

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

**MINUTES OF February 14, 2018  
1:30 p.m.**

President Corneille called the 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 (Arrived 1:36 p.m.)  
T. Milford Harrison, Director  
John Longville, Director (Arrived at 1:52 p.m.)

**BOARD MEMBERS ABSENT:**

None

**GENERAL COUNSEL PRESENT:**

David Cosgrove, Rutan & Tucker, LLP

**STAFF PRESENT:**

Daniel Cozad, General Manager  
Jeff Beehler, Land Resource Manager  
Athena Monge, Administrative Services Specialist  
Katelyn Scholte, Assistant Engineer

**GUESTS PRESENT:**

James Folmer, Highland Community News  
Christine Jones, CEMEX  
David Smith, East Valley Water District  
Chet Anderson, City of Redlands Resident  
Clayton Larkins, Tetra Tech  
Socorro Pantaleon, Representative of Assemblyman Steinorth

**1. PUBLIC PARTICIPATION**

President Corneille announced that any persons present, who so desired, may 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 Harrison and seconded by Vice President McDonald to approve the Consent Calendar; Item A: Board Minutes, January 10, 2018; Expenditure Report, January 2018 and Item C: Groundwater Assessment Report for July 1, 2017-December 31, 2017. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville and Raley noted absent from the vote.

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

4. COMMITTEE REPORTS/ACTION ITEMS

A. 2<sup>ND</sup> QUARTER ANNUAL UNAUDITED FINANCIAL REVIEW FOR 2017-2018

Vice President McDonald presented this item for discussion noting that the Finance & Administration reviewed this item at its January 24 meeting. She said that election costs will not occur in this fiscal year due to registrar changes. They will incur next year if there is a challenger to incumbents or no incumbent.

It was moved by Vice President McDonald and seconded by Director Harrison to receive and file the Second Quarter Unaudited Financial Reports for 2017-2018 as presented. The motion carried 3-0 with all Directors present voting in the affirmative and Director Longville and Raley noted absent from the vote.

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

B. BUDGET PLANNING FOR GROUNDWATER ENTERPRISE FOR FY 2018-2019 AND ADVERTISED GROUNDWATER CHARGE

Vice President McDonald discussed this item stating it was reviewed and discussed at the Finance & Administration Committee (Committee) on January 24. Mr. Cozad presented a PowerPoint on the proposed groundwater budget and potential phasing options. He noted that the District held a Groundwater Public Workshop on February 1 where Elsinore Valley Municipal Water District was the only attendee at the workshop. Mr. Cozad reviewed the Groundwater Budget in detail for 2018-2019. He said that the Committee's proposed increase of 4 percent for this year will adequately cover groundwater expenses. Mr. Cozad also reviewed the Groundwater Council (GC) revenue, which will be split by percentages among the GC entities. He reviewed the different water uses since groundwater will no longer be considered agricultural or non-agricultural. The different types of agricultural groundwater uses are 1.) Production agricultural – directly used for crops or livestock; 2.) Like agricultural – does not produce food;

includes golf courses, parks, historical sites and cemeteries; 3.) Municipal agricultural – Groundwater Council members or municipal or mutual entities that produce for agricultural purposes. Municipal agricultural use is now likely covered by the Groundwater Council. It will not be included in phase-in of the transition to unitary rates. Mr. Cozad reviewed phase-in option No. 1 on package page 48 and option No. 2 on package page 49. He indicated that the phase-in transition could be accomplished from the Rate Stabilization Reserve that the District had developed over the past 3 to 4 years. The Finance & Administration Committee recommended the 4 percent groundwater unitary rate increase with a 3-year phase-in for non-municipal agricultural users. President Corneille asked if any members of the public would like to speak on this item. There were none. Mr. Cosgrove clarified that the two actions staff requested the Board take are to: 1.) Select the proposed rate to advertise for the public hearing and, 2.) Determine how it wants to structure the phase-in subsidy from the rate stabilization reserve established through the elimination of the statutory subsidy that was provided to agricultural production.

**It was moved by Director Raley and seconded by Director Harrison to direct staff to advertise a 4 percent groundwater unitary rate increase and to pursue a 3-year phase-in for non-municipal agricultural groundwater use, using the rate stabilization fund for that purpose. 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 Harrison: Yes**

#### **C. MILL CREEK 408 PERMIT DIRECTION**

President Corneille introduced this item for discussion noting that the Operations Committee reviewed and discussed this item at their February 7 meeting. The District will need to obtain permitting through the U.S. Army Corps of Engineers (COE) process, and the cost estimated by the COE for expedited permitting is \$75,000.

