

Board Review and Consideration of District Reserve Policy

Background:

The long-term fiscal sustainability of the District was identified as a primary strategic issue in the 2011 Strategic Plan. As part of the effort to ensure long-term fiscal health, a clear policy to fund future liabilities through designated and contingency accounts has been requested by the District Finance Committee. The attached draft policy articulate the purpose, use of funds, rationale, target balance and the replenishment for each of the existing District reserve designations.

Attachment A to the draft reserve policy, contain the current balances of the reserve designations, and proposed changes for the current fiscal year.

Fiscal Impact:

The long term impact of this policy will be to have sufficient liquid funds to purchase necessary and budgeted goods or services used to support District operations. In addition, this policy will provide necessary transparency and oversight by the Board for the use of public funds not only in the current fiscal year, but on an on-going basis.

Staff Recommendation:

Staff recommends that the Board accept the attached Draft Reserve Policy, and direct the annual review of the target balances by management and the Finance Committee in conjunction with the budget process.

Draft Designations and Contingency Fund Targets

	Projected Future Needs (1-2 Years)	Projected Future Needs (3-5 Years)	Target Total	Sept 2013 Balance	Credit	Debit	New Balance	Excess / Deficit (Target- New Balance)
Operational Funds (undesigned)			\$ 1,842,428	\$ -	\$ 1,520,098		\$ 1,520,098	\$ (322,330)
To address cashflow stability: minimum 33% not to exceed 50% of operatin	1,842,428							
Designated for Contingency (General Contingency)			\$ 184,243	\$ 996,933		\$ (812,690)	\$ 184,243	\$ -
Minimum of 5% of operating budget plus funds anticipated to be necessary to take advantage of bulk purchasing opportunities	184,243	284,243						
Designated for Mosq Abatmt (Emergency Response to Epidemic)			\$ 276,000	\$ 241,450			\$ 241,450	\$ (34,550)
Adulticide and Larvicide	150,000	150,000						
Application Cost	26,000	26,000						
Labor, outreach, and surveillance costs	100,000	100,000						
Designated for FA Aquis (Capital Assets)			\$ 75,000	\$ 370,000		\$ (295,000)	\$ 75,000	\$ -
Future Vehicle Replacement	25,000	50,000						
Major Roof Repair or Replacement -Roseville	25,000	100,000						
OtherFacility Maintenance or Equipment Replacement	25,000							
Designated for Future Occ (Applied Research & Special Projects)			\$ 48,424	\$ 219,158		\$ (170,734)	\$ 48,424	\$ -
In-house research projects/Inter-agency collaborations	10,000	10,000						
Contribution to Mosquito Research Foundation (1/2 of 1% Op budget)	18,424	20,000						
CEQA Compliance Document (e.g. Programmatic EIR)	20,000	20,000						
Reserve for Imprest Cash (Petty Cash)			\$ 400	\$ 400			\$ 400	\$ -
petty cash	400	400						
TOTALS			\$ 2,426,095	\$ 1,827,541	\$ 1,520,098	\$ (1,278,424)	\$ 2,069,215	\$ (356,880)

DRAFT

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT FINANCIAL RESERVE POLICY

This policy establishes financial reserve funds to manage funds and mitigate current and future risks due to revenue shortfalls and unanticipated expenses. For each fund, the policy describes the fund's purpose, how the funds will be used, the rationale for the fund, a target fund balance, and the means or plan to replenish the fund. These are discretionary funds designated by the Placer Mosquito and Vector Control District (District) Board of Trustees to manage financial obligations and accomplish long-term financial planning. The funds and their purposes, uses, rationale, target balances, and replenishment will be reviewed annually by the Board and staff during the District budgeting process and may be revised by the Board accordingly as appropriate. The following funds are established:

I. Operating Fund:

- A. Purpose: To ensure cash resources are available to fund daily administration and operations for District member services. Additionally, this fund may provide resources for the matching fund component for partnership funding opportunities not previously anticipated during the annual budget process.
- B. Use of Funds: These funds will be used to pay for expenses according to the District budget and spending policies. Additionally, this fund will be used to maintain cash flow during the "dry period" in between bi-annual receipt of tax revenues in April and December.

This fund will be reviewed on an annual basis to determine the fund's adequacy.

- C. Rationale: District has a fiduciary responsibility to maintain adequate cash flow to meet its operating expenses in a timely manner. Government Code Section 53646(b) (3) suggests that an agency should have sufficient cash flow to meet the next six months of budgeted expenses. The next six months of projected cash revenues can be included as a source of cash flow to satisfy this requirement. The Government Finance Officers Association recommends a minimum operating fund designation of two months of regular operating expenses for governmental organizations.
- D. Target Balance: A minimum target balance will be 33% or four months of cash to fund budgeted operating expenses. A maximum target balance will be approximately 50% of annual budgeted operating expenses (approximately six months of operating expenses).
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements and current year expense requirements. As part of the annual operating budget process, the operating fund should be budgeted to comply with the target balance.

II. General Contingency Designation

- A. Purpose: To mitigate the financial impact of unforeseen changes in budgeted items,
- B. Use of Funds: These funds will be used to supplement operating cash flow in the event an unforeseen situation occurs. This fund may also be used to take advantage of cost saving opportunities by making purchases in materials and supplies in bulk, or by taking advantage of sale prices.
- C. Rationale: District derives its financial support from a combination of taxes and benefit assessments collected by Placer County and distributed to the District in April, December and June of each year. District expenses tend to not be consistent throughout the year, instead more budgeted expenditures occur during spring and fall.
- D. Target Balance: The minimum target balance is approximately 5% to 25% of annual revenues depending on status of Operating Fund.
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements and current year expense requirements. As part of the annual operating budget process, the general contingency designation fund should be budgeted to comply with the target balance.

III. Emergency Response to Invasive Vector or Vector-borne Disease Epidemic Designation:

- A. Purpose: To mitigate the financial impact of epidemic levels of a vector or vector-borne disease, or to prevent a future threats to public health from a newly discovered invasive mosquito or other vector species.
- B. Use of Funds: These funds will be used to supplement operating cash flow should circumstances require that the District take greater than normal efforts to prevent or manage an imminent threat to public health from vectors or vector-borne disease. Board approval is required to utilize these funds.
- C. Rationale: The primary role of the District is to prevent and manage threats to public health as it relates to vectors and vector-borne diseases. Due to a wide range of dynamic biological and environmental factors, the abundance and disease levels of vectors and vector borne disease can vary from year to year. In addition, two new species of mosquito have entered California in recent years, and have brought with them the potential for the transmission of human disease not previously endemic to California. In either case, an increased threat to public health is possible, and the District has the duty to respond according to its Integrated Pest Management program and guidance from the California Department of Public Health.
- D. Target Balance: The target balance is based on an estimate of likely operational needs should the most likely public health threat scenario become reality. This target balance will be reviewed annually and adjusted as needed to remain current.
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.

IV. Capital Asset Acquisition Designation:

- A. Purpose: To set aside funds for vehicle purchase or replacement, equipment purchase or replacement, and planned major facility maintenance.
- B. Use of Funds: These funds will be used to pay for capital assets according to the District budget and purchasing policies.
- C. Rationale: The District anticipates the eventual need to purchase vehicles, equipment, and major facility projects according to fleet and facility replacement and maintenance schedules. This designation will allow the District to have sufficient funds to pay for these planned future needs.
- D. Target Balance: The target balance will be dependent on the identified needs of the District in the next three to five years. This target will be reviewed annually and adjusted as needed.
- E. Replenishment: Replenishment will come from the operating fund. According to the District budget policies.

V. Special Projects and Applied Research:

- A. Purpose: To set aside funds to support special projects and applied research that have the potential to augment or develop products or procedures that improve the way the District carries out its mission.
- B. Use of Funds: These funds will be used to fund in-house or collaborative projects or fund outside research including the Mosquito Research Fund according to District budget and purchasing policies.
- C. Rationale: On-going research both general and applied is necessary for the District and vector-control community to stay up to date on emerging vectors, vector-borne disease, and emerging control methodology. With increasing regulatory concerns surrounding vector control tactics, scientific evaluation and development of alternative or more sustainable products and procedures continues to be extremely important.
- D. Target Balance: The target balance will be dependent on the identified needs of the District in the next three to five years. This target will be reviewed annually and adjusted as needed.
- E. Replenishment: Replenishment will come from the operating fund, according to the District budget policies.

Placer Mosquito & Vector Control District
Board of Trustees Regular Board Meeting – Minutes
October 21, 2013 4:30 PM
Placer Mosquito & Vector Control District Office
2021 Opportunity Drive, Roseville, CA 95678

1. **Call to Order:** President Kelley called the meeting to order at 4:31 PM.
2. **Roll Call:** Trustees John Cunningham, Merry Holliday-Hanson, Russ Kelley, Tom Parnham and Harlin Smith were present.
District Employees present: Manager Joel Buettner, Isabel Alvarez and Ada Barros.
3. **Pledge of Allegiance** was led by Trustee Cunningham.
4. **Agenda Review:** Agenda Item 7 Closed Session was postponed until there was contact with Patrick Clark, HR Consultant.
5. **Introduction of Guest:** Patrick Clark, HR Consultant (via teleconference).
6. **Public Comment:** There were none.
9. **Consent Agenda**
A motion to approve the consent agenda (Minutes of the September 16, 2013 Regular Board Meeting; Financial Report of September 2013) was made by Trustee Holliday-Hanson, seconded by Trustee Cunningham, unanimously approved.

Trustee Snyder arrived at the meeting 4:32 PM.

Trustee Nader arrived at the meeting 4:34 PM.

10. Staff Reports

- A. Public Information and Outreach Report – Along with the report included in the board packet, the following was reported:
 - Ms. Barros presented a video update on the National Public Health Information Coalition Conference.
 - The District received the 2013 Bronze Award for Excellence in Public Health Communication.
 - Ms. Barros and Manager Buettner will meet with Radio Disney the first week of November to review a preliminary script for the School Assembly Program.
- B. Laboratory Report – Along with the report included in the board packet, the following was reported:
 - Manager Buettner reported that federal *Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)* funding that was previously received by the California Department of Public Health (CDPH) to support the Statewide Dead Bird program has been cut. CDPH has been forced to reduce or eliminate many components of the program, including Equine WNV surveillance testing. The District will continue to test dead birds in-house; however, for Districts without in-house testing capabilities, dead bird testing will be offered in a more limited capacity than before.

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PMVCD Minutes

Regular Meeting of October 21, 2013

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- CDPH Richmond Lab has developed and will start taking mosquito pools for Pyrethroid resistance testing. They recommend a minimum of two pools per season to be sent, the cost will be \$35 per pool.
- C. Administrative Office Manager Report – A written report was submitted. No additional items to report.
- D. Fisheries Report – A written report was submitted. No additional items to report.
- E. General Manager Report – Along with the report included in the board packet, the following was reported:
 - Dave Brown, Sac-Yolo MVCD General Manager will be retiring at the end of year. Mr. Brown has been elected to receive the Meritorious Service Award at the MVCAC 2014 annual conference.
 - The Board was updated regarding the claim of an aerial spray spotting a vehicle. The second set of pictures submitted to Manager Buettner included one picture of the District's aerial applicator. Manager Buettner will follow up with the complainant and submit a claim to VCJPA (self-insurance), if necessary.

11. Board Review and Consideration of District Reserve Policy

The policy was reviewed by District Counsel Dick Shanahan. Manager Buettner explained each designated and contingency accounts of the policy, including the target balance of each account as stated on Attachment A.

A motion to accept the District Reserve Policy, and direct an annual review of the target balances by management and the Finance Committee, in conjunction with the budget process was made by Trustee Snyder, seconded by Trustee Holliday-Hanson, unanimously approved.

7. Adjourned to Closed Session at 5:32 PM.

Trustee Nader left the meeting 6:07 PM.

Open Session Reconvened at 6:18 PM.

8. **Report from Closed Session:** *There was a consensus to accept the 2013 Compensation Study Report prepared by Bryce Consulting, Inc. and authorize the release of the report to District employees.*

12. **Board/Staff General Discussion:** There were none.

13. Announcements

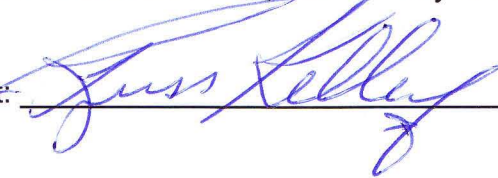
- A. The District office will be closed November 11, 2013 in observance of the Veteran's Day holiday.
- B. The next regular Board meeting will be held, November 18, 2013 at 4:30 PM, at 2021 Opportunity Dr., Roseville, CA 95678.



14. Adjournment: *A motion to adjourn the meeting was made by Trustee Snyder, seconded by Trustee Parnham, unanimously approved. President Kelley adjourned the meeting at 6:22 PM.*

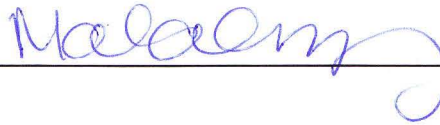
Minutes approved by the Board and dated, this 18th day of November, 2013 after passage

Russ Kelley, President:

A handwritten signature in blue ink, appearing to read "Russ Kelley", written over a horizontal line.

Attest:

Isabel Alvarez, Board Secretary:

A handwritten signature in blue ink, appearing to read "Isabel Alvarez", written over a horizontal line.