

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
June 5, 2017

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

Staff Present: Jeff Davis, General Manager
Thomas Todd, Finance Manager
Jeff Ferre, General Counsel

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 Fenn at 7:00 p.m., June 5, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Ball led the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* There being none the Agenda was adopted as presented.
3. **Public Comment:** *President Fenn asked if there were any members of the public that wished to make a public comment on items that are within the jurisdiction of the Agency.* There were no members of the public that wished to comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, May 15, 2017
 - B. Approval of the Minutes of the Finance and Budget Workshop May 22, 2017
 - C. Approval of the Finance and Budget Workshop Report, May 22, 2017

Director Stephenson made a motion, seconded by Director Thompson, 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 delivered a total of 1418 acre-feet to the Noble Creek Connection, for the month of May; a total of 5451 acre-feet so far this year.

(2) General Agency Updates: (a) Cal Water Fix: USFWS and NMFS issue final Biological Opinion this week (Friday). Once the ROD/NOD has been issued engineering and design work will progress toward construction. More updates will

be provided in the coming weeks and months. Cal Water Fix is not needed for the state as a whole, it will also protect our investment in EBX; Lowers our marginal cost of water; possibly incentivize other Contractors to sell or lease their Table A water to other Contractors. **(b) Flume Update:** The PEs have submitted an alternate cost share agreement in the amount of \$100k instead of \$600k and are working on setting up a follow-up meeting with the Regional Forester.

B. General Counsel Report: (a) General Counsel Jeff Ferré deferred from reporting due to the length of the agenda.

C. Directors Reports: (1) **President Fenn** reported on the City of Beaumont Council meeting that he attended on May 16th. He also reported on the May 18th BCVWD Board meeting stating that its board approved the Sites cost sharing agreement with the Agency. (2) **Director Ball** reported on the BCVWD May 18th Board meeting. (3) **Director Castaldo** reported on the BCVWD May 18th Board meeting.

6. New Business:

A. Public Hearing on Determination of Whether to Form a Groundwater Sustainability Agency Pursuant to the SGMA for the Yucaipa Sub-basin: *President Fenn opened the Public Hearing at 7:12 pm.* A colored map of the Yucaipa Sub-basin was handed out to the Board and to members of the public. General Manager Davis provided his report on this item. He stated that the map is of the Yucaipa Basin. He explained why SGPWA was invited to be a participant. He also reviewed why this agreement is different from other GSA's that the Agency is now a part of. General Manager Davis answered questions from the Board. After discussion, General Manager Davis concluded his report for the public hearing. President Fenn requested public comment. *There being none President Fenn closed the Public Hearing at 7:24.*

B. Consideration and Possible Action Regarding Adoption of Resolution No. 2017-09 – Election to become a Groundwater Sustainability Agency (GSA) for the Yucaipa Sub-Basin: A staff report, Resolution No. 2017-09 and a Memorandum of Agreement were included in the agenda packet. After discussion, Director Duncan made a motion, seconded by Director Stephenson to adopt Resolution 2017-09, creating the Yucaipa Sub-Basin GSA, and to participate as a member of the GSA in developing a Groundwater Sustainability Plan (GSP) for the Yucaipa Sub-basin. Motion passed 7-0.

C. Consideration and Possible Action Regarding Engagement of New Auditor for Fiscal Year 2016-2017: A staff report and an Engagement Letter from Eadie & Payne were included in the agenda packet. General Manager Davis explained the interview process that he and Finance Manager Thomas Todd conducted in order to secure an auditor. He stated that the Auditor reports to the Board and not to Staff. He is confident that Eadie & Payne is the best firm to perform the Agency's audit for 2016-2017 at a proposed cost of \$19,900. The funds are budgeted for next year; there will be no fiscal impact. Discussion took place between the board members on the process of hiring auditors for the future and that perhaps it would be best to have

board members have a more active role in the hiring of the auditor and to invite the auditor to a Finance and Budget workshop to answer questions from the Board. After discussion, Director Stephenson made a motion, seconded by Director Ball, to authorize contracting with Eadie & Payne to perform the 2016-2017 Audit, and to authorize the President and General Manager to sign the engagement letter. Motion passed 7-0.

D. Consideration and Possible Action Regarding Cost of Living Adjustment for Agency Staff: A staff report was included in the agenda packet. President Fenn made a motion, seconded by Director Duncan, that Agency staff (not including the General Manager) receives a 2.7% cost of living increase starting July 1st. Motion passed 7-0.

E. Consideration and Possible Action Regarding Nominations for ACWA Region 9 Board of Directors: A staff report and ACWA Nomination materials were included in the agenda packet. General Manager Davis reported on the Agency's past involvement and expected duties of ACWA Region 9 Board members. He also explained the potential fiscal impact, as the Agency would be responsible for travel costs for meetings and other events. After discussion, Director Castaldo requested to be nominated. General Manager Davis stated that a nomination resolution will be drafted for consideration at the next regular board meeting.

F. Consideration and Possible Action Regarding Authorization to Advertise Fiesta Recharge Facility for Construction: A staff report was included in the agenda packet. General Manager Davis stated that the Board directed staff to move forward in getting a packet ready for advertising of the construction of the facility. The purpose of this item is for the Board to decide if it would like to proceed with the advertising at this point in time. The estimated cost of construction and other post-design costs is approximately \$2.75 million, not including fencing, landscaping, water, or power. The cost estimate includes an unofficial inflation accounting from the original cost estimate. The project is eligible for funding under Prop 1 and can be applied for even if construction has been completed. The Agency has spent approximately \$5.7 million to date on land, CEQA, preliminary and final design, and construction of the pipeline portion of the project. Director Ball felt that going out to bid at this time would diminish the Agency's chances of Prop 1 funding. He questioned additional costs that will be incurred above and beyond the construction of the facility. Director Duncan stated that the action on this item is to go out to bid only. This information will be used to determine if it is feasible to begin construction now or to wait until a future date. General Manager Davis stated that Prop 1 funding decisions could be another year or more before a funding decision is made. General Manager Davis then explained the bidding process. Director Stephenson stated that Beaumont Cherry Valley Parks and Recreation has indicated an interest in utilizing some of our purchased land and it is possible that they may assist with some of the burden of landscaping. General Manager Davis stated that BCVPR has indicated that they might share a well, but improvements to the well are needed. The Board requested Staff to provide additional cost estimates for fencing and landscaping at a future meeting. After discussion, Director Stephenson made a motion, seconded by Director Duncan, to move forward with advertising for the construction of the facility. President Fenn requested a roll call vote:

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

Motion passed 6-1, with Director Ball opposed.

G. Consideration and Possible Action Regarding Adoption of Ordinance 13

Amending Ordinance 8: A staff report was included in the agenda packet. General Counsel Ferre explained that the Agency is not changing Ordinance 8; the Agency is changing the Rules and Regulations. Adoption of Ordinance 13 will change portions of the applicable Rules and Regulations in regards to an application for service. The change will remove the return flows requirement that is currently in the Rules and Regulations Section 4.09. Should the Board adopt Ordinance 13, Section 4.09 would be removed and the rest of the application requirements will remain in place. Director Duncan made a motion, seconded by Director Thompson, making the change that was indicated by counsel. President Fenn requested a roll call vote:

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

Motion passed 7-0.

H. Consideration and Possible Action Regarding Application from BCVWD to

Expand Noble Connection from 20 cfs to 34 cfs Pursuant to Revised Ordinance 8: A staff report and a Biological Resources Assessment performed by Webb were included in the agenda packet. General Manager Davis stated that this item was discussed last month. The agenda packet includes a new staff report and last month's staff report. The recommendation is that the Board approves BCVWD's application, and that the Noble Connection expansion is exempt from CEQA Class 1 and Class 3 exemptions. The Board would also need to direct staff (BBK) to have a CEQA Notice of Exemption lawfully filed. Director Thompson made a motion, seconded by Director Duncan, to approve as recommended. Motion passed 7-0.

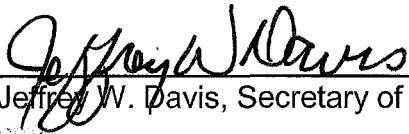
7. Topics for Future Agendas: 1. Director Ball would like a staff report on High Valleys water needs. 2. Director Castaldo would like for the Board to consider reviewing the policy for the hiring of an auditor. General Counsel Ferre stated that the Board could direct the Finance Committee to be involved in the interviews. 3. Director Lehtonen asked that discussion on fencing and power for the Beaumont Avenue Recharge Facility be addressed at the next Engineering Committee meeting.

8. Announcements:

- A. Engineering Workshop June 12, 2017 at 4:00 p.m.
- B. Regular Board Meeting, June 19, 2017 at 7:00 p.m.
- C. Finance and Budget Workshop June 26, 2017 at 4:00 p.m.

9. Adjournment

Time: 8:20 pm



Jeffrey W. Davis, Secretary of the Board

CHD