

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF July 13, 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.

ROLL CALL:

BOARD MEMBERS PRESENT:

Richard Corneille, President
Melody McDonald, Vice President
David E. Raley, Director (Departure: 3:47 p.m.)
Manuel Aranda, Director
John Longville, Director

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:

Heather Dyer, San Bernardino Valley Municipal Water District
Charles Roberts, Highland Community News
Jose Martinez, East Valley Water District

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. PRESENTATIONS

Heather Dyer of San Bernardino Valley Municipal Water District (SBVMWD) made a PowerPoint presentation on the Santa Ana River Habitat Conservation Plan (HCP). She provided an overview of project. Planning phase began in 2013 when issues arose related to the Santa Ana Sucker. There are 21 additional species covered other than Santa Ana Sucker. The HCP currently has 12 partner agencies from Prado Dam to Seven Oaks Dam. The planning costs are shared based on project needs; total costs are estimated to be \$12.5 million. Hydrological impacts were weighed at 80% and terrestrial at 20%. The final implementation costs will be estimated by ICF Jones & Stokes. The District's current project costs are estimated to be \$100,000. The HCP includes several water projects producing 100,000 Acre Feet Per Year which are dependent on an Incidental Take Permit for Santa Ana Sucker. SBVMWD has not identified implementation structure yet it may need to set up a trust to manage funds for project. Santa Ana Sucker occupy from the Rapid Infiltration and Extraction (RIX) in the Rialto Channel Area in Colton to Mission Bridge in Riverside (around 2 miles). The Conservation Strategy consists of four key components: 1) Protect & Enhance existing Habitat, 2) Reduce threats, 3) Create more habitat and 4) Establish additional populations. The cost for habitat restoration is \$9,044,656 which includes \$5 million local match and \$4,044,656 of Prop 84 Grant Funds. CEQA will begin in 2017. Next steps include completion of HCP Analysis and final Conservation Strategy; creating Aquatic Resources Mitigation Bank and Integrated design of restoration projects and credit system. The completion of the HCP to submit to US Fish & Wildlife Service (FWS) is expected to be done mid-2017; receive Incidental Take Permit early 2018; compensatory mitigation bank approved by early 2018 and implementation of HCP begins in 2018. The Board thanked Ms. Dyer for her in depth presentation on the HCP.

4. CONSENT CALENDAR

It was moved by Director Aranda and seconded by Director Longville to approve Consent Calendar Item A: Board Minutes, June 8, 2016 and Item B: Expenditure Report, June 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**

5. COMMITTEE REPORTS/ACTION ITEMS

A. UNAUDITED FINANCIAL REPORTS, JUNE 2016

Mr. Cozad introduced this item for discussion. He referenced package page 21-22. Mr. Cozad noted that this is the last cash basis financials the Board will see for fiscal year 2015-2016. Staff will begin accruals to prepare for audit. Mr. Cozad indicated that cash investments are down by 4%; included in those numbers are the 8-9% reduction due to CalPERS Unfunded Liability Payoff. Due to pay off the District earned 11.65% interest. President Corneille asked for staff to prepare a separate report for Directors' Fees since they do not reflect on the monthly Expenditure Report.

It was moved by Director Aranda and seconded by Vice President McDonald to approve the Unaudited Financials for June 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

B. CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) 2016 BOARD ELECTIONS

It was moved by seconded by Vice President McDonald and seconded by Corneille to submit CSDA Ballot voting for Ron Coats of East Valley Water District. 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. 2016 CONFLICT OF INTEREST BIENNIAL UPDATE

Mr. Cozad stated that he and Mr. Cosgrove reviewed the Conflict of Interest policy resolution in depth. Staff and Counsel suggest that all directors report real property holdings within the District; this is for all Directors and Staff since land activities have become more active. The policy also includes the relationship between the District and the Conservation Trust.

It was moved by Director Aranda and seconded by Vice President McDonald to approve Resolution No. 539 updating the Districts Conflict of Interest Code for 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

D. MEMORANDUM OF UNDERSTANDING TO IMPLEMENT WASH PLAN

Mr. Beehler introduced this item for discussion noting its inclusion in the package beginning page 48. He stated that this is the first step in implementing the Habitat Conservation Plan (HCP). There are three parts to issuing an Incidental Take Permit: 1) HCP, 2) Environmental Documents (Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) and 3) Implementation Agreement (IA). The District will hold the Incidental Take Permit. The Memorandum of Understanding (MOU) is the agreement between the partners and the District

(Permit Holder) allowing them to participate in the HCP and outlining terms and conditions in which the District will issue them Certificates of Inclusions (COI). The second agreement is the Implementing Agreement (IA) which goes with the other items listed for 90 day review in the Federal Register and will be signed by FWS. Mr. Cozad stated that the MOU is dependent upon the IA but has not been completed. There are several entities that would like to be able to take the MOU to their Boards for approval as soon as possible. Termination language has been included to allow for an agency to exit affecting the other partners if there was a need to do so. If a partner were to exit we would identify how much coverage is available and substitute that project including costs. Staff believes it's unlikely that a partner would exit at this point but included the verbiage so that the project can be move forward unhindered if the issue were to arise. All entities have seen the MOU including the FWS solicitor. San Bernardino County Flood Control District (FCD) will have their own MOU with the District.

It was moved by Vice President McDonald and seconded by Director Aranda to approve the Memorandum of Understanding to Implement the Habitat Conservation Plan for the Upper Santa Ana River Wash Plan and associated Implementing Agreement and direct staff to forward to Wash Plan Task Force Participants for consideration by their respective Boards by March 15, 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**

6. INFORMATION ITEMS

A. WASH PLAN REPORT

Mr. Beehler introduced this item for discussion. The written Wash Plan Report is included in the Board package on page 79 along with Wash Plan financial spreadsheet. The schedule is 30 days behind where staff thought it would be. However, FWS has concluded its review of the HCP which is now with consultants. Consultants are in the process of reviewing the updated database and the changes to HCP. Staff will meet with ICF Monday morning. Documents will end noticing for Federal Register in September 2017. President Corneille requested to add a column to the schedule that indicates "revised schedule" with new dates to be included. Mr. Beehler also noted article on package page 83 where Senator Feinstein introduced companion bill to the house bill related to the Land Exchange. This item was received and filed.

9. 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 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

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

At 3:18 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.

6. INFORMATION ITEMS (continued)

B. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

Mr. Cozad introduced this item for discussion noting the written report is included on package page 84. There was a field tour held with Mendel Steward, Regional Director for USFWS on June 28th. The District hired a new Intern, Luis Vazquez from Cal Poly San Luis Obispo where he studies Agricultural Engineering. Mr. Vazquez will be working on the new requirement of SB-88 certification of flow measurement process. Katelyn Gomes is working on the District Website; she updated the Conservation Trust website. Mr. Cozad stated that the District has had a number of fraudulent attempts to transfer money from the Districts bank account where one was successful. It has since been refunded to the District. The District has met with our bank where we will be signing up for Positive Pay to protect against future fraudulent attempts/transactions. It will be disclosed to auditor and likely be in 2015-2016 Audit. President Corneille requested that the next auditor agreement have the option to extend term if desired. The total recharge year to date is 3700 AF as of June 30th. These items were received and filed.

C. GROUNDWATER SUSTAINABILITY COUNCIL UPDATE

Mr. Cozad presented a PowerPoint presentation on this item. Precipitation is 25% lower than in the safe yield period. The San Bernardino Basin Area (SBBA) recent pumping versus safe yield states that SBBA is over the safe yield by 139,125 AFY. Basis options were reviewed on how to make sure there is equitable production. Currently working with Basin Technical Advisory Committee Engineering Subcommittee to identify basin modification factors. Assistant Engineer, Katelyn Scholte will be working with this Subcommittee. A framework agreement is being developed with the help of District Counsel. On package page 89, there is a breakout of the purchase of State Water Project Water (SWP) for the year totaling 69,292 AF. The next Groundwater Sustainability Council meeting will be held August 8th. This item was received and filed.

D. FUTURE AGENDA ITEMS & STAFF TASKS

There were none discussed.

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

Director Longville attended the Association of San Bernardino County Special Districts Dinner (ASBCSD Dinner) on June 20, 2016 hosted by the District at The Mexico Café.

Director Aranda's written reports are included in Board Package on pages 90-94.

President Corneille attended the Redlands Chamber of Commerce State of the Community Luncheon on June 24th and ASBCSD Dinner on June 20th.

Vice President McDonald attended the San Bernardino Valley Municipal Water District (SBVMWD) Board Meeting on July 5th. She also attended the Highland Area Chamber of Commerce Luncheon on June 28th and the Highland Area Chamber of Commerce Breakfast on June 14th. Vice President McDonald attended the East Valley Water District Board meeting on June 22nd and the ASBCSD Dinner on June 20th.

Director Aranda requested Board approval to attend the California Special Districts Association Conference in San Diego. Costs are included on package page 95 in the amount of \$2,519.88.

It was moved by Vice President McDonald and seconded by President Corneille to approve Director Aranda's travel request in the amount of \$2,519.88. 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: Absent
Director Aranda: Yes**

8. UPCOMING MEETINGS

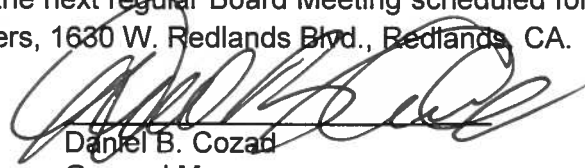
Vice President McDonald requested to be registered for the upcoming SBC Water Conference. President Corneille noted that the next Advisory Commission on Water Policy will be held on September 22nd at Valley District, 6:30 p.m.

10. ADJOURN MEETING

It was moved by Vice President McDonald and seconded by Director Aranda 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 4:26 p.m. the meeting adjourned to the next regular Board Meeting scheduled for August 10, 2016 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.



Daniel B. Cozad
General Manager