

**SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING**

**MINUTES OF August 12, 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 1:45 p.m.)

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Jeff Beehler, Land Resources Manager
Athena Monge, Administrative Services Specialist

GUESTS PRESENT:

Michelle Diamond, Tetra Tech
Charles Roberts, Highland Community News
Kellie Patrick, Eadie & Payne
Hong Nguyen, Eadie & Payne

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 Director Aranda and seconded by Vice President McDonald to approve Consent Calendar Item A: Board Minutes, July 15, 2015, Item B: Expenditure Report, July 2015 and Item C: GWA #44 Report. The motion carried 4-0 with all Directors present voting in the affirmative and Direct 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. FOURTH QUARTER UNAUDITED FINANCIAL REVIEW AND APPROVAL

Vice President McDonald introduced this item for discussion stating that the Finance & Administration Committee met on July 22nd and reviewed the Fourth Quarter Unaudited Financials for 2014-2015. The Committee recommends approval of the Fourth Quarter Unaudited Financials as presented in package. Mr. Cozad noted that the Fourth Quarter Unaudited Financials are included in Board Package on pg. 35. In general the District revenue is above budget and expenses are below budget. Included on pg. 38 is the Statement of Cash Flows which reflects that expenses are lower related to the drought and that capital projects have not been completed this year. The District began fiscal year 2014-2015 with a cash position of \$8,572,508 and ended the year at \$9,410,690. President Corneille noted that GL 5122 Wash Plan Professional Services expenses are under budget by \$283,929.97. Mr. Beehler noted that the District has not yet been invoiced for the work performed by the consultant on the EIR/EIS; also there were funds that rolled over from last year. President Corneille noted that salaries were under budget by \$49,595.88. Mr. Cozad indicated that the District has not utilized the contract with Randy Carlisle for Field Coordinator services. President Corneille noted that the Board came under budget by \$6,956.56 for Director's Expenses.

It was moved by Vice President McDonald and seconded by Director Aranda to receive and file the Fourth Quarter Unaudited Financials for 2014-2015. The motion carried 4-0 with all Directors present voting in the affirmative and Direct Longville noted absent from the vote.

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

B. PERSONNEL MANUAL REVISIONS

Vice President McDonald introduced this item for discussion. She stated that the Cell Phone Reimbursement policy was the major item discussed. A history of cell phone costs were provided on package page 39. The Committee discussed having different reimbursement tiers for field staff and administrative staff, but chose to set it at \$45 per month for all staff that the General Manager indicates use their cell phone for business purposes. Mr. Cozad noted that District Counsel suggested that additional language be added to pg. 68 of the Personnel Manual in Section 8. Expense Reimbursement, paragraph 5, as follows: "The General Manager shall determine which positions are eligible for such reimbursement based upon the level of private cell phone use required which determination shall be documented in writing." Vice President McDonald reviewed the revision to Sick Leave based on the passing of AB1522 California's New Paid Sick Leave law which requires temporary and part-time employees to be provided sick leave. Additional minor revisions are included in the Board Package in redline strikeout format. Mr. Cozad stated that those items were approved by separate Board action but now they are incorporated into the document. Staff reviewed other non-substantive changes. Vice President McDonald stated that the District has added an option for employees to be able to select the option of an Account Based Health Plan partnered with a Health Savings Account; these revisions are included on package page 66. .

It was moved Director Raley and seconded by Vice President McDonald to approve the Personnel Manual Revisions as presented as well as with the revisions suggested by District Counsel. 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. CALPERS UNFUNDED LIABILITY PAYOFF

Vice President McDonald introduced this item for discussion. The Finance & Administration Committee is recommending approval of the CalPERS Unfunded Liability Payoff not to exceed \$750,000. Vice President McDonald indicated that it is best to pay off the unfunded liability rather than continue to pay interest on it; the current interest rate being 7.5%. Mr. Cozad presented a PowerPoint on this item to explain how the costs are calculated. The Entry Age Normal Accrued Liability (NAL) for the District is estimated at \$2,953,003 based on 2013 data; this is for all employees past and present that are alive. The District NAL less the District's plan assets (\$2,249,969) which leaves an estimated unfunded liability of \$703,034. The numbers are based on age of entering the plan as well as expected investment returns. Mr. Cozad reviewed the CalPERS employer pools in detail and their calculation methods. He reviewed the benefits to paying off the UAL 1) future cost savings of \$1.1 million, 2) 40% lower future salary rate, 3) No UAL for retirement or post-employment health care, 4) consistent with low debt policy and 5) will be reported under GASB 68. The cons are 1) reduction in reserve levels in general fund and other reserves, 2) limits flexibility of future spending of reserves and 3) appears as a loss, but offset by reduced liability for UAL in GASB 68 assessment in the Audit.

Brief discussion on amount to pay off ensued. It was the consensus of the Board to pay off the total UAL rather than accrue interest at the rate of 7.5% over 30 years.

It was moved by Director Longville and seconded by Director Aranda to authorize the General Manager to coordinate final payoff amount of up to \$750,000 and transfer these funds from reserves to CalPERS for payment for full amount of Unfunded Liability and implement this payment outside the Operating Reserve and Budget. 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. STATEMENT OF INVESTMENT POLICY 2015-2016

Mr. Cozad stated that the adoption of the Statement of Investment Policy is required by code to be done on an annual basis. An RFP for Investment Management Services was sent out the end of June and proposals are due back by August 13th. Revisions may be recommended by the selected consultant to the Statement of Investment Policy based on their evaluations; however if revisions are required they will be brought to the Board for approval.

It was moved by Director Longville and seconded by Director Raley to approve the Statement of Investment Policy for 2015-2016. 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. CONCEPTUAL TRAILS PLAN FOR WASH PLAN HCP AREA

President Corneille stated that the Operations Committee reviewed the Conceptual Trails Plan (Trails Plan) on August 4th and is recommending the Board review and approve as presented on page 82. He said the District Board needs to take an official action so the Conceptual Plan is an approved document. He also noted that the Committee recommended a trails consultant be hired to refine and provide details of the proposed trails system and to address any regulatory concerns. Mr. Beehler noted that the full Trails Plan is posted on the District website and includes modifications and additional clarifications from reviewers. The Trails Plan was been submitted to the City of Highland, and the City of Redlands who provided verbal comments. The City of Highland's written comments have been received and are incorporated into latest version. Staff has met with FWS to review the HCP and discussed the Trails Plan. FWS expressed concern based on a number of studies related to recreational use on habitat lands. FWS is supportive of the concept, but requires more analysis be performed before they can

approve. The take analysis that will need to be performed has to be performed on every level of activity on the Trails Plan. Mr. Beehler handed out a map which showed both the paved road trails as well as the unpaved areas. FWS is concerned with how to keep people on the specific trails and out of habitat areas. Director Raley wants to ensure that Wash Plan is not delayed because of the Trails Plan. Mr. Beehler indicated that recreational use is included in the HCP for when it is decided to construct and operate trails; there will be a separate CEQA and NEPA action required for the Trails Plan. It will not interfere with the completion of the Wash Plan.

It was moved by Director Aranda and seconded by Vice President McDonald to approve the Conceptual Level Trails Plan and for staff to prepare a scope of work for an RFP related to further developing the Trails Plan. 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**

F. UNAUDITED FINANCIAL REPORTS, JULY 2015

It was moved by Director Longville and seconded by Director Aranda to approve the Unaudited Financials for July 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. ELECTION TO PARTICIPATE IN THE CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT), DELEGATION OF AUTHORITY AND RELATED IMPLEMENTATION ACTIONS

Mr. Cozad stated that the funds will earn a greater interest rate by being transferred into the CERBT. These funds are related to the Other Post-Employment Benefits (OPEB) medical benefit.

It was moved by Director Longville and seconded by Vice President McDonald to adopt Resolution No. 529 approving the Agreement and Election by the District to participate in the California Employers' Retiree Benefit Trust and approve the Delegation of Authority to request reimbursements and transfer the Post Employment Expense Reserve to the trust. 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. CONCURRING NOMINATIONS FOR ACWA BOARD

President Corneille introduced this item for discussion. He noted one revision to a "whereas" that needed to be made.

It was moved by Vice President McDonald and seconded by Director Aranda to approve Resolution No. 530 concurring nomination for Kathy Tiegs of Cucamonga Valley Water District for ACWA Board President for the 2016-2017 term with minor revisions. 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. CSDA COMMITTEE AND EXPERT FEEDBACK TEAM APPOINTMENTS FOR 2016

Director Aranda requested to remain on the Professional Development Committee for 2016. He indicated that it was previously the Education Committee; its primary function is to develop and implement training programs for association. Director Raley requested to be placed on the Audit Committee instead of the Fiscal Committee he currently serves on for 2016.

It was moved by Vice President McDonald and seconded by Director Aranda to approve Director Aranda's appointment to the CSDA Professional Development and Director Raley to the CSDA Audit Committee if selected by CSDA for the 2016 term. 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

President Corneille stated that the Operations Committee met on August 4th and discussed multiple projects including Plunge Creek and Mill Creek Redesign. Both preliminary designs should be ready in September for review by the Committee. President Corneille said that several options were reviewed to improve the Mill Creek Intake and that those options are being

refined based on feedback from the Committee. Manuel Colunga, Field Supervisor reviewed field issues such as plant growth in the Cuttle Weir. The Lake Fire was also discussed as well as Security Enhancement Updates. The wrought iron fencing is being installed today here at the District Office and cameras will be installed at the Mentone Shop. The District Office camera system and DVR will be updated. President Corneille noted that interns are working on refining the conceptual design of the Mentone Area Community Garden.

B. WASH PLAN REPORT

Mr. Beehler introduced this item for discussion. The written Wash Plan Report is included in the Board package on page 115 along with Wash Plan financial spreadsheet. Congressman Cook's office has referred our legislation to their Counsel for review. After review, a bill will be drafted and brought to legislation in mid-September. It will be a bi-partisan bill authored by Congressman Cook and Aguilar. Staff is working with resource agencies to obtain a statement of concurrence that the Wash Plan also covers the California Endangered Species Act (CESA). Geary Hund with FWS, District Staff and CA DFW discussed the CESA issue and CA DFW feels that they will be able to provide the statement required. Federal law requires that species are not jeopardized and State law requires to fully mitigate impacts on species. Mr. Beehler will meet with CA DFW next week to discuss issues related to Waters of the State and how this will be covered under the Wash Plan. Staff is working to simplify permitting under the Wash Plan as the project moves forward. CA DFW will provide additional comments that will be incorporated after which the EIR/EIS will be circulated. During the comment period they will work on the Incidental Take Permitting which cannot be issued until all comments have been received and incorporated and the comment period is concluded. Discussion ensued regarding upcoming tasks. Mr. Beehler stated that the following need to be prepared for federal register 1) HCP document: after comments from resource agencies are incorporated it will be forwarded to the solicitor; 2) EIR/EIS: will need to be completed and sent to the solicitor; and 3) Implementing Agreement: District Counsel is completing a draft agreement and MOU with comments incorporated from staff. The Draft Agreement and MOU will be provided to the Task Force for review and comment at the next meeting. BLM will also review all documents at staff level and provide comments. The solicitor will review the complete package and if they determine it is complete it will be published in the federal register. There is a 90 day comment period for the federal register. The goal is to have it in the federal register by November, but ultimately it is determined by the solicitor. FWS will be working on the biological opinion during the interim. CA FWS will discuss the process and progress at the next meeting. Vice President McDonald expressed her appreciation to staff for the complex and efficient work completed. President Corneille also thanked staff for their efforts. This item was received and filed.

C. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

Mr. Cozad indicated that the written General Manager's Report is included in the Board Package on page 118. The City of Redlands has approved our rebate for landscaping, \$1,200. On package page 120 you can see the landscaping changes to the Mentone House which are almost complete. The Mentone House is ready for lease and has been posted on Zillow; lots of interest has been expressed by the public. The District has begun participation in the

ACWA/JPIA Wellness Program; full staff participation is ongoing. Mr. Cozad reviewed pictures on page 121 and 122 showing where debris has been accumulating on District property due to illegal dumping. He indicated that field staff is working to resolve this issue by setting up barriers and fencing. There will be fairly large expenses to remove this debris. Staff is working with SCE to see if they will assist with clean-up costs since their easement is along the dump sites. Mr. Cozad indicated that the recharge report is on page 123; 3,837 AF has been recharged as of July 31st. President Corneille asked for clarification on General Manager's Report, Item 14 regarding legislative efforts for regional groundwater sustainability. Mr. Cozad stated that the groundwater sustainability act exempted the areas which are adjudicated; however the Groundwater Sustainability Council (GSC) includes both adjudicated and unadjudicated areas. The GSC was looking for an author to allow for adjudicated areas to use some of the tools of the unadjudicated areas. A draft of the MOU for the organization should be ready by next week. LAFCO will not address the District's request to increase its sphere of influence until October. These items were received and filed.

D. FUTURE AGENDA ITEMS & STAFF TASKS

Vice President McDonald requested that the ACWA Committee appointments be added to the next Board meeting agenda; deadline for submission is September 30th.

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

Director Raley attended the SBVMWD Board of Directors Workshop on July 30th where they discussed turf removal and the Cactus Basin project.

Director Aranda has been making a presentation a month. The public is requesting more information about conservation and regulations. Additional written reports are included in Board Package.

Vice President McDonald attended the SBVMWD Board of Directors Workshop on August 11th; where they discussed their investment portfolio and USGS annual update. She also attended the reception for retiring director, Earl Tillman at West Valley Water District on August 6th. Mr. Tillman served 17 years at West Valley Water District. Vice President McDonald attended the BTAC meeting on August 3rd where Mr. Beehler made a presentation on the Lake Fire. She attended the SBVMWD Board meeting on August 4th. Additional written reports are included in Board Package.

Director Longville made no report.

President Corneille attended the Mentone Area Chamber of Commerce (MACA) meeting on July 14th; a handout of the written report has been provided to the Board. He indicated County representatives discussed the Garnet Street Bridge replacement construction, where it will be closed while new bridge is being constructed, except during commuting hours.

President Corneille introduced the travel requests for discussion and approval.

- Director Raley requested to attend ACWA Fall Conference for one day with only mileage and per diem, \$279.26

- President Corneille requested to attend ACWA Fall Conference for full conference registration, mileage and per diem, \$1,506
- Director Aranda requested to attend the ACWA Fall Conference for full conference registration, lodging, mileage, meals and per diem, \$2,773.26
- Director Aranda requested to attend the CSDA Annual Conference for full conference registration, mileage, other travel, meals, lodging and per diem, \$2,396.55

President Corneille asked for clarification Director Aranda's plan to attend ACWA for five days. Director Aranda indicated that his ACWA Committee appointments require him to attend all five days because they meet prior to conference beginning. Brief discussion ensued. President Corneille stated that rather than have the District pay the cost for lodging he will be commuting to and from conference daily. He suggested that Director Aranda do the same for the ACWA Fall Conference to save on lodging. President Corneille expressed his concern that directors take steps to ensure they are minimizing expenses. Director Aranda indicated his agreement to carpool with other directors was efficient.

It was moved by Vice President McDonald and seconded by Director to approve the Travel Requests as handed out and presented in the Board Package for the ACWA Fall Conference and CSDA Annual Conference. 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**

7. UPCOMING MEETINGS

President Corneille noted that the next Advisory Commission on Water Policy will be held on September 10th at Valley District, 6:30 p.m. Director Raley will be making a presentation at the upcoming Redlands Rise N Shine on September 11th.

8. ADJOURN MEETING

It was moved by Director Aranda and seconded by Vice President McDonald 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 3:45 p.m. the meeting adjourned to the next regular Board Meeting scheduled for September 9, 2015 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager