

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE BOARD OF DIRECTORS

March 16, 2016

1. CALL TO ORDER: 7:00 PM

2. PLEDGE OF ALLEGIANCE

3. DETERMINATION OF QUORUM: Victoria Fuller Present
Bob Johnson Present
Mickey Luckman Present
Mike Reynolds Present
Rebecca Unger Present

STAFF PRESENT: Curt Sauer, General Manager
Susan Greer, Assistant General Manager/Controller
Seth Zielke, Director of Water Resources and Operations
Keith Faul, GIS Coordinator

CONSULTANTS PRESENT: Kathleen Radnich, Public Outreach Consultant
Gil Granito, District Counsel, Redwine & Sherrill

GUESTS 5

4. APPROVAL OF AGENDA

MSC Luckman/Reynolds, 5/0 to approve the agenda for the March 16, 2016 meeting.
Amended to move Agenda item 7 to Agenda item 8 until Mr. Metts arrives. Board will first proceed with Agenda Item 8.

Fuller	Aye
Luckman	Aye
Johnson	Aye
Reynolds	Aye
Unger	Aye

5. PUBLIC COMMENT
No public comment

6. CONSENT CALENDAR

MSC Luckman/Johnson, 5/0 to approve Draft Minutes of the March 2, 2016 regular Meeting of the Board of Directors.

Fuller	Aye
Luckman	Aye
Johnson	Aye
Reynolds	Aye
Unger	Aye

7. PRESENTATION AND DISCUSSION OF DRAFT CAPITAL IMPROVEMENT PLAN

Recommend that the Board receive for information only.

GM Sauer read the staff report for the Capital Improvement Plan that Mike Metts, Dudek Engineering, will be presenting on the Plan, including review of the methodology and ramifications for current and long term infrastructure maintenance, repair and replacement.

COMMENTS

Director Reynolds commented that this is a much needed dose of reality and he liked the analogy at \$500,000 per year it will only take 174 yrs. It hits hard and we need to start now and in 174 years we will have replaced them twice.

Mike Metts clarified that the 174 years was just to take the pipes that are smaller, which are the 4's and 6's that need to be increased to 8's. The second number was another 160 years to replace what's left.

Director Johnson expressed appreciation for the CIP planning.

Director Unger commented on how impressed she was by the work that went into this, the thoroughness of the CIP

President Fuller stated this is a first real baseline she has seen since being with the water district. It really is a great analysis of what we have and gives us a starting approach to it.

PUBLIC COMMENT

Gary Given, Joshua Tree: In the \$500K, and in the \$2M constant expenditure figure, are you building in inflation within the cost?

Mike Metts explained that it is tied to current dollars and to the Engineering News Record Construction Cost Index. So as these projects go forward, it's a living document, the ideal thing would be to update those as we go each year or every other year. But as the project comes up we can use the Engineering Cost Index to estimate what the numbers would be. Again before anything gets built, there is a process of preliminary design, design and developing true cost of what really needs to be done.

Gary Given, Joshua Tree: There is an engineering cost increase in the next 174 years.

Mike Metts confirmed that there is, but it would be unnecessary at this point to try and estimate those increases.

President Fuller commented that when we looked through it last time this was hopefully on the high side, When you got down to each project you would expect it to be, at least this year, under that cost.

Mike Metts replied that in Appendix B there are summary sheets. In this summary sheet there's the construction cost and a spreadsheet behind each of the summary sheets. We estimate the construction cost and then we add into that the contractor's cost, overhead, profit, insurance and bonds. Then we add in the soft cost, design, environmental, construction management, administrative and legal costs and if there are easements. These get added in and give us the overall number and because it's a planning number, we want that number to be conservative. We want that to be a number so that when you plan your budget you put in enough money to cover the project. Then when we bid it and take the lowest bid so the idea here is to be slightly conservative and come in under that number so you are never in a situation that you are over and didn't budget enough money to do the project.

GM Sauer commented on production and distribution, which did not include the shop, office building or the 5 emergency generators (between now and 2020 will be out of compliance with air quality regulations) and the most recent figure of \$1.6M to replace them. Our current rate structure enables us to do some operations or most of our operations up until this point. We have a new Director of Operations who is coming up with a new budget that identifies items that need to be done on an operational basis. We can import 500 acre feet of water with our existing rate structure per year. The Urban Water Management Plan, in my opinion, will indicate to the Board that we should be importing at least 1,100 acre feet per year. The current rate structure could fund a \$5M loan, pay the principal and interest and that \$5M would allow us to replace, using these estimates, 2 ½ miles of 4" pipeline rather than 13 miles of pipeline that was previously speculated. This is information that is changing the way we need to look at our running the district and I am hopeful that the Board, sometime in April, could have a planning session or a strategy session. Not to necessarily revisit the strategic plan but to move 2 or 4 years beyond the original strategic plan and take a look at where you want us to go. If we need to do \$500K a year in production and we are currently putting \$200K a year into the Pump Reservoir Maintenance Reserve Fund so we are \$300K short. If we want to do \$2M of pipeline replacement per year, after the first two or three years, we need to look at it and maybe that rate structure would enable us to continue to replace enough pipeline to spend that would cost \$1M to \$2M. We are getting information, rather than have a plan like the 2010 Urban Water Management Plan, that we didn't really look at until the Governor's Drought Restrictions. We need to look at where the Board wants us to go with the District, not only routine, annual and daily operational but capital improvement and maintaining it correctly.

Acting as Secretary GM Sauer called a special meeting on April 11, 2016 from 10a.m to 2p.m. at the Helen Grey Center to go over all information presented tonight.

PUBLIC COMMENT IS CLOSED

8. **DISCUSSION ON MOVING START TIME OF REGULAR BOARD MEETINGS** Recommend that the Board direct GM whether to leave regular meeting time:

Director Unger stated that because most elected Boards meet at 6 p.m. this should be the basis for discussion.

Director Johnson commented that Day Light Savings Time might be nice for a break and to go back when the clock goes back.

Director Reynolds commented that it has been 7 p.m. for his whole tenure and he is used to the time. As a working person, it gives him time to go home and change for the meeting.

Vice President Luckman stated that many times in the past few months, the Board gets home at 10:30 p.m. which is really late. 6 or 6:30 p.m. makes much more sense and doesn't think that 6:30 would be that much of a hardship on the public.

President Fuller commented that they could try 6:30 p.m. for a while and see how that goes and recognizes that it is much more difficult when people are working.

PUBLIC COMMENT

Richard Fountain, Joshua Tree: At one time, the Board tried shifting it but it didn't work and very seldom have the meetings gone past 9 p.m. or 10:00 p.m. Personally I would leave it at 7:00 p.m.

Karen Morton, Joshua Tree and Citizens Advisory Council member: Is flexible with the time but the time change needs to work for everyone.

PUBLIC COMMENT IS CLOSED

President Fuller suggested that 6:30 p.m. might work and if it proves to be too difficult for some of the Directors that we may need to relook at it again.

Director Reynolds agreed with the time change.

Director Unger commented that 6:30 p.m. is a good compromise.

District Council Gil Granito suggested to the time change to the Agenda for the next Board meeting for a formal action, a resolution that amends the regular meeting start time within the Administrative Codes accordingly. Add a Resolution to the next Board meeting Agenda at 6:30 p.m.

GM Sauer stated that currently the Administrative Code states that the Board meets at 7:00 p.m. So if we move to 6:30 p.m. then we are going to change the Administrative Code and this will be what the Resolution speaks to. Then after two meetings and you decide that it's not working and go back to 7:00 p.m. then we will need to do another Resolution to move it back to 7:00 p.m. correct?

District Council Gil Granito stated that if it doesn't work than the BOD can write another Resolution to change it back to 7:00 p.m.

