

**SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS**

MINUTES OF THE ADMINISTRATIVE COMMITTEE MEETING

April 15, 2013
1:00 P.M.

Chairperson McDonald called the Administrative Committee Meeting to order at 1:00 p.m. All present stood for the pledge of allegiance, led by Chairperson McDonald.

ADMINISTRATIVE COMMITTEE MEMBERS PRESENT:

Melody McDonald, Chairperson
Clare Henry Day, Director
David E. Raley, Director

ADMINISTRATIVE COMMITTEE MEMBERS ABSENT:

None

STAFF PRESENT:

Daniel Cozad, General Manager
Athena Medina, Administrative Services Specialist

GUEST PRESENT:

None

1. PUBLIC PARTICIPATION

Chairperson McDonald announced this as the time for any persons present, who so desire, to make an oral petition to the Administrative 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 MINUTES FROM THE FEBRUARY 27, 2013 MEETING

It was moved by Director Raley and seconded by Director Day to approve the minutes of the February 27, 2013 meeting with revisions. The motion carried unanimously.

4. 3RD QUARTER FINANCIALS REVIEW

Daniel Cozad, General Manager presented this item for discussion. He indicated that on package page 6 there was a slight variance in numbers which Director Raley requested clarification on. Mr. Cozad stated that as Staff allocates between enterprises these numbers are subject to change. Mr. Cozad identified that the Land Resource Enterprise is below budget, the General Fund revenue and expense is at 124% of revenue and 96% of expense budget. Mr. Cozad noted \$500,000 in surplus cash was transferred to CalTrust this month. He continued his review of the Unaudited Financials included in Administrative packet.

Mr. Cozad reviewed the Enterprise Budget to Actual Report on package page 52, which includes the approved 2012-2013 budget, expended/received to date, projected annual cost, over/under budget and notes columns. He noted that in General Ledger (GL) account 6012 there has been \$3,000 allocated to General Fund enterprise for District office maintenance and repairs, GL 6026 reflects the method in which the District has improved the allocation/tracking of CAM fees for Redlands Plaza and 6120 Workers Compensation is lower and was previously included in GL 6160.

He also stated that the cost for GL 6230 Field Supervisor was less because EBX has not begun work and Randy Carlisle was not utilized as anticipated. In GL 7050, the budget includes \$60,000 for basin maintenance and cleaning; this item is under budget because Field Staff has been performing most of this on their own and its estimated that every 3rd year the District will expense an estimated \$30,000. In GL 7110, the proposed budget includes funds for a new sign for Redlands Plaza and drought tolerant landscaping. Vice President McDonald asked if the City of Redlands is going to need an easement as previously discussed where they indicated they would replace the signage at entrance. Mr. Cozad stated that they will not be using that alignment. He stated that we requested the tenants to help pay for the sign, but consensus was that they are uninterested in contributing. Therefore if it goes forward it will be a capital expenditure. In GL 7230, Field Staff is estimating that they will need \$60,000 or more for a used tractor. Mr. Cozad stated that Field Staff loses production as the tractor is down for repairs often. In concluding review of this report it was noted that total revenue is estimate at \$2,069,007.40, expenses \$1,577,066.04, excess revenue \$491,000, EBX revenue \$293,500; which leaves a total of \$785,000 to be allocated to reserves.

5. DRAFT 2013-2014 AGENCY AND ENTERPRISE BUDGET, RESERVES AND ASSUMPTIONS

Mr. Cozad reviewed Draft Budget for FY 2013-2014 with sub sheets on package pages 56-65 in depth. He indicated that on package page 59 the Groundwater Charge Revenue estimate worksheet rolls into the budget as well as the Wash Plan subsheets and etc. All subsheets roll into the totals included in the budget. Director Raley requested that Mr. Cozad review the current agreement with CEMEX and Robertson's and how that will affect the Wash Plan revenue. On package page 61, the Plunge Creek Budget is identified where the District estimates it will cost \$710,500 for project. The grant will cover an estimated \$500,000 and the District's cost would be \$210,500. This is a four year project which the District is looking to collaborate with other agencies to help cover costs.

The next item reviewed was the summary of salary and benefits. The District pays 100% of the employees' health benefits and 75% of employees' dependent contribution. Discussion ensued. Mr. Cozad continued in his review of salaries and reviewed the salaries spreadsheet on package page 65. Director Raley wants to show in the budget how much exactly each employee is costing the District including all benefits. Discussion ensued pertaining to how to show salaries and benefits in the budget. Mr. Cozad will verify with auditor about the best way to show these costs. Budget review continued. Directors Fees budget increased due to the changes made to Board Policy Manual, Appendix C; which added additional meetings to the District Requested category. Mr. Cozad noted that there will be some minor revisions made to the Draft Budget prior to it being brought to the full board.

Mr. Cozad briefly reviewed the new staff position for Land Resource Manager. This person would be primarily responsible for the project management of the Wash Plan, Plunge Creek and other land related projects or issues. Additionally, Mr. Cozad noted that the net increase is \$12,000 for Directors Fees. There are other minor increases in air fare and mileage. Director Raley asked if we use an amortization figure for the 218 report or how we show the purchase of new vehicles or field equipment. Mr. Cozad stated that the District allocates these to Capital expenditures in the budget and does not show depreciation in the budget. Director Raley is concerned that the expense versus revenue is too close of a margin. Mr. Cozad indicated that the budgeted numbers are the best estimate, rather than the worst case scenario. Vice President McDonald and Director Day were in concurrence that the budgeted numbers are adequate.

Mr. Cozad reviewed the revisions to the Reserve Policy on package page 77. The Groundwater Enterprise reserve is set at \$200,000 primarily because of SBVMWD's reimbursement. He noted that the Groundwater Enterprise will stop accumulating when it reached its one years' worth of operating costs. Groundwater Enhanced Recharge reserve is set at \$250,000. Additionally, a Wash Plan, Habitat Management Reserve/Trust and Capital Improvement and Equipment Reserve have been added. Director Day stated that the District needs to allow adequate funding conservatively and operate as close to costs as we can; which he believes is being done in this draft. Director Raley stated that based on projected expenses and revenue the District will not have enough cash to fully fund the target level of the reserves. He suggests that the District be placed on an amortization schedule, put projects in their own enterprises, and budget those items separately. Vice President McDonald recommends presenting the Draft

Budget for fiscal year 2013-2014. She supports the enterprise approach that has been put into place as well as the Reserve Policy and thanked Staff for their efforts. This item is to be presented to the Board for review on April 24, 2013 and for final approval on April 29, 2013. Additionally, the Land Resource Manager position was discussed briefly with the desire to post and fill this position as soon as possible.

6. ADJOURN

It was moved by Director Day and seconded by Director Raley to adjourn. The motion carried unanimously.

There being no further business, the meeting adjourned at 3:28 p.m.