



## **SAN MIGUEL COMMUNITY SERVICES DISTRICT FINANCE & BUDGET COMMITTEE**

### **MEETING SUMMARY NOTES**

*For Friday, April 15, 2016 – 8:30 am*

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**I. Called to Order at 8:39 a.m. by Chair Dawes**

**II. Pledge of Allegiance**

**III. Roll Call – Director Buckman – Present  
Director Reuck – Absent**

**IV. Public Comment – None**

**V. AGENDA**

**1. Review and Discuss proposed IT service improvement and associated costs presentation**

Staff gave a brief report to Committee to supplement the submitted written report in packet. General Manager reported two key issues confronting District over present I T services for Committee discussion. Chair Dawes asked if questions could be asked along the way. GM and Mr. Mapalo answered yes, it would be helpful.

System security and present equipment conditions were the two key issues to discuss in addition to hearing a presentation and proposal for securing new I T services that could be short-term assistance to the District, especially for any bid solicitation process and for short term fixes assistance as needed.

General Manager introduced and asked Mr. Mapalo to make a presentation to the Committee regarding such short term I T assistance and an initial assessment of needs. Mr. Mapalo described his initial but not complete assessment of system needs emphasizing the immediate needs for equipment replacement, improving the environmental conditions of the computer room as well as adequately securing the room access. He described the level of service offered as “white hat” certification and detailed personal certifications and licenses. His ability to provide 24/7 service remotely via District approved protocols and procedures as well as ability to assist District with formulating a long term approach to computer system needs.

Mr. Mapalo indicated the computer access lacks security and improved temperature controlled conditions, much too hot upstairs. Equipment is sensitive to heat conditions which can cause malfunctioning equipment.

Mr. Director Dawes asked about server storage capacity of client based vs. solid state. Mapalo replied the difference is performance based on client needs. Director Buckman asked about how big a room would be needed for housing the computer system equipment. It was explained that room size is not as important as temperature controlled environments

Laverne Buckman asked about what is meant by environment as it relates to equipment. Mr. Mapalo explained that environment means room conditions as well as “end of life” by hardware manufacturers, such as the one server unit located upstairs which has licenses that have expired in 2013. This means that the chance of malfunctioning equipment is higher. A crash of that server unit would be disastrous for district operations.

Director Dawes asked about comparison between systems vs. individual servers. Mr. Mapalo explained the difference in terminal vs. client based.

Committee made a unanimous recommendation to advance a short term for immediate services and an agreement to the Board and to include bid assistance to District staff as may be needed, such as SCADA and timekeeping systems interconnections, as applicable.

Committee adjourned for short break at 9:39 AM.

Committee Chair called meeting back to order at 9:46 AM.

**2. Review and Discuss bid specifications for RFP solicitation of office copier/printer replacement**

Staff presented a report on bid specifications, shown in Exhibit A attached with written report, previously used to solicit office copier/printer replacement bids as requested by Committee. General Manager stated revisions discussed at this meeting will be incorporated into a new RFP to be issued and distributed for bidding.

Chair Dawes stated that he requested this review so that a re-bidding process will create an “apples to apples” comparison between vendors. He indicated that District should include a requirement for PostScript, especially as we advance toward tablet use like iPad Pro. Added bid specification changes included adding need to identify gigabit capability of machine, add Apple Pro identification to remote printer function from portable devices, searchable PDF’s and Apple airprint option.

General Manager repeated these bid specifications changes to Committee. Committee also discussed lowering the number of copies for B/W and color copies and keeping a low cost for overages in print copies. This was based on incorporating future tablet use.

Chair Dawes asked if there was any public comment. There was none.

Committee requested Staff to bring back the draft RFP with these requested bid specifications for review and recommendation to the Board authorizing release.

**3. Review and Discuss Monthly and Quarterly Financial Reports for February and March 2016 with Average Monthly & YTD Water/Wastewater Billing Revenues**

Staff requested the Chair allow Item 4 be pulled out of agenda order to expedite that discussion prior to initiating what may be a lengthy discussion/review of Item 3, Monthly Financials.

Committee Members agreed without objection.

