

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
April 4, 2016

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

Staff Present: Jeff Davis, General Manager
Jeff Ferré, General Counsel
Thomas Todd, Finance 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 7:00 p.m., April 4, 2016 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:** *President Jeter asked if there were any adjustments to the agenda.* There being none the agenda was adopted as published.
3. **Public Comment:** *President Jeter asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency.* There were no members of the public that wished to comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Special Board Meeting, March 10, 2016
 - B. Approval of the Minutes of the Regular Board Meeting, March 21, 2016
 - C. Approval of the Minutes of the Finance and Budget Workshop, March 28, 2016
 - D. Approval of the Finance and Budget Workshop Report, March 28, 2016
 - E. Approval of the Recommendations made at the Board Finance and Budget Workshop, as set forth in the Finance and Budget Report, March 28, 2016

Director Dickson made a motion, seconded by Director Duncan, to adopt the consent calendar as presented. President Jeter requested a vote. Motion passed 7-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported to the Board that after three months of being shut down for maintenance, pump tie-ins, and installations, the Agency is officially back online as of today, pumping 24 hours a day. The plan is to continue this schedule for the rest of the year.

(2) Report on Water Supply Conditions: General Manager Davis reported on the storage conditions as of April 1st. Lake Oroville storage level is at 114% for this date. The storage level for San Luis Reservoir as of April 4th is 57% of average. The California snow water content as of April 1st for the Northern Sierra is at 95%; Central Sierra is at 88%; and the Southern Sierra is at 73%. General Manager Davis reviewed the Daily Reservoir Storage Summary report, which reported Lake Oroville inflow is at 8,172 cfs, mainly from snowmelt.

(3) General Agency Updates: **1) News Article on Delta Tunnels:** General Manager Davis briefly reviewed an LA Times article on the Delta Tunnels, providing his opinion on the content. **2) Beaumont Basin Water Master Application:** General Manager Davis stated that the Agency's application for a storage account has been received by the Watermaster. Discussion on the application will be listed on the Watermaster's agenda for June. **3) Regional Water Issues - Joint Board Meeting:** General Manager Davis attended the joint board meeting that was held on March 31st, as a member of the public. He noted that fewer participants were in attendance. General Manager Joe Zoba (YVWD) gave the same allocation plan presentation that had been given to our board members in the past. **4) SBVMWD – Facilitated Meeting:** President Mark Bulot (SBVMWD) sent out a letter last week to board presidents and mayors within the Agency's boundaries, offering to host the facilitated process. An initial meeting will take place in the next couple of weeks. **5) Water Expert:** General Manager Davis requested direction from the board pertaining to their preference on scheduling the meeting(s) for the water expert to discuss water allocation. It was the consensus of the board to schedule the meetings separately from the board meetings and to hold the meeting(s) at 4:00 pm; it is anticipated that the first meeting will take place in April. Director Ball noted that he will not be available April 21 – 24. Director Melleby noted that she will not be available April 15th.

B. General Counsel Report: General Counsel Jeff Ferré stated that a State Water Resources Control Board Public Workshop will take place on April 20th. The State Board will receive input on the potential modification of the current Emergency Regulation for Statewide Urban Water Conservation. This will be an informational workshop only and the State Water Board will take no formal action. A decision on a revised or new regulation is anticipated in May, 2016.

C. Directors Reports: **1) Director Ball** reported on the joint meeting that was held on March 31st. He stated that the next upcoming meeting was changed from April 21st to April 28th. **2) Director Melleby** reported on the SGPRWA meeting that was held on March 23rd. During the meeting the group was tasked with identifying and ranking regional needs. Director Melleby stated that the group was asked to request from board members what does long term reliability and sustainability actually mean, and

what steps are needed to achieve reliability and sustainability for the region. Director Melleby proposed that this topic be on the next Engineering workshop agenda in order to have a thoughtful discussion on this topic. Director Melleby reported that General Manager Davis gave a presentation on the California Water Fix at the March 23rd SGPRWA. He also gave the same presentation at the San Geronio Pass Rotary Club on March 24th. The presentation was well received.

6. New Business: (Discussion and Possible Action)

A. Consideration of Budget Revision: A staff report and a financial spreadsheet pertaining to the proposed budget revision for fiscal year July 1, 2015 – June 30, 2016 were included in the agenda packet. General Manager Davis stated that this item was discussed during the Finance and Budget workshop on March 28th. He provided a detailed explanation on the proposed budget revision. The net result is a reduction in the General Fund of \$39k. Director Stephenson made a motion, seconded by Director Melleby, approving the budget revision. President Jeter requested a vote. *Motion passed 7-0.*

B. Presentation on SGPWA's Water Rates: A staff report was included in the agenda package. A handout of the PowerPoint slides was provided to the Board and to members of the public. General Manager Davis stated that this presentation is for informational purposes only; there will be no recommendation, and no action to take. This is a follow-up to a presentation that was provided last November, however many of the slides have been updated to include all financial data through last year. General Manager Davis presented on the following:

- SGPWA Water Rates and the SGPWA Act
- Degree of Subsidization
- SGPWA Ordinance 8-Rules and Regulations for SGPWA Water Service
- State Water Project Costs
- Early SGPWA Water Rates: 2004 – 2006
- 2008 – 2009 Rate Setting Process
- Variable Rate
- Spending of Revenues
- Sensitivity Analysis
- Off-Aqueduct Charges
- Current Water Rates
- Credit Allocation
- Water Rate Expenditures – Projections & Actual

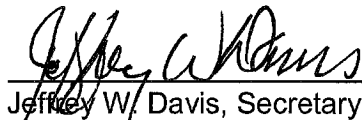
In summary, the Agency is losing money on purchased water. SWP variable costs are increasing rapidly and off-aqueduct costs are being shifted to variable component. General Manager Davis took questions from the Board and members of the public. General Manager Eric Fraser (BCVWD) voiced his objection to the presentation and provided a number of DWR's invoices to the Board members. After discussion, General Manager Davis concluded his presentation. President Jeter stated that further discussion on this item will take place again in the near future.

C. Consideration of Canceling the May 2nd Board Meeting: General Manager Davis informed the Board that he and possibly other board member(s) will be attending the ACWA conference and will be unable to attend the May 2nd Board meeting. He

proposed that the meeting be canceled. After discussion, it was the consensus of the Board to not cancel the meeting.

D. Appointment of Ad Hoc Committee for Facilitated Process: President Jeter announced that Directors Dickson and Stephenson are appointed to the ad hoc committee for the facilitated process. Director Ball expressed his reasons as to why and who should be on the committee. Director Fenn expressed his desire to have a third person on the committee and that he would be willing to be a participant. President Jeter stated that Directors Dickson and Stephenson will remain as the appointees to the ad hoc committee for the facilitated process.

7. **Topics for Future Agendas:** Discussion on long term reliability and sustainability.
8. **Announcements:** *President Jeter reviewed the following announcements:*
 - A. Engineering Workshop, April 11, 2016 at 4:00 p.m.
 - B. Regular Board Meeting, April 18, 2016 at 7:00 p.m.
 - C. Finance and Budget Workshop, April 25, 2016 at 4:00 pm
9. **Adjournment:** *President Jeter adjourned the meeting at 8:47 p.m.*



Jeffrey W. Davis, Secretary of the Board