



REGULAR MEETING 8:00 A.M. OPERATIONS CENTER - 1200 SOUTH GENE AUTRY TRAIL – PALM SPRINGS – CALIFORNIA

About Desert Water Agency:

Desert Water Agency operates independently of any other local government. Its autonomous elected board members are directly accountable to the people they serve. The Agency is one of the desert's two State Water Contractors and provides water and resource management, including recycling, for a 325-square-mile area of Western Riverside County, encompassing parts of Cathedral City, Desert Hot Springs, outlying Riverside County and Palm Springs.

1. **PLEDGE OF ALLEGIANCE**
2. **EMPLOYEE INTRODUCTIONS** **KRAUSE**
3. **APPROVAL OF MINUTES – February 2, 2016** **CIOFFI**
4. **GENERAL MANAGER'S REPORT** **KRAUSE**
5. **COMMITTEE REPORTS –**
 A. Conservation & Public Affairs – February 5, 2016 **CIOFFI**
 B. Executive – February 10, 2016 **CIOFFI**
6. **PUBLIC INPUT:**
Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
7. **SECRETARY-TREASURER'S REPORT - January 2016** **BLOOMER**
8. **ITEMS FOR ACTION**
 A. Request Acceptance of Ahern-Adock-Devlin, LLP Annual Audit for 2014-2015 FY **KRIEGER**
 B. Request Acceptance of 2015/2016 Replacement Pipelines Project **JOHNSON**
9. **ITEMS FOR DISCUSSION**
 A. January Water Production Comparison **KRAUSE**
 B. Conservation Enhancement Measures **KRAUSE**
 C. Directors' Reports on Urban Water Institute Spring Conference Attendance **DIRECTORS**
10. **DIRECTORS COMMENTS AND REQUESTS**
11. **CLOSED SESSION**
 - A. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
 - B. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al
 - C. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Desert Water Agency vs. U.S. Department of Interior

D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: 1.17 acre lot North of the Northeast corner of Sunrise Way and Mesquite Avenue,
APN No. 502-560-038

Agency Negotiators: Mark S. Krause, General Manager and Steven L. Johnson, Asst. General Manager

Negotiating Parties: Chris Thomsen, New Mesquite HOA

Under Negotiation: Price and terms of possible acquisition

E. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9 (d) (2)

Potential Case: One (1)

12. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

13. ADJOURN

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting is asked to contact Desert Water Agency's Executive Secretary, at (760) 323-4971, at least 48 working hours prior to the meeting to enable the Agency to make reasonable arrangements. Copies of records provided to Board members which relate to any agenda item to be discussed in open session may be obtained from the Agency at the address indicated on the agenda.

Desert Water Agency REGULAR BOARD MEETING February 16, 2016

The following employees are scheduled to attend and be introduced to the Board of Directors at the February 16, 2016 Board Meeting:

Name	Date Employed	Classification/Department
Dustin Bird	July 20, 2015	Equipment Operator
Ashley Hudgens	August 17, 2015	Public Information Officer

**MINUTES
OF THE REGULAR MEETING
OF THE
DESERT WATER AGENCY
BOARD OF DIRECTORS**

FEBRUARY 2, 2016

DWA Board:	Craig A. Ewing, President) James Cioffi, Vice President) Joseph K. Stuart, Secretary-Treasurer) Kristin Bloomer, Director)	Attendance
Absent:	Patricia G. Oygar, Director)	
DWA Staff:	Mark S. Krause General Manager) Steve L. Johnson, Asst. General Manager) Martin S. Krieger, Finance Director) Sylvia Baca, Asst. Secretary of the Board) Irene Gaudinez, Human Resources Manager)	
Consultant:	Michael T. Riddell, Best Best & Krieger)	
Public:	David Freedman, PS Sustainability Comm.) Tom Kieley III, Palm Springs resident)	

17388. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join Secretary-Treasurer Bloomer in the Pledge of Allegiance. **Pledge of Allegiance**

17389. President Cioffi called for approval of the January 19, 2016 Regular Board meeting minutes. **Approval of 01/19/16 Regular Board Mtg. Minutes**

Vice President Stuart moved for approval. After a second by Director Ewing, the minutes were approved as written (Director Oygar absent).

17390. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report/2015 Capital Improvement Projects**

Mr. Krause provided a PowerPoint presentation on the Agency's 2015 capital improvement projects, which included: (1) Snow Creek Village emergency alternative water supply; (2) Confined space tripod system; (3) Tramway Road fence; (4) 690 E. Industrial Place new evaporative cooler; (5) Effluent Reservoir No. 2 rehabilitation; (6) Perez Road storm drain improvement; (7) Replacement pipeline at East Palm

Canyon and the Horizons Mobile Home Park; (8) 2015/2016 Replacement pipelines; (9) 2015 Potable water reservoir maintenance; (10) Chlorine scrubber maintenance; (11) Desert Palisades 16" transmission main; (12) Operations Center office space remodel; (13) Well 20 pump replacement; (14) Well 24 electrical panel replacement; (15) Well 26 electrical panel replacement; (16) Well 29 electrical panel replacement; (17) 2015 Ford F-250 Utility truck (Unit #56); (18) 2015 Ford F-150 Crew cab (Unit #44); and (19) 2015 Peterbuilt crane (Unit #6).

2015 Capital Improvement Projects (Cont.)

17391. President Cioffi noted the minutes for the January 25, 2016 Executive Committee were provided in the Board's packet.

Committee Reports – Executive 01/25/16

In response to Director Ewing, Finance Director Krieger stated it would be a general rate structure, not a policy change.

17392. President Cioffi opened the meeting for public input.

Public Input

There being no one from the public wishing to address the Board, President Cioffi closed the public comment period.

17393. President Cioffi called upon Finance Director Krieger to present staff's request for adoption of Resolution No. 1126 Confirming and Establishing Accounts with Union Bank.

Action Items:
Request Adoption of Reso. 1126 Confirming & Establishing Accounts with Union Bank

Mr. Krieger stated that due to changes on the Board and with management, it is necessary to revise the listing of designated signers and provide new signatures cards for Union Bank. Staff requests adoption of Resolution No. 1126, and approval to submit an updated list of signers to Union Bank.

Director Ewing made a motion to adopt Resolution No. 1126 and approve the submittal of an updated list of signers to Union Bank. After a second by Vice President Stuart, the motion carried unanimously (Director Oygar absent).

