

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
February 18, 2014

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

Director Absent: Ray Morris, 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., February 18, 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.

Roll Call:	<u>Present</u>	<u>Absent</u>
Haring	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Voigt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Morris	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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 during item 6A of the agenda. 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 3, 2014
 - B. Approval of the Minutes of the Engineering Workshop, February 10, 2014

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

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **(a) SWP Water Deliveries:** EBX II is shut down for the month of February; operations will resume in March.

(2) General Agency Updates: **a) Water Conservation and Education:** 1) Two classroom educational presentations have taken place so far. A total of 33 classroom presentations are scheduled to take place in the next couple of months. 2) A water conservation presentation has been scheduled to take place at the Banning Library on June 17th. (Director Melleby requested a copy of the classroom presentations schedule). **b) ACWA Conference:** General Manager Davis announced that registration is now open for the ACWA 2014 Spring Conference & Exhibition that will be held in Monterey from May 6th – 9th.

B. Directors Reports:

(1) Director Haring reported that he attended the BCVWD Board meeting held on February 12th. **(2)** Director Voigt reported that she attended the BCVWD Board meeting. **(3)** Director Melleby reported that she attended the Beaumont Basin Watermaster meeting on Feb. 5th; she stated that discussion continues on the safe yield analysis. She attended the YVWD Board Workshop on Feb. 5th. Director Melleby commented on the BCVWD Board meeting that she attended; stating that she would hope that there would be an opportunity to respond to BCVWD's Board on remarks made by the BCVWD General Manager pertaining to the Agency. Director Melleby also attended the Beaumont Chamber breakfast that was held on February 14th. She informed the Board that the Association of California Water Agencies (ACWA) had its first board meeting at the end of January, at which time a Drought Task Force was formed. The primary function of the task force is to respond to its members regarding drought issues.

6. New Business: (Discussion and Possible Action)

A. Consideration and Possible Adoption of Resolution No. 2014-02 Regarding Policy on Meeting Future Water Demands: A staff report and a copy of Resolution No. 2014-02 were included in the agenda packet. General Manager Davis stated that this policy had been discussed during a number of Agency workshops. He stated that this is about setting a policy that the Agency will seek out additional water, as needed, to meet the continuing and expanding needs of its service area. He reviewed with the Board the latest revisions that were made to the policy. President Jeter called upon Luwana Ryan for her public comment on this item. Mrs. Ryan, a resident of Cherry Valley, commented on paragraphs 4 and 7 of the Resolution. Legal Counsel Russ Behrens responded to Mrs. Ryan's comments on paragraph 4. General Manager Davis responded to Mrs. Ryan's comments on paragraph 7. General Manager Joe Zoba (YVWD) voiced his opposition to this policy and asked that this item be tabled until such time that a policy is agreeable for everyone. General Manager Davis and President Jeter responded to Mr. Zoba's comments. After discussion, Director Melleby made a motion, seconded by Director Haring, to approve Resolution No. 2014-02 establishing a policy for meeting future water demands. President Jeter requested a roll call. Ayes: Haring, Voigt, Melleby, Duncan, Dickson and Jeter. Noes: 0, Absent: Morris. Motion passed 6-0.

B. Consideration of Authorizing General Manager to Advertise for Beaumont Avenue Recharge Facility Pipeline: A staff report was included in the agenda packet. General Manager Davis provided a brief outline on the history of the project, the current need for the project, and future reliance of the project. Advantages of the project are as follows:

1. Additional 20 cfs of Table A water conveyance capacity
2. Management of the Agency's Table A water
3. Conjunctive use facility to import water in wet years
4. Facility use by retail customers to recharge the basin or for possibly wheeling within the Agency's service area.
5. Opportunity to get Proposition 84 funding
6. Reduced reliance on the Delta in dry years
7. To store water that will be required in the future based on Agency studies.

General Manager Davis asked for authorization from the Board to advertise for construction of the pipeline. President Jeter called upon Blair Ball, a resident of Cherry Valley, for his public comment. Dr. Ball spoke in opposition of this action and requested that this item be tabled to determine if this project is needed at the present time. Director Dickson and Director Melleby emphasized the necessity of the recharge facility for future water needs of the region. Director Melleby stressed that this is a prime opportunity to take advantage of the land that was purchased, at below market value, so that when water becomes available there will be a facility in place to accept the water. She stated that this is a prudent thing to do and that the Board is being diligent by planning for future water needs within its service area. Banning Mayor Deborah Franklin asked if it were possible to extend the pipeline to the Banning Basin for additional storage. President Jeter responded by explaining the history of what has taken place on this issue. Director Dickson stated that the Agency is looking into the future and that growth in this area will certainly come to fruition. He remarked that the Agency could either approve this project now or wait 10 – 15 years at an exaggerated cost to the taxpayer. Director Dickson made a motion, seconded by Director Haring, to authorize staff to advertise the pipeline for construction of the Beaumont Avenue Recharge Facility. President Jeter requested a roll call. Ayes: Haring, Voigt, Melleby, Duncan, Dickson and Jeter. Noes: 0, Absent: Morris. Motion passed 6-0.

C. Update on Contract Extension: General Manager Davis reviewed with Board the remaining four issues that were discussed at the Contract Extension meeting that was held in Sacramento on February 12th, as follows:

- Term of the Agreement
- Charter for the Finance Committee
- Use of 51(e) revenues
- Use of Contractor funds for recreation and habitat restoration

He stated that the last two items will require more negotiations. The next meeting will take place on February 26th.

D. Update on State Water Supply: General Manager Davis briefed the Board on the water operations meeting that Director Mark Cowin (DWR) hosted on February 11th; General Manager Davis joined the meeting by conference call. Director Cowin spoke on how dire the drought situation is in California; the conveyance of SWP carryover water from Oroville through the Delta; which contractors have priority for delivery of carryover water; who qualifies under the health and safety rules. The number one priority for DWR

is defining health and safety to the State Board. Director Cowin indicated that carryover water deliveries may be put off until fall of 2014, or even possibly sometime next year. The next meeting is scheduled for March 4th.

7. **Topics for Future Agendas:** No topics were requested for future agendas. Director Dickson requested some type of interaction with the retailer board members. President Jeter requested comments from Legal Counsel Russ Behrens on this matter. Legal Counsel Behrens remarked that the Board has taken a very good step for the future of the Pass area today. There will be subjects to be addressed as the Agency moves forward and continues to have discussions with the water retailers. At this time, we should reflect on what the action today means and to identify topics to be relayed to the general manager to be added to the agenda as appropriate with respect to the timing and how urgently it needs to be addressed.
8. **Announcements:** President Jeter reviewed the following announcements:
 - A. Finance and Budget Workshop, February 24, 2014 at 1:30 p.m.
 - B. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, February 26, 2014 at 4:00 p.m. - Banning City Council Chambers
 - C. San Gorgonio Pass Regional Water Alliance – Committee Meeting, February 26, 2014 at 6:00 p.m. - Banning City Council Chambers
 - D. Regular Board Meeting, March 3, 2014 at 1:30 p.m.
9. **Closed Session (2 Items) Time: 2:41**
 - 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)
 - B. 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 at Time: 3:41

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

10. **Adjournment:** President Jeter adjourned the meeting at 3:42 p.m.



Jeffrey W. Davis, Secretary of the Board

RESOLUTION NO. 2014-02

A RESOLUTION OF THE SAN GORGONIO PASS WATER AGENCY ESTABLISHING A POLICY FOR MEETING FUTURE WATER DEMANDS

WHEREAS, the San Gorgonio Pass Water Agency ("Agency") is a state water contractor that was formed with the purpose of importing water from the State Water Project ("SWP") into the San Gorgonio Pass area in 1961. The Agency's service area encompasses approximately 228 square miles and includes the Cities of Beaumont, Calimesa, and Banning, as well as the unincorporated areas of Cherry Valley, Cabazon, Poppet Flat, Banning Bench, and San Timoteo and Live Oak Canyons; and

WHEREAS, the mission of the Agency is to import water and to protect and enhance local water supplies for use by present and future water users and to sell imported water to local water agencies within the Agency's service area. The Agency is able to import water from sources that provide the highest quality and the most cost effective price, including the SWP and other potential sources. The Agency also works with local retail agencies to manage local and regional water resources in a sustainable manner designed to manage overdraft within the Agency's service area; and

WHEREAS, the Agency has a contract with the California Department of Water Resources for 17,300 acre-feet of SWP water which is used to supplement local demands including eliminating groundwater overdraft. Information and reports obtained by the Agency, including but not limited to, the Agency's 2010 Urban Water Management Plan, indicate that said amount of SWP water will likely not be sufficient to meet all future supplemental water demands within the Agency's service area. The Agency has the responsibility to manage the present and future water supply needs for all users within its jurisdiction. Increased demand from new growth and decreasing reliability will continue to present challenges to the Agency's ability to deliver wholesale water on a reliable basis. In addition, the Agency has made substantial investments in facilities and infrastructure to bring said supplies to the region and to store and deliver said supplies. Said facilities include pipelines, pump stations, turnouts, reservoirs and spreading grounds; and

WHEREAS, the Board of Directors of the Agency desires to adopt this Resolution in order to establish a policy which will work toward the goal of meeting future water demands in the region.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

1. Incorporation of Recitals All of the foregoing Recitals are true and correct and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

2. Definitions The types of water rights, supplies and resources which are subject to this Resolution and the policy set forth herein include, but are not limited to, the following:

(a) Carryover Water - Water belonging to a State Water Contractor that is not used in a given calendar year and thus is carried over to the next year for use in that year or in a future year.

(b) Dry Year Yield Water - Water made available in a dry year for that year only, typically from a farming interest, irrigation district or other type of agency providing service to farming interests.

(c) Exchange Water - Water obtained from another water agency in exchange for a promise of water at a subsequent time such as in a future month or future year. An exchange may be a one-to-one exchange or an exchange with a different ratio.

(d) Long-Term Water Rights - Water rights owned by another entity which is willing to sell the rights to the water and not just a water supply. Long-Term Water Rights are frequently defined as

lasting as long as the State Water Project.

(e) Short-Term Water - Water available under certain conditions in any given year or for a limited number of years for a defined period only.

(f) Spot Water - Water available in any given year for that year only.

(g) Transfer Water - Water transferred from one area of the state to another through the actions of public agencies.

3. Regional Water Management

(a) Meeting The Water Supply Needs Of The Region - The Agency is prepared to take the necessary actions to provide its service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. As additional water resources are required to meet increasing needs, the Agency will be prepared to take the necessary actions to deliver such supplies.

(b) Funding And Construction Of Facilities - Taxpayers and water users residing within the Agency's service area already have obligated themselves for the construction of a supply and distribution system. This system has been designed and constructed, and future facilities will be designed and constructed, in a manner to deliver the Agency's full share of SWP water, as well as water from other sources as may be required in the years ahead.

(c) Acquiring Supplemental Water Supplies - The Agency is prepared to take the necessary actions to meet the water supply needs of the region. For example, and not by way of limitation, the Agency is authorized to pursue the acquisition of Short-Term Water, Spot Water, Dry Year Yield Water, and Long-Term Water Rights. The Board of Directors of the Agency has the discretion to reasonably determine the timing and other details of acquiring such supplies, and will also manage the Agency's current supplies to maximum effect, as determined in the Board's direction. In order to meet this commitment, the Agency has the discretion to reasonably determine which type of water source to pursue including, but not limited to, Carryover Water, one-year or multi-year Exchange Water, Transfers, or other purchases of water or water rights.

4. Consideration Of A Wheeling Request The Agency will consider "wheeling" water to the region subject to the terms of this Resolution, Agency wheeling policies, applicable law, and upon payment of the applicable charge. In the event of any such wheeling, the Agency's facilities, including its rights to use SWP facilities, may be used to transport water not owned or controlled by the Agency to a retail agency or other public or private entity within the Agency's service area.

5. Potential For Future Policies Regarding Water Supplies Nothing in this Resolution shall limit or otherwise impact the authority of the Board to adopt future policies regarding water supplies including, but not limited to, any potential water shortage plans that the Board may deem to be necessary in order to establish how the Agency will allocate deliveries of water to local retail agencies during single and multiple dry years where the total amount of annual orders from local retail agencies exceeds the amount of SWP water available in that calendar year or years.

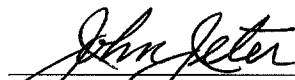
6. Controlling Effect All ordinances, resolutions, minute orders, or administrative actions by the Board of Directors, or parts thereof, that are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

7. CEQA Compliance - The Board finds that the establishment of a policy for meeting future water demands constitutes general policy and procedure making and also constitutes organizational or administrative activities that will not result in direct or indirect physical changes in the environment. Based on this finding, the Board determines that the establishment of a policy for meeting future water demands, by way of adoption of this Resolution, is exempt from the requirements of the California Environmental Quality Act pursuant to section 15378(b)(2) and (5) of the State CEQA Guidelines.

8. Effective Date - The President of the Board shall sign this Resolution and the Secretary of the Board shall attest thereto, and this Resolution shall be in full force and effect immediately upon adoption.

9. Severability - If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

ADOPTED AND APPROVED this 18th day of February, 2014.



President, Board of Directors
San Geronio Pass Water Agency

ATTEST:



Secretary, Board of Directors
San Geronio Pass Water Agency