

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

January 25, 2017  
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 NOVEMBER 14, 2016

**It was moved by Director Raley and seconded by Chairperson McDonald to approve the minutes of the November 14, 2016 Finance & Administration Committee meeting. The motion carried with all members present voting in the affirmative.**

**Director Raley: Yes**

**Chairperson McDonald: Yes**

4. SECOND QUARTER ANNUAL UNAUDITED FINANCIAL REVIEW FOR 2016-2017

Mr. Cozad introduced this item for review noting it begins on agenda package page 6-7. The projected annual costs have been updated. The Groundwater Enterprise revenue is below budget; however staff is waiting on a couple of larger producers to report and pay. The projected annual revenue was \$713,781 for groundwatercharges. Mr. Cozad indicated that revenue will likely be near budget; but these numbers are preliminary. Mr. Cozad reviewed revenue against expenses. He indicated that contribution to reserves will be for the Groundwater Enterprise will be lower than prior years. Mr. Cozad said that expenses are lower in Professional Services. Wash Plan Professional Services and Environmental Services will be combined at a later date; one is over budget and the other is under budget. Directors' expenses may come in under budget. Capital projects were discussed and the Committee will review the

Capital Project List. The Mendoza Property was purchased form GL-7120 Land Purchase. There was no budgeted amount approved; District spent \$311,111 which includes deposit. Mr. Cozad reviewed package page 8-9, Quarterly Investment Report. The net change is 2%.

**It was moved by Director Raley and seconded by Chairperson McDonald to move the Second Quarter Unaudited Financials 2016-2017 forward to the Board for final approval. The motion carried with all members present voting in the affirmative.**

**Director Raley: Yes**

**Chairperson McDonald: Yes**

#### 5. BUDGET AND GROUNDWATER RATE PLANNING DISCUSSION

Mr. Cozad presented this item for discussion. He provided a handout to the Committee. He reviewed the increases and decreases columns. There is less income in CalTrust due to the increase in interest rates offset by the decrease in value as expected. For Redlands Plaza staff is projecting a likely vacancy; there is one suite that is empty but tenant continues to pay monthly lease. Mr. Cozad reviewed handout on groundwater charge; it shows the history of revenue for agricultural and non-agricultural. Previously the District used a four year rolling average to calculate groundwater revenue but this year it used actual production from last year. Since all revenues have not been collected for this groundwater period it was estimated. Mr. Cozad indicated that if the level of the charge stays the same the District would fall below expected expenses. He proposed advertising for a rate increase of 4% to provide for the budgeted expenses with the use of the Rate Stabilization Reserve. If no other changes are made the groundwater enterprise would likely need a 4% increase in the following year as well. The District has not increased the groundwater charge since 2014. If the District does not opt for an increase it would have to defer capital projects until funds became available or increase use of reserves. There is maintenance needed for field operations especially with the water recharged this year. Mr. Cozad reviewed the Groundwater Enterprise Revenue and Expenses in depth. Staff discussed the potential increase with partner agencies. It was the consensus of the Committee to recommend to the Board that they advertise for a 4% groundwater rate increase.

**It was moved by Director Raley and seconded by Chairperson McDonald to move the Budget and Groundwater Rate forward to the Board for final approval recommending a 4% rate increase in groundwater charge. The motion carried with all members present voting in the affirmative.**

**Director Raley: Yes**

**Chairperson McDonald: Yes**

#### 6. BOARD POLICY MANUAL REVISIONS

Mr. Cozad introduced this item for discussion. President Corneille identified a requirement for the District to file with the Secretary of State and Clerk of the Board of San Bernardino County Supervisors every time there is a change to the Board or executive staff. Under California Government Code section 53051; section 1051 Special Filings has been added to the Board Policy Manual. Section 4060 related to the appointment of Board Committee members and Ad Hoc Committee members were discussed. The Committee determined that they did not recommend any changes be made to the section. The Committee will report their review and Staff will bring back Section 1051 for approval at a later date when it has more revisions to manual.

7. CALPERS REVIEW

Mr. Cozad referred to package page 13 where a Circular Letter was provided by CalPERS explaining the Discount Rate Change. He stated that because the District paid off its unfunded liability the discount rate will only go up by .5%-3% rather than 20%-40% for those who did not pay off their unfunded liability. The Committee recommended moving this item forward to the Board as an information item, but no further action is needed.

8. 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 3:11 p.m.