

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF September 10, 2014
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
David E. Raley, Director
Manuel Aranda, Director
John Longville, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Athena Monge, Administrative Services Specialist
Jeff Beehler, Land Resources Manager

GUESTS PRESENT:

Charles Roberts, Highland Community News
James Walker, Tetra Tech
Ron Coats, East Valley Water District
Deborah Crowley, Eadie & Payne, LLP

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. PRESENTATIONS

Mark Norton with SAWPA presented a PowerPoint presentation on the OWOW 2.0 Plan (Plan). He provided a brief overview of the Plan and asked that the District adopt the Plan in accordance with DWR's requirement to receive grant funding. He stated that the guiding principles of the Plan are to contribute to the shared vision of a healthy sustainable watershed. The Plan places emphasis on collaboration with water entities of the Santa Ana River Watershed. SAWPA is taking a systems approach; the hydrologic system which has an effect on what happens downstream. He indicated that by working collaboratively, better solutions will be conceived to address challenges in the watershed. Some of the main focuses of the current Plan are web based tools, climate change tools, watershed assessment, and system-wide projects and programs. DWR requires that certain standards are met in any adopted Integrated Regional Water Management Plan; there are 48 regions in California covering 85% of the state. Mr. Norton reviewed in detail areas of coverage; which include ninety cities, tribes, water agencies and disadvantaged communities that are working together throughout the watershed. The Plan was developed and written by the pillars of the Plan which are staffed by water entities that reported to the OWOW Steering Committee. Mr. Norton said that the District was selected for \$500,000 grant for the Plunge Creek project. The grant for the project should be in place from DWR within the next two weeks. He recommended that the District adopt the OWOW 2.0 Plan.

President Corneille noted that Resolution No. 514 must be approved to officially adopt the Plan. He also stated that on page 18 of the Executive Summary it indicates implementation of a Watershed Exchange Program for reduced recycling of water in the upper watershed; he asked for clarification on how that would affect future plans to build a reclamation plant locally. Mr. Norton said that there is allowance for that in the plan but that would have to be discussed in greater detail with agencies downstream. Discussion ensued. Director Raley asked about the fiscal impact. Mr. Cozad said that the adoption of the Plan does not require the Board to take any specific action other than adopting the Plan and does not require any commitment of funds. Mr. Cosgrove stated that there are financial obligations in relation to the implementation of the grant; but that agreement will be brought back to the Board for review and approval. He indicated that the District is committing to the collaborative process. Mr. Norton confirmed that approval does not mandate financial commitment.

It was moved by Vice President McDonald and seconded by Director Longville to approve Resolution No. 514 adopting the OWOW 2.0 Plan. The motion carried with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes**

4. CONSENT CALENDAR

It was moved by Director Aranda and seconded by Vice President McDonald to approve Consent Calendar Item A: Board Minutes, August 13, 2014, Item B: Expenditure Report, August 2014 and Item

C: Groundwater Assessment Report #42. The motion carried with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes**

5. COMMITTEE REPORTS/ACTION ITEMS

A. FOURTH QUARTER FINANCIAL REVIEW AND APPROVAL FOR FY 2013-2014

Vice President McDonald presented this item for discussion. The Finance & Administration Committee met on August 25th and reviewed graphs as listed: 1) Director Expenses as Percent of Budget, 2) Average Meetings and Board Actions by Month, and 3) Director Expense, Action Items and Board Efficiency. The Committee indicated the first graph was the most useful in assessing efficiency of the District. The Committee also reviewed quarterly financials and noted that the unfunded liability has increased from an estimated \$4,000 to around \$9,000 per year for future budgets. This will alleviate the buildup of Other Post Employment Benefit debt to the District. Mr. Cozad indicated that the fourth quarter financial spreadsheet projects the estimated expenses versus actual at the end of each quarter. There were several areas where revenues were higher; this will also be reflected in the audit as explained in the Board memo. Groundwater revenue was higher than projected and Wash Plan revenue has been received for two years so it will be lower next year. Costs are lower in the Wash Plan enterprise because there are items that remain unbilled. Mr. Cozad also noted that some capital repairs were reimbursed by insurance. The Committee suggested that fourth quarter financial totals would be sufficient; this will be brought forward at the first quarter review of 2014-2015. President Corneille pointed out the line item "delayed capital work" and encourages the District to complete capital projects once they are budgeted. Mr. Cozad said that some of the capital projects have been delayed because they were relative to EBX2 work that is not complete, while others are limited by staff availability. Also, there were items that were not completed because field staff was busy performing major clean up after the storms. Several small capital projects were delayed in FY 2013-14. President Corneille thanked legal counsel and the Board for coming in significantly under budget for FY 2013-2014. This item was received and filed.

B. 2014 AUDIT REPORT PRESENTATION

Director Raley presented on this item. The Ad Hoc Audit Committee met on September 2nd and is recommending the approval of the Audit Report for fiscal year 2013-2014. He indicated that the Audit Report restates the financials in an acceptable format as mandated by code. Director Raley thanked staff for their efficiency pertaining to the financials. He introduced Deborah Crowley of Eadie & Payne, LLP who performed this year's audit. Ms. Crowley stated that her firm is issuing an unmodified opinion on the financial statements. The financial statements are in accordance with generally acceptable accounting principles as they relate to government entities. Ms. Crowley said that staff was very cooperative throughout the audit process. She reviewed two letters that were handed out: 1) Required communications with those in charge of

governance and 2) Management Letter. The required communications identifies there were no changes in accounting principles adopted in 2013-2014. There were new standards that were released during the fiscal year, but they did not affect the District. Ms. Crowley said that there were no difficulties in performing the audit. Minor adjusting journal entries were made; if there were any other audit findings they would have been brought to the Board's attention. Detailed review continued. The Management Letter contains recommendations from auditor. Staff will have a management response to recommendations. President Corneille congratulated staff on a clean audit opinion and thanked staff for their efforts. Mr. Cozad thanked the Committee for their efforts as well as selection of a good auditor, Eadie & Payne.

It was moved by Director Raley and seconded by Vice President McDonald to approve the Audit Report for 2013-2014 prepared by Eadie & Payne, LLP. The motion carried with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes**

C. UNAUDITED FINANCIALS, AUGUST 2014

President Corneille introduced this item for discussion. Director Raley asked why the District paid \$12,000 to Big Bear MWD. Staff confirmed that it was for unbilled invoices for the current year plus the past two years of the District's shared cost in preparing the Big Bear Watermaster Annual Report.

It was moved by Director Aranda and seconded by Vice President McDonald to approve the Unaudited Financials for August 2014. The motion carried with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes**

D. GROUNDWATER TOP FIVE PRODUCERS AND INVESTIGATION LIST, SEPTEMBER 2014

Mr. Cozad introduced this item for discussion. He reviewed the top 5 groundwater producer list. Mr. Cozad said that there was high demand this period due to the drought conditions. He reviewed the past due producers list; several are just late because they are corporations which have a longer payment process. There are a handful of producers that have asked the District for assistance in determining their usage. Brief discussion ensued. For wells on the investigation list President Corneille recommended that staff inspect these wells for functionality. Mr. Cozad stated that staff will communicate with producers to coordinate site visits. This item was received and filed.

E. CSDA COMMITTEE AND EXPERT FEEDBACK TEAM APPOINTMENTS FOR 2015

It was moved by Director Longville and seconded by Vice President McDonald to nominate Director Raley for the CSDA Fiscal Committee. The motion carried with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes**

F. ASBCSD ELECTIONS FOR 2015

Vice President McDonald nominated Director Aranda for the Association of San Bernardino County Special Districts (ASBCSD) Board opening since he is already the District's appointed representative to attend these monthly meetings. There will be no additional costs if Director Aranda is appointed to the ASBCSD Board.

It was moved by Vice President McDonald and seconded by Director Raley to nominate Director Aranda for the ASBCSD Board of Directors. The motion carried with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes**

6. INFORMATION ITEMS

A. BOARD COMMITTEE REPORTS-WITHOUT ACTION

There were none.

B. WASH PLAN REPORT

Mr. Beehler said that the Task Force will meet the first part of October to review and discuss the Draft Habitat Conservation Plan (HCP). FWS has been providing technical assistance in preparation of the HCP and is comfortable with the process. The next step in the process will be to review the document for adequacy. FWS and BLM will need to review the document to initiate the land transfer and the HCP Agreement. The Notice of Intent for Federal Actions meeting is tentatively scheduled for October 28th here at the District Office. The meeting will allow for the public to comment on the Wash Plan. The meeting will also cover both the notice of preparation of the Supplemental EIR/EIS and to initiate the action it takes to perform the land transfer. Some of the work for the land transfer has been completed; currently on step 2-3 out of 6 in the process. The District will begin to implement the steps that it can do in parallel with

the District's environmental documentation. There are 1900 acres that the HCP covers and 600 data polygons. Mr. Cozad said that the screen draft will be available at the end of this month. Staff will coordinate closely with BLM to have an appraisal performed. Mr. Cosgrove reviewed why the former appraisal went stale initially. Mr. Cozad indicated that the appraisal is budgeted. He stated that Holly Roberts is retiring from BLM, but will be volunteering with BLM specifically to work on the Wash Plan. Staff will set aside funds to cover expenses related to travel required by Ms. Roberts. President Corneille asked whether the EIR and EIS will be one document. Mr. Beehler stated that it will be a supplemental EIR and the EIS has already been circulated and commented on. They are two separate documents and there will not need to be an entirely new EIS. The revisions to the EIS will be the response to the comments. President Corneille thanked staff for the detailed financials for the Wash Plan revenue and expenses included in the Board package.

C. GENERAL MANAGER'S REPORT

Mr. Cozad indicated that the written General Manager's Report is included in the Board package on page 59. The Enhanced Recharge Project requires a jurisdictional delineation; which determines whether or not the District's canals and basins are waters of federal jurisdiction. He said that any modifications to canals will require permitting for the modifications related to the Enhanced Recharge Project. Mr. Cozad indicated when permitting you can elect that the waters are of the jurisdiction or prepare the assessment that they are not. Staff indicated that the stream flow received from the SAR is diverted and put into the ground and does not go back into the SAR. The District has authorized Jericho Systems to prepare the report that will be submitted to the EPA. If approved by EPA there will be an approved jurisdictional delineation. The delineation alleviates the need to obtain permits every time the District needs to perform maintenance. Mr. Beehler said that if the report is not accepted, there is a 401 certification and a 404 permit that will need to be obtained. Director Raley asked the consequences of not performing the assessment or obtaining the permits. Mr. Cozad indicated that SBVMWD would not be able to construct the Enhanced Recharge Project. He indicated this is for work to be performed in Phase I. Mr. Cozad indicated the District will be working closely on the 1) Enhanced Recharge-redesign of the sedimentation basin and 2) EBXII- relocation of aggregate in order to not disturb SBKR.

D. SAWPA AGREEMENT FOR PLUNGE CREEK AND PLUNGE CREEK RFP

Mr. Cozad indicated that this item was previously covered by Mr. Norton. There has been no agreement received to date. This item will be brought back to the Board next month. The RFP's were sent out and submittal deadline is September 19th.

E. MONTHLY RECHARGE REPORT, AUGUST 2014

Mr. Cozad stated that field staff was able to recharge 88 acre feet from the latest storm. There was approximately \$1,500 spent repairing levees.

F. FUTURE AGENDA ITEMS & STAFF TASKS

There were none requested.

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

Director Longville attended the SBC Water Conference.

Director Raley attended the CSDA Fiscal Committee in Sacramento, Redlands Rise N Shine breakfast, Ad Hoc Audit Committee and Advisory Commission.

Director Aranda made two presentations 1) San Bernardino Area Chamber of Commerce and 2) Loma Linda University. Additional written reports are included in Board package.

Vice President McDonald attended the San Bernardino Area Chamber of Commerce as well and commended Director Aranda on his presentation. She attended SBC Water Conference, ACWA State Legislative Committee, and Finance & Administration Committee. Vice President McDonald and President Corneille made a presentation to Kiwanis Club of Highland. She also attended the BTAC where they gave an update on the groundwater model, IRWMP and active recharge program and SBVMWD Board Workshop and SBVMWD joint meeting where they discussed the hydroelectric generation plant. Additional written reports are included in Board package.

President Corneille attended the SBC Water Conference and ACWA Groundwater Committee in Sacramento where they discussed the groundwater legislation. He attended the EVWD Board meeting where they discussed preliminary costs for the reclamation plant and they should make a go no-go decision in October. President Corneille chaired the Advisory Commission where the City of Riverside presented on their current projects and programs, Heather Dyer presented on the River HCP, and there was an update on the iEfficient program. He also made a presentation at the Mentone Area Community Association yesterday evening. Additional written reports are included in Board package.

8. UPCOMING MEETINGS

Vice President McDonald said that on September 25th SAWPA will have a Q/A on the Water Bond. President Corneille noted that on October 24th SBVMWD will hold a facilities tour; anyone interested should contact their Board Secretary, Lillian Jaramillo. He added there will be a Water Legend Award presented to Patrick Milligan of SBVMWD on November 7th and would like to see a resolution prepared in his honor.

9. CLOSED SESSION

It was moved by Director Longville and seconded by Vice President McDonald to adjourn to Closed Session. The motion was carried with all Directors present voting in the affirmative.

President Corneille: Yes

Vice President McDonald: Yes

Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes

General Counsel announced that the meeting will adjourn to closed session under Government Code Section 54956.8 and 54956.9 (d) (4).

At 4:33 p.m., the meeting reconvened into Open Session. Mr. Cosgrove noted while in Closed Session under Government Code section 54957.1 there was no reportable action taken.

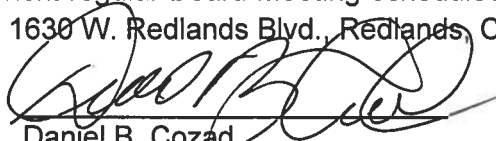
President Corneille suggested it was too late to hold the separate Workshop on the Board Policy Principles. He suggested that Board Members who have comments or edits on the draft Policy Principles provide them to Mr. Cozad. The Principles would then be discussed at the Board Meeting in October. The Board concurred with this suggestion.

10. ADJOURN MEETING

It was moved by Director Longville and seconded by Vice President McDonald to adjourn. The motion carried with all Directors present voting in the affirmative.

President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Aranda: Yes

At 4:35 p.m. the meeting adjourned to the next regular Board Meeting scheduled for October 8, 2014 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager