

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF February 11, 2015
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 1:33 pm)

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Jeff Beehler, Land Resources Manager
Angie Quiroga, Administrative Services Specialist

GUESTS PRESENT:

Michelle Diamond, Tetra Tech
Shay Lawrey, Jericho Systems, Inc.
Socorro Pantaleon, Assemblyman Steinorth's Representative

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

There were none.

3. CONSENT CALENDAR

It was moved by Vice President McDonald and seconded by Director Aranda to approve Consent Calendar Item A: Board Minutes, January 14, 2015 and Item B: Expenditure Report, January, 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**

4. COMMITTEE REPORTS/ACTION ITEMS

A. SECOND QUARTER FINANCIALS REVIEW AND APPROVAL FOR 2014-2015

Vice President McDonald announced she was reappointed as chairperson for the Finance and Administrative Committee at the January 21, 2015 committee meeting. Mr. Cozad gave a brief overview of the second quarter financial reports noting this half year budget will be used in budget planning for the next fiscal year. President Corneille inquired why it appeared reserves are being used. Mr. Cozad explained approved budget uses money from Wash Plan reserves because we posted significant revenue above costs to reserves from Wash Plan in FY 13-14 which is being spent in FY 14-15. We intended to use \$250,000 in reserves so what you are seeing is the difference between a project budget and an annual budget. President Corneille requested the actual current reserve levels. Mr. Cozad stated there is a total of approximately \$9M with \$4M in reserves not including the \$5M royalty revenue from Robertson's agreement. Director Raley suggested putting funds received in one year and spent in the next into retained earnings so that it doesn't appear that the District is overspending. Mr. Cozad explained this is just income for a project and the method we are using to segregate it from District funds is by having its own enterprise and its own reserve account. President Corneille stated he just wants it to be clear where the money is coming from. The unaudited financial reports of December 2014 were received and filed.

B. HEALTH SAVINGS ACCOUNT AND ACCOUNT BASED HEALTH PLANS

Mr. Cozad explained the health savings account is a healthcare plan that is similar to an IRA but only used for healthcare. It is an account that is linked to a health plan which results in lower premiums and higher deductibles. Cost to the District is essentially the same because the lower premiums are offset with additional funds being set into health savings accounts to be accessed by the employee if needed or they can be kept and saved for future needs. ACWA/JPIA is offering the plan and we can offer it as an option to our employees in Fall 2015. It is a policy decision if the Board wants to direct staff to have ACWA/JPIA offer it or not. In the future, rate increases with this program are supposed to grow much more slowly so there are potential savings to the District and the employee. Vice President McDonald agreed it would bring savings and she recommends it. Discussion ensued.

It was moved by Director Raley and seconded by Director Aranda to approve offering the Health Savings Account and Account Based

Health Plans during open enrollment in Fall 2015. 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

C. PARTICIPATION IN REDLANDS ORANGE BLOSSOM TRAIL IMPLEMENTATION

Mr. Cozad explained the City of Redlands (City) is working on the Orange Blossom trail which runs along the old railroad alignment that goes through our spreading grounds and comes down through Mentone into Redlands. The City does not have a budget for rock to stabilize the area around the trail. They are in need of 2500 tons of rock. With City staff, they are able to go out, screen and transport all materials themselves. Mr. Cozad is requesting we provide City with a material processing license with no royalty costs under terms that are acceptable to legal counsel. We estimate we will forgo \$3,000 in royalties and permit efforts. Discussion ensued.

It was moved by Director Longville and seconded by Vice President McDonald to participation in Redlands Orange Blossom Trail implementation. 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

D. UNAUDITED FINANCIAL REPORTS, January 2015

Mr. Cozad pointed out the reserves cash balances that were discussed under item A can be seen on package page 35. Discussion ensued.

It was moved by Director Raley and seconded by Director Aranda to approve the Unaudited Financial Reports for January 2015. 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

E. GROUNDWATER ASSESSMENT REPORT FOR GWA #43

Mr. Cozad indicated we are completing the reporting of GWA # 43 which runs from Jul 1, 2014 through Dec 31, 2014. President Corneille inquired about the unpaid producers. Ms. Quiroga explained we are anticipating approximately \$96,000 additional income from late producers: \$90,000 from City of Riverside and \$6,000 from remaining late producers in total. Director Raley and President Corneille agreed staff needs to be vigilant with determining well usage and follow-up. Discussion ensued. Item was received and filed.

F. DISTRICT BOARD PRIORITIES FOR 2015

President Corneille stated this is an update from last month's meeting. He noted staff has added "Priorities are special efforts or emphasis for the General Manager and staff. These are in addition to core mission elements such as water spreading, conservation and policy principles such as collaboration, transparency, sustainability, and safety" to the document.

It was moved by Director Aranda and seconded by Vice President McDonald to approve the Unaudited Financial Reports for January 2015. 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. BUDGET PLANNING FOR GROUNDWATER ENTERPRISE FOR 2015-2016

Mr. Cozad stated staff has begun work on the groundwater (GW) budget. The District budget will be prepared next which we need mostly complete to finish the GW Enterprise budget since it is based on costs. A budget plan is provided for Board to approve which includes assumptions, revenue projections, expected expenses and staff's best estimate for the noticed rate. Package page 55 describes areas where funds are needed.

A significant amount of fencing has been lost due to metal theft and will need replacement along with boulders to block access. Security improvements are needed for District office and in the field Mentone and Canyon shops. A big capital cost expected is the repair and rework for the Mill Creek diversion. An RFP was released for engineering and design work. It should be presented to the Board next month for approval. Construction costs for this project will come from groundwater reserves. We will present the groundwater budget to our groundwater partners and will also present to Groundwater Sustainability Council (GSC) for a broader range of opinion. We will bring the budget back to Finance and Admin Committee or a Board workshop to go through the budget in detail. President Corneille recommended a Board workshop.

Mr. Cozad stated we are using the same budgeting process as last year. He noted CPI is lower due to lower fuel costs. Additionally there was an increase in production this year due to the drought. Staff recommends no groundwater charge increase. Staff requests approval for budget planning process and a proposed groundwater charge for noticing. Mr. Cozad would like to

include in the resolution that if an equivalent methodology for payment of groundwater charges is determined by the GSC, that producers can use this alternative method as groundwater payment in lieu of current method. Mr. Cosgrove clarified that the idea is our groundwater charge mechanism will reflect a credit for any analogous payments that would be made instituted and properly implemented for this GSC so people aren't paying for the same thing twice. Exact language needs to be added when the time is appropriate. Mr. Cozad clarified the GSC will be made up of everyone who produces in the Bunker Hill Basin. This is a broader group than just the producers within District boundaries. The share of our costs will be spread over a larger group so more can benefit. President Corneille inquired about the Canyon facilities. Mr. Cozad stated lead abatement is needed before repairs can be made. Director Raley asked about a rate stabilization fund. Mr. Cozad indicated \$20,000 a year for the last 2 years has been put in the fund. Director Raley suggested setting aside more to this fund. Mr. Cozad explained the additional funds need to be in groundwater reserves capital projects not only offsetting rate changes. Discussion ensued. Board requested a budget workshop by consensus.

It was moved by Vice President McDonald and seconded by Director Longville to direct staff to Notice the Groundwater Charge for a zero increase for the upcoming Water Year. 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. ENGINEERING INVESTIGATION PLAN FOR 2015

It was moved by Director Aranda and seconded by Director Raley to approve the Engineering Investigation Report Plan for 2015. 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**

I. PLUNGE CREEK CONSERVATION DESIGN PROCUREMENT STATUS

Director Raley asked if we are still on budget for Plunge Creek based on what we intended to do and the amount of grant funds to be received versus what the District intended to spend. Mr. Cozad confirmed that, with this contract for this amount, we are on budget. President Corneille would like the Operations Committee to be involved and have a review of the Task 1 Feasibility and Concept Design stage when it is ready for presentation and before the final recommendation. With Mill Creek, the Operations Committee should review project deliverables before completion, and advise the Board.

It was moved by Director Raley and seconded by Vice President McDonald to authorize General Manager to enter into an agreement with ICF Jones & Stokes for Plunge Creek engineering and design for an amount not to exceed \$168,936. 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

J. MITIGATED NEGATIVE DECLARATION FOR OPERATIONS & MAINTENANCE ACTIVITIES

This item was taken out of order.

Mr. Beehler introduced Shay Lawrey who supported the Mitigated Negative Declaration (MND) documentation. He stated staff recommends the Board adopt the MND by resolution. He explained an additional mitigation measure will be added to clarify what is already a District policy and that is to make sure it is in the administrative record. In anticipation of the Wash Plan and changes of operations at Mill Creek, we need to look at possible environmental impacts of those activities. An initial study was done and we determined we can minimize our impacts below a significant level.

The two areas of concern are environmental endangered species and impacts to historic resources; in particularly the old Lockheed buildings on the property. Until it is determined that they are not culturally significant, our regular operations and maintenance will be restricted so as to not impact these buildings. The survey to determine significance is \$8,000 so the GM determined we would defer analysis until we had a need to impact them. President Corneille asked what this MND covers that is not covered by the EIR/EIS for the Wash Plan. Mr. Beehler explained to legally alter waters of the State requires a permit from CA Dept. of Fish & Wildlife. This CEQA action, will allow us to move forward to get any necessary permits should we encounter endangered species.

The Wash Plan will be listed as mitigation for areas on the Santa Ana River side but not on the Mill Creek lands. This MND allows us to get coverage to do our operations and maintenance on the new facilities including alterations to the streambed and in anticipation of the Wash Plan and future Mill Creek activities. Mr. Cozad stated this is the first step to getting the permit for both the Federal and State requirements. We have to have a current CEQA process for the State to write their permit. We want both State and Federal permits. Mr. Cosgrove added we are hoping the State will issue a concurring opinion on the Wash Plan. Mr. Cozad stated this will help the State give that concurring opinion and this is part of the process. Mr. Beehler stated that Ms. Lawrey was very resourceful using Wash Plan information to get to this MND quickly.

Director Raley inquired as to the upside and downside for doing the MND. Mr. Cosgrove explained we have been conducting certain baseline environmental maintenance of our facilities since the 1930's. After these activities were established, a certain regulatory regime was introduced. There has been discussion about how our pre-existing and continuing maintenance activities fit within the larger regulatory requirement. We haven't had permits and we believe our

maintenance may be considered as baseline conditions. Since we have maintenance activities that are part of the Wash Plan and maintaining SBVMWD's overall expansion of facilities, we will need permitting for that expanded scope of activity anyway. So we are essentially getting permits for the entire range of activities and just getting it all taken care of now.

Director Raley asked about the financial cost. It is estimated between \$3-5,000/year for permits and \$5,000/year for reporting, training and compliance. Mr. Cozad stated there is potential for additional mitigation costs but expect likelihood to be small. He does not feel the costs are a reason not to do it. Similar species do exist in Mill Creek and Santa Ana, so we are doing this to be fully permitted and operating in full compliance and so other agencies can rely on our permitted status. President Corneille said this covers everything that we own and operate and it is necessary.

President Corneille asked about time constraints for construction and operational activities due to certain species. Ms. Lawrey explained three potential species are listed, and two of them, both birds, the California gnatcatcher and the least Bell's vireo, have real timing constraints. For example, the least Bell's vireo is migratory and if in the area, we can avoid them by not working in that particular area during that particular window. Language was added on to a nesting bird plan to do deterrents, buffers, monitoring and build in flexibility to watch the bird to see how they are reacting. The main thing is avoidance during certain times. Most of this habitat is found above Garnet in Mill Creek. Mr. Beehler stated most of the areas we work do not support threatened and endangered species. This is only if habitat is present and only when they will be there. Mr. Cozad explained this is a disclosure document to get us to a permit and the actual, specific language we will work under will be in the permit and will give direction to staff.

