

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
June 17, 2013 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, June 3, 2013* (Pg. 2)
- B. Approval of the Minutes of the Engineering Workshop, June 10, 2013* (Pg. 5)
- C. Approval of the Minutes of the Special Budget Workshop, June 11, 2013* (Pg. 7)

5. Reports (Discussion and Possible Action)

- A. General Manager's Report
 - 1. Operations Report
 - 2. General Agency Updates
- B. Directors' Reports

6. New Business (Discussion and Possible Action)

- A. Consideration of Resolution No. 2013-10, Supporting a Representative for ACWA Region 9 Board (Page 9)
- B. Consideration of Crestline Lake Arrowhead Water Agency (CLAWA) Exchange Agreement* (Page 18)
- C. Discussion of City of Banning Pipeline* (Page 26)
- D. Appointment of Ad Hoc Committee on General Manager's Evaluation

7. Topics for Future Agendas

8. Announcements

- A. Finance and Budget Workshop ,**Thursday**, June 27, 2013 at 1:30 p.m.
- B. Regular Board Meeting, July 1, 2013 at 1:30 p.m.
- C. Office Closed – Thursday, July 4th in Observance of Independence Day
- D. Engineering Workshop, July 8, 2013 at 1:30 p.m.

9. Closed Session (1 Item)

- A. Public Employee Performance Evaluation (Government Code Section 54957)
Title: General Manager

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 attend this meeting should telephone 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
June 3, 2013

Directors Present: John Jeter, President
Bill Dickson, Vice President
Ron Duncan, Director
Ted Haring, Director
Ray Morris, Director
Barbara Voigt, Director

Directors Absent: Mary Ann Melleby, Treasurer

Staff Present: Jeff Davis, General Manager
Thomas Todd, Finance Manager
Ken Falls, Operation & Maintenance Manager
Cheryle Rasmussen, Executive Assistant

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., June 3, 2013 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:** None.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, May 20, 2013
 - B. Approval of the Minutes of the Finance and Budget Workshop, May 28, 2013
 - C. Approval of the Finance and Budget Workshop Report, May 28, 2013

Director Duncan requested a correction to the May 20, 2013 *Minutes of the Regular Board Meeting* item 6C, stating that he had misinterpreted the motion. Director Duncan acknowledged that he fully supports the FERC application by the City of Banning and requested that the motion reflect a 7-0 vote.

Director Dickson moved, seconded by Director Morris, to approve the consent calendar as corrected. Motion passed unopposed with Director Melleby absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **(a) SWP Water Deliveries:** The Agency delivered a total of 66 acre-feet to Little San Geronio (LSG) Creek ponds and a total of 911 acre-feet to Beaumont Cherry Valley Water District ponds, for a total of 977 acre-feet for the month of May.

(2) General Agency Updates: General Manager Davis provided updates on the following: **(a) Bond Sale:** EBX 1 Improvement and EBX 2 bonds sold on May 21st at an interest rate of 3.22%. **(b) Final Delta Plan:** On May 16th the Delta Stewardship Council adopted the Final Delta Plan. State Water Contractors are considering litigation as the Delta Plan does not meet the co-equal goals of habitat restoration and reliable water supply. **(c) Bay Delta Conservation Plan (BDCP):** On May 29th the California Natural Resources Agency released the final draft of the BDCP. The report demonstrates net benefits over a 50-year period of approximately \$5 billion of the twin tunnel, 9,000 cfs system.

B. Directors Report: **(1)** Director Haring reported that he attended the Regional Water Resource Alliance meeting that was held on May 30, 2013 at Yucaipa Valley Water District. Scott Goldman of RMC Water and Environment spoke on the North San Diego County Regional Recycling Water Project.

6. New Business: (Discussion and Possible Action)

A. Consideration of Multi-Year Pool Agreement: A staff report, an agreement letter from the Department of Water Resources for the 2013-2014 Multi-Year Water Pool Demonstration Program, and the agreement were included in the agenda packet. General Manager Davis explained in detail how this new pilot program functions. The benefits are as follows:

- ✓ Will allow water short State Water Project (SWP) contractors to purchase SWP water from other willing SWP contractors, for two consecutive years, at a reasonable cost.
- ✓ State Water Contractors (SWC) can sell any unused Table A water or carryover water for a price that is much higher than the turnback pool price which varies depending on the final allocation.
- ✓ Contractors can implement multiple year exchanges.
- ✓ There are two "pools", one pool is comprised of Metropolitan Water District and Kern County Water Agency, the other pool encompasses the remaining Contractors.

This program provides flexibility to Contractors in managing water supplies, especially in dry years. Property owner Blair Ball asked what the cost of this water would be to the water retailers. General Manager Davis stated that the cost to the water retailers would be the then current rate, which is currently \$317 per acre-foot. After discussion, Director Haring made a motion, seconded by Director Dickson, recommending the approval of the 2013-2014 Multi-Year Water Pool Demonstration

Program agreement and the purchase of 1000 acre-feet this year and a maximum of 1000 acre-feet next year. The motion passed unopposed with Director Melleby absent.

B. Summary of Contract Extension Negotiation Session of May 29th: The May 15th Contract Extension Meeting Summary, the May 29th Negotiation Meeting #3 Agenda, and the May 29th Facilitation Plan meeting objectives were included in the agenda packet. General Manager Davis attended the May 29th Contract Extension Negotiation session in Sacramento. He explained many discussions are taking place in caucuses, and are not public. He stated that most of the discussions were pertaining to the topics of *Reserves* and *Other Project Purposes Account*. An agreement for the "new billing procedure" is close. No discussion took place on the length of the extension. The June 12th meeting was canceled; the next meeting will take place on June 26th.

7. **Topics for Future Agendas:** Director Dickson requested that the topic of the City of Banning pipeline be placed on a future agenda. No other topics were requested for future agendas.

8. **Announcements:** President Jeter reviewed the following announcements:

- A. Engineering Workshop, June 10, 2013 at 1:30 p.m.
- B. Special Budget Workshop, June 11, 2013 at 1:30 p.m.
- C. San Geronio Pass Water Task Force, June 17, 2013 -
10:00 a.m., Banning City Hall Council Chambers
- D. Regular Board Meeting, June 17, 2013 at 1:30 p.m.
- E. Finance and Budget Workshop, June 24, 2013 at 1:30 p.m.

9. **Adjournment:** President Jeter adjourned the meeting at 2:12 p.m.

DRAFT - SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary of the Board

cmf

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
June 10, 2013

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

Staff Present: Jeff Davis, General Manager
Ken Falls, Operations and Maintenance Manager
Mike Houlihan, First Carbon Solutions

1. Call to Order, Flag Salute and Roll Call: The Engineering workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by President John Jeter at 1:30 p.m., June 10, 2013 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. President Jeter led the Pledge of Allegiance to the flag. A quorum was present.

2. Public Comment: There was no public comment at this time. President Jeter turned the meeting over to Bill Dickson, Chairman of the Engineering Committee.

3. Review of Beaumont Avenue Recharge Facility and Pipeline Draft Environmental Impact Report. Copies of the Draft EIR (DEIR) were made available to Board members and attendees since it is too large to email. General Manager Davis noted the importance of a Draft EIR in the progression of any major project and then introduced Mike Houlihan of First Carbon Solutions. Mr. Houlihan presented a Power Point summarizing the contents of the EIR and noting that there were a few environmental impacts that would be classified as significant if they were not mitigated. With the mitigation actions identified in the DEIR, all impacts would be less than significant. Thus, no statement of overriding considerations will be required on the part of the Board. Mr. Houlihan described the DEIR review process, which will last 45 days starting tomorrow, and indicated that the Final EIR will consist of the Draft EIR plus all comments on the draft and all responses to the comments. General Manager Davis informed the Board that they will be asked to certify that the project will have no significant environmental impacts by passing a resolution that will include a statement of findings. Also included in that agenda package will be a mitigation monitoring plan, which the

Board will adopt at that time. He noted that since the formal 45-day review process does not start until tomorrow, no comments received at this meeting will be included in the Final EIR since they would be outside of the 45-day review window.

4. Announcements:

- A. Special Budget Workshop, June 11, 2013 at 1:30 p.m.
- B. San Geronio Pass Water Task Force, June 17, 2013—10:00 a.m.,
Banning City Council Chambers
- C. Regular Board Meeting, June 17, 2013 at 1:30 p.m.
- D. Finance and Budget Workshop—Thursday, June 27, 2013 at 1:30
p.m.

5. Adjournment: Chairman Dickson adjourned the meeting at 2:11 p.m.

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary to the Board

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Special Budget Workshop
June 11, 2013

Directors Present: John Jeter, President
Bill Dickson, Vice President
Mary Ann Melleby, Treasurer
Ron Duncan, Director (left at 3:30)
Ted Haring, Director
Ray Morris, Director
Barbara Voigt, Director

Staff and Consultants Present:
Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager
Cheryle Rasmussen, Executive Assistant

1. **Call to Order, Flag Salute and Roll Call:** The Special 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., June 11, 2013, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. Vice President Dickson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Public Comment:** Joe Zoba, General Manager of Yucaipa Valley Water District, asked if this workshop were going to cover any of the three subjects raised in a letter from him to the Agency. General Manager Davis replied that it would address the issue of water rates, which was one of the three issues mentioned in the letter.
3. **Discussion of Draft General Fund Budget for 2013-2014.** *President Jeter turned the meeting over to Director Voigt, Chair of the Finance & Budget Committee.* General Manager Davis began the workshop by presenting a Power Point on the history of Agency water rates. He began by explaining that water rates are an important component of the General Fund Budget and he wanted to make it clear to the Board how the Agency had handled water rates in the past. General Manager Davis concluded the Power Point by providing three options to the Board—raise water rates as of January 2014, as of July 2014, or sometime after that. He indicated that the prior year adjustment from DWR would be an important part of that decision and the Agency would not have this information until it receives its Statement of Charges on July 1, so no decision is needed by the Board at this time. Following the Power Point, Joe Zoba, Duane Burk, and Eric Fraser each asked multiple questions and made a number of comments. Following a short break, General Manager Davis reviewed the draft 2013-2014 General Fund budget with

the Board. Finance Manager Todd passed out a revised draft budget which differed slightly from the version in the agenda package. He began by passing out a pie chart showing that 56% of the General Fund will be spent on purchasing water. Other sections of the pie chart included Engineering—16%, Salaries and Benefits—14%, and Administrative and Professional—10%. Legal Services, Conservation, and Capital Costs together were 4% of the budget. General Manager Davis and Finance Manager Tom Todd then reviewed the budget in detail with the Board. There were discussions on insurance, dues and assessments, outside professional services, and water conservation programs. General Manager Davis and Finance Manager Todd answered a number of questions from Board members.

4. **Announcements:** Director Voigt reviewed the following announcements:
 - A. San Gorgonio Pass Water Task Force, June 17, 2013—10:00 a.m., Banning City Council Chambers
 - B. Regular Board Meeting, June 17, 2013 at 1:30 p.m.
 - C. Finance and Budget Workshop, Thursday, June 27, 2013 at 1:30 p.m.
 - D. Regular Board Meeting, July 1, 2013 at 1:30 p.m.

6. **Adjournment:** The Special Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 3:59 p.m.

Draft - Not Approved

Jeffrey W. Davis, Secretary of the Board

MEMORANDUM

TO: Board of Directors
FROM: General Manager
RE: Nomination to ACWA Region 9 Board
DATE: June 17, 2013

Summary:

Nominations are open for ACWA's Region 9 Board for the 2014-2015 term that begins on January 1, 2014. The purpose of this proposed Board action is to determine if the Agency wishes to nominate someone for the Region 9 Board and, if so, who.

Background:

The agenda package includes various documents from ACWA, including the general duties and responsibilities of regional board members and a timeline for the process. Nominations must be submitted to ACWA by June 30.

In order to be considered by the Nominating Committee, an individual must submit a resolution of support from his/her Board of Directors, as well as a completed Region Board Candidate Nominating Form.

Detailed Report:

Staff spoke with a member of the Region 9 Nominating Committee recently to confirm that the process will be open. The Nominating Committee member stressed that all names submitted will be considered, and encouraged any agency to submit a name for consideration.

The Nominating Committee will consider such issues as geographic diversity, size of agencies represented, and the focus of each agency submitting a nominee (for example, water only, or water and wastewater, or retail or wholesale water agency).

The agenda package includes a nominating resolution with no name included. The Board, if it desires, may choose to approve the resolution with a member's name inserted into the blank.

Fiscal Impact:

If a representative of the Agency were to be elected to the ACWA Region 9 Board, the Agency would be responsible for the representative's travel to ACWA meetings, conferences, and other events. This could have a very minor impact on the Agency but would not be significant.

Recommendation:

Staff has no recommendation. Nominating a representative to ACWA's Region 9 Board is a discretionary action of the Board.

RESOLUTION NO. 2013-10

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN GORGONIO PASS WATER AGENCY
PLACING IN NOMINATION _____
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA
WATER AGENCIES REGION 9 BOARD MEMBER**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

A. Recitals

- (i) The Board of Directors (Board) of the San Gorgonio Pass Water Agency does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA).
- (ii) _____ has indicated a desire to serve as a Board Member of ACWA Region 9.

B. Resolves

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY,

- (i) Does place its full and unreserved support in the nomination of _____ for the Board Member position of ACWA Region 9.
- (ii) Does hereby determine that the expenses attendant with the service of _____ in ACWA Region 9 shall be borne by the San Gorgonio Pass Water Agency.

Adopted and approved this 17th day of June, 2013.

, Director
San Gorgonio Pass Water Agency

(SEAL)

ATTEST

Jeffrey W. Davis, Secretary

I, Jeffrey W. Davis, Secretary to the Board of Directors of San Gorgonio Pass Water Agency, hereby certify that the foregoing Resolution was introduced at a regular meeting of the Board of Directors of said District, held on the 17th day of June 2013, and was adopted at that meeting by the following roll call vote:

AYES:

NOES:

ABSENT:

ATTEST:

Jeffrey W. Davis, Secretary to the
Board of Directors of
San Gorgonio Pass Water Agency



Association of California Water Agencies

Since 1910

Leadership • Advocacy • Information • Service

THE ROLE OF THE REGIONS

Mission:

ACWA Regions will provide the grassroots support to advance ACWA's legislative and regulatory agenda.

Background:

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

The primary charge of regions:

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist with association membership recruitment at the regional level.
- To take positions recommending specific action to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.
 - *Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.*

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS

Region Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
 - Appoints Outreach Captain to help lead outreach effort within the region.
- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.

- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.
- Appoints representatives to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

Region Vice Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- In the absence of the chair and in partnership with the chair, exercises the powers and performs duties of the region chair.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

Region Board Member:

- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.
- Will participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.

2013 Region Election Timeline 2014-2015 Term

- February 28:** **NOMINATING COMMITTEES APPOINTED**
- Region chairs appoint at least three region members to serve as the respective region's Nominating Committee
 - Those serving on nominating committees are ineligible to seek region offices
 - Nominating Committee members posted online
- March 1-31:** **NOMINATING COMMITTEE TRAINING**
- Nominating Committee packets will be e-mailed out to each committee member
 - ACWA staff will hold a training session via conference call with each nominating committee to educate them on their specific role and duties
 - Regions 1-5 Nominating Committees: March 26
 - Regions 6-10 Nominating Committees: March 27
- May 6:** **CALL FOR CANDIDATES**
- The call for candidate nominations packet will be e-mailed to ACWA member agency Board Presidents and General Managers
 - The call for candidate nominations will be announced at the 2013 ACWA Spring Conference and Exhibition in Sacramento
- June 30:** **DEADLINE FOR COMPLETED NOMINATION FORMS**
- Deadline to submit all Nomination Forms and board resolutions of support for candidacy for region positions
 - Nominating Committee members may need to solicit additional candidates in person to achieve a full complement of nominees for the slate
- July 8:** **CANDIDATE INFORMATION TO NOMINATING COMMITTEES**
- All information submitted by candidates will be forwarded from an ACWA Region staff person to the respective region Nominating Committee members with a cover memo explaining their task

July 9 - 26:

RECOMMENDED SLATES SELECTED

- Nominating Committees will meet to determine a slate of individuals to recommend to their region members for election
- Nominating Committee chairs will inform their respective ACWA Regional Affairs Representative and current region chair of their recommended slate
- The Nominating Committee Chair will approve the official region ballot

August 1:

ELECTIONS BEGIN

- Official electronic ballots identifying the recommended slate and any additional candidates for consideration will be produced and e-mailed to ACWA member agencies only
- Only one ballot per agency will be counted

September 30:

ELECTION BALLOTS DUE

- ***Deadline for all region elections. All region ballots must be received by ACWA by September 30, 2013***

October 4:

ANNOUNCEMENT OF ELECTION RESULTS

- Newly-elected members of the region boards will be contacted accordingly
- An ACWA Advisory will be distributed electronically to all members reporting the statewide region election results
- Results will be posted at acwa.com and will be published in the October issue of *ACWA News*



REGION BOARD CANDIDATE NOMINATION FORM

Name of Candidate: _____

Agency: _____ Title: _____

Phone: _____ Fax: _____

E-mail: _____ ACWA Region: _____ County: _____

Region Board Position Preference: (If you are interested in more than one position, please indicate priority – 1st, 2nd, and 3rd choice)

Chair _____ Vice Chair _____ Board Member _____

In the event, you are not chosen for the recommended slate, would you like to be listed on the ballot's individual candidate section? (If no box is selected, your name will **NOT** appear on the ballot.)

Yes No

Agency Function(s): (check all that apply)

Wholesale Sewage Treatment Flood Control
 Urban Water Supply Retailer Groundwater Management / Replenishment
 Ag Water Supply Wastewater Reclamation Other: _____

Describe your ACWA-related activities that help qualify you for this office:

In the space provided, please write or attach a brief, half-page bio summarizing the experience and qualifications that make you a viable candidate for ACWA Region leadership. Please include the number of years you have served in your current agency position, the number of years you have been involved in water issues and in what capacity you have been involved in the water community.

I acknowledge that the role of a region board member is to actively participate on the Region Board during my term, including attending region board and membership meetings, participating on region conference calls, participating in ACWA's Outreach Program, as well as other ACWA functions to set an example of commitment to the region and the association.

*I hereby submit my name for consideration by the Nominating Committee.
 (Please attach a copy of your agency's resolution of support/sponsorship for your candidacy.)*

 Signature Title Date

Submit completed form to: regionelections@acwa.com

Submit

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Exchange Agreement with Crestline-Lake Arrowhead Water Agency

DATE: June 17, 2013

Summary:

Recently, the Board authorized staff to negotiate an unbalanced exchange agreement with Crestline-Lake Arrowhead Water Agency (CLAWA) that would bring 2000 acre-feet of water here this year in exchange for 1300 acre-feet over the next ten years. The purpose of this proposed Board action is to approve that agreement.

Background:

This is a dry year. The 35% allocation for the State Water Project means the Agency has just 6055 AF of Table A water, in addition to carryover water. Staff has identified a number of additional sources of water to augment the Table A amount, including approximately 500 acre-feet of Yuba water, 1000 acre-feet of water from the multi-year pool, and this proposed exchange.

The Agency previously executed a balanced exchange with CLAWA for 1000 acre-feet. The Agency imported 1000 acre-feet of additional water in 2010 in exchange for 1000 acre-feet of water to be delivered to CLAWA prior to December 2020. This exchange agreement is similar in language to the previous agreement, with the exception that this is an unbalanced exchange. Under this proposed exchange, the Agency would receive 2000 acre-feet of CLAWA's Table A water this year in exchange for 1300 acre-feet of Agency Table A water over the next ten years.

Detailed Report:

This proposed exchange is good for the Agency and the region in a number of ways. First, the region will receive 700 acre-feet of free

water. That is, the region will receive 700 acre-feet more water than it will give back to CLAWA over the next ten years. Second, it is good because it enables the Agency to increase its carryover for next year. If 2014 is a dry year, the Agency will be able to better meet the needs of the region. Third, for retail water agencies who recharge water, it provides the opportunity to “bank” water now. Even if some of this has to be returned later, the exchange allows more water to be recharged into local groundwater basins today.

Exchange agreements are not as advantageous for retail water agencies who take direct deliveries of State Water Project water. There is always a concern that the other exchanging party, in this case CLAWA, will ask for its exchange water in a dry year in which there might not be enough Table A water to meet direct delivery demands.

In this case, the proposed exchange agreement includes language that provides flexibility to the Agency under such circumstances. The proposed agreement states that, in the event that CLAWA wants all or part of the water back in a critically dry year, the Agency can negotiate the exchange amount with CLAWA, providing the Agency an opportunity to keep some water in order to maintain direct deliveries. Similar language was included in the previous CLAWA exchange agreement.

In addition, staff is developing a board policy that will clearly define the differences in the needs of retailers who take direct deliveries and retailers who recharge water. This, if approved by the Board, should provide additional protection to direct delivery retailers in such situations.

Fiscal Impact:

This agreement related to the exchange of water. No costs are associated with it. For the water the Agency takes delivery of this year, it will pay the standard DWR variable rate. For the water that CLAWA takes delivery of in future years, it will pay the DWR variable rate for that year to its delivery point.

Relationship to Strategic Plan:

One of the goals of the strategic plan is to develop a regional water supply plan. Such plan, when completed, will include exchanges such as this as tools to augment Agency supplies in dry years.

Recommendation:

Staff recommends that the Board approve the proposed agreement and authorize the General Manager to sign and implement it. Staff further recommends that the Board authorize the General Manager to file the appropriate CEQA documentation.

SAN GORGONIO PASS WATER AGENCY
CRESTLINE-LAKE ARROWHEAD WATER AGENCY
WATER EXCHANGE AGREEMENT

RECITALS

- A. San Gorgonio Pass Water Agency (“SGPWA”) is a public agency organized in accordance with the San Gorgonio Pass Water Agency Law (Water Code Appendix Sections 101-1 et seq.) with broad powers to acquire and sell water. SGPWA has a Water Supply Contract with the Department of Water Resources (“DWR”) that provides it with a Table A Amount of 17,300 acre-feet of water per year from the State Water Project.
- B. Crestline-Lake Arrowhead Water Agency (“CLAWA”) is a public agency organized in accordance with the Crestline-Lake Arrowhead Water Agency Law (Water Code Appendix Section 104-1 et seq.) with broad powers to acquire and sell water. CLAWA has a Water Supply Contract with DWR that provides it with a Table A Amount of 5,800 acre-feet of water per year from the State Water Project.
- C. SGPWA and CLAWA intend by this Agreement to implement an exchange of water from their respective Table A Amounts for the benefit of their respective service areas, with CLAWA delivering 2,000 acre-feet of its Table A Amount to SGPWA in Calendar Year 2013, and with SGPWA returning 1,300 acre-feet of water to CLAWA no later than the end of Calendar Year 2023.

IN CONSIDERATION OF THE MUTUAL PROMISES of the Parties as set forth herein, it is agreed as follows:

1. **Description of the Exchange and Procedures.**

Within 10 days after the date of execution of this Agreement by both parties, CLAWA will in writing request the California Department of Water Resources (“DWR”) to deliver 2,000 acre-feet of State Water Project water from CLAWA’s 2013 Table A Amount to SGPWA according to a delivery schedule that SGPWA will submit to DWR. A copy of CLAWA’s written request to DWR shall also be delivered to SGPWA. After written confirmation to CLAWA from SGPWA that such water has been delivered to SGPWA, in a subsequent year DWR shall deliver 1,300 acre-feet of State Water Project water from SGPWA’s Table A Amount (“Exchange Water”) to CLAWA according to a delivery schedule that CLAWA will submit to DWR. SGPWA and CLAWA shall

meet and confer in advance of scheduling delivery of the Exchange Water to CLAWA. Delivery of the Exchange Water shall be completed no later than December, 2023. If CLAWA requests delivery of Exchange Water in a year which DWR has declared to be critically dry, SGPWA and CLAWA agree to confer in good faith to adjust the quantity of Exchange Water to be delivered in that year so as to minimize adverse impacts on the ability of both Parties to satisfy the needs of their respective customers. Each Party's obligation for the delivery of water to the other Party pursuant to this Agreement shall be subject to the availability of water from the State Water Project.

2. **Points of Delivery and Measurement.**

(a) **SGPWA.** The point of delivery and measure of the 2,000 acre-feet of water from CLAWA's Table A Amount to SGPWA in 2013 shall be at SGPWA's designated point of delivery.

(b) **CLAWA.** The point of delivery and measurement of the Exchange Water from SGPWA to CLAWA shall be at CLAWA's designated point of delivery.

3. **Charges.**

Neither SGPWA nor CLAWA shall charge any costs to the other for use of either Party's facilities to the point of delivery. Each Party shall be responsible for all costs of, and entitled to all prior credits generated by, the delivery of water to that Party as if it had come from that Party's own Table A Amount in the year of delivery.

4. **Conditions Precedent and Covenants.**

(a) **DWR Approval.** No provisions of this Agreement requiring DWR approval shall become operative until DWR approves of those provisions. SGPWA and CLAWA shall use their best efforts to promptly obtain such approvals.

(b) **State Water Contractors.** SGPWA and CLAWA agree that they will each, with due diligence and in good faith, seek to obtain the support and approval of this Agreement by the State Water Contractors and request DWR to approve the exchange of water as set forth herein.

5. **Notices.**

All written notices required to be given pursuant to the terms of this Agreement shall be either (i) personally delivered, (ii) deposited in the United States express mail or first-class mail, (iii) delivered by overnight courier service or (iv) delivered by facsimile transmission, provided that the original of such notice is sent by certified United States mail, postage

prepaid, no later than one (1) business day following such facsimile transmission. All such notices shall be deemed delivered upon actual receipt (or upon first attempt at delivery pursuant to the methods specified herein if the intended recipient refuses to accept delivery). All such notices shall be delivered to the following addresses or to such other address as the receiving party may from time to time specify by written notice to the other party:

SGPWA:

San Geronio Pass Water Agency
1210 Beaumont Ave.
Beaumont, CA 92223

Attention: General Manager
Telephone: (951) 845-2577
Facsimile: (951) 845-0281

CLAWA:

Crestline-Lake Arrowhead Water Agency
24116 Crest Forest Drive
P.O. Box 3880
Crestline, CA 92325-3880

Attention: General Manager
Telephone: (909) 338-1779
Facsimile: (909) 338-3686

6. **Miscellaneous.**

(a) **No Assignment.** No party shall assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of the other party.

(b) **Successors and Permitted Assigns.** All covenants and agreements contained in this Agreement by or on behalf of any of the parties shall bind and inure to the benefit of their respective successors and permitted assigns, whether so expressed or not.

(c) **No Modification of Existing Contracts.** This Agreement shall not be interpreted to modify the terms or conditions of the water supply contracts between the DWR and CLAWA, and between DWR and SGPWA, or to modify the terms or conditions of any other water purchase or exchange agreements between CLAWA and SGPWA.

(d) **Governing Law/Venue.** This Agreement shall be construed and enforced in accordance with the laws of the State of California. Venue for

any actions brought regarding this Agreement shall be in the County of Riverside, provided that, in accordance with the provisions of the Code of Civil Procedure Section 394, a disinterested judge from a neutral county is assigned to hear such action and all such proceedings in connection therewith.

(e) **Ministerial Actions.** Due to increasing State-wide demands for water, water exchanges, water storage, banking and recovery, and various water quality issues throughout the State, the parties agree that this project is unique and cannot be duplicated and there is not a plain, speedy, and adequate remedy at law for CLAWA or SGPWA should either refuse or fail to perform their respective obligations as set forth in this Agreement. Consequently, CLAWA and SGPWA agree that the terms of this Agreement are enforceable by a writ of mandate and specific performance.

(f) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. Signatures sent by facsimile shall be deemed originals and treated in all respects as originals.

(g) **Further Action.** The parties agree to and shall take such further action and execute such additional documents as may be reasonably required to effectuate the terms and conditions of this Agreement and to the extent consistent with the terms thereof.

(h) **Interpretation.** This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 or similar judicial rules of construction. Each party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to executing this Agreement and that it is fully aware of and understands all of the terms and the legal consequences thereof. The headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

SAN GORGONIO PASS WATER AGENCY

By: _____
General Manager

Date: _____

CRESTLINE-LAKE ARROWHEAD WATER
AGENCY

By: _____
General Manager

Date: _____

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Status Report on Banning Pipeline

DATE: June 17, 2013

Summary:

The Board has asked to discuss the Banning Pipeline. This staff report summarizes the history and status of this proposed facility.

Background:

Several years ago, the City of Banning proposed an extension of the East Branch Extension to Highland Springs Avenue, where it would be able to deliver State Water Project water to a proposed golf course on the former Deutch property, currently owned by Pardee Homes.

The pipeline would have been just large enough to meet the City's needs. The City, knowing that the Agency was planning a future pipeline extension to Cabazon, requested if the Agency would like to consider upsizing the pipeline for potential use as that future regional pipeline. The advantage of such an action would be to not have to have two parallel pipes extending eastward from Cherry Valley.

The Agency Board agreed to pay the incremental cost of designing a 36-inch version of the pipeline, while the City paid all costs associated with designing the smaller version. The design work was performed by Metcalf & Eddy. This firm was later purchased by AECOM, who took over design of the pipeline. The Agency paid to the City the agreed-upon costs of the upsized design.

Various decisions were mutually agreed to over time by both parties. It was agreed that a service connection would not be part of the design. It was agreed that the connection would be located on property owned by the Agency on Noble Street in Cherry Valley.

Due in part to a change in management at the City, the City dropped out of the project, indicating it would not spend any more money on the design or construction of the facility. The Agency Board agreed to complete the design of the 36-inch version and to complete a CEQA document for the pipeline. Funds were budgeted in the 2012-2013 budget for this work based on a proposal from AECOM. According to AECOM, the design is approximately 80% complete. The proposal to complete the design was for \$80,000, with another \$30,000 to complete the CEQA documentation.

Staff has been in contact with AECOM. The regional Vice President has informed staff that, while AECOM can sign a contract with the Agency to perform this work, the existing design drawings belong to the City of Banning and the City must release these drawings either to AECOM or to the Agency in order for the design to be completed. The City has not taken this action as yet. It is staff's understanding that this is the only remaining step that must be taken in order to begin the work that will complete the design.

Detailed Report:

The pipeline, if completed, could serve to deliver State Water Project water directly to the City of Banning for recharge or direct delivery, and it could also serve as the first phase of a pipe that would eventually continue to Cabazon to serve retailers in that area and also to possibly recharge the Cabazon Basin and/or to store water in that basin.

In order for the project to move forward beyond the design phase, a number of actions would have to be taken. The design of the pipeline, as mentioned above, does not include a connection to the East Branch Extension. Such design would be undertaken separately. Since this would connect to the State's pipeline, the Department of Water Resources has control over this process. In order to begin the design of this connection, the Department would require a certified CEQA document defining the facility that the water would eventually be delivered to.

This would typically be either a recharge facility or a filtration plan. This means that the Agency and/or the City would have to develop such a CEQA document. In order to do so, a site would have to be

identified and some preliminary design work accomplished. While the City has expressed for some time a desire to recharge the Banning Basin, staff is unaware of any concrete plans to do so. The City may be waiting for the USGS model of the Banning and Cabazon Basins to be completed before exploring this further.

Fiscal Impact:

The Agency has budgeted for the completion of the pipe and the CEQA document in both the 2012-2013 General Fund budget and the 2013-2014 General Fund budget. Funds are available to complete the design work, should the City release the existing drawings to the Agency or to AECOM. It is possible that the cost will be slightly higher than as defined in the proposal, since this was submitted over a year ago. However, the increase, if any, would not be expected to be large.

Relationship to Strategic Plan:

The Banning Pipeline is one facility defined in previous Agency studies as part of a backbone distribution system that would be included in a regional infrastructure plan. This regional infrastructure plan is one of the specific goals of the strategic plan.

Recommendation:

This is an information item. Staff has no recommendation on an action at this time. The Board may want to direct staff to try to facilitate the release of the plans from the City so that a contract with AECOM could be signed and design work continued.