

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
January 22, 2019

Directors Present: Ron Duncan, President
Lenny Stephenson, Vice President
Stephen Lehtonen, Treasurer
Blair Ball, Director
David Fenn, Director
David Castaldo, Director
Michael Thompson, Director (arrived at 2:33 p.m.)

Staff Present: Jeff Davis, General Manager
Jeff Ferré, General Counsel (arrived at 2:18 p.m.)
Thomas Todd, Finance Manager
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 President Duncan at 1:30 p.m., January 22, 2019 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. President Duncan led the Pledge of Allegiance to the flag. Director Fenn gave the invocation. A quorum was present.
2. **Adoption and Adjustment of Agenda:** *President Duncan asked if there were any adjustments to the agenda. There being none the agenda was adopted as published.*
3. **Public Comment:** *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. General Manager Dan Jagers (BCVWD) made a request to amend the January 14, 2019 Engineering Workshop Minutes. After discussion, Director Stephenson made a motion, seconded by Director Castaldo, to remove Item 4. B. The motion passed 6-0, with Director Thompson not yet arrived. Katie Hallberg (YVWD) announced that there will be a Community meeting on Thursday, January 24, 2019 at 6:00 p.m., at the Norton Younglove Senior Center, located in Calimesa. The topic will be on the upcoming State Water Project water rate increase being discussed by the Agency. 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 Regular Board Meeting, March 5, 2018
 - B. Approval of the Minutes of the Engineering Workshop, March 12, 2018
– This item was removed from the Consent Calendar during Public Comment.

President Duncan asked for a motion on the Consent Calendar. Director Stephenson made a motion, seconded by Director Lehtonen, to adopt the consent calendar as amended. Motion passed 6-0, with Director Thompson not yet arrived.

5. Reports:

A. General Manager's Report:

(1) Operations Report: (a) SWP Water Deliveries: 1) The Agency has delivered a total of 864 acre-feet to the Noble Creek Connection, so far this month. 2) There will be a DWR shutdown in February to replace some leaky valves at Crafton Hills Pump Station. The shutdown will take about a month; we are coordinating with BCVWD.

(2) Precipitation: General Manager Davis reviewed with the Board DWR's January 22, 2019 precipitation graphs for Northern Sierra, San Joaquin Valley, and Tulare Lake Basin. He also reviewed the California Snow Water Content and Lake Oroville Storage Levels.

(3) General Agency Updates: General Manager Davis reported on the following:

- a. The Surplus Water Agreement with SBVMWD was signed by both parties in 2018. The Agency will get up to 5000 AF in years in which Valley District would declare a surplus. General Manager Davis informed the Board that there will not be a surplus this year. There could be one next year if this is a very wet year. Some portion of that 5000 AF is reserved for YVWD and SMWC if they want it. The rest would be for the Agency to use in our service area.
- b. Contract Extension Amendment: The contract extension is being challenged in court via the EIR and validation. If those are not resolved quickly, our Statement of Charges could begin to increase.
- c. Contractors were briefed by Karla Nemeth, Director of DWR, on some of the new Governor's plans. General Manager Davis noted that the newly appointed Secretary of Resources, Wade Crowfoot, who spoke at ACWA, supports the Cal WaterFix.
- d. The Governor has put a water tax in his budget, but it is a tax on bottled water, as part of a comprehensive plan to provide drinking water to those communities who don't have it. He has included other taxes and fees in this effort, but so far, nothing that would be a tax on the retail water customer.
- e. With the government shutdown ongoing, we are still not able to move forward on our monitoring wells in the San Gorgonio Pass subbasin. All three SGMA subbasins that the Agency is apart of will be meeting this week.

B. Directors Reports:

1) Director Castaldo reported that he attended the YVWD Ethics Training. He also reported on past President Jeter's wife (Patricia Jeter) funeral service. **2) Director Ball** reported that he attended the Beaumont Chamber Breakfast. Chairman of the Morongo Band of Mission Indians, Robert Martin was the guest speaker. **3) Director Lehtonen** reported that he attended YVWD's Ethics Training class. He attended the Beaumont Chamber Breakfast. **4) Director Stephenson** reported that he attended YVWD meeting on January 8th; discussion on the water rate took place. He attended South Mesa Water Company's meeting on January 9th. He attended YVWD's Ethics meeting. He

also attended YVWD's meeting on January 15th, stating that they have transferred another 2.65 acre-feet from Beaumont basin for Oak Valley Partners. He informed the Board that he will be reporting for jury duty on February 4th. **5) Director Fenn** reported that he also attended YVWD's Ethics meeting. **6) President Duncan** reported on the Banning Chamber Installation dinner; Marion Ashley was honored at the dinner and Robert Martin was the guest speaker. President Duncan will also be reporting to jury duty on February 4th.

C. Committee Reports: None

6. New Business:

A. Appointment of Committees: President Duncan appointed the 2018/2019 committee members as follows:

Finance & Budget	Board Handbook
Steve Lehtonen - Chair	David Castaldo - Chair
David Fenn - V. Chair	Lenny Stephenson - V. Chair
Ron Duncan - Member	David Fenn - Member
Conservation & Education	Capacity Fee
Michael Thompson - Chair	Blair Ball - Chair
Stephen Lehtonen - Member	Lenny Stephenson - Member
Blair Ball - Member	David Fenn - Member
G. M. Performance Evaluation	Strategic Planning Committee
David Fenn - Chair	Lenny Stephenson - Chair
Lenny Stephenson - V. Chair	Michael Thompson - V. Chair
Ron Duncan - Member	Steve Lehtonen - Member

B. Consideration of Sites Reservoir 2019 Participation Agreement: A staff report and the Sites Reservoir Project 2019 Agreement were included in the agenda packet. General Manager Davis stated that this item was discussed last week during the January 14th Engineering workshop. During that meeting, BCVWD staff had requested another agreement for Phase 2 to memorialize its payment obligation. Based on the discussion that took place during that workshop staff has drafted an Agreement between this Agency and BCVWD. As a result, the same agreement which was entered into by the District and Agency for Phase 1 participation can be entered into for 2019. Aside from factual updates, the only change from the Phase 1 Participation Agreement is in regard to the payment schedule which requires a one-time upfront payment from BCVWD in the amount of \$240,000 on or before February 15, 2019. If the District does not wish to move forward with Phase 2, then the Agency Board has indicated that it would like to move forward with the entire 14,000 AF that was granted to the Agency. In that case, the Agency would also have to pay the amount applicable to the 4,000 AF portion. General Manager Davis stated that there are two minor errors in the staff report pertaining to the fiscal impact (as indicated in the red numbers below). He clarified that if the District does not participate the following applies:

14,000 AF participation - \$840,000
Conversion to Class 1 water - \$70,000 \$100,000
Total - \$910,000 \$940,000

If the District does participate for 4,000 AF
10,000 AF participation - \$600,000
Conversion to Class 1 water - \$70,000
Total - \$670,000

Staff recommends the following:

1. That the Agency Board approve entering into the Sites Project Authority 2019 Reservoir Project Agreement ("Phase 2 Project Agreement").
2. That the Agency Board authorize payment for 10,000 AF in Sites Reservoir through 2019.
3. That the Agency Board approve the Phase 2 Participation Agreement with Beaumont Cherry Valley Water District ("District") in the event the District decides to participate in Phase 2 through 2019.
4. That the Agency take action to approve payment of the amount due for the full 14,000 AF amount in the event the Beaumont Cherry Valley Water District ("District") decides not to participate for the 4,000 AF portion of the 14,000 AF amount.

General Manager Dan Jagers stated that he plans on recommending to his Board to approve the agreement at its January 24th Engineering meeting. After discussion, Director Fenn made a motion, seconded by Director Stephenson to approve all four recommendations as presented. Motion passed 6-0, with Director Thompson not yet arrived.

C. Consideration of Agreement with DWR and Valley District for Change of Delivery Point: A staff report and an Agreement among DWR, SBVMWD and SGPWA for a Change in Point of Delivery were included in the agenda packet. General Manager Davis stated that this item was also discussed during the January Engineering workshop. The change in point of delivery is needed in order to "clean up" a delivery issue related to the fact that YVWD is in the service area of two State Water Contractors. YVWD serves water to residents in both San Bernardino and Riverside Counties. A portion of this water is served in the Agency's service area and therefore must be purchased from the Agency. The connection through which the water passes is owned by Valley District. DWR has in the past invoiced Valley District for this water; Valley District in turn has invoiced the Agency, and YVWD has sent a check to the Agency for the water. In order to remedy this, a change in point of delivery agreement between the Agency, DWR and Valley District is necessary. This agreement will enable the Agency to be billed directly for Table A water from DWR. Director Stephenson made a motion, seconded by Director Castaldo, to approve the agreement and authorize the General Manager to sign said agreement. Motion passed 6-0, with Director Thompson not yet arrived.

7. Topics for Future Agendas: **1.** Director Castaldo asked that a policy or procedure be set in place in the event that the Agency withdraws from the Sites Reservoir project. General Manager Davis stated that he will speak to General Counsel about this matter. **2.** Director Fenn requested information on the ability to pay off bonds early. Finance Manager Thomas Todd stated that he has spoken to DWR and he is in the process of providing specific information to DWR to find out what the procedure is. The information will be brought to the Board at the next Finance and Budget workshop.

8. Announcements:

- A. San Geronio Pass Regional Water Alliance, January 23, 2019 at 5:00 p.m. – Banning City Hall
- B. Finance and Budget Workshop- Water Rate Workshop, January 28, 2019 at 1:30 p.m.
- C. Cancelled - Regular Board Meeting, February 4, 2019 at 1:30 p.m.
- D. Engineering Workshop, February 11, 2019 at 1:30 p.m.

Director Castaldo inquired if a majority of the Agency Board attended the YVWD Community meeting would that create a Brown Act violation. General Counsel Ferre stated that if the meeting was properly noticed as a Brown Act meeting by YVWD, then Director Castaldo could speak during the public comment portion of the meeting, but a majority of the Agency Board could not discuss the meeting topic among themselves.

9. Closed Session (2 Items)

Time: 2:39 p.m.

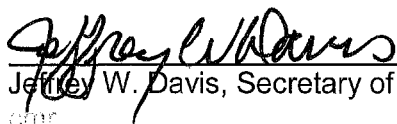
- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code section 54956.8
Property: Potential water rights/supplies offers from the City of Ventura
Agency negotiator: Jeff Davis, General Manager
Negotiating parties: Lynn Takaichi
Under negotiation: price and terms of payment
- B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION.
Pursuant to Government Code Section 54957.
Title: General Manager

The meeting reconvened to open session at: Time: 4:19 pm

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

10. Adjournment

Time: 4:19 pm



Jeffrey W. Davis, Secretary of the Board