**It was moved by President Corneille and seconded by Director Harrison to authorize staff to spend an amount not to exceed \$75,000 to expedite the Mill Creek 408 Permitting Process. 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 Harrison: Yes**

#### **D. UNAUDITED FINANCIAL REPORTS, JANUARY 2018**

**It was moved by Director Longville and seconded by Vice President McDonald to approve the Unaudited Financials for January 2018. 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 Harrison: Yes**

**E. COOPERATIVE AUDIT OF CEMEX OPERATIONS**

Mr. Cozad presented a PowerPoint presentation on the cooperative audit. He reviewed the audit methodology that was based on the Agreement with CEMEX from 2011. Mr. Cozad said that this was a collaborative effort between staff and CEMEX. The staff and CEMEX followed protocol reviewing the sales and excavated area. This was verified with a LiDAR comparison of the ground surface at the plant site before mining was initiated and in October 2017.. The topographic data from June 2013 and info from October 2017 were then compared. The results indicate that more material weight was sold than the volume of total excavation but the material density and the moisture in the material from washing likely caused the difference. Staff will test material density in future years. Mr. Cozad thanked CEMEX, Ms. Scholte, and Ms. Quiroga for their efforts in helping to complete the audit.

**It was moved by Director Harrison and seconded by President Corneille to receive and file the Cooperative Audit of CEMEX Operations. 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 Harrison: Yes**

**F. DRAFT ENGINEERING INVESTIGATION REPORT FOR 2018**

Ms. Scholte presented a PowerPoint presentation on the draft report. She said that data was received promptly. The annual change in storage increased to 54,982 acre feet (AF). The accumulated change in storage in the Bunker Hill Basin decreased to -511,573 AF from 1993. Ms. Scholte then reviewed the water elevation maps from 2016 and 2017. The groundwater production from the Bunker Hill Basin is 154,142 AF for 2016-2017. The estimated annual change in storage for the current year is an increase of 21,867 AF. Director Raley asked about the current safe yield amount. Vice President McDonald indicated 278,000 AF. Ms. Scholte indicated 154,000 AF of safe yield was produced. The average change in storage is a decrease of -11,635 AF. The ensuing water year production within the District Boundaries is estimated at 14,176 AF for historically agricultural and 95,770 AF non-agricultural. The estimated surface diversion from the basin is 77,090 AF and from the district is 54,744 AF for 2017-2018. The estimated replenishment required for constant storage is an estimated 134,083 AF for the basin and 112,199 AF for the district. The replenishment required to reach the 1993 full level is 623,523 AF for the ensuing water year. Vice President McDonald asked when the District began recharging imported water. Ms. Scholte indicated in 1976 in Santa Ana. Mr. Cozad indicated that staff will offer to present to the Basin Technical Advisory Committee which meets every other month. The Board thanked Ms. Scholte for her hard work in preparing and presenting the Draft Engineering Investigation Report for 2018.

**It was moved by Vice President McDonald and seconded by Director Longville to receive and file the Draft Engineering Investigation Report for 2018. 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 Harrison: Yes**

#### **G. GROUNDWATER COUNCIL FRAMEWORK AGREEMENT**

Mr. Cozad presented a PowerPoint of this agreement. He stated that local rainfall is not enough to sustain the basin, which is why the Groundwater Council (GC) has been developed. The GC will work collectively to purchase water when needed. Mr. Cozad indicated that current groundwater management is out of balance but that there are several other water sources that can be utilized such as recycled water, storm water, and State Water Project water. The proposed method to increase supplemental water is to purchase water from these sources and split the cost among those within the GC. Ms. Scholte and Bob Tincher of Valley Municipal developed an equitable allocation model to help identify a way to share the cost among the members. The GC recommended \$1 million for operations and maintenance and \$3.4 million for imported water per year. Mr. Cozad reviewed in detail the methods for allocating costs. The City of Loma Linda, East Valley Water District, and Yucaipa Valley Water District have previously approved their Groundwater Council Framework Agreement. Mr. Cozad thanked Ms. Scholte and Mr. Tincher for their work on the equitable allocation model. He said March 12 will be the first meeting of the Groundwater Council. President Corneille noted that the District is the largest investor in the development of the agreement in terms of providing facilitation, staff and legal counsel time and he thanked staff and legal counsel.

