

Finance Committee Working Session Minutes Sept 1, 2020

Meeting called by: Barbara Shoemaker **Type of meeting:** Finance Committee
Facilitator: Barbara Shoemaker **Note taker:** Barbara Shoemaker/Kim Visser

Attendees: Stephen Raab, Shawn McCoy, Kim Visser, Andrew Resnick

Minutes

Agenda item: Approval of Ops Request for Lift Station 3 **Presenter:** Barb S

Discussion:

Need to approve Lift Station 3 realignment above ground. This will be paid for out of reserves

Conclusions:

Finance committee voted to approve this recommendation and move it forward to the full Board for ratification

Action items	Person responsible	Deadline
✓ Forward request for approval with copy of Bryan's submission to full Board for electronic approval	Kim Visser	Sept 4

Agenda item: Discuss Steven Miller request to break out Purchased Water **Presenter:** Barb S.

Discussion: Steven Miller suggested we change the format of the budget line item 610100 to have a sub-category that highlights purchased water associated with line loss vs direct water that is sent to Members.

- 1) Staff indicated this information is readily available and is consistently around 10% of total purchased water per annum
- 2) Stephen suggested that all proposed projects should be required to have an explanation of the proposed benefit to undertaking the project in terms of efficiency or savings.

Conclusions:

Finance committee opted to defer any action on this request until it is formally integrated in the G&O process with approval by committee

Action items	Person responsible	Deadline
✓ Let Steven M know that this was discussed and action deferred	Barb	Sept 1
✓ Add to appropriate G&O for 2021 upon recommendation of Steven M/Kim the appropriate committee with rationale. Note: If there is something that can be done to reduce the 10% perhaps the Ops Committee should first review this suggestion.		Dec 31

Agenda item: Add insurance coverage that had lapsed

Presenter: Andrew Resnick

Discussion:

Andrew indicated we have switched insurance coverage to Hub and he recommended an additional policy that would cover the Co-op in the event of an employee lawsuit against the Co-op (Directors are fully covered by D&O)

This was a previously included in insurance package but had somehow not been continued. Andrew recommended this as a prudent protection for the cost of approximately \$1000

Conclusions:

Committee agreed to this suggestion. It was determined this did not require full Board review.

Action items	Person responsible	Deadline
✓ Add insurance policy	Andrew Resnick	Oct 1, 2020

Agenda Item: Review Expense Budget Draft

Discussion:

Andrew presented draft expense budget along with assumptions.

Committee reviewed each line item and discussed assumptions and made suggestions for further review (See attached Word Document A)

Action items

✓ Kim to contact developer to get good estimate on estimated hook-ups this year and out-years		Sept 4, 2020
✓ Andrew to review items (See attached Word Document) and prepare revised draft expenses for next meeting, Sept 22 with distribution prior to meeting Sept 18 if possible.		Sept 14
✓ Staff to prepare compensation summary by employee for past 3 years plus projection for 2021 including salary, bonus, health care benefits, any other paid benefits (vacation, sick days)		Sept 14

Agenda Item: Next steps for Budget Process

Discussion: We discussed next steps for Budget development and outlined deliverables for the next meeting of the committee.

Action Items:

✓ Schedule meeting for follow-up on Sept 22 from 9-11	Barb	Sept 3 – Done
✓ Staff and Board to review B&V Reserve Study in preparation for next meeting reserve discussion	Kim/Staff/Committee	Next meeting
✓ Staff to develop 3 year forecasted budget using baseline 3% water increase cost plus estimated additional memberships %	Andrew/Staff	Next meeting
✓ Staff to recommend and quantify additional sources of possible revenue outside of rate increase	Kim/Staff	Next meeting
✓ Prepare a 3-year reserve forecast based on anticipated timing of CIP, anticipated income from hookups, investment income	Andrew/Kim/Bryan	Nest meeting

Discussion Items on Expense for Review/Adjustment

- 1. Purchased water figure upwardly adjusted to reflect:
-anticipated 3% increase from County
-anticipated % addition of new customers - based on recent history and developer input**
- 2. Downwardly adjust Jacob's contract costs based on escalation clause in contract**
- 3. Calculate projected sewer and water expenses based on weighted rolling average of past three years – include 7K pa for fire hydrant cleaning – memorialize process and determine line item. (Note: If weighted 3x for most recent year, 2x for prior year, and 1x for three years ago, estimate would be \$65K for Water and \$62K for Sewer)**
- 4. Meter expense - Consider offsetting this from hookup fees before contribution made to Reserves**
- 5. Contact billing company to see how fees might be reduced. Determine if a Customer Transaction fee could be added that would offset the cost to the Co-op.**
- 6. Delete 5K from projected Board Expense in 2020 budget**
- 7. Review projection for Facilities Repairs/Maintenance against past three years**
- 8. Review cost of using website service for posting of documents rather than having staff learn the process for uploading**
- 9. Increase insurance budget to reflect addition of extra \$1K policy**