

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF THE BOARD MEETING OF
February 9, 2011
1:30 P.M.

President Clare Henry Day called the Board Meeting of the Board of Directors to order at 1:32 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
John Longville, Director (1:38 pm)
Richard Corneille, Director
David E. Raley, Director
Manuel Aranda, Director

BOARD MEMBERS ABSENT:

Arnold Wright, Director

GENERAL COUNSEL PRESENT:

David B. Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Eunice L. Griffith, Administrative Manager

GUESTS PRESENT:

Don Lee, Tetra Tech
Charles Roberts, Highland News

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.

Director Melody McDonald presented the Board a refund check in the amount of \$7,457.84, from ACWA /JPIA.

2. ADDITIONS/DELETIONS TO AGENDA

Daniel Cozad, General Manager requested the Greenspot Road Pipeline realignment be added to the Agenda.

It was moved by Director Raley and seconded by Director Corneille to add the Greenspot Road Pipeline realignment as item "I" to the agenda.

There were no deletions to the agenda.

3. CONSENT CALENDAR

- Approval of the Board Minutes from January 12, 2010.

General Counsel noted revisions to the January 12, 2010 meeting minutes.

It was moved by Director Corneille and seconded by Director Aranda that the minutes from the January 12, 2011 Board meeting, be approved with revisions noted by Legal Counsel, Dave Cosgrove and Director Corneille. The motion carried unanimously.

- Un-audited Financials (based on the 2010-11 Revised Budget) and Check Register for January, 2010.

The Board inquired about the current District and Local Agency Investment Fund (LAIF) checking account balances. Specific questions were asked about the insurance premium payments, the Capital Improvement Plan, and mining revenues.

It was moved by Director McDonald and seconded by Director Longville that the January Un-audited Financials and Check Register be approved. The Financial Reports were unanimously approved.

4. INFORMATION ITEMS

A. Board Committee Reports

Resource Committee

Chairperson Corneille reported that the Resources Committee met on February 4th. The Mill Creek Repairs were completed successfully, under budget. He also reported that at the time of meeting, staff noted spreading around 35 CFS in Mill Creek. The Committee thought the US Army Corp of Engineers (USACOE) Seven Oaks Dam 2011 Hydraulic Preliminary Test plans for February 14th- February 18th, presented by Mr. Cozad were excellent. The Committee approved a pilot project for three gate control actuators in Cuttle Weir an item later in the agenda.

Administrative Committee

Chairperson McDonald informed the Board of the following items: The Administrative meeting received an update on the status of leasing Redlands Plaza. Matt Millett, Leasing Agent for Coldwell Banker Commercial, Lazar and Associates has shown units "J" and "I" several times. The Committee also received an update on the Mentone and Canyon property. Director McDonald reported office staff replacement progress as follows:

2 paid interns based on the \$10,000 authorization: Matt O'Carroll from University of Redlands and Ryan Hejka from California Polytechnic University, Pomona. Both interns are working on engineering planning, the EI and Big Bear Watermaster report.

1 intern, 360 hours paid by Bureau of Reclamation: Tom Lyon, from California State University, San Bernardino, will be starting soon. Tom's focus will be to identify, categorize and catalog items that may be of a historical value in the District Library. He will also assist Athena with scanning and archiving distinctive District documentation.

1 field employee: Dillon Ford is the newly hired Field Technician. Dillon will start on Monday, February 7, 2011 and will be available to assist Field personnel with the US Army Corp of Engineers (USACOE) Hydraulic Test Release at Seven Oaks Dam (SOD) scheduled for February 12 -17th, 2011.

The Administrative Committee discussed the Enterprise descriptions and made recommendation on open questions presented by Mr. Cozad.

The Board commented on the professionalism of interns and inquired on the status of the Engineering Investigation report (EI). Mr. Cozad reported that the District is on schedule and should have an internal draft within 2 weeks. The final draft will be ready 2 weeks later. He encouraged the Board request early drafts of the report, if interested.

B. Wash Plan Update

Legal Counsel Cosgrove reported that he received the proposal to prepare an Environmental Impact Statement for the Wash plan from Lilburn Corporation. He is checking with two additional consultants to ensure a responsible sampling. The scope of work is complete. Legal Counsel shared the general range of quotes received to date. The next step is moving forward, using the Task force agreement to get direction from US Fish and Wildlife Service (USFWS). Legal Counsel and Mr. Cozad are scheduled to meet with the mining partners on February 16th to establish a concrete plan for funding. The District has given due diligence to the technical and legal aspects, Legal Counsel reiterated that the Board needs to have a stronger political presence to be in a position to work with USFWS.

