

Bighorn-Desert View Water Agency

Board of Directors

Michael McBride, President
Judy Corl-Lorono, Vice President
David Larson, Secretary
Terry Burkhart, Director
J. Dennis Staley, Director

Marina D West, PG, General Manager



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A Public Agency

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BOARD OF DIRECTORS' REGULAR MEETING MINUTES

BOARD MEETING OFFICE
1720 N. Cherokee Trail, Landers, CA 92285
Tuesday, November 27, 2012 - 6:00 p.m.

CALL TO ORDER

Meeting convened by Board President Michael McBride at 6:00 p.m.

PLEDGE OF ALLEGIANCE

Led by Jimmy Biggerstaff

ROLL CALL

Directors Present: David Larson
 Judy Corl-Lorono
 Michael McBride
 Terry Burkhart
 J. Dennis Staley

Staff Present: Marina West
 Michelle Corbin

APPROVAL OF AGENDA

Motion to approve the agenda.
MSC¹ (Larson/Burkhart) unanimously approved.

PRESENTATION OF THE AGENCY FINANCIAL AUDIT FOR FISCAL YEAR 2011-2012

Ken Al-Iman of Mayer Hoffman McCann P.C.(MHM) presented his report of the financial audit for fiscal year 2011-2012. Mr. Al-Iman began his presentation with important sections found within the Comprehensive Annual Financial report (CAFR).

The Management Discussion Analysis (MDA) is prepared by management. This section gives definition to the numbers within the financial statements. He clarified that the auditors are not to express their opinion on the MDA information because it is interpretive commentary of the numbers. However they have expressed their opinion on the basic financial statements because these statements are built upon the accounting records subject to the audit tests they conducted. Another important section of the audit report is the statistical section. This section is a selection of various operational analyses performed by staff and incorporated as an appendix to the

annual financial report. Like the Management Discussion Analysis, the auditor is not permitted to express an opinion on this section because it is non-financial, operational data.

The financial statements presented today to the Board show the strength of the Agency's financial condition. At fiscal year end the Agency had over \$880,000 worth of cash and investments and at year-end, June 2012 the Agency's revenue exceeded its expenses by over \$300,000. Funds generated by Agency operations were invested in capital facilities within the agency and funded operational and replacement reserves.

Operational revenue was the same as the prior fiscal year. The ID 1 Ad Valorem Taxes increased by about \$70,000 due to the actions of the Agency Board the prior year. This action provided for the operational needs ID 1. Capital grant revenue was smaller as the grant was exhausted during the fiscal year. Other positive highlights contributing to the expense portion of the financial statements are factors such as the Agency's ability to come under budget this past fiscal year.

Mr. Al-Iman went on to state that the purpose of the audit is to draw a conclusion about the risk of whether or not the financial statements contain significant misstatements. This risk is measured by a direct test of the account balance in the accounting records. Also the auditors evaluate and test the affectedness of the accounting process.

When finished performing an audit of the numbers of the accounting records MHM will communicate to the Agency anything found in the accounting process that is of serious and grave concern. The auditing standards identify problems such as difficulties in performing the audit, disagreements with management about the financial reporting practices, material misstatements that are detected by audit tests and material weaknesses with the internal controls. Mr. Al-Imam stated that he is pleased to report that none of these conditions were noted in this year's audit.

Mr. Al-Imam concluded his report noting that last year was the first time the Agency submitted a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Associations Award for Excellence in Financial Reporting Program. This is the highest recognition that a local government can receive for its financial reporting practices and acknowledged the great commitment on the part of the staff to pursue this award.

Director Staley stated that the report is commendable.

President McBride stated the Agency will submit this report to USDA demonstrating that the Agency has met their requirements. In years past MHM had many recommendations and that he appreciated this year's audit.

West stated that she was satisfied with the audit and thanked Gayla Blanton for her contributions towards helping the Agency receive the Government Finance Officers Associations Certificate of Achievement for Excellence in Financial Reporting.

