

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT  
BOARD OF DIRECTORS

MINUTES OF THE BOARD MEETING OF  
January 13, 2010  
1:30 P.M.

President Clare Henry Day called the Board Meeting of the Board of Directors to order at 1:30 p.m. All present stood for the pledge of allegiance, led by President Day.

ROLL CALL:

BOARD MEMBERS PRESENT:

Clare Henry Day, President  
Melody McDonald, Vice President  
Manuel Aranda, Director  
Arnold Wright, Director  
John Longville, Director  
Richard Corneille, Director  
David E. Raley, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

R. Robert Neufeld, General Manager  
Claud Seal, Assistant General Manager/District Engineer  
Samantha Brown, Finance Supervisor  
Randy Scott, Wash Plan Project Manager  
Shanae Smith, Executive Assistant II

GUESTS PRESENT:

Charles Roberts, Highland Community News  
John Marangakis, JDM Excavation  
Tony Cappellino, JDM Excavation

1. PUBLIC PARTICIPATION

President Clare Henry Day announced this as the time for any persons present, who so desire, to make an oral presentation to the Board of Directors. Hearing none, the meeting proceeded with the published agenda items.

## 2. ADDITIONS/DELETIONS TO AGENDA

Robert Neufeld requested that two items be added to the agenda.

**It was moved by Director Raley and seconded by Director Aranda to add Item I “*Discussion of the Mentone Property,*” and Item J “*Direction from the Board for Participation in ACWA Legislative Committee Meetings*” to the agenda. The motion carried unanimously.**

## 3. BOARD DISCUSSION ITEMS

Director Corneille reported receiving confirmation letters regarding his appointment to the Association of California Water Agencies (ACWA) Groundwater Committee and the Water Management Committee. He reported attending the Redlands Chamber of Commerce (RCC) Annual Installation of Officers Dinner; the Resources Committee meeting; and the Regular Board meeting.

Director Raley reported attending the Resources Committee meeting and the RCC Annual Installation of Officers dinner meeting. He suggested the District be added to the RCC annual event agenda as a speaker to inform the community of the status of the Upper Santa Ana Land Management and Habitat Conservation Plan (Wash Plan).

Director Aranda reported attending the RCC Rise and Shine breakfast meeting; and the RCC Annual Installation of Officers dinner meeting. He said he chaired the City of Loma Linda Chamber of Commerce (LLCC) Legislative Committee meeting as a speaker on the topic of District activities. He said Assemblymember Bill Emmerson and Senator Robert Dutton were in attendance. He reported attending the Basin Technical Advisory Committee (BTAC) where a discussion was led regarding AB 88, and the state drought crisis.

Director Longville reported attending a meeting with a reporter from the San Bernardino Sun Newspaper on the subject of water conserving plant life.

Director Wright reported attending the Resources Committee meeting. He said he is providing an oral history to Suzy Earp, a representative of Cal State San Bernardino Water Resources Institute regarding the District’s history, to be transcribed and published in the Cal State San Bernardino Library.

Director McDonald reported attending the San Bernardino Valley Municipal Water District’s (SBVMWD) Board meeting on Wednesday, January 6, 2010. She said she will be in attendance at the retirement celebration for Randy Van Gelder, the former

General Manager. She also reported attending the BTAC meeting. She indicated that Doug Headrick suggested a possible joint water right application regarding storm water run-off rights versus flood control. Comments are due by February 8, 2010 for the proposed collaborative effort. She said the Santa Ana Sucker was also discussed and the possible transplant near Southern California Edison (SCE). Hand-outs are available for review. She confirmed her appointment to the ACWA Groundwater, Water Management and State Legislative Committees.

President Day attended the Resources Committee meeting. He acknowledged two articles from the San Bernardino Sun Newspaper featuring Director Longville's wife, Susan Lien-Longville, and Linda Richards; both articles were on the topic of landscaping. He also noted continued strategic planning efforts to reinvent the District.

#### 4. CONSENT CALENDAR

Minutes of the December 11, 2009 Board meeting were reviewed. Minor word changes were noted.

**It was moved by Director Corneille and seconded by Director McDonald to approve the Minutes from the Board meeting of December 11, 2009 as amended. The motion carried unanimously.**

Director Raley voiced his concerns about the financial reports, as there is a budget deficit of \$1.5 million. He said the District is partially through the fiscal year and critical steps should be taken to scale back spending of District funds. He said groundwater assessment charges were sufficient to cover water spreading operations, and should be split into separate budget items to compare the cost of spreading water to other District activities. He said capital items should be budgeted separately and could ultimately be withdrawn from reserves. A discussion ensued regarding the timeframe for a revised budget for review by the full Board.

**It was moved by Director McDonald and seconded by Director Longville to approve the Un-Audited Financial Reports, November 2009. The motion carried unanimously.**

Discussion continued. Director Corneille requested clarification regarding several items in the financial reports, specially the November Redlands Plaza income, compared to the cumulative totals that differed. Samantha Brown said the Redlands Plaza expenses are separated from the General Fund; however, a Redlands Plaza budget has not been passed. She noted the semi-annual budget review is scheduled in January 2010. She said the revised budget will indicate actual v. budgeted amounts. Director Corneille also pointed out the Directors expenses were at 42% to date, and asked for information previously requested regarding District policy providing for Directors fees. Mr. Neufeld said staff recommendations will be brought back to the full Board at the January 27, 2010 Board meeting. David Cosgrove said Ordinance No. 95-1 will be brought back to the Board for review and discussion regarding adjustment of rates for Director's fees.

#### 5. INFORMATION ITEMS

## A. Board Committee Reports

Director Corneille said the Resources Committee met on January 7, 2010. He said funding for the Wash Plan, and recommendations regarding alternatives for costs were discussed. He said Items B; D & E on the agenda are results of the discussion and will be addressed later in the meeting.

## B. Wash Plan Update

Randy Scott reported that the District received the revised Habitat Conservation Plan (HCP) draft submittal for review by the Wash Plan Ad Hoc HCP committee. Mr. Scott suggested an additional meeting of the committee to be scheduled on Tuesday, January 26, 2010 at 8:30 a.m., at the District office. He said legal counsel and Jean Carr of ICF Jones and Stokes will be present at the meeting. Mr. Scott said that he will be available for questions. Hard copies of the HCP are available for Board review. Regarding the Environmental Impact Statement (EIS), staff is waiting for BLM to make final review per discussions; comments have been made for submittal to their manager next week for final public review in the Federal Register. President Day inquired about the appraisal for the land exchange. Mr. Scott said the appraisal has been tabled subject to resolution of funding as it relating to agenda Item 6B, pending approval of the Board for funding.

## C. Finance Supervisor's Report

Samantha Brown reported the Finance department is working on calendar year end activities and semi-annual budget review this month. She discussed the Redlands Plaza budget, and updating and reducing the budget deficit. She announced that new property management services commenced in December for Redlands Plaza, and advertising for the vacancy of Suite J, as well as advertising for Suite I have begun. Suite G and H are in need of roof repairs. A discussion ensued regarding property management services and the Redlands plaza leasing activities.

## D. Assistant General Manager's Report

Claud Seal made the following announcements:

1. State Water Project (SWP) water spreading has discontinued in the District's Santa Ana River (SAR) and Mill Creek (MC) spreading basins. To date a total of 1,115 AF of SWP water in the SAR spreading grounds and over 831 AF of SWP water in the MC spreading grounds has been recharged. The effort was very successful. SBVMWD Calendar Year 2009 State Water Project Water Cooperative Groundwater Recharge Project summary sheet was distributed and summarized. Currently, water is being recharged in the SAR basins from the Southern California Edison (SCE) Power Plant No. 3 After Bay water, and approximately 3 cfs from the Seven Oaks Dam (SOD) release. The Department

of Water Resources' (DWR) projections for next water year are 5% of the total state contractor allocations, and subject to change.

2. The field crew has been using the JD Excavator for various tasks around the spreading basins. The latest job consisted of excavating and placing fill around two weir flumes. The first is in the stream of SOD water that flows into the SCE Power Plant No. 3 After Bay; the second was installed in the river discharge of the bypass of the SOD flow to the After Bay. It continues to be more useful than initially anticipated.
3. The District has received the aerial survey topographic maps from Bill Schmidt Aerial Survey. The maps will be used to calculate the exact dollar impact on our MC spreading grounds resulting from the DWR East Branch Extension Phase II (EBXII) Project, and subsequent use for design and upgrade planning.
4. The Upper Santa River Water Resources Association (USAWRA) meeting is scheduled for tomorrow, January 14, 2010. The list of attendees is continues to grow. Tomorrow's meeting will include a summary of AB 1881, and a study on the Santa Ana Sucker.
5. The BTAC and BTAC TOOLS met on Tuesday, January 12, 2010. Discussions included the initial revisions of the Integrated Regional Water Management Plan (IRWMP) and the revised IRWMP. The groundwater supplies in the basin are the primary focus of the studies. The group has selected the consulting engineering firm of Kennedy-Jenks to conduct the IRWMP study.
6. The Resources Committee met on Thursday, January 7, 2010. Two of the items discussed during that meeting have been brought to the Board of Directors for discussion, in addition to the proposed changes in aggregates sales policy, and modification of the annual Engineering Investigation Report (EI) format.
7. The preparation of the EI Report is progressing satisfactorily and should be completed on schedule. Lisa Pierce, the District's GIS Coordinator is completing data compilation and analysis, and that she is quickly acquiring well production and water level data in the basin from local agencies. He said her experience has proven invaluable.

#### E. General Manager's Report

Mr. Neufeld commended staff for improving the quality of the Daily Flow Report (DFR) and the development of the revised 2010 EI Report.

Mr. Neufeld briefly summarized the outcome of the January 12, 2010 Big Bear Watermaster Committee (BBWM) meeting. He said annual report assignments were distributed and explained the purpose of the report, to monitor the Big Bear Lake accounting for submittal to the Superior court by April 1, 2010. He said the District's obligation of the printing charges incurred is roughly \$7,000 annually, a 1/3 of the overall total cost for preparation of the report for professional services for the consultant. Mr. Cosgrove summarized the BBWM Committee's responsibilities as managers

appointed by the court in a 1977 judgment, and the benefit of to the District. A discussion ensued.

Mr. Neufeld reported that all aspects of the District's operations are under review, and staff proposals will come back to the board at the February 10, 2010 Board meeting. Director Raley asked if staff would be open to receiving written recommendations from members of the Board. Mr. Neufeld said Board recommendations will be welcomed by staff, and submitted with staff's proposals.

Mr. Neufeld reported his appointment to the ACWA Groundwater Committee.

Mr. Neufeld reported he will be in attendance at the January 20, 2010 SBVMWD Board meeting to support John Rossi and Doug Headrick with a special presentation to their Board of Directors regarding the General Managers' joint collaboration efforts recently presented at the District's Board at its December 11, 2009 Board meeting. He indicated the same will be presented at the Western Municipal Water District (WMWD) Board meeting. The date has yet to be determined.

## 6. ACTION ITEMS, NEW BUSINESS, FYI

### A. Amendment to Access Permit to Lockheed Martin Corporation

Mr. Neufeld briefly summarized the background regarding the access permit for Lockheed Martin's test wells located on District property, as part of a settlement agreement resulting from a soil contamination of the groundwater supply with perchlorate. Mr. Cosgrove said pursuant to a regional board order, cost recovery of staff time and legal fees in the \$2,500 per amendment, this being the second renewal accommodating their need.

**It was moved by Director Raley and seconded by Director McDonald to Approve the Amendment to Access Permit to Lockheed Martin Corporation. The motion carried unanimously.**

### B. Consider Report and Recommendation From Resources Committee Regarding Wash Plan Fiscal Analysis

Mr. Neufeld reported on costs spent to date, and potential future costs shared with the members of the Wash Plan Task Force for the completion of the Wash Plan. David Cosgrove said the Wash Plan presently has several outstanding invoices, and alternative resolutions were discussed at the Resources Committee meeting. The topics included pay-outs in terms of long-term mining revenues and alternate financing mechanisms. He said staff was requested to undertake an analysis to compare current revenues to revenues needed for completion of the wash plan; or profit and loss over the life of plan and compare to anticipated future revenues. Mr. Neufeld said the costs to complete the appraisal for the land exchange, will be factored into the cost analysis. A discussion ensued as Director Raley noted that over \$700,000 in costs incurred for professional services has been spent to date.

**It was moved by Director McDonald and seconded by Director Corneille to Accept the Recommendation of the Resources Committee, to Instruct Staff to Undertake a Cost Analysis for the Upper Santa Ana Land Management and Habitat Conservation Plan (Wash Plan). The motion carried unanimously.**

C. For Reimbursement of Costs Associated With Compliance with LAFCO Mandated Program

**It was moved by Director Raley and seconded by Director Corneille to Authorize Staff to Prepare a Claim for Refund of State Mandated Costs Associated Costs Regarding Sphere of Influence Determination. The motion carried unanimously.**

Director Corneille asked for an approximate amount the District may be eligible to claim. Mr. Cosgrove said there are three components to the claim for professional services expenses incurred by the District during the 2005 Municipal Services Review, the Sphere of Influence determination and the proposal for LAFCO 3076 - Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District. Mr. Neufeld said there is a potential for several thousand dollars. Discussion ensued.

D. Proposed Change in 2009-2010 Engineering Investigation Report

Mr. Seal said during the process of completing the 2008-2009 EI Report, he discovered missing items and conclusions, as well as past reports. He said a more detailed and comprehensive expansion of the 2009-2010 EI Report will be completed in-house, and modifications are significant enough to warrant Board approval. Director Corneille asked whether a statutory guideline is required for the report format. Mr. Cosgrove said the statute for the groundwater charge says the statutory findings have to be made. Director Corneille said he was pleased that the new format will compare operational costs vs. income. A discussion ensued.

