

**MINUTES OF THE
MEETING OF THE
BEDFORD-COLDWATER
GROUNDWATER SUSTAINABILITY AUTHORITY**

May 17, 2018

Board Present

Paul Rodriguez, TVWD
Phil Williams, EVMWD
Randy Fox, City of Corona (4:12 p.m.)

Staff Present

Jeff Pape, TVWD
Tom Moody, City of Corona
Margie Armstrong, EVMWD (Via Teleconference)
Parag Kalaria, EVMWD
Terese Quintanar, EVMWD
Victor Harris, Stantec
Steven O'Neill, Olivarez Madruga Lemieux O'Neill, LLP (Via teleconference)

1. CALL TO ORDER

The meeting of the Bedford-Coldwater Groundwater Sustainability Authority was held at its principal offices located at 22646 Temescal Canyon Road, Temescal Valley, California. The meeting was called to order by Chairman Rodriguez at 4:03 p.m.

2. PUBLIC COMMENT – None.

3. CONSENT CALENDAR

A. Approval of Minutes of the February 15, 2018 Meeting

B. Ratification of Demands

ACTION: Vice-Chairman Williams made a motion, Chairman Rodriguez seconded and the motion carried unanimously to approve the Consent Calendar.

4. BUSINESS CALENDAR

A. Approval of Logo (MO# 15)

Jeff Pape complimented the draft logos and efforts. There were about 25 different ideas submitted. Each agency chose one, reflecting the three that were presented in the meeting packet. The Department of Water Resources (DWR) refers to the BCGSA as an

“Agency” rather than “Authority.” The logo should reflect accurately. Vice-Chairman Williams stated he preferred logo option “A.” Chairman Rodriguez preferred both “A” and “C” but expressed concern for reproduction of the highlight colors. Director Fox entered the meeting and relayed that he preferred logo option “A.” Logo “B” was ruled out.

Ms. Armstrong suggested that staff research Tax Identification paperwork filed with the State of California and the best and easiest alternative to formally affect the name change to be consistent. Mr. O’Neill suggested it may be easiest to adopt a resolution than to request changes through the State. Ms. Armstrong and Mr. O’Neill will return their recommendations at the next meeting.

ACTION: Vice-Chairman Williams made a motion, Chairman Rodriguez seconded and the motion carried unanimously to approve logo option “A”, pending determination of the designated agency title: Agency or Authority.

B. Approval of Membership to Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA)

Margie Armstrong explained that two premiums were presented. ACWA was found to provide more coverage so, the application was submitted and approved. The resolution proposed allows the BCGSA to enter the JPIA. Membership is required to obtain coverage. The cost will be \$2,000 for the first year. There is a discount for the first year and a small discount for the second year. It is based on a percentage on BCGSAs O&M budget. As the O&M Budget increases, the premium will increase. Moving forward, premiums are based on the O&M budget and prior year’s claims.

Chairman Rodriguez asked for clarification regarding the retrospective premium adjustment and expressed concern that ACWA JPIA could subsequently charge an increased premium based on losses they experienced. Mr. O’Neill referenced page 28 of the meeting packet, including information on deposit premiums and components of the cost, along with estimates for claims, excess insurance and general administrative expenses. Each member’s share of that deposit premium is based on payroll and past loss history and adjustments can be made year to year. Future year’s adjustments are tempered by past loss history and payroll. Mr. O’Neill agreed that JPIA Agreement verbiage stating, “The Executive Committee may make retrospective premium adjustments to prior program years” is of concern.

Mr. Moody stated that it is standard to have a great rate on insurance but to expect it to change once there has been an industrial accident or injury claim. This would affect the premium for the following year, as increases are based on past losses and potential for losses; not a catch up, but an adjustment to the future premium. Vice-Chairman Williams recalled several occasions where EVMWD was refunded a portion of its premiums due to low loss history. Ms. Armstrong agreed that the premium for the following year is based on what happened in the past year. Chairman Rodriguez voiced concern for high losses in the collective sense and what that would mean to other

agencies in the pool. Mr. O'Neill added that there is a secondary layer of insurance for losses exceeding \$2M. The first layer minimizes the fluctuations for amounts under \$2M.

