

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
September 6, 2016

Directors Present: Bill Dickson, Vice President
Mary Ann Melleby, Treasurer
Blair Ball, Director
Ron Duncan, Director
David Fenn, Director
Lenny Stephenson, Director

Directors Absent: John Jeter, President

Staff Present: Jeff Davis, General Manager
Jeff Ferré, General Counsel
Cheryle Rasmussen, Executive Assistant
Thomas Todd, Finance Manager

1. **Call to Order, Flag Salute and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board Vice President Bill Dickson at 7:00 p.m., Tuesday, September 6, 2016 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Fenn led the Pledge of Allegiance to the flag. Vice President Dickson requested a roll call.

| <u>Roll Call:</u> | Present | Absent |
|--------------------------|-------------------------------------|-------------------------------------|
| Director Stephenson | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Director Ball | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Director Fenn | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Director Melleby | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Director Duncan | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Director Dickson | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| President Jeter | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

A quorum was present.

2. **Adoption and Adjustment of the Agenda:** *Vice President Dickson asked if there were any adjustments to the agenda. There being none the agenda was adopted as published.*
3. **Public Comment:** *Vice President Dickson 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 speak at this time.*
4. **Consent Calendar:** *Vice President Dickson asked for an approval of the Consent Calendar.*
 - A. Approval of the Minutes of the Regular Board Meeting, August 15, 2016
 - B. Approval of the Minutes of the Finance and Budget Workshop, August 22, 2016
 - C. Approval of the Finance and Budget Workshop Report, August 22, 2016

- D. Approval of the recommendations made at the Board Finance and Budget Workshop, as set forth in the Finance and Budget Workshop Report, August 22, 2016

Director Melleby made a motion, seconded by Director Duncan, to approve the Consent Calendar as published. Motion passed 6-0, with President Jeter absent.

5. Reports: (Discussion and Possible Action)

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported that the Agency delivered 1246 acre-feet for the month of August (not including YVWD).

(2) General Agency Updates: General Manager Davis reported on the following: **a) Sites Reservoir:** The unofficial percentage of allocation from Sites Reservoir for Class 1 water is 53.9%; official notification will be sent out sometime this week. **b) Allocation of Agency Water Update:** Dan Flory will be presenting to the Board a report (in October or November) in response to comments and questions that were given during the July 11th Engineering Workshop. **c) State of the Supply:** A preliminary date of Friday, September 30th has been set for the Agency's State of the Supply event to be held at the City of Banning City Hall. **d) SB 814:** SB 814 is a new law that declares that during a Governor declared drought emergency excessive water use by residential customers is prohibited. During a declared drought emergency each urban retail water supplier is to establish a method to identify and discourage excessive water use and establish a rate structure that includes block tiers, water budgets, or rate surcharges over and above base rates for excessive water use by customers. **e) Flume Update:** A conference call took place on September 1st. 1) During the call the Participating Entities presented two options for FERC and USFS consideration. FERC and USFS will provide a response in the next couple of weeks. 2) The above ground pipeline has a temporary permit that was granted to SC Edison and is up for renewal on September 12. 3) The USFS sent a letter to SC Edison that a permit may not be renewed as there has been no headway during the FERC dispute process; SC Edison responded to the letter stating that there has been progress and that the permit should be renewed. 4) The Participating Entities will be meeting every two weeks. **f) SWP Contracts:** General Counsel Ferre reported on the availability of an EIR for the SWP contract extension. A couple of years ago DWR and the Contractors entered into public negotiations to extend the term and make other financial improvements to the Contracts. The outcome of these negotiations resulted in an Agreement in Principle concerning an extension of the State Water Project Water Supply Contracts. The proposed project objectives are as follows: 1. Extend Contract Term. 2. Increase Operating Reserves 3. New Billing Process. 4. Enhanced Funding Mechanisms and New Accounts. 5. Enhanced Coordination Regarding SWP Finances. A Draft EIR has been published and a 60-day review/comment period for the DEIR began August 17 and ends October 17.

C. Directors Reports: **1) Director Stephenson** reported that he attended the Yucaipa Valley Water District on August 30. **2) Director Melleby** reported on the following meetings: a) Watermaster Meeting in August. b) August 24th SGPRWA meeting, whereas General Manager Davis presented on the Sites Reservoir project. c) Director Melleby stated that the Record Gazette inaccurately reported that she is running for re-election. Director Melleby has been in the water business for 18 years and has decided to fully retire. **3) Director Fenn:** Director Fenn reported on the City of Banning – Planning Commission meeting; the topic was water and wastewater for the

Rancho San Gorgonio project. **4) Director Duncan:** Director Duncan reported that he also attended the SGPRWA meeting.