C. Other Reports from Staff

Field Update Randy Carlisle

Field Technician, Manuel Colunga reported several activities in preparation for the high flow test: 1) He and Randy Carlisle repaired a small channel that was left exposed at Cuttle Weir when Larry Jacinto did work last year and it is now prepared for the water to flow through. 2) On February 10, 2011 they will walk the main canal to confirm that it is clear and nothing will get caught up in the gates. He reported that the District is ready to give Mill Creek water to Bear Valley Mutual Water Company (BVMWC) as Santa Ana will be out until March; BVMWC can provide Mill Creek water to the City of Redlands. Manuel reported that the District can now take State Project Water in Mill Creek and they are prepared to take more than 35 CFS.

Manuel informed the District that Dillion Ford the newly hired Field Technician started on Monday, February 7th and is working out well.

General Manager Cozad provided the schedule and availability of the SOD 2011 Hydraulic Test scheduled for February 14th- 17th, 2011.

This following item was taken out of order.

Santa Ana Sucker

Mr. Cozad commented on a thorough 15 page scientific assessment of the Santa Ana Sucker (SAS). The study is called the "Revised Critical habitat for Santa Ana Sucker - Final Rule" by Roy Leidy, Senior Fish and Wildlife Biologist, AECOM. Mr. Cozad pointed out the following key points: 1) the revised draft rule eliminates the area above Seven Oaks Dam (SOD), etc. as a point of contention and notes they are only counting on water contributions 2) the water contributions are primarily for the purpose of moving aggregate or substrate for the fish. This material is moved by storm flows which would likely be too large to capture and not by the flows that are used for recharge.

He stated that on the USFWS cannot ask for control of something that there is no methodology for controlling. If the movement of sediment is primarily due to seasonal storms, USFWS cannot control those.

Mr. Cozad forwarded information to the Board on the next Task Force Meeting, which is currently being scheduled. He also asked Directors to let him know if they would like to be included on Doug Headrick's, San Bernardino Valley Municipal Water District (SBVMWD), email distribution list.

D. General Manager Report

A written General Manager's Report was distributed to the Board and summarized by Mr. Cozad. The following key points were highlighted and are not included in other Agenda topics:

1. Mentone house is ready for leasing. Board members were encouraged to tell any interested tenants about the property. Diana Cozad, wife of General Manager has been kind enough to show the house on behalf of the District. The listing is posted on Craigslist and is receiving favorable response. Several families have seen the house and we have two applications.
2. Success stories – The work on Mill Creek was completed ahead of schedule and under budget (see Resource Committee comments). As of February 9, 2011, about the total water spread is 800 acre feet in Mill Creek.
3. Shared news articles from the Press Enterprise regarding the storms and water and the one in the Highland Community News.

General Manager reported that he has been working closely with the Design engineer staff at SBVMWD and the engineers for the second phase of the Greenspot road - on the culvert. They will be sending a letter to Mr. Cozad today asking that the City of Highland overdesign to bring it up to 500 CFS plus 1 foot of freeboard. This is approximately \$130,000 of work that SBVMWD has committed to pay.

City Creek Coalition Group –This Group is trying to address issues at City Creek. Mr. Cozad attended the meeting and has been exchanging emails to identify how we can be helpful and vice versa. Next month Mr. Cozad is scheduling a presentation to the Board from Robertson's and CEMEX.

Discussion ensued on topics addressed during the meeting including items from the strategic plan and their future need for office space, The District could possibly benefit from proposals that they receive for mitigation land and from things they

manage. In 2012-2013 there may be interest in leasing our residential property and the space next to it to build a place where they can bring children and teach them about water and natural resource conservation.

E. Future Agenda Items & Staff Tasks from Directors

There were no reports on this item.

5. ACTION ITEMS, NEW BUSINESS

A. HIGH FLOW OPERATIONS PLANNING AND USACOE TEST RELEASES

Mr. Cozad reviewed the map from the SOD. Mr. Cozad and Field technicians walked the area and took water samples. In 2005, the water behind the dam was at 200 NTU today the analysis of samples came out 22-28 NTU. This is 10-15% of the turbidity seen in the 2005 samples. The objective is to develop a curve that enables us to calculate the amount of work or added maintenance required at year end based on the turbidity readings. Mr. Cozad is forecasting about a \$40-\$60k increase cost at the end of the 2011 percolation season. He has checked with SBVMWD and they are willing to accept this cost.

