



PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
May 5, 2020

COMMITTEE MEMBERS PRESENT

T. Milford Harrison, Chair, San Bernardino Valley Municipal Water District Governing Board
Brenda Dennstedt, Vice Chair, Western Municipal Water District Governing Board
Kati Parker, Inland Empire Utilities Agency Governing Board
Paul D. Jones, Eastern Municipal Water District General Manager

ALTERNATE COMMITTEE MEMBERS PRESENT [Non-Voting]

None

COMMITTEE MEMBERS ABSENT

None

STAFF PRESENT

Rich Haller, Karen Williams, Carlos Quintero, David Ruhl, Dean Unger, Lucas Gilbert, Kelly Berry

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE

The regular meeting of the PA 24 Committee was called to order at 10:00 a.m. by Chair Harrison on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California. The record will reflect this meeting was conducted virtually.

Pursuant to the provisions of Executive Order N-25-30 issued by Governor Gavin Newsom on March 12, 2020, and Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Committee member may call into the Committee meeting without otherwise complying with the Brown Act's teleconferencing requirements.

Executive Order N-33-20 issued by Governor Gavin Newsom on March 19, 2020, ordered all individuals to stay at home or at their place of residence. In concert with state and local efforts to prevent the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all Board and Committee meetings by teleconference and virtually through the Zoom app.

As set forth on the posted meeting agenda, this Committee meeting was accessible to the public by teleconference and through Zoom. Members of the public who were unable to participate by teleconference or virtually were invited to submit comments and questions in writing via email for the Committee's consideration. All votes taken during this meeting were conducted via oral roll call.

2. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

3. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

4. APPROVAL OF MEETING MINUTES: April 7, 2020

Chair Harrison called for a motion to approve the April 7, 2020 meeting minutes as posted.

MOVED, approve the April 7, 2020 meeting minutes.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Dennstedt/Jones
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE RATE RESOLUTION (continued from April 7, 2020) (PA24#2020.8)

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 16 – 28. Karen Williams provided a PowerPoint presentation contained in the agenda packet on pages 29 – 55.

Vice Chair Dennstedt voiced her desire to delay any increase in order to determine the overall economic recovery after the COVID-19 emergency and asked if the options before the Committee for consideration had already been presented to the General Managers for discussion. General Manager Haller advised there were general discussions with the General Managers, but the detailed numbers and the five options were not specifically discussed. Vice Chair Dennstedt inquired about reserve account minimum/maximum balances; Williams advised some accounts do have minimum/maximum balance requirements, but not all. A copy of the reserve policy approved by the Commission in 2019 will be provided to the Committee members for their information.

Chair Harrison stated Option 4 of staff's recommendation resulted from a discussion he had with Rich Haller which would pass through the actual cost from OCSD until January 1, 2021, but no other rates would change until January 1, 2021.

Committee Member Jones noted there is flexibility in the reserves – the actual total reserves balance is \$51.9 million (as of March 31, 2020) among nine (9) reserve account categories and the budgeted total reserves balance is \$43.6 million for FYE 2020. While there will be additional capital draws on those funds as noted by Karen Williams, the Rate Stabilization Reserve is available with a balance over \$1.0 million which could be used to defer a rate increase. Committee Member Jones encouraged reevaluating and updating the reserve account categories, citing as examples the Self-Insurance Reserve and OCSD Future Capacity Reserve. Option 2 of staff's recommendation would adopt rates based on the FY 20-21 budget effective January 1, 2021, the approximate impact of which would be \$290,000; the Rate Stabilization Reserve could fund that shortfall. Committee Member Jones proposed reevaluation of the reserve account categories, including the reserve policies and target amounts, occur between now and the end of the calendar year;

reconsideration by the PA 24 Committee and SAWPA Commission would occur before December 31, 2020.

Committee Member Jones proposed a modified motion to adopt the rates based on the FY 20-21 budget to be effective January 1, 2021 (Option 2), utilize the Rate Stabilization Reserve to fund any shortfall, direct staff to work with PA 24 Committee Members in reevaluating the reserve account categories and target amounts for consideration by the PA 24 Committee and SAWPA Commission before December 31, 2020, and prepare a Brine Line Asset Criticality Study. Vice Chair Dennstedt requested the reevaluation include the Member Agency General Managers; Committee Member Jones concurred and amended his motion. Committee Member Parker seconded the motion.

MOVED, recommend approval by the SAWPA Commission of Resolution No. 2020-06 establishing the new Inland Empire Brine Line rates with adoption of rates based on the FY 2020-2021 budget to be effective January 1, 2021, and utilize the Rate Stabilization Reserve Account to fund any shortfall; direct staff to work with PA 24 Committee Members and Member Agency General Managers in reevaluating the reserve account categories and targeted amounts for consideration by the PA 24 Committee and SAWPA Commission before December 31, 2020; and, direct staff to prepare a Brine Line Asset Criticality Study.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Jones/Parker
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

B. BRINE LINE ORDINANCE REVISIONS RELEASE FOR PUBLIC REVIEW UPDATE (PA24#2020.9)

Lucas Gilbert provided a PowerPoint presentation contained in the agenda packet on pages 110 – 115. The Committee concurred staff would bring back any substantive changes; otherwise, staff would proceed as scheduled.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.B.

6. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

A. BRINE LINE FINANCIAL REPORT – FEBRUARY 2020

7. REQUEST FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

8. CLOSED SESSION

There was no closed session.

9. ADJOURNMENT

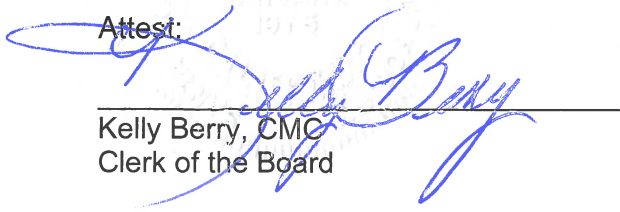
There being no further business for review, Chair Harrison adjourned the meeting at 10:55 a.m.

Approved at a Regular Meeting of the Project Agreement 24 Committee on June 2, 2020.



T. Milford Harrison, Chair

Attest:



Kelly Berry, CMC
Clerk of the Board