

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
November 21, 2016

Directors Present: John Jeter, President
Bill Dickson, Vice President
Mary Ann Melleby, Treasurer
Blair Ball, Director
Ron Duncan, Director
David Fenn, Director
Leonard Stephenson, Director

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

1. **Call to Order, Flag Salute and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President John Jeter at 7:00 p.m., November 21, 2016 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Jeter asked if there were any adjustments to the agenda.* There being none the agenda was adopted as published.
3. **Public Comment:** *President Jeter asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency.* There were no members of the public that wished to comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, November 7, 2016
 - B. Approval of the Minutes of the Engineering Workshop, November 14, 2016

Director Dickson made a motion, seconded by Director Duncan, to adopt the consent calendar as presented. Motion passed 7-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: The Agency has delivered a total of 935 acre-feet to the Noble Creek Connection, so far this month.

(2) General Agency Updates: (a) La Niña conditions present. The jet stream is being pushed to the north by cooler water in the Pacific. **(b) California Precipitation:** Several very wet storm systems hit the northern portion of the state with record rainfall totals. San Joaquin Basin is at average rainfall; Tulare Lake Basin is below average. **(c) DWR Initial Allocation:** The initial allocation will be released by DWR on or before December 1. It should be between 10% and 20%. **(d) SGPWA Upcoming Meeting Dates: (i)** A tour of EBX II (Citrus Reservoir Pump Station & Crafton Hills Pump Station) will take place during the Engineering Workshop on December 12 at

1:00 p.m.; transportation will be provided by the Agency. **(ii)** December 19th will be a Regular Board meeting. Normally the Finance & Budget (F&B) Workshop would be December 26th however, the office will be closed due to the observance of Christmas. Therefore, staff is recommending that the F&B Workshop be canceled and the items of the F&B be addressed during the December 19th board meeting. The Board was in agreement with this recommendation. **(iii)** The Agency Audit is complete for FY ending June 30, 2016 and will be considered for acceptance during the December 19th board meeting. **(iv) Legislative Update:** Democrats will have a super majority of three-quarters of the assembly and are very close to having a super majority in the senate. This could precipitate a number of legislative actions this year, including a tax on public goods charge for water. **(v) Little Hoover Commission:** The Little Hoover Commission report will be released in the Spring. The Commission is more focused on climate change than the reserves issue. **(vi) Flume Update:** The City of Banning will present a settlement agreement offer sheet to the San Bernardino National Forest. The Settlement Agreement includes a minimal release and a condition that no new NEPA document be prepared. In the event that the Forest Service rejects the settlement agreement then a new process will be defined. **(vii) Sites Reservoir Committee:** A project committee agreement is slated to be complete in December. The cost for Phase 1 is projected to be \$48.50 per AF for Class 1 water and \$24.25 that for Class 2 water. The cost of the climate change portion of the application process is \$1 million.

B. General Counsel Report: General Counsel Jeff Ferré stated that the new directors and the re-elected director take office as of noon on Friday, December 2nd. He suggested having the administering of the Oath on Monday, December 5th. He also stated that the positions of Vice President and Treasurer will be open and that it is better from a legal point of view to have all three officers in place to sign documents, etc., until the first meeting in January. He recommended that the Board elect officers on December 5th, then during the first meeting in January a vote can take place to continue the existing officers or to elect new officers.

C. Directors Reports: **1) Director Fenn** reported on the YVWD Board meeting that was held on November 15. On Saturday, December 3rd at 8:00 a.m., a tour will take place of the new reservoir on Singleton Road. **2) Director Ball** reported on the City of Beaumont Council meeting, stating that the City has voted to not partner with YVWD for wastewater treatment. **3) Director Fenn** also reported on the City of Beaumont Council meeting. **4) Director Melleby** reported on the Beaumont Chamber of Commerce Breakfast. Director Melleby spoke on her tenure as a board member, stating that it has been an honor and a privilege. She made a couple of recommendations to the Board: #1 – A Board Handbook that builds on AB1234. #2 - Update of the Strategic Plan. **Director Duncan** reported on the Banning Sunrise Breakfast that he attended. The topic of discussion was on Chromium 6. Director Duncan informed the Board that he spoke to Carlo Wilcox pertaining to the land for sale (that included water rights) that the Agency had made an offer on. Mr. Wilcox made a decision to go another direction. **Director Dickson** also spoke on his tenure and how much he enjoyed being on the board. He spoke very highly of the Agency's staff. **President Jeter** presented a letter of resignation; the date of resignation is effective December 7, 2016. He thanked the community for allowing him to represent them for the past 15 years. He also thanked staff for assisting him. President Jeter received a standing ovation.

6. New Business: (Discussion and Possible Action)

A. Consideration of Municipal Water Quality Investigation (MWQI) Specific Project Committee Agreement: A staff report, a copy of the MWQI Program Specific Project Agreement, and a PowerPoint slide presentation - Overview of the MWQI Program were included in the agenda packet. General Manager Davis stated that at the September Engineering workshop, the Board discussed a revised MWQI specific project agreement for the next three years. The purpose of the proposed Board action is to determine if the Board wishes to continue with the MWQI program. Every three years, the agreement is updated. The current agreement ends December 31, the new agreement begins in January. The annual budget for the MWQI is \$3.1 million. General Manager Davis reviewed past accomplishments of the MWQI program. The funds are budgeted in the Debt Service budget. The approximate cost to the Agency in 2017 will be \$19,000 out of a Debt Service budget of \$19,000,000. After discussion, Director Duncan made a motion, seconded by Director Fenn, authorizing the General Manager to sign the revised Special Project Committee agreement for 2017-2019. Motion passed 7-0.

B. Consideration of MWQI Agreement with Department of Water Resources: A staff report and a copy of the State of California Natural Resources Agency Department of Water Resources MWQI Agreement were included in the agenda packet. After discussion, Director Melleby made a motion, seconded by Director Dickson, authorizing the General Manager to sign the MWQI Agreement with DWR, thus enabling the Agency to participate in the program for the next three years. Motion passed 7-0.

C. Consideration of Entering into an Agreement with David Taussig & Associates (DTA) for Financial Modeling and Analysis: A staff report and a copy of the DTA Agreement for Consulting Services Agreement were included in the agenda packet. The Agency is currently engaged in an effort to procure additional water supplies using various sources of revenue and projected revenue. For the past two years the Agency has been considering financial modeling on how to best utilize various revenue sources to fund new water supplies. The purpose of this proposed Board action is to contract with DTA to perform financial modeling, analyze the existing capacity fee, and to generally make recommendations to the Agency as to how to most efficiently fund additional water supplies. DTA has previously worked with the Agency on the capacity fee and on water rates, and is well versed on the Agency and the issues it currently faces. After discussion, Director Dickson made a motion, seconded by Director Duncan, authorizing the General Manager to sign an agreement with DTA for an amount not to exceed \$30,000, to provide the work identified in the scope of work, in a form acceptable to the General Counsel. Motion passed 7-0.

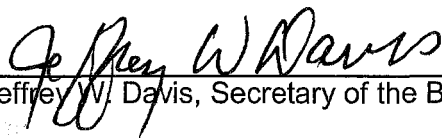
7. Topics for Future Agendas: There were no topics for future agendas given.

8. Announcements

- A. Office closed November 24th & 25th in observance of the Thanksgiving Holiday
- B. Finance and Budget Workshop, November 28, 2016 at 400 p.m.
- C. Regular Board Meeting December 5, 2016 at 7:00 p.m.

9. Adjournment

Time: 8:05 p.m.



Jeffrey W. Davis, Secretary of the Board