

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
July 15, 2013

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

Staff Present: Jeff Davis, General Manager
Ken Falls, Operations and Maintenance 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., July 15, 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:** President Jeter received a "*Request to Speak*" form from Cherry Valley resident Luwana Ryan. Mrs. Ryan stated that she wished to make a public comment on item 6b at the time that the item is being discussed. No other public comments were stated at this time.

Executive Director Don Robinson, of the Banning Chamber of Commerce, presented President Jeter with a membership plaque and tool kit. Mr. Robinson thanked the Board for joining the Banning Chamber.

4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, July 1, 2013
 - B. Approval of the Minutes of the Engineering Workshop, July 8, 2013

Director Dickson moved, seconded by Director Duncan, 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 49 acre-feet to Little San Gorgonio (LSG) Creek ponds and a total of 483 acre-feet to Beaumont Cherry Valley Water District ponds, for a total of 532 acre-feet so far this month. **(b) Algae:** General Manager Davis reported that during this time of year LSG Creek ponds are normally affected by algae in notable amounts, however this year very little is present.

(2) General Agency Updates: **(a) Bay Delta Conservation Plan (BDCP):** President Jeter had requested an update at the July 1st Board meeting on potential contractor opt-outs of the Central Valley Project (CVP). General Manager Davis reported that he recently attended a BDCP Funding workshop and that this subject matter was discussed. He stated that there are three kinds of CVP contractors – regular contractors, exchange contractors, and refuge contractors. He then explained their needs, their funding sources, and assumptions as to why certain contractors would want to opt-out. As it stands right now, the consensus is that the total number of State Water Contractors (SWC) opt-outs will most likely be under 10% of Table A. It is unclear if this means that the remaining SWC will need to pay more should such opt-outs occur. **(b) State Water Project (SWP) - Clifton Court Forebay:** Clifton Court Forebay is located at the beginning intake point of the California Aqueduct and was constructed with five radial gates. One of the gates broke off last week; however, after some specialized maneuvering by Department of Water Resources (DWR) employees the gate was finally retrieved. The reservoir is currently operating with four gates instead of five, with no impact on water deliveries. **(c) Beaumont Basin Watermaster:** General Manager Davis reported that USGS had sent the redefinition of the safe yield model to the Watermaster. The Watermaster has been able to run the model successfully. **(d) SGPWA Building Repair:** The water feature located in front of the administration building is in disrepair. Staff is currently working on obtaining estimates and will consult with the Board once all estimates are in. **(e) Internal Accounting Issues:** The Board had voiced its concern at a past Board meeting pertaining to what would happen should the finance manager become incapacitated for an extended period of time. Due to the fact that the Agency's current accounting software is not widely used in the accounting industry, staff has purchased Quickbooks, a predominant accounting software, thereby alleviating disruption of the Agency's accounting procedures. **(f) ACWA:** Region 9 is hosting a tour of Seven Oaks Dam on Friday, September 13, 2013 from 8:00 a.m. – 2:30 p.m.

B. Directors Report:

(1) Director Haring attended the Beaumont Cherry Valley Water District Board (BCVWD) meeting that was held on July 10th. He informed the Board that BCVWD held a public hearing on its Urban Water Management Plan and that it was approved by its board. **(2) Director Melleby** reported that she attended the BCVWD Board meeting, the Yucaipa Valley Water District workshop, and the San Geronio Pass Water Task Force (SGPWTF) meeting that was held this morning at Banning's City Hall. **(3) President Jeter** reported that the SGPWTF focus at today's meeting was on organization. **(4) Director Voigt** reported that she attended the YVWD workshop, the BCVWD Board meeting, and the SGPWTF meeting. She also reported that she participated in an ACWA Membership Committee teleconference.


6. New Business: (Discussion and Possible Action)

A. Consideration of Audit Engagement Letter – Ahern, Adcock & Devlin: A staff report and a copy of the audit letter from Ahern, Adcock, Devlin, LLP were included in the agenda packet. General Manager Davis stated to the Board that as elected officials they are to provide financial oversight to the Agency. The Board is required to hire and contract with an auditor on an annual basis. Staff is recommending rehiring Ahern, Adcock & Devlin, as this accounting agency performed last year's audit; this would be their second consecutive year as the Agency's auditor. The audit will begin sometime in August with the final report likely to be submitted to the Board in October. Director Morris made a motion, seconded by Director Duncan, to approve the engagement letter with

Ahern, Adcock, Devlin, thus engaging them to perform the fiscal year 2012-2013 Agency audit. The motion passed unopposed.

- B. Review and Discussion of Riverside County Grand Jury Report:** A staff report and a copy of the 2012-2013 Riverside County Grand Jury Report on the Riverside County Water and Sanitation Districts, Compensation and Transparency were included in the agenda packet. President Jeter called upon Cherry Valley resident Luwana Ryan to provide her comments on this issue. Mrs. Ryan stated that she was in agreement with the Grand Jury report and its recommendations as follows: 1) Reduction or elimination of any insurance benefits prior to raising water rates. 2) The Agency post compensation information of its Board of Directors and General Manager, including the General Manager's contract, on the Agency's website. 3) That the Agency conducts Board meetings after 6:00 p.m. Director Dickson stated that the Agency does rely on public input, but was concerned that changing the time would not increase attendance. He recommended that the Agency hold meetings on a 3-month trial basis to observe if there is a noticeable difference in attendance. President Jeter reminded the Board that the Grand Jury Report only provides recommendations and that it is up to the Agency to determine if such changes are warranted. General Manager Davis stated that the Board must respond back to the Grand Jury by October 1st; he provided the requirements that are necessary to respond to the recommendations. Director Melleby stated she had recently participated in an ACWA emergency teleconference regarding the fallout of a recent FBI investigation of Central Basin and that the concern across the state is on transparency of water agencies/districts. Director Melleby informed the Board that ACWA will be providing transparency recommendations for agencies to follow. After discussion, the Board directed staff to investigate further on the transparency issue and to report back to the Board with recommendations at the next Board meeting.
- C. Update on Contract Negotiation:** A copy of the Department of Water Resources (DWR) July 10, 2013 Facilitation Plan and accompanying materials were included in the agenda packet. General Manager Davis provided the Board with an overview of the proceedings that took place at the July 10th Contract Negotiation meeting that was held in Sacramento. He referred the Board to the Butte County letter dated July 9th. He explained that Butte and Plumas County do not derive any benefit from any improvements to the Delta, as they receive water directly from Lake Oroville. They are requesting a contract amendment that states the following: "Contractors shall have the option and right to opt out of the cost and burdens and benefits of the BDCP and any implementing and related projects." General Manager Davis explained the ongoing proposals and counter proposals related to reserves, the State Water Resources Development System (**SWRDS**), and on simplifying the billing process. Components to note are as follows: DWR would like to increase reserves from \$30 million to \$200 million. (SWC are understanding of the need to increase reserves, but are vigilant about keeping the total down to what is reasonable and justifiable.) DWR would like to use \$60 million to pay for projects that are not directly related to water supply. Contractors aim to restrict these funds. Also, due to the fact that DWR has not made a business case for the \$60 million Contractors are considering not making a counter proposal. DWR is requesting that Contractors pay projected variable costs up-front each month. The next Contract Negotiation meeting is set for July 31st.

- 7. Topics for Future Agendas:** Director Voigt suggested that the Board address the issue of notifying property owners that reside within the area of the proposed BARF project of any potential issues that may occur. She requested discussion on this topic to take place at one of the board's workshops. General Manager Davis informed the Board that the Draft Environmental Impact Report covers this issue and that the relevant property owners were mailed a copy. No other topics were requested for future agendas.
- 8. Announcements:** President Jeter reviewed the following announcements:
- A. Finance and Budget Workshop, July 22, 2013 at 1:30 p.m.
 - B. Regular Board Meeting, August 5, 2013 at 1:30 p.m.
 - C. Engineering Workshop, August 12, 2013 at 1:30 p.m.
 - D. San Geronio Pass Water Task Force, August 12, 2013 at 7:00 p.m.
- Banning City Hall Council Chambers
 - E. Regular Board Meeting, August 19, 2013 at 1:30 p.m.
- 9. Closed Session (1 Item): The meeting adjourned to closed session at 2:29 p.m.**
- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
(paragraph (1) of subdivision (d) of Section 54956.9) Solano County Water District v. California Department of Water Resources et al
- The meeting reconvened to open session at 2:48 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 2:48 p.m.



Jeffrey W. Davis, Secretary of the Board
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