RESOLUTION NO. 1126
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE DESERT WATER AGENCY CONFIRMING THE
ESTABLISHMENT OF A CHECKING ACCOUNT OR
ACCOUNTS WITH UNION BANK AND
PROVIDING FOR WITHDRAWALS THEREFROM

Resolution No. 1126 Adopted

17394. President Cioffi called upon Finance Director Krieger to present staff's request for adoption of Resolution No. 1127 Amending Desert Water Agency's Credit Card Agreement with First National Bank of Omaha.

Request Adoption of Reso. 1127 Amending DWA's Credit Card Agrmt. with First Nat'l Bank of Omaha

Mr. Krieger noted to due changes on the Board and with management, it is also necessary to revise the list of designated signers for First National Bank of Omaha. Staff requests adoption of Resolution No. 1127 and approval to submit an updated list of signers to First National Bank of Omaha.

Action Items:
(Cont.)
Request Adoption of
Reso. 1127 Amending
DWA's Credit Card
Agrmt. with First Nat'l
Bank of Omaha

Vice President Stuart made a motion to adopt Resolution No. 1127 and approve the submittal of an updated list of signers to First National Bank of Omaha. After a second by Director Ewing, the motion carried unanimously (Director Oygard absent).

RESOLUTION NO. 1127
A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY AMENDING
CREDIT CARD AGREEMENT WITH
FIRST NATIONAL BANK OF OMAHA

Resolution No. 1127
Adopted

17395. President Cioffi called upon General Manager Krause to present staff's request for Board action regarding claim for damages filed by Stephen Breimer.

Request Board Action
Regarding Stephen
Breimer's Claim

Mr. Krause stated that Mr. Breimer claims the Agency is responsible for property damage due to a broken hydrant that caused flooding. He said that further investigation is necessary to determine whether, or to what extent the Agency may have responsibility. Therefore, staff requests that the Board deny Mr. Breimer's claim and instruct staff to refer it to ACWA/JPIA for handling and closure.

Director Ewing clarified that the Board's requested action today is in order for ACWA/JPIA to start the process of reviewing the claim.

Director Ewing moved to deny Mr. Breimer's claim for damages and directed staff to refer the matter to ACWA/JPIA for handling and closure. Vice President Stuart seconded the motion, which carried unanimously (Director Oygard absent).

17396. President Cioffi asked Agency Counsel Riddell to provide a report on the January 21, 2016 meeting of the Board of Directors of the State Water Contractors, Inc.

Items for Discussion:
State Water Contractors
Meeting 01/21/16

Mr. Riddell provided a report on the following items: 1) Board Action Item, 2) Water Supply Report, 3) Energy Report, 4) Pool 30 Aqueduct Repair, 5) Legislative Report, 6) CalWaterFix Workshop, and 7) Business Process Objectives.

17397. President Cioffi noted that Board packets included media and public information reports for January 2016. **Public Information – January 2016**
17398. Vice President Stuart and President Cioffi noted they attended and spoke at last week’s Irrigation Leader Workshop in Phoenix. **Directors Comments/Requests**
- It was also noted that Public Information Officer Hudgens also spoke at the workshop. Irrigation Leader Workshop Attendance- Vice President Stuart & President Cioffi
17399. At 8:45 a.m., President Cioffi convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), ACBCI vs. County of Riverside, et al; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Desert Water Agency vs. U.S. Department of Interior; (D) Conference with Real Property Negotiators, pursuant to Government Code Section 54956.8, Property-APN 502-560-038, Agency Negotiators: Mark S. Krause, General Manager and Steven L. Johnson, Assistant General Manager, Negotiating Parties: Chris Thomsen, New Mesquite HOA, Under Negotiation: Price and terms of possible acquisition; and (E) Anticipated Litigation, pursuant to Government Code Section 54956.9(d)(2), One potential case. **Closed Session:**
A. Existing Litigation – ACBCI vs. CVWD, et al
B. Existing Litigation – ACBCI vs. Riverside County
C. Existing Litigation – DWA vs. U.S. Dept. of Interior
D. Conference with Real Property Negotiators – New Mesquite HOA
E. Anticipated Litigation – Regarding MSWD GSA Formation
- Agency Counsel Riddell announced Item 10-E is regarding Mission Springs Water District’s intent to declare themselves the Groundwater Sustainable Agency (GSA) for portions of the same basins as already designated by DWA.
17400. At 9:35 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action. **Reconvene – No Reportable Action**
- Director Ewing noted he will not be in attendance at the March 1, 2016 Board meeting. Director Ewing – March meeting absence
17401. In the absence of any further business, President Cioffi adjourned the meeting at 9:36 a.m. **Adjournment**

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

GENERAL MANAGER'S REPORT FEBRUARY 16, 2016

Zone 1040 Reservoir Update - Currently the contractor has completed approximately 85% of onsite steel installation work; and is on schedule to complete the work by June 2016, per the contract documents.



Zone 1040 Reservoir (cont.)



Minutes
Conservation & Public Affairs Committee Meeting

February 5, 2016

Directors Present: Jim Cioffi, Craig Ewing

Staff Present: Mark Krause, Martin Krieger, Ashley Hudgens

1. Discussion Items

A. Commercial Toilet Rebate Requests

The Committee discussed whether to use the remaining funds on residential or commercial project (\$4,700). The remaining funds will be used for residential use. Funds for the program are expected to be exhausted within the next 2-3 months. Discussed possible funding of rebates for a low-income apartment complex for next fiscal year.

B. Toilet Rebate Program Savings and Cost Analysis

The water savings and costs for the Toilet, Turf and Smart Controller rebate programs were discussed. Cost analysis revealed that the Smart Controllers have the highest Cost to Benefit ratio followed by turf and toilets, in that order.

C. Turf Buyback 2015-2016 Wait List

The Committee selected four HOA's to receive funds for conversions made available by dropouts. Additional funding made available will be designated by Public Information Officer Hudgens.

D. Planning for Turf Buyback 2016-2017

The Agency will be receiving approximately \$400,000 for the 2016-2017 Turf Buyback Program. Reducing the rebate to \$1/sf was discussed; this would allow customers to qualify for a \$2/sf rebate from the State. If this was done, the \$400,000 program would cover the same amount of turf as a \$800,000 program with a \$2/sf program. The decision affects the size of the program and the necessary manpower to facilitate it. Several program requirements were discussed along the lines of increasing program efficiency and potentially eliminating some unnecessary monitoring to reduce the Agency manpower requirements.

E. Smart Controller Funding Update

Approximately \$86,000 remains in the Smart Controller program and is expected to be exhausted in the next 6-7 months.

F. Outreach Strategy for Revised Conservation Standard

Because of the reduced conservation numbers for December 2015 and January 2016 a discussion was held to consider ways in which to increase conservation and avoid potential State Fines. The possibility of changing the ordinance to accommodate a more streamlined way of noticing and fining water waste was discussed. Also discussed were ways of making our customers more aware of our water waste monitoring.

G. Rate Outreach Strategy

Media outreach to inform customers about our rate study was discussed.

2. Other – None.

3. Adjourn

Minutes
Executive Committee Meeting
February 10, 2016

Directors Present: Jim Cioffi, Joe Stuart

Staff Present: Mark Krause, Martin Krieger, Steve Johnson

1. Discussion Items

A. Review Agenda for February 16, 2016 Regular Board Meeting

The proposed agenda for the February 16, 2016 Regular Board meeting was reviewed.

B. Expense Reports

The January expense reports were reviewed.

2. Other

A. Sewer Connection Ordinance

Sewer connection ordinance requirements were discussed.

B. Cathedral City State of the City Luncheon – March 10, 2016

The Cathedral City State of the City luncheon to be held on March 10 at the Double Tree Hotel was discussed for Board attendance. Board Members wishing to attend are asked to contact Executive Secretary Baca for registration information.

3. Adjourn

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

JANUARY 2016

INVESTED
RESERVE FUNDS
\$14,440,347.43

BALANCE	JANUARY 1, 2016	(\$760,995.98)	
WATER SALES		\$1,592,903.74	
RECLAMATION SALES		74,568.40	
WASTEWATER RECEIPTS		78,933.99	
POWER SALES		0.00	
METERS, SERVICES, ETC.		40,225.00	
REIMBURSEMENT – GENERAL FUND		147,731.77	
REIMBURSEMENT – WASTEWATER FUND		4,715.91	
ACCOUNTS RECEIVABLE – OTHER		21,183.90	
CUSTOMER DEPOSITS – SURETY		5,870.00	
CUSTOMER DEPOSITS – CONST.		27,359.69	
LEASE REVENUE		3,343.72	
INTEREST RECEIVED ON INV. FDS.		10,465.60	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		13,387.79	
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TOTAL RECEIPTS		\$2,020,689.51	
PAYMENTS			
PAYROLL CHECKS		\$334,136.66	
PAYROLL TAXES		158,172.66	
ELECTRONIC TRANSFERS		112,217.65	
CHECKS UNDER \$10,000.00		313,557.37	
CHECKS OVER \$10,000.00 – SCH. #1		1,914,575.14	
CANCELLED CHECKS AND FEES		(76,095.08)	
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TOTAL PAYMENTS		\$2,756,564.40	
NET INCOME		(\$735,874.89)	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		\$0.00	
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BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$1,645,000.00	
FUNDS INVESTED – SCH. #3		520,465.60	
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NET TRANSFER		\$1,124,534.40	(\$1,124,534.40)
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BALANCE	JANUARY 31, 2016	(\$372,336.47)	\$13,315,813.03

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
110400	ACWA-JPIA	WORKERS COMPENSATION PREMIUM - OCTOBER - DECEMBER 2015	\$75,064.00
110401	ACWA-JPIA	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - JANUARY 2016	\$153,792.06
110405	DOWN TO EARTH LANDSCAPING	LANDSCAPE MAINTENANCE	\$30,334.58
110426	BORDEN EXCAVATING INC	CONTRACT PAYMENT - AVENIDA CABALLEROS 36" PIPELINE - (W/O #14-195--36)	\$77,590.13
110453	INLAND WATER WORKS SUPPLY CO	WATER SERVICE SUPPLIES	\$28,399.16
110458	KRIEGER & STEWART INC	ENGINEERING	\$105,981.95
110465	MISSION SPRINGS WATER DISTRICT	CV WATER COUNTS - CONSERVATION CONTRACT	\$12,320.93
110529	Z&L PAVING, INC	PAVING	\$10,362.35
110547	DESERT WATER AGENCY - WASTEWATER	WASTEWATER REVENUE BILLING FOR DECEMBER 2015	\$80,991.03
110549	DESERT WATER AGENCY-GENERAL	2ND QUARTER 2015/2016 GROUNDWATER REPLENISHMENT ASSESSMENT	\$680,941.09
110554	ACWA-JPIA	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - FEBRUARY 2016	\$147,266.44
110563	VILLAS DE LAS FLORES ASSOCIATION	TURF BUY BACK PROGRAM	\$17,662.00
110573	BACKFLOW APPARATUS & VALVE CO	WATER SERVICE SUPPLIES	\$13,036.24
110579	BORDEN EXCAVATING INC	CONTRACT PAYMENT - AVENIDA CABALLEROS 36" PIPELINE - (W/O #14-195--36)	\$67,027.25
110597	DOWN TO EARTH LANDSCAPING	LANDSCAPE MAINTENANCE	\$28,233.83
110598	ECOWISE LANDCARE	SMART CONTROLLER INSTALLATIONS	\$12,120.19
110606	FIONA HUTTON & ASSOCIATES	PUBLIC INFORMATION - CONSULTING SERVICES	\$10,172.45
110613	HD SUPPLY WATERWORKS LTD	WATER SERVICE SUPPLIES	\$20,640.07
110620	INLAND WATER WORKS SUPPLY CO	WATER SERVICE SUPPLIES	\$25,939.12
110621	J COLON COATINGS INC	CONTRACT PAYMENT - RESERVOIR MAINTENANCE	\$50,255.00
110625	LANDMARK CONSULTANTS INC	SOIL COMPACTION TESTING	\$13,284.00
110630	MATT-CHLOR, INC	CHLORINE PURCHASES	\$31,598.62
110641	PROFOUND LOGIC SOFTWARE INC	SOFTWARE MAINTENANCE	\$16,454.25
110643	RISK CONTROL STRATEGIES, INC	WORKPLACE VIOLENCE POLICY/THREAT MANGEMENT PLAN	\$10,000.00
110647	SOUTHERN CALIFORNIA EDISON CO	POWER	\$195,108.40

** TOTAL

\$1,914,575.14

**DESERT WATER AGENCY
OPERATING FUND - LISTING OF INVESTMENTS
JANUARY 31, 2016**

PURCH DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
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Local Agency Investment Fund

06-30-83	State of California	LAIF	Open	\$ 9,061,113.03	\$ 9,061,113.03	\$ 9,061,113.03	0.450%	-
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Certificates of Deposit

09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 250,137.50	1.050%	Bullet
01-15-16	Union Bank	Union Bank CD	01-13-17	\$ 500,000.00	\$ 500,000.00	\$ 499,760.00	0.830%	Bullet

