

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
PUBLIC HEARING / BOARD MEETING

MINUTES OF October 31, 2012
1:30 P.M.

President Corneille 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 Corneille.

ROLL CALL:

BOARD MEMBERS PRESENT:

Richard Corneille, President
Melody McDonald, Vice President
Bob Glaubig, Director
David E. Raley, Director
Manuel Aranda, Director
Clare Henry Day, Director
John Longville, Director (1:38 p.m.)

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Athena Medina, Administrative Services Specialist
Ryan Hejka, Engineering Intern

GUESTS PRESENT:

Charles Roberts, Highland Community News
Kip Sturgeon, East Valley Water District
John Muir, East Valley Water District
Christopher Brown, Charles Z. Fedak & Company
Douglas Headrick, San Bernardino Valley Municipal Water District
George Aguilar, San Bernardino Valley Municipal Water District

1. PUBLIC PARTICIPATION

President Corneille 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 continued with published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. PUBLIC HEARING RELATED TO REDISTRICTING

Daniel Cozad, General Manager, reviewed the Staff report on package page 4 of the agenda noting the process required to reduce the size of the Board from seven to five and conclude the decennial redistricting.

President Corneille opened the public hearing. President Corneille requested any member of the public to present any comment for the public hearing. No public provided any comments. Director McDonald thanked Director Longville for his efforts in getting SB 235 passed. President Corneille thanked Staff for their efforts in the process as well. Mr. Cozad noted for the record that there were no public comments received by Staff prior to the meeting.

It was moved by Director Day and seconded by Director Aranda to close the public hearing on redistricting. The motion carried 6-0. Director Longville was noted absent.

President Corneille stated the next item for discussion and approval is the consideration and adoption of Resolution No. 484.

It was moved by Director Aranda and seconded by Director McDonald to approve and adopt Resolution No. 484, reducing divisions from seven to five. The motion carried 6-0. Director Longville was noted absent.

A roll call vote was performed on Resolution No. 484, votes were as follows:

President Corneille: aye
Director Day: aye
Director Glaubig: aye
Director Longville: absent
Director Raley: aye
Vice President McDonald: aye
Director Aranda: aye

4. CONSENT CALENDAR

Approval of the Board Minutes from October 10, 2012

It was moved by Director Aranda and seconded by Director McDonald to approve the minutes from October 10, 2012. The motion carried 6-0. Director Longville was noted absent.

Ratify Commendatory Resolution No. 483, Honoring Bob Martin

This item was provided to the Board for their review, in advance of the meeting. Due to the timing of the WRI Banquet honoring Bob Martin there was not time to get the resolution approved. The resolution was presented at WRI Banquet on October 27th by President Corneille. Bob Martin has been invited to the November 14th Board of Directors meeting for formal presentation of the resolution. Staff requests the Board ratify Staff's action and approve the resolution presented by Director Corneille.

It was moved by Director Longville and seconded by Director McDonald to adopt Resolution No. 483. The motion carried 7-0.

5. ACTION ITEMS, NEW BUSINESS

A. 2012 AUDIT PRESENTATION

President Corneille introduced this item and noted that the Draft Audit and Management Reports are included in the board package. Mr. Cozad made a brief summary; he stated that the second year with Charles Fedak & Company went smoothly. He noted that Matt Wilson with RAMS assisted with the audit which improved this year's process. President Corneille stated that the Ad Hoc Audit Committee met, reviewed the report, and provided comments and questions to auditor.

Chris Brown reviewed the Audit and Management Reports and touched on highlight notes in the handout. Mr. Brown reviewed the audit process. He stated that they tested internal controls, account balances, financial transactions, and that final field work was finished in September. Mr. Brown also stated that there were no audit adjustments or reclassifications needed this year. The Audit Report referred to the assessment of the District's internal controls. The Management Report explained what the auditor's responsibilities are. Mr. Brown thanked Management and Staff for their efforts in completing this year's Audit Report. In regards to prior year concerns, Mr. Brown is

completely satisfied with the corrective actions taken by the Board and Staff to resolve those issues, and stated those are not an issue in the current year.

