

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
January 16, 2018 at 1:30 p.m.

1. **Call to Order, Flag Salute, Invocation and Roll Call**
2. **Adoption and Adjustment of Agenda**
3. **Public Comment:** Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary.
4. **Consent Calendar:** If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.
 - A. Approval of the Minutes of the Regular Board Meeting, January 2, 2018* (p. 2)
 - B. Approval of the Minutes of the Engineering Workshop, January 8, 2018* (p. 7)
5. **Reports:**
 - A. General Manager's Report* (p. 10)
 1. Operations Report
 2. General Agency Updates
 - B. General Counsel Report* (p. 21)
 - C. Directors' Reports
6. **New Business:**
 - A. Consideration of and Possible Action to Award Consulting Contract for Water Rate Study to David Taussig & Associates* (p. 23)
7. **Topics for Future Agendas**
8. **Announcements:**
 - A. Finance and Budget Workshop, January 22, 2018 at 1:30 p.m.
 - B. San Gorgonio Pass Regional Water Alliance, January 24, 2018 at 5:00 p.m. – Banning City Hall
 - C. Regular Board Meeting, February 5, 2018 at 1:30 p.m.
 - D. Engineering Workshop, February 12, 2018 at 1:30 p.m.
9. **Closed Session (1 Item)**
 - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9
One potential case
10. **Adjournment**

***Information included in Agenda Packet**

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

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the Board of Directors Meeting
January 2, 2018

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

Staff Present: Jeff Davis, General Manager
Jeff Ferré, 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., January 2, 2018 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Thompson gave the invocation. A quorum was present.

2. **Election of Board Officers:** General Counsel Jeff Ferré facilitated the election process for Board President. President Fenn facilitated the election process for Vice President and Treasurer.

a. Nominations for Board President -

General Counsel Ferré called for nominations for Board President. Director Duncan nominated Director Fenn for Board President. Hearing no other nominations, General Counsel Ferré requested a vote for the position of Board President.

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

David Fenn was elected President by unanimous vote, 7-0.

b. Nominations for Vice President -

President Fenn nominated Ron Duncan for Board Vice President. Hearing no other nominations, President Fenn requested a vote for the position of Vice President.

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

Ron Duncan was elected Vice President by unanimous vote, 7-0.

c. Nominations for Treasurer -

President Fenn called for nominations for Board Treasurer. Vice President Duncan nominated Lenny Stephenson for Board Treasurer. Hearing no other nominations, President Fenn requested a vote for the position of Treasurer.

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

Lenny Stephenson was elected Board Treasurer by unanimous vote, 7-0.

d. Nominations for Secretary/Assistant Treasurer -

President Fenn nominated General Manager Jeff Davis for Board Secretary/Assistant Treasurer. Hearing no other nominations, President Fenn requested a vote for the position of Secretary/Assistant Treasurer.

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

General Manager Jeff Davis was elected Board Secretary/Assistant Treasurer by unanimous vote, 7-0.

3. **Adoption and Adjustment of the Agenda:** The agenda was adopted as presented.
4. **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.
5. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, December 4, 2017
 - B. Approval of the Minutes of the Engineering Workshop, December 11, 2017
 - C. Approval of the Minutes of the Finance and Budget Workshop, December 18, 2017
 - D. Approval of the Finance and Budget Workshop Report, December 18, 2017

Director Ball made a motion, seconded by Director Thompson, for a separate approval of Item 5A. Motion passed 7-0. Director Ball moved, seconded by Director Thompson, to approve items 5B, 5C, and 5D, as presented. Motion passed 7-0. Director Ball referred to item 5A of the agenda. He made a motion, seconded by Director Duncan, to include his statement that he did not ask for a staff report for this item. This additional wording is to be added to the end of the second sentence of the December 4, 2017 Board minutes - item 6B. President Fenn requested that the Board Handbook Committee includes a section of the Board Handbook that gives direction to the Board on requesting items for a Board Agenda. Motion passed 7-0.

6. Reports:

A. General Manager's Report:

1. **Operations Report:** General Manager Davis reported on the following: **(a) SWP Water Deliveries:** The Agency delivered 1198 acre-feet to Beaumont Cherry Valley Water District ponds, for the month of December; 2017 totals will be reported on at the next Board meeting. General Manager Davis reported that there is a crack in the pipe at the Noble connection. SWP water delivery was halted for three days and is now being delivered through a temporary facility. The crack will not be repaired since we are getting ready to expand the connection.

2. **General Agency Updates:** **(a) California Water Commission (CWC) Meeting:** General Manager Davis attended the CWC meeting on December 13th. Applicants (11 in total) on Prop 1 funding for groundwater storage projects made presentations to the Water Commission. He provided a summary of what took place during this public meeting. All the surface water storage projects had environmental opposition, except Los Vaqueros. There was no environmental opposition to any groundwater storage projects. **(b) Southern California Water Committee:** SCWC will be holding a luncheon on January 19th; the speaker will be Grant Davis. As sponsors of the event the Agency is entitled to ten free seats. The event will take place in Riverside at the Victoria Club. **(c) EBX Dedication/Celebration Update:** The dedication/celebration is now tentatively set for Thursday, February 22nd. **(d)**

Noble Expansion Update: General Manager Davis is currently waiting to hear back from DWR regarding his request to determine if they have everything they need. **(e) Fiesta Recharge Facility:** General Manager Davis stated that the Agency received six bids. The low bid is unresponsive because they had a math error in the bid. The apparent low bidder is Pro-Craft Construction at \$3.77 M. Discussion on this item will take place at the next Engineering workshop.

B. General Counsel Report:

(a). General Counsel Jeff Ferré deferred from reporting due to the length of the agenda.

C. Director Reports:

(1) Director Castaldo reported on the BCVWD Special meeting that was held on December 13th, on the discussion of rates and water costs. He also attended BCVWD's Regular Board meeting also held on December 13th. **(2) Director Ball** also reported on the BCVWD Engineering meeting. **(3) Director Thompson** reported that he attended the Beaumont City Council December 19th meeting. **(4) Director Lehtonen** reported on the Banning City Council meeting that he attended on December 12th. **(5) President Fenn** announced that the Board's committee assignments will continue as currently delegated.

7. New Business:

A. Review of 2017 Legislative Priorities and Possible Determination of 2018 Legislative Priorities: A staff report and a copy of the SGPWA Legislative Principles 2017-2018 were included in the agenda packet. General Manager Davis reported that last year the Board adopted legislative principles. The Board's legislative principles is a tool for General Manager Davis to use when he signs letters of support or opposition when there is a time constraint issue with Board review. With different priorities in the Legislature, and this being a new year, staff is asking the Board to review its 2017 priorities to see if it wishes to make any revisions. He provided background information on the 2017 Legislative principles and stated that the principles were intended to be reviewed every two years. He commented on what issues the Legislature will be dealing with this year. The Board directed staff to provide more information to the Board on the proposed water tax, water bonds, storage issues, and on SGMA and requested that staff draft a 2018 Legislative Principles with descriptions. In addition, the Board requested that staff provide a copy of all letters that are being signed by staff. The Board stated that any letters that do not have a time constraint should be brought to the Board for discussion and approval.

B. Consideration of and Possible Action on Revised Procurement Policy: General Manager Davis commented that this item had been discussed during the last Finance and Budget workshop, the Board voted to bring this item to the full Board for consideration and possible action. The revised contents of the policy are recommendations made by General Counsel Ferre. They are for clarification purposes, improved grammar, and consistency with the Water Code. Director Duncan made a motion, seconded by Director Lehtonen, to approve the revisions to the Procurement Policy, recommended by the General Counsel. Motion passed 7-0.

C. Consideration and Possible Action Regarding Transfer of Funds from Debt Service Fund to General Fund to Reimburse Funds Paid for East Branch Extension: A Staff report and a Joint Facilities Expenses and Payments History were included in the agenda packet. General Manager Davis commented that this item has been discussed at two Finance and Budget workshops and at the December 4th Board meeting. General Manager Davis provided background information pertaining to payment of the EBX construction that began in 1970. The Staff report provides detailed information on why General Funds were used to pay for the project and then reimbursed by the Debt Service Fund. 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. General Counsel Ferre explained that the Agency's Act does not say that we cannot move forward with the transfer of funds. In Section 34 of the Agency's Act it states that the Board may advance General Funds for payment of construction of facilities. The Joint Pipeline Facilities were incorporated as part of the State Water Project in the 1990's. Once the facilities were included as part of the SWP, they became eligible to be funded from the Agency's SWP tax rate. Director Thompson requested information on what this proposed action would do to the Agency's fiscal planning if we were to take these funds out of Debt Service Fund. General Manager Davis acknowledged his request. After discussion, the Board asked staff to prepare a 1 time payment option and a 4-year payment option for a future Board action; these options are to include where the funds would go and how it would be documented.

8. **Announcements:** *President Fenn reviewed the following 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. Finance and Budget Workshop, January 22, 2018 at 1:30 p.m.

9. **Topics for Future Agendas: None.**

10. **Adjournment:** The meeting adjourned at 2:44 p.m.

Draft - Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

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SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
January 8, 2018

Directors Present: David Fenn, President
Blair Ball, Director
David Castaldo, Director
Ron Duncan, Director
Steve Lehtonen, Director
Leonard Stephenson, Director
Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Cheryle Rasmussen, Executive Assistant
Jeff Ferre, General Counsel

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., January 8, 2018 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Director Thompson 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 State Water Project Operations and Water Supply Situation. Various graphs, news articles, and slides were included in the agenda package. General Manager Davis reviewed the current SWP water supply situation with the Board, noting the dry December. He also shared some news accounts of DWR's first snow survey of the year, reviewed the Reasonable and Prudent Alternatives (RPA's) with the Board, and discussed how much water the Fall X2 RPA cost the State Water Project in 2017. This Fall X2 impact will reduce the 2018 allocation by 10%, according to General Manager Davis.

4. Review of State Water Project Water Management Issues. A copy of a Notice to Contractors from DWR dated December 18 was included in the agenda package. General Manager Davis reviewed with the Board what some of the key issues are for Contractors in managing the SWP better, in particular with regard to multi-year exchanges and transfers. He noted that this Notice says the current contract allows many actions, but that DWR wants to approve a contract amendment to strengthen its authority to approve them. General Manager Davis noted that the Contractors want this ability now, and that negotiations for a contract amendment will begin with the Department in February.

5. Update on Cal Water Fix. General Manager Davis noted the abovementioned contract amendment, which will have ramifications for the Water Fix. He also mentioned a finance Joint Powers Authority (JPA) and a construction JPA that must be created to move the project forward. He told the Board that he would keep them up to date on the creation of these and make recommendations as to whether the Agency should join them or not. He announced that the project will be constructed in

phases, with Phase 1 being a 6000 cfs facility with one tunnel. DWR has not formally announced this but will in the near future.

6. Discussion of Fiesta Recharge Project and Bids. A copy of some questions from Director Ball and a letter from BCVWD were included in the agenda package. General Manager Davis presented a Power Point showing reasons to support the project at this time. He noted that the Agency has received bids and is prepared to bring the bids and recommendation for award of contract to the Board at next week's Board meeting if that is what the Board desires. After discussion, the Board asked staff to bring the recommendation for award to the March 5 Board meeting. This would still be within the 90 day window for bids being accepted and provide the opportunity for a modeling study of Beaumont Basin losses to be presented to the Watermaster in February. The Board wanted to see if construction of the Agency facility, and the placement of water in it, would exacerbate an existing seepage problem in the basin, if such a problem exists. Dan Jaggars and John Covington from BCVWD both requested that the Board wait to see the results of this study prior to awarding a construction contract. Dave Armstrong from South Mesa mentioned that he felt that it was time for the Agency to move forward on the project as the region needs additional storage.

7. Announcements

- A. Office closed Monday, January 15, 2018 in observance of Martin Luther King, Jr. Day
- B. Regular Board Meeting Tuesday, January 16, 2018 at 1:30 pm
- C. Southern California Water Committee Quarterly Luncheon, Friday, January 19, 2018 at 11:00 am
- D. Finance and Budget Workshop, January 22, 2018 at 1:30 pm

8. Closed Session (3 Items)

A. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION (Paragraph (1) of subdivision (d) of Government Code Section 54956.9

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

Case No. RIC 1716346

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 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

At the end of the closed session, General Counsel Ferre announced that no action was taken that is reportable under the Brown Act.

9. Adjournment

Director Duncan adjourned the meeting at 4:33 pm.

Draft—subject to Board approval

Jeff Davis, Secretary to the Board

SMF

Jeff Davis

From: Jennifer Pierre <JPierre@swc.org>
Sent: Wednesday, January 10, 2018 1:54 PM
Subject: New Director Appointed at Department of Water Resources, Executive Team Restructured to Strengthen Dam and Flood Safety, Climate Resiliency



Media Contact:

Lisa Lien-Mager, (916) 653-9402
lisa.lien-mager@resources.ca.gov

January 10, 2018

Press Release:

New Director Appointed at Department of Water Resources, Executive Team Restructured to Strengthen Dam and Flood Safety, Climate Resiliency

SACRAMENTO –The California Department of Water Resources (DWR) today announced a new director has been appointed and its executive team restructured to further bolster dam and flood safety, emphasize climate resiliency and incorporate lessons learned from recent impacts of extreme weather on the state’s water system.

“In the past year alone, the most severe drought in California’s recorded history was interrupted by one of the wettest seasons on record, putting extreme pressure on our flood control infrastructure and exposing vulnerabilities,” Natural Resources Secretary John Laird said. “This new team will help the state better prepare for ever-greater challenges to our infrastructure and flood management systems, and ensure that California is doing everything possible to ensure dam and flood safety.”

The changes announced today include the appointment of Karla Nemeth to serve as Director of DWR. Nemeth has been deputy secretary and senior advisor for water policy at the California Natural Resources Agency since 2014, was Bay-Delta Conservation Plan project manager at the California Natural Resources Agency from 2009 to 2014 and was environmental and public affairs director at the Alameda County Flood Control and Water Conservation District, Zone 7 from 2005 to 2009. She brings extensive knowledge of the state’s water system, California Water Action Plan and California WaterFix to the position.

Nemeth succeeds Grant Davis, who is returning to Sonoma County Water Agency to serve as General Manager.

“I want to thank Grant Davis for his service to California,” Secretary Laird said. “I also welcome Karla Nemeth to this important role and am confident she will do a great job at this critical time for the Department,” Secretary Laird said.

DWR also announced the restructuring and elevation of a number of positions on its executive team to help improve long-term planning and day-to-day management of key water programs, dam safety and flood control – functions that are increasingly critical in the face of climate change.

This includes replacing an existing executive position – Deputy Director for Integrated Water Management – with two positions tightly focused on priority areas. The first of these positions, Deputy Director for Flood Management and Dam Safety, will focus specifically on flood management, dam safety and the operation of DWR’s dams, consistent with recommendations from the Independent Forensic Team tasked with examining the Oroville Dam spillways incident. Eric Koch, who has served in numerous leadership roles at DWR over the past decade, will serve in this new role effective today and will oversee the Division of Flood Management and the Division of Safety of Dams.

The second position, Deputy Director for Integrated Water Management and Multi-Benefit Programs, will focus on long-range planning and integrated water management, as well as local water supply sustainability and DWR’s EcoRestore Program. This Deputy Director also will oversee programs that achieve multiple benefits in the areas of flood control, surface water, groundwater and ecosystem health.

Finally, DWR is consolidating responsibilities for management of the newly established Executive Sustainable Groundwater Management Program with Deputy Director for Special Initiatives Taryn Ravazzini. The move will help with the implementation of the landmark Sustainable Groundwater Management Act of 2014, a key priority of the administration. Ravazzini has served as Deputy Director since 2014.

Together these changes will help make California more safe and resilient in the face of future droughts and floods.

More information in the state’s ongoing efforts to further boost dam safety can be found [here](#). Information about the ongoing effort to strengthen infrastructure and prepare for and adapt to a changing climate can be found [here](#).

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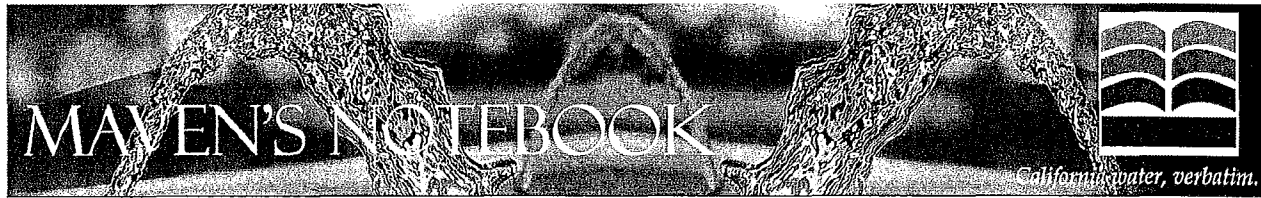
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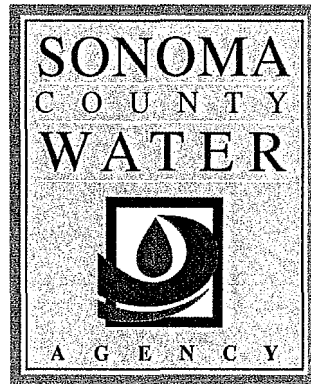
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THIS JUST IN ... Sonoma County Water Agency Board of Directors Appoints Grant Davis as General Manager

[January 10, 2018](#) [Maven](#) [Breaking News](#)

From the Sonoma County Water Agency:

The Sonoma County Water Agency Board of Directors today announced that Grant Davis will return to the Sonoma County Water Agency as its general manager. Mr. Davis returns to the Water Agency after being appointed nearly five-months ago by Governor Brown to serve as Director of the California Department of Water Resources (DWR).



"Mr. Davis recently approached the County to request consideration to return to his former position, stressing his desire to serve in his home community in the wake of our catastrophe. His local and regional experience, combined with his statewide relationships, will serve the Water Agency and the entire County well," said Sonoma County Water Agency Chairman James Gore. "I would like to extend my appreciation for the excellent work performed by Interim General Manager Mike Thompson and the Water Agency staff during this time of transition."

Mr. Davis said, "I am honored and humbled by the

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confidence of the Water Agency's Board of Directors to allow me the opportunity to return to the Sonoma County Water Agency as its general manager. Working with Governor Brown and his Administration as the Director of the California Department of Water Resources was a tremendous experience. I am thankful for the opportunity to serve Governor Brown. It was a true honor and privilege. This is going to be a very important year in California for water. I am confident that the Governor and the state are on a solid pathway forward. My home and passion is Sonoma County, and I am dedicated to helping the Water Agency achieve its ongoing goals while restoring our watersheds impacted by the wildfires."

Mr. Davis was appointed by Governor Brown to become the Director of the California Department of Water Resources on August 1, 2017. Acting DWR Director William R. Croyle retired on July 1, 2017. DWR plays an important role in sustaining California's economy, environment and quality of life. DWR operates and maintains the California State Water Project (SWP), which provides drinking water and water to farms.

Mr. Davis joined the Water Agency in 2007 as the assistant general manager and became its general manager in 2010. As the general manager of the Water Agency, Mr. Davis worked with more than 280 employees and is responsible for the Water Agency's core functions of providing drinking water to over 600,000 residents in portions of Sonoma and Marin counties, wastewater management for 60,000 customers, maintaining nearly 100 miles of streams and detention basins for flood protection, and restoring habitat for three federally listed fish species in the Russian River.

For nearly a decade, Mr. Davis has continued to implement nationally praised sustainability and western water initiatives, including being recognized by the White House last year for the Water Agency's efforts in climate adaptation, regional recycled water development, and its Forecast Informed Reservoir Operations initiative. Mr. Davis also implemented the Water Agency's Carbon Free Water by 2015 initiative and renewable energy program called the Sonoma County Energy Independence Program. In 2015, the Water Agency has contracted to procure 100 percent of its electricity needs through renewable and carbon free resources, thus achieving a carbon neutral electricity supply to power its system.

Under Mr. Davis' leadership, the Water Agency continues to

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implement a Biological Opinion on the Russian River which has resulted in the creation of the National Oceanic and Atmospheric Administration's first Safe Harbor Program agreement. Other major achievements of Mr. Davis' included the development of the North Coast and Bay Area Integrated Regional Water Management Programs, in which \$19 million was secured to support the installation of a new regional Bay Area weather forecasting satellite system.

Prior to joining the Water Agency, Mr. Davis was Executive Director of The Bay Institute, a science-based nonprofit, dedicated to protecting the San Francisco Bay-Delta Watershed and improving water management in California. Mr. Davis also worked for Congresswoman Lynn Woolsey, State Senator Milton Marks, and Assemblywoman Lucy Killea.

Sign me up!



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SEE ALSO: THIS JUST IN ... New Director Appointed at Department of Water Resources, Executive Team Restructured to Strengthen Dam and Flood Safety, Climate Resiliency

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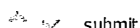
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After Oroville disclosures, embattled California water agency names new director

By Dale Kasler dkasler@sacbee.com

The California Department of Water Resources underwent a management shakeup Wednesday, less than a week after investigators released a scathing report on last February's crisis at Oroville Dam and how the department handled it.

Grant Davis resigned as DWR's director barely seven months after taking over the embattled department, which has been heavily criticized following the near-catastrophe at the dam's two flood-control spillways. Davis will go back to his old job as general manager of the Sonoma County Water Agency.

Karla Nemeth, deputy secretary and senior adviser for water policy at the Natural Resources Agency since 2014, was named the new DWR director by Gov. Jerry Brown. Brown's administration said Nemeth's appointment was part of a larger restructuring of DWR to place more emphasis on flood control and dam safety.

An independent forensic team, in a [wide-ranging critical report](#) on the causes of the Oroville emergency, said last week that dam safety must become a higher priority at DWR. The department owns and operates Oroville Dam and runs the State Water Project, which delivers billions of gallons of Northern California river water to agencies as far away as San Diego.

"In the past year alone, the most severe drought in California's recorded history was interrupted by one of the wettest seasons on record, putting extreme pressure on our flood control infrastructure and exposing vulnerabilities," Natural Resources Secretary John Laird said in a prepared statement. "This new team will help the state better prepare for ever-greater challenges to our infrastructure and flood management systems, and ensure that California is doing everything possible to ensure dam and flood safety." As part of the reorganization, DWR created a new position, deputy director for flood management and dam safety.

Davis, in a statement released by Sonoma County officials, said, “My home and passion is Sonoma County, and I am dedicated to helping the Water Agency achieve its ongoing goals while restoring our watersheds impacted by the wildfires.” He didn’t return calls seeking additional comment.

The forensic team’s report on Oroville blamed a series of long-standing problems at DWR, all of which predated Davis’ arrival at the agency.

Mark Cowin, who retired as DWR director in December 2016, said it appeared there was “a personality conflict between Grant and a number of people, including the governor. ... It was a bad fit to start with.”

Among other things, he said Davis sometimes was too aggressive about suggesting changes at DWR. “He got ahead of the curve,” Cowin said.

Davis was scheduled to appear at a legislative oversight hearing on Oroville on Wednesday morning at the Capitol, but was represented instead by DWR’s chief deputy director. No explanation was given for his absence from the hearing, and his exit from DWR was announced about an hour after the hearing ended.

Nemeth has played a significant role in Brown’s controversial proposal to overhaul the Sacramento-San Joaquin Delta’s plumbing with a pair of water tunnels. She has worked for Natural Resources since 2009 and is married to Tom Philp, a former Sacramento Bee editorial writer who is a strategist for the Metropolitan Water District of Southern California – the largest member agency of DWR’s State Water Project.

She becomes the fourth DWR director in a little more than a year. Those include two interim directors, one of whom, Bill Croyle, ran the department during the Oroville emergency.

The crisis began when a giant crater erupted in the main flood-control spillway Feb. 7. DWR tried to limit the damage by curtailing water releases, but a heavy rainstorm filled the reservoir and water began flowing over the never-before-used emergency spillway – a concrete lip atop an unlined hillside. When the hillside started eroding badly, putting the concrete lip in peril, officials ordered the immediate evacuation of 188,000 downstream residents.

In its report last week, the forensic team said the main spillway was poorly designed, and then poorly maintained in the decades following the dam’s 1968 completion. The panel also faulted DWR’s handling of the crisis, saying different

decisions could have prevented water from flowing over the untested emergency spillway. Among other things, the investigators said DWR officials disregarded geologists' warnings that the emergency spillway might not withstand water flows, and also were influenced by a desire to keep water deliveries flowing to State Water Project member agencies. DWR officials denied that water delivery played a role in their decision-making.

At Wednesday's legislative hearing, forensic team leader John France reiterated his belief that dam safety hasn't been made a high enough priority at DWR.

"We'd like to see it have a bit of a louder voice," France told lawmakers.

He also warned that dam safety officials, in California and elsewhere, need to overhaul how they inspect structures. The flaws at Oroville, including a poorly designed drainage system, were lurking there for decades but weren't visible to inspectors. To truly understand if dams are working properly, inspectors have to review old blueprints and other documents, he said.

The problem isn't limited to California, he stressed. Across the industry, "we're not diving as deeply as we need to, to find these ticking time bombs," France said.

DWR officials pushed back on suggestions that they've neglected dam safety, but acknowledged that they're reforming the agency in response to France's team's report. Eric Koch, who takes over the newly created role of deputy director for flood management and dam safety, said DWR has traditionally concentrated much of its firepower on preventing failures of the dams themselves but hasn't paid enough attention to spillways and other related structures. That will change, he said.

"We are shifting the paradigm of dam safety across California," he told lawmakers. Already, several dam owners have pledged to replace their spillways, based on a flurry of post-Oroville inspections ordered by DWR.

But change will take time. Cindy Messer, DWR's chief deputy director, said a comprehensive blueprint for reform will take at least four months to develop. She said the agency is talking with Brown's staff about getting the personnel needed to ramp up the inspection procedures.

"I believe that we do prioritize dam safety," she said. "Is the group big enough? No."

Lawmakers remained skeptical. Assemblyman James Gallagher, R-Yuba City, whose family was evacuated in February, called the Oroville crisis a “monumental organizational failure.”

Added state Sen. Jim Nielsen, R-Tehama, addressing the DWR officials: “The agency is not trusted. You have been great under the pressure ... but there’s no trust.”

Department of Water Resources chief ousted after report blames Oroville dam crisis on lax safety culture



Department of Water Resources Director Grant Davis, shown this month during a snow survey near Echo Summit, has been ousted from his position just days after a report on the Oroville dam crisis identified a lax culture of safety at the agency. (Rich Pedroncelli / Associated Press)



By **Ralph Vartabedian**

JANUARY 10, 2018, 5:45 PM

Grant Davis, director of the California Water Resources Department, was replaced Wednesday just days after an independent investigation of the Oroville dam spillway incident last year found that a flawed safety culture contributed to the disaster.

The agency said Gov. Jerry Brown replaced Davis with Karla Nemeth, who has been deputy secretary and senior advisor for water policy at the California Natural Resources Agency since 2014. The announcement was made by Natural Resources Secretary John Laird, who oversees the water

department.

“This new team will help the state better prepare for ever-greater challenges to our infrastructure and flood management systems, and ensure that California is doing everything possible to ensure dam and flood safety,” Laird said.

Davis took over the department only last summer, after the spillway incident in February. He came from the Sonoma County Water Agency, where he will return to serve as general manager, the department said.

An independent panel of experts said the department is insular, beset by complacency and a flawed safety culture. It failed to recognize for decades warning signs that the spillway had design and construction defects, which ultimately caused it to break apart in February after the Feather River was swollen by rains. It caused the evacuation of 188,000 people living nearby.

Davis’ exit was part of a larger restructuring at the department, a likely response to both the spillway incident and some of the findings of investigators that faulted its safety culture. Outside engineering experts speculated that a housecleaning could occur at the department to help bring a rapid change to its culture.

The department created three deputy directors, one specifically focused on safety and flood management, led by Eric Koch, a Department of Water Resources veteran. The department said that was consistent with the investigators’ recommendations.

The two others include deputies for water management and environmental issues; and one for sustainable ground water management, a job that went to an existing department deputy director since 2014.

In a news release by the Sonoma County Water Agency, Davis praised Brown. “This is going to be a very important year in California for water,” Davis said. “I am confident that the governor and the state are on a solid pathway forward.”

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UPDATES:

5:45 p.m.: This article was updated to include news that the department will install three deputy directions, including one specifically focused on safety and flood management.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Memorandum

To: President and Members of the Board of Directors
San Gorgonio Pass Water Agency

From: Jeffrey F. Ferre, General Counsel

Date: January 16, 2018

Re: General Counsel Report – January 16, 2018 Board Meeting

SB 45 - Additional Restrictions On Mass Mailings

Public agencies are subject to strict limits on the types of mailings they can send to their customers, or the public, which feature elected board members. The intent of the restrictions is to prevent incumbents from having an advantage over challengers by having the agency send out mailers that raise the profile of the director. These rules do not apply to agency websites. Mass mailing rules are set forth in the Political Reform Act and FPPC regulations.

The law states that no newsletter or other mass mailing shall be sent at public expense. FPPC regulations define a prohibited “mass mailing” as:

1. A tangible item such as a newsletter or brochure (but not e-communications); and
2. The item features an elected official (photo, signature or other manner of singling out the official); and
3. The cost of the item's design, production, printing and/or distribution exceeds \$50 of public funds; and
4. More than 200 substantially similar items are sent in a calendar month.

The regulations also identify certain “mass mailings” that may still be sent at public expense and are therefore exempt from the restrictions. These include:

1. The “letterhead” exception: Any item where the elected official’s name appears only in the letterhead/logotype of the item and the official’s name is not featured separately from other elected officials (names in same type size, face, color and location – no photos or signatures);

2. The “meeting/event announcement” exceptions: (a) an announcement to an official’s constituents of a public meeting directly related to his/her incumbent duties, which is held by the official and which he/she plans to attend; or (b) an announcement of an official agency event where the agency provides its facilities or other financial support (no photos, signatures or more than one mention of the elected official’s name).

However, with the passage of SB 45, even exempted mailings which fall within the “letterhead” and “meeting/event announcement” exceptions may not be sent out within 60 days preceding an election which mentions the director/candidate whose name will appear on the ballot at that election.

For example, an agency cannot send out a mass mailing, with just the letterhead of directors (which would otherwise be allowed), within 60 days before an election. Although SB 45 only mentions a prohibition against listing the names of the directors/candidates who are up for election, it is not recommended that the letterhead/listing still be sent out with the names of directors who are not up for election since that could be seen as "featuring" those other directors.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Contracting With Consultant to Review Water Rate

DATE: January 16, 2018

Summary:

In 2017, the Board discussed water rates at Board meetings and workshops many times. The Board gave direction to Staff to revisit the Agency's water rate in 2018. The purpose of this proposed Board action is to decide if the Board wishes to hire a consultant to perform a nexus study that would lead to a new water rate.

Background:

In February 2009, the Board adopted a new water rate. The rate adopted by the Board went into effect that month, and the nexus study identified that that rate should be increased somewhat in July of that year. The rate set that month for July 2009 is still in effect today.

Detailed Report:

The Board discussions on the water rate in 2017 focused on what costs the Agency was attempting to recover in its 2009 water rate and what costs the Agency should try to recover in a new water rate. Having consummated a deal to procure additional water supplies in 2017, and having several more deals on the table that could be consummated in 2018, the Board will need to consider how to recover these costs, with the water rate being one distinct possibility.

Staff has received a proposal from David Taussig & Associates to perform the proposed work (enclosed in the agenda package). This is the same firm that developed the previous water rate and has worked with Agency staff over the past few years on a capacity fee as well. It wrote both the nexus study for the current water rate and the nexus study for the capacity fee, and has worked with staff on

revising the amount of the capacity fee. The firm performs rate and financial studies for public agencies across Southern California.

Staff will review the proposal with the Board at the Board meeting. The proposal includes the cost of up to five public meetings. Staff will recommend that, early in the process, a workshop be held to invite input from the public and retail water agencies on what elements the water rate should include. The entire process of developing and adopting a rate structure must be completely transparent to the public.

Staff anticipates that the process will last at least six months. The proposal indicates that the cost is good for up to six months and that delays beyond that time could result in increased costs.

Fiscal Impact:

The Agency's General Fund budget for this year includes \$40,000 for a water rate study and an additional \$20,000 for water rate modeling. The modeling may or may not be required as part of this scope of work, depending on what the Board asks the consultant to do. In any case, funds are budgeted this year for this work, so the impact has already been factored in to the Agency's finances.

Recommendation:

Staff recommends that the Board authorize staff to contract with David Taussig and Associates to perform a water rate nexus study and to begin work on adoption of a new water rate.

SCOPE OF WORK

Water Rate Study

The scope of work set forth below describes the various tasks and deliverables to be provided by DTA that will produce a reasonable and defensible water rate study. A key component of the rate calculation will be the funding of water conveyance facilities, groundwater recharge facilities and the purchase of additional water rights. The rate justification study will conform to the guidelines of AWWA Manual M1, Principles of Water Rates, Fees and Charges.

TASK NO. 1 – FACILITIES AND COSTS

This task will determine the component of revenue needs related to capital facilities. Water conveyance, groundwater recharge and the purchase of additional water rights are the major capital facility items that will be considered

Subtask 1.1 – Facilities Costs

SGPWA and/or SGPWA consultants shall provide facility descriptions and costs for pipeline conveyance facilities, groundwater recharge systems, and other facilities needed to serve existing development.

Subtask 1.2 – Cost of Additional Water Rights

DTA will work with SGPWA to determine the “best guess” market price for the purchase of additional water rights on the secondary market.

TASK NO. 2 – IDENTIFY ALL OTHER REVENUE REQUIREMENTS

Subtask 2.1 – Existing Revenue Requirements

DTA will review and analyze historic financial and usage pattern information provided by the SGPWA including:

- Operating and maintenance expenses
- Debt service costs
- Capital expenditures funded directly from current revenues
- Reserve balances
- Other capital requirements
- Rate Stabilization Reserves

Subtask 2.2 – Future Revenue Requirements

DTA will work with SGPWA staff to provide a projection of revenue requirements over a five year period resulting from the items listed in Task 2.1 above.

TASK NO. 3 – COST ALLOCATION AND RATE DESIGN

As a wholesale water Agency, allocation methods and rate design is straight forward. The customer class is basically member retail agencies.

Subtask 3.1 – Review Current Rate Structure

DTA shall review and summarize SGPWA current water rate structure and cost allocation methodology. Applicability to current and near future conditions will be evaluated. If appropriate, modifications or changes will be recommended

Subtask 3.2 – Review Water Demand Data

DTA will review historical water demand data, sales data and any other data upon which past costs were allocated. DTA will then work with SGPWA to provide a five year projection of water demand, based on historical data, demographic patterns and local entitlements.

Subtask 3.3 – Areas of Benefit

DTA will review the appropriateness of service sub-areas where costs v. benefits are not uniform across the district boundaries. Sub-areas may be determined by pressure zones, extend of distribution and storage requirements, reliability, demand diversity, etc.

Subtask 3.4 – Allocate costs and Calculate Rate

DTA will calculate new rates based on the total cost of service determined from the above tasks distributed across projected demand variables. Commodity based and capacity based components can be used if consistent with the recommended rate structure.

TASK NO. 4 - PREPARE DRAFT AND FINAL ADMINISTRATIVE REPORTS

This task entails preparation of the draft and final Rate Study for consideration by SGPWA Board and member agencies.

Subtask 4.1 – Prepare Draft Rate Study for Comments

Based on the work completed in Task Nos. 1 through 3, DTA will prepare the Draft Rate Study. The report will include such items as i) cost of service summaries; ii) rate calculations; iii) projected cash flow tables; iv) proposed rate schedules; v) reserve analysis; vi) any other supporting documentation

Subtask 4.2 – Prepare Final Rate Study

After incorporating comments from SGPWA staff, DTA will submit the Final Rate Study for consideration by the SGPWA Board and its member agencies.

TASK NO. 5 - MEETINGS

DTA will attend up to five meetings as requested by Client. One or more of the meetings would be for DTA to present the preliminary and final report to stakeholders at workshops or public agency meetings as directed by SGPWA Staff.

FEE SCHEDULE

DTA's proposed budget for the tasks listed in the Scope of Work described above is time and materials up to \$40,000. These tasks shall be billed according to actual hours worked at the rates shown below

| HOURLY RATES | |
|---------------------|------------|
| MANAGING DIRECTOR | \$250/HOUR |
| VICE PRESIDENT | \$225/HOUR |
| MANAGER | \$200/HOUR |
| SR. ASSOCIATE | \$180/HOUR |
| ASSOCIATE | \$165/HOUR |
| SENIOR ANALYST | \$145/HOUR |
| ANALYST | \$125/HOUR |
| RESEARCH ASSISTANT | \$105/HOUR |

Monthly progress payments will be made by Client upon presentation of invoice by Consultant providing details or services rendered and expenses incurred. At Client's request services in addition to those identified in the Scope of Work may be provided if the total fee required to complete Tasks 1 through 5 is less than the amount shown above. Alternatively, if the Scope of Work can be completed for less than the maximum amount, only the hours actually expended will be billed.

In addition to fees for services, Client shall reimburse Consultant for travel, copying, courier, facsimile, telephone expenses, data services, maps, clerical charges, administrative charges, and other out-of-pocket expenses, in an amount not to exceed \$1,000 for each fiscal year. Monthly progress payments shall be made by Client upon presentation of invoices by Consultant providing details of services rendered and expenses incurred.

Limitations

The preceding hourly rates apply for a 12 month period from execution of the Agreement and are subject to a cost-of-living and/or other appropriate increase every 12 months thereafter.

The maximum fee listed above assumes that the time between initiation of work and completion of all tasks in the Scope of Work is no longer than six (6) months. Any delays in the schedule beyond this timeframe may result in increased fees. In addition, an excessive number of meetings (more than five) may also require additional fees if the total fee has been exceeded. Lastly, unanticipated work related to data gathering may result in increased fees. Such additional fees shall be added to the "Total Fee" amounts listed above