

DESERT WATER AGENCY
NOVEMBER 17, 2015



BOARD OF DIRECTORS
REGULAR MEETING AGENDA

REGULAR MEETING 8:00 A.M. OPERATIONS CENTER - 1200 GENE AUTRY TRAIL SOUTH – 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. **APPROVAL OF MINUTES – November 3, 2015** **CIOFFI**
3. **GENERAL MANAGER'S REPORT** **LUKER**
4. **COMMITTEE REPORTS –** A. Human Resources – November 6, 2015 **STUART**
B. Executive – November 10, 2015 **CIOFFI**
5. **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.
6. **SECRETARY-TREASURER'S REPORT - October 2015** **STUART**
7. **ITEMS FOR ACTION**
PUBLIC HEARING ITEM:
A. Adoption of Resolution No. 1123 Regarding the Formation of a Groundwater Sustainability Agency (GSA) **KRAUSE**

B. Request Designation of Delegate to ACWA General Session Membership Meeting **LUKER**
C. Request Acceptance of Desert Palisades 16" Transmission Main Project **JOHNSON**
D. Request Approval to Grant the General Manager Retiree Dental and Vision Benefits **STUART**
8. **ITEMS FOR DISCUSSION**
A. Legislative Report **REEB**
B. October Water Production Comparison **LUKER**
C. SWRCB November 10, 2015 Notice of Violation **LUKER**
9. **DIRECTORS COMMENTS AND REQUESTS**
10. **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. **PUBLIC EMPLOYMENT**
Pursuant to Government Code Section 54957 (b) (1)
Title: General Manager

D. **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

11. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

12. 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.

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

November 3, 2015

DWA Board:	Craig A. Ewing, President)	Attendance
	James Cioffi, Vice President)	
	Joseph K. Stuart, Secretary-Treasurer)	
	Patricia G. Oygar, Director)	
	Richard Oberhaus, Director)	

DWA Staff:	David K. Luker, General Manager)
	Mark S. Krause, Asst. General Manager)
	Martin S. Krieger, Finance Director)
	Sylvia Baca, Asst. Secretary to the Board)
	Steve Johnson, Operations Engineer)
	Ashley Hudgens, Public Information Officer)

Consultant:	Michael T. Riddell, Best Best & Krieger)
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Public:	Tom Kieley III, Palm Springs resident)
	David Freedman, PS Sustainability Comm.)
	Patti Reyes, Coachella Valley Water District)

17293. President Ewing opened the meeting at 8:00 a.m. and asked everyone to join him in the Pledge of Allegiance. **Pledge of Allegiance**

17294. President Ewing asked General Manager Luker to introduce the new employee. **Employee Introduction**

General Manager Luker introduced newly hired employee Courtney Estrada, Account Clerk/Telephone Operator.

17295. President Ewing called for approval of the October 20, 2015 Regular Board meeting minutes. **Approval of the 10/20/15 Regular Board Mtg. Minutes**

Vice President Cioffi moved for approval. After a second by Director Oygar, the minutes were approved as written.

17296. President Ewing called upon General Manager Luker to provide an update on Agency operations. **General Manager's Report**

Mr. Luker reported on October 19 at 9:40 a.m., staff responded to a hit 8-inch AC water main on Crestview Drive. Alms Underground Construction was installing a sewer lateral when they hit the water main with a backhoe causing a 3-inch hole. The water ran for twenty minutes. A damage report was filled out.

**General Manager's
Report (Cont.)**

Hit Water Main

Mr. Luker then reported on October 23 at approximately 12:07 p.m., staff responded to a hit hydrant on South Palm Canyon Drive and Canyon Vista Drive. The hydrant was damaged and had to be replaced. A police report was made. This was reported as a hit and run but we were notified on October 26 that Palm Springs Police caught the person who hit the hydrant. The water ran for approximately 30 minutes.

Hit Hydrant

Continuing with his report, Mr. Luker stated on October 26 at approximately 9:30 p.m., stand-by responded to a hit fire hydrant and a one-inch backflow on Camino Parocela, east of Paseo Dorotea. The property management authorized staff to make the necessary repairs. The water sprayed from the connection for about thirty minutes. A police report was made.

Hit Hydrant

Mr. Luker provided an update on the recent flooding at the Palm Springs Art Museum. He stated a claim was filed by the museum and a settlement and release was issued for \$19,212.24.

Palm Springs Art
Museum Flooding
Update

Concluding his report, Mr. Luker stated on October 28, DWA staff visited the Eagle Canyon Dam and Debris Basin. The project is located south of the intersection of East Palm Canyon Drive and Perez Road. The dam construction is nearly complete with only a short segment of the outlet structure piping remaining to be completed.

17297. President Ewing noted the minutes for the October 27, 2015 Executive Committee were provided in the Board's packet. He noted that the draft letter to non-selected Turf Buy Back program applicants was reviewed.

Committee Reports
Executive 10/27/15

In response to Secretary-Treasurer Stuart, Mr. Luker stated that staff will forward the letter to the Board Members.

17298. President Ewing opened the meeting for public input.

Public Input

Tom Kieley III, former DWA Board Member, noting today is Election Day, thanked the Board for their service and dedication.

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

17299. President Ewing asked Finance Director Krieger to present his report on the Annual Reporting of Back-Up Facility and Capacity Charges.

Discussion Items:
Annual Reporting of
Back-Up Facility and
Capacity Charges

Mr. Krieger stated that summaries are provided of the back-up facility charges and capacity charges the Agency collects when a new service connection is made to the water distribution, reclaimed or sewer systems. He explained that since capital expenditures for these facilities exceed the fees collected, legal counsel has indicated annual reporting is not necessary. Staff, however, feels it is prudent to continue apprising the Board of these amounts during the year on projects for which the fees are collected.

17300. President Ewing asked Agency Counsel Riddell to provide a report on the October 15, 2015 Board of Directors of the State Water Contractors meeting.

10/15/15 State Water
Contractors Meeting

Mr. Riddell reported on the following: 1) Water Supply Management Study, 2) Energy Report, 3) Water Operations Report, 4) South Delta Barrier Removal, 5) Bay Delta Conservation Plan – Cal Water Fix, and 6) Infrastructure Objectives Update.

17301. President Ewing asked Assistant General Manager Krause to present the Sustainable Groundwater Management Act.

Sustainable Groundwater
Management Act

Mr. Krause provided a PowerPoint presentation that included: 1) A brief background on the California Statewide Groundwater Measurement Program (CASGEM), 2) The Sustainable Groundwater Management Act (SGMA), 3) Agency roles and GSA formation, 4) GSA obligations, 5) Groundwater Sustainability Plan (GSP), 6) GSP alternatives and boundaries, and 7) GSA formation steps. He noted that a public hearing will be held on November 17.

17302. President Ewing noted that Board packets include media and public information reports for October 2015.

**Public Information –
October 2015**

In response to Director Oygur, Ms. Hudgens stated that discussions at the Palm Springs Sustainability Commission meeting included information on the popularity of the Turf Buy-Back program, smart controllers, toilet rebate, overseeding and community outreach efforts.

17303. President Ewing and Director Oberhaus commended staff on their work at the Tram Road challenge.

**Directors’
Comments/Requests**

Secretary-Treasurer Stuart reported that he spoke at a recent Lion’s Club meeting. Attendees were appreciative of Operation Engineer Johnson’s pipeline presentation.

17304. At 9:10 a.m., President Ewing convened into Closed Session for the purpose of (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), Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al, and (C) Public Employment, pursuant to Government Code Section 54957 (b) (1), General Manager.

Closed Session:

A. Existing Litigation –
ACBCI vs. CVWD, et al
B. Existing Litigation –
ACBCI vs. Riverside
County;
C. Public Employment –
General Manager

17305. At 10:00 a.m., President Ewing reconvened the meeting into open session and announced there was no reportable action.

Reconvene

17306. In the absence of any further business, President Ewing adjourned the meeting at 10:01 a.m.

Adjournment

James Cioffi, Vice President

ATTEST:

Joseph K. Stuart, Secretary-Treasurer

GENERAL MANAGER'S REPORT NOVEMBER 17, 2015

On October 30 at approximately 11:55 a.m., staff responded to a hit backflow by a landscaper at Sunflower Circle East. The backflow had to be replaced and is back in service. A damage report was filled out.



On November 2 at 9:00 a.m., staff responded to a two-inch service that was hit by contractors working for Alta Verde builders on Bogert Trail at the Linea tract. Staff made the repairs and put the service back in. The water loss was from a two-inch fully open for approximately thirty minutes. A damage report was filled out.



DWA's offices will be closed Thursday, Nov. 26 and Friday, Nov. 27 for the Thanksgiving holiday.



Unless the Board objects, certificates in the amount of \$35 (Christmas Turkey Gift Cards) will be purchased and distributed during the second week of December to Agency employees.

Minutes
Human Resources Committee Meeting
November 6, 2015

Directors Present: Joseph Stuart, Patricia Oygar (via teleconference)
Staff Present: Dave Luker, Mark Krause, Martin Krieger, Irene Gaudinez

1. Discussion Item

A. Review Health Insurance Benefits for Active and Retired Officers and Employees

The Human Resources Manager provided information concerning the retiree health benefits for employees hired before May 1, 2007. Employees hired after May 1, 2007 do not have this benefit.

The Human Resources Manager advised that employees who retire with 12 years of service are eligible for retiree medical benefits. If they retire with 25 years of service, they are also eligible for retiree dental and vision.

The General Manager has advised of his retirement in 2016 and he will retire with 22 years and 7 months of service with DWA. The Human Resources Manager asked the HR Committee to consider granting the General Manager retiree dental and vision benefits based upon his 22+ years of performance.

The Committee and staff discussed retirement health benefits afforded other employees who were hired prior to May 1, 2007 and retired from the agency.

After discussion, the Committee agreed to recommend approval to the Board of Directors and asked that this item be placed on the November 17, 2015 Board meeting.

2. Other - None

3. Adjourn

Minutes
Executive Committee Meeting
November 10, 2015

Directors Present: Jim Cioffi

Staff Present: Dave Luker, Mark Krause, Martin Krieger

1. Discussion Items

- A. Review Agenda for November 17, 2015 Regular Board Meeting
The proposed agenda for the November 17, 2015 Regular Board meeting was reviewed.
- B. Expense Reports
The October expense reports were reviewed.

2. Other - None

3. Adjourn

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

OCTOBER 2015

INVESTED
RESERVE FUNDS
\$15,134,917.45

BALANCE	OCTOBER 1, 2015	(\$1,412,704.23)	
WATER SALES		\$2,227,973.20	
RECLAMATION SALES		92,584.46	
WASTEWATER RECEIPTS		100,403.54	
POWER SALES		241.72	
METERS, SERVICES, ETC.		265,717.00	
REIMBURSEMENT – GENERAL FUND		228,477.11	
REIMBURSEMENT – WASTEWATER FUND		13,758.29	
ACCOUNTS RECEIVABLE – OTHER		130,109.22	
CUSTOMER DEPOSITS – SURETY		7,550.00	
CUSTOMER DEPOSITS – CONST.		242,570.00	
LEASE REVENUE		3,343.72	
INTEREST RECEIVED ON INV. FDS.		25,679.98	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		12,710.92	
TOTAL RECEIPTS		\$3,351,119.16	
PAYMENTS			
PAYROLL CHECKS		\$326,011.24	
PAYROLL TAXES		150,473.42	
ELECTRONIC TRANSFERS		155,056.92	
CHECKS UNDER \$10,000.00		374,308.91	
CHECKS OVER \$10,000.00 – SCH. #1		1,359,477.20	
CANCELLED CHECKS AND FEES		10,700.23	
TOTAL PAYMENTS		<u>\$2,376,027.92</u>	
NET INCOME		\$975,091.24	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		\$0.00	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$3,609,000.00	
FUNDS INVESTED – SCH. #3		2,671,429.98	
NET TRANSFER		\$937,570.02	(\$937,570.02)
BALANCE	OCTOBER 31, 2015	\$499,957.03	\$14,197,347.43

**DESERT WATER AGENCY
OPERATING FUND - LISTING OF INVESTMENTS
OCTOBER 31, 2015**

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	\$ 11,942,647.43	\$ 11,942,647.43	\$ 11,942,647.43	0.360%	-
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Certificates of Deposit

09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 250,242.50	1.050%	Bullet
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Total Certificates of Deposit	\$ 250,000.00	\$ 250,000.00	\$ 250,242.50					
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Commercial Paper

04-30-12	Union Bank	General Electric	04-27-17	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,018,620.00	2.300%	Bullet
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Total Commerical Paper	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,018,620.00					
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Government Agency

05-21-15	Union Bank	FHLMC (Callable 11-21-15)	05-21-18	\$ 500,000.00	\$ 500,000.00	\$ 500,200.00	1.200%	Qtrly
10-15-15	Union Bank	FHLMC STEP (Callable 4-15-16)	10-15-18	\$ 500,000.00	\$ 500,000.00	\$ 500,090.00	0.750%	Qtrly

Total Government Agency	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,290.00					
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Weighted Mean YTM 0.552%

TOTAL INVESTED @ 10/31/15	\$ 14,197,947.43	\$ 14,192,647.43	\$ 14,211,799.93					
BALANCE @ 06/30/15	\$ 15,055,930.48							
INCREASE (DECREASE)	(\$858,583.05)							

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

CHECK #	NAME	DESCRIPTION	AMOUNT
109611	CANYON VIEW ESTATES	TURF BUY BACK PROGRAM	\$13,880.00
109621	ACWA-JPIA	WORKERS COMPENSATION PREMIUM - JULY - SEPTEMBER 2015	\$64,654.00
109622	OUTFLOW TECHNOLOGIES	E-BILLING PROJECT DEVELOPMENT - (W/O #14-187-M)	\$15,635.00
109627	BACKFLOW APPARATUS & VALVE CO	WATER SERVICE SUPPLIES	\$14,911.48
109637	COMPRESSOR PARTS & REPAIR INC	AIR COMPRESSOR REPLACEMENT FOR RECLAMATION PLANT - (W/O #15-119-M)	\$15,559.72
109648	HD SUPPLY WATERWORKS LTD	WATER SERVICE SUPPLIES	\$13,741.79
109654	JONES BROS CONSTRUCTION CO.	CONTRACT PAYMENT - DESERT PALISADES 16" MAIN (W/O 05-570--16)	\$190,854.11
109655	KRIEGER & STEWART INC	ENGINEERING	\$45,531.70
109656	LANDMARK CONSULTANTS INC	SOIL COMPACTION TESTING	\$14,581.50
109708	UNITED WATER WORKS INC	WATER SERVICE SUPPLIES	\$81,566.36
109753	ACWA-JPIA	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - NOVEMBER 2015	\$145,690.25
109755	DESERT WATER AGENCY-WASTEWATER	WASTEWATER REVENUE BILLING FOR SEPTEMBER 2015	\$83,089.33
109756	PALM SPRINGS ART MUSEUM	DAMAGE CLAIM SETTLEMENT	\$19,212.24
109798	BADGER METER INC	WATER SERVICE SUPPLIES	\$21,502.80
109799	BEST BEST & KRIEGER LLP	LEGAL FEES	\$46,733.07
109800	BORDEN EXCAVATING INC	CONTRACT PAYMENT - AVENIDA CABALLEROS 36" PIPELINE - (W/O #14-195--36)	\$113,168.94
109802	BRITHINEE ELECTRIC INC	WELL MAINTENANCE FOR WELL 20 & WELL 24 (W/O # 15-120-W-20 & 52-220-W-24)	\$46,439.92
109806	C WELLS PIPELINE MATERIALS INC	WATER SERVICE SUPPLIES	\$20,172.31
109826	DOWN TO EARTH LANDSCAPING	LANDSCAPE MAINTENANCE	\$28,123.58
109827	ECOWISE LANDCARE	SMART CONTROLLER INSTALLATIONS	\$19,908.35
109843	HD SUPPLY WATERWORKS LTD	WATER SERVICE SUPPLIES	\$15,044.32
109849	INLAND WATER WORKS SUPPLY CO	WATER SERVICE SUPPLIES	\$29,492.90
109851	J COLON COATINGS INC	CONTRACT PAYMENT - RESERVOIR MAINTENANCE	\$57,095.00
109883	SOUTHERN CALIF EDISON CO	POWER	\$228,051.30
109897	Z&L PAVING, INC	PAVING	\$14,837.23

**** TOTAL**

\$1,359,477.20

RECEIPTS IN FISCAL YEAR	\$1,404,474.21	\$288,492.27
RECEIPTS IN CALENDAR YEAR	\$16,650,412.08	\$752,067.22

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
OCTOBER 31, 2015**

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	\$ 37,160,226.15	\$ 37,160,226.15	\$ 37,160,226.15	0.360%	-
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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	\$ 995,190.00	1.100%	Bullet
12-04-14	Ladenburg Thalmann	AEX Centurion Bank CD	12-05-16	\$ 245,000.00	\$ 245,000.00	\$ 245,761.95	1.050%	Bullet
09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 250,242.50	1.050%	Bullet
10-07-15	Ladenburg Thalmann	Goldman Sachs CD	04-07-17	\$ 245,000.00	\$ 245,000.00	\$ 246,261.26	1.350%	Bullet
10-29-15	Ladenburg Thalmann	Ally Bank CD	10-30-17	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00	1.150%	Bullet

Total Certificates of Deposit	\$ 1,985,000.00	\$ 1,985,000.00	\$ 1,982,455.71
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Commercial Paper

05-09-11	Stifel (D.A.D)	General Electric	05-09-16	\$ 1,000,900.00	\$ 1,000,000.00	\$ 1,012,320.00	2.950%	Bullet
06-07-11	Union Bank	UB Bank Note	06-06-16	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,024,940.00	3.000%	Bullet
10-18-11	Union Bank	General Electric	05-09-16	\$ 999,810.00	\$ 1,000,000.00	\$ 1,012,320.00	2.950%	Bullet
12-16-13	Stifel	General Electric	05-15-18	\$ 587,600.00	\$ 500,000.00	\$ 553,070.00	6.300%	Bullet
04-27-15	Ladenburg Thalmann	Apple Inc.	05-03-18	\$ 997,920.00	\$ 1,000,000.00	\$ 996,889.00	1.000%	Bullet

Total Commercial Paper	\$ 5,586,230.00	\$ 5,500,000.00	\$ 5,599,539.00
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Government Agency

09-19-12	Stifel (D.A.D)	FNMA	09-19-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,650.00	0.950%	1 Time
10-03-12	Stifel (D.A.D)	FNMA	10-03-16	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,710.00	0.650%	1 Time
10-10-12	Ladenburg Thalmann	FFCB (Callable Continuous)	10-10-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,830.00	0.900%	Continuous
10-11-12	Stifel (D.A.D)	FFCB (Callable Continuous)	07-11-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,450.00	0.820%	Continuous
10-17-12	Ladenburg Thalmann	FHLB (Callable 1-17-16)	04-17-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,020.00	0.800%	Qtrly
11-13-12	Stifel (D.A.D)	FHLB (Callable 11-13-15)	11-13-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,160.00	0.875%	Qtrly
12-05-12	Ladenburg Thalmann	FFCB (Callable Continuous)	06-05-17	\$ 999,250.00	\$ 1,000,000.00	\$ 1,000,020.00	0.770%	Continuous
12-20-12	Ladenburg Thalmann	FFCB (Callable Continuous)	03-20-17	\$ 998,700.00	\$ 1,000,000.00	\$ 1,000,020.00	0.670%	Continuous
12-28-12	Stifel (D.A.D)	FHLB (Callable Continuous)	12-28-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,460.00	0.840%	Continuous
02-05-13	Ladenburg Thalmann	FHLB (Callable Continuous)	02-05-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,030.00	1.000%	Continuous
02-14-13	Stifel (D.A.D)	FHLMC (Callable 11-14-15)	02-14-18	\$ 999,750.00	\$ 1,000,000.00	\$ 1,000,190.00	1.000%	Qtrly
02-21-13	Stifel (D.A.D)	FHLB (Callable 11-21-15)	02-21-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,360.00	1.125%	Qtrly
02-28-13	Ladenburg Thalmann	FNMA (Callable 11-28-15)	02-28-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,520.00	1.150%	Qtrly
03-12-13	Stifel (D.A.D)	FFCB (Callable Continuous)	03-12-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,010.00	1.030%	Continuous
03-27-13	Stifel (D.A.D)	FHLB (Callable 12-27-15)	03-27-18	\$ 749,625.00	\$ 750,000.00	\$ 750,472.50	1.130%	Qtrly
03-27-13	Ladenburg Thalmann	FNMA (Callable 12-27-15)	03-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,410.00	1.050%	Qtrly
05-07-13	Ladenburg Thalmann	FFCB (Callable Continuous)	11-07-16	\$ 999,850.00	\$ 1,000,000.00	\$ 998,520.00	0.540%	Continuous
06-13-13	Ladenburg Thalmann	FHLB (Callable 12-13-15)	06-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,140.00	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	\$ 1,006,860.00	1.500%	1 Time
09-29-14	Union Bank	FHLMC	09-29-16	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,502,100.00	0.650%	1 Time
02-20-15	Ladenburg Thalmann	FHLMC (Callable 11-20-15)	08-20-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,508.00	1.400%	Qtrly
02-27-15	Stifel	FHLB STEP (Callable 11-27-15)	02-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,990.00	1.500%	Qtrly
04-13-15	Ladenburg Thalmann	FHLB (Callable 4-13-16)	07-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,550.00	1.200%	1 Time

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
OCTOBER 31, 2015**

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
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Government Agency

05-14-15	Stifel	FHLMC (Callable 11-14-15)	02-14-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,200.00	1.050%	Qtrly
05-14-15	Stifel	FHLMC STEP (Callable 11-14-15)	05-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,310.00	1.250%	Qtrly
05-20-15	Ladenburg Thalmann	FHLB STEP (Callable 11-20-15)	05-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,230.00	1.000%	Qtrly
05-28-15	Ladenburg Thalmann	FHLMC (Callable 11-28-15)	05-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,854.00	1.600%	Qtrly
05-28-15	Stifel	FHLMC STEP (Callable 11-28-15)	05-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,480.00	1.125%	Qtrly
06-10-15	Union Bank	FHLMC (Callable 12-10-15)	06-10-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,240.00	1.600%	Qtrly
06-23-15	Ladenburg Thalmann	FHLMC (Callable 12-23-15)	06-23-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,082.00	0.900%	1 Time
06-30-15	Stifel	FHLB (Callable 6-24-16)	12-24-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,600.00	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	\$ 1,001,650.00	1.250%	Qtrly
08-27-15	Ladenburg Thalmann	FHLMC (Callable 11-27-15)	02-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,103.00	1.200%	Qtrly
08-27-15	Ladenburg Thalmann	FHLMC (Callable 11-27-15)	02-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,815.00	1.600%	Qtrly
08-27-15	Ladenburg Thalmann	FHLMC (Callable 11-27-15)	08-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,713.00	1.450%	Qtrly
09-15-15	Ladenburg Thalmann	FHLMC (Callable 12-15-15)	06-15-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,873.00	1.250%	Qtrly
09-28-15	Ladenburg Thalmann	FHLMC (Callable 12-28-15)	06-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,817.00	1.550%	Qtrly
09-30-15	Stifel	FHLB STEP (Callable 12-30-15)	09-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,430.00	1.000%	Qtrly
09-30-15	Union Bank	FFCB (Callable 12-30-15)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,210.00	1.530%	Continuous
10-02-15	Stifel	FHLB (Callable 10-2-17)	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,570.00	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	\$ 1,000,180.00	0.750%	Qtrly
10-15-15	Ladenburg Thalmann	FHLMC (Callable 1-15-16)	07-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,359.00	1.500%	Qtrly
10-15-15	Ladenburg Thalmann	FHLMC (Callable 1-15-16)	10-15-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,984.00	2.000%	Qtrly
10-29-15	Union Bank	FHLMC (Callable 1-29-16)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,930.00	1.300%	Qtrly
10-29-15	Stifel	FHLB (Callable 1-29-16)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,180.00	1.120%	Qtrly
10-29-15	Stifel	FHLMC STEP (Callable 1-29-16)	10-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,810.00	1.650%	Qtrly

Total Government Agency \$ 46,247,175.00 \$ 46,250,000.00 \$ 46,249,600.50

Weighted Mean YTM 0.926%

TOTAL INVESTED @ 10/31/15 \$ 90,978,631.15 \$ 90,895,226.15 \$ 90,991,821.36

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

INCREASE OR (DECREASE) \$ (9,043,233.34)

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

CHECK #	NAME	DESCRIPTION	AMOUNT
8681	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT ENTITLEMENT - JULY 2015	\$552,011.00
8685	DESERT WATER AGENCY-OPERATING	P/R & EXP REIMBURSEMENT FOR SEPTEMBER 2015	\$227,942.87
8686	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - OCTOBER 2015	\$798,559.00
*** TOTAL			\$1,578,512.87

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

OCTOBER 2015

INVESTED
RESERVE FUNDS
\$897,366.15

BALANCE OCTOBER 1, 2015 \$6,866.20

ACCOUNTS RECEIVABLE - OTHER	\$0.00
CUSTOMER DEPOSITS - CONSTRUCTION	0.00
INTEREST EARNED - INVESTED FUNDS	738.55
WASTEWATER REVENUE	83,089.33
SEWER CAPACITY CHARGES	6,539.22
MISCELLANEOUS	0.00

TOTAL RECEIPTS \$90,367.10

PAYMENTS

CHECKS UNDER \$10,000.00	\$15,782.81
CHECKS OVER \$10,000.00 - SCH. #1	80,358.81
CANCELLED CHECKS AND FEES	0.00

TOTAL PAYMENTS \$96,141.62

NET INCOME (\$5,774.52)

INVESTED RESERVE FUNDS

FUNDS MATURED	\$1,000.00
FUNDS INVESTED – SCH. #2	694.94

NET TRANSFER \$305.06 (\$305.06)

BALANCE	OCTOBER 31, 2015	<u>\$1,396.74</u>	\$897,061.09
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**DESERT WATER AGENCY
WASTEWATER FUND - LISTING OF INVESTMENTS
OCTOBER 31, 2015**

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	\$ 897,061.09	\$ 897,061.09	\$ 897,061.09	0.360%
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TOTAL INVESTED @ 10/31/15	\$ 897,061.09	\$ 897,061.09	\$ 897,061.09
BALANCE @ 06/30/15	\$ 862,257.70		
INCREASE OR (DECREASE)	\$ 34,803.39		

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

CHECK #	NAME	DESCRIPTION	AMOUNT
2403	DESERT WATER AGENCY OPERATING FUND	P/R & EXPENSE REIMURSEMENT FOR SEPTEMBER 2015	\$13,758.29
2405	COACHELLA VALLEY WATER DISTRICT	SEWER CAPACITY CHARGES	\$14,693.51
2406	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR SEPTEMBER 2015	\$51,907.01
** TOTAL			\$80,358.81

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

MONTH 15-16 OCTOBER	-----THIS MONTH-----			-----FISCAL YEAR TO DATE-----			/ ---VARIANCE---/	
	THIS YEAR	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	BUDGET	YTD	PCT
OPERATING REVENUES								
WATER SALES	1,828,175.90	2,252,927.34	1,642,175.00	8,371,139.75	10,166,622.49	7,645,875.00	725,264.75	9
RECLAMATION SALES	87,594.27	126,189.36	125,275.00	558,719.11	609,882.85	606,225.00	47,505.89	8-
POWER SALES	241.72	579.08	2,500.00	6,068.75	15,963.43	10,000.00	3,931.25	39-
OTHER OPER REVENUE	260,757.58	137,516.35	101,750.00	631,528.25	467,113.55	407,000.00	224,528.25	55
TOTAL OPER REVENUES	2,176,769.47	2,517,212.13	1,871,700.00	9,567,455.86	11,259,582.32	8,669,100.00	898,355.86	10
OPERATING EXPENSES								
SOURCE OF SUPPLY EXP	26,470.24	27,750.11	19,500.00	921,749.09	1,188,025.58	1,178,000.00	256,250.91	22-
PUMPING EXPENSE	284,046.92	279,646.31	256,825.00	1,285,528.01	1,484,580.18	1,400,075.00	114,546.99	8-
REGULATORY WATER TREAT	32,967.57	50,500.99	43,225.00	154,248.60	178,657.16	172,900.00	18,651.40	11-
TRANS & DIST EXPENSE	261,301.31	166,854.47	271,967.00	815,118.97	607,345.41	1,087,868.00	272,749.03	25-
CUSTOMER ACT EXPENSE	71,764.65	93,257.05	70,175.00	291,394.69	314,465.28	280,700.00	10,694.69	4
ADMIN & GEN EXPENSE	607,294.02	732,802.67	613,000.00	3,125,911.34	2,573,908.62	3,266,900.00	140,988.66	4-
REGULATORY EXPENSE	12,562.40	11,778.93	17,525.00	32,349.66	59,563.18	70,100.00	37,750.34	54-
SNOW CREEK HYDRO EXP	6,105.16	3,589.05	3,350.00	14,213.96	8,590.11	13,400.00	813.96	6
RECLAMATION PLNT EXP	62,595.68	59,392.17	72,708.00	252,722.96	235,609.26	290,832.00	38,109.04	13-
SUB-TOTAL	1,365,107.95	1,425,571.75	1,368,275.00	6,893,237.28	6,650,744.78	7,760,775.00	867,537.72	11-
OTHER OPER EXPENSES								
DEPRECIATION	449,462.58	449,229.14	473,000.00	1,798,160.78	1,798,583.63	1,892,000.00	93,839.22	5-
SERVICES RENDERED	20,038.84	16,747.08	11,500.00	69,906.91	60,762.67	46,000.00	23,906.91	52
DIR & INDIR CST FOR WO	152,735.92	167,402.60	71,900.00	669,695.90	618,317.62	287,600.00	382,095.90	133
TOTAL OPER EXPENSES	1,681,873.45	1,724,145.37	1,780,875.00	8,091,609.07	7,891,773.46	9,411,175.00	1,319,565.93	14-
NET INCOME FROM OPERATIONS	494,896.02	793,066.76	90,825.00	1,475,846.79	3,367,808.86	742,075.00	2,217,921.79	299-
NON-OPERATING INCOME (NET)								
RENTS	3,343.72	36,982.88	3,350.00	45,214.88	45,137.76	45,200.00	14.88	0
INTEREST REVENUES	6,120.05	7,523.93	7,125.00	28,868.22	27,474.33	28,500.00	368.22	1
OTHER REVENUES	480.00	227.50	.00	2,632.52	30,929.08	4,500.00	1,867.48	41-
GAINS ON RETIREMENT	.00	.00	.00	.00	.00	300.00	300.00	100-
DISCOUNTS	4.53	121.75	300.00	367.53	574.70	1,200.00	832.47	69-
PR. YEAR EXPENSES	.00	.00	.00	81.80	.00	.00	81.80	0
LOSS ON RETIREMENTS	7,689.24	3,255.54	1,375.00	12,817.51	3,255.54	5,500.00	7,317.51	133
TOTAL NON-OPER INCOME	2,259.06	41,600.52	9,400.00	64,183.84	100,860.33	74,200.00	10,016.16	13-
TOTAL NET INCOME	497,155.08	834,667.28	100,225.00	1,540,030.63	3,468,669.19	667,875.00	2,207,905.63	331-

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

NOVEMBER 17, 2015

RE: PUBLIC HEARING TO REQUEST ADOPTION OF RESOLUTION NO. 1123 REGARDING THE FORMATION OF A GROUNDWATER SUSTAINABILITY AGENCY FOR PORTIONS OF THE INDIO/WHITEWATER SUB-BASIN, THE SAN GORGONIO PASS SUB-BASIN AND THE MISSION CREEK SUB-BASIN

The purpose of this Board Action is to adopt Resolution No. 1123 thereby, authorizing the establishment of the Desert Water Agency (DWA) as a Groundwater Sustainability Agency (GSA) within the boundaries of Exhibit A therein. It also requests to enter agreements with other GSA's in the Indio, Mission Creek and San Gorgonio Pass Sub-Basins as needed to satisfy the Sustainable Groundwater Management Act (SGMA) requirements. DWA will file a CEQA Notice of Exemption for the formation of the GSA.

In 2014, Governor Edmond G. Brown Jr. implemented the Sustainable Groundwater Management Act (SGMA) consisting of three legislative bills, AB 1739, SB 1168 and SB 1319. Two amendments, SB 13 and AB 617 have since been authorized in 2015. DWA is the exclusive Groundwater Management Agency within its statutory boundaries with the authority to comply with SGMA.

A central feature of SGMA is the recognition that groundwater management in California is best accomplished locally. SGMA requires the implementation of one or more Groundwater Sustainability Plans (GSP) or "alternative" plans in high and medium priority groundwater basins. The Department of Water Resources (DWR) has designated the Indio, Mission Creek and San Gorgonio Pass Sub-Basins as medium priority sub-basins. DWA manages groundwater replenishment, imports State Water Project water, and implements water management within its boundaries overlying these sub-basins.

SGMA requires that each medium priority sub-basin not already identified as an adjudicated area be completely covered by one or more local groundwater management agencies. Although the Desert Water Agency is deemed the exclusive Local Agency within our boundaries because it was created by statute to manage groundwater, becoming a GSA would expand the Agency's groundwater management authority. It is proposed that DWA become a GSA within its boundaries including a three square mile area outside its boundaries but receiving benefit provided by the DWA Mission Creek and Whitewater River (Indio Sub-Basin) and Garnet Hill (Indio) groundwater replenishment and assessment program.

DWA's GSA obligations include:

- Developing and periodically evaluating and updating a GSP or "alternative plan",
- Considering all the beneficial uses of groundwater (interested parties), and
- Notifying interested parties of key activities such as plan preparation, meetings, and draft plan availability.

No new bylaws or ordinances are proposed as a result of this GSA formation. The process for becoming a GSA includes conducting a properly noticed public hearing, providing a Notice of Election to DWR for 90-day posting on DWR's SGMA website before June 30, 2017, and entering into any necessary cooperative agreements with other GSA's in each sub-basin.

Draft Resolution No. 1123 is attached for your review and approval for adoption. Also attached for your information are a proposed draft MOU for the GSA management of the Indio Sub-Basin between DWA, CVWD, IWA and CWA, a draft Notice of Election and Proof of Publishing.

Staff recommends that the Board open the public hearing to consider adopting Resolution No. 1123 Regarding the Formation of a Groundwater Sustainability Agency for Portions of the Indio/Whitewater Sub-basin and the Mission Creek Sub-basin. Following the public hearing, staff requests the Board adopt Resolution No. 1123.

The public hearing notice was published in The Public Record newspaper on October 27 and November 3, 2015. As of November 13, there has been one comment received (see attached).

RESOLUTION NO. 1123

A RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY ELECTING TO BECOME A GROUNDWATER
SUSTAINABILITY AGENCY FOR PORTIONS OF THE INDIO/WHITEWATER SUB-
BASIN, THE MISSION CREEK SUB-BASIN AND SAN GORGONIO PASS SUB-BASIN

WHEREAS, in September 2014 the Sustainable Groundwater Management Act (SGMA) was signed into law, with an effective date of January 1, 2015; and

WHEREAS, the legislative intent of SGMA is, among other goals, to provide for sustainable management of groundwater basins and sub-basins defined by the California Department of Water Resources (DWR), to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to provide specified local agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater; and

WHEREAS, Water Code Section 10723(a) authorizes a local agency with water supply, water management or local land use responsibilities overlying a groundwater basin to elect to become a Groundwater Sustainability Agency (GSA) under SGMA; and

WHEREAS, under Water Code Section 10723(c)(1)(C), DWA has been deemed the exclusive local agency with the power to implement SGMA within its statutory boundaries, unless it elects to opt out of being the exclusive groundwater management agency for such area; and

WHEREAS, groundwater management of high and medium priority basins as designated by DWR is now required; and

WHEREAS, DWA overlies portions of the Indio/Whitewater sub-basin (DWR Bulletin 118, Basin No. 7-21.01) (“Indio Sub-Basin”), the Mission Creek sub-basin (DWR Bulletin 118, Basin No. 7-21.02) (“Mission Creek Sub-Basin”) and the San Gorgonio Pass sub-basin (DWR Bulletin 118, Basin No. 7-21.04) (“San Gorgonio Pass Sub-Basin”) all of which are adjudicated and designated as medium priority sub-basins by DWR; and

WHEREAS, Water Code Section 10723(c)(3) provides that “A local agency listed in paragraph (1) may comply with this part by . . . electing to become a groundwater sustainability agency pursuant to this section”; and

WHEREAS, Water Code Section 10723(d) provides that a local agency “that elects to be a groundwater sustainability agency shall submit a notice of intent to the [D]epartment [of Water Resources]”; and

WHEREAS, California Water Code Section 10723.8 requires that a local agency electing to serve as a GSA notify DWR within 30 days of the local agency’s election to become a GSA authorized to undertake sustainable groundwater management within a basin; and

WHEREAS, California Water Code Section 10723.8 mandates that 90 days following the posting by DWR of the local agency's notice of election to become a GSA, that entity shall be presumed to be the exclusive GSA for the area within the basin the agency is managing as described in the notice, provided that no other GSA formation notice covering the same area has been submitted to DWR; and

WHEREAS, in accordance with Water Code Section 10723(b) and Government Code Section 6066, a notice of public hearing was published in a newspaper of general circulation regarding DWA's intent to consider becoming a GSA for the Indio Sub-Basin, Mission Creek Sub-Basin and San Gorgonio Pass Sub-Basin, as described above; and

WHEREAS, becoming a GSA supports DWA's ongoing efforts to conduct groundwater management in the region and to ensure water supply sustainability within the area served by DWA;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Desert Water Agency as follows:

1. DWA hereby elects to be the GSA for the geographical areas depicted on the map attached to this Resolution as Exhibit A, including all of those portions of the Indio Sub-Basin, the Mission Creek Sub-Basin and the San Gorgonio Pass Sub-Basin underlying (or within) the jurisdictional boundaries of DWA.

2. DWA staff is directed to submit to DWR, within thirty (30) days of the approval of this Resolution, the notice and supporting documentation required by Water Code sections 10723(d), 10723.8(a) and any other materials required by SGMA to support DWA's formation of a GSA.

3. The DWA General Manager is authorized to negotiate a memorandum of understanding, other necessary cooperative agreements or other forms of agreements with the Partners, or other agencies or entities utilizing groundwater in the Indio, Mission Creek and San Gorgonio Pass Sub-Basins, for the purpose of implementing a cooperative, coordinated governing structure for the management of the Indio, Mission Creek and San Gorgonio Pass Sub-Basins under SGMA.

4. The approval of this Resolution and the actions described herein are categorically exempt from the requirements of the California Environmental Quality Act (CEQA) since: (1) the Resolution results in the formation of an agency only and not the approval of any project or proposal containing enough "meaningful information for environmental assessment" (State CEQA Guidelines 15004); and (2) it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (State CEQA Guidelines 15061(b)(3).) Staff is directed to file and post within five (5) business days the attached Notice of Exemption with the Clerk of the Board of Supervisors of Riverside County.

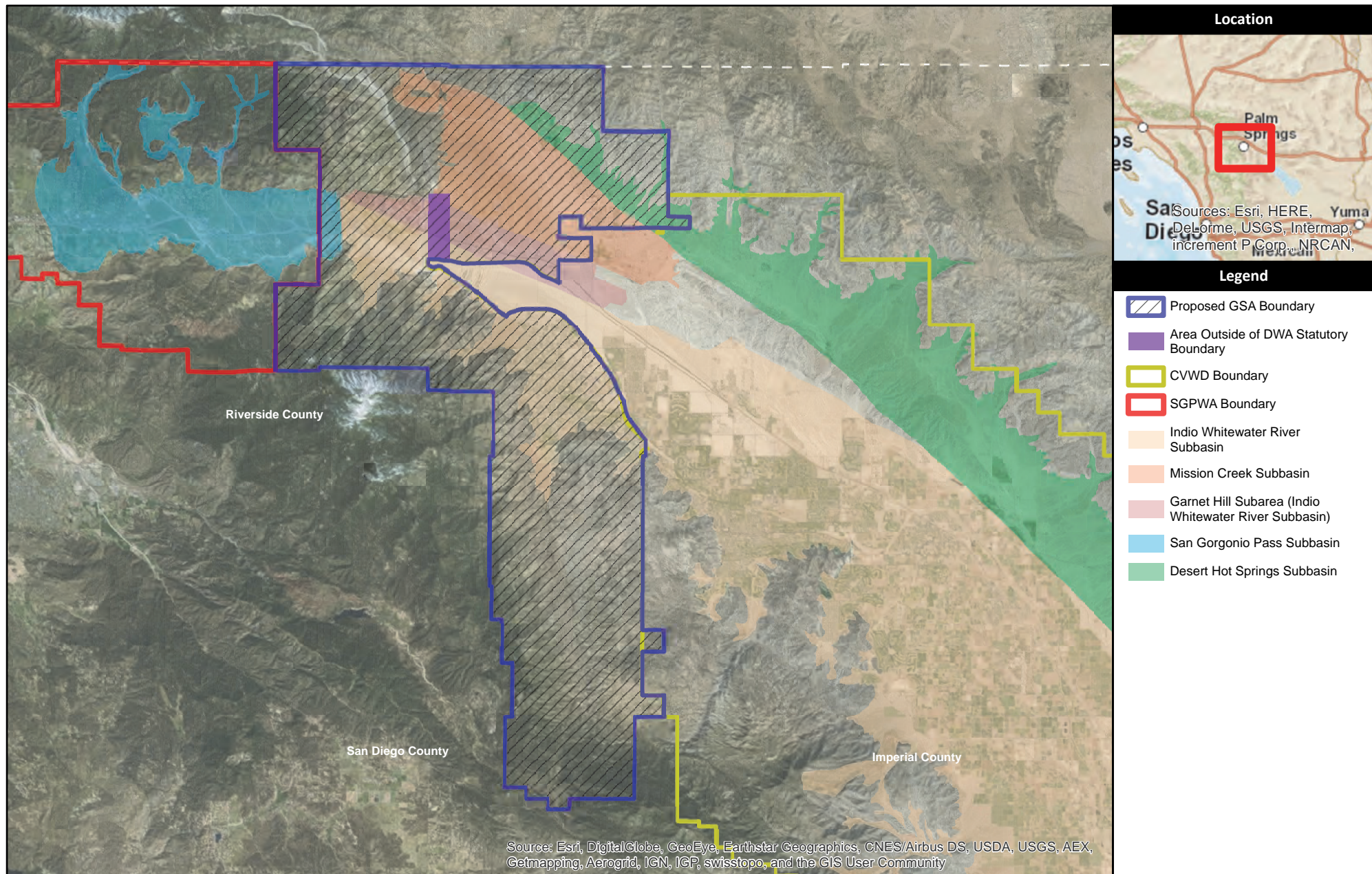
5. This resolution shall become effective immediately.

APPROVED AND ADOPTED this 17th day of November, 2015.

James Cioffi, Vice President
Board of Directors

ATTEST:

Joseph K. Stuart, Secretary-Treasurer
Board of Directors



Desert Water Agency

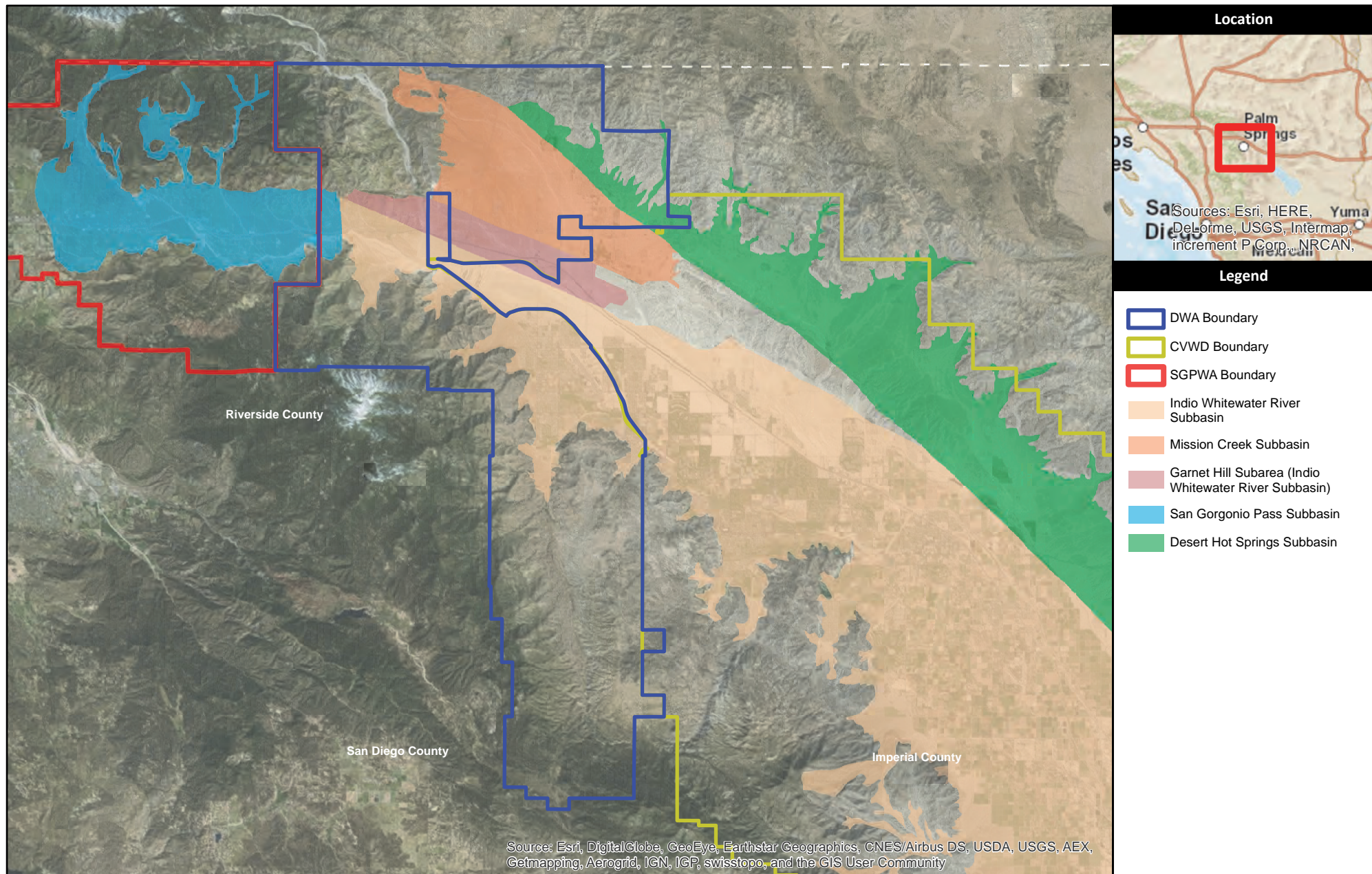
1200 Gene Autry Trail South
www.dwa.org
 Ph. (760) 323-4971
 Fx. (760) 325-6505



This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

Exhibit A Proposed GSA Boundary

File Name: Exhibit A GSA Boundary.mxd
 File Location: E:\SGMA\Presentation\11-3-2015 MSK DWA board presentation\GIS Maps\Letter Size\ Date Updated: Thursday, November 12, 2015 @ 12:30:18 PM
 Updated By: mayo
 Department: CVWD Engineering - GIS/CAD



Desert Water Agency

1200 Gene Autry Trail South
www.dwa.org
 Ph. (760) 323-4971
 Fx. (760) 325-6505



This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

Exhibit B DWA Statutory Boundary

File Name: Exhibit B DWA Statutory Boundary.mxd
 File Location: E:\SGMA\Ppresentations\11-3-2015 MSK DWA board presentation\GIS Maps\Letter Size\ Date Updated: Thursday, November 12, 2015 @ 10:09:46 AM
 Updated By: mayo
 Department: CVWD Engineering - GIS/CAD

November 17, 2015

Mark Nordberg, GSA Project Manager
Senior Engineering Geologist
California Department of Water Resources
901 P Street, Room 213A
P.O. Box 942836
Sacramento, CA 94236
Mark.Nordberg@water.ca.gov

Subject: Notice of Election to become a Groundwater Sustainability Agency

Dear Mr. Nordberg:

Pursuant to California Water Code sections 10723(c)(3) and 10723.8 of the Sustainable Groundwater Management Act (SGMA), The Desert Water Agency (DWA) provides this notice of its election to serve as a Groundwater Sustainability Agency (GSA), for the portions of the Indio Sub-Basin (DWR Sub-Basin No. 7-21.01), Mission Creek Sub-Basin (DWR Sub-Basin No. 7-21.02) and San Geronio Pass Sub-Basin (DWR Sub-Basin 7-21.04) shown on Exhibit A. The identified sub-basins are unadjudicated and designated as medium priority by DWR.

DWA is one of the statutorily named, exclusive local agencies given the power to comply with SGMA. (Water Code, section 10723(c)(1).) DWA is an independent special district created by a special act of the State Legislature as set forth in chapter 100 of the appendix of the California Water Code. In addition to providing retail water service in a portion of its service area, DWA also has groundwater management powers under its enabling legislation and other applicable law across a large portion of the northwestern Coachella Valley. To this end, DWA manages one replenishment assessment program in the Indio Sub-Basin and another replenishment assessment program in the Mission Creek Sub-Basin. DWA relies on the Indio and Mission Creek Sub-Basins to help meet the water related needs of its customers. Becoming a GSA supports DWA's ongoing efforts to ensure water supply sustainability for not just its own customers, but a large portion of the Coachella Valley.

DWA's Board of Directors has elected to become the GSA for the entire area shown on Exhibit A. This area includes the entirety of the three sub-basins described above situated within DWA's statutory boundaries (shown on Exhibit B). The area also includes an approximately 3-square mile area (Section 1, T.3S.,R.3E., SBM, Section 12, T.3S.,R.3E., SBM and Section 13, T.3S.,R.3E., SBM.) , as identified on Exhibit A, that is almost completely surrounded by DWA and which is located within the Indio and Mission Creek sub-basins. The lands within the 3-square miles are part of the area that receives the benefit of DWA's groundwater replenishment program, which supplies significant volumes of imported SWP water to this groundwater basin. Indeed, DWA operates a major groundwater recharge project only a few miles north (and upgradient) of these lands. In addition, DWA is the only agency in the region with statutory replenishment authority. DWA is thus the entity best suited to manage groundwater throughout the area described in Exhibit A. Any other GSA configuration would compromise DWA's ability to protect replenished water supplies and ensure sustainability of the named basins. The DWA has the "technical, managerial and financial capabilities to sustainably manage basin-wide groundwater resources[.]" (DWR notification, p. 2 of 6).

DWA has also been notified that the County of Riverside has no interest in becoming the GSA for the areas to be managed by DWA and in fact, the County supports DWA's management of the entire described GSA area.

In accordance with Section 10723(b) of the California Water Code and Section 6066 of the California Government Code, a notice of public hearing was published in a newspaper of general circulation in Riverside County regarding DWA's intent to consider becoming a GSA for the Indio Sub-Basin, Mission Creek Sub-Basin and San Gorgonio Pass Sub-Basin. The notices are enclosed as Exhibit C.

On November 17, the DWA Board of Directors held a public hearing to consider the decision to serve as a GSA for the Indio, Mission Creek Sub-Basins, and San Gorgonio Sub-Basins. One written comment was received prior to the public hearing. **No comments were received at the public hearing.**

Following the public hearing, DWA's Board of Directors adopted Resolution No. 1123 enclosed as Exhibit D, electing to become a GSA for all of those portions of the Indio Sub-Basin, the Mission Creek Sub-Basin, and the San Gorgonio Pass Sub-Basin shown on Exhibit A. DWA is not proposing any new bylaws, ordinances, or other new authorities associated with this GSA formation.

DWA is not electing to be the GSA for those portions of the Indio and Mission Creek sub-basins within the water service boundaries of Coachella Valley Water District (CVWD), Indio Water Authority (IWA), and Coachella Water Authority (CWA). DWA initiated periodic coordination meetings with these agencies and supports their efforts to become GSAs. We understand that CVWD has already filed its notice to become a GSA. It is anticipated that IWA and CWA will in short order file notices of election to become a GSA for the portions of Indio and Mission Creek Sub-basins underlying their respective service areas, thus covering the sub-basins and leaving no gaps. DWA has also initiated a coordination meeting with the San Gorgonio Pass Water Agency and has supported its intention to become a GSA. It is anticipated that other local agencies overlying the San Gorgonio Pass Sub-Basin outside of the area overlaid by DWA may elect to become GSA's within the boundaries of the San Gorgonio Pass Water Agency (SGPWA). The DWA will continue to coordinate with the SGPWA and any other local agency that elects to become a GSA within the San Gorgonio Pass Sub-Basin.

The DWA Board of Directors authorized the General Manager to negotiate an MOU, other necessary cooperative agreements, or other forms of agreement with CVWD, IWA, CWA and SGPWA or other agencies or entities utilizing groundwater in the Indio, Mission Creek and San Gorgonio Pass Sub-Basins, as necessary for the purpose of implementing a cooperative, coordinated governing structure for the management of the Indio Sub-Basin, Mission Creek Sub-Basin and San Gorgonio Pass Sub-Basin under SGMA.

An initial list of interested parties is included as Exhibit D, and will be used to ensure that DWA will consider the interests of all beneficial uses and users of groundwater, as well as those responsible for implementing Groundwater Sustainability Plans (GSPs), Pursuant to California Water Code section 10723.2.

If you have any questions, or require further information, please contact Mark Krause at (760) 323-4971 extension 110.

Sincerely,

David K. Luker
General Manager-Chief Engineer

Enc. 4

cc: James Barrett
General Manager
Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236

Brian Macy
General Manager
Indio Water Authority
83-101 Avenue 45
Indio, CA 92201

David Garcia
City Manager
City of Coachella
1515 6th Street
Coachella, CA 92236

Maritza Martinez
Public Works Director
City of Coachella
1515 6th Street
Coachella, CA 92236

Eric T. Gorman PG, CHG
Engineering Geologist
California Department of Water Resources
Southern Region – Groundwater Section
770 Fairmont Ave., Suite 102
Glendale, CA 91203-1035

Indio, Mission Creek, and San Gorgonio Pass Sub-Basins
Initial List of Beneficial Uses and Users of Groundwater for the
Desert Water Agency Groundwater Sustainability Agency (DWA-GSA)

As required by the Sustainable Groundwater Management Act (SGMA), DWA will consider all beneficial uses and users of groundwater, as well as those responsible for implementing Groundwater Sustainability Plans (GSPs). An initial list of interested parties is provided in accordance with California Water Code sections 10723.2 and 10723.8(a)(4). This list will continue to be updated during the implementation of DWA's GSPs for the Indio, Mission Creek, and San Gorgonio Pass Sub-Basins.

- (a) Holders of overlying groundwater rights: The Indio, Mission Creek and San Gorgonio Pass Sub-basins are unadjudicated and the majority of users exercising overlying groundwater rights within DWA's boundaries report their water use to DWA pursuant to Sections 15.3 and 15.4 of the Desert Water Agency Law (Chapter 100 of the California Water Code Appendix), which authorize DWA to levy and collect replenishment assessments for the purpose of replenishing groundwater supplies within DWA boundaries. These overlying users include the following:
- Domestic Users
 - Resort Industry Users such as Golf Courses and Homeowners Associations
 - Institutional Users
 - Public and Private Land Owners
- (b) Municipal well operators:
- Desert Water Agency (DWA) (exclusive GSA per Water Code section 10723.(c)(1))
 - Mission Springs Water District (MSWD) (within DWA Boundary)
 - Various State Small Water Systems regulated by the State Water Resources Control Board and Riverside County Department of Public Health
- (c) Public water systems: All public water systems within the portions of the sub-basins for which DWA will be the GSA rely on groundwater and are listed under (b) Municipal well operators.
- (d) Local land use planning agencies:
- County of Riverside
 - City of Desert Hot Springs (within DWA Boundary)
 - City of Palm Springs (within DWA Boundary)
 - City of Cathedral City
- (e) Surface water users: Sources and users of surface water include the following:
- State Water Project water exchanged for Colorado River water for recharge,
 - Local stream flow from several mostly ephemeral rivers and streams including the Whitewater River, Snow Creek, Falls Creek, Chino Creek, Andreas Creek, Tahquitz Creek and a number of smaller creeks and washes, all of which naturally recharge the groundwater basin.

- Desert Water Agency diverts a small amount of surface water from the Whitewater River, Snow Creek, Falls Creek, and Chino Creek for direct urban water uses.
- (f) The federal government: The DWA GSA will coordinate with federal agencies that hold or manage land overlying the groundwater basins including, but not limited to the following:
- U.S. Bureau of Land Management
 - U.S. Bureau of Reclamation
 - U.S. Fish and Wildlife Service
 - U.S. Department of Agriculture
 - Natural Resources Conservation Service
- (g) California Native American Tribes: The DWA GSA will coordinate with the federally recognized Native American tribe located within the DWA's GSA boundary.
- Agua Caliente Band of Cahuilla Indians
- (h) Disadvantaged Communities: Several Disadvantaged Communities exist within the DWA GSA boundary including portions of the Cities of Palm Springs, Cathedral City, Desert Hot Springs and unincorporated communities within Riverside County. DWA actively works with these communities via the Coachella Valley Integrated Regional Water Management Group and will coordinate with these and other Disadvantaged Communities within the DWA GSA boundary.
- (i) Entities listed in California Water Code Section 10927 that are monitoring and reporting groundwater elevations in all or part of a groundwater basin managed by the DWA GSA: Coachella Valley Water District, DWA, Indio Water Authority, Coachella Water Authority, and Mission Springs Water District participate in the California Statewide Groundwater Elevation Monitoring Program.

MEMORANDUM OF UNDERSTANDING
REGARDING GOVERNANCE OF THE INDIO SUB-BASIN
UNDER THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT

This memorandum of understanding (MOU) is entered into among the City of Coachella, a municipal corporation acting through, and on behalf of, the Coachella Water Authority (CWA), the Coachella Valley Water District (CVWD), the Desert Water Agency (DWA), and the City of Indio, a municipal corporation acting through, and on behalf of, the Indio Water Authority (IWA) for the purpose of developing a common understanding among the Partners regarding the governance structures applicable to implementation of the Sustainable Groundwater Management Act (Water Code, Part 2.74, Section 10720 et seq.) (SGMA) in the Indio Sub-Basin of the Coachella Valley Groundwater Basin. The Partners to this MOU shall be collectively referred to herein as “Partners” and individually as “Partner”.

WHEREAS, SGMA requires all groundwater basins designated as high or medium priority to be managed under a groundwater sustainability plan (GSP), under coordinated GSP’s, or under an approved “alternative” ;

WHEREAS, the California Department of Water Resources (DWR) has designated the Coachella Valley Groundwater Basin, Indio Sub-Basin (Bulletin 118, No. 7-21.01) (“Indio Sub-Basin” or the “Sub-Basin”) as a medium priority basin; and,

WHEREAS, the service area of each of the Partners overlies over a portion of the Indio-Sub-Basin;

WHEREAS, SGMA provides that “any local agency or combination of local agencies overlying a groundwater basin may elect to be a groundwater sustainability agency [GSA] for that basin” and that GSA’s are to be formed no later than June 30, 2017;

WHEREAS, under SGMA, DWA has been deemed the exclusive local agency with the power to implement SGMA within DWA’s statutory boundaries, unless DWA elects to “opt out of being the exclusive groundwater management agency within its statutory boundaries” (Water Code, § 10723(c)(2));

WHEREAS, each of the Partners has expressed interest in potentially becoming a separate GSA or groundwater management agency for portions of the Indio Sub-Basin: and

WHEREAS the Partners desire to reach a common understanding with respect to the future SGMA governance structure of the Indio Sub-Basin to maximize coordination and minimize potential areas of disagreement.

NOW, THEREFORE, it is mutually understood and agreed as follows:

SECTION 1:

AUTHORITY OF THE PARTNERS

- 1.1 Coachella Water Authority is a joint powers authority formed as a component of the City of Coachella and the Housing Authority of the City of Coachella and has statutory authority over water supply.
- 1.2 Coachella Valley Water District is a public agency of the State of California organized and operating under the County Water District Law, California Water Code section 30000, et seq, and the Coachella Valley Water District Merger Law, Water Code section 33100, et seq. Coachella Valley Water District has groundwater management powers under its enabling legislation and other applicable law.
- 1.3 Desert Water Agency is an independent special district created by a special act of the State Legislature contained in chapter 100 of the appendix of the California Water Code. Desert Water Agency is empowered to replenish local groundwater supplies and collect assessments necessary to support a groundwater replenishment program as provided for in the Desert Water Agency Law, and has statutory authority over water supply.
- 1.4 Indio Water Authority is a joint powers authority formed as a component of the City of Indio and Housing Authority of the City of Indio and has statutory authority over water supply.

SECTION 2:

PURPOSES AND GOALS OF THIS MOU

- 2.1 The purposes and goals of this MOU are as follows:
 - 2.1.1 This MOU is to memorialize the intent of the Partners to coordinate and cooperate regarding implementation of SGMA within their respective jurisdictions to ensure that the sustainability goals of SGMA are met within the Indio Sub-Basin. This MOU is intended to encourage cooperation and coordination regarding management of the Indio Sub-Basin, and to improve and maintain overall communication between the Partners involved. It is anticipated that coordination and information sharing among the Partners will assist in achieving their respective missions to the overall well-being of the Sub-Basin.
 - 2.1.2 Each Partner shall have the sole and exclusive right to determine whether, and if so when, it will elect to be a GSA or, in the case of DWA, the exclusive local agency with powers to implement SGMA for the portion of the Indio Sub-Basin underlying its statutory boundaries.
 - 2.1.3 Subject to SGMA and any other applicable laws, the Partners agree that if a Partner elects not to become a GSA for the portion of the Sub-Basin underlying its service area by June 30, 2017, the other Partners will not object should such Partner later seek to become a GSA on or after July 1, 2017.
 - 2.1.4 The Partners agree to coordinate to ensure, to the greatest extent feasible, that there are no overlapping boundaries among the recognized GSA's governing the Sub-Basin. The Partners further

agree to cooperate regarding any contemplated Sub-Basin boundary modification requests that may be pursued that affect their respective GSA boundaries or groundwater management service areas.

2.1.5 Should any Partner withdraw or cease being a GSA, the other Partners shall have the first opportunity to become the GSA for the abandoned area of the Sub-Basin before such area would potentially fall under the groundwater management jurisdiction of the County of Riverside, the State of California, or other entity pursuant to SGMA.

2.1.6 Nothing in this MOU is intended to affect the statutory powers granted under SGMA or any other law to any of the Partners, or to a GSA or local agency duly formed by any Partner. Nothing in this MOU shall affect any existing authorities or powers of the Partners existing under each Partner's enabling legislation or otherwise.

2.1.7 Each Partner shall be responsible for the adoption and enforcement of any ordinances, bylaws or other legally enforceable action taken by any GSA it forms or local agency with authority to implement SGMA.

2.1.8 The Partners acknowledge and agree that a pre-existing, approved water management plan or plans (WMP) has been prepared and adopted that covers the Indio Sub-Basin. The Partners acknowledge and agree that CVWD or other Partner has the right to submit the WMP(s) as a potential "alternative" to a GSP for the portion of the Sub-Basin within their respective GSA boundaries or local agency boundaries. (See Water Code, section 10733.6.) The Partners agree to support, and not object, to the submission of the currently approved WMP(s). Should modifications or amendments to the WMP(s) become necessary to meet the alternative compliance procedures outlined in SGMA or for other reasons, the Partners agree to coordinate and cooperate with one another to reach agreement on such modifications or amendments. The Partners agree to coordinate their implementation of SGMA in the Sub-Basin whether or not DWR approves the alternative, in whole or in part.

2.1.9. Unless otherwise agreed to by the Partners in the future, each Partner shall absorb its own costs related to implementation of this MOU.

2.1.10 By signing this MOU each of the Partners commits to providing the resources necessary to comply with SGMA in the Sub-Basin under the statutory, regulatory and other applicable timelines, including but not limited to attending scheduled meetings, providing comments and other deliverables on time, and otherwise fully participating in the process.

2.1.11 The Partners acknowledge that SGMA may require the Partners to enter into future agreements, including a coordination agreement, to fully implement SGMA in the Indio Sub-Basin.

SECTION 3:

JOINT PLANNING FOR SGMA IMPLEMENTATION

3.1 It is the intent of the Partners that they coordinate and collaborate to address the common issues identified in this MOU. The Partners may develop and implement governance objectives, projects and programs under SGMA individually or jointly, or enter into additional agreements in furthering those goals.

3.2. It is the intent of the Partners to meet on at least a quarterly basis in order to carry out the purposes and goals of this MOU. The frequency and location of meetings are subject to the discretion of the Partners and may be changed whenever appropriate.

SECTION 4:

GENERAL PROVISIONS GOVERNING MOU

4.1 Term: The term of this MOU shall be from the date the second Partner signs this MOU ("Effective Date") until [REDACTED]. This MOU shall be effective as to any Partners that execute it, whether or not all named Partners execute it.

4.2 Termination. Any Partner may terminate its participation in this MOU upon thirty (30) days prior written notice to the other Partners for any reason or no reason. Any Partner terminating or otherwise ceasing its participation in this MOU shall be responsible for its share of the costs, as set forth herein, which are incurred on or before the effective date of said termination.

4.3. Construction of Terms: This MOU is for the sole benefit of the Partners and shall not be construed as granting rights to any person other than the Partners or imposing obligations on a Partner to any person other than another Partner.

4.4 Good Faith: Each Partner shall use its best efforts and work wholeheartedly and in good faith for the expeditious completion of the objectives of this MOU and the satisfactory performance of its terms.

4.5 Rights of the Partners and Constituencies: This MOU does not contemplate the Partners taking any action that would:

4.5.1. Adversely affect the rights of any Partners; or

4.5.2 Adversely affect the customers or constituencies of any Partners.

4.6 Partner Discretion. Participation in this MOU shall not restrict any Partner's authority and discretion to continue its own planning and undertake its own efforts to secure SGMA, Proposition 1 or other funding from any other source.

4.7 Necessary Actions. Each Partner agrees to execute and deliver additional documents and instruments and to take any additional actions as may be required to carry out the purposes of this MOU.

4.8 Third Party Beneficiaries. This MOU shall not create any right or interest in any non-Partner or in any member of the public as a third-party beneficiary.

4.9 Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed to be an original

IN WITNESS WHEREOF, the Partners have executed this MOU as of the day and year indicated on the first page of this MOU.

Jim Barrett

Coachella Valley Water District

Kirk Cloyd

Coachella Water Authority

David K. Luker

Desert Water Agency

19782.00024\20126522.2

Brian Macy

Indio Water Authority

NOTICE OF EXEMPTION

TO: County Clerk County of Riverside <input checked="" type="checkbox"/> 2720 Gateway Drive Riverside, CA 92507	FROM: Desert Water Agency 1200 S. Gene Autry Trail Palm Springs, CA 92264 Phone: 760-323-4971 Attn: Mark Krause Assistant General Manager
--	--

1. Project Title:	Formation of Groundwater Sustainability Agency for the Indio, Mission Creek and San Gorgonio Pass Sub-basins
2. Project Applicant:	Desert Water Agency
3. Project Location –	The project location is constituted by the current statutory boundaries of Desert Water Agency plus a three square mile area outside of its current statutory boundaries (Section 1, T.3S.,R.3E., SBM, Section Section 12, T.3S.,R3E., SBM and Section 13, T.3S.,R3E., SBM.)
4. Description of nature, purpose, and beneficiaries of Project:	<p>In September 2014, the Sustainable Groundwater Management Act (SGMA) was signed into law and adopted into the California Water Code, commencing with Section 10720 and became effective on January 1, 2015. Water Code section 10723(a) authorizes local land use authorities overlying a groundwater basin to elect to become a Groundwater Sustainability Agency (GSA).</p> <p>The purpose of this project is for DWA to form a GSA in order to manage a portion of the Indio, Mission Creek and San Gorgonio Pass Sub-basins, all of which are unadjudicated and designated as medium-priority sub-basins.</p> <p>The beneficiaries of this project will be the public because it will serve to ensure groundwater in the Indio, Mission Creek and San Gorgonio Pass Sub-basins is managed sustainably and in accordance with SGMA.</p>
5. Name of Public Agency approving project:	Desert Water Agency
6. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Desert Water Agency
7. Exempt status: (check one)	
(a) <input type="checkbox"/> Ministerial project.	
(b) <input checked="" type="checkbox"/> Not a project.	CEQA Guidelines Section 15378(b)(5)
(c) <input type="checkbox"/> Emergency Project.	
(d) <input type="checkbox"/> Categorical Exemption. State type and section number:	
(e) <input type="checkbox"/> Declared Emergency.	
(f) <input type="checkbox"/> Statutory Exemption. State Code section number:	

(g) <input checked="" type="checkbox"/> Other. Explanation:	CEQA Guidelines Section 15061(b)(3) (it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment)
8. Reason why project was exempt:	<p>Each of the below exemptions applies to the improvements in full, and individually exempts the improvements from further CEQA review.</p> <p><u>CEQA Guidelines Section 15378(b)(5) (Not a Project)</u></p> <p>Section 15378(b)(5) states that the term "Project" does not include organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment. The formation of a groundwater sustainability agency by resolution simply establishes an agency only, and does not constitute the approval of any project or proposal containing enough "meaningful information for environmental assessment".</p> <p><u>CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption)</u></p> <p>CEQA Guidelines also provide for the "common sense" CEQA exemption. Under Section 15061(b)(3), a project is exempt from CEQA if it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.</p> <p>DWA is forming a GSA pursuant to its authority under SGMA. It can be seen with certainty that this action cannot have a significant effect on the environment because it does not constitute the approval of any project or proposal that would have a significant effect on the environment and the powers the GSA will exercise are exempt from CEQA review per Section 10728.6 of the SGMA.</p>
9. Lead Agency Contact Person:	Mark Krause, Assistant General Manager
Telephone:	(760) 323-4971
10. If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.	
11. Has a Notice of Exemption been filed by the public agency approving the project? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	
12. Was a public hearing held by the lead agency to consider the exemption? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, the date of the public hearing was: <u>November 17, 2015</u>	

Signature: _____ Date: _____ Title: _____

☐ ☐ Signed by Lead Agency ☐ ☐ Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21100, Public Resources Code.
 Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Proof of Publication
In Newspaper
STATE OF CALIFORNIA
County of Riverside

1. I am a citizen of the United States, a resident of the City of La Quinta, County of Riverside, State of California, and over the age of 18 years.

2. I am the Administrator of Production of The Public Record, a newspaper of general circulation printed and published in the City of Palm Springs, County of Riverside, State of California. Said The Public Record is a newspaper of general circulation as that term is defined in Government Code section 6000, its status as such having been established by judicial decree of the Superior Court of the State of California in and for the County of Riverside in Proceeding No. Indio 49271, dated March 31, 1987, entered in Judgment Book No. 129, page 355, on March 31, 1987.

3. The Public Record is a newspaper of general circulation ascertained and established in the City of Palm Springs in the County of Riverside, State of California, Case No. RIC 358286, Filed June 8, 2001.

4. The notice, of which the annexed is a true printed copy was published in the newspaper on the following publication dates to with:

October 27, 2015

November 3, 2015

I Certify under penalty of perjury that the above is true and correct.

Dated at La Quinta, California, this
3rd Day of November 2015.



The Public Record
Administration

Admin@desertpublicrecord.com

NOTICE OF PUBLIC HEARING Notice is hereby given that the Board of Directors of Desert Water Agency (DWA) will conduct a public hearing on November 17, 2015 at 8:00 a.m. at 1200 South Gene Autry Trail, Palm Springs, California, to hear comments from the public regarding DWA's proposed election to be the Groundwater Sustainability Agency (GSA) within portions of the Indio, Mission Creek and San Geronimo Pass sub-basins. Pursuant to Water Code Section 10723, DWA has been designated as the exclusive local agency that may do so within its service area and boundaries. After the public hearing, the Board may elect to submit a notice of intent for DWA to become a GSA to the California Department of Water Resources. The notice of intent shall be posted pursuant to Water Code Section 10733.3 and will include a description of the proposed boundaries of the portions of the sub-basins for which DWA will be the GSA. Said hearing will be conducted pursuant to Water Code Section 10723(b). Dated: October 23, 2015 Sylvia Baca Assistant Secretary to the Board TPR15-2099 October 27, November 3, 2015



66575 Second Street, Desert Hot Springs, CA 92240 • www.mswd.org • p 760.329.6448 • f 760.329.2482

November 13, 2015

Desert Water Agency
1200 S Gene Autry Trail
Palm Springs, CA 92264

Attn: Craig Ewing

RE: NOVEMBER 17, 2015 PUBLIC HEARING REGARDING SGMA

Dear President Ewing:

It is our understanding that Desert Water Agency ("DWA") intends to hold a public hearing on November 17, 2015 to initiate the process to designate DWA as the Groundwater Sustainability Agency ("GSA") for its service area along with parts of Mission Springs Water District's ("MSWD") service area. On behalf of MSWD, I am respectfully requesting that DWA delay taking action on this issue until representatives of our respective agencies have met and discussed the proposed action. The Sustainable Groundwater Management Act ("SGMA") is new to all of us and there are concerns that moving too quickly may create problems or indelible areas of conflict between our respective agencies that could otherwise be avoided through improved communications.

The SGMA presents an opportune time for our respective agencies to improve their working relationship and work cooperatively to address important groundwater issues for our respective customers. We want to do everything possible to work with you to manage our water supply. Accordingly, we are requesting that DWA postpone action on this issue until representatives from both agencies have met to discuss the SGMA, its implications to our customers and how it will be implemented going forward.

Respectfully,

MISSION SPRINGS WATER DISTRICT

Nancy Wright
President



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

NOVEMBER 17, 2015

**RE: REQUEST DESIGNATION OF DWA DELEGATE
TO ACWA GENERAL SESSION MEMBERSHIP MEETING**

Desert Water Agency recently received a letter from the Association of California Water Agencies (ACWA) regarding the Election of Officers at the General Session Membership Meeting at the ACWA 2015 Fall Conference.

The Membership Meeting will be held on December 2, 2015 in Indian Wells. Each member agency needs to designate a voting representative who will be required to register and sign as the proxy holder. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2016-2017 term.

Staff requests that the Board designate a Director who will cast Desert Water Agency's vote on the election of ACWA officers at the conference's General Session on Wednesday, December 2, 2015.



Association of California Water Agencies

Since 1910



MEMORANDUM

TO: ACWA Public Agency Members
General Managers and Board Presidents

CC: ACWA Board of Directors

FROM: John A. Coleman, ACWA President
Kathleen J. Tiegs, ACWA Vice President
Timothy Quinn, ACWA Executive Director

DATE: October 14, 2015

SUBJECT: General Session Membership Meeting at ACWA 2015 Fall Conference

There will be a General Session Membership Meeting of ACWA's membership at the 2015 Fall Conference in Indian Wells, California, on **Wednesday, December 2**. The meeting will be held in the Crystal Ballroom, Renaissance Indian Wells at 1:05 p.m. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2016-2017 term and to conduct a vote by the membership on proposed amendments to the Association's Bylaws as recommended by the Board of Directors at its meetings on July 31 and September 25, 2015.

ELECTION OF PRESIDENT/VICE PRESIDENT

The ACWA Nominating Committee has announced a 2016-2017 slate that recommends current Vice President Kathleen J. Tiegs for ACWA President and Region 2 Board Member Brent Hastey for ACWA Vice President. As provided by ACWA's Bylaws (Article 9), nominations from the floor will be accepted prior to the vote. Such nominations and seconds must be supported by a resolution of the governing body of the member making and seconding such nomination. (See attached for General Session/Election Procedures.)

PROPOSED AMENDMENTS TO ACWA'S BYLAWS

In response to the priority actions identified in the 2014-2015 Strategic and Business Plan, staff has been working to comprehensively review and update its governance documents (i.e., Board Policy Manual and the Association's Bylaws). The proposed bylaws amendments have been reviewed by a Legal Affairs Committee Workgroup and represent the Board's actions to address the following issues:

1. Consistency with updated Board Policy Manual
2. Consistency with California nonprofit corporation law requirements
3. Consistency with business practices post 2012 reorganization
4. Clarification of roles and responsibilities

5. Clarification of election procedures of ACWA's Board Officers
6. Other minor clean-up items

The Board of Directors recommends adoption of the proposed amendments to the Association's Bylaws through a vote of the membership. ACWA staff is available in advance of the membership meeting on December 2 to answer any questions you may have. A Legal Affairs Committee representative will also provide an overview of these changes during the General Session Membership Meeting before the item is called for a vote. (The proposed bylaws amendments are attached.)

MEMBERSHIP VOTING PROCESS

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency on the proxy designation form. The designated voting representative is required to register and sign as the proxy holder to receive the proxy card. Proxy cards will **only** be available for pick-up on **Wednesday, December 2**, between **9:00 a.m. and 12:30 p.m.** at the **ACWA General Session Desk** in the alcove area outside of the **Crystal Ballroom, Renaissance Indian Wells**, where the luncheon and General Session Membership Meeting will be held.

To expedite the sign-in process at the **ACWA General Session Desk**, please indicate your voting delegate on the enclosed proxy designation form and return it by email (**donnap@acwa.com**) or fax (**916-325-4857**) at your earliest convenience. If there is a last minute change of delegate, please let us know before the meeting date by contacting ACWA's Executive Assistant/Clerk of the Board, Donna Pangborn, at 916-441-4545 or **donnap@acwa.com**.

If you have any questions, do not hesitate to contact us by telephone or e-mail.

dgp

Enclosures:

1. General Session/Election Procedures
2. Proposed ACWA Bylaws Amendments – Redline Version
3. Proposed ACWA Bylaws Amendments – Clean Version
4. Proxy Form

GENERAL SESSION/ELECTION PROCEDURES FOR ACWA 2015 FALL CONFERENCE

The following information is provided to inform the ACWA member agency delegates attending the 2015 Fall Conference of the procedures to be used pertaining to the nomination and election of ACWA officers and the vote by the membership on proposed amendments to the bylaws during the General Session Membership Meeting.

PROXY CARDS – (REQUIRED FOR VOTING)

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency. In order to vote during the General Session Membership Meeting, the designated voting representative is required to register and sign as the proxy holder by 12:30 p.m. on Wednesday, December 2. Upon registration and sign-in, the voting delegate will receive the required proxy cards. Proxy cards will be available for pick-up on **Wednesday, December 2, between 9:00 a.m. and 12:30 p.m.** at the ACWA General Session Desk in the alcove area outside of the **Crystal Ballroom, Renaissance Indian Wells**, where the luncheon and General Session Membership Meeting will be held.

GENERAL SESSION MEMBERSHIP MEETING, WEDNESDAY, DEC. 2 (DOORS OPEN AT 12:50 P.M.)

1. The General Session Membership Meeting will be called to order at 1:05 p.m. and a quorum will be determined. The presence of 50 formally designated voting representatives is required to establish a quorum for transacting business.
2. A Legal Affairs Committee representative will provide an overview of the agenda and election procedures.
3. Nominating Committee Chair Paul Kelley will present the committee's report and announce the candidate for ACWA President.
4. President John Coleman will call for floor nominations for ACWA President.
5. If there are no floor nominations for President, the election will proceed. President Coleman will close the nominations and delegates will vote by holding up their "Yes" or "No" proxy voting cards.
6. If there are floor nominations for President, the nomination will follow the procedures established by Article 9 of ACWA's Bylaws, stating floor nominations and seconds must be supported by a resolution of the governing body of the member making and seconding such nomination. **Note: If there are floor nominations, the election of officers will proceed during Wednesday's General Session as outlined below and the proposed bylaws amendments will move to Thursday as outlined in item 12 below.**
 - a. Ballots will be distributed to the voting delegates.
 - b. Delegates will complete their ballots and place them in the ballot box, which will be centrally located in the Crystal Ballroom meeting room.
 - c. Tellers' Committee will count the ballots. President Coleman has appointed the following staff members to serve as the Teller's Committee: Clerk of the Board Donna Pangborn, Director of Member Services Paula Currie, and Regional Affairs Representative Katie Dahl.
 - d. A Legal Affairs Committee representative will serve as the proctor to oversee the ballot counting process.
 - e. Candidates are welcome to designate an observer to be present during the ballot counting process.
 - f. Results of the ballot count will be announced. Election of ACWA's officers will be determined by a majority of the members present and voting. If any one candidate does not receive a majority of the vote, successive ballot counts will be conducted until a candidate is elected, consistent with Robert's Rules of Order.

7. Nominating Committee Chair Paul Kelley will announce the candidate for ACWA Vice President.
8. President John Coleman will call for floor nominations for ACWA Vice President.
9. If there are no floor nominations for Vice President, the election will proceed. President Coleman will close the nominations and delegates will vote by holding up their "Yes" or "No" proxy voting cards.
10. If there are floor nominations for Vice President, the nominations will follow the procedures described in item 6 above, and the election will proceed according to the steps outlined in 6.a. through 6.f.

IF THERE ARE NO FLOOR NOMINATIONS FOR THE ELECTION OF OFFICERS, THE WEDNESDAY GENERAL SESSION MEMBERSHIP MEETING WILL PROCEED WITH A VOTE ON THE PROPOSED BYLAWS AMENDMENTS.

11. A Legal Affairs Committee representative will provide an overview of the proposed bylaws amendments.
 - a. Consideration of bylaws amendments.
 - b. Request for motion / second from the floor to approve the proposed bylaws amendments.
 - c. Discussion of proposed amendments.
 - d. Opportunity for members to offer changes to proposed bylaws amendments (should there be any proposed changes to the proposed bylaws amendments, a majority vote of the voting members present is required for the changes to be added to the bylaws amendment for consideration of adoption of complete package.)
 - e. Call for the question. A two-thirds vote of the members present and voting is required to amend the ACWA Bylaws.

IF THERE ARE FLOOR NOMINATIONS FOR THE ELECTION OF OFFICERS, THE PRESENTATION AND VOTE ON THE PROPOSED BYLAWS AMENDMENTS WILL BE HANDLED IN THE FOLLOWING MANNER.

12. There will be a **Q&A Session** for the proposed bylaws amendments on Thursday, December 3, at the Hyatt Regency, Indian Wells Ballroom I-M, at 8:00 a.m. Replacement proxy cards will be available at the end of the Q&A Session, if needed.
13. The vote by the membership on the proposed bylaws amendments will occur at the Thursday, General Session Membership Meeting, at the Hyatt Regency, Indian Wells Ballroom I-M, at 1:20 p.m.
 - a. The General Session Membership Meeting will be called to order at 1:20 p.m. and a quorum will be determined. The presence of 50 formally designated voting representatives is required to establish a quorum for transacting business.
 - b. Request for motion / second from the floor to approve the proposed bylaws amendments.
 - c. Opportunity for members to offer changes to proposed bylaws amendments (should there be any proposed changes to the proposed bylaws amendments, a majority vote of the voting members present is required for the changes to be added to the bylaws amendment for consideration of adoption of complete package.)
 - d. Call for the question. A two-thirds vote of the members present and voting is required to amend the ACWA Bylaws.



PROXY DESIGNATION FORM

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
GENERAL SESSION MEMBERSHIP MEETING(S)**

WEDNESDAY, DECEMBER 2, 2015 AT 1:05

THURSDAY, DECEMBER 3, 2015 AT 1:20 (IF NEEDED)

TO: Donna Pangborn, Executive Assistant/Clerk of the Board

EMAIL: donnap@acwa.com

FAX: 916-325-4857

The person designated below will be attending the ACWA General Session Membership Meeting(s) on **Wednesday, December 2, 2015, (and December 3 if necessary)** as our voting delegate.

<hr/>	
<i>MEMBER AGENCY'S NAME</i>	<i>AGENCY'S TELEPHONE No.</i>
<hr/>	
<i>MEMBER AGENCY'S AUTHORIZING REPRESENTATIVE</i>	<i>SIGNATURE</i>
<hr/>	
<i>DELEGATE'S NAME</i>	<i>SIGNATURE</i>
<hr/>	
<i>DELEGATE'S EMAIL</i>	<i>DELEGATE'S TELEPHONE No.</i>
<hr/>	
<i>DELEGATE'S AFFILIATION (if different from assigning agency)¹</i>	<i>DATE</i>
<hr/>	

¹ If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above. Note: Delegates need to sign the proxy form indicating they have accepted the responsibility of carrying the proxy.

REMINDER: Proxy cards will be available for pick up on **Wednesday, December 2, 2015**, between **9:00 a.m.** and **12:30 p.m.** at the **ACWA General Session Desk** in the **alcove** area outside of the **Crystal Ballroom, Renaissance Indian Wells**, where the luncheon and General Session Membership Meeting will be held.

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

NOVEMBER 17, 2015

**RE: REQUEST ACCEPTANCE OF DESERT PALISADES 16”
TRANSMISSION MAIN PROJECT**

The contract work for the above project has been completed by Jones Bros. Construction Company. The adjusted contract amount is summarized as follows:

Engineer's Estimate	\$805,000.00
Original Contract	\$514,000.00
Change Order #1	\$3,452.63
Change Order #2	\$2,610.90
Change Order #3	(\$2,531.00)
Change Order #4	(\$8,500.00)
 Final Contract Amount	 \$509,032.53

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

- Due to delays in the project start date on the part of the project developer, the Contractor claimed extra work for site visits on various dates, meet and mark for construction staking, and mobilization of equipment on and off the project site in preparation for the intended start of construction.

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

- Due to additional delays in the project start date on the part of the project developer, two days of extra work was claimed by the Contractor for transporting, loading and unloading the water tower to the project site on consecutive days. The contractor was unable to set up the water tower on site due to work being performed by the grading contractor.

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

- Deletion of service due to required redesign of project entrance by the Developer. Said service will be installed by Agency forces at a later date at the Developer's cost.
- Deletion of service to future reservoir site due to current condition of the project site. Said service will be installed by Agency forces at a later date.
- Deletion of approximately 25 linear feet of 8" main on Sanborn Way to better accommodate flushing within the project site.

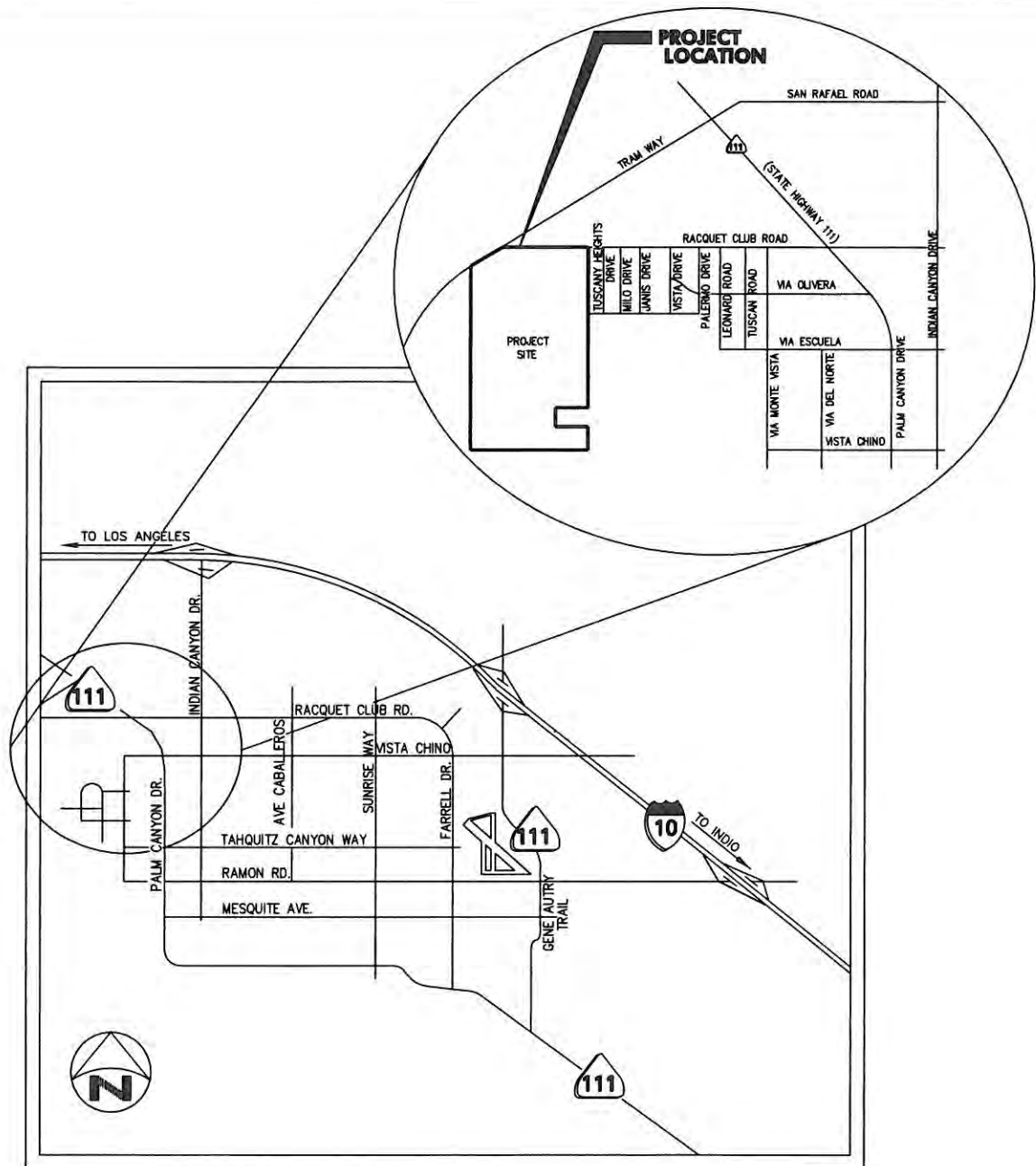
Contract Change Order No. 4 yielded a net decrease in the contract amount as a result of the following item(s):

- Deletion of bid items relating to the potholing of water facilities crossing the proposed 16" transmission main. Said facilities had not yet been installed at the time of construction and, therefore, no potholing was necessary.
- Removal of a portion of bid items relating to the installation of concrete fire hydrant pads, air release valve pads, and valve collars. Said work was not performed due to the current condition of the project site. Fire hydrant pads will be installed at a later date at the Developer's cost. Air release valve pads and valve collars will be installed at a later date at the Agency's cost.

The 2005/2006 Capital Improvement Budget included Work Order 05-570 for the installation of the Desert Palisades 16" transmission main in the amount of \$1,030,400.00 (including project engineering, overheads, construction and inspection). To date, \$602,354.87 has been spent for said project. There is a final pay request due to the contractor in the amount of \$41,320.79 and the 5% retention to be paid to the contractor 60 days after acceptance of the project will be \$25,451.63. Additional inspection fees and soils compaction testing have yet to be billed to the Agency as well. Said billing is estimated at \$20,000.00 and \$1,200.00, respectively. A portion of the contract costs for valve collar and air release valve pad installation were removed via Change Order #4 due to the current state of the project site. Estimated costs for future valve collar and air release valve pad installation will be \$6,925.00. Thus, the total amount estimated to be billed to Work Order 05-570 for the Desert Palisades 16" Transmission Main project will be \$697,252.29.

To date, no stop notices have been filed with the Agency.

Staff recommends the Agency accept said work in the amount of \$509,032.53. Subsequent to Board acceptance, a Notice of Completion will be filed and the Agency will make final payment to Jones Bros. Construction Company. Thereafter, following the lien period, the Agency will release retained funds to Jones Bros. Construction Company.



LOCATION MAP

NOT TO SCALE

DESERT PALISADES 16" TRANSMISSION MAIN DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	DWG. BY SER	DATE 1/15	SCALE N.T.S.	W.O.NO. 05-570
	APP'D BY DKL	REVISED	PERMIT	FILE NO.
	CHK'D BY SLJ			SHEET 1 OF 1



DETAIL MAP

NOT TO SCALE

DESERT PALISADES 16" TRANSMISSION MAIN	DWG. BY SER	DATE 1/15	SCALE N.T.S.	W.O.NO. 05-570
	APP'D BY DKL	REVISED	PERMIT	FILE NO.
DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	CHK'D BY SLJ			SHEET 1 OF 1

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

NOVEMBER 17, 2015

**RE: REQUEST APPROVAL TO GRANT THE GENERAL MANAGER
RETIREE DENTAL AND VISION BENEFITS**

Only current DWA Employees hired before May 1, 2007 are eligible for retiree medical health benefits when they retire from the Agency with 12 years of service. They are also eligible for Retiree Dental and Vision benefits if they retire with 25 years of service.

General Manager Luker has an Employment Contract, which provides for retiree health benefits similar to regular employees. General Manager Luker has submitted a letter advising of his intent to retire on January 30, 2016. He will have served the Agency for a total of 22 years and 7 months (6/10/93 hire date) and eligible for retiree medical benefits.

Mr. Luker worked 3 years for Rancho California Water District earlier in his career. He will have served more than 25 years as a public servant upon his retirement.

Mr. Luker will not have achieved 25 years with DWA to be eligible for dental and vision retiree benefits. The Board of Directors could grant retiree dental and vision benefits to the General Manager at their discretion.

Mr. Luker offered to pay for the dental and vision premiums, but ACWA/JPIA prohibits the Agency from allowing Mr. Luker to pay these premiums.

Staff also looked at various options to purchase individual dental and vision plans through our insurance broker and was told that there are 1-1/2 year restrictions/limitations for pre-existing conditions and he would only be able to purchase an HMO Dental Plan (DWA has a Preferred Provider plan).

Staff is requesting approval and authorization to waive the 25-year minimum for the General Manager to be awarded retiree dental and vision benefits in appreciation for his 22+ years of service to the Desert Water Agency.

MEMORANDUM

November 10, 2015

TO: David K. Luker, General Manager/Chief Engineer
Desert Water Agency

FROM: Bob Reeb and Raquel Ayala
Reeb Government Relations, LLC

SUBJECT: 2015 Annual Report

This is the eleventh year that Reeb Government Relations has had the honor and privilege to work with Desert Water Agency (DWA or Agency) to advance the interests of the Agency, its taxpayers, and customers in the State Capitol. Together, the DWA Board of Directors, Agency management and staff, and Reeb Government Relations continue to be an effective voice in support of common sense legislation and regulations that enable rather than detract from pursuit of the Agency's mission.

State Budget Appropriates GO Bond Funds; Trailer Bills Present a Challenge

On June 24, 2015, a week before the July 1 start of the next fiscal year, Governor Jerry Brown signed a new \$167.6 billion budget. The new spending plan, which includes a \$115.4 billion general fund, is a compromise between Brown and Democratic lawmakers. The latter were able to secure increased funds for some government services, though not as much as they sought for multiple health and human services programs, among others.

The 2015 Budget Act pays down debt and saves for a rainy day as it implements the first year of Proposition 2, which was designed to help the state save when state revenues exceed expectations. Higher revenues from capital gains taxes will both be saved and used to pay down about \$1.9 billion in debt. By the end of the year, the state's Rainy Day Fund is projected to have a total balance of \$3.5 billion.

The state will also:

- Repay the remaining \$1 billion in deferrals to schools and community colleges (which once peaked at \$10 billion).
- Make the last payment on the \$15 billion in Economic Recovery Bonds that were used to cover budget deficits from as far back as 2002.

- Repay local governments the final mandate reimbursements for activities completed in 2004 or earlier (totaling \$765 million) and reduce outstanding mandate liabilities owed to schools and community colleges by \$3.8 billion.

The elimination of these budgetary debts and a healthier Rainy Day Fund balance will give the state much greater fiscal capacity when another recession reduces overall state revenues.

Despite stronger revenues compared to a year ago, the budget remains precariously balanced, according to Governor Brown. The state also continues to have hundreds of billions of dollars in liabilities for deferred maintenance on its aging infrastructure and for retiree health care benefits for state employees and various pension benefits. In response, the Budget includes \$125 million to address the most critical deferred maintenance and establishes a trust fund for the prefunding of retiree health benefits.

Proposition 1 and Drought Assistance

The State of California has experienced four consecutive years of below- average rain and snow and is currently facing severe drought conditions in all 58 counties. Since the Governor first declared a state of emergency in January 2014, the Administration has worked to assist drought- impacted communities and fund critical water infrastructure projects that will make the state more resilient if the drought continues. The 2015 Budget includes an additional \$1.8 billion in one-time resources to continue the state's response to the drought impacts. The funds will protect and expand local water supplies, conserve water and respond to emergency conditions.

In an effort to accelerate the implementation of local water infrastructure projects statewide, the State Budget includes \$1.5 billion in Proposition 1 funds for the following programs:

- \$1.4 billion, available over the next three years, for the following State Water Resources Control Board (Water Board) programs:
 - Groundwater Contamination — \$783.4 million for projects that prevent or clean up the contamination of groundwater that serves as a source of drinking water.
 - Water Recycling — \$210.7 million for water recycling, desalination, and advanced treatment projects to enhance local water supply resiliency.
 - Safe Drinking Water — \$175.3 million for projects, with priority given to small systems in disadvantaged communities, which help provide clean, safe, and reliable drinking water.
 - Wastewater Treatment Projects — \$158.4 million for small communities to build or upgrade their wastewater systems to meet current standards.
 - Stormwater Management — \$101 million for multi-benefit stormwater management projects that also contribute to local water supplies.

- \$110 million for the following Department of Water Resources (DWR) programs:
 - Groundwater Sustainability — \$60 million to support local groundwater planning efforts. Of this amount, \$50 million is available over the next three years for technical and direct assistance and grants to local agencies for groundwater sustainability governance and planning. An additional \$10 million in immediate funding will be dedicated to counties with stressed groundwater basins to update or develop local ordinances and plans that protect basins and their beneficial users and help facilitate basin-wide sustainable groundwater management under the Sustainable Groundwater Management Act, in coordination with other local water managers.
 - Desalination Projects — \$50 million, available over the next two years, to help local agencies develop new local water supplies through the construction of brackish water and ocean water desalination projects.

Proposition 1 and Water Conservation

The State Budget includes \$117 million to fund programs and projects that save water, including:

- \$54 million for the following urban water conservation programs:
 - \$13 million Proposition 1 funds for the DWR to implement consumer rebate programs for the replacement of inefficient water consuming appliances, such as toilets, consistent with the Governor's April 1, 2015 Executive Order that identifies actions to save water.
 - \$27 million Proposition 1 funds to replace lawns, with priority for underserved communities, throughout the state with water efficient landscaping, consistent with the April 1 Executive Order.
 - \$10 million Proposition 1 funds to implement the CalConserve program, which will enable homeowners and businesses to finance water-efficiency upgrades through a revolving-loan program.
 - \$4 million General Fund to continue Save Our Water, the statewide public education campaign focused on helping all Californians reduce their water use.
- \$35 million Proposition 1 funds for the DWR agricultural water efficiency programs. These additional resources will enable the DWR to provide incentives to agricultural operations to invest in water irrigation technologies that reduce water use.
- \$13 million Proposition 1 funds for the DWR to provide technical assistance, data collection, and applied research that supports long-term water use efficiency in urban and agricultural sectors that will integrate water conservation into residents' lifestyles, consistent with the Water Action Plan.

- \$15.4 million, including \$10 million General Fund, to the Department of General Services for water conservation projects at state facilities. As urban and agricultural water users across the state are reducing their water use, it is critical that state facilities also continue to reduce water use. This proposal will provide additional funds to implement indoor and outdoor water conservation measures at state facilities.

General Fund and Emergency Response

The Budget includes \$114.9 million (\$107.5 million General Fund) to assist drought-impacted communities and prevent catastrophic wildfires, including:

- \$66.8 million (\$59.4 million General Fund) for the Department of Forestry and Fire Protection (CALFIRE) to continue firefighter surge capacity, retain seasonal firefighters beyond the budgeted fire season, provide additional defensible space inspectors, provide grants for fire prevention, and enhance air attack capabilities to suppress wildfires during the 2015 fire season.
- \$22.2 million General Fund for the Office of Emergency Services to support local jurisdictions using the California Disaster Assistance Act program for approved drought-related projects, including emergency protective measures such as delivering water to individuals without drinking water.
- \$11 million General Fund toward the removal of emergency salinity barriers in the Delta to prevent harm to migratory fish.
- \$7.5 million General Fund for the Department of Community Services Development to provide emergency assistance to unemployed farmworkers, including job training and assistance.
- \$6 million General Fund for the Department of Housing and Community Development to assist or relocate households without potable water sources due to drought.
- \$1.4 million General Fund for the Water Board to increase enforcement of water use restrictions and conduct additional inspections of diversion facilities to verify compliance with water rights laws.

State Budget Trailer Bills Bypass Policy Committee Review

The Governor's Department of Finance released over 10 budget trailer bills on its web site in the weeks following the May Revise. The number and breadth of subject matter coverage included in the package were unprecedented and were proposed collectively under the color of the state's drought emergency response. Reeb Government Relations, on behalf of the Agency, analyzed the proposals, recommended positions to the General Manager, and advocated on behalf of the Agency alongside other retail water suppliers and the Association of California Water Agencies.

The budget trailer bills of greatest importance to the Agency included:

- **Additional Local Enforcement Authority** — Provides a minimum set of enforcement tools to all local water agencies, including wholesalers, retailers, and non-urban water agencies. The tools would allow local water agencies to enforce their own water conservation ordinances, as well as emergency conservation regulations adopted by the State Water Board.
- **Monitoring and Reporting** — Provides a baseline of annual diversion reporting to the State Water Board for all classes of water rights and specifies minimum measuring accuracy for diversions in excess of 10 acre feet per year. Most surface water diversions in California are required to be reported to the board on either an annual or three-year cycle, depending on the type of water right. Currently, there are no uniform standards for measuring the diversions, and the lack of timely and accurate water diversion data has frustrated the state's ability to respond to the drought and enforce the water rights seniority system.
- **Water System Consolidation (Senate Bill No. 88)** — Authorizes the State Water Board to require consolidation of local water systems in disadvantaged communities when a system consistently fails to provide an adequate supply of safe drinking water to its customers. Currently, some water systems lack capacity to adequately serve their customers and others have run out of water completely. This legislation will authorize the Water Board to order adjacent water systems to consolidate with failing systems, only when technically and economically feasible.

Desert Water Agency opposed the provision of SB 88 that would grant sweeping new authority to the board to force the consolidation of public water systems. The Agency argued that this is not the appropriate subject matter for a budget trailer bill even under the color of drought emergency. The Governor has sought and the Legislature has appropriated funding to assist areas of the state that have been deprived of safe and adequate drinking water; this includes funding for permanent solutions and drought emergency water supplies. The provisions of SB 88 are in direct conflict with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, which provide procedural protections and criteria to inform decisions regarding consolidation. Most importantly, the decisions regarding consolidation are left to local elected officials who know far better than benefits and the consequences for requiring the consolidation of local agencies. As is typical with attempts to address complex public policy issues in a budget trailer bill, the provisions of SB 88 raises more questions than they purport to answer.

Despite the Agency's voiced concerns, the trailer bill language was enacted on June 24 (Chapter 27, Statutes of 2015) Senator Jeff Stone and Assemblyman Chad Mayes voted no on the proposal, while Assemblyman Eduardo Garcia voted in favor of SB 88.

- **Streamlining Water Recycling Projects** — Provides a California Environmental Quality Act (CEQA) exemption for certain types of water recycling pipeline projects

under a declared drought, up to 18 months, and for the next update of the Building Standards Commission's building codes related to water recycling requirements.

As part of the agreement on the State Budget, Governor Brown also called two special sessions directing legislators to continue work on two key fiscal issues— how to fund (1) maintenance of roads, highways and other infrastructure, and (2) the state's share of costs for the indigent health care delivery system. In addition, the Governor and Legislature failed to reach agreement on an expenditure plan for Cap and Trade revenues raised through auction proceeds from producers of greenhouse gas emissions that contribute to climate change.

Agency Remains Active on the Legislative Front

The Agency actively monitored or engaged in direct advocacy on over 35 bills this year. Below, we highlight a handful of bills on which the Agency was active.

Public Works: concrete delivery

Current law requires the prevailing wage rate to be paid to all workers on "public works" projects over \$1,000 and defines "public work" to include, among other things, construction, alteration, demolition, installation or repair work done under contract and paid for in whole or in part out of public funds. Current law defines "public works" to include the hauling of refuse from a public works site to an outside disposal location, with respect to contracts involving any state agency or political subdivision of the state. Existing law makes a willful violation of law relating to payment of prevailing wages on public works a misdemeanor.

Assembly Bill 219, by Assemblyman Tom Daly (D-Anaheim), would expand the definition of "public works" to include the hauling and delivery of ready-mixed concrete to carry out a public works contract. The bill, among other provisions, would require the applicable prevailing rate to be the rate for the geographic area in which the concrete factory or batching plant is located.

Desert Water Agency took an "oppose" position on the bill, arguing that the bill contravenes longstanding and well-established precedent that material suppliers are not subject to prevailing wage law. The enactment of AB 219 would result in significant cost increases on urban retail water suppliers that will be passed on to water consumers. In its letter to the Governor requesting his veto, the Agency reminded the governor that both his administration and the legislature have expressed concern regarding the affordability of drinking water in California (Human Right to Water Law), and yet the Agency is required every year to implement or otherwise respond to new laws that increase the cost of providing water.

Moreover, the Agency pointed out that the California Department of Transportation (CalTrans) estimates the bill to result in increase costs of \$21 million to \$42 million which include material costs, compliance and administration. While the bill would impact

CalTrans disproportionately at the state level, it could also potentially result in increased costs to other departments that use ready-mix concrete, including the Department of Water Resources.

The bill passed the Senate on a 24-13 vote, with Senator Jeff Stone voting no on the bill, and the Assembly on a 51-27 vote, with Assemblyman Chad Mayes voting no on the bill, and Assemblyman Eduardo Garcia supporting the measure. Governor Brown signed AB 219 into law on October 10. (Chapter 739, Statutes of 2015)

Integrated Regional Water Management Planning Act: projects

The Integrated Regional Water Management Planning Act (Act) authorizes a regional water management group to prepare and adopt an integrated regional water management plan (IRWMP) with specified components relating to water supply and water quality. Current law authorizes the Department of Water Resources (Department) to award grants to eligible projects consistent with an adopted IRWMP.

Assembly Bill 935, by Assembly Member Rudy Salas (D-), would authorize the department to provide grants and expenditures, consistent with an IRWMP, for the planning, design, and construction of local and regional conveyance projects that support regional and interregional connectivity and water management and provide certain benefits. The bill would have required a regional management group that is awarded a grant pursuant to these provisions to provide a cost share of not less than 50 percent of the total project cost from nonstate resources and would have authorize the department to waive or reduce this requirement for projects that directly benefit a disadvantaged community or an economically distressed area. The bill would have authorized the department to adopt regulations to implement these provisions.

The Act currently specifies that regional projects and programs include projects that improve the operational efficiency and water supply reliability, including conveyance facilities. AB 935 would have specified that the department may provide grants and expenditures for the planning, design, and construction of local and regional conveyance projects that do both of the following: (1) Support regional and interregional connectivity and water management; and (2) Provide one or more of the following benefits: (A) Improved regional or interregional water supply and water supply reliability, (B) Mitigation of conditions of groundwater overdraft, saline water intrusion, water quality degradation, or subsidence, (C) Adaptation of the impacts of hydrologic changes, (D) Improved water security from drought, natural disasters, or other events that could interrupt imported water supplies, and (E) Provision of safe drinking water for disadvantaged communities and economically distressed areas.

Desert Water Agency took a “support” position on AB 935. The bill, if enacted, could have benefitted the Agency in terms of the study, planning, design and construction of a physical connection to the State Water Project. State General Obligation Bonds funds allocated to IRWMP projects are not significant given the potential costs involved in

constructing a conveyance project, but other project-related phases may have benefited from the enactment of this legislation.

The bill was gutted and amended on July 16 to instead require the department to fund two projects: (1) the Reverse Flow Pump-back Facilities on the Friant-Kern Canal Restoration Project and (2) the San Joaquin River Recapture at Patterson Irrigation District. Senate Floor Amendments of September 4 added additional conditions for state funding of the two projects authorized by this bill.

According to the Senate Appropriations Committee, the bill represented cost pressure of \$61.2 million to the General Fund for the department to fund the specified projects "This bill does not specify a funding source and it is unclear whether there are bond monies available for these projects," the Appropriations staff noted. "DWR is on pace to awarding all of its remaining Proposition 84 funds by the end of this year and Proposition 1 included a provision stating that the Legislature cannot appropriate Proposition 1 funds for a specified project. In the absence of a fund source being specified, staff assumes the cost would be borne by the General Fund." The staff noted also stated that while the state has made a commitment to helping restore the San Joaquin River itself, the state was not a party to the settlement. Thus, the projects are solely the responsibility of the federal government.

Desert Water Agency joined other State Water Contractors in opposition to the gut and amend legislation. The bill was ordered to the Inactive File on September 10 at the request of Senator Galgiani. AB 935 failed to meet the September 11 legislative deadline pursuant to Rule 61(a)(14), last day for any bill to be passed, becoming a 2-year bill.

Water Meters: multiunit structures

The Water Measurement Law requires every water purveyor to require the installation of a water meter to measure water service as a condition of new water service. Senate Bill 7, by Senator Lois Wolk (D-Davis), would require a water purveyor that provides water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure to require the installation of either a water meter or a submeter to measure water supplied to each individual dwelling unit.

Desert Water Agency approved a position of "watch" on the bill and held that position for much of the year. During the summer, however, the bill was amended in a form substantially similar to SB 750 (Wolk) from 2013, which failed passage in the Assembly Water, Parks and Wildlife Committee; as well as AB 19 (Fong) from 2011 which failed passage in the Assembly Housing and Community Development Committee. The Agency had a position of "oppose unless amended" on both of those bills.

SB 7, as amended, would on the one hand impose a mandate on a water purveyor to require the installation of a submeter, but on the other hand would not require a water purveyor to fund or assume responsibility for enduring compliance with any law or

regulation governing installation, approval of submeter type, maintenance, reading, billing, and testing of water submeters and associated onsite plumbing. SB 7 thus would impose a mandate for which the water purveyor has no responsibility, which makes no sense. SB 7 also would provide that it “is the intent of the legislature that... [SB 7] should not be construed to impose costs on any local government agency, except to the extent that the local government agency is a water purveyor. Again, this provision makes no sense. If the bill would impose a mandate and result in costs to a water purveyor, the bill should be keyed to impose a state-mandated local program and cost reimbursement or a disclaimer should be added to the bill, argued the Agency.

Retail water service providers do not have jurisdiction over building and plumbing code enforcement matters. In fact, SB 7 would authorize the Department of Housing and Community Development to develop and propose for adoption by the commission building standards that require the installation of water meters or submeters in multiunit residential buildings. The Agency questioned why the Legislature would impose a mandate on water purveyors ahead of building standards being developed and adopted.

SB 7 also was amended to require further require installation of submeters to be provided by contractors licensed by the California Contractors State License Board using workers who meet specified training requirements. The latter amendment raised objections by apartment owners and meter manufacturers. SB 7, in the end, was refused passage in the Assembly Floor third reading with a 29-28 vote on September 8, and died in the Assembly failing to meet the September 11 legislative deadline pursuant to Rule 61(a)(14), last day for any bill to be passed, becoming a 2-year bill. Assembly Member Mayes cast a “NO” vote, while Assembly Member Garcia was listed as absent, abstaining or not voting.

The California Public Records Act: local agencies

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. The Act declares that access to information concerning the conduct of the people’s business is a fundamental and necessary right of every person in this state.

Senate Bill 272, by Assemblymember Robert Hertzberg (D-Van Nuys), would require each local agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, to make the catalog publicly available upon request in the office of the clerk of the agency’s legislative body, and to post the catalog on the local agency’s internet Web site. The bill would require the catalog to disclose a list of the enterprise systems utilized by the agency, and, among other things, the current system vendor and product.

Desert Water Agency took an “oppose” position on SB 272 for two reasons. First, the requirement to catalog enterprise systems and post the information on the Internet could increase the Agency’s exposure to security risks from hackers. The provisions of SB 272 were deemed to be vague as to the description required for “Enterprise

Systems.” It was unclear as to whether the description required included IP addresses or current patches. Because many of the software applications are connected to the Internet to provide on-line services to residents, the system is more vulnerable to malicious hacking when information about systems is released.

SB 272 also was vague as to the systems that would fall under its provisions. The provisions of the bill were not clear as to whether the requirements apply only to systems that contain customer data or all systems. The bill could be interpreted to include information relating to the Supervisory Control and Data Acquisition System (SCADA) used by our clients. SCADA – a system operated with coded signals over communication channels so as to provide for the control of remote equipment using typically one communication channel per remote station – is relied on to control water treatment and distribution, wastewater collection and treatment, electrical power transmission and distribution, among others. It is possible, if the system were to be hacked into, that these essential services could be disrupted.

Finally, the enactment of SB 272, as written, would result in mandated costs being imposed on local agencies. Implementation of this bill’s requirements would result in significant staff time and costs to the agencies, which necessarily must be recovered through water and wastewater system rates. This would constitute an unnecessary expense given that it is unclear as to the benefit this information would provide to the general public or what this information would be used for in the future. Water rates are increasing statewide and in some public water systems, low income households are struggling to pay their water bills. It is the state policy to endure that water is affordable (Human Right to Water Law). This bill would result in upward cost pressure on water rates.

SB 272 was amended on – to include amendments requested by the Agency that would exempt critical systems from disclosure, like SCADA and leave discretion with the local agency as to whether information relating to a system, if released, could increase threats to the security of the information. Based on a number of late amendments to the bill, DWA removed its opposition to SB 272.

SB 272 was signed by Governor Brown into law on October 11. (Chapter 795, Statutes of 2015). While still opposed to SB 272 in the Senate, Senator Stone voted in favor the bill. Following removal of Agency opposition, Assembly Members Mayes and Garcia voted in support of the bill.

Voter Participation

Senate Bill 415, by Senator Ben Hueso (D-San Diego), would prohibit a political subdivision, commencing January 1, 2018, from holding an election other than on a statewide election date if holding an election on a non-concurrent date has previously resulted in voter turnout for a regularly-scheduled election in that political subdivision being at least 25 percent less than the average voter turnout within the political subdivision for the previous four statewide general elections. The bill would authorize a

voter who resides in a political subdivision where a violation is alleged to file an action in Superior Court to enforce this prohibition, and it would allow a prevailing plaintiff other than the political subdivision to collect a reasonable attorney's fee and litigation expenses.

Desert Water Agency holds an election for its governing board in November of odd-numbered years. The Agency was asked many years ago by the Riverside County Elections Department to change to its election schedule due to the large size of the ballot when all elections were consolidated on a statewide election date. The November 2013 election turnout for DWA was 32.32%; the November 2014 statewide turnout for Riverside County was 34.52%. In comparison, voter turnout in Riverside County in the 2012 presidential election was nearly 75%, which would significantly skew the comparative analysis called for by SB 415 (an average of the previous four statewide elections).

Nevertheless, combining the DWA election with the statewide election would not likely result in greater voter participation. A December 18, 2012 paper titled "Ballot Position, Choice Fatigue, and Voter Behavior" by Augenblick and Nicholson examined the effect of "choice fatigue" on decision making. The authors exploited a natural experiment in which voters face the same contest at different ballot positions due to differences in the number of local issues on their ballot. The authors found that facing more decisions before a given contest "significantly increases the tendency to abstain or rely on decisions shortcuts, such as voting for the status quo or the first listed candidate." The authors estimated that, without choice fatigue, abstentions would decrease by 10% and 6.25% of the 352 propositions in their dataset would have passed rather than failed. Similarly, a review of voting analytics shows that voters are less likely to cast a vote as they move down the ballot, a phenomenon known as "roll off." While this effect might be due to fatigue, it also might be due to the fact that contest saliency generally decreases with ballot positions. Voter fatigue would likely counteract any benefit of forcing local agencies to change election dates as they would fall to the end of a crowded ballot.

Desert Water Agency was the lone opponent to SB 272. The bill passed the Assembly on a 45-30 vote and the Senate with a 26-12 vote and was sent to the Governor for approval. Governor Brown signed SB 415 into law on September 1. (Chapter 235, Statutes of 2015) Senator Jeff Stone and Assemblymember Mayes voted no on the measure, while Assemblymember Eduardo Garcia voted in favor.

Urban Retail Water Suppliers: water loss management

Current law requires the state to achieve a 20 percent reduction in urban per capita water use in California by December 31, 2020, and requires the state to make incremental progress towards this goal by reducing per capita water use by at least 10 percent on or before December 31, 2015. Current law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, in accordance with specified requirements.

Senate Bill 555, by Senator Lois Wolk (D-Davis), would require an urban retail water supplier to submit water loss audit reports to the Department of Water Resources (DWR). The bill would require DWR to post all such reports on the Internet Web site. The bill also would require the State Water Resources Control Board (State Board) to adopt rules requiring water suppliers to meet performance standards for the volume of water losses.

Desert Water Agency opposed SB 555 for several reasons. First, the provisions of the legislation are unnecessary. The American Water Works Association already informs urban water suppliers regarding water loss control programs. DWA incorporates water loss control activities and programs into its water system operations. SB 555 would constitute yet another unfunded mandate on water suppliers at a time when legislators are concerned about the affordability of water in California. It is these types of mandates imposed by the Legislature that drive up the cost of water service.

Second, the provisions of the legislation regarding to the State Board were vague at best. Will the performance standards be enforceable or advisory? If enforceable, will urban water suppliers be subjected to administrative civil liabilities imposed by the board? Is the Legislature mandating that suppliers invest first in water loss control as compared to compliance with primary drinking water standards? Or, as compared to routine system repair, maintenance and replacement expenditures that might prevent water losses; e.g., the replacement of a water distribution pipeline before it begins to fail and result in leakage? Infrastructure investment priorities are best left with the elected boards of directors and management of water suppliers.

Rather than taking a centralized, regulatory approach to local water loss control programs, DWA requested that the author consider amending the Urban Water Management Planning Act to require urban water suppliers for the 2021 urban water management plan update to describe the supplier's water loss control program, formulate and describe a leakage reduction target and identify resource needs, program implementation actions taken for the most recent 5-year period, and results achieved through the supplier's water loss control program. Relying on such an approach would provide the same information, allow suppliers to determine their own leakage reduction target and demonstrate progress toward achieving the target, and would reduce the General Fund costs of the bill to less than significant.

SB 555 passed the Senate with 40-0 vote and the Assembly with a 71-5 vote. The bill was signed into law on October 9. (Chapter 679, Statutes of 2015). Senator Stone and Assembly Members Mayes and Garcia all voted in support of the bill.

DWA an Active Advocate on behalf of its Taxpayers and Customers

This completes the eleventh year of a commitment on the part of the DWA Board of Directors to aggressively pursue advocacy efforts in the State Capitol relying on Reeb Government Relations to be its voice. Through these efforts, the Agency often has been

effective in defeating or amending legislation that would further burden its taxpayers and ratepayers without benefit to the Agency.

The Agency, in large part due to its aggressive advocacy efforts in Sacramento, is often sought after to join coalition efforts to support or oppose legislation. The State Water Contractors also benefit from the Agency's active presence in the State Capitol. Finally, the Agency is often the so-called "first-responder" to legislative initiatives that could either harm or benefit the economy of the Coachella Valley or impose unreasonable state mandates on local water agencies.

This legislative year, the Legislature welcomed 37 new lawmakers - 10 in the Senate and 27 in the Assembly. Assembly Member Eduardo Garcia (D) replaced Assemblyman V. Manuel Perez in representing the 56th district, encompassing imperial County and parts of Riverside County. Prior to being elected to the state assembly, he was the mayor of Coachella. Assembly Member Chad Mayes (R) replaced Assemblyman Brian Nestande in representing the 42 District, encompassing parts of Riverside and San Bernardino counties. Mayes served on the Yucca Valley Town Council from 2002-2011, and was twice elected by the council to serve as mayor. Mayes was selected on September 1, 2015 by the Assembly Republican Caucus as their leader-elect and will assume the position when the Legislature reconvenes on January 4, 2016. Senator Jeff Stone (R), a former Riverside County supervisor, was elected last November to a 4-year term to represent the newly formed 28th Senate District. The district includes Temecula, Murrieta and the Coachella Valley. Prior to being elected to the state senate, he was a Riverside County supervisor.

The task of familiarizing the three new legislators on issues of importance to the Agency was challenging given the pace of work in the Legislature this year. The Agency reached out to and briefed staff representatives of the legislators last fall before they arrived in Sacramento to begin their terms of office. And, Agency representatives met with the legislators themselves in a visit to Sacramento in May. With the advent of a new term limit law, the three Agency legislators may serve in the Legislature until 2026. The potential of 12 years of service will enable the Agency, through continued contact with Senator Stone, Assembly Member Mayes and Assembly Member Garcia, to educate the legislators about California water policy issues that impact the Agency and its taxpayers and customers.

Looking Ahead to 2016

Statewide elections return next year, with 20 State Senate seats and all 80 State Assembly seats open for election. Locally, there will not be a Senate race as Senator Jeff Stone will be in the middle of his first 4-year term. Assembly members Eduardo Garcia and Chad Mayes will be facing their first opportunity for re-election, both having won their initial terms in 2014.

Two proposals at the state level that would address water resources infrastructure funding challenges could occupy much of the Agency's advocacy efforts in 2016.

The first proposal is presently incorporated into Senate Bill No. 20 by Senator Pavley. SB 20 would create the California Water Resiliency Investment Fund (Fund) in the State Treasury and provide that moneys in the fund are available, upon appropriation by the Legislature, for the purpose of providing a more dependable water supply for California.

SB 20, among its statements of findings and declarations, cites reports by the Public Policy Institute of California (PPIC) and others that indicate that state and local agencies face a multibillion dollar annual funding deficit in addressing the state's long-term water needs and that greater investments are needed to protect the state's economy and natural resources and to ensure that disadvantaged communities have access to safe drinking water. The PPIC publication *Paying for Water in California* (March 2014) states:

“California’s water supply and wastewater providers, which together account for over 85 percent of total spending, are performing reasonably well—providing safe, reliable levels of service and preparing for future needs. These utilities are almost entirely locally funded, and to date they have generally been able to raise rates to comply with new treatment requirements and replace aging infrastructure.”

PPIC identifies “debilitating” structural funding gaps in five areas that range from \$2 to \$3 billion annually, according to the institute: small, rural water systems; flood protection; stormwater pollution; aquatic ecosystem management; and integrated water management. The overall funding gap in these five areas is on the order of \$2 billion to \$3 billion annually, claims PPIC: \$30 million to \$160 million to provide safe drinking water in small, disadvantaged rural communities; \$800 million to \$1 billion for floods; \$500 million to \$800 million for stormwater management; \$400 million to \$700 million for ecosystem support for endangered species; and \$200 million to \$300 million for integrated water management. Of these, however, only stormwater management is an exclusive local agency responsibility; flood protection, in the most vulnerable Central Valley region of the state, is largely a shared federal, state and local agency responsibility. The state has relied on increasingly stringent water quality fees and regulatory programs, along with regulations (biological opinions, terms and conditions, reserved jurisdiction) imposed on the exercise of water rights, to drive aquatic ecosystem management. The state’s policy regarding a Human Right to Water places the responsibility to consider water affordability on state agencies, as opposed to local water providers. Any state interest in funding aquatic resource management or integrated water management should rely on state revenues as such expenditures do not provide a special benefit to local water consumers.

According to PPIC:

“For small, rural drinking water systems with contaminated groundwater wells, the shortfall in funding is hard to bridge because prospective solutions have high costs per household and many households in these communities have limited means. In the four other areas, the key challenge is a legal environment for water

funding that is out of sync with modern water management objectives. Again, Proposition 218 poses problems, requiring voter approval for fees and assessments for “property-related” flood protection and stormwater management. Moreover, anything not qualifying as a fee is a tax, and earmarked “special” taxes require a two-thirds supermajority of local voters since the passage of Proposition 13 in 1978. Proposition 26, a new constitutional reform passed in 2010, restricts the definition of other, non-property-related fees, potentially further hampering fundraising for stormwater management and ecosystem improvement.”

The PPIC publication includes the following recommendations:

“To fill the existing funding gaps, and to prevent new ones from forming, California will have to better align its funding laws with the goals of modern water management. The legislature will need to pass new special taxes and regulatory fees to tap a broader mix of funding sources. And alongside any new state GO bonds, California voters will also need to approve a suite of constitutional reforms to address the unintended consequences of Propositions 218, 26, and 13 for local governments’ ability to manage water responsibly. These reforms would maintain the salutary aspects of these laws, such as their high standards of transparency and accountability, while enabling more efficient, equitable, and sustainable water management. In particular, they should provide a more flexible definition of fees, remove the local voter approval requirements for fees and assessments for flood protection and stormwater management (comparable to water and wastewater fees), and lower the local voter threshold for special taxes to a simple majority (comparable to fiscal measures in statewide elections and local general taxes).”

SB 20 does not provide any details as yet regarding the manner in which revenue would be raised for the Fund. It is known, however, that a public goods charge imposed on individual water consumers would be the vehicle. SB 20 would create five accounts within the Fund, which provides a clear indication as to Senator Pavley’s funding priorities. The accounts set forth under the provisions of SB 20 include:

- The Emergency Drought Response and Recovery Account to support emergency actions to protect vulnerable populations from the severe impacts of droughts, including providing emergency drinking water and other residential water supplies, food assistance, employment training and placement, and other economic relief.
- The Integrated Regional Water Resiliency and Management Account to provide matching grants to local and regional agencies to increase regional self-reliance and result in integrated, multibenefit solutions for ensuring sustainable water resources. Eligible projects may include groundwater storage, wastewater recycling, stormwater capture, water conservation, flood management, and other water supply and quality projects.

- The Safe Drinking Water for Disadvantaged Communities Account to support planning, construction, operation, and maintenance of drinking water systems for disadvantaged communities.
- The Environmental Resilience and Recovery Account to provide funding to restore and protect fish and wildlife habitats and populations to avoid or reduce conflicts with water management systems. Funding from the account shall only be used for projects that will provide fisheries, wildlife, or ecosystems with benefits or improvements that are greater than required applicable environmental mitigation measures or compliance obligations and shall not be used to pay for the mitigation or environmental review costs of any current or proposed water supply project.
- The Smart Water Data Program Account to support improved data and information systems that enable better management of water resources and to further facilitate expansion of water markets.

The Association of California Water Agencies (ACWA) opposes a public goods charge. However, in regard to reforming Proposition 218, ACWA has been active in a coalition with the League of California Cities, California State Association of Counties and California Water Foundation to identify and implement a strategy to accomplish three goals:

1. Enhance the ability of local agencies to finance stormwater and flood control infrastructure.
2. Provide more flexibility for the establishment of conservation-based tiered water rate structures; and
3. Allow public agencies, at their discretion, to implement lifeline water rates for low-income households.

Rather than seeking to amend Proposition 218, the coalition is pursuing approval of a new constitutional amendment that would provide local agencies an alternative to Proposition 218 in terms of imposing fees and charges to pay for water, sewer, stormwater and flood protection projects and services. The coalition has not yet determined whether it will sponsor a constitutional amendment in the Legislature next year or pursue a signature-gathering petition drive to place a proposal directly on the November 2016 ballot.

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

NOVEMBER 17, 2015

RE: OCTOBER 2015 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 21 percent reduction in total water production during October 2015 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. This October was an average of 8 degrees warmer than October of 2013 – one of many factors that the State Water Board doesn't take into consideration.

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.

Below is additional information reported to the State Board for October 2015.

Water Production for October 2015	2,219.3 AF
Water Production for October 2013	2,806.2 AF
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	619.2 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	65.95%
Population (inclusive of seasonal residents)	120,636
Estimated R-GPCD	127.35
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	96
How many contacts (written or verbal) were made with customers for actual or alleged water waste or for a violation of water conservation rules?	78

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?	73
How many fines were issued for water waste or for a violation of conservation rules?	0
<p>Comments: 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. DWA would like it noted that the amount of fresh water outflow to the ocean during the month of October was 320,104.5 acre feet.</p> <p>Additionally, since it began recycling water Desert Water Agency has reclaimed 86,408 acre feet. If our recycled water production for October was taken into consideration against our potable production, the conservation achieved would have been several percentage points higher.</p>	



State Water Resources Control Board

November 10, 2015

Sent via Electronic and U.S. Mail

Mr. David Luker
General Manager
Desert Water Agency
1200 S Gene Autry Trail
Palm Springs, CA 92264
dluker@dwa.org

SUBJECT: NOTICE OF VIOLATION FOR FAILURE TO MEET WATER CONSERVATION STANDARD AND ORDER FOR ADDITIONAL INFORMATION

On May 5, 2015, the State Water Resources Control Board (State Water Board) adopted Resolution 2015-0032, an Emergency Regulation for Statewide Urban Water Conservation (Emergency Regulation) pursuant to Water Code section 1058.5. The Emergency Regulation became effective on May 18, 2015. Among other things, the Emergency Regulation is designed to achieve the 25 percent statewide potable water usage reduction through February 2016 ordered by Governor Brown in his April 1, 2015 executive order.

The Emergency Regulation requires each urban water supplier to "reduce its total potable water production by the percentage identified as its conservation standard", pursuant to the California Code of Regulations, Title 23, Section 865(c)(1).

Section 866 of the Emergency Regulation provides the State Water Board with the authority to issue Conservation Orders requiring additional actions by the supplier to come into compliance with its conservation standard, as well as Information Orders requiring urban water suppliers to submit additional information related to water production, water use, or water conservation.

Our records indicate that the **Desert Water Agency** has not met the conservation standard. You should immediately take additional steps to enhance water conservation efforts and ensure that the conservation requirement is met in the few months between now and February 2016.

The State Water Board requires that you comply with the Emergency Regulation immediately.

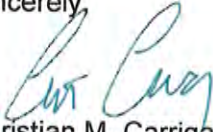
Furthermore, I am issuing you an Informational Order under section 866(b) that requires you to provide the State Water Board information relating to your water production, water use, and water conservation efforts. Please see Attachment A for the information you are required to provide by **November 20, 2015**. Please provide this information electronically to Dr. Matthew Buffleben by email at Matthew.Buffleben@waterboards.ca.gov. Failure to provide the information within 30 days, or any additional time extension granted, is a violation subject to civil liability of up to \$500 per day, for each day the violation continues.

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | www.waterboards.ca.gov

If you have questions, please contact Dr. Matthew Buffleben at (916) 341-5891, or by email at Matthew.Buffleben@waterboards.ca.gov.

Sincerely,



Christian M. Carrigan, Director
Office of Enforcement

Enclosure

cc: *(via email only; without enclosures)*

Dr. Matthew Buffleben, Chief
Special Investigations Unit
Matthew.Buffleben@waterboards.ca.gov

ATTACHMENT A

Information Order

1. Describe any and all actions approved by your governing board since April 1, 2015, to increase conservation.
2. Does your agency have conservation programs that specifically target the following customer classes?
 - A. Residential – Single Family
 - B. Residential – Multi-Family
 - C. Commercial
 - D. Industrial
 - E. Institutional
3. Does your agency have an active leak detection and repair program? (If yes, please describe, including budget and personnel assigned).
4. Does your agency run conservation outreach and education programs? (If yes, please describe and answer the questions below).
 - A. Annual budget
 - B. Has the budget increased since April 1, 2015?
 - C. Which of the following messaging pathways are used?
 - i. Mailers (including billing inserts)
 - ii. Door hangers
 - iii. Phone calls
 - iv. Radio
 - v. TV
 - vi. Newspaper
 - vii. Community Events (e.g., street fairs, neighborhood meetings, business association meetings)
 - viii. Email
 - ix. Website
 - x. Programs in Schools
 - xi. Business Partnerships
 - xii. Billboards
 - D. Average number of hours per month dedicated to conservation education and outreach
 - E. Number of personnel that work on education and outreach more than half-time.
 - i. Does your agency use student interns?
 - F. Are conservation education and outreach programs offered in languages other than English? (If yes, list languages).
 - G. Are any conservation and outreach programs targeted to populations whose primary language is not English? (If yes, please describe).
5. Does your agency run any conservation programs jointly with other entities? (E.g. have you partnered with your electric service provider?).
 - A. Does your agency collaborate with any service organizations? (E.g. Americorps, California Conservation Corps). (If yes, please describe).

ATTACHMENT A

6. Does your agency run any appliance rebate programs? If yes, please describe the rebate amount for each appliance below and provide the total rebate budget.
 - A. Washing Machines
 - B. Dishwashers
 - C. Toilets
 - D. Faucet aerators & showerheads
 - E. Commercial laundry
 - F. Commercial/Institutional Kitchens (e.g. pre-rinse spray valves)
 - G. Other
7. Does your agency run any water efficient landscape programs? (If yes, check below and provide a description of the program including amount available for rebates and total amount budgeted for these programs).
 - A. Landscape Audits
 - B. Turf Removal Rebates
 - C. Water-Wise Gardening Classes/Informational Materials
8. Does your agency have personnel dedicated to water waste enforcement? (If yes, please describe your enforcement program and answer the questions below).
 - A. Number of personnel that work on enforcement more than half-time
 - i. Do any of these personnel speak languages commonly spoken in the community?
 - B. Average number of hours spent on enforcement per week
 - C. Average number of enforcement patrols per week
 - D. Average number of hours spent responding to water waste complaints from residents since April 1, 2015.
 - E. Monthly enforcement budget
 - F. Capacity to receive water waste complaints by the following methods:
 - i. Phone
 - ii. Letter
 - iii. Email
 - iv. Web Portal
 - v. Mobile Application
 - G. Average response time for investigating a water waste complaint
 - H. Average response time for responding to a report of a leaking pipe
 - I. Fine structure for repeat violations
9. Which type of rate structure does your agency use for residential customers?
 - A. Flat Rate
 - B. Uniform Rate
 - C. Inclining Block Rate (Tiered Rate)
 - D. Seasonal Rate
 - E. Allocation-Based Rate
 - F. Other

ATTACHMENT A

- 10.** Has your agency instituted any type of drought rate or pricing (e.g. drought surcharge) since June 1, 2014? (If yes, please describe).
- 11.** What rates and pricing mechanisms are used to incent conservation by non-residential customers?
- 12.** When was the last time your agency modified its rate structure?
- 13.** What is your agency's billing frequency?
- 14.** Provide a complete copy of your agency's rate/tariff
- 15.** Provide a complete copy of your agency's conservation ordinance/rules
- 16.** Are all your residents on water meters?
 - A.** If no, is there a plan in place to install meters?