

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF November 13, 2013
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
Bob Glaubig, Director
David E. Raley, Director (Arrived 1:37 pm)
Manuel Aranda, Director
Clare Henry Day, Director

BOARD MEMBERS ABSENT:

John Longville, Director

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Athena Medina, Administrative Services Specialist
Jeff Beehler, Land Resource Manager

GUESTS PRESENT:

Charles Roberts, Highland Community News
Don Lee, Tetra Tech

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 no additions or deletions.

3. CONSENT CALENDAR

- A. Approval of the Board Minutes from October 9, 2013
- B. Approval of Check Register, October 2013

It was moved by Director Day and seconded by Director Aranda to approve Consent Calendar. The motion carried 5-0 with Director Longville and Director Raley noted absent from the vote

4. ACTION ITEMS

A. UNAUDITED FINANCIALS, OCTOBER 2013

Mr. Cozad reviewed the October 2013 financials with the first quarter financials. He indicated that the Wash Plan Enterprise has been added to the spreadsheet with revenue and expenses allocated to it. President Corneille noted that Wash Plan revenues were not included in the graph financials. Mr. Cozad stated that as Staff has added enterprises there are still minor revisions that need to be made.

It was moved by Director Aranda and seconded by Director Day McDonald to approve the Unaudited Financials for October 2013. The motion carried 5-0 with Director Longville and Raley noted absent.

B. AMENDED DISTRICT AND ENTERPRISE BUDGET FOR FY 2013-2014

Mr. Cozad reviewed this item. He noted that one reason Staff wanted to amend the budget is to address the significant savings that occurred related to District Director elections. Mr. Cozad reviewed all the proposed changes to the proposed amended budget. The Administrative Committee reviewed the proposed changes and recommended the amended budget as presented. Mr. Cozad noted that the District is fully allocating changes to pay its share of Redlands Plaza enterprise rents. The Budget accounts for both expenses and revenue related to this change. Highlighted in the package are the budget amendments for the General Ledger (GL) numbers below:

- 4065-Redlands Plaza
- 4066-Redlands Plaza CAM
- 5133-Regional River HCP Contribution
- 5143-Wash Plan District Contribution
- 6013-Office Lease Payment
- 7150-Mill Creek Maintenance Permitting
- 7230-Field Equipment/Vehicles

While there are significant changes to each line item, most are offsetting. Overall, there is only a small change to the bottom line. Mr. Cozad noted that they may not expend all of the funding proposed for GL No. 7230 for the tractor-loader purchase, but there will be a specific request brought before the Board when this cost is to be incurred. Vice President McDonald asked if the funds to repair Dike D are included within the amendment. Mr. Cozad stated that the District has not set aside funds for repairs, adequate funding in Basin Maintenance is available. Additionally, Staff has received a verbal indication that Spiniello's insurance company will pay the claim for cleanup. Mr. Cosgrove stated that a letter of intent has been requested. Vice President McDonald thanked Staff for their diligence in addressing this issue.

Director Raley asked why the Wash Plan budget is \$800k but the budget only says \$415k. Mr. Cozad stated that it is split 60/40 between this fiscal year and next. He also indicated that the District has received some funds from partners who have paid and that some participants are paying with the same 60/40 ratio. Additionally, General Ledger Journal entries will record the expensed Wash Plan funds from the Land Resource Enterprise into the Wash Plan Enterprise and that the labor is charged against the Wash Plan enterprise. President Corneille stated that GL 4099 under income does not show up on the current spreadsheet. Mr. Cozad stated that he will provide the Board with a revised spreadsheet. President Corneille asked how we calculated the District's rent. Mr. Cozad stated we took the lowest rent charged and backed out the Common Area Maintenance (CAM) charges as was done for all other tenants in the recent revisions. The rent and CAM are split amongst two GL's. President Corneille asked how the Wash Plan revenue and expenses will be reflected. Mr. Cozad stated that GL 5143 is the Wash Plan's District Contribution. The cost will be expensed out of Land Resource Enterprise and entered back into 4025 Wash Plan Revenue.

It was moved by Vice President McDonald and seconded by Director Aranda to approve the Amended Budget for FY 2013-2014. The motion carried 6-0 with Director Longville noted absent from the vote.

C. UPPER SANTA ANA INTEGRATED REGIONAL WATER MANAGEMENT PLAN

Mr. Beehler presented this item for discussion and showed a PowerPoint presentation. He provided a brief history on the Integrated Regional Water Management Plan (IRWMP) which was adopted in 2007 by all partner agencies including the District. The update is not required by the IRWMP Act; but the approved plan itself indicates it will be updated every 5 years. It was decided that the plan update would be prepared by the local agencies with overall coordination by SBVMWD staff. The two areas that the District has worked on in the IRWMP are the new requirements that involve climate change and disadvantaged communities.

