

Finance/Operations Committee

Budget Kick-off Meeting

8.12.2020

8:30am

Via Zoom and Aldea
Administrative Office

Meeting called by: Barbara Shoemaker/Stephen Raab **Finance Committee Chair**
Operations Chair
Committee

Facilitator: Barbara Shoemaker **Minutes taken by:** Heather

Timekeeper: Kim Visser

Attendees: Barbara Shoemaker, Steve Miller, Stephen Raab, Shawn McCoy, Kim Visser, Bryan Romero, Andrew Resnick, Heather Roybal

Please read: Agenda

Minutes

Agenda item: Estimated CIP for 2021-2023 for both water and sewer **Presenter:** Bryan Romero

Discussion:

Bryan Romero presented the current and possible future CIP projects.

Conclusions:

Finance Committee requested the CIP project list be prioritized by the Operations Committee who will then make recommendations to the Finance Committee. As it stands, the CIP projects involving Lift Station #3 Control Panel and the Blower Building Exhaust Fan Controls will be a priority in 2021.

Agenda item: Recommended repair budget for both water and sewer **Presenter:** Andrew Resnick

Discussion:

Deciding which CIP Project line items will be budgeted for and which items will need to come out of reserves.

Conclusions:

Refer to the first agenda item, the Finance Committee asked the Operations Committee to prioritize the CIP Project list with comments and year project would like to be completed.

Agenda item: Clarification and documentation by Controller relative to expenditures paid out of operation vs. reserves **Presenter:** Andrew Resnick

Discussion:

Andrew Resnick created a Water and Sewer Repair List with Bryan Romero's input to decide what repairs would be paid by the operating budget, and which will need to be paid by reserves.

Conclusions:

The Co-op is currently in a deficit situation right now and will be until 2023 using current projections, and any repairs that exceed the current budget will need to be covered by reserves until then. The Finance Committee's goal in the meantime is to establish a process using zero-based budgeting to accurately decide repair and maintenance budget line items for both water and sewer.

Agenda item: Projection of realistic reserve requirements over next 5-10 years based on condition summary and scoping of sewer **Presenter:** Barbara Shoemaker

Discussion:

The Finance Committee discussed the reserve requirements over the next 5 – 10 years, but need to wait until the condition summary and scoping of the sewer line in Estates I. This process will be documented reviewed and updated annually going forward.

Conclusions:

The Committee agreed to use two strategies going forward regarding the reserve policy; one path would be to use the reserves as needed to cover additional operating budget costs while the Co-op holds a deficit until 2023, and a separate and different approach after 2023. Part of the budget process will be to determine reserve adequacy. If it is determined that reserves are in excess of requirement, consideration could be given to using some reserves for rate stabilization.