It was moved by Vice President McDonald and seconded by Director Longville to adopt the Mitigated Negative Declaration by Resolution 519. 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 no committee reports without action.

B. WASH PLAN REPORT

Mr. Beehler introduced this item for discussion. He stated we are moving forward on a couple levels. The Wash Plan environmental documentation is scheduled for completion Mar 17th, 2015. The Wash Plan HCP revised document will be completed later in March. We have been working with Fish & Wildlife and Flood Control staff on a late addition flood control, habitat restoration, and environmental clean-up project. Meeting next week with both agencies to see how we can cover that activity and move forward on it. The HCP documentation has all comments incorporated. Now it is a matter of additional detail. Maps are included which show

summation of that effort and that is what was previously lacking. Specificity was needed to show how we were going to manage the habitat, in what order, and how will we accomplish that. We divided the initial work into seven annual steps. We will be implementing grass removal and thinning over a 7 year period. We will be updating the HCP documents to include the structure and governance such as who holds the permit. We are suggesting the District hold the permit and everyone else will work under a Certification of Inclusion. We are also recommending the District hold the endowment funds. President Corneille inquired about the date of the next Task Force meeting. Ms. Quiroga provided preliminary dates. He stated on Feb 20th Vice President McDonald, Mr. Beehler and himself will meet with Congressman Aguilar to discuss legislation needed for exchange of the properties. He asked Mr. Cozad if we are still planning a field trip with Supervisor Ramos. Mr. Cozad stated he thought they should wait for specific timing that is important. Mr. Raley inquired as to who is still owing for the Wash Plan. Mr. Beehler confirmed everyone has paid except for CEMEX. This item was received and filed.

C. GENERAL MANAGER'S REPORT

Mr. Cozad indicated there is a written staff report on package page 108 and provided some slides of field activity. He stated we are working on safety issues as we get into the property on the new Greenspot Road. Mining activities are ongoing at CEMEX plant site. In Mill Creek and Santa Ana there is aggregate management and work to manage the rock on our land. He pointed out these areas of District Land and who is using them. He reminded the Board that staff keeps track of our area in the Borrow Pit and listed current, past and future activity by Upland Rock, materials left by others, Ranch Rock, City of Redlands and rock that came from the improvement of building the Greenspot Bridge. SBVMWD has rock stored here and one additional contractor is looking to use some space as well. He showed areas impacted by East Branch Extension (EBX) work that went through District facilities. We would like to get water to these basins to check final repairs and make sure they hold water but haven't had adequate water. He showed the three locations where the contractor for the EBX will store rock. An access permit was granted for this need.

Under that permit we could use more space near pond 1 and pond 2 on Mill Creek, near Garnet and Highway 38. We are looking for more space for the contractor to store more rock. Some rock has been stored along the easement we granted to the contractor. DWR requires some of this rock to be removed down to 30% rock based on habitat restoration needed. We believe we can find a different location for all of this rock. DWR requires restoration of the easement area back to a somewhat natural state in 3 years. We will request some of the moved rock be put alongside our security fencing. We are suggesting the contractor move more rock off of the easement which wouldn't require the three year commitment to move the rock. Mr. Cozad suggested Board take notice of the landscaping done at the District office on their way out. He also noted the attached report on package page 111 which shows work of the IERCD. This item was received and filed.

D. MENTONE HOUSE/SHOP STATUS

Mr. Cozad stated we would like to change out the landscaping at the Mentone House while it is vacant to a water conserving landscape with just a small yard. Staff has initially looked into providing bathroom facilities to the shop. It does not appear to be feasible. Either another septic system would have to be added or a new larger one would be needed for the shop and the house. It was determined this property is in the County not the City of Redlands. This report was received and filed.

E. RECORDS DESTRUCTION UPDATE

President Corneille asked what the District's retention policy says regarding how many months to destroy media recordings. Mr. Cosgrove responded state law only requires holding for 30 days. Mr. Cozad said it is in our retention policy. Typically we retain the recordings until the minutes have been approved then this becomes official record of the meeting. This item was received and filed.

F. MONTHLY RECHARGE REPORT

President Corneille inquired if there is more Santa Ana Water because of the dam. Mr. Cozad responded no, because it all goes to surface water users either to Northfork or Bear Valley and the City of Redlands. This item was received and filed.

G. FUTURE AGENDA ITEMS & STAFF TASKS

Vice President McDonald noted we will have place holders for all people requesting concurring nominations for ACWA/JPIA. These will be on the next regular agenda in time for ACWA/JPIA.

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

A. Board Member Meeting Reports

Director Aranda attended the BTAC meeting and San Bernardino Chamber meeting. Additional reports are reported in the Board package.

Director Aranda requested \$70 for attendance at the Unforgettables 4th Annual Heart Awards in which many legislators may attend. He would like to meet with these legislators so that he can continue his legislative relationships and reporting for the District. By consensus of the Board, Director Aranda was approved to use the Unforgettables as a Director Selected meeting.

Director Aranda requested attendance at the ACWA Legislative Symposium in Sacramento on March 4th. Due to required attendance of Vice President McDonald, the Chair polled the Board disapproved (3-2) Director Aranda's attendance at this meeting with Vice President McDonald and Director Aranda in support and all other directors in opposition.

Director Aranda requested permission to attend a seminar called Beyond Drought Tolerance at McKenna College in Claremont, Ca. Two day registration is \$399, \$70 mileage, and \$412 for two day per diem. The Chair polled the Board and they disapproved attendance (3-2) with Vice President McDonald and Director Aranda in support and all other directors in opposition.

Director Raley attended a San Bernardino Valley Municipal Water District Workshop. There was not anything of significance to report. Additional written reports are included in the Board package.

Director Longville did not have any meetings to report. He did report on an article in this morning's LA Times regarding fracking wastes. Hundreds of wells were tested in the Central Valley and on average were up to 700 times the Federal limit of safe benzene levels. The District's water is safe because there are no know fracking wells in the District but these issues

could eventually affect us. It is becoming a state-wide issue. Petroleum companies are a source of toxic chemicals in drinking water.

Vice President McDonald attended the SBVMWD Board Workshop in which Bob Tincher gave an update on enhanced recharge in our Santa Ana River basins. They will save \$3M by not having to relocate some Edison transmission poles. She attended ACWA/JPIA meeting and received Certification for HIIPA Compliance. She attended SBVMWD Board meeting in which an analysis of state water availability was presented. She attended the ACWA State Legislative Committee meeting, EVWD Board meeting, the San Bernardino Chamber of Commerce and BTAC meetings. Additional written reports are included in the Board package.

President Corneille attended the EVWD Board meeting about their new budget based water rates. It is an innovative rate structure. They will go into Prop 218 hearings next month. He attended Mentone Area Community Association (MACA) breakfast meeting on Jan 30th and a MACA meeting on Feb 10th regarding a community garden. He provided a copy of the survey to the Board from MACA which is asking members and others to register their interest in a garden. The District will have a booth at the Citrus Festival Mar 28th and he would like the Outreach & Communications Committee to assist and plan what we can do that day. We have an aquifer model and materials we can use.

7. UPCOMING MEETINGS

Mr. Cozad informed Board members they may wish to assist with the IERCD at the Sustainability Festival sponsored by University of Redlands from 11:00 a.m. to 3:00 p.m. on Mar 14th. IERCD asked if we would like to do a booth with them. They will provide materials and have staff for the booth.


President Corneille noted he will be out of state from Feb 13 – Feb 18th.

8. ADJOURN MEETING

It was moved by Director Raley and seconded by Director Aranda 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 4:14 p.m. the meeting adjourned to the next regular Board Meeting scheduled for March 11, 2015 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager