

MINUTES OF THE FINANCE COMMITTEE  
OF MT. VIEW SANITARY DISTRICT  
MARCH 25, 2010

The Finance Committee of the Mt. View Sanitary District convened a duly Noticed Committee Meeting at the Mt. View Sanitary District Conference Room, 3800 Arthur Road, Martinez, County of Contra Costa, State of California on March 25, 2010, at 2:04 p.m.

ROLL CALL

PRESENT: Director Schaal (Chair) and Director Caldwell

ABSENT: None

Also Present: STAFF – District Manager Michael Roe, Assistant District Manager Neal Allen, Engineer Randy Leptien, and Mariam Munshi (LCC)

PUBLIC COMMENT

None

NEW BUSINESS

District Manager Roe and Engineer Leptien presented the forecasted 2010-11 year end budgets and four optional revenue and expense plans for FY 2012-16.

1. Review of FY 2010-2011 Revenue and Expense Year End Projections

The presentation compared June 2006 projections with audited balances for FY 2007-2009 projected thru FY 2011. In summary, this comparison revealed that current projections closely match the 2006 projections with a total variation of approximately 3%. Recently, General Fund expenses have increased at a higher rate than in previous years while revenues have been reduced due to little or no growth within the District.

2. Review of 5 Year Revenue and Expense Forecast Options

Next, staff presented four 5 year revenue and expense options for FY 2012-16. Staff emphasized that the options presented were preliminary and further study is necessary to investigate recent trends in operating expense, review of collection system video inspections, and the conclusions of the treatment plant SRE. The options were:

OPTION 1 – No Loan No Increase

This option would provide for a CPI increase in each of the next 5 years. The capital program would be limited to funding by facilities rehab tax revenue through approximately FY 2015.

OPTION 2 – Loan with No Increase

This option would provide for the CPI increase and a loan of \$3.7 million dollars in FY 2012. This option provides \$600,000 per year for CIP.

OPTION 3 – Loan with Increase

This option would provide for the CPI, a loan of \$3.7 million in FY 2012, and a 3.5% increase above the CPI in FY 2012 to address the recently approved prefunding of OPEB's , with an additional 2% in FY 2013-14. Provides for \$900,000 per year for CIP.

OPTION 4 - Increase with No Loan (Pay as you go)

This option would provide for the CPI plus increases of 8.5% in FY 2012 and an additional 5% in FY 2013-14. Provides for \$800,000 per year beginning in FY 2013 for CIP.

Staff emphasized the following:

1. Staff recommends that a rate increase, other than an adjustment for CPI, not be implemented for FY 2011, consistent with the 2006 Engineer's Report.
2. The CIP may be underfunded based on initial results of video inspections, observations by SRE consultants, and regulatory focus on aging infrastructure.
3. Updated financial forecasting is necessary to address funding future CIP.
4. Additional options to fund capital improvements, stabilize rates and build reserves will be explored.

The committee directed staff to develop a more complete understanding of cost drivers in the general fund, to proceed with CPI adjustment for 2010-2011, to target June 2011 as the date for adoption of a new 5 year revenue & expense forecast and 5 year CIP, and to call for a Public Hearing to be held in June on the subject of the CPI increase for FY 2010/2011..

The committee will meet next to study the FY 2011 budget.

ADJOURNMENT

Business having been concluded, the meeting was adjourned at 3:22 p.m.

Dated: March 29, 2010.

  
Neal Allen, Assistant District Manager