

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Special Meeting of the Board of Directors
Board of Directors Engineering Workshop
July 10, 2017

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

Directors Absent: Blair Ball, Director

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

1. **Call to Order, Flag Salute, Invocation and Roll Call:** The Special Meeting and the Engineering Workshop of the San Gorgonio Pass Water Agency Board of Directors were called to order by Director Duncan and Board President David Fenn at 4:00 p.m., July 10, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. General Manager Davis led the Pledge of Allegiance to the flag. Invocation was not given. 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 published.
3. **Public Comment:** There were no additional members of the public that wished to comment at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Special Board Meeting, June 19, 2017
 - B. Approval of the Minutes of the Finance and Budget Workshop, June 26, 2017
 - C. Approval of the Finance and Budget Workshop Report, June 26, 2017

General Manager Davis referred to the June 19 Minutes of the Special Board Meeting located on page 4 in the agenda packet. He informed the Board that the motion pertaining to initiating legal action states that it passed 6-0-1, with Director Duncan absent; this implied that someone abstained. The motion in fact was 6-0, with Director Duncan absent. Director Castaldo made a motion, seconded by Director Stephenson, to adopt the consent calendar as revised. Motion passed 6-0, with Director Ball absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: Deliveries are gradually being increased, currently at 25.5 cfs last week for a few days. DWR requested cutbacks due to the level at Lake Silverwood. The Agency delivered a total of 1347 acre-feet to the Noble Creek connection for the month of June.

(2) General Agency Updates: (1) Nickel Funding Workshop: General Manager Davis stated that the Board wished to have a workshop to discuss the financing of the Nickel water. Discussion will take place during the July 17th Board Meeting. A financial consultant will be present. **(2) Wheeling:** General Manager Davis is working with BB&K on this issue. Recommendations will take place sometime this summer during an Engineering workshop. **(3) Flume Update:** A meeting will be taking place on Friday, July 14th with the Regional Forester. The PEs are asking for an appeal relating to paying for studies that the USFS is requesting. The current cost of the studies is approximately \$600k; the PEs are offering a cost share agreement in the amount of \$100k. **(4) SGMA Status:** The appropriate paperwork was submitted on time for the June 30th deadline. The Agency is now a part of four separate GSAs: Yucaipa Basin, San Timoteo Basin, San Geronio Pass Sub-basin, and one-square mile known as Verbernia. **(5) AB 1667:** This bill would allow the State Board to adopt and revise standards for indoor residential use and residential/CII outdoor irrigation, adopt and revise performance measures for CII water use, and enforce these standards through cease and desist orders and misdemeanor penalties. General Manager Davis signed a letter opposing this bill on the Agency's behalf. **(6) General Manager's Activities:** General Manager Davis reported to the Board on his current activities relating to the Agency.

B. General Counsel Report: General Counsel Jeff Ferré deferred from reporting.

C. Directors Reports: No reports were given.

6. New Business:

A. Consideration and Possible Action Regarding Adoption of General Fund Budget for 2017-2018: A staff report and related material were included in the agenda packet. General Manager Davis stated that the proposed General Fund budget for FY 2017-2018 was been discussed at the Finance and Budget Workshops, in both May and June. He referred the Board to the color pie charts that were including in the agenda packet, pertaining to the Sources of Revenue and stated that half of the revenue will be from water sales; 84% of the expenditure either goes to new water or new infrastructure. Director Castaldo made a motion, seconded by Director Stephenson, to approve the General Fund Budget. Motion passed 6-0, with Director Ball absent.

B. Consideration and Possible Action on Resolution No. 2017-11 Adopting Addendum No. 1 to the Environmental Impact Report for the Beaumont Avenue Recharge Facility and Pipeline: A staff report and related materials were included in the agenda packet. General Manager Davis stated that the Board directed staff to complete all tasks necessary to evaluate proposed modifications to the Beaumont Avenue Recharge Facility Project. Agency staff has been working with a consulting firm to analyze the potential impacts associated with a proposed grading project at the project site pursuant to the California Environmental Quality Act. In working with the consulting firm, staff determined that an Addendum to the previously certified Environmental Impact Report (EIR) (SCH#2012111033) would be appropriate, as a minor modification to the Project is needed to allow the Agency to transport excavated soil from the Recharge Facility site to the Project's Service Connection site ("Grading Project"). General Manager Davis explained the basis behind executing a grading plan. General Counsel Ferre stated that this is a bid alternate to find out how much it would cost to do the work and whether or not to include it in the contract. He then informed

the Board that this item is for CEQA compliance and that there are no additional impacts regarding this potential alternate bid item. Director Lehtonen pointed out that the contents of the Resolution - Section 4 indicates approval and adoption of the addendum. Section 5 indicates approval of the grading project. General Counsel Ferre stated that the Resolution will be revised to state that the Agency hereby approves proceeding with the planning for a potential grading project. After discussion, President Fenn made a motion, seconded by Director Thompson, to adopt Resolution No. 2017-11 with the noted changes. Motion passed 6-0, with Director Ball absent.

C. Consideration and Possible Action Regarding Agreement with EY to Perform an Audit of the Department of Water Resources Regarding the State Water Project: General Manager Davis stated that this is a housekeeping item. SWC hire an auditing firm on an annual basis to ensure that DWR is making efficient use of the Contractors' funds by auditing the procedures, policies and how they do things. The Agency's share of this cost will range from \$5,158 to \$6448; slightly more than last year. Director Stephenson made a motion, seconded by Director Thompson, approving contracting with EY to provide this work, and authorize the General Manager to sign the agreement letter from EY. Motion passed 6-0, with Director Ball absent.

7. Engineering Workshop:

A. Review and Discussion of Current Strategic Plan: A copy of the Agency's May 2012 Strategic Plan was included in the agenda packet. General Manager Davis stated that The Agency is the regional water supplier and the Strategic Goals should reflect this. He reviewed the Agency's 2012 Strategic Plan in detail with the Board. He asked that the Board members consider if there need to be changes to the current Strategic Plan, or to implement a new Strategic Plan, or leave the Strategic Plan document as is. The 2012 Strategic Plan identifies five goals with accompanying objectives as part of an overall implementation strategy. Those five goals are as follows:

1. Regional Leadership Role
2. Regional water Supply Plan
3. Regional Capital Facilities Plan
4. Regional Financial Plan
5. Communication Plan

Director Stephenson commented on Goal #2, wherein the last sentence states "The Agency will need to meet its existing supply deficit by securing new permanent water supplies through 2035 as reflected in Table 5-2 of the UWMP. He was concerned by the definition of the word deficit and stated that the word deficit should be eliminated and replaced with future water demands. General Manager Davis reiterated that no decisions were needed today, but the Board should think about where to go from here and if there is a need for further discussion. President Fenn liked the idea of the Strategic Plan as it condenses down the UWMP and sets goals for the Agency. He would be in favor of updating the Strategic plan every time that the UWMP is updated. The Board was in consensus of revisiting the Strategic Plan during the August 14th Engineering Workshop.

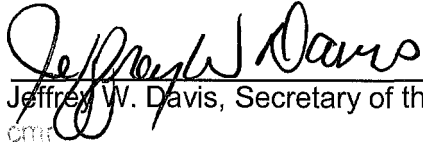
8. Topics for Future Agendas: No topics were suggested by Board members.

9. Announcements:

- A. Regular Board Meeting, July 17, 2017 at 7:00 p.m.
- B. Finance and Budget Workshop, July 24, 2017 at 4:00 p.m.
- C. San Geronio Pass Regional Water Alliance, July 26, 2017
 - 1. Regular Meeting at 5:30 p.m.— Banning City Hall

10. Adjournment

Time: 4:49 pm



Jeffrey W. Davis, Secretary of the Board

cmf