The climate change issue is related to AB-32, the Global Warming Solutions Act. California cannot bring their carbon emissions to 1990 levels without including the energy use related to water. Moving and treating water has been used as a surrogate for carbon emissions. Mr. Cozad stated that since Mr. Beehler worked with the Bureau of Reclamation and SAWAP to develop this model he performed the analysis for the Upper Santa Ana Watershed IRWMP. Mr. Beehler reviewed the AB-32 requirements and how they modeled this method in great detail.

He reviewed the water portfolio and the methods in which the IRWMP will identify more frequent use of storm water and less of groundwater. Mr. Beehler identified how the IRWMP would identify the adaptation to climate change.

The Bureau of Reclamation model used by the District for the IRWMP assessment predicts an 80% decrease in snow and an increase in rain until 2050 for the Upper Santa Ana Watershed and then a rapid decrease in precipitation. Mr. Beehler indicated that the District was asked to take the climate change scenarios and identify places where there will be vulnerability in the future. The models used for climate change is the same one that the International Panel on Climate Change developed. He stated that there will be a need for greater capacity to collect storm water, more basins, and the region will need to revisit flood control structure capacities. Discussion ensued on the climate model. This is a requirement by the Department of Water Resources IRWM guidelines. It has been customized for our region and done as accurately as possible.

Mr. Beehler continued his presentation noting that the other area the District performed was the disadvantaged communities (DAC) section. He reviewed the map showing DAC areas in the IRWM area. He reviewed the data used to calculate DAC areas from census information.

Mr. Cozad identified the areas of low income on the map. He said they broke them up into focus areas for description and analysis. A large portion of the watershed is considered to be a DAC. Mr. Beehler stated that when Prop 84 is allocated, 10% is allocated to DAC to improve their waste water and water. Vice President McDonald stated that in some DAC areas there are small water suppliers that are consolidated into larger agencies. She asked if there was anyone that is not getting clean and safe water. Mr. Cozad stated that there was a law in 2012 SB-244 which requires LAFCO to identify DAC's and at risk areas. He stated that most of the areas statewide with poor water quality or other issues were in unincorporated areas. The yellow circles on the map indicate unincorporated DAC areas. Mr. Cozad said that outreach is required in each community. There is a list of programs that can be utilized to serve each DAC. Discussion ensued on DAC. The District completed an initial write up with partner agencies on DAC. Mr. Beehler referred to the DAC map indicating the areas the District has worked on.

The goals and objectives of the plan are also to be updated and the plan should be complete by end of the year. Director Raley asked who is in charge of stormwater. Mr. Beehler stated that it is the National Pollution Discharge Elimination System (NPDES) permit and SBC Flood Control District who monitors stormwater. Mr. Beehler stated that part of the compliance is controls for hydro modification during the planning for development. There is a stormwater plan and inspector to regulate stormwater discharge related to the Federal Clean Water Act. Discussion ensued. President Cornielle stated that he would like to see in the updated IRWMP the opportunities to conserve and recharge additional stormwater. The District's participation in the IRWMP was approved by acclamation. It was noted that state-of-art methods are being used by District staff to prepare their sections of the IRWMP. The Draft IRWMP will be brought back for Board review and approval.

D. GROUNDWATER CHARGE AND PAST DUE POLICY

Mr. Cozad reviewed this item. He stated that the water code contains a requirement to report production which is solely with the groundwater producer. While the District is not required to send out notices or invoices, we do so to simplify reporting and payment of the groundwater charge. He reviewed the process of how the District addresses the producers that do not file semiannual production statements with the District. Mr. Cosgrove stated that there are regulations in the Water Code which allow the District remedies for collection. Mr. Cozad stated that under the Water Code the District is permitted to perform an estimate of the water produced or the maximum used and demand payment. District staff may also perform site visits. A contractor, Watermaster Services, has assisted the District for site visit information they have collected in the past. They perform site visits every 5-10 years of every active well in the basin. The list of late or unfiled/unpaid producers is included in the package and has been requested and submitted to LAFCO as part of the Municipal Service Review. There are some wells that have been identified as nonoperational and have been removed from this list. Vice President McDonald confirmed that even if a well has no production the producer is still required to report zero production to the District. She also asked if there is a record of well destruction or abandonment if they still had to report. There is no requirement by the state to have a non-operational well capped off. If a producer submits a statement signed off by the county that it has been capped/destroyed they are no longer required to file. Director Raley asked if the District is notified when a new well is drilled. Mr. Cozad confirmed that the District receives notification of any new wells within in the County that have been properly permitted and they are reviewed annually.

