

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**November 6, 2017**

- 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, October 16, 2017\* (p. 3)
  - B. Approval of the Minutes of the Finance and Budget Workshop, October 23, 2017\* (p. 8)
  - C. Approval of the Finance and Budget Workshop Report, October 23, 2017\* (p.11)
- 5. Reports:**
  - A. General Manager's Report
    1. Operations Report
    2. General Agency Updates
  - B. Directors' Reports
- 6. New Business:**
  - A. Public Hearing for Ordinance 15, Increasing the Number of Days per Month which will be Eligible for Director Compensation, Restating the Current Amount of Compensation, and Updating Compensation Guidelines\* (p. 40)
  - B. Discussion and Possible Action on Ordinance 15, Increasing the Number of Days per Month which will be Eligible for Director Compensation, Restating the Current Amount of Compensation, and Updating Compensation Guidelines\* (p. 47)
  - C. Discussion and Possible Action on Award of Construction Contract for Construction of Mountain View Connection and Beaumont Avenue Recharge Facility\* (p. 50)
  - D. Discussion of Potential Methods of Funding Future Water Supplies\* (p. 53)
- 7. Topics for Future Agendas**
- 8. Announcements:**
  - A. Office closed November 10, 2017 in observance of Veterans Day
  - B. Engineering Workshop, November 13, 2017 at 1:30 p.m.
  - C. Regular Board Meeting, November 20, 2017 at 1:30 p.m.

## 9. Closed Session (3 Items)

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Government Code section 54956.8  
Property: Potential water rights/supplies offers from the Priest Valley Cattle Company  
Agency negotiator: Jeff Davis, General Manager  
Negotiating parties: Ceil Howe  
Under negotiation: price and terms of payment
  
- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Government Code Section 54956.8  
Property: Potential transfer of State Water Project rights/supplies among State Water Project Contractors  
Agency negotiator: Jeff Davis, General Manager  
Negotiating parties: Dudley Ridge Water District, Dale Melville, Manager-Engineer  
Under negotiation: price and terms of payment
  
- C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Government Code section 54956.8  
Property: Potential water rights/supplies offers from the City of Ventura  
Agency negotiator: Jeff Davis, General Manager  
Negotiating parties: Lynn Takaichi  
Under negotiation: price and terms of payment

## 10. Adjournment

### Information included in Agenda Packet

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: [www.sgpwa.com](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**  
**October 16, 2017**

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

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

1. **Call to Order, Flag Salute, Invocation, and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President David Fenn at 1:30 p.m., October 16, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Duncan gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* General Manager Davis requested that 6A take place after item 3 of the Agenda - Public Comment. The Board was in agreement with the change. The Agenda was adopted as amended.
3. **Public Comment:** *President Fenn asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency.* Ernest Wright (President, High Valleys Water District) thanked the Board for all of its efforts on bringing additional water to the region. He also thanked the Board for retaining Jeff Davis as the Agency's General Manager as he has shown to be very successful in the past and is sure to be in the future with the support of the Board. He stated that General Manager Davis has been very helpful in efforts to secure water for HVWD.
6. **New Business:**
  - A. **Consideration of and Possible Action on Agency's Annual Financial Audit (Eden Casareno – Eadie & Payne):** A staff report and a copy of the Financial Statements and Supplementary Information with Independent Auditors' Report for the Years Ended June 30, 2017 and 2016 were included in the agenda packet. General Manager Davis introduced Eden Casareno of Eadie & Payne. General Manager Davis informed the Board that the Auditor's Report will be uploaded to the Agency's website. Ms. Casareno introduced her co-worker, Don Eckert – Risk Management Director. She informed the Board that the Audit for the Agency was completed on October 12, 2017. Ms. Casareno provided a PowerPoint presentation and spoke on the financial highlights, internal control, management comments, and additional required

auditor communications. A review of the Statement of Net Position showed a net position for 2017 at \$173.67 million. The Statement of Revenues, Expenses and Changes Net Position chart reflected a change in Net Position for 2017 at \$6.70 million. A review of the Internal Control and Management Comments was provided, as well as a review on the required Auditor Communications. Ms. Casareno answered questions from the Board and staff. Ms. Casareno concluded her presentation. After discussion, Director Castaldo made a motion, seconded by Director Duncan, to accept the Agency's June 30, 2017 and 2016 Annual Financial Audit. Motion passed 7-0.

**4. Consent Calendar:**

- A. Approval of the Minutes of the Regular Board Meeting, October 2, 2017
- B. Approval of the Minutes of the Engineering Workshop, October 9, 2017

Director Stephenson made a motion, seconded by Director Duncan, to approve the consent calendar as presented. Motion passed 7-0.

**5. Reports:**

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

**(1) Operations Report: (a) SWP Water Deliveries:** The Agency has delivered 700 acre-feet of water to the Noble Creek Connection, so far this month. DWR did a brief shutdown last week, and there were a few issues at Citrus Reservoir. The Agency is delivering as much water as possible to minimize carryover.

**(2) General Agency Updates: (a) Cal WaterFix:** Eleven Contactors have passed resolutions supporting the Cal WaterFix, including Metropolitan Water District and Kern County Water Agency. **(b) Noble Connection:** General Manager Davis met with General Manager Jaggars (BCVWD) last week to set a schedule for implementing expansion of the Noble Connection. The goal is to have the design done by January and then decide how and when to advertise for construction. **(c) IERCD** is sponsoring its annual "speak off" for high school students. This competition is a three to five minute speech on Resource Conservation Districts. Several Beaumont High students are registered. Regional competition is this Thursday night. The winner will go to Sacramento for a statewide contest. **(d) Lake Oroville Spillway Ceremony:** Director Grant Davis (DWR) has decided to not hold a ceremony as previously announced at the last Board meeting; instead he will be holding a press conference on November 1<sup>st</sup>. **(e) Beaumont Avenue Recharge Facility:** the mandatory Pre-bid meeting was held on October 12<sup>th</sup>, with five contractors in attendance.

**B. General Counsel Report:** A written report was included in the Agenda packet. **(a).** General Counsel Ferre stated that since his submission of his written report, AB 313 had been vetoed by the Governor. The bill would transfer the responsibility for conducting adjudicative hearings of certain water rights enforcement action from the State Water Resources Control Board to a new Water

Rights Division in the Office of Administrative Hearings. Governor Brown stated that administrative law judges can be effective in complex adjudicative matters. He is directing the Environmental Protection Agency to evaluate the potential role for administrative law judges and provide a recommendation on improvements to the Board's hearing process by January 1, 2018.

**C. Directors Reports:** (1) **Director Stephenson** reported that he attended the YVWD Board workshop on October 10<sup>th</sup>; he also attended the Calimesa Planning Commission meeting last week. (2) **Director Duncan** reported that he attended the City of Banning - State of the City event on October 11<sup>th</sup>. It was noted during the event that 7300 new homes will be built in the Banning area. (3) **Director Thompson** reported that he attended the Agency's Finance and Budget Committee meeting on October 5<sup>th</sup>. He stated that in attendance were the auditors. He reported on the discussion that took place during the meeting. In particular, should there be any discrepancy that the auditors found they would try to resolve it first with staff. If a discrepancy could not be resolved, then the auditors would bring the matter before the board. (4) **Director Castaldo** reported on the Beaumont Chamber of Commerce luncheon that he attended on October 12<sup>th</sup>. Dr. John Husing was the guest speaker and spoke on the economic forecast for the Pass area. (5) **President Fenn** reported that he also attended the Beaumont Chamber of Commerce luncheon. President Fenn spoke on the conforming loan limit that Dr. Husing addressed. President Fenn also reported on the BCVWD Engineering workshop. (6) **Director Ball** reported on the Capacity Fee Ad-Hoc Committee meeting, stating that discussion took place on various alternatives for a capacity fee. The Committee will be bringing up for discussion at a future board meeting other options that are available to the Agency. (7) **Director Castaldo** reported that Dan Jagers was awarded the position of General Manager for BCVWD.

**D. Water Conservation and Education Committee Report:** A Committee report was included in the agenda packet. Director Thompson (Chair) informed the Board that discussion took place on the purchase of groundwater models which would be provided to both Banning High School and Beaumont High School. It would involve partnering with Inland Empire Resource Conservation District, where IERCD would be in charge of teaching the educators on how to use the model and provide presentations to their students. Another thought is to do a large ad in the local newspapers on water conservation. Director Lehtonen added that the committee would like to discuss this idea with the local water retailers on how to make the ads more effective.

## 6. **New Business:**

**A. Consideration of and Possible Action on Agency's Annual Financial Audit (Eden Casareno – Eadie & Payne):** This item was discussed after item 3 of the agenda packet.

**B. Consideration of and Possible Action on Resolution 2017-15 Authorizing Agency to Apply for Two SGMA Grants Under Proposition 1:** A Staff report and Resolution No. 2017-15 were included in the agenda packet. General Manager Davis stated that during the Engineering workshop last week, staff informed the Board that the San Geronio Pass Sub-basin GSA decided to apply for two grants from the Department of Water Resources to support the effort to produce a GSP for the San Geronio Pass sub-basin. The Agency was asked by the participants to proceed with the Grant proposal. It is understood by the participants in the GSA that the Agency will recover its costs for the proposal at some later date. There will be a small impact on the Agency's overall budget when cost recovery is applied to the cost of the proposal of \$37,023. He explained that before an application can be submitted for the grants a resolution has to be passed by the governing body of the applying entity. Director Stephenson made a motion, seconded by Director Duncan, to approve Resolution No. 2017-15. Motion passed 7-0.

**C. Consideration of and Possible Action on Joint Funding Agreement with United States Geological Survey for 2017-2018:** A Staff report and a copy of the Joint Funding Agreement were included in the agenda packet. General Manager Davis stated that each year the Agency works with the USGS on various tasks and projects. The purpose of this proposed Board action is to approve the USGS work plan and joint funding agreement for the period of October 2017 through November 2018. The proposed work in the work plan under consideration is for the monitoring of groundwater wells for water level and water quality. The total cost to the Agency for this work will be \$116,200, with the USGS providing matching funds of \$9500.00. After discussion, Director Stephenson made a motion, seconded by Director Duncan, authorizing the General Manager to sign the proposed cooperative agreement with the USGS for a maximum expenditure of \$116,200. Motion passed 7-0.

**D. Consideration of and Possible Action on Surplus Water Sale Agreement with San Bernardino Valley Municipal Water District (District):** A Staff report and a draft redlined copy of the Surplus Water Sale Agreement were included in the agenda packet. General Manager Davis stated the Board had asked to review changes that were made to a previous draft of the agreement. The redlined draft copy that is included in the agenda packet has been reviewed by General Counsel Ferre and there were non-substantive changes made to the agreement. General Manger Davis stated that for a number of years, staff has engaged in discussions with Valley District to obtain wet-year yield when it is available. There were two issues that needed to be resolved prior to any type of an agreement. The first issue was that the District had to renegotiate its agreement with Metropolitan, asking them if it was acceptable to name SGPWA as the first recipient of District surplus water; Met agreed. The second issue was to adopt an ordinance defining conditions to declare a surplus. These steps have now been completed. The Board also discussed the principles of this agreement a number of months ago at an Engineering workshop. General Manager Davis and the Board discussed the price of the surplus water and how it would be paid for. General Counsel Ferre explained that this agreement specifies that the Agency will have the right of first refusal for the surplus water up to 5,000 acre-feet. President Fenn, made a motion, seconded by Director Castaldo, to approve the Surplus Water Sale Agreement with the

District, and authorized the General Manager or President to sign the Agreement on behalf of the Agency. Motion passed 7-0.

**7. Topics for Future Agendas:** President Fenn requested a review of the current rate structure at a Finance and Budget Workshop. Director Thompson requested discussion on rules and goals for Retail Manager meetings. Director Stephenson stated that discussion on Nickel water and District water will need to be discussed during the water rate structure. Director Lehtonen reminded the Board that a Strategic Planning meeting will take place next week after the Finance and Budget meeting.

**8. Announcements:**

- A. Finance and Budget Workshop, October 23, 2017 at 1:30 p.m.
- B. San Gorgonio Pass Regional Water Alliance, October 25, 2017  
at 5:00 p.m. – Banning City Council Chambers
- C. Regular Board Meeting, November 6, 2017 at 1:30 p.m.

**9. Adjournment**

**Time: 2:41 p.m.**

*Draft - Subject to Board Approval*

Jeffrey W. Davis, Secretary of the Board

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board Finance and Budget Workshop**  
**October 23, 2017**

**Directors Present:** David Fenn, President  
Ron Duncan, Vice President  
Lenny Stephenson, Treasurer  
David Castaldo, Director  
Blair Ball, Director; left at 3:10 pm  
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 1:30 pm, October 23, 2017, in the Agency Board 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 September, 2017 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Ball, seconded by Director Lehtonen, to recommend that the Board ratify paid monthly invoices of \$9,996,837.93 and payroll of \$31,933.39 for the month of September, 2017, for a combined total of \$10,028,771.32. 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 Castaldo, to recommend that the Board approve payment of the pending legal invoices for September, 2017. The motion passed, 7 in favor, no opposed.
  - C. Review of September, 2017 Bank Reconciliation: Director Stephenson asked for input about the auditor's suggestion of comparing the bank reconciliation produced by the accounting software, QuickBooks, with the bank reconciliation done by staff. The consensus of the Board was that review of these items by the Committee was sufficient. After further review and discussion, a motion was

made by Director Ball, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for September, 2017 as presented. The motion passed, 7 in favor, no opposed.

- D. Review of Budget Report for September, 2017: After review and discussion, a motion was made by Director Duncan, seconded by Director Castaldo, to recommend that the Board acknowledge receipt of the Budget Report for September, 2017. The motion passed, 7 in favor, no opposed.
- E. Review of Cash Reconciliation Report for June 30, 2017: Finance Manager Tom Todd began the presentation by noting the relationship between the recently completed financial audit of the Agency for FY 2016-17 with the amounts listed in this report. After review and discussion, a motion was made by Director Lehtonen, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Cash Reconciliation Report for June 30, 2017. The motion passed, 7 in favor, no opposed.
- F. Review of Cash Reconciliation Report for September 30, 2017: After review and discussion, a motion was made by Director Duncan, seconded by Director Castaldo, to recommend that the Board acknowledge receipt of the Cash Reconciliation Report for September 30, 2017. The motion passed, 7 in favor, no opposed.
- G. Review of Reserve Allocation Report for June 30, 2017: After review and discussion, a motion was made by Director Duncan, seconded by Director Thompson, to recommend that the Board accept the Reserve Allocation Report without change for June 30, 2017. The motion passed, 7 in favor, no opposed.
- H. Review of Reserve Allocation Report for September 30, 2017: After review and discussion, a motion was made by Director Ball, seconded by Director Duncan, to recommend that the Board accept the Reserve Allocation Report without change for September 30, 2017. The motion passed, 7 in favor, no opposed.
- I. Review of Investment Report for June 30, 2017: Finance Manager Todd handed out copies of the Report. After review and discussion, a motion was made by Director Castaldo, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Investment Report for June 30, 2017. The motion passed, 7 in favor, no opposed.
- J. Review of Investment Report for September 30, 2017: Finance Manager Todd handed out copies of the Report. The Board discussed the allocation of funds to the Bank of Hemet. The consensus of the Board was to leave funds deposited at the Bank of Hemet for now, but to contact the Bank and inquire about alternatives for the future. After further review and discussion, a motion was made by President Fenn, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Investment Report for September 30, 2017. The motion passed, 7 in favor, no opposed.

- K. **Review of Procurement Policy:** General Manager Jeff Davis opened the discussion by noting that the policy states that it should be reviewed every 2 years, or when there is a change in the Board or the General Manager. General Manager Davis noted that there was no guidance for small cost items like sponsorships. The consensus of the Board was to have Legal Counsel review the policy, and come back to the Board with recommendations, if any.
  - L. **Review of Water Rate Components:** General Manager Davis opened the discussion by noting that this item was requested by the Board. The intent of the item was to remind the Board of the items the Board chose to recover in the water rate, according to the study presented by David Taussig Associates in 2008 and adopted by the Board effective February, 2009. After review, it was the consensus of the Board that further discussion about this item should be included in the presentation being made to the Board at its next meeting, November 6, 2017.
5. **Announcements:** Director Stephenson referred to the announcements:
- A. San Gorgonio Pass Regional Water Alliance, October 25, 2017, 5:00 pm, Banning City Council Chambers
  - B. Regular Board Meeting, November 6, 2017, 1:30 pm
  - C. Engineering Workshop, November 13, 2017, 1:30 pm
6. **Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 3:18 pm.

Draft - Not Approved

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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 October 23, 2017. The following recommendations were made:

1. The Board ratify payment of Invoices of \$9,996,837.93 and Payroll of \$31,933.39 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for October, 2017 for a combined total of \$10,028,771.32.
2. The Board authorize payment of the following vendor's amounts:

|                          |             |
|--------------------------|-------------|
| Best, Best & Krieger LLP | \$12,058.70 |
|--------------------------|-------------|
3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for September, 2017
  - B. Budget Report for September, 2017
4.
  - A. Cash Reconciliation Report for June 30, 2017
  - B. Cash Reconciliation Report for September 30, 2017
  - C. Reserve Allocation Report for June 30, 2017
  - D. Reserve Allocation Report for September 30, 2017
  - E. Investment Report for June 30, 2017
  - F. Investment Report for September 30, 2017

# SAN GORGONIO PASS WATER AGENCY

1210 Beaumont Ave, Beaumont, CA 92223

Board Finance & Budget Workshop

Agenda

October 23, 2017, at 1:30 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 September, 2017 by Reviewing Check History Reports in Detail\*
- B. Review of Pending Legal Invoices\*
- C. Review of September, 2017 Bank Reconciliation\*
- D. Review of Budget Report for September, 2017\*
- E. Review of Cash Reconciliation Report for June 30, 2017\*
- F. Review of Cash Reconciliation Report for September 30, 2017\*
- G. Review of Reserve Allocation Report for June 30, 2017\*
- H. Review of Reserve Allocation Report for September 30, 2017\*
- I. Review of Investment Report for June 30, 2017
- J. Review of Investment Report for September 30, 2017
- K. Review of Procurement Policy\*
- L. Review of Water Rate Components\*

**5. Announcements**

- A. San Gorgonio Pass Regional Water Alliance, October 25, 2017, 5:00 pm, Banning City Council Chambers
- B. Regular Board Meeting, November 6, 2017, 1:30 pm
- C. Engineering Workshop, November 13, 2017, 1:30 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 request for a disability-related modification or accommodation.

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

|                  |
|------------------|
| ACCOUNTS PAYABLE |
|------------------|

| <u>Date</u>                   | <u>Number</u> | <u>Name</u>                               | <u>Amount</u> |
|-------------------------------|---------------|---|---------------|
| 09/05/2017                    | 118574        | ARMSTRONG & BROOKS ENGINEERS              | 22,323.75     |
| 09/05/2017                    | 118575        | BEAUMONT-CHERRY VALLEY WATER DISTRICT     | 472.60        |
| 09/05/2017                    | 118576        | BDL ALARMS, INC.                          | 78.00         |
| 09/05/2017                    | 118577        | BEST BEST & KRIEGER                       | 21,679.51     |
| 09/05/2017                    | 118578        | EADIE AND PAYNE LLP                       | 11,275.00     |
| 09/05/2017                    | 118579        | STEPHEN J. LEHTONEN                       | 290.23        |
| 09/05/2017                    | 118580        | CHERYLE M. RASMUSSEN                      | 27.82         |
| 09/05/2017                    | 118581        | UNDERGROUND SERVICE ALERT                 | 33.10         |
| 09/11/2017                    | 118582        | ACWA BENEFITS                             | 759.58        |
| 09/11/2017                    | 118583        | ALBERT WEBB ASSOCIATES                    | 2,228.00      |
| 09/11/2017                    | 118584        | AUTOMATION PRIDE                          | 100.00        |
| 09/11/2017                    | 118585        | DAVID J. CASTALDO                         | 2,910.00      |
| 09/11/2017                    | 118586        | EADIE AND PAYNE LLP                       | 4,680.00      |
| 09/11/2017                    | 118587        | GOPHER PATROL                             | 51.00         |
| 09/11/2017                    | 118588        | SOUTHERN CALIFORNIA NEWS GROUP            | 32.40         |
| 09/11/2017                    | 118589        | UNLIMITED SERVICES BUILDING MAINT.        | 295.00        |
| 09/11/2017                    | 118590        | WASTE MANAGEMENT INLAND EMPIRE            | 94.80         |
| 09/18/2017                    | 118591        | JEFFREY W. DAVIS                          | 522.74        |
| 09/18/2017                    | 118592        | ERNST & YOUNG LLP                         | 1,032.00      |
| 09/18/2017                    | 118593        | DAVID L. FENN                             | 50.00         |
| 09/18/2017                    | 118594        | FRONTIER COMMUNICATIONS                   | 1,212.90      |
| 09/18/2017                    | 118595        | PROVOST & PRITCHARD                       | 8,340.00      |
| 09/18/2017                    | 118596        | THOMAS W. TODD, JR.                       | 490.59        |
| 09/18/2017                    | 118597        | VISIONARY LOGICS                          | 90.00         |
| 09/18/2017                    | 118598        | WELLS FARGO REMITTANCE CENTER             | 3,648.41      |
| 09/25/2017                    | 118599        | AT&T MOBILITY                             | 263.08        |
| 09/25/2017                    | 118600        | BEAUMONT COPY & GRAPHICS                  | 1,124.64      |
| 09/25/2017                    | 118601        | CITRUS MOTORS                             | 33,666.21     |
| 09/25/2017                    | 118602        | DAVID TAUSSIG & ASSOCIATES, INC.          | 975.00        |
| 09/25/2017                    | 118603        | INCONTACT, INC.                           | 152.23        |
| 09/25/2017                    | 118604        | MATTHEW PISTILLI LANDSCAPE SERVICES       | 325.00        |
| 09/25/2017                    | 118605        | SAN BERNARDINO VALLEY MUNI WATER DISTRICT | 290,322.57    |
| 09/25/2017                    | 118606        | SOUTHERN CALIFORNIA EDISON                | 161.21        |
| 09/25/2017                    | 118607        | SAN BERNARDINO VALLEY MUNI WATER DISTRICT | 146,099.40    |
| 09/29/2017                    | 118608        | STANDARD INSURANCE COMPANY                | 445.74        |
| 09/15/2017                    | 587931        | EMPLOYMENT DEVELOPMENT DEPARTMENT         | 1,210.00      |
| 09/15/2017                    | 560051        | ELECTRONIC FEDERAL TAX PAYMENT SYSTEM     | 6,750.15      |
| 09/29/2017                    | 537519        | EMPLOYMENT DEVELOPMENT DEPARTMENT         | 1,073.12      |
| 09/29/2017                    | 592639        | ELECTRONIC FEDERAL TAX PAYMENT SYSTEM     | 5,812.17      |
| 09/15/2017                    | 900150        | CALPERS RETIREMENT                        | 5,974.63      |
| 09/18/2017                    | 900151        | CALPERS HEALTH                            | 7,747.81      |
| 09/29/2017                    | 900152        | CALPERS RETIREMENT                        | 5,880.54      |
| 09/29/2017                    | 900153        | DEPARTMENT OF WATER RESOURCES             | 9,406,137.00  |
| TOTAL ACCOUNTS PAYABLE CHECKS |               |   | 9,996,837.93  |

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

|         |
|---------|
| PAYROLL |
|---------|

| Date                                    | Number | Name                  | Amount        |
|---|--------|-----------------------|---------------|
| 09/14/2017                              | 801429 | BLAIR M. BALL         | 698.04        |
| 09/14/2017                              | 801430 | JEFFREY W. DAVIS      | 4,782.42      |
| 09/14/2017                              | 801431 | KENNETH M. FALLS      | 3,535.77      |
| 09/14/2017                              | 801432 | CHERYLE M. RASMUSSEN  | 2,212.54      |
| 09/14/2017                              | 801433 | THOMAS W. TODD, JR.   | 3,546.72      |
| 09/28/2017                              | 801434 | JEFFREY W. DAVIS      | 5,192.36      |
| 09/28/2017                              | 801435 | KENNETH M. FALLS      | 2,702.58      |
| 09/28/2017                              | 801436 | DAVID L. FENN         | 1,167.90      |
| 09/28/2017                              | 801437 | STEPHEN J. LEHTONEN   | 1,167.90      |
| 09/28/2017                              | 801438 | CHERYLE M. RASMUSSEN  | 2,212.54      |
| 09/28/2017                              | 801439 | LEONARD C. STEPHENSON | 1,167.90      |
| 09/28/2017                              | 801440 | THOMAS W. TODD, JR.   | 3,546.72      |
| TOTAL PAYROLL                           |        |                       | 31,933.39     |
| TOTAL DISBURSEMENTS FOR SEPTEMBER, 2017 |        |                       | 10,028,771.32 |

SAN GORGONIO PASS WATER AGENCY  
 New Vendors List  
 October, 2017

| Vendor - Name and Address   | Expenditure Type           |
|---|----------------------------|
| Beaumont Copy & Graphics<br>625 Beaumont Ave.<br>Beaumont, CA 92223   | Fiesta Recharge Facility   |
| Citurs Motors - Ford<br>1375 Woodruff Way<br>Ontario, CA 91761  | Vehicle Purchase           |
| Eadie and Payne LLP<br>old address:<br>1839 W. Redlands Blvd; Redlands, CA 92373<br>P O Box 9360 Redlands, CA 92375<br>new address:<br>3880 Lemon St Suite 300; Riverside, CA 92501<br>P O Box 1529; Riverside, CA 92502-1529 | Auditing Services          |
| Woodard & Curran, Inc.<br>Consultant physical address:<br>888 S. Figueroa, Suite 1700; Los Angeles, CA 90017<br>Billing address:<br>P O Box 923122; Boston, MA 02298-31112  | Grant Writers              |
| Bartel Associates, LLC<br>411 Borel Avenue, Suite 101; San Mateo, CA 94402  | Actuarial Service; GASB 68 |

**SAN GORGONIO PASS WATER AGENCY**

**LEGAL INVOICES  
ACCOUNTS PAYABLE INVOICE LISTING**

| <u>VENDOR</u>        | <u>INVOICE NBR</u> | <u>COMMENT</u>       | <u>AMOUNT</u> |
|----------------------|--------------------|----------------------|---------------|
| BEST, BEST & KRIEGER | 170930             | LEGAL SERVICES SEP17 | 12,058.70     |

TOTAL PENDING INVOICES FOR SEPTEMBER 2017

12,058.70

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

BALANCE PER BANK AT 09/30/2017 - CHECKING ACCOUNT 3,116,758.53

LESS OUTSTANDING CHECKS

| <u>CHECK<br/>NUMBER</u> | <u>AMOUNT</u>    | <u>CHECK<br/>NUMBER</u> | <u>AMOUNT</u>   |
|-------------------------|------------------|-------------------------|-----------------|
| 118504                  | 734.00           | 118599                  | 263.08          |
| 118579                  | 290.23           | 118602                  | 975.00          |
| 118585                  | 2,910.00         | 11860                   | 152.23          |
| 118595                  | 8,340.00         | 118608                  | 445.74          |
| 118596                  | 490.59           |                         |                 |
|                         | <u>12,764.82</u> |                         | <u>1,836.05</u> |

TOTAL OUTSTANDING CHECKS (14,600.87)

BALANCE PER GENERAL LEDGER 3,102,157.66

BALANCE PER GENERAL LEDGER AT 08/31/2017 215,615.56

CASH RECEIPTS FOR SEPTEMBER 1,225,270.80

CASH DISBURSEMENTS FOR SEPTEMBER

ACCOUNTS PAYABLE - CHECK HISTORY REPORT (9,996,837.93)

NET PAYROLL FOR SEPTEMBER (31,933.39) (10,028,771.32)

BANK CHARGES (14.89)

TRANSFER FROM TVI 2,290,057.51

TRANSFER FROM LAIF 9,400,000.00

BALANCE PER GENERAL LEDGER AT 09/30/2017 3,102,157.66

REPORT PREPARED BY:

  
 \_\_\_\_\_  
 Cheryl M. Stiff

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

| <u>DATE</u>                        | <u>RECEIVED FROM</u> | <u>DESCRIPTION</u>         | <u>AMOUNT</u> | <u>TOTAL DEPOSIT AMOUNT</u> |
|------------------------------------|----------------------|----------------------------|---------------|-----------------------------|
| <b>DEPOSIT TO CHECKING ACCOUNT</b> |                      |                            |               |                             |
| 9/5/17                             | STATE OF CALIF/DWR   | DAVIS-DOLWIG NET - 2016    | 37,373.00     | 37,373.00                   |
| 9/11/17                            | CITY OF BANNING      | WATER SALES                | 53,256.00     | 53,256.00                   |
| 9/15/17                            | BCVWD                | WATER SALES                | 365,501.00    | 365,501.00                  |
| 9/18/17                            | YVWD                 | WATER SALES                | 34,431.87     | 34,431.87                   |
| 9/26/17                            | CITY OF BANNING      | WATER SALES                | 47,550.00     | 47,550.00                   |
| 9/26/17                            | BCVWD                | SITES RESERVOIR DEPOSIT #1 | 103,049.00    | 103,049.00                  |
| 9/26/17                            | TVI                  | CD - BOND INTEREST         | 30,358.75     | 30,358.75                   |
| 9/29/17                            | RIVERSIDE COUNTY     | PROPERTY TAXES             | 584,109.93    | 584,109.93                  |
| 9/29/17                            | TVI                  | CD - BOND INTEREST         | 9,698.76      | 9,698.76                    |
| TOTAL FOR SEPTEMBER, 2017          |                      |                            | 1,265,328.31  | 1,265,328.31                |

| SAN GORGONIO PASS WATER AGENCY                    |                   |                        |                            |                     |                                   |
|---|-------------------|------------------------|----------------------------|---------------------|-----------------------------------|
| BUDGET REPORT FY 2017-18                          |                   |                        |                            |                     |                                   |
| BUDGET VS. REVISED BUDGET VS. ACTUAL              |                   |                        |                            |                     |                                   |
| FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017 |                   |                        |                            |                     |                                   |
| FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018  |                   |                        |                            |                     |                                   |
|   | ADOPTED<br>BUDGET | REVISIONS<br>TO BUDGET | TOTAL<br>REVISED<br>BUDGET | ACTUAL<br>YTD       | REMAINING<br>PERCENT<br>OF BUDGET |
| <b>GENERAL FUND - INCOME</b>                      |                   |                        |                            | Comparison:         | 75%                               |
| <b>INCOME</b>                                     |                   |                        |                            |                     |                                   |
| WATER SALES                                       | 5,500,000         |                        | 5,500,000                  | 1,129,413.63        | 79.47%                            |
| TAX REVENUE                                       | 2,350,000         |                        | 2,350,000                  | 192,348.83          | 91.81%                            |
| INTEREST  | 110,000           |                        | 110,000                    | 34,951.26           | 68.23%                            |
| DESIGNATED REVENUES                               | 0                 |                        | 0                          | 0.00                | 0.00%                             |
| OTHER (REIMBURSEMENTS, TRANSFERS)                 | 456,000           |                        | 456,000                    | 129,371.89          | 71.63%                            |
| <b>TOTAL GENERAL FUND INCOME</b>                  | <b>8,416,000</b>  | <b>0</b>               | <b>8,416,000</b>           | <b>1,486,085.61</b> | <b>82.34%</b>                     |
| <b>GENERAL FUND - EXPENSES</b>                    |                   |                        |                            |                     |                                   |
| <b>COMMODITY PURCHASE</b>                         |                   |                        |                            |                     |                                   |
| ACQUIRED WATER                                    | 6,230,000         |                        | 6,230,000                  | 673,149.12          | 89.20%                            |
| <b>TOTAL COMMODITY PURCHASE</b>                   | <b>6,230,000</b>  | <b>0</b>               | <b>6,230,000</b>           | <b>673,149.12</b>   | <b>89.20%</b>                     |
| <b>SALARIES AND EMPLOYEE BENEFITS</b>             |                   |                        |                            |                     |                                   |
| SALARIES  | 454,000           |                        | 454,000                    | 113,442.19          | 75.01%                            |
| PAYROLL TAXES                                     | 38,000            |                        | 38,000                     | 9,497.63            | 75.01%                            |
| RETIREMENT  | 123,000           |                        | 123,000                    | 48,561.87           | 60.52%                            |
| OTHER POST-EMPLOYMENT BENEFITS (OPEB)             | 25,000            |                        | 25,000                     | 7,466.57            | 70.13%                            |
| HEALTH INSURANCE                                  | 61,000            |                        | 61,000                     | 19,811.52           | 67.52%                            |
| DENTAL INSURANCE                                  | 4,500             |                        | 4,500                      | 1,430.08            | 68.22%                            |
| LIFE INSURANCE                                    | 1,300             |                        | 1,300                      | 440.50              | 66.12%                            |
| DISABILITY INSURANCE                              | 4,700             |                        | 4,700                      | 1,179.79            | 74.90%                            |
| WORKERS COMP INSURANCE                            | 3,400             |                        | 3,400                      | 0.00                | 100.00%                           |
| SGPWA STAFF MISC. MEDICAL                         | 10,000            |                        | 10,000                     | 2,915.99            | 70.84%                            |
| EMPLOYEE EDUCATION                                | 1,000             |                        | 1,000                      | 0.00                | 100.00%                           |
| <b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>       | <b>725,900</b>    | <b>0</b>               | <b>725,900</b>             | <b>204,746.14</b>   | <b>71.79%</b>                     |

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2017-18**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017**

| FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018 |                   |                        |                            |                  |                                   |
|--|-------------------|------------------------|----------------------------|------------------|-----------------------------------|
|  | ADOPTED<br>BUDGET | REVISIONS<br>TO BUDGET | TOTAL<br>REVISED<br>BUDGET | ACTUAL<br>YTD    | REMAINING<br>PERCENT<br>OF BUDGET |
| <b>GENERAL FUND - EXPENSES</b>                   |                   |                        |                            | Comparison:      | 75%                               |
| <b>ADMINISTRATIVE &amp; PROFESSIONAL</b>         |                   |                        |                            |                  |                                   |
| DIRECTOR EXPENDITURES                            |                   |                        |                            |                  |                                   |
| DIRECTORS FEES                                   | 108,000           |                        | 108,000                    | 18,208.03        | 83.14%                            |
| DIRECTORS TRAVEL & EDUCATION                     | 15,000            |                        | 15,000                     | 1,708.00         | 88.61%                            |
| DIRECTORS MISC. MEDICAL                          | 23,000            |                        | 23,000                     | 4,591.56         | 80.04%                            |
| OFFICE EXPENDITURES                              |                   |                        |                            |                  |                                   |
| OFFICE EXPENSE                                   | 24,000            |                        | 24,000                     | 945.47           | 96.06%                            |
| POSTAGE  | 650               |                        | 650                        | 0.00             | 100.00%                           |
| TELEPHONE  | 11,000            |                        | 11,000                     | 2,678.96         | 75.65%                            |
| UTILITIES  | 5,000             |                        | 5,000                      | 785.71           | 84.29%                            |
| OFFICE EQUIPMENT EXPENDITURES                    |                   |                        |                            |                  |                                   |
| COMPUTER, WEB SITE AND PHONE SUPPORT             | 10,000            |                        | 10,000                     | 650.08           | 93.50%                            |
| GENERAL MANAGER & STAFF TRAVEL                   | 22,000            |                        | 22,000                     | 4,586.58         | 79.15%                            |
| INSURANCE & BONDS                                | 23,000            |                        | 23,000                     | 0.00             | 100.00%                           |
| ACCOUNTING & AUDITING                            | 21,000            |                        | 21,000                     | 20,600.00        | 1.90%                             |
| STATE WATER CONTRACT AUDIT                       | 5,500             |                        | 5,500                      | 3,611.00         | 34.35%                            |
| DUES & ASSESSMENTS                               | 31,500            |                        | 31,500                     | 1,127.00         | 96.42%                            |
| OUTSIDE PROFESSIONAL SERVICES                    | 2,000             |                        | 2,000                      | 350.00           | 82.50%                            |
| BANK CHARGES                                     | 1,500             |                        | 1,500                      | 117.85           | 92.14%                            |
| MISCELLANEOUS EXPENSES                           | 500               |                        | 500                        | 0.00             | 100.00%                           |
| MAINTENANCE & EQUIPMENT EXPENDITURES             |                   |                        |                            |                  |                                   |
| TOOLS PURCHASE & MAINTENANCE                     | 1,000             |                        | 1,000                      | 0.00             | 100.00%                           |
| VEHICLE REPAIR & MAINTENANCE                     | 7,000             |                        | 7,000                      | 1,359.63         | 80.58%                            |
| MAINTENANCE & REPAIRS - BUILDING                 | 15,000            |                        | 15,000                     | 2,397.40         | 84.02%                            |
| MAINTENANCE & REPAIRS - FIELD                    | 4,500             |                        | 4,500                      | 56.30            | 98.75%                            |
| CONTRACT OPERATIONS AND MAINTENANCE              | 150,000           |                        | 150,000                    | 0.00             | 100.00%                           |
| COUNTY EXPENDITURES                              |                   |                        |                            |                  |                                   |
| LAFCO COST SHARE                                 | 5,000             |                        | 5,000                      | 5,368.12         | -7.36%                            |
| ELECTION EXPENSE                                 | 0                 |                        | 0                          | 0.00             | 0.00%                             |
| TAX COLLECTION CHARGES                           | 10,500            |                        | 10,500                     | 500.02           | 95.24%                            |
| <b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>   | <b>496,650</b>    | <b>0</b>               | <b>496,650</b>             | <b>69,641.71</b> | <b>85.98%</b>                     |

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2017-18**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017**

|   | FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018 |                        |                            |               |                                   |
|---|--|------------------------|----------------------------|---------------|-----------------------------------|
|   | ADOPTED<br>BUDGET                                | REVISIONS<br>TO BUDGET | TOTAL<br>REVISED<br>BUDGET | ACTUAL<br>YTD | REMAINING<br>PERCENT<br>OF BUDGET |
| <b>GENERAL FUND - EXPENSES</b>            |  |                        |                            | Comparison:   | 75%                               |
| <b>GENERAL ENGINEERING</b>                |  |                        |                            |               |                                   |
| GRANT WRITER                              | 10,000   |                        | 10,000                     | 0.00          | 100.00%                           |
| <b>NEW WATER</b>                          |  |                        |                            |               |                                   |
| PROGRAMATIC EIR                           | 50,000   |                        | 50,000                     | 0.00          | 100.00%                           |
| UPDATED STUDY ON AVAILABLE SOURCES        | 5,000  |                        | 5,000                      | 14,830.06     | -196.60%                          |
| SGMA SUPPORT                              | 10,000   |                        | 10,000                     | 0.00          | 100.00%                           |
| <b>STUDIES</b>                            |  |                        |                            |               |                                   |
| USGS                                      | 100,000  |                        | 100,000                    | 32,502.79     | 67.50%                            |
| TRANSFER RATE NEXUS STUDY                 | 40,000   |                        | 40,000                     | 0.00          | 100.00%                           |
| TRANSFER RATE FINANCIAL MODELING          | 20,000   |                        | 20,000                     | 3,025.00      | 84.88%                            |
| CAPACITY FEE NEXUS STUDY UPDATE           | 10,000   |                        | 10,000                     | 0.00          | 100.00%                           |
| SEWERING RATE STUDY                       | 20,000   |                        | 20,000                     | 0.00          | 100.00%                           |
| <b>OTHER PROJECTS</b>                     |  |                        |                            |               |                                   |
| BASIN MONITORING TASK FORCE               | 22,000   |                        | 22,000                     | 14,019.00     | 36.28%                            |
| GENERAL AGENCY - CEQA AND GIS SERVICES    | 15,000   |                        | 15,000                     | 0.00          | 100.00%                           |
| <b>TOTAL GENERAL ENGINEERING</b>          | 302,000  | 0                      | 302,000                    | 64,376.85     | 78.68%                            |
| <b>LEGAL SERVICES</b>                     |  |                        |                            |               |                                   |
| LEGAL SERVICES - GENERAL                  | 200,000  |                        | 200,000                    | 58,708.86     | 70.65%                            |
| <b>TOTAL LEGAL SERVICES</b>               | 200,000  | 0                      | 200,000                    | 58,708.86     | 70.65%                            |
| <b>CONSERVATION &amp; EDUCATION</b>       |  |                        |                            |               |                                   |
| SCHOOL EDUCATION PROGRAMS                 | 14,000   |                        | 14,000                     | 0.00          | 100.00%                           |
| ADULT EDUCATION PROGRAMS                  | 5,000  |                        | 5,000                      | 0.00          | 100.00%                           |
| OTHER CONSERVATION, EDUCATION AND P. R.   | 35,000   |                        | 35,000                     | 0.00          | 100.00%                           |
| <b>TOTAL CONSERVATION &amp; EDUCATION</b> | 54,000   | 0                      | 54,000                     | 0.00          | 100.00%                           |

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2017-18**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017**

|  | FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018 |                        |                            |               |                                   |
|--|--|------------------------|----------------------------|---------------|-----------------------------------|
|  | ADOPTED<br>BUDGET                                | REVISIONS<br>TO BUDGET | TOTAL<br>REVISED<br>BUDGET | ACTUAL<br>YTD | REMAINING<br>PERCENT<br>OF BUDGET |
| <b>GENERAL FUND - EXPENSES</b>                 |  |                        |                            | Comparison:   | 75%                               |
| <b>GENERAL FUND CAPITAL EXPENDITURES</b>       |  |                        |                            |               |                                   |
| <b>BUILDING &amp; EQUIPMENT</b>                |  |                        |                            |               |                                   |
| BUILDING                                       | 10,000   |                        | 10,000                     | 0.00          | 100.00%                           |
| FURNITURE & OFFICE EQUIPMENT                   | 10,000   |                        | 10,000                     | 0.00          | 100.00%                           |
| OTHER EQUIPMENT                                | 0  |                        | 0                          | 0.00          | 0.00%                             |
| TRANSPORTATION EQUIPMENT                       | 37,000   |                        | 37,000                     | 33,666.21     | 9.01%                             |
| <b>FIESTA RECHARGE FACILITY</b>                |  |                        |                            |               |                                   |
| POST DESIGN                                    | 250,000  |                        | 250,000                    | 0.00          | 100.00%                           |
| CONSTRUCTION                                   | 2,500,000  |                        | 2,500,000                  | 27,676.39     | 98.89%                            |
| PAVING   | 120,000  |                        | 120,000                    | 0.00          | 100.00%                           |
| INVESTIGATION                                  | 15,000   |                        | 15,000                     | 0.00          | 100.00%                           |
| LANDSCAPING/POWER/WATER                        | 0  |                        | 0                          | 0.00          | 0.00%                             |
| <b>BURNER HILL CONJUNCTIVE USE PROJECT</b>     | 0  |                        | 0                          | 0.00          | 0.00%                             |
| <b>BCVWD TURNOUT EXPANSION</b>                 |  |                        |                            |               |                                   |
| DESIGN   | 35,000   |                        | 35,000                     | 0.00          | 100.00%                           |
| CONSTRUCTION                                   | 162,000  |                        | 162,000                    | 0.00          | 100.00%                           |
| POST DESIGN                                    | 30,000   |                        | 30,000                     | 0.00          | 100.00%                           |
| <b>SITES RESERVOIR</b>                         | 270,000  |                        | 270,000                    | 0.00          | 100.00%                           |
| <b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b> | 3,439,000  | 0                      | 3,439,000                  | 61,342.60     | 98.22%                            |
| <b>TRANSFERS TO OTHER FUNDS</b>                | 0  |                        | 0                          | 0.00          |                                   |
| <b>TOTAL GENERAL FUND EXPENSES</b>             | 11,447,550                                       | 0                      | 11,447,550                 | 1,131,965.28  | 90.11%                            |
| <b>WITHDRAWALS FROM RESERVES</b>               | 3,155,000  |                        | 3,155,000                  |               |                                   |
| <b>TOTAL TRANSFERS FROM RESERVES</b>           | 3,155,000  | 0                      | 3,155,000                  | 0.00          |                                   |
| <b>GENERAL FUND NET INCOME YEAR TO DATE</b>    | 123,450  | 0                      | 123,450                    | 354,120.33    |                                   |

| SAN GORGONIO PASS WATER AGENCY                    |                   |                        |                            |                      |                                   |
|---|-------------------|------------------------|----------------------------|----------------------|-----------------------------------|
| BUDGET REPORT FY 2017-18                          |                   |                        |                            |                      |                                   |
| BUDGET VS. REVISED BUDGET VS. ACTUAL              |                   |                        |                            |                      |                                   |
| FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017 |                   |                        |                            |                      |                                   |
| FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018  |                   |                        |                            |                      |                                   |
|   | ADOPTED<br>BUDGET | REVISIONS<br>TO BUDGET | TOTAL<br>REVISED<br>BUDGET | ACTUAL<br>YTD        | REMAINING<br>PERCENT<br>OF BUDGET |
| <b>DEBT SERVICE FUND - INCOME</b>                 |                   |                        |                            | Comparison:          | 75%                               |
| <b>INCOME</b>                                     |                   |                        |                            |                      |                                   |
| TAX REVENUE                                       | 21,053,359        |                        | 21,053,359                 | 1,217,491.52         | 94.22%                            |
| INTEREST  | 300,000           |                        | 300,000                    | 104,853.78           | 65.05%                            |
| GRANTS  | 0                 |                        | 0                          | 0.00                 | 0.00%                             |
| DWR CREDITS - BOND COVER, OTHER                   | 2,827,882         |                        | 2,827,882                  | 37,723.66            | 98.67%                            |
| <b>TOTAL DEBT SERVICE FUND INCOME</b>             | <b>24,181,241</b> | <b>0</b>               | <b>24,181,241</b>          | <b>1,360,068.96</b>  | <b>94.38%</b>                     |
| <b>DEBT SERVICE FUND - EXPENSES</b>               |                   |                        |                            |                      |                                   |
| <b>EXPENSES</b>                                   |                   |                        |                            |                      |                                   |
| SALARIES  | 54,000            |                        | 54,000                     | 13,932.19            | 74.20%                            |
| ROLL TAXES  | 4,100             |                        | 4,100                      | 1,065.76             | 74.01%                            |
| REBATES   | 29,000            |                        | 29,000                     | 10,671.40            | 63.20%                            |
| SWC CONTRACTOR DUES                               | 42,000            |                        | 42,000                     | 39,308.00            | 6.41%                             |
| STATE WATER CONTRACT PAYMENTS                     | 17,563,554        |                        | 17,563,554                 | 10,433,675.00        | 40.59%                            |
| PURCHASED WATER                                   | 0                 |                        | 0                          | 345.88               | 0.00%                             |
| STATE WATER PROJECT LEGAL SERVICES                | 0                 |                        | 0                          | 0.00                 | 0.00%                             |
| USGS  | 0                 |                        | 0                          | 0.00                 | 0.00%                             |
| CONTRACT OPERATIONS AND MAINTENANCE               | 180,000           |                        | 180,000                    | 0.00                 | 100.00%                           |
| SWP ENGINEERING                                   | 75,000            |                        | 75,000                     | 0.00                 | 100.00%                           |
| DEBT SERVICE UTILITIES                            | 10,000            |                        | 10,000                     | 2,535.86             | 74.64%                            |
| TAX COLLECTION CHARGES                            | 76,000            |                        | 76,000                     | 2,833.47             | 96.27%                            |
| <b>TOTAL DEBT SERVICE FUND EXPENSES</b>           | <b>18,033,654</b> | <b>0</b>               | <b>18,033,654</b>          | <b>10,504,367.56</b> | <b>41.75%</b>                     |
| <b>TRANSFERS FROM RESERVES</b>                    |                   |                        | <b>0</b>                   | <b>0.00</b>          |                                   |
| <b>DEBT SERVICE NET INCOME YEAR TO DATE</b>       | <b>6,147,587</b>  | <b>0</b>               | <b>6,147,587</b>           | <b>-9,144,298.60</b> |                                   |

**SAN GORGONIO PASS WATER AGENCY  
CASH RECONCILIATION REPORT  
FY 2016-17  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2017**

**DEBT SERVICE FUND - RESTRICTED**

|  |                          |                          |
|--|--------------------------|--------------------------|
| BEGINNING BALANCE - JULY 1, 2016                         |                          |                          |
| RESERVE FOR STATE WATER PROJECT                          | <u>36,816,064</u>        |                          |
| DEBT SERVICE ACTIVITY                                    |                          |                          |
| DEBT SERVICE DEPOSITS                                    |                          |                          |
| PROPERTY TAX - DEBT SERVICE DEPOSITS                     | 20,720,156               |                          |
| INTEREST INCOME  | 317,350                  |                          |
| DWR REFUNDS  | 3,347,862                |                          |
| DEBT SERVICE DISBURSEMENTS                               | (18,983,834)             |                          |
| <b>ENDING RESTRICTED FUNDS BALANCE - - - JUN 30 2017</b> | <u><b>42,217,597</b></u> | <u><b>42,217,597</b></u> |

**GENERAL FUND - UNRESTRICTED**

|  |                          |                          |
|--|--------------------------|--------------------------|
| BEGINNING BALANCE - JULY 1, 2016                           |                          |                          |
|  | <u>12,052,342</u>        |                          |
| GENERAL FUND ACTIVITY                                      |                          |                          |
| GENERAL FUND DEPOSITS                                      |                          |                          |
| WATER SALES  | 4,150,800                |                          |
| PROPERTY TAX - GENERAL PURPOSE DEPOSITS                    | 2,275,491                |                          |
| INTEREST INCOME  | 121,422                  |                          |
| OTHER INCOME   | 68,526                   |                          |
| CHANGE IN RECEIVABLES                                      | 50,043                   |                          |
| GENERAL FUND DISBURSEMENTS                                 |                          |                          |
| CHANGE IN LIABILITIES                                      | 828,561                  |                          |
| CHANGE IN CAPITAL ASSETS                                   | (763,857)                |                          |
| OPERATING EXPENDITURES                                     | (5,068,752)              |                          |
| <b>ENDING UNRESTRICTED FUNDS BALANCE - - - JUN 30 2017</b> | <u><b>13,714,574</b></u> | <u><b>13,714,574</b></u> |
| <b><u>TOTAL CASH - - - JUN 30 2017</u></b>                 |                          | <u><b>55,932,171</b></u> |

**LOCATION OF CASH - - - JUN 30 2017**

|   |                          |
|---|--------------------------|
| PETTY CASH                                      | 100                      |
| CASH IN CHECKING ACCOUNTS                       | 156,128                  |
| WELLS FARGO MONEY MARKET SAVINGS                | 1,267,082                |
| BANK OF HEMET LOCAL AGENCY MONEY MARKET ACCOUNT | 509,816                  |
| LOCAL AGENCY INVESTMENT FUND                    | 16,274,975               |
| CALTRUST  | 19,789,070               |
| TIME VALUE INVESTMENTS                          | 17,935,000               |
| <b><u>TOTAL - - - JUN 30 2017</u></b>           | <u><b>55,932,171</b></u> |

**SAN GORGONIO PASS WATER AGENCY  
CASH RECONCILIATION REPORT  
FY 2016-17  
BY QUARTER**

|   | SEP 30, 16               | DEC 31, 16               | MAR 31, 17               | JUN 30, 17               |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| <b><u>DEBT SERVICE FUND - RESTRICTED</u></b>    |                          |                          |                          |                          |
| BEGINNING BALANCE - JULY 1, 2016                |                          |                          |                          |                          |
| RESERVE FOR STATE WATER PROJECT                 | <u>36,816,064</u>        | <u>36,816,064</u>        | <u>36,816,064</u>        | <u>36,816,064</u>        |
| DEBT SERVICE ACTIVITY                           |                          |                          |                          |                          |
| DEBT SERVICE DEPOSITS                           |                          |                          |                          |                          |
| PROPERTY TAX - D. S. DEPOSITS                   | 1,149,380                | 5,487,206                | 11,484,800               | 20,720,156               |
| INTEREST INCOME                                 | 78,171                   | 132,536                  | 235,457                  | 317,350                  |
| DWR REFUNDS                                     | 64,097                   | 1,837,144                | 1,852,757                | 3,347,862                |
| DEBT SERVICE DISBURSEMENTS                      | (10,043,078)             | (11,156,905)             | (17,532,669)             | (18,983,834)             |
| <b><u>ENDING RESTRICTED FUNDS BALANCE</u></b>   | <u><u>28,064,634</u></u> | <u><u>33,116,045</u></u> | <u><u>32,856,409</u></u> | <u><u>42,217,597</u></u> |
| <b><u>GENERAL FUND - UNRESTRICTED</u></b>       |                          |                          |                          |                          |
| BEGINNING BALANCE - JULY 1, 2016                | <u>12,052,342</u>        | <u>12,052,342</u>        | <u>12,052,342</u>        | <u>12,052,342</u>        |
| GENERAL FUND ACTIVITY                           |                          |                          |                          |                          |
| GENERAL FUND DEPOSITS                           |                          |                          |                          |                          |
| WATER SALES                                     | 753,759                  | 1,955,663                | 2,935,745                | 4,150,800                |
| PROPERTY TAX - GENERAL DEPOSITS                 | 183,329                  | 795,498                  | 1,366,429                | 2,275,491                |
| INTEREST INCOME                                 | 23,350                   | 49,550                   | 89,575                   | 121,422                  |
| OTHER INCOME                                    | 37,070                   | 43,601                   | 45,682                   | 68,526                   |
| CHANGE IN RECEIVABLES                           | 575,816                  | 515,647                  | 558,623                  | 50,043                   |
| GENERAL FUND DISBURSEMENTS                      |                          |                          |                          |                          |
| CHANGE IN LIABILITIES                           | (491,640)                | (100,527)                | (467,852)                | 828,561                  |
| CHANGE IN CAPITAL ASSETS                        | (76,550)                 | (141,973)                | (627,116)                | (763,857)                |
| OPERATING EXPENDITURES                          | (844,907)                | (2,321,979)              | (3,121,375)              | (5,068,752)              |
| <b><u>ENDING UNRESTRICTED FUNDS BALANCE</u></b> | <u><u>12,212,569</u></u> | <u><u>12,847,821</u></u> | <u><u>12,832,053</u></u> | <u><u>13,714,574</u></u> |
| <b><u>TOTAL CASH - END OF QUARTER</u></b>       | <u><u>40,277,203</u></u> | <u><u>45,963,866</u></u> | <u><u>45,688,463</u></u> | <u><u>55,932,171</u></u> |
| <b><u>CASH AND INVESTMENTS</u></b>              |                          |                          |                          |                          |
| PETTY CASH                                      | 100                      | 100                      | 100                      | 100                      |
| CASH IN CHECKING ACCOUNTS                       | 273,181                  | 464,625                  | 357,700                  | 156,128                  |
| WELLS FARGO MM SAVINGS                          | 1,016,238                | 966,576                  | 116,845                  | 1,267,082                |
| BANK OF HEMET L.A.M.M.A.                        | 509,244                  | 509,435                  | 509,625                  | 509,816                  |
| LOCAL AGENCY INVESTMENT FUND                    | 3,349,005                | 6,349,005                | 6,974,975                | 16,274,975               |
| CALTRUST  | 17,129,435               | 19,674,125               | 19,729,217               | 19,789,070               |
| TIME VALUE INVESTMENTS                          | 18,000,000               | 18,000,000               | 18,000,000               | 17,935,000               |
| <b><u>TOTAL - END OF QUARTER</u></b>            | <u><u>40,277,203</u></u> | <u><u>45,963,866</u></u> | <u><u>45,688,463</u></u> | <u><u>55,932,171</u></u> |

SAN GORGONIO PASS WATER AGENCY  
 CASH RECONCILIATION REPORT  
 FY 2017-18  
 FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017

**DEBT SERVICE FUND - RESTRICTED**

|  |                   |                   |
|--|-------------------|-------------------|
| BEGINNING BALANCE - JULY 1, 2017                         |                   |                   |
| RESERVE FOR STATE WATER PROJECT                          | <u>42,217,597</u> |                   |
| DEBT SERVICE ACTIVITY                                    |                   |                   |
| DEBT SERVICE DEPOSITS                                    |                   |                   |
| PROPERTY TAX - DEBT SERVICE DEPOSITS                     | 1,217,492         |                   |
| INTEREST INCOME  | 104,854           |                   |
| DWR REFUNDS  | 37,724            |                   |
| DEBT SERVICE DISBURSEMENTS                               | (10,504,368)      |                   |
| <b>ENDING RESTRICTED FUNDS BALANCE - - - SEP 30 2017</b> | <u>33,073,299</u> | <u>33,073,299</u> |

**GENERAL FUND - UNRESTRICTED**

|  |                   |                   |
|--|-------------------|-------------------|
| BEGINNING BALANCE - JULY 1, 2017                           | <u>13,714,574</u> |                   |
| GENERAL FUND ACTIVITY                                      |                   |                   |
| GENERAL FUND DEPOSITS                                      |                   |                   |
| WATER SALES  | 1,129,414         |                   |
| PROPERTY TAX - GENERAL PURPOSE DEPOSITS                    | 192,349           |                   |
| INTEREST INCOME  | 34,951            |                   |
| OTHER INCOME   | 129,372           |                   |
| CHANGE IN RECEIVABLES                                      | 476,351           |                   |
| GENERAL FUND DISBURSEMENTS                                 |                   |                   |
| CHANGE IN LIABILITIES                                      | (755,156)         |                   |
| CHANGE IN CAPITAL ASSETS                                   | (61,343)          |                   |
| OPERATING EXPENDITURES                                     | (1,070,624)       |                   |
| <b>ENDING UNRESTRICTED FUNDS BALANCE - - - SEP 30 2017</b> | <u>13,789,888</u> | <u>13,789,888</u> |

|  |  |                   |
|--|--|-------------------|
| <b><u>TOTAL CASH - - - SEP 30 2017</u></b> |  | <u>46,863,187</u> |
|--|--|-------------------|

**LOCATION OF CASH - - - SEP 30 2017**

|   |  |                   |
|---|--|-------------------|
| PETTY CASH                                      |  | 100               |
| CASH IN CHECKING ACCOUNTS                       |  | 3,102,158         |
| WELLS FARGO MONEY MARKET SAVINGS                |  | 767,313           |
| BANK OF HEMET LOCAL AGENCY MONEY MARKET ACCOUNT |  | 510,007           |
| LOCAL AGENCY INVESTMENT FUND                    |  | 4,691,169         |
| CALTRUST  |  | 19,857,440        |
| TIME VALUE INVESTMENTS                          |  | 17,935,000        |
| <b><u>TOTAL - - - SEP 30 2017</u></b>           |  | <u>46,863,187</u> |

**SAN GORGONIO PASS WATER AGENCY  
CASH RECONCILIATION REPORT  
FY 2017-18  
BY QUARTER**

|   | SEP 30, 17               | DEC 31, 17      | MAR 31, 18      | JUN 30, 18      |
|---|--------------------------|-----------------|-----------------|-----------------|
| <b><u>DEBT SERVICE FUND - RESTRICTED</u></b>    |                          |                 |                 |                 |
| BEGINNING BALANCE - JULY 1, 2017                |                          |                 |                 |                 |
| RESERVE FOR STATE WATER PROJECT                 | 42,217,597               |                 |                 |                 |
| DEBT SERVICE ACTIVITY                           |                          |                 |                 |                 |
| DEBT SERVICE DEPOSITS                           |                          |                 |                 |                 |
| PROPERTY TAX - D. S. DEPOSITS                   | 1,217,492                |                 |                 |                 |
| INTEREST INCOME                                 | 104,854                  |                 |                 |                 |
| DWR REFUNDS                                     | 37,724                   |                 |                 |                 |
| DEBT SERVICE DISBURSEMENTS                      | (10,504,368)             |                 |                 |                 |
| <b><u>ENDING RESTRICTED FUNDS BALANCE</u></b>   | <b><u>33,073,299</u></b> | <b><u>-</u></b> | <b><u>-</u></b> | <b><u>-</u></b> |
| <b><u>GENERAL FUND - UNRESTRICTED</u></b>       |                          |                 |                 |                 |
| BEGINNING BALANCE - JULY 1, 2016                | 13,714,574               |                 |                 |                 |
| GENERAL FUND ACTIVITY                           |                          |                 |                 |                 |
| GENERAL FUND DEPOSITS                           |                          |                 |                 |                 |
| WATER SALES                                     | 1,129,414                |                 |                 |                 |
| PROPERTY TAX - GENERAL DEPOSITS                 | 192,349                  |                 |                 |                 |
| INTEREST INCOME                                 | 34,951                   |                 |                 |                 |
| OTHER INCOME                                    | 129,372                  |                 |                 |                 |
| CHANGE IN RECEIVABLES                           | 476,351                  |                 |                 |                 |
| GENERAL FUND DISBURSEMENTS                      |                          |                 |                 |                 |
| CHANGE IN LIABILITIES                           | (755,156)                |                 |                 |                 |
| CHANGE IN CAPITAL ASSETS                        | (61,343)                 |                 |                 |                 |
| OPERATING EXPENDITURES                          | (1,070,624)              |                 |                 |                 |
| <b><u>ENDING UNRESTRICTED FUNDS BALANCE</u></b> | <b><u>13,789,888</u></b> | <b><u>-</u></b> | <b><u>-</u></b> | <b><u>-</u></b> |
| <b><u>TOTAL CASH - END OF QUARTER</u></b>       | <b><u>46,863,187</u></b> | <b><u>-</u></b> | <b><u>-</u></b> | <b><u>-</u></b> |
| <b><u>CASH AND INVESTMENTS</u></b>              |                          |                 |                 |                 |
| PETTY CASH                                      | 100                      |                 |                 |                 |
| CASH IN CHECKING ACCOUNTS                       | 3,102,158                |                 |                 |                 |
| WELLS FARGO MM SAVINGS                          | 767,313                  |                 |                 |                 |
| BANK OF HEMET L.A.M.M.A.                        | 510,007                  |                 |                 |                 |
| LOCAL AGENCY INVESTMENT FUND                    | 4,691,169                |                 |                 |                 |
| CALTRUST  | 19,857,440               |                 |                 |                 |
| TIME VALUE INVESTMENTS                          | 17,935,000               |                 |                 |                 |
| <b><u>TOTAL - END OF QUARTER</u></b>            | <b><u>46,863,187</u></b> | <b><u>-</u></b> | <b><u>-</u></b> | <b><u>-</u></b> |

**SAN GORGONIO PASS WATER AGENCY  
RESERVE ALLOCATION REPORT  
FY 2016-17  
FOR THE TWELVE MONTHS ENDING JUNE 30, 2017**

|                                      | JUN 30, 16        | SEP 30, 16        | DEC 31, 16        | MAR 31, 17        | JUN 30, 17        |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>RESTRICTED</b>                    |                   |                   |                   |                   |                   |
| STATE WATER CONTRACT FUND            | 36,816,064        | 28,064,634        | 33,116,045        | 32,856,409        | 42,217,597        |
| <b>UNRESTRICTED</b>                  |                   |                   |                   |                   |                   |
| OPERATIONS                           | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         | 1,500,000         |
| NEW INFRASTRUCTURE                   | 2,818,921         | 3,504,184         | 3,372,311         | 3,379,356         | 3,363,588         |
| Additions or Adjustments             | 685,263           | -131,873          | 7,045             | -15,768           | 1,002,036         |
| Expenditures                         |                   | 0                 |                   |                   |                   |
| Ending Balance                       | 3,504,184         | 3,372,311         | 3,379,356         | 3,363,588         | 4,365,624         |
| ADDITIONAL WATER                     | 2,500,000         | 2,500,000         | 2,500,000         | 2,500,000         | 2,500,000         |
| Adjustments from Other Sources       | 1,700,000         | 2,000,000         | 2,000,000         | 2,000,000         | 2,000,000         |
| Ratepayer - Balance Forward          | 1,126,838         | 1,126,838         | 1,126,838         | 1,378,976         | 1,441,414         |
| Ratepayer - Current Contribution     |                   | 0                 | 252,138           | 62,438            | 96,536            |
| Rate Stabilization - Balance Forward | 413,420           | 413,420           | 413,420           | 539,489           | 573,435           |
| Excess Rate Stabilization - Current  |                   | 0                 | 126,069           | 33,946            | 48,241            |
| Expenditures                         |                   | 0                 |                   |                   | -360,677          |
| Ending Balance                       | 5,740,258         | 6,040,258         | 6,418,465         | 6,514,850         | 6,298,949         |
| RATE STABILIZATION                   |                   |                   |                   |                   |                   |
| Taxpayer Contribution                | 0                 | 0                 | 0                 | 0                 |                   |
| Previous Ratepayer Balance           | 150,000           | 150,000           | 150,000           | 150,000           | 150,000           |
| Ratepayer Contribution               |                   | 0                 | 126,069           | 33,946            | 48,241            |
| Excess Contribut.-To Addnl. Water    |                   | 0                 | -126,069          | -33,946           | -48,241           |
| Expenditures                         |                   | 0                 | 0                 | 0                 |                   |
| Ending Balance                       | 150,000           | 150,000           | 150,000           | 150,000           | 150,000           |
| REPLACEMENTS                         | 1,000,000         | 1,000,000         | 1,250,000         | 1,250,000         | 1,250,000         |
| UNEXPECTED LEGAL SERVICES            | 150,000           | 150,000           | 150,000           | 150,000           | 150,000           |
| <b>TOTAL UNRESTRICTED RESERVES</b>   | <b>12,044,442</b> | <b>12,212,569</b> | <b>12,847,821</b> | <b>12,928,438</b> | <b>13,714,573</b> |
| <b>TOTAL RESERVES</b>                | <b>48,860,506</b> | <b>40,277,203</b> | <b>45,963,866</b> | <b>45,784,847</b> | <b>55,932,171</b> |

**CASH LOCATION**

|                             |                   |                   |                   |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Petty Cash                  | 100               | 100               | 100               | 100               | 100               |
| Checking Accounts           | 73,792            | 273,181           | 464,625           | 357,700           | 156,128           |
| Wells Fargo M.M. Savings    | 865,939           | 1,016,238         | 966,576           | 116,845           | 1,267,082         |
| Local Agency M M Acct. BofH | 509,052           | 509,244           | 509,435           | 509,625           | 509,816           |
| LAIF                        | 12,323,141        | 3,349,005         | 6,349,005         | 6,974,975         | 16,274,975        |
| CalTRUST                    | 17,088,482        | 17,129,435        | 19,674,125        | 19,729,217        | 19,789,070        |
| Time Value Investments      | 18,000,000        | 18,000,000        | 18,000,000        | 18,000,000        | 17,935,000        |
| <b>TOTAL CASH</b>           | <b>48,860,506</b> | <b>40,277,203</b> | <b>45,963,866</b> | <b>45,688,463</b> | <b>55,932,171</b> |

**SAN GORGONIO PASS WATER AGENCY  
RESERVE ALLOCATION REPORT  
FY 2017-18  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2017**

|                                      | JUN 30, 17        | SEP 30, 17        | DEC 31, 17 | MAR 31, 18 | JUN 30, 18 |
|--------------------------------------|-------------------|-------------------|------------|------------|------------|
| <b>RESTRICTED</b>                    |                   |                   |            |            |            |
| STATE WATER CONTRACT FUND            | 42,217,597        | 33,073,299        |            |            |            |
| <b>UNRESTRICTED</b>                  |                   |                   |            |            |            |
| OPERATIONS                           | 1,500,000         | 1,500,000         |            |            |            |
| NEW INFRASTRUCTURE                   | 3,363,588         | 4,389,567         |            |            |            |
| Additions or Adjustments             | 1,002,036         | -95,935           |            |            |            |
| Expenditures                         |                   |                   |            |            |            |
| Ending Balance                       | 4,365,624         | 4,293,632         | 0          | 0          | 0          |
| ADDITIONAL WATER                     | 2,500,000         | 2,500,000         |            |            |            |
| Adjustments from Other Sources       | 2,000,000         | 1,639,323         |            |            |            |
| Ratepayer - Balance Forward          | 1,537,950         | 1,537,950         |            |            |            |
| Ratepayer - Current Contribution     |                   | 98,085            |            |            |            |
| Rate Stabilization - Balance Forward | 621,676           | 621,856           |            |            |            |
| Excess Rate Stabilization - Current  |                   | 49,042            |            |            |            |
| Expenditures                         | -360,677          |                   |            |            |            |
| Ending Balance                       | 6,298,949         | 6,446,256         | 0          | 0          | 0          |
| RATE STABILIZATION                   |                   |                   |            |            |            |
| Taxpayer Contribution                | 0                 | 0                 |            |            |            |
| Previous Ratepayer Balance           | 150,000           | 150,000           |            |            |            |
| Ratepayer Contribution               |                   | 49,042            |            |            |            |
| Excess Contribut.-To Addnl. Water    |                   | -49,042           |            |            |            |
| Expenditures                         |                   |                   |            |            |            |
| Ending Balance                       | 150,000           | 150,000           | 0          | 0          | 0          |
| REPLACEMENTS                         | 1,250,000         | 1,250,000         |            |            |            |
| UNEXPECTED LEGAL SERVICES            | 150,000           | 150,000           |            |            |            |
| <b>TOTAL UNRESTRICTED RESERVES</b>   | <b>13,714,573</b> | <b>13,789,888</b> | <b>0</b>   | <b>0</b>   | <b>0</b>   |
| <b>TOTAL RESERVES</b>                | <b>55,932,171</b> | <b>46,863,187</b> | <b>0</b>   | <b>0</b>   | <b>0</b>   |

**CASH LOCATION**

|                             |                   |                   |          |          |          |
|-----------------------------|-------------------|-------------------|----------|----------|----------|
| Petty Cash                  | 100               | 100               |          |          |          |
| Checking Accounts           | 156,128           | 3,102,158         |          |          |          |
| Wells Fargo M.M. Savings    | 1,267,082         | 767,313           |          |          |          |
| Local Agency M M Acct. BofH | 509,816           | 510,007           |          |          |          |
| LAIF                        | 16,274,975        | 4,691,169         |          |          |          |
| CalTRUST                    | 19,789,070        | 19,857,440        |          |          |          |
| Time Value Investments      | 17,935,000        | 17,935,000        |          |          |          |
| <b>TOTAL CASH</b>           | <b>55,932,171</b> | <b>46,863,187</b> | <b>0</b> | <b>0</b> | <b>0</b> |

## SGPWA Procurement Policy

Revised October 6, 2014

### **Section 1. Purpose and Applicability:**

The purpose of this policy is to define the Agency's policies and procedures applicable to bidding of construction for new improvements and the procurement of materials, supplies, equipment, and professional services as well as for public works, including maintenance, pursuant to the provisions of Public Contract Code Section 21510 et seq. pertaining to the Agency. This Policy does not apply to operating expenses such as payroll, utilities, employee benefits, water purchases or taxes.

### **Section 2. Authority of the General Manager to Execute Contracts**

The General Manager is authorized to execute contracts as follows without prior approval from the Board. Except in the case of an emergency, as set forth in this policy, the General Manager's authority to enter into contracts without prior Board approval shall be limited to projects that have been budgeted by the Board.

A. Contracts for materials, supplies and equipment (including cooperative purchasing as set out in Section 4 below) up to \$20,000. For items where the cost exceeds \$10,000, the General Manager shall solicit at least three quotes (where possible) from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. If the item is not readily available or a specific type is required to fit with existing Agency's equipment, the General Manager shall note the justification for sole source acquisition as set out in this policy.

B. Contracts for professional services up to \$40,000. Professional services contracts by law do not require bidding. All professional service contracts in excess of \$40,000 shall be approved by the Board prior to execution. Any change or addition to the work to be performed under a professional services contract may be approved by the General Manager without prior Board approval in amounts up to 10% of the contract amount. In such a case, the General Manager shall inform the Board of this action at the earliest practicable time. Changes or additions to the work which constitute more than 10% of a contract amount must be approved by the Board prior to execution.

C. Contracts for maintenance or construction up to \$50,000. For contracts above \$20,000, the General Manager shall solicit at least two quotes for the work, if possible, from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. If at least two quotes are not received, the General Manager shall note the justification for sole source procurement as set forth in this policy.

D. Emergency contracts specified in this policy.

All contracts over \$15,000, along with their price, shall be reported to the Board at the earliest practicable time after the contract has been executed. The General Manager may not delegate his purchasing authority to any other employee.

### **Section 3. Improvements and Public Works Construction Estimated to Cost more than \$50,000**

Where the improvement or unit of work is estimated by the General Manager to cost more than \$50,000, or the materials and supplies for use in any new construction will cost \$50,000 or more, the Agency shall comply with the following bidding procedures:

A. The work may be performed in one or more contracts and the call for bids shall state whether the work shall be performed in one unit or divided into parts.

B. The call for bids shall describe the project and shall invite and specify procedures for the submission of sealed bids for such project. The call for bids shall describe how to obtain information regarding the project in order to submit such a bid and shall specify the deadline for submission of bids and the time for their opening.

C. The Agency shall advertise the work by publishing the call for bids three times in a daily newspaper of general circulation printed and published within the Agency boundaries or two times in a weekly newspaper of general circulation printed and published within the Agency boundaries.

D. At the time set for the opening of bids, the General Manager shall open and review all bids and shall determine which is the lowest responsible bidder(s).

E. The contract(s) with the lowest responsible bidder(s) shall be approved by the Board prior to execution.

F. The Board shall require the successful bidder to file labor and materials and faithful performance bonds in the form as required by law.

G. Notwithstanding the bidding procedures set forth above, the Board may reject any and all bids and may perform the work by force account or by contracting in the open market or may acquire the materials and supplies in the open market.

H. In the event no bids are received, the Board may direct the General Manager to rebid the project or may proceed under Section (G) above.

I. Construction change orders may be approved by the General Manager without prior approval of the Board in amounts up to 10% of the contract amount. In such a case, the General Manager shall inform the Board of this action at the earliest practicable time. Change orders totaling more than 10% of a contract amount must be approved by the Board prior to execution.

### **Section 4. Exceptions**

A. Emergency conditions. An emergency is defined as a breakdown in machinery or equipment resulting in the interruption of an essential service, or threat to public health, safety, or welfare. In the case of an emergency requiring the immediate purchase of supplies, materials, equipment or contractual services, the General Manager hereby is authorized to secure in the open market, without bidding, at the lowest obtainable price, any supplies, materials, equipment, or contractual services required, regardless of the

amount of the expenditure and to report such action to the Board at its next meeting, in compliance with Public Contract Code Section 22050.

B. Limited availability/ sole source. Occasionally, required supplies, material, equipment, or services are of a proprietary nature, or are otherwise of such specific design or construction, or are specifically desired for purposes of maintaining cost effective system consistency, as to be available from only one source. After reasonable efforts to find alternative suppliers, the General Manager may make or may recommend making the purchase from the sole source.

C. Cooperative purchasing. The Agency shall have the authority to join with other public jurisdictions in cooperative purchasing agreements or to buy directly from a vendor at a price established by competitive bidding by another public jurisdiction in substantial compliance with this policy, even if the Agency has not joined with that public agency in a formal agreement. The Agency also may purchase from the United States of America or any state, municipality or other public corporation or agency without following formal purchasing procedures as defined in this policy.

#### **Section 5. Review**

It is the intent of the Board of Directors to review this policy bi-annually, upon change in Agency management, and/or at any other time as determined in the discretion of the Board.

Adopted October 6, 2014 6-0 (Director Morris absent)

SAN GORGONIO PASS WATER AGENCY  
Water Rate Components  
From Water Rate Study by Taussig Associates February, 2009

OPERATIONAL EXPENSES

SGPWA Operations

Operations Manager Salary, 50%

Operations Manager Benefits, 50%

Administration

SGPWA Administrative Staff Salary, 5%

SGPWA Administrative Staff Benefits, 5%

EBX Operations

Operations Invoices from SBVMWD, 50%

Source of Supply

DWR - variable

SBVMWD - variable

Additional Water

DWR - Yuba Dry Year Program

RESERVE CONTRIBUTIONS

Rate Stabilization - \$11 per AF

Retailers

SGPWA

Reserve for New Water - \$22 per AF

Retailers

SGPWA

*handed out at meeting*

**SAN GORGONIO PASS WATER AGENCY  
INVESTMENT REPORT  
FY 2017-18  
FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017**

Accounting convention defines Current Assets as assets that can be liquidated within 1 year. By this definition, funds invested in Wells Fargo accounts, Bank of Hemet accounts, LAIF and CalTRUST accounts would all be considered Current Assets, or short-term investments.

The Agency categorizes its investments into three groups: Short-Term (can be liquidated or mature in 1 year); Medium-Term (mature in more than 1 year up to 5 years) and Long-Term (mature after 5 years).

For the purposes of this report, a "Hybrid" category is included for investments that can be liquidated in a year, but whose underlying securities may mature in more than one year. LAIF and CalTRUST both fall into this category.

This report includes a summary of cash and investments, and a detail of investments by category. The summary can be compared to the Cash Reconciliation Report. The detail of investments may differ slightly from the summary, due to rounding differences. This report also includes charts to show graphically the different investment categories, and what they are earning.

**CASH AND INVESTMENT SUMMARY**

**LOCATION - INSTITUTION**

|   |            |
|---|------------|
| PETTY CASH                                      | 100        |
| CASH IN CHECKING ACCOUNTS                       | 3,102,158  |
| WELLS FARGO MONEY MARKET SAVINGS                | 767,313    |
| BANK OF HEMET LOCAL AGENCY MONEY MARKET ACCOUNT | 510,007    |
| LOCAL AGENCY INVESTMENT FUND                    | 4,691,169  |
| CALTRUST SHORT-TERM                             | 5,080,609  |
| CALTRUST MEDIUM-TERM                            | 14,776,831 |
| TIME VALUE INVESTMENTS                          | 17,935,000 |
| US TREASURY                                     | -          |

|                     |                   |
|---------------------|-------------------|
| <b><u>TOTAL</u></b> | <b>46,863,187</b> |
|---------------------|-------------------|

ALL INVESTMENTS LISTED ON THE INVESTMENT REPORT AND HELD BY THE SAN GORGONIO PASS WATER AGENCY ARE IN COMPLIANCE WITH THE AGENCY'S STATEMENT OF INVESTMENT POLICY.

THE AGENCY CAN MEET ITS EXPENDITURE REQUIREMENTS FOR THE NEXT SIX MONTHS.

*Thomas W. Corbett, Jr.*

October 23, 2017

**SAN GORGONIO PASS WATER AGENCY  
INVESTMENT REPORT  
FY 2017-18  
FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017**

**INVESTMENT DETAIL**

**SHORT-TERM**

| INSTITUTION   | Account                   | YIELD RATE | STATEMENT DATE | CURRENT VALUE |
|---------------|---------------------------|------------|----------------|---------------|
| Wells Fargo   | Money Market Savings      | 0.10%      | 9/30/17        | 767,313.22    |
| Bank of Hemet | Local Agency Money Market | 0.15%      | 9/30/17        | 510,006.61    |

**HYBRID**

| INSTITUTION         | Account                      | YIELD RATE | STATEMENT DATE | CURRENT VALUE |
|---------------------|------------------------------|------------|----------------|---------------|
| State of California | Local Agency Investment Fund | 1.11%      | 9/30/17        | 4,691,169.25  |
| CalTRUST            | Short-Term                   | 1.16% *    | 9/30/17        | 5,080,609.21  |
| CalTRUST            | Medium-Term                  | 1.42% *    | 9/30/17        | 14,776,830.84 |

\*Quarterly Average

**MEDIUM-TERM**

**BROKER: TIME VALUE INVESTMENTS BONDS**

| ISSUER       | TYPE      | PURCHASE AMOUNT  | YIELD RATE   | MATURITY DATE | FACE VALUE       | CURRENT VALUE       |
|--------------|-----------|------------------|--------------|---------------|------------------|---------------------|
| FFCB         | Callable* | 1,976,118        | 0.94%        | 03/19/2018    | 2,000,000        | 1,997,040           |
| FFCB         | Callable* | 1,995,800        | 0.97%        | 06/18/2018    | 2,000,000        | 1,994,800           |
| FFCB         | Callable* | 999,200          | 1.12%        | 02/22/2019    | 1,000,000        | 993,900             |
| FFCB         | Callable* | 1,001,474        | 1.02%        | 07/12/2019    | 1,000,000        | 990,980             |
| FFCB         | Callable* | 1,000,770        | 1.38%        | 03/02/2020    | 1,000,000        | 992,870             |
| FNMA         | Callable* | 1,050,000        | 1.40%        | 11/25/2020    | 1,050,000        | 1,029,305           |
| <b>TOTAL</b> |           | <b>8,023,362</b> | <b>1.09%</b> | <b>TOTAL</b>  | <b>8,050,000</b> | <b>7,998,894.50</b> |

\* Can be redeemed before maturity date.

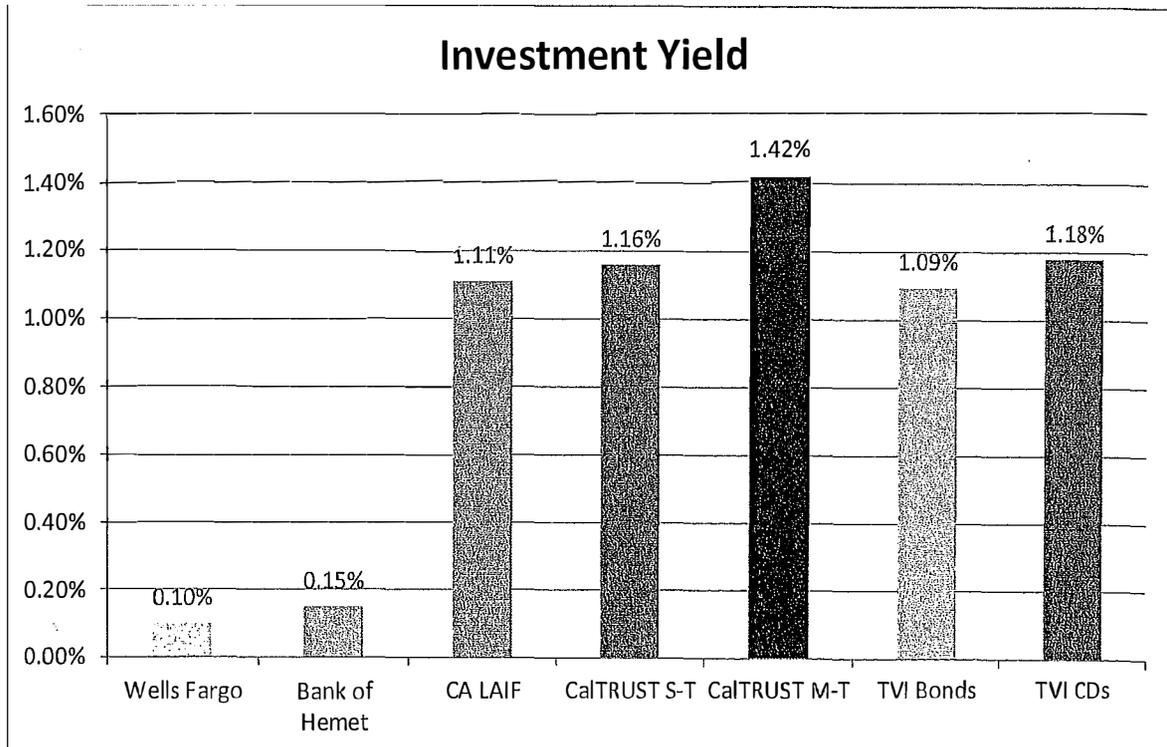
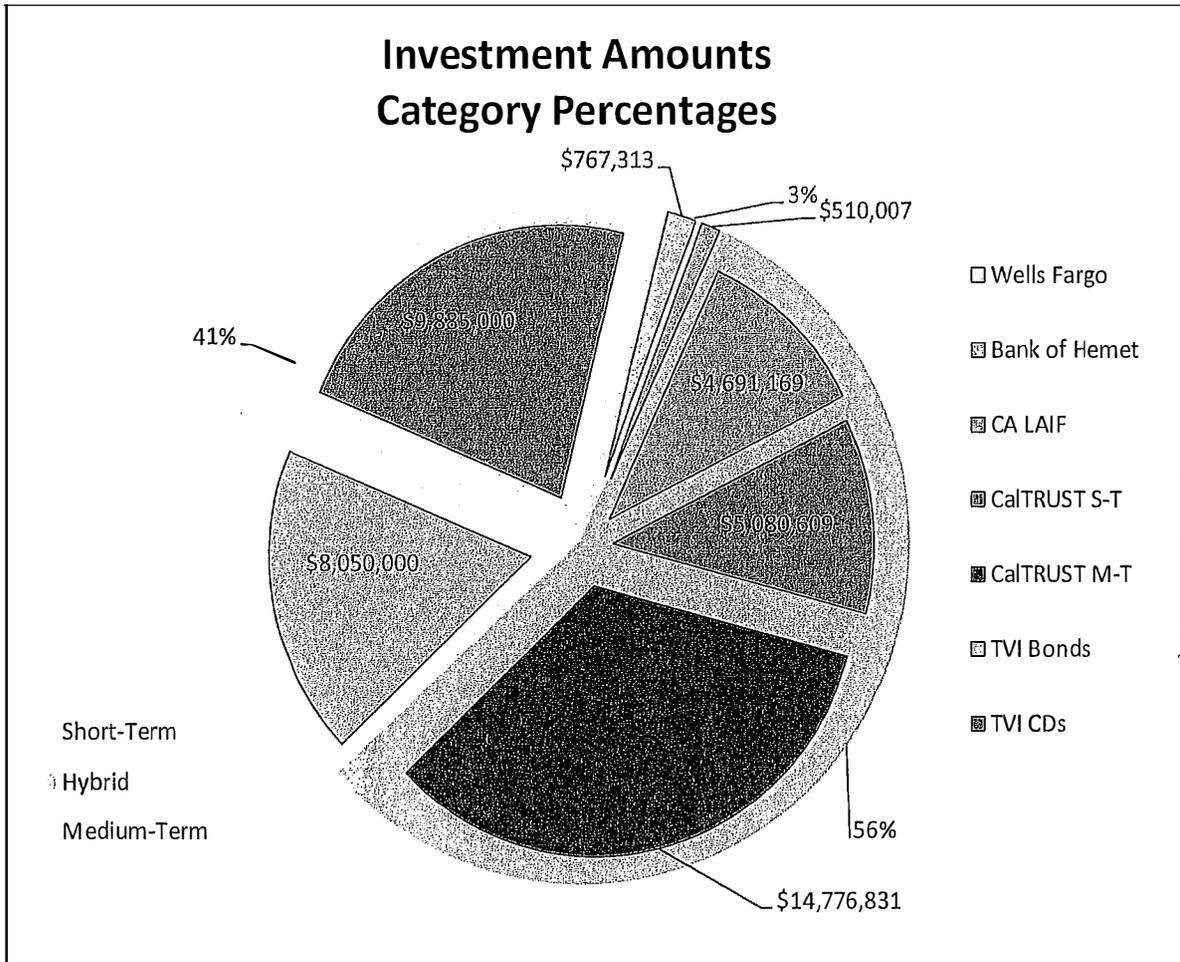
**BROKER: TIME VALUE INVESTMENTS CDs**

| ISSUER        | PURCHASE AMOUNT | YIELD RATE | MATURITY DATE | FACE VALUE | CURRENT VALUE |
|---------------|-----------------|------------|---------------|------------|---------------|
| Various banks | 9,885,000       | 1.18%      | 1-25 months   | 9,885,000  | 9,863,888.85  |

**LONG-TERM**

*The Agency has no Long-Term investments at the date of this report.*

**SAN GORGONIO PASS WATER AGENCY  
INVESTMENT REPORT  
FY 2017-18  
FOR THE THREE MONTHS ENDING ON SEPTEMBER 30, 2017**



*handed out at meeting*

**SAN GORGONIO PASS WATER AGENCY  
INVESTMENT REPORT  
FY 2016-17  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2017**

Accounting convention defines Current Assets as assets that can be liquidated within 1 year. By this definition, funds invested in Wells Fargo accounts, Bank of Hemet accounts, LAIF and CalTRUST accounts would all be considered Current Assets, or short-term investments.

The Agency categorizes its investments into three groups: Short-Term (can be liquidated or mature in 1 year); Medium-Term (mature in more than 1 year up to 5 years) and Long-Term (mature after 5 years).

For the purposes of this report, a "Hybrid" category is included for investments that can be liquidated in a year, but whose underlying securities may mature in more than one year. LAIF and CalTRUST both fall into this category.

This report includes a summary of cash and investments, and a detail of investments by category. The summary can be compared to the Cash Reconciliation Report. The detail of investments may differ slightly from the summary, due to rounding differences. This report also includes charts to show graphically the different investment categories, and what they are earning.

**CASH AND INVESTMENT SUMMARY**

**LOCATION - INSTITUTION**

|   |            |
|---|------------|
| PETTY CASH                                      | 100        |
| CASH IN CHECKING ACCOUNTS                       | 156,128    |
| WELLS FARGO MONEY MARKET SAVINGS                | 1,267,082  |
| BANK OF HEMET LOCAL AGENCY MONEY MARKET ACCOUNT | 509,816    |
| LOCAL AGENCY INVESTMENT FUND                    | 16,274,975 |
| CALTRUST SHORT-TERM                             | 5,065,400  |
| CALTRUST MEDIUM-TERM                            | 14,723,670 |
| TIME VALUE INVESTMENTS                          | 17,935,000 |
| US TREASURY                                     | -          |

|                     |                          |
|---------------------|--------------------------|
| <b><u>TOTAL</u></b> | <b><u>55,932,171</u></b> |
|---------------------|--------------------------|

ALL INVESTMENTS LISTED ON THE INVESTMENT REPORT AND HELD BY THE SAN GORGONIO PASS WATER AGENCY ARE IN COMPLIANCE WITH THE AGENCY'S STATEMENT OF INVESTMENT POLICY.

THE AGENCY CAN MEET ITS EXPENDITURE REQUIREMENTS FOR THE NEXT SIX MONTHS.

*Thomas W. Poole, Jr.*

October 23, 2017

**SAN GORGONIO PASS WATER AGENCY  
INVESTMENT REPORT  
FY 2016-17  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2017**

**INVESTMENT DETAIL**

**SHORT-TERM**

| INSTITUTION   | Account                   | YIELD RATE | STATEMENT DATE | CURRENT VALUE |
|---------------|---------------------------|------------|----------------|---------------|
| Wells Fargo   | Money Market Savings      | 0.15%      | 6/30/07        | 1,267,082.44  |
| Bank of Hemet | Local Agency Money Market | 0.15%      | 6/30/17        | 509,815.93    |

**HYBRID**

| INSTITUTION         | Account                      | YIELD RATE | STATEMENT DATE | CURRENT VALUE |
|---------------------|------------------------------|------------|----------------|---------------|
| State of California | Local Agency Investment Fund | 0.98%      | 6/30/17        | 16,274,974.83 |
| CalTRUST            | Short-Term                   | 1.09% *    | 6/30/17        | 5,065,399.55  |
| CalTRUST            | Medium-Term                  | 1.26% *    | 6/30/17        | 14,723,670.03 |

\*Quarterly Average

**MEDIUM-TERM**

**BROKER: TIME VALUE INVESTMENTS BONDS**

| ISSUER | TYPE         | PURCHASE AMOUNT  | YIELD RATE   | MATURITY DATE | FACE VALUE       | CURRENT VALUE    |
|--------|--------------|------------------|--------------|---------------|------------------|------------------|
| FFCB   | Callable*    | 1,976,118        | 0.94%        | 03/19/2018    | 2,000,000        | 1,995,320        |
| FFCB   | Callable*    | 1,995,800        | 0.97%        | 06/18/2018    | 2,000,000        | 1,990,080        |
| FFCB   | Callable*    | 999,200          | 1.12%        | 02/22/2019    | 1,000,000        | 994,010          |
| FFCB   | Callable*    | 1,001,474        | 1.02%        | 07/12/2019    | 1,000,000        | 990,260          |
| FFCB   | Callable*    | 1,000,770        | 1.38%        | 03/02/2020    | 1,000,000        | 992,160          |
| FNMA   | Callable*    | 1,050,000        | 1.40%        | 11/25/2020    | 1,050,000        | 1,028,549        |
|        | <b>TOTAL</b> | <b>8,023,362</b> | <b>1.09%</b> | <b>TOTAL</b>  | <b>8,050,000</b> | <b>7,990,379</b> |

\* Can be redeemed before maturity date.

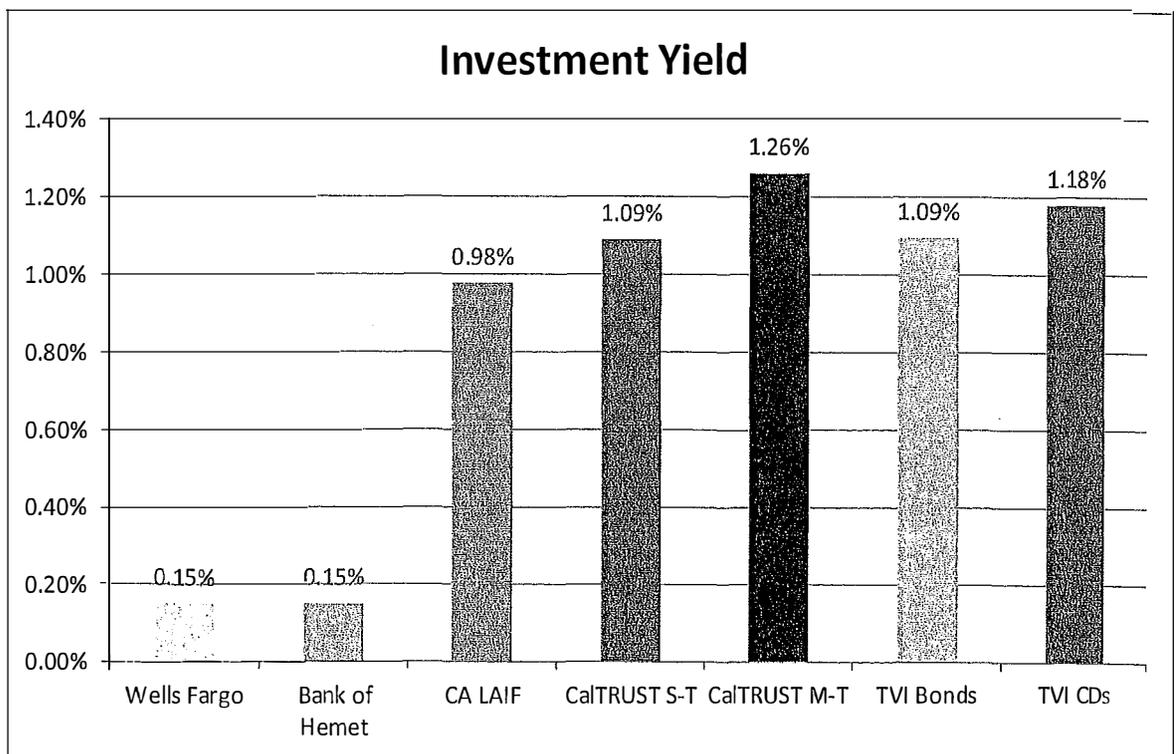
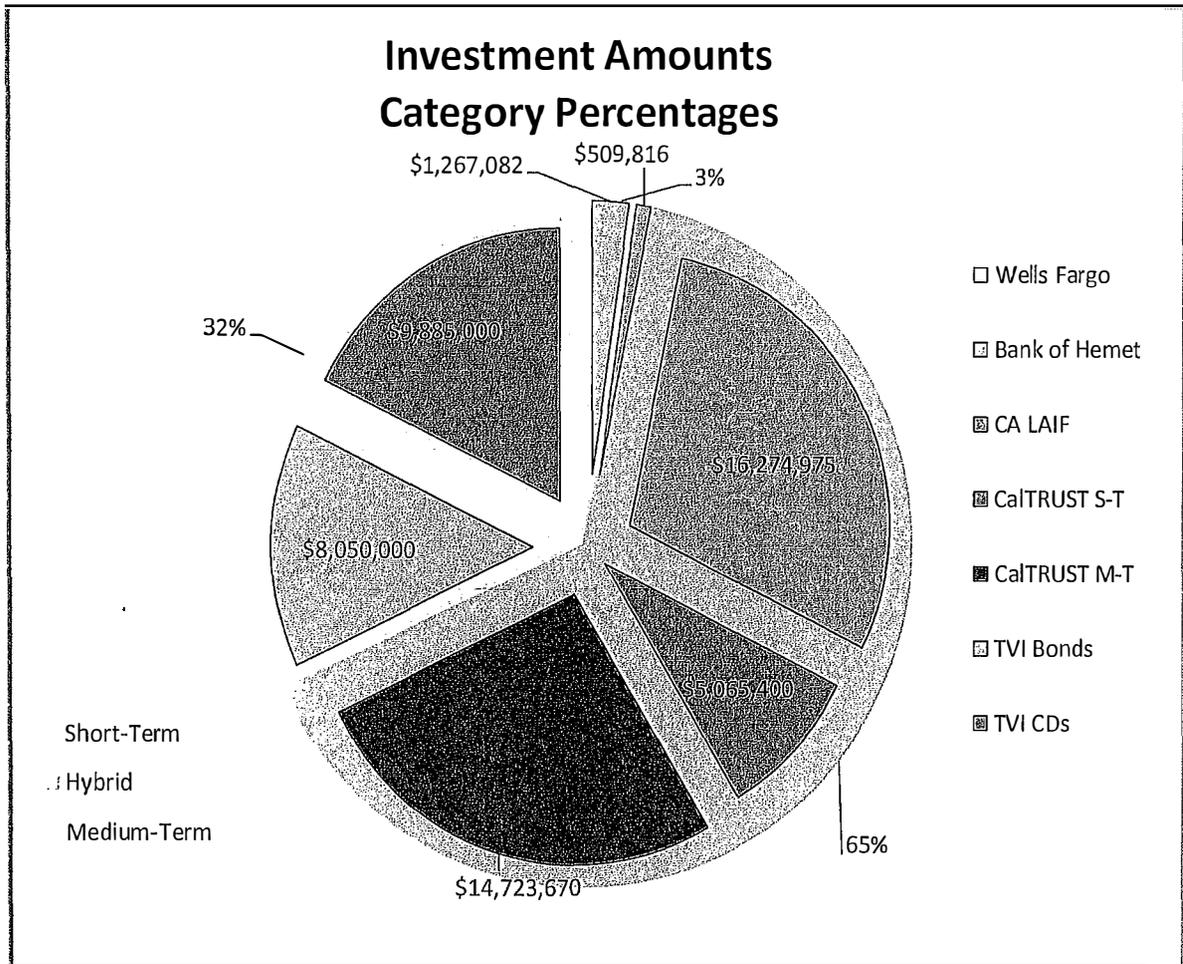
**BROKER: TIME VALUE INVESTMENTS CDs**

| ISSUER        | PURCHASE AMOUNT | YIELD RATE | MATURITY DATE | FACE VALUE | CURRENT VALUE |
|---------------|-----------------|------------|---------------|------------|---------------|
| Various banks | 9,885,000       | 1.18%      | 1-29 months   | 9,885,000  | 9,876,504.03  |

**LONG-TERM**

*The Agency has no Long-Term investments at the date of this report.*

**SAN GORGONIO PASS WATER AGENCY  
INVESTMENT REPORT  
FY 2016-17  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2017**



## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager and General Counsel

**RE:**

1. Conduct a public hearing regarding proposed Ordinance No. 15 increasing the number of days per month which will be eligible for Director compensation.
2. Consideration and possible action to adopt Ordinance No. 15 increasing the number of days per month which will be eligible for Director compensation.

**DATE:** November 6, 2017

### **Summary:**

The purpose of this Board action is to conduct a public hearing to receive oral and written comments regarding the proposed Ordinance No. 15 which would increase the number of days per month which will be eligible for Director compensation. Following the close of the public hearing, the Board may proceed to consider whether to adopt Ordinance No. 15.

### **Background:**

The Water Code allows elected members of boards of directors to be compensated for a maximum of ten meetings per month. There can only be compensation for one meeting per day.

On May 18, 1998, the Agency Board adopted Ordinance No. 7, increasing the maximum number of paid meetings for Agency Board members from four to five per month. Subsequent action by the Board has established the formula for determining the amount of compensation, definitions of a “day of service” for which Directors may be compensated, and the procedures for determination of eligible meetings.

The Board directed Staff to set the public hearing and prepare the proposed Ordinance No. 15 in order to consider whether to increase the number of days per month for which Directors may be compensated from the current number of five to eight. This process includes the publication of a public hearing notice and conducting a public hearing prior to consideration of Ordinance No. 15. Such notices were published in the Record Gazette on Friday, October 20 and Friday, October 27.

Some of the reasons that have been discussed for a possible increase include the amount of days and time invested by Directors in attending meetings where they represent the Agency and/or obtain information which helps them make decisions as Board members. Many Agency Board members attend more than five meetings per month. In addition, many other State Water Contractors in Southern California provide for directors to be paid up to the maximum of ten meetings per month.

### **Detailed Report:**

Ordinance No. 15, as drafted by the General Counsel with direction from the Board, includes an increase in the maximum number of paid meetings from five to eight, a restatement of the current formula for calculating compensation, and an update of compensation guidelines. As a result, Ordinance No. 15 would include all of the pertinent requirements currently in place as of the date of Ordinance No. 15. However, the only substantive change being proposed is to change the cap from five to eight meetings per month.

The Agency has received a number of emailed comments from members of the public over the past several weeks. These are included in the agenda package and will be included as written comments for the public hearing.

### **Fiscal Impact:**

Should the Ordinance be adopted, it could increase expenditures in the General Fund by up to \$63,738.36 per year at the current per diem rate. In this fiscal year, the amount would be half that, since the Ordinance would not go into effect for 60 days after adoption (in January 2018, halfway through the fiscal year). The impact this year

would be a maximum of \$31,869.18, or approximately 0.28% of the General Fund budget. In future years, this could be up to approximately 0.56% of General Fund budgets. Since the administrative costs of the Agency are mostly funded through property taxes that are calculated and apportioned by the County, adoption of Ordinance No. 15 would mean that the Agency would have to reduce expenditures in the General Fund by 0.28% this year to make up for the increased expenditure. Given the above information, adoption of Ordinance No. 15 would not have a significant financial impact.

**Recommendation:**

1. Conduct the public hearing to receive oral and written comments regarding the proposed adoption of Ordinance No. 15.
2. Following the close of the public hearing, consider whether to adopt Ordinance No. 15.

NOTICE OF PUBLIC HEARING SAN GORGONIO PASS WATER AGENCY CONSIDERATION OF ORDINANCE INCREASING NUMBER OF DAYS PER MONTH WHICH WILL BE ELIGIBLE FOR DIRECTOR COMPENSATION, RESTATING THE CURRENT AMOUNT OF COMPENSATION, AND UPDATING COMPENSATION GUIDELINES

NOTICE IS HEREBY GIVEN that on November 6, 2017, the Board of Directors of the San Gorgonio Pass Water Agency will hold a public hearing at 1:30 p.m., or as soon thereafter as practicable, at 1210 Beaumont Avenue, Beaumont, CA 92223 as part of the Regular Meeting of the Board. The Board will hold the public hearing in order to receive oral and written testimony regarding the proposed adoption of Ordinance No. 15.

Written comments may be filed at any time prior to conclusion of the public hearing. Those desiring to orally comment may do so during the hearing. Written comments should be addressed to the attention of the Board Secretary, at the above-mentioned address.

Upon conclusion of the hearing, the Board will consider adoption of proposed Ordinance No. 15 which would increase the number of days per month eligible for Director compensation, restate the current formula for calculating compensation, and update compensation guidelines. A copy of proposed Ordinance No. 15 is available for review at the above-mentioned address. Copies of the Ordinance are available by calling the Agency at (951) 845-2577 or at the Agency's web site: [www.sgpwa.com](http://www.sgpwa.com).

Published in

The Record Gazette

No. 148670

10/20, 27, 2017

## Cheryle Rasmussen

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**From:** Diane Franklin <jgdif2@sbcglobal.net>  
**Sent:** Saturday, October 28, 2017 2:01 PM  
**To:** Cheryle Rasmussen; Jeff Davis  
**Subject:** New submission from Public Comment Submission for Board Meeting

### Name

Diane Franklin

### Date of Board Meeting

11/06/2017

### City of Residence

Cherry Valley

### Message

I and my husband are very upset over the movement of our Board of Directors to increase the number of meetings each director attends from 5 to 8 thus causing a raise of pay of 60% for each director if they attend all 8 meetings, which ALSO WILL be paid by US, TAXPAYERS! Sixty percent raise for seven board members at 8 meetings would total an increase \$63,000.00 more per year. This is SO outrageous! Also, many of the meetings you attend will, most probably, have little to do water and that too, is outrageous! Many of us living here have seen no raise in our incomes, and none at 60%, We are seeing the cost of living rise and rise and our taxes going up not down. We cannot afford to pay you more to attend meetings just because you decided that a wage increase at this time would suit you. Things are very hard money wise for so many of us, even our local cities are struggling with costs and much infrastructure needs rebuilding. This is not the time for a 60% raise. I taught school and got a 2% raise which later was taken away because LAUSD couldn't afford it and now you, directors, are asking for 60% raise???This is not how I want my tax dollars spent. I will state it again, THIS IS NOT HOW I WANT MY TAX DOLLARS SPENT!  
Respectably submitted,  
Diane Franklin & John Franklin

### Email

[jgdif2@sbcglobal.net](mailto:jgdif2@sbcglobal.net)

## Cheryle Rasmussen

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**From:** Board of Directors <john761936@gmail.com>  
**Sent:** Friday, October 20, 2017 12:35 PM  
**To:** Cheryle Rasmussen; Jeff Davis  
**Subject:** New submission from Public Comment Submission for Board Meeting

### Name

Board of Directors

### Date of Board Meeting

11/06/2017

### City of Residence

Beaumont

### Message

Board of Directors

Thank you for serving our community. In regards to increasing the meetings for 5 to 8 we would suggest that might be interesting but not important. It would ultimately end up adding to our taxes.

Thank you.

John Christensen

### Email

[john761936@gmail.com](mailto:john761936@gmail.com)

## Cheryle Rasmussen

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**From:** Jeff Elser <jnrc951@aol.com>  
**Sent:** Tuesday, October 24, 2017 12:02 PM  
**To:** Cheryle Rasmussen; Jeff Davis  
**Subject:** New submission from Public Comment Submission for Board Meeting

### Name

Jeff Elser

### Date of Board Meeting

11/20/2017

### City of Residence

Cherry Valley

### Message

I am against the Water Agency board members increasing their paid meetings per month from 5 per month to 8 per month. This is a 60% increase, or an additional \$9,000.00 increase in board member pay per year. If the proposed meeting quota were met monthly by each board member, this would be an additional \$63,000.00 per year just for director fees. The reality is that the Pass Water Agency deals more with state issues than local issues and attending local meetings such as Chamber of Commerce meetings, City Council meetings and Finance/Audit meetings from local retail water districts does not warrant an increase or compensation for those local meetings.

Again, I opposes the Pass Water Agency pay increase.

Jeff Elser

### Email

[jnrc951@aol.com](mailto:jnrc951@aol.com)

**SAN GORGONIO PASS WATER AGENCY**

**ORDINANCE NO. 15**

**AN ORDINANCE INCREASING THE NUMBER OF DAYS PER MONTH WHICH WILL BE ELIGIBLE FOR DIRECTOR COMPENSATION, RESTATING THE CURRENT AMOUNT OF COMPENSATION, AND UPDATING COMPENSATION GUIDELINES**

**WHEREAS**, the San Gorgonio Pass Water Agency (“Agency”) is a State Water Project (“SWP”) Contractor and wholesale water agency organized and operating under the Chapter 101 of the San Gorgonio Pass Water Agency Law set forth in the Water Code Appendix (“Law”). Section 12 of the Law provides authorization for Director compensation and the amount of days in a month for which compensation may be paid; and

**WHEREAS**, Water Code Section 20200 et seq. sets forth the authority and procedure for establishing compensation for the board of directors of “water districts,” which are defined as including, but not limited to, “water agencies.” The Water Code provides that despite any other provision of California law, such as the Law defined above, the Board may adopt an ordinance to authorize compensation for no more than 10 days in a calendar month and may otherwise adopt future ordinances regarding compensation under the authority set forth in Water Code Section 20200 et seq.; and

**WHEREAS**, on May 18, 1998, the Board adopted Ordinance No. 7 which provides for the amount of compensation which will be paid to Directors, sets the maximum number of days per month for which a Director may receive compensation at 5 days, and provides that each day’s service shall be as defined by resolution; and

**WHEREAS**, as part of the implementation of Ordinance No. 7, the Board took action on February 19, 2013 to adopt Resolution 2013-04 which provides that on January 1 of each year, the compensation received by Directors shall be adjusted in an amount equal to cost-of-living adjustments for Agency employees; and

**WHEREAS**, the Board of Directors desires to increase the number of days per month which will be eligible for compensation, restate the current formula for calculating the amount of compensation, and update compensation guidelines; and

**WHEREAS**, in accordance with Section 20203 of the California Water Code and Section 6066 of the California Government Code, a public hearing was held on November 6, 2017, at 1:30 p.m., or soon thereafter as practicable, at the meeting room of the Board of Directors of the Agency at 1210 Beaumont Avenue, Beaumont, CA 92223 and a notice of said hearing was duly published in the Record-Gazette, a newspaper of general circulation, once a week for two weeks as follows: on October 20, 2017 and October 27, 2017.

**NOW THEREFORE, THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY DOES HEREBY ORDAIN AS FOLLOWS:**

**Section 1** The compensation to the Directors of the San Gorgonio Pass Water Agency presently in effect has been increased to the amount allowed under Ordinance 7 and as implemented by Resolution 2013-04.

**Section 2** The maximum number of days for which a Director of the San Gorgonio Pass Water Agency may receive compensation for each day's service rendered as a member of the Board of Directors shall not exceed eight (8) in any calendar month.

**Section 3** Each day's paid service may be defined, from time to time, by way of the adoption of a resolution. Unless or until such a future resolution is adopted, the definition of a day of service shall be as follows:

(a) Attendance at any meeting of the San Gorgonio Pass Water Agency that requires public notice in accordance with the Brown Act.

(b) Attendance at any meeting of a San Gorgonio Pass Water Agency ad hoc committee, that committee having been established by the President of the Board.

(c) Attendance at regular, special or committee meetings of any organization in which the San Gorgonio Pass Water Agency is a member.

(d) Attendance at Beaumont Basin Watermaster meetings.

(e) Attendance at events, programs, or symposiums (not to exceed 1 day) or conferences (not to exceed 3 days) for the following organizations:

1. Association of California Water Agencies
2. Special Districts Association of Riverside County
3. State Water Contractors
4. Water Education Foundation
5. Special Districts Board Management Institute
6. Riverside County Water Symposium
7. American Water Works Association
8. Association of Ground Water Agencies

(f) Attendance at any meeting related to or informing the Board members on matters within the jurisdiction of the statutory powers of the Agency, provided that such meetings deal with substantive issues and consume more than a minor amount of the Board member's time.

(g) Attendance at any meeting submitted for consideration and approved as a day of service by the Board, provided that such meetings deal with substantive issues and consume more than a minor amount of the Board member's time.

**Section 4** The Finance and Budget Committee of the Agency shall determine by examination and vote, that the meetings submitted for payment of Director's fees are in accordance with these guidelines. The Directors shall have the right to appeal the decision of the Finance and Budget Committee to the Board of Directors.

**Section 5** All ordinances, resolutions, or administrative actions by the Board of Directors, or parts thereof, that are inconsistent with any provision of this Ordinance are hereby superseded only to the extent of such inconsistency. For example, and not by way of limitation, the applicable provisions of Ordinance No. 7 and Resolution No. 2008-03 are hereby superseded and shall be of no further force or effect.

**Section 8** 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.

**Section 9** 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 10** The President of the Board of Directors shall sign this Ordinance and the Secretary of the Board of Directors shall attest thereto, and pursuant to Section 20204 of the California Water Code, this Ordinance shall take effect sixty (60) days from the date of adoption.

**ADOPTED** this 6th day of November, 2017, by the Board of Directors of the San Geronio Pass Water Agency.

---

David Fenn,  
President of the Board of Directors

ATTEST:

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Jeffrey Davis,  
Secretary of the Board of Directors

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Construction Contract for Mountain View Connection and  
Beaumont Avenue Recharge Facility

**DATE:** November 6, 2017

### **Summary:**

On October 26, the Agency opened bids for construction of the above-named project. Only two bids were received. The purpose of this proposed Board action is to determine if the Board wishes to award a contract to the apparent low bidder, or to reject all bids and to re-bid the contract.

### **Background:**

The Agency has spent a number of years planning for the Beaumont Avenue Recharge Facility. First the land was purchased, then preliminary engineering and soils work performed, followed by an environmental impact report, final design, and advertising for construction. Several months ago, the Board directed staff to move forward with the advertising/bidding process in order to complete construction of the facility as soon as possible.

### **Detailed Report:**

The Agency required attendance at a pre-bid conference as a prerequisite to submitting a bid for the project. Only four contractors attended, sending a message that there was not as much interest in this job as there would have been a year or two ago.

Of the four contractors who attended, only two submitted bids. One contractor was disqualified since he showed up late to the pre-bid conference. The other failed to submit a bid due to unforeseen circumstances on the day of the bid opening. Both would have liked to have submitted bids.

The apparent low bid, from Los Angeles Engineering, was for \$3.999 million. The other bid, from Norstar Plumbing and Engineering, was for \$6.1 million. After bids were opened, Los Angeles Engineering informed staff that there was a clerical error in its bid, and could not proceed with a contract of \$3.999 million.

Staff is opposed to awarding a contract for a public works project of this size when less than three bids are received. Staff believes that at least three bids are required in order to provide sufficient competition and to gain information on the true cost of a project.

The Board has two options. It can proceed with award of contract to Los Angeles Engineering, assuming that its bonds are in order and its bid is found to be responsible. Or, it can choose to reject all bids and to bid the project again. The contract documents state that the Agency has this option. The advantage to awarding a contract at this time is that the project would be completed by the middle of 2018, and if 2018 is a wet year, the Agency could import more water to the region. The advantage to re-bidding the job is that the Agency would likely save some money, potentially in the hundreds of thousands of dollars.

**Fiscal Impact:**

The Agency has the funds to proceed with construction now if desired by the Board. Funds are budgeted for this fiscal year for construction, though the amount of the bid is higher than the amount budgeted. The Agency has long estimated that the overall project, including land, engineering, environmental, and construction, would cost approximately \$8.5 to \$9 million. Should the Board proceed with the apparent low bid, the final cost would likely be slightly over \$9 million. It is apparent that costs today will be higher than they would have been two years ago, when contractors were hungrier and willing to bid less to obtain contracts.

As has been discussed previously, staff plans to apply for a Prop 1 grant to reimburse the Agency for a large portion of the cost of the project, as soon as the Department of Water Resources publishes a PSP for such grants.

**Recommendation:**

Staff recommends that the Board reject all bids received on October 26 and re-bid the project in an attempt to get a more favorable price for the proposed work.

Staff does not recommend awarding a contract to Los Angeles Engineering. The clerical error in its bid would make working with it very difficult and costs would have to be negotiated.

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Methodologies for Funding Additional Water Supplies

**DATE:** November 6, 2017

### **Summary:**

Over the past several months, the Board has discussed numerous methods to fund the purchase of additional water supplies. Staff is providing this report to inform the Board that the Agency has other powers granted to it by the Legislature that it could use to fund additional water supplies. Staff is not recommending any particular method, but feels the Board should have all pertinent information prior to making such decisions. There is no action recommended in this report. It is for information and discussion only at this time.

### **Background:**

For a number of years, the Agency's Board has envisioned a capacity fee as the largest, though not the only, source of revenue to make multiple large purchases of additional supplemental water supplies. The concept of a capacity fee is simple—a developer would make a one-time payment up front to fund the purchase of a long-term, or even permanent, water supply for its development. In recent years, the water industry has changed somewhat and now some owners of long-term water supplies prefer annual payments (such as the Nickel water) rather than a one-time up-front fee. Capacity fees can be used for these different types of water sources so long as the fee is reasonably related to the cost of providing service to the applicable new development.

The plan developed by the Agency a number of years ago also includes other revenue sources, including water rates, withdrawals from reserves, and general fund taxes. These would be used as needed and as appropriate to fund the additional supplies, but the bulk of the revenue, in regard to funding water supplies applicable to

new development, has always been anticipated to come from the proceeds of the capacity fee.

In discussing use of this fee to fund the recent Nickel water purchase, the Board learned that retail water agencies are reluctant to use a capacity fee to fund this water because it is not a permanent source. It is a twenty year source (required by California law) with an Agency right of first refusal for an additional 20 years. Even with this information, retail water agencies have indicated that they, for a number of reasons, do not currently plan on cooperating with the Agency to collect the fee to pay for this water. Such cooperation by retail agencies and/or land use agencies is necessary since only those types of agencies provide direct approvals to applicants for new development.

Staff has discussed this issue with retail agency General Managers in order to try to find common ground. A different mechanism was suggested by the BCVWD General Manager. Under this plan, the Agency would adopt a capacity fee, but it would have two components—one for “short-term” water such as Nickel water (which the Board believes is a long-term supply), and a separate component for “permanent” water supplies such as Sites Reservoir or the purchase of Table A water from other Contractors.

Staff has concerns about such a proposal, which will be discussed at the Board meeting. In general, Staff is concerned that such a proposal could substantially increase the amount of the fee, require a new and different nexus fee study, and require the Agency to define the difference between long-term water supplies and permanent water supplies. Staff does not believe that other State Water Project Contractors would be willing to “sell” their Table A water to the Agency. Thus, the only reasonable potential “permanent” water supply would be Sites Reservoir, which may or may not be constructed.

Staff believes that the Board needs to have all pertinent information in order to make a decision on the funding of new water supplies, so the purpose of this staff report is also to inform the Board of other powers granted by the SGPWA Act that the Board could use to fund new water supplies. Staff is not necessarily recommending any of these

alternative funding mechanisms, but the Board, in deciding on how to fund future water supplies, should have this information available to it.

## **Detailed Report:**

### Improvement Districts

The SGPWA Act empowers the Board to create Improvement Districts within its boundaries. The process for creating such districts is set forth in Section 33 of the Act. Staff will be prepared to explain during the Board meeting the extent to which such financing mechanisms may or may not be able available for the goals of obtaining additional water resources.

### Standby Charge

Section 50 of the SGPWA Act empowers the Board to impose a Standby Charge on all land within the Agency's boundaries or within the boundaries of any Improvement Districts within the Agency. A standby charge is similar to the Agency's State Water Project tax in that it would be imposed on each property owner in the defined area. It is different in that it would not be a tax rate, but a single tax per acre or per parcel. This is used by other State Water Contractors as a revenue stream. The proceeds from such a fee are used for the benefit of those in the service area who could at some point in time have to depend on the Agency as a water supply. Standby Charges are subject to the assessment procedures under the law and would require two-thirds approval, which is commonly difficult to obtain.

### State Water Project Tax

The tax rate adopted by the Board each year is restricted to paying for costs associated with the State Water Project. Thus, new water supplies that do not come from the State Water Project could not be funded with revenues from this tax (such as the Nickel water, or water purchased from South Mesa Water Company). However, should the Board procure additional water that is part of the State Water Project, it could choose to fund that water through the tax. For example, should an existing agricultural Contractor decide to lease a portion of its incremental Table A water to help defray costs of the California Water Fix, the Contractor who leases that water could use its tax rate to fund it, since the water would be part of the State Water Project. The Board may choose to use other methods to fund this water, but it

could use this tax, if desired. The General Counsel can provide more information and detail on this alternative.

**Summary:**

The purpose of this report is to inform the Board that it has alternative methods of funding new water supplies that we have not discussed in the past. The Board potentially has a number of financial tools in its tool box that it can use to pay for new water supplies. These “tools” include the following, some of which have been discussed previously and some of which are described in this report.

- A single-component capacity fee for long-term water supplies.
- A two-component capacity fee that would pay for interim supplies as well as a permanent supply (if it can be found).
- The water rate charged to retail water customers.
- Withdrawals from reserves.
- General fund tax revenues.
- State Water Project tax (if new supplies emanate from the State Water Project).
- Creation of a standby charge for the entire service area or various Improvement Districts within the service area.
- Creation of new Improvement Districts, along with a water rate or standby charge, that would place the burden of funding new supplies on newly developed areas.

Alternatively, the Board could choose to not fund any additional water supplies at all, leaving this task to retail water agencies and/or developers. This is not consistent with the Board’s past discussions and actions, and staff believes it is likely inconsistent with the spirit of the Urban Water Management Planning Act, but it is an option.