

ACTION SUMMARY MINUTES
MINUTES OF THE BUDGET WORKSHOP MEETING OF
THE BOARD OF DIRECTORS OF THE
FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
HELD WEDNESDAY, JUNE 3, 2015

Pursuant to notice, the Budget Workshop Meeting of the Board of Directors of the Fresno Metropolitan Flood Control District was held Wednesday, June 3, 2015 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: Mike Rastegar, Chairman
Barbara Goodwin, Vice-Chairman (arriving at 6:26 pm)
Jennette Williams
Roy Spina
Kendall Groom
Frank Fowler
Buzz Burleson

DIRECTORS ABSENT: None

**STAFF, CONSULTANTS,
OTHERS PRESENT:**

Alan Hofmann, General Manager-Secretary
Peter Sanchez, District Engineer
Debbie Campbell, Design Engineer
Frances Lopez, Office Manager
Paul Merrill, Finance Manager
Daniel Rourke, Environmental Resources Manager
Larry Kalpakoff, Information Systems Coordinator
Karyn Kruser, Staff Analyst
Carol Gerking, Accountant
Benita Walker, Accounting Technician
Esther Schwandt, Clerk to the Board

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

PRESIDING: Director Rastegar, presiding as Chairman called the meeting to order at 6:02 pm and Mr. Price led the Pledge of Allegiance.

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2. REPORT OF THE GENERAL MANAGER:

Mr. Hofmann reported the funeral for the former General Manager, Bob Van Wyk's wife Sharon, would be held this Friday, June 5, 2015 at 11:30 am at Our Lady of Perpetual Help Church in Clovis. The Board discussed the appropriate remembrance to be sent on behalf of the Board and staff.

3. APPROVAL OF MINUTES: Meeting of May 13, 2015

Approved as Recommended

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

4. BUSINESS AND PRESENTATIONS FROM THE FLOOR:

There was no Business 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:

There were no items submitted.

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9. Presentation of the Draft Budget, Fiscal Year 2015-2016

Recommend the Board of Directors consider the 2015-2016 Draft Budget and provide direction to staff on any changes.

Mr. Hofmann 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. Hofmann noted a couple of minor modifications were made for clarification and were highlighted in blue in the Budget document.

Mr. Hofmann began the review of the Budget, reporting the Budget is a plan of Expenditures totaling \$25,203,911 and is balanced with \$20,916,170 in new revenue, a net transfer from the Pre-Paid Drainage Assessment (PPDA) Trust Fund of \$1,775,703 and \$2,512,038 in resources from the beginning Fund Balance.

Mr. Merrill then reviewed the Budget in detail as follows:

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. 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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Responding to Director Williams' question, Mr. Hofmann stated the total amount for the three positions not filled is \$228,200 and is noted as a separate line item in the Budget.

Mr. Hofmann highlighted portions of the Personnel Expense for clarification.

Responding to Director Groom's question regarding the 2013-2014 Actual Budgeted amount being \$8.3 million, Mr. Hofmann stated he believed the \$8.3 million funded the same 77 positions and, he believed the difference from the \$8.3 million versus the 2015-2016 \$8.8 million Budgeted amount was due to the three positions funded but not filled, and the adjustments with respect to the recent retirements of the two top level staff, and hiring of positions at a lower level. He noted total benefits from last year's Budget to this year's Budget with all the changes is only a \$20,000 total increase in salaries and benefits.

Ms. Kruser continued with the review of the Summary of Benefits.

Responding to Director Burleson's question regarding the Money Purchase Pension Plan portion, Ms. Kruser stated the \$596,400 is for the total amount the District contributes for retirement. Mr. Hofmann clarified that this is the 10% (post 1988 employees) or 14% (pre-1988 employees) the District contributes to the employees' retirement.