It was moved by Vice President McDonald and seconded by Director Raley to approve the revised Groundwater Charge and Past Due Collection Policy and adopt Resolution No. 503. The motion carried 6-0 with Director Longville noted absent from the vote.

E. ACWA STATEWIDE WATER ACTION PLAN

President Corneille moved this item to the end of the agenda. This item was taken out of order.

President Corneille and Vice President McDonald attend the ACWA Region 9 meeting on October 30th where the Statewide Water Action Plan that was issued to the Governor on October 2nd was discussed. The meeting was for ACWA to present and discuss the plan and request that local agencies consider formally endorsing the plan by resolution. President Corneille stated that Governor Brown's Draft California Water Action Plan came out on October 31st. He would like to see a comparison of the two proposed plans. President Corneille made notes and will collaborate with Staff to assist with comparison. He also recommends the Board defer consideration of this item until its next regular meeting. In December the issue will also be presented to the Advisory Commission.

It was moved by Director Day and seconded by Vice President McDonald to continue this item until the December 11th Board Meeting. The motion carried 6-0 with Director Longville noted absent from the vote.

F. SANBAG SOLAR ASSESSMENT

Mr. Cozad presented this item for discussion. The District participated in a joint project with SANBAG; they are required to reduce their greenhouse gases. The District contributed \$900 to perform a feasibility study for photovoltaic solar installation at Redlands Plaza. For the District field facilities and property there is no appreciable load and no nearby Edison facilities to allow for a feasibility study to be performed. He reviewed the process for calculating solar costs and analysis. Mr. Cozad stated that the exterior lighting of building is the most expensive electrical charge. He indicated that net metering could work for the District allowing the electrical grid to function as a giant battery. The solar system would produce peak demand electricity and the District lighting would use it at lowest demand times.

While this is very beneficial for the grid, Mr. Cozad said that there is not very good tariff that would allow the District to take advantage of this. 10 Kilowatts (KW) would produce about 80% of electricity and the cost to install would be about \$52,000. SANBAG is looking to do this as a joint procurement effort. Staff is recommending that the District wait until SANBAG identifies the money the District would need for the procurement package to make a decision. Director Day indicated that the District needs to identify the following: 1) The cost for roof maintenance and repair 2) The cost for solar panel maintenance and repair 3) The cost or possibility of insurance to cover breakage and 4) If an earthquake could damage the panels. Mr. Cozad stated that the maintenance costs are included in the overall ownership and O&M costs shown. Discussion ensued. President Corneille asked if there is a lease option. Mr. Cozad stated there is a Power Purchase Agreement, like a lease, but is a marginal project and does not have as favorable of a payback. Mr. Cozad stated that at this point additional information is required. It was the direction of the Board for Staff to monitor this project as it progresses and seek direction from the Board once more information is available. The Board also requested that Director Day's questions be addressed in any future proposed package.

G. BOARD POLICY HANDBOOK

Mr. Cozad noted the proposed revisions that were made under section 4025, Directors Expense Policy. Staff made minor revisions to section 4025-Directors Expense Policy and Appendix C. On package page 96 in red changes are noted. Mr. Cozad stated that a Board Member Meeting Report would be required for all items listed in Appendix C where it indicates Written Report Required (WRR). The Board noted that Staff will not track oral reports. President Corneille clarified that a brief summary of oral reports are to be reflected in the minutes. Mr. Cozad noted that a revision has been added to the policy to 4025.1.2 (C) which stated that no mileage may be claimed for events within District boundaries. President Corneille did not agree with this revision stating that while traveling to meetings the District Directors should be able to claim mileage. Vice President McDonald stated that mileage should not be claimed when attending meetings at the District Office, which has been the standing policy. Brief discussion ensued. The suggested revision to section 4025.1.2 (C) is to state, "Mileage reimbursement will not be paid for Director's travel to meetings at the District Office."

Mr. Cozad reviewed remaining revisions to section 4025.1.3 (B) which explains the regulations for the signing of expenses reports. Under Appendix C, Staff revised #6 BTAC under District Requested meetings to revert back to the General Manager being a primary attendee since there were some questions as to who should have voting powers at these meetings. President Corneille stated that the purpose of Appendix C is to assign Directors not voting responsibility. Vice President McDonald requested no change be made so that she remains the primary and Director Aranda being the alternate for BTAC.

It was moved by Vice President McDonald and second by Director Aranda to adopt the changes to Section 4025 of the Board Policy Manual as proposed by Staff with the revisions suggested by the Board to be incorporated. The motion carried 6-0 with Director Longville noted absent from the vote.

H. RESOLUTIONS OF APPRECIATION FOR SERVICE ON THE BOARD OF DIRECTORS

President Corneille introduced this item for discussion. He noted that there will be a Retirement Luncheon to be held on December 11th in honor of the retiring directors.

It was moved by Director Raley and seconded by Director Aranda to approve Resolution No. 501 in appreciation of Clare Henry Day's service to the District. The motion carried 5-0 with Director Longville noted absent and Director Day abstaining from the vote.

It was moved by Director Raley and seconded by Vice President McDonald second to approve Resolution No. 502 in appreciation of Bob Glaubig's service to the District. The motion carried 5-0 with Director Longville noted absent and Director Glaubig abstaining from the vote.

I. ACWA GENERAL SESSION VOTING DELEGATE

There was no discussion.

President Corneille moved and Director Aranda seconded to delegate Vice President McDonald as the District's voting representative at the ACWA Fall Conference. The motion carried 6-0 with Director Longville noted absent from the vote.

J. ELECTION OF 2013-14 ASBCSD BOARD OF DIRECTORS

President Corneille introduced this item for discussion. Vice President McDonald stated she is in support of nominating Director Aranda for the ASBCSD Board of Directors. President Corneille and Director Raley also indicated they support Director Aranda.

Vice President McDonald moved and Director Raley seconded to nominate Director Aranda for the 2013-2014 ASBCSD Board of

Directors. The motion carried 6-0 with Director Longville noted absent.

K. WEBSITE DEMONSTRATION AND FEEDBACK

Mr. Cozad introduced this item for discussion and demonstrated the site for the Board. He indicated that the current platform for the website is approximately 6 years old and the website developer no longer adequately supports it. The new website's basic layout and content are somewhat different and are based on the new Community Strategic Plan. The primary themes are Planned Use, Water Recharge, and Community Service. The file manager for the new website is complex and Staff is currently working on organizing the existing files. There is still some formatting and updates that need to be completed before the site can go live. Mr. Cozad reviewed the sections including About Us, Transparency and Accountability and Conservation pages. He indicated that there is information on ways to conserve and links to conserving sites. Mr. Cozad reviewed the Groundwater Use Efficiency Survey developed with assistance from IERCD. He also noted the addition of a Wash Plan page. Vice President McDonald asked if there will be a search function. Mr. Cozad indicated there will be a search function for both the website and the files. He requested feedback from the Board and asked if anyone is interested in review or editing. Director Raley requested that Staff send the link to the new website for the Board to review and suggest edits. Staff will send out link to new site when ready for review hopefully in early December.

5. INFORMATION ITEMS

A. GENERAL MANAGER'S REPORT

Mr. Cozad reviewed the General Manager's report. He noted that the 2012-2013 Audit Report copies were provided for the Board. Mr. Cozad noted that the Groundwater Use Efficiency Survey previously discussed will be sent out to groundwater producers. He stated that DWR's contractors' insurance company seems to be willing to pay claim related to Dike D. EVWD approved the cooperative MOU at last meeting and invited staff to a BBQ at their new headquarters construction site. The Hello Sushi contract has been finalized and was reported in accordance with the resolution granting such authority. Mr. Cozad reviewed the successes of the District which include the work performed by the interns on the IRWMP which is usually done by engineers/consultants. Mr. Cozad would like to see a Resource Committee schedule for the beginning part of December. Mr. Beehler worked with IERCD on removal of Tamarisk, but there is a lot of additional work to be done. Field Supervisor, Manuel Colunga assisted with the work as well. Mill Creek is in good condition and Santa Ana River side has not been started yet. He will ask for interns to assist create a map of the areas for Tamarisk removal to assist in budgeting for next year. Mr. Cozad stated that the District received a lot of support from SBVMWD, Jacinto Construction, Ames, and Upland Rock in developing cost estimates to remove the clay in Dike D. He thanked them for their support. President Corneille asked when the work will be done. Mr. Cozad stated that Staff is waiting to receive something in writing stating that the claim will be paid by Spiniello's insurance carrier.

B. MONTHLY RECHARGE REPORT

Mr. Cozad stated that this year continues to be a dry year.

