

***MINUTES OF A REGULAR MEETING OF
BIG BEAR MUNICIPAL WATER DISTRICT
HELD ON THURSDAY, NOVEMBER 4, 2010***

CALL TO ORDER

President Fashempour called the Open Session to order at 1:00 PM. Those in attendance included Director Murphy, Director Suhay, Director Eminger, Director Smith, District Counsel Wayne Lemieux (via Skype), Lake Manager Mike Stephenson, and Board Secretary Vicki Sheppard.

REPORTS

General Manager, Scott Heule reported a rescue by Lake Patrol, Travis Carroll and John Tuttle, on Tuesday afternoon explaining that two men in an overloaded canoe capsized. He added that one wearing a PFD got to shore and the other was holding onto a PFD and was struggling badly when lake patrol arrived. He reported that the victim holding the PFD was close to drowning when they pulled him from the water. Mr. Heule read a letter from the US Adaptive Recreation Center thanking the District for their support. He stated that no real progress has been made with Caltrans since last reported. He explained that Caltrans' offer of \$600,000 to pay for replacement pedestrian maintenance bridge on the dam appears inadequate. He added that our engineer is working on a cost estimate for all pieces of constructing a replacement bridge including CEQA, DSOD fees, and construction management. Mr. Heule explained that Caltrans' removal of the highway bridge requires an application from the District along with a check for the application fee adding that the fees are calculated using an estimate of the construction cost and the formula 3% for the first \$300,000 and 2% for the next \$700,000 and so on (one million dollar project would incur a fee of \$23,000). He added that he spoke with Larry Broedow at Senator Dutton's office and Mr. Broedow thinks the District did a good job documenting our experience using the highway bridge for dam maintenance. He added that Mr. Broedow also believes that the problems we are experiencing now result from a 25 year project timetable and Ray Wolfe's short two year involvement on the job and he also believes that we are now communicating with the right people and that Ray Wolfe will do what is right for Caltrans and will be fair. Mr. Heule reported that Mr. Broedow also said that it is a good idea for us to be gathering detailed information on the actual costs if the District builds the bridge instead of Caltrans doing a change order. Mr. Heule reported that the City of Big Bear Lake has asked if the District is interested in participating in a solar electricity generation demonstration grant. He explained that there is about \$600,000 to \$650,000 available with a 50% match that is available to us if we want to participate. He added that the City was thinking it could help offset the power demands of a hypolimnetic oxygenation system (HOS). He explained that power generated by the system that was unused could be sold to Bear Valley Electric. Mr. Heule stated that if the District is interested he will get some more information and then meet with the Facilities Committee to review and discuss. He reported that Jeff Mathieu arranged a conference call that we participated in with AQMD to discuss the potential Mercury TMDL. He explained that during the conversation we advised them that, unlike many locations elsewhere in California, surface water runoff from precious metal mining areas is not the mercury source to Big Bear Lake. He added that we informed them that the TMDL Task Force has sampled and analyzed airborne mercury for a period of three years and will forward those results to them. He stated that AQMD said they have some field sampling equipment coming from EPA and intend to deploy it when it arrives. Mr. Heule explained that they said they want to do some modeling to

evaluate mercury sources from smokestack emissions at coal fired cement plants in the region. He commented that Tim Moore will discuss AQMD's potential work with Hope Smyth and Michael Perez at the Regional Board in hopes that they will further delay preparation of Draft TMDL language. Mr. Heule reported that it appears that the District can get essentially the same health insurance coverage at a lower cost if we switch to a Calpers program. He added that Carrie Shirreffs is making some phone calls to learn more about what medical offices and hospitals are available to the HMO plans. Mr. Heule thanked Director Murphy for the preliminary research at the recent Calpers conference.

Mr. Stephenson reported on the Quagga Conference that he and Mr. Carroll attended. He explained that the purpose of the conference was for the group to possibly come up with a universal program for protection and decontamination. He commented that the only lake that has a stricter program than Big Bear Lake is Lake Casitas where they actually bore a hole in the boat to lock a cable from the boat to the trailer. The boat owners have a choice of this or a 10 day quarantine. Mr. Stephenson commented that he feels decontamination is more effective than a quarantine. He explained that our Quagga program is used as a model for other lakes. Mr. Stephenson reported on the rescue yesterday commenting that without our help the victim probably would have drowned. Mr. Stephenson reported on the Big Bear Marina Remediation Project explaining that he talks to the contractor every day and they have all the permits required and will start construction on November 15th. He reported that staff did a limnological report last week and it shows good water clarity and temperatures in the low 50's.

APPROVAL OF CONSENT CALENDAR

Upon a motion by Director Suhay, seconded by Director Eminger, the following consent items were unanimously approved:

- Minutes of a Regular Meeting of October 21, 2010
- Warrant List Dated October 29, 2010 for \$47,486.70
- Consider approval for the General Manager to cast a vote for ACWA Health Benefits Authority according to the Districts Direction

TROUTFEST DISCUSSION AND POSSIBLE ACTION

Mr. Heule reported that the Big Bear Municipal Water District and Western Outdoor News recently completed the Sixth Annual October Troutfest and by all accounts it was a successful event and brought nearly 1000 anglers and their families to Big Bear from throughout Southern California and the western states (see attached). He explained that the marinas and local merchants, restaurateurs and inn keepers certainly realized an increase in their business during this "shoulder" season in Big Bear. He added that from the Districts' perspective the event stirs interest in our beautiful Lake, results in the stocking of some trophy sized trout and assists in the Districts' trout rearing program. Mr. Heule explained that the District expends nearly 450 man hours to co-sponsor the event and this year expenses exceeded income by about \$9,000. He added that the District Budget and Finance Committee has recommended that the Board of Directors consider dropping District sponsorship in favor of another organization whose purpose is more closely aligned with for profit activities on the Lake or in the valley or who can staff the event with volunteer labor. He reported that just like other Government agencies reliant on declining property tax revenue the District is re-evaluating how best to spend the public's money in light of the Districts mission to "stabilize the level of Big Bear Lake for recreation and wildlife." He explained that notices concerning the District's concerns regarding ongoing sponsorship of this event were sent to the Resort Association, Chamber of Commerce, marinas, City of Big Bear Lake, Village business owners, Western Outdoor News and B's Backyard

Barbeque. Mr. Heule reported that the only response he received regarding this was an e-mail from Rick Bates of the Events Office stating that it is his hope that the MWD continues to sponsor this event and he would like to offer his assistance in exploring ways to make that happen. He added that he had a conversation with Alan Sharp, Big Bear Marina, expressing that he feels the event venue would have to be close to the water and perhaps it could be at B's Backyard Barbeque with the awards ceremony being at the Bartlett parking lot.

Director Suhay stated that he feels the District should either still run the event and maybe get others to contribute money or get out completely (adding that perhaps it could be something that the Foundation handles). Director Murphy asked how many of the 450 man hours were skilled hours or how many of those hours could have been done by someone else. Mr. Stephenson stated that it was about 50% x 50%. Director Murphy remarked that he finds it strange that no one else except B's Backyard Barbeque and Pine Knot Marina is at the meeting. Mr. John Gorzik, B's Backyard Barbeque stated that the event cost them for food but the publicity they received was good and they are interested in talking to the District about becoming a sponsor. Director Murphy explained that the District should not have to foot the bill to participate. Director Suhay stated that some of the costs could be absorbed by others and the District could still run the event. President Fashempour stated that we might want to do a workshop and invite all of the interested parties. Mr. Heule reported that they were all invited to this meeting and he only heard from Rick Bates and B's BBQ and Pine Knot were the only ones who showed up. Director Murphy stated that he likes the idea of perhaps doing it one more time and then bowing out. Director Smith stated that he thinks we could have sponsors and have those sponsors pay the District and still have the District run it. Director Eminger stated that the City makes money from TOT (transient occupancy tax) so he feels they should help adding that we should push the City harder. President Fashempour asked if WON was invited to this meeting. Mr. Heule stated that they were notified and perhaps we should tell them that the District is not going to sponsor the event unless we have some help. Director Murphy asked if Mr. Stephenson could prepare a list of what MWD staff would have to do and what others could do. Mr. Stephenson remarked that we would have to staff up the ramps just like we do on holiday weekends. Director Smith asked if we could place an article in the Grizzly stating our intentions. Mr. Stephenson explained that if someone put in an Event Permit Application we would most likely approve the event just like we do other fishing events. Mr. Gorzik asked if we don't have to staff up for these other events even if we don't sponsor them. Mr. Heule responded that there are lots of other costs involved with sponsorship of the event other than just a busy weekend at the ramps. Director Suhay suggested that we make it clear that participants of this event will be required to check in on Friday and stay until Sunday requiring them to stay for the weekend in Big Bear. President Fashempour suggested that we include a list of who received the notice.

It was the consensus of the Directors that the General Manager schedules a workshop and releases a notice stating that it is unlikely the District will be able to sponsor the event in 2011. President Fashempour suggested the workshop be scheduled for the 2nd week in December.

CONSIDER APPROVAL OF A CPI INCREASE IN MARINA COMPENSATION FOR BIG BEAR MARINA, PINE KNOT MARINA, HOLLOWAYS MARINA, AND DANA'S POINT LANDING

Mr. Heule reported that at the Administrative Committee meeting of October 18, 2010, Marina representatives included Loren Hafen (Holloways), Alan Sharp (Big Bear Marina), Leo McCarthy and Steve Pontell (Pine Knot Marina), John Saunders and Reese Troublefield (Dana's Point Marina). He explained that according to the most recent addendum to the marina permits,

compensation is adjusted every five years by the average annual one year cost of living increase. He added that using this calculation compensation should increase by 2.2%. He reported that Loren Hafen requested that, in light of the difficult economy, no increase be made and to wait another five years before a change is made. He said Mr. Hafen explained that he owns properties in the village and has not raised rental rates for several years commenting that now is not the time to increase fees. He added that Alan Sharp stated that they have been spending more money in order to staff the ramp to meet requirements for Quagga inspections. He explained that Steve Pontell wants to step back farther and meet and discuss a strategic plan for the Lake that identifies what the District and Marinas expect of each other and collaborate on Lake imaging, messaging, and communication to the public and also says that just because the District can raise rates does not mean they should (the economy has taken a toll on business). Mr. Heule reported that John Saunders says that his expenses have gone up and yet his income has gone down adding that the District was formed to provide recreation. He commented that Steve Pontell reiterated the importance of working on a strategic plan for recreation on the Lake. Mr. Heule reported that if a 2.2% increase were applied to the \$75,000 compensation income budgeted it would raise an additional \$1,650. He stated that the committee recommends that the District should consider the economic situation and the cost of providing services to the marinas and only recommends raising compensation by 1.1% adding that the Committee also concluded that because Pleasure Point had been assessed a 2% increase last year, their compensation should be adjusted to reflect any agreement made as a result of Board action on this recommendation (see attached). He reported that the Committee also would like Staff to add an agenda item on the Marina Task Force meeting agenda that includes initiating a discussion on a Lake strategic plan. Director Murphy asked if we could suspend the increase for a one year period instead of a five year period and then revisit it after one year. Director Smith and Director Suhay agreed. President Fashempour stated that she feels the economy would still be an issue after one year and she is comfortable with a 1.1% increase for the next five years. Mr. Leo McCarthy, Pine Knot Marina, stated that the rate comparison shows slip rates of \$51.50 and they paid \$50 per slip. Mr. Heule stated that it is a record keeping error that is being addressed.

Director Murphy moved approval of a 1.1% CPI increase for a period of five years for Big Bear Marina, Pine Knot Marina, Holloways Marina and Dana's Point Marina and that Pleasure Point Marina's compensation be adjusted to reflect any agreement made as a result of this action. Director Suhay seconded the motion and it was unanimously approved.

CONSIDER APPROVAL OF CONSULTANT AGREEMENT FOR SIMON WONG ENGINEERS TO PREPARE PLANS, SPECIFICATIONS, AND COST ESTIMATE FOR THE REPLACEMENT DAM SERVICE BRIDGE CONSTRUCTION PROJECT

Mr. Heule stated that the District has still not received a commitment from Caltrans so this item can't be approved at this time. President Fashempour tabled this item indefinitely.

DISCUSSION AND POSSIBLE ACTION ON FORMATION OF MWD NON-PROFIT FOUNDATION

Mr. Heule reported that the Board reviewed a second draft white paper describing objectives, duties and operation of a future MWD Foundation at the meeting on September 16, 2010 (copy attached). The Board members were asked to comment to the General Manager if they had additions or suggested changes to the paper and none have been received. He added that the Committee indicates that the MWD Board should be looking to appoint Foundation Directors who are high caliber, quality people, who can and will bring their energy and expertise to support

the programs and policies of the Big Bear Municipal Water District through volunteer work and fundraising. He explained that the Committee recommends that each Board member submit a prioritized list of three or four potential candidates from their Division who they believe would make good Foundation Directors to the General Manager. He added that the lists would be compiled and then distributed to the full Board for their consideration and after the full Board approves a list of up to ten candidates, Board members will ask their nominees to become members of the Foundation Board. He stated that if the approach that the MWD Foundation Ad-Hoc Committee has proposed is acceptable they recommend authorizing District Council to draft Foundation By-Laws and 501(C) 3 Non-profit filing paperwork and once the By-Laws have been prepared and conceptually approved by the MWD Board the Foundation Board would be asked to select a name and review and suggest any edits or modifications to the By-Laws for consideration by the MWD Board. Director Eminger asked if other Directors had received interested volunteers yet. Director Suhay stated that he and Director Murphy had received several inquiries. Director Smith stated that he still doesn't think it is a good idea but commented that whatever the other Directors decided he would join in. President Fashempour stated that she wants to have the support of the entire Board and wants a commitment from each Director and doesn't want the Foundation to fail. Mr. Heule stated that he doesn't want to have Mr. Lemieux draft incorporation papers until the Board is absolutely committed to moving forward. Director Eminger stated that he would like to have something to hand out explaining the Foundation proposal. Director Suhay explained that when the Directors commit that would be done. Director Murphy stated that when we get prospective volunteers then we would have Mr. Lemieux proceed. He feels that we should put out the word that we are soliciting candidates by District. Mr. Lemieux stated that the volunteers may come up with their own ideas of how they want to structure the Foundation. President Fashempour stated that they would volunteer their time as well as money and an article in the paper soliciting volunteers would be good. Director Murphy added that the candidates should be solicited by Districts.

Director Murphy moved approval of a proposal to have staff announce the intent to organize a non-profit foundation to support the policies and priorities of the Big Bear Municipal Water District through public education, volunteer support, fundraising and development and key project financial support and then staff would compile the results and then ask District Counsel to do the non-profit paperwork. Director Suhay seconded the motion and it was unanimously approved.

PUBLIC FORUM

No comments were made

ANNOUNCEMENTS

Mr. Heule announced that the office would be closed for Veterans Day November 11 adding that he and Mr. Stephenson would be off on Friday November 12 but Travis Carroll along with other staff would be working. He reported that Mr. Stephenson will be traveling to the Army Corp of Engineers in LA next Monday to discuss study funding and in-kind credit. He explained that Walter Yep advises that earmarks for the study are likely not going to happen again next fiscal year. Mr. Heule reported that a Watermaster meeting was scheduled for next Tuesday November 9th. He added that the new GM at the Conservation District, Daniel Cozad, would be attending his first meeting. He explained that he would be meeting with Don Evenson earlier so Director Suhay and Director Eminger should plan accordingly for transportation. He added that he and Don Evenson would be working on the annual State Board report of fish releases. Mr. Heule announced that the next Board Meeting scheduled for November 18th will include a hearing on

dock license rejection for Conroy. He explained that there would only be one meeting in December due to the ACWA Conference early in the month.

DIRECTOR COMMENTS

Director Murphy reported on the Calpers Conference that he attended the end of October.

ADJOURNMENT TO CLOSED SESSION

The meeting was adjourned to Closed Session at 2:42 P.M to:
Confer with real property negotiator re: APN NO.2328-202-15, 2328-202-08
District Negotiator - Scott Heule

RECONVENE TO OPEN SESSION

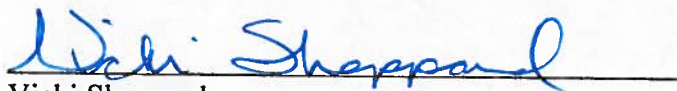
The meeting was reconvened to Open Session at 3:13 P.M.
No reportable action.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:14 P.M.

NEXT MEETING

Open Session at 1:00 P.M.
Thursday, November 18, 2010
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA



Vicki Sheppard
Secretary to the Board
Big Bear Municipal Water District

(SEAL)

Big Bear Lake October Troutfest

Participant Statistics 2006-2008

- 90.5 % of 1000 anglers are from “off the hill”
- 30% are from San Bernardino County
- 26% are from LA County
- 16% are from Orange County
- 13% are from Riverside County
- 7% are from San Diego County
- 8% other CA Counties and out of state

2010 BBMWD Sponsorship Expenses

- 450 man hours
- Wages and supplies = \$14,061.39
- Event shirts = \$4757.84
- Fish purchase = \$15,000.00
- Security = \$600.00
- Elks Lodge Parking = \$100.00
- Total Expense = **\$34,519.23**

2010 BBMWD Sponsorship Revenue

- Permit/Quagga fees = \$3137.00
- Event shirt sales* = \$5795.00
- WON Fish donation = \$15,000.00
- Reimbursed security = \$600.00
- Total Revenue = **\$24,532.00**
- **Loss = (\$9987.23)**

* - includes 2009 event shirts sold at deep discount

TroutfesT Next Steps

- Does sponsorship of TroutfesT fit the mission of the BBMWD?
- Should BBMWD be involved and if so how?
- What about the venue?
- What for profit or non-profit entity, organization or group could sponsor the event?

CPI Increase in Marina Compensation

Big Bear Marina, Pine Knot Marina,
Holloways Marina, and Dana's Point Landing

Compensation Rates

- **Current Rate**

Min. = \$2576.00

Slip = \$51.50

Mooring Buoy = \$31.00

Rental Dock = \$206.00

Other Dock = \$103.00

- **Proposed Rate**

Min. = \$2604.00

Slip = \$52.00

Mooring Buoy = \$31.50

Rental Dock = \$208.50

Other Dock = \$104.00