

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
May 6, 2019

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

Directors Absent: Lenny Stephenson, Vice President

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., May 6, 2019 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Duncan led the Pledge of Allegiance to the flag. Director Fenn 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. 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, April 15, 2019
 - B. Approval of the Minutes of the Finance and Budget Workshop, April 22, 2019
 - C. Approval of the Finance and Budget Workshop Report, April 22, 2019

President Duncan asked for a motion on the Consent Calendar. General Counsel Ferre requested that the April 15, 2019 Board Meeting Minutes reflect the following motion under 6A: Director Stephenson moved, seconded by Director Ball, to adopt Resolution 2019-02, with Option 1 which includes recovery of 50% of Nickel Water Cost for 2019, and which results in an increased Water Rate of \$399 per acre-foot, effective May 1, 2019. Director Fenn made a motion, seconded by Director Lehtonen, to adopt the consent calendar as amended. Motion passed 6-0, with Director Stephenson absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: a) General Manager Davis reported that the Agency delivered 1138 acre-feet of Table A water to the Noble Creek Connection for the month of April. b) The Noble Creek enlargement construction phase and plumbing phase are complete; some electrical is still needed. We are anticipating full completion next week.

(2) Update on Delta Conveyance: General Manager Davis informed the Board that Governor Newsom scrapped the twin tunnel plan, known as the Cal WaterFix, and is downsizing the project to a single-tunnel conveyance. The Cal WaterFix will now be referred to as the Delta Conveyance. There will no longer be emphasis on the fish issue, and reverse flows issue. Governor Newsom's focus of the Delta Conveyance is #1 – Affordability, #2 – Earthquake preparedness, and #3 – Climate change resiliency. There will only be one tunnel with the capacity of about 6k cubic-feet per second. It is being proposed as a facility that SWC can opt into. All permits for the Cal WaterFix have been rescinded and work on a new EIR for the Delta Conveyance will begin soon. There will be another SWC contract amendment regarding opting in or opting out.

(3) Legislative Report: General Manager Davis made note of the following Senate Bills:

- SB 1(Beall) – Rolls environmental regulations back to January 2017.
- SB69 (Weiner) – Ocean Resiliency Act of 2019, to improve and protect the health of California's ocean Ecosystems and coastal communities.
- SB 204 – (Dodd) Requiring DWR to provide at least 10 days' notice to the Joint Legislative Budget Committee and relevant policy and fiscal committees of the Legislature before holding public sessions to negotiate any potential amendment of a long-term water supply contract that is of project wide significance with substantially similar terms intended to be offered to all contractors.
- AB 1876 (Fraizer) - Recently submitted to the State Assembly Committee on Water, Parks and Wildlife to add members to the Delta Stewardship Council (DSC); bill failed in committee.

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

- a. City of Calimesa Council Member Jim Hyatt passed away – a celebration of life service will take place on May 18.
- b. Work is proceeding on a capacity fee nexus study - meetings with retailers and cities are being set up. We need to decide what infrastructure, if any, should be included in such a fee.
- c. We are making progress on SGMA for the San Geronio Pass Sub-basin. Request for Proposals were sent out to eleven consulting firms. A number of questions were submitted by the consultants. Those questions have been answered. Proposals are due this month and interviews will take place. It is anticipated that in June staff will bring to the Board a recommendation to hire a consultant. The first progress report for the grant has been submitted to DWR.

B. Directors Reports: 1) **Director Ball** reported on the BCVWD's Engineering meeting that was held on April 25th. He also provided a report on the City of Beaumont meeting pertaining to recycled water.

C. Committee Reports: 1) **Director Thompson** reported that the Facility Ad-Hoc Committee met on April 25, 2019 to discuss a policy for the use of the SGPWA administration building. He noted that they are making progress. **Director Fenn** stated that there will be a closed session item today pertaining to General Manager's Performance Evaluation.

6. New Business:

A. Consideration and Possible Action of Resolution No. 2019-03, Setting a Policy for Sale of Water in Agency Storage Account. A staff report and a copy of Resolution No. 2019-03, were included in the agenda packet. General Manager Davis stated that this issue has been discussed during the last two Engineering workshops. General Counsel Ferre drafted a Resolution by applying the four issues that the Board wanted incorporated into the policy on sale of water from the Agency's storage account and are as follows:

- Water sold from the storage account would be at the water rate in effect at the time of the sale, including any storage or other fees adopted by the Board.
- Water sold from the storage account would be in accordance with the Agency's Account with the Beaumont Basin Watermaster and/or the Judgement.
- Water sold from the storage account shall be subject to an application process as established and implemented by the General Manager.
- The Board could change the policy at any time.

Director Fenn moved, seconded by President Duncan, to adopt Resolution 2019-03, which sets forth a policy on sale of water in the Agency's storage account that is consistent with key elements agreed to by the Board. The motion passed 6-0, with Director Stephenson absent.

B. Consideration and Possible Action to Approve 2019 Strategic Plan.

Director Lehtonen, member of the Strategic Plan Committee stated that the committee met several times to draft a revised Strategic Plan. The concept was to take the previous lengthy document and condense it to a much smaller comprehensive document. The five goals of the Strategic Plan are as follows:

- Regional Water Supply
- Effective Communication of Agency's Strategy and Mission
- Implementation of Sustainable Groundwater Management Act
- Regional Infrastructure Plan
- Financial Plan

Director Stephenson asked at a previous meeting for Board comment on this revised document. After discussion, Director Thompson made a motion, seconded by Director Lehtonen, to adopt the 2019 Strategic Plan as presented. The motion passed 6-0, with Director Stephenson absent.

C. Consideration and Possible Action to Approve Auditor for FY 2018-2019. General Manager Davis reminded the Board that the Auditor works with staff but is hired by the Board. Each year the Agency hires an accounting firm to audit its books. Staff is recommending retaining the accounting firm of Eadie &

Payne, for the amount of \$19,900. Eadie and Payne performed the Agency's audit the last two years. Director Fenn made a motion, seconded by Director Thompson, to authorize the President to sign the engagement letter with Eadie & Payne, thus engaging that firm to perform the fiscal year 2018-2019 Agency audit. Motion passed 6-0, with Director Stephenson absent.

D. Consideration and Possible Action to Authorize General Manager to Execute DWR Authorization Letter to Place Sites Reservoir Phase 2 Charges on DWR Statement of Charges, and Election of a Payment Schedule in the Event the Agency Moves Forward with Phase 2. A staff report and a template of DWR's Authorization letter were included in the agenda packet. General Manager Davis explained that during the April 22nd Finance and Budget workshop the Board received information regarding DWR's request for verbal feedback as to whether the Agency wished to have Phase 2 charges included on the Statement of Charges (SOC) and if so, which payment option the Agency planned to use. The requested verbal feedback had no official meaning other than DWR being able to use this information for its May 2019 estimate of charges. It was the consensus of the Board to proceed with including the Phase 2 charges on the SOC and to utilize the Interest Only payment schedule. DWR is now asking for a formal authorization by way of authorizing execution of the DWR authorization letter. Responses to DWR's requests are not binding commitments to continue with the Sites Reservoir Project itself. Any such commitments have been, or will be, made by way of agreements between the Agency and the Sites Reservoir Authority or the Sites Reservoir Committee. Should the Agency Board decide to proceed with Phase 2 of the Sites Reservoir project, today's proposed action would provide the Board with another option to finance phase 2, namely, the Agency's State Water Project tax. The Agency would not be obligated to use the tax, but would have the option of doing so. The estimated Phase 2 costs for Sites Reservoir (interest only option) for the Agency are \$910,000. For the Pay-go option, these costs are estimated to be \$24.1 million. The costs would be spread over two years – 2020 and 2021. After discussion, Director Castaldo made a motion, seconded by Director Fenn, to authorize the General Manager to execute the DWR Authorization letter, to formally indicate that, in the event the Agency proceeds with participation in the Sites Reservoir Project beyond 2019, that: (a) Phase 2 charges are to be included on the SOC; and (b) the Agency would elect the Interest Only payment schedule. Motion passed 6-0, with Director Stephenson absent.

7. Topics for Future Agendas: Director Fenn noted that at some point the Board will be discussing the tax rate for the upcoming year. He requested that during the tax rate discussion Sites Phase 2 charges be included in the conversation. There were no topics for further discussion requested.

8. Announcements:

- A. Water Conservation and Education Workshop, May 9, 2019 at 1:30 p.m.
- B. General Manager Performance Evaluation Committee Meeting, May 13, 2019 at 12:30 p.m.
- C. Engineering Workshop, May 13, 2019 at 1:30 p.m.
- D. Regular Board Meeting, May 20, 2019 at 1:30 p.m.

9. Closed Session (2 Items)

Time: 2:24 p.m.

- A. 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

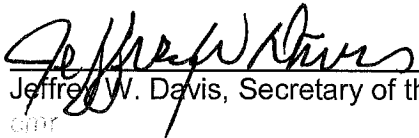
- B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957
Title: General Manager

The meeting reconvened to open session at: Time: 3:52 pm

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

10. Adjournment

Time: 3:52 pm



Jeffrey W. Davis, Secretary of the Board

GDJ