

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board of Director Meeting**  
**December 21, 2015**

**Directors Present:** John Jeter, President  
Mary Ann Melleby, Treasurer  
Blair Ball, Director  
Ron Duncan, Director  
David Fenn, Director  
Leonard Stephenson, Director

**Directors Absent:** Bill Dickson, Vice President

**Staff and Consultants Present:**  
Jeff Davis, General Manager  
Tom Todd, Jr., Finance Manager  
Jeff Ferre, General 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., December 21, 2015, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. Director Ron Duncan led the Pledge of Allegiance to the flag. A quorum was present.

**2. Adoption and Adjustment of Agenda:** General Manager Jeff Davis asked to have item 6A, the presentation of the financial audit, be moved to item 4 of the agenda. President Jeter asked the Board if there were any objections to the requested adjustment of the agenda. There being none the agenda was adopted as amended.

**3. Public Comment:** No members of the public wished to make any comment at this time.

**4. New Business: Consideration of Acceptance of FY 2014-15 Financial Audit of the Agency:** General Manager Davis reminded the Board that this is one of the most important presentations that the board will act upon, as stewards of the public trust the Board is responsible for how the taxpayer's money is spent and/or invested, and that monies are not misappropriated. General Manager Davis introduced Linda Devlin, partner in the independent accounting firm of Ahern Adcock Devlin LLP, the firm that performed the financial audit of the Agency for fiscal year 2014-15. The Total Net Position (Assets less Liabilities) for FY 2014-15 is \$155.36 million, a net increase of \$8.99 million. Ms. Devlin reported on the Significant Audit Findings and reviewed the Management's Discussion and Analysis, Financial Statements, Notes to Financial Statements, and Supplementary Information with the Board. Ms. Devlin explained in detail the new requirements for pension reporting. She reported on the solvency of the Agency. After review and discussion, a motion was made by Director Melleby, seconded by Director Duncan, to accept and file the financial audit of the San Gorgonio Pass Water Agency for FY 2014-15. The motion passed 6-0, with Director Dickson absent.

**5. Consent Calendar:**

- A. Approval of the Minutes of the Regular Board Meeting, December 7, 2015
- B. Approval of the Minutes of the Engineering Workshop, December 14, 2015

A motion was made by Director Duncan, seconded by Director Melleby to approve the consent calendar as presented. The motion passed 6-0, with Director Dickson absent.

## 6. Reports (Discussion and Possible Action):

### A. General Manager's Report

**(1) Operations Report:** General Manager Davis reported on the following: **1) SWP Deliveries:** Report on deliveries was unavailable. **2) Noble Creek Connection Flow Test:** BCVWD requested that a flow test be performed at the Noble Creek connection to ensure that the connection would hold 20 cfs. The test was performed this past week over the course of forty-eight hours.

**(2) General Agency Updates:** **1) Southern California Water Committee** has scheduled a quarterly lunch for January 22, 2016. It will be held at the headquarters of Western Municipal Water District in Riverside. Information has been put in the mail boxes of the directors. **2) Water Conservation Regulations:** General Manager Davis attended an ACWA conference call this morning regarding the informal "Framework" presented by the staff of the State Water Resources Control Board. The water industry has proposed further refinement to the conservation tiers to reflect a range of factors that contribute to water use. The State Water Board has agreed to three accommodations to retail water agencies: climate adjustment, growth adjustment and drought resilient sources of supply from 2013. He reviewed a number of proposals that were rejected. An informal public comment period is between December 21<sup>st</sup> and January 4<sup>th</sup>. A formal public comment period will take place later. General Manager Davis will forward to the agencies retail customers, as well as the SGPRWA Water Conservation Committee, the State Board's proposed regulatory framework for the extended Emergency Regulation for Urban Water Conservation.

### B. General Counsel Report: General Counsel Jeff Ferre reported on the following items:

1. Language on a proposed ballot measure was sent to the Attorney General's office dealing with water conservation and flood control and storm water management that would allow water providers to reestablish so-called tiered pricing as a means of encouraging conservation. The measure was crafted after a state appeals court ruled that the tiered water rate structure used by the city of San Juan Capistrano was unconstitutional because it violated voter-approved Proposition 218, which prohibits government agencies from charging more for a service than it costs to provide it. The court ruled that tiers must be set based on the actual cost of providing the service at each level of usage, not predetermined usage budgets. The ballot measure would allow agencies to set rates that encourage water conservation and charge fees for stormwater management and flood control projects. It would also allow the agencies to impose fees to reduce water and sewer bills for low-income customers. **2. Reimbursement of State Mandated Costs Court Case:** The State Reimbursement Commission reviewed mandated costs reimbursement requests and has stated that the State of California Laws no longer has the funds to reimburse costs. The reason for the court case is that the commission is mandating that local governments seek reimbursement for actual costs by raising rates.

**C. Directors Reports:** **(1) Director Duncan** reported on the Cabazon Water District Board Meeting Officer Installation; Banning City Council meeting; Banning Unified School District meeting; Banning Chamber of Commerce meeting. In addition, Director Duncan reported on his involvement regarding bees removed from EBX property. **(2) Director Fenn** thanked General Manager Davis for his time in touring Agency facilities; he reported on the BCVWD Board meeting where a reorganization of the board took place. **(3) Director Ball** attended the BCVWD meeting; he also reported on the meeting with Assemblyman Mayes requesting his support to reduce the board from seven to five members through required legislative state action. Assemblyman Mayes asked several questions and took the Pass Agency's petition under advisement. **(4) President Jeter** reported on the meeting with Assemblyman Mayes.

*President Jeter turned the meeting over to the Chair of the Finance & Budget Committee, Director Mary Ann Melleby.*

**7. New Business:**

A. Ratification of Paid Invoices and Monthly Payroll for November, 2015 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Stephenson, to ratify paid monthly invoices of \$576,928.55 and payroll of \$32,015.22 for the month of November, 2015, for a combined total of \$608,943.77. The motion passed 6 in favor, no opposed, with Director Dickson absent.

B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Fenn, seconded by Director Duncan, to approve payment of the pending legal invoices for November, 2015. The motion passed 6 in favor, no opposed, with Director Dickson absent.

C. Review of November, 2015 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Director Stephenson, to acknowledge receipt of the Wells Fargo bank reconciliation for November, 2015 as presented. The motion passed 6 in favor, no opposed, with Director Dickson absent.

D. Review of Budget Report for November, 2015: After review and discussion, a motion was made by Director Duncan, seconded by Director Ball, to acknowledge receipt of the Budget Report for November, 2015. The motion passed 6 in favor, no opposed, with Director Dickson absent.

**8. Topics for Future Agendas:** Director Ball asked for a presentation from retail agencies related to their recharge capacity.

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

A. The office will be closed December 24<sup>th</sup> and 25<sup>th</sup> in observance of Christmas.

B. The office will be closed December 31<sup>st</sup> and January 1<sup>st</sup> in observance of New Year's Day.

C. Regular Board Meeting, January 4, 2016 at 7:00 p.m. – Note new time

D. Engineering Workshop, January 11, 2016 at 4:00 pm. – Note new time

Director Melleby asked that a press release announcing the new meeting times be sent out.

**10. Adjournment:** *President Jeter adjourned the meeting at 2:55 p.m.*

  
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Jeffrey W. Davis, Secretary of the Board