

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF THE REGULAR BOARD MEETING
May 26, 2010
1:30 P.M.

President Clare Henry Day 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 Day.

ROLL CALL:

BOARD MEMBERS PRESENT:

Clare Henry Day, President
Melody McDonald, Vice President
Manuel Aranda, Director
Arnold Wright, Director
Richard Corneille, Director
John Longville, Director (1:50 p.m.)
David E. Raley, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

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

GUESTS PRESENT:

Kathleen Rollings-McDonald, Local Agency Formation Commission
Christine Goeyvarts, Robertson's Ready Mix
Greg Gage, City of San Bernardino Municipal Water Department
Bruce Cash, United Strategies, Inc.
Douglas Headrick, San Bernardino Valley Municipal Water District
T. Jarb Thaipejr, City of Loma Linda
Rosemary Hoerning, City of Redlands

Chris Diggs, City of Redlands
Larry Mainez, City of Highland
Kevin Milligan, City of Riverside Public Utilities
Charles Roberts, Highland Community News

1. PUBLIC PARTICIPATION

President Clare Henry Day 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 proceeded with the published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

It was moved by Director McDonald and seconded by Director Wright to Add, *Hire Temporary Field Personnel*, as Item 6D to the Agenda. The motion carried 6-0, with Director Longville noted absent from the vote.

3. CONSENT CALENDAR

The minutes of the May 12, 2010 minutes were reviewed and discussed. Minor revisions were noted.

It was moved by Director Corneille and seconded by Director Wright to approve the Minutes of the May 12, 2010 Board meeting, as amended. The motion carried 6-0, with Director Longville noted absent during the vote.

Vice President McDonald led a discussion regarding the financial statements for the months of March and April. Samantha Brown, Finance Supervisor clarified line items and corresponding totals coded on the check detail report.

It was moved by Director Aranda and seconded by Director Raley to approve the un-Audited Financials, and Check Register for March, 2010. The motion carried 6-0, with Director Longville noted absent from the vote.

It was moved by Director Corneille and seconded by Director Aranda to approve the un-Audited Financials, and Check Register for April, 2010. The motion carried 6-0, with Director Longville noted absent from the vote.

Director Longville arrived at 1:50 p.m.

4. SPECIAL PRESENTATION

Robert Neufeld introduced Bruce Cash, President and CEO of United Strategies, Inc. Mr. Cash presented a potential funding opportunity regarding an environmental mitigation banking agreement. The agreement will allow the District to sell credit acres on the open market pursuant to demand placed on project proponents by resource

agencies. After the presentation, Mr. Cash answered questions from the Board. A discussion ensued regarding the differences between mitigation banking and conservation easements. Legal Counsel answered questions from the Board regarding the activation of the District's latent powers pursuant to its organic act, Local Agency Formation Commission (LAFCO) requirements and fees associated with federal permitting issues. Kathleen Rollings-McDonald commented upon the viability of the elements of the proposal, as some of the activities are currently performed by the Inland Empire Resources Conservation District (IERCD). The Board directed staff to continue discussions with Mr. Cash regarding the potential opportunities summarized in the presentation.

6. B. APPROVE AND ADOPT PROPOSED STRATEGIC PLAN

This item was taken out of order.

It was moved by Director Aranda and seconded by Director McDonald to take Item 6B, *Approve and Adopt Proposed Strategic Plan*, out of order. The motion carried unanimously.

Robert Neufeld reported that the proposed strategic plan was brought forth to the Board for their consideration and approval at the April 7, 2010 Special Board meeting. Staff was directed to bring the plan back to the Board at the May 26, 2010 meeting, to allow staff to meet with various parties to discuss and address their concerns regarding the plan. Mr. Neufeld summarized those meetings. Mr. Neufeld also reported on meetings with the City of San Bernardino Municipal Water Department, the City of Highland, and SAWPA. Each agency indicated they understood the strategic plan and Celeste Cantu of SAWPA praised the District for understanding, "One Water One Watershed (OWOW)." Discussions focused primarily on the increase in the District's groundwater charge and whether the charge will fund the implementation of the plan.

Mr. Neufeld introduced Kevin Milligan, Assistant General Manager for the City of Riverside Public Utilities to recap issues addressed at the meeting between him and District staff. Mr. Milligan stated that the City of Riverside believes that the proposed plan should be funded through appropriate revenue sources, and requested that the District establish appropriate and auditable enterprise accounts to track the various activities funded by the groundwater charge. Mr. Neufeld answered questions from the Board. President Day requested comments from the public:

Kathleen Rollings-McDonald pointed out potential duplication of services between items set out in the Strategic Plan and activities undertaken by IERCD, and potential duplication regarding the trails system, currently a part of the regional parks system maintained by the SBCFCD. She also indicated activation of latent powers may be required for elements of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan. Mr. Neufeld responded that staff has been in contact with the IERCD and will continue to work with them on resource issues.

T. Jarb Thaipejr, City Manager for the City of Loma Linda stated he is concerned that funds to implement the proposed plan will be taken from the groundwater charge.

Rosemary Hoerning, Director of Municipal Utilities and Public Works Engineering for the City of Redlands stated she expressed concerns regarding the groundwater charge and the proposed plan at a previous Board meeting. Ms. Hoerning said she did not have an opportunity to meet with District staff to discuss how activities outlined in the plan will be funded. She said she would like to review a detailed financial plan on how the plan will be effectuated.

Larry Mainez, City Planner for the City of Highland reiterated the City's support of the plan, as previously stated in the May 12, 2010 letter of support from the mayor, formally supporting the proposed plan.

After public comments, President Day stated that the proposed strategic plan is representative of the District's effort to address concerns expressed during the LAFCO consolidation issue, and was conditioned solely on the District's ability to generate revenue to support the plan. Discussion continued regarding the Directors' intent that the activities undertaken under the strategic plan, which do not relate to the groundwater recharge should be funded through a mechanism other than the groundwater charge. Director Raley said he would not support the plan until funding sources were clearly defined.

It was moved by Director McDonald and seconded by Director Longville to approve and adopt the Strategic Plan. The motion carried 6-1, with Director Raley opposed.

5. REPORTS AND INFORMATION ITEMS

A. Monthly Activity Reports, and/or Comments by Board Members

Director Corneille reported attending the San Bernardino Valley Municipal Water District (SBVMWD) Advisory Commission on Water Policy meeting on May 13, 2010. East Valley Water District (EVWD) presented their water treatment plant and perchlorate treatment projects. Robert Tincher presented the Enhanced Recharge Project at the Santa Ana River Recharge Basins. The economic portion related to the costs and various scenarios for capturing 500 cfs of water has been completed. Director Corneille urged staff to request that the presentation be made to the District, as the study directly affects the District's facilities. The next Advisory Commission on Water Policy meeting is scheduled for June 24, 2010.

Director Raley reported attending the Administrative Committee meeting as a member of the public. He also attended a scoping meeting for the Redlands Conservancy discussing the Mill Creek spreading basins.

Director Aranda reported attending the Upper Santa Ana Water Resources Association (USAWRA) meeting; and the Association of San Bernardino County Special Districts (ASBCSD) dinner.

Director Longville reported attending the SBVMWD Board meeting on May 19, 2010 where Director McDonald made a special presentation to the SBVMWD Board. He also attended the ASBCSD dinner.

Director McDonald briefly summarized the special presentation of the May 19, 2010 SBVMWD Board meeting. On behalf of the District, she presented SBVMWD with a check in the amount of \$112,370; fifty percent of the total amount awarded the District from the AB 303 grant funding for the Santa Ana River Groundwater Recharge Facility "Optimization Study." The Optimization Study is a joint effort undertaken by the District and the SBVMWD to evaluate the ability of the District's existing facilities to meet the recharge objective of 500 cfs, and provide recommendations on the operations and maintenance activities that will maximize recharge capacity. She also reported attending the ASBCSD dinner and a series of Administrative Committee meetings regarding the proposed FY 2010-2011 budget.

B. Board Committee Reports

Administrative Committee Report

Vice President McDonald reported the Administrative Committee (Committee) met on four separate occasions to discuss the proposed FY 2010-2011 budget options recommended by staff. The Committee will bring back a recommendation to the full Board at the regular Board meeting scheduled in June. Additionally, the Committee recommends staff's request to hire a part-time field staff, as the District is faced with a potential liability with only one man in the field. A discussion ensued regarding the number of personnel necessary to effectively manage the District's operations and the District's ability to continue to provide a safe work environment for District employees.

Resources Committee Report

Director Corneille reported that the Resources Committee (Committee) met on May 24, 2010 to discuss the Capital Improvements portion of the FY 2010-2011 budget. The Committee will bring forth a recommendation to the Board, in the amount of \$177,500 for Capital Expenditures. Claud Seal provided a list of projects required for the District to complete over a five year period. The Committee directed Mr. Seal to prioritize those projects by order of importance for consideration, should monies become available. Staff provided information regarding the environmental mitigation banking opportunity and it was determined that the District could utilize property not directly involved in spreading, as mitigation lands, as well as lands outside of the Wash Plan boundary. The Committee directed staff to investigate those areas further. A discussion ensued regarding a deed restriction as part of the District's agreement with the City of Redlands regarding the use of the Mill Creek property.

C. Finance Supervisor's Report

Samantha Brown reported working on the proposed budget for FY 2010-2011. Ms. Brown updated the Board regarding the effectiveness of the installation of the security cameras at the Redlands Plaza. The cameras were used to evaluate claims of activities taking place outside the building in reviewing property management discrepancies. Director McDonald directed staff to provide additional background regarding the approval of the contract for the security system prior to the adoption of the Redlands Plaza budget, since being separated out from the General Administration fund.

D. Assistant General Manager's Report

Claud Seal reported that the total dam reservoir level is static at 2,300 feet elevation. He said there are 17,000 acre-feet of water stored behind the Seven Oaks Dam (SOD). Mr. Seal distributed a summary of the discussions at a meeting with the US Army Corps of Engineers (USACE), SBCFCD, U.S. Fish and Wildlife Service (USFWS) and the California Department of Fish and Game (CDFG) regarding concerns related to the SOD release testing and revised proposed SOD release and testing schedule. The federal agencies' are concerned whether the Santa Ana Sucker will be impacted by the testing. Mr. Neufeld stated that the federal agencies' are concerned that the testing could possibly flood the riparian habitat downstream of the SOD and within the Prado basin.

Mr. Seal reported that the water from the Santa Ana River (SAR) is 30 cfs; the Afterbay is flowing at 60-70 cfs due to the Southern California Edison (SCE) bypass; and 62 cfs from Mill Creek (MC). The SAR spreading water quantity is just under 6,000 acre feet for the water year and Mill creek is just over 6,000 acre feet. Mr. Seal reported meeting with Celeste Cantu, General Manager of the Santa Ana River Watershed Project Authority (SAWPA) regarding the strategic plan. Staff was encouraged to become more involved with SAWPA and its activities. He summarized a list of requirements for a project that will be judged and approved by SAWPA for Proposition 84 funding. It is clear that the District's proposed wetlands project would fit every category. The project would provide a new water source, involve multiple entities, utilize assets not currently used by the District and provide employment before and after implementation of the project. The submittal date is scheduled for the end of June. A discussion ensued regarding Proposition 84 funding requirements in relation to the Integrated Regional Water Management Plan (IRWMP).

Mr. Seal announced that he and Lisa Pierce met with Mandy Parks of the IERCD regarding mitigation land. Staff will be taking into consideration their recommendations regarding obtaining the necessary approval required by the USACE and other federal agencies. Legal counsel stated that staff has taken the initiative to establish a joint agency cooperative agreement that may be needed for the activation of latent powers under LAFCO.

E. General Manager's Report

Mr. Neufeld summarized an application he submitted to Senator Boxer's office regarding funds for the Water Resources Development Act (WRDA) for the wetlands project in the borrow pit. He distributed a letter of response from Senator Boxer's office.

