

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**January 2, 2018 at 1:30 p.m.**

**1. Call to Order, Flag Salute, Invocation, and Roll Call**

**2. Election of Board Officers**

- a. Nominations for President  
Election of President
- b. Nominations for Vice President  
Election of Vice President
- c. Nominations for Treasurer  
Election of Treasurer
- d. Nominations for Secretary/Assistant Treasurer  
Election of Secretary/Assistant Treasurer

**3. Adoption and Adjustment of Agenda**

**4. 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.

**5. 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, December 4, 2017\*  
(p. 3)
- B. Approval of the Minutes of the Engineering Workshop, December 11, 2017\*  
(p. 8)
- C. Approval of the Minutes of the Finance and Budget Workshop, December 18, 2017\* (p. 10)
- D. Approval of the Finance and Budget Workshop Report, December 18, 2017\*  
(p. 13)

**6. Reports (Discussion and Possible Action)**

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

**7. New Business (Discussion and Possible Action)**

- A. Review of 2017 Legislative Priorities and Possible Determination of 2018 Legislative Priorities\* (p. 26)
- B. Consideration and Possible Action on Revised Procurement Policy\* (p. 30)

- C. Consideration and Possible Action Regarding Transfer of Funds from Debt Service Fund to General Fund to Reimburse Funds Paid for East Branch Extension\* (p. 38)

**8. Announcements**

- A. Engineering Workshop, January 8, 2018 at 1:30 p.m.
- B. Office closed **Monday**, January 15, 2018 in observance of Martin Luther King, Jr. Day
- C. Regular Board Meeting, **Tuesday**, January 16, 2018 at 1:30 p.m.
- D. Southern California Water Committee Quarterly Luncheon  
**Friday**, January 19, 2018 at 11:00 a.m.  
Victoria Club  
2521 Arroyo Drive, Riverside
- E. Finance and Budget Workshop, January 22, 2018 at 1:30 p.m.

**9. Topics for Future Agendas**

**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. 2 / 4 3 ation or accommodation.

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, California 92223**  
**Minutes of the**  
**Board of Directors Meeting**  
**December 4, 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

**Directors Absent:** David Castaldo, 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 Fenn at 1:30 p.m., December 4, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Lehtonen gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* There were no adjustments to the agenda. The agenda was adopted as published.
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 that are not on today's agenda.* There were no members of the public that wished to comment at this time.
4. **Consent Calendar:**
  - A. Approval of the Minutes of the Regular Board Meeting, November 20, 2017
  - B. Approval of the Minutes of the Finance and Budget Workshop, November 27, 2017
  - C. Approval of the Finance and Budget Workshop Report, November 27, 2017

*President Fenn asked for a motion on the Consent Calendar.* Director Stephenson made a motion, seconded by Director Thompson, to adopt the consent calendar as presented. Motion passed 6-0, with Director Castaldo absent.

## 5. Reports:

### A. General Manager's Report:

**(1) Operations Report: (a) SWP Water Deliveries:** The Agency delivered a total of 1387 acre-feet to the Noble Creek Connection, for the month of November; The Agency has delivered 13,743 acre-feet so far this year. We expect to deliver about 1400 AF this month for an annual total of about 15,000 acre-feet, and carry over about 4000 acre-feet to next year.

**(2) Water Supply Report:** General Manager Davis reviewed with the Board the current storage numbers for Lake Oroville (1.26 MAF) and San Luis Reservoir. San Luis levels are much higher than usual, which is due to water that was spilled from Lake Oroville in order to work on the Spillway. The Agency has 4000 acre-feet of carryover water in the San Luis Reservoir. There is a potential of losing some of the carryover water should there be a need to spill, at which point carryover water then becomes Article 21 water and opens it up to other SWC's to receive; however the chance of carryover water spilling is relatively small. General Manager Davis also reviewed with the Board how DWR calculates its SWP water allocation. On November 29, 2017 DWR published a Notice to Contractors stating that the initial SWP water allocation for 2018 is at 15%.

**(3) Report on ACWA Conference:** General Manager Davis attended the ACWA Fall Conference that was held in Anaheim from December 28<sup>th</sup> – 31<sup>st</sup>. He reported on the following:

- **ACWA Groundwater Committee**
- **Legislative Update**
- **Cal WaterFix**
- **California Water Plan**
- **Water Bonds**
- **Low Income Water Rate Assistance**

**(4) Update on Whitewater Flume:** General Manager Davis referred the Board to a BHMWC and City of Banning document that provided information on Whitewater Flume: the background, where we stand, and what we ask. The Participating Entities will not sign a cost share agreement until the Forest Service answers specific questions.

**(5) General Agency Updates:** General Manager Davis updated the Board on the following: **(a).** East Branch Extension: dedication is tentatively set for Thursday, at 10:00 am, January 11<sup>th</sup>, probably at Citrus Reservoir; more information will be provided in the near future. **(b).** Sites Reservoir: Two important meetings coming up in Sacramento: On December 13<sup>th</sup> the California Water Commission will hear presentations from all eleven applicants for the WSIP projects. Sites Reservoir Authority is holding a public hearing on their draft EIR this week.

**B. General Counsel Report:** General Counsel Jeff Ferre stated that at the November 27<sup>th</sup> Board Finance and Budget workshop there was discussion reflected in the minutes about the use of General Fund monies that were previously used to help pay for facilities that later became part of the State Water Project. General Counsel Ferre informed the Board that SWP facilities could in fact be paid from the debt service payment funds (SWP tax proceeds). In reviewing the Agency's Act there is nothing that prohibits the reimbursement to the General Fund of the amount that was advanced for the facilities that became part of the SWP. As an example, within the Act, Section 34 allows the Board of Directors to advance general funds of the Agency to accomplish the purposes of an improvement district and may repay the Agency from the proceeds of the sale of bonds. Or if an improvement district is formed the Agency can repay the proceeds from a special tax. This, from a legal point of view, would allow the advancement of General Funds and to repay the General Fund later for the construction of projects. General Counsel Ferre recommended a budgeting process in order to show transparency in the event the Board decides to take such action.

**C. Directors Reports:** (1) **Director Stephenson** reported on the ACWA JPIA meeting that he attended on November 27<sup>th</sup>. The JPIA is looking toward forming a captive insurance agency. (2) **Director Lehtonen** reported on the ACWA Conference that he attended in Anaheim. He recommended viewing the slide presentation on the Salton Sea, which is available on ACWA's website. (3) **President Fenn** encouraged water retailers to join ACWA. He reported on the workshops that he attended at the ACWA Conference. The conference was well attended and provided networking opportunities.

