

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

BOARD MEETING
AGENDA

January 27, 2010 - 1:30 p.m.

Location--1630 West Redlands Boulevard, Suite A, Redlands, California

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the District offices and are available for public review during normal District business hours. New information relating to agenda topics listed, received, or generated by the District after the posting of this agenda, but before the meeting, will be made available upon request at the District offices.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL

1. PUBLIC PARTICIPATION

Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code.

2. ADDITIONS/DELETIONS TO AGENDA

Section 54954.2 provides that a legislative body may take action on items of business not appearing on the posted agenda under the following conditions: (1) an emergency situation exists, as defined in Section 54956.5; (2) a need to take immediate action and the need for action came to the attention of the District subsequent to the agenda being posted; and (3) the item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

3. BOARD DISCUSSION ITEMS

- Monthly Activity Reports, and/or Comments by Board Members

4. CONSENT CALENDAR

- Approval of the Board Minutes, January 13, 2010
- Approval of Un-Audited Financials, December 2009

It is the intention of the San Bernardino Valley Water Conservation District to comply with the Americans with Disabilities Act (ADA) in all respects. If you need special assistance with respect to the agenda or other written materials forwarded to the members of the Board for consideration at the public meeting, or if as an attendee or a participant at this meeting you will need special assistance, the District will attempt to accommodate you in every reasonable manner. Please contact Ms. Shanae Smith (909-793-2503) at least 48 hours prior to the meeting to inform her of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

5. **INFORMATION ITEMS:**

- A. Board Committee Reports
- B. Wash Plan Update (Randy Scott)
- C. Finance Supervisor's Report (Samantha Brown)
- D. Assistant General Manager's Report (Claud Seal)
 - Briefing: Proposed Critical Habitat Designation
- E. General Manager's Report (Robert Neufeld)
 - Local Agency Formation Commission (LAFCO)
January 20, 2010 Regular Meeting Agenda Review

6. **ACTION ITEMS, NEW BUSINESS**

A. DISCUSSION WITH BOARD OF DIRECTORS REGARDING PROPOSED REVENUE ENHANCEMENTS AND COST SAVINGS

Recommendation: Give direction to staff as result of discussion regarding revenue cost issues.

B. ADOPT 2010 DISTRICT INVESTMENT POLICY

Recommendation: Adopt the 2010 District Investment Policy

C. CONSIDER RESOLUTION NO. 455, IN SUPPORT OF CONCURRING NOMINATION OF E.G. "JERRY" GLADBACH FOR OFFICE OF PRESIDENT OF THE ACWA/JPIA BOARD OF DIRECTORS

Recommendation: Adopt Resolution No. 455

D. CONSIDER WHETHER TO AUTHORIZE STAFF TO SEND COMMENT LETTER TO UNITED STATES FISH AND WILDLIFE SERVICE (USFWS) REGARDING PROPOSED REVISED CRITICAL HABITAT DESIGNATION FOR THE SANTA ANA SUCKER ON BEHALF OF THE DISTRICT

Recommendation: Authorize sending comment letter

7. **UPCOMING MEETINGS:**

- 1. January 28, 2010 - Advisory Commission on Water Policy, San Bernardino Valley Municipal Water District, 7:00 p.m.
- 2. February 1, 2010 - Basin Technical Advisory Committee, San Bernardino Valley Municipal Water District, 1:30 p.m.
- 3. February 5, 2010 - Redlands Chamber of Commerce "Rise 'n Shine, Casa Loma Room, University of Redlands, 7:00 a.m.
- 4. February 9, 2010 - ACWA's Regional Implementation Workshops - Regions 8, 9 & 10, Irvine Ranch Water District, 15600 Sand Canyon Ave., Irvine, 1:00 p.m. to 3:30 p.m.
- 5. February 10, 2010 - District Board Meeting, 1:30 p.m., District Office
- 6. February 11, 2010 - Upper Santa Ana Water Resources Association, District Office, 9:30 a.m.

7. February 18, 2010 - Three Valleys Municipal Water District Leadership Breakfast, Sheraton Fairplex Suites, 601 W. McKinley Ave., Pomona, 7:30 a.m. to 9:30 a.m.
Board Approval Required
8. February 18, 2010 - ACWA Water Management Committee Meeting, Sacramento, 10:00 a.m. to 1:00 p.m.
9. February 19, 2010 - ACWA Legislative Committee Meeting, Sacramento, 10:00 a.m. to 12:00 p.m.
10. February 17-19, 2010 WESTCAS Winter Conference "*Sustainability & Stewardship*," Embassy Suites, Albuquerque, NM.
Board Approval Required
11. February 23-25, 2010 ACWA Washington, D.C. Conference, Washington Court Hotel, Washington, D.C. - **Board Approval Required**
12. March 4-5, 2010 - Special District and Local Government Institute Governance Seminar, Hyatt Regency Huntington Beach Resort & Spa, Huntington Beach (registration deadline February 12, 2010 - **Board Approval Required**)
13. March 17, 2010 - ACWA Legislative Symposium, Sacramento Convention Center

8. **CLOSED SESSION**

Under authority of Government code section 54957(b)(1), the Board may recess to Closed Session to discuss the performance evaluation of the General Manager.

and/or

Under the authority of Government Code Section 54956.9(c), the Board may recess to Closed Session to consider whether to initiate litigation;

and/or

Under the authority of Government Code Section 54956.9(b)(3)(a), and Section 54956.9(c), and Section 54956.9(b)(1), the Board may recess to Closed Session to confer with legal counsel regarding significant exposure to litigation in one case.

9. **ADJOURN MEETING.** The next regular Board meeting will be on February 10, 2010 at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Suite A, Redlands, CA.

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 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

Mr. 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 Assemblyman Bill Emmerson and Senator Robert Dutton were in attendance. He reported attending the Basin Technical Advisory Committee (BTAC) meeting where there were discussions regarding AB 88 and the state drought crisis.

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

Director Wright reported attending the Resources Committee meeting. He said he is providing an oral history to Suzzy Earp, a representative of Cal State San Bernardino, 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 rights application regarding storm water run-off versus flood control. Comments are due by February 8, 2010 for the proposed collaborative effort. She said the proposed relocation of the Santa Ana Sucker was also discussed and 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 Capitol 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 for 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 were separated from the General Fund; however, a Redlands Plaza budget has not been passed. She noted the semi-annual budget review is scheduled for January 2010. She said the revised budget will indicate actual v. budgeted amounts. Director Corneille also pointed out that 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 would be brought back to the full Board at the January 27, 2010 Board meeting. David Cosgrove said Ordinance No. 95-1, regarding the annual 5% increase in Directors' fees, would be brought back to the Board for review and discussion.

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 would be present at the meeting. Mr. Scott said he would be available for questions, and that 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 relates to agenda Item 6B.

C. Finance Supervisor's Report

Samantha Brown reported the Finance department is working on calendar year-end activities and the 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. A 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 the 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 the District's 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 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 were 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 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. He explained the purpose of the report, which is 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, 1/3 of the overall total cost for professional services for the consultant for preparation of the report. Mr. Cosgrove summarized the BBWM Committee's responsibilities as managers appointed by the court in a 1977 judgment, and the benefit to the District. A discussion ensued.

Mr. Neufeld stated that all aspects of the District's operations are under review, and staff proposals will come back to the board at the January 27, 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 would be welcomed by staff, and would be submitted with staff's proposals.

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

Mr. Neufeld announced that he would 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 would be presented at the Western Municipal Water District (WMWD) Board meeting, the date 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. A tank of water (approximately 3,000 gallons) is sampled and discharged into the recharge basins. Mr. Cosgrove said pursuant to a regional board order, cost recovery of staff time and legal fees is \$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 would be factored into the cost analysis. A discussion ensued as Director Raley noted that over \$700,000 in costs incurred for professional services had 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 he reviewed 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, who 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 Henriques-McDonald to the Executive 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 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 its investment policy. Finance Supervisor Samantha Brown provided a background on the current policy and suggested a research of alternate investment opportunities. Ms. Brown said the current investment policy is 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 rate. 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 (no caps)

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

I. 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.

J. 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 Director's 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 to Direct Staff to Interpret the Language in the Board Policy Manual in Appendix C for the ACWA State Legislative Committee, specifically 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 Longville opposed.

7. UPCOMING EVENTS

The list of upcoming meetings was 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, 2009, at 8:00 a.m., at 1630 W. Redlands Blvd., Redlands, CA.

R. Robert Neufeld
Secretary of the Board



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

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To: Board of Directors
Prepared by: Samantha Brown, Finance Supervisor
Date: January 27th, 2010
Subject: December 2009 Financial Statements

RECOMMENDATION

Staff recommends that the Board of Directors approve, receive and file the December 2009 financial statements.

BACKGROUND

Board will receive Financial Statements at the second regular Board meeting of every month for the prior month.

DISCUSSION

Attached is December 2009 Profit & Loss by Fund report.

- LAIF's 2nd quarter interest income was received
- Redlands Aggregate's 2nd quarter royalty payment was received
- Approximately fifty percent of our Property Tax Income has been received
- Aerial Photography & Surveying was done to Mill Creek property for new DWR pipeline crossing our property and for environmental control and evaluation of old Rocketdyne test facilities removal

Attached is the December 2009 Profit & Loss Budget versus Actual report.

- Exchange Plan will be re-evaluated at the budget review, as it has already met the budgeted income of \$25,000
- Water Conservation District Plaza account will no longer have activity, instead all activity will be in the Redlands Plaza Fund
- Groundwater Replenishment is the water bought from San Bernardino Valley Municipal Water District, the budget will be re-classified to this account to accommodate the purchase

BOARD
OF
DIRECTORS

Richard W. Corneille
Clare Henry Day

Arnold L. Wright
John Longville

David E. Raley
Melody McDonald
Manuel Aranda, Jr.

GENERAL
MANAGER

R. Robert Neufeld

Also attached is the Balance Sheet, as of December 30, 2009.

- Bank of America and American Express have been added to the Balance Sheet to account for liabilities as incurred rather than when paid.

Please note that there may be further changes to adjust to the auditor comments and format, however, these changes will likely be insignificant.

San Bernardino Valley Water Conservation District
Profit & Loss by Fund
December 2009

	General Fund	Redlands Plaza	TOTAL
Ordinary Income/Expense			
Income			
4010 · Interest Income			
4012 · LAIF	11,232.16	0.00	11,232.16
Total 4010 · Interest Income	11,232.16	0.00	11,232.16
4020 · Groundwater Charge			
4023 · Assessments - Non-Ag	296.26	0.00	296.26
Total 4020 · Groundwater Charge	296.26	0.00	296.26
4030 · Mining Income			
4031 · Cemex USA Plant Site Rent	1,499.98	0.00	1,499.98
4032 · Cemex Mining	4,381.20	0.00	4,381.20
4034 · Redlands Aggregate 5% Royalty	9,000.00	0.00	9,000.00
Total 4030 · Mining Income	14,881.18	0.00	14,881.18
4050 · Property Tax	35,260.35	0.00	35,260.35
4065 · Redlands Plaza	0.00	9,558.66	9,558.66
4080 · Exchange Plan	12,610.73	0.00	12,610.73
Total Income	74,280.68	9,558.66	83,839.34
Gross Profit	74,280.68	9,558.66	83,839.34
Expense			
5050 · Regional Programs			
5070 · Groundwater Replenishment	60,000.00	0.00	60,000.00
Total 5050 · Regional Programs	60,000.00	0.00	60,000.00
5100 · Professional Service			
5120 · Misc. Professional Services	8,000.00	750.00	8,750.00
5122 · Wash Plan Professional Services	5,260.50	0.00	5,260.50
5125 · Engineering Services	6,990.00	0.00	6,990.00
5130 · Aerial Photography & Surveying	25,620.00	0.00	25,620.00
5140 · Legislative Services	4,000.00	0.00	4,000.00
5175 · Legal - Wash Plan	660.00	0.00	660.00
5180 · Legal	3,663.04	0.00	3,663.04
Total 5100 · Professional Service	54,193.54	750.00	54,943.54
5200 · Field Operations			
5220 · Maintenance Materials/Shop/Fld	129.24	0.00	129.24
Total 5200 · Field Operations	129.24	0.00	129.24
5300 · Vehicle Operations			
5320 · Fuel	723.51	0.00	723.51
Total 5300 · Vehicle Operations	723.51	0.00	723.51
5400 · Utilities			
5420 · Electricity	69.72	759.73	829.45
5430 · Mobile Phone	275.27	0.00	275.27
5440 · Telephone	529.74	0.00	529.74
5450 · Natural Gas	13.88	269.24	283.12
5460 · Water	0.00	1,482.41	1,482.41
5470 · Internet Services	374.85	0.00	374.85
Total 5400 · Utilities	1,263.46	2,511.38	3,774.84

San Bernardino Valley Water Conservation District
Profit & Loss by Fund
December 2009

	General Fund	Redlands Plaza	TOTAL
6000 · General Administration			
6012 · Office Maintenance	36.62	0.00	36.62
6016 · Redlands Plaza Maintenance	0.00	705.00	705.00
6018 · Janitorial Services	653.00	0.00	653.00
6019 · Janitorial Supplies	66.72	0.00	66.72
6021 · Office Equipment Maint.	0.00	74.00	74.00
6024 · Computer Equipment Maint.	2,312.50	0.00	2,312.50
6030 · Office Supplies	472.39	0.00	472.39
6033 · Office Equipment Rental	673.41	0.00	673.41
6036 · Printing	595.13	0.00	595.13
6039 · Postage and Overnight Delivery	30.07	0.00	30.07
6042 · Payroll Processing	391.09	0.00	391.09
6051 · Uniforms	207.63	0.00	207.63
6060 · Outreach			
6062 · Water Contributions	595.60	0.00	595.60
Total 6060 · Outreach	595.60	0.00	595.60
6090 · Subscriptions/Publications	1,160.63	0.00	1,160.63
6093 · Memberships	4,075.00	0.00	4,075.00
Total 6000 · General Administration	11,269.79	779.00	12,048.79
6100 · Benefits			
6110 · Vision Insurance	154.49	0.00	154.49
6120 · Workers' Comp. Insurance	3,444.00	0.00	3,444.00
6130 · Dental Insurance	621.33	0.00	621.33
6140 · State Unemployment Insurance	55.50	0.00	55.50
6150 · Medical Insurance	8,455.45	0.00	8,455.45
6160 · Social Security/Medicare Taxes	3,246.81	0.00	3,246.81
6170 · PERS Retirement	16,306.65	0.00	16,306.65
Total 6100 · Benefits	32,284.23	0.00	32,284.23
6200 · Salaries			
6230 · Regular Salaries	72,390.47	0.00	72,390.47
Total 6200 · Salaries	72,390.47	0.00	72,390.47
6400 · Board of Directors' Expenses			
6401 · Directors' Fees	7,289.00	0.00	7,289.00
6405 · Meeting Support Expense(food,be	539.87	0.00	539.87
6410 · Mileage	99.00	0.00	99.00
6420 · Other Travel	212.85	0.00	212.85
6425 · Meals	371.54	0.00	371.54
6430 · Lodging	1,854.16	0.00	1,854.16
6435 · Conf/Seminar Registrations	377.00	0.00	377.00
Total 6400 · Board of Directors' Expenses	10,743.42	0.00	10,743.42
6500 · Administrative/Staff Expenses			
6505 · Mtg. Support Expense (food, bev	589.65	0.00	589.65
6510 · Mileage	129.28	0.00	129.28
6520 · Travel, Other (rental car, taxi	75.90	0.00	75.90
6525 · Meals	429.50	0.00	429.50
6530 · Lodging	622.74	0.00	622.74
6540 · Training Registrations	405.00	0.00	405.00
Total 6500 · Administrative/Staff Expenses	2,252.07	0.00	2,252.07
Total Expense	245,249.73	4,040.38	249,290.11
Net Ordinary Income	-170,969.05	5,518.28	-165,450.77
Other Income/Expense			
Other Expense			
7000 · Construction			
7040 · Canals & Pipelines	764.00	0.00	764.00
Total 7000 · Construction	764.00	0.00	764.00

San Bernardino Valley Water Conservation District
Profit & Loss by Fund
December 2009

	<u>General Fund</u>	<u>Redlands Plaza</u>	<u>TOTAL</u>
7200 · Equipment & Vehicles			
7210 · Computer Hardware	1,207.86	0.00	1,207.86
7240 · Office Equipment	662.98	0.00	662.98
7250 · New Vehicle	64,609.46	0.00	64,609.46
Total 7200 · Equipment & Vehicles	<u>66,480.30</u>	<u>0.00</u>	<u>66,480.30</u>
Total Other Expense	<u>67,244.30</u>	<u>0.00</u>	<u>67,244.30</u>
Net Other Income	<u>-67,244.30</u>	<u>0.00</u>	<u>-67,244.30</u>
Net Income	<u><u>-238,213.35</u></u>	<u><u>5,518.28</u></u>	<u><u>-232,695.07</u></u>

San Bernardino Valley Water Conservation District
General Fund Profit & Loss Budget vs. Actual
 July through December 2009

	General Fund			
	Jul - Dec 09	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4010 · Interest Income				
4012 · LAIF	28,783.30	100,000.00	-71,216.70	28.8%
Total 4010 · Interest Income	28,783.30	100,000.00	-71,216.70	28.8%
4020 · Groundwater Charge				
4021 · Assessments - Ag	8,393.46	19,252.00	-10,858.54	43.6%
4023 · Assessments - Non-Ag	184,796.91	624,295.00	-439,498.09	29.6%
Total 4020 · Groundwater Charge	193,190.37	643,547.00	-450,356.63	30.0%
4030 · Mining Income				
4031 · Cemex USA Plant Site Rent	7,500.88	18,000.00	-10,499.12	41.7%
4032 · Cemex Mining	21,584.25	25,000.00	-3,415.75	86.3%
4033 · Cemex USA Minimum Rent	0.00	30,000.00	-30,000.00	0.0%
4034 · Redlands Aggregate 5% Royalty	18,000.00	36,000.00	-18,000.00	50.0%
Total 4030 · Mining Income	47,085.13	109,000.00	-61,914.87	43.2%
4040 · Miscellaneous Income	415.47	1,000.00	-584.53	41.5%
4050 · Property Tax	40,621.29	45,000.00	-4,378.71	90.3%
4055 · SBVMWD Easement Agreement Reimb	0.00	13,000.00	-13,000.00	0.0%
4060 · Property Income				
4062 · Mentone Property	2,076.93	2,100.00	-23.07	98.9%
4063 · Water Conserv. Dist. Plaza	0.00	60,000.00	-60,000.00	0.0%
Total 4060 · Property Income	2,076.93	62,100.00	-60,023.07	3.3%
4080 · Exchange Plan	28,955.53	25,000.00	3,955.53	115.8%
4085 · AB 303 Grant	0.00	100,000.00	-100,000.00	0.0%
4090 · Optimization Study Reimburse.	31,969.04	0.00	31,969.04	100.0%
Total Income	373,097.06	1,098,647.00	-725,549.94	34.0%
Gross Profit	373,097.06	1,098,647.00	-725,549.94	34.0%
Expense				
5050 · Regional Programs				
5070 · Groundwater Replenishment	120,000.00	0.00	120,000.00	100.0%
5080 · LAFCO Contribution	9,895.82	10,000.00	-104.18	99.0%
5081 · Wash Plan	0.00	50,000.00	-50,000.00	0.0%
Total 5050 · Regional Programs	129,895.82	60,000.00	69,895.82	216.5%
5100 · Professional Service				
5120 · Misc. Professional Services	52,700.06	100,000.00	-47,299.94	52.7%
5122 · Wash Plan Professional Services	54,904.80	125,000.00	-70,095.20	43.9%
5125 · Engineering Services	19,170.00	10,000.00	9,170.00	191.7%
5130 · Aerial Photography & Surveying	25,620.00	25,000.00	620.00	102.5%
5140 · Legislative Services	24,000.00	60,000.00	-36,000.00	40.0%
5145 · Environmental Services	0.00	6,500.00	-6,500.00	0.0%
5170 · Audit & Accounting	18,000.00	18,000.00	0.00	100.0%
5175 · Legal - Wash Plan	29,256.06	25,000.00	4,256.06	117.0%
5180 · Legal	67,109.79	100,000.00	-32,890.21	67.1%
5185 · Special Counsel	35,886.50	60,000.00	-24,113.50	59.8%
Total 5100 · Professional Service	326,647.21	529,500.00	-202,852.79	61.7%
5200 · Field Operations				
5210 · Equipment Maintenance	846.36	1,500.00	-653.64	56.4%
5220 · Maintenance Materials/Shop/Fld	692.41	2,500.00	-1,807.59	27.7%
5230 · Field Tools	664.43	1,000.00	-335.57	66.4%
5240 · Facility Maintenance	277.26	5,000.00	-4,722.74	5.5%
5250 · Emergency Repairs	0.00	5,000.00	-5,000.00	0.0%
Total 5200 · Field Operations	2,480.46	15,000.00	-12,519.54	16.5%

