

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
September 17, 2018 at 1:30 p.m.

- 1. Call to Order, Flag Salute, Invocation and Roll Call**
- 2. Adoption and Adjustment of Agenda**
- 3. 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. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.
- 4. Consent Calendar:** If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.
 - A. Approval of the Minutes of the Regular Board Meeting, September 4, 2018* (p. 2)
 - B. Approval of the Minutes of the Engineering Workshop, September 10, 2018* (p. 6)
- 5. Reports:**
 - A. General Manager's Report
 1. Operations Report
 2. General Agency Updates
 - B. Directors' Reports
- 6. New Business:**
 - A. Consideration of and Possible Action on Sponsorship for John Husing's Pass Area Region Economic Presentation* (p. 8)
 - B. Update on Construction of Fiesta Recharge Facility
- 7. Topics for Future Agendas**
- 8. Announcements:**
 - A. Finance & Budget Workshop, September 24, 2018 at 1:30 p.m.
 - B. San Gorgonio Pass Regional Water Alliance, September 26, 2018 at 5:00 p.m. – Banning City Hall
 - C. Regular Board Meeting, October 1, 2018 at 1:30 p.m.
- 9. 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: 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.

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
September 4, 2018

Directors Present: David Fenn, President (arrived at 1:48 p.m.)
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
Jeff Ferre, 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 Vice President Duncan at 1:30 p.m., September 4, 2018 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Vice President Duncan led the Pledge of Allegiance to the flag. Vice President Duncan gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *Vice President Duncan asked if there were any adjustments to the agenda.* There being none the Agenda was adopted as presented.
3. **Public Comment:** *Vice President Duncan 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, August 20, 2018
 - B. Approval of the Minutes of the Finance and Budget Workshop, August 27, 2018
 - C. Approval of the Finance and Budget Workshop Report, August 27, 2018

Director Castaldo made a motion, and seconded by Director Stephenson to adopt the consent calendar as presented. Motion passed 6-1, with Director Ball absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: a) The Agency delivered 1197 acre-feet of Table A water to the Noble Creek Connection for the month of August. b) The exchange water supply from Ventura is being delivered from now and into October. Nickel water exchange is scheduled to be delivered in October, November and December.

(2) Construction Update: General Manager Davis stated that construction restarted as of today. Design changes have been issued that will save the Agency some money and are waiting on new bids.

(3) General Agency Updates: **(a) Contract Extension:** General Manager Davis informed the Board that the legislative hearing on the contract extension was scheduled and then cancelled twice. As of August 31st the legislative hearing was set for 10:00 a.m. on September 11th. **(b) Managers Meeting:** The Agency's water rate model was discussed during the meeting. **(c) Agency's Annual Audit:** The auditors completed their onsite audit last week. A draft of the audit will be presented to the Board at the October Finance and Budget workshop. The audit will then be presented to the Board for approval at the first Board meeting in November. **(d) ACWA:** Brandon Ida (ACWA's Senior Regional Affairs Representative) met with General Manager Davis last week to discuss ACWA's priorities. General Manager Davis described those priorities to the Board, which included Conservation legislation, Water Tax legislation, Water Service Shut-off Bill SB 998, and Headwaters (relating to healthy forests by thinning trees on State and Federal property).

B. Directors' Report: **1) Director Lehtonen** reported that he attended the San Geronio Pass Water Alliance meeting on August 22nd. A presentation was provided on Water Conservation legislation by Elizabeth Lovstead of Eastern Municipal Water District. **2) Director Thompson** also reported on the SGPRWA Water Conservation PowerPoint presentation. **3) Director Ball** reported on BCVWD's Engineering workshop. He stated that he missed the item that dealt with the Division 2 open seat on BCVWD's board, which also happens to be up for election in November. Mr. Jagers informed the Board that only one person registered (Lona Williams) as a candidate for the Division 2 seat. He stated that BCVWD will be appointing someone to the Division 2 seat. That person will temporarily be on the Board as the Division 2 Director until January. **4) Director Castaldo** also reported on the BCVWD Engineering workshop. **5) Director Duncan** reported on the Big Bear Area Regional Wastewater Agency facility, Rancho Water District facility, and Eastern Municipal Water District facility. He also attended YVWD's meeting on August 28th. **6) President Fenn** also reported on the SGPRWA. He reported on the information that Ms. Lovstead presented. The Alliance would like an update on the Agency's capacity fee.