**It was moved by Director McDonald and seconded by Director Longville to Approve Proposed Change in the 2009-2010 Engineering Investigation Report (EI) Format. The motion carried unanimously.**

E. Proposed Change in Rock and Aggregates Sale Policy

This item taken out of order on the agenda.

Mr. Seal reported that in review of past practices of maintenance work performed in the Santa Ana and Mill Creek spreading basins including, scarification, grading of existing basin floors, and removal of rock and sand sediments from existing silt collection, he directed his attention to the contract costs, which were approximately \$4,500. He said the District's past practices included the exchange of materials from the basins for services with the contractor sold the aggregate for profit. There is a potential for the

District to receive a monthly profit, and the development of a retail sales market. He said at this time, all aggregate production operations have discontinued in the basins. John Marangakis and Tony Cappellino of JDM Excavation were introduced to the Board. Mr. Marangakis said he is interested in processing the District's aggregate for a comparable rate of royalty. A discussion ensued.

**It was moved by Director Corneille and seconded by Director McDonald to Approve the Proposed Change in Rock and Aggregates Sale Policy. The motion carried unanimously,**

- F. Possible Nomination and Resolution of the San Bernardino Valley Water Conservation District Board of Directors for Melody McDonald to the Executive Committee of ACWA/JPIA

**It was moved by Director Longville and seconded by Director Aranda to Approve the Nomination of the Amended Resolution 454 for Nomination of Melody Henriques-McDonald to the Executive Board of ACWA/JPIA. The motion carried unanimously.**

- G. District Investment Policy 2010

Mr. Neufeld said the District is required annually to renew an investment policy. He introduced Finance Supervisor, Samantha Brown to provide background to the Board regarding researching alternate investment opportunities. Ms. Brown said the District's current investment policy is with the Local Agency Investment Fund (LAIF). The LAIF interest rate was 2.54% a year ago, and has dropped from .4% to .6% every quarter, now standing at a .9% interest rating. A lengthy discussion ensued regarding potential alternatives available to the District.

**It was moved by Director Corneille and seconded by Director McDonald to Direct Staff to Research Possible Investment Alternatives to Maximize District's Return, and to Direct Staff to Bring Back to Full Board. The motion carried unanimously.**

- H. FYI - 2009 Legislative Summary

Mr. Neufeld briefly summarized the 2009 ACWA Legislative Summary. He said copies were available at the District office upon request.  
Discussion of the Mentone Property

Director Raley said he visited the vacant house on the Mentone Property, and suggested keeping the property as a real estate investment, as it will not be a benefit to the District to sell the property during the current state of the economy. A discussion ensued regarding the existing property manager's capability to provide residential services including maintenance and facility upgrades to meet current American Disabilities Act (ADA) guidelines.



**It was moved by Director Aranda and Second by Director Longville to Direct Staff to Complete an Investigation of Costs Associated with Upgrading the Mentone Property to Meet American Disabilities Act (ADA) Guidelines. The motion carried unanimously.**

I. Direction from the Board for Participation in ACWA Legislative Committee Meetings

Mr. Neufeld said that as a result of a request by Director Aranda to attend the 2010 ACWA Legislative Committee meetings in Sacramento, staff is requesting clarification of Board policy regarding Directors' meeting attendance. Director Aranda indicated that for the past fourteen years, he has attended the ACWA Legislative Committee both as a member, and non-member. He said he is the Legislative Reporter for the USAWRA; and the Chairman of the Legislative Committee for the City of Loma Linda and its Chamber of Commerce. A lengthy discussion ensued regarding District policy regarding Board of Directors' meeting attendance at the committee meetings.

**It was moved by Director Raley and Seconded by Director Corneille that Board Direct Staff to Interpret the Language in the Board Policy Manual in Appendix C for the ACWA State Legislative Committee, the Language "*ACWA Appointee and or Outreach Committee Member,*" *Will be Interpreted to Allow Only One Board Member to Attend.* The motion carried 5-2, with Director McDonald and Director Aranda opposed.**

7. UPCOMING EVENTS

The list of upcoming meetings were reviewed and filed.

8. CLOSED SESSION

There were no closed session items for this meeting.

9. ADJOURN MEETING

At 4:40 p.m., the meeting adjourned to the Special Board meeting scheduled for January 25, 2010, at 8:00 a.m., at 1630 W. Redlands Blvd., Redlands, CA.

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R. Robert Neufeld  
Secretary of the Board