

**SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS**

MINUTES OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING

April 16, 2014
1:30 P.M.

Chairperson McDonald called the Finance & Administration Committee Meeting to order at 1:51 p.m.

FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:

Melody McDonald, Chairperson
David Raley, Director

FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:

None

STAFF PRESENT:

Daniel Cozad, General Manager
Athena Monge, Administrative Services Specialist

GUEST PRESENT:

None

1. PUBLIC PARTICIPATION

None.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. APPROVAL OF MEETING MINUTES FROM MARCH 19, 2014

It was moved by Chairperson McDonald and seconded by Director Raley to approve the minutes of the March 19, 2014 Finance & Administration Committee Meeting. The motion carried with all members present voting in the affirmative.

Chairperson McDonald: Yes

Director Raley: Yes

4. 3rd QUARTER FINANCIALS REVIEW

Mr. Cozad opened this item for discussion. He noted the 3rd quarter financials in the provided spreadsheet will essentially be the last time the Committee reviews the financials in detail for 2013-14 Fiscal Year (FY) since 4th quarter numbers are basically the end of the year. Mr. Cozad explained added columns to the budget spreadsheet which show expended funds and received income to date, expected remaining costs for the year, and projected over/under income and expenses to the approved amended budget. These columns give us a good idea of where our year end annual costs/income will finish the year as well as reasons for any over or under budget estimates for each general ledger (GL) number. He noted groundwater charge revenue is over budget as well as revenue for aggregate maintenance due to additional rock work done for East Valley Water District. There will be more aggregate received from the City of Highland for the Greenspot Realignment Project which the District will either stockpile or sell. Director Raley asked if the City was just giving us the rock. Mr. Cozad stated they are paying us to take the rock. Continuing with miscellaneous income, Mr. Cozad pointed out that it is high mostly due to insurance payments and Redlands Plaza is slightly higher than budget now that we have all suites leased. The District discounted rent for Suite I for the first three months as part of a three year lease. Chairperson McDonald asked if all tenants are now on the same lease agreement. Mr. Cozad stated all except for Suite L who has been on a month-to-month agreement for quite some time. When we approach the tenant for a new lease agreement, he states he will be moving soon and is not willing to sign an agreement. The District has raised his rent 5% each year and he continues to stay and pay on time.

Mr. Cozad noted Wash Plan revenue is projected to be higher than budget due to some agencies paying their two year allocation in the first year. He believes Plunge Creek is unlikely to receive grant funds this year since we don't yet have a contract with Department of Water Resources (DWR) for Board approval. Payment will likely not be received until next fiscal year so Mr. Cozad moved the revenue to next year's budget. Director Raley inquired about the amount of work and funds we have put toward the project so far. Mr. Cozad explained that very little work has been done, nor will be done until we have the contract. We want to make sure we get the maximum reimbursement from DWR before we begin the project.

Director Raley verified that Staff is projecting net \$60,000 over in revenue. Mr. Cozad clarified that if we take the EBX II spill insurance payment out; it is more like a net -\$50,000 because costs came with that payment. GL 5080 LAFCO fees were reduced since the year is nearly over. There may be some additional costs from them but they probably won't be due until next FY. Most of the other GL's are just being adjusted. For instance:

- GL 5124 Plunge Creek Professional Services are reduced since we haven't received any revenue to begin or any associated costs.
- GL 5145 Environmental Services Wash Plan, we are a little slower in getting one of the contracts going so that will probably be billed next year.
- GL 5180 Legal Services shows an increase expected due to arbitration.
- GL 5320 Fuel costs have been a little lower even though fuel prices are going up.

- GL 5460 Water/Trash/Sewer is lower because some charges have been billed out to CAM fees which will be adjusted next FY.
- GL 6016 Redlands Plaza Maintenance expenses are higher due to vandalism of air conditioning units but reimbursed by JPIA. An additional invoice is expected from Progressive Real Estate for rental of Suite I. We budgeted for only one suite to be leased out but we were able to lease both empty suites this year.
- GL 6060 Outreach increased budget projection to \$15,000 but doesn't believe we will use all of it this year.

Mr. Cozad stated the outreach costs were raised to cover the BTAC Conservation Committee's Outreach efforts. It will be rolled into the budget for the workshop. Our portion is approximately 1/20th of the \$300,000 budget which San Bernardino Valley Municipal Water District will pay half and about 10 other contributing agencies contributing the other 50%. Director Raley asked if it will be a meaningful effort. Mr. Cozad replied that he feels whatever the water community can do during a drought time is worth the effort and we should be involved. Discussion ensued.

Director Raley requested the Committee only receive top level financial figures instead of all the details because he is not clear on overall category totals. Mr. Cozad explained the Committee goes through the financials in more detail quarterly so they can take agency-wide figures to the Board. Discussion ensued. Mr. Cozad noted financial graphs will be included in all future Committee packets so totals will be easier to view. He indicated the reduced cost of field supervisor since Randy Carlisle's availability and needs have been less than anticipated. GL 6320 General Liability Insurance appears over budget but it's prepaid and will be adjusted at year end. Director expenses have been increased based on expected ACWA conference costs. Chairperson McDonald reminded Mr. Cozad to not include her expenses since ACWA pays for her. GL 7050 Basins-Capital Annual Repairs are higher due to the Dike D spill which we paid out in expenses and the insurance payment came in as revenue. Mr. Cozad noted expenses are \$200,000 less than expected and he showed reductions in expected expenditures for better yearend accuracy. This gives us about a projected \$275,000 to apply to cash reserves. Director Raley asked why the budget for Land Resources is over \$160,000. Mr. Cozad explained that some expenses were moved over to the Wash Plan which would have evened it out.

It was moved by Chairperson McDonald and seconded by Director Raley to accept 3rd quarter financials and present to the Board of Directors at the next scheduled Board meeting. The motion carried with all members present voting in the affirmative.

**Chairperson McDonald: Yes
Director Raley: Yes**

5. DRAFT PERSONAL USE OF DISTRICT VEHICLE POLICY

Mr. Cozad presented the District Vehicle Policy indicating some text was utilized from other agency policies. After presenting the history and need he stated that he does not believe it should be a problem for our field personnel to drive company vehicles home since they both live very close to District facilities. We will have to keep track of their mileage to and from work which

will be reflected as income on their IRS W2 forms. Director Raley requested that the first line of section B. under provisions be changed to “**shall not**” drive on District business if their license is suspended or revoked” instead of “must refrain from driving on District business...” Chairperson McDonald believes the policy looks correct but would like field personnel to look it over before submitting to the Board of Directors. Mr. Cozad stated he will update changes, if any, from field personnel in the policy and notify committee members of these changes prior to the next Board meeting. Director Raley inquired as to how we will obtain driving records as stated in paragraph C. Mr. Cozad explained the District already receive them on a regular basis from the DMV. The members agreed the policy is for District employees only not Board members. Discussion ensued.

It was moved by Director Raley and seconded by Chairperson McDonald to forward the District Vehicle Policy for approval to the Board of Directors at the May 14, 2014 Board meeting with any field personnel changes. The motion carried with all members present voting in the affirmative.

Director Raley: Yes

Chairperson McDonald: Yes

6. REVIEW OF ITEMS FOR MAY 14TH BOARD MEETING

Chairperson McDonald stated the items on the agenda for review under Board Policy Manual Revisions are essentially a reminder of what the committee is reporting to the Board of Directors at the May 14th Board Meeting which were in the attached minutes. Mr. Cozad stated he believes the Board of Directors could complete the Budget Workshop on April 23, 2014 instead of waiting until the May 14, 2014 Board Meeting if that is preferred.

7. ADJOURN

It was moved by Director Raley and seconded by Chairperson McDonald to adjourn. The motion carried with all members present voting in the affirmative.

Director Raley: Yes

Chairperson McDonald: Yes

There being no further business, the meeting adjourned at 2:30 p.m.