



**SAWPA COMMISSION
REGULAR MEETING MINUTES
MARCH 7, 2017**

COMMISSIONERS PRESENT Susan Lien Longville, Chair, San Bernardino Valley Municipal Water District
Ronald W. Sullivan, Vice Chair, Eastern Municipal Water District
Jasmin A. Hall, Secretary-Treasurer, Inland Empire Utilities Agency
Phil Anthony, Orange County Water District
Thomas P. Evans, Western Municipal Water District

COMMISSIONERS ABSENT None.

ALTERNATE COMMISSIONERS PRESENT; NON-VOTING Kati Parker, Alternate, Inland Empire Utilities Agency
Gil Navarro, Alternate, San Bernardino Valley Municipal Water District

STAFF PRESENT Celeste Cantú, Rich Haller, Larry McKenney, Mark Norton, Karen Williams, Dean Unger, David Ruhl, Carlos Quintero, Nicole Weideman, Mike Antos, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:30 a.m. by Chair Longville at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

2. ROLL CALL

Roll call was duly noted and recorded by the Clerk of the Board.

3. PUBLIC COMMENTS

There were no public comments.

4. SPECIAL COMMENDATION

Chair Longville acknowledged CFO Karen Williams for having recently been awarded the designation of Certified Government Financial Manager by the Association of Government Accountants

5. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: FEBRUARY 21, 2017

MOVED, approve the February 21, 2017 meeting minutes.

Result:	Adopted (Unanimously; 5-0)
Motion/Second:	Anthony/Sullivan
Ayes:	Anthony, Evans, Hall, Longville, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

6. WORKSHOP DISCUSSION AGENDA

A. FYE 2018 AND 2019 BRINE LINE AND GENERAL FUND DRAFT BUDGETS (CM#2017.28)

Karen Williams provided a PowerPoint presentation on the Brine Line Budget and the General Fund Budget for FYE 2018 and 2019. A handout, Listing of General Fund Tasks, was provided. Budget presentations on the Roundtables and OWOW will be provided at the first meeting in April.

Williams clarified Indirect Costs are part of the General Fund recovering costs for operating the JPA. A brief discussion ensued regarding Debt Service Payments; specifically, the \$656,350 SRF Loan payment on Reach V Capital Repair. Commissioner Sullivan asked for the amount of the SRF Loan; Williams responded \$19 million. This discussion continued under Agenda Item No. 8.C. below.

Commissioner Evans asked about SAWPA's \$10-\$15 million loan to the County of Orange as part of an approximately \$100 million project, and where those funds are reflected in the budget; Williams replied the remaining loan balance is approximately \$3,000,000 and is reflected in the Capacity Management Reserve Balance (EOY) for both FYE 2018 and 2019. As Orange County pays down that loan, the Capacity Management Reserve Balance will increase; full payment is due by 2022.

Brine Line Capital Improvement Projects for FYE 2018 and 2019 include Brine Line Protection, Reach V Repairs, and Reach IV-D Corrosion Repair; projects will be paid out of reserves and SRF loan funds.

A Brine Line Maintenance Plan outline was reviewed. Rich Haller provided a PowerPoint presentation outlining the continuing reduction in contracted services relating to the Brine Line, and the benefits of adding an additional field staff position at an annual labor cost of \$45,000 (burdened rate: \$130,000). This will continue the process of reducing contracted activities, which directly reduces SAWPA expenditures. The projected minimum annual savings would be approximately \$160,000 in recurring costs (Maintenance Access Structure inspections, Maintenance Access Structure repair, potholing, right-of-way maintenance, etc.) and \$125,000 in non-recurring (A/V above ground containment, GPS locate all facilities, etc.).

Commissioner Evans requested future budget presentations include comparison of the past budget-to-actual for FYE 2016 and 2017 to the proposed budget for FYE 2018 and 2019. Commissioner Evans also requested inclusion of the data shared in the PowerPoint presented by Rich Haller; specifically the benefits and reduced expenditures realized by SAWPA resulting from staff efforts.