San Bernardino Valley Water Conservation District
General Fund Profit & Loss Budget vs. Actual
July through December 2009

	General Fund			
	Jul - Dec 09	Budget	\$ Over Budget	% of Budget
5300 • Vehicle Operations				
5310 • Vehicle Maintenance	1,987.95	7,500.00	-5,512.05	26.5%
5320 • Fuel	4,180.99	12,000.00	-7,819.01	34.8%
Total 5300 • Vehicle Operations	6,168.94	19,500.00	-13,331.06	31.6%
5400 • Utilities				
5410 • Alarm Service	274.17	2,500.00	-2,225.83	11.0%
5420 • Electricity	476.68	15,000.00	-14,523.32	3.2%
5430 • Mobile Phone	1,706.54	4,000.00	-2,293.46	42.7%
5440 • Telephone	4,830.38	10,000.00	-5,169.62	48.3%
5450 • Natural Gas	53.88	1,200.00	-1,146.12	4.5%
5460 • Water	1,265.40	2,000.00	-734.60	63.3%
5470 • Internet Services	2,605.99	6,000.00	-3,394.01	43.4%
Total 5400 • Utilities	11,213.04	40,700.00	-29,486.96	27.6%
6000 • General Administration				
6001 • General Administration - Other	337.08	400.00	-62.92	84.3%
6002 • Website	8,570.70	15,000.00	-6,429.30	57.1%
6003 • Property Tax	108.51	250.00	-141.49	43.4%
6006 • Permits	50.00	500.00	-450.00	10.0%
6009 • Licenses	438.74	500.00	-61.26	87.7%
6010 • Surety Bond	0.00	1,800.00	-1,800.00	0.0%
6012 • Office Maintenance	337.09	500.00	-162.91	67.4%
6015 • Mentone House Maintenance	226.54	750.00	-523.46	30.2%
6018 • Janitorial Services	3,486.59	8,000.00	-4,513.41	43.6%
6019 • Janitorial Supplies	294.05	500.00	-205.95	58.8%
6021 • Office Equipment Maint.	1,204.94	1,500.00	-295.06	80.3%
6024 • Computer Equipment Maint.	5,136.43	5,000.00	136.43	102.7%
6030 • Office Supplies	2,980.11	7,500.00	-4,519.89	39.7%
6033 • Office Equipment Rental	5,143.40	9,000.00	-3,856.60	57.1%
6036 • Printing	8,614.64	9,000.00	-385.36	95.7%
6039 • Postage and Overnight Delivery	429.68	1,500.00	-1,070.32	28.6%
6042 • Payroll Processing	1,480.09	3,000.00	-1,519.91	49.3%
6045 • Bank Service Charges	104.76	200.00	-95.24	52.4%
6048 • Furniture & Accessories	0.00	1,500.00	-1,500.00	0.0%
6051 • Uniforms	688.73	1,000.00	-311.27	68.9%
6060 • Outreach				
6061 • WRI Contribution	0.00	6,000.00	-6,000.00	0.0%
6062 • Water Contributions	654.20	1,500.00	-845.80	43.6%
6064 • Business Expos	0.00	750.00	-750.00	0.0%
6065 • Wtr Cons. Gardens	300.00	1,750.00	-1,450.00	17.1%
Total 6060 • Outreach	954.20	10,000.00	-9,045.80	9.5%
6087 • Educational Reimbursement	0.00	500.00	-500.00	0.0%
6090 • Subscriptions/Publications	2,845.74	4,000.00	-1,154.26	71.1%
6091 • Public Notices	783.20	1,200.00	-416.80	65.3%
6093 • Memberships	13,221.50	13,000.00	221.50	101.7%
Total 6000 • General Administration	57,436.72	96,100.00	-38,663.28	59.8%
6100 • Benefits				
6110 • Vision Insurance	915.39	1,650.00	-734.61	55.5%
6120 • Workers' Comp. Insurance	9,770.00	9,000.00	770.00	108.6%
6130 • Dental Insurance	3,330.39	6,000.00	-2,669.61	55.5%
6140 • State Unemployment Insurance	135.28	1,200.00	-1,064.72	11.3%
6150 • Medical Insurance	46,686.47	96,000.00	-49,313.53	48.6%
6160 • Social Security/Medicare Taxes	19,600.58	40,000.00	-20,399.42	49.0%
6170 • PERS Retirement	80,419.04	125,000.00	-44,580.96	64.3%
6190 • Life Insurance	4,605.00	5,000.00	-395.00	92.1%
Total 6100 • Benefits	165,462.15	283,850.00	-118,387.85	58.3%

San Bernardino Valley Water Conservation District
General Fund Profit & Loss Budget vs. Actual
July through December 2009

	General Fund			
	Jul - Dec 09	Budget	\$ Over Budget	% of Budget
6200 • Salaries				
6210 • Overtime	1,222.97	2,500.00	-1,277.03	48.9%
6220 • Contingency/Temporary	0.00	12,000.00	-12,000.00	0.0%
6230 • Regular Salaries	339,857.62	525,000.00	-185,142.38	64.7%
Total 6200 • Salaries	341,080.59	539,500.00	-198,419.41	63.2%
6300 • Insurance				
6310 • Property Insurance	0.00	2,500.00	-2,500.00	0.0%
6320 • General Liability Insurance	26,586.00	26,500.00	86.00	100.3%
Total 6300 • Insurance	26,586.00	29,000.00	-2,414.00	91.7%
6400 • Board of Directors' Expenses				
6401 • Directors' Fees	46,875.11	54,200.00	-7,324.89	86.5%
6405 • Meeting Support Expense(food,be	2,739.22	800.00	1,939.22	342.4%
6410 • Mileage	881.10	2,000.00	-1,118.90	44.1%
6415 • Air Fare	1,336.50	2,000.00	-663.50	66.8%
6420 • Other Travel	349.85	500.00	-150.15	70.0%
6425 • Meals	1,496.04	2,000.00	-503.96	74.8%
6430 • Lodging	4,923.74	4,800.00	123.74	102.6%
6435 • Conf/Seminar Registrations	2,720.62	6,000.00	-3,279.38	45.3%
Total 6400 • Board of Directors' Expenses	61,322.18	72,300.00	-10,977.82	84.8%
6500 • Administrative/Staff Expenses				
6505 • Mtg. Support Expense (food, bev	1,444.53	1,000.00	444.53	144.5%
6510 • Mileage	1,076.10	500.00	576.10	215.2%
6515 • Air Fare	1,322.19	2,100.00	-777.81	63.0%
6520 • Travel, Other (rental car, taxi	352.39	500.00	-147.61	70.5%
6525 • Meals	2,199.44	2,000.00	199.44	110.0%
6530 • Lodging	2,218.62	5,000.00	-2,781.38	44.4%
6535 • Conf/Seminar Registrations	1,391.00	4,000.00	-2,609.00	34.8%
6540 • Training Registrations	663.00	2,000.00	-1,337.00	33.2%
Total 6500 • Administrative/Staff Expenses	10,667.27	17,100.00	-6,432.73	62.4%
Total Expense	1,138,960.38	1,702,550.00	-563,589.62	66.9%
Net Ordinary Income	-765,863.32	-603,903.00	-161,960.32	126.8%
Other Income/Expense				
Other Expense				
7000 • Construction				
7010 • Materials	0.00	3,000.00	-3,000.00	0.0%
7020 • Protective Fencing	0.00	50,000.00	-50,000.00	0.0%
7030 • Concrete Structures	0.00	100,000.00	-100,000.00	0.0%
7040 • Canals & Pipelines	63,380.28	500,000.00	-436,619.72	12.7%
7050 • Basins	0.00	50,000.00	-50,000.00	0.0%
Total 7000 • Construction	63,380.28	703,000.00	-639,619.72	9.0%
7100 • Land & Buildings				
7110 • Buildings	0.00	25,000.00	-25,000.00	0.0%
7130 • Mentone Property (House)	0.00	2,000.00	-2,000.00	0.0%
7140 • Mentone Property (Shop)	840.00	2,000.00	-1,160.00	42.0%
Total 7100 • Land & Buildings	840.00	29,000.00	-28,160.00	2.9%
7200 • Equipment & Vehicles				
7210 • Computer Hardware	1,207.86	3,000.00	-1,792.14	40.3%
7220 • Computer Software	0.00	6,500.00	-6,500.00	0.0%
7230 • Field Equipment	0.00	12,500.00	-12,500.00	0.0%
7240 • Office Equipment	662.98	2,000.00	-1,337.02	33.1%
7250 • New Vehicle	64,609.46	70,000.00	-5,390.54	92.3%
Total 7200 • Equipment & Vehicles	66,480.30	94,000.00	-27,519.70	70.7%

San Bernardino Valley Water Conservation District
General Fund Profit & Loss Budget vs. Actual
July through December 2009

	General Fund			
	<u>Jul - Dec 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · Professional Services				
7419 · Legal Water Rights	11,922.16	25,000.00	-13,077.84	47.7%
7438 · Engineering Services -Other	14,955.19	100,000.00	-85,044.81	15.0%
Total 7400 · Professional Services	<u>26,877.35</u>	<u>125,000.00</u>	<u>-98,122.65</u>	<u>21.5%</u>
Total Other Expense	<u>157,577.93</u>	<u>951,000.00</u>	<u>-793,422.07</u>	<u>16.6%</u>
Net Other Income	<u>-157,577.93</u>	<u>-951,000.00</u>	<u>793,422.07</u>	<u>16.6%</u>
Net Income	<u><u>-923,441.25</u></u>	<u><u>-1,554,903.00</u></u>	<u><u>631,461.75</u></u>	<u><u>59.4%</u></u>

San Bernardino Valley Water Conservation District
Combined Balance Sheet
As of December 31, 2009

	<u>Dec 31, 09</u>
ASSETS	
Current Assets	
Checking/Savings	
1010 · Bank of America - Checking	22,133.84
1015 · Redlands Plaza Bank	14,859.25
1020 · Petty Cash	200.00
1030 · LAIF	2,155,908.82
1031 · LAIF - Restricted	5,000,000.00
Total Checking/Savings	<u>7,193,101.91</u>
Accounts Receivable	
1200 · Accounts Receivable	260,610.73
Total Accounts Receivable	<u>260,610.73</u>
Total Current Assets	7,453,712.64
Fixed Assets	
1500 · Land	109,133.15
1510 · Buildings	791,136.13
1520 · Vehicles	140,484.14
1530 · Office Equipment	167,918.73
1540 · Field Equipment	114,615.81
1550 · Concrete Basins	330,191.74
1560 · Capital Assets - Redlands	343,563.00
1600 · Accumulated Depreciation	-595,932.00
Total Fixed Assets	<u>1,401,110.70</u>
TOTAL ASSETS	<u><u>8,854,823.34</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	117,280.31
Total Accounts Payable	<u>117,280.31</u>
Credit Cards	
1025 · Bank of America	1,327.57
1027 · American Express	3,856.14
Total Credit Cards	<u>5,183.71</u>
Other Current Liabilities	
2130 · Short Term Compensated Absences	19,518.00
2210 · Security Deposits - Redlands PI	5,825.00
Total Other Current Liabilities	<u>25,343.00</u>
Total Current Liabilities	147,807.02
Long Term Liabilities	
2700 · Deferred Revenue	5,000,000.00
2715 · Compensated Absences	58,554.00
Total Long Term Liabilities	<u>5,058,554.00</u>
Total Liabilities	5,206,361.02
Equity	
3001 · Fund Balance	4,540,742.10
Net Income	-892,279.78
Total Equity	<u>3,648,462.32</u>
TOTAL LIABILITIES & EQUITY	<u><u>8,854,823.34</u></u>



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwd.dst.ca.us

To: Board of Directors

From: Samantha Brown, Finance Supervisor

Date: January 27, 2010

Subject: Statement of Investment Policy for 2010

RECOMMENDATION

Approve the District's attached Statement of Investment Policy for 2010.

BACKGROUND

The State of California requires each public agency that invests public funds to establish an Investment Policy, and review that Policy each year.

DISCUSSION

The attached Investment Policy is the same as was passed previously. Staff will be investigating other safe investments with a higher return to bring to the Board of Directors at a later date. No changes to investments will be made without Board approval.

FISCAL IMPACT

There is no fiscal impact with this item at this time.

BOARD
OF
DIRECTORS

Richard W. Corneille
Clare Henry Day

Arnold L. Wright
John Longville

David E. Raley
Melody McDonald
Manuel Aranda, Jr.

GENERAL
MANAGER

R. Robert Neufel

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
STATEMENT OF INVESTMENT POLICY
JANUARY 27, 2009

A. PURPOSE

The investment policy of the San Bernardino Valley Water Conservation District provides guidelines for the investment of the District's surplus cash that is not required for the immediate necessities of the District.

B. SCOPE

The investment policy applies to activities of the District with regard to investing surplus cash.

C. OBJECTIVES

The primary objectives, in order of priority, of the District's investment activities and criteria for selection of investment shall be as follows:

a. **SAFETY.** The objective refers to potential loss of principal or interest associated with any investment vehicle. The District's investment policy is to protect principal at all times, and to invest only in those investments in which safety of principal is guaranteed by the federal government, or in those investments which demonstrate a past performance history where principal investments have not been lost or diminished.

b. **LIQUIDITY.** The District's investment vehicles shall be balanced between restricted and unrestricted investments, such that the District may convert its investment monies to liquid funds on short notice, in order to respond to demands or opportunities calling for immediate availability of investment or operating capital.

c. **YIELD.** The District's investment portfolio shall be managed to obtain highest possible market rates of interest while preserving and protecting the investment monies in the overall portfolio.

D. STRATEGIES

a. The District shall pursue an investment strategy where investments include the Local Agency Investment Fund (LAIF), and investments guaranteed by the Federal Deposit Insurance Corporation.

- b. In the event investment opportunities arise which would call for the diversion of investment monies into an investment other than LAIF, General Manager will consult with the Board of Directors to secure approval of the investment.

E. INVESTMENT AUTHORITY

The District's General Manager is authorized to make investments on behalf of the District. Such investments shall include, but not limited to, Local Agency Investment Fund (LAIF) Demand Deposits, upon previously authorization by the District's Board of Directors.

F. REPORTING REQUIREMENTS

The District's Board of Directors will be provided, on no less than a quarterly basis, a report on the performance of all investments.

January 14, 2010

Melody A. McDonald, Borad President
San Bernardino Valley Water Conservation District
P.O. Box 30197
San Bernardino, CA 92413

Re: Request for Concurrence for Nomination of E. G. "Jerry" Gladbach for President
of ACWA/JPIA's Board of Directors

Dear President McDonald:

The Board of Directors of the Castaic Lake Water Agency (CLWA) is submitting E. G. "Jerry" Gladbach as a candidate for President of the ACWA/JPIA Board of Directors. Mr. Gladbach is currently on the CLWA Board of Directors, is presently the CLWA representative on the ACWA/JPIA Board of Directors and has been a member of the ACWA/JPIA Executive Committee since 2006. He was also a member of the ACWA/JPIA Executive Committee as ACWA Vice President from 2002 to 2003.

Enclosed is a certified copy of CLWA's Resolution No. 2697 nominating Mr. Gladbach for President of ACWA/JPIA's Board of Directors. Also enclosed is the "Candidate's Statement of Qualifications" and a sample concurring resolution for your consideration in support of Mr. Gladbach's nomination.

Please consider supporting Mr. Gladbach by adopting the concurring resolution for his nomination as President of ACWA/JPIA's Board of Directors. Please send a certified copy of the resolution to:

ACWA/JPIA
Attention: Sylvia Robinson
5620 Birdcage Street
Suite 200
Citrus Heights, CA 95610

and

Castaic Lake Water Agency
Attention: April Jacobs
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

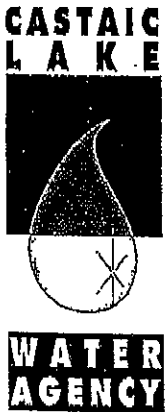
The resolution must be received by ACWA/JPIA no later than March 19, 2010.

Sincerely,



Dan Masnada
General Manager

Attachments



BOARD OF DIRECTOR
PRESIDENT
R. J. KELLY

VICE PRESIDENT
PETER KAVOUNAS

E.G. "JERRY" GLADBACH
ROBERT J. DIPRIMIO
DEAN D. EFSTATHIOU
WILLIAM C. COOPER
WILLIAM PECSI
THOMAS P. CAMPBELL
EDWARD A. COLLEY
JACQUELYN H. McMILLAN
B. J. ATKINS

GENERAL MANAGER
DAN MASNADA

GENERAL COUNSEL
McCORMICK, KIDMAN &
BEHRENS, LLP

SECRETARY
APRIL JACOBS

"A PUBLIC AGENCY PROVIDING RELIABLE, QUALITY WATER AT A REASONABLE COST TO THE SANTA CLARITA VALLEY"

27234 BOUQUET CANYON ROAD • SANTA CLARITA, CALIFORNIA 91350-2173 • 661 297-1600 FAX 661 297-1611
website address: www.clwa.org

RESOLUTION NO. 2697

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CASTAIC LAKE WATER AGENCY
NOMINATING ITS ACWA/JPIA BOARD MEMBER TO THE OFFICE OF PRESIDENT
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA/JPIA")

WHEREAS, this district is a member district of the ACWA/JPIA that participates in all three of its Programs: Liability, Property, and Workers' Compensation; and

WHEREAS, the Bylaws of the ACWA/JPIA provide that in order for a nomination to be made to ACWA/JPIA's **Office of President**, the member district must place into nomination its member of the ACWA/JPIA Board of Directors for such open position.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Castaic Lake Water Agency that its member of the ACWA/JPIA Board of Directors, **E. G. "Jerry" Gladbach**, be nominated as a candidate for the **Office of President** for the election to be held on May 3, 2010.

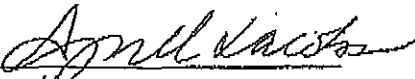
BE IT FURTHER RESOLVED that the ACWA/JPIA staff is hereby requested, upon receipt of the formal concurrence of five other member districts to effect such nomination.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA/JPIA at 5620 Birdcage Street, Suite 200, Citrus Heights, California 95610-7631, forthwith.

ADOPTED this 13th day of January 2010.

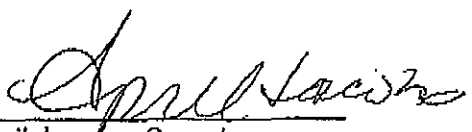

Vice Board President

ATTEST:


Secretary

I, the undersigned, hereby certify I am the duly appointed and acting Secretary of the Castaic Lake Water Agency and at a regular meeting of the Board of Directors of said Agency held on Wednesday, January 13, 2010, the foregoing Resolution No. 2697 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and it is now in full force and effect.

DATED: January 13, 2010


April Jacobs, Secretary

E.G. "Jerry" Gladbach

27491 Hillcrest Place / Valencia, CA 91354
Phone: (661) 297-2200 / Email: eglad@aol.com

EXPERIENCE / COMMITMENT / DEDICATION

It has been an honor to serve you as a member of the ACWA/JPIA Executive Committee as well as Chair of its Building and Property Ad Hoc Committee. I would now be honored to serve you as President of ACWA/JPIA's Board of Directors. The six years I have spent on ACWA/JPIA's Executive Committee have provided me the knowledge to understand the many issues facing the ACWA/JPIA and will enable me to make informed decisions. My experience in ACWA and ACWA/JPIA has given me the opportunity to appreciate the concerns of many agencies throughout the state. My experience as ACWA's President has proven my ability to lead an organization to do great things, and will do the same for ACWA/JPIA.

PROFESSIONAL / COMMUNITY EXPERIENCE

ACWA – Joint Powers Insurance Authority

Executive Committee	2006 – present
	2002 – 2003
Chair, Building and Property Ad Hoc Committee	2008 – present
Chair, Liability Sub-Committee	2007 – present
Board of Directors	2002 – present

Association of California Water Agencies (ACWA)

President	2004 – 2005
Vice President	2002 – 2003
Chair, Region 8	1998 – 2001
Board of Directors	1998 – present
Chair, Energy Committee	1982 – 1989
	2006 – 2007

Castaic Lake Water Agency

Board of Directors	1985 – present
President	1987 – 1990
Chair, Water Resources Committee	2003 – present
Chair, Finance, Administration, PR Committee	1991 – 2002

LAFCO – Los Angeles

Chair	2006 – present
First Vice-Chair	2005 – 2006
Commissioner	2002 – present
Alternate Commissioner	2001 – 2002

California Association of LAFCOs

Treasurer	2008 – present
Member, Board of Directors	2005 – present

Water Education Foundation, Board of Directors 1987 – 2009

Los Angeles Department of Water and Power

Leadership in Engineering, Management, Environmental Planning / retired after 35 years

Past Member, United States EPA Groundwater Task Force

Past Advisor to U.S. Commission on Water Quality

Past Member, Advisory Committee, California Polytechnic State University,

San Luis Obispo, Civil and Environmental Engineering

Professional Engineer, Registered in California

Life Member, American Society of Civil Engineers

Master of Science Degree in Civil Engineering / Water Resources

PERSONAL

Married with 3 children, and 6 grandchildren, I have lived in the Santa Clarita Valley over 40 years and have been devoted to community service for that entire period.

RESOLUTION NO.: _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
(NAME OF MEMBER DISTRICT)
CONCURRING IN NOMINATION OF
E.G. "JERRY" GLADBACH TO THE OFFICE OF PRESIDENT
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA/JPIA")

WHEREAS, this district is a member district of the ACWA/JPIA; and

WHEREAS, the Bylaws of the ACWA/JPIA provide that in order for a nomination to be made to ACWA/JPIA's Office of President, five member districts must concur with the nominating district, and

WHEREAS, another ACWA/JPIA member district, the **Castaic Lake Water Agency** has requested that this district concur in its nomination of its member of the ACWA/JPIA Board of Directors to the Office of President of the ACWA/JPIA;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the (NAME OF MEMBER DISTRICT) that this district concur with the nomination of E. G. "Jerry" Gladbach of Castaic Lake Water Agency to the Office of President of the ACWA/JPIA.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA/JPIA at 5620 Birdcage Street, Suite 200, Citrus Heights, California 95610-7632, forthwith.

ADOPTED this (DATE) day of (MONTH), 2010.

SIGNATURE _____
Board President

ATTEST:

SIGNATURE _____
Secretary

RESOLUTION NO. 455

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
CONCURRING IN THE NOMINATION OF E.G. "JERRY" GLADBACH TO THE
OFFICE OF PRESIDENT OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY (ACWA/JPIA)**

WHEREAS, this District is a member district of the ACWA/JPIA; and

WHEREAS, the Bylaws of the ACWA/JPIA provide that in order for a nomination to be made to ACWA/JPIA's **Office of President**, five member districts must concur with the nominating district; and

WHEREAS, another ACWA/JPIA member district, the Castaic Lake Water Agency, has requested that this District concur in its nomination of its member of the ACWA/JPIA Board of Directors to the **Office of President** of the ACWA/JPIA.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Bernardino Valley Water Conservation District that this District concur with the nomination of E. G. "Jerry" Gladbach of the Castaic Lake Water Agency to the **Office of President** of the ACWA/JPIA.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA/JPIA at 5620 Birdcage Street, Suite 200, Citrus Heights, California 95610-7632, forthwith.

ADOPTED this 27th day of January, 2010.

Clare Henry Day, Board President

ATTEST:

R. Robert Neufeld, Board Secretary

Presentation to USAWRA
January 14, 2010

1. Santa Ana Sucker – Proposed Critical Habitat Designation
 - a. Notice Issued – December 9, 2009
 - b. Comments Due – February 8, 2010
 - c. Requested Actions
 - i. Join in requesting an extension of time to comment
 - ii. Join in the comments being prepared by Western, Valley District and others
2. Background
 - a. 2004 – USFWS proposed critical habitat for the Santa Ana sucker that included the Upper Santa Ana River, Mill Creek and City Creek
 - b. 2005 – USFWS revised critical habitat to exclude the Upper Santa Ana River and tributaries
 - c. May 2007 – Center for Biological Diversity asks SWRCB to deny Valley District/Western water right applications based on impacts to Santa Ana sucker
 - d. November 2007 – Center for Biological Diversity sues USFWS challenging the decision not to include the Upper Santa Ana River and tributaries in critical habitat
 - e. January 2009 – USFWS agrees to revisit the decision not to include the Upper Santa Ana River and tributaries as critical habitat
 - f. December 2009 – USFWS issues proposed critical habitat designation including the Upper Santa Ana River and tributaries
3. What's the Big Deal?
 - a. Any federal permit for a project that may adversely affect critical habitat requires consultation with USFWS
 - b. Examples:
 - i. Bridges
 - ii. Pipelines
 - iii. Flood control projects
 - iv. Erosion control

- c. Proposed critical habitat is largely within/adjacent to stream channels. USACE will be required to consult with USFWS for all of these types of projects before issuing 404 permits
- d. Impact – additional delays and costs for projects, at best. Projects may be effectively re-operated by USFWS (e.g., SWP operations)

4. What Should We Do?

- a. Western, Valley District and a number of other agencies are preparing comments on the proposed designation (just like the FERC relicensing)
- b. Strategy
- c. Request extensions of time to comment
- d. Join in the regional comments

5. Any Questions?



January 14, 2010

Via Facsimile (760) 431-5901 and Mail

Jim Bartel, Field Supervisor
U. S. Fish and Wildlife Service
Carlsbad Fish and Wildlife Office
6010 Hidden Valley Road, Suite 101
Carlsbad, CA 92011

Re: Request for Extension of Comment Period and Hearing on Proposed Rule for Revised
Critical Habitat for the Santa Ana Sucker

Dear Mr. Bartel:

Downey Brand LLP represents San Bernardino Valley Municipal Water District ("Valley District"). Valley District is working with the Western Municipal Water District of Riverside County, the City of Riverside and a number of other local public entities to submit comments to the United States Fish and Wildlife Service's ("Service") proposed rule to revise critical habitat for the Santa Ana sucker (74 Fed. Reg. 65056 (Dec. 9, 2009)).

The Service's proposed rule is important to Valley District and its regional partners, all of whom have water supply obligations to their constituents, because of the rule's potentially significant impacts on water supply for the Inland Empire region. Valley District and its partners therefore understand the necessity of reviewing the proposed rule carefully and wish to provide thoughtful comments that assist the Service in its final designation.

Unlike the process for listing of a species under the Endangered Species Act ("Act"), under which the Secretary must make the decision to list a species as endangered or threatened "solely on the basis of the best scientific and commercial data available," the designation or revision to a designation of critical habitat must be made "on the basis of the best scientific data and after taking into consideration the economic impact, and any other relevant impact, of specifying any particular area as critical habitat." 16 U.S.C. § 1533(a)(3)(A); 16 U.S.C. § 1533(b)(2); *Home Builders Ass'n of Northern California v. U.S. Fish and Wildlife Service* 268 F.Supp.2d 1197, 1225 -1226 (E.D. Cal., 2003). In fact, the Supreme Court has stated that, in designating critical habitat, the Secretary must consider economic and other relevant impacts of that designation. *Bennett v. Spear* 520 U.S. 154, 172 (1997).

Providing thoughtful and comprehensive comments that will be most useful to the Secretary requires an analysis of the biological needs of the Santa Ana sucker, the way(s) in which those needs could be met, the feasibility and cost of such measures, and other similar information. To provide this information the Act requires the Service not only to analyze the biological needs of

the species, but also to analyze the costs of meeting those needs. In that way, the economic analysis of a proposed critical habitat designation is extremely important, both to the Service and to interested stakeholders.

Valley District, accordingly, requests that the Service: (i) extend the period for public comment on the proposed designation until 60 days after the economic analysis is released for public review; and (ii) hold a public hearing pursuant to section 4(b)(5) of the Act to receive comments on both the proposed designation and the economic analysis prior to the new deadline for public comments. These measures will allow Valley District and other interested parties to provide comments that will best assist the Service in achieving the purposes of the Act.

Moreover, the proposed process is consistent with and strengthens the process already being following by the Service. The Service in its proposed rule specifically asked for comments on the following:

(11) Any probable economic, national security, or other impacts of designating particular areas as critical habitat, and, in particular, any impacts on small entities (e.g., small business or small governments), and the benefits or including or excluding areas that exhibit these impacts.

[...]

(14) Information on any quantifiable economic costs or benefits of the proposed revised designation of critical habitat.

(74 Fed. Reg. at pp. 65056 (Dec. 9, 2009) (emphasis added)).

In Valley District's view it is not possible to adequately provide comments on these issues without having had an opportunity to review the economic analysis. Consequently, Valley District believes that, because the final rule is not due until this December, there is ample time to extend the time for comments.

Because time is short, Valley District requests a response to this letter no later than January 29, 2010.

Very truly yours,



Andrea P. Clark

cc: Doug Headrick
John Rossi
Greg Wilkinson/Lindsay Puckett

BEST BEST & KRIEGER

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(619) 525-1300

WALNUT CREEK
(926) 977-3300

Ward H. Simmons
(951) 826-8366
Ward.Simmons@bbkllaw.com
File No. 01376.00226

January 13, 2010

VIA FIRST CLASS MAIL AND FACSIMILE

Jim Bartel, Field Supervisor
U. S. Fish and Wildlife Service
Carlsbad Fish and Wildlife Office
6010 Hidden Valley Road, Suite 101
Carlsbad, CA 92011

Re: Request to Extend the Comment Period for the Proposed Rule to
Revise Critical Habitat for the Santa Ana Sucker and For Public
Hearing

Dear Mr. Bartel:

Best Best and Krieger LLP represents the Western Municipal Water District (the "District") and the City of Riverside (the "City") in connection with the proposed rule revising the designation of critical habitat for the Santa Ana sucker (74 Fed. Reg. 65056 (Dec. 9, 2000)). Both of our public agency clients are also working with the San Bernardino Valley Municipal Water District and other public entities to submit coordinated, comprehensive comments to the United States Fish and Wildlife Service ("Service") regarding its proposed rule.

The Service reached a stipulated settlement with the Center for Biological Diversity in January 2009 to revise the designation of critical habitat for the Santa Ana sucker. Subsequently, the Service spent some eleven (11) months studying and drafting the proposed rule before releasing it to the public for comment. The District and the City do not believe the 60-day comment period currently provided as part of the proposed designation will be sufficient for them to adequately respond to the proposed revisions to existing critical habitat, particularly as those revisions may affect their public water supplies. Further, because the Service has not yet released its Draft Economic Analysis ("DEA") for public review our clients' ability to fully comment is necessarily proscribed. Review of the DEA in concert with the proposed rule will be especially critical in evaluating the proposed rule since, by law, the designation of critical habitat must "take [] into consideration the economic impact [] of specifying any particular area as critical

Jim Bartel, Field Supervisor
January 13, 2010
Page 2

habitat." 16 U.S.C. §1533 (b) (2). In addition, the District and the City are conducting meetings to coordinate with other public entities with similar interests relating to the proposed designation, and we are informed that the staff of these other entities must wait for approvals by their city councils and their boards of directors before proceeding.

Quoting from the Federal Register:

We [Fish and Wildlife Service] particularly seek comments concerning:

...

(15) Whether we could improve or modify our approach to designating critical habitat in any way to provide for greater public participation and understanding, or to better accommodate public concerns and comments.

(74 Fed. Reg. at pp. 65056 & 57 (Dec. 9, 2009).

The District and the City are interested in providing the kind of comments sought by the Service but, to do so, will need additional time. Providing the public a longer comment period to fully address the issues associated with a proposed designation of critical habitat is not without precedent. In 2004, the Service requested comments on the proposed rule to designate critical habitat for the southwestern willow flycatcher. (69 Fed. Reg. 60706 (Oct. 12, 2004)). The comment period was later extended to March 31, 2005 (69 Fed. Reg. 72161 (Dec. 13, 2004)), and later, to May 31, 2005. (70 Fed. Reg. 16474 (Mar. 31, 2005).) In total, the comment period was open for a period of 231 days.

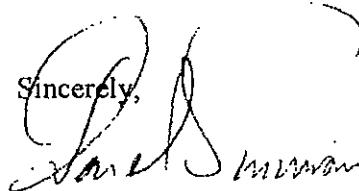
Accordingly, because of the need to fully respond to the proposed rule, the need to coordinate with a number of other public entities and in light of the fact that the Service is not required to publish the final rule until December 2010, the District formally requests a minimum 60-day extension to file its comments. Given the importance of the public water supplies that may be affected, particularly during this time of continued drought and resulting water supply shortage, we believe this request for a limited extension is entirely reasonable.

BEST BEST & KRIEGER
ATTORNEYS AT LAW

Jim Bartel, Field Supervisor
January 13, 2010
Page 3

Further, the District and the City both request a public hearing be held in connection with the proposed rule.

Sincerely,

A handwritten signature in black ink, appearing to read "Ward H. Simmons", written over the word "Sincerely,".

Ward H. Simmons
for BEST BEST & KRIEGER LLP

WHS:apc

cc: John Rossi, Western Municipal Water District
Susan Wilson, City of Riverside
Douglas Headrick, San Bernardino Valley Municipal Water District