

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Engineering Workshop
Agenda
February 10, 2014 at 1:30 p.m.

1. Call to Order, Flag Salute and Roll Call

2. 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.

3. Review Draft Policy for Meeting Future Supplemental Water Demands* (Page 2)

4. Review Draft Policy Regarding Ordering of Water* (Page 4)

5. Review Draft Policy Establishing a Water Shortage Plan Policy* (Page 7)

6. Announcements

- A. The office will be closed **Monday**, February 17, 2014 in observance of Presidents' Day
- B. Regular Board Meeting, **Tuesday**, February 18, 2014 at 1:30 p.m.
- C. Finance and Budget Workshop, February 24, 2014 at 1:30 p.m.
- D. San Gorgonio Pass Regional Water Alliance – Technical Committee, February 26, 2014 at 4:00 p.m. – Banning City Council Chambers
- E. San Gorgonio Pass Regional Water Alliance – Committee Meeting February 26, 2014 at 6:00 p.m. – Banning City Council Chambers

7. 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 <http://www.sgpwa.com>. (3) Any person with a disability who requires accommodation in order to participate in 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.

**DRAFT POLICY
MEETING FUTURE WATER DEMANDS**

WHEREAS, the San Gorgonio Pass Water Agency (“Agency”) is a state water contractor, that was formed with the purpose of importing water from the State Water Project (“SWP”) into the San Gorgonio Pass area in 1961. The Agency’s service area encompasses approximately 228 square miles and includes the Cities of Beaumont, Calimesa, and Banning, as well as the unincorporated areas of Cherry Valley, Cabazon, Poppet Flat, Banning Bench, and San Timoteo and Live Oak Canyons; and

WHEREAS, the mission of the Agency is to import water and to protect and enhance local water supplies for use by present and future water users and to sell imported water to local water agencies within the Agency’s service area. The Agency is able to import water from sources that provide the highest quality and the most cost effective price, including the SWP and other potential sources. The Agency also works with local retail agencies to manage local and regional water resources in a sustainable manner designed to manage overdraft within the Agency’s service area; and

WHEREAS, the Agency has a contract with the California Department of Water Resources for 17,300 acre-feet of SWP water which is used to supplement local demands including eliminating groundwater overdraft. Information and reports obtained by the Agency, including but not limited to, the Agency’s 2010 Urban Water Management Plan, indicate that said amount of SWP water will likely not be sufficient to meet all future supplemental water demands within the Agency’s service area. The Agency has the responsibility to manage the present and future water supply needs for all users within its jurisdiction. Increased demand from new growth and decreasing reliability will continue to present challenges to the Agency’s ability to deliver wholesale water on a reliable basis. In addition, the Agency has made substantial investments in facilities and infrastructure to bring said supplies to the region and to store and deliver said supplies. Said facilities include pipelines, pump stations, turnouts, reservoirs and spreading grounds; and

1. Definitions The types of water rights, supplies and resources which are subject to this Resolution and the policy set forth herein include, but are not limited to, the following:

(a) Carryover Water - Water belonging to a State Water Contractor that is not used in a given calendar year and thus is carried over to the next year for use in that year or in a future year.

(b) Dry Year Yield Water - Water made available in a dry year for that year only, typically from a farming interest, irrigation district or other type of agency providing service to farming interests.

(c) Exchange Water - Water obtained from another water agency in exchange for a promise of water at a subsequent time such as in a future month or future year. An exchange may be a one-to-one exchange or an exchange with a different ratio.

(d) Long-Term Water Rights - Water rights owned by another entity which is willing to sell the rights to the water and not just a water supply. Long-Term Water Rights are frequently defined as lasting as long as the State Water Project.

(e) Short-Term Water - Water available under certain conditions in any given year or for a limited number of years for a defined period only.

(f) Spot Water - Water available in any given year for that year only.

(g) Transfer Water - Water transferred from one area of the state to another through the actions of public agencies .

2. Regional Water Management

(a) Meeting The Water Supply Needs Of The Region - The Agency is prepared to take the necessary actions to provide its service area with adequate supplies of high quality water to meet expanding and increasing needs in the years ahead. As additional water resources are required to meet increasing needs, the Agency will be prepared to take the necessary actions to deliver such supplies.

(b) Funding And Construction Of Facilities - Taxpayers and water users residing within the Agency's service area already have obligated themselves for the construction of a supply and distribution system. This system has been designed and constructed, and future facilities will be designed and constructed, in a manner to deliver the Agency's full share of SWP water, as well as water from other sources as may be required in the years ahead.

(c) Acquiring Supplemental Water Supplies - The Agency is prepared to take the necessary actions to meet the water supply needs of the region. For example, and not by way of limitation, the Agency is authorized to pursue the acquisition of Short-Term Water, Spot Water, Dry Year Yield Water, and Long-Term Water Rights. The Board of Directors of the Agency has the discretion to reasonably determine the timing and other details of acquiring such supplies, and will also manage the Agency's current supplies to maximum effect, as determined in the Board's direction. In order to meet this commitment, the Agency has the discretion to reasonably determine which type of water source to pursue including, but not limited to, Carryover Water, one-year or multi-year Exchange Water, Transfers, or other purchases of water or water rights.

3. Consideration Of A Wheeling Request - The Agency will consider "wheeling" water to the region subject to the terms of this Resolution, Agency wheeling policy, and applicable law and upon payment of the applicable charge. In the event of any such wheeling, the Agency's facilities, including its rights to use SWP facilities, may be used to transport water not owned or controlled by the Agency to a retail agency or other public or private entity within the Agency's service area in accordance with the Agency's wheeling policy.

DRAFT POLICY

ESTABLISHING AND AMENDING RULES AND REGULATIONS FOR THE ORDERING OF WATER

WHEREAS, the San Geronio Pass Water Agency (“Agency”) is a State Water Project (“SWP”) Contractor authorized to acquire waterworks, waters, and/or water rights, including but not limited to, water from the State of California from the SWP, and to provide, sell, and deliver that water under the control of the Agency to cities, agencies, districts, persons, corporations or private entities within the Agency (“Retail Agency(ies)”) for use within the service area of the Agency. The Agency is a wholesale water agency organized and operating under the Chapter 101 of the San Geronio Pass Water Agency Law set forth in the Water Code Appendix; and

WHEREAS, the Agency is required to order SWP water from the California Department of Water Resources. In order to maximize the utility of these annual orders, and in order to plan deliveries of water to Retail Agencies during all hydrologic conditions, the Agency needs to have an estimate from each Retail Agency as to the amount of water needed by that Retail Agency each year; and

ARTICLE IV, DELIVERY, Section 4.02 Need Forecasting Procedures of the Rules And Regulations For SGPWA Water Service, is hereby replaced, in its entirety, with the following:

1. Submittal Of SWP Orders For Direct Deliveries On or before September 1 of each year, Purchasers shall submit a projection of its purchases of SGPWA Water for the next calendar year (“SWP Order”) based on its actual demand for SGPWA Water. Such SWP Orders shall be submitted on a Water Order Form which shall be provided by the Agency and which shall be subject to revision from time to time. “Direct Deliveries” shall be defined as deliveries directly to the connection or other facilities of the Purchaser for domestic, industrial, agricultural recreational and municipal purposes within the Purchaser’s service area and shall not include groundwater replenishment.
2. Submittal Of SWP Orders For Replenishment Deliveries To Meet Actual Demands On the Water Order Form provided by the Agency, Purchasers shall include a projection of its purchases of SGPWA Water for the next calendar year to replenish local groundwater basins equal to its actual projected demand for such replenishment water. Such projections shall not include additional replenishment water in excess of actual demands.
3. Submittal Of SWP Orders For Additional Purchases The SWP Order may also include a projection of additional purchases of SGPWA Water which would be over and above the water needed to meet the short-term water demand projections for actual demands. It is expected that such water, if purchased, would be added to storage in the region, as it would not be needed to meet actual water demands for the applicable year. “Additional Purchases” shall be defined as deliveries for groundwater replenishment by spreading or injecting.

4. Substantiation Of SWP Orders Purchasers will be required to substantiate their SWP Orders by reference to documentation and information as may be required by the Agency including, for example and not by way of limitation, an Urban Water Management Plan, prior year purchases, recent development, and other factors relating to short-term water demand projections. Completed and approved Order Forms will be used to help determine deliveries of SGPWA Water in years when orders exceed the available supply and in relatively wet years when supply exceeds the quantity of SGPWA Water ordered.

5. No Guarantee Submittal of SWP Orders does not guarantee water deliveries in any year nor in any amount. SGPWA Water will be delivered to Retail Agencies only to the extent it is available from the SWP or from such other Agency sources which may be available in any given year, as said additional sources may be determined in the Agency's discretion.

6. Failure To Submit A SWP Order The Agency requires SWP Orders by September 1 of each year in order to complete the process for submitting the Agency's orders to the SWP on or before September 30 of each year. Therefore, if a Purchaser does not submit a SWP Order on or before September 1 of each year, the General Manager shall have the authority to complete an Order Form for that Purchaser based on the best available knowledge of that Purchaser's projected demands for the applicable year, as determined in the General Manager's discretion.

7. Approval Of SWP Orders The General Manager will review all SWP Orders and, as needed, discuss them with the representative of the Purchaser submitting the SWP Order. The General Manager will either approve the SWP Order as submitted or will revise it based on best available information, as determined in the General Manager's discretion.

8. Sale And Delivery All sales and deliveries of SGPWA Water under a SWP Order shall be subject to the ability of the Agency to sell and deliver such water under operating conditions and constraints determined by the General Manager and subject to the provisions of this Ordinance. In addition, all billings and payments for such water shall be in accordance with the same manner as other water delivered by the Agency.

10. Use of SGPWA Water Within Agency Service Area Pursuant to the San Geronio Pass Water Agency Law, SGPWA Water is not to be used for the direct or indirect benefit of areas outside the service area boundaries of the Agency. Therefore, the amount of SGPWA Water served by the Agency's facilities that shall be made available to any Purchaser shall be limited to an amount equal to that required for uses within that portion of the Agency's service area lying within, or served by or through, such Purchaser.

11. Dispute Resolution The General Manager shall notify a Purchaser on or before October 15 of each year if he/she has revised a SWP Order. If a Purchaser disagrees with a SWP Order which has been revised by the General Manager, the Purchaser may appeal to the Agency Board of Directors, who will make the final determination regarding the amount of the disputed SWP Order. A Purchaser shall submit any such notice of appeal to the General Manager on or before November 1 and the Board shall then hear the

appeal and make a determination on or before December 1 at a regular or special Board meeting. At such an appeal, the General Manager will make a presentation regarding the basis for his/her determination on the SWP Order and then the Purchaser will have the opportunity to make a presentation regarding its position on the SWP Order at issue. The Board may ask questions of either party and will then make a determination regarding the amount of the disputed SWP Order for the applicable year.

DRAFT POLICY

WATER SHORTAGE PLAN

WHEREAS, the San Geronio Pass Water Agency (“Agency”) is a State Water Project (“SWP”) Contractor authorized to acquire waterworks, waters, and/or water rights, including but not limited to, water from the State of California from the SWP, and to provide, sell, and deliver that water under the control of the Agency to cities, agencies, districts, persons, corporations or private entities within the Agency (“Retail Agency(ies)”) for use within the service area of the Agency. The Agency is a wholesale water agency organized and operating under the Chapter 101 of the San Geronio Pass Water Agency Law set forth in the Water Code Appendix; and

WHEREAS, the Agency has a contract with the California Department of Water Resources for 17,300 acre-feet of SWP water which is designated as “Table A Water” and which is used to supplement local demands including eliminating groundwater overdraft; and

WHEREAS, the Agency is required to order SWP water from the California Department of Water Resources. The Board desires to adopt a policy regarding how the Agency will allocate deliveries of water to Retail Agencies during single and multiple dry years where the total amount of annual orders from Retail Agencies exceeds the amount of SWP water available in that calendar year or years. This policy shall pertain to the allocation of SWP water that is designated as Table A Water and shall not apply to other designations of SWP water such as Carryover Water, Dry Year Yield Water, Exchange Water or Transfer Water as said terms may be defined in the rules, regulations and policies of the Agency or by any applicable agency; and

WHEREAS, Water Code Section 375 et seq. provides that the Agency may, by a majority vote of the members of the Board after holding a public hearing upon notice, adopt and enforce a water shortage plan, such as the plan set forth herein, to allocate deliveries of water to Retail Agencies during single and multiple dry years; and

Section 3 ARTICLE IV, DELIVERY, Section 4.11 Water Shortage Plan is hereby added to the Rules And Regulations For SGPWA Water Service as follows:

1. Definitions

(a) Water Shortage Year(s) – a calendar year or years in which the total amount of SWP Orders from retail water agencies, which are necessary to meet actual demands of retail water agencies, plus water required by the Agency, as defined below, exceeds the amount of SWP Water that is available for purchase by the Agency from the SWP in that applicable calendar year.

(b) First Priority Water Deliveries - Section 101-15.5 of the San Geronio Pass Water Agency Act provides that in allocating water received from the State Water Project, the highest priority shall be given to eliminating groundwater overdraft conditions within the Agency’s boundaries. Therefore, the Board hereby

determines that five percent (5%) of the total amount of SWP Orders from retail water agencies shall be allocated to the Agency to use in its discretion for groundwater overdraft elimination in a given calendar year.

(c) Second Priority Water Deliveries - SWP Orders from retail water agencies for deliveries to the connection or other facilities of the retail agency for domestic, industrial, recreational, and municipal purposes (direct deliveries) in a given calendar year.

(d) Third Priority Water Deliveries - SWP water to be purchased by the Agency to be used in the Agency's discretion and which will be over and above the water needed to meet water demand projections for direct deliveries. Third priority water deliveries shall not exceed 10% of the total amount of SWP Orders from retail water agencies in a given calendar year.

(e) Fourth Priority Water Deliveries - SWP Orders from retail water agencies for SWP water which would be utilized for groundwater replenishment by spreading or injecting in order to meet projected demands of retail water agencies in a given calendar year.

(f) Fifth Priority Water Deliveries - SWP Orders from retail water agencies for SWP water which would be utilized for groundwater replenishment in excess of retail water agencies' demands in a given calendar year.

2. Allocations

(a) Water Shortage Year Allocation - If during any particular Water Shortage Year, the sum of 5% of total retail agency SWP Orders and direct delivery SWP orders exceeds the amount of SWP water which is available for purchase by the Agency at any time during that Water Shortage Year, then the only deliveries of SWP water by the Agency for that Water Shortage Year shall be for direct deliveries. Said determination shall be made on a year-by-year basis for any such year which may be deemed to be a Water Shortage Year.

(b) SWP Water Exceeds First and Second Priority Water Delivery Needs - If the amount of SWP water available for purchase by the Agency exceeds the total amount of SWP Orders necessary to meet all of the First and Second Priority Water Deliveries, then Third Priority Water Deliveries will be made.

(c) SWP Water Exceeds First, Second, and Third Priority Water Needs - If the amount of SWP water available for purchase by the Agency exceeds the total amount of SWP Orders necessary to meet all of the First, Second, and Third Priority water deliveries, then Fourth Priority Water Deliveries will be made. Fourth Priority Water Deliveries will be made in proportion to the ordered amount of SWP water by each retail water agency. Each retail water agency who orders replenishment water under a Fourth Priority Water Delivery shall receive an equal

allocation of the available SWP water for said Fourth Priority Water Deliveries in proportion to all other retail water agencies who have made such orders.

(d) SWP Water Exceeds First, Second, Third, and Fourth Priority Water Needs – If the amount of SWP water available for purchase by the Agency exceeds the total amount of SWP Orders necessary to meet all of the First, Second, Third, and Fourth Priority water deliveries, then the water year shall not be classified as “water short” and no water shortage plan shall be implemented by the Agency.

3. Use Of Agency Purchase The Board of Directors shall have the discretion to determine how the Agency Purchase for First and Third Priority Water is utilized, as described below.

(a) Selling said water to a retail water agency for direct delivery or groundwater replenishment based on a demonstrated need in a particular calendar year and pursuant to a written request and procedures as may be determined by the Board or the Agency’s General Manager.

(b) Utilizing/storing said water for overdraft mitigation.

(c) Utilizing the water to meet the terms of a previous water exchange agreement with another State Water Contractor or other water agency, or to participate in a water exchange in order to obtain water for a future year.

(d) Designating said water as carry over water for use by the Agency in the next year or a future year.

4. Potential Availability Of Spot Water - In a Water Shortage Year, there may be “Spot Water” available for purchase by a retail water agency at an additional cost. “Spot Water” is commonly referred to as water that may be available for purchase from the SWP or from another source in any given year for that year only. In the event that Spot Water is available and a retail water agency desires to acquire said water, said retail water agency shall submit a written request pursuant to procedures as may be determined by the Board or the Agency’s General Manager. All additional costs of purchasing and delivering said Spot Water shall be the sole responsibility of the requesting retail water agency. For example, the Agency would purchase such water specifically for delivery to one or more requesting retail water agencies and the Agency would pass through all costs associated with said purchase and delivery said retail water agencies in proportion to their requests.