

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, California 92223**  
**Minutes of the**  
**Board of Directors Meeting**  
**June 15, 2015**

**Directors Present:** John Jeter, President  
Bill Dickson, Vice President  
Mary Ann Melleby, Treasurer  
Blair Ball, Director  
Ron Duncan, Director  
Lenny Stephenson, Director

**Staff Present:** Jeff Davis, General Manager  
Jeff Ferre, Legal Counsel  
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., June 15, 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.

*President Jeter announced that the Agency was informed on June 12<sup>th</sup> that Director Ray Morris passed away on June 11<sup>th</sup>. President Jeter requested a moment of silence in Director Morris' memory.*

2. **Adoption and Adjustment of the Agenda:** Legal Counsel and Staff recommended that, under Government Code Section 54954.2(b)(2) there is a need to take action and that need arose after the posting of the Agenda. It was recommended that an item be added to the agenda to consider the process for filling the Board vacancy which has resulted due to the very recent passing of Director Morris. Taking into account the time periods for deciding how to fill the Board vacancy and completing the process, there is a need for the Board to consider this matter at this meeting. A motion was made by Director Melleby, seconded by Director Dickson, to add the following item as New Business item 6(F): Consideration and possible action regarding the process for filling the Board vacancy due to the passing of Director Morris. The motion passed 6-0 with one Board position vacant. The agenda was adopted as amended.
3. **Public Comment:** *President Jeter requested comments from the public. 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 1, 2015
  - B. Approval of the Minutes of the Engineering Workshop, June 8, 2015

Director Dickson moved, seconded by Director Duncan, to approve the consent calendar as presented. Motion passed 6-0.

## 5. Reports:

### A. General Manager's Report:

**(1) Operations Report:** General Manager Davis reported on the following: **SWP Deliveries:** a) Due to Operations and Maintenance Manager Ken Falls being on vacation a detailed delivery report is not available at this time, however water deliveries continue at 16 cfs per 1-10 hour shift per day; the total estimated deliveries are about 500 acre-feet, so far this month.

**(2) General Agency Updates:** a) **Memorial Service – Director Ray Morris:** General Manager Davis announced that a memorial service for Director Morris will be held on Saturday, June 27<sup>th</sup> – 2:00 p.m., at the Church of Christ located in Beaumont. b) **Desalination:** General Manager Davis stated that a request was made at the previous board meeting to provide the Board with information on desalination and why there is opposition by environmentalists on this process. General Manager Davis provided insight on various reasons of why environmentalists are opposed as follows: (1) Intakes; (2) Process; (3) Brine; (4) Site; and (5) Growth. c) **Supreme Court Ruling – San Juan Capistrano Case:** The state attorney general has asked the Supreme Court to depublish the appellate court ruling in the San Juan Capistrano tiered rate case. Depublishing would mean that it could not be used as a precedent against any other water district in the state; it would only hold for the one case. d) **State Water Resource Control Board:** The SWRCB ordered curtailment for some pre-1914 water rights holders; this type of restriction hasn't been done since 1977. e) **Potential El Niño Year:** Some climatologists are saying that there is an 85% chance that the El Niño condition will continue until the winter.

**B. General Counsel Report:** General Counsel Ferré reported to the Board on the following items: a) **Supreme Court Ruling – San Juan Capistrano Case:** General Counsel Ferré concurred with General Manager Davis that depublishing would mean that it could not be used as a precedent against any other water district in the state; it would only hold for the one case. He explained the rationale for the ruling. b) **Lawsuit City of Riverside vs. State Water Resources Control Board:** The city of Riverside has filed a lawsuit against the State Board over what it claims is an unfair order to cut water use in the city by 24%. The city claims that it should be included in a special 4 percent cutback tier because it has its own reliable water supply in groundwater stored in the Bunker Hill Basin and other local basins.

**C. Directors Reports:** There were no directors who wished to report at this time.

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

**A. Consideration of Contracting with Ernst and Young (EY) to provide DWR Audit for Independent Audit Association:** A staff report and related materials from EY were included in the agenda packet. General Manager Davis stated that this item is a housekeeping item. He explained in depth the auditing procedures and the importance of insuring that the Department of Water Resources is billing SWC properly. During discussion, the Board had a number of questions and concerns, including how much of the audit benefits the Agency. General Manager Davis stated that he will investigate the questions and concerns that the Board presented and will provide the Board with more detailed information at a future Board meeting. Director Dickson made a motion, seconded by Director Melleby, approving contracting with EY to provide DWR audit for Independent Audit Association. Motion passed 6-0.

**B. Consideration of Resolution No. 2015-03 in Support of Candidacy of Mary Ann Melleby for ACWA Region 9 Board of Directors:** A copy of Resolution No. 2015-03 was included in the Agenda Packet. Director Dickson made a motion, seconded by Director Duncan, to approve Resolution No. 2015-03. Motion passed 6-0. Director Melleby thanked the Board members for their support.

**C. Consideration of Appointment of Jeff Ferré as Agency General Counsel:** A staff report was included in the agenda packet. General Manager Davis informed the Board that effective July 1, 2015, General Counsel Behrens will be stepping down from the Agency's general counsel duties. General Counsel Behrens is not retiring and will remain a partner with BB&K. He will continue to provide legal counsel to the Agency on various legal matters. General Manager Davis stated that the last time the Agency appointed a new general counsel was in the 90's, which at that time was the appointment of Russ Behrens. He stated that General Counsel Jeff Ferré has been overseeing the Agency's Board meetings for over a year. Should the Board desire to retain Jeff Ferré as general counsel, it is recommended that a formal action from the Board take place. A motion was made by Director Dickson, seconded by Director Melleby, approving Jeff Ferré as general counsel. Director Melleby inquired if changes will be made to the current contract with BB&K. General Counsel Ferré stated that the contract is between the Agency and BB&K, therefore there is no reason to amend the contract. Motion passed 6-0. General Counsel Ferré thanked the Board on behalf of BB&K, as well as himself, for the opportunity to serve as general counsel.

**D. Status Report on State Water Resources Development System (SWRDS) Finance Committee:** Information on SWRDS California State Water Project – Financial Management Enhancements Project (FMPEP) - (Stage 1) was included in the agenda packet. General Manager Davis stated that DWR will use a 3 stage approach to implement an end-to-end business solution. General Manager Davis reviewed in detail the procedures that will be implemented in order to improve DWR's financial management. Board members asked a number of questions of which General Manager Davis answered thoroughly. General Manager Davis stated that this was an informational item only.

**E. Review of San Gorgonio Pass Regional Water Alliance (SGPRWA) Website:** President Jeter called upon Director Melleby for her presentation on the SGPRWA (aka Water Alliance) website. Director Melleby explained that the Water Alliance is a coordination of 13 water providers (including the SGPWA) and local governments in the Pass region. She explained how the Water Alliance was formed, its goals and provided an overview of the website's features. Director Melleby encouraged everyone to visit the Water Alliance's website at [www.passwateralliance.com](http://www.passwateralliance.com).

**F. Board Vacancy – At Large No. 2:** General Counsel Ferré reiterated that there is a vacancy for the At Large No. 2 position. This position can either be filled by Board appointment within 60 days of June 12<sup>th</sup>, or by calling a special election; there is a cost associated with the later. In the past, the Board took action to authorize staff to start the process to appoint an individual to fill the vacancy. General Counsel Ferré outlined the steps that must take place to appoint an individual to the Board of Directors for the open position. Director Morris' term would have ended December 2018. Should the Board wish to appoint a Board member, the appointee's term would end December 2016. The

At Large No. 2 position would then be included in the November 2016 election for the remaining two years, ending December 2018. After discussion, Director Dickson made a motion, seconded by Director Melleby, directing staff to implement the appointment process. Motion passed 6-0. General Manager Davis explained the process that will take place for the advertisement of the Notice of Vacancy.

7. **Topics for Future Agendas:** Director Melleby requested updates on EBX II. There were no other topics were given for future agendas at this time.
  
8. **Announcements:** *President Jeter reviewed the following announcements:*
  - A. Finance and Budget Workshop, June 22, 2015 at 1:30 p.m.
  - B. San Gorgonio Pass Regional Water Alliance, June 24, 2015
    1. Administrative Committee at 3:30 p.m. – Banning City Council Chambers
    2. Technical Committee at 4:30 p.m. – Banning City Hall Conference Room
    3. Regular Board Meeting at 6:00 p.m. – Banning City Council Chambers
  - C. SGPWA – State of the Regional Water Supply, June 26, 2015
    - 7:30 a.m. - Continental Breakfast
    - 8:00 a.m. - ProgramHoliday Inn - 1864 Oak Valley Village Circle, Beaumont

Banning Mayor Deborah Franklin stated that the Administrative Committee will not be meeting on June 24, 2015. She also stated that the Administrative Committee only meets on an as needed basis.

*President Jeter acknowledged and thanked Director Ray Morris for his many years of service to the Agency; he closed the meeting in his remembrance.*

9. **Adjournment:** *President Jeter adjourned the meeting at 2:48 p.m.*

  
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Jeffrey W. Davis, Secretary of the Board