

AGENDA  
REGULAR MEETING  
BOARD OF DIRECTORS  
BEAR VALLEY WATER DISTRICT  
Monday March 15<sup>th</sup>, 2010

Place: 441 Creekside Drive, Bear Valley, CA 95223

Time: 1:00p.m.

- A. Roll Call
- B. Approval of February 2010 Minutes
- C. Public Comment (no action can be taken by the Board on non-agenda matters)
- D. Correspondence
- E. Office Manager's Report
  - 1. Review of financial activities reports for February-March
  - 2. Request to pay the accounts payable as presented
- F. General Manager's Report
  - 1. Review of plant operations
  - 2. Review of transient voltage episode
  - 3. Bloods Creek Stream Gaging, update
  - 4. Chlorine contact tank project, update
  - 5. Main Pump House flood control options, update
- G. Unfinished Business
  - 1. Report of waste discharge, update
  - 2. Rate study, update
  - 3. Forest Service agreement, update
  - 4. Capacity Study, possible need for disposal land acquisition, action item
  - 5. Report on Peaking factors
  - 6. Design Standards, action item
  - 7. By-law Committee, update
  - 8. Financial Oversight Committee, update
  - 9. Community request of call in capability
- H. New Business
  - 1. Ordinance No. 72, Temporary sewer service rates, action item
- I. Board Members Reports & Comments
- J. Adjournment

Minutes  
Bear Valley Water District  
Board of Directors Regular Meeting  
March 15, 2010

Place: 441 Creekside Drive, Bear Valley, CA 95223

Time: 1:00p.m.

President Ritchie called the Meeting to order at 1:10p.m

Roll Call; Directors present, President Ritchie, Directors Bissell, Davis, Coffman, Nelson

Staff Present: General Manager, Julio Guerra  
District Engineer, Gary Ghio  
Office Manager, Tia White

Guests included, Barbara Goodrich, Gary Hinman, Eric Jung, Chuck Toeniskoetter

Approval of Minutes:

- Corrections: Director Davis asked that Roll Call be listed at the top of the page. Barbara Goodrich said that she thought that the 2009-2010 Budget had been approved at the February 15<sup>th</sup> Board Meeting but that was omitted from the minutes. The Office Manager had technical problems with the tape at the February Meeting and accidentally left the vote on that item out of the minutes. After checking with the written notes the vote was confirmed and then entered into the February Minutes. On motion by Director Davis and seconded by Director Bissell the minutes for February 15, 2010 were approved by unanimous vote.

Public Comment & Correspondence

- No Public Comment
- The General Manager stated there were two relevant correspondence items: a letter from him to Patty Clarey of the Forest Service which will be discussed under unfinished business item # 3, Forest Service agreement, update, and a letter from the Carpenter's Union to the Regional Water Quality Control Board commenting on the District's request for an extension of the Time Schedule Order for Copper which can be covered under unfinished business item # 1, Report of Waste Discharge, update.

Office Manager's Report

- Board members went over the balance sheet and financial statements. President Ritchie asked about a bill for \$3,522.50 due to ECO:LOGIC. The General Manager recommended removing it from the list and stated it would be discussed under unfinished business item #8, Financial Oversight Committee, update. Director Nelson asked if the Board could just receive one statement on the unpaid bills and that he preferred the Quick Books format. President Ritchie asked for information on the SDRMA bill. The Office Manager stated it was our new workman's compensation insurance carrier.

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Office Manager's Report continued-

- After deletion of the ECO:LOGIC bill, the total of Unpaid Bills was reduced from \$33,842.38 to 30,319.88. Payment of the accounts payable in the amount of 30,319.88 was approved on a motion by Director Nelson and seconded by Director Coffman. The vote in favor of the motion was unanimous.
- Barbara Goodrich, member of the Financial Oversight Committee said that she has a new proposal for the board to change the way the district pays its monthly bills and will go over this item under unfinished business item #8, Financial Oversight Committee, update.

