

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF August 10, 2016
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. There was a moment of silence in recognition of Director Aranda's passing.

ROLL CALL:

BOARD MEMBERS PRESENT:

Richard Corneille, President
Melody McDonald, Vice President
David E. Raley, Director
John Longville, Director (Arrival 1:50 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:

Charles Roberts, Highland Community News
Nannette Shelton, East Valley Water District
Shane Massoud, Representative of Senator Mike Morrell
Socorro Pantaleon, Representative of Assemblyman Marc Steinorth

1. PUBLIC PARTICIPATION

President Corneille announced this as the time for any persons present, who so desire, to make an oral presentation to the Board of Directors. Hearing none, the meeting continued with published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were none.

3. CONSENT CALENDAR

It was moved by Vice President McDonald and seconded by President Corneille to approve Consent Calendar Item A: Board Minutes, July 13, 2016 and Item B: Expenditure Report, July 2016 and Item C: Groundwater Assessment Report #46 for January 1, 2016-June 30, 2016. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville absent from the vote.

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

4. COMMITTEE REPORTS/ACTION ITEMS

A. FOURTH QUARTER UNAUDITED FINANCIALS REVIEW FOR 2015-2016

Vice President McDonald, Chair of the Finance & Administration Committee introduced this item for discussion. The Committee reviewed this item at the July 20th meeting and directed staff to separate the capital budget from the District Enterprise Budget. Mr. Cozad reviewed the financials briefly. The Quarterly Investment Report is included on package page 37-38. President Corneille thanked staff for providing the Director Fees Expenditure Payroll Report included on package page 18.

It was moved by Director Raley and seconded by Vice President McDonald to approve the Fourth Quarter Unaudited Financials for 2015-2016 as presented. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville noted absent from the vote.

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

B. RECORDS RETENTION AND DESTRUCTION POLICY

Vice President McDonald gave an overview of the Committee's discussion and review from July 20th. The only change to the policy suggested by the Committee is revising the retention term for meeting recordings from 90 days to 30 days after minutes are approved. Mr. Cosgrove suggested additional revisions: 1)Contract Administration- add row for "Contract Correspondence" with the retention period being 4 years after completion of contract; 2) Human Resources-change the retention period for Employee Handbook to be 3 years after superseded; and 3)Real Property- correct typo and change "Grand deeds" to "Grant Deeds" and add "after expiration" to "Right of Entry".

It was moved by Director Raley and seconded by Vice President McDonald to approve the Records Retention and Destruction Policy

with revisions from legal counsel to be incorporated. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville noted absent from the vote.

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

C. AD HOC AUDIT COMMITTEE UPDATE

Director Raley said that the Ad Hoc Audit Committee met on July 29th to meet with auditors, Eadie & Payne and reviewed audit process for the audit of the 2015-2016 financials. Mr. Cozad stated that the auditor meets with the committee annually to discuss any potential issues and schedule for audit. The audit materials and field work will be done by auditors this month and auditors will meet with Committee again in September to review Draft Audit Report. The Draft Audit Report will be brought back for final Board approval in October.

President Corneille reviewed the Operations Committee meeting held on July 28th. There are several ongoing capital projects; those discussed at meeting were the Plunge Creek and two Mill Creek construction projects. Luis Vazquez, Engineering Intern, prepared a report on the District's Santa Ana Parshall Flume to meet SB 88 flow measurement accuracy and monitoring standards. The Committee authorized staff to purchase a wood chipper for field operations. The Trails Plan was discussed and a draft was received by Mr. Beehler this week; it will be out for review by the Cities of Redlands and Highland and comment after he completes his review. The Aggregate Management RFP schedule was also reviewed.

D. UNAUDITED FINANCIAL REPORTS, JULY 2016

Mr. Cozad introduced this item for discussion. Included on package page 48 is the Board memo summarizing some of the changes to the financials. He reminded the Board that the financials may change due to the audit. On package page 51, the graph financials are included. Vice President McDonald asked how the water charge revenue received from City of Riverside and Redlands will affect the financials. Mr. Cozad indicated that those will be moved into the fiscal year for last year due to the period covered; same as the previous year. The District operates on a modified accrual basis where during the year the District operates on a cash basis by at year end close out the District changes to accrual.

It was moved by Director Raley and seconded by Vice President McDonald to approve the Unaudited Financial Report for July 2016. The motion carried 4-0 with all Directors present voting in the affirmative.

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

E. AUTHORIZATION FOR DISTRICT RECORDS DESTRUCTION

It was moved by Director Raley and seconded by Director Longville to approve the Destruction Log #0008 for destruction in accordance with existing policy. The motion carried 4-0 with all Directors present voting in the affirmative.

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

F. CEQA NOTICE OF EXEMPTION FOR MAINTENANCE AND REPAIR OF MILL CREEK NORTH CANAL CULVERT

Mr. Beehler introduced this item for discussion referencing the map included on package page 61. There is a concrete structure referred to as North Canal Culvert where the Mill Creek water is diverted. Katelyn Scholte, Assistant Engineer and Joy Welling previous Engineering Intern performed analysis on the structure and identified the degraded structure as a system hydraulic pinch point. Mr. Beehler said the structure is degraded and, therefore, its capacity to move water to the north Mill Creek canal is reduced. He reviewed methods to repair the structure. President Corneille said that the Operations Committee reviewed at the July 28th meeting and recommended the option for slip lining as it is the most cost efficient method. Mr. Beehler stated that the structure may be completely removed and/or replaced in the future; it is included in SBVMWD's Enhanced Recharge Project. But if the District waits until 5-10 years the structure will continue to decline with a resulting loss of capacity and the District loses flexibility to move water.

It was moved by President Corneille and seconded by Director Raley to authorize Staff to file a Notice of Exemption for maintenance and repairs of North Canal Culvert. The motion carried 4-0 with all Directors present voting in the affirmative.

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

G. CSDA COMMITTEE AND EXPERT FEEDBACK TEAM APPOINTMENTS

Mr. Cozad introduced this item for discussion noting its inclusion in the package beginning on page 62. Director Raley indicated his interest in remaining on the CSDA Audit Committee for 2017.

It was moved by President Corneille and seconded by Vice President McDonald to support Director Raley's request to be placed on the CSDA Audit Committee for 2017. The motion carried 4-0 with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes**

Director Longville: Yes
Director Raley: Yes

5. INFORMATION ITEMS

A. WASH PLAN REPORT

Mr. Beehler introduced this item for discussion noting the written reports inclusion on package page 66. The consultants are preparing the final environmental documents and final copy of the Habitat Conservation Plan (HCP). The document has changed significantly due to FWS solicitor comments and senior staff comments. The species analysis had to be redone because the boundaries were changed and additional information on covered activities was added. US Fish & Wildlife Service (FWS) requested that this additional detail be added. Mr. Cozad said that the detail provided by the District is more in depth than initially presented. President Corneille said that the HCP is currently two months behind schedule and asked if this time can be made up. Mr. Cozad indicated that the delay was primarily due to the changes made to segregate San Bernardino County Flood Control District (FCD). He also stated that addressing the delays were included in the issuance costs for FCD, primarily additional data analysis by consultant to support an additional take permit. Mr. Beehler said that the Implementation Strategy is being revised by staff due to FCD's request to have a separate HCP permit. Staff continues to work with Bureau of Land Management (BLM) to develop a Memorandum of Understanding (MOU) with the District. It is anticipated to be completed by October 2016. This item was received and filed.

B. PLUNGE CREEK CONSERVATION PROJECT STATUS UPDATE

Mr. Beehler discussed this item. He indicated that this is a Wash Plan HCP project included for mitigation of impacts occurring by Covered Activities. The project is a Prop 84 project developed to increase water and habitat. It is currently at 90% design. He reviewed the project drawing on the Board room wall with the Board. The Plunge Creek project will reactivate abandoned drainage channels. The increased yield to groundwater is 67% based on modeled flows. Mr. Beehler reviewed the project elements in detail. The three elements included in the Wash Plan HCP to enhance habitat are 1) Bridge for San Bernardino Kangaroo Rat over D Dike, 2) Greenspot Levee Removal and 3) Plunge Creek Project. Director Raley asked if Plunge Creek Project is affected by the Wash Plan. Mr. Beehler said that the mitigation and any take associated with this project are covered through the Wash Plan. The project is at 90% design to leave room for any changes that may be required during permitting. He described the issues involved and permits needed for this project including the Corps of Engineers 404 Permit-impacts to waters of the US. This permit will include an analysis of impacts to cultural resources covered under the HCP and a Jurisdictional delineation (JD) to show how the project will impact waters of the US. The JD is underway now and will be presented to the US Army Corp of Engineers (COE). The Nationwide Permit 27 for restoration projects can be obtained by the District to alleviate the need to develop a customized 404 permit and save the District time and money. Mr. Beehler said that the District will also need a 401 Certification from the Regional

Water Control Board related to the Clean Water Act. Discussion ensued regarding permitting. Permitting costs are included in the Budget. This item was received and filed.

C. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

The written report is included on package page 72. Mr. Cozad said that work on SB-88 is ongoing and will be brought back to Operations Committee. The Aggregate Management Request for Proposal is being prepared and a draft should be available later this month. The Audit Request for Proposal is also underway. Staff will be implementing the new budget, and year end close out is in process. Mr. Cozad stated that he will be out of the office on vacation from August 17th thru September 12th. Year to date recharge is 3700 AF thru July 31st. President Corneille thanked Mr. Cozad for his monthly informative and detailed General Managers Reports.

D. GROUNDWATER SUSTAINABILITY COUNCIL UPDATE

Mr. Cozad reviewed this item; indicating the written report is on package page 76. He stated that Ms. Scholte is working on the equitable allocation model. The model is looking at water rights (based on date of adjudication) and what use of the basin is relative to that right by each agency. The Basin Technical Advisory Committee is the primary group responsible for putting the model together. District Counsel performed an informal review of potential conflict and will be developing a Framework Agreement for the Council. A Draft Framework Agreement will be ready for Council review by October. Mr. Cosgrove gave a brief overview of process. Director Raley asked how interconnected sub basins are handled. Mr. Cozad indicated that it depends on which sub basins he is referring to because they are connected differently. There are also different judgements related to different sub basins. President Corneille stated that the Advisory Commission on Water Policy will have this on their agenda as well at their September meeting. Vice President McDonald asked if the facilitator is providing valuable services/feedback. Mr. Cozad indicated that it is helpful to have a neutral third party. The deadline for agreement is December 2016,

E. NOTICE OF VACANCY AND APPOINTMENT PROCESS-DIVISION 3

Mr. Cozad opened this item up for discussion stating that due to Director Aranda's passing the District must post Notice of Vacancy. He reviewed the process as governed by code and Registrar of Voters office. On package page 78 the Notice of Vacancy is included for review. President Corneille indicated that the Board has 60 days from date of notification of Director Aranda's passing to appoint a replacement. A decision is required by the end of September. President Corneille directed Staff to post the notice in local newspapers.

F. FUTURE AGENDA ITEMS & STAFF TASKS

There were none discussed.

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

Director Longville attended the San Bernardino Valley Municipal Water District (SBVMWD) Board Meeting on August 2nd. He also met with Congressman Aguilar on August 6th.

Vice President McDonald attended the SBVMWD Board Meeting on July 19th and August 2nd. She also attended a SBVMWD Board Workshop on July 28th and July 18th ASBCSD. Vice President McDonald also attended the Highland Area Chamber of Commerce Luncheon on July 26th.

Director Raley attended the Association of San Bernardino County Special Districts (ASBCSD) on July 18th where Vice President McDonald was also in attendance. He attended the East Valley Water District Board Meeting July 27th and the Sterling Natural Resource Center Open House on July 28th. Director Raley also attended the Ad Hoc Audit Committee on July 29th and San Bernardino Area Chamber of Commerce on July 28th.

Director Longville requested that he be added to the CSDA Legislative Committee.

It was moved by President Corneille and seconded by Vice President McDonald to support Director Longville's request to be placed on the CSDA Legislative Committee for 2017. The motion carried 4-0 with all Directors present voting in the affirmative.

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

President Corneille attended the Ad Hoc Audit Committee on July 29th and the Operations Committee on July 28th.

7. UPCOMING MEETINGS

President Corneille stated that the next Advisory Commission on Water Policy will be held September 22nd.

8. CLOSED SESSION

It was moved by Director Longville and seconded by Vice President McDonald to go into Closed Session under the items listed on the published agenda specifically Government Code 54956.8 related to Property APN No. 0302-131-14. The motion carried 4-0 with all Directors present voting in the affirmative.

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

General Counsel announced that the meeting will adjourn to closed session under all items posted on the published agenda.

At 3:43 p.m., the meeting reconvened into Open Session. Mr. Cosgrove noted while in Closed Session under Government Code section 54957.1 that there was no reportable action taken.

9. ADJOURN MEETING

It was moved by President Corneille and seconded by Director Longville to adjourn. The motion carried 4-0 with all Directors present voting in the affirmative.

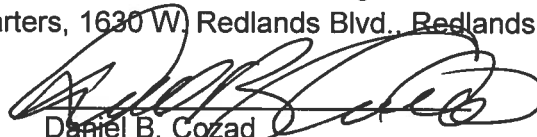
President Corneille: Yes

Vice President McDonald: Yes

Director Longville: Yes

Director Raley: Yes

At 3:44 p.m. the meeting adjourned to the next regular Board Meeting scheduled for September 14, 2016 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager