

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, 2016

Pursuant to notice, the Budget Workshop Meeting of the Board of Directors of the Fresno Metropolitan Flood Control District was held Wednesday, June 8, 2016 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
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
Andy Adams, Accountant
Andrew Remus, Staff Analyst
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 6:00 pm and Mr. Price led the Pledge of Allegiance.

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2. REPORT OF THE GENERAL MANAGER:

Mr. Hofmann reported on the following: (1) he distributed a copy of a Fresno Bee "Letter to the Editor" entitled, "some dogs are born to run" where the writer is requesting District basins be opened to allow dogs to run off leash; (2) he also distributed a copy of a Fresno Bee "Letter to the Editor" entitled, "Water woes are here to stay" regarding Fresno County Board of Supervisor Elect Magsig's proposal of turning Big Dry Creek Reservoir into a permanent holding facility if he was elected. Since he has won the election, Mr. Hofmann stated he would need to meet with the Supervisor Elect to inform him of the issues and necessary requirements to get water behind that Dam; (3) upgraded binders were distributed to the Board for their use at the dais, which also included the information on the District's Legislators, including maps showing their boundaries; and (4) he reported the District's Drainage Fees were before the County of Board of Supervisors today; he noted the District Design Engineer Debbie Campbell had represented the District; he stated the Drainage Fees were pulled off the Consent Calendar by Supervisor Poochigian who had some questions regarding the fees; the County Board adopted the fees on a 3 to 2 vote with Supervisors Poochigian and Pacheco voting no; Mr. Hofmann stated he had talked to Supervisor Poochigian regarding her reason for voting no.

3. APPROVAL OF MINUTES: Meetings of May 11, 2016 and May 25, 2016

Approved as Recommended as to the Minutes of May 11, 2016

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

Approved as Recommended as to the Minutes of May 25, 2016

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

4. BUSINESS AND PRESENTATIONS FROM THE FLOOR:

There was no Business from the floor.

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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.

9. Presentation of the Draft Budget, Fiscal Year 2016-2017

Recommend the Board of Directors consider the 2016-2017 Draft Budget and provide direction to staff on any changes.

Mr. Hofmann began the review of the Budget, reporting the Budget is a plan of Expenditures totaling \$27,047,590 and is balanced with \$22,512,743 in new revenue, with a net transfer from the Pre-Paid Drainage Assessment (PPDA) Trust Fund of \$2,281,500 and \$2,253,347 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

Mr. Hofmann reviewed the Personnel Expense portion as outlined in the Budget. Mr. Hofmann noted the Administrative Committee reviewed the Draft Budget and the proposed Personnel Expense, and noted their comments and recommendations are incorporated in the Draft Budget presented to the full Board this evening. He also noted the Priorities & Programming Committee reviewed the Capital portion of the Budget.

Mr. Hofmann then reviewed his proposal to modify the Salary Range and Step Administration from the current seven-step salary range to a ten-step structure that uses a 3.3% increase with each step, instead of the current 5% as outlined in the Board Memorandum. Discussion was carried among Mr. Hofmann and the Board Members with respect to this proposal. Directors Williams and Spina noted their concern of this proposal, specifically, their belief this would affect the District's competitiveness with other agencies, their displeasure in District employees making less money over a longer period of time by moving to this ten-step process, and their belief that the District should be taking care of their existing employees. Director Spina stated he could not support this proposal. Director Rastegar expressed his belief that the District would still remain competitive and he did not see much of a negative to this proposal. Director Burleson stated he believed the proposal would still allow the District to be competitive and he did not see it as being unreasonable. Mr. Hofmann noted those employees at Step 6, under this proposal would actually benefit, as in the current process, an employee at Step 6 would need to wait 10 years before they would be eligible for another raise consideration under Step 7. With this proposal, Mr. Hofmann stated it would take five years to get through each Step 8, 9 and 10. Directors Williams and Spina stated that is something the General Manager should look at, possibly changing the steps for those employees at Step 6 and above only. Director Rastegar noted the proposal was not to benefit the employees, but rather as a means to reduce personnel costs.

