

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

MINUTES OF THE ADMINISTRATIVE COMMITTEE MEETING
(Continuation from Administrative Committee Meeting of April 22, 2010)
May 13, 2010
2:00 p.m.

Chairperson McDonald called the Administrative Committee Meeting to order at 2:00 p.m. All present stood for the pledge of allegiance, led by Chairperson McDonald.

ADMINISTRATIVE COMMITTEE MEMBERS PRESENT:

Melody McDonald, Chairperson
Clare Henry Day, Director
Arnold Wright, Director

STAFF PRESENT:

R. Robert Neufeld, General Manager
Claud Seal, District Engineer
Samantha Brown, Finance Supervisor
Shanae Smith, Executive Assistant II

GUESTS PRESENT:

None

1. PUBLIC PARTICIPATION

Chairperson McDonald announced this as the time for any persons present, who so desire, to make an oral petition to the Administrative Committee. Hearing none, the meeting proceeded with the published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the agenda.

3. REVIEW PROPOSED BUDGET OPTIONS FOR FISCAL YEAR 2010-2011

Robert Neufeld distributed staff's list of ideas and thoughts on cost reductions. Mr. Neufeld said the list also incorporated Director Raley's suggestions regarding potential cuts to the budget, which was disseminated to the Board at a previous Board meeting. Chairperson McDonald said that the Directors were also asked to provide a list of suggestions to the strategic planning facilitator regarding cuts to the budget, as part of the preliminary process of the strategic plan. Mr. Neufeld said that no direction to staff regarding new revenue streams were included in those

suggestions. Director Day said the Committee needs to address one issue at a time relative to the budget. Instead of dealing with numbers, let's find out what it takes to put the water in the ground, including, 1) determine what is the least amount of money we need to come up with to be able to operate; 2) Determine what it take to put water into the ground; and 3) determine the number of field personnel and office personnel needed to operate. Director Day said that the proposed increase for groundwater charge upset a lot of people and staff recommended not to increase the charge. Director Day said we need to keep in contact with the public and keep them clearly informed of the District's financial picture.

Chairperson McDonald requested an update regarding the meetings of the General Managers of the District, San Bernardino Valley Municipal Water District (SBVMWD) and Western Municipal Water District (WMWD). Mr. Neufeld reported that there is a meeting scheduled next week, and a full report will be made to the full Board regarding the recommendations that have come forth from the meetings. Mr. Neufeld said that Douglas Headrick, General Manager of the SBVMWD said he went to his Board regarding the principles outlined in the meetings and has been encouraged to go forward. Mr. Neufeld said that major changes in the philosophy of how we've done business in the past, will need to be made and will be recommended for the Board's consideration. The issue of water rights will play a significant role in those principles and the details need to be discussed in closed session, as there is a potential for litigation. There is tremendous potential for additional revenue that has not been available before, as part of the process. The revenue is predicated solely for the District to spread water only, as a spreading operation as opposed to a production operation. A discussion ensued regarding water code statutes relative to the groundwater charge, and the District's ability to run the District's operation in a spreading capacity.

Director Day said the Committee should focus on organizational structure and prioritize items on the budget based on the immediate needs of the District. Mr. Neufeld said the final column proposed by staff is the absolute minimum needed to run the organization. Chairman McDonald asked staff to comment with regard to the Wash Plan and the restriction on the \$5 million. Mr. Neufeld said that Robertson's Ready Mix proposed that the restrictive reserves be collateralized with property owned by the District. The matter was deferred to legal counsel, as a determination will need to be made whether the District has the ability collateralize land as a public agency. Mr. Neufeld said that he and Fred Hicks, the District's Washington legislative advocate submitted an application to Barbara Boxer's office for \$1.5 million in funding from the Water Reclamation Development Act (WRDA) for the proposed wetlands projects. Mr. Neufeld said that the US Fish and Wildlife Service (USFWS) is placing obstacles on the of the completion of projects like the Wash Plan and the approval of mining permits needed to see the plan through to the end. Their priorities are focused primarily on alternate energy and endangered species, namely the Santa Ana Sucker at the Riverside Narrows. President Day said that a meeting of the Wash Plan Task Force needs to be convened to apprise them of the status of the current issues relative to completion of the plan. Claud Seal reported he received a call from a representative of an environmental firm located in the San Diego area. Mr. Seal said that an offer was made for a onetime fee of \$10,000 per acre, for 3,000 acres for mitigation land. Mr. Seal said that if we are not involved in the Wash Plan, we could allocate land for a conservation easement and the District will receive a profit of \$30 million. Mr. Seal said the deal could be implemented immediately. A discussion ensued.

Mr. Neufeld distributed additional options for the proposed budget for the Committee's review regarding layoffs for existing staff, reducing staff salaries and mandatory furlough days. A discussion ensued.

After discussion, the remaining agenda items were briefly discussed. No actions were taken at this time.

4. ADJOURN

The meeting adjourned to be continued on Tuesday, May 18, 2010, at 2:00 p.m.