



BOARD OF DIRECTORS MEETING AGENDA

Wednesday, January 10, 2018 – 1:30 p.m.

Location--1630 West Redlands Boulevard, Suite A, Redlands, California

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the District office and are available for public review during normal District business hours. New information relating to agenda topics listed, received, or generated by the District after the posting of this agenda, but before the meeting, will be made available upon request at the District office and in the Agenda Package on the Districts website. It is the intention of the San Bernardino Valley Water Conservation District to comply with the Americans with Disabilities Act (ADA) in all respects. If you need special assistance with respect to the agenda or other written materials forwarded to the members of the Board for consideration at the public meeting, or if as an attendee or a participant at this meeting you will need special assistance, the District will attempt to accommodate you in every reasonable manner. Please contact Athena Monge at (909) 793-2503 at least 48 hours prior to the meeting to inform her of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

1. PUBLIC PARTICIPATION

Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code.

2. ADDITIONS/DELETIONS TO AGENDA

Section 54954.2 provides that a legislative body may take action on items of business not appearing on the posted agenda under the following conditions: (1) an emergency situation exists, as defined in Section 54956.5; (2) a need to take immediate action and the need for action came to the attention of the District subsequent to the agenda being posted; and (3) the item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

3. DISTRICT STANDING COMMITTEE APPOINTMENTS

A. Board President Appointments

- Appendix B-Standing Committees 4
- Appendix C-Roster of Organizations and Committees with Assigned Representatives 5

4. CONSENT CALENDAR

- A. Approval of Board Minutes, December 13, 2017 8
- B. Approval of Expenditure Report, December 2017 17

5. COMMITTEE REPORTS /ACTION ITEMS

Action Items

- A. UNAUDITED FINANCIAL REPORTS, DECEMBER 2017 – 5 minutes (M#1546).....25
Presenter: Daniel Cozad
Recommendation: Review and approve the unaudited financials for December 2017.
- B. STATEMENT OF INVESTMENT POLICY 2018 – 5 minutes (M#1547).....31
Presenter: Daniel Cozad
Recommendation: Staff recommends the Board review the Statement of Investment Policy and consider approval of policy for use for calendar year 2018.
- C. DISTRICT BOARD PRIORITIES FOR 2018 – 10 minutes (M#1548).....42
Presenter: Daniel Cozad
Recommendation: Review, provide new or revised priorities, feedback and ranking or consider approval of the 2018 District Board Priorities.
- D. IMPACT OF THE UNITED WATER CONSERVATION DISTRICT COURT CASE ON CONSERVATION DISTRICTS – 10 minutes47
Presenter: David Cosgrove/Daniel Cozad
Recommendation: Review and discuss recent court opinion and how it will effect conservation districts.

6. INFORMATION ITEMS:

- A. Wash Plan Verbal Report – 5 Minutes
- B. General Manager’s Report and Monthly Recharge Report – 5 Minutes 52
- C. Groundwater Council Verbal Update – 5 Minutes
- D. Federal Legislation Verbal Update for Wash Plan Land Exchange
- E. Future Agenda Items & Staff Tasks

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

- A. Board Member Meeting Reports – 15 minutes

8. UPCOMING MEETINGS:

- A. January 15, 2018 Office Closed in Observance of Martin Luther King Jr. Day
- B. January 16, 2018 San Bernardino Valley Municipal Water District Board of Directors Meeting, 2:30 p.m. at Valley Municipal
- C. January 18, 2018 Highland Area Chamber of Commerce Installation Dinner, 5:30 p.m. at Immanuel Baptist Church in Highland
- D. January 22, 2018 Association of San Bernardino County Special Districts Dinner, 6:00 p.m. at The Magic Lamp Inn (Rancho Cucamonga)
Topic: Overview of the proposed Chino Basin Water Bank
- E. January 23, 2018 Big Bear Watermaster Committee Meeting, 1:30 p.m. at

Conservation District

- F. January 24, 2018 Finance & Administration Committee Meeting, 1:30 p.m. at Conservation District
- G. January 31, 2018 Three Valleys Municipal Water District Leadership Breakfast, 7:30 a.m. at Pomona Fairplex
- H. February 5, 2018 SDLA Conference (Governance Training), 8:30 a.m. at Embassy Suites La Quinta
(Mandatory Board Training required for CSDA Transparency/Districts of Distinction Certificates)
- I. February 14, 2018 Board of Directors Meeting, 1:30 p.m. at Conservation District
- J. March 15, 2018 Advisory Commission on Water Policy, 6:30 p.m. at Valley Municipal

9. **CLOSED SESSION**

1. The Board will meet in Closed Session under authority of Government Code §54956.9 (a), in order to discuss existing litigation, Endangered Habitats League et al. vs. U.S. Army Corps of Engineers, Central District Court Case no. Case No.: 2:16-cv-09178-MWF-E.

10. **ADJOURN MEETING.** The next regularly scheduled Board of Directors Meeting will be on February 14, 2017 at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.

APPENDIX "B"
BOARD COMMITTEES

STANDING COMMITTEES

COMMITTEE CHARTER

FINANCE/ADMINISTRATION

Chair – Melody McDonald
Member - David E. Raley
Alternate: John Longville

The Finance and Administration Committee may review or be referred items by the Board or General Manager in the areas of Finance, Budget, Investments and Reporting, Staffing and Human Resources, Benefits, Board and Employee Administrative Policies and Procedures, and other issues designated by the Board.

OPERATIONS (formerly Resources)

Chair – Richard Corneille
Member – T. Milford Harrison
Alternate – David E. Raley

The Operations Committee may review or be referred items by the Board or General Manager in the areas of Water Management, Land and Habitat Resource Planning, Groundwater Recharge Monitoring and Reporting, Engineering Investigation, Groundwater Charge Rates. Facilities Operation, Maintenance and Development, Regulatory Compliance, Mineral Lease Oversight or other issues designated by the Board.

OUTREACH AND COMMUNICATIONS

Chair – John Longville
Member – T. Milford Harrison
Alternate – Melody McDonald

The Outreach and Communications Committee may review or be referred items by the Board or General Manager in the areas of Public Information, Outreach Programs, Conservation and Landscape Education, District Legislative Monitoring, Intergovernmental Press and Media Coordination or other issues designated by the Board.

AD HOC COMMITTEES

Ad Hoc Committees are informal, temporarily formed advisory committees to investigate or address situation specific occurrences, and are created by appointment of the President of the Board of Directors. For example, an Ad Hoc Audit committee is formed in the spring each year to oversee the District's Annual Audit.

APPENDIX "C"

Roster of Organizations and Committees with Assigned Representatives

District Requested Meetings

District Requested Meetings are organizations that the Board has determined as essential for participation. The Board designates a primary and alternate; the alternate only attends if the primary indicates they are unavailable to attend. Included are all District Board meetings and Standing and Ad Hoc committees the member is appointed to. Attendance by another Board member, other than the primary or alternate designee, may only be eligible for per diem compensation as a Director Selected meeting. Travel costs include conference registration, airfare car rental, hotel or similar reimbursable costs. Meeting Expenses include local mileage, meals, and parking. A cost estimate (Travel and Per Diem) must be presented to the Board in advance at its regularly scheduled Board meeting for approval for meetings listed as "Set by Board Action". Once "Set by Board Action" meetings are approved by the Board they may be claimed as District Requested meetings. Any District Requested or Director Selected meetings beyond ten per month are eligible for reimbursement of Expenses only. California Government Code § 53232.3 requires Board members to report on each compensated meeting outside of meetings District Board or Committee meetings at the next regular Board Meeting as designated in the Agenda. The reports may be made verbally or provided in writing at the discretion of the director.

<u>Organization/Committee</u>	<u>Primary/Alternate</u>
1. Association of California Water Agencies/JPIA	McDonald/Harrison
2. Association of California Water Agencies (Spring/Fall Conferences)	Set by Board Action
3. California Special Districts Association Annual Conference **	Set by Board Action
4. Association of San Bernardino County Special Districts	Harrison/McDonald
5. Special Presentations [only one per month per director]	All Board Limited
6. ACWA Region 9 Meetings	All Board Limited
7. Basin Technical Advisory Committee	McDonald/Harrison
8. SBVMWD Advisory Commission on Water Policy	Corneille/Raley
9. SBVMWD Board Meetings	McDonald/Harrison

10. Wash Plan Task Force	Raley/Longville
11. Big Bear Watermaster Committee (Court Appointed Attendee-Cozad)	Raley/Corneille
12. San Bernardino Valley Conservation Trust	Raley & Longville
13. Meeting(s) Requested by the General Manager and/or Board President	All Board Limited
14. Any District Required/Mandated Training	All Board Limited

Organization/Committee's selected by Outside Organization subject to Board Approval

Other ACWA/CSDA Activities:

<u>Organization/Committee</u>	<u>Primary/Alternate</u>
a. Sacramento Legislative Forums	Set by Board Action
b. Washington DC Legislative Forum	Set by Board Action
c. ACWA Groundwater Committee	Corneille/McDonald**
d. ACWA State Legislative Committee	McDonald/No Alternate**
e. ACWA Local Government Committee	Harrison/No Alternate**
f. CSDA Audit Committee	Raley/No Alternate**
g. CSDA Fiscal Committee	Raley/No Alternate**
h. CSDA Professional Development Committee	Harrison/No Alternate**
i. CSDA Membership Committee	Harrison/No Alternate**

** If appointed and while appointed.

Note: Only one member should attend meeting on behalf of the District

Director Selected Meetings - Maximum of 3

The Director Selected meetings are pre-approved; discretionary meetings that each Director may attend, in a number not to exceed three (3) per month, and are eligible for meeting per diem compensation and eligible Expense (local mileage, meals, and parking) reimbursement. Directors may attend more than three (3) Director Selected meetings in a single month; such attendance will be eligible only for reimbursement of Expenses, and ineligible for meeting per diem reimbursement. Reimbursement for Travel expenses (conference registration, airfare car rental, hotel or etc.) for any Director Selected meeting shall be paid only upon prior approval of the Board. A cost estimate must be presented to the Board in advance at a

regularly scheduled Board meeting for approval. Expenses are subject to limitations provided for in the Board Policy Handbook Section 4025.1 for all Director Selected meeting.

Organization

- | | |
|---------------------------------------|-------------------|
| A. Redlands Chamber of Commerce | Director Selected |
| B. Highland Area Chamber of Commerce | Director Selected |
| C. Loma Linda Chamber of Commerce | Director Selected |
| D. Mentone Chamber of Commerce | Director Selected |
| E. San Bernardino Chamber of Commerce | Director Selected |
| F. Various Water Related Meetings | Director Selected |

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF December 13, 2017
9:00 a.m.

President Corneille called the meeting of the Board of Directors to order at 9:30 a.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
T. Milford Harrison, Director
John Longville, Director (Arrived at 9:32 a.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

GUESTS PRESENT:

Michelle Diamond, Tetra Tech

1. PUBLIC PARTICIPATION

President Corneille announced this as the time for any persons present, who so desired, 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 Harrison and seconded by Vice President McDonald to approve Consent Calendar Item A: Board Minutes, November 8, 2017; and Item B: Expenditure Report, November 2017.

The motion carried 4-0 with all Directors present voting in the affirmative.

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

4. COMMITTEE REPORTS/ACTION ITEMS

A. FIRST QUARTER UNAUDITED FINANCIALS FOR 2017-2018

Vice President McDonald introduced this item for discussion, noting that the Finance & Administration Committee (Committee) met and reviewed the first quarter unaudited financials for 2017-2018 at the November 15 Committee meeting. Mr. Cozad noted that performance compared to the budget was as expected, referencing the budget-versus-actual comparison on package page 21 and the Quarterly Investment Report on package page 23. The Committee recommended the Board receive and file the First Quarter Unaudited Financials.

B. APPENDIX C REVISIONS TO BOARD POLICY MANUAL

Vice President McDonald introduced this item noting that the Committee reviewed the topic at its most recent meeting. She noted that the ACWA Region 9 designation was changed earlier, resulting in an error. The Committee recommends the copy revert back to "All Board Limited." Vice President McDonald stated that the recommended alternate for SBVMWD Board Meetings was Director Harrison. Director Harrison indicated he was appointed to the CSDA Professional Development Committee and the CSDA Membership Committee. He requested these be added to Appendix C. Director Raley said that he was appointed to the CSDA Audit Committee, but the CSDA Fiscal Committee has not been confirmed. The Committee's recommendations are shown in a redline strikeout document on package pages 26 to 28.

It was moved by Vice President McDonald and seconded by Director Raley to the approve Appendix C Revisions noted in the package including changes suggested during the discussion. 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. 2018 PER DIEM RATE

Vice President McDonald introduced this item for discussion and said that the Committee recommends an increase of 3 percent for 2018. She stated that at the Committee meeting Director Raley suggested increasing the Board per diem rate by CPI-U; the same standard used to project staff's COLA increase. Mr. Cozad said that the CPI-U could be used during the budget process to budget for potential future per diem increases. Vice President McDonald noted that the policy does not provide automatic increases. President Corneille indicated that a

revised resolution was handed out to the Board for review. Director Longville expressed his concern about not having a per diem increase for several years and the precedent it sets. He said that the Board had the same rate of \$197 for seven years and the current rate of \$206 has been the same for three years. Director Longville spoke regarding the multiple courses of action the Board has taken to decrease its costs. He proposed that the per diem increase for 2018 be increased by 5 percent. Vice President McDonald expressed her support for a 5 percent per diem increase. Discussion ensued regarding the per diem rate. President Corneille spoke in opposition to a 5 percent increase. He said that the Board is adequately compensated. Director Raley also spoke in opposition to a 5 percent increase.

