

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA 92223**  
**Minutes of the**  
**Special Board of Directors Meeting**  
**Public Hearing - SGPWA Facility Capacity Fee**  
**July 27, 2015**

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

**Staff and Consultants Present:** Jeff Davis, General Manager  
 Russ Behrens, General Counsel  
 Cheryle Rasmussen, Executive Assistant  
 Andrea Roess, Taussig & Associates  
 Stephen Runk, Taussig & Associates

**1. Call to Order, Flag Salute and Roll Call.** The Special Board Meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by President John Jeter at 7:00 p.m., July 27, 2015 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present. *President Jeter requested a roll call.*

<u><b>Roll Call:</b></u>	<b>Present</b>	<b>Absent</b>
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<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 Agenda.** *President Jeter asked if there were any adjustments to the agenda. There being none the agenda was adopted as presented.*

**3. Public Comment.** *Present Jeter announced that there will be a public comment period after the presentations have concluded and as part of the public hearing. He requested speakers to fill out a Request to Speak form and hand them to the Executive Assistant to ensure that everyone will be heard.*

**4. Consideration of Resolution No. 2015-05 Adoption of Facility Capacity Fee and Public Hearing:** A copy of the staff report, Resolution No. 2015-05 with attachments, and the Capacity Fee Study for San Geronio Pass Water Agency – Dated July 21, 2015, authored by David Taussig & Associates (DTA), Inc., were included in the agenda packet. A copy of revised Resolution No. 2015-05 (with attachments), a copy of DTA's updated PowerPoint presentation handout, and a copy of staff's PowerPoint presentation handout were provided to the Board members and members of the public as items to be considered after the agenda packet was distributed. General Manager Davis then reviewed all of the above items with the Board. He stated that he will be providing justification on why the Agency needs to adopt a capacity fee. Andrea Roess, Managing Director of David Taussig and Associates, will be providing a presentation on the Capacity Fee Study, dated July 21, 2015, and General Counsel Russ Behrens will be reviewing revised Resolution No. 2015-05, including Attachments 1 and 2. After the staff presentation and as part of the public hearing members of the public will be asked to comment on the study and proposed fee. The public hearing will be closed after comments. A brief recess may take place allowing the General Manager, General Counsel, and Consultants to discuss if there is a need to respond to any of the public comments. After the public hearing is closed the Board will then consider adoption of the Facility Capacity Fee.

General Manager Davis' points of presentation were as follows:

- Purpose of Meeting
  - Presentations by staff, legal counsel and consultants
  - Public Hearing to allow interested parties to comment on the proposed fee.
  - Staff report recommends that the Board adopts Resolution No. 2015-05.
- What is a Capacity Fee
  - A one-time charge imposed by a water agency on new development, used to fund infrastructure and water supplies, paid for by the developers.
- Can the Agency Impose such a fee?
  - Yes, fee must be reasonably related to benefit the land.
- What are the Agency's current sources of income?
  - Ad valorem tax, water sales and general fund taxes
- Do other Public Agencies have Capacity Fees?
  - Yes, most have adopted some type of capacity fee.
- What might the Capacity Fee look like?
  - Two components – 1) New infrastructure; 2) New water supplies
- How would the Agency Collect the Fee?
  - Either by partnering with retail water agencies or with land use planning agencies.

- How would the fee be implemented?
  - By cooperative agreements.
  - Fees paid by a project would only be used to purchase water for that project.
- What are the Agency's primary goals?
  - Procuring additional water supplies prior to when they are needed.
  - Ensure that future new water users pay their fair share of the additional burden placed on regional water supplies and infrastructure.
  - Produce Urban Water Management Plans that show plans to continuously augment regional water supplies.
- Who should pay for new water sources?
  - Additional water for reliability benefits by existing residents.
  - Additional water for future water users benefits by new residents.
  - Nexus study, Findings and Resolution No. 2015-05 set forth the plan to have new residents pay for new supplies required to meet their additional water needs.
- Are there more details of the proposed fee available?
  - No, The Agency has contracted with the consultant to perform this updated nexus study.
  - .
- Will fee revenues alone fund new water supplies?
  - No, new water supplies require a large investment. Revenue from capacity fees, water sales and other general fund revenues will be needed.
- Is the Agency prepared to purchase additional water and water rights?
  - Yes.
- What is the alternative to a capacity fee?
  - The Agency is working on its 2015 UWMP
  - With no fee, the Agency UWMP will look very different than if a fee is adopted and implemented.
- Next Steps?
  - If the Board adopts the capacity fee, staff will work with local water districts and/or cities and County to negotiate cooperative agreements.

General Manager Davis concluded his presentation. General Manager Davis referred to Andrea Roess for her presentation.

Ms. Roess stated that her company (DTA) has been working on this project for quite some time. Ms. Roess reminded the Board that legal authorization for the capacity fee stems from the Agency's Law, authorizing and establishing a capacity fee that can be used to pay for new facilities and new water. By law, the capacity fee needs to be reasonably related to the benefit received by the property that is being charged by the fee. The points presentation were as follows:

- Fee Structure
- Steps to Calculate Facility Capacity Fee
- Demographics existing and 2035
- Facilities Costs (through 2035)
- Allocation Methodology
- Fee Calculations – Facility Component
- Fee Calculations – New Water Component
- Hypothetical Capacity Fee ( Typical Single Family Unit: Facility Fee \$171 + Water Capacity Fee \$3,415 = \$3,585, estimated assuming water usage of 0.548 AFY)

Ms. Roess concluded her presentation.

General Manager Davis added to Ms. Roess presentation stating that moving forward, houses in California will be built differently, especially landscaping. Homes will most likely be built with less water usage. Recently a Landscape Ordinance was passed by the Water Commission mandating that new residential home grass areas are limited to only 25% of the total landscaping area. It is conceivable that the .548 water usage estimate that was conveyed on the Hypothetical Capacity Fee portion of Ms. Roess presentation will be lower.

General Manager Davis then requested General Counsel Behrens to review with the Board the revised Resolution No. 2015-05. General Counsel Behrens began by stating that Resolution No. 2015-05 has been revised and the changes are non-substantive; he gave explanation as to what changes occurred. He stated that the “Findings” are necessary because it is a requirement in the Agency’s Act (Section 101-27.1). The “Findings” demonstrate that the existing facilities are not adequate to meet the future needs. The Agency’s 2010 UWMP reported that there is not enough water to meet future needs. Staff has been studying how to finance facilities and purchase additional water to meet future needs. The “Findings” also establish the factual basis upon which the Board is taking an action to adopt a fee. The “Findings” provide the Board with substantial evidence to support a decision to implement a capacity fee. General Counsel Behrens reviewed revised Resolution No. 2015-05 (Attachment 1 & Attachment 2) in its entirety with the Board. General Counsel Behrens stated that this is an involved process, and is well documented.

General Manager Davis recommended that the Board move forward to the public hearing portion of this meeting. President Jeter opened the public hearing and stated that there will be a three minute time limit for each speaker to ensure that all speakers would have a time to make their comments. Director Ball made a motion to suspend the three minute rule. The motion failed due to lack of a second. The following individuals provided statements and comments on this topic:

- Dan Jagers – Beaumont Cherry Valley Water District
- Perry Gerdes – City of Banning

- Bill Blankenship – Building Industry Association, Riverside County
- Joe Zoba – Yucaipa Valley Water District
- John Halliwill – Resident of Beaumont
- Bob Rochelle – Resident of Banning (Mr. Rochelle made a statement that was unrelated to this topic).

President Jeter then inquired if there were any other comments from the members of the public. No additional requests were made to provide comment.

General Manager Davis stated that he received a letter via email today at 2:45 p.m. from the City of Calimesa, requesting that the Agency table this item. General Manager Davis reviewed the concerns made by the City and his response to each of those concerns and recommended that the City's letter did not support continuing the hearing or consideration of a resolution to adopt the Facility Capacity Fee. General Counsel Behrens concurred. Director Dickson made a motion, seconded by Director Ball, to close the public hearing. President Jeter requested a roll call.

<b><u>Roll Call:</u></b>	<b>Ayes</b>	<b>Noes</b>
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<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"/>

Motion carried 6-0

Director Dickson made a motion, seconded by Director Melleby, approving Resolution 2015-05, adoption of the Facility Capacity Fee. After discussion, President Jeter requested a roll call.


<b><u>Roll Call:</u></b>	<b>Ayes</b>	<b>Noes</b>
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input type="checkbox"/>	<input checked="" 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"/>

Motion carried to adopt Resolution 2015-05 5-1.

**5. Announcements:**

- A. Regular Board Meeting, August 3, 2015 at 1:30 p.m.
- B. Special Board Meeting, August 6, 2015 at 6:00 p.m.
- C. Engineering Workshop, August 10, 2015 at 1:30 p.m.

**6. Adjournment: *President Jeter adjourned the meeting at 8:48 p.m.***

  
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Jeffrey W. Davis, Secretary to the Board  
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