

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF February 10, 2021
1:30 p.m.

President McDonald called the meeting of the Board of Directors to order at 1:35 p.m. by teleconference and Zoom meeting; all those in attendance stood for the pledge of allegiance led by President McDonald.

ROLL CALL:

BOARD MEMBERS PRESENT:

Melody McDonald, President
Richard Corneille, Vice President
David E. Raley, Director (Arrived 1:11)
Robert Stewart, Director
John Longville, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker

STAFF PRESENT:

Daniel Cozad, General Manager
Betsy Miller, Land Resources Manager/Assistant General Manager
Erwin Fogerson, Senior Engineer/Project Manager
Katelyn Scholte, Assistant Engineer
Athena Lokelani, Administrative Specialist

GUESTS PRESENT:

T. Milford Harrison, San Bernardino Valley Municipal Water District
June Hayes, San Bernardino Valley Municipal Water District
Paul Kielhold, San Bernardino Valley Municipal Water District
David E. Smith, East Valley Water District
Clayton Larkin, Tetra Tech

1. PUBLIC PARTICIPATION

President McDonald announced that any person present, who so desired, may make an oral presentation to the Board of Directors. There being none, the meeting continued with the posted agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were none.

3. CONSENT CALENDAR

President McDonald introduced this item.

It was moved by Director Longville and seconded by Director Stewart to approve the Consent Calendar: Item A: Board Minutes, January 13, 2021; Item B: Expenditure Report, December 2021; Item C: Unaudited Financials, January 2021; Item D: Groundwater Assessment Report for July 1, 2020-December 31 2020; Item E: District Board Priorities for 2021; Item F: Board Policy Manual Revisions, Resolution No 582; and Item G: ACWA/JPIA Executive Committee Concurring Nomination Resolutions. The motion carried 4-0, with all Board members present voting in the affirmative, and Director Raley noted absent from the vote.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Absent
Director Stewart: Yes**

4. COMMITTEE REPORTS/ACTION ITEMS

A. OPERATIONS COMMITTEE VERBAL UPDATE

Vice President Corneille provided a verbal update on the Operations Committee held on January 27. He indicated that the District received a comprehensive presentation on the Enhanced Recharge Project by Valley Municipal related to the agreement executed in 2013. Staff and Board members have provided feedback to Valley's team on the design of the Phase 1B of the proposed facilities. Valley Municipal stated the project will result in an estimated 15,400 AFY in additional recharge with a current construction cost estimate of \$53.9 million and an annual O&M cost estimate of \$480,000. Manuel Colunga, Field Supervisor, provided an update on field operations. Mr. Fogerson provided the results of the Request for Qualifications for the Active Recharge Transfer Projects (ARTP) to the Committee and the preliminary layout of the proposed Oak Creek Basins. The District's CIP was reviewed and the Mentone Shop needs analysis. This item was received and filed.

B. MENTONE SHOP IMPROVEMENT PLANNING AND NEEDS ANALYSIS

This item was included in the package on page 48. Vice President Corneille noted that this item was reviewed in detail by the Operations Committee. He complimented staff on their detailed needs analysis. He indicated that the District might need another facility in the future either within the SA Spreading Grounds or at the Canyon Shop; the Committee agreed with staff's detailed recommendation that is included within the Mentone Shop Needs Analysis. Director Raley asked if the proposal consists of the plan to rebuild the Mentone Shop. Mr. Fogerson stated that the recommendation is to leave the current shop there, remove the old wooden structures, and add a new metal building with restroom facilities. Director Stewart thanked staff for the thoroughness of the analysis, encouraged staff to avoid duplication of permits for the Canyon Shop and Mentone Shop, and expressed his overall support of the plans as conceptually completed.

It was moved by Vice President Corneille and seconded by Director Longville to accept the Operations Committee recommendations contained in the Mentone Shop Needs Analysis and direct staff to procure and award architectural services in an amount not to exceed \$50,000. The motion carried 5-0, with all Board members present voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

C. FINANCE & ADMINISTRATION COMMITTEE VERBAL UPDATE

Director Raley indicated that the items discussed at the January 27 meeting, including the 2nd Quarter Annual Unaudited Financials and the Budget Plan for the Groundwater Enterprise, will be discussed later on this agenda.

