

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
May 19, 2014

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

Directors Absent: Ted Haring, 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., May 19, 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:** Jennifer Ares presented the Agency with the 2014 Inland Solar Challenge Solar Grid Sponsor Award. She thanked Directors Melleby and Dickson for their participation in judging the Public Service Announcements. Director Dickson commended Ms. Ares on the event. Director Melleby stated that she was very impressed by the students' PSA presentations. 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, May 5, 2014
 - B. Approval of the Minutes of the Engineering Workshop, May 12, 2014

Director Dickson moved, seconded by Director Duncan to approve the consent calendar as presented. Motion passed 5-0, with Directors Haring and Voigt absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **SWP Deliveries:** Deliveries of SWP water resumed on May 12th. It is the intent of the Agency to deliver 10 cfs for the rest of the calendar year; totaling approximately 600 acre-feet per month. Carryover water for next year is estimated at 200 acre-feet.

(2) Water Supply Update: Precipitation Review: General Manager Davis referred the Board to material from the May 15, 2014 SWC Board meeting that was included in the agenda packet; the material summarized the current statewide water supply. As of May 15, 2014 the total amount of water in storage in Lake Oroville and San Luis Reservoir is 2.2 million acre-feet. The following information was recorded on May 14, 2014: Northern Sierra 8-Station Index - current daily precipitation is 28.5 inches. San Joaquin 5-Station Index - current daily precipitation is at 18.7 inches. California snow water content in northern California is 4% of average, central California is 8% of average, and southern California is 6 % of average. General Manager Davis also reviewed the current reservoir conditions. As of 05/13/2014 Lake Oroville is at 52% of capacity and 63% of historical average.

(3) General Agency Updates: **a) Water Conservation:** As a part of the Agency's continuing student water conservation education efforts the Inland Empire Resource Conservation District brought two elementary classes last Tuesday and two elementary classes Thursday, consisting of 4th and 5th graders, to the Agency's water-efficient demonstration garden. This was a pilot program for students to learn more about water conservation and to have direct contact with a drought tolerant garden. There were three different stations for the children to participate in. The continuance of this program will be discussed at the May 27th Finance and Budget Workshop during the 2014-2015 General Fund budget review. **b) SWP 1. Contract Extension:** There is one more contract extension session scheduled for June, at which time the contract will undergo edit review. The Agreement in Principal will be brought formally to the Board for approval in the near future. **2. SWP Exchanges:** State Water Project Analysis Office (SWPAO) staff has processed an increased number of water exchanges this year; this is due to the increased number of contractors who are experiencing low water supplies. **3. Yuba Accord:** In 2008, the Board approved Agency participation in the Yuba Accord Dry Year Water Purchase program to augment our Table A allotment each year. The Yuba Accord expires next year. Negotiations have taken place and the end result is that the contract will be extended. The Yuba Accord agreement will be presented to the Board for consideration sometime in the fall. **4. Drought Issues:** The Department of Water Resources has been busy over the past two months on drought related issues. Now that drought issues have settled down DWR is back to focusing on day-to-day issues. **5. BDCP:** Cost allocation (how contractors will pay for the tunnels) negotiations are progressing. General Manager Davis informed the Board that he will be briefed on the negotiations in July. He stated that he will be able to provide details (costs and benefits) in the latter part of the summer or early fall. He also stated that interim financing (selling of bonds) will be required. The current funding (\$240 million) is projected to last until June 2015, but may run out earlier. DWR has in the past sold commercial paper in similar situations. SWC is working on a plan to sell bonds without the assistance of DWR, which would be a cost savings. **6. Water Bond Issues:** There are now only six bonds under consideration. The range on these bills are between \$6.8 to 10.6 billion. Of the six, Assemblyman Rendon's \$8 billion bill (AB 2686) seems to have the most traction. Senator Hueso withdrew his \$9.4 billion bill (SB 1250) before the hearing and is to bring it back to the committee. Several groundwater bills are being drafted in the legislature and will likely be discussed later on this year. Governor Brown's May revised budget included an additional \$142 million for drought related expenses, half of which is for additional firefighting. **7. Regional Water Conservation Drought Education:** The Board had tabled this issue at a previous board meeting, citing that more information was needed. This initiative is being led by San Bernardino Municipal Water District and they are now moving forward and have committed over \$150,000; other water districts have also committed funding. The

Agency was recently contacted to participate with the funding. General Manager Davis stated that he will approach SGPRWA (which the Agency is a member) to inquire if they would be interested funding the program, as alliance members have shown interest in being involved in conservation efforts. **8. Cap and Trade:** Due to revenues from the buying of the allowances, DWR will be receiving \$10 million from those revenues to use towards energy efficiency projects. **9. Board Member Update:** General Manager Davis provided an update on Director Haring's health status. **10. Director Melleby** commented on the IERCD elementary school (4th & 5th graders) tour of the Agency's water conservation garden that she attended during Thursday's session. She stated that Director Haring has worked diligently to have school children tour the Agency's garden and that he and the Board would be pleased to know that the children were very engaged with the program. The students broke out in three different round-robin groups. One group was given a brochure to tour the garden with and was asked to identify various plants. Another group had fun playing on a water conservation board game. The third group participated in a water audit, discussing how much water is used at home.

Directors Reports: (1) Director Melleby gave an in-depth report on the ACWA Conference that was held in Monterey from May 6th - 9th. Director Melleby reported on the following sessions that she attended:

- ✓ Communication Committee – Californians Don't Waste
- ✓ Opening Breakfast – Pat Mulroy was the keynote speaker. Paul Jones (G.M. of Eastern Water District) was the recipient of the Water Leadership Award.
- ✓ Communication Committee – Drought Message...How to make the message make sense.
- ✓ Luncheon – Kim Marotta (Director of Sustainability-MillerCoors) was the keynote speaker. Ms. Marotta's spoke on Water Conservation at MillerCoors bottling plants.
- ✓ Town Hall – Ripple Effects of Drought
- ✓ Statewide Issue Forum – Financing Public Benefits
- ✓ Region 9 – Surviving the Shakes...Earthquake Preparedness
- ✓ Luncheon – Surface and Groundwater Storage, presented by Lester Snow and Dr. Maurice Hall
- ✓ Region 9 – Twelve Committee Reports (Director Melleby sits on the Region 9 Board. She informed the Board that ACWA has implemented its own Ground Water Sustainability Recommendations. These same recommendations are being utilized by the governor's office).
- ✓ Regions 8, 9, and 10 – Upcoming tour of the Carlsbad desalination plant will take place sometime in September. More information will be provided at a later date.
- ✓ Kathy Tiegs (V.P. of ACWA) – Women in Water

Director Melleby also reported on the BCVWD Board meeting that she attended on May 14; she attended the Beaumont Chamber of Commerce Legislative Committee, and lastly the Solar Challenge. **(2) President Jeter** reported on the ACWA/JPIA meeting that he attended at the ACWA Spring Conference. He informed the Board that the Workers' Compensation rate remains at the same rate. President Jeter stated that the 2013-2014 Ad Hoc Committee for the General Manager's Performance Evaluation is

hereby dissolved. President Jeter appointed the following directors to the 2014-2015 Ad Hoc Committee for the General Manager's Performance Evaluation:

- Vice President Dickson – Chair
- Director Melleby
- Director Voigt

3) Director Duncan reported on the Ag Day that he attended at the Pomona Fairgrounds on May 14-15; four thousand fourth and fifth graders were in attendance. Presentations included farming, water conservation, beekeeping, and livestock. Director Duncan informed the Board that Senator Mike Morrell has appointed him to an advisory task force. Lastly, the Cabazon Water District Board meeting has been canceled. **4) Director Morris** informed the Board that he has been reappointed to the Municipal Advisory Council by the Riverside County Board of Supervisors.


6. New Business: (Discussion and Possible Action)

A. Consideration of Proposal by Taussig & Associates for Capacity Fee Nexus Study: A staff report and a copy of the Scope of Work and Project Budget were included in the agenda packet. General Manager Davis stated that in 2010 the Agency hired Taussig & Associates to do a nexus study for a capacity fee. The study was adopted but the fee was not implemented; the nexus study now needs to be updated. The purpose of this proposed Board action is to authorize staff to contract with Taussig & Associates to revise and update the study at a cost not to exceed \$40,000, based on the scope that is identified in the proposal. After discussion, Director Dickson made a motion, seconded by Director Morris authorizing staff to sign an agreement with David Taussig & Associates, in order to develop a revised and updated capacity fee nexus study, for a cost not to exceed \$40,000. Motion carried unopposed 5-0, with Directors Haring and Voigt absent.

B. Consideration of Proposal by CV Strategies for Capacity Fee Education Outreach: A copy of a Capacity Fee Education Outreach proposal from CV Strategies dated May 8, 2014 was included in the agenda packet. General Manager Davis stated that in the past staff had done a number of presentations to organizations and the public on why a capacity fee is necessary and that growth needs to pay its fair share for the increase on water demands. It is apparent that there is still not a complete understanding on why the Agency needs to adopt a capacity fee based on comments and misinformation from others. Due to the lack of manpower and resources General Manager Davis recommended hiring a strategic communications firm to help relay the message that this area will most certainly run out of water if we are not proactive in purchasing water now for future use. CV Strategies is a firm that is quite knowledgeable with the water industry. CV Strategies submitted a proposal to provide support services for an education outreach program for the proposed capacity fee at an estimated cost of \$37,500.00. General Manager Davis reviewed the contract with the Board. After discussion, Director Melleby made a motion, seconded by Director Duncan to authorize staff to sign an agreement with CV Strategies for a cost not to exceed \$25,000. Motion passed unopposed 5-0, with Directors Haring and Voigt absent.

C. Consideration of Authorizing Payment for Candidates Statement: A staff report was included in the agenda packet. Director Morris made a motion, seconded by Director Duncan to disallow paying for the candidate's statement. Motion passed unopposed 5-0, with Directors Haring and Voigt absent.

- 7. Topics for Future Agendas:** No topics for future agendas were requested.
- 8. Announcements:** *President Jeter reviewed the following announcements:*
- A. The office will be closed Monday, May 26, 2014 in observance of Memorial Day
 - B. Finance and Budget Workshop, Tuesday, May 27, 2014 at 1:30 p.m.
 - C. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting, May 28, 2014 at 4:00 p.m. – Banning City Hall Conference Room
 - D. San Gorgonio Pass Regional Water Alliance Meeting May 28, 2014 at 6:00 p.m. – Banning City Council Chambers
 - E. Regular Board Meeting, June 2, 2014 at 1:30 p.m.
- 9. Adjournment:** President Jeter adjourned the meeting at 2:50 p.m.



Jeffrey W. Davis, Secretary of the Board
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