Commissioner Sullivan requested the first meeting in May include a budget workshop covering the entire budget for the purposes of input and discussion so any questions or concerns can be addressed before budget approval at the second meeting in May.

A discussion ensued regarding employee benefits and the Commission's action (September 15, 2015) migrating the CalPERS Employer Paid Medical Contributions (EPMC) to the employee at a rate of 1.4% over a period of five years. Commissioner Evans noted it was his understanding that the employees were to be held harmless in that process; while 1.4% would be taken from the employee, it would be replaced in salary. That was not the case and the 1.4% was embedded in a COLA, thus the employees really were not made whole in that they would not receive a full COLA since 1.4% of any COLA increase would be taken away as EPMC. Commissioner Evans requested future budget presentations include information on giving employees 1.4% as compensation for the EPMC migration, then a separate COLA and merit pool.

Commissioner Anthony noted the Commission had agreed not to proceed in that manner. Commissioner Evans requested the numbers be brought back so the Commission can see what the impact would be; he does not believe the employees have been treated fairly and most other

organizations give employees the full compensation. Commissioner Hall voiced she was under the impression that the employees were to have been made whole. Commission Sullivan noted the Commission did not do so because there were some objections voiced at that time. Chair Longville stated there is interest in revisiting and reconsidering this as part of the current budget process. Williams noted she would include the requested numbers in future budget presentations.

General Fund Budget highlights included JPA costs, operations, and indirect cost allocation. Fixed asset repair and replacement were reviewed, as well as a labor assumption of 28 fulltime employees – 26 of which are approved/filled positions and 2 of which (1 fulltime Operations field staff member and 1 fulltime Grant/Technical Writer staff member) will be included as part of this current budget process.

Commissioner Evans requested future presentations include more specific information on the labor multiplier utilized in the budget calculations supporting the burdened rate of \$160,000 for an employee with an annual salary of \$45,000.

Commissioner Evans suggested not reducing Member Agency contributions, and to utilize those additional funds for Other Post-Employment Benefits (OPEB) payments. Chair Longville requested this topic be included specifically as an item for discussion at the first meeting in May.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.A.

B. OWOW 2018 PLAN DEVELOPMENT STATUS (CM#2017.32)

Mark Norton provided a PowerPoint presentation updating the Commission on OWOW 2018 Plan development, highlighting the February 23, 2017 workshop held by SAWPA with the Pillar chairs, their staff delegates and stakeholders throughout the watershed. SAWPA will continue to work through Pillar workgroups to assist in updating and preparing the new OWOW 2018 Plan. Pillars will likely meet on a monthly basis and seek to update their applicable chapters to reflect recent water resource plans and reports from the State and agencies within the watershed since the last OWOW plan update. Pillar Integration Workshops will be held every other month, encouraging synergistic solutions and watershed scale innovation within multi-benefit and jurisdictional projects and programs. A one-year deadline for the OWOW 2018 Plan has been set.

This item was for informational purposes; no action was taken on Agenda Item No. 6.B.

C. PROP 84 PROJECTS STATUS UPDATE – ALL ROUNDS

Nicole Weideman provided a PowerPoint presentation with a Proposition 84 Projects Status Update. This was a broad update on progress of all projects, both financially and schedule related, on Proposition 84 Round 1, Round 2, Drought Round and 2015 Round. Two Round 2 projects were highlighted: San Sevaine Groundwater Recharge Basin (an IEUA project) and Peters Canyon Channel Water Capture and Reuse Pipeline (a City of Irvine project).

This item was for informational purposes; no action was taken on Agenda Item No. 6.C.

7. NEW BUSINESS

A. COMMISSIONER COMPENSATION (CM#2017.29)

Chair Longville noted this matter was brought back at the request of the Commission in order to provide time for receiving member agency feedback. One comment received was perhaps we were moving a bit too quickly without time to examine what would be the benefit of increasing up to a maximum of ten meetings per month per Commissioner, and the suggestion was made that six meetings may be an appropriate starting point. Chair Longville concurred with this suggestion;

moving forward we will re-evaluate and examine the benefit of the increased Commissioner participation and, at a later time, evaluate whether we would like to increase the meetings to ten per month. The feedback also suggested SAWPA continue allowing Commissioner compensation to be reimbursed to member agencies. A discussion ensued as to whether or not the Commission would consider the proposed new policy and a proposed amendment to the JPA addressing Commissioner Compensation. Commissioner Sullivan stated at some point in the future the Commission may want to consider approving ten service days per month for the Chair, but not for each individual Commissioner, and that he would support six meetings per month at this time.

