

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
July 18, 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
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., July 18, 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.* Dr. Della Condon wished to speak during item 6D. Mrs. Patsy Reeley wished to speak during item 6D. There were no other members of the public that wished to comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, July 5, 2016
 - B. Approval of the Minutes of the Engineering Workshop, July 11, 2016

Director Duncan made a motion, seconded by Director Stephenson, 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 on the following: **A.** The Agency delivered 663 acre-feet so far this month. **B.** A shutdown is in place at Crafton Hills Pump Station for mechanical and electrical work to prepare for startup testing on the CHPS pumps.

(2) Whitewater Flume Update: Due to research that had been done by Banning Heights Mutual Water Company, Roy McDonald has come up with a potential solution that does not require a permit from United States Forest Service. General Manager Davis explained what the options are including negotiating a settlement agreement with USFS. The next step is to notify FERC, SCE and USFS of the options. General Manager Davis will report back to the Board on this issue as warranted.

(3) General Agency Updates: **1) EBX 2:** The fourth pump has been installed at Cherry Valley Pump Station; start-up testing has commenced. Pumps have been installed at Crafton Hills Reservoir. Pumps are scheduled to be installed at Citrus Pump Station. Testing of the pumps will take place during the course of the year. The installation should be completed by this year. **2) SBVMWD SWP Table A Water Purchase Agreement:** Doug Headrick (General Manager - SBVMWD) and General Manager Davis have drafted some principles of a Table A Water Purchase agreement whereby the Agency would purchase Table A water from SBVMWD. Mr. Headrick presented the draft principles to his Board and they were receptive to the proposed principles. **3) IERCD:** IERCD has been hired by the Agency to provide school programs. They provided 39 programs this year at six different schools. General Manager Davis stated that the program has proven to be very successful. **4) SGMA:** DWR did not approve the requested boundary changes for San Timoteo Basin. Another opportunity to request boundary changes will occur in 2018. Therefore, the Groundwater Sustainability Agencies will be working with the boundaries as they exist today. Within the next couple of months General Manager Davis will present a recommendation on a proposed GSA governance structure for the San Gorgonio Basin.

B. General Counsel Report: General Counsel Jeff Ferré deferred his report due to the number of items on today's agenda.

C. Directors Reports: **1) Director Stephenson** reported on the Whitewater Flume tour that was provided by the Agency. **2) Director Fenn** reported on the following: **a)** Whitewater Flume tour. **b)** BCVWD Board meeting in which General Manager Davis provided a presentation on the Sites Reservoir project. Director Fenn had to excuse himself from the meeting prior to hearing the presentation. He asked General Manager Davis how his presentation was received. General Manager Davis responded that BCVWD will be holding a special board meeting later this month to vote on participation of the project; the deadline to apply is July 29th. **c)** Director Fenn also attended the YVWD Board meeting. Due to the minor content on the agenda there was nothing to report. **3) Director Ball** reported on the following: **a)** Whitewater Flume tour. **b)** He attended BHMWC to help educate the board on the purpose of reducing the Agency's board size. **c)** He also attended South Mesa Water Company to help educate their board on the purpose of reducing the Agency's board size. **d)** Sand to Snow Public Comment session that was held at Yucaipa Community Center. **e)** BCVWD board meeting. **4) Director Duncan** stated that as a point of interest on July 23rd from 9 am-1 pm the City of Banning will be holding its Annual Disaster Preparedness seminar. He invited the Board and the public to participate in the preparation of this event and the day of the event itself.

6. New Business: (Discussion and Possible Action)

A. Consideration of Resolution No. 2016-02 Setting the Appropriations Limit for Fiscal Year 2016-2017: A staff report, the financial sheet for the Appropriations Limit, and Resolution No. 2016-02 were included in the agenda packet. General Manager Davis stated that this item is presented to the Board on an annual basis. A calculation of the Appropriations Limit is required by the California Constitution. For this fiscal year, the formula amount is \$55,656,726. The Agency's debt service and general fund budgets combined will be less than half this amount. Staff recommends that the Board adopt Resolution No. 2016-02 in accordance with California law. Director Duncan made a motion, seconded by Director Melleby, to adopt the Appropriation Limit for 2016-2017. *Motion passed 7-0.*

B. Consideration of Engaging Auditor for Fiscal Year 2015-2016: A staff report and a copy of Ahern Adcock Devlin (AAD) engagement letter were included in the agenda packet. General Manager Davis stated that the Agency is required by law to have the Agency's financial books audited. The auditor works for the Board of Directors and only the Board can hire the auditor. The hiring of the same auditing firm cannot exceed five years in succession. AAD has audited the Agency's books for the past four years. Staff will present a recommendation for the hiring of a new auditor service next year. It is anticipated that the cost will be approximately \$22,000.00. Director Duncan made a motion, seconded by Director Melleby, authorizing the President to sign the engagement letter with AAD, thus engaging ADD to perform the fiscal year 2015-2016 Agency audit. After discussion, President Jeter requested a roll call. *Motion passed 7-0.*