**It was moved by Director Raley and seconded by Vice President McDonald to approve and authorize the General Manager to execute the agreement including non-substantive changes acceptable to 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 Harrison: Yes**

#### **H. WASH PLAN UPDATE ON FINAL HABITAT CONSERVATION PLAN**

Mr. Beehler noted the inclusion of the memo on this item on package page 118. The Implementing Agreement is complete and the EIR and EIS are in review. After review is complete, the documents will go to the Sacramento FWS office and they will prepare the submission to the Federal Registrar along with BLM staff. Mr. Beehler said that the HCP has been posted to the District website.

**It was moved by Director Longville and seconded by Director Raley direct staff to work with USFWS to prepare a submission for the**

**Federal Registrar publication based on public review draft. 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 Harrison: Yes**

**I. MITIGATED NEGATIVE DECLARATION FOR PLUNGE CREEK**

Mr. Beehler provided a handout of the project map for Plunge Creek. He indicated that this project was developed to improve and create habitat and provide water resources to the District. Staff held a site walk with the Regional Water Quality Control Board and the Department of Fish and Wildlife. There must be CEQA determination before the District can move forward with the permitting process.

**It was moved by Vice President McDonald and seconded by Director Longville to approve the Mitigated Negative Declaration for Plunge Creek. 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 Harrison: Yes**

**J. COUNTYWIDE RDA OVERSIGHT BOARD ALTERNATE**

**It was moved by President Corneille and seconded by Vice President McDonald to support Director Harrison's nomination as alternate to the Countywide RDA Oversight Board. 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 Harrison: Yes**

**5. INFORMATION ITEMS**

**A. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT**

Mr. Cozad indicated that the written General Manager's Report was included in the Board Package on pages 129 to 141. The Monthly Recharge Report was included on package page 142. He said that staff signed off on the East Branch Extension temporary easements to DWR. Mr. Cozad provided a handout of the final 2018 Board Priorities to the Board. This item was received and filed.

## B. SANTA ANA RIVER CONSERVANCY PLAN VERBAL UPDATE

Mr. Beehler introduced this item for discussion. He presented a brief PowerPoint on the Santa Ana River Conservancy Plan. This item was received and filed.

## C. FUTURE AGENDA ITEMS & STAFF TASKS

Director Raley requested an update on the Mentone Shop restroom facilities. President Corneille indicated that they will discuss this item at the March 21 Operations Committee meeting.

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

Director Longville attended Governance Training on February 5.

Director Raley attended a Brand Discovery Meeting with a Thunderwheel Communications representative on January 17, Big Bear Watermaster Committee on January 22 and Redlands Chamber of Commerce on January 25. He also attended the Redlands Rise N Shine on February 2, Governance Training on February 5, Finance & Administration on January 24, and East Valley Water District Board Meeting on January 24.

Director Harrison attended the Three Valleys Municipal Water District Leadership Breakfast on January 31, Redlands Rise N Shine on February 2, Governance Training on February 5, and Valley Municipal Board Meeting on February 6. He also attended the Operations Committee Meeting on February 7, Brand Discovery Meeting on February 9, and the Valley Municipal Board Workshop on February 13. Director Harrison also attended Loma Linda City Council on February 13.

President Corneille attended a Brand Discovery Meeting with Thunderwheel Communications representative on January 17, Highland Installation Dinner on January 18, Valley Municipal Meeting on promoting the Advisory Commission on January 29, and Operations Committee Meeting on February 7. He attended Governance Training on February 5, Colton City Council Meeting on February 6 to promote the SBVMWD Advisory Commission and met with Supervisor Ramos' staff on February 14 also to promote the Advisory Commission.

Vice President McDonald attended Governance Training on February 5, Valley Municipals Board Workshop on February 13, Strategic Analysis/Plan Committee Workshop on February 8 and Legislative & Policy Committee on February 7. She attended the Valley Municipal Board Meeting on February 6, Valley Municipal Board Meeting on January 16, Brand Discovery on January 26, Highland Installation Dinner on January 18, and Finance & Administration on January 24.

### 7. UPCOMING MEETINGS

President Corneille noted that the next Operations Committee meeting will be held on March 21 at 9 a.m. and the next Advisory Commission on Water Policy is on March 15.

8. CLOSED SESSION

It was moved by Vice President McDonald and seconded by President Corneille to adjourn to Closed Session. 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 Harrison: Yes

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

At 4:40 p.m., the meeting reconvened into Open Session. Mr. Cosgrove noted that there was no reportable action.

9. ADJOURN MEETING

It was moved by Director Harrison and seconded by President Corneille 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 Harrison: Yes

At 4:41 p.m., the meeting adjourned to the Board of Directors meeting scheduled for 1:30 p.m. March 14, 2018, at District Headquarters, 1630 W. Redlands Blvd., Redlands, Calif.

  
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Daniel B. Cozad  
General Manager