## **6. New Business:**

**A. Consideration of Co-Sponsorship of Southern California Water Committee (SCWC) Quarterly Luncheon for January 19, 2018:** A staff report and a copy of an email from SCWC for the "Save the Date" were included in the agenda packet. General Manager Davis stated that SCWC has asked four water agencies in the Inland Empire to be co-sponsors of the quarterly luncheon, at \$2000 each. Valley District, Western, and Inland Empire Utilities Agency have already agreed to sponsor the event. The luncheon will be held at the Victoria Club in Riverside. SCWC was formed to educate Southern California on issues relating to water. The Committee is a strong supporter of the Cal WaterFix. Director Stephenson made a motion, seconded by President Fenn, to co-sponsor the SCWC quarterly luncheon. Directors Ball and Thompson were not in favor of supporting the luncheon. Director Duncan stated that he attended a SCWC meeting that was held here at the Agency and that he found it very informative and felt that it was very beneficial. President Fenn noted that we have money budgeted for such events, it supports water and is local. Director Lehtonen commented that he is in favor of supporting meetings that address the Cal WaterFix and it can be effective in our positions here at the Agency. President Fenn suggested advertising in a local paper to inform the public of the event. President Fenn called for a vote. Motion passed 4-2, with Directors Ball and Thompson opposed, and Director Castaldo absent.

**B. Discussion and Possible Action Regarding Beaumont Avenue Recharge Facility:** A staff report was included in the agenda packet. General Manager Davis stated that the staff report included a timeline of major events and Board actions related to the project. Director Ball stated that he had requested this item to be placed on the November 20<sup>th</sup> Board meeting, but was told by staff that it was too late to do so. Concerns are with Prop 1 money, seepage and existing facilities. General Manager Davis responded that once the Agency opens bids, it will need to go before the Board to take an action on whether the Board wishes to go forward with the project. Advertisement of the project was done per the direction of the Board. Director Ball stated that it was the timing of his request that was crucial, as he wanted to speak to the Board before advertisement went out. The Board may have at that point decided to forgo the advertisement on that Monday, the day before it went out to bid. President Fenn responded that the Board did direct staff to re-advertise for the construction project. He also stated that Director Ball's request was submitted to the General Manager Thursday evening and that staff prepares the agenda in advance for submittal on Friday morning. He informed the Board that it was his call to not put Director Ball's request on the November 21<sup>st</sup> meeting agenda, as staff prepares a report or additional information to better prepare the Board to make an informed decision. President Fenn did not feel that discussion on the validity of the project was warranted, as it was not affecting a long-term decision of whether we follow through with the project. He also stated that additional information will be needed prior to moving forward with the project. He suggested that the Board Handbook Committee addresses functional rules on how to formally request a topic for discussion or possible action on the agenda. Director Ball will provide staff with a list of questions to be presented to the Board at the January 16<sup>th</sup> Board meeting.

**C. Discussion and Possible Action Regarding Expanded Noble Connection:** General Manager Davis stated that the Board directed him to move forward on the design and construction of the Noble connection as soon as possible, and he has been complying with this direction. Director Ball stated that in his opinion this Agency has been non-compliant with BCVWD's request for the expansion of the Noble connection. He recommended that by Christmas time that it is approved and by February this project is ready to go to construction. President Fenn stated that the Board had previously approved the expansion. Legal Counsel Ferre stated that his recollection is that BCVWD refused to sign the application due to particular language. The Agency revised the form and resubmitted the application to BCVWD, the application was signed by BVCWD and this Board approved the application. He stated that there is no need for any further Board action. If there is a concern on the timing of which actions are being done then the Board can give a consensus to staff to show progress by a certain date or get it done by a certain date. Director Stephenson requested staff to report on what has been done so far and what the next step is. General Manager Davis reported on the previous BCVWD General Manager's lack of responsiveness pertaining to the application. Our Board approved a policy change, along with revisions to the application, which were done without delay. The preliminary design was done and the Board directed staff to move forward. The Agency's engineer is working on both the Beaumont Avenue Recharge Facility design and the expansion of the Noble connection. DWR is involved in the service connection, any design changes has to meet with DWR approval, which takes

time; Staff is moving as fast as it can. Director Thompson asked if the Noble connection could be the number one priority and take precedence over the B.A.R.F. project. General Manager Davis went into detail as to what has taken place and what needs to take place in order to begin construction on the Noble connection. President Fenn stated that he would support what Director Thompson requested. President Fenn asked for an update at each board meeting until the project is done. President Fenn noted that it is a unanimous consensus of the Board to get the Noble connection done as soon as possible.

**7. Topics for Future Agendas:** There were no requests made.

**8. Announcements:**

- A. Engineering Workshop, December 11, 2017 at 1:30 p.m.
- B. Regular Board Meeting, December 18, 2017 at 1:30 p.m. - Canceled
- C. Finance and Budget Workshop, December 18, 2017 at 1:30 p.m.

**9. Closed Session (One Item)**

**Time: 3:20 p.m.**

- A. 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

**The meeting reconvened to open session at: Time: 4:05 pm**

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

**10. Adjournment**

**Time: 4:05 pm**

**Draft - Subject to Board Approval**

Jeffrey W. Davis, Secretary of the Board

cmr

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA 92223**  
**Minutes of the**  
**Board of Directors Engineering Workshop**  
**December 11, 2017**

**Directors Present:** David Fenn, President  
Blair Ball, Director  
David Castaldo, Director (arrived at 1:35)  
Ron Duncan, Director  
Steve Lehtonen, Director  
Leonard Stephenson, Director  
Michael Thompson, Director

**Staff Present:** Jeff Davis, General Manager  
Tom Todd, Finance Manager

**1. Call to Order, Flag Salute and Roll Call.** The Engineering workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Director Duncan at 1:30 p.m., December 11, 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. Public Comment.** No members of the public wished to speak at this time.

**3. Review of 2016 Draft Water Conditions Report.** A copy of the draft report was included in the agenda package. General Manager Davis reviewed the history of the report, why the Agency publishes it every year, and a brief summary of its intent. He then reviewed most of the tables and figures with the Board, discussing the meaning of the data. He encouraged Board members to read the text at their leisure to gain the insight on the data provided by the report. The Board made some comments and asked questions. General Manager Davis indicated that he would bring this back to the Board for final approval in January.

**4. Review of Current Water Rates and Future Needs.** A summary of what costs the Agency's current water rate is intended to cover and a list of potential costs that a future water rate may cover was included in the agenda package, along with some excerpts from the 2009 water rate nexus study. General Manager Davis reviewed the summary with the Board and then reviewed the excerpts, summarizing how the nexus study was prepared and what costs were included and not included, along with the reasons why. After discussion, it was the consensus of the Board that staff ask for a proposal for a new nexus study and bring a recommendation to the Board regarding who to contract with to perform the study. The Board recognized that a number of new water deals that the Agency has entered into require additional revenues and expressed a desire to explore the possibility of including those costs in a new water rate.

**5. Report on 2017 Committee Activities from Committee Chairs.** President Fenn had previously requested a written report from each committee chair on their committees' activities in 2017. A number of these written reports had already been received by President Fenn prior to the workshop. Directors Duncan, Castaldo, and Ball gave oral reports on the Capacity Fee ad hoc committee, the General Manager's Performance Evaluation committee, and the Board Handbook committee,



respectively. Each agreed to provide a written report to President Fenn as well. President Fenn indicated that he wanted to be assured that the committees were working toward their respective goals and that if there were any problems, he wanted to be aware of them.

#### **6. Announcements**

- A. Regular Board Meeting, December 18, 2017 at 1:30 pm. – Canceled.
- B. Finance and Budget Workshop, December 18, 2017 at 1:30 pm
- C. Office closed December 22<sup>nd</sup> and 20<sup>th</sup> in observance of the Christmas holiday.
- D. Office closed December 29<sup>th</sup> and January 1<sup>st</sup> in observance of the New Year's Holiday
- E. Regular Board Meeting, January 2, 2018 at 1:30 pm.

#### **7. Adjournment**

Director Duncan adjourned the meeting at 2:50 pm.

Draft—subject to Board approval

Jeff Davis, Secretary to the Board

cmr

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board Finance and Budget Workshop**  
**December 18, 2017**

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

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

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Treasurer Lenny Stephenson at 1:31 pm, December 18, 2017, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. Director Lehtonen 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 November, 2017 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Castaldo, seconded by Director Duncan, to recommend that the Board ratify paid monthly invoices of \$1,032,761.09 and payroll of \$37,393.80 for the month of November, 2017, for a combined total of \$1,070,154.89. 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 November, 2017. The motion passed 7 in favor, no opposed.
  - C. Review of November, 2017 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Director Lehtonen, to recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for November, 2017 as presented. The motion passed 7 in favor, no opposed.

- D. Review of Budget Report for November, 2017: After review and discussion, a motion was made by President Fenn, seconded by Director Castaldo, to recommend that the Board acknowledge receipt of the Budget Report for November, 2017. The motion passed 7 in favor, no opposed.
  - E. Discussion of Proposed Procurement Policy Revisions: General Manager Jeff Davis introduced the subject by reading the summary email from legal counsel, which divided the changes into categories of grammar, clarification, and update of legal provisions. General Manager Davis reviewed the categories briefly. After review and discussion, a motion was made by Director Duncan, seconded by Director Castaldo, to recommend that the Board approve the changes. The motion passed 7 in favor, no opposed.
  - F. Update on Expanded Noble Connection: General Manager Davis reviewed the process of expanding the Noble connection, and updated the Board on the current status. Because fiber cables that supply data and control signals to the connection must be updated, the Department of Water Resources must be included in the design and approval process. Even though the connection is established, an expansion requires the same process as building a new connection. This will slow down the process of completing the expanded connection. General Manager Davis contacted DWR for information to get the process started in early November, but has gotten no response from DWR to date. Also, on Friday, December 15, a leak was discovered. Further investigation on Monday morning, December 18, revealed a crack in the pipe. Instead of spending money to fix something that will be removed shortly, General Manager Davis is planning to use the temporary connection for a short time until approvals can be secured and construction can be completed.
  - G. Status of Director Email: Finance Manager Tom Todd gave a brief update on the progress of making Agency email addresses available to Board members. He will meet with the Agency IT consultant Tuesday, December 19, to discuss the next steps in the process of implementation.
5. **Announcements:** Director Stephenson referred to the announcements:
- A. The office will be closed December 22, 2017 in observance of Christmas Eve.
  - B. The office will be closed December 25, 2017 in observance of Christmas Day.
  - C. The office will be closed December 29, 2017 in observance of New Year's Eve.
  - D. The office will be closed January 1, 2018 in observance of New Year's Day.
  - E. Regular Board Meeting, Tuesday, January 2, 2018, 1:30 pm
6. **Closed Session (1 Item)** **Time: 2:08 pm**
- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
(Paragraph (1) of subdivision (d) of Government Code Section 54956.9)  
Name of case: San Gorgonio Pass Water Agency vs. Beaumont Basin  
Watermaster Case No. RIC 1716346

**The workshop reconvened to open session at 3:11 pm.**

*Counsel announced that the Board had authorized him to file an appeal in the case of San Geronio Pass Water Agency vs. Beaumont Basin Watermaster, Case No. RIC 1716346*

7. **Adjournment:** The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 3:12 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 December 18, 2017. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,032,761.09 and Payroll of \$37,393.80 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for November, 2017 for a combined total of \$1,070,154.89.
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$21,092.51
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3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for November, 2017
  - B. Budget Report for November, 2017

# **SAN GORGONIO PASS WATER AGENCY**

**1210 Beaumont Ave, Beaumont, CA 92223**

## **Board Finance & Budget Workshop**

### **Agenda**

**December 18, 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 November, 2017 by  
Reviewing Check History Reports in Detail\*

B. Review of Pending Legal Invoices\*

C. Review of November, 2017 Bank Reconciliation\*

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

E. Discussion of Proposed Procurement Policy Revisions\*

F. Update on Expanded Noble Connection

G. Status of Director Email

**5. Announcements**

A. The office will be closed December 22, 2017 in observance of Christmas Eve.

B. The office will be closed December 25, 2017 in observance of Christmas Day.

C. The office will be closed December 29, 2017 in observance of New Year's Eve.

D. The office will be closed January 1, 2018 in observance of New Year's Day.

E. Regular Board Meeting, Tuesday, January 2, 2018, 1:30 pm

**6. Closed Session (1 Item)**

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Paragraph (1) of subdivision (d) of Government Code Section 54956.9)

Name of case: San Gorgonio Pass Water Agency vs. Beaumont Basin Watermaster

Case No. RIC 1716346

**7. Adjournment**

### **\*Information Included In Agenda Packet**

1. Materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Ave., Beaumont, CA 92223 during normal business hours. 2. Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, during regular business hours. When practical, these public records will also be available on the Agency's Internet website, accessible at <http://www.sgpwa.com>. 3. Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951-845-2577) at least 48 hours prior to the meeting to make a request for a disability-related modification or accommodation.

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

ACCOUNTS PAYABLE

Date	Number	Name	Amount
11/06/2017	118650	ARMSTRONG & BROOKS ENGINEERS	8,977.32
11/06/2017	118651	AUTOMATION PRIDE	95.00
11/06/2017	118652	BEAUMONT-CHERRY VALLEY WATER DISTRICT	394.28
11/06/2017	118653	BDL ALARMS, INC.	78.00
11/06/2017	118654	BEST BEST & KRIEGER	12,058.70
11/06/2017	118655	BEAUMONT HOME CENTER	68.87
11/06/2017	118656	CORELOGIC SOLUTIONS, LLC.	3,600.00
11/06/2017	118657	PROVOST & PRITCHARD	2,040.00
11/06/2017	118658	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	156,738.22
11/06/2017	118659	UNDERGROUND SERVICE ALERT	24.85
11/06/2017	118660	UNLIMITED SERVICES BUILDING MAINT.	295.00
11/06/2017	118661	WASTE MANAGEMENT INLAND EMPIRE	94.80
11/06/2017	118662	WATER RESOURCES CONSULTING	7,481.57
11/16/2017	118663	ACWA BENEFITS	891.52
11/16/2017	118664	BLAIR M. BALL	910.17
11/16/2017	118665	ERNST & YOUNG LLP	515.00
11/16/2017	118666	FRONTIER COMMUNICATIONS	1,386.74
11/16/2017	118667	GOPHER PATROL	51.00
11/16/2017	118668	WELLS FARGO ELITE CREDIT CARD	1,193.07
11/20/2017	118669	CALPERS HEALTH	9,898.17
11/20/2017	118670	CSDA	6,842.00
11/20/2017	118671	DAVID TAUSSIG & ASSOCIATES, INC.	1,862.50
11/20/2017	118672	MATTHEW PISTILLI LANDSCAPE SERVICES	325.00
11/20/2017	118673	NICE-INCONTACT	115.98
11/20/2017	118674	RED TRUCK FIRE & SAFETY CO	139.03
11/20/2017	118675	SOUTHERN CALIFORNIA EDISON	28.36
11/20/2017	118676	WHEELER RIDGE-MARICOPA WSD	1,263.38
11/27/2017	118677	JEFFREY W. DAVIS	1,477.26
11/27/2017	118678	PROVOST & PRITCHARD	2,020.00
11/27/2017	118679	SOUTHERN CALIFORNIA EDISON	91.86
11/27/2017	118680	LEONARD C. STEPHENSON	1,185.00
11/27/2017	118681	CHERYLE M. STIFF	831.44
11/27/2017	118682	THOMAS W. TODD, JR.	1,064.46
11/27/2017	118683	VALLEY OFFICE EQUIPMENT, INC.	154.82
11/27/2017	118684	WATER EDUCATION FOUNDATION	4,000.00
11/29/2017	118685	STANDARD INSURANCE COMPANY	448.28
11/15/2017	594949	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,064.30
11/15/2017	509043	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	5,384.47
11/29/2017	537239	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,241.27
11/29/2017	501395	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,279.06
11/15/2017	900157	CALPERS RETIREMENT	5,857.02
11/29/2017	900158	CALPERS RETIREMENT	6,286.32
11/30/2017	900159	DEPARTMENT OF WATER RESOURCES	777,007.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,032,761.09

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

PAYROLL
---------

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
11/14/2017	801457	BLAIR M. BALL	1,167.90
11/14/2017	801458	JEFFREY W. DAVIS	5,192.36
11/14/2017	801459	KENNETH M. FALLS	2,644.40
11/14/2017	801460	CHERYLE M. STIFF	2,212.54
11/14/2017	801461	THOMAS W. TODD, JR.	3,546.72
11/28/2017	801462	BLAIR M. BALL	1,049.76
11/28/2017	801463	DAVID J. CASTALDO	1,167.90
11/28/2017	801464	JEFFREY W. DAVIS	5,192.36
11/28/2017	801465	RONALD A. DUNCAN	1,167.90
11/28/2017	801466	KENNETH M. FALLS	3,721.10
11/28/2017	801467	DAVID L. FENN	1,167.90
11/28/2017	801468	STEPHEN J. LEHTONEN	1,167.90
11/28/2017	801469	LEONARD C. STEPHENSON	1,167.90
11/28/2017	801470	CHERYLE M. STIFF	2,112.54
11/28/2017	801471	MICHAEL D. THOMPSON	1,167.90
11/28/2017	801472	THOMAS W. TODD, JR.	3,546.72
TOTAL PAYROLL			37,393.80
TOTAL DISBURSEMENTS FOR NOVEMBER, 2017			1,070,154.89



SAN GORGONIO PASS WATER AGENCY  
New Vendors List  
December, 2017

Vendor - Name and Address	Expenditure Type
Antelope Valley East Kern Water Agency (AVEK) 6500 West Avenue N; Palmdale, CA 93551-2855	Water Agency

**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	171130	LEGAL SERVICES NOV17	21,092.51

TOTAL PENDING INVOICES FOR NOVEMBER 2017

21,092.51



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

DATE	RECEIVED FROM	DESCRIPTION	AMOUNT	TOTAL DEPOSIT AMOUNT
<b>DEPOSIT TO CHECKING ACCOUNT</b>				
11/7/17	BCVWD	SITES RESERVOIR DEPOSIT #2	63,151.00	63,151.00
11/7/17	STATE OF CALIF/DWR	SMIF INTEREST	17,162.00	17,162.00
11/13/17	BINGHAM	PUBLIC RECORDS REQUEST	6.00	
11/13/17	BCVWD	WATER SALES	434,924.00	
11/13/17	YVWD	WATER SALES	23,057.58	457,987.58
11/17/17	RIVERSIDE COUNTY	PROPERTY TAXES	656.82	656.82
11/20/17	RIVERSIDE COUNTY	PROPERTY TAXES	12,766.25	12,766.25
11/28/17	TVI	CD - BOND INTEREST	14,354.00	14,354.00
11/30/17	Weka, Inc.	Fiesta Recharge Plans	15.00	
11/30/17	Pro-Craft Construction, Inc.	Fiesta Recharge Plans	15.00	
11/30/17	Spiess Construction, Inc.	Fiesta Recharge Plans	15.00	
11/30/17	Mladen Buntich Construction	Fiesta Recharge Plans	65.00	
11/30/17	Norstar Plumbing & Eng.	Fiesta Recharge Plans	65.00	175.00
TOTAL FOR NOVEMBER 2017			566,252.65	566,252.65

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

	FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - INCOME</b>				Comparison:	58%
<b>INCOME</b>					
WATER SALES	5,500,000		5,500,000	2,056,426.12	62.61%
TAX REVENUE	2,350,000		2,350,000	194,973.31	91.70%
INTEREST	110,000		110,000	54,674.69	50.30%
DESIGNATED REVENUES	0		0	0.00	0.00%
OTHER (REIMBURSEMENTS, TRANSFERS)	456,000		456,000	192,868.89	57.70%
<b>TOTAL GENERAL FUND INCOME</b>	<b>8,416,000</b>	<b>0</b>	<b>8,416,000</b>	<b>2,498,943.01</b>	<b>70.31%</b>
<b>GENERAL FUND - EXPENSES</b>					
<b>COMMODITY PURCHASE</b>					
PURCHASED WATER	6,230,000		6,230,000	1,434,948.18	76.97%
<b>TOTAL COMMODITY PURCHASE</b>	<b>6,230,000</b>	<b>0</b>	<b>6,230,000</b>	<b>1,434,948.18</b>	<b>76.97%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>					
SALARIES	454,000		454,000	189,381.36	58.29%
PAYROLL TAXES	38,000		38,000	14,859.74	60.90%
RETIREMENT	123,000		123,000	63,589.81	48.30%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	25,000		25,000	11,200.03	55.20%
HEALTH INSURANCE	61,000		61,000	31,866.24	47.76%
DENTAL INSURANCE	4,500		4,500	2,277.06	49.40%
LIFE INSURANCE	1,300		1,300	654.68	49.64%
DISABILITY INSURANCE	4,700		4,700	1,969.55	58.09%
WORKERS COMP INSURANCE	3,400		3,400	873.36	74.31%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	5,709.35	42.91%
EMPLOYEE EDUCATION	1,000		1,000	299.00	70.10%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>725,900</b>	<b>0</b>	<b>725,900</b>	<b>322,680.18</b>	<b>55.55%</b>

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

FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	58%
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>					
<b>DIRECTOR EXPENDITURES</b>					
DIRECTORS FEES	108,000		108,000	38,061.57	64.76%
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	1,968.00	86.88%
DIRECTORS MISC. MEDICAL	23,000		23,000	7,425.26	67.72%
<b>OFFICE EXPENDITURES</b>					
OFFICE EXPENSE	24,000		24,000	6,478.00	73.01%
POSTAGE	650		650	400.00	38.46%
TELEPHONE	11,000		11,000	4,747.08	56.84%
UTILITIES	5,000		5,000	1,389.29	72.21%
<b>SERVICE EXPENDITURES</b>					
COMPUTER, WEB SITE AND PHONE SUPPORT	10,000		10,000	1,339.98	86.60%
GENERAL MANAGER & STAFF TRAVEL	22,000		22,000	7,506.55	65.88%
INSURANCE & BONDS	23,000		23,000	20,968.00	8.83%
ACCOUNTING & AUDITING	21,000		21,000	20,600.00	1.90%
STATE WATER CONTRACT AUDIT	5,500		5,500	5,158.00	6.22%
DUES & ASSESSMENTS	31,500		31,500	29,734.00	5.61%
OUTSIDE PROFESSIONAL SERVICES	2,000		2,000	1,850.00	7.50%
BANK CHARGES	1,500		1,500	131.20	91.25%
MISCELLANEOUS EXPENSES	500		500	0.00	100.00%
<b>MAINTENANCE &amp; EQUIPMENT EXPENDITURES</b>					
TOOLS PURCHASE & MAINTENANCE	1,000		1,000	0.00	100.00%
VEHICLE REPAIR & MAINTENANCE	7,000		7,000	2,974.24	57.51%
MAINTENANCE & REPAIRS - BUILDING	15,000		15,000	4,910.92	67.26%
MAINTENANCE & REPAIRS - FIELD	4,500		4,500	96.10	97.86%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	25,011.35	83.33%
<b>COUNTY EXPENDITURES</b>					
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	504.82	95.19%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	<b>496,650</b>	<b>0</b>	<b>496,650</b>	<b>186,622.48</b>	<b>62.42%</b>

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

FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	58%
<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	18,890.06	-277.80%
SGMA SUPPORT	10,000		10,000	0.00	100.00%
<b>STUDIES</b>					
USGS	100,000		100,000	32,502.79	67.50%
WATER RATE NEXUS STUDY	40,000		40,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	20,000		20,000	7,650.00	61.75%
CAPACITY FEE NEXUS STUDY UPDATE	10,000		10,000	0.00	100.00%
WHEELING 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	7,481.57	50.12%
<b>TOTAL GENERAL ENGINEERING</b>	302,000	0	302,000	80,543.42	73.33%
<b>LEGAL SERVICES</b>					
LEGAL SERVICES - GENERAL	200,000		200,000	98,192.48	50.90%
<b>TOTAL LEGAL SERVICES</b>	200,000	0	200,000	98,192.48	50.90%
<b>CONSERVATION &amp; EDUCATION</b>					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	3,250.00	76.79%
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	3,250.00	93.98%

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

FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	58%
<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	39,849.37	98.41%
FENCING	120,000		120,000	0.00	100.00%
MITIGATION	15,000		15,000	0.00	100.00%
LANDSCAPING/POWER/WATER	0		0	0.00	0.00%
BUNKER HILL CONJUNCTIVE USE PROJECT	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%
SITES RESERVOIR	270,000		270,000	222,295.38	17.67%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	<b>3,439,000</b>	<b>0</b>	<b>3,439,000</b>	<b>295,810.96</b>	<b>91.40%</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>0</b>		<b>0</b>	<b>0.00</b>	
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>11,447,550</b>	<b>0</b>	<b>11,447,550</b>	<b>2,422,047.70</b>	<b>78.84%</b>
<b>WITHDRAWALS FROM RESERVES</b>	<b>3,155,000</b>		<b>3,155,000</b>		
<b>TOTAL TRANSFERS FROM RESERVES</b>	<b>3,155,000</b>	<b>0</b>	<b>3,155,000</b>	<b>0.00</b>	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	<b>123,450</b>	<b>0</b>	<b>123,450</b>	<b>76,895.31</b>	



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

FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>DEBT SERVICE FUND - INCOME</b>				Comparison:	58%
<b>INCOME</b>					
TAX REVENUE	21,053,359		21,053,359	1,228,322.10	94.17%
INTEREST	300,000		300,000	153,142.18	48.95%
GRANTS	0		0	0.00	0.00%
DWR CREDITS - BOND COVER, OTHER	2,827,882		2,827,882	1,427,271.66	49.53%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>24,181,241</b>	<b>0</b>	<b>24,181,241</b>	<b>2,808,735.94</b>	<b>88.38%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	54,000		54,000	23,531.36	56.42%
PAYROLL TAXES	4,100		4,100	1,800.06	56.10%
BENEFITS	29,000		29,000	15,001.65	48.27%
SWC CONTRACTOR DUES	42,000		42,000	41,154.00	2.01%
STATE WATER CONTRACT PAYMENTS	17,563,554		17,563,554	11,292,831.00	35.70%
PURCHASED WATER	0		0	761.58	0.00%
STATE WATER PROJECT LEGAL SERVICES	0		0	185.04	0.00%
USGS	0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE	180,000		180,000	25,011.35	86.10%
SWP ENGINEERING	75,000		75,000	34,339.95	54.21%
DEBT SERVICE UTILITIES	10,000		10,000	4,282.24	57.18%
TAX COLLECTION CHARGES	76,000		76,000	2,860.66	96.24%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>18,033,654</b>	<b>0</b>	<b>18,033,654</b>	<b>11,441,758.89</b>	<b>36.55%</b>
<b>TRANSFERS FROM RESERVES</b>			0	0.00	
<b>DEBT SERVICE NET INCOME YEAR TO DATE</b>	<b>6,147,587</b>	<b>0</b>	<b>6,147,587</b>	<b>-8,633,022.95</b>	

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Review of Legislative Priorities

**DATE:** January 2, 2018

### **Summary:**

Last year, for the first time, the Board adopted legislative principles. This being a new year, with different priorities in the Legislature, staff is asking the Board to review its 2017 legislative priorities to see if it wishes to make some revisions.

### **Background:**

Each year, the Agency is asked by various organizations, including the State Water Contractors, ACWA, and the California Special Districts Association, to sign letters of support or opposition for various pieces of legislation, or to send a letter on its own. Last year, the Board adopted legislative principles to guide staff in signing on to such letters. The Board authorized staff to sign any letters that were consistent with the principles, but correspondence on any other issue would have to be brought to the Board for approval prior to any action.

Each year, priorities in the California Legislature change somewhat. Staff desires input and direction from the Board regarding whether the Board wants to continue with the same principles as last year, or whether it wishes to revise them somewhat.

### **Detailed Report:**

It is anticipated that major issues this year in the Legislature or on the ballot will include a possible water tax, two bond issues, and mandatory water conservation measures. As the year proceeds, other issues may come to the fore, but since this is the second year of a legislative session, it is unlikely that many new bills will be introduced.

The Board's 2017 legislative principles, included in the agenda package, do not specifically address the issue of a water tax; however, this is a major issue in the water industry (as evidenced by the high visibility of the issue at the recent ACWA conference). The issue of water bonds is tangentially included in the principles, which support "expanded federal and state funding for essential water infrastructure," but if the Board wishes to support one or both water bonds, it may want to make a more specific statement on this issue. Staff believes that the Board's current legislative principle regarding water conservation is sufficient to guide staff's actions during 2018.

The Board may wish to consider including other issues in its legislative principles that could be discussed at the Board meeting. For example, the Board may wish to take a stand on applications for Prop 1, Chapter 8 funding (the Water Storage Investment Program) that would support the Sites Reservoir proposal, or the Board may wish to include SGMA in its legislative principles. This year will be a crucial one for the California Water Fix, and the Board may want to be more specific in its legislative principles related to construction of a SWP-only Cal Water Fix.

**Fiscal Impact:**

There is no significant fiscal impact to revising the Agency's legislative principles for 2018. Should the Board add more principles, it could lead to staff writing and/or signing more letters, which would take a very small amount of additional staff time over the course of the year.

**Recommendation:**

Staff recommends that the Board thoroughly discuss potential changes and/or additions to last year's legislative principles, and provide direction to staff with regard to any changes the Board wishes to make. Actual changes could be adopted at a future Board meeting. The primary purpose of this proposed Board action is to get direction from the Board on any revisions to legislative principles. However, Board could authorize specific revisions and/or additions at the Board meeting.

## **San Geronio Pass Water Agency**

### **Legislative Principles**

**2017-2018**

#### **The Delta**

- The Agency supports actions and legislation that are consistent with the “co-equal priorities” of water supply reliability and ecosystem restoration.
- The Agency supports actions and legislation that are supportive of the Cal Water Fix, and opposes actions that make the Cal Water Fix more difficult to construct or more expensive.
- The Agency opposes actions or legislation that would emphasize increased flows as a solution to Delta water quality problems or the protection of fish and other aquatic species.
- The Agency opposes actions or legislation that would make it more difficult for the Agency to obtain its full Table A entitlement to State Water Project water.

#### **Water Conservation**

- The Agency supports actions and legislation that enhance local control and influence over water conservation measures, and opposes actions and legislation that puts more control over water conservation in Sacramento.
- The Agency supports water conservation decisions being made by the Legislature as opposed to the State Water Resources Control Board or other state regulatory agencies.

#### **Water Rights**

- The Agency supports maintaining existing water rights and opposes any effort to strip water rights holders of their rights.
- The Agency opposes any action or legislation that would negatively impact the water rights of the Department of Water Resources as they relate to the State Water Project.

#### **Financial Stability**

- The Agency supports protecting and advancing local governance and responsiveness.
- The Agency supports maintaining local revenue sources.

- The Agency supports expanded federal and state funding for essential water infrastructure.

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Revisions to Procurement Policy

**DATE:** January 2, 2018

### **Summary:**

Last year, the Board reviewed the Agency's current procurement policy and made no changes. However, the Board asked the General Counsel to review the policy as well. The result is the document included in the agenda package. The purpose of this proposed Board action is to determine if the Board wishes to accept the General Counsel's recommendations for revisions.

### **Background:**

The Agency's procurement policy governs procurement of professional services, materials and equipment, and construction contracts. It is consistent with the California Water Code and also designed for the Agency's needs, including the fact that the Agency has a small staff and may need to hire many different consultants in the course of a given year.

### **Detailed Report:**

The input from the General Counsel, discussed at the December Finance and Budget workshop, includes suggested revisions for purposes of clarity, improved grammar, and consistency with the Water Code. None of the proposed revisions are substantive—in other words, they do not change the requirements of the policy. They are “housekeeping” issues that make the policy clearer and more up to date, but do not change the policy.

### **Fiscal Impact:**

There is no fiscal impact to approving the proposed revisions.

### **Recommendation:**

Staff concurs with the recommendation made by the Board at the December Finance and Budget workshop to approve the revisions to the procurement policy recommended by the General Counsel.

## SGPWA Procurement Policy

Revised ~~October 6, 2014~~ November 7, 2017

### Section 1. Purpose and Applicability:

The purpose of this policy is to define the Agency's policies and procedures applicable to bidding of ~~contracts for the construction for of~~ 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 is written to comply with the requirements of Government Code Section 54201 et seq. This ~~Policy~~ policy does not apply to procurement relating to the Agency's operating expenses such as payroll, utilities, employee benefits, water purchases or taxes.

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### 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.

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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 projected 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 qualifications and quality, as well as price. If the item is not readily available or a specific type of item 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. All contracts for materials, supplies and equipment in excess of \$20,000 shall be approved by the Board prior to execution.

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B. Contracts for professional services up to \$40,000. Professional services contracts by law do not require bidding. Pursuant to Government Code Section 4526, when the Agency seeks to procure professional services of architectural, landscape architectural, engineering, environmental, land surveying, or construction management firms, selection shall be on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price. 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 the~~ contract amount must be approved by the Board prior to execution.

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Commented [1]: Does the Agency require a certain number of competitive proposals be solicited for professional services?

C. Contracts for maintenance or construction up to \$50,000. For contracts above ~~from \$20,001 to \$50,000,~~ 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

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General Manager shall note the justification for sole source procurement as set forth in this policy. All contracts for maintenance or construction in excess of \$50,000 shall be approved by the Board prior to execution.

D. Emergency contracts specified in this policy.

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The General Manager is delegated the authority to enter into emergency contracts on behalf of the Agency. All emergency contracts over \$15,000, along with including 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.

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

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

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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.

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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.

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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) submitting a responsive bid.

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E. The Board will award the contract(s) to with the lowest responsible bidder(s) submitting a responsive bid shall be approved by the Board prior to execution of the contract.

F. The Board shall require the successful bidder to file provide sufficient payment (labor and materials) and faithful performance bonds in the form amounts as required by law or as otherwise specified by the Agency.

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

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H. In the event no bids are received, the Board may direct the General Manager to rebid the project or may proceed under Section subsection (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 sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public

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~~services, 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~~ hereby 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.

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B. Limited availability/ Sole source/ Single source. Single or sole source procurements shall only be made in the limited situations as authorized by law. The competitive bidding procedures set forth herein should be followed except in exceptional circumstances, such as where the Agency has determined that competitive bidding is impossible, futile, or not in the public interest, such that no competitive advantage can be gained by soliciting bids.

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Further, in accordance with Public Contract Code Section 3400(c), the Agency, or its designee, may make a finding that is described in the invitation for bids or request for proposals that a particular material, product, thing, or service is designated by specific brand or trade name for any of the following purposes:

1. In order that a field test or experiment may be made to determine the product's suitability for future use.
2. In order to match other products in use on a particular public improvement either completed or in the course of completion.
3. In order to obtain a necessary item that is only available from one source.
4. In order to respond to an emergency.
5. In order to respond to an emergency declared by the state, a state agency, or political subdivision of the state, but only if the facts setting forth the reasons for the finding of the emergency are contained in the public records of the Agency.

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~~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.~~

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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.

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## **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.

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

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Consideration and Possible Action To Direct Staff To Prepare A Budget Amendment To Repay General Fund For Amounts Advanced For State Water Project Facilities

**DATE:** January 2, 2018

### **Summary:**

At the September and November Finance and Budget Workshops, the Board discussed monies expended from the General Fund to construct facilities that later became part of the State Water Project. At the December 4 Board meeting, the General Counsel's report included additional information.

The purpose of this proposed Board action is to direct Staff regarding whether to prepare a budget amendment, for consideration at a future Board meeting, which would transfer up to \$5.8 million from the Debt Service Fund to the General Fund.

### **Background:**

In 1970, the Agency and the San Bernardino Valley Municipal Water District ("Valley District") began construction of a pipeline from Devil Canyon to the Agency's service area ("Joint Facilities"). At the time this project began, the Joint Facilities were considered an internal distribution pipeline for Valley District and the Agency and not part of the State Water Project. As a result, General Fund monies were used to pay for this construction. If the Joint Facilities were considered part of the State Water Project, then funds from the Debt Service Fund could be used. Proceeds from the State Water Project Tax are deposited into the Debt Service Fund.

Expenditures were made from the General Fund for the Joint Facilities from approximately 1970 to 1979, and again from 1985 to 1990. At certain times from 1990 through 2002, the Agency

borrowed funds from the Valley District to pay for its portion of the construction and then paid back the loan from the General Fund.

In the 1990's, the Agency worked with the Valley District and the California Department of Water Resources ("DWR") to re-define the California Aqueduct (State Water Project) to include the Joint Facilities. DWR agreed to accept the Joint Facilities as constructed and also to continue the expansion of said facilities to the Agency's service area. As a result, the Joint Facilities became known as the East Branch Extension ("EBX").

Including the EBX as part of the State Water Project allowed the use of proceeds from the State Water Project Tax rate to pay for construction. On June 22, 2004, the Board took action to begin to repay the General Fund for amounts that had been paid for EBX construction by gradually transferring monies from the Debt Service Fund to the General Fund. Between 2004 and 2009, \$1,030,000 was repaid to the General Fund. On October 4, 2010, the Board took action to suspend these repayments.

**Detailed Report:**

A total of \$7,759,939 was paid towards construction of EBX from the General Fund. In addition, payments from the Debt Service Fund to Valley District totaled \$873,981. Prior to suspension of repayments, the Debt Service Fund had reimbursed the General Fund in the amount of \$1,030,000. If the Board elects to adopt a budget amendment to reinstitute payments to the General Fund, the amount which could be repaid would be as follows:

Total amount paid by General Fund	\$7,759,939
Amount paid by Debt Service Fund	\$ 873,981
Amount already repaid to General	\$1,030,000
Amount eligible for repayment	\$5,855,985

The Agency internal document "Joint Facilities Expenses and Payments—A Brief History", dated September 20, 2017 and included in this agenda package, explains the expenditures in more detail.

The Agency Act contemplates these types of transactions. For example, and not by way of limitation, Section 34 of the Act addresses the advancement of General Fund monies and repayment from the proceeds of the sale of bonds or from special tax revenue. There is no prohibition in the Act against advancing General Fund monies toward the cost of bonds issued by the State that are then paid back with State Water Project Tax revenues. It is recommended that if the Board wishes to reinstitute repayments, such a decision should be documented through a budget amendment.

**Fiscal Impact:**

Should the Board decide to transfer all or part of the \$5.856 million from the Debt Service Fund to the General Fund, the fiscal impact is straightforward. The Debt Service Fund would be debited by this amount and the General Fund would be credited by this amount. This would change the FY 2017-2018 budgets considerably, and thus staff recommends that should the Board take this step, a budget revision be included as part of the process. The Board could choose to transfer the funds all in one fiscal year or spread it over more than one year.

**Recommendation:**

That the Board direct Staff regarding whether to prepare a budget amendment, for consideration at a future Board meeting, which would transfer up to \$5.8 million from the Debt Service Fund to the General Fund. It is also recommended that the Board provide direction for such future Board action as to whether the potential repayment would be completed in one year or spread over multiple fiscal years.

Should the Board choose to make such a transfer, Staff recommends that a budget revision be prepared for consideration at the January 2018 Finance and Budget Workshop and then brought before the Board for potential approval at the first Board meeting in February.



Joint Facilities Expenses and Payments  
A Brief History  
September 20, 2017

The first recorded entry of joint facilities appears in the Audited Financial Statements for the Fiscal Year 1970-71. In that year, "Joint Pipeline – Phase I" was added, and an addition of \$28,000 was recorded.

During FY 1973-74, "Joint Pipeline – Phase II" was added, and an addition of \$20,000 was recorded. At this time, the total for "Joint Pipeline – Phase I" was \$70,080.27.

It appears the pipelines were completed sometime during FY 1977-78, as the totals stopped increasing. "Joint Pipeline – Phase I" was recorded with a total of \$83,056.05, and "Joint Pipeline – Phase II" was recorded with a total of \$84,649.26.

FY 1978-79 is the first year that the Debt Service Fund appears on financial statements.

There were no further changes until FY1985-86. In those statements, the names were changed to one entry, "Joint Facilities," the amounts were combined to \$167,705. An addition of \$787,636 was also recorded. Page 5 lists "Joint Facilities" under the General Fund column of 'Funds Used For.'

An addition of \$4,759,121 is listed in FY 1986-87, funded by the General Fund, for a balance of \$5,714,462.

No additions in FY 1987-88.

In FY 1988-89, an addition of \$1,554,385 was listed under Joint Facilities. The same amount was listed as a liability due to SBVMWD. The increase is listed on page 4 as "Property acquired by assumption of liability." The balance is now \$7,268,847.

In FY 1989-90, \$680,404 was listed as 'Payments on debt – SBVMWD' (page 4) and the liability to SBVMWD was reduced to \$873,981. The Third Joint Facilities Agreement between SBVMWD and SGPWA references this amount. An addition of \$491,092 was recorded to the Joint Facilities, bringing the balance to \$7,759,939. A payment of \$873,981 was budgeted for payment in the FY 1990-91 budget, then reduced by a budget revision on 5/6/91, but not paid by the end of the fiscal year, 6/30/91.

In the following years, the liability remained, and the budgeted payment remained at 0.

At the Board meeting on 11/20/95, a motion was passed to pay half this amount when the construction contract to build EBX Phase 1 was signed with DWR. There appeared to be some delays in the agreement, so the payment was not made until 8/22/96, therefore recorded in FY 1996-97. The liability was reduced to \$436,991 accordingly. The payment is recorded on page 4, the change in liability recorded on page 2.

The final amount was paid to SBVMWD on 12/3/02, eliminating the liability recorded in the financial statements for FY 2002-03. Page 9 lists 'Payment on long-term debt.' Page 6 shows the elimination of the liability.

In the statements for FY 2003-04, these assets were reclassified. Formerly, they were classified as "Utility Plant Held for Future Use." As the project was completed, reclassification of the assets were required. The assets listed in "Joint Facilities" were divided between "Transmission and Distribution" and "Source of Supply." Later, "Transmission and Distribution" was merged with "Source of Supply."

At a Special Board of Directors meeting on June 22, 2004, the Board passed a motion to begin repayment for facilities transferred to the State Water Project. The budget for FY 2004-05 was also approved at this meeting. At this time, the Agency used committees, so it appears that the FY 2004-05 budget may have been discussed at the committee meeting held at 9:30 am on June 22, then discussed and passed at the Special Board meeting held at 1:30 pm on June 22.

On August 3, 2004, a Special Board meeting was held to set the tax rate. The agenda packet included an item called "Debt Service Expense Requirements for Fiscal Year 2004-05." It included an amount of \$200,000 for "SBVMWD-EBX Facilities."

For FY 2005-06, \$200,000 was approved during the budget process.

For FY 2006-07, \$210,000 was approved during the budget process.

For FY 2007-08, \$210,000 was approved as part of the process of preparing the audited financial statements.

For FY 2008-09, \$210,000 was approved as part of the process of preparing the audited financial statements.

On October 4, 2010, the Board suspended this transfer until such time as it would decide to take further action. The purpose for the line item "SBVMWD-EBX Facilities" was changed to "Rental of additional capacity in the Foothill Pipeline."

Summary of financial information:

Total amount of Joint Facilities paid for by General Fund	\$7,759,939
Payments made from Debt Service fund to SBVMWD	873,981
Additional transfers from Debt Service Fund to General Fund	1,030,000
Potential remaining balance paid by the General Fund	\$5,855,985

# SAN GORGONIO PASS WATER AGENCY

## Summary of Information

### General Fund Monies Spent on Behalf of State Water Project

First recorded entry in Audited Financial Statements		FY 1970-71
Total amount of Joint Facilities paid for by General Fund		\$7,759,939
Payments made from Debt Service fund to SBVMWD	\$873,981	
Additional transfers Debt Service Fund to General Fund	\$1,030,000	
Total of Expenditures from Debt Service Fund		\$1,903,981
Potential remaining balance paid by the General Fund		\$5,855,985