

**FRESNO IRRIGATION DISTRICT  
MINUTES OF THE FINANCE COMMITTEE MEETING  
HELD SEPTEMBER 5, 2014**

Fresno Irrigation District's Finance Committee met at the District office located at 2907 South Maple Avenue – Fresno, California, on September 5, 2014. Meeting was started at 11:35 a.m.

**FINANCE COMMITTEE PRESENT**

Director Ryan Jacobsen  
Director Steven Balls

**STAFF PRESENT**

General Manager Gary R. Serrato  
Assistant General Manager Bill Stretch  
Controller DeAnn Hailey

**ALLOCATION OF 2014 WATER REVENUE**

Mr. Serrato stated that the District earned \$10.7 million in net water revenues as shown on the Water Revenues and Costs spreadsheet prepared by Ms. Hailey. This revenue was derived from the sale of water from the District's groundwater banking facilities and from assisting the exchange of water for the Bureau of Reclamation during the 2014-2015 water year. He also stated that Staff has reviewed the District's financial needs and would be providing recommendations for the Boards consideration.

**General Fund:** Ms. Hailey presented the shortfall in the General Fund for 2014 and presented worksheets that showed the increase of expenses in the General Fund over a five-year period. The inflation rate used was two percent (2%) as shown on the Economic Forecast sheet. She stated that the budget shortfall is \$100,000 for 2014 and anticipated to be \$644,590 for 2015. The General Fund would require \$100,000 to balance the budget and only \$200,000 for 2015 since the carryover of \$340,000 from water sales in 2013 would augment the 2015 budget. In addition, \$60,000 was listed for 2014 wage increase and \$100,000 was included for the negotiated 2015 wage increase and listed separately. Staff recommends that a total of \$460,000 be placed into the General Fund.

**Other Post-Employment Benefits (OPEB):** Ms. Hailey reviewed the actuary report prepared for January 1, 2014, and noted that the total unfunded liability listed is \$4,636,515. The District will need to report the entire liability on its audited financial statements next year. Ms. Hailey stated that the liability might harm the District's Standard & Poors rating. She also stated that a recently negotiated MOU with OE3 and an additional contribution to the OPEB fund would reduce the total unfunded liability. Staff recommends that \$2.5 million be placed into the OPEB fund and that a new actuary report be prepared for January 1, 2015.

**Power Revenue Fund:** Mr. Stretch presented a two-year plan for the replacement of the District's older equipment and to meet the regulations of both the on and off road diesel vehicles as established by the California Air Resources Board and the San Joaquin Valley Air Pollution Control District. Mr. Serrato mentioned that the spreadsheet had a column for the purchase year. Mr. Jacobsen suggested that the equipment be bundled and purchased together if possible to take advantage of possible bulk discounts. Mr. Serrato

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stated that the pick-up trucks would not be needed until the second year. Staff recommends that \$1 million be placed into the Power Revenue Fund.

**Capital Improvements**

Mr. Stretch presented a spreadsheet with recommended projects for the next three years. The list focuses mainly on pipeline replacement, concrete lining area with limited access or where existing lining is failing, and improvements at regulation/recharge basins. Other projects identified were some regulation improvements (long crested weirs) and rehab of old weir structures. Staff recommends that \$1.845 million be placed into the Capital Improvement Fund.

**Open Channel Maintenance**

Mr. Stretch stated that there is much needed maintenance on several of the District's large mainlines, especially the Fresno Canal from the headgate down to Riverbend Avenue. The issues include, erosion, and the existing cobble rock has sloughed to the bottom of the canal. The repairs will include using large equipment to re-build the banks, import rip-rap to armor the banks, and to push the cobble rock from the bottom of the canal back onto the side slopes. He also stated that we may need to hire contractors to perform dredging on some of the main canals, including the Gould, Enterprise, Lower Dry Creek, and the Houghton where the dry season is limited. He also mentioned we would hire a contractor to scrape and rip the banking and recharge facilities. Staff recommends that \$300,000 be placed into the General Fund for these projects.

**Proposition 218**

Mr. Serrato stated that \$250,000 was set aside in 2012 for a Proposition 218 election. Funds have been used for consultant work but additional funds are needed to prepare the 218 Engineers Report that support the increases. Staff recommends that \$70,000 be placed into the General Fund. President Jacobsen inquired how long an Engineer's Report is viable. Mr. Serrato stated he believed it was about three years.

**Permanent Intertie (Gould/Friant)**

Mr. Serrato recommended that the District set aside funds for this project so that if the Board decides to proceed, the District will have the funds available. He stressed that this is only to set aside the funds and that at a future date the Board can decide if the District should proceed with the project. Staff recommends that \$4 million be set aside for the design and construction as a contingency fund for the Gould/Friant-Kern intertie.

**ADJOURNMENT**

The meeting adjourned at 1:45 p.m.

Submitted By,

Gary R. Serrato  
General Manager