It was moved by Director Longville and seconded by Vice President McDonald to amend the motion and increase the per diem rate by 5 percent for the calendar year 2018; thereby increasing per diem rate to \$216. The motion carried 3-2 with Vice President McDonald, Directors Longville and Harrison voting in the affirmative and President Corneille and Director Raley in opposition.

**President Corneille: No
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: No
Director Harrison: Yes**

It was moved by Director Longville and seconded by Vice President McDonald to modify Resolution No. 556 to include the 5 percent per diem increase and rate of \$216 for 2018. The motion carried 3-2 with Vice President McDonald, Directors Longville and Harrison voting in the affirmative and President Corneille and Director Raley in opposition.

**President Corneille: No
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: No
Director Harrison: Yes**

D. OUTREACH PLAN ACCEPTANCE AND PUBLIC INFORMATION CONTRACTING

Mr. Cozad introduced this item for discussion. He said that the Outreach Plan was provided to the Board at the October 18 Meeting and only minor revisions were received. Mr. Cozad explained that the contract for public relations consultant needed to be revised to support the approved Outreach Plan. The revised scope for Thunderwheel Communications was included, beginning on package page 34. Director Longville said that when the Board adopted its original contract, the Board discussed the potential need to increase the contract amount in the future based on the Outreach Plan. He stressed to the Board the importance of one-on-one meetings with public and elected officials. A brief discussion ensued. President Corneille requested that metrics be identified to measure the success of the effort. He also suggested that the Outreach and Communications Committee oversee the effort with staff and meet with the consultant quarterly to review progress.

It was moved by Director Longville and seconded by Vice President McDonald to accept and implement the Outreach Plan and direct the General Manager to revise the previously authorized contract with Thunderwheel Communications for an amount not to exceed a total of \$45,360. 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. OPERATIONS AND MAINTENANCE MANUAL 2017

President Corneille introduced this item for discussion, noting that the Operations Committee met and reviewed the Operations and Maintenance Manual on October 30. He thanked Katelyn Scholte for her leadership in updating the manual. President Corneille said that the Board should become familiar with it.

It was moved by President Corneille and seconded by Director Harrison to accept staff's update of the Operations and Maintenance Manual for 2017. 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. UNAUDITED FINANCIAL REPORTS, NOVEMBER 2017

It was moved by Director Raley and seconded by Director Longville to approve the Unaudited Financials for November 2017. 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. APPOINTMENT OF OFFICERS FOR 2018

Mr. Cozad introduced this item for discussion. He said that in the summer, the Board took action to extend each Director's term of office due to an election change requested by the Registrar of Voters. The Board Policy Manual indicates that an appointment of officers shall take place at the end of a two-year term after the elections, which conflicts with the new election

cycle adopted by the Registrar of Voters. Staff recommends extending the offices of President and Vice President for one additional year to coincide with the new election cycle.

It was moved by Director Raley and seconded by Director Longville to extend the term of officers for one year. 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. COMMUNITY STRATEGIC PLAN 2017

Mr. Cozad introduced this item for discussion, stating that staff incorporated any Director comments it received into the final document, and that there were no significant public comments received. The Community Strategic Plan was distributed to partners, and the consensus of feedback from the community was that it is consistent with the previous Strategic Plan. President Corneille thanked Mr. Cozad for facilitating the Strategic Planning sessions. Director Harrison stated that he has read the document thoroughly and expressed his appreciation for Mr. Cozad's efforts in preparing it. He said that it is an excellent document and represents the District well.

It was moved by Director Harrison and seconded by Vice President McDonald to approve the Final Community Strategic 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 Harrison: Yes**

I. ENGINEERING INVESTIGATION PLAN FOR 2018

It was moved by Vice President McDonald and seconded by Director Longville to approve the Engineering Investigation Plan 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**

J. SPECIAL REGULATORY COUNSEL DREDGE AND FILL REPRESENTATION

The District has expended the General Manager's authority of \$25,000 for special regulatory counsel by Nossaman for the additional meetings needed. Staff is requesting an additional amount of \$5,000 to complete efforts before the State Water Board.

It was moved by Vice President McDonald and seconded by President Corneille to authorize an additional \$5,000 for Special Regulatory Counsel representation to support the District's request for exemption from State Water Board Regulations regarding Dredge and Fill of State and Federal Waters. 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**

K. D-LEVEE HABITAT AND ACCESS ENHANCEMENT

Mr. Beehler presented this item for discussion. Staff is asking that the Board direct staff to file a Notice of Exemption for the project.

It was moved by Vice President McDonald and seconded by Director Harrison to direct staff to file a CEQA Notice of Exemption with the Clerk of the Board of Supervisors for the County of San Bernardino. The motion carried 4-0 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
Director Harrison: Yes**

L. FIELD EQUIPMENT CAPITAL PURCHASE FORD F-150

Mr. Cozad requested a bid to trade in and procure a new Ford F-150 at a cost not to exceed \$28,000. Discussion ensued regarding the procurement. The Board suggested obtaining an extended warranty. Mr. Cozad said that that would increase the cost. Vice President McDonald suggested adding another \$3,000 to \$4,000 for the extended warranty. She proposed leaving the matter to the General Manager's discretion.

It was moved by Vice President McDonald and seconded by Director Raley to amend the motion to authorize the General Manager to make a capital purchase of one Ford F-150 for field staff in an amount not to exceed \$32,000. 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**

M. 2018 BOARD MEETING CALENDAR

Mr. Cosgrove and Mr. Cozad indicated that they are unable to attend the Board Meeting on May 16. The May meeting was moved due to conflict with ACWA Spring Conference. Director Harrison proposed moving the May Board meeting to May 23. President Corneille may not be able to attend the May 23 Board meeting but is fine with it being moved. Director Longville noted that the February Board Meeting should be February 14 and that the November Board Meeting should be on November 15 and the Finance & Administration Committee meeting should be on November 21. The motion was amended with these revisions.

It was moved by Vice President McDonald and seconded by Director Longville to approve the 2018 Board Meeting Calendar 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 Harrison: Yes**

N. COUNTYWIDE RDA OVERSIGHT BOARD ALTERNATE

It was moved by Director Raley and seconded by Vice President McDonald to nominate Director Harrison as the alternate member of the Special Districts representative for the Countywide Redevelopment Agency (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. WASH PLAN REPORT

Mr. Beehler indicated that the Wash Plan Report is included on package page 90. He said that he has completed two of three of the AB52 tribal consultations; no tribes have asked for monitors for these projects. The San Manuel tribe proposed keeping some tree tobacco for their cultural use. Director Raley thanked the staff for the update that was sent out to the Wash Plan Task Force. Mr. Beehler noted that the Coastal Conservancy Plan for the Santa Ana River Trail is currently being updated and the link will be shared with Board when released. President Corneille requested an update of the Coastal Conservancy Plan and an explanation of how it will affect the District. This item was received and filed.

B. 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 93 to 95. The Monthly Recharge Report was included on package page 96. The Department of Water Resources performed a site visit on November 16 on the Plunge Creek project, and that letter was included on package page 97. The 2017 District Priorities, reflecting status updates, was included on package page 98. Mr. Cozad provided a handout showing the 64 Watershed Map Signs that the District helped fund. President Corneille noted that the Major Accomplishments for 2017 were provided as a handout and will also be handed-out to attendees and discussed at luncheon. This item was received and filed.

C. GROUNDWATER COUNCIL VERBAL REPORT

Mr. Cozad introduced this item for discussion. He said that several small group meetings were held to work out minor revisions to the equitable allocation model. Mr. Cozad noted that revisions should be finished in January 2018. Mr. Cosgrove discussed specific revisions noting changes in current and future powers. He noted that the Western Municipal Group would be comprised of ex-officio members. This item was received and filed.

D. FUTURE AGENDA ITEMS & STAFF TASKS

President Corneille said that the Board Priorities would go before the Board at the January 2018 meeting. He requested an update on the United Water Conservation District's court opinion related to Groundwater Charges. President Corneille said that Charles Roberts of Highland Community News would be retiring and requested staff to prepare potential action on a proclamation or resolution on the January agenda. Director Harrison asked for an update on the federal legislation on the land exchange at a future meeting.

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

Director Longville met in November with staff of Senators Feinstein of California and Senator Murray of Washington.

Director Raley attended the East Valley Water District Board of Directors Meeting on November 22, Redlands Rise N Shine on December 1, and the Basin Technical Advisory Committee on December 4.

Vice President McDonald attended the Valley Municipal Board Workshop on December 12, ASBCSD on December 11, Valley Municipal Board Meeting on December 5, and Basin Technical Advisory Commission on December 4. She also attended the ACWA Region 9 Meeting at the ACWA Fall Conference. Vice President McDonald attended the Koffee Klatch on November 22, Valley Municipal Board Meeting on November 21, and Finance and Administration Committee Meeting on November 15. She also attended the Valley Municipal Board Workshop on November 14.

Director Harrison attended the ASBCSD Dinner Meetings on November 13 and December 11. He attended the Valley Municipal Board Workshops on November 14 and December 12, Basin Technical Advisory Committee on December 4, and Loma Linda Chamber of Commerce Board

Meeting on December 6. Director Harrison attended the ACWA Fall Conference and Scholarship Committee Meetings on December 10 and December 8.

President Corneille attended the Highland Area Chamber of Commerce Breakfast Meeting on December 12, Mentone Area Community Association Meeting on November 14, and the ACWA Fall Conference November 28 to November 29.

7. UPCOMING MEETINGS

President Corneille announced that December 14 is the Advisory Commission on Water Policy Meeting.

8. CLOSED SESSION

It was moved by President Corneille and seconded by Vice President McDonald 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 11:50 a.m., the meeting reconvened into Open Session. Mr. Cosgrove noted that there was no reportable action.

9. ADJOURN MEETING

It was moved by Vice President McDonald 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 11:50 a.m. the meeting adjourned to the Board of Directors meeting scheduled for 1:30 p.m. January 10, 2018, at District Headquarters, 1630 W. Redlands Blvd., Redlands, Calif.

Daniel B. Cozad
General Manager

San Bernardino Valley Water Conservation District

01/04/18

Expenditure Report

December 2017

Num	Date	Name	Account	Class	Original Amount
PC 12.06.17	12/06/2017	Paychex	1012 · Citizens Busine...		-82.06
			6042 · Payroll Processing	4-General Fund Ent.	82.06
TOTAL					82.06
PC 12.20.17	12/20/2017	Paychex	1012 · Citizens Busine...		-79.06
			6042 · Payroll Processing	4-General Fund Ent.	79.06
TOTAL					79.06
ACH0121	12/04/2017	Melody McDonald	1012 · Citizens Busine...		-67.43
			6410 · Mileage	4-General Fund Ent.	67.43
TOTAL					67.43
ACH0122	12/04/2017	T. Milford Harrison	1012 · Citizens Busine...		-66.34
			6410 · Mileage	4-General Fund Ent.	66.34
TOTAL					66.34
ACH0124	12/20/2017	T. Milford Harrison	1012 · Citizens Busine...		-29.96
			6410 · Mileage	4-General Fund Ent.	29.96
TOTAL					29.96
20987	12/12/2017	AAA Alarm Systems, Inc.	1012 · Citizens Busine...		-129.00
	12/05/2017		5410 · Alarm Service	4-General Fund Ent.	64.50
			5410 · Alarm Service	1-Groundwater Ent.	64.50
TOTAL					129.00
20988	12/12/2017	ACWA/JPIA-Health	1012 · Citizens Busine...		-26,293.27
	11/01/2017		6110 · Vision Insurance	4-General Fund Ent.	26.60
			6110 · Vision Insurance	1-Groundwater Ent.	84.25
			6110 · Vision Insurance	2-Redlands Plaza/...	8.45
			6110 · Vision Insurance	3-Land Resources	27.99
			6110 · Vision Insurance	5-Wash Plan	18.33
			6130 · Dental Insurance	4-General Fund Ent.	112.74
			6130 · Dental Insurance	1-Groundwater Ent.	357.06
			6130 · Dental Insurance	2-Redlands Plaza/...	35.80
			6130 · Dental Insurance	3-Land Resources	118.62
			6130 · Dental Insurance	5-Wash Plan	77.70
			6150 · Medical Insurance	4-General Fund Ent.	1,889.92
			6150 · Medical Insurance	1-Groundwater Ent.	5,986.33
			6150 · Medical Insurance	2-Redlands Plaza/...	600.16
			6150 · Medical Insurance	3-Land Resources	1,988.77
			6150 · Medical Insurance	5-Wash Plan	1,302.71
	12/05/2017		6110 · Vision Insurance	4-General Fund Ent.	26.60
			6110 · Vision Insurance	1-Groundwater Ent.	84.25
			6110 · Vision Insurance	2-Redlands Plaza/...	8.45
			6110 · Vision Insurance	3-Land Resources	27.99
			6110 · Vision Insurance	5-Wash Plan	18.33
			6130 · Dental Insurance	4-General Fund Ent.	112.73
			6130 · Dental Insurance	1-Groundwater Ent.	357.07
			6130 · Dental Insurance	2-Redlands Plaza/...	35.80
			6130 · Dental Insurance	3-Land Resources	118.62

