

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
April 15, 2019 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, April 1, 2019* (p. 3)
- B. Approval of the Minutes of the Engineering Workshop, April 8, 2019* (p. 7)

5. Reports:

- A. General Manager's Report
 - 1. Operations Report
 - 2. General Agency Updates
- B. Directors' Reports
- C. Committee Reports

6. New Business:

- A. Consideration and Possible Action on Resolution 2019-02 Setting a Water Rate* (p. 9)
- B. Consideration and Possible Action on Inland Solar Challenge Sponsorship* (p. 18)

7. Topics for Future Agendas

8. Announcements:

- A. Finance and Budget Workshop, April 22, 2019 at 1:30 p.m.
- B. San Gorgonio Pass Regional Water Alliance, April 24, 2019 at 5:00 p.m. – Banning City Hall
- C. Regular Board Meeting, May 6, 2019 at 1:30 p.m.

9. Closed Session: (1 Item)

CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957

Agency designated representative: Board President Ron Duncan

Unrepresented employee: General Manager

10. 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
April 1, 2019

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

Staff Present: Jeff Davis, General Manager
Jeffrey Ferre, General Counsel
Thomas Todd, Finance Manager
Cheryle Stiff, 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 Duncan at 1:30 p.m., April 1, 2019 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Duncan led the Pledge of Allegiance to the flag. President Duncan gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Duncan asked if there were any adjustments to the agenda. There being none the agenda was adopted as published.*
3. **Public Comment:** *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 that are not on today's agenda. He stated that public comments will only take place at this time due to the number of closed items on the agenda. 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, March 18, 2019
 - B. Approval of the Minutes of the Finance and Budget Workshop Report, March 25, 2019
 - C. Approval of the Finance and Budget Workshop Report, March 25, 2019

President Duncan asked for a motion on the Consent Calendar. Director Fenn made a motion, seconded by Director Lehtonen, to adopt the consent calendar. Motion passed 7-0.

5. **Reports:**
 - A. **General Manager's Report:**
 - (1) **Operations Report: a)** General Manager Davis reported that the Agency delivered 735 acre-feet of Table A water to the Noble Creek Connection for the month of March. **b)** SWP Water Allocation: DWR has increased the SWP Table A water allocation to 70%. **c)** The Agency's stored carryover water was lost; this was due to the result of not being able to take Article 21 water.

(2) Legislative Report: General Manager Davis reviewed with the Board the following bills: AB 441 (Beneficial Use), AB 1194 (Delta Members), SB1 (Environmental Regulations), SB 69 (Ocean Resiliency Act), and SB 204 (State Water Project Contracts).

(3) General Agency Updates: General Manager Davis reported on the following:

- a. **SWC Fact Sheets (pages 28 & 29 of the agenda packet):** SWC has produced a useful Fact Sheet for board members to take to local state senators and assemblymen to talk to them about the SWP and its importance in this region. President Duncan and General Manager Davis will be discussing which board member(s) and/or staff should attend the meetings with our local officials.
- b. **Voluntary Agreements (pages 30 & 31 of the agenda packet):** This is related to the Voluntary Agreements, which are a comprehensive plan to improve water quality and habitat conditions in the Sacramento and San Joaquin River basins. General Manager Davis asked the Board to read these two pages at their convenience.
- c. **California WaterFix:** There will be a two day retreat with DWR in early May to come up with a plan. SWC will have three meetings among themselves before the May retreat.
- d. **Oroville Spillway:** DWR anticipates use of the spillway for the first time since it has been reconstructed on April 2, 2019
- e. **Oroville Storage:** Oroville Reservoir is at 105% for this date.
- f. **Oroville Repair Payment:** DWR explained that you can pay cash for transportation facilities, but not conservation facilities, so the Agency cannot pay case for its share of Oroville repairs.
- g. **CHP Mock Crash Scene:** Officer Darren Meyer asked permission to have a helicopter land on the Agency's property just north of the recharge facility. The CHP along with other first responders are staging mock crash scenes for Beaumont High School students every 15 minutes for a one hour period. The Agency gave Officer Meyer permission to land the helicopter on our property. He invited the Board and staff to attend. The event will take place at the Beaumont High School between 10 – 11 a.m. on April 18th; Brookside Avenue will be closed.