General Manager also provided the District with a status of staffing requirements during the USACOE High Flow Test scheduled for February 14-17th.

It was moved by Director McDonald and seconded by Director Corneille to authorize the General Manager to procure emergency services up to a not to exceed cost of \$15,000 to repair or clean facilities as needed.

The motion carried unanimously.

B. GATE CONTROL ACTUATORS PILOT FOR CUTTLE WEIR

General Manager, Mr. Cozad has been working with the Resources Committee on a pilot to add electric operation to three of the gates at Cuttle Weir. The motors/controls will reduce strain to operators. He received quotes from several companies. The estimate which best met District criteria is \$12,000 from Golden Harvest, Inc. If successful, other gates will be considered and the cost will be less, as the drive mechanism will be the same. Due to budgetary constraints, if approved Mr. Cozad will wait until month end before moving forward.

It was moved by Director Longville and seconded by Director McDonald for the General Manager to procure motors/controls for three gates at an amount not to exceed \$12,000 dollars.

The motion carried unanimously.

C. ENTERPRISE DESCRIPTIONS AND RESERVE POLICY

The Administrative Committee reviewed the handout on Enterprise Descriptions. Mr. Cozad summarized and identified items that go into each category. Therese Bova, Consultant, Contractors Solution is working with Mr. Cozad to incorporate the Board's decisions on the enterprise approach into our accounting system and ensure that it is auditable. The General Fund aggregates all the enterprise funds and acts as the umbrella for all District efforts. It contains funds that are not ascribed to an enterprise.

The proposed 3 cost categories for the District Enterprise approach are as follows:

- 1) Groundwater Recharge Enterprise Fund
- 2) Redlands Plaza and Leased Property
- 3) Land Resource Enterprise

Discussion ensued on categorizing GM cost, frontloading quarterly items and having a separate category for mining via a phasing out period. It was noted that when the Enterprise approach is implemented, Legal Counsel will have to conform his cost accounting to the enterprise approach.

It was moved by Director Raley and seconded by Director McDonald for the Board to approve the draft Enterprise Descriptions and Reserve Policy approach and to for Staff to prepare the draft policy for Board approval.

The motion carried unanimously.

D. BUDGET APPROACH FOR 2011-2012

Mr. Cozad encouraged using a zero base approach from the bottom up. The budget will be developed using the enterprise approach; i.e. each enterprise will have a budget for their activities. The most challenging, the groundwater budget will serve as the District pilot for implementing the Enterprise approach.

The Board reviewed the General Funding and Enterprise Reserve Policy (attached), specifically provisions which included:

- A) Groundwater Recharge Enterprise Reserve,
- B) Land Resources Reserve,
- C) Prepaid Royalties Reserve,
- D) Redlands Plaza Reserve and
- E) General Fund Reserve

Mr. Cozad also reviewed California Public Employees' Retirement System (CalPERS) Employer Contribution Reserve, the Self-Insurance Reserve and the Capital Improvement Plan (CIP) Reserve (future) with the Committee.

Discussion ensued on the budget and the Board voiced support for the staff's approach to the 2011-2012 budget.

It was moved by Director Raley and seconded by Director McDonald for the Board to approve staff's approach for development of the 2011-2012 budget. The Staff will begin preparation of the Groundwater Budget and then proceed to all other enterprises.

The motion carried unanimously.

E. 2011 EXECUTIVE COMMITTEE ELECTION NOTICE

Vice President McDonald gave an overview of the upcoming 2011 Executive Committee Election of ACWA Joint Power Insurance Agency (ACWA/JPIA). The Board reviewed biographies and resolutions for the Office of the President and 3 Executive Committee members.

It was moved by Director Longville and seconded by Director Aranda that the Board adopt Resolution No. 464 to support the nomination of Office of the President and Resolutions 465, 466 and 467 to support nominations for the Executive Committee members for the 2011 ACWA/JPIA election.

The motion was unanimously approved.

F. ACWA/ STATE LEGISLATIVE COMMITTEE BILL PACKET

Vice President McDonald summarized the packet and pointed out particular bills the Board should pay attention to.

It was moved that the bill packet be placed on the Agenda in March and also to place it in the information section of the agenda report item for March meeting.

G. SANTA ANA SUCKER – INFORMATION CAMPAIGN

General Manager, Mr. Cozad presented his position, he is firmly behind the Task Force and willing to contribute time, with the understanding that the District does not have funding available to participate financially at this time.