San Bernardino Valley Water Conservation District
Expenditure Report
December 2017

Num	Date	Name	Account	Class	Original Amount
			6130 · Dental Insurance	5-Wash Plan	77.70
			6150 · Medical Insurance	4-General Fund Ent.	2,054.12
			6150 · Medical Insurance	1-Groundwater Ent.	6,506.42
			6150 · Medical Insurance	2-Redlands Plaza/...	652.31
			6150 · Medical Insurance	3-Land Resources	2,161.56
			6150 · Medical Insurance	5-Wash Plan	1,415.89
TOTAL					26,293.27
20989	12/12/2017	American Power Security	1012 · Citizens Busine...		-475.00
	12/04/2017		6026 · Redlands Plaza ...	2-Redlands Plaza/...	475.00
TOTAL					475.00
20990	12/12/2017	Big Bear Grizzly	1012 · Citizens Busine...		-57.00
	11/29/2017		6090 · Subscriptions/Pu...	4-General Fund Ent.	57.00
TOTAL					57.00
20991	12/12/2017	Castro Landscaping Se...	1012 · Citizens Busine...		-250.00
	11/30/2017		6026 · Redlands Plaza ...	2-Redlands Plaza/...	250.00
TOTAL					250.00
20992	12/12/2017	Corneille, Richard	1012 · Citizens Busine...		-67.41
	12/05/2017		6410 · Mileage	4-General Fund Ent.	67.41
TOTAL					67.41
20993	12/12/2017	Cozad, Daniel B	1012 · Citizens Busine...		-45.94
	12/05/2017		6510 · Mileage	4-General Fund Ent.	161.04
TOTAL					161.04
20994	12/12/2017	Edison - 8812	1012 · Citizens Busine...		-135.29
	12/01/2017		5420 · Electricity	4-General Fund Ent.	37.88
			5420 · Electricity	1-Groundwater Ent.	27.06
			5420 · Electricity	2-Redlands Plaza/...	70.35
TOTAL					135.29
20995	12/12/2017	Edison - Redlands Plaza	1012 · Citizens Busine...		-229.95
	12/01/2017		6026 · Redlands Plaza ...	2-Redlands Plaza/...	229.95
TOTAL					229.95
20996	12/12/2017	Edison -5552	1012 · Citizens Busine...		-280.03
	12/09/2017		5420 · Electricity	4-General Fund Ent.	71.08
			5420 · Electricity	1-Groundwater Ent.	50.77
			5420 · Electricity	2-Redlands Plaza/...	132.02
			6020 · Vacancy Marketi...	2-Redlands Plaza/...	26.16
TOTAL					280.03

San Bernardino Valley Water Conservation District
Expenditure Report
December 2017

Num	Date	Name	Account	Class	Original Amount
20997	12/12/2017	Frontier-4860	1012 · Citizens Busine...		-481.50
	11/28/2017		5440 · Telephone	4-General Fund Ent.	235.56
			5440 · Telephone	1-Groundwater Ent.	100.95
			5470 · Internet Services	4-General Fund Ent.	72.50
			5470 · Internet Services	1-Groundwater Ent.	43.50
			5470 · Internet Services	2-Redlands Plaza/...	7.25
			5470 · Internet Services	3-Land Resources	21.74
TOTAL					481.50
20998	12/12/2017	Home Depot Credit Ser...	1012 · Citizens Busine...		-293.40
	11/28/2017		5210 · Equipment Maint...	1-Groundwater Ent.	217.72
			5215 · Property Mainte...	1-Groundwater Ent.	60.54
			5215 · Property Mainte...	3-Land Resources	15.14
TOTAL					293.40
20999	12/12/2017	ICF Jones & Stokes, Inc	1012 · Citizens Busine...		-2,430.00
	11/17/2017		5124 · Plunge Creek Pr...	3-Land Resources	2,430.00
TOTAL					2,430.00
21000	12/12/2017	Image Source	1012 · Citizens Busine...		-37.71
	11/30/2017		6033 · Office Equipmen...	4-General Fund Ent.	28.27
			6033 · Office Equipmen...	1-Groundwater Ent.	1.89
			6033 · Office Equipmen...	2-Redlands Plaza/...	5.66
			6033 · Office Equipmen...	3-Land Resources	1.89
TOTAL					37.71
21001	12/12/2017	Nossaman LLP	1012 · Citizens Busine...		-766.36
	12/12/2017		5120 · Misc. Profession...	4-General Fund Ent.	223.55
			5120 · Misc. Profession...	1-Groundwater Ent.	159.63
			5120 · Misc. Profession...	3-Land Resources	383.18
TOTAL					766.36
21002	12/12/2017	ReadyRefresh by Nestle	1012 · Citizens Busine...		-67.58
	11/25/2017		5460 · Water / Trash / ...	4-General Fund Ent.	33.79
			5460 · Water / Trash / ...	1-Groundwater Ent.	27.03
			5460 · Water / Trash / ...	3-Land Resources	6.76
TOTAL					67.58
21003	12/12/2017	Redlands Ford	1012 · Citizens Busine...		-3,360.79
	11/30/2017		5310 · Vehicle Mainten...	1-Groundwater Ent.	3,360.79
TOTAL					3,360.79

San Bernardino Valley Water Conservation District
Expenditure Report
December 2017

Num	Date	Name	Account	Class	Original Amount
21004	12/12/2017	Rutan & Tucker	1012 · Citizens Busine...		-17,629.66
	11/29/2017		5180 · Legal	4-General Fund Ent.	2,216.25
			5180 · Legal	1-Groundwater Ent.	2,216.25
			5180 · Legal	2-Redlands Plaza/...	517.13
			5180 · Legal	3-Land Resources	2,437.87
			5180 · Legal	4-General Fund Ent.	9,056.38
			5180 · Legal	1-Groundwater Ent.	210.78
			5175 · Legal - Wash Plan	5-Wash Plan	975.00
TOTAL					17,629.66
21005	12/12/2017	San Bernardino County...	1012 · Citizens Busine...		-5,450.00
	12/01/2017		1700 · Work in Progress	3-Land Resources	5,450.00
TOTAL					5,450.00
21006	12/12/2017	Terminix	1012 · Citizens Busine...		-66.00
	11/28/2017		6026 · Redlands Plaza ...	2-Redlands Plaza/...	66.00
TOTAL					66.00
21007	12/12/2017	The Alarm and Sprinkle...	1012 · Citizens Busine...		-490.00
	11/16/2017		6016 · Redlands Plaza ...	2-Redlands Plaza/...	490.00
TOTAL					490.00
21008	12/12/2017	Valero Marketing & Su...	1012 · Citizens Busine...		-524.00
	11/29/2017		5320 · Fuel	1-Groundwater Ent.	524.00
TOTAL					524.00
21009	12/12/2017	Water Education Foun...	1012 · Citizens Busine...		-1,749.00
	11/22/2017		6093 · Memberships	4-General Fund Ent.	1,749.00
TOTAL					1,749.00
21010	12/20/2017	Redlands Ford	1012 · Citizens Busine...		-32,009.42
			5310 · Vehicle Mainten...	1-Groundwater Ent.	32,009.42
TOTAL					32,009.42
21011	12/21/2017	Clerk of the Board of S...	1012 · Citizens Busine...		-50.00
			6006 · Permits	3-Land Resources	50.00
TOTAL					50.00

San Bernardino Valley Water Conservation District

Expenditure Report

December 2017

Num	Date	Name	Account	Class	Original Amount
21012	12/21/2017	Rutan & Tucker	1012 · Citizens Busine...		-4,951.50
	12/14/2017		5180 · Legal	4-General Fund Ent.	916.50
			5180 · Legal	1-Groundwater Ent.	916.50
			5180 · Legal	2-Redlands Plaza/...	213.85
			5180 · Legal	3-Land Resources	1,008.15
			5180 · Legal	4-General Fund Ent.	1,311.50
			5175 · Legal - Wash Plan	5-Wash Plan	585.00
TOTAL					4,951.50
21013	12/28/2017	Citizens Business Bank	1012 · Citizens Busine...		-4,204.11
	12/14/2017		5310 · Vehicle Mainten...	1-Groundwater Ent.	180.00
			6002 · Website Adminis...	4-General Fund Ent.	225.00
			6016 · Redlands Plaza ...	2-Redlands Plaza/...	54.17
			6039 · Postage and Ov...	4-General Fund Ent.	55.00
			6039 · Postage and Ov...	1-Groundwater Ent.	25.00
			6039 · Postage and Ov...	2-Redlands Plaza/...	10.00
			6039 · Postage and Ov...	3-Land Resources	10.00
			6051 · Uniforms	4-General Fund Ent.	207.79
			6051 · Uniforms	1-Groundwater Ent.	484.83
			6430 · Lodging	4-General Fund Ent.	916.92
			6425 · Meals	4-General Fund Ent.	999.80
			6420 · Other Travel	4-General Fund Ent.	80.00
			6520 · Travel, Other (re...	4-General Fund Ent.	26.32
			6520 · Travel, Other (re...	1-Groundwater Ent.	14.63
			6520 · Travel, Other (re...	3-Land Resources	17.55
			6525 · Meals	4-General Fund Ent.	403.70
			6525 · Meals	1-Groundwater Ent.	313.98
			6525 · Meals	3-Land Resources	179.42
TOTAL					4,204.11
21014	12/28/2017	City of Redlands -Muni...	1012 · Citizens Busine...		-2,103.94
	12/14/2017		6026 · Redlands Plaza ...	2-Redlands Plaza/...	2,103.94
TOTAL					2,103.94
21015	12/28/2017	Edison - 7241	1012 · Citizens Busine...		-56.93
	12/12/2017		5420 · Electricity	4-General Fund Ent.	15.94
			5420 · Electricity	1-Groundwater Ent.	11.39
			5420 · Electricity	2-Redlands Plaza/...	29.60
TOTAL					56.93
21016	12/28/2017	HP Inc.	1012 · Citizens Busine...		-5,581.88
	12/13/2017		7240 · Office Equipment	4-General Fund Ent.	5,581.88
TOTAL					5,581.88
21017	12/28/2017	Image Source	1012 · Citizens Busine...		-233.40
	12/13/2017		6033 · Office Equipmen...	4-General Fund Ent.	175.05
			6033 · Office Equipmen...	1-Groundwater Ent.	11.67
			6033 · Office Equipmen...	2-Redlands Plaza/...	35.01
			6033 · Office Equipmen...	3-Land Resources	11.67
TOTAL					233.40

San Bernardino Valley Water Conservation District
Expenditure Report
December 2017

Num	Date	Name	Account	Class	Original Amount
21018	12/28/2017	JAN-PRO Cleaning Sys...	1012 · Citizens Busine...		-618.00
	01/01/2018		6018 · Janitorial Services	4-General Fund Ent.	618.00
TOTAL					618.00
21019	12/28/2017	Netsteller	1012 · Citizens Busine...		-450.00
	12/15/2017		5160 · IT Support	4-General Fund Ent.	180.00
			5160 · IT Support	1-Groundwater Ent.	225.00
			5160 · IT Support	3-Land Resources	45.00
TOTAL					450.00
21020	12/28/2017	Parts Authority	1012 · Citizens Busine...		-34.08
	12/18/2017		5310 · Vehicle Mainten...	1-Groundwater Ent.	34.08
TOTAL					34.08
21021	12/28/2017	PR Printing	1012 · Citizens Busine...		-153.09
	12/14/2017		6036 · Printing	4-General Fund Ent.	76.55
			6036 · Printing	1-Groundwater Ent.	61.24
			6036 · Printing	3-Land Resources	15.30
TOTAL					153.09
21022	12/28/2017	The Gas Company	1012 · Citizens Busine...		-60.43
	12/13/2017		5450 · Natural Gas	4-General Fund Ent.	36.26
			5450 · Natural Gas	1-Groundwater Ent.	24.17
TOTAL					60.43
100182N	12/04/2017	PERS	1012 · Citizens Busine...		-5,525.09
			6170 · PERS Retirement	4-General Fund Ent.	887.33
			6170 · PERS Retirement	1-Groundwater Ent.	2,810.61
			6170 · PERS Retirement	2-Redlands Plaza/...	281.78
			6170 · PERS Retirement	3-Land Resources	823.24
			6170 · PERS Retirement	5-Wash Plan	722.13
TOTAL					5,525.09
100183N	12/15/2017	PERS	1012 · Citizens Busine...		-5,551.11
			6170 · PERS Retirement	4-General Fund Ent.	891.51
			6170 · PERS Retirement	1-Groundwater Ent.	2,823.84
			6170 · PERS Retirement	2-Redlands Plaza/...	283.11
			6170 · PERS Retirement	3-Land Resources	827.12
			6170 · PERS Retirement	5-Wash Plan	725.53
TOTAL					5,551.11

San Bernardino Valley Water Conservation District Expenditure Report December 2017

Num	Date	Name	Account	Class	Original Amount
100184N	12/22/2017	PERS	1012 · Citizens Busine...		-5,556.31
			6170 · PERS Retirement	4-General Fund Ent.	892.34
			6170 · PERS Retirement	1-Groundwater Ent.	2,826.49
			6170 · PERS Retirement	2-Redlands Plaza/...	283.37
			6170 · PERS Retirement	3-Land Resources	827.89
			6170 · PERS Retirement	5-Wash Plan	726.22
TOTAL					5,556.31

San Bernardino Valley Water Conservation District
Director Fees Expenditure Payroll Report
December 2017

Pay Date	Name	For Period	Director Fees	Taxes Withheld	Check Amt
12/6/2017	Corneille, R	Nov-17	\$ 1,030.00	\$ 126.65	\$ 903.35
12/6/2017	McDonald, M	Nov-17	\$ 2,060.00	\$ 243.64	\$ 1,816.36
12/6/2017	Harrison, T. M.	Nov-Dec 17	\$ 1,030.00	\$ 170.17	\$ 859.83
12/20/2017	Harrison, T. M.	Dec-17	\$ 1,236.00	\$ 222.22	\$ 1,013.78



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

Email: info@sbvwcd.org
www.sbvwcd.org

Memorandum No. 1546

To: Board of Directors

From: General Manager, Daniel Cozad

Date: January 10, 2018

Subject: Unaudited Financial Reports, December 2017

RECOMMENDATION

Review and approve the unaudited financials for December 2017.