B. Directors Reports: 1) **Director Fenn** reported on the SGPRWA meeting that was held on March 27th.

C. Committee Reports: 1) **Director Thompson** reported that the Facility Ad Hoc Committee met on March 27, 2019. Discussion of a policy for the use of the SGPWA administration building took place. General Counsel Ferre was emailed for his input on the suggestions that the committee discussed. 2) **Director Fenn** stated that there will be a General Manager's Performance Evaluation Committee Meeting on April 8th.

6. New Business:

A. Consideration of Resolution No. 2019-01, Adoption of Updated CEQA Guidelines. A staff report, a copy Resolution No. 2019-01, and a Memo from BB&K notating the 2019 Local CEQA Guidelines Update were included in the agenda packet. General Counsel Jeff Ferre remarked that every year each public agency should review their local CEQA Guidelines to determine whether any changes need to be made; BB&K does this for all of its clients. BB&K revises documents and makes them available to its clients via the CEQA Portal. He reported that at the end of last year there were some major changes dealing with the process of CEQA compliance, all of these changes are reflected in the updated CEQA Guidelines document. General Counsel Ferre recommended that the Board adopt Resolution No. 2019-01, which would adopt the local CEQA Guidelines for this year. Director Thompson moved, seconded by Director Stephenson, to adopt Resolution 2019-01. The motion passed 7-0.

B. Discussion of Strategic Plan. Director Stephenson, Chair of the Strategic Plan Committee stated that the committee met several times and believes that the drafted revised Strategic Plan is comprehensive and complete. He welcomed comments from the Board. Director Thompson stated that he and Director Lehtonen are committee members. He felt very comfortable with the final product. Director Lehtonen stated that the primary difference is the Executive Summary and pages 64 thru 76. Director Stephenson inquired with the Board if they would like to review this document at their leisure or vote on it today. After discussion, it was the consensus of the Board to not vote on it today and to bring it for discussion at the next Engineering workshop.

7. Topics for Future Agendas: There were no topics for further discussion request.

8. Announcements:

- A. General Manager Performance Evaluation Committee Meeting, April 8, 2019 at 12:30 p.m.
- B. Engineering Workshop, April 8, 2019 at 1:30 p.m.
- C. Regular Board Meeting, April 15, 2019 at 1:30 p.m.
- D. Finance and Budget Workshop, April 22, 2019 at 1:30 p.m.

9. Closed Session (4 Items)

Time: 2:00 p.m.

A. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9
One potential case

B. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code 54956.9
One potential case

C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code section 54956.8
Property: Potential water rights/supplies offers from the City of
Ventura
Agency negotiator: Jeff Davis, General Manager
Negotiating parties: Lynn Takaichi
Under negotiation: price and terms of payment

D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code Section 54956.8
Property: Potential water exchange with Casitas Municipal Water
District Agency negotiator: Jeff Davis, General Manager
Negotiating parties: Casitas Municipal Water District,
Mike Flood, General Manager
Under negotiation: price and terms of payment

The meeting reconvened to open session at: Time: 3:46 pm

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

10. Adjournment

Time: 3:47 pm

Draft - Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

emr

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
April 8, 2019

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

Staff Present: Jeff Davis, General Manager
Jeff Ferre, General Counsel
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 Stephenson at 1:30 p.m., April 8, 2019 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Vice President Stephenson led the Pledge of Allegiance to the flag. A quorum was present.

2. Public Comment: Dan Jagers, General Manager of Beaumont Cherry Valley Water District, notified the Board that the District would be filing a claim against the Agency for costs incurred due to a water line break that he attributes to the Agency's contractor. He also requested an update on water supplies for the year for the District's planning purposes. No other member of the public wished to speak at this time.

3. Update on Whitewater Flume. Julie Hutchinson, President of Banning Heights Mutual Water Company, presented a Power Point updating the Board on the current condition of the flume, the permitting process, and the FERC surrender process. She identified ways in which the Agency could support Banning Heights in its efforts. Art Vela, Director of Public Works for Banning, also participated in the presentation. They answered questions from the Board during and after the presentation.

4. Discussion of Sponsorship for Inland Solar Challenge. Information regarding the event and sponsorship information was provided in the agenda package. Jennifer Ares of Yucaipa Valley Water District summarized this year's event and answered questions from the Board. After discussion, Director Lehtonen moved, seconded by Director Castaldo, to bring to the Board for consideration sponsorship of this year's event at the \$4000 level. The motion passed 6-1, with Director Ball voting no.

