

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223
Minutes of the
Board of Directors Engineering Workshop
December 10, 2018

Directors Present: Ron Duncan, Vice President
Blair Ball, Director
David Castaldo, Director
Steve Lehtonen, Director
Leonard Stephenson, Director
Michael Thompson, Director

Directors Absent: David Fenn, President

Staff Present: Jeff Davis, General Manager
Cheryle Stiff, Executive Assistant

1. Call to Order, Flag Salute and Roll Call: The Engineering workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Vice President Duncan at 1:30 p.m., December 10, 2018 in the Agency Board room at 1210 Beaumont Avenue, Beaumont, California. Vice President Duncan led the Pledge of Allegiance to the flag. A quorum was present.

2. Public Comment: There were no members of the public who wished to comment at this time.

3. Discussion of One Potential Methodology to Compute Water Rate. General Manager Davis presented a Power Point summarizing the rate setting process thus far, the Taussig model presented at a September workshop, and a new methodology for calculating the water rate developed by retail water managers. He summarized the advantages and disadvantages of the proposed rate methodology. The Board discussed the methodology and listened to input from retail managers. The Board felt that the methodology as proposed had some merit but would require some changes before the Board could consider it. Among the changes/clarifications/questions suggested by Board members: Clarification on whether retail agencies would be paying for water twice after 2024, a desire to add other potential components to the rate, how does the rate calculated under this methodology compare to the rate under the Taussig methodology, a desire to recover costs more quickly than proposed, a potential desire for the Agency to pay for the costs of Nickel water in 2018, the possibility of computing the rate biennially instead of annually, the potential need for a larger storage account under this methodology, and a desire to use DWR variable costs for the previous year instead of a three year moving average. After the discussion, the Board directed the General Manager to continue working with retail agency managers to make changes in the methodology and to bring it back for further discussion.

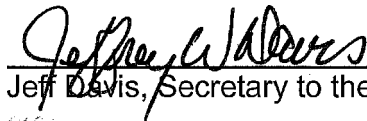
4. Discussion of Proposed Amendment to Long-Term Water Supply Contract to Extend Contract to 2085. General Manager Davis presented a Power Point developed by the State Water Contractors summarizing key points in the proposed amendment. They include an extension of the long-term water supply contract to 2085, the creation of two new accounts to fully utilize retroactive Article 51(e)

revenues after 2035, and the creation of a SWRDS Finance Committee. He reviewed the amendment adoption timetable with the Board, noting that he will bring this to the Board for approval next week.

5. Announcements:

- A. Regular Board Meeting, December 17, 2018 at 1:30 p.m.
- B. Finance and Budget Workshop, Thursday December 20, 2018 at 1:30 pm
- C. Office closed December 24th-25th in observance of the Christmas Holiday
- D. Office closed December 31st-January 1st in observance of the New Year's Holiday

8. Adjournment: Vice President Duncan adjourned the meeting at 3:46 pm



Jeff Davis, Secretary to the Board

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