

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

May 23, 2016
1:30 P.M.

Chairperson McDonald called the Finance & Administration Committee Meeting to order at 1:30 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

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

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. APPROVAL OF MEETING MINUTES FROM APRIL 20, 2016

It was moved by Director Raley and seconded by Chairperson McDonald to approve the minutes of the April 20, 2016 Finance & Administration Committee meeting. The motion carried with all members present voting in the affirmative.

Director Raley: Yes

Chairperson McDonald: Yes

4. DRAFT ENTERPRISE BUDGET FOR 2016-2017

Daniel Cozad introduced this item for discussion noting that this includes review and approval of Reserve Policy, Project Budget for Plunge Creek 2016-2017, Project Budget for Mill Creek Redesign 2016-2017, Capital Projects Lists, Buffer Land Acquisition and Security Improvements and Salary Schedule. He referred to package page 16 and discussed the reserve balances and allocations. Mr. Cozad discussed the District and Enterprise Reserve Policy included on beginning package page 11. Director Raley noted minor revisions to this policy. The Committee continued review of reserve balances; it was suggested by Director Raley that some of the overfunded reserves be allocated to those that are unfunded or underfunded in the future. Mr. Cozad indicated that this will likely need to be done after the board has

approved the audit for fiscal year 2015-2016 in approximately September. He suggested that moving funds from groundwater reserve into capital improvement reserve is likely.

Mr. Cozad reviewed the Plunge Creek Project Charter for 2016-2017. The total cost for project is \$710,000 with \$500,000 of that grant money (Prop 84) and \$210,000 match from District. The project benefits include 3,903 AF of additional groundwater recharged in a 20 year period at \$182/AF. It will also add an additional 81 acres of habitat for Santa Ana Woolly Star and San Bernardino Kangaroo Rat. The return on investment (ROI) for this project is estimated at 37.4% without grant and 364.6% with grant funds included. The design should be completed by the end of this fiscal year so that the District can begin permitting for this project. Habitat impacts are included under the Wash Plan covered activities. The payback is 5.1 years. Discussion on competitive procurement methods ensued.

Mr. Cozad reviewed the Mill Creek Redesign Project Charter for 2016-2017. The total cost is \$750,000. The project benefits include 3,967 AF of additional water capture over 10 years assuming 20 days of 50 CFS and 40 days of 25 CFS. Mr. Cozad indicated that the costs avoided by redesigning Mill Creek are estimated to be \$25,000. The design is currently at 65% for this project. The ROI is estimated at 39.3% and payback is 7.2 years. The Committee discussed the environmental permitting and alternatives. By choosing to perform Section 7 or 10 (individual permit) along with Habitat Conservation Plan (HCP) and Bank with Operations and Maintenance would delay the project a year but would have greater value. This project is currently covered by the Santa Ana River HCP which would delay the project until 2019. Director Raley and McDonald support the option that includes the independent HCP and mitigation bank along with O & M. This would require us to perform a low impact HCP allowing us to move the project along in a timelier manner than waiting for Santa Ana River HCP. The design for procurement of this project will be brought forward to the Board in approximately August for final approval.

Mr. Cozad referred to package page 21 and reviewed the Capital Projects List. Item 5-Wash Plan Implementation is the loan the District made to the Wash Plan participants and will be repaid as participants pay in. Item 6-Wash Plan HCP Endowment is our payment to Conservation Trust. Item 7-Mill Creek and River HCP permitting is \$120,000 (District share is 8% of total).. The total of all 10 capital projects are \$2,775,000.

The salary schedule was briefly reviewed and noted to be included in package on pages 22-27. The base is adjusted by COLA and each step goes up by 5% and is included in package for information only.

Mr. Cozad reviewed the District and Enterprise Budget for 2016-2017 on pages 8-10. He indicated that the Groundwater Revenue GL was reduced to \$719,239.60 per Board direction at Workshop. Additionally, 6230-Regular Salaries was increased to allow for coverage for the request to increase Engineering hours to three quarter time. The benefits increased related to that. Mr. Cozad noted that GL 9999 Contribution to Capital Maintenance is \$159,000 instead of \$250,000 because we are using funds from Groundwater Stabilization Fund and reduced revenue projection. On page 10 there are correlating Capital Improvement Project (CIP) numbers in purple with amounts to show funds being used towards capital projects.

It was moved by Director Raley and seconded by Chairperson McDonald to forward the 2016-2017 Fiscal Year Budget to the Board with discussed changes with their recommendation along with the Reserve Policy, Project Budget for Plunge Creek 2016-2017, Project Budget for Mill Creek Redesign 2016-2017, Capital Projects Lists, Buffer Land Acquisition and Security Improvements and Salary Schedule. The motion carried with all members present voting in the affirmative.

Director Raley: Yes

Chairperson McDonald: Yes

5. GENERAL MANAGER'S RESOLUTION AND AGREEMENT

Mr. Cozad reviewed materials on pages 28-46. It was the consensus of the Committee to move this item forward for final approval to the June 8, 2016 Board of Directors meeting.

6. TRANSITION, STAFFING AND SUCCESSION PLAN 2016

This item was tabled until the next quarterly Finance & Administration Committee meeting.

7. ADJOURN

It was moved by Chairperson McDonald and seconded by Director Raley 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 3:30 p.m.