D. 2ND QUARTER ANNUAL UNAUDITED FINANCIALS FOR 2020-2021

Mr. Cozad reviewed this item, noting its inclusion in the package beginning page 73. He noted that the financials are in line with District expectations. These are the base of the District's budgeting processing, and there are comments included with the memo. Mr. Cozad said that interest rates are lower than initially estimated, and therefore returns on investments are under budget.

It was moved by Director Raley and seconded by Director Longville to approve the 2nd Quarter Annual Unaudited Financials for 2020-2021 as presented. The motion carried 5-0, with all Board members present voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

E. DRAFT ENGINEERING INVESTIGATION REPORT FOR 2021

Ms. Scholte presented a PowerPoint presentation on the Draft 2021 Engineering Investigation (EI). This item is included in the package beginning on page 78. The annual change in storage for the Bunker Hill Basin decreased by 67,875 AF from last year, mainly due to a decrease in imported water recharged by the Groundwater Council due to a lower state water project allocation for 2020. The accumulated change in storage is 486,310 AF down from full (in 1993). The water elevations from 2019 and 2020 were compared against one another, and it was noted that the water table is starting to drop, especially near the recharge basins. The estimated groundwater production for the previous water year (2019-2020) is 154,554 AF, and the estimated annual change in storage for the current water year (2020-2021) is a decrease of 5,623 AF based on the same precipitation as last year. The estimated average annual change in storage for the ensuing water year (2021-2022) is a decrease of 4,219 AF. The estimated production for the ensuing water year (2021-2022) from within District boundaries is 11,569 AF for historically agricultural water use and 91,135 AF for non-agricultural water use. The estimated surface diversion for the ensuing water year (2021-2022) is 79,655 AF for the basin and 56,307 for District,

including the water that the Groundwater Council recharges. The estimated replenishment required for constant storage for the ensuing water year (2021-2022) is 128,173 AF for the basin and 106,923 AF for District. The total replenishment required to reach the 1993 full level is 619,981 AF for the ensuing water year.

Ms. Scholte reviewed, in brief, the native and imported water recharged by the District from 1912-2020. Vice President Corneille requested that the graphs be shown in higher contrast colors to differentiate between State Water Project water versus native water, and asked that a cumulative total be included for each. Director Raley asked how much of the water is produced by entities who are not in the Groundwater Council. Ms. Scholte said that the details of water production are included with the Groundwater Council item; however, it does not include data for producers outside of the basin. This item was received and filed.

It was moved by Director Longville and seconded by Director Stewart to receive and file this item. The motion carried 5-0, with all Board members present voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

**F. BUDGET PLANNING FOR GROUNDWATER ENTERPRISE FOR 2021-2022,
PROPOSED GROUNDWATER COUNCIL OPERATIONS & MAINTENANCE FEE AND
ADVERTISED GROUNDWATER CHARGE**

Mr. Cozad introduced this item for discussion, noting its inclusion beginning package page 107. He provided a brief overview of the rate-setting process and Groundwater Council (GC) proposal. Staff reviewed the potential rate options and recommended the Board consider advertising a 5% increase to the groundwater charge, which would mean the groundwater rate would go from \$13.85 per AF to \$14.54 per AF. The revenue budget and expenses were reviewed. Vice President Corneille asked for clarification on why the Groundwater Charge revenue is higher than the Groundwater Council revenue. The Groundwater Charge revenue is based on production from last year; staff will review and provide details on the difference to the Board. The total estimated expenses for the Groundwater Enterprise for FY 2021-22 are \$1,478,077.68 with operating revenue of \$1,475,798.04, which would leave the net operating revenue at -\$2,279.64. President McDonald asked how the Rate Stabilization Reserve fund factors into this proposed budget. Mr. Cozad indicated that the proposed budget does not include the utilization of the Rate Stabilization Reserve funds. This fund was utilized by the District during the transition to a single unitary rate and would only be recommended for use in FY2021-22 if the Board proposes a lesser increase in the groundwater charge. He reviewed the Groundwater Council Equitable Allocation Budget for 2021-22.

