

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**October 6, 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, September 15, 2014\* (Page 2)
- B. Approval of the Minutes of the Finance and Budget Workshop, September 22, 2014\* (Page 6)
- C. Approval of the Finance and Budget Workshop Report, September 22, 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 Revisions to Procurement Policy\* (Page 15)
- B. Update and Discussion of Issues Related to San Gorgonio Flume\* (Page 20)
- C. Update and Discussion of Proposition 1, 2014 Water Bond\*(Page 38)

**7. Topics for Future Agendas**

**8. Announcements**

- A. Engineering Workshop, October 13, 2014 at 1:30 p.m.
- B. Regular Board Meeting, October 20, 2014 at 1:30 p.m.
- C. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, October 22, 2014 at 4:30 p.m. - Banning City Hall Conference Room
- D. San Gorgonio Pass Regional Water Alliance – Committee Meeting, October 22, 2014 at 6:00 p.m. - Banning City Council Chambers

**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](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.

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, California 92223**  
**Minutes of the**  
**Board of Directors Meeting**  
**September 15, 2014**

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

**Directors Absent:** Ray Morris, Director

**Staff Present:** Jeff Davis, General Manager  
Thomas Todd, Finance Manager  
Cheryle Rasmussen, Executive Assistant  
Russ Behrens, General 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., September 15, 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:** No members of the public requested to speak at this time.
4. **Consent Calendar:**
  - A. Approval of the Minutes of the Regular Board Meeting, September 2, 2014
  - B. Approval of the Minutes of the Engineering Workshop, September 8, 2014
  - C. Approval of the Minutes of the Water Conservation and Education Workshop, September 11, 2014

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

**5. Reports:**

**A. General Manager's Report:**

**(1) Operations Report:** **a)** General Manager Davis informed the Board that SWP water is still being delivered through the bypass. **b)** Crafton Hills Reservoir is now completely filled with water as of September 6<sup>th</sup>; however the water will need time to settle. Water quality tests will be performed prior to any deliveries. **c)** As of September 1, the Agency has about 2000 acre feet more of SWP water to deliver for the remainder of this year. Once the 2000 acre feet have been delivered distributions will end for the year, leaving about 500 acre feet of carryover for next year.

**(2) Construction Update:** a) General Manager Davis provided the Board with an update and a slide presentation on the construction of the Beaumont Avenue Recharge Facility Pipeline. He informed the Board that construction is nearing the end. b) General Manager Davis updated the Board on the status of Verizon's cell tower that will be built on the Agency's property behind the parking lot, stating that during the last conversation with the representative he was told that they were waiting for the City of Beaumont to issue the required permits.

**(3) General Agency Updates:** General Manager Davis informed the Board that a news article that was in the Desert Sun about three months ago, regarding Arrowhead's Bottling Plant, seems to have caught the eye of a number of news outlets. General Manager Davis has received a number of phone calls from the news media asking him for his perspective on this issue.

**B. Directors Reports:** (1) **Director Dickson** reported that he attended the Beaumont Cherry Valley Water District Board meeting that took place on September 10<sup>th</sup>. (2) **Director Voigt** reported on the BCVWD Board meeting. (3) **Director Melleby** gave a report on the YVWD's Workshop that she attended on September 9<sup>th</sup> and the ACWA Communication Committee meeting that she attended on September 10<sup>th</sup>. She also attended the Beaumont Chamber of Commerce Breakfast meeting on September 12<sup>th</sup>. (4) **Director Duncan** reported that he attended Beaumont Chamber of Commerce Breakfast meeting. He announced that Cabazon Water District will be holding its Board meeting this evening. (5) **President Jeter** reported on the BCVWD Board meeting that he attended on September 10<sup>th</sup>. (6) **Director Melleby** inquired if staff had made contact with the police officer that had done the report on the pipe vandalism. General Manager Davis explained the he has not been able to make contact with the officer, due to the officer's work schedule. He will continue to attempt to make contact with him and will report back to the Board accordingly. (7) **Director Haring** inquired if it would be feasible to include a Water Conservation and Education Update under item 5a of the Board's bi-weekly meeting agendas. It was the consensus of the Board that any updates on water conservation and education would be included in the General Manager's Report under General Agency Updates.

## **6. New Business: (Discussion and Possible Action)**

**A. Consideration of Policy on Use of Agency Facilities:** A staff report and a copy of the proposed Board Room Use Policy were included in the agenda packet. General Manager Davis stated that the Board had directed staff along with General Counsel to present a draft policy for the use of the Agency's facilities. The policy allows use of the Board room by other governmental agencies and prioritizes usage. General Manager Davis reviewed the policy with the Board in detail. Legal Counsel Russ Behrens explained the need for an indemnity agreement and how it protects the Agency. Legal Counsel Behrens stated that he will provide a standard indemnity form for implementation should this policy be adopted. President Jeter made a recommendation to Section 8.02, requesting that it be revised to include retail/mutual water agencies and prioritize them as the second highest priority. It was the consensus of the Board to approve this policy with the requested change to Section 8.02. Director Voigt requested that Section 8.02 is to specify retail/mutual water agencies within the Agency's jurisdiction. Director Duncan made a motion, seconded by Director Voigt, to approve the Policy on Use of Agency Facilities with the amendments specified. Motion carried unopposed 6-0, with Director Morris absent.

**B. Consideration of Revisions to Agency Procurement Policy:** A copy of a staff report and a copy of the Draft SGPWA Procurement Policy were included in the agenda packet. General Manager Davis stated that he had reviewed the Agency's Procurement Policy at the September 8<sup>th</sup> Engineering workshop, at which time he proposed making revisions to the policy. General Manager Davis reviewed with the Board the drafted Procurement Policy with the suggested changes. During discussion, the Board requested a number of additional changes to the policy. It was the consensus of the Board to table this item until staff has made the appropriate changes. General Manager Davis stated that he will review with the Board the newly revised policy that will include the requested changes at the September 22<sup>nd</sup> Finance and Budget workshop.

**C. Consideration of Resolution No. 2014-07:** A copy of Resolution No. 2014-07 was included in the agenda packet. General Manager Davis stated that ACWA is asking its members to pass a resolution in support of Proposition 1. Director Dickson made a motion, seconded by Director Melleby, to approve Resolution No. 2014-07 In Support of Proposition 1. Motion passed unopposed 6-0, with Director Morris absent.

**D. Consideration of Adult Water Conservation Programs:** A staff report and a copy of the proposal for Water Conservation Education Program for Homeowners were included in the agenda packet. General Manager Davis stated that the Board had discussed this program at the September 11<sup>th</sup> Water Conservation and Education workshop and had voted unanimously to bring this proposal to the full Board for consideration. This program will be extended to HOA's, garden clubs and neighborhood associations. President Jeter requested Director Melleby to report on this program. Director Melleby provided background information on the development of the adult conservation program. A session was provided to Sun Lakes residents on August 19<sup>th</sup>. There were 36 residents in attendance and the session was well received. Sun Lakes HOA is interested in having more sessions. Four Seasons HOA has requested a presentation. The presenter, Susan Savolainen, has been asked to speak at the San Geronio Pass Regional Water Alliance. After discussion, Director Duncan made a motion, seconded by Director Dickson, recommending the approval of the proposal and the contract of the Water Conservation Education Program for Adults with Ms. Savolainen, not to exceed a cost of \$5,000. Motion carried 6-0, with Director Morris absent.

**E. Consideration of Alternative Water Supply Study for Banning and Banning Heights:** A staff report was included in the agenda packet. General Manager Davis stated that this item was not included in the 2014-2015 Budget; however, the dispute with the U.S. Forest Service on the flume was not something that could have been foreseen. A dispute resolution process between the three participants (City of Banning, Banning Heights Mutual Water Company and the Agency), FERC, who will be leading the process, and the U.S. Forest Service will commence. The purpose of the dispute resolution process is to find a mutually acceptable way for the City of Banning to attain its FERC permit, thereby allowing them to continue the operation of the flume system in a manner that the Forest Service will accept. The Forest Service has to this point, been non-negotiable in water releases. The Forest Service is standing firm on obtaining water from the flume for the trees. General Manager Davis stated that the three entities will not accept any loss of water without mitigation. Should the end result be in favor of the Forest Service and the people lose out on any water that they have rights to, then somebody (most likely Edison) would have to provide an alternative source with an equivalent amount of water. What is needed is a study to find out what the costs would be that is associated with receiving an alternative water source. An engineer will need

to be hired to perform an engineering study that would identify and quantify the loss of water supply to both the Banning Bench and the City of Banning, and develop an alternative supply, along with a capital and operating cost estimate of the alternative supply. General Manager Davis stated that he has verbally spoken to the City of Banning's Public Works Director Duane Burk and to Banning Heights President Julie Hutchinson about cost sharing. They both have agreed verbally to share the cost with the Agency that is associated with the study. General Manager Davis recommended the following: **1.** That the Board authorizes staff to sign a contract with an engineering consultant (preferably Webb & Associates) to perform a study that would identify alternative water supplies at an estimated cost of \$40,000 - \$60,000. **2.** That the Board directs staff to negotiate cost-sharing agreements (with the assistance of legal counsel) between Banning Heights Mutual Water Company, City of Banning, and the Agency; each entity's cost would be one-third of the total amount. **3.** That the Board direct staff to provide a budget revision for the study and to present said revision for Board approval. Director Dickson made a motion, seconded by Director Duncan, to approve the Alternative Water Supply Study for Banning and Banning Heights, for an amount not to exceed \$60,000. Motion carried 6-0, with Director Morris absent. General Manager Davis will make a recommendation on the budget revision at the September 22<sup>nd</sup> Finance and Budget workshop.

7. **Topics for Future Agendas:** There were no topics for future agendas requested at this time.
8. **Announcements:** *President Jeter reviewed the following announcements:*
  - A. Finance and Budget Workshop, September 22, 2014 at 1:30 p.m.
  - B. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, September 24, 2014 at 4:30 p.m. - Banning City Hall Conference Room
  - C. San Gorgonio Pass Regional Water Alliance – Committee Meeting, September 24, 2014 at 6:00 p.m. - Banning City Council Chambers
  - D. Regular Board Meeting, October 6, 2014 at 1:30 p.m.
9. **Adjournment:** *President Jeter adjourned the meeting at 2:35 p.m.*

DRAFT – SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary of the Board

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**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board Finance and Budget Workshop**  
**September 22, 2014**

**Directors Present:** John Jeter, President  
Bill Dickson, Vice President  
Ron Duncan, Director, arrived at 1:40 p.m.  
Ted Haring, Director  
Mary Ann Melleby, Treasurer  
Barbara Voigt, Director

**Directors Absent:** Ray Morris, 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., September 22, 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 Barbara Voigt, Chair of the Finance & Budget Committee.*
  - A. Ratification of Paid Invoices and Monthly Payroll for the Month of August, 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 \$840,415.86 and payroll of \$30,941.34 for the month of August, 2014, for a combined total of \$871,357.20. The motion passed 5 in favor, no opposed, with Director Morris and Director Duncan absent.
  - B. Review and Consideration of Pending Legal Invoices for August, 2014: After review and discussion, a motion was made by Director Dickson, seconded by Director Jeter, to recommend that the Board approve payment of the pending

legal invoices for August, 2014. The motion passed 5 in favor, no opposed, with Director Morris and Director Duncan absent.

- C. Review of August, 2014 Bank Reconciliation: After review and discussion, a motion was made by Director Dickson, seconded by Director Melleby, to acknowledge receipt of the Wells Fargo bank reconciliation for August, 2014 as presented. The motion passed 5 in favor, no opposed, with Director Morris and Director Duncan absent.
- D. Review of Budget Report for August, 2014: Director Melleby noted that some calculations in the "Percentage Remaining" column did not look right. Finance Manager Tom Todd said he would fix it, and present a revised report. After further review and discussion, a motion was made by Director Dickson, seconded by Director Melleby, to acknowledge receipt of the Budget Report for August, 2014 with corrections. Director Duncan was present at this time. The motion passed 6 in favor, no opposed, with Director Morris absent.
- E. Review of Proposed Budget Revision: The Board recently made a decision to move ahead with a study of alternative water supplies for Banning Heights Mutual Water Company and the City of Banning. The proposed budget revision will include the expense in the budget. General Manager Jeff Davis reviewed the Board action briefly and Finance Manager Todd reviewed the proposed budget revision in detail. The Agency will take responsibility for securing the study, and the Agency, Banning Heights and the City of Banning will participate in the cost in equal shares. The study has been authorized up to \$60,000, and Agency will be reimbursed up to \$40,000, leaving a net expense of up to \$20,000. Because the payment of the CalPERS Retirement side fund was less than expected, funds are available in the "Retirement – General Fund" budget category. Staff proposed reducing "Retirement – General Fund" from \$315,000 to \$295,000 to provide for this expense. After further review and discussion, a motion was made by Director Melleby, seconded by Director Dickson to recommend that the Board approve this budget revision. The motion passed 6 in favor, no opposed, with Director Morris absent.
- F. Review of Revision to Procurement Policy: General Manager Davis handed out a revised version of the procurement policy that was discussed at the Board meeting on September 15, 2014. He reviewed the changes to the policy, noting specific language that was requested by the Board. The wording for construction change orders will be reviewed to determine if "aggregate amount" needs to be included. After further review and discussion, a motion was made by Director Dickson, seconded by Director Melleby to recommend that the Board approve the revised Procurement Policy, subject to advice from counsel. The motion passed 6 in favor, no opposed, with Director Morris absent.
- G. Discussion of General Manager's Authority to Expend Funds: General Manager Davis opened the discussion by reviewing the current practices of the Board to

review expenditures of the Agency. He noted that staff take specific steps to keep the Board informed about discretionary expenditures, even if these actions are not written policies. He also noted that while he had no specific recommendation at this time, but would like to come to the Board with a recommendation at a future meeting. The consensus of the Board at this time was that the current practices for reviewing the finances of the Agency are working to their satisfaction.

5. **Announcements:** Director Voigt reviewed the following announcements:
  - A. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, September 24, 2014 at 4:30 p.m. at Banning City Hall Conference Room.
  - B. San Gorgonio Pass Regional Water Alliance, September 24, 2014 at 6:00 p.m. at Banning City Council Chambers.
  - C. Beaumont Basin Watermaster Meeting, October 1, 2014, at 10:00 a.m. at Beaumont-Cherry Valley Water District Board Room
  - D. Regular Board Meeting, October 6, 2014 at 1:30 p.m.
  - E. Finance and Budget Workshop, Tuesday, October 28, 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 2:21 p.m.

Draft - Not Approved

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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 September 22, 2014. The following recommendations were made:

1. The Board ratify payment of Invoices of \$840,415.86 and Payroll of \$30,941.34 as detailed in the Check History Report for August, 2014 for a combined total of \$871,357.20.
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$15,924.18
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3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for August, 2014
  - B. Budget Report with corrections for August, 2014

**SAN GORGONIO PASS WATER AGENCY**  
**FISCAL YEAR BUDGET 2014-15**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2014**

**Revised**

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				REMAINING PERCENT OF BUDGET
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	
<b>GENERAL FUND - INCOME</b>					
<b>INCOME</b>					
WATER SALES	1,800,000		1,800,000	175,806.28	90.23%
TAX REVENUE	1,750,000		1,750,000	102,325.38	94.15%
INTEREST	26,000		26,000	2,291.33	91.19%
GRANTS	0		0	0.00	
OTHER (REIMBURSEMENTS, TRANSFERS)	10,000		10,000	1,636.16	83.64%
<b>TOTAL GENERAL FUND INCOME</b>	<b>3,586,000</b>	<b>0</b>	<b>3,586,000</b>	<b>282,059.15</b>	<b>92.13%</b>
<b>GENERAL FUND - EXPENSES</b>					
<b>COMMODITY PURCHASE</b>					
PURCHASED WATER	1,700,000		1,700,000	187,459.00	88.97%
<b>TOTAL COMMODITY PURCHASE</b>	<b>1,700,000</b>	<b>0</b>	<b>1,700,000</b>	<b>187,459.00</b>	<b>88.97%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>					
SALARIES	404,000		404,000	67,772.00	83.22%
PAYROLL TAXES	36,000		36,000	6,466.97	82.04%
RETIREMENT	315,000		315,000	22,482.00	92.86%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	-20,000		-20,000	4,577.55	122.89%
HEALTH INSURANCE	52,000		52,000	11,998.95	76.93%
DENTAL INSURANCE	6,000		6,000	1,420.17	76.33%
LIFE INSURANCE	1,000		1,000	229.58	77.04%
DISABILITY INSURANCE	3,500		3,500	576.07	83.54%
WORKERS COMP INSURANCE	3,700		3,700	0.00	100.00%
SGPWA STAFF MISC. MEDICAL	9,400		9,400	180.04	98.08%
EMPLOYEE EDUCATION	2,000		2,000	0.00	100.00%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>812,600</b>	<b>0</b>	<b>812,600</b>	<b>115,703.33</b>	<b>85.76%</b>

**SAN GORGONIO PASS WATER AGENCY**  
**FISCAL YEAR BUDGET 2014-15**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2014**

**Revised**

FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>					
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>					
<b>DIRECTOR EXPENDITURES</b>					
DIRECTORS FEES	103,000		103,000	16,774.59	83.71%
DIRECTORS TRAVEL & EDUCATION	20,000		20,000	1,055.36	94.72%
DIRECTORS MISC. MEDICAL	18,000		18,000	718.10	96.01%
<b>OFFICE EXPENDITURES</b>					
OFFICE EXPENSE	12,000		12,000	1,669.28	86.09%
POSTAGE	1,200		1,200	745.76	37.85%
TELEPHONE	9,000		9,000	1,336.90	85.15%
UTILITIES	4,500		4,500	614.63	86.34%
<b>SERVICES EXPENDITURES</b>					
COMPUTER, WEB SITE AND TELEPHONE SUPPORT & SERVICE	5,000		5,000	0.00	100.00%
GENERAL MANAGER & STAFF TRAVEL	15,000		15,000	987.54	93.42%
INSURANCE & BONDS	24,000		24,000	0.00	100.00%
ACCOUNTING & AUDITING	21,000		21,000	0.00	100.00%
STATE WATER CONTRACT AUDIT	5,000		5,000	0.00	100.00%
DUES & ASSESSMENTS	35,000		35,000	1,844.00	94.73%
OUTSIDE PROFESSIONAL SERVICES	2,000		2,000	0.00	100.00%
BANK CHARGES	1,200		1,200	166.57	86.12%
MISCELLANEOUS EXPENSES	900		900	0.00	100.00%
<b>MAINTENANCE &amp; EQUIPMENT EXPENDITURES</b>					
TOOLS PURCHASE & MAINTENANCE	2,000		2,000	819.73	59.01%
VEHICLE REPAIR & MAINTENANCE	11,000		11,000	2,325.43	78.86%
MAINTENANCE & REPAIRS - BUILDING	12,000		12,000	1,524.74	87.29%
MAINTENANCE & REPAIRS - FIELD	5,000		5,000	0.00	100.00%
CONTRACT OPERATIONS AND MAINTENANCE	140,000		140,000	0.00	100.00%
<b>COUNTY EXPENDITURES</b>					
LAFCO COST SHARE	3,600		3,600	4,176.11	-16.00%
ELECTION EXPENSE	150,000		150,000	0.00	100.00%
TAX COLLECTION CHARGES	8,000		8,000	338.74	95.77%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	<b>608,400</b>	<b>0</b>	<b>608,400</b>	<b>35,097.48</b>	<b>94.23%</b>

**SAN GORGONIO PASS WATER AGENCY**  
**FISCAL YEAR BUDGET 2014-15**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2014**

**Revised**

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>					
<b>GENERAL ENGINEERING</b>					
<b>RECHARGE</b>					
B.A.R.F. SERVICE CONNECTION (MT. VIEW CONNEC.)	105,000		105,000	0.00	100.00%
B.A.R.F. POST DESIGN	200,000		200,000	0.00	100.00%
<b>STUDIES</b>					
USGS - Agreement #23100	95,000		95,000	0.00	100.00%
WATER RATE NEXUS STUDY	45,000		45,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	20,000		20,000	0.00	100.00%
CAPACITY FEE NEXUS STUDY UPDATE	45,000		45,000	12,102.01	73.11%
SUPPORT - CAPACITY FEE & COOPERATIVE AGREEMENTS	40,000		40,000	13,561.60	66.10%
EMERGING CONTAMINANTS TASK FORCE	5,000		5,000	0.00	100.00%
UPDATED UWMP	50,000		50,000	3,798.60	92.40%
<b>OTHER PROJECTS</b>					
CLIMESA BASIN STUDY	44,000		44,000	0.00	100.00%
GENERAL AGENCY - CEQA ANALYSIS AND GIS SERVICES	15,000		15,000	0.00	100.00%
<b>TOTAL GENERAL ENGINEERING</b>	<b>664,000</b>	<b>0</b>	<b>664,000</b>	<b>29,462.21</b>	<b>95.56%</b>

**SAN GORGONIO PASS WATER AGENCY**  
**FISCAL YEAR BUDGET 2014-15**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2014**

**Revised**

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				REMAINING PERCENT OF BUDGET
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	
<b>GENERAL FUND - EXPENSES</b>					
<b>LEGAL SERVICES</b>					
LEGAL SERVICES - GENERAL	175,000		175,000	8,449.20	95.17%
<b>TOTAL LEGAL SERVICES</b>	<b>175,000</b>	<b>0</b>	<b>175,000</b>	<b>8,449.20</b>	<b>95.17%</b>
<b>CONSERVATION &amp; EDUCATION</b>					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	0.00	100.00%
ADULT EDUCATION PROGRAMS	5,000		5,000	1,000.00	80.00%
WATER CONSERVATION, EDUCATION AND PUBLIC RELATIONS	22,000		22,000	2,796.28	87.29%
<b>TOTAL CONSERVATION &amp; EDUCATION</b>	<b>41,000</b>	<b>0</b>	<b>41,000</b>	<b>3,796.28</b>	<b>90.74%</b>
<b>GENERAL FUND CAPITAL EXPENDITURES</b>					
BUILDING	15,000		15,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	5,000		5,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	0.00%
TRANSPORTATION EQUIPMENT	0		0	0.00	0.00%
B.A.R.F. PIPELINE CONSTRUCTION	1,400,000		1,400,000	890,638.00	36.38%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	<b>1,420,000</b>	<b>0</b>	<b>1,420,000</b>	<b>890,638.00</b>	<b>37.28%</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>5,421,000</b>	<b>0</b>	<b>5,421,000</b>	<b>1,270,605.50</b>	<b>76.56%</b>
<b>TRANSFERS FROM RESERVES</b>	<b>1,835,000</b>		<b>1,835,000</b>	<b>0.00</b>	
<b>TOTAL TRANSFERS FROM RESERVES</b>	<b>1,835,000</b>	<b>0</b>	<b>1,835,000</b>	<b>0</b>	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-988,546.35</b>	

**SAN GORGONIO PASS WATER AGENCY**  
**FISCAL YEAR BUDGET 2014-15**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2014**

**Revised**

	FOR THE FISCAL YEAR JULY 1, 2014 - JUNE 30, 2015				REMAINING PERCENT OF BUDGET
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	
<b>DEBT SERVICE FUND - INCOME</b>					
<b>INCOME</b>					
TAX REVENUE	14,419,358		14,419,358	885,325.55	93.86%
INTEREST	60,000		60,000	5,346.45	91.09%
GRANTS	0		0	0.00	
OTHER	2,097,576		2,097,576	0.00	100.00%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>16,576,934</b>	<b>0</b>	<b>16,576,934</b>	<b>890,672.00</b>	<b>94.63%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	49,000		49,000	8,272.00	83.12%
PAYROLL TAXES	4,000		4,000	632.81	84.18%
BENEFITS	60,000		60,000	4,871.41	91.88%
SWC CONTRACTOR DUES	44,000		44,000	43,425.00	1.31%
STATE WATER CONTRACT PAYMENTS	17,149,793		17,149,793	1,000,753.00	94.16%
PURCHASED WATER	0		0	0.00	0.00%
STATE WATER PROJECT LEGAL SERVICES	0		0	7.36	over
USGS - Agreement #23100	0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE	210,000		210,000	0.00	100.00%
SWP ENGINEERING	25,000		25,000	0.00	100.00%
DEBT SERVICE UTILITIES	9,000		9,000	1,538.61	82.90%
TAX COLLECTION CHARGES	45,000		45,000	1,919.57	95.73%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>17,595,793</b>	<b>0</b>	<b>17,595,793</b>	<b>1,061,419.76</b>	<b>93.97%</b>
TRANSFERS FROM RESERVES	1,018,859		1,018,859	0.00	
<b>DEBT SERVICE FUND NET INCOME YEAR TO DATE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-170,747.76</b>	

## **MEMORANDUM**

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Revisions to Agency Procurement Policy

**DATE:** October 6, 2014

### **Summary:**

At the Finance and Budget workshop on September 22, the Board reviewed and discussed suggested revisions to the Agency's procurement policy and recommended that the revisions be brought to the Board for formal approval. The purpose of this proposed Board action is to obtain that approval.

### **Background:**

The current procurement policy has been in effect since 2006 with no revisions. The policy made sense at that time, when the Agency had just transitioned from having a District Engineer (Boyle Engineering) to asking for proposals for all engineering work. With a small staff, it is difficult and time consuming to write proposals, evaluate them, and interview engineers each time the Agency wishes to engage an engineer.

### **Detailed Report:**

The proposed revisions were discussed at the workshop. The only substantive revision is to allow more flexibility to staff in hiring engineers for contracts greater than \$20,000. For these, staff would not be required to request and evaluate proposals, although that would still be an option. The Board could also require staff to do so for any engineering contract under the proposed revisions.

Other revisions include excluding the purchase of vehicles from the General Manager's authority and reviewing the policy every two years instead of every year. The General Counsel has reviewed the proposed revisions.

**Fiscal Impact:**

There are no fiscal impacts to the proposed revisions. Revising the policy as suggested should not add to any future Agency costs.

**Relationship to Strategic Plan:**

There is no direct relationship to the strategic plan. This proposed action represents revisions to current administrative policies.

**Recommendation:**

Staff recommends that the Board approve the proposed revisions to the Agency procurement policy.



## DRAFT SGPWA Procurement Policy

~~Adopted December 18, 2006~~

**Section 1. Purpose and Applicability:** The purpose of this policy is to define the Agency's policies and procedures applicable to bidding of construction for new improvements and the procurement of materials, supplies, equipment, and professional services as well as for public works, including maintenance, pursuant to the provisions of Public Contract Code Section 21510 et seq. pertaining to the Agency. This Policy does not apply to operating expenses such as payroll, utilities, employee benefits, water purchases or taxes.

### **Section 2. Authority of the General Manager to Execute Contracts**

~~Provided they are budgeted,~~ The General Manager is authorized to execute contracts as follows without prior approval from the Board:

- a. Contracts for materials, supplies and equipment (including cooperative purchasing as set out in Section 6 below) up to \$20,000, ~~including vehicles.~~ For items where the cost exceeds \$10,000, the General Manager shall solicit at least three quotes (where possible) from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. If the item is not readily available or a specific type is required to fit with existing Agency's equipment, the General Manager shall note the justification for sole source acquisition as set out in Section 6.
- b. Contracts for professional services up to \$40,000.
- c. Contracts for maintenance or construction up to \$50,000. For contracts above \$20,000, the General Manager shall solicit at least two quotes for the work, if possible, from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. If at least two quotes are not received, the General Manager shall note the justification for sole source procurement as set out in Section 6.
- d. Emergency contracts specified below in Section 6.

All contracts over \$15,000, along with their price, shall be reported to the Board at the earliest practicable time after the contract has been executed. The General Manager may not delegate his purchasing authority to any other employee.

### **Section 3. Improvements and Public Works Construction Estimated to Cost more than \$50,000**

Where the improvement or unit of work is estimated by the General Manager to cost more than \$50,000, or the materials and supplies for use in any new construction will cost \$50,000 or more, the Agency shall comply with the following bidding procedures:

- A. The work may be performed in one or more contracts and the call for bids shall state whether the work shall be performed in one unit or divided into parts.