5. Discussion of Draft Strategic Plan. A copy of the draft plan was included in the agenda package. The Board discussed the draft plan as presented, each providing his own input on the draft. At the conclusion of the discussion, Vice President Stephenson asked each Board member to submit their comments in writing so that the Strategic Plan ad hoc committee could consider them and bring back a final plan to the Board for consideration. Vice President Stephenson asked that Board members submit their written comments by April 22.

6. Discussion of Policy Regarding Water in Agency Storage Account. A list of issues associated with this proposed policy was included in the agenda package. The Board discussed each issue and settled on four that should be included in a policy. President Duncan moved, seconded by Director Fenn, to direct staff to come back with a proposed policy including the four major issues in the near future.

7. Announcements:

- A. Cancelled - Water Conservation and Education Committee Meeting, April 11, 2019 at 1:30 pm.
- B. Regular Board Meeting, April 15, 2019 at 1:30 p.m.
- C. Finance and Budget Workshop, April 22, 2019 at 1:30 pm

8. Adjournment: Vice President Stephenson adjourned the meeting at 3:21 pm.

Draft - subject to Board approval

Jeff Davis, Secretary to the Board

cmr

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Consideration and Possible Action to Adopt Resolution No. 2019-02 To Increase the Rate for Wholesale Water Delivery

DATE: April 15, 2019

Summary:

The rate for wholesale water delivery (“Water Rate”) has not been increased since 2009. Since that time, water delivery costs have out-paced the revenue from the current rate. The Board has conducted a number of workshops to consider a rate increase. These workshops have been attended by the public, residents, and retail water purveyors. During this public outreach, the Board has received a number of comments, suggestions and objections to proposals for a multi-year, or one time, increase in the Water Rate.

The most recent meeting on this issue took place on March 11, 2019 at which time the Board directed Staff to return with options for a one-time Water Rate increase which would go into effect as soon as possible in order to begin to cover a portion of the increased costs. The Board also discussed the goal of continuing to consider additional or multi-year rate increases in the future in order to have a Water Rate which is sufficient to cover the costs of service.

Recommendation:

Staff is concerned that the Agency has used approximately \$4 million in general fund reserves over the past two years to pay for Nickel water. The act of withdrawing from reserves to pay for water supply is not sustainable in the long term, and will have serious consequences for the Agency if not checked in the near future.

It is recommended that the Board adopt Resolution No. 2019-02 with Option 1--Increase the Water Rate from \$317 per AF to \$399 per AF. This option includes recovery of 50% of the Nickel Water costs for

2019, with the consequence of another \$1 million being withdrawn from reserves this year.

Background:

In February 2009, the Agency adopted a Water Rate of \$317 per acre foot ("AF") for water delivered downstream of Cherry Valley Pump Station. The following costs were intended to be recovered in this Water Rate:

- 50% of Agency's internal operational costs;
- 5% of Agency's non-operational salary overhead;
- 50% of operations and maintenance costs for the East Branch Extension;
- 100% of costs to purchase Yuba Water obtained through the State Water Project ("SWP") under the "Yuba Accord."
- 100% of DWR Variable costs (power cost to pump the water from the Bay Delta and through the SWP.)

The Agency also designated \$33 per AF of revenue from the Water Rate to go towards adding to reserves for both rate stabilization and the funding of new water sources.

Increased costs, which are not being sufficiently covered by the Water Rate, include the following:

1. DWR Variable charge due to increased power costs;
2. All Agency operational costs;
3. The cost of procuring an additional water supply of 1700 AF per year from the Antelope Valley East Kern Water Agency which is referred to as the Nickel Water.
4. The cost of adding a chemical to the water that reduces algae growth and reduces O&M costs for retail water purveyors.

For over a year, there has not been sufficient revenue from the Water Rate to enable the use of \$33 per AF for reserves.

In 2015, the Agency was forced to suspend the designation of the \$33 per AF amount due to the drought, as costs were so high and revenues so low that funds were not available to be added to reserves.

Funds which were collected from the \$33 per AF amount for new water supplies over the past several years have all been expended to procure additional water supplies, including the Nickel Water and participation in the Sites Reservoir Project. In addition, ongoing costs to procure the Nickel Water and to reserve capacity in the Sites Reservoir Project will continue to exceed the funds collected through the Water Rate. This has required the Agency to continually withdraw funds from its general fund reserves to fund these two ongoing water supply efforts.