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Director Fowler noted during the recession period, the District did not cut salaries or deny COLAs as was done at some of the other agencies, such as the County of Fresno. He stated that the Board has requested the General Manager slow the growth of salaries, and while this proposal does not make that big of a difference, it is one of several ways that the General Manager might be able to present which would reduce personnel costs over time, noting his belief that at some point the Board will have to take a serious look at personnel costs or they will have to start laying off employees. Director Williams stated she disagreed with Director Fowler's comments, noting her belief the direction given to the General Manager was to not fill the positions if they are not absolutely necessary, and her belief that there is a big difference between managing your personnel expenses and cutting salaries. Director Burlison expressed his concern with respect to the salary ranges changing every time a COLA is given, noting his belief that the salary ranges were out of control due to the way the COLA is administered. Director Goodwin expressed her support for the proposal, as she believed it was a means of recognizing those employees who have to wait 10 years between Step increases; however, she expressed her concurrence with Director Burlison's comments with respect to the COLA, and expressed her concern for the District being able to complete its necessary projects should personnel costs not be controlled. Director Spina stated in order to address the concerns with respect to the COLA, he would suggest that an item regarding the COLA be brought back as a separate discussion item. Director Williams noted her belief that the two items (COLA and 10 Step Structure) should be addressed as separate issues not co-mingled into one subject.

Directors Fowler and Burlison explained the way the County of Fresno administers the COLA, noting the salary ranges do not change, but rather the specific employee is given the COLA.

As the proposed Budget is based on the current Step Structure (7 Steps), it was the consensus of the Board that this proposal (10 Step Structure) be set aside and brought back to a future Board Meeting.

Director Burlison requested that discussion regarding the administration of the COLA be brought back to a future Board Meeting, before the end of the year.

Mr. Hofmann continued his review of the Personnel Expense portion as outlined in the Budget and the Board Memorandum.

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Responding to Director Burleson's question, Mr. Hofmann stated his recommendation to reduce by 5.0% the salary range for the Staff Analyst and Human Resources Analyst job families from the current range will not affect existing staff salaries, but a reclassification will be necessary in their step range to effect the market adjustment and that would affect their growth potential reducing it by 5.0% Director Burleson noted his belief that the General Manager was on the right track with this proposal.

Mr. Hofmann then reviewed and initiated discussion among Board Members and Legal Counsel regarding his proposal for the Annual Leave Accrual Schedule as outlined in the Board Memorandum.

**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.

(3) Management Support

Mrs. Lopez reviewed the Management Support portion of the budget.

(4) Insurance

Mr. Merrill reviewed the Insurance portion of the Budget.

(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.

(9) Office Buildings Expense

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

Director Burluson requested staff review the San Joaquin River Conservancy lease next year to insure the District is being adequately compensated for use of the District's facilities, noting the District's five year plan shows a significant increase in office expenses. Mr. Hofmann noted staff had increased the monthly rent from \$200.00 per month to \$260.00 per month recently.

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

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

(10) Stormwater Quality Management

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

(11) Debt Service

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

c. Capital Expenditures:

(1) Office Buildings

(2) Equipment

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

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

Retrospective 5 year Budget Analysis

Mr. Merrill reviewed the Retrospective 5 year Budget Analysis.

The Board recessed at 7:46 pm and reconvened in regular session at 7:51 pm.

- (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.

Director Burleson noted as Chairman of the Priorities & Programming, the Committee is aware that there is approximately \$4 million proposed for completion in the 4th quarter, and the Committee and staff will continue to monitor that as he knew that was of concern to some of the Board Members

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

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

Director Fowler noted that if District staff tagged the District's engineering and oversight costs into the project, the administration portion of the District Budget would go down, as costs would be tagged to the District's Capital projects. Mr. Hofmann stated staff has begun this process, noting the Design Teams are keeping track of their time on projects. He stated staff was doing this to insure that the District staff can do it cheaper in-house than hiring consultants.

d. PPDA Fund

No other changes were recommended to the Budget.

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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 2016-2017 Budget for presentation at the June 22, 2016 Budget Hearing.

No other changes were recommended.

11. Budget Workshop 2016-2017 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**

It is recommended that the Board of Directors review and provide comments on the Draft Five-Year Financial Forecast.

Mr. Hofmann reviewed the Five-Year Financial Forecast. He noted the last page was inadvertently left out and had been distributed to the Board this evening.

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.

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CLOSED SESSION

A Closed Session was not convened.

ADJOURNMENT

Adjourned Board Meeting at 8:07 pm

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



ALAN HOFMANN
GENERAL MANAGER-SECRETARY



DATE