

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Engineering Workshop
Agenda
April 10, 2017 at 4:00 p.m.

- 1. Call to Order, Flag Salute and Roll Call**
- 2. Public Comment:**
Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary.
- 3. Further Discussion on Resolution 2014-02, A Policy for Meeting Future Water Demands***
- 4. Discussion of Wheeling Rate and Wheeling Policy Issues**
- 5. Status Report on Beaumont Wastewater**
- 6. Announcements**
 - A. Regular Board Meeting, April 17, 2017 at 7:00 p.m.
 - B. Finance and Budget Workshop, April 24, 2017 at 4:00 p.m.
 - C. San Gorgonio Pass Regional Water Alliance, April 26, 2017
 1. IRWMP Meeting at 4:30 p.m.—Large Conference Room
 2. Regular Meeting at 5:30 p.m.—Large Conference Room
- 7. Adjournment**

***Information included in Agenda Packet**

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for Public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at <http://www.sgpwa.com>. (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

MEMORANDUM

TO: Board of Directors

FROM: Staff and General Counsel

RE: Engineering Workshop
Discussion and Informational Purposes Only - Potential new resolution to supersede Resolution No. 2014-02 which established a policy for meeting future water demands

DATE: April 10, 2017

Discussion and Informational Purposes Only – No Action

During the Engineering Workshop on March 13, 2017, the Board discussed potential new language which could be included in a new resolution to supersede Resolution No. 2014-02. Said Resolution No. 2014-02 established a policy for meeting future water demands.

Directors reviewed and proposed draft language, copies of which are included with this Staff Report. In addition, the Board directed Staff and Legal Counsel to compile the proposed changes into a markup/strikeout version and to make further changes in an effort to refine the various proposals. The markup/strike out version is also included with this Staff Report.

Please note that the attachments are simply proposals for the purpose of discussion and information at this Engineering Workshop. Any action to adopt a new resolution, or otherwise revise Resolution No. 2014-02, could potentially be placed on the agenda for a future Board meeting if the Board wishes to do so.

RESOLUTION NO. _____

**A RESOLUTION OF THE SAN GORGONIO PASS
WATER AGENCY ESTABLISHING A POLICY FOR
MEETING FUTURE WATER DEMANDS**

WHEREAS, the San Gorgonio Pass Water Agency ("Agency") is a state water contractor, that was formed with the purpose of importing water from the State Water Project ("SWP") into the San Gorgonio Pass area in 1961. The Agency's service area encompasses approximately 228 square miles and includes the Cities of Beaumont, Calimesa, and Banning, as well as the unincorporated areas of Cherry Valley, Cabazon, Poppet Flat, Banning Bench, and San Timoteo and Live Oak Canyons; and

WHEREAS, the mission of the Agency is to import water and to protect and enhance local water supplies for use by present and future water users and to sell imported water to local water agencies within the Agency's service area. The Agency is able to import water from sources that provide the highest quality and the most cost effective price, including the SWP and other potential sources. The Agency also works with local retail agencies to manage local and regional water resources in a sustainable manner designed to manage overdraft within the Agency's service area; and

WHEREAS, the Agency has a contract with the California Department of Water Resources for 17,300 acre-feet of SWP water which is used to supplement local demands including eliminating groundwater overdraft. Information and reports obtained by the Agency, including but not limited to, the Agency's current 2010 Urban Water Management Plan, indicate that said amount of SWP water will likely not be sufficient to meet all future supplemental water demands within the Agency's service area. The Agency has the responsibility to manage the present and future water supply needs for all users within its jurisdiction. Increased demand from new growth, and decreasing reliability, as well as new state laws and regulations, will continue to present challenges to the Agency's ability to deliver wholesale water on a reliable basis. In addition, the Agency has made substantial investments in facilities and infrastructure to bring said supplies to the region and to store and deliver said supplies. Said facilities include pipelines, pump stations, turnouts, reservoirs and spreading grounds; and

WHEREAS, this Resolution may further be amended as clarification is needed in response to unforeseen conditions by this or future Boards of Directors of this Agency; and

WHEREAS, the Board of Directors of the Agency desires to adopt this Resolution in order to establish a policy which will work toward the goal of meeting future water demands in the region.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

1. Incorporation of Recitals All of the foregoing Recitals are true and correct based on current information and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

2, Definitions The types of water rights, supplies and resources which are subject to this Resolution and the policy set forth herein include, but are not limited to, the following:

(a) Carryover Water - Water belonging to a State Water Contractor that is not used in a given calendar year and thus is carried over to the next year for use in that year or in a future year.

(b) Dry Year Yield Water - Water made available in a dry year for that year only, typically from a farming interest, irrigation district or other type of agency providing service to farming interests.

(c) Exchange Water - Water obtained from another water agency in exchange for a promise of water at a subsequent time such as in a future month or future year. An exchange may be a one-to-one exchange or an exchange with a different ratio.

(d) Long-Term Water Rights - Water rights owned by another entity which is willing to sell the rights to the water and not just a water supply. Long-Term Water Rights are frequently defined as lasting as long as the State Water Project.

(e) Short-Term Water - Water available under certain conditions in any given year or for a limited number of years for a defined period only.

(f) Spot Water - Water available in any given year for that year only.

(g) Transfer Water - Water transferred from one area of the state to another through the actions of public agencies.

3. Regional Water Management

(a) Meeting The Water Supply Needs Of The Region - The Agency is prepared to take the necessary actions to provide its service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. As additional water resources are required to meet increasing needs, the Agency will be prepared to take the necessary actions to deliver such supplies. The Agency, acting as a wholesale water agency, desires to help its Purchasers (as defined in the Agency's rules and regulations) succeed in providing their retail customers with an adequate supply of supplemental water, as such water needs are determined by their respective governing bodies. From time to time and in the Agency's discretion, the Agency will (i) keep Purchasers informed of opportunities to acquire various types of water, as described in Section 2 above, to give priority to, and help facilitate, the Purchasers' purchase of supplemental water with third parties; and (ii) inform Purchasers of other opportunities to secure supplemental water that may arise from time to time, such as, by way of example, the Site Reservoir project. Purchasers that project future water demands above and beyond the Agency's SWP annual allotment of 17,300 acre-feet per year ("AFY") will have said future water demands included in the Agency's Urban Water Management Plan ("Plan") subject to the following. The inclusion of said demands in the Plan shall be contingent upon the Agency's Facility Capacity Fee ("Fee") being imposed and collected within that Purchaser's service area. In the event the Fee is not imposed and collected within that Purchaser's service area, the Purchaser will not be eligible for inclusion of said water needs in the Plan and will therefore need to pursue all of its own supplemental water for said water needs.

(b) Funding For And Construction Of Facilities And Supplemental Water Purchases - Taxpayers and water users residing within the Agency's service area already have obligated themselves for the construction of a supply and distribution system. This system has been designed and constructed, and future facilities will be designed and constructed, in a manner to deliver the Agency's full share of SWP water, as allocated yearly by the Department of Water Resources, as well as water from other sources as may be required in the years ahead. The Agency adopted Resolution No. 2015-5 to adopt the Fee for facilities and water. The Agency will pursue a mutually agreed upon arrangement with Purchasers and/or land use agencies (such as the applicable city and/or county) to have the Fee imposed and collected within the Purchaser's/land use agency's jurisdiction in order to fund future supplemental water purchases for future water demands.

(c) Acquiring Supplemental Water Supplies - The Agency is prepared to take the necessary actions to meet the water supply needs of the region, should additional water supplies become available. For example, and not by way of limitation, the Agency is authorized to pursue the acquisition of Short-Term Water, Spot Water, Dry Year Yield Water, and Long-Term Water Rights. In consultation with Purchasers that may be purchasing supplemental water, The Board of Directors of the Agency has will have the discretion to reasonably determine the timing and other details of acquiring such supplies, which details may include but are not limited to current market pricing, Agency resources and available funds. The Agency and will also manage the Agency's current supplies to maximum effect, as determined in the Board's direction. In order to meet this commitment, the Agency has the discretion to reasonably determine which type of water source to pursue including, but not limited to, Carryover Water, one-year or multi-year Exchange Water, Transfers, or other purchases of water or water rights. Supplemental water purchased by a Purchaser shall belong solely to that Purchaser to be used according to that Purchaser's determination.

4. Consideration Of A Wheeling Request - The Agency will consider "wheeling" water to the region subject to the terms of this Resolution, Agency wheeling policies, applicable law and upon payment of the applicable charge. In the event of any such wheeling, the Agency's facilities, including its rights to use SWP facilities, may be used to transport water not owned or controlled by the Agency to a retail agency or other public or private entity within the Agency's service area.

5. Potential For Future Policies Regarding Water Supplies - Nothing in this Resolution shall limit or otherwise impact the authority of the Board to adopt future policies regarding water supplies including, but not limited to, any potential water shortage plans that the Board may deem necessary in order to establish how the Agency will allocate deliveries of water to local retail agencies during single and multiple dry years where the total amount of annual orders from local retail agencies exceeds the amount of SWP water available in that calendar year or years.

6. Controlling Effect - All ordinances, resolutions, minute orders, or administrative actions by the Board of Directors, or parts thereof, that are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

7. CEQA Compliance - The Board finds that the establishment of a policy for meeting future water demands constitutes general policy and procedure making and also constitutes organizational or administrative activities that will not result in direct or indirect physical changes in the environment. Based on this finding, the Board determines that the establishment of a policy for meeting future water demands, by way of adoption of this Resolution, is exempt from the requirements of the California Environmental Quality Act pursuant to section 15378(b)(2) and (5) of the State CEQA Guidelines.

8. Effective Date - The President of the Board shall sign this Resolution and the Secretary of the Board shall attest thereto, and this Resolution shall be in full force and effect immediately upon adoption ("Effective Date"). This Resolution shall supersede Resolution No. 2014-02 and as of the Effective Date, Resolution No. 2014-02 shall be of no further force or effect.

9. Severability - If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

ADOPTED AND APPROVED this _____ day of _____, 2017.

President, Board of Directors
San Geronio Pass Water Agency

ATTEST:

Secretary, Board of Directors
San Geronio Pass Water Agency

Cheryle Rasmussen

From: David Fenn <davefenn92@gmail.com>
Sent: Friday, April 7, 2017 12:36 AM
To: Jeff Davis; Cheryle Rasmussen; Jeff Ferre
Subject: 2014-2 Comments for 4/10/17 Workshop

Jeff Davis & Jeff Ferre,

Mr. Davis, I am unable to attend Monday's workshop due to a family funeral. Please have this email included in the agenda packet so that the other board members can have my input as well.

I appreciate the draft document from Mr. Ferre. I believe he did a great job in consolidating the comments from our previous meeting into the current draft that is now being discussed.

In our previous meeting I felt we came to a clear consensus of the proposed changes to the **WHEREAS** clauses and section **3B** so I believe those changes should stand as currently stated in the revision.

As a board we had some differences of opinion on items 3A & 3C.

Regarding Item **3A**, we had some requests to remove the first 2 sentences, which I agree to. We also had addition requests which included our state allocation, capacity fee, retailer notification for purchase opportunities & inclusion in our urban water management plan. Counsel was able to include all of these elements so therefore I feel that item 3A as revised should stay the same.

Regarding **3C**, we had differences of opinion on this as well. The first sentence was requested to be removed but with my addition of "should additional water supplies become available" keeps the intent of the agency in the resolution with a "disclaimer" in place. The elements of consultation with retailers is included & I feel that shows good faith to our retailers and keeping the lines of communication open. The disclaimer for current pricing, agency resources & available funds meets my suggested changes. The final changes for this paragraph regarding purchased water being used according to purchaser determination also makes good sense.

So long story short is I feel the current draft can be adopted by the board and has my approval. Should any board member request a minor change for purposes of clarification I am in full support of it. **So therefore, I like the current revision as written.**

Thank you,

David Fenn

San Geronio Pass Water Agency

DRAFT Water Wheeling Policy Outline

- I. Definitions
 - a. Wheeling. Conveying water belonging to another party through facilities or capacity in facilities owned by the Agency.
 - b. Aqueduct. The California Aqueduct, including all facilities from Lake Oroville through the East Branch Extension.
 - c. Local Public Agency. A public entity located within the Agency's service area, including cities and water purveyors, public and private.
 - d. Capacity. The right to use a particular portion of a facility to convey, pump, or store water. Capacity is typically defined in terms of cubic feet per second, or cfs.

- II. Concepts (probably not included in final policy, but included during draft process for clarity)
 - a. Water Quality—The Agency wishes to prevent any significant degradation in water quality to the State Water Project. This includes in particular salinity and nitrates, but also includes other contaminants commonly associated with groundwater in California.
 - b. Capacity Availability—The Agency reserves its capacity in the Aqueduct for use to meet the current demands of its customers first and foremost. Capacity for wheeling water would only be made available if it is not needed to meet these needs. If wheeling were to occur, it would be discontinued if at any time the needs of the Agency's customers were to require the capacity then being used for wheeling.
 - c. Fairness—The Agency recognizes that its capacity was funded by all taxpayers throughout the Agency's service area and that those taxpayers must be protected in the event of any wheeling of water. Should water be wheeled for an entity that is not a Local Public Agency, a wheeling fee would be charged that would protect the Local Public Agencies and their taxpayers. Should water be wheeled for a Local Public Agency, its contributions to Agency tax receipts in that year would be recognized by the Agency in setting a wheeling rate.

- III. Details
 - a. Purpose. The purpose of this policy is to set the conditions under which the Agency would consider wheeling water through its capacity in the Aqueduct, and to set clear rules and fees for such wheeling.
 - b. Requirements. If an entity wishes to use Agency-owned capacity in the Aqueduct to wheel water, that entity must complete the Wheeling Request Form, attached as Exhibit A to this policy. Once it is completed and signed, the form must be submitted to the General Manager.

- c. The General Manager will analyze the request form for issues including but not limited to:
 - i. Water quality. The Agency will not allow a significant degradation of water quality in the Aqueduct, as defined by SWP Pump-in Standards. Water that does not meet current Pump-in Standards will not be allowed in the Aqueduct.
 - ii. Capacity requirements. Use of Agency capacity in the Aqueduct, including the East Branch Extension system, is reserved first for current demands of the Agency's customers. If and only if there is capacity available would the Agency consider using it to wheel water for any party, including one of its customers.
 - iii. Information to be included in the application for wheeling form:
 - 1. Who are you
 - 2. Source of water
 - 3. Quantity of water
 - 4. Flow rate of water
 - 5. Beginning date
 - 6. End date
 - 7. Point of entry to aqueduct
 - 8. Delivery point
 - 9. Water quality report (need details here)
 - 10. Where will water be used
 - iv. Agency requirements
 - 1. Capacity must be available
 - 2. Wheeling could be shut off any time if capacity becomes unavailable
 - 3. Water quality must meet SWP Pump-in Standards

IV. Limitations

- a. Water Quality. Prior to wheeling any water in the Aqueduct, the Agency may require a Title 22 water quality analysis to be performed on the water to be wheeled. The Agency will review the report and determine if the water quality is acceptable for purposes of wheeling.
- b. Capacity. The Agency's capacity in various East Branch Extension facilities is defined through the Third Joint Facilities Agreement with the San Bernardino Valley Municipal Water District. The Agency's capacity in the Aqueduct upstream of Devil Canyon Hydroelectric Facility is defined by the Agency's contract with the California Department of Water Resources. The Agency's highest priority for use of this capacity is to deliver water to its customers as the water is available and as the customers have a need for it. Wheeling will only be considered for periods of time in which capacity is available. Wheeling will not impact delivery of water to Agency customers either in the short term or in the long term.

V. Wheeling Charges

- a. It is the declared policy of the Agency that it should recoup some of the fixed costs of the Aqueduct in any wheeling fees. Fixed costs include debt service and O&M costs.
- b. It is also the policy of the Agency that public agencies within its service area should receive credit for taxes paid in determining their wheeling fees.
- c. Calculation of potential wheeling charge—see attached