

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF November 19, 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 (Arrival 1:48 p.m.)

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

Jeremy N. Jungreis, Rutan & Tucker, LLP

STAFF PRESENT:

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

GUESTS PRESENT:

Charles Roberts, Highland Community News
Ron Coats, East Valley 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

This item was taken out of order.

Director Longville requested to add "Approval of ACWA Fall Conference Travel Expenses" to the agenda as he had inadvertently missed the deadline for approval at the October 31st Board meeting.

It was moved by Vice President McDonald and seconded by Director Aranda to add "Approval of ACWA Fall Conference Travel Expenses" to the agenda. The motion carried 5-0 with all Directors present voting in the affirmative.

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

3. CONSENT CALENDAR

It was moved by Director Aranda and seconded by Vice President McDonald to approve Consent Calendar Item A: Board Minutes, October 31, 2014 and Item B: Expenditure Report, October 2014. The motion carried 4-0 with all Directors present voting in the affirmative and Director Longville noted absent from the vote.

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

4. COMMITTEE REPORTS/ACTION ITEMS

A. FIRST QUARTER FINANCIAL REPORT REVIEW, FY 2014-2015

Vice President McDonald chaired the November 12th Finance & Administration Committee where they reviewed the first quarter financials for the current fiscal year. The new format was presented which rolls up general ledger accounts and provides subtotals as requested at the August 25th Committee meeting. Mr. Cozad indicated that the new report is included on package page 13 and summarizes both income and expenses. Mr. Cozad gave a brief overview of the new format indicating that the full break out is available for Board review upon request and requested any feedback from the Board. He indicated that in this quarter the District is under budget for expenses and on budget for revenue. The Board indicated they like the new quarterly financial report format. President Corneille stated that since the Board reviews and approves the detailed financials monthly that the new format provided is sufficient for quarterly financials. It was the consensus of the Board that the first quarter financials for FY 2014-2015 and new format for quarterly financials be received and filed.

B. RESERVE IMPLEMENTATION AND TARGETS FOR 2014-2015

Vice President McDonald presented this item for discussion identifying revisions within the District and Enterprise Reserve Policy beginning on package page 16. Mr. Cozad reviewed in further detail where he indicated that the reserve targets are listed on page 21. He reviewed the following changes to reserves:

- Increase the Groundwater Enterprise Reserve target to 100% of the Groundwater Recharge Enterprise yearly operating budget to cover Mill Creek Diversion and Environmental permitting requirements to \$1.25 Million and transfer the remaining funding of \$339,449 to the Capital Improvement Reserve.
- Revision of the Capital Improvement Reserve to include capital repairs and equipment increase to \$400,000.
- Land Resources Reserve to maintain balance of \$968,387 to perform work needed on District lands and reassess after implementation of the Wash Plan
- Adjust OPEB Reserve to match the 2014 OPEB projected costs \$32,423 ratifying staffs action in June 2014.
- Delete Wash Plan Reserve because all debts to the District have been paid and reflect changes in accounting for the project.

It was moved by Director Aranda and seconded by Director Raley to approve the revisions to the District and Enterprise Reserve Policy and FY 2014-2015 reserve implementation and target levels. The motion carried 4-0 with all Directors present voting in the affirmative and Director Longville noted absent from the vote.

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

C. STATEMENT OF INVESTMENT POLICY FOR 2014-2015

Vice President McDonald noted that the Committee reviewed the Statement of Investment Policy at the November 12th Finance & Administration Committee meeting and recommends approval of the minor revisions presented today. Mr. Cozad noted the addition of language in section 5 (6) of the policy as follows: "Any Investment which complies with the requirements of § 53600-53683 of the Government Code, if specifically authorized by action of the Board of Directors." The language has been added to allow the Board the legal authority to utilize specific methods of investment under government code; otherwise revisions are made by direction to executive staff to make the investments on behalf of the District. Brief discussion ensued. Director Raley noted that any change in investments must now come back specifically to the Board for approval prior to them being made with the addition of this language.

It was moved by Director Raley and seconded by Director Aranda to approve the revisions to the Statement of Investment Policy for FY 2014-2015. The motion carried 4-0 with all Directors present voting in the affirmative and Director Longville noted absent from the vote.

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

D. UNAUDITED FINANCIALS, OCTOBER 2014

It was moved by Director Aranda and seconded by Director Raley to approve the Unaudited Financials for October 2014. The motion carried 4-0 with all Directors present voting in the affirmative and Director Longville noted absent from the vote.

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

E. DISPOSAL OF OBSOLETE EQUIPMENT

Mr. Cozad stated that the District has accumulated obsolete equipment as listed on package page 33 at the Mentone Shop. President Corneille asked for additional information on the paper recorder listed. Mr. Cozad indicated that it is the old Steven's meter circular paper recorder which kept track of water flow. Several years ago these were replaced with electronic meters. Staff is seeking approval to dispose of the obsolete equipment.

It was moved by Director Raley and seconded by Vice President McDonald to approve the disposal of obsolete equipment as listed on page 33. The motion carried 4-0 with all Directors present voting in the affirmative and Director Longville noted absent from the vote.

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

F. ACCESS PERMIT TO SPINIELLO CONSTRUCTION FOR ROCK DISPOSAL

Mr. Cozad presented this item as a handout and PowerPoint presentation. The Access Permit under consideration will cover the transport and disposal of excess rock materials obtained by Spiniello Construction for work performed on EBX-2. There is approximately six acres of rock that they have generated through this project. Since Spiniello is unable to sell the excess rock at this time; they approached the District to see if we would take ownership of the materials. There are locations on the District's facilities that we have previously used for processing materials removed from the percolation basins that are shown on the map presented in green within PowerPoint. The hauling and disposal of materials is covered under DWR's existing EIR. Spiniello will be required to limit hauling to existing roads and material processing sites. These sites will also be reviewed by an environmental consultant to ensure they are clear of

endangered species and habitat. The materials will need to be moved by Monday, November 24th. The District is proposing \$0.50 a ton fee for acceptance of the material and \$7,000 cost for the environmental consultant and staff time. The tonnage of material is estimated at 50,000 tons of total material. Director Aranda asked if these materials would be stored in the District's basins. Mr. Cozad indicated that one rarely used basin is identified; the rest are in the processing areas. If the basin is needed it will not affect the percolation rate. He indicated that staff is working to ensure that there is no diminished capacity to recharge. Brief discussion ensued. Director Raley asked if the District would need another EIR. Mr. Cozad said there will be no need for another EIR since the activities are covered under DWR's EIR. President Corneille asked what the risks are. Mr. Cozad indicated that the permit will be negotiated to alleviate any major risks. The only added CEQA risk that staff can foresee is the protest period is extended from 30 days to 180 days. Mr. Jungreis of Rutan & Tucker indicated that there is additional language that will be included within the permit that requires Spiniello to indemnify the District. Additionally, proposed language from legal counsel identifying that any activities performed related to Access Permit with Spiniello is covered under Title 14, California Code of Regulations, §15162 is to be incorporated.

It was moved by Director Raley and seconded by Vice President McDonald to authorize staff to execute an Access Permit with Spiniello Construction for the transport and disposal of rock from EBX-2; and approve the finding provided by legal counsel relating to the Final Environmental Impact Report certified by Department of Water Resources for EBX-2 under Title 14, California Code of Regulations, §15162; and providing Spiniello fully indemnifies the District. The motion carried 5-0 with all Directors present voting in the affirmative.

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

G. AUTHORIZE CHANGE ORDER FOR ICF JONES & STOKES

Mr. Cozad stated that work performed by ICF Jones & Stokes covered the Draft HCP process but contingency funds will need to be utilized to finalize the HCP. Staff has received a change order not to exceed \$85,000 that requires approval by the Board. All funds are budgeted within Wash Plan Enterprise and will be expensed from such. President Corneille asked if staff anticipates any additional change orders related to the Wash Plan. Mr. Cozad said there may be a small change order needed for RBF Consulting. Mr. Beehler stated that RBF Consulting is contracted through the Notice of Availability; they will prepare the draft, response to comments, public meetings, additional filings and Notice of Availability. President Corneille asked if there are any additional needs for consulting services. Mr. Beehler said there is additional support needed to prepare Implementation Agreement, but that will be relatively minor costs.

It was moved by Director Aranda and seconded by Director Longville to authorize General Manager to execute a change order to ICF Jones & Stokes not to exceed \$85,000 to complete the Habitat

Conservation Plan for the Wash Plan project. The motion carried 5-0 with all Directors present voting in the affirmative.

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

H. APPROVAL OF ACWA FALL CONFERENCE TRAVEL EXPENSES

Director Longville requested approval to attend the ACWA Fall Conference with a two day registration and hotel stay. His estimated expenses are not to exceed \$1,350 for all expenses including per diem.

It was moved by Vice President McDonald and seconded by Director Aranda to approve Director Longville's attendance at the ACWA Fall Conference and travel expenses in an amount not to exceed \$1,350. The motion carried 5-0 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. INFORMATION ITEMS

A. BOARD COMMITTEE REPORTS-WITHOUT ACTION

There were none.

B. WASH PLAN REPORT

Mr. Beehler noted that the "screen check" version of the HCP was presented at the October 10th Task Force meeting. Geary Hund's temporary position with FWS was terminated and he has now been hired on as a permanent FWS employee. During his 3-4 week furlough period Mr. Hund did spend some of his time working on the Wash Plan with staff as a volunteer. BLM staff retired early, but also worked with District staff and RBF Consulting scoping next steps and gathering information for the supplemental EIR/EIS. Staff prepared shape files and sent out to project proponents for their review and approval. Mr. Beehler will be working with Mr. Hund to support the PAR analysis which determines project costs. Director Longville recommended that the District prepare a resolution for Geary Hund of FWS and Holly Roberts of BLM for their voluntary support of the Wash Plan. President Corneille inquired as to if we received any comments on the HCP from any of the Task Force partners. Mr. Beehler indicated that staff received minor comments from the City of Highland, City of Redlands, and San Bernardino County Flood Control District regarding minor boundary and project modifications. President

Corneille asked if staff identified any remaining risk meeting the project schedule. Mr. Beehler indicated that the statutory review requirements of federal agencies are a risk and the BLM land transfer. Congressional action is the biggest risk; however the HCP can still be completed. There are elements of the land transfer that would not be able to be fully implemented if Congressional action, administratively, were not to take place. Director Raley's primary concern is the risk of costs from the project using District funds. Mr. Beehler indicated that upfront costs may be something that everyone will have to bare. President Corneille requested that an updated schedule be added to the Wash Plan Report for next month.

C. GENERAL MANAGER'S REPORT

Mr. Cozad indicated that the written General Manager's Report is included in the Board package on page 38. Work has been performed in Mill Creek area to keep water percolating. Mr. Cozad said that the drought tolerant landscape work at Redlands Plaza will begin next week in line with the rebate program the City of Redlands. In regards to the fencing that was approved by the Board; the District is waiting on permitting through the City of Redlands before they can move forward. The Trails Plan for the Wash Plan has been completed and distributed to the cities; currently awaiting comments. The City of Highland has selected District facilities in Santa Ana as their location for the April 2015 Trail's Day. No significant costs are anticipated to be incurred by the District. The City of Highland would like for us to present information on the Wash Plan and District functions at the event. There will be a meeting held in January 2015 to discuss in further detail. The new Ford F150 has been purchased. This item was received and filed.

D. MONTHLY RECHARGE REPORT

The monthly recharge report is included in package. Minimal recharge has been ongoing in Mill Creek.

E. FUTURE AGENDA ITEMS & STAFF TASKS

There were none.

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

Director Longville made no report.

Vice President McDonald attended the October 7th SBVMWD Board Meeting. Items discussed included the groundwater levels and a cost sharing agreement. She also attended the October 21st and November 18th SBVWMD Board Meeting, and the BTAC meeting on November 3rd. Additional written reports are included in Board package.

Director Raley attended the Redlands Rise N Shine breakfast on November 7th where they discussed the Alabama Street realignment. The project has been delayed because SCE has taken longer than anticipated to move the poles. He attended the BBWM meeting on November 18th.

Director Aranda attended the USAWRA meeting where they discussed governance and restructuring. The USAWRA has appointed a subcommittee to review these issues. Director Aranda is scheduled to present to the San Bernardino Rotary Club on November 25th. Additional written reports are included in Board package.

President Corneille attended the LAFCO 101 seminar held at the CaLAFCO Conference. He attended a field meeting in Mentone with the Mentone Area Community Association (MACA), which IERCD also attended. They discussed the possibility of organizing a community garden on the vacant property next to the District's Mentone property. The garden would include vegetables and drought tolerant plants. President Corneille requested feedback from the Board. Director Longville indicated he is highly supportive of the garden. Director Raley said that if the group uses the City of Redlands water supply they will have to agree to be annexed. President Corneille stated that MACA is working to identify the feasibility and cost for a well or connect to the city's water supply. President Corneille noted that they will be visiting a similar project in Calimesa on Friday to discuss how they implemented their project. He also attended the EVWD Board meeting where they approved proceeding with the reclamation plant to be located at Sterling Avenue and 3rd Street in San Bernardino. Director Ron Coats of EVWD stated that the name of the reclamation plant will be *Sterling Recycled Water Center*. Additional written reports are included in Board package.

7. UPCOMING MEETINGS

Mr. Jungreis noted that Rutan & Tucker will be hosting a forum on Groundwater Sustainability on December 8th at 12:00 p.m. at their Costa Mesa office and invited staff and Board to attend. Materials will be made available and forwarded to staff once they are completed. There will be additional water related discussed as well.

8. CLOSED SESSION

It was moved by Director Aranda and seconded by Vice President McDonald to adjourn to Closed Session. The motion was carried 5-0 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 all items posted on the published agenda.

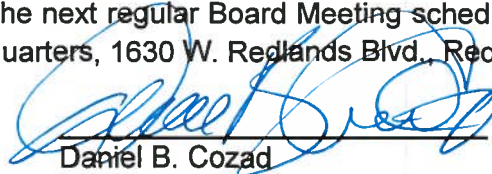
At 3:47 p.m., the meeting reconvened into Open Session. Mr. Jungreis noted while in Closed Session under Government Code section 54957.1 there was no reportable action taken.

9. ADJOURN MEETING

It was moved by Director Longville and seconded by Vice President McDonald to adjourn. The motion carried 5-0 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 3:48 p.m. the meeting adjourned to the next regular Board Meeting scheduled for December 10, 2014 at 10:00 a.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager