

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
December 4, 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

Directors Absent: David Castaldo, Director

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

1. **Call to Order, Flag Salute, Invocation, and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President Fenn at 1:30 p.m., December 4, 2017 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Lehtonen gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Fenn asked if there were any adjustments to the agenda.* There were no adjustments to the agenda. The agenda was adopted as published.
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 that are not on today's agenda.* 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 20, 2017
 - B. Approval of the Minutes of the Finance and Budget Workshop, November 27, 2017
 - C. Approval of the Finance and Budget Workshop Report, November 27, 2017

President Fenn asked for a motion on the Consent Calendar. Director Stephenson made a motion, seconded by Director Thompson, to adopt the consent calendar as presented. Motion passed 6-0, with Director Castaldo absent.

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: The Agency delivered a total of 1387 acre-feet to the Noble Creek Connection, for the month of November; The Agency has delivered 13,743 acre-feet so far this year. We expect to deliver about 1400 AF this month for an annual total of about 15,000 acre-feet, and carry over about 4000 acre-feet to next year.

(2) Water Supply Report: General Manager Davis reviewed with the Board the current storage numbers for Lake Oroville (1.26 MAF) and San Luis Reservoir. San Luis levels are much higher than usual, which is due to water that was spilled from Lake Oroville in order to work on the Spillway. The Agency has 4000 acre-feet of carryover water in the San Luis Reservoir. There is a potential of losing some of the carryover water should there be a need to spill, at which point carryover water then becomes Article 21 water and opens it up to other SWC's to receive; however the chance of carryover water spilling is relatively small. General Manager Davis also reviewed with the Board how DWR calculates its SWP water allocation. On November 29, 2017 DWR published a Notice to Contractors stating that the initial SWP water allocation for 2018 is at 15%.

(3) Report on ACWA Conference: General Manager Davis attended the ACWA Fall Conference that was held in Anaheim from December 28th – 31st. He reported on the following:

- **ACWA Groundwater Committee**
- **Legislative Update**
- **Cal WaterFix**
- **California Water Plan**
- **Water Bonds**
- **Low Income Water Rate Assistance**

(4) Update on Whitewater Flume: General Manager Davis referred the Board to a BHMWC and City of Banning document that provided information on Whitewater Flume: the background, where we stand, and what we ask. The Participating Entities will not sign a cost share agreement until the Forest Service answers specific questions.

(5) General Agency Updates: General Manager Davis updated the Board on the following: **(a).** East Branch Extension: dedication is tentatively set for Thursday, at 10:00 am, January 11th, probably at Citrus Reservoir; more information will be provided in the near future. **(b).** Sites Reservoir: Two important meetings coming up in Sacramento: On December 13th the California Water Commission will hear presentations from all eleven applicants for the WSIP projects. Sites Reservoir Authority is holding a public hearing on their draft EIR this week.

B. General Counsel Report: General Counsel Jeff Ferre stated that at the November 27th Board Finance and Budget workshop there was discussion reflected in the minutes about the use of General Fund monies that were previously used to help pay for facilities that later became part of the State Water Project. General Counsel Ferre informed the Board that SWP facilities could in fact be paid from the debt service payment funds (SWP tax proceeds). In reviewing the Agency's Act there is nothing that prohibits the reimbursement to the General Fund of the amount that was advanced for the facilities that became part of the SWP. As an example, within the Act, Section 34 allows the Board of Directors to advance general funds of the Agency to accomplish the purposes of an improvement district and may repay the Agency from the proceeds of the sale of bonds. Or if an improvement district is formed the Agency can repay the proceeds from a special tax. This, from a legal point of view, would allow the advancement of General Funds and to repay the General Fund later for the construction of projects. General Counsel Ferre recommended a budgeting process in order to show transparency in the event the Board decides to take such action.

C. Directors Reports: (1) **Director Stephenson** reported on the ACWA JPIA meeting that he attended on November 27th. The JPIA is looking toward forming a captive insurance agency. (2) **Director Lehtonen** reported on the ACWA Conference that he attended in Anaheim. He recommended viewing the slide presentation on the Salton Sea, which is available on ACWA's website. (3) **President Fenn** encouraged water retailers to join ACWA. He reported on the workshops that he attended at the ACWA Conference. The conference was well attended and provided networking opportunities.

6. New Business:

A. Consideration of Co-Sponsorship of Southern California Water Committee (SCWC) Quarterly Luncheon for January 19, 2018: A staff report and a copy of an email from SCWC for the "Save the Date" were included in the agenda packet. General Manager Davis stated that SCWC has asked four water agencies in the Inland Empire to be co-sponsors of the quarterly luncheon, at \$2000 each. Valley District, Western, and Inland Empire Utilities Agency have already agreed to sponsor the event. The luncheon will be held at the Victoria Club in Riverside. SCWC was formed to educate Southern California on issues relating to water. The Committee is a strong supporter of the Cal WaterFix. Director Stephenson made a motion, seconded by President Fenn, to co-sponsor the SCWC quarterly luncheon. Directors Ball and Thompson were not in favor of supporting the luncheon. Director Duncan stated that he attended a SCWC meeting that was held here at the Agency and that he found it very informative and felt that it was very beneficial. President Fenn noted that we have money budgeted for such events, it supports water and is local. Director Lehtonen commented that he is in favor of supporting meetings that address the Cal WaterFix and it can be effective in our positions here at the Agency. President Fenn suggested advertising in a local paper to inform the public of the event. President Fenn called for a vote. Motion passed 4-2, with Directors Ball and Thompson opposed, and Director Castaldo absent.

B. Discussion and Possible Action Regarding Beaumont Avenue Recharge Facility: A staff report was included in the agenda packet. General Manager Davis stated that the staff report included a timeline of major events and Board actions related to the project. Director Ball made the comment that he did not request a staff report for this item. Director Ball stated that he had requested this item to be placed on the November 20th Board meeting, but was told by staff that it was too late to do so. Concerns are with Prop 1 money, seepage and existing facilities. General Manager Davis responded that once the Agency opens bids, it will need to go before the Board to take an action on whether the Board wishes to go forward with the project. Advertisement of the project was done per the direction of the Board. Director Ball stated that it was the timing of his request that was crucial, as he wanted to speak to the Board before advertisement went out. The Board may have at that point decided to forgo the advertisement on that Monday, the day before it went out to bid. President Fenn responded that the Board did direct staff to re-advertise for the construction project. He also stated that Director Ball's request was submitted to the General Manager Thursday evening and that staff prepares the agenda in advance for submittal on Friday morning. He informed the Board that it was his call to not put Director Ball's request on the November 21st meeting agenda, as staff prepares a report or additional information to better prepare the Board to make an informed decision. President Fenn did not feel that discussion on the validity of the project was warranted, as it was not affecting a long-term decision of whether we follow through with the project. He also stated that additional information will be needed prior to moving forward with the project. He suggested that the Board Handbook Committee addresses functional rules on how to formally request a topic for discussion or possible action on the agenda. Director Ball will provide staff with a list of questions to be presented to the Board at the January 16th Board meeting.

C. Discussion and Possible Action Regarding Expanded Noble Connection: General Manager Davis stated that the Board directed him to move forward on the design and construction of the Noble connection as soon as possible, and he has been complying with this direction. Director Ball stated that in his opinion this Agency has been non-compliant with BCVWD's request for the expansion of the Noble connection. He recommended that by Christmas time that it is approved and by February this project is ready to go to construction. President Fenn stated that the Board had previously approved the expansion. Legal Counsel Ferre stated that his recollection is that BCVWD refused to sign the application due to particular language. The Agency revised the form and resubmitted the application to BCVWD, the application was signed by BVCWD and this Board approved the application. He stated that there is no need for any further Board action. If there is a concern on the timing of which actions are being done then the Board can give a consensus to staff to show progress by a certain date or get it done by a certain date. Director Stephenson requested staff to report on what has been done so far and what the next step is. General Manager Davis reported on the previous BCVWD General Manager's lack of responsiveness pertaining to the application. Our Board approved a policy change, along with revisions to the application, which were done without delay. The preliminary design was done and the Board directed staff to move forward. The Agency's engineer is working on both the Beaumont Avenue Recharge Facility design and the expansion of the Noble connection. DWR is involved in the

service connection, any design changes has to meet with DWR approval, which takes time; Staff is moving as fast as it can. Director Thompson asked if the Noble connection could be the number one priority and take precedence over the B.A.R.F. project. General Manager Davis went into detail as to what has taken place and what needs to take place in order to begin construction on the Noble connection. President Fenn stated that he would support what Director Thompson requested. President Fenn asked for an update at each board meeting until the project is done. President Fenn noted that it is a unanimous consensus of the Board to get the Noble connection done as soon as possible.

7. Topics for Future Agendas: There were no requests made.

8. Announcements:

- A. Engineering Workshop, December 11, 2017 at 1:30 p.m.
- B. Regular Board Meeting, December 18, 2017 at 1:30 p.m. - Canceled
- C. Finance and Budget Workshop, December 18, 2017 at 1:30 p.m.

9. Closed Session (One Item)

Time: 3:20 p.m.

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: Potential transfer of State Water Project rights/supplies among State Water Project Contractors

Agency negotiator: Jeff Davis, General Manager

Negotiating parties: Dudley Ridge Water District, Dale Melville, Manager-Engineer

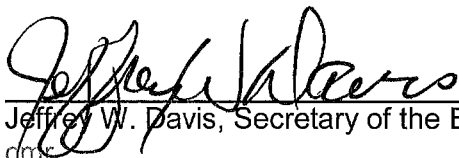
Under negotiation: price and terms of payment

The meeting reconvened to open session at: Time: 4:05 pm

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

10. Adjournment

Time: 4:05 pm



Jeffrey W. Davis, Secretary of the Board

dmf