

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF October 9, 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
Manuel Aranda, Director
John Longville, Director (Departed at 2:06 p.m.)
Clare Henry Day, Director

BOARD MEMBERS ABSENT:

None

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

Staff requested that the Board add, "Silt Clean-up for Dike D" to the agenda as a Closed Session item due to exposure to potential litigation under Government Code Section 549569 (d).

It was moved by Director Day and seconded by Director Longville to add "Dike D" to the agenda as a Closed Session item pursuant to Government Code Section 549569 (d). The motion carried unanimously.

3. CONSENT CALENDAR

- A. Approval of the Board Minutes from September 11, 2013
- B. Approval of Check Register, September 2013
- C. Groundwater Top Five Producers and Investigation List, September 2013

It was moved by Director Aranda and seconded by Vice President McDonald to approve Consent Calendar. The motion carried unanimously.

4. ACTION ITEMS

A. UNAUDITED FINANCIALS, SEPTEMBER 2013

Mr. Cozad addressed comments and concerns raised by Directors pertaining to the following general ledger (GL) accounts:

- 6400 Director's Expenses – currently this GL still includes a line item for election costs not expended by the District. This will be addressed in the upcoming budget amendment in November.
- 4080 Exchange Plan – This item is not currently showing in budget due to the accrual accounting. It will show up in financials at the end of the fiscal year.
- 6200 Salaries – The salaries budget includes the overhead rate and the actual salary costs do not. This will be revised.
- Wash Plan – This has been separated into its own enterprise. Both revenue and expenses will be fully allocated to this enterprise.

It was moved by Director Day and seconded by Vice President McDonald to approve the Unaudited Financials for September 2013. The motion carried unanimously.

B. 2013 AUDIT REPORT PRESENTATION

The Charles Fedak & Company (Fedak) representative, Christopher Brown, was unable to attend today's meeting to present the Audit Report due to illness, therefore Mr. Cozad presented this item for discussion. Mr. Cozad handed out a summary of the revisions that were made to the Audit Report. Brief discussion ensued. President Corneille noted that this year's audit is a clean audit as stated by Fedak to the Ad Hoc Audit Committee and in their letter and believes it is important to move forward with approving the report. He also indicated that Staff has requested that the Board thank the current auditor for his services and authorize Staff to

issue a Request for Proposals for next year's audit since it has been the District's practice to seek a new auditor every 3 years.

It was moved by Director Longville and seconded by Vice President McDonald to approve the FY 2012-2013 Audit Report with revisions noted in handout and authorize Staff to issue a Request for Proposals for next year's audit and for the Ad Hoc Audit Committee to review the proposals and make a selection recommendation to the Board. The motion carried unanimously.

C. LEASE AGREEMENT APPROVAL DELEGATION

Mr. Cozad presented this item for discussion. He stated that legal counsel prepared Resolution No. 500 which delegates specific authorities that allow the General Manager to solicit, negotiate and execute leases for Redlands Plaza on behalf of the District. Vice President McDonald asked for additional clarification on why the Resolution is needed. Mr. Cosgrove stated that the approval of this Resolution would give the General Manager specific authority previously not assigned through resolution or policy. Mr. Cozad stated that the lease agreements exceed the authority currently given to the General Manager under Resolution No. 493. Discussion ensued. President Corneille stated that he is in support of the resolution with the notation to be made in the minutes that the General Manager is to report to the Board on the status, execution and amount of leases. Mr. Cozad agreed that he will report any changes in Redlands Plaza leases.

It was moved by Director Longville and seconded by Director Aranda to approve Resolution No. 500 delegating specific authorities to General Manager in regards to Redlands Plaza with the requirement to report to the Board when there are any changes to any leases. The motion carried unanimously.

D. UPDATE INFORMATION FOR CITIZENS BUSINESS BANK

It was moved by Director Longville and seconded by Vice President McDonald to approve Resolution No. 499 adding Jeffrey Beehler as a signatory on Citizens Business Bank account in accordance with approved Expenditure Processing Policy. The motion carried unanimously.

