

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
July 1, 2013

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

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., July 1, 2013 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, June 17, 2013
 - B. Approval of the Minutes of the Finance and Budget Workshop, June 27, 2013
 - C. Approval of the Finance and Budget Workshop Report, June 27, 2013

Director Morris moved, seconded by Director Dickson, to approve the consent calendar as presented. Motion passed unopposed.

5. **Reports:**

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **(a) SWP Water Deliveries:** The Agency delivered a total of 86 acre-feet to Little San Gorgonio (LSG) Creek ponds and a total of 806 acre-feet to Beaumont Cherry Valley Water District ponds, for a total of 891 acre-feet for the month of June; the last meter reading took place on June 28th. **(b) Yucaipa Fire:** A wildfire broke out in the Yucaipa area near Crafton Hills Reservoir (CHR). Southern California Edison cut off power to areas that included Crafton Hills Pump Station and Crafton Hills Reservoir for about an hour; operations resumed without any further incident. The fire department utilized water at CHR to help extinguish the fire.

(2) General Agency Updates: General Manager Davis provided updates on the following: **(a) Bay Delta Conservation Plan (BDCP) Workshop:** General Manager Davis briefed the Board on the BDCP workshop that he attended on June 28th, at Western Municipal Water District. He stated that this was a worthwhile gathering and that a number of elected city officials were in attendance. Dr. Jerry Meral, Deputy Secretary of California Natural Resources Agency was a guest speaker and made the following noteworthy statements: **1)** 800,000 AF of water was lost this year due to December turbidity. **2)** BDCP tunnels would keep Quagga mussels from infiltrating the SWP water system. **3)** Half of the SWP water will still come out of the South Delta after the BDCP is constructed. **4)** Water quality is continuously understated as a big advantage of the BDCP, as the salinity level would be lower. **(b) Area of Origin Litigation:** A settlement agreement has been reached between Department of Water Resources (DWR) and the plaintiffs. This agreement will be discussed at the next board meeting. **(c) Bay Delta Conservation Plan (BDCP) Financing:** General Manager Davis informed the Board that he will be attending a BDCP Financing workshop at Metropolitan Water District in Los Angeles on July 2, 2013. Items of discussion will be related to how the State Water Contractors (SWC) will split up costs among themselves and if any Contractors will be able to opt out.

B. Directors Report: There were no directors who wished to report at this time.

6. New Business: (Discussion and Possible Action)

A. Consideration of Ernst & Young Contract for State Water Contractors Audit:

A staff report and an Independent Audit Association Memorandum, dated 04/05/2013, regarding Ernst & Young 2013/2014 State Water Project (SWP) Audit Contract – Recommended Approval and Execution were included in the agenda packet. General Manager Davis stated that each year the SWC hire an auditing firm to perform audits of DWR. Ernst and Young has performed this work for several years in a row and have been selected to perform the work again this year. The Agency's share of this cost will range from \$4,229 to \$5,808, unless the Agency wishes Ernst and Young to perform additional tasks. Director Duncan made a motion, seconded by Director Dickson, recommending that the Board approves contracting with Ernst and Young and to authorize the General Manager to sign the Statement of Work letter. The motion passed unopposed.

B. Consideration of Adoption of General Fund Budget: A staff report and a copy of the Proposed Fiscal Year Budget 2013-14 were included in the agenda packet. General Manager Davis stated that the proposed General Fund budget for 2013-2014 had been discussed at the Special Budget workshop on June 11th and at the Finance and Budget workshop on June 27th. The purpose of this proposed Board action is to formally adopt the 2013-2014 General Fund budget. After discussion, Director Morris made a motion, seconded by Director Voigt, to approve the proposed 2013-2014 General Fund budget. The motion passed unopposed.

C. Review of Delta Plan and State Water Contractors Litigation: State Water Contractors fact sheets on the Delta Plan were included in the agenda packet. General Manager Davis provided an overview of the Bay Delta Conservation Plan and the Delta Plan. He stated that the Delta Plan is under the jurisdiction of the Delta Stewardship Council (DSC). He informed the Board that in 2009, legislation created the DSC, which was charged with developing a comprehensive Delta Plan in maintaining the Delta. He explained that the Delta Plan is required to incorporate the BDCP as part of the Delta Plan. The issue at hand is that DSC is going beyond its legislative authority by seeking to regulate various actions. SWC and others filed lawsuits challenging portions of the Delta Plan and the adequacy of its environmental review process.

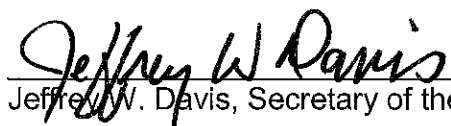
D. Update on Contract Extension: Copies of the May 29th DWR Meeting Summary, the June 26th SWP Contract Extension Project Negotiation Meeting #4 Agenda, the June 26th SWP Facilitation Plan, the June 26th SWP Contractors Counter Offer for Extension of the SWP Water Supply Contracts, and a PowerPoint presentation on the SWC Statement of Principles dated May 26th, were included in the agenda packet. General Manager Davis updated the Board on the contract extension talks. He informed the Board that DWR has stated that it needs a consistent source of revenue to pay for projects that are not related to water supply after 2035, and is asking for funds from the SWC. SWC disagree with DWR and believes that the revenue should come from the legislature or the state recreation fund. General Manager Davis reviewed with the Board the Second Offer for Extension of the State Water Project and the objectives of the Statement of Principles. After discussion, General Manager Davis stated that he will continue to keep the Board informed on the ongoing contract extension talks.

7. Topics for Future Agendas: President Jeter requested an update on the Central Valley Project. Director Duncan requested discussion on the Agency's meeting time. No other topics were requested for future agendas.

8. Announcements: President Jeter reviewed the following announcements:

- A. The office will be closed in observance of Independence Day, July 4, 2013
- B. Engineering Workshop, July 8, 2013 at 1:30 p.m.
- C. San Geronio Pass Water Task Force, July 15, 2013 at 10:00 a.m.,
Banning City Hall Council Chambers
- D. Regular Board Meeting, July 15, 2013 at 1:30 p.m.

9. Adjournment: President Jeter adjourned the meeting at 2:22 p.m.



Jeffrey W. Davis, Secretary of the Board