



OJAI VALLEY SANITARY DISTRICT

A Public Agency

1072 Tico Road, Ojai, California 93023

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MINUTES OF FINANCE COMMITTEE

The Finance Committee held a meeting at the District Office, 1072 Tico Road on March 19, 2015 beginning at 1:00 p.m.

COMMITTEE MEMBERS PRESENT: Peter M. Kaiser
William C. Murphy
John R. (Randy) Burg, Chairman

COMMITTEE MEMBERS ABSENT: None

STAFF PRESENT: Jeff Palmer, General Manager
Brenda Krout, Administrative Officer
Ronald E. Sheets, Operations Superintendent

OTHERS PRESENT: None

1. **Public Comment - (Items not on the agenda - 3 minute limit)**

None

FOR DISCUSSION & RECOMMENDATION

2. **Vesting For Connection Fees**

The District's current policy of repurchasing excess or unused capacity units (connection fees) from property owners, at the owners' request, and at the price the property owner paid for the capacity unit was discussed. Mr. Palmer explained that this practice brings up a financial liability question. Mr. Palmer explained that once connection fees are collected they are put in a reserve fund and are utilized for repair, replacement and keeping the system in good working order to insure that the capacity of the system is maintained and doesn't degrade over time. The issue of whether these fees should be able to be refunded in total no matter how long the owner 'owns' them was discussed.

The Committee discussed establishing a depreciation schedule for capacity units, potentially including a non-transferable restriction.

The Committee unanimously supported staff moving forward to draft a depreciation schedule for the repurchase of capacity units and bring the draft back to the Committee for review prior to being presented to the Board.

3. **Reserve Fund Balances & Restructure**

Mr. Palmer reviewed the history and purpose of each of the District's reserve funds; discussing how these funds relate to the District budget cycle.

Mr. Palmer stated that the rate study, which the Board recently contract with Raftelis to perform, will be utilized to evaluate the financial needs of the reserves that are specifically used to fund the Capital Improvement Projects for both the Treatment Plant and Collection System. Raftelis is nearing completion on the rate study; preliminary results indicate that contributions to the Treatment Plant reserves should be reduced and the contributions to the Collection System Reserves should be increased.

Mr. Palmer noted that there are some other adjustments to the reserve structure which should be considered. The need for the Future Purchases Reserve no longer exists so staff recommends this fund be discontinued. New diesel emission needs are requiring more expenditures from the Vehicle Replacement Reserve than anticipated; consequently, staff will be recommending funds from the Equipment Reserve be transferred into the Vehicle Replacement Reserve during the upcoming budget cycle.

Mr. Palmer reported that due to increased personnel demands to support the pending Private Sewer Lateral program and the Unpermitted Connection program staff will be recommending the creation of two new positions in the coming budget.

Mr. Palmer identified the following upcoming issues that will be affecting the District financially:

- TMDL Algae
- Diesel emissions
- Santa Ana Lift Station Rehabilitation
- ADA & Safety upgrades to the Tico Road Facilities
- Collection System Pipe Lining & Manhole Sealing for I&I reduction
- Increase Personnel – 2 Positions – Support for PSL & Unpermitted Connection Ordinances

The Committee unanimously supported staff's recommendations for changes to the reserve funds, increase in staff positions and capital improvement projects discussed. The Committee also voiced their support of continuing with the 2-year budget cycle process.

FOR DISCUSSION & REVIEW

5. **General Discussion**

a. Audience

None

b. Committee Members

Director Kaiser suggested the District implement a program similar to the County's Star Program, rewarding individual employees, or a group of employees, for identifying something (product or procedure) that will result in a reduction (savings) in the upcoming budget.

c. General Manager

None

The Finance Committee meeting adjourned at 2:16 p.m.

Minutes submitted by Brenda Krout, Clerk of the Board

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