

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

March 24th, 2021
1:30 P.M.

Chairperson Raley called the Finance & Administration Committee Meeting to order at 1:32 P.M.

FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:

David E. Raley, Chairperson
John Longville, Director

FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:

None

STAFF PRESENT:

Daniel Cozad, General Manager
Betsy Miller, Assistant General Manager/Land Resources Manager
Athena Lokelani, Administrative Specialist
Angie Quiroga, Administrative Analyst

GUESTS PRESENT:

Robert Stewart, San Bernardino Valley Water Conservation District

1. PUBLIC PARTICIPATION

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

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. APPROVAL OF MEETING MINUTES FROM JANUARY 27TH, 2021

It was moved by Director Longville and seconded by Director Raley to approve the minutes of the January 27th, 2021, Finance & Administration Committee meeting. The motion carried with all members present voting in the affirmative.

Chairperson Raley: Yes

Director Longville: Yes

4. 3rd QUARTER ANNUAL UNAUDITED FINANCIALS REVIEW 2020-2021

Mr. Cozad presented the financials included on package page 6. Director Raley inquired as to why it seems the groundwater revenue is over budget. Ms. Quiroga stated that the District budgeted for the City of Redlands to be in the Groundwater Council initially, but they entered later, and the City of Riverside had a substantially higher amount of groundwater production this year than usual. The SBVMWD Lease

Agreement GL is showing under budget due to the CPI-U being less than anticipated. Director Raley asked if Exchange Plan is paid this late in the year. Ms. Quiroga said that the payment for the current fiscal year would not be received until the beginning of the next fiscal year. Mr. Cozad noted that the revenue would be an accrual and allocated to this year. Staff will follow up with Valley Municipal staff to see if the District can receive payment in the current fiscal year. Plunge Creek was briefly discussed, noting that staff provided a detailed update at its Board meeting.

Director Longville asked if staff could give the Board an idea of how the pandemic has impacted residential water consumption. Mr. Cozad indicated that residential usage has been pretty much the same but may have increased slightly because you cannot shut off the water during the pandemic even if consumers do not pay. He said that commercial consumption has dropped off but is starting to increase. Director Longville asked if staff could keep track of this and report back to the Board if it affected the District.

Director Raley asked about the variance in PERS Employee Contribution (GL 6170.01). Mr. Cozad said that CalPERS employee contributions have increased because employees have begun contributing more to their CalPERS 457 supplemental plan. The contribution to capital reserves was also briefly discussed.

The Quarterly Investment Report was reviewed on package page 10 to 11. Director Raley stated that it looks like the District will need to invest in more CDs. Mr. Cozad said that return of CDs is minuscule, and the District is in better standing by leaving money in LAIF for the time being. LAIF will also begin to see declines soon, and so investments would also be discussed when the District discusses the budget. Director Raley asked if PFM Investments has provided any feedback. Mr. Cozad said they project that rates will be between 1.2% to 1.5% next year.

It was moved by Director Longville and seconded by Director Raley to approve the 3rd Quarter Annual Unaudited Financials for 2020-2021 as presented and move the financials forward to the Board of Directors to receive and file. The motion carried with all members present voting in the affirmative.

**Chairperson Raley: Yes
Director Longville: Yes**

5. GROUNDWATER CHARGE SUSTAINABILITY REPLENISHMENT COMPONENT UPDATE

Mr. Cozad reviewed the Groundwater Council Costs for FY 2021-2022. Director Raley expressed his concern over the added charge but spoke in support of the phase in approach. He is concerned with producers within our District boundaries paying for usage of those who are producing outside of our boundaries. Only a small number of producers are outside of District boundaries, but staff is working on collecting from those producers. Staff held a public meeting to discuss the sustainability component, and there were no producers that would pay the charge who attended. Mr. Cozad said that there had been no comments received from groundwater producers or the public related to the component to the Groundwater Charge.

It was moved by Director Longville and seconded by Director Raley to approve the proposed five-year phase-in of the sustainability component estimated to be \$22.04 per acre foot and move this item forward to the Board of Directors for final approval. The motion carried with all members present voting in the affirmative.

Chairperson Raley: Yes
Director Longville: Yes

6. INITIAL DISTRICT AND ENTERPRISE BUDGET REVIEW FOR 2021-2022

Mr. Cozad introduced this item for discussion, noting its inclusion beginning package page 31. The budget is approximately eighty percent complete; this item will be reviewed again at the Budget Workshop on April 28th. Mr. Cozad reviewed areas within the groundwater enterprise that have increased costs, as noted on package page 44. He said that most of the increases are due to implementing the Wash Plan and upcoming permitting efforts. Mr. Cozad reviewed the capital projects/items budgeted for completion in FY 2021-2022, noted on package page 32. He reviewed salaries and benefits; the COLA will be lower this fiscal year, warned the Committee that actual inflation is increasing. The Capital Repair and Improvement Projects list is included on package page 38. The preliminary groundwater revenue spreadsheet was shown on package page 39. The long-term endowment was discussed in brief, and Wash Plan implementation costs and revenue. Mr. Cozad reviewed the Active Recharge Transfer Project enterprise and indicated that the District might need to use capital reserves for design, engineering, and staff costs due to the loss in interest income. He said that line GL 4025 GW Sustainability/Replenishment revenue is a new line item, and there is an added expense line for Valley Municipal for the purchase of water.

It was moved by Director Longville and seconded by Director Raley to move the Initial District and Enterprise Budget for FY 2021-2022 forward to the Budget Workshop to be held on April 28th for the Board of Directors for review. The motion carried with all members present voting in the affirmative.

Chairperson Raley: Yes
Director Longville: Yes

7. ADJOURN

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

Chairperson Raley: Yes
Director Longville: Yes

There being no further business, the meeting adjourned at 2:38 P.M.