

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



Jeff Davis, Secretary to the Board

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