E. WASH PLAN AGREEMENTS AND PROGRESS REPORT

Mr. Beehler introduced this item for discussion noting that there are two agreements up for approval: 1) Three party agreement between United States Fish & Wildlife Service (FWS), Bureau of Land Management (BLM) and the District and District's Consultant (RBF) as the Statement of Responsibilities for the Project and 2) Two party MOU between BLM and the District. The first agreement has been approved for signature by FWS and BLM; however, due to government shut down, they were unable to sign at this time. The second agreement is a MOU with BLM and the District for the implementation of cooperative land management projects.. It has been approved by BLM and both agreements have been reviewed by District

counsel. Mr. Cozad stated that the agreement provides for BLM and FWS to be co-lead agencies on the environmental documents required for implementation of the Wash Plan. Mr. Cosgrove reviewed a provision in the first agreement that specifies that the District is to receive materials at the same time as BLM and FWS. He stated that this will allow the District to monitor the consultants' progress. Mr. Cozad stated that any significant changes in cost, due to additional work requests by BLM or FWS would have to be taken to the Task Force. Discussion ensued. President Corneille stated that any inter-agency agreements should be executed by the Board President. Director Raley inquired as to what the District will be receiving when authorizing this agreement. Mr. Cosgrove stated that the Environmental Impact Statement (EIS) will be completed and reviewed by the resource agencies which will minimize the risk of errors and changes. The scope of work has been approved by FWS and BLM. Mr. Cozad stated that Staff has received a 24 month schedule from the agencies. Discussion ensued.

It was moved by Director Longville and seconded by Vice President McDonald to approve the Statement of Responsibilities Agreement with FWS and BLM. The motion carried 6-0 with Director Longville noted absent from the vote.

President Corneille asked if the term of the MOU was a longer term and what is the purpose. Mr. Beehler stated that this agreement will allow BLM and District to work on each other's property and activities by mutual agreement. Mr. Cosgrove stated that the MOU is for a 20 year term. Mr. Cozad explained the necessity of the MOU in detail noting that the main benefit is the District's ability to perform activities on BLM land. Mr. Beehler stated that this agreement is an immediate action to allow the District to implement the Wash Plan activities. Director Raley noted that in Section E (Statement of Work) paragraph 2 (g) seems to read as a blanket statement which would affect Redlands Plaza as well. Mr. Cosgrove proposed adding "limited to where it may affect BLM Lands under ownership or control". Discussion ensued.

It was moved by Vice President McDonald and seconded by Director Aranda to approve the MOU agreement with BLM with suggested revisions by the Board. The motion carried 6-0 with Director Longville noted absent from the vote.

F. OVERHEAD RATE IMPLEMENTATION AND ADJUSTMENT

Mr. Cozad stated that the Administrative Committee recommended that the District modify the current overhead rate. The basic strategy used to calculate overhead is to allocate costs that are directly related to a project and those that cannot be directly allocated to a project are allocated to overhead. Costs are allocated using a percentage of the cost. Mr. Cozad referred to the expense columns on the 2013/2014 budget spreadsheet highlighted in yellow indicating that those are the items used in the calculation of overhead. The budget amendment in November will show the overhead increased to 30% of labor modified to be shown as labor and benefits; this will be modified annually as part of the budget. Mr. Cozad said this is to ensure that all of General Fund costs are recovered and that it does not run a deficit. Brief discussion ensued.

It was moved by Director Day and seconded by Director Aranda to modify the Overhead Rate to the equivalent of 30% of total labor cost and that number be documented in the annual budget. The motion carried 6-0 with Director Longville noted absent from the vote.

G. BOARD POLICY HANDBOOK

Mr. Cozad noted the proposed revisions that were made under section 4025, Directors Expense Policy. It was recommended by the Administrative Committee that Board Member Meeting Reports be made in written format on the form within package. The intention is to provide a form that can be reviewed by any member of the Board. It is intended to be filled out for those meetings that are Director Selected, Set by Board Action, presentations, conferences and educational events where per diem and expenses are paid. The written Board Member Meetings Reports would be included in the monthly Board package. Mr. Cosgrove asked for clarification as to if the Board would like to include a provision to prohibit payment if a report is not submitted. Director Raley stated that if a Director attends a meeting as a District representative they should record 4-5 key elements from the meeting and submit a written report to the Board so that any member of the Board may refer back to it. He stated that other Directors that do not attend will not be privy to that information. Currently the Board Reports are given verbally, but not recorded in detail in the Board Minutes. Director Day requested that a Board Meeting Report be submitted in-lieu of the oral report. He stated that it is somewhat difficult when Directors orally report on several different topics to retain all of that information. He also believes the submission of the report should be a condition of the payment. Discussion ensued.

Mr. Cosgrove stated that in Government Code 53232.3 (d) requires the Board Members to report, but does not specify whether it is to be oral or written. He stated that currently the Board complies with this requirement by doing so orally. Mr. Cozad suggested that the reports be submitted with expense reports. Director Raley stated that if we do not have a mechanism to enforce the policy then it doesn't become policy. Vice President McDonald stated that in essence an expense report is the required report of meetings attended. She indicated that her understanding is that a written report would only be required for Director Selected events and stated that the requirement of a written report is laborious. Discussion ensued. Director Glaubig would like to see the written report provided at the meeting. He would not like for the written report to replace the oral report. It would be beneficial for Directors to be able to refer to the written report and ask questions as needed during the Board meeting. President Corneille stated that expense reports are not reviewed by the full board. He said he did not think all the meetings, including those set by Board Action, needed a written report, since some meetings have minutes prepared. Discussion ensued. Mr. Cosgrove stated that the submission of an expense report does not satisfy the statutes requirement to report under Government Code. He stated that the Board needs to answer the following questions: 1) Does the Board want a written report? 2) If the Board desires a written report, does it replace the oral report? 3) Does the Board want to require the submission of a written report in order to process payment of expense report?

Vice President McDonald spoke on the revision made to 4025 (f) Service Day; where she stated that the 200 mile threshold seems to be too high. She stated that for ACWA Fall Conference this year it is being held in Los Angeles which is less than 200 miles away and the first meeting is held early in the morning. Director Day called for the question.

It was moved by Director Raley and seconded by Director Day to approve the revisions to the Board Policy Manual as suggested by the Administrative Committee. The motion failed 3-3 with President Corneille, Director Aranda and Vice President McDonald in opposition with Director Longville noted absent from the vote.

The Board requested that this item be reviewed and revised by the Administrative Committee. Director Glaubig indicated that the Administrative Committee should review and answer the questions presented by Mr. Cosgrove when revising the policy. Vice President McDonald stated that policy needs to be clear and concise. President Corneille suggested using the Board Policy Handbook Appendix C (Roster of Meetings & Organization) to indicate which meetings required written reports. The Administrative Committee chair agreed to review this item at the next committee meeting.

H. DISTRICTS OF DISTINCTION

Mr. Cozad presented the Board with background information on this item. He indicated that the Districts of Distinction Certificate is a benchmark for Districts that are going above and beyond with legally required compliance, training and reporting. This certification is offered through California Special Districts Association (CSDA). He reviewed the requirements to obtain the certificate and indicated that the Governance Training is a requirement for the entire Board and that there is an upcoming class on December 17th in Claremont. The cost for Governance Training is between \$2,500-3,500. He attended Governance Training at the CSDA Conference in Monterey and stated that he sees the benefit of the Board attending. He recommended the Board Secretary and Executive Staff attend as well and that he will attend again to answer any question Directors may have.

It was moved by Director Aranda and seconded by Vice President McDonald to move forward with the process of obtaining a Districts of Distinction Certificate and schedule the Board, Board Secretary and Executive Staff for Governance Training. The motion carried 6-0 with Director Longville noted absent from the vote.

I. UPPER SANTA ANA RIVER WASH IRWMP UPDATE

This item was deferred to November 13th Board meeting.

J. DISTRICT WEBSITE REDESIGN UPDATE

This item was deferred to November 13th Board meeting.

K. DISTRICT PRIORITY TASKS UPDATE

Mr. Cozad presented this item for discussion. He reviewed the 19 listed priorities included in package. The Sphere of Influence should be completed by June 2014 and the amendment

information will be submitted by October 15th to LAFCO. The Wash Plan update was discussed previously. Strategic Plan has been completed and is posted on the website. Plunge Creek has been approved at 50% funding by DWR. The website update is deferred until November; but Staff is making progress. There will be Tamarisk removal and placement of K-Rail in the field in the areas near East Branch Extension (EBX). The Board Policy Handbook was discussed previously. Municipal Service Review is tied to the Sphere of Influence reinstatement and is ongoing. The EBX-II project is ongoing. Enhanced Recharge Cooperative Agreement has been invoiced and paid for this year. Redlands Plaza was previously covered; in process of renewing Hello Sushi lease. Also, there have been a couple of requests by potential tenants and the District has submitted counter offers. The District continues to work with IERCD in regards to support and outreach. Review ensued. There are two new items that have been added: 1) Solar and Wind Evaluation and 2) Support Regional IRWMP Update. Vice President McDonald stated that the IRWMP is labor intensive and asked who is working on this project. Mr. Cozad stated that interns, Mr. Beehler and I are working on IRWMP sections. The update was received and filed.

L. CSDA 2014 COMMITTEE AND EXPERT FEEDBACK TEAM APPOINTMENTS

Mr. Cozad stated that there are a number of committees in CSDA, but we do not currently have a Director on a committee. Director Aranda indicated interest in being on the Legislative and Education Committee. Director Raley asked how many meetings there are and where they are located. Mr. Cozad stated that there are 7 meetings for the Legislative Committee which is estimated to cost \$5,800. President Corneille asked what the benefit is to having both Vice President McDonald and Director Aranda on two similar Legislative Committees (ACWA & CSDA). Discussion ensued. Director Raley requested to be nominated for the Fiscal Committee.

It was moved by Director Glaubig and seconded by President Corneille to nominate Director Aranda for the Education Committee and Director Raley for the Fiscal Committee. The motion carried 6-0 with Director Longville noted absent from the vote.

5. INFORMATION ITEMS

A. GENERAL MANAGER'S REPORT

Written report included in the Board package. He thanked everyone who participated in Defensive Driver Training and those who contributed to the IRWMP Program.

B. MONTHLY RECHARGE REPORT

Written report was included in package. Mr. Cozad stated that the District recharged approximately 8,000 acre feet for the water year.

C. FUTURE AGENDA ITEMS & STAFF TASK REQUEST FROM DIRECTORS

Director Glaubig asked what the timeline is for the audit RFP. Mr. Cozad stated that January 2014 is when the District will send out the Request for Proposals.

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

Director Raley attended the Redlands Rise N Shine and SBVMWD Board Workshop where it was discussed that SBVMWD is storing water in Big Bear Lake. They also discussed the Cooperative Water Recharge Project, IRWMP, and Conjunctive Use Project. Director Raley requested that if the District BTAC representative votes for something that it be reported back to the full Board.

Director Aranda attended the Redlands Rise N Shine. Also, he received a request from San Bernardino Museum to participate in an upcoming function. Director Aranda does not have detailed information on the museum request, but will present it as it becomes available. He attended the USAWRA meeting. Director Aranda continues to give presentations: Loma Linda and San Bernardino Chamber of Commerce have requested them for November.

Director Day attended the Resources Committee Meeting and Tour of the EBX Project construction progress and impact on our property and basins Santa Ana and Mill Creek.

Director Glaubig attended the Resources Committee Meeting and Tour

President Corneille chaired the Resources Committee, where Bob Tincher of SBVMWD gave a detailed presentation on the Enhanced Recharge Project, and attended the Tour. He also attended Special Districts Dinner where the chair of the State Water Commission spoke on state-wide and Delta issues. President Corneille attended the Western Watermaster; there will be another meeting in November. He handed out a paper by the SBVMWD describing the Conjunctive Use Project for the Bunker Hill Basin for Board review. President Corneille voted at the Advisory Commission on Water Policy to support the next phase of this SBVMWD project including putting together a coalition of agencies to sign up and allocate the project's costs and benefits..

Vice President McDonald attended BTAC where they discussed IRWMP, 2013 year end water statement and water contingency plan. They also discussed the solar challenge, SWP water allocation, Santa Ana Sucker, and Emergency Response Network. She also attended the San Bernardino Chamber Breakfast, Highland Chamber Luncheon and SBVMWD Board meeting.

7. UPCOMING MEETINGS

There will be an Advisory Commission on Water Policy held on December 12th at 6:30 p.m. at SBVMWD.

8. CLOSED SESSION

It was moved by Vice President McDonald and seconded by Director Aranda to enter into Closed Session under the items listed on the agenda.

Under Government 54956.9 (d) (1) the Board authorized Staff to appear in Loma Linda litigation reported in the agenda and to stipulate to the final judgment without participating in the litigation.

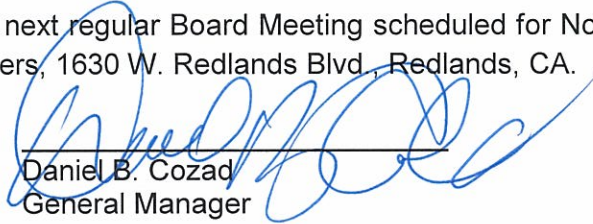
Under Government Code 54956.9 (d) (4) the Board directed Staff to file a CEQA exemption under Title 14, Section 15301 for cleanup of Dike D and silt. The Board authorized General

Manager to commit to expenditures of up to \$100,000 only in the event that it will prevent a loss of water before the next Board meeting. Additionally, directed Staff to communicate with DWR, SBVMWD and Contractor regarding financial responsibility of the damages that resulted.

9. ADJOURN MEETING

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

At 5:24 p.m. the meeting adjourned to the next regular Board Meeting scheduled for November 13, 2013 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager