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 17, 2015
   EWING

3. GENERAL MANAGER’S REPORT
   LUKER

4. COMMITTEE REPORTS – Executive – November 24, 2015
   EWING

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. ITEMS FOR ACTION
   A. Recommend Expanded Scope of Work for 2015/2016 Replacement Pipelines
      (Sunny Dunes Road and Camino San Miguel in Veterans Tract)
      JOHNSON
   B. Request Adoption of Resolution No. 1124 Implementing a Turf Buy Back Post-Conversion Re-Inspection Charge
      KRAUSE
   C. Request Approval of Statement of Charges Tolling Agreement 6th Extension with DWR
      KRAUSE
   D. Request Authorization to Participate in the 2015-2016 U.S.G.S. Cooperative Water Resources Program
      KRAUSE

7. ITEMS FOR DISCUSSION
   A. State Water Contractors Meeting of November 19, 2015
      RIDDELL

8. PUBLIC INFORMATION
   A. Media Information
   B. PI Activities

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. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
        Pursuant to Government Code Section 54956.9 (d) (1)
        Name of Case: Desert Water Agency vs. U.S. Department of Interior
    D. PUBLIC EMPLOYMENT
        Pursuant to Government Code Section 54957 (b) (1)
        Title: General Manager
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.
Vice President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join Director Oberhaus in the Pledge of Allegiance.

Director Oygar moved for approval. After a second by Secretary-Treasurer Stuart, the minutes were approved as written.

Vice President Cioffi called upon General Manager Luker to provide an update on Agency operations.

Mr. Luker stated there is an item not listed on the GM report, which he was recently notified of regarding the Agency’s Turf Buy Back program. He stated there have been numerous post inspections that have not completed their projects, therefore, taking staff time from other duties. In an effort to recover staff time, a $70 inspection fee (staff’s hourly rate) from
the participant’s grant amount is being considered. He stated that the application and any other applicable documents would be revised to include this new rule.

There was discussion whether Board approval is needed for this amendment to the program.

There was consensus that this be brought back for Board approval at a future meeting.

Mr. Luker reported on October 30 at 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.

Mr. Luker then reported on November 2 at approximately 9:00 a.m., staff responded to a two-inch service that was hit by contractors working for Alta Verde builders 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 30 minutes. A damage report was filled out.

Mr. Luker reported that DWA’s offices will be closed on November 26 and 27 for the Thanksgiving holiday.

Concluding his report, Mr. Luker stated 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.

17310. Secretary-Treasurer Stuart noted the minutes for the November 6, 2015 Human Resources Committee were provided in the Board’s packet. There was discussion on health benefits for active and retired officers and employees. Today’s Action Item No. 7-D is a result from that discussion.

Vice President Cioffi noted the minutes for the November 10, 2015 Executive Committee were provided in the Board’s packet.

17311. Vice President Cioffi called upon Secretary-Treasurer Stuart to provide an overview of the financial activities for October 2015.

Secretary-Treasurer Stuart reported $2,227,973 was received in Water Sales Revenues. $92,584 was received in Reclamation Sales Revenues and $265,717 in Meter Sales and Services. $242,570 was received in Advanced Work Order Deposits ($194,600, Cameron, LLC and $47,970, Wessman). Included in the Miscellaneous receipts, $10,370 from SCE (Energy Rebate, Solar Field II – September 2015). Year-to-date Water Sales are 9% under budget, Year-to-date Reclamation Sales are 8% under
budget, Year-to-date Total Revenues are 10% over budget, and Year-to-date Total Expenses are 14% under budget. There were 22,151 active services as of October 31, 2015 compared to 22,142 on September 30, 2015.

Reporting on the General Fund, Secretary-Treasurer stated that $279,443 was received in Groundwater Assessments from private pumpers. $204,798 was received in State Water Project refunds (2014 charges). $1,350,570 was paid out in State Water Project charges.

Regarding the Wastewater Fund, Secretary-Treasurer Stuart reported that $6,539 was received in Sewer Contract payments. There are a total of 79 contracts with a 43% delinquency rate. $96,142 was paid out in Accounts Payable.

17312. Vice President Cioffi opened the meeting for public input.

There being no one from the public wishing to address the Board on a non-agendized item, Vice President Cioffi closed the public comment period.

17313. Vice President Cioffi called upon Assistant General Manager Krause to present the Public Hearing requesting adoption of Resolution No. 1123 regarding the formation of a groundwater sustainability agency for the portions of the Indio/Whitewater Sub-basins, the San Gorgonio Pass Sub-basin and the Mission Creek Sub-basin.

Assistant General Manager Krause stated board action is requested in order to adopt Resolution No. 1123, which authorizes the establishment of DWA as a Groundwater Sustainability Agency (GSA) within the boundaries shown in the attached report. The Board is also being asked 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.

Mr. Krause noted that 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.

Continuing his report, Mr. Krause stated that 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 DWA has been designated by the legislation as the
exclusive groundwater management agency within its boundaries, becoming a GSA would give DWA the authority provided to GSAs in the legislation. It is proposed that DWA become a GSA within its boundaries and also within a three square mile area surrounded by DWA that also receives benefit provided by the DWA Mission Creek and Whitewater River (Indio Sub-Basin) and Garnet Hill (Indio) groundwater replenishment and assessment program. 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 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. 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 (attached with this staff report).

Concluding his report, Mr. Krause stated that staff recommends that the Board open the public hearing to consider adopting Resolution No. 1123. Following the public hearing, staff requests the Board adopt Resolution No. 1123.

At 8:12 a.m., Vice President Cioffi opened the public hearing.

Arden Wallum, Mission Springs Water District General Manager, requested postponement until DWA and MSWD staff meet regarding this item.

Martin Magana, City of Desert Hot Springs City Manager, also requested a postponement on this item. Mr. Magana expressed concern whether new development will be affected.

Adam Sanchez, City of Desert Hot Springs Mayor requested postponing this item and expressed concern on future development and whether MSWD will be affected.

Emanuela Tala, Associate with Slovak Baron Empey Murphy & Pinkney LLP, MSWD’s General Counsel requested postponement of this item until further discussion between DWA and MSWD is conducted.

John Pinkney, MSWD’s General Counsel requested postponement until DWA, MSWD and City of Desert Hot Springs staff come to a consensus on this matter. He expressed concern with the meaning of the term “statutory boundaries.”

There being no one else from the public wishing to speak on this matter, Vice President Cioffi closed the public hearing at 8:25 a.m.
Director Oygar noted at the last meeting, Mr. Krause provided an additional presentation on the GSA formation, SGMA requirements and the cooperative process. She expressed her support of moving forward with this item.

In response to Director Oberhaus, Mr. Krause stated that all valley agencies are moving forward with becoming a GSA and that alternative plans are due in 2017. He noted that boundary issues are a legal matter.

Secretary-Treasurer Stuart questioned whether there has been interaction with MSWD.

Agency Counsel Riddell replied that he had spoken to Mr. Pinkney in the past about the process, however, staff has not communicated directly. He noted this is the first time he has heard concerns expressed about the meaning of the term “statutory boundaries.” He stated that he believed the term would include areas annexed to the Agency in the manner provided by statute.

Responding to Vice President Cioffi, Mr. Riddell stated that MSWD could probably make its own filing to form a GSA and see how DWR would react.

Director Oygar expressed her opinion that there is no need to delay action; legal counsel should handle the boundary issue.

Director Oberhaus suggested delaying the item in order for each other’s legal counsel to meet and further discuss.

Vice President Cioffi stated he would like to move forward with this item and also to develop a cooperative relationship with MSWD.

Mr. Krause commented that continuing this item today would require republication of notice, further delaying the process.

Director Oygar moved to adopt Resolution No. 1123. After a second by Director Oberhaus, the motion passed 3-1 (President Ewing absent, Director Oberhaus dissenting).

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

Resolution No. 1123
Adopted
17314. Vice President Cioffi called upon General Manager Luker to present staff’s request for designation of delegate to the ACWA General Session Membership meeting.

Mr. Luker stated that the Agency recently received a letter from ACWA regarding the election of officers at the upcoming General Session Membership meeting at the 2015 Fall Conference. The meeting will be held on December 2 in Indian Wells. Each member agency needs to designate a voting representative who will be required to register and sign as the proxy holder. Staff requests that the Board designate a Director who will cast the Agency’s vote. He noted that past practice has been to designate the Board President (President Ewing is registered to attend).

Director Oygar made a motion to designate President Ewing as the Agency’s delegate. Director Oberhaus seconded the motion, which passed unanimously (President Ewing absent).

17315. Vice President Cioffi asked Operations Engineer Johnson to present staff’s request for Acceptance of the Desert Palisades 16” Transmission Main Project.

Operations Engineer Johnson stated that Jones Bros Construction Company has completed work for said project. He noted four change orders to the contract. The 2005/2006 Capital Improvement Budget included Work Order No. 05-570 to install the Desert Palisades 16” transmission main in the amount of $1,030,400 (including project engineering, overheads, construction and inspection). To date, $602,354.87 has been spent for the project. Staff recommends the Board accept said work in the amount of $509,032.53. Subsequent to Board’s acceptance, a Notice of Completion will be filed and the Agency will make final payment to Jones Bros Construction Company. The Agency will release retained funds following the lien period.

Responding to Vice President Cioffi, Mr. Johnson stated that valve rings would be installed at a later date.

Director Oygar made a motion to approve staff’s recommendation. After a second by Secretary-Treasurer Stuart, the motion passed unanimously (President Ewing absent).

17316. Vice President Cioffi called upon Secretary-Treasurer Stuart to present the request for Approval to Grant the General Manager Retiree Dental and Vision Benefits.

Secretary-Treasurer Stuart noted that this item is a result from the November 6, 2015 Human Resources Committee meeting. He stated that DWA employees hired before May 1, 2007 are eligible for retiree medical health benefits when they retire 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 will be retiring on January 30, 2016 and will have served the Agency for a total of 22 years and 7 months, eligible for retiree medical benefits. Mr. Luker worked 3 years for Rancho California Water District earlier in his career, totaling 25 years as a public servant upon his retirement.

Continuing his report, Secretary-Treasurer Stuart stated that Mr. Luker offered to pay his retiree dental and vision premiums, but ACWA/JPIA prohibits the Agency from allowing him to do so. The Board of Directors could grant retiree dental and vision benefits to General Manager Luker at their discretion. The Human Resources Committee requests 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 plus years of service to DWA.

Director Oberhaus moved for approval granting General Manager Luker retiree dental and vision benefits. Director Oygar seconded the motion, which passed unanimously (President Ewing absent).

17317. Vice President Cioffi called upon Mr. Reeb, Legislative Lobbyist to provide his 2015 Annual Legislative Report.

Mr. Reeb discussed the following items: (1) The State budget; (2) Integrated Regional Water Management Planning Act; (3) Water Meters: Multi-Unit Structures; (4) SB 272, The California Public Records Act: Local Agencies; (5) SB 415, Voter Participation; (6) SB 555, Urban Retail Water Suppliers: Water Loss Management; and (7) SB20, The California Water Resiliency Investment Fund.

17318. Vice President Cioffi called upon General Manager Luker to report on the October Water Production Comparison.

Mr. Luker reported that the Agency and its customers achieved a 21 percent reduction during October 2015 compared to October 2013. He noted it was an average of 8 degrees warmer than October 2013, one of many factors that the State Water Board does not take into consideration. He stated since it began recycling water, the Agency has reclaimed 86,408 acre feet. If the recycled water production for October were taken into consideration against potable production, the Agency’s conservation achieved would have been several percentage points higher. The Agency will be asking the State Water Board to consider its recycled water production in the monthly figures.

Public Information Officer Hudgens noted that she will be attending and providing comments at the December 7, 2015 SWRCB Urban Water Conservation Workshop meeting in Sacramento.
Mr. Reeb noted that several water agencies are asking for consideration of their groundwater replenishment figures and suggested the Agency do the same.

Vice President Cioffi asked General Manager Luker to report on the State Water Resources Control Board (SWRCB) November 10, 2015 Notice of Violation.

Mr. Luker stated the Agency received a notice of violation for failure to meet water conservation standard and order for additional information. A response is required by November 20. He stated that in the response, the Agency will be requesting the SWRCB consider its recycled water production.

Vice President Cioffi noted his recent attendance at the Palm Springs Unified School District ribbon cutting and garden walk for the Farrell Building landscape improvements.

At 9:49 a.m., Vice President Cioffi 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, (C) Public Employment, pursuant to Government Code Section 54957 (b) (1), General Manager, and (D) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Desert Water Agency vs. U.S. Department of Interior.

At 10:08 a.m., Vice President Cioffi reconvened the meeting into open session and announced there was no reportable action.

In the absence of any further business, Vice President Cioffi adjourned the meeting at 10:09 a.m.

James R. Cioffi, Vice-President

ATTEST:

Joseph K. Stuart, Secretary-Treasurer
On November 21 at approximately 5:30 p.m., stand-by responded to a hit fire hydrant on Gene Autry Tr. North of Ramon Rd. Staff was able to replace the bolts and gasket and put the fire hydrant back in service. The water loss was from a 6-inch fully open for approximately 25 minutes. A police report was made.
Perris Dam Update (see attached).
SPECIFICATION NO. 14-03
SEISMIC REMEDIATION OF DAM EMBANKMENT – PERRIS DAM – STATE WATER
FACILITIES, PULICE CONSTRUCTION, INC.

Contract Work This Week:
- Drilling, blasting and excavating for the Left Abutment Access Road (on hold)
- Continued work on Placement of Berm Drain
- Rock Processing Plant (shut down for reconfiguration)
- Continued Quarry activates (on hold)
- Continued full production for CDSM installation (two 10 hour shifts per day)
- Completed widening the Left Abutment Haul Road
- Continued installation of Relief Wells Row 2
- Continued compacted Berm placement between Station 114+00 and Station 122+00

Notable upcoming work:
- Drilling, blasting and excavating for the Left Abutment Access Road
- Operation to clear and grub Lake Borrow Area and the Lakebed Haul Road
- MD 16 – Signal Cable Installation

Other Items:
- N/A

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LRPH Contact/Information: Rich Albert
(916) 651-0768
Richard.Albert@water.ca.gov

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    Blaine Laumbach
    Stephen Heathcoat
    Fred Hardani-Zadeh
    Dan Charlton
    Donnell Wilcox
    Greg Aleskich
    Francisco Llamas
    Brent Yamazaki
    Robert Cheng
    Albert Romero
    Joe Belza
    Will Hicks
    Maurice Rubio
    Jack Safely
    Mark Kreuse
    Alfredo Robledo
    Melanie Holman
    Rich Albert
    Christina Jimenez
    Elizabeth Scott
    Reynaldo Ballesteros
    Steve Friesen
    Mike Driller
    Brian Moore
    Paul (Doug) Carlson
    Eric Chapman
    Mark Steenburgh
    David Sarkissian
    Richard Jones
    Ted Thomas
    Nicholas George
    Mark Johnson
    Jeannie Kutter
Minutes  
Executive Committee Meeting  
November 24, 2015  

Directors Present: Craig Ewing, Jim Cioffi  
Staff Present: Dave Luker, Mark Krause

1. Discussion Items
   A. Review Agenda for December 1, 2015 Regular Board Meeting
      The proposed agenda for the December 1, 2015 Regular Board meeting was reviewed.

2. Other - None

3. Adjourn
On September 23, 2015, Borden Excavating was awarded the contract for constructing the 2015-2016 Replacement Pipeline Project in the amount of $730,269.00. The project included installation of replacement pipelines within Indian Canyon Drive (approximately 2,700 feet of 12” ductile iron pipe between Tahquitz Canyon Way and Alejo Road), Stevens Road (approximately 600 feet of 8” ductile iron pipe between Palm Canyon Drive and Kaweah Road), and Wawona Road (approximately 600 feet of 8” ductile iron pipe between Steven Road and Vista Chino).

The current estimated cost is $923,000 to include engineering, construction, inspection, pending change orders ($15,000 pending approval), and overhead costs. The DWA 2015-2016 capital improvement budget for this project is $1,200,000.

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

The City’s rehabilitation work has been performed on several streets throughout Palm Springs, to include Sunny Dunes Road and Camino San Miguel, located within the Veterans Tract near Demuth Park. Unfortunately, the rehabilitation work over Sunny Dunes Road and Camino San Miguel has generated an abundance of leaks. Since November 18th, 35 leaks have occurred, including 14 leaks on November 18th. The mains located within said streets (6” diameter on Sunny Dunes Road and 4” diameter on Camino San Miguel) were installed in 1948 and have been identified by staff as priority main replacements and are scheduled to be replaced as part of the Agency's 2018-2019 replacement pipeline project.

Due to the numerous leaks, staff would like to add Sunny Dunes Road and Camino San Miguel pipelines to the current replacement pipeline scope of work as part of a change order (see attached). The City has agreed to postpone paving for Sunny Dunes Road and Camino San Miguel to allow for the installation of the proposed additional replacement pipelines. Utilizing an established cost provided by Borden Excavating, the installation will cost $239,165. The Agency will provide Borden with the mainline pipe for a cost of approximately $36,000. Inspection costs are anticipated to be approximately $28,000, for a total estimated cost in the amount of $303,165.
The total estimated cost, to include the current contract estimated cost and the proposed additional pipeline work, to include engineering, inspection, materials, and overheads is $1,226,165, approximately 2.18% over the work order budget of $1,200,000. The Agency does have $100,000 in the 2015-2016 budget for contingency mains, which can be used to cover the estimated overage. If approved, Borden Excavating will begin work within Sunny Dunes Road and Camino San Miguel starting Wednesday December 2\textsuperscript{nd}. The work will add approximately 25 working days to the contract, revising the completion date to January 12, 2016.

Replacement of the pipeline in Sunny Dunes and Camino San Miguel is imperative due to the high number of leaks that have recently occurred. The overall project cost of $1,226,165 is based on aforementioned estimated costs provided by Borden Excavating and Staff. By performing this work during the City’s rehabilitation project, the Agency will save approximately $40,000 in paving costs.

Staff recommends Board approval to expand the 2015-2016 replacement pipeline project to include Sunny Dunes Road and Camino San Miguel.
LOCATION MAP

NOT TO SCALE

FY 2015/2016
REPLACEMENT PIPELINES
DESERT WATER AGENCY
PALM SPRINGS, CALIFORNIA

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FILE NO.
SHEET 1 OF 1
STAFF REPORT
TO
DEsert WATER AGENCY
BOARD OF DIRECTORS

DECEMBER 1, 2015

RE: REQUEST ADOPTION OF RESOLUTION NO. 1124
IMPLEMENTING A TURF BUY BACK POST-CONVERSION RE-
INSPECTION CHARGE

In our inaugural Turf Buy Back program participating customers had a high failure rate for their post-conversion inspection, which is done to ensure that all Desert Water Agency rebate criteria have been met. As such, this year we instituted a checklist for customers to ensure that they were reminded of the commonly missed criteria when requesting a post-conversion inspection. This checklist was intended to help expedite the rebate process for both Desert Water Agency and the applicant. It is available online and at our offices (see attached).

Despite the addition of the checklist, the first several inspections for the 2015-2016 year still had a large portion of customers with criteria not met at the time of the inspection, which necessitated additional staff time for re-inspection.

The criteria that are most commonly missed are:

- Installation of a pressure regulator and filter
- Installation of a Smart Irrigation Controller (available at no cost to the customer through another DWA rebate program)
- Installation of irrigation that meets our 20 gallon per hour or .33 gallon per minute criteria

These criteria, along with the other project criteria are listed on the Turf Buy Back:

- How-to guide
- Application
- Frequently asked questions
- Website page
- Brochure given to every participant
- At the time of their pre-conversion inspection
- Completed project checklist
Implementing a $70 per hour charge for re-inspections that we clearly display on the checklist and when scheduling appointments will encourage customers to check their projects thoroughly before requesting their one post-conversion inspection at no cost. Customers that require the additional screening will have three opportunities (one at no cost) to pass the inspection and still receive a rebate.

The rate of $70 per hour was the average hourly rate used in determining Desert Water Agency labor costs in the 2015-2016 budget.

The $70 per hour charge would be in increments of quarter-hours and would include additional administrative time needed, travel time to and from the site being inspected and the inspection itself. For residential customers, the inspections typically take 30 minutes. For commercial, HOA and public customers, the inspections usually take about an hour depending on the size and number of conversion projects.

The charge incurred would be on a statement mailed to the customer using the address that they provided us as their preferred mailing address on their Turf Buy Back application. We would not issue a rebate until the charge was paid in full by the customer.

The first post-conversion inspection must occur within the 90 days allotted for residential customers to complete their projects or within the 180 days allotted to commercial, HOA and public entities. With both the second and third post-conversion re-inspection, five additional business days will be given for any applicant to complete the necessary modifications before Desert Water Agency re-inspects the property.

After three failed inspections, the rebate would be forfeited by that customer, and funds would be released to another customer in the same category (e.g. residential funds released to residential projects).

Staff recommends that the Board of Directors adopt Resolution No. 1124 regarding the implementation of a Turf Buy Back Post-Conversion Re-Inspection Charge.
WHEREAS, in furtherance of its water conservation objectives, Desert Water Agency has initiated and is implementing a turf buy-back program by which the Agency provides funding to some customers who qualify under the program’s guidelines to reimburse them for a portion of the cost they incur in removing turf and replacing it with drought-tolerant landscaping in order to reduce water consumption on their property; and

WHEREAS, the Agency’s turf buy-back program is a grant program, not an entitlement program, with awards subject to available funding, and each award is subject to completion of program requirements applicable to each property for which an award is requested; and

WHEREAS, at each location where a landscape conversion has been performed by a customer in anticipation of an award for grant funds from the Agency pursuant to the turf buy-back program, the Agency must provide a post-conversion inspection to confirm that all program requirements applicable to that location have been satisfied; and

WHEREAS, as part of the program benefits, this Board wishes to provide one post-conversion inspection by the Agency at each location for which an award may be made, without charge to the applicant who is seeking an award under the program, to confirm compliance with requirements applicable to the site; but if the initial inspection reveals that all requirements have not been satisfied and that remaining requirements still must be completed, thus requiring additional inspection by the Agency at additional expense to the Agency, this Board wishes to provide that the Agency must be reimbursed by the applicant for the Agency’s costs incurred in performing such additional inspections, in order to receive an award, and further that failure to satisfy requirements applicable to a specific location by the third such inspection will disqualify an applicant for a turf buy-back award at that location under the program;
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Desert Water Agency as follows:

1. Qualified applicants for an award of grant funds from the Agency pursuant to the Agency’s turf buy-back program will receive a post-conversion inspection of their property by the Agency, at no cost to the applicant, to confirm that all program requirements specific to the property have been satisfied.

2. The first post-conversion inspection must occur within the 90 days allotted for residential customers to complete their projects or within the 180 days allotted to commercial, HOA and public entities. With both the second and third post-conversion re-inspection, five additional business days will be given for any applicant to complete the necessary modifications before Desert Water Agency re-inspects the property.

3. If the initial inspection reveals that all requirements specific to the property have not been satisfied, the Agency will identify the deficiencies to be corrected, will disclose them to the applicant, and the applicant will be provided an opportunity to address the deficiencies necessary to remain eligible for an award from the Agency under its turf buy-back program.

4. Once the applicant believes that he or she has addressed the deficiencies identified during the first inspection, sufficient to remain eligible for an award under the program, the applicant may request a second inspection by the Agency to confirm that all deficiencies have been adequately addressed. However, the applicant will be required to reimburse the Agency for its administrative and inspection costs actually incurred, including travel time, in conducting the second inspection, at the Agency’s average rate of $70.00 per person per hour calculated in increments of one fourth of each hour. The Agency will invoice the applicant for the inspection costs incurred, and payment shall be due upon receipt of the invoice. Payment must be received as a condition of an award under the turf buy-back program.
5. In the event that a second inspection reveals that all program requirements specific to the property still have not been satisfied, the Agency will disclose the remaining deficiencies to the applicant, and the applicant will receive another opportunity to address the deficiencies and request a third inspection by the Agency to confirm that all requirements have been addressed adequately to qualify for an award under the program. The Agency will invoice the applicant for its costs incurred in performing the third inspection, and the applicant will be required to reimburse the Agency for its administrative and inspection costs incurred, including travel time, at the hourly rate and in the same manner described in Paragraph No. 3 above, as a condition receiving an award under the turf buy-back program.

6. In the event that the third inspection reveals that program requirements specific to the property still have not been satisfied, the landscape conversion at that site will be disqualified from further consideration for an award under the turf buy-back program at that location.

7. Nothing herein shall limit the Agency’s authority to recover from a customer or property owner the costs incurred by the Agency for inspection services that become due and payable to the Agency in accordance with this resolution by such other means as may available to the Agency, and as provided by law.

ADOPTED this 1st day of December, 2015.

Craig A. Ewing,
President
Board of Directors

ATTEST:

Joseph K. Stuart, Secretary-Treasurer
Board of Directors
Project Complete Checklist

Name: ________________________________________

Address: __________________________________________________________________________

Phone number: ________________________________

1. Have you installed a pressure regulator and filter?
   □ YES  □ NO

2. Do you have a smart controller installed?
   □ YES  □ NO

3. Have you confirmed that your drip emitters are rated at less than 20 gallons per hour or .33 gallons per minute? (this information should be on the packaging)
   □ YES  □ NO

4. Does all of the irrigation on the same irrigation valve/zone meet the 20 gallon per hour or .33 gallon per minute requirement?
   □ YES  □ NO

5. Have you used our plant guide or Lush & Efficient to determine that your plant cover (at maturity) will be 50 percent?
   □ YES  □ NO

6. Do you have receipts or paid invoices showing that you have matched program funding by 25 percent?
   □ YES  □ NO

If you answered NO to any of the following questions, you are not yet ready for your post-conversion inspection. Please ensure that all requirements have been met and then submit this checklist in person or online.

