

**MINUTES OF A REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS  
OF THE  
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
February 19, 2009**

**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  
Jeff Rigney**

**VVWRA Staff and Legal Counsel:**

**Logan Olds, General Manager  
Piero Dallarda, Legal Counsel (BB&K)  
Angela Valles, Director of Human Resources  
Gilbert Perez, Director of Operations**

**Patricia Johnson, Secretary to the GM and Board  
Marce Delaney, Env. Compliance Supervisor  
Toni Henning, H/R Technician  
Linda Ellsworth, Mgmt. Technician to GM**

**Others Present:**

**Blake Anderson, Blake Anderson Consulting  
Dennis Cron, Town of Apple Valley  
Bob Vilker, Carollo Engineers  
Joe Flores, City of Victorville  
Scott Priester, City of Hesperia**

**Amer Jakher, City of Victorville  
Brian Johnson, City of Hesperia  
Ryan Orr/George Passantino, Passantino Andersen  
Sean McGlade, City of Victorville  
Alex Handlers, Bartle & Wells**

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

## **REGULAR SESSION**

Chair Cabriaes called the Regular Meeting to order at 9:02 a.m. and announced that there was a reportable action from Closed Session. Piero Dallarda announced that in regard to agenda item 2, the Board was presented with a recommendation for the staffing of VVWRA. The recommendation was to reclassify the Director of Human Resources position to the position of Director of Administrative Services and to reclassify the Director of Finance position to the position of Accounting Supervisor that requires a Bachelor's degree and a CPA degree. The Director of Finance position now to be labeled Accounting Supervisor will report directly to the Director of Administrative Services. Piero said by reclassifying these positions and by following this recommendation from staff, the agency will be saving approximately \$75,000. This is the item that the Board approved unanimously in 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 potential conflict of interest issues.
- 5. WEF House of Delegates Conference**
- 6. Update on HDR Review of Victorville Sludge Management Contract:** Manager Olds announced that the scoping document has been prepared by HDR Engineering. Manager Olds said that he and Sean McGlade of the City of Victorville have reviewed the document and we are moving forward on the project. Chair Cabriaes asked if this will appear on the March agenda. Manager Olds said he will continue to update the Board until we have achieved resolution on this issue and expects this item to be on the March agenda.
- 7. Victor Valley Hospital Foundation Gala:** Manager Olds announced that VVWRA intends to participate in the Victor Valley Hospital Foundation Gala. This event is highly regarded within the High Desert Community.
- 8. Tour of Water Reclamation Facilities in Corona and Lake Elsinore on March 31, 2009:** Manager Olds announced that it has been requested that we tour a couple of facilities that are being modeled for the subregional facilities in the Town of Apple Valley and the City of Hesperia and a tour of a facility in the City of Corona has been scheduled for March 31. Some of the member agencies have already seen that facility, but this is an opportunity to show an example of the type of facilities we are planning to build in Apple Valley and Hesperia. Manager Olds said the Commissioners and member agency staff are invited and any other individuals the member agencies feel should be included are also invited. This is an opportunity to educate our constituents about what we are trying to do.

Commissioner Sagona requested that an invitation also be extended to the Council members. He asked Pat Johnson to provide the flyer to the Town Clerk and other entity Clerks. Commissioner Smith asked Pat Johnson to contact the Hesperia City Manager to provide the flyer because he does not receive a full agenda package.

**CONSENT CALENDAR:**

- 9. Approve the January 2009 Cash Disbursements (No. 0109)**
- 10. Approve the Minutes of the Regular Meeting held on January 15, 2009**
- 11. Resolution 2009-3: Adopt an Amended Schedule of Paid Holidays for FY2008-09**

Commissioner Smith asked what was being added. Manager Olds said this amendment represents a desire by the Board of Commissioners to recognize employees for their performance allowing them an additional four hours of time to be used at the employee's discretion prior to May 31, 2009.

