

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
December 17, 2018

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

Directors Absent: David Fenn, President

Staff Present: Jeff Davis, General Manager
Jeff Ferre, General Counsel
Cheryle Stiff, 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 Vice President Ron Duncan* at 1:30 p.m., December 17, 2018 in the Agency Boardroom located at 1210 Beaumont Avenue, Beaumont, California. *Vice President Duncan led the Pledge of Allegiance to the flag. Director Stephenson gave the invocation.* A quorum was present.
2. **Adoption and Adjustment of Agenda:** *Vice President Duncan asked if there were any adjustments to the agenda.* General Manager Davis requested that item 9 - Closed Session be deleted and postponed to another Board meeting due to the absence of President Fenn. He also requested to add to the agenda the swearing in of Directors Ball and Lehtonen. General Counsel Ferre informed the Board that the oath of office does not require a board action and the swearing in could take place at this time, rather than adding another item to the agenda. The Board members were in agreement to remove item 9 from the agenda. General Manager Davis swore in Directors Ball and Lehtonen. The agenda was adopted as amended.
3. **Public Comment:** *Vice President Duncan 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.* President Alan Davis of Cabazon Water District wished the Board a Merry Christmas and a Happy New Year. 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, December 3, 2018
 - B. Approval of the Minutes of the Engineering Workshop, December 10, 2018

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

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: 1) The Agency has delivered a total of 570 acre-feet to the Noble Creek Connection, so far this month. 2) General Manager Davis informed the Board of DWR shutdowns and his concern that the Ventura water (5000 af) and the Nickel water would not be delivered by the end of the year. However, in working out the numbers we will be able to get it all delivered by the 28th or the 29th of this month, at which point delivery of Table A water will commence.

(2) Construction Update: General Manager Davis stated that the Beaumont Avenue Recharge Facility construction is nearing completion. Work on the connection will begin this week; grading is done and vaults have been delivered. The overall cost of the project, including the fencing, has been reduced by about \$75k. A tour of the facility will take place during the first quarter of 2019.

(3) Water Supply Report: General Manager Davis reviewed with the Board DWR's December 12, 2018 precipitation and storage graphs for Lake Oroville, Northern Sierra, San Joaquin Valley, and Tulare Lake Basin.

(4) General Agency Updates: General Manager Davis reported on the following:
(a) DWR Consistency Certification with Delta Stewardship Council (DSC): DWR had certified that the Cal WaterFix was consistent with the Delta Plan. The consistency certification was appealed by nine groups during an appeal hearing that was held in October. The DSC's draft staff report had twelve issues that it challenged DWR on. Seven of the twelve were dismissed; however five were remanded to DWR for more work. Since that time DWR has withdrawn its consistency certification. Therefore, the approval will not be coming during Governor Brown's administration; instead it will need to be approved under newly elected Governor Newsom. General Manager Davis will follow-up with the Board on this item in January.
b) The State Water Resource Control Board is in the process of developing and implementing updates to the Bay-Delta Plan to protect beneficial uses in the Bay-Delta watershed through two separate efforts. The Bay-Delta Plan is being updated through phases. Phase 1 is focused on San Joaquin River flows and southern Delta salinity. Phase 2 is focused on the Sacramento River and its tributaries. The Director of the Department of Fish and Wildlife and the Director of DWR testified that there is a framework for a voluntary settlement agreement that both agreed upon. General Manager Davis read a statement as follows: "The State Water Quality Control Board voted on Phase 1, which doesn't impact outflow contributions for the Agency directly. Related to Phase 2, DWR and the Department of Fish and Wildlife presented a package of Proposed Voluntary Settlement Agreements to the Water Quality Control Board and State Board staff would be evaluating them through next year. These proposed Settlement Agreements were coordinated among many water users and other stakeholders. The proposals are a collaborative and holistic approach to species management and habitat restoration. These proposals establish how funding for habitat and water will be secured and used, how science will be used to inform decision-making and adjustments over time to benefit species and ecosystem functions. There will likely be some water supply impact to the Agency. What the impact would be is unknown

at this time, but it would be less than the State Board's original approach of unimpaired flows only. There will be a financial impact to the Agency. A key component of these proposed agreements is that water users would provide funds for these actions. For the Agency, the cost is estimated to be an additional \$7 per acre-foot of water delivered through the State Water Project. For an average year of 10,000 acre-feet, the costs would be \$70,000 annually." **c)** The financing of the Cal WaterFix is gaining momentum. The Agency joined the Finance JPA earlier this year, and was one of only five Contractors that did so at the time. That JPA is now up to 11 members and building. Contractors are recognizing that this is something they have to do and they are taking the steps to ensure that the project will be funded. **d)** On December 12th the Department of Water Resources (DWR) and the Bureau of Reclamation reached an agreement on revising how the State Water Project (SWP) and Central Valley Water Project (CVP) are operated and meet environmental regulations. The Coordinated Operation Agreement (COA) was originally signed in 1986 and defines how the state and federal water projects share water quality and environmental flow obligations imposed by regulatory agencies. The COA cedes on the average 130k acre feet of Table A water from SWP to the CVP. **e)** General Manager Davis reported that the Agency was provided a grant to drill three monitoring wells within the San Geronio Pass Sub-basin. The properties that the Agency wants to drill the wells on are owned by Caltrans. The Agency is exempt from impacts as the purposes of the wells are for data gathering. The Agency filed all the proper paperwork and has fully complied with CEQA; a Notice of Exemption was posted at the County of Riverside for thirty-five days and no comments were noted. Caltrans stated that their environmental manager states that the Agency has not fully complied with CEQA as we did not look into the impacts on cultural resources. General Manager Davis stated that he sent all of the compliance documentation to the environmental manager a week ago and is waiting on his response. **f)** The Agency has a Facebook page, an Instagram page, and a Twitter page; content for these social media accounts will be updated as needed.

B. General Counsel Report: General Counsel Ferre provided a written report on the designation of critical habitat for endangered species.

C. Directors Reports: **1) Director Stephenson** reported on the following: **a)** He attended YVWD's Board meeting on December 4th. **b)** YVWD Board meeting that was held on December 11th. **c)** Calimesa Chamber of Commerce meeting that was held on December 12th. **2) Director Ball** reported on the BCVWD Board meeting that he attended on December 12th. **3) Director Lehtonen** reported on the city of Banning's Council meeting that was held on December 11th. **4) Vice President Duncan** reported on the following: **a)** He attended a party for outgoing city of Banning Council member Deborah Franklin. **b)** He also attended the Beaumont Chamber of Commerce breakfast meeting that was held on December 14th.

D. Committee Reports: **1) Director Thompson** reported that the Conservation & Education Committee met on December 13th. IERCD is still making progress on their presentations for the schools. Social Media campaign has begun as the Agency's intern has set-up Facebook, Twitter, and Instagram accounts. He explained what type of content will be available on the accounts. He stated that there was also discussion on the State of Water Supply event during the meeting.

6. New Business:

A. Consideration of Resolution No. 2018-07, A Resolution of the Board of the San Geronio Pass Water Agency considering the Environmental Impact Report for the Water Supply Contract Extension and Other Actions Related to Extending the Long-Term Water Supply Contract with the California Department of Water Resources: A staff report, a copy of Resolution No. 2018-07, and related material were included in the agenda package. General Manager Davis stated that Staff had summarized major points of the Water Supply Contract Extension at the Engineering Workshop on December 10. Resolution No. 2018-07 is a formal action that approves the amendment to the contract between DWR and the Agency. The amendment will contractually obligate the state to continue to provide this Agency with SWP Table A water for an additional forty-eight years. The purpose of this Resolution is to ensure that “we” as a responsible Agency are fully complying with “our” role as defined by CEQA. The Department of Water Resources, as the Lead Agency for the contract amendment, produced an environmental impact report and certified it last month. (The certification page was included in the agenda packet). General Manager Davis explained to the Board that by signing Resolution No. 2018-07 each Board member is agreeing with DWR’s certification of the EIR. General Manager Davis read from the Executive Summary. The EIR states that the project does not meet the definition of a project as defined by CEQA but still provides an analysis of potential impacts, of which there are none. General Counsel Ferre noted that DWR is the lead Agency, and as such it is their obligation to complete and certify the EIR. Resolution No. 2018-07 talks about the Agency’s limited role as a responsible agency. It is the Board’s responsibility to review it and to determine if it agree with the EIR. This Resolution also states that the Board finds that – in the alternative – the Extension is not a “project” as that term is defined in CEQA, and even if it were a project subject to CEQA it would be exempt. General Manager Davis noted that a copy of the full EIR is available upon request. He stated that approval of this amendment will benefit the Agency, as future capital costs will be spread over a longer period of time, enabling easier payment schedules so that the Agency would not likely have to increase the tax rate to make debt service payments. It will also enable the Agency to continue purchasing water from the State Water Project through 2085. Director Thompson made a motion, seconded by Director Stephenson, to approve the contract amendment by way of Resolution No. 2018-07. Motion passed 6-0, with President Fenn absent.

7. Topics for Future Agendas: Director Ball requested that during the next General Manager’s report he would like information pertaining to the surplus water sale agreement between the Agency and SBVMWD, if it was signed, the amount of water that will accrue, and the cost per acre-foot. Director Stephenson requested an update on the Agency’s water rate. General Manager Davis stated that he will either bring the discussion on the water rate at the January 14th Engineering workshop or the January 22nd Board meeting.

8. Announcements:

- A. Finance and Budget Workshop, December 20, 2018 at 1:30 p.m.
- B. Office closed December 24th – December 25th, 2018 in observance of the Christmas Holiday
- C. Office closed December 31st 2018 – January 1st, 2019 in observance of the New Year’s Holiday
- D. Regular Board Meeting, January 7, 2019 at 1:30 p.m.

9. Closed Session (1 Item)

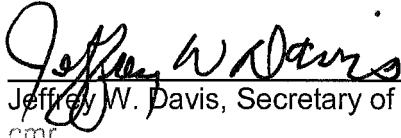
Time: Cancelled during Agenda Item 2

9. Closed Session (1 Item)

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

10. Adjournment

Time: 2:22 pm



Jeffrey W. Davis, Secretary of the Board
cmr