BACKGROUND

Each month staff presents the unaudited financials for the District. The reports to be presented are as of December 31, 2017.

DISCUSSION

Performance of most revenue and expense are operating as projected in the budget. GL 6400 Board of Directors' Expenses remains under budget. GL 7100 Land & Buildings totals are underrepresented due to the expenses about \$270,000 held in Work In Progress (WIP) GL 1700. These will be in WIP until the Mill Creek Diversion project construction is completed and can be fully capitalized. A quarterly report spreadsheet will be presented to the Finance & Administration Committee at its January 24, 2018 meeting.

FISCAL IMPACT

There is no fiscal impact from reporting the financial status of the District.

POTENTIAL MOTIONS

1. Move approval of the Unaudited Financials for December 2017 as presented.
2. Move to request this item be tabled and referred to Finance & Administration Committee for reconsideration of specific issues discussed.

ATTACHMENTS OR MATERIALS

Graph Financials for December 2017
Profit & Loss to Date vs. Annual Budget

BOARD
OF
DIRECTORS

Division 1:
Richard Corneille
Division 2:
David E. Raley

Division 3:
T.Milford Harrison
Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL
MANAGER

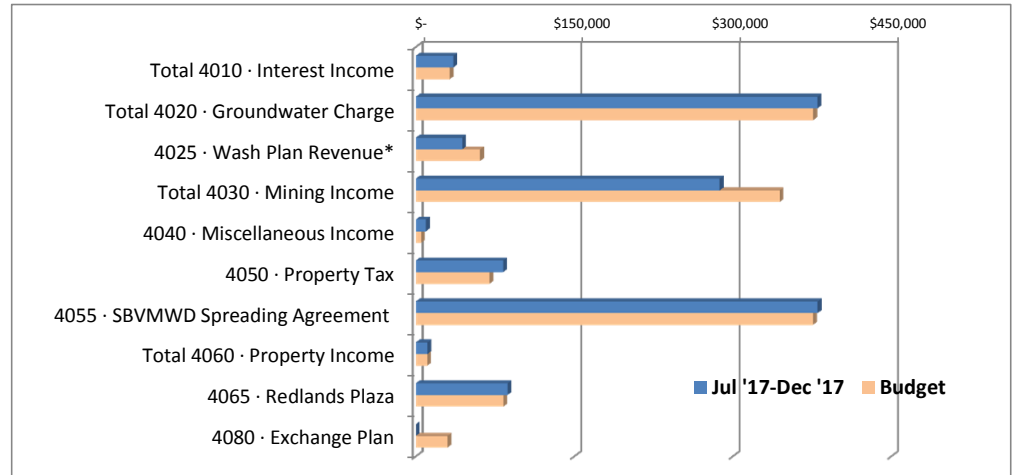
Daniel B. Cozad

SBVWCD - All Enterprises Budget and Actual

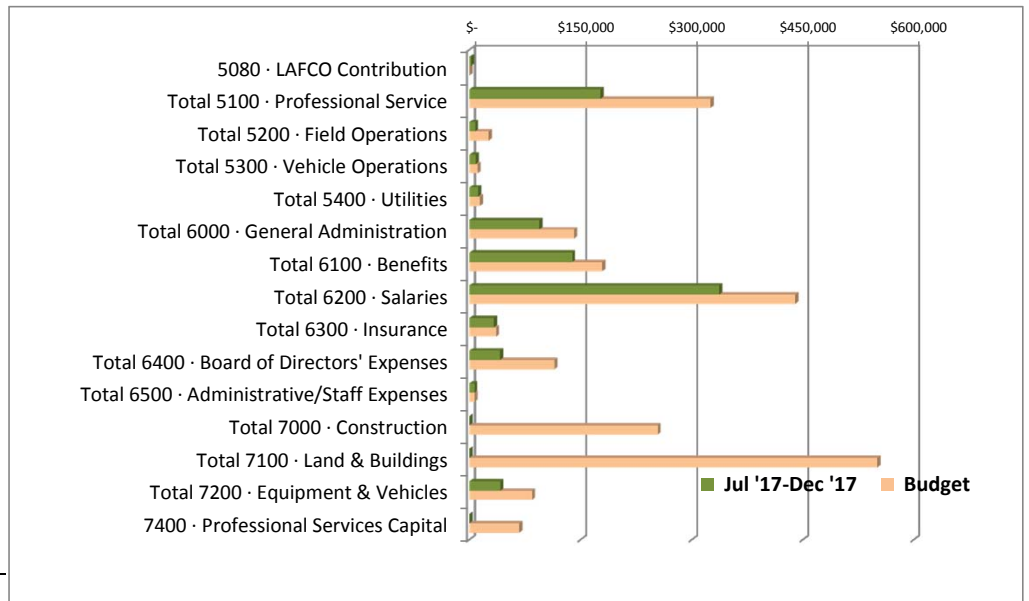
December 2017

REVENUE	Jul '17-Dec '17	Budget
Total 4010 · Interest Income	\$ 35,541	\$ 32,150
Total 4020 · Groundwater Charge	\$ 380,255	\$ 376,311
4025 · Wash Plan Revenue*	\$ 43,917	\$ 60,833
Total 4030 · Mining Income	\$ 287,821	\$ 344,500
4040 · Miscellaneous Income	\$ 9,683	\$ 5,000
4050 · Property Tax	\$ 82,737	\$ 69,767
4055 · SBVMWD Spreading Agreement	\$ 380,371	\$ 376,067
Total 4060 · Property Income	\$ 11,000	\$ 10,800
4065 · Redlands Plaza	\$ 86,847	\$ 82,911
4080 · Exchange Plan	\$ -	\$ 30,000
Total Revenue	\$ 1,318,171	\$ 1,388,339

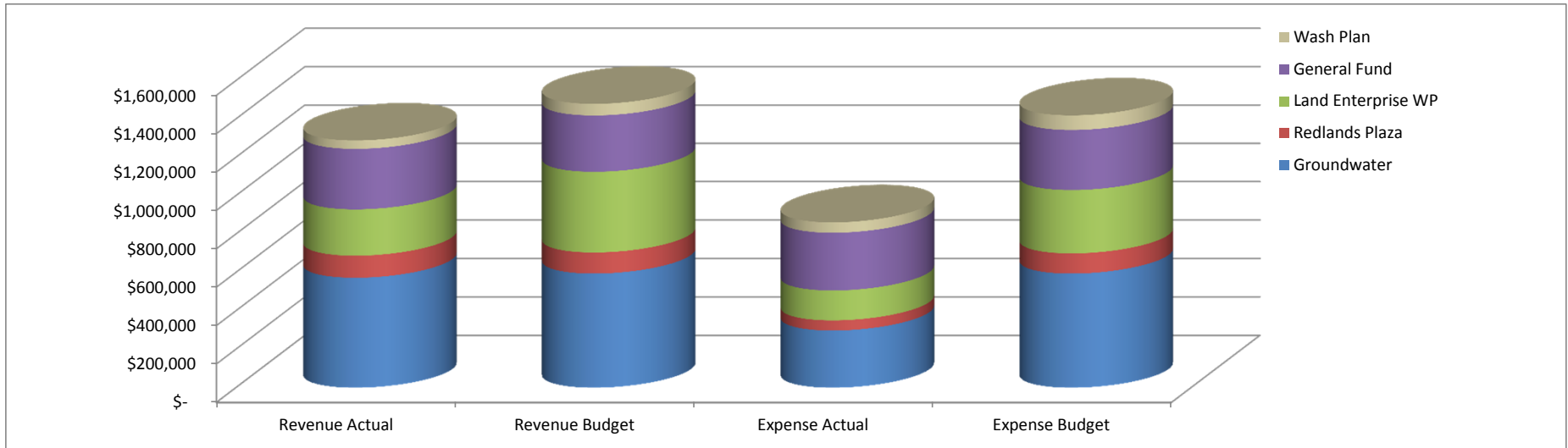
*District loans to the WP



EXPENSES Operating and Capital	Jul '17-Dec '17	Budget
5080 · LAFCO Contribution	\$ 2,153	\$ 400
Total 5100 · Professional Service	\$ 176,916	\$ 325,133
Total 5200 · Field Operations	\$ 7,731	\$ 25,996
Total 5300 · Vehicle Operations	\$ 8,671	\$ 11,125
Total 5400 · Utilities	\$ 11,733	\$ 14,055
Total 6000 · General Administration	\$ 94,461	\$ 141,111
Total 6100 · Benefits	\$ 138,606	\$ 179,000
Total 6200 · Salaries	\$ 336,834	\$ 439,630
Total 6300 · Insurance	\$ 33,198	\$ 36,000
Total 6400 · Board of Directors' Expenses	\$ 41,239	\$ 114,789
Total 6500 · Administrative/Staff Expenses	\$ 6,673	\$ 6,848
Total 7000 · Construction	\$ -	\$ 253,998
Total 7100 · Land & Buildings	\$ -	\$ 550,994
Total 7200 · Equipment & Vehicles	\$ 41,850	\$ 84,500
7400 · Professional Services Capital	\$ -	\$ 67,500
Total Expense	\$ 900,066	\$ 2,251,080



Enterprises to Date (December 2017)



Enterprise	Actual	Budget	% of Budget
Groundwater Revenue	\$ 572,513	\$ 594,344	96%
Groundwater Expense	\$ 297,710	\$ 501,722	59%
Revenue -Expense	\$ 274,803	\$ 92,622	
Redlands Plaza Revenue	\$ 114,941	\$ 109,709	105%
Redlands Plaza Expense	\$ 52,676	\$ 104,959	50%
Revenue -Expense	\$ 62,265	\$ 4,751	
Land Enterprise Revenue	\$ 241,290	\$ 420,750	57%
Land Enterprise Expense	\$ 155,949	\$ 330,243	47%
Revenue -Expense	\$ 85,340	\$ 90,508	
General Fund Revenue *	\$ 315,423	\$ 293,700	107%
General Fund Expense	\$ 300,642	\$ 313,225	96%
Revenue -Expense	\$ 14,780	\$ (19,525)	
Wash Plan Revenue	\$ 44,284	\$ 60,833	73%
Wash Plan Expense	\$ 54,224	\$ 76,458	71%
Revenue-Expense	(9,940)	(15,625)	
Total All Revenue - Expense	\$ 427,249	\$ 152,730	280%

Cash Status	As of 7/1/2017	As of 12/31/2017
LAIF	\$ 450,847.82	\$ 453,109.12
Cal Trust	\$ 3,003,802.30	\$ 3,022,285.07
Citizens Bank	\$ 425,411.04	\$ 783,841.84
UBS Financial Services	\$ 1,868,928.62	\$ 1,866,255.73
Cal Credit Union	\$ 3,276,349.50	\$ 3,289,515.74
Total Cash	\$ 9,025,339.28	\$ 9,415,007.50
Less Prepaid Royalty	\$ (5,000,000.00)	\$ (5,000,000.00)
Cash Position	\$ 4,025,339.28	\$ 4,415,007.50

Increase (decrease) of
Percent Increase \$ 389,668.22
9.7%

* General Fund Revenue shown here does not include overhead

San Bernardino Valley Water Conservation District
 Profit & Loss To Date vs. Annual Budget

