

ACTION SUMMARY MINUTES
MINUTES OF THE BUDGET WORKSHOP MEETING OF
THE BOARD OF DIRECTORS OF THE
FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
HELD WEDNESDAY, JUNE 4, 2014

Pursuant to notice, the Budget Workshop Meeting of the Board of Directors of the Fresno Metropolitan Flood Control District was held Wednesday, June 4, 2014 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: Jennette Williams, Chairman (arrived at 6:03 pm)
Mike Rastegar, Vice-Chairman
Roy Spina
Kendall Groom
Barbara Goodwin
Frank Fowler
Buzz Burleson

DIRECTORS ABSENT: None

**STAFF, CONSULTANTS,
OTHERS PRESENT:**

Bob Van Wyk, General Manager-Secretary
Alan Hofmann, Assistant District Engineer/Design
Paul Merrill, Finance Manager
Daniel Rourke, Environmental Resources Manager
Larry Kalpakoff, Information Systems Coordinator
Carol Gerking, Accountant
Benita Walker, Accounting Technician
Karyn Kruser, Staff Analyst
Debbie Campbell, Development Services Manager
Bob Notley, Senior Engineering Technician
Esther Schwandt, Clerk to the Board

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

PRESIDING: Director Rastegar, presiding as Chairman called the meeting to order at 6:00 pm and led the Pledge of Allegiance.

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2. REPORT OF THE GENERAL MANAGER:

Mr. Van Wyk reported on the following: (1) at the request of the Board Members, a copy of the District's employment application has been distributed to the Board this evening; and (2) Mr. Merrill has distributed an updated page 23 of the proposed Budget.

3. APPROVAL OF MINUTES: None Submitted

4. BUSINESS AND PRESENTATIONS FROM THE FLOOR:

Mr. Bob Notley, a District Senior Engineer Technician addressed the Board and distributed a memo dated June 2, 2014 and signed by 41 District employees, entitled "FMFCD Staff Protest to the Fresno Metropolitan Flood Control District Board of Directors for Non-District monetary contribution for Mr. Jerry Lakeman's Retirement Celebration".

Director Williams, arriving at the Board Meeting, assumed Chairmanship of the Board Meeting.

It was the consensus of the Board that while they recognize the accomplishments of Mr. Lakeman, and they would support any recognition staff wished to give Mr. Lakeman, District public funds could not be used to pay for the retirement dinner.

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:

There were no items submitted.

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9. Presentation of the Draft Budget, Fiscal Year 2014-2015

Recommend the Board of Directors consider the 2014-2015 Draft Budget and provide direction to staff on any changes.

Mr. Van Wyk introduced the Budget discussion noting the Administrative Committee and the Priorities & Programming Committee have reviewed the Budget, and staff has incorporated their recommendations in the proposed Budget submitted to the Board this evening.

Mr. Merrill began the review of the Budget, reporting the Budget is a plan of Expenditures totaling \$22,851,415 and is balanced with \$20,241,299 in new revenue, a net transfer from the Pre-Paid Drainage Assessment (PPDA) Trust Fund of \$1,305,000 and \$1,305,186 in resources from the beginning Fund Balance.

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**

b. Expenditures; Operational and Administrative Expenditures:

Mr. Merrill introduced the Expenditures; Operational and Administrative Expenditures.

(1) Personnel Expense

Ms. Kruser reviewed the Personnel Expense portion of the Budget (pages 29 – 33, and page 43). Ms. Kruser noted the Administrative Committee reviewed the Draft Budget-Personnel Expense and their comments and recommendations are incorporated in the Draft Budget presented to the full Board this evening.

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Director Burleson noted the discrepancy between the current Budget showing an overall personnel expense increase of 2.37% and an employee benefit cost increasing by approximately 2.2%, but the Five-Year Budget shows the personnel expenses increasing approximately 7%. Mr. Merrill noted staff included in the Five-Year Budget two new columns (Actual and Actual Change) that would account for the discrepancy. Responding to Director Burleson's subsequent question, Mr. Van Wyk stated there are three vacant positions that are authorized right now. He stated the Budget has been prepared based on those positions being filled at some point during the year at the discretion of the General Manager. Ms. Kruser stated the positions are for an Engineer, an Engineering Technician and an Office Assistant. Mr. Van Wyk stated those positions became vacant due to attrition, and staff does not see an immediate need to fill those positions due to the current workload; however, he noted the workload could change throughout the year.

Director Rastegar noted he concurred with Director Burleson that he calculated a 6.9% increase and even with deducting those three positions as mentioned by the General Manager, he stills sees a 5.1% increase.

Director Burleson noted he would need a breakdown of the \$550,000 increase in the personnel expenses.

Mr. Merrill noted the Board would need to keep in mind that the Budgeted amount was based on 77 positions, while the actual expenditures was for only 74 positions that are currently filled.

Director Burleson requested staff prepare a breakdown of the year over year for the personnel expenses, and then the Board could decide at that time whether they would want to fund those three positions.

Director Goodwin suggested possibly itemizing the items in the personnel costs showing those positions that are not filled, in order to solve some of the confusion.

Responding to Director Fowler's question as to how long the positions have been vacant, Ms. Kruser stated the Engineer position has been vacant over two fiscal years, the Engineering Technician position and the Office Assistant position became vacant this year. Director Fowler noted due to the downturn in Development Review, he believed it was wise for staff to have held those positions vacant. However, he stated he would be hesitant to eliminate any Engineering position, in particular, if the upturn continues in the building industry, as he believed that flexibility should be left with the General Manager. Director Williams concurred noting her bank is currently swamped with construction loans.

