

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
September 19, 2016 at 7:00 p.m.

1. Call to Order, Flag Salute 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.

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, September 6, 2016*
(Page 2)
- B. Approval of the Minutes of the Engineering Workshop, September 12, 2016*
(Page 7)

5. Reports (Discussion and Possible Action)

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

6. New Business (Discussion and Possible Action)

- A. Consideration of Riverside County State of the County Sponsorship* (Page 9)
- B. Consideration of Contracting with Consultant to Perform CEQA Services for Procurement of Long-Term Water Rights* (Page 13)

7. Topics for Future Agendas

8. Announcements

- A. Finance and Budget Workshop, September 26, 2016 at 7:00 p.m.
- B. San Gorgonio Pass Regional Water Alliance, June 22, 2016
 - 1. Regular Meeting at 5:30 p.m. – Banning City Hall Conference Room
- C. SGPWA – State of the Regional Water Supply, September 30, 2016
8:00 a.m.

9. Closed Session (4 Items)

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8
Property: APN 311-360-008 and 311-360-009
Agency negotiator: Jeff Davis, General Manager
Negotiating party: Carlo Wilcox
Under negotiation: price and terms of payment

B. Public Employee Performance Evaluation

Pursuant to Government Code Section 54957

Title: General Manager

C. Conference with Labor Negotiators

Pursuant to Government Code Section 54957.6

Agency designated representatives: Board President John Jeter;

Legal Counsel Jeff Ferre

Unrepresented employee: General Manager

D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: Water Right Lease – CV Communities

Agency negotiator: Jeff Davis, General Manager

Negotiating party: Antelope Valley-East Kern Water Agency

Under negotiation: price and terms of payment

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
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 Geronio 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 Geronio 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 motioned, 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

Draft - Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
September 12, 2016

Directors Present: John Jeter, President
Blair Ball, Director
Bill Dickson, Vice President
Ron Duncan, Director
David Fenn, Director
Mary Ann Melleby, Director
Leonard Stephenson, Director

Staff Present: Jeff Davis, General Manager
Jeff Ferre, General Counsel
Cheryle Rasmussen, 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 President John Jeter at 4:00 p.m., September 12, 2016 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present.

2. Public Comment. Eric Fraser of Beaumont Cherry Valley Water District asked about the status of the study on potential new water sources. General Manager Davis indicated that he had a draft of the report and he hoped to bring it to the Board for discussion next month.

3. Discussion of Revised Municipal Water Quality Investigations (MWQI) Specific Project Agreement. A copy of the agreement was included in the agenda package. General Manager Davis provided some background on the MWQI program and the changes to this specific project committee agreement from the last one, which was three years ago. The primary difference is that the discretionary additional project allocation is for up to \$700,000, up from \$400,000 in the last agreement. The Board asked about the reason for the increase and the amount of this fund that has been spent in previous years. Overall, the Board supported the MWQI program. General Manager Davis indicated that he will bring answers to the Board's questions when the agreement comes up for approval from the Board.

4. Discussion of Updated MWQI Agreement with Department of Water Resources. Since this was tied so closely to the previous agenda item, no separate discussion took place on this item. The Board indicated that it would

like to understand more about the reasons for the increase in costs when the agreements come back for approval.

5. Announcements:

- A. Regular Board Meeting, September 19, 2016 at 7:00 pm.
- B. Finance and Budget Workshop, September 26, 2016 at 4:00 p.m.
- C. San Gorgonio Pass Regional Water Alliance, September 28, 2016
 - 1. Regular Meeting at 5:30 pm—Banning City Hall Conference Room.

6. Adjournment: Chairman Dickson adjourned the meeting at 4:30 p.m.

DRAFT - SUBJECT TO BOARD APPROVAL

Jeffrey W. Davis, Secretary to the Board

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Sponsorship of State of the County Event

DATE: September 19, 2016

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to sponsor Riverside County's State of the County event on October 5.

Background:

In recent years, the County has held an annual "State of the County" event at the Morongo Casino. For the past two years, the Agency has been a sponsor of the event. Once again, the event will be held at Morongo Casino on Wednesday, October 5.

Detailed Report:

The event appears to be a lunch this year, beginning at 11:00 am and running to 1:30 pm. In previous years, exhibit booths were located outside the hall before and after the event. Sponsorship levels this year are the same as last year. The lowest advertised sponsorship level is \$1000. Sponsorships are also available at \$2500, \$5000, and \$10,000. Sponsorship information is available in the agenda package.

It should be noted that the event is on the same day as a Watermaster meeting at which the Agency's storage account application will be considered. Board members who wish to attend both events could probably do so but would likely be late to the State of the County event.

Fiscal Impact:

Last year, the Agency began budgeting \$10,000 for sponsorships in the General Fund budget. Should the Board decide to sponsor the

event, the funds are budgeted to do so. In the next month or so, Staff will bring to the Board another sponsorship opportunity—an ACWA sponsorship. Members of the Board may want to keep this in mind as they decide whether to sponsor this event or not.

Relationship to Strategic Plan:

The strategic plan includes a communications plan in which the Agency raises its profile in the community. Sponsoring this event would be consistent with this aspect of the strategic plan.

Recommendation:

Staff has no recommendation. The Board can choose to sponsor the event or not and if so, at what level to sponsor it. Last year, the Board sponsored this event at the \$1000 level.

2016 STATE OF RIVERSIDE COUNTY - *AMPLIFIED*

CHAIRMAN & FOURTH DISTRICT SUPERVISOR

JOHN J. BENOIT

FIRST DISTRICT SUPERVISOR

KEVIN JEFFRIES

THIRD DISTRICT SUPERVISOR

CHUCK WASHINGTON

SECOND DISTRICT SUPERVISOR

JOHN F. TAVAGLIONE

FIFTH DISTRICT SUPERVISOR

MARION ASHLEY



2016
STATE OF RIVERSIDE COUNTY

AMPLIFIED

MORONGO CASINO RESORT & SPA
OCTOBER 5, 2016 • 11AM - 1:30PM

REGISTER AT STATEOFRIVERSIDECOUNTY.EVENTBRITE.COM

\$50 PRE-SALE | \$65 DAY OF EVENT

REGISTRATION & BUSINESS EXPO : 11:00AM - 12:00PM

PROGRAM & LUNCH : 12:00PM - 01:30PM

FOR INFORMATION ON EVENT SPONSORSHIP, PLEASE CONTACT:
MICHAEL WILLIAMS, (951) 686-1996 OR ADMIN@MICHAELWILLIAMSCOMPANY.ORG

COUNTY OF RIVERSIDE

EDA

ECONOMIC DEVELOPMENT AGENCY

Nathan Hultgren
Development Specialist III
Marketing
NHultgren@rivcoeda.org
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Phone: 951.955.3485
Fax: 951.955.6686



2016 STATE OF RIVERSIDE COUNTY

OCTOBER 5 Business Expo 11:00 a.m. / Program/Luncheon 12 noon

Morongo Casino Resort & Spa / 4950 Seminole Dr., Cabazon, CA 92230

___ YES, I WOULD LIKE TO BE A PLATINUM SPONSOR AT \$10,000 FOR 18 PEOPLE

___ YES, I WOULD LIKE TO BE A GOLD SPONSOR AT \$5,000 FOR 9 PEOPLE

___ YES, I WOULD LIKE TO BE A SILVER SPONSOR AT \$2,500 FOR 5 PEOPLE

___ YES, I WOULD LIKE TO BE A BRONZE SPONSOR AT \$1,000 FOR 4 PEOPLE

___ YES, I WOULD LIKE TO MAKE A _____ RESERVATIONS AT \$50 PER PERSON

SEE ATTACHED FOR SPONSORSHIP BENEFITS

NAME

GUEST NAMES

ADDRESS

CITY, STATE & ZIP

COMPANY / ORGANIZATION

EMAIL

PHONE / FAX

RSVP to fax: 951-686-1998 or mike@michaelwilliamscompany.org

Mail and make checks payable to:
Riverside County Economic Development Agency

3711 A. Arlington Ave.

Riverside, CA 92506

ID# 95-6000930

For more information: call 951-686-1998 or www.michaelwilliamscompany.org

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Contracting With Consultant for CEQA Services for Potential Long-Term Water Transfer

DATE: September 19, 2016

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to begin the CEQA process for a potential long-term water transfer by awarding a contract for CEQA consulting services. CEQA compliance would be required prior to completion of any such transaction.

Background:

The Board is considering procuring land and water rights associated with the State Water Project ("SWP"). If successful, the procurement would result in the Agency adding 411 acre-feet of water to its contracted Table A amount. This potential transaction is currently under consideration, for possible direction by the Board to its real property negotiator (General Manager), in connection with property described as follows: APN 311-360-008 and 311-360-009. The current owner is Carlo Wilcox.

CEQA consulting services are needed in order to determine the specific CEQA compliance which will be required for this potential transaction and to assist the Agency in completing such documentation. Documentation of CEQA compliance is required for the purchase and conveyance of such SWP entitlement. In this case, the following public agencies would be involved: the Agency, the Department of Water Resources, and the Tulare Lake Basin Water Storage District which plays a role in the sale and conveyance of Mr. Wilcox's SWP entitlement.

Detailed Report:

Staff has solicited proposals from two consultants that have experience producing CEQA documents for these types of water transfers. Each firm will be submitting, or has submitted, a proposal for performing the work. Since it is not yet known what CEQA documentation will be required, proposals are structured to account for multiple options.

Because of the short time frame in which this is being done, staff has not had an opportunity to review the proposals prior to the agenda package being sent out on Friday. Staff will have a recommendation at the Board meeting on which consultant to hire. Copies of each proposal will be available following staff review and development of a recommendation and prior to any potential action by the Board.

Fiscal Impact:

Details of the specific fiscal impact of the contract that is awarded, if any, will be developed and discussed at the Board meeting. Since proposals are not available as this staff report is being written, the exact fiscal impact is not yet known. However the primary fiscal impact will be from procurement of the water and increased payments to the Department of Water Resources, as compared to the cost of the CEQA documentation.

Relationship to Strategic Plan:

The strategic plan calls for a regional water supply plan, which includes additional water supplies. This action, in that it could lead to acquisition of additional long-term water supplies, is consistent with the strategic plan, and in fact is envisioned in the strategic plan.

Recommendation:

Staff recommends that the Board authorize the General Manager to enter into an agreement with the consultant recommended at the Board meeting to produce a CEQA document for a long-term water rights acquisition. The General Manager will have details on the recommended proposal, including a not-to-exceed price, at the Board meeting. The contract that is awarded, if any, will provide that the contract can be terminated at the discretion of the Agency if the Board elects not to proceed with the potential acquisition.