

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
OF THE
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
January 15, 2009**

CALL TO ORDER: Chair Rudy Cabriales called the meeting to order at 7:36 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
Mike Leonard
Rudy Cabriales
Brad Mitzelfelt**

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
Toni Henning, H/R Technician**

**Patricia Johnson, Secretary to the GM/Board
Angela Valles, Director of Human Resources
Linda Ellsworth, Mgmt. Technician to GM
Robert Coromina, Network Supervisor
Marce Delaney, Env. Compliance Supervisor**

Others Present:

**Blake Anderson, Blake Anderson Consulting
Brian Johnson, City of Hesperia
Bill Pattison, Town of Apple Valley
Joe Flores, City of Victorville
Brian Johnson, City of Hesperia**

**Andrea Daroca, Financial Consultant
Nitin Patel, Diehl, Evans & Company
Dennis Nowicki, Former VVWRA Commissioner
Sean McGlade, City of Victorville**

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Cabriales called the meeting to order at 7:36 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 Sagona made a motion to enter into Closed Session at 7:36 a.m., which was seconded by Commissioner Leonard and approved by unanimous voice vote.

REGULAR SESSION

Chair Cabriaes called the Regular Meeting to order at 9:19 a.m. Piero Dallarda announced that there were no items to report from Closed Session.

PUBLIC COMMENTS – REGULAR SESSION AGENDA

Chair Cabriaes 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:

4. Possible conflict of interest issues: Manager Olds announced that he was not aware of any conflict of interest issues.

5. VVWRA Receives ‘Plant of the Year’ Award from California Water Environment Association (CWEA): Manager Olds said he is pleased to announce that VVWRA received some good press in The Daily Press that related to our recent award as VVWRA Plant of the Year for medium-sized facilities from the Desert & Mountain section of the California Water Environment Association. What has been particularly pleasing about this achievement being published in the newspaper is that he has received at least a dozen comments from persons who work outside of this organization that have congratulated us and have noticed the improvements that have been made. At this point, we begin competing at the State level and then go to the National level. He said we will continue to improve our applications and facilities until we achieve that goal and with our Director of Operations, Gilbert Perez, we will get there. Chair Cabriaes congratulated Manager Olds and the employees of VVWRA.

6. Minute Order Regarding Designation and Appointment of Alternate Board Commissioner for Member Agency City of Hesperia: Piero Dallarda reported that this is a Minute Order from member agency the City of Hesperia appointing Commissioner Leonard as an Alternate Commissioner for Commissioner Smith. Commissioner Smith and his alternate Commissioner Vogler were not able to attend this meeting, so pursuant to the Joint Powers Agreement (JPA) the City of Hesperia appointed Commissioner Leonard by Minute Order. The documentation just reflects that action.

CONSENT CALENDAR:

Chair Cabriaes announced that he would like to pull Item 7 from the consent calendar and then address it separately. At this time, Chair Cabriaes called for a motion on Items 8 through 13.

7. Resolution 2008-13: Resolution of Appreciation to Dennis Nowicki

8. Approve the November 2008 and December 2008 Cash Disbursements (No. 1108, 1208)

9. **Approve the Minutes of the Regular Meeting held on November 20, 2008**
10. **Approve 2009 Board Meeting Schedule**
11. **Recommendation to Approve Sole Source Purchase of D400 Pamrex Security Manhole Rings and Covers**
12. **Ratify Exercise of Emergency Powers by General Manager in Connection with Failure of Primary Clarifier Flow Meter**
13. **Recommendation to Utilize California Department of Forestry and Fire Prevention Crew to Perform Grounds Maintenance at Wastewater Treatment Plant**

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

7. Resolution 2008-13: Resolution of Appreciation to Dennis Nowicki:

Chair Cabriales asked Dennis Nowicki to please come forward. He then asked Commissioner Mitzelfelt to assist him in presenting a Resolution and a plaque to former VVWRA Board Commissioner Dennis Nowicki, who represented County Service Areas #64 and #42. Commissioner Mitzelfelt read VVWRA Resolution 2008-13 and then presented a framed copy of the Resolution to Mr. Nowicki. Chair Cabriales read the wording on the plaque of appreciation and then presented the plaque to Mr. Nowicki.

Dennis Nowicki thanked the Board and said it was fortuitous after reading the news article regarding the best in class award that Logan and his staff were able to turn things around at the treatment plant and that they could do that. At budget time, the Board needs to remember that staff can do great things if they have the resources.

Mr. Nowicki said he would also like to say that Pat Johnson is one of the most determined persons he has ever known. He said every month she harasses me and says we would like you to come to the Board meeting and pick up your plaques and invariably he would be out of town. He said he was actually trying to hold off doing so until he had been off the Board longer than he had been on it. He said, "I figured let's get this behind us and she can go back to doing whatever it is she does when she is not harassing me and I can go back to doing whatever it is I do that keeps me from being here. Thank you all very, very much and I appreciated my time here". Mr. Nowicki then shook hands with each Commissioner, the General Manager, Legal Counsel, and the Board Secretary.

REPORTS OR PRESENTATIONS:

14. VVWRA Comprehensive Annual Financial Report/Audit for Fiscal Year Ending June 30, 2008 (Andrea Daroca/Nitin Patel): Manager Olds announced that Item 14 is the presentation of VVWRA's first Comprehensive Annual Financial Report (CAFR). Andrea Daroca asked Patricia Johnson if the Commissioners received a copy of the CAFR. Patricia said a copy of the CAFR has been

placed in a handout folder for each Commissioner, which were distributed at this time. Andrea announced that the CAFR will be reviewed for an award for excellence. She reported that external auditor Nitin Patel was present to provide an overview of the audit performed for VVWRA and that he prepared letters detailing certain items that need attention.

Nitin Patel said Diehl Evans and Company is pleased to present the first Comprehensive Annual Financial Report. The preliminary auditor's report has various sections in it and most agencies prepare a CAFR and are aware of its components. Mr. Patel explained that the financial statements are the responsibility of management and the auditor's responsibility is to offer an opinion. He then provided an overview of the auditor's responsibilities as well as the auditing standards used to provide a reasonable basis to offer an opinion. Mr. Patel said Diehl Evans offered an unqualified opinion on this audit, which is the highest opinion. He said there were no disagreements with management and they are not aware of conversations with other auditors. The Commissioners thanked Mr. Patel. Manager Olds said if there are no questions, the next step would be to call for a motion to receive and file this report under Item 15.

ACTION & DISCUSSION ITEMS:

15. Resolution 2009-2: Receive and File VVWRA Comprehensive Annual Financial Report with Audit for Fiscal Year Ending June 30, 2008:

Commissioner Mitzelfelt made a motion to receive and file the Comprehensive Annual Financial Report (CAFR) for year ending June 30, 2008, which was seconded by Commissioner Leonard and approved by unanimous voice vote.

16. Reimbursement Agreements with the City of Hesperia and the Town of Apple Valley for Pre-Design of Water Reclamation Plants: Manager Olds reported that he would like to pull this item from the agenda because one of the member agencies has not had sufficient time to completely review the agreement. There is also the desire to complete the RFP's that are currently on the street and present them to the Commissioners.

Manager Olds said as the Commissioners are aware, VVWRA is facing significant cash issues. The City of Hesperia and the Town of Apple Valley have agreed to enter into a reimbursement agreement. This reimbursement agreement will essentially allow VVWRA in concert with the member agencies to move forward with the design of the two subregional facilities, a pump station and a force main. The member agencies are concerned about these projects moving forward in a timely manner. Therefore rather than to delay the projects until such time as we receive the bonds, these agencies will work with VVWRA to move the projects forward and loan us the money to pay for design and engineering services until the bonds are received. At that time, VVWRA will reimburse the member agencies for any funds that have been expended.

Manager Olds repeated that he would like to pull this item and it is for informational purposes only at this stage. Logan asked the Board to contact him if they have any concerns. Commissioner Sagona asked if these agreements would be subject to approval by the respective Councils. Manager Olds said yes and it was the desire of the two member agencies for us to move forward first prior to this going

before the respective City or Town Council. Manager Olds asked if there were any further questions regarding this item. There were no further questions.

17. Resolution 2009-1: Adoption of VVWRA Time Clock Policy: Manager Olds said he would like to turn this item over to Angela Valles to discuss any particular elements related to this Resolution. Angela reported that VVWRA is trying to be accountable and a hand-scan system was installed as a pilot for timekeeping and payroll purposes that the agency would like to implement. Our labor attorney, Bill Floyd, has reviewed and made revisions to this policy and we recommend the Board's approval. Piero said the Commissioners would be adopting a new policy and also amending the personnel rules and regulations because you would be changing the current payroll method.

Commissioner Sagona made a motion to approve Resolution 2009-1, which was seconded by Commissioner Leonard and approved by unanimous voice vote.

18. Sludge Management Contract Proposed by the City of Victorville: Manager Olds reported that the sludge management contract was proposed by the City of Victorville. There were some initial discussions about VVWRA providing sludge treatment for the proposed industrial facility to serve the Dr. Pepper/Snapple facility. Then VVWRA was informed that the City of Victorville would be pursuing its own sludge handling. He said a few days before the December Board meeting he was informed that the plan had changed. Unfortunately, we had initially invested some engineering efforts in developing how we would deal with that particular issue, but were then told by Victorville that they would be taking this on themselves. He said at this time he does not have enough information to be able to provide a recommendation. Understanding our cash situation, he is seeking authority from the Board of Commissioners to receive a scope of service to review this document, evaluate what the terms and conditions are, in addition to what we currently have available and what we intend to do. As the Board recalls, since this project was first proposed we are going to be de-rating our facility from 18 MGD to 14 MGD. Some of the initial discussions regarding our sludge handling capabilities are no longer in sync. We need some time and the Board's authority to investigate that.

Manager Olds said it is his intention following the receipt of that report to present it to the Strategic Advisory Committee for a recommendation to this Board. He announced that Sean McGlade of the City of Victorville was present in the audience and asked Sean if he would like to make any comments. Sean said some months ago their consultant provided costs for sludge handling and a presentation was given to the Board. The City received no response on the information submitted to VVWRA. He said the contract was submitted in December that was thought to be fair. The City has progressed considerably with the design with the understanding that the sludge would be handled by VVWRA. Sean said we urge the Board to move as quickly as possible with the review and approval of this contract or the City will have to backtrack on the work already performed to do its own handling. He said we believe we have worked with staff and we are at the critical point of equipment purchase and completed engineering design to begin construction.

Manager Olds said this was agendized in December and HDR is aware of our desire to move forward with this. It is his understanding that they will very promptly have a scope of work and cost associated with that for his review. He said he would suggest to the Commissioners that they direct him to move forward under his own spending authority and if the project exceeds that amount he can bring this item

back to the Board. He said he is in agreement that we should move forward in a timely manner to provide a response. Again, it is unfortunate that we understood this was no longer an element for our consideration. Sean said the City will do whatever it can do to coordinate and expedite the process.

Commissioner Mitzelfelt asked Manager Olds if he was revising his recommendation. Manager Olds said he does not have a recommendation for the Commissioners to adopt the sludge contract as proposed because he does not have enough information. However if it is the consensus of the Board to authorize him to direct HDR to move forward under his spending authority, he will do so and bring something back to the Board. Piero said a contract from the City of Victorville was presented for the Board's approval in December, but there was no quorum of the Board to address the contract or to direct the General Manager on how to proceed in relation to this contract. VVWRA staff has informed the Board that technical advice is needed to see if these numbers actually juggle with the Authority before a recommendation can be made. Obviously, legal counsel would also have to review the contract.

Piero said he looked at the contract when it was submitted and one concern he has raised is that we are going to have to deal with the issue of the JPA when this contract comes about because you are authorizing the building of a plant that technically is diverting flows from the Authority which is in technical violation of the JPA. Piero said from a legal standpoint that is the biggest issue. You can quickly deal with that by amending your JPA. That is something you would probably want to do and would have to do. There are minor terms that can be changed, but if the numbers juggle we are fine with it. Commissioner Sagona asked Piero if he would come back with a legal opinion or recommendation. Commissioner Mitzelfelt said the JPA process takes time and is likely to hold this up. Sean said the sludge and flows will need to be treated. Manager Olds said he will address the technical issues and leave the governing issues to the Board.

Commissioner Mitzelfelt asked Sean McGlade if he was OK with the Board taking up this contract one more time. Sean said if the contract is not approved, Victorville is well into the \$5 million equipment purchase of the contract and the building does not accommodate sludge. Brian said it is a fixed rate for 10 years. In a common contract you would bill for actual costs. Brian asked, "If VVWRA walks into a 10- year contract and the costs are higher, how would you defray that?" Piero said that is a very good question and let me address it in two ways. The first is that we need to look at the technical data to see how the numbers work for VVWRA so everyone can understand what VVWRA is investing or not investing in this facility. The second point is that you can sell a capacity agreement where they can buy a certain amount of capacity. How that gets adjusted financially depends on the technical information that we will receive and that is more of a number issue than a legal issue. Piero said you are absolutely correct that it would have to be a capacity agreement where you agree to purchase capacity for a certain rate over a period of time. Those agreements are common in the industry.

Blake Anderson said he works closely with HDR who would provide the background on this and the General Manager's spending authority of \$10,000 would not cover it. He said you may want to double that amount at this time as part of this item. Piero said the Board can do that for this specific Professional Services Agreement only. You already have an agreement with HDR to do all this work and would just be extending the amount of money under that agreement to provide the technical information that your staff needs to make a recommendation to the Board. Commissioner Sagona said

this could also lead to a revision of the JPA. Manager Olds said it is important to the City of Victorville that we move forward with this. He supports this investigation and is deeply regretful that he received information to the contrary and that we had not been working on this. He would like to move forward with this at the Commissioner's pleasure and said we will simply figure out a way. It is important to remember that the City of Victorville is our largest customer.

Chair Cabriales said we have a recommendation to increase the General Manager's spending authority to \$20,000 to work with Victorville and HDR Engineering to provide technical data and prepare a recommendation.

Commissioner Leonard made a motion to approve the recommendation to increase the spending authority of the General Manager to \$20,000 for the professional services to be performed by HDR, which was seconded by Commissioner Mitzelfelt and approved by unanimous voice vote.

Manager Olds asked Blake Anderson to contact HDR Engineering immediately following the meeting to inform them of the Board's action.

Commissioner Mitzelfelt said Item 7 on the consent we pulled and separately discussed, but it was not approved. Chair Cabriales called for a motion on Item 7.

Commissioner Mitzelfelt made a motion to approve Item 7 of the consent calendar, Resolution 2008-13, which was seconded by Commissioner Leonard and approved by unanimous voice vote.

19. Resolution 2008-28: Authorize Authority to Request and Receive Summary Criminal History Information for Employment, Licensing and Certification Purposes: Angela Valles reported that VVWRA would like to implement Live Scan for background checks of new employees to improve our current recruiting procedures. Candidates would go to Live Scan and other agencies for this process.

Commissioner Mitzelfelt made a motion to approve Resolution 2008-28, which was seconded by Commissioner Leonard and approved by unanimous voice vote.

20. Recommendation for VVWRA Operator-in-Training Program: Manager Olds reported that it was mentioned to the Commissioners in November that there was an opportunity that would benefit both VVWRA and interested students and other interested participants in the High Desert. He has been teaching at Victor Valley College and it has been very enjoyable. He said he has met a lot of great students and many of them are actually interested in becoming wastewater treatment plant operators or maintenance staff. However in our industry it is extremely difficult to break through that first door, the most significant of which is obtaining an Operator-in-Training (OIT) certificate. There are two organizations down the hill that are involved in a similar type of program. One is the City of Riverside and the other is the City of San Bernardino. VVWRA's Director of Operations has investigated those programs and prefers the one in place at the City of San Bernardino. Manager Olds said he has spoken to our insurer and they do not see any particular change in our insurance coverage as it relates to this unless there is an injury. The operators in training would not be employees of VVWRA and would not

be paid by VVWRA. This is an unpaid internship program whereby we help them get the hours that they need to get their operator certificate through the OIT Program.

Manager Olds said the cost shown on the staff recommendation is assuming that we have approximately 10 individuals and it would cost approximately \$200 per person to perform the physicals and background checks. Again, these would be unpaid positions that would assist staff as needed. Gilbert said he believes this program would be very beneficial to VVWRA and the community. The programs are very successful in Riverside and San Bernardino. Manager Olds said this would be a way for VVWRA to give back to the community, especially considering these difficult economic times. Some of our best candidates have come out of the construction industry.

Chair Cabriales said he supports this type of program. In this industry, which is not too well known, there are some good jobs. You have to start somewhere to gain certification. It is not only for the young folks but also for those who are changing careers. Commissioner Sagona asked if there are any potential legal wrinkles to have these people come into the plant. Piero said that is a good question. VVWRA's labor attorney, Bill Floyd, has looked at the program and said it is fine. The program would have to be for the benefit of the individual and not for the benefit of VVWRA. They would not be treated as VVWRA employees, but would have to comply with our rules and regulations. They would not be paid and would be here as an intern. There is always the risk of someone falling and hurting themselves, but we have insurance for that and VVWRA's carrier has told us that it will not be an issue when it comes to the premium. There is always a risk when you bring someone into your home or place of business, but those risks are covered.

Commissioner Sagona made a motion to approve the recommendation to implement an Operator-in-Training (OIT) Program at VVWRA as presented, which was seconded by Commissioner Leonard and approved by unanimous voice vote.

STAFF/PROFESSIONAL SERVICES REPORTS:

21. Public Outreach Update – November 2008: Accepted as submitted.

Manager Olds announced that the Public Outreach Update is one of two new monthly reports that have been added to the agenda package. He said he would like the Commissioners to understand that VVWRA is actively pursuing informing the public of the CIP, the cost associated with it, trying to build a positive image of VVWRA within the community and in each of the respective member agencies.

Linda Ellsworth reported that part of what she does at VVWRA is to participate in functions at other agencies to represent VVWRA. She said she would like to bring to the Board's attention the quarterly newsletter from the Alliance for Water Awareness and Conservation (AWAC). The function of AWAC is to bring water conservation to the Victor Valley and each member entity receives this quarterly newsletter from AWAC. She said that each member entity and water district participates in AWAC and VVWRA is also an active participant. As we move forward with the Capital Improvement Plan (CIP) and are able to provide recycled water to the community it will be part of the solution to water shortage.

Commissioner Cabriales asked where the AWAC office is located. Linda said the AWAC organization is under the umbrella of the Mojave Water Agency. AWAC has approached the member entities for contributions for the promotion of water conservation. The Mojave Water Agency receives grant monies for the promotion of water conservation and the efforts of AWAC are part of that program.

22. Employee Achievement and Recognition Report – November 2008: Accepted as submitted.

Manager Olds reported that this new monthly report is a direct result of the Commissioners' desire to recognize the achievements of excellence of the staff. Commissioner Sagona asked if there will be an Employee of the Year. Manager Olds said the recipient of the 2007 Employee of the Year was Brent Keaster and the 2008 Employee of the Year will be announced later this month.

23. Construction Management Update: 18 MGD Expansion Project – November 2008: Accepted as submitted.

24. Financial and Investment Report – October/November 2008: Accepted as submitted.

25. Customer Account Past Due Report – November/December 2008: Accepted as submitted.

26. Operations and Maintenance Report/Performance Efficiencies – November/December 2008: Accepted as submitted.

27. Pretreatment and Interceptor Cleaning and Inspection Reports – September, October, and November 2008: Accepted as submitted.

28. Septage Receiving Facility Reports – October and November 2008: Accepted as submitted.

AGENDA ITEMS FOR FUTURE MEETINGS:

Report from Strategic Advisory Committees (Blake Anderson)

Implementation Update: CIP Version 5b (June/September/December/March)

Approve Addendum to Groundwater Investigation Workplan, Larry Walker Associates (Feb.)

Commission Award to Staff (February)

Interceptor Connection Requirements and Enforcement and Industrial Pretreatment Program

Proposal to Perform Cumulative Impact Assessment for VVWRA Discharges

Upper and Lower Narrows Sonar Investigation of Sewer Interceptor

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

NEXT BOARD MEETING:

Thursday, February 19, 2009 - Regular Meeting of the Board of Commissioners

COMMISSIONER COMMENTS

Commissioner Sagona said, "Way to go and congratulations. As we consider the difficult times we face, it begins with high morale. Keep up the great work".

Commissioner Leonard said, "This is the first VVWRA Board meeting I have attended and what I am hearing is very positive".

ADJOURNMENT

At 10:04 a.m., Commissioner Sagona made a motion to adjourn the Regular meeting, which was seconded by Commissioner Leonard and approved by unanimous voice vote.

APPROVAL:

DATE: _____
Approved by VVWRA Board

BY:  _____
Thurston Smith, Secretary
VVWRA Board of Commissioners