

***MINUTES OF A REGULAR MEETING OF
BIG BEAR MUNICIPAL WATER DISTRICT
HELD ON THURSDAY, NOVEMBER 21, 2013***

CALL TO ORDER

President Smith called the Open Session to order at 1:03 PM. Those in attendance included Director Murphy, Director Lewis, Director Suhay, Director Eminger, District Counsel Wayne Lemieux (via Skype), General Manager Scott Heule, Lake Manager Mike Stephenson, and Board Secretary Vicki Sheppard.

DISCUSSION AND ACTION ON CLOSED SESSION ITEMS

President Smith reported that there was no closed session at the meeting of November 7th.

REPORTS

Mr. Heule reported that he wants to keep everyone up to date on continuing studies related to the proposed amendment to the in-lieu agreement. He explained that Don Evenson and Valley District's modeler have had lengthy discussion about details of the model that has been prepared. He stated that Mr. Evenson identified several corrections that need to be made to accurately reflect operations based on past hydrology. He added that significant changes have been made regarding calculation of evaporation, timing of releases from the Lake and Lake delivery versus in-lieu delivery schedules. He commented that Mr. Evenson anticipates that these corrections will significantly reduce the cost to Valley District compared to what has been discussed previously. He explained that Mr. Evenson anticipates that new costs for Valley District for this amendment will be produced within the next two to four weeks. Mr. Heule reported that DWR's (Department of Water Resources) initial allocation just reported yesterday to State Water Project contractors is going to be just 5% of their Table A amounts. He explained that for Valley District that would mean they would only get about 5000 acre-feet of the roughly 100,000 acre-feet that they are contracted for. He added that to make matters worse extensive ground water pumping in the central valley is causing subsidence of the land surface, which is threatening the effective operation of flood control facilities, canal operations and is even impacting the design considerations of the high speed rail system. Mr. Heule announced that the Rotary Santa program will be headquartered here at the District Board room. He added that deliveries are already arriving and will be stored in the back of the room. He explained that the evening of December 12th packages will be wrapped and stockings will be stuffed and then stockpiled for the Santa visits on Thursday, Friday, and Saturday nights December 19, 20, and 21.

Lake Manager Mike Stephenson reported that the Marina Task Force meeting yesterday was productive adding that he feels that there was good communication with the marinas. He added that staff still has a few more projects to work on before the end of the season explaining that all seasonal staff will be laid off by December 4th. He reported that they are going to add a few more mooring balls at the dam. He gave an update on the Marina Point project explaining that he check on it yesterday and everything is progressing successfully adding that they are on target. He reported that the silt curtain arrived yesterday and will be in place today. He added that David

Woelfel (California Regional Water Quality Control Board) will let him know when it is in place. He commented that they moved a lot of dirt explaining that they are following the permit. Director Murphy commented that the Marina Task Force meeting went well.

APPROVAL OF CONSENT CALENDAR

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

- Minutes of a Regular Meeting of November 7, 2013
- Warrant List dated November 12, 2013 for \$36,534.15

CONSIDER APPROVAL OF EXTENDING THE 2012 MOU BETWEEN BIG BEAR MUNICIPAL WATER DISTRICT (BBMWD) AND SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (VALLEY DISTRICT) FOR AN ADDITIONAL YEAR

Mr. Heule reported that the Watermaster Committee and Board of Directors has been working diligently on evaluating a proposal that would eliminate future cost increases in the District's in-lieu agreement with Valley District in exchange for storage in Big Bear Lake. He explained that the 1996 in-lieu agreement provides for an increase in the in-lieu payment amounting to between \$80,000 and \$100,000 beginning in fiscal year 2017-18. He added that an MOU signed by the District and Valley District in July 2012 that is being used to study all aspects of a proposed amendment to the in-lieu agreement needs to be extended for an additional year in order for engineers to fully evaluate potential costs and benefits to both parties. He commented that at a recent workshop attended by the Directors of both Districts, Board members indicated an interest in continuing the necessary investigations and modeling that would ultimately reveal if the proposed in-lieu agreement amendment would benefit both agencies. He reported that extending the 2012 MOU would provide the time necessary and protect the interests of both parties as the studies continue. Mr. Heule explained that since the agenda came out, Valley District submitted a revised version (see red lined version attached). District Counsel Wayne Lemieux stated that this version is acceptable commenting that it does not change anything that is in place.

Director Suhay moved approval of extending the 2012 MOU (red-lined version attached) between Big Bear Municipal Water District and San Bernardino Valley Municipal Water District for an additional year. Director Murphy seconded the motion and it was unanimously approved.

PUBLIC FORUM

Mr. Christopher Verhulst addressed the Board explaining that he is trying to start a ferry service on Big Bear Lake. He stated that he purchased a ferry boat adding that it is ADA compliant. He reported that he is working on a concession permit with Pine Knot Marina. He explained that he would like to take children and adults in wheel chairs fishing on the boat. He added that he would also like to stop at various places around the lake and pick up and drop off passengers. He asked if he could get a concession permit from the District. Mr. Heule explained that he would have to obtain a concession permit with a marina adding that we will not issue a commercial permit in competition with the marinas. Director Suhay explained that the marina operator would have to come to the District with the proposal. ADA compliant boats, gangways, ramps

and docks were discussed. Mr. Verhulst explained that his purpose in being here today is to make the District aware of what he is trying to do. Mr. Heule explained that no decision can be made today and suggested that he make an appointment to discuss this with District staff. President Smith stated that he appreciates Mr. Verhulst coming in today to explain his proposal.

ANNOUNCEMENTS

Mr. Heule reported that it appears at this time that two Board members and the General Manager will be out of town during the first Board meeting in December. He explained that the Administrative Committee is suggesting that the December 7th meeting be cancelled. He reported that the Administrative Committee has also determined that the Office will be closed from mid-day Christmas Eve and reopened on Monday morning January 6, 2014. He stated that employees will be using vacation time, unused holidays and comp time for the closure period, adding that no District costs are associated with this closure. Mr. Heule reported that the Administrative Committee also is recommending that the January Board meetings be rescheduled to the second and fourth Thursdays during this five Thursday month explaining that this is needed because of the office closure schedule. He stated that at the next Board meeting Directors will be considering a recommendation from the Lake Improvement Committee concerning a request to purchase an easement for dredge purposes on a Fawnskin sliver fill parcel.

DIRECTOR COMMENTS

No comments were made

ADJOURNMENT TO CLOSED SESSION

The meeting was adjourned to Closed Session at 1:46 P.M under Government Code Section 54956.8 Conference with Real Property Negotiator, Scott Heule General Manager, concerning 440 Catalina, Big Bear Lake, California, APN #2328-202-15, #2328-202-08, #2328-291-27

RECONVENE TO OPEN SESSION

The meeting was reconvened to Open Session at 2:00 P.M.
No reportable action.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:01P.M.

NEXT MEETING

Open Session at 1:00 P.M.
Thursday, December 5, 2013
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA



Vicki Sheppard

Secretary to the Board

Big Bear Municipal Water District

(SEAL)

**AMENDMENT NO. 1
TO
JULY 2012 MEMORANDUM OF UNDERSTANDING
BETWEEN
BIG BEAR MUNICIPAL WATER DISTRICT (BIG BEAR)
AND
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
(VALLEY DISTRICT)**

1. BIG BEAR and VALLEY DISTRICT entered into an agreement on February 1, 1996 which provides, among other things, for VALLEY DISTRICT to deliver In-Lieu water to Bear Valley Mutual Water Company (MUTUAL) in accordance with BIG BEAR's Lake Release Policy as contained in "Exhibit 1" to said agreement.
- ~~1.2.~~ BIG BEAR and VALLEY DISTRICT entered into Memorandums of Understanding on February 1, 2006 and September 7, 2006 modifying the compensation to VALLEY DISTRICT for additional In-Lieu Delivery each of which remain in full force and effect and are not changed by this Amendment.
- ~~2.3.~~ BIG BEAR and VALLEY DISTRICT entered into a Memorandum of Understanding on July 5, 2012, which provides, among other things, for VALLEY DISTRICT and BIG BEAR to develop modifications to the 1996 In-Lieu Agreement that will create additional benefits for each party and to replicate the conditions of the June 1999 Memorandum of Understanding to provide Valley District with the capability to deliver high elevation In-Lieu water from Big Bear Lake to MUTUAL during construction of the East Branch Extension Phase II (EBX II) of the State Water Project (SWP).
- ~~3.4.~~ This The July 2012 Memorandum of Understanding is scheduled to expire on December 31, 2013.
- ~~4.5.~~ Development of The the modifications to the 1996 In-Lieu Agreement under the July 2012 MOU are progressing but the details are still under development and will take additional time to complete.
- ~~5.6.~~ Construction of the EBX II of the SWP is not complete and consequently the potential remains that ~~Valley District~~ VALLEY DISTRICT may need high elevation water from Big Bear Lake to meet MUTUAL's In-Lieu water needs.
- ~~6.7.~~ VALLEY DISTRICT and BIG BEAR desire to extend the July 2012 Memorandum of Understanding for an additional year to complete the modifications to the 1996 Agreement and to continue to provide the capability for ~~Valley District~~ VALLEY DISTRICT to provide high elevation water to Mutual during construction of the EBX II of the SWP.
- ~~7.8.~~ The ending date of December 31, 2013 as referenced in Sections 7, 12, 13 and 15 of the July 2012 Memorandum of Understanding will be changed to December 31, 2014.
- ~~8.9.~~ Except as provided in this Amendment A all other terms and conditions of the July 2012 Memorandum of Understanding will remain unchanged and in full force and effect.
- ~~9.10.~~ This Amendment ~~This Memorandum of Understanding~~ shall be effective as of the date shown below.

DATED: _____, 2013

BIG BEAR MUNICIPAL WATER DISTRICT

By: _____
Vince Smith, President

By: _____
Vicki Sheppard, Secretary

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: _____
C. Patrick Milligan, President

By: _____
Ed Killgore, Secretary