

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
September 2, 2014 at 1:30 p.m.

1. Call to Order, Flag Salute and Roll Call

2. Adoption and Adjustment of Agenda

3. Public Comment

Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary.

4. Consent Calendar:

If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.

- A. Approval of the Minutes of the Regular Board Meeting, August 18, 2014* (Page 2)
- B. Approval of the Minutes of the Finance and Budget Workshop, August 25, 2014* (Page 6)
- C. Approval of the Finance and Budget Workshop Report, August 25, 2014* (Page 9)

5. Reports (Discussion and Possible Action)

- A. General Manager's Report
 - 1. Operations Report
 - 2. EBX 2 Update
 - 3. Flume Update
 - 4. General Agency Updates
- B. Directors' Reports

6. New Business (Discussion and Possible Action)

- A. Consideration of Resolution No. 2014-06, Confirming Intended Use of Beaumont Avenue Recharge Facility and Pipeline Project* (Page 10)
- B. Consideration of PERS Side Fund Payoff* (Page 14)
- C. Discussion on 2014 Bond Issue and Possible Resolution of Support* (Page 17)

7. Topics for Future Agendas

8. Announcements

- A. Engineering Workshop, September 8, 2014 at 1:30 p.m.
- B. Regular Board Meeting, September 15, 2014 at 1:30 p.m.
- C. Finance and Budget Workshop, September 22, 2014 at 1:30 p.m.

9. Closed Session (1 Item)

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION.
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (One case).

10. Adjournment

Information included in Agenda Packet

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: www.sgpwa.com (3) Any person with a disability who requires accommodation in order to participate in this meeting should contact the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
August 18, 2014

Directors Present: John Jeter, President
Bill Dickson, Vice President
Mary Ann Melleby, Treasurer
Ron Duncan, Director
Ted Haring, Director
Barbara Voigt, Director

Directors Absent: Ray Morris, Director

Staff Present: Jeff Davis, General Manager
Thomas Todd, Finance Manager
Cheryle Rasmussen, Executive Assistant
Russ Behrens, General Counsel

1. **Call to Order, Flag Salute and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President John Jeter at 1:30 p.m., August 18, 2014 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of the Agenda:** The agenda was adopted as presented.
3. **Public Comment:** No members of the public requested to speak at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, August 4, 2014
 - B. Approval of the Minutes of the Engineering Workshop, August 11, 2014

Director Dickson moved, seconded by Director Duncan, to approve the consent calendar as presented. Motion carried 6-0, with Director Morris absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis informed the Board that Operations and Maintenance Manager Ken Falls was on vacation last week and is operating the EBX this week, therefore an updated operations report will be provided at the next Board meeting.

(2) Construction Update: General Manager Davis reported on the following:

1. ProCraft's equipment operator hit a $\frac{3}{4}$ inch gas line; construction was instantly halted. The gas line had not been properly marked by Southern California Gas Company.
2. Riverside County Fire Department and the Gas Company were immediately called out to the site.

3. The process of shutting off the gas line was time consuming and took much of the day.
4. ProCraft's construction crew was instructed to begin potholing (a process that ensures exactly where utility lines are located) before proceeding with any future digging with the heavy equipment; this process took two days to complete.

(3) EBX 2 Update: General Manager Davis referred the Board to an email that was included in the agenda packet from Paul Strusinski, supervising engineer for the California Department of Water Resources. He reported on the status and scheduling dates for the following:

- Citrus Reservoir & Pump Station
- Mentone Pipeline
- Crafton Hills Reservoir Expansion
- Switchgear Spec
- Pump Station Completion Spec
- Power Supply for Citrus Pump Station
- Pumps and Motors

General Manager Davis informed the Board that startup testing will likely begin in late 2015.

(4) Whitewater Flume Update: General Manager Davis reported the following: **1. Federal Energy Regulatory Commission (FERC)** – A letter dated August 11, 2014 from Banning Heights Mutual Water Company to FERC was included in the agenda packet. General Manager Davis reviewed the letter in which it addresses the need for the Commission to enforce its standing orders of SCE proceeding with repairing the damaged section of canal located within the licensed P-344 right-of-way. **2. San Bernardino National Forest (SBNF):** A one year extension of the order to remove the Burnt Canyon Pipeline has been granted by SBNF. **3. Public Scoping Meetings:** Due to the extension, the September 2nd and 3rd Public Scoping meetings will be rescheduled; new meeting dates will be announced accordingly. **4. City of Banning:** A petition dated July 28, 2014 from the City of Banning to FERC requesting a rehearing on its application for a FERC license was included in the agenda packet. General Manager Davis reviewed the petition with the Board.

(5) General Agency Updates: **1.** General Manager Davis reviewed with the Board material that was included in the agenda packet relating to the water bond. The water bond measure for the November 4, 2014 General Election ballot specifics are as follow:

- Storage - \$2.7B
- Regional Water Reliability - \$810M
- Safe Drinking Water - \$520M
- Water Recycling - \$725M
- Groundwater Sustainability - \$900M
- Watershed Protection, Watershed Ecosystem Restoration, State Settlements - \$1.495M
- Statewide Flood Management - \$395M
- General Provisions

2. General Manager Davis stated that as a public agency we cannot be an advocate of the water bond; however, the Agency can pass a resolution in support of the water bond and also educate the public on the water bond in a fair and balanced manner. **3.** The

appraisal for the repairs to the Agency's vehicle that was involved in an accident a few weeks ago came in at \$6,000; repair work will begin this week. **4.** An attempted break into the Agency's building took place the evening of August 8th however, due to the safety mechanisms in place an actual break-in did not occur.

B. Directors Reports: **(1) Director Voigt** gave a report on YVWD's Workshop that she attended on August 12th. Director Voigt stated that General Manager Joe Zoba (YVWD) has proposed building a recycled water pipeline to BCVWD; costing BCVWD an upfront amount of \$2 million, with no capacity rights in the pipeline. She also reported that Mr. Zoba had spoken to BCVWD about purchasing land that's available on Beaumont Avenue (located just west of the Agency's recharge facility property) for additional recharge ponds. Mr. Zoba also wants to approach a number of developments (Sharondale, Rancho Calimesa and Plantations on the Lakes) to discuss the possibility of YVWD providing water service to them, with the stipulation that the landowners would sign over their water rights to YVWD. General Manager Zoba is also seeking to run a 24-inch recycled water pipeline out to Banning. Director Voigt also reported on BCVWD's Board meeting that was held on August 13th. She reported that General Manager Eric Frasier (BCVWD) also provided a report to his board on the recycled water pipeline proposal by YVWD. **2) Director Melleby** reported that she attended the Beaumont Basin Watermaster meeting and the Banning Chamber of Commerce dinner, stating that Director Duncan was sworn in as the Banning Chamber President. She also attended the Regional Public Policy Seminar that was held at YVWD on August 7th; the topic of discussion was on Science of Fire Management. **3) Director Duncan** reported that he attended the Cabazon Water District Board meeting on August 18th. He also attended the Banning Chamber of Commerce Installation Dinner. He informed the Board that Director Dickson was sustained as a Banning Chamber of Commerce board member. **4) Director Dickson** reported that he attended the Banning Chamber of Commerce Installation Dinner. He also attended the BCVWD Board meeting. **5) Director Voigt** also reported that she attended the Beaumont Chamber of Commerce Breakfast and the Watermaster meeting.

6. New Business: (Discussion and Possible Action)

A. Consideration of Ordinance 11 Creating an Administrative Code: A staff report and a copy of the proposed Ordinance 11 with the Administrative Code were included in the agenda packet. General Manager Davis stated that over the years the Board has adopted a number of policies that govern activities by both the Board and staff. The Board has discussed the desire to house all policies, and other Board actions, in one location so that they may be easily referenced and more readily available. Staff will update and maintain the code as policies are revised and new policies are adopted. After discussion, Director Voigt made a motion, seconded by Director Melleby, that the Board adopt Ordinance 11 establishing an administrative code. President Jeter requested a roll call. Ayes: Haring, Voigt, Melleby, Duncan, Dickson & Jeter. Noes: None. Abstain: None. Absent: Morris. Motion carried unopposed 6-0, with Director Morris absent.

B. Consideration of Issues Related to Leasing Agency Facilities to Private Parties and Service Groups: A copy of a staff report was included in the agenda packet. General Manager Davis stated that staff has spoken to General Counsel on this issue and would like to know if the Board wishes to lease out any part of the Agency's building to private parties and/or service groups. Directors Dickson, Voigt, Duncan, Haring, Melleby and President Jeter all voiced their concerns. General Counsel Behrens

provided a number of issues that would be of concern when leasing out the property, including gifting of public funds. After discussion, it was the consensus of the Board to not allow private parties and/or service groups the use of the Agency's facility; and to continue with the Board's past use of allowing only government agencies use of the premises. President Jeter requested counsel to draft a policy (or resolution) on this matter and to present it to the Board at a future Board meeting.

C. Consideration of Proposal from Inland Empire Resource Conservation District (IERCD) for Water Conservation Public Outreach Programs: A staff report and a proposal from IERCD for Water Conservation Public Outreach Programs were included in the agenda packet. General Manager Davis stated that the Agency contracted with IERCD last year to perform water conservation public outreach programs in local schools and at the Banning Library; the programs were highly successful. This new proposal is for public and private schools, libraries and local residents. Changes to the existing contract being proposed include an increase in total number of programs performed, as well as increased in price to more accurately reflect costs incurred. Director Voigt made a motion, seconded by Director Melleby, recommending that the Board accepts the proposal from the IERCD to perform water conservation public outreach programs in the amount of \$10,000. Motion passed unopposed 6-0, with Director Morris absent.

7. **Topics for Future Agendas:** President Jeter requested EBX 2 pictures. No other topics for future agendas were requested.
8. **Announcements:** *President Jeter reviewed the following announcements:*
 - A. Finance and Budget Workshop, August 25, 2014 at 1:30 p.m.
 - B. San Gorgonio Pass Regional Water Alliance - Technical Committee Meeting, August 27, 2014 at 4:30 p.m. - Banning City Hall Conference Room
 - C. San Gorgonio Pass Regional Water Alliance – August 27, 2014 at 6:00 p.m. - Banning City Council Chambers
 - D. The office will be **closed Monday**, September 1, 2014 in observance of Labor Day
 - E. Regular Board Meeting, **Tuesday**, September 2, 2014 at 1:30 p.m.
9. **Adjournment:** *President Jeter adjourned the meeting at 2:33 p.m.*

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary of the Board

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SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
August 25, 2014

Directors Present: John Jeter, President
Bill Dickson, Vice President
Ron Duncan, Director
Ted Haring, Director
Mary Ann Melleby, Treasurer
Barbara Voigt, Director

Directors Absent: Ray Morris, Director

Staff and Consultants Present:
Jeff Davis, General Manager (until 1:40 p.m.)
Tom Todd, Jr, Finance Manager

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by President John Jeter at 1:30 p.m., August 25, 2014, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. President Jeter led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** No members of the public wished to make any comment at this time.
4. **New Business:**
President Jeter turned the meeting over to Director Barbara Voigt, Chair of the Finance & Budget Committee.
 - A. Ratification of Paid Invoices and Monthly Payroll for the Month of July, 2014 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Haring, seconded by Director Duncan, to recommend that the Board ratify paid monthly invoices of \$1,680,343.91 and payroll of \$30,691.33 for the month of July, 2014, for a combined total of \$1,711,035.24. The Board requested a new format for the report which would include the full name of each vendor. Finance Manager Tom Todd said he would take care of the situation. The motion passed 6 in favor, no opposed, with Director Morris absent.

- B. Review and Consideration of Pending Legal Invoices for July, 2014: After review and discussion, a motion was made by Director Duncan, seconded by Director Melleby, to recommend that the Board approve payment of the pending legal invoices for July, 2014. The motion passed 6 in favor, no opposed, with Director Morris absent.
 - C. Review of July, 2014 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Director Dickson, to acknowledge receipt of the Wells Fargo bank reconciliation for July, 2014 as presented. The motion passed 6 in favor, no opposed, with Director Morris absent.
 - D. Review of Budget Report for July, 2014: After review and discussion, a motion was made by Director Haring, seconded by Director Duncan, to acknowledge receipt of the Budget Report for July, 2014 as presented. The motion passed 6 in favor, no opposed, with Director Morris absent.
 - E. Review of Investment Policy (Resolution 2010-02): General Manager Jeff Davis introduced the topic, stating this is an annual review, and that staff have no recommendations for change. He turned the presentation over to Finance Manager Todd, and excused himself from the meeting. Finance Manager Todd reviewed the investment policy in detail, noting the kinds and amounts of investments in the various categories, both historically and currently. After further review and discussion, a motion was made by Director Dickson, seconded by Director Duncan, to recommend that the Board affirm the Investment Policy with no changes. The motion passed 6 in favor, no opposed, with Director Morris absent.
 - F. Discussion of Paying Off CalPERS Side Fund: Finance Manger Todd started the discussion by handing out a spreadsheet with estimates of future payments related to the CalPERS side fund. He explained the reason for the side fund, then reviewed the information presented in the spreadsheet. By paying the remaining balance of the side fund, \$205,700, the Agency would save approximately \$75,000 over the next 7 years, which is the estimate of the interest cost at a rate of about 8% on the unpaid balance per year. After review and discussion, a motion was made by Director Melleby, seconded by Director Dickson to recommend that the Board authorize staff to make the necessary arrangements to pay off the CalPERS side fund. The motion passed 6 in favor, no opposed, with Director Morris absent.
5. **Announcements:** Director Voigt reviewed the following announcements:
- A. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, August 27, 2014 at 4:30 p.m. at Banning City Hall Conference Room.
 - B. San Gorgonio Pass Regional Water Alliance, August 27, 2014 at 6:00 p.m. at Banning City Council Chambers.
 - C. The office will be closed September 1, 2014 in observance of Labor Day.

D. Regular Board Meeting, Tuesday, September 2, 2014 at 1:30 p.m.

6. **Adjournment:** The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 2:15 p.m.

Draft - Not Approved

Jeffrey W. Davis, Secretary of the Board

Finance and Budget Workshop Report

From Director Barbara Voigt, Chair of the Finance and Budget Committee

The Finance and Budget Workshop was held on August 25, 2014. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,680,34.91 and Payroll of \$30,691.33 as detailed in the Bank Register Report for Accounts Payable and the Bank Register Report for Payroll for July, 2014 for a combined total of \$1,711,035.24.
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$8,449.20
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3. The Board acknowledge receipt of the following:
 - A. Wells Fargo bank reconciliation for July, 2014
 - B. Budget Report for July, 2014
4. The Board affirm the Investment Policy (Resolution 2010-02) with no changes.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Resolution Regarding Intent of Use for Beaumont Avenue Recharge Facility

DATE: September 2, 2014

Summary:

The Agency is currently attempting to obtain grant funding for construction of the Beaumont Avenue Recharge Facility. The purpose of this proposed Board action is to adopt a resolution that will enable the Agency to move forward with that process.

Background:

The Agency has begun construction of the first phase of the Beaumont Avenue Recharge Facility, a conjunctive use facility to facilitate importing and storing more water in wet years. The Board has expressed a desire to obtain outside grant funding for all or part of the construction costs for this project. In order to include the project in the Upper Santa Ana Integrated Regional Plan, which will make it eligible for grant funding, the Basin Technical Advisory Committee (BTAC) must approve the project. The BTAC is a consortium of water agencies in the San Bernardino area. BTAC has requested that the Agency provide a resolution stating the Agency's intent to have the Beaumont Avenue Recharge Project serve as a conjunctive use facility.

Detailed Report:

Agency staff has worked with the BTAC to develop language that will meet BTAC's needs. The primary purpose of the resolution is to state the Agency's intent of using the facility as a conjunctive use facility. As staff has informed the Board previously, conjunctive use facilities have a relatively high value in project rankings today, and emphasizing formally that the facility is to be used for conjunctive use may enhance funding opportunities.

Fiscal Impact:

BTAC approval is a necessary prerequisite for grant funding. The proposed resolution will likely ensure BTAC approval for the project. Once the project qualifies for funding, staff will aggressively pursue it. If obtained, the fiscal impact on the Agency would be positive, reducing the overall cost of the project and freeing up funds for other uses.

Relationship to Strategic Plan:

The strategic plan calls for a regional water supply plan, a regional infrastructure plan, and a regional finance plan. This action plays a role in each of these. The recharge facility is part of the regional infrastructure and regional water supply plan, and any funding obtained would be part of a regional finance plan. Thus, this proposed action is consistent with the Agency's strategic plan.

Recommendation:

Staff recommends that the Board approve Resolution 2014-06.

RESOLUTION NUMBER 2014-06

A RESOLUTION OF THE SAN GORGONIO PASS WATER AGENCY BOARD OF DIRECTORS RECONFIRMING ITS INTENDED USE OF THE BEAUMONT AVENUE RECHARGE FACILITY AND PIPELINE PROJECT IN CONNECTION WITH POTENTIAL FUNDING OPPORTUNITIES

WHEREAS, the San Gorgonio Pass Water Agency is a regional water agency serving the entire San Gorgonio Pass region; and

WHEREAS, the mission of the San Gorgonio Pass Water Agency includes importing supplemental water into the region; and

WHEREAS, the San Gorgonio Pass Water Agency is a State Water Contractor, one of 29 water agencies in the State of California who have contracts with the State of California to deliver water from the State Water Project; and

WHEREAS, the San Gorgonio Pass Water Agency Board of Directors has recently approved Resolution 2014-02, a policy stating that the Agency is prepared to take all steps necessary to meet the expanding and increasing water demands of the region; and

WHEREAS, the San Gorgonio Pass Water Agency has, over the past several years, already taken a number of steps to meet these needs, including contracting to purchase additional supplemental water from the Yuba Accord, participating in exchanges with other State Water Contractors, and setting aside financial reserves to purchase additional water; and

WHEREAS, additional storage, especially additional storage in wet years when more water is available, is a key to drought-proofing the San Gorgonio Pass region or any region; and

WHEREAS, conjunctive use projects (such as regional recharge facilities that would be available to all purchasers) are sorely needed in California and the West in order to take advantage of additional storage opportunities afforded in wet years; and

WHEREAS, the San Gorgonio Pass Water Agency Board of Directors previously certified a comprehensive Environmental Impact Report (“EIR”) pursuant to the California Environmental Quality Act that fully analyzed the environmental impacts of the Beaumont Avenue Recharge Facility and Pipeline Project, and approved the Project via Resolution Number 2013-13 on October 31, 2013.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY that the Agency is constructing the Beaumont Avenue Recharge Facility (“Facility”) and Pipeline Project as a conjunctive use facility to take advantage of recharging imported water in wet years and to provide a regional recharge facility that would be available to 1 water Purchasers within the Agency’s service area.

BE IT FURTHER RESOLVED that it is the intent of the San Gorgonio Pass Water Agency to recharge imported water in the Facility when imported water is available in wet years and when available imported water is not purchased by water Purchasers within the Agency’s service area.

BE IT FURTHER RESOLVED that the purpose of this Resolution is to document the intended use of the Project as a regional conjunctive use facility, as such documentation may be required in connection with the application for, and receipt of, grants, loans, and other funding opportunities which may be available to help fund the Facility.

BE IT FURTHER RESOLVED that in the event of any discrepancy between the provisions of this Resolution on the one hand, and the provisions of the EIR and/or other Project approvals on the other hand, the provisions of the EIR and Project approvals shall control.

ADOPTED AND APPROVED this 2nd day of September, 2014.

President, Board of Directors
San Geronio Pass Water Agency

ATTEST:

Secretary, Board of Directors
San Geronio Pass Water Agency

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Paying Off PERS Side Fund

DATE: September 2, 2014

Summary:

The Board discussed paying off the Agency's PERS side fund extensively at the Finance and Budget workshop on August 25, and recommended that the issue come to the Board for final approval. The purpose of this proposed Board action is to obtain this approval.

Background:

When the Agency joined CalPERS in 1990, the Board at that time elected to accept an option (frequently chosen by PERS members) that would make PERS membership retroactive for all Agency employees at that time. In essence, this caused the Agency to borrow money from PERS to accomplish this. The loan, termed the "side fund", was amortized over 30 years, and the Agency has been paying it off little by little for the past 23 years. Interest on the loan is approximately 8%.

The Agency has approximately \$280,000 remaining in the side fund, of which approximately \$75,000 is interest.

Detailed Report:

By paying off the side fund, the Agency will accomplish several things. First, it will take reserves that are currently earning less than 0.5% interest and invest them in paying off a debt at 8% interest, an increase in return on investment of 16 times. Second, it will reduce the amount that the Agency pays to PERS each pay period for the next seven years, thus reducing the Agency's payroll obligations substantially. Third, by paying down long-term debt, the Agency puts itself in a better financial position should it need to sell bonds for a major water purchase or other infrastructure need. Fourth, the

Agency will save approximately \$75,000 in interest charges over the next seven years.

Fiscal Impact:

As noted above, this action has only positive impacts on the Agency's financial status. It is the third major action taken by the Board in the past several years to increase the Agency's return on investment on its reserves. The other actions were to install solar panels on the Administration Building, which represented a return on investment of approximately 9%, and making a major payment on the OPEB trust fund, which represented a return on investment of nearly 8%.

Relationship to Strategic Plan:

There is no direct relationship to the strategic plan. This proposed Board action represents good fiscal management.

Recommendation:

Staff recommends that the Board authorize staff to pay off the PERS side fund, using budgeted funds from Agency reserves.

SAN GORGONIO PASS WATER AGENCY
 CalPERS Retirement Side Fund
 PROJECTION OF PAYMENTS
 DRAFT
 August 25, 2014

From Page 4 and 7 of CalPERS Annual Valuation Report dated October, 2013.

Year #	Start Date	Payment	Principal	Interest Rate	Interest Paid	Principal Paid
1	7/1/14	34,512	205,700	8.145	16,754	17,758
2	7/1/15	35,892	187,942	8.045	15,120	20,773
3	7/1/16	37,687	167,170	8.000	13,374	24,314
4	7/1/17	39,760	142,856	7.950	11,357	28,403
5	7/1/18	41,947	114,453	7.900	9,042	32,905
6	7/1/19	44,254	81,549	7.900	6,442	37,811
7	7/1/20	46,909	43,737	7.900	3,455	43,454
	7/1/21		283			
Total payments made over 7 years:				280,961		
Principal paid over 7 years:				205,700		
Interest paid over 7 years:				75,261		

Assumptions:

Interest rate is at its highest, and will decline slightly and gradually. If interest remains at 8.145%, or increases, payments will need to increase accordingly.

Payment amount will need to increase between 4% and 6% annually in order to pay off the entire amount by 6/30/20.



OUTREACH ALERT

Aug. 26, 2014

Action Needed Regarding 2014 Water Bond; ACWA Members Urged to Take Formal Position on Proposition 1 on November Ballot

After more than five years of hard work, intense negotiation and collaboration, the Legislature on a bipartisan vote approved and Gov. Jerry Brown signed a \$7.545 billion water bond measure on Aug. 13. The Water Quality, Supply and Infrastructure Improvement Act of 2014 replaced the \$11.14 billion water bond previously set to go before voters this fall and will appear as Proposition 1 on the November 2014 ballot.

If approved by voters, the measure would provide funding for new surface and groundwater storage projects, regional water reliability, sustainable groundwater management and cleanup, water recycling, water conservation, watershed protection and safe drinking water, particularly for disadvantaged communities. In short, the measure would provide targeted funds for the significant investments in water infrastructure, water management and ecosystem health that ACWA has long advocated as part of a statewide, comprehensive plan to improve the resiliency of the state's water system and help achieve the coequal goals.

ACWA's Board of Directors voted unanimously on Aug. 19 to formally support Proposition 1. **The association is now extending a call to all member agencies to also adopt formal resolutions on the measure.**

An initial member kit is now available with several tools for use in considering a position on the bond measure and educating the public about your agency's position. A second kit with additional resources will be distributed in the coming weeks.

This kit includes a general fact sheet on Proposition 1, a checklist of suggested actions for ACWA members to take locally, a sample resolution on the water bond measure, a sample news release, and a sample newsletter article. Also included are updated guidelines for public agencies regarding permissible activities with respect to ballot measures.

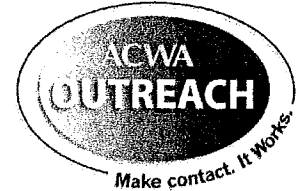
Checklist

1. Please download and review the **Guidelines for Public Agencies Regarding Ballot Measures** for guidance on permissible activities and consult your agency's legal counsel prior to taking on any activities related to Proposition 1. Guidelines available [here](#).
2. If your agency hasn't yet done so, please adopt a formal resolution on Proposition 1. (A sample resolution is [here](#).)
3. Send a copy of your agency's approved resolution to ACWA. Please email it to Michaela Martinez at michaelam@acwa.com.
4. Send a press release to your local media announcing your agency's formal position on Proposition 1. (A sample press release is [here](#).)
5. Let your customers know about Proposition 1 and your agency's position through your agency newsletter, bill stuffers, etc. (A sample newsletter story is [here](#).)
6. Download the fact sheet [here](#).

Download the entire toolkit [here](#).

Questions?

ACWA members may direct questions to Jennifer Persike, ACWA Deputy Executive Director for External Affairs and Operations, at jenniferp@acwa.com or 916/441-4545.



Guidelines for Public Agencies Regarding Ballot Measures

August 2014

General Rule — Information, Not Advocacy

Public agencies may not spend public funds to support or oppose ballot measures placed before the electorate. It is permissible, however, for public agencies to adopt a formal position on a ballot measure and educate the public on the measure, its impacts and the agency's position.

Information provided by a public agency must be accurate and balanced and represent supporting as well as opposing views. Informational materials should dispassionately present the facts, and must not urge a particular position or course of action.

Permissible Activities

It is generally accepted that public agencies may take the following steps regarding a ballot measure:

- Use public resources to analyze and evaluate the impacts of a ballot measure.
- Adopt a formal position in support of or in opposition to a measure. The position should be adopted in a regular open meeting following a staff presentation on the measure's pros and cons.
- Notify the public, media and others of the agency's position through news releases, bulletins or other vehicles that are informational and balanced but do not advocate a "yes" or "no" vote.
- Utilize public resources to prepare and distribute factual, balanced information on a ballot measure to the public and other organizations. Materials distributed proactively by an agency should present both pro and con viewpoints in a fair manner.
- Respond to inquiries from the media, the public or other organizations regarding the impacts of a measure. Information provided in response to specific requests does not have to present the pros and cons, but it cannot advocate that voters take a particular position.

- Participate in forums or debates on a measure, so long as opposing views are not excluded.
- Sponsor forums or debates on a measure if all views are represented. If only one side is able to attend, agencies should be prepared to document that the other side was invited.
- Agency staff and elected officials may meet with newspaper editors and other groups to objectively explain a measure's impact on the agency.
- Elected officials may participate in forums or debates and advocate a position if it is made clear that they are acting in a personal capacity and not at a public agency's expense.

Prohibited Activities

Under state law, public agencies may not:

- Spend public funds or public resources to advocate a yes or no vote on a ballot measure. Public funds should be interpreted broadly to all of an agency's resources – including facilities, supplies, employee time, electronic communications and property.
- Contribute public funds to campaigns supporting or opposing a measure.
- Spend public funds for printing, office supplies or staff time in support of or opposition to a ballot measure.

Additional Guidelines – Timing and Tenor

Materials that do not directly urge a yes or no vote may still be considered advocacy if they fail to make a fair presentation of the facts and do not serve only an informational purpose. While there is no “bright line” defining what constitutes advocacy, factors used in the determination include the timing and tenor of the language used as well as the style of the communication.

- **Timing.** Public agencies should be sensitive to the timing of mailings or other activities. Any items sent before an election that are not consistent with the normal communication schedule of the agency may raise a red flag.
- **Tenor and Style.** Agencies must avoid the impression that materials are being sent to the public to advocate a yes or no vote through the choice of language or style of the communication. Materials must not appear to be campaign pieces and they must serve only an informational purpose.

- **Full disclosure.** Public agencies should ensure materials they produce provide a factual and complete representation of the ballot measure and its impacts and are only intended to provide information to the public.
- **Choosing a vehicle.** While it is permissible to produce special publications or materials, public agencies may wish to use existing newsletters or other communications vehicles to educate the public about a ballot measure and also use existing general funds (and not a special appropriation related to the measure). Public agencies should avoid using public relations firms or consultants to promote their positions on a measure.
- **Disclaimers.** Public agencies may wish to include a disclaimer on any printed materials. The disclaimer may state that the material is being provided for information purposes only and is not meant to advocate a yes or no vote.

Consult Legal Counsel

Public agencies should consult their legal counsel for guidance prior to engaging in any activities relating to ballot measures, particularly any public communications (printed materials, materials posted on the agency's website or distributed electronically, and materials provided to the press or community organizations).

Questions?

ACWA members may direct questions to Jennifer Persike, ACWA Deputy Executive Director for External Affairs and Operations, at jenniferp@acwa.com or 916/441-4545.