

FINANCE COMMITTEE MEETING
APPROVED MINUTES

August 12, 2011

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

COMMITTEE/STAFF PRESENT: Jim Dykstra, Treasurer/Director of Accounting & Employee Services
Cindy Gustafson, General Manager
Matt Homolka, Director of Engineering
Kelli Twomey, Dir. of Resource Development & Community Relations
Terri Viehmann, District Clerk

OTHERS PRESENT: Shannon Rund & Jeff Wagner of Aircon Energy

The meeting was called to order at 9:00 a.m.

1. Energy Services Presentation by Shannon Rund of Aircon Energy

Shannon Rund and Jeff Wagner presented their proposal to review the District's energy needs and then suggest capital projects to reduce the District's energy demands. There is no cost involved for the evaluation. Upon conclusion of their analysis they will present a proposal containing cost vs. benefit analysis and scope of work proposal. At that time they will request a signed letter of intent with the district. They would then provide a turnkey solution that would include locating financing and serving as the general contractor. They have an extensive portfolio and have worked with numerous city and county governments throughout the State of California.

2. Department Activity Report

There were no questions or discussion.

3. Bills Paid and Payable Approval

There were no questions or discussion.

4. Investment Schedule

There were no questions or discussion.

5. 2011 Cash Flow Projection

Mr. Dykstra reported that cash flow is still strong.

6. Review of June 30, 2011 Unaudited Financial Statements

Mr. Dykstra reported that we have collected a lot of grant receivables from year end. Those have all gone to cash. Please note the \$2,242,422 pension asset net – when we refinanced the pension we are now paid ahead from where CalPers says that we need to be. This is now listed as an asset that will be amortized over 8 years. Our debt has increased. We have approximately a combined \$7 million in debt. It will be lower at year end because we have principal payments to make. In the

P&L area we are doing well. Property taxes came in 2.3% lower than budgeted. Property taxes have historically helped keep sewer and water rates low.

7. Review of \$3,242,422 Transfer from General Fund to Enterprise Fund

Mr. Dykstra stated that this includes a transfer of \$1,000,000 of cash to fund capital and a \$2,200,000 transfer moving the entire amount paid off on the CalPERS pension side fund to the enterprise fund. We believe this is the most transparent way to present the funds. This motion will be on the upcoming board meeting agenda.

8. Review of 2012 Budget Assumptions and Schedule

Mr. Dykstra reviewed the budget assumptions for 2012. Ms. Gustafson noted that a couple of items have been asterisked. They are subject to negotiations. We must begin the budget process with basic assumptions that may change. Sewer rates could be set at 25% to a maximum of 39% increase. 39% would bring us to the top of the Prop 218 rate. Water would be a maximum 6% increase in the base. Director Reinkens questioned if the budget would include increased sewer repairs as requested by Director Henrikson. Ms. Gustafson replied that the Sewer and Water Committee will be proposing a capital project for 2012 that would include a full lining of 20-30 manholes instead of regrouting them. This would be included in our existing budget. Life expectancy to grout manholes is 2 to 5 years. Full lining of the manholes is expected to last 20 to 30 years.

Property tax revenue is projected to increase .2% for 2012 based on the assessed values from Placer and El Dorado Counties. Mr. Dykstra and Ms. Gustafson state that they would be comfortable projecting a flat increase instead of .2%. Ms. Gustafson commented that last year the County's projection was off by 2%. She suggested that we make very conservative assumptions going forward. We have not adjusted our cash flow reserves in a very long time. If property tax declines we would like to have a larger reserve.

Mr. Dykstra reviewed the tentative budget process calendar. Currently the public workshop is scheduled for November 10th at 8:30 a.m.

9. Public Forum

There was no public input.

10. Meeting Review and Staff Direction

There was no review.

11. Adjournment

The meeting adjourned at 9:40 a.m.

Terri Viehmann, District Clerk