

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BUDGET WORKSHOP

MINUTES OF APRIL 30, 2025
1:30 P.M.

President McDonald called the Budget Workshop to order at 1:32 PM with participation in person, via teleconference, and through Teams.

ROLL CALL:

BOARD MEMBERS PRESENT:

Melody McDonald, President
Robert Stewart, Vice President
Richard Corneille, Director
Jon Longville, Director
Mark E. Falcone, Director

STAFF PRESENT:

Betsy Miller, General Manager
David Cosgrove, General Counsel
Milan Mitrovich, Land Resources Manager
Angie Quiroga, Senior Administrative Analyst
Aaron Rueda, Administrative Analyst
Aliza Olmos, Assistant Engineer
Allison Zecher, Administrative Specialist

GUESTS PRESENT:

Cindy Saks, San Bernardino Valley Municipal Water District

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. DRAFT MONTHLY FINANCIAL REPORT TEMPLATE

Ms. Miller introduced the Draft Monthly Financial Report Template, which had been reviewed by the Ad Hoc Financial Report Review Committee (April 2, 2025) and the Finance and Administration Committee (April 16, 2025). These committees assessed revisions to the District's monthly financial reporting format, incorporating best practices and Board feedback.

The revised template includes the following:

- Quarterly Statement of Net Position (Balance Sheet)
- Consolidated Profit and Loss (P&L) Statement
- Detailed Expense Reports with sub-accounts for Operating and Capital Improvement Program (CIP) activity

Ms. Miller highlighted specific formatting changes and explained that the template aims to provide both high-level overviews and detailed breakdowns. Director Falcone noted the importance of ensuring the format complies with regulatory standards (e.g., GASB) while remaining accessible to both the Board and the public. Prior to developing the new template, the District's financial consultants reviewed the current monthly reporting format and noted that they did not have any comments to improve the report; however, they also stated that the format, layout, and details proposed for revision are at the Board's discretion in their efforts to ensure clarity and transparency.

Director Falcone shared his appreciation of the clarity of the revised reports, particularly the Statement of Net Position. He also noted that the consolidated P&L offers a helpful overview, while the detailed Expense Report allows for deeper analysis on operational and CIP items.

Directors discussed consolidating the Statement of Net Position into a single-page version, if allowed by reporting standards, and adding clear headers to bar graphs on pages 8 and 13 for clarity.

Ms. Miller acknowledged the feedback and confirmed that minor revisions would be made to the report template. Staff will continue to refine the format based on Board and consultant input.

Vice President Stewart discussed the importance of clear documentation of financial data budgeting, noting variable income such as tax revenue and mining royalties.

The Board expressed support for the revised template. Director Corneille recommended reviewing a sample report using actual District data before final approval. The Board agreed to delay implementation of the Balance Sheet until the third quarter of 2025 to allow time for staff to develop the updated report.

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

Ms. Miller introduced the Draft FY26 Enterprise Budget for discussion. She noted that the Finance & Administration Committee reviewed the draft budget on April 16, 2025, and the Operations Committee reviewed elements of the draft budget on April 29, 2025.

Ms. Miller reviewed the Draft FY26 Enterprise Budget following the memo on package page 16:

- GL 4015 and 4016 Interest Income – Ms. Miller explained that interest rates have fluctuated significantly in recent years, requiring a conservative approach to estimating

income for the FY25 budget. She noted that staff reviewed upcoming maturities, the current value of invested funds, and interest rates across various pools, along with reviewing interest estimates prepared by the District's financial consultant. Director Longville stated the importance of staff's efforts to ensure that appropriate estimates are made. Vice President Stewart discussed other options for professional input on the FY26 estimated interest income.

- GL 4022 Groundwater Charge – Ms. Miller noted that this item has been adjusted to reflect the most current data on water usage and supply rates.
- 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. She noted that a budget adjustment may be proposed to the Board if additional endowment funds are received during FY26.
- GL 4026 Groundwater Sustainability/Replenishment – This GL is shown as zero in the version presented to the Board and will be removed from the final budget due to the cessation of the Groundwater Council.
- GL 4040 Grants/Miscellaneous Income and 4043 Project Salary Reimbursement – Ms. Miller indicated 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 4043 includes reimbursement for Ms. Quiroga and Ms. Miller's time.
- GL 4032 CEMEX Royalty/Lease – Director Corneille inquired about the discrepancy between the FY24 budgeted revenue of \$600,000 and the actual amount received, which was approximately \$250,000. Ms. Miller confirmed that the shortfall was primarily due to a temporary agreement to offset pumping cost offsets, which significantly reduced net royalties. She noted that the FY25 projection has been increased to \$684,000 based on the District's guaranteed annual minimum under the royalty agreement, noting that a potential extension of the agreement may affect income.
- GL 4036 Aggregate Maintenance - Director Falcone noted that he had submitted questions in advance of the meeting and appreciated the staff's detailed responses. He requested clarification on GL 4036, specifically if the special project that resulted in increased income in FY25 would continue in FY26. Ms. Miller stated that the Mill Creek stockpile that resulted in higher-than-budgeted income had been fully processed.

Ms. Miller noted that while the previous stockpile is gone, there is currently a market for the remaining fines stockpiled at Mill Creek. If the District proceeds with a new RFP for materials processing under a consolidated license for all properties, future activity—and associated revenues—could increase, although this remains speculative at this time. Director Falcone acknowledged the uncertainty and advised caution in budgeting for royalties above the guaranteed minimum, given the recent slowdown in the construction industry and diminishing aggregate demand.

