

MINUTES

**FINANCE, LEGAL, AND ADMINISTRATION
COMMITTEE MEETING
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CA
WEDNESDAY, MARCH 9, 2011
11:00 AM**

COMMITTEE MEMBERS PRESENT

Gene Koopman
Steven J. Elie

STAFF PRESENT

Thomas A. Love, General Manager
Christina Valencia, Chief Financial Officer
Patrick Shields, Executive Manager of Operations
Chris Berch, Manager of Planning and Environmental Compliance
Tina Cheng, Budget Officer
Jason Gu, Grants Officer
Alex Lopez, Senior Financial Management Analyst
Cameron Langner, Manager of Contracts and Procurement
Randy Lee, Manager of Operations
Sylvie Lee, Deputy Manager of Engineering
Craig Parker, Manager of Engineering
Lisa Morgan-Perales, Water Resources Analyst II
Steven Smith, Recycled Water Services Coordinator
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary

OTHERS PRESENT

None.

The meeting was called to order at 11:00 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS

The Committee:

- ◆ Approved the Finance, Legal, and Administration Committee meeting minutes of February 9, 2011.
- ◆ The Committee made no recommendation to the Board regarding:
 1. Adopting Resolution No. 2011-3-1, authorizing the agency to submit a grant application and, if warranted, enter into a financial assistance agreement with the U.S. Department of Interior-Bureau of Reclamation (USBR) for the implementation of a Regional Residential Outdoor Landscape Surveys and Retrofit Program; and
 2. Authorizing the General Manager or in his absence, the Assistant General Manager, Chief Financial Officer, Executive Manager of Operations, or Executive Manager of Policy Development, to negotiate and execute a financial assistance agreement and any amendments thereto with the USBR.

General Manager, Thomas A. Love, noted that if the grant is awarded and Agency moves forward with this project, a budget amendment will be requested from the Board. Director Koopman asked that being what occurred at the last Board meeting regarding the decision

not to increase rates of the member agencies, could the Agency afford this project. He noted that this project will save roughly 52 acre feet of water per year, what would happen if the Agency puts this project off by one year. Chief Financial Officer, Christina Valencia, responded that this is part of the conservation budget in the water fund, and through the years, a portion of the surcharge has been collected and is dedicated for the funding of conservation programs. Director Koopman asked staff that if the Agency does not move forward with this project, the monies cannot be moved to a needed fund, and what does the Agency have to do to be able to move monies from one to another in a shortfall. Staff responded that would be a policy decision and it would have to be an inter-fund loan. Director Koopman moved this item, without a recommendation from the Committee. Director Elie requested that he would like staff to submit with this item to the Board, a complete budget showing all the amounts that are being spent and who is contributing and what the fund sources are.

◆ Recommended that the Board:

1. Adopt Resolution No. 2011-3-2, authorizing the agency to submit a grant application and, if warranted, enter into a financial assistance agreement with the U.S. Department of Interior-Bureau of Reclamation (USBR) for the Turner Basin/Guasti Park Recycled Water and Multi-Beneficial Use Project; and
2. Authorize the General Manager or in his absence, the Assistant General Manager, Chief Financial Officer, Executive Manager of Operations, or Executive Manager of Policy Development, to negotiate and execute a financial assistance agreement and any amendments thereto with the USBR;

as an Action Item on the March 16, 2011, Board meeting agenda.

Director Koopman noted that before the Agency moves forward with this project, he requested that staff bring this item back for Board of Director approval, with written financial commitments stating exact dollars amounts, from all parties involved.

- ◆ Recommended that the Board approve the purchase of one recycled water distribution utility vehicle for the not-to-exceed price of \$180,000 (including delivery and sales tax);

as an Action Item on the March 16, 2011, Board meeting agenda.

Director Koopman requested that staff research the cost difference/savings between a recycled water distribution utility vehicle and a recycled water distribution utility trailer, whereby only the vehicle would need to be replaced when worn out.

INFORMATION ITEMS

The following information item was presented, received, and filed by the Committee:

- ◆ Recycled Water Program Overview
- ◆ FY 2011/12 Proposed Budget Update

Director Koopman noted that during these economic times that the Agency is experiencing, there are two choices – one is to increase income; and the other is to cut expenses. He stated that the report presented today does not address his previous request from staff, which was for a report on where the Agency is going to cut \$1.2 million from the budget.

He stated that these cuts are necessary because the proposed increase in rates was not approved, which would provide \$1.2 million in revenues to the Regional Program. He directed staff go through the budget again and identify \$1.2 million in cuts or deferrals. He further stated that he cannot speak for the entire Board, but if staff cannot find the savings, the Board would find them.

General Manager, Thomas A. Love, responded that the staff is not done yet, the budget process review is not complete. Mr. Love stated that staff will bring this issue back to the Board with what has been requested by Director Koopman.

Director Elie stated that the message needs to be clear. He stated that he agrees with Director Koopman wholeheartedly, and that every stone will be turned and every dollar and nickel will be accounted. He stated that this should be the "watch" word for the entire agency.

- ◆ Schedule of Financial Services Consultants/Agreements
- ◆ Treasurer's Report of Financial Affairs for January 2011
- ◆ Establishment of Small Business Outreach Program

COMMITTEE MEMBER COMMENTS

There were no Committee member comments.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

There were no Committee member requests for future agenda items.

With no further business, the meeting adjourned at 12:15 p.m.

Respectfully submitted,

April Woodruff
Board Secretary

*A Municipal Water District

APPROVED: APRIL 13, 2011