

**SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
MINUTES OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING**

January 21, 2015
1:30 P.M.

Chairperson McDonald called the Finance & Administration Committee Meeting to order at 1:37 p.m.

FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:

Melody McDonald, Chairperson
David E. Raley, Director

FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:

None

STAFF PRESENT:

Daniel Cozad, General Manager
Athena Monge, Administrative Services Specialist

GUEST PRESENT:

Ben Hayden, ACWA/JPIA

1. PUBLIC PARTICIPATION

Chairperson McDonald announced this as the time for any persons present, who so desire, to make an oral presentation to the Committee. Hearing none, the meeting continued with published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. APPOINTMENT OF COMMITTEE CHAIR

It was moved by Director Raley and seconded by Chairperson McDonald for Melody McDonald to remain Chair for Finance & Administration Committee. The motion carried with all members present voting in the affirmative.

Chairperson McDonald: Yes

Director Raley: Yes

4. APPROVAL OF MEETING MINUTES FROM NOVEMBER 12, 2014

It was moved by Director Raley and seconded by Chairperson McDonald to approve the minutes of the November 12, 2014 Finance & Administration Committee Meeting. The motion carried with all members present voting in the affirmative.

Chairperson McDonald: Yes

Director Raley: Yes

5. PRESENTATION/DISCUSSION ON HEALTH SAVINGS ACCOUNT AND ACCOUNT BASED HEALTH PLANS

Mr. Hayden provided a handout on this item for review and discussion. He reviewed the Account Based Health Plans (ABHP); which is the JPIA naming convention. High Deductible Health Plan is the insurance side of the health plan and Health Savings Account is the other side of it. Together these are called ABHP. An ABHP can also be known as HSA-Compatible Health Plan, Consumer Driven Health Plan or Next Generation Health Plan. HSA's can be used as a savings vehicle where balance grows tax-free over time and can be invested. Currently the HSA is not pre-tax on the state side. The HSA funds are pre-tax federal and taxed state side when funds are being deposited; when you pull out money of the account for medical expenses it is not taxed. It allows you to save money for retirement and funnel money through it for pre-tax federal savings. HSA funds can be used for non-medical expenses after age 65 but then you would be expected to pay taxes just as you would an IRA/401K. Mr. Hayden noted that there is currently legislation pending for California to become pre-tax as well on HSA's; there are only two other states who are not pre-tax. It is an employee account and can be used just like a checking account. The HSA vendor does not keep track of what you use the money for. The only time you will be asked for proof of what funds are used for is if you are audited by the IRS; they require itemized receipts. Health Equity is the current vendor selected by ACWA/JPIA for HSA/ABHP. There are file feeds shared between Health Equity and Anthem where you can track your EOB (Explanation of Benefits). ACWA/JPIA also has a file feed directly to Health Equity which updates all personal information. In an ABHP, employee pays 100% of deductible for the first \$1500 of all medical and prescription expenses until deductible is met. After that the co-insurance kicks in and you pay 20% of medical costs for copays and prescriptions until you spend \$1000. You can use HSA funds for deductible and co-insurance and once you reach your max out of pocket then all medical and prescriptions are free. After that you would not be required to spend any of your HSA funds and you can save those; which will roll over into the next year. Mr. Hayden continued review of various plans. Once the District decides to enroll in these plans; JPIA will require a written request to add these options for employees. JPIA will set up the accounts for employees and have a roll out meeting to explain in greater depth. Mr. Hayden indicated that the primary reason they are suggesting these plans to employees is for cost transparency. Employees currently are unaware of the actual costs of medical. Mr. Cozad indicated there is minor savings to the District, but it can be a useful tool for employees. He said the recommendation is to add the HSA/ABHP as an option for employees and fund the employee as you would a regular health plan. Mr. Cozad averaged \$19-\$50 per month of savings for employees. The savings in rate goes into their account and if they manage to consume less in health care they get the benefit. Our premiums will not go up as fast by implementing these. The District can partially fund the HSA to assist employees with the cost; the most that can be contributed for family is \$6,650 for a family and \$3,350 per individual. You cannot have an HSA if you have dual coverage with a spouse. There are rules that benefits outside the District can impact their eligibility.

It was moved by Director Raley and seconded by Chairperson McDonald to approve this item be added as an additional option for District employees and bring item forward for final approval at the February 11th Board of Directors meeting. The motion carried with all members present voting in the affirmative.

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

6. 2nd QUARTER ANNUAL UNAUDITED FINANCIALS REVIEW

Mr. Cozad noted that this item on package page 12 and gave an overview of financials. Staff is projecting that the interest income will be low because the devalued is taken out. He said that staff netted it so that

interest is earned and the loss is on capital. Mr. Cozad said that revenue shows in excess because of aggregate access permits, placement and sales. The income for Redlands Plaza/Mentone House is low because the Mentone House is currently empty. Staff is working on updating the landscaping to a more water conservative landscape. Expenses for Professional Services is \$40,000 lower based on trends this quarter. Plunge Creek shows \$20,000 under budget because work has not begun yet. The District still has use of reserves for the Wash Plan estimated at \$245,000 for funds banked last year. Staff noted that the District is doing better than proposed in annual version of the budget. Director Raley asked for cash status. Mr. Cozad indicated that our cash position ended 2014 at \$4,080,595.28 which is an increase of \$462,233.26 from the beginning of the fiscal year. He noted that this is the highest level of reserves the District has had since Burnie Cavendar was General Manager. Mr. Cozad thanked staff for their efforts in assisting in keeping cost down.

7. INVESTMENT OPTIONS FOR LONGER TERM RESERVES

Mr. Cozad said that he was waiting for a revised proposal on three, four and five year investments. He is anticipating that the District can invest \$2 million without worry divided up into three, four and five years. The rate is higher in these cd's. Mr. Cozad if staff should develop and RFP for investments. The Committee is in favor of developing an RFP for \$2-\$3 million dollars to invest between 2-5 years. Staff will ask local agencies who they have used. It was the consensus of the Committee to bring to February 11th Board meeting.

8. NUMBER OF DIRECTOR SELECTED MEETINGS

Chairperson McDonald introduced this item for discussion. She indicated that there are some meetings that directors are not being compensated for because they have met their threshold. Brief discussion ensued. The Committee opted to leave the number of meetings as is and revisit at a later date if necessary.

9. 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 3:00 p.m.