C. WASH PLAN UPDATE

Mr. Beehler referred to Covered Activities maps presented and stated that Staff has met with everyone and identified all activities they want to do and has transferred to FWS and consultants. Also, reviewed were the habitat management activities and the Rough Step Process. He stated that mitigation has to be done before project's proceed into construction. Those projects that will take 15-20 years should be phased. An initial draft of the process will be discussed on a conference call tomorrow. The Table of Contents for EIS and Alternative analysis has been done and Staff is collecting documentation. Consultant Randy Scott, has completed this outline and consultants are reviewing it. Operations and Maintenance activities for Mill Creek will need reviewed and a decision will need to be made whether or not to include it in covered activities.

Director Raley provided a written report on the Task Force meeting held on November 7th. He enjoyed the meeting and felt it covered the environmental process, but it did not fully address all the financial aspects of the plan. Director Raley indicated that the Task Force agreed to cut Flood Control costs to 3.03%. He stated that the District needs to be vigilant regarding the financial aspect of the Wash Plan. He suggested that the District hold a workshop with the Board as the Wash Plan develops. Director Raley stated that there was a representative who spoke on the K-Rat issue in the Lytle Creek area and was asking for Task Force member's assistance with the issue.

Mr. Cozad stated that Dan Silver from Endangered Habitat League (EHL) spoke on K-Rat. EHL and FWS are concerned about the population in Lytle Creek area because of the loss of habitat in other areas and the fact that there are only three populations of K-Rat existing. Mr. Silver has agreed to be a participant in the Wash Plan process and has been very engaged. Mr. Cozad thanked Director Raley for his report. Mr. Beehler said the PAR analysis will have more financial information in it. Director Aranda concurs with President Corneille that the completion of the Wash Plan is critical and that it is important to inform the public of the benefits. President Corneille said a brief press release would be beneficial in ACWA News and local newspapers.

D. 2014 MEETING CALENDAR REVIEW

The 2014 Meeting Calendar was included in package for review. There was no discussion on this item.

E. FUTURE AGENDA ITEMS & STAFF TASK REQUEST FROM DIRECTORS

Vice President McDonald requested an electronic fillable form for Board Meeting Report.

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

Director Day stated that this is his last official Board Meeting and said it's been a good experience. He stated that he hopes it's been beneficial for the District. President Corneille thanked him for his service.

Director Glaubig made no report. However, he did thank the Board for allowing him to be on the Board. He stated that the Board consists of a lot of well qualified individuals with a very diverse set of skills.

Vice President McDonald stated that Director Glaubig and Day will be greatly missed and she is honored to have served with both of them. She thanked Director Raley for his written report. Vice President McDonald attended the Highland Area Chamber of Commerce (HACC) Luncheon and provided a handout. She also attend SBVMWD Board Meeting, Special District's Dinner meeting, SBVMWD Workshop on Solar Challenge and brine line. Additionally, she attended Region 9 briefing on State Water Action Plan and JPIA Executive Committee. She attended the ACWA State Legislative Committee which presented SBVMWD. Vice President McDonald asked for another Director or staff member to be part of the Headwaters Framework committee.

Director Raley attended the Wash Plan Task Force meeting.

Director Aranda recognized Director Day for his service. He thanked him for his guidance throughout his 18 year term. Director Aranda also noted that he made two presentations; Loma Linda Chamber of Commerce and the San Bernardino Chamber of Commerce

President Corneille attended the HACC Luncheon, Region 9 meeting on State Water Action Plan and Water Bond issues. They discussed storage issues including surface water and groundwater. President Corneille stated that on June 24th next year Vice President McDonald and he will make a presentation on the District activities to HACC.

7. UPCOMING MEETINGS

It was noted that there will be Governance Training for the full Board, Executive Staff and the Board Secretary on December 17th.

8. CLOSED SESSION

Under Government Code Section 54956.8 the Board will be entering into Closed Session to discuss negotiations with CEMEX as listed in the Agenda.

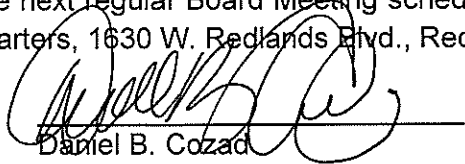
It was moved by Director Day and seconded by Vice President McDonald to enter into Closed Session. The motion carried 6-0 with Director Longville noted absent from the vote.

9. ADJOURN MEETING

There was no reportable action taken in Closed Session.

It was moved by Director Day and seconded by Director Glaubig to adjourn. The motion carried 6-0 with Director Longville noted absent from the vote.

At 5:26 p.m. the meeting adjourned to the next regular Board Meeting scheduled for December 11, 2013 at 10:00 a.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager