

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
July 7, 2014

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
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 7, 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:** 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, 16 2014
 - B. Approval of the Minutes of the Finance and Budget Workshop, June 23, 2014
 - C. Approval of the Finance and Budget Workshop Report, June 23, 2014
 - D. Approval of the Special Board Meeting Capacity Fee Workshop, June 26, 2014

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

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 701 acre-feet to Beaumont Cherry Valley Water District ponds for the month of June. The goal is to deliver 600 acre-feet monthly however, with Crafton Hills Reservoir being out of service there are no variable speed pumps, therefore the Agency has been receiving slightly more than what was ordered. Once Crafton Hills Reservoir goes back online (possibly the first week in August) deliveries will be adjusted. The Agency has delivered 2048 acre feet so far this year. The 2014 goal is to deliver 5000 acre feet with about 500 acre feet of carryover water to next year.

(2) Beaumont Avenue Recharge Facility Pipeline Construction Update: (a) General Manager Davis provided current construction pictures and commentary of the Beaumont Avenue Regional Facility pipeline project. (b) **Timeline:** Jacking and boring is done under Noble Creek. Pipe has been laid up to Cherry Valley Boulevard. This week pipe is being laid south of Noble Creek between Noble Creek and Brookside.

(3) General Agency Updates: (a) **Water Bond:** Governor Brown announced last week that he supports a water bond in the \$6 billion range, this figure is negotiable. A number of water bond hearings took place last week, one of which was on a water bond bill that was authored by Lois Wolk. Her bill made it to a vote on the state senate floor, but did not get the required 2/3 vote. No bill has been forthcoming in the assembly. (b) **Verizon Cell Tower:** The Agency signed a contract with Verizon last week, resulting in a one-time \$1,000 signing bonus and additional income of \$24,000 per year; construction will begin later this summer. (c) **BCVWD:** On July 2nd, Melissa Bender, a much admired employee of BCVWD, was involved in a car accident and suffered major injuries; she passed away due to those injuries the evening of July 2nd. General Manager Davis expressed how deeply sorry the Agency's Board members and staff are for this tragic loss.

B. Directors Report: 1) **Director Haring** reported that he attended the June 18 YVWD Board meeting. 2) **Director Melleby** provided a report on the following meetings that she attended: 1. Banning Library District – The Agency, in conjunction with the Inland Empire Resource Conservation District, provided a children's interactive program at the Banning Library on June 18th. The event was well attended by both children and adults. Staff from IERCD did a superb job of explaining water issues and water conservation, as well as interacting with the children with a number of water related activities. 2. San Geronio Pass Regional Water Alliance Technical Committee on June 25th – Director Melleby is a member of the committee; she reported that the committee is working on budgeting for messaging purposes. 3. SGPRWA Board meeting on June 25th – A presentation on storm water was provided, and a profile on the City of Beaumont was presented. 4. YVWD Board meeting on July 2, 2014 – The District received a permit for the brine line. An in-depth discussion took place on AB 2443, pertaining to legislation on recycled water and how it affects mutual water companies. 5. Cabazon Water District - As of July 3rd, the District is working with a full board and is now able to conduct business accordingly. The District recently hired legal counsel through Best Best & Krieger. 3) **Director Voigt** reported that she attended the SGPRWA - Technical meeting and the SGPRWA Board meeting on June 25th. 4) **President Jeter** reported that he attended the YVWD Board meeting on July 2nd.

6. New Business: (Discussion and Possible Action)

A. Consideration of Cost of Living Adjustment for Staff: A staff report and a memorandum from Finance Manager Thomas Todd regarding the Consumer Price Index for 2014 were included in the agenda packet. General Manager Davis stated that the Board had discussed this item at the last Finance and Budget workshop and voted to recommend that staff (excluding the general manager) receive a 1.5% cost of living increase, based on the Consumer Price Index for Los Angeles, Orange and Riverside Counties. Director Melleby made a motion, seconded by Director Morris, that the Board approve its recommendation from the Finance and Budget workshop of June 23, to provide a 1.5% cost of living adjustment to staff, as of July 1st. Motion carried 7-0.

B. Consideration of Adoption of General Fund Budget: A staff report and the Proposed Budget for Fiscal Year 2014-15 were included in the agenda packet. General Manager Davis noted that this item had been reviewed and discussed with the Board during three separate workshops. He explained to the Board that the drafted budget that had been presented at the last workshop had a couple of figures that were inadvertently reversed and that the budget before them reflects the correct figures. He also stated that the total dollars remained the same. After discussion, Director Dickson made a motion, seconded by Director Duncan, to approve the 2014-2015 General Fund Budget. Motion carried 7-0.

C. Consideration of Payment of State Water Contractors Dues: A staff report and material related to SWC dues were included in the agenda. General Manager Davis explained that in past years this item was approved by the general manager. However, in light of efforts to heighten transparency, this item is being presented to the Board for authorization. At the June 2nd Board meeting, staff presented a summary of the State Water Contractors' achievements for 2013-14, as well as its goals for 2014-15. The organization led the way in negotiations with the Department of Water Resources on contract extension issues, and has been instrumental with the BDCP, drought issues, SWP finances, SWP operations and maintenance, and energy-related issues. This item is in the budget and is reflective of a similar amount as last year. After discussion, Director Melleby made a motion, seconded by Director Dickson, recommending that the Board approve payment of the 2014-15 SWC dues in the amount of \$33,126.00. Motion carried 7-0.

D. Consideration of Payment of State Water Project Contractors Authority Dues: A staff report and SWC Authority dues materials were included in the agenda. This is a separate organization from the SWC, Inc. The SWPCA is a joint powers agency formed by twenty State Water Contractors to perform various tasks. They have specific project committees that take on certain duties, the Municipal Water Quality Investigation Committee and the Delta Specific Project Committee. After discussion, Director Haring made a motion, seconded by Director Dickson, to approve payment of the SWPCA dues for Fiscal Year 2014-2015 in the amount of \$6,375.00. Motion carried 7-0.

E. Consideration of Authorization of Legal Representation at Board Meetings and Engineering Workshops: A staff report was included in the agenda packet. General Manager Davis referred this item to the Board. President Jeter stated that this item was discussed at a Board workshop, at which time all Board members recommended this item. Director Duncan made a motion, seconded by Director Melleby, authorizing legal counsel be present at all Board meetings and Engineering workshops. Motion carried 7-0.

F. Consideration of Changing Bond Broker: A staff report was included in the agenda packet. General Manager Davis stated that this item had been discussed at the Finance and Budget workshop regarding the current bond broker not doing its job properly and causing the Agency to lose income. Director Dickson made a motion, seconded by Director Duncan, recommending that the Board move its bond investment account from its current investment company to Time Value Investments. Motion carried 7-0.

G. Consideration of Candidate for LAFCO Special District Board Member Election: A staff report and ballot instructions from LAFCO were included in the Agenda Packet. General Manager Davis stated that there are three candidates for one vacant position. Incumbent Phil Williams had submitted a letter to the Agency prior to the last Board meeting. At the June 16th Board meeting the Board tabled considering a candidate for the LAFCO Special District Board Member Election, leaving time for the other two candidates to submit letters. The Agency has not received any letters from the other two candidates. Director Melleby made a motion,

seconded by Director Dickson, recommending voting Mr. Williams, of the Elsinore Valley Municipal Water District, to the LAFCO Special District Board Member position. Motion carried 7-0. General Manager Davis stated that he will provide President Jeter with the ballot to sign within the next few days.

H. Consideration of Backup One Month Contract for Federal Energy Regulatory Commission (FERC) Consultant: A Professional Services Agreement between Environmental and Regulatory Consultant Roy McDonald and the Agency was included in the agenda packet. General Manager Davis explained to the Board that this item was not included in the original agenda that was sent out last Thursday morning; an amended agenda was sent out later that day. The purpose of adding this item to the amended agenda was due to an email that was sent out last Wednesday afternoon from Roy McDonald to General Manager Davis and others. In the email Mr. McDonald expressed his concerns regarding the flume and explained why immediate action was needed. General Manager Davis provided an overview on the current FERC process of decommissioning the existing facilities. He stated that the entities involved include Southern California Edison, the City of Banning and the U.S. Forest Service. The specific event that triggered adding this item to the board agenda was due to FERC posting to its service list last Wednesday a San Bernardino National Forest Service letter that was written July 3, 2013 to the City of Banning citing problems with its application. This document is listed on FERC's website as a "Memo to File". Mr. McDonald is concerned that this item may be discussed at the next FERC meeting to be held on July 17th, which might include the full decommissioning of the facilities. Mr. McDonald is also concerned that the City of Banning's Legal Department may not provide him with a signed contract within the timeframe that is required, in order for him to continue his work. General Manager Davis agreed to present a "backup" contract to the Board in the event that the City of Banning does not approve the contract by the deadline date. The contract presented is for approval of one month of consulting work in the amount of \$20,789.00. President Jeter commented that on an annual basis there is about 5000 – 6000 acre-feet of water that comes from the flume to the city of Banning. He stated that if we lose the water from the flume this Agency would need to make up for the deficit...time is of the essence. Director Morris moved, seconded by Director Dickson, to approve the FERC Consultant contract. After discussion, motion carried 7-0.

7. Topics for Future Agendas: Director Melleby requested continued updates on the flume. No other topics were requested for future agendas.

8. Announcements:

- A. Engineering Workshop, July 14, 2014 at 1:30 p.m.
- B. Regular Board Meeting, July 21, 2014 at 1:30 p.m.
- C. Finance and Budget Workshop, July 28, 2014 at 1:30 p.m.
- D. San Gorgonio Pass Regional Water Alliance – Technical Committee Meeting
July 29, 2014 at 4:00 p.m. – Banning City Hall Conference Room
- E. San Gorgonio Pass Regional Water Alliance Meeting
July 29, 2014 at 6:00 p.m. – Banning City Council Chambers

The meeting adjourned to closed session at 2:24 p.m.

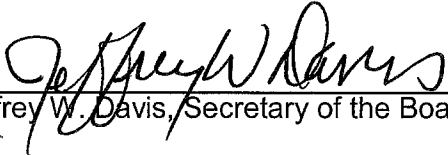
9. Closed Session (1 Item)

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of
Government Code Section 54956.9 (one potential case)

The meeting reconvened to open session at 3:06 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.

9. Adjournment: *President Jeter adjourned the meeting in memory of Melissa Bender at 3:07 p.m.*



Jeffrey W. Davis, Secretary of the Board

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