

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

February 20, 2020

Board Present

Paul Rodriguez, TVWD
Jacque Casillas, City of Corona

Board Absent

Phil Williams, EVMWD

Staff Present

Jeff Pape, TVWD
Tom Moody, City of Corona
Margie Armstrong, EVMWD
Parag Kalaria, EVMWD
Terese Quintanar, EVMWD
Victor Harris, Stantec
Colin O'Neill, Olivarez Madruga Lemieux O'Neill, LLP
Katie Hockett, City of Corona

Others Present

1. CALL TO ORDER AND ROLL CALL

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 4:05 p.m.

2. PUBLIC COMMENT – None.

3. CONSENT CALENDAR

A. Approval of Minutes of the November 7, 2019 Meeting

B. Ratification of Demands

C. Financial Statement

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

Vice-Chairperson Casillas mentioned that Item 3B was difficult to follow and requested a staff report. Ms. Armstrong reported that this disbursement report represents all payments since the last report. Page 8 is a summary of outside contracts and total

contract amount spent to date. Stantec is at 10% of contract, and therefore, is requesting an amendment. Ms. Armstrong explained that backup is provided for invoices paid to Stantec and Todd Groundwater, as previously requested by the Board.

Chairman Rodriguez referenced page 62, the Financial Statement date of December 31, 2019 and asked if it was representing this fiscal year. Ms. Armstrong answered that it was and added that part of the GSP Preparation line item includes invoices from Stantec in addition to the \$6,700. She explained that a large portion of expenses invoiced by Stantec and Todd Groundwater fall into the GSP Preparation category and the operating expenses are distinguished from non-operating expenses. Further, the GSP Preparation line item can be broken down by vendor for clarification on this report, moving forward. Responding to Chairman Rodriguez's comments, Ms. Armstrong noted that the Stantec Contract includes Administration and Project Management activities and they bill by task. Some of these tasks are billable to the grant and others are not. For clarification for the future and for the public, the Board asked that clarification be made. Going forward, the GSP Preparation line item will list vendor names.

4. BUSINESS CALENDAR

A. Adoption of Resolution for LAIF Application (*Reso No. 20-01*)

Ms. Armstrong reported that this is a voluntary program that offers local agencies the opportunity to participate in a major portfolio. It invests and manages hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff and allowing for a higher return on the funds currently held in the bank.

Staff recommended approval of the creation of a new LAIF account for the Authority. Staff also recommended that the Board adopt the resolution, as required by LAIF, allowing contracted EVMWD staff to transfer funds into and out of this account. Investment in this fund is authorized by the Authority's Investment Policy.

Vice-Chairperson Casillas commented that this is a great way to go; a smart thing to do. Chairman Rodriguez agreed that it makes sense to establish this account and the signatories made sense. However, expressed concern over the titles listed as authorized to move funds, and asked if consistent with EVMWD practices. He also asked if cash flows in and out of the LAIF account will be frequent and if the account is intended as another bank account. Ms. Armstrong explained that this is consistent with EVMWD accounting controls. Accountants review cash flows and transfer funds in and out daily or weekly as needed to pay invoices, with the Accounting Manager's approval. There is one source of funds transferring to LAIF; the annual contributions of the agencies of the Authority. We will maintain the checking account we already have as well, but the LAIF account will enable us to earn more money and the intent is to invest as much as possible into LAIF. Further, staff is reviewing the option to piggyback EVMWD's investment management account for long term.

Chairman Rodriguez expressed that if funds are infrequently transferred from the LAIF account, his preference would be to authorize as few as possible to manage those funds. He concluded that the intent was not to inhibit the process by requiring that managers handle the transfers. He relayed that he is comfortable with the LAIF account being used as a bank account rather than an investment account but may request discussion again in the future to add or remove signatories.

ACTION: Vice-Chairperson Casillas made a motion, Chairman Rodriguez seconded, and the motion carried unanimously to:

1. Authorize the creation of a new account with the Local Agency Investment Fund (LAIF); and
2. Adopt the resolution establishing the list of contracted staff who are authorized to invest and transfer funds for Local Agency Investment Fund (LAIF) (*Resolution No. 20-02*)

B. Approval of Amendment No. 2 to Stantec PSA (MO# 28)

Ms. Armstrong reported that on November 16, 2017, the Board approved a Professional Services Agreement (PSA) with Stantec Consulting Services, Inc. (Stantec) for a not to exceed amount of \$200,000. The scope of services included program management for the development of the Groundwater Sustainability Plan (GSP), administrative support and support with regulatory issues.

The first amendment to the Professional Services Agreement was approved by the Board on August 16, 2018, revising the fee schedule to include the 8% recovery charge which was inadvertently omitted from the PSA.

The scope of work outlined in the Request for Proposal (RFP) was broadly defined to provide flexibility for the Authority to assign additional work to the Administrator, as needed. As the original not to exceed amount of \$200,000 is almost depleted, staff requested Stantec to provide a proposal for continued Administrative services until the completion and submittal of the final GSP in January 2021. Stantec provided a proposal in the amount of \$201,659. Except for one position, all billing rates are kept at the original contract rates, which is a great value.

Staff recommended that the Board approve Amendment No.2 to the Professional Services Agreement with Stantec Consulting Services, Inc., in the amount of \$201,659 for administrator services and assistance in completing the development of the Groundwater Sustainability Plan.

Chairperson Casillas asked if Stantec will have more work as we near the completion of the process. Mr. Harris responded that there is likely more work toward the end of the process, but that he does not anticipate exceeding the contract amount. Chairman Rodriguez explained that when the BCGSA was in its initial stages, we did not

have an administrator and assumed about \$100,000 per year for the services being provided by the agencies. We expect to continue to utilize an administrator in the future, as we develop a Capital Improvement Plan. Stantec may bid again for these services, which will include administrative and project management work. He opined that this amendment is in line with the role we expect and that Stantec staff are acting in the capacity envisioned. Also, a portion of the amendment is capturing what we've already assumed in our budget.

ACTION: Vice-Chairperson Casillas made a motion, Chairman Rodriguez seconded, and the motion carried unanimously to Approve Amendment No. 2 to Professional Services Agreement with Stantec Consulting Services, Inc. for Administrator services for Bedford Coldwater Groundwater Sustainability Authority.

C. Receive and File Audited Financial Statement

Ms. Armstrong reported that the Authority's auditor, Rogers, Anderson, Malody, & Scott, LLP, have completed their audit of the Authority's Fiscal Year 2019 Financial Statements. The reports indicate that no significant or material adjustments were encountered during the audit. Overall, the auditor presented an unmodified and clean audit opinion. The auditor's report on internal control did not identify any deficiencies in internal control, and that they did not find any instances of noncompliance.

Additionally, the post audit letter states that the accounting estimates used in the Financial Report are reasonable, the financial statement disclosures are neutral, consistent, and clear, and there are no misstatements in the financial report. The Management Analysis that was not included in last year's financials has been included in this year's. Ms. Armstrong continued that cash coming in and expenses going out are reflected in monthly Financial Statements and there have not been any changes since the last review of the Financial Statements.

Answering questions of Chairman Rodriguez, Ms. Armstrong stated that Stantec has no role in financial management, and we are not employing practices that aren't typical to JPAs. Chairman Rodriguez stated that we need to have redundancy, and a clean audit is a good audit. Mr. Moody stated that it is typical for an agency leading the JPA to use its financial controls, as the activities are done by that agency's staff; in this case, EVMWD. Chairman Rodriguez concluded by stating that it is the responsibility of the JPA to ask Auditors to review particular areas.

5. ADMINISTRATOR'S UPDATE

Mr. Harris reported that periodic teleconferences with staff, website updates and SharePoint document management, and grant packet preparation efforts are ongoing. Three quarters of progress reports have been completed. The fourth quarter of the grant

packet preparation is underway and will be submitted after the third quarter submittal is approved.

Todd Groundwater has completed the draft submittal for Groundwater Strategy, which is being reviewed. A draft of the Plan Area chapter for the GSP has also been completed by Todd Groundwater, providing their opinion on management areas. A Hydrogeologic Conceptual Model will also be provided soon, as will the opportunity for discussion of flow and groundwater conditions. He concluded that we are on schedule and Todd Groundwater is doing a good job.

Mr. Harris provided a schedule for the various components throughout the GSP process, and Mr. Pape provided a summary of SGWP Grant Invoicing. The schedule is based on needs of the grant and the Department of Water Resources made the schedule and scope very simplified. Summaries of grant submittals will be provided periodically, as the grant submittals themselves are organized by category and difficult to navigate through. Vice-Chairperson Casillas expressed that she would appreciate top-line summaries. Ms. Armstrong will also include updates on the status of submissions, going forward, to provide information about what invoices have been received and how much we've received back from grant reimbursement. Grant reimbursement is invoiced by category and a local contribution is used prior to reimbursement being issued. To date, BCGSA has received \$7,500, with a 10% retention. Chairman Rodriguez commented that those expenses are related to stakeholder engagement.

Discussion followed regarding timing of budget planning. Chairman Rodriguez commented on the fact that we are scheduling a year early, considering the deadline to the Department of Water Resources. As the BCGSA member agencies deploy their budget planning efforts, it will be helpful to have an estimation of member agency contributions. Mr. Moody explained that the City of Corona's budget process is underway. TVWD's budget presentation process begins in April. Ms. Armstrong explained that we have the cost for GSP submission, and we have to internally discuss what to do for the six months after that. Mr. Moody explained that the Corona contribution can be left out of the budget and future fund balance appropriation can be sought, or estimated funds can be programmed into the draft budget at this time. Chairman Rodriguez requested budget discussions be held at the February BCGSA meetings in order to have better budget planning numbers. He suggested rough budget estimates in February and more finalized numbers to be decided in May.

6. LEGAL COUNSEL REPORT

Chairman Rodriguez asked Colin O'Neill if issues with other GSAs have surfaced. He answered that he was not aware of anything other than standard and generic JPA issues. Chairman Rodriguez asked if a GSA needs to plan for emergencies. Mr. O'Neill responded that some JPAs have formed consortiums for disaster plans and are working together for economy of scale, sharing RFPs. Public Agencies should plan for

earthquakes, and lacking generators can be a liability, despite the broad protections in the Water Code.

Mr. Pape opined that we would see or hear more in the coming months because some other agency's submittals are highly controversial. Some have not submitted completed GSPs, utilizing those as exhibit and are forming stipulated judgement with pumpers to avoid CEQA requirements.

7. COMMENTS OF THE BOARD

Chairman Rodriguez expressed appreciation for the work done and that we're ahead of schedule.

8. ADJOURN

There being no further business, the February 20, 2020 Regular meeting of the Bedford-Coldwater Groundwater Sustainability Authority was adjourned at 4:54 p.m.

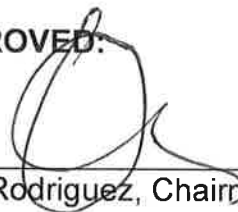
ATTEST:



Jacquie Casillas, Vice-Chairperson

Date: 2-8-20

APPROVED:



Paul Rodriguez, Chairman

Date: 2-1-20