

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF THE BOARD MEETING OF
July 14, 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 (1:44 p.m.)
Richard Corneille, Director
David E. Raley, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Claud Seal, Assistant General Manager/District Engineer
Samantha Brown, Finance Supervisor
Shanae Smith, Executive Assistant II

GUESTS PRESENT:

Bruce Cash, United Strategies, Inc.
Morgan Ketz, United Strategies, Inc.
George Aguilar, San Bernardino Valley Municipal Water District
Lillian Hernandez, San Bernardino Valley Municipal Water District
Don Lee, TetraTech

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 Corneille distributed handouts for the Board's review. He said that at the next Advisory Commission on Water Policy meeting scheduled for July 22, 2010, the San Bernardino Valley Municipal Water District's (SBVMWD) 2010 Cooperative Recharge Project will be discussed, and that the Board needed to address a possible action prior to the meeting.

It was moved by Director Corneille and seconded by Director McDonald to add, "2010 Cooperative Recharge Project of the San Bernardino Valley Water Municipal Water District," as item 6G to the agenda. The motion carried 6-0, with Director Longville noted absent from the vote.

3. CONSENT CALENDAR

Approval of the Board Minutes, June 23, 2010

It was moved by Director Corneille and seconded by Director McDonald to approve the minutes from the June 23, 2010 meeting. The motion carried 6-0, with Director Longville noted absent from the vote.

4. SPECIAL PRESENTATIONS

Presentation of the Seven Oaks Dam Conservation Bank

Bruce Cash, of United Strategies, Inc. (USI) presented a PowerPoint presentation on the topic of the conceptual Seven Oaks Dam Conservation Bank plan. Mr. Cash advised that the purpose of the presentation is for conservation banking related to species, as opposed to mitigation banking, as indicated on the agenda. Mr. Cash gave a brief overview of USI and the services they offer with respect to representing both buyers and sellers of habitat through the establishment of conservation easements, habitat conservation plans, and formal conservation banking agreements, as well as providing buyers with strategic advice on time sensitive, cost effective ways to satisfy mitigation requirements.

After the presentation, Mr. Cash answered questions from the Board. A brief discussion ensued regarding the next steps needed for USI to conduct a comprehensive proposal to sell the credits and the conservation easement that will be placed over the acreage, based on a negotiated agreement with the US Fish & Wildlife Service (USFWS). After discussion, staff was directed to continue discussions with USI regarding the

preparation of a comprehensive proposal to establish the Seven Oaks Dam Conservation Bank. The next steps would entail determining gross acreage, legal parcel data, and biological data available to format the conceptual plan, and impacts of costs and revenue projections long term. Further, to define the role of the Inland Empire Resources Conservation District (IERCD).

5. REPORTS AND INFORMATION ITEMS:

A. Special Items Reports

President Day announced this as the time for Directors who wish to make a special report or presentation to the Board of Directors. The new item will replace the Monthly Activity Reports, and/or Comments by Board Members.

Director Aranda announced that he will be conducting educational outreach presentations on the topic of the water crisis. He said he will require staff's assistance to conduct the presentations at the various local chambers of commerce and service clubs. Claud Seal stated that assistance from staff will be provided when available.

B. Finance Supervisor's Report

There was no Finance Supervisor's report for this meeting.

C. Assistant General Manager's Report

Claud Seal reported that the Seven Oaks Dam testing commenced this week. Mr. Seal said he witnessed 2,660 cfs of water and that 300 cfs of water is being diverted and will continue until the water level is down to the debris pool level. The water is diverted into the District's inlet structure and all the basins, and subsequently placed in the old CEMEX mining pit. Mr. Seal led a brief discussion regarding the impacts to the Cuttle Weir and the entrance of the gates resulting from the testing and the debris clogging of the inlet structure. He said that he will produce a report describing the problem and staff's recommendation for a resolution.

Mr. Seal distributed an update summarizing the US Army Corps of Engineers' (USACE) Draft Post-Authorization Change Report of the Seven Oaks Dam to the Board for review. He said that hard copies of the actual study shall be provided upon request.

Mr. Seal reported that staff has received proposed easement documents from the Department of Water Resources (DWR) regarding the East Branch Extension Phase II Project (EBXII). David Cosgrove confirmed that an offer had been submitted by the DWR at a meeting on June 14, as previously reported to the Board. Mr. Cosgrove said the offer did not reflect any amounts for damages for permanent or temporary loss to the District's facilities through construction. Mr. Cosgrove said staff has also received a Right of Entry request from the DWR to access the District's facilities to conduct testing. Staff has communicated with DWR staff to schedule meetings and confer. Director

Corneille asked for the total costs for the re-vegetative and wetlands studies submitted to the One Water One Watershed (OWOW) for funding. Mr. Seal stated the total cost for the re-vegetative study was roughly \$150,000; \$3.1 million is the total cost for the wetlands project, which includes construction costs. A discussion ensued.

Mr. Seal reported attending the Basin Technical Advisory Committee (BTAC) meeting. He also reported discussions with the SBVMWD and Western Municipal Water District (WMWD) regarding the groundwater elevation monitoring program. The agencies confirmed their participation in the program as the lead reporting agencies and will consider the District's interest to participate and assist with the effort.

6. ACTION ITEMS, NEW BUSINESS

A. Consider Alternate Proposed Balanced Budget Proposal, As Requested By Director Raley

Director Raley said the alternate budget proposal came about as a result of the budget proposal presented by the Administrative Committee. Director Raley said he believed the \$350,000 salaries proposed by the Committee is inadequate. He explained that his intentions for the alternative budget proposal is to stay consistent with the Committee's budget with two major differences: 1) \$700,000 for salaries and benefits; and 2) a proposal to fund the Capital expenses as a separate budget item, transferred from cash to another asset. He said the next step would be to determine how to stay within the budget of \$700,000 adopted for staff salaries.

It was moved by Director Aranda and seconded by Director McDonald to refer, "Alternate Proposed Budget Proposal," to the Administrative Committee.

Discussion continued. Director McDonald asked that Director Raley break out line items on the alternate budget proposal and bring back to the Administrative Committee for review and consideration.

After discussion, the motion carried 6-1, with Director Raley opposed.

B. Proposal of Statement of Investment Policy Update, as Requested by Director Raley

Director Raley led a discussion regarding options to invest District funds into two or three-year CD's, potentially increasing income by \$75,000.

It was moved by Director Aranda and seconded by Director McDonald to refer, "Proposal of Statement of Investment Policy Update," to the Administrative Committee. The motion carried 6-1, with Director Raley opposed.

Discussion continued. Director Longville stated that the item needed to be reviewed at the Committee level fairly quickly, as there is a potential to generate additional revenue for the District. Director Raley said he intended to bring items to the Board, whether the items are referred to the Committee level or not, and that it is imperative that the Board make changes to the finances now.

C. Consider Amending Resolution No. 441, "...Defining the Responsibilities and Authority of the General Manager"

David Cosgrove led a discussion regarding Resolution No. 441 regarding the authority of the General Manager, as requested by Director McDonald at a previous Board meeting. Mr. Cosgrove stated the resolution is essentially the job description of the General Manager, indicating expenditure amounts, including emergency purchases. A discussion ensued.

It was moved by Director Raley and seconded by Director McDonald to defer, "Consider Amending Resolution No. 441, '...Defining the Responsibilities and Authority of the General Manager,'" to the Administrative Committee. The motion carried 6-1, with Director Raley opposed.

D. Consider Changing Board Meeting Dates and Frequency of Meetings

Staff presented this issue as part of the proposed cost-cutting measures being considered by the District. Claud Seal stated that in concept, it would appear that immediate costs would be cut, however, future costs would not be halved since there will be more committee meetings required. Mr. Seal suggested committee meetings and Board meetings be scheduled on the same day. Director Raley suggested excluding legal counsel at one Board meeting per month, instead of cutting the number of meetings. Director Longville disagreed, stating a strong preference for legal counsel to be present at Board meetings. President Day suggested keeping the meeting at the status quo for the next three months and bring back to the Board for consideration at the October meeting, as there are considerable changes at the staff level.

It was moved by Director Day and seconded by Director Aranda to table the Board's consideration to change the Board meeting dates and frequency of meetings to the October regular Board meeting. The motion carried 5-2, with Directors Corneille and Raley opposed.

E. Consider Potential Participation In The Local Santa Ana Sucker Hearing

Mr. Cosgrove led a discussion regarding the District's participation in the local hearing regarding the Santa Ana Sucker. He summarized reports the District received regarding the meetings in Washington, D.C., which the Board voted not to participate in, due to budget constraints. Fred Hicks, the District's former federal lobbyist, has since

highlighted in a series of emails that the impact of the Santa Ana Sucker critical habitat designation may well be different for the Wash Plan, than for the combined agencies and generally for the basin as a whole. Mr. Cosgrove stated that the District has been asked to make a presentation and participate at the local hearings. Staff requested direction with respect to costs to attend the hearing. Director McDonald led a discussion regarding sending a District representative to the local hearing and to prepare testimony putting the District on the record.