**4. Review and Discuss Setting Financial Budget Priorities for FY 2016-17 adjustments and preparation of FY 2017-18**

Staff presented the submitted written report regarding proposed budget preparation criteria to be used for upcoming budget cycle. There will be some FY 2016-17 budget adjustments and a FY 2017-18 budget will be prepared using budget criteria identified at this meeting.

Staff explained the written report information about projected property tax revenue increases, anticipated cost increases to healthcare, chemical, mandatory State operating permit fees, adjustments to debt, service and assumptions about capital project expenses.

Committee discussions included removing criteria for water meter replacement and using what we have for now, in terms of available funds, using identified grant funds to replace aerator motors at WWTP, conduct a vehicle replacement assessment prior to presenting any report to Committees or Board, include funding for long-range planning at WWTP since facility is at 75% capacity, water and sewer line replacement in village areas between Mission St and Highway 101.

Committee discussed remainder of Staff report recommendations but concurred with the approach and criteria outlined. Committee requested Staff to incorporate these changes for budget preparation. General Manager acknowledged and reviewed these changes before Committee closed discussion.

### **3. Review and Discuss Monthly and Quarterly Financial Reports for February and March 2016 with Average Monthly & YTD Water/Wastewater Billing Revenues**

Staff presented a summary of written report in Committee's packet and explained the changes shown in March reports, which Committee requested last month. It was pointed out that District has received the first Quarterly Investment report by Cantella & Company.

Staff asked Committee if they wanted to continue receiving the Top 12 vendors as a part of Monthly Financial Reports. Committee stated that they failed to see any value in receiving or discussing this information. This Top 12 Vendors feature can be deleted from future reports to Committee or Board as of this date.

Committee reviewed Treasurer's Report for March and February with Staff. They appreciated the changes made by Staff for including Notes on individual Fund Accounts. Staff was asked to find a means to show adjustments to individual Fund Accounts and reflect those changes in more current timeframes, especially when inter-fund transfers are being done. Committee believes this is important for accountability and transparency.

Laverne Buckman, public member, asked about the value of the Treasurer's Report to this Committee. General Manager explained to Committee in response that the value of this report is to show end of month status, a "snapshot" of cash and investments from banking institutions.

Committee next discussed the Capital Project Summary for March and noted it is helpful to see the incurred expenses but expanded notes or comments should be added for a more complete statement, for example, the SLT Well House Roof repair work that is completed already. General Manager and Bookkeeper explained that it is a function of when the expenses are reported in accounting.

Chair asked if there were any public comments. There were some general comments by Laverne Buckman about how this Summary could be useful to Committee and agreed with Committee discussions on this item.

Committee next discussed the Claims Detail Report and expenses. Committee Members discussed specific line expenses briefly and requested that Staff continue to provide this report to Committee and to Board.

Laverne Buckman, public member, asked if the District was aware of recent news regarding the use and application of glyphosate plus and newer warnings. General Manager replied that we were not aware but would investigate.

Committee next discussed the Revenue Budget Detail Report. Chair Dawes requested support for keeping this report for future Committee and Board reporting. There were specific fund account line items in revenue report that Committee asked Staff check on and report back in follow-up. Those line items were on pages: 1, 2, 3, 5 and 7 of 10 of this Report.

Committee's discussion of the Expenses Budget Detail Report and examination of 41 page report was in detail. Committee requested that the shorter version of this report be provided, routinely, to the Board.

Committee's review of Statement of Expenses – Budget vs. Actual Report identified several items to be adjusted by Staff as time allows and can be adjusted within the Black Mountain System protocols. Concerns were about budget and authorized transfer figures not being shown.

Committee asked Staff to check and provide follow-up on specific line items on all pages of this report. General Manager noted the specific line items page by page locations. Follow-up reporting will be provided directly to Committee.

Laverne Buckman, public member, made comment regarding specific expense line items not being accurate or showing a correct picture of how much is expended. She gave several examples and asked Committee to work at correcting for true accountability and accuracy. She does not believe that a new budget can be done without knowing.

Committee reviewed the Quarterly Investment Report by Cantella & Company but did not offer any comments or ask questions.

**VI COMMITTEE COMMENTS:**

Chair Dawes called for comments. Director Buckman had no further comments. Director Dawes asked that financial report changes, as many as possible, be resolved prior to next Board meeting.

**VII. ADJOURNMENT**

**Time: 1:30 PM**

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