6. New Business: (Discussion and Possible Action)

A. Consideration of Adoption of Resolution No. 2016-05, Opposing Proposition 53 (The California Voter Approval Requirement for Revenue Bonds above \$2 Billion Initiative): A staff report and materials related to Proposition 53 were included in the agenda packet. A copy of Resolution No. 2016-05 was provided to the Board and to members of the public. General Manager Davis provided background information on the author of the initiative. The proposed initiative on the November ballot would require a statewide approval of any public infrastructure project that would utilize more than \$2 billion in revenue bonds. General Counsel Ferre explained to the Board the protocol of speaking in public on behalf of the Board on any item on the ballot, stating that they are required to present both sides of the issue. General Manager Davis stated that the purpose of this Resolution is to express that this Agency is opposed to Proposition 53, as it would impact the Cal Water Fix. Director Duncan made a motion, seconded by Director Melleby, approving the adoption of Resolution No. 2016-05 opposing Proposition 53. After discussion the motion passed 4-2, with Directors Ball and Fenn voting no, and President Jeter absent.

B. Consideration of Integrated Regional Water Management Plan (IRWMP) Memorandum of Understanding (MOU): A staff report and a copy of the MOU to Conduct IRWMP for the San Gorgonio Region were included in the agenda packet. General Manager Davis stated that the Board has reviewed this item a number of times over the past few months. This item has also been discussed in detail at the SGPRWA meetings. General Manager Davis clarified with the Board that the IRWMP is being headed up by a subset of Alliance members; the Alliance as a whole is not involved. These Alliance members have been presented with a number of funding opportunities and decided to partner with the Riverside County Flood Control and Water Conservation District to prepare an integrated plan. There is a deadline of September 23 to submit the application for the grant. One of the requirements of an IRWMP is to create the entity that is going to be applying for the grant. General Manager Davis and Legal Counsel Ferre reviewed the MOU with the Board. General Manager Davis informed the Board that the Morongo Band of Mission Indians are interested in participating and will be discussing this item at a council meeting. General Manager Davis and Legal Counsel Ferre reviewed the cost share to the Agency for the planning grant. After discussion, Director Melleby made a motion, seconded by Director Fenn, to approve the MOU, including any non-substantive revisions approved by the General Counsel and General Manager, authorizing the General Manager to sign the MOU and participate in the integrated plan. Motion passed 6-0, with President Jeter absent.

C1. Consideration of and Possible Action to Authorize the General Manager to Execute an Agreement for Legal Services with Atkinson Andelson for Review and Analysis of a Construction Dispute between DWR and DWR Construction Contractor in Connection with the Mentone Pipeline - East Branch Extension: A staff report and a copy of the Joint Representation/Conflict Waiver involving Mentone Pipeline Project were included in the agenda packet. General Counsel Ferre informed the Board that DWR contracted with Spinello Company for the construction of the Mentone Pipeline and that the Agency and SBVMWD are responsible for paying for that construction. There is a current disagreement between DWR and Spinello, wherein the contractor has alleged that there were some different site conditions that added to the

cost and submitted a claim for additional compensation. This resulted in a dispute and now a public arbitration process has commenced between the contractor and DWR. SBVMWD hired Atkinson Andelson who specializes in public works construction to provide review, analysis and monitoring of the DWR contractor construction dispute. The services would not extend to initiating or defending any litigation. SBVMWD has offered to include the Agency as part of the monitoring process, allowing the Agency to have access to confidential reports. It is anticipated that Mary Salamone's (Atkinson Adelson) cost would not exceed 20,000; the consultant has been given a budget of \$8000-10,000. After discussion, Director Duncan moved, seconded by Director Stephenson, to authorize the General Manager to execute an agreement with Atkinson Andelson for review and analysis of a construction dispute between DWR and its construction contractor in connection with the Mentone Pipeline. Motion passed 6-0, with President Jeter absent.

C2. Consideration of and Possible Action to Authorize the General Manager to Execute Cost Sharing Agreement with San Bernardino Valley Municipal Water District (Valley District) to Share Equally the Cost of Services Rendered by Atkinson Andelson: General Counsel Ferre stated that should the Board wish to proceed with the cost sharing agreement, it is recommended that the Agency split the costs with SBVMWD on a 50-50 basis, about \$15000. After discussion, Director Melleby moved, seconded by Director Stephenson, to authorize the General Manager to execute a cost sharing agreement with SBVMWD to share equally the cost of services rendered by Atkinson Andel in connection with the DWR construction contractor dispute regarding the Mentone Pipeline. Motion passed 6-0, with President Jeter absent.

7. Topics for Future Agendas: 1) Director Ball requested updated information on the Whitewater Flume.

8. Announcements

- A. Engineering Workshop, September 12, 2016 at 4:00 p.m.
- B. Regular Board Meeting, September 19, 2016 at 7:00 p.m.
- D. Finance and Budget Workshop, September 26, 2016 at 4:00 p.m.

9. Closed Session (One Item)

Time: 8:11 p.m.

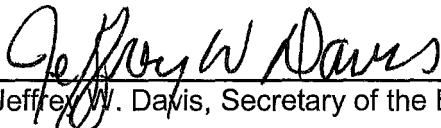
- A. PUBLIC EMPLOYEE PERFORMANCE EVALUTION (Government Code Section 54957)
Title: General Manager

The meeting reconvened to open session at **Time: 9:15 pm**

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

10. Adjournment

Time: 9:15 pm



Jeffrey W. Davis, Secretary of the Board