing that in Closed Session and requested clarification as to the Brown Act's rules with respect to Closed Session pertaining to District Personnel.

Mr. Jensen stated under the Brown Act, the Board can go into Closed Session to discuss certain portions of personnel issues involving job description, job performance, evaluation and so forth, and that does not include discussions of compensation. Responding to Director Spina's question, Mr. Jensen stated the way the Board would do this, is on the Agenda under Closed Session, the name of the positions would be listed.

Director Fowler expressed his concern that Board has delegated the authority to determine salary adjustments to the General Manager, except for the General Manager himself.

Director Rastegar stated the Board was being asked to change the salary structure of the top management due to performance, and therefore he believed that fell under the Board's responsibility. He reiterated his concerns with respect to the Personnel costs increasing. Director Goodwin concurred noting her belief the Board would be talking about positions, not necessarily individuals.

Mr. Van Wyk stated he believed the Board's Salary Policy does not provide for what Director Rastegar was requesting, and he therefore suggested this item be taken to the Board's Policy Committee to make changes to the Policy to mirror Director Rastegar's request, noting he concurred with Director Fowler that the employee positions other than the General Manager have been delegated to the General Manager. Director Burleson expressed his support for taking this item to the Policy Committee.

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Discussion was carried among Board Members, Legal Counsel and Staff as to the Brown Act requirements for the Personnel Exception discussion, the Board's Personnel Policy, and the benefits of the Policy Committee reviewing the item.

Director Fowler expressed his support for Director Rastegar's request to have a Closed Session. He stated he may agree in the end that the decision to go above the proposed salary range could fall to the Board of Directors.

Director Rastegar stated in the future he would like the option to go into Closed Session for positions that are being proposed above the salary range.

Director Fowler requested that a Closed Session be placed on the Agenda for the Budget Hearing as requested by Director Rastegar for the two proposed positions.

Director Burleson requested staff develop a chart showing employees by age and longevity to understand the effect on the Five-Year Financial Forecast and to look at succession planning for the District.

Mr. Van Wyk stated staff will schedule a Closed Session at the Budget Hearing as requested by the Board. Director Spina requested staff prepare justification for the recommendation of the two positions for Salary Adjustments. Director Rastegar stated he was ok with this year's proposals, but rather wanted to insure in future years he would have the option of discussing Salary Adjustments in Closed Session. Director Burleson stated he concurred with Director Fowler and would prefer to discuss these two positions at the Budget Hearing. Director Goodwin stated she concurred with Directors Fowler and Burleson as she believed with these two proposed positions, the General Manager would now be creating new job descriptions, and requested that Mr. Van Wyk bring those new job descriptions and justification to the Budget Hearing.

**11. Budget Workshop 2012-2013 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 Rastegar referring to page 21 of the Five-Year Financial Forecast expressed his concerns with respect to the Expenditures being higher than the District's Revenues. Referring to page 23 Director Rastegar noted that one way the District can reduce some of its expenditures is by the District doing less improvements. Also, he stated the other thing that will help the District is the District's Debt Service, since the District will have paid off another SRF Loan. However, he noted the District's Personnel Expenses have continually gone up. He stated he believed that the District will in the future either need to increase its revenues or decrease its costs, because at some point he believed the District would be in serious trouble if that is not done. He also expressed his concerns with respect to the District's personnel being top-heavy due to the salary structure of the District. Director Rastegar also expressed his belief that the District needs to look at the OPEB, noting suggestions were made by the Company that had prepared the original analysis, such as raising employee contributions, increasing age and service requirements, etc.

Director Fowler stated he believed the Five-Year Financial Forecast will need to be adjusted, noting his belief that when the District's projects are reduced to \$4 million, there will not be a need for all of the engineering staff.

Director Rastegar suggested possibly having an Ad Hoc Committee, as in the past, to review the Five-Year Financial Forecast. He recommended the previous Ad Hoc Committee Members (Chairperson Williams, Director Rastegar) and Director Fowler be the Committee Members.

Discussion was carried among Board Members and Staff as to the Five-Year Financial Forecast, the best way to proceed, Attrition and Retirement impacts on the Forecast, and the OPEB analysis.

Mr. Van Wyk stated at the request of the Board during last year's General Manager Evaluation, he has begun reviewing ways to reduce costs, increase efficiencies, and revenue enhancements. He stated he is preparing a report for the Board, and in conjunction with that, has met with all staff in the various departments to get their input, and will bring that back to the Board at the Evaluation of the General Manager this year.

The Board recessed at 8:54 pm and reconvened in regular session at 8:59 pm.

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Director Fowler requested staff adjust the Personnel of the Five-Year Financial Forecast to look at staffing needs in the future, assuming the Capital Program will decrease and the need for Development Review will not increase. He stated this is just an assumption, and could be changed next year or in the next six months, but for now it does not match what is currently happening.

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

No items were reported.

**REPORT OF GENERAL COUNSEL**

No items were reported.

**CLOSED SESSION**

A Closed Session was not convened.

**ADJOURNMENT**

**Adjourned Board Meeting at 9:04 pm.**

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

  
BOB VAN WYK  
GENERAL MANAGER-SECRETARY

6/21/12  
DATE