

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**June 5, 2017 at 7:00 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.

**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, May 15, 2017\* (Page 3)

B. Approval of the Minutes of the Finance and Budget Workshop, May 22, 2017\* (Page 8)

C. Approval of the Finance and Budget Workshop Report, May 22, 2017\* (Page 10)

**5. Reports:**

A. General Manager's Report

1. Operations Report

2. General Agency Updates

B. General Counsel Report

C. Directors' Reports

**6. New Business:**

A. Public Hearing on Determination of Whether to Form a Groundwater Sustainability Agency Pursuant to the Sustainable Groundwater Management Act for the Yucaipa Sub-Basin

B. Consideration and Possible Action Regarding Adoption of Resolution No. 2017-09 - Election to become a Groundwater Sustainability Agency for the Yucaipa Sub-Basin\* (Page 27)

C. Consideration and Possible Action Regarding Engagement of New Auditor for Fiscal Year 2016-2017\* (Page 52)

D. Consideration and Possible Action Regarding Cost of Living Adjustment for Agency Staff \* (Page 89)

E. Consideration and Possible Action Regarding Nominations for ACWA Region 9 Board of Directors\* (Page 91)

F. Consideration and Possible Action Regarding Authorization to Advertise Fiesta Recharge Facility for Construction\* (Page 103)

G. Consideration and Possible Action Regarding Adoption of Ordinance 13 Amending Ordinance 8\* (Page 106)

H. Consideration and Possible Action Regarding Application from Beaumont Cherry Valley Water District to Expand Noble Connection from 20 cfs to 34 cfs Pursuant to Revised Ordinance 8\* (Page 120)

**7. Topics for Future Agendas**

**8. Announcements:**

- A. Engineering Workshop, June 12, 2017 at 4:00 p.m.
- B. Regular Board Meeting, June 19, 2017 at 7:00 p.m.
- C. Finance and Budget Workshop, June 26, 2017 at 4:00 p.m.

**9. 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](http://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**  
**May 15, 2017**

**Directors Present:** David Fenn, President  
Ron Duncan, Vice President  
Lenny Stephenson, Treasurer  
Blair Ball, Director  
David Castaldo, Director (arrived - 7:16pm)  
Stephen Lehtonen, Director  
Michael Thompson, Director

**Staff Present:** Jeff Davis, General Manager  
Cheryle Rasmussen, Executive Assistant  
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 David Fenn at 7:00 p.m., May 15, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Lehtonen led the Pledge of Allegiance to the flag. Director Stephenson provided the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* There being none the agenda was adopted as published.
3. **Public Comment:** 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, May 1, 2017
  - B. Approval of the Minutes of the Engineering Workshop, May 8, 2017

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

**5. Reports:**

**A. General Manager's Report:**

**(1) Operations Report:** **(a) SWP Water Deliveries:** The Agency delivered a total of 695 acre-feet to the Noble Creek connection so far this month. **(b) Citrus Reservoir:** At the next board meeting General Manager Davis will provide a full report on the status of the installation of the new pumps at Citrus Reservoir. **(c) Oroville Spillway:** The California Department of Water Resources (DWR) is hosting seven public meetings in multiple locations to update communities in the region about the ongoing Oroville spillway recovery effort. The meetings will be opportunities for members of the public to hear from DWR leadership and experts about the status of the Oroville spillway and to ask questions and provide comments about the recovery process.

**(2) ACWA Report:** General Manager Davis reported a number of sessions that he attended at the Spring 2017 ACWA Conference. **(a)** Notable speakers were Randy Fiorini (head of Delta Stewardship Council) and Bill Croyle (Acting Director of the Department of Water Resources). **(b)** Sessions included pensions, integrating storage, water supply reliability, and flow criteria for the San Joaquin and its tributaries. **(c)** Key ongoing and current issues: Flow criteria (Bay Delta Water Quality Plan), water conservation and legislative actions, SGMA, Oroville spillway, and water storage and how it relates to Prop 1.

**(3) General Agency Updates:** **(1) Capacity Fee:** General Manager Davis reported that a draft cooperative agreement was sent to Calimesa and YVWD for their review. **(2) Whitewater Flume:** Negotiations continue with the USFS. A cost-sharing agreement was agreed to however, the initial cost was estimated at \$736k this amount was adjusted to \$620k. An extension was granted by USFS to make a counteroffer until the end of the month. The PE's will be presenting a counteroffer to include what studies should be done and the cost to conduct those studies. The counteroffer issue will be discussed during the next meeting; General Manager Davis will not be able to attend the May 18<sup>th</sup> meeting. **(3) Auditor Interviews:** Requests for Proposals was sent out to numerous auditing firms; the Agency received four proposals. From those four proposals two firms will be interviewed by General Manager Davis and Finance Manager Thomas Todd. **(4) Fiesta Recharge Project:** General Manager Davis is working with the consultant to get this prepared for advertising as soon as possible. An addendum to the EIR is the next step.

**B. General Counsel Report:** General Counsel Jeff Ferré deferred from reporting in light of the Public Hearings and Closed Sessions that are listed on the agenda.

**C. Directors Reports:** **(1) Director Stephenson** reported on the ACWA 2017 Spring Conference, the JPIA Risk Management meeting and the Executive Committee meeting. Director Stephenson also reported on the Fundamental Groundwater Rights seminar and other sessions that he attended. **(2) Director Thompson** reported on the Beaumont Chamber Breakfast. **(3) Director Lehtonen** reported on the Beaumont Chamber Breakfast and the South Mesa Water Company Board meeting that he attended. **(4) President Fenn** reported on the BCVWD Finance and Budget workshop that he attended.

## 6. New Business:

**A. Public Hearing on Determination of Whether to Form a Groundwater Sustainability Agency Pursuant to the Sustainable Groundwater Management Act for the Verbenia Area of the San Geronio Pass Sub-Basin:** *President Fenn opened the Public Hearing at 7:22 pm.* SGMA requires all entities that wish to file as a GSA hold public hearings after placing ads in local newspapers, which the Agency did. The purpose of this public hearing is to ensure that stakeholders and the public have an opportunity to provide input prior to the GSA being formed. General Manager Davis reviewed with the Board the one-square mile Verbenia GSA, of which the Agency and Mission Springs Water District will be members. With the formation of this GSA, the entire San Geronio Pass Sub-Basin will be included in a GSA, as required by the Sustainable Groundwater Management Act (SGMA). Before the Board is a Resolution that adopts the MOA. Mission Springs is presenting its Board with a similar resolution and this exact MOA to its Board for consideration at its next board meeting. General

Manager Davis concluded his report for the public hearing. President Fenn requested public comment. *There being none President Fenn closed the Public Hearing at 7:24.*

**B. Consideration of Resolution 2017-02 – Election to become a Groundwater Sustainability Agency (GSA) Pursuant to the SGMA for the Verbenia Area of the San Gorgonio Pass Sub-Basin:** A staff report, Resolution No. 2017-07 and a Memorandum of Agreement were included in the agenda packet. Director Stephenson made a motion, seconded by Director Duncan to adopt Resolution 2017-07, creating the Verbenia GSA within the San Gorgonio Pass Sub-Basin, along with the Mission Springs Water District. After discussion President Fenn requested a vote on the motion. Motion passed 7-0.

**C. Public Hearing on Determination of Whether to Form a Groundwater Sustainability Agency Pursuant to the Sustainable Groundwater Management Act for the San Timoteo Sub-basin:** *President Fenn opened the Public Hearing at 7:26 pm.* SGMA requires all entities that wish to file as a GSA hold public hearings after placing ads in local newspapers, which the Agency did. The purpose of this public hearing is to ensure that stakeholders and the public have an opportunity to provide input prior to the GSA being formed. General Manager Davis reviewed with the Board the San Timoteo Sub-basin which is located in San Bernardino and Riverside Counties. Initially, Eastern Municipal Water District was involved, however Eastern dropped out of the group and is pursuing its own GSA for the southern portion of the basin. This GSA will cover that portion of the San Timoteo Sub-Basin not included in Eastern's GSA. General Manager Davis provided a detailed report on the Sub-Basin. San Bernardino County chose not to participate in any GSA; therefore some small areas will not have a member of the GSA that has governmental powers within their boundaries. The members of the GSA will note in the application to DWR that these are minimal, and represent a minimal portion of all pumping from the basin, and therefore should not be considered as a "hole" in the basin for purposes of SGMA. General Manager Davis concluded his report for the public hearing. President Fenn requested public comment. *There being none President Fenn closed the Public Hearing at 7:34.*

**D. Consideration of Resolution 2017-08, Election to Become a Groundwater Sustainability Agency for the San Timoteo Sub-Basin:** A staff report, Resolution No. 2017-08 and a Memorandum of Agreement were included in the agenda packet. Director Stephenson made a motion, seconded by Director Duncan to adopt Resolution 2017-08, creating the San Timoteo Sub-Basin GSA with the City of Redlands, Beaumont Cherry Valley Water District, and Yucaipa Valley Water District. After discussion President Fenn requested a vote on the motion. Motion passed 7-0.

**E. Consideration and Possible Action Regarding Application from Beaumont Cherry Valley Water District to Expand Noble Connection from 20 cfs to 34cfs Pursuant to Ordinance 8:** A staff report and a copy of the application were included in the agenda packet. President Fenn noted that there is one public comment request that was received from Eric Frasier (General Manager BCVWD). Mr. Frasier opted to state his public comment after the staff report. General Manager Davis explained to the Board the Agency has an Ordinance that governs the Agency's service to retailer water agencies, which was adopted in 2004. There are currently three water agencies that have requested service from the Agency. This is the first time that a water retailer is asking us to change the initial service request. BCVWD wants to increase the size of the connection in which they receive water from the Agency. Pursuant to the ordinance

they submitted the application, which is included in the agenda package. There are a couple of items reflected on the application that are of concern: #1). Information missing regarding anticipated requests for service for the next 5 years. #2). The section regarding return flows of water delivered through the expanded connection was marked out. BCVWD was contacted to see if they would be willing to complete the mission information and they declined to do so. In order to move this Application process forward, BCVWD's Application is being submitted for Board consideration as-is. General Manager Davis stated that the recommendation to the Board is to approve the application subject to all conditions of Ordinance 8; therefore the section of return flows would not be crossed out. The Board is to keep in mind that the other retailers have signed the same Application. Allowing separate conditions from water retailers is not advisable. After Board questions and comments, President Fenn asked Mr. Fraser for his comments. Mr. Fraser made the statement that staff is falling back on an Ordinance that was developed 12 years ago. He explained that his customers have paid for the water and that BCVWD needs to get credit for it, not the Agency. After discussion, the Board was in consensus of revising Ordinance 8 to remove the return flow portion requirement; at which point the Board would then consider BCVWD's application. Staff was instructed to include on the June 5<sup>th</sup> agenda the revision of Ordinance 8 and review and possible action on BCVWD's application. General Manager Davis is to also move forward with the process of the expansion of the Noble Connection.

**7. Topics for Future Agendas:** Continue the revision to Resolution No. 2014-02 once the outcome of the agreements to the capacity fee concluded. No other topics were suggested by Board members.

**8. Announcements:**

- A. Finance and Budget Workshop, May 22, 2017 at 4:00 p.m.
- B. Office Closed Monday, May 29, 2017 in observance of Memorial Day
- C. San Gorgonio Pass Regional Water Alliance, May 31, 2017
  1. Administrative Committee at 4:30 p.m. – Banning City Hall
  2. Regular Meeting at 5:30 p.m. – Banning City Hall

**9. Closed Session (2 Items)**

**Time: 8:11 pm**

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Government Code Section 54956.8  
Property: Nickel Farms, LLC, Bakersfield, CA – Water Rights  
Agency Negotiator: Jeff Davis, General Manager  
Negotiating Party: Dwayne Chisam, General Manager – AVEK  
Under negotiation: price and terms of payment
- 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

The **meeting reconvened** to open session at: **Time: 9:32 pm**

Legal Counsel Jeff Ferre reported that the Board considered the matters listed on the agenda. No action was taken that is reportable under the Brown act.

**10. Adjournment** **Time: 9:32 pm**

*Draft - Subject to Board Approval*

Jeffrey W. Davis, Secretary of the Board

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**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board Finance and Budget Workshop**  
**May 22, 2017**

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

**Staff and Consultants Present:**  
Jeff Davis, General Manager  
Tom Todd, Jr., Finance Manager

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Treasurer Lenny Stephenson at 4:00 pm, May 22, 2017, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. Director Stephenson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** No members of the public requested to speak at this time.
4. **New Business:**
  - A. Ratification of Paid Invoices and Monthly Payroll for April, 2017 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Ball, to recommend that the Board ratify paid monthly invoices of \$814,983.68 and payroll of \$32,403.90 for the month of April, 2017, for a combined total of \$847,387.58. The motion passed 7 in favor, no opposed.
  - B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Duncan, seconded by Director Thompson, to recommend that the Board approve payment of the pending legal invoices for April, 2017. The motion passed 7 in favor, no opposed.
  - C. Review of April, 2017 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Director Lehtonen, to recommend that the Board acknowledge receipt of the Wells Fargo bank



reconciliation for April, 2017 as presented. The motion passed 7 in favor, no opposed.

- D. Review of Budget Report for April, 2017: After review and discussion, a motion was made by Director Lehtonen, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Budget Report for April, 2017. The motion passed 7 in favor, no opposed.
- E. Consideration of Cost of Living Adjustment for FY 2017-18: General Manager Jeff Davis reviewed past actions the Board has taken regarding cost of living adjustments. After review and discussion, a motion was made by Director Duncan, seconded by President Fenn, to recommend that the Board approve a cost of living adjustment of 2.7% for staff for FY 2017-18. The motion passed 7 in favor, no opposed.
- F. Review of Proposed General Fund Budget for FY 2017-18: General Manager Davis opened the discussion by giving an overview of the budget setting process. This is the first look at the proposed budget. Suggestions from the Board will be incorporated into a revised budget, which will be presented at the June Finance and Budget workshop. The Board will review the revised proposed budget, and make additional recommendations if necessary, which will be presented at the first Board meeting in July. Each category was reviewed and discussed by the staff and Board.

**5. Announcements:**

- A. The office will be closed in observance of Memorial Day, Monday, May 29, 2017
- B. San Gorgonio Pass Regional Water Alliance, May 31, 2017
  - 1. Administrative Committee at 4:30 pm – Banning City Hall
  - 2. Regular Meeting at 5:30 pm – Banning City Hall
- C. Regular Board Meeting, June 5, 2017, 7:00 pm
- D. Engineering Workshop, June 12, 2017, 4:00 pm

**6. Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 6:16 pm.

Draft - Not Approved

Jeffrey W. Davis, Secretary of the Board

## **Finance and Budget Workshop Report**

From Treasurer Lenny Stephenson, Chair of the Finance and Budget Committee

The Finance and Budget Workshop was held on May 22, 2017. The following recommendations were made:

1. The Board ratify payment of Invoices of \$814,983.68 and Payroll of \$32,403.90 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for April, 2017 for a combined total of \$847,387.58.
  
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$18,424.45
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3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for April, 2017
  - B. Budget Report for April, 2017

# SAN GORGONIO PASS WATER AGENCY

1210 Beaumont Ave, Beaumont, CA 92223

Board Finance & Budget Workshop

Agenda

May 22, 2017, at 4:00 p.m.

## 1. Call to Order, Flag Salute

## 2. Adoption and Adjustment of Agenda

## 3. Public Comment

Members of the public may address the Board at this time concerning items not on the agenda. To comment on specific agenda items, please complete a speaker's request form and hand it to the Board secretary.

## 4. New Business (Discussion and possible recommendations for action at a future regular Board meeting)

A. Ratification of Paid Invoices and Monthly Payroll for April, 2017 by Reviewing Check History Reports in Detail\*

B. Review of Pending Legal Invoices\*

C. Review of April, 2017 Bank Reconciliation\*

D. Review of Budget Report for April, 2017\*

E. Consideration of Cost of Living Adjustment for FY 2017-18\*

F. Review of Proposed General Fund Budget for FY 2017-18\*

## 5. Announcements

A. The office will be closed in observance of Memorial Day, Monday, May 29, 2017

B. San Gorgonio Pass Regional Water Alliance, May 31, 2017

1. Administrative Committee at 4:30 pm – Banning City Hall

2. Regular Meeting at 5:30 pm – Banning City Hall

C. Regular Board Meeting, June 5, 2017, 7:00 pm

D. Engineering Workshop, June 12, 2017, 4:00 pm

## 6. 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 Ave., Beaumont, CA 92223 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, during regular business hours. When practical, these public records will also be available on the Agency's Internet website, accessible at <http://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 to make a request for a disability-related modification or accommodation.

**San Geronio Pass Water Agency**  
**Check History Report**  
**April 1 through April 30, 2017**

ACCOUNTS PAYABLE

Date	Number	Name	Amount
04/03/2017	118397	ACWA BENEFITS	748.93
04/03/2017	118398	AUTOMATION PRIDE	100.00
04/03/2017	118399	BDL ALARMS, INC.	78.00
04/03/2017	118400	BEST BEST & KRIEGER	17,929.34
04/03/2017	118401	CALPERS HEALTH	7,746.27
04/03/2017	118402	IN-SITU, INC.	2,313.68
04/03/2017	118403	STEPHEN J. LEHTONEN	754.93
04/03/2017	118404	MACRO COMMUNICATIONS	550.00
04/03/2017	118405	UNDERGROUND SERVICE ALERT	10.50
04/03/2017	118406	U. S. GEOLOGICAL SURVEY	21,602.03
04/10/2017	118407	OFFICE SOLUTIONS	733.54
04/10/2017	118408	SOUTHERN CALIFORNIA GAS	87.77
04/10/2017	118409	LEONARD C. STEPHENSON	65.00
04/10/2017	118410	MICHAEL D. THOMPSON	296.79
04/10/2017	118411	UNLIMITED SERVICES BUILDING MAINT.	295.00
04/10/2017	118412	WASTE MANAGEMENT INLAND EMPIRE	94.80
04/14/2017	118413	CALPERS RETIREMENT	4,508.34
04/14/2017	118414	CALPERS 457-SIP	1,150.00
04/17/2017	118415	ACWA JPIA	967.88
04/17/2017	118416	ALBERT WEBB ASSOCIATES	1,552.50
04/17/2017	118417	CALPERS HEALTH	7,746.27
04/17/2017	118418	FRONTIER COMMUNICATIONS	1,202.69
04/17/2017	118419	INCONTACT, INC.	135.80
04/17/2017	118420	KENNEDY JENKS CONSULTANTS	3,397.39
04/17/2017	118421	WELLS FARGO REMITTANCE CENTER	2,327.51
04/25/2017	118422	KENNETH M. FALLS	90.00
04/25/2017	118423	DAVID L. FENN	566.46
04/25/2017	118424	MATTHEW PISTILLI LANDSCAPE SERVICES	325.00
04/25/2017	118425	WEST VALLEY WATER DISTRICT	4,000.00
04/28/2017	118426	CALPERS RETIREMENT	4,508.34
04/28/2017	118427	CALPERS 457-SIP	1,150.00
04/28/2017	118428	STANDARD INSURANCE COMPANY	412.68
04/14/2017	526792	EMPLOYMENT DEVELOPMENT DEPARTMENT	985.03
04/28/2017	580789	EMPLOYMENT DEVELOPMENT DEPARTMENT	998.26
04/14/2017	548700	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	5,833.20
04/28/2017	514874	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,054.75
04/29/2017	900136	DEPARTMENT OF WATER RESOURCES	712,665.00
		<b>TOTAL ACCOUNTS PAYABLE CHECKS</b>	<b>814,983.68</b>

**San Gorgonio Pass Water Agency**  
**Check History Report**  
**April 1 through April 30, 2017**

<b>PAYROLL</b>
----------------

Date	Number	Name	Amount
04/13/2017	801358	JEFFREY W. DAVIS	4,428.03
04/13/2017	801359	KENNETH M. FALLS	2,642.02
04/13/2017	801360	CHERYLE M. RASMUSSEN	2,117.51
04/13/2017	801361	THOMAS W. TODD, JR.	3,466.67
04/27/2017	801362	BLAIR M. BALL	1,167.90
04/27/2017	801363	JEFFREY W. DAVIS	4,428.03
04/27/2017	801364	RONALD A. DUNCAN	1,167.90
04/27/2017	801365	KENNETH M. FALLS	2,730.06
04/27/2017	801366	DAVID L. FENN	1,167.90
04/27/2017	801367	STEPHEN J. LEHTONEN	1,167.90
04/27/2017	801368	CHERYLE M. RASMUSSEN	2,117.51
04/27/2017	801369	LEONARD C. STEPHENSON	1,167.90
04/27/2017	801370	MICHAEL D. THOMPSON	1,167.90
04/27/2017	801371	THOMAS W. TODD, JR.	3,466.67
TOTAL PAYROLL			32,403.90
TOTAL DISBURSEMENTS FOR APRIL, 2017			<u>847,387.58</u>

**SAN GORGONIO PASS WATER AGENCY**

**LEGAL INVOICES  
ACCOUNTS PAYABLE INVOICE LISTING**

VENDOR	_INVOICE NBR	COMMENT _____	_AMOUNT_
BEST, BEST & KRIEGER	170430	LEGAL SERVICES APR17	18,424.45

TOTAL PENDING INVOICES FOR APRIL 2017 18,424.45

**SAN GORGONIO PASS WATER AGENCY  
BANK RECONCILIATION  
April 30, 2017**

BALANCE PER BANK AT 04/30/2017 - CHECKING ACCOUNT 321,381.60

LESS OUTSTANDING CHECKS

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
118418	1,202.69	118426	4,508.34
118422	90.00	118427	1,150.00
118424	325.00	118428	412.68
118425	4,000.00		
	<u>5,617.69</u>		6,071.02

TOTAL OUTSTANDING CHECKS (11,688.71)

BALANCE PER GENERAL LEDGER 309,692.89

BALANCE PER GENERAL LEDGER AT 03/31/2017 357,700.43

CASH RECEIPTS FOR APRIL

CASH DISBURSEMENTS FOR APRIL 3,399,490.74

ACCOUNTS PAYABLE - CHECK HISTORY REPORT (814,983.68)

NET PAYROLL FOR APRIL (32,403.90) (847,387.58)


BANK CHARGES (110.70)

TRANSFER TO LAIF (2,300,000.00)

TRANSFER TO WELLS FARGO (300,000.00)

BALANCE PER GENERAL LEDGER AT 04/30/2017 309,692.89

REPORT PREPARED BY:

  
Cheryl Rasmussen

**SAN GORGONIO PASS WATER AGENCY  
DEPOSIT RECAP  
FOR THE MONTH OF APRIL 2017**

DATE	RECEIVED FROM	DESCRIPTION	AMOUNT	TOTAL DEPOSIT AMOUNT
<b>DEPOSIT TO CHECKING ACCOUNT</b>				
4/12/17	SAN BERDO COUNTY	PROPERTY TAXES	10.04	10.04
4/12/17	CITY OF BANNING	WATER SALES	78,616.00	78,616.00
4/13/17	RIVERSIDE COUNTY	PROPERTY TAXES	1,629,756.09	1,629,756.09
4/18/17	CHERYLE RASMUSSEN	REPAYMENT	254.87	254.87
4/24/17	BCVWD	WATER SALES	296,078.00	
4/24/17	STATE OF CALIF/DWR	BOND COVER REFUND	97,761.00	
4/24/17	STATE OF CALIF/DWR	BOND COVER REFUND	1,269,677.00	
4/24/17	STATE OF CALIF/DWR	BOND COVER REFUND	4,949.00	1,668,465.00
4/26/17	TVI	CD - BOND INTEREST	4,038.74	4,038.74
4/28/17	STATE OF CALIF/DWR	SMIF INTEREST JUL-DEC16	18,350.00	18,350.00
TOTAL FOR APRIL 2017			3,399,490.74	3,399,490.74



**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2016-17  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TEN MONTHS ENDING ON APRIL 30, 2017**

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017

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	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - INCOME</b>					Compare: 17%
<b>INCOME</b>					
WATER SALES	3,993,000		3,993,000	3,310,439.06	17.09%
TAX REVENUE	2,240,000		2,240,000	1,568,390.08	29.98%
INTEREST	64,000		64,000	96,092.40	-50.14%
CAPACITY FEE	0		0	0.00	0.00%
GRANTS	0		0	0.00	0.00%
OTHER (REIMBURSEMENTS, TRANSFERS)	69,000		69,000	45,937.24	33.42%
<b>TOTAL GENERAL FUND INCOME</b>	<b>6,366,000</b>	<b>0</b>	<b>6,366,000</b>	<b>5,020,858.78</b>	<b>21.13%</b>
<b>GENERAL FUND - EXPENSES</b>					
<b>COMMODITY PURCHASE</b>					
PURCHASED WATER	3,875,000		3,875,000	2,364,885.30	38.97%
<b>TOTAL COMMODITY PURCHASE</b>	<b>3,875,000</b>	<b>0</b>	<b>3,875,000</b>	<b>2,364,885.30</b>	<b>38.97%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>					
SALARIES	431,000		431,000	359,071.64	16.69%
PAYROLL TAXES	39,000		39,000	30,130.48	22.74%
RETIREMENT	108,000		108,000	93,183.69	13.72%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	23,000		23,000	20,593.72	10.46%
HEALTH INSURANCE	52,000		52,000	50,277.73	3.31%
DENTAL INSURANCE	4,500		4,500	3,932.72	12.61%
LIFE INSURANCE	1,100		1,100	1,132.14	-2.92%
DISABILITY INSURANCE	4,500		4,500	3,704.51	17.68%
WORKERS COMP INSURANCE	3,700		3,700	2,611.88	29.41%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	5,306.40	46.94%
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>677,800</b>	<b>0</b>	<b>677,800</b>	<b>569,944.91</b>	<b>15.91%</b>

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2016-17**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TEN MONTHS ENDING ON APRIL 30, 2017**

		FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017				
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>						Compare: 17%
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>						
DIRECTOR EXPENDITURES						
	DIRECTORS FEES	105,000		105,000	82,086.46	21.82%
	DIRECTORS TRAVEL & EDUCATION	20,000		20,000	4,346.60	78.27%
	DIRECTORS MISC. MEDICAL	32,000		32,000	13,188.97	58.78%
OFFICE EXPENDITURES						
	OFFICE EXPENSE	18,000		18,000	17,543.47	2.54%
	POSTAGE	1,000		1,000	530.05	47.00%
	TELEPHONE	10,000		10,000	8,488.94	15.11%
	UTILITIES	5,000		5,000	4,001.77	19.96%
SERVICE EXPENDITURES						
	COMPUTER, WEB SITE AND PHONE SUPPORT	9,000		9,000	3,341.93	62.87%
	GENERAL MANAGER & STAFF TRAVEL	20,000		20,000	16,059.44	19.70%
	INSURANCE & BONDS	23,000		23,000	22,108.00	3.88%
	ACCOUNTING & AUDITING	22,000		22,000	21,301.17	3.18%
	STATE WATER CONTRACT AUDIT	5,000		5,000	5,012.00	-0.24%
	DUES & ASSESSMENTS	29,000		29,000	29,902.50	-3.11%
	SPONSORSHIPS	8,000		8,000	1,000.00	87.50%
	OUTSIDE PROFESSIONAL SERVICES	650		650	650.00	0.00%
	BANK CHARGES	1,600		1,600	1,142.78	28.58%
	MISCELLANEOUS EXPENSES	1,000		1,000	6.78	99.32%
MAINTENANCE & EQUIPMENT EXPENDITURES						
	TOOLS PURCHASE & MAINTENANCE	3,500		3,500	28.38	99.19%
	VEHICLE REPAIR & MAINTENANCE	9,000		9,000	5,229.06	41.90%
	MAINTENANCE & REPAIRS - BUILDING	11,000		11,000	12,356.81	-12.33%
	MAINTENANCE & REPAIRS - FIELD	6,500		6,500	2,837.77	56.34%
	CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	65,837.80	56.11%
COUNTY EXPENDITURES						
	LAFCO COST SHARE	5,000		5,000	4,440.49	11.19%
	ELECTION EXPENSE	175,000		175,000	0.00	100.00%
	TAX COLLECTION CHARGES	9,500		9,500	8,267.85	12.97%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>		<b>679,750</b>	<b>0</b>	<b>679,750</b>	<b>329,709.02</b>	<b>51.50%</b>

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2016-17**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TEN MONTHS ENDING ON APRIL 30, 2017**

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>					Compare: 17%
<b>GENERAL ENGINEERING</b>					
RECHARGE					
B.A.R.F. DESIGN + CONSTRUCTION					
B.A.R.F. ENVIRONMENTAL MITIGATION					
FERC/FLUME					
FLUME SUPPORT	40,000		40,000	33,419.58	16.45%
NEW WATER					
PROGRAMATIC EIR	75,000		75,000	0.00	100.00%
UPDATED STUDY ON AVAILABLE SOURCES	45,000		45,000	21,661.45	51.86%
SITES RESERVOIR	300,000		300,000	360,677.00	-20.23%
BCVWD CONNECTION					
ENGINEERING	30,000		30,000	5,200.00	82.67%
CEQA	15,000		15,000	1,147.60	92.35%
INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP)	5,000		5,000	0.00	100.00%
SGMA SUPPORT	15,000		15,000	0.00	100.00%
STUDIES					
USGS	100,000		100,000	104,142.72	-4.14%
WATER RATE NEXUS STUDY	50,000		50,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	30,000		30,000	6,887.50	77.04%
CAPACITY FEE NEXUS STUDY UPDATE	0		0	0.00	0.00%
SUPPORT - CAPACITY FEE & AGREEMENTS	0		0	0.00	0.00%
UPDATED UWMP	10,000		10,000	43,149.28	-331.49%
OTHER PROJECTS					
BASIN MONITORING TASK FORCE	21,000		21,000	20,180.00	3.90%
BUNKER HILL CONJUNCTIVE USE PROJECT	20,000		20,000	0.00	100.00%
GENERAL AGENCY - CEQA AND GIS SERVICES	35,000		35,000	35,969.03	-2.77%
<b>TOTAL GENERAL ENGINEERING</b>	<b>791,000</b>	<b>0</b>	<b>791,000</b>	<b>632,434.16</b>	<b>20.05%</b>

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2016-17**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TEN MONTHS ENDING ON APRIL 30, 2017**

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>					Compare: 17%
<b>LEGAL SERVICES</b>					
LEGAL SERVICES - GENERAL	175,000		175,000	177,879.36	-1.65%
<b>TOTAL LEGAL SERVICES</b>	<b>175,000</b>	<b>0</b>	<b>175,000</b>	<b>177,879.36</b>	<b>-1.65%</b>
<b>CONSERVATION &amp; EDUCATION</b>					
SCHOOL EDUCATION PROGRAMS	10,000		10,000	5,000.00	50.00%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND P. R.	20,000	15,000	35,000	21,263.87	39.25%
<b>TOTAL CONSERVATION &amp; EDUCATION</b>	<b>35,000</b>	<b>15,000</b>	<b>50,000</b>	<b>26,263.87</b>	<b>47.47%</b>
<b>GENERAL FUND CAPITAL EXPENDITURES</b>					
BUILDING	15,000		15,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	5,000		5,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	0.00%
TRANSPORTATION EQUIPMENT	37,000		37,000	0.00	100.00%
MT. VIEW TURNOUT + B.A.R.F. CONSTRUCTION	0		0	31,125.01	--
SBVMWD PIPELINE CAPACITY PURCHASE	330,000		330,000	0.00	100.00%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	<b>387,000</b>	<b>0</b>	<b>387,000</b>	<b>31,125.01</b>	<b>91.96%</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>6,620,550</b>	<b>15,000</b>	<b>6,635,550</b>	<b>4,132,241.63</b>	<b>37.73%</b>
<b>TRANSFERS FROM RESERVES</b>	<b>300,000</b>		<b>300,000</b>		
<b>TOTAL TRANSFERS FROM RESERVES</b>	<b>300,000</b>	<b>0</b>	<b>300,000</b>	<b>0</b>	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	<b>45,450</b>	<b>-15,000</b>	<b>30,450</b>	<b>888,617.15</b>	

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2016-17**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TEN MONTHS ENDING ON APRIL 30, 2017**

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>DEBT SERVICE FUND - INCOME</b>					Compare: 17%
<b>INCOME</b>					
TAX REVENUE	19,350,000		19,350,000	12,916,689.75	33.25%
INTEREST	170,000		170,000	252,217.15	-48.36%
GRANTS	0		0	0.00	0.00%
DWR CREDITS - BOND COVER, OTHER	3,170,000		3,170,000	3,243,493.66	-2.32%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>22,690,000</b>	<b>0</b>	<b>22,690,000</b>	<b>16,412,400.56</b>	<b>27.67%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	52,000		52,000	44,649.62	14.14%
PAYROLL TAXES	4,000		4,000	3,415.62	14.61%
BENEFITS	28,000		28,000	23,422.32	16.35%
SWC CONTRACTOR DUES	33,000		33,000	40,558.00	-22.90%
STATE WATER CONTRACT PAYMENTS	18,600,000		18,600,000	17,626,237.00	5.24%
PURCHASED WATER	5,000		5,000	409.00	91.82%
STATE WATER PROJECT LEGAL SERVICES	0		0	0.00	0.00%
USGS	0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE	120,000		120,000	86,436.92	27.97%
SWP ENGINEERING	30,000		30,000	93,717.31	-212.39%
DEBT SERVICE UTILITIES	10,000		10,000	8,348.37	16.52%
TAX COLLECTION CHARGES	60,000		60,000	46,878.11	21.87%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>18,942,000</b>	<b>0</b>	<b>18,942,000</b>	<b>17,974,072.27</b>	<b>5.11%</b>
<b>TRANSFERS FROM RESERVES</b>			<b>0</b>	<b>0.00</b>	
<b>DEBT SERVICE NET INCOME YEAR TO DATE</b>	<b>3,748,000</b>	<b>0</b>	<b>3,748,000</b>	<b>-1,561,671.71</b>	

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# MEMORANDUM

From: Thomas W. Todd, Jr.  
Finance Manager

Date: May 17, 2017

To: Jeff

RE: Consumer Price Index Information 2016 thru 2017

Jeff,

This memo reviews Board actions regarding CPI changes from 2014 to the present, and CPI information to April of 2017 (the latest information available). The Board decision takes effect July 1 of current year for staff, and January 1 of the following year for Board members.

The Board approved an increase for 2014 of 1.5%.

The Board chose not to grant an increase in 2015, primarily because the change was small.

The Board approved an increase for 2016 of 2.5%.

The following information is available for April, 2017, and is for changes in the Consumer Price Index for the previous year.

	U.S. City Average	L.A., Riverside, Orange County
Index Point Change		
CPI in April, 2017:	244.5	255.0
Less: CPI in April, 2016:	239.3	248.4
Index Point Change	5.2	6.6
Percentage Change		
Index Point Change	5.2	6.6
Divided by CPI in April, 2016	239.3	248.4
Percentage Increase	2.2%	2.7%

The Agency's past practice has been to use the L.A., Riverside and Orange County figures.

**SAN GORGONIO PASS WATER AGENCY**

**GENERAL FUND BUDGET FY 2017-18**

**ESTIMATED TOTAL EXPENSES FY 2016-17 vs. PROPOSED BUDGET FY 2017-18**

**APPROVED: GENERAL FUND (date) - DEBT SERVICE FUND (date)**

	1 TOTAL BUDGET FY 2016-17	2 ACTUAL APRIL 2017	3 EST. ACTUAL AT JUNE 30	4 REMAINING % ACTUAL OF BUDGET	5 PROPOSED BUDGET FY 2017-18	6 % PROPOSED BUDGET TO EST. ACTUAL
<b>GENERAL FUND - INCOME</b>						
<b>INCOME</b>						
WATER SALES	3,993,000	3,310,439.06	4,400,000.00	-10.19%	4,300,000	-2.27%
TAX REVENUE	2,240,000	1,568,390.08	2,250,000.00	-0.45%	2,300,000	2.22%
INTEREST	64,000	89,574.63	107,489.56	-67.95%	110,000	2.34%
CAPACITY FEE	0	0.00	0.00	0.00%	Board input	
GRANTS	0	0.00	0.00	0.00%	Board input	
OTHER (REIMBURSEMENTS, TRANSFERS)	69,000	45,937.24	68,397.34	0.87%	49,000	-28.36%
<b>TOTAL GENERAL FUND INCOME</b>	<b>6,366,000</b>	<b>5,014,341.01</b>	<b>6,825,886.90</b>	<b>21.23%</b>	<b>6,759,000</b>	<b>-0.98%</b>
<b>GENERAL FUND - EXPENSES</b>						
COMMODITY PURCHASE						
CHASED WATER	3,875,000	2,364,885.30	3,500,000.00	9.68%	3,800,000	8.57%
<b>TOTAL COMMODITY PURCHASE</b>	<b>3,875,000</b>	<b>2,364,885.30</b>	<b>3,500,000.00</b>	<b>38.97%</b>	<b>3,800,000</b>	<b>8.57%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>						
SALARIES	431,000	359,071.64	430,885.97	16.69%	453,000	5.13%
PAYROLL TAXES	39,000	30,130.48	36,156.58	22.74%	38,000	5.10%
RETIREMENT	108,000	93,183.69	111,820.43	13.72%	123,000	10.00%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	23,000	20,593.72	22,460.00	10.46%	25,000	11.31%
HEALTH INSURANCE	52,000	50,277.73	55,247.82	3.31%	61,000	10.41%
DENTAL INSURANCE	4,500	3,932.72	4,291.24	12.61%	4,500	4.86%
LIFE INSURANCE	1,100	1,132.14	1,234.00	-2.92%	1,300	5.35%
DISABILITY INSURANCE	4,500	3,704.51	4,445.41	17.68%	4,700	5.73%
WORKERS COMP INSURANCE	3,700	2,611.88	3,264.85	29.41%	3,400	4.14%
SGPWA STAFF MISC. MEDICAL	10,000	5,306.40	6,367.68	46.94%	10,000	57.04%
EMPLOYEE EDUCATION	1,000	0.00	0.00	100.00%	1,000	0.00%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>677,800</b>	<b>569,944.91</b>	<b>676,173.97</b>	<b>15.91%</b>	<b>724,900</b>	<b>7.21%</b>

**SAN GORGONIO PASS WATER AGENCY  
GENERAL FUND BUDGET FY 2017-18**

**ESTIMATED TOTAL EXPENSES FY 2016-17 vs. PROPOSED BUDGET FY 2017-18**

**APPROVED: GENERAL FUND (date) - DEBT SERVICE FUND (date)**

	1	2	3	4	5	6
	TOTAL	ACTUAL	EST.	REMAINING	PROPOSED	% PROPOSED
	BUDGET	APRIL 2017	ACTUAL	% ACTUAL	BUDGET	BUDGET
	FY 2016-17		AT JUNE 30	OF BUDGET	FY 2017-18	TO EST. ACTUAL
<b>GENERAL FUND - EXPENSES</b>						
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>						
DIRECTOR EXPENDITURES						
DIRECTORS FEES	105,000	82,086.46	98,503.75	21.82%	109,000	10.66%
DIRECTORS TRAVEL & EDUCATION	20,000	4,346.60	5,215.92	78.27%	8,000	53.38%
DIRECTORS MISC. MEDICAL	32,000	13,188.97	15,826.76	58.78%	25,000	57.96%
OFFICE EXPENDITURES						
OFFICE EXPENSE	18,000	17,543.47	21,052.16	2.54%	24,000	14.00%
POSTAGE	1,000	530.05	636.06	47.00%	650	2.19%
TELEPHONE	10,000	8,488.94	10,186.73	15.11%	11,000	7.98%
UTILITIES	5,000	4,001.77	4,802.12	19.96%	5,000	4.12%
SELF-HELP EXPENDITURES						
COMPUTER, WEB SITE AND PHONE SUPPORT	9,000	3,341.93	4,010.32	62.87%	10,000	149.36%
GENERAL MANAGER & STAFF TRAVEL	20,000	16,059.44	19,271.33	19.70%	22,000	14.16%
INSURANCE & BONDS	23,000	22,108.00	22,108.00	3.88%	23,000	4.03%
ACCOUNTING & AUDITING	22,000	21,301.17	21,301.17	3.18%	21,000	-1.41%
STATE WATER CONTRACT AUDIT	5,000	5,012.00	5,012.00	-0.24%	5,500	9.74%
DUES & ASSESSMENTS	29,000	29,902.50	30,000.00	-3.11%	31,500	5.00%
SPONSORSHIPS	8,000	1,000.00	1,000.00	87.50%	Board input	
OUTSIDE PROFESSIONAL SERVICES	650	650.00	650.00	0.00%	2,000	207.69%
BANK CHARGES	1,600	1,142.78	1,371.34	28.58%	1,500	9.38%
MISCELLANEOUS EXPENSES	1,000	6.78	0.00	99.32%	500	0.00%
MAINTENANCE & EQUIPMENT EXPENDITURES						
TOOLS PURCHASE & MAINTENANCE	3,500	28.38	34.06	99.19%	1,000	2836.34%
VEHICLE REPAIR & MAINTENANCE	9,000	5,229.06	6,274.87	41.90%	7,000	11.56%
MAINTENANCE & REPAIRS - BUILDING	11,000	12,356.81	14,828.17	-12.33%	15,000	1.16%
MAINTENANCE & REPAIRS - FIELD	6,500	2,837.77	3,405.32	56.34%	4,500	32.15%
CONTRACT OPERATIONS AND MAINTENANCE	150,000	65,837.80	150,000.00	56.11%	150,000	0.00%
COUNTY EXPENDITURES						
LAFCO COST SHARE	5,000	4,440.49	4,440.49	11.19%	4,800	8.10%
ELECTION EXPENSE	175,000	0.00	0.00	100.00%	0	0.00%
TAX COLLECTION CHARGES	9,500	8,267.85	9,921.42	12.97%	10,500	5.83%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	<b>679,750</b>	<b>329,709.02</b>	<b>449,852.00</b>	<b>51.50%</b>	<b>492,450</b>	<b>9.47%</b>



**SAN GORGONIO PASS WATER AGENCY**

**GENERAL FUND BUDGET FY 2017-18**

**ESTIMATED TOTAL EXPENSES FY 2016-17 vs. PROPOSED BUDGET FY 2017-18**

**APPROVED: GENERAL FUND (date) - DEBT SERVICE FUND (date)**

	1	2	3	4	5	6
	TOTAL	ACTUAL	EST.	REMAINING	PROPOSED	% PROPOSED
	BUDGET	APRIL 2017	ACTUAL	% ACTUAL	BUDGET	BUDGET
	FY 2016-17		AT JUNE 30	OF BUDGET	FY 2017-18	TO EST. ACTUAL
<b>GENERAL FUND - EXPENSES</b>						
<b>GENERAL ENGINEERING</b>						
FERC/FLUME						
FLUME SUPPORT	40,000	33,419.58	40,103.50	16.45%	Board input	
NEW WATER						
PROGRAMATIC EIR	75,000	0.00	0.00	100.00%	50,000	--
UPDATED STUDY ON AVAILABLE SOURCES	45,000	21,661.45	25,993.74	51.86%	5,000	-80.76%
SGMA SUPPORT	15,000	0.00	0.00	100.00%	10,000	--
STUDIES						
USGS	100,000	104,142.72	124,971.26	-4.14%	100,000	-19.98%
WATER RATE NEXUS STUDY	50,000	0.00	0.00	100.00%	40,000	--
WATER RATE FINANCIAL MODELING	30,000	6,887.50	8,265.00	77.04%	20,000	141.98%
CAPACITY FEE NEXUS STUDY UPDATE	0	0.00	0.00	0.00%	5,000	--
OTHER PROJECTS						
BON MONITORING TASK FORCE	21,000	20,180.00	20,180.00	3.90%	22,000	9.02%
GENERAL AGENCY - CEQA AND GIS SERVICES	35,000	35,969.03	38,000.00	-2.77%	15,000	-60.53%
<b>TOTAL GENERAL ENGINEERING</b>	<b>371,000</b>	<b>188,840.70</b>	<b>217,410.00</b>	<b>49.10%</b>	<b>267,000</b>	<b>22.81%</b>
<b>LEGAL SERVICES</b>						
LEGAL SERVICES - GENERAL	175,000	177,879.36	213,455.23	-1.65%	175,000	-18.02%
<b>TOTAL LEGAL SERVICES</b>	<b>175,000</b>	<b>177,879.36</b>	<b>213,455.23</b>	<b>-1.65%</b>	<b>175,000</b>	<b>-18.02%</b>
<b>CONSERVATION &amp; EDUCATION</b>						
SCHOOL EDUCATION PROGRAMS	10,000	5,000.00	14,000.00	50.00%	14,000	0.00%
ADULT EDUCATION PROGRAMS	5,000	0.00	0.00	100.00%	5,000	0.00%
OTHER CONSERVATION, EDUCATION AND P. R.	35,000	21,263.87	22,000.00	39.25%	Board input	
<b>TOTAL CONSERVATION &amp; EDUCATION</b>	<b>50,000</b>	<b>26,263.87</b>	<b>36,000.00</b>	<b>47.47%</b>	<b>19,000</b>	

**SAN GORGONIO PASS WATER AGENCY**

**GENERAL FUND BUDGET FY 2017-18**

**ESTIMATED TOTAL EXPENSES FY 2016-17 vs. PROPOSED BUDGET FY 2017-18**

**APPROVED: GENERAL FUND (date) - DEBT SERVICE FUND (date)**

	1	2	3	4	5	6
	TOTAL BUDGET	ACTUAL APRIL 2017	EST. ACTUAL AT JUNE 30	REMAINING % ACTUAL OF BUDGET	PROPOSED BUDGET FY 2017-18	% PROPOSED BUDGET TO EST. ACTUAL
	FY 2016-17					
<b>GENERAL FUND - EXPENSES</b>						
<b>GENERAL FUND CAPITAL EXPENDITURES</b>						
<b>BUILDING &amp; EQUIPMENT</b>						
BUILDING	15,000	0.00	0.00	100.00%	15,000	0.00%
FURNITURE & OFFICE EQUIPMENT	5,000	0.00	0.00	100.00%	5,000	0.00%
OTHER EQUIPMENT	0	0.00	0.00	0.00%	0	0.00%
TRANSPORTATION EQUIPMENT	37,000	0.00	0.00	100.00%	37,000	0.00%
<b>FIESTA RECHARGE FACILITY</b>						
POST DESIGN			0.00		250,000	--
CONSTRUCTION			0.00		2,500,000	--
LANDSCAPING/POWER/WATER			0.00		Board input	
BUTTE HILL CONJUNCTIVE USE PROJECT			0.00		Board input	
BCA 90 TURNOUT EXPANSION					Board input	
DESIGN			0.00		35,000	--
CONSTRUCTION			0.00		162,000	--
POST DESIGN			0.00		30,000	--
SITES RESERVOIR	300,000	360,677.00	360,677.00	-20.23%	550,000	52.49%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	357,000	360,677.00	360,677.00	-1.03%	3,584,000	893.69%
<b>TRANSFERS TO OTHER FUNDS</b>	0	0.00	0.00		0	
<b>TOTAL GENERAL FUND EXPENSES</b>	6,185,550	4,018,200.16	5,453,568.21	35.04%	9,062,350.00	66.17%
<b>TRANSFERS FROM RESERVES</b>	300,000	0	300,000		3,250,000	
<b>TOTAL TRANSFERS FROM RESERVES</b>	300,000	0	300,000		3,250,000	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	480,450	996,140.85	1,672,318.69	-0.14	946,650	

## **MEMORANDUM**

**TO:** Board of Directors

**FROM:** General Manager

**RE:** Formation of a Groundwater Sustainability Agency (GSA) for the Yucaipa Sub-basin

**DATE:** June 5, 2017

### **Summary:**

The purpose of this proposed Board action is to determine if the Board wishes to participate in the Groundwater Sustainability Agency (GSA) for the Yucaipa Sub-basin as part of the Sustainable Groundwater Management Act. Staff worked with other local public agencies to negotiate the enclosed Memorandum of Agreement, and the other public agencies expressed a desire to have the Agency participate.

### **Background:**

The Board is well aware of SGMA and its implications for the Agency and other water purveyors around the state. The Board has already voted to approve Memoranda of Agreement for three basins. The Yucaipa Sub-basin is the fourth basin in the Agency's service area that requires a GSA. The Sub-basin itself is primarily in San Bernardino County, but includes a portion of the Agency's service area in Riverside County as well.

### **Detailed Report:**

The Memorandum of Agreement (MOA) included in the agenda package and agreed to by all parties describes a GSA somewhat different from other GSA's the Agency has previously created and joined. This MOA includes some details regarding voting rights in the GSA. This is an issue in part because of the number and nature of participants.

This particular GSA, as proposed, includes public retail water agencies (YVWD, City of Redlands), mutual water companies (South

Mesa, Western Heights, South Mountain), cities (Yucaipa, Redlands, and Calimesa), and wholesale water agencies (the Agency, Valley District).

Another complicating factor in the creation of this GSA is the fact that, for local purposes, the Yucaipa Sub-basin is separated into a number of smaller sub-basins that are managed by different parties. For purposes of SGMA, there are no sub-basins, and the basin as a whole needs to be managed sustainably. The parties to the MOA discussed at length how this could work without some entities negating another entity's previous water management programs. This is in part what brought about the details regarding voting rights within the GSA.

In the end, all parties have agreed to the MOA, and the Agency and the Valley District were included as voting members of the GSA. The County of San Bernardino, while not a member, has written a letter of support for the GSA that will be included in the package submitted to DWR.

**Fiscal Impact:**

As noted previously, SGMA will have a financial impact on those who are parties to the GSA. However, SGMA also comes with a funding mechanism, including the ability (proposed by DWR) to impose assessments on pumpers in each basin. It is unknown at this time what the total fiscal impact of SGMA will have on the Agency. In the near term (next 1-5 years) it could be significant. However the costs will be shared among other members of the respective GSA's, thus not putting too much burden on any party, including the Agency.

**Recommendation:**

Staff recommends that the Board adopt Resolution 2017-09, creating the Yucaipa Sub-basin GSA, and to participate as a member of the GSA in developing a Groundwater Sustainability Plan (GSP) for the Yucaipa Sub-basin.

**RESOLUTION 2017 - 09**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SAN GORGONIO PASS WATER AGENCY TO APPROVE THE  
MEMORANDUM OF AGREEMENT TO JOINTLY FORM THE YUCAIPA  
GROUNDWATER SUSTAINABILITY AGENCY FOR THE YUCAIPA SUBBASIN**

**WHEREAS**, the Sustainable Groundwater Management Act of 2014 (SGMA) was signed into law on September 16, 2014, went into effect on January 1, 2015, and has been subject to various amendments; and

**WHEREAS**, SGMA provides for the sustainable management of groundwater basins at the local level through the formation of Groundwater Sustainability Agencies (GSAs) and through preparation and implementation of Groundwater Sustainability Plans (GSPs); and

**WHEREAS**, the Yucaipa Subbasin (Basin) is identified by the California Department of Water Resources (DWR) Bulletin 118 as Subbasin No. 8-02.07 of the Upper Santa Ana Valley Groundwater Basin, and is designated by DWR as medium priority, and therefore, except as provided by SGMA, the Basin is subject to the requirements of SGMA; and

**WHEREAS**, the San Gorgonio Pass Water Agency (Agency) is a special act agency of the State of California, organized and operating pursuant to the San Gorgonio Pass Water Agency Law, California Water Code Appendix, Chapter 101, and accordingly the Agency constitutes a local agency for all purposes under SGMA; and

**WHEREAS**, SGMA authorizes a combination of local agencies as defined by SGMA to form a GSA pursuant to a joint powers agreement, a memorandum of agreement, or other legal agreement, and SGMA also authorizes a water corporation regulated by the California Public Utilities Commission or a mutual water company to participate in a GSA through a memorandum of agreement or other legal agreement; and

**WHEREAS**, in accordance with SGMA, the Agency, South Mesa Water Company (South Mesa), South Mountain Water Company (South Mountain), Western Heights Water Company (Western Heights), Yucaipa Valley Water District (YVWD), City of Calimesa (Calimesa), City of Redlands (Redlands), City of Yucaipa (Yucaipa), and San Bernardino Valley Municipal Water District (San Bernardino Valley Municipal) have prepared a Memorandum of Agreement (MOA), attached hereto as **Exhibit A**, to jointly form a GSA that is referred to in the MOA as the Yucaipa-GSA to cover the entire Basin, the members of which Yucaipa-GSA are the Agency, South Mesa, South Mountain, Western Heights, YVWD, Calimesa, Redlands, Yucaipa, and San Bernardino Valley Municipal; and

**WHEREAS**, the Agency is committed to the sustainable management of groundwater resources within the Basin in accordance with SGMA; and

**WHEREAS**, pursuant to the requirements of SGMA, the Agency held a public hearing on this date after publications of notice pursuant to California Government Code Section 6066 to consider adoption of this Resolution; and

**WHEREAS**, pursuant to SGMA Section 10728.6 and Public Resources Code Section 21065, neither this Resolution, nor the MOA, nor the preparation or adoption of a GSP constitutes a project or approval of a project under the California Environmental Quality Act (CEQA) or the State CEQA Guidelines.

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

1. The San Gorgonio Pass Water Agency hereby approves the Memorandum of Agreement to Jointly Form the Yucaipa Groundwater Sustainability Agency for the Yucaipa Subbasin (MOA), a copy of which is attached hereto as **Exhibit A**.
2. Pursuant to the MOA and as authorized by SGMA, the San Gorgonio Pass Water Agency elects to jointly form and participate as a member of the Yucaipa Groundwater Sustainability Agency (Yucaipa-GSA) for the entire Basin as further set forth and depicted in the MOA.
3. The General Manager of the San Gorgonio Pass Water Agency is hereby authorized and directed to coordinate with other members of the Yucaipa-GSA to submit a copy of this Resolution and other applicable information to the California Department of Water Resources regarding the formation of the Yucaipa-GSA.

**I HEREBY CERTIFY** that the foregoing is a true, full and correct copy of Resolution 2017-09 that was duly introduced, passed and adopted at a regular meeting of the Board of Directors of the San Gorgonio Pass Water Agency, at its regular meeting on May 15, 2017.

\_\_\_\_\_  
David L. Fenn, Board President  
San Gorgonio Pass Water Agency

ATTEST:

\_\_\_\_\_  
Jeffrey Davis, Secretary

**MEMORANDUM OF AGREEMENT TO FORM A  
GROUNDWATER SUSTAINABILITY AGENCY  
FOR THE YUCAIPA SUB-BASIN  
(Sub-basin No. 8-02.07)**

This 2017 Memorandum of Agreement (“MOA”) is entered into by and among: South Mesa Water Company (“SOUTH MESA”), South Mountain Water Company (“SOUTH MOUNTAIN”), Western Heights Water Company (“WESTERN HEIGHTS”) and Yucaipa Valley Water District (“YVWD”), herein collectively referred to as the “WATER PURVEYORS”; and, the City of Calimesa (“CALIMESA”), the City of Redlands (“REDLANDS”) and the City of Yucaipa (“YUCAIPA”), herein collectively referred to as the “MUNICIPALITIES”; and, the San Bernardino Valley Municipal Water District (“SAN BERNARDINO VALLEY MUNICIPAL”) and the San Gorgonio Pass Water Agency (“SAN GORGONIO”), herein collectively referred to as the “REGIONALS.” The MUNICIPALITIES are sometimes herein collectively referred to as the “LAND USE AGENCIES.” Each of the above-described entities is individually referred to as a “Party” and are collectively referred to as the “Parties”. For purposes of this MOA, SOUTH MESA, SOUTH MOUNTAIN and WESTERN HEIGHTS are collectively referred to as the “MUTUALS”; and, the Parties other than the MUTUALS are collectively referred to as the “LOCAL AGENCIES.”

Pursuant to the Sustainable Groundwater Management Act (“SGMA”) and as further set forth herein, the purpose of this MOA is to form a Groundwater Sustainability Agency (“GSA”) for the entire Yucaipa Sub-basin (Basin or Sub-Basin No. 8-02.07), in order to preserve local management and control of the Basin as set forth under SGMA.

The County of Riverside (“RIVERSIDE”) and the County of San Bernardino (“SAN BERNARDINO”), collectively “COUNTIES,” shall be considered “Stakeholders” but not Parties to this MOA.

**Recitals**

**WHEREAS**, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739, collectively known as the Sustainable Groundwater Management Act (“SGMA”), codified in certain provisions of the California Government Code, including commencing with Section 65350.5, and codified in Part 2.74 of Division 6 of the California *Water Code*, commencing with Section 10720, and amending other provisions of the California *Government Code* and California *Water Code*; and

**WHEREAS**, SGMA went into effect on January 1, 2015; and,

**WHEREAS**, various clarifying amendments to SGMA were signed into law in 2015, including Senate Bills 13 and 226, and Assembly Bills 617 and 939, which were codified in part in California *Water Code* Section 10723.6(a), authorizing a combination of local agencies to form a GSA pursuant to a joint powers agreement, a memorandum of agreement, or other legal agreement; and, California *Water Code* Section 10723.6(b), authorizing water corporations regulated by the California Public Utilities Commission and mutual water companies to participate in a GSA through a memorandum of agreement or other legal agreement; and

**WHEREAS**, the legislative intent and effect of SGMA, as set forth in California *Water Code* Section 10720.1, includes the following: (1) to provide for the sustainable management of groundwater basins; (2) to enhance local management of groundwater consistent with rights to use or store groundwater and Section 2 of Article X of the California Constitution, and to preserve the security of water rights in the state to the greatest extent possible consistent with the sustainable management of groundwater; (3) to establish minimum standards for sustainable groundwater management; (4) to provide local groundwater agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater; (5) to avoid or minimize subsidence; (6) to improve data collection and understanding about groundwater; (7) to increase groundwater storage and remove impediments to recharge; (8) to manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible, while minimizing state intervention to only when necessary to ensure that local agencies manage groundwater in a sustainable manner; and (9) to provide a more efficient and cost-effective groundwater adjudication process that protects water rights, ensures due process, prevents unnecessary delay, and furthers the objectives of SGMA; and,

**WHEREAS**, SGMA affords GSAs specific powers to manage groundwater in addition to existing legal authorities, which powers may be used to provide the maximum degree of local control and flexibility consistent with the sustainability goals of SGMA; and,

**WHEREAS**, SGMA includes several un-codified findings by the California Legislature, including the determination that the people of the state have a primary interest in the protection, management, and reasonable beneficial use of the water resources of the state, both surface and underground, and that the integrated management of the state's water resources is essential to meeting its water management goals; and,

**WHEREAS**, the Basin, as depicted in **Exhibit A** to this MOA, is identified by the California Department of Water Resources Bulletin 118 as Sub-basin No. 8-02.07 of the Upper Santa Ana Valley Groundwater Basin, and is designated by DWR as medium-priority; and,

**WHEREAS**, California *Water Code* Section 10720.7 requires the Basin, as a medium-priority basin that is not designated by DWR as being subject to critical conditions of overdraft, to be managed by a Groundwater Sustainability Plan ("GSP") or coordinated GSPs by January 31, 2022; and,

**WHEREAS**, in order to avoid designation as a probationary basin and become subject to direct intervention and management by the State Water Board, California *Water Code* Section 10735.2 requires that, by June 30, 2017 a collection of local agencies must form a GSA or prepare agreements to develop one or more GSPs that will collectively serve as a GSP for the entire Basin, in the event that a local agency has not decided to become a GSA that intends to develop a GSP for the entire Basin; and,

**WHEREAS**, the LOCAL AGENCIES have water supply, water management, and/or land use responsibilities for their respective jurisdictional areas overlying the Basin and are local agencies as defined by SGMA in California *Water Code* Section 10721(n), and thus each is authorized by SGMA to become or form a GSA; and,

**WHEREAS**, the LOCAL AGENCIES' individually have jurisdictional and/or service areas within and their collective jurisdictional areas and/or service areas cover the entirety of the Basin, with no gaps in coverage; and,



**WHEREAS**, the WATER PURVEYORS, including the MUTUALS, produce groundwater and provide water service within the Basin, and it is the Parties' shared intent to provide for management-level participation by the MUTUALS in the GSA to the maximum extent allowed by law without limiting any powers afforded to a GSA under SGMA; and,

WHEREAS, the REGIONALS are State Water Contractors, and have the rights and duties of such, including for the delivery of State Water Project Water within the Basin; and,

**WHEREAS**, in accordance with the terms of this MOA, and in furtherance of the shared intent of the Parties to maximize funding opportunities for the Basin and avoid potential intervention in the Basin by the State Water Board, the Parties agree that the YUCAIPA-GSA formed by this MOA will cover the entire Basin; and,

**WHEREAS**, the Parties mutually desire and intend to work with local stakeholders and interested parties in the Basin that are not Parties to this MOA, to carry out the policy, purposes, and requirements of SGMA in the Basin.

## **Agreement**

**NOW, THEREFORE**, in consideration of the promises, terms, conditions, and covenants contained herein, it is mutually understood and agreed as follows:

- I. **Incorporation of Recitals.** The Recitals stated above are incorporated herein by reference.
- II. **Purposes.** The purposes of this MOA is to form the YUCAIPA-GSA for the Basin as specified herein pursuant to applicable provisions and requirements of SGMA, including but not limited to California *Water Code* Sections 10723 and 10723.6.
- III. **Approval of MOA and Formation of the YUCAIPA-GSA.** Approval of this MOA and formation of the YUCAIPA-GSA shall be accomplished by the LOCAL AGENCIES each holding its own noticed public hearing pursuant to California *Water Code* Section 10723(b) and California *Government Code* Section 6066 and at such hearing will consider approval of a Resolution by its governing board to enter this MOA and jointly form the YUCAIPA-GSA as specified in this MOA. Approval of this MOA by the MUTUALS shall be accomplished through their respective governing boards' duly authorized procedures.
- IV. **Definitions.** The following terms, whether used in the singular or plural, and when used with initial capitalization, shall have the meanings specified herein. The Parties agree that any definitions set forth herein are intended to be consistent with SGMA, and in the event of any discrepancy between a defined term in this MOA and a defined term in SGMA, the terms of SGMA shall control.
  - A. "Basin" refers to the Yucaipa Sub-basin, designated by the California Department of Water Resources Bulletin 118 as Sub-basin No. 8-02.07, as depicted in **Exhibit A** to this MOA.
  - B. "DWR" means the California Department of Water Resources.

- C. "GSA" means a Groundwater Sustainability Agency, as defined by SGMA.
- D. "GSP" means a Groundwater Sustainability Plan, as defined by SGMA.
- E. "Memorandum of Agreement" or "MOA" refers to this Memorandum of Agreement.
- F. "SGMA" refers to the Sustainable Groundwater Management Act, of 2014, as amended.
- G. "State Water Board" means the California State Water Resources Control Board.
- H. "YUCAIPA-GSA" refers to the Yucaipa Sub-basin GSA formed under this MOA.

**V. Coordination and Cooperation**

- A. Continued Cooperation. The Parties to this MOA will continue to meet, confer, coordinate, and collaborate to discuss and develop technical, managerial, financial, and other criteria and procedures for the preparation, governance, and implementation of a GSP or coordinated GSPs in the Basin and to carry out the policy, purposes, and requirements of SGMA in the Basin.
- B. Points of Contact. Each Party shall designate a principal contact person for that Party, who may be changed from time to time at the sole discretion of the designating Party. The principal contact person for each Party shall be responsible for coordinating with the principal contact persons for the other Parties in scheduling meetings and other activities under this MOA.
- C. Voting Methodology. The voting structure for matters pertaining to the establishment and implementation of the administrative components of the YUCAIPA-GSA shall be by simple majority (51%) of the voting Parties, wherein each WATER PURVEYOR, MUNICIPALITY and REGIONAL holds a single vote.

**VI. Roles and Responsibilities**

- A. The YUCAIPA-GSA shall be controlled by a Governing Board comprised of one representative of each of the Parties to this MOA.
- B. The Parties agree to jointly establish their specific roles and responsibilities for implementing this MOA, including through the adoption of organizational documents, management policies, rules and procedures.
- C. The Parties agree to jointly develop and implement a GSP or coordinated GSPs for the Basin in accordance with SGMA.
- D. The Parties agree to work in good faith and coordinate all activities to carry out the purposes of this MOA in implementing the policy, purposes, and requirements of SGMA in the Basin, including continuing to meet, confer, coordinate, and collaborate to discuss and develop governance, management, technical, financial, and other matters, including respective roles and responsibilities for activities such as, but not limited to, the following: modeling;

metering; monitoring; hiring consultants; developing and maintaining list of interested persons under California *Water Code* Section 10723.4; budgeting; and other initial tasks as determined by the Parties.

- E. The LOCAL AGENCIES shall coordinate with each other to cause all applicable noticing and submission of required information to DWR regarding formation of the YUCAIPA-GSA.

**VII. Funding and Budgeting.** The Parties shall work together to identify the costs, funding needs and funding sources for the administration of the YUCAIPA-GSA and the development and implementation of the GSP. To the extent not otherwise funded in accordance with or inconsistent with SGMA's provisions regarding GSA funding, the PURVEYORS shall collectively bear seventy-five percent (75%) and the MUNICIPALITIES and REGIONALS shall collectively bear twenty-five percent (25%) of the cost of the creation and administration of the YUCAIPA-GSA; and within each group, the Parties shall equally share in the costs of the creation and administration of the YUCAIPA-GSA. Nothing in this provision shall obligate any party to bear any portion of the attorneys' fees and legal costs of another Party.

**VIII. Stakeholders.** The initially designated stakeholders are the COUNTIES. The Parties agree to work together in ensuring public outreach and involvement of the public and other interested stakeholders throughout the SGMA process, including but not limited to all beneficial uses and users of groundwater as provided in SGMA Section 10723.2. Stakeholders have no voting rights under Section V.C. and no cost sharing obligations under Section VII of this MOA.

**IX. Term, Termination, and Withdrawal.**

- A. Term. This MOA shall continue and remain in effect unless and until terminated by the unanimous written consent of the Parties, or as otherwise provided in this MOA or as authorized by law.
- B. Withdrawal. After the YUCAIPA-GSA is officially established as the GSA for the Basin, any Party may decide, in its sole discretion, to withdraw from this MOA by providing ninety (90) days written notice to the other Parties. A Party that withdraws from this MOA shall remain obligated to pay its share of costs and expenses incurred or accrued under this MOA and any related cost-sharing agreement or arrangement up to the date the Party provides its notice of withdrawal as provided herein. Withdrawal by a Party shall not cause or require the termination of this MOA or the existence of the YUCAIPA-GSA with respect to the non-withdrawing Parties. In the event of withdrawal by one of the LOCAL AGENCIES, the Parties shall meet and confer during the 90-day notice period regarding: (i) whether the withdrawing Party wishes to seek GSA status for a portion of the Basin underlying the jurisdictional area or service area of the withdrawing Party; (ii) whether, as a result of the withdrawal, a co-GSA management or other arrangement with the withdrawing Party is necessary to satisfy the requirements of SGMA; and (iii) any other issues and steps that are necessary to avoid triggering probationary status of the Basin and State Water Board intervention. Any resolution of issues pertaining to withdrawal and any

other GSA issues shall be undertaken in a manner that satisfies all requirements of SGMA and DWR, including any requirement to file new GSA notices.

**X. Notice Provisions**

All notices required by this MOA shall be made in writing and delivered to the respective representatives of the Parties at their respective addresses as follows:

**PARTIES:**

**PURVEYORS:**

**South Mesa Water Company**

391 West Avenue L  
Calimesa, California 92320  
Attn: Dave Armstrong, General Manager  
Email: smwc@verizon.net

**South Mountain Water Company**

35 Cajon Street  
Redlands, California 92373  
Attn: Cecilia Griego, Water Resources Specialist  
Email: cgriego@cityofredlands.org

**Western Heights Water Company**

32352 Avenue D  
Yucaipa, California 92399  
Attn: William Brown, General Manager  
Email: w.brown@westernheightswater.org

**Yucaipa Valley Water District**

12770 Second Street  
Yucaipa, California 92399  
Attn: Joseph, Zoba, General Manager  
Email: jzoba@yvwd.dst.ca.us

**MUNICIPALS:**

**City of Calimesa**

908 Park Avenue  
Calimesa, California 92399  
Attn: Bonnie Johnson, City Manager  
Email: bjohnson@cityofcalimesa.net

**City of Redlands**

35 Cajon Street  
Redlands, California 92373  
Attn: Chris Diggs, Municipal Utilities and Engineering Director  
Email: cdiggs@cityofredlands.org

**City of Yucaipa**  
34272 Yucaipa Boulevard  
Yucaipa, California 92399  
Attn: Ray Casey, City Manager  
Email: rcasey@yucaipa.org

**REGIONALS:**

**San Bernardino Valley Municipal Water District**  
380 E. Vanderbilt Way  
San Bernardino, CA 92408  
Attn: Douglas Headrick, General Manager & Chief Engineer  
Email: douglash@sbrvmwd.com

**San Geronimo Pass Water Agency**  
1210 Beaumont Avenue  
Beaumont, CA 92223  
Attn: Jeff Davis, General Manager and Chief Engineer  
Email: jdavis@sppwa.com

**STAKEHOLDERS:**

**COUNTIES:**

**County of Riverside**  
4080 Lemon Street  
Riverside, CA 92501  
Attn: Steve Horn, Senior Management Analyst, Executive Office  
Email: shorn@rceo.org

**County of San Bernardino**  
385 N. Arrowhead Avenue  
San Bernardino, CA 92415-0120  
Attn: Bob Page, Principal Management Analyst, Special Projects  
Email: bpage@sbccounty.gov

Any Party or Stakeholder may change the address to which notices are to be given under this MOA by providing all other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change. All notices shall be effective upon receipt and shall be deemed received upon confirmed personal service, confirmed facsimile delivery, confirmed courier service, or on the fifth (5<sup>th</sup>) calendar day following deposit of the notice in registered first class mail.

**XI. General Terms**

- A. Amendments. Amendments to this MOA require the unanimous written consent of all Parties and approval by the Parties' respective governing boards.
- B. Successors and Assigns. The terms of this MOA shall be binding upon and inure to the benefit of the successors-in-interest and assigns of each Party; provided, however, that no transfer or assignment shall be effective until approved by the

Parties in accordance with the provisions of Section V.C. of this MOA. Once succession and/or assignment has been approved, a former Party shall have no further rights or obligations under this MOA.

- C. **Waiver.** No waiver of any provision of this MOA by any Party shall be construed as a further or continuing waiver of such provision or any other provision of this MOA by the waiving Party or any other Party.
- D. **Authorized Representatives.** Each person executing this MOA on behalf of a Party hereto affirmatively represents that such person has the requisite authority to sign this MOA on behalf of the respective Party.
- E. **Exemption from CEQA.** The Parties recognize and agree that, pursuant to SGMA Section 10728.6, neither this MOA nor the preparation or adoption of a GSP constitute a "project" or approval of a project under the California Environmental Quality Act (CEQA) or the State CEQA Guidelines, and therefore this MOA is expressly exempt from CEQA review.
- F. **Governing Law and Venue.** This MOA shall be governed by and construed in accordance with the laws of the State of California. Any suit, action, or proceeding brought under the scope of this MOA shall be brought and maintained to the extent allowed by law in the County of San Bernardino, California.
- G. **Attorney's Fees, Costs, and Expenses.** In the event of a dispute among any or all of the Parties arising under this MOA, each Party shall assume and be responsible for its own attorney's fees, costs, and expenses.
- H. **Entire Agreement/Integration.** This MOA constitutes the entire agreement among the Parties regarding the specific provisions of this MOA, and the Parties hereto have made no agreements, representations or warranties relating to the specific provisions of this MOA that are not set forth herein.
- I. **Construction and Interpretation.** The Parties agree and acknowledge that this MOA has been developed through a negotiated process among the Parties, and that each Party has had a full and fair opportunity to review the terms of this MOA with the advice of its own legal counsel and to revise the terms of this MOA, such that each Party constitutes a drafting Party to this MOA. Consequently, the Parties understand and agree that no rule of construction shall be applied to resolve any ambiguities against any particular Party as the drafting Party in construing or interpreting this MOA.
- J. **Force Majeure.** No Party shall be liable for the consequences of any unforeseeable force majeure event that (1) is beyond its reasonable control, (2) is not caused by the fault or negligence of such Party, (3) causes such Party to be unable to perform its obligations under this MOA, and (4) cannot be overcome by the exercise of due diligence. In the event of the occurrence of a force majeure event, the Party unable to perform shall promptly notify the other Parties in writing to the extent practicable. It shall further pursue its best efforts to resume its obligations under this MOA as quickly as possible and shall suspend performance only for such period of time as is necessary as a result of the force majeure event.

- K. Execution in Counterparts. This MOA may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.
- L. No Third Party Beneficiaries. This MOA is not intended, and will not be construed, to confer a benefit or create any right on a third party or the power or right of any third party to bring an action to enforce any of the terms of this MOA.
- M. Timing and Captions. Any provision of this MOA referencing a time, number of days, or period for performance shall be measured in calendar days. The captions of the various articles, sections, and paragraphs of this MOA are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, terms, or intent of this MOA.

IN WITNESS WHEREOF, the Parties hereto have approved and executed this MOA as of the respective dates specified in the adopting Resolution of each Party as provided above in Article III of this MOA.

[Signature Pages Follow]

**Water Purveyor Party:**

**SOUTH MESA WATER COMPANY**

By:

President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, South Mesa Water Company

Notices for the South Mesa Water Company shall be sent as follows:

Attention: General Manager  
391 West Avenue L  
Calimesa, California 92320

With copies to:

Michael Duane Davis, Esq.  
GRESHAM SAVAGE NOLAN & TILDEN, PC  
550 East Hospitality Lane  
Third Floor  
San Bernardino, CA 92408



**Water Purveyor Party:**

**SOUTH MOUNTAIN WATER COMPANY**

By:

President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, South Mountain Water Company

Notices for the South Mountain Water Company shall be sent as follows:

Attention: General Manager  
35 Cajon Street  
Redlands, California 92373

With copies to:

**Water Purveyor Party:**

**WESTERN HEIGHTS WATER COMPANY**

By:

President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, Western Heights Water Company

Notices for the Western Heights Water Company shall be sent as follows:

Attention: General Manager  
32352 Avenue D  
Yucaipa, California 92399

With copies to:

Michael Duane Davis, Esq.  
GRESHAM SAVAGE NOLAN & TILDEN, PC  
550 East Hospitality Lane  
Third Floor  
San Bernardino, CA 92408

**Water Purveyor Party:**

**YUCAIPA VALLEY WATER DISTRICT**

By:

President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, Yucaipa Valley Water District

Notices for the Yucaipa Valley Water District shall be sent as follows:

Attention: General Manager  
12770 Second Street  
Yucaipa, California 92399

With copies to:

**Municipality Party:**

**CITY OF CALIMESA**

By:

Mayor, City Council

Attest:

Secretary, City Council

Approved as to form:

Counsel, City of Calimesa

Notices for the City of Calimesa shall be sent as follows:

Attention: City Manager  
908 Park Avenue  
Calimesa, California 92320

With copies to:

**Municipality Party:**

**CITY OF REDLANDS**

By:

Mayor, City Council

Attest:

Secretary, City Council

Approved as to form:

Counsel, City of Redlands

Notices for the City of Redlands shall be sent as follows:

Attention: City Manager  
35 Cajon Street  
Redlands, California 92373

With copies to:

**Municipality Party:**

**CITY OF YUCAIPA**

By:

Mayor, City Council

Attest:

Secretary, City Council

Approved as to form:

Counsel, City of Yucaipa

Notices for the City of Yucaipa shall be sent as follows:

Attention: City Manager  
34272 Yucaipa Boulevard  
Yucaipa, California 92399

With copies to:

**Regional Party:**

**SAN BERNARDINO VALLEY MUNICIPAL WATER  
DISTRICT**

By:

President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, San Bernardino Valley Municipal Water District

Notices for the San Bernardino Valley Municipal Water District shall be sent as follows:

Attention: General Manager  
380 E. Vanderbilt Way  
San Bernardino, California 92408

With copies to:

**Regional Party:**

**SAN GORGONIO PASS WATER AGENCY**

By:

President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, San Gorgonio Pass Water Agency

Notices for the San Gorgonio Pass Water Agency shall be sent as follows:

Attention: General Manager  
1210 Beaumont Avenue  
Beaumont, California 92223

With copies to:



**Stakeholder:**

**COUNTY OF RIVERSIDE**

By:

Chair, Board of Supervisors

Attest:

Secretary, Board of Supervisors

Approved as to form:

Counsel, County of Riverside

Notices for the County of Riverside shall be sent as follows:

Attention: General Manager  
4080 Lemon Street  
Riverside, California 92501

With copies to:

**Stakeholder:**

**COUNTY OF SAN BERNARDINO**

By:

Chair, Board of Supervisors

Attest:

Secretary, Board of Supervisors

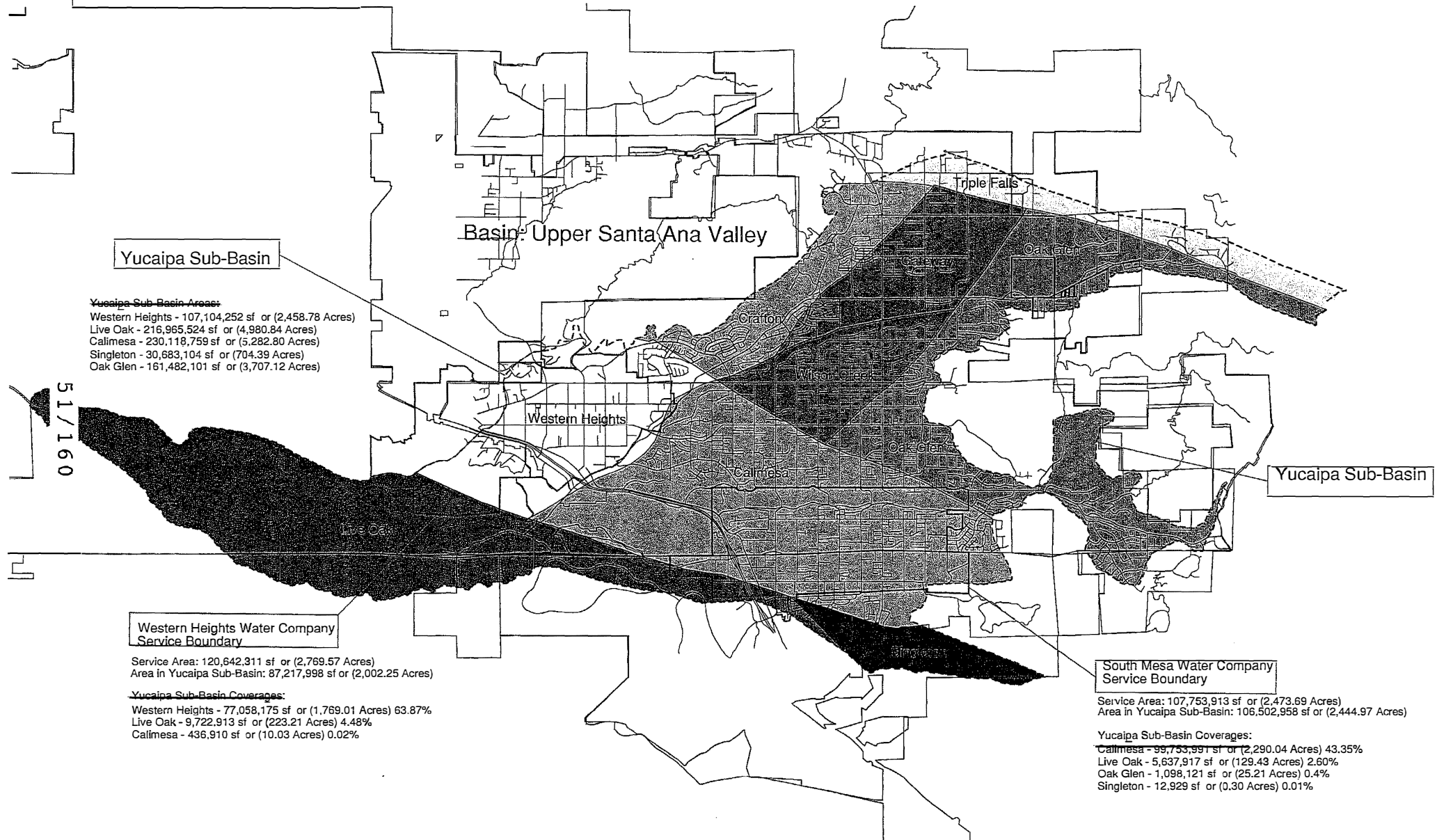
Approved as to form:

Counsel, County of San Bernardino

Notices for the County of San Bernardino shall be sent as follows:

Attention: General Manager  
385 N. Arrowhead Avenue  
San Bernardino, California 92415-0120

With copies to:



Yucaipa Sub-Basin

**Yucaipa Sub-Basin Areas:**  
 Western Heights - 107,104,252 sf or (2,458.78 Acres)  
 Live Oak - 216,965,524 sf or (4,980.84 Acres)  
 Calimesa - 230,118,759 sf or (5,282.80 Acres)  
 Singleton - 30,683,104 sf or (704.39 Acres)  
 Oak Glen - 161,482,101 sf or (3,707.12 Acres)

Basin: Upper Santa Ana Valley

51/160

Yucaipa Sub-Basin

Western Heights Water Company  
 Service Boundary

Service Area: 120,642,311 sf or (2,769.57 Acres)  
 Area in Yucaipa Sub-Basin: 87,217,998 sf or (2,002.25 Acres)

**Yucaipa Sub-Basin Coverages:**  
 Western Heights - 77,058,175 sf or (1,769.01 Acres) 63.87%  
 Live Oak - 9,722,913 sf or (223.21 Acres) 4.48%  
 Calimesa - 436,910 sf or (10.03 Acres) 0.02%

South Mesa Water Company  
 Service Boundary

Service Area: 107,753,913 sf or (2,473.69 Acres)  
 Area in Yucaipa Sub-Basin: 106,502,958 sf or (2,444.97 Acres)

**Yucaipa Sub-Basin Coverages:**  
 Calimesa - 99,753,991 sf or (2,290.04 Acres) 43.35%  
 Live Oak - 5,637,917 sf or (129.43 Acres) 2.60%  
 Oak Glen - 1,098,121 sf or (25.21 Acres) 0.4%  
 Singleton - 12,929 sf or (0.30 Acres) 0.01%

## MEMORANDUM

**TO:** Board of Directors  
**FROM:** General Manager  
**RE:** Engagement of New Auditor  
**DATE:** June 5, 2017

### **Summary:**

Resolution 2004-07 requires that the Agency change auditors every five years. The purpose of this proposed Board action is to engage a new auditor, as the Agency's previous auditor completed its five years of service.

### **Background:**

The California Government Code requires that public agencies be audited each year. In order to maintain independence, the Agency requires the auditor to be replaced at least every five years. Ahern Adcock & Devlin provided the Agency with auditing services for the past five years and now must be replaced.

### **Detailed Report:**

In order to find a new auditor, staff sent a Request for Proposals (RFP) to six auditing firms in Southern California. Four of those firms submitted proposals to the Agency to provide auditing services. Staff reviewed the four proposals and chose two firms to interview. After the interviews, the General Manager and Finance Manager agreed to recommend the firm of Eadie and Payne to the Board. The firm's full proposal, along with an engagement letter, is included in the agenda package.

While Eadie & Payne does not have a lot of experience with water agencies, and has no experience with State Water Contractors, staff believes that it is the best firm to perform the Agency's audit for 2016-2017. It is based in Redlands, and has a relatively small staff and thus is customer-service oriented.

**Fiscal Impact:**

Eadie & Payne's proposal to perform the 2016-2017 audit has a proposed cost of \$19,900, which is slightly less than the Agency paid last year. The funds are budgeted for next year, so there will be no fiscal impact.

**Recommendation:**

Staff recommends that the Board authorize contracting with Eadie & Payne to perform the 2016-2017 audit, and to authorize the President and General Manager to sign the engagement letter found in the agenda package.



*expect quality.*

May 24, 2017

**CERTIFIED  
PUBLIC  
ACCOUNTANTS  
& BUSINESS  
ADVISORS**

Board of Directors  
San Gorgonio Pass Water Agency  
1210 Beaumont Avenue  
Beaumont, CA 92223

Dear Members of the Board:

We are pleased to confirm our understanding of the services we are to provide to San Gorgonio Pass Water Agency (Agency) for the year ended June 30, 2017. This letter, and the attached *Terms and Conditions Addendum* and any other attachments incorporated herein (collectively, "Agreement"), confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

#### **Engagement Objective and Scope**

We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of the San Gorgonio Pass Water Agency for the year ended on June 30, 2017. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the San Gorgonio Pass Water Agency's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the San Gorgonio Pass Water Agency's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis;
2. Schedule of Proportionate Share of the Net Pension Liability and Related Ratios;
3. Schedule of Plan Contributions; and
4. Schedule of Funding Progress - OPEB.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

#### Supplementary Schedules

1. Organizational Information; and
2. Schedule of Board of Directors and Insurance Coverage.

#### Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to above when considered in relation to the financial statements as a whole. The objective also includes reporting on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The report will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and will include tests of the accounting records of San Gorgonio Pass Water Agency and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our audits of San Gorgonio Pass Water Agency's financial statements. Our reports will be addressed to the Board of Directors of San Gorgonio Pass Water Agency. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures - Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.



### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of San Gorgonio Pass Water Agency's compliance with provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will also assist in preparing the basic financial statements, required supplementary information, and related notes of San Gorgonio Pass Water Agency in conformity with U.S. generally accepted accounting principles based on information provided by you.

### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, and supporting documentation, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date of the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, or attestation engagements performance audits or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

Eadie and Payne, LLP meets the independence requirements contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Rules 101 and 102 of the American Institute of CPAs Code of Professional Conduct with respect to the audit of the San Geronio Pass Water Agency for the year ended June 30, 2017.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to San Geronio Pass Water Agency; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, we understand that copies of our reports are to be made available for public inspection.

Based on our discussions, we expect to begin fieldwork at a mutually convenient date in August 2017 and issue our reports no later than the 1st Monday of November 2017. Eden Casareno is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter or comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review accompanies this letter (Attachment A).

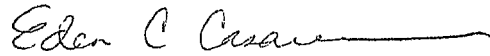
Our fees for these services will be \$19,900. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period, Eadie and Payne, LLP shall be free to destroy our records related to this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign this letter and return it to us.

Very truly yours,

**EADIE AND PAYNE, LLP**



Eden C. Casareno

Attachment: Attachment A Peer Review Letter  
Terms and Conditions Addendum

**RESPONSE:**

This letter correctly sets forth the understanding of San Geronio Pass Water Agency

Management signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ATTACHMENT A



A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

System Review Report

To the Partners of Eadie & Payne, LLP  
& the California Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the firm) in effect for the year ended April 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/nrsummary](http://www.aicpa.org/nrsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP, in effect for the year ended April 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eadie & Payne, LLP has received a rating of *pass*.

A handwritten signature in cursive script, appearing to read 'Postlethwaite &amp; Netterville'.

Donaldsonville, Louisiana  
August 7, 2013

215 St Patrick St. • P.O. Box 1190 • Donaldsonville, LA 70346 • Tel: 225.473.4179 • Fax: 225.473.7204

## **Eadie and Payne, LLP's Terms and Conditions Addendum**

### ***Overview***

This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This addendum and the accompanying engagement letter comprise your agreement with us ("Agreement"). If there is any inconsistency between the engagement letter and this *Terms and Conditions Addendum*, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to "we," "us," or "our" is a reference to Eadie and Payne, LLP, and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this *Terms and Conditions Addendum*.

### ***Billing and Payment Terms***

We will bill you for our professional fees and out-of-pocket costs upon completion of the service or monthly as work progresses. Payment is due within 30 days of the date on the billing statement. If payment is not received by the due date, you will be assessed interest charges of 1% per month on the unpaid balance.

We reserve the right to suspend or terminate our work for non-payment of fees. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of our services.

### ***Electronic Data Communication and Storage***

In the interest of facilitating our services to you, we may send data over the Internet, or store electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. We may use third party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards. We require our third party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement.

### ***Client Portals***

To enhance our services to you, we will utilize ShareFile, a collaborative, virtual workspace in a protected, online environment. ShareFile permits real-time collaboration across geographic boundaries and time zones and allows Eadie and Payne, LLP and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use ShareFile, you will be required to execute a client portal agreement and agree to be bound by the terms, conditions and limitations of such agreement.

You agree that Eadie and Payne, LLP has no responsibility for the activities of ShareFile and agree to indemnify and hold Eadie and Payne, LLP harmless with respect to any and all claims arising from or related to the operation of ShareFile. While ShareFile backs up your files to a third party server, we recommend that you also maintain your own backup files.

As of December 12, 2016

### ***Newsletters and Similar Communications***

We may send newsletters, emails, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not continue a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.

### ***Records Management***

#### **Record Retention and Ownership**

We will return all of your original records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements.

Our firm destroys workpaper files after a period of 7 years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

#### **Working Paper Access Requests by Regulators and Others**

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

#### **Summons or Subpoenas**

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

As of December 12, 2016

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

#### ***Disclaimer of Legal and Investment Advice***

Our services under this Agreement do not constitute legal or investment advice unless specifically agreed to in the *Engagement Objective and Scope* section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

#### ***Brokerage or Investment Advisory Statements***

If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of the engagement letter. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend you receive and carefully review all statements upon receipt, and direct any questions regarding account activity to your banker, broker or investment advisor.

#### ***Other Income, Losses and Expenses***

If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

#### ***Limitations on Oral and Email Communications***

We may discuss with you our views regarding the treatment of certain items or decisions you may face. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by the gross negligence or willful misconduct of Eadie and Payne, LLP, for any loss, cost or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this in a separate engagement letter.

#### ***Management Responsibilities***

While Eadie and Payne, LLP can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee any services that Eadie and Payne, LLP provides. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

As of December 12, 2016



### ***Conflicts of Interest***

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

### ***Alternative Dispute Resolution***

If a dispute arises out of or relates to the Agreement including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Professional Accounting and Related Services Dispute Resolution Rules* before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. Any mediator so designated must be acceptable to all parties. The mediation will be conducted in California.

The mediation will be treated as a settlement discussion and, therefore, will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

### ***Proprietary Information***

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property we use are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

### ***Statute of Limitations***

You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Eadie and Payne, LLP.

### ***Termination and Withdrawal***

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, your failure to comply with the terms of this Agreement or as we determine professional standards require.

### ***Assignment***

All parties acknowledge and agree that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

### ***Severability***

If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

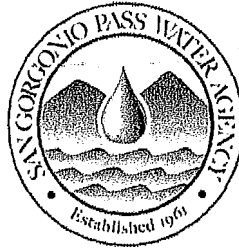
As of December 12, 2016

***Entire Agreement***

The engagement letter, including this *Terms and Conditions Addendum* and any other attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties.

As of December 12, 2016

# San Geronio Pass Water Agency



## Proposal for Professional Auditing Services

**May 3, 2017**



Eden Casareno  
1839 W. Redlands Boulevard  
Redlands, CA 92373  
909.793.2406 Phone 909.792.3516 Fax  
909.239.0679 Cell  
[ecasareno@eadiepaynellp.com](mailto:ecasareno@eadiepaynellp.com)

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May 3, 2017

San Gorgonio Pass Water Agency  
1210 Beaumont Avenue  
Beaumont, CA 92223

Dear Members of the Proposal Review Team:

We are pleased to submit our proposal to provide professional auditing services to the San Gorgonio Pass Water Agency (Agency) for the fiscal years ending June 30, 2017 through 2018, with the option of auditing the financial statements for up to three additional subsequent years.

The Agency will benefit from Eadie + Payne's vast experience:

- We understand the Agency's unique role as one of 29 state water contractors. Your role to supplement local water resources becomes more prominent as our region becomes more and more dependent on imported water. Responsible management of financial resources is critical – additional water will cost money.
- We have almost a **century of service in the Inland Empire** serving water agencies, mutual water companies, agricultural growers, citrus packinghouses, governments and non-profits, and construction companies, among others.
- We have in excess of 30 years of **service to local government agencies**, including cities, joint powers authorities, and special districts like water districts, community college districts, and park and recreation districts.
- We have the experience to assist you in all aspects of financial reporting and are available to assist in implementing current and proposed governmental accounting standards.
- Our internal control procedures will be designed around provisions of the new **Statement on Auditing Standards (SAS) No. 130**, An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements (AICPA, Professional Standards, AU-C sec. 940). If desired, we can provide a separate opinion on internal control in accordance with SAS 130.

We are committed to perform the Agency's audit within the proposed time period.

I am authorized to make representations for the Firm and sign a contract with San Gorgonio Pass Water Agency.

We look forward to teaming with Thomas W. Todd, Jr., Finance Manager, as your designated person with appropriate Skill, Knowledge and Experience (SKE) which is critical to our assessment of overall risk within the Agency.



Thank you for your consideration of our Firm. We look forward to the opportunity to be of service to the Agency.

Very truly yours,

**EADIE AND PAYNE, LLP**

*Eden C Casareno*

**Eden C. Casareno**  
**Partner-in-charge of Attest and Government Services**  
P.O. Box 9360  
Redlands, CA 92375-2560  
Telephone: (909) 793-2406  
Fax: (909) 792-3516  
Cell: (909) 239-0679  
Email: [ecasareno@eadiepaynellp.com](mailto:ecasareno@eadiepaynellp.com)



## PROFILE OF THE PROPOSER

### Independence and License to Practice

Eadie +Payne meets the independence requirement of the General Accountability Office (GAO) and the American Institute of Certified Public Accountants with respect to the Agency.

Eadie and Payne, LLP is properly licensed to practice as a certified public accounting firm in the State of California, license number 411.

### Past Associations with Water Agencies or Other Governmental Agencies

We have decades of experience in serving cities, special districts, and joint powers authorities. We will use our depth of governmental experience, knowledge, and resources to provide the Agency high-quality professional auditing and attestation services. The following are water agencies we have served:

- **Water Agencies**
  - Big Bear Municipal Water District
  - San Bernardino Valley Water Conservation District
  - West Valley Water District
- **Mutual Water Companies**
  - Bear Valley Water Company
  - Riverside Highland Water Company
  - Fontana Union Water Company

The following are governmental clients we have served:

- **Cities**
  - City of Barstow
  - City of Oxnard
  - City of Oxnard Successor Agency
  - City of Riverside
  - City of Stockton
  - City of Compton Successor Agency
  - City of Hemet
  - City of Hemet Successor Agency
  - City of Highland Successor Agency
  - City of Indio Successor Agency
  - City of Industry
  - City of Industry Civic-Recreational-Industrial Authority
  - City of Industry Public Utilities Commission
  - City of Industry Property and Housing Management Authority
  - City of Industry Public Facilities Authority
  - City of Industry Urban-Development Agency
  - City of Industry Successor Agency of the IUDA
  - City of Montebello
- **Special Districts**
  - Big Bear Municipal Water District
  - Hesperia Recreation and Park District
  - Inland Valley Development Agency
  - Law Library for San Bernardino County
  - Riverside County Law Library
  - San Bernardino Public Safety Authority
  - San Bernardino Regional Emergency Training Center
  - San Bernardino Valley Water Conservation District
  - West Valley Water District
  - Victor Valley EDA Successor Agency
- **Counties**
  - Riverside County Department of Public Social Services
  - Riverside County Sheriff's Department
  - County of Los Angeles
  - County of San Bernardino
  - County of San Bernardino Special Districts



- City of Montebello Successor Agency
- City of Moreno Valley
- City of Pomona Successor Agency
- City of San Fernando Successor Agency
- City of San Jacinto
- County of San Bernardino Purchasing Department
- Successor Agency to the County of San Bernardino

We have assisted the following clients in implementing GASB 68, Accounting and Financial Reporting for Pensions:

- **Assistance with GASB 68**
  - Big Bear Municipal Water District
  - City of Oxnard
  - Hesperia Recreation and Park District
  - Law Library for San Bernardino County
  - Riverside County Law Library
  - San Bernardino Valley Water Conservation District

### Type of Firm

Eadie + Payne is a leading regional public accounting and business advisory firm serving the Inland Empire since 1919. In addition to our government clients, we have almost a century of serving privately-owned businesses in the agriculture, manufacturing, construction, and retail/wholesale industries. We have also served mutual water companies, savings and loans association, and not-for-profit organizations.

### Location of Office

Our office is located at 1839 W. Redlands Boulevard, Redlands, California. The Firm has four partners and staff of approximately 30 members (including seven managers, supervisors, and seniors). All Eadie + Payne's partners and key engagement team members are certified public accountants (CPAs) licensed to practice in the State of California.

### Range of Activities

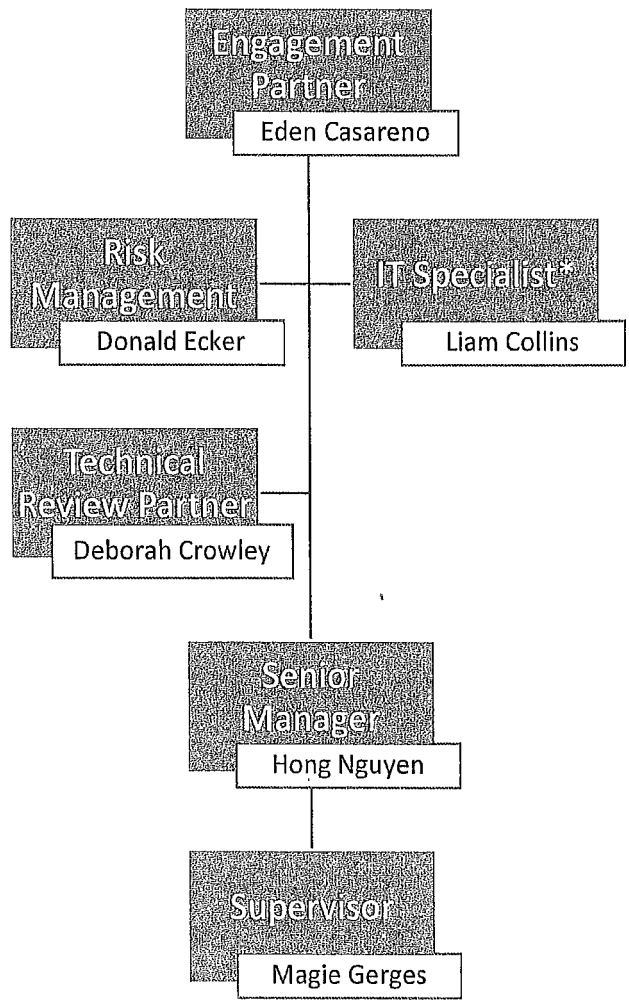
Eadie + Payne is a full-service public accounting and business advisory firm. We offer audit and attestation, tax services, entrepreneurial services, and consulting and transactional services.





**Resumes**

Your engagement team will consist of the following key personnel. Their resumes are located in the following pages. We assure the quality of our staff by providing adequate education and training in governmental auditing and accounting and by developing their analytical, communication and other business skills.



\*Our risk-based audit approach will utilize computer-assisted auditing techniques and reliance on IT controls to make your audit more efficient and effective. If appropriate, Eadie + Payne will engage the services of Liam Collins, partner at Armanino LLP, to assist in documenting and testing IT controls over financial reporting.





**Eden C. Casareno, CPA**  
Partner-in-Charge of Attest and  
Government Services

### Education

BS Degree in Business  
Administration, emphasis in  
accounting, from University of  
California, Riverside

### Professional Organizations

- American Institute of Certified  
Public Accountants
- California Society of Certified  
Public Accountants
- California Society of Municipal  
Finance Officers
  - California Special  
Districts Association

Licensed by the State of California  
Years of Experience: 16

ecasareno@eadiepaynellp.com  
Cell (909) 239-0679

## ENGAGEMENT PARTNER

Ms. Casareno joined Eadie + Payne in 2002 and became a partner in 2009. Ms. Casareno will ensure continual communication and high-quality execution, leveraging her over 16 years of experience performing financial statement audits, assisting clients with complex governmental accounting and reporting requirements, evaluating internal control design and implementation, and developing solutions for government clients in Southern California.

Ms. Casareno served as the engagement partner for the following entities:

- Big Bear Municipal Water District
- West Valley Water District (special procedures)
- City of Oxnard
- City of Stockton (Measure A audit)
- City of Industry
- Inland Valley Development Authority
- Hesperia Recreation and Park District
- Law Library for San Bernardino County
- Riverside County Law Library
- San Bernardino Public Safety Authority

Ms. Casareno also served as technical review partner for the audits of:

- San Bernardino Valley Water Conservation District
- Consolidated Fire Agencies of the East Valley (CONFIRE JPA)
- Riverside County Sheriff's Department
- Riverside County Department of Public Social Services
- San Bernardino Regional Emergency Training Center

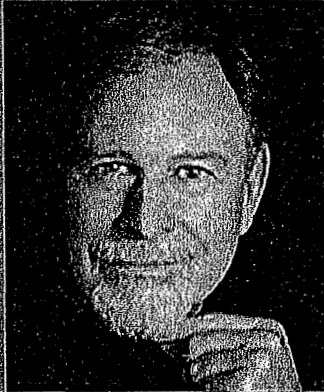
She served as lead partner in providing agreed-upon procedures and consulting services to former redevelopment agencies in eight cities in Los Angeles County, Riverside County, and San Bernardino County, and assisted these agencies with the unique and complex compliance and financial reporting requirements related to the dissolution of redevelopment agencies in California. She also provided consulting services to the City of Moreno Valley, City of Eastvale, and County of San Bernardino, among others.

As the engagement partner, Ms. Casareno will be responsible for meeting all deadlines requested by the Agency. Having managed large, complex projects, she will lead your engagement team and maintain communication with the management and the Board.

#### *Recent Relevant CPE:*

AICPA Government Audit Quality Center Update: 2016, 2015, 2014  
CSMFO Conference: 2017, 2016, 2015  
Financial Statement, Tax, and Government Fraud: 2016  
E+P Audit and Accounting Update: 2017, 2016, 2015  
CalCPA Governmental Accounting and Auditing Conference: 2016, 2015  
New COSO Framework: 2015  
AICPA's Webinar Series on GASB's Pension Standard: 2015  
Inland Empire Economic Outlook: 2015





**Donald N. Ecker, CPA**  
**(Inactive)**  
**Director of Risk Management**  
**COO Eadie and Payne, LLP**

### Education

BS Degree in Business Administration, emphasis in business, from California Polytechnic University, Pomona

Executive MBA from Northwestern University, Kellogg School of Management

Young Presidents University Programs, Stanford, Buckhead-Gorgia, Chicago, Monterey, Newport, Greece, Sweden, Taiwan, New Zealand, Colorado Springs, and Australia

### Professional Organizations

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants

Licensed by the State of California  
 Years of Experience: 49

decker@ceos2.com  
 Cell (310) 962-6736

## RISK MANAGEMENT

Mr. Ecker joined Eadie + Payne in 2015 as Director of Risk Management. He serves as Risk Advisor and Leader in Communication with boards and top management in assuring clients that commitments are delivered consistent with engagement letters.

Mr. Ecker is, and has been, an active and influential member of the Inland Empire community and understands the business environment. He is the founder and governing board member of March LifeCare, a base-reuse project, and worked closely with the March Joint Powers Authority throughout the development approval process for the 300 acre medical campus. For 30 years he served as a member and past president of the Monday Morning Group of Western Riverside County, and served on the University of California, Riverside Foundation board member for 27 years.

Mr. Ecker is a Retired Senior and Managing Partner/Practice Leader of EY, a global professional services firm, including Managing Partner of the Riverside Office. While Managing Partner of EY Riverside, he was the coordinating/Relationship Partner on RCTC as well as the County of Riverside. He has played a key role in transportation dating back to Measure A in 1988 as well as Measure AA in 1992. He also lead the bond analysis of RCTC Toll Road original 1st placement.

He also assisted in the passage of Measure I in San Bernardino County.

In 1999, he founded CEO Strategic Solutions, LLC. He works with CEOs in clarifying mission and giving objective solutions for business success. He served on two public boards; having qualified as a "financial expert" for SEC reporting, and chaired both audit committees.

Mr. Ecker's career in the public sector includes:

- Riverside County
- Orange County - post bankruptcy
- Riverside County Transportation Commission
- City of Oxnard
- City of Stockton
- Mission Inn, City of Riverside Transaction

Private Sector Includes:

- Stater Bros.
- Baker's Burgers
- Yeager Construction
- Press Enterprise
- Guthy Renker





**Liam Collins**  
Partner, Armanino LLP  
IT Specialist

### Education

BSc Degree in Accounting, from  
Golden Gate University  
JD from University of San Francisco  
School of Law  
MBA from Wharton School at the  
University of Pennsylvania

Years of Experience: 10

## IT SPECIALIST

Mr. Collins is a Partner and Controls Assurance Practice Leader in Armanino's audit practice. Mr. Collins has over fifteen years of experience in external and internal audit, regulatory compliance, and internal controls. Mr. Collins has experience in both private industry and public accounting. He brings his knowledge and experience to a wide variety of challenging projects. Mr. Collins specializes in helping companies meet their strategic, operational, and regulatory compliance opportunities.

Mr. Collins has substantial experience leading and coordinating IT advisory engagements across several industries, with a focus on the engineering and construction, banking, retail, and technology sectors. Mr. Collins has over 10 years of prior Big 4 experience where he was most recently an IT consulting partner on large key accounts for KPMG in the west region. Mr. Collins has served as engagement leader on multiple projects with responsibility for planning, budgeting, execution, and delivery of complex projects; internal audit process and project assessments; controls measuring and monitoring; Sarbanes-Oxley 404 control documentation and testing assistance; and risk based business process assessments.

#### *External and Internal Audit*

- Lead IT Audit Partner on numerous external audits for public and private companies and governmental entities.
- Led internal audit organizational assessments for clients in a variety of industries.
- Led internal audit outsourced and co-sourced projects at large public and private clients in the technology, financial services, and healthcare industries.
- Performed annual internal audit risk assessments and audit plan development for a significant number of clients.

#### *Regulatory compliance*

- Led hundreds of SOC1/2/3 and SAS 70 engagements for clients in a variety of industries.
- Extensive experience developing and building unified IT compliance programs for public companies and start-ups.
- Lead Partner on numerous PCI/HIPAA/NIST/FISMA/FedRamp consulting and audit projects.

#### *Information security assessments*

- Extensive experience leading and performing information security assessments addressing data access, data privacy, information classification, and data integrity for clients in the retail, technology, and engineering industries.
- Led a large scale data privacy assessment for a major California University system, including the implementation of remediation activities.





**Deborah L. Crowley, CPA**  
 Technical Standards  
 Review Partner

### Education

BS Degree in Business  
 Administration, emphasis in  
 accounting, from California State  
 University, San Bernardino

### Professional Organizations

- American Institute of Certified  
 Public Accountants
- California Society of Certified  
 Public Accountants
- California Special Districts  
 Association

Licensed by the State of California  
 Years of Experience: 36

dcrowley@eadiepaynellp.com  
 Cell (909) 953-1596

## TECHNICAL STANDARDS REVIEW PARTNER

Ms. Crowley is the Firm's audit quality control partner. She performs the technical standards review for many of the Firm's audit engagements and serves as the liaison with the Firm's independent peer review team. Ms. Crowley has extensive experience working with Governmental entities, not-for-profit organizations, and for profit entities.

Ms. Crowley has served as the engagement partner for the following entities:

- Consolidated Fire Agencies of the East Valley (CONFIRE JPA)
- Law Library for San Bernardino County
- Riverside County Sheriff's Department
- Riverside County Department of Public Social Services
- San Bernardino Regional Emergency Training Center
- San Bernardino Public Safety Authority
- San Bernardino Community College District
- San Bernardino Valley Water Conservation District
- Victor Valley Wastewater Reclamation Authority
- West Valley Water District (Treasurer)

She served as lead partner in providing agreed-upon procedures and consulting services to former redevelopment agencies in several cities in Los Angeles County, Riverside County, and San Bernardino County and assisted these agencies with the unique and complex compliance and financial reporting requirements related to the dissolution of redevelopment agencies in California.

As the technical review partner, Ms. Crowley will conduct a review of the financial statements after the engagement partner review. She will act as a second set of eyes to ensure that the financial statements are presented in accordance with GAAP and that the engagement has been performed in accordance with *Government Auditing Standards* and AICPA's attestation standards.

#### *Recent Relevant CPE:*

E+P Audit and Accounting Update: 2017, 2016, 2015  
 CalCPA Governmental Accounting and Auditing Conference: 2016, 2015  
 AICPA Government Audit Quality Center Update: 2016, 2015  
 AICPA's Webinar Series on GASB's Pension Standard: 2016, 2015  
 New COSO Framework: 2015  
 MSNA Tax and Audit Conference: 2015





**Hong N. Nguyen, CPA**  
Senior Manager

### Education

**BS Degree in Business Administration, emphasis in accounting, from University of California, Riverside**

### Professional Organizations

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- California Society of Municipal Finance Officers

Licensed by the State of California  
Years of Experience: 9

hnguyen@eadiepaynellp.com  
Cell (909) 706-1667

## EXPERIENCED SENIOR MANAGER

Ms. Nguyen joined Eadie + Payne in 2008 and was promoted to senior manager in 2016. Ms. Nguyen possesses a comprehensive understanding of governmental auditing standards and an ability to apply technical accounting and auditing knowledge to real-life situations of the clients she serves. She demonstrates professional judgment, makes sound decisions, and possesses strong project management and interpersonal skills.

Ms. Nguyen served as the manager/senior manager for the audits of:

- City of Oxnard
- Hesperia Recreation and Park District
- San Bernardino Valley Water Conservation District
- Big Bear Municipal Water District
- Law Library for San Bernardino County
- Inland Valley Development Agency

She served as the in-charge accountant in providing agreed-upon procedures to multiple former redevelopment agencies in Los Angeles County, Riverside County, and San Bernardino County. She gained a thorough understanding of the unique and complex compliance and financial reporting requirements related to the dissolution and consequent presentation of redevelopment agencies in California and continues to remain updated with current developments and regulations.

As the senior manager, Ms. Nguyen will supervise the Eadie + Payne team in planning, documenting and testing internal controls, performing audit, and agreed-upon procedures. She will analyze the audit and attestation results for reasonableness and will provide written recommendations of improvements to internal controls and other accounting processes to help eliminate inefficiencies, and mitigate risk.

#### *Recent Relevant CPE:*

CSMFO Conference: 2017, 2016

Preparing for a Single Audit: 2016

AICPA Government Audit Quality Center Update: 2016, 2015

CalCPA Governmental Accounting & Auditing Conference: 2016, 2015

E+P Audit and Accounting Update: 2017, 2016, 2015

An Auditor's responsibility for Fraud in Government: 2015

Demystifying Lean Six Sigma for Government Accountants and Auditors: 2015

New COSO Framework: 2015





**Magie Gerges**  
Supervisor

### Education

**BS Degree in Business Administration with a Concentration in Accounting, from University of California, Riverside**

### Professional Organizations

**California Society of Certified Public Accountants**

**Awaiting Certification  
Years of Experience: 3**

**mgerges@eadiepaynellp.com**

## AUDIT IN-CHARGE

Ms. Gerges joined Eadie + Payne as a staff accountant in August 2014 and was promoted to supervisor in 2017.

Ms. Gerges has been the in-charge accountant on several audit engagements and has assisted in the financial statement audits of our largest governmental and privately owned business clients. She also has experience in the preparation of individual and corporate tax returns. Her industry experience includes governmental entities, not-for-profit, agricultural cooperatives, and manufacturing.

She was a key team member on the audits of the following entities:

- City of Oxnard
- Inland Valley Development Agency
- Big Bear Municipal Water District
- San Bernardino Regional Emergency Training Center
- Fontana Union Water Company
- Riverside County Law Library
- Mary S. Roberts Pet Adoption Center
- Riverside Highland Water Company

Ms. Gerges will be the team leader on the financial statement audit of the Agency. She will be onsite at all times during the audit fieldwork to assign tasks to staff, review workpapers, and perform complex audit procedures. She is also responsible for the preparation of the audit reports.

#### *Recent Relevant CPE:*

AICPA Government Audit Quality Center Update: 2016, 2015

E+P Audit and Accounting Update: 2017, 2016, 2015

Risk Assessment Standards: 2017, 2015

Accountant's Liability: 2016

Internal Control over Financial Reporting: 2017

New COSO Framework: 2015

Analytical Procedures: 2015



## Previous Water Agency Auditing Experience

Name of Organization	Dates of Service Provided	Type of Services Provided	Name, Address, and Telephone Number
Big Bear Municipal Water District	June 30, 1996-present	Financial audit, preparation of financial statements and SCO report; assistance with GASB 68	Mike Stephenson, General Manager 40524 Lakeview Drive Big Bear Lake, CA 92315 (909) 866-5796 mstephenson@bbmwd.net
City of Oxnard (includes the City's water department, which has 42,000 water accounts and \$60 Million operating budget)	June 30, 2015-present	Financial audits, single audit, CAFR preparation, SCO report preparation, Gann Appropriations Limit agreed-upon procedures, Measure O agreed-upon procedures; assistance with GASB 68	Jim Throop, Chief Financial Officer 300 W. Third Street Oxnard, CA 93030 (805) 385-7475 Jim.Throop@oxnard.org
Riverside Highland Water Company	June 30, 1990-present	Financial audit, preparation of financial statements	Don Hough, General Manager 12374 Michigan Street Grand Terrace, CA 92313 (909) 825-4128 dhough@rhwco.com
Fontana Union Water Company	December 31, 1990 to present	Financial audit, preparation of financial statements	Josh Swift, General Manager 15966 Arrow Route Fontana, CA 92335 (909) 822-9190 generalmanager@fontanawater.com
West Valley Water District	December 31, 2015 to present	Treasurer function	Matthew Litchfield, General Manager 855 W. Baseline Road Rialto, CA 92376 (909) 875-1804 mlitchfield@wwwd.org





## SCOPE

Our proposal includes the following required items:

- Audit of the basic financial statements of the Agency performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Minimum Audit Requirements and Reporting Guidelines for California Special Districts;

The following reports will be issued upon completion of the audit of the Agency:

- An Independent Auditor's Report expressing an opinion on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America;
- A report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards* describing the scope and results of testing of internal controls over financial reporting and compliance; this report will also describe all reportable conditions noted as a significant deficiency and/or material weakness;
- A management letter describing nonreportable conditions discovered during the audit, which will also be referenced in the reports on internal control; and
- A report to those charged with governance in accordance with AU 380, which will identify significant audit findings and other matters. The reports on compliance will include all instances of noncompliance, including illegal acts and violations of provisions of contracts or grant agreements.
- If we become aware of any irregularities, illegal acts, or indications of illegal acts during the performance of our audits, we will immediately report all such acts in writing to the appropriate management personnel and the Board of Directors.

We will assist the Agency in the preparation of its financial statements to ensure it is prepared in compliance with all current GASB requirements.

On an ongoing basis, we will provide you with routine advice to assist in activities such as establishing internal controls, implementing audit recommendations, and implementing current and proposed GASB statements. We can also answer any technical questions you may have related to governmental financial reporting and other areas of our expertise. Routine advice not requiring significant research or a formal report or presentation is included in the scope of this engagement.

## Audit Approach and Timeline

Eadie + Payne is experienced in meeting the needs and expectations of our clients. Our goal is to perform a quality audit that will provide assurance to the Agency's leaders whether the financial statements are free from material misstatements due to error or fraud. Our approach will be differentiated by the following:

1. Focus on internal control over financial reporting; and
2. Commitment to timely service delivery.



## Focus on Internal Control

Our audit approach reflects the **risk assessment standards** applicable for governmental audits. These standards require that we assess inherent risk, internal control over financial reporting and compliance, and the likelihood that a material misstatement may occur. Our audit begins with documenting our understanding of the Agency and its environment, including its internal control. We will evaluate the design and implementation of internal control over financial reporting and compliance based on the framework contained in the State Controller's Office Internal Control Guidelines for Local Agencies (2015).

1. Control environment - Is the environment favorable to internal control?
2. Risk assessment - Does the Agency have a risk assessment process at appropriate levels?
3. Control activities - Do control activities contribute to the mitigation of risks and include a mixture of control activity types that address the following:
  - a. Authorization and approval;
  - b. Verification;
  - c. Physical control;
  - d. Reconciliations;
  - e. Supervisory controls; and
  - f. Segregation of duties?
4. Information and communication - Does the Agency provide, share, and obtain information continually, up, down, and across the organization?
5. Monitoring - How does the Agency perform ongoing evaluations to ascertain whether the components of internal control are present and functioning?

Depending on the complexity of the internal controls and the extent to which we intend to rely on them, various test of controls and/or walk-throughs will be performed to provide evidence regarding the design and operating effectiveness of your internal control. Tests of controls will be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and compliance.

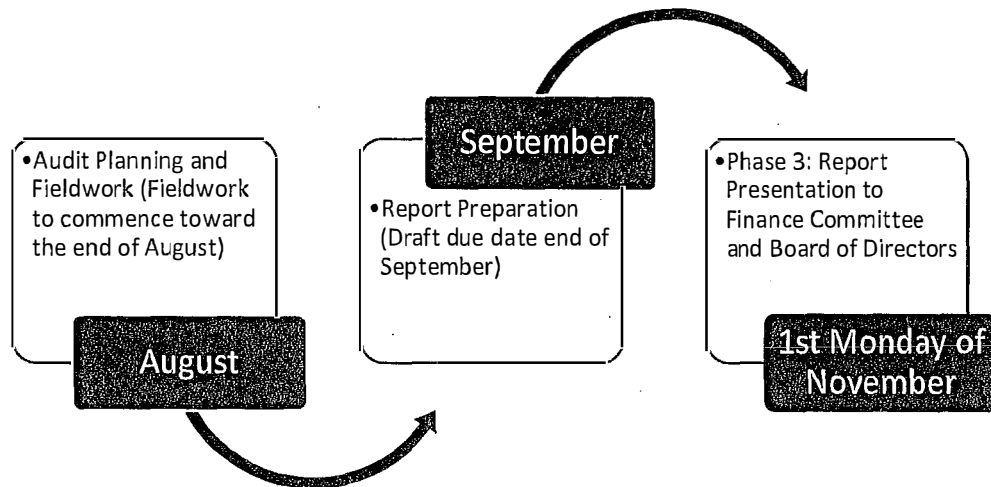
We will communicate any reportable conditions found during the audit. Reportable conditions that are also significant deficiencies or material weaknesses will be identified as such in the report. Non-reportable conditions discovered will be reported in a separate letter to management, which will be referred to in the report on internal controls.

Our internal control procedures will be designed around provisions of the new Statement on Auditing Standards (SAS) No. 130, *An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements* (AICPA, Professional Standards, AU-C Sec. 940). Under SAS No. 130, you are able to obtain reasonable assurance about whether material weaknesses exist and you can rely on our opinion issued on the effectiveness of internal control over financial reporting. If desired, we can apply additional procedures to provide a separate opinion on internal control over financial reporting in accordance with SAS No. 130.



## Commitment to Timely Service Delivery

We are committed to adhere to the following timeline as stated in the RFP:



## Auditing Procedures

### *Computer-assisted Auditing Techniques*

Eadie + Payne has been using a **paperless audit approach** for many years. We use electronic data processing software to gather, process, and store data for all of our engagements. All members of the Eadie + Payne audit team are assigned personal computers that include the latest updates of professional accounting and auditing software, search engines, word processing, and spreadsheet software. We will utilize computer-assisted auditing techniques thereby increasing our audit efficiency and effectiveness, saving you time and money and increasing the reliability of the results of audit tests. We also offer our clients web-based portals that provide a secure, convenient, and easy way to exchange and share files with us.

### *Sampling*

Sampling is one of many audit procedures we use to provide sufficient appropriate audit evidence to support our auditor's opinion. We may use audit sampling procedures to obtain audit evidence during our testing of your internal controls and compliance and in our tests of details. We will select our sample sizes based on the characterization of the population, our materiality levels, and our risk assessments performed in the planning phase of our audit. Statistical as well as nonstatistical sampling may be used. Sample sizes will generally range from 25-60 items depending on the nature of transactions and purpose of the test. We may also use dual- or multi-purpose samples if the situation permits.

### *Analytical Procedures*

We will use analytical procedures during the planning, performance, and review phases of our audit. We will analyze current and prior-year amounts to ensure changes from year to year are reasonable and proper. Variances will be followed up until we are satisfied that the current-year financial statements are fairly presented. We may also use specific ratio analyses and trend analyses of these ratios.



### *Consideration of Laws and Regulations*

As part of the risk assessment process, Eadie + Payne will obtain an understanding of laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts, design tests of compliance with those laws, regulations, and provisions of contracts and grant agreements, and evaluate the results of those tests. Because governments are subject to many laws, regulations, and provisions of contracts or grant agreements, we will identify those that directly relate to specific aspects of the government within the context of our audit objectives. This process will involve discussions with management, legal counsel, or grant administrators about your compliance requirements and reviewing relevant laws, regulations, contracts, and agreements.

### *Consideration of Fraud*

Eadie + Payne will perform brainstorming sessions, inquiries, and interviews of management and other personnel, analytical procedures, and other appropriate procedures to obtain reasonable assurance that the Agency's financial statements are free from material misstatements due to fraud. We will apply computer-assisted fraud detection techniques, focusing on areas susceptible to fraud. We will consider the Agency's management programs and controls to identify and act on fraud risks.

### *Quality Assurance*

Our internal quality assurance process requires the review of significant audit workpapers and the financial statements by the engagement partner. The **engagement partner** will release our report on the financial statements only after she believes the assignment has been completed in full compliance with the code of professional ethics, generally accepted and other applicable auditing standards, and Firm policies.

After the engagement partner completes her review, a **technical standards review** will be performed by a partner unrelated to, and otherwise independent of, the audit engagement. The technical standards review is intended to further ensure that your financial statements are in conformity with generally accepted accounting principles, including adequate and informative disclosures, and that Firm policies have been complied with. Our independent quality control program provides additional assurance that all reports meet the ever-increasing requirements of regulatory agencies and others.



**AUDIT FEES**

Description	Fee for Year Ending 6/30/17	Fee for Year Ending 6/30/18
Financial audit and Preparation of the Basic Financial Statements	\$19,900	\$19,900
Travel Expenses	-	-
Totals	<u>\$19,900</u>	<u>\$19,900</u>

\* The total payment for services and supplies for audit services shall be based on a not to exceed basis for the fiscal year ending June 30, 2017. For subsequent years, this compensation will be adjusted to, but shall not exceed, the Consumer Price Index for All Urban Consumers for the Los Angeles/Riverside/Orange County areas on a calendar year basis. The calendar year prior to the applicable fiscal year will be the calendar year used for these calculations.

**Schedule of Hourly Charges for Additional Services**

Partner	\$ 250
Senior Manager	160
Manager	140
Supervisor	120
Senior	110
Staff	100
Clerical	90

**Explanation of Proposed Fees**

Our fees are based on the assumption that the accounting records will be in good order. There should be knowledgeable personnel available to assist us in retrieving documents, answer questions concerning the records, and prepare lists and schedules of certain accounts. We should have reasonable access to the personnel and items that we believe are needed to complete our work. Fees for 2017 and 2018 assume no significant changes in your organization, its structure, accounting system, or accounting staff. Should any such changes occur, we will consult with you regarding the effects, if any, on our fees.

Although we do not anticipate encountering unusual or extraordinary circumstances in our work, there could be additional services required, which are not included in the quoted fee. We will not begin any additional work without consulting with you first. We will also be available for consultation on tax, accounting, or other business matters at our standard rates.



All fees include out-of-pocket expenses and all applicable taxes, if any.

Progress billings will be sent monthly based on the hours of work completed during the course of the engagement at the rates stated in the Firm's dollar cost bid proposal. The final billing will be made after delivery of the Firm's final report.



## ATTACHMENTS

### Peer Review

Our most recent peer review was conducted in December 2016. We are awaiting approval of the peer review report by the State of California. Our peer review conducted in 2013, resulted in the issuance of an opinion that the system for quality control for the auditing practice of Eadie + Payne met the objectives established by the AICPA and was being complied with during the period under review. The quality control review included engagements performed under *Government Auditing Standards* and OMB Circular A-133.



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#### System Review Report

To the Partners of Eadie & Payne, LLP  
& the California Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the firm) in effect for the year ended April 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP, in effect for the year ended April 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eadie & Payne, LLP has received a rating of *pass*.

*Postlethwaite & Netterville, LLP*

Donaldsonville, Louisiana  
August 7, 2013



## State Controller's Office Quality Control Review

The quality of Eadie + Payne's audits was recently affirmed by the State Controller's Office. The State Controller's Office conducted a Quality Control Review of our audit of the City of Oxnard. Their stated conclusion in their review reports was "*Eadie and Payne, LLP's audit was performed in accordance with the standards and requirements set forth in GAGAS, GAAS, OMB Circular A-133, and the California Business and Professions Code.*" This type of independent quality review report validates our motto "Expect Quality."

## Audit Quality

We enhance the quality of our audits by being active members of the Government Audit Quality Center and the Private Companies Practice Section of the American Institute of Certified Public Accountants. Eadie + Payne is also associated with Moore Stephens International.



As members of the American Institute of CPAs Governmental Audit Quality Center, we are committed to staying on top of government audit regulations and providing the highest quality audit services for our clients.



Eadie + Payne is a member of Moore Stephens International, a network of over 360 accounting and consulting firms in more than 100 countries. As a Moore Stephen member, we have the ability to access additional, specialized resources throughout the state and globally.





## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Cost of Living Allowance for Agency Staff

**DATE:** June 5, 2017

### **Summary:**

At the May 22 Finance and Budget workshop, the Board recommended that Agency staff (not including the General Manager) receive a 2.7% cost of living increase starting July 1. The purpose of this proposed Board action is to act on that recommendation.

### **Background:**

The Board has traditionally maintained that a small staff with high morale and low turnover best serves the interests of the Agency. Toward that end, it has endeavored to do its part to maintain high employee morale to minimize turnover. For at least the past 15 years, the Board has provided staff with cost of living salary increases to maintain their purchasing power and to keep up with inflation.

### **Detailed Report:**

At the May Finance and Budget workshop, the Board was presented with inflation data for Los Angeles, Orange, and Riverside Counties from April 2016 through April 2017. That data showed a local inflation rate during this period of 2.7%, slightly above the national rate of 2.2%.

### **Fiscal Impact:**

The Board reviewed the proposed 2017-2018 general fund budget at the workshop, recognizing that it had just recommended the cost of living adjustment. Thus, the Board recognizes the fiscal impact of the COLA and staff is incorporating it into the budget.

### **Recommendation:**

Staff recommends that the Board approve a 2.7% cost of living adjustment for Agency staff, not including the General Manager.

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Nominations for ACWA Region 9 Board of Directors

**DATE:** June 5, 2017

### **Summary:**

The Agency has long been a member of ACWA, the Association of California Water Agencies. The Agency also has a long history of active participation in ACWA. The purpose of this proposed Board action is to determine if the Board wishes to nominate a director or employee of the Agency to the ACWA Region 9 Board of Directors.

### **Background:**

ACWA is the leading organization of the water industry in California. The Agency belongs to other organizations, such as the State Water Contractors, the Southern California Water Committee, and the California Special Districts Association; however ACWA has in the past been the organization that the Board has supported the most (staff participates actively in the State Water Contractors).

The Board has had two of its members serve on the Region 9 Board over the past several years, and has nominated other members that were not elected. Most recently, Mary Ann Melleby served on the ACWA Region 9 Board.

### **Detailed Report:**

ACWA officers, including members of the Region 9 Board, serve for two years. The next term will begin in January 2018. The Region 9 Board will elect among its members a Chair and Vice-Chair; these two serve on the larger ACWA Board of Directors. The Region 9 Board also plans Region 9 events.

Should the Board wish to nominate someone from the Agency to serve on the Region 9 Board, it would need to adopt a nominating

resolution which must be sent to ACWA by June 30. The attached documents describe the process.

**Fiscal Impact:**

There could be a small financial impact on the Agency if a member of the Board or staff served on the Region 9 Board, as the Agency would be responsible for travel costs for this individual to attend meetings and other events. This would not have a significant impact on the Agency's budget.

**Recommendation:**

Staff has no recommendation. Should the Board desire to nominate someone for the Region 9 Board, it would have to adopt the nominating resolution no later than the June 19 Board meeting. If the Board wishes to nominate someone, a resolution would be brought to the Board at that time.



## MEMORANDUM

Date: May 1, 2017

To: ACWA REGION 9 MEMBER AGENCY PRESIDENTS AND GENERAL MANAGERS  
(sent via e-mail)

From: ACWA REGION 9 NOMINATING COMMITTEE  
**Randy Record**, Eastern Municipal Water District  
**Greg Morrison**, Elsinore Valley Municipal Water District  
**Tina Shields**, Imperial Irrigation District  
**Nancy Wright**, Mission Springs Water District

The Region 9 Nominating Committee is looking for ACWA members who are interested in leading the direction of ACWA Region 9 for the 2018-2019 term. The Nominating Committee is currently seeking candidates for the Region 9 Board, which is comprised of Chair, Vice Chair and up to five Board Member positions.

The leadership of ACWA's ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 9 serve on ACWA's Statewide Board of Directors and recommend all committee appointments for Region 9. The members of the Region 9 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members and serve as a key role in ACWA's grassroots outreach efforts.

If you, or someone within your agency, are interested in serving in a leadership role within ACWA by becoming a Region 9 Board Member, please familiarize yourself with the Role of the Regions and Responsibilities; the Election Timeline; and the Region 9 Rules and Regulations (all located at <http://www.acwa.com/content/region-elections>) and complete the following steps:

- **Complete the attached Region Board Candidate Nomination Form**
- **Obtain a Resolution of Support from your agency's Board of Directors**
- **Submit the requested information to ACWA as indicated by Friday, June 30, 2017**

The Region 9 Nominating Committee will announce their recommended slate by July 31, 2017. On August 1, 2017 the election will begin with ballots sent to General Managers and Board Presidents. One ballot per agency will be counted. The election will be completed on September 29, 2017. On October 5, 2017, election results will be announced. The newly elected Region 9 Board Members will begin their two-year term of service on January 1, 2017.

If you have any questions, please contact Senior Regional Affairs Representative Brandon Ida at [brandoni@acwa.com](mailto:brandoni@acwa.com) or (916) 441-4545.



# REGION BOARD CANDIDATE NOMINATION FORM

Name of Candidate: \_\_\_\_\_  
 Agency: \_\_\_\_\_ Title: \_\_\_\_\_  
 Agency Phone: \_\_\_\_\_ Direct Phone: \_\_\_\_\_  
 E-mail: \_\_\_\_\_ ACWA Region: \_\_\_\_\_ County: \_\_\_\_\_  
 Address: \_\_\_\_\_

**Region Board Position Preference: (If you are interested in more than one position, please indicate priority – 1st, 2nd and 3rd choice)**

- Chair \_\_\_\_\_  Vice Chair \_\_\_\_\_  Board Member \_\_\_\_\_

**In the event, you are not chosen for the recommended slate, would you like to be listed on the ballot's individual candidate section? (If neither is selected, your name will NOT appear on the ballot.)**

- Yes  No

**Agency Function(s): (check all that apply)**

- Wholesale  Sewage Treatment  Flood Control  
 Urban Water Supply  Retailer  Groundwater Management / Replenishment  
 Ag Water Supply  Wastewater Reclamation  Other: \_\_\_\_\_

**Describe your ACWA-related activities that help qualify you for this office:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**In the space provided, please write or attach a brief, half-page bio summarizing the experience and qualifications that make you a viable candidate for ACWA Region leadership. Please include the number of years you have served in your current agency position, the number of years you have been involved in water issues and in what capacity you have been involved in the water community.**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*I acknowledge that the role of a region board member is to actively participate on the Region Board during my term, including attending region board and membership meetings, participating on region conference calls, participating in ACWA's Outreach Program, as well as other ACWA functions to set an example of commitment to the region and the association.*

*I hereby submit my name for consideration by the Nominating Committee.  
(Please attach a copy of your agency's resolution of support/sponsorship for your candidacy.)*

\_\_\_\_\_  
 Signature Title Date



**ACWA Region 9  
Rules & Regulations**

*Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association (ACWA Bylaw V, 6.).*

**Officers**

The chair and vice chair shall be elected, one from each area, and the positions shall be rotated between the Western and Arid areas of Region 9.

The chair will appoint a secretary to the Board if one is deemed necessary.

When possible, alternates should be selected from the same Arid or Western regions as their corresponding chair or vice chair.

<p><b>Western area which shall include:</b></p> <ul style="list-style-type: none"> <li>• Beaumont-Cherry Valley WD ( Beaumont)</li> <li>• Chino Basin WCD (Montclair)</li> <li>• Chino Basin Watermaster (Rancho Cucamonga)</li> <li>• City of Corona Dept of Water and Power (Corona)</li> <li>• Crestline Village WD (Crestline)</li> <li>• Crestline-Lake Arrowhead WA (Crestline)</li> <li>• Cucamonga Valley WD (Rancho Cucamonga)</li> <li>• DWP, City of Big Bear (Big Bear Lake)</li> <li>• East Valley WD (San Bernardino)</li> <li>• Eastern MWD (Perris)</li> <li>• Elsinore Valley MWD (Lake Elsinore)</li> <li>• Inland Empire Utilities Agency (Chino)</li> <li>• Jurupa CSD (Mira Loma)</li> <li>• Lake Arrowhead CSD (Lake Arrowhead)</li> <li>• Lake Hemet MWD (Hemet)</li> <li>• Monte Vista WD (Montclair)</li> <li>• Rancho California WD (Temecula)</li> <li>• Riverside County FC &amp; WCD (Riverside)</li> <li>• Riverside Public Utilities (Riverside)</li> <li>• San Bernardino Valley MWD (San Bernardino)</li> <li>• San Bernardino Valley WCD (Redlands)</li> <li>• San Gorgonio Pass WA (Beaumont)</li> <li>• Santa Ana Watershed Project Authority (Riverside)</li> <li>• West Valley WD (Rialto)</li> <li>• Western MWD (Riverside)</li> </ul>	<p><b>Arid area which shall include:</b></p> <ul style="list-style-type: none"> <li>• Apple Valley Foothill CWD (Apple Valley)</li> <li>• Apple Valley Heights CWD (Apple Valley)</li> <li>• Bard WD (Winterhaven)</li> <li>• Big Bear Area Regional Wastewater Agency (Big Bear City)</li> <li>• Big Bear CSD (Big Bear City)</li> <li>• Big Bear MWD (Big Bear City)</li> <li>• Bighorn-Desert View WA (Yucca Valley)</li> <li>• Coachella Valley WD (Coachella)</li> <li>• County of San Bernardino, Special District D (Victorville)</li> <li>• Desert Water Agency (Palm Springs)</li> <li>• Heber PUD (Heber)</li> <li>• Hi-Desert WD (Yucca Valley)</li> <li>• Idyllwild WD (Idyllwild)</li> <li>• Imperial ID (Imperial)</li> <li>• Joshua Basin WD (Joshua Tree)</li> <li>• Mariana Ranchos CWD (Apple Valley)</li> <li>• Mission Springs WD (Desert Hot Springs)</li> <li>• Mojave Water Agency (Apple Valley)</li> <li>• Palo Verde ID (Blythe)</li> <li>• Phelan Pinon Hills CSD (Phelan)</li> <li>• Pinyon Pines CWD (Mountain Center)</li> <li>• Twentynine Palms WD (Twentynine Palms)</li> </ul>
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**Meetings**

The region will hold at least quarterly meetings, including the ACWA spring and fall conferences.

The Region 9 board will set all region meetings.

Any member wanting to add an agenda item for consideration at any Region 9 meeting must submit the information to be discussed at least 48 hours in advance of the meeting to the region chair to ensure that both sides of the issue will be present for consideration and understanding. However, a majority vote of those present, after a quorum is established, may provide for immediate consideration of an issue.

### **Attendance**

If a region chair or vice chair is no longer allowed to serve on the Board of Directors due to his / her attendance, the region board shall appoint from the existing region board a new region officer. (ACWA Policy & Guideline Q, 1.)

If a region chair or vice chair misses three consecutive region board / membership meetings, the same process shall be used to backfill the region officer position. (ACWA Policy & Guideline Q, 1.)  
If a region board member has three consecutive unexcused absences from a region board meeting or general membership business meeting, the region board will convene to discuss options for removal of the inactive board member. If the vacancy causes the board to fail to meet the minimum requirement of five board members, the region must fill the vacancy according to its rules and regulations. (ACWA Policy & Guideline Q, 3.)

### **Vacancy**

Should a vacancy occur in the region chair position, the alternate chair shall assume the position.

Should a vacancy occur in the region vice chair position, the alternate vice chair shall assume the position.

When filling a chair or vice chair vacancy, where possible the board will fill the position with a candidate from the correct Arid or Western regions.

Should a vacancy occur in either the alternate chair or the alternate vice chair positions, the region chair shall appoint a replacement from the remaining board members with concurrence from the region board.

Should a vacancy occur in any of the other three remaining board positions, the region chair shall appoint a replacement from a member agency within the appropriate designated area with concurrence from the region board.

### **Elections**



All nominations received for the region chair, vice chair and board positions must be accompanied by a resolution of support from each sponsoring member agency, signed by an authorized representative of the Board of Directors. Only one individual may be nominated from a given agency to run for election to a region board. Agencies with representatives serving on the nominating committees should strive not to submit nominations for the region board from their agency. (ACWA Policy & Guideline P, 2.)

Election ballots will be e-mailed to ACWA member agency general managers and presidents.

The nominating committee shall consist of three to six individuals; and shall have the same number of members from each Western and Arid areas.

The nominating committee shall pursue qualified members within the region to run for the region board and consider geographic diversity, agency size and focus in selecting a slate.

*See current region election timeline for specific dates.*

### **Endorsements**

ACWA, as a statewide organization, may endorse potential nominees and nominees for appointment to local, regional, and statewide commissions and boards. ACWA's regions may submit a recommendation for consideration and action to the ACWA Board of Directors to endorse a potential nominee or nominee for appointment to a local, regional or statewide commission or board. (ACWA Policy & Guideline P, 3.)

### **Committee Recommendations & Representation**

All regions are given equal opportunity to recommend representatives of the region for appointment to a standing or regular committee of the Association. If a region fails to provide full representation on all ACWA committees, those committee slots will be left open for the remainder of the term or until such time as the region designates a representative to complete the remainder of the term. (ACWA Policy & Guideline P, 4. A.)

At the first region board / membership meeting of the term, regions shall designate a representative serving on each of the standing and regular committees to serve as the official reporter to and from the committee on behalf of the region to facilitate input and communication. (ACWA Policy & Guideline P, 4. B.)

The chair and vice chair shall make all committee appointment recommendations to the ACWA committees, to be ratified by the region board prior to submission to the ACWA president for consideration.

### **Tours**



ACWA may develop and conduct various tours for the regions. All tour attendees must sign a “release and waiver” to attend any and all region tours. Attendees agree to follow environmental guidelines and regulations in accordance with direction from ACWA staff; and will respect the rights and privacy of other attendees. (ACWA Policy & Guideline P, 6.)

### **Finances**

*See “Financial Guidelines for ACWA Region Events” document.*

### **Amending the Region Rules & Regulations**

ACWA policies and guidelines can be amended by approval of the ACWA Board of Directors. The Region 9 Rules & Regulations can be amended by a majority vote at any region meeting following advance written notice to member agencies.

## THE ROLE OF THE REGIONS

### Mission:

*ACWA Regions will provide the grassroots support to advance ACWA's legislative and regulatory agenda.*

### Background:

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

### The primary charge of regions:

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist staff with association membership recruitment at the regional level.
- To recommend specific actions to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.
  - *Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.*

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

### **GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS**

#### Region Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
  - Appoints Outreach Captain to help lead outreach effort within the region.

- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.
- Makes joint recommendations to the ACWA President regarding regional appointments to all ACWA committees.
- Appoints representatives in concurrence of the region board, to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

**Region Vice Chair:**

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- In the absence of the chair and in partnership with the chair, exercises the powers and performs duties of the region chair.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

**Region Board Member:**

- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.
- Will participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
(DISTRICT NAME)  
PLACING IN NOMINATION (NOMINEE NAME)  
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES  
REGION \_\_\_ (POSITION)**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF (DISTRICT NAME) AS FOLLOWS:

A. Recitals

(i) The Board of Directors (Board) of the (District Name) does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA).

(ii) (Nominee Title), (Nominee Name) is currently serving as (Position) for ACWA Region \_\_\_

and/or

(iii) (Nominee Name) has indicated a desire to serve as a (Position) of ACWA Region \_\_\_\_.

B. Resolves

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF (DISTRICT NAME),

(i) Does place its full and unreserved support in the nomination of (Nominee Name) for the (Position) of ACWA Region \_\_\_\_.

(ii) Does hereby determine that the expenses attendant with the service of (Nominee Name) in ACWA Region \_\_\_\_ shall be borne by the (District Name).

Adopted and approved this \_\_\_ day of \_\_\_ (month) 2017.

(SEAL)

\_\_\_\_\_  
(Nominee Name), (Title)  
(District Name)

April 2017

ATTEST:

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(Secretary Name), Secretary

I, (SECRETARY NAME), Secretary to the Board of Directors of (District Name), hereby certify that the foregoing Resolution was introduced at a regular meeting of the Board of Directors of said District, held on the \_\_\_ day of \_\_\_ (month) 2017, and was adopted at that meeting by the following role call vote:

AYES:

NOES:

ABSENT:

ATTEST:

---

(Secretary Name), Secretary to the  
Board of Directors of  
(District Name)

April 2017

## MEMORANDUM

---

**TO:** Board of Directors

**FROM:** General Manager

**RE:** Advertising Fiesta Recharge Facility for Construction

**DATE:** June 5, 2017

### **Summary:**

The purpose of this proposed Board action is to determine if the Board wishes to move forward with advertising of the Fiesta Recharge Facility and Mountain View Connection for construction.

### **Background:**

The Agency's Board has been involved at some level in the Fiesta Recharge project since 2011, when the Agency first purchased the property. The Board gradually moved forward with the project over time, authorizing a preliminary design report, an EIR, and final design of both the facility itself and the connection to the East Branch Extension. The design work has been completed for over a year. In February 2016, the Board tabled an agenda item to authorize the project for construction.

### **Detailed Report:**

Since that time, the Agency has been involved in several potential opportunities to acquire additional water supplies for the region. At the same time, 2017 is the wettest year on record in California and the State Water Project is at an 85% allocation, potentially going up further. In addition, the Agency has submitted an application to the Beaumont Basin Watermaster for a storage account in that basin, and anticipates a vote on that application later this week.

At the same time, the High Valleys Water District has approached the Agency formally about purchasing water and storing it in the Beaumont Basin (there have been previous discussions on an informal level). Based on information available to staff at this time, it appears that the Agency will have several thousand acre-feet more in

supply this year than it can deliver with the current infrastructure. It remains to be seen how frequently this will occur, but with the Agency in the final stages of negotiations on two new opportunities to procure long-term water supplies, it would appear to be prudent to re-visit the issue of constructing the recharge facility and new connection.

Over the past several weeks, a number of board members have spoken to staff regarding initiating steps to begin construction of this proposed project at this time. Construction of the facility and connection has been included in the General Fund budget for next year.

Two design consultants were involved in the design—one for the facility itself, and one for the connection. Staff is currently working with the consultants to create one package that can be bid as one construction project. This should reduce costs somewhat.

**Fiscal Impact:**

The estimated cost of construction and other post-design costs is approximately \$2.75 million, not including fencing, landscaping, water, or power. The Board has previously postponed a final decision on those issues. The cost estimate includes an unofficial inflation accounting from the original cost estimate.

This cost has been incorporated into next year's budget as a transfer from reserves. In other words, at this point in time the Agency's plan is to fund the construction from cash on hand. The Agency has sufficient reserves to cover the cost of construction and all other post-design costs.

The project is eligible for funding under Prop 1, once a proposal solicitation package (PSP) is issued by the Department of Water Resources. It is expected that this will be sometime in 2018. In the meantime, should construction begin prior to that time, it would still be eligible for funding (most likely a maximum of 50% of all project costs). The Agency has spent approximately \$5.7 million to date on land, CEQA, preliminary and final design, and construction of the pipeline portion of the project.

**Recommendation:**



Staff is seeking direction from the Board as to whether to move forward with construction at this time or to continue to keep the design “on the shelf” for now.

# MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager/General Counsel

**RE:** Adoption of Ordinance 13 Deleting a Portion of Ordinance 8

**DATE:** June 5, 2017

**Summary:**

At the May 15 Board meeting, the Board directed staff to draft revisions to Ordinance 8 related to return flow requirements. The purpose of this proposed Board action is to consider adoption of Ordinance 13, which provides the requested revisions.

**Background:**

The Board adopted Ordinance 8 in 2004, shortly after the Phase 1 of the East Branch Extension was completed and the Agency gained access to State Water Project water. The Ordinance included a number of items to protect the Agency, including a statement that the Agency owned return flows from water purchased from it.

**Detailed Report:**

The statement regarding return flows became an issue when the Beaumont Cherry Valley Water District, in an application to change its service from the Agency, deleted the language. After discussion with the General Counsel and among the Board, the Board directed staff to revise the language in the Ordinance so that the Agency would no longer claim ownership of return flows.

This is done via a new ordinance, Ordinance 13, which is included in the agenda package. Deletion of the return flow language is the only modification to the existing Ordinance 8.

**Fiscal Impact:**

There is no fiscal impact to changing the Ordinance.

**Recommendation:**

Staff recommends that the Board approve the new Ordinance 13 revising the existing Ordinance 8, deleting references to return flows.

**SAN GORGONIO PASS WATER AGENCY  
ORDINANCE NO. 13**

**AN ORDINANCE AMENDING  
RULES AND REGULATIONS REGARDING  
AUTHORIZATION FOR SERVICE**

WHEREAS, the San Gorgonio Pass Water Agency (“Agency”) is a State Water Project (“SWP”) Contractor authorized to acquire waterworks, waters, and/or water rights, including but not limited to, water from the State of California from the SWP, and to provide, sell, and deliver that water under the control of the Agency. The Agency is a wholesale water agency organized and operating under Chapter 101 of the San Gorgonio Pass Water Agency Law set forth in the Water Code Appendix; and

WHEREAS, on February 7, 2005, the Board of Directors adopted Ordinance No. 8 which established the “Rules And Regulations For SGPWA Water Service.” On June 16, 2014, the Board adopted Ordinance No. 9 which established and amended the procedures for submitting and approving annual water orders as said policies are set forth in Article IV of the Rules And Regulations For SGPWA Water Service. Finally, on August 18, 2014, the Board adopted Ordinance No. 11 which established the rules and regulations for Agency water service as a stand-alone policy document that may be revised and amended in the future by way of subsequent ordinances or other appropriate action of the Board; and

WHEREAS, ARTICLE IV, DELIVERY, **Section 4.09 Return Flows** of the Rules And Regulations For SGPWA Water Service currently provides as follows:

**Section 4.09 Return Flows.** SGPWA expressly reserves the right to Return Flows that are received by any groundwater basin determined to be in Overdraft for the purpose of eliminating Overdraft in such basin. The Beaumont Storage Unit, as identified in *San Timoteo Watershed Management Authority v. City of Banning et al* (Riverside County Superior Court Case No. RIC 389197), is a groundwater basin that has been determined to be in Overdraft. Therefore, SGPWA hereby dedicates Return Flows in the Beaumont Storage Unit to Overdraft elimination uses that may be required by the Riverside County Superior Court or the Court appointed Watermaster in the *San Timoteo Watershed Management Authority v. City of Banning et al* case. SGPWA does not reserve rights to Return Flows to any groundwater basin determined to not be in Overdraft, using reasonable, accepted and prevailing engineering standards.

WHEREAS, as a result of the current language in Section 4.09 as set forth above, Agency Staff currently uses an Application For SGPWA Water Service which requires certain acknowledgements by an Applicant including, but not limited to, the following:

“Return flows from water delivered by SGPWA for use in the Beaumont Storage Unit are dedicated to overdraft elimination uses that may be required by the Riverside County Superior Court or the Court appointed Watermaster in the case of *San Timoteo Watershed Management Authority v. City of Banning et al* (Riverside County Superior Court Case No. RIC 389197).”

WHEREAS, due to the status of groundwater issues in California including, but not limited to, the requirements of the Sustainable Groundwater Management Act (SGMA), the Board desires to delete the service application requirement which expressly reserves to the Agency the right to return flows from water delivered for use in the Beaumont Storage Unit.

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

Section 1 All of the foregoing Recitals are true and correct and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Ordinance.

Section 2 ARTICLE IV, DELIVERY, Section 4.09 Return Flows of the Rules And Regulations For SGPWA Water Service, is hereby deleted in its entirety. As a result, Section 4.09 is replaced with the following: Section 4.09 [DELETED]

Section 3 As a result, of the deletion of Section 4.09 in regard to Return Flows, there is no longer a need to include in the Application For SGPWA Water Service the above-mentioned acknowledgment regarding Return Flows from water delivered by SGPWA for use in the Beaumont Storage Unit.

Section 4 All ordinances, resolutions, minute orders, or administrative actions by the Board, or parts thereof, that are inconsistent with any provision of this Ordinance No. 13 are hereby superseded only to the extent of such inconsistency. Except as specifically set forth in this Ordinance No. 13 in regard to deletion of Section 4.09 Return Flows, all other provisions of the Rules And Regulations For SGPWA Water Service shall remain in full force and effect.

Section 5 The Board finds that the revision of procedures for applying for water service constitutes general policy and procedure making and also constitutes organizational or administrative activities that will not result in direct or indirect physical changes in the environment. Based on this finding, the Board determines that the revision of procedures for applying for water service, by way of adoption of this Ordinance No. 13, is exempt from the requirements of the California Environmental Quality Act pursuant to section 15378(b)(2) and (5) of the State CEQA Guidelines.

Section 6 The President of the Board of Directors shall sign this Ordinance No. 13 and the Secretary of the Board of Directors shall attest thereto, and this Ordinance No. 13 shall be in full force and effect immediately upon adoption. Within 10 days after adoption of this Ordinance No. 13, a copy of this Ordinance shall be published one time in a newspaper of general circulation with the names of the Directors voting for and against this Ordinance.

Section 7 If any section, subsection, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of this Ordinance shall not be affected thereby. The Board hereby declares that it would have passed this Ordinance 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 this 5th day of June of 2017, by the Board of Directors of the San Gorgonio Pass Water Agency.

SAN GORGONIO PASS WATER AGENCY

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David Fenn  
President of the Board of Directors

ATTEST:

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Jeffrey Davis  
Secretary of the Board of Directors

**SAN GORGONIO PASS WATER AGENCY  
ORDINANCE NO. 8**

**AN ORDINANCE ESTABLISHING RULES AND REGULATIONS  
FOR SGPWA WATER SERVICE**

WHEREAS, the Board of Directors of the San Gorgonio Pass Water Agency ("SGPWA") hereby finds:

1. SGPWA is a wholesale water agency organized and operated pursuant to the San Gorgonio Pass Water Agency Law, California Uncodified Water Act 9099, found in California Water Code Appendix 101 ("SGPWA Act").
2. SGPWA sale of water and dedication of Return Flows resulting from use of such SGWA Water to eliminate Overdraft in SGPWA groundwater basins provides the highest priority that is reasonably available to eliminate overdraft conditions.

NOW, THEREFORE, be it ordained by the Board of Directors of SGPWA as follows:

**RULES AND REGULATIONS  
FOR SGPWA WATER SERVICE  
AS SET FORTH BE ADOPTED**

## ARTICLE I

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## ARTICLE II

### DEFINITIONS

**Section 2.01 Definitions.** As used herein the terms set forth below shall be defined as follows and shall have such meaning unless the context indicates otherwise.

(a) **APPLICATION:** A request by the "Applicant" for SGPWA Water service pursuant to these Rules and Regulations, including Section 3.01.



(b) **HYDRAULIC HEAD:** The force measured in pounds per square inch that represents the vertical distance between an unimpaired water surface and the point of delivery.

(c) **OVERDRAFT:** A condition wherein the total annual production from a groundwater basin exceeds the "safe yield" thereof. "Safe yield" is the maximum quantity of water which can be produced annually from a groundwater basin under a given set of conditions without causing a gradual lowering of the groundwater level leading eventually to depletion of the supply in storage.

(d) **RETURN FLOWS:** Amounts of SGPWA Water that return to surface or ground water after initial use by a retail consumer by irrigation or disposal through onsite waste disposal system.

(e) **SGPWA:** The San Gorgonio Pass Water Agency.

(f) **SGPWA WATER:** Water imported by SGPWA from outside the boundaries of SGPWA for sale to retail agencies within SGPWA or water otherwise "authorized" and developed by SGPWA pursuant to its Act, available for delivery by SGPWA subject to the limitations set forth in these Rules and Regulations.

(g) **SWP:** The California State Water Project.

(h) **TABLE A AMOUNT:** The annual amount of SWP water which SGPWA might obtain under its contract with the California Department of Water Resources ("DWR").

### ARTICLE III

#### AUTHORIZATION FOR SERVICE

**Section 3.01 Application for Service.** A person or entity ("Applicant") desiring SGPWA Water service pursuant to these Rules and Regulations shall submit an Application for service in such form as may be required by the SGPWA General Manager, which Application must include the following information:

1. Identity and legal capacity of the Applicant;
2. Amount, rate, location, time and manner of delivery of the SGPWA Water;
3. Description of delivery facilities, capacity and flow rates;
4. Environmental review and approval necessary under the California Environmental Quality Act;

5. Any further information and/or requirements that may be reasonably necessary for SGPWA to evaluate the Application according to the criteria of these Rules and Regulations and to carry out SGPWA's responsibilities under the law.

The SGPWA General Manager shall notify the Applicant within 30 days whether the Application is complete. The Applicant shall fund all costs incurred to process the Application and to construct facilities required to deliver the SGPWA Water. SGPWA may require a deposit to cover all or a portion of the estimated costs prior to accepting an application.

**Section 3.02 Investigation and Action by SGPWA.** The SGPWA General Manager shall investigate each Application and may require the submission of additional relevant information, to be provided at the cost of the Applicant. The SGPWA General Manager shall consider and act upon the Application and any required additional relevant information within a reasonable period of time after acceptance and submission of other required information.

The SGPWA Board of Directors shall have discretion to deny, approve or conditionally approve the Application. In acting on an Application, SGPWA may take into account whether the delivery or intended use of the Supplemental Water meets the requirements of applicable state, federal and local law or regulation. SGPWA approval of the Application will authorize delivery of SGPWA Water to be purchased by the Applicant, as "Purchaser", at the identified service connection, subject to conditions of the approval and this Ordinance.

**Section 3.03 Service Connections.** The design of service connections for SGPWA Water service shall meet the specifications as determined by the SGPWA General Manager to be necessary according to reasonable engineering practices and standards. Should the Application require the construction of a service connection, the Applicant, if approved by the Agency and at Applicant's cost, may design, according to SGPWA specifications, the service connection and any flow control facilities required by SGPWA, subject to the approval of the SGPWA General Manager, which approval shall not be unreasonably withheld. The Applicant shall pay the cost for SGPWA to install the service connection and any flow control facilities required by SGPWA and any cost for SGPWA design or design review of the service connection and flow control facilities. The service connection shall include any required flanges, valves, pipe, meters, electronic and remote telemeter and other required equipment. The flow control facilities must include any pipes, vertical structures, vertical meters, control panels, check valves, check valve structures, flanges, and other equipment required by SGPWA. SGPWA will confer with the Applicant regarding design and operation of the SGPWA service facilities.

The service connection and any flow control facilities required by SGPWA, to the downstream flange of the flow control facility meter, shall be the property of

SGPWA (collectively "SGPWA Service Facilities"), and the Applicant shall provide to SGPWA a grant from the landowner to SGPWA of any easement necessary for the construction, reconstruction, operation, maintenance and repair of the SGPWA Service Facilities. The Applicant shall, if required by SGPWA, provide evidence of clear title to the easement.

If the Applicant has not already done so in connection with the Application, the Applicant shall deposit an amount sufficient to cover all costs estimated by the SGPWA General Manager prior to SGPWA action towards construction of the SGPWA Service Facilities. Upon approval and receipt of the deposit, SGPWA shall procure all equipment and materials and construct the SGPWA Service Facilities. Upon completion of construction of the SGPWA Service Facilities, SGPWA shall render to the Applicant a statement of all costs; if such costs exceed the sum of money deposited by the Applicant with SGPWA, the Applicant promptly shall pay to SGPWA the amount by which such costs shall exceed such deposit; and if such costs be less than the deposit, any unexpended balance shall be returned by SGPWA to the Applicant.

**Section 3.04 Meter Testing.** When the accuracy of a water meter measuring the amount of SGPWA Water delivery through a service connection is questioned by the Purchaser, SGPWA upon request will cause an official test to be made at its own expense. The Purchaser will be duly notified of the time and place of such test and may be present when any such test is made by SGPWA.

The meter will be tested on variable rates of delivery and if the average registration is more than two percent in excess of the actual quantity of water passing through the meter, SGPWA shall refund to the Purchaser the overcharge based upon the test, for the prior twelve months, unless it can be shown that the error was due to some cause for which the date can be fixed. In the latter case, the overcharge shall be computed back to and not beyond such time. Any undercharge determined upon the basis of the test may be billed to the Purchaser on a similar basis.

Requests for a test within 12 months of a prior test will be at the Purchaser's expense unless the meter is determined to be over registering deliveries as determined in this section.

**Section 3.05 Indemnity.** The Applicant shall agree to defend, indemnify and hold harmless SGPWA, its directors, officers, agents and employees from and against any and all claims, demands, losses, costs, expenses, liability and damages, including but not limited to reasonable engineers' and attorneys' fees, arising out of or related to (i) the control, carriage, handling, use, disposal, or distribution of SGPWA Water sold by SGPWA after the point of delivery to the Applicant; (ii) the attachment to or removal of the Applicant's facilities to those of SGPWA.

Such agreement to defend, indemnify and hold harmless shall survive the termination of the Applicant's use of the service connection for delivery of SGPWA Water. In the event that SGPWA determines that the Applicant does not meet certain financial criteria, SGPWA may require surety for the Applicant's obligation under this section.

## ARTICLE IV

### DELIVERY

**Section 4.01 Establishment and Payment of Water Charges.** SGPWA shall establish and charge rates for delivery of SGPWA Water sufficient to cover SGPWA's variable costs (including off-aqueduct costs) for delivery of SGPWA Water, internal SGPWA costs and other amounts as determined by the SGPWA Board of Directors reasonably related to the cost of delivery. The rates are subject to the price, classification, and conditions that SGPWA establishes from time to time, according to the use to be made of such water, and taking into account the amount of Return Flows from different uses. The rates are subject to review and change by SGPWA.

Water charges are due and payable at the SGPWA office on the date of mailing as set forth on the bill to the Purchaser and shall be delinquent 30 days thereafter. Upon 10 days notice, SGPWA may suspend delivery of SGPWA Water to the Purchaser if payment of the water charge is not made prior to the date such charge becomes delinquent. With the exception of any rights reserved to SGPWA pursuant to this Ordinance, title to the purchased SGPWA Water shall pass to the Purchaser at the point of delivery. The point of delivery for direct deliveries is the downstream side of the check valve structure and flange of the flow control facility connected to the Purchaser's (or its designee's) system. The point of delivery for SGPWA Water to be stored in SGPWA recharge facilities shall be the point of recharge. The Purchaser shall be responsible for such additional charges, if any, for SGPWA operational costs as may be necessary for SGPWA to deliver and/or handle the SGPWA Water beyond the point of delivery on behalf of the Purchaser.

**Section 4.02 Need Forecasting Procedures.** Before August 1 of each year, each Purchaser shall furnish the SGPWA in a form provided by the SGPWA, with an estimate of the amounts of water to be delivered to such Purchaser by the SGPWA.

Each estimate shall contain, as a minimum, for each service connection for each month of the year beginning with the succeeding January 1, and for each of the succeeding four years, the following information:

1. The quantity of water to be delivered by SGPWA to the Purchaser.
2. The quantity of water to be used for:
  - (a) Domestic, industrial, and municipal purposes, exclusive of groundwater replenishment by spreading or injecting;
  - (b) Groundwater replenishment by spreading or injecting;
  - (c) Agricultural purposes;
  - (d) Recreational purposes;
  - (e) Other uses.

The first year's estimate shall constitute the Purchaser's request for deliveries for the first of the five years covered therein. The Purchaser may make revisions to any of its estimates upon reasonable notice to the SGPWA.

The estimates will be used by the SGPWA in planning the construction needed to complete the SGPWA's ultimate distribution system; in planning the future operation of such system; and in preparing notices for submission to the State Department of Water Resources that will be used by the state to order power for pumping on the SWP.

**Section 4.03 Weekly Water Delivery Schedules.** The Purchaser shall submit a weekly delivery schedule to the SGPWA at least 10 days before the start of each weekly period commencing on Monday. The schedule shall state the flow rate required and times of delivery and location within the SGPWA system.

**Section 4.04 State Water Project Contract.** SGPWA Water deliveries shall be subject to all of the terms and conditions of SGPWA's SWP contract with DWR, including delivery interruption by reason of DWR and/or SGPWA's requirements for maintenance and operation of its facilities or by reason of demand by Purchasers in excess of SGPWA's Table A Amount. SGPWA will notify Purchasers in advance of any nonstandard delivery interruptions and planned outages, and coordinate such events with Purchaser's requirements, to the extent reasonably feasible.

**Section 4.05 Variable Supply.** Due to the annual variable nature of the SWP supply, SGPWA Water deliveries shall not constitute a vested right to a fixed amount of delivery each year or to any specific level of pressure. Purchasers should take into account the variable nature of SWP supply in their plans and operations.

**Section 4.06 Wholesale Only.** SGPWA Water deliveries from SGPWA shall be wholesale in nature, and SGPWA shall not assume the obligations of a water purveyor providing direct retail service to consumers.

**Section 4.07 Water Quality.** All SGPWA Water is raw untreated water and shall not be supplied for domestic purposes by any Purchaser or retail water service provider without such treatment as may be required to comply with all applicable laws and regulations. The SGPWA makes no representation as to the quality of the water it delivers with respect to its suitability for any particular purpose.

**Section 4.08 SGPWA Boundaries.** The SGPWA Water delivered by SGPWA shall not be used outside the SGPWA, directly or indirectly. Delivery or treatment of water outside of SGPWA for use within SGPWA shall not constitute use outside the SGPWA.

**Section 4.09 Return Flows.** SGPWA expressly reserves the right to Return Flows that are received by any groundwater basin determined to be in Overdraft for the purpose of eliminating Overdraft in such basin. The Beaumont Storage Unit, as identified in *San Timoteo Watershed Management Authority v. City of Banning et al* (Riverside County Superior Court Case No. RIC 389197), is a groundwater basin that has been determined to be in Overdraft. Therefore, SGPWA hereby dedicates Return Flows in the Beaumont Storage Unit to Overdraft elimination uses that may be required by the Riverside County Superior Court or the Court appointed Watermaster in the *San Timoteo Watershed Management Authority v. City of Banning et al* case. SGPWA does not reserve rights to Return Flows to any groundwater basin determined to not be in Overdraft, using reasonable, accepted and prevailing engineering standards.

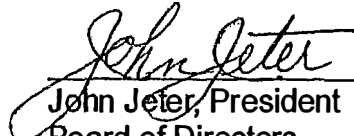
**Section 4.10 Hydraulic Head.** SGPWA reserves the right to use and prevent others from using Hydraulic Head within the SWP or SGPWA facilities for hydroelectric production provided, however, that SGPWA will consider proposals, joint or otherwise, to implement the production.

[CONTINUED ON FOLLOWING PAGE]


This Ordinance shall be in full force and effect on the thirty-first day after adoption, and shall be published in full in a newspaper of general circulation within fifteen (15) days from the date of adoption.

Passed and adopted this 7th day of February, 2005, by the following vote:

AYES: Larsen, Voigt, Morris, Andersen, Snyder, Mann and Jeter  
NOES: None  
ABSTAIN: None  
ABSENT: None

  
\_\_\_\_\_  
John Jeter, President  
Board of Directors  
San Geronio Pass Water Agency

ATTEST:

  
\_\_\_\_\_  
Stephen P. Stocktor, Secretary  
Board of Directors  
San Geronio Pass Water Agency

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Expansion of Noble Connection on the East Branch Extension  
from 20 cfs to 34 cfs

**DATE:** June 5, 2017

### **Summary:**

At the May 15 Board meeting, the Board considered this item but wanted to revise Ordinance 8 prior to doing so again. The purpose of this proposed Board item is to determine if the Board, assuming it adopts Ordinance 13 at the June 5 Board meeting, wishes to consider approval of this application for changed water service to Beaumont Cherry Valley Water District.

### **Background:**

Detailed background material on this issue is included in a staff report from the May 15 Board meeting. That staff report is included in this Board agenda package for reference.

### **Detailed Report:**

The Board tabled this item at the May 15 Board meeting due to the issue of return flows, which play an important role in Ordinance 8. The Board gave direction to staff at that meeting to develop a revision to Ordinance 8 that would eliminate this issue as a point of contention. That issue was considered by the Board separately earlier in this Board meeting.

Key issues associated with the application include the identity of the Applicant; amount, rate, location, time, and manner of delivery; description of delivery facilities, capacity, and flow rate; review and approval under the California Environmental Quality Act (CEQA); and any further information that may be necessary to evaluation the Application.



The project is described in detail in the May 15 staff report, included in this agenda package. Also included are the Application and a technical memorandum from Albert A. Webb and Associates describing the environmental situation at the site. Based on an analysis performed by the Agency's attorneys, the project is exempt from CEQA under both Class 1 and Class 3 exemptions.

**Fiscal Impact:**

There is no fiscal impact to the Agency of approving this application and authorizing construction. Under Ordinance 8, BCVWD is required to reimburse the Agency for all costs associated with planning, design, and construction of the enlarged connection.

**Recommendation:**

1. That the Board approve the District's Application subject to BCVWD's compliance with all of the requirements set forth in Ordinance 8, as revised, and all requirements for the provision of Agency service to BCVWD.
2. That the Board find that the Noble Connection Expansion is categorically exempt from CEQA pursuant to the Class 1 and Class 3 exemptions and that the Board direct staff to have a CEQA Notice of Exemption lawfully filed and posted.

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager/General Counsel

**RE:** Consideration and possible action to approve request from Beaumont-Cherry Valley Water District for an expansion of Noble Connection to the East Branch Extension

**DATE:** May 15, 2017

**Summary:**

The Agency delivers water to the Beaumont-Cherry Valley Water District (“BCVWD”) and the City of Banning through a connection to the East Branch Extension (“EBX”), known as the Noble Connection, located on Noble Street in Cherry Valley. The existing connection, at the request of BCVWD, was originally designed to convey and meter water to BCVWD at the flow rate of 20 cubic feet per second (“cfs”). The existing connection was completed in 2008.

In November 2016, BCVWD requested that the Agency increase the size of the connection to 34 cfs. Per the Agency’s Ordinance 8, such requests must be submitted in the form of an Application and approved by the Board. A copy of Ordinance 8 is included in the agenda package. Unless otherwise mentioned, all “Section” references in this staff report will be to sections of Ordinance 8. The purpose of this proposed Board action is for the Board to consider and potentially approve the Application for a change in service from a 20-cfs connection to a 34-cfs connection.

**Recommendation:**

1. That the Board approve the District's Application subject to BCVWD's compliance with all of the requirements set forth in Ordinance 8 and all requirements for the provision of Agency service to BCVWD.
2. That the Board find that the Noble Connection Expansion is categorically exempt from CEQA pursuant to the Class 1 and Class 3 exemptions and direct staff to have a CEQA Notice of Exemption filed and posted.

**Background**

Pursuant to Section 3.01, an Application for a new connection must include the following information:

1. Identity and legal capacity of the Applicant;
2. Amount, rate, location, time and manner of delivery of the Agency Water;
3. Description of delivery facilities, capacity and flow rates;
4. Review and approval under the California Environmental Quality Act ("CEQA"); and
5. Any further information and/or requirements that may be necessary to evaluate the Application.

The Applicant is required to fund all costs incurred to process the Application and the cost of construction. If approved, the Agency constructs the connection and the connection, along with any flow control facilities required by the Agency, to the downstream flange of the flow control facility meter, shall be the property of the Agency. (Section 3.03)

The Agency General Manager reviews the Application to determine if it is complete prior to consideration by the Board. (Sections 3.01 and 3.02) Pursuant to Section 3.02, the Board has the discretion to deny, approve or conditionally approve the Application. In acting upon an Application, the Board may take into account whether the delivery or

intended use of the Supplemental Water meets the requirements of applicable state, federal and local law or regulation. (Section 3.02)

### **BCVWD's Application**

A copy of BCVWD's Application is included in the agenda package. The Application states that the water purchased through the expanded connection will be for multiple uses, including agricultural uses. Please note that BCVWD elected not to complete the following portions of the Application:

1. Information regarding anticipated requests for service for the next 5 years.
2. Information regarding return flows of water delivered through the expanded connection.

In the past, the Agency received completed Applications from all 3 of the retail agencies, including BCVWD, pursuant to which the Agency currently sells water to these retail agencies. BCVWD was contacted to see if they would be willing to complete the missing information and they declined to do so. In order to move this Application process forward, BCVWD's Application is being submitted for Board consideration as-is.

However, in order to be consistent with the requirements imposed on all water purchasers, it is recommended that any approval of the Application include the condition that BCVWD comply with all requirements for connection and service, regardless of whether BCVWD declines to provide certain information in its Application.

### **Detailed Report:**

#### Project Description (Operations):

The proposed project would enlarge the existing Noble Connection from 20 cfs to 34 cfs. The proposed project does not propose to amend any water supply contracts, nor is the Agency aware of any plans by BCVWD to operate their system in a manner that would result in a reasonably foreseeable increase in water supply demand as a result of the proposed Connection. To the contrary, the connection project has been proposed merely to provide BCVWD

with increased operational flexibility in terms of receiving any State Water Project water deliveries that it might already be able to receive from the Agency.

The Agency understands that BCVWD would, as it does today, use any State Water Project water deliveries either to satisfy existing demands or to continue its recharge of the Beaumont Groundwater Basin pursuant to the BCVWD's previously certified Final Environmental Impact Report for its Groundwater Recharge Program. BCVWD's Final EIR specifically anticipated that imported water, such as that from the State Water Project, might be stored within and extracted from the Beaumont Basin. (E.g., Final EIR p. 2-5.)

The District is requesting an increase to 34 cfs, presumably to match the hydraulic capacity of its pipeline delivering water from the connection to its recharge facility.

Project Description (Construction):

The proposed connection expansion would involve the replacement of an approximately 150-foot stretch of 20 cfs pipeline with an equivalent length of 34 cfs pipeline. The project would occur on an approximately 0.11 acre site within APN No. 403-090-016, a site that is already owned by the Agency and fully developed with a small prefabricated building, electrical connections, water valves, a meter, and water connections located beneath a small compacted and graveled area immediately adjacent to Noble Street. (See Photographs of site taken December 2017, on file with Agency.)

Construction activities are anticipated to take approximately 20-25 working days, and all construction would occur only during daytime hours, Monday through Friday. Further, all construction and construction equipment would remain within the limits of the existing developed site, and would remain subject to all applicable laws, such as the Migratory Bird Treaties Act. Once constructed, the expanded connection would be operated in the same manner as the existing connection, insofar as it would allow the transfer of State Water Project water from the Agency's system to that of the BCVWD.

## CEQA Compliance:

The Agency – as the public agency who owns the connection and must make the first decision regarding whether to approve any connection expansion – is the lead agency for purposes of CEQA. Other agencies whose approvals may be needed in order to carry out the project include the BCVWD, whose approval would be needed to connect the expanded Connection to the BCVWD system. In addition, standard encroachment and construction-related permits may be required from Riverside County, the Department of Water Resources, and the Santa Ana Regional Water Quality Control Board.

Based on all the information before the Agency, the project is categorically exempt from any further environmental analysis under CEQA pursuant to a Class 1 and/or a Class 3 exemption under State CEQA Guidelines §§ 15301 and 15303. Specifically:

- The Class 1 exemption consists of the operation, repair, and minor alteration of existing public or private structures, facilities, and mechanical equipment “involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.” Examples of exempt activities include, but are not limited to, modifications to existing publicly owned facilities used to provide public utility services. Here, although the size of the Connection would increase from 20 cfs to 34 cf, the actual use of the Connection is anticipated to remain the same as that which currently exists. In other words, it is anticipated that there will be negligible or no expansion in the annual volume of water moved through the Connection as a result of the proposed project.
- The Class 3 exemption applies to the construction and location of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modification are made to the exterior of the structure. The Class 3 exemption specifically includes, but is not limited to, water main and other minor utility extensions, like the proposed Connection expansion.

- Finally, there are exceptions identified in State CEQA Guidelines § 15300.2, which can make categorical exemptions inapplicable. However, there is no evidence that any of those exceptions applies. Specifically, Albert A. Webb & Associates, an expert in biological resources and analysis, conducted a site visit to confirm that the site does not contain, and that construction will not result in impacts to, any habitat for wildlife; that no special status species were found or are likely to be found on the site or be impacted by the project's construction; that no riparian or other sensitive vegetative communities exist on the site or are likely to be affected by the project's construction; and that the project will not be located within nor indirectly impact any streambed, wetland, or jurisdictional water. (See Biological Resources Assessment (2017).) Accordingly, the project will not result in potentially significant impacts due to a sensitive environmental conditions. Further, the site is not located on a scenic highway, nor is the site on any hazard waste site list compiled pursuant to Government Code section 65962.5. Finally, no other projects are proposed for this site, such that there is no potential for any significant cumulative effect resulting from the impact of successive projects of the same type in the same place, over time.

**Fiscal Impact:**

There is no fiscal impact to the Agency of approving the application and authorizing construction. Under Ordinance 8, BCVWD is required to reimburse the Agency for all costs associated with planning, design, and construction of the enlarged connection.

**Attachments:**

- BCVWD's Application for Noble Connection Expansion
- Albert A. Webb and Associates, Biological Resources Assessment and Technical Memorandum (2017)
- Ordinance 8



## Technical Memorandum

To: Jeff Davis, General Manger, San Gorgonio Pass Water Agency

From: Jillian Feyk-Miney, Assistant Environmental Analyst  
Jessica May, Assistant Environmental Analyst

Date: January 16, 2017

Re: Biological Resources Assessment, Noble Connection, Cherry Valley, County of  
Riverside, California

The following biological assessment was prepared to evaluate the potential biological impacts associated with the implementation of the Noble Connection Project. This report incorporates the findings of a literature review, compilation of existing documentation, and a field reconnaissance survey conducted on January 10, 2017.

### ▪ Project Description

The proposed Project is located on an approximately 0.11-acre site in Cherry Valley, County of Riverside, California. The Project Site is located in Western Riverside County and is located on the U.S. Geological Survey (USGS) 7.5' series Beaumont Quadrangle, Township 2 South, Range 1 West, Section 27. Specifically, the proposed Project is located within a portion of APN 403-090-016. The existing site is generally devoid of vegetation and consists of an above-ground structure related to the water facilities, three underground vaults, yard piping, and no fencing around the property. The Project site is shown on **Figure 1 – Project Area**.

The Project proposes expansion of the existing subsurface water connection from 20 cubic foot per second (cfs) to 35 cfs. The expansion will include replacing the existing yard piping with new, larger piping, and to replace the valves and meters in the two existing underground vaults. The vaults, themselves will not be replaced, only modified.

The proposed Project is within an urbanized area and adjacent to Noble Creek. Noble Creek is a small ephemeral wash which has been armored with concrete on the bank adjacent to the Project site. Adjacent properties include paved streets and single-family residential areas with ornamental vegetation. See Appendix A – Site Photos for photographs depicting the existing conditions of the study area.

### ▪ Site Resource Evaluations

WEBB biologists conducted an analysis of biological resources present within the Project study area by reviewing pertinent literature and evaluating field conditions during the reconnaissance survey. The following section summarizes methods used to identify and evaluate sensitive biological resources that have potential to occur within the study area.



## Vegetation Community and Land Cover Types

Vegetation communities and land cover types present within the 0.11-acre study area were evaluated and delineated on a map during the field reconnaissance surveys. An aerial photograph with an overlay of the Project site was utilized to map the vegetation communities and record any special-status species observations or other sensitive biological resources while in the field (**Figure 2**).

## Federally-Listed Species and Sensitive Resources

Special-status biological resources present or potentially present within the study area were identified through a literature search using the U.S. Fish and Wildlife Service (USFWS) Information, Planning and Conservation (IPaC) Trust Resources Report<sup>1</sup> (Appendix B). Suitable habitat for these species was verified in the field.

## Western Riverside County Multiple Species Habitat Conservation Plan

The Riverside County Integrated Project (RCIP) Conservation Summary Report Generator<sup>2</sup> was reviewed to ensure compliance with the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) (Appendix C).

## ▪ Results

### Vegetation Community and Land Cover Types

One land cover type was documented within the Project site (**Figure 2**). The Project site consists of developed/disturbed habitat. The Project site is devoid of vegetation and contains an above-ground structure, underground vaults, and piping (Appendix A – Photos 1 through 4). Noble Creek is adjacent to the Project site to the east and exhibits signs of scouring, common in wash habitats, and contains concrete on the bank adjacent to the Project site (Appendix A – Photo 5). Noble Creek is outside of the Project footprint. Single-family residential areas with ornamental vegetation are also adjacent to the Project site (Appendix A – Photo 6).

### Federally-Listed Species and Sensitive Resources

Following review of the IPaC search, species were eliminated from consideration when the study area was clearly outside the known geographic range of the species, or if the study area did not contain habitat characteristics required by the species. Species habitat information was accessed from NatureServe Explorer Species Reports<sup>3</sup>.

#### Special-Status Plants

According to the IPaC search, no federally-listed plants may occur or could potentially be affected by activities in this location. Additionally, the Project site is developed/disturbed and devoid of vegetation.

#### Special-Status Wildlife

According to the IPaC search, six federally-listed wildlife species may occur or could potentially be affected by activities in this location.

Based on the field reconnaissance surveys of the Project site, suitable habitat for federally-listed bird species including coastal California gnatcatcher (*Polioptila californica californica*), least Bell's vireo (*Vireo bellii pusillus*), and southwestern willow flycatcher (*Empidonax traillii extimus*) do not appear to be present due to lack of habitat present. The proposed Project site is outside the designated critical

<sup>1</sup> <https://ecos.fws.gov/ipac/>

<sup>2</sup> [http://onlineservices.rctima.org/content/rcip\\_report\\_generator.aspx](http://onlineservices.rctima.org/content/rcip_report_generator.aspx)

<sup>3</sup> <http://explorer.natureserve.org/index.htm>

habitat for these species, and the Project site is developed/disturbed and devoid of vegetation. Additionally, the adjacent Noble Creek does not represent suitable habitat for these species.

Riverside fairy shrimp (*Streptocephalus woottoni*) does not appear to be present. The proposed Project site is outside the designated critical habitat for this species, and vernal pools, vernal swales, alkali scalds or flats, or other seasonal wet habitats were not identified within the Project area. A rain event had occurred the day prior to the field visit and no standing water was present on-site.

Based on the field reconnaissance surveys of the Project site, suitable habitat for federally-listed mammal species including San Bernardino Merriam's kangaroo rat (*Dipodomys merriami parvus*) and Stephen's kangaroo rat (*Dipodomys stephensi* (incl. *D. Cascus*)) do not appear to be present. The proposed Project site is outside the designated critical habitat for these species, and the Project site does not contain suitable burrows.

The absence of appropriate habitat conditions and extent of prior development and ground disturbance likely precludes any special-status wildlife species from occurring within the study area.

No federally-listed animals were detected during the field reconnaissance survey. However, all native birds in California are protected by the federal Migratory Bird Treaty Act (MBTA) of 1918. A list of migratory birds that could potentially be affected by activities in this location can be found in Appendix B.

### **Western Riverside County Multiple Species Habitat Conservation Plan**

The proposed Project is within the MSHCP Pass Area Plan. The Project is not located within any MSHCP designated Criteria Areas or Subunits. As such, the Project is not subject to Cell Criteria compliance under the MSHCP which means it does not have to contribute land to the Reserve. The Project site does not fall within any Public/Quasi-Public (PQP) or other MSHCP Conserved Lands. The proposed Project is also not within any Amphibian Species, Burrowing Owl, Criteria Area Species, Mammalian Species, Narrow Endemic Plant Species or Special Linkage Areas and does not require additional surveys.

Section 6.1.2 of the MSHCP defines Riparian/Riverine areas as "lands which contain habitat dominated by trees, shrubs, persistent emergent, or emergent mosses and lichens, which occur close to or which depend on soil moisture from a nearby freshwater source; or areas with fresh water during all or a portion of the year. Riparian/Riverine areas as defined by the MSHCP are not present within the Project site. Noble Creek, adjacent to the Project site contains Riparian/Riverine areas; however, these areas are outside of the Project footprint and will not be affected by implementation of the proposed Project.

Vernal pools, vernal swales, alkali scalds or flats, or other seasonal wet habitats were not identified within the Project area. A rain event had occurred the day prior to the field visit and no standing water was present on-site.

### **▪ Recommendations**

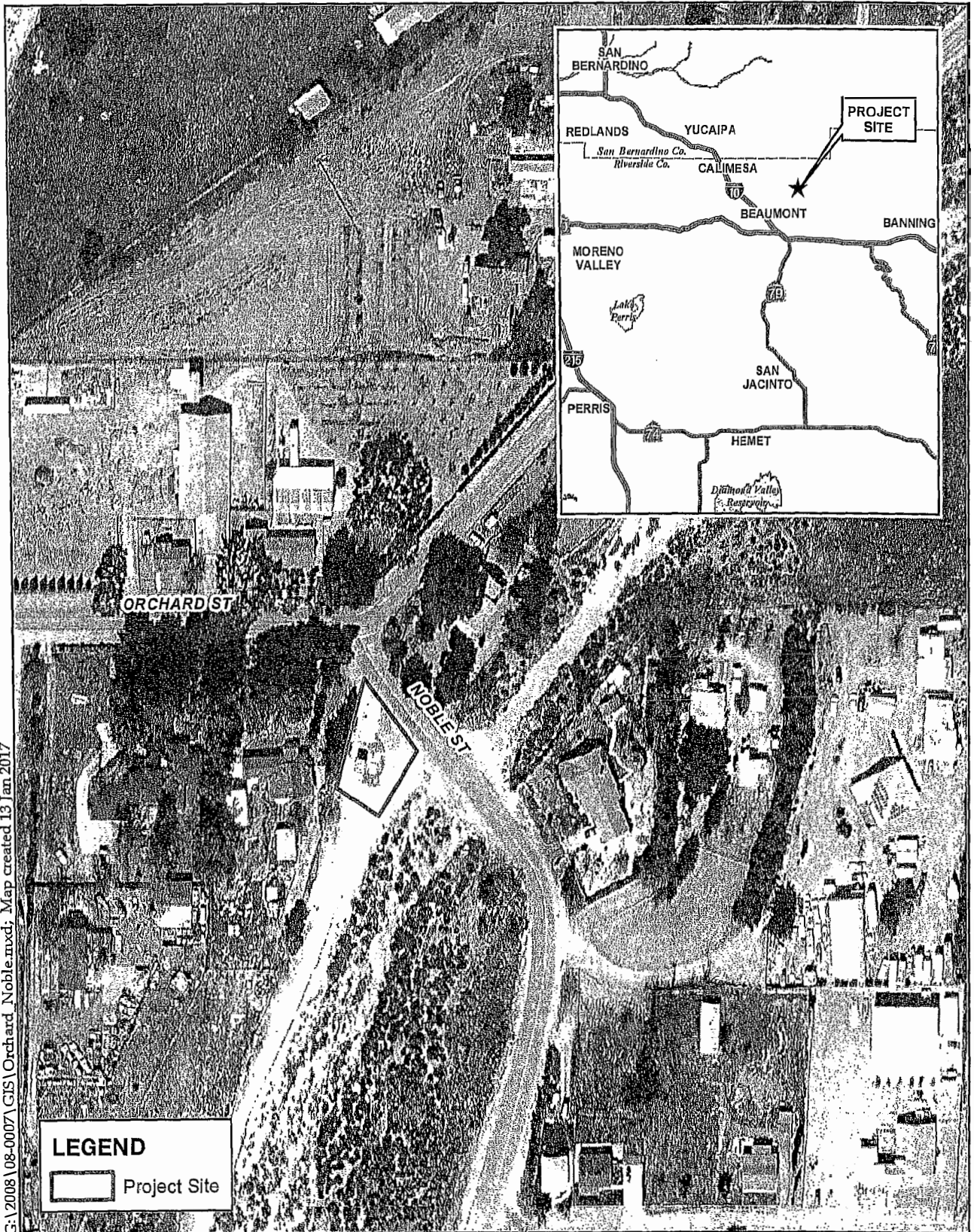
*The following is recommended to avoid potential impacts to birds that could use the site or surrounding area from Project construction:*

- All projects require compliance with the federal Migratory Bird Treaty Act (MBTA). In order to comply with the MBTA, construction outside the nesting season (between September 16th and January 31<sup>st</sup>) do not require pre-removal nesting bird surveys. If construction is proposed between February 1st and September 15th, a qualified biologist must conduct a nesting bird survey(s) no more than fourteen (14) days prior to initiation of grading to document the presence or absence of nesting birds within 130 / 160 feet (100 feet) to the Project site. If any active

nests are found, a suitable buffer will be determined by the biologist and the nest will be flagged and avoided until the eggs have hatched and the chicks have fledged.

▪ **Conclusion**

The conclusion of this analysis indicates that the proposed Project site is free of any suitable habitat for federally-listed or other sensitive species. The project will need to comply with the MBTA as stated above in the recommendations. Should you have any questions, please contact one of us at (951) 686-1070 or email at [jillian.feyk-miney@webbassociates.com](mailto:jillian.feyk-miney@webbassociates.com) or [jessica.may@webbassociates.com](mailto:jessica.may@webbassociates.com).



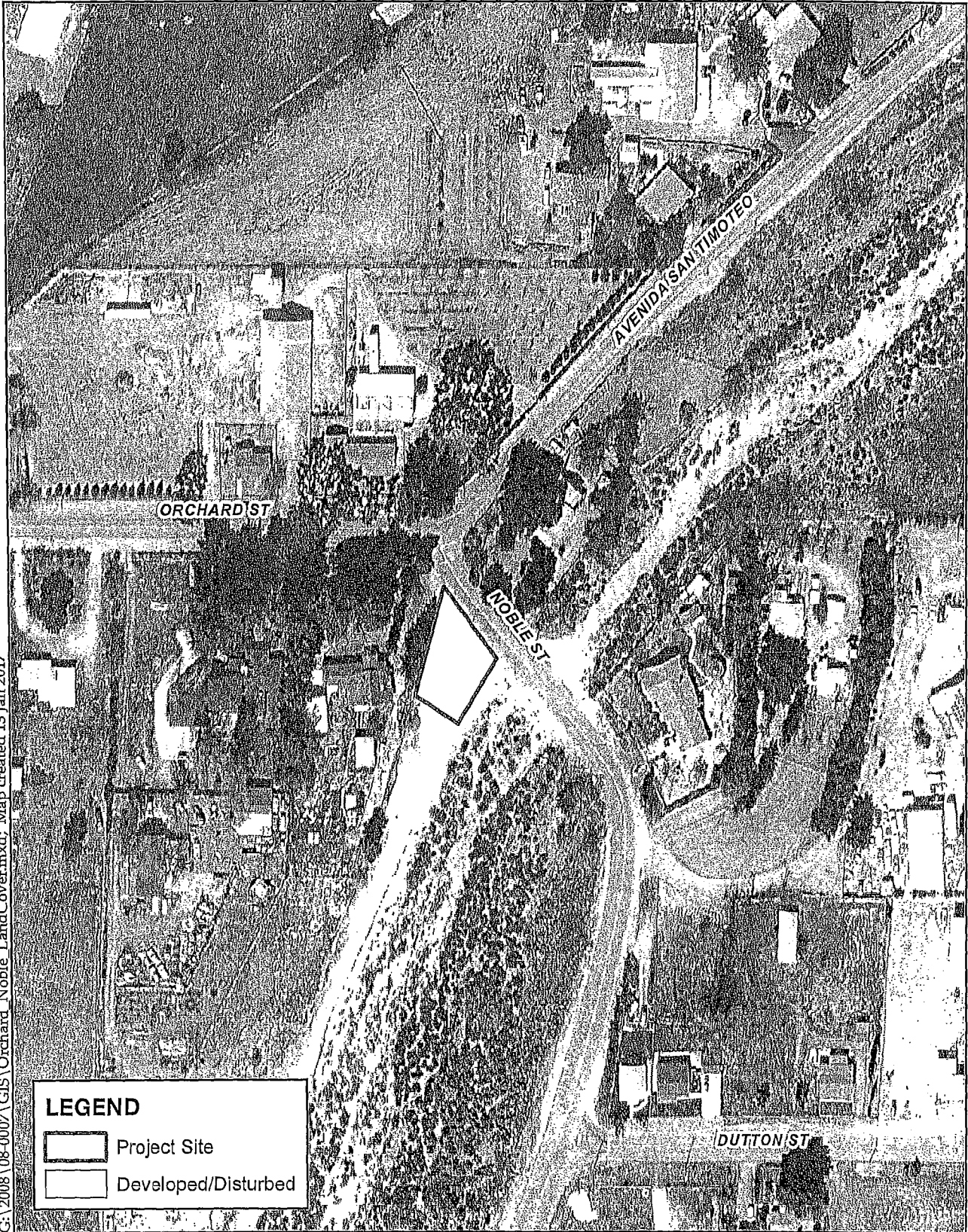
G:\2008\08-0007\GIS\Orchard\_Noble.mxd; Map created 13 Jan 2017

Sources: Riverside Co. GIS, 2017;  
USDA NAIP, 2014.

**Figure 1 - Project Site**  
Noble Connection Project



0 100 200 300 Feet



G:\2008\06-0007\GIS\Orchard\_Noble\_LandCover.mxd; Map created 13 Jan 2017

Sources: Riverside Co. GIS, 2017;  
USDA NAIP, 2014.

**Figure 2 - Project Site Vegetation Community and Land Cover Types**

Noble Connection Project



0 100 200 300 Feet

## Appendix A – Site Photos

# Noble Connection Project – Site Photos

January 10, 2017

Photo 1. Project site, facing south.



Photo 2. Structure and vaults, facing south.

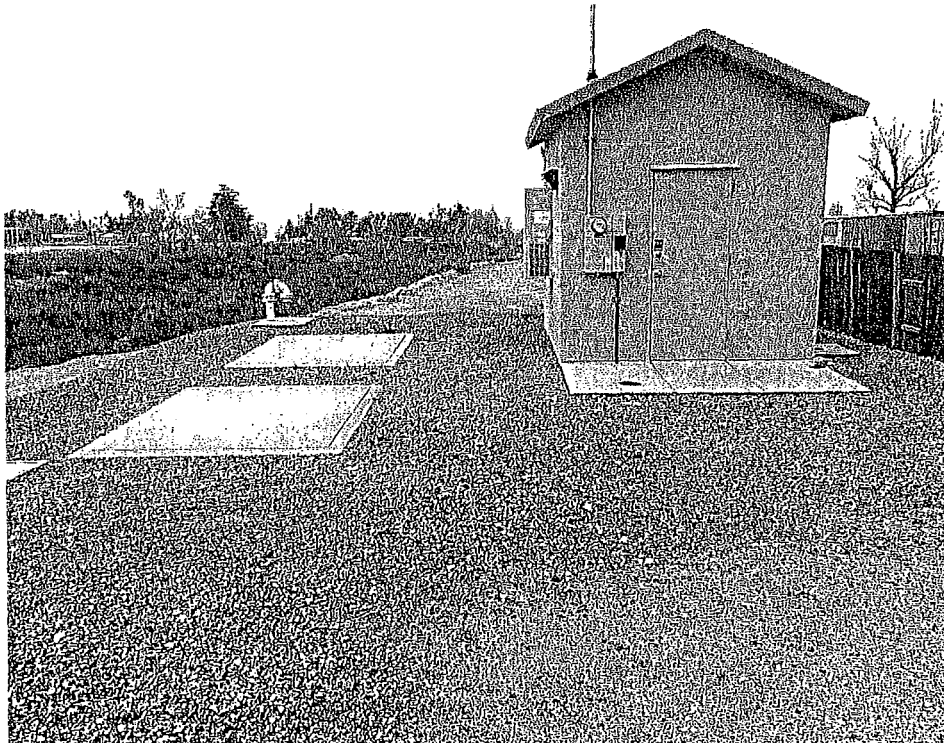




Photo 3. Project site, facing north.



Photo 4. Project site, facing northwest.



Photo 5. Ornamental trees adjacent to Project site, facing west.

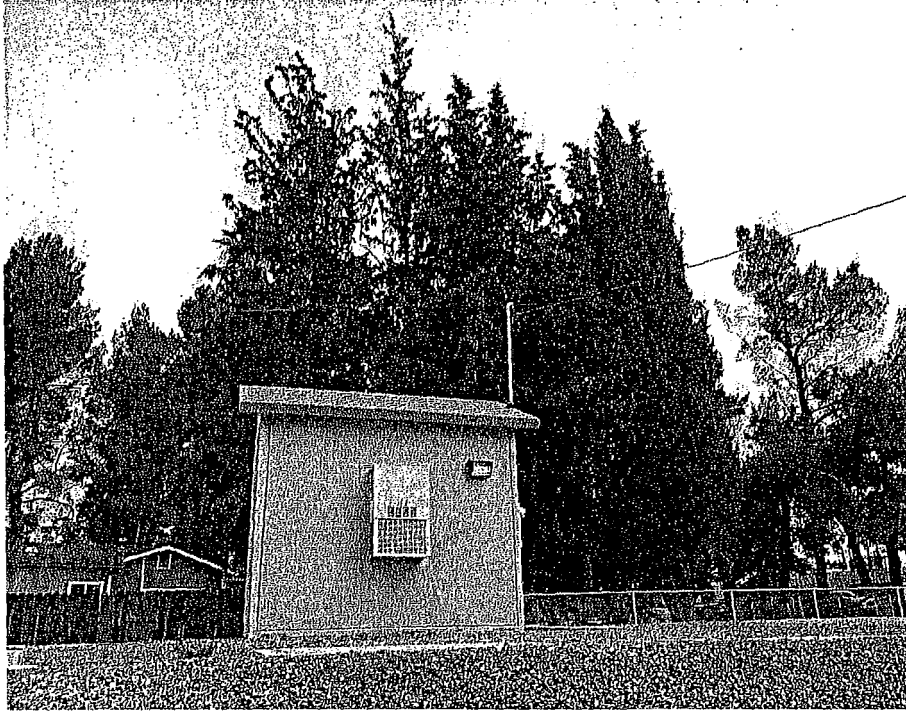


Photo 6. Noble Creek, adjacent to Project site, facing southeast.



## Appendix B – IpaC Trust Resources Report

## IPaC

## IPaC resource list

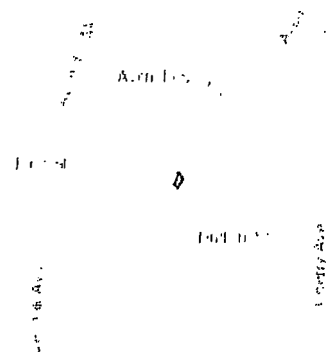
## Project information

## NAME

Noble Connection

## LOCATION

Riverside County, California



## Local office

Carlsbad Fish And Wildlife Office

☎ (760) 431-9440

📠 (760) 431-5901

2177 Salk Avenue - Suite 250  
Carlsbad, CA 92008-7385<http://www.fws.gov/carlsbad/>

## Endangered species

This resource list is for informational purposes only and should not be used for planning or analyzing project level impacts.

Section 7 of the Endangered Species Act requires Federal agencies to *"request of the Secretary information whether any species which is listed or proposed to be listed may be present in the area of such proposed action"* for any project that is conducted, permitted, funded, or licensed by any Federal agency.

**A letter from the local office and a species list which fulfills this requirement can only be obtained by requesting an official species list either from the Regulatory Review section in IPaC or from the local field office directly.**

For project evaluations that require USFWS concurrence/review, please return to the IPaC website and request an official species list by creating a project and making a request from the Regulatory Review section.

Listed species<sup>1</sup> are managed by the [Endangered Species Program](#) of the U.S. Fish and Wildlife Service.

1. Species listed under the [Endangered Species Act](#) are threatened or endangered; IPaC also shows species that are candidates, or proposed, for listing. See the [listing status page](#) for more information.

The following species are potentially affected by activities in this location:

## Birds

NAME

140 / 160

STATUS

Coastal California Gnatcatcher <i>Polioptila californica californica</i>	Threatened
There is a final <a href="#">critical habitat</a> designated for this species. Your location is outside the designated critical habitat. <a href="http://ecos.fws.gov/ecp/species/8178">http://ecos.fws.gov/ecp/species/8178</a>	
Least Bell's Vireo <i>Vireo bellii pusillus</i>	Endangered
There is a final <a href="#">critical habitat</a> designated for this species. Your location is outside the designated critical habitat. <a href="http://ecos.fws.gov/ecp/species/5945">http://ecos.fws.gov/ecp/species/5945</a>	
Southwestern Willow Flycatcher <i>Empidonax traillii extimus</i>	Endangered
There is a final <a href="#">critical habitat</a> designated for this species. Your location is outside the designated critical habitat. <a href="http://ecos.fws.gov/ecp/species/6749">http://ecos.fws.gov/ecp/species/6749</a>	

## Crustaceans

NAME	STATUS
Riverside Fairy Shrimp <i>Streptocephalus woottoni</i>	Endangered
There is a final <a href="#">critical habitat</a> designated for this species. Your location is outside the designated critical habitat. <a href="http://ecos.fws.gov/ecp/species/8148">http://ecos.fws.gov/ecp/species/8148</a>	

## Mammals

NAME	STATUS
San Bernardino Merriam's Kangaroo Rat <i>Dipodomys merriami parvus</i>	Endangered
There is a final <a href="#">critical habitat</a> designated for this species. Your location is outside the designated critical habitat. <a href="http://ecos.fws.gov/ecp/species/2060">http://ecos.fws.gov/ecp/species/2060</a>	
Stephens' Kangaroo Rat <i>Dipodomys stephensi</i> (incl. <i>D. cascus</i> )	Endangered
No critical habitat has been designated for this species. <a href="http://ecos.fws.gov/ecp/species/3495">http://ecos.fws.gov/ecp/species/3495</a>	

## Critical habitats

Potential effects to critical habitat(s) in this location must be analyzed along with the endangered species themselves.

THERE ARE NO CRITICAL HABITATS AT THIS LOCATION.

## Migratory birds

Birds are protected under the Migratory Bird Treaty Act<sup>1</sup> and the Bald and Golden Eagle Protection Act<sup>2</sup>.

Any activity that results in the take (to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct) of migratory birds or eagles is prohibited unless authorized by the U.S. Fish and Wildlife Service<sup>3</sup>. There are no provisions for allowing the take of migratory birds that are unintentionally killed or injured.

Any person or organization who plans or conducts activities that may result in the take of migratory birds is responsible for complying with the appropriate regulations and implementing appropriate conservation measures.

1. The [Migratory Birds Treaty Act](#) of 1918.
2. The [Bald and Golden Eagle Protection Act](#) of 1940.
3. 50 C.F.R. Sec. 10.12 and 16 U.S.C. Sec. 668(a)

Additional information can be found using the following links:

- Birds of Conservation Concern <http://www.fws.gov/birds/141/160/aged-species/birds-of-conservation-concern.php>

- Conservation measures for birds <http://www.fws.gov/birds/management/project-assessment-tools-and-guidance/conservation-measures.php>
- Year-round bird occurrence data <http://www.birdscanada.org/birdmon/default/datasummaries.jsp>

The migratory birds species listed below are species of particular conservation concern (e.g. [Birds of Conservation Concern](#)) that may be potentially affected by activities in this location, not a list of every bird species you may find in this location. Although it is important to try to avoid and minimize impacts to all birds, special attention should be made to avoid and minimize impacts to birds of priority concern. To view available data on other bird species that may occur in your project area, please visit the [AKN Histogram Tools and Other Bird Data Resources](#).

NAME	SEASON(S)
Bald Eagle <i>Haliaeetus leucocephalus</i> <a href="http://ecos.fws.gov/ecp/species/1626">http://ecos.fws.gov/ecp/species/1626</a>	Wintering
Bell's Sparrow <i>Amphispiza belli</i> <a href="http://ecos.fws.gov/ecp/species/9303">http://ecos.fws.gov/ecp/species/9303</a>	Year-round
Bell's Vireo <i>Vireo bellii</i> <a href="http://ecos.fws.gov/ecp/species/9507">http://ecos.fws.gov/ecp/species/9507</a>	Breeding
Black-chinned Sparrow <i>Spizella atrogularis</i> <a href="http://ecos.fws.gov/ecp/species/9447">http://ecos.fws.gov/ecp/species/9447</a>	Breeding
Brewer's Sparrow <i>Spizella breweri</i> <a href="http://ecos.fws.gov/ecp/species/9291">http://ecos.fws.gov/ecp/species/9291</a>	Year-round
Burrowing Owl <i>Athene cucularia</i> <a href="http://ecos.fws.gov/ecp/species/9737">http://ecos.fws.gov/ecp/species/9737</a>	Year-round
Cactus Wren <i>Campylorhynchus brunneicapillus</i> <a href="http://ecos.fws.gov/ecp/species/8834">http://ecos.fws.gov/ecp/species/8834</a>	Year-round
California Spotted Owl <i>Strix occidentalis occidentalis</i> <a href="http://ecos.fws.gov/ecp/species/7266">http://ecos.fws.gov/ecp/species/7266</a>	Year-round
Calliope Hummingbird <i>Stellula calliope</i> <a href="http://ecos.fws.gov/ecp/species/9526">http://ecos.fws.gov/ecp/species/9526</a>	Breeding
Costa's Hummingbird <i>Calypte costae</i> <a href="http://ecos.fws.gov/ecp/species/9470">http://ecos.fws.gov/ecp/species/9470</a>	Breeding
Flammulated Owl <i>Otus flammeolus</i> <a href="http://ecos.fws.gov/ecp/species/7728">http://ecos.fws.gov/ecp/species/7728</a>	Breeding
Fox Sparrow <i>Passerella iliaca</i>	Year-round
Le Conte's Thrasher <i>Toxostoma lecontei</i> <a href="http://ecos.fws.gov/ecp/species/8969">http://ecos.fws.gov/ecp/species/8969</a>	Year-round
Least Bittern <i>Ixobrychus exilis</i> <a href="http://ecos.fws.gov/ecp/species/6175">http://ecos.fws.gov/ecp/species/6175</a>	Year-round
Lewis's Woodpecker <i>Melanerpes lewis</i> <a href="http://ecos.fws.gov/ecp/species/9408">http://ecos.fws.gov/ecp/species/9408</a>	Wintering
Loggerhead Shrike <i>Lanius ludovicianus</i> <a href="http://ecos.fws.gov/ecp/species/8833">http://ecos.fws.gov/ecp/species/8833</a>	Year-round
Long-billed Curlew <i>Numenius americanus</i> <a href="http://ecos.fws.gov/ecp/species/5511">http://ecos.fws.gov/ecp/species/5511</a>	Wintering

Mountain Plover <i>Charadrius montanus</i> <a href="http://ecos.fws.gov/ecp/species/3638">http://ecos.fws.gov/ecp/species/3638</a>	Wintering
Nuttall's Woodpecker <i>Picoides nuttallii</i> <a href="http://ecos.fws.gov/ecp/species/9410">http://ecos.fws.gov/ecp/species/9410</a>	Year-round
Oak Titmouse <i>Baeolophus inornatus</i> <a href="http://ecos.fws.gov/ecp/species/9656">http://ecos.fws.gov/ecp/species/9656</a>	Year-round
Olive-sided Flycatcher <i>Contopus cooperi</i> <a href="http://ecos.fws.gov/ecp/species/3914">http://ecos.fws.gov/ecp/species/3914</a>	Breeding
Peregrine Falcon <i>Falco peregrinus</i> <a href="http://ecos.fws.gov/ecp/species/8831">http://ecos.fws.gov/ecp/species/8831</a>	Wintering
Pinyon Jay <i>Gymnorhinus cyanocephalus</i> <a href="http://ecos.fws.gov/ecp/species/9420">http://ecos.fws.gov/ecp/species/9420</a>	Year-round
Rufous-crowned Sparrow <i>Aimophila ruficeps</i> <a href="http://ecos.fws.gov/ecp/species/9718">http://ecos.fws.gov/ecp/species/9718</a>	Year-round
Short-eared Owl <i>Asio flammeus</i> <a href="http://ecos.fws.gov/ecp/species/9295">http://ecos.fws.gov/ecp/species/9295</a>	Wintering
Western Grebe <i>Aechmophorus occidentalis</i> <a href="http://ecos.fws.gov/ecp/species/6743">http://ecos.fws.gov/ecp/species/6743</a>	Wintering
White Headed Woodpecker <i>Picoides albolarvatus</i> <a href="http://ecos.fws.gov/ecp/species/9411">http://ecos.fws.gov/ecp/species/9411</a>	Year-round
Williamson's Sapsucker <i>Sphyrapicus thyroideus</i> <a href="http://ecos.fws.gov/ecp/species/8832">http://ecos.fws.gov/ecp/species/8832</a>	Wintering

What does IPaC use to generate the list of migratory bird species potentially occurring in my specified location?

Landbirds:

Migratory birds that are displayed on the IPaC species list are based on ranges in the latest edition of the National Geographic Guide, Birds of North America (6th Edition, 2011 by Jon L. Dunn, and Jonathan Alderfer). Although these ranges are coarse in nature, a number of U.S. Fish and Wildlife Service migratory bird biologists agree that these maps are some of the best range maps to date. These ranges were clipped to a specific Bird Conservation Region (BCR) or USFWS Region/Regions, if it was indicated in the 2008 list of Birds of Conservation Concern (BCC) that a species was a BCC species only in a particular Region/Regions. Additional modifications have been made to some ranges based on more local or refined range information and/or information provided by U.S. Fish and Wildlife Service biologists with species expertise. All migratory birds that show in areas on land in IPaC are those that appear in the 2008 Birds of Conservation Concern report.

Atlantic Seabirds:

Ranges in IPaC for birds off the Atlantic coast are derived from species distribution models developed by the National Oceanic and Atmospheric Association (NOAA) National Centers for Coastal Ocean Science (NCCOS) using the best available seabird survey data for the offshore Atlantic Coastal region to date. NOAA/NCCOS assisted USFWS in developing seasonal species ranges from their models for specific use in IPaC. Some of these birds are not BCC species but were of interest for inclusion because they may occur in high abundance off the coast at different times throughout the year, which potentially makes them more susceptible to certain types of development and activities taking place in that area. For more refined details about the abundance and richness of bird species within your project area off the Atlantic Coast, see the [Northeast Ocean Data Portal](#). The Portal also offers data and information about other types of taxa that may be helpful in your project review.

About the NOAA/NCCOS models: the models were developed as part of the NOAA/NCCOS project: [Integrative Statistical Modeling and Predictive Mapping of Marine Bird Distributions and Abundance on the Atlantic Outer Continental Shelf](#). The models resulting from this project are being used in a number of decision-support/mapping products in order to help guide decision-making on activities off the Atlantic Coast with the goal of reducing impacts to migratory birds. One such product is the [Northeast Ocean Data Portal](#), which can be used to explore details about the relative occurrence and abundance of bird species in a particular area off the Atlantic Coast.

1 4 3 / 1 6 0

All migratory bird range maps within IPaC are continuously being updated as new and better information becomes available.

Can I get additional information about the levels of occurrence in my project area of specific birds or groups of birds listed in IPaC?

Landbirds:

The [Avian Knowledge Network \(AKN\)](#) provides a tool currently called the "Histogram Tool", which draws from the data within the AKN (latest, survey, point count, citizen science datasets) to create a view of relative abundance of species within a particular location over the course of the year. The results of the tool depict the frequency of detection of a species in survey events, averaged between multiple datasets within AKN in a particular week of the year. You may access the histogram tools through the [Migratory Bird Programs AKN Histogram Tools](#) webpage.

The tool is currently available for 4 regions (California, Northeast U.S., Southeast U.S. and Midwest), which encompasses the following 32 states: Alabama, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, and Wisconsin.

In the near future, there are plans to expand this tool nationwide within the AKN, and allow the graphs produced to appear with the list of trust resources generated by IPaC, providing you with an additional level of detail about the level of occurrence of the species of particular concern potentially occurring in your project area throughout the course of the year.

Atlantic Seabirds:

For additional details about the relative occurrence and abundance of both individual bird species and groups of bird species within your project area off the Atlantic Coast, please visit the [Northeast Ocean Data Portal](#). The Portal also offers data and information about other taxa besides birds that may be helpful to you in your project review. Alternately, you may download the bird model results files underlying the portal maps through the NOAA NCCOS [Integrative Statistical Modeling and Predictive Mapping of Marine Bird Distributions and Abundance on the Atlantic Outer Continental Shelf](#) project webpage.

## Facilities

### Wildlife refuges and fish hatcheries

REFUGE AND FISH HATCHERY INFORMATION IS NOT AVAILABLE AT THIS TIME

## Wetlands in the National Wetlands Inventory

Impacts to [NWI wetlands](#) and other aquatic habitats may be subject to regulation under Section 404 of the Clean Water Act, or other State/Federal statutes.

For more information please contact the Regulatory Program of the local [U.S. Army Corps of Engineers District](#).

THERE ARE NO KNOWN WETLANDS AT THIS LOCATION.

#### Data Limitations

The Service's objective of mapping wetlands and deepwater habitats is to produce reconnaissance level information on the location, type and size of these resources. The maps are prepared from the analysis of high altitude imagery. Wetlands are identified based on vegetation, visible hydrology and geography. A margin of error is inherent in the use of imagery; thus, detailed on-the-ground inspection of any particular site may result in revision of the wetland boundaries or classification established through image analysis.

The accuracy of image interpretation depends on the quality of the imagery, the experience of the image analysts, the amount and quality of the collateral data and the amount of ground truth verification work conducted. Metadata should be consulted to determine the date of the source imagery used and any mapping problems.

Wetlands or other mapped features may have changed since the date of the imagery or field work. There may be occasional differences in polygon boundaries or classifications between the information depicted on the map and the actual conditions on site.

#### Data exclusions

Certain wetland habitats are excluded from the National mapping program because of the limitations of aerial imagery as the primary data source used to detect wetlands. These habitats include seagrasses or submerged aquatic vegetation that are found in the intertidal and subtidal zones of estuaries and nearshore coastal waters. Some deepwater reef communities (coral or tubercled worm reefs) have also been excluded from the inventory. These habitats, because of their depth, go undetected by aerial imagery.

#### Data precautions



Federal, state, and local regulatory agencies with jurisdiction over wetlands may define and describe wetlands in a different manner than that used in this Inventory. There is no attempt, in either the design or products of this inventory, to define the limits of proprietary jurisdiction of any Federal, state, or local government or to establish the geographical scope of the regulatory programs of government agencies. Persons intending to engage in activities involving modifications within or adjacent to wetland areas should seek the advice of appropriate federal, state, or local agencies concerning specified agency regulatory programs and proprietary jurisdictions that may affect such activities.

**Appendix C – RCIP Conservation Summary Report**



# Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP)

APN	Cell	Cell Group	Acres	Area Plan	Sub Unit
403090016	Not A Part	Independent	1.54	The Pass	Not a Part

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## Background

The final MSHCP was approved by the County Board of Supervisors on June 17, 2003. The federal and state permits were issued on June 22, 2004 and implementation of the MSHCP began on June 23, 2004.

For more information concerning the MSHCP, contact your local city or the County of Riverside for the unincorporated areas. Additionally, the Western Riverside County Regional Conservation Authority (RCA), which oversees all the cities and County implementation of the MSHCP, can be reached at:

Western Riverside County Regional Conservation Authority  
3403 10th Street, Suite 320  
Riverside, CA 92501

Phone: 951-955-9700  
Fax: 951-955-8873

[www.wrc-rca.org](http://www.wrc-rca.org)

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## Introduction

As urbanization has increased within western Riverside County, state and federal regulations have required that public and private developers obtain "Take permits" from Wildlife Agencies for impacts to endangered, threatened, and rare species and their Habitats. This process, however, has resulted in costly delays in public and private Development projects and an assemblage of unconnected Habitat areas designated on a project-by-project basis. This piecemeal and uncoordinated effort to mitigate the effects of Development does not sustain wildlife mobility, genetic flow, or ecosystem health, which require large, interconnected natural areas.

A variety of capitalized terms are used in this report. Definitions for those terms are provided at the end of this report.
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MSHCP is one element of the Riverside County Integrated Project (RCIP), a comprehensive regional planning effort begun in 1999. The purpose of the RCIP is to integrate all aspects of land use, transportation, and conservation planning and implementation in order to develop a comprehensive vision for the future of the County. The overall goal of the MSHCP is rooted in the RCIP Vision Statement and supporting policy directives. The MSHCP will enhance maintenance of biological diversity and ecosystem processes while allowing future economic growth. Preserving a quality of life characterized by well-managed and well-planned growth integrated with an open-space system is a component of the RCIP vision. The MSHCP proposes to conserve approximately 500,000 acres and 146 different species. Approximately 347,000 acres are anticipated to be conserved on existing Public/Quasi-Public Lands, with additional contributions on approximately 153,000 acres from willing sellers. The overall goal of the MSHCP can be supported by the following:

**Biological Goal:** In the MSHCP Plan Area, conserve Covered Species and their Habitats.

**Economic Goal:** Improve the future economic development in the County by providing an efficient, streamlined regulatory process through which Development can proceed in an efficient way. The MSHCP and the General Plan will provide the County with a clearly articulated blueprint describing where future Development should and should not occur.

**Social Goal:** Provide for permanent open space, community edges, and recreational opportunities, which contribute to maintaining the community character of Western Riverside County.

This report has been generated to summarize the guidance in the MSHCP Plan that pertains to this property. Guidelines have been incorporated in the MSHCP Plan to allow applicants to evaluate the application of the MSHCP Criteria within specific locations in the MSHCP Plan Area. Guidance is provided through Area Plan Subunits, Cell Criteria, Cores and Linkages and identification of survey requirements. The guidance and Criteria incorporate flexibility at a variety of levels. The information within this report is composed of three parts: a summary table, Reserve Assembly guidance and survey requirements within the MSHCP Plan Area. The summary table provides specific information on this property to help determine whether it is located within the MSHCP Criteria Area or any survey areas. The Reserve Assembly guidance provides direction on assembly of the MSHCP Conservation Area if the property is within the Criteria Area. The survey requirements section describes the surveys that must be conducted on the property if Habitat is present for certain identified species within the Criteria Area or mapped survey areas.

### **Reserve Assembly Guidance within the Criteria Area**

The Reserve Assembly guidance only pertains to properties that are within the Criteria Area. Please check the summary table to determine whether this property is within the Criteria Area. If it is located inside of the Criteria Area, please read both this section and the section about survey requirements within the MSHCP Plan Area. If the property is located outside the Criteria Area, only read the survey requirements within the MSHCP Plan Area section.

The Area Plan Subunits, Cell Criteria and Cores and Linkages provide guidance on assembly of the MSHCP Conservation Area. The Area Plan Subunits section lists Planning Species and Biological Issues and Considerations that are important to Reserve Assembly within a specific Area Plan Subunit. The Cell Criteria identify applicable Cores or Linkages and describe the focus of desired conservation within a particular Cell or Cell Group. Cores and Linkages guidance includes dimensional data and biological considerations within each identified Core or Linkage.

The following is the Area Plan text and Cell Criteria that pertains specifically to this property. The Area Plan text includes the target acreage for conservation within the entire Area Plan, identification of Cores and Linkages within the entire Area Plan and Area Plan Subunit Planning Species and Biological Issues and Considerations. It is important to keep in mind that the Area Plan Subunits, Cell Criteria and Cores and Linkages are drafted to provide guidance for a geographic area that is much larger than an individual property. The guidance is intended to provide context for an individual property and, therefore, all of the guidance and Criteria do not apply to each individual property.

## The Pass Area Plan

This section identifies target acreages, applicable Cores and Linkages, Area Plan Subunits and Criteria for The Pass Area Plan. For a summary of the methodology and map resources used to develop the target acreages and Criteria for the MSHCP Conservation Area, including this Area Plan, see Section 3.3.1.

### Target Acreages

The target conservation acreage range for The Pass Area Plan is 22,510 – 27,895 acres; it is composed of approximately 13,970 acres of existing Public/Quasi-Public Lands and 8,540 – 13,925 acres of Additional Reserve Lands. The City of Banning, City of Beaumont, and City of Calimesa sit entirely within The Pass Area Plan. The target acreage range within the City of Banning is 50 – 90 acres. The target acreage range within the City of Beaumont is 5,440 – 9,060 acres. The target acreage range within the City of Calimesa is 1,240 – 2,240 acres. The target acreages of the three Cities are included within the 8,540 – 13,925 acre target conservation range on Additional Reserve Lands for the entire The Pass Area Plan.

### • Applicable Cores and Linkages

The MSHCP Conservation Area comprises a variety of existing and proposed Cores, Linkages, Constrained Linkages and Noncontiguous Habitat Blocks (referred to here generally as "Cores and Linkages"). The Cores and Linkages listed below are within The Pass Area Plan. For descriptions of these Cores and Linkages and more information about the biologically meaningful elements of the MSHCP Conservation Area within The Pass Area Plan, see Section 3.2.3, and MSHCP Volume II, Section A.

### Cores and Linkages within The Pass Area Plan

- Contains the Proposed Constrained Linkage 22
- Contains the Proposed Constrained Linkage 23
- Contains a portion of Proposed Core 3
- Contains a portion of Proposed Linkage 6
- Contains Proposed Linkage 12
- Contains a portion of Existing Core I
- Contains a portion of Existing Core K
- Contains a portion of Existing Noncontiguous Habitat Block B

Descriptions of Planning Species, Biological Issues and Considerations and Criteria for each Area Plan Subunit within The Pass Area Plan are presented later in this section. These descriptions, combined with the descriptions of the Cores and Linkages referred to above, provide information about biological issues to be considered in conjunction with Reserve Assembly within The Pass Area Plan. As noted in Section 3.1, the Area Plan boundaries established as part of the Riverside County General Plan were selected to provide an organizational framework for the Area Plan Subunits and Criteria. While these boundaries are not biologically based, unlike the Cores and Linkages, they relate specifically to General Plan boundaries and the jurisdictional boundaries of incorporated Cities and were selected to facilitate implementation of the MSHCP in the context of existing institutional and planning boundaries.

### • Area Plan Subunits

The Pass Area Plan is divided into three Subunits. For each Subunit, target conservation acreages are established along with a description of the Planning Species, Biological Issues and Considerations, and Criteria for each Subunit. For more information regarding specific conservation objectives for the Planning Species, see Section 9.0. Subunit boundaries are depicted on the Cells and Cell Groupings maps (Figures 3-20 and 3-21). Table 3-11 presents the Criteria for The Pass Area Plan.

## Cell Criteria

A preliminary check indicates that this parcel is not subject to cell criteria under the draft MSHCP. Other requirements, including species surveys, may apply under the plan. It is recommended that you review the full text of the draft document for additional details. See [www.rcip.org](http://www.rcip.org) to read the document on-line or to find a location to view the hard copy document.

## Surveys Within the MSHCP Plan Area

Of the 146 species covered by the MSHCP, no surveys will be required by applicants for public and private projects for 106 of these Covered Species. Covered Species for which surveys may be required by applicants for public and private Development projects include 4 birds, 3 mammals, 3 amphibians, 3 crustaceans, 14 Narrow Endemic Plants, and 13 other sensitive plants within the Criteria Area. Of these 40 species, survey area maps are provided for 34 species, and surveys will be undertaken within suitable Habitat areas in locations identified on these maps in the MSHCP Plan. The remaining six species are associated with riparian/riverine areas and vernal pools and include least Bell's vireo, southwestern willow flycatcher, western yellow-billed cuckoo, Riverside fairy shrimp, Santa Rosa Plateau fairy shrimp, and vernal pool fairy shrimp. Although there are no survey area maps for these six species, surveys for these species, if necessary, will be undertaken as described below. It is the goal of the MSHCP to provide for conservation of Covered Species within the approximately 500,000 acre MSHCP Conservation Area (comprised of approximately 347,000 acres of existing Public/Quasi-Public Lands and 153,000 acres of new conservation on private lands). Conservation that may be identified to be desirable as a result of survey findings is not intended to increase the overall 500,000 acres of conservation anticipated under the MSHCP. Please refer to Section 6.0 of the MSHCP Plan, Volume I for more specific information regarding species survey requirements.

As projects are proposed within the MSHCP Plan Area, an assessment of the potentially significant effects of those projects on riparian/riverine areas and vernal pools will be performed as currently required by the California Environmental Quality Act (CEQA) using available information augmented by project-specific mapping. If the mapping identifies suitable habitat for any of the six species associated with riparian/riverine areas and vernal pools listed above and the proposed project design does not incorporate avoidance of the identified habitat, focused surveys for these six species will be conducted, and avoidance and minimization measures will be implemented in accordance with the species-specific objectives for these species. For more specific information regarding survey requirements for species associated with riparian/riverine areas and vernal pools, please refer to Section 6.1.2 of the MSHCP Plan, Volume I.

Habitat conservation is based on the particular Habitat requirements of each species as well as the known distribution data for each species. The existing MSHCP database does not, however, provide the level of detail sufficient to determine the extent of the presence or distribution of Narrow Endemic Plant Species within the MSHCP Plan Area. Since conservation planning decisions for these plant species will have a substantial effect on their status, additional information regarding the presence of these plant species must be gathered during the long-term implementation of the MSHCP to ensure that appropriate conservation of the Narrow Endemic Plants occurs. For more specific information regarding survey requirements for Narrow Endemic Plants, please refer to Section 6.1.3 of the MSHCP Plan, Volume I.

In addition to the Narrow Endemic Plant Species, additional surveys may be needed for certain species in conjunction with Plan implementation in order to achieve coverage for these species. The MSHCP must meet the Federal Endangered Species Act issuance criteria for Habitat Conservation Plans (HCP) which require, among other things, that the HCP disclose the impacts likely to result from the proposed Taking, and measures the applicant will undertake to avoid, minimize and mitigate such impacts. For these species in which coverage is sought under the MSHCP, existing available information is not sufficient to make findings necessary to satisfy these issuance criteria for Take authorization. Survey requirements are incorporated into the MSHCP to provide the level of information necessary to receive coverage for these species in the MSHCP.

Efforts have been made prior to approval of the MSHCP and will be made during the early baseline studies to be conducted as part of the MSHCP management and monitoring efforts to collect as much information as possible regarding the species requiring additional surveys. As data are collected and conclusions can be made regarding the presence of occupied Habitat within the MSHCP Conservation Area for these species, it is anticipated that survey requirements may be modified or waived. Please refer to Sections 6.1.3 and 6.3.2 of the MSHCP Plan, Volume I for more specific information regarding survey requirements.

## MSHCP DEFINITIONS

<b>Adaptive Management</b>	To use the results of new information gathered through the Monitoring Program of the Plan and from other sources to adjust management strategies and practices to assist in providing for the Conservation of Covered Species.
<b>Adaptive Management Program</b>	The MSHCP's program of Adaptive Management described in Section 5.0 of the MSHCP, Volume I.
<b>Additional Reserve Lands</b>	Conserved Habitat totaling approximately 153, 000 acres that are needed to meet the goals and objectives of the MSHCP and comprised of approximately 56, 000 acres of State and federal acquisition and mitigation for State Permittees, and approximately 97, 000 acres contributed by Local Permittees (Lands acquired since February 3, 2000 are included in the Local Permittees' Additional Reserve Lands contribution pursuant to correspondence discussed in Section 4.0 of the MSHCP, Volume I and on file with the County of Riverside)
<b>Agriculture</b>	For the species analyses, references to agriculture refer to the Vegetation Community, Agriculture, as depicted on the MSHCP Vegetation Map, Figure 2- 1 of the MSHCP, Volume I.
<b>Agricultural Operations</b>	The production of all plants (horticulture), fish farms, animals and related production activities, including the planting, cultivation and tillage of the soil, dairying, and apiculture; and the production, plowing, seeding, cultivation, growing, harvesting, pasturing and fallowing for the purpose of crop rotation of any agricultural commodity, including viticulture, apiculture, horticulture, and the breeding, feeding and raising of livestock, horses, fur-bearing animals, fish, or poultry, the operation, management, conservation, improvement or maintenance of a farm or ranch and its buildings, tools and equipment; the construction, operation and maintenance of ditches, canals, reservoirs, wells and/or waterways used for farming or ranching purposes and all uses conducted as a normal part of such Agricultural Operations; provided such actions are in compliance with all applicable laws and regulations. The definition of Agricultural Operations shall not include any activities on state and federal property or in the MSHCP Conservation Area.
<b>Allowable Uses</b>	Uses allowed within the MSHCP Conservation Area as defined in Section 7.0 of the MSHCP, Volume I.
<b>Annual Report</b>	The reports prepared pursuant to the requirements of Section 6.11 of the MSHCP, Volume I.
<b>Area Plan</b>	A community planning area defined in the County of Riverside General Plan. Sixteen County of Riverside Area Plans are located within the MSHCP Plan Area.
<b>Area Plan Subunit</b>	A portion of an Area Plan for which Biological Issues and Considerations and target acreages have been specified in Section 3.3 of the MSHCP, Volume I.
<b>Biological Issues and</b>	A list of biological factors to be used by participants in assembly of the MSHCP Conservation Area. Biological Issues and Considerations for each Area Plan Subunit in Section 3.3 of the MSHCP,

<b>Considerations</b>	Volume I.
<b>Biologically Equivalent or Superior Determination</b>	Documentation that a particular project alternative will be biologically equivalent or superior to a project consistent with the guidelines and thresholds established in the policies for the Protection of Species Associated with Riparian/Riverine Areas and Vernal Pools set forth in Section 6.1.2 of the MSHCP, policies for the Protection of Narrow Endemic Plant Species set forth in Section 6.1.3 of the MSHCP, Additional Survey Needs and Procedures policies set forth in Section 6.3.2 of the MSHCP, and the Criteria Refinement Process set forth in Section 6.5 of the MSHCP.
<b>Biological Monitoring Program</b>	The program detailing the requirements for monitoring of the MSHCP Conservation Area as set forth in Section 5.3 of the MSHCP, Volume I.
<b>Biological Monitoring Report</b>	Reports prepared pursuant to the requirements of Section 5.3.7 of the MSHCP, Volume I.
<b>Bioregion</b>	A generalized area with similar elevation, topography, soils and floristic characteristics within the MSHCP Plan Area. Seven Bioregions are identified in the MSHCP Plan Area and are depicted in Figure 2-6 of the MSHCP, Volume I.
<b>California Department of Fish and Game</b>	CDFG, a department of the California Resources Agency.
<b>California Department of Transportation</b>	Caltrans, a department of the California Business, Transportation and Housing Agency.
<b>Cell</b>	A unit within the Criteria Area generally 160 acres in size, approximating one quarter section.
<b>Cell Group</b>	An identified grouping of Cells within the Criteria Area.
<b>California Environmental Quality Act</b>	CEQA (California Public Resources Code, Section 21000 et seq.) and all guidelines promulgated thereunder, as amended. For the MSHCP, the County shall be the lead agency under CEQA as defined under State CEQA Guidelines section 15367.
<b>California Endangered Species Act</b>	CESA (California Fish and Game code, Section 2050 et seq.) and all rules, regulations and guidelines promulgated thereunder, as amended.
<b>Changed Circumstances</b>	Changes in circumstances affecting a Covered Species or the geographic area covered by the MSHCP that can reasonably be anticipated by the Parties and that can reasonably be planned for in the MSHCP. Changed Circumstances and the planned responses to those circumstances are more particularly described in Section 11.4 of the IA, and Section 6.8 of the MSHCP, Volume I. Changed Circumstances do not include Unforeseen Circumstances.
<b>Cities</b>	The cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, and Temecula, collectively.
<b>Community and</b>	CETAP, a process overseen by RC1 <sup>152/160</sup> Community Acceptability Process future transportation and communication



Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP)

<b>Environmental Transportation Acceptability Process</b>	corridors designed to relieve current traffic congestion and provide for the County's and the Cities' future transportation and communication needs.
<b>Conceptual Reserve Design</b>	A reserve concept developed for purposes of providing quantitative parameters for MSHCP species analyses, MSHCP Conservation Area description and target acreages within Area Plan Subunits. The Conceptual Reserve Design is intended to describe one way in which the Additional Reserve Lands could be assembled consistent with MSHCP Criteria.
<b>Conservation</b>	To use, and the use of, methods and procedures within the MSHCP Conservation Area and within the Plan Area as set forth in the MSHCP Plan, that are necessary to bring any listed species to the point at which the measures provided pursuant to FESA and the California Fish and Game Code are no longer necessary. However, Permittees will have no duty to enhance, restore or revegetate MSHCP Conservation Area lands unless required by the MSHCP Plan or agreed to through implementation of the Plan.
<b>Conservation Strategy</b>	The overall approach to assure conservation of individual species within the MSHCP Plan Area; for each individual species, the Conservation Strategy is comprised of four elements: (1) a global conservation goal; (2) global conservation objectives; (3) species-specific conservation objectives that are measurable; and (4) management and monitoring activities.
<b>Conserved Habitat</b>	Land that is permanently protected and managed in its natural state for the benefit of the Covered Species under legal arrangements that prevent its conversion to other land uses, and the institutional arrangements that provide for its ongoing management.
<b>Constrained Linkage</b>	A constricted connection expected to provide for movement of identified Planning Species between Core Areas, where options for assembly of the connection are limited due to existing patterns of use.
<b>Cooperative Organizational Structure</b>	The local administrative structure for Implementation and management of the MSHCP, as set forth in Section 6.6 of the MSHCP, Volume I.
<b>Core Area</b>	A block of Habitat of appropriate size, configuration, and vegetation characteristics to generally support the life history requirements of one or more Covered Species.
<b>Corridor</b>	Refers to the alignment area or footprint for manmade linear projects such as transportation facilities, pipelines and utility lines. Corridor does not have a biological meaning in the MSHCP lexicon.
<b>County</b>	County of Riverside
<b>County Flood Control</b>	Riverside County Flood Control and Water Conservation District
<b>County Parks</b>	Riverside County Regional Parks and Open Space District
<b>County Waste</b>	Riverside County Waste Management District
<b>Covered Activities</b>	Certain activities carried out or conducted by Permittees, Participating Special Entities, Third Parties Granted Take Authorization and others with 153/160 n Area, and described in Section 7 of the MSHCP, Volume I, that will receive Take Authorization under the Section 10(a) Permit and the NCCP Permit, provided these

activities are otherwise lawful.

<b>Covered Species</b>	The current 146 species within the MSHCP Plan Area that will be conserved by the MSHCP when the MSHCP is implemented. These species are discussed in Section 2.1.4 of the MSHCP, Volume I, and listed in Exhibit C to the IA and Section 9.2 of the MSHCP, Volume I.
<b>Covered Species Adequately Conserved</b>	The Initial 118 Covered Species and any of the remaining 28 Covered Species where the species objectives, set forth in Section 9.2 of the MSHCP, Volume I and Table 9-3, are met and which are provided Take Authorization through the NCCP Permit and for animals through the Section 10(a) Permit issued in conjunction with the IA. These species are discussed in Section 2.1.4 of the MSHCP, Volume I, and listed in Exhibit "D" to the IA and Section 9.2 of the MSHCP, Volume I.
<b>Criteria</b>	Descriptions provided for individual Cells or Cell Groups within the Criteria Area to guide assembly of the Additional Reserve Lands.
<b>Criteria Area</b>	The area comprised of Cells depicted on Figure 3-1 of the MSHCP, Volume I.
<b>Criteria Refinement Process</b>	The process through which changes to the Criteria may be made, where the refined Criteria result in the same or greater Conservation value and acreage to the MSHCP Conservation Area as determined through an equivalency analysis provided in support of the refinement.
<b>Critical Habitat</b>	Habitat for species listed under FESA that has been designated pursuant to Section 4 of FESA and identified in 50 C.F.R. §§ 17.95 and 17.96.
<b>Development</b>	The uses to which land shall be put, including construction of buildings, structures, infrastructure and all alterations of the land.
<b>Discretionary Project</b>	A proposed project requiring discretionary action or approval by a Permittee, as that term is used in CEQA and defined in State CEQA Guidelines section 15357, including issuance of a grading permit for County projects.
<b>Edge Effects</b>	Adverse direct and indirect effects to species, Habitats and Vegetation Communities along the natural urban/wildlands interface. May include predation by mesopredators (including native and non-native predators), invasion by exotic species, noise, lighting, urban runoff and other anthropogenic impacts (trampling of vegetation, trash and toxic materials dumping, etc.).
<b>Effective Date</b>	Date on which the IA takes effect, as set forth in Section 19.1 of the IA.
<b>Endangered Species</b>	Those species listed as endangered under FESA and CESA.
<b>Environmental Laws</b>	Includes state and federal laws governing or regulating the Impact of development activities on land, water or biological resources as they relate to Covered Species, including but not limited to CESA, FESA, the NCCP Act, CEQA, the National Environmental Policy Act ("NEPA"), the federal Migratory Bird Treaty Act ("MBTA"), the Fish and Wildlife Coordination Act, the Fish and Wildlife Act of 1956, the Federal Water Pollution Control Act (33 U.S.C., Section 1251 et seq.), the Native Plant Protection Act (California Fish and Game Code, Section 1900 et seq. and Sections 1801, 1802, 3511, 4700, 5050 and 5515) and includes any regulations promulgated pursuant to such laws.

<b>Executive Director</b>	Director of the Regional Conservation Authority
<b>Existing Agricultural Operations</b>	Those lands within the MSHCP Plan Area that are actively used for ongoing Agricultural Operations, as further defined in Section 11.3 of the IA and Section 6.2 of the MSHCP, Volume I.
<b>Existing Agricultural Operations Database</b>	The database created by the County to identify Existing Agricultural Operations, as further defined in Section 11.3 of the IA.
<b>Federal Endangered Species Act</b>	FESA (16 U.S.C., Section 1531 et seq.) And all rules and regulations promulgated thereunder, as amended.
<b>Feasible</b>	Capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors.
<b>Funding Coordination Committee</b>	A committee formed by the Regional Conservation Authority Board of Directors to provide input on local funding priorities and Additional Reserve Land acquisitions.
<b>Habitat</b>	The combination of environmental conditions of a specific place providing for the needs of a species or a population of such species.
<b>HabiTrak</b>	A GIS application to provide data on Habitat loss and Conservation which occurs under the Permits.
<b>Implementing Agreement</b>	The executed agreement that implements the terms and conditions of the MSHCP.
<b>Incidental Take (also see Take)</b>	Take of Covered Species Adequately Conserved incidental to and not the purpose of, an otherwise lawful activity, including, but not limited to, Take resulting from modification of Habitat as defined in FESA and its implementing regulations.
<b>Independent Science Advisors</b>	The qualified biologists, conservation experts and others that may be appointed by the Regional Conservation Authority Executive Director to provide scientific input to assist in the implementation of the MSHCP for the benefit of the Covered Species, as set forth in Section 6.6.7 of the MSHCP, Volume I.
<b>Linkage</b>	A connection between Core Areas with adequate size, configuration and vegetation characteristics to generally provide for "Live-In" Habitat and/or provide for genetic flow for identified Planning Species.
<b>Live-In Habitat</b>	Habitat that contains the necessary components to support key life history requirements of a species; e.g., year-round Habitat for permanent residents or breeding Habitat for migrant species.
<b>Local Development Mitigation Fee</b>	The fee imposed by applicable Local Permittees on new development pursuant to Government Code Section 66000 et seq.
<b>Local Permittees</b>	The Regional Conservation Authority, the County, County Flood Control, County Parks, County Waste, RCTC and the Cities.

Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP)

<b>Locality(ies)</b>	An area with multiple occurrences of a species based on the MSHCP species occurrence data base or literature citations as noted in individual species accounts.
<b>Long-Term Stephens' Kangaroo Rat</b>	The Long-Term SKR HCP in Western Riverside County dated Habitat Conservation Plan. March 1996, more particularly described in Section 16.2 of the IA.
<b>Maintenance Activities</b>	Those Covered Activities that include the on going maintenance of public facilities as described in Section 7.0 of the MSHCP, Volume I.
<b>Major Amendments</b>	Those proposed amendments to the MSHCP and the IA as described in Section 20.5 of the IA and Section 6.10 of the MSHCP, Volume I.
<b>Management Unit</b>	Broad areas planned to be consolidated for overall unified management of the MSHCP Conservation Area. Five management units have been defined and are depicted in Figure 5-1 of the MSHCP, Volume I.
<b>Migratory Bird Treaty Act</b>	Federal MBTA (16 U.S.C., Section 702 et seq.) and all rules and regulations promulgated thereunder, as amended.
<b>Migratory Bird Treaty Special Purpose Permit</b>	Act A permit issued by the USFWS under 50 Code of Federal Regulations, section 21.27, authorizing Take under the MBTA of the Covered Species Adequately Conserved listed as endangered or threatened under FESA in connection with the Covered Activities.
<b>Ministerial Approvals</b>	Certain City approvals involving little or no judgement by the City prior to issuance but that could have adverse impacts to Covered Species and their habitat.
<b>Minor Amendments</b>	Minor changes to the MSHCP and the IA as defined in Section 20.4 of the IA and Section 6.10 of the MSHCP, Volume I.
<b>Mitigation Lands</b>	Subset of Additional Reserve Lands totaling approximately 103, 000 acres, comprised of approximately 97, 000 acres contributed by Local Permittees, and approximately 6, 000 acres contributed by State Permittees.
<b>Monitoring Program</b>	The monitoring programs and activities set forth in Section 5.3 of the MSHCP, Volume I.
<b>Monitoring Program Administrator</b>	The individual or entity responsible for administering the Monitoring Program, as described in Section 5.0 of the MSHCP, Volume I.
<b>MSHCP Conservation Area</b>	Approximately 500, 000 acres comprised of approximately 347, 000 acres of Public/Quasi-Public Lands and approximately 153, 000 acres of Additional Reserve Lands within Western Riverside County. The MSHCP Conservation Area provides for the conservation of the Covered Species.
<b>MSHCP Plan Area</b>	The boundaries of the MSHCP, consisting of an approximate 1, 966 square-mile area in Western Riverside County, as depicted in Figure 1-2 of the MSHCP Plan, Volume I, and Exhibit B of the IA.
<b>Multiple Species Habitat</b>	Western Riverside County Multiple Species Habitat Conservation

<b>Conservation Plan (MSHCP)</b>	Plan, a comprehensive habitat conservation planning program that addresses multiple species' needs, including Habitat, and the preservation of native vegetation in Western Riverside County, as depicted in Figure 3-1 of the MSHCP Plan, Volume I, and Exhibit A of the IA.
<b>NCCP Act</b>	California Natural Community Conservation Planning Act (California Fish and Game Code, Section 2800 et seq.) including all regulation promulgated thereunder, as amended.
<b>NCCP Permit</b>	The Permit issued in accordance with the IA by CDFG under the NCCP Act to permit the Take of identified species, including rare species, species listed under CESA as threatened or endangered, a species that is a candidate for listing, and unlisted species.
<b>National Environmental Policy Act</b>	NEPA (42 U.S.C., Section 4321-4335) and all rules, regulations promulgated thereunder, as amended. For the purposes of the MSHCP, USFWS is the lead agency under NEPA as defined in 40 Code of Federal Regulations section 1508.16.
<b>Narrow Endemic Plant Species</b>	Plant species that are highly restricted by their Habitat affinities, edaphic requirements or other ecological factors, and for which specific conservation measures have been identified in Section 6.1.3 of the MSHCP, Volume I.
<b>New Agricultural Lands</b>	The acreage converted to Agricultural Operations after the Effective Date of the IA, as described in Section 11.3 of the IA and Section 6.2 of the MSHCP, Volume I.
<b>New Agricultural Lands Cap</b>	A designated maximum number of acres of New Agricultural Land within the Criteria Area, as described in Section 11.3 of the IA and Section 6.2 of the MSHCP, Volume I.
<b>No Surprises Assurance</b>	Provided Permittees are implementing the terms and conditions of MSHCP, the IA, and the Permit(s), the USFWS can only require additional mitigation for Covered Species Adequately Conserved beyond that provided for in the MSHCP as a result of Unforeseen Circumstances in accordance with the "No Surprises" regulations at 50 Code of Federal Regulations sections 17.22(b)(5) and 17.32(b)(5) and as discussed in Section 6.8 of the MSHCP, Volume I.
<b>Non-contiguous Habitat Block</b>	A block of Habitat not connected to other Habitat areas via a Linkage or Constrained Linkage.
<b>Other Species</b>	Species that are not identified as Covered Species under the MSHCP.
<b>Participating Special Entity</b>	Any regional public facility provider, such as a utility company or a public district or agency, that operates and/or owns land within the MSHCP Plan Area and that applies for Take Authorization pursuant to Section 11.8 of the IA.
<b>Party and Parties</b>	The signatories to the IA, namely the Regional Conservation Authority, the County, County Flood Control, County Parks, County Waste, RCTC, the Cities, Caltrans, State Parks, USFWS and CDFG and any other city within the Plan Area that incorporates after the Effective Date and complies with Section 11.6 of the IA.
<b>Permit(s)</b>	Collectively, the Section 10(a) Permit and NCCP Permit issued by the Wildlife Agencies to Permittees for Take of Covered Species Adequately Conserved pursuant to FESA, CESA and the NCCP Act and In conformance with the MSHCP and the IA.

<b>Permittees</b>	The Regional Conservation Authority, the County, County Flood Control, County Parks, County Waste, RCTC, the Cities, Caltrans and State Parks.
<b>Plan Area</b>	See "MSHCP Plan Area."
<b>Plan Participants</b>	The Regional Conservation Authority, the County, County Flood Control, County Parks, County Waste, RCTC, the Cities, Caltrans and State Parks and others receiving Take Authorization under the Permits.
<b>Planning Agreement</b>	The document prepared pursuant to the NCCP Act to guide development of the MSHCP, that is contained in Appendix A of the MSHCP, Volume I.
<b>Planning Species</b>	Subsets of Covered Species that are identified to provide guidance for Reserve Assembly in Cores and Linkages and/or Area Plans.
<b>Public/Quasi-Public Lands</b>	Subset of MSHCP Conservation Area lands totaling approximately 347, 000 acres of lands known to be in public/private ownership and expected to be managed for open space value and/or in a manner that contributes to the Conservation of Covered Species (including lands contained in existing reserves), as generally depicted in Figure 3-1 of the MSHCP, Volume I.
<b>Riverside County Transportation Commission</b>	RCTC, created pursuant to California Public Utilities Code section 130050.
<b>Regional Conservation Authority</b>	The Western Riverside County Regional Conservation Authority, a joint regional authority formed by the County and the Cities to provide primary policy direction for implementation of the MSHCP, as set forth in Section 6.6 of the MSHCP, Volume I, and Section 11.2 of the IA.
<b>Reserve Assembly</b>	Acquisition and Conservation of Additional Reserve Lands.
<b>Reserve Management Oversight</b>	The committee established by the Executive Director to provide Committee biological, technical and operational expertise for implementation of the MSHCP, including oversight of the MSHCP Conservation Area as described in Section 11.2 of the IA and Section 6.6 of the MSHCP, Volume I.
<b>Reserve Management Plan(s)</b>	The plan(s) setting forth management practices for identified portions of the MSHCP Conservation Area prepared and adopted as described in Section 5 of the MSHCP, Volume I.
<b>Reserve Managers</b>	The entities managing identified portions of the MSHCP Conservation Area for the benefit of the Covered Species as described in Section 6.6.5 of the MSHCP, Volume I.
<b>Rough Step</b>	A Reserve Assembly accounting process to monitor Conservation and loss of specified Habitats within the Criteria Area.
<b>Rough Step Analysis Unit</b>	A geographic unit within which Rough Step is tracked. Rough Step Analysis Units are depicted in Figure 6-6 of the MSHCP, Volume I.
<b>Rural</b>	A County of Riverside General Plan land use designation currently permitting single-family residential uses with a

<b>Mountainous</b>	minimum lot size of 10 acres with limited animal keeping and agricultural uses allowed; characterizes areas of at least 10 acres where a minimum of 70% of the area has slopes of 25% or greater
<b>Section 10(a) Permit</b>	The permit issued by the USFWS to Permittees, in conformance with the IA and pursuant to 16 U.S.C. section 1539(a), authorizing Take of Covered Species Adequately Conserved.
<b>State Assurances</b>	Except for provisions in Section 15.5 of the IA, provided Permittees are implementing the terms and conditions of the MSHCP, the IA, and the Permits, if there are Unforeseen Circumstances, CDFG shall not require additional land, water or financial compensation or additional restrictions on the use of land, water or other natural resources for the life of the NCCP Permit without the consent of the Permittees, unless CDFG determines that continued implementation of the IA, the MSHCP, and/or the Permits would jeopardize the continued existence of a Covered Species, or as required by law and would therefore lead to NCCP Permit revocation or suspension.
<b>State Parks</b>	California Department of Parks and Recreation, a department of the California Resources Agency.
<b>State Permittees</b>	Caltrans and State Department of Parks and Recreation.
<b>Take</b>	The definition of such term in FESA with regard to species listed under FESA, and the definition of such term in the California Fish and Game Code with regard to species listed under CESA.
<b>Take Authorization</b>	The ability to Take species pursuant to the Section 10(a) Permit and/or the NCCP Permit.
<b>Third Party Granted Authorization</b>	Take Any Third Party that receives Third Party Take Authorization in compliance with Section 17 of the IA.
<b>Third Party Take Authorization</b>	Take Authorization received by a landowner, developer, farming interest or other public or private entity from the Permittees pursuant to Section 17 of the IA, thereby receiving Take Authorization for Covered Species Adequately Conserved pursuant to the Permits and in conformance with the MSHCP and IA.
<b>Threatened Species</b>	Those species listed as threatened under FESA and CESA.
<b>Unforeseen Circumstances</b>	Changes in circumstances affecting a Covered Species Adequately Conserved or geographic area covered by the MSHCP that could not reasonably have been anticipated by the Parties at the time of the MSHCP's negotiation and development, and that result in a substantial and adverse change in the status of the Covered Species Adequately Conserved. The term "Unforeseen Circumstances" as defined in the IA is intended to have the same meaning as it is used: 1) to define the limit of the Permittees' obligation on the "No Surprises" regulations set forth in 50 Code of Federal Regulations, sections 17.22 (b)(5) and 17.32 (b)(5); and 2) in California Fish and Game Code section 2805(k).
<b>Unlisted Species</b>	A species that is not listed as rare, endangered or threatened under FESA, CESA or other applicable state or federal law.
<b>United States Fish and Wildlife Service</b>	USFWS, an agency of the United States Department of the Interior.
<b>Urban/Wildlands Interface</b>	The area where structures and other development occurs in proximity to the MSHCP Conservation Area.

**Vegetation Community(ies)** A group of plants that tend to occur together in consistent, definable groups based on typical constituents as depicted on the MSHCP Vegetation Map, Figure 2-1 of the MSHCP, Volume I.

**Wildlife Agencies** The USFWS and CDFG, collectively.

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