

FINANCE COMMITTEE MEETING
UNAPPROVED MINUTES

June 12, 2009

DIRECTORS PRESENT: Judy Friedman, Lou Reinkens (Committee members)
Ron Treabess

STAFF PRESENT: Jim Dykstra, Treasurer/Director of Accounting & Employee Services
Cindy Gustafson, General Manager
Bob Bolton, Director of Parks & Recreation
Tony Laliotis, Director of Utilities

The meeting was called to order at 8:30 a.m.

1. Finance Department Activity Report

Mr. Dykstra reported the following:

- Staff updated the bi-weekly cash flow presentation for 2009.
- Staff updated an estimate of State property tax borrowing and District cost savings.
- Staff analyzed the May single-family residence water usage and developed a chart for monthly reporting to the Board.
- Staff updated revenue projections for new water and sewer rates.
- Staff responded to many customer inquiries regarding being billed monthly and rate changes.
- Staff held a conference call with the programmers of the new billing statements and should get good samples any day now.
- Staff developed the schedule of 2008 purchases by category and area of vendor to provide background on local purchases.
- Staff prepared a pension plan financial update.
- Staff prepared updated financial information to support team reviewing boat ramp options.

For Human Resources:

- Staff met with managers to discuss items for labor negotiations.
- Staff has identified all seasonal employees, the majority of their pre-employment processing is completed and they are being started as needed.
- Staff has continued working on getting the ACWA-JPIA training site set up and usable.

Mr. Dykstra went over the tasks scheduled for the next 30 days and answered questions.

- Updating the expense reporting policy for Finance Committee review.
- Finalizing the new billing statement with Dataprose.
- Completing the salary and benefit survey information needed for labor negotiations.
- Meeting with the Personnel Committee to present survey information and get direction.

2. Bills Paid and Payable Approval

Director Reinkens asked what we're leasing from Bank of America. Mr. Dykstra responded that Bank of America purchased LaSalle Bank and we had done financing with them.

3. Expense Report Approvals

There were no questions.

4. Investment Schedule

Mr. Dykstra reviewed the schedule and said that interest rates are down in general.

5. Grant Status Report

Mr. Dykstra reported that we are still in an advanced position with the Homewood Bike Trail. Director Reinkens asked if any other grant funding sources have been found. Ms. Gustafson said that we haven't looked for additional funding yet. We need to know what alignment we are using because that dictates the funding. Director Reinkens said that he lives in Homewood so he dropped out of the HOA in order to avoid a conflict of interest. He asked Director Friedman if she is the HOA's secretary. She is but doesn't benefit one way or the other from this issue. Ms. Gustafson said that she would get some clarification on any possible conflict of interest on this from legal counsel.

Mr. Dykstra said that we're not currently active on the Sugar Pine to Meeks Bike Trail.

Regarding Heritage Plaza, the project was completed under budget, \$12,368 has been refunded to the North Lake Tahoe Resort Association, and it will come off the list.

Regarding Lakeside Trail Phases 5-7, the District continues to work towards finalizing the design. Mr. Dykstra reported that the Conservancy funding may be frozen. Director Reinkens said that prices are down now, and he wondered if we should spend more time going after funds. Ms. Gustafson said that State funds are frozen and these projects aren't eligible through the Department of Public Health. Staff submitted 22 projects and she'll get the Board a copy of the list of projects that were submitted with their rankings. Director Reinkens asked her to show at the Board meeting what she is doing to find funds.

6. 2009 Cash Flow Projection

Mr. Dykstra said property taxes were received in April and May. El Dorado County was over 5% higher than in the prior year and Placer County was 4.1% higher. The weighted average was 4.4% and we have a budget assumption of 4% higher. Ms. Gustafson said that area managers are tracking this closely because Placer County is targeting the area for lots of cuts that are not proportional. She said that she will keep the Board posted.

7. May Single Family Residence Water Usage

Mr. Dykstra explained the chart and said that most people are tracking the way staff felt they would. He explained how the chart will show shifts in usage through the months for the Board's information. Director Reinkens said the Board would like to see the trends, leakage, and workload caused by staff responding to leakage, etc.

8. 2009 Water & Sewer Revenue Projections Update

Mr. Dykstra explained the chart and said that we're still tracking against our budget and what HDR said. Ms. Gustafson said that it's important for us to track it because we are anticipating escalating a lot of the capital infrastructure replacement forward, and we need to make sure our revenues are tracking to what we projected.

9. Use of Debt Proceeds for Water and Sewer

Mr. Dykstra said that the Board asked how the debt is used between water and sewer so he put together this chart with all of the debt on it. He reviewed the debt and explained each item. Ms. Gustafson said that while the policies were being set up on what to do with property tax, Director Wilkins asked for more information on our existing debt so Mr. Dykstra set up this chart. Director Reinkens asked if any of our projects are eligible to use the State Revolving Fund and, if so, we need to use it due to the low percentage rate.

10. 2008 Purchases by Category and Area of Vendor

Ms. Gustafson said that the Board requested that staff look at differentials for local businesses. She reviewed the requested chart and said that it is a building block towards whatever policy the Board wants to set up.

11. Pension Plan Financial Update

Mr. Dykstra went over the chart and explained what has happened over the years. He also explained why the District was put into a pool with people in a similar plan and situation to get us into a bigger population. He explained that the District's standalone data is harder to get now, because reports are done for the pool. He showed how he has calculated the numbers since 2003 and noted that the numbers are close but not exact.

Ms. Gustafson added that staff is trying to give the Committee the building blocks for where we are going to go in our direction to negotiators in closed session as to benefits, salaries, and negotiations for next year.

Paul Vatisstas said that he would like our District to lead a leap frog with public agencies to bring staff salaries down. He added that our plan is horrifically generous compared to the private sector and he hopes there are lots of cuts.

Mr. Dykstra reviewed the Historical Long Term Obligations graph and explained each category.

12. Possible State Borrowing of District Property Tax and Identified Savings Update

Ms. Gustafson said that staff is tracking this item very carefully and believes that the State will probably take a minimum of 8% suspending Proposition 1A. There is a lot of discussion about Enterprise Districts taking more of a hit, so she recommended that we prepare for the 8%. She went over the savings that have been identified to do now for the various departments and noted that there will be some reductions in service. She added that a narrative will be put together for the full Board. Director Reinkens said that he feels that the big hit has to be G&A and Parks and Recreation, because we made a commitment to water and sewer and he doesn't want to give up on any repairs and maintenance to the system.

Ms. Gustafson said that staff is prepared for what they anticipate will happen this year. She said that we will make it through this year and we'll have to make major cuts from there. Staff will provide information on benefit packages to compare on both public and private at the next Personnel Committee meeting.

13. Public Forum

Mr. Vatisstas said that the General Manager represents the ratepayer and her job is to manage staff. On negotiations he believed that staff costs too much and if they aren't willing to negotiate in good faith, they need to cut one-third of staff and replace them with contractors at half the

price. He said things need to change and he hopes the ratepayer will be brought into the negotiations. Ms. Gustafson agreed but said that she needs to have trained staff with certifications and professionalism to run the District. Director Reinkens said that if a cut has to be made, make it hard, fast, and deep and get back to business.

14. Meeting Review and Staff Direction

There was no further direction.

15. Adjournment

The meeting adjourned at 10:25 a.m.

Ginger Charlton, District Clerk

Prepared by Ginger Charlton