Responding to a question that was raised by the Board at the May 27, 2015 Board Meeting, Mr. Hofmann reported as of today, the District's current costs for individual employee health plans are well below the "Cadillac Tax" threshold. He stated staff will be bringing back a report to the Board in the Fall, prior to the District's Open Enrollment period, on this item, as well as additional information on a High Deductible Health Plan.

With respect to the Facilities Manager Job Description, Director Spina requested the following changes: (1) On page 2 under Supervisory Responsibilities 4th line, "Responsibilities include hiring . . ." should be changed to "Will Interview prospective employees . . ."; and (2) on page 3 under Physical Demands 2nd paragraph 5th line, the word "smell" should be changed to "detect certain odors". He requested these same changes be made to the Senior Facilities Technician Job Descriptions.

It was the consensus of the Board of Directors to include the recommended changes as requested by Director Spina in the Facilities Manager and Senior Facilities Technician Job Descriptions.

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**b. Expenditures; Operational and Administrative Expenditures
(Continued):**

(2) Office Administration

Mrs. Lopez reviewed her portion of the Office Administration portion of the Budget.

Mr. Kalpakoff reviewed his portion of the Office Administration portion of the Budget.

Director Goodwin, noting the problems she has seen with the District's copier, questioned whether staff was proposing to replace the copiers. Mr. Hofmann stated under the Office Equipment portion of the Budget, staff will address their proposed plan to address replacing the District's copiers.

Responding to Director Spina's question as to how the proposed Budgeted amount of \$36,600 for Professional Education is distributed among staff. Mr. Hofmann stated Managers attempt to rotate the Professional Education among employees over a period of a few years.

(3) Management Support

(4) Insurance

Mr. Merrill reviewed the Insurance portion of the Budget.

Director Burleson questioned the proposed Budgeted amount for Notary, Trustee Liability of \$6,230 noting the limit is only \$25,000. Mr. Merrill stated this is for three notaries. Discussion was carried among Board Members, Legal Counsel and staff with respect to the need for the notaries on site, cost of insurance, low insurance limit coverage, and other options.

(5) Professional Services

Mr. Merrill reviewed the Professional Services portion of the Budget.

(6) PPDA Reimbursements

(7) Other Administrative Expense

Mr. Merrill reviewed the Other Administrative Expenditures portion of the Budget.

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**b. Expenditures; Operational and Administrative Expenditures
(Continued):**

(8) System Operations and Maintenance

Mr. Sunamoto reviewed the System Operations and Maintenance portion of the Budget.

Responding to Director Goodwin's question regarding vandalization of basin fences, Mr. Sunamoto stated it appears to just be random, and staff has hired a security guard when a certain basin is targeted often. Mr. Hofmann noted staff does recoup some of the costs from insurance carriers when a responsible party is located, and it is due to a car damaging a fence.

(9) Office Buildings Expense

Mrs. Lopez reviewed her portion of the Office Buildings Expense portion of the Budget.

Mr. Sunamoto reviewed his portion of the Office Building Expense portion of the Budget.

Responding to Director Spina's question regarding painting of the interior and/or exterior portions of the District's Administrative Office Building, Mr. Hofmann stated he has not put in a formal request for those costs; however, he noted with the recent retirements, the offices on the west wing were "freshened up". He stated in the future, staff will at some point continue to "freshen up" areas. Mr. Hofmann stated he does have some plans to upgrade the Board Room and its foyer, and would bring a request for those improvements to the Board in the future. Director Spina noted the \$7500 staff has allocated under account 5840 Repairs and Rehabilitation will not cover very much. Director Burleson noted 5824 Other Building Maintenance shows another \$11,500 available as well.

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**b. Expenditures; Operational and Administrative Expenditures
(Continued):**

(10) Stormwater Quality Management

Mr. Rourke reviewed the Stormwater Quality Management portion of the Budget.