- GL 4025 Wash Plan Revenue – Director Corneille discussed the variance in the FY25 Wash Plan budgeted revenue and projected actuals. Ms. Miller noted the reimbursements related to Wash Plan Task Force permitting work, and discussed staff's efforts to limit the variance in FY25.
- GL 4050 Property Taxes - Vice President Stewart inquired about the FY25 revenue projection for property tax income, which remains unchanged from the prior year despite actuals trending higher. Ms. Quiroga discussed staff's efforts to obtain an estimate for property tax from the County to inform the budget and stated staff would adjust the budgeted amount to address the Board's comments.
- GL 4065 Redlands Plaza – The proposed budget includes District occupancy of an additional suite, assuming that the remaining units are leased.

Ms. Miller then moved into expenses.

- GL 5050 Basin Cleaning — The Board discussed maintenance of the new Enhanced Recharge basins, which more than doubled the footprint of the District's recharge basins. It is expected that these new facilities will require limited maintenance in FY26, although some basins need to be cleaned at this time following a recently conducted test.

Director Falcone discussed the approach to basin maintenance, including scheduled activities. Ms. Miller discussed the maintenance plan along with the basins that need maintenance more frequently due to their location in the multi-basin system.

Vice President Stewart emphasized the need to remove long-standing sediment stockpiles at Mill Creek and requested information to determine if this work could be completed in FY26. Ms. Miller noted the high costs of hauling all of the material off-site without an aggregate processing partner and stated that staff would provide cost estimates to remove the material for Board discussion.

- GL 5120 Professional Services – Director Corneille raised questions regarding the items proposed for this GL in FY25, noting the significantly lower budget allocation in FY26 than FY25. Staff and Directors discussed contractual items included in this GL, such as as-needed support for graphic design, human resources, etc., as well as contractual work for CIPs, which is included in the CIP budget. Ms. Miller noted that the study to understand benefits of the district's efforts on the groundwater basin over time, which increased GL 5120 by approximately \$200,000 in FY25, is complete.
- GL 5123 Wash Plan Implementation – The budget reflects 4% interest earned from the current Wash Plan endowment of approximately \$169,260.
- GL 5155 WP Trail Services – The trail services budget includes six months of funds to implement the Wash Plan trails to account for additional planning and permitting work

that is necessary to open the trails. Additionally, \$125,000 has been allocated in the capital budget for fencing, signing, and initial trail development tasks.

Director Corneille expressed support for moving forward with the trails project as soon as possible.

- GL 5180 Legal – Director Falcone inquired about the types of legal support provided by outside counsel. Mr. Cosgrove and Ms. Miller described its use for legal expertise such as tenant eviction, human resources, and contractor bankruptcy.
- GL 5410 Alarm Services – Director Falcone inquired about the effects of alarm system updates on the proposed budget. Ms. Quiroga discussed changes to the alarm system that occurred in 2024.
- GL 5420 Electricity – Director Falcone discussed the basis of the budget for electricity in relation to year-end actuals. He recommended increasing the budget by 20% to account for changes in pricing and expanded facilities including the new maintenance building in Mentone and increased office space. Ms. Miller thanked Director Falcone for this comment and requested that Ms. Quiroga revise the budget accordingly. Discussion ensued on the ability to install solar panels on the Mentone Shop buildings.
- GL 6060 Outreach – The proposed budget includes the District’s public relations contracts and design and installation of a Waterwise Garden at the San Bernardino County Museum.
- GL 6002 Website Administration - Director Falcone requested that this GL include additional costs, if needed, to address bandwidth issues responsible for the recent website crash. Ms. Miller shared information provided by the website vendor regarding the recent issue and agreed to review if additional funds will be needed to prevent similar outages in the future.
- GL 6120 Worker’s Comp Insurance - Director Falcone inquired about Worker’s Compensation Insurance, noting that the projected 4% budget increase may be lower than needed to address salary increases and classification changes. Ms. Quiroga explained that the estimate is based on salary projections and uses modified rates, reflecting the District’s limited claims history, provided by the District’s insurance provider.
- GL 6230 Regular Salaries – The proposed budget includes a full-time Senior Engineer as well as the addition of an additional Field Operations Specialist to support operation of the new Enhanced Recharge basins.

Director Falcone and President McDonald emphasized the importance of appropriate staffing levels to ensure optimal operation of the new facility. Ms. Miller agreed that ongoing maintenance is essential and noted that she will carefully review additional staffing needs in the first few years of Enhanced Recharge operations. She shared that

the operations plan in development by SBVMWD's consultant with provide important information in regards to staffing.

- GL 7110 Property – Capital Repairs – The proposed budget includes costs to expand the District office into an additional suite at Redlands Plaza.
- GL 7120 Property – Land Purchase – The proposed budget includes costs for the Land Exchange with BLM.

Director Falcone requested a review of data from previous fiscal years to inform the budget approval process and ensure responsible use of public funds. Mr. Cosgrove stated that staff would provide this information as requested.


Director Corneille expressed support for the level of detail provided for budget approval and stated his appreciation for the workshop to address questions and concerns.

Director Falcone thanked staff for their work to prepare the draft FY26 budget.

Ms. Miller thanked the Board for their valuable input and assured them that staff would review their comments and update the draft budget as needed prior to being considered by the Board at their May 21, 2025, meeting.

4. ADJOURN MEETING

At 3:30 p.m., the meeting adjourned.



Betsy Miller, General Manager