With regard to the District's strategic plan, Mr. Neufeld reported on an article in the Highland Community News that misstated that the District had adopted the strategic plan prior to today's meeting.

Mr. Neufeld briefly discussed the Santa Ana Sucker. He said the delay in releases of water from behind the SOD will more than likely result in an algae problem, causing the water to be unsuitable for anything other than recharge and will have a significant impact on the entire region.

F. Wash Plan

Mr. Neufeld indicated that the Wash Plan Task Force should be convened to discuss the impacts of the Santa Ana Sucker and the involvement of the federal agencies. A discussion ensued regarding the USFWS' approval of the HCP permit for the Wash Plan.

G. Information Items

Consider Audit Services for Fiscal Year Ending June 30, 2010

Samantha Brown reported on the 2009-2010 audit for fiscal year ending June 30, 2010. Matthew Wilson of Rogers, Anderson, Malody and Scott, LLP (RAMS) met with staff to discuss their proposal to conduct the annual audit for an amount of \$18,000. Ms. Brown stated that Mr. Wilson said that due to her accounting background and the significant changes she has made to the District's accounting system; it is likely that the District will see a reduction in the cost. Ms. Brown stated that RAMS has conducted the District's audit for three consecutive years and that staff would benefit from their continued service this year. A discussion ensued regarding competitive bids and the timely submittal of the auditing services this year.

H. Future Agenda Items and Staff Tasks

The Board requested the following items be added to the June 9, 2010 Board meeting agenda for discussion:

1. Director Corneille requested that staff provide a copy of the newly adopted strategic plan to all members of the Board. He indicated a number of tasks within the plan that required Board direction to the General Manager for implementation that were not related to Capital Expenditures.

I. Revenue Producing Activities

Mr. Neufeld stated that the environmental mitigation banking opportunity presented earlier in the meeting by Bruce Cash is the only revenue producing activity to report to the Board at this time.

6. ACTION ITEMS, NEW BUSINESS

A. CONSIDER APPROVAL OF REGULAR BOARD MEETING DATE CHANGE

Due to conflicts in scheduling, the next regular Board meeting date will remain as previously scheduled for June 9, 2010.

B. APPROVE AND ADOPT PROPOSED STRATEGIC PLAN

This item was previously covered in the meeting.

C. CALIFORNIA DEPARTMENT OF WATER RESOURCES (DWR) GROUNDWATER ELEVATION MONITORING PROGRAM – SBX7 6

It was moved by Director Corneille and seconded by Director Aranda to table Item C, "California Department of Water Resources (DWR) Groundwater Elevation Monitoring Program," to the regular Board meeting scheduled for June 23, 2010. The motion carried unanimously.

D. CONSIDER AND AUTHORIZE STAFF TO HIRE PART-TIME FIELD PERSONNEL

Mr. Neufeld stated that staff is recommending that the Board approve the immediate hire of a part-time field staff person, at an hourly rate of \$17.00-\$19.00 per hour, not to exceed 960 hours per year. A discussion ensued regarding the need for the position and required applicant screening based on ACWA/JPIA guidelines.

It was moved by Director McDonald and seconded Director Longville to authorize staff to hire part-time field personnel, at a rate of \$17.00- \$19.00/ per hour, not to exceed 960 hours/per year. The motion carried 6-1, with Director Raley opposed.

7. UPCOMING EVENTS

The upcoming events were reviewed and filed.

8. CLOSED SESSION

At 4:35 p.m., it was moved by Director Day and seconded by Director Aranda to adjourn to Closed Session, Government Code Section 54957(b), to discuss a personnel matter. The motion carried unanimously.

At 5:25 p.m., the meeting reconvened into Open Session, with no reportable action under Government Code 54957.1.

9. ADJOURN MEETING

At 5:25 p.m., the meeting adjourned to the Board meeting scheduled for June 9, 2010, at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Suite A, Redlands, CA.

R. Robert Neufeld
Secretary of the Board