No Public Comment

MOTION NO. 12-078

(After brief Board discussion), Director Larson made a motion to receive and file the Agency Financial Audit for fiscal year 2011-2012 conducted by Mayer Hoffman McCann P.C.. Vice President Corl-Lorono seconded the motion.

MSC¹ (Larson/Corl-Lorono) unanimously approved.

REQUEST FOR WATER SERVICE TO PARCEL NO. 635-101-02

General Manager West gave the staff report.

No public comment.

MOTION NO. 12-079

(After brief Board discussion), Director Staley made a motion to deny the applicant's request for variance to extend a service line greater than 700 feet (est. 1000 feet) from Ming Road to parcel No. 635-101-02 which lies outside the boundaries of Improvement District 1. The motion was seconded by Director Burkhart.

MSC¹ (Staley/Burkhart) unanimously approved.

AMENDING THE EMPLOYEE HANDBOOK

General Manager West gave the staff report. GM West noted several of the changes in the amended Employee Handbook had been previously approved by Board motion or have been through the finance committee. All other comments received have been incorporated.

Director Staley commended the group for making the suggested changes.

President McBride noted the handbook contains guidance on employee use of Agency electronic media and he is glad we addressed it.

No Public Comment.

MOTION NO. 12-080

(After brief Board discussion), Director Larson made a motion to adopt Resolution 12R-32 amending the Employee Handbook for purposes of establishing the policy/procedure for cost of living increases, modification of holiday provisions, and modifying/correcting /adding job descriptions and establishing and organizational structure. Director Burkhart seconded the motion.

MSC¹ (Larson/Burkhart) motion carried.

Adjourned for a Break at 6:44 p.m. - Reconvened from Break at 6:56 p.m.

AMES/RECHE GROUNDWATER STORAGE AND RECOVERY PROGRAM – RECEIVE AND FILE EXECUTED FEDERAL, STATE AND LOCAL PERMITS FOR THE PROJECT.

General Manager West gave the staff report. GM West noted the cost stated in the upper right hand corner of the staff report is incorrect. This is a no cost item. She continued with a brief description of each permit and notice being received by the Board. GM West summarized the project schedule.

No public comment.

MOTION NO. 12-081

(After brief Board discussion), Vice-President Corl-Lorono made a motion receive and file Board to receive and file various permits and notices obtained for the Ames/Reche Groundwater Storage and Recovery Program identified as:

- a. Letter of "Non-jurisdictional" Authority; County of San Bernardino, Department of Public Works, July 2010.*
- b. Approved Jurisdictional Determination regarding presence/absence of geographic jurisdiction (pertains to Section 404 Streambed Alteration); U.S. Army Corps of Engineers, June 10, 2011.*
- c. Streambed Alteration Agreement (Section 1600); California Department of Fish and Game, August 2, 2011.*

- d. *National Environmental Policy Act (NEPA) – Decision Record; U.S. Department of the Interior, Bureau of Land Management, August 2012.*
- e. *National Environmental Policy Act (NEPA) – Finding of No Significant Impact (FONSI); U.S. Department of the Interior, Bureau of Land Management, August 2012.*

Director Larson seconded the motion.

MSC¹ (Corl-Lorono/Larson) unanimously approved.

PROPOSAL TO MODERNIZE BIGHORN-DESERT VIEW WATER AGENCY LAW (CALIFORNIA WATER CODE APPENDIX 112 AND RELATED WATER CODES)

General Manager West gave the staff report. In January 2012, after some analysis by both the audit attorney and following several public meetings the Board directed staff to solicit assistance from the State Legislature to pursue a revision of the Bighorn-Desert View Water Agency (BDVWA) Law. The request involves repealing one sentence found within Section 33305 maintaining that henceforth from consolidation the Agency shall keep the finances of the predecessor entities separate.

For approximately five years it has been disclosed publically that the Agency has not complied with this section however the Agency has always maintained separation of the debt of the predecessors. The Agency was successful in receiving approval from a member of the legislature to carry what is called a “spot bill” that can be tagged onto larger legislation. The timing of the Boards decision to pursue this issue was decided in January of 2012 and proposals to the legislature were due November of 2011. For this reason the “spot bill” was pulled and at that time the Agency was asked to seek support of our proposed spot bill from entities such as the California Special Districts Association, the Association of California Water Agencies and the Local Agency Formation Commission (LAFCO). A favorable analysis was received from the Association of California Water Agency stating the rule should have never applied to BDVWA. The California Special Districts Association has verbally expressed their support for the spot bill. President McBride and GM West met with San Bernardino LAFCO where it was suggested the entire BDVWA Law be modernized. LAFCO also stated their support of the effort and will help by reviewing the draft of the revised BDVWA Law and also explain to Cal LAFCO the necessity of the change. During this meeting it was also noted; “the day Bighorn and Desert View remain separate is over” and it was also stressed the importance of community unification and solidarity. GM West feels that LAFCO’s suggestions should be taken seriously.

Recently, legislative staff stated if all goes well with attracting support, the backing of the spot bill and modernized law could continue. GM West concluded her report citing particular wording within the current BDVWA Law that justifies an effort to modernize it.

Mike Lipsitz requested the name of the State Senator tapped for assistance.

MOTION NO. 12-082

(After brief Board discussion), After Board discussion, Director Larson made a motion to Direct staff to continue processing request through the State Legislature to pursue a revision to Bighorn-Desert View Water Agency Law (California Water Code Appendix 112 & Related Water Codes) retroactively repealing, in part, Section 33305; and Authorize staff to proceed with modifications/updates to “modernize” the Bighorn-Desert View Water Agency Law (California Water Code Appendix 112 and Related Water Codes) as requested by San Bernardino Local Area Formation Commission Executive Officer. The motion was seconded by Director Corl-Lorono.

MSC¹ (Larson/Corl-Lorono) unanimously approved.

DISBURSEMENTS OCTOBER 2012

No Public Comments.

Director Burkhart made a motion to ratify the Disbursements (Check Register - Payment of Bills) for October 2012. Director Larson seconded the motion.

MSC¹ (Burkhardt/Larson) unanimously approved.

CONSENT ITEMS

- a. Financial Statements October 2012
 1. Balance Sheet
 2. Statement of Revenue and Expense
 3. General Account (Union Bank)
 4. Disbursements
 5. Local Agency Investment Fund Balance Timeline
- b. Consumption & Billing Comparison Report, October 2012
- c. Service Order Report, October 2012
- d. Production Report, October 2012
- e. Special Board Meeting Minutes, October 16, 2012

No Public comment.

Director Burkhart made a motion to approve consent items a - e. The motion was seconded by Director Larson.

MSC¹ (Burkhardt/Larson) unanimously approved.

PUBLIC COMMENT PERIOD

No Public Comment.

VERBAL REPORTS

Director Staley reported that he and the General Manager went to the Mojave Water Agency meeting and was pleased to see much support of Bighorn-Desert View Water Agency. Director Staley also stated that he recently attended a Mojave Water Agency tour.

Director Larson reported that on November 7, 2011 he had attended the Hi-Desert Water Agency meeting where they discussed their Emergency Management System. He suggested that GM West take a look at this system.

President McBride reported that he had represented Bighorn-Desert View Water Agency at the recent California Special Districts Association conference in San Diego. While there he attended a Fair Labor Act workshop and noted with regards to safety the Agency should always error on the side of being safe. He also attended their Ethic Training course as well as a Proposition 218 seminar.

Director Corl-Lorono reported on the Alliance for Water Awareness and Conservation meeting she had recently attended. The meeting mentioned that similar to the "Cash for Grass" program they are looking for suggestions for a large project in the future.

FUTURE AGENDA ITEMS

No future agenda items were requested at this time.

ADJOURNMENT - President McBride adjourned the meeting at 7:54 p.m.

Approved by:



David Larson, Secretary of the Board

MSC¹ – Motion made, seconded, and carried.