

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT  
BOARD OF DIRECTORS

MINUTES OF THE BOARD MEETING OF  
October 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  
Arnold Wright, Director  
John Longville, Director (1:45 p.m.)  
Richard Corneille, Director  
David E. Raley, Director (1:35 p.m.)  
Manuel Aranda, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David B. Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Shanae Smith, Executive Assistant II  
Randy Carlisle, Field Supervisor

GUESTS PRESENT:

Douglas Headrick, San Bernardino Valley Municipal Water District  
Steve Copelan, San Bernardino Valley Municipal Water District  
Jim Earson, Private Citizen  
Don Lee, TetraTech  
Andy Sells, ACWA/JPIA

## 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.

Douglas Headrick, General Manager of the San Bernardino Valley Municipal Water District (Valley District) addressed the Board. Mr. Headrick stated there were concerns regarding the Resolution of Necessity and apologized for it going out without notice to the District. Mr. Headrick stated that it is important to Valley District to continue developing sound working relationships and continue to progress as we have over the last year. He said that Valley District is committed to working with all property owners and that there is no change in plans to negotiate a settlement with property owners. Mr. Headrick also stated that there were miscommunications with their staff and the Department of Water Resources (DWR) and they were not as forthcoming as they should have been when the form was sent out. Mr. Headrick answered questions from the Board. The Board thanked Mr. Headrick for his candor and attendance at the meeting.

Guests in attendance introduced themselves and were greeted by the Board of Directors.

## 2. ADDITIONS/DELETIONS TO AGENDA

There were no additions/deletions to the agenda.

## 3. CONSENT CALENDAR

The minutes from September 22, 2010 regular Board meeting were discussed. Several revisions were noted.

**It was moved by Director Corneille and seconded by Director Wright to, "Approve the Minutes from the September 22, 2010 regular Board meeting, as amended. The motion carried 6-0, with Director Longville noted absent from the vote.**

## 4. INFORMATION ITEMS

### A. Board Committee Reports

#### Administrative Committee

This item was taken out of order.

Director McDonald reported the Administrative Committee met on October 5<sup>th</sup>. Discussion included job descriptions and employee handbook revisions, which were tabled at the September 22<sup>nd</sup> meeting for consideration by the newly appointed General Manager. Director McDonald stated staff presented budget v actual projections, as well as open contract agreements related to the budget for the Committee's review. Other topics of discussion included the Redlands Plaza property management duties being carried out by office staff. General Manager, Daniel Cozad expanded on Director McDonald's Committee report. Mr. Cozad stated that the Committee also reviewed the District's current office hours of operations with regard to staff's proposal to open at 8:00 a.m. and close at 5:00 p.m., in addition to closing the office from 12:00 to 1:00 p.m. Mr. Cozad said the Committee also discussed, but did not resolve whether to close the office on Friday or another day, as part of the District's cost reduction efforts. Staff would research the District's options and bring back to the Administrative Committee for consideration and recommendation to the Board.

### Resources Committee

This item was taken out of order.

Director Corneille reported the Resources Committee met on October 6th. Field Supervisor, Randy Carlisle and Field Specialist II, Manuel Colunga attended the meeting and provided an update on work being performed on the spreading basins by Larry Jacinto Construction, Inc. Discussion also included an update regarding discussions with Terra Cal Materials, Inc. and discussions with the Southern California Sand Bag Company regarding potential revenue for the District. Director Corneille also reported staff is directed to obtain cost estimates for installing water supply, electrical and sanitary facilities at the canyon house, as the information is necessary in order for the District to be able to move operations to the canyon house property and lease the Mentone property.

### B. Wash Plan Update

David Cosgrove reported on a meeting with the United States Fish and Wildlife Service (USFWS) meeting, to discuss the Draft Habitat Conservation Plan (HCP). USFWS staff identified some structural issues with respect to their views on the scope of the project description in the Environmental Impact Statement (EIS), and their thought that the BLM should have included, not just the land exchange, but also the South Coast Resource Management Plan (SCRMP) that would accompany that exchange. Discussion also included the mitigation areas and the validity of the San Bernardino Kangaroo Rat (SBKR) model. Staff received feedback from USFWS and discussed making more specific some of the mitigation strategies for different species within the HCP plan area. Staff also requested USFWS provide data generated through the five year administration from the Santa Ana River Woolly Star preserve area by the US Army Corp of Engineers (USACE) in connection with San Bernardino County Flood Control District (SBCFCD), which would be helpful for the proposed management of the Wash

Plan area. The next steps would be to take comments to the District's HCP consultant to identify the costs of the requested revisions, and review with the Wash Plan Task force the efficacy of revising the HCP.

