

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
May 28, 2019

Directors Present: Ron Duncan, President
Lenny Stephenson, Vice President
Blair Ball, Director (arrived at 1: 39 pm)
David Castaldo, Director
David Fenn, Director

Directors Absent: Steve Lehtonen, Treasurer
Mike Thompson, 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 Ron Duncan at 1:32 pm, May 28, 2019, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. President Duncan 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:** No members of the public requested to speak at this time.
4. **New Business:**
 - A. **Ratification of Paid Invoices and Monthly Payroll for April, 2019 by Reviewing Check History Reports in Detail:** After review and discussion, a motion was made by Director Stephenson, seconded by Director Castaldo, to recommend that the Board ratify paid monthly invoices of \$2,615,831.35 and payroll of \$45,968.65 for the month of April, 2019, for a combined total of \$2,661,800.00. The motion passed 4 in favor, no opposed, with Director Ball not yet present and Directors Lehtonen and Thompson absent.
 - B. **Review Pending Legal Invoices:** After review and discussion, a motion was made by Director Fenn, seconded by Director Stephenson, to recommend that the Board approve payment of the pending legal invoice for April, 2019 for \$11,333.17. The motion passed 4 in favor, no opposed, with Director Ball not yet present and Directors Lehtonen and Thompson absent.
 - C. **Review of April, 2019 Bank Reconciliation:** After review and discussion, a motion was made by Director Stephenson, seconded by Director Fenn, to recommend that the Board acknowledge receipt of the Wells Fargo bank

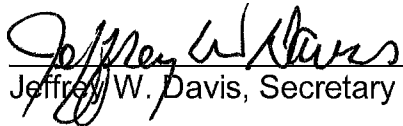
reconciliation for April, 2019 as presented. The motion passed 5 in favor, no opposed, with Directors Lehtonen and Thompson absent.

- D. Review of Budget Report for April, 2019: After review and discussion, a motion was made by Director Stephenson, seconded by Director Castaldo, to recommend that the Board acknowledge receipt of the Budget Report for April, 2019. The motion passed 5 in favor, no opposed, with Directors Lehtonen and Thompson absent.
- E. Update on Defeasance of EBX bonds: Finance Manager Tom Todd reviewed a recent conference call with the Department of Water Resources and Montague DeRose and Associates, bond counsel for DWR, about paying off some EBX bonds early. The earliest call date for bonds that come due in the years between 2026 and 2029 is 2022, so there is time for more careful consideration by the Board at a later date. The consensus of the Board was to add this item to the July Finance and Budget workshop when the tax rate is considered.
- F. Proposed Budget Revision for FY 2018-19 Budget: General Manager Jeff Davis introduced the subject by reviewing some information about the Agency's participation in the Sites Reservoir project. There is a line item in the General Fund Budget, but it has been a place-holder up to this point. The proposed budget revision would add a \$615,291.00 expenditure for Sites Reservoir to the General Fund, to be taken out of reserves. After further review and discussion, a motion was made by Director Fenn, seconded Director Stephenson, to recommend that the Board approve the proposed General Fund budget revision. The motion passed 5 in favor, no opposed, with Directors Lehtonen and Thompson absent.
- G. Review and Consideration of Cost-of-Living Information for FY 2018-19: Finance Manager Todd briefly reviewed the Consumer Price Index memo included in the agenda packet. After review and discussion, a motion was made by Director Fenn, seconded by Director Stephenson, to recommend that the Board approve a cost-of-living increase of 2.8% for staff effective July 1, 2019. The motion passed with Directors Castaldo, Duncan, Fenn and Stephenson in favor, Director Ball opposed, and with Directors Lehtonen and Thompson absent.
- H. Review and Consideration of Retirement and OPEB Unfunded Accrued Liabilities: General Manager Davis introduced this topic by explaining that the General Fund Budget for FY 2018-19 included an additional amount to pre-pay the Unfunded Accrued Liability (UAL). This action will formalize a recommended payment to CalPERS of \$200,000 to pay down the UAL. After further review and discussion, a motion was made by Director Fenn, seconded by Director Stephenson, to recommend that the Board approve a payment of \$200,000 to CalPERS to reduce the Agency's UAL. The motion passed 5 in favor, no opposed, with Directors Lehtonen and Thompson absent.

- I. Review of Proposed General Fund Budget for FY 2019-20: General Manager Davis reviewed the proposed budget. Of particular note, USGS has almost completed drilling the monitoring wells authorized by the Agency, but may need an additional amount for the final well to reach the optimum depth. The consensus of the Board was to authorize up to an additional \$100,000, to be added to the budget amount already proposed of \$250,000 for a total of \$350,000. The Board will review the General Fund Budget at the next Finance and Budget workshop and propose any further changes at that time.

5. **Announcements:** President Duncan reviewed the announcements:
 - A. Regular Board Meeting, June 3, 2019, 1:30 pm
 - B. Engineering Workshop, June 10, 2019, 1:30 pm
 - C. Water Conservation & Education Workshop, June 13, 2019, 1:30 pm

6. **Adjournment:** The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 2:55 pm.



Jeffrey W. Davis, Secretary of the Board