

**Finance Committee Meeting Minutes**  
**San Juan Water District**  
**February 11, 2025**  
**1:00 p.m.**

- Committee Members:** Mike McRae, Director (Chair)  
Manuel Zamorano, Director (Member)
- District Staff:** Paul Helliker, General Manager  
Donna Silva, Director of Finance & Human Resources  
Tony Barela, Director of Operations  
Andrew Pierson, Director of Engineering Services  
Adam Larsen, Field Services Manager  
Devon Barrett, Customer Service Manager  
Greg Turner, Water Treatment Plant Manager  
Greg Zlotnick, Water Resources Manager  
Entela Fallstead, Senior Accountant  
Teri Grant, Board Secretary/Administrative Assistant
- Members of the Public:** Cheryl Berkema  
Sandy Harris  
Mark Hildebrand  
Pam Tobin  
Anthony Wong

**1. Review Finance Committee Charter (W & R)**

Ms. Silva reviewed the Finance Committee Charter. GM Helliker informed the Committee that he typically consults with the Committee Chair regarding the agenda and any Board member can request an item be added to the agenda, similar to the Board meeting agendas. The committee members would like to start the meeting at 1:00pm instead of 4:00pm and asked that the charter be brought to the Board for approval.

*The Finance Committee recommends consideration of a Board motion to update the Finance Committee Charter.*

**2. Review Prioritized CIP List (R)**

GM Helliker provided an updated prioritized CIP list to the committee. He explained that projects related to fire flow were moved to a higher priority level while vehicles, clean fleet electrical improvements, and the Bacon Manifold Piping Modifications projects were moved down on the list. He explained that the items listed in italics are the only projects being debt financed, a total of three projects. In addition, he explained that the projects were prioritized from 1-8 since many projects are considered to have the same priority level; however, in some categories, the priority of projects does roughly follow the order shown in the spreadsheet.

GM Helliker explained there are two categories of funding – debt and cash. He mentioned that the Kokila Tank Project was added to the list since it is starting this year even though the project was already approved by the Board to pursue debt funding. He explained that, in any particular fiscal year, staff would utilize the revenues that are available that year to start with (above operating expenses) and then start drawing on reserves. In addition, he explained that some years no reserves are used and other years reserves are utilized; however, the goal is to keep reserves above the \$10 million level.

The Committee discussed the projects on the list, including their priority, timing of projects, regulatory and safety factors, and some project details. In response to Director Zamorano's question, GM Helliker explained that staff recommends that all the projects in the CIP be funded; however, there would be approximately \$22 million in projects not covered if there were no rate increases. Without rate increases, the Board would need to determine which projects not to fund. The Committee thanked staff for their work on the CIP list.

### 3. CIP Financial Data Points (R)

Director McRae commented that when he makes important decisions, he likes to decide what the bookends are and provided the following bookends regarding the CIP and the Retail Financial Plan:

First Bookend (Existing Data Point/no change):

Staff recommended CIP project list, rate increases, and new debt

Last Bookend (Pay As You Go, no rate increase, no new debt):

The CIP project list totals ~\$93M+

How much CIP expenses (\$\$) would need to be put on hold under the following conditions:

- No new debt
- No rate increases
- Same execution time frame (years)

Director McRae then pointed out three other data points which fall between the bookends which he would like to see:

Second Data Point (Staff recommendation minus Admin building):

Estimate what the recommended rate increases or new debt would be if the new administration building were removed from the CIP list. (Money not spent on Admin building could be used to either reduce planned debt, or reduce rates, provide analysis for both).

Third Data Point (Pay As You Go):

Estimate how many years would be added to the CIP execution plan with the following conditions:

- Same CIP project list minus new administration building
- No new debt
- An ongoing 2% annual rate increase

Fourth Data Point (CIP Project Hold, Pay As You Go):

The CIP project list totals ~\$93M+

How much CIP expenses (\$\$) would need to be put on hold under the following conditions:

- No new debt
- Same execution time frame (years)
- Same staff proposed rate increases

Director McRae commented that there may be other data points, but this would help put this into context. GM Helliker agreed to run the scenarios and mentioned that numbers one and five have already been completed. In response to Director McRae's comment about extending

the projects out over time, GM Helliker informed the Committee that this is the CIP for the next 10 years, and that a subsequent 10-year CIP will be produced for the following decade, and so on. Ms. Silva pointed out that the Committee should consider that inflation will increase expenses to the point that there will be no excess funds to transfer from the Operating Fund to the Capital Fund, if there are no rate increases.

In response to Director McRae's comment regarding seeing the entire budget picture all at once as he had experienced at Fair Oaks Water District, GM Helliker explained that everything is in the financial plan, but the Board had been focused on the CIP so far. Ms. Silva explained that San Juan presents a long-term financial plan that projects beyond the current fiscal year, which sets the rates and provides the means for establishing a pay as you go funding structure. She then explained that the Board will normally approve a multi-year rate schedule, so that funding is covered for the approved financial plan. In addition, she explained that the annual budget process is completed separately incorporating the slated projects from the CIP for that fiscal year along with staff's recommendation for any changes due to unforeseen circumstances that require a shift in the CIP. GM Helliker pointed out that the Retail Financial Plan will be presented to the Board. Ms. Silva explained that the Retail Financial Plan is a large document so the consultant will provide a draft plan once the maximum rate increase is determined by the Board. GM Helliker expects the Board to discuss this topic at the February Board meeting. Ms. Silva informed the Committee that the plan was presented in summary format at the December Board meeting.

**4. Review of Board Compensation Policy – out of state events (W & R)**

GM Helliker provided the Committee with a staff report explaining the request from Director Zamorano for the meeting he attended in Reno with Director Costa. Director Zamorano explained that he was under the assumption that the per diem stipend would be paid for the meeting that he and Director Costa attended and requested that the committee recommend that the Board approve his out of state travel for attending and voting at the CVP Water Association meeting which was held last month.

*The Finance Committee recommends consideration of a Board motion to approve the out of state travel on January 28, 2025, for Director Zamorano.*

**5. Review of Banking and Purchasing related ordinances and policies (W & R)**

Ms. Silva conducted a brief presentation on the Banking and Purchasing related ordinances and policies. A copy of the presentation will be attached to the meeting minutes. Director McRae voiced concern regarding the General Manager's spending authority and the ability to spend outside the scope of the budget. Ms. Silva explained that there are internal controls in place that would discover any spending outside the scope of the budget. In addition, staff explained that there are items that need to be purchased that may not have been listed in the budget but would have to fall within the budget in order to be purchased. GM Helliker explained that if there was a higher priced expense that fell within his purchasing authority but was not listed in the budget, then he would determine if the expense needed to be brought to the Board's attention or approval before proceeding, such as the consultant agreement related to the merger with SSWD. Ms. Silva explained that the District operates under a fund total budget, meaning the General Manager is authorized to move budget funds around within a fund, so long as total expenses do not exceed expenses budgeted within the fund in total.

**6. Obtain Director McRae's signature to be added as a signer on District's checking account (W & R)**

Ms. Silva obtained Director McRae's signature on the District's checking account signature card.

**7. Treasurer's Report – Quarter Ending December 31, 2024 (W & R)**

Ms. Silva provided a staff report which will be included in the Board packet. She informed the committee that the overall portfolio increased by \$3,776,800.81 for an ending balance of \$58.83 million as of December 31, 2024.

In response to Director McRae's question, Ms. Silva explained that the actual funds from wholesale and retail are combined in the investment portfolio; however, each month the Board is provided with an income statement and balance sheet for each – Retail Operations, Retail Capital, Wholesale Operations and Wholesale Capital – which is included in the General Manager's Monthly Report.

**8. Review General Manager Reimbursements (W & R)**

The Committee reviewed the December credit card charges for the General Manager and found them to be in order and there was no reimbursement request from the General Manager.

**9. Review Check Register from January 2025 (W & R)**

The Committee reviewed the January 2025 check register and found it to be in order. Director McRae requested to meet with Ms. Silva to go over the list in detail.

**10. Review of Legal Bills (W & R)**

The Committee reviewed the legal bills and found them to be in order. Director McRae would like the Review of Legal Bills to remain a standing item on the Committee agenda.

**11. Other Finance Matters (W & R)**

There were no other matters discussed.

**12. Public Comment**

There were no public comments.

The meeting was adjourned at 3:02 p.m.



# Finance Committee Ordinance & Policy Review

---

## 4000.00 Procurement of Supplies and Equipment

The District shall purchase supplies and equipment, approve contracts, including public works contracts, and authorize other expenditures pursuant to the District's procurement policy, as the same may be amended from time to time the District Board of Directors.

### 4000.01 Payments of Invoices

The District shall make payments to its suppliers, service providers, contractors, and consultants upon receipt of an invoice with the proper purchase order number indicated thereon, when applicable, and containing a detailed description of the supplies, materials, equipment, or services provided, and related amounts charged therefor, to the District. The General Manager may adopt rules and procedures to implement the prompt payment of invoices.

### 4000.02 Petty Cash Purchases

Purchases of supplies and services may be made from petty cash funds without issuance of a purchase order. The amount of funds is limited to \$100.00 per request. All receipts and any cash over the amount of purchase shall be promptly returned to the Accounting Department.

### 4000.03 Reporting

Each month, the General Manager shall provide the Board of Directors, at a regularly scheduled Board Meeting, a detailed report of all payments made in the month prior to the Board meeting.



# PROCUREMENT POLICY



- Gives General Manager purchasing and contract execution authority up to \$75,000 + 10% contingency.
- Allows the use of informal bidding or price checking for purchases for non-public works procurements less than \$75,000, and explains exceptions.
- Requires Board approval for purchases in excess of \$75,000 except for emergencies, payment of non-negotiable regulatory fees and utility bills.
- Sets forth the competitive bidding requirements for public works contracts. (over \$25,000 requires formal bidding).

Policy: [https://www.sjwd.org/files/92aec869c/FIN5.7\\_ProcurementPolicy.pdf](https://www.sjwd.org/files/92aec869c/FIN5.7_ProcurementPolicy.pdf)

# BANKING POLICY

- Requires bank accounts to be approved by the Board
- Requires dual signatures on checks, wet or electronic
- Authorized signers are the Board Members, the General Manager and the Director of Finance and Human Resources
- Cash withdrawals are not permitted



Policy: [https://www.sjwd.org/files/7f98df36c/FIN5.4\\_DistrictBankingPolicy.pdf](https://www.sjwd.org/files/7f98df36c/FIN5.4_DistrictBankingPolicy.pdf)



# INVESTMENT POLICY

- **Requires “Standard of Prudence”:**  
“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Board and its designated investment officer(s) shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”



Policy: [https://www.sjwd.org/files/573aaae57/FIN5.6\\_InvestmentPolicy.pdf](https://www.sjwd.org/files/573aaae57/FIN5.6_InvestmentPolicy.pdf)

# INVESTMENT POLICY

- Policy Objective:
  1. Safety of principal
  2. Liquidity
  3. Return on Investment
- Designates Finance Director as “Investment Officer” and delegates her/him authority to manage the investment program.
- Specifies the types and concentrations of permitted investments:
  - Constrained by California Government Code Section 53600
  - Since government code requires safety of principal and liquidity permitted investments mirror those in the government code, to maximum return on investment.



- Requires quarterly Treasurer's Report
- No action needed, just receive and file
- Given to Finance Committee and then placed on consent calendar of next Board meeting



# QUESTIONS?