VERIFICATION

Sign: ______________________________________

Date: ______________________________________
RE: DEPARTMENT OF WATER RESOURCES STATEMENT OF CHARGES TOLLING AGREEMENT

The current tolling agreement to suspend the deadline for challenging protested items on the statement of charges (SOC) received from the Department of Water Resources (DWR) under the Agency’s water supply contract will expire on December 31, 2015. The State Water Contractors (SWC) staff are requesting adoption of a sixth amendment to the tolling agreement which would extend the agreement for 2 years to December 31, 2017. Among other things, this would suspend the water supply contract deadline to submit formal protests 10 days prior to the first payment for the SOC’s with regard to the State Water Project (SWP) bills for calendar years 2007 through 2018, including any revisions made to such bills on or before December 31, 2017.

In accordance with contract requirements, formal protests concerning the annual SOC’s are due no later than December 21st each year. DWR often sends out its revised SOC’s in November or December leaving insufficient time for SWC’s to file protests by the December 21st deadline. The tolling agreement provides the SWC’s the time and the forum to lodge their protests and provides DWR the ability to address the protest items and potentially avoid legal action.

Over the years, the list has grown to 293 items with 132 items resolved and removed. Each year, about 30 new items are added based on errors noted during the audits. Most of the items that are identified are calculation or data errors, although there are some policy issues (primarily related to recreation).

Prior to 2008, there was no alternative to dealing with protest issues other than that provided by the contract. The positive outcome of this process is that DWR has begun to address a significant number of these issues without requiring the contractors to take legal action. The tolling agreement is expected to continue into the future.

Staff requests authorization to execute the amendment extending the tolling agreement for up to two years pending contractor consensus and legal counsel review.
This SIXTH AMENDMENT TO TOLLING AND WAIVER AGREEMENT (“Sixth Amendment”), which shall be effective as of December 15, 2015 (“Effective Date of Sixth Amendment”), is entered into by and between ______________________________________ (“AGENCY”) and the CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”). AGENCY and DWR are referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

A. In 2007, the Parties entered into a Tolling and Waiver Agreement (“Agreement”), and thereafter entered into the First Amendment with an effective date of December 15, 2007 (“First Amendment”), Second Amendment with an effective date of December 15, 2008 (“Second Amendment”), Third Amendment with an effective date of September 15, 2009 (“Third Amendment”), Fourth Amendment with an effective date of December 15, 2010 (“Fourth Amendment”) and Fifth Amendment with an effective date of December 15, 2012. Except as otherwise set forth in this Sixth Amendment, capitalized terms have the meanings given to such terms in the Agreement, as amended.

B. Among other things, the Agreement, as amended, tolls the statute of limitations with regard to certain Claims beginning with the Effective Date of the Agreement through and including December 31, 2015. The Claims specified in the Agreement, as amended, include, with certain exceptions, DWR’s bills to the Contractors for calendar years 2007 through and including 2016, but do not include bills for subsequent years.

C. Thus, in the absence of an amendment to extend the tolling period beyond December 31, 2015, AGENCY will be required to formally protest and/or take other legal action to preserve its rights to pursue Claims under the Agreement, as amended, upon expiration of tolling period on December 31, 2015. In addition, in the absence of an amendment to the Agreement regarding the SWP bills for 2017 and 2018, AGENCY will be required to formally protest its SWP bills for 2017 and 2018 and/or take other legal action to preserve any claims it may have with respect to such bills.

D. The Parties currently are engaged in good faith discussions concerning a possible resolution of the claims related to the SWP bills issued for calendar years 2007 through and
including 2016, and certain other claims related to the State Water Project. In order to facilitate these discussions, the Parties agree that the applicable tolling period for pursuing Claims as set out in the Agreement, as amended, (with the exception of the issues set out in Exhibit 1 and Exhibit 2, if any) should be extended through December 31, 2017 and that claims related to the SWP bills issued by DWR for 2017, and 2018, including any revisions made on or before December 31, 2017, should also be tolled.

E. The Parties also recognize that there may be issues that they are not able to resolve through good faith discussions and that a Party to this Agreement and/or a Contractor which has entered into a similar, but separate, tolling and waiver agreement with DWR may desire to seek formal dispute resolution or other legal action on such issues before the end of the tolling period on December 31, 2017. Accordingly, the Parties have included procedures in this Agreement, as amended, and DWR has included similar procedures in its tolling and waiver agreements with other Contractors to allow any party (including DWR) to exclude issues from the tolling provisions before the end of the tolling period and to have such exclusion apply to and bind DWR and all other Contractors with tolling and waiver agreements with DWR.

NOW, THEREFORE, AGENCY and DWR, for good and adequate consideration, the sufficiency of which is hereby acknowledged, agree to the following:

TERMS OF SIXTH AMENDMENT

1. The text in Paragraph 1(b) of the Agreement, as amended by the Fifth Amendment, is deleted in its entirety and replaced with the following text, shown here in italics:

(b) (i) The term “Claims” is broadly defined to include any and all claims for relief, actions, suits, causes of action, damages, debts, costs, demands, losses, liabilities and obligations of whatever nature, whether legal or equitable, and notices of contest under Article 29(i) of the State Water Contracts that arise out of or are related to: (1) the Metropolitan Claim; (2) the use, prior to July 1, 2006, of revenue bond proceeds and commercial paper note proceeds to pay “costs incurred for the enhancement of fish and wildlife or for the development of public recreation”; (3) the related establishment, restatement or adjustment of charges and rate reductions under the State Water Contracts; (4) the accounting for the costs of the San Joaquin Drainage Program; (5) the allocation of the costs of certain facilities in the Delta to the purposes of the development
of public recreation and the enhancement of fish and wildlife; (6) DWR’s bills to the Contractors for calendar years 2007 through and including 2018, including any revisions to such bills made on or before December 31, 2017; provided that the term “Claims” does not include, as of January 1, 2009, the issue set out in Exhibit 1, attached hereto; and provided further that the term “Claims” shall not include the issues set out in Exhibit 2, attached hereto, effective January 1, 2016. To the extent the issue set out in Exhibit 1 was heretofore included within the term “Claims”, the Tolling Period Expiration Date for such issue as used in Paragraph 4 shall be deemed to be December 31, 2008 and to the extent the issues set out in Exhibit 2 were heretofore included within the term “Claims”, the Tolling Period Expiration Date for such issues as used in Paragraph 4 shall be deemed to be December 31, 2015. In addition, the term “Claims” shall not include any issue to the extent such issue is excluded from the term “Claims” pursuant to the provisions of Paragraph 1(b)(ii) or 1(b)(iii)

(ii) Any Party (including DWR) to this Agreement may elect to remove one or more of the issues set out in Exhibit 3 from the term “Claims” by giving 60 days advance written notice to DWR and the other Contractors which have tolling and waiver agreements with DWR with a tolling period expiration date that has been extended to December 31, 2017. Such notice shall specify the effective date of such exclusion and shall apply to and be binding upon DWR and the other Contractors listed in Exhibit 4 which have a tolling and waiver agreement with DWR with a tolling period expiration date that has been extended to December 31, 2017. Exhibit 4 contains a listing of all water contractors which entered into the previous tolling and waiver agreement amendment extending the tolling period to December 31, 2015, and which are expected to enter into amendments to extend their tolling periods to December 31, 2017. To be effective, such notice must be received by DWR and shall be effective as to all other Contractors with tolling and waiver agreements with DWR with a tolling period expiration date that has been extended to December 31, 2017, even if one or more of such Contractors do not receive such notice. The effect of such notice by one Party or by any Contractor with a tolling and waiver agreement with DWR shall be to exclude such issue or issues from the term “Claims” in this Agreement and in the tolling and waiver
agreements of DWR and the other Contractors listed in Exhibit 4 with a tolling period expiration date that has been extended to December 31, 2017. To the extent the issue or issues set out in the notice were heretofore included within the term “Claims”, the Tolling Period Expiration Date for each such issue as used in Paragraph 4 shall be the issue exclusion date so specified in the notice.

(iii) Any Party (including DWR) may elect to remove one or more issues (other than those listed in Exhibit 3, which are addressed in Paragraph 1(b)(ii)) from the definition of the term “Claims” by giving 120 days advance written notice to DWR and the other Contractors which have tolling and waiver agreements with DWR with a tolling period expiration date that has been extended to December 31, 2017; provided, however, that such Party (if other than DWR) shall notify DWR at least 30 days in advance of the issuance of such 120 day notice and allow DWR the opportunity to discuss the matter with that Party. The Party shall use its best efforts to describe clearly in the notice the issue or issues to be excluded and shall specify the effective date of such exclusion. The notice shall apply to and be binding upon DWR and the other Contractors listed in Exhibit 4 which have a tolling and waiver agreement with DWR with a tolling period expiration date that has been extended to December 31, 2017. To be effective, such notice must be received by DWR and shall be effective as to all other Contractors with tolling and waiver agreements with DWR with a tolling period expiration date that has been extended to December 31, 2017, even if one or more of such Contractors do not receive such notice. The effect of such notice by one Party or by any Contractor with a tolling and waiver agreement with DWR shall be to exclude such issue or issues from the term “Claims” in this Agreement and in the tolling and waiver agreements of DWR and the other Contractors listed in Exhibit 4 with a tolling period expiration date that has been extended to December 31, 2017. To the extent the issue or issues set out in the notice were heretofore included within the term “Claims”, the Tolling Period Expiration Date for each such issue as used in Paragraph 4 shall be the issue exclusion date so specified in the notice.
2. The text in Paragraph 4 of the Agreement, as amended by the Fifth Amendment, is deleted in its entirety and replaced with the following text, shown here in italics:

The Tolling Period Expiration Date is December 31, 2017; provided that DWR may, upon giving 60 days advance written notice to Agency, change the Tolling Period Expiration Date to a date earlier than December 31, 2017 if the sum of the maximum Table A amounts for all Contractors who enter into a Sixth Amendment to the Tolling and Waiver Agreement with DWR (plus the Table A amount for the County of Butte, if the County enters into a Fifth Amendment to the Tolling and Waiver Agreement with DWR) is less than 95% of the sum of the maximum Table A amounts for the 27 Contractors who signed the Monterey Amendment; and provided further that the Tolling Period Expiration Date as to any specific issue may be set at an earlier date pursuant to the provisions of Paragraph 1(b)(ii) or 1(b)(iii). For the time period between the Effective Date of the Agreement and the Tolling Period Expiration Date, inclusive (the "Tolling Period"), Agency and DWR agree that, except as provided for in this Agreement, all Periods of Limitation applicable to all Claims between the Parties, including without limitation those described in the Metropolitan Claim, shall be tolled and waived, shall not run or expire, and shall not operate in any manner so as to prejudice, bar, limit, create a defense to or in any way restrict Claims between the Parties. Except as provided in Paragraph 2 herein, after the Tolling Period Expiration Date, the Parties shall have the same rights, remedies, and damages each of them had on the Effective Date of the Agreement and the Tolling Period shall be excluded from any time calculation in determining whether any period of limitations has run; provided, however, that with regard to Claims pertaining to DWR’s bills to the Contractors for calendar years 2007 through and including 2018, AGENCY shall have until 60 days from the Tolling Period Expiration Date to submit notices of contest to DWR for Claims pertaining to any such bills for calendar years 2007 through and including 2018. Except for the Parties’ waiver of the Statute of Limitations as provided herein and except as provided in Paragraph 2 herein, this Agreement shall not operate as a waiver of any Claims or defenses that either Party may have against the other.
3. Exhibit 1, entitled “Issue Not Included in the Term “Claims” Effective January 1, 2009”, which title was changed by the Fifth Amendment, remains unchanged as a part of this Agreement and is attached.

4. Exhibit 2, entitled “Issues Not Included in the Term “Claims” for Purposes of the Tolling and Waiver Agreement Extension Beginning January 1, 2013”, which was added by the Fifth Amendment, did not have any issues listed and is therefore deleted in its entirety and replaced by Exhibit 2, entitled “Issues Not Included in the Term “Claims” Effective January 1, 2016”, which is attached and made a part of this Agreement.

5. Exhibit 3, entitled “Issues that May be Excluded from the Term “Claims” upon 60 Days Advance Notice”, which was added by the Fourth Amendment, is amended by listing additional issues, if any, to issues 1 and 2 previously listed therein, and such Exhibit 3 as amended is attached and remains a part of this Agreement.

6. Exhibit 4, entitled “Contractors which Signed Prior Tolling Agreement Amendment Extending Tolling Period to December 31, 2012 and which are Expected to Enter into Amendment to Extend Tolling Period to December 31, 2015”, which was added by the Fourth Amendment, is deleted in its entirety and replaced by Exhibit 4 entitled “Contractors which Signed Prior Tolling Agreement Amendment Extending Tolling Period to December 31, 2015, and which are Expected to Enter into Amendment to Extend Tolling Period to December 31, 2017”, which is attached and made a part of this Agreement.

7. All other terms and conditions of the Agreement, as amended, are unchanged by this Sixth Amendment and shall remain in full force and effect.

8. In consideration of the extension of the tolling period provided by this Sixth Amendment, the Parties intend to continue to use their best efforts to discuss and seek to resolve, in a timely manner, as many of the remaining issues as practicable that have been tolled by this agreement or that have otherwise been raised in the resolution process established in response to this Agreement.

9. Each individual signing below represents and warrants that he or she is authorized to execute this Sixth Amendment on behalf of the respective Parties to this Sixth Amendment and does so freely and voluntarily.

10. Each Party warrants and represents that, in executing this Sixth Amendment, it has relied upon legal advice from counsel of its choice; that the terms of this Sixth Amendment
have been read and its consequences have been completely explained to it by counsel; that it
fully understands the terms of this Sixth Amendment; and that it knows of no reason why this
Sixth Amendment shall not be a valid and binding agreement of that Party.

11. This Sixth Amendment may be executed in counterparts.

DATED:_______________________           __________________________________

CATHY CROTHERS
Chief Counsel
Attorney for DWR

DATED:_______________________           __________________________________

Name:
Title:
For AGENCY
1. The validity of charges for costs incurred by DWR at Perris Reservoir for beach sand, the ADA fishing pier, and marina repairs and relocation, which have been billed to and included in the annual Statements of Charges issued to Metropolitan Water District, Coachella Valley Water District and Desert Water Agency for calendar years 2008 and 2009.
EXHIBIT 2

ISSUES NOT INCLUDED IN THE TERM “CLAIMS” EFFECTIVE JANUARY 1, 2016

1. Whether Coastal Extension debt service charges were erroneously included in the 2006 transportation variable charges instead of the Coastal Branch Reach 33A charges. Resolution: The Department properly included the Coastal Branch Reach 33A charges in the 2006 transportation variable charges instead of the Coastal Extension debt service charges.

2. Whether the credits totaling approximately $2,376,000 for 2004 and 2007 wheeling of non-entitlement water transactions should have been recorded in the SAP accounting system. Resolution: The Department posted the credits of approximately $2,600,000 for 2004 and 2007 wheeling of non-entitlement water transactions in the SAP accounting system.

3. Whether the 2005 replacement over/under adjustment was calculated using an incorrect payment amount and incorrect interest factors. Resolution: The Department updated the 2005 payment amount and used the correct interest rates when calculating the over-/under-adjustment.

4. Whether the recovery generation credits for San Luis, Devil Canyon and Warne Power plants for 1998 of approximately $396,000 were recorded. Resolution: The Department recorded the recovery generation credits of approximately $396,000.

5. Whether the Gianelli Pumping Plant replacement costs of approximately $50,000 were improperly included in the 2006 Delta Water Charge. Resolution: The Department moved Gianelli Pumping Plant replacement costs for 2006 from the Delta Water Charge.

6. Whether the excess recovery generation credits, which total approximately $526,000, resulting from LADWP's water diverted into the SWP in 1985, have not been returned to Metropolitan. Resolution: The Department revised Metropolitan's Attachment 4C to the Statement of Charges to reflect a credit of $526,000.

7. Whether Metropolitan's refunds on the Water System Revenue Bond earnings for the period of January - June of 2004 were understated by approximately $31,000 in the determination of the interest refunds resulting from Water System Revenue Bond investments. Resolution: The Department increased the March 2006 refund for Metropolitan.

8. Whether the costs of the Hyatt Turbine Refurbishment Project, from 2000 to 2006, were improperly allocated to the replacement fund. Resolution: The Department changed the allocation of the costs of the Hyatt Turbine Refurbishment Project from the replacement fund to the capital component of the Delta Water Charge.

9. Whether the Delta Water Charge Minimum cost projections, include any escalation of future cost beyond the initial 3-year period. Resolution: The Department included an escalation factor on future costs of the Delta Minimum cost component beginning in the 2010 Statements of Charges.

10. Whether the pike eradication costs in 2006 and 2007 at Lake Davis should or should not be charged to the State Water Project recreation costs. Resolution: The Department reassigned the costs to the Proposition 50 bond funds and such reassignment was reflected in the 2007 Statements of Charges.
11. Whether the Springing Amendment credits applied to the 2009 Statements of Charges should have included the bond Series AE reserve fund releases. Resolution: The Department placed the debt service reserve fund release, Series AE, in the refunding Escrow in lieu of returning the funds to the contractor’s via credits.

12. Whether the Contractors were charged separately for the Bay Delta Conservation Plan regarding two invoices from HDR, Inc., (invoices #44255 and #53418 totaling $459,000) which had notations that they related to the Bay Delta Conservation Plan and Delta Habitat Conservation and Conveyance Plan. Resolution: The Contractors’ Independent Audit Association withdrew the issue.

13. Whether the bond issuance costs and underwriters discount (totaling approximately $3.5 million for series AE) were not, but should have been, included in the debt service schedule dated October 1, 2008. Resolution: The Department added the bond issuance costs and underwriters discount (totaling approximately $3.5 million for series AE) in the debt service schedule.

14. Whether the calculation of the 2008 Rate Management credits were incorrect. Resolution: The Contractors’ Independent Audit Association withdrew the issue.


16. Whether the transportation variable costs were unverifiable for selected reaches using SAP for three Contractors selected. Resolution: The Contractors’ Independent Audit Association withdrew the issue.

17. Whether the Water System Revenue Bond surcharge for the 2009 Statements of Charges was calculated using estimated values for series AE, which resulted in a misstatement of the Water System Revenue Bond surcharge. Resolution: The Department applied actual values for series AE and it was reflected in the rebill of the 2009 Statements of Charges.


19. Whether the Final Allocations of Power contained in the Transportation variable and Transportation minimum components of the Statements of Charges for 1999-2007 have not been finalized. Resolution: The Department updated all the Preliminary Allocations of Power and Final Allocations of Power with the most current cost data through 2008 for the 2010 rebill.

20. Whether the downstream reallocation of costs in 2006 and 2007 totaling approximately $10,034,000 should have been reflected in the variable component calculation. Resolution: The Department ran the downstream allocations in the SAP accounting system for all years through 2008.

21. Whether the Municipal Water Quality Investigation costs for 1999 through 2004 were posted twice in the billing system. Resolution: The Department reversed the duplicated charges.
22. Whether the variable component for 2006 and 2007 should have been calculated using the power costs and sales from the SAP accounting system. Resolution: The Department recomputed the Contractor’s variable energy charges using the power costs and sales from the SAP accounting system.

23. Whether technology improvement cost estimates of $15,589,000 were included twice in the Delta Water Charge and estimates of $8,055,000 were included twice in the transportation minimum charges. Resolution: The Department reversed the duplicated cost estimates.

24. Whether special engineering cost estimates for 2008 through 2013 were overstated by $63,928,000 in the calculation of the Delta Water Charge capital and transportation capital components for the 2009 Statements of Charges. Resolution: The Department used corrected special engineering cost estimates.

25. Whether 2007 deliveries of 5,000 acre-feet taken from storage in the San Joaquin Valley were billed as if they were delivered from the Delta. Resolution: The Department included a 5,000 acre-feet credit in 2007 at reach 12E.

26. Whether the fish replacement charge unit rate computed for 2008 was used for calculating the 2009 charge, resulting in a $90,000 overstatement of the variable component. Resolution: The Department updated the fish replacement charge unit rate for 2009.

27. Whether Oroville revenues included in the Delta Water Rate calculation for 2035 in the 2009 Statements of Charges were overstated by approximately $4,960,000. Resolution: The Department revised the Oroville revenues.

28. Whether relocation costs for the Division of Environmental Services were omitted from the transportation minimum component. Resolution: The Department included relocation costs in the transportation minimum component.

29. Whether the Municipal Water Quality Investigation charges were overstated for the 2009 Statements of Charges. Resolution: The Department revised the allocation of the Municipal Water Quality Investigation charges.

30. Whether the Water table redistribution entries for 2006 and 2007 to allocate costs between the minimum and variable charges were calculated using outdated water information. Resolution: The Department updated all water delivery amounts and the allocation of costs.

31. Whether Metropolitan's November and December 2006 variable payments totaling approximately $940,000 were improperly excluded from the 2006 payment amount and the 2007 payment is understated by approximately $5,000 in its Statement of Charges. Resolution: The Department reversed Metropolitan's November and December 2006 variable payments totaling approximately $940,000 and the 2007 payment by approximately $5,000.

32. Whether Hyatt-Thermalito Units 1, 3 and 5 refurbishment costs included in the variable component were overstated by $1,190,000 due to the use of outdated costs. Resolution: The Department updated Hyatt-Thermalito Units 1, 3 and 5 refurbishment costs for the 2010 Statements of Charges.

33. Whether the Los Angeles Department of Water and Power (LADWP) peaking credit was excluded from the computation of the 2005 variable component. Resolution: The Department included a peaking credit in the amount of approximately $587,100.
34. Whether Hyatt-Thermalito operating costs, included as a credit in the Delta Water Charge, were understated by $2,968,000 for 2008 and overstated by $637,000 for 2009. Resolution: The Department updated the Hyatt-Thermalito operating costs.

35. Whether payments received from the USBR in 2006 totaling approximately $166,000 for San Luis capital costs should have been recorded in the SAP accounting system. Resolution: The Department recorded approximately $166,000 for San Luis capital costs in the SAP accounting system.

36. Whether when the transportation capital over/under calculation is performed, the deferral of charges, the repayment and Reach 33A power credits are reflected in the “Payment Received” column on Attachment 4A to the Statement of Charges creating a large difference each year. Resolution: The Department adjusted the “payments received” column on Attachment 4A to exclude the Reach 33A power charges and credits and the deferral of payments and repayment from 1997 to 2006 and this was reflected in the 2010 Statements of Charges.

37. Whether CCWA's transportation variable payments on Attachment 4C in the 2009 and 2010 Statements of Charges for the years 1999, 2003, and 2006 are less than the amounts actually paid by CCWA in those years. Resolution: The Department determined that 1999 and 2003 payments shown on Attachment 4C were the correct amounts. The Department corrected the payment amount for 2006 and this was reflected in the 2011 Statements of Charges.

38. Whether Metropolitan's 2008 variable component was overstated due to the use of incorrect unit rates, resulting in an overbilling of Metropolitan's transportation variable component by approximately $4,242,000. Resolution: The Department made adjustments on a number of items including unit rates for the transportation variable component calculation, and Metropolitan’s transportation variable component amounts were reduced by more than $11 million for 2008.

39. Whether Monterey Amendment Litigation costs totaling $8.4 million from 2002 to 2009 were included twice in the transportation minimum component. Resolution: The Department removed the double-billed costs, from 2001 to 2010, from the transportation minimum component.

40. Whether refurbishment costs for Hyatt Units 1, 3 and 5 totaling $6.1 million, from 1999 to 2008, were incorrectly included in the Delta Water Charge and variable components. Resolution: The Department included the refurbishment costs of approximately $6.1 million in the variable component and included an offsetting credit in the Delta Water Charge.

41. Whether the Bay Delta Conservation Plan charges for 2007, 2008 and 2009 totaling approximately $7.5 million were double billed by including the charges in both the transportation and conservation minimum components. Resolution: This Department removed the Bay Delta Conservation Plan charges for 2007, 2008 and 2009 from the conservation minimum component of the Delta Water Charge.

42. Whether debt service credit included in the Delta Water Charge to offset the refurbishment costs for Hyatt Units 2, 4 and 6, was understated by $1.7 million. Resolution: The Department updated the debt service credit included in the Delta Water Charge.

43. Whether the present value of water used in the calculation of the Delta Water Rate was based on outdated information for Year 2010. Resolution: The Department adjusted the water data.
44. Whether the 2010 recovery generation amounts for Alamo and Mojave Siphon were understated by approximately $1,072,000 due to an incorrect use of the mill rates. Resolution: The Department updated Alamo Powerplant unit rate from 62 mills per kWh to 65 mills per kWh and Mojave Siphon unit rate from 87 mills per kWh to 95 mills per kWh.

45. Whether the fish replacement charge unit rate computed for 2009 was used for calculating the 2010 fish replacement charge, resulting in a $109,000 understatement of the variable component. Resolution: The Department updated the 2010 fish replacement charge unit rate.

46. Whether conservation water delivered through Banks was not considered in the calculation of the downstream allocation of costs for 1999 to 2008. Resolution: The Department modified the SAP downstream calculation to include conservation water.

47. Whether the LADWP peaking credits for 2006 and 2008 were understated by approximately $588,000 and $54,000, respectively, in the transportation variable charges. Resolution: The Department adjusted the peaking credits to reflect a credit of approximately $587,500 for 2006 and $54,000 for 2008.

48. Whether power revenues for 2013 through 2035 are understated by $16.4 million due to the understatement of the 2010 through 2012 power credits on which these future estimates are based. Resolution: The Department updated the power credits for the 2012 Statements of Charges.

49. Whether credits for 2009 wheeling water transactions totaling approximately $1,874,000 were not recorded in the SAP accounting system. Resolution: The Department posted credits for wheeling water totaling $1,675,006.95 in the SAP accounting system.

50. Whether deliveries of 300 acre-feet, taken from storage in the San Joaquin Valley, were billed as if they were delivered from Delta. Resolution: The Department restored a 300 acre-foot credit in 2009 at reach 10A.

51. Whether the replacement over/under adjustment for 2010 was improperly excluded from the replacement charges. Resolution: The Department restored the 2010 over/under adjustment.

52. Whether the Department erroneously excluded labor cost estimates for 2010 and 2011 from the replacement cost estimates. Resolution: The Department restored the labor cost estimates.

53. Whether gas hedging costs for 2009 were overstated in the SAP accounting system by approximately $3.8 million, resulting in a misallocation of costs among Contractors for years 2008 - 2010. Resolution: The Department revised total annual gas hedging costs in the SAP accounting system.

54. Whether Pine Flat operations and maintenance charges for 2009 were overstated in the SAP accounting system by approximately $375,480. Resolution: The Department reversed the Pine Flat operations and maintenance charges from the incorrect years and posted to the correct years for 2007 to 2010, and this was reflected in the 2013 Statements of Charges.

55. Whether PG&E credits totaling $900,000 were posted to direct-to-plant transmission costs for Banks Pumping Plant, rather than to 2009 power revenues. Resolution: The Department determined that application of the credit to the direct-to-plant transmission costs for Banks
Pumping Plant was appropriate.

56. Whether a power credit for one month totaling approximately $450,000 related to a 2010 PG&E settlement credit was included incorrectly in the 2009 Preliminary Allocation of Power Costs and in the SAP accounting system. Resolution: The Department moved the approximately $450,000 power credit from 2009 to 2010 and this was reflected in the 2013 Statements of Charges.

57. Whether the Power revenues of approximately $2.6 million were not included in the 2009 Preliminary Allocation of Power Costs but were included in SAP and allocated to Contractors in the 2011 Statements of Charges. Resolution: The Department determined revenues were properly included in SAP and allocated to Contractors.

58. Whether Table B-5A in Bulletin 132-10 should have been published with credits being identifiable. Resolution: The Department added Table B-5A-Adjustments, which identifies credits, to Bulletin 132-11, and the table will be included in future bulletins.

59. Whether Bulletin 132, Appendix Table B-1 should reflect permanent Table A water transfers. Resolution: Table B-1, as noted in the footnote to Table B-1, does not include permanent Table A water transfers. However, the Department determined that the capital component for each water Contractor is calculated correctly for each permanent Table A water transfer.

60. Whether the 2009 minimum component used for the 2011 Statements of Charges was calculated with minimum Proportionate Use of Facilities Factors per SAP rather than Bulletin 132-08 (due to 2009 addition of reach 22B for AVEK after B tables published). Resolution: The Statements of Charges were based on the correct Proportionate Use of Facilities Factors.

61. Whether Table B-2 of Bulletin 132-10 did not reflect a 7,000 AF transfer between Dudley Ridge and Mojave Water, effective in 2010. Resolution: The Department corrected the Table B-2 by reflecting the 7,000 AF transfer in Table B-2 for the 2012 Statements of Charges.

62. Whether the over/under adjustment calculation for the transportation replacement in the 2011 Statements of Charges contained discrepancies regarding 2008 and 2009 costs and payments. Resolution: The Department updated the 2008 and 2009 costs and payments used for the over/under adjustment calculation for transportation replacement for the rebill of the 2011 Statements of Charges.

63. Whether the over/under adjustment calculation for transportation replacement for the 2011 Statements of Charges missed the over/under calculation for 2010. Resolution: The Department restored the 2010 over/under adjustment for the rebill of the 2011 Statements of Charges.

64. Whether taxes included in the preliminary year-end allocation of the 2009 Off Aqueduct Power charges were overstated by $170,558, due to taxes related to 2008 being posted to 2009. Resolution: The Department adjusted the posting date of the taxes back to 2008 for the 2012 Statements of Charges.

65. Whether the Off Aqueduct Power revenue included in the year-end allocation of the 2008 Off Aqueduct Power Facilities Charges was understated by $3,229,889. The Department revised the year-end allocation of the 2008 Off Aqueduct Power charges after receiving additional revenue from Nevada Power Company.
66. Whether operation and maintenance costs for Reid Gardner included in the Preliminary Year-end Allocation of the 2009 Off-Aqueduct Power Facilities Charges included estimates of $1.5 million, even though actual costs in SAP were $745,363. Resolution: The Department replaced estimates with actual costs of $745,363 in the Year-end Allocation of the 2009 Off-Aqueduct Power Facilities Charges.

67. Whether the 2009 capital Oroville power reclassification was understated by approximately $1,258,666. Resolution: The Department updated the 2009 Oroville power adjustments for the 2012 Statements of Charges.

68. Whether the minimum Oroville power credits were understated in 2009 by approximately $2.1 million. Resolution: The Department updated the 2009 minimum Oroville power credits for the 2012 Statements of Charges.

69. Whether the Delta minimum component contractor revenues from 1998 to 2009 were overstated by approximately $1 million and Delta capital component contractor revenues from 2007 to 2009 were understated by $211,152. Resolution: The Department updated the Delta contractor revenues from 1998 to 2009 for the 2014 and 2015 Statements of Charges.

70. Whether the Department methodology of computing Delta Water Rate does not acknowledge that Contractors make semi-annual capital and monthly minimum payments, and therefore deprives Contractors of related interest benefits. Resolution: The contractors withdrew this claim.

71. Whether in the Department’s annual publication Bulletin 132-10, Table B-21, “Total Delta Water Charge for Each Contractor” did not correctly reflect a 7,000 acre foot transfer between Dudley Ridge Water District and Mojave Water Agency. Resolution: The Department revised and included the water transfer in Bulletin 132-11.


73. Whether the 2008 Delta Habitat Conservation and Conveyance Program payments were incorrectly included as 2009 payments and as a result the 2009 transportation minimum charges in Attachment 4B of the 2010 Statements of Charges were overstated by approximately $3.7 million. Resolution: The Department removed the 2008 Delta Habitat Conservation and Conveyance Program costs from the 2009 transportation minimum charges and the revision was reflected in the 2012 Statements of Charges.

74. Whether power costs in 2006 and 2007 were overstated by $4,477,000. Resolution: The Department updated 2006 and 2007 power costs.

75. Whether 1999 and 2000 equipment purchases were allocated statewide, resulting in a double billing of these charges. Resolution: The Department reversed the double billing of the equipment purchases.

76. Whether planning and pre-operating costs for the Franks Tract project for 2011 to 2013 totaling approximately $6.5 million were incorrectly included in the Delta Water Rate calculation. Resolution: The Department removed the pre-operating costs for the Franks Tract project from Delta Water Rate calculation.
77. Whether Pine Flat Power plant costs for 2008-2010 were recorded in the incorrect year. Resolution: The Department revised its records to record the 2008-2010 costs in the years when the service was provided.

78. Whether power revenues for 2000 of $142,000 were double posted in the system. Resolution: The Department removed the double posting in 2012.

79. Whether the Gianelli Pumping and Generating Plant estimates totaling approximately $168,000 were charged to the transportation minimum component but should have been charged to the Delta Water Charge in the 2012 Statements of Charges. Resolution: The Department moved approximately $168,000 to the Delta Water Charge from the transportation minimum component.

80. Whether the 2010 fish replacement credit was improperly excluded from the variable charges. Resolution: The Department allocated the credit to the variable charges in the normal reconciliation process.

81. Whether the 45,000 acre-feet of relinquished capacity amounts included in the 2012 Delta Water Charge calculation were outdated. Resolution: The Department updated the 45,000 acre-feet of relinquished capacity amounts in the Delta Water Rate calculation.

82. Whether the administrative fee credits to the Contractors for the costs of wheeling non-Table A water of approximately $13,500 was over credited in the 2012 SOC. Resolution: The Department reversed the credit of approximately $13,500 to the Contractors.

83. Whether CAISO charges for 2003, 2007, 2009 and 2010 totaling approximately $8.8 million were recorded in incorrect years. Resolution: The Department made adjustments to record the CAISO charges in the correct years and this was reflected in the 2014 Statements of Charges.

84. Whether outdated 2010 conservation replacement amounts were used in calculating the 2012 conservation replacement rate. Resolution: The Department updated the conservation replacement costs.

85. Whether the Delta Fish survival improvement program and FERC licensing compliance costs totaling approximately $1,101,000 were excluded from the Contractors’ 2012 Statements of Charges. Resolution: The Department included costs totaling approximately $1,031,000 for the Delta Fish survival improvement program and FERC licensing compliance costs.

86. Whether the 2010 Power Allocation Table was calculated incorrectly by including transmission costs in calculating the power allocation factors. Resolution: The Department updated the 2010 Power Allocation Table with power allocation factors based on only the energy costs for the 2013 Statements of Charges.

87. Whether gas hedging costs for 2010 were overstated in the SAP accounting system by approximately $1.7 million. Resolution: The Department revised total annual gas hedging costs in the SAP accounting system and this was reflected in the 2013 Statements of Charges.

88. Whether a portion of 2010 operation and maintenance costs of Pine Flat Power Plant was incorrectly recorded in 2009. Resolution: The Department moved the accounting posting date for the portion of Pine Flat Power Plant operation and maintenance costs from 2009 to 2010.
89. Whether the 2006 transportation variable calculated component was overstated by approximately $3 million due to the Department posting an adjusting entry intended to properly reallocate gas hedging costs. Resolution: The Department revised total annual gas hedging costs in the SAP accounting system and this was reflected in the 2013 Statements of Charges.

90. Whether the KCWA-AG 2009 variable transportation component was understated in the 2012 Statement of Charges due to understated water deliveries for KCWA-AG. Resolution: The Department updated the 2009 water delivery data for KCWA-AG and increased the 2009 variable charges for KCWA-AG for the 2013 Statements of Charges.

91. Whether the KCWA-AG 2009 variable transportation component was understated in the 2012 Statement of Charges due to understated water deliveries for KCWA-AG. Resolution: The Department updated the 2009 water delivery data for KCWA-AG and increased the 2009 variable charges for KCWA-AG for the 2013 Statements of Charges.

92. Whether the Delta Water Charge was overstated by $341,371 due to the reclassification related to the relinquished capacity from Kern County and Dudley Ridge being overstated in the Delta Water Charge from 2008-2035. Resolution: The Department updated the charges related to relinquished capacity and the Delta Water Charge and this was reflected in the 2013 Statements of Charges.

93. Whether the Off-Aqueduct Power charges were misstated for all Contractors from 2009 to 2012 due to miscalculations contained in the manual allocation schedule of Reid Gardner separation costs. Resolution: The Department revised the calculation of the Reid Gardner separation costs for the 2013 Statements of Charges.

94. Whether 2009 Year-End and 2010 Preliminary Allocations of Off-Aqueduct Power charges were misallocated due to the Department using improper energy factors for Dudley Ridge, MWDSC and San Gabriel Valley in the calculation of the annual energy requirement. Resolution: The Department updated the 2009 and 2010 Off-Aqueduct Power charges with revised energy factors for the 2013 Statements of Charges.

95. Whether the 2011 May Allocation of Off-Aqueduct Power Charges were misallocated as the Department omitted water delivery credits to KCWA-AG and Tulare Lake Basin Water Storage when calculating the total energy requirement for 2011. Resolution: The Department updated the water delivery data, resulting in the correct 2011 Preliminary Year-End Allocation.

96. Whether conservation water at the Banks Pumping Plant was improperly excluded from 1998 to 2011 when calculating the variable unit rates. Resolution: The Department implemented a program fix in January 2013 to include the conservation water in the calculation of unit rate at the Banks pumping plant and applied the fix to the 1998 to 2011 time period.

97. Whether outdated 2010 and 2011 conservation replacement amounts were used and revenues of $8,858,000 were excluded in calculating the conservation replacement rate. Resolution: The Department updated the 2010 and 2011 conservation replacement charges.

98. Whether Los Angeles Department of Water and Power peaking payments were improperly excluded from the 2012 and 2013 transportation variable charges. Resolution: The Department added the peaking payments in the 2012 and 2013 transportation variable charges.
99. Whether estimated costs for the Battle Creek Phase 2 project under the Fish Restoration Program were overstated by $6,000,000 in 2014. Resolution: The Department updated the cost estimates of the Battle Creek Phase 2 project.

100. Whether the fish survival improvement program costs totaling approximately $57,000 should have been included in the calculation of the Delta Water Rate in the 2013 Statements of Charges. Resolution: The Department updated the fish survival improvement program costs and included approximately $57,000 in the calculation of the Delta Water Rate.

101. Whether a credit in the amount of approximately $241,000 for year 2007-2008 related to the Delta Habitat Conservation and Conveyance Program was incorrectly included in the Delta Water Rate calculation. Resolution: The Department reviewed the charge/credit and determined that the credit was not related to Delta Habitat Conservation and Conveyance Program and was correctly included in the Delta Water Rate calculation.

102. Whether the mill rate used to compute the 2013 recovery generation credit for Mojave Siphon was incorrect. Resolution: The Department updated the mill rate from 151 mills per kWh to 146 mills per kWh for the 2013 recovery generation credit for Mojave Siphon.

103. Whether FERC relicensing costs for the reoperation of the Pyramid Dam project totaling approximately $630,000 for Year 2011 were included in the transportation minimum component instead of the variable component. Resolution: The Department moved the costs in the amount of approximately $630,000 from the transportation minimum component to the transportation variable component.

104. Whether costs included in the alpha cost center number 2030FWF001 were recovered twice from the contractors, resulting in an overstatement of charges of approximately $629,734 in 2011. Resolution: The Department reduced the charges of approximately $629,734 in the alpha cost center number 2030FWF001 for Year 2011 and this was reflected in the 2014 Statements of Charges.

105. Whether the number of furlough months in 2010 was misstated in the process of estimating future conservation minimum costs. Resolution: The Department revised 2010 furlough months in calculating the Delta Water Charges for the May estimate of the 2014 Statements of Charges.

106. Whether future estimates of the conservation minimum costs for San Luis were incorrectly calculated for years 2015-2035. Resolution: The Department removed unrelated recreational costs from the calculation of 2015-2035 estimates of the conservation minimum costs for San Luis and this was reflected in the 2015 Statements of Charges.

107. Whether future estimates for Hyatt-Thermalito facilities were incorrectly calculated by not using the bond amortization schedule which is the source of accurate future payments, resulting in an understatement of power revenues by $266,980. Resolution: The Department replaced the estimated debt service amounts with the actual debt service schedule for the 2014 Statements of Charges.

108. Whether the available funds calculation double counts the minimum relinquished capacity costs, resulting in an understatement of available funds in the 2013 Statements of Charges. Resolution: The Department removed the minimum relinquished capacity line in the available funds calculation and this was reflected in the 2014 Statements of Charges.
109. Whether the 2011 Power Allocation Table was improperly calculated by including direct-to-plant transmission costs in the calculation of the power allocation factors, resulting in a misallocation of net system power costs in the 2013 Statements of Charges. Resolution: The Department updated the 2011 Power Allocation Table and this was reflected in the 2014 Statements of Charges.

110. Whether the Department did not use the SAP accounting system to calculate the 2012 transportation variable component in the 2014 Statements of Charges and the manual calculation resulted in an overstatement for its 2012 transportation variable charges. Resolution: The Department revised the 2012 transportation variable charges using the SAP accounting system.

111. Whether water delivery information used in the calculation of 2013 and 2014 transportation replacement charges was outdated. Resolution: The Department updated water delivery information.

112. Whether 2007 contractors payments included in the Delta Water Rate were reduced by $3.4 million in error. Resolution: The Department revised the 2007 contractor’s revenues in calculating the Delta Water Charges.

113. Whether the mill rates used to compute the 2014 recovery generation charges and credits for Alamo and Mojave Siphon were incorrect. Resolution: The 2014 rates were correct.

114. Whether faulty meter equipment readings resulted in errors in the 2012 water data used to calculate 2014 Statements of Charges. Resolution: The Department updated the 2012 water table for reaches 8C to 16A.

115. Whether transportation minimum costs for 2003 through 2007, totaling $1,447,000, were improperly excluded from the contractors' charges. Resolution: The Department charged the contractors approximately $1,447,000 for costs not billable to the United States Bureau of Reclamation for the joint use facilities for 2003 through 2007 and this was reflected in the 2015 Statements of Charges.

116. Whether overhead costs totaling approximately $400,000 were improperly excluded from the Contractors' charges in the 2014 Statements of Charges. Resolution: The Department included overhead costs totaling approximately $400,000 in the overhead calculation for fiscal year 2014.

117. Whether FERC 2426 relicensing costs for 2013 and 2014 were improperly excluded from the transportation variable components in the 2014 Statements of Charges. Resolution: The Department reviewed the issue and determined to capitalize the FERC 2436 relicensing costs for 2013 and forward.

118. Whether Operation and Maintenance costs related to Pine Flat Power Plant for 2012 were overstated by approximately $529,834 by including the costs for the first quarter of 2013 in the 2012 Operation and Maintenance costs. Resolution: The Department removed the cost of the first quarter of 2013 from the 2012 total costs.

119. Whether Pacific Gas and Electric transmission costs amounting to approximately $156,463 with a service period of 2013 were improperly included in the 2012 costs in the SAP accounting system. Resolution: The Department reversed approximately $156,463 in
transmission costs for 2012 and reposted it in 2013 in the SAP accounting system and this was reflected in the 2015 Statements of Charges.

120. Whether Oroville flood control charges for 2008 totaling approximately $201,000 should have been included in the Delta Water Rate calculation. Resolution: The Department included the charges for 2008.

121. Whether accounting adjustments to correct the effect on the downstream distribution of energy costs should have been reflected in the 2010 Statement of Charges. Resolution: The Department reflected the costs adjustments to correct the effect on the downstream distribution of energy costs for the 2011 Statements of Charges.

122. Whether the Division of Environmental Services estimates of Delta Fish Agreement charges for 2010 should not have been excluded from the transportation variable component calculation, which understated Metropolitan's transportation variable component by approximately $3,235,000 in the 2011 Statement of Charges. Resolution: The Department included the Delta Fish Agreement charges for 2010 in the variable component for all contractors and this is reflected in the 2012 Statements of Charges.

123. Whether FERC-related administrative costs for Pyramid Dam were improperly excluded from the recovery generation credits for the 2012 Statements of Charges. Resolution: The Department added FERC administrative costs of $1,192,000 to the recovery generation credit in May 2012 and this was reflected in the 2013 Statements of Charges.

124. Whether the Replacement Accounting System charges for 2012 were computed using outdated information. Resolution: The Department corrected the Replacement Accounting System charges for 2012 and this was reflected in the 2013 Statements of Charges.

125. Whether Metropolitan’s 2009 payment for transportation minimum charges was overstated by approximately $946,000 in the 2012 Statement of Charges. Resolution: The Department corrected Metropolitan’s 2009 transportation minimum payment eliminating the overstatement of approximately $946,000 and this was reflected in the 2013 Statements of Charges.

126. Whether costs allocated to the East Branch Enlargement in the 2012 Statements of Charges were improperly reduced by an amount allocated to recreation. Resolution: The Department updated the project purpose allocation factors for the East Branch Enlargement to eliminate the recreation project purpose and this was reflected in the 2015 Statements of Charges.

127. Whether future estimates for Delta Facilities used for the 2013 Statements of Charges were allocated entirely to the contractors when a portion should be allocated to recreation. Resolution: The Department determined the correct project purpose factor was being used when calculating the Delta Facilities capital projections.

128. Whether Enron revenues of approximately $340,000 were recorded twice in the transportation variable component for the 2013 Statements of Charges. Resolution: The Department eliminated the duplicate approximately $340,000 transportation variable component entry and this was reflected in the 2014 Statements of Charges.

129. Whether Delta Habitat Conservation and Conveyance Program costs were under collected by approximately $387,001 in the 2009 Statements of Charges. Resolution: The Department
corrected the line item specific to the reallocation of the 2009 Delta Habitat Conservation and Conveyance Program costs in Attachment 4B and this was reflected in the 2014 Statements of Charges.

130. Whether revenues totaling approximately $5,370,000 received from 1999 to 2013 from a contract between the Department and the North Delta Water Agency have not properly reduced the contractors' charges. Resolution: The Department applied Delta Water rate credits of approximately $5.5 million from 1999 to 2014 related to the North Delta Water Agency contract and this is reflected in the 2016 Statements of Charges.

131. Whether future estimates of the conservation minimum costs for San Luis are incorrectly calculated for years 2016-2035 for the 2014 Statements of Charges. Resolution: The Department corrected the future estimates of the conservation minimum costs for San Luis for years 2016-2035 and this is reflected in the 2015 Statements of Charges.

132. Whether BDCP costs should have been removed from the historical SAP costs in the conservation minimum three-year average calculation for the 2014 Statements of Charges. Resolution: The Department removed the BDCP costs from the conservation minimum three-year average calculation and this was reflected in the 2015 Statements of Charges.
EXHIBIT 3

ISSUES THAT MAY BE EXCLUDED FROM THE TERM “CLAIMS” UPON 60 DAYS ADVANCE NOTICE

1. The Department of Water Resources’ change in funding the costs of the San Joaquin Valley Drainage program from the Capital Facilities Account (as established pursuant to Article 51 (b) (1) of the State Water Contract) prior to 2006 to operations and maintenance costs beginning in 2006, but not including the Department’s retention of unused Capital Facility Account balances in 2006 and 2007 for anticipated future year capital expenditures (which retention issue shall not be subject to exclusion upon 60 days notice).

2. All Claims arising out of or related to the determination, allocation and/or payment of fish and wildlife enhancement and recreation costs incurred in constructing, operating and maintaining the State Water Project Perris Reservoir and any of its appurtenant, ancillary or related facilities, including, but not limited to, such costs associated with any actions taken at Perris Reservoir to address seismic safety issues. (“Claims” as used in this item 2, does not include the issue described in Exhibit 1, item 1.)
<table>
<thead>
<tr>
<th>Contractors</th>
<th>Address</th>
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<tbody>
<tr>
<td>Jill Duerig, General Manager</td>
<td>Alameda County FC&amp;WCD, Zone 7</td>
</tr>
<tr>
<td></td>
<td>100 North Canyons Parkway</td>
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<tr>
<td></td>
<td>Livermore, CA 94551</td>
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<tr>
<td>Robert Shaver, General Manager</td>
<td>Dudley Ridge Water District</td>
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<tr>
<td></td>
<td>286 W. Cromwell Ave</td>
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<tr>
<td></td>
<td>Fresno, CA 93711-6162</td>
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<tr>
<td>Daniel Flory, General Manager</td>
<td>Empire West Side Irrigation District</td>
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<tr>
<td></td>
<td>P.O. Box 66</td>
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<tr>
<td></td>
<td>Stratford, CA 93266</td>
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<tr>
<td>Bruce Alpert, County Counsel</td>
<td>Kern County Water Agency</td>
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<td>P.O. Box 58</td>
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<td></td>
<td>Bakersfield, CA 93302</td>
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<tr>
<td>Dan Masnada, General Manager</td>
<td>Antelope Valley/East Kern Water Agency</td>
</tr>
<tr>
<td></td>
<td>6500 West Avenue N</td>
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<tr>
<td></td>
<td>Palmdale, CA 95965</td>
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<tr>
<td>Jeffrey Foltz, City Administrator</td>
<td>Castaic Lake Water Agency</td>
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<tr>
<td></td>
<td>27234 Bouquet Canyon Road</td>
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<tr>
<td></td>
<td>Santa Clarita, CA 91350</td>
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<tr>
<td>Jim Barrett, General Manager</td>
<td>Coachella Valley Water District</td>
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<tr>
<td></td>
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<tr>
<td>Roxanne Holmes, General Manager</td>
<td>Crestline/Lake Arrowhead Water Agency</td>
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<td>Crestline, CA 92325</td>
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<td>Dale Melville, Manager-Engineer</td>
<td>Jill Howe, Manager</td>
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<td>Bakersfield, CA 93302</td>
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<tr>
<td>Jeff Kightlinger, General Manager</td>
<td>Metropolitan Water District</td>
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<tr>
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<td>P.O. Box 54153</td>
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<tr>
<td></td>
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<tr>
<td>Kirby Brill, General Manager</td>
<td>Mojave Water Agency</td>
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<tr>
<td></td>
<td>13846 Conference Center Drive</td>
</tr>
<tr>
<td></td>
<td>Apple Valley, CA 92307</td>
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<tr>
<td>Phillip Miller, District Engineer</td>
<td>Napa County FC &amp; WCD</td>
</tr>
<tr>
<td></td>
<td>1195 Third Street, Room 201</td>
</tr>
<tr>
<td></td>
<td>Napa, CA 94559</td>
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</tbody>
</table>
Dave Luker, General Manager
Desert Water Agency
P.O. Box 1710
Palm Springs, CA  92263-1710

Dennis Lamoreaux, General Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, CA  93550

Douglas Headrick, General Manager
San Bernardino Valley MWD
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San Bernardino, CA 92408

Darin Kasamoto, General Manager
San Gabriel Valley MWD
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Azusa, CA  91702

Jeff Davis, General Manager
San Gorgonio Pass Water Agency
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Beaumont, CA 92223

Dean Benedix, Utilities Div. Manager
San Luis Obispo County FC&WCD
Government Center, Room 207
San Luis Obispo, CA 93408

Matt Naftaly
Santa Barbara County Water Agency
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Santa Barbara, CA  93101-2058

and
Ray Stokes, Executive Director
Central Coast Water Agency
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Buellton, CA  93427-9565

William Harrison, Manager
Oak Flat Water District
P.O. Box 1596 / 17840 Ward Avenue
Patterson, CA  95363

Beau Goldie, Chief Executive Officer
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA  95118

Thomas Pate, Interim General Manager
Solano County Water Agency
810 Vaca Valley Parkway
Vacaville, CA 95688

Mark Gilkey, General Manager
Tulare Lake Basin WSD
1001 Chase Avenue
Corcoran, CA 93212

Norma Camacho, Director
Ventura County Watershed Protection District
800 S. Victoria Avenue
Ventura, CA  93009-1600

and
Steve Wickstrum, General Manager
Casitas Municipal Water District
1055 Ventura Avenue
Oakview, CA 93022-9622
RE: REQUEST AUTHORIZATION TO PARTICIPATE IN THE 2015-2016 UNITED STATES GEOLOGICAL SURVEY COOPERATIVE WATER RESOURCES PROGRAM

Attached for your review is a letter dated November 12, 2015 from the United States Geological Survey (“USGS”), which outlines the cost for Agency participation in the 2015-2016 Cooperative Water Resources Program. As in previous years, the Agency, along with Coachella Valley Water District, the Riverside County Flood Control and Water Conservation District (“Agencies”) and the USGS will share the costs for the operation and maintenance of a number of stream gaging facilities, as well as a ground and surface water quality program.

The cost share ratio of the program remains at 60:40 between the agencies and the USGS.

The amount requested for the 2015-2016 test year is $68,400, which is 26% higher than last year but 10% lower than the previous three years. The variability in the cost is due to changes in federal funding for the USGS National Streamflow Information Program (NSIP). In prior years the NSIP funded a portion of the cost for 2 of our 13 streamflow gages. This year they are not funding these gauges but some credits from 2014 are being applied. Our cost would be $80,275 without these credits. This amount covers the operation and maintenance costs for 13 gauging stations ($63,050) and the cost of ground water and surface water quality sampling ($5,350).

Staff wishes to continue participation in the USGS Cooperative Water Resources Program in order to maintain the monitoring of our water supplies and uses throughout the upper Coachella Valley, and requests Board approval of the Agency's participation in the 2015-2016 program in the amount of $68,400.
November 12, 2015

Mr. Dave Luker, General Manager
Desert Water Agency
Post Office Box 1710
Palm Springs, California 92263-1710

Dear Mr. Luker:

This letter confirms discussions between our respective staffs concerning the continuation of our cooperative water resources program between the Desert Water Agency (DWA) and the U.S. Geological Survey (USGS), for the period November 1, 2015 to October 31, 2016.

The proposed program and associated costs to DWA, Coachella Valley Water District (CVWD), Riverside County Flood Control and Water Conservation District (RCFC&WCD), and the U.S. Geological Survey (USGS) are as follows:

**Part 1. Stream-gaging program**

We will continue to operate and maintain the following thirteen gaging stations:

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Mr. Dave Luker, General Manager- Desert Water Agency

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<th>RCFC &amp;WCD Funds</th>
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<tr>
<td>10259300 Whitewater River at Indio</td>
<td>7,125</td>
<td>7,125</td>
<td>-0-</td>
<td>7,200</td>
<td>21,450</td>
</tr>
<tr>
<td>10259540 Whitewater River near Mecca¹,²</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$63,050</strong></td>
<td><strong>$63,050</strong></td>
<td><strong>$33,400</strong></td>
<td><strong>$78,600</strong></td>
<td><strong>$238,100</strong></td>
</tr>
</tbody>
</table>

Part 2. Water-Quality Monitoring Program

A. Ground-water quality - We will collect water-quality samples from the following two wells and six piezometers on an annual basis (in the spring):

<table>
<thead>
<tr>
<th>Piezometers</th>
<th>Wells</th>
</tr>
</thead>
<tbody>
<tr>
<td>3S/4E-20F1</td>
<td>3S/4E-29R1</td>
</tr>
<tr>
<td>3S/4E-20J1</td>
<td>3S/4E-30C1</td>
</tr>
<tr>
<td>3S/4E-20F2</td>
<td></td>
</tr>
<tr>
<td>3S/4E-20J2</td>
<td></td>
</tr>
<tr>
<td>3S/4E-20F3</td>
<td></td>
</tr>
<tr>
<td>3S/4E-20J3</td>
<td></td>
</tr>
</tbody>
</table>

B. Surface-water quality - We will sample the following three surface-water stations on an annual basis (in November):

- 10256000 Whitewater River at White Water
- 10257720 Chino Canyon Creek below Tramway near Palm Springs
- 10256500 Snow Creek near White Water

All water-quality samples will be analyzed, reviewed, and copies of the tabulated data will be furnished to your agency. List A, enclosed, shows the chemical constituents to be analyzed. In addition to this list all ground-water samples will also be tested for Perchlorate.

¹ See enclosed notes on operating limitations.
² Funding for this gage is provided by the National Streamflow Information Program (NSIP).
Total cost of the water-quality program is $14,150. Total cost to your agency will be $5,350.

A summary of the distribution of costs to each agency is as follows:

<table>
<thead>
<tr>
<th>Program Element</th>
<th>DWA</th>
<th>CVWD</th>
<th>&amp;WCD</th>
<th>USGS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 1 – Stream gaging</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
<td>Funds</td>
</tr>
<tr>
<td>program</td>
<td>$63,050</td>
<td>$63,050</td>
<td>$33,400</td>
<td>$78,600</td>
<td>$238,100</td>
</tr>
<tr>
<td>Part 2 - Water-quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Ground-water quality</td>
<td>3,400</td>
<td>3,400</td>
<td>-0-</td>
<td>3,450</td>
<td>10,250</td>
</tr>
<tr>
<td>B. Surface-water quality</td>
<td>1,950</td>
<td>1,950</td>
<td>-0-</td>
<td>-0-</td>
<td>3,900</td>
</tr>
<tr>
<td>Total of Part 2</td>
<td>$5,350</td>
<td>$5,350</td>
<td>$-0-</td>
<td>$3,450</td>
<td>$14,150</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$68,400</td>
<td>$68,400</td>
<td>$33,400</td>
<td>$82,050</td>
<td>$252,250</td>
</tr>
</tbody>
</table>

Total cost of the proposed program is $252,250. Cost to your agency will be $68,400, and subject to the availability of Federal matching funds, the U.S. Geological Survey (USGS) will provide $82,050.

Enclosed are two originals of Joint Funding Agreement (JFA) 16WSCA01200, signed by our agency, for your approval. If you are in agreement with this proposed program, please return one fully executed JFA to our office. Work performed with funds from this agreement will be conducted on a fixed-price basis. Billing for this agreement will be rendered quarterly.

The USGS is required to have an agreement in place prior to any work being performed on a project. We request that a fully executed JFA be returned prior to December 31, 2015. If it is not received by December 31, we will be required to suspend operations until an agreement is received.

If you have any questions concerning this program, please contact Scott Patterson, in our Poway Field Office, at (858) 679-4015. If you have any administrative questions, please contact Tammy Seubert, in our Sacramento Office, at (916) 278-3040.

Sincerely,

[Signature]

Eric G. Reichard
Director, USGS California Water Science Center

Enclosures

cc: Scott Patterson, USGS CAWSC
Mr. Dave Luker, General Manager- Desert Water Agency

List A

<table>
<thead>
<tr>
<th>Chemical Constituents</th>
<th>Dissolved Constituents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissolved boron (µg/L)</td>
<td>Dissolved sulfate</td>
</tr>
<tr>
<td>Dissolved bromide</td>
<td>Dissolved arsenic</td>
</tr>
<tr>
<td>Dissolved calcium</td>
<td>Dissolved solids</td>
</tr>
<tr>
<td>Dissolved chloride</td>
<td>Sodium adsorption ratio</td>
</tr>
<tr>
<td>Dissolved fluoride</td>
<td>Percent sodium</td>
</tr>
<tr>
<td>Dissolved iron (µg/L)</td>
<td>Total alkalinity (CaCO₃)</td>
</tr>
<tr>
<td>Dissolved manganese</td>
<td>Carbonate (CO₃)</td>
</tr>
<tr>
<td>Dissolved nitrogen (ammonia)</td>
<td>Total hardness (CaCO₃)</td>
</tr>
<tr>
<td>Dissolved nitrogen (ammonia + organic)</td>
<td></td>
</tr>
<tr>
<td>Dissolved nitrogen (nitrite)</td>
<td>Noncarbonate hardness</td>
</tr>
<tr>
<td>Dissolved nitrogen (nitrate + nitrite)</td>
<td>Temperature °C</td>
</tr>
<tr>
<td>Dissolved orthophosphorus (P)</td>
<td>pH</td>
</tr>
<tr>
<td>Dissolved phosphorus (P)</td>
<td>Specific conductance (microsiemens)</td>
</tr>
<tr>
<td>Dissolved potassium</td>
<td>Total organic carbon</td>
</tr>
<tr>
<td>Dissolved silica</td>
<td>Perchlorate (wells only)</td>
</tr>
<tr>
<td>Dissolved sodium</td>
<td></td>
</tr>
</tbody>
</table>

Schedules used: 1034, 117, LC27, LC2160, LC1246, LC0114
Mr. Dave Luker, General Manager- Desert Water Agency

Notes on operating limitations of selected stations

10256000 - Whitewater River at Whitewater -- Due to the physical conditions at this site and the difficulty in maintaining a gage pool and stable control for which a rating can be developed, data collection will be limited to monthly discharge measurements (with additional measurements made at the request of the DWA and/or CVWD during period of high aqueduct release). No attempt will be made to compute or publish a continuous streamflow record and no peak flow measurements or estimates will be made.

10257550 - Whitewater at Windy Point -- Obtaining an accurate record of discharge for this station is contingent on adequate channel maintenance, to be performed by DWA and/or CVWD as described here. The station has two separate gage height sensors and recorders, one for the right- side weir (with the walkway) and one for the left-side (overflow) weir. The channel above and below both weirs will be maintained to insure that the weirs do not become buried by sediment. The channel downstream from both weirs will be kept clear of sediment to the degree necessary to allow an adequate drop over both weirs. The channel above the right-side weir will be cleaned out to maintain a pool upstream from the right-side weir. To insure the greatest accuracy, the upstream dike which directs flow to the right-side weir will be maintained. When destroyed by high flow, the dike will be reestablished as soon as practical.

High flow in the left channel cannot be measured directly with a current meter. Instead, a theoretical stage-discharge rating will be used. A single record representing the total flow over both weirs will be published.

10259540 - Whitewater River near Mecca -- Because of the traffic control dikes in the channel normal to all flow except that in the incised low flow channel, measurements and computation of record will be limited to a stage of about 6 feet which translates from the existing rating curve as about 200 cfs. Above this maximum, streamflow will begin to erode the material in the dikes and a rating curve for the channel cannot be established. No attempt will be made to measure or estimate higher flows.
THIS AGREEMENT is entered into as of the 1st day of November, 2015, by the U.S. GEOLOGICAL SURVEY, California Water Science Center, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the DESERT WATER AGENCY, party of the second part.

1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for cooperative water resources investigations in the Desert Water Agency area, herein called the program. The USGS legal authority is 43 USC 36C, 43 USC 50, and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) include In-Kind-Services in the amount of $0.00.

(a) $32,625.00 by the party of the first part during the period November 1, 2015 to October 31, 2016

(b) $68,400.00 by the party of the second part during the period November 1, 2015 to October 31, 2016

(c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of: $0.00

Description of the USGS regional/national program:
Not Applicable

(d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.

(e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part: at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties.

9. USGS will issue billings utilizing Department of the Interior Bill for Collection (form DI-1040). Billing documents are to be rendered quarterly. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983.).
<table>
<thead>
<tr>
<th><strong>USGS Technical Point of Contact</strong></th>
<th><strong>Customer Technical Point of Contact</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name:</strong> Scott Patterson</td>
<td><strong>Name:</strong> Mr. Dave Luker</td>
</tr>
<tr>
<td><strong>Address:</strong> Supervisory Hydrologic Technician 12110 Tech Center Drive Poway, CA 92064</td>
<td><strong>Address:</strong> General Manager Post Office Box 1710 Palm Springs, CA 92263-1710</td>
</tr>
<tr>
<td><strong>Telephone:</strong> (858) 679-4015</td>
<td><strong>Telephone:</strong></td>
</tr>
<tr>
<td><strong>Fax:</strong> (858) 679-4019</td>
<td><strong>Fax:</strong></td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:rspatter@usgs.gov">rspatter@usgs.gov</a></td>
<td><strong>Email:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>USGS Billing Point of Contact</strong></th>
<th><strong>Customer Billing Point of Contact</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name:</strong> Tamara Seubert</td>
<td><strong>Name:</strong></td>
</tr>
<tr>
<td><strong>Address:</strong> Budget Analyst 6000 J Street - Placer Hall Sacramento, CA 95819</td>
<td><strong>Address:</strong></td>
</tr>
<tr>
<td><strong>Telephone:</strong> (916) 278-3040</td>
<td><strong>Telephone:</strong></td>
</tr>
<tr>
<td><strong>Fax:</strong> (916) 278-3070</td>
<td><strong>Fax:</strong></td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:tseubert@usgs.gov">tseubert@usgs.gov</a></td>
<td><strong>Email:</strong></td>
</tr>
</tbody>
</table>

**U.S. Geological Survey United States Department of Interior**

**Signature**  
By Eric G. Reichard  
Title: Director, USGS California Water Science Center  
Date: 11/12/2015

**DESERT WATER AGENCY**

**Signatures**

By  
Date:  
Name:  
Title:  

By  
Date:  
Name:  
Title:  

By  
Date:  
Name:  
Title:
MEMORANDUM

TO: GENERAL MANAGER AND BOARD OF DIRECTORS
    OF DESERT WATER AGENCY

FROM: BEST BEST & KRIEGER LLP

RE: NOVEMBER 18, 2015 MEETING OF THE BOARD OF DIRECTORS OF THE
    STATE WATER PROJECT CONTRACTORS AUTHORITY AND
    NOVEMBER 19, 2015 MEETING OF THE BOARD OF DIRECTORS OF THE
    STATE WATER CONTRACTORS, INC.

The November 18, 2015 meeting of the Board of Directors of the State Water Project Contractors Authority was conducted at the Senator Hotel in downtown Sacramento. The November 19, 2015 meeting of the Board of Directors of the State Water Contractors, Inc., was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

1. SWPCA Board Meeting.

The discussion at the SWPCA Board meeting included an update regarding the proposal for the State and Federal Contractors Water Agency, in conjunction with SWPCA, to submit proposals to DWR to perform habitat restoration projects in the Delta. Recall that the biological opinions issued for the Delta smelt and for salmon imposed mitigation requirements for DWR to create or restore 8,000 acres of tidal habitat in the Delta. The Federal and State Contractors have been attempting to persuade DWR, its legal counsel, and the Department of General Services to solicit proposals for others to perform those projects under contract with DWR. It was reported that those discussions have made significant progress, and that DWR likely will request proposals to do that work. The State and Federal Contractors Water Agency is prepared to submit proposals to perform the projects, but it needs financial participation from the State Contractors. The Contractors believe that they will have a competitive advantage over other private concerns in the RFP process, since they will be willing to do the work at cost, without a profit motive. Indeed, the objective is to get the work done as inexpensively as possible, and hopefully less expensively than if DWR itself were performing the work, since the cost ultimately will be borne by the Contractors anyway. A draft agreement has been exchanged
between SFCWA and SWPCA to formalize the arrangement between them, which anticipates that participating State Contractors will advance the funds necessary to prepare a proposal and then commence work, with progress payments to be subsequently made by DWR as the work progresses. Soon the members of SWPCA will be asked to consider advancing funds for that purpose, in anticipation that the advanced funds ultimately will be reimbursed at the end of the process from progress payments made by DWR. The progress payments will be used by SFCWA as a “revolving fund” to perform a series of projects until the 8,000 acres habitat restoration program has been completed. The discussion at the meeting included the concept of having participating Contractors actually purchase and hold the property to be restored, instead of partnering with a private concern to do so, as that too would help reduce the ultimate expense. However, that would also increase the amount of funding that would have to be advanced. It is anticipated that draft agreements will soon be ready to present to Contractors for their consideration, and hopefully participation in the program.

2. **SWC Board Actions.**

At the meeting of the Board of Directors of the State Water Contractors, the initial item on the agenda included requested approvals by the Board. As its first action item, the Board authorized execution of a contract with a consultant to conduct surveys of Longfin smelt in the Delta, to develop a better understanding of the quantity and location of Longfin smelt. The SWC has been setting aside money for that contract for some time, and therefore the expenditure will not affect the budget. A contract was authorized in the amount of $337,407 for this purpose.

The SWC Board also took action to take an opposing position on the initiative measure circulated by Mr. Cortopassi to appear on the ballot at the next statewide election, popularly known as “no blank checks” initiative. This is an initiative which would impose a requirement to obtain voter approval for revenue bonds exceeding $2 billion in amount. Currently the law requires voter approval for general obligation bonds, to be funded from tax levies, but not for revenue bonds to be funded from user fees and charges. This initiative measure, if approved by the voters, could have seriously detrimental effects on financings funded from user fees and charges. The measure is vague and would produce a lot of litigation. Mr. Cortopassi’s real objective here is to kill the Delta improvement plan, which would be funded from State Water Project revenues.
A third Board action item authorized the execution of a letter to DWR to support funding a study of salmon movement through the Yolo Bypass, which will be constructed at a protected costs of $500 million. DWR has already spent $20 million on planning for construction of the Yolo bypass. It would be used in very wet years when the Sacramento River floods. One objective is to construct the bypass in a manner that will facilitate salmon migration. However, there is significant concern that the proposed design would not really facilitate salmon migration, or that an alternate design would do a better job of that. The SWC Board took action to authorize the study, before the more significant expenses are incurred. The cost of the study will be $1.9 million.


John Leahigh from DWR provided a water supply report. As everyone probably knows, storage is quite low in the State Water Project reservoirs. Storage in Lake Oroville currently is at 960,000 acre feet, which is the second lowest storage level ever. (Storage was actually less last year, to set the record.) Storage in the Folsom Reservoir is at an historic low, at 139,000 acre feet. Releases from Oroville to the Feather River were at the rate of 1,200 cubic feet per second. Those releases are strictly for the purpose of regulating salinity in the Delta, and do not increase the quantity of water available for export from the Delta. Diversions from Clifton Court were at the rate of 500 cubic feet per second. Although the Northern Sierra has seen some rain at the beginning of this water year, precipitation to date is still below average, at 64% of average. Precipitation in the Southern Sierra is a little above average, at 129% of average. Precipitation to date has not produced any runoff, as the dry ground has simply soaked up whatever rainfall has occurred thus far. The Federal Project owes the State Contractors 80,000 acre feet of water that had been borrowed from the State Water Project previously. It was reported the Federal Contractors will begin paying that water back, and that all of it is expected to be paid back before the end of December. Storage in the San Luis Reservoir is at 300,000 acre feet, and about 170,000 acre feet of that is attributable to carry over water held by certain Contractors.
4. **Energy Report.**

   Energy prices continue to be relatively low, driven by low gas prices. There is an
   oversupply of gas in the market, and gas storage has reached its limit. On the other hand, hydro
   power generation has been low due to low water deliveries. Some of the water released from
   Oroville was cold water released from the Oroville River valves, and that water is released
   directly to the river without going through the generator. Thus, the “net” cost of power has been
   higher than it was last year, notwithstanding relatively low gas prices, due to reduced hydro
   power generation and also due to the compliance costs related to greenhouse energy charges and
   embedded in the power cost.

5. **General Manager’s Report.**

   For the last five months, in-house General Counsel Stefanie Morris has also been
   serving as Interim General Manager for the State Water Contractors. Stefanie’s temporary duty
   as Interim General Manager was about to conclude as General Manager Terry Erlewine was
   expected to return to work the week of the Thanksgiving holiday. Stefanie was thanked for
   filling both roles while Terry was away on leave. Stefanie reported that DWR Chief Counsel,
   Cathy Crothers would be stepping down as Chief Counsel for DWR, although remaining on
   staff. It was not known who would be replacing Cathy Crothers as Chief Counsel at DWR.

6. **Water Supply Objectives Update.**

   The Board and those in attendance were briefed regarding water supply objectives
   for the year. One objective related to the upcoming State Water Contract amendment to provide
   for construction of the alternate conveyance facility and also to provide increased water
   management tools for the Contractors. It was reported that the Contractors are very close to
   having the proposed water management tools developed for negotiation with DWR. A workshop
   on the proposed amendments will be conducted at the office of the State Water Contractors on
   December 9.

   Several matters have been introduced and are pending before the State Water
   Resources Control Board. For one thing, a petition to change the point of diversion to
   accommodate the Delta improvements (now called “Cal Water Fix”) has been filed with the
State Water Resources Control Board. A hearing will be conducted on that petition, and the
State Water Contractors will be providing testimony along with DWR and the Federal Bureau of
Reclamation. The hearing on that petition will be conducted in April, 2016.

In addition, regulatory proceedings are pending before the State Board for
enforcement actions to limit or halt illegal diversions from the Delta, and a complaint has been
filed with the State Board to protect DWR’s stored water which is released from Oroville to
satisfy Delta flow requirements and then illegally diverted from the Delta. There are informal
indications that State Board staff have reacted favorably to that filing.

As for the Delta improvements (“Cal Water Fix”), the period for comments on the
original environmental document ended in the summer of 2014. However, so many comments
were provided that DWR decided to recirculate the document and to revise the permit as a
“Section 7” permit which would utilize biological opinions and would provide for shorter term
re-consultation, thus continuing to use the process currently in place. This revision was made
because it was clear that the regulatory agencies simply would not approve a Section 10 permit,
with longer term commitments. The comment period on the recirculated document ended in
October. The final document is expected to the ready in the late spring of 2016, with a record of
decision expected to be certified soon after that.

MICHAEL T. RIDDELL
San Joaquin Precipitation: 5-Station Index, November 18, 2015

Percent of Average for this Date: 129%

1982-1983 (wettest) 77.4
2005-2006 Daily Precip. 56.3
Average (1961-2010) 40.8
2013-2014 Daily Precip. 19.0
2014-2015 Daily Precip. 15.4
1923-1924 (driest) 14.8
1976-1977 (2nd driest & driest thru Aug)
CURRENT RESERVOIR CONDITIONS

- Trinity Lake: 20% capacity, 31% historical average
- Shasta Reservoir: 29% capacity, 50% historical average
- Lake Oroville: 27% capacity, 44% historical average
- Folsom Lake: 14% capacity, 29% historical average
- New Melones: 11% capacity, 20% historical average
- Lake Oroville: 27% capacity, 44% historical average
- Millerton Lake: 32% capacity, 77% historical average
- San Luis Reservoir: 20% capacity, 34% historical average
- Exchequer Reservoir: 7% capacity, 15% historical average
- Don Pedro Reservoir: 32% capacity, 49% historical average
- Pinet Flat Reservoir: 13% capacity, 36% historical average
- Perris Lake: 35% capacity, 45% historical average
- Castaic Lake: 32% capacity, 42% historical average

Legend:
- Capacity (TAF)
- % of Capacity
- % of Historical Average
SWC FY 2015-16
Water Supply Objectives Update

NOVEMBER 19, 2015
STATE WATER CONTRACTORS BOARD MEETING

FY 2015-16
Water Supply Objectives

► Priority I
  ► California WaterFix
  ► Water Management Contract Amendment
  ► Coordinated Operations Agreement
  ► State Water Resource Control Board Activities

► Priority II
  ► Facilitate Water Transfers
  ► Upstream Water Supply Augmentation
  ► Delta Levee Strategy
  ► OCAP Compliance
  ► Delta Operations Improvements
  ► Water Operations Evaluation
  ► Delta Related Litigation

► Priority III
  ► Suisun Marsh
  ► Wastewater Discharge and Water Quality Issues
  ► Collaborative Adaptive Management Team
Water Management Contract Amendment

- Contract amendment process initiated December 2014
- SWC Objectives
  - Provide water management tools
  - Possible allocation of costs and benefits
- SWC Caucus Meetings
  - Significant progress on water management tools – close to offer language
  - Work continues on possible allocation formula, workshops in December
- Continue to develop SWC proposal - January 1, 2016

State Water Resource Control Board Activities

- CPOD for Cal WaterFix
- Regulatory proceedings for enforcement actions
- Curtailment litigation
- SWRCB complaint to protect stored water
- WQCP Phase 2
California WaterFix

- Bay Delta Conservation Plan
  - Draft environmental documentation released November 2013, comments due July 2014
  - Challenges in resolving issues for Section 10 permit

- California Water Fix
  - Section 7 approach
  - Alternative water supply analysis
  - Draft environmental documentation released July 2015, comment period ended October 30, 2015
    - Final spring 2016
  - Biological Assessment expected by end of year
  - Change Petition filed in September 2015
    - Hearing set for spring 2016
  - Begin construction summer 2016

Obtain ROD for California WaterFix. Proceed with implementation Activities including SWRCB Change Petition.

California WaterFix

- Water supply and cost allocations
  - Between CVP and SWP
  - Among SWP contractors
    - Participants and non-participants

Obtain ROD for California WaterFix. Proceed with implementation Activities including SWRCB Change Petition.
Coordinated Operations Agreement

- Annual implementation:
  - COA account (~80 TAF)
    - Repaid by end of Jan 2016
  - Equal sharing account (~70 TAF)
    - Repaid in excess conditions
  - San Luis Reservoir storage borrowing (80 TAF)
    - Repaid by end of Dec 2015

- Next steps
  - Revisit equity of COA shares
  - Negotiations with CVP

Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers, including facilitating regulatory approvals. Begin planning for implementation of long-term transfers.

Water Operations Evaluation

- Review of current operations:
  - TUCP for Rio Vista and Delta water quality controlling
  - Total TUCP benefit for WY 2015: ~800 TAF
  - TUCP benefit for WY 2016 to date: ~35 TAF

- Strong El Niño conditions
  - Wet January through March?

Develop documentation for ongoing Delta water supply operations including water losses from regulatory actions. Develop analysis tool to evaluate water supply and predict water supply allocations during the runoff season.
OCAP Compliance

- Coordinating with DWR on review of budget and planning processes
- Current focus:
  - Delta Compliance Program processes and status
  - Fish Restoration Program Agreement (FRPA)
    - Prospect Island
    - Yolo Bypass
- Annual budget review: beginning of year

Monitor progress of implementation of required habitat and other RPAs under OCAP Biological Opinions.

Facilitate Water Transfers

- 2015:
  - Total Supply ~21 TAF
    - Limited due to FRSA delivery cuts
    - All supplies have been delivered
  - Participated in DWR/USBR water transfer stakeholder meeting.
- 2016: Dry Year Transfer Program?
  - 3 SWC member agencies expressed interest
  - SWC staff (Eric), and reps from KCWA and MWD met with former sellers on November 10.
  - Beginning to look at a long term transfer program and environmental work associated with a long term program

Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers, including facilitating regulatory approvals. Begin planning for implementation of long-term transfers.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>California WaterFix: Obtain ROE for California WaterFix, Proceed with Implementation Activities Including SWRCB Change Petition</td>
<td>Eriewine</td>
</tr>
<tr>
<td>Water Management Contract Amendment: Coordinate SWP Contractors Involvement in Contract Amendment Discussions on California WaterFix</td>
<td>Eriewine</td>
</tr>
<tr>
<td>Coordinated Operations Agreement: Coordinate with DWR and SWC members in developing information for and participating in discussions of possible COