

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA

*****AMENDED*****

Board of Directors Meeting
Agenda
July 7, 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, June, 16 2014* (Page 2)
- B. Approval of the Minutes of the Finance and Budget Workshop, June 23, 2014* (Page 6)
- C. Approval of the Finance and Budget Workshop Report, June 23, 2014* (Page 9)
- D. Approval of Special Board Meeting Capacity Fee Workshop, June 26, 2014* (Page 10)

5. Reports (Discussion and Possible Action)

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

6. New Business (Discussion and Possible Action)

- A. Consideration of Cost of Living Adjustment for Staff* (Page 12)
- B. Consideration of Adoption of General Fund Budget* (Page 14)
- C. Consideration of Payment of State Water Contractors Dues* (Page 20)
- D. Consideration of Payment of State Water Contractors Authority Dues* (Page 27)
- E. Consideration of Authorization of Legal Representation at Board Meetings and Engineering Workshops* (Page 32)
- F. Consideration of Changing Bond Broker* (Page 34)
- G. Consideration of Candidate for LAFCO Special District Board Member Election* (Page 36)
- H. Consideration of Backup One Month Contract for FERC Consultant* (Page 41)

7. Topics for Future Agendas

8. Announcements

- A. Engineering Workshop, July 14, 2014 at 1:30 p.m.
- B. Regular Board Meeting, July 21, 2014 at 1:30 p.m.
- C. Finance and Budget Workshop, July 28, 2014 at 1:30 p.m.
- D. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting
July 29, 2014 at 4:00 p.m. – Banning City Hall Conference Room
- E. San Gorgonio Pass Regional Water Alliance Meeting
July 29, 2014 at 6:00 p.m. – Banning City Council Chambers

9. Closed Session (1 Item)

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of
Government Code 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 website, 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
June 16, 2014

Directors Present: John Jeter, President
 Bill Dickson, Vice President
 Mary Ann Melleby, Treasurer
 Ron Duncan, Director
 Ray Morris, Director
 Ted Haring, Director
 Barbara Voigt, 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., June 16, 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.

<u>Roll Call:</u>	Present	Absent
Director Haring	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Voigt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Morris	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President 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; he called upon Eric Fraser (General Manager – BCVWD) inquiring if he would like to comment at this time. Mr. Fraser stated that he would comment during open discussion of item 6A. 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, June 2, 2014
 - B. Approval of the Minutes of the Engineering Workshop, June 9, 2014

Director Dickson moved, seconded by Director Duncan, to approve the consent calendar as presented. Motion carried 7-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **(a) SWP Deliveries:** As of June 12th the Agency delivered 286 acre-feet to Noble Creek Recharge Facility. The projected 600 acre-feet per month will commence once Crafton Hills Reservoir is back online. **(b) Crafton Hills Reservoir** is nearing completion. DWR is planning on holding an official "online" ceremony to take place either late June or early July. General Manager Davis will inform the board of the official date once it is announced.

(2) Beaumont Avenue Recharge Facility Pipeline Construction Update: General Manager Davis presented a slide presentation on the construction that has taken place thus far. He informed the Board that staff had done its due diligence of notifying the public by providing a press release to the Record Gazette of the upcoming construction, which was printed in the June 6th edition. A press release was also provided to the Patch, which was posted on June 4th. In addition, staff went door-to-door to inform residents and businesses that would be the most affected by the construction. A number of local residents have called and stopped by the Agency to ask specifics about the construction.

(3) General Agency Updates: **a) Water Conservation & Education:** The Agency, in conjunction with Inland Empire Resource Conservation District, has accepted an invitation by Banning Library District to provide a children's interactive program at the library on June 19th. Director Melleby volunteered to be present as a representative of the Agency. **b) Verizon Cell Tower:** The Agency requested its legal counsel to contact Verizon to request that the contract be signed by June 30; otherwise the Agency will renegotiate the contract. It is anticipated that construction of the cell tower will take place this summer. Residents in the immediate area will be notified once a construction date is set. **c) State Budget:** The California Legislature has passed a \$156 billion spending plan that is effective July 1, 2014; \$108 billion of that makes up the state's General Fund. Two hundred and fifty million has been designated to cap-and-trade for the high-speed rail project, as well as 25% of all cap-and-trade revenues in future years. The Department of Water Resources will be receiving \$20 million in cap-and-trade funds. **d)** Jeanine Jones (DWR) will be speaking on the impact of the statewide drought at the San Geronio Pass Regional Water Alliance meeting that will take place on Tuesday, July 29. **e)** General Manager Davis attended an ACWA water bond briefing that took place at Eastern Municipal Water District on July 11; a review of the water bond polling results will take place during item 6E.

B. Directors Reports:

(1) Director Melleby reported that she attended the YVWD Board workshop on June 10; she stated that a request was made from one of the developers to defer YVWD capacity charge. She also attended the BCVWD Board meeting on June 11 and the Beaumont Basin Watermaster meeting that was held on June 4. **(2) Director Voigt** reported that she attended the BCVWD Board meeting and the Beaumont Basin Watermaster meeting. **(3) Director Duncan** reported that he spoke to Cabazon Water District's Board President Kerri Mariner and that she informed him that the installation of officers will take place this evening and invited the Agency's board to attend. He also attended the Banning Chamber of Commerce meeting. **(4) Director Dickson** reported that he attended the YVWD Board meeting.

6. New Business: (Discussion and Possible Action)

A. Consideration of Adopting Ordinance 9 – Policy on SGPWA Water Service: A staff report and a copy the SGPWA Ordinance No. 9 - An Ordinance Establishing and Amending Rules and Regulations for the Ordering of Water, were included in the agenda packet. General Manager Davis stated that the Board had approved the concept of a policy for ordering water from the Agency at its February 10th engineering workshop, and had directed staff to bring this policy to the Board in the form of an ordinance. The Board also requested staff to look into changing the language from purchaser to retail water agency. Agency's counsel advised staff that the requested change cannot be done, due to the Agency's Act. Ordinance 9 revises a portion of Ordinance 8 pertaining to the Agency's rules and regulations regarding water delivery with regard to ordering of water on an annual basis. After discussion, Director Dickson made a motion, seconded by Director Duncan, approving the adoption of Ordinance 9. President Jeter called upon Eric Fraser (BCVWD, General Manager) for his comment. Mr. Fraser requested clarification on replenishment deliveries. General Manager provided a comprehensive explanation to Mr. Fraser's question. President Jeter requested a roll call vote. Ayes: Haring, Voigt, Morris, Melleby, Duncan, Dickson and Jeter. Noes: none. Absent: none. Motion carried unopposed 7-0.

B. Consideration of State Water Project Audit Contract: A staff report, a copy of a the Statement of Work letter from Ernst & Young, and a copy of the Independent Audit Association Recommended Approval and Execution memorandum were included in the agenda packet. General Manager Davis provided explanation as to what the Scope of Work includes within the audit. The purpose of the audit is to determine if DWR's business practices are acceptable and reasonable. The cost to the Agency will range from \$4,699 - \$5,874. He stated that \$5,000 has been budgeted for this work from the General Fund. Director Voigt made a motion, seconded by Director Melleby, to approve contracting with Ernst and Young for the 2014-2015 State Water Project Audit Contract, and to authorize the General Manager to sign the Statement of Work. Motion passed unopposed 7-0.

C. Consideration of Candidate for LAFCO Special District Board Member Election: A staff report and a Ballot Instruction letter from the Local Agency Formation Commission were included in the agenda packet. Director Voigt requested that this item be tabled to a future Board meeting, thereby allowing time for the other two candidates to submit letters. President Jeter asked if there were any objections to table this item until the next board meeting; there being none, this item was tabled for the July 7th board meeting.

D. Consideration of Audit Engagement Letter: A staff report and an engagement letter from Ahern Adcock Devlin, LLP were included in the agenda packet. General Manager Davis stated that the auditor reports directly to the Board of Directors and that it is the Board that is charged with hiring the auditor. Ahern Adcock Devlin has performed the Agency's audit for the past two years. The cost of this year's audit will be approximately \$20,345. This cost is included in the Agency's proposed general fund budget. After discussion, Director Dickson made a motion, seconded by Director Melleby, authorizing the President to sign the engagement letter with Ahern Adcock Devlin, thus engaging the firm to perform the fiscal year 2013-2014 Agency audit. Motion carried 7-0.

E. Consideration of Water Bond Letter of Support: A copy of ACWA's State Legislative Outreach Alert newsletter and a copy of the PowerPoint presentation on ACWA's Survey Results, pertaining to a California Water Bond, were included in the agenda packet. General Manager Davis reported on the water bond briefing that he attended last week and he provided an overview of the survey. He stated that the Governor is not opposed to having a water bond on the ballot, however the Governor's pollster has advised against it, due to timing. ACWA continues to support two bills that are closely aligned to ACWA's Board-approved principles for a 2014 water bond - AB 2686 by Assembly Member Henry Perea, and SB 1250 by Senator Ben Hueso. ACWA is asking its members to send letters to their legislators (Senator Mike Morrell and Assembly Brian Nestande) urging that any final bill on a water bond be consistent with ACWA's principles. General Manager Davis stated that should the Board wish to comply with ACWA's request that he would draft a letter for President Jeter to sign. Director Dickson made a motion, seconded by Director Voigt, authorizing a letter of support be submitted to the legislators. Motion passed 7-0.

7. **Topics for Future Agendas:** No topics for future agendas were requested.
8. **Announcements:** *President Jeter reviewed the following announcements:*
- A. Finance and Budget Workshop, June 23, 2014 at 1:30 p.m.
 - B. San Geronio Pass Regional Water Alliance – Technical Committee Meeting, June 25, 2014 at 4:00 p.m. – Banning City Hall Conference Room
 - C. San Geronio Pass Regional Water Alliance Meeting
June 25, 2014 at 6:00 p.m. – Banning City Council Chambers
 - D. Capacity Fee Workshop, **Thursday**, June 26, 2014 at 6:30 p.m.
 - E. The office will be **closed Friday**, July 4, 2014 in observance of Independence Day
 - F. Regular Board Meeting, July 7, 2014 at 1:30 p.m.

The meeting adjourned to closed session at 2:34 p.m.

9. **Closed Session (1 Item)**
- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (one potential case)

The meeting reconvened to open session at 3:08 p.m.

Legal Counsel Russ Behrens reported that the board met in closed session and discussed the matter listed. No action was taken that is reportable under the Brown Act.

10. **Adjournment:** President Jeter adjourned the meeting at 3:08 p.m.

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary of the Board

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
June 23, 2014

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

Staff and Consultants Present:
Jeff Davis, General 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., June 23, 2014, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. President Jeter led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** No members of the public wished to make any comment at this time.
4. **New Business:**
President Jeter turned the meeting over to Director Voigt, Chair of the Finance & Budget Committee.
 - A. Ratification of Paid Invoices and Monthly Payroll for the Month of May, 2014 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Dickson, seconded by Director Melleby, to recommend that the Board ratify paid monthly invoices of \$446,633.30 and payroll of \$30,315.26 for the month of May, 2014, for a combined total of \$476,948.56. The motion passed 7 in favor, no opposed.
 - B. Review and Consideration of Pending Legal Invoices for May, 2014: After review and discussion, a motion was made by Director Duncan, seconded by Director Morris, to recommend that the Board approve payment of the pending legal invoices for May, 2014. The motion passed 7 in favor, no opposed.

- C. Review of May, 2014 Bank Reconciliation: After review and discussion, a motion was made by Director Dickson, seconded by Director Morris, to acknowledge receipt of the Wells Fargo bank reconciliation for May, 2014 as presented. The motion passed 7 in favor, no opposed.
 - D. Review of Budget Report for May, 2014: After review and discussion, a motion was made by Director Duncan, seconded by Director Dickson, to acknowledge receipt of the Budget Report for May, 2014 as presented. The motion passed 7 in favor, no opposed.
 - E. Discussion of COLA for FY 14-15: General Manager Davis presented a summary of the cost of living increase from the Consumer Price Index developed by Finance Manager Tom Todd. The summary showed that the Index has increased by 1.4% over the past 12 months. After discussion, a motion was made by Director Melleby, seconded by Director Dickson, to award a 1.5% cost of living increase to the staff starting July 1, 2014. The motion passed 7 in favor, no opposed.
 - F. Review of Proposed General Fund Budget for FY 2014-15: General Manager Davis provided two separate budgets, one balanced and another one showing a deficit of \$104,100. Both budgets showed increases of \$100,000 in revenues from the draft budget reviewed in May. The unbalanced budget had no other revisions from May. The balanced budget showed decreases in expenditures in several categories. General Manager Davis noted that these were reasonable assumptions, while the other, unbalanced budget was very conservative. After discussion, a motion was made by Director Dickson, seconded by Director Melleby, to recommend adoption of the balanced General Fund Budget of \$5,421,000. The motion passed 7 in favor, no opposed.
 - G. Discussion of Attorney's Attendance at Board Meetings: The Board had requested that this item be brought forward to this month, since only five board members were present at the workshop in May. After discussion, a motion was made by Director Dickson, seconded by Director Melleby, recommending that an attorney be present at Board meetings and Engineering workshops in the future. The motion passed 7 in favor, no opposed.
 - H. Update Regarding Bond Investments: General Manager Davis noted that occasionally, our bonds are called and lately Wells Fargo has not notified the Agency that this occurred, resulting in reduced interest income due to funds being in a money market account instead of invested in a bond. He told the Board that staff has been in contact with another firm that would work harder to ensure that this does not happen and would manage the Agency's bond investments more actively, without any additional cost to the Agency. After discussion, a motion was made by Director Dickson, seconded by Director Duncan, to recommend moving the Agency's bond account to the new firm. The motion passed 7 in favor, no opposed.
5. **Announcements:** Director Voigt reviewed the following announcements:

- A. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, June 25, 2014 at 4:00 p.m. at Banning City Hall Conference Room.
 - B. San Gorgonio Pass Regional Water Alliance, June 25, 2014 at 6:00 p.m. at Banning City Council Chambers.
 - C. Capacity Fee Workshop, Thursday, June 26, 2014 at 6:30 p.m.
 - D. The office will be closed July 4, 2014 in observance of Independence Day.
 - E. Regular Board Meeting, July 7, 2014 at 1:30 p.m.
6. **Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 2:17 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 June 23, 2014. The following recommendations were made:

1. The Board ratify payment of Invoices of \$446,633.30 and Payroll of \$30,315.26 as detailed in the Bank Register Report for Accounts Payable and the Bank Register Report for Payroll for May, 2014 for a combined total of \$476,948.56.

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

Best, Best & Krieger LLP	\$9,015.44
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3. The Board acknowledge receipt of the following:
 - A. Wells Fargo bank reconciliation for May, 2014
 - B. Budget Report for May, 2014

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Special Board Meeting
Capacity Fee Workshop
June 26, 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
Andrew Maiorano, General Counsel (acting)

1. Call to Order, Flag Salute and Roll Call: The capacity fee workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by President John Jeter at 6:30 p.m., June 26, 2014 in the Agency Board room 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: There were no changes to the agenda.

3. Public Comment. President Jeter noted that the purpose of the meeting was to receive input from the public on the capacity fee but that he would prefer if members of the audience would wait until after the General Manager makes his presentation to provide comments. No member of the public wished to speak at this time.

4. Presentation on Capacity Fee. President Jeter began by noting that the region needs additional water, that the philosophy of the Agency is that growth should pay for its fair share of new water and infrastructure, that many public agencies throughout California use capacity fees to fund new infrastructure, that adoption of the fee by the Agency is not a panacea, but part of an overall financial plan to fund additional water sources and infrastructure, and that if the effort to adopt a fee is unsuccessful, the 2015 urban water management plan could preclude additional growth in the region. He then turned the meeting over to General Manager Davis, who showed a Power Point presentation. The presentation included information on the SGPWA Act, what a capacity fee might

look like, what it would likely include, how it would be implemented, and some thoughts on who should pay for additional water sources. He noted that the purpose of the workshop is to receive input from the public, not to answer questions on the fee. Since the process has just begun, the Agency would likely not have answers to many questions anyway. He noted that the SGPWA Act requires the Agency to hold a public hearing prior to adopting a capacity fee, but that this is not that official public hearing.

5. Input from the Public. Nine members of the audience provided public comment, and written comments were submitted by the Riverside Chapter of the Building Industry Association. In general, the topics raised by the public included, but were not limited to, how current retail water agency capacity fees for water rights would be handled, the ongoing operating costs of any new facilities constructed, whether the water purchased would be from long-term water sources or short-term, what happens if the Agency collects the fee and does not purchase new water, how the Agency or others can guarantee that any new water purchased gets to where it is supposed to be, whether the Agency could include an incentive for recycled water, and whether retail water agencies have such fees for new water.

6. Announcements:

- A. The office will be closed Friday, July 4, 2014 in observance of Independence Day.
- B. Regular Board Meeting, July 7, 2014
- C. Engineering Workshop, July 14, 2014 at 1:30 p.m.
- D. Regular Board Meeting, July 21, 2014 at 1:30 p.m.

7. Adjournment: President Jeter adjourned the meeting at 7:28 p.m.

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary to the Board

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Cost of Living Adjustment for Staff

DATE: July 7, 2014

Summary:

At the Finance and Budget workshop on June 23, the Board voted to recommend granting staff a 1.5% cost of living adjustment, effective July 1. The purpose of this proposed Board action is to ratify that recommendation.

Background:

Each year, the Board considers whether to provide a cost of living salary adjustment to the Agency staff (not including the General Manager). This decision is based on the Consumer Price Index for Los Angeles, Orange, and Riverside Counties, as well as the financial health of the Agency.

Detailed Report:

At the June 23 workshop, the Board indicated that it was desirous of providing a cost of living adjustment for staff equal to the consumer price index increase over the past 12 months, which is 1.4%. The Board, upon recommendation from staff, chose to round this to 1.5%.

Fiscal Impact:

A modest cost of living adjustment was incorporated into the budget for this year, so there is no appreciable fiscal impact to this action.

Recommendation:

Staff recommends that the Board approve its recommendation from the Finance and Budget workshop of June 23 to provide a 1.5% cost of living adjustment to staff as of July 1.



MEMORANDUM

From: Thomas W. Todd, Jr.
Finance Manager

Date: June 16, 2014

To: Jeff Davis

RE: Consumer Price Index for 2014

Jeff,

This memo reviews CPI changes from 2008 to the present, April of 2014.

For 2009, the CPI actually decreased, so the Board did not enact a COLA increase for 2009.

There was a slight increase for 2010, but when it was combined with the decrease from 2009, the increase was very small. The Board chose to take no action.

There was an increase for 2011 and the Board chose to take no action for that year as well.

There was an increase for 2012. The Board chose to grant a 3.0% cost-of-living increase effective July 1, 2012. In February 2013, the Board also passed a resolution that effectively stated that the Board would not take a bigger annual increase than had been granted to the staff.

There was an increase in 2013. The Board chose to grant a 3.0% cost-of-living increase effective July 1, 2013.

The following information is available for April, 2014:

<u>Index Point Change</u>	U.S. City Average	L.A., Riverside, Orange County
CPI in April, 2014:	237.1	242.4
Less: CPI in April, 2014:	232.5	239.0
Index Point Change	4.6	3.4
 <u>Percentage Change</u>		
Index Point Change	4.6	3.4
Divided by CPI in April,	232.5	239.3
Percentage Increase	2.0 %	1.4%

We typically use the L.A., Riverside, and Orange County figures. If the Board chooses to enact a COLA, I recommend rounding to the nearest .5%

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: 2014-2015 General Fund Budget

DATE: July 7, 2014

Summary:

The proposed General Fund budget for 2014-2015 has been discussed at the Finance and Budget workshops in both May and June. The purpose of this proposed Board action is to formally adopt the 2014-2015 General Fund budget.

Background:

The Agency's General Fund budget has not changed significantly over the past five years, with the exception of the amount spent to purchase water and the amount of revenue received from selling water to customers.

This year, the budget will change somewhat due to the construction of a capital facility. The Beaumont Avenue Recharge Facility Pipeline will be constructed at a cost of approximately \$1.5 million (including consultant costs); the funds for this will be drawn from the reserve for new infrastructure. Thus, it will not have an appreciable impact on cash flow.

The overall budget is \$5.4 million, which is similar to budgets over the past four years.

Detailed Report:

This year's proposed budget includes a reduced amount of engineering expenses compared to last year (\$664,000 vs \$818,000). Salaries and benefits are significantly less than last year (\$812,600 vs. \$906,225). This is due to the large payment last year toward the Agency's other post employment benefits, and takes into consideration paying off the Agency's PERS side fund this year.

Administrative and professional expenses are expected to be higher, due to the fact that there will likely be a significant election expense this year.

Tax revenues are expected to be slightly higher than last year (\$1.75 million vs. \$1.65 million). Staff is projecting lower revenues from water sales, since the sales in the first half of the fiscal year will be very low due to the drought.

Fiscal Impact:

The budget as proposed is balanced. With one exception, the Agency has had balanced budgets every year since the 2005 ERAF shift. In the year that was not balanced, the Agency made a multi-million dollar land purchase, and the funds to pay for it came from available reserves.

Relationship to Strategic Plan:

The annual budget is an operating requirement of the Agency and not specifically related to the strategic plan.

Recommendation:

Staff recommends that the Board approve the proposed 2014-2015 General Fund budget, as recommended by the Board at the June Finance and Budget workshop.

SAN GORGONIO PASS WATER AGENCY
PROPOSED BUDGET FOR FISCAL YEAR 2014-15
ESTIMATED TOTAL EXPENSES FY 2013-14 VS. PROPOSED BUDGET FY 2014-15

	FOR THE FISCAL YEAR JULY 1, 2013 - JUNE 30, 2014				PROPOSED FY 2014-15	
	1 TOTAL BUDGET FY 2013-14	2 ACTUAL 10 MOS. APRIL 2014	3 EST. ACTUAL AT JUNE 2014	4 PERCENT ACTUAL TO BUDGET	5 PROPOSED BUDGET FY 2014-15	6 PERCENT ACTUAL TO PRO. BUDGET
GENERAL FUND - INCOME						
INCOME						
WATER SALES	3,100,000	1,886,022.86	2,250,000	72.58%	1,800,000	-20.00%
TAX REVENUE	1,900,000	1,198,884.22	1,650,000	86.84%	1,750,000	6.06%
INTEREST	32,000	21,581.42	26,000	81.25%	26,000	0.00%
PASS-THRU	0	0.00	0	0.00%	0	0.00%
GRANTS	0	0.00	0	0.00%	0	0.00%
OTHER (REIMBURSEMENTS, TRANSFERS)	52,000	9,521.35	11,426	21.97%	10,000	-12.48%
TOTAL GENERAL FUND INCOME	5,084,000	3,116,010	3,937,426	77.45%	3,586,000	-26.42%
GENERAL FUND - EXPENSES						
COMMODITY PURCHASE						
PURCHASED WATER	2,800,000	1,241,699.58	1,750,000	37.50%	1,700,000	-2.86%
TOTAL COMMODITY PURCHASE	2,800,000	1,241,700	1,750,000	62.50%	1,700,000	-2.86%
SALARIES AND EMPLOYEE BENEFITS						
SALARIES	386,500	323,664.26	388,700	100.57%	404,000	3.94%
PAYROLL TAXES	33,000	28,057.82	33,669	102.03%	36,000	6.92%
WORKERS COMP INSURANCE	4,300	2,637.73	3,500	81.40%	3,700	5.71%
RETIREMENT	127,000	104,451.84	125,342	98.69%	315,000	151.31%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	291,000	284,349.73	287,000	98.63%	-20,000	-106.97%
HEALTH INSURANCE	47,000	45,479.57	49,500	105.32%	52,000	5.05%
DENTAL INSURANCE	5,355	5,207.29	5,680	106.07%	6,000	5.63%
LIFE INSURANCE	0	242.08	325		1,000	N/A
SGPWA STAFF MISC. MEDICAL	7,000	4,959.05	5,951	85.01%	9,400	57.96%
DISABILITY	3,100	2,735.64	3,300	106.45%	3,500	6.06%
EMPLOYEE EDUCATION	2,000	604.00	604	30.20%	2,000	231.13%
TOTAL SALARIES AND EMPLOYEE BENEFITS	906,255	802,389	903,571	99.70%	812,600	-10.07%

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SAN GORGONIO PASS WATER AGENCY
PROPOSED BUDGET FOR FISCAL YEAR 2014-15
ESTIMATED TOTAL EXPENSES FY 2013-14 VS. PROPOSED BUDGET FY 2014-15

	FOR THE FISCAL YEAR JULY 1, 2013 - JUNE 30, 2014				PROPOSED FY 2014-15	
	1 TOTAL BUDGET FY 2013-14	2 ACTUAL 10 MOS. APRIL 2014	3 EST. ACTUAL AT JUNE 2014	4 PERCENT ACTUAL TO BUDGET	5 PROPOSED BUDGET FY 2014-15	6 PERCENT ACTUAL TO PRO. BUDGET
GENERAL FUND - EXPENSES						
ADMINISTRATIVE & PROFESSIONAL						
DIRECTOR EXPENDITURES						
DIRECTORS FEES	102,000	83,365.67	100,039	98.08%	103,000	2.96%
DIRECTORS TRAVEL & EDUCATION	35,000	13,435.49	16,123	46.06%	20,000	24.05%
DIRECTORS MISC. MEDICAL	22,000	7,145.58	8,575	38.98%	18,000	109.92%
OFFICE EXPENDITURES						
OFFICE EXPENSE	12,000	5,020.92	9,000	75.00%	12,000	33.33%
FURNITURE	1,200	1,003.28	1,200	100.00%	1,200	0.00%
TELEPHONE	7,000	6,857.66	8,229	117.56%	9,000	9.37%
UTILITIES	4,500	3,607.62	4,329	96.20%	4,500	3.95%
SERVICE EXPENDITURES						
COMPUTER, WEB SITE AND TELEPHONE SUPPORT & SERVICE	4,500	6,950.76	8,000	177.78%	5,000	-37.50%
GENERAL MANAGER & STAFF TRAVEL	15,000	18,189.00	21,827	145.51%	15,000	-31.28%
INSURANCE & BONDS	24,000	22,354.00	22,354	93.14%	24,000	7.36%
ACCOUNTING & AUDITING	21,000	20,345.00	20,345	96.88%	21,000	3.22%
STATE WATER CONTRACT AUDIT	5,300	4,229.00	4,229	79.79%	5,000	18.23%
OUTSIDE PROFESSIONAL SERVICES	4,000	2,900.00	2,900	72.50%	2,000	-31.03%
DUES & ASSESSMENTS	32,000	37,544.04	38,000	118.75%	35,000	-7.89%
BANK CHARGES	1,500	686.33	824	54.91%	1,200	45.70%
MISCELLANEOUS EXPENSES	1,000	0.00	0	0.00%	900	0.00%
MAINTENANCE & EQUIPMENT EXPENDITURES						
TOOLS PURCHASE & MAINTENANCE	2,000	382.08	458	22.92%	2,000	336.21%
VEHICLE REPAIR & MAINTENANCE	13,000	8,665.64	10,399	79.99%	11,000	5.78%
MAINTENANCE & REPAIRS - BUILDING	10,000	9,610.14	11,532	115.32%	12,000	4.06%
MAINTENANCE & REPAIRS - FIELD	30,000	194.50	3,000	10.00%	5,000	66.67%
CONTRACT OPERATIONS AND MAINTENANCE	160,000	84,555.90	161,000	100.63%	140,000	-13.04%
COUNTY EXPENDITURES						
LAFCO COST SHARE	3,200	3,358.76	3,359	104.97%	3,600	7.17%
ELECTION EXPENSE	0	0.00	0		150,000	N/A
TAX COLLECTION CHARGES	7,500	6,075.98	7,291	97.22%	8,000	9.72%
TOTAL ADMINISTRATIVE & PROFESSIONAL	517,700	346,477	463,012	89.44%	608,400	31.40%

SAN GORGONIO PASS WATER AGENCY
PROPOSED BUDGET FOR FISCAL YEAR 2014-15
ESTIMATED TOTAL EXPENSES FY 2013-14 VS. PROPOSED BUDGET FY 2014-15

	FOR THE FISCAL YEAR JULY 1, 2013 - JUNE 30, 2014				PROPOSED FY 2014-15	
	1 TOTAL BUDGET FY 2013-14	2 ACTUAL 10 MOS. APRIL 2014	3 EST. ACTUAL AT JUNE 2014	4 PERCENT ACTUAL TO BUDGET	5 PROPOSED BUDGET FY 2014-15	6 PERCENT ACTUAL TO PRO. BUDGET
GENERAL FUND - EXPENSES						
GENERAL ENGINEERING						
RECHARGE						
B.A.R.F. SERVICE CONNECTION (MT. VIEW CONNEC.)	100,000	9,649.00	20,000	20.00%	105,000	
B.A.R.F. POST DESIGN	25,000	0.00	25,000	100.00%	200,000	
STUDIES						
US - Agreement #23100	245,000	184,556.91	184,557	75.33%	95,000	
V\50 ER RATE NEXUS STUDY	75,000	0.00	0	0.00%	45,000	
V\50 ER RATE FINANCIAL MODELING	0	0.00	0	0.00%	20,000	
CAPACITY FEE NEXUS STUDY UPDATE	45,000	0.00	0	0.00%	45,000	
SUPPORT - CAPACITY FEE & COOPERATIVE AGREEMENTS	30,000	0.00	0	0.00%	40,000	
EMERGING CONTAMINANTS TASK FORCE	5,000	2,110.00	2,110	42.20%	5,000	
UPDATED UWMP	35,000	17,201.60	30,000	85.71%	50,000	
OTHER PROJECTS						
CALIMESA BASIN STUDY	0				44,000	
GENERAL AGENCY ENGINEERING AND GIS SERVICES	5,000	1,353.88	1,625	32.49%	15,000	
TOTAL GENERAL ENGINEERING	565,000	214,871	263,292	46.60%	664,000	152.19%