

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BUDGET WORKSHOP

MINUTES OF April 28, 2021
2:30 P.M.

President McDonald called the Budget Workshop to order at 2:30 p.m.

BOARD MEMBERS PRESENT:

Melody McDonald, President
Richard Corneille, Vice President
David E. Raley, Director
Robert Stewart, Director
John Longville, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

None

STAFF PRESENT:

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

GUESTS PRESENT:

None

1. PUBLIC COMMENT

Mr. Cosgrove recused himself from participation in the budget workshop. He indicated that the budget workshop discussion as referenced in the staff report might implicate structural changes related to legal services and may affect himself personally or his law firm, which raises a potential conflict of interest under the FPPC. There is a potential of reasonable or foreseeable interest related to the personal finance of himself or his source of income, such as revenues derived by Rutan & Tucker, that may result from consideration of these potential structural changes. In addition, there is a prospect or possibility that some sort of contract may be entered into in respect to that structural change under Government Code §1090. This section requires persons with an interest in the proceedings to declare that interest; such persons may not participate in any way in making a contract. Mr. Cosgrove indicated that in the case of either a remote interest under Government Code §1091 (b) or a non-interest under 1091.5 (a), he has not engaged in discussions with any Board member related to this subject matter. In order for the Board to maintain maximum flexibility and to avoid any issues related to conflict of interest, he will recuse himself from participation in this meeting in his official position as General Counsel so as to avoid any implication that he may be involved in the making of a contract. The Board accepted his recusal and proceeded with regular agenda items.

2. DISCUSSION ITEMS

A. DISTRICT AND ENTERPRISE BUDGET FOR FISCAL YEAR 2021-2022

Mr. Cozad introduced this item for discussion. He said that the Committees had reviewed elements of the budget. A few changes have been made to the budget following previous Committee and Board review. He said that the Bureau of Labor Statistics changed the CPI-U all west that the District uses for COLA from 1.8% CPI-U TO 1.5%. He said that low inflation numbers were due to the pandemic and will probably be significantly higher next year. The expenses that have changed are listed on package page 5. He reviewed the Wash Plan implementation items and potential structural changes to staffing.

Mr. Cozad reviewed the draft District and Enterprise Budget for the fiscal year 2021-2022 included on package page 3. Review of the budget continued as follows:

- Land Resources Enterprise Loan – Mr. Cozad indicated that staff asked the Board to consider a loan of funds from the Land Resources Enterprise fund to the Wash Plan to complete tasks noted within the memo. The specific elements will likely be brought when the District reviews potential changes to the reserves after the audit. Additional approval would occur when the funds are obligated to a contract.
- 6401 Directors Fees (including expenses) – President McDonald asked if the pandemic was considered when budgeting this line item. Directors' fees to date for FY21 are \$51,317. Staff estimated directors' fees and expenses based on a ten percent increase from the previous year. The Board expressed concern over projecting/estimating during the pandemic year. Ms. Quiroga indicated that it is an average based on each director's fees and expenses over multiple years. Staff will review this line item for any revisions necessary to accurately estimate 6401-Director's Fees for the FY22 budget.
- 6440 Election Fees/Redistricting – There is no election during FY 21-22. Staff included \$25,000 for redistricting; in case it is needed in the upcoming fiscal year. After the last census, the District conducted redistricting work in-house with intern support. If the District cannot obtain interns to perform this work due to COVID-19 safety precautions, a consultant may be hired.
- Reserves – Vice President Corneille asked if the budget assumes the use of any reserves. Mr. Cozad said there is the use of reserves in finalizing Wash Plan state and waters permitting which is repaid by Wash Plan participants. Vice President Corneille noted that land purchase reduced the Land Resource Reserve significantly and asked if there was a plan to recoup that. Mr. Cozad said the pre-paid royalty reserve would become part of the land enterprise once the Wash Plan projects are fully permitted. Vice President Corneille asked for an update on reserve level projections as soon as it becomes available.
- 5180 Legal Counsel – Vice President Corneille spoke in support of the transition from legal counsel contracted through a legal firm to being hired as District staff as long as post-employment health and retirement contributions are not required. Mr. Cozad noted that the only costs in addition to salary are for health, medical and dental insurance. CalPERS is triggered if an employee works over 960 hours. Director Longville noted that it is essential to recognize when the District has exceptional leadership and that sometimes being financially conservative does not support the retention of experienced staff. He said that having been an elected official on various governing Boards, this District has the staff and legal counsel that he is most pleased with. Director Stewart suggested keeping Rutan & Tucker involved as outside counsel in addition to in-house counsel.
- 5440 Telephone – Director Raley asked for staff to review the current costs of telephones to see if they can be reduced. Staff noted that it covers the cost for two facilities and there were reductions within the last few years.

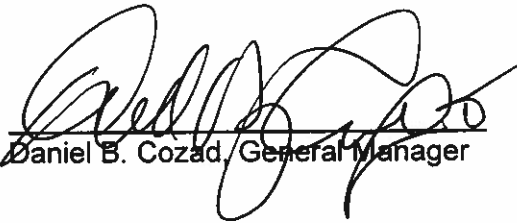
Mr. Cozad noted that the Finance & Administration Committee reviewed this item at its March 24 meeting. Director Raley said that the District has a complex budgeting system and suggested project accounting for the larger projects. Mr. Cozad indicated that staff is working on identifying a project accounting system that will work with the existing system for Active Recharge projects.

3. ADJOURN MEETING

It was moved by Director Longville and seconded by Director Stewart to adjourn. The motion carried 5-0, with all Directors present voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

At 3:31 p.m., the meeting adjourned.



Daniel B. Cozad, General Manager