



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

MEETING SUMMARY NOTES

For Thursday, September 8, 2016 – 1:30 pm

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- I. Called to Order at 1:35pm by Chair Dawes**
 - II. Pledge of Allegiance lead by Director Buckman**
 - III. Roll Call –** Director Buckman – Present
Director Dawes – Present

Others in Attendance: Laverne Buckman

- IV. Public Comment – None**
- V. Review and Discuss Monthly Financial Reports for August 2016**

General Manager introduced the written report submitted for Committee discussion. August monthly figures for revenues and expenditures are consistent with the preliminary, unadopted budget projections.

Chair Dawes began a detailed discussion of monthly cash report, specifically asking questions about receipts shown in Fund 10. GM stated that an overpayment refund was received from EDD and temporarily booked into Fund 10 until re-distributed according to where the funds were paid from and when.

There was also a payroll transfer in amount that needs to be adjusted to show proper distribution across all departments. As GM noted, the Black Mountain Cash report does include investments as well as cash but the beginning balances are not yet completely reconciled due to an ongoing reconciliation of FY 2015-16 Trial Balances in preparation of FY 2015-16 Audit work.

Committee Members questioned the Fund 20 claim detail describing landscaping expense. GM replied that this expense was associated with weed abatement work done during weed abatement season. Invoice description from contractor stated this wording.

sked about the status of CDBG reimbursement for the expended fire hydrant replacement project. GM stated that reimbursement is still pending awaiting County processing for payment.

Chair Dawes began the review of Claims Detail Report asking for any questions on Page 1 of 6. Director Buckman asked about the 2 SLOCEA items on the ChurchwellWhite bill invoice. He wanted to know if there was double bill payment. GM replied that there was no double bill payment but would check on the details of the item and report the breakdown back to Committee.

Chair Dawes asked about how soon the payments to Jungle Disk computer backup items. GM replied that the upcoming server install and set-up will provide, according to I T, opportunity to stop these expenses.

Committee asked GM to follow-up on 2 Roach Electric expenses listed and provide details. GM noted that this is Follow-up Item #1.

Chair Dawes asked about the annual encroachment expense payment to SLO County on Page 2 Of 6. GM explained the reasons for this payment allowing the District to do trenching and repair work within County rights-of-way locations. Same question was also about the same expense listed on Page 3 Of 6.

There were no further questions on Pages 4-6 of Claims Report. Chair asked if there were any public questions. There were no comments or requests to speak.

Committee Members began its review of Statement of Revenues. Chair Dawes asked about water and wastewater revenues being different. He was concerned that projecting forward then the forecasted revenues could be short for water sales but on slightly higher for wastewater sales. GM replied that water sales has been trending higher for the past two months and is likely to continue without previously drought conservation measures being re-ordered by State. Wastewater sales tend to be more static and generally are lower overall than water, particularly as more people are working and out of the home during the day. He also stated that these recent trends in sales are being monitored each month so that any required adjustments to revenues can be identified early.

There were no further Committee member comments or questions. Chair Dawes asked if there were any public comments. There were no public comments or questions.

Committee began its review of Statement of Expenses Report. Chair Dawes asked that GM look at setting up a breakout of legal expenses, on Page 1 of 9, to separate contractual cap expenses as negotiated from other legal expenses. GM replied that creating a separate line item to do this reporting can be set up and will be Follow-up item #2.

Chair asked for public questions. There were none.

Committee members then began an extensive review of PG & E expenses for over an hour and a half including a call to customer service. At the end of this extensive review, Committee was

convinced that PG & E accounts were in order but requested GM to investigate further how best re-configure accounts and requested him to work with PG&E staff for resolution.

There were questions about laundry soap and rinse items purchased for Fire Department. Gm explained the District does fire uniform washing and drying using its own equipment. Also there was a question about the expense charged by CalPers for annual unfunded accrual assessment and survey done for statewide agencies.

Chair asked if there were public questions.

Laverne Buckman asked about the 46000 account labelling as interest when it is more than interest in subcategories. GM explained that we will need to modify the automatic populating feature in BMS program to change.

Chair Dawes stated that he is in favor of not doing extensive review of Statement of Revenue and Expenses until the final FY Budget figures are amended into the accounting module.

Committee next reviewed the Cantella investment management report on status of District accounts. GM commented that for the first year investment, the District is significantly ahead of prior account figures. It is important for Committee to note this fact and recognize our ability to build an appropriate portfolio account.

2. Discuss and recommend approval to Board award a bid for janitorial services.

General Manager stated that this item had been referred back to Committee but had no further information to provide to Committee since there was no issue identified for staff to evaluate or provide new information.

Chair Dawes stated that he had requested this item be referred back in order to further examine the reasons and affordability of these services.

