

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BUDGET WORKSHOP

MINUTES OF April 24, 2024
2:50 P.M.

President McDonald called the Budget Workshop to order at 2:50 p.m.

BOARD MEMBERS PRESENT:

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

BOARD MEMBERS ABSENT:

John Longville, Director

STAFF PRESENT:

Betsy Miller, General Manager
David Cosgrove, District Counsel
Angie Quiroga, Senior Administrative Analyst
Laura Torres, Assistant Engineer
Athena Laroche, Administrative Specialist

GUESTS PRESENT:

None

1. PUBLIC PARTICIPATION

There were no public comments.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the posted agenda.

3. DISCUSSION ITEMS

A. DISTRICT AND ENTERPRISE BUDGET FOR FISCAL YEAR 2024-2025

Ms. Miller introduced this item for discussion. She said that the Operations and Finance & Administration Committees had reviewed elements of the budget. The Board memo on package pages 3 to 4 outlines significant changes to the FY25 budget.

Ms. Miller reviewed the draft District and Enterprise Budget for FY25 included on package pages 3 and 4. Review of the budget continued as follows:

- GL 4015 and 4016 Interest Income – Ms. Miller indicated that income has been budgeted in the Groundwater Recharge Enterprise based on interest earned from Groundwater Recharge Enterprise reserves per Board request. Vice President Stewart asked about the status of interest income. Ms. Miller said that significant District reserves have been invested as higher interest rates became available, noting that new investments will be made as approximately one quarter of invested District reserves come due in 2024.
- GL 4022 Groundwater Charge – Ms. Miller noted that this item has been adjusted for cessation of the Groundwater Council.
- GL 4024 Groundwater Council Revenue, 4024-2 Groundwater Council Passthrough and 4026 Groundwater Sustainability/Replenishment – These GLs are shown as zero on the version presented to the Board today and will ultimately be removed from the final budget due to the cessation of the Groundwater Council.
- GL 4025 Wash Plan Revenue – Ms. Miller stated that the proposed budget reflects 4% interest earned on the current endowment balance, which does not yet include payments from all Wash Plan Participating Entities. In previous years, the budget was based upon receipt of the full endowment within the fiscal year.
- GL 4040 Miscellaneous Income and 4043 Project Salary Reimbursement – Ms. Miller said that these GLs include funds to be received from the WaterSmart Applied Science Grant awarded to the District. Director Corneille asked which District staff are assigned to work related to this grant. Ms. Miller stated that \$54,000 has been allocated to GL 5120 Miscellaneous Professional Services for the GeoScience groundwater modeling contract, and GL 4043 includes is reimbursement for Ms. Quiroga and Ms. Miller’s time.
- GL 4032 CEMEX Royalty/Lease – Ms. Miller indicated that the District will continue to budget for the Minimum Annual Guarantee.
- GL 4065 Redlands Plaza – The proposed budget includes District occupancy of an additional suite, and assumes that the remaining units are leased. The additional suite will serve as an office for District Counsel and other staff.
- GL 5050 Basin Cleaning – The proposed budget includes the use of \$185,000 of reserve funds to complete this work, which is scheduled to coincide with limitations in recharge capacity to support the Enhanced Recharge Project construction.
- GL 5120 Miscellaneous Professional Services – The proposed budget includes grant reimbursement of \$54,000 for a portion of the groundwater modeling contract. Approximately \$82,000 is from the D.R. Horton trespass funds. Ms. Miller indicated that this includes the final year of IERCD work required as mitigation for the Plunge Creek Conservation Project.
- GL 5123 Wash Plan Implementation – Based on 4% interest earned from the current value of Wash Plan endowment.
- GL 6060 Outreach – The proposed budget includes \$60,000 for PR and the remaining costs for two projects funded in FY24.
- GL 6093 Memberships – This item was discussed at the Finance & Administration Committee meeting on April 16. The proposed budget includes costs for new memberships for the Southern California Water Coalition and the California Groundwater Coalition (CGC). The CGC is focused on groundwater and provides opportunities for the District to connect with other groundwater agencies and to share the results of our work outside of our region. Vice President Stewart noted that he requested the list of memberships discussed at the Finance & Administration Committee be brought to the

Board for final review and approval, and expressed his concern over the demand for staff, which correlates with new memberships. He suggested including contingency costs for other memberships not listed. Ms. Miller said that the memberships we have increase the span of the District by providing trainings and legislative information and require limited staff time.

- GL 6230 Regular Salaries – Following the retirement of the PERC Engineer, the proposed budget includes a full-time Senior Engineer/Project Manager. Ms. Miller discussed the possible need for additional Field Operations Specialist(s) for operation of the Enhanced Recharge basins in future fiscal years.
- GL 7110 Property – Capital Repairs – The proposed budget includes costs to expand the District office into an additional suite in Redlands Plaza, which is estimated at \$70,000.
- GL 7120 Property – Land Purchase – The proposed budget includes costs for the Land Exchange with BLM, which were approved in the current fiscal year budget.
- GL 5080 LAFCO Contributions/Fees – Ms. Quiroga noted that updated information on costs was received which will increase this GL by approximately \$500.

Ms. Miller discussed the loan recall from the Trust for Wash Plan issuance costs. She thanked Ms. Quiroga for her detailed tracking of these items. She also discussed the costs for Brownstein Hyatt for the Land Exchange, noting that these expenses were not presented to and approved by the Wash Plan Task Force. Due to this, staff recommends a prior period adjustment to allocate these to the Land Resource Enterprise, which will reduce the liability that the Trust owes the District. The Board spoke in support of the prior period adjustment.

The Board reviewed the Capital Projects and needs, existing facilities capital repair and improvement projects (CIP) on package page 10. Review of the CIP budget for FY25 continued as follows:

- Item 1 Mill Creek Diversion Improvement – The construction of this project is complete. The remaining costs are for multi-year permit requirements.
- Item 3c Canyon House Demolition and Replacement – Ms. Miller indicated that we will review demolition and/or replacement options for the Canyon House and Shop when we review potential options for the Lockheed buildings. Director Raley spoke in support of the demolition of the house if it is not useable.

District reserves were provided as a handout. The major changes in this fiscal year to-date are related to the funds used for the Mill Creek Diversion Project and the Mentone Shop. There was a significant increase to the Land Resources Enterprise reserves associated with the funds received from the Trust. Ms. Quiroga reviewed the Groundwater Sustainability Charge Reserve, stating that the budget for this year is \$131,930 for FY25. She noted that the Redlands Plaza Reserve would decrease in the amount of \$5,600. The Land Resource Enterprise Reserve is estimated to be \$2.1 million, primarily from the Trust reimbursement; this reserve has previously been negative due to the purchase of the 7W Property. Ms. Miller noted that the proposed FY25 budget includes the use of \$185,000 from the Groundwater Enterprise Reserve. Director Corneille suggested that staff review the target reserve amounts. Ms. Miller said that staff will bring a review of the reserve amounts and Reserve Policy to the Finance & Administration Committee.

4. ADJOURN MEETING

It was moved by President McDonald and seconded by Vice President Stewart to adjourn. The motion carried 4-0, with all Directors present voting in the affirmative. Director Longville was noted absent from the vote.

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

At 4:18 p.m., the meeting adjourned.



Betsy Miller, General Manager