

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California
92223 Minutes of the
Board of Directors Meeting
August 7, 2017

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

Directors Absent: Steve Lehtonen

Staff Present: Jeff Davis, General Manager
Thomas Todd, Finance Manager
Jeff Ferre, General Counsel

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 Fenn at 7:00 p.m., August 7, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Duncan led the Pledge of Allegiance to the flag. Director Castaldo gave the invocation. President Fenn 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 Lehtonen	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Director Castaldo via Teleconference	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President Fenn	<input checked="" type="checkbox"/>	<input type="checkbox"/>

A quorum was present.

2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* General Manager Davis requested that Item 6C be discussed prior to item 6A in order to accommodate the presenter, Mandy Parks. President Fenn approved the request; there were no objections from the Board. The Agenda was adopted with the requested adjustment.
3. **Public Comment:** *President Fenn 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 Special Board Meeting and Engineering Workshop, July 10, 2017
 - B. Approval of the Minutes of the Regular Board Meeting, July 17, 2017

- C. Approval of the Minutes of the Finance and Budget Workshop July 24, 2017
- D. Approval of the Finance and Budget Workshop Report, July 24, 2017

Director Stephenson made a motion, seconded by Director Duncan, to adopt the consent calendar as presented. Motion passed 6-0, Director Lehtonen absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) **SWP Water Deliveries:** The Agency delivered a total of 1464 acre-feet to the Noble Creek Connection, for the month of July. Fiscal year delivery total – 8365 acre-feet.

(2) General Agency Updates: (a) **Cal Water Fix NOD:** The State of California issued its Notice of Determination (NOD) on the Environmental Impact Report (EIR) for the Cal Water Fix; two law suits have been filed. (b) **Riverside County Speakers Series:** General Manager Davis attended the Speaker Series on July 21⁵¹. Roger Patterson, Assistant General Manager overseeing strategic water initiatives for Metropolitan Water District of Southern California provided an update on where the California WaterFix is in the permitting cycle and what recent state and federal decisions mean for the project. Fiona Hutton, Communications strategist for Southern California Water Committee spoke on the organization's education and outreach campaign and recent polling on the Cal WaterFix. (c) **Department of Water Resources Announcement:** Grant Davis of Sonoma County Water Agency and Bay Institute was named the new DWR Director. (d) **ACWA:** ACWA's Executive Director Tim Quinn is taking a two month medical leave. Former ACWA President Paul Kelly will be the interim Executive Director while Mr. Quinn is on leave.

B. General Counsel Report: Chromium IV: On May 31, 2017, the Superior Court of Sacramento County issued a judgment invalidating the hexavalent chromium maximum contaminant level (MCL) for drinking water. The court ordered the State Water Resources Control Board (State Board) to take the necessary actions to delete the hexavalent chromium MCL from the California Code of Regulations and to file with the court by August 15 proof that it has done so. The court's primary reason for finding the MCL invalid is that the California Department of Public Health (which was responsible for the drinking water program before it was transferred to the State Board) failed to comply with one of the requirements in the Safe Drinking Water Act for adopting an MCL. In particular, the department "failed to properly consider the economic feasibility of complying with the MCL." The court did "not decide whether the MCL is economically feasible." The court did not make any finding about whether the MCL adequately protected public health, nor did it reach a conclusion about whether the MCL was too low or too high. The court merely found that the department did not adequately document why the MCL was economically feasible. The court also ordered the State Board to adopt a new MCL for hexavalent chromium. In accordance with the court ruling, the State Water Resources Control Board adopted a resolution to remove the current maximum contaminant level (MCL) for the pollutant hexavalent chromium

found in drinking water. The State Water Board will now begin work on establishing a new MCL for the contaminant.

C. Directors Reports: (1) **Director Duncan** reported on the Beaumont Basin Watermaster meeting that he attended on August 2nd. He also reported on the August 3rd BCVWD Engineering workshop meeting. (2) **Director Thompson** reported on the BCVWD Engineering workshop on August 3rd. (3) **Director Castaldo** reported that he had a meeting with President Slawson of BCVWD. President Slawson informed him that BCVWD's General Manager Eric Fraser was terminated. Director Castaldo informed the Board that due to a potential conflict of interest he is removing himself from the San Geronio Pass Water Alliance. President Fenn named Director Thompson as the Agency's representative, with Director Duncan being the alternate. (4) President Fenn reported on the Beaumont Basin Watermaster meeting. He also reported on the City of Beaumont Council meeting that he attended on August 1st.

D. Committee Report – Water Conservation and Education Committee: Director Thompson reported that committee met on July 21st. Discussion took place on the current programs and reviewed last year's accomplishments of the IERCD. The committee also reviewed IERCD's proposal for this upcoming year. The committee is proposing that the IERCD reports back to the Agency on the amount of classrooms that are benefiting from the program; how many teachers were involved, etc. Discussion also included possible future conservation and education programs. The Committee discussed a number of possible programs, including targeting high water users and incentivizing individuals or water retailers to use less Table A water in order to provide more water for projected development. The Committee recognized that the Agency would likely need to partner with retail water agencies in order to implement any useful and meaningful programs.

6. **New Business:**

C. Consideration and Possible Action of Contract with Inland Empire Resource Conservation District for Water Education Programs for 2017-2018: A staff report and a copy of the IERCD contract were included in the agenda packet. General Manager Davis explained that the Agency has had a partnership with IERCD for a number of years. He provided background on how the program has evolved. He stated that this year IERCD is proposing to restructure the program by targeting fourth through sixth grade teachers. The teachers would be recruited to do afterschool workshops. Staff and the IERCD feel that the workshops will add a new dimension to the overall program. President Fenn called upon Ms. Parks for her input on the program. She provided insight on how the programs have educated the children on water conservation. Also, how the next school year program will benefit both teachers and children. After discussion, Director Duncan made a motion, seconded by Director Thompson, to approve the proposal from IERCD and to authorize the General Manager to sign the contract for water conservation outreach programs for the 2017-2018 school year. Motion passed, 6-0 with Director Lehtonen absent.

A. Consideration of Adoption of Resolution No. 2017-13, Setting Tax Rate for FY 2017-2018: A staff report and a copy of Resolution No. 2017-13 were included in the agenda packet. President Fenn commented on how this item is one of the three biggest decisions that this Board makes during the course of the year. He referred to General Manager Davis for input on this item. General Manager Davis stated that the staff report summarizes the discussion that the Board had at the Finance and Budget workshop. Staff presented a large amount of information to the Board, which resulted in thoughtful discussion from the Board. He stated that Staff could make a strong case to either leave the tax rate as is, or to lower it by a quarter of a cent this year. President Fenn was in favor of lowering the tax rate due to the surplus in revenue. He referenced a memorandum that Finance Manager Thomas Todd had sent him pertaining to bond payments and refinancing. The memorandum was provided to each of the Board members, and was also made available to the attending public. Each of the Board members voiced their opinion on whether the tax rate should be increased, decreased, or to remain the same. After discussion, Director Thompson made a motion to lower the tax rate to \$0.17. The motion failed due to a lack of a second. After further discussion, President Fenn made a motion, seconded by Director Ball, to lower the tax rate to \$0.1825. President Fenn requested a roll call.

<u>Roll Call:</u>	Aye	Noes	Absent	Abstain
Director Stephenson	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Lehtonen	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Castaldo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Fenn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion passed 4-2, with Director Lehtonen absent.

B. Consideration of Adoption of Debt Service Budget for 2017-2018: A staff report and related material were included in the agenda packet. General Manager Davis stated that there are two scenarios that are included in the agenda packet to choose from. Due to discussion that took place on Agenda item 6A the one to consider is the one that relates to the \$0.1825 tax rate on page 40 of the Agenda packet. The Board would be voting on a Debt Service Budget that reflects about \$6.1 million in additional reserves for fiscal year 2017-2018. A motion was made by Director Ball, seconded by Director Thompson, to adopt the Debt Service Budget reflecting the estimated revenue at \$0.1825. Motion passed 6-0, with Director Lehtonen absent.

D. Discussion of Establishing the Time of Board Meetings Ordinance 12: A staff report and a copy of Ordinance 12 were included in the Agenda packet. President Fenn stated that the Board had changed the meeting times back in November 2015. Ordinance 12 states that it is the intent of the Board to revisit the designation of evening Board meeting times in the future, perhaps every three (3)

and/or six (6) months, to review whether this decision has resulted in increased public attendance at Board meetings; this is the purpose for bringing this item to the Board for discussion. The Board discussed how to make the Agency's Board meetings and workshops more efficient, as well as designating a meeting time that would allow the Agency's retail customers and members of the public to attend; as attendance had dropped from the 1:30 pm Board meeting times to the 7:00 Board meeting times. President Fenn stated that this item is for discussion only. Should the Board desire a change to the meeting times a new Ordinance would be drafted and presented to the Board at a future Board meeting for consideration. President Fenn stated that he is looking to each Board member for their opinion as to what time of day the meetings should be held. He suggested that going forward closed sessions should begin at 5:00 pm, and to begin Board meetings at 6:00 pm, keeping the 4:00 pm workshops. After discussion, General Counsel Ferre stated that a motion is needed as to what changes the Board desires and when to formalize the new Ordinance. Director Duncan made a motion, seconded by Director Stephenson, to change all meetings times to 5:00 p.m., bring back the appropriate Ordinance to make the change, and to have the next meeting at 5:00 p.m.

<u>Roll Call:</u>	<i>Aye</i>	<i>Noes</i>	<i>Absent</i>	<i>Abstain</i>
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Lehtonen	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Castaldo	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Fenn	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion failed 3-3, with Director Lehtonen absent.

President Fenn made a motion, seconded by Director Castaldo, to change all meeting times to 6:00 p.m., to bring back the appropriate Ordinance to make the change at the next Board meeting, and to have the next meeting at 6:00 p.m.

<u>Roll Call:</u>	<i>Aye</i>	<i>Noes</i>	<i>Absent</i>	<i>Abstain</i>
Director Stephenson	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Lehtonen	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Castaldo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Fenn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Motion passed 4-2, with Director Lehtonen absent.

7. Topics for Future Agendas: 1. Director Thompson requested discussion on an Emergency Plan. To invite Dan Jagers to speak on issues that BCVWD Recharge Facility has encountered. He also requested discussion on the Beaumont Basin Storage losses. 2. Director Ball requested that the General Manager report on how efficiently staff is using their time due to the newly requested meeting times.

8. Announcements:

- A. Engineering Workshop June 12, 2017 at 6:00 p.m.
- B. Regular Board Meeting, June 19, 2017 at 6:00 p.m.
- C. Finance and Budget Workshop June 26, 2017 at 6:00 p.m.

9. Closed Session (Three Items)

Time: 8:37 p.m.

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957
Title: General Counsel
- B. CONFERENCE WITH REAL PROPERTY
NEGOTIATORS Pursuant to Government Code section
54956.8
Property: Potential water rights/supplies offers from the South Mesa
Water Company
Agency negotiator: Jeff Davis, General Manager
Negotiating parties: David Armstrong, General Manager, South Mesa
Water Company
Under negotiation: price and terms of payment
- C. CONFERENCE WITH REAL PROPERTY
NEGOTIATORS Pursuant to Government Code section
54956.8
Property: Potential water rights acquisition regarding Westlake
Farms, Kings County APN's 036-070-007-000, 036-070-014-000,
036-070-004-
000,036-070-013-000
Agency negotiator: Jeff Davis, General
Manager Negotiating parties: Ceil Howe
Under negotiation: Price and terms of payment

The meeting reconvened to open session at: Time: 10:22 pm

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

10. Adjournment

Time: 10:23 pm



Jeffrey W. Davis, Secretary of the Board