- 12. Recommendation to Approve Emergency Purchase of Sodium Hydroxide in Bulk**
- 13. Recommendation to Approve Proposal from Tom Dodson Associates for CEQA for New Downstream Sampling Site**

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

**REPORTS OR PRESENTATIONS:**

**14. Public Outreach (Linda Ellsworth/Ryan Orr):** Manager Olds reported that Linda Ellsworth would now provide a short introduction for Passantino Andersen Communications. Linda said as VVWRA starts to move ahead with the Capital Improvement Plan and building new facilities. Our first issue is how to pay and we have to raise rates. Most of our customers are sewer customers, which are also your customers. They may know the faces of the public works and operations staff in your community, but they do not really know VVWRA and what we do for them. As we try to increase rates, we want customers to be aware of who we are and what we do and to know that they can trust us. Before asking them for a rate increase, we want them to know what benefit they are going to get. There are two things VVWRA is addressing in planning the new facilities that we need. One is that we are working to meet the new stricter limit requirements that have been imposed by Lahontan. To do that, we have to add new equipment and technology. The other is the ability to provide recycled water for parks, schools and golf courses, which will be available as a benefit of the new facilities. As we approach the need to educate the community on who we are and what we do, this effort is bigger than the available staff and resources at VVWRA. George Passantino and Ryan Orr are here today to provide a presentation on the services of their firm.

George Passantino said he is the owner and managing partner of a strategic communications firm located in the high desert. He provided an overview of his firm's services and its team members. George said

he is a desert rat and has directed a variety of communications campaigns in the high desert for public and private sectors and non-profits to effectively position themselves with their target audiences and create an open dialogue so there is a higher level of education and acceptance to the goals of that organization. He said he comes to Passantino Andersen not only with public relations experience but also from a public policy background. He said folks in this profession often come from the media or from a political background. He said his passion is public policy and he has served as a Director for Governor Schwarzenegger and served on the legislature as the staff author for Megan's Law.

George said Ryan Orr is a new member of the Passantino and Andersen team. Ryan's background is in journalism, which is very valuable and effective to the firm because he understands the psychology of the journalist. In his role, particularly working with government and the media, there is a need to effectively communicate often complex, convoluted ideas into language that the typical person can ingest and fully understand. George said his firm has worked for public and private sectors, non-profits and trade associations. When looking at challenges such as rate increases and bond measures, there is a need to engage stakeholders to effectively communicate the priorities, objectives and performance metrics and other elements of the proposal because ultimately the stakeholder support can make your proposal sink or swim. Even if it does not require a vote of the public, if the stakeholders are not on board and if questions are not answered early the proposal could be delayed or defeated. He said public opinion is like wet cement. When it is wet you can move it around, but once public opinion hardens you have to get a jackhammer in there to change it. Investing on the front end makes that effort much more effective.

George said on a public measure there is often a public education component where you use public resources and you are not advocating for the measure but you try to inform the public. He said he would like to share two particular successes with the Board. Unlike many municipalities, the City of California City in the Mojave Desert does not have a retail base. They have virtually no sales tax to support government services such as police, fire, etc. They operate on the basis of a special tax. A special tax has a five-year sunset. At the end of the five years they had to go back and renew it. Much like VVWRA, they went many, many years without seeking an increase even with the cost of inflation. Every time they sought an increase that required a two-thirds vote, they would get shutdown. George said his firm was hired to come in and perform the research to understand public attitudes and what messages were most effective in creating awareness, understanding and support. He said they were able to get the increase passed by a two-thirds vote. In northern California, the Marysville Joint Union School District had gone many years without an increase and no new schools had been built in 25 years. When they went out to the public to get support to build new schools, they had no basis upon which to know what they were getting out of it. Utilizing public resources, Passantino and Andersen did an education campaign to explain the opportunities and to make them understand the consequences of inaction. We were able to successfully pass that measure with support wide-range support to build new schools. George said he would like Ryan to talk a little about their assessment of VVWRA's situation.