C. Discussion of Appointment of Sites Project Agreement Committee Members: General Manager Davis stated that last month the Board voted to participate in the Phase 1 of the Sites Reservoir. Part of the application process for participation is to name a director and alternate for the Sites Project Agreement Committee. General Manager Davis suggested that he be named as the director and Dale Melville of Provost and Pritchard as the alternate. Mr. Melville will charge by the hour for his attendance, if required. After discussion, Director Dickson made a motion, seconded by Director Fenn, to appoint General Manager Davis as the director and Dale Melville as the alternate. *Motion passed 7-0.*

D. Consideration of Resolution 2016-03 Rescinding Resolution No. 2015-04 and Halting all Efforts to Reduce the Size of the Board: General Counsel Ferre reviewed with the Board the steps that the Agency has taken to reduce the Board from seven members to five, which included the hiring of a lobbyist. He stated that the Board had a discussion on rescinding Resolution No. 2015-04 at the November 2, 2015 Board meeting. After consideration of the matter, the Board decided to continue to pursue the reduction of the Board size. Since the adoption of Resolution No. 2015-04 Staff and the Agency's lobbyist have engaged in numerous efforts to pursue the passage by the legislature of the revision to the Agency's Act. Senator Mike Morrell did initially agree to introduce a bill however, due to some letters of opposition Senator Morrell's office communicated that so long as there is opposition, the bill will not be introduced. At the July 5th Board meeting the Board discussed whether it wishes to continue to pursue a reduction in Board size due to a number of factors. General Counsel Ferre recommended two alternatives. 1) If the Board wishes to continue to pursue the Agency bill, no action is necessary. 2) If the Board wishes to stop pursuing a reduction

in Board size and wishes to keep the size of the Board at seven (7) members, then the Board needs to adopt Resolution 2016-03, which would rescind Resolution 2015-04. General Counsel Ferre reported to the Board that this item could not be presented to the voters during a General Election as we are a special act agency and the election code does not provide for this. President Jeter requested discussion on this item from the Board. Directors Fenn, Dickson, Duncan and Jeter spoke on the various reasons to rescind Resolution No. 2015-04 including representation, water retailers and members of the public not supporting this action, the amount of time and money spent on this matter, and the potential to deter members of the public who wish to run for the at-large 2 seat due to the short-term of this seat. Directors Ball and Melleby spoke on why the Agency should continue to pursue the reduction of the Board size, citing that it is a better way of being fiscally responsible while still providing representation for the whole area, the standard is a five member board, and to educate members of the public and water retailers in our service area. President Jeter requested public comment. Patsy Reeley (Cherry Valley resident), Lori Ball (Cherry Valley resident) and Jeff Cottrell (Beaumont resident) spoke in opposition to rescinding Resolution No. 2015-04. Della Condon (resident of Beaumont) was neutral. Director Ball made a motion, seconded by Director Melleby, to continue item 6D to January 2017. After discussion, President Jeter requested a roll call vote on the continuance of item 6D to January 2017.

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

Motion failed 3-3-1.

Director Stephenson made a motion, seconded by Director Duncan, to adopt Resolution No. 2016-03, thereby rescinding Resolution No. 2015-04. After discussion, President Jeter requested a roll call vote to adopt Resolution No. 2016-03.

<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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Fenn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input type="checkbox"/>	<input checked="" 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 passed 5-2.

E. Consideration of Termination of Letter Agreement for Legislative Services:

General Manager Davis asked the Board if it wishes to continue to pay for legislative services. He informed the Board that the lobbyist provides services that are in addition to the Board size issue. These services includes: (1) monitoring and tracking legislation; (2) advocating on behalf of the Agency; (3) providing briefings as requested by the Agency; and (4) developing strategic relationships. The current cost is \$5,000 per month. Director Duncan made a motion, seconded by Director Stephenson, to terminate the letter of agreement for legislative services. President Jeter requested a roll call.

<u>Roll Call:</u>	<u>Aye</u>	<u>Noes</u>	<u>Absent</u>	<u>Abstain</u>
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 Fenn	<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"/>

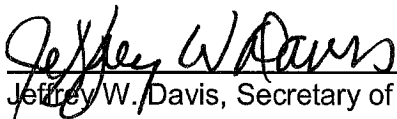
Motion passed 7-0.

7. Topics for Future Agendas: There were no topics for future agendas given.

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

- A. Engineering/Allocation Workshop, July 11, 2016 at 4:00 p.m.
- B. Regular Board Meeting, July 18, 2016 at 7:00 p.m.
- C. Finance and Budget Workshop, July 25, 2016 at 4:00 pm

9. Adjournment: *President Jeter adjourned the meeting at 8:46 p.m.*



Jeffrey W. Davis, Secretary of the Board