

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
May 15, 2017

Directors Present: David Fenn, President
Ron Duncan, Vice President
Lenny Stephenson, Treasurer
Blair Ball, Director
David Castaldo, Director (arrived - 7:16pm)
Stephen Lehtonen, Director
Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Cheryle Rasmussen, Executive Assistant
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., May 15, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Lehtonen led the Pledge of Allegiance to the flag. Director Stephenson provided the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* There being none the agenda was adopted as published.
3. **Public Comment:** 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, May 1, 2017
 - B. Approval of the Minutes of the Engineering Workshop, May 8, 2017

Director Stephenson made a motion, seconded by Director Thompson, to adopt the consent calendar as presented. Motion passed 6-0, with Director Castaldo absent.

5. **Reports:**

A. General Manager's Report:

(1) Operations Report: **(a) SWP Water Deliveries:** The Agency delivered a total of 695 acre-feet to the Noble Creek connection so far this month. **(b) Citrus Reservoir:** At the next board meeting General Manager Davis will provide a full report on the status of the installation of the new pumps at Citrus Reservoir. **(c) Oroville Spillway:** The California Department of Water Resources (DWR) is hosting seven public meetings in multiple locations to update communities in the region about the ongoing Oroville spillway recovery effort. The meetings will be opportunities for members of the public to hear from DWR leadership and experts about the status of the Oroville spillway and to ask questions and provide comments about the recovery process.

(2) ACWA Report: General Manager Davis reported a number of sessions that he attended at the Spring 2017 ACWA Conference. **(a)** Notable speakers were Randy Fiorini (head of Delta Stewardship Council) and Bill Croyle (Acting Director of the Department of Water Resources). **(b)** Sessions included pensions, integrating storage, water supply reliability, and flow criteria for the San Joaquin and its tributaries. **(c)** Key ongoing and current issues: Flow criteria (Bay Delta Water Quality Plan), water conservation and legislative actions, SGMA, Oroville spillway, and water storage and how it relates to Prop 1.

(3) General Agency Updates: **(1) Capacity Fee:** General Manager Davis reported that a draft cooperative agreement was sent to Calimesa and YVWD for their review. **(2) Whitewater Flume:** Negotiations continue with the USFS. A cost-sharing agreement was agreed to however, the initial cost was estimated at \$736k this amount was adjusted to \$620k. An extension was granted by USFS to make a counteroffer until the end of the month. The PE's will be presenting a counteroffer to include what studies should be done and the cost to conduct those studies. The counteroffer issue will be discussed during the next meeting; General Manager Davis will not be able to attend the May 18th meeting. **(3) Auditor Interviews:** Requests for Proposals was sent out to numerous auditing firms; the Agency received four proposals. From those four proposals two firms will be interviewed by General Manager Davis and Finance Manager Thomas Todd. **(4) Fiesta Recharge Project:** General Manager Davis is working with the consultant to get this prepared for advertising as soon as possible. An addendum to the EIR is the next step.

B. General Counsel Report: General Counsel Jeff Ferré deferred from reporting in light of the Public Hearings and Closed Sessions that are listed on the agenda.

C. Directors Reports: **(1) Director Stephenson** reported on the ACWA 2017 Spring Conference, the JPIA Risk Management meeting and the Executive Committee meeting. Director Stephenson also reported on the Fundamental Groundwater Rights seminar and other sessions that he attended. **(2) Director Thompson** reported on the Beaumont Chamber Breakfast. **(3) Director Lehtonen** reported on the Beaumont Chamber Breakfast and the South Mesa Water Company Board meeting that he attended. **(4) President Fenn** reported on the BCVWD Finance and Budget workshop that he attended.

6. New Business:

A. Public Hearing on Determination of Whether to Form a Groundwater Sustainability Agency Pursuant to the Sustainable Groundwater Management Act for the Verbenia Area of the San Geronio Pass Sub-Basin: *President Fenn opened the Public Hearing at 7:22 pm.* SGMA requires all entities that wish to file as a GSA hold public hearings after placing ads in local newspapers, which the Agency did. The purpose of this public hearing is to ensure that stakeholders and the public have an opportunity to provide input prior to the GSA being formed. General Manager Davis reviewed with the Board the one-square mile Verbenia GSA, of which the Agency and Mission Springs Water District will be members. With the formation of this GSA, the entire San Geronio Pass Sub-Basin will be included in a GSA, as required by the Sustainable Groundwater Management Act (SGMA). Before the Board is a Resolution that adopts the MOA. Mission Springs is presenting its Board with a similar resolution and this exact MOA to its Board for consideration at its next board meeting. General

Manager Davis concluded his report for the public hearing. President Fenn requested public comment. *There being none President Fenn closed the Public Hearing at 7:24.*

B. Consideration of Resolution 2017-02 – Election to become a Groundwater Sustainability Agency (GSA) Pursuant to the SGMA for the Verbenia Area of the San Gorgonio Pass Sub-Basin: A staff report, Resolution No. 2017-07 and a Memorandum of Agreement were included in the agenda packet. Director Stephenson made a motion, seconded by Director Duncan to adopt Resolution 2017-07, creating the Verbenia GSA within the San Gorgonio Pass Sub-Basin, along with the Mission Springs Water District. After discussion President Fenn requested a vote on the motion. Motion passed 7-0.

C. Public Hearing on Determination of Whether to Form a Groundwater Sustainability Agency Pursuant to the Sustainable Groundwater Management Act for the San Timoteo Sub-basin: *President Fenn opened the Public Hearing at 7:26 pm.* SGMA requires all entities that wish to file as a GSA hold public hearings after placing ads in local newspapers, which the Agency did. The purpose of this public hearing is to ensure that stakeholders and the public have an opportunity to provide input prior to the GSA being formed. General Manager Davis reviewed with the Board the San Timoteo Sub-basin which is located in San Bernardino and Riverside Counties. Initially, Eastern Municipal Water District was involved, however Eastern dropped out of the group and is pursuing its own GSA for the southern portion of the basin. This GSA will cover that portion of the San Timoteo Sub-Basin not included in Eastern's GSA. General Manager Davis provided a detailed report on the Sub-Basin. San Bernardino County chose not to participate in any GSA; therefore some small areas will not have a member of the GSA that has governmental powers within their boundaries. The members of the GSA will note in the application to DWR that these are minimal, and represent a minimal portion of all pumping from the basin, and therefore should not be considered as a "hole" in the basin for purposes of SGMA. General Manager Davis concluded his report for the public hearing. President Fenn requested public comment. *There being none President Fenn closed the Public Hearing at 7:34.*

D. Consideration of Resolution 2017-08, Election to Become a Groundwater Sustainability Agency for the San Timoteo Sub-Basin: A staff report, Resolution No. 2017-08 and a Memorandum of Agreement were included in the agenda packet. Director Stephenson made a motion, seconded by Director Duncan to adopt Resolution 2017-08, creating the San Timoteo Sub-Basin GSA with the City of Redlands, Beaumont Cherry Valley Water District, and Yucaipa Valley Water District. After discussion President Fenn requested a vote on the motion. Motion passed 7-0.

E. Consideration and Possible Action Regarding Application from Beaumont Cherry Valley Water District to Expand Noble Connection from 20 cfs to 34cfs Pursuant to Ordinance 8: A staff report and a copy of the application were included in the agenda packet. President Fenn noted that there is one public comment request that was received from Eric Frasier (General Manager BCVWD). Mr. Frasier opted to state his public comment after the staff report. General Manager Davis explained to the Board the Agency has an Ordinance that governs the Agency's service to retailer water agencies, which was adopted in 2004. There are currently three water agencies that have requested service from the Agency. This is the first time that a water retailer is asking us to change the initial service request. BCVWD wants to increase the size of the connection in which they receive water from the Agency. Pursuant to the ordinance

they submitted the application, which is included in the agenda package. There are a couple of items reflected on the application that are of concern: #1). Information missing regarding anticipated requests for service for the next 5 years. #2). The section regarding return flows of water delivered through the expanded connection was marked out. BCVWD was contacted to see if they would be willing to complete the mission information and they declined to do so. In order to move this Application process forward, BCVWD's Application is being submitted for Board consideration as-is. General Manager Davis stated that the recommendation to the Board is to approve the application subject to all conditions of Ordinance 8; therefore the section of return flows would not be crossed out. The Board is to keep in mind that the other retailers have signed the same Application. Allowing separate conditions from water retailers is not advisable. After Board questions and comments, President Fenn asked Mr. Fraser for his comments. Mr. Fraser made the statement that staff is falling back on an Ordinance that was developed 12 years ago. He explained that his customers have paid for the water and that BCVWD needs to get credit for it, not the Agency. After discussion, the Board was in consensus of revising Ordinance 8 to remove the return flow portion requirement; at which point the Board would then consider BCVWD's application. Staff was instructed to include on the June 5th agenda the revision of Ordinance 8 and review and possible action on BCVWD's application. General Manager Davis is to also move forward with the process of the expansion of the Noble Connection.

7. Topics for Future Agendas: Continue the revision to Resolution No. 2014-02 once the outcome of the agreements to the capacity fee concluded. No other topics were suggested by Board members.

8. Announcements:

- A. Finance and Budget Workshop, May 22, 2017 at 4:00 p.m.
- B. Office Closed Monday, May 29, 2017 in observance of Memorial Day
- C. San Gorgonio Pass Regional Water Alliance, May 31, 2017
 1. Administrative Committee at 4:30 p.m. – Banning City Hall
 2. Regular Meeting at 5:30 p.m. – Banning City Hall

9. Closed Session (2 Items)

Time: 8:11 pm

- 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: 9:32 pm**

Legal Counsel Jeff Ferre reported that the Board considered the matters listed on the agenda. No action was taken that is reportable under the Brown act.

10. Adjournment **Time: 9:32 pm**



Jeffrey W. Davis, Secretary of the Board