Ryan Orr said part of the reason he is aware of VVWRA's situation is through his previous job at The Daily Press where part of his time at The Daily Press was spent covering VVWRA. He said as a precursor to that, Logan spent three hours with him that was completely transparent and explained a whole lot of complex issues to him and he was able to turn that around and explain it to the public in even more simplistic and understandable terms. He said he is aware of what is going on at VVWRA and

the issue is simply that VVWRA has had to play an amazing game of catch up. They went 14 years without a rate increase during which time the population doubled or tripled. Even in the economic downturn, the High Desert has remained the highest growing area in the Inland Empire for years and people will continue moving here because there is more space available and property is too expensive down the hill. The fact that VVWRA went 14 years without a rate increase while the population tripled is what brought them into a situation where they were forced into an operational budget deficit several years ago. Logan and a whole new regime came in and within two years the agency was named Plant of the Year in 2008. That is a big accomplishment considering what they had to deal with. So now they have to double their flow capacity by 2020 because the area will continue to grow. They need to keep the pace of the growth to continue to catch up and hopefully they can plan for future growth. This is what leads to the revenue bond that is needed to perform the expansions that the public and the Region need.

Ryan said Victorville was rated the second fastest growing city in the nation and the whole region is the same way. He and the Commissioners know what VVWRA has done for the public, but the public does not know and do not get to vote on this. We need to get their confidence and they need to know the history of what has happened here during the past two years and what needs to be done in the future. People do not understand the importance of wastewater. They flush a toilet but they do not know where it goes. If that resource stopped it would be devastating to the valley, but no one would know that until it actually happened. Part of the branding campaign would be to keep the public's confidence that this money is needed and show them what this agency has done and what it can do.

George said we are not talking about a PR campaign where you throw out messages and hope that people listen. What we are trying to create is a customer engagement strategy not just for now but also going forward. There is a relationship between VVWRA and its customers to understand the challenges that are faced such as environmental regulations that drive up the cost of treatment. George said as Ryan mentioned, the growth in the High Desert is inevitable. Unfortunately, we are in a situation where we face a variety of challenges. On the one hand, the fact that you have gone 14 years without a rate increase shows good stewardship that you are trying to make do with what you have. On the flip side, it creates a challenge because customers are familiar with the rates they pay and assume that it will go on into perpetuity. They may not be fully aware of the economics that go into wastewater treatment so that may create a challenge. Similarly, we have an economic climate that growth is going to occur but folks are still looking to squeeze their dollars and make them stretch. We have to be mindful of that and engage them early to create a level of comfort and create awareness. There are opportunities that we are presented with and we will seek to take advantage of those opportunities wherever we can. The obvious growth that is occurring here can be used to our advantage. The fact that VVWRA has had no rate increases for 14 years can also be used to our advantage. The consequences of inaction are great because when the toilets stop flushing and being handled properly, it is an ugly situation.

George explained some of the strategies that are used to engage the customer, get their buy-in, answer their questions, address their concerns and then move forward as part of that ongoing dialogue. Polling and focus groups are methods used to obtain public opinion and determine why they feel the way they do. After providing a brief outline of the budget estimates provided in his proposal, George said he appreciates the opportunity to address the Commissioners today.

**15. Mid-Year Budget Review (Logan Olds):** Manager Olds announced that it is the time of year for a mid-year budget review to provide metrics based on where we are and what we did last year. During his review of the chart documents that were included in the agenda package under item 15, he reported that an amount of \$8,121,000 was budgeted for Capital Revenue and currently, the total amount received to date is \$2 million. For the prior fiscal year, we were looking at \$12 million projected and reduced that amount to \$8 million, which is just under a \$4 million reduction on the Capital side. It was reported that O & M revenue is right on track at .1 percent of the \$7,817,296 projection. During last year's budgeting we were conservative on O & M revenue and what we anticipate and overall this a pretty good balance sheet for operations. He said for O & M expenditures, all areas are below fifty percent. We are on track in all areas of operations and maintenance expenditures. One concern is that we had anticipated the blower engines would be online to increase natural gas costs by 48 percent per month. That did not occur, so Gilbert and his staff are looking at ways to resolve that situation. For R & R expenditures, we have had a few hiccups along the way that we had to adjust for. We budgeted \$1.5 million and anticipate spending \$800,000.

