

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Meeting
Agenda
June 1, 2020 at 1:30 p.m.

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, **THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON.** MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE PUBLIC COMMENT TELEPHONICALLY BY CALLING THE FOLLOWING NUMBER:
669-900-6833 OR VIA ZOOM. MEETING ID 830 5509 0733

1. Call to Order, Flag Salute, Invocation, and Roll Call

2. Adoption and Adjustment of Agenda

3. Public Comment

As permitted under the Brown Act, and in order to provide an equal opportunity for members of the public to provide comment telephonically, all public comments, on items on or off the agenda, will be taken during the Public Comment portion of this meeting. 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, May 18, 2020* (p. 3)
- B. Approval of the Minutes of the Finance and Budget Workshop, May 26, 2020* (p. 8)
- C. Approval of the Finance and Budget Report, May 26, 2020* (p. 11)

5. Reports (Discussion and Possible Action)

- A. General Manager's Report
- B. General Counsel Report* (p. 31)
- C. Directors' Reports
- D. Committee Reports

6. New Business (Discussion and Possible Action)

- A. Consideration and Possible Action on Cost of Living Allowance for Agency Staff* (p. 33)
- B. Discussion and Possible Action on Second Amendment to 2019 Sites Reservoir Project Agreement and Phase 2 Participation and Funding* (p. 36)

7. Topics for Future Agendas

8. Announcements -

- A. Engineering Workshop, June 8, 2020 at 1:30 p.m.
- B. Water Conservation and Education Committee, June 11, 2020 at 1:30 p.m. - Cancelled
- C. Regular Board Meeting, June 15, 2020 at 1:30 p.m.

9. Adjournment

Pending Agenda Items:

Request	Requester	Date of Request	Tentative Meeting Date Agenda
Final costs of: Fiesta Recharge; Noble Creek Connection & Temp Connection; Mtn. View Connection	Thompson	12/02/2019	02/03/2020 or 02/18/2020
Continued discussion on the Updated/revised calculations on water rate	Board	03/16/2020	04/20/20
Water Delivery – discussion on moving water deliveries until the second half of the year.	Thompson	04/06/2020	

***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.scpwa.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
May 18, 2020

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, **THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON.** MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE PUBLIC COMMENT TELEPHONICALLY BY CALLING THE FOLLOWING NUMBER:
 (866) 212-0875,
 Participant passcode: 7006747 #

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

Staff Present: Jeff Davis, General Manager
 General Counsel Jeff Ferre
 Thomas Todd, Finance Manager
 Cheryle Stiff, Executive Assistant
 Casmir Olaivar, Social Media Specialist

- 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 1:38 p.m., May 18, 2020 by teleconference. President Duncan led the Pledge of Allegiance to the flag. Director Fenn gave the invocation. President Duncan requested a verbal roll call.

<u>Roll Call:</u>	Present	Absent
Director Castaldo	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Fenn	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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. There were no members of the public that spoke at this time.*

4. **Consent Calendar:**

A. Approval of the Minutes of the Regular Board Meeting, May 4, 2020

President Duncan asked for a motion on the Consent Calendar. Director Stephenson made a motion, seconded by Director Castaldo, to adopt the consent calendar.

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

Motion passed 7-0.

5. **Reports:**

A. **General Manager's Report:** A written report was not provided in the agenda packet.

1. **Operations Report** - The Agency has delivered approximately 540 acre-feet, 300 AF to the Noble Creek Connection, and 240 AF to Fiesta Recharge Facility, so far this month. We are currently delivering to each connection at 10 cfs.

2. **Other Agency Updates**

a. BiOps and Incidental Take Permits: General Manager Davis read some excerpts from a letter that was written by Brenda Burman, Commissioner of Reclamation; this letter was included in the agenda packet. The letter was submitted to Senator Feinstein. It was a follow-up letter to the Secretary of Interior's letter that was provided to the Board at the last Board meeting. In the agenda packet was a letter from the Attorney General and also from the State Water Contractors related to a temporary injunction issued by a judge on the new BiOps.

b. COVID - 19 Update: General Manager Davis provided the latest statistics (deaths and cases) related to COVID-19 that are within the Agency's service area. He also relayed to the Board that the County has issued guidelines for offices and businesses who wish to reopen, and how operations at the Agency's administrative office will be maintained under the COVID-19 guidelines.

c. Update on Calimesa Facilitation Deliveries: General Manager Davis noted that the facilitator, Tim Moore, has one more meeting with YVWD. He will

then draft a set of Principles of Agreement, which the Board will discuss at the June Engineering Workshop.

- d. ACWA: Due to COVID-19, the 2020 Spring Conference will no longer take place in Monterey. Instead, it will take place as a virtual conference in July.
- e. LAFCO – Not enough votes made it in before the deadline. LAFCO made the decision to extend its deadline. The Agency has submitted its vote.

B. General Counsel Reports: None.

C. Directors Reports: 1) **Director Ball** reported on BCVWD’s meeting that was held on May 13th. 2) **Director Stephenson** reported on the YVWD workshop that was held on May 12th. 3) **Director Fenn** inquired on ACWA’s virtual conference. He and Directors Thompson, Ball, Castaldo, Thompson and President Duncan asked to receive information from staff as to the cost and dates of this event.

D. Committee Reports: 1) **Director Ball**, Chair of the Capacity Fee Ad-Hoc Committee stated the committee met on May 11th, and gave further direction to staff.

6. New Business:

A. Consideration and Possible Action on Contracting with Kennedy/Jenks. A staff report, a proposal letter from Kennedy/Jenks, and related materials were included in the agenda package. General Manager Davis stated that Kennedy/Jenks is a highly qualified firm to prepare Urban Water Management Plan (UWMP) for State Water Contractors. He noted that they prepared the Agency’s 2015 UWMP. He recommended that the Board authorize him to accept the proposal, to sign a contract that is approved by the General Counsel for an amount not to exceed \$126,000, and to direct the consultant to begin work on the 2020 UWMP. Director Stephenson made a motion, seconded by Director Lehtonen, to approve authorizing the General Manager to sign a contract with Kennedy/Jenks for the 2020 UWMP, not to exceed \$126,000. President Duncan requested a verbal roll call vote.

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

Motion failed 2-5, with Directors Castaldo, Ball, Fenn, Thompson and President Duncan opposed.

After further discussion from the Board, Director Thompson made a motion, seconded by Director Castaldo directing Staff to request a couple of more

proposals from UWMP firms. President Duncan requested a verbal roll call vote.

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

Motion carried 5-2, with Directors Lehtonen and Stephenson opposed.

B. Update and Discussion on Sites Reservoir Progress to Date and Phase 2 Agreement. Related materials were included in the agenda packet. General Manager Davis reviewed stated that there will be no recommendation today, as this is for informational purposes. He spoke on the five key messages for the Sites Reservoir Message Platform.

- Sites Reservoir is a 21st Century Multi-Benefit Solution to California’s Water Reliability Challenges
- Our Strength is in our Diverse Statewide Participation
- Sites Reservoir is a “Right Sized” Project that will meet our Water Supply needs for Today and in the Future
- Sites Reservoir provides Environmental, Water Supply, Flood Protection and Recreation Benefits for the state of California for Generations to come
- We are On-Track to Deliver this Vital Project for the People of California

He also reviewed with the Board the member reservoir participation per acre-foot, affordability overview, project schedule benefits, reservoir operations and how they are being refined and integrated with the SWP and Central Valley Project. In addition, he presented a Sites Reservoir PowerPoint that detailed the project. He noted that there is a timeline delay due to COVID-19. Phase 2 participation will cost \$100 per acre-foot, with the first installment of \$60 per acre-foot due November 1st.

C. Discussion of Proposed Engineering Budget for FY 2020-21. A Proposed Draft Engineering Budget for 2020-2021 was included in the agenda packet. General Manager Davis reviewed in detail each line item that was included in the budget. He took questions from the Board. Director Stephenson questioned the Flume flow monitoring item for \$30k. General Manager Davis stated that this is a shared cost between the City of Banning, Banning Heights Mutual Water Company and the Agency. We have in the past years shared the cost for USGS monitoring. Director Stephenson requested an update on the flume from either the City of Banning or from BHMWC. General Davis stated that he would make the request to them.

7. Topics for Future Agendas: 1) Director Fenn noted that his request on April 20th for staff to provide a water delivery pricing worksheet that would be reviewed in a workshop was not noted within the pending agenda items section. Director Fenn mentioned that with the State of California being in a deficit that the Board should be informed of any mention from the State to access the Agency's funds in LAIF.

8. Announcements:

- A. Special Board Meeting, Wednesday, May 20, 2020 at 12:00 p.m. – Teleconference/Zoom
- B. Office Closed Monday, May 25, 2020 in observance of Memorial Day
- C. Finance & Budget Workshop, Tuesday, May 26, 2020 at 1:30 p.m. – Teleconference/Zoom

9. Adjournment

Time: 3:33 pm

Draft - Subject to Board Approval

Jeffrey W. Davis, Secretary of the Board

6/1/20

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
May 26, 2020

In an effort to prevent the spread of COVID-19 (Coronavirus), and in accordance with the Governor's Executive Order N-29-20, this meeting was held via Zoom.

Directors Present via Zoom:

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

Staff and Consultants Present via Zoom:

Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager
Casmir Olaivar, Social Media Intern

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 Mike Thompson at 1:30 pm, May 26, 2020. Treasurer Thompson led the Pledge of Allegiance to the flag. A quorum was present.

Treasurer Thompson informed the participants that the meeting was being held via Zoom and telephonically.

2. **Adoption and Adjustment of Agenda:** The agenda was adopted as posted.
3. **Public Comment:** Treasurer Thompson asked if anyone connected to the meeting wished to make a comment; no members of the public requested to speak at this time.
4. **New Business:**
 - A. **Ratification of Paid Invoices and Monthly Payroll for April, 2020 by Reviewing Check History Reports in Detail:** After review and discussion, a motion was made by Director Lehtonen, seconded by President Duncan, to recommend that the Board ratify paid monthly invoices of \$1,078,623.12 and payroll of \$38,961.79 for the month of April, 2020, for a combined total of \$1,117,584.91. The motion passed 7 in favor, no opposed, by roll-call vote.

- B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Fenn, seconded by President Duncan, to recommend that the Board approve payment of the pending legal invoice for April, 2020 for \$9,008.26. The motion passed 7 in favor, no opposed, by roll-call vote.
- C. Review of April, 2020 Bank Reconciliation: After review and discussion, a motion was made by President Duncan, seconded by Director Castaldo, to recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for April, 2020 as presented. The motion passed 7 in favor, no opposed, by roll-call vote.
- D. Review of Budget Report for April, 2020: General Manager Jeff Davis reviewed the budget report. He briefly highlighted a few items, and noted that the Agency had a positive net income at this time. After further review and discussion, a motion was made by Director Ball, seconded by President Duncan, to recommend that the Board acknowledge receipt of the Budget Report for April, 2020. The motion passed 7 in favor, no opposed, by roll-call vote.
- E. Discussion about Local Agency Investment Fund (LAIF) Safety: In response to a request from a director at a previous Board meeting, Finance Manager Tom Todd reviewed the two statutes passed by the California legislature that insures LAIF will not be touched by the State of California to cover budget shortfalls.
- F. Discussion about Water Rate Worksheet: In response to a request from a director at a previous Board meeting, Finance Manager Todd reviewed a spreadsheet that summarized income and expenses related to water sales in 2020. After review and discussion, and suggestions for additional items to be included in the summary, including the total amount of water available for sale, the consensus of the Board was that this information should be compiled quarterly, and reviewed by the Board semi-annually—after water orders are received in September, and after all costs for the previous year are accounted for in February or March.
- G. Discussion of COLA Increase for FY 2020-21: Finance Manager Todd reviewed the cost-of-living information from the Bureau of Labor Statistics as presented in the agenda packet. After review and discussion, a motion was made by Vice-President Stephenson, seconded by President Duncan, to recommend that the Board consider this item at the next Board meeting. The motion passed 7 in favor, no opposed, by roll-call vote.
- H. Discussion of Proposed General Fund Budget for FY 2020-21: General Manager Davis started with an overview of the entire budget, before discussing the budget items line by line. His major points were: 1. The proposed budget includes funds for a new position for the Agency. 2. The cost of delivering water for the fiscal year will exceed the revenue derived from water sales. 3. Other items of note included additional amounts for Other Professional Services,

Election Expense, and Sites Reservoir. After review, the consensus of the Board was that the job description of the new position should be presented to the Board for their review and for consideration by the new General Manager. No changes to the proposed General Fund Budget for FY 2020-21 were suggested.

5. Announcements:

Treasurer Thompson reviewed the announcements:

- A. Special Board meeting, May 27, 2020, 1:30 pm, Zoom/Teleconference
- B. Regular Board meeting, June 1, 2020, 1:30 pm, Zoom/Teleconference
- C. President Duncan reminded the Board members about the arrangements for the Special Board meeting on May 27.

6. Adjournment: The Finance and Budget workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 3:44 pm.

**Draft - Not
Approved**

Jeffrey W. Davis, Secretary of the Board

Finance and Budget Workshop Report

From Treasurer Mike Thompson

The Finance and Budget Workshop was held on May 26, 2020. The following recommendations were made:

1. The Board ratify payment of Invoices of \$1,078,623.12 and Payroll of \$38,961.79 as detailed in the Check History Report for Accounts Payable and the Check History Report for Payroll for April, 2020 for a combined total of \$1,117,584.91.
2. The Board authorize payment of the following vendor's amounts:

Best, Best & Krieger LLP	\$9,008.26
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3. The Board acknowledge receipt of the following:
 - A. Wells Fargo bank reconciliation for April, 2020
 - B. Budget Report for April, 2020

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Ave, Beaumont, CA 92223
Board Finance & Budget Workshop
Agenda
May 26, 2020 at 1:30 p.m.

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, **THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON.** MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE PUBLIC COMMENT TELEPHONICALLY BY CALLING THE FOLLOWING NUMBER: (669) 900-6833 OR VIA ZOOM. MEETING ID 827 5230 9065

- 1. Call to Order, Flag Salute**
- 2. Adoption and Adjustment of Agenda**
- 3. Public Comment:** As permitted under the Brown Act, and in order to provide an equal opportunity for members of the public to provide comment telephonically, all public comments, on items on or off the agenda, will be taken during the Public Comment portion of this meeting. 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 April, 2020 by Reviewing Check History Reports in Detail*
 - B. Review of Pending Legal Invoices*
 - C. Review of April, 2020 Bank Reconciliation*
 - D. Review of Budget Report for April, 2020*
 - E. Discussion about Local Agency Investment Fund (LAIF) Safety*
 - F. Discussion of Water Rate Worksheet*
 - G. Discussion of COLA Increase for FY 2020-21*
 - H. Discussion of Proposed General Fund Budget for FY 2020-21*
- 5. Announcements**
 - A. Special Board meeting, May 27, 2020, 1:30 pm – Zoom/Teleconference
 - B. Regular Board meeting, June 1, 2020, 1:30 pm – Zoom/Teleconference
- 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
 April 1 through April 30, 2020

ACCOUNTS PAYABLE

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
04/08/2020	119632	ACWA BENEFITS	873.59
04/08/2020	119633	ACWA JPIA	1,082.39
04/08/2020	119634	AUTOMATION PRIDE	100.00
04/08/2020	119635	BDL ALARMS, INC.	78.00
04/08/2020	119636	BEST BEST & KRIEGER	12,801.35
04/08/2020	119637	BEAUMONT HOME CENTER	276.53
04/08/2020	119638	CITY OF BEAUMONT	21.00
04/08/2020	119639	EAST VALLEY WATER DISTRICT	1,000.00
04/08/2020	119640	MACRO COMMUNICATIONS	450.00
04/08/2020	119641	THOMAS W. TODD, JR.	608.91
04/08/2020	119642	UNLIMITED SERVICES	295.00
04/08/2020	119643	UNDERGROUND SERVICE ALERT	26.50
04/08/2020	119644	VALLEY OFFICE EQUIPMENT, INC.	106.99
04/08/2020	119645	VISIONARY LOGICS	810.00
04/08/2020	119646	WASTE MANAGEMENT INLAND EMPIRE	112.59
04/08/2020	119647	ZAP PRINTING / IMAGE360	1,293.00
04/16/2020	119648	BARTEL ASSOCIATES, LLC	1,697.00
04/16/2020	119649	ERSC	3,135.00
04/16/2020	119650	KENNETH M. FALLS	230.25
04/16/2020	119651	FRONTIER COMMUNICATIONS	1,343.96
04/16/2020	119652	SOUTHERN CALIFORNIA GAS	215.63
04/16/2020	119653	WELLS FARGO ELITE CREDIT CARD	1,368.95
04/22/2020	119654	AUTOMATION PRIDE	95.00
04/22/2020	119655	MATTHEW PISTILLI LANDSCAPE SERVICES	350.00
04/22/2020	119656	NICE-INCONTACT	243.88
04/22/2020	119657	PRO-CRAFT CONSTRUCTION, INC.	14,550.00
04/22/2020	119658	PROVOST & PRITCHARD	8,895.70
04/22/2020	119659	ROBERTS CONSULTING GROUP	9,000.00
04/22/2020	119660	SOUTHERN CALIFORNIA EDISON	95.35
04/29/2020	119661	STANDARD INSURANCE COMPANY	491.27
04/14/2020	560567	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,107.32
04/14/2020	596351	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	6,329.37
04/29/2020	590417	EMPLOYMENT DEVELOPMENT DEPARTMENT	1,107.32
04/29/2020	579517	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	7,636.54
04/14/2020	900308	CALPERS RETIREMENT	5,604.97
04/14/2020	900309	CAL PERS RETIREMENT - SIP-457	1,680.00
04/16/2020	900310	CALPERS HEALTH	8,142.79
04/29/2020	900311	CALPERS RETIREMENT	5,604.97
04/29/2020	900312	CAL PERS RETIREMENT - SIP-457	1,680.00
04/30/2020	900313	DEPARTMENT OF WATER RESOURCES	978,082.00
		TOTAL ACCOUNTS PAYABLE CHECKS	1,078,623.12

San Gorgonio Pass Water Agency
Check History Report
 April 1 through April 30, 2020

PAYROLL

Date	Number	Name	Amount
04/13/2020	801882	JEFFREY W. DAVIS	5,263.99
04/13/2020	801883	KENNETH M. FALLS	3,429.12
04/13/2020	801884	CASMIR J. OLAIVAR	584.72
04/13/2020	801885	CHERYLE M. STIFF	2,459.43
04/13/2020	801886	THOMAS W. TODD, JR.	3,798.63
04/28/2020	801887	BLAIR M. BALL	1,018.07
04/28/2020	801888	JEFFREY W. DAVIS	5,263.99
04/28/2020	801889	RONALD A. DUNCAN	1,272.58
04/28/2020	801890	KENNETH M. FALLS	3,429.12
04/28/2020	801891	DAVID L. FENN	1,272.58
04/28/2020	801892	STEPHEN J. LEHTONEN	2,036.13
04/28/2020	801893	CASMIR J. OLAIVAR	584.72
04/28/2020	801894	LEONARD C. STEPHENSON	1,272.58
04/28/2020	801895	CHERYLE M. STIFF	2,459.43
04/28/2020	801896	MICHAEL D. THOMPSON	1,018.07
04/28/2020	801897	THOMAS W. TODD, JR.	3,798.63
TOTAL PAYROLL			38,961.79
TOTAL DISBURSEMENTS FOR APRIL, 2020			1,117,584.91

SAN GORGONIO PASS WATER AGENCY
New Vendors List
May, 2020

Vendor - Name and Address	Expenditure Type
Kern County Water Agency P O Box 58; Bakersfield, CA 93302-0058	Purchased Water

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	200430	LEGAL SERVICES APRIL 2020	9,008.26

TOTAL PENDING INVOICES FOR APPROVAL MAY 2020 9,008.26

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
April 30, 2020**

BALANCE PER BANK ON 04/30/2020 - CHECKING ACCOUNT 2,445,358.35

Balance to Reconcile 2,445,358.35

LESS OUTSTANDING CHECKS

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
119634	100.00	119654	95.00
119650	230.25	119661	491.27

330.25

586.27

TOTAL OUTSTANDING CHECKS -916.52

BALANCE PER GENERAL LEDGER 2,444,441.83

BALANCE PER GENERAL LEDGER ON 03/31/2020 845,945.10

CASH RECEIPTS FOR APRIL 4,367,119.85

CASH DISBURSEMENTS FOR APRIL

ACCOUNTS PAYABLE - CHECK HISTORY REPORT	-1,078,623.12
PAYROLL TRANSFER - BANK OF HEMET	<u>-40,000.00</u>

-1,118,623.12

TRANSFER TO LAIF -7,000,000.00

TRANSFER FROM LAIF 350,000.00

TRANSFERS FROM TVI 5,000,000.00

BALANCE PER GENERAL LEDGER AT 04/30/2020 2,444,441.83

REPORT PREPARED BY:


Cheryl M. Staff

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF APRIL 2020**

<u>DATE</u>	<u>RECEIVED FROM</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>TOTAL DEPOSIT AMOUNT</u>
DEPOSIT TO CHECKING ACCOUNT				
4/1/20	RIVERSIDE COUNTY	PROPERTY TAXES	15,297.71	15,297.71
4/6/20	TVI	T-BILL MATURITY INTEREST	18,000.00	18,000.00
4/8/20	LADWP	PURCHASED WATER	128,273.55	128,273.55
4/15/20	RIVERSIDE COUNTY	PROPERTY TAXES	1,886,147.75	1,886,147.75
4/20/20	SAN BERNDINO COUNTY	PROPERTY TAXES	14.20	14.20
4/22/20	STATE OF CALIF/DWR	SMIF INTEREST JUL-DEC19	64,434.00	64,434.00
4/22/20	STATE OF CALIF/DWR	DEBT SERVICE POWER REFUND	87,620.00	87,620.00
4/22/20	DAVIS	COBRA PYMNT FORREST DAVIS	138.69	138.69
4/28/20	TVI	CD - BOND INTEREST	33,392.13	33,392.13
4/29/20	BCVWD	WATER SALES	420,945.00	
4/29/20	STATE OF CALIF/DWR	GRANT PAYMENT	139,049.82	
4/29/20	STATE OF CALIF/DWR	BOND COVER REFUND	1,456,276.00	
4/29/20	STATE OF CALIF/DWR	BOND COVER REFUND	4,417.00	
4/29/20	STATE OF CALIF/DWR	BOND COVER REFUND	113,114.00	2,133,801.82
		TOTAL FOR APRIL 2020	4,367,119.85	4,367,119.85

**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2019-20
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TEN MONTHS ENDING ON APRIL 30, 2020**

	FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - INCOME				Comparison:	17%
INCOME					
WATER SALES	5,600,000		5,600,000	4,481,423.40	19.97%
TAX REVENUE	2,750,000		2,750,000	2,226,878.30	19.02%
INTEREST	350,000		350,000	263,239.81	24.79%
DESIGNATED REVENUES	820,000		820,000	885,279.85	-7.96%
CAPACITY FEE	0		0	0.00	
OTHER (REIMBURSEMENTS, TRANSFERS)	31,000		31,000	35,652.36	-15.01%
TOTAL GENERAL FUND INCOME	9,551,000	0	9,551,000	7,892,473.72	17.36%
GENERAL FUND - EXPENSES					
COMMODITY PURCHASE					
PURCHASED WATER	6,100,000		6,100,000	4,847,920.68	20.53%
TOTAL COMMODITY PURCHASE	6,100,000	0	6,100,000	4,847,920.68	20.53%
SALARIES AND EMPLOYEE BENEFITS					
SALARIES	500,000		500,000	417,789.15	16.44%
PAYROLL TAXES	43,000		43,000	34,945.88	18.73%
RETIREMENT	250,000		250,000	129,820.59	48.07%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	73,000		73,000	18,209.57	75.06%
HEALTH INSURANCE	68,000		68,000	59,825.43	12.02%
DENTAL INSURANCE	5,000		5,000	4,016.24	19.68%
LIFE INSURANCE	1,600		1,600	1,530.97	4.31%
DISABILITY INSURANCE	5,200		5,200	4,324.49	16.84%
WORKERS COMP INSURANCE	3,800		3,800	2,936.72	22.72%
SGPWA STAFF MISC. MEDICAL	10,000		10,000	7,564.61	24.35%
EMPLOYEE EDUCATION	1,000		1,000	0.00	100.00%
TOTAL SALARIES AND EMPLOYEE BENEFITS	960,600	0	960,600	680,963.65	29.11%

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SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2019-20
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TEN MONTHS ENDING ON APRIL 30, 2020

		FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020				
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES					Comparison:	17%
ADMINISTRATIVE & PROFESSIONAL						
DIRECTOR EXPENDITURES						
	DIRECTORS FEES	115,000		115,000	78,877.84	31.41%
	DIRECTORS TRAVEL & EDUCATION	15,000		15,000	7,878.18	47.48%
	DIRECTORS MISC. MEDICAL	21,000		21,000	8,548.37	59.29%
OFFICE EXPENDITURES						
	OFFICE EXPENSE	15,000		15,000	9,575.08	36.17%
	POSTAGE	700		700	368.62	47.34%
	TELEPHONE	11,500		11,500	9,118.82	20.71%
	UTILITIES	5,000		5,000	3,748.24	25.04%
SERVICE EXPENDITURES						
	COMPUTER, WEB SITE AND PHONE SUPPORT	17,000		17,000	6,138.28	63.89%
	GENERAL MANAGER & STAFF TRAVEL	18,000		18,000	21,793.74	-21.08%
	INSURANCE & BONDS	23,000		23,000	23,281.65	-1.22%
	ACCOUNTING & AUDITING	21,000		21,000	18,285.00	12.93%
	STATE WATER CONTRACT AUDIT	5,500		5,500	5,471.00	0.53%
	DUES & ASSESSMENTS	30,000		30,000	30,493.00	-1.64%
	OUTSIDE PROFESSIONAL SERVICES	7,500		7,500	35,710.47	-376.14%
	BANK CHARGES	1,000		1,000	929.89	7.01%
	MISCELLANEOUS EXPENSES and PENALTIES	500		500	35,000.00	-6900.00%
MAINTENANCE & EQUIPMENT EXPENDITURES						
	TOOLS PURCHASE & MAINTENANCE	500		500	941.57	-88.31%
	VEHICLE REPAIR & MAINTENANCE	5,000		5,000	6,390.29	-27.81%
	MAINTENANCE & REPAIRS - BUILDING	30,000		30,000	10,003.51	66.65%
	MAINTENANCE & REPAIRS - FIELD	8,000		8,000	2,779.74	65.25%
	CONTRACT OPERATIONS AND MAINTENANCE	125,000		125,000	89,352.91	28.52%
	WATER TREATMENT EXPENSE	0	75,000	75,000	63,139.91	15.81%
COUNTY EXPENDITURES						
	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	6,342.55	42.34%
TOTAL ADMINISTRATIVE & PROFESSIONAL		492,200	75,000	567,200	480,820.37	15.23%

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**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2019-20
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TEN MONTHS ENDING ON APRIL 30, 2020**

FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	17%
GENERAL ENGINEERING					
NEW WATER					
UPDATED STUDY ON AVAILABLE SOURCES	16,000		16,000	1,278.50	92.01%
SGMA SUPPORT					
GSP CONSULTANT	500,000		500,000	179,186.86	64.16%
WEBSITE SERVICES	3,000		3,000	0.00	100.00%
YUCAIPA GSA	0	30,000.00	30,000	13,406.26	55.31%
UWMP CONSULTANT	35,000		35,000	0.00	100.00%
STUDIES					
USGS	115,000		115,000	109,953.98	4.39%
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	14,487.50	69.82%
WHEELING RATE STUDY	0		0	0.00	0.00%
OTHER PROJECTS					
IRWMP IMPLEMENTATION PROPOSAL	22,000		22,000	0.00	100.00%
FLUME MONITORING	30,000		30,000	30,000.00	0.00%
INFRASTRUCTURE PLAN	30,000		30,000	19,478.50	35.07%
BASIN MONITORING TASK FORCE	18,000		18,000	18,046.00	-0.26%
GENERAL AGENCY - CEQA AND GIS SERVICES	7,000		7,000	230.00	96.71%
TOTAL GENERAL ENGINEERING	874,000	30,000	904,000	386,067.60	57.29%
LEGAL SERVICES					
LEGAL SERVICES - GENERAL	150,000		150,000	76,932.05	48.71%
TOTAL LEGAL SERVICES	150,000	0	150,000	76,932.05	48.71%
CONSERVATION & EDUCATION					
SCHOOL EDUCATION PROGRAMS	12,000		12,000	5,220.00	56.50%
ADULT EDUCATION PROGRAMS	5,000		5,000	0.00	100.00%
SPONSORSHIPS	10,000		10,000	0.00	100.00%
OTHER CONSERVATION, EDUCATION AND P. R.	15,000		15,000	0.00	100.00%
TOTAL CONSERVATION & EDUCATION	42,000	0	42,000	5,220.00	87.57%

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**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2019-20
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TEN MONTHS ENDING ON APRIL 30, 2020**

	FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020				
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
GENERAL FUND - EXPENSES				Comparison:	17%
GENERAL FUND CAPITAL EXPENDITURES					
BUILDING & EQUIPMENT					
BUILDING	10,000		10,000	0.00	100.00%
FURNITURE & OFFICE EQUIPMENT	25,000		25,000	0.00	100.00%
OTHER EQUIPMENT	0		0	0.00	0.00%
FIESTA RECHARGE FACILITY					
POST DESIGN	20,000		20,000	95,773.10	-378.87%
CONSTRUCTION	76,000		76,000	527,486.65	-594.06%
BUNKER HILL CONJUNCTIVE USE PROJECT	0		0	0.00	0.00%
NOBLE TURNOUT EXPANSION					
POST DESIGN	8,000		8,000	12,955.05	-61.94%
CONSTRUCTION	1,500		1,500	7,600.00	-406.67%
SITES RESERVOIR	322,000		322,000	302,057.17	6.19%
MONITORING WELLS USGS	250,000		250,000	299,873.26	-19.95%
TOTAL GENERAL FUND CAPITAL EXPENDITURES	712,500	0	712,500	1,245,745.23	-74.84%
TRANSFERS TO OTHER FUNDS	0		0	0.00	
TOTAL GENERAL FUND EXPENSES	9,331,300	105,000	9,436,300	7,723,669.58	18.15%
WITHDRAWALS FROM RESERVES	1,326,000		1,326,000		
TOTAL TRANSFERS TO/FROM RESERVES	1,326,000		1,326,000	0.00	
GENERAL FUND NET INCOME YEAR TO DATE	1,545,700	-105,000	1,440,700	168,804.14	

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**SAN GORGONIO PASS WATER AGENCY
BUDGET REPORT FY 2019-20
BUDGET VS. REVISED BUDGET VS. ACTUAL
FOR THE TEN MONTHS ENDING ON APRIL 30, 2020**

FOR THE FISCAL YEAR JULY 1, 2019 - JUNE 30, 2020					
	ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	REMAINING PERCENT OF BUDGET
DEBT SERVICE FUND - INCOME				Comparison:	17%
INCOME					
TAX REVENUE	23,995,229		23,995,229	16,488,423.64	31.28%
INTEREST	650,000		650,000	814,080.37	-25.24%
DWR CREDITS - BOND COVER, OTHER	3,031,777		3,031,777	3,294,069.66	-8.65%
TOTAL DEBT SERVICE FUND INCOME	27,677,006	0	27,677,006	20,596,573.67	25.58%
DEBT SERVICE FUND - EXPENSES					
EXPENSES					
SALARIES	60,000		60,000	51,915.60	13.47%
PAYROLL TAXES	4,700		4,700	4,675.08	0.53%
BENEFITS	74,000		74,000	29,649.42	59.93%
STATE WATER CONTRACT PAYMENTS	24,500,000		24,500,000	21,092,903.00	13.91%
WATER TRANSFERS	1,625,000		1,625,000	328,122.05	79.81%
SWC CONTRACTOR DUES	75,000		75,000	38,049.00	49.27%
DELTA CONVEYANCE FACILITY AUTHORITY	40,000		40,000	50,000.00	-25.00%
EBX CONTRACT OPERATIONS AND MAINTENANCE	125,000		125,000	89,352.90	28.52%
SWP ENGINEERING AND MAINTENANCE	450,000		450,000	342,922.16	23.80%
DEBT SERVICE UTILITIES	11,000		11,000	9,354.66	14.96%
STATE WATER PROJECT LEGAL SERVICES	0		0	1,850.28	0.00%
TAX COLLECTION CHARGES	70,000		70,000	51,082.71	27.02%
TOTAL DEBT SERVICE FUND EXPENSES	27,034,700	0	27,034,700	22,089,876.86	18.29%
TRANSFERS FROM RESERVES	0		0	0.00	
DEBT SERVICE NET INCOME YEAR TO DATE	642,306	0	642,306	-1,493,303.19	

Safety of Local Agency Investment Fund (LAIF)

Information from LAIF website, accessed 5/18/20

<https://www.treasurer.ca.gov/pmia-laif/laif/statute.asp>

The State of California cannot borrow or withhold LAIF money. Recent discussions about the State's budget deficit have generated questions from LAIF agencies and their oversight boards about the safety and accessibility of money invested with LAIF.

- Can the State borrow LAIF dollars to resolve the budget deficit?
 - No. California Government Code 16429.3 states that money placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:
 - (a) Transfer or loan pursuant to Sections 16310, 16312, or 16313.
 - (b) Impoundment or seizure by any state official or state agency.
 - *Effective January 1, 1997.*
- Can the State withhold LAIF moneys if the State fails to adopt a budget by the June 30th deadline?
 - No. California Government Code 16429.4 which was added to the LAIF's enabling legislation during the 2002 session states that the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency, to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the States failure to adopt a State Budget by July 1 of each new fiscal year.
 - *Effective September 21, 2002.*

San Gorgonio Pass Water Agency
Water Income and Expense Summary
2020

Expense	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
DWR Variable	0	763,110	392,359	0									1,155,469
Nickel Water	0	0	1,900,753	0									1,900,753
Yuba Water	0	0	0	0									0
EBX Operations	0	73,039	0	0									73,039
SGPWA Operations	9,972	35,362	10,245	9,976	0	0	0	0	0	0	0	0	65,556
Total	9,972	871,512	2,303,357	9,976	0	0	0	0	0	0	0	0	3,194,817
Income													
BCVWD	0	823,536	420,945	0									1,244,481
City of Banning	0	0	0	0									0
YVWD	0	0	0	0									0
Other	0	0	0	0									0
Total	0	823,536	420,945	0									1,244,481
Net Income/Expense	-9,972	-47,976	-1,882,412	-9,976	0	0	0	0	0	0	0	0	-1,950,336
Water Orders/Deliveries													
BCVWD	9,700	0	2,064	1,055	0								3,119
Banning	250	0	0	0	0								0
YVWD	250	0	0	0	0								0
Other	0	0	0	0	0								0
Total	10,200	0	2,064	1,055	0	0	0	0	0	0	0	0	3,119

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MEMORANDUM

From: Thomas W. Todd, Jr.
Finance Manager

Date: May 20, 2020

To: Jeff

RE: Consumer Price Index Information 2019 thru 2020

Jeff,

This memo reviews Board actions regarding CPI changes from 2017 to the present, and CPI information to March of 2020 (the latest information available). The Board decision takes effect July 1 of current year for staff, and January 1 of the following year for Board members.

The Board approved an increase for 2017 of 2.7%.

The Board approved an increase for 2018 of 3.2%

The Board approved an increase for 2019 of 2.8%

In December, 2017, the U.S Bureau of Labor Statistics changed the areas they report. The former Los Angeles, Riverside, Orange County area has been divided into two new areas, made up of cities. One area is Los Angeles, Long Beach and Anaheim. Our local area is Riverside, San Bernardino, and Ontario.

The following information is available for March, 2020, and is for changes in the Consumer Price Index from the previous year.

	U.S. City Average	R-SB-O Average
<u>Index Point Change</u>		
CPI in March, 2020:	258.1	107.2
Less: CPI in March, 2019:	254.2	104.7
Index Point Change	3.9	2.5
<u>Percentage Change</u>		
Index Point Change	3.9	2.5
Divided by CPI in March, 2019	254.2	104.7
Percentage Increase	1.5%	2.4%

The Agency's past practice has been to use the local figures; the new area is now the Riverside, San Bernardino and Ontario statistical area.

SAN GORGONIO PASS WATER AGENCY

GENERAL FUND BUDGET FY 2020-2021

ESTIMATED TOTAL EXPENSES FY 2019-2020 vs. PROPOSED BUDGET FY 2020-2021

APPROVED: GENERAL FUND JULY xx, 2020 - DEBT SERVICE FUND AUGUST xx, 2020

FOR THE FISCAL YEAR JULY 1, 2020 - JUNE 30, 2021

DRAFT

	1	2	3	4	5	6
	TOTAL	ACTUAL	ESTIMATED	REMAINING	PROPOSED	CHANGE %
	BUDGET	APRIL	ACTUAL	% ACTUAL	BUDGET	PROPOSED
	FY 2019-20	2020	AT JUNE 30	OF BUDGET	FY 2020-21	TO EST. ACTUAL
GENERAL FUND - INCOME						
INCOME						
WATER SALES	5,600,000	4,481,423.40	5,000,000.00	-12.0%	4,200,000	-16.0%
TAX REVENUE	2,750,000	2,226,878.30	3,000,000.00	8.3%	3,100,000	3.3%
INTEREST	350,000	263,239.81	315,500.00	-10.9%	250,000	-20.8%
DESIGNATED REVENUES	820,000	885,279.85	937,900.00	12.6%	910,000	-3.0%
CAPACITY FEE	0	0.00	0.00	0.0%	0	0.0%
OTHER (REIMBURSEMENTS, TRANSFERS)	31,000	35,652.36	35,652.36	13.0%	32,000	-10.2%
TOTAL GENERAL FUND INCOME	9,551,000	7,892,473.72	9,289,052.36	-2.8%	8,492,000	-8.6%
GENERAL FUND - EXPENSES						
COMMODITY PURCHASE						
PURCHASED WATER	6,100,000	4,847,920.68	5,394,000.00	-13.1%	5,800,000	7.5%
TOTAL COMMODITY PURCHASE	6,100,000	4,847,920.68	5,394,000.00	-13.1%	5,800,000	7.5%
SALARIES AND EMPLOYEE BENEFITS						
SALARIES	500,000	417,789.15	501,346.98	0.3%	564,000	12.5%
PAYROLL TAXES	43,000	34,945.88	41,935.06	-2.5%	48,000	14.5%
RETIREMENT	250,000	129,820.59	283,000.00	11.7%	370,000	30.7%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	73,000	18,209.57	62,000.00	-17.7%	63,000	1.6%
HEALTH INSURANCE	68,000	59,825.43	65,500.00	-3.8%	78,000	19.1%
DENTAL INSURANCE	5,000	4,016.24	4,417.00	-13.2%	5,100	15.5%
LIFE INSURANCE	1,600	1,530.97	1,673.00	4.4%	1,700	1.6%
DISABILITY INSURANCE	5,200	4,324.49	5,189.39	-0.2%	5,800	11.8%
WORKERS COMP INSURANCE	3,800	2,936.72	3,916.00	3.0%	4,500	14.9%
SGPWA STAFF MISC. MEDICAL	10,000	7,564.61	9,077.53	-10.2%	12,000	32.2%
EMPLOYEE EDUCATION	1,000	0.00	0.00	0.0%	3,000	0.0%
TOTAL SALARIES AND EMPLOYEE BENEFITS	960,600	680,963.65	978,054.96	1.8%	1,155,100	18.1%

SAN GORGONIO PASS WATER AGENCY

GENERAL FUND BUDGET FY 2020-2021

ESTIMATED TOTAL EXPENSES FY 2019-2020 vs. PROPOSED BUDGET FY 2020-2021

APPROVED: GENERAL FUND JULY xx, 2020 - DEBT SERVICE FUND AUGUST xx, 2020

FOR THE FISCAL YEAR JULY 1, 2020 - JUNE 30, 2021

DRAFT

	1 TOTAL BUDGET FY 2019-20	2 ACTUAL APRIL 2020	3 ESTIMATED ACTUAL AT JUNE 30	4 REMAINING % ACTUAL OF BUDGET	5 PROPOSED BUDGET FY 2020-21	6 CHANGE % PROPOSED TO EST. ACTUAL
GENERAL FUND - EXPENSES						
ADMINISTRATIVE & PROFESSIONAL						
DIRECTOR EXPENDITURES						
DIRECTORS FEES	115,000	78,877.84	94,653.41	-21.5%	117,000	23.6%
DIRECTORS TRAVEL & EDUCATION	15,000	7,878.18	9,453.82	-58.7%	15,000	58.7%
DIRECTORS MISC. MEDICAL	21,000	8,548.37	10,258.04	-104.7%	21,000	104.7%
OFFICE EXPENDITURES						
OFFICE EXPENSE	15,000	9,575.08	11,490.10	-30.5%	15,000	30.5%
POSTAGE	700	368.62	442.34	-58.2%	600	35.6%
TELEPHONE	11,500	9,118.82	10,942.58	-5.1%	11,500	5.1%
UTILITIES	5,000	3,748.24	4,497.89	-11.2%	5,000	11.2%
SEVICE EXPENDITURES						
COMPUTER, WEB SITE AND PHONE SUPPORT	17,000	6,138.28	9,000.00	-88.9%	25,000	177.8%
GENERAL MANAGER & STAFF TRAVEL	18,000	21,793.74	22,000.00	18.2%	12,000	-45.5%
INSURANCE & BONDS	23,000	23,281.65	23,281.65	1.2%	23,000	-1.2%
ACCOUNTING & AUDITING	21,000	18,285.00	18,285.00	-14.8%	21,000	14.8%
STATE WATER CONTRACT AUDIT	5,500	5,471.00	5,471.00	-0.5%	6,000	9.7%
DUES & ASSESSMENTS	30,000	30,493.00	30,700.00	2.3%	35,000	14.0%
OUTSIDE PROFESSIONAL SERVICES	7,500	35,710.47	42,852.56	82.5%	100,000	133.4%
BANK CHARGES	1,000	929.89	1,115.87	10.4%	1,500	34.4%
MISCELLANEOUS EXPENSES	500	35,000.00	35,000.00	98.6%	500	-98.6%
MAINTENANCE & EQUIPMENT EXPENDITURES						
TOOLS PURCHASE & MAINTENANCE	500	941.57	1,129.88	55.7%	1,000	-11.5%
VEHICLE REPAIR & MAINTENANCE	5,000	6,390.29	7,668.35	34.8%	8,000	4.3%
MAINTENANCE & REPAIRS - BUILDING	30,000	10,003.51	12,004.21	-149.9%	25,000	108.3%
MAINTENANCE & REPAIRS - FIELD	8,000	2,779.74	6,000.00	-33.3%	25,000	316.7%
CONTRACT OPERATIONS AND MAINTENANCE	125,000	89,352.91	140,000.00	10.7%	140,000	0.0%
WATER TREATMENT EXPENSE	75,000	63,139.91	73,200.00	-2.5%	75,000	2.5%
COUNTY EXPENDITURES						
LAFCO COST SHARE	6,000	6,651.71	6,651.71	9.8%	7,500	12.8%
ELECTION EXPENSE	0	0.00	0.00	0.0%	125,000	
TAX COLLECTION CHARGES	11,000	6,342.55	8,300.00	-32.5%	10,000	20.5%
TOTAL ADMINISTRATIVE & PROFESSIONAL	567,200	480,820.37	584,398.42	-21.5%	825,600	41.3%

**SAN GORGONIO PASS WATER AGENCY
GENERAL FUND BUDGET FY 2020-2021**

**ESTIMATED TOTAL EXPENSES FY 2019-2020 vs. PROPOSED BUDGET FY 2020-2021
APPROVED: GENERAL FUND JULY xx, 2020 - DEBT SERVICE FUND AUGUST xx, 2020
FOR THE FISCAL YEAR JULY 1, 2020 - JUNE 30, 2021**

DRAFT

	1 TOTAL BUDGET FY 2019-20	2 ACTUAL APRIL 2020	3 ESTIMATED ACTUAL AT JUNE 30	4 REMAINING % ACTUAL OF BUDGET	5 PROPOSED BUDGET FY 2020-21	6 CHANGE % PROPOSED TO EST. ACTUAL
GENERAL FUND - EXPENSES						
GENERAL ENGINEERING						
SGMA						
GSP CONSULTANT	500,000	179,186.86	215,024.23	-132.5%	500,000	132.5%
YUCAIPA GSA	30,000	13,406.26	15,000.00	-100.0%	30,000	100.0%
STUDIES						
URBAN WATER MANAGEMENT PLAN (UWMP)					125,000	NEW
WATER RATE NEXUS STUDY	35,000	0.00	0.00	0.0%	52,000	
CAPACITY FEE NEXUS STUDY UPDATE	48,000	14,487.50	18,000.00	-166.7%	20,000	11.1%
VELOCITY RATE STUDY	0	0.00	0.00	0.0%	4,000	
CONSULTANTS	115,000	109,953.98	150,000.00	23.3%	115,000	-23.3%
PLANNED STUDY ON AVAILABLE WATER SOURCES	16,000	1,278.50	1,278.50	0.0%	2,000	56.4%
GENERAL ENGINEERING STUDIES					15,000	NEW
OTHER PROJECTS						
FLUME MONITORING	30,000	30,000.00	30,000.00	0.0%	30,000	0.0%
INFRASTRUCTURE PLAN	30,000	19,478.50	21,426.35	0.0%	12,000	-44.0%
BASIN MONITORING TASK FORCE	18,000	18,046.00	18,046.00	0.3%	30,000	66.2%
GIS SERVICES					5,000	NEW
GENERAL AGENCY, CEQA, ETC.	7,000	230.00	230.00	-2943.5%	10,000	4247.8%
TOTAL GENERAL ENGINEERING	829,000	386,067.60	469,005.08	-76.8%	950,000	102.6%
LEGAL SERVICES						
LEGAL SERVICES - GENERAL	150,000	76,932.05	92,318.46	-62.5%	125,000	35.4%
TOTAL LEGAL SERVICES	150,000	76,932.05	92,318.46	-62.5%	125,000	35.4%
CONSERVATION & EDUCATION						
SCHOOL EDUCATION PROGRAMS	12,000	5,220.00	5,220.00	-129.9%	16,000	206.5%
ADULT EDUCATION PROGRAMS	5,000	0.00	0.00	0.0%	10,000	50.0%
SPONSORSHIPS	10,000	0.00	0.00	0.0%	5,000	0.0%
OTHER CONSERVATION, EDUCATION AND P. R.	15,000	0.00	0.00	0.0%	15,000	0.0%
TOTAL CONSERVATION & EDUCATION	42,000	5,220.00	5,220.00	-704.6%	46,000	781.2%

**SAN GORGONIO PASS WATER AGENCY
GENERAL FUND BUDGET FY 2020-2021**

**ESTIMATED TOTAL EXPENSES FY 2019-2020 vs. PROPOSED BUDGET FY 2020-2021
APPROVED: GENERAL FUND JULY xx, 2020 - DEBT SERVICE FUND AUGUST xx, 2020**

FOR THE FISCAL YEAR JULY 1, 2020 - JUNE 30, 2021

DRAFT

	1 TOTAL BUDGET FY 2019-20	2 ACTUAL APRIL 2020	3 ESTIMATED ACTUAL AT JUNE 30	4 REMAINING % ACTUAL OF BUDGET	5 PROPOSED BUDGET FY 2020-21	6 CHANGE % PROPOSED TO EST. ACTUAL
GENERAL FUND - EXPENSES						
GENERAL FUND CAPITAL EXPENDITURES						
BUILDING & EQUIPMENT						
BUILDING	10,000	0.00	0.00	0.0%	10,000	0.0%
FURNITURE & OFFICE EQUIPMENT	25,000	0.00	0.00	0.0%	25,000	0.0%
OTHER EQUIPMENT	0	0.00	0.00	0.0%	0	0.0%
MT. VIEW CONNECTION						
INTEGRATION AND PROGRAMMING					7,500	NEW
NOBLE TURNOUT EXPANSION						
INTEGRATION AND PROGRAMMING					2,500	NEW
BLISS HILL CONJUNCTIVE USE PROJECT	0	0.00	0.00	0.0%	40,000	
SITES RESERVOIR	322,000	302,057.17	302,027.17	0.0%	1,400,000	363.5%
MOUNTAIN VIEW TOWERING WELLS USGS	250,000	299,873.26	299,873.26	16.6%	0	-100.0%
TOTAL GENERAL FUND CAPITAL EXPENDITURES	607,000	601,930.43	601,900.43	-0.8%	1,485,000	146.7%
PROJECTS/ITEMS COMPLETED IN FY19-20	60,500	643,814.80	665,465.00			
TOTAL GENERAL FUND EXPENSES	9,316,300	7,723,669.58	8,790,362.34	-6.0%	10,386,700	18.2%
GENERAL FUND NET INCOME YEAR TO DATE	234,700	168,804.14	498,690.02		-1,894,700	
ITEMS FUNDED BY RESERVES						
FIESTA RECHARGE CONSTRUCTION			644,910		7,500	
NICKEL WATER SUBSIDY			1,000,000		1,000,000	
SITES RESERVOIR			279,927		1,000,000	
TOTAL ITEMS FUNDED BY RESERVES	1,326,000		1,924,837		2,007,500	



Memorandum

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

From: Jeff Ferre, General Counsel

Date: June 2020

Re: General Counsel Report - Board of Directors Meeting

Please note that this is a general update for public discussion purposes only and does not constitute legal advice.

DELTA STEWARDSHIP COUNCIL CASES – MAY 12, 2020

The Court of Appeal recently published an opinion regarding the Delta Plan issued by the Delta Stewardship Council (“Council”). This appeal addressed a number of cases which were filed on both sides of the issues regarding whether the Delta Plan went too far, or not far enough, in implementing the Delta Reform Act of 2009. Under the Delta Reform Act, the Legislature created the Council and charged it with adopting and implementing a Delta Plan for the comprehensive, long-term management of the Sacramento-San Joaquin Delta. The Council adopted its Delta Plan in 2013. Thereafter, seven lawsuits were filed by various groups on both sides including water exporters, in-Delta water users, and environmental organizations.

A trial court in Sacramento County ruled on the cases in 2016 and set aside the Delta Plan and ordered the Council to correct deficiencies. However, neither side of these cases was satisfied with the trial court’s ruling and appeals were filed, resulting in the May 12, 2020 appellate court ruling.

Please note that the appellate court’s 95-page opinion addresses numerous issues raised by both sides. For the sake of brevity, this Report focuses on only the issues raised by the State Water Contractors and the Federal Water Contractors (collectively, “Water Contractors”).

The Water Contractors questioned the validity of the portion of the Delta Plan which established the Water Resources Policy 1 (“WR P1”). In general, WR P1 provides that water shall not be exported from the Delta if water suppliers that would receive the water have “failed to adequately contribute to reduced reliance on the Delta and improved regional self-reliance.” The Water Contractors argued that the WR P1 is unlawful because it exceeds the geographic scope of the Council’s regulatory authority by requiring local water supply agencies—many of which are located hundreds of miles from the Delta—to undertake actions outside the Delta. The Court disagreed and ruled that WR P1 properly requires water suppliers to undertake certain actions outside the geographical boundaries of the Delta in order to receive water exported from the Delta. It was concluded that the Delta Reform Act mandates improved regional self-reliance



BEST BEST & KRIEGER
ATTORNEYS AT LAW

from each region that depends on water from the Delta watershed, which includes regions outside the geographical boundaries of the Delta.

The Water Contractors also contended that WR P1 is unlawful because the Council is attempting to impose regulatory authority over water rights. The Court disagreed and concluded that water use by those holding water rights in California is limited by the “reasonable use” doctrine, which forbids the waste of water or its unreasonable use as well as the “public trust doctrine” which vests the state with authority to act as trustee of all waters of the state. On that basis, the Court concluded that the Council does have authority to regulate water use by water rights holders in furtherance of the Council’s duty to provide for the sustainable management of the Delta.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Cost of Living Allowance for Agency Staff

DATE: June 1, 2020

Summary:

At the May 26 Finance and Budget workshop, the Board recommended that a 2.4% cost of living increase for staff be brought to the Board for consideration and action. The purpose of this proposed Board action is to act on that recommendation.

Background:

The Board has traditionally maintained that a small staff with high morale and low turnover best serves the interests of the Agency. Toward that end, it has endeavored to do its part to maintain high employee morale to minimize turnover. For at least the past 15 years, with a few exceptions, the Board has provided staff with cost of living salary increases to maintain their purchasing power and to keep up with inflation.

Detailed Report:

At the May Finance and Budget workshop, the Board was presented with inflation data for Riverside, San Bernardino, and Ontario from the Bureau of Labor Statistics (included in this agenda package). This rate, for the past twelve months, was 2.4%.

Some members of the Board expressed concern at the workshop about providing a cost of living increase to staff when many people in the Agency's service area are currently out of work. Alternatives to providing a cost of living allowance were briefly discussed at the workshop. These alternatives included providing no increase at all, and providing a 1.2% increase starting July 1, with the option to include the other 1.2% later in the year if the economy is recovering.

Fiscal Impact:

The Board reviewed a draft 2020-2021 general fund budget at the workshop. The draft budget reviewed included a cost of living increase for staff, so the impact is included in the draft budget. The impact would be approximately 0.0795% of the budget, or approximately \$8,250 out of \$10.4 million.

Recommendation:

Staff recommends that the Board approve a 2.4% cost of living increase for the staff, not including the General Manager, for fiscal year 2020-21.



MEMORANDUM

From: Thomas W. Todd, Jr.
Finance Manager

Date: May 20, 2020

To: Jeff

RE: Consumer Price Index Information 2019 thru 2020

Jeff,

This memo reviews Board actions regarding CPI changes from 2017 to the present, and CPI information to March of 2020 (the latest information available). The Board decision takes effect July 1 of current year for staff, and January 1 of the following year for Board members.

The Board approved an increase for 2017 of 2.7%.

The Board approved an increase for 2018 of 3.2%

The Board approved an increase for 2019 of 2.8%

In December, 2017, the U.S Bureau of Labor Statistics changed the areas they report. The former Los Angeles, Riverside, Orange County area has been divided into two new areas, made up of cities. One area is Los Angeles, Long Beach and Anaheim. Our local area is Riverside, San Bernardino, and Ontario.

The following information is available for March, 2020, and is for changes in the Consumer Price Index from the previous year.

	U.S. City Average	R-SB-O Average
<u>Index Point Change</u>		
CPI in March, 2020:	258.1	107.2
Less: CPI in March, 2019:	254.2	104.7
Index Point Change	3.9	2.5
<u>Percentage Change</u>		
Index Point Change	3.9	2.5
Divided by CPI in March, 2019	254.2	104.7
Percentage Increase	1.5%	2.4%

The Agency's past practice has been to use the local figures; the new area is now the Riverside, San Bernardino and Ontario statistical area.

MEMORANDUM

TO: Board of Directors

FROM: General Manager

RE: Participation in Phase 2 of Sites Reservoir

DATE: June 1, 2020

Summary:

At the May 18 Board meeting, Staff made a presentation on Sites Reservoir and shared recent information on the project and recent progress. The purpose of this proposed Board action is to determine if the Board wishes to participate in Phase 2 of the project and, if so, at what level.

Background:

The Agency has been an investor in Sites Reservoir for a number of years. The Board recognized early on that the project had an environmental benefit, would likely get Prop 1 funding, and could provide much-needed long-term dry year yield for the Agency. Thus far, the Agency has invested just over \$1,000,000 in the Sites project over several fiscal years as it has moved through the first part of the planning phase. The project recently underwent a value planning process that redefined the project with a smaller footprint that is sufficient to meet the future needs of its investors.

The project is now ready to embark on the last part of the planning phase, and will require additional funds in order to do so. The next phase, currently being called Phase 2 of the project, will begin November 1 and will include completing or nearly completing most of the major permit applications required, a re-circulation of a Draft EIR, and reducing project uncertainties. Much of the current uncertainty revolves around the permit required from California Department of Fish and Wildlife. This permit will largely determine how much water the project will yield for its investors and for fish.

Detailed Report:

Staff reviewed some of the recent project products with the Board at the May 18 Board meeting, including current talking points, an executive prospectus, a 2019 Annual Report, and a Power Point summarizing the status of the project. These documents are not included in this agenda package, but were included in the May 18 package.

Included in this agenda package is a Second Amendment to the 2019 Sites Reservoir Project Agreement, also known as the Sites Phase 2 Participation Agreement, approval of which is required of all participants who wish to continue investing in the project. The General Counsel has reviewed the agreement and has found it legally acceptable. Staff will review it with the Board at the meeting. The agreement largely covers the financial commitments required of participants--\$100 for every acre-foot of yield, in two installments payable on November 1, 2020 and April 1, 2021. At the Agency's current participation level of 10,000 AF, this results in a Phase 2 investment of \$1,000,000. Should the Beaumont Cherry Valley Water District wish to continue its participation at its current level, it would have to remit \$400,000 to the Agency prior to September 1.

Phase 2 will last through 2021. In late 2021, the Board will be presented with information related to continuing the investment through the design and construction phases, which will be far more costly per acre-foot. The Phase 2 commitment under consideration today is only through 2021.

The Agency is a 7% owner in the project at this time. Its 14,000 acre-feet of participation is approximately 7% of the total projected yield of 193,000 acre-feet. The Agency has played a very active role in the Reservoir Committee and has helped shape the project to date. As Vice-Chair of the Reservoir Committee, and as a member of other key work groups, staff has had and continues to have outsized influence on the direction of the project.

Sites Reservoir represents the best opportunity in the state at this time to construct a new surface storage facility. The fact that the State has invested over \$800 million in the project through Prop 1 is an indication of its value to the environment—it gives back more to the environment than it takes. The project is one of just two projects

specifically mentioned in the Governor's water resiliency portfolio and has the full support of the Governor and his administration.

The project is largely a dry year storage project, which works well with the Agency's portfolio, which is weak in dry year yield. The Sites project, together with the proposed Delta Conveyance project and investment in an upstream groundwater bank, should enable the Agency to meet the long-term water supply needs of its service area. The estimated cost per acre-foot of Sites water, between \$600 and \$700 per acre-foot (in 2030), represents a cost-effective dry year yield for the Agency and for most urban water suppliers in the State. The fact that it is a permanent supply means that the Agency will be able to count on Sites water in its UWMP's for the foreseeable future. Without this project, the Agency would be in a position where it would have to go out and find water in dry years and pay spot water prices; also, this would not fit into the Agency's UWMP, as it would not be a long-term solution.

Funding the Sites project beyond Phase 2 will be an issue for the Agency. It has three choices in funding future phases. First, it can fund them through general fund taxes and the water rate. This would result in a large increase in the water rate over time and is not recommended. If the Agency were to fund the project in this manner, it would almost certainly have to reduce its investment greatly. Second, it can fund all or part of the project through a capacity fee, which is a reasonable funding source if the Agency can adopt the fee and if local water agencies support its collection. Third, it could potentially be funded (wholly or partly) through the Agency's tax rate. However, several actions would have to be taken before this could occur. Staff is working with other State Water Contractors to bring these about. This will likely take some time, possibly up to two years. At this point, the plan is to have such decisions made prior to having to commit to the next phase of Sites, which will occur in late 2021. Such actions and decisions could be the subject of future litigation.

Should the Agency wish to participate in Phase 2, and should BCVWD wish to participate, it is likely that an agreement between the two parties would be required in order to clarify several issues. This would not be required prior to the Agency's commitment to Phase 2,

but would be required prior to the Agency receiving funds from BCVWD.

Fiscal Impact:

Funding Phase 2 of Sites will not be as difficult as funding future phases. The Agency has the \$1 million required in its reserves for new water. The funds have been included in the draft general fund budget for 2020-21. The Agency has built up its reserves over the years for just such an opportunity.

Recommendation:

Staff believes that the Sites project is an outstanding project for the Agency's future water supply portfolio and that it would play a large role in procuring the long-term water supplies needed for the region. At this time, staff recommends that the Board participate in Phase 2 at the current level of 10,000 acre-feet. If additional capacity becomes available in the next two months, staff may come back to the Board and recommend a slightly higher participation level. This would be after reviewing a draft of the Agency's infrastructure plan, currently being developed by Provost & Pritchard, and after consultation between current staff and the next General Manager. Staff's recommendation is that the Board authorize the General Manager to sign the Second Amendment to the 2019 Reservoir Project Agreement and to complete Exhibit A with the number 10,000 acre-feet (pending a decision by BCVWD to participate).



[REDACTED]

May 21, 2020

Dear Reservoir Committee Member,

In April 2020, actions were taken by the Project and Authority governing bodies to adopt the April 13, 2020, Sites Project Value Planning Alternatives Appraisal Report and the Amendment 2 Work Plan which together constitute the scope, schedule and budget for the next stage of project development through December 2021. In taking these actions, funding requirements were set which established the timing and amount due from each participating member that wishes to continue its participation in the Project during the Amendment 2 Work Plan period.

As a participating member in the original Phase 2 Project Agreement dated April 1, 2019 and the First Amendment dated January 1, 2020, the Authority hereby requests your determination of interest in continued participation by returning the attached Second Amendment completed and signed by your authorized agency designee, **no later than September 10, 2020.**

Please note that the Second Amendment requires the following information in addition to the authorized signature on the amendment:

- Indicate the amount of capacity shares in acre feet that you are securing through this phase of the project which, in accordance with the amended Section 6, will represent the capacity share amount to which your agency has first rights of refusal in any future phase of work. These capacity share amounts indicated by each participating member will be used for the final Exhibit A of the Second Amendment.
- Indicate your commitment to provide up to the total funding required for the capacity shares you have designated. The unit cost is the total for the original agreement already paid (\$60/AF) and the new commitment for the Amendment 2 Work Plan (not to exceed \$100/AF).

We have prepared a set of documents for you to use in your agency deliberations of this request. Documents are available for you to download at this link: <https://brwncaid-my.sharepoint.com/:f/p/robinette/Epm9jMLcDwNOhIMc2840b6EBFm-igGMQPzc-HU2pCxovcQ?e=Z6687k>. Don't hesitate to contact Kevin Spesert, Sites Project Authority, External Affairs Manager, at [REDACTED] if you need assistance with any of these materials.

The project team is excited to embark on this ambitious Amendment 2 Work Plan. It is critical that you receive timely information for your next decision prior to December 2021 where we will be seeking commitment of the total project local cost share which is one of the conditions for receiving the \$81.6M State WSIP funds.

Reservoir Committee Members Letter
May 21, 2020
Page 2

Please don't hesitate to contact me if there are any questions or you need my support regarding this request.

Jerry Brown
Executive Director, Sites Project Authority

Sincerely,

Jerry Brown, Executive Director
Sites Project Authority

SECOND AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT

BY AND AMONG
SITES PROJECT AUTHORITY

and

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

Dated as of July 1, 2020

THIS SECOND AMENDMENT TO 2019 RESERVOIR PROJECT AGREEMENT (this “Second Amendment”), dated as of July 1, 2020, by and among SITES PROJECT AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”), and the project agreement members listed in the Agreement referenced below (the “Project Agreement Members”) and amends that certain 2019 Reservoir Project Agreement dated as of April 1, 2019 (the “Original Agreement”), as previously amended by the First Amendment to 2019 Reservoir Project Agreement dated as of January 1, 2020 (the “First Amendment” and, together with the Original Agreement, the “Agreement”), each by and among the Authority and the Project Agreement Members;

WITNESSETH:

WHEREAS, Authority and the Project Agreement Members have determined to approve an Amendment 2 Work Plan and to extend the term of the Agreement to December 31, 2021; and

WHEREAS, under Section 11 of the Agreement, the Agreement may be amended by a writing executed by the Authority and at least 75% of the total weighted vote of the then current Committee members as provided in Subsection 3(g); and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Second Amendment do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Second Amendment;

NOW, THEREFORE, THIS SECOND AMENDMENT WITNESSETH, the Authority and the Project Agreement Members agree, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. **Definitions.** All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

ARTICLE II

AMENDMENTS TO AGREEMENT

Section 2.01. **Project Agreement Members.**

(a) Effective September 1, 2020, the Project Agreement Members attached as Exhibit A to the Agreement shall be succeeded in their entirety by the Project Agreement Members attached hereto as Exhibit A.

Section 2.02. **Work Plan.**

(a) Effective September 1, 2020, the 2019 Work Plan attached as Exhibit B to the Agreement shall be supplemented by the Work Plan attached hereto as Exhibit B (the “Amendment 2 Work Plan”).

Section 2.03. **Funding.**

The Agreement is hereby amended to remove Section 4(a) in its entirety and replace it with the following:

“(a) **Budget.** The Committee shall, in cooperation with the Authority’s Board, provide and approve both a Fiscal Year operating budget and reestablish a Phase 2 budget target, annually or more frequently as needed. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums reflected in the 2019 Work Plan (prior to November 1, 2020) and the Amendment 2 Work Plan (on and after November 1, 2020) in accordance with Section 5 of this Project Agreement; provided, however, that in no event shall the amount paid by a Project Agreement Member exceed \$160 per acre-foot (with \$60 of such amount being attributable to the 2019 Work Plan and \$100 of such amount being attributable to the Amendment 2 Work Plan) without the approval of such Project Agreement Member. The contribution with respect to the pro-rata budgeted sums reflected in the Amendment 2 Work Plan shall be payable by each Project Agreement Member in two installments. The first installment shall be in an amount equal to \$60 per acre-foot and shall be payable by no later than November 1, 2020. The second installment shall be in an amount up to \$40 per acre-foot and shall be payable by no later than April 1, 2021. The exact amount per acre-foot of the second installment shall be established by the Committee, in cooperation with the Authority’s Board, and notice of such amount shall be provided by the Authority to each Project Agreement Member.”

Section 2.04. **Future Development of the Sites Reservoir Project.**

The Agreement is hereby amended to remove Section 6(b) in its entirety and replace it with the following:

“(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, equal to that Project Agreement Member’s Participation Percentage, to contract for a share of any water supply that is developed, and for storage capacity that may be available from, the Sites Reservoir Project. In any successor phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before February 28, 2019, shall be granted rights to contract for a share, in an amount equal to that Project Agreement Member’s Participation Percentage as of the effective date of such successor phase agreement, of any water supply that is developed, and for storage capacity that may be available from the Sites Reservoir Project prior to the rights of those becoming parties to this Project Agreement after that date.

If a participating Project Agreement Member as of February 28, 2019 identifies a lesser amount in the Second Amendment than its Original Agreement requested amount, that participating Project Agreement Member’s first rights of refusal in the future are to be based on the Second Amendment amounts and not the February 28, 2019 amounts.

Provided, however, that if a Project Agreement Member withdraws from the Project Agreement pursuant to Section 9 of this Agreement but later requests to be reinstated, then to the extent there is unsubscribed participation in the Project as determined by the Committee, the

Committee may vote to readmit said withdrawn Member with a reinstated first right of refusal provided said withdrawing Member provides funding to the Project commensurate with the funding requirements met by all current Project Agreement Members in the current phase of the Project as well as any prior phase, as adjusted for any credits, payments and/or reimbursements made under the Authority's credit reimbursement policy (the "Credit Reimbursement Policy").

Further provided, that if a Project Agreement Member desires to increase its participation after execution of the Second Amendment, then to the extent there is unsubscribed participation in the Project as determined by the Committee, the Committee may vote to approve said increase, or portion thereof, with a first right of refusal attendant thereto, provided said increasing Project Agreement Member provides funding to the Project commensurate with the funding requirements met by all current Project Agreement Members in the current phase of the Project as well as any prior phase, as adjusted for any credits, payments and/or reimbursements made under the Credit Reimbursement Policy.

The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the Project Agreement Member."

Section 2.05. **Term.** The Agreement is hereby amended to remove Section 8(b) in its entirety and replace it with the following:

"(b) The term of this Project Agreement shall continue until December 31, 2021. In the event that this Second Amendment is not approved by Project Agreement Members with the requisite percentage of the total weighted vote as set forth in the Agreement by June 30, 2020, the Agreement shall be revived immediately upon approval by such requisite percentage, without any additional approval of the Project Agreement Members, and this Second Amendment shall become effective."

Section 2.06. **Executive Director.** All references to the "General Manager" in the Agreement shall be changed to "Executive Director."

ARTICLE III

PROJECT AGREEMENT MEMBER PARTICIPATION

Section 3.01. **Project Agreement Participation.** Each Project Agreement Member shall specify its participation in the Sites Reservoir Project by indicating its elected water participation amount in the Sites Reservoir Project and the associated cost in the space provided therefor on the signature page to this Second Amendment. Based upon the respective participation elections of the Project Agreement Members, the Authority shall update Exhibit A pursuant to Section 5 of the Agreement.

ARTICLE IV

MISCELLANEOUS

Section 4.01. **Effectiveness of Agreement.** Except as expressly amended by this Second Amendment, the Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof. The amendments set forth in this Second Amendment shall be incorporated as part of the Agreement upon their effectiveness in accordance with Section 11 of the Agreement.

Section 4.02. **Execution in Several Counterparts.** This Second Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Project Agreement Members shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 4.03. **Authorization, Ratification and Confirmation of Certain Actions.** The Authority and the Project Agreement Members each hereby authorize, ratify and confirm the extension of the term of the Agreement, as previously extended pursuant to the First Amendment, to June 30, 2020, and the expenditure of funds collected under the Agreement with respect to the 2019 Work Plan on and prior to June 30, 2020.

Section 4.04. **Laws Governing Second Amendment.** The effect and meaning of this Second Amendment and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State.

IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____

SITES PROJECT AUTHORITY

By: _____
Name:
Title:

[PROJECT AGREEMENT MEMBER]

Dated: _____

(Authority & Project Agreement Member)

By: _____
Name:
Title:

PARTICIPATION AMOUNT

[PROJECT AGREEMENT MEMBER] hereby elects to participate in the Sites Reservoir Project in the amount and at the cost identified below.

**Participation
(Second Amendment
Annualized Acre-Foot):**

**Second Amendment Cost:
Not to Exceed \$100 per
Acre-Foot**

EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation (Second Amendment Annualized Acre-Foot)	
	Preliminary	Percent
American Canyon, City of		
Antelope Valley-East Kern Water Agency		
Carter Mutual Water Company #		
Coachella Valley Water District		
Colusa County		
Colusa County Water District		
Cortina Water District		
Davis Water District		
Desert Water Agency		
Dunnigan Water District		
Glenn-Colusa Irrigation District		
LaGrande Water District		
Metropolitan Water District of S. CA		
Pacific Resources Mutual Water Company #		
Reclamation District 108		
San Bernardino Valley Municipal Water District		
San Geronio Pass Water Agency		
Santa Clara Valley Water District		
Santa Clarita Valley Water Agency		
Westside Water District		
Wheeler Ridge-Maricopa Water Storage District		
Zone 7 Water Agency		
Potential new participants		
Total:		

Participation Percentages exclude State of California and United States Bureau of Reclamation share of the Project.

Denotes a non-public agency. Refer to California Corporations Code Section 14300 et. seq. with additional requirements provided in both the Public Utilities Code and Water Code.

EXHIBIT B
AMENDMENT 2 WORK PLAN