

FINANCE COMMITTEE

REGULAR MEETING

Tuesday, February 28, 2023 - 10:00 AM

MINUTES

A. CALL TO ORDER

Chairman Gray called the meeting to order at 10:00 a.m.

B. ESTABLISH QUORUM

A quorum was established.

Committee members present via Zoom: Tom Gray, Karen Chrisman, Cheryl McDowell, David Pierson, Cindy Steidel and Aimee Wyatt.

Staff present via Zoom: Acting General Manager/Utilities Department Manager/District Engineer Ray Dienzo, Pamela Duffield, Administrative Department Manager, Denise Fritz, Finance Manager, Carols Mendoza, Manager, Facilities & Resources and Fire Chief Justin Vincent.

C. ELECTION OF OFFICERS

Ms. Steidel agreed to be nominated for Vice Chair.

Committee member Pierson moved to elect Ms. Steidel.

Committee member McDowell seconded the motion.

The motion was approved: 5-Ayes, 0-Nays, 0-Absent

Ms. Wyatt was elected Secretary. Ms. Seidel agreed to be a back-up.

Committee member Wyatt moved to elect herself.

Committee member Steidel seconded the motion.

The motion was approved: 5-Ayes, 0-Nays, 0-Absent

D. CHAIRMAN'S REPORT

None.

E. COMMITTEE MEMBER COMMUNICATIONS

None.

1. PUBLIC COMMENT

Public Comment:

Fire Department Chief Vincent asked for further information about the history of the General Fund funding for the Fire Department. Chairman Gray asked that this be discussed as part of Agenda Item 3C.

Member of the Public Chelsie Foster had a comment about the Skate Park. Chairman Gray asked that this be discussed as part of the Agenda Item 3B.

No written comments were read into the record.

2. CONSENT AGENDA

Consideration to Approve January 24, 2023 Regular Meeting Minutes

Chairman Gray stated that since there isn't a quorum of members who were present at the previous meeting to approve those minutes, the Committee can declare that the minutes stand, as amended (only correcting the meeting start and end times from p.m. noted on the original draft to "a.m.".) No vote was needed.

3. REGULAR BUSINESS

A. Discussion and Consideration of 2023 Finance Committee Meeting Dates

Committee member Pierson moved to accept the meeting dates as presented.

Vice Chair Seidel seconded the motion.

The motion was approved: 5-Ayes, 0-Nays, 0-Absent

B. Discussion and Consideration of Grant Opportunity for Cambria Skate Park

Presentation by staff member Carlos Mendoza that outlined the opportunity for a Land & Water Conservation Fund Grant. There is \$30M available with up to \$6M per single project that provides matching funds for projects that include outdoor parks and amenities. June 1st is the deadline to apply for 50/50 funding.

Discussion ensued about whether the grant included any funding for maintenance and how much maintenance would be required.

There was further discussion about the need to earmark funds for this project from the General Fund, well in advance of a 3-5 year construction timeline. Ms. Duffield noted that CCSD had almost \$178K in CCSD funds that could be used as part of the matching funds for this project.

Further discussion continued about the actual cost of the project, and if costs escalated above the \$1M estimate, how potential cost overrides would be funded.

Public Comment from:

Margie Sesser.

Suzanne Kennedy.

* there were some issues with unmuting for public comment and Linda Findley was unable to speak publicly.

Vice Chair Steidel reaffirmed to the group that questions about timelines, costs and resources are not meant as negativity about the project, but rather important discussions in a thorough planning process.

McDowell suggested having a follow-up meeting once an outline of actual project costs is completed, along with needed allocations and impacts or earmarking the funds.

It was agreed that Chairman Gray will consolidate the list of specific requests, in addition to a more realistic number for the cost of the project, for further clarification desired from Staff.

There was no formal action taken on this matter and will be continued to the next Regular Meeting on March 28th, once there is further information compiled.

C. Discussion and Appointment of Ad Hoc Subcommittee Regarding “Review of Budget Policy”
Action Assigned to Finance Committee in Update of District Strategic Plan

Chairman Gray outlines that this has impacts on policies of the two General Fund Departments and Administrative Cost Allocations and would like to have 3 volunteers on this committee.

Duffield noted there is some time sensitivity about this policy discussion. If property tax and overhead allocation changes are approved by the board, it will be difficult to implement this item for the 23/24 fiscal year budget because budget preparation begins in April. She shared some history that in 2018 the Finance Committee created the current policy for the budget that we’ll be reviewing.

Action: Appointment of Cheryl McDowell, David Pierson and Aimee Wyatt as Ad Hoc Subcommittee by Chairman Gray.

McDowell, Pierson and Wyatt will meet over this coming month to make recommendations for the March 28th regular meeting.

Considering the late date for findings to be included in the 2023/24 budget, it is likely that recommendations will be both short-term and longer term for inclusion in future budgets.

Finance Manager Fritz will set-up meetings on Zoom.

Chief Vincent asked for the opportunity to meet with the committee members.

D. Discussion of Process for Monitoring and Reporting Expenditures and Performance During Construction of PG&E/IGA Projects

This issue relates to clarification about the reporting structure for the PG&E/IGA Projects. Duffield reported that account numbers will be included on a monthly basis, and a stand-alone report will be included on a quarterly basis that will demonstrate what has been spent life-to-date on these projects.

Chairman Gray wants to make sure this committee has the opportunity to make input on any reporting requests on how to make this more intuitive to the public.

General Ledger will be set-up with an additional reporting layer to report IGA projects within the contract. Each will have its own account number that will reflect description, budget and expenditures as they are happening. Data will first be presented in the month of February - when the board approved the PG&E expenditures to start. The third quarter report will show the more detailed analysis report, showing budget to actual on the project.

Action: No further action needed.

E. **Discuss and Review Fiscal Year 21/22 Audit and Financial Statements** (this item was considered first in the Regular Business part of the meeting).

Alex Hom from Moss, Levy & Hartzheim LLP presented findings from the 2021/2022 Fiscal Year Audit.

Hom noted one update that included the finding of a 2.6M DECREASE in liability for pension funding that showed on the 21/22 Audit. While this looks very positive, he noted, it was related to the high stock market gains at the time. This year the liability is likely to increase again because of stock market volatility.

Pierson asked why the surplus noted on p. 10 of the budget is a different number than what's presented on p. 16 and why there was a discrepancy.

Ms. Duffield responded that p. 10 referred to the current year budget for this fiscal year and the audit report is for 21/22 and that the unused surplus goes to the General Fund reserves. Pierson suggests changing the wording to say "surplus from the reserves." Duffield noted the verbiage could be changed in the upcoming budget.

Hom notes his appreciation in working with Ms. Duffield & Ms. Fritz for their professionalism that significantly strengthened this process and the quality of the reports.

Pierson had one further question related to the process of hiring and retaining the auditors and suggested that it be under full control of the board, rather than Staff. Chairman Gray responded that

this item should be discussed before the full board when a new contract for auditing services is reviewed.

4. **FUTURE AGENDA ITEMS**

Chairman Gray asked for any future agenda items.

Proposed items from Committee and/or Staff:

Duffield asked for a review of the interfund loan policy and existing loans and if there is a policy that should be followed to clear them. The Wastewater loan was memorialized in a 2018 agreement. The last debt service payment is due by June 30th, but doesn't clear that balance to zero.

Report from the new AdHoc Committee.

SkatePark Follow-up Report

Social Media Policy Review

Public Comment:

Holly Ludwigsen emailed to the board a request that Committee Members receive an annual review of CCSD's Social Media Policy. The Comment was read to the Committee by Chairman Gray.

5. **ADJOURN**

Chairman Gray adjourned the meeting at 12:24 p.m.