Due to technical issues with the presentation of Item 16, Manager Olds recommended that we move to Item 17 in the interest of time and return to Item 16 when the issues have been resolved. It was the consensus of the Commissioners to move to Item 17.

**16. Financial Plan (Alex Handlers):** Alex Handlers present preliminary findings on what it will cost to fund the Capital projects planned by VVWRA over the next five years. He said it is daunting, but doable. Integral to this process will be the participation of the member agencies. Alex presented a historical chart of VVWRA rates. He said the agency went 14 years with no rate increase, but if a 5% rate escalation had been in place over the past 20 years you would now be at \$20 per Equivalent Dwelling Unit (EDU). We have worked with Apple Valley, Victorville and Hesperia as well as the County to determine where rates need to go and how to phase in the increases as gradually as possible to make it easier on the ratepayers. The 2006 Flow Study showed skyrocketing growth and huge Capital fees. At that time, it was thought that growth would continue forever, but it has now declined. In 2008, there was an update to the Flow Study that showed growth would continue on for a couple of years.

Alex presented information on various financing alternatives. He reported that "Pay as You Go" is not realistic and for bonds and COPs credit rating is key. He said for SRF loans, rates are at 2.75 percent for a 20-year loan, which would provide massive savings. Also, payment is not due until the project is complete. There is also a zero percent loan where you would pay 1/6 and they would pay 5/6. Security for the debt would require a legal pledge from VVWRA and from the Member Agencies to raise rates and fees. After the first debt issuance, no one else will give you money if you do not demonstrate that you have the financial numbers. He said that bond issuances over the next five years, would be done in three phases. The first phase proposed would be for \$40 million in July 2009 that would include \$23 million for regulatory requirement projects. The second phase would occur in 2009-2010 and the third phase would occur in 2011-2013.

Alex said detailed cash flow projections were developed to determine what your revenue needs are over the next five years and beyond. As you all know, substantial rate increases are needed over the next five years from \$12.03 to \$42.00. You would have to adopt these rates in advance of the debt issue, but

you would not have to implement them. Rates can be increased as needed. \$42/EDU is equivalent to the earlier chart that was shown if a 5% COLA had been in place. Growth in each city and town is projected to triple over the next five years. Alex said we also looked at your capacity charges. The current fee is \$3,215 per EDU and the updated fee is \$6,000 to \$6,700 per EDU. Government Code Section 66013 states you can recover costs for existing facilities and future facilities, but the fee cannot exceed the reasonable maximum cost of facilities benefiting growth.

Alex said it is difficult to predict what rates should be in five years because we do not know where the economy will be. Putting rate increases in place now will allow VVWRA to meet expenses at the beginning of the fiscal year. If there is any surplus, it could be credited to the member agencies toward their next year's payment obligation or it could be returned to the member agencies.

Commissioner Sagona asked if the approval of a rate increase would require a unanimous approval. Piero said the current JPA requires the approval of all member agencies prior to the issuance of any kind of bonds. For a State Revolving Fund loan, only a majority vote of this Board is needed. The practical reality is that all member agencies would have to be on board with a bond issuance in order for anyone to consider investing money in the future of this organization.

Chair Cabriales said based on this report, how does it affect this. Piero said his impression from yesterday's meeting was that we are not going to make the Cease and Desist Order (CDO) timeline. He said he may be wrong, but as a lawyer he tends to think negatively. You have to fund and pay for those projects and without a Financing Plan in place in by July you will be facing some serious problems in meeting your CDO and in accommodating future commercial and residential growth.

Manager Olds asked what would occur as far as the Financial Plan and how would it affect VVWRA if one of the member agencies chose to divert a significant amount (one-half) of their 500 to 800 projected new connections from VVWRA. Alex said it would create a reduced revenue stream. The charges are all based on the flow that is coming into the plant. If someone is giving you less flow, the rates would have to go up to compensate. Manager Olds said he was actually referring to the Connection fee side rather than the User fee side. How would this affect your projection of \$6,000 to \$6,700 per EDU? Alex said the danger is on the User Fee side not on the Connection fee side. Connection fees would still have to be paid to VVWRA. You have been very reliant on connection fees and zero growth seems to be where we are headed. Rating agencies and investors don't want to hang their hats on pie in the sky growth numbers. He said you cannot raise rates assuming high growth. Connection fees should be updated so new users pay their fair share.