Vice President McDonald requested that the item be tabled until an amount be brought back to the Board before a decision is made on whether to approve.

It was motioned to table approval by McDonald and seconded by Wright until staff receives the requested cost and brings the item back to the next meeting for review.

Discussion ensued on outside opinions on whether we should continue to support the Task Force financially.

H. REVIEW OF GENERAL MANAGER PERFORMANCE AND RECOMMENDATIONS

The Board discussed the recommendation of the Ad Hoc Committee to retain Mr. Cozad as an at-will employee serving the pleasure of the Board at an annual salary of \$155,000 plus benefits provided in the Employee Handbook and as set from time to time by the Board.

The Board presented a modified motion to accept the recommendation of the Ad Hoc Committee, with the understanding that the contract will be brought forward to the Board for final approval.

The Motion is as follows:

- 1) Adopt the review incorporated into the Ad Hoc Committee Review as the District's Performance Review for Mr. Cozad to date;**
- 2) To Convert Mr. Cozad's current status from Independent Contractor to non-exclusive employee effective at the completion of his retainer, February 23, 2011.**
- 3) Direct Counsel to prepare an employment agreement with Mr. Cozad at a \$155,000 annual salary that will incorporate standard District benefits and the effective date, immediately after completion of the current retainer period.**

The above motion was moved by Director Aranda and seconded by Vice President McDonald.

The motion was unanimously approved.

Initiated by President Day, discussion ensued on the outstanding job Mr. Cozad is doing in representing the District with excellence. The Board commented on his ability to ask sometimes "hard questions" and make suggestions for the overall good and furtherance of District security. Discussion ended in a motion to write a letter of accommodation for performance.

It was moved by Director Raley and seconded by Director Longville to write a letter of accommodation for performance to date for General Manager, Mr. Cozad.

I. GREENSPOT ROAD

The Board previously asked the City of Highland to construct a 24" casing across Greenspot Road with the construction they are performing. This request is in addition to the culvert expansion discussed earlier in the February 9, 2011 Board minutes. The City of Highland has already done all the engineering and preliminary work and the casing is in their plans.

Mr. Cozad attended a preconstruction meeting at the City of Highland today. It was disclosed that the City would need to pay the amount of \$12,500 to cover construction cost. Per Director Corneille, this item had already been approved by the Resources Committee.

It was moved by Director Corneille and seconded by Director Longville to approve Construction payment to the City of Highland in an amount not to exceed \$12,500 for the culvert in Greenspot Road

The motion was unanimously approved.

6. Monthly Activity Reports, AND/OR Comments by Board Members

There was no discussion on monthly activity reports.

7. UPCOMING EVENTS

Please see the following changes/additions to Upcoming Events:

February 28, 2011	Special Districts Dinner Fontana Hilton, 6:00 pm
March 16, 2011	ACWA State Legislative Symposium
March 24, 2011	Advisory Commission, cancelled meeting on Feb 10 th , 7:00 pm

The Board discussed approving Directors Longville and Aranda's request to attend the ACWA State Legislative Symposium.

It was moved by Vice President McDonald, seconded by Director Longville that Directors Longville and Aranda attend the ACWA State Legislative Symposium, one opposed, Director Corneille. The motion was approved.

Director Longville provided a brief update on the "Director reduction bill" that will be introduced for the District. He confirmed that the District will be listed formally as a sponsor of the bill. The bill will be introduced soon.

There was no further open session business. At 3:38 p.m., the Board took a five minute break before going into Closed Session.

8. CLOSED SESSION

At 3:50 p.m., it was moved by Director Longville and seconded by McDonald to adjourn to Closed Session, under the authority of Government Code.

1. For conference with Real Property Negotiators related to the East Branch Extension Easement, located in the Santa Ana and Mill Creek Spreading Grounds APN 0168-321-10; 0168-341-04; 0168-342-04, 06, 09; 0168-381-02; 0297-051-01, 02; 0297-011-07, and 0168-311-06. Real Property negotiators are Daniel B. Cozad and David B. Cosgrove for the District and Doug Headrick for SBVMWD. Instructions are related to price and terms of payment.

At 4:10 p.m. the meeting reconvened into Open Session, with no reportable action under Government Code 54957.

9. ADJOURN MEETING

At 4:10 p.m. the meeting adjourned to the next regular Board meeting scheduled for March 9th, 2011 at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.

Daniel B. Cozad
General Manager