Vice-Chairman Williams relayed that he did not believe EVMWD incurred additional insurance premiums after the Loma Linda Water District sustained fire damage. Mr. Moody referenced Item 2, page 28, which states that each member's share of deposit premium for program year is based on payroll and past loss histories from the prior year. Mr. Pape stated that payments shall be made annually. Ms. Armstrong agreed they may look back at a three-year loss. They estimate for premium and review the next year and adjust it for the year ahead. In response to Mr. Pape, Mr. O'Neill stated that JPIA has developed a separate pool for the Groundwater Sustainability Agencies (GSAs). One outstanding question was if there was more or less liability for a GSA than a water district. When comparing premiums, they were identical. Mr. O'Neill opined that the BCGSA does not have enough activity now to create much risk, therefore, there is no reason to rush adoption.

To fully understand liability and anticipate costs, the Board tabled action on this item, to be continued at the August meeting.

C. Approval of Amendment to Professional Services Agreement with Stantec Consulting Services

Parag Kalaria reported that details were left from the contract that were included in Stantec's original proposal fee schedule; specifically, the 8% recovery charge. There should not be significant fiscal impact. Chairman Rodriguez referenced the original agreement and opined that having a fixed rate disbursement is unusual. Reimbursable expenses are common. He expressed concerns also for details required in reporting expenses connected with grant funding. A flat rate may omit expense details that are required in grant reporting. The Board did not dispute overhead costs but voiced concern about transparency. Mr. Kalaria stated that the additional 8% to be recovered is typically related to things like software and licensing, and EVMWD has similar contract terms. He added that adding the 8% recovery cost is still 10-15% lower than the second bidder. Mr. Moody added that software such as ESRI involve purchase of the program and a licensing fee, so the software can be utilized on several computers. If these costs are broken down per job, the cost allocation method becomes cumbersome. The consultant can charge a flat rate in contracts to cover such costs. Vice-Chairman Williams expressed concern with proprietary software being used that may obligate the BCGSA to buy to utilize the work product. He was assured that all work products will be turned over to the JPA and could be fully utilized. Mr. Pape stated that this is not 8% on top of consultant fees, only incidentals not covered that we are paying for through direct billing to us. Victor Harris clarified that there is software they are purchasing such as SharePoint and the web fees, and those products will stay with the BCGSA. O'Neill asked for clarification on the cap amount. Chairman Rodriguez suggested including the additional costs in the hourly rate. Mileage would be kept separate. Mr. Kalaria reiterated that the 8% recovery was included in the proposal submitted by Stantec. It was inadvertently left out of the agreement. Mr.

Moody pointed out again that even with this change, the second bidder still has a higher hourly rate. Mr. Pape expressed that he is comfortable adjusting the billing rate to cover all other costs. Chairman Rodriguez relayed concern for transparency and audit and reporting details that might be needed. Mr. Pape informed everyone that through his experience with another Water District matter, he believed that DWR grant administrator staff would work with staff regularly to make sure the plan submitted is being followed and completed. Chairman Rodriguez suggested a determination be made if we should include the subject incidentals in the billing rate or if more detail is needed for grant expense reporting.

The Board requested staff to investigate reporting detail expectations and return at the next meeting with a recommendation which captures costs to make sure appropriate compensation is made and what type of documentation is required.

D. Adoption of Proposed FY 2018-19 Budget (MO# 16)

Victor Harris explained that creation of the proposed Budget was a joint effort between Margie Armstrong and Stantec. The Operating Budget includes near-term expenses including website domain and software, website document management, content design and maintenance, legal counsel services, auditor and insurance. The Non-Operating budget would be costs for consultants to begin the Groundwater Sustainability Plan (GSP) Development for a total budget of \$1,216,600 projected into the next several years, with increasing uncertainty. GSP implementation is anticipated to be in 2021 and 2022, and the \$1.2M is highly uncertain as it could include land acquisition, wells, etc. Mr. Pape reported that staff had discussed the numbers via a conference call and are comfortable with them as real costs. The data compilation is the data portion of the GSP. These costs could vary vastly, depending on the rights and situations. We are collecting data on the basin and will decide as a group on what items to have in the GSP. The next year will include development which includes the RFP for GSP, soliciting individuals and acquiring a firm to develop the plan. Projects going forward are uncertain. GSPs vary project wise, and as this is a flow through basin, we may need monitoring wells, settling basins, or different capture programs. These types of things will be more defined as we develop the GSP and these are what we anticipate currently, but the outcome could change.