Total Certificates of Deposit \$ 750,000.00 \$ 750,000.00 \$ 749,897.50

Commercial Paper

04-30-12	Union Bank	General Electric	04-27-17	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,014,720.00	2.300%	Bullet
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Total Commerical Paper \$ 1,004,700.00 \$ 1,000,000.00 \$ 1,014,720.00

Government Agency

05-21-15	Union Bank	FHLMC (Callable 2-21-16)	05-21-18	\$ 500,000.00	\$ 500,000.00	\$ 500,040.00	1.200%	Qrtrly
10-15-15	Union Bank	FHLMC STEP (Callable 4-15-16)	10-15-18	\$ 500,000.00	\$ 500,000.00	\$ 500,205.00	0.750%	Qrtrly
11-25-15	Union Bank	FHLMC (Callable 2-25-16)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,150.00	1.500%	Qrtrly
12-29-15	Union Bank	FHLB (Callable 6-29-16)	06-29-18	\$ 500,000.00	\$ 500,000.00	\$ 500,615.00	1.250%	1 Time

Total Government Agency \$ 2,500,000.00 \$ 2,500,000.00 \$ 2,501,010.00

Weighted Mean YTM 0.763%

TOTAL INVESTED @ 01/31/16 \$ 13,315,813.03 \$ 13,311,113.03 \$ 13,326,740.53
BALANCE @ 06/30/15 \$ 15,055,930.48
INCREASE (DECREASE) (\$1,740,117.45)

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUBNT

JANUARY 2016

INVESTED
RESERVE FUNDS
\$97,630,807.82

BALANCE	JANUARY 1, 2016	(\$768,111.03)	
			\$97,630,807.82
* TAXES - RIVERSIDE COUNTY		6,459,083.22	
* INTEREST EARNED - INV. FUNDS		52,039.29	
GROUNDWATER REPLEN. ASSESSMENT		955,250.67	
REIMBURSEMENT - OPERATING FUND		0.00	
REIMBURSEMENT - CVWD MGMT AGRMT		0.00	
STATE WATER PROJECT REFUNDS		650,878.00	
REIMB - CVWD - WHITEWATER HYDRO		109.20	
POWER SALES - WHITEWATER		0.00	
MISCELLANEOUS		0.00	
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	TOTAL RECEIPTS	\$8,117,360.38	
PAYMENTS			
CHECKS UNDER \$10,000.00		13,051.68	
CHECKS OVER \$10,000.00 - SCH. #1		3,421,123.31	
CANCELLED CHECKS AND FEES		0.00	
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	TOTAL PAYMENTS	\$3,434,174.99	
NET INCOME		\$4,683,185.39	
INVESTED RESERVE FUNDS			
FUNDS MATURED		3,174,000.00	
FUNDS INVESTED – SCH. #2		9,203,644.08	
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	NET TRANSFER	(\$6,029,644.08)	\$6,029,644.08
BALANCE	JANUARY 31, 2016	(\$2,114,569.72)	\$103,660,451.90
* INCLUSIVE TO DATE		TAXES	INTEREST
RECEIPTS IN FISCAL YEAR		\$12,332,211.84	\$512,527.80
RECEIPTS IN CALENDAR YEAR		\$6,459,083.22	\$52,039.29

DESERT WATER AGENCY
GENERAL ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
8712	COACHELLA VALLEY WATER DISTRICT	SALT NUTRIENT MANAGEMENT PLAN (25% SHARED COST)	\$149,563.54
8713	DESERT WATER AGENCY-OPERATING	P/R & EXP REIMBURSEMENT FOR DECEMBER 2015	\$147,731.77
8717	US GEOLOGICAL SURVEY	JOINT FUNDING AGREEMENT QUARTERLY BILLING - (11/01/2015 - 01/31/2016)	\$17,100.00
8718	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - JANUARY 2016	\$3,106,728.00

** TOTAL

\$3,421,123.31

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
JANUARY 31, 2016**

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
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Local Agency Investment Fund

06-30-83	State of California	LAIF	Open	\$ 36,691,870.23	\$ 36,691,870.23	\$ 36,691,870.23	0.450%	-
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Certificates of Deposit

01-25-13	Union Bank	General Electric Capital Bank CD	01-25-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,190.00	1.100%	Bullet
12-04-14	Ladenburg Thalmann	AEX Centurion Bank CD	12-05-16	\$ 245,000.00	\$ 245,000.00	\$ 245,829.57	1.050%	Bullet
09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 250,137.50	1.050%	Bullet
10-07-15	Ladenburg Thalmann	Goldman Sachs CD	04-07-18	\$ 245,000.00	\$ 245,000.00	\$ 246,750.52	1.350%	Bullet
10-29-15	Ladenburg Thalmann	Ally Bank CD	10-30-17	\$ 245,000.00	\$ 245,000.00	\$ 246,027.77	1.150%	Bullet
11-04-15	Ladenburg Thalmann	Capital One NA CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 245,825.89	1.100%	Bullet
11-04-15	Ladenburg Thalmann	Discover CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 246,038.31	1.150%	Bullet
01-15-16	Union Bank	Union Bank CD	01-13-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,520.00	0.830%	Bullet

Total Certificates of Deposit \$ 3,475,000.00 \$ 3,475,000.00 \$ 3,476,319.56

Commercial Paper

05-09-11	Stifel (D.A.D)	General Electric	05-09-16	\$ 1,000,900.00	\$ 1,000,000.00	\$ 1,006,040.00	2.950%	Bullet
06-07-11	Union Bank	UB Bank Note	06-06-16	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,014,720.00	3.000%	Bullet
10-18-11	Union Bank	General Electric	05-09-16	\$ 999,810.00	\$ 1,000,000.00	\$ 1,006,040.00	2.950%	Bullet
12-16-13	Stifel	General Electric	05-15-18	\$ 587,600.00	\$ 500,000.00	\$ 547,770.00	6.300%	Bullet
04-27-15	Ladenburg Thalmann	Apple Inc.	05-03-18	\$ 997,920.00	\$ 1,000,000.00	\$ 994,787.00	1.000%	Bullet

Total Commercial Paper \$ 5,586,230.00 \$ 5,500,000.00 \$ 5,569,357.00

Government Agency

09-19-12	Stifel (D.A.D)	FNMA	09-19-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,110.00	0.950%	1 Time
10-03-12	Stifel (D.A.D)	FNMA	10-03-16	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,240.00	0.650%	1 Time
10-10-12	Ladenburg Thalmann	FFCB (Callable Continuous)	10-10-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	0.900%	Continuous
10-11-12	Stifel (D.A.D)	FFCB (Callable Continuous)	07-11-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	0.820%	Continuous
10-17-12	Ladenburg Thalmann	FHLB (Callable 4-17-16)	04-17-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	0.800%	Qtrly
12-05-12	Ladenburg Thalmann	FFCB (Callable Continuous)	06-05-17	\$ 999,250.00	\$ 1,000,000.00	\$ 1,000,040.00	0.770%	Continuous
12-20-12	Ladenburg Thalmann	FFCB (Callable Continuous)	03-20-17	\$ 998,700.00	\$ 1,000,000.00	\$ 1,000,030.00	0.670%	Continuous
12-28-12	Stifel (D.A.D)	FHLB (Callable Continuous)	12-28-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,170.00	0.840%	Continuous
02-05-13	Ladenburg Thalmann	FHLB (Callable Continuous)	02-05-18	\$ 666,666.67	\$ 666,666.67	\$ 666,699.99	1.000%	Continuous
02-14-13	Stifel (D.A.D)	FHLMC (Callable 2-14-16)	02-14-18	\$ 999,750.00	\$ 1,000,000.00	\$ 1,000,350.00	1.000%	Qtrly
02-21-13	Stifel (D.A.D)	FHLB (Callable 2-21-16)	02-21-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,510.00	1.125%	Qtrly
02-28-13	Ladenburg Thalmann	FNMA (Callable 2-28-16)	02-28-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,080.00	1.150%	Qtrly
03-12-13	Stifel (D.A.D)	FFCB (Callable Continuous)	03-12-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,550.00	1.030%	Continuous
03-27-13	Stifel (D.A.D)	FHLB (Callable 3-27-16)	03-27-18	\$ 749,625.00	\$ 750,000.00	\$ 750,150.00	1.130%	Qtrly
03-27-13	Ladenburg Thalmann	FNMA (Callable 3-27-16)	03-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,020.00	1.050%	Qtrly
05-07-13	Ladenburg Thalmann	FFCB (Callable Continuous)	11-07-16	\$ 999,850.00	\$ 1,000,000.00	\$ 999,030.00	0.540%	Continuous
06-13-13	Ladenburg Thalmann	FHLB (Callable 3-13-16)	06-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,180.00	1.100%	Qtrly
07-29-14	Stifel (D.A.D)	FNMA (Callable 7-29-16)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,005,440.00	1.500%	1 Time
09-29-14	Union Bank	FHLMC	09-29-16	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,498,965.00	0.650%	1 Time
04-13-15	Ladenburg Thalmann	FHLB (Callable 4-13-16)	07-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,430.00	1.200%	1 Time

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
JANUARY 31, 2016**

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
Government Agency								
05-14-15	Stifel	FHLMC (Callable 2-14-16)	02-14-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,360.00	1.050%	Qtrly
05-14-15	Stifel	FHLMC STEP (Callable 2-14-16)	05-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,860.00	1.250%	Qtrly
05-20-15	Ladenburg Thalmann	FHLB STEP (Callable 2-20-16)	05-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,380.00	1.000%	Qtrly
05-28-15	Ladenburg Thalmann	FHLMC (Callable 2-28-16)	05-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,693.00	1.600%	Qtrly
05-28-15	Stifel	FHLMC STEP (Callable 2-28-16)	05-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,690.00	1.125%	Qtrly
06-10-15	Union Bank	FHLMC (Callable 3-10-16)	06-10-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,700.00	1.600%	Qtrly
06-23-15	Ladenburg Thalmann	FHLMC	06-23-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,747.00	0.900%	1 Time
06-30-15	Stifel	FHLB (Callable 6-24-16)	12-24-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,390.00	1.400%	1 Time
08-26-15	Stifel	FHLB STEP (Callable 2-26-16)	08-26-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,540.00	1.250%	Qtrly
09-15-15	Ladenburg Thalmann	FHLMC (Callable 3-15-16)	06-15-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,739.00	1.250%	Qtrly
09-28-15	Ladenburg Thalmann	FHLMC (Callable 3-28-16)	06-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,391.00	1.550%	Qtrly
09-30-15	Stifel	FHLB STEP (Callable 3-30-16)	09-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,810.00	1.000%	Qtrly
09-30-15	Union Bank	FFCB (Callable Continuous)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,010.00	1.530%	Continuous
10-02-15	Stifel	FHLB (Callable 10-2-17)	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,004,070.00	1.450%	Continuous
10-15-15	Union Bank	FHLMC STEP (Callable 4-15-16)	10-15-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,410.00	0.750%	Qtrly
10-15-15	Ladenburg Thalmann	FHLMC (Callable 4-15-16)	07-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,717.00	1.500%	Qtrly
10-29-15	Stifel	FHLB (Callable 4-29-16)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	1.120%	Qtrly
10-29-15	Union Bank	FHLMC (Callable 4-29-16)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,410.00	1.300%	Qtrly
10-29-15	Stifel	FHLMC STEP (Callable 4-29-16)	10-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,380.00	1.650%	Qtrly
11-10-15	Stifel	FHLMC (Callable 2-10-16)	05-10-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,050.00	1.400%	Qtrly
11-23-15	Ladenburg Thalmann	FHLMC (Callable 2-23-16)	05-23-18	\$ 996,000.00	\$ 1,000,000.00	\$ 998,599.00	1.000%	Qtrly
11-23-15	Ladenburg Thalmann	FHLMC (Callable 2-23-16)	02-23-18	\$ 999,500.00	\$ 1,000,000.00	\$ 999,891.00	1.000%	Qtrly
11-24-15	Ladenburg Thalmann	FHLMC (Callable 2-24-16)	05-24-19	\$ 998,900.00	\$ 1,000,000.00	\$ 1,000,471.00	1.350%	Qtrly
11-25-15	Union Bank	FHLMC (Callable 2-25-16)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,150.00	1.500%	Qtrly
11-25-15	Stifel	FNMA (Callable 11-25-16)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,890.00	1.500%	Qtrly
11-30-15	Stifel	FHLMC (Callable 2-23-16)	11-23-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,080.00	1.200%	Qtrly
11-30-15	Ladenburg Thalmann	FHLMC (Callable 2-26-16)	11-26-18	\$ 999,110.00	\$ 1,000,000.00	\$ 1,000,471.00	1.400%	Qtrly
12-16-15	Stifel	FHLB STEP (Callable 3-16-16)	12-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,370.00	1.250%	Qtrly
12-28-15	Ladenburg Thalmann	FHLB (Callable 6-28-16)	09-28-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,740.00	1.350%	Qtrly
12-28-15	Stifel	FHLB (Callable 6-28-16)	12-28-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,450.00	1.450%	Qtrly
12-28-15	Ladenburg Thalmann	FHLMC (Callable 3-28-16)	12-28-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,116.00	1.450%	Qtrly
12-29-15	Union Bank	FHLB (Callable 6-29-16)	06-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,230.00	1.250%	1 Time
12-30-15	Ladenburg Thalmann	FHLMC STEP (Callable 3-30-16)	12-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 2,000,601.00	1.000%	Qtrly
01-15-16	Ladenburg Thalmann	FHLB (Callable 4-15-16)	01-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,250.00	1.500%	Qtrly
01-27-16	Stifel	FHLB (Callable 7-27-16)	07-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,700.00	1.300%	1 Time
01-29-16	Ladenburg Thalmann	FHLB (Callable 7-29-16)	07-29-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,660.00	1.650%	Qtrly
01-29-16	Ladenburg Thalmann	FHLB (Callable 7-29-16)	04-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,180.00	1.750%	Qtrly
01-29-16	Stifel	FHLMC STEP (Callable 4-19-16)	01-29-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,170.00	1.000%	Qtrly

Total Government Agency \$ 57,907,351.67 \$ 57,916,666.67 \$ 57,946,360.99

Weighted Mean YTM 1.006%

TOTAL INVESTED @ 01/31/16 \$ 103,660,451.90 \$ 103,583,536.90 \$ 103,683,907.78

BALANCE @ 06/30/15 \$ 100,021,864.49

INCREASE OR (DECREASE) \$ 3,638,587.41

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

JANUARY 2016

INVESTED
RESERVE FUNDS
\$952,061.09

BALANCE	JANUARY 1, 2016	\$9,763.01	
			\$952,061.09
	ACCOUNTS RECEIVABLE - OTHER	\$0.00	
	CUSTOMER DEPOSITS - CONSTRUCTION	0.00	
	INTEREST EARNED - INVESTED FUNDS	896.50	
	WASTEWATER REVENUE	80,991.03	
	SEWER CAPACITY CHARGES	8,889.16	
	MISCELLANEOUS	0.00	
	TOTAL RECEIPTS	\$90,776.69	
	PAYMENTS		
	CHECKS UNDER \$10,000.00	\$23,958.74	
	CHECKS OVER \$10,000.00 - SCH. #1	58,946.38	
	CANCELLED CHECKS AND FEES	0.00	
	TOTAL PAYMENTS	<u>\$82,905.12</u>	
	NET INCOME	\$7,871.57	
	INVESTED RESERVE FUNDS		
	FUNDS MATURED	\$0.00	
	FUNDS INVESTED - SCH. #2	8,840.03	
	NET TRANSFER	(\$8,840.03)	\$8,840.03
BALANCE	DECEMBER 31, 2015	\$8,794.55	\$960,901.12

**DESERT WATER AGENCY
WASTEWATER ACCOUNT
SCHEDULE #1 -CHECKS OVER \$10,000**

CHECK #	NAME	DESCRIPTION	AMOUNT
2418	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR DECEMBER 2015	\$48,922.00
2421	COACHELLA VALLEY WATER DISTRICT	SEWER CAPACITY CHARGES	\$10,024.38
		** TOTAL	\$58,946.38

**DESERT WATER AGENCY
WASTEWATER FUND - LISTING OF INVESTMENTS
JANUARY 31, 2016**

PURCH DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY
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Local Agency Investment Fund

06-30-83	State of California	LAIF	Open	\$ 960,901.12	\$ 960,901.12	\$ 960,901.12	0.450%
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TOTAL INVESTED @ 01/31/16	\$ 960,901.12	\$ 960,901.12	\$ 960,901.12
BALANCE @ 06/30/15	\$ 862,257.70		
INCREASE OR (DECREASE)	\$ 98,643.42		

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

	THIS MONTH		THIS YEAR		FISCAL YEAR TO DATE		BUDGET		VARIANCE	
	LAST YEAR	BUDGET	THIS YEAR	BUDGET	LAST YEAR	BUDGET	THIS YEAR	BUDGET	YTD	PCY
OPERATING REVENUES										
WATER SALES	1,470,646.79	1,558,462.96	1,260,575.00	13,362,680.77	15,673,445.67	11,924,050.00	1,438,630.77	12		
RECLAMATION SALES	82,512.16	53,064.11	52,150.00	879,668.75	915,948.26	909,575.00	29,908.25	3-		
POWER SALES	00	1,357.45	2,500.00	6,102.52	19,377.89	17,500.00	11,377.48	65-		
OTHER OPER REVENUE	55,162.41	127,244.20	101,750.00	910,528.52	765,777.86	712,250.00	198,278.52	28		
TOTAL OPER REVENUES	1,608,321.36	1,740,128.72	1,416,975.00	15,158,980.56	17,374,549.68	13,563,375.00	1,595,605.56	12		
OPERATING EXPENSES										
SOURCE OF SUPPLY EXP	11,770.77	17,898.83	19,500.00	1,658,295.99	2,021,012.24	2,031,500.00	373,204.01	18-		
PUMPING EXPENSE	136,893.81	176,045.63	152,575.00	1,847,280.10	2,148,584.01	1,996,925.00	145,644.90	7-		
REGULATORY WATER TREAT	40,253.80	36,762.35	43,225.00	281,703.39	304,546.26	302,575.00	20,871.61	7-		
TRANS & DIST EXPENSE	236,900.96	155,020.97	271,957.00	1,684,094.41	1,149,409.00	1,903,769.00	219,674.59	12-		
CUSTOMER ACT EXPENSE	55,176.56	66,026.13	70,175.00	504,850.16	536,289.05	492,875.00	11,975.16	2		
ADMIN & GEN EXPENSE	781,693.29	633,532.81	613,000.00	5,215,438.83	4,721,835.63	5,230,900.00	15,461.17	0		
REGULATORY EXPENSE	2,307.25	15,066.00	17,525.00	96,061.42	121,186.63	122,675.00	26,613.58	22-		
SNOW CREEK HYDRO EXP	2,600.43	3,406.25	3,350.00	25,211.61	17,766.78	23,450.00	1,761.61	8		
RECLAMATION PLNT EXP	72,688.25	50,786.95	72,708.00	450,903.02	386,875.37	508,956.00	58,052.98	11-		
SUB-TOTAL	1,340,285.12	1,154,545.92	1,264,025.00	11,763,838.93	11,407,504.97	12,613,625.00	849,786.07	7-		
OTHER OPER EXPENSES										
DEPRECIATION	444,073.20	439,936.70	473,000.00	3,192,176.73	3,136,025.97	3,311,000.00	118,823.27	1-		
SERVICES RENDERED	14,386.16	8,483.23	11,500.00	133,369.78	89,500.03	80,500.00	52,869.78	66		
DIR & INDIR CST FOR WD	162,017.93	148,620.13	71,900.00	1,150,832.55	1,105,178.43	503,300.00	647,532.55	129		
TOTAL OPER EXPENSES	1,636,726.55	1,454,345.72	1,676,625.00	13,938,552.89	13,527,852.54	15,501,825.00	1,563,272.11	10-		
NET INCOME FROM OPERATIONS	28,405.19	285,783.00	259,650.00	1,220,427.67	3,845,697.14	1,938,450.00	3,158,877.67	163-		
NON-OPERATING INCOME (NET)										
RENTS	3,343.72	3,324.44	3,350.00	55,246.04	55,111.08	55,250.00	3.96	0		
INTEREST REVENUES	8,444.75	6,364.91	7,125.00	52,051.25	48,949.33	49,875.00	2,176.25	4		
OTHER REVENUES	100.00	100.00	00	132,497.52	31,542.08	9,000.00	123,497.52	0		
GAINS ON RETIREMENT	00	00	00	00	00	600.00	600.00	100-		
DISCOUNTS	00	149.70	300.00	375.00	2,099.05	2,100.00	1,725.00	82-		
PR. YEAR EXPENSES	00	00	00	522.10	33,469.52	00	522.10	0		
LOSS ON RETIREMENTS	00	00	1,375.00	19,816.43	3,255.54	9,625.00	10,191.43	106		
TOTAL NON-OPER INCOME	11,888.47	8,059.05	9,400.00	220,875.48	166,035.52	107,200.00	113,675.48	106		
TOTAL NET INCOME	16,516.72	293,842.05	250,250.00	1,441,303.15	4,012,732.66	1,831,250.00	3,272,553.15	179-		

