

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT  
BUDGET WORKSHOP

MINUTES OF April 27, 2016  
2:12 P.M.

President Corneille called the Budget Workshop to order at 2:12 p.m.

BOARD MEMBERS PRESENT:

Richard Corneille, President  
Melody McDonald, Vice President (Departure: 3:57 p.m.)  
David E. Raley, Director  
Manuel Aranda, Director (Departure: 3:26 p.m.)  
John Longville, Director (Departure: 2:27 p.m.)

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager  
Athena Monge, Administrative Services Specialist  
Jeff Beehler, Land Resource Manager

GUESTS PRESENT:

None

1. PUBLIC COMMENT

There was no public comment.

2. DISCUSSION ITEMS

A. DISTRICT AND ENTERPRISE BUDGET FOR FISCAL YEAR 2016-2017

Mr. Cozad presented an overview on this item. He indicated that the budget was developed in a manner similar to previous years.

Mr. Cozad noted the following significant changes in the Budget, including that of revenue:

- ❖ Groundwater Sustainability Council (GSC): Continued support for GSC formation is included in the budget. Currently the District has a contract with facilitator, Kelly Associates Management Group. The original contract will need to be amended; originally was \$25,000. Other GSC related costs will be covered by

San Bernardino Valley Municipal Water District; consultant costs will be paid by the District.

- ❖ Certification of District Measurement Facilities: This includes weirs, flumes and etc.; these will be certified by an irrigation engineer, but is scheduled to be done over the next five years.
- ❖ Capital Projects: The list of capital projects was reviewed and approved by the Operations Committee on April 1<sup>st</sup>. The total amount included in budget for these are around \$300,000; Mill Creek Intake Redesign, \$200,000 and Plunge Creek Permitting and implementation likely for 2016-2017 \$200,000. Staff will add a cost-to-date column to the Capital Projects List and will be added to the Board package on a quarterly basis.
- ❖ Groundwater Revenue: Staff is using the groundwater rate that was set early this afternoon which remains the same as 2015-2016; \$3.23/Ag and \$11.62/non-ag. There is an increase of \$3530/Ag and decrease of -\$16,268/Non-ag. President Corneille suggested that the projected revenue for 4023-Groundwater Charge Non-Ag be reduced to last years' estimated production.
- ❖ Mining Revenue: 4034-Redlands Aggregate 5% Royalty will be consolidated into 4032-CEMEX-Royalty/Lease since CEMEX has assumed Redlands Aggregate Lease. CEMEX will have reached the maximum minimum annual guarantee by 2016-2017 therefore it will not increase next fiscal year.
- ❖ Other Revenue: 4036-Aggregate Maintenance revenue is anticipated to be reduced by \$25,000. 4025-Wash Plan Revenue (From Reserves) is the amount loaned from the District for issuance costs. These funds will be reimbursed to the District either by the project proponents or Conservation Trust. 4998-Rate Stabilization Reserve is \$24,857; this is the amount of reserves the Board authorized staff to use in lieu of a groundwater rate increase.

Mr. Cozad indicated that budget is developed on a cash basis. He reviewed expenses in detail. Mr. Cozad and the Board thanked Mr. Cosgrove and his firm for the amount, time and quality of work performed on the documents related to the Wash Plan.

- ❖ Plunge Creek Professional Services: Staff estimated that \$50,000 worth of work will be completed 2016-2017. Design is expected to be completed by June 2016.
- ❖ Wash Plan: 5143-Wash Plan Contribution will be changed to \$55,000. Legal fees are anticipated to be reduced by \$19,500.
- ❖ Field Operations: 5123-Temp Field Labor was increased to allow for additional use of CalFire crews if need be.
- ❖ Decreases in budget: 6045-Bank Investment Services Charges has been reduced now that we have made changes to investments. Workers comp rate went down.

Salaries: President Corneille suggested to increase the amount allocated to Part Time Engineer due to extensive project support by our Part Time Engineer, Katelyn Scholte. The Board directed a reduction in the amount allocated to Field Staff Part Time to \$10,000 since we are utilizing CalFire.

- ❖ Directors Fees: The number of meetings was forecasted to be less but staff included a 5% potential increase amount as directed by Board action. Mr. Cozad noted a decrease of \$100,000 from last year's budget for election fees, since no Board positions are up for election in the next Fiscal Year.
- ❖ 9999 Capital Maintenance: These are highlighted in yellow so some revenue goes to pay for capital projects. The capital expense that we expect to expend is the same amount as the contribution to capital; so we are paying for the amortization/capital improvements
- ❖ HCP Endowment Contribution: This will be adjusted once the final contribution the District will make is determined. Funds may have to be advanced to the Conservation Trust in order to be able to reimburse the District for the management of the trust. Since it is its own entity, it will have its own set of books with revenue and expenses.
- ❖ Property Capital Repairs: Based on the Capital Projects List reviewed by the Operations Committee, President Corneille suggested that it be reduced to \$50,000. Staff indicated that they can bring individual requests to the Board as they come up since these costs are paid for using reserves.
- ❖ Mill Creek Diversion: Board directed that staff increase the amount allocated to cover the costs of implementation. The Board authorized the design which is \$200,000. Director Raley requested full cost of Mill Creek Intake be brought to the June 8<sup>th</sup> Board meeting. Staff will bring forward the scoping; involves other entities and permitting not identified yet. The Board suggested the costs of Mill Creek Intake Permitting be called out as a separate line item with new number.
- ❖ Engineering Services-Other: The Board recommended that Engineering Costs specific to Mill Creek be called out as a separate line item with new number and title.

President Corneille thanked Mr. Cozad for his thoroughness in going over the budget line by line with the Board. Mr. Cozad suggested that the District have a separate Capital Project Budget since the number of projects seems to be increasing. It may include actual, cost to date and estimated cost per fiscal year. It was the consensus of the Board to bring the District and Enterprise Budget for fiscal year 2016-2017 with revisions suggested to the May 11<sup>th</sup> Board of Directors Meeting for consideration of approval.

3. ADJOURN MEETING

**It was Consensus of President Corneille and Director Raley to adjourn to May 11<sup>th</sup> Board Meeting.**

At 4:21 p.m. the meeting adjourned to the next regular Board Meeting scheduled for May 11, 2016 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad, General Manager