

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
MINUTES OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING
MARCH 22, 2023
1:30 P.M.

Chairperson Raley called the Finance & Administration Committee Meeting to order at 1:37 P.M.

FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:

David E. Raley, Chairperson
Robert Stewart, Director

FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:

John Longville, Director

STAFF PRESENT:

Betsy Miller, General Manager
Angie Quiroga, Senior Administrative Analyst
Athena Laroche, Administrative Specialist
Anna Frey, Assistant Biologist

GUESTS PRESENT:

None

1. PUBLIC PARTICIPATION

Chairman Raley announced this as the time for any persons present, who so desire, to make an oral petition to the Finance & Administration Committee. Hearing none, the meeting proceeded 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 25, 2023

It was moved by Director Stewart and seconded by Director Raley to approve the minutes of the January 25, 2023, Finance & Administration Committee meeting. The motion carried with all members present voting in the affirmative.

Director Raley: Yes

Director Stewart: Yes

4. 3rd QUARTER ANNUAL UNAUDITED FINANCIALS REVIEW 2022-2023

During the presentation, Ms. Quiroga presented the financials included on package page 6. Director Raley asked for the status of GL-4050: Property Tax. Ms. Quiroga noted that revenues from GL-4050 are as expected. Director Raley asked about the status of the spineflower surveys. Ms. Miller confirmed enough rainfall had been received to move forward with surveys this spring. Director Raley asked for the status

of the recharge basin berms. Ms. Miller indicated that they are currently working well under the careful water management of our field team. She noted that the District is planning significant cleaning for FY24 to address maintenance from the recent rainfall. Ms. Quiroga pointed out that the financials being reviewed are as of March 14, and the quarter ends on March 31. She said that the GL-4012-15: Interest Income is above budget. Field operations expenses are over budget primarily due to inflation. In addition, the 2014 F-150 has required significant maintenance and repairs and may need to be replaced next fiscal year. The Committee supported replacing the truck. Director Stewart stated that certain grant programs may support purchase of a new vehicle. He asked which line item funds repairs of the soft plugs. Ms. Quiroga said that the expenses are included within GL-5050 :Basin Cleaning. Jacinto Construction often assists the District in replacing these. She said that GL-5450 :Natural Gas and GL-5420 :Electricity are over budget due to increased rates. GL-6170 :PERS looks over budget, but is offset by GL-6170.2: 457 Plan Employee Contribution, which is the employees' voluntary contributions for the 457 Plan. Insurance is slightly higher for employees than anticipated. Ms. Quiroga noted that the District provided an un-budgeted pass-through payment to Valley Municipal of \$111,081 for cleaning of the Waterman Basins with funds collected from the Groundwater Council (GC). The District has requested in writing that future invoices for pass-through payments be approved in advance by the GC Budget Committee to ensure appropriate budgeting. She noted that the District may need to consider expanding our District boundaries as PERC projects move forward. Discussion ensued regarding future operations and budgeting. Director Raley asked who represents the District on the GC. Ms. Miller indicated that she is the District representative, but the District does not have a vote on the council because it does not pay to purchase water. The District collects funds on behalf of the GC for operations and maintenance. Ms. Miller indicated that the budget for FY 24 is \$731,000. Director Raley asked for GC information to be presented to the full Board. She indicated that staff will present this information to the Board. Discussion ensued.

Ms. Quiroga reviewed GL-6000: Property Maintenance. Staff are currently obtaining estimates to restore/upgrade Suite K for leasing now that the tenants of Suite L have confirmed they are not interested in the space. Staff is also working with the tenants and ACWA JPIA to address a water leak in Suite I and potential issues in Suite H. Ms. Miller said that the areas are being tested for mold as part of the efforts. She indicated that Ms. Quiroga has been doing a great job working with contractors to obtain the best quote possible. Ms. Quiroga continued her review of the quarterly financials noting that bills for the PERC projects continue to be received. She said Mentone Shop project is progressing, and all permits have been submitted. Ms. Miller said that the purchase of the building may be completed within FY23.

Ms. Quiroga reviewed the 3rd Quarter Investment Report, noting the additional \$55,000 gain in investments for GL-4015: UBS since the report was prepared. She reviewed CDs and bonds on package page 9. The District received \$78,000 in interest income from the most recent bond that came due.

It was moved by Director Stewart and seconded by Director Raley to approve the 3rd Quarter Unaudited Financial Report for FY23, including the 3rd Quarter Investment Report, and forward it to the Board for final review and approval. The motion carried with all members present voting in the affirmative.

