



**SAWPA COMMISSION
REGULAR MEETING MINUTES
MAY 21, 2019**

COMMISSIONERS PRESENT

Ronald W. Sullivan, Chair, Eastern Municipal Water District
Kati Parker, Vice Chair, Inland Empire Utilities Agency
Denis R. Bilodeau, Secretary-Treasurer, Orange County Water District
Brenda Dennstedt, Western Municipal Water District
T. Milford Harrison, San Bernardino Valley Municipal Water District

COMMISSIONERS ABSENT

**ALTERNATE COMMISSIONERS
PRESENT; NON-VOTING**

Jasmin A Hall, Alternate, Inland Empire Utilities Agency

STAFF PRESENT

Rich Haller, Larry McKenney, Karen Williams, Mark Norton, Dean Unger,
Carlos Quintero, David Ruhl, Rick Whetsel, Matt Howard, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:32 a.m. by Chair Sullivan 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. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: APRIL 16, 2019

Recommendation: Approve as posted.

B. TREASURER'S REPORT – APRIL 2019

Recommendation: Approve as posted.

MOVED, approve the Consent Calendar.

Result:	Adopted (Unanimously)
Motion/Second:	Harrison/Bilodeau
Ayes:	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

5. NEW BUSINESS

A. UPDATED RESERVE POLICY (CM#2019.45)

Karen Williams provided the PowerPoint presentation on the updated Reserve Policy contained in the agenda packet on pages 19–22. Staff believes SAWPA needs to add a Rate Stabilization Reserve to the Reserve Policy. The Rate Stabilization Reserve will serve to mitigate the year-to-year variability in costs and OCSD rates and provide flexibility when SAWPA is informed by OCSD late in the fiscal year of any rate changes, as well as enable the use of rates and projected rates developed in the bi-annual budget to provide customers rate predictability. At this time, there will be no minimum balance set for this reserve; SAWPA will complete a study in the next fiscal year to analyze the minimum and maximum amount of reserves, and the minimum balance will be set at that time. To fund the Rate Stabilization Reserve, staff is recommending the Commission approve a transfer of \$1,000,000 from the Brine Line Operating Reserve. Williams confirmed OCWD has no interest in these transferred funds, or in future Rate Stabilization Reserve funds, because they do not discharge into the Brine Line. These funds are collected from entities participating in the flow of the Brine Line. The estimated revenue shortfall for FYE 2020 is \$227,850, which will be deducted from these funds.

MOVED, approve the updated Reserve Policy adding the Rate Stabilization Reserve and authorize staff to transfer \$1,000,000 from the Brine Line Operating Reserve to the Rate Stabilization Reserve.

Result:	Adopted (Unanimously)
Motion/Second:	Dennstedt/Harrison
Ayes	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

B. INLAND EMPIRE BRINE LINE RATE RESOLUTION (CM#2019.48)

Carlos Quintero provided the PowerPoint presentation about FYE 2019-2020 Brine Line Rates contained in the agenda packet on pages 49-54. Resolution 2019-05 maintains the rates as originally budgeted. No changes in the permit fees are requested. Commissioner Dennstedt asked if passage of Resolution No. 2019-05 would require a budget amendment; Chair Sullivan noted it is the same as in the approved budget, but we will utilize the Rate Stabilization Reserve funds to cover the unanticipated shortfall.

MOVED, adopt Resolution No. 2019-05 establishing the new Inland Empire Brine Line rates to be effective July 1, 2019 (Fiscal Year 2020).

Result:	Adopted (Unanimously)
Motion/Second:	Harrison/Dennstedt
Ayes	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

C. **MIDDLE SANTA ANA RIVER BACTERIA TMDL SYNOPTIC STUDY – GEI CONSULTANTS (CM#2019.46)**

Rick Whetsel provided the PowerPoint presentation about the Synoptic Watershed Study recommended by the Middle Santa Ana River Watershed Bacteria TMDL Task Force contained in the agenda packet on pages 58-62. Whetsel confirmed the study will update the 2008 Comprehensive Bacteria Reduction Plans (CBRPs) and will also be incorporated with the study on homelessness currently underway.

MOVED, approve an Agreement for Services and Task Order GEI384-01 with GEI Consultants for not-to-exceed amount of \$200,000 to conduct the MSAR Bacteria TMDL Synoptic Study in support of the Middle Santa Ana River Bacteria TMDLs.

Result:	Adopted (Unanimously)
Motion/Second:	Parker/ Dennstedt
Ayes	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

D. **SAWPA BUILDING IMPROVEMENTS (CM#2019.49)**

Carlos Quintero provided the PowerPoint presentation contained in the agenda packet on pages 89-91, noting that the recommended amount has been increased from \$178,000 to \$188,000. The parking lot is pending and not included in that amount. Staff is working with WMWD on a bidding process for the parking lot, and will bring this back to the Commission for consideration at a future meeting.

Jennifer Mitchell, Total Plan Business Interiors reviewed sample board displays with various color, material, and furniture options. Commissioner Dennstedt, who has worked closely with staff during this process, noted the building interior design hasn't been refreshed in many years, and she was supportive of staff's recommended building improvements. Commissioner Dennstedt noted her willingness to continue working with staff and Total Plan Business Interiors throughout this building improvement process if the Commission approves staff's recommendation.

A discussion ensued regarding the additional cost to remove, not paint over, the wallpaper and replace, not re-cover, the audience chairs in the Board room. The Commission expressed a desire for a curved Board table to enable better visibility for everyone at the table. By consensus the Commission supported removal of the Board room wallpaper and replacing the audience chairs. Quintero noted these changes would increase the recommended amount to \$197,000. Currently, the construction window is July 8 through August 5, 2019. Commissioner Dennstedt offered WMWD facilities to hold SAWPA meetings during that window. Commissioners voiced support of the improvements and thanked Commissioner Dennstedt for her time and design input. Commissioner Dennstedt thanked Carlos Quintero for his time and efforts during the planning and design phase, as well as moving forward into the construction phase.

MOVED, authorize the use of \$197,000 from the Building Reserve Fund to make various improvements to the SAWPA Building.

Result:	Adopted (Unanimously)
Motion/Second:	Dennstedt/Harrison
Ayes	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

E. AGREEMENT WITH ORANGE COUNTY STAKEHOLDERS (OCWD, OCS, OC PUBLIC WORKS) ON INTEGRATED REGIONAL WATER MANAGEMENT FUNDING (CM#2019.50)

Rich Haller updated the Commission on discussions with the Orange County Stakeholders, referencing the most recent draft agreement contained in the revised agenda packet. Chair Sullivan noted EMWD would like to propose revised language for the Third Party Beneficiaries paragraph. EMWD General Manager Paul Jones addressed the Commission noting that while EMWD is supportive of the agreement, the following revised language in the Third Party Beneficiaries section (Section No. 10 on page 5 of the agreement) was requested:

10. **THIRD PARTY BENEFICIARIES:** OC Plan-project proponents whose proposals are selected for Prop 1 funding pursuant to this Agreement are intended by the Parties as third-party beneficiaries of this Agreement. The Parties therefore agree that the Orange County Parties and the OC Plan-project proponents ~~whose proposals are selected for Prop 1 funding~~ whose projects are selected for Prop 1 funding and execute a project funding agreement with SAWPA may enforce the provisions of this Agreement as if they were parties hereto in the event of breach by SAWPA. However, nothing herein shall require the Orange County Parties to initiate or take any action on behalf of OC Plan-project proponents.

Jones requested the Commission adopt the agreement, subject to negotiation of this revision to the agreement with County of Orange County Counsel. A representative from County of Orange County Counsel was in the audience and noted they were aware of the requested revision and advised that their office would reach out to SAWPA legal counsel to discuss.

Commissioners Bilodeau and Dennstedt were supportive of the revised language and moving forward since time is of the essence. Commissioner Dennstedt provided a revised motion.

Commissioner Bilodeau noted for the record that while the County of Orange is his employer, he has not financial interest or benefit as a result of this action.

MOVED, subject to non-substantive changes by SAWPA legal counsel and County of Orange County Counsel, approve the Cooperative Agreement for Integrated Regional Water Management Funding in the Santa Ana Funding Area with the County of Orange, Orange County Sanitation District, and Orange County Water District, with revised language in Section 10 as follows: “OC Plan-project proponents whose proposals are selected for Prop 1 funding pursuant to this Agreement are intended by the Parties as third-party beneficiaries of this Agreement. The Parties therefore agree that the Orange County Parties and the OC Plan-project proponents ~~whose proposals are selected for Prop 1 funding~~ whose projects are selected for Prop 1 funding and execute a project funding agreement with SAWPA may enforce the provisions of this Agreement as if they were parties hereto in the event of breach by SAWPA. However, nothing herein shall require the Orange County Parties to initiate or take any action on behalf of OC Plan-project proponents.”

Result:	Adopted (Unanimously)
Motion/Second:	Dennstedt/Bilodeau
Ayes	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

F. OWOW STEERING COMMITTEE APPOINTMENTS (CM#2019.51)

Commissioner Bilodeau is unable to attend the May 23, 2019 meeting of the OWOW Steering Committee. Staff requested appointment of one Commissioner to serve on the Committee in his absence on May 23, 2019.

MOVED, appoint Commissioner Harrison to serve on the OWOW Steering Committee for the May 23, 2019 meeting.

Result: **Adopted (Unanimously)**
Motion/Second: Dennstedt/Bilodeau
Ayes: Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays: None
Abstentions: None
Absent: None

G. PROPOSED PROJECT AGREEMENT 24, INLAND EMPIRE BRINE LINE (CM#2019.52)

Rich Haller provided an oral report on the proposed Project Agreement 24 (PA 24) and recommended approval. PA 24 allows each member agency representation on the PA 24 Committee to include Commissioners, Alternate Commissioners, any member agency Board member, or any member agency General Manager. The PA 24 Committee would recommend to the full Commission approval of Brine Line rates moving forward.

