

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF THE BOARD MEETING OF
June 23, 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 (1:53 p.m.)
Richard Corneille, Director
David E. Raley, Director (1:41 p.m.)

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
Shanae Smith, Executive Assistant II

GUESTS PRESENT:

Robert Tincher, San Bernardino Valley Municipal Water District
Charles Roberts, Highland Community News
Christine Goeyvarts, Robertson's Ready Mix
Dr. Katy Henry, Member of the Public

1. PUBLIC PARTICIPATION

President Clare 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

Director McDonald requested that an item be added to the agenda concerning her attendance to Washington, D.C., regarding meetings being coordinated with members of Congress relative to the proposal by the U.S. Fish and Wildlife Service (USFWS) to expand the critical habitat for the Santa Ana Sucker. David Cosgrove stated that the need to take action after the posting of the agenda is due to the occurrence of the event taking place before the next regular Board meeting and the need to obtain Board approval, consistent with the Board Policy Manual.

It was moved by Director Wright and seconded by Director McDonald to add Item 6E, “Consider Approval of Director McDonald’s Participation in Washington D.C., Travel Regarding the Proposal by the US Fish and Wildlife Service (USFWS) to Expand the Critical Habitat for the Santa Ana Sucker,” to the agenda. The motion carried 4-1-2, with Director Aranda opposed and Directors Longville and Raley noted absent from the vote.

3. CONSENT CALENDAR

The minutes of the June 9, 2010 meeting reviewed. Minor corrections were noted.

It was moved by Director Corneille and seconded by Director Wright to approve the minutes from the June 9, 2010 meeting, as amended. The motion carried 5-2, with Directors Longville and Raley absent from the vote.

Approval of the un-audited Financials and Check Register, May 2010

It was moved by Director McDonald and seconded by Director Wright to approve the un-audited financials and check register from May, 2010. The motion carried 5-2, with Directors Longville and Raley noted absent from the vote.

4. SPECIAL PRESENTATIONS

Presentation of the Enhanced Recharge Project at the Santa Ana River

Robert Tincher, Director of Engineering of the San Bernardino Valley Municipal Water District (SBVMWD) presented a PowerPoint presentation on the topic of the Enhanced Recharge Project at the Santa Ana River. Mr. Tincher stated the purpose of the presentation was to provide the Board with an update of the project involving the constructing of additional recharge basins and enhancements to the District’s

conveyance facilities in order to carry additional water to the recharge basins. Mr. Tinchler said three priorities have been generated for the water: 1) The first priority is treatment plants; 2) recharge; and 3) in a major storm event, when no one wants the water locally, the water will be delivered to the Western Municipal Water District (WMWD), through Metropolitan Water District (MWD), building a bank account and storing for future use.

After the presentation, Mr. Tinchler answered questions from the Board. Director McDonald asked if monies were available to fund the project. Mr. Tinchler said they will be seeking Proposition 84 state funding, which will be administered by the Santa Ana River Watershed Project Authority (SAWPA). Director Corneille asked for clarification regarding the financing costs associated with completing the project. Mr. Tinchler explained that the total cost to the SBVMWD, partnered with WMWD is \$44 million if paid by cash, and approximately \$50 million if financed. He said the cost for financing includes mitigation for the Riverside North Aquifer Project which is needed for recharging. Mr. Cosgrove asked whether or not consideration was taken from the Wash Plan EIR relative to the acreage of the water spreading basins proposed in the project, included in the EIR and EIS of the Wash Plan. Mr. Tinchler said that Tom Dodson of Tom Dodson and Associates is utilizing the mitigation for the negative declaration for the Wash Plan EIR. A discussion ensued regarding the land exchange EIS for the Wash Plan.

Presentation of the Proposed Constructed Wetlands, "A Tool to Improve Water Supply Sustainability for the San Bernardino Valley Water Conservation District."

Robert Neufeld, the District's General Manager presented a PowerPoint presentation regarding the proposed Constructed Wetlands. Mr. Neufeld stated he had been invited to participate at the 2010 WESTCAS Conference on June 18, 2010 to make a joint presentation with Tim Noack, Principal of Alan Plummer Associates. The District consulted with Alan Plummer Associates to develop a preliminary design for constructed wetlands in the area and the proposal is still in the conceptual phase. Mr. Neufeld also said he believes the development of a constructed wetlands in the borrow pit area is consistent with the principals of Mr. Tinchler's presentation with respect to enhanced recharge. Mr. Neufeld said that we can achieve the additional benefit of enhancing overall water quality with the Seven Oaks Dam, in addition to the potential of utilizing wastewater from the development of the Sunrise Ranch.

5. REPORTS AND INFORMATION ITEMS:

A. Monthly Activity Reports, and/or Comments by Board Members

Director Corneille reported attending two Resources Committee meetings and announced he will be attending the Advisory Commission on Water Policy meeting scheduled for June 24, 2010.

Director Aranda reported attending the June 14 Resources Committee meeting as a member of the public and the annual WESTCAS Conference in San Diego.

Director Wright reported attending two Resources Committee meetings.

B. Board Committee Reports

Director Corneille reported that the Resources Committee (Committee) met on June 14 and June 22. He stated that at the June 14 meeting, staff led a discussion regarding the Department of Water Resource' (DWR) East Branch Extension Phase II Project and concerns regarding impacts to the District's spreading basins. The Committee also reviewed SAWPA's One Water One Watershed ("OWOW") projects for funding for \$11.4 million of regional projects and an overview of the District's list of capital expenditures for \$3 million, which is prioritized based on future budget conditions. Although not specifically requested, Director Corneille noted the project list should provide explanations about project descriptions and priorities (list was detailed and emailed to the Committee members two weeks later). The City of Highland's project of building a new bridge over the Santa Ana River channel as part of the Greenspot Road realignment, including pipe casings in the design and construction were discussed at the June 22nd meeting. Staff recommended not to pay for the pipe and to use the existing bridge for new piping in the future. The installation of a pipe casing adjacent to one of the new water culverts at the east end of the new Greenspot Road "S-Curve," was recommended by staff for Board consideration. The approximate cost is \$6,000 for an 18-inch diameter casing size to be used for future water pipelines crossing the road from south to north. Director Raley requested that committee meeting agendas and meeting minutes be distributed to all members of the Board.

C. Finance Supervisor's Report

Samantha Brown announced the 2009-2010 audit of the District's financial statements will be conducted the week of July 19, 2010.

D. Assistant General Manager's Report

Claud Seal made the following announcements:

1. The Seven Oaks Dam (SOD) gates and flow testing is still scheduled for July 12th. The earlier proposed schedule of flows ramping up to and down from 2500 cfs for 4 to 5 days will be adhered to. In anticipation of the higher test flows, we have continued directing diverted river flows beyond Dike D to the west of our currently used spreading basins. Water is past Dike D but has not reached the mining pit yet. We still have some field work to do in clearing the channels and re-establishing the flow line and slope.
2. In the Santa Ana River (SAR), as of this morning we were taking 11.8 cfs of incoming 51.8 cfs, while Mill Creek was taking 26 cfs of daily inflows of 42.1 cfs. SAR water year to date spreading are up to 6,933 AF and Mill Creek is up to 8,195 AF through yesterday.
3. I attended the Basin Technical Advisory Committee's (BTAC) Projects Implementation Group Subcommittee (PIG) meeting last Monday and submitted

a project for consideration to the BTAC. The PIG recommendations will be forwarded to the full body of the BTAC for approval and submittal to the Santa Ana Watershed Project Authority (SAWPA). All water entities will submit additional projects to SAWPA, including the District.

4. Yesterday, June 22nd, the Resources Committee met to review and discuss two project expenditures. This item was covered previously by Director Corneille under Board Committee Reports.

E. General Manager's Report

Robert Neufeld reported that the Big Bear Watermaster Committee (Committee) met on June 22, where it was reported that Big Bear Lake was 2.58 feet below the full lake level. He stated the Committee spent a great deal of time discussing the improvement of Bear Valley Mutual Water Company's (BVMWC) entitlement and losses that may be occurring through evaporation and percolation and that a series of negotiations between Mutual and Valley District will commence. Mr. Neufeld reported the Committee took a tour of the District's spreading basins and diversion facilities, Southern California Edison's (SCE) powerhouse and the dam. Mr. Neufeld said the dam release high flow tests had been scheduled for the week of July 12.

Mr. Neufeld reported that staff met with Mandy Parks of the Inland Empire Resources Conservation District (IERCD) and that he is encouraged by the agency's' desire to work with District staff regarding the possibility of creating a joint powers authority. Mr. Neufeld also reported speaking with Bruce Cash of United Strategies, Inc., regarding selling twenty one acres of District land, as opposed to leasing the land. Additional information will be brought back to the Board at the next regular Board meeting.

F. Information Items

Investment Policy Update Request

Ms. Brown distributed materials to the Board and briefly discussed an investment strategy proposal submitted for the Board's review. After discussion, the Board directed Ms. Brown to obtain additional proposals to bring back to the Board for review and consideration.

Wash Plan

David Cosgrove reported that draft copies of the Wash Plan Habitat Conservation Plan (HCP) have been submitted to the Center for Biological Diversity for review. Mr. Cosgrove stated that he has communicated informally with the Local Agency Formation Commission (LAFCO), as the question of the activation of latent powers came up. He stated that a meeting will be coordinated between himself, Randy Scott, Wash Plan Project Manager and Kathleen Rollings-McDonald, Executive Officer of LAFCO for a briefing on the Wash Plan.

East Branch Exchange Phase II (EBXII) Project

This item was discussed earlier in the meeting during the General Manager's and Assistant General Manager's reports.

One Water One Water ("OWOW") Proposed Project Update

Claud Seal summarized the District's project submission to the BTAC PIG regarding the land clean up and preparation for planting indigenous native plants. Mr. Seal said staff will submit three additional projects to the BTAC, one of which is listed as an action item on today's agenda for Board consideration.

San Bernardino County Biennial Notice for Conflict of Interest Codes

David Cosgrove led a brief discussion regarding the District's existing Conflict of Interest Codes. Mr. Cosgrove said that the item will be deferred to the Administrative Committee if revisions to the existing codes are needed.

G. Future Agenda Item and Staff Tasks

1. Director Corneille requested that staff review and submit comments regarding the USACE Water Quality study.
2. Director Raley requested that staff schedule Resources Committee meeting to consider a field equipment purchase.
3. Director Raley requested that a proposal for an alternate budget be added to the July 14, 2010 agenda for the Board's consideration.

H. Revenue Producing Activities

This item was previously discussed during the General Manager's report.

6. ACTION ITEMS, NEW BUSINESS

A. CONSIDER PARTICIPATION IN SANTA ANA SUCKER TASK FORCE

Mr. Neufeld stated that the District's commitment to the process of supporting the issues regarding the Santa Ana Sucker is critical despite its current financial state. A lengthy discussion ensued regarding a potential budget allocation for the 2010-2011 fiscal year for the item, alternative payment methods and staff level participation at the task force meetings, should the Board vote in favor of participating.

It was moved by Director McDonald and seconded by Director Wright to approve the expenditure for the District's share for participation in the Santa Ana Sucker Task Force, in the amount of \$32,000. The motion carried 4-3, with Directors Raley, Day and Aranda opposed.

B. CONSIDERATION OF CALIFORNIA DEPARTMENT OF WATER RESOURCES (DWR) GROUNDWATER ELEVATION MONITORING PROGRAM – SBX7 6

Mr. Neufeld deferred item B to Director Corneille, as he directed staff in previous discussions to place the item on the agenda for Board consideration. Director Corneille stated that he will support the action to designate the District as the lead agency responsible for reporting the groundwater elevation for the Bunker Hill Basin if the District shall be reimbursed for the services provided. Director Corneille stated that the District is in a position to provide the reporting services for the basin, as it currently has the available data. Mr. Seal stated it is the District's intent to apply for funding to support the implementation and expansion of the newly adopted strategic plan and will work continuously with the SBVMWD in an effort to compile and maintain the data for use in the entire basin. A discussion ensued regarding a meeting scheduled for June 24 at the SBVMWD regarding the Watermaster's increased activities in the basin and their intent with respect to the monitoring program. After discussion, the following motion was made:

It was moved by Director Corneille and seconded by Director McDonald to table item B, consideration of participation in the Department of Water Resources' (DWR) groundwater elevation monitoring program, with instructions to staff to communicate with the San Bernardino Valley Water Municipal Water District to determine; 1) Their intentions as the lead reporting agency; 2) express the District's interest as the lead agency and whether or not the SBVMWD is willing to support the District in that effort; and 3) whether or not the SBVMWD support a joint operation with the District and bring back to the Board. The motion carried unanimously.

C. WATER RESOURCES INSTITUTE (WRI) ANNUAL CONTRIBUTION FOR 2009-2010 FISCAL YEAR PROGRAM

Mr. Neufeld discussed the District's 2007 participation in the Water Resources Institute (WRI) at Cal State San Bernardino's annual program contribution. Mr. Neufeld indicated staff received an invoice in the amount of \$6,000, submitted by the WRI for the 2009-2010 fiscal year and is being brought back to the Board for payment as part of a prior commitment. Director Longville stated that he was not a member of the Board when the item was initially presented in 2007 and recused himself from the discussion, as there is a potential for a conflict of interest. A discussion ensued regarding the District's current financial status and its ability to continue participating in the program.

It was moved by Director McDonald to approve the Water Resources Institute (WRI) annual contribution for 2009-2010 fiscal year program. The motion died for the lack of a second.

D. CSDA BOARD ELECTIONS 2010

The District received a mail ballot from CSDA for the election of a CSDA representative to their Board of Directors in Region 5, Seat B.

It was moved by Director McDonald and seconded by Director Corneille to cast a vote for Katy Tiegs to the CSDA Board of Directors in Region 5, Seat B. The motion carried unanimously.

E. CONSIDER APPROVAL OF DIRECTOR McDONALD'S ATTENDANCE TO WASHINGTON, D.C., REGARDING PROPOSAL BY THE U.S. FISH AND WILDLIFE SERVICE (USFWS) FOR EXPANSION OF CRITICAL HABITAT FOR THE SANTA ANA SUCKER

Director McDonald reported receiving a call from Fred Hicks of Hicks-Richardson Associates about a trip being coordinated to Washington, D.C., scheduled for the week of July 19, regarding the Santa Ana Sucker issue. Director McDonald reported that Mr. Hicks strongly recommended that a District representative attend the discussions on the hill, in addition to prepare and present testimony during the US Fish and Wildlife Service' (USFWS) congressional hearing in August. Director Aranda led a discussion regarding significant cuts to the District's budget relative to the potential costs incurred for the trip. Mr. Neufeld stated that the congressional hearings scheduled in August will be a more efficient use of District funds and recommended that the Board not approve Director McDonald's attendance on the trip and consider possibly approving the travel plans for the hearing scheduled in August instead. In the absence of a motion, there was no action taken.

7. UPCOMING EVENTS

There was no discussion on upcoming events.

8. CLOSED SESSION

At 4:40 p.m., it was moved by Director Day and seconded by Director Aranda to adjourn to Closed Session, under the authority of Government Code Section 54957(b), regarding a personnel matter; under Government Code Section 54956.9(c), consider whether to initiate litigation; under Government Code Section 54956.9(b)(3)(a), and Section 54956.9(c), and Section 54956.9(b)(1), confer with legal counsel regarding significant exposure to litigation in one case. The motion carried unanimously.

At 5:35 p.m., the meeting reconvened into Open Session. During Closed Session, the Board unanimously authorized the Board President to sign an Employment Transition and Consultant Services Agreement with R. Robert Neufeld, and general counsel reported the same in Open Session.

9. ADJOURN MEETING

At 5:35 p.m., the meeting adjourned to the regular Board meeting scheduled for July 14, 2010, at 1:30 a.m., at 1630 W. Redlands Blvd., Redlands, CA.

R. Robert Neufeld, Secretary of the Board