

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF THE BOARD MEETING OF
November 18, 2009
1:30 P.M.

President Melody McDonald 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 McDonald.

ROLL CALL:

BOARD MEMBERS PRESENT:

Melody McDonald, President
Manuel Aranda, Vice President
Cheryl Tubbs, Director
Clare Henry Day, Director
Arnold Wright, Director
Richard Corneille, Director

BOARD MEMBERS ABSENT:

John Longville, Director

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
Randy Scott, Wash Plan Project Manager
Shanae Smith, Executive Assistant II

GUESTS PRESENT:

Cindy Navaroli, Platinum Consulting Group
Don Lee, Tetra Tech

1. PUBLIC PARTICIPATION

President McDonald 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 Day and seconded by Director Corneille to add the Oath of Office of the Uncontested Candidates of the Consolidated Election of November 3, 2009 to the Agenda under Item 7G. The motion carried 6-0, with Director Longville noted absent.

3. BOARD DISCUSSION ITEMS

Director Wright reported attending the Administrative Committee meeting.

Director Aranda reported attending the Basin Technical Advisory Committee (BTAC) meeting; the San Bernardino Valley Municipal Water District (SBVMWD) Board meeting; the Upper Santa Ana Water Resources Association (USAWRA) meeting to report on legislation; and a meeting with Senator Dutton and Assembly member Emmerson. He said he will be making a presentation to the San Bernardino Area Chamber of Commerce (SBACC) Rotary Club at an upcoming meeting regarding the current drought.

Director Corneille reported attending the Advisory Commission on Water Policy meeting where the City of Redlands staff presented an update on the state water plan and the City's current projects; Claud Seal also gave a presentation of the Cuttle Weir project status. He announced the next Advisory Commission on Water Policy meeting is scheduled for January 28, 2010, at SBVMWD.

Director Tubbs reported attending the Upper Santa Ana Wash Land Management and Habitat Conservation Plan (Wash Plan) Task Force meeting to discuss the Draft Habitat Conservation Plan (HCP). She also attended the Administrative Committee meeting to discuss proposed 09-10 budget revisions; the 2009 Water Resources Institute (WRI) Lifetime Achievement in Water Resources dinner meeting; and the Association of San Bernardino County Special Districts (Special Districts) meeting where Cal State San Bernardino staff presented their 2008/2009 Annual Water Survey.

Director Day reported attending the Wash Plan Task Force meeting; the Administrative Committee meeting; and Special Districts meeting in Victorville.

President McDonald reported attending the BTAC meeting on November 2, 2009. She distributed a map for the Board's review of the change in water storage. She also attended the Wash Plan Task Force meeting; the Administrative Committee meeting; and the SBVMWD Board meeting.

4. CONSENT CALENDAR

Minutes of the October 28, 2009 Board meeting were reviewed. Minor word changes were noted.

It was moved by Director Tubbs and seconded by Director Day to approve the minutes of the Special Board meeting of October 28, 2009, and the Regular Board meeting minutes of October 28, 2009 with the requested revisions. The motion carried 6-0, with Director Longville noted absent.

Finance Supervisor Samantha Brown referenced the first quarter Profit and Loss by Fund report. She noted significant changes made to move in the direction of the accrual process and noted the General Fund was separated from the Redlands Plaza, as the District is now managing the financials for Redlands Plaza. Capitol Expenses would now be classified as other expenses in order to print reports from the accounting software, and the Balance Sheet will now be a combination of the General Fund and Redlands Plaza. Ms. Brown answered questions from the Board.

It was moved by Director Corneille and seconded by Director Tubbs to accept the Amended First Quarter Financials for July-September 2009. The motion carried 6-0, with Director Longville noted absent.

Ms. Brown reported that significant changes to the financial reports in October were due to legal services for the Wash Plan being separated out; however, the revision to the budget has not passed. Ms. Brown said that all utility bills for District Headquarters are now being paid through Redlands Plaza as identified as part of all tenant agreements. She noted printing expenses are large due to the District's portion of the Big Bear Watermaster Report printing expenses and that Balance Sheet payroll liability is large due to the pay-out of unpaid vacation and sick time to a former employee. Director Tubbs asked if the \$5 million deposit from Robertson's Ready Mix could be labeled as restricted as a reminder to the Board. Ms. Brown said the amount is indicated on the Balance Sheet as long-term liabilities as deferred revenues, as the funds are received and not earned yet. A discussion ensued regarding the upcoming budget revision covered under another item on the agenda that will be discussed later in the meeting.

It was moved by Director Corneille and seconded by Director Day to approve the Un-Audited Financials of October, 2009. The motion carried 6-0, with Director Longville noted absent.

5. INFORMATION ITEMS

A. Board Committee Reports

Director Tubbs referred the Board to the agenda, noting that both Board committee reports for the Ad Hoc Committee for the Wash Plan (HCP) and the Administrative Committee meeting would be covered under other topics for the Board's consideration.

B. Wash Plan Update

Randy Scott reported the progress and statistics of the November 3, 2009 Wash Plan Task Force meeting regarding the comments received for the Administrative Draft Habitat Conservation Plan (HCP). He reported meeting with the Bureau of Land Management (BLM) and URS regarding the draft revisions for the HCP, and the additional work URS was performing on the response to comments. Pending items were reported and he said he would continue to keep the Board updated on the progress. A meeting of the Ad Hoc Committee for the Wash Plan HCP was scheduled for December 2, 2009 at the District office regarding cost share options associated with draft revisions recommended by the Ad Hoc Committee and implementation of the plan.

C. Financial Report

This item was covered under a previous item.

D. Assistant General Manager's Report

Mr. Seal reported the following:

1. State Water Project (SWP) water is being spread in the District's Santa Ana River spreading basins. More than 3,470 AF of SWP water has been spread on behalf of the SBVMWD and Western Municipal Water District (WMWD). The current spreading rate is approximately 52 cfs per day. The District will begin spreading SWP water in Mill Creek on November 19, once SBVMWD has finished pumping water to Yucaipa.
2. Field personnel has been repairing and improving roads in the Santa Ana River area.
3. Groundwater charges received to date, for the period of January 1, 2009 to June 30, 2009, for a total of 4,353.09 AF of water as agricultural production, is \$7,897.63; a total of 25,150.12 AF of water as non-agricultural production, is \$167,263.16/, for a total of \$175,155.79.
4. Interior lights with timers have been installed at the Mentone property since the shop is still located there. No damages have been noted to the house or property.
5. Bob Martin, General Manager of East Valley Water District (EVWD) chaired the Upper Santa River Water Resources Association (USAWRA) meeting on November 12, 2009 in place of Butch Araiza, General Manager of West Valley Water District (WVWD). A presentation was provided by Innovative Water

Specialties and Process Solutions Inc., regarding on-site Hypo Chlorite generation.

6. Field construction upgrades to the Cuttle Weir have started. Preliminary work will be pressure cleaning the existing concrete and rock surfaces, drilling and setting anchor pins, and placing the rebar cages over the weir areas that are to be raised. Prior to this date, prefabrication has been ongoing at the Larry Jacinto shop area.

E. General Manager's Report

Mr. Neufeld updated the Board on the success of the continued meetings among the General Managers of the District, SBVMWD and WMWD. He announced that a presentation for the Board's review, regarding a proposed course of action, would be made at the District's Board meeting scheduled for December 11, 2009. Director Aranda asked if there will be an impact on the manager's meetings due to change in senior management at the SBVMWD. Mr. Neufeld said he did not anticipate any significant changes.

Mr. Neufeld stated he would be meeting with Ted Craddock, a representative of the Department of Water Resources (DWR), on November 24, 2009 regarding their East Branch Extension Phase II Project (EBX-II). Discussion would be regarding the impacts of the District's ability to utilize its existing facilities during and after the DWR's possible actions.

Mr. Neufeld reminded the Board of the workshop scheduled for, November 23, 2009, at the Hilton Hotel, in San Bernardino at 7:30 a.m. A brief discussion ensued regarding the agenda posting requirements for Directors interested in attending the meeting by phone. Mr. Cosgrove said pursuant to the Brown Act, the agenda would need to be posted in a publicly accessible location.

Mr. Neufeld announced the District office will be closed during the holidays, starting December 21 – January 1, 2009. He explained to the Board that other agencies will be closed during that time period, and indicated possible cost savings associated with closing the office. He noted that staff has the option of working through the holidays or utilizing available vacation time. Normal business hours would resume on January 4, 2009.

6. ACTION ITEMS, NEW BUSINESS, FYI

A. REVIEW AND POSSIBLE ACTION FOR FY 09-10 BUDGET REVISION

Mr. Neufeld introduced Cindy Navaroli, of Platinum Consulting Group, as the consultant instrumental in the selection process of Finance Supervisor Samantha Brown. Mr.

Neufeld led the budget revision discussion regarding amendments to the operating budget as presented to the Administrative Committee, and the committee's recommendations, at its November 4, 2009 Administrative Committee meeting. He referred the Board to the Quarterly Budget Revision 2009-2010 handout and noted several modifications. He noted groundwater charge revenues were significantly decreased and that monies received for the charge should be budgeted when spent. He said there is a need for a long term financial study regarding production reported and actual water extracted from the basin. Director Aranda expressed concerns regarding budget revisions being made in advance of the completion of the strategic planning workshop, and whether it is necessary at this time to make the changes proposed by staff and the Administrative Committee. Discussion ensued. Mr. Cosgrove announced that an amendment to general counsel's contract was approved by the partners at Rutan and Tucker, LLP in an effort to assist the Board with the budget revision and strategic planning process.

It was moved by Director Aranda and seconded by Director Tubbs to adopt the Proposed FY 09-10 Budget Revision recommended by the Administrative Committee. The motion carried 6-0, with Director Longville noted absent.

B. REQUEST (2) LETTERS OF SUPPORT FROM THE BOARD

Mr. Neufeld requested Board approval to authorize the General Manager to write a letter to the San Bernardino County Flood Control District (SBCFCD) to move forward with discussions for a land swap between the District, the City of Highland and SBCFCD. He explained that SBCFCD will use the District's pits for non-waste materials. Director Tubbs said the Board directed staff to obtain additional information regarding specifics of the use of the pit located at Greenspot (5th Street) and the 210 Freeway. A brief discussion ensued.

Discussion continued. Mr. Neufeld requested authorization to write an additional letter to initiate negotiations regarding an ownership transfer of the U.S. Army Corp of Engineers (USACE) buildings located at the Seven Oaks Dam (SOD). He explained that the facilities will be ideal for District use because it would combine both field operations and District headquarters into one location.

It was moved by Director Tubbs and seconded by Director Wright to approve staff's Request of (2) Letters of Support from the Board, as indicated on the agenda. The motion carried 6-0, with Director Longville noted absent.

C. APPROVE AND AUTHORIZE EQUIPMENT PURCHASE

It was moved by Director Corneille and seconded by Director Day to approve and authorize New Equipment Purchase. The motion carried 5-1-0, with Director Aranda opposed and Director Longville noted absent.

D. ACWA FALL CONFERENCE OFFICER ELECTIONS

It was moved by Director Corneille and seconded by Director Aranda to Designate and to Vote by President McDonald to be an Authorized Representative at the ACWA Conference, For Officer Elections. The motion carried 6-0, with Director Longville noted absent.

E. 2009 COMPREHENSIVE WATER PACKAGE

Mr. Neufeld's report on the 2009 Comprehensive Water Package was received and filed.

F. DISCUSSION AND POSSIBLE RECOMMENDATIONS ON FUTURE USE OF THE MENTONE PROPERTY

It was moved by Director Day and seconded by Director Aranda to table Item F, "Discussion and Possible Recommendations on Future Use of the Mentone Property." The motion carried 5-1-0, with Director Tubbs opposed and Director Longville noted absent.

G. OATH OF OFFICE

This item was added to the agenda.

Mr. Neufeld administered the Oath of Office to Melody McDonald and Clare Day who were uncontested during the November 3, 2009 Consolidated Election. John Longville was noted absent and will accept the Oath of Office at a later date for the term beginning January 2010 and ending December 2010.

7. UPCOMING EVENTS

There was no discussion on this item.

8. CLOSED SESSION

At 4:10 p.m., it was moved by Director Day and seconded by Director Aranda to adjourn to Closed Session, Government Code Section 54956.9(b)(3)(a), and Section 54956.0(c), and Section 54956.0(b)(1), confer with legal counsel regarding significant exposure to litigation in one case. The motion carried 6-0, with Director Longville noted absent.

The Closed Session adjourned at 4:20 p.m. and the regular meeting reconvened.

9. ADJOURN MEETING

At 4:20 p.m., the meeting adjourned to the Strategic Planning Workshop scheduled for November 23, 2009, at 7:30 a.m., at the Hilton Hotel, 285 E. Hospitality Lane, San Bernardino, CA.

R. Robert Neufeld
Secretary of the Board