Commissioner Parker asked what would happen if there was a Brine Line spill and it was brought before the PA 24 Committee but the decision was not unanimous. Haller replied that the GM has the authority to act in an emergency situation, and he listed various cost recovery options. Larry McKenney advised in this agreement “operating decisions” are understood not to include emergencies.

With approval by the Commission, the agreement would then be considered by all member agency governing boards.

MOVED, approve Project Agreement 24 for the Inland Empire Brine Line.

Result: **Adopted (Unanimously)**
Motion/Second: Parker/Dennstedt
Ayes: Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays: None
Abstentions: None
Absent: None

H. REQUEST FOR QUALIFICATIONS (RFQ) FOR LEGAL SERVICES; CREATE DIRECTOR OF LEGISLATIVE AFFAIRS AND COMMUNICATIONS POSITION (CM#2019.47)

Commissioners Dennstedt and Parker indicated they had no recollection of past discussions to place this item on the agenda; there was no mention during recent budget approval about creating the Director of Legislative Affairs and Communications position. Haller noted that when the budget was presented staff did describe that we would include a budget for consultant services to support our legal efforts. The Director of Legislative Affairs and Communications position was not included in the budget per se, but the budget has sufficient funding to address the requirements of the position.

A discussion ensued about creation of a new position and the proposed title, if the RFQ would be for additional or existing legal services, whether the RFQ should be considered as a separate action, and should consideration of the item be continued to the first meeting in June. Commissioner Bilodeau agreed these were two separate issues which should be bifurcated, stating SAWPA should test the market to determine the budgetary impact if SAWPA were to retain outside counsel as has been done in the past. Chair Sullivan supported bifurcating the item and noted most agencies do this every five years, similar to accounting services, this doesn't mean there is dissatisfaction with current counsel. Chair Sullivan supported continuing the item until the first meeting in June, and suggested inviting member agency staff to review and provide input on the list of law firms included in the packet.

Commissioner Parker welcomed more discussion, questioned why we would issue an RFQ for services already provided inhouse, and supported continuing the item to the next meeting.

MOVED, continue Agenda Item No. 5.H. to the June 4, 2019 regular Commission meeting.

Result:	Adopted (Unanimously)
Motion/Second:	Dennstedt/Parker
Ayes	Bilodeau, Dennstedt, Harrison, Parker, Sullivan
Nays:	None
Abstentions:	None
Absent:	None

6. INFORMATIONAL REPORTS

The following oral/written reports/updates were received and filed.

A. CASH TRANSACTIONS REPORT – MARCH 2019

B. INTER-FUND BORROWING – MARCH 2019 (CM#2019.43)

C. PERFORMANCE INDICATORS/FINANCIAL REPORTING – MARCH 2019 (CM#2019.44)

D. OWOW QUARTERLY STATUS REPORT: JANUARY 1, 2019 – MARCH 31, 2019

E. ROUNDTABLES QUARTERLY STATUS REPORT: JANUARY 1, 2019 – MARCH 31, 2019

F. GENERAL MANAGER REPORT

G. STATE LEGISLATIVE REPORT

H. SAWPA GENERAL MANAGERS MEETING NOTES

- May 14, 2019

I. CHAIR'S COMMENTS/REPORT

There were no Chair comments or reports.

J. COMMISSIONERS' COMMENTS

Commissioner Dennstedt noted that she and Commissioner Harrison recently attended the Regional Board meeting in support of TMDL Task Force efforts. Additionally, Commissioner Dennstedt shared concern of a fellow WMWD Board member regarding a recent news article containing direct quotes from a consultant employed by LESJWA that appeared to take a position on a very controversial project that LESJWA has not officially supported or taken a position on and is in fact seeking to remain a neutral party. There is concern this consultant has now released comments on behalf of LESJWA representing a position they do not support and have not taken. Staff was directed to provide the subject news article to the Commission and seek further direction.

Commissioner Parker introduced the new General Manager of IEUA, Shivaji Deshmukh.

K. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS

7. CLOSED SESSION

Chair Sullivan recessed the meeting to Closed Session at 10:45 a.m. Designated personnel essential to the discussion were present during Closed Session.

- A. **PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR**
SAWPA Designated Representative: General Manager Richard E. Haller
Non-Represented Employees: All SAWPA employees
- B. **PURSUANT TO GOVERNMENT CODE SECTION 54957 – PUBLIC EMPLOYEE EVALUATION – GENERAL MANAGER**

Chair Sullivan resumed Open Session at 12:05 p.m. There was no reportable action.

8. **ADJOURNMENT**

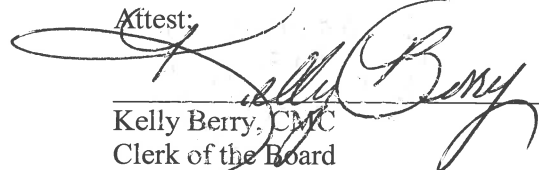
There being no further business for review, Chair Sullivan adjourned the meeting at 12:05 p.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday,
June 4, 2019.



Ronald W. Sullivan, Chair

Attest:



Kelly Berry, CMC
Clerk of the Board