Regarding the administrator costs of \$152,000, these expenses would be for things above and beyond for involvement in projects coming up. Mr. Harris added that this also covers startup costs which include website creation, the contract with Todd Groundwater, etc. Over time, these expenses will cover the administrative work instead of startup costs. Mr. Pape reported that the number also includes the writing of RFP by Stantec's hydrologist, development of the water plan and management and development of the GSP and the grant. Chairman Rodriguez announced that the BCGSA was awarded the \$1M grant which was applied for. Mr. Kalaria confirmed and stated that staff is being communicated with regarding the next steps and that response and acceptance has been sent. A Plan will be developed for submittal to the DWR within the next 30-40 days.

Chairman Rodriguez announced that he would be traveling to Sacramento next week and offered to personally thank individuals who assisted in achieving the grant.

Vice-Chairman Williams stated that he was comfortable with the proposed Budget and that he understands it is projecting five years out, but that the Board will review each year and adjust as necessary.

ACTION: Vice-Chairman Williams made a motion, Director Fox seconded and the motion carried unanimously to approve the 2018-2019 Budget.

E. Receive and File March 30, 2018 Financial Statement

Vice-Chairman Williams made a motion, Fox seconded and the motion carried unanimously to receive and file the March 30, 2018 Financial Statement.

5. ADMINISTRATIVE UPDATE

Mr. Harris reported on meetings with technical group and the draft of initial notification to DWR. We prepared an RFP to collect data from the basin and to see what remains to be done. Todd Groundwater was selected, and they will pull all the data together. Stantec also worked on logo and obtained vendors for the public-facing website and internal SharePoint data repository. This repository will list groundwater and streamflow data. A kickoff meeting was also held with both designers and information will come to the technical group before these things go live. The grant award letter from the State came in early May and Stantec will be working hard in the next 30 days to develop our plan. DWR wants to see our work plan and any modifications the Board recommends. Over the next few months, he anticipates having SharePoint and website up and complete data compilation with Todd Groundwater, and will plan to write the GSP. Next fiscal year, work on grant administration will continue, as well as providing documents to the DWR, managing contractors and updates of the public website. Pertaining to the Plan, there are three components. Other administrative items will also be addressed, such as how we will focus on well development, policies, drilling of new well, the policies of the BCGSA. Stantec anticipates working with staff and the technical group to complete those portions of the GSP. Todd Groundwater will provide a report and will begin to identify actions necessary to complete the GSP.

6. LEGAL COUNSEL REPORT

Mr. O'Neill stated intention to provide a summary of activity for the quarter, as far as working with staff and contract review. He will provide transparency about what is being done to reflect activities. He also stated that the State Agreement warrants review, as he did not draft it. He relayed that there has been some "give" from the State and they have been responsive. Chairman Rodriguez expressed his appreciation for the knowledge of those participating and the benefit of learning from others as the process advances. Mr. O'Neill also offered to provide a draft RFP.

7. COMMENTS OF THE BOARD

Director Fox expressed that he is enjoying participation. Chairman Rodriguez stated that we are lucky to have a wealth of knowledge and this is a great opportunity, and that the depth of experience is enlightening and energizing.

8. ADJOURN


There being no further business, the May 17, 2018 Regular meeting of the Bedford-Coldwater Groundwater Sustainability Authority was adjourned at 5:20 p.m.

ATTEST:



Phil Williams, Vice-Chairperson

APPROVED:



Paul Rodriguez, Chairperson

Date: _____

Date: August 16, 2018