

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
February 24, 2014

Directors Present: John Jeter, President
Bill Dickson, Vice President
Mary Ann Melleby, Treasurer
Ron Duncan, Director
Ted Haring, Director
Ray Morris, Director
Barbara Voigt, Director

Staff and Consultants Present:
Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by President John Jeter at 1:30 p.m., February 24, 2014, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. President Jeter led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** There was no public comment at this time.
4. **New Business:**
President Jeter turned the meeting over to Director Voigt, Chair of the Finance & Budget Committee.
 - A. Ratification of Paid Invoices and Monthly Payroll for the Month of January, 2014 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Vice-President Dickson, seconded by Director Morris, to recommend that the Board ratify paid monthly invoices of \$1,115,285.64 and payroll of \$31,125.00 for the month of January, 2014, for a combined total of \$1,146,410.64. The motion passed unopposed.
 - B. Review and Consideration of Pending Legal Invoices for January, 2014: After review and discussion, a motion was made by Director Duncan, seconded by Director Melleby, to recommend that the Board approve payment of the pending legal invoices for January, 2014. The motion passed unopposed.
 - C. Review of January, 2014 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Vice-President Dickson, to

acknowledge receipt of the Wells Fargo bank reconciliation for January, 2014 as presented. The motion passed unopposed.

- D. Review of Budget Report for January, 2014: After review and discussion, a motion was made by Vice-President Dickson, seconded by Director Haring, to acknowledge receipt of the Budget Report for January, 2014 as presented. The motion passed unopposed.
- E. Consideration of FY 2013-14 Budget Revision: Finance Manager Tom Todd presented the proposed budget revision. The purpose of the revision is to bring the budget in line with the Board-authorized contribution to the CERBT. The original budgeted amount for Other Post-Employment Benefits is \$66,000. About \$24,000 will be spent on retirees' benefits for FY 2013-14, leaving \$42,000 available to go toward the contribution. An additional \$258,000 is needed to meet the authorized amount of \$300,000, and this is divided between the General Fund, \$225,000 and the Debt Service Fund, \$33,000. The \$258,000 will be taken out of the reserve for Replacements, and will be reflected in the 3rd Quarter Reserve Allocation Report. After discussion, a motion was made by Director Duncan, seconded by Director Dickson, to recommend that the Board approve the proposed budget revision to the FY 2013-14 Budget. The motion passed unopposed.
- F. Review and Analysis of Legal Counsel Invoices: At the request of the Board at the January Finance and Budget Workshop, Finance Manager Todd prepared an analysis of legal invoices from the Agency's legal vendors. Finance Manger Todd handed out the analysis, and explained the various parts. Our current Legal Counsel is Russ Beherns, a partner in the firm of Best, Best and Krieger. The analysis shows an overall rate for various items of legal service for which the Agency is charged. The overall rate for legal services received from BBK between July, 2013 and December, 2013 is \$212 per hour. Finance Manager Todd also noted two other legal vendors, Metropolitan Water District, and Bingham McCutchen. The Agency joined with other State Water Contractors in two separate cases, one called "Area of Origin" and one called "Hyatt-Thermolito." The case with Bingham McCutchen has been settled, and the Agency recently received a repayment of \$3,150.40 for its contribution to the legal fees, leaving a net cost to the Agency of about \$1,600. The case with Metropolitan Water District is drawing to a close.
- G. Consideration of Proposed Rate Increase by Legal Counsel: The Board requested further information before deciding on this item, which was covered in Agenda Item F. After review and discussion, a motion was made by Vice-President Dickson, seconded by Director Melleby, to recommend that the Board approve the proposed rate increase by Legal Counsel. The motion passed unopposed.
- H. Discussion of Opening Wells Fargo Public Funds Money Market Account: Finance Manager Todd explained that the Agency will gain the benefit of increased operational flexibility, lowered monthly bank fees, and increased

diversity by opening this account, and placing between \$2.5 and \$5 million in it. After discussion, a motion was made by Vice-President Dickson, seconded by Director Duncan, to recommend that the Board authorize this action.

- I. Discussion of Potential Funding Mechanisms for Recharge Facility: General Manager Jeff Davis reviewed the various possibilities for funding the construction of the pipeline, the connection and the recharge facility. Future capacity fees, based on future growth in the area will be used to reimburse the Agency for amounts that it spends now to develop the facility. General Manager Davis suggested using reserve funds to pay for the pipeline and connection, then securing a loan to pay for the recharge ponds. The Agency will also apply for Prop. 84 funds, as the Agency seems to meet the qualifications for using those funds.
5. **Announcements:** Director Voigt reviewed the following announcements:
 - A. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, February 26, 2014 at 4:00 pm, Banning City Council Chambers
 - B. San Gorgonio Pass Regional Water Alliance – Committee Meeting, February 26, 2014 at 6:00 pm, Banning City Council Chambers
 - C. Regular Board Meeting, March 3, 2014 at 1:30 p.m.
 - D. Engineering Workshop, March 10, 2014 at 1:30 p.m.
 - E. Director Duncan also announced that the Cabazon Water District will be having its board meeting on February 24, 2014 at 6:00 pm, at their new office.
 6. **Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 2:08 p.m.



Jeffrey W. Davis, Secretary of the Board