Chair Longville noted the Commission did not have to consider the JPA amendment, but could still adopt the Ordinance as published. Larry McKenney noted that the currently existing Ordinance states ten days of service, yet the JPA states six Commission meetings. A discussion ensued as to SAWPA's policy on Commissioner compensation. McKenney recommended the Commission move ahead with approving the Ordinance as published, with the amendment of six service days, not ten. Chair Longville clarified that the Commission would consider approval of the Ordinance, but not the proposed new policy on Commissioner Compensation or an amendment to the JPA. The policy and JPA amendment are to be brought back to the Commission for consideration at a future meeting.

With these comments, Chair Longville opened the public hearing to receive public comments. There were no public comments. Chair Longville closed the public hearing and called for a motion. McKenney clarified the Commission would be considering an amended Ordinance, with Section 4 amended to reflect six days of service in any calendar month.

MOVED, adopt Ordinance No. 2017-01 authorizing an increase in the amount of Commissioner compensation, amended to reflect six days of service in any calendar month, to supersede Ordinance No. 1997-2.

Result:	Adopted (Unanimously; 5-0)
Motion/Second:	Anthony/Hall
Ayes	Anthony, Evans, Hall, Longville, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

B. EXPANSION OF THE WATER-ENERGY COMMUNITY ACTION NETWORK PROGRAM (WECAN) PARTNERSHIP WITH WEST VALLEY WATER DISTRICT (CM#2017.30)

Mike Antos provided a PowerPoint presentation on an expanded partnership with West Valley Water District (WVWD) in the WECAN Program. WVWD received a grant from the US Bureau of Reclamation in support of replacing an additional 120,000 square feet of turf, and this expansion will support the additional work added to the scope of the WECAN Program. The additional work will be entirely funded by WVWD, including any associated program management costs incurred by SAWPA.

MOVED, (1) Authorize the General Manager to sign the First Amendment to Memorandum of Understanding with West Valley Water District to expand the Water-Energy Community Action Network Program (WECAN); (2) Approve Task Order No. ECOT397-02 with EcoTech Services Inc. for an amount not to exceed \$612,000 to provide expanded turf replacement landscaping services; and, (3) Approve Task Order No. GMC397-02 with Waterwise Consulting (dba Green Media Creations) for an amount not to exceed \$80,000 to provide expanded outreach services.

Result: **Adopted (Unanimously; 5-0)**
Motion/Second: Anthony/Evans
Ayes Anthony, Evans, Hall, Longville, Sullivan
Nays: None
Abstentions: None
Absent: None

C. OUTSTANDING MEMBER AGENCY CONTRIBUTIONS (CM#2017.31)

Commissioner Anthony stated his belief that a path forward was under consideration. Commissioner Sullivan noted OCWD declined to make payment due to the fact that SAWPA's lobbyist had moved against a bill OCWD was supporting, that he understood their position, and made a motion that the amount be forgiven in total with no interest or cost to OCWD.

Commissioner Hall asked if the Commission had written off such an amount in the past under these circumstances, voicing concern in writing off \$46,000 included in a SAWPA budget approved by OCWD. Commissioner Sullivan stated this is a learning process, and perhaps this issue could be addressed during the JPA amendment process, but supported writing off the \$46,000 so we can move forward. Commissioner Hall stated her concern there that nothing is in place to protect SAWPA should other member agencies refuse payment in the future.

Chair Longville suggested Commissioner Sullivan amend his motion to write off this amount, and at the same time to bring forward to the Commission a policy preventing this from occurring in the future, that it be a companion. Commissioner Sullivan agreed and amended his motion to forgive the \$46,000, with no interest, when we actually bring back a policy so this does not happen again. Chair Longville seconded Commissioner Sullivan's amended motion.

Larry McKenney sought clarification on the timing of when the amount would be written off – now or in the future when a policy is brought to the Commission. Commissioner Sullivan clarified it would be brought back, so Commissioner Hall's concern that everything is considered at once.

After further discussion, Chair Longville stated staff is going to bring back a policy and a discussion of writing this off at the next meeting; no action would be taken at this meeting. Commissioner Sullivan withdrew his motion, and Chair Longville withdrew her second.

Commissioner Evans stated that when this comes back to the Commission, the policy and writing off the \$46,000 should be considered as two separate items.

D. INLAND EMPIRE BRINE LINE REACH 4 EROSION PROTECTION – NOTICE OF EXEMPTION (CM#2017.36)

Carlos Quintero provided a PowerPoint presentation on the Inland Empire Brine Line Reach 4 Erosion Protection Project. This work is a result of damage incurred during the January storms. Carlos Quintero was commended for his remarkable work in negotiating this type of permit with the US Army Corps of Engineers and Regional Board in such a short period of time.

MOVED, direct the General Manager to file a CEQA Notice of Exemption with the Riverside County Clerk's Office for the Brine Line Protection project as a result of recent storm caused erosion.

Result:	Adopted (Unanimously; 5-0)
Motion/Second:	Evans/Hall
Ayes	Anthony, Evans, Hall, Longville, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

8. INFORMATIONAL REPORTS

A. UPDATE ON PROJECT AGREEMENT 22 COMMITTEE (CM#2017.33)

B. DISPOSAL OF SAWPA SURPLUS PROPERTY (CM#2017.34)

C. INLAND EMPIRE BRINE LINE REACH 5 REHABILITATION PROJECT FUNDING INCREASE (CM#2017.35)

Commissioner Sullivan noted his desire that any increase first be brought back to the Commission, along with an explanation and the reason for said increase. Commissioner Sullivan directed staff to provide the Commission with a report at the next meeting outlining the present situation and what needs to occur in the future; Commissioner Anthony concurred. Larry McKenney noted the Commission originally approved an application for \$19 million, and SAWPA has entered into a financing agreement for that amount. The amendment to that financing agreement reducing the loan amount to \$7.5 million was based on the contract amount when we executed the construction contract and that was not a matter of Commission action. The difference now is due to the exposure that we have to higher costs because of the completion costs, as well as cost recovery uncertainty, although there is every expectation of recovering costs. We are acting within existing Commission action, and if there is further discussion it should take place during Closed Session at the next meeting. Chair Longville clarified SAWPA might stand to lose the funding allocation should there be a delay. With the unanimous consensus of the Commission, staff was directed to provide the Commission with a report at the next meeting outlining cash flow projections.

MOVED, direct staff to provide the Commission with a financing report, including cash flow projections, on construction of the Inland Empire Brine Line Reach V Rehabilitation Project, at the next Commission meeting.

Result:	Adopted (Unanimously; 5-0)
Motion/Second:	Anthony/Sullivan
Ayes	Anthony, Evans, Hall, Longville, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

D. CHAIR'S COMMENTS/REPORT

There was no comment/report from the Chair.

E. COMMISSIONERS' COMMENTS

There were no Commissioner comments.

F. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items, other those listed earlier under Agenda Item Nos. 6.A., 7.A., 7.C., and 8.C.

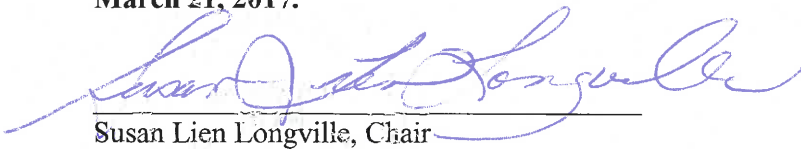
9. CLOSED SESSION

Executive Counsel McKenney stated there was no need for a Closed Session.

10. ADJOURNMENT

There being no further business for review, Chair Longville adjourned the meeting at 11:47 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, March 21, 2017.



Susan Lien Longville, Chair

Attest:



Kelly Berry/CMC
Clerk of the Board

