

March 8, 2013

The Finance Committee of Novato Sanitary District held a meeting at 10:00 a.m., Friday, March 8, 2013, at the District office, 500 Davidson Street, Novato.

COMMITTEE MEMBERS PRESENT: Members William C. Long and Jean Mariani.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Finance Officer Laura Creamer and Administrative Secretary Julie Swoboda. Deputy Manager-Engineer Sandeep Karkal was absent.

No members of the public were present.

AGENDA APPROVAL: The agenda was approved as presented.

REVIEW OF MINUTES: The December 6, 2012 meeting minutes were approved as written.

FINANCIAL POLICIES:

- Review the Reserve Policy and consider the proposal from Bartle Wells to update the policy. The Manager stated that the District adopted an Operating Reserve Fund Policy in October, 2001. She stated that the operating reserve fund target was set at a fixed dollar amount equal to approximately half of the annual operating budget. She noted that this target has become increasingly out-of-date as the District's operating costs have increased over the past twelve years. She noted that it would be better to formally set the target as a percent of budget so that it would stay current over time.

The Committee discussed the District's needs and requirements for the reserve fund. The Manager stated that Tom Gaffney of Bartle Wells has submitted a proposal to review the District's reserve policy in light of new CSDA guidelines, changes at the District, and new accounting guidelines and to make recommendations for revising the policy. She noted that Tom Gaffney proposes to do the work on a time and materials basis for an amount not to exceed \$4,500.

The Committee expressed their appreciation for the work that Bartle Wells had done in the past. The Manager stated that the Committee had been provided with a proposal from Mr. Gaffney to provide financial advisory services in connection with recommendations to revise the District's reserve fund policy. The Manager noted that Mr. Gaffney will be at the next committee meeting, scheduled in mid-April, to discuss the policy update.

RATE STRUCTURE:

- Consider initiating review of the connection fee structure. The Manager reviewed the District's connection charge history, dating back to April 1949 when the connection fee

was \$1. She stated that the District's objective is to ensure that the rates are sustainable, defensible, understandable, and fair. The Committee discussed various options which could be used to calculate new construction/new connection charges.

The Manager stated that staff recommends requesting a proposal from Bartle Wells to assist staff in preparing the analyses needed for setting each of the fees and charges.

PENSION AND OTHER POST-RETIREMENT BENEFIT LIABILITIES:

- Review pension and other post-retirement benefit liabilities. The Manager stated that the individual she is requesting information from has been unable to provide what is needed. She stated that at the April Finance Committee meeting, an updated report on after-retirement pension liabilities will be available.

ADJOURNMENT: The meeting was adjourned at 11:05 a.m.

Respectfully submitted,

Beverly B. James  
Secretary

Julie Swoboda, Recording