General Manager's Report

Plant Operations

- The General Manager informed the Board that for the month of February we were able to continue with a 30 gpm transfer from the Treatment Pond to the Storage/Polishing Reservoir. To prepare for snowmelt, on March 2<sup>nd</sup> transfer to the Storage/Polishing Reservoir was increased to 100 gpm, and because we are splitting the flow 70 gpm to the 12-inch transfer line and 30 gpm to the 6-inch transfer line, we are maintaining the correct detention time. We have increased our frequency of testing for parameters that are of interest to the State for the report of waste discharge and for future NPDES permit discharges.

President Ritchie said, so we are transferring low volume continuously rather than high volume intermittently? The General Manager said, "exactly." President Ritchie asked how it was affecting our PG& E bill. GM stated there are two factors affecting our PG&E bill, continuous transfers and the fact that Jodie is not doing late checks and that the blowers are running a little longer. GM will be doing a cost analysis on this item.

- Review of transient voltage episode Staff Report  
Upon arrival to the office on March 03, 2010, GM discovered that our telephone system and internet modem were severely damaged. The building had almost burned down. After waiting most of the day for AT&T, they finally arrived, and after a few hours of investigation said there was still uncontrolled voltage in the telephone system. Therefore, it was a PG&E problem. Mr. Dennis Murch of PG & E arrived at 1830 hrs. He found uncontrolled voltage measuring 700 volts entering the building, even after he shut off power to the building. Rick Stevens and Denver Stoner of Bear Valley Sheriffs & Fire station responded on standby to the scene. Upon investigation it was determined that there was a malfunction of the capacitor bank on the power pole behind our building and that the nearest receptive ground was our phone line. A list of the damages, reports and pictures are available at the district office. GM stated that we are just starting to get back to normal.

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President Ritchie asked if PG& E had accepted responsibility for this incident. GM stated that PG&E is responsible due to the malfunction but we have turned it over to our insurance company to handle. GM stated that to date we are approximately in the \$2000.00 dollar range in damages and PG&E should reimburse us.

He also apologized for John Hamilton of The Pinetree.net not coming and would check as to why he was not available for this meeting.

- Bloods Creek Stream Gaging, update  
Balance Hydrologics will be contacting Neal Colwell for information on this project. This item will be carried over.
- The Chlorine Contact project is still a work in progress and we are planning on installing the tank after April 15 when the cross-country ski season is over. GM asked if Mr. Chuck Toeniskoetter had any input. Mr. Toeniskoetter stated that the area where the tank would go and the roads to get out there are in a sensitive state after snowmelt and they need to dry out before being driven on. GM stated that we have to stay in compliance with the State as far as coliform levels and Inflow and Infiltration can make that difficult. The district has created a buffer by creating space in the Treatment Pond. GM stated that we are in a race against the sun.
- Main Pump House flood control options, update  
Gary Ghio provided a memorandum to the Board regarding Main Pump House Flood Protection. The memorandum outlined the design criteria based upon the previous work done by Balance Hydraulics. The Board received a list of permanent and temporary options for flood protection. Gary Ghio thinks that the concrete wall with the removable flood barriers was the best way to go. The Board and Gary discussed more options. This item is still a work in progress and will be carried over.

#### Unfinished Business

- Report of Waste Discharge, update  
GM asked the Board if they all have a copy of the Carpenter's Union and Carpenters Environmental Associates (CEA) Letter dated 02/26/2010.

GM stated that he was very prepared to do battle on every point raised in the letter. They have made some unsupportable assumptions about the District's treatment capabilities. CEA stated that the design already identified by the District that was apparently successfully tested will be capable of treating Copper, Iron and Manganese below the levels of the permit. This the GM said is an outrageous statement for anyone to make that knows about water quality. Our Copper limit is less than 1 part per billion. The only way you could meet a number like that is with a reverse osmosis treatment system. The CFT Project would not even guarantee any Copper reduction as part of their contract. GM said the Iron & Manganese levels are an issue that appears in the storage reservoir. A tertiary treatment plant as previously envisioned by the

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District would have treated water going into the storage reservoir which would not make any difference in the levels of Iron & Manganese in the storage reservoir. We see a jump in Iron & Manganese levels in the storage reservoir due to natural conditions. GM described how this takes place in natural conditions. The outfall project is designed to take water from a level closer to the surface and away from the bottom, which will give you lower Copper and Iron and Manganese readings. CEA is making boilerplate assumptions.

- Report of Waste Discharge, update continued-  
The Regional Board is going to hold off on the Copper, Iron and Manganese compliance time schedule and review the Report of Waste Discharge due April 03, 2010. The Board discussed the possible reasons for the CEA's letter and speculated that it is not about the environment but about the hiring of union labor. GM stated that it is not a legal argument good enough to force the District into Tertiary Treatment. GM stated that even when you have tertiary treated water you cannot have public access while it is being irrigated. We do not have a project that is going to use Title 22 tertiary treated water. There is no benefit to the district; our waste discharge requirements require that we spray dispose everyday due to our short irrigation season. And the public cannot be out there while we are spraying. This will all get resolved when the Report of Waste Discharge is reviewed by the state.
- The Rate Study will be carried over.
- Forest Service agreement update-  
The Board was provided with a letter of correspondence from GM Julio Guerra to Patty Clarey of the USDA Forest Service. This is a work in progress; GM will be discussing options with Patty Clarey when the snow melts and they can walk the area and consider the use of the land listed in our permit. Director Davis stated there are two issues with the Forest Service, land disposal on leased land from the Forest Service and Sewer Service provided to the Forest Service. GM stated that Patty Clarey has been provided with a copy of the file on the agreement and will be getting back with us.
- Capacity Study, possible need for disposal land acquisition, action item-  
The Board was provided with notes on Disposal System Capacity Analysis and water balance information on 2009 and 2015 Water Balances.

Existing disposal system capacity is limited by three major components of the Districts disposal system: spray field disposal capacity, storage reservoir volume, and Bloods Creek flows. Any projected disposal system must be based upon concurrent maximum utilization of the above three disposal system components. At present it was determined by information gathered by our General Manager, Julio Guerra and the District Engineer, Gary Ghio that we have 27 connections available under the Districts current improvement standards.

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- Report on Peaking Factors Study by Director Phillip Coffman-  
Director Coffman provided notes to the Board and staff regarding Bear Valley Water Districts design standard for the average flow determination. Reasons for the design standards are intended to establish requirements for system sizing. The intent of the study is to assess the peaking factor (PF) requirement based on actual data taken over the last fifteen years. The report noted it is desirable to examine actual operating characteristics of the District to assess its performance. Director Coffman gave a presentation of the different variations from average dry months through the average wet months and back. The conclusion of the study based on the sample of fifteen years of flow data, is that it appears that a PF of 4 is overly conservative as a design standard. A PF of 2 or one based on the 15 year BVWD sample would provide essentially very little possibility of exceeding the peak average flow thus specified. Also discussed in the notes was the best data to use for these considerations. The report on the peaking factors is available at the District office.
  
- Design Standards, action item-  
This item is a work in progress and will be carried over.
  
- By-Law Committee, update  
Board members were provided with notes on the review of the BVWD By-Laws as amended Oct 21, 1980. Compensation of Officers, General District Elections, Elections other than General District Elections, Manner of Voting, Officers, District Office, Manner of Repeal or Amendment of By Laws, Violation of By Laws. Particular discussion ensued regarding changing the voting method to one vote/acre (vs. current system of one vote per dollar of assessed unimproved value). The Board would like to review the final document and run it by legal counsel. This item will be carried over.
  
- Financial Oversight Committee Report
  1. Barbara Goodrich was recognized for having been elected to the BVRI Board of Directors.
  2. Regarding the outfall project loan, GM reported that Bill Morton of the CSDA will be getting back to the District in approximately one week. The current CSDA proposal is 4.95% for 10 years.
  3. Based on a discussion with District counsel Mike McGrew regarding the Brown Act, serial meetings and agenda requirements, GM suggested that the Board disband the Financial Oversight Committee for the time being. It will be more effective to structure the work as a community volunteer working under Julio's direction and report to the Board at monthly meetings. The Board agreed to agendize disbanding the Financial

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Oversight Committee for a vote at the April meeting. There was also discussion on creating a treasurer position within the District.

- Financial Oversight Committee Report – continued
  4. GM reported the results of his discussion with counsel Mike McGrew regarding potential litigation against Eco-Logic. After discussion, the Board agreed the GM should get a “second opinion” regarding the Districts position with respect to action against Eco-Logic.
  5. Barbara Goodrich discussed her work on District finances. She indicated that, in the last two months, she’s concentrated on current year financial reporting, budget / projections for current year, and long-term financing for the F&M Bank loan. In the next 30-45 days, work will begin on the 2010/2011 budget for presentation to the Board well in advance of the fiscal year starting 7/1/10.

Regarding the budget approved at the February 2010 meeting, Barbara indicated that there had been some confusion. The budget approved at that meeting projected a \$9K loss (which was the correct number) but that there were some classification problems between R&M and salary expense. Barbara presented the board with an “adjusted budget” which corrected those classification problems. She also said that , based on discussions with the outside CPAs, she was able to refine District projections further and that depreciation expense for the 2010 fiscal year was going to be \$20K higher than originally thought. Barbara prepared a projection for the Board with the inclusion and reported that the expected loss for the year ended 6/30/10 was approximately \$30,000, creating a three-year loss trend:

2008: (\$147,000)  
2009: (\$376,000)  
2010: projected (\$30,000)

The good news is that the loss is smaller this year. The bad news is that, in 2008 and 2009, the loss was explained by non-recurring events (the waste water facility and financing plan in 2008 and the pilot plant/tertiary treatment loss in 2009). In 2010, the loss is from normal, recurring operations.

6. The financial projection raised the following discussion points:  
Borrowing is likely to be harder than previously thought. With its loss history, BVWD doesn’t look like a great credit risk; the District is likely to suffer in terms of rate and financial covenants. CSDA initially proposed 4.95% *before* seeing BVWD finances. The District needs to prepare itself for the rate to change. Barbara’s comment was that

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F&M, if they keep the current 4.75% loan amortization, might be the best deal we can get. Dave Ritchie agreed to contact F&M within the next month or so.

One reason the projected loss has worsened is that commercial revenue is behind budget. Investigating the discrepancy, Barbara discovered that sewer fees for the Commercial Center have declined from \$3,800/qtr to \$1,000/qtr over the last 1 ½ years, making them just \$250/month higher than, for example, Kathy Snyder with just one bathroom, despite the fact that the Commercial Center has 4 restaurants, 53 lodge rooms, etc. Barbara commented that from a financial perspective, BVWD's rate structure is wildly inconsistent between commercial and residential customers, and should be looked into promptly without the need to spend \$15,000 on a study.

With GM's concurrence, Barbara proposed different financial reports at monthly Board meetings. She suggested simplified (departments omitted) P&L vs. budget as well as comparative balance sheets as of month-end (instead of the Board meeting date). The Board agreed to the changes and indicated that they also wanted to see a "percentage" column. Discussion ensued about how to report payables, and Barbara indicated that she would work with Tia to make sure the Board got the accounts payable information in an appropriate format. Barbara indicated that not only would these changes substantially improve management and Board ability to monitor the District's finances, it would also be the first step to addressing auditor concerns that (a) the District's financial reporting is a "significant deficiency" and (b) the District's financial condition is "fragile" and requires close monitoring.

Barbara reported that Tia has taken the initiative, with GM's support, to improve financial reporting by taking a class at her own expense and is working with an outside bookkeeper to clean up old trouble spots and long standing problems.

#### Community request of call in capability

Due to circumstances beyond our control, the live web-cam of the Board Meeting did not take place. GM will be checking into this. This item will be carried over.

#### New Business

Ordinance No. 72, Temporary sewer service rates, action item-

This item will be carried over.

#### Board Members Reports & Comments

Adjourned

Minutes Approved by:

  
Board President

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Next Board Meeting April 19th, 2010

Next Resolution No. 478

Next Ordinance No. 73