

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
April 15, 2010**

CALL TO ORDER: Alternate Chair Ed Pack called the meeting to order at 2:15 p.m. on April 15, 2010 in Room 146 at the VVWRA Administrative Offices, located at 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/Peter Allan
Ed Pack
Rudy Cabriales/Jim Cox
Jeff Rigney**

VVWRA Staff and Legal Counsel:

**Logan Olds, General Manager
Piero Dallarda, Legal Counsel (BB&K)
Melanie Mendez, Accounting Supervisor
Robert Coromina, Network Supervisor**

**Patricia Johnson, Secretary to the GM/Board
Gilbert Perez, Director of Operations
Angela Valles, Director of Admin. Services**

Others Present:

**Sean McGlade, City of Victorville
David Mueller, High Desert Politics.com
Ken Smith, VVC Student
Karen Patterson, VVC Student
Clint Yates, VVC Student**

**Brian Johnson, City of Hesperia
Amer Jakher, City of Victorville
Dennis Cron, Town of Apple Valley
Ryan Orr, Passantino Andersen
Pat Shields, VVC Student**

CALL TO ORDER

PUBLIC COMMENTS – CLOSED SESSION AGENDA

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

Piero Dallarda announced that there was a late-breaking item. We are supposed to enter into a lease for facilities that we occupy right now with the City of Hesperia by May 1, 2010. VVWRA has been negotiating with the City of Hesperia and we received the final draft of the lease from the City after the agenda was posted. There are a couple of terms that we would like to discuss with the Commissioners in Closed Session to make sure you are aware of them and get some direction as to whether or not you want us to go back to the City of Hesperia or possibly just accept these terms with the understanding that it may increase our budget.

A motion would be needed to add the late-breaking item to the agenda. This item has already been posted for open session as part of your consent calendar.

CLOSED SESSION

Commissioner Sagona made a motion to add a late-breaking item to the Closed Session agenda regarding terms of a lease renewal with the City of Hesperia and to enter into Closed Session at 2:15 p.m., which was seconded by Commissioner Cabriales and approved by unanimous voice vote.

REPORT FROM CLOSED SESSION

Piero Dallarda announced that there was nothing to report from Closed Session.

CALL TO ORDER & PLEDGE OF ALLEGIANCE

REGULAR SESSION

Chair Pack called the Regular Meeting to order at 3:30 p.m. He announced that a Speaker Request card was received from David Mueller.

PUBLIC COMMENTS – REGULAR SESSION AGENDA

David Mueller said he came today to comment on the reclaimed water billing that was on the March 18 agenda as item 12. That item was tabled at the last meeting and it has now been removed from the agenda. He did not come here today just for that item, but he wants to know why it has been removed from the agenda. He said he also has a question regarding the real property negotiations in closed session. What governments seem to do these days is if they do not want to discuss something they will put it under closed session. The public should be clued in on what is going on and when do we get to give our input and have a say in the process. He said he is starting to question representative government.

David said another issue is the sludge agreement. The City of Victorville wants to put in the Dr. Pepper plant, but what is in the industrial sludge? At the last meeting they said someone will take the sludge to a landfill or apply it on a farm. Do any of the Commissioners know what is in the sludge? There should be more openness from the Authority so people know what is going on.

ANNOUNCEMENTS AND CORRESPONDENCE:

3. Possible conflict of interest issues

Manager Olds reported that he is not aware of any potential conflicts of interest.

4. News Article: Energy Prices

Manager Olds reported that an article was published in the Wall Street Journal on April 6 that discusses the impact to utilities that use electrical power and natural gas. He would like to reiterate to the Commissioners that utilities are our single most expensive fixed cost of the agency and those costs are going up.

5. Flow Billing Errors

Manager Olds reported that when he was calculating out the potential revenue for FY 2010-11 he noticed that there was a discrepancy and he traced it back to an error that occurred. The memo before the Commissioners shows how we identified it and how it is going to be redistributed to the individual member agencies as a credit. Commissioner Sagona said this reports the correction of the billing error.

At this time, Manager Olds asked that Item 8 of the consent calendar, the renewal of the lease agreement for Eagle Plaza in Hesperia, be removed. Chair Pack called for a motion.

Commissioner Cabriales made a motion to remove Item 8 of the consent calendar, which was seconded by Chair Pack and approved by unanimous voice vote.

CONSENT CALENDAR:

6. Approve the March 2010 Cash Disbursements Register (No. 0310)

7. Approve the Minutes of the March 18, 2010 Regular Meeting

8. Recommendation to Approve Renewal of Lease for Administrative Office Space at Eagle Plaza in Hesperia

9. Recommendation to Change Date of October 21 Board Meeting to October 14

Commissioner Cabriales made a motion to approve the consent calendar, with the exception of Item 8 that was removed, which was seconded by Commissioner Rigney and approved by unanimous voice vote.

ACTION & DISCUSSION ITEMS:

10. Status of the Final Version of the Amended and Restated Joint Powers Agreement: Manager Olds reported that Item 10 is a discussion item for the Commissioners. He said a map was circulated on Monday of this week indicating the areas that would be Exhibit A and Exhibit B which are referenced in the revised JPA. He said at this point that is all the information he has on this item.

11. Resolution 2010-7: Adopt a Statement of Policy for the Investment of Funds for FY 2010-11: Manager Olds reported that Item 11 is an administrative housekeeping procedure wherein our Investment of Funds policy is evaluated annually and put before the Board for adoption. Chair Pack called for a motion on Item 11.

Commissioner Cabriales made a motion to adopt Resolution 2010-7, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

12. Resolution 2010-8: California Employer's Retiree Benefit Trust Program ("CERBT")

Agreement and Election to Prefund Other Post Employment Benefits Through CalPERS:

Angela Valles reported that this Resolution is for an expenditure of \$183,000 for a GASB-45 requirement to have health benefits in place for our retirees. She said if we pay the cost upfront, we will get a better discount. A consultant presentation was scheduled to be provided today, but he got the time mixed up and showed up this morning. Commissioner Cabriales said VVWRA offers free lifetime medical after five years of service. We discussed this before and he requested that it be brought more in line with what the cities did. That is his request, but he does not know how the other Board members feel.

Manager Olds said what the Board previously requested was that we perform a benefits review for VVWRA employees as compared to the various member agencies. He said the benefit VVWRA offers is limited and when compared to the member agencies benefit plans they were less restrictive. Each member agency has a slightly different plan and when leveled out VVWRA's plan was less than everyone else's. Commissioner Cabriales said this benefit is out of whack in his opinion. Manager Olds said we can agendaize that and have another discussion. Commissioner Cabriales said you cannot take it away from the employees, but you could adjust it for future liability. Manager Olds said it is not full coverage; it is a dollar value towards the medical benefit.

Brian Johnson said none of the cities here have fully funded plans for GASB-45. It is a first attempt to have health care for retirement benefits. Hesperia's modest benefit is the minimum for CalPERS. We had an Actuarial study to book the liability on our financial statements and have another year to decide the strategy to pay for it. What we and VVWRA would like to see is an Actuarial study that is specific for health benefits. Hesperia's liability is \$1.5 million for a modest benefit, which is pretty expensive. Commissioner Sagona asked Brian if it would be feasible for the External Finance Committee to provide guidance to VVWRA to make a decision. Brian said he would suggest doing that after July because everyone is so busy with budget issues right now.

Manager Olds said we have performed an Actuarial study which the consultant who was supposed to be here today was going to present. There is a specific time period for GASB compliance. We evaluated three separate plans for funding that liability and CalPERS offered the least cost option of those that were presented. The proposal before the Commissioners today is to start that process. However, if we can wait for another year as the City of Hesperia is doing and still comply with GASB-45, then we can book the liability and carry it forward that way. He said he has been reading about the State's liability with GASB-45, especially with public safety. What we could do at this point is book the value and hold off on the Resolution because that is the sense he is getting from the Commissioners. This way, we would be able to book it, show it to comply with GASB-45, see how FY 2010-2011 proceeds, and then deal with this issue. The CalPERS plan may improve or it may worsen, but it is still the least cost option. Manager Olds said VVWRA would be happy to share the Actuarial study with the member entities to compare the different plans and the numbers. Manager Olds said he recommends that Item 12 be tabled.

It was the consensus of the Commissioners to table Item 12.

13. Recommendation to Award Audit Services Contract: Manager Olds reported that our existing firm Diehl Evans was unable to proceed with performing audits for VVWRA due to a number of reasons. Mainly, because the internal staff dedicated to our project is no longer with the firm. We put out a Request for Proposals (RFP) and received three of them. The proposal before the Board is the least cost provider. The firm is Charles Z. Fedak & Company. Chair Pack asked if this auditing firm was present. Manager Olds said they were not present. Commissioner Sagona asked why the fee increases each year. Manager Olds said it is standard protocol to add a cost of living increase each year of the contract. Our past auditors have done the same thing. The amount of this proposal is less than we were paying Diehl Evans & Company.

Commissioner Sagona made a motion to award a contract for auditing services to Charles Z. Fedak & Company, which was seconded by Commissioner Cabriales and approved by unanimous voice vote.

14. Recommendation to Award Engineering Services Contract for Laboratory Building: Manager Olds reported that we have had quite a few issues with the existing Administration building at the treatment plant that had to be abandoned in 2007 and that is why we are now meeting in this room. Since that time, the building has continued to deteriorate. During the last rains we had flooding on the lower level, which is a health and safety concern. We have been able to identify that a metal building would be the least cost option for the design fees associated with designing that structure and that is the recommendation before the Commissioners.

Commissioner Sagona asked what we will be done with the present Administration building. Manager Olds said due to the building's location and design and the fact that it was not designed to comply with today's American's with Disabilities Act (ADA) requirements we evaluated the cost of retrofitting that building through Gillis & Associates in 2005 and again in 2006 or 2007. The cost of retrofitting that facility to make it current with legal codes was in excess of \$2 million and would not provide any additional square footage. What we have been able to identify through this process is that by using a metal building, we should be able to construct a new building similar to the Operations & Maintenance building on an available site for half that cost at somewhere between \$750,000 and \$1 million.

Manager Olds said we also looked at portable buildings to house just the laboratory staff, but the manufacturers did not have any available and the cost was too high. He said what we can do is design a metal-sided building, put it in place and equip it to handle the Environmental Compliance, Construction, Information Technology and Laboratory departments. We recently estimated the cost to ship out all of the laboratory work that we perform in-house and it would be over \$600K per year so the laboratory is very important. Commissioner Cabriales asked if there were any local bidders. Manager Olds said unfortunately because of the local economy, the local design firms are gone. We hope that when it comes time to construct the project that this will be the perfect project for a local company to bid on. Commissioner Rigney asked if this was intended as a temporary solution. Manager Olds said it is intended as a permanent solution to the problem.

Commissioner Rigney made a motion to approve the recommendation to award an engineering services contract, which was seconded by Commissioner Sagona and approved by unanimous voice vote.

STAFF/PROFESSIONAL SERVICES REPORTS:

15. Subregional Outreach Program Update – March 2010: Accepted as submitted.

Ryan Orr provided a brief report on the kickoff of the preliminary outreach for the subregionals.

Manager Olds said as is typical, if there are any specific questions related to items 16 thru 19 he would be happy to answer them. No questions were asked by the Commissioners.

16. Financial and Investment Report – February 2010: Accepted as submitted.

17. Operations and Maintenance Report/Performance Efficiencies – March 2010: Accepted as submitted.

18. Pretreatment and Interceptor Cleaning and Inspection Reports – March 2010: Accepted as submitted.

19. Septage Receiving Facility Reports – March 2010

AGENDA ITEMS FOR FUTURE MEETINGS:

Quarterly CIP Version 5c Implementation Update (June/September/December/March)

Presentation: FY 2010-11 Budget (May)

Presentation by RBF Consulting: Sanitary Sewer Master Plan, Modeling and Condition Assessment (May)

Review of Interfund Loans (Dallarda/Mendez) (May)

Recommendation to Approve Cell Phone Stipend Policy (May)

Recommendation to Approve Purchase of a Geographical Information System (GIS) (May)

Resolution 2010-2: Adopt a Sewer Master Plan, Modeling and Condition Assessment Prepared by RBF Consulting dated August 2009 (June)

Resolution to Approve FY 2010-11 Budget (June)

Resolution to Approve FY 2010-11 Holiday Calendar (June)

Past Board Actions Relating to VVWRA Subregional Water Reclamation Plants (June)

Update on GE/Zenon Agreement

Resolution to Adopt Amended VVWRA Conflict of Interest Code (September)

Resolution to Amend and Adopt 2010 CEQA Guidelines (September)

Interceptor Connection Requirements and Enforcement and Industrial Pretreatment Program

Upper and Lower Narrows Sonar Investigation of Sewer Interceptor

NEXT BOARD MEETING:

Thursday, May 20, 2010 - Regular Meeting of the Board of Commissioners

COMMISSIONER COMMENTS

Commissioner Rigney said he should have asked this question sooner, but under public comments we had a gentleman ask questions and is it proper for the Board to direct the General Manager to answer his questions. Piero said yes, it has been the practice of the Board when question are raised to direct the General Manager or his designee to answer the questions. The Board has always been responsive to these types of questions and you may direct your General Manager to do this.

Chair Pack explained to Mr. Mueller that the Board cannot debate during a public meeting, but that he can obtain information from the General Manager if he will provide his telephone number. Some of what you are asking he cannot tell you. Mr. Mueller asked if the Commissioners know what is in the industrial sludge. Chair Pack said we do not know but the laboratory staff will know.

Commissioner Rigney said our General Manager may be getting courted by some energy firms who are looking to lease a no cost test site. He would like to ask the General Manager to look into that and see if there would be anything of value to VVWRA.

ADJOURNMENT

Commissioner Sagona made a motion to adjourn the meeting at 4:08 PM, which was seconded by Commissioner Cabriales and approved by unanimous voice vote.

APPROVAL:

DATE: 5/20/10
Approved by VVWRA Board

BY: 
Robert G. Sagona, Secretary
VVWRA Board of Commissioners