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Director Rastegar expressed his concern with respect to the District's expenses in the future being higher than the District's revenues.

Mr. Van Wyk stated the Board had charged the General Manager to try and keep the Personnel expenses down, so in 2012 three positions were eliminated, and positions vacated by attrition are not filled unless the General Manager absolutely sees a need for the position. He stated the Board also charged the General Manager to try and recover some of those personnel costs, which brought about the implementation of the Development Review Service Charge Fee, which was adopted by the Board at the last Board Meeting. Mr. Van Wyk stated while the Development Review Service Charge Fee is not included in the Budget, he would anticipate the District receiving approximately \$250,000 to \$400,000 in the coming fiscal year. He stated also, the Redevelopment Agency will begin disposing of assets this year, and he believed the District would receive an accelerated return of its funds, which again are not fully included in the proposed Budget.

Director Fowler noting the District is also conservative with respect to its property tax projections, stated he heard on the news yesterday that home prices are increasing approximately 12% as of the first of the year in the Fresno area. He stated he supported the District's conservative approach, as you never know how those prices are going to go.

Director Goodwin noted it is not uncommon to have unfilled positions, because you have such an ebb and flow of activity that will need to be met. She stated that while keeping the positions does inflate for the time some of the numbers, in the long-run you have things in place to be able to meet what might be a flow as opposed to an ebb. She stated she would be hesitant to take away the General Manager's ability to react quickly should projects come the District's way, which would also mean revenue coming the District's way.

Mr. Van Wyk noted his belief that these positions may need to be filled in the future, as there would be a lot of grant work coming the District's way. He stated he would, therefore, be very reluctant to give up the two engineering positions at this time, and the other position is a support position of which he has instructed the Office Manager to monitor very carefully, noting his belief that the position should not be filled unless absolutely necessary. He stated that eliminating those positions would send the wrong message to the Development community. Director Spina concurred noting his belief that now that we will be charging the Development community a fee, they would be watching very carefully how quickly we process their applications.

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Mr. Van Wyk stated staff would prepare the information to clarify the discrepancies as discussed above by the Board Members. In particular, he stated that the Budget documents would need to be corrected, as they currently show 2014-2015 as a Budgeted amount and 2013-2014 as a Budget to date amount, noting they are not comparable as one is a Budgeted amount and the other is an Actual amount. Mr. Merrill noted that is what is causing the discrepancy and big increases.

(2) Office Administration

Mr. Merrill reviewed the Office Administration portion of the Budget (pages 33 – 43).

Director Burleson noted a discrepancy with the Office Administration Budget as well as it appears, in the Five-Year Budget, the expenses are going up 28%.

Director Fowler noted when you look at the actual Budget on page 43 it is way below what was budgeted.

Mr. Van Wyk stated staff would prepare information to insure we address Director Burleson's concern with respect to the discrepancy.

(3) Management Support

Mr. Merrill reviewed the Management Support portion of the Budget (pages 34 and 44).

(4) Insurance

Mr. Merrill reviewed the Insurance portion of the Budget (pages 35 and 44), noting dam insurance is no longer included.

(5) Professional Services

Mr. Merrill reviewed the Professional Services portion of the Budget (pages 34 - 35, and 44-45).

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(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 35 and 45-46).

(8) System Operations and Maintenance

In the absence of Mr. Sanchez, the Operations Engineer, Mr. Hofmann reviewed the System Operations and Maintenance portion of the Budget (pages 35-36 and 46-47).

(9) Office Buildings Expense

Mr. Merrill reviewed the Office Buildings Expense portion of the Budget (pages 36 and 48).

(10) Stormwater Quality Management

Mr. Rourke reviewed the Stormwater Quality Management portion of the Budget (page 36-37 and 48-50).

(11) Debt Service

Mr. Merrill reviewed the Debt Service portion of the Budget (pages 38-65).

c. Capital Expenditures:

(1) Office Buildings

(2) Equipment

Mr. Merrill reviewed the Office Equipment portion of the Budget (page 37 and pages 51-52).

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- (3) Land Appraisal and Acquisitions**
- (4) Engineering**
- (5) Improvements**
- (6) Environmental Planning**
- (7) Master Plan Engineering**
- (8) Unauthorized Projects**

Mr. Hofmann reviewed the Capital Expenditures portion of the Budget (page 53-62).

d. PPDA Fund

Mr. Merrill then reviewed the PPDA Fund portion of the Budget (page 67-70).

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 2014-2015 Budget for presentation at the June 25, 2014 Budget Hearing.

No other changes were recommended.

11. Budget Workshop 2014-2015 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.

Mr. Merrill reviewed the Five-Year Financial Forecast with the Board.

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No other changes were recommended.

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

The Board then convened in Closed Session at 7:39 pm to consider the following:

**14. PUBLIC EMPLOYMENT
Title: General Manager-Secretary
Pursuant to Government Code §54954.5**

The Board then convened in regular session at 7:50 pm. Director Williams stated no reportable action was taken in Closed Session.

ADJOURNMENT

Adjourned Board Meeting at 7:51 pm.

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


ALAN HOFMANN
GENERAL MANAGER-SECRETARY

7/24/14
DATE