

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
March 3, 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, February 18, 2014* (Page 2)
- B. Approval of the Minutes of the Finance and Budget Workshop, February 24, 2014* (Page 6)
- C. Approval of the Finance and Budget Workshop Report, February 24, 2014 (Page 9)

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 Proposed Rate Increase for General Counsel* (Page 10)
- B. Consideration of Opening Wells Fargo Public Funds Money Market Account* (Page 13)
- C. Consideration of Participation in Regional Collaborative Outreach Campaign Related to the Drought*(Page 15)

7. Topics for Future Agendas

8. Announcements

- A. Engineering Workshop, March 10, 2014 at 1:30 p.m.
- B. Regular Board Meeting, March 17, 2014 at 1:30 p.m.
- C. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, March 26, 2014 at 4:00 p.m. - Banning City Council Chambers
- D. San Gorgonio Pass Regional Water Alliance Meeting, March 26, 2014 at 6:00 p.m. - Banning City Council Chambers

9. Closed Session (1 Item)

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Consideration of Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (one potential 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 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
February 18, 2014

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

Director Absent: Ray Morris, Director

Staff Present: Jeff Davis, General Manager
Thomas Todd, Finance Manager
Cheryle Rasmussen, Executive Assistant
Russ Behrens, Legal 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., February 18, 2014 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. President Jeter requested a roll call.

Roll Call:	<u>Present</u>	<u>Absent</u>
Haring	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Voigt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Morris	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>

2. **Adoption and Adjustment of the Agenda:** The agenda was adopted as presented.
3. **Public Comment:** President Jeter stated that he had one request for public comment during item 6A of the agenda. No other members of the public requested to speak at this time.
4. **Consent Calendar:**
- A. Approval of the Minutes of the Regular Board Meeting, February 3, 2014
 - B. Approval of the Minutes of the Engineering Workshop, February 10, 2014

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

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **(a) SWP Water Deliveries:** EBX II is shut down for the month of February; operations will resume in March.

(2) General Agency Updates: a) Water Conservation and Education: 1) Two classroom educational presentations have taken place so far. A total of 33 classroom presentations are scheduled to take place in the next couple of months. **2)** A water conservation presentation has been scheduled to take place at the Banning Library on June 17th. (Director Melleby requested a copy of the classroom presentations schedule). **b) ACWA Conference:** General Manager Davis announced that registration is now open for the ACWA 2014 Spring Conference & Exhibition that will be held in Monterey from May 6th – 9th.

B. Directors Reports:

(1) Director Haring reported that he attended the BCVWD Board meeting held on February 12th. **(2)** Director Voigt reported that she attended the BCVWD Board meeting. **(3)** Director Melleby reported that she attended the Beaumont Basin Watermaster meeting on Feb. 5th; she stated that discussion continues on the safe yield analysis. She attended the YVWD Board Workshop on Feb. 5th. Director Melleby commented on the BCVWD Board meeting that she attended; stating that she would hope that there would be an opportunity to respond to BCVWD's Board on remarks made by the BCVWD General Manager pertaining to the Agency. Director Melleby also attended the Beaumont Chamber breakfast that was held on February 14th. She informed the Board that the Association of California Water Agencies (ACWA) had its first board meeting at the end of January, at which time a Drought Task Force was formed. The primary function of the task force is to respond to its members regarding drought issues.

6. New Business: (Discussion and Possible Action)

A. Consideration and Possible Adoption of Resolution No. 2014-02 Regarding Policy on Meeting Future Water Demands: A staff report and a copy of Resolution No. 2014-02 were included in the agenda packet. General Manager Davis stated that this policy had been discussed during a number of Agency workshops. He stated that this is about setting a policy that the Agency will seek out additional water, as needed, to meet the continuing and expanding needs of its service area. He reviewed with the Board the latest revisions that were made to the policy. President Jeter called upon Luwana Ryan for her public comment on this item. Mrs. Ryan, a resident of Cherry Valley, commented on paragraphs 4 and 7 of the Resolution. Legal Counsel Russ Behrens responded to Mrs. Ryan's comments on paragraph 4. General Manager Davis responded to Mrs. Ryan's comments on paragraph 7. General Manager Joe Zoba (YVWD) voiced his opposition to this policy and asked that this item be tabled until such time that a policy is agreeable for everyone. General Manager Davis and President Jeter responded to Mr. Zoba's comments. After discussion, Director Melleby made a motion, seconded by Director Haring, to approve Resolution No. 2014-02 establishing a policy for meeting future water demands. President Jeter requested a roll call. Ayes: Haring, Voigt, Melleby, Duncan, Dickson and Jeter. Noes: 0, Absent: Morris. Motion passed 6-0.

B. Consideration of Authorizing General Manager to Advertise for Beaumont Avenue Recharge Facility Pipeline: A staff report was included in the agenda packet. General Manager Davis provided a brief outline on the history of the project, the current need for the project, and future reliance of the project. Advantages of the project are as follows:

1. Additional 20 cfs of Table A water conveyance capacity
2. Management of the Agency's Table A water
3. Conjunctive use facility to import water in wet years
4. Facility use by retail customers to recharge the basin or for possibly wheeling within the Agency's service area.
5. Opportunity to get Proposition 84 funding
6. Reduced reliance on the Delta in dry years
7. To store water that will be required in the future based on Agency studies.

General Manager Davis asked for authorization from the Board to advertise for construction of the pipeline. President Jeter called upon Blair Ball, a resident of Cherry Valley, for his public comment. Dr. Ball spoke in opposition of this action and requested that this item be tabled to determine if this project is needed at the present time. Director Dickson and Director Melleby emphasized the necessity of the recharge facility for future water needs of the region. Director Melleby stressed that this is a prime opportunity to take advantage of the land that was purchased, at below market value, so that when water becomes available there will be a facility in place to accept the water. She stated that this is a prudent thing to do and that the Board is being diligent by planning for future water needs within its service area. Banning Mayor Deborah Franklin asked if it were possible to extend the pipeline to the Banning Basin for additional storage. President Jeter responded by explaining the history of what has taken place on this issue. Director Dickson stated that the Agency is looking into the future and that growth in this area will certainly come to fruition. He remarked that the Agency could either approve this project now or wait 10 – 15 years at an exaggerated cost to the taxpayer. Director Dickson made a motion, seconded by Director Haring, to authorize staff to advertise the pipeline for construction of the Beaumont Avenue Recharge Facility. President Jeter requested a roll call. Ayes: Haring, Voigt, Melleby, Duncan, Dickson and Jeter. Noes: 0, Absent: Morris. Motion passed 6-0.

C. Update on Contract Extension: General Manager Davis reviewed with Board the remaining four issues that were discussed at the Contract Extension meeting that was held in Sacramento on February 12th, as follows:

- Term of the Agreement
- Charter for the Finance Committee
- Use of 51(e) revenues
- Use of Contractor funds for recreation and habitat restoration

He stated that the last two items will require more negotiations. The next meeting will take place on February 26th.

D. Update on State Water Supply: General Manager Davis briefed the Board on the water operations meeting that Director Mark Cowin (DWR) hosted on February 11th; General Manager Davis joined the meeting by conference call. Director Cowin spoke on how dire the drought situation is in California; the conveyance of SWP carryover water from Oroville through the Delta; which contractors have priority for delivery of carryover water; who qualifies under the health and safety rules. The number one priority for DWR

is defining health and safety to the State Board. Director Cowin indicated that carryover water deliveries may be put off until fall of 2014, or even possibly sometime next year. The next meeting is scheduled for March 4th.

7. **Topics for Future Agendas:** No topics were requested for future agendas. Director Dickson requested some type of interaction with the retailer board members. President Jeter requested comments from Legal Counsel Russ Behrens on this matter. Legal Counsel Behrens remarked that the Board has taken a very good step for the future of the Pass area today. There will be subjects to be addressed as the Agency moves forward and continues to have discussions with the water retailers. At this time, we should reflect on what the action today means and to identify topics to be relayed to the general manager to be added to the agenda as appropriate with respect to the timing and how urgently it needs to be addressed.
8. **Announcements:** President Jeter reviewed the following announcements:
 - A. Finance and Budget Workshop, February 24, 2014 at 1:30 p.m.
 - B. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, February 26, 2014 at 4:00 p.m. - Banning City Council Chambers
 - C. San Gorgonio Pass Regional Water Alliance – Committee Meeting, February 26, 2014 at 6:00 p.m. - Banning City Council Chambers
 - D. Regular Board Meeting, March 3, 2014 at 1:30 p.m.
9. **Closed Session (2 Items)** Time: 2:41
 - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (one potential case)
 - B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Consideration of Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (one potential case).

The meeting reconvened to open session at Time: 3:41

Legal Counsel Russ Behrens reported that the Board met on both items listed on the agenda. No action was taken on either item that is reportable under the Brown Act.

10. **Adjournment:** President Jeter adjourned the meeting at 3:42 p.m.

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary of the Board

02/18/14

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
February 24, 2014

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

Staff and Consultants Present:
Jeff Davis, General Manager
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., February 24, 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:** There was no public comment at this time.
4. **New Business:**
President Jeter turned the meeting over to Director Voigt, Chair of the Finance & Budget Committee.
 - A. Ratification of Paid Invoices and Monthly Payroll for the Month of January, 2014 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Vice-President Dickson, seconded by Director Morris, to recommend that the Board ratify paid monthly invoices of \$1,115,285.64 and payroll of \$31,125.00 for the month of January, 2014, for a combined total of \$1,146,410.64. The motion passed unopposed.
 - B. Review and Consideration of Pending Legal Invoices for January, 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 January, 2014. The motion passed unopposed.
 - C. Review of January, 2014 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Vice-President Dickson, to

acknowledge receipt of the Wells Fargo bank reconciliation for January, 2014 as presented. The motion passed unopposed.

- D. Review of Budget Report for January, 2014: After review and discussion, a motion was made by Vice-President Dickson, seconded by Director Haring, to acknowledge receipt of the Budget Report for January, 2014 as presented. The motion passed unopposed.
- E. Consideration of FY 2013-14 Budget Revision: Finance Manager Tom Todd presented the proposed budget revision. The purpose of the revision is to bring the budget in line with the Board-authorized contribution to the CERBT. The original budgeted amount for Other Post-Employment Benefits is \$66,000. About \$24,000 will be spent on retirees' benefits for FY 2013-14, leaving \$42,000 available to go toward the contribution. An additional \$258,000 is needed to meet the authorized amount of \$300,000, and this is divided between the General Fund, \$225,000 and the Debt Service Fund, \$33,000. The \$258,000 will be taken out of the reserve for Replacements, and will be reflected in the 3rd Quarter Reserve Allocation Report. After discussion, a motion was made by Director Duncan, seconded by Director Dickson, to recommend that the Board approve the proposed budget revision to the FY 2013-14 Budget. The motion passed unopposed.
- F. Review and Analysis of Legal Counsel Invoices: At the request of the Board at the January Finance and Budget Workshop, Finance Manager Todd prepared an analysis of legal invoices from the Agency's legal vendors. Finance Manger Todd handed out the analysis, and explained the various parts. Our current Legal Counsel is Russ Beherns, a partner in the firm of Best, Best and Krieger. The analysis shows an overall rate for various items of legal service for which the Agency is charged. The overall rate for legal services received from BBK between July, 2013 and December, 2013 is \$212 per hour. Finance Manager Todd also noted two other legal vendors, Metropolitan Water District, and Bingham McCutchen. The Agency joined with other State Water Contractors in two separate cases, one called "Area of Origin" and one called "Hyatt-Thermolito." The case with Bingham McCutchen has been settled, and the Agency recently received a repayment of \$3,150.40 for its contribution to the legal fees, leaving a net cost to the Agency of about \$1,600. The case with Metropolitan Water District is drawing to a close.
- G. Consideration of Proposed Rate Increase by Legal Counsel: The Board requested further information before deciding on this item, which was covered in Agenda Item F. After review and discussion, a motion was made by Vice-President Dickson, seconded by Director Melleby, to recommend that the Board approve the proposed rate increase by Legal Counsel. The motion passed unopposed.
- H. Discussion of Opening Wells Fargo Public Funds Money Market Account: Finance Manager Todd explained that the Agency will gain the benefit of increased operational flexibility, lowered monthly bank fees, and increased

diversity by opening this account, and placing between \$2.5 and \$5 million in it. After discussion, a motion was made by Vice-President Dickson, seconded by Director Duncan, to recommend that the Board authorize this action.

- I. Discussion of Potential Funding Mechanisms for Recharge Facility: General Manager Jeff Davis reviewed the various possibilities for funding the construction of the pipeline, the connection and the recharge facility. Future capacity fees, based on future growth in the area will be used to reimburse the Agency for amounts that it spends now to develop the facility. General Manager Davis suggested using reserve funds to pay for the pipeline and connection, then securing a loan to pay for the recharge ponds. The Agency will also apply for Prop. 84 funds, as the Agency seems to meet the qualifications for using those funds.
- 5. Announcements:** Director Voigt reviewed the following announcements:
- A. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, February 26, 2014 at 4:00 pm, Banning City Council Chambers
 - B. San Gorgonio Pass Regional Water Alliance – Committee Meeting, February 26, 2014 at 6:00 pm, Banning City Council Chambers
 - C. Regular Board Meeting, March 3, 2014 at 1:30 p.m.
 - D. Engineering Workshop, March 10, 2014 at 1:30 p.m.
 - E. Director Duncan also announced that the Cabazon Water District will be having its board meeting on February 24, 2014 at 6:00 pm, at their new office.
- 6. Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 2:08 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 February 24, 2014. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,115,285.64 and Payroll of \$31,125.00 as detailed in the Bank Register Report for Accounts Payable and the Bank Register Report for Payroll for January, 2014 for a combined total of \$1,146,410.64.

2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$9,141.50
Metropolitan Water District	52.86

3. The Board acknowledge receipt of the following:

- A. Wells Fargo bank reconciliation for January, 2014
- B. Budget Report for January, 2014

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Rate Increase for General Counsel

DATE: March 3, 2014

Summary:

At the February Finance and Budget workshop, the Board considered the attached letter from the General Counsel regarding a rate increase and recommended that the Board approve it at the next Board meeting. The purpose of this proposed Board action is to ratify the Board's recommendation.

Background:

Russ Behrens has been the Agency's General Counsel for a number of years at his old firm and more recently at Best Best & Krieger. When he moved to Best Best & Krieger, there was no rate increase. In fact, there has been no rate increase since 2008.

Detailed Report:

The attached memorandum from the General Counsel outlines the rate increase. The proposed increase is from \$235 per hour to \$255 per hour for partners (an 8.5% increase). The new melded rate for associates will be \$225 per hour for associates. Previously there were separate rates for junior associates and senior associates.

Fiscal Impact:

Relationship to Strategic Plan:

This proposed action is not directly related to the strategic plan.

Recommendation:

Staff recommends that the Board approve its recommendation from the January Finance and Budget workshop and approve the increase.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Indian Wells
(760) 568-2611
Los Angeles
(213) 617-8100
Ontario
(909) 989-8584
Riverside
(951) 686-1450

18101 Von Karman Avenue, Suite 1000, Irvine, CA 92612
Phone: (949) 263-2600 | Fax: (949) 260-0972 | www.bbklaw.com

Sacramento
(916) 325-4000
San Diego
(619) 525-1300
Walnut Creek
(925) 977-3300
Washington, DC
(202) 785-0600

Russell G. Behrens
(949) 263-6569
russell.behrens@bbklaw.com
File No.55397.00009

January 16, 2014

Jeff Davis, General Manager
San Geronio Pass Water Agency
1210 Beaumont Ave
Beaumont, CA 92223

Dear Jeff:

I have completed a review of our current billing rates for the Agency and I believe it is time to propose an adjustment. Although the firm annually reviews and adjusts rates for our private entity clients, that is not the case in regard to public agency clients of the size of the Agency. We are acutely aware of the financial pressures that public agencies face. As a result, there has not been a rate adjustment for the Agency since 2008.

We are honored to have had the opportunity to serve as legal counsel for the Agency for many years and do not address this issue lightly. Taking into account the fact that a large amount of the work is done by partners, and the need to adequately price the services of our specialists, we would propose that the rates be adjusted as follows:

Current rates: \$235/hour for partners; \$200/hour for senior associates; \$175/hour for junior associates.

Proposed rates, with an annual COLA adjustment:

Basic General Counsel Services: \$255/hour for partners; \$225/hour for associates; and \$135/hour for paralegals.

Examples of Basic General Counsel Services: (a) Attendance at meetings of the Board or Staff; (b) Advice to the Board and Staff on matters including, but not limited to, the Water Code, Government Code, Brown Act, Public Records Act, and conflict of interest issues; (c) Preparation of ordinances, resolutions and contracts; and (d) phone calls, emails and other correspondence on a day-to-day basis. The travel discount would still apply in that travel time and costs would only be charged from the Riverside office to the Agency office.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

January 16, 2014
Page 2

Special Counsel Services: \$295/hour for partners; \$265/hour for associates; and \$150/hour for paralegals.

Special Counsel Services Include The Following: (a) Environmental – CEQA, NEPA, and Endangered Species; (b) Real Property – eminent domain, easements, leases, and other property interests; (c) Public Works Construction – bidding, contract development, and contractor disputes; (d) Labor Relations and Employment; (e) Water Rights, Water Supply and Water Quality; (f) Taxes, Rates and Charges; (g) Renewable Energy; and (h) Litigation And Formal Administrative Hearing Matters/Enforcement of Policies and Contracts.

It is proposed that these rates go into effect as of January 1, 2014. The COLA adjustment would be implemented as of July 1 of each year.

We respectfully request that you sign this letter as indicated below and return to our offices via email, fax or mail. If you have any questions, please let me know. We are very honored to be general counsel for the Agency and look forward to working with you for many years to come.

Do not hesitate to call me with any questions or comments.

Very truly yours,

Russell G. Behrens
of BEST BEST & KRIEGER LLP

ACCEPTED AND AGREED:

By: _____

Name: _____

Title: _____

RGB:SP

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Opening a Public Funds Money Market Account With Wells Fargo

DATE: March 3, 2014

Summary:

At the February Finance and Budget workshop, the Board recommended that the Agency open a Public Funds Money Market Account with Wells Fargo Bank. The purpose of this proposed Board action is to ratify the Board's recommendation.

Background:

The Agency currently transfers funds from its checking account to LAIF (Local Agency Investment Fund) and back in order to facilitate earning interest on savings and to pay bills. Agency staff is always looking for way to more efficiently use Agency funds, to reduce costs, and to improve operational flexibility.

Detailed Report:

A Public Funds Money Market account with Wells Fargo would be a new investment in the Agency's portfolio. Our current investment policy allows investments in money market funds, and encourages diversity of investments.

Opening a new Public Funds Money Market account would allow the interest earned on investments to remain virtually the same as in LAIF, while making the Agency's investment portfolio more diverse and reducing the costs of electronic transfers. Each electronic transfer costs \$11 at this time. Once the account is opened, the Agency will move \$2 million to \$5 million from LAIF (the Agency currently has more than \$20 million in LAIF) to the new account. Once in the new account, the Agency could earn interest as desired

but when a payment needs to be made from the checking account, the funds could be transferred without a fee.

Opening such an account will provide staff with more operational flexibility in regards to transferring and managing funds.

Fiscal Impact:

There would be a small net positive impact on Agency finances, as bank fees would be reduced and, for the time being, the interest earned on the Wells Fargo money would be higher than LAIF.

Relationship to Strategic Plan:

There is no direct relationship between this proposed action and the strategic plan.

Recommendation:

Staff recommends that the Board approve its own recommendation to open this account and to move \$2 million to \$5 million into it from LAIF.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Participation in Regional Collaborative Outreach Campaign
Related to the Drought

DATE: March 3, 2014

Summary:

The Agency has been asked to participate in a regional collaborative outreach campaign that would involve working with other regional water agencies in San Bernardino and Riverside Counties to identify and convey a common message to the public during this drought year. The purpose of this proposed Board action is to determine whether the Board wishes to financially participate in this effort.

Background:

Staff was contacted by Michele Underwood, PIO of Western Municipal Water District, with regards to participation in this effort. San Bernardino Valley Municipal Water District is the lead agency, with Eastern and Western also ready to commit. Some of the retail agencies within those wholesale districts may also contribute to the effort.

Detailed Report:

There are three attached documents that provide additional information. The first is a questionnaire that each participating agency would presumably complete in order to provide the consultant with an idea of what agencies are currently doing related to communication with the public. The second is an engagement letter between the Valley District and the consultant that summarizes the scope of work. The third is the actual scope of work.

Ms. Underwood informed staff that if the Inland Empire Utilities Agency joins the group along with the Agency, the total cost of the consulting contract will probably be near \$100,000. Much of this

would be in media buys (TV, radio, and newspaper ads), and could be scaled back by the group if desired. Valley District has pledged \$25,000. It is anticipated (though not certain at this time) that Eastern and Western will contribute \$15,000 each, and perhaps some retailers in their regions will contribute as well. If the Agency participates, the amount contributed would be up to the Board. Since our area and population are less than that of Eastern or Western, a contribution of something less than \$15,000 would be appropriate, in staff's opinion.

Fiscal Impact:

This is not budgeted for this fiscal year. However, the Agency has budgeted \$2,500 for adult education programs. This could be used as part of any contribution. If the Board decides to contribute more than this amount, staff will adjust the budget to accommodate the Board's decision without having to adopt a budget revision.

Relationship to Strategic Plan:

The strategic plan recommends that the Agency adopt a communication plan that would "engage a broad spectrum of Agency stakeholders through an integrated and strategic communications process." This effort could be part of such a plan, which staff is working on with a consultant at this time.

Recommendation:

Staff recommends that the Board contribute funds to this effort. While this was not budgeted this year, in an extreme drought year water agencies have an obligation to educate the public on what they expect the public to do to enable each region to get through the year without mandatory water rationing, if at all possible. The idea of sending a common message to residents throughout the larger region also makes sense.

Staff recommends a contribution in the \$10,000 range.

BTAC: Regional Water Supply/Conservation Communication Questionnaire

Organization:

Contact Info:

How has your organization communicated with customers on conservation and water supply?

How frequently does this communication take place?

In communicating conservation and water supply, does your agency use:

Newsletters
Print advertisement
Other media advertisement
Earned media
E-blasts
Web updates
Video
CCRs
Tours
Collateral
Lobby messaging
Bill inserts
Bill messaging
Billboards
Public meetings
Community events
Strategic partnerships
On-hold messages
Sponsorships
Premiums
Other

Which are particularly effective? Which would you like to try?

Which media organizations do you have active and positive relationships with?

Are there individual reporters whom you trust and work with regularly?

Which media outlets have presented challenges in the past, and how?

Are there any individual reporters that you encounter difficulty with?

What are the most effective advertising outlets in reaching your ratepayers?

Who negotiates your advertising rates?

Describe your current level of investment in marketing the conservation and water supply message.

Are there particular premium items that resonate with ratepayers?

Whom do you have established strategic partnerships with (please list and describe):

Schools
Chambers
Nonprofits
Cities
County
NGOs
Other

What are the primary tools your ratepayers use to contact you? Which are most and least effective?

Which personnel, programs and resources does the district dedicate to conservation?

What portion of customer contact received at your agency concerns conservation and water supply?

Where does conservation and water supply rank in the minds of your ratepayers?

What issues rank ahead of conservation for ratepayers?

Which approaches have been successful in conveying the conservation message to your ratepayers?

Social responsibility
Saving money
Rebates/incentives
Limited supply
Water use efficiency/eliminating waste
Protection of future generations
Environment
Stewardship of local resources
Other

Where does conservation and water supply rank in the minds of your board members?

What issues rank ahead of conservation for board members?

How frequently do you communicate with your ratepayers in Spanish?

How critical is Spanish outreach in your district?

What special issues make your district/demographic unique?

Are there special communication challenges in your district? How do you address these challenges?

What is the single most important message you would like your ratepayers to know about conservation and water supply?

How do your ratepayers interact with the web?

What do you think are the most important factors in a successful web experience?

Graphics

Dynamic, frequently updated information

Simplicity

Ease of navigation

Video

Other

How effective has educational outreach been with youth in your district?

Do you offer:

Field trips

Class visits

Educational programs or games

Other in person programs

How effective has sponsorship been?

What types of events or program sponsorships work best?

What else should we know?

February 3, 2014

Mr. Bob Tincher
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408

Dear Bob:

Thank you and the BTAC Water Conservation Sub-Committee for selecting CV Strategies to assist with your communications needs. We understand the scope of this agreement to include communications, branding and strategic messaging initiatives in support of the group's conservation and drought response outreach. We have laid out the proposal in multiple phases.

Please accept this letter as a request for engagement to provide the BTAC Water Conservation Sub-Committee and its member agencies with an initial communications strategy and outreach plan and subsequent implementation of related tactics. This effort includes providing strategic counsel to identify and address regional conservation goals, drought messaging and associated communication needs, as well as the professional staff services required to manage your account.

CV Strategies looks forward to a dynamic, collaborative and successful conservation outreach campaign. We are eager to develop a close partnership with the BTAC Water Conservation Sub-Committee, helping your member agencies meet and exceed their communications objectives.

Sincerely,



Erin Gilhuly
President