

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
March 17, 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, March 3, 2014* (Page 2)
- B. Approval of the Minutes of the Engineering Workshop, March 10, 2014*(Page 5)

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. Status of Water Bond Issue* (Page 7)

7. Topics for Future Agendas

8. Announcements

- A. Finance and Budget Workshop, March 24, 2014 at 1:30 p.m.
- B. San Gorgonio Pass Water Task Force – Technical Committee Meeting, March 26, 2014 at 4:00 p.m. - Banning City Council Chambers
- C. San Gorgonio Pass Water Task Force – Committee Meeting, March 26, 2014 at 6:00 p.m. - Banning City Council Chambers
- D. Regular Board Meeting, April 7, 2014 at 1:30 p.m.

9. 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
March 3, 2014

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
Thomas Todd, Finance Manager
Cheryle Rasmussen, Executive Assistant
Kenneth Falls, Operations and Maintenance Manager
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., March 3, 2014 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of the Agenda:** The agenda was adopted as presented.
3. **Public Comment:** President Jeter stated that he had one request for public comment on item 6A of the agenda; he called upon Luwana Ryan for her comment. Mrs. Ryan, a Cherry Valley resident representing herself as a taxpayer, requested that the Board formally oppose the Gateway Center project (a distribution center on the north side of Cherry Valley Blvd) that the County of Riverside is considering. She is concerned that such a project would impact the Beaumont Basin and also has concerns pertaining to hazardous dangers of a distribution center at this location. Mrs. Ryan also commented on item 6A, suggesting that the Board do further negotiations with the Agency's legal counsel prior to approving the proposed rate increase and annual cost of living adjustment (COLA). President Jeter called upon David Castaldo for his comment. Mr. Castaldo, representing himself, remarked on the Gateway Center project, stating that it is a great project that would create jobs, but he is opposed to the proposed location. He stated that he is not asking the Board to vote for or against the project at its current proposed location, rather that the Board seek out further analysis in order to make an informed decision on this matter. 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 18, 2014
 - B. Approval of the Minutes of the Finance and Budget Workshop, February 24, 2014
 - C. Approval of the Finance and Budget Workshop Report, February 24, 2014

Director Dickson moved, seconded by Director Melleby, to approve the items on the consent calendar as presented. Motion passed 7-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **(a) SWP Water Deliveries:** EBX II is still shut down for scheduled maintenance and will be back on line in the near future.

(2) General Agency Updates: **(a) Drought Issues:** General Manager Davis informed the Board that a conference call with the director of DWR will take place on March 4th, he will report back to the board on the discussions that took place. **(b) Snowpack:** The most recent official recording of the snowpack took place on March 1st, measuring in at 24% of normal for the date. **(c) Drought Relief Bill:** Governor Brown signed a drought relief bill that will help out rural communities and displaced agriculture workers; as well as expedite funding for projects to improve conservation, recycled water, clean-up contaminated groundwater, make irrigation more efficient, etc. **(d) Cap-and-Trade:** Governor Brown is proposing to use one-third of all cap-and-trade revenues to fund the bullet train. **(e) ACWA:** ACWA Region 9 is holding a *Water Bond Briefing* this Thursday at Eastern Municipal Water District. General Manager Davis stated that he will be attending and invited the board members to attend as well. **(f) BDCP:** Once the initial \$250 million BDCP financing runs out interim financing will be required for additional pre-construction costs; as information becomes available it will be provided to the board at future board meetings and/or workshops.

B. Directors Report:

1) Director Duncan reported that he attended the Cabazon Water District Board Meeting on February 24th. He stated that the Riverside County Board of Supervisor will be appointing two board members. **2) Director Melleby** reported that she also attended the Cabazon Water District Board Meeting; the SGPRWA Technical Committee meeting held on February 26th; the SGPRWA meeting held on February 26th; and the YVWD workshop held on February 25th. **3) Director Voigt** reported that she also attended the Cabazon Water District Board Meeting.

6. New Business: (Discussion and Possible Action)

A. Consideration of Proposed Rate Increase for General Counsel: A staff report and a copy of a letter from Best Best & Krieger requesting rate increases and an annual cost of living adjustment (COLA) were included the agenda packet. President Jeter stated that this item was discussed at the Finance and Budget workshop. Director Morris made a motion, seconded by Director Haring, to approve the requested rate increases and COLA. Director Melleby requested that Legal Counsel Behrens provide an explanation regarding the COLA component of the contract. Counsel Behrens explained in detail as to how a COLA is calculated; he also stated that this is a built-in adjustment that would be reviewed annually by the Board. He informed the Board that the contract, along with the proposed rates, would be retroactive to January 1, 2014 and that the COLA component would take place July 1, 2014. After discussion, President Jeter requested a vote. Motion carried unopposed 7 – 0.

B. Consideration of Opening a Public Funds Money Market Account with Wells Fargo: A staff report was included in the agenda packet. General Manager Davis stated that this item had been discussed at the Finance and Budget workshop. This is an item that is primarily intended to improve operational flexibility and reduced bank fees. Director Dickson made a motion, seconded by Director Morris, to approve opening a public funds Money Market account with Wells Fargo bank. After discussion, President Jeter requested a vote. Motion carried unopposed 7 – 0.

C. Consideration of Participation in Regional Collaborative Outreach Campaign Related to the Drought: A staff report and campaign materials were included in the agenda packet. General Manager Davis informed the Board that the information that was provided in the agenda packet did not include information that was made available until after the agenda packet was submitted on Friday. He conveyed the current information made available on the campaign. General Manager Davis stated that should the Board wish to participate in the first phase of the campaign “Let’s Identify the Message Campaign” that the shared cost to the Agency is estimated to be \$1000.00 and that follow-up phases would be at additional shared costs. After discussion, Director Morris made a motion, seconded by Director Duncan, to table this item to a later date. Motion carried unopposed 7-0.

7. Topics for Future Agendas: Director Voigt requested staff to investigate if the Gateway Center project would affect the Agency. President Jeter requested Cap-and-Trade discussion to be added to the agenda. Director Melleby requested staff to obtain a copy of the Cap-and-Trade bill for review. No other topics were requested for future agendas.

8. Announcements: *President Jeter reviewed the following 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 Geronio Pass Regional Water Alliance – Technical Committee Meeting, March 26, 2014 at 4:00 p.m. - Banning City Council Chambers
D. San Geronio Pass Regional Water Alliance Meeting, March 26, 2014 at 6:00 p.m. - Banning City Council Chambers

9. Closed Session (1 Item): *President Jeter announced that the Board will convene to closed session: Time: 2:18*

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).

The meeting reconvened to open session: Time: 3:23

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

10. Adjournment: President Jeter adjourned the meeting at 3:24 p.m.

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary of the Board

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
March 10, 2014

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
Cheryle Rasmussen, Executive Assistant

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., March 10, 2014 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 Draft Policy Establishing a Water Shortage Plan Policy. A copy of the draft policy was included in the agenda package. General Manager Davis began by summarizing the history of this and the other two policies that have recently been discussed. He noted that last month the Board asked him to bring this draft policy back for further discussion but did not ask him to make any specific changes to the policy. He indicated that he had made one change from last month, deleting the word "recreational" in one location. The discussion focused on the fact that the Agency assigns itself some of the water, even in dry years. General Manager Davis explained that there are four reasons why the Board needs to have water at its discretion as opposed to assigning all of it to retail agencies—to pay back previous water exchanges, to initiate a new exchange, to carry water over to the next year, or to sell it to a local retail agency that has a particular need. During the discussion, the Board asked General Manager Davis to modify the portions of the policy that assign water to the Agency to make them more flexible and less rigid. The Board asked to discuss the same issue next month.

4. Announcements:

- A. Regular Board Meeting, March 17, 2014 at 1:30 pm.
- B. Finance and Budget Workshop, March 24, 2014 at 1:30 p.m.
- C. San Gorgonio Pass Regional Water Alliance—Technical Committee, Wednesday, March 26, 2014 at 4:00 pm, Banning City Council Chambers.
- D. San Gorgonio Pass Regional Water Alliance—Wednesday, March 26, 2014 at 6:00 pm, Banning City Council Chambers.

5. Adjournment: Chairman Dickson adjourned the meeting at 2:29 p.m.

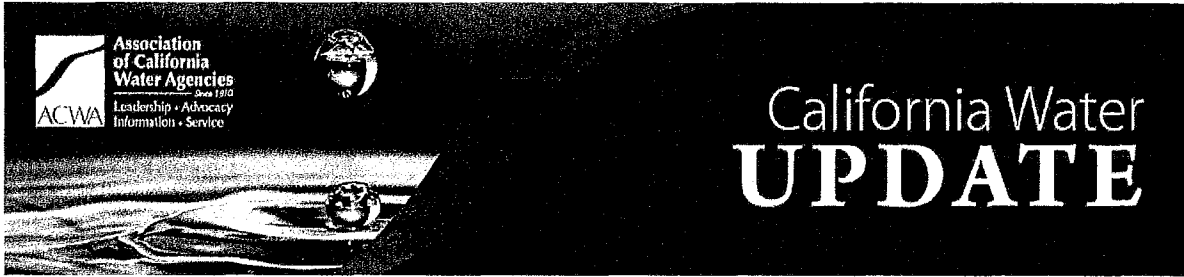
DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary to the Board

Association of California Water Agencies Overview of 2014 Water Bond Bills – March 3, 2014

Bill Number/ Author	Total Investment (in billions)	Notes (Not a Complete List of Concerns or Needed Amendments)
AB 1331 (Rendon)	\$6.500	Full funding for local resource development and watersheds but partial funding for Delta sustainability, storage and groundwater quality.
AB 1445 (Logue)	\$5.800	Full funding for storage. Water quality funding but no specific ground water quality funding. No funding for Delta sustainability, local resource development, or watersheds outside of the Delta.
AB 2043 (Bigelow and Conway)	\$7.935	Full funding for storage, local resource development and groundwater quality, but partial funding for Delta sustainability and no funding for watersheds outside of the Delta.
AB 2686 (Perea)	\$9.250	Full funding for Delta sustainability, storage, local resource development, and watersheds but partial funding for groundwater quality.
SB 40 (Pavley)	Not Applicable	Spot Bill
SB 42 (Wolk)	\$6.475	Full funding for local resource development and watersheds but partial funding for Delta sustainability, storage and groundwater quality.
SB 848 (Wolk)	\$6.825	Full funding for local resource development and watersheds but partial funding for Delta sustainability, storage and groundwater quality.
SB 927 (Cannella and Vidak)	\$9.217	Full funding for Delta sustainability, storage, local resource development and groundwater quality but no funding for watersheds outside of the Delta.
SB 1080 (Fuller)	Not Applicable	Spot Bill
SB 1250 (Hueso)	Not Applicable	Spot Bill
SB 1370 (Galgiani)	\$5.100	Funding for specified surface storage projects (i.e., Sites Reservoir, Temperance Flat Reservoir and Expansion of Los Vaqueros Reservoir). Does <u>not</u> fund Delta sustainability, subsurface storage, local resource development, water quality or watersheds.

Note: "Full funding" for Delta Sustainability is \$2.25 billion and "full funding" for storage is \$3 billion for public benefits based on the current version of the 2014 Water Bond and ACWA's Proposal for a Modified 2014 Water Bond.



Proposal for a Modified 2014 Water Bond

ACWA's Board of Directors is supporting modifications to the current 2014 water bond to protect key statewide priority areas and aid its passage next year. Below is a proposed modified water bond developed by the ACWA Water Finance Task Force consistent with the policy principles adopted by the ACWA Board of Directors in March 2013.

Category 1: Local Resources Development Support \$2.150

Disadvantaged Communities	\$0.300
IRWMP / Rural Support	\$0.450
IRWMP / Urban Support	\$0.650
Groundwater Quality	\$0.300
Recycling and Conservation	\$0.450

Category 2: Delta Ecosystem Rest. & Watersheds \$3.050

Delta Sustainability	\$2.250
Watersheds	\$0.800

Category 3: Storage for Coequal Goals \$3.000

Statewide Water System	\$3.000
------------------------	---------

Total Investments (in billions)	\$8.200
--	----------------

(Revised 5/6/13)