

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
OF THE
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
November 20, 2008**

CALL TO ORDER: Chair Rudy Cabriales called the meeting to order at 7:45 a.m. in Room 146 and the VVWRA Administrative Offices, 15776 Main Street, Hesperia, California, with the following members present:

**TOWN OF APPLE VALLEY
HESPERIA WATER DISTRICT
CITY OF VICTORVILLE
ORO GRANDE (CSA 42) AND
SPRING VALLEY LAKE (CSA 64)**

**Bob Sagona
Thurston Smith
Rudy Cabriales**

VVWRA Staff and Legal Counsel:

**Logan Olds, General Manager
Piero Dallarda, Legal Counsel (BB&K)
Chris Anthony, Project Construction Manager
Gilbert Perez, Director of Operations
Tacey Barclay, Account Technician III
Marce Delaney, Env. Compliance Supervisor
Brent Keaster, Maintenance Supervisor**

**Patricia Johnson, Secretary to the GM/Board
Angela Valles, Director of Human Resources
Kellie Patterson, Account Technician III
Robert Coromina, Network Supervisor
Toni Henning, H/R Technician
Anny Wu, Account Technician III
Linda Ellsworth, Mgmt. Technician to GM**

Others Present:

**Blake Anderson, Blake Anderson Consulting
Dennis Cron, Town of Apple Valley
Bill Pattison, Town of Apple Valley
Tom Dodson, Tom Dodson & Associates
Hector Bustillos, Victor Valley College Student**

**Andrea Daroca, Financial Consultant
Brian Johnson, City of Hesperia
Frank Robinson, Town of Apple Valley
Manuel Benitez, San Bernardino County**

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Cabriales called the meeting to order at 7:45 a.m.

PUBLIC COMMENTS – CLOSED SESSION AGENDA

Chair Cabriales asked if there were any comments from the public regarding any item on the Closed Session agenda. Hearing no comments, Chair Cabriales called for a motion to enter into Closed Session.

CLOSED SESSION

Commissioner Smith made a motion to enter into Closed Session at 7:45 a.m., which was seconded by Commissioner Sagona and approved by unanimous voice vote.

REGULAR SESSION

Chair Cabriales called the Regular Meeting to order at 9:01 a.m. Piero Dallarda announced that there were no reportable items from Closed Session.

PUBLIC COMMENTS – REGULAR SESSION AGENDA

Chair Cabriales asked if any member of the audience would like to address the Board regarding any item on the Regular Session agenda. There were no comments from the public.

ANNOUNCEMENTS AND CORRESPONDENCE:

3. Introduction of Brent Keaster, Maintenance Supervisor

Manager Olds said it is his pleasure to introduce the Commissioners to VVWRA's new Maintenance Supervisor, Mr. Brent Keaster. He said that Brent has lived and worked in the High Desert since 1977. He spent 12 years at Northwest Pipe Company working as an AWS-Certified pipe welder and fitter on X-ray quality high pressure water transmission lines where he completed projects at agencies such as the Metropolitan Water District and the Department of Water Resources. During the last two years of his employment at Northwest Pipe Company he served as Crew Leader in the Fabrication department. Brent currently serves as a Grade III Mechanic and has worked at VVWRA for the past 7 years. During the transition of Maintenance Supervisors, Brent acted as Interim Supervisor for the Maintenance department for the majority of 2006. Some of his accomplishments include receiving the Mechanic of the Year Award from the California Water Environment Association (CWEA) Desert and Mountain Section and going on to receive Third Place in the State of California for that very same Award, which is a major accomplishment that we can all be very proud of. Brent is looking forward to working as the new Maintenance Supervisor for VVWRA and being part of the leadership team.

Manager Olds said he has been very pleased to have the opportunity to work with Brent, who has shown a rare level of commitment to the performance of his duties and to ensuring that his department is accountable and that they follow through. He said he has seen the changes in the Maintenance department under Brent's leadership.

4. Possible conflict of interest issues

Manager Olds reported that he was not aware of any possible conflict of interest issues.

CONSENT CALENDAR:

5. Resolution 2008-25: Resolution of Appreciation to Thomas Sutton

6. Approve the October 2008 Cash Disbursements (No. 1008)

7. **Approve the minutes of the regular meeting held on October 23, 2008 and the special meeting held on November 10, 2008**
8. **Recommendation to Augment Funds for Purchase of WonderWare Licensing Tags**
9. **Recommendation to Allow Mojave Desert Resource Conservation District (MDRCD) to Mitigate 0.6 acres on VVWRA Property**
10. **Santa Fe Sewer Improvements – Southern California Edison Engineering Advance**

Commissioner Smith made a motion to approve the consent calendar, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

Chair Cabriales said now that the Board has approved the Resolution 2008-25, he would like former Commissioner Tom Sutton to step forward to receive a copy of the Resolution and a Plaque of Appreciation from the Board of Commissioners. Chair Cabriales thanked Tom for his service on the Board representing County Service Areas No. 64 and No. 42 and said this Resolution recognizes your service and we appreciate it very much. At this time, a photograph was taken of Chair Cabriales handing a framed Resolution to Tom Sutton. Chair Cabriales said the Board would also like to present a plaque to Tom in sincere appreciation from the Victor Valley Wastewater Reclamation Authority. Chair Cabriales wished Tom a happy retirement and said, "If you decide to come back we will always have a place here for you". Commissioner Sagona said preceding Mr. Sutton's time on the VVWRA Board he served for many years on what we then knew as the Technical Advisory Committee. He then congratulated Tom on his retirement.

Tom Sutton said he has really enjoyed working with the Authority and all of the staff and Board members over the past 10 years. He has had professional relationships with many people during that time such as Blake Anderson whom he met in the 1970's and Tom Dodson whom met about 30 years ago. Tom said you have a unique organization here for opportunity and are right on the threshold of some really big things happening. In the few months he sat on the Board, it was clear that the cities have some really tough decisions to make. He is confident and certain that they are making the right decisions and that the County will benefit as a result. Tom introduced his wife Glenda and said she has been with him through everything and they are looking forward to the holidays. Tom said, "It has been six weeks since my retirement and I do not miss the work at all. What I do miss are the people".

PRESENTATIONS:

11. **Update on Personnel Costs and Connection Fees:** Manager Olds presented an update on personnel costs and connection fees. He reported that his intention is to advise the Commissioners on the currently thinking as it relates to the Strategic Advisory Committee and External Finance Committee. He said the agency is currently 40 percent below where we were this time last year in connection fee revenue. The User fees are also flat lined. The Board received a presentation last month indicating that we have saved \$2.5 million over the last two years. He reported that temporary

personnel costs are down approximately 70 percent and overtime costs are down. He said we are doing everything we can to stay on top of these expenses and Gilbert Perez has done a good job of reviewing the work schedule and making good decisions on the allocation of staff. Overtime is being tracked very closely. The bottom line is that we lost 40 percent of our revenue on one side but are making some of it up on the other side.

12. Review of Projected User Fees: Manager Olds reported that the member agencies seem to have reached an agreement on the Capital Improvement Plan. Version 5 has a comfortable amount of risk with the 1,000 EDU scenario. He said this is a difficult subject, but this agency is not alone. There are at least a dozen other similarly sized agencies also facing this type of financial situation. The model on page 12-1 of the agenda package shows what we currently project to get us into the black. The \$18.76 fee just addresses current O&M costs and does not address repayment of operating costs. What this does not show is that if you go back 14 years, you will not see a single rate increase other than 3 percent in 2007. He said this agency is dead in the water and he intends to put forth an action to the Board in January.

Chair Cabrales recommended that a presentation be given to each member entity. Manager Olds said presentations will be given and we need to do a little more homework on how the information will be presented.

ACTION & DISCUSSION ITEMS:

13. Report from Ad Hoc Strategic Advisory Committee: Blake Anderson reported that the last joint meeting of the Strategic Advisory and External Finance Committees was held on November 13 and a copy of the report was provided in the agenda package. During that meeting, three items were discussed: CIP Version 5, the new user rate models, and the RFP to be issued for the pre-design of the Apple Valley and Hesperia water reclamation plants.

Blake said the CIP continues to be the focus of conversation and it has been amended several times over the past few months. All comments have been incorporated into the current version of the CIP before you. Our intention has been to decrease the size and scope of the CIP to accomplish only what is necessary to meet the new regulations of the Regional Water Quality Control Board. The CIP has been trimmed to only the most critical projects to meet 2010 and 2012 requirements. Last November, this Commission approved a CIP of \$524 million. Manager Olds will soon be recommending a CIP of \$165 million. The \$165 million is roughly 50 percent of what we thought we would spend during the first 5 years of the previous CIP. He said he wants the Board to be confident that all efforts have been made during the joint meetings attended by the City Managers, Finance Directors and Engineering staff to trim the CIP and still meet regulatory requirements.

Blake said he would like to mention that three big changes were made to reduce cost. The first change is that the cost of the reclaimed water distribution systems will be paid by the member agencies. The member agencies will build and operate the systems and you will set the rates and deal directly with them or you will use the water directly for your own landscaping. The second change is that we have downsized the upgrades to the Westside treatment plant. At one point we were discussing whether to

go to 26 MGD. We have now gone from 22 MGD to 18 MGD to 14 MGD. This is a one-third reduction and that downsizing can occur due to the drop in growth. VVWRA will provide reclaimed water in Apple Valley and Hesperia through its pump stations and pipes as it does today for SCLA. The costs do not go away, but they move to the member entities. The three proposed subregionals in Apple Valley, Hesperia and SCLA will provide a systematic and logical method for the service in the areas where the reclaimed water will be used. Blake said a new treatment system called IFAS (Integrated Fixed Film Activated Sludge) was discussed. The plant now has sufficient tankage and the IFAS system would have sufficient capacity to meet the RWQCB requirements. The bottom line is that this change results in a fifty percent reduction in Capital costs for the Westside plant. We had estimated the Capital costs at \$95 million for the Westside plant and are now looking at \$48 million. This is an example of the creativity among the member entities.

Blake said in order to do this there are two important policy matters. The first one is that you would have to buy-in to downsizing the Westside plant. The second one is that we are contemplating a significant downsizing of the Westside plant and there is some risk. Along the way, we may find a flaw or a fatal flaw and we will bring anything we find to your attention. Another risk is that we will be reopening the NPDES discharge Permit with the Regional Board for the downsizing and the Regional Board may try to look at stricter numbers. This is not unimaginable and is something we have to think about. He said we received enthusiastic buy-in from Hesperia and Apple Valley. A Victorville staff member was present at the meeting, but did not comment. Blake said he or Manager Olds would be happy to answer any questions.

Manager Olds told Tom Dodson that the reason he did not discuss this with him prior to the Board meeting is that he was not sure which way the Committee would go on this. If we de-rate the plant, the environmental impact is actually less and the cultural issues we were facing with the MBR process would go away because it is a smaller footprint. He said he thinks the impact on the environmental side can be addressed relatively simply. Tom said that he and Blake chatted a little before the meeting. He said the environmental document that has been prepared provides a lot of latitude. If you decide to change the treatment process without changing the treatment methodology, he would recommend preparing an addendum stating that the treatment process has changed but it does not change the outcome. You would then be fine from a CEQA standpoint. Piero said he agrees with Mr. Dodson that an addendum should be done. He said he does not think it will take long to do and it will allow you to proceed a lot more safely on the environmental side of things. Tom said it would not require circulation so it can be done quickly. Regarding the cultural resource issue, it is a little more complicated. The reason is that if you are getting SRF loan funds it will require that a cultural consult be done. That is because much of the funding for the SRF loan program is actually federal money. The point is that you actually have to prove a negative. Your cultural resources report has to be prepared in a manner that says here is why there will be no impact in any area that has already been disturbed. You actually have to have a report that says that.

Manager Olds said regarding the second issue that Blake mentioned about reopening the NPDES Permit, if the Board decides to move forward with Item 14 and adopt the Resolution for CIP V5 it will give him the authority to begin those types of discussions. To give the Board a level of comfort about how that procedure works, the first element will be to have HDR perform an analysis and make certain we have done our preliminary analysis and have a written document that states this will meet the

nitrogen requirements as proposed in our revised NPDES Permits. He said he will then take that document as an appendix to his letter to the State informing them that we are reopening the NPDES Permit and that we intend to de-rate the facility.

Blake said the second item discussed during the November 13 Committee meeting were the financial models by Stone & Youngberg for the bond issuances that included the timing of the bond issues and the fees. The outcome was that the Committee asked for a refinement of how the numbers were presented to include a historic comparison of VVWRA fees for 2006, 2007 and 2008 to give everyone a context. Stone & Youngberg had extended their chart out 10 years, but the Committee suggested that it be reduced to 5 years because 10 years out is too far to accurately predict. It was also discussed that delaying the second bond would significantly reduce the fee increase.

The third item was the RFP for the design of Apple Valley and Hesperia water reclamation plants. Comments from the member entities have been received and the RFP should address all needs. Commissioner Smith said the joint Committee meetings seem very productive. Blake said it was very productive. Commissioner Cabriales thanked Blake for chairing the Strategic Advisory Committee. Blake said it was a terrific process and there is now a relationship between staff and the Committees that was not there before.

14. Resolution 2008-27: Approve Capital Improvement Plan (CIP) Version 5a: Manager Olds said he is not sure he needs to say much on this topic because it has already been covered a great deal. He reported that the only reason CIP Version 5 is possible is because we are able to shift resources from the Phase III Expansion to the two subregional facilities. In his mind, unless we were able to reduce Phase III by at least one half, the issue was a no-go simply because of the upfront cost involved. We were able to do that by moving forward with the IFAS technology and the CIP document now before you is the preferred version. We discussed the idea that this does involve de-rating the existing facility. Currently, we are rated for 18 MGD of secondary effluent and up to 14 MGD of tertiary effluent. We do not currently have the capacity to do 14 MGD of tertiary. This represents a very significant change in the ideology of the member agencies, accepting new growth numbers and redistributing those resources elsewhere. Blake has explained why the CIP has been reduced so much beyond what it was originally. Manager Olds reminded the Commissioners that every document VVWRA produces now is in collaboration with the member agencies. He said he is confident in this document and it meets the needs of the member agencies.

Manager Olds said there was some concern expressed when the \$500 million CIP was produced over a period of 20 years, with up to \$350 million of it occurring within the first 10 years. Since that concern was expressed, we have spent time refining the CIP based on that conversation. He said he is very confident that the document now before the Commissioners truly represents what the member agencies are seeking to meet their needs. There is an attached schedule that was produced just to see if we could actually accomplish what we need to do within the timeframes required. He said he would like to inform the Commissioners that we are approximately six months out of the timeline for meeting the ultraviolet disinfection requirement of our effluent. He has a few ideas that he will be meeting with Sam Abi-Samra at HDR Engineering to discuss next Tuesday afternoon to try to fast track the schedule. He said there are no two issues more important to him in the interest of VVWRA right now than our

user fee structure and meeting this UV requirement. Those are the two most critical issues we face. Also, the Hesperia interceptor issues need to be addressed.

Manager Olds said the biggest benefit of this CIP is also its biggest problem. The biggest benefit to this CIP is that it requires all of the member agencies to be in lock step. There are \$2 million pipeline jobs that affect \$20 million treatment plants. Every element of this CIP is intimately related to the other. If for some reason a member agency chooses not to agree with a particular project that is associated with this, it kills all of the projects. Again, this document represents a situation where everyone needs to understand that each of the projects is mutually dependent upon the other. That is why we are able to get the reduced cost savings. So it is its greatest benefit, but potentially its greatest weakness.

Manager Olds said there are a couple of areas that are weak and he feels it is important to address them publicly. Some of the numbers that we have to work with that relate to the subregional facilities are our best knowledgeable estimates at this time. The RFP under the next agenda item is how we will obtain better numbers. Once we understand what the member agencies want to do, we can then determine what it will cost. He said he would expect those numbers to be reflected down rather than up. With that in mind, this is why it is important to understand that there needs to be two bond issuances. The first bond issuance will get the project moving and rolling forward. The second bond issuance would cover the remaining cost once we know what the exact cost will be. The Financing Plan that will be presented is going to be our best estimate, but what we cannot do is be so cautious that we actually harm ourselves in the long run. In looking at that second bond issue and what its ultimate value is, is when we can identify those user fee increases in years four and five. Manager Olds said these are some important elements that the Commissioners should be aware of. He asked if there were any questions regarding CIP Version 5.

Commissioner Sagona asked if there is time for this subject to be presented to the member agencies. Manager Olds said he would be pleased to have the opportunity to address any of the City or Town Councils or the Board of Supervisors on this issue. This CIP has been a work in progress and he strongly believes in Version 5. It is the best option, the least cost option, and the quickest option to meet the various needs. As long as there is not anyone in the audience or there is not an effort following our adoption of the CIP to undermine it, he sees no problem with it. Chair Cabriales said you will have to present the user fees to each member entity. Manager Olds said in the presentation we are not just addressing the Operations & Maintenance deficit. It has been clear for a very long time that to deal with that issue we also have to understand what the CIP is over the long term. Each of your member agencies needs to know what to expect over the next five years despite this economy and despite whatever changes may occur. They need to be able to plan and he understands that. Therefore, you can be assured that the presentation given to each member agency will cover both of those very important elements

Piero said before we move further he wants to make sure that it is clear what the Board is doing when adopting the CIP. Some of the things you are adopting under the CIP relate to Item 17 which is the Mitigated Negative Declaration under CEQA and some of the items under that describe a different CIP. He wants to make sure that when we get to Item 17 that the Board understands that as Mr. Dodson explained we will have to do some work. The Mitigated Negative Declaration contemplates 22 MGD

and what you are working with now is a lot less than that and a different treatment system has been proposed to you. These will have to be adjusted in the documents through an addendum when the projects move forward. Piero said he may be muddling the waters here, but he just wanted the Board to understand that in the Mitigated Negative Declaration under Item 17 you will be asked to work with a number for your Capital Improvement Plan that is substantially higher than the one you are approving now. This will eventually require us to work with the addendum document that Mr. Dodson recommended to address a lower treatment capacity and different treatment process.

Commissioner Smith made a motion to approve Resolution 2008-27 and said he would like to remind his fellow Board members that once we go down this path we have to stay on it, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

15. Authorize Release of Request For Proposals (RFP) for Water Reclamation Plants for City of Hesperia and Town of Apple Valley: Manager Olds reported that this item addresses the request from the member agencies to issue a proposal to begin the pre-design for the subregional facilities in Hesperia and Apple Valley. As Blake mentioned, this document has gone back and forth between the member agency staff for review and has also been reviewed by Blake Anderson and a number of changes have been made. He said it is a very robust RFP and it addresses the concerns of the member agencies. The comments we have received to date from the City of Hesperia and Town of Apple Valley indicate that we should move forward with the document. Commissioner Sagona said this is a landmark step. Manager Olds said he has been extremely pleased with the involvement of staff at the City of Hesperia and the Town of Apple Valley in making this happen. This agency has been under some duress financially, but there is still the desire to move forward. It is widely understood that we need to do these projects for the long-term benefit of our communities. It has been a very positive experience with the member agencies and this is something he looks forward to working on with them.

Commissioner Sagona made a motion to authorize the General Manager to release a Request For Proposals (RFP) for Water Reclamation plants for the City of Hesperia and Town of Apple Valley, which was seconded by Commissioner Smith and approved by unanimous voice vote.

16. Discussion: Adoption of a Mitigated Negative Declaration (CEQA) for the Phase III Expansion Project for 18 MGD of Membrane Bioreactor Treatment: Tom Dodson said with the way the agency is progressing on the CIP, the Mitigated Negative Declaration (MND) is like an umbrella. He would recommend an addendum to address the changes that have been made.

Tom reported that he received a late comment letter from the Department of Toxic Substances Control and he has responded to those comments. We have full administrative record now and he recommends the adoption of the mitigated negative declaration so you are ready to move forward.

Manager Olds said this is a minor distinction but it has significant impacts. Please understand that we are talking about taking the existing facility and de-rating it from what would have been 18 MGD of tertiary to 14 MGD tertiary. The MND document states 22 MGD of MBR or 18 MGD of MBR. If we decide at some point to go beyond 14 MGD it will be MBR. Four or six MGD of MBR would be tacked onto the existing system, so he does not believe that Resolution 2008-24 is so completely off base that it will require anything too significant. Tom said it is also a planning tool. He and Manager

Olds discussed whether to be more specific in the MND, but they decided that the broad scope of the Mitigated Negative Declaration will save money and time in the future.

17. Resolution 2008-24: Resolution to Adopt a Mitigated Negative Declaration (CEQA) for the Phase III Expansion Project for 18 MGD of Membrane Bioreactor Treatment:

Commissioner Sagona made a motion to approve Resolution 2008-24 to Adopt a Mitigated Negative Declaration (CEQA) for the Phase III Expansion Project, which was seconded by Commissioner Smith and approved by unanimous voice vote.

18. Resolution 2008-26: Amend Resolution 1981-7 to Clarify That All Full Contributions Paid by VVWRA to Member Accounts Shall be Designated as Pre-Tax Contributions: Manager Olds reported that CalPERS is currently reviewing all of their documentation and it was discovered that this particular Resolution was not in their files for VVWRA. This has been the practice of VVWRA for quite a period of time and we are just going through the process of making sure the document is there. Angela said there is no fiscal impact. It is only to clarify that contributions are paid pre-tax. Commissioner Sagona asked Angela Valles to define the term "Pre-Tax". Angela said this means that contributions paid to member accounts would not be taxed by the Internal Revenue Service. Piero said it does not count as part of your gross income. This Resolution does not change any of the agency's practices and has no fiscal impact. This is a result of PERS calling us and saying they do not have a resolution on file for us. We told them they should have a Resolution approved in 1981. They provided a sample Resolution that they have been recently using and asked us if we would mind submitting it to our Board for approval.

Commissioner Sagona made a motion to approve Resolution 2008-26 as written, which was seconded by Commissioner Smith and approved by unanimous voice vote.

19. Recommendation Regarding Wastewater Internship Program Utilizing VVWRA Facilities: Manager Olds reported that he would like to have a discussion with the Commissioners and seek consensus on this item. He said he has been teaching a wastewater operations course and considering our economy, what VVWRA is facing, and what the industry is facing, a number of ideas have been rolling around inside his head. The biggest stumbling block issue that people outside of the industry face is how to get in the door. On the water side of things, you can have a high school diploma, take the Water Treatment I license exam and that is your entry card into the field. On the wastewater side, it is far more difficult because you are required to also have one year of experience in order to get that Grade I certificate. To obtain that year of experience, you go through the Operator-in-Training (OIT) Program. Unfortunately, there are very few OIT Programs.

Manager Olds said 40 percent of the industry's workforce statewide is going to retire in the next five years. This will leave a huge hole. This agency experienced a great deal of frustration in trying to find Certified Operators to fill those slots. VVWRA is in a rather unique position. First of all, the types of facilities we have are all there in the study manuals. There have been four or five different engineering firms each believing they have a different way to do things. This has created a hodge-podge and kudos to the O & M staff for making it all work together. This also makes for a very good training ground.

Manager Olds said that the City of Riverside currently has an Internship Program. Several years ago, there was something akin to an Internship Program that VVWRA offered and one of our operators, R. C. Elliott, was hired through that Program. He said if the Commissioners agree to allow him to pursue this, he would like to learn how the City of Riverside structures its Program and what costs are involved. This will help to identify whether this is a Program that VVWRA could pursue at a minimal cost to initially provide a benefit to the residents of the High Desert and also provide long-term benefits to the industry as a whole. He said it is difficult to imagine what losing 40 percent of our workforce would mean. With the roadblocks that the State has established, we have to go through, over, under, and around those roadblocks.

Commissioner Sagona asked if this would require agency resources. Manager Olds said there may be some potential grant programs available that could help. He said if we presented a plan that was well thought out, we may potentially get funding. Currently, VVWRA has frozen hiring and has eliminated overtime. If there are programs out there that could help provide staff for backup and provide a long-term benefit to the agency, it would be a win-win situation. Through his involvement on the local California Water Environment Association (CWEA) Desert and Mountain Section Board and the CWEA Board at the State level, he has an eye for what is possible to step up and do our part.

Commissioner Smith said he would like to involve the college and would want a one year commitment from the interns. Manager Olds said he would prefer not to place commitment restrictions because the goal here is to help the industry. The goal is also to help more than one student in the High Desert. We should create a Program that would benefit all of the people here who are looking for an opportunity and who want a better life and want to do something positive for the environment. The faster we can cycle them in and out so they can obtain jobs here or elsewhere, the better job we are doing.

Chair Cabriaes said we need to think about the industry. Manager Olds said it would benefit the students to be able to say they have worked at a wastewater treatment plant rather than just having a paper certificate from a classroom. Blake said with the downsizing we are seeing in other technical areas, you may also be able to utilize those hard working folks coming out of the automotive industry.

Manager Olds announced that one of the students from Victor Valley College was in attendance. He introduced Hector Bustillos and asked if he had any comments he would like to make. Hector said this type of Program sounds like a great idea. He is looking for a career change and Logan's class has been an eye-opener. He said he thinks the other students in the class would agree. Chair Cabriaes said, "You have our consensus to move ahead".

It was the consensus of the Commissioners that Manager Olds should move forward with obtaining more information about Internship Programs for possible implementation at VVWRA.

Manager Olds said he hopes to be able to present something to the Board by the first quarter of next year.

STAFF/PROFESSIONAL SERVICES REPORTS:

20. Construction Management Update: 18 MGD Expansion Project – October 2008: Accepted as submitted. Manager Olds announced that the agency is still experiencing wrinkles with the 18 MGD Expansion project and his frustration level is very high. We cannot proceed with rebuilding the existing airbays until this issue is resolved. Chris Anthony is staying on top of this and has his full confidence.

21. Financial and Investment Report – September 2008: Manager Olds provided a brief review of the Cash Balance summary sheet contained in the Financial and Investment report. He said the total amount of invoices held is slowly declining and he anticipates getting this amount off the books in late December or early January. The good news is that we have been able to maintain our cash at around \$3 million despite the fact that we have experienced a 40 percent decline in connection fees and the bottom line is being watched very closely. He said he views the \$3.3 million running balance as the resources that we have to address the issues we are facing. We just addressed the issue with the State Water Resources Control Board and must send them a check in excess of \$100,000 before December. We also have the expenses that we have incurred. He said he would like the running balance number to be as close to \$3 million as possible. Below that number, it erodes into the bonds and the reserves that are there.

22. Customer Account Past Due Report – October 2008: Accepted as submitted.

23. Operations and Maintenance Report/Performance Efficiencies – October 2008: Accepted as submitted.

AGENDA ITEMS FOR FUTURE MEETINGS:

Report from Joint Meeting of the Ad Hoc Strategic Advisory Committee and External Finance Committee (Blake Anderson)

Quarterly CIP Update (June/September/December/March)

Reimbursement Agreements with the City of Hesperia and the Town of Apple Valley for Pre-Design of Water Reclamation Plants (December)

Interceptor Connection Requirements and Enforcement and Industrial Pretreatment Program

Proposal to Perform Cumulative Impact Assessment for VVWRA Discharges

Semi-annual Revisions to Interceptor Flow Projection Study by RBF Consulting (January)

Upper and Lower Narrows Sonar Investigation of Sewer Interceptor

NEXT BOARD MEETING:

Thursday, December 18, 2008 - Regular Meeting of the Board of Commissioners

COMMISSIONER COMMENTS

Commissioner Sagona wished everyone a Happy Thanksgiving.

Chair Cabriales announced that last year the Board gave employees a reward of 4 hours of time off. Manager Olds said approximately one year ago due to the excellent efforts of VVWRA staff to improve the efficiency of the facility, the Board was very pleased and chose to reward the employees of VVWRA staff with an additional four hour time block to be taken at their pleasure between the date of issuance and May 1, 2008. If the Commissioners would like to do that again, he would suggest the same conditions. Piero said this would have to be agendized for the next Board meeting.

It was the consensus of the Commissioners to direct staff to add an item to award staff four hours of additional time to the December 18, 2008 agenda.

ADJOURNMENT

At 10:17 a.m., Commissioner Sagona made a motion to adjourn the Regular meeting, which was seconded by Commissioner Smith and approved by unanimous voice vote.

APPROVAL:

DATE: 11/15/09
Approved by VVWRA Board

BY: Mike Leonard FOR
Thurston Smith, Secretary
VVWRA Board of Commissioners