It was moved by Director Corneille and seconded by Director Aranda to, Direct Legal Counsel to Prepare Testimony Sharing the Concerns of the Santa Ana Sucker Task Force and Highlight the District's Concerns Regarding the Wash Plan, and authorize the President or Vice President to Attend the Local Hearing." The motion carried 6-1, with Director Raley opposed.

F. Consider Approval of Maintenance Contract for Records Management and Retention Schedule Program

President Day stated that the records management and retention schedule program is essential to alleviate paper storage. He stated that the maintenance contract was needed to get the equipment up and running to continue with the program. Samantha Brown said the coverage lapsed in October and the \$1,000.00 flat fee will allow for the initial set-up of the maintenance agreement and a fee of \$58.25 per month, totaling \$669.00 per year. Director Raley asked whether the item was currently in the budget. Ms. Brown said the fees were not currently budgeted.

It was moved by Director McDonald and seconded by Director Aranda to, "Approve the Maintenance Contract for Records Management and Retention Schedule Program, in the amount of \$1,699.00." The motion carried 5-2, with Directors Raley and Corneille opposed.

After the motion, Administrative Assistant Athena Medina was called in to briefly describe the purpose of the document imaging software and the services offered within the maintenance contract proposal, and the reconfiguration of the existing equipment. A discussion ensued. After discussion, Director Raley moved to amend the original motion as follows:

It was moved by Director Raley and seconded by Director Corneille to amend the motion to devote funds for the maintenance contract for records management, limited to the funds currently in the budget. The motion failed 5-2, with Directors Day, Aranda, Longville, Wright and McDonald opposed, and Directors Corneille and Raley supporting.

G. Consider 2010 Cooperative Recharge Project

Director Corneille referenced a hand-out distributed to the Board regarding an agenda item on the July 22, 2010 Advisory Commission on Water Policy meeting.

Director Corneille stated that the Commissioners were requested to provide input regarding options available for the use of excess water expected to be available this year. He said that in 2009, the District participated in the Cooperative Recharge Project and purchased State Water Project Water (SWP) for \$60/per acre foot (AF) of water for \$120,000 for recharge that year. He said this item is the 2010 version of that program. He referenced Page 6 of the PowerPoint presentation hand-out regarding the alternatives for the remaining 25,000 AF of supplemental water for recharge. He said the District and other participating agencies would pay a total of \$75.00 per AF and that the SBVMWD would be subsidizing the remaining cost. George Aguilar, a Director for SBVMWD stated the cost of water would be \$150.00 per AF, and participants would receive a discounted rate of \$75.00 per AF, half the cost. Mr. Aguilar stated that due to a great past water year, 70,000 AF of SWP water is available this year to bring into the valley. A portion of this water will be banked for future use in the coming year, in case it does not rain, and create direct deliveries for next summer. Some would be used for people in the valley, and any water leftover could possibly be sold to the Metropolitan Water District (MWD). Mr. Aguilar answered questions from the Board. A discussion ensued regarding the District's participation in the program to purchase SWP water, and its recommendations for the use of the remaining 25,000 AF of supplemental water.

It was moved by Director Corneille and seconded by Director Wright to decline to participate in the, "2010 Cooperative Project to Purchase the State Project Water this fiscal year, due to budget constraints." The motion carried unanimously.

It was moved by Director Raley and seconded by Director Corneille to, "Recommend Option Two of the 2010 Cooperative Recharge Project, 'Store/Use Locally (100% subsidy),' for the Remaining 25,000 AF of Supplemental Water." The motion carried 5-2, with Directors McDonald and Aranda opposed.

Discussion continued regarding the use of SWP water recharged in other areas in the basin.

H. Future Agenda Items and Staff Tasks

Director Longville announced that in accordance with the ongoing discussions relative to the expenses, he is requesting that staff begin the process of determining the requirements of reducing the size of the Board from seven members to five members, as a way to reduce expenses. Director Raley requested that the Finance Supervisor present a status update of the Board's budget on a monthly basis and establish an updated budget policy.

7. UPCOMING EVENTS

The upcoming events were received and filed.

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 5:20 p.m., the meeting reconvened into Open Session, with no reportable action under Government Code 54957.1.

9. ADJOURN MEETING

At 5:20 p.m., the meeting adjourned to the regular Board meeting scheduled for July 28, 2010, at 1:30 p.m., at 1630 W. Redlands Blvd., Redlands, CA.

Claud Seal
Assistant General Manager/District Engineer