#### C. General Manager's Report

A written report was distributed at the meeting and briefly summarize by Mr. Cozad.

#### D. Other Reports from Staff

##### Finance Status Summary

Executive Assistant II, Shanae Smith distributed a one page summary of the District's cumulative year to date revenue and expense totals, including reserve balances, as requested by Directed Raley at the October 5<sup>th</sup> Administrative Committee meeting. Mr. Cozad stated staff made revenue budget projections based on history of revenue received to date. Staff is working to formulate a recovery plan and amendment to the 2010-11 FY budget and would be making recommendations to the Board. Mr. Cozad requested that the Board President consider appointing an Ad Hoc Committee that would review adjusting journal entries made by the auditor and year over history of the District's finances. Director Raley asked why groundwater revenue is significantly overestimated and requested a detailed audit of the groundwater charge, including the list of producers, water being pumped out of the basin currently reported by the producers and payments received by the District. Mr. Cozad stated that typically there is significantly less pumping during a wet year and that the City of Riverside pumps outside of the District's boundaries when that occurs. He said staff would provide a detailed report to bring back to the Board with regard to historical groundwater production. Mr. Cozad stated the EI report should be the mechanism used to determine the amount of water withdrawn from the groundwater supplies, as well as the budget for sinking the water. Staff also intends to show the value of the services provided by the District to the producers in the basin. A discussion ensued.

##### Field Report

Field Supervisor, Randy Carlisle gave a report on field operations and maintenance. Mr. Carlisle stated work had been completed in Mill Creek (MC) and that staff is currently clearing the roads of overgrown vegetation. On the Santa Ana River (SAR) side, brush in the main canal is being cleared out that has accumulated over several years. Mr. Carlisle also reported that staff is working on obtaining cost estimates from contractors for work to be completed on the canyon house, as requested by the Resources Committee. The estimate proposed for the work is roughly \$4,000 for the materials, approximately half of the amount previously estimated. Larry Jacinto Construction, Inc. (Jacinto) has completed maintenance work in Dike 10 and  $\frac{3}{4}$  of Dike 13, and would be finished with maintenance work in Dike 17 very soon. Jacinto's equipment broke down yesterday, which would cause a slight delay in completion of all

work currently being performed under the current agreement. In addition, Mr. Carlisle stated that John Marangakis of Terra Cal Materials, Inc. has inquired about the access permit for the cleaning of Pond 1 in MC. Mr. Cozad briefly summarized a meeting with Mr. Marangakis regarding all open issues relative to the excavation and maintenance agreement, as well as their offer to clean out Pond 1 in MC, at no cost to the District. The access permit would be discussed as an action item on the agenda. Mr. Carlisle distributed updated maps generated by GIS Coordinator, Lisa Pierce indicating the locations of all operators on District property. Director Corneille stated that the sale of aggregate materials should be validated by monitoring and reporting by field staff. Mr. Cozad stated that maintenance procedures with regard to a method of measurement of aggregate removed from District policy would be developed and brought back to the Board for review. Director Raley inquired about the Daily Flow Report (DFR) distributed to the Board dated September 30<sup>th</sup>; specifically, the purchased water section of the report. A discussion ensued regarding the DFR and Director Corneille's request for staff to provide DFRs monthly, as part of the Board packet, informing the board of cumulative water spreading totals for the year.

## 5. Special Presentation

Andy Sells, Chief Financial Officer of Association of California Water Agencies' (ACWA/JPIA) gave a PowerPoint presentation to the Board regarding, "What is ACWA/JPIA." The presentation gave a brief overview of the current services provided to the District including, liability, property and workers' compensation insurance, as well as specialized training programs. After the presentation, Mr. Sells answered questions from the Board.

## 6. ACTION ITEMS/NEW BUSINESS

### A. Investment Policy Options

Staff distributed a list of Certificate of Deposit (CD) investment options for the Board's review. Mr. Cozad stated the Board authorized the purchase of eight CDs in an amount not to exceed \$240,000 from the District's reserve funds in a previous Board action. As a result, Director Raley presented staff with an investment opportunity he obtained from a local bank. Mr. Cozad stated he directed staff to research additional options comparable to the offer submitted by Director Raley. Director Raley stated the plan was to use a three year ladder; not one year as presented by staff. He said the Board had already worked through the math and that Robertson's Ready Mix (Robertson's) is unable call the prepaid royalty funds within a year. He submitted an offer to staff from Capitol Source Bank in order to begin the set-up procedures, as there are several documents required as part of the application process. The local bank would be used as a test vehicle to develop a three year ladder, utilizing the District's funds before the District considered drawing from the prepaid royalties. Once the process is set-up, staff would be able to research federally insured CDs and invest a portion of the prepaid royalties. Director Aranda expressed concerns with regard to risks associated with CD investment and asked whether Capitol Source Bank would make a presentation to the

Board explaining the process. Director Raley stated the District has the ability to invest in federally insured CDs per the District's adopted investment policy. He stated it is unlikely the bank would make a presentation for such a small investment of funds. A discussion ensued regarding previous discussions relative to the Robertson's prepaid royalties and triggers associated with the Wash Plan Task Force agreement.

**It was moved by Director Raley and seconded by Director Wright to, "Table the Invest Policy Options to the October 27, 2010 regular Board meeting until General Manager and General Counsel confer regarding Robertson's Ready Mix call provision for prepaid royalties." The motion carried unanimously.**

#### B. Job Description Revisions

Mr. Cozad stated the job description revisions were tabled at the last regular Board meeting for the General Manager's review and consideration. He met with staff and the Administrative Committee and reviewed the Administrative Assistant I and Administrative Manager job descriptions and noted very few changes. Mr. Cozad pointed out the limited staff has expanded their duties in their effort to continue providing excellent service to the Board and the public. The Administrative Assistant I position was changed to Administrative Assistant I/II to allow staff to expand their efforts and capabilities and realize the growth potential with the organization. Director Corneille asked whether the Administrative Manager position is considered exempt or non-exempt, as senior management positions in the past were classified under the exempt status. Legal counsel stated the position was contemplated to be non-exempt. A discussion ensued regarding differences between exempt and non-exempt and state laws associated.

**It was moved by Director Longville and seconded by Director McDonald to, "Approve Revisions to Administrative Manager and Administrative I Positions, as amended; and direct the General Manager to draft a staffing plan to bring back to the Board for consideration and approval, as recommended by the Administrative Committee." The motion carried unanimously.**

#### C. Employee Handbook Revisions

Mr. Cozad summarized the agenda item discussed at the Administrative Committee meeting on October 5<sup>th</sup> regarding Employee Handbook revisions. The language pertaining the existing 9/80 alternative work schedule has been cleaned up to clarify the work week in compliance with applicable state law. Director Corneille raised the question as to whether field personnel were non-exempt employees. He stated the language was too general and should indicate that the alternative work schedule is specific to office personnel only and does not apply to field staff. Ms. Smith stated that field personnel have always been classified as on-call employees that do not participate

in the program. Director Raley requested a report on field personnel relative to on call schedule procedures.

**It was moved by Director Aranda and seconded by Director McDonald to, "Adopt the Employee Handbook Revisions, subject to provisions upon review by the General Manager and General Counsel as necessary to preserve existing operation of field staff, as recommended by the Administrative Committee." The motion carried unanimously.**

D. Engineering Intern Position

Mr. Cozad summarized the recommendation from the Administrative Committee regarding an engineering intern position, resulting from his recommendation to provide low cost of labor for engineering work to be performed on the EI and Big Bear Watermaster reports. He stated that the Cal State San Bernardino's Water Resources Institute (WRI) currently has a contract with the Bureau of Reclamation for interns that may be paid through some of their effort, up to 360 hours. Mr. Cozad also pointed out that the intern would learn from the process, in addition to providing a low cost method of assistance to the District. A discussion ensued.

**It was moved by Director Corneille and seconded by Director McDonald to, "Approve the Engineering Intern Position, as recommended by the Administrative Committee." The motion carried unanimously.**

E. First Amendment to Contract Services Agreement with Larry Jacinto Construction, Inc. for Basin Maintenance Work

Mr. Cozad said the District has maintained an emergency contract with Larry Jacinto Construction, Inc., to clean out and remove materials, as part of the basin maintenance work field staff is unable to undertake due to the lack of equipment used by the contractor. Staff presented the item to the Resources Committee for direction, as the agreement lapsed and is necessary for District use on an emergency basis. Funds for basin maintenance are available under the construction line item of the budget. Mr. Cozad, also stated that staff recommends approving the contract for under \$5,000, provided under the authority of the General Manager and that all new proposals would be brought before the board if proposed emergency work were to exceed that amount.

**It was moved by Director McDonald and seconded by Director Raley to, "Approve the First Amendment to Contract Services Agreement with Larry Jacinto Construction, Inc., as recommended by the Resources Committee." The motion carried unanimously.**

F. Access Permit to Terra Cal Materials, Inc.

Mr. Cozad briefed the Board on working negotiations with Terra Cal Materials, Inc., for work being completed under contract for excavation and materials processing for the District. The access permit would provide Terra Cal Materials, Inc., access to Pond 1 on the MC side to clean out, crush and removal of the materials. The District would not compensate them for the work, nor receive a residual from proceeds of the sale of the material. The sand is of very low value and perceived to be a reasonable deal for the District. This item is time sensitive, as Pond 1 would need to be cleaned out before additional water is put in. Pond 1 is used primarily by staff to remove fine sediment to avoid more frequent maintenance of the other ponds. Director Corneille stated that the agreement should specifically indicate the special provision with regard to the work performed, as no cost to the District, and a provision specifying a specific number of days the contractor would have to remove the materials from District property. A discussion ensued.

**It was moved by Director Corneille and seconded by Director McDonald to, "Approve the Access Permit to Terra Cal Materials, Inc, subject to requested provisions, as recommended by the Resources Committee." The motion carried unanimously.**

G. 2010-2011 Engineering Investigation Report Approach

Materials for this item were distributed to the Board. Mr. Cozad briefly discussed staff's first draft approach to the 2010-2011 EI report. He stated that staff's plan would be different this year, as staff would be utilizing the skills and knowledge of people like Douglas Headrick and Steve Luhn of the Valley District; Tom Crowley of West Valley Water District (WVWD) and the Upper Santa Ana Water Resources (USAWRA) and other local knowledge to complete the report as efficiently as possible. Mr. Cozad also stated that he would be working with Ms. Pierce to review the work performed on the report in previous years, excluding 2009-2010. He would also utilize local talent to get the report completed and ensure the information provided is a value added product for producers paying the groundwater charge. A number of steps would be completed in this process, including staff's request that the item be placed on the Basin Technical Advisory Committee's (BTAC) agenda for discussion. Staff would also meet with Mr. Luhn and Mr. Crowley for direction relative to the findings within the report. Staff would also like to do a better job of ensuring the local producers buy-in to the report and deem it as a valuable source of information, as it is the authority required by the water code to assess the annual groundwater charge. Director Corneille asked whether Ms. Pierce's services would be utilized for the EI, as she is the District's GIS Coordinator. Mr. Cozad stated Ms. Pierce's skills for GIS and some of the manipulation of the data for visual appeal and understanding, in addition to connection to what has been done in previous years would be utilized. He stated he is in the process of analyzing what the roles of completing the report are and who would fill those roles, in an effort to minimize costs. A discussion ensued regarding legal requirements of Water Code Section 75574 and legal counsel's review of those requirements before the document is reviewed by local



entities. After discussion, the Board commended Mr. Cozad for the level detail of developed within staff's draft EI report proposal.

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

Director Corneille stated that addition to the Resources Committee meeting, which he reported on earlier in the meeting, he attended an Advisory Commission on Water Policy meeting on September 23rd at the Valley District, which he chairs. The following presentations were made:

- Presentation by Sam Fuller regarding the DWR's East Branch Extension Project previously presented to the Board by DWR representative, Ted Craddock. The overall project is \$200 million, of which Valley District is paying \$120 million and the San Geronio Pass Water Agency is paying \$80 million. They expect to bid the project in March 2011.
- Presentation by Sam Fuller regarding the Western Watermaster Collaborative Process with regard to judgment on the Santa Ana River and new conservation and better implementation of the judgment and improved water supply conditions.
- Presentation by Robert Tincher regarding the Seven Oaks Dam (SOD) testing and the next steps. As a result of the testing, the use of the river bottom to extend the recharge zone for the water; and the affect of large flows on the pressure zone and the groundwater levels there would be assessed.
- Presentation by Douglas Headrick regarding the 2010 Cooperative Recharge Program. It was previously reported to the Board at the beginning of the year that the State Water Project (SWP) water allocation was expected to be 5%, however due to the wet weather, the allocation increased to 50% of the allocation for Valley District, which is approximately 130,000 acre foot (AF) of water that is available. Participating agencies would have the ability to buy into the sharing program for \$75 per AF and have a certain amount of water recharged into the groundwater basin that would affect their wells and benefit them. Participants in the program include the San Bernardino Municipal Water Department, Yucaipa Valley Water District, WMWD, WVWD and East Valley Water District (EVWD). Valley District also received \$100 per AF for water sold to Metropolitan Water District (MWD) to offset the costs of the program and continuation of the program. Water has been delivered to the agencies participating in the program and the additional water remaining would be recharged in the basin. Funds obtained from MWD would be used to pay their cost of \$125 per AF. In addition, \$500,000 to continue the program would be used for recharge only. Some members of the Commission suggested that Valley District bank the water instead of selling it.

- Presentation regarding a decision being made on December 1st with regard to the Santa Ana Sucker.
- The next meeting of the Advisory Commission on Water Policy is scheduled for November 18th. Topics of discussion include a status update of ongoing Urban Water Management Plans; and Groundwater Contamination Projects and wellhead treatment projects, such as the Lockheed Martin facilities; and a study determining the yield of retention basins, and flood control basins in the mountains that would determine if there can be additional water conservation from the basins operated by flood control.

Director Aranda reported that he would be attending the USAWRA meeting on October 14th; and the Three Valleys Water District meeting scheduled for October 21st; and the ACWA Legislative Committee planning meeting scheduled for October 22nd as alternate in Director McDonald's stead. He also reported upcoming presentations to various schools and rotary clubs and the Redlands Historical Society. Director Aranda also announced that the WESTCAS conference is eminent and expressed his desire to attend, as he holds the position of Director. President Day stated that attendance at WESTCAS would be contingent upon review of the current budget.

Director Wright reported attending the Administrative and Resources Committee meetings.

Director McDonald reported attending the Valley District Board meeting; the BTAC meeting; and the Santa Ana Sucker Task Force meeting.

## 8. UPCOMING EVENTS

A brief discussion ensued regarding upcoming meetings. Director Longville expressed an interest in attending the 9th Annual Awards in Water Resources Banquet at Cal State University San Bernardino and confirmed with legal counsel that it would not be a conflict of interest to attend.

**It was moved by Director Corneille and seconded by Director Wright to, "Approve Director Longville's attendance to the 9th Annual Awards in Water Resources Banquet at Cal State University San Bernardino on November 13, 2010." The motion carried unanimously.**

Director Corneille requested that the second meeting in November be canceled due to the Thanksgiving holiday. Legal Counsel stated the minutes of the September 22, 2010 meeting reflected that the item would be added as an action item for consideration and approval by the Board at the November 10th regular Board meeting.

9. CLOSED SESSION

**At 4:45 p.m., it was moved by Director Day and seconded by Director Wright 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.

10. ADJOURN MEETING

At 5:20 p.m., the meeting adjourned to the regular Board meeting scheduled for October 27, 2010, at 1:30 p.m., at 1630 W. Redlands Blvd., Redlands, CA.

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Daniel B. Cozad  
General Manager