	<u>Jul - Dec 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Interest Income				
4012 · LAIF	2,261.30	1,800.00	461.30	125.63%
4013 · Caltrust Investment Income	18,482.77	20,000.00	-1,517.23	92.41%
4014 · CalCredit Union Interest Income	13,166.24	25,000.00	-11,833.76	52.67%
4015 · UBS Interest Income	1,630.39	17,500.00	-15,869.61	9.32%
Total 4010 · Interest Income	<u>35,540.70</u>	<u>64,300.00</u>	<u>-28,759.30</u>	<u>55.27%</u>
4020 · Groundwater Charge				
4021 · Assessments - Ag	16,145.43	38,921.24	-22,775.81	41.48%
4023 · Assessments - Non-Ag	364,109.26	713,700.40	-349,591.14	51.02%
Total 4020 · Groundwater Charge	<u>380,254.69</u>	<u>752,621.64</u>	<u>-372,366.95</u>	<u>50.52%</u>
4025 · Wash Plan Revenue	43,917.16	70,000.00	-26,082.84	62.74%
4030 · Mining Income				
4031 · Plant Site - CEMEX	24,000.00	48,000.00	-24,000.00	50.00%
4032 · Cemex - Royalty / Lease	244,166.65	586,000.00	-341,833.35	41.67%
4034 · Redlands Aggregate 5% Royalty	0.00	0.00	0.00	0.00%
4036 · Aggregate Maintenance	19,654.37	55,000.00	-35,345.63	35.74%
4030 · Mining Income - Other	0.00	0.00	0.00	0.00%
Total 4030 · Mining Income	<u>287,821.02</u>	<u>689,000.00</u>	<u>-401,178.98</u>	<u>41.77%</u>
4040 · Miscellaneous Income				
4041 · Reimbursed Expenses	0.00	0.00	0.00	0.00%
4040 · Miscellaneous Income - Other	9,682.59	10,000.00	-317.41	96.83%
Total 4040 · Miscellaneous Income	<u>9,682.59</u>	<u>10,000.00</u>	<u>-317.41</u>	<u>96.83%</u>
4050 · Property Tax	82,736.74	81,800.00	936.74	101.15%
4055 · SBVMWD Spreading Agreement Reim	380,371.00	376,066.70	4,304.30	101.15%
4060 · Property Income				
4062 · Mentone Property	11,000.00	21,600.00	-10,600.00	50.93%
Total 4060 · Property Income	<u>11,000.00</u>	<u>21,600.00</u>	<u>-10,600.00</u>	<u>50.93%</u>
4065 · Redlands Plaza	86,847.19	165,822.65	-78,975.46	52.37%
4066 · Redlands Plaza CAM	17,093.72	32,000.00	-14,906.28	53.42%
4080 · Exchange Plan	0.00	30,000.00	-30,000.00	0.00%
4086 · Plunge Creek IRWMP	5,651.92	150,000.00	-144,348.08	3.77%
4998 · Rate Stabilization From Reserve	0.00	35,000.00	-35,000.00	0.00%
Total Income	<u>1,340,916.73</u>	<u>2,478,210.99</u>	<u>-1,137,294.26</u>	<u>54.11%</u>
Gross Profit	1,340,916.73	2,478,210.99	-1,137,294.26	54.11%
Expense				
5040 · Regional Programs				
5080 · LAFCO Contribution	2,152.67	400.00	1,752.67	538.17%
Total 5040 · Regional Programs	<u>2,152.67</u>	<u>400.00</u>	<u>1,752.67</u>	<u>538.17%</u>
5050 · Basin Cleaning	1,882.50	50,000.00	-48,117.50	3.77%
5100 · Professional Service				
5120 · Misc. Professional Services	35,848.86	150,000.00	-114,151.14	23.9%
5122 · Wash Plan Professional Services				
5122.01 · Professional Services-Wash Plan	-251.80			
5122 · Wash Plan Professional Services - Other	2,864.45	50,000.00	-47,135.55	5.73%
Total 5122 · Wash Plan Professional Services	<u>2,612.65</u>	<u>50,000.00</u>	<u>-47,387.35</u>	<u>5.23%</u>
5124 · Plunge Creek Prof Services	19,491.51	150,000.00	-130,508.49	12.99%
5125 · Engineering Services	0.00	18,000.00	-18,000.00	0.00%
5130 · Aerial Photography & Surveying	0.00	1,000.00	-1,000.00	0.00%
5145 · Environmental Services (WP)	510.69	0.00	510.69	100.00%
5160 · IT Support	2,250.00	7,000.00	-4,750.00	32.14%
5170 · Audit	23,500.00	27,135.00	-3,635.00	86.6%
5175 · Legal - Wash Plan	2,135.00	10,000.00	-7,865.00	21.35%
5180 · Legal	90,567.60	209,000.00	-118,432.40	43.33%
Total 5100 · Professional Service	<u>176,916.31</u>	<u>622,135.00</u>	<u>-445,218.69</u>	<u>28.44%</u>
5123 · Temp. Field Labor	0.00	11,000.00	-11,000.00	0.00%
5133 · Regional River HCP Contribution	0.00	40,000.00	-40,000.00	0.00%
5143 · SBVCT District Contribution	0.00	4,042.00	-4,042.00	0.00%
5200 · Field Operations				
5210 · Equipment Maintenance	3,059.83	6,000.00	-2,940.17	51.00%
5215 · Property Maintenance	4,671.59	40,000.00	-35,328.41	11.68%
5220 · Maintenance Materials/Shop/Flid	0.00	3,000.00	-3,000.00	0.00%
5225 · Field Clean Up-Illegal dumping	0.00	3,000.00	-3,000.00	0.00%
Total 5200 · Field Operations	<u>7,731.42</u>	<u>52,000.00</u>	<u>-44,268.58</u>	<u>14.87%</u>
5300 · Vehicle Operations				
5310 · Vehicle Maintenance	4,688.87	10,000.00	-5,311.13	46.89%
5320 · Fuel	3,982.35	12,250.00	-8,267.65	32.51%
Total 5300 · Vehicle Operations	<u>8,671.22</u>	<u>22,250.00</u>	<u>-13,578.78</u>	<u>38.97%</u>
5400 · Utilities				

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

	<u>Jul - Dec 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5410 · Alarm Service	645.00	1,500.00	-855.00	43.0%
5420 · Electricity	4,458.11	9,500.00	-5,041.89	46.93%
5430 · Mobile Phone	1,620.00	3,550.00	-1,930.00	45.63%
5440 · Telephone	2,703.12	8,000.00	-5,296.88	33.79%
5450 · Natural Gas	72.14	900.00	-827.86	8.02%
5460 · Water / Trash / Sewer	845.11	2,160.00	-1,314.89	39.13%
5470 · Internet Services	1,389.88	2,500.00	-1,110.12	55.6%
Total 5400 · Utilities	11,733.36	28,110.00	-16,376.64	41.74%
6000 · General Administration				
6001 · General Administration - Other	928.18	5,500.00	-4,571.82	16.88%
6002 · Website Administration	1,467.94	3,100.00	-1,632.06	47.35%
6003 · Property Tax	0.00	235.10	-235.10	0.0%
6004 · Meeting Expenses	605.78	2,000.00	-1,394.22	30.29%
6006 · Permits	2,316.25	10,000.00	-7,683.75	23.16%
6007 · Inter District Costs	0.00	10,000.00	-10,000.00	0.0%
6009 · Licenses	1,014.90	1,639.00	-624.10	61.92%
6010 · Surety Bond	1,210.00	1,900.00	-690.00	63.68%
6012 · Office Maintenance	15.02	3,180.00	-3,164.98	0.47%
6013 · Office Lease Payment	30,000.00	60,000.00	-30,000.00	50.0%
6015 · Mentone House Maintenance	1,635.00	5,000.00	-3,365.00	32.7%
6016 · Redlands Plaza Maintenance	5,898.58	65,000.00	-59,101.42	9.08%
6018 · Janitorial Services	3,848.00	9,108.89	-5,260.89	42.24%
6019 · Janitorial Supplies	174.87	500.00	-325.13	34.97%
6020 · Vacancy Marketing-Redlands Plaz	158.82	5,050.00	-4,891.18	3.15%
6024 · Computer Equip Maint.	0.00	0.00	0.00	0.0%
6026 · Redlands Plaza CAM expenses	13,843.51	28,500.00	-14,656.49	48.57%
6027 · Computer Supplies	0.00	689.00	-689.00	0.0%
6030 · Office Supplies	525.52	4,250.67	-3,725.15	12.36%
6033 · Office Equipment Rental	4,336.86	8,900.00	-4,563.14	48.73%
6036 · Printing	206.01	980.00	-773.99	21.02%
6039 · Postage and Overnight Delivery	267.11	1,200.00	-932.89	22.26%
6042 · Payroll Processing	1,212.45	2,450.00	-1,237.55	49.49%
6045 · Bank Service Charges	942.15	2,500.00	-1,557.85	37.69%
6051 · Uniforms	1,160.47	2,000.00	-839.53	58.02%
6060 · Outreach	5,047.42	20,000.00	-14,952.58	25.24%
6087 · Educational Reimbursement	0.00	2,500.00	-2,500.00	0.0%
6090 · Subscriptions/Publications	1,095.99	1,000.00	95.99	109.6%
6091 · Public Notices	0.00	3,000.00	-3,000.00	0.0%
6093 · Memberships	16,550.00	18,500.00	-1,950.00	89.46%
Total 6000 · General Administration	94,460.83	278,682.66	-184,221.83	33.9%
6100 · Benefits				
6110 · Vision Insurance	993.72	2,355.91	-1,362.19	42.18%
6120 · Workers' Comp. Insurance	2,922.82	13,265.35	-10,342.53	22.03%
6130 · Dental Insurance	4,211.52	10,566.73	-6,355.21	39.86%
6150 · Medical Insurance				
6150.01 · Medical Employee Contribution	-8,418.80	-22,217.51	13,798.71	37.89%
6150 · Medical Insurance - Other	71,629.75	167,161.64	-95,531.89	42.85%
Total 6150 · Medical Insurance	63,210.95	144,944.13	-81,733.18	43.61%
6160 · Payroll Taxes-Employer	17,171.49	64,235.94	-47,064.45	26.73%
6170 · PERS Retirement				
6170.01 · PERS Employee Contributions	-18,191.11	-26,015.02	7,823.91	69.93%
6170 · PERS Retirement - Other	68,286.52	148,647.12	-80,360.60	45.94%
Total 6170 · PERS Retirement	50,095.41	122,632.10	-72,536.69	40.85%
Total 6100 · Benefits	138,605.91	358,000.16	-219,394.25	38.72%
6200 · Salaries				
6220 · Contingency/Temporary	0.00	0.00	0.00	0.0%
6230 · Regular Salaries	336,833.53	879,260.46	-542,426.93	38.31%
Total 6200 · Salaries	336,833.53	879,260.46	-542,426.93	38.31%
6300 · Insurance				
6310 · Property/ Auto Insurance	0.00	7,000.00	-7,000.00	0.0%
6320 · General Liability Insurance	33,197.95	32,500.00	697.95	102.15%
Total 6300 · Insurance	33,197.95	39,500.00	-6,302.05	84.05%
6400 · Board of Directors' Expenses				
6401 · Directors' Fees				
6401.5 · Payroll Taxes-Directors	2,442.50	0.00	2,442.50	100.0%
6401 · Directors' Fees - Other	31,518.00	78,718.78	-47,200.78	40.04%
Total 6401 · Directors' Fees	33,960.50	78,718.78	-44,758.28	43.14%
6410 · Mileage	1,607.45	4,000.00	-2,392.55	40.19%
6415 · Air Fare	0.00	2,500.00	-2,500.00	0.0%
6420 · Other Travel	122.00	500.00	-378.00	24.4%

San Bernardino Valley Water Conservation District
 Profit & Loss To Date vs. Annual Budget

	<u>Jul - Dec 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
6425 · Meals	1,720.21	2,500.00	-779.79	68.81%
6430 · Lodging	1,790.19	3,000.00	-1,209.81	59.67%
6435 · Conf/Seminar Registrations	2,039.00	5,000.00	-2,961.00	40.78%
6440 · Election Fees / Re-Districting	0.00	100,000.00	-100,000.00	0.0%
Total 6400 · Board of Directors' Expenses	41,239.35	196,218.78	-154,979.43	21.02%
6500 · Administrative/Staff Expenses				
6510 · Mileage	668.22	1,800.00	-1,131.78	37.12%
6515 · Air Fare	803.07	2,000.00	-1,196.93	40.15%
6520 · Travel, Other (rental car, taxi)	101.31	1,400.00	-1,298.69	7.24%
6525 · Meals	1,110.47	1,500.00	-389.53	74.03%
6530 · Lodging	2,090.58	3,000.00	-909.42	69.69%
6535 · Conf/Seminar Registrations	1,899.00	4,000.00	-2,101.00	47.48%
Total 6500 · Administrative/Staff Expenses	6,672.65	13,700.00	-7,027.35	48.71%
9999 · Contribution to Capital Maint.	0.00	280,500.00	-280,500.00	0.0%
Total Expense	860,097.70	2,875,799.06	-2,015,701.36	29.91%
Net Ordinary Income	480,819.03	-397,588.07	878,407.10	-120.93%
Other Income/Expense				
Other Expense				
7000 · Construction				
7010 · Materials	0.00	8,000.00	-8,000.00	0.0%
7050 · Basins- Capital Annual Repair	0.00	0.00	0.00	0.0%
7053 · HCP Endowment	0.00	0.00	0.00	0.0%
7055 · Plunge Creek Expansion	0.00	500,000.00	-500,000.00	0.0%
Total 7000 · Construction	0.00	508,000.00	-508,000.00	0.0%
7100 · Land & Buildings				
7110 · Property Capital Repairs	0.00	260,000.00	-260,000.00	0.0%
7130 · Mentone Property (House)-CapRep	0.00	0.00	0.00	0.0%
7140 · Mentone Property (Shop)-CapRep	0.00	50,000.00	-50,000.00	0.0%
7150 · Mill Creek Diversion	0.00	577,000.00	-577,000.00	0.0%
7160 · Mendoza Property	0.00	215,000.00	-215,000.00	0.0%
Total 7100 · Land & Buildings	0.00	1,102,000.00	-1,102,000.00	0.0%
7200 · Equipment & Vehicles				
7210 · Computer Hardware-Capital Purch	0.00	5,000.00	-5,000.00	0.0%
7220 · Computer Software	4,259.00	12,500.00	-8,241.00	34.07%
7230 · Field Equipment / Vehicles	32,009.42	150,000.00	-117,990.58	21.34%
7240 · Office Equipment	5,581.88	1,500.00	4,081.88	372.13%
Total 7200 · Equipment & Vehicles	41,850.30	169,000.00	-127,149.70	24.76%
7400 · Professional Services Capital				
7438 · Engineering Services-Other	0.00	135,000.00	-135,000.00	0.0%
Total 7400 · Professional Services Capital	0.00	135,000.00	-135,000.00	0.0%
Total Other Expense	41,850.30	1,914,000.00	-1,872,149.70	2.19%
Net Other Income	-41,850.30	-1,914,000.00	1,872,149.70	2.19%
Net Income	438,968.73	-2,311,588.07	2,750,556.80	-18.99%



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

Email: info@sbvwcd.org
www.sbvwd.org

Memorandum No. 1547

To: Board of Directors

From: Daniel Cozad, General Manager

Date: January 10, 2018

Subject: Statement of Investment Policy 2018

RECOMMENDATION

Staff recommends the Board review the Statement of Investment Policy and consider approval of policy for use for calendar year 2018.

