

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**August 6, 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. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.

**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 Finance and Budget Workshop, June 25, 2018\* (p. 3)
- B. Approval of the Finance and Budget Workshop Report, June 25, 2018\* (p. 5)
- C. Approval of the Minutes of the Regular Board Meeting, July 2, 2018\* (p. 18)
- D. Approval of the Minutes of the Engineering Workshop, July 9, 2018\* (p. 22)
- E. Approval of the Minutes of the Finance and Budget Workshop, July 23, 2018\* (p. 24)
- F. Approval of the Finance and Budget Workshop Report, July 23, 2018\* (p. 26)

**5. Reports:**

- A. General Manager's Report
  - 1. Operations Report
  - 2. Construction Update
  - 3. General Agency Updates
- B. General Counsel Report\* (p. 41)
- C. Directors' Reports
- D. Committee Reports\* (p. 42)

**6. New Business:**

- A. Consideration of Resolution No. 2018-04 Setting the Appropriation Limit for Fiscal Year 2018-2019\* (p. 43)
- B. Consideration of Resolution No. 2018-05 Setting Tax Rate for FY 2018-2019\* (p. 46)
- C. Consideration of Adoption of Debt Service Budget for 2018-2019\* (p. 52)

- D. Consideration and Possible Action of Contracting with Ernst and Young to Provide Department of Water Resources Audit for Independent Audit Association\* (p. 56)
- E. Consideration and Possible Action to Contract with Engineering Resources of Southern California for Beaumont Avenue Recharge Facility Post-design\* (p. 85)
- F. Consideration and Possible Action to Contract with Engineering Resources of Southern California for the Noble Enlargement\* (p. 85)

## 7. Topics for Future Agendas

## 8. Announcements:

- A. Water Conservation and Education Committee Meeting, August 9, 2018 at 1:30 p.m.
- B. Engineering Workshop, August 13, 2018 at 1:30 p.m.
- C. Regular Board Meeting, August 20, 2018 at 1:30 p.m.

## 9. Closed Session (3 Items)

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Government Code section 54956.8  
Property: Potential water rights/supplies offers from the City of Ventura  
Agency negotiator: Jeff Davis, General Manager  
Negotiating parties: Lynn Takaichi  
Under negotiation: price and terms
- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Government Code Section 54956.8  
Property: Potential water rights/supplies offers from Kern County Water Agency  
Agency negotiator: Jeff Davis, General Manager  
Negotiating parties: Kern County Water Agency, Curtis Creel, General Manager  
Under negotiation: price and terms of payment
- C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to paragraph (2) and initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 - One potential case

## 10. Adjournment

### **\*Information included in Agenda Packet**

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: [www.sgpwa.com](http://www.sgpwa.com) (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or 2 / 1 0 7

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board Finance and Budget Workshop**  
**June 25, 2018**

**Directors Present:** David Fenn, President  
Lenny Stephenson, Treasurer  
Blair Ball, Director  
David Castaldo, Director (arrived at 1:32 pm)  
Steve Lehtonen, Director  
Mike Thompson, Director

**Directors Absent:** Ron Duncan, Vice President

**Staff and Consultants Present:**  
Jeff Davis, General 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 Chair Lenny Stephenson at 1:30 pm, June 25, 2018, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. Chair 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 May, 2018 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Ball, seconded by Director Lehtonen, to recommend that the Board ratify paid monthly invoices of \$1,928,853.36 and payroll of \$35,934.27 for the month of May, 2018, for a combined total of \$1,964,787.63. The motion passed 6 in favor, no opposed, with Director Duncan absent.
  - B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Fenn, seconded by Director Thompson, to recommend that the Board approve payment of the pending legal invoices for May, 2018. The motion passed 6 in favor, no opposed, with Director Duncan absent.
  - C. Review of May, 2018 Bank Reconciliation: After review and discussion, a motion was made by Director Ball, seconded by Director Lehtonen, to recommend that the Board acknowledge receipt of the Wells Fargo bank

reconciliation for May, 2018 as presented. The motion passed 6 in favor, no opposed, with Director Duncan absent.

D. Review of Budget Report for May, 2018: After review and discussion, a motion was made by Director Thompson, seconded by Director Fenn, to recommend that the Board acknowledge receipt of the Budget Report for May, 2018. The motion passed 6 in favor, no opposed, with Director Duncan absent.

E. Review of Proposed General Fund Budget for FY 2018-19: General Manager Jeff Davis reviewed the proposed budget, noting changes made since the first presentation at the May Finance and Budget workshop. After further discussion and review, a motion was made by Director Fenn, seconded by Director Thompson, to recommend that the Board approve the General Fund Budget for FY 2018-19 as amended. The motion passed 6 in favor, no opposed, with Director Duncan absent.

**5. Announcements**

A. Regular Board Meeting, July 2, 2018, 1:30 pm

B. The office will be closed Wednesday, July 4, in observance of Independence Day

C. Engineering Workshop, July 9, 2018, 1:30 pm

**6. Adjournment:** The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 2:17 pm.

**Draft - Not Approved**

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Jeffrey W. Davis, Secretary of the Board

## Finance and Budget Workshop Report

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

The Finance and Budget Workshop was held on June 25, 2018. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,928,853.36 and Payroll of \$35,934.27 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for May, 2018 for a combined total of \$1,964,787.63.
  
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$11,214.96
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3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for May, 2018
  - B. Budget Report for May, 2018

# **SAN GORGONIO PASS WATER AGENCY**

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

**Board Finance & Budget Workshop**

**Agenda**

**June 25, 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 relating to any matter within the Agency's jurisdiction. To comment on a specific agenda item, please complete a speaker's request form and hand it to the Board secretary. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.
- 4. New Business (Discussion and possible recommendations for action at a future regular Board meeting)**
  - A. Ratification of Paid Invoices and Monthly Payroll for May, 2018 by Reviewing Check History Reports in Detail\*
  - B. Review of Pending Legal Invoices\*
  - C. Review of May, 2018 Bank Reconciliation\*
  - D. Review of Budget Report for May, 2018\*
  - E. Review of Proposed General Fund Budget for FY 2018-19
- 5. Announcements**
  - A. Regular Board Meeting, July 2, 2018, 1:30 pm
  - B. The office will be closed Wednesday, July 4, in observance of Independence Day
  - C. Engineering Workshop, July 9, 2018, 1:30 pm
- 6. Adjournment**

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

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

ACCOUNTS PAYABLE
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Date	Number	Name	Amount
05/07/2018	118836	ACWA BENEFITS	862.42
05/07/2018	118837	BDL ALARMS, INC.	78.00
05/07/2018	118838	BEST BEST & KRIEGER	14,323.18
05/07/2018	118839	BEAUMONT HOME CENTER	5.14
05/07/2018	118840	DAVID TAUSSIG & ASSOCIATES, INC.	7,000.00
05/07/2018	118841	GOPHER PATROL	51.00
05/07/2018	118842	UNDERGROUND SERVICE ALERT	51.25
05/07/2018	118843	UNLIMITED SERVICES BUILDING MAINT.	295.00
05/07/2018	118844	WASTE MANAGEMENT INLAND EMPIRE	97.06
05/12/2018	118845	SGPWA	2,500.00
05/13/2018	118846	ALBERT WEBB ASSOCIATES	22,870.06
05/13/2018	118847	AVEK WATER AGENCY	1,263,933.00
05/13/2018	118848	BEAUMONT-CHERRY VALLEY WATER DISTRICT	426.32
05/13/2018	118849	FRONTIER COMMUNICATIONS	1,267.47
05/13/2018	118850	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
05/13/2018	118851	SOUTHERN CALIFORNIA GAS	28.33
05/13/2018	118852	WATER RESOURCES CONSULTING	3,594.62
05/13/2018	118853	WOOD E. & I. SOLUTIONS, INC.	1,098.30
05/21/2018	118854	ARMSTRONG & BROOKS ENGINEERS	18,644.06
05/21/2018	118855	BLAIR M. BALL	241.59
05/21/2018	118856	WELLS FARGO ELITE CREDIT CARD	14,440.21
05/24/2018	118857	AT&T MOBILITY	232.51
05/24/2018	118858	FEDERAL EXPRESS	65.53
05/24/2018	118859	NICE-INCONTACT	164.40
05/24/2018	118860	OFFICE SOLUTIONS	184.21
05/24/2018	118861	PROVOST & PRITCHARD	717.50
05/24/2018	118862	SOUTHERN CALIFORNIA EDISON	117.29
05/24/2018	118863	VALLEY OFFICE EQUIPMENT, INC.	169.42
05/30/2018	118864	STANDARD INSURANCE COMPANY	447.21
05/09/2018	598186	CHECK ORDER	386.49
05/15/2018	518743	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,119.87
05/15/2018	510361	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,105.93
05/30/2018	561098	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,124.26
05/30/2018	502088	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,510.68
05/15/2018	900182	CALPERS RETIREMENT	6,306.95
05/25/2018	900183	CALPERS HEALTH	7,740.38
05/30/2018	900184	CALPERS RETIREMENT	6,318.72
05/31/2018	900185	DEPARTMENT OF WATER RESOURCES	537,985.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,928,853.36

**San Geronio Pass Water Agency**  
**Check History Report**  
May 1 through May 31, 2018

PAYROLL
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<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
05/14/2018	801544	JEFFREY W. DAVIS	4,931.04
05/14/2018	801545	KENNETH M. FALLS	3,269.33
05/14/2018	801546	CHERYLE M. STIFF	2,172.66
05/14/2018	801547	THOMAS W. TODD, JR.	3,397.68
05/29/2018	801548	DAVID J. CASTALDO	3,566.98
05/29/2018	801549	JEFFREY W. DAVIS	4,930.26
05/29/2018	801550	RONALD A. DUNCAN	1,199.54
05/29/2018	801551	KENNETH M. FALLS	3,299.23
05/29/2018	801552	DAVID L. FENN	1,199.54
05/29/2018	801553	LEONARD C. STEPHENSON	1,199.54
05/29/2018	801554	CHERYLE M. STIFF	2,172.21
05/29/2018	801555	MICHAEL D. THOMPSON	1,199.54
05/29/2018	801556	THOMAS W. TODD, JR.	3,396.72
TOTAL PAYROLL			<u>35,934.27</u>
TOTAL DISBURSEMENTS FOR MAY 2018			<u><u>1,964,787.63</u></u>



SAN GORGONIO PASS WATER AGENCY  
New Vendors List  
June, 2018

Vendor - Name and Address	Expenditure Type
Community Bank ATTN; Nora Shahmoradian - Escrow #2524 460 Sierra Madre Villa Ave, Pasadena, CA 91107	Construction Retention

**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	180630	LEGAL SERVICES JUN18	11,214.96

TOTAL PENDING INVOICES FOR JUNE 2018

11,214.96

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

BALANCE PER BANK AT 5/31/18 - CHECKING ACCOUNT	138,624.02
PENDING TRANSFER TO LAIF	
	138,624.02

LESS OUTSTANDING CHECKS

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
118764	47.00		
118861	717.50		
118864	447.21		
	1,211.71		-

TOTAL OUTSTANDING CHECKS	(1,211.71)
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BALANCE PER GENERAL LEDGER	137,412.31
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BALANCE PER GENERAL LEDGER AT 4/30/18	1,504,549.28
CASH RECEIPTS FOR MAY	9,036,687.60
CASH DISBURSEMENTS FOR MAY	
ACCOUNTS PAYABLE - CHECK HISTORY REPORT	1,928,853.36
NET PAYROLL	35,934.27
	(1,964,787.63)
BANK CHARGES	(36.94)
TRANSFERS FROM LAIF OR WF SAVINGS	500,000.00
TRANSFERS TO LAIF	(8,900,000.00)
TRANSFERS TO TVI	(39,000.00)
VOIDED CHECKS FROM PRIOR MONTH	-
BALANCE PER GENERAL LEDGER AT 5/31/18	137,412.31

REPORT PREPARED BY:

Thomas W. Todd, Jr.

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

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
<b>DEPOSIT TO CHECKING ACCOUNT</b>				
5/2/18	STATE OF CALIF/DWR	SMIF INTEREST JUL-DEC17	31,752.00	31,752.00
5/4/18	RIVERSIDE COUNTY	PROPERTY TAXES	76,311.27	76,311.27
5/4/18	BCVWD	WATER SALES	335,386.00	335,386.00
5/11/18	RIVERSIDE COUNTY	PROPERTY TAXES	88,998.61	88,998.61
5/11/18	RIVERSIDE COUNTY	PROPERTY TAXES	5,155.94	5,155.94
5/11/18	RIVERSIDE COUNTY	PROPERTY TAXES	1,060.75	1,060.75
5/14/18	RIVERSIDE COUNTY	PROPERTY TAXES	2,932,026.86	2,932,026.86
5/18/18	RIVERSIDE COUNTY	PROPERTY TAXES	5,500,523.46	5,500,523.46
5/18/18	STATE OF CALIF/DWR	TEHACHAPI 2017 SERVICE CREDIT	36,668.00	36,668.00
5/29/18	TVI	CD - BOND INTEREST	28,804.71	28,804.71
TOTAL FOR MAY 2018			9,036,687.60	9,036,687.60

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2017-18**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE ELEVEN MONTHS ENDING ON MAY 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
<b>GENERAL FUND - INCOME</b>				Comparison:	8%
<b>INCOME</b>					
WATER SALES	5,500,000		5,500,000	3,820,596.80	30.53%
TAX REVENUE	2,350,000		2,350,000	2,499,677.17	-6.37%
INTEREST	110,000		110,000	181,487.24	-64.99%
DESIGNATED REVENUES	0		0	0.00	0.00%
OTHER (REIMBURSEMENTS, TRANSFERS)	456,000		456,000	193,928.44	57.47%
<b>TOTAL GENERAL FUND INCOME</b>	<b>8,416,000</b>	<b>0</b>	<b>8,416,000</b>	<b>6,695,689.65</b>	<b>20.44%</b>
<b>GENERAL FUND - EXPENSES</b>					
<b>COMMODITY PURCHASE</b>					
PURCHASED WATER	6,230,000		6,230,000	5,373,368.17	13.75%
<b>TOTAL COMMODITY PURCHASE</b>	<b>6,230,000</b>	<b>0</b>	<b>6,230,000</b>	<b>5,373,368.17</b>	<b>13.75%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>					
SALARIES	454,000		454,000	418,440.22	7.83%
PAYROLL TAXES	38,000		38,000	35,604.37	6.30%
RETIREMENT	123,000		123,000	108,372.25	11.89%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	25,000		25,000	20,946.73	16.21%
HEALTH INSURANCE	61,000		61,000	63,652.80	-4.35%
DENTAL INSURANCE	4,500		4,500	4,686.06	-4.13%
LIFE INSURANCE	1,300		1,300	1,438.10	-10.62%
DISABILITY INSURANCE	4,700		4,700	4,327.75	7.92%
WORKERS COMP INSURANCE	3,400		3,400	2,746.07	19.23%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	7,697.07	23.03%
EMPLOYEE EDUCATION	1,000		1,000	448.00	55.20%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>725,900</b>	<b>0</b>	<b>725,900</b>	<b>668,359.42</b>	<b>7.93%</b>

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2017-18**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE ELEVEN MONTHS ENDING ON MAY 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
<b>GENERAL FUND - EXPENSES</b>				Comparison:	0%
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>					
<b>DIRECTOR EXPENDITURES</b>					
DIRECTORS FEES	108,000		108,000	94,330.56	12.66%
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	4,687.22	68.75%
DIRECTORS MISC. MEDICAL	23,000		23,000	12,854.90	44.11%
<b>OFFICE EXPENDITURES</b>					
OFFICE EXPENSE	24,000		24,000	12,588.73	47.55%
POSTAGE	650		650	501.15	22.90%
TELEPHONE	11,000		11,000	10,672.46	2.98%
UTILITIES	5,000		5,000	3,740.34	25.19%
<b>SERVICE EXPENDITURES</b>					
COMPUTER, WEB SITE AND PHONE SUPPORT	10,000		10,000	3,632.04	63.68%
GENERAL MANAGER & STAFF TRAVEL	22,000		22,000	19,590.80	10.95%
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	460.98	69.27%
MISCELLANEOUS EXPENSES	500		500	0.00	100.00%
<b>MAINTENANCE &amp; EQUIPMENT EXPENDITURES</b>					
TOOLS PURCHASE & MAINTENANCE	1,000		1,000	21.54	97.85%
VEHICLE REPAIR & MAINTENANCE	7,000		7,000	5,755.52	17.78%
MAINTENANCE & REPAIRS - BUILDING	15,000		15,000	16,229.89	-8.20%
MAINTENANCE & REPAIRS - FIELD	4,500		4,500	555.13	87.66%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	73,977.67	50.68%
<b>COUNTY EXPENDITURES</b>					
LAFCO COST SHARE	5,000		5,000	5,368.12	-7.36%
ELECTION EXPENSE	0		0	0.00	0.00%
TAX COLLECTION CHARGES	10,500		10,500	11,536.71	-9.87%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	496,650	0	496,650	358,583.76	27.80%

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**SAN GORGONIO PASS WATER AGENCY  
 BUDGET REPORT FY 2017-18  
 BUDGET VS. REVISED BUDGET VS. ACTUAL  
 FOR THE ELEVEN MONTHS ENDING ON MAY 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
<b>GENERAL FUND - EXPENSES</b>				Comparison:	0%
<b>GENERAL ENGINEERING</b>					
GRANT WRITER	10,000		10,000	21,650.25	-116.50%
<b>NEW WATER</b>					
PROGRAMATIC EIR	50,000		50,000	0.00	100.00%
UPDATED STUDY ON AVAILABLE SOURCES	5,000		5,000	28,232.06	-464.64%
SGMA SUPPORT	10,000		10,000	0.00	100.00%
<b>STUDIES</b>					
USGS	100,000		100,000	109,271.00	-9.27%
WATER RATE NEXUS STUDY	40,000		40,000	10,120.00	74.70%
WATER RATE FINANCIAL MODELING	20,000		20,000	7,650.00	61.75%
CAPACITY FEE NEXUS STUDY UPDATE	10,000		10,000	0.00	100.00%
WHEELING RATE STUDY	20,000		20,000	0.00	100.00%
<b>OTHER PROJECTS</b>					
BASIN MONITORING TASK FORCE	22,000		22,000	14,019.00	36.28%
GENERAL AGENCY - CEQA AND GIS SERVICES	15,000		15,000	41,162.44	-174.42%
<b>TOTAL GENERAL ENGINEERING</b>	<b>302,000</b>	<b>0</b>	<b>302,000</b>	<b>232,104.75</b>	<b>23.14%</b>
<b>LEGAL SERVICES</b>					
LEGAL SERVICES - GENERAL	200,000		200,000	194,056.98	2.97%
<b>TOTAL LEGAL SERVICES</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>	<b>194,056.98</b>	<b>2.97%</b>
<b>CONSERVATION &amp; EDUCATION</b>					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	17,135.35	-22.40%
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%
<b>TOTAL CONSERVATION &amp; EDUCATION</b>	<b>54,000</b>	<b>0</b>	<b>54,000</b>	<b>19,135.35</b>	<b>64.56%</b>

**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2017-18**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE ELEVEN MONTHS ENDING ON MAY 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
<b>GENERAL FUND - EXPENSES</b>				Comparison:	0%
<b>GENERAL FUND CAPITAL EXPENDITURES</b>					
<b>BUILDING &amp; EQUIPMENT</b>					
BUILDING	10,000		10,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	10,000		10,000	7,172.11	28.28%
OTHER EQUIPMENT	0		0	0.00	0.00%
TRANSPORTATION EQUIPMENT	37,000		37,000	33,666.21	9.01%
<b>FIESTA RECHARGE FACILITY</b>					
POST DESIGN	250,000		250,000	0.00	100.00%
CONSTRUCTION	2,500,000		2,500,000	96,498.80	96.14%
FENCING	120,000		120,000	0.00	100.00%
MITIGATION	15,000		15,000	0.00	100.00%
LANDSCAPING/POWER/WATER	0		0	0.00	0.00%
BUNKER HILL CONJUNCTIVE USE PROJECT	0		0	0.00	0.00%
<b>NOBLE TURNOUT EXPANSION</b>					
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%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	<b>3,439,000</b>	<b>0</b>	<b>3,439,000</b>	<b>424,432.50</b>	<b>87.66%</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>0</b>		<b>0</b>	<b>0.00</b>	
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>11,447,550</b>	<b>0</b>	<b>11,447,550</b>	<b>7,270,040.93</b>	<b>36.49%</b>
<b>WITHDRAWALS FROM RESERVES</b>	<b>3,155,000</b>		<b>3,155,000</b>		
<b>TRANSFER TO GENERAL FUND FROM DS FUND (non-budget)</b>		<b>5,855,985</b>			
<b>TOTAL TRANSFERS TO/FROM RESERVES</b>	<b>3,155,000</b>		<b>3,155,000</b>	<b>0.00</b>	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	<b>123,450</b>	<b>0</b>	<b>123,450</b>	<b>-574,351.28</b>	

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**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2017-18  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE ELEVEN MONTHS ENDING ON MAY 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
<b>DEBT SERVICE FUND - INCOME</b>				Comparison:	0%
<b>INCOME</b>					
TAX REVENUE	21,053,359		21,053,359	22,770,214.12	-8.15%
INTEREST	300,000		300,000	396,228.50	-32.08%
GRANTS	0		0	0.00	0.00%
DWR CREDITS - BOND COVER, OTHER	2,827,882		2,827,882	2,896,187.66	-2.42%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>24,181,241</b>	<b>0</b>	<b>24,181,241</b>	<b>26,062,630.28</b>	<b>-7.78%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	54,000		54,000	51,981.20	3.74%
PAYROLL TAXES	4,100		4,100	3,976.53	3.01%
BENEFITS	29,000		29,000	27,436.81	5.39%
SWC CONTRACTOR DUES	42,000		42,000	41,154.00	2.01%
STATE WATER CONTRACT PAYMENTS	17,563,554		17,563,554	17,333,639.00	1.31%
PURCHASED WATER	0		0	1,393.35	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	73,977.67	58.90%
SWP ENGINEERING	75,000		75,000	55,415.83	26.11%
DEBT SERVICE UTILITIES	10,000		10,000	9,469.92	5.30%
TAX COLLECTION CHARGES	76,000		76,000	65,374.49	13.98%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>18,033,654</b>	<b>0</b>	<b>18,033,654</b>	<b>17,664,030.27</b>	<b>2.05%</b>
<b>TRANSFERS FROM RESERVES</b>				0.00	
<b>TRANSFER TO GENERAL FUND FROM DS FUND (non-budget)</b>		-5,855,985			
<b>DEBT SERVICE NET INCOME YEAR TO DATE</b>	<b>6,147,587</b>	<b>0</b>	<b>6,147,587</b>	<b>8,398,600.01</b>	

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

**Minutes of the**  
**Board of Directors Meeting**  
**July 2, 2018**

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

**Directors Absent:** Blair Ball, Director  
David Castaldo, 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 David Fenn at 1:30 p.m., July 2, 2018 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Stephenson gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* General Manager Davis noted that the agenda did not include committee reports. President Fenn requested that Committee Reports be included under Director Reports - item (5A). The Agenda was adopted as amended.
3. **Public Comment:** *President Fenn asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency.* There were no members of the public that wished to comment at this time.
4. **Consent Calendar:**
  - A. Approval of the Minutes of the Regular Board Meeting, June 4, 2018
  - B. Approval of the Minutes of the Engineering Workshop, June 11, 2018

Director Lehtonen made a motion, seconded by Director Stephenson to adopt the consent calendar as presented. Motion passed 5-0, with Directors Ball and Castaldo absent.

**5. Reports:**

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

**(1) Operations Report: (a) SWP Water Deliveries:** The Agency delivered 1150 acre-feet of Table A water to the Noble Creek Connection for the month of June. **(b)** Algae is present at both Citrus Reservoir and Crafton Hills Reservoir. Measures have been taken to combat the algae by feeding a cooper compound into the aqueduct. He noted that this increases the Agency's delivery costs.

**(2) Construction Update:** General Manager Davis reviewed with the Board a number of pictures showing the construction progress of the Fiesta Recharge Facility project. He noted that the rough grading is finished. There is a shut-down at the project site for a couple of weeks due to contractor scheduling.

**(3) General Agency Updates:** **(a) Legislative Issues:** **1.** General Manager Davis reported that Prop 68 passed, a park bond, which included \$1.2 billion for water projects, including \$200 million for the Salton Sea. **2.** Water Tax did not pass as part of a budget compromise, although it could be brought back as separate bill. **3.** The effort to pull the SWP out of DWR under a separate commission is dead for this year. **(b) SWC Negotiations:** Negotiations for water management tools are essentially done. A CEQA process is the next step. General Manager Davis noted that he will be reviewing the agreement in principal with the Board next month. **(c) Noble Creek Enlargement Update:** The Agency is in receipt of a signed amendment for the service connection agreement from DWR. The next step is for DWR to sign off on the 100% drawings and specs. **(d) SCWC Quarterly Luncheon:** The next SCWC luncheon will take place on July 20<sup>th</sup> at Morongo Casino. The topic is on Colorado River issues. **(e) Sites Reservoir:** California Water Commission final scores show eligible funding for Sites Reservoir is now \$916 million. CWC will vote on this in July. **(f) SGMA Update:** San Timoteo basin has been downgraded to a very low priority from medium priority. This means no Groundwater Sustainability Plan is required. **(g) Managers Meeting:** President Fenn requested an update on the last managers meeting. General Manager Davis stated that the managers met last week. The subject matter at the last meeting was related to water supply issues.

**B. Directors/Committee Reports:** **(1) Director Thompson** reported that the Conservation and Water Education Committee met on June 12<sup>th</sup>. Topics included the Inland Empire Resources Conservation District budget proposal, Solar Challenge financial support, and a potential State of the Water Supply event. Director Thompson reported that he attended the SGPRWA meeting on June 27<sup>th</sup>. He also reported on the Agency's Strategic Planning Committee that met on June 28<sup>th</sup>. **(2) Director Stephenson** reported that he attended YVWD's Board meeting on June 5<sup>th</sup>; Calimesa Chamber meeting on June 12<sup>th</sup>; South Mesa Board meeting on June 13<sup>th</sup>; Calimesa City Council meeting on June 18<sup>th</sup>; and YVWD Board meeting on June 19<sup>th</sup>. **(3) Director Lehtonen** reported on the Strategic Planning Committee meeting. He stated that the next committee meeting will take place in late August. **(4) President Fenn** reported on SGPRWA. He stated that the Alliance will be meeting the 4<sup>th</sup> Wednesday of each month at 5:00 p.m. Meetings will continue to be held at Banning City Hall. President Fenn reported on the Beaumont Basin Watermaster meeting that was held on June 6<sup>th</sup>.

**C. Report on Inland Solar Challenge Reports:** Janet Robledo (East Valley Water District – Conservation Coordinator) introduced herself as the Chair of this year's Inland Solar Challenge and Devin Arciniega (San Bernardino Municipal Water District – Water Conservation/Public Affairs Coordinator) introduced herself as the Co-Chair for the Inland Solar Challenge. Ms. Robledo presented the Agency with a Sponsorship award. She thanked the Board for being sponsors and made a special note to thank

Directors Thompson, Lehtonen and Duncan for taking time out of their weekend to be judges at the event.

**6. New Business:**

**A. Consideration of Adoption of General Fund Budget for FY 2018-2019:** A staff report and a copy of the proposed General Fund Budget for FY 2018-19 were included in the agenda packet. In addition, General Fund Sources of Revenue and Expenditures pie charts were handed out to board members and to the general public. General Manager Davis stated that the General Fund budget for 2018-2019 has been discussed at the Finance and Budget workshops in both May and June. He provided explanation on the differences in the Agency's General Fund budget from year to year. After discussion, Director Lehtonen made a motion, seconded by Director Thompson to approve the proposed General Fund budget of \$14.249 million, including withdrawal of \$4.575 million from reserves to pay for new infrastructure. Motion passed 5-0, with Directors Ball and Castaldo absent.

**B. Consideration and Possible Contribution to Water Resources Institute (WRI):** A staff report and a copy of the letter to the Agency from WRI requesting a donation were included in the agenda packet. General Manager Davis provided background information on WRI and the need for donations to employ student interns to help digitize WRI archive materials. A number of water agencies in San Bernardino and Riverside Counties have previously contributed to WRI; most donations were \$5000. After discussion, it was the consensus of the Board to refer this item to the Water Education and Conservation Committee, so that they can meet with Ms. Suzie Earp (WRI Director) to ask for more detailed information.

**C. Consideration and Possible Action on Surplus Water Agreement with San Bernardino Municipal Water District (Valley District):** A staff report and a copy of the Surplus Water Agreement with Valley District were included in the agenda packet. General Manger Davis stated that this item was discussed during the June Engineering workshop. This is another new water supply for the region. This is a wet year supply that could potential provide an additional 5000 acre-feet. Valley District Board approved this agreement last month. After discussion, Director Stephenson made a motion, seconded by Director Duncan to approve the agreement. Motion passed 5-0, with Directors Ball and Castaldo absent.

**D. Consideration and Possible Action to Contract with Inland Empire Resource Conservation District (IERCD):** A staff report and a copy of the IERCD Contract for Performance of Water Conservation Public Outreach Programs were included in the agenda packet. Director Thompson reported that the Water Conservation and Education Committee met at length on this item. He stated that IERCD has taken on the new task of training educators on the groundwater models, which is the bulk of the change in the contract for this year. Director Thompson stated that his program fits the mission and vision of the Board. Director Thompson made a motion, seconded by Director Duncan to approve the contract with IERCD. Motion passed 5-0, with Directors Ball and Castaldo absent.

**E. Consideration of California Special Districts Association (CSDA) Election for Seat A of Southern Network:** Materials related to the 2018 CSDA Board Candidate were included in the agenda packet. President Fenn made a motion, seconded by Director Duncan to cast a vote for Jo Mackenzie, a Board of Director for Vista Irrigation District. Motion passed 5-0, with Directors Ball and Castaldo absent.

**7. Topics for Future Agendas:**

**8. Announcements:**

- A. Office closed Wednesday, July 4, 2018 in observance of Independence Day
- B. Engineering Workshop, July 9, 2018 at 1:30 p.m.
- C. Regular Board Meeting, July 16, 2018 at 1:30 p.m.

***President Fenn adjourned the meeting at: 2.37 pm***

***Draft – Subject to Board approval***

Jeffrey W. Davis, Secretary of the Board

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**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA 92223**  
**Minutes of the**  
**Board of Directors Engineering Workshop**  
**July 9, 2018**

**Directors Present:** David Fenn, President  
Blair Ball, Director (arrived 1:45 pm)  
Ron Duncan, Vice President  
Steve Lehtonen, Director  
Leonard Stephenson, Director  
Michael Thompson, Director

**Directors Absent:** David Castaldo, Director

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

**1. Call to Order, Flag Salute and Roll Call.** The Engineering workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Vice President Duncan at 1:30 p.m., July 9, 2018 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Vice President Duncan led the Pledge of Allegiance to the flag. A quorum was present.

**2. Public Comment.** No members of the public wished to address the Board at this time.

**3. Discussion of Fencing for Fiesta Facility.** Photos and cost estimates of various types of fencing that were discussed at an Engineering workshop in 2013 were included in the agenda package. The Board discussed what type of fencing they wished to place around the recharge facility currently under construction. It was the consensus that the fencing should be secure, to keep out trespassers, and that staff should consult with ACWA JPIA for its thoughts on fencing for this type of facility. The Board directed General Manager Davis to come back with specific options for security fencing endorsed by ACWA JPIA.

**4. Discussion of Potential Landscaping and Water for 4.5 Acres for Fiesta Facility.** A layout of the facility was included in the agenda package. The Board discussed this issue and the consensus was that it does not want to install landscaping that requires irrigation, as this would set a bad example for a water importer. The Board discussed potential hardscape, such as decomposed granite or rocks, as well as possibly installing a solar array on a portion of the property. The Board wishes to keep a portion of the 4-1/2 acre pad on the southern end of the facility vacant for operational purposes, but is open to using a portion of it for hardscape or solar. The Board directed General Manager Davis to look at options for hardscaping and solar and to come back to the Board with a recommendation. He noted that the Board does not have to make this decision at this time.

**5. Discussion of Official Name for Fiesta Facility.** General Manager Davis noted that the Fiesta names comes from the development company that owned the property prior to the Agency. The Board had no specific thoughts on a possible

name for the facility but asked staff to bring this back for further discussion at a future meeting.

**6. Discussion of Potential Wheeling Rates and Wheeling Policy.** General Manager Davis noted that the Board discussed this issue at the September 2017 Engineering workshop. At that meeting, the Board directed the General Manager to research wheeling fees with other water agencies, and to discuss components of the rate with an attorney. General Counsel Ferre reported that recent court cases prior to the September 2017 workshop did not in fact change the wheeling statute or drastically change the components of a wheeling rate. General Manager Davis pledged to research wheeling rates and to bring this issue back to the Board for discussion in the near future. The Board noted that a wheeling rate could have an impact on water rates and a facility capacity fee, both currently under consideration by the Board.

**7. Update and Discussion on Sites Reservoir.** General Manager Davis noted that he has access to numerous documents that are not yet public documents, so he had to pull information from them and arranged that information in a Power Point that was presented and handed out to the Board and the public. He gave background information on the project and discussed financing all future phases, which is being discussed by the Sites JPA and Sites Reservoir Project Committee this month. He told the board that information is changing on this project and that he may do updates every month for the next few months. He informed the Board that it will likely have to make a decision on participation in Phase 2 in the October/November time frame. He noted that the Board will need to know at that time if DWR will be willing to put the costs of Sites on the Statement of Charges, and also whether the Agency will have a capacity fee that can be collected by retail agencies. He summarized the key issues the Board must deal with this year, most of which involved the financing of the project.

#### **8. Announcements**

- A. Regular Board Meeting, July 16, 2018 at 1:30 p.m.
- B. Finance and Budget Workshop, July 23, 2018 at 1:30 pm.
- C. San Gorgonio Pass Regional Water Alliance, July 25, 2018 at 5:00 p.m.—Banning City Hall

**9. Closed Session (1 item):** CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) and initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 – One potential case. The Board went into closed session at 3:00 p.m. At 3:32 p.m., the Board came back into open session and General Counsel Ferre announced that no action was taken that is reportable under the Brown Act.

#### **10. Adjournment**

Vice President Duncan adjourned the meeting at 3:32 pm

**Draft—subject to Board approval**

Jeff Davis, Secretary to the Board

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

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

**Directors Absent:** David Castaldo, Director  
Steve Lehtonen, 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 Chair Lenny Stephenson at 1:30 pm, July 23, 2018, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. Chair 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 June, 2018 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Fenn, to recommend that the Board ratify paid monthly invoices of \$1,279,668.63 and payroll of \$37,651.82 for the month of June, 2018, for a combined total of \$1,317,320.45. The motion passed 5 in favor, no opposed, with Directors Castaldo and Lehtonen absent.
  - B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Ball, seconded by Director Thompson, to recommend that the Board approve payment of the pending legal invoices for June, 2018. The motion passed 5 in favor, no opposed, with Directors Castaldo and Lehtonen absent.
  - C. Review of June, 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 June, 2018 as presented. The motion passed 5 in favor, no opposed, with Directors Castaldo and Lehtonen absent.

- D. Review of Budget Report for June, 2018: General Manager Jeff Davis reviewed the budget in some detail. This report is the unaudited view of the entire FY 2017-18. Finance Manager Tom Todd handed out a budget analysis, that rearranged the budget items into a view that highlighted different budget groupings. After review and discussion, a motion was made by Director Duncan, seconded by Director Thompson, to recommend that the Board acknowledge receipt of the Budget Report for June, 2018. The motion passed 5 in favor, no opposed, with Directors Castaldo and Lehtonen absent.
- E. Review of Statement of Charges for 2019: General Manger Davis introduced the 2019 Statement of Charges from the California Department of Water Resources while Finance Manager Todd passed out a comparison spreadsheet of previous Statement of Charges amounts. General Manager Davis highlighted trends, and he and Finance Manger Todd answered specific questions about the Statement of Charges.
- F. Review of Proposed Debt Service Fund Budget for FY 2018-19: General Manager Davis introduced the topic by reviewing previous Board direction to provide adequate reserves for coming debt service payments. Finance Manger Todd reviewed the specific items listed in the proposed budget. Included in the budget is the assumption that the tax rate not be changed. After further review and discussion, a motion was made by Director Fenn, seconded by Director Duncan, to recommend that Board approve the proposed Debt Service Fund Budget for FY 2018-19. The motion passed 5 in favor, no opposed, with Directors Castaldo and Lehtonen absent.

## 5. Announcements

- A. San Gorgonio Pass Regional Water Alliance, July 25, 2018, 5:00 pm, Banning City Hall
- B. Regular Board Meeting, August 6, 2018, 1:30 pm
- C. Engineering Workshop, August 13, 2018, 1:30 pm

- 6. **Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 2:36 pm.

Draft - Not Approved

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Jeffrey W. Davis, Secretary of the Board

## Finance and Budget Workshop Report

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

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

1. The Board ratify payment of Invoices of \$1,279,668.63 and Payroll of \$37,651.82 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for June, 2018 for a combined total of \$1,317,320.45.
  
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$13,397.71
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3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for June, 2018
  - B. Budget Report for June, 2018

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Ave, Beaumont, CA 92223**  
**Board Finance & Budget Workshop**  
**Agenda**  
**July 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 relating to any matter within the Agency's jurisdiction. To comment on a specific agenda item, please complete a speaker's request form and hand it to the Board secretary. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow up.

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

- A. Ratification of Paid Invoices and Monthly Payroll for June, 2018 by Reviewing Check History Reports in Detail\*
- B. Review of Pending Legal Invoices\*
- C. Review of June, 2018 Bank Reconciliation\*
- D. Review of Budget Report for June, 2018\*
- E. Review of Statement of Charges for 2019
- F. Review of Proposed Debt Service Fund Budget for FY 2018-19\*

**5. Announcements**

- A. San Gorgonio Pass Regional Water Alliance, July 25, 2018, 5:00 pm, Banning City Hall
- B. Regular Board Meeting, August 6, 2018, 1:30 pm
- C. Engineering Workshop, August 13, 2018, 1:30 pm

**6. Adjournment**

**\*Information Included In Agenda Packet**

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

# San Geronio Pass Water Agency

## Check History Report

June 1 through June 30, 2018

ACCOUNTS PAYABLE
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Date	Number	Name	Amount
06/04/2018	118865	BDL ALARMS, INC.	78.00
06/04/2018	118866	BEST BEST & KRIEGER	16,602.45
06/04/2018	118867	COMMUNITY BANK	5,693.75
06/04/2018	118868	CONTROL TEMP, INC.	848.96
06/04/2018	118869	JEFFREY W. DAVIS	47.00
06/04/2018	118870	RONALD A. DUNCAN	484.78
06/04/2018	118871	MACRO COMMUNICATIONS	525.00
06/04/2018	118872	PRO-CRAFT CONSTRUCTION, INC.	108,181.25
06/04/2018	118873	THE RECORD-GAZETTE	24.95
06/04/2018	118874	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	79,014.70
06/04/2018	118875	CHERYLE M. STIFF	245.26
06/04/2018	118876	THOMAS W. TODD, JR.	533.97
06/04/2018	118877	UNDERGROUND SERVICE ALERT	23.20
06/04/2018	118878	U. S. GEOLOGICAL SURVEY	58,282.64
06/04/2018	118879	VISIONARY LOGICS	90.00
06/04/2018	118880	WASTE MANAGEMENT INLAND EMPIRE	97.06
06/11/2018	118881	ACWA BENEFITS	862.42
06/11/2018	118882	ALBERT WEBB ASSOCIATES	45,450.85
06/11/2018	118883	ARMSTRONG & BROOKS ENGINEERS	16,607.50
06/11/2018	118884	AUTOMATION PRIDE	100.00
06/11/2018	118885	BARTEL ASSOCIATES, LLC	434.00
06/11/2018	118886	FRONTIER COMMUNICATIONS	1,268.73
06/11/2018	118887	GOPHER PATROL	51.00
06/11/2018	118888	MST BACKFLOW	160.00
06/11/2018	118889	SOUTHERN CALIFORNIA GAS	13.41
06/11/2018	118890	UNLIMITED SERVICES BUILDING MAINT.	295.00
06/11/2018	118891	WOOD E. & I. SOLUTIONS, INC.	660.10
06/13/2018	118892	BLAIR M. BALL	128.00
06/13/2018	118893	COMMUNITY BANK	33,670.00
06/13/2018	118894	KENNETH M. FALLS	191.00
06/13/2018	118895	FEDERAL EXPRESS	21.54
06/13/2018	118896	STEPHEN J. LEHTONEN	116.15
06/13/2018	118897	PRO-CRAFT CONSTRUCTION, INC.	639,730.00
06/13/2018	118898	WELLS FARGO ELITE CREDIT CARD	4,438.04
06/27/2018	118899	STANDARD INSURANCE COMPANY	434.90
06/15/2018	533103	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,089.12
06/15/2018	503055	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,371.39
06/27/2018	506039	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,053.97
06/27/2018	520226	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,220.37
06/15/2018	900186	CALPERS RETIREMENT	6,224.63
06/27/2018	900187	CALPERS RETIREMENT	6,130.54
06/28/2018	900188	DEPARTMENT OF WATER RESOURCES	236,173.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,279,668.63

San Geronio Pass Water Agency

Check History Report

June 1 through June 30, 2018

PAYROLL

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
06/14/2018	801557	BLAIR M. BALL	1,199.54
06/14/2018	801558	JEFFREY W. DAVIS	4,930.26
06/14/2018	801559	KENNETH M. FALLS	3,054.33
06/14/2018	801560	STEPHEN J. LEHTONEN	1,199.54
06/14/2018	801561	CHERYLE M. STIFF	2,172.21
06/14/2018	801562	THOMAS W. TODD, JR.	3,396.72
06/26/2018	801563	BLAIR M. BALL	1,199.54
06/26/2018	801564	DAVID J. CASTALDO	1,199.54
06/26/2018	801565	JEFFREY W. DAVIS	4,930.26
06/26/2018	801566	RONALD A. DUNCAN	1,199.54
06/26/2018	801567	KENNETH M. FALLS	2,803.25
06/26/2018	801568	DAVID L. FENN	1,199.54
06/26/2018	801569	STEPHEN J. LEHTONEN	1,199.54
06/26/2018	801570	LEONARD C. STEPHENSON	1,199.54
06/26/2018	801571	CHERYLE M. STIFF	2,172.21
06/26/2018	801572	MICHAEL D. THOMPSON	1,199.54
06/26/2018	801573	THOMAS W. TODD, JR.	3,396.72
		TOTAL PAYROLL	<u>37,651.82</u>
		TOTAL DISBURSEMENTS FOR JUNE, 2018	<u><u>1,317,320.45</u></u>

SAN GORGONIO PASS WATER AGENCY  
New Vendors List  
July, 2018

Vendor - Name and Address	Expenditure Type
Ventura Water (City of Ventura) 501 Poli Street; Ventura, CA 93001	State Water Contractor Water Transfer
Casitas Municipal Water District 1055 Ventura Avenue; Oak View, CA 93022-9622	State Water Contractor Water Transfer

**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	180630	LEGAL SERVICES JUN18	13,397.71

TOTAL PENDING INVOICES FOR JUNE 2018

13,397.71

**SAN GORGONIO PASS WATER AGENCY  
BANK RECONCILIATION  
June 30, 2018**

BALANCE PER BANK AT 06/30/2018 - CHECKING ACCOUNT 293,736.21

LESS OUTSTANDING CHECKS

<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
118764	VOID		
118899	\$434.90		
900187	\$6,130.54		
	<u>\$6,565.44</u>		<u>0.00</u>

TOTAL OUTSTANDING CHECKS (6,565.44)

BALANCE PER GENERAL LEDGER 287,170.77

BALANCE PER GENERAL LEDGER AT 05/31/2018 137,412.31

**CASH RECEIPTS FOR JUNE** **719,380.09**

**CASH DISBURSEMENTS FOR JUNE**

    ACCOUNTS PAYABLE - CHECK HISTORY REPORT (1,279,668.63)

BANK CHARGES —

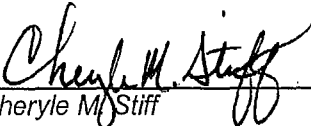
TRANSFER FROM LAIF \$750,000.00

TRANSFER TO BANK OF HEMET (Payroll) (40,000.00)

VOIDED CHECK FROM PRIOR MONTH 47.00

BALANCE PER GENERAL LEDGER AT 06/30/2018 287,170.77

REPORT PREPARED BY:

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



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

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
<b>DEPOSIT TO CHECKING ACCOUNT</b>				
6/1/18	STATE OF CALIF/DWR	REFUND - DS POWER 2917	39,940.00	39,940.00
6/5/18	RIVERSIDE COUNTY	PROPERTY TAXES	242,510.80	242,510.80
6/7/18	RIVERSIDE COUNTY	PROPERTY TAXES	32,704.82	32,704.82
6/8/18	RIVERSIDE COUNTY	PROPERTY TAXES	4,587.94	4,587.94
6/11/18	BCVWD	WATER SALES	355,991.00	355,991.00
6/12/18	CITY OF BANNING	WATER SALES	17,118.00	17,118.00
6/18/18	CLAWA	CLASS 8 MEETINGS REIMBSMNT	1,700.00	
6/18/18	MOJAVE WA	CLASS 8 MEETINGS REIMBSMNT	1,700.00	
6/18/18	COACHELLA VWD	CLASS 8 MEETINGS REIMBSMNT	1,700.00	
6/18/18	YVWD	WATER SALES	19,507.17	24,607.17
6/25/18	RIVERSIDE COUNTY	PROPERTY TAXES	1,920.36	1,920.36
TOTAL FOR JUNE 2018			719,380.09	719,380.09

**UNAUDITED**

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2017-18  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 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
				Comparison:	0%
<b>GENERAL FUND - INCOME</b>					
<b>INCOME</b>					
WATER SALES	5,500,000		5,500,000	4,213,212.97	23.40%
TAX REVENUE	2,350,000		2,350,000	2,540,439.65	-8.10%
INTEREST	110,000		110,000	192,796.35	-75.27%
DESIGNATED REVENUES	0		0	0.00	0.00%
OTHER (REIMBURSEMENTS, TRANSFERS)	456,000		456,000	199,295.39	56.29%
<b>TOTAL GENERAL FUND INCOME</b>	<b>8,416,000</b>	<b>0</b>	<b>8,416,000</b>	<b>7,145,744.36</b>	<b>15.09%</b>
<b>GENERAL FUND - EXPENSES</b>					
<b>COMMODITY PURCHASE</b>					
PURCHASED WATER	6,230,000		6,230,000	5,701,874.76	8.48%
<b>TOTAL COMMODITY PURCHASE</b>	<b>6,230,000</b>	<b>0</b>	<b>6,230,000</b>	<b>5,701,874.76</b>	<b>8.48%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>					
SALARIES	454,000		454,000	455,933.70	-0.43%
PAYROLL TAXES	38,000		38,000	39,366.63	-3.60%
RETIREMENT	123,000		123,000	115,814.69	5.84%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	25,000		25,000	20,946.73	16.21%
HEALTH INSURANCE	61,000		61,000	63,652.80	-4.35%
DENTAL INSURANCE	4,500		4,500	4,686.06	-4.13%
LIFE INSURANCE	1,300		1,300	1,438.10	-10.62%
DISABILITY INSURANCE	4,700		4,700	4,717.68	-0.38%
WORKERS COMP INSURANCE	3,400		3,400	3,695.85	-8.70%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	8,037.83	19.62%
EMPLOYEE EDUCATION	1,000		1,000	448.00	55.20%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>725,900</b>	<b>0</b>	<b>725,900</b>	<b>718,738.07</b>	<b>0.99%</b>

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**UNAUDITED**

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2017-18  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 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
<b>GENERAL FUND - EXPENSES</b>				Comparison:	0%
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>					
<b>DIRECTOR EXPENDITURES</b>					
DIRECTORS FEES	108,000		108,000	106,020.66	1.83%
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	5,627.92	62.48%
DIRECTORS MISC. MEDICAL	23,000		23,000	13,851.13	39.78%
<b>OFFICE EXPENDITURES</b>					
OFFICE EXPENSE	24,000		24,000	13,098.98	45.42%
POSTAGE	650		650	522.69	19.59%
TELEPHONE	11,000		11,000	11,588.53	-5.35%
UTILITIES	5,000		5,000	4,223.62	15.53%
<b>SERVICE EXPENDITURES</b>					
COMPUTER, WEB SITE AND PHONE SUPPORT	10,000		10,000	4,271.99	57.28%
GENERAL MANAGER & STAFF TRAVEL	22,000		22,000	22,952.78	-4.33%
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	2,284.00	-14.20%
BANK CHARGES	1,500		1,500	500.06	66.66%
MISCELLANEOUS EXPENSES	500		500	0.00	100.00%
<b>MAINTENANCE &amp; EQUIPMENT EXPENDITURES</b>					
TOOLS PURCHASE & MAINTENANCE	1,000		1,000	21.54	97.85%
VEHICLE REPAIR & MAINTENANCE	7,000		7,000	6,277.19	10.33%
MAINTENANCE & REPAIRS - BUILDING	15,000		15,000	18,292.57	-21.95%
MAINTENANCE & REPAIRS - FIELD	4,500		4,500	1,503.08	66.60%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	73,977.67	50.68%
<b>COUNTY EXPENDITURES</b>					
LAFCO COST SHARE	5,000		5,000	5,368.12	-7.36%
ELECTION EXPENSE	0		0	0.00	0.00%
TAX COLLECTION CHARGES	10,500		10,500	11,549.01	-9.99%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	<b>496,650</b>	<b>0</b>	<b>496,650</b>	<b>382,161.54</b>	<b>23.05%</b>

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**UNAUDITED**

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2017-18  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 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
<b>GENERAL FUND - EXPENSES</b>				Comparison:	0%
<b>GENERAL ENGINEERING</b>					
GRANT WRITER	10,000		10,000	21,650.25	-116.50%
<b>NEW WATER</b>					
PROGRAMATIC EIR	50,000		50,000	0.00	100.00%
UPDATED STUDY ON AVAILABLE SOURCES	5,000		5,000	28,232.06	-464.64%
SGMA SUPPORT	10,000		10,000	0.00	100.00%
<b>STUDIES</b>					
USGS	100,000		100,000	169,923.22	-69.92%
WATER RATE NEXUS STUDY	40,000		40,000	20,757.50	48.11%
WATER RATE FINANCIAL MODELING	20,000		20,000	7,650.00	61.75%
CAPACITY FEE NEXUS STUDY UPDATE	10,000		10,000	0.00	100.00%
WHEELING RATE STUDY	20,000		20,000	0.00	100.00%
<b>OTHER PROJECTS</b>					
BASIN MONITORING TASK FORCE	22,000		22,000	14,019.00	36.28%
GENERAL AGENCY - CEQA AND GIS SERVICES	15,000		15,000	41,162.44	-174.42%
<b>TOTAL GENERAL ENGINEERING</b>	<b>302,000</b>	<b>0</b>	<b>302,000</b>	<b>303,394.47</b>	<b>-0.46%</b>
<b>LEGAL SERVICES</b>					
LEGAL SERVICES - GENERAL	200,000		200,000	218,669.65	-9.33%
<b>TOTAL LEGAL SERVICES</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>	<b>218,669.65</b>	<b>-9.33%</b>
<b>CONSERVATION &amp; EDUCATION</b>					
SCHOOL EDUCATION PROGRAMS	14,000		14,000	20,585.35	-47.04%
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%
<b>TOTAL CONSERVATION &amp; EDUCATION</b>	<b>54,000</b>	<b>0</b>	<b>54,000</b>	<b>22,585.35</b>	<b>58.18%</b>

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**UNAUDITED**

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2017-18  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 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
<b>GENERAL FUND - EXPENSES</b>				Comparison:	0%
<b>GENERAL FUND CAPITAL EXPENDITURES</b>					
<b>BUILDING &amp; EQUIPMENT</b>					
BUILDING	10,000		10,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	10,000		10,000	7,172.11	28.28%
OTHER EQUIPMENT	0		0	0.00	0.00%
TRANSPORTATION EQUIPMENT	37,000		37,000	33,666.21	9.01%
<b>FIESTA RECHARGE FACILITY</b>					
POST DESIGN	250,000		250,000	45,450.85	81.82%
CONSTRUCTION	2,500,000		2,500,000	883,773.80	64.65%
FENCING	120,000		120,000	0.00	100.00%
MITIGATION	15,000		15,000	660.10	95.60%
LANDSCAPING/POWER/WATER	0		0	0.00	0.00%
BUNKER HILL CONJUNCTIVE USE PROJECT	0		0	0.00	0.00%
<b>NOBLE TURNOUT EXPANSION</b>					
DESIGN	35,000		35,000	81,407.50	-132.59%
CONSTRUCTION	162,000		162,000	0.00	100.00%
POST DESIGN	30,000		30,000	0.00	100.00%
SITES RESERVOIR	270,000		270,000	222,295.38	17.67%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	<b>3,439,000</b>	<b>0</b>	<b>3,439,000</b>	<b>1,274,425.95</b>	<b>62.94%</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>0</b>		<b>0</b>	<b>0.00</b>	
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>11,447,550</b>	<b>0</b>	<b>11,447,550</b>	<b>8,621,849.79</b>	<b>24.68%</b>
<b>WITHDRAWALS FROM RESERVES</b>	<b>3,155,000</b>		<b>3,155,000</b>	<b>1,152,180.13</b>	
<b>TRANSFER TO GENERAL FUND FROM DS FUND (non-budget)</b>		<b>5,855,985</b>			
<b>TOTAL TRANSFERS TO/FROM RESERVES</b>	<b>3,155,000</b>		<b>3,155,000</b>	<b>1,152,180.13</b>	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	<b>123,450</b>	<b>0</b>	<b>123,450</b>	<b>-323,925.30</b>	

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**UNAUDITED**

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2017-18  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWELVE MONTHS ENDING ON JUNE 30, 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
<b>DEBT SERVICE FUND - INCOME</b>				Comparison:	0%
<b>INCOME</b>					
TAX REVENUE	21,053,359		21,053,359	23,011,257.53	-9.30%
INTEREST	300,000		300,000	416,333.58	-38.78%
GRANTS	0		0	0.00	0.00%
DWR CREDITS - BOND COVER, OTHER	2,827,882		2,827,882	2,936,127.66	-3.83%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>24,181,241</b>	<b>0</b>	<b>24,181,241</b>	<b>26,363,718.77</b>	<b>-9.03%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	54,000		54,000	56,304.68	-4.27%
PAYROLL TAXES	4,100		4,100	4,307.31	-5.06%
BENEFITS	29,000		29,000	28,523.59	1.64%
SWC CONTRACTOR DUES	42,000		42,000	41,154.00	2.01%
STATE WATER CONTRACT PAYMENTS	17,563,554		17,563,554	17,569,812.00	-0.04%
PURCHASED WATER	0		0	1,383.76	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	73,977.67	58.90%
SWP ENGINEERING	75,000		75,000	55,415.83	26.11%
DEBT SERVICE UTILITIES	10,000		10,000	10,312.76	-3.13%
TAX COLLECTION CHARGES	76,000		76,000	65,444.16	13.89%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>18,033,654</b>	<b>0</b>	<b>18,033,654</b>	<b>17,906,847.23</b>	<b>0.70%</b>
<b>TRANSFERS FROM RESERVES</b>				0.00	
<b>TRANSFER TO GENERAL FUND FROM DS FUND (non-budget)</b>		-5,855,985			
<b>DEBT SERVICE NET INCOME YEAR TO DATE</b>	<b>6,147,587</b>	<b>0</b>	<b>6,147,587</b>	<b>8,456,871.54</b>	

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**SAN GORGONIO PASS WATER AGENCY  
DEBT SERVICE EXPENSE REQUIREMENTS  
FOR THE FISCAL YEAR 2018-19**

<b>DEBT SERVICE EXPENDITURES</b>			
<b>DEPARTMENT OF WATER RESOURCES - STATEMENT OF CHARGES</b>			
INVOICE NUMBER		FOR THE PERIOD JUL - DEC 18	FOR THE PERIOD JAN - JUN 19
xx-022-T - ATTACHMENT 1 (Water Supply)		1,136,278	3,653,861
xx-005-DCC - ATTACHMENT 1A (Devil Canyon)		133,197	153,620
xx-020-O - ATTACHMENT 1-1 (OAP)		4,328	8,400
xx-087-U - ATTACHMENT 1-2 (RAS)		0	0
xx-002-X - ATTACHMENT 1-5 (EBX)		9,318,438	4,681,052
xx-012-TAB - ATTACHMENT 1-6 (TEHACHAPI)		22,067	22,085
DWR FIXED CHARGES		10,614,308	8,519,018
<b>TOTAL DWR STATEMENT OF CHARGES</b>			<b>19,133,326</b>
OTHER DWR EXPENSES			0
<b>TOTAL PROJECTED DWR EXPENDITURES</b>			<b>19,200,000</b>
<b>ADDITIONAL DEBT SERVICE EXPENSES</b>			
DEBT SERVICE SALARIES			58,000
DEBT SERVICE PAYROLL TAXES			4,500
DEBT SERVICE BENEFITS			33,000
DEBT SERVICE UTILITIES			11,000
TAX COLLECTION CHARGES			70,000
SWC CONTRACTOR DUES			75,000
SWP LEGAL SERVICES			0
U.S.G.S CONTRACT			0
CONTRACT OPERATIONS AND MAINTENANCE			150,000
SWP ENGINEERING - EBX1, EBX2			75,000
<b>TOTAL ADDITIONAL EXPENSES</b>			<b>476,500</b>
<b>WATER TRANSFERS</b>			
Ventura Water Transfer			1,500,000
Casitas Water Transfer			750,000
<b>TOTAL WATER TRANSFERS</b>			<b>2,250,000</b>
<b>GRAND TOTAL DEBT SERVICE EXPENDITURES</b>			<b>21,926,500</b>

<b>SAN GORGONIO PASS WATER AGENCY</b>			
<b>DEBT SERVICE EXPENSE REQUIREMENTS</b>			
<b>FOR THE FISCAL YEAR 2018-19</b>			
<b>DEBT SERVICE REVENUE</b>			
<b>ESTIMATED DWR REFUNDS + INTEREST</b>			
ESTIMATE OF BOND REFUNDS			2,928,993
DWR ~ ALLOCATION OF EARNED INTEREST 2018			49,000
<b>TOTAL ESTIMATE OF DWR REFUNDS + INTEREST</b>			<b>2,977,993</b>
SGPWA ALLOCATED EARNED INTEREST			415,000
<b>TOTAL REFUNDS + INTEREST</b>			<b>3,392,993</b>
<b>DEBT SERVICE TAX REVENUE</b>			
DEBT SERVICE INCOME FY 2017-18		23,011,258	
TAX REVENUE PER CENT OF TAX LEVY (Current Tax Rate: 18.25 Cents)		1,260,891	
Projection for FY 2018-19 2.5% increase		31,522	
<b>ESTIMATED TAX REVENUE PER CENT OF TAX LEVY, FY 2018-19</b>		<b>1,292,413</b>	
ESTIMATED REVENUE AT 18.25 CENTS	18.25		23,586,539
<b>TAX REVENUE ESTIMATE</b>			<b>23,586,539</b>
<b>TOTAL ESTIMATED REVENUE (REFUNDS + TAX)</b>			<b>26,979,532</b>
<b>DEBT SERVICE EXPENDITURES COMBINED WITH REVENUE AT TAX RATE OF 18.25 CENTS</b>			<b>5,053,032</b>





**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:** August 6, 2018

**Re:** General Counsel Report - Board of Directors Meeting – August 6, 2018

AB 2649, by Assembly Member Arambula, has been amended as recently as June 28, 2018 and is currently in committee. If this bill becomes law, it would provide authority for Groundwater Sustainability Agencies (“GSA’s”), under the Sustainable Groundwater Management Act (“SGMA”), to apply to the State Water Resources Control Board (“State Board”) for temporary surface water diversions to underground storage for the purpose of groundwater recharge under SGMA.

The State Board has the authority to issue permits to appropriate water. Existing law allows an applicant to apply for a temporary permit when it has an urgent need to: (a) divert and use water; or (b) change a point of diversion, place of use or purpose of use. This bill would specifically include the authority for a GSA to apply for, and the State Board to issue, a temporary permit for diversion of surface water to underground storage for “beneficial uses” that can include advancing SGMA goals. This bill specifically calls out groundwater recharge under SGMA as a “beneficial use” which could justify a request for a temporary permit.

The Water Code sets forth different types of temporary permits that a GSA could seek from the State Board including: (a) Temporary Permits for Diversion to Underground Storage; and (b) Temporary Changes for Diversion to Underground Storage. Both types of temporary permits include a different time period during which the permit will remain in effect and conditions under which the permit may be renewed. Both types of permits include language to the effect that the temporary permit shall not result in the creation of a vested right, even of a temporary nature, and that the permit is subject, at all times, to modification or revocation at the discretion of the State Board.

## **Water Conservation and Education Committee Report**

**August 6, 2018**

The Water Conservation and Education Committee met on July 12 to consider a donation to the Water Resources Institute at Cal State, San Bernardino that would include the Agency obtaining a student intern for a year; to discuss the 2018-2019 work plan for IERCD, and to discuss a potential State of the Water Supply event for this fiscal year.

After meeting with WRI Director Suzie Earp, the Committee voted unanimously to bring to the Board a recommendation to make a \$10,000 donation to the WRI, most of which would be returned to the Agency in the form of a student intern. We also directed the General Manager to develop a task list for that student intern. We expect this action to be brought to the Board soon.

Regarding the IERCD, the Committee recognizes that the Board has already approved a work plan for this year, but is interested in possibly increasing the investment in water education for students. We directed the General Manager to contact the IERCD to ask for a revised scope of work for this year that could come to the Board in the next month or two.

The Committee favors a public event this year that would present the Agency's water supply plan to the public. It would also make a case for the Agency's new rate structure, which we believe will go into effect in early 2019. We will continue working with the General Manager to develop plans for this event and update the Board accordingly.

Mike Thompson, Chair, Water Conservation and Education Committee

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Appropriations Limit for FY 2018-2019

**DATE:** August 6, 2018

### **Detailed Report:**

Each year, the Agency, along with all other public agencies in California, is required by the California Constitution to set an appropriations limit. The limit is calculated based on a formula, and is not related to the Agency's budget for the year. For this fiscal year, the formula amount is \$61,181,693. The Agency's debt service and general fund budgets combined will be just over half this amount—in the vicinity of \$36 million.

The attached resolution is a routine action that the Board is required to take each year. By law, the appropriations limit must be posted in a public place for at least 15 days prior to the Board adopting the resolution. The information has been posted for more than 15 days on the bulletin board outside the administration building, clearly visible to the public.

### **Recommendation:**

Staff recommends that the Board adopt Resolution 2018-04 in accordance with California law.

**RESOLUTION NO. 2018-04**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE SAN GORGONIO PASS WATER AGENCY ESTABLISHING THE  
APPROPRIATIONS LIMIT FOR FISCAL YEAR 2018-2019**

**WHEREAS,** Article XIII B of the California Constitution places an annual limitation upon appropriations from proceeds of taxes by each local government of the State of California; and

**WHEREAS,** Section 7910 of the California Government Code implements Article XIII B of the California Constitution by requiring each local jurisdiction to establish, by resolution, its appropriations limit for each fiscal year, and to make the documentation used in determining the appropriations limit available to the public fifteen days prior to adoption of the resolution establishing the appropriations limit; and

**WHEREAS,** The San Gorgonio Pass Water Agency has documented its calculations of the Agency's appropriations limit for Fiscal Year 2018-19, and notice of said calculations has been posted on the Agency's outside Bulletin Board (said notice being visible from the public walkway in front of the Agency's building) and the calculations have been made available to the public at least fifteen days prior to the adoption of this resolution;

**NOW, THEREFORE, BE IT RESOLVED,** by the Board of Directors of the San Gorgonio Pass Water Agency as follows:

1. The appropriation limit applicable to this Agency pursuant to Article XIII B of the California Constitution for Fiscal Year 2018-19 is hereby established and determined to be in the sum of \$61,181,693.
2. A copy of the documentation used in the determination of the Fiscal Year 2018-19 appropriations limit shall be affixed hereto and shall be available for public inspection.
3. Pursuant to Section 7910 of the California Government Code, any judicial action or proceeding to attach, review, set aside, void or annul the establishment of the Fiscal Year 2018-19 appropriations limit as set forth herein must be commenced within forty-five days of the adoption of this resolution.

Resolution No. 2018-04 was adopted by the following roll call vote:

Ayes:  
Noes:  
Abstain:  
Absent:

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2018-04 adopted by the Board of Directors of San Gorgonio Pass Water Agency at its meeting on August 6, 2018.

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Jeffrey W. Davis, Secretary to the Board



**SAN GORONIO PASS WATER AGENCY  
 APPROPRIATIONS LIMIT  
 FISCAL YEAR 2018-19**

FY 2017-18 APPROPRIATIONS LIMIT			58,200,998
	<u>Percent</u>	<u>Ratio</u>	
FY 2018-2019 ADJUSTMENT FOR PERCENTAGE CHANGES IN:			
CALIFORNIA PER CAPITA PERSONAL INCOME	3.67	1.0367	
POPULATION PERCENT CHANGE 2017 - 2018	1.4	1.014	
PERCENT CHANGE AS A FACTOR			<u>105.1214%</u>
FY 2018-2019 APPROPRIATIONS LIMIT			<u><u>61,181,693</u></u>

THE ABOVE APPROPRIATION LIMITS WERE CALCULATED IN ACCORDANCE WITH PROPOSITION III WHICH AMENDED ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION.

Posted 7-13-18

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Adoption of Resolution 2018-05 Setting the State Water Project Tax Rate for 2018-2019

**DATE:** August 6, 2018

### **Summary:**

After reviewing financial and budgetary data at the July Finance and Budget workshop and a discussion, the Board voted on July 23 to recommend that the Agency's tax rate remain at \$0.1825 per \$100 of assessed valuation for fiscal year 2018-2019. The purpose of this Board action is to implement that recommendation by adopting Resolution 2018-05.

### **Background:**

The Burns-Porter Act of 1960 authorized residents of California to vote on a \$1.75 billion bond that would fund construction of the State Water Project. The bill explicitly stated that the State's General Fund would not pay off the bonds sold for the Project, but that any water agencies who contracted with the State to purchase the water would have to back the bonds by levying property taxes within their service areas or through other revenue streams. The bond issue passed.

This is the purpose of the Agency's ad valorem tax levied by the Board each year—to pay the Agency's share of the debt service on the State Water Project, along with miscellaneous other costs associated with operating and maintaining the Project.

When the Agency constructed Phase 1 of the East Branch Extension (EBX 1) in the 1990's, the Board raised the tax rate significantly to pay the additional debt service (from 8.83 cents in 1992 to 17 cents in 2000). In return, the region was finally able to receive State Water Project water through the East Branch Extension and to begin alleviating long-term groundwater overdraft.

The Board decided to phase the construction of the EBX partly to reduce costs and partly because it recognized that water demands at the time were not high enough to justify paying a higher amount for a pipeline that would be only partially utilized for a number of years. Now that construction of EBX 2 is complete, debt service payments have increased significantly.

EBX 2 is needed so that the Agency can import all available water in wet years. With only Phase 1 of the pipeline installed, the Agency could not import all the water available in any year with an allocation greater than 60%. With EBX 2 online, and with additional facilities to store the water, the future of the area will be more secure, as the Agency will be able to import and store more water in wet years to help offset lesser amounts of water available in dry and average years. The 60% average reliability of the State Water Project is reduced even more if the Agency cannot take all available water in wet years. The construction of EBX 2 and the ability to convey the additional water out of the pipeline and into storage are absolute necessities for the region. The long-term regional water supply depends on it.

In order to prepare for paying off EBX 2 bonds, the Board voted seven years ago to increase the ad valorem tax rate from \$0.17 to \$0.185 after eleven years at the same rate. Last year, the Board voted to reduce this to \$0.1825, as data presented by staff indicated that the Agency could likely continue to make projected payments with the reduced tax rate. The Agency is still in a good situation financially with its debt service fund; however future balloon payments on EBX bonds and uncertainties related to the California WaterFix and Sites Reservoir are reasons to be cautious with the Agency's debt service fund. After a discussion at the July Finance and Budget workshop, the Board voted 5-0 to recommend maintaining the tax rate at \$0.1825 for the 2018-2019 fiscal year.

The Board considered the desire to construct the California WaterFix, Sites Reservoir, and acquisition of additional Table A water, all potentially funded wholly or partially through the tax rate, along with the need to maintain large reserves in the future as reasons to maintain the current tax rate at this time.

**Detailed Report:**

Data presented by staff in the last year showed that, based on conservative revenue projections, the Agency should be able to fund the California Water Fix, Sites Reservoir, and the acquisition of up to 7500 acre-feet of additional Table A water, all funded through the tax rate, and still maintain positive funds in the Agency's debt service accounts through 2035. However, under the conservative revenue projections presented, the reserves would potentially drop below desirable levels in the late 2020's, when large balloon payments are due. Under a slightly more optimistic revenue projection, these actions could be funded and adequate reserves maintained, even during the four years of balloon payments from 2026 to 2029.

The Board, working with staff, has been proactive in taking steps to reduce future State Water Project costs. A few years ago, the Agency requested that DWR sell bonds for EBX at a time when interest rates were at historic lows, thus lowering debt service costs. At that time, Agency staff worked with DWR to structure those bonds to partly smooth out the large balloon payments from 2026 through 2029. Those balloon payments, though still present, represent a much smaller financial hill for the Agency to climb in those years. The Board has directed staff to look into possibly paying off these early, thus saving interest costs. Staff is in the process of working with DWR staff to review this possible scenario.

Finally, the Agency, along with other Contractors, has worked closely with DWR staff over the past several years to find ways to reduce O&M costs. These costs have declined significantly as a result of these efforts.

**Fiscal Impact:**

With the Board's recommended action on the tax rate, the Agency should realize a surplus of approximately \$5 million this fiscal year in its debt service fund.

**Recommendation:**

Staff recommends that the Board implement its recommendation at the July Finance and Budget workshop to maintain the tax rate at \$0.1825 for this fiscal year.



## RESOLUTION NO. 2018-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY DETERMINING THE AMOUNT OF MONEY NEEDED TO MAKE ANNUAL PAYMENTS FOR THE INTEREST AND PRINCIPAL ON GENERAL OBLIGATION BONDS AND FOR OTHER INDEBTEDNESS APPROVED BY THE VOTERS PRIOR TO JULY 1, 1978, AND/OR FOR WHICH A TAX LEVY IS REQUIRED UNDER ARTICLE 1, SECTION 10 OF THE UNITED STATES CONSTITUTION AND MAKING A TAX LEVY THEREOF.

**WHEREAS**, the Attorney General of the State of California has ruled in his opinion No. CV 78/90 that property taxes levied by local water districts necessary to provide for payments to the state under the state water supply contract fall within Section 1 (b) of Article XIII A of the California Constitution; now therefore,

**BE IT RESOLVED** by the Board of Directors of the San Gorgonio Pass Water Agency, as follows:

1. That said Board of Directors has determined that the amount of money needed to make annual payments during the fiscal year beginning July 1, 2018, and ending June 30, 2019, for the interest and principal on general obligation bonds and other indebtedness approved by the voters prior to July 1, 1978, and/or required by Article 1, Section 10 of the United States Constitution is **\$21,926,500** for payments on the Contract between the State of California Department of Water Resources and San Gorgonio Pass Water Agency for a water supply dated November 16, 1962, and hereby fixes the rate of tax which will raise the amount of money required by said Agency at the following amounts per hundred dollars of assessed valuation of taxable property within said Agency:

**\$ 0.1825 State Water Contract**

2. That the Board of Directors of the San Gorgonio Pass Water Agency does hereby certify the rate so fixed, and as herein before set forth, to the Board of Supervisors of the County of Riverside, State of California, and to the County Auditor of said County.

3. That pursuant to California Water Code - Appendix Section 101-27 the determination of the amount necessary to be raised by taxation for such purpose during the fiscal year and the order fixing the rate of tax made herein shall constitute a valid assessment of the property within the Agency and a valid levy of the taxes so fixed. Said levy is permitted by California Revenue and Taxation Code Section 93 and/or required by Article 1, Section 10 of the United States Constitution.

4. That a certified copy of this resolution be transmitted to the County Auditor of said County, and that when so transmitted, said certified copy shall constitute the certification required in Section 101-27 of the California Water Code - Appendix.

5. That funds received by the San Gorgonio Pass Water Agency pursuant to the aforesaid tax levy shall be placed in a separate fund identified for such indebtedness set forth above and shall be disbursed only for lawful payments on such indebtedness. .

**Said Resolution was adopted by roll call vote as follows:**

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**I certify that the foregoing is a true and correct copy of Resolution No. 2018-05, adopted by the Board of Directors of the San Gorgonio Pass Water Agency at its regular meeting held on August 6, 2018.**

---

**Jeffrey W. Davis, Secretary to the Board**

**RESOLUTION NO. 2018-05**

**STATE OF CALIFORNIA )**  
:  
**COUNTY OF RIVERSIDE )**

I, Jeffrey W. Davis, the duly elected and acting Secretary of the Board of Directors of the San Geronio Pass Water Agency, hereby certify the foregoing to be a full and correct copy of Resolution No. 2018-05 adopted by the Board of Directors on August 7, 2017, at a duly held meeting at which a quorum was present.

I, Jeffrey W. Davis, also hereby certify that a copy of this Resolution No. 2018-05 has been forwarded to the County Auditor/Controller's office for recording as of the date stated below and to the officer whose signature appears below.

\_\_\_\_\_  
Jeffrey W. Davis  
Secretary of the Board  
DATE \_\_\_\_\_

\_\_\_\_\_  
Officer - County Auditor/Controller  
DATE \_\_\_\_\_

## MEMORANDUM

---

**TO:** Board of Directors

**FROM:** General Manager

**RE:** Fiscal Year 2018-2019 Debt Service Budget

**DATE:** August 6, 2018

### **Summary:**

The Board passed the General Fund Fiscal Year 2018-2019 budget at the July 2 board meeting. The Board cannot adopt a debt service budget until it adopts a tax rate for the fiscal year. The purpose of this Board action is to approve a debt service budget for fiscal year 2018-2019. The Board reviewed the proposed debt service budget in detail and unanimously recommended it for approval at the Finance and Budget workshop on July 23.

### **Background:**

The Agency has two funds that it adopts budgets for each year—a General Fund, which is used to operate the Agency, and a Debt Service Fund, used to pay annual debt service and other costs associated with the State Water Project. The Debt Service Fund is funded with ad valorem tax dollars based on a tax rate set annually by the Board. The General Fund is funded with what is commonly referred to as 1% tax dollars, as well as revenues from water sales. The 1% tax dollars are property tax revenues from the County and are not tied to the Agency's ad valorem tax.

### **Detailed Report:**

Staff reviewed the proposed debt service budget with the Board on July 23. The expenditures were detailed at that time. Revenues were identified based on continuing the current tax rate for another year.

As the budget shows, total debt service expenditures are expected to be approximately \$22 million, based on the information available today. At a tax rate of 18.25 cents, total debt service revenues

(including bond cover refunds and interest) are expected to be approximately \$27 million. This leaves a budgeted debt service surplus of approximately \$5 million for the year. The Board recognized at the workshop that debt service payments for EBX will increase significantly in 2026-2029 (so-called “balloon payments”), and the Board wishes to ensure that the Agency will not have to raise taxes at that time to pay off these higher annual payments. In addition, California WaterFix costs will begin to accrue next year and the Board is conscious of the fact that debt service payments will increase significantly to fund the Agency’s portion of the WaterFix as well as additional supplies from other Contractors’ share of the WaterFix.

**Fiscal Impact:**

The impact of adopting this budget will be to increase debt service reserves by approximately \$5 million. The Board’s plan of maintaining a constant tax rate or a slightly reduced tax rate should be able to sustain debt service payments well into the future, assuming that property values do not undergo a sharp decrease similar to the one from 2008 to 2012.

**Recommendation:**

Staff recommends that the Board adopt the attached debt service budget, discussed in detail and recommended for approval at the Finance and Budget workshop July 23, with a tax rate for 2018-2019 of \$0.1825.

SAN GORGONIO PASS WATER AGENCY			
DEBT SERVICE EXPENSE REQUIREMENTS			
FOR THE FISCAL YEAR 2018-19			
DEBT SERVICE EXPENDITURES			
DEPARTMENT OF WATER RESOURCES - STATEMENT OF CHARGES			
INVOICE NUMBER	FOR THE PERIOD JUL - DEC 18	FOR THE PERIOD JAN - JUN 19	
xx-022-T - ATTACHMENT 1 (Water Supply)	1,136,278	3,653,861	
xx-005-DCC - ATTACHMENT 1A (Devil Canyon)	133,197	153,620	
xx-020-O - ATTACHMENT 1-1 (OAP)	4,328	8,400	
xx-087-U - ATTACHMENT 1-2 (RAS)	0	0	
xx-002-X - ATTACHMENT 1-5 (EBX)	9,318,438	4,681,052	
xx-012-TAB - ATTACHMENT 1-6 (TEHACHAPI)	22,067	22,085	
DWR FIXED CHARGES	10,614,308	8,519,018	
TOTAL DWR STATEMENT OF CHARGES		19,133,326	
OTHER DWR EXPENSES		0	
<b>TOTAL PROJECTED DWR EXPENDITURES</b>		<b>19,200,000</b>	
ADDITIONAL DEBT SERVICE EXPENSES			
DEBT SERVICE SALARIES		58,000	
DEBT SERVICE PAYROLL TAXES		4,500	
DEBT SERVICE BENEFITS		33,000	
DEBT SERVICE UTILITIES		11,000	
TAX COLLECTION CHARGES		70,000	
SWC CONTRACTOR DUES		75,000	
SWP LEGAL SERVICES		0	
U.S.G.S CONTRACT		0	
CONTRACT OPERATIONS AND MAINTENANCE		150,000	
SWP ENGINEERING - EBX1, EBX2		75,000	
<b>TOTAL ADDITIONAL EXPENSES</b>		<b>476,500</b>	
WATER TRANSFERS			
Ventura Water Transfer		1,500,000	
Casitas Water Transfer		750,000	
<b>TOTAL WATER TRANSFERS</b>		<b>2,250,000</b>	
<b>GRAND TOTAL DEBT SERVICE EXPENDITURES</b>		<b>21,926,500</b>	

<b>SAN GORGONIO PASS WATER AGENCY</b>			
<b>DEBT SERVICE EXPENSE REQUIREMENTS</b>			
<b>FOR THE FISCAL YEAR 2018-19</b>			
<b>DEBT SERVICE REVENUE</b>			
<b>ESTIMATED DWR REFUNDS + INTEREST</b>			
ESTIMATE OF BOND REFUNDS			2,928,993
DWR ~ ALLOCATION OF EARNED INTEREST 2018			49,000
<b>TOTAL ESTIMATE OF DWR REFUNDS + INTEREST</b>			<b>2,977,993</b>
SGPWA ALLOCATED EARNED INTEREST			415,000
<b>TOTAL REFUNDS + INTEREST</b>			<b>3,392,993</b>
<b>DEBT SERVICE TAX REVENUE</b>			
DEBT SERVICE INCOME FY 2017-18		23,011,258	
TAX REVENUE PER CENT OF TAX LEVY (Current Tax Rate: 18.25 Cents)		1,260,891	
Projection for FY 2018-19			
2.5% increase		31,522	
<b>ESTIMATED TAX REVENUE PER CENT OF TAX LEVY, FY 2018-19</b>		<b>1,292,413</b>	
<b>ESTIMATED REVENUE AT 18.25 CENTS</b>	<b>18.25</b>		<b>23,586,539</b>
<b>TAX REVENUE ESTIMATE</b>			<b>23,586,539</b>
<b>TOTAL ESTIMATED REVENUE (REFUNDS + TAX)</b>			<b>26,979,532</b>
<b>DEBT SERVICE EXPENDITURES COMBINED WITH REVENUE AT TAX RATE OF 18.25 CENTS</b>			<b>5,053,032</b>

## MEMORANDUM

---

**TO:** Board of Directors

**FROM:** General Manager

**RE:** Contracting for Auditing Services on Behalf of the State Water Contractors

**DATE:** August 6, 2018

### **Summary:**

Each year the State Water Contractors hire an auditing firm to perform audits of DWR (not the formal audit that we perform on our own books). EY has performed this work for several years in a row. The same firm has been selected to perform the work again this year. The Agency's share of this cost will range from \$5,315 to \$6,644, unless the Agency wishes EY to perform additional tasks at our request. This is slightly more than last year (about \$200 more). The purpose of this proposed Board action is to determine if the Board wishes to continue participating in this effort this year.

### **Background:**

As detailed in the attached letter, EY performs an auditing function but does not perform an actual audit on DWR. The purpose of this work is to ensure that DWR is making efficient use of the Contractors' funds and that Contractors are being billed the proper amount. The scope of work is described in detail in the attached memo from the Independent Audit Association and the EY contract. The cost of performing this work is shared by the Contractors based on Table A allocations, with the exception of the Metropolitan Water District of Southern California, which performs its own audit of DWR.

### **Detailed Report:**

The Contractors, through the Independent Audit Association, of which the Agency is a member, develop the scope of the audit annually. The scope of this year's audit is similar to last year's. The purpose of the audit is to determine if DWR's business practices are acceptable



and reasonable. This is not an audit in the traditional sense of ensuring that all funds are accounted for.

The auditing work is important for the Contractors so that we may be assured that DWR is using our funds efficiently and that funds paid to DWR from the Contractors do not end up in the state general fund.

The type of work included in the scope of work includes, but is not limited to, the following:

- Determine that all SOC amounts are internally consistent and agree with Bulletin 132-19 for five Contractors selected for testing.
- Recalculate the Delta Water Charge used in the SOC.
- Test the Hyatt-Thermolito credit to the Delta Water Charge.
- Examine all cost centers from SAP to determine which cost centers represent alpha cost centers.
- Determine how costs are being allocated among and recovered from Contractors.
- Obtain the rate management allocation schedule used for the 2019 SOC and review the allocation methodology for sample selected.

Last year, the Agency budgeted \$5,500 for this audit. Our actual costs were \$5,158.

**Fiscal Impact:**

This year (FY 18-19), the Agency has again budgeted \$5,500 for this work from the General Fund. Correspondence from EY indicates that actual costs will range from \$5,315 to \$6,644, but are likely to be on the lower end of this range. Because this is budgeted, there is no appreciable fiscal impact of approving this contract.

**Recommendation:**

Staff recommends that the Board approve contracting with EY to provide this work, and authorize the General Manager to sign the attached Statement of Work.



**MEMORANDUM**

Date: July 11, 2018  
To: Members of the Independent Audit Association (IAA)  
From: Craig Wallace, IAA Secretary  
Subject: Ernst and Young 2018/19 State Water Project Professional Services Contract –

Enclosed is the 2018/19 Statement of Work (SOW) which includes the State Water Project procedures to be performed in relation to the Department of Water Resources' (DWR) Statement of Charges.

The Exhibit B budget limit is only billed by Ernst and Young if additional work is reviewed and approved by the IAA and remains at \$50,000. Exhibit C allows individual IAA Members to request Ernst and Young to undertake additional services beyond those included in Exhibit A of the SOW.

The IAA team has reviewed Ernst and Young's proposed procedures and recommends that IAA Members approve and execute the 2018/19 SOW. If you have any questions, please contact me at (916) 407-7617 or [cwallace@kcwa.com](mailto:cwallace@kcwa.com).

Sincerely,

Craig Wallace  
Kern County Water Agency

CC: Joe Pirnik, EY



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June 29, 2018

Mr. Jeff Davis  
San Geronio Pass Water Agency  
1210 Beaumont Ave.  
Beaumont, California 92223

Dear Mr. Davis:

In coordination with the Independent Audit Association (IAA), we have developed the Statement of Work (SOW) for the 2018-2019 Procedures to be performed related to the 2019 Statement of Charges. This SOW is pursuant to the Master Services Agreement (MSA) by and between EY and San Geronio Pass Water Agency dated May 31, 2017, which describes the annual approval process of each SOW performed under the MSA.

Enclosed are two copies of our SOW, one for your records and another to be signed and returned to EY in the self-addressed, stamped return envelope provided. We have also enclosed your copy of the support letter from Craig Wallace, IAA Secretary, recommending the approval of the SOW by San Geronio Pass Water Agency.

If you have any questions about the enclosed SOW, please feel free to call me at (916) 218-1960.

Very truly yours,

Joe Pirnik  
Executive Director

Enclosures



Ernst & Young LLP  
Sacramento Office  
Suite 300  
2901 Douglas Boulevard  
Roseville, CA 95661

Tel: +1 916 218 1900  
Fax: +1 916 218 1999  
ey.com

## Statement of Work

This Statement of Work with the attached Exhibits, dated June 29, 2018 (this SOW) is made by Ernst & Young LLP (“we” or “EY”) and San Geronio Pass Water Agency on behalf of itself (“you” or “Client”), pursuant to the Master Services Agreement, dated May 31, 2017 (MSA), between EY and San Geronio Pass Water Agency (the Agency).

The additional terms and conditions of this SOW shall apply only to the Services covered by this SOW and not to Services covered by any other SOW pursuant to the MSA. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings defined in the MSA, including references in the Agreement to “you” or “Client” shall be deemed references to you.

### Scope of services

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the MSA. This SOW sets forth the terms and conditions on which EY will perform certain professional services as described in Exhibit A (the Services) for Agency, a member of the State Water Contractors (the “Contractors” or “SWC”) Independent Audit Association (IAA), for the twelve months ending June 30, 2019.

Any changes to the above scope of work will be agreed upon in writing and signed by both parties and will amend this original SOW.

The Services are advisory in nature and will not constitute an audit performed in accordance with Generally Accepted Accounting Principles. EY will perform the Services in accordance with the Statement of Standards for Consulting Services (CS100) of the American Institute for Certified Public Accountants (AICPA). As part of your review of the terms of this Agreement, please refer to the enclosed letter from Mr. Craig Wallace of the IAA Audit Contract Negotiating Committee.

### Your specific obligations

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws (Securities Laws) are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the MSA, as well as your management responsibilities under paragraph 6, your obligations under paragraphs 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.



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### **Specific additional terms and conditions**

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts.

Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Where our written consent under the MSA is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a letter substantially in the form of Exhibit D to this SOW. To the extent the Agency is permitted to disclose any written Report as set forth herein, it shall disclose such Report only in the original, complete and unaltered form provided by EY, with all restrictive legends and other agreements intact.

Unless prohibited by applicable law, we may provide Client Information to other EY firms, EY Persons and external third parties, who may collect, use, transfer, store or otherwise process such information in various jurisdictions in which they operate in order to provide support services to any EY Firm and/or assist in the performance of the Services.

After the Services under this SOW have been completed, we may disclose or present to prospective clients, or otherwise in our marketing materials, that we have performed the Services for you, and we may use your name solely for that purpose, in accordance with applicable professional obligations. In addition, we may use your name, trademark, service mark and logo as reasonably necessary to perform the Services and in correspondence, including proposals, from us to you.

You shall not, while we are performing the Services hereunder and for a period of 12 months after they are completed, solicit for employment, or hire, any EY personnel involved in the performance of the Services, provided, that you may generally advertise available positions and hire EY personnel who either respond to such advertisements or who come to you on their own initiative without direct or indirect encouragement from you.

The Agency shall, among other responsibilities with respect to the Services, (i) make all management decisions and perform all management functions, including applying independent business judgment to EY work products, making implementation decisions and determining further courses of action in connection with any Services; (ii) assign a competent employee within senior management to make all management decisions with respect to the Services, oversee the Services and evaluate their adequacy and results; and



(iii) accept responsibility for the implementation of the results or recommendations contained in the Reports or otherwise in connection with the Services. The Agency hereby confirms that management of the Agency accepts responsibility for the sufficiency of the Services. In performing the Services neither EY nor EY's partners or employees will act as an employee of the Agency.

The Agency represents and warrants to EY that the Agency's execution and delivery of this Agreement has been authorized by all requisite corporate or other applicable entity action and the person signing this Agreement is expressly authorized to execute it on behalf of, and to bind, the Agency.

The performance of the Services and the parties' obligations in connection therewith are subject to the additional terms and conditions set forth in the MSA.

It is understood that the Agency is not bound by our findings in any controversy or disagreement between the Agency and the Department of Water Resources (the "Department") should the Agency disagree with our findings.

We would also request that, if any IAA member discovers discrepancies in billings or other financial statements relative to their State Water Project costs, in addition to your working with the Department to correct the error, please notify EY for potential future inclusion as part of their procedures related to all IAA members.

### **Fees and billing**

The General Terms and Conditions of the Agreement address our fees and expenses generally.

The total fees for these Services to be rendered to the Agency, as well as an allocation of the total fees for each member agency of the IAA, appear in Exhibits A and B attached (no procedures or fees have been allocated to Exhibit B in this contract). Our total fees pursuant to Exhibit A to be charged to all members of the IAA entering into agreements with us shall not exceed \$509,000 for the twelve months ending June 30, 2019. This agreement will not be effective unless, in addition to the Agency, a sufficient number of other IAA agencies enter into agreements with us for such Services whose combined allocated fee would represent not less than 80% of \$509,000 based on the 100% participation fee allocation (see column 2 at A-4). If all agencies who are presently participating in the Services rendered by our firm enter into agreements with us for this twelve-month period, the maximum fees for our Services to your Agency will not exceed \$5,315 for Exhibit A. However, if not all of the participating agencies enter into agreements with us for services during the twelve-month period ending June 30, 2019, the maximum fees to your Agency will vary between the above-mentioned amount and \$6,644, which represents the maximum fees should sufficient agencies enter into agreements with us with a combined allocated fee of not less than 80%, as stated above.

In addition to the maximum fees under Exhibit A, maximum fees under Exhibit B shall not exceed a total of \$50,000 or \$522 for the Agency unless agreed to by the IAA. As noted above, no procedures have been allocated to Exhibit B. Prior to any expenditures under Exhibit B, said work must be specifically requested in writing in advance of any work being performed. Areas of potential focus for Exhibit B projects could



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include procedures agreed to by EY and the IAA in advance related to one or more of the items identified in Exhibit A. In prior years Exhibit B special projects have included projects such as assessing implementation and billing issues relating to the new SAP-based Cost Allocation and Repayment Analysis System (CARA), and studies to evaluate a pay-as-you-go system for funding conservation related operating costs incurred by the Department.

We have also included Exhibit C as part of this contract, which provides the opportunity for individual Contractors to enter into separate agreements for additional services with EY. There are currently no fees related to Exhibit C included herein.

The results of our procedures will include a presentation of our findings, observations and recommendations to be held in Sacramento, California for any interested Contractors. Any presentations requested at individual Contractor locations will be negotiated with the individual Contractor under Exhibit C and will be paid for by that Contractor.

Invoices for time and expenses will be billed monthly and are due upon receipt.



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In witness whereof, the parties have executed this SOW as of the date set forth above.

**San Geronio Pass Water Agency**

**Ernst & Young, LLP**

**Representative**

**Representative**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Printed Name**

Joe Pirnik

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Title**

Authorized Signatory

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Address**

Ernst & Young LLP  
Suite 300  
2901 Douglas Boulevard  
Roseville, CA 95661

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Date**

June 29, 2018

\_\_\_\_\_  
**Date**





**EXHIBIT A**

**I. SCOPE OF ENGAGEMENT**

A-1 EY will work with the IAA, the SWC Audit/Finance Committee, and any subcommittees thereof, and the Department during the twelve months ending June 30, 2019 relating to matters currently being discussed between the SWC and the Department.

EY's Services to be rendered as described in this Exhibit shall be determined by the IAA at its discretion. These Services shall include:

1. Completion of the 2018/2019 procedures as outlined further below
2. Participation in all meetings of the SWC Audit/Finance Committee, which is a basic forum for communications between the State Water Project Contractors and the Department's staff on financial and accounting matters.
3. Cooperation with any subcommittees of the IAA assigned to study and resolve specific problem areas, such as the dispute resolution work group.
4. Review of reports and other documents prepared by the Department and disseminated at these meetings.
5. Provide an annual report setting forth the findings, comments, and recommendations related to our Services.

**Report definitions**

The assessment of risk of future occurrence, included in the findings summary tables in the report, provides the IAA with a meaningful measurement of the likelihood of similar findings in subsequent years if this issue is not addressed by the appropriate parties. This assessment of risk of future occurrence is based on knowledge obtained during discussions with the Department personnel and performance of procedures under this Exhibit A. Below are the definitions used in the report of findings and recommendations for the twelve months ending June 30, 2019 and we concur with these definitions.

Risk of Future Occurrence:

- A. High – it is highly likely (or probable) that the error or process failure will be repeated
- B. Medium – it is more likely than not that the error or process failure will be repeated
- C. Low – it is possible that the error or process failure will be repeated

During the twelve months ending June 30, 2019, the Services will include the following procedures.

## 2018/2019 Procedures

The procedures for the fiscal year ended June 30, 2019 were designed using estimated budgeted hours of 3,000. We will perform all procedures included in items 1-6 below. We will perform the procedures in items 7-8 if time permits. As a part of these procedures, we will regularly meet with the IAA to discuss the progress under this engagement. We will also submit the Report to each agency setting forth the findings, observations, and recommendations related to our Services..

The following items represent the risks, risk factors, and procedures requested and determined by the IAA for the Contractors to be performed for the 2019 Statement of Charges (SOC) engagement:

### Primary Procedures (Items 1-6)

#### 1. Statement of Charges Testing

*Risk:*

- Incorrect amounts billed to Contractors for each component by the Department.

*Risk Factors:*

- Manual adjustments made to SAP data to arrive at amounts billed. Manual processes create opportunities for errors.
- High importance of accurate Contractor bills.
- Actual costs reported in the bills can be misstated.

*Areas of Focus:*

- Determine that all SOC amounts are internally consistent and agree to the Bulletin 132-18 for five Contractors selected for testing (to be provided by the IAA).
- Agree the debt service amounts in the SOC Attachments to the appropriate debt service schedule.
- Comparison of the current year SOC Attachments to the prior year SOC Attachments.
- Assessment of manual adjustments.
- Assess the actual costs charged to various areas of the project.
- Assess the factors for distributing reach capital and minimum costs among the Contractors.

## 2. System Power Costs – Variable Transportation

*Risk:*

- Incorrect Contractor charged and/or incorrect allocation of costs between Contractors.

*Risk Factors:*

- Calculation of the allocation factors is a manual process. Manual processes create opportunities for errors.
- Estimated Table 2 projected costs (invoicing rate) may not reflect actual costs incurred.
- Potential for high dollar impact (\$250 million net system power costs in 2016).

*Areas of Focus:*

- Vouch power costs and power revenues from SAP greater than \$500 thousand and assess the classification of costs.
- Reconcile the 2017 Preliminary Allocation of Power Costs (PALPOC) to UCABS (SAP). Recalculate appropriate inputs to the 2017 PALPOC (e.g., Value of Recovery Generation credits, direct-to-plant transmission, etc.).
- Recalculate the 2017 calendar year power allocation factors used in UCABS (SAP) to allocate net power costs.
- Recalculate the billed amounts for the transportation variable cost component for 2017 for the five Contractors selected (to be provided by the IAA).

### 3. Delta Water Charge

*Risk:*

- Incorrect amounts charged to Contractors for conservation based on actual and estimated costs.

*Risk Factors:*

- Calculation of Delta Water Charge is a manual process.
- New rate reduction measures and elimination of future estimates beyond 2022 create opportunities for errors.
- Potential for high dollar impact (\$298 million in Delta Water Charges in 2016).

*Areas of Focus:*

- Recalculate the Delta Water Charge used in the SOC.
- For prior year actual costs included in the calculation, compare costs in SAP to the Department's calculation and investigate variances over \$100 thousand.
- Obtain an understanding of future estimates included in the calculation and perform appropriate procedures to assess such estimates.
- Test the Hyatt-Thermalito credit to the Delta Water Charge.

#### 4. Alpha Allocation Cycles

*Risk:*

- Incorrect Contractor charged and/or incorrect allocation of costs between Contractors.

*Risk Factors:*

- The F-series and SAA/SAE alpha allocation cycles update performed on an annual basis is a manual process. Manual processes create opportunities for errors.
- New alpha allocation cycles are created each year.
- Potential for high dollar impact (\$263 million allocated by alpha allocation cycles in 2016).

*Areas of Focus:*

- Examine all cost centers from SAP to determine which cost centers represent alpha cost centers.
- Select alpha cost centers with the largest total annual costs.
- Review costs being posted to selected alpha cost centers based on activities charged to the alpha cost center through examination of invoices posted and discussions with the project managers, as necessary.
- Review the current year alpha standardization activity performed by the Department.
- Review the current year alpha update performed by the Department.
- Review the F-series and S-series updates performed by the Department.

## 5. New and Changed Master Data

*Risk:*

- Incorrect allocation of costs (based on functional area selected).
- Incorrect recovery of costs (recovery determines SOC component).
- Incorrect funding source is used (capital fund versus operating funds).

*Risk Factors:*

- New paperless process of setting up master data creates opportunities for errors.
- Potential impact (initial setup of master data determines posting of costs in future periods).
- Project Managers' possible lack of understanding of allocation cycle when allocating costs.

*Areas of Focus:*

- Use SAP to determine functional areas created and changed in the current year.
- Determine how costs are being allocated among and recovered from Contractors.
- Based on activities being performed and the analysis of costs posted to Internal Orders or Work Breakdown Structures, assess functional area, recovery, and funding.

## 6. Rate Management Calculation Including Revenue and Cost Data

### *Risk:*

- Rate Management Credits are improperly allocated among the Contractors.
- Rate Management Credits are improperly calculated based on the revenue and expenditure data in the funds available for rate management credits statement prepared by the Department.

### *Risk Factors:*

- Calculation of Rate Management Credits is a manual process.
- Lack of review and approval process for the Rate Management Credit calculation.
- Outdated information used to calculate credits due to the Contractors.

### *Areas of Focus:*

- Obtain the rate management allocation schedule used for the 2019 SOC and review the allocation methodology for sample selected.
- Obtain the most recent funds available data schedule for the rate management credits and assess a sample of the largest balances.
- Compare the figures selected to the future forecasts, and investigate any significant differences.
- Perform a review of revenues including systems revenue and 51e (amount in excess of Rate Management Credits).
- Perform a review of revenues and related cash funds.



Other Procedures (Items 7-8)

These procedures will only be performed as time permits after completion of items 1-6 above and consideration of the estimated 3,000 hour time budget.

**7. Conservation and Transportation Future Estimates**

*Risk:*

- Incorrect amounts charged to Contractors for conservation and transportation costs based on estimates.

*Risk Factors:*

- Budgeted amounts reflected in the future estimates may differ materially from actual charges.
- Calculation is a manual process. Manual processes create opportunities for errors.
- Questionable budgeting process.

*Areas of Focus:*

- Gain an understanding from the Department of the process for calculating the future estimates.
- Obtain support for the future estimates and reconcile support to the SOC.
- Recalculate the component using the future estimates.
- Assess the future estimates by agreeing the estimates to supporting schedules, budgets, etc.
- Obtain support for any extraordinary projects included in the future estimates.

**8. Debt Service Procedures**

*Risk:*

- Incorrect bond debt service charged to the Contractors.

*Risk Factors:*

- Water System Revenue Bond Surcharge calculation is a manual process. Manual processes create opportunities for errors.
- Cost/debt reconciliation project ongoing adjustments to the calculation creates opportunities for errors.
- Water System Revenue Bond Surcharge currently does not reflect the results of the cost/debt reconciliation project.

*Areas of Focus:*

- Reconcile any new bond offerings to the debt service schedules.
- Assess changes made to the cost/debt reconciliation project from previous versions.

**II. FEES FOR EY SERVICES**

- A-2. Total fees for Exhibit A services performed by EY will not exceed \$509,000, including reasonable and necessary out-of-pocket expenses, which represent an estimated 3,000 hours to be incurred.

**III. ALLOCATION OF FEES**

- A-3. The maximum aggregate fee set forth in paragraph A-2 shall be apportioned among the agencies named in paragraph A-4 based on a basis consistent with prior years.

**IV. MAXIMUM AGGREGATE FEE FOR EACH AGENCY**

A-4. The portion of the maximum aggregate fee set forth in paragraph A-2 applicable to each agency in conformity with the methodology set forth in paragraph A-3 is shown below:

<u>Agency</u>	<u>Maximum fee for each agency, provided all agencies listed below enter into agreements with EY</u>	<u>Maximum fee for each agency, provided 80% of agencies listed below enter into agreements with EY</u>	<u>Percent of total</u>
Alameda County Flood Control and Water Conservation District, Zone No. 7	\$ 24,767	\$ 30,959	4.9%
Alameda County Water District	12,902	16,127	2.5
Antelope Valley-East Kern Water Agency	44,496	55,620	8.7
Casitas Municipal Water District	6,143	7,679	1.2
Castaic Lake Water Agency	29,245	36,556	5.7
Central Coast Water Authority	13,974	17,467	2.7
City of Yuba City	2,949	3,686	0.6
Coachella Valley Water District	42,502	53,127	8.4
County of Kings	2,859	3,574	0.6
Crestline-Lake Arrowhead Water Agency	1,782	2,228	0.4
Desert Water Agency	17,127	21,409	3.4
Dudley Ridge Water District	13,932	17,415	2.7
Empire West Side Irrigation District	922	1,153	0.2
Kern County Water Agency	127,250	159,062	25.0
Littlerock Creek Irrigation District	707	884	0.1
Mojave Water Agency	26,358	32,947	5.2
Napa County Flood Control and Water Conservation District	8,917	11,146	1.8
Palmdale Water District	6,543	8,179	1.3
San Bernardino Valley Municipal Water District	31,519	39,399	6.2
San Gabriel Valley Municipal Water District	8,848	11,060	1.7
San Gorgonio Pass Water Agency	5,315	6,644	1.0
San Luis Obispo County Flood Control and Water Conservation District	7,680	9,600	1.5
Santa Clara Valley Water District	30,720	38,400	6.0
Solano County Water Agency	14,671	18,339	2.9
Tulare Lake Basin Water Storage District	<u>26,872</u>	33,590	<u>5.3</u>
Total	<u>\$ 509,000</u>		<u>100.0%</u>

**V. PAYMENT SCHEDULE**

This is the payment schedule for the Agency.

<u>August 10, 2018 Billing</u>	<u>September 10, 2018 Billing</u>	<u>October 10, 2018 Billing</u>	<u>November 12, 2018 Billing</u>	<u>December 10, 2018 Billing</u>	<u>Total Billing</u>
\$1,594	\$1,063	\$1,063	\$1,063	\$532	\$5,315

**EXHIBIT B**

**I. OTHER CONSULTING SERVICES**

EY shall, during the twelve months ending June 30, 2019, perform other services if requested by the IAA. No such work shall be performed unless specifically authorized by the IAA in writing. Areas of potential focus for Exhibit B projects could include in depth procedures agreed to by EY and the IAA in advance related to one or more of the items identified in Exhibit A.

Total fees for such other consulting services shall 1) be agreed to prior to commencement of work, 2) be allocated among the agencies based on the same procedures included in the Exhibit A allocation, and 3) shall not exceed \$50,000, which represents an estimated 295 hours to be incurred, unless agreed to by the IAA, for the year ended June 30, 2019. Any part of the \$50,000 which is unused shall not be billed.

<u>Agency</u>	<u>Maximum fee for each agency, provided all agencies listed below enter into agreements with EY</u>	<u>Percent of total</u>
Alameda County Flood Control and Water Conservation District, Zone No.7	\$ 2,433	4.9%
Alameda County Water District	1,267	2.5
Antelope Valley-East Kern Water Agency	4,371	8.7
Casitas Municipal Water District	604	1.2
Castaic Lake Water Agency	2,873	5.7
Central Coast Water Authority	1,373	2.7
City of Yuba City	290	0.6
Coachella Valley Water District	4,175	8.4
County of Kings	281	0.6
Crestline-Lake Arrowhead Water Agency	175	0.4
Desert Water Agency	1,681	3.4
Dudley Ridge Water District	1,369	2.7
Empire West Side Irrigation District	91	0.2
Kern County Water Agency	12,500	25.0
Littlerock Creek Irrigation District	69	0.1
Mojave Water Agency	2,589	5.2
Napa County Flood Control and Water Conservation District	876	1.8
Palmdale Water District	643	1.3
San Bernardino Valley Municipal Water District	3,096	6.2
San Gabriel Valley Municipal Water District	869	1.7
San Geronio Pass Water Agency	522	1.0
San Luis Obispo County Flood Control and Water Conservation District	754	1.5
Santa Clara Valley Water District	3,018	6.0
Solano County Water Agency	1,441	2.9
Tulare Lake Basin Water Storage District	<u>2,640</u>	<u>5.3</u>
<b>Total</b>	<b><u>\$ 50,000</u></b>	<b><u>100%</u></b>

**EXHIBIT C**

**I. INDIVIDUAL CONTRACTOR AGREEMENTS**

EY may, during the twelve months ending June 30, 2019, perform other consulting services as requested by individual Contractors. These services will be performed and billed separately from the services outlined in Exhibits A and B.

The terms and conditions of any procedures performed under Exhibit C, including payment terms, will be outlined in a separate Statement of Work (SOW). These services, which will be agreed to by EY and the requesting Contractor in advance, will be documented in the example SOW attached to herein as Exhibit C-1. An Exhibit C-1 statement of work will be made available to any Contractor upon request. All other provisions of the Contractor's signed contract with EY for the twelve months ending June 30, 2019 will continue to be in effect.

Total fees for such other consulting services shall be agreed to with the individual Contractor prior to commencement of work. The fees for services provided under Exhibit C will be outside of those referenced in Exhibits A and B, and will be paid for directly by the requesting Contractor.

## EXHIBIT C-1

### Statement of Work

This Statement of Work with the attached Exhibit, dated June 29, 2018 (this SOW) is made by Ernst & Young LLP (“we” or “EY”) and San Gorgonio Pass Water Agency on behalf of itself (“you” or “Client”), pursuant to the Agreement, dated June 29, 2018 (the Agreement), between EY and San Gorgonio Pass Water Agency (the Agency).

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Master Services Agreement (MSA) by and between EY and the Agency dated May 31, 2017. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings defined in the MSA, including references in the Agreement to “you” or “Client” shall be deemed references to you.

#### Scope of services

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. This SOW sets forth the terms and conditions on which EY will perform certain professional services as described [INSERT DEFINITION OF SERVICES] (the Services) for Agency, a member of the State Water Contractors Independent Audit Association (IAA), for the twelve months ending June 30, 2019.

Any changes to the above scope of work will be agreed upon in writing and signed by both parties and will amend this original SOW.

The Services are advisory in nature and will not constitute an audit performed in accordance with Generally Accepted Accounting Principles. EY will perform the Services in accordance with the Statement of Standards for Consulting Services (CS100) of the American Institute for Certified Public Accountants (AICPA).

### **Your specific obligations**

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws (Securities Laws) are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the MSA, as well as your management responsibilities under paragraph 6, your obligations under paragraphs 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.

### **Specific additional terms and conditions**

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts.

Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Where our written consent under the MSA is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a letter substantially in the form of Exhibit D to the Agreement. To the extent the Agency is permitted to disclose any written Report as set forth herein, it shall disclose such Report only in the original, complete and unaltered form provided by EY, with all restrictive legends and other agreements intact.

Unless prohibited by applicable law, we may provide Client Information to other EY firms, EY Persons and external third parties, who may collect, use, transfer, store or otherwise process such information in various jurisdictions in which they operate in order to provide support services to any EY Firm and/or assist in the performance of the Services.



After the Services under this SOW have been completed, we may disclose or present to prospective clients, or otherwise in our marketing materials, that we have performed the Services for you, and we may use your name solely for that purpose, in accordance with applicable professional obligations. In addition, we may use your name, trademark, service mark and logo as reasonably necessary to perform the Services and in correspondence, including proposals, from us to you.

You shall not, while we are performing the Services hereunder and for a period of 12 months after they are completed, solicit for employment, or hire, any EY personnel involved in the performance of the Services, provided, that you may generally advertise available positions and hire EY personnel who either respond to such advertisements or who come to you on their own initiative without direct or indirect encouragement from you.

The Agency shall, among other responsibilities with respect to the Services, (i) make all management decisions and perform all management functions, including applying independent business judgment to EY work products, making implementation decisions and determining further courses of action in connection with any Services; (ii) assign a competent employee within senior management to make all management decisions with respect to the Services, oversee the Services and evaluate their adequacy and results; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Reports or otherwise in connection with the Services. The Agency hereby confirms that management of the Agency accepts responsibility for the sufficiency of the Services. In performing the Services neither EY nor EY's partners or employees will act as an employee of the Agency.

The Agency represents and warrants to EY that the Agency's execution and delivery of this Agreement has been authorized by all requisite corporate or other applicable entity action and the person signing this Agreement is expressly authorized to execute it on behalf of, and to bind, the Agency.

The performance of the Services and the parties' obligations in connection therewith are subject to the additional terms and conditions set forth in the MSA.

It is understood that the Agency is not bound by our findings in any controversy or disagreement between the Agency and the Department of Water Resources should the Agency disagree with our findings.

We would also request that, if any IAA member discovers discrepancies in billings or other financial statements relative to their State Water Project costs, in addition to your working with the Department to correct the error, please notify EY for potential future inclusion as part of their procedures related to all IAA members.

**Project deliverables**

The matrix below lists the specific deliverables and related timelines that EY will provide to **(insert Contractor)**.

Deliverable	Timeline	Comments

**Additional responsibilities**

EY will provide **(insert Contractor)** with a timeline/schedule related to all project deliverables prior to the start of work on the project.

EY will notify **(insert Contractor)** in writing of any incremental changes to the original project estimate.

Production of all elements described in the “Project deliverables” section of this SOW is to be included in the cost breakdown under the “Pricing and payment terms” section below, agreed upon by **(insert Contractor)** and EY for this project.

**Fees and billing**

Below is a summary of the current cost estimates for this SOW. Due to the complexities and variable nature of this project, actual costs could vary from these estimates. In the event costs are expected to exceed the estimate, EY will contact **(insert Contractor)** before performing any additional work.

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Out-of-pocket expenses incurred during this contract are not included in the above SOW estimated cost. Expenses include such items as travel, meals, accommodations, and other administrative expenses based on actual amounts incurred.

Invoices for time and expenses will be billed monthly and are due upon receipt.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the day and year written below.

**San Gorgonio Pass Water Agency**

**Ernst & Young, LLP**

**Representative**

**Representative**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Printed Name**

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**Date**

\_\_\_\_\_  
**Date**

**EXHIBIT D**

**FORM OF ACCESS LETTER**

[Letterhead of EY]

[Addressee (e.g., third party seeking access to EY Report)]  
[Street Address]  
[City, State Zip]

[Month XX, 20XX]

Dear [ ]:

[Client] (the "Client") has informed Ernst & Young LLP ("EY") that it wishes to disclose to [party seeking access] (the "Recipient") EY's [describe report(s)], dated [ ], relating to [describe subject] (the "Report(s)"). EY has not placed any limitations on the Client's ability to disclose any contents of the Report relating to the tax aspects or structure of any transaction proposed by the Client.

EY performed Services only for the Client. EY did not undertake the Services on behalf of, or to serve the needs of, the Recipient or any other third party. As part of such services, EY did not audit the Client's financial statements, subsequent to the date(s) of the Report(s).

EY prepared the Report(s) solely for the Client. The Report(s) address[ es] only the issues identified by the Client, and [ is/are] based solely on information obtained by EY using the procedures specified by the Client or otherwise provided by or on behalf of the Client. The Report(s) [ is/are] subject to many limitations and [ do/does] not provide any form of assurance with respect to any of the information referred to therein. The Recipient understands and accepts the scope and limitations of the Report(s).

Except (1) where compelled by legal process (of which the Recipient will immediately notify EY and tender to EY, if it so elects, the defense thereof), (2) with respect to any contents of the Report relating to the tax treatment and tax structure of the proposed transaction (including any facts that may be relevant to understanding the proposed tax treatment of the proposed transaction), or (3) with EY's prior written consent, the Recipient will not, circulate, quote, disclose or distribute any of the Report(s) or any information contained therein, or any summary or abstract thereof, or make any reference thereto or to EY, to anyone other than the Recipient's directors, officers or employees or legal advisors who, in each case, need to know its contents in order to \_\_\_\_\_, and who have agreed to be bound by the terms and conditions of this agreement to the same extent as the Recipient.

The Recipient further agrees that it will not, and will not permit others to, quote or refer to the Report, any portion, summary or abstract thereof, or to EY, in any document filed or distributed in connection with (a) a purchase or sale of securities to which the United States or state securities laws (“Securities Laws”) are applicable or (b) periodic reporting obligations under Securities Laws. The Recipient will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

In further consideration of EY allowing the Recipient access to the Report(s) and the information contained therein, the Recipient agrees that:

1. It does not acquire any rights against EY, and EY does not assume any duties or obligations to the Recipient or otherwise, as a result of such access.
2. It will not rely on the Report(s) or any portion thereof and will make no claim that it has done so.
3. It will make no claim against EY, its partners, employees or affiliates, or other members of the global Ernst & Young network (collectively, the “EY Parties” that relates in any way to the Report(s), any information contained therein, or the Recipient’s access to the Report(s).
4. To the fullest extent permitted by applicable law, it will indemnify, defend and hold harmless the EY Parties from and against any claim or expense, including reasonable attorneys’ fees, suffered or incurred by any EY Party relating to any breach by the Recipient of any of its representations or agreements contained herein or the use or disclosure of the Report(s) or any portion thereof by anyone who received it directly or indirectly from or at the request of the Recipient.

Very truly yours,

Ernst & Young LLP

Accepted by:

[Addressee]

By: \_\_\_\_\_

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Consulting Contracts with Engineering Resources of Southern California for Fiesta Recharge Post Design and Noble Enlargement

**DATE:** August 6, 2018

### **Summary:**

The engineer responsible for the Fiesta project post design work and the Noble connection enlargement has switched firms. The purpose of this proposed Board action is to enable him to continue his work at approximately the same cost, but for another firm.

### **Background:**

Erik Howard has been involved in the Fiesta project, most importantly the Mountain View connection part, for over ten years. He also design the existing Noble connection. In addition to being responsible for the Mountain View design, he also serves the Agency as an extension of staff in construction related issues related to the recharge ponds. He has much expertise in designing all manner of public works, in dealing with contractors, and in working with DWR staff. The Agency has contracted with him through a number of different consulting firms, maintaining his expertise and institutional knowledge throughout. He has recently changed firms again, and the Agency must contract for his services through his new firm, Engineering Resources of Southern California in San Bernardino (ERSC).

### **Detailed Report:**

The Agency previously had two agreements with Armstrong and Brooks engineers for Mr. Howard's services—one for Fiesta and one for the Noble enlargement. The purpose of the two proposed Board action items is to sign two new agreements with ERSC to continue

his services. No further payments will be made to Armstrong and Brooks except for services already rendered.

The contract template in the agenda package is the BB&K standard consulting agreement. Mr. Howard has agreed to use this instead of the standard ERSC contract for both projects. The scope of work is the same as for his previous work. The contracts are on a time and materials basis, meaning that the Agency will only pay for work rendered.

There may be some overlap in the scope of work for the previous contracts and the new ones; there will be no penalty to the Agency because of the time and materials basis of the contracts.

The scope of work included in these contracts is already in the budget for this fiscal year. The work is the same as it otherwise would have been; only the firm is different. Subconsultants previously working for Mr. Howard at Armstrong and Brooks will continue working for him.

**Fiscal Impact:**

Because this work is budgeted, there will be no fiscal impact.

**Recommendation:**

Staff recommends that the Board approve two consulting agreements with ERSC, using the Best Best & Krieger agreement template and including the two scopes of work included in the agenda package, and authorize the General Manager to sign both agreements.

**SAN GORGONIO PASS WATER AGENCY  
PROFESSIONAL SERVICES AGREEMENT**

This Agreement is made and entered into as \_\_\_\_\_, 20\_\_\_\_ by and between the San Gorgonio Pass Water Agency with its principal place of business at 1210 Beaumont Avenue, Beaumont, California ("Agency"), and [\*\*\*INSERT NAME\*\*\*], a [\*\*\*INSERT TYPE OF ENTITY - CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY\*\*\*] with its principal place of business at [\*\*\*INSERT ADDRESS\*\*\*] (hereinafter referred to as "Consultant"). Agency and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

**RECITALS**

A. Agency is a public agency of the State of California and is in need of professional services for the following project:

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(hereinafter referred to as "the Project").

B. Consultant is duly licensed and has the necessary qualifications to provide such services.

C. The Parties desire by this Agreement to establish the terms for Agency to retain Consultant to provide the services described herein.

**AGREEMENT**

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

1. Services.

Consultant shall provide the Agency with the services described in the Scope of Services attached hereto as Exhibit "A." **[Alternatively, Scope of Services can be included here and all subsequent exhibits renumbered accordingly.]**

2. Compensation.

a. Subject to paragraph 2(b) below, the Agency shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit "B." **[Alternatively, Schedule of Charges may be included here and all subsequent exhibits renumbered accordingly.]**

b. In no event shall the total amount paid for services rendered by Consultant under this Agreement exceed the sum of \$\_\_\_\_\_ **[Insert amount of compensation]**. This amount is to cover all printing and related costs, and the Agency will not pay any additional fees for printing expenses. Periodic payments shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly billing basis.

3. Additional Work.

If changes in the work seem merited by Consultant or the Agency, and informal



consultations with the other party indicate that a change is warranted, it shall be processed in the following manner: a letter outlining the changes shall be forwarded to the Agency by Consultant with a statement of estimated changes in fee or time schedule. An amendment to this Agreement shall be prepared by the Agency and executed by both Parties before performance of such services, or the Agency will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under the contract for inspection by Agency.

5. Time of Performance.

Consultant shall perform its services in a prompt and timely manner and shall commence performance upon receipt of written notice from the Agency to proceed ("Notice to Proceed"). Consultant shall complete the services required hereunder within **[Insert number of calendar days for performance of the services – if more detail is required attach "Activity Schedule" as Exhibit C and renumber all subsequent exhibits accordingly.]** The Notice to Proceed shall set forth the date of commencement of work.

6. Delays in Performance.

c. Neither Agency nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

d. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government, including Cal/OSHA requirements.

b. If required, Consultant shall assist the Agency, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies.

c. If applicable, Consultant is responsible for all costs of clean up and/ or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

8. Standard of Care

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the Agency, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Nothing contained herein shall prevent Consultant from employing independent associates, and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Consultant

Consultant is retained as an independent contractor and is not an employee of Agency. No employee or agent of Consultant shall become an employee of Agency. The work to be performed shall be in accordance with the work described in this Agreement, subject to such directions and amendments from Agency as herein provided.

11. Insurance. Consultant shall not commence work for the Agency until it has provided evidence satisfactory to the Agency it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

a. Additional Insured

The Agency, its officials, officers, employees, agents, and volunteers shall be named as additional insureds on Consultant's and its subconsultants' policies of commercial general liability and automobile liability insurance using the endorsements and forms specified herein or exact equivalents.

b. Commercial General Liability

(i) The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the Agency.

(ii) Coverage for Commercial General Liability insurance shall be at least as broad as the following:

(1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

(iii) Commercial General Liability Insurance must include coverage for the following:

- (1) Bodily Injury and Property Damage
- (2) Personal Injury/Advertising Injury
- (3) Premises/Operations Liability
- (4) Products/Completed Operations Liability
- (5) Aggregate Limits that Apply per Project
- (6) Explosion, Collapse and Underground (UCX) exclusion deleted
- (7) Contractual Liability with respect to this Contract
- (8) Broad Form Property Damage
- (9) Independent Consultants Coverage

(iv) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.

(v) The policy shall give Agency, its officers, employees, agents and Agency designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(vi) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the Agency, and provided that such deductibles shall not apply to the Agency as an additional insured.

c. Automobile Liability

(i) At all times during the performance of the work under this Agreement, the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the Agency.

(ii) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

(iii) The policy shall give Agency, its officers, employees, agents and Agency designated volunteers additional insured status.

(iv) Subject to written approval by the Agency, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the Agency as an additional insured, but not a self-insured retention.

d. Workers' Compensation/Employer's Liability

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) To the extent Consultant has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement,

the Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period required by this Agreement, workers' compensation coverage of the same type and limits as specified in this section.

e. Professional Liability (Errors and Omissions)

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the Agency and in an amount indicated herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

f. Minimum Policy Limits Required

(i) The following insurance limits are required for the Agreement:

Combined Single Limit

Commercial General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim and aggregate (errors and omissions)

(ii) Defense costs shall be payable in addition to the limits.

(iii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

g. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with the Agency evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be

signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

h. Policy Provisions Required

(i) Consultant shall provide the Agency at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the Agency at least ten (10) days prior to the effective date of cancellation or expiration.

(ii) The Commercial General Liability Policy and Automobile Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by the Agency or any named insureds shall not be called upon to contribute to any loss.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to provide waiver of subrogation in favor of the Agency, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against Agency, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(v) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant's indemnification obligations to the Agency and shall not preclude the Agency from taking such other actions available to the Agency under other provisions of the Agreement or law.

i. Qualifying Insurers

(i) All policies required shall be issued by acceptable insurance companies, as determined by the Agency, which satisfy the following minimum requirements:

(1) Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance

through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

j. Additional Insurance Provisions

(i) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the Agency, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(ii) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, Agency has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Agency will be promptly reimbursed by Consultant or Agency will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Agency may cancel this Agreement.

(iv) The Agency may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(v) Neither the Agency nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

k. Subconsultant Insurance Requirements. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the Agency that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the Agency as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, Agency may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

12. Indemnification

a. To the fullest extent permitted by law, Consultant shall defend (with counsel of Agency's choosing), indemnify and hold the Agency, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Agency, its officials, officers, employees, agents, or volunteers.

b. If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section

2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

13. California Labor Code Requirements.

a. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects ("Prevailing Wage Laws"). If the services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall defend, indemnify and hold the Agency, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1). The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

b. If the services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

c. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant's performance of services, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the Agency. Consultant shall defend, indemnify and hold the Agency, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

14. Verification of Employment Eligibility.

By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subconsultants and sub-subconsultants to comply with the same.

**[Delete the following provision and renumber all further provisions, if not applicable.]**

15. Agency Material Requirements.

Consultant is hereby made aware of the Agency's requirements regarding materials, as set forth in **[Insert the name of the document that contains the Agency's standard material requirements]**, which are deemed to be a part of this Agreement.

16. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in Riverside County, State of California.

17 Termination or Abandonment

a. Agency has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, Agency shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. Agency shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by Agency and Consultant of the portion of such task completed but not paid prior to said termination. Agency shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to Agency only in the event of substantial failure by Agency to perform in accordance with the terms of this Agreement through no fault of Consultant.

18 Documents. Except as otherwise provided in "Termination or Abandonment," above, all original field notes, written reports, Drawings and Specifications and other documents, produced or developed for the Project shall, upon payment in full for the services described in this Agreement, be furnished to and become the property of the Agency.

19. Organization

Consultant shall assign \_\_\_\_\_ as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of the Agency.

20. Limitation of Agreement.



This Agreement is limited to and includes only the work included in the Project described above.

21. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

AGENCY:

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

CONSULTANT:

[\*\*\*INSERT NAME, ADDRESS & CONTACT PERSON\*\*\*]

Attn: [\*\*\*INSERT NAME & DEPARTMENT\*\*\*]

and shall be effective upon receipt thereof.

22. Third Party Rights

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the Agency and the Consultant.

23. Equal Opportunity Employment.

Consultant represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

24. Entire Agreement

This Agreement, with its exhibits, represents the entire understanding of Agency and Consultant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both Parties hereto. This is an integrated Agreement.

25. Severability

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the provisions unenforceable, invalid or illegal.

26. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each party to this Agreement. However, Consultant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of Agency. Any attempted assignment without such consent shall be invalid and void.

27. Non-Waiver

None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is specifically specified in writing.

28. Time of Essence

Time is of the essence for each and every provision of this Agreement.

29. Agency's Right to Employ Other Consultants

Agency reserves its right to employ other consultants, including engineers, in connection with this Project or other projects.

30. Prohibited Interests

Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Agency shall have the right to rescind this Agreement without liability. For the term of this Agreement, no director, official, officer or employee of Agency, during the term of his or her service with Agency, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

**[SIGNATURES ON FOLLOWING PAGE]**

**SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT  
BETWEEN THE SAN GORGONIO PASS WATER AGENCY  
AND [\*\*\*INSERT NAME\*\*\*]**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**SAN GORGONIO PASS WATER AGENCY      [INSERT NAME OF CONSULTANT]**

By: \_\_\_\_\_  
[INSERT NAME]

By: \_\_\_\_\_  
[Name]  
[Title]

Attest:

Attest:

By: \_\_\_\_\_  
[INSERT NAME]  
Secretary

By: \_\_\_\_\_  
[Name]  
[Title]

EXHIBIT A  
Scope of Services

## EXHIBIT B

### Schedule of Charges/Payments

Consultant will invoice Agency on a monthly cycle. Consultant will include with each invoice a detailed progress report that indicates the amount of budget spent on each task. Consultant will inform Agency regarding any out-of-scope work being performed by Consultant. This is a time-and-materials contract.

EXHIBIT C  
Activity Schedule



18007001

July 23, 2018

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

Attention: Mr. Jeff Davis, PE  
General Manager / Chief Engineer

**SUBJECT: CONSTRUCTION SUPPORT SERVICES  
MOUNTAIN VIEW EBX – TURNOUT AND CONTROL FACILITIES**

Dear Mr. Jeff:

***Engineering Resources of Southern California (ERSC)*** is pleased to submit its proposal to San Geronio Pass Water Agency (SGPWA) for subject Services. Stemming from my past project involvement and current understanding of the project needs, we propose to perform the following services:

### **1. Contract Management, Administration and Inspection**

Provide contract administration and project assistance as requested by Staff. As before, these services will include: responses to requests for information (RFIs) from the contractor and Agency, review of any change order requests that are received from the Contractor, providing technical assistance associated with any problems in the field, periodic site and construction inspection, progress and site meetings, submittals review, and processing payment requests.

For this task we have assumed a "remaining" active construction period of approximately 12 weeks. As such, our effort is based (on average) of 18 hours per week for the Project Manager (assisting with both sites) totaling 216 hours @ \$180/hr. Should the contract duration change or the level of effort be different than that noted, we anticipate the cost will be adjusted (up or down) accordingly.

### **2. Construction Staking**

Provide the Contractor with any remaining construction reference stakes for subject project. Although some of the rough grade stakes were provided during the previous phase, fine grade stakes including basin and all swales (estimated at two mobilizations), all site water and drain piping (estimated at one mobilization), and all electrical and communication lines (estimated at one mobilization) remain. For this task we have assumed one full day of staking for each said mobilization, along with any necessary office preparation, calculations, and generation of cut sheets for use by the Contractor.

### 3. Geotechnical Inspection and Testing \*

Under our direction, Converse Consultants will provide the following services:

- Provide full-time geotechnical observation and in-place density tests during site grading.
- Provide full-time observation and testing during water pipeline installation deeper than five feet.
- Provide as-needed in-place density testing of wet and dry utilities shallower than five feet.
- Conduct laboratory tests to verify the acceptability of all soils.
- Perform maximum density/optimum moisture content determinations and expansion index tests on the site soils.
- Submit field reports with test results to your representative at the end of each working day.
- Submit a summary compaction report, including a table showing the tests taken.

### 4. Instrumentation System Programming, Inspection and Testing \*

Under our direction, SPEC Services will review and approve any electrical and communication system submittals, coordinate the electrical service with SCE, perform necessary PLC and HMI programming, and manage the start-up and commissioning of the various electrical and communications systems once they have been installed by the Contractor.

*\* Items 3 & 4 require ERSC enter into new contracts with said subconsultants. Since very little of their services had been performed under the contract with my previous employer, we have assumed a 5% reduction from their previously provided estimate.*

Associated fees are as follows: Item 1 – \$38,800; Item 2 - \$13,000; Item 3 – \$37,000, Item 4 - \$14,000 for a subtotal of \$102,800. Assuming direct costs @ approximately 3.0± % of said total (for mileage and other misc. expenses), our total fee estimate for Construction Support Services amounts to \$106,000.

We appreciate the opportunity to continue work with SGPWA on this project. If you have any question or require additional information, please do not hesitate to call me at 909/890-1255 (Ext. 126). Thank you.

Sincerely,



Erik T. Howard, PE, PLS  
Sr. Principal Engineer



# ERSC Billing Rates



## Schedule of Hourly Billing Rates

Principals / Engineers / Technicians		Surveyors/Administration/Aides	
Principal/President.....	\$209.00	Principal Surveyor.....	\$135.00
Principal/Vice President.....	184.00	Senior Surveyor.....	115.00
Senior Principal Engineer.....	180.00		
Principal Engineer.....	176.00		
Engineer V.....	134.00	Admin. Services Manager.....	\$68.00
Engineer IV.....	120.00	Admin. Asst. II.....	61.00
Engineer III.....	106.00	Admin Asst. I.....	55.00
Engineer II.....	92.00		
Engineer I.....	78.00		
Senior Engineering Technician.....	\$120.00	Engineering Aide II.....	\$45.00
Engineering Technician II.....	95.00	Engineering Aide I.....	35.00
Engineering Technician I.....	78.00		
Engineering Technician.....	55.00		
<b>Construction Services</b>			
Construction Manager.....			2.3 x Direct Salary
Resident Engineer.....			2.3 x Direct Salary
Senior Construction Inspector.....			\$110.00
Construction Inspector.....			\$95.00
<b>Other Direct Expenses</b>			
Mileage.....			\$0.65 mile
Direct Cost.....			Cost + 20%

Testimony under oath will be billed at \$350 per hour  
with a four (4) hour minimum



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July 23, 2018

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

Attention: Mr. Jeff Davis, PE  
General Manager / Chief Engineer

**SUBJECT: DESIGN & CONSTRUCTION SUPPORT SERVICES  
NOBLE CREEK EBX UPGRADES**

Dear Mr. Jeff:

**Engineering Resources of Southern California (ERSC)** is pleased to submit its proposal to San Geronio Pass Water Agency (SGPWA) for subject Services. Stemming from my past project involvement and current understanding of the project needs, we propose to perform the following services:

**1. Design Phase Completion**

Provide ongoing coordination effort with the Department of Water Resources for the review and approval of previously submitted design drawings and specification packages to increase the facility's flow rate from 20 CFS to 34 CFS. Other public agency coordination with Riverside County Transportation Department (RCTD) and Beaumont-Cherry Valley Water District (BCVWD) will likely be necessary given their mutual involvement with permitting and project elements as well. For this task, we have assumed a total of 40 hours for the Project Manager @ \$180/hr.

**2. Contract Management, Administration and Inspection**

Provide contract administration and project assistance as requested by Staff. These services will include: responses to requests for information (RFIs) from the contractor and Agency, review of any change order requests that are received from the Contractor, providing technical assistance associated with any problems in the field, periodic site and construction inspection, progress and site meetings, submittals review, and processing payment requests.

For this task we have assumed a construction period of approximately 8 weeks. As such, our effort is based (on average) of 12 hours per week for the Project Manager totaling 96 hours @ \$180/hr. Should the contract duration change or the level of effort be different than that noted, we anticipate the cost will be adjusted (up or down) accordingly.

### 3. Construction Staking

Although we do not anticipate much staking will be required, we have accounted for the possibility that some horizontal / vertical control, layout lines or associated sketches may be needed to facilitate correct installation of the new facilities. As such, we have included a nominal budget for this task.

### 4. Geotechnical Inspection and Testing

Under our direction, Converse Consultants will provide the following services:

- Provide part-time geotechnical observation and in-place density tests during any backfill.
- Provide full-time observation and testing during water pipeline installation deeper than five feet.
- Conduct laboratory tests to verify the acceptability of all soils.
- Submit field reports with test results to your representative at the end of each working day.

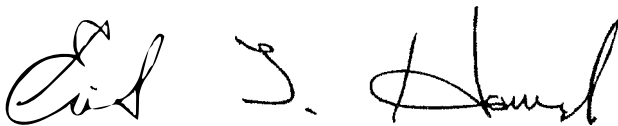
### 5. Instrumentation System Programming, Inspection and Testing

Under our direction, SPEC Services (the original design engineer) will review and approve any electrical and communication system submittals, perform necessary PLC and HMI programming, and manage the start-up and commissioning of the various electrical and communications systems once they have been reinstalled by the Contractor.

Associated fees are as follows: Item 1 – \$7,000; Item 2 - \$17,280; Item 3 – \$3,500; Item 4 - \$9,000; Item 5 – \$5,500 for a subtotal of \$42,280. Assuming direct costs @ approximately 3.0± % of said total (for mileage and other misc. expenses), our total fee estimate amounts to \$43,500 (rounded).

We appreciate the opportunity to continue work with SGPWA on this project. If you have any question or require additional information, please do not hesitate to call me at 909/890-1255 (Ext. 126). Thank you.

Sincerely,



Erik T. Howard, PE, PLS  
Sr. Principal Engineer

# ERSC Billing Rates



## Schedule of Hourly Billing Rates

Principals / Engineers / Technicians		Surveyors/Administration/Aides	
Principal/President.....	\$209.00	Principal Surveyor.....	\$135.00
Principal/Vice President.....	184.00	Senior Surveyor.....	115.00
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Engineer III.....	106.00	Admin Asst. I.....	55.00
Engineer II.....	92.00		
Engineer I.....	78.00		
Senior Engineering Technician.....	\$120.00	Engineering Aide II.....	\$45.00
Engineering Technician II.....	95.00	Engineering Aide I.....	35.00
Engineering Technician I.....	78.00		
Engineering Technician.....	55.00		

### Construction Services

Construction Manager.....	2.3 x Direct Salary
Resident Engineer.....	2.3 x Direct Salary
Senior Construction Inspector.....	\$110.00
Construction Inspector.....	\$95.00

### Other Direct Expenses

Mileage.....	\$0.65 mile
Direct Cost.....	Cost + 20%

Testimony under oath will be billed at \$350 per hour  
with a four (4) hour minimum