GM stated that while there is no written options available in the report to Committee, he could provide the Committee with a verbal description of how to pay for these services and urged the importance of cleaning and maintaining facilities.

The option outlined included support by the Board surrendering half of its stipend pay for this fiscal year to support the \$3,000 or less costs. The second option was to split the costs between individual funds. The third option was to simply retain the prior decision to execute the agreement for services. A fourth option was offered, but not as a prime option, by GM agreeing to pay for the services out of his own pocket because he believed in the seriousness of cleaning and maintaining the facilities that everyone used for work and meetings.

Committee briefly discussed the situation. Director Buckman offered to surrender all of his remaining fiscal year Board stipend, an estimated \$1,000 in order to offset some of the janitorial costs. Chair Dawes noted the generous donation by Director and noted that Fire and Administration should pay for the balance of the costs, approximately \$875 each.

Committee Members reaffirmed its prior decision to execute an agreement for janitorial services as previously done including use of Director Buckman's stipend pay and splitting the remaining costs between Fire and Administration Departments.

3. Discuss and recommend approval to Board to authorize an appropriation from Water Capital Reserves for purchase and installation of a booster pump for non-potable water at Well 3.

Utility Supervisor Dodds gave a short presentation of staff's written report on this request seeking funds for the purchase of a booster pump unit for Well #3 at a cost not-to-exceed \$7,000 using Water Capital Reserve funds.

Chair Dawes asked a series of questions about use of 2 pumps, lower in costs, instead of the requested pump. Committee discussed the value and cost of purchasing 2 pumps versus the requested 3-phase Gould pump.

Committee concluded its discussion and deliberations. Chair asked if there was anyone wishing to speak on this item. GM noted that if the Committee approves a lower expense than Board approval is not required per District Purchasing Policy, less than \$5,000.

There was no request to speak.

Chair made a motion to approve \$3,500 total cost for purchasing 2 pumps noting that these were also 3-phase units, seconded by Director Buckman. A voice vote was unanimous.

4. Review and recommend approval to the Board for the purchase of a Kubota U35 excavator from C&N Tractor at a Cost not to exceed \$53,000.

Utility Supervisor Dodds gave a brief report and recommendation seeking approval of purchase of a mini-excavator for Utility Department at a cost not-to-exceed \$53,000 using Water Capital Reserve funds. He gave a short presentation of written staff report that detailed the background and purpose of this purchase. The item was referred to Committee for evaluation and fast tracked so that the upcoming water line replacement required for park area improvements can be done without negatively affecting that project.

Chair asked if there was anyone wishing to speak on this item.

There was no request to speak.

After brief discussion, Director Buckman made a motion to recommend that the Board approve the purchase of a mini-excavator at a not-to-exceed cost of \$53,000 and if possible or qualified, use a vendor financing option for a 60 month period, Seconded by Chair Dawes. A voice vote was unanimous.

5. Discuss and recommend approval of the FY 2016-17 O & M Budget revisions and recommend appropriation of Capital Reserves for budget offsets to the Board.

GM gave a short presentation of written staff report and made recommendations to Committee for discussions.

The FY O & M Budget has deficits which must be addressed by Committee in order to move forward in finalizing changes to FY budget and bringing back to Board. The remaining option is to use an appropriation of Capital Reserves for offsets to operating department fund accounts.

Chair Dawes noted that the CDBG reimbursement revenue in Fund 20 should be identified as reserved for repayment to Fire Capital Reserves which is where the project funding came from. Committee agree to identify that purpose in the budget notes.

Laverne Buckman asked why the revenue budget does not also include a line item that shows the transfer in of capital reserve amounts in each fund account.

Committee asked questions about the number of new connections since the first of the year. Utility Account Clerk/Operations Coordinator provided information that 50 new connections have occurred since first of the year. Based these numbers, Committee asked GM to recalculate various revenue figures for sales and incomes and revise budget numbers as needed.

Committee noted adjustments to be made in Expense budget and Fund Accounts and asked GM to recalculate the salaries and wages with associated payroll expenses based on 32 hours for part time employees to be hired. There were added adjustments in Fund 40 for Accounts 340, 351, 381 383, 420 as recorded by GM notes. In Fund 50, there were adjustments to Accounts 351, 386, 605 as recorded by GM notes.

Chair asked GM if he could make these adjustments and have them ready to discuss on Monday afternoon. GM replied yes and agreed to meet for review and discussion. Discussion about using this agenda item as a standard discussion for near term in order to monitor and track.

VI. COMMITTEE COMMENTS

Chair noted that the Post Office trash receptacle needed to be replaced and asked staff to investigate. There were no additional comments by Committee Members.

Chair Dawes adjourned the Committee at 5:25 pm.

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