

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue, Beaumont, CA**  
**Board of Directors Meeting**  
**Agenda**  
**September 3, 2019 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 Regular Board Meeting, August 19, 2019\* (p. 2)
  - B. Approval of the Minutes of the Finance and Budget Workshop, August 26, 2019\* (p. 6)
  - C. Approval of the Finance and Budget Workshop Report, August 26, 2019\* (p. 8)
- 5. Reports:**
  - A. General Manager's Report\* (p. 20)
  - B. General Counsel Report\* None
  - C. Directors Reports
  - D. Committee Reports
- 6. New Business:**
  - A. Consideration of and Possible Action on Proposed Change Order for Up to \$357,236 for the Fiesta Recharge Project\* (p. 39)
- 7. Topics for Future Agendas**
- 8. Announcements:**
  - A. Engineering Workshop, September 9, 2019 at 1:30 p.m.
  - B. Cancelled - Water Conservation and Education Committee Meeting, September 12, 2019 at 1:30 p.m.
  - C. Regular Board Meeting, September 16, 2019 at 1:30 p.m.
- 9. Adjournment**

**\*Information included in Agenda Packet**

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at: [www.sgpwa.com](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 of Directors Meeting**  
**August 19, 2019**

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

**Staff Present:** Jeff Davis, General Manager  
General Counsel Jeff Ferre  
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 Duncan at 1:30 p.m., August 19, 2019 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Duncan led the Pledge of Allegiance to the flag. Director Lehtonen gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Duncan asked if there were any adjustments to the agenda. There being none the agenda was adopted as published.*
3. **Public Comment:** *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. Director Ball announced that Stella Parks, a resident of Cherry Valley, passed away on August 11, 2019. She was very active in the community, serving on various boards and volunteering her time. Mrs. Parks was the first woman to serve on the Beaumont-Cherry Valley Water District Board of Directors from 2001-2010. 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, August 5, 2019
  - B. Approval of the Minutes of the Engineering Workshop, August 12, 2019

*President Duncan asked for a motion on the Consent Calendar. Director Stephenson made a motion, seconded by Director Castaldo, to adopt the consent calendar. Motion passed 7-0.*

5. **Reports:**
  - A. **General Manager's Report:**
    - (1) **Operations Report:** General Manager Davis provided a written report on the Agency's Operations and General Updates. He also provided a verbal report on deliveries of SWP water, stating that the Agency has delivered a total of 750 acre-feet to the Noble Creek Connection, so far this

month. General Manager Davis reviewed the information on SB 1 that was included in the agenda packet. He stated that the opponents (including SWC) of SB 1 (Endangered Species Act) are not trying to defeat the bill, only to amend it.

**B. General Counsel Report:** None.

**C. Directors Reports:**

**1) Director Thompson** reported that he attended the City of Beaumont's State of the City event that was held on August 15th. He also reported that the Water Conservation & Education Committee met on August 8<sup>th</sup>. **2) Director Fenn** reported on the City of Beaumont's State of the City event that was held on August 15th. During the event he learned of the City's intent to incorporate high density residential housing. Director Fenn also reported on the August 7<sup>th</sup> Beaumont Basin Watermaster meeting. **3) Director Stephenson** reported that he attended YVWD meeting on August 13<sup>th</sup>. He also attended and reported on South Mesa Water District's Board meeting that was held on August 14<sup>th</sup>. **4) Director Lehtonen** reported on the San Bernardino County Water Conference that he attended on August 9<sup>th</sup>. He encouraged fellow Board Members to attend next year. **5) Director Ball** reported on the City of Beaumont's State of the City event. **6) Director Castaldo** stated that he also attended the Beaumont Basin Watermaster meeting that was held on August 7<sup>th</sup>.

**D. Committee Reports:** **1) Director Ball** reported on the Capacity Fee Committee meeting that was held on August 12<sup>th</sup>; stating that they are still waiting on the City of Yucaipa and the City of Calimesa's demographic information. He informed the Board that the Committee has decided to hold future meetings on a monthly basis, for the time being. **2) Director Castaldo** stated that he met with General Counsel Ferre to discuss certain information pertaining to the Director's Handbook. He noted that a Committee meeting will be held soon to discuss Counsel's recommendations. **3) Director Thompson** reported that the Water Education and Conservation Committee met on August 8th.

**6. New Business:**

**A. Consideration and Possible Action on Proposed Amendment to 2008 Cooperative Agreement with Regional Water Quality Control Board to Protect Water Quality and Encourage Conjunctive Use.** A staff report and the First Amendment for the Cooperative Agreement were included in the agenda package. General Manager Davis stated that this item was discussed during the June Engineering Workshop. The proposed amendment declares that a specific existing computer model is sufficient to meet the requirements of the cooperative agreement for all computer modeling, that max benefit entities are exempt from certain modeling and reporting requirements, and the Basin Monitoring program Task Force, of which the Agency is a member, may be contracted with to perform certain modeling functions. General Manager Davis reviewed with the Board the specifics of the amendment. After discussion, Director Lehtonen moved, seconded by Director Ball, to approve the amendment and authorize the General Manager to sign the amendment. Motion passed 7-0.

**B. Consideration and Possible Action on ACWA Region 9 Election.** Materials relating to ACWA's Region 9 Board Ballot were included in the agenda package. General Manager Davis reminded the Board of a prior discussion to nominate a member of the Board as a candidate for the Region 9 Board and that the Board declined. ACWA received and reviewed the nomination forms and have composed a slate for the Region 9 Board. ACWA also allows the nomination of other individuals. General Manager Davis stated that the Board President is the individual that casts the deciding vote; however he brought to the full Board for discussion. President Duncan asked for comments from the Board. After discussion, it was the Board decision to cast its vote for the slate. Director Castaldo moved, seconded by Director Lehtonen, to vote for ACWA's recommended slate. Motion Passed 7-0.

**C. Consideration and Possible Action to Nominate Agency Board Members and/or Staff to ACWA Committees.** Materials relating to ACWA's Committee Appointments were included in the agenda package. General Manager Davis reminded the Board that every two years ACWA appoints Committees; the current term is for 2020-2021. He stated that different Committees meet with different frequency. In the past, members of the Board have served on various Committees. President Duncan asked if there were any Board Members that wished to be nominated to a particular Committee; the Board declined. General Manager Davis reminded the Board that four years ago the Board nominated him to the Groundwater Committee, which has been beneficial to the Agency. He informed the Board that he would like to be nominated to the Groundwater Committee for the 2020-2021 term; however the Board is under no obligation to do so. After discussion, Director Fenn made a motion, seconded by Director Duncan, to nominate General Manager Davis to serve on the Groundwater Committee for the 2020-2021 term. Motion Passed 7-0.

**D. Potential Action by the Board President Regarding:**

- (a) **Changes and updates to Board Committee assignments; and**
- (b) **Creation of new Board Committees and assignments to such committees.**

President Duncan informed the Board that he is dissolving the Ad-Hoc Committee for the General Manager Performance Evaluation. He stated that he is forming an Ad-Hoc Hiring Committee - General Manager. He stated that the members of this Committee will include: Director Castaldo, Director Stephenson as Chair, and President Duncan. General Counsel Ferre asked for clarification on the newly formed Ad-Hoc Committee. President Duncan responded that the General Manager's contract expires next year and the Board will be interviewing for a replacement. No other changes were made.

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

**8. Announcements:**

- A. Finance and Budget Workshop, August 26, 2019 at 1:30 p.m.
- B. San Geronio Pass Regional Water Alliance, August 28, 2019 at 5:00 p.m. – Banning City Hall
- C. Office Closed Monday, September 2, 2019 in Observance of Labor Day
- D. Regular Board Meeting, Tuesday, September 3, 2019 at 1:30 p.m.

**9. Closed Session (2 Items)**

**Time: 2:05 p.m.**

- A. 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
  
- B. CONFERENCE WITH LABOR NEGOTIATORS  
Pursuant to Government Code Section 54957.6  
Agency designated representative: Ron Duncan, President of the Board of Directors  
Unrepresented employee: General Manager

**The meeting reconvened to open session at:**

**Time: 4:25 pm**

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

**10. Adjournment**

**Time: 4:25 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, California 92223**  
**Minutes of the**  
**Board Finance and Budget Workshop**  
**August 26, 2019**

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

**Directors Absent:** David Castaldo, Director

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

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Treasurer Steve Lehtonen at 1:30 pm, August 26, 2019, in the Agency Conference Room at 1210 Beaumont Avenue, Beaumont, California. Treasurer Lehtonen led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** The agenda was adopted as published.
3. **Public Comment:** Dan Jaggars of Beaumont Cherry Valley Water District informed the Board of a recent embankment failure at their recharge facility.
4. **New Business:**
  - A. Ratification of Paid Invoices and Monthly Payroll for July, 2019 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Duncan, seconded by Director Stephenson, to recommend that the Board ratify paid monthly invoices of \$1,909,611.44 and payroll of \$34,905.85 for the month of July, 2019, for a combined total of \$1,944,517.29. The motion passed 6 in favor, no opposed, with Director Castaldo absent.
  - B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Fenn, seconded by Director Duncan, to recommend that the Board approve payment of the pending legal invoice for July, 2019 for \$7,204.26. The motion passed 6 in favor, no opposed, with Director Castaldo absent.
  - C. Review of July, 2019 Bank Reconciliation: After review and discussion, a motion was made by Director Stephenson, seconded by Director Fenn, to

recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for July, 2019 as presented. The motion passed 6 in favor, no opposed, with Director Castaldo absent.

D. Review of Budget Report for July, 2019: Finance Manager Tom Todd reviewed the budget report, pointing out that this was the first report of the new fiscal year, and as a result, income does not agree with the deposit record previously reviewed. After further review and discussion, a motion was made by Director Thompson, seconded by Director Duncan, to recommend that the Board acknowledge receipt of the Budget Report for July, 2019. The motion passed 6 in favor, no opposed, with Director Castaldo absent.

5. **Announcements:** Director Lehtonen reviewed the announcements:
- A. San Gorgonio Pass Regional Water Alliance, August 28, 2019, 5:00 pm  
Banning City Hall
  - B. Office will be closed on Monday, September 2 in observance of Labor Day
  - C. Regular Board Meeting, Tuesday, September 3, 2019, 1:30 pm
6. **Adjournment:** The Finance and Budget workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 1:46 pm.

Draft - Not  
Approved

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Jeffrey W. Davis, Secretary of the Board

## Finance and Budget Workshop Report

From Treasurer Steve Lehtonen, Chair of the Finance and Budget Committee

The Finance and Budget Workshop was held on August 26, 2019. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,909,611.44 and Payroll of \$34,905.85 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for July, 2019 for a combined total of \$1,944,517.29.
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$7,204.26
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3. The Board acknowledge receipt of the following:
  - A. Wells Fargo bank reconciliation for July, 2019
  - B. Budget Report for July, 2019



**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Ave, Beaumont, CA 92223**  
**Board Finance & Budget Workshop**  
**Agenda**  
**August 26, 2019 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 July, 2019 by Reviewing Check History Reports in Detail\*
- B. Review of Pending Legal Invoices\*
- C. Review of July, 2019 Bank Reconciliation\*
- D. Review of Budget Report for July, 2019\*

**5. Announcements**

- A. San Gorgonio Pass Regional Water Alliance, August 28, 2019, 5:00 pm  
Banning City Hall
- B. Office will be closed on Monday, September 2 in observance of Labor Day
- C. Regular Board Meeting, Tuesday, September 3, 2019, 1:30 pm

**6. Adjournment**

**\*Information Included In Agenda Packet**

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**San Gorgonio Pass Water Agency**  
**Check History Report**  
 July 1 through July 31, 2019

ACCOUNTS PAYABLE

Date	Number	Name	Amount
07/01/2019	119326	ACWA BENEFITS	872.29
07/01/2019	119327	BEST BEST & KRIEGER	6,447.90
07/03/2019	119328	AMERICAN WATER WORKS ASSOCIATION	277.00
07/03/2019	119329	BEAUMONT-CHERRY VALLEY WATER DISTRICT	470.82
07/03/2019	119330	BDL ALARMS, INC.	78.00
07/03/2019	119331	BEAUMONT CHAMBER OF COMMERCE	300.00
07/03/2019	119332	VOID	0.00
07/03/2019	119333	MST BACKFLOW	261.76
07/03/2019	119334	LAFCO RIVERSIDE	6,651.71
07/03/2019	119335	THE RECORD-GAZETTE	24.95
07/03/2019	119336	SITES PROJECT JPA	302,057.17
07/03/2019	119337	STATE WATER CONTRACTORS	37,126.00
07/03/2019	119338	UNDERGROUND SERVICE ALERT	23.20
07/08/2019	119339	ACWA BENEFITS	872.29
07/08/2019	119340	ACWA JPIA	1,130.24
07/08/2019	119341	GOPHER PATROL	51.00
07/08/2019	119342	MACRO COMMUNICATIONS	375.00
07/08/2019	119343	OFFICE SOLUTIONS	208.01
07/08/2019	119344	PETTY CASH	97.18
07/08/2019	119345	UNLIMITED SERVICES BUILDING MAINT.	295.00
07/08/2019	119346	WASTE MANAGEMENT INLAND EMPIRE	112.59
07/19/2019	119347	ACWA JPIA	2,420.65
07/19/2019	119348	AUTOMATION PRIDE	100.00
07/19/2019	119349	BANNING CHAMBER OF COMMERCE	350.00
07/19/2019	119350	BLAIR M. BALL	800.00
07/19/2019	119351	FRONTIER COMMUNICATIONS	1,303.79
07/19/2019	119352	I. E. RESOURCE CONSERVATION DISTRICT	7,200.00
07/19/2019	119353	KVAC ENVIRONMENTAL	3,600.00
07/19/2019	119354	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
07/19/2019	119355	NICE-INCONTACT	85.29
07/19/2019	119356	PROVOST & PRITCHARD	1,323.00
07/19/2019	119357	SANTA ANA WATERSHED PROJ. AUTHORITY	18,046.00
07/19/2019	119358	VISIONARY LOGICS	540.00
07/19/2019	119359	WELLS FARGO ELITE CREDIT CARD	2,118.87
07/30/2019	119360	STANDARD INSURANCE COMPANY	493.39
07/13/2019	501638	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,172.59
07/13/2019	583296	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,732.59
07/30/2019	552006	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,202.44
07/30/2019	537893	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,631.94
07/01/2019	900247	CALPERS HEALTH	8,057.33
07/03/2019	900248	CALPERS RETIREMENT	48,548.00
07/13/2019	900249	CALPERS RETIREMENT	5,450.06
07/13/2019	900250	CAL PERS RETIREMENT - SIP-457	1,680.00
07/19/2019	900251	CALPERS HEALTH	8,060.54
07/30/2019	900252	CALPERS RETIREMENT	5,801.85
07/30/2019	900253	CAL PERS RETIREMENT - SIP-457	1,680.00
07/31/2019	900254	DEPARTMENT OF WATER RESOURCES	1,417,131.00
TOTAL ACCOUNTS PAYABLE CHECKS			1,909,611.44

**San Gorgonio Pass Water Agency**  
**Check History Report**  
**July 1 through July 31, 2019**

PAYROLL
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Date	Number	Name	Amount
07/12/2019	801746	JEFFREY W. DAVIS	4,998.40
07/12/2019	801747	KENNETH M. FALLS	3,914.68
07/12/2019	801748	CHERYLE M. STIFF	2,305.38
07/12/2019	801749	THOMAS W. TODD, JR.	3,799.47
07/29/2019	801750	BLAIR M. BALL	1,237.90
07/29/2019	801751	JEFFREY W. DAVIS	5,259.95
07/29/2019	801752	KENNETH M. FALLS	3,820.26
07/29/2019	801753	DAVID L. FENN	1,237.90
07/29/2019	801754	LEONARD C. STEPHENSON	1,237.90
07/29/2019	801755	CHERYLE M. STIFF	2,305.06
07/29/2019	801756	MICHAEL D. THOMPSON	990.32
07/29/2019	801757	THOMAS W. TODD, JR.	3,798.63
TOTAL PAYROLL			34,905.85
TOTAL DISBURSEMENTS FOR JULY 2019			1,944,517.29

**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	190731	LEGAL SERVICES JUL19	7,204.26

TOTAL PENDING INVOICES FOR APPROVAL AUGUST 2019

7,204.26

**SAN GORGONIO PASS WATER AGENCY  
BANK RECONCILIATION  
July 31, 2019**

BALANCE PER BANK AT 07/31/2019 - CHECKING ACCOUNT 196,889.70

LESS OUTSTANDING CHECKS

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
119350	800.00		
119360	493.39		
	1,293.39		0.00

TOTAL OUTSTANDING CHECKS -1,293.39

BALANCE PER GENERAL LEDGER **195,596.31**

BALANCE PER GENERAL LEDGER ON 06/30/2019 161,847.91

**CASH RECEIPTS FOR JULY** 829,361.34

**CASH DISBURSEMENTS FOR JULY**

ACCOUNTS PAYABLE - CHECK HISTORY REPORT	-1,909,611.44
PAYROLL TRANSFER - BANK OF HEMET	-36,000.00
	<b>-1,945,611.44</b>

BANK CHARGES -1.50

TRANSFER FROM LAIF 1,150,000.00

BALANCE PER GENERAL LEDGER AT 07/31/2019 **195,596.31**

REPORT PREPARED BY:

Cheryle Stiff

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Cheryle M. Stiff

**SAN GORGONIO PASS WATER AGENCY  
DEPOSIT RECAP  
FOR THE MONTH OF JULY 2019**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
<b>DEPOSIT TO CHECKING ACCOUNT</b>				
7/2/19	MOHAVE W. A.	CLASS 8 MEETINGS	1,350.00	
7/2/19	CLAWA	CLASS 8 MEETINGS	1,350.00	
7/2/19	DESERT W. A.	CLASS 8 MEETINGS	1,350.00	4,050.00
7/9/19	COACHELLA VALLEY W A	CLASS 8 MEETINGS	1,350.00	
7/9/19	SBVMWD	CLASS 8 MEETINGS	1,350.00	2,700.00
7/9/19	TVI	T-BILL INTEREST	89,359.95	89,359.95
7/10/19	SGVMWD	CLASS 8 MEETINGS	1,350.00	
7/10/19	YVWD	WATER SALES	18,138.54	19,488.54
7/15/19	BCVWD	WATER SALES	699,846.00	
7/15/19	PALMDALE W. D.	CLASS 8 MEETINGS	1,350.00	701,196.00
7/26/19	TVI	CD - BOND INTEREST	12,566.85	12,566.85
TOTAL FOR JULY 2019			829,361.34	829,361.34

**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2019-20  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE ONE MONTH ENDING ON JULY 31, 2019**

FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - INCOME</b>				Comparison:	92%
<b>INCOME</b>					
WATER SALES	5,600,000		5,600,000	0.00	100.00%
TAX REVENUE	2,750,000		2,750,000	0.00	100.00%
INTEREST	350,000		350,000	9,856.91	97.18%
DESIGNATED REVENUES	820,000		820,000	0.00	100.00%
CAPACITY FEE	0		0	0.00	
OTHER (REIMBURSEMENTS, TRANSFERS)	31,000		31,000	0.00	100.00%
<b>TOTAL GENERAL FUND INCOME</b>	<b>9,551,000</b>	<b>0</b>	<b>9,551,000</b>	<b>9,856.91</b>	<b>99.90%</b>
<b>GENERAL FUND - EXPENSES</b>					
<b>COMMODITY PURCHASE</b>					
PURCHASED WATER	6,100,000		6,100,000	0.00	100.00%
<b>TOTAL COMMODITY PURCHASE</b>	<b>6,100,000</b>	<b>0</b>	<b>6,100,000</b>	<b>0.00</b>	<b>100.00%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>					
SALARIES	500,000		500,000	41,577.79	91.68%
PAYROLL TAXES	43,000		43,000	3,570.11	91.70%
RETIREMENT	250,000		250,000	51,480.33	79.41%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	73,000		73,000	3,346.96	95.42%
HEALTH INSURANCE	68,000		68,000	10,970.29	83.87%
DENTAL INSURANCE	5,000		5,000	803.00	83.94%
LIFE INSURANCE	1,600		1,600	269.92	83.13%
DISABILITY INSURANCE	5,200		5,200	432.41	91.68%
WORKERS COMP INSURANCE	3,800		3,800	0.00	100.00%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	0.00	100.00%
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>960,600</b>	<b>0</b>	<b>960,600</b>	<b>112,450.81</b>	<b>88.29%</b>

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2019-20**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE ONE MONTH ENDING ON JULY 31, 2019**

FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	92%
<b>ADMINISTRATIVE &amp; PROFESSIONAL</b>					
<b>DIRECTOR EXPENDITURES</b>					
DIRECTORS FEES	115,000		115,000	5,093.71	95.57%
DIRECTORS TRAVEL & EDUCATION	15,000		15,000	0.00	100.00%
DIRECTORS MISC. MEDICAL	21,000		21,000	800.00	96.19%
<b>OFFICE EXPENDITURES</b>					
OFFICE EXPENSE	15,000		15,000	232.96	98.45%
POSTAGE	700		700	0.00	100.00%
TELEPHONE	11,500		11,500	662.45	94.24%
UTILITIES	5,000		5,000	78.00	98.44%
<b>SERVICE EXPENDITURES</b>					
COMPUTER, WEB SITE AND PHONE SUPPORT	17,000		17,000	375.00	97.79%
GENERAL MANAGER & STAFF TRAVEL	18,000		18,000	0.00	100.00%
INSURANCE & BONDS	23,000		23,000	2,420.65	89.48%
ACCOUNTING & AUDITING	21,000		21,000	0.00	100.00%
STATE WATER CONTRACT AUDIT	5,500		5,500	0.00	100.00%
DUES & ASSESSMENTS	30,000		30,000	927.00	96.91%
OUTSIDE PROFESSIONAL SERVICES	7,500		7,500	0.00	100.00%
BANK CHARGES	1,000		1,000	38.42	96.16%
MISCELLANEOUS EXPENSES	500		500	0.00	100.00%
<b>MAINTENANCE &amp; EQUIPMENT EXPENDITURES</b>					
TOOLS PURCHASE & MAINTENANCE	500		500	0.00	100.00%
VEHICLE REPAIR & MAINTENANCE	5,000		5,000	700.94	85.98%
MAINTENANCE & REPAIRS - BUILDING	30,000		30,000	458.59	98.47%
MAINTENANCE & REPAIRS - FIELD	8,000		8,000	350.00	95.63%
CONTRACT OPERATIONS AND MAINTENANCE	125,000		125,000	0.00	100.00%
<b>COUNTY EXPENDITURES</b>					
LAFCO COST SHARE	6,000		6,000	6,651.71	-10.86%
ELECTION EXPENSE	0		0	0.00	0.00%
TAX COLLECTION CHARGES	11,000		11,000	0.00	100.00%
<b>TOTAL ADMINISTRATIVE &amp; PROFESSIONAL</b>	<b>492,200</b>	<b>0</b>	<b>492,200</b>	<b>18,789.43</b>	<b>96.18%</b>

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**SAN GORGONIO PASS WATER AGENCY**  
**BUDGET REPORT FY 2019-20**  
**BUDGET VS. REVISED BUDGET VS. ACTUAL**  
**FOR THE ONE MONTH ENDING ON JULY 31, 2019**

FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>GENERAL FUND - EXPENSES</b>				Comparison:	92%
<b>GENERAL ENGINEERING</b>					
NEW WATER					
UPDATED STUDY ON AVAILABLE SOURCES	16,000		16,000	0.00	100.00%
SGMA SUPPORT					
GSP CONSULTANT	500,000		500,000	0.00	100.00%
WEBSITE SERVICES	3,000		3,000	0.00	100.00%
UWMP CONSULTANT	35,000		35,000	0.00	100.00%
STUDIES					
USGS	115,000		115,000	0.00	100.00%
WATER RATE NEXUS STUDY	35,000		35,000	0.00	100.00%
WATER RATE FINANCIAL MODELING	15,000		15,000	0.00	100.00%
CAPACITY FEE NEXUS STUDY UPDATE	48,000		48,000	0.00	100.00%
WHEELING RATE STUDY	0		0	0.00	0.00%
OTHER PROJECTS					
IRWM IMPLEMENTATION PROPOSAL	22,000		22,000	0.00	100.00%
FLUME MONITORING	30,000		30,000	0.00	100.00%
INFRASTRUCTURE PLAN	30,000		30,000	0.00	100.00%
BASIN MONITORING TASK FORCE	18,000		18,000	18,046.00	-0.26%
GENERAL AGENCY - CEQA AND GIS SERVICES	7,000		7,000	0.00	100.00%
<b>TOTAL GENERAL ENGINEERING</b>	<b>874,000</b>	<b>0</b>	<b>874,000</b>	<b>18,046.00</b>	<b>97.94%</b>
<b>LEGAL SERVICES</b>					
LEGAL SERVICES - GENERAL	150,000		150,000	0.00	100.00%
<b>TOTAL LEGAL SERVICES</b>	<b>150,000</b>	<b>0</b>	<b>150,000</b>	<b>0.00</b>	<b>100.00%</b>
<b>CONSERVATION &amp; EDUCATION</b>					
SCHOOL EDUCATION PROGRAMS	12,000		12,000	0.00	100.00%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
SPONSORSHIPS	10,000		10,000	0.00	
OTHER CONSERVATION, EDUCATION AND P. R.	15,000		15,000	0.00	100.00%
<b>TOTAL CONSERVATION &amp; EDUCATION</b>	<b>42,000</b>	<b>0</b>	<b>42,000</b>	<b>0.00</b>	<b>100.00%</b>



**SAN GORGONIO PASS WATER AGENCY  
BUDGET REPORT FY 2019-20  
BUDGET VS. REVISED BUDGET VS. ACTUAL  
FOR THE ONE MONTH ENDING ON JULY 31, 2019**

FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020

	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
<b>DEBT SERVICE FUND - INCOME</b>				Comparison:	92%
<b>INCOME</b>					
TAX REVENUE	23,995,229		23,995,229	0.00	100.00%
INTEREST	650,000		650,000	32,999.20	94.92%
DWR CREDITS - BOND COVER, OTHER	3,031,777		3,031,777	0.00	100.00%
<b>TOTAL DEBT SERVICE FUND INCOME</b>	<b>27,677,006</b>	<b>0</b>	<b>27,677,006</b>	<b>32,999.20</b>	<b>99.88%</b>
<b>DEBT SERVICE FUND - EXPENSES</b>					
<b>EXPENSES</b>					
SALARIES	60,000		60,000	5,863.79	90.23%
PAYROLL TAXES	4,700		4,700	448.57	90.46%
BENEFITS	74,000		74,000	9,141.75	87.65%
STATE WATER CONTRACT PAYMENTS	24,500,000		24,500,000	976,893.00	100.00%
WATER TRANSFERS	1,625,000		1,625,000	0.00	97.72%
SWC CONTRACTOR DUES	75,000		75,000	37,126.00	100.00%
DELTA CONVEYANCE FACILITY AUTHORITY	40,000		40,000	0.00	100.00%
EBX CONTRACT OPERATIONS AND MAINTENANCE	125,000		125,000	0.00	100.00%
SWP ENGINEERING AND MAINTENANCE	450,000		450,000	0.00	100.00%
DEBT SERVICE UTILITIES	11,000		11,000	726.63	93.39%
STATE WATER PROJECT LEGAL SERVICES	0		0	0.00	0.00%
TAX COLLECTION CHARGES	70,000		70,000	0.00	100.00%
<b>TOTAL DEBT SERVICE FUND EXPENSES</b>	<b>27,034,700</b>	<b>0</b>	<b>27,034,700</b>	<b>1,030,199.74</b>	<b>96.19%</b>
<b>TRANSFERS FROM RESERVES</b>	<b>0</b>		<b>0</b>	<b>0.00</b>	
<b>DEBT SERVICE NET INCOME YEAR TO DATE</b>	<b>642,306</b>	<b>0</b>	<b>642,306</b>	<b>-997,200.54</b>	

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## General Manager's Report

September 3, 2019

### **Operations Report**

We continue to deliver water to Noble at 20 cfs and to YVWD at approximately 1 cfs. Staff is working to determine when more capacity will be freed up in the East Branch so that deliveries may increase.

### **Agency Updates**

Delta Conveyance Facility (DCF) negotiations continue between the Contractors and DWR. The primary purpose of the negotiations is to define the DCF itself. The negotiations will also result in an Agreement in Principle (AIP) which will define the cost allocation and benefit allocation of the DCF. Documents describing these negotiations are included in the agenda package. The next meeting is scheduled for tomorrow, September 4. Current discussions focus on how storage in San Luis Reservoir and Article 21 water will be allocated, along with how the facility will be integrated into the State Water Project. The water supply contract between each Contractor and the State is based on dividing all costs equally among the 29 Contractors. For the DCF, this will change, since it will be an opt in facility, so defining how that will work will occupy most of the negotiation schedule. Equitability will be re-defined for the DCF. Full integration into the State Water Project also presents some issues related to how the facility will be operated, which is a major focal point at this time.

SB-1 passed a committee in the Assembly with no major revisions. The two issues that are of greatest interest to us (requiring the US Bureau of Reclamation to meet the State Endangered Species Act and rolling back Biological Opinions to before science was incorporated into the decision-making) are still in the bill but discussions are continuing with the bill's sponsor and the Governor's office. It is not known at this time when this will come to the Assembly for a vote. Documents related to this issue are included in the agenda package.

SGMA Update—We held our kickoff meeting for the San Geronio Pass Groundwater Sustainability Plan (GSP) last week, and had individual meetings between our consultant, Provost & Pritchard, and individual members of the GSP working group. The initial focus will be on constructing an electronic database and development of the computer model of the basin. Each GSP working group member will share appropriate data with the consultant, who will start building the database. We expect another meeting in late October and a stakeholder advisory meeting shortly after that. Now that we have a defined consulting contract and understand our expected costs, we will begin focusing on developing a cost share agreement in the event that GSP costs exceed our \$1 million grant.

ACWA Region 9 Tour—On October 10, Region 9 of ACWA is sponsoring a tour and event at the Lloyd Michael Filtration Plant in Rancho Cucamonga. The program includes a presentation by Jennifer Pierre, General Manager of the State Water Contractors. This should be an excellent program and I would recommend it to Board members. You can register online through October 3. Cheryle can help with this.



## State Water Project (SWP) Contract Amendment for Delta Conveyance July 31, 2019 Meeting Summary

### Draft Meeting Attendance List

#### California Department of Water Resources Lead Negotiators

- Brian "BG" Heiland, California Department of Water Resources
- John Leahigh, California Department of Water Resources
- Tripp Mizell, California Department of Water Resources
- Dave Paulson, California Department of Water Resources
- Carl Torgerson, California Department of Water Resources
- Pedro Villalobos, California Department of Water Resources
- Molly White, California Department of Water Resources

#### California Department of Water Resources Staff

- Ted Alvarez (by phone), California Department of Water Resources
- Vinay Behl, California Department of Water Resources
- Rachel Corbett, California Department of Water Resources
- Stan Dirks, California Department of Water Resources
- Avery Estrada, California Department of Water Resources
- Tasmin Eusuff, California Department of Water Resources
- Spencer Kenner, California Department of Water Resources
- Gary Lippner, California Department of Water Resources
- Mahmoud Mabrouk, California Department of Water Resources
- Jagruti Maroney, California

#### Department of Water Resources

- Julie Mattox, California Department of Water Resources
- Nancy Quan, California Department of Water Resources
- David Rizzardo, California Department of Water Resources
- David Sandino (by phone), California Department of Water Resources
- Michelle Silva, California Department of Water Resources
- Amardeep Singh, California Department of Water Resources
- Russ Stein (by phone), California Department of Water Resources
- Lisa Toms, California Department of Water Resources
- Brian Victor, California Department of Water Resources

#### Public Water Agencies (PWAs) Lead Negotiators

- Steve Arakawa, Metropolitan Water District of Southern California
- Robert Cheng, Coachella Water District
- Curtis Creel, Kern County Water Agency
- Jeff Davis, San Geronio Pass Water Agency
- Dan Flory, Dudley Ridge Water District
- Mark Gilkey, County of Kings/Empire-West Side Irrigation District/Tulare Lake Basin Water Storage District
- Paul Gosselin (by phone), County of Butte, Butte County Water and Resource Conservation
- Garth Hall, Santa Clara Valley Water District

- Doug Headrick, San Bernadino Valley Municipal Water District
- Laura Hidas (by phone), Alameda County Water District
- Dirk Marks, Santa Clarita Valley Water Agency
- Phillip Miller, Napa county Flood Control and Water Conservation District DPW
- Jon Pernula, Palmdale Water District
- Valerie Pryor, Alameda County FC&WCD Zone 7
- Ray Stokes, Central Coast Water Authority
- Wes Thomson (by phone), San Luis Obispo County Flood Control and Water Conservation District
- Greg Young, City of Yuba City

Public Water Agencies Staff

- Bruce Alpert (by phone), County of Butte, Butte County Water and Resource Conservation
- Adnan Anabtawi, Mojave Water Agency
- Joseph Byrne, State Water Contractors
- Chandra Chilmakuri, Metropolitan Water District of Southern California
- Kathy Cortner, Mojave Water Agency
- Jaime Dalida, Metropolitan Water District of Southern California
- Kevin Donhoff, Metropolitan Water District of Southern California
- Amparo Flores, Alameda County FC&WCD Zone 7
- Anthony Fulcher, Santa Clara Valley Water District
- Dana Jacobson, Santa Clara Valley Water District
- Cindy Kao, Santa Clara Valley Water District
- Adam Kear, Metropolitan Water District of Southern California
- Matt Knudson, Antelope Valley-East Kern Water Agency
- Mark Krause (by phone), Desert Water Agency
- Theresa Lightle, State Water Contractors
- Holly Melton, Kern County Water Agency
- Marty Milobar, Kern County Water

- Agency
- Thomas Pate, Solano County Water Agency
- Julie Ramsay, State Water Contractors
- David Reukema (by phone), Metropolitan Water District of Southern California
- Jack Safely, Metropolitan Water District of Southern California
- John Schlotterbeck (by phone), Metropolitan Water District of Southern California
- Robert Shaver, Alameda County Water District
- Matt Stone, Santa Clarita Valley Water Agency, State Water Contractors
- Peter Thompson (by phone), Palmdale Water District
- Bob Tincher (by phone), San Bernadino Valley Municipal Water District
- Craig Wallace, Kern County Water Agency
- Brent Walthall, Kern County Water Agency
- Jacob Westra (by phone), County of Kings/Tulare Lake Basin Water Storage district
- Charles Wulff, Kern County Water Agency

Members of the Public

- Charlotte Allen (by phone), Sierra Club CA
- Paul Clausen (by phone), Recreational Boaters of California
- Brandon Dawson, Sierra Club California
- Dierdre Des Jardins, California Water Research
- Erika Giorgi, Delta Stewardship Council
- Tyrone Gorre, Sierra Salmon Alliance
- Armin Halston, Bureau of Reclamation
- Robert Kunde, Wheeler Ridge-Maricopa Water Storage District
- Colin Maloney, Bureau of Reclamation
- Anthony Navasero, Delta Stewardship Council
- Valerie Nera, California Chamber of Commerce

- Tom Schlosser, Hoopa Valley Tribe
- Lucas Stuart-Chilcote, Save the Delta, Stop the Tunnel
- Mary Jane Sutliff
- Mary Beth Day
- Nora De Cuir
- Sharon Hu
- Jorge Kalil (by phone)
- Cici Vu

#### Facilitation Team

- Michelle Bardini (by phone)

## Meeting Summary

### I. Welcome/Introductions

There were roundtable introductions of the negotiation teams and staff. Members of the public and phone participants were given the opportunity to introduce themselves.

### II. Meeting Overview

Nora De Cuir (Nora), Kearns & West, thanked everyone for attending the second public negotiation meeting on the State Water Project (SWP) Contract Amendment for Delta Conveyance. She reviewed the ground rules and outlined the negotiation session agenda. Nora reminded the group that the California Department of Water Resources (DWR) and the Public Water Agency (PWA) Contractors can call a caucus at any time. She outlined the process for public comment at the end of the meeting and noted that members of the public present on the phone could submit written comments. She explained that all documents posted online by DWR are required to be 508 compliant<sup>1</sup> and asked all commenters submitting written comments to work with DWR staff to ensure 508 compliance. She noted that oral comments would not be reflected in the meeting summary. She explained the standard procedure for writing, reviewing, and approving meeting summaries, and she noted that this week's summary will be available and approved at the next meeting.

Nora then turned to the lead negotiators, Tripp Mizell (Tripp), DWR, and Steve Arakawa (Steve), the Metropolitan Water District of Southern California, to confirm the summary for the July 24<sup>th</sup> meeting. Steve and Tripp confirmed that the PWAs and DWR, respectively, have no further comments on the summary.

Nora reminded the negotiators to state their names prior to speaking and confirmed the procedures for using the microphones during the meeting.

### III. Cost Allocation (PWAs Offer)

Nora first turned to Tripp to share additional clarifying questions regarding the PWA First Offer.

<sup>1</sup> The California Department of Water Resources (DWR) is committed to making [documents and information posted on] our website equally accessible for all visitors. <https://water.ca.gov/Accessibility>

Tripp stated that DWR did not have additional clarifying questions at this time, but that DWR may have questions in the future when they revisit the PWA First Offer.

Nora then turned to Steve for additional comments regarding the PWA First Offer.

Steve stated that the PWAs received a few questions on the PWA First Offer at the last negotiation session and the PWAs expect to use caucus time to further discuss responses to those questions and the PWAs would respond following their caucus.

Nora noted that the group may return to this agenda item later in the afternoon and proceeded to the next agenda item.

#### IV. Discuss DWR's Offer on Accounting and Administrative Proposal

Nora turned to Tripp to introduce DWR's document entitled "Department of Water Resources Accounting and Administrative Proposal" (DWR's first proposal).

Tripp explained that DWR's first proposal represents an accounting and administrative framework, is not a counter offer to the PWA First Offer, and pertains to a different part of the Agreement-in-Principle (AIP), apart from the PWA First Offer. He noted that DWR will address any counter offers to the PWA First Offer at a later time. Furthermore, Tripp stated that DWR's first proposal has been drafted to seek alignment among DWR and the PWAs on the highest principles to guide a collaborative process of developing the details for the framework. Tripp emphasized that DWR's goal is to arrive at AIP language related to DWR's first proposal that is foundational and is as straightforward and feasible to implement as possible.

Tripp reviewed DWR's first proposal in detail, discussing the key points under each paragraph as follows:

- **Items 1, 2, and 3 under Integration into the State Water Project** reflect principles of existing infrastructure, a goal of which is to protect existing infrastructure performance. Related to the infrastructure issue, Tripp noted the following:
  - DWR intends to own and operate any Delta Conveyance Facility as part of the State Water Project.
  - DWR proposes continued use of existing facilities such as the Clifton Court Forebay Facilities, to meet Annual Table A Allocation and assess available SWP water supply.
- **Item 4 under Delta Conveyance Facility** contains a description of the highest principles of the Delta Conveyance Facility. This paragraph also clarifies DWR's intent to receive an independent forecast for administrative needs and accounting mechanisms.
- **Item 5 under San Luis Reservoir** relates to the San Luis Reservoir (SLR) storage capacity. The language in this paragraph may need additional clarification.
  - **Item 5.1** contains a reference to "water other than Annual Table A Allocation" which relates specifically to water for the current year's allocation.



- *Item 6 under Conveyance* pertains to Use of Facilities and is not a discussion about cost allocation, but rather about conveyance capacity. It focuses on that aspect of facilities use and not on a billing practice.
- *Items 7 and 8 under Project Water Allocations other than Annual Table A Allocation and Delta Conveyance Facility water* introduces the concept of “Delta Conveyance Facility Direct Delivery” which is analogous to an existing Article 21 process for the Delta Conveyance Facility. Additional details under these paragraphs have yet to be developed, including informational requirements to determine administrative needs and accounting mechanisms.

Tripp concluded his introductory comments on DWR’s first proposal and invited comments from the PWAs.

Nora turned to Steve to respond to Tripp’s comments on DWR’s first proposal.

Steve turned to the PWA negotiators to indicate that he will lead the PWAs in asking DWR any questions regarding its first proposal. Hearing no disagreement from the group, he proceeded to make his query.

Steve asked for further clarification on what DWR means by its reference to “Clifton Court Forebay Facilities” under Item 2 of its first proposal.

Tripp responded that the term “Clifton Court Forebay Facilities” in Item 2 is meant to distinguish such facilities from the Delta Conveyance Facilities. Further, he noted that DWR intends to utilize existing facilities to meet the Annual Table A Allocations and that the process will be reflective of project yield for the South of Delta Facility in the future.

Steve followed up and asked whether the Clifton Court Forebay Facilities include the Banks Pumping Plant.

Tripp answered in the affirmative and added that the Banks Pumping Plant would be included to the extent that it is needed to move water out of the Forebay.

Steve asked the PWAs for additional comments and hearing none, replied that the PWAs will probably follow up on this section and proceeded to his next question regarding “Continued utilization of Annual Table A Allocation to represent DWR’s assessment of the likely available SWP water supply” in Item 3. He asked whether DWR will be utilizing the existing DWR procedure to conform to the PWAs’ contract regarding the forecast allocation for Table A supply.

Tripp indicated that based on the information that has been developed to date, DWR intends to conform with the PWAs’ existing Table A allocation forecasting process and that the details will be developed collaboratively as the negotiations progress. He reiterated that, as a starting point, DWR will retain the Annual Table A process for the existing Table A infrastructure.

Steve followed up and asked, in terms of providing allocations, whether DWR is looking at all of the Delta requirements and standards necessary to enable delivery of water supply and utilization of the

facilities to the greatest extent possible. He requested that DWR confirm his understanding that the idea under this provision is to use the existing approach to make Table A water available for conveyance, while meeting all necessary requirements.

Tripp replied that the Annual Table A Allocation will continue to take into account all regulatory requirements. Referring to Item 4.1, he noted that DWR intends to have a forecast available through the Delta Conveyance Facility itself, thereby making available an integrated forecast of the two systems: 1) Annual Table A Allocation; and 2) Delta Conveyance Facility.

Steve requested confirmation of his understanding that there will be a forecast and methodology to determine water availability for Annual Table A Allocation, as well for Delta Conveyance Facility.

Tripp confirmed that Steve's understanding is accurate.

Steve commented that additional information is needed to explain this process as there are a lot of details involved.

Tripp agreed and added that DWR was planning to propose in the next steps to launch a technical team to review these needs and refine the details.

Steve asked whether the PWAs have any follow up questions on Item 3. Hearing none, he proceeded to his question on Item 4.1, "A forecast of Delta Conveyance Facility water availability will be provided in a manner and timeframe similar to the existing Annual Table A Allocation." He asked whether the term "forecast" in this paragraph meant that there would be a forecast of Delta Conveyance water.

Tripp replied in the affirmative and indicated that he would like to defer to John Leahigh (John), DWR, and Molly White (Molly), DWR, to address further details. He caveated that the content of Item 4 is contingent upon informational needs, what information is possible and in what timeframe the information can be made available. He added that DWR's hope is to have a technical team work out the details on these processes before DWR can provide a more definitive response.

John elaborated on Tripp's statements regarding Item 4.1, explaining that, at a high level, DWR's existing monthly process provides Table A estimates at various exceedances. He added that another piece of information included in the forecasts, for example, is potential Article 21 water being made available. He noted that DWR views Delta Conveyance Facility water as another water supply that it could forecast using the existing process, at different time steps. He added that he envisions DWR using a monthly time step to create forecasts throughout the year.

Steve pointed out that this forecast process may need to be further fleshed out and defined under Item 4.3. He read from the paragraph: "In coordination with Public Water Agencies receiving water from any Delta Conveyance Facility, DWR will develop the information requirements necessary for forecasting Delta Conveyance Facility water availability". He then asked Tripp whether DWR had any thoughts on what kind of informational requirements or needs would be developed to further define the AIP.

Tripp replied that DWR has thought about which requirements would be optimal, while recognizing the constraints on what kind of information can be generated at what time steps. He noted that DWR would like to work with a technical team to determine which components can feasibly be generated such that an accounting and forecasting process can be designed around the information available.

Steve then asked for additional clarification on the definition of "availability" under Item 4.3. He asked whether "availability" is based on what the system can provide with new intakes and conveyance versus without them. Additionally, he asked if forecasts will be based on an analytical methodology or on the actual water that moves through the tunnel.

Tripp asked Steve to clarify whether he was asking if the forecast would reflect what actually moves through the tunnel versus a methodology that is calculated in advance.

Steve explained that his question was regarding the determination of the monthly forecast for Delta Conveyance Facility water. He commented that there could be a timeframe in which a storm event occurs and water, in excess of what meets all regulatory standards, is diverted at intakes of facilities yet to be defined. He asked if, in this scenario, the Delta Conveyance Facility water forecast would be based on a methodology that determines what could have been done with or without the project or if it would be measuring the water moving through the tunnel.

Nora asked Curtis Creel (Curtis), Kern County Water Agency if he would like to add a comment prior to Tripp's response (noting that Curtis signaled that he had a question).

Curtis addressed Steve and referred him to text under Item 4.4, "DWR will establish an accounting mechanism to measure the water delivered via any Delta Conveyance Facility". He asked Steve if this reference helped to address his question.

Steve reviewed Item 4.4 and affirmed that this section helped to address his question.

Curtis then followed up on Steve's question and asked DWR if the forecast will be based on physical delivery or on the increments now made available by virtue that the project now exists.

Tripp responded that the precise methodology for how DWR develops Items 4.1 and 4.4 is still a work in progress and agreed with Curtis in his response to Steve's previous question. He further explained that Item 4.4 describes an accounting process for water that is actually moving through the tunnel. He stated that Item 4.1 sets a framework for a forecasting process to better inform decisions regarding how much and what kind of water is expected to move through the tunnel. He then asked if Curtis had any further comments.

Curtis replied that he may have other comments after the PWAs are finished with their caucus.

Steve stated that the PWAs will further discuss Item 4 and thanked Curtis for his clarifications.

Steve moved on to discussing Item 5, "Utilization of San Luis Reservoir storage capacity". He noted that Item 5.1 refers to "water other than Annual Table A Allocation stored in San Luis Reservoir" and asked if this was in reference to carryover water in San Luis Reservoir.

Tripp acknowledged that there was some ambiguity in this section and explained that this section is intended to refer only to that year's Table A Allocation water in the Reservoir and not to carryover water.

Steve moved on to Item 6.1, "Conveyance will be allocated based upon a Public Water Agency's contracted proportionate share" and asked if DWR could clarify the type of conveyance mentioned here.

Tripp responded that this paragraph references the SWP facilities in general and deferred to Dave Paulson (Dave), DWR, to provide further details.

Dave explained that DWR is referring to the concept of SWP facilities in general and determination of the benefits for the participants that will be using it can be made as proposed facilities are added. He indicated that there may be different types of contractual proportionate shares depending on what is agreed to. He reiterated that the concept under this provision is conveyance in general for the SWP facilities, including the potential for the Delta Conveyance Facility.

Steve asked whether Item 6.1 describes a broad principle that could apply to the existing system and/or additional Delta Conveyance Facility.

Dave replied in the affirmative and elaborated that the concept is that DWR would apply the allocation of benefits to all SWP facilities and provided that contractual requirements are met, the facilities would include the proposed Delta Conveyance Facility.

Steve thanked Dave and turned to the PWAs for further questions on the document. Hearing none, he concluded his questions.

Nora turned to Tripp to ask if he had any further clarifications.

Tripp replied that he had no further clarifications at this time.

Nora stated that earlier in the discussion Steve had brought up items to discuss in caucus. She asked Steve if the PWAs felt they were at a point where they would like to proceed to caucus or if they would like to proceed to covering next steps.

Steve replied that the PWAs would like to caucus at this time.

Nora turned to Tripp and asked if he agreed to go into caucus.

Tripp replied in the affirmative.

Nora addressed the meeting participants on the phone and informed them that the line will be muted during caucus and participants will be updated on the schedule for reconvening the meeting.

*The PWAs and DWR went into caucus at 10:51 AM. The meeting resumed at 12:52 PM.*

Nora reconvened the meeting and reviewed the remaining items on the Agenda (Items 4 and 5), and turned to Steve and Tripp to propose where to begin resuming discussions.

Steve replied that the PWAs would like to propose first reviewing their responses to questions posed by DWR last week related to the PWA First Offer and following that discussing DWR's first proposal.

At this point, the PWAs introduced a document for discussion entitled "Use of Delta Conveyance Capacity and the Priority for the Use of the Delta Conveyance Capacity" (PWA First Offer response).

Nora asked Tripp if discussion of the agenda items as Steve proposed was amenable to DWR.

Tripp replied in the affirmative.

Nora reminded the negotiators around the table to help improve the audio quality for the phone participants by speaking audibly into their microphones. She then turned to Steve to begin reviewing the PWA First Offer response.

Steve referred to the PWA First Offer response and stated that he will address a question from DWR regarding capacity and use of capacity in the Delta Conveyance facility. He continued to say that this response is meant to clarify how a party would arrange for that capacity, who they would work with, and whether they would work with DWR to use that capacity. He added that the response contains two distinct parts clearly distinguishing between water transfer arrangements that could be a mechanism for Delta Conveyance Facility water and access to Delta Conveyance capacity. He emphasized that the PWAs wanted to be clear that there is a strong distinction between these two parts.

Referencing Item 1 of the PWA First Offer response, Steve stated that Delta Conveyance Facility water transfers will be consistent with the existing contract and Water Management Tools, and that such transfer of water supply benefits could occur to both SWP participants and non-participants. He noted that "SWP participants" is defined as those who are paying for Delta Conveyance Facility water (as referenced in footnote 1), and "SWP non-participants" is defined as those who are not paying for a Delta Conveyance Facility water (as referenced in footnote 2).

Steve further explained that under water transfers between contractor parties, SWP participants are ultimately responsible to DWR for the payment of capital and operations & maintenance (O&M) costs. He added that when DWR prepares an invoice, participants will pay that bill for Delta Conveyance. Non-participants with an interest in the transfer would arrange the transfer with the participant and it would be an agreement between those two parties. He then referred to the remaining text in Item 1, which states "If a SWP participant transfers Delta Conveyance water supply to another SWP participant or SWP non-participant, the transferring participant's Delta Conveyance

capacity can be used” and explained that under this framework, when a water transfer occurs, it is transferred using conveyance that comes from having the contractual right to do so and similar to existing transfers, it will require a delivery agreement to DWR (as referenced in footnote 3). Steve also noted that the existing SWP has permanent transfer provisions, which have been the subject of other negotiations, but this part specifically pertains to Delta Conveyance water transfers.

Steve then moved on to the second part of the PWA First Offer response regarding Delta Conveyance capacity. He mentioned that Item 2.A.1 is intended to address potential situations such as when participants seek to transfer water to a SWP non-participant instead of another participant to improve water reliability. He continued that under the framework in Item 2.A.1, participants would be able to use available capacity with no additional charge and if parties have a contractual right, they are already paying for capacity. Further, he stated that if available capacity is limited, capacity would be determined based on the level of participation. He then added that part of what the PWAs are aiming to accomplish is clarity in participation levels for the Delta Conveyance.

Steve continued to Item 2.A.2 and noted that this provision is in place to ensure fair compensation, including capital cost recovery and O&M charges associated with the use of the Delta Conveyance capacity by non-participants. He stated that under this provision, all fees collected for use of capacity through such an arrangement would be credited back to participants in proportion to the level of participation. He added that this reimbursement scheme would offset costs for all participants based on their share and that this reflects a general principle that the PWAs envision for the Delta Conveyance.

Steve moved on to Item 2.B “Delta Conveyance Capacity Priorities” and noted that in terms of priorities, this section delves into more detail about available capacity and how that would be apportioned. He explained that a Delta Conveyance Participant with a contractual right would use their own designated share on a first priority basis, and to the extent that there is any unused capacity available, it will be allocated among the Participants on a second priority basis.

In a situation where Participants requests to use unused capacity exceeds the available capacity, the requests will be cut back based on participation levels. If unused capacity is available after meeting all participants’ requests, it shall be offered to non-participants on a third priority basis subject to a contract with DWR. Referring to one of DWR’s questions from the previous session, Steve clarified that requests from non-participants on this third priority basis would be made directly to DWR.

Under Item 2.B.4, Steve noted that it was drafted in response to a DWR question and discusses the availability of unused capacity after needs are met for both participants and non-participants. In this case, any unused capacity shall be available to any person on fourth priority, subject to the existing wheeling statute.

Nora thanked Steve for his explanation on the PWA First Offer response and let the phone participants know that the negotiators at the table were pausing to reflect on Steve’s comments on the response.

Carl Torgerson (Carl), DWR, referring to Item 2.A.1 of the document asked how the PWAs envision cost to be calculated by non-participants.

Steve replied that Item 2.A.2 pertaining to fair compensation for that use of capacity is as far as the PWAs have been able to address costs calculations. He noted that there may need to be more detailed follow-up to truly define how that might work.

Dave followed up on Carl's question and asked if energy costs are included in O&M costs, noting that energy was not specified in the text regarding capital recovery, operations, and maintenance charges.

Steve replied that from his understanding, there are capital, O&M, and variable energy costs. He added that if a non-participant is looking to utilize capacity, and there is capacity available under this approach, then there would be a cost paid to cover that energy cost.

Nora turned to Dave and asked if he had any other questions.