President Fuller suggested that the Board bring it back to the table to see how the new time is working for everyone. If the time isn't working then the Board will type a new Resolution to change it back to the original time.

MSC Luckman/ Unger, 3/2 to approve the Board meeting start time to 6:30 p.m.

Fuller	Aye
Luckman	Aye
Johnson	No
Reynolds	No
Unger	Aye

9. STANDING COMMITTEE REPORTS:

- A. LEGISLATIVE AND PUBLIC INFORMATION COMMITTEE: Vice President Luckman and Director Unger: Kathleen Radnich, Public Outreach Consultant to report. Next meeting is scheduled for April 6, 2016. Kathleen Radnich gave update on Water Education Day.
- B. FINANCE COMMITTEE: President Fuller and Director Johnson. Next meeting is scheduled for March 28, 2016 Public is invited.
- C. WATER RESOURCES & OPERATIONS COMMITTEE: Vice President Luckman and Director Johnson. Next meeting is scheduled for March 28, 2016.

10. DISTRICT COUNSEL REPORT

No Report.

11. GM REPORT: GM Sauer gave the report and stated that the State Water Resource Board could possibly lift the conservation restrictions, especially in the Northern part of the state. March to October this District has to make a 20% reduction in production. From June 2015-February 2016 we are at 22.5%, which should be maintained for this year as well. GM Sauer met with County and Environmental Health and discussed wells and NextEra and if they are proposing to put a well in within a ¼ mile of well 16. There is an ordinance that states we have to review any well permits within a ¼ mile of any well. NextEra is in the process of finalizing their well permit and would be sending it to the County. GM Sauer was assured by the County that he will be advised when that has been received.

Director of Operations Zielke stated that as of today they had completed the floor cleanings of four reservoirs, inspections and subsequent coating application. Upon preliminary inspection we can go another 3 years.

12. FUTURE DIRECTOR MEETINGS AND TRAINING OPPORTUNITIES
 - A. Mojave Water Agency Board of Directors Meeting March 24, 2016
 - B. ASBCSD Meeting March 21, 2016

13. DIRECTOR REPORTS ON MEETINGS ATTENDED, COMMENTS/FUTURE AGENDA ITEMS

Director Johnson thanked Mike Metts and staff for the CIP and thank you to the MAC for a great job. Vice President Luckman reported on the Morongo Basin Pipeline Commission meeting last week that had election of officers and Vice President Luckman is the Chairwoman. President Fuller attended the Mojave Water Agency Board meeting on March 10, 2016. Main focus of the meeting was their forecast and tax assessments for 2016 and 2017.

President Fuller added to the next Board meeting Agenda the election of one of three candidates for the position of a regular Special District Member of the Local Agency Commission (LAFCO).

CLOSED SESSION

14. At this time the Board will go into Closed Session pursuant to Government Code Section 54957.6 to consult with the Board's designated representatives (Ad Hoc Negotiation Committee (Director's Johnson and Unger) with regard to potential compensation adjustments/increases to the District General Manager.

REPORT ON CLOSED SESSION

General Counsel reported that at approximately 8:20 p.m. the BOD went into Closed Session for the purpose set forth in Item 14 of tonight's agenda to consult with the Board's designated representatives Ad Hoc Negotiation Committee (Directors Johnson and Unger) with regard to potential compensation adjustments/increases to the District's General Manager. Final action on any such adjustments would be considered at a future open session of a Regular Board Meeting. The Closed Session ended at approximately 8:44PM and the Board returned to the Open Session.

15. ADJOURNMENT
MSC Unger/Reynolds, 5/0 to adjourn the Regular Meeting of the Board of Directors of March 16, 2016 at 8:45 PM.

Fuller	Aye
Luckman	Aye
Johnson	Aye
Reynolds	Aye
Unger	Aye

Respectfully submitted:


Curt Sauer, GM and Board Secretary