He stated that there was a decrease in current assets in the amount of \$136,483; of that decrease a portion is cash used for operations and purchase of capital assets. In regards to liabilities, in total they decreased by \$212,742 and the reason for that is the CalPERS side loan payoff and net assets of the District increased by \$76,259. Mr. Brown said that the \$5 million in reserves is considered a deferred liability. Review continued.

Director Aranda asked what items are depreciated. Mr. Brown stated that all tangible assets are included in the estimated amount of depreciation. He stated that under the Condensed Statements of Revenues, Expenses and Changes in Net Assets the District is in the positive at \$76,259. The final section in the handout was Financial Highlights, Operating reserves ratio which states that the District Unrestricted Net Assets have increased.

Mr. Cozad stated that our ratio is higher and needs to be maintained higher than other agencies due to the manner in which the District is required by the Water Code to set and implement our groundwater charge. The District has more risk and requires a longer return time when the Board makes rate change determinations.

Director McDonald asked if the CalPERS side loan payoff is included in the Operating Expense. Mr. Brown stated the liability was already considered in prior year as a prior period adjustment, the payment is recognized in the current year as an expense. Director Raley stated that he is pleased with the audit and Staff's performance. Directors McDonald and Aranda concurred with this statement. Director Aranda thanked the auditor for the clean opinion provided.

Director Glaubig asked for more details regarding the portion of the audit referred to as Statements of Cash Flows, pertaining to Cash paid to employees for salaries and wages. Mr. Cozad stated that he believes Director Glaubig to be correct in his statement that this item looks as though the amount of the line is on a different basis than last year. Mr. Cozad stated that the numbers calculate accurately but may show more than just salaries and wages. Mr. Brown stated that the previous years were categorized differently, but that the numbers are accurate. Discussion ensued.

Mr. Cozad stated that a detailed breakout of the Statements of Cash Flows will be provided to the Board to clarify the categorization of current year versus prior year. Discussion ensued.

It was moved by Director Day to approve the Draft Audit Report for Fiscal Year 2011-2012 as presented with direction to Staff to provide explanatory revision in

regards to the Statements of Cash Flows and reserving further action if necessary to amend the report based upon the explanation to be provided at the November 14th meeting; the motion was seconded by Director Aranda. The motion carried 7-0.

B. APPROVAL OF FINAL COLLABORATIVE AGREEMENT WITH SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (SBVMWD) AND WESTERN MUNICIPAL WATER DISTRICT (WMWD)

President Corneille introduced this item. George Aguilar with SBVMWD thanked the Board and Staff for their patience in developing and finalizing the language and terms of the agreement. He stated that he is looking forward to partnering with the District and hopes that the District will move forward with this agreement. President Corneille stated that this is a landmark agreement for the District and appreciates the new level of trust and cooperation. He stated that the District is looking forward to their partnership with SBVMWD and WMWD. Director McDonald concurred.

It was moved by Director Longville to approve the Final Collaborative Agreement; it was seconded by Director Aranda. The motion carried 7-0.

6. INFORMATION ITEMS:

A. Rules of Order

President Corneille presented this item for discussion. Policy 5030 states the manner in which a meeting will be conducted and states that the District prefers an informal forum rather than follow Roberts Rules of Order. President Corneille asked if this was the consensus of the Board or if the Board would like to adopt Roberts Rules of Order into Board Policy. President Corneille specifically asked if the rule that "...no one may speak a second time until everyone who wishes to do so has spoken once." He asked if it would make meetings more efficient by following that procedure. Director Aranda was in support of this procedure. Director Day stated that he believes the manner in which the meetings are currently being conducted is sufficient. Director Aranda stated that the problem with that is that there is such a thing as cross talking where two individuals are speaking over one another. Director Longville stated that the most effective way of dealing with cross talking is to seek chairs recognition before speaking. Discussion ensued.

Director Raley is comfortable with the current procedures. President Corneille stated it would just be a formalization of the method in which meetings are run. The Board agreed to seek the chairs recognition prior to speaking.

B. DFR Application Presentation

Mr. Cozad introduced Ryan Hejka, Engineering Intern of the District who presented a PowerPoint of the DFR Application he has been developing. Mr. Hejka provided an overview of the Daily Flow Report process. He noted that first Field Staff has to write down data from the SCADA website and then they have to drive to the various diversion points. The Field Staff then transfer all data from written format to electronic format where they send it out to the DFR Distribution Group. Mr. Hejka noted potential for error in transferring data from written to electronic format. He has been working on a mobile phone application to reduce redundancy and alleviate some of the room for errors. Mr. Hejka presented a video of the step by step process for using the DFR Application for Android operating system.

President Corneille asked if it would be difficult to use out in the field on a mobile phone. Mr. Hejka indicated that you can install the application on any Android operating system; so if you wanted to split up the responsibility of obtaining data you could have a mobile phone app for one individual and potentially a tablet for another. Mr. Cozad added that part of the reason for developing such an item is to be able to share responsibility. There may even be other individuals from outside agencies that may have the data readily available to them and be able to upload it. The Board thanked Mr. Hejka for his work. Director McDonald asked if this application is available to everyone. He noted that it is currently in beta testing mode but can be made available to Staff and other authorized persons once it is completed. Discussion ensued.

C. Santa Ana Sucker Final Decision Review

David Cosgrove, Legal Counsel, gave a brief overview of the final decision. The District Court decision is lengthy and highly technical. One of the challenges was for the exclusion of our area from the designated critical habitat of the Santa Ana Sucker. He noted that to include and that exclude was inconsistent. There is a split decision as to whether NEPA is required for this issue. In regards to the Wash Plan, the Santa Ana Sucker habitat and any impacts thereof will have to be taken into account upon implementation. President Corneille asked if the court decision was included. Mr. Cosgrove noted the summary was included but not the decision due to the number of pages, but will be made available for those who request it. Director Aranda

asked if this was a final judgment. Mr. Cosgrove stated the decision is final if not appealed. He noted it is up to the Task Force if they choose to appeal it. Discussion ensued.

D. Future Agenda Items & Staff Task requests from Directors

Director McDonald said she has an update from the Association of San Bernardino Special Districts for the upcoming election. There is one open seat and asked if there was anyone who would possibly like to serve on that board. Director Aranda indicated interest. President Corneille asked Director Aranda to prepare a letter of interest and the documentation for submission. This item will be brought back to the November 14th meeting.

E. Identify dates for Resources Committee Meeting and Ad Hoc Sphere of Influence Committee Meeting

President Corneille requested the Resources Committee Meeting be held November 15th at 8:00 am, if possible. The date for the Sphere of Influence will have to be selected at a later date.

7. MONTHLY BOARD MEMBER COMMITTEE ACTIVITY REPORTS, AND /OR COMMENTS BY BOARD MEMBERS

Directors Day, Glaubig and Longville made no report.

Director McDonald attended the SBVMWD Board Meeting. She also attended the ACWAJPIA HR Training meeting on October 30th.

Director Raley attended the Advisory Commission on Water Policy, Ad Hoc Audit Committee, and Collaborative Meeting.

Director Aranda attended the Loma Linda Chamber of Commerce meeting where Neil Derry was in attendance.

President Corneille attended the Ad Hoc Audit Committee, two meetings on the Enhance Recharge Project (60% Design Meeting), Field Trip on the EBX II, and WRI Banquet. He stated that the EBX II will not begin to affect our operations or property until approximately a year from now.

8. UPCOMING MEETINGS

President Corneille noted that Sexual Harassment Training will be held at the District on November 1st from 9 am-11 am.

9. CLOSED SESSION

It was moved by Director Aranda to move into Closed Session; it was seconded by Director Longville. The motion carried 7-0.

General Counsel announced that the meeting will adjourn to closed session under all of the items listed on the posted agenda.

At 3:16 p.m., the meeting reconvened into Open Session, with no reportable action under Government Code 54957.1.

10. ADJOURN MEETING

It was moved by Director Longville and seconded by Director McDonald to adjourn to the next scheduled meeting. The motion carried 7-0.

At 3:17 p.m. the meeting adjourned to the Regular Board of Directors Meeting on November 14, 2012 at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.


Daniel B. Cozad
General Manager