

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**October 1, 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 Water Rate Workshop, September 13, 2018\* (p. 3)
- B. Approval of the Minutes of the Regular Board Meeting, September 17, 2018\* (p. 5)
- C. Approval of the Minutes of the Finance and Budget Workshop, September 24, 2018\* (p. 9)
- D. Approval of the Finance and Budget Workshop Report, September 24, 2018\* (p. 11)

**5. Reports:**

- A. General Manager's Report
  - 1. Operations Report
  - 2. Construction Update
  - 3. General Agency Updates
- B. General Counsel Report
- C. Directors Reports
- D. Committee Reports

**6. New Business:**

- A. Consideration and Possible Action to Appoint an Alternate Member to the Yucaipa GSA \* (p. 26)
- B. Consideration and Possible Action Regarding Adoption of a Capitalization Policy\* (p. 35)

**7. Topics for Future Agendas**

**8. Announcements:**

- A. Engineering Workshop, October 8, 2018 at 1:30 p.m.
- B. Water Conservation and Education Workshop, October 11, 2018 at 1:30 p.m.
- C. Regular Board Meeting, October 15, 2018 at 1:30 p.m.

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

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Pursuant to Government Code Section 54957  
Title: General Manager

**10. Adjournment**

**\*Information included in Agenda Packet**

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

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, California 92223**  
**Minutes of the**  
**Board Water Rate Workshop**  
**September 13, 2018**

**Directors Present:** David Fenn, President  
Ron Duncan, Vice President  
Leonard Stephenson, Treasurer  
Blair Ball, Director  
David Castaldo, Director (left at 6:20 pm)  
Steve Lehtonen, Director  
Michael Thompson, Director

**Staff and**

**Consultants Present:** Jeff Davis, General Manager  
Jeff Ferre, Legal Counsel  
Thomas Todd, Finance Manager  
Cheryle Stiff, Administrative Assistant  
Andrea Roess (David Taussig & Associates)  
Steve Runk (David Taussig & Associates)

**1. Call to Order and Flag Salute:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President Fenn at 6:00 p.m., September 13, 2018 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. A quorum was present.

**2. Adoption and Adjustment of Agenda:** *Adoption and Adjustment of Agenda:* President Fenn asked if there were any adjustments to the agenda. General Manager Davis stated there were no adjustments to the agenda. There being none, the agenda was adopted as published.

**3. Public Comment:** *President Fenn asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency that are not on today's agenda.* There were no public comments.

**4. Discussion of Draft Water Rate Model (Steve Runk & Andrea Roess – David Taussig & Associates):** President Fenn announced that there will be opening comments from General Manager Davis, then a presentation by representatives from Taussig & Associates. Public comments will be received after the presentation. The Board will then discuss the issues. General Manager Davis stated that this workshop is a follow-up to the March 1, 2018 Water Rate Workshop. At that time a review took place on the current water rate and the types of revenues that the Agency has available to pay bills. At that time the Board made the decision to only recover the cost that is associated with the purchase and delivery of water to our customers and no other costs. General Manager Davis noted that the water rate has not changed since 2009. Costs have risen significantly in the past 2-3 years partly due to DWR power costs and procuring 100% reliable water. Costs have exceeded revenues in 2017 and 2018 projections. The rate model goes back to 2017 and projects costs for 2018, 2019, 2020 and 2021. Andrea Roess presented a PowerPoint presentation on the Water Rate Study. During the presentation a 2018

Rate Analysis and a Model Run were provided to both the Board and the members of the public. The topics that were reviewed by Ms. Roess were:

- Current Water Rate Cost Recovery
- Water Rate History
- Water Rate Model Assumptions
- Rate Model
- Water Rate Scenarios

After the presentation public comments were received from the following members of the public: Jeff Chambers – Pardee Homes, General Manager Dan Jagers – BCVWD, Mike Turner – Argent Management, General Manager Joe Zoba – YVWD, Kathleen Hallberg – YVWD.

After discussion, the Board gave staff direction to gather input from the public and retail agencies, and wanted to discuss the issue again at a future board meeting or workshop.

## **5. Announcements**

- A. Regular Board Meeting, September 17, 2018 at 1:30 p.m.
- B. Finance and Budget Workshop, September 24, 2018 at 1:30 p.m.
- C. San Gorgonio Pass Regional Water Alliance, September 26, 2018 at 5:00 p.m. – Banning City Hall

## **6. Adjournment - *President Fenn adjourned the meeting at: 8:15 pm***

***Draft – Subject to Board Approval***

Jeffrey W. Davis, Secretary of the Board

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, California 92223**  
**Minutes of the**  
**Board of Directors Meeting**  
**September 17, 2018**

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

**Directors Absent:** David Fenn, President

**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 Vice President Duncan at 1:30 p.m., September 17, 2018 in the Agency Boardroom located at 1210 Beaumont Avenue, Beaumont, California. *Vice President Duncan led the Pledge of Allegiance to the flag. Director Thompson gave the invocation. A quorum was present.*
2. **Adoption and Adjustment of Agenda:** *Vice President Duncan asked if there were any adjustments to the agenda. There were no adjustments to the agenda. The agenda was adopted as published.*
3. **Public Comment:** *Vice President Duncan asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency that are not on today's agenda. 1) Steve Anderson (BB&K), Legal Counsel for Cabazon Water District addressed the Board regarding its action on an amendment to the San Gorgonio Pass GSA MOA at the September 4 Board meeting. 2) Mark Krause, General Manager - Desert Water Agency, addressed the Board on the same issue. 3) Dan Jaggars, General Manager (BCVWD) provided the Board with a copy of his "White Sheet" and a copy of BCVWD's water supply order. He also stated that he emailed to General Manager Davis his District's conditional water supply order for next year. There were no other members of the public that wished to comment at this time.*
4. **Consent Calendar:**
  - A. Approval of the Minutes of the Regular Board Meeting, September 4, 2018
  - B. Approval of the Minutes of the Engineering Workshop, September 10, 2018

Director Stephenson made a motion, seconded by Director Castaldo, to adopt the consent calendar as presented. Motion passed 6-0, with President Fenn absent.

## 5. Reports:

### A. General Manager's Report:

**(1) Operations Report: (a) SWP Water Deliveries:** 1) The Agency has delivered a total of 651 acre-feet to the Noble Creek Connection, so far this month. General Manager Davis summarized the water deliveries for the year so far.

**(2) General Agency Updates:** General Manager Davis reported on the following: **(a) DWR-SWC Contract Extension:** A legislative informational hearing took place on September 11<sup>th</sup>; the contract extension can be ready for signatures in 60 days. This item will be presented to the Board for action most likely in November. **(b) Cal WaterFix:** According to law the Cal WaterFix is a "covered action" and therefore the Delta Stewardship Council must find that it is consistent with the Delta Plan. They did so, but that has been appealed by numerous parties. This is the first time an appeal has ever been heard; it will be administrative, not quasi-judicial. The hearing is to be held October 24-26. **(c) Cal WaterFix:** The hearing on the Change in Point of Diversion (change petition) for the Cal WaterFix is continuing before the State Board. The hearing will end in October, with a ruling expected late January at the very earliest. **(d) Groundwater Models:** Two of the four models have been received. Last we heard was that the last two models were going through quality control.

### B. Directors Reports:

**1) Director Stephenson** reported on the following: **a)** He attended the Calimesa Chamber meeting on September 11<sup>th</sup>. Discussion took place on ham radios and the need for them during an emergency when normal communications are down. Director Stephenson suggested that the Agency also look into purchasing ham radios for the Agency. **b)** Director Stephenson attended the YVWD workshop on September 11<sup>th</sup>. **c)** He also reported that he attended South Mesa Water District Board meeting. It was disclosed that during a recent Yucaipa Sub-Basin GSA a consultant was chosen to perform a GSA plan. Director Stephenson reported that our voting member, General Manager Davis was unable to attend this meeting, as well as the voting member for SBVMWD as they were both attending meetings in Sacramento. He informed the Board that there were two qualifying bids, one from Dudek and the other from Todd Groundwater. Todd Groundwater's bid came in at \$477k, whereas Dudek's bid came in at over \$1.1 million. Someone from the GSA contacted Dudek to ask them for a rebid. Dudek's rebid came in at \$814k. It was noted at the last minute that Dudek currently has two contracts with YVWD. A vote was taken and the contract was awarded to Dudek. Director Stephenson is concerned that the grant monies will mostly be used for the Dudek contract, and that the remaining costs will end up being paid by the GSA, of which this Agency is a member. Director Stephenson suggested that an alternate voting member be appointed and that he is willing to be that alternate voting member. General Manager Davis stated that he will review the MOU on the governance structure to determine if an alterna' 6 / 3 8 member is allowed, and that he will

report back to the Board on this issue. **d)** Director Stephenson reported that he attended the Agency's Water Rate workshop on 09/13. **e)** Director Stephenson reported on the Beaumont Chamber of Commerce meeting that he attended on 09/14. **3) Director Castaldo** shared that the City of Beaumont does have an emergency plan that involves ham operators.

**6. New Business:**

**A. Consideration and Possible Action on Sponsorship for John Husing's Pass Area Region Economic Presentation:** A staff report and sponsorship information were included in the agenda packet. General Manager Davis informed the Board that a request for sponsorship was sent by the Beaumont Chamber of Commerce. He noted that the Chamber brings Dr. Husing to the Pass area to do an annual update on the economy of the region. Dr. Husing's talks do not directly relate to water, however the state of local economy does have an impact on water, and vice versa. The water conservation and education committee has mentioned that the Agency is to take on a higher public profile within the region, this sponsorship does provide that. Director Castaldo stated that Dr. Husing provides a good indication of current and future development. His knowledge of the Inland Empire spans 3-4 decades. Director Stephenson made a motion, seconded by Director Lehtonen, to sponsor the event at \$300. Director Ball was concerned that with the impending water rate sponsoring an event of this type is sending a bad message to the people. Director Thompson was also not in favor of sponsoring this event. Vice President Duncan asked for a vote. The motion failed due to a 3-3 vote, with President Fenn absent. Directors Stephenson, Lehtonen, and Castaldo voted aye, with Directors Ball, Thompsons, and Duncan voting no.

**B. Update on Construction of Fiesta Recharge Facility:** General Manager Davis provided his most recent pictures of the recharge facility. He reviewed with the Board the layout of the facility and how it will work. He also reviewed with the Board the Mountain View connection site. A pre-construction meeting will take place next week; construction of the connection starts most likely next week. The timeline of the construction will be discussed at the pre-construction meeting, which General Manager Davis will report back to the Board. Director Ball asked about the design change orders and was concerned about possible breach of the ponds. General Manager Davis responded to his concern and explained to him how the water will flow into the existing storm drain system. The amount of water within the ponds is a small amount and due to the infiltration of the ponds the water will not flow at a fast rate. General Manager Davis explained that the reason for the design change was due to the reduction of seepage collars, which will equate to a reduction in cost.

**7. Topics for Future Agendas:** Director Stephenson requested a review of all of both GSA's alternate voting rights and appointment of alternates. He also requested discussion on purchasing a ham radio. **Director Castaldo** noted that at the November 4<sup>th</sup> Board meeting there was an item on the agenda pertaining to the consideration of amendment to the Memorandum of Agreement forming the San Gorgonio Pass Groundwater Sustainability Agency. Director Castaldo requested that this item be brought back to Board during an Engineering workshop and to invite all of the GSA parties for their input in order to have a better

discussion and try to work out a resolution. He suggested that both the Agency's attorney and Cabazon Water District's attorney present the Board with a resolution or other options to be transparent, but still make it easier for the general managers to work together. **Director Thompson** requested to have discussion on the Manager's meetings. **Director Ball** requested an update on the Noble Creek connection. General Manager Davis responded that we are currently waiting on the final sign off by DWR on the drawings.

**8. Announcements:**

- A. Finance & Budget Workshop, September 24, 2018 at 1:30 p.m.
- B. San Gorgonio Pass Regional Water Alliance, September 26, 2018 at 5:00 p.m. – Banning City Hall
- C. Regular Board Meeting, October 1, 2018 at 1:30 p.m.

**9. Adjournment:** Vice President Duncan adjourned the meeting at 2:36 pm

***Draft – Subject to Board Approval***

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Jeffrey W. Davis, Secretary of the Board



**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board Finance and Budget Workshop**  
**September 24, 2018**

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

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

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Chair Lenny Stephenson at 1:30 pm, September 24, 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 August, 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 \$1,458,296.67 and payroll of \$35,769.85 for the month of August, 2018, for a combined total of \$1,494,066.52. The motion passed 7 in favor, no opposed.
  - B. **Review Pending Legal Invoices:** After review and discussion, a motion was made by Director Duncan, seconded by Director Fenn, to recommend that the Board approve payment of the pending legal invoice for August, 2018 for \$13,644.90. The motion passed 7 in favor, no opposed.
  - C. **Review of August, 2018 Bank Reconciliation:** After review and discussion, a motion was made by Director Lehtonen, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Wells Fargo bank

reconciliation for August, 2018 as presented. The motion passed 7 in favor, no opposed.

- D. Review of Budget Report for August, 2018: After review and discussion, a motion was made by Director Duncan, seconded by Director Fenn, to recommend that the Board acknowledge receipt of the Budget Report for August, 2018. The motion passed 7 in favor, no opposed.
- E. Review of Proposed Capitalization Policy: General Manager Jeff Davis introduced the topic briefly then handed the presentation over to Finance Manager Tom Todd. This recommendation has been made by the auditors to formalize the procedures already followed by the Agency. Discussion centered on the threshold, and the consensus of the Board was that \$5,000 was adequate for the needs of the Agency. After further review and discussion, a motion was made by Director Fenn, seconded by Director Duncan, to recommend that the Board approve the Capitalization Policy as presented with minor editorial changes. The motion passed 7 in favor, no opposed.

**5. Announcements**

- A. San Gorgonio Pass Regional Water Alliance, September 26, 2018, 5:00 pm  
Banning City Hall
- B. Regular Board Meeting, October 1, 2018, 1:30 pm
- C. Engineering Workshop, October 8, 2018, 1:30 pm

- 6. Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 2:07 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 September 24, 2018. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,458,296.67 and Payroll of \$35,769.85 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for September, 2018 for a combined total of \$1,494,066.52.
  
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$13,644.90
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3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for August, 2018
  - B. Budget Report for August, 2018

**SAN GORGONIO PASS WATER AGENCY**  
1210 Beaumont Ave, Beaumont, CA 92223  
**Board Finance & Budget Workshop**  
**Agenda**  
September 24, 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 August, 2018 by  
Reviewing Check History Reports in Detail\*
- B. Review of Pending Legal Invoices\*
- C. Review of August, 2018 Bank Reconciliation\*
- D. Review of Budget Report for August, 2018\*
- E. Review of Proposed Capitalization Policy\*

**5. Announcements**

- A. San Gorgonio Pass Regional Water Alliance, September 26, 2018, 5:00 pm  
Banning City Hall
- B. Regular Board Meeting, October 1, 2018, 1:30 pm
- C. Engineering Workshop, October 8, 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 Gorgonio Pass Water Agency**

**Check History Report**

August 1 through August 31, 2018

ACCOUNTS PAYABLE
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Date	Number	Name	Amount
08/06/2018	118947	BEST BEST & KRIEGER	13,397.71
08/09/2018	118948	ACWA BENEFITS	862.42
08/09/2018	118949	EADIE AND PAYNE LLP	1,925.00
08/09/2018	118950	KENNETH M. FALLS	361.65
08/09/2018	118951	UNDERGROUND SERVICE ALERT	38.05
08/09/2018	118952	UNLIMITED SERVICES BUILDING MAINT.	295.00
08/09/2018	118953	WASTE MANAGEMENT INLAND EMPIRE	97.06
08/16/2018	118954	ALBERT WEBB ASSOCIATES	47,234.29
08/16/2018	118955	FRONTIER COMMUNICATIONS	1,269.25
08/16/2018	118956	GOPHER PATROL	102.00
08/16/2018	118957	NICE-INCONTACT	93.46
08/16/2018	118958	PETTY CASH	82.89
08/16/2018	118959	VISIONARY LOGICS	2,428.37
08/16/2018	118960	WATER RESOURCES CONSULTING	375.00
08/16/2018	118961	WELLS FARGO ELITE CREDIT CARD	4,188.98
08/27/2018	118962	AT&T MOBILITY	189.77
08/27/2018	118963	AVEK WATER AGENCY	606,052.21
08/27/2018	118964	DAVID TAUSSIG & ASSOCIATES, INC.	4,850.00
08/27/2018	118965	ERNST & YOUNG LLP	1,594.00
08/27/2018	118966	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
08/27/2018	118967	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	168,075.26
08/27/2018	118968	SOUTHERN CALIFORNIA EDISON	198.79
08/27/2018	118969	CHERYLE M. STIFF	1,192.91
08/27/2018	118970	MICHAEL D. THOMPSON	299.20
08/27/2018	118971	THOMAS W. TODD, JR.	1,275.35
08/27/2018	118972	VALLEY OFFICE EQUIPMENT, INC.	147.60
08/27/2018	118973	WATER RESOURCES INSTITUTE	10,000.00
08/30/2018	118974	STANDARD INSURANCE COMPANY	455.10
08/15/2018	503076	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,163.52
08/30/2018	551595	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,140.53
08/15/2018	506620	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,457.10
08/30/2018	502650	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,452.43
08/15/2018	900196	CALPERS RETIREMENT	6,757.94
08/16/2018	900197	CALPERS HEALTH	7,732.67
08/27/2018	900198	CALPERS FINANCIAL REPORTING	350.00
08/30/2018	900199	CALPERS RETIREMENT	6,783.16
08/31/2018	900200	DEPARTMENT OF WATER RESOURCES	553,028.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,458,296.67

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

PAYROLL
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<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
08/14/2018	801587	JEFFREY W. DAVIS	4,979.83
08/14/2018	801588	KENNETH M. FALLS	3,063.23
08/14/2018	801589	STEPHEN J. LEHTONEN	959.62
08/14/2018	801590	CHERYLE M. STIFF	2,213.17
08/14/2018	801591	THOMAS W. TODD, JR.	3,464.14
08/29/2018	801592	DAVID J. CASTALDO	1,199.54
08/29/2018	801593	JEFFREY W. DAVIS	4,979.83
08/29/2018	801594	RONALD A. DUNCAN	1,199.54
08/29/2018	801595	KENNETH M. FALLS	3,235.48
08/29/2018	801596	DAVID L. FENN	1,199.54
08/29/2018	801597	STEPHEN J. LEHTONEN	1,199.54
08/29/2018	801598	LEONARD C. STEPHENSON	1,199.54
08/29/2018	801599	CHERYLE M. STIFF	2,213.17
08/29/2018	801600	MICHAEL D. THOMPSON	1,199.54
08/29/2018	801601	THOMAS W. TODD, JR.	3,464.14
TOTAL PAYROLL			<u>35,769.85</u>
TOTAL DISBURSEMENTS FOR AUGUST, 2018			<u><u>1,494,066.52</u></u>

SAN GORGONIO PASS WATER AGENCY  
 New Vendors List  
 September, 2018

Vendor - Name and Address	Expenditure Type
Matthew Pistilli Landscape Service change of address old address: 871 W. Fourth St, Suite C.; Beaumont, CA 92223 new address: 601 E. 13th St.; Beaumont, CA 92223 confirmed by Matthew Pistilli	Building Maintenance
Press-Enterprise subscription change of address old address: P O Box 7154; Pasadena, CA 91109-7154 new address: 605 E Huntington Dr. Suite 100; Monrovia, CA 91016 confirmed by Kim, customer service agent	Office Expense
Delta Conveyance Finance Authority ATTN: Treasurer; Metropolitan Water District of Southern California; P O Box 54153; Los Angeles, CA 90054-0153	Debt Service Expense

**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	180831	LEGAL SERVICES AUG18	13,644.90

TOTAL PENDING INVOICES FOR AUGUST 2018

13,644.90



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

BALANCE PER BANK AT 07/31/2018 - CHECKING ACCOUNT \$768,872.19

LESS OUTSTANDING CHECKS

<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
118962	189.77	118970	299.20
118963	606,052.21	118973	10,000.00
118965	1,594.00	118974	455.10
	<u>607,835.98</u>		<u>10,754.30</u>

TOTAL OUTSTANDING CHECKS -\$618,590.28

BALANCE PER GENERAL LEDGER 150,281.91

BALANCE PER GENERAL LEDGER AT 07/31/2018 402,793.15

CASH RECEIPTS FOR AUGUST 735,795.85

**CASH DISBURSEMENTS FOR AUGUST**

ACCOUNTS PAYABLE - CHECK HISTORY REPORT	-1,458,296.67	
PAYROLL TRANSFER - BANK OF HEMET	<u>-40,000.00</u>	
		<u><u>-1,498,296.67</u></u>

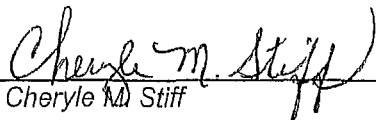
BANK CHARGES -10.42

TRANSFER FROM LAIF 1,010,000.00

TRANSFER TO TVI -500,000.00

BALANCE PER GENERAL LEDGER AT 07/31/2018 150,281.91

REPORT PREPARED BY:

  
Cheryl M Stiff

**SAN GORGONIO PASS WATER AGENCY  
DEPOSIT RECAP  
FOR THE MONTH OF AUGUST 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>				
8/2/18	RIVERSIDE COUNTY	PROPERTY TAXES	254,542.60	254,542.60
8/13/18	DAVID CASTALDO	REPAY BCC LUNCH FOR WIFE	40.00	
8/13/18	YVWD	WATER SALES	27,482.46	27,522.46
8/22/18	STATE OF CALIF/DWR	YUBA REFUND AND CREDIT	4,064.37	
8/22/18	STATE OF CALIF/DWR	DAVIS-DOLWIG 2017 CREDIT	24,973.00	
8/22/18	BCVWD	WATER SALES	344,262.00	373,299.37
8/28/18	AMERICAN TOWER	CELL TOWER LEASE FY18-19	27,012.21	27,012.21
8/28/18	TVI	CD - BOND INTEREST	53,419.21	53,419.21
TOTAL FOR AUGUST 2018			735,795.85	735,795.85

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2018-19  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - INCOME</b>				Comparison:	83%
<b>INCOME</b>					
WATER SALES	5,600,000		5,600,000	371,744.46	93.36%
TAX REVENUE	2,650,000		2,650,000	101,257.08	96.18%
INTEREST	200,000		200,000	22,543.37	88.73%
DESIGNATED REVENUES	1,750,000		1,750,000	0.00	100.00%
CAPACITY FEE	0		0	0.00	
OTHER (REIMBURSEMENTS, TRANSFERS)	29,000		29,000	27,052.21	6.72%
<b>TOTAL GENERAL FUND INCOME</b>	<b>10,229,000</b>	<b>0</b>	<b>10,229,000</b>	<b>522,597.12</b>	<b>94.89%</b>
<b>GENERAL FUND - EXPENSES</b>					
<b>COMMODITY PURCHASE</b>					
PURCHASED WATER	6,000,000		6,000,000	317,006.00	94.72%
<b>TOTAL COMMODITY PURCHASE</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>317,006.00</b>	<b>94.72%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>					
SALARIES	470,000		470,000	78,581.76	83.28%
PAYROLL TAXES	41,000		41,000	7,163.60	82.53%
RETIREMENT	312,000		312,000	50,969.14	83.66%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	22,000		22,000	4,780.10	78.27%
HEALTH INSURANCE	67,000		67,000	15,884.61	76.29%
DENTAL INSURANCE	4,800		4,800	803.00	83.27%
LIFE INSURANCE	1,600		1,600	261.14	83.68%
DISABILITY INSURANCE	5,000		5,000	817.25	83.66%
WORKERS COMP INSURANCE	3,700		3,700	0.00	100.00%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	2,156.91	78.43%
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>938,100</b>	<b>0</b>	<b>938,100</b>	<b>161,417.51</b>	<b>82.79%</b>

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2018-19**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	83%
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>					
DIRECTOR EXPENDITURES					
DIRECTORS FEES	111,000		111,000	15,067.24	86.43%
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	1,409.00	90.61%
DIRECTORS MISC. MEDICAL	23,000		23,000	299.20	98.70%
OFFICE EXPENDITURES					
OFFICE EXPENSE	22,000		22,000	643.39	97.08%
POSTAGE	600		600	0.00	100.00%
TELEPHONE	12,000		12,000	1,694.30	85.88%
UTILITIES	4,000		4,000	137.41	96.56%
SERVICE EXPENDITURES					
COMPUTER, WEB SITE AND PHONE SUPPORT	9,000		9,000	225.00	97.50%
GENERAL MANAGER & STAFF TRAVEL	20,000		20,000	3,743.25	81.28%
INSURANCE & BONDS	24,000		24,000	0.00	100.00%
ACCOUNTING & AUDITING	21,000		21,000	1,925.00	90.83%
STATE WATER CONTRACT AUDIT	5,500		5,500	1,594.00	71.02%
DUES & ASSESSMENTS	31,500		31,500	1,044.00	96.69%
OUTSIDE PROFESSIONAL SERVICES	10,000		10,000	350.00	96.50%
BANK CHARGES	1,500		1,500	147.31	90.18%
MISCELLANEOUS EXPENSES	500		500	0.00	100.00%
MAINTENANCE & EQUIPMENT EXPENDITURES					
TOOLS PURCHASE & MAINTENANCE	500		500	0.00	100.00%
VEHICLE REPAIR & MAINTENANCE	7,000		7,000	766.02	89.06%
MAINTENANCE & REPAIRS - BUILDING	15,000		15,000	1,586.12	89.43%
MAINTENANCE & REPAIRS - FIELD	4,000		4,000	38.05	99.05%
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	0.00	100.00%
COUNTY EXPENDITURES					
LAFCO COST SHARE	7,000		7,000	5,286.99	24.47%
ELECTION EXPENSE	125,000		125,000	0.00	100.00%
TAX COLLECTION CHARGES	12,500		12,500	216.72	98.27%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	<b>631,600</b>	<b>0</b>	<b>631,600</b>	<b>36,173.00</b>	<b>94.27%</b>

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2018-19**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

		FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019				
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>					Comparison:	83%
<b>GENERAL ENGINEERING</b>						
GRANT WRITER		20,000		20,000	0.00	100.00%
<b>NEW WATER</b>						
PROGRAMATIC EIR		0		0	0.00	
UPDATED STUDY ON AVAILABLE SOURCES		7,500		7,500	0.00	100.00%
SGMA SUPPORT		200,000		200,000	0.00	100.00%
<b>STUDIES</b>						
USGS		115,000		115,000	45,151.87	60.74%
21/38	WATER RATE NEXUS STUDY	25,000		25,000	0.00	100.00%
	WATER RATE FINANCIAL MODELING	12,000		12,000	4,850.00	59.58%
	CAPACITY FEE NEXUS STUDY UPDATE	25,000		25,000	0.00	100.00%
	WHEELING RATE STUDY	10,000		10,000	0.00	100.00%
<b>OTHER PROJECTS</b>						
BASIN MONITORING TASK FORCE		18,000		18,000	13,712.00	23.82%
EAST BRANCH MEETINGS		18,000		18,000	0.00	100.00%
GENERAL AGENCY - CEQA AND GIS SERVICES		10,000		10,000	0.00	100.00%
<b>TOTAL GENERAL ENGINEERING</b>		460,500	0	460,500	63,713.87	86.16%
<b>LEGAL SERVICES</b>						
LEGAL SERVICES - GENERAL		190,000		190,000	18,707.06	90.15%
<b>TOTAL LEGAL SERVICES</b>		190,000	0	190,000	18,707.06	90.15%
<b>CONSERVATION &amp; EDUCATION</b>						
SCHOOL EDUCATION PROGRAMS		14,000		14,000	0.00	100.00%
ADULT EDUCATION PROGRAMS		5,000		5,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND P. R.		35,000		35,000	10,000.00	71.43%
<b>TOTAL CONSERVATION &amp; EDUCATION</b>		54,000	0	54,000	10,000.00	81.48%

**SAN GORGONIO PASS WATER AGENCY**  
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**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	83%
<b>GENERAL FUND CAPITAL EXPENDITURES</b>					
<b>BUILDING &amp; EQUIPMENT</b>					
BUILDING	10,000		10,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	10,000		10,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	
TRANSPORTATION EQUIPMENT	0		0	0.00	
<b>FIESTA RECHARGE FACILITY</b>					
POST DESIGN	450,000		450,000	47,234.29	89.50%
CONSTRUCTION	3,950,000		3,950,000	0.00	100.00%
FENCING	100,000		100,000	0.00	100.00%
MITIGATION	15,000		15,000	0.00	100.00%
LANDSCAPING/POWER/WATER	60,000		60,000	0.00	100.00%
BUNKER HILL CONJUNCTIVE USE PROJECT	10,000		10,000	0.00	100.00%
<b>NOBLE TURNOUT EXPANSION</b>					
DESIGN	25,000		25,000	0.00	100.00%
CONSTRUCTION	295,000		295,000	0.00	100.00%
POST DESIGN	30,000		30,000	0.00	100.00%
SITES RESERVOIR	0		0	0.00	
MONITORING WELLS USGS	1,020,000		1,020,000	3,747.53	99.63%
<b>TOTAL GENERAL FUND CAPITAL EXPENDITURES</b>	<b>5,975,000</b>	<b>0</b>	<b>5,975,000</b>	<b>50,981.82</b>	<b>99.15%</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>0</b>		<b>0</b>	<b>0.00</b>	
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>14,249,200</b>	<b>0</b>	<b>14,249,200</b>	<b>657,999.26</b>	<b>95.38%</b>
<b>WITHDRAWALS FROM RESERVES</b>	<b>4,575,000</b>		<b>4,575,000</b>		
<b>TOTAL TRANSFERS TO/FROM RESERVES</b>	<b>4,575,000</b>		<b>4,575,000</b>	<b>0.00</b>	
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	<b>554,800</b>	<b>0</b>	<b>554,800</b>	<b>-135,402.14</b>	

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2018-19**  
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**FOR THE TWO MONTHS ENDING ON AUGUST 31, 2018**

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>DEBT SERVICE FUND - INCOME</b>				Comparison:	83%
<b>INCOME</b>					
TAX REVENUE	23,586,539		23,586,539	615,201.58	97.39%
INTEREST	415,000		415,000	40,077.11	90.34%
GRANTS	0		0	0.00	
DWR CREDITS - BOND COVER, OTHER	2,977,993		2,977,993	29,037.37	99.02%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>26,979,532</b>	<b>0</b>	<b>26,979,532</b>	<b>684,316.06</b>	<b>97.46%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	58,000		58,000	10,185.76	82.44%
PAYROLL TAXES	4,500		4,500	779.19	82.68%
BENEFITS	33,000		33,000	9,445.08	71.38%
SWC CONTRACTOR DUES	75,000		75,000	64,199.00	14.40%
STATE WATER CONTRACT PAYMENTS	19,200,000		19,200,000	329,721.00	98.28%
WATER TRANSFERS	2,250,000		2,250,000	2,249,470.50	0.02%
STATE WATER PROJECT LEGAL SERVICES	0		0	0.00	
USGS	0		0	0.00	
CONTRACT OPERATIONS AND MAINTENANCE	150,000		150,000	0.00	100.00%
SWP ENGINEERING	75,000		75,000	0.00	100.00%
DEBT SERVICE UTILITIES	11,000		11,000	1,765.44	83.95%
TAX COLLECTION CHARGES	70,000		70,000	1,228.10	98.25%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>21,926,500</b>	<b>0</b>	<b>21,926,500</b>	<b>2,666,794.07</b>	<b>87.84%</b>
TRANSFERS FROM RESERVES	0		0	0.00	
<b>DEBT SERVICE NET INCOME YEAR TO DATE</b>	<b>5,053,032</b>	<b>0</b>	<b>5,053,032</b>	<b>-1,982,478.01</b>	

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**SAN GORGONIO PASS WATER AGENCY  
CAPITALIZATION POLICY  
SEPTEMBER 24, 2018**

**DRAFT**

Purpose

This accounting policy establishes the capitalization amount that shall be used to determine the capital assets that are to be recorded in the annual financial statements and asset records of the San Gorgonio Pass Water Agency.

Capital Asset Definition

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; and (2) was acquired or produced for a cost of \$5,000 or more. Capital Assets must be capitalized and depreciated for financial statement purposes. Capital Assets, or Fixed Assets, generally include items of property and equipment such as buildings, leasehold improvements, water supply facilities, office furniture, fixtures, computers and other technology-related equipment.

Capitalization Thresholds

The San Gorgonio Pass Water Agency establishes \$5,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in the accounting records and financial statements of the San Gorgonio Pass Water Agency.

Capitalization Method and Procedure

The basis of accounting for capital assets is the historical acquisition cost, and all normal expenditures, including installation costs, architect-engineer fees, etc., of readying an asset for use will be capitalized. However, unnecessary expenditures that do not add to the utility of the asset will be charged to the period incurred.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost. Repairs or improvements to a capital asset will be reviewed by management in accordance with the above principles to determine their inclusion or exclusion in the capital asset listing.

Recordkeeping

Invoices substantiating an acquisition cost of each unit of property shall be retained according to guidelines set by the document retention policy of the San Gorgonio Pass Water Agency.



### Asset Review

The assets and the asset listing should be reviewed annually. New assets need to be listed, and assets that are no longer in service should be disposed of and removed from the list. Procedures and policies for the proper disposal of surplus property are described in other policy statements of the San Geronio Pass Water Agency.

### Policy Review

This policy should be reviewed periodically, to make sure the asset threshold and the procedures meet current accounting standards and the needs of the San Geronio Pass Water Agency.

## MEMORANDUM

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Appointment of Alternate to Yucaipa GSA

**DATE:** October 1, 2018

### **Summary:**

At the September 17 Board meeting, the Board asked staff to review the options for appointing an alternate to the Yucaipa GSA and to report back to the Board. The purpose of this staff report is to inform the Board of the options.

### **Background:**

The Agency is a member of the Yucaipa GSA, along with a number of other water purveyors, both public and private, and cities. The GSA recently voted to contract with a consultant (Dudek) to produce a Groundwater Sustainability Plan (GSP) for the Yucaipa basin. The Agency was not represented at the meeting where the vote was taken due to other commitments by staff.

### **Detailed Report:**

At the September 17 Board meeting, the Board expressed concerns that a consultant was hired by the Yucaipa GSA for approximately \$800,000, when another consultant had submitted a proposal for approximately \$400,000. The Board inquired as to whether the Agency could have an alternate for the GSA, and if a Board member could be appointed to be the alternate. At that time, staff indicated that staff would research the issue and bring it back to the Board.

The MOU creating the Yucaipa GSA is not the definitive document for this issue. The MOU merely states that all members may be represented on the GSA Board. The more relevant document, included in the Board agenda package, is the Bylaws of the Yucaipa Groundwater Sustainability Agency. This document, adopted by the Yucaipa GSA in June, states in Section 1.3: "Each Party shall appoint

a principal representative and alternate representative, who may be changed from time to time at the sole discretion of the designating Party. The individuals appointed to the Yucaipa-SGMA shall be a senior executive management level employee of each designating Party.”

The General Manager is the Principal representative. An alternate representative has not been appointed to date. Staff believes that the specific language in the Bylaws probably precludes a Board member from being a principal or alternate representative. However, the Board could choose to appoint a Board member as an alternate and see how this is received by the GSA.

**Fiscal Impact:**

There is no appreciable fiscal impact to appointment of an alternate representative to the Yucaipa GSA.

**Recommendation:**

Staff has no recommendation.

**BYLAWS OF THE  
YUCAIPA GROUNDWATER SUSTAINABILITY AGENCY**  
(Department of Water Resources Sub-Basin No. 8-02.07)

ARTICLE I - NAME, ORGANIZATION, REPRESENTATIVES, PRINCIPAL OFFICE

- Section 1.1 Name. The name of this organization is the Yucaipa Sustainable Groundwater Management Agency (hereinafter referred to as the "Yucaipa-SGMA").
- Section 1.2 Organization. The Yucaipa-SGMA was formed by a Memorandum of Agreement ("MOA") in 2017 which remains in full force and effect, by and among: South Mesa Water Company, South Mountain Water Company, Western Heights Water Company and Yucaipa Valley Water District, herein collectively referred to as the "Water Purveyors"; and the City of Calimesa, the City of Redlands, and the City of Yucaipa, herein collectively referred to as the "Municipalities"; and the San Bernardino Valley Municipal Water District, and the San Gorgonio Pass Water Agency, herein collectively referred to as the "Regionals." Each of the above-described entities is individually referred to as a "Party" and collectively referred to as the "Parties".
- Section 1.3 Board of Directors. Each Party shall appoint a principal representative and alternative representative, who may be changed from time to time at the sole discretion of the designating Party. The individuals appointed to the Yucaipa-SGMA shall be a senior executive management level employee of each designating Party. In the event that the appointed representative(s) is/are no longer employed by the appointing Party, the individual will be removed as a member of the Board of Directors of the Yucaipa-SGMA. Written confirmation from the governing board shall be provided to the Yucaipa-SGMA at the Principal Office following any change in representation.
- Section 1.4 Principal Office. The principal office of the Corporation is hereby fixed and located at the offices of the San Bernardino Valley Municipal Water District, 380 East

Vanderbilt Way, San Bernardino, California 92408. The Parties hereby granted full power and authority to change said principal office from one location to another. Any such change shall be noted by the Secretary.

## ARTICLE II - ROLES AND RESPONSIBILITIES

Section 2.1 Sustainable Groundwater Management Act. The Parties agree to jointly implement the Sustainable Groundwater Management Act ("SGMA"), codified in certain provisions of the California Government Code, including commencing with Section 65350.5, and codified in Part 2.74 of Division 6 of the California *Water Code*, commencing with Section 10720, and amending other provisions of the California *Government Code* and California *Water Code*.

Section 2.2 Groundwater Sustainability Plan. Specifically, the Parties agree to develop, implement, and maintain a Groundwater Sustainability Plan ("Plan") prepared pursuant to the Sustainable Groundwater Management Act (Part 2.74 of Division 6 of the Water Code, beginning with Section 10720) for the Yucaipa Basin (Department of Water Resources Sub-Basin No. 8-02.07) ("Basin"),

The following general principles shall guide the Parties in the implementation of a Groundwater Sustainability Plan: (a) Adopt a Plan that defines the basin setting and establishes criteria that will maintain or achieve sustainable groundwater management; (b) Monitor and report groundwater conditions to demonstrate that the Plan is achieving the sustainability goal for the basin; (c) Document the effect of the implementation of the Plan on adjacent basins; (d) Modify the Plan as needed, and report on a substantial compliance to the California Department of Water Resources; (e) Establish and report sustainable management criteria, projects, and management actions; and (f) Justify that the Plan provides a sustainably managed basin for 20 years following Plan implementation without adversely affecting the ability of an adjacent basin to achieve and maintain its sustainability goal.

Section 2.3 Powers and Duties. The Yucaipa-SGMA shall exercise the following powers:

- A. To adopt rules, regulations, policies, bylaws and procedures governing the operation of the Yucaipa-SGMA.
- B. To establish as-needed Ad Hoc and Standing advisory committees for making recommendations to the Board of Directors. Committees shall exist for the term specified in the action creating the committee, and the Board of Directors may dissolve a committee at any time through a majority vote of the Parties.
- C. To monitor all public and private groundwater production and extractions.
- D. To develop a Groundwater Sustainability Plan as described in Section 2.2.
- E. To prepare an Annual Groundwater Report that reflects: all public and private groundwater extractions; natural and artificial recharge; return from use; water quality issues; contamination plumes; and other parameters deemed necessary by the Board of Directors to accurately determine the quantity and quality of the groundwater conditions in the Yucaipa Basin (Department of Water Resources Sub-Basin No. 8-02.07).
- F. To determine the amount of additional artificial recharge for the Basin from imported sources as a complement to native sources, and to plan for the development and application of such additional sources of recharge.
- G. By a majority vote, the Board of Directors may elect to exercise the following powers for a duration determined or modified as needed:
  - a. To contract for the services of engineers, attorneys, planners, financial consultants, and separate and apart therefrom, to appoint agents and representatives to employ such other staff persons as necessary.
  - b. To determine, assess, collect, account, and audit annual groundwater extraction charges to recover expenses related to groundwater recharge, administrative expenses, data collection, and report preparation as determined by the Board of Directors.
  - c. To cooperate, act in conjunction, and contract with the United States, the State of California, or any agency thereof, counties, municipalities, public and private corporations of any kind (including without limitation, investor-owned utilities), and individuals, or any of them, for any and all purposes necessary or convenient for the purposes of the Yucaipa-SGMA.

- d. To accumulate operating and reserve funds and invest the same as allowed by law for the purposes of the Yucaipa-SGMA.
- e. As may be permitted by law, to apply for and accept grants, contributions, donations and loans, including under any federal, state or local programs for assistance in developing or implementing any of its projects or programs in connection with any project undertaken by the Yucaipa-SGMA.
- f. To implement a cost-sharing methodology in a manner that qualifies as a pass-through charge under the Constitutional requirements of Proposition 218 and similar revenue-raising requirements.
- g. To exercise any power necessary or incidental to the foregoing powers in the manner and according to the procedures provided for under the law applicable to the Parties to this Agreement.

### ARTICLE III - MEETINGS

Section 3.1 Regular Meetings. The Parties shall hold regular quarterly meetings on the fourth Wednesday in January, April, July, October for the purpose of conducting routine business matters. The Parties by resolution may fix and adjust the time, date, and place of holding such meetings.

Section 3.2 Workshops and Special Meetings. The Parties may schedule, and conduct workshops and special meetings as needed at the direction of a majority of the Board of Directors. The Parties by resolution may fix the time, date, and place of holding such meetings.

Section 3.3 Voting Methodology. The voting structure for matters pertaining to the establishment and implementation of the administrative components of the Yucaipa-SGMA shall be by simple majority (51%) of the voting Parties, wherein each Water Purveyor, Municipality and Regional holds a single vote.

Section 3.4 Fees and Compensation. Representatives from each Party shall receive no compensation or expenses from the Yucaipa-SGMA.

- Section 3.5 Ralph M. Brown Act. Notwithstanding any of the provisions of these Bylaws to the contrary, all meetings shall be subject to the Ralph M. Brown Act, commencing at Section 54950 of the Government Code of the State of California.
- Section 3.6 Conduct of Meetings. The President or, in the absence of the President the Vice President, or, in the absence of the Vice President the Secretary, or, in the absence of the Secretary a Chairperson chosen by a majority of the Parties present, shall preside over the meeting.
- Section 3.13 Quorum. A majority of the Parties constitutes a quorum for the transaction of business.

#### ARTICLE IV - OFFICERS

- Section 4.1 Officers. The officers of the Yucaipa-SGMA shall be a President, a Vice President, a Secretary, a Treasurer.
- Section 4.2 Election. The officers shall be chosen at the first Regular Meeting held each calendar year and each shall hold office until the officer shall resign, be removed, or be otherwise disqualified to serve, or the officer's successor is elected.
- Section 4.3 Removal and Resignation. Any officer may resign, or may be removed, with or without cause, at any time. Vacancies caused by death, resignation or removal of any officer may be filled by a majority vote of the Parties.
- Section 4.4 President. The President shall preside at all meetings of the Parties.
- Section 4.5 Vice President. In the absence of the President, the Vice President shall perform all the duties of the President.



Section 4.6 Secretary. The Secretary shall keep a book of minutes of all meetings, with the time and place of holding, the names of those present, and actions taken by the Parties.

Section 4.7 Treasurer. The Treasurer shall keep and maintain adequate and correct books of account showing the receipts and disbursements of the Yucaipa-SGMA, and an account of its cash and other assets, if any. Such books of account shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit all moneys of the Yucaipa-SGMA with such depositories as are designated by the Parties and shall disburse the funds of the Yucaipa-SGMA as may be ordered, and shall render to the Parties, regular statements of the financial condition of the Yucaipa-SGMA.

#### ARTICLE V - MISCELLANEOUS

Section 5.1 Execution of Documents. The Parties may authorize any officer or officers as agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Yucaipa-SGMA and such authority may be general or confined to specific instances; and unless so authorized, no officer, agent or other person shall have any power or authority to bind the Yucaipa-SGMA by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 5.2 Inspection of Bylaws. The Yucaipa-SGMA shall keep in its principal office the original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by members of the public at all reasonable times during office hours.

Section 5.3 Fiscal Year. The fiscal year of the Yucaipa-SGMA shall begin July 1 of each year and end on the last day of June of the succeeding year.

Section 5.4 Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the Law shall govern the construction of these Bylaws. If any section, subsection, sentence, clause or phrase of these Bylaws, or the application thereof, is contrary to the Law, the provisions of the Law shall prevail. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

Section 5.5 Amendments. New Bylaws may be adopted, or these Bylaws may be amended or repealed by the vote of the Parties. No amendment to these Bylaws shall be effective until approved by the Parties.

Version History:

- Original Bylaws: Adopted on \_\_\_\_\_.

## MEMORANDUM

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**TO:** Board of Directors  
**FROM:** General Manager  
**RE:** Adoption of Capitalization Policy  
**DATE:** October 1, 2018

### **Summary:**

At the September Finance and Budget workshop, the Board discussed a draft capitalization policy presented by staff. At that meeting, the Board voted to bring the proposed policy, with minor changes, to the Board for approval.

### **Background:**

Even though the Agency's practice for a number of years has been to capitalize any item over \$5000, the Auditor, Eadie and Payne, would like the Board to formally adopt a capitalization policy. While the threshold amount is not particularly important to the auditor, the policy itself is, and the auditor has asked that it be approved by the Board prior to the completion of this year's audit.

### **Detailed Report:**

A capitalization policy merely defines how large items procured by the Agency are accounted for and does not impact how the Agency operates. The policy is desired by the auditor to demonstrate that the Board is directing the policy. While staff has been operating with a threshold capitalization level of \$5000 for a number of years, this was set by staff and not by the Board. The Board recommended the same threshold level be incorporated into the proposed policy.

### **Fiscal Impact:**

There is no fiscal impact to adopting this policy.

### **Recommendation:**

Staff recommends that the Board approve its recommendation at the Finance and Budget workshop to adopt the proposed policy with the minor

changes suggested at the workshop. This is included in the agenda package

**SAN GORGONIO PASS WATER AGENCY  
CAPITALIZATION POLICY  
October 1, 2018**

Purpose

This accounting policy establishes the capitalization amount that shall be used to determine the capital assets that are to be recorded in the annual financial statements and asset records of the San Gorgonio Pass Water Agency.

Capital Asset Definition

A “Capital Asset” is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; and (2) was acquired or produced for a cost of \$5,000 or more. Capital Assets must be capitalized and depreciated for financial statement purposes. Capital Assets, or Fixed Assets, generally include items of property and equipment such as buildings, leasehold improvements, water supply facilities, office furniture, fixtures, computers and other technology-related equipment.

Capitalization Thresholds

The San Gorgonio Pass Water Agency establishes \$5,000 as the threshold amount for minimum capitalization. Any items costing below this amount shall be expensed in the accounting records and financial statements of the San Gorgonio Pass Water Agency.

Capitalization Method and Procedure

The basis of accounting for capital assets is the historical acquisition cost, and all normal expenditures, including installation costs, architect-engineer fees, etc., of readying an asset for use will be capitalized. However, unnecessary expenditures that do not add to the utility of the asset will be charged to the period incurred.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost. Repairs or improvements to a capital asset will be reviewed by management in accordance with the above principles to determine their inclusion or exclusion in the capital asset listing.

Recordkeeping

Invoices substantiating an acquisition cost of each unit of property shall be retained according to guidelines set by the document retention policy of the San Gorgonio Pass Water Agency.

### Asset Review

The assets and the asset listing shall be reviewed annually. New assets need to be listed, and assets that are no longer in service shall be removed from the list and disposed of. Procedures and policies for the proper disposal of surplus property are described in other policy statements of the San Geronio Pass Water Agency.

### Policy Review

This policy shall be reviewed at least every 5 years, to make sure the asset threshold and the procedures meet current accounting standards and the needs of the San Geronio Pass Water Agency.