Mr. Cozad reviewed the Groundwater Council's request to develop and implement a replenishment/sustainability component (replenishment charge) as part of the groundwater charge to achieve equity. Staff, District Counsel, and the Finance & Administration Committee evaluated the implementation options for adding this charge and are recommending a phase-in period. The methodology of the Equitable Allocation Model (EAM) was used to identify the replenishment charge, which is estimated at \$19.35 per AF; a five-year phase-in period was recommended which would add \$3.87 per AF each year. Mr. Cozad reviewed package page 130 which shows the average production from GC non-members within the District. Staff will hold meetings with groundwater producers to provide public outreach and obtain feedback from them on the potential implementation of this replenishment

charge. The proposed replenishment charge has been discussed and reviewed by the District's Finance & Administration Committee, District Counsel, and the Groundwater Council. Mr. Cozad reviewed package page 131, which shows the estimation of the O&M charge based on the most recent production for groundwater producers at the rate proposed. The sustainability/replenishment component estimated \$28,000 would be collected and remitted to the Groundwater Council to purchase imported water by Valley Municipal. Discussion ensued.

Mr. Cosgrove noted that the Groundwater Council is proposing the charge in order to support equitable-funding of the long-term sustainability of the basin. Director Raley expressed his concern that non-member producers outside the District boundaries would not pay a similar charge. Mr. Cosgrove indicated that the District and its partners are working together to ensure that charges are equitable for all. A majority of the non-member production outside the District Boundary is by four or five entities, and the Groundwater Council is soliciting them as members to fully participate in the plan. Staff are working to address all aspects of the issues and concerns that have been raised that are within the purview of the District. Vice President Corneille asked staff to document the increases in expenses that resulted in the need for a 5% increase in the groundwater charge. President McDonald stated that staff had been encouraged to increase the groundwater charge as required and to avoid the need for a substantial increase; in the past, after years without an increase, the District was forced to implement a significant increase. Staff has received feedback from groundwater producers opting for incremental increases rather than a substantial one. Vice President Corneille said that the CPI-U is 1.8% for this year and indicated that the budget needs to be refined to justify the increase in the groundwater charge. He asked if the charge's implementation was only for producers for over 300 AF. Mr. Cozad said it was not and that the 300 AF assessment was only for analysis purposes and the component would apply to all SB County groundwater producers. Discussion related to the proposed replenishment charge ensued. Director Stewart supports the advertisement of 5%; he also expressed concern that the replenishment charge is the same for entities who pump significantly more water from the basin as compared to what they pumped during the adjudication period and those who are producing less. Mr. Cozad indicated that the proposed replenishment charge is per acre foot, so lower production would reduce the amount they pay but does not change the rate per acre foot. Mr. Harrison of Valley Municipal spoke in support of the proposed replenishment charge expressing his belief that it is a fair and equitable approach to assure sustainability and future groundwater viability.

It was moved by Director Longville and seconded by President McDonald to advertise a potential groundwater rate increase of 5% for FY 2021-2022, and also direct staff to advertise and provide public outreach to producers to inform them of the implementation of a replenishment/sustainability component ultimately up to \$20 per AF that would be phased in over five or more years. The motion carried 4-1 with Director Raley in opposition of the vote and President McDonald, Vice President Corneille, Director Longville, and Director Stewart voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: No
Director Stewart: Yes**

G. CONSERVATION SERVICES AGREEMENT WITH INLAND EMPIRE RESOURCES CONSERVATION DISTRICT FOR IMPLEMENTATION OF PERMIT CONDITIONS FOR THE PLUNGE CREEK CONSERVATION PROJECT

Ms. Miller introduced this item for discussion. She stated that this agreement is related to implementation of the Plunge Creek Conservation Project environmental permits. The District is required to have a designated restoration ecologist to comply with permitting requirements: Staff at the Inland Empire Resource Conservation District (IERCD) possess these qualifications and have been approved by the California Department of Fish & Wildlife (CDFW) to fulfill this role for the Plunge Creek Conservation Project. The draft agreement is included on package page 134. Mr. Cosgrove stated that the agreement outlines the five tasks that IERCD will be implementing. The final agreement for approval was shared via Zoom; the final amount is not to exceed \$43,532.90 for the agreement's first year. There will be up to four annual extensions to this agreement, which will be reviewed at the end of each year. There is a ten-day cancellation period; the District may cancel within that time frame. There are also indemnification requirements. Vice President Corneille asked why the agreement and deposit are different. Mr. Cosgrove indicated that the last details of the agreement were developed after the package. Monitoring for the San Bernardino kangaroo rat (SBKR), which is also required by the project permits, will be covered under a separate agreement.

Ms. Miller said that staff is working with USGS on a potential contract for monitoring SBKR for this project and the Wash Plan; costs were not identified for this item yet. Vice President Corneille asked to see the total costs for the entire Plunge Creek Conservation Project. Director Stewart asked why the fifth year of weed management would cost the same as the initial year. Ms. Miller said that the contract covers the full two hundred acres of land over a five-year term, so new land areas – with high cover of invasive plants – will be covered each year. The District will be working upstream to downstream in accordance with best management practices, as shown on the map on page 147.

It was moved by Vice President Corneille and seconded by Director Longville to approve the Conservation Services Agreement with the Inland Empire Resources Conservation District and authorize the General Manager to execute in an amount not to exceed \$43,532.90. The motion carried 5-0, with all directors present voting in affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

H. COMMUNITY MITIGATION PROGRAM AGREEMENTS FOR 210 FREEWAY PROJECT

Ms. Miller said that there are three agreements for review and approval. These agreements are related to the San Bernardino County Transit Authority (SBCTA) request to purchase land for mitigation through our Community Mitigation Program, which allows other entities to purchase Conservation Easements on lands owned by the District. In April 2020, the Board reviewed and approved the Conservation Easement Deed and Endowment Agreement for this project. This is the first project to go through the Community Mitigation Program. These agreements allow the Conservation Trust, SBCTA, and the District to work together to fulfill the goals of this project. To purchase the Conservation Easement, SBCTA would be required to pay the District \$567,000. SBCTA would also be required to deposit \$58,250 into a wasting endowment for start-up actions, \$87,060 into a wasting endowment for biological surveys and land management, and \$97,591 into a non-wasting endowment: SBCTA will pay the Conservation Trust the total sum of \$242,901 to be held, managed and disbursed according to the Endowment Agreement. The

agreements are shown beginning on package page 155. Mr. Cosgrove noted that the three agreements for review and approval are the Conservation Easement Deed, Endowment Agreement, and the Agreement for Acquisition of Conservation Easement. The Conservation Easement is an exhibit to the Agreement for Acquisition of Conservation Easement. He reviewed these documents in detail. Vice President Corneille asked if these costs will be adjusted if the District needs additional work. Ms. Miller indicated that the Endowment Agreement is a fixed cost based on the requirements of the wildlife agencies. CDFW will review and approve the Conservation Easement following submittal of additional materials; legal counsel recommended approval with non-substantive changes.

It was moved by Director Raley and seconded by Director Longville to authorize the Board President to execute the Conservation Easement Deed and the Endowment Agreement for the Deposit, Disbursement, and Use of Funds for Wasting and Non-Wasting Endowments related to the San Bernardino County Transportation Authority's State 210 Mixed Flow Lane Addition Project, subject to non-substantive revisions to both agreements as recommended by the General Manager and General Counsel. The motion carried 5-0, with all directors present voting in affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

I. STATE OF THE CONSERVATION TRUST REPORT

Mr. Cozad provided a PowerPoint presentation, included on package from page 204 to 221. He reviewed the purposes of the Trust, approvals, and the entire organization and background. He reviewed the investment policy for the Trust and the audit statement. The Community Mitigation Program was reviewed in brief. Vice President Corneille requested that once each year that a report on the activities of the Trust be presented to the Board.

It was moved by Vice President Corneille and seconded Director Longville to receive and file the State of the Conservation Trust Report as presented. The motion carried 5-0, with all Board members present voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

J. CSDA CALL FOR NOMINATIONS FOR SEAT A, SOUTHERN NETWORK

President McDonald presented this item for discussion, noting its inclusion on package page 222. She asked if any Board members were interested in running for this seat. Director Raley expressed interest in being nominated for the CSDA board.

It was moved by President McDonald and seconded by Director Stewart to nominate Director Raley for the CSDA Board, Seat A, Southern

Network, and direct staff to prepare and submit the necessary materials. The motion carried 5-0, with all Board members present voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

5. INFORMATION ITEMS

A. WASH PLAN IMPLEMENTATION AND STATE PERMITTING UPDATE

Ms. Miller provided a verbal update. The task orders are complete for the California gnatcatcher monitoring, and District contracts will be conducting fieldwork in the field next month. Surveys will likely be done in March, April, and May. Staff is working with USGS, following direction from the wildlife agencies, in order to develop an integrated protocol for SBKR monitoring for the Wash Plan and Plunge Creek Conservation Project. Staff has been coordinating land management actions and biological survey results with the San Bernardino County Flood Control District, which is managing the WSPA. Weed treatment management will begin later this year. AECOM is preparing documents for waters permits for Wash Plan Covered Activities. Staff is working with BLM regarding the Land Exchange; an appraiser has not been hired yet. CDFW has indicated they are nearing completion of their initial review of the 2081 application for Wash Plan projects, and staff expects feedback from them within the next couple of weeks. This item was received and filed.

B. ACTIVE RECHARGE TRANSFER PROJECTS STATUS REPORT NO. 5

Mr. Fogerson said that the MOU with SBCFCD was approved yesterday. The Active Recharge Transfer Projects (ARTP) is included beginning package page 229.

C. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

Mr. Cozad indicated that the written General Manager's Report was included in the Board package on pages 244 through 247. He noted that the District received three ACWA/JPIA President's Recognition Awards on pages 248 to 251. The Monthly Recharge Report was included on package page 252. This item was received and filed. Director Raley asked for a tour of the Plunge Creek Project. Mr. Cozad indicated that staff is preparing for a tour, after the pandemic, when rain is expected. President McDonald congratulated staff on receiving the JPIA awards and expressed her appreciation for their efforts.

D. FUTURE AGENDA ITEMS AND STAFF TASKS

There were none discussed.

6. MONTHLY BOARD MEMBER MEETING REPORTS, AND/OR BOARD MEMBER COMMENTS

Vice President Corneille attended a meeting the Association of San Bernardino Special Districts (ASBCSD) meeting on January 25, the Operations Committee on January 27, and the Highland Area

Chamber of Commerce (HACC) January 26. He attended the Redlands Rise N Shine on February 5 and chaired the Advisory Commission on Water Policy (Advisory Commission) on January 14.

Director Raley attended the Advisory Commission on January 14, Conservation Trust on January 19, and the Big Bear Watermaster (BBWM) Committee meeting on January 20. He attended the Finance & Administration Committee on January 27, the Valley Municipal Board meeting on February 2, and Valley Municipal Resources Workshop on February 4. He attended the Valley Municipal Engineering Workshop on February 9.

Director Longville attended the Conservation Trust on January 19, the Finance & Administration Committee on January 27, and the Valley Municipal Board meeting on February 2. He met with the Board of Supervisor, Dawn Rowe, on February 8.

Director Stewart attended the Advisory Commission on January 14, Operations Committee, and Finance & Administration Committee on January 27. He attended the BBWM on January 20.

President McDonald attended the Valley Municipal Engineering Workshop on February 9, met with Board of Supervisor Dawn Rowe on February 8, and Valley Municipal Resources Workshop on February 4. She attended the Valley Municipal Board meeting on February 2, the ASBCSD meeting on January 25, and the HACC meeting on January 26. She attended the Operations Committee on January 27, ACWA State Legislative Committee Meeting on January 22, and the Valley Municipal Board meeting on January 19.

7. UPCOMING MEETINGS

There were none discussed.

8. CLOSED SESSION

There was none held.

9. ADJOURN MEETING

It was moved by Director Raley and seconded by Director Longville to adjourn. The motion carried 5-0, with all Directors present voting in the affirmative.

**President McDonald: Yes
Vice President Corneille: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

At 4:30 p.m., the meeting adjourned to the Board meeting scheduled for 1:30 p.m. on March 10, 2021, via Zoom.


Daniel B. Cozad
General Manager