

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF THE REGULAR BOARD MEETING OF
December 17, 2003

President Cheryl Tubbs called the Regular Meeting of the Board of Directors to order at 10:00 a.m. All present stood for the pledge of allegiance, led by President Tubbs.

ROLL CALL:

BOARD MEMBERS PRESENT:

Cheryl Tubbs, President
Clare Henry Day, Vice President
Sterling Woodbury, Director
Arnold L. Wright, Director (11:00 a.m.)
Bert Marcum Jr., Director (11:00 a.m.)
Manuel Aranda, Jr., Director
Melody Henriques, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David B. Cosgrove, Esquire

STAFF PRESENT:

Lawrence M. Libeu, General Manager/Board Secretary
Tom Crowley, Assistant General Manager
Colleen Theuer, Administrative Services Manager/Recording Secretary

GUESTS:

Marc Luesebrink, Manatt, Phelps & Phillips
Hugh Daniels, Eadie & Payne, LLP
Ralph Simoni, California Advocates, Inc.
Fred Hicks, Hicks-Richardson Associates

1. CLOSED SESSION

It was moved by Director Henriques and seconded by Director Aranda to adjourn to Closed Session at 10:00 a.m., as provided by the authority of Government Code Section 54956.9a, application before the State Water Resources Control Board to appropriate waters of the Santa Ana River (Application No. 31371). The motion carried 5-0, with Directors Marcum and Wright excused due to a possible conflict of interest.

At 11:00 a.m., it was moved by Vice President Day and seconded by Director Woodbury to reconvene in Open Session. The motion carried 5-0, with Directors Marcum and Wright excused due to a possible conflict of interest.

In accordance with Government Code Section 54957.1, there was no reportable action taken.

2. PUBLIC PARTICIPATION

President Tubbs announced this as the time for any persons present, who so desire, to make an oral petition to the Board of Directors. Hearing none, the meeting proceeded with the published agenda items.

General Manager Libeu administered the oath of office to Directors Aranda, Marcum, and Wright, for their new term 2004-2005, as Directors for the San Bernardino Valley Water Conservation District for Divisions 7, 1, and 3, respectively.

3. DISCUSSION, MONTHLY ACTIVITY REPORTS, AND/OR COMMENTS BY BOARD MEMBERS

Director Aranda reported on several conferences and meetings he attended during the month, including the ACWA Conference and the Colorado River Water Users Association Conference. He also reported on a hearing held by Senator Debra Ortiz regarding a special probe into special districts on abuse of office by special district directors and staff.

Director Henriques reported on several meetings she attended during the month, including chambers' meetings and the ACWA Conference. Regarding JPIA's insurance programs, she said their request for requiring membership in their liability program before becoming a member in their workers' compensation program was voted down. However, it is still a requirement that an entity be in all three programs (Liability, Property, and Workers' Compensation) before a Director can be a member of the JPIA Executive Committee.

Director Woodbury distributed information he received from the ACWA/JPIA meeting he attended during the month.

4. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 5, 2003

It was moved by Director Woodbury and seconded by Director Wright to approve the minutes of the regular Board meeting of November 5, 2003. The motion carried unanimously.

5. ANNUAL AUDIT REPORT

Mr. Hugh Daniels, an auditor with Eadie & Payne, LLP, presented the District audit for fiscal year 2002-2003. He said GASB 34, the new accounting system for government entities, would be in effect with fiscal year 2003-2004, indicating that the appearance of the reports would change. At the end of the presentation, Mr. Daniels answered questions from the Board.

It was moved by Vice President Day and seconded by Director Marcum to receive and file the 2002- 2003 annual audit report. The motion carried unanimously.

6. COMMITTEE REPORTS

There were no committee reports for this meeting.

7. GENERAL MANAGER'S REPORT

Mr. Libeu reported on several meetings he attended during the month, including the NWRRA Conference and the ACWA Conference. He said that a meeting was scheduled for December 18 between the District and San Bernardino Valley Municipal Water District (MUNI) to discuss continuing water rights negotiations issues. Additionally, another meeting has been scheduled with MUNI Chairman Pat Milligan to discuss Plan B and the proposed land exchange with BLM, because Chairman Milligan indicated that he wanted an opportunity to rethink his earlier opposition to the plan. The purpose of this meeting will be to discuss this and other inter-district issues.

Mr. Libeu reported that the District shop in Mentone had been burglarized. Small tools were stolen amounting to approximately \$800.

8. CONSENT CALENDAR

Mr. Libeu briefly explained the financial reports for the month.

It was moved by Vice President Day and seconded by Director Henriques to approve the Consent Calendar, consisting of the Expenditures for November 2003 and the un-audited financial reports for November 2003. The motion carried unanimously.

9. BOARD LETTERS, ACTION ITEMS, NEW BUSINESS, FYI

A. Approve and Authorize the Order of State Project Water for Year 2004-2005

Mr. Libeu explained that in order for local agencies to participate in the Groundwater Recharge Program as they have in the past, MUNI would need to place the order for state water with the State of California a year in advance; therefore it would be necessary to place the order by December 31, 2003. MUNI is also required to order water for five consecutive years thereafter. They wish to continue the program, but do not want to order the water at the last minute. The District would need to make a deposit on the water in February. If the water is not needed, the deposit could be refunded, or it could be carried forward to the next year. Mr. Libeu suggested three options: Option A - would authorize allocation of \$420,000 for the direct purchase of approximately 3,500 acre-feet of water, with the understanding that a reimbursement program will be developed to recover the cost; Option B - would authorize the allocation of \$420,000 for the purchase of approximately 7,000 acre-feet of water, under a cost-share program, similar to what the District has done in the past, allowing the purchase of twice as much water as Option A; Option C - take no action at this time. Discussion ensued. Concerns were expressed regarding making this issue a policy rather than for emergency use. President Tubbs suggested the Resources Committee prepare a long-range plan. Director Marcum said the producers feel this is a necessary activity of the District. Discussion continued.

It was moved by Director Henriques and seconded by Director Woodbury to approve Option A, authorizing allocation of \$420,000 for the direct purchase of approximately 3,500 acre-feet of State Project water from the San Bernardino Valley Municipal Water District, for the year 2004, with the understanding that a reimbursement program would be developed to recover the cost of the water. The motion carried unanimously.

(Minute Order 12/122/03)

B. Schedule of Board Meetings for 2004

Mr. Libeu briefly discussed changes in some of the dates for upcoming Board meetings for the year 2004.

It was moved by Director Henriques and seconded by Director Aranda to approve the schedule of Board meetings for the year 2004. The motion carried unanimously.

(Minute Order 12/123/03)

10. SPECIAL PRESENTATIONS

Mr. Ralph Simoni, of California Advocates, Inc., reported on several changes that occurred recently at the State Capitol, specifically the recall of Governor Gray Davis and the victory of Arnold Schwarzenegger as California's new governor. He discussed some of the possible changes in the government as a result. He said the year 2004 would be a big test for Governor Schwarzenegger, and that he might have to reluctantly concede to some temporary tax increases.

Mr. Fred Hicks, of Hicks-Richardson Associates, spoke on two main issues: (1) the current status of the funding by the Corp of Engineers for reconstruction of the recharge basins; and (2) the Wash Plan, which cannot be brought to fruition until Congress authorizes the land transfer.

11. ADJOURN MEETING

There being no further business, the meeting adjourned at 12:45 p.m.

Board Secretary