Dave replied that he did not have any other questions and thanked Steve for his response.

Nora noted again to the phone participants that the negotiators at the table were pausing to contemplate the document.

Dave asked if the terms "SWP participant" and "SWP non-participant" refer to non-participants for the Delta Conveyance. He stated that he assumed "SWP non-participants" are PWA non-participants that are not paying for the Delta Conveyance Facility.

Steve asked Dave if he was referring to footnotes 1 and 2.

Dave replied in the affirmative.

Steve responded that SWP Contractors who are non-participants in the Delta Conveyance are those who are not paying for the Delta Conveyance because they are opting not to, which would be consistent with the PWA First Offer from last week.

Dave thanked Steve for his response.

Tripp stated that DWR had no further questions on the PWA First Offer response at that moment.

Nora asked the lead negotiators if there are any other clarifications on this item.

Steve turned to the other PWAs to see if they had further questions. Hearing none, he indicated that the PWAs had no further clarifications at this time.

## V. Continue Discussion on DWR's Offer on Accounting and Administrative Proposal

Nora turned to Agenda Item 5, regarding the continued discussion on DWR's offer on accounting and administrative proposal. She turned to Steve for initial remarks.

Steve shared that the PWAs appreciate the work that DWR has put into the offer. He stated that the PWAs do not have any clarifying questions on the first page.

Steve asked for general clarification on a few technical items on page 2 of DWR's offer and flagged one example under Item 2, "Continued utilization of Clifton Court Forebay Facilities to meet Annual Table A Allocation". Steve stated that the PWAs have no further questions for negotiation at this time, but he did want to note that he would like to understand the kind of informational needs that would be required to fully define how integration into the SWP would work.

Steve continued to Item 4.4, under "Delta Conveyance Facility Administration" and noted that here, the PWAs are looking for an accounting mechanism that allows for the benefits of the Delta Conveyance to be provided to those who are participating, without impacting the non-participant Contractors and the supply they would normally receive without the project. Steve also noted that the accounting mechanism is key and comes down to the way that Delta Conveyance water is accounted for, so he wanted to highlight that as a technical issue. Steve suggested that more development could help further that discussion on those two key areas. He paused to see if there were any comments from other PWAs. Hearing none, he turned the discussion back to Nora.

Nora thanked Steve and turned to Tripp for a response on those two items.

Tripp thanked Steve and agreed that those items would benefit from technical discussions, which would help the parties understand what information can be made available in what time frame. He noted that, should DWR and the PWAs launch a technical team, those two key points would be on the list of discussion items for that convening.

Nora asked if there were any additional questions or points of clarification on this item.

Steve turned to the PWAs and asked if there were any clarifications from the PWA side. Hearing none, he replied that he had no remaining clarifying questions.

Nora turned to Tripp and asked if there were any questions from DWR.

Tripp replied that DWR had no further clarifications.

Nora asked the lead negotiators if they were any remaining items to include in the discussion before moving to next steps.

Tripp asked to revisit the PWA First Offer response.

Nora asked the facilitation team to project the PWA response document for reference.



Carl noted that in Item 1, entitled "Delta Conveyance Water Transfers", the document refers to transferring Delta Conveyance Facility water between participants and non-participants like any other transfer. He then referred to the section about parties making agreements with the DWR and asked the PWAs to confirm that DWR would not be a party in terms of executing the transfer.

Steve replied in the affirmative. He explained that a transfer would be a normal cost arrangement between two Contractors, either between two participants or a participant and a non-participant.

Tripp thanked Steve and asked to return to the last item.

Nora asked Tripp to clarify that he wanted to move onto next steps.

Tripp replied in the affirmative.

Nora noted that there were no further comments around the table and proceeded to next steps.

## VI. Next Steps

Nora moved on to setting action items and next steps. First, she noted an item from last week regarding the continued consideration of proposals. She turned to Tripp and Steve and asked for their proposals for having technical teams provide additional information.

Tripp replied that DWR's proposal is to launch one technical team prior to the next negotiation session to focus on accounting, forecasting, and informational requirements. He added that DWR proposes that the technical team produce two discrete deliverables from their session: (1) to establish what accounting and forecasting information requirements are necessary for a conceptual process of managing and accounting for Delta Conveyance Facility water, and (2) to determine what is necessary for a conceptual process for Article 21 and Delta Conveyance Facility Direct Delivery administration. Finally, Tripp stated that DWR proposes to remove the August 7<sup>th</sup> session from the calendar.

Nora thanked Tripp for his proposal and asked Steve for his response.

Steve commented that he would like to better understand the scope of the technical team. He asked if DWR sees any need to discuss cost recovery, or if the team would be exploring more operational and technical questions.

Tripp replied that the accounting process would likely be part of cost recovery negotiation discussions after the technical team convenes. He added that he views the discussion of cost recovery and operational and technical issues as a two-step process.

Steve acknowledged that he understood and turned to the other PWAs for questions about the technical team session.

Nora asked Steve for additional questions regarding technical team session.

Steve responded that he was trying to understand how launching the technical team would help understand informational needs. He noted that the Delta Conveyance project has not been defined yet, so the discussion would be about a conceptual approach for how to account for and manage the SWP and Delta Conveyance Facility water. Further, he stated that in addition to handling Delta Conveyance Facility water, the parties need to address situations that arise where water is made available for direct delivery, which would be what is done now under the existing infrastructure. He noted that the Delta Conveyance Facility may provide additional opportunities for direct deliveries, so a technical discussion may be useful to understand how that could work.

Tripp responded that he believes Steve's understanding is accurate.

Steve commented that the PWAs need time to discuss and designate a PWA lead for the technical team.

Nora mentioned to phone participants that the negotiators were taking time in the room to contemplate technical team leads.

After discussing with other PWAs, Steve shared that Cindy Kao (Cindy), Santa Clara Valley Water District, will be the PWA lead contact for the technical team discussion.

Nora thanked Steve and Cindy.

Tripp shared that the DWR lead for the technical team will be Brian "BG" Heiland.

Nora thanked Tripp. She moved on to DWR's proposal to cancel the August 7<sup>th</sup> negotiation as the technical team will use that meeting time to discuss the various information needs.

Steve replied that it would make sense to not meet on August 7<sup>th</sup> so that the technical team can address the information needs. He mentioned that the negotiators may need to discuss when the next meeting would be at a later time.

Nora referred to the tentative calendar and pointed out that the next meeting date would be August 14<sup>th</sup>. She asked Tripp if he agreed that there would need to be a check-in with the technical team before confirming the next meeting.

Tripp replied in the affirmative and that DWR would like the technical team to report out at the next meeting.

Nora turned to Steve to ask if he agreed that the proposed agenda would be the deliverables from the technical team's work.

Steve replied that he agreed, overall, with that proposal, and that there may be other items that develop from that discussion.

Nora confirmed that the agenda and key technical team contacts have been discussed and asked the lead negotiators whether the PWAs or DWR would like to share other next steps.

Steve confirmed that there were no other items from the PWAs.

Tripp similarly confirmed that there were no other items from DWR.

Nora then moved to the public comment period. She reminded the public that the negotiators will be listening carefully to oral comments, and any person who wishes to provide comments for the record should submit it in writing. She reminded the participants that completed comment cards can be submitted to the facilitation team during the meeting or by email to Brian "BG" Heiland. She also reiterated that DWR is required to make all documents posted online 508 compliant, and that DWR will work with members of the public to post compliant comments electronically. She then turned to the Tripp for additional remarks regarding written public comments.

Tripp replied that her explanation covers the details on public comment. He asked the PWAs to provide DWR with the PWA First Offer response.

Steve responded in the affirmative. The PWAs will share the response with DWR.

Nora thanked Tripp and Steve.

## VII. Public Comment

Nora then turned to public comment. She reminded members of the public that each speaker will receive three minutes and that negotiators will not be responding to oral comments. Again, she indicated that written public comment cards can be turned in to any member of the facilitation team. She stated that there were three names on the public comment sign-up sheet.

Three members of the public provided comments.

## VIII. Adjourn

The meeting was adjourned at 1:33 PM.

### Action List

- Cindy Kao, Santa Clara Valley Water District, and Brian "BG" Heiland, DWR, will convene a technical team meeting prior to the next negotiation session to discuss accounting, forecasting, and informational requirements.
  - The technical team will be prepared to produce two deliverables to share at the next negotiation session:

- to establish what accounting and forecasting information requirements are necessary for a conceptual process for managing and account for Delta Conveyance Facility water, and
- to determine what is necessary for a conceptual process for Article 21 and Delta Conveyance Facility Direct Delivery administration.
- DWR will remove the August 7th negotiation session from the tentative SWP Contract Amendment for Delta Conveyance meeting calendar.
- Kearns & West will check in with the technical team to draft an agenda for the next negotiation meeting and confirm the next meeting date.
- Kearns & West will submit a draft July 31 meeting summary for confirmation at the next negotiation session.

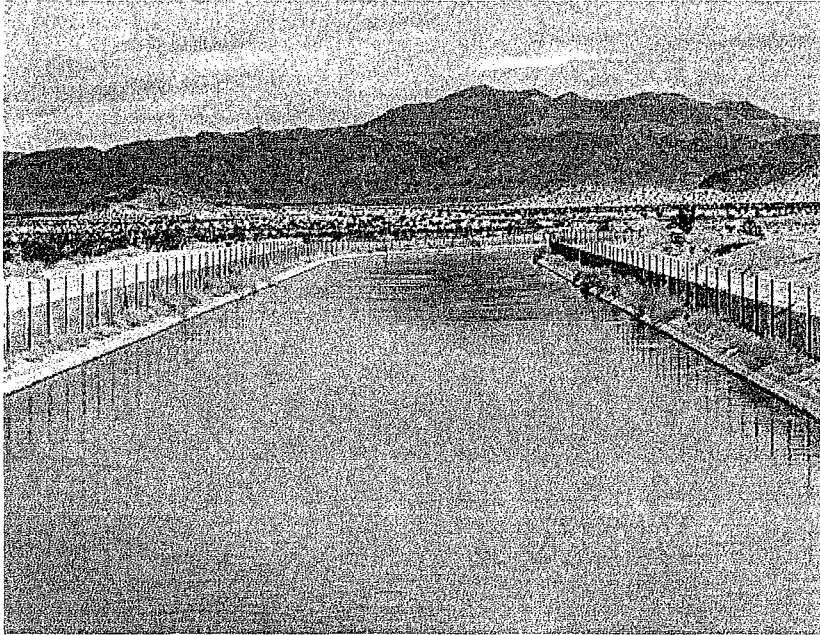
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## OPINION

# Valley Voice: The Legislature must rethink SB 1. It will hurt water management efforts

Peter Nelson, Special to The Desert Sun    Published 2:03 p.m. PT Aug. 28, 2019

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The Coachella Valley obtains water from the Colorado River Aqueduct in exchange for the area's allotted amounts from the canals and pipelines of the State Water Project. (Photo: Jay Calderon/The Desert Sun)

If not amended, Senate Bill 1 will perpetuate California's water and environmental troubles, not help to resolve them, as its proponents claim.

How? As written, SB 1 limits the use of research conducted over the last decade meant to better understand Delta water management and its relationship to fish and wildlife. The State Water Project — funded by ratepayers throughout California, including the Coachella Valley — has spent tens of millions of dollars to improve this understanding.

It is time to start putting that knowledge to use by developing operations that can respond to real-time conditions and emerging information.

This is the crux of a related process underway, the Voluntary Agreements, which is an entirely new approach to water management in the California Delta system. These agreements are the result of collaborative efforts between farmers, conservationists, water agencies, large and small towns and the Newsom administration. If allowed to proceed, they will provide a reliable water supply for all users — towns, farms and the environment.

The Coachella Valley's Imported Water Supply is dependent upon the State Water Project, which moves water from Northern California through the Delta to Southern California. The Metropolitan Water District of Southern California uses our contracted supply in its service area, and delivers a like amount of Colorado River water into the Whitewater Spreading basins for the recharge of consumptive use by the Coachella Valley.

This system is a cornerstone for the Groundwater Sustainability Act, which requires the Coachella Valley to submit a Groundwater Sustainability plan to the State Water Resources Control Board. That plan, recently approved by the state board, was one of just a few that was given the OK. This system is evidence that water across the state is interdependent across many basins and the Voluntary Agreements in the Central Valley have great effects on the Coachella Valley.

When the Sierra Nevada has a good snowpack, the State Water Project has a greater water yield. It has been a long time since it has delivered a 100% allocation. Allocations of 70-75% are good, but agencies such as the Coachella Valley Water District are still taking a 25-30% cut from contracted deliveries.

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Colorado River system. This is due to a high priority, but also due to effective Voluntary  
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Voluntary Agreements work. A Voluntary Solution between seven states, urban, agricultural and environmental organizations make up the backbone of the Colorado River's Drought Contingency Plan (DCP), a process that manages water and found voluntary solutions to challenges facing the Colorado River Basin. Over six years, seven states developed the DCP, a voluntary agreement with the Bureau of Reclamation, which in record time was approved by both the House and the Senate to become law.

Much like the DCP, the Voluntary Agreements threatened by SB 1 have a wide range of supporters committed to a collaborative process to advance water management. They commit over \$700 million to science and ecosystem restoration, helping recover threatened and endangered species, and improving the water supply reliability for millions of Californians.

The Legislature needs to walk away from the old way of doing things, amend SB1 so that it does not prohibit necessary flexibility and the application of science, and protect the Voluntary Agreements.



*Peter Nelson is a member of both the Coachella Valley Water District Board of Directors and the Colorado River Board of California. This column represents his own views and not those of either of those two boards. Email Nelson at [fivepac@mac.com](mailto:fivepac@mac.com).*

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*Peter Nelson (Photo: Robert A. Keeran/Courtesy of CVWD)*

## MEMORANDUM

**TO:** Board of Directors

**FROM:** General Manager

**RE:** Construction Change Order for Fiesta Recharge Project

**DATE:** September 3, 2019

### **Summary:**

The purpose of this proposed Board action is to consider a change order for a maximum of \$357,236 that would enable the Agency to complete construction of the Fiesta Recharge Facility, repair eroded embankments, and make improvements to minimize the potential for future erosion and associated maintenance costs.

### **Background:**

After a number of delays over several years, the Agency began construction of the Fiesta Recharge Facility in May 2018. Later in 2018 additional delays caused construction on certain elements of the project to stop. The first delay was when the Agency approved a change order that reduced the cost of the project by approximately \$175,000, but caused the contractor, Pro-Craft, to delay the fabrication and delivery of some of its materials. This added at least two months to the project (but saved the Agency money). A second delay was caused when the Agency approached Pro-Craft about adding a security fence to the project. This was necessitated by the fact that a previous Board could not decide what fence to install. The decision on the fence delayed the project another several months. The third delay was caused by heavy rains in February and March that caused erosion damage. Since construction was substantially complete, Pro-Craft removed its equipment from the site after this delay, saving the Agency approximately \$50,000 per month in standby charges while the Agency worked with its engineer to determine appropriate repairs.

The rains caused some erosion on the site, which is common for a construction site where bare soil is exposed to heavy rainfall and

runoff. Most of the damage was to Basin 1, but there was additional damage throughout the site. The Agency now must repair the damage due to the erosion so that the facility may be brought online and implement actions to mitigate damage from future heavy storms. The primary purpose of the mitigation actions is to reduce future maintenance costs.

**Detailed Report:**

For the 2018-19 fiscal year, the Agency budgeted \$4.4 million for construction and post-design work on the project. The Agency later added \$115,000 in budgeted costs for fencing and potential environmental mitigation, for a total construction budget of \$4.515 million. The construction contract was \$3.771 million, with the remainder of the budget being post design costs related to survey, soils, inspection, and construction administration.

Thus far, \$4,157,427.14 has been expended during the construction phase, approximately \$350,000 less than the budgeted amount. Without the proposed change order, the Agency would easily complete the project well under the budgeted cost. The reason for this is the earlier change order that reduced costs by \$175,000.

The proposed change order is the result of a cooperative effort between the Agency, the design engineer, the Agency’s engineer, and Pro-Craft. The change order could be for a maximum of \$357,236 but may be for an amount closer to \$330,000, as engineers are still working out an alternative plan for managing sediment at the south end of the facility. Following is a breakdown of the change order costs, including approximately \$9,000 for re-mobilization:

• Basin 1 repairs	\$122,969 (\$4000 remobilization)
• Basin 1 improvement	\$ 38,809
• Basin 5 improvements	\$ 27,602
• Linear erosion slope repairs	\$ 81,370 (\$2500 remobilization)
• Interior slope hydroseeding	\$ 24,000
• Debris basin *	\$ 62,486_(\$2500 remobilization)
Total	\$357,236

\*This may potentially be reduced by \$30,000, depending on cost of final proposed alternative.



The design engineer for the facility, Albert Webb & Associates, has proposed reducing its contract with the Agency and absorbing a portion of the additional costs. The contract with Webb is for \$509,527. Webb is proposing to reduce its contract to \$418,861.75, a reduction of approximately \$90,000. The actual savings to the Agency could be less, depending on the cost expended by Webb in implementing the change order.

The most likely scenario is that the construction cost of the project would be approximately \$4.7 million, or \$175,00 more than the original \$4.515 million (about 4% of total construction costs). This is well within industry norms for a project of this size and complexity. The change order itself is approximately 9% of the original contract cost but will likely end up being less due to the alternative being considered for the debris basin. These costs have been negotiated, and staff is convinced after speaking extensively with Pro-Craft and Webb that they represent the best possible scenario for the Agency.

**Fiscal Impact:**

Approval of the change order by the Board would enable the Agency to complete construction of the project and would require utilizing additional reserves to do so. The reserve for new infrastructure has sufficient funds (over \$9 million) to cover the additional cost. Staff believes that repairs should begin as soon as possible in order to complete them before the rainy season.

**Recommendation:**

Staff recommends that the Board authorize the General Manager to approve change orders from Pro-Craft totaling a maximum of \$357,236 and to take all steps to complete construction of the project while keeping costs as low as possible.