

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda

May 7, 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, April 16, 2018* (p. 2)
 - B. Approval of the Minutes of the Finance and Budget Workshop, April 23, 2018* (p. 5)
 - C. Approval of the Finance and Budget Workshop Report, April 23, 2018* (p. 8)
- 5. Reports:**
 - A. General Manager's Report
 1. Operations Report
 2. Update on Water Supply Conditions*(p. 23)
 3. Construction Update
 4. General Agency Updates* (p. 25)
 - B. General Counsel Report
 - C. Directors' Reports
- 6. New Business:**
 - A. Consideration of Resolution No. 2018-01 – Adopting Local Guidelines for Implementing CEQA* (p. 26)
 - B. Consideration and Possible Action on Water Exchange between Casitas Mutual Water District, the City of Ventura, and SGPWA* (p. 31)
 - C. Consideration and Possible Action to Authorize Staff to Open a Payroll Checking Account at Bank of Hemet* (p. 42)
 - D. Consideration and Possible Action to Approve a Mutual Aid Agreement with San Bernardino Valley Municipal Water District and Metropolitan Water District of Southern California* (p. 45)
 - E. Consideration and Possible Action on Letter Opposing AB 3045* (p. 53)
- 7. Topics for Future Agendas**
- 8. Announcements:**
 - A. 2018 ACWA Spring Conference May 8 – 11, Sacramento
 - B. Engineering Workshop, May 14, 2018 at 1:30 p.m.
 - C. Regular Board Meeting, May 21, 2018 at 1:30 p.m.
 - D. San Gorgonio Pass Regional Water Alliance, May 23, 2018, 5:00 pm, Banning City Hall
- 9. Adjournment**

***Information included in Agenda Packet**

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

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223

Minutes of the
Board of Directors Meeting
April 16, 2018

Teleconference Location: Hampton Inn & Suites
Business Center Room
3450 Creek Pointe Room
East Pointe, GA

Directors Present: David Fenn, President
Ron Duncan, Vice President
Lenny Stephenson, Treasurer
Blair Ball, Director (arrived at 1:36)
David Castaldo, Director (absent)
Stephen Lehtonen, Director
Michael Thompson, Director

Staff Present: Jeff Davis, General Manager
Jeff Ferre, General Counsel
Thomas Todd, Finance Manager
Cheryle Stiff, 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., April 16, 2018 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Duncan gave the invocation. A quorum was present.
2. **Statement Regarding Teleconference:** *President Fenn announced that the teleconference location was canceled.*
3. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda. General Manager Davis stated the closed session has been canceled. There were no other adjustments to the agenda. The agenda was adopted as amended.*
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, April 2, 2018
 - B. Approval of the Minutes of the Engineering Workshop, April 9, 2018

President Fenn asked for a motion on the Consent Calendar. Director Stephenson made a motion, seconded by Director Duncan, to adopt the consent calendar as presented. Motion passed 5-0, with Director Castaldo absent and Director Ball not yet arrived.

6. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: 1) The Agency has delivered a total of 571 acre-feet to the Noble Creek Connection, so far this month. **(b) Fishing Derby:** Beaumont Cherry Valley Recreation and Parks Annual Fishing Derby will be held at the BCVWD water pond facility next Saturday.

(2) Water Supply Update: General Manager Davis reviewed with the Board DWR reports on precipitation for the Northern Sierra, San Joaquin Valley, and Tulare Lake Basin. He also reviewed the California's snow water content, reservoir conditions, and storage levels. The next Water Operations Committee meeting will take place on April 24th.

(3) California WaterFix Update: General Manager Davis provided a PowerPoint presentation that was authored by Metropolitan Water District of Southern California. The information included what the average capability is with and without the CA WaterFix. Metropolitan has proposed to fund the 9000 cfs project, including GAP funding for its share. An analysis of costs and benefits was also provided. General Manager Davis stated that this Board will likely be asked to consider a GAP funding action; an action to join a financing JPA; and to consider a resolution of support for funding a particular amount.

(4) General Agency Updates: General Manager Davis reported on the following: **(a) Noble Connection:** Staff submitted to DWR a 90% design package on the Noble connection enlargement for their review last week. **(b) San Geronio Pass GSA:** The first SGP GSA meeting took place last week. The GSA members want the Agency to take the lead on this basin. Staff will have some actions come to the Board on this in the next couple of months as staff determines a governance structure. **(c) Beaumont Avenue Recharge Facility Construction Update:** Pre-construction surveys will take place this week for birds and Los Angeles pocket mouse. The contract has been signed by both parties and Pro-Craft will be on site next Monday. General Manager Davis and Pro-Craft Construction met with the schools and school district to let them know what is going on. Safety of the students is the number one priority during construction.

B. General Counsel Report:

(1) General Counsel Jeff Ferre provided a written report pertaining to Water Code Section 1525 and the case of Northern California Water Association et al. v. State Water Resources Control Board et al, dated March 2, 2018; whereas, the Court of Appeal initially rejected challenges to the State Board's schedule of fees. However, the State Board appealed the case and the Court of Appeal reversed the trial judge's ruling, thereby upholding the State Board fees as valid regulatory fees.

C. Directors Reports:

1) **Director Stephenson** reported on two of YVWD's Board meetings that he attended. 2) **Director Duncan** reported that he contacted the superintendent of Banning Unified School District to relay that the Agency has contracted with Inland Empire Resources Conservation District to train high school teachers in using a tabletop groundwater model (which the Agency will be providing) to understand groundwater principles. The teachers will then incorporate this in their curriculum. 3) **Director Ball** reported that he attended the BCVWD Board meeting. He informed the Board that its Engineering workshop will be held on April 25th at 7:00 p.m.

7. New Business:

A. Consideration and Possible Action to Approve USGS Cooperative Agreement to Drill Three Monitoring Wells: A staff report and a copy of a proposal from USGS for the cooperative water-resources program in FFY18 were included in the agenda packet. The Agency had applied for and received two SGMA grants, each for \$1 million. The first \$1 million grant would be allocated to drill three additional monitoring wells in the eastern portion of the sub-basin. These monitoring wells enable us to better manage the basin in the long term. The total cost of the drilling of the wells is \$1,015,000. USGS will contribute \$15,000.00. The second \$1 million grant is for the production of the Groundwater Sustainability Plan. After discussion Director Duncan made a motion, seconded by Director Stephenson, authorizing the General Manager to sign the agreement with USGS, contingent on a 100% certainty that the Agency is a recipient of the first SGMA grant. Motion passed 6-0, with Director Castaldo absent.

8. Topics for Future Agendas: There were no items requested for future agendas.

9. Announcements:

- A. Finance & Budget Workshop, April 23, 2018 at 1:30 p.m.
- B. San Geronio Pass Regional Water Alliance, April 25, 2018 at 5:00 p.m. – Banning City Hall
- C. Regular Board Meeting, May 7, 2018 at 1:30 p.m.

10. Closed Session (2 Items): *President Fenn noted that the Closed Session was canceled.*

11. Adjournment:

Time: 2:24 p.m.

Draft – Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

0418

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
April 23, 2018

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

Directors Absent: David Castaldo, 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, April 23, 2018, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. Treasurer Stephenson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** No members of the public requested to speak at this time.
4. **New Business:**
 - A. Ratification of Paid Invoices and Monthly Payroll for March, 2018 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Lehtonen, to recommend that the Board ratify paid monthly invoices of \$5,713,096.13 and payroll of \$36,611.55 for the month of March, 2018, for a combined total of \$5,749,707.66. The motion passed 5 in favor, no opposed, with Directors Castaldo and Thompson absent.
 - B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Duncan, seconded by Director Lehtonen, to recommend that the Board approve payment of the pending legal invoices for March, 2018. The motion passed 5 in favor, no opposed, with Directors Castaldo and Thompson absent.
 - C. Review of March, 2018 Bank Reconciliation: After review and discussion, a motion was made by Director Duncan, seconded by Director Fenn, to

recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for March, 2018 as presented. The motion passed 5 in favor, no opposed, with Directors Castaldo and Thompson absent.

- D. Review of Budget Report for March, 2018: After review and discussion, a motion was made by Director Duncan, seconded by Director Ball, to recommend that the Board acknowledge receipt of the Budget Report for March, 2018. The motion passed 5 in favor, no opposed, with Directors Castaldo and Thompson absent.
- E. Review of Cash Reconciliation Report for March, 2018: Finance Manager Tom Todd reviewed the report, noting the transfer from the Debt Service Fund to the General Fund of \$5,855,985 for the repayment of the Joint Facilities. After further review and discussion, a motion was made by Director Lehtonen, seconded by Director Duncan to recommend that the Board acknowledge receipt of the Cash Reconciliation Report for March, 2018. The motion passed 5 in favor, no opposed, with Directors Castaldo and Thompson absent.
- F. Review of Reserve Allocation Report for March, 2018: Finance Manager Todd reviewed the report, noting the affect of the Nickel Water purchase. General Manager Jeff Davis noted the affect of the transfer of the Joint Facilities funds. After further review and discussion, a motion was made by Director Duncan, seconded by Director Ball, to recommend that the Board approve the Reserve Allocation Report for March, 2018 as presented. The motion passed 5 in favor, no opposed, with Directors Castaldo and Thompson absent.
- G. Review of Investment Report for March, 2018: Finance Manager Todd handed out the report. He and General Manager Davis led the review of specific investments and their return. The Board asked for a comparison of Treasury Bill rates to be presented at the next Finance and Budget Workshop. After further review and discussion, a motion was made by Director Duncan, seconded by Director Fenn, to recommend that the Board acknowledge receipt of the Investment Report for March, 2018.
- H. Report on Checking Account for Payroll Purchases: Finance Manager Todd reported that he estimated the cost of a separate payroll account at the Bank of Hemet to be about \$40 per month. In addition, the Bank of Hemet said it would consider raising the interest rate on the Local Agency Money Market Account that the Agency currently has at the Bank. After further review and discussion, a motion was made by Director Fenn, seconded by Director Duncan to recommend that the Board authorize Staff to open a checking account for payroll purposes at the Bank of Hemet, and continue the process of enacting dual-custody on the Agency's Wells Fargo account. The motion passed 5 in favor, no opposed, with Directors Castaldo and Thompson absent.

5. Announcements

- A. San Gorgonio Pass Regional Water Alliance, April 25, 2018, 5:00 pm, Banning City Hall

- B. Regular Board Meeting, May 7, 2018, 1:30 pm
- C. Engineering Workshop, May 14, 2018, 1:30 pm

6. **Adjournment:** The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 2:26 pm.

Draft - Not Approved

Jeffrey W. Davis, Secretary of the Board

Finance and Budget Workshop Report

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

The Finance and Budget Workshop was held on April 23, 2018. The following recommendations were made:

1. The Board ratify payment of Invoices of \$5,713,096.13 and Payroll of \$36,611.55 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for March, 2018 for a combined total of \$5,749,707.69
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$14,323.18
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3. The Board acknowledge receipt of the following:
 - A. Wells Fargo bank reconciliation for March, 2018
 - B. Budget Report for March, 2018
 - C. Cash Reconciliation Report for March, 2018
 - D. Investment Report for March, 2018
4. The Board approve the following:
 - A. Reserve Allocation Report for March, 2018

SAN GORGONIO PASS WATER AGENCY

1210 Beaumont Ave, Beaumont, CA 92223

Board Finance & Budget Workshop

Agenda

April 23, 2018, 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 March, 2018 by Reviewing Check History Reports in Detail*
- B. Review of Pending Legal Invoices*
- C. Review of March, 2018 Bank Reconciliation*
- D. Review of Budget Report for March, 2018*
- E. Review of Cash Reconciliation Report for March, 2018*
- F. Review of Reserve Allocation Report for March, 2018*
- G. Review of Investment Report for March, 2018
- H. Report on Checking Account for Payroll Purposes

5. Announcements

- A. San Gorgonio Pass Regional Water Alliance, April 25, 2018, 5:00 pm, Banning City Hall
- B. Regular Board Meeting, May 7, 2018, 1:30 pm
- C. Engineering Workshop, May 14, 2018, 1:30 pm

6. Adjournment

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San Gorgonio Pass Water Agency
Check History Report
March 1 through March 31, 2018

ACCOUNTS PAYABLE

Date	Number	Name	Amount
03/01/2018	118771	ACWA BENEFITS	862.42
03/01/2018	118772	AT&T MOBILITY	260.05
03/01/2018	118773	BDL ALARMS, INC.	78.00
03/01/2018	118774	RIVERSIDE COUNTY	673.08
03/01/2018	118775	UNDERGROUND SERVICE ALERT	18.25
03/01/2018	118776	ROBERT C. UTHE	100.00
03/01/2018	118777	VALLEY OFFICE EQUIPMENT, INC.	182.69
03/05/2018	118778	BEST BEST & KRIEGER	19,925.22
03/12/2018	118779	ACWA JPIA	1,019.00
03/12/2018	118780	ARMSTRONG & BROOKS ENGINEERS	10,785.00
03/12/2018	118781	AUTOMATION PRIDE	100.00
03/12/2018	118782	BEAUMONT-CHERRY VALLEY WATER DISTRICT	394.28
03/12/2018	118783	FRONTIER COMMUNICATIONS	1,267.96
03/12/2018	118784	OFFICE SOLUTIONS	119.76
03/12/2018	118785	SOUTHERN CALIFORNIA GAS	150.11
03/12/2018	118786	UNLIMITED SERVICES BUILDING MAINT.	295.00
03/12/2018	118787	VISIONARY LOGICS	315.00
03/12/2018	118788	WASTE MANAGEMENT INLAND EMPIRE	97.06
03/12/2018	118789	WELLS FARGO ELITE CREDIT CARD	5,427.49
03/12/2018	118790	WEST VALLEY WATER DISTRICT	2,500.00
03/19/2018	118791	FEDERAL EXPRESS	17.75
03/19/2018	118792	GOPHER PATROL	51.00
03/19/2018	118793	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
03/19/2018	118794	NICE-INCONTACT	147.19
03/19/2018	118795	U. S. GEOLOGICAL SURVEY	22,858.43
03/26/2018	118796	ACWA JPIA	2,245.00
03/26/2018	118797	CITY OF BANNING	30,000.00
03/26/2018	118798	CREATIVE LABWORKS	7,785.35
03/26/2018	118799	PROVOST & PRITCHARD	2,685.50
03/26/2018	118800	SOUTHERN CALIFORNIA EDISON	152.45
03/30/2018	118801	STANDARD INSURANCE COMPANY	437.57
03/15/2018	506386	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,067.15
03/15/2018	522884	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,078.36
03/30/2018	532303	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,402.75
03/30/2018	547532	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,097.90
03/16/2018	900173	DEPARTMENT OF WATER RESOURCES	400,336.00
03/15/2018	900174	CALPERS RETIREMENT	6,165.82
03/19/2018	900175	CALPERS HEALTH	7,740.38
03/30/2018	900176	CALPERS RETIREMENT	6,248.16
03/31/2018	900177	DEPARTMENT OF WATER RESOURCES	5,165,659.00
TOTAL ACCOUNTS PAYABLE CHECKS			5,713,096.13

San Gorgonio Pass Water Agency
Check History Report
March 1 through March 31, 2018

PAYROLL

Date	Number	Name	Amount
03/14/2018	801514	JEFFREY W. DAVIS	4,930.26
03/14/2018	801515	KENNETH M. FALLS	2,901.29
03/14/2018	801516	STEPHEN J. LEHTONEN	1,199.54
03/14/2018	801517	CHERYLE M. STIFF	2,172.21
03/14/2018	801518	THOMAS W. TODD, JR.	3,396.72
03/29/2018	801519	BLAIR M. BALL	2,399.07
03/29/2018	801520	JEFFREY W. DAVIS	4,930.26
03/29/2018	801521	RONALD A. DUNCAN	1,199.54
03/29/2018	801522	KENNETH M. FALLS	3,115.57
03/29/2018	801523	DAVID L. FENN	1,199.54
03/29/2018	801524	STEPHEN J. LEHTONEN	1,199.54
03/29/2018	801525	LEONARD C. STEPHENSON	1,199.54
03/29/2018	801526	CHERYLE M. STIFF	2,172.21
03/29/2018	801527	MICHAEL D. THOMPSON	1,199.54
03/29/2018	801528	THOMAS W. TODD, JR.	3,396.72
TOTAL PAYROLL			36,611.55
TOTAL DISBURSEMENTS FOR MARCH, 2018			5,749,707.68

SAN GORGONIO PASS WATER AGENCY

**LEGAL INVOICES
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NBR</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	180331	LEGAL SERVICES MAR18	14,323.18

TOTAL PENDING INVOICES FOR MARCH 2018

14,323.18

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
March 31, 2018**

BALANCE PER BANK AT 03/31/2018 - CHECKING ACCOUNT 347,978.93

LESS OUTSTANDING CHECKS

<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
118764	47.00	118798	7,785.35
118797	30,000.00	118799	2,685.50
		118801	437.57
	<u>30,047.00</u>		<u>10,908.42</u>

TOTAL OUTSTANDING CHECKS (40,955.42)

BALANCE PER GENERAL LEDGER 307,023.51

BALANCE PER GENERAL LEDGER AT 02/28/2018 269,592.53

CASH RECEIPTS FOR MARCH 498,239.33

CASH DISBURSEMENTS FOR MARCH

ACCOUNTS PAYABLE - CHECK HISTORY REPORT (5,713,096.13)

NET PAYROLL FOR MARCH (36,611.55) (5,749,707.68)

BANK CHARGES (100.67)

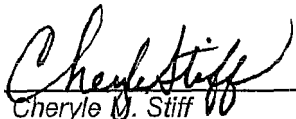
TRANSFER FROM TVI \$1,237,000.00

TRANSFER FROM LAIF \$4,000,000.00

TRANSFER FROM WELLS FARGO 52,000.00

BALANCE PER GENERAL LEDGER AT 03/31/2018 307,023.51

REPORT PREPARED BY:


Cheryl J. Stiff

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF MARCH 2018**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
DEPOSIT TO CHECKING ACCOUNT				
3/12/18	CITY OF BANNING	WATER SALES	18,703.00	18,703.00
3/15/18	BCVWD	WATER SALES	323,657.00	323,657.00
3/19/18	RIVERSIDE COUNTY	PROPERTY TAXES	78,241.73	78,241.73
3/19/18	RIVERSIDE COUNTY	PROPERTY TAXES	7,741.33	7,741.33
3/19/18	RIVERSIDE COUNTY	PROPERTY TAXES	2,529.30	2,529.30
3/19/18	YVWD	WATER SALES	14,266.53	14,266.53
3/26/18	CITY OF BANNING	WATER SALES	16,801.00	16,801.00
3/27/18	TVI	CD - BOND INTEREST	36,299.44	36,299.44
TOTAL FOR MARCH 2018			498,239.33	498,239.33

SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2017-18
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE NINE MONTHS ENDING ON MARCH 31, 2018

FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - INCOME				Comparison:	25%
INCOME					
WATER SALES	5,500,000		5,500,000	3,485,210.80	36.63%
TAX REVENUE	2,350,000		2,350,000	1,590,578.27	32.32%
INTEREST	110,000		110,000	146,073.62	-32.79%
DESIGNATED REVENUES	0		0	0.00	0.00%
OTHER (REIMBURSEMENTS, TRANSFERS)	456,000		456,000	193,372.14	57.59%
TOTAL GENERAL FUND INCOME	8,416,000	0	8,416,000	5,415,234.83	35.66%
GENERAL FUND - EXPENSES					
COMMODITY PURCHASE					
PURCHASED WATER	6,230,000		6,230,000	3,778,286.29	39.35%
TOTAL COMMODITY PURCHASE	6,230,000	0	6,230,000	3,778,286.29	39.35%
SALARIES AND EMPLOYEE BENEFITS					
SALARIES	454,000		454,000	343,067.23	24.43%
PAYROLL TAXES	38,000		38,000	28,351.04	25.39%
RETIREMENT	123,000		123,000	93,410.72	24.06%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	25,000		25,000	17,697.83	29.21%
HEALTH INSURANCE	61,000		61,000	53,056.02	13.02%
DENTAL INSURANCE	4,500		4,500	3,883.06	13.71%
LIFE INSURANCE	1,300		1,300	1,176.96	9.46%
DISABILITY INSURANCE	4,700		4,700	3,543.87	24.60%
WORKERS COMP INSURANCE	3,400		3,400	1,800.36	47.05%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	6,965.56	30.34%
EMPLOYEE EDUCATION	1,000		1,000	448.00	55.20%
TOTAL SALARIES AND EMPLOYEE BENEFITS	725,900	0	725,900	553,400.65	23.76%

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**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2017-18
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE NINE MONTHS ENDING ON MARCH 31, 2018**

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

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	25%
ADMINISTRATIVE & PROFESSIONAL					
DIRECTOR EXPENDITURES					
DIRECTORS FEES	108,000		108,000	74,881.31	30.67%
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	4,227.92	71.81%
DIRECTORS MISC. MEDICAL	23,000		23,000	9,847.97	57.18%
OFFICE EXPENDITURES					
OFFICE EXPENSE	24,000		24,000	9,567.66	60.13%
POSTAGE	650		650	417.75	35.73%
TELEPHONE	11,000		11,000	8,653.57	21.33%
UTILITIES	5,000		5,000	2,970.02	40.60%
SERVICE EXPENDITURES					
COMPUTER, WEB SITE AND PHONE SUPPORT	10,000		10,000	3,250.05	67.50%
GENERAL MANAGER & STAFF TRAVEL	22,000		22,000	14,651.98	33.40%
INSURANCE & BONDS	23,000		23,000	23,213.00	-0.93%
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	31,259.00	0.77%
OUTSIDE PROFESSIONAL SERVICES	2,000		2,000	1,850.00	7.50%
BANK CHARGES	1,500		1,500	322.20	78.52%
MISCELLANEOUS EXPENSES	500		500	0.00	100.00%
MAINTENANCE & EQUIPMENT EXPENDITURES					
TOOLS PURCHASE & MAINTENANCE	1,000		1,000	0.00	100.00%
VEHICLE REPAIR & MAINTENANCE	7,000		7,000	4,351.17	37.84%
MAINTENANCE & REPAIRS - BUILDING	15,000		15,000	11,135.59	25.76%
MAINTENANCE & REPAIRS - FIELD	4,500		4,500	177.35	96.06%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	55,801.72	62.80%
COUNTY EXPENDITURES					
LAFCO COST SHARE	5,000		5,000	5,368.12	-7.36%
ELECTION EXPENSE	0		0	0.00	0.00%
TAX COLLECTION CHARGES	10,500		10,500	7,686.61	26.79%
TOTAL ADMINISTRATIVE & PROFESSIONAL	496,650	0	496,650	295,390.99	40.52%

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**SAN GORGONIO PASS WATER AGENCY
 BUDGET REPORT FY 2017-18
 BUDGET VS. REVISED BUDGET VS. ACTUAL
 FOR THE NINE MONTHS ENDING ON MARCH 31, 2018**

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

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	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	25%
GENERAL ENGINEERING					
GRANT WRITER	10,000		10,000	21,650.25	-116.50%
NEW WATER					
PROGRAMATIC EIR	50,000		50,000	0.00	100.00%
UPDATED STUDY ON AVAILABLE SOURCES	5,000		5,000	25,971.56	-419.43%
SGMA SUPPORT	10,000		10,000	0.00	100.00%
STUDIES					
USGS	100,000		100,000	109,271.00	-9.27%
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%
OTHER PROJECTS					
BASIN MONITORING TASK FORCE	22,000		22,000	14,019.00	36.28%
GENERAL AGENCY - CEQA AND GIS SERVICES	15,000		15,000	37,481.57	-149.88%
TOTAL GENERAL ENGINEERING	302,000	0	302,000	216,043.38	28.46%
LEGAL SERVICES					
LEGAL SERVICES - GENERAL	200,000		200,000	163,131.35	18.43%
TOTAL LEGAL SERVICES	200,000	0	200,000	163,131.35	18.43%
CONSERVATION & EDUCATION					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	14,135.35	-0.97%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND P. R.	35,000		35,000	2,000.00	94.29%
TOTAL CONSERVATION & EDUCATION	54,000	0	54,000	16,135.35	70.12%

SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2017-18
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE NINE MONTHS ENDING ON MARCH 31, 2018

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

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	25%
GENERAL FUND CAPITAL EXPENDITURES					
BUILDING & EQUIPMENT					
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%
FIESTA RECHARGE FACILITY					
POST DESIGN	250,000		250,000	0.00	100.00%
CONSTRUCTION	2,500,000		2,500,000	53,886.38	97.84%
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%
NOBLE TURNOUT EXPANSION					
DESIGN	35,000		35,000	64,800.00	-85.14%
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%
TOTAL GENERAL FUND CAPITAL EXPENDITURES	3,439,000	0	3,439,000	374,647.97	89.11%
TRANSFERS TO OTHER FUNDS	0		0	0.00	
TOTAL GENERAL FUND EXPENSES	11,447,550	0	11,447,550	5,397,035.98	52.85%
WITHDRAWALS FROM RESERVES	3,155,000		3,155,000		
TRANSFER TO GENERAL FUND FROM DS FUND (non-budget)		5,855,985			
TOTAL TRANSFERS TO/FROM RESERVES	3,155,000		3,155,000	0.00	
GENERAL FUND NET INCOME YEAR TO DATE	123,450	0	123,450	18,198.85	

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SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2017-18
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE NINE MONTHS ENDING ON MARCH 31, 2018

		FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018				
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
DEBT SERVICE FUND - INCOME					Comparison:	25%
INCOME						
TAX REVENUE		21,053,359		21,053,359	13,317,189.25	36.75%
INTEREST		300,000		300,000	333,270.94	-11.09%
GRANTS		0		0	0.00	0.00%
DWR CREDITS - BOND COVER, OTHER		2,827,882		2,827,882	1,427,271.66	49.53%
TOTAL DEBT SERVICE FUND INCOME		24,181,241	0	24,181,241	15,077,731.85	37.65%
DEBT SERVICE FUND - EXPENSES						
EXPENSES						
SALARIES		54,000		54,000	42,948.22	20.47%
PAYROLL TAXES		4,100		4,100	3,285.48	19.87%
BENEFITS		29,000		29,000	23,152.18	20.16%
SWC CONTRACTOR DUES		42,000		42,000	41,154.00	2.01%
STATE WATER CONTRACT PAYMENTS		17,563,554		17,563,554	16,861,293.00	4.00%
PURCHASED WATER		0		0	1,397.65	0.00%
STATE WATER PROJECT LEGAL SERVICES		0		0	211.47	0.00%
USGS		0		0	0.00	0.00%
CONTRACT OPERATIONS AND MAINTENANCE		180,000		180,000	55,801.72	69.00%
SWP ENGINEERING		75,000		75,000	42,085.61	43.89%
DEBT SERVICE UTILITIES		10,000		10,000	7,834.74	21.65%
TAX COLLECTION CHARGES		76,000		76,000	43,557.33	42.69%
TOTAL DEBT SERVICE FUND EXPENSES		18,033,654	0	18,033,654	17,122,721.40	5.05%
TRANSFERS FROM RESERVES					0.00	
TRANSFER TO GENERAL FUND FROM DS FUND (non-budget)			-5,855,985			
DEBT SERVICE NET INCOME YEAR TO DATE		6,147,587	0	6,147,587	-2,044,989.55	

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**SAN GORGONIO PASS WATER AGENCY
CASH RECONCILIATION REPORT
FY 2017-18
FOR THE NINE MONTHS ENDING ON MARCH 31, 2018**

DEBT SERVICE FUND - RESTRICTED

BEGINNING BALANCE - JULY 1, 2017		
RESERVE FOR STATE WATER PROJECT	<u>42,217,597</u>	
DEBT SERVICE ACTIVITY		
DEBT SERVICE DEPOSITS		
PROPERTY TAX - DEBT SERVICE DEPOSITS	13,317,189	
INTEREST INCOME	333,271	
DWR REFUNDS	1,427,272	
DEBT SERVICE DISBURSEMENTS		
TRANSFER TO GENERAL FUND - JOINT FACILITIES	(17,122,721)	
	(5,855,985)	
ENDING RESTRICTED FUNDS BALANCE - - - MAR 31 2018	<u>34,316,623</u>	<u>34,316,623</u>

GENERAL FUND - UNRESTRICTED

BEGINNING BALANCE - JULY 1, 2017		
	<u>13,714,574</u>	
GENERAL FUND ACTIVITY		
GENERAL FUND DEPOSITS		
WATER SALES	3,485,211	
PROPERTY TAX - GENERAL PURPOSE DEPOSITS	1,590,578	
INTEREST INCOME	146,074	
OTHER INCOME	193,372	
CHANGE IN RECEIVABLES	664,332	
TRANSFER FRM DEBT SERVICE FUND - JOINT FACILITIES	5,855,985	
GENERAL FUND DISBURSEMENTS		
CHANGE IN LIABILITIES	(816,842)	
CHANGE IN CAPITAL ASSETS	(434,462)	
OPERATING EXPENDITURES	(4,962,575)	
ENDING UNRESTRICTED FUNDS BALANCE - - - MAR 31 2018	<u>19,436,247</u>	<u>19,436,247</u>

<u>TOTAL CASH - - - MAR 31 2018</u>		<u>53,752,870</u>
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LOCATION OF CASH - - - MAR 31 2018

PETTY CASH		100
CASH IN CHECKING ACCOUNTS		307,024
WELLS FARGO MONEY MARKET SAVINGS		15,428
BANK OF HEMET LOCAL AGENCY MONEY MARKET ACCOUNT		510,388
LOCAL AGENCY INVESTMENT FUND		14,984,434
CALTRUST		20,013,497
TIME VALUE INVESTMENTS		17,922,000

<u>TOTAL - - - MAR 31 2018</u>		<u>53,752,870</u>
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**SAN GORGONIO PASS WATER AGENCY
CASH RECONCILIATION REPORT
FY 2017-18
BY QUARTER**


	SEP 30, 17	DEC 31, 17	MAR 31, 18	JUN 30, 18
<u>DEBT SERVICE FUND - RESTRICTED</u>				
BEGINNING BALANCE - JULY 1, 2017				
RESERVE FOR STATE WATER PROJECT	42,217,597	42,217,597	42,217,597	
DEBT SERVICE ACTIVITY				
DEBT SERVICE DEPOSITS				
PROPERTY TAX - D. S. DEPOSITS	1,217,492	5,816,868	13,317,189	
INTEREST INCOME	104,854	197,390	333,271	
DWR REFUNDS	37,724	1,427,272	1,427,272	
DEBT SERVICE DISBURSEMENTS	(10,504,368)	(11,890,941)	(17,122,721)	
TRANSFER TO GENERAL FUND			(5,855,985)	
<u>ENDING RESTRICTED FUNDS BALANCE</u>	<u>33,073,299</u>	<u>37,768,186</u>	<u>34,316,623</u>	<u>-</u>
<u>GENERAL FUND - UNRESTRICTED</u>				
BEGINNING BALANCE - JULY 1, 2016	13,714,574	13,714,574	13,714,574	
GENERAL FUND ACTIVITY				
GENERAL FUND DEPOSITS				
WATER SALES	1,129,414	2,527,944	3,485,211	
PROPERTY TAX - GENERAL DEPOSITS	192,349	849,836	1,590,578	
INTEREST INCOME	34,951	72,748	146,074	
OTHER INCOME	129,372	193,279	193,372	
CHANGE IN RECEIVABLES	476,351	476,351	664,332	
TRANSFER FROM DEBT SERVICE FUND			5,855,985	
GENERAL FUND DISBURSEMENTS				
CHANGE IN LIABILITIES	(755,156)	(754,871)	(816,842)	
CHANGE IN CAPITAL ASSETS	(61,343)	(322,283)	(434,462)	
OPERATING EXPENDITURES	(1,070,624)	(3,481,478)	(4,962,575)	
<u>ENDING UNRESTRICTED FUNDS BALANCE</u>	<u>13,789,888</u>	<u>13,276,099</u>	<u>19,436,247</u>	<u>-</u>
<u>TOTAL CASH - END OF QUARTER</u>	<u>46,863,187</u>	<u>51,044,285</u>	<u>53,752,870</u>	<u>-</u>
<u>CASH AND INVESTMENTS</u>				
PETTY CASH	100	100	100	
CASH IN CHECKING ACCOUNTS	3,102,158	206,424	307,024	
WELLS FARGO MM SAVINGS	767,313	67,413	15,428	
BANK OF HEMET L.A.M.M.A.	510,007	510,197	510,388	
LOCAL AGENCY INVESTMENT FUND	4,691,169	12,415,746	14,984,434	
CALTRUST	19,857,440	19,930,405	20,013,497	
TIME VALUE INVESTMENTS	17,935,000	17,914,000	17,922,000	
<u>TOTAL - END OF QUARTER</u>	<u>46,863,187</u>	<u>51,044,285</u>	<u>53,752,870</u>	<u>-</u>

**SAN GORGONIO PASS WATER AGENCY
RESERVE ALLOCATION REPORT
FY 2017-18
FOR THE NINE MONTHS ENDING MARCH 31, 2018**

	JUN 30, 17	SEP 30, 17	DEC 31, 17	MAR 31, 18	JUN 30, 18
RESTRICTED					
STATE WATER CONTRACT FUND	42,217,597	33,073,299	37,768,186	34,311,583	
UNRESTRICTED					
OPERATIONS	1,500,000	1,500,000	1,500,000	1,500,000	
NEW INFRASTRUCTURE	3,363,588	4,389,567	4,293,632	5,126,743	
Additions or Adjustments	1,002,036	-95,935	833,111	6,087,124	
Expenditures					
Ending Balance	4,365,624	4,293,632	5,126,743	11,213,867	0
ADDITIONAL WATER	2,500,000	2,500,000	2,500,000	2,500,000	
Adjustments from Other Sources	2,000,000	1,536,274	1,536,274	1,536,274	
Ratepayer - Balance Forward	1,537,950	1,537,950	1,636,035	346,110	
Ratepayer - Current Contribution		98,085	94,149	52,042	
Rate Stabilization - Balance Forward	621,676	621,856	670,898	716,973	
Excess Rate Stabilization - Current		49,042	46,075	26,021	
Expenditures	-360,677	103,049	-1,384,074	0	
Ending Balance	6,298,949	6,446,256	5,099,356	5,177,420	0
RATE STABILIZATION					
Taxpayer Contribution	0	0	0		
Previous Ratepayer Balance	150,000	150,000	150,000	150,000	
Ratepayer Contribution		49,042	46,075	26,021	
Excess Contribut.-To Addnl. Water		-49,042	-46,075	-26,021	
Expenditures					
Ending Balance	150,000	150,000	150,000	150,000	0
REPLACEMENTS	1,250,000	1,250,000	1,250,000	1,250,000	
UNEXPECTED LEGAL SERVICES	150,000	150,000	150,000	150,000	
TOTAL UNRESTRICTED RESERVES	13,714,573	13,789,888	13,276,099	19,441,287	0
TOTAL RESERVES	55,932,171	46,863,187	51,044,285	53,752,870	0

CASH LOCATION

Petty Cash	100	100	100	100	
Checking Accounts	156,128	3,102,158	206,424	307,024	
Wells Fargo M.M. Savings	1,267,082	767,313	67,413	15,428	
Local Agency M M Acct. BofH	509,816	510,007	510,197	510,388	
LAIF	16,274,975	4,691,169	12,415,746	14,984,434	
CalTRUST	19,789,070	19,857,440	19,930,405	20,013,497	
Time Value Investments	17,935,000	17,935,000	17,914,000	17,922,000	
TOTAL CASH	55,932,171	46,863,187	51,044,285	53,752,870	0

NOTICE TO STATE WATER PROJECT CONTRACTORS**Date:** APR 24 2018**Number:** 18-03**Subject:** 2018 State Water Project Allocation Increase – 30 Percent**From:** 

Joel Ledesma
Deputy Director, State Water Project
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2018 State Water Project (SWP) water for long-term contractors from 852,333 acre-feet to 1,268,724 acre-feet. Based on the recent precipitation, runoff, and current water supply condition, SWP supplies are projected to be 30 percent of most SWP contractors' 2018 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2018 SWP 30 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational regulatory constraints, and the 2018 contractor demands. DWR may revise the allocation and subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

DWR will use the current long-term SWP contractors' 30 percent schedules that were submitted in October 2017 (as part of their initial request), unless a contractor submits an updated schedule. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2018 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)

SWP CONTRACTORS	TABLE A	INITIAL REQUEST	APPROVED ALLOCATION	PERCENT INITIAL REQUEST APPROVED (3)/(2) (4)
	(1)	(2)	(3)	(4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	16,500	60%
Plumas County FC&WCD	2,700	2,700	810	30%
City of Yuba City	9,600	9,600	3,840	40%
Subtotal	39,800	39,800	21,150	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	11,610	40%
Solano County WA	47,756	47,756	19,102	40%
Subtotal	76,781	76,781	30,712	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	24,186	30%
Alameda County WD	42,000	42,000	12,600	30%
Santa Clara Valley WD	100,000	100,000	30,000	30%
Subtotal	222,619	222,619	66,786	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	1,710	30%
County of Kings	9,305	9,305	2,792	30%
Dudley Ridge WD	45,350	45,350	13,605	30%
Empire West Side ID	3,000	3,000	900	30%
Kern County WA	982,730	982,730	294,819	30%
Tulare Lake Basin WSD	87,471	87,471	26,241	30%
Subtotal	1,133,556	1,133,556	340,067	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	7,500	30%
Santa Barbara County FC&WCD	45,486	45,486	13,646	30%
Subtotal	70,486	70,486	21,146	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	144,844	144,844	43,453	30%
Castaic Lake WA	95,200	95,200	28,560	30%
Coachella Valley WD	138,350	138,350	41,505	30%
Crestline-Lake Arrowhead WA	5,800	5,800	1,740	30%
Desert WA	55,750	55,750	16,725	30%
Littlerock Creek ID	2,300	2,300	690	30%
Metropolitan WDSC	1,911,500	1,911,500	573,450	30%
Mojave WA	85,800	85,800	25,740	30%
Palmdale WD	21,300	21,300	6,390	30%
San Bernardino Valley MWD	102,600	102,600	30,780	30%
San Gabriel Valley MWD	28,800	28,800	8,640	30%
San Geronio Pass WA	17,300	17,300	5,190	30%
Ventura County WPD	20,000	20,000	6,000	30%
Subtotal	2,629,544	2,629,544	788,863	
TOTAL	4,172,786	4,172,786	1,268,724	



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Memorandum

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

From: Jeffrey F. Ferre, General Counsel
Best Best & Krieger LLP

Date: May 7, 2018

Re: General Counsel Report - Board of Directors Meeting – May 7, 2018

AB 3045 by Assembly Member Gallagher would significantly change the authority over the State Water Project (“SWP”). This bill would move the authority over the SWP from the Department of Water Resources (“DWR”) to a newly formed State Water Project Commission (“Commission”). This Commission would be one of the departments within the state’s Natural Resources Agency (“Agency”).

The bill has been re-referred to the Assembly Appropriations Committee. Previous versions sought to transfer authority over dams from DWR to a new Division of Safety of Dams. The bill’s author cited the Oroville Dam situation as an example of what he alleges is a flawed organizational structure where DWR acts as both the regulator and the owner of SWP facilities. The current version of the bill does not have language regarding establishment of a Division of Safety of Dams. However, it does include establishment of the Commission which would be vested with all of the authority, duties and powers of DWR in regard to the SWP. The author alleges that there are conflict of interest concerns and refers to a previous allegation that DWR may have felt pressure from SWP contractors to control costs and that this allegedly led to the Oroville Dam situation.

The Commission would be comprised of the following nine members who would be appointed by the Governor and subject to confirmation by the state Senate:

- (1) Three engineers with experience in civil or hydrological engineering.
- (2) Two members with experience in water rights, water conveyance, or water storage.
- (3) One member nominated by the Butte County Board of Supervisors.
- (4) Three public members, one representing each of the following: (a) agricultural interests; (b) the environment; and (c) municipal water users.

Memorandum

TO: Project 5 Clients (Agency)
FROM: Best Best & Krieger LLP
DATE: March 26, 2018
RE: 2018 Summary of Changes to Local CEQA Guidelines

Important changes in the law have been incorporated into the 2018 Update to your Local Guidelines for Implementing the California Environmental Quality Act (“Local Guidelines”). For easy reproduction and access to these Local Guidelines, as well as the California Environmental Quality Act (“CEQA”) forms your Agency will need, and other important legal alerts, please access Best Best & Krieger LLP’s (“BB&K”) CEQA client portal at www.bbklaw.net/CEQA. For technical support, please contact Gar House at Gar.House@bbklaw.com.

Public agencies are required to adopt implementing procedures for administering their responsibilities under CEQA. These procedures include provisions governing how the Agency will process environmental documents and provide for adequate comment, time periods for review, and lists of permits that are ministerial actions and projects that are considered categorically exempt. The Agency’s procedures should be updated within 120 days after the State CEQA Guidelines are revised. To date, the State CEQA Guidelines have not been revised but there were changes made to the Public Resources Code that became effective on January 1, 2018 as well as clarifications to the law that came about as a result of 2017 CEQA litigation. Your Local Guidelines have been updated to reflect those changes and we recommend that your Agency adopt the updated Local Guidelines within a month of receiving them from BB&K.

This memorandum summarizes the substantive amendments to your Local Guidelines made in response to regulations, legislation and legal cases that changed or impacted certain aspects of CEQA between January 2017 and December 2017. Your Local Guidelines and this memorandum are designed to assist in assessing the environmental implications of a project prior to its approval, as mandated by CEQA. We still recommend, however, that you consult with an attorney when you have specific questions on major, controversial, or unusual projects or activities.

Revisions to Local CEQA Guidelines.

Revised Sections.

1. SECTION 3.11 PIPELINES WITHIN A PUBLIC RIGHT-OF-WAY AND LESS THAN ONE MILE IN LENGTH

Local Guidelines section 3.11 was changed pursuant to former Public Resources Code section 21080.21 that was repealed on by sunset date January 1, 2018 and replaced with a new Public Resources Code section 21080.21 regarding Pipelines within a public right-of-way and less than one mile in length.

2. SECTION 3.12 PIPELINES OF LESS THAN EIGHT MILES IN LENGTH

Local Guidelines section 3.12(b) was amended pursuant to Public Resources Code section 21080.23.5 which repealed the exclusion of biogas pipeline in the counties of Fresno, Kern, Kings and Tulare. Therefore the definition of “Pipeline” in subsection (b) was deleted.

3. SECTION 3.20 OTHER SPECIFIC EXEMPTIONS

Pursuant to AB 1218, the sunset date established by Public Resources Code sections 21080.20 and 21080.20.5 statutory exemption for the approval of a bicycle transportation plan was extended through January 1, 2021.

4. SECTION 5.15 CONSULTATION WITH WATER AGENCIES REGARDING LARGE DEVELOPMENT PROJECTS

Local Guidelines section 5.15 was amended to delete subsection (c) Water Supply Assessment Not Required for Certain Renewable Energy Projects because pursuant to Assembly Bill 2561, a portion of Water Code section 10912 expired on January 1, 2018 and was not renewed. Therefore, the exemption from preparing a water supply assessment for photovoltaic or wind energy generation facilities no longer applies.

5. SECTION 9 AFFORDABLE HOUSING

In response to Senate Bill 35 and Assembly Bill 73, a new section 9 was added regarding affordable housing. Section 9.01 was added pursuant to Senate Bill 35 regarding the streamlined, ministerial approval process for affordable housing projects. Lastly, Section 9.02 was added regarding housing sustainability districts and the Public Resources Code sections 21155.10 and 21155.11 pursuant to Assembly Bill 73.

6. SECTION 10.03 ADMINISTRATIVE RECORD

Local Guidelines section 10.03.C. was changed to include the requirement of a lead agency to respond to a request for concurrent preparation of the administrative record by the project applicant within 10 business days from receipt of the written request or the request will automatically be deemed denied.

Other Changes.

Department of Fish and Wildlife. Effective January 1, 2018, the Department of Fish and Wildlife has increased some of its fees. For a Negative Declaration or a Mitigated Negative Declaration, the new filing fee is \$2,280.75. For an Environmental Impact Report, the new filing fee is \$3,168.00. For an environmental document pursuant to a Certified Regulatory Program, the filing fee has been increased to \$1,077.00.

Conclusion.

As always, CEQA remains complicated and, at times, challenging to apply. The only constant in this area of law is how quickly the rules change. Should you have questions about

any of the provisions discussed above, or about the environmental review of any of your Agency's projects, please contact a BB&K attorney for assistance.

BEST BEST & KRIEGER LLP

RESOLUTION NO. 2018-01

A RESOLUTION OF THE SAN GORGONIO PASS WATER AGENCY AMENDING AND ADOPTING LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUBLIC RESOURCES CODE §§ 21000 ET SEQ.)

WHEREAS, the California Legislature has amended the California Environmental Quality Act (“CEQA”) (Pub. Resources Code §§ 21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs, tit. 14, §§ 15000 et seq.), and the California courts have interpreted specific provisions of CEQA; and

WHEREAS, Section 21082 of CEQA requires all public agencies to adopt objectives, criteria and procedures for the evaluation of public and private projects undertaken or approved by such public agencies, and the preparation, if required, of environmental impact reports and negative declarations in connection with that evaluation; and

WHEREAS, the San Gorgonio Pass Water Agency must revise its local guidelines for implementing CEQA to make them consistent with the current provisions and interpretations of CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the San Gorgonio Pass Water Agency (“Agency”) hereby resolves as follows:

SECTION 1. The Agency adopts “Local Guidelines for Implementing the California Environmental Quality Act (2018 Revision),” a copy of which is on file at the offices of the Agency and is available for inspection by the public.

SECTION 2. All prior actions of the Agency enacting earlier guidelines are hereby repealed.

ADOPTED this 7th day of May, 2018.

President, Board of Directors

ATTEST:

Secretary, Board of Directors
APPROVED AS TO FORM:

General Counsel
San Geronio Pass Water Agency

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Consideration and Possible Action to Approve Agreement For Exchange of State Water Project Water with Casitas MWD and the City of Ventura

DATE: May 7, 2018

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to approve entering into an agreement for a water exchange with two Ventura County water retailers that would supplement the Agency's water supplies this year. The Board previously approved a term sheet for this transaction, and directed the General Manager to develop an agreement based on the term sheet.

Background:

The Board has directed the General Manager to seek out water exchanges and transfers that augment the Agency's short-term and long-term water supplies. Many potential opportunities were identified in the Provost and Pritchard report in 2016. Several of the opportunities identified in that report related to water agencies in Ventura County. Staff has been working for over a year to negotiate a water exchange with two of these entities.

The Ventura County Watershed Protection District is one of the 29 State Water Contractors. However, the County lacks the infrastructure (the equivalent of an East Branch Extension) to take its State Water Project ("SWP") water and specifically, its Table A water. The County's 20,000 AF of Table A water is allocated financially and hydraulically to three separate entities—the City of Ventura, United Water Conservation District, and Casitas Municipal Water District. The City owns 10,000 AF of the Table A water, and Casitas MWD and United WCD own 5000 AF each.

Up until last year, these entities have sold their water in the “Turnback Pool,” a mechanism for State Water Contractors to obtain some value for water supplies that they are not able to take during a particular year. This year, the City of Ventura and Casitas MWD are pursuing an alternative arrangement as set forth in the proposed exchange agreement.

Detailed Report:

The terms of the proposed agreement are summarized below. The agreement is attached to this staff report.

- Agency would receive all of the City’s and Casitas’ Table A water allocations for 2018. It is estimated that this would amount to 4500 AF, based on a 30% SWP allocation.
- City and Casitas would each receive return deliveries from Agency equal to 40% of the amount of Table A water that each entity provided to Agency in 2018. The return deliveries would be made over a ten (10) year period. The agreement provides further details as to when and how such return deliveries would need to be made.
- Agency would pay to the City 100% of the City’s 2018 Transportation Capital, Transportation Minimum, Conservation Capital, and Conservation Minimum charges, as said charges are imposed by the Department of Water Resources (“DWR”). It is estimated that the total amount to be paid by Agency would be \$1,500,000.
- Agency would pay to Casitas 100% of Casitas’ 2018 Transportation Capital, Transportation Minimum, Conservation Capital, and Conservation Minimum charges, as said charges are imposed by DWR. It is estimated that the total amount to be paid by Agency would be \$730,000.
- Each party to the agreement would pay their respective variable costs to pump water to their service areas as contemplated under the exchange.

Under these terms, at a 30% SWP allocation, the Agency would obtain 4500 AF of water this year for a cost of approximately \$495 per AF plus variable costs. The fixed costs for this transaction

(approximately \$2.3 million) could be paid from Agency's debt service fund since this water is part of the State Water Project.

If the SWP allocation were to increase, the cost per AF would be reduced, but the costs the Agency pays to the City and Casitas would be the same since they are fixed costs.

If the agreement is approved, the parties will initiate procedures for DWR approval of the transaction. The agreement provides that if DWR does not approve, the amounts paid by Agency will be refunded.

Agency staff has determined that the proposed transaction is exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to Water Code section 1729, State CEQA Guidelines sections 15282(u), 15301, and 15061(b)(3).

Water Code section 1729 and State CEQA Guidelines section 15282(u) exempt temporary changes in the point of diversion, place of use, of purpose of use due to a transfer or exchange of water or water rights from review under CEQA. Here, the proposed Project involves the exchange of 100 percent of Ventura's and Casitas' Table A water for the year 2018. The transaction merely changes the place of use, and does not involve construction of any additional facilities. As the transaction involves a one year exchange, it satisfies the definition of "temporary change" pursuant to Water Code section 1728 and thereby qualifies for the statutory exemption pursuant to CEQA Guidelines section 15282(u).

Further, the proposed Project is categorically exempt from environmental review under CEQA pursuant to State CEQA Guidelines section 15301 (Class 1 – Existing Facilities). The Class 1 exemption specifically exempts from further CEQA review the operation of existing public structures, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. Here, the Project will use existing SWP facilities and will not require the construction of additional facilities to affect the delivery of the Table A water. Additionally, the Project is exempt pursuant to State CEQA Guidelines section 15061(b)(3) which exempts those activities for which it can be seen with certainty that

there is no potential to result in significant environmental effects. The Project involves the transfer of an existing allocation of water within existing facilities and therefore there is no potential for a significant environmental effect.

Fiscal Impact:

The impact on the debt service fund would be an additional expenditure of approximately \$2.3 million this year. Taking into account the projected debt service revenues for this year, the proposed transaction would not have a negative fiscal impact.

The water which would be received under the agreement would be pumped from the Delta and would incur the same costs as other SWP water and would be handled the same way in the Agency's water rate. Water received from the City and Casitas would cost the same as other Agency Table A water.

Recommendation:

Staff recommends that the Board adopt a motion as follows:

- Making findings that the exchange of State Water Project Table A Water is exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to Water Code section 1729, State CEQA Guidelines sections 15282(u), 15301, and 15061(b)(3) as said findings are further set forth in this staff report.
- Approve the Agreement Between San Geronio Pass Water Agency and the City of Buena Ventura and Casitas Municipal Water District for the Exchange of 2018 State Water Project Table A Water; substantially in the form as included enclosed with this staff report.
- Authorize the General Manager to sign the Agreement and to make any nonmaterial changes to the final version of the Agreement, subject to review by legal counsel;
- Authorize staff to complete any and all action which may be required to document the CEQA exemption including the filing of a Notice of Exemption: and
- Authorize staff to develop and execute any agreements or documentation which may be required by DWR for this transaction.

AGREEMENT
between
SAN GORGONIO PASS WATER AGENCY
and the
CITY OF SAN BUENAVENTURA and CASITAS MUNICIPAL WATER DISTRICT
FOR THE EXCHANGE OF
2018 STATE WATER PROJECT TABLE A WATER

This Agreement is made by and between the City of San Buenaventura, a charter city and municipal corporation of the State of California (“Ventura”), and Casitas Municipal Water District, a California special district (“Casitas”), on the one hand, and San Gorgonio Pass Water Agency, a special act agency formed under Water Code Uncodified Acts, Act 1100 (“SGPWA”), on the other hand.

BACKGROUND AND PURPOSE

1. Ventura and Casitas together hold rights to fifteen thousand (15,000) acre-feet of a twenty thousand (20,000) acre-foot Table A allocation to State Water Project water (“Table A Water”), initially held by the Ventura County Watershed Protection District (“VCWPD”) but assigned to Casitas for all authorities and responsibilities (see Exhibits A and B hereto).
2. Of the 20,000 acre-foot Table A Water allocation set forth in Paragraph 1 above, Ventura’s State Water Project Table A allocation is ten thousand (10,000) acre-feet per calendar year (“Ventura Table A Water”) and Casitas’ State Water Project Table A allocation is five thousand (5,000) acre-feet per calendar year (“Casitas Table A Water”); United Water Conservation District holds the remaining State Water Project Table A allocation of five thousand (5,000) acre-feet per calendar year.
3. Ventura and Casitas do not plan to take direct delivery of their respective Table A Water for 2018.
4. As of April 24, 2018, the Department of Water Resources (“DWR”) has allocated thirty percent (30%) of each State Water Project Contractor’s Table A amount for delivery in 2018.
5. SGPWA would like to take delivery of Ventura Table A Water and Casitas Table A Water in 2018 in the final amounts of the allocations as shall be determined by DWR for 2018.
6. SGPWA is willing to compensate Ventura for Ventura 2018 Table A Water as set forth in this Agreement.

7. SGPWA is willing to compensate Casitas for Casitas 2018 Table A Water as set forth in this Agreement.
8. Ventura and Casitas are willing for SGPWA to take delivery of the full amounts of Ventura's and Casitas' allocations as shall be determined by DWR for 2018.
9. Ventura and Casitas have agreed that their respective entire allocations in 2018 will be delivered to SGPWA, in exchange for SGPWA's agreement to return to Ventura and Casitas within ten (10) years, no later than the end of calendar year 2028, forty percent (40%) of the quantity of the Ventura Table A Water and 40% of the Casitas Table A Water that is delivered to SGPWA pursuant to this Agreement.
10. Ventura and Casitas are currently pursuing a direct delivery method for State Water Project water that estimates construction within ten (10) years pending the necessary permits and approvals.
11. It is the expressed intent of the parties to negotiate a long-term exchange or transfer agreement, separate from this Agreement, when the applicable amendments or modification are made to State Water Project Contracts, and/or rules and regulations of the State Water Project, which may permit such exchanges and transfers. A long-term exchange could be utilized until such time as Ventura and Casitas can take direct delivery of State Water. It is hereby acknowledged and agreed that nothing in this Agreement shall be deemed to be a binding agreement to enter into a long-term exchange or transfer agreement and each party reserves the right to decide whether or not to enter into such an agreement in their sole discretion.

TERMS AND CONDITIONS

1. Payment to Ventura. SGPWA agrees to pay to Ventura one hundred percent (100%) of Ventura's Transportation Capital and Minimum and Conservation Capital and Minimum Charges for 2018 (estimated at one million, five hundred thousand dollars (\$1,500,000)). The amounts and due dates for such charges are set forth by DWR in DWR's statement of charges, invoices or other applicable documentation.
2. Payment to Casitas. SGPWA agrees to pay to Casitas one hundred percent (100%) of Casitas' Transportation Capital and Minimum and Conservation Capital and Minimum Charges for 2018 (estimated at seven hundred, thirty thousand dollars (\$730,000)). The amounts and due dates for such charges are set forth by DWR in DWR's statement of charges, invoices or other applicable documentation.
3. DWR Approval. DWR's written approval of this Agreement, including the terms and conditions herein, is necessary to effectuate this exchange. DWR's approval shall be

provided in the form of an agreement among the entities as determined by DWR. In the event DWR does not approve this Agreement and/or the Table A Water subject to this Agreement is not permitted to be exchanged as contemplated in this Agreement, Ventura and Casitas will each refund to SGPWA a payment equal to the amounts described in Terms and Conditions Paragraphs 1 and 2 above. Said payment shall be made within thirty (30) days from the date of any such disapproval by DWR.

4. Deliveries to SGPWA. Upon receipt of payment from SGPWA equal to the amount described in Terms and Conditions Paragraphs 1 and 2 above, Ventura and Casitas will request that DWR deliver to SGPWA, in calendar year 2018, Ventura and Casitas' entire 2018 Table A Water allocations from the State Water Project. Ventura and Casitas shall request that DWR cause said deliveries to be made at a location and according to a delivery schedule requested by SGPWA and approved by DWR. The Table A Water will be delivered to SGPWA from the State Water Project through facilities already in existence when the Table A Water is delivered, such that it will not be necessary to construct additional facilities in order to affect delivery of the Table A Water pursuant to this Agreement. SGPWA will be responsible for payment of all variable and other such charges imposed by DWR and calculated as a function of the quantity of Ventura Table A Water and Casitas Table A Water actually delivered to SGPWA pursuant to this Agreement. The amounts and due dates for such charges are set forth by DWR in DWR's statement of charges, invoices or other applicable documentation.
5. Return Deliveries to Ventura. Ventura and SGPWA shall arrange for return deliveries to Ventura of forty percent (40%) of the Ventura Table A Water over a ten (10) year period beginning upon the effective date of this Agreement and expiring at the end of calendar year 2028. The arrangements for return deliveries shall be made as follows: Ventura shall provide written notice to SGPWA on or before May 1 of any year in which Ventura desires to receive return deliveries. Ventura and SGPWA will then work with DWR to schedule delivery of the water within that applicable calendar year. Ventura will then pay the variable costs for the return deliveries. Ventura may not request return deliveries in a year in which the final State Water Project allocation is thirty percent (30%) or less. If the final State Water Project allocation in any year is between thirty percent (30%) and fifty percent (50%), and Ventura requests return deliveries, SGPWA and Ventura shall negotiate in good faith as to the amount of return deliveries for said calendar year. Upon expiration of the 10-year period, a determination will be made as to any amount of return deliveries which were not made due to the lack of infrastructure available for Ventura to take return deliveries ("Exchange Water Balance"). In the event there is an Exchange Water Balance, Ventura and SGPWA shall engage in good faith negotiations to determine whether the parties can agree upon alternative means for delivery of the Exchange Water Balance. Such alternative means

may include, for example and not by way of limitation, the following: (a) extension of the 10-year term for an additional term of not to exceed five (5) years; or (b) rolling over the Exchange Water Balance into a long-term exchange or transfer agreement which may be developed between Ventura and SGPWA as referenced in Background and Purpose Paragraph 11. Except as set forth herein in regard to an Exchange Water Balance, upon expiration of this Agreement, there shall be no further rights or obligations in regard to return deliveries.

6. Return Deliveries to Casitas. Casitas and SGPWA shall arrange for the return delivery to Casitas of forty percent (40%) of the Casitas Table A Water over a ten (10) year period beginning upon the effective date of this Agreement and expiring at the end of calendar year 2028. The arrangements for return deliveries shall be made as follows: Casitas shall provide written notice to SGPWA on or before May 1 of any year in which Casitas desires to receive return deliveries. Casitas and SGPWA will then work with DWR to schedule delivery of the water within that applicable calendar year. Casitas will then pay the variable costs for the return deliveries. Casitas may not request return deliveries in a year in which the final State Water Project allocation is thirty percent (30%) or less. If the final State Water Project allocation in any year is between thirty percent (30%) and fifty percent (50%), and Casitas requests return deliveries, SGPWA and Casitas shall negotiate in good faith as to the amount of return deliveries for said calendar year. Upon expiration of the 10-year period, a determination will be made as to any amount of return deliveries which were not made due to the lack of infrastructure available for Casitas to take return deliveries ("Exchange Water Balance"). In the event there is an Exchange Water Balance, Casitas and SGPWA shall engage in good faith negotiations to determine whether the parties can agree upon alternative means for delivery of the Exchange Water Balance. Such alternative means may include, for example and not by way of limitation, the following: (a) extension of the 10-year term for an additional term of not to exceed five (5) years; or (b) rolling over the Exchange Water Balance into a long-term exchange or transfer agreement which may be developed between Casitas and SGPWA as referenced in Background and Purpose Paragraph 11. Except as set forth herein in regard to an Exchange Water Balance, upon expiration of this Agreement, there shall be no further rights or obligations in regard to return deliveries.
7. Places of Use. The water delivered to SGPWA in 2018 pursuant to this Agreement shall be used entirely within SGPWA's service area. The return water deliveries to Ventura and Casitas pursuant to this Agreement shall be used entirely within the service areas of Ventura and Casitas, as applicable.
8. California Environmental Quality Act (CEQA). SGPWA agrees to do California Environmental Quality Act ("CEQA") compliance for SGPWA's service area and for SGPWA's performance of this Agreement. Ventura and Casitas shall complete CEQA

compliance for their respective service areas and for their respective performance of this Agreement.

9. Transaction Costs. Ventura, Casitas, and SGPWA shall each be responsible for its own legal and consulting costs incurred in the preparation, review, and implementation of this Agreement. Ventura, Casitas, and SGPWA acknowledge that it will also be necessary for them to sign an additional agreement to be prepared by DWR to address changes in points of delivery and other issues related to operation of the State Water Project. Ventura, Casitas, and SGPWA each agrees to cooperate with DWR and with each other in the preparation, review, and execution of that agreement with DWR, and with the processing of such other approvals as may be necessary to effect the exchange described herein.
10. Costs of Defense. In the event of any legal action by a third party to challenge this Agreement and/or the exchange described herein, Ventura, Casitas, and SGPWA agree to cooperate in the defense thereof and to share equally in the costs of such defense, utilizing counsel mutually acceptable to the parties.
11. Force Majeure. In the event that an unavoidable event renders the performance of this Agreement impossible or infeasible, the parties hereto shall be excused from the performance thereof, with a corresponding refund or adjustment of the payments required herein as may be necessary to achieve financial equity as between the parties for that portion of the Agreement that cannot be performed; provided, however, that Ventura, Casitas, and SGPWA shall first coordinate with DWR to determine whether alternate performance may be possible pursuant to an alternate schedule for completion of performance.
12. Authority and Representations. The undersigned representatives of Ventura, Casitas, and SGPWA hereby represent that he or she is authorized to execute the Agreement for the party on whose behalf this Agreement is executed. Ventura and Casitas hereby represent and warrant that they have all rights and authorities to perform this Agreement including, for example and not by way of limitation, the contractual rights as described in Background and Purpose Paragraphs 1 and 2. SGPWA hereby represents and warrants that it has all rights and authorities to perform this Agreement.
13. Notice. All notices given or required to be given pursuant to this Agreement shall be in writing provided by first-class mail, postage prepaid, to the following addresses:

San Gorgonio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223
Attn: Jeff Davis, General Manager

City of San Buenaventura
501 Poli Street
Ventura, CA 93001
Attn: Dan Paranick, Interim City Manager

Casitas Municipal Water District
1055 N Ventura Ave,
Oak View, CA 93022
Attn: Steve Wickstrum, General Manager

14. Alteration. No alteration, change or modification of the terms of this Agreement shall be valid unless made in writing and signed by all Parties hereto.

15. Entire Agreement. This writing embodies the entire agreement and understanding between the Parties hereto, and there are no other agreements and understandings, oral or written, with reference to the subject matter hereof that are not merged herein and superseded hereby, it being the intent of the Parties that none shall be bound by any terms, conditions, or representations not written here.

[Signatures follow.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates set forth below.

SAN GORGONIO PASS WATER AGENCY

By: _____
Jeff Davis, General Manager

Date: _____

CITY OF SAN BUENAVENTURA

By: _____
Dan Paranick, Interim City Manager

Date: _____

APPROVED AS TO FORM

Gregory G. Diaz, City Attorney

By: _____
Miles P. Hogan, Assistant City Attorney II

Date: _____

CASITAS MUNICIPAL WATER DISTRICT

By: _____
Steve Wickstrum, General Manager

Date: _____

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Opening a Payroll-Only Checking Account at Bank of Hemet

DATE: May 7, 2018

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to proceed with opening a new checking account, for payroll only, at the Bank of Hemet. The Board has previously discussed this issue at the March and April Finance and Budget workshops, and voted at the April workshop to bring this item to the Board for consideration.

Background:

Last year, the Agency's auditor made a number of recommendations to change existing operations and/or policies to better safeguard the Agency's cash assets. One of these recommendations was to initiate "dual custody" approvals for electronic expenditures (both wires and ACH transactions). Dual custody means to have two different people involved in the transaction, typically one to prepare it and one to approve it. The purpose would be to make it more difficult for one individual to commit fraud or to embezzle from the Agency.

The auditor met with the Finance and Budget Committee and made this and other recommendations. The Committee asked staff to research what would be required in order to execute a dual custody approval process. Our bank, Wells Fargo, is able to make these transactions dual custody, but it would need to be for all electronic transactions.

Staff believes that it would be very difficult to implement dual custody for payroll transactions. The General Manager is out of the office too much, and the payments must be made at specific times, with no

room for error, in order to make this work for payroll. However, staff would like to implement dual custody for all other electronic transactions. In researching this issue, staff has determined that the best way to implement this would be to open a new checking account just for payroll purposes, at a different bank. That is the recommendation that the Board made at the April Finance and Budget workshop.

Detailed Report:

While opening a new checking account for payroll would not enable dual custody payments for payroll, it would limit the amount of funds available to someone wishing to commit fraud or embezzle from the Agency. Major electronic transactions would have dual custody from the current Wells Fargo checking account. The new account, which would be at the Bank of Hemet, would not have dual custody, but it would have only limited funds in it. Thus, if someone were to try to steal funds through an electronic transaction, very little would be available.

The auditor made this recommendation due to the Agency's small staff. The practice of dual custody would demonstrate that the Board and staff have implemented policies to minimize fraud and theft, especially of large amounts of money, while still preserving the non-flexible payroll process.

The Board discussed having payroll be a dual custody process at the March Finance and Budget workshop, but after discussion recognized that this would not work for the Agency. Payroll, including preparation of direct deposit paychecks, is frequently prepared by the Finance Manager alone. The General Manager does approve it, but sometimes is not available to approve it in time for payroll checks to be cut on schedule. Trying to use Board members as backup also was rejected by the Board. Creation of a separate checking account for payroll was identified by the Board as the best option to implement the auditor's recommendation (or at least most of it).

Fiscal Impact:

There is a minor, insignificant financial impact of opening a second checking account at a new bank. Staff has a relationship with the local Bank of Hemet branch, so the transition should be smooth. The

Bank has indicated that it would consider increasing the interest on the Agency's assets in the bank should it open a new checking account.

Recommendation:

Staff recommends that the Board authorize creation of a new checking account at the Bank of Hemet strictly to use for payroll, in accordance with the Board's recommendation at the April Finance and Budget workshop.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Mutual Aid Agreement With SBVMWD and MWDSC

DATE: May 7, 2018

Summary:

The purpose of this proposed Board action is to determine if the Board will authorize approval of a mutual aid agreement with San Bernardino Valley MWD (Valley District) and the Metropolitan Water District of Southern California (Metropolitan) to enable to Agency to continue deliveries of State Water Project water during a Foothill Pipeline shutdown.

Background:

One component of the East Branch Extension, the Foothill Pipeline, traverses the Cities of San Bernardino and Highland. The pipeline runs through the parking lot of the San Manuel Indian Bingo and Casino facility in Highland. The San Manuel tribe wishes to make some structural changes to its casino, necessitating a relocation of a portion of the pipeline. The tribe will pay for the relocation.

The pipeline must be shut down in order to perform this work. Because it is likely to last for several months, the Agency and Valley District have been in discussions with Metropolitan to develop a mutual aid agreement that will help all parties in various circumstances.

Detailed Report:

Since the completion of EBX 2, the Agency and Valley District now have the capability of delivering water to Metropolitan through a series of interties. Conversely, Metropolitan has the capability of delivering water to the Agency and Valley District.

The agreement itself is generic, and would run for five years, so would allow either the Agency and Valley District to assist Metropolitan, or Metropolitan to assist the Agency and Valley District. One of the actions requested by staff is approval of the agreement itself. The terms are simple—either party (the Agency and Valley District essentially considered as one party) could deliver water to the other if certain facilities were shut down for a time. Delivered water would be metered. There would be no charges other than the cost of the water itself, so there would be no financial impact to any party.

In the first use of the agreement, Metropolitan would deliver water to the Agency and Valley District to the Foothill Pipeline from the Inland Feeder during relocation of 1400 linear feet of the Foothill Pipeline. This intertie is downstream of the relocated portion of the Foothill Pipeline, so water thus delivered could then be conveyed to any point in the Agency's service area, and to most points in Valley District's service area. This would take place in 2018, over a period of several months. Neither the Agency nor its customers would see any difference in deliveries or water quality.

Fiscal Impact:

There is no fiscal impact. Money is not involved in this mutual aid agreement.

Recommendation:

Staff recommends that the Board take the following actions:

- Approve the mutual aid agreement and authorize the General Manager to sign it;
- Authorize the General Manager to sign the attached Request for Assistance; and
- Authorize the General Manager to sign the forthcoming DWR SWPAO agreement enabling the water to flow to the appropriate agencies through the appropriate pipes.

**AGREEMENT FOR MUTUAL ASSISTANCE AMONG THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA,
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, AND
SAN GORGONIO PASS WATER AGENCY**

This agreement for mutual assistance (Agreement) is entered into by The Metropolitan Water District of Southern California (Metropolitan), San Bernardino Valley Municipal Water District (Valley District), and San Gorgonio Pass Water Agency (San Gorgonio), collectively the “Parties.”

RECITALS

A. Metropolitan is a public agency of the State of California incorporated under the Metropolitan Water District Act, Stats. 1969, ch. 209, as amended, codified at Section 109.1 *et seq.* of Appendix to the California Water Code, engaged in transporting, storing and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura, within the State of California.

B. Valley District is a water district organized and incorporated under the California Municipal Water District Law of 1911.

C. San Gorgonio is a special act agency formed under Water Code Uncodified Acts, Act 1100.

D. Metropolitan and Valley District have historically worked together to provide assistance and enhance their water supplies within their districts. For example, while Metropolitan was constructing the Arrowhead Tunnel section of the Inland Feeder, Valley District allowed Metropolitan to use the Foothill Pipeline to convey Metropolitan’s State Water Project supplies to the completed pipeline section of the Inland Feeder via an interconnection downstream of this tunnel. Valley District’s assistance allowed Metropolitan to store additional water in Diamond Valley Lake that improved the reliability for the region.

E. The Parties desire to continue to work cooperatively by entering into this Agreement which provides a framework for the Parties to develop subsequent agreements to meet their needs during future emergencies or significant system outages.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the representations, warranties, covenants, and agreements contained in this Agreement and for other good and valuable consideration, the Parties hereby agree to the following terms and conditions of this Agreement.

1. Requests for Assistance. A Party may request from another Party assistance, including the temporary use of another Party's facilities, during an emergency or significant system outage. The requesting Party will provide detailed information, such as schedules, capacity ranges, volumes, locations, maps, and staff contacts to the Party whose assistance is requested.

2. Assisting Party's Discretion. The Party whose assistance is requested has sole discretion to determine whether to provide any assistance. Before any assistance is provided, the Party requesting assistance and the Party providing assistance will enter into a separate letter agreement which will include the specific terms as required by this Agreement and any other necessary project-specific terms.

3. Water Accounting. The Parties will account for water using agreed-upon metering methodologies. Water will be accounted for on an equivalent, one acre-foot to one acre-foot basis, except for regular conveyance losses, if any.

4. Costs. The Parties will not charge each other any costs related to assistance provided under this Agreement.

5. Other Agreements. The Parties will work cooperatively to execute any agreements with third-parties necessary in providing the assistance, including agreements with the Department of Water Resources. If State Water Project supplies are used, the Parties will inform the Department of Water Resources of the appropriate accounting of State Water Project supplies to the respective Party to properly charge and account for supplies.

6. Term. This Agreement is effective on the date that the last Party has executed the Agreement and terminates on December 31, 2023.

7. Indemnification. The Parties will defend, indemnify, and hold each other harmless against claims concerning activities within each Party's exclusive control.

8. No Third-Party Rights. This Agreement is made solely for the benefit of the

Parties and their respective permitted successors and assigns (if any). Except for such a permitted successor or assign, no other person or entity may have or acquire any right by virtue of this Agreement.

9. Ambiguities. Each Party and its counsel have participated fully in the drafting, review and revision of this Agreement. No rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall be applied in the interpretation of this Agreement or any amendments or modifications thereof.

10. Entire Agreement. This Agreement constitutes the final, complete, and exclusive statement of the terms of the Agreement among the Parties pertaining to the conveyance of water and supersedes all prior and contemporaneous understandings or agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

[signatures on following page]

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger
General Manager

Dated

APPROVED AS TO FORM:

Marcia L. Scully
General Counsel

Dated

**SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT**

Doug Headrick
General Manager

Dated

APPROVED AS TO FORM:

Dated

SAN GORGONIO PASS WATER AGENCY

Jeff Davis
General Manager

Dated

APPROVED AS TO FORM:

Dated

RE: San Bernardino Valley Municipal Water District and San Gorgonio Pass Water Agency Request for Assistance

San Bernardino Valley Municipal Water District (Valley District) and San Gorgonio Pass Water Agency (San Gorgonio) have requested assistance during a significant outage on the Foothill Pipeline that delivers State Water Project supplies to their respective service areas pursuant to the "Agreement for Mutual Assistance Among the Metropolitan Water District of Southern California, San Bernardino Valley Municipal Water District, and San Gorgonio Pass Water Agency", which was executed in 2018. Valley District and San Gorgonio are requesting assistance from Metropolitan. The assistance would require temporary use of a portion of Metropolitan's Inland Feeder during the outage beginning May 1, 2018 and could include the exchange of supplies.

1. Through December 31, 2018, Valley District and San Gorgonio may provide up to 20 TAF to Metropolitan at the State Water Project Devil Canyon Afterbay.
2. On an agreed schedule, Metropolitan will return an equivalent amount to Valley District and San Gorgonio, less any conveyance losses, at the intertie between the Inland Feeder and the Foothill Pipeline, or another mutually agreed-upon location.
3. Deliveries will be measured using agreed-upon metering methodologies.
4. Metropolitan has sole discretion to determine whether and when to accept any water from Valley District and San Gorgonio. Upon accepting such water, Metropolitan will then be required to return an equivalent amount, as provided for in this Request, and will coordinate with Valley District and San Gorgonio regarding delivery schedules.
5. Valley District, San Gorgonio, and Metropolitan will cooperate with DWR to obtain any necessary delivery agreements. Valley District and San Gorgonio will be responsible for any DWR charges.

If the above meets with your understanding, please countersign below and return an original to Valley District and San Gorgonio. Valley District and San Gorgonio appreciates Metropolitan's cooperation during the outage.

ACKNOWLEDGED AND AGREED TO:

ACKNOWLEDGED AND AGREED TO:

San Bernardino Valley Municipal Water District

San Gorgonio Pass Water Agency

Doug Headrick, General Manager

Jeff Davis, General Manager

Metropolitan Water District Of Southern California

Jeffrey Kightlinger, General Manager

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: AB 3045

DATE: May 7, 2018

Summary:

The purpose of this proposed Board action is to determine if the Board wishes to authorize the General Manager to sign a letter of opposition to AB 3045. A copy of the bill is included in the agenda package.

Background:

Every few years, the Legislature reviews the State Water Project with an eye towards making changes in how it is managed. In light of the Oroville spillway event last year, a local Assemblyman (Assemblyman Gallagher (Rep), who was the only member of the Legislature to be evacuated during the event, has introduced a bill that would drastically change the management of the State Water Project (see General Counsel Report in this agenda package).

The bill was originally intended only to move the Division of Safety of Dams out of the Department of Water Resources and into the Natural Resources Agency. However, the bill has been amended to move the State Water Project out of DWR and under a new commission that would not be set up to represent those who pay for the State Water Project.

This bill has traction in Sacramento. Republicans support it because it is introduced by one of their own and they are anxious to have Republican-sponsored legislation arrive at the Governor's desk for signature. Democrats support it because many of them (and their staffers) desire to have more control over the SWP than they have under DWR management of it. The bill passed its first committee

vote by a 15-0 margin, indicating that it has broad-based support at this time.

Detailed Report:

The Board has previously approved a set of legislative principles, and authorized the General Manager to sign letters in support or opposition of legislation directly relating to the principles. This bill is not directly covered by the legislative principles; therefore, in order for the Agency to sign a letter of opposition, the Board would have to authorize it.

Fiscal Impact:

There is no fiscal impact to signing a letter in opposition to this bill.

Recommendation:

Staff recommends that the Board authorize the General Manager to sign a letter of opposition to this bill. The letter will likely be signed by a large majority of State Water Contractors. Staff will make the letter available to the Board once it is signed.

AMENDED IN ASSEMBLY APRIL 25, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 3045

Introduced by Assembly Member Gallagher
(Principal coauthor: Senator Nielsen)

February 16, 2018

An act to amend Section 12805 of the Government Code, ~~and to amend and renumber Section 6025 of, to add Section 6021 to,~~ and to add Article 5 (commencing with Section ~~195~~ 191) to Chapter 2 of Division 1 ~~of, of~~ the Water Code, relating to ~~dams and reservoirs: water.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 3045, as amended, Gallagher. Natural Resources Agency: ~~Division of Safety of Dams: State Water Project Commission.~~

Under existing law, the Department of Water Resources operates the State Water Resources Development System, known as the State Water Project, in accordance with the California Water Resources Development Bond Act to supply water to persons and entities in the state. Under existing law, the State Water Project is comprised of the State Water Facilities, as defined in the bond act, and additions determined by the department to be necessary and desirable.

This bill would establish within the Natural Resources Agency the State Water Project Commission, consisting of 9 members appointed by the Governor and subject to confirmation by the Senate, including one member nominated by the Butte County Board of Supervisors. By imposing a new duty on the Butte County Board of Supervisors, the bill would impose a state-mandated local program. The bill would transfer authority over and relating to the State Water Project from the department to the commission, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

~~Existing law provides that all dams and reservoirs in the state are under the jurisdiction of the Department of Water Resources. Existing law requires the department to supervise the construction, enlargement, alteration, repair, maintenance, operation, and removal of dams and reservoirs for the protection of life and property. Existing law makes it unlawful to construct, enlarge, repair, alter, remove, maintain, or operate any dam or reservoir except upon approval by the department, as prescribed.~~

~~This bill would establish within the Natural Resources Agency the Division of Safety of Dams. The bill would transfer authority over dams and reservoirs from the department to the division.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12805 of the Government Code is
2 amended to read:
3 12805. (a) The Resources Agency is hereby renamed the
4 Natural Resources Agency. The Natural Resources Agency consists
5 of the departments of Forestry and Fire Protection, Conservation,
6 Fish and Wildlife, Parks and Recreation, and Water Resources;
7 the State Lands Commission; the Colorado River Board; the San
8 Francisco Bay Conservation and Development Commission; the
9 Central Valley Flood Protection Board; the Energy Resources
10 Conservation and Development Commission; the Wildlife
11 Conservation Board; the Delta Protection Commission; the
12 California Science Center; the Native American Heritage
13 Commission; the California Conservation Corps; the California
14 Coastal Commission; the State Coastal Conservancy; the California
15 Tahoe Conservancy; the Santa Monica Mountains Conservancy;
16 the Coachella Valley Mountains Conservancy; the San Joaquin

1 River Conservancy; the San Gabriel and Lower Los Angeles Rivers
2 and Mountains Conservancy; the Baldwin Hills Conservancy; the
3 San Diego River Conservancy; the Sierra Nevada Conservancy;
4 and the ~~Division of Safety of Dams~~. *State Water Project*
5 *Commission*.

6 (b) Existing supplies, forms, insignias, signs, or logos shall not
7 be destroyed or changed as a result of changing the name of the
8 Resources Agency to the Natural Resources Agency, and those
9 materials shall continue to be used until exhausted or unserviceable.

10 ~~SEC. 2. Article 5 (commencing with Section 195) is added to~~
11 ~~Chapter 2 of Division 1 of the Water Code, to read:~~

12
13 ~~Article 5. Division of Safety of Dams~~

14
15 ~~195. There is in the Natural Resources Agency the Division~~
16 ~~of Safety of Dams:~~

17 ~~SEC. 3. Section 6025 of the Water Code is amended and~~
18 ~~renumbered to read:~~

19 ~~6020. It is the intent of the Legislature by this part to provide~~
20 ~~for the regulation and supervision of dams and reservoirs~~
21 ~~exclusively by the State.~~

22 ~~SEC. 4. Section 6021 is added to the Water Code, to read:~~

23 ~~6021. (a) The Division of Safety of Dams succeeds to and is~~
24 ~~vested with all of the authority, duties, powers, purposes, functions,~~
25 ~~responsibilities, and jurisdiction of the department and its~~
26 ~~predecessors for purposes of this division.~~

27 ~~(b) The Division of Safety of Dams shall maintain authority~~
28 ~~over the supervision of California's dams and reservoirs and carry~~
29 ~~out the duties, responsibilities, and functions described in this~~
30 ~~division. A statutory reference to "department" regarding a function~~
31 ~~transferred to the Division of Safety of Dams shall refer to the~~
32 ~~Division of Safety of Dams. A statutory reference to "director"~~
33 ~~regarding a function transferred to the Division of Safety of Dams~~
34 ~~shall refer to the Secretary of the Natural Resources Agency.~~

35 ~~(c) Regulations adopted, orders issued, and all other actions~~
36 ~~taken by the department or its predecessors pursuant to the~~
37 ~~authorities vested in the Division of Safety of Dams pursuant to~~
38 ~~this section and in effect immediately preceding the operative date~~
39 ~~of this section shall remain in effect and are fully enforceable until~~
40 ~~they expire by their own terms unless readopted, amended, or~~

1 ~~repealed. Regulations in the process of adoption pursuant to the~~
2 ~~authorities vested in the Division of Safety of Dams shall continue~~
3 ~~under the authority of the Division of Safety of Dams unless the~~
4 ~~Division of Safety of Dams determines otherwise. Any other action~~
5 ~~adopted, prescribed, taken, or performed by, or on behalf of, the~~
6 ~~department in the administration or performance of a duty;~~
7 ~~responsibility, or authorization transferred to the Division of Safety~~
8 ~~of Dams shall remain in effect and shall be deemed to be an action~~
9 ~~of the Division of Safety of Dams unless the Division of Safety~~
10 ~~of Dams determines otherwise.~~

11 ~~(d) Permits, licenses, and other formal approvals and~~
12 ~~authorizations issued by the department or any of its predecessors~~
13 ~~pursuant to authorities vested in the Division of Safety of Dams~~
14 ~~pursuant to this section are not affected by the transfer and remain~~
15 ~~in effect, in accordance with all applicable laws and regulations;~~
16 ~~unless renewed, reissued, revised, amended, suspended, or revoked~~
17 ~~by the Division of Safety of Dams.~~

18 ~~(e) Any decision or order by the department pursuant to~~
19 ~~authorities vested in the Division of Safety of Dams pursuant to~~
20 ~~this section remains in effect, in accordance with all applicable~~
21 ~~laws and regulations, and the Division of Safety of Dams shall~~
22 ~~implement the decision or order and treat it as administrative~~
23 ~~precedent unless it is renewed, reissued, revised, amended,~~
24 ~~suspended, or revoked by the Division of Safety of Dams.~~

25 ~~(f) Any action or proceeding by or against the department,~~
26 ~~including any officer or employee of the department named in an~~
27 ~~official capacity, or any of its predecessors, pertaining to matters~~
28 ~~vested in the Division of Safety of Dams by this section shall not~~
29 ~~abate, but shall continue in the name of the Division of Safety of~~
30 ~~Dams. The Division of Safety of Dams shall be substituted for the~~
31 ~~department, including any officer or employee of the department~~
32 ~~named in an official capacity, and any of its predecessors, by the~~
33 ~~court or agency where the action or proceeding is pending. The~~
34 ~~substitution shall not in any way affect the rights of the parties to~~
35 ~~the action or proceeding.~~

36 ~~(g) On and after January 1, 2019, the unexpended balance of~~
37 ~~all funds available for use by the department or any of its~~
38 ~~predecessors in carrying out any functions transferred to the~~
39 ~~Division of Safety of Dams are available for use by the Division~~
40 ~~of Safety of Dams.~~

1 ~~(h) The department shall transfer to the Division of Safety of~~
 2 ~~Dams books, documents, data, records, and property of the~~
 3 ~~department pertaining to functions transferred to the Division of~~
 4 ~~Safety of Dams:~~

5 ~~(i) A contract, lease, license, or any other agreement to which~~
 6 ~~the department or any of its predecessors is a party is not void or~~
 7 ~~voidable by reason of this section, but shall continue in full force~~
 8 ~~and effect, with the Division of Safety of Dams assuming all of~~
 9 ~~the rights, obligations, liabilities, and duties of the department and~~
 10 ~~any of its predecessors as it relates to the duties, powers, purposes,~~
 11 ~~responsibilities, and jurisdiction vested in the Division of Safety~~
 12 ~~of Dams pursuant to this section. This assumption does not affect~~
 13 ~~the rights of the parties to the contract, lease, license, or agreement.~~

14 *SEC. 2. Article 5 (commencing with Section 191) is added to*
 15 *Chapter 2 of Division 1 of the Water Code, to read:*

16
 17 *Article 5. State Water Project Commission*
 18

19 *191. (a) The State Water Project Commission is hereby*
 20 *established within the Natural Resources Agency.*

21 *(b) The commission shall consist of nine members. To the extent*
 22 *possible, the commission shall be composed of members from*
 23 *different regions of the state. The members of the commission shall*
 24 *be appointed by the Governor and subject to confirmation by the*
 25 *Senate, as follows:*

26 *(1) Three members shall be registered engineers with experience*
 27 *in civil or hydrological engineering, at least one of whom shall*
 28 *have demonstrated experience in risk management, operations*
 29 *and human factors, and dam safety.*

30 *(2) Two members shall have demonstrated experience in the*
 31 *fields of water rights, water conveyance, or water storage.*

32 *(3) One member shall be nominated by the Butte County Board*
 33 *of Supervisors. The Governor shall have discretion to appoint or*
 34 *reject a nominee of the Butte County Board of Supervisors. If the*
 35 *Governor rejects a nominee, the Butte County Board of Supervisors*
 36 *shall select a new nominee.*

37 *(4) Three shall be public members, one representing each of*
 38 *the following:*

39 *(A) Agricultural interests.*

40 *(B) The environment.*

1 (C) *Municipal water users.*
2 (c) *Refusal by or failure of the Senate to confirm an appointment*
3 *to the commission shall create a vacancy in the office to which the*
4 *appointment was made. Any vacancy shall be immediately filled*
5 *by the Governor, subject to confirmation by the Senate, for the*
6 *unexpired portion of the term in which the vacancy occurs.*
7 (d) (1) *The Governor shall determine the expiration of each*
8 *member's term at the time of appointment in accordance with the*
9 *following:*
10 (A) *The initial term of one of the members of the commission*
11 *shall expire on January 15, 2020.*
12 (B) *The initial term of two of the members of the commission*
13 *shall expire on January 15, 2021.*
14 (C) *The initial term of two of the members of the commission*
15 *shall expire on January 15, 2022.*
16 (D) *The initial term of two of the members of the commission*
17 *shall expire on January 15, 2023.*
18 (E) *The initial term of two of the members of the commission*
19 *shall expire on January 15, 2024.*
20 (2) *Upon the expiration of each term described in paragraph*
21 *(1), the term of each succeeding member shall be four years.*
22 (e) *The Legislature may remove a member of the commission*
23 *from office for dereliction of duty, corruption, or incompetency by*
24 *concurrent resolution adopted by a majority vote of the*
25 *membership in each house of the Legislature.*
26 192. (a) *The headquarters of the commission shall be in*
27 *Sacramento.*
28 (b) *The commission shall determine the times and places for its*
29 *meetings.*
30 (c) *All meetings of the commission shall be conducted in*
31 *accordance with the Bagley-Keene Open Meeting Act (Article 9*
32 *commencing with Section 11120) of Chapter 1 of Part 1 of*
33 *Division 3 of Title 2 of the Government Code).*
34 (d) *The members of the commission shall select a chairperson*
35 *from among their members, who shall serve as chairperson at the*
36 *pleasure of the members of the commission.*
37 (e) (1) *Notwithstanding Section 11009 of the Government Code,*
38 *a member of the commission shall receive one hundred dollars*
39 *(\$100) for each day of actual service performed in carrying out*
40 *the member's duties. The amount of compensation shall not exceed*

1 *the sum of five hundred dollars (\$500) per member for any*
2 *calendar month.*

3 *(2) In addition to the compensation provided in paragraph (1),*
4 *a member of the commission shall receive his or her actual and*
5 *necessary expenses incurred in the performance of the member's*
6 *duties.*

7 *(3) Compensation and expenses provided in this subdivision*
8 *shall be paid from the rates, charges, and revenues assessed for*
9 *the State Water Project.*

10 *193. (a) The commission may employ an executive officer who*
11 *shall serve at the pleasure of the commission.*

12 *(b) The executive officer shall hire employees necessary to carry*
13 *out commission functions.*

14 *(c) The executive officer may purchase or rent necessary*
15 *supplies, instruments, tools, equipment, and conveniences.*

16 *(d) The department shall furnish to the commission, at its*
17 *request, assistance, including, but not limited to, legal and clerical*
18 *services, as may be required.*

19 *194. (a) The commission succeeds to and is vested with all of*
20 *the authority, duties, powers, purposes, functions, responsibilities,*
21 *and jurisdiction of the department, its predecessors, and its director*
22 *for purposes of all of the following:*

23 *(1) Chapter 8 (commencing with Section 12930) of Part 6 of*
24 *Division 6.*

25 *(2) Chapter 3 (commencing with Section 11419), Chapter 10*
26 *(commencing with Section 11900), and Article 3 (commencing*
27 *with Section 11970) of Chapter 11 of Part 3 of Division 6.*

28 *(3) Section 138.10.*

29 *(4) Part 2 (commencing with Section 10500) of Division 6.*

30 *(5) Section 11260.*

31 *(6) Section 147.5.*

32 *(b) The commission shall administer the State Water Project,*
33 *have full charge and control of the construction, operation, and*
34 *maintenance of the State Water Project, and shall set all rates,*
35 *charges, and revenues associated with the State Water Project.*
36 *The commission shall carry out the duties, responsibilities, and*
37 *functions described in this section. Statutory reference to*
38 *"department" or "director" regarding a function transferred to*
39 *the commission shall refer to the commission.*

1 (c) Regulations adopted, orders issued, and all other
2 administrative actions taken by the department, any of its
3 predecessors, or its director, pursuant to the authorities vested in
4 the commission and in effect immediately preceding the operative
5 date of this section shall remain in effect and are fully enforceable
6 until they expire by their own terms, unless readopted, amended,
7 or repealed. Regulations in the process of adoption pursuant to
8 the authorities vested in the commission shall continue under the
9 authority of the commission unless the commission determines
10 otherwise. Any other administrative action adopted, prescribed,
11 taken, or performed by, or on behalf of, the department, or its
12 director, in the administration of a program or the performance
13 of a duty, responsibility, or authorization transferred to the
14 commission shall remain in effect and shall be deemed to be an
15 action of the commission unless the commission determines
16 otherwise.

17 (d) Permits, licenses, accreditations, certificates, and other
18 formal approvals and authorizations issued by the department or
19 its director pursuant to authorities vested in the commission
20 pursuant to this section or permits, licenses, accreditations,
21 certificates, and other formal approvals and authorizations that
22 the department or its director are subject to pursuant to authorities
23 vested in the commission pursuant to this section, including State
24 Water Resources Control Board Decision No. 1641, are not
25 affected by the transfer and remain in effect, subject to all
26 applicable laws and regulations, unless renewed, reissued, revised,
27 amended, suspended, or revoked.

28 (e) Any action or proceeding by or against the department,
29 including any officer or employee of the department named in an
30 official capacity, pertaining to matters vested in the commission
31 by this section shall not abate, but shall continue in the name of
32 the commission. The commission shall be substituted for the
33 department, including any officer or employee of the department
34 named in an official capacity, by the court or agency where the
35 action or proceeding is pending. The substitution shall not in any
36 way affect the rights of the parties to the action or proceeding.

37 (f) On and after July 1, 2019, the unexpended balance of all
38 funds available for use by the department in carrying out any
39 functions transferred to the commission are available for use by
40 the commission.

1 (g) Books, documents, data, records, and property of the
2 department pertaining to functions transferred to the commission
3 shall be transferred to the commission.

4 (h) A contract, lease, license, or any other agreement, to which
5 the department, its director, or their agents, is a party, is not void
6 or voidable by reason of this section, but shall continue in full
7 force and effect, with the commission assuming all of the rights,
8 obligations, liabilities, and duties of the department as it relates
9 to the duties, powers, purposes, responsibilities, and jurisdiction
10 vested in the commission pursuant to this section. This assumption
11 does not affect the rights of the parties to the contract, lease,
12 license, or agreement.

13 195. (a) The commission may hold any hearings and conduct
14 any investigations in any part of the state necessary to carry out
15 the powers vested in it. For the purposes of this subdivision, the
16 commission shall have the powers of a head of a department as
17 set forth in Article 2 (commencing with Section 11180) of Chapter
18 2 of Part 1 of Division 3 of Title 2 of the Government Code.

19 (b) Except as provided in subdivision (c), any hearing or
20 investigation by the commission may be conducted by any member
21 of the commission or representative authorized by the commission
22 to exercise the powers of this section.

23 (c) Any final action in a hearing or investigation shall be taken
24 by a majority of the members of the commission at a meeting duly
25 called and held.

26 196. The commission shall conduct an annual review of the
27 progress of construction and operation of the State Water Project.
28 The commission shall report annually its findings and any
29 recommendations it deems appropriate to the department and to
30 the Legislature. A report submitted to the Legislature pursuant to
31 this section shall be submitted in compliance with Section 9795
32 of the Government Code.

33 197. The commission shall hold public hearings on all
34 additional facilities proposed to be added to the State Water
35 Project pursuant to the authority in Sections 12931 and 12938.

36 198. This article shall become operative on July 1, 2019.

37 SEC. 3. If the Commission on State Mandates determines that
38 this act contains costs mandated by the state, reimbursement to
39 local agencies and school districts for those costs shall be made

1 *pursuant to Part 7 (commencing with Section 17500) of Division*
2 *4 of Title 2 of the Government Code.*

O