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

FEBRUARY 16, 2016

**RE: REQUEST ACCEPTANCE OF AHERN - ADCOCK - DEVLIN LLP
ANNUAL AUDIT FOR 2014-2015 FISCAL YEAR**

Linda Devlin, of Ahern Adcock Devlin LLP, will be in attendance at the Board's meeting on February 16, 2016, at which time she will present the Ahern Adcock Devlin LLP report on the Audit of the Desert Water Agency's financial activities for Fiscal Year 2014-2015, and will answer any questions the Board may have with regard to the audit.

Staff has reviewed the attached Audit Report and recommends it be accepted by the Board.

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

FEBRUARY 16, 2016

RE: REQUEST ACCEPTANCE OF 2015/2016 REPLACEMENT PIPELINE – INDIAN CANYON DR (TAHQUITZ CANYON WAY TO ALEJO RD), STEVENS RD (N PALM CANYON DR TO KAWEAH RD), AND WAWONA RD (STEVENS RD TO VISTA CHINO)

All work performed by Borden Excavating, Inc. has been essentially completed. The original contract amount, contract change orders, and the adjusted contract amount are summarized as follows:

Original Contract	\$730,269.00
Change Order #1	\$15,000.00
Change Order #2	\$239,165.00
Change Order #3	\$95,544.00
Change Order #4	(\$35,013.53)
Final Contract Amount	\$1,044,964.47

Contract Change Order No. 1 yielded a net increase in the contract amount as a result of the following item(s):

- Contractor claimed extra work due to installation of pipe at a depth greater than seven feet as needed in the intersection of Amado Rd and Indian Canyon. Said extra work amounted to \$15,000.00 and was paid by the Agency.

Contract Change Order No. 2 yielded a net increase in the contract amount as a result of the following item(s):

- Due to a series of leaks during the City's pavement rehabilitation work of Sunny Dunes and Camino San Miguel, Borden installed 1,410 L.F. of 8" D.I. pipe on Sunny Dunes Rd (Avenida Evelita to Santa Cruz) and 710 L.F. of 8" D.I. pipe on Camino San Miguel (El Placer to Avenida Evelita). The City's rehabilitation work was suspended while Borden completed the pipeline replacement. Once completed, the City resumed the pavement rehabilitation work. Said pipeline work amounted to \$239,165.00 and was paid by the Agency.

Contract Change Order No. 3 yielded a net increase in the contract amount as a result of the following item(s):

- Due to a history of leaks on Belding Dr (Cerritos Rd to Sunset Way), the Contractor installed 676 L.F. of 8" D.I. pipe. The City of Palm Springs is planning to repave Belding Dr in 2016.

Contract Change Order No. 4 yielded a net decrease in the contract amount as a result of the following item(s):

- Deletion of bid items relating to installation of water services, the relocation of gas services, and relocation of sewer services.

To date, the total amount to be paid, to include the San Miguel, Sunny Dunes, and Belding Dr addition, engineering, inspection, and overheads is anticipated to be \$1,426,690.55. This is approximately 18.8% over the work order budget of \$1,200,000. The Agency has \$100,000 in the 2015/2016 budget for contingency mains to cover some of the estimated overage. This will reduce the total anticipated amount over budget to \$126,690.55, or 10.5%.

The project replaced approximately 1.25 miles of mains, an increase of 0.25 miles above the projected amount that was presented to the Board during the October 2015 "Evaluation of DWA's Potable Water Pipeline System" powerpoint. This evaluation outlined a proposed replacement pipeline scheduled for the next 15 years, including replacing 1.0 miles in 2015, 1.7 miles in 2016 and 2017, then 2.75 miles in 2018 through 2030.

A Staff Report dated January 5, 2016, 2015/2016 Replacement Pipelines Update, is attached to provide a detailed explanation of the expanded scope of work for this project.

Staff recommends the Agency accept said work in the amount of \$1,044,964.47. Subsequent to Board acceptance, a Notice of Completion will be filed and thereafter, following the lien period, Agency will release retained funds in the amount of \$52,248.22 to Borden Excavating, Inc.

ATTACHMENT
STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS

JANUARY 5, 2016

RE: 2015/2016 REPLACEMENT PIPELINES UPDATE (BELDING DRIVE)

Over the course of constructing our 2015-2016 replacement pipeline project, the scope of work has expanded repeatedly to avoid trench cutting newly rehabilitated streets and avoid pipeline leaks on ageing pipelines caused by vibrating equipment within the City of Palm Springs. The intent of the staff report is to update the board on the additional pipeline replacements and costs related to this effort.

To accommodate the City of Palm Springs 2015 street rehabilitation and slurry project, Agency staff initially worked with the City's engineering department on a schedule to allow the Agency to replace the pipeline within Indian Canyon Drive, Stevens Road, and Wawona Road prior to the street rehabilitation work.

On September 23, 2015, Borden Excavating was awarded the contract for constructing the 2015/2016 Replacement Pipeline Project in the amount of \$730,269.00. The project included installation of replacement pipelines within Indian Canyon Drive (approximately 2,700 feet of 12" ductile iron pipe between Tahquitz Canyon Way and Alejo Road), Stevens Road (approximately 600 feet of 8" ductile iron pipe between Palm Canyon Drive and Kaweah Road), and Wawona Road (approximately 600 feet of 8" ductile iron pipe between Steven Road and Vista Chino). The budget amount for the work is \$1,200,000 to include engineering, construction, inspection, and overhead costs.

The City's rehabilitation work has been modified, adding several streets to include Belding Drive, between Sunset Avenue and Cerritos Road. The existing water main located within Belding Drive (4" diameter) was installed in 1946 and has been identified by staff as a priority main to be replaced and is scheduled to be part of the Agency's 2017/2018 replacement pipeline project. Since 2010, the main has experienced 31 leaks.

Due to the condition of the main, and the potential of numerous leaks to occur during the City's rehabilitation work, staff has expanded the current replacement pipeline scope of work. Prior to the City's grinding operations, Borden Excavation will install approximately 700 feet of 8" ductile iron pipe within Belding Drive, to include 11 services and 1 fire hydrant. Utilizing established costs provided as part of Borden's original bid, the installation will cost \$96,200. The Agency will provide Borden with the mainline pipe for a cost of approximately \$20,000. Inspection costs are anticipated to be approximately \$9,000, for a total estimated cost in the amount of \$125,200.

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At the December 1 Board Meeting work was expanded to include San Miguel and Sunny Dunes Road. To date, the total amount to be paid, to include the San Miguel and Sunny Dunes addition, engineering, inspection, and overheads is anticipated to be \$1,287,000. With the addition of Belding Drive, the total work order costs is anticipated to be \$1,412,200, to include engineering, inspection, installation, materials, and overheads. This is approximately 17.7% over the work order budget of \$1,200,000. The Agency has \$100,000 in the 2015/2016 budget for contingency mains (emergency pipeline replacement) to cover some of the estimated overage. This will reduce the total anticipated amount over budget to \$112,200, or 8.6%.

Although staff anticipates exceeding the budget by 8.6%, the Agency was able to replace over 6,500 feet of mains that had a total of 180 leaks since 2010 that cost the Agency approximately \$60,000 in labor to repair. Also, the cost to install the pipeline from Borden Excavation was approximately 22% lower than the next bidder, saving the Agency approximately \$170,000 in construction costs for a combined savings of \$230,000.

Finally, it should be noted that the total combined budget amount for the last two replacement pipelines was \$2.9 million and the anticipated total amount spent for these combined projects is \$2.9 million.

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**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

FEBRUARY 16, 2016

RE: JANUARY 2016 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 10 percent reduction in total water production during January 2016 compared to the same month in 2013 – the baseline year used by the State Water Resources Control Board (State Water Board) to measure statewide conservation achievements. Desert Water Agency’s cumulative water savings June through January is 26 percent.

To comply with Governor Brown’s April 1, 2015 Executive Order to reduce statewide water use by 25 percent, the State Water Board imposed mandatory restrictions and assigned different mandatory conservation goals to each urban area based on per capita water use. The adopted regulations require DWA to achieve a mandatory 36 percent reduction. For future reports submitted to the state for consumption February through October 2016, the mandatory reduction will be lowered to 32 percent pursuant to the extension of the emergency regulation.

Below is additional information reported to the State Board for January 2016.

Water Production for January 2016	1,827.47 AF
Water Production for January 2013	2,036.7 AF
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	514.8 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	68%
Population (inclusive of seasonal residents)	105,117
Estimated R-GPCD	124
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	22
How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	20

How many formal warning actions (e.g.: written notifications, warning letters, door hangers) were issued for water waste or for a violation of conservation rules?	22
How many fines were issued for water waste or for a violation of conservation rules?	1
<p>Comments: The City of Palm Spring was home to an international film festival with thousands of attendees in January.</p> <p>The Agency's service area is highly seasonal making population analysis a complex task. The State Water Resources Control Board (State Board) analyzes data on a per capita basis. Historically, DWA has submitted data based on the permanent population of the service area; however that data does not accurately reflect water use in DWA's service area which has a highly seasonal population. Based on local data, the correct population is higher than previously reported. The Residential Gallons Per Capita Per Day (R-GPCD) is being submitted using the corrected population.</p> <p>DWA would like it noted that the amount of fresh water outflow to the ocean during the month of January was 910,816 acre feet.</p> <p>Additionally, since it began recycling water Desert Water Agency has reclaimed 86,602 acre feet. If our recycled water production for January was taken into consideration against our potable production, the conservation achieved would have been several percentage points higher.</p>	

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

FEBRUARY 16, 2016

RE: CONSERVATION ENHANCEMENT MEASURES

Our conservation achieved for December (9.5%) and January (10%) were low when compared to our previous conservation gains, and also when compared to some of the other local agencies. Our cumulative savings since the restrictions went into place is now 26%, which starting with February's report will be measured against a 32% target.

Despite significant investments in outreach and enforcement, we are not seeing the savings needed to meet our target and eliminate the risk of costly fines from the state.

Staff is looking to increase water saved by:

- Increasing staff time spent on water waste patrols
- Marking vehicles used to enforce water efficiency
- Issuing fines to customers after a Desert Water Agency representative observes restricted use (eliminating the letter warnings unless it is a customer complaint)
- Reaching out to high-use residential and commercial customers to discuss water use behavior
- Reaching out to commercial customers that appear to be violating regulations to ensure that they are aware of the restrictions and fining
- Reaching out to neighborhoods with information about how they are doing compared to others

These modifications, along with the restrictions will be shared with customers via:

- Website
- Nextdoor, Facebook & Twitter
- Press release
- KESQ segment
- Bill insert
- Public presentations

Implementing DWA-observed fines directly would save staff time and encourage customers to ensure that they are complying with the restrictions in place. Fines will be mailed to the billing address on file for the property. If unpaid, they would be applied to the customer's water bill.

In order to make this change to the enforcement protocol, Ordinance No. 63 would need to be amended to remove the 3-day notice before fining procedure. This would require a noticed public hearing.

Customers will still receive courtesy letters if water waste is reported on their property by a concerned citizen.