

MINUTES
BOARD OF WATER COMMISSIONERS
OF THE CITY OF SAN BERNARDINO

REGULAR MEETING
April 5, 2016
Water Reclamation Plant Conference Room
399 Chandler Place
San Bernardino, California
9:30 a.m.

The Regular Meeting of the Board of Water Commissioners of the City of San Bernardino was called to order by President Callicott at 9:30 a.m. on April 5, 2016 in the Water Reclamation Conference Room, 399 Chandler Place, San Bernardino, California.

ROLL CALL: Roll call was taken by the Secretary with the following being present: President Callicott; Commissioners Valles, Fernández, Hendrix, and Mlynarski; staff Aldstadt, Ohama, Claus, Guerrero, and Willoughby; Steven Graham, City Attorney's Office; Pat Rogers, Information Technology Manager; Amy Smith, Executive Secretary; Andy Hitchings, Somach Simmons & Dunn.

Absent: Director Shepardson

Members of the Public: Jose Martinez, East Valley Water District
William Smith, East Valley Water District

1. CLOSED SESSION: President Callicott adjourned the Regular Meeting of the Board of Water Commissioners to a Closed Session. At 9:31 a.m., the Regular Meeting of the Board of Water Commissioners was recessed and a Closed Session was called to order in accordance with the following Government Code Sections:

C. Conference with legal counsel – anticipated litigation – initiation of litigation – pursuant to subdivision (d) (4) of Government Code Section 54956.9 (one case).
Upon motion by Commissioner Valles, duly seconded by Commissioner Mlynarski, it was unanimously voted to approve initiation of litigation.

ROLL CALL: Roll call was taken with the following present: President Callicott; Commissioners Valles, Fernández, Hendrix, and Mlynarski; staff Aldstadt, Ohama, Claus, Guerrero, and Willoughby; Steven Graham, City Attorney's Office; Amy Smith, Executive Secretary; Andy Hitchings, Somach Simmons & Dunn.

Absent: Director Shepardson

ADJOURN CLOSED SESSION: At 10:35 a.m., the Closed Session of the Board of Water Commissioners adjourned to the Regular Meeting of the Board of Water Commissioners in the Water Department Board Room.

ROLL CALL: Roll call was taken by the Secretary with the following being present: President Callicott; Commissioners Valles, Fernández, and Mlynarski; staff Aldstadt, Ohama, Claus, Guerrero, and Willoughby; Steven Graham, City Attorney's Office; Pat Rogers, Information Technology Manager; Amy Smith, Executive Secretary; Andy Hitchings, Somach Simmons & Dunn.

Absent: Commissioner Hendrix
Director Shepardson

Members of the Public: Jose Martinez, East Valley Water District
William Smith, East Valley Water District

Commissioner Hendrix left at 10:35 a.m.
General Manager Aldstadt and Andy Hitchings left at 10:41 a.m.

2. ANNOUNCEMENTS BY MEMBERS OF THE BOARD OF WATER

COMMISSIONERS: None

3. CONSENT CALENDAR: Upon motion by Commissioner Valles, duly seconded by Commissioner Mlynarski, it was voted to approve the following Consent Calendar, Agenda Items 3A through 3F:

A. WAIVE FULL READING OF RESOLUTIONS: Waive full reading of the resolutions on the regular or supplemental agendas of the Board of Water Commissioners.

B. PAYROLL

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Claims: 268540-269017			
Accounts Payable	\$2,927,654.41	\$1,162,155.21	\$4,089,809.62
Gross Payroll: 02/22/16-03/06/2016	496,023.83	366,855.28	862,879.11
TOTALS	<u>\$3,423,678.24</u>	<u>\$1,529,010.49</u>	<u>\$4,952,688.73</u>

Payroll for the pay period March 7, 2016 through March 20, 2016.

C. CONTRACTS AND BILLS: Contracts and bills presented at this meeting.

D. MINUTES: March 15, 2016

E. PERSONNEL ACTIONS

1. APPOINTMENT: Denise Martinez, Office Assistant, Section 2060, Range 128, effective April 4, 2016. This position was in the budget and based on the needs and staffing for this section, the position was justifiable under the budget.

2. PROMOTION: Eduardo Huizar, Water Utility Worker I, Range 132, to the position of Water Utility Water Treatment Operator I, Range 139, ratified effective March 21, 2016. This position was in the budget and based on the needs and staffing for this section, the position was justifiable under the budget.

3. PROMOTION: Cody Ineichen, Water Reclamation Plant Mechanic II, Range 150, to the position of Water Reclamation Plant Mechanic III, Range 154, ratified effective March 21, 2016. This position was in the budget and based on the needs and staffing for this section, the position was justifiable under the budget.

4. PROMOTION: Nathan Ties, Water Reclamation Plant Mechanic I, Range 146, to the position of Water Reclamation Plant Mechanic II, Range 150, ratified effective March 21, 2016. This position was in the budget and based on the needs and staffing for this section, the position was justifiable under the budget.
5. PROMOTION: Daryl Smith, Senior Electrical/Instrumentation Technician, Range 148, to the position of Water Reclamation Plant Mechanic II, Range 150, ratified effective March 21, 2016. This position was in the budget and based on the needs and staffing for this section, the position was justifiable under the budget.
6. PROMOTION: Jesse Mobley, Water Utility Worker II, Range 138, to the position of Water Reclamation Plant Mechanic I, Range 146, effective April 4, 2016. This position was in the budget and based on the needs and staffing for this section, the position was justifiable under the budget.
7. VOLUNTARY DEMOTION: Kazi Rasheedi, Water Reclamation Process Control Supervisor, Range 259, to the position of Water Reclamation Lead Operator, Range 155, ratified effective February 8, 2016. The Water Reclamation Lead Operator was not filled and Mr. Rasheedi was placed into that vacant position.

F. RESOLUTION NO. 881: A RESOLUTION OF THE BOARD OF WATER COMMISSIONERS OF THE CITY OF SAN BERNARDINO RECOGNIZING JOANNE CHAVEZ FOR MORE THAN THIRTY-FIVE YEARS OF DEDICATED SERVICE TO THE CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT.

END OF CONSENT CALENDAR

4. ADDITIONS TO THE AGENDA: None.
5. APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH RAYMOND JAMES TO PROVIDE UNDERWRITING SERVICES FOR THE PLANNED ISSUANCE OF THE 2016 WATER AND SEWER REVENUE BONDS: The City of San Bernardino Municipal Water Department (Department) requested to retain the financial services firm Raymond James to provide underwriting services for a proposed bond issuance of Water and Sewer Revenue bonds in 2016. These bonds would provide funding for critical capital projects, including the relocation of the Customer Service division from City Hall.

A Request for Proposal for underwriting services was issued on February 17, 2016. Urban Futures, the City's bankruptcy consultant, assisted Department staff in compiling and reviewing the proposals. A total of five firms responded and Raymond James was selected due to their experience and individualized approach.

The total amount of the proposal from Raymond James is \$139,614.20 per issuance, for a total of \$279,228.40, which would be divided equally between the Water and Sewer Funds. Funding was available in the Fiscal Year 2015/16 CIP Project, "Customer Service Relocation" in both Water and Sewer Funds for any minimal initial costs that may be incurred. The debt was expected to be issued in FY 2016/17 and the remainder of the costs would be funded through the debt issuance and would be included at the budget at that time.

Upon motion by Commissioner Mlynarski, duly seconded by Commissioner Valles, it was unanimously voted to approve the Professional Services Agreement with Raymond James for underwriting services. The President and Secretary were authorized to execute the agreement.

6. WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE: USAA CASUALTY INSURANCE: On November 23, 2015, Finance staff invoiced USAA Casualty Insurance (USAA) in the amount of \$5,779.03 for damage to a fire hydrant that occurred in September 2015. In this case, USAA denied liability because the damage was caused by an unknown hit and run driver rather than their insured party. Staff was unable to pursue the other driver to collect because they had no contact information. Staff recommended that the invoice be written off as a loss.

Per Policy 54.020, *Write-Off of Uncollectible Accounts Receivable*, Board of Water Commissioner approval was needed for any write-off over \$1,000.00.

Upon motion by Commissioner Valles, duly seconded by Commissioner Fernández, it was unanimously voted to approve the write-off of Invoice #25448 to USAA Casualty Insurance in the amount of \$5,779.03.

7. APPROVAL OF AGREEMENT WITH NORTON ROSE FULBRIGHT US LLP TO SERVE AS BOND COUNSEL FOR PROPOSED 2016 WATER AND SEWER REVENUE BONDS: The City of San Bernardino Municipal Water Department (Department) requested to retain the services of Norton Rose Fulbright US LLP to serve as bond counsel for the proposed Water and Sewer Revenue Bonds. Victor Hsu, Partner, would serve as lead counsel for the transaction. Mr. Hsu previously served as counsel for the Department and was approved by the City as special legal counsel. A proposal was provided to charge a fixed fee of \$80,000.00 for each transaction, totaling \$160,000.00 for both Water and Sewer.

Funding was available in the Fiscal Year 2015/16 CIP Project, "Customer Service Relocation" in both Water and Sewer Funds for any minimal initial costs incurred. The debt was expected to be issued in Fiscal Year 2016/17 and the majority of the costs would be funded through the debt issuance and would be included at the budget at that time.

Upon motion by Commissioner Valles, duly seconded by Commissioner Fernández, it was unanimously voted to approve the agreement with Norton Rose Fulbright US LLP for legal representation as bond counsel. The General Manager was authorized to execute the agreement.

8. APPROVAL OF AGREEMENT WITH ORRICK, HERRINGTON & SUTCLIFFE LLP TO SERVE AS DISCLOSURE COUNSEL FOR PROPOSED 2016 WATER AND SEWER REVENUE BONDS: The City of San Bernardino Municipal Water Department (Department) requested to retain the services of Orrick, Herrington & Sutcliffe LLP (Orrick) to serve as disclosure counsel for the proposed Water and Sewer Revenue Bonds. Disclosure counsel's role would primarily be to provide advice on the Department's disclosure obligations and to prepare the official statement for the issuance. Orrick was currently serving as the City's legal counsel on refinancing of the Redevelopment Agency debt and were approved as special legal counsel. A proposal was provided to charge a fixed fee of \$60,000.00 for each transaction, totaling \$120,000.00 for both Water and Sewer.

Funding was available in the Fiscal Year 2015/16 CIP Project, "Customer Service Relocation" in both Water and Sewer Funds for any minimal initial costs incurred. The debt was expected to be issued in Fiscal Year 2016/17 and the majority of the costs would be funded through the debt issuance and would be included at the budget at that time.

Upon motion by Commissioner Valles, duly seconded by Commissioner Fernández, it was unanimously voted to approve the agreement with Orrick, Herrington & Sutcliffe LLP for legal services as disclosure counsel. The General Manager was authorized to execute the agreement.

9. REPORTS:

A. Report of the President: None

B. Report of the Commissioners: None

C. Report of the Directors: Director Claus informed the Board that the Department's Environmental Impact Report is scheduled to be released on Tuesday, April 12, 2016.

D. Report of the General Manager: None

10. PUBLIC COMMENTS: This is the time specified for public comments concerning specific items not on the agenda or matters of general interest. There being none, the matter was closed.

11. ADJOURN MEETING: The meeting adjourned at 10:43 a.m. to the next Regular Meeting to be held on Tuesday, April 19, 2016, at 9:30 a.m. in Margaret H. Chandler Water Reclamation Plant Conference Room, 399 Chandler Place, San Bernardino, California, 92408.

BY: 
TONI CALLICOTT
President

BY: 
ROBIN L. OHAMA
Deputy City Clerk & Ex-Officio Secretary