

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
April 3, 2017

Directors Present: David Fenn, President
Ron Duncan, Vice President
Lenny Stephenson, Treasurer
Blair Ball, Director
David Castaldo, Director
Stephen Lehtonen, Director
Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Thomas Todd, Finance Manager
Jeff Ferre, General Counsel

1. **Call to Order, Flag Salute, Invocation, and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President David Fenn at 7:00 p.m., April 3, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Castaldo led the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* General Manager Davis requested that the Board consider pulling item 6C, as the presenter is not available. The Board was in consensus of tabling this item until the next board meeting.
3. **Public Comment:** *President Fenn 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 Regular Board Meeting, March 6, 2017
 - B. Approval of the Minutes of the Regular Board Meeting, March 20, 2017
 - C. Approval of the Minutes of the Finance and Budget Workshop, March 27, 2017
 - D. Approval of the Finance and Budget Workshop Report, March 27, 2017

Director Stephenson made a motion, seconded by Director Duncan, to adopt the consent calendar as presented. Motion passed 7-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: The Agency delivered a total of 1056 acre-feet to the Noble Creek Connection, for the month of March. **(b)** Current flow rate to Noble Creek is at 20 cfs – twenty four hours a day, seven days a week. **(c)** Citrus Reservoir will be receiving water for the first time tomorrow morning. Four new pumps are scheduled to be in operation by May 1st. **(d)** DWR's April 1st snowpack measurement survey shows that statewide, the Sierra snowpack is 164% of average. This is one of the wettest water years in recorded history. Table A water allocation is still at 60%. **(e)** DWR has stated that a repaired spillway will open up by November

1st; it is unclear if this will be permanent or a temporary fix. FEMA has granted \$274 million for the Oroville spillway repairs.

(2) General Agency Updates: (a) Flume Meeting: A meeting took place today between SCE and the PEs (President Fenn attended). SCE, who currently owns the flume and the facilities, is trying to surrender their license to FERC, in which case a new permit would be needed. A permit from FERC comes with a designation of generating power. The Forest Service will only issue a permit with the understanding that there will be flow releases for the trees. The PEs want a permit from the Forest Service, but do not want to surrender any water. The Forest Service is saying that there are still some studies that need to be done to define flow releases.

B. General Counsel Report: (a) General Counsel Jeff Ferré deferred from reporting due to the length of the agenda.

C. Directors Reports: (1) Director Stephenson reported on the April 18th YVWD workshop that he attended. **(2) Director Ball** spoke to a number of cub scouts last Wednesday night on water. **(3) Director Thompson** reported on the SGPRWA that he attended on March 2nd. **(4) Director Castaldo** reported on the March 21st Beaumont City Council meeting that he attended.

D. Committee Report – Water Conservation and Education Committee: Director Thompson, Chair of the Water Conservation and Education Committee, brought to the Board's attention that the Committee Report in the agenda packet states in paragraph 2 the following: The Committee voted unanimously to recommend that the Board vote to support a \$4000 sponsorship of this event. This wording is to be stricken from the record as it was reported incorrectly. The committee did not vote to support a \$4000 sponsorship, instead the committee agreed to bring this issue to the Board for input and possible action. He stated that during the meeting the Committee discussed the SGPRWA upcoming contest with 5th grade students, and also discussed the Solar Challenge. During the meeting General Manager Davis provided an update and PowerPoint presentation on the program that the Agency has funded for school aged children through Inland Resource Conservation District on water conservation. The Committee also discussed future agenda topics.

E. Committee Report – General Manager Performance Evaluation Committee: Director Castaldo, Chair of the General Manager Performance Evaluation Committee, stated that the Committee decided to incorporate the knowledge and expertise of a facilitator in the evaluation process of the general manager. The committee will work together with the facilitator to put together a scope of work with the committee, and then the scope of work would likely involve the whole Board. The interviews will take place on April 6th.

F. Committee Report – Ad Hoc Committee on Capacity Fee: Director Duncan, Chair of the Ad Hoc Committee on Capacity Fee, reported that a meeting was held earlier today to discuss the capacity fee and options for collection of the fee. In addition, the committee discussed YVWD's request for the Agency to draft an agreement.

6. New Business: (Discussion and Possible Action)

A. Consideration and Possible Action for Sites Reservoir Beaumont Cherry Valley Water District Cost Sharing Agreement: A copy of the staff report was included in the agenda packet. General Manager Davis stated that this item was discussed in detail, including correspondence received from BCVWD regarding the Sites Reservoir agreement, at the February Engineering workshop. He reviewed with the Board what percentage of Class 1 and Class 2 water is available and the difference in pricing. He also stated that discussions took place between General Manager Eric Fraser (BCVWD) and himself. General Manager Davis reviewed the Sites Reservoir buy-in concept and the potential for Prop 1 funding for Class 2 water. Discussion arose on the percentage of Class 1 water that BCVWD has stated it would take. The purpose of this proposed Board action is to determine how the Board wishes to share costs and risk with BCVWD, particularly in regard to how much Class 1 water and Class 2 water each party would receive. After discussion, Director Stephenson made a motion, seconded by Director Castaldo, to share the risks equally with BCVWD by each party taking its respective share of both Class 1 and Class 2 water (71.4% for the Agency and 28.6% for the District). President Fenn requested a roll call vote.

<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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Castaldo	<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 Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Fenn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion passed 7-0.

B. Consideration and Possible Action of Engaging Auditor for Fiscal Year 2016-2017: General Manager Davis stated that in 2004, the Board adopted a policy relating to changing auditors every five years. The Agency has adhered to this policy. Five years ago, the Agency hired the firm of Ahern Adcock and Devlin to perform the Agency audit. Linda Devlin was the Principal in Charge of the audit for the past five years. However, in 2016 a number of events occurred that might influence the Board's decision-making regarding contracting with a new auditor for 2017; one of which the firm of Ahern Adcock Devlin merged with a larger firm, SingerLewak. General Manager Davis reviewed with the Board the circumstances that would benefit the Agency to keep SingerLewak as the Auditor for at least one more year (possibly up to two years). Due to the Government Accounting Standards Board changing rules related to pensions and pension payments it is Staff's opinion that hiring a different auditing firm in 2017 would cost the Agency more money, as the new auditor would have no background on the Agency's pension issues and how they have been handled for the past several years. The purpose of this proposed Board action is to determine if the Board wishes to temporarily set aside this policy in 2017 and possibly 2018. However, should the Board prefer hiring a new accounting firm staff is willing to distribute Requests for Proposals (RFPs). It was the consensus of the Board to not take any action on this item and directed staff to distribute RFPs. No action was taken; therefore the current policy remains as is.

C. Consideration and Possible Action of Sponsorship for Inland Solar Challenge:
This item was removed from the agenda during item 2.

D. Consideration and Possible Action of Resolution No. 2017-06 Supporting ACWA's Policy Statement on Bay-Delta Flow Requirements: A staff report, a copy of ACWA's policy statement, as well as ACWA's comment letter on the proposal, were included in the agenda packet. General Manager Davis stated that the State Water Resources Control Board is in the process of revising its water quality control plan for the Bay-Delta watershed. This proposed plan includes basing required flows on historical "unimpaired flow" – a concept that is not consistent with existing state policy. General Manager Davis provided background on this issue, including the release of the draft revised Substitute Environmental Document, public hearings on the proposal, unimpaired flow and natural flow. ACWA's policy statement is in opposition to the proposed plan. ACWA is asking its members for resolutions of support. The purpose of this proposed Board action is to determine if the Board wishes to take a formal stance on this issue by supporting an ACWA policy statement that opposes the proposed plan. Director Duncan made a motion, seconded by Director Lehtonen, to adopt Resolution 2017-06. Motion passed 7-0.

E. Consideration of Providing a Support Letter for AB 1654: General Manager Davis stated that the purpose of this proposed Board action is to determine if the Board wishes to support the work of 114 water agencies in recommending changes in the implementation of the proposed regulations. Several pieces of legislation are currently being debated in the Legislature relating to enhanced water conservation regulations; the first is AB 1654. The Agency has been asked to provide a letter of support for AB 1654 to be submitted to an Assembly Committee. General Manager Davis reviewed with the Board the changes in the UWMP Act which would help the water industry. The letter supports our local water retailers as well. After discussion, Director Castaldo made a motion, seconded by Director Duncan, authorizing the General Manager to sign the letter of support for AB 1654. Motion passed 7-0.

7. Topics for Future Agendas: Agency Flume costs, City of Beaumont recycled water, and an update on High Valleys rates.

8. Announcements:

- A. Engineering Workshop, April 10, 2017 at 4:00 p.m.
- B. Regular Board Meeting, April 17, 2017 at 7:00 p.m.
- C. San Geronio Pass Regional Water Alliance, April 26, 2017
 1. IRWMP at 4:30 p.m. – Banning City Council Chambers
 2. Regular Meeting at 5:30 p.m. – Banning City Council Chambers

9. Closed Session (2 Items)

Time: 8:53

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code Section 54956.8
Property: Nickel Farms, LLC, Bakersfield, CA – Water Rights
Agency Negotiator: Jeff Davis, General Manager
Negotiating Party: Dwayne Chisam, General Manager – AVEK
Under negotiation: price and terms of payment

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code section 54956.8

Property: Potential water rights/supplies offers from the South Mesa Water Company

Agency negotiator: Jeff Davis, General Manager

Negotiating parties: David Armstrong, General Manager, South Mesa Water Company

Under negotiation: price and terms of payment

The meeting reconvened to open session at: Time: 10:12 pm

General Counsel Ferre stated that there was no action taken during closed session that is reportable under the Brown Act.

10. Adjournment

Time: 10:12 pm



Jeffrey W. Davis, Secretary of the Board