

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue Beaumont, California 92223
Minutes of the Board of Directors Meeting
September 5, 2017

Directors Present: David Fenn, President
Ron Duncan, Vice President (left at 3:32pm)
Lenny Stephenson, Treasurer
Blair Ball, Director (arrived at 1:32pm – left at 3:04pm)
David Castaldo, Director
Stephen Lehtonen, Director
Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager
Jeff Ferre, General Counsel
Cheryle Rasmussen, Executive Assistant

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 Fenn at 1:30 p.m., September 5, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Lehtonen gave 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 presented.
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.* (1) Dan Jaggars (BCVWD Interim General Manager) informed the Board that he will be submitting a Water Order to the Agency. He wishes to receive as much Table A water as is available. (2) David Armstrong (SMWC – General Manager) commended the Board for its creativity in securing additional water for the area. 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, August 21, 2017
 - B. Approval of the Minutes of the Finance and Budget Workshop, August 28, 2017
 - C. Approval of the Finance and Budget Workshop Report, August 28, 2017

Director Lehtonen 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 1303 acre-feet to the Noble Creek Connection, for the month of August. Deliveries were short due to the some restrictions and a full day shut-down for

Southern California Edison. Deliveries averaged 21cfs - goal is 24-25 cfs. The Agency will deliver all of the water for priorities 1,2,3, and 4 that was requested this year, by mid-October; for the rest of the year the Agency will be delivering additional water. YVWD sent in a request to add several delivery points. The request is being analyzed and will likely be brought to the Board in the near future for consideration.

(2) General Agency Updates: **(a) BARF:** The Agency will be advertising this month. General Manager Davis explained why advertising was delayed. A contract to award should be brought before the Board in November or December. **(b) SB 623:** General Manager Davis stated that he included an op-ed piece from the Sacramento Bee that was written by Kathleen Tiegs and Brent Hastey of AWCA. **(c) ACWA Field Trips:** Regions 9 and 10 are sponsoring a field trip to Prado Dam on Friday, October 6th. **(d) Public Comment:** General Manager Davis proposed adding a sentence under Public Comment of the Agenda that would state that should a member of the public wish to address the Board on any an item listed on the Agenda, or that is within the jurisdiction of the Board, to go to the Agency's website and click on the link for Public Comment located on the website front page. General Counsel Ferre asked for further discussion between himself and General Manager Davis before proceeding with the proposed action.

B. General Counsel Report: SB 632: General Counsel Ferre reported to the Board that SB 632 will not be considered this year, as it became a two year bill. This bill was intended to generate a special fund for disadvantaged communities, however, a Public Goods charge was added on; every water customer throughout the state would have to pay a public goods charge (tax) on water.

C. Directors Reports: **(1) Director Lehtonen** reported that he attended an Inland Empire Resource Conservation District class that the Agency funded. The class took place at Banning High School. He was impressed with the quality of the presentation and the knowledge that the students have pertaining to water conservation. **(2) Director Duncan** also attended an IERCD class and was also impressed with the presentation. **(3) Director Thompson** reported on the San Geronio Pass Water Alliance meeting that he attended. Riverside County Flood Control and Water Conservation District presented an overview of current and future projects that they are involved in.

6. New Business:

A. Discussion on Funding of New Water Supplies: A staff report was included in the agenda packet. General Manager Davis stated that this item is primarily for Board discussion. He stated that upon purchasing the Nickel water the Board discussed funding the lease by increasing water rates, capacity fees, or a combination of both, but came to no decision. The Board had asked staff to bring this back for further discussion after talking it over with retail water agency managers. Staff contacted several retail water managers. It was the consensus of those retail water managers that they would prefer to see the Agency fund this through the water rate. They did not see the Nickel water as a permanent source and preferred not to use it for Water Supply Assessments. General Manager Davis

suggested that the Agency conduct a new nexus study on the water rates. The fixed costs of the Nickel water is \$1.7 million with an annual escalator. The water has not been delivered to date, however an agreement with DWR is being drafted for the scheduling of the water delivery this year. Once the agreement is signed the water will be delivered. Director Ball requested a written report from staff on the pros and cons of rolling the funding through the water rate. President Fenn commented that the water retailers are interested in using the Nickel water for basin replenishment and sustainability for the area. Dan Jagers (BCVWD Interim General Manager) provided input for the funding of additional water, stating that in his opinion the funding should come directly from developers. He would like the Agency to provide a draft memorandum of understanding so that he can give a monetary figure to the developers. After discussion, direction was given to staff to provide the pros and cons at the September 18th Board meeting on purchasing the Nickel water now and waiting for water retailers to buy it from the Agency later. Director Ball stated that he wants the pros and cons of the Agency funding the Nickel water up front verses receiving money from our customers to simply pay the bill. He commented that we are here to serve their needs, and if this doesn't serve their needs then why are we willing to purchase the water. In addition to an Ad Hoc Capacity Fee Committee report, staff is to provide information on:

- What will it take to put a service study together, how long will it take to do the study, and the cost of said study.
- What are all the funding options (capacity fee, water rate or General Fund revenues).
- What are the options for paying for the Nickel water.
- Reliability vs. New Growth or a combination of both.
- Discussion on the \$1.4 million that should have been paid back to the General Fund from 2008, to help pay for the first year payment.
- Discussion on the legality of bullet item #5.

General Manager Davis reminded the Board that the Board adopted a Urban Water Management Plan which states that this region needs 5800 acre feet more water a year, by 2025.

7. Topics for Future Agendas: 1. Director Thompson requested discussion on Agency email accounts for the Directors. General Counsel Ferre stated that he will discuss this topic during his next General Counsel report. 2. Director Castaldo requested a meeting for the Ad Hoc Board Handbook Committee. He also requested staff to send out an email on Rosenberg Rules of Order. 3. President Fenn requested information on the rules for redistricting from General Counsel.

8. Announcements:

- A. Engineering Workshop September 11, 2017 at 1:30 p.m.
- B. Regular Board Meeting, September 18, 2017 at 1:30 p.m.
- C. Finance and Budget Workshop, September 25, 2017 at 1:30 p.m.

President Fenn requested a break at 3:07 p.m.

9. Closed Session (Three Items)

Time: 3:14 p.m.

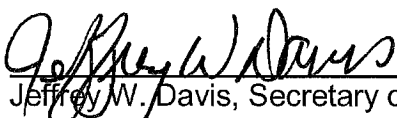
- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code section 54956.8
Property: Potential water rights/supplies offers from the South Mesa Water Company
Agency negotiator: Jeff Davis, General Manager
Negotiating parties: David Armstrong, General Manager, South Mesa Water Company
Under negotiation: price and terms of payment
- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code section 54956.8
Property: Potential water rights acquisition regarding Westlake Farms, Kings County APN's 036-070-007-000, 036-070-014-000, 036-070-004-000, 036-070-013-000
Agency negotiator: Jeff Davis, General Manager
Negotiating parties: Ceil Howe
Under negotiation: Price and terms of payment
- C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of Government Code Section 54956.9
Name of case: San Geronio Pass Water Agency vs. Beaumont Basin Watermaster
Case No. RIC 1716346

The meeting reconvened to open session at 3:50 pm.

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

10. Adjournment

Time: 3:51 pm



Jeffrey W. Davis, Secretary of the Board
cmf