

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the Board of Directors Meeting
January 2, 2018

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

Staff Present: Jeff Davis, General Manager
Jeff Ferré, General Counsel
Thomas Todd, Finance Manager
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., January 2, 2018 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Thompson gave the invocation. A quorum was present.
2. **Election of Board Officers:** General Counsel Jeff Ferré facilitated the election process for Board President. President Fenn facilitated the election process for Vice President and Treasurer.

a. Nominations for Board President -

General Counsel Ferré called for nominations for Board President. Director Duncan nominated Director Fenn for Board President. Hearing no other nominations, General Counsel Ferré requested a vote for the position of Board President.

<u>Roll Call:</u>	Aye	Noes	Absent	Abstain
Director Thompson	<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 Castaldo	<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 Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Stephenson	<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"/>

David Fenn was elected President by unanimous vote, 7-0.

b. Nominations for Vice President -

President Fenn nominated Ron Duncan for Board Vice President. Hearing no other nominations, President Fenn requested a vote for the position of Vice President.

<u>Roll Call:</u>	Aye	Noes	Absent	Abstain
Director Thompson	<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 Castaldo	<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 Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Stephenson	<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"/>

Ron Duncan was elected Vice President by unanimous vote, 7-0.

c. Nominations for Treasurer -

President Fenn called for nominations for Board Treasurer. Vice President Duncan nominated Lenny Stephenson for Board Treasurer. Hearing no other nominations, President Fenn requested a vote for the position of Treasurer.

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

Lenny Stephenson was elected Board Treasurer by unanimous vote, 7-0.

d. Nominations for Secretary/Assistant Treasurer -

President Fenn nominated General Manager Jeff Davis for Board Secretary/Assistant Treasurer. Hearing no other nominations, President Fenn requested a vote for the position of Secretary/Assistant Treasurer.

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

General Manager Jeff Davis was elected Board Secretary/Assistant Treasurer by unanimous vote, 7-0.

3. **Adoption and Adjustment of the Agenda:** The agenda was adopted as presented.
4. **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 that are not on today's agenda.* There were no members of the public that wished to comment at this time.
5. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, December 4, 2017
 - B. Approval of the Minutes of the Engineering Workshop, December 11, 2017
 - C. Approval of the Minutes of the Finance and Budget Workshop, December 18, 2017
 - D. Approval of the Finance and Budget Workshop Report, December 18, 2017

Director Ball made a motion, seconded by Director Thompson, for a separate approval of Item 5A. Motion passed 7-0. Director Ball moved, seconded by Director Thompson, to approve items 5B, 5C, and 5D, as presented. Motion passed 7-0. Director Ball referred to item 5A of the agenda. He made a motion, seconded by Director Duncan, to include his statement that he did not ask for a staff report for this item. This additional wording is to be added to the end of the second sentence of the December 4, 2017 Board minutes - item 6B. President Fenn requested that the Board Handbook Committee includes a section of the Board Handbook that gives direction to the Board on requesting items for a Board Agenda. Motion passed 7-0.

6. Reports:

A. General Manager's Report:

1. **Operations Report:** General Manager Davis reported on the following: **(a) SWP Water Deliveries:** The Agency delivered 1198 acre-feet to Beaumont Cherry Valley Water District ponds, for the month of December; 2017 totals will be reported on at the next Board meeting. General Manager Davis reported that there is a crack in the pipe at the Noble connection. SWP water delivery was halted for three days and is now being delivered through a temporary facility. The crack will not be repaired since we are getting ready to expand the connection.

2. **General Agency Updates:** **(a) California Water Commission (CWC) Meeting:** General Manager Davis attended the CWC meeting on December 13th. Applicants (11 in total) on Prop 1 funding for groundwater storage projects made presentations to the Water Commission. He provided a summary of what took place during this public meeting. All the surface water storage projects had environmental opposition, except Los Vaqueros. There was no environmental opposition to any groundwater storage projects. **(b) Southern California Water Committee:** SCWC will be holding a luncheon on January 19th; the speaker will be Grant Davis. As sponsors of the event the Agency is entitled to ten free seats. The event will take place in Riverside at the Victoria Club. **(c) EBX Dedication/Celebration Update:** The dedication/celebration is now tentatively set for Thursday, February 22nd. **(d)**

Noble Expansion Update: General Manager Davis is currently waiting to hear back from DWR regarding his request to determine if they have everything they need. **(e) Fiesta Recharge Facility:** General Manager Davis stated that the Agency received six bids. The low bid is unresponsive because they had a math error in the bid. The apparent low bidder is Pro-Craft Construction at \$3.77 M. Discussion on this item will take place at the next Engineering workshop.

B. General Counsel Report:

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

C. Director Reports:

(1) Director Castaldo reported on the BCVWD Special meeting that was held on December 13th, on the discussion of rates and water costs. He also attended BCVWD's Regular Board meeting also held on December 13th. **(2) Director Ball** also reported on the BCVWD Engineering meeting. **(3) Director Thompson** reported that he attended the Beaumont City Council December 19th meeting. **(4) Director Lehtonen** reported on the Banning City Council meeting that he attended on December 12th. **(5) President Fenn** announced that the Board's committee assignments will continue as currently delegated.

7. New Business:

A. Review of 2017 Legislative Priorities and Possible Determination of 2018 Legislative Priorities: A staff report and a copy of the SGPWA Legislative Principles 2017-2018 were included in the agenda packet. General Manager Davis reported that last year the Board adopted legislative principles. The Board's legislative principles is a tool for General Manager Davis to use when he signs letters of support or opposition when there is a time constraint issue with Board review. With different priorities in the Legislature, and this being a new year, staff is asking the Board to review its 2017 priorities to see if it wishes to make any revisions. He provided background information on the 2017 Legislative principles and stated that the principles were intended to be reviewed every two years. He commented on what issues the Legislature will be dealing with this year. The Board directed staff to provide more information to the Board on the proposed water tax, water bonds, storage issues, and on SGMA and requested that staff draft a 2018 Legislative Principles with descriptions. In addition, the Board requested that staff provide a copy of all letters that are being signed by staff. The Board stated that any letters that do not have a time constraint should be brought to the Board for discussion and approval.

B. Consideration of and Possible Action on Revised Procurement Policy: General Manager Davis commented that this item had been discussed during the last Finance and Budget workshop, the Board voted to bring this item to the full Board for consideration and possible action. The revised contents of the policy are recommendations made by General Counsel Ferre. They are for clarification purposes, improved grammar, and consistency with the Water Code. Director Duncan made a motion, seconded by Director Lehtonen, to approve the revisions to the Procurement Policy, recommended by the General Counsel. Motion passed 7-0.

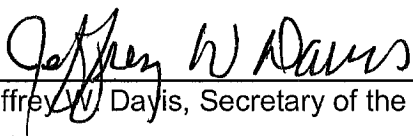
C. Consideration and Possible Action Regarding Transfer of Funds from Debt Service Fund to General Fund to Reimburse Funds Paid for East Branch Extension: A Staff report and a Joint Facilities Expenses and Payments History were included in the agenda packet. General Manager Davis commented that this item has been discussed at two Finance and Budget workshops and at the December 4th Board meeting. General Manager Davis provided background information pertaining to payment of the EBX construction that began in 1970. The Staff report provides detailed information on why General Funds were used to pay for the project and then reimbursed by the Debt Service Fund. The purpose of this proposed Board action is to direct Staff regarding whether to prepare a budget amendment (for consideration at a future Board meeting) which would transfer up to \$5.8 million from the Debt Service Fund to the General Fund. General Counsel Ferre explained that the Agency's Act does not say that we cannot move forward with the transfer of funds. In Section 34 of the Agency's Act it states that the Board may advance General Funds for payment of construction of facilities. The Joint Pipeline Facilities were incorporated as part of the State Water Project in the 1990's. Once the facilities were included as part of the SWP, they became eligible to be funded from the Agency's SWP tax rate. Director Thompson requested information on what this proposed action would do to the Agency's fiscal planning if we were to take these funds out of Debt Service Fund. General Manager Davis acknowledged his request. After discussion, the Board asked staff to prepare a 1 time payment option and a 4-year payment option for a future Board action; these options are to include where the funds would go and how it would be documented.

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

- A. Engineering Workshop, January 8, 2018 at 1:30 p.m.
- B. Office closed Monday, January 15, 2018 in observance of Martin Luther King, Jr. Day
- C. Regular Board Meeting, Tuesday, January 16, 2018 at 1:30 p.m.
- D. Finance and Budget Workshop, January 22, 2018 at 1:30 p.m.

9. Topics for Future Agendas: None.

10. Adjournment: The meeting adjourned at 2:44 p.m.



Jeffrey W. Davis, Secretary of the Board