Responding to Director Burleson's question, Mr. Rourke stated the NPDES permit fee in the beginning was approximately \$10,000 and the District covered this amount. Subsequently, the State of California was increasing the fee approximately 35% each year. Mr. Rourke noted the District is exempt from this fee, so account 7065 General Expenses in the amount of \$103,418 represents the County of Fresno, the Cities of Fresno and Clovis, and Fresno State University fees. Mr. Rourke stated the justification for the District paying these fees is the District collects property taxes for those areas that go towards the Stormwater Quality Management program. Responding to Director Burleson's subsequent question, Mr. Rourke state the NPDES permit fee did go down this year from approximately \$113,521 to the \$103,418.

(11) Debt Service

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

Responding to Director Burleson's question, Mr. Hofmann stated the SRF Loan #2 Annual Payment of \$749,187 will be paid off January 2018, and it was for purchase of basins well ahead of development; and the CIEDB Loan Annual Payment of \$1,194,897 was for construction of infrastructure in Drainage Areas "II-RR" (Tower District), and will be paid off over time.

c. Capital Expenditures:

- (1) Office Buildings**
- (2) Equipment**

Mrs. Lopez reviewed her portion of the Equipment portion of the Budget.

In response to Director Goodwin's question earlier about copiers, Mrs. Lopez reported that included in Account 6111 Office Equipment Budget was \$61,259 for replacement of six copiers that are approximately 10 to 11 years old. Discussion was carried among Board Members and staff with respect to replacement of the copiers.

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Mr. Merrill reviewed his portion of the Equipment portion of the Budget.

Mr. Kalpakoff reviewed his portion of the Equipment portion of the Budget.

Mr. Sunamoto reviewed his portion of the Equipment portion of the Budget. Director Burleson questioned the decibel ratings of the sound attenuating pumps. Mr. Sunamoto stated he would get that information for Director Burleson.

Retrospective 5 year Budget Analysis

Mr. Merrill reviewed the Retrospective 5 year Budget Analysis. Director Burleson stated he appreciated this portion of the Budget as it answered a lot of his questions.

c. Capital Expenditures (Continued):

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

Ms. Campbell reviewed the Urban portion of the Capital Expenditures portion of the Budget.

Mr. Sunamoto reviewed the Rural Streams portion of the Capital Expenditures portion of the Budget.

Mr. Hofmann reported both the Priorities and Programming Committee, and the Administrative Committee had reviewed the Capital Expenditures portion of the Budget.

Mr. Sanchez reviewed the Future Improvement Allocations portion of the Capital Expenditures portions of the Budget.

Mr. Hofmann reviewed the Unauthorized Improvements portion of the Future Improvement Allocations portion of the Budget.

d. PPDA Fund

No other changes were recommended to 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 2015-2016 Budget for presentation at the June 24, 2015 Budget Hearing.

Director Fowler expressed his appreciation of the way the Budget was presented and noted it was very easy to understand. Director Spina stated he believed staff had done a very good job, in particular, anticipating the questions the Board of Directors might have. Director Rastegar concurred and expressed his appreciation of the General Manager's knowledge and understanding of the Budget. Mr. Hofmann expressed his appreciation for the Board of Directors' comments, and noted it was a team effort among staff to present a realistic Budget. He stated hopefully this shows the Board that staff has been listening to the Board as to their requests with respect to the Budget.

No other changes were recommended.

11. Budget Workshop 2015-2016 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. Hofmann reviewed the Five-Year Financial Forecast. He noted the General Fund Balance over the next five years will no longer be in a negative deficit and will be whole. He stated he believed this would provide the District opportunities to participate in a grant (i.e. the Sustainable Groundwater Management Act, the Water Bond, etc.) if made available, to do a large project, as the District would have the capital to be able to participate.

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Director Burluson reported he had done an analysis of the Five-Year Financial Forecast and was pleased to find that the District had reduced expenses approximately 8% for each of the past two years.

No 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

A Closed Session was not convened.

ADJOURNMENT

Adjourned Board Meeting at 7:28 pm.

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


ALAN HOFMANN
GENERAL MANAGER-SECRETARY

6/15/15
DATE