Manager Olds said a request was made during yesterday's meeting that the foundation of the Financial Plan be based upon our audited financials so the initial beginning balances are there. The Commissioner thanked Alex for his presentation.

#### **ACTION & DISCUSSION ITEMS:**

**17. Report from Strategic Advisory Committee (Blake Anderson):** Manager Olds reported that Blake Anderson was unable to attend today's meeting and that he contacted Piero Dallarda and asked him to give this report. Piero Dallarda reported that the last SAC meeting was held yesterday on

February 18. During that meeting, the principle item of discussion for the group was the wastewater treatment facility that Victorville is planning to build. Victorville made a presentation indicating that the design is 80 percent complete and they plan to start receiving waste and some domestic flows by this time next year. Among other things, that would require the diversion of approximately 1.5 MGD of flow from VVWRA and that in turn generated another discussion. Several issues were raised. One concern was the impact of that facility on VVWRA revenue. The second was the impact on the existing rate schedule. The third was what the impact would be on the Financial Plan we have worked on for two years, which will be presented shortly by Mr. Handlers. The general consensus was that the Financing Plan would be delayed by several months and would probably have to be redone. That is something that the City Managers will take upon themselves to figure out. Piero said the matter of regulatory issues that are facing VVWRA is another issue.

Piero said regarding the Joint Powers Agreement, it was the general consensus that the 1976 JPA document and the Service Agreements need to be changed. It was the consensus to take the JPA document from where we left it in 2005. All of this will create a delay. It took several months last time to prepare a draft revision of the JPA and then the issue was deferred. He said depending on the direction you receive from your Council members, there is not much time for the Regulatory issues and time is of the essence. The JPA will have to deal with the diversion of flows. Thirty years ago, no one contemplated that there would be any other treatment plant. Those issues all need to be addressed and this will be quite a challenge. It will require study and we will all have to work very hard to make this happen. The diversion of flows will affect all aspects of VVWRA and it will also affect your contemplation of certain agreements. We will have to look at all of this and it will require a lot of your time.

Piero said the Commissioners will have to give direction to their member agencies regarding the sludge contract proposed by the City of Victorville. At this point, the sludge would be treated by VVWRA. There is a contract that was put on hold by VVWRA due to information given to the General Manager by Jon Roberts of the City of Victorville. We have now been advised that Victorville wants to move forward and we now need to determine what the cost will be to VVWRA. The decline in revenue to VVWRA was also briefly discussed and will be fully considered. Commissioner Sagona asked Piero if he has any idea of the kind of money we are talking about. Piero said he does not have any idea at this time and this is something we need to determine.

Commissioner Cabriales asked Piero what he was asked to do during the meeting. Piero said he was asked to take a look at the JPA revision from 2005 and to look at the Service Agreement. Piero said after the meeting, he realized that in 2005 we were contemplating things that are no longer relevant. He said he will give it a shot to prepare a revision document for discussion. At some point, we will need to get direction from all of the member agencies and you need to determine what terms you are comfortable with.

**18. Recommendation to Approve Proposal from HDR Engineering to Provide CIP Strategic Planning Assistance - Task Order 09-02:** Manager Olds announced that a request was made by the member agencies to table item 18. The City Managers will be having some additional conversations on this item. It was the consensus of the Commissioners to table Item 18.

**19. Recommendation to Revise FY 2008-09 Budget:** Manager Olds said based on his review of where we are at mid-year, it is his recommendation that for the FY 2008-09 Budget we reduce Capital Revenues by \$3,748,061 and reduce Repair & Replacement expenses by \$731,482.

Commissioner Smith made a motion to revise the FY 2008-09 Budget as recommended, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

**20. Reimbursement Agreements with the City of Hesperia and the Town of Apple Valley for Design of Subregional Water Reclamation Plants:** Manager Olds reported that due to current fiscal issues with VVWRA and the desire by two of the member agencies to move forward with the planning and design of their respective water reclamation facilities, we have been in discussions with those member agencies for several months and the reimbursement document now before the Commissioners has been reviewed by both member agencies. The recommendation to the Commissioners is to authorize him to enter into the reimbursement agreements with the Town of Apple Valley and the City of Hesperia for the purpose of designing the subregionals.

Commissioner Sagona made a motion to approve the reimbursement agreements with the City of Hesperia and the Town of Apple Valley for the design of Subregional Water Reclamation plants, which was seconded by Commissioner Smith and approved by unanimous voice vote.

**21. Recommendation to Award Design Contract for Subregional Water Reclamation Plants:** Manager Olds announced that we are still working with legal counsel and the potential awardee, Carollo Engineers, to develop a schedule. Four proposals were received and no one was a particularly clear winner or clear loser. Some were higher in certain categories and some were lower. After review by the member agencies and VVWRA staff, it was the decision of the member agencies to recommend that Carollo Engineers be selected for this project and to award the contract to Carollo. To ensure that all of the i's were dotted and the t's were crossed, Tom Dawes who performed the review on the Phase III design took a look at the proposals. As an independent reviewer, Ken Nelsen of the Lake Arrowhead Community Services District was kind enough to review the proposals and make a recommendation. It was the unanimous consensus to award the design to Carollo Engineers.

Manager Olds introduced Bob Vilker of Carollo Engineers. Bob said he is a partner in Carollo Engineers who is currently doing work for the Authority on designing the Santa Fe Interceptor. He said Carollo has also done some odor control work for the Town of Apple Valley and has done some water treatment design work for the City of Victorville. We are also very familiar with what is going on in the High Desert. We understand the dynamic nature of the subregionals and are used to being very flexible in being able to provide design services and final designs you need to meet your schedules and address that dynamic nature. If you happen to have shovel-ready money we certainly could accelerate our designs. If there are still issues to be worked out, we will certainly work with you to adjust our schedule. Bob said Carollo is very excited about this opportunity to provide service to you. Commissioner Smith asked Mr. Vilker if all engineering work is done in-house by Carollo. Mr. Vilker confirmed that all work is done in-house.

Commissioner Sagona made a motion to award a design contract for the Subregional Water Reclamation Plants to Carollo Engineers, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

**22. Recommendation to Approve Public Outreach Proposal:** Manager Olds reported that the item now before the Commissioners relates to the proposal presented by Passantino Andersen Communications under Item 14.

Commissioner Sagona made a motion to approve the proposal for public outreach services from Passantino Andersen Communications for a period of six months in the amount of \$68,122, which was seconded by Chair Cabriales and approved by voice vote. Commissioner Smith opposed the motion. Chair Cabriales announced that the motion passed.

**23. Approve Addendum to Groundwater Investigation Workplan, Larry Walker Associates:** Manager Olds reported that a lot of time was spent today discussing regulatory issues that have been imposed by the Lahontan Regional Water Quality Control Board. As part of the NPDES Permit renewal process, a Cease and Desist Order was placed on this organization and one particular area of concern relates to increased levels of nitrogen discharged to the groundwater below our facility as it relates to the operation of the percolation ponds in addition to the biosolids drying beds, which has caused elevated levels of nitrate in the groundwater. He said as we continue to move through this process, he feels a sense of annoyance as well as gladness that VVWRA is not George Air Force Base because we are able to benefit from their modeling effort and piggy-back on their efforts so our costs are not so significant. This item relates to Phase II of the Groundwater Investigation, which is required as part of the NPDES Permit. Manager Olds said he actually delayed this item for 45 days to review and work through the numbers and unfortunately this expense of \$271,030 is the cost for this effort.

