

**FRESNO IRRIGATION DISTRICT
MINUTES OF THE FINANCE COMMITTEE MEETING
HELD JULY 30, 2015**

Fresno Irrigation District Finance Committee met at the District office located at 2907 South Maple Avenue – Fresno, California, on July 30, 2015. Meeting was started at 2 p.m.

FINANCE COMMITTEE PRESENT

President Ryan Jacobsen
Director Steven Balls

STAFF PRESENT

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

ALLOCATION OF 2015 WATER REVENUE

Mr. Serrato stated that the District earned \$3.1 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 as approved by the Board. Mr. Serrato also stated that Staff has reviewed the District's financial needs and would be providing recommendations for the Board's consideration.

Ms. Hailey presented the "Water Revenues and Costs" spreadsheet for 2015 which was reviewed and discussed with the committee followed by Staff's recommendations for the "Use of Funds" listed at the bottom.

Water Purchase Fund: Ms. Hailey stated that revenues need to be set aside for the total fixed cost of water as approved on the 2015 Budget. Mr. Serrato reviewed the requirements of the newly enacted state law, Sustainable Groundwater Management Act (SGMA), and requested that funds be allocated for the development and studies required for SGMA. The studies would also allow for the District to apply for grants. Staff also requested funds to pursue the development of a groundwater banking facility within the Fancher Creek System. Staff recommends allocating \$420,000 for the fixed costs and \$1 million for SGMA and the studies.

Power Revenue Fund: Ms. Hailey discussed the need for a new assessment program. The current assessment program is no longer able to be updated and is supported by only one IT Tech. Staff recommends allocating \$50,000 to the Power Revenue Fund for the development and implementation of the new program.

General Fund: Ms. Hailey presented the need for improvements to the office and yard as required by the County. These improvements include the necessary curb and gutter from the driveway on the north side to the end of the District's office property line. Mr. Serrato noted that the County gave the District an extension of time to complete the improvements on Edgar Street. The District was notified that a new company is relocating into the parcel east of Betts, requiring the District to complete the curb and gutter on Edgar Street. She also stated that funds would be needed to cover the budget shortfall for 2016 and the negotiated wage increases. President Jacobsen asked if that would be enough to cover

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the shortfall and the wages. Ms. Hailey replied that it would since the District has reduced spending during 2015 fiscal year. She also stated that the General Fund will need to be augmented from water sales until a Proposition 218 election could be held. Staff recommends allocating \$630,000 to the General Fund.

Other Post-Employment Benefits (OPEB): Ms. Hailey noted that the total unfunded liability listed is approximately \$2.1 million. Staff recommends funding \$1 million of the unfunded liability.

AUDITOR REQUEST FOR PROPOSAL (RFP)

Ms. Hailey sent out fifteen RFPs to audit firms for the 2015-2019 audit years. Six RFPs were received with one firm sending a letter stating they would not submit an RFP. Ms. Hailey reviewed all of the RFPs and rated the firms on several items. She presented the committee with a matrix that rated those firms and showed the cost over five years for the services of the auditors. She reviewed the top three firms with the committee members. Ms. Hailey confirmed that the partner of the recommended firm was the lead auditor for the previous firm for four years. Staff considered the auditors familiarity with the needs of the District and the qualifications when making a recommendation to the committee. Ms. Hailey also noted that the bottom rated firm had the highest price and did not understand the District's needs and had several errors in their RFP. Staff recommends that the District hire Hudson Henderson & Company LLP.

RECOMMENDATIONS

The committee reviewed the spreadsheet that Ms. Hailey provided and discussed the uses of the net revenues from the sale of water. The committee agreed with Staff's recommendations on the allocation of the revenues. They also discussed the audit firms that submitted RFPs and recommended hiring Hudson Henderson & Company LLP.

ADJOURNMENT

The meeting adjourned at 2:45 p.m.

Submitted By,

Gary R. Serrato
General Manager