**Director Raley: Yes
Director Stewart: Yes**

5. INITIAL DISTRICT AND ENTERPRISE BUDGET REVIEW FOR 2023-2024

During the meeting, Ms. Miller introduced the item for discussion and reviewed the proposed District and Enterprise Budget for FY 24, as noted in the handout. She pointed out that income and expenses are similar to last year. She indicated that the estimate for GL-4032: CEMEX-Royalty/Lease is based on the annual minimum payment. Additionally, Ms. Miller reviewed the interest income, noting that this may be revised as we continue the budget process. Director Stewart asked for more detail on interest income. Ms. Miller indicated that GL-5120: Professional Services has been increased to include funds to hire a consultant to support grant application submittals for the PERC projects to meet Board Priority 11. She stated that the engineering team would be in the field during the summer due to project construction and therefore would require additional support to prepare grant applications. Ms. Miller included costs in the budget to update the existing groundwater model to evaluate the difference between current basin levels and modeled levels without Conservation District recharge. The Groundwater Council (GC) is conducting a shorter model run to review a related metric that may be useful to evaluating the benefits of completing the full model run. We anticipate receiving the initial work from the GC model run next month.

The Strategic Plan costs have been split between the Land Resources Enterprise, and the Groundwater Enterprise,. Expenses for the D. R. Horton trespass remediation and remaining permitting for the Wash Plan Covered Activities are also included in the draft budget. As previously discussed, there are increased costs associated with GL-5050: Basin Cleaning and the current draft shows a negative in the Groundwater Enterprise due to this increase which can be addressed by using groundwater reserves. There are one-time costs included for new office chairs within GL-6030: Office Supplies to support proper ergonomics for staff; in addition, ACWA JPIA staff will come to the District's office to complete an ergonomic assessment for each employee. GL-6535: Conf/Training Registrations has been increased to include spring and fall ACWA conferences for District Counsel and the General Manager; CRAM training for the Assistant Biologist and Assistant Engineer; Cal-IPC training for the field team; Financial Data Analysis for Leaders training for the General Manager under her contract provision; drone license training for the field team to survey for dumping and invasive species; a team training and other miscellaneous trainings. Director Stewart suggested adding the schedule for training into the Strategic Plan. Ms. Miller said there are additional, minimal cost benefits that the District could offer to encourage staff performance that she would like to see evaluated as a Strategic Plan goal. She discussed the potential for staff to earn comp time as an added benefit. Director Raley spoke in support of funding college courses for staff. Ms. Miller said that GL-4062: Payroll Processing Fees have been increased due to staff's intent to shift to a new payroll system that does not require manual input and report generation by staff. Unfortunately, the current payroll company has not been responsive to requests for assistance and upgrades.

Ms. Miller reviewed the capital budget. GL-7240: Capital Office Equipment includes funds to replace Board room chairs. The Committee supported this recommendation. Under GL-7110: Property-Capital Repairs, staff is proposing upgrades to the existing fire, surveillance, and burglar alarm systems. The current system is not performing as needed and staff has obtained quotes for upgrades which will provide long-term savings to the District. For example, live monitoring will alleviate the need for security patrol services. The new IT consultants are reviewing the security quotes obtained by staff. Ms. Miller said the quotes include an option for secure door access, which will increase staff safety. Staff has experienced issues with individuals loitering in the office. Director Stewart spoke in support of upgraded security. Director Raley said that through his volunteer service with Redlands Police Department, he learned over individuals who have hidden within various businesses and robbed them. He said there should be a general policy where staff is not alone. He said we should do as much as possible to keep the office secure for

staff. GL-7120: Property-Land Purchase includes a purchase price for the BLM Land Exchange. Ms. Miller indicated that BLM has agreed to proceed as directed with no right of way necessary and no delays to Enhanced Recharge construction. All of the rights will transfer with the land, with the land transfer expected to be completed in Q2 or Q3. Director Stewart would like to see the comparison of the current year, the prior year and the projected budget go to the full Board.

Ms. Miller reviewed the groundwater charge, noting that the Board did not unanimously approve advertising the proposed rate. The increase is above our average increase, but the 11% projected increase is based on real cost increases from new permit requirements and inflation. She suggested presenting an option to the Board of utilizing partial use of the rate stabilization fund, which has a balance of approximately \$200,000. Ms. Miller has reviewed the potential increase with partner agencies, including the GC, who have not expressed concerns. The proposed increase includes 5% for inflation and an additional 6% for costs associated with new permit conditions. Ms. Miller asked for feedback from the Committee. Director Stewart supported the partial use of the rate stabilization fund. He would like to see a cap on the rate stabilization fund. Director Stewart asked where the Daily Flow Report (DFR) costs are allocated. Currently, the costs are paid by Valley Municipal under GL-4080: Exchange Plan, which has indicated that they believe the costs should be shared by all Exchange Plan members. Ms. Quiroga stated that the costs for the DFR exceed what is received by Valley Municipal.

It was moved by Director Stewart and seconded by Director Raley to approve the Initial District and Enterprise Budget Review for 2023-2024 as presented and forward to the Board for final review and approval. The motion carried with all members present voting in the affirmative.

**Director Raley: Yes
Director Stewart: Yes**

6. ADJOURN

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

**Director Raley: Yes
Director Stewart: Yes**

There being no further business, the meeting adjourned at 3:01 P.M.