

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
March 2, 2015

Teleconference Location: 10213 Overland Trail
Cherry Valley, CA 92223

Directors Present: John Jeter, President
Bill Dickson, Vice President
Mary Ann Melleby, Treasurer
Blair Ball, Director
Ron Duncan, Director
Ray Morris, Director (via teleconference)
Leonard Stephenson, Director

Staff Present: Jeff Davis, General Manager
Jeff Ferré, General Counsel
Tom Todd, Finance Manager
Ken Falls, Operations and Maintenance 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., March 2, 2015 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. **Statement Regarding Teleconferencing:** General Counsel Jeff Ferré made the following statement: "This Board meeting is conducted pursuant to California Government Code Section 54953, in that one member of the Board will be participating in this Board meeting by speaker phone. In accordance with the Brown Act, the teleconference location has been identified in the notice and agenda for this meeting. I will now ask the Board Secretary to conduct roll call, after which I will confirm certain matters for the record".
3. **Roll Call:**

<u>Roll Call:</u>	<i>Present</i>	<i>Absent</i>
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<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"/>

4. **Procedures for holding Meeting at the Teleconference Location:** General Counsel Ferré confirmed with Director Morris that he in fact was able to hear the proceedings; that he had a copy of the March 2, 2015 Board Meeting Agenda; that the agenda was posted at his location, and that the location was accessible to the public. Director Morris responded in the affirmative to all such questions. General Counsel Ferré asked the attending board members if they were able to hear Director Morris. The board members responded that they could indeed hear him. General Counsel Ferré turned the meeting over to President Jeter.
5. **Adoption and Adjustment of the Agenda:** President Jeter asked if there were any adjustments to the agenda. There being none the agenda was adopted as presented.
6. **Public Comment:** President Jeter asked the members of the public for comments. Ken Ross commented on the time of the meetings and suggested that the Board consider scheduling the meetings in the evening. No other members of the public requested to speak at this time.
7. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, February 17, 2015
 - B. Approval of the Minutes of the Finance and Budget Workshop, February 23, 2015
 - C. Approval of the Finance and Budget Workshop Report, February 23, 2015

Director Dickson moved, seconded by Director Melleby, to approve the consent calendar as presented.

President Jeter requested a roll call.

<u>Roll Call:</u>	<i>Aye</i>	<i>Noes</i>	<i>Absent</i>	<i>Abstain</i>
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Morris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Jeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion carried 7-0.

8. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **(a) SWP Water Deliveries:** There were no deliveries due to shut down.

(2) General Agency Updates: **(a) SWP Allocation:** DWR announced that the SWP water allocation has been increased and is now at 20%. Storage is up and DWR will continue to assess weather conditions to determine the necessity of increasing or decreasing the allocation percentage. **(b) Local Precipitation:** The recent snow accumulation on the San Geronio Mountain will increase water supplies to the BHMWC and the city of Banning from the flume this year.

B. General Counsel Report: General Counsel Ferré reported to the Board on the following topics: **(1) State Water Resources Control Board:** On February 17th the State Board held an informational hearing to consider extending and expanding mandatory water-use rules, which are due to expire on April 24th. Possible new rules would include restrictions on water use from food service sector, hotels, prohibition on the operation of fountains, further irrigation restrictions, etc. These items have not been adopted, but the sense is that the water conservation rules will be extended and possibly expanded by some degree. **(2) Proposition One:** The California Natural Resources Agency has released an initial draft schedule detailing the benchmarks for the first of the year. **(3) SB 143:** Senator Jeff Stone has introduced SB 143 – which would allow the people of Southern California to use Diamond Valley Lake for body contact recreation. A number of letters in protest have been submitted. **(4) BBK – Russ Behrens:** General Counsel Russ Behrens informed Jeff Ferré that he will be stepping down from general counsel duties as of July 1st, but will continue to serve as senior advisor to the Agency.

C. Directors Reports: **(1) Director Melleby** gave a report on the following meetings. a) The Government Legislation Action Committee meeting that was held at the Beaumont Chamber of Commerce last week. b) The Riverside County Water Task Force held on February 20th. c) The SGPRWA Technical and Board meeting that were held on February 28th. **(2) Director Ball** thanked General Manager Davis for providing a tour of EBX 2 to both Director Stephenson and himself.

9. New Business: (Discussion and Possible Action)

A. Consideration of Resolution No. 2015-02 Support of Candidacy of Paul E. Dorey for ACWA/JPIA Executive Committee: A copy of the staff report, a copy of Resolution No. 2015-02, and a letter from Vista Irrigation District requesting a resolution of support concurring with the nomination of Paul Dorey, were included in the agenda packet. General Manager Davis stated that the Agency is a member of ACWA/JPIA. Each year ACWA/JPIA Board elects members to its Executive Committee, which essentially runs the JPIA. If the Board supports Mr. Dorey's candidacy, it would adopt the resolution of concurrence. After discussion, Director Dickson moved, seconded by Director Melleby, that the Agency adopt Resolution No. 2015-02, in support of candidacy of Paul E. Dorey for ACWA/JPIA Executive Committee. Further discussion took place on this issue. General Counsel Ferré explained to the Board that the Agency is not under any obligation to take any position on any candidate by way of a

resolution; ultimately it is the Agency's representative that will place a vote. After discussion, Director Dickson rescinded his motion; Director Melleby also withdrew her second to the motion. No action was taken.

B. Consideration of Investing an Additional \$3 Million in Government Bonds:

A staff report was included in the agenda packet. General Manager Davis stated that this item was reviewed at the Finance and Budget workshop on February 23, at which time the Board discussed this item in conjunction with the investment policy. The Board recommended directing staff to invest an additional \$3 million in bonds from funds that are currently in the Local Agency Investment Fund (LAIF). After discussion, Director Melleby made a motion, seconded by Director Dickson, to accept the recommendation from the finance committee that \$3 million be withdrawn from LAIF and invested in Federal government bonds in order to increase investment returns while maintaining safety and liquidity and minimizing risk.

President Jeter requested a roll call vote.

<u>Roll Call:</u>	Aye	Noes	Absent	Abstain
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Morris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Jeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion carried 7-0.

C. Report from Staff of Possible State of the Regional Water Supply Workshop:

General Manager Davis stated that this item is stemming on discussions that have taken place during past board meetings. Urban Water Management Plans are prepared by urban water suppliers to support their long-term resource planning. He stated, as suggested by Director Melleby, providing information on the Agency's plans for augmenting water supplies for this region may be useful to not only our water retailers, but also to cities, developers and business leaders. The Board had directed staff to take a poll of general managers of water retail agencies to find out what the interest is on their part on attending an ad-hoc committee workshop. A letter was sent out to six general managers, four were willing to participate, and two had concerns that the meeting format was in conflict of the Brown Act. Counsel advised staff that he does not view this as a conflict of the Brown Act. General Manager Davis recommended an open meeting on a "state of the regional water supply" with invitations going out to the water retailers, elected officials (water and cities), that would be open to the public and allowing participants an opportunity for input. After discussion, the Board requested the following: #1. An open forum presentation, provided by General Manager Davis, on the subject of SGPWA plans for augmenting water supplies, to include a question and answer session. #2. A follow-up meeting that could include retailers' input. General Manager Davis stated that such a meeting will take preparation time and suggested that the meeting be held sometime in April or May. The board was in agreement.

D. Consideration of Environmental Justice Study Related to Removal of Whitewater Flume: (1) General Manager Davis stated at the last board meeting the Board directed staff to move forward with two consultant studies, one is a tunnel study and the other is an environmental justice study, contingent on a cost sharing agreement approved by both BHMWC and the city of Banning. BHMWC has approved the cost sharing agreements. The city of Banning approved the tunnel study, but not the environmental justice study. Therefore, staff recommends that the board authorize staff to sign the environment justice study with an amendment to the cost sharing agreement reflecting that the Agency will pay \$10,000 and BHMWC will pay \$5,000. After discussion, a motion was made by Director Duncan, seconded by Director Dickson, to approve an amendment to the cost sharing agreement on the tunnel study, reflecting the sharing cost to the Agency at \$10,000 and the sharing cost to BHMWC at \$5000.

President Jeter requested a roll call:

<u>Roll Call:</u>	Aye	Noes	Absent	Abstain
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Morris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Jeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion carried 7-0.

E. EBX 2 Update: (1) General Manager Davis updated the board on EBX 2 construction, he stated that the pipeline construction is about 98% complete, and that the pump station shell and expansions have been completed. The completion contract bids for the three pump stations have been awarded to Ames Construction Company, at a low bid of \$23.8 million; work will begin in about 90 days. Start-up testing should begin the later part of 2015 or early 2016. During the course of the project there have been a number of major problems. Meetings have taken place between DWR, SBVMWD and SGPWA, resulting in some structural changes in how DWR will manage large projects. DWR will be partnering with Ames to assist in facilitating the construction. A tour will be forthcoming in the future. President Jeter conveyed that these construction projects were made possible as the Board negotiated an \$80 million in bonds at 3% interest; the bonds are termed at 22-years.

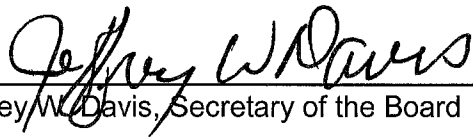
F. Flume Update: General Manager Davis reported on the technical meeting with FERC DRD staff and USFS which was held on February 19, whereas the USFS outlined the issues that are important to them. The City of Banning's consultant, Roy McDonald is recommending that the City pull out of the DRD process and focus its efforts on the ILP process, which is a FERC process. The Agency has received a number of compelling comment letters from the Banning Bench residents on the NOP for the EIR, hopefully these letters will be reviewed by FERC whether formally or informally.

10. Topics for Future Agendas: There were no topics for future agendas given at this time.

11. Announcements: *President Jeter reviewed the following announcements:*

- A. Engineering Workshop, March 9, 2015 at 1:30 p.m.
- B. Board of Directors Meeting, March 16, 2015 at 1:30 p.m.
- C. Finance and Budget Workshop, March 23, 2015 at 1:30 p.m.

12. Adjournment: *President Jeter adjourned the meeting at 2:38 p.m.*



Handwritten signature of Jeffrey W. Davis in cursive script, written over a horizontal line.

Jeffrey W. Davis, Secretary of the Board
cmr