

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, California 92223**  
**Minutes of the**  
**Board of Directors Meeting**  
**June 16, 2014**

**Directors Present:** John Jeter, President  
Bill Dickson, Vice President  
Mary Ann Melleby, Treasurer  
Ron Duncan, Director  
Ray Morris, Director  
Ted Haring, Director  
Barbara Voigt, 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., June 16, 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.

<u>Roll Call:</u>	Present	Absent
Director Haring	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Voigt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Morris	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President 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; he called upon Eric Fraser (General Manager – BCVWD) inquiring if he would like to comment at this time. Mr. Fraser stated that he would comment during open discussion of item 6A. 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, June 2, 2014
  - B. Approval of the Minutes of the Engineering Workshop, June 9, 2014

Director Dickson moved, seconded by Director Duncan, to approve the consent calendar as presented. Motion carried 7-0.

## 5. Reports:

### A. General Manager's Report:

**(1) Operations Report:** General Manager Davis reported on the following: **(a) SWP Deliveries:** As of June 12<sup>th</sup> the Agency delivered 286 acre-feet to Noble Creek Recharge Facility. The projected 600 acre-feet per month will commence once Crafton Hills Reservoir is back online. **(b) Crafton Hills Reservoir** is nearing completion. DWR is planning on holding an official "online" ceremony to take place either late June or early July. General Manager Davis will inform the board of the official date once it is announced.

**(2) Beaumont Avenue Recharge Facility Pipeline Construction Update:** General Manager Davis presented a slide presentation on the construction that has taken place thus far. He informed the Board that staff had done its due diligence of notifying the public by providing a press release to the Record Gazette of the upcoming construction, which was printed in the June 6<sup>th</sup> edition. A press release was also provided to the Patch, which was posted on June 4<sup>th</sup>. In addition, staff went door-to-door to inform residents and businesses that would be the most affected by the construction. A number of local residents have called and stopped by the Agency to ask specifics about the construction.

**(3) General Agency Updates:** **a) Water Conservation & Education:** The Agency, in conjunction with Inland Empire Resource Conservation District, has accepted an invitation by Banning Library District to provide a children's interactive program at the library on June 19<sup>th</sup>. Director Melleby volunteered to be present as a representative of the Agency. **b) Verizon Cell Tower:** The Agency requested its legal counsel to contact Verizon to request that the contract be signed by June 30; otherwise the Agency will renegotiate the contract. It is anticipated that construction of the cell tower will take place this summer. Residents in the immediate area will be notified once a construction date is set. **c) State Budget:** The California Legislature has passed a \$156 billion spending plan that is effective July 1, 2014; \$108 billion of that makes up the state's General Fund. Two hundred and fifty million has been designated to cap-and-trade for the high-speed rail project, as well as 25% of all cap-and-trade revenues in future years. The Department of Water Resources will be receiving \$20 million in cap-and-trade funds. **d) Jeanine Jones (DWR)** will be speaking on the impact of the statewide drought at the San Geronio Pass Regional Water Alliance meeting that will take place on Tuesday, July 29. **e) ACWA Water Briefing:** General Manager Davis attended an ACWA water bond briefing that took place at Eastern Municipal Water District on July 11; a review of the water bond polling results will take place during item 6E.

### B. Directors Reports:

**(1) Director Melleby** reported that she attended the YVWD Board workshop on June 10; she stated that a request was made from one of the developers to defer YVWD capacity charge. She also attended the BCVWD Board meeting on June 11 and the Beaumont Basin Watermaster meeting that was held on June 4. **(2) Director Voigt** reported that she attended the BCVWD Board meeting and the Beaumont Basin Watermaster meeting. **(3) Director Duncan** reported that he spoke to Cabazon Water District's Board President Kerri Mariner and that she informed him that the installation of officers will take place this evening and invited the Agency's board to attend. He also

attended the Banning Chamber of Commerce meeting. **(4) Director Dickson** reported that he attended the YVWD Board meeting.

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

**A. Consideration of Adopting Ordinance 9 – Policy on SGPWA Water Service:** A staff report and a copy the SGPWA Ordinance No. 9 - An Ordinance Establishing and Amending Rules and Regulations for the Ordering of Water, were included in the agenda packet. General Manager Davis stated that the Board had approved the concept of a policy for ordering water from the Agency at its February 10<sup>th</sup> engineering workshop, and had directed staff to bring this policy to the Board in the form of an ordinance. The Board also requested staff to look into changing the language from purchaser to retail water agency. Agency's counsel advised staff that the requested change cannot be done, due to the Agency's Act. Ordinance 9 revises a portion of Ordinance 8 pertaining to the Agency's rules and regulations regarding water delivery with regard to ordering of water on an annual basis. After discussion, Director Dickson made a motion, seconded by Director Duncan, approving the adoption of Ordinance 9. President Jeter called upon Eric Fraser (BCVWD, General Manager) for his comment. Mr. Fraser requested clarification on replenishment deliveries. General Manager provided a comprehensive explanation to Mr. Fraser's question. President Jeter requested a roll call vote. Ayes: Haring, Voigt, Morris, Melleby, Duncan, Dickson and Jeter. Noes: none. Absent: none. Motion carried unopposed 7-0.

**B. Consideration of State Water Project Audit Contract:** A staff report, a copy of a the Statement of Work letter from Ernst & Young, and a copy of the Independent Audit Association Recommended Approval and Execution memorandum were included in the agenda packet. General Manager Davis provided explanation as to what the Scope of Work includes within the audit. The purpose of the audit is to determine if DWR's business practices are acceptable and reasonable. The cost to the Agency will range from \$4,699 - \$5,874. He stated that \$5,000 has been budgeted for this work from the General Fund. Director Voigt made a motion, seconded by Director Melleby, to approve contracting with Ernst and Young for the 2014-2015 State Water Project Audit Contract, and to authorize the General Manager to sign the Statement of Work. Motion passed unopposed 7-0.

**C. Consideration of Candidate for LAFCO Special District Board Member Election:** A staff report and a Ballot Instruction letter from the Local Agency Formation Commission were included in the agenda packet. Director Voigt requested that this item be tabled to a future Board meeting, thereby allowing time for the other two candidates to submit letters. President Jeter asked if there were any objections to table this item until the next board meeting; there being none, this item was tabled for the July 7<sup>th</sup> board meeting.

**D. Consideration of Audit Engagement Letter:** A staff report and an engagement letter from Ahern Adcock Devlin, LLP were included in the agenda packet. General Manager Davis stated that the auditor reports directly to the Board of Directors and that it is the Board that is charged with hiring the auditor. Ahern Adcock Devlin has performed the Agency's audit for the past two years. The cost of this year's audit will be approximately \$20,345. This cost is included in the Agency's proposed general fund budget. After discussion, Director Dickson made a motion, seconded by Director Melleby, authorizing the President to sign the engagement letter with Ahern Adcock

Devlin, thus engaging the firm to perform the fiscal year 2013-2014 Agency audit. Motion carried 7-0.

**E. Consideration of Water Bond Letter of Support:** A copy of ACWA's State Legislative Outreach Alert newsletter and a copy of the PowerPoint presentation on ACWA's Survey Results, pertaining to a California Water Bond, were included in the agenda packet. General Manager Davis reported on the water bond briefing that he attended last week and he provided an overview of the survey. He stated that the Governor is not opposed to having a water bond on the ballot, however the Governor's pollster has advised against it, due to timing. ACWA continues to support two bills that are closely aligned to ACWA's Board-approved principles for a 2014 water bond - AB 2686 by Assembly Member Henry Perea, and SB 1250 by Senator Ben Hueso. ACWA is asking its members to send letters to their legislators (Senator Mike Morrell and Assembly Brian Nestande) urging that any final bill on a water bond be consistent with ACWA's principles. General Manager Davis stated that should the Board wish to comply with ACWA's request that he would draft a letter for President Jeter to sign. Director Dickson made a motion, seconded by Director Voigt, authorizing a letter of support be submitted to the legislators. Motion passed 7-0.

7. **Topics for Future Agendas:** No topics for future agendas were requested.
8. **Announcements:** *President Jeter reviewed the following announcements:*
- A. Finance and Budget Workshop, June 23, 2014 at 1:30 p.m.
  - B. San Geronio Pass Regional Water Alliance – Technical Committee Meeting, June 25, 2014 at 4:00 p.m. – Banning City Hall Conference Room
  - C. San Geronio Pass Regional Water Alliance Meeting June 25, 2014 at 6:00 p.m. – Banning City Council Chambers
  - D. Capacity Fee Workshop, **Thursday**, June 26, 2014 at 6:30 p.m.
  - E. The office will be **closed Friday**, July 4, 2014 in observance of Independence Day
  - F. Regular Board Meeting, July 7, 2014 at 1:30 p.m.

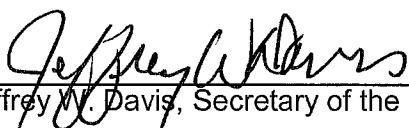
**The meeting adjourned to closed session at 2:34 p.m.**

9. **Closed Session (1 Item)**
- 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)

**The meeting reconvened to open session at 3:08 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 3:08 p.m.

  
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Jeffrey M. Davis, Secretary of the Board  
cmr

**SAN GORGONIO PASS WATER AGENCY  
ORDINANCE NO. 9**

**AN ORDINANCE ESTABLISHING AND AMENDING  
RULES AND REGULATIONS FOR THE ORDERING OF  
WATER**

WHEREAS, the San Gorgonio Pass Water Agency ("Agency") is a State Water Project ("SWP") Contractor authorized to acquire waterworks, waters, and/or water rights, including but not limited to, water from the State of California from the SWP, and to provide, sell, and deliver that water under the control of the Agency to cities, agencies, districts, persons, corporations or other entities within the Agency. The Agency is a wholesale water agency organized and operating under the Chapter 101 of the San Gorgonio Pass Water Agency Law set forth in the Water Code Appendix; and

WHEREAS, the Agency is required to order SWP water from the California Department of Water Resources. In order to maximize the utility of these annual orders, and in order to plan deliveries of water during all hydrologic conditions, the Agency needs to have an estimate from each purchaser as to the amount of water needed each year; and

WHEREAS, the Board of Directors previously adopted Ordinance No. 8 which established the "Rules And Regulations For SGPWA Water Service." The Board desires to adopt this Ordinance No. 9 in order to establish and amend the procedures for submitting and approving annual water orders as said policies are set forth in Article IV of the Rules And Regulations For SGPWA Water Service.

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

Section 1 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 Ordinance.

Section 2 ARTICLE IV, DELIVERY, Section 4.02 Need Forecasting Procedures of the Rules And Regulations For SGPWA Water Service, is hereby replaced, in its entirety, with the following:

1. Submittal Of SWP Orders to Meet Projected Demands. On or before September 1 of each year, each Purchaser shall submit a projection of its purchases of SGPWA Water for the next calendar year ("SWP Order") based on its projected demand for SGPWA Water. Such SWP Orders shall be submitted on a Water Order Form which shall be provided by the Agency and which shall be subject to revision from time to time. Each Purchaser shall differentiate between Direct Deliveries and Replenishment Deliveries. "Direct Deliveries" shall be defined as deliveries directly to the connection or other facilities of the Purchaser for immediate domestic, industrial, agricultural recreational and municipal purposes within the Purchaser's service area and shall not include any groundwater replenishment. "Replenishment Deliveries" shall be defined as deliveries to a

groundwater recharge facility that will not be used until pumped from the groundwater basin. Replenishment Deliveries to meet projected demands shall be defined as that volume of deliveries that would meet projected water demands for SGPWA water for groundwater replenishment for the calendar year ordered such that there would be no change in groundwater storage.

2. Submittal Of SWP Orders For Additional Purchases. The SWP Order may also include a projection of additional purchases of SGPWA Water which would be over and above the water needed to meet the projected demands for the applicable calendar year. It is expected that such water, if purchased, would be added to storage in the region, as it would not be needed to meet projected water demands for the applicable year. "Additional Purchases" shall be defined as deliveries for groundwater replenishment by spreading or injecting.

3. Substantiation Of SWP Orders. Purchasers will be required to substantiate their SWP Orders by reference to documentation and information as may be required by the Agency including, for example and not by way of limitation, an Urban Water Management Plan, prior year purchases, recent development, and other factors relating to short-term water demand projections. In regard to SWP Orders for Direct Deliveries, the documentation/information shall include an approximation of the projected water purchases by month, which shall be delineated on the Water Order Form. Completed and approved Order Forms will be used to help determine deliveries of SGPWA Water in drought years when orders exceed the available supply and in relatively wet years when supply exceeds the quantity of SGPWA Water ordered.

4. No Guarantee. Submittal of SWP Orders does not guarantee water deliveries in any year nor in any amount. SGPWA Water will be delivered to Purchasers only to the extent it is available from the SWP or from such other Agency sources which may be available in any given year, as said additional sources may be determined in the Agency's discretion.

5. Failure To Submit A SWP Order. The Agency requires SWP Orders by September 1 of each year in order to complete the process for submitting the Agency's orders to the California Department of Water Resources by October 1. Therefore, if a Purchaser does not submit a SWP Order on or before September 1 in any given year, the General Manager shall have the authority to complete an Order Form for that Purchaser based on the best available knowledge of that Purchaser's projected demands for the applicable year, as determined in the General Manager's discretion.

6. Approval Of SWP Orders. The General Manager will either approve the SWP Order as submitted or will revise it based on best available information, as determined in the General Manager's discretion.

7. Sale And Delivery. All sales and deliveries of SGPWA Water under a SWP Order shall be subject to the ability of the Agency to sell and deliver such water under operating conditions and constraints determined by the General Manager and subject to the

provisions of this Ordinance. In addition, all billings and payments for such water shall be in accordance with the same manner as other water delivered by the Agency.

8. Use of SGPWA Water Within Agency Service Area. Pursuant to the San Geronio Pass Water Agency Act, SGPWA Water is not to be used for the direct or indirect benefit of areas outside the service area boundaries of the Agency. Therefore, the amount of SGPWA Water served by the Agency's facilities that shall be made available to any Purchaser shall be limited to an amount equal to that required for uses within that portion of the Agency's service area lying within, or served by or through, such Purchaser.

9. Dispute Resolution. The General Manager shall notify a Purchaser on or before September 15 of each year if he/she has revised a SWP Order. If a Purchaser disputes a SWP Order which has been revised by the General Manager, the Purchaser may appeal to the Agency Board of Directors, who will make the final determination regarding the amount of the disputed SWP Order. A Purchaser shall submit any such notice of appeal to the General Manager on or before September 30 and the Board shall then hear the appeal and make a determination on or before October 31 at a regular or special Board meeting. At such an appeal, the General Manager will make a presentation regarding the basis for his/her determination on the SWP Order and the Purchaser will have the opportunity to make a presentation regarding its position on the SWP Order at issue.

Section 3 All ordinances, resolutions, minute orders, or administrative actions by the Board of Directors, or parts thereof, that are inconsistent with any provision of this Ordinance No. 9 are hereby superseded only to the extent of such inconsistency. Except as specifically set forth in this Ordinance No. 9 in regard to the replacement of **Section 4.02 Need Forecasting Procedures**, all other provisions of the Rules And Regulations For SGPWA Water Service, as adopted by way of Ordinance No. 8, shall remain in full force and effect.

Section 4 The Board finds that the revision of procedures for the submittal and consideration of SWP Orders 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 submittal and consideration of SWP Orders, by way of adoption of this Ordinance No. 9, are exempt from the requirements of the California Environmental Quality Act pursuant to section 15378(b)(2) and (5) of the State CEQA Guidelines.

Section 5 The President of the Board of Directors shall sign this Ordinance No. 9 and the Secretary of the Board of Directors shall attest thereto, and this Ordinance No. 9 shall be in full force and effect immediately upon adoption. Within 10 days after adoption of this Ordinance No. 9, a copy of this Ordinance shall be published one time in a newspaper of general circulation with the names of the Directors voting for and against this Ordinance.

Section 6 If any section, subsection, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of this Ordinance shall not be affected thereby. The Board hereby declares that it would have passed this Ordinance 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 this 16<sup>th</sup> day June 2014, by the Board of Directors of the San Gorgonio Pass Water Agency.

Said Ordinance was adopted, on roll call, by the following vote:


AYES: Haring, Voigt, Morris, Melleby, Duncan, Dickson and Jeter  
NOES: None  
ABSTAIN: None  
ABSENT: None

SAN GORGONIO PASS WATER AGENCY



John Jeter  
President of the Board of Directors

ATTEST:



Jeffrey W. Davis  
Secretary of the Board of Directors