Detailed Report:

The Agency began the process to adopt a new multi-year Water Rate in January 2018 when it contracted with the rate consulting firm of DTA to perform a rate analysis. The first Water Rate workshop was held on March 1, 2018 to gather input from the public and the Board on what costs should be recovered in the Water Rate. On September 13, 2018, the Board conducted a workshop with DTA presenting its rate model and detailing a number of alternative rates. The rates presented varied, as the Board had not yet decided whether it would attempt to fund the cost of the new Nickel Water supply through the Water Rate. At that meeting, retail water purveyors voiced objections to the rate proposals. Based on this input, the Board directed Staff to work with retail water managers in an attempt to jointly develop a Water Rate.

At a rate workshop on December 10, 2018, the Board considered a Water Rate methodology proposed by retail water managers. The Board requested that changes be made to the proposed methodology and directed Staff to continue working with retail water managers in an attempt to jointly develop a Water Rate.

At a January 28, 2019 water rate workshop, the Board considered a revised version of the methodology proposed by retail water managers, along with several other alternatives. These proposals called for a multi-year rate structure. These were rejected by the

Board, who directed staff to work with retail managers to determine if they would support some of these costs being included in a capacity fee.

At the water rate workshop on March 11, 2019, Staff presented the Board with data showing that 2019 costs will greatly exceed 2019 water revenues without a Water Rate increase, and suggested that the Board consider at least a one-time increase in order to begin to cover increased costs. The Board directed Staff to return with the rate options that are being proposed in this Staff Report and Resolution No. 2019-02. The Board recognized that the effort required to adopt a multi-year rate structure would take more time and that at least a one-time rate increase should be considered. The Board directed Staff to come back with two options—a rate that recovers 0% of the Nickel Water costs for 2019, and a rate that recovers 50% of the Nickel Water costs for 2019. Staff explained that Nickel Water costs that are not covered by the increased Water Rate would have to be covered by reserves.

Fiscal Impact:

Based on direction from the Board at the March 11 workshop, Staff has brought two options to the Board for consideration. Option 1 is designed to recover 50% of the Nickel Water cost for 2019 and includes a rate of \$399 per AF, assuming this rate were to go into effect on May 1. Under Option 1, the Agency would need to withdraw approximately \$1 million out of reserves this year to pay for the balance of the cost of Nickel Water.

Option 2 is designed to recover no Nickel Water costs for 2019 and includes a rate of \$321 per AF, assuming this rate were to go into effect on May 1. This rate would result in the Agency withdrawing approximately \$2 million from reserves this year to cover Nickel Water costs.

Neither option includes recovery of water quality costs. It is estimated that such water quality costs will be \$7 per AF for 2019, or approximately \$105,000.

San Geronio Pass Water Agency
Water Rate Information
April 15, 2019

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| Expense Categories and Assumptions |
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| The following calculations are based on expenses and recovery for 12 months of 2019. |
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|------------------------------|-------------|
| SGPWA Operations: | \$288,000 |
| Yuba Water Expense: | \$180,000 |
| Nickel Water Purchase: | \$1,932,000 |
| DWR Variable, per Acre-Foot: | \$289 |

| | | |
|----------------------------|-------------|-------------|
| Delivery Amount, Acre-Feet | 15,000 | |
| SGPWA Operations | \$288,000 | |
| Yuba Water | \$180,000 | |
| DWR Variable | \$4,335,000 | |
| Nickel Water - 50% / 0% | \$966,000 | \$0 |
| Total Expense: | \$5,769,000 | \$4,803,000 |
| Recovery Rate, \$ per A-F: | \$385 | \$320 |

| | | |
|----------------------|-------|-----|
| Percentage Increase: | \$385 | 21% |
| | \$320 | 1% |

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|---|
| The following calculations are based on expenses for 12 months, and recovery at two rates for 2019. Assumes higher rate for water delivered effective May 1, 2019. |
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| Water Deliveries | Acre-Feet | Dollars |
|-----------------------------|-----------|-------------|
| Water delivered: | | |
| Jan-Apr 2019 @ \$317 | 2,700 | \$856,000 |
| Water to be delivered: | | |
| May-Dec 2019 (50% Nickel) | 12,300 | \$4,913,000 |
| Resulting Rate, \$ per A-F: | \$399 | 26% |
| May-Dec 2019 (0% Nickel) | 12,300 | \$3,947,000 |
| Resulting Rate, \$ per A-F: | \$321 | 1% |

RESOLUTION NO. 2019-02

**A RESOLUTION OF THE SAN GORGONIO PASS
WATER AGENCY ADOPTING AN INCREASED RATE
FOR WHOLESALE WATER DELIVERY**

WHEREAS, the San Gorgonio Pass Water Agency (“Agency”) is a wholesale water agency formed under the San Gorgonio Pass Water Agency Law set forth in Water Code Appendix 101 (“Act”);

WHEREAS, the Agency entered into a contract with the California Department of Water Resources (“DWR”) in 1962 for a Table A amount of water capacity in the California State Water Project (“SWP”) which is currently 17,300 acre feet per year (“AFY”) to bring supplemental water to the Agency’s service area; and

WHEREAS, Section 16(7) of the Act provides that the Agency Board of Directors (“Board”) has the power to fix the rates at which water will be sold; and

WHEREAS, Section 25 of the Act provides that the Board, so far as practicable, shall fix a rate or rates for water in the Agency as will result in revenues which will pay the operating expenses of the Agency, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due; and

WHEREAS, the Agency has adopted Rules And Regulations For SGPWA Water Service (“Rules and Regulations”) which set forth the terms and conditions by which retail water purveyors (“Purchasers”) may apply for service, connect to the Agency system, and receive delivery of water. Section 4.01 of the Rules and Regulations provides that the Agency shall establish and charge rates for delivery of water sufficient to cover the Agency’s variable costs for delivery of water, internal Agency costs, and other amounts as determined by the Board which are reasonably related to the cost of delivery; and

WHEREAS, the current rate charged to Purchasers for wholesale water deliveries (“Water Rate”) is \$317 per acre foot (“AF”) which was set in February of 2009. Over the past 10 years, the costs of water delivery have increased including, but not limited to, costs related to the following:

- (a) Salary overhead for operations (50%) and non-operations staff (5%);
- (b) Pass through costs for operation and maintenance of the East Branch Extension;
- (c) DWR Variable Charge - power costs to convey water through the SWP;
- (d) Yuba Water - obtained through the SWP under the “Yuba Accord; and
- (e) Nickel Water obtained from Antelope Valley-East Kern Water Agency (“AVEK”);

WHEREAS, since the Water Rate has not been increased since 2009, there is a need to adopt a multi-year rate structure in order to begin to cover water delivery costs which have out-paced the current Water Rate of \$317 per AF. However, in a series of public rate workshops/meetings involving the public, residents and Purchasers, the Board has received a number of comments, suggestions, and objections to proposals for a multi-year, or one-time, increase in the Water Rate; and

WHEREAS, due to the need to begin to cover the escalating costs of water procurement and delivery, the Board desires to adopt this Resolution in order to adopt an increase in the Water Rate. The proposed Water Rate increase will only cover a portion of the increased costs described in this Resolution. It is the goal of the Board to then continue to consider additional or multi-year rate increases in the future in order to have a Water Rate for the delivery of water which is sufficient to cover the Agency's variable costs for delivery of water, internal Agency costs and other amounts as determined by the Board which are reasonably related to the cost of delivery; and

WHEREAS, in accordance with the California Environmental Quality Act ("CEQA") and the CEQA Guidelines, Agency staff has determined that the increases in water service fees are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines and Public Resources Code section 21080(b)(8) because: (i) the increased fees are for the purpose of meeting operational and maintenance expenses of the aforementioned services; and (ii) the fees constitute the creation of a funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

1. Incorporation Of Recitals All of the foregoing Recitals are true and correct based on current information and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

[OPTION 1 – INCLUDES RECOVERY OF 50% OF NICKEL WATER COST FOR 2019]

2. Increased Water Rate The Water Rate is hereby increased from \$317 per AF to \$399 per AF. This increased Water Rate shall be effective as of May 1, 2019.

[OPTION 2 – DOES NOT RECOVER ANY NICKEL WATER COST FOR 2019]

2. Increased Water Rate The Water Rate is hereby increased from \$317 per AF to \$321 per AF. This increased Water Rate shall be effective as of May 1, 2019.

3. Application Of Increased Water Rate To Deliveries The increased Water Rate shall be applied to water deliveries made on or after May 1, 2019 for which Purchasers have not already made payment. The increased Water Rate, and its effective date, shall be applied pursuant to the procedures and timing in the Rules and Regulations for orders, billing, payment and delivery. Nothing in this Resolution shall be deemed to provide a Purchaser with the right to change or otherwise alter its orders, billing, payment or deliveries with the goal of obtaining water deliveries at the previous Water Rate amount.

4. Authority Of The General Manager The General Manager is hereby authorized and directed to take all actions necessary to effectuate and implement the increased Water Rate.

5. Increased Water Rate Does Not Exceed Agency's Costs For Water Delivery The Board hereby determines that the increased Water Rate does not exceed the Agency's costs which are reasonably related to the delivery of water. The Board hereby makes that determination based on evidence presented to the Board in the form of: (a) the Staff Report and analysis provided during the meeting where this Resolution was considered; and (b) Staff Reports, presentations, and other documents and analysis provided at a number of previous meetings and workshops.

[OPTION 1 – INCLUDES RECOVERY OF 50% OF NICKEL WATER COST FOR 2019]

6. Costs To Be Funded By The Increased Water Rate The amount of the increased Water Rate does not exceed the cost of water delivery and in fact, will not fund all of the costs of water delivery. Specifically, only the following costs, and only to a certain extent, will be funded by the increased Water Rate of \$399 per AF:

- (a) Salary overhead for operations (50%) and non-operations staff (5%);
- (b) Pass through costs for operation and maintenance of the East Branch Extension;
- (c) DWR Variable Charge - power costs to convey water through the SWP;
- (d) Yuba Water - obtained through the SWP under the "Yuba Accord;" and
- (e) 50% of cost for Nickel Water obtained from AVEK in 2019.

[OPTION 2 – DOES NOT RECOVER ANY NICKEL WATER COST FOR 2019]

6. Costs To Be Funded By The Increased Water Rate The amount of the increased Water Rate does not exceed the cost of water delivery and in fact, will not fund all of the costs of water delivery. Specifically, only the following costs, and only to a certain extent, will be funded by the increased Water Rate of \$321 per AF:

- (a) Salary overhead for operations (50%) and non-operations staff (5%);
- (b) Pass through costs for operation and maintenance of the East Branch Extension;
- (c) DWR Variable Charge - power costs to convey water through the SWP; and
- (d) Yuba Water - obtained through the SWP under the "Yuba Accord;"

(No funding of Nickel Water costs.)

7. Authority To Adopt New Water Rate In The Future The Board intends to continue to review the Water Rate and may adopt a new, adjusted or increased Water Rate at any time within its discretion.

8. CEQA The Board is adopting the wholesale water rate herein to meet the Agency's operating expenses. Therefore, the Board finds and determines, based upon substantial evidence, that the establishment of the wholesale water rate is exempt from CEQA, pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the State CEQA Guidelines because the establishment of water rates is for the purpose of meeting operating expenses and purchasing materials (e.g., water).

9. Controlling Effect - All ordinances, resolutions, minute orders, or administrative actions by the Board, or parts thereof, that are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

10. Effective Date - The President of the Board shall sign this Resolution and the Secretary of the Board shall attest thereto, and this Resolution shall be in full force and effect immediately upon adoption.

11. Severability - If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

ADOPTED AND APPROVED this 15th day of April, 2019.

President, Board of Directors
San Geronio Pass Water Agency

ATTEST:

Secretary, Board of Directors
San Geronio Pass Water Agency

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Sponsorship of 2019 Inland Solar Challenge

DATE: April 15, 2019

Summary:

At the April Engineering workshop, the Board discussed the annual Inland Solar Challenge and whether and what level to sponsor it for this year. At the Meeting the Board voted to bring forward an action to sponsor the event at the \$4000 level. The purpose of this proposed Board action is to determine if the Board wishes to do this.

Background:

The Agency has sponsored this event for a number of years. It is a solar boat race among high school students and features water education as a focus of the event. Students at a number of high schools in the Inland Empire compete in this event annually. Agency Directors have served as judges for the past several years and have reported being impressed by the event and its focus on water conservation and education. This year's even will be held next month.

Detailed Report:

A budget for the event was presented in the Engineering workshop agenda package and was discussed by the Board. The same information is included in this agenda package. The committee that produces the event, a consortium of Inland Empire water agencies, has asked the Agency to support the event at the \$4000 level, and the Board agreed to vote on this level of sponsorship at the workshop.

Fiscal Impact:

Funds for this sponsorship are included in the water conservation and education budget for this year, so there would be negligible fiscal impact in approving the sponsorship.

Recommendation:

The recommendation of the Board at the April Engineering workshop was to sponsor this event for \$4000.