Commissioner Smith made a motion to approve an addendum to the Groundwater Investigation Workplan for Larry Walker Associates, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

**24. Recommendation to Approve Proposal from RBF Consulting to Perform Update to Interceptor Flow Projection Study:** Manager Olds announced that there is a great deal of concern expressed by the member agencies and the financing team to make sure that we have the most accurate flow projections as possible. Due to certain trends in the market, we delayed the last flow study. There were also concerns as to how EDUs are calculated. Manager Olds said Alex summed it up best on his presentation table where he showed two competing lines and then a more modest growth rate. It was the consensus of the member agencies during one of our previous meetings for the previous flow projection updates to reflect a more current trend. Previously, the member agencies were very gung-ho on the type of growth that would occur and when it would occur. They have asked that we go through a process where the numbers that he uses for planning purposes and those numbers generated by the member agencies and RBF Consulting are brought more in line with each other. This will require a little more work for RBF because there are some comparisons that will need to be made.

Manager Olds said he intends to do this final flow projection update and then not revisit this issue again for at least one year. It has been almost one year since the last study was done, but there was a lot of

discussion back and forth about the validity of the numbers that delayed any formal action on them. He said he is currently working with staff on the cash flow projection and we are now at the point where regardless of where we save money, by the end of the year we are going to be dipping into the Rate Stabilization Fund. Again, there is some debate as to how much monies need to be there but then you have to understand that we are all in the red. This means that for fiscal year 2008-2009 we have some flexibility but as we roll into fiscal year 2009-2010 the flexibility is gone. Manager Olds said it is his recommendation to move forward with the RBF Flow Projection Study and increase the contractual amount by \$25,450.00.

Commissioner Sagona made a motion to approve the proposal from RBF Consulting in the amount of \$25,450.00 to perform an update to the Interceptor Flow Projection Study, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

#### **STAFF/PROFESSIONAL SERVICES REPORTS:**

- 25. Public Outreach Update – January 2009:** Accepted as submitted.
- 26. Employee Achievement and Recognition Report – December 2008:** Accepted as submitted.
- 27. Construction Management Update: 18 MGD Expansion Project – January 2009:** Accepted as submitted.
- 28. Financial and Investment Report – December 2008:** Accepted as submitted.
- 29. Customer Account Past Due Report – January 2009:** Accepted as submitted.
- 30. Operations and Maintenance Report/Performance Efficiencies – January 2009:** Accepted as submitted.
- 31. Pretreatment and Interceptor Cleaning & Inspection Reports – December/January:**  
Accepted as submitted.
- 32. Septage Receiving Facility Reports – December 2008/January 2009:** Accepted as submitted.

#### **AGENDA ITEMS FOR FUTURE MEETINGS:**

**Report from Strategic Advisory Committees (Blake Anderson)**

**Investment Policy (March)**

**Computer Use Policy (March)**

**Final Sanitary Sewer Master Plan (SSMP) and Certification (April Consent Calendar)**

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

**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**

**NEXT BOARD MEETING:**

**Thursday, March 19, 2009 - Regular Meeting of the Board of Commissioners**

**COMMISSIONER COMMENTS**

Commissioner Smith asked Manager Olds to meet with Kirby Brill to discuss recycled water with the Mojave Water Agency to give VVWRA a bigger voice. Manager Olds said he currently meets with all of the water purveyors in the high desert on a quarterly basis to talk about reclaimed water and try to understand and make sure that we are not mutually competing and that we can benefit one another on the various projects. Prop 84 bonds have been canceled because the State no longer has monies to fund those. Manager Olds said well over a year ago he and Linda Ellsworth reviewed the State Revolving Fund loan program and have placed all VVWRA projects onto the eligibility list. So, we are actually sitting in quite a good position to obtain monies through the SRF Program. It is his hope that the SRF Loan Program will be issuing a planning loan at the end of this month, which is something new and would be ideal for VVWRA. Manager Olds said he was invited by Lahontan to attend an SRF Loan Stimulus Package meeting in Victorville on February 24 and he is planning to attend the meeting.

**ADJOURNMENT**

At 10:50 a.m., Commissioner Smith made a motion to adjourn the Regular meeting, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

**APPROVAL:**

**DATE:** 3/19/09  
Approved by VVWRA Board

**BY:** Thurston Smith  
Thurston Smith, Secretary  
VVWRA Board of Commissioners