

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
August 6, 2018

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
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 David Fenn at 1:30 p.m., August 6, 2018 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Fenn led the Pledge of Allegiance to the flag. Director Thompson 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 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. General Counsel Jeff Ferre read from a public comment submitted by Tracy Fry that was submitted to the Agency's website. Ms. Fry's comment was as follows: Listening to the news today the state is saying there is still a water shortage. Why is there more track homes being built? There were no other members of the public that wished to comment at this time.*
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Finance and Budget Workshop, June 25, 2018
 - B. Approval of the Finance and Budget Workshop Report, June 25, 2018
 - C. Approval of the Minutes of the Regular Board Meeting, July 2, 2018
 - D. Approval of the Minutes of the Engineering Workshop, July 9, 2018
 - E. Approval of the Minutes of the Finance and Budget Workshop, July 23, 2018
 - F. Approval of the Finance and Budget Workshop Report, July 23, 2018

Director Duncan made a motion, and seconded by Director Stephenson 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: a) The Agency delivered 1142 acre-feet of Table A water to the Noble Creek Connection for the month of July. b) DWR has scheduled delivery of the additional supplemental water supply from Ventura and Nickel. c) Chemical additives to SWP water appear to have brought the algae issue under control.

(2) Construction Update: General Manager Davis stated that there has been no additional construction progress at the Fiesta Recharge Facility since the last board meeting. Webb & Associates will be making design changes, which will reduce the construction cost.

(3) General Agency Updates: (a) Noble Expansion: General Manager Davis informed the Board that he submitted all of the requested documentation for the Noble expansion to the Department of Water Resources. The Agency is waiting to hear from the Department of Water Resources as to whether it needs any additional information. **(b) Contract Extension:** The process for the SWP contract extension is in the later stages. There was legislation passed a couple of years ago that stated that if the SWP contract is extended, the state legislature must hold an informational hearing of the joint assembly senate budget committee. The hearing is scheduled for this month. Board consideration of the contract amendment will take place after the hearing. **(c) State Water Resources Control Board:** In July, the SWRCB released its final draft plan to increase water flows through the Lower San Joaquin River and its tributaries. SWRCB is proposing a 40 percent of unimpaired flow requirement. The proposed flow objectives are intended to increase the required flows left in rivers for the protection of fish and wildlife, but would significantly reduce water available to water users in the Lower San Joaquin River Watershed. **(d) Water Education Foundation Water Summit:** This event will take place on September 20th in Sacramento at the Westin Hotel. All board members are encouraged to attend. **(e) Groundwater Models Update:** The models are due to ship out the end of this week or at the latest next week.

B. General Counsel Report: General Counsel Ferre provided a written report on amended AB 2649.

C. Directors' Report: Director Stephenson reported that he attended two YVWD meetings. He also attended and reported on the Beaumont State of the City. **Director Thompson** reported on the SGPRWA meeting and also the Beaumont State of the City. **Director Ball** reported on the Beaumont State of the City and BCVWD Engineering meeting. **Director Duncan** reported on the Southern California Water Coalition, and the Cabazon Water District Board meeting. **Director Castaldo** reported on the Beaumont State of the City. **President Fenn** reported on the Beaumont State

of the City, Southern California Water Coalition, and Beaumont Basin Watermaster meeting.

C. Committee Reports: A written report was provided by the Conservation and Education Committee: Director Thompson stated that he will have a more in-depth report for the Board at the next board meeting. Director Duncan stated that the Capacity Fee committee met and will hold its next meeting in the later part of August or early September.

6. New Business:

A. Consideration of Resolution No. 2018-04 Setting the Appropriation Limit for Fiscal Year 2018-2019: A staff report, a copy of Resolution No. 2018-04, and a copy of the Appropriation Limit calculation sheet were included in the agenda packet. Finance Manager Thomas Todd stated that the Appropriations Limit of \$61,181,693 is what the Agency could spend, but will not spend. The calculation is set by the state. Director Ball made a motion, seconded by Director Thompson to adopt Resolution 2018-04 in accordance with the California constitution. Motion passed 7- 0.

B. Consideration of Resolution No. 2018-05 Setting Tax Rate for FY 2018-2019: A staff report and a copy of Resolution No. 2018-05 were included in the agenda packet. President Fenn stated that this item was discussed by the Board at the July Finance and Budget workshop. In light of a series of balloon bond payments due in 2026-2029 and the desire to not raise the tax rate at that time, the Board at that workshop voted to recommend that the Agency's tax rate remain at \$0.1825 per \$100 of assessed valuation for fiscal year 2018-2019. Director Duncan made a motion, seconded by Director Stephenson to maintain the tax rate at \$0.1825 for this fiscal year. Motion passed 7-0.

C. Consideration of Adoption of Debt Service Budget for 2018-2019: A staff report and a copy of the Debt Service Expense Requirements were included in the agenda packet. President Fenn stated that staff recommendation is that the Board adopts the debt service budget, with a tax rate for 2018-2019 of \$0.1825. Director Duncan made a motion, seconded by Director Castaldo to adopt the debt service budget, with a tax rate for 2018-2019 of \$0.1825. Motion passed 7-0.

D. Consideration and Possible Action of Contracting with Ernst and Young: A staff report and a copy of Ernst & Young Statement of Work were included in the agenda packet. General Manager Davis stated that the State Water Contractors hire an auditing firm to perform audits of DWR on an annual basis. The purpose of the audit is to ensure that DWR is making efficient use of the Contractors' funds and that Contractors are billed the proper amount. Director Ball made a motion, seconded by Director Thompson to approve contracting with EY to provide the audit. Motion passed 7-0.

E. Consideration and Possible Action of Contract with Engineering Resources of Southern California for Beaumont Avenue Recharge Facility Post-design: A staff report and a copy of the Beaumont Avenue Recharge Facility Post-design contract with Engineering Resources of Southern California were included in the agenda packet. General Manager Davis reported that the engineer responsible for the Fiesta project post design work and the Noble connection enlargement has switched firms. The

purpose of this proposed Board action is to enable him to continue his work at approximately the same cost, but for another firm. The Agency previously had two agreements with Armstrong and Brooks engineers for Erik Howard's services – one for Fiesta and one for Noble enlargement. The purpose of the two proposed Board action items is to sign two new agreements with ERSC to continue Mr. Howard's services. During discussion General Manager Dan Jaggars (BCVWD) requested an accounting to ensure BCVWD is not being over charged. Director Duncan made a motion, seconded by Director Ball to approve the contract with Engineering Resources of Southern California for Beaumont Avenue Recharge Facility Post-design. Motion passed 7-0.

F. Consideration and Possible Action of Contract with Engineering Resources of Southern California for Noble Creek Enlargement: A staff report and a copy of the Noble Creek Enlargement contract with Engineering Resources of Southern California were included in the agenda packet. Director Ball made a motion, seconded by Director Thompson to approve the Contract with Engineering Resources of Southern California for Noble Creek Enlargement. Motion passed 7-0.

7. Topics for Future Agendas: Director Thompson stated that he would like to review the accounting of the Noble Creek enlargement charges.

8. Announcements:

- A. Water Conservation and Education Committee Meeting, August 9, 2018 at 1:30 p.m.
- B. Engineering Workshop, August 13, 2018 at 1:30 p.m.
- C. Regular Board Meeting, August 20, 2018 at 1:30 p.m.

9. Closed Session (3 Items): President Fenn recessed the meeting to closed session at – Time: 2:18 p.m.

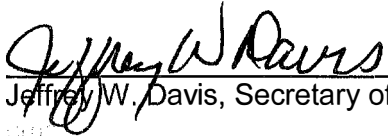
- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code section 54956.8
Property: Potential water rights/supplies offers from the City of Ventura
Agency negotiator: Jeff Davis, General Manager
Negotiating parties: Lynn Takaichi
Under negotiation: price and terms
- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code Section 54956.8
Property: Potential water rights/supplies offers from Kern County Water Agency
Agency negotiator: Jeff Davis, General Manager
Negotiating parties: Kern County Water Agency, Curtis Creel, General Manager
Under negotiation: price and terms of payment

C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) and initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 - One potential case

President Fenn reconvened the meeting at – Time: 4:13 pm

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

10. Adjournment - *President Fenn adjourned the meeting at: 4:13 pm*



Jeffrey W. Davis, Secretary of the Board