C. Committee Reports: **1) Director Duncan** stated that the Capacity Fee committee will be meeting directly after today's board meeting. **2) Director Thompson** announced that the Water Conservation and Education Committee meeting has been cancelled for this month, as it fell on the same date as the Water Rate workshop.

6. New Business:

A. Consideration of Amendment to Memorandum of Agreement Forming the San Geronio Pass Groundwater Sustainability Agency: A staff report and a copy of the proposed MOU were included in the agenda packet. General Manager Davis stated that 6a and 6b are identical in respect to the language for each Groundwater Sustainability

Agency; separate votes would need to be taken on each of these items. He reported that both GSA's have been meeting on a regular basis to start the process of developing a Groundwater Sustainability Plan. General Manager Davis provided background information on the implementation of SGMA along with Groundwater Sustainability Agencies. He stated that as GSA's have begun the work of implementing SGMA, the group decided that it is in the best interests of the GSA's, and the public, to change the governance structure to include an advisory council for the sub-basin. He then explained the criteria for appointing an advisory council member. General Manager Davis also stated that there is an existing MOA that does not include an advisory council for the technical meetings. If any of the six parties or more than one GSA does not approve the changes we would go with the existing MOA. The members of the Board were concerned about a potential Brown Act violation. General Counsel Ferre stated that the technical meeting at the GSA level is with the general managers. SGMA law states that you have to have an outreach to particular stakeholders in the area. He informed the Board that nothing is approved by anyone other than the elected officials of the GSA parties. What is being proposed in order to comply with SGMA is to form an advisory committee. General Council Ferre assured the Board that there has not been any Brown Act violation. He clarified that technical meetings are not mandated under the Brown Act, nor are advisory committee meetings. This proposal to follow the Brown Act for the advisory committee meetings is to show that the GSA's tried to get public input. He also stated that should this Board wish to have the technical meetings follow the Brown Act, it can be done. We are adding Brown Act compliance to meetings that would not be required to follow the Brown Act. A number of proposals were made by the Board members on what Brown Act meetings to hold pertaining to the GSA's. General Manager Davis stated that the GSP will not be finished until January 2022; a GSP in draft form is anticipated in 2020 – 2021. After discussion, it was the consensus of the Board to table items 6a, 6b, and 6c, and to have staff inform the other GSA parties that this GSA wishes to have all meetings noticed as a Brown Act meeting. This item failed for lack of a motion.

B. Consideration of Amendment to Memorandum of Agreement Forming the Verbenia Groundwater Sustainability Agency: A staff report and a copy of the proposed MOU were included in the agenda packet. Discussion on this item took place during item 6a. This item failed for lack of a motion.

C. Discussion of Potential Advisory Council Members for the San Geronio Pass and Verbenia Groundwater Sustainability Agencies: A staff report and related materials were included in the agenda packet. Discussion on this item did not take place due to the discussion that took place during item 6a.

D. Discussion of Authorization to Advertise for the Noble Connection: A staff report was included in the agenda packet. General Manager Davis requested approval from the Board to advertise for the Noble Creek Connection once the final design package is signed off from DWR. Director Duncan made a motion, seconded by Director Thompson to authorize advertising of the Noble Creek Connection for construction. Motion passed 7-0.

E. Consideration of Payment to BB&K for Public Policy and Ethics Invoice from BB&K: A staff report was included in the agenda packet. General Council Ferre provided an explanation on the BB&K billing for public policy and ethics. After discussion, Director Ball made a motion, seconded by Director Duncan to table this item

for more clarification and to also inquire with other retail water customers in the area as to how much they are paying for this program, as well as how we are defined by category of small, medium and large. Director Lehtonen stated that he was in favor of the program, as he liked the fact that the Agency is sharing in a discounted cost for the services provided by the program. Motion passed 6-1, with Director Lehtonen opposed.

7. Topics for Future Agendas: None.

8. Announcements:

- A. Engineering Workshop, September 10, 2018 at 1:30 p.m.
- B. Water Conservation and Education Workshop, September 13, 2018 at 1:30 p.m. - Cancelled
- C. Water Rate Workshop, September 13, 2018 at 6:00 p.m.

9. Adjournment - *President Fenn adjourned the meeting at: 3:05 pm*

Draft - Subject to Board approval

Jeffrey W. Davis, Secretary of the Board

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SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
September 10, 2018

Directors Present: David Fenn, President
Blair Ball, Director
David Castaldo, Director
Ron Duncan, Vice President
Leonard Stephenson, Director
Michael Thompson, Director

Directors Absent: Steve Lehtonen, Director

Staff Present: Jeff Davis, General Manager
Tom Todd, Finance Manager
Cheryle Stiff, Executive Assistant

1. Call to Order, Flag Salute and Roll Call. The Engineering workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Vice President Duncan at 1:30 p.m., September 10, 2018 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Vice President Duncan led the Pledge of Allegiance to the flag. A quorum was present.

2. Public Comment. There were no members of the public who wished to comment at this time.

3. Update on Sites Reservoir Capacity Requirements. General Manager Davis shared with the Board three spread sheets for average, dry, and wet years that show the Agency's demand and supply projections in five year increments through 2040. He showed the Board that the Agency will have shortages in dry years and in some average years, especially in the late 2020's and early 2030's, but that there would be surplus water in wet years. He noted for the Board that his takeaway from these projections is that the Agency probably needs 10,000 of capacity in Sites Reservoir, and if it could afford to do so, he might recommend increasing this slightly. Another takeaway is that the Agency will at some point have to invest in storage outside of its service area, in order to ensure that no water in wet years will be lost.

4. Discussion of Sites Reservoir Phase 2 Participation Agreement. A copy of a draft Phase 2 Participation Agreement was included in the agenda package. General Manager Davis reviewed the document with the Board, noting the following:

- Participation in Phase 2 does not guarantee any water or water rights if the project is not constructed.
- Phase 2 participants are subject to having to "step up" and increase their payments should any participants default. Such action would also result in the Agency increasing its share of the reservoir.
- There will be a rebalancing after Phase 2A with an "off ramp" for any participants who wish to exit the project
- Even if a participant drops out, that entity is still liable for its full share of Phase 2 costs incurred to that date, including principle and interest.

- Phase 2 will be financed with a bank line of credit with interest only due during the phase. Should the project move to the next phase, the principle will be refinanced, likely into a bond issuance

He noted that a final version of the agreement will be available November 1, and the Agency will need to decide whether it wishes to participate or not by January 11.

5. Discussion of Proposed Cost Share Agreement for San Gorgonio Pass GSA's. A staff report was included in the agenda package. General Manager Davis informed the Board that after several meetings and some compromises, the members of the three GSA's have come up with a recommended cost share formula. Under that formula, the Agency would pay for 1/3 of all GSP costs not covered by the \$1 million grant, with the other five members sharing equally in the other 2/3 of the costs. After discussion, it was the consensus of the Board that this cost share would be acceptable to the Board. General Manager Davis indicated that he will bring such an agreement back to the Board for consideration at a future Board meeting, when the terms of the cost share agreement have been drawn up.

6. Discussion of Fencing at Fiesta Recharge Facility. General Manager Davis turned this item over to Finance Manager Tom Todd, who had met with several fencing contractors. A summary of their quotes was included in the agenda package. Finance Manager Todd told the Board that the Agency's insurance carrier has no preference for what fencing to use. The contractors he spoke with informed him that most people do not climb chain link fences, they cut them. Also, it is more expensive to construct a fence higher than six feet, as installation costs increase significantly. After discussion, it was the consensus of the Board to use rolled steel (also known as wrought iron) along Brookside Avenue, with six-foot chain link along the rest of the perimeter. However, the Board wants to get bids and have staff come back for award of contract. The Board asked staff to ask for an alternate bid of using wrought iron along Beaumont Avenue.

7. Announcements

- A. Water Rate Workshop, September 13, 2018 at 6:00 pm
- B. Regular Board Meeting, September 17, 2018 at 1:30 p.m.
- C. Finance and Budget Workshop, September 24, 2018 at 1:30 pm.

8. Closed Session (1 Item)

A. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9. One potential case. The Board adjourned to the closed session at 3:50 pm. At 4:23, the Board came out of closed session. General Manager Davis noted that no action was taken that is reportable under the Brown Act.

9. Adjournment

Vice President Duncan adjourned the meeting at 4:23 pm

Draft—subject to Board approval
 Jeff Davis, Secretary to the Board

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MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Sponsorship of Beaumont Chamber of Commerce Event with John Husing

DATE: September 17, 2018

Summary:

The Agency has received a request to sponsor a speaking engagement by Dr. John Husing, to be put on by the Beaumont Chamber of Commerce. The purpose of this potential Board action is to determine if the Board wishes to co-sponsor the event.

Background:

The Board has indicated that it wishes to make all decisions regarding sponsorships, with a preference toward sponsoring events that are water-related. The Agency receives many sponsorship requests each year.

Detailed Report:

The Agency is a member of the Beaumont Chamber of Commerce and has a close working relationship with the Chamber. The Chamber brings Dr. Husing to the Pass most years to do an annual update on the economy of the region. Several board members attended last year's event and found it to be informational and entertaining.

The Chamber has asked if the Agency would like to be a co-sponsor the event in November, which would also include a number of free tickets, depending on the sponsorship level.

While the Husing talk does not directly relate to water, the state of the local economy does have an impact on water, and vice versa. Sponsorship information and details on the event are found on an attachment in the agenda package.

The Agency will have a relatively higher profile in the region over the next year. The Agency's new water rate, the proposed capacity fee, SGMA, a state of the water supply event, and the launch of social media platforms will all provide more visibility to the Agency. Staff believes that the Board may want to consider being a co-sponsor of this event, in order to help kick off and promote that higher visibility.

Fiscal Impact:

The Agency has funds budgeted under water conservation and education that could be used. A sponsorship of this event at any level would not have a significant impact on the Agency's budget.

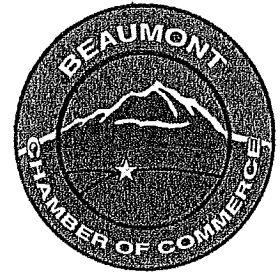
Recommendation:

Staff has no recommendation.

BEAUMONT CHAMBER OF COMMERCE
IS HOSTING A PASS AREA REGION ECONOMIC
PRESENTATION FEATURING:



DR. JOHN HUSING



Friday, November 9, 2018
Tukwet Canyon Golf Club
36211 Champions Dr., Beaumont, CA 92223
11:00 am to 1:00 pm

SPONSORSHIP OPPORTUNITIES

_____	FEATURED EVENT SPONSOR – Reserved table of 8 (8 tickets), Table top sponsor recognition, Facebook and Constant Contact recognition.	\$1,250.00	\$ _____
_____	PREMIERE SPONSOR – 6 tickets, Table top sponsor recognition, Facebook and Constant Contact recognition.	\$ 750.00	\$ _____
_____	PLATINUM SPONSOR – 4 tickets, Table top sponsor recognition, Facebook and Constant Contact recognition.	\$ 300.00	\$ _____
_____	GOLD SPONSOR – 2 tickets, Table top sponsor recognition, Facebook and Constant Contact recognition.	\$ 150.00	\$ _____
_____	INDIVIDUAL LUNCH – 1 ticket, Number of attendees _____	\$ 40.00	\$ _____
Total Amount Enclosed			\$ _____

Please RSVP by Monday, November 5, 2018

Mail to: Beaumont Chamber of Commerce, 726 Beaumont Ave., Beaumont, CA 92223
or call 951-845-9541, Fax to 951-769-9080
or e-mail to marketing@beaumontcachamber.com
Major Credit Cards Accepted – **RESERVATIONS REQUIRED**

Company Name: _____ Contact Name: _____

Telephone: _____ E-mail: _____

Visa/Mastercard #: _____

Exp. Date: _____ CVV: _____

Billing Zip: _____

Signature: _____

Guests Names: _____