BACKGROUND

In December 2015, the Board hired PFM Asset Management LLC (PFM) to review its existing policy and recommend revisions. Based on the investments the Board had at the time PFM revised the Districts' Statement of Investment Policy with a variety of changes. The Board approved those changes at their March 9, 2016 Board of Directors meeting. The Statement of Investment Policy prepared by PFM Asset Management LLC is included in package for review and approval.

DISCUSSION

Staff is implementing the existing policy and is not recommending revisions for 2018. The investment are performing as expected and the Board receives a quarterly report on investments in accordance with the policy. The Statement of Investment Policy calls for the Board to review annually the delegation of authority of the General Manager and consider renewal of that delegation. The Board updated that delegation in May 2017. If the Board does not have any recommended revisions to the attached Policy staff is requesting approval as presented renewing the policy and General Manager's delegation of authority for calendar year 2018.

FISCAL IMPACT

There is no cost to review and approve the Statement of Investment Policy for 2018.

POTENTIAL MOTIONS

1. Move to approve the Statement of Investment Policy for 2018.
2. Move to refer Statement of Investment Policy to the Finance & Administration Committee to discuss potential revisions needed to policy.

ATTACHMENTS OR MATERIALS

Policy 005-18 Statement of Investment Policy

BOARD
OF
DIRECTORS

Division 1:
Richard Corneille
Division 2: David E.
Raley

Division 3:
T. Milford Harrison
Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL
MANAGER

Daniel B. Cozad

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT STATEMENT OF INVESTMENT POLICY

Approval: _____

POLICY

This Investment Policy (the “Policy”) of the San Bernardino Valley Water Conservation District (the “District”) provides delegation and guidelines for the investment of the District’s surplus cash and reserves that are not required for near-term operational needs of the District. The District will invest these funds in such a manner as to comply with applicable state laws, including California Government Code Sections 53600, et seq. and Sections 53630 – 53686.

No investment shall be made unless authorized California Government Code Sections 53600, et seq. and Sections 53630 – 53686. The District shall utilize conservative investment vehicles consistent with its objectives and investment strategies identified and listed in this document.

1. SCOPE

The Investment Policy applies to all surplus cash and reserves that are not required for near-term operational needs of the District and all investment activities of the District except for the investment of bond proceeds, which are governed by the appropriate bond documents, and any pension, other post-employment benefit funds, or any other funds held in a trust that has a separate Investment Policy.

2. PRUDENCE

The standard of prudence to be used by those authorized to invest on behalf of the District will be the “prudent investor” standard and will be applied in the context of managing an overall portfolio. The “prudent investor” standard states that:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

3. OBJECTIVES

The primary objectives, in priority order, of the investment activities of the District are:

1. Safety—Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
2. Liquidity—The investment portfolio will remain sufficiently liquid to enable the District to meet its cash flow requirements.
3. Return on Investment—The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into consideration the investment risk constraints of safety and liquidity needs.

4. DELEGATION OF AUTHORITY

In accordance with Government Code Section §53607, the Board of Directors hereby delegates investment management responsibility for the investment program to the General Manager, for a one-year period. Subject to review, the Board of Directors may renew the delegation of authority pursuant to this section each year. The General Manager, and the General Manager's designees, will monitor and review all investments for consistency with this Investment Policy. The General Manager may delegate day-to-day investment decision making and execution authority to an Investment Advisor. Eligible Investment Advisors must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940. The Advisor will follow the Policy and such other written instructions as are provided.

Investments shall be limited to investments listed in this Policy or investments added to California Government Code with the approval of the Board. Further, any significant changes in investment strategy will be brought forth by the General Manager and/or Investment Advisor for consideration at a meeting of the Finance and Administration Committee (the "Committee"). If it is deemed necessary by the Committee, such changes in investment strategy may also be taken to the Board of Directors for approval.

5. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Employees and investment officials will disclose to the General Manager any material financial interests in financial institutions that conduct business within their jurisdiction, and they will further disclose any large personal financial/investment positions that could be related to the performance of the District's portfolio.

6. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The General Manager, or his/her designee, will maintain a list of financial dealers and institutions qualified and authorized to transact business with the District.

The purchase by the District of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of Financial Industry Regulatory Authority (FINRA), or a member of a Federally-regulated securities exchange, a National- or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The General Manager, or his/her designee, will investigate all institutions that wish to do business with the District, in order to determine if they are adequately capitalized, make markets in securities appropriate to the District's needs, and agree to abide by the conditions set forth in the District's Investment Policy and any other guidelines that may be provided. This will be done annually by requiring the financial institutions to submit in writing that they have read and will abide by the District's Investment Policy and submit its most recent Audited Financial Statement within 120 days of the institution's fiscal year-end.

If the District has retained the services of an Investment Advisor, the Investment Advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the District.

Purchase and sale of securities will be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, whenever possible.

8. AUTHORIZED AND SUITABLE INVESTMENTS

The District will limit investments in any one issuer, except for U.S. Treasuries, federal agencies, U.S. instrumentalities, and pooled funds (i.e., money market funds, local government investment pools, and LAIF), to no more than 5% regardless of security type.

Where this section specifies a percentage limitation for a particular security type, that percentage is applicable only at the date of purchase. Credit criteria listed in this section refers to the credit rating category (inclusive of modifiers) at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the General Manager, or his/her designee, will perform a timely review and decide whether to sell or hold the investment. If the District has retained the services of an Investment Advisor, the Investment Advisor will notify the General Manager of such a downgrade and will recommend a plan of action.

The following instruments are hereby authorized for investment by the District. If a type of instrument is not specifically authorized by this Policy, it is not a permitted investment.

1. **U.S. Treasuries.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. **U.S. Federal Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. **California State and Local Agency Obligations.** Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by two Nationally Recognized Statistical Rating Organizations ("NRSROs"). Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by an NRSRO. No more than 30% of the District's portfolio may be invested in municipal obligations (combined with other state obligations, as described in section 8.4).
4. **Other State Obligations.** Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by an NRSRO. Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by an NRSRO. No more than 30% of the District's portfolio may be invested in municipal obligations (combined with California state and local agency obligations, described in section 8.3).

5. **Bankers' Acceptances.** Purchases of bankers' acceptances will have a maximum maturity of 180 days. No more than 30% of the District's portfolio may be invested in bankers' acceptances. Eligible bankers' acceptances must be rated at least "A-1," its equivalent, or better by an NRSRO.
6. **Commercial Paper.** Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by two NRSROs. The entity that issues the commercial paper will meet all of the following conditions in either paragraph a or paragraph b:
 - a. The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated "A" or higher by an NRSRO.
 - b. The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper will have a maximum maturity of 270 days or less. No more than 25% of the District's portfolio may be invested in commercial paper. The City may purchase no more than 10% of the outstanding commercial paper of any single issuer.

7. **Medium-Term Notes.** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S. medium-term notes must be rated "A," its equivalent, or better by an NRSRO. No more than 30% of the District's portfolio may be invested in medium-term notes.
8. **Bank Deposits.** Funds may be deposited in federally-insured or collateralized bank deposits to include, but not limited to, demand deposit accounts, savings accounts, market rate accounts, and time deposits. To be eligible to receive District deposits, the financial institution must be located in California and comply with the requirements listed in Government Code Section 53630 et. seq. The General Manager, at his/her discretion, may waive the collateralization requirements for any portion that is insured by the Federal Deposit Insurance Corporation or by the National Credit Union Administration. The District shall have a signed agreement with any depository accepting District funds per Government Code Section 53649. The final maturity of time deposits may not exceed five years. There is no limit on the percentage of the portfolio that may be invested in bank deposits. However, a maximum of 50 percent of the portfolio may be invested in time deposits.
9. **Deposit Placement Services.** The District may invest a portion of its portfolio in deposits at a commercial bank, savings bank, savings and loan association, or credit union in the State of California (the selected depository) that uses a private sector entity that assists in the placement of deposits in the United States. The full amount of each deposit placed and the interest that may accrue on each such deposit will at all times be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). Additional required criteria for this investment type can be found in California Government Code Section 53601.8.

If the District also uses negotiable certificates of deposit (“CDs”) (described in section 8.10), the 30% limit applies to the combined total invested in negotiable CDs and with deposit placement services. The maximum maturity of these instruments may not exceed five years.

The District will monitor the financial institutions selected by deposit placement services to ensure that the District does not deposit more than the amount eligible for FDIC insurance in a single financial institution through non-negotiable CDs and deposit placement services. California Government Code Section 53601.8 expires January 1, 2021 unless legislation is enacted to extend the expiration date.

10. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally- or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Eligible negotiable CDs with maturities in excess of one year must be rated “A,” its equivalent, or better by an NRSRO. Eligible negotiable CDs with maturities under one year must be rated at least “A-1,” its equivalent, or better by an NRSRO. No more than 30% of the District's investment portfolio may be invested in negotiable CDs. If the District also uses a deposit placement service (described in section 8.9), the 30% limit applies to the combined total invested in negotiable CDs and with deposit placement services.
11. **State of California's Local Agency Investment Fund (LAIF).** The State Treasurer established LAIF for the benefit of local agencies. The District can invest up to the maximum amount permitted by the State Treasurer.
12. **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies will either:
 - a. Attain the highest ranking letter or numerical rating provided by not less than two of the three largest NRSROs or
 - b. Have an Investment Advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

No more than 20% of the District's portfolio may be invested in money market funds.

13. **Local Government Investment Pools (LGIPs).** Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive, of Government Code Section 53601. Each share will represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:
 - a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive of California Government Code Section 53601.

- c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

14. **U.S. Instrumentalities.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision must be rated at least "AA" by an NRSRO. No more than 30% of the District's portfolio may be invested in these obligations.
15. **Asset-Backed Securities (ABS).** A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. No more than 20% of the District's portfolio may be invested in ABS.

9. PROHIBITED INVESTMENTS

Investments not described herein, including but not limited to stocks, inverse floaters, range notes, mortgage-derived, interest-only strips, or any security that could result in zero interest accrual if held to maturity are prohibited for purchased by the District. The District will not leverage or borrow money for the purpose of investing.

10. INVESTMENT POOLS

The District will complete due diligence for any pooled investments the District invests in. The General Manager will collect and evaluate the following information for each pool/fund:

- Permitted investments and objectives
- Description of interest calculations
- Method/frequency of interest distribution
- Treatment of gains and losses
- Method/frequency of audits
- Description of eligible investors
- Limits/minimum account sizes, type of assets, transaction sizes, and number of transactions
- Limits on withdrawals
- Frequency of statements and reporting of underlying investments
- Reserves or retained earnings
- Fee schedules

11. COLLATERALIZATION

Collateralization is required for deposits. Deposits must be collateralized as specified under Government Code Section 53630, et seq. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. Funds may be deposited in active or inactive accounts, but may not exceed the total paid-up capital and surplus in any depository.

12. SAFEKEEPING AND CUSTODY

All deliverable securities owned by the District will be kept in safekeeping/custody by a third-party bank's trust department. All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the District's safekeeping/custody bank prior to the release of funds.

13. MAXIMUM MATURITIES

Maturities will be based on a review of cash flow forecasts. Maturities will be scheduled to permit the District to meet all projected obligations.

The District may not invest in a security that exceeds five years from the date of purchase unless the Board of Directors has provided at least 90 days prior approval for a specific purpose.

14. INTERNAL CONTROLS

The General Manager will establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15. PERFORMANCE STANDARDS

The District will establish a performance benchmark consistent with its investment strategy and supportive of its investment objectives.

16. REPORTING REQUIREMENTS

The General Manager shall submit a monthly report of investment transactions, if any, that is in accordance with California Government Code §53607. In addition, on a regular basis, the General Manager may provide the Board of Directors with a report that shall disclose, at a minimum, the following information about the risk characteristics of District's portfolio: A listing of District assets showing par value, cost, and market value of each security, type of investment, issuer name, credit quality, coupon rate, and yield to maturity at cost. This report may also include a statement of compliance with the Investment Policy, including a schedule of any transactions or holdings which do not comply with this Policy or with the California Government Code, if any, including a justification for their presence in the portfolio and a timetable for resolution, and a statement that the District has adequate funds to meet its cash flow requirements for the next six months.

These reports shall also contain any additional information as is requested by the Board of Directors.

17. INVESTMENT POLICY ADOPTION AND REVIEW

The District's Investment Policy is hereby adopted by the District's Board of Directors. This Policy will be reviewed annually by the Board of Directors and any modifications made thereto must be approved by the Board of Directors.

18. GLOSSARY

See attached **Appendix A.**

APPENDIX A GLOSSARY

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies. California Government Code Sections 53630 – 53686 et seq. mandate the collateral requirements for public funds in the state of California.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

APPENDIX A

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

Email: info@sbvwcd.org
www.sbvwcd.org

Memorandum No. 1548

To: Board of Directors

From: General Manager, Daniel Cozad

Date: January 10, 2018

Subject: District Board Priorities for 2018

RECOMMENDATION

Review, provide new or revised priorities, feedback and ranking or consider approval of the 2018 District Board Priorities.

BACKGROUND

The Board has set annual priorities since 2012. This process provides an opportunity for Board Members to discuss and prioritize District projects, tasks, and set goals based on staffing and other constraints. Each year since 2012 the Board has reviewed its priorities in January so they may be incorporated into District resource planning and budgets. The priorities are derived from the Board's Community Strategic Plan (CSP). Staff will present the updated priorities and status from 2017 and the Strategic Planning Goals approved in the 2017 Community Strategic Plan.

POLICY CONSIDERATION

For consideration staff prepared a draft priorities matrix for 2018 for the Board's review discussion and ranking. Staffing and funding are the primary limitations to existing and new priority tasks. Staff is proposing several new priorities based on the 2017 CSP Goals. The 2018 matrix includes an early completion goal and a likely completion date for discussion. The matrix also attempts to estimate resource needs and link to CSP Goal numbers.

ALTERNATIVES

Potential Board Actions include:

- Approve the 2018 priorities for incorporation into District budgets and plans.
- Provide specific feedback for staff to revise the plan
- Table the issue to a future meeting of the Board

FISCAL IMPACT

Planning efforts and staff costs are included in the approved 2017-2018 budget. Costs for the elements which are prioritized are included in the District budget to the extent possible. Additional efforts may be included in the 2018-2019 budget planning.

BOARD
OF
DIRECTORS

Division 1:
Richard Corneille
Division 2:
David E. Raley

Division 3:
T. Milford Harrison
Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL
MANAGER

Daniel B. Cozad

POTENTIAL MOTIONS

1. Move to approve the priorities as listed or with changes.
2. Move to direct staff on specific changes to incorporated into the plan and place it on the February agenda for approval.
3. Move to table the item to a future meeting of the Board.

ATTACHMENTS OR MATERIALS

2017 Final Priorities Report
Draft 2018 Priorities Matrix
2017 CSP Goals Table

SBVWCD Board Priorities for 2017

Priorities are special efforts or emphasis items for the General Manager and staff. These are in addition to core mission elements such as water spreading, conservation, and policy principals such as collaboration, transparency, sustainability and safety.*

No.	Area or Item	Status as of 12/31/17	Board Priority	Target Completion	Estimated Completion	Resource Needs	Links to	Plan Goal #
1	Regional Groundwater Sustainability Council Formed	Legal Review ongoing	1	Jun-17	Apr-18	👏👏👏 \$\$\$	➡	1/7
2	Wash Plan - Federal Register Publication	All Sections submitted	1	Apr-17	Feb-18	👏👏 \$\$	➡	2
3	Wash Plan - All Members Sign MOU	7 of 9 completed	1	May-17	TBD	👏👏👏 \$\$	➡	2
4	Wash Plan - Land Exchange HR-497 Committee Hearing	Approved, in Senate	1	May-17	Completed	👏👏 \$\$	➡	2
5	Wash Plan Implementation and Trust development	Completed	1	Jul-17	Completed	👏👏👏 \$\$	➡	2
6	Plunge Creek Conservation Project Permits	Field Meeting January	1	Jul-17	Mar-18	👏👏👏 \$\$	➡	1/2/4
7	Mill Creek Diversion Permitted (408, 404, 1600, ESA)	CEQA MND in June	1	Jan-18	Jul-18	👏👏👏 \$\$\$	➡	1
8	Updated Mining Agreement - CEMEX	Audit ongoing	1	Ongoing	Ongoing	👏👏 \$\$	➡	2/3
9	ESA Permitting for O&M at Mill Creek	Separate Permit	2	Ongoing	TBD	👏👏 \$\$	➡	1/2
10	Enhanced/Active Recharge Support Phase II	Phase 1 A1 complete	2	Ongoing	2020	👏 \$	➡	1
11	Trails Governance Agreement Development	MOU Deal Points	2	Feb-17	Feb-18	👏👏 \$\$	➡	5
12	Support Outreach/Conservation QWEL Training	Ongoing	3	Ongoing	Ongoing	👏👏 \$\$	➡	4/7
13	Update Strategic Plan based on workshop	Final Completed	3	Sep-17	Completed	👏👏👏👏	➡	6
14	Update Operations and Maintenance Manuals	Initial revisions	3	Nov-17	Completed	👏👏👏	➡	6

1	Must do in 2017 <i>as noted</i>
2	Do based on resources
3	If possible, as needed

On Schedule	Groundwater
Watch	Land/Wash Plan
Caution	District/GFE

* District Mission and Policy Principals are shown on the District website, boardroom and offices.

SBVWCD Board DRAFT Priorities 2018

Priorities are special efforts or emphasis items for the General Manager and staff. These are in addition to core mission elements such as water spreading, conservation, and policy principals such as collaboration, transparency, sustainability and safety.*

2018 DRAFT PRIORITIES

DRAFT 1/1/2018

No.	Area or Item	Status	Board Priority	Early Completion	Likley Completion	Resource Needs	Links to	Plan Goal #
1	Regional Groundwater Sustainability Council Formed	Draft FA and EAM	1	Apr-18	Jun-18	👏👏👏 \$\$\$	⇒	1
2	Plunge Creek Conservation Project Permits Bid Docs	Ongoing	1	Apr-18	Jun-18	👏👏 \$\$	⇒	1
3	Mill Creek Diversion Permitted (408, 404, 1600, ESA)	App submitted	1	Ongoing	Ongoing	👏👏 \$\$	⇒	1
4	Wash Plan - Federal Register Publication	Production/Review	1	Feb-18	Mar-18	👏👏👏 \$\$	⇒	4
5	Wash Plan Trails Governance Agreement	Draft deal points	1	Aug-18	Oct-18	👏👏👏 \$	⇒	3
6	Wash Plan - Land Exchange Act Senate Action	Senate E&NRC	2	Aug-18	Dec-18	👏👏👏 \$	⇒	4
7	Wash Plan Implementation Preserve Work Plan	Innitiate in 2018	2	Sep-18	Dec-18	👏👏 \$\$	NEW	4
8	Conservation Trust Support and Development	Ongoing	2	Ongoing	Ongoing	👏👏 \$	⇒	4
9	Update Groundwater Charge process	Ongoing	2	Mar-18	Apr-18	👏👏 \$	NEW	1
10	Plan and Develop colaborative project opportunities	Develop Concepts	3	Dec-18	May-19	👏👏? \$?	NEW	2
11	ESA Permitting for O&M Mendoza at Mill Creek	Consider approval	3	Dec-18	Dec-19	👏👏 \$\$\$	TBD	1/4
12	Outreach Plan Implementation	Plan Approved	3	Ongoing	Ongoing	👏👏 \$\$	NEW	5

1	Must Do in 2018 <i>as noted</i>	Relative Staffing Need	👏 -- 👏👏👏	👏 -- 👏👏👏	Groundwater
2	Do based on resources	Relative Financial Cost	\$ -- \$\$\$	\$ -- \$\$\$	Land/Wash Plan
3	If possible, as needed	Ongoing or New Links	⇒ or NEW	⇒ or NEW	District/GFE

* District Mission and Policy Principals are shown on the District website, boardroom and offices.

No.	2017 Strategic Planning Goals
1	Additional Recharge - Consistent with CSPG 1, increase stormwater recharge through maximizing District-owned facilities (aggressive recharge) then expand to support distributed community recharge in cooperative partnerships 2017-2022
2	Boundary Service Expansion - Consistent with CSPG 3, and supporting the mission and services of the District expand the District Boundary or Service Contracts by 2020
3	Trail Recreation - Consistent with CSPG 5, continue to work with District Partners and Communities to open wildland trails on District-owned lands with at least one trail open by 2020
4	Habitat Management - Consistent with SSPG 2 and working with the Conservation Trust, leverage the Wash Plan successes to expand habitat management support for Wash Area lands.
5	Outreach - Consistent with CSPG 4, expand efforts for opportunistic outreach and provide information to decision-makers (tactical issue)
6	Mining Area Reuse - Consider mining pit reuse and recharge needs (not a strategic issue)
7	Treatment Wetlands - Respond to opportunities for potential treatment wetlands areas compatible with the District's mission, (not found to be a strategic issue).

MEMORANDUM

TO: Board of Directors
FROM: David B. Cosgrove, General Counsel
DATE: January 5, 2018
FILE NO.: 015042-0001
RE: *City of San Buenaventura v. United Water Conservation District*;
Supreme Court Ruling on Groundwater Charges

I. INTRODUCTION

For some time, the San Bernardino Valley Water Conservation District (“SBVWCD”) has been following litigation brought by the City of San Buenaventura (more commonly known as the City of Ventura) against the United Water Conservation District, relating to groundwater charges. The case implicates constitutional questions on the nature of the statutory groundwater charges, what procedures are required to implement them, and what showings need be made to justify rate differentials in the charges.

As the case has worked its way through the judicial system, different levels of courts have reached markedly different conclusions regarding the charge, and its requirements. SBVWCD has attempted to conform its procedures and findings to these various rulings, as they have evolved.

The California Supreme Court has, on December 4, 2017, issued a final ruling on the case. The upshot of the ruling is that groundwater charges are not “imposed on persons as an incident of property ownership” under California Constitution Article XIII D (Proposition 218). That means that various procedural requirements regarding notifying each paying parcel of the charges, and making sure the charge does not exceed the proportional cost of the service attributable to the specific parcel, are no longer a concern.

The Supreme Court did rule, however, that these charges are subject to California Constitution Article XIII C (Proposition 26). That provision imposes a two-part test to exempt such charges from being considered “taxes” otherwise subject to voter approval:

1. The amount collected is no more than necessary to cover the reasonable costs of the governmental activity; and
2. The manner in which the costs are allocated to the payor bears a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Water Code section 75594 dictates that groundwater charges for non-agricultural uses be three to five times greater than agricultural uses. Given the proportionality findings the California Supreme Court held were applicable to groundwater charges, the continuing viability of this statutorily-mandated ratio is suspect. Indeed, the concurring opinion in the Supreme Court essentially pronounced it dead.

This memorandum treats the background of the case generally, with reference to how SBVWCD has attempted to implement it. It also analyses the impact of the ruling on our groundwater charge, and suggests strategies for how SBVWCD will treat groundwater charge processing on a going-forward basis.

II. COURSE OF THE LITIGATION

The United Water Conservation District established a groundwater charge zone to fund a water diversion project from the Santa Clara River. The City of Ventura objected, stating that it had wells within the zone that would not benefit from the project. The parties entered into a settlement agreement under which the City of Ventura would pay 1/3 of the non-agricultural rate (or equivalent to the agricultural rate). When that agreement expired, the United Water Conservation District eliminated the special zone, resulting in higher pumping rates for the City of Ventura. The United Water Conservation District charge complied with the Water Code section 75594 differential between agricultural and non-agricultural rates.

The City of Ventura challenged the charge on two grounds. First, it contended that the groundwater charges were a “property-related fee” under Proposition 218. Such fees require a notice to all parcels to be charged, are subject to majority protest hearings, and may not exceed the proportional cost of the service attributable to the parcel.

Second, the City of Ventura contended the charge was covered by Proposition 26, which requires the total amount of the charge collected not exceed the cost of providing the service, and more pertinently, that the charge must “bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” The City of Ventura contended that since it received no more benefit than payors remitting at the lower agricultural rates, these provisions were violated.

The trial court held the charges were “imposed on persons as an incident of property ownership,” and therefore subject to Proposition 218. It found no procedural violations on noticing or parcel-specific assessments, however, because given the nature of the pumping activity being charged, the court concluded there was no way the United Water Conservation District could attribute the costs of its conservation activities on a parcel-by-parcel basis. It also found the charges, in the aggregate, did not exceed the total costs of the conservation activity. However, it found Water Code section 75594 was unconstitutional, because the United Water

Conservation District failed to demonstrate costs relating to agricultural water were different than non-agricultural water.

The Court of Appeal reversed. It found that Proposition 218 was not applicable to groundwater charges. It concluded the charge was on the activity of pumping, rather than property ownership itself. It concluded the groundwater charge fit better into prior cases that held apartment inspection fees, sewer connection fees, and groundwater charges themselves were levied more upon activities undertaken by property owners, than upon property owners in their status as such. It therefore held proposition 218 did not relate to these charges. The Court of Appeal also upheld section 75594, indicating it did not discriminate between persons or parcels, and discriminated only between types of use, and that the City could avoid paying the higher charge by changing its use. The Court of Appeal ultimately found the charges complied with Proposition 26, because they did not exceed the total cost of providing the service, and bore a reasonable proportion to the payor's specific benefits and privileges.

The Supreme Court followed a split course. It upheld the Court of Appeal's conclusion that groundwater charges are not "property-related charges" under Proposition 218. It distinguished groundwater charges from direct water supply for residential uses, which prior cases had found was a "property-related" fee. (*Bighorn-Desert View Water Agency v. Verjil*, (2006) 39 Cal.4th 205.) Since the groundwater charge was not property-related, the Court did not entertain the inquiry whether the City of Ventura's charges paid borne a proportional benefit to the parcels charged.

The Supreme Court did, however, find that Proposition 26 applied to these charges. It noted the Court of Appeal found (and the City of Ventura did not contest) that the total amount of charges collected by United Water Conservation District were not in excess of that the needed to perform the service. Still, however, the Court held that the Court of Appeal failed to hold the district to the second part of the Proposition 26 test that, "the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." It held the United Water Conservation District bore the burden of proof on this issue, and remanded for further proceedings on that point.

The Supreme Court did not specifically overrule Water Code section 75594 and its 3:1 to 5:1 ratios. Implicit in the Court's reasoning, however, was that the Constitutional proportionality between benefits and burdens was paramount, and overrode the statute.

III. IMPACTS ON THE CONSERVATION DISTRICT

The history of this case may in retrospect help explain the strategies SBVWCD has taken in recent years regarding the levy of the annual groundwater charge. Because the applicability of Proposition 218, and whether the groundwater charge was a "property-related charge" was an open legal question, we have consistently taken a position that we did not believe Proposition

218 applies, but at the same time attempted to comply with all of its procedural prerequisites. As such, SBVWCD has provided mailed notice to all well owners and operators of the pending charge each year, and submitted the charge to majority protest hearings. In addition, because Proposition 218 requires identification to “parcel” owners of the amount of the charge, we have attempted to estimate semi-annual groundwater charges based on prior year’s production (albeit that the ultimate amount of the charge is determined by pumping activity, not our estimates).

We have also attempted to keep our agricultural and non-agricultural rates at levels consistent with Water Code section 75594. To try to reconcile the statute with constitutional requirements, we tried to supported this with findings regarding production differences between agricultural and non-agricultural uses. This was under the theory that SBVWCD “services” in assisting recharge essentially benefited agricultural and non-agricultural users similarly, so that on an overall, SBVWCD-wide basis, the proportion of benefit was not out of line with production differences that fit (roughly) within the statutory ratios.

In addition, our groundwater charge resolutions exempted production for purely residential purposes, or production of less than two-acre feed per year (the standard amount of household residential consumption). This was to avoid the *Bighorn* ruling that direct delivery for residential consumption constituted a “property-related charge,” and was therefore subject to Proposition 218.

IV. GOING-FORWARD STRATEGIES FOR GROUNDWATER CHARGE IMPLEMENTATION UNDER THE NEW RULING

Our groundwater charges are now clearly not subject to Proposition 218, but staff proposes to continue many of the noticing procedures it previously adopted. Although strict noticing to each payor is now probably not legally required, providing specific mailed notice to each well owner, and providing appropriate hearing processes, have fundamental fairness implications, and provide important steady communications between SBVWCD and those paying the charges. Staff proposes to continue these procedures, although the notices will likely no longer reflect the availability of a majority protest to disallow the charges.

To comply with Proposition 26, however, SBVWCD staff believes some things will have to change.

In part to make a responsible showing to our payors, we have always registered the total amount of groundwater charges proposed to be collected to be at or below the costs needed to provide the Conservation District’s overall groundwater services. This practice has effectively assured our compliance with the first Proposition 26 test, and will continue.

The agricultural v. non-agricultural rate differential is a different story, however. Total agricultural vs. non-agricultural production figures within the District’s boundaries are pushing

outside of the maximum ratios of Water Code section 75594, and if that trend continues, findings formerly used to justify compliance with the statute may no longer apply.

More to the point, SBVWCD has not historically segregated either facilities or groundwater charge efforts based on agricultural v. non-agricultural use basis. Because SBVWCD will bear the burden of proof on any differential in rate among its various payors, staff is currently contemplating recommending a unitary rate for all uses. We will also be looking closely at the findings within the annual groundwater charge resolution, and attempting to tie the charges both to the overall amount of funds required to provide SBVWCD's groundwater recharge services, and to try to substantiate a reasonable relationship between each payor's burdens and benefits received from that activity.

* * * *



General Manager's Report

For December 9, 2017 to January 4, 2018

Daniel B. Cozad

The following report covers the weeks between meetings and the efforts and activities during the reporting period.

- 1. Water Conservation – Plan Goal 1** – The Field staff recharged State Project Water flows throughout December but curtailing in January due to dry weather. Edison facilities are in operation, and no flood control activity has occurred in the month. Santa Ana recharge totals for the Water Year beginning October 1, 2017, total 6,600 AF with a small amount of intentional instream recharge. Virtually all of the flows are from State Project Water recharged in Santa Ana. Mill Creek recharge stands at about 1,700 AF with about 1350 AF from imported water.
- 2. Facility Maintenance and Cleanout – Plan Goal 1** – Field staff have been moving water in the Santa Ana basins to force drying to reduce algae growth. The Mill Creek diversion was used for flows while the treatment plant had maintenance. All basins have been cleaned for winter flows, some additional cleaning will be needed in the summer even if there are not significant flows this winter and spring.
- 3. Aggregate Management – Plan Goal 1** – Upland Rock is supporting JF Shea accepting rock and making sand for the pipeline and other facilities construction. They are also supporting basin cleaning.
- 4. Personnel/Administration/Staff** – Staff finalized and coordinated feedback on the Community Strategic Plan. Staff also prepared for priorities for the new year based on the new Community Strategic Plan. Staff will be preparing materials for the new year, tax and other issues.
- 5. Finance/Budget/Audit** – The District is implementing the budget for 2017-2018. Staff reinvested CD funds for 2-3 years based on the existing investment policy. Staff reviewed the current investment policy for renewal and did not identify any needed changes. Staff began planning for the 2018-2019 budget process and groundwater charge proposal.
- 6. Mill Creek Diversion Engineering – Plan Goals 1/4** – SBC Flood Control coordinated with USACOE for the Section 408 permit. All other permits will be timed to coordinate with the 408 permit.
- 7. Plunge Creek Restoration Conservation Project – Plan Goals 1/4** – Permit applications for the 401 and 404 permits were reviewed and a field visit is schedule for later in January. Staff met with tribal staff for AB-52 consultations for Plunge Creek Restoration.

- 8. Collaborative Enhanced Recharge Project – Plan Goal 1 –** J.F. Shea Construction continues construction on facilities and sedimentation basin and pipeline. Additional work will continue without impact to the District’s operations until the end of August 2018. The Enhanced Recharge Basins are programmed for 2020 with the improvements at the Cuttle Weir to follow the approval of the River Habitat Conservation Plan.



- 9. Groundwater Council – Plan Goal 1 –** The next Groundwater Council meeting is planned for January 8, 2018, so no written report appears in the package but staff can counsel will provide a verbal update. The staff has worked closely with commenters in updates to the Equitable Allocation Model and the Groundwater Council Agreement.

- 10. Wash Plan – Plan Goal 4 –** The Wash Plan has a separate report listed on the agenda.

- 11. Santa Ana River Wash Plan Land Exchange Act – Plan Goal 4 - S. 357 (Feinstein)** Bill hearing was in July before the Senate Energy and Natural Resources Committee. Staff, Board members, and lobbyists met with Feinstein's staff and senior staff from the Senate Energy and Natural Resources Committee. Feinstein, Cook, Aguilar and Committee staff worked hard to get the bill passed by unanimous consent before Christmas, however several Senators put holds on the bill. It is not known what the issues are that caused the holds but the most likley is that they have their own lands bills that they wanted to get passed. More information will be known in the next few weeks.

- 12. Conservation Trust – Plan Goal 4 -** The Conservation Trust Board of Directors met on October 9th, 2017. They addressed mitigation need for the District projects and Community Mitigation opportunities. Staff and District Legal Counsel have developed an initial draft of policy principals for Community Mitigation Projects to be considered by the Conservation Trust Board and the Conservation District Board. The staff has coordinated with City of Highland and development interests adjoining the Wash Plan for Community Mitigation needs and conservation easements.

- 13. Property/Redlands Plaza –** Staff continues to manage Redlands Plaza. Significant activity ensued as the sidewalks and paving was modified for ADA compliance and to address safety issues. The photos below show concrete and paving.



14. Mining – Mining efforts by CEMEX Contractors continue on the Plant Site quarry. CEMEX and the District are working on the verification of excavations using the jointly approved methodology. We are currently waiting on the LiDAR data, although the interpretation of the data done by CEMEX’s consultant looks logical.

15. Public Outreach and Legislative – *Plan Goal 5* – Staff continued working with the BTAC group on Conservation Outreach efforts, formerly iEfficient. The Outreach & Communications Committee finalized the Communication Plan with consultants. Staff worked on follow-up efforts related to the State Water Boards’ Dredge and Fill Regulations. Staff welcomed WMWD Staff to a tour of District Facilities and Seven Oaks Dam. A District Presidential Proclamation was prepared for the Retirement of Charles Roberts after 15 years at the Highland Community News. Photo courtesy of Socorro Pantaleon. The Proclamation was presented by Vice President McDonald at his retirement dinner on December 28th. This was Charles preference rather than attending a future Board Meeting.



16. Current Board Action Implementation – Most priority efforts have separate sections of the General Manager’s Report, or independent Board requested reports. Staff and District Counsel worked closely on EHL/CBD v. USACOE settlement as well as other closed session items. Staff continues to work on alternatives for toilet facilities for the Field Shop.

17. Future Board Activities – Expected short-term items for consideration or note

- Priority Setting from Strategic Plan in January
- EI and Groundwater Budget in February
- Review and consideration of approval of the Memorandum of Agreement with the BLM in 2018

18. District Successes

- Thanks to Angie for coordination and management of the concrete and paving work completed. Several unexpected plumbing and related landscape issues occurred and will follow on for repairs, but staff and the tenants are happy to have it completed.
- Special thanks to the staff, vendors and all who stretched to provide a nice holiday period and for some staff to take time off.

*President of the Board of Directors
of the
San Bernardino Valley Water Conservation District*

A PROCLAMATION

Commemorating Distinguished Service to the Region

WHEREAS, Charles Roberts has honorably served the people of the San Bernardino Valley, providing them with a steady flow of information important to the community; and

WHEREAS, He has served as editor of the Highland Community News for 15 years and covered local government in the East Valley of San Bernardino as a reporter for Century News Group since 1995; and

WHEREAS, Prior to his work with local newspapers, he was an experienced and award-winning television and radio newsman, winning an Emmy in 1989 for his work covering a gas line fire that burned several homes following a train wreck in the Cajon Pass; and

WHEREAS, He was also recognized in his industry and won five Golden Mike Awards for television and radio news; and

WHEREAS, He has been an ardent and longtime supporter of the Highland community, earning him the respect and appreciation as an unofficial and official ambassador for the City of Highland; and

WHEREAS, His impact in Highland community has been and will continue to be positive and enduring. He plans to use his retirement to carry on his service to the community as a volunteer for local organizations; and

WHEREAS, His particular interest and emphasis related to local water issues and habitat issues greatly assisted the public's understanding of water and natural resources and was highly valued by the District.

NOW, THEREFORE, I Richard Corneille, President of the Board of Directors of the San Bernardino Valley Water Conservation District do hereby proclaim our most sincere appreciation to Charles Roberts, for his significant service rendered to the community and support for the San Bernardino Valley Water Conservation District.

IN WITNESS WHEREOF, I have hereunto set my hand this Twenty Eighth Day of December 2017.

Richard W. Corneille

Richard Corneille, President
Board of Directors
San Bernardino Valley Water Conservation District

San Bernardino Valley Water Conservation District

Monthly Recharge Report

From: 12/1/2017
To: 12/31/2017



	December				
	Avg Daily Recharge	Monthly Recharge	Recharge YTD	BTAC Max*	% Max
Santa Ana River	0.8	26	26	156,000	0%
Mill Creek	7.0	218	218	93,600	0%
State Water Project	85.3	2,646	7,627	NA	NA
In River Channel Recharge**	0.0	-	-	NA	NA
Total	93	2,889	7,871	249,600	3%

Values in Acre Feet

*BTAC Revised Max in December 2017

**Monitoring began in Mid-April 2011

*** All Values Based on Water Year Oct-Sep 2018

