

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

MINUTES OF THE ADMINISTRATIVE COMMITTEE MEETING

March 31, 2011  
8:30 A.M.

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Chairperson McDonald called the Administrative Committee Meeting to order at 8:30 a.m. All present stood for the pledge of allegiance, led by Chairperson McDonald.

ADMINISTRATIVE COMMITTEE MEMBERS PRESENT:

Melody McDonald, Chairperson  
Clare Henry Day, Director

ADMINISTRATIVE COMMITTEE MEMBER ABSENT:

Arnold "Bud" Wright, Director

STAFF PRESENT:

Daniel Cozad, General Manager  
Eunice Griffith, Administrative Manager  
Athena Medina, Administrative Assistant

GUEST PRESENT:

David Raley (Alternate Member)

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

No additions/deletions to the agenda.

3. APPROVAL OF MINUTES FROM THE FEBRUARY 4, 2011, MEETING

**Upon a motion by Director Day and second by Director McDonald, the minutes of the February 4, 2011 meeting were approved. One abstained, Director Raley.**

4. INFORMATION ITEMS

Daniel Cozad, briefed the Administrative Committee on the following Information Items:

A. REDLANDS PLAZA – UPDATE

Leasing status - Coldwell Banker, Lazar & Associates quit the listing of Units I and J. Hello Sushi is interested in renting the vacant unit next door for storage at .75 cents per sq. ft. (well below what the Board discussed, \$1-1.15 per sq. ft.). He informed Hello Sushi that the Administrative Committee will discuss and possibly consider renting the unit on a temporary basis, month to month – for .80 cents per sq. ft. The downside is it would set precedence and risk devaluing space to tenants and others. The Administrative Committee will consider temporary rental with a maximum of 90 – 120 days with a provision that states, “no alterations of space”. The Committee also provided direction to place a padlock on the bathroom preventing use if rented temporarily. The Committee agreed that no long term leases should be approved at a reduced rate.

He also reported a piping problem at Hello Sushi, The Board has agreed to pay for it. We have received two-three estimates in the range of \$8,000 to replace. One estimate included an option to complete the job in off hours without closing at an additional \$1,600. That price would be extended to Hello Sushi.

**It was moved by Director Day and seconded by Director Raley to pursue repiping overhead and to abandon any underground piping. The motion was approved unanimously.**

Roofing – Hello Sushi has several leaks. Two options were presented: 1) A brand new roof, (15-20 year warranty), approximately \$60k and; 2) Repair roof by filling and building up the low spots and adding a whitecoat on top (5 year warranty). The Committee recommended getting bids on a broad array of options in order to proceed.

Homeless issue – Athena is making progress and has been working with Redlands Police Dept. to resolve the issue.

B. MENTONE PROPERTY - UPDATE

Informed the Committee that the property is rented at the approved, proposed rate and tenant has signed a 1 year lease. A leak in the shower has been repaired and the back water heater replaced. The plumber reported that the water pressure is about 150 psi, the pressure unit is not functioning properly and needs to be replaced, the plumber quoted \$675. The Committee suggested getting more competitive quotes, before proceeding with the repair.

5. PERSONNEL HANDBOOK REVIEW – PROGRESS

Mr. Cozad reviewed all revisions made to the draft Handbook, including suggestions made by JPIA. The Committee discussed changes and made recommendations for the final draft. The revised draft will be presented to the Board in May. Upon Board approval, the final draft will be submitted to a labor attorney for review.

**Director Day moved approval of the revised Employee Handbook with recommended changes. The motion was seconded by Director Raley and unanimously approved.**

#### 6. CALPERS AND ACWA/HBA OPTIONS FOR COST CONSTROL

Mr. Cozad provided background on how agencies and districts came to pay 100% of employee benefits and employer/employee retirement contributions. Per Board direction, he presented an analysis of health benefits and PERS employer contributions for FY 2010-11, and a projection of District cost for FY 2011-2012. He stated that other Districts our size are no longer paying 100% health care benefits for the employee and dependents and few are paying 100% of retirement contributions. The overall objective is to determine how we continue to provide benefits to the employee and cut cost. The Committee suggested an incremental approach starting with a minimal percentage being extended to the employee. Other options were discussed.

The Committee was asked to consider three cost-saving scenarios where the employee would be responsible for paying from 15-25% of their health benefits and a scenario where the District would pay 100% for the least expensive PPO for the employee only and a percentage of the dependent(s) contribution. This would allow the District to cap employer contributions. Projected savings to the District ranged from \$6,500 - \$13,258 per fiscal year. The targeted savings for FY 2011-2012 is approximately \$7,500.

Mr. Cozad also presented 2 cost saving proposals for PERS retirement where the District pays 75% or 85% of the employee's salary for retirement contributions.

The Committee requested the following information on health benefits and retirement contributions and will continue discussion at the next meeting:

- 1) Mr. Cozad to speak with employees about options
- 2) An analysis of financial impact to each employee.

Mr. Cozad informed the Committee of a provision in the Employee Handbook that states, "*an employee who retires before reaching retirement age can request employer to continue to pay their health benefits during retirement,*" this is called, "a rights given to employees." Mr. Cozad added a comment to the revised handbook that would limit the provision to two years.

#### 7. DRAFT ENTERPRISE BUDGET REVIEW AND RECOMMEND CHANGES

Mr. Cozad provided a separate handout. He reviewed the budget approach and noted adhering to the Board approved guidelines from February, while preparing the budget. The same approach was used to create the Groundwater Enterprise Budget used to project our rate increase. On the draft Enterprise Budget, he highlighted areas where he was able to cut cost and used the

minimum number from the East Branch Extension right of entry. On the General Fund – he used 20% as a figure to add overhead to offset cost of employee salaries and benefits.

As close to a balanced budget as possible, the budget showed a \$9,000 loss.

On the second page of the handout, he highlighted the following: Election cost were budgeted at \$86,050 (and could be as high as \$172,000, with three seats open to challenge). Nothing was contributed to reserves, however two options were provided for filling reserves; 1) selling the 22 acres of land above Cuttle Weir and; 2) selling Redlands Plaza, both could yield \$1.3m, less expenses. Mr. Cozad would like approval later to consider these revenue options as he does not recommend approving a budget with a deficit without having a revenue piece on the horizon. The budget is an initial start where all the pieces were laid out. Projected revenue was \$1.4m. He reviewed revenue and cost expanded out to other enterprises. He pointed out annualized cost based on activity from July 1, 2010 – Feb. 28, 2011 and provided a projection of the 2011 year end budget. He reviewed each line item of the budget with the Committee.

**It was moved by Director Day and seconded by Director Raley to accept Staff's recommendation to present the draft Enterprise Budget with the recommended employee benefits changes as of March 31, 2011 and to recommend it to the Board of Directors for our FY 2011-2012 budget. The motion was unanimously approved.**

The Committee acknowledged the excellent quality of the spread sheet and Draft Enterprise Budget and complimented Mr. Cozad on the direction incorporated into the budget.

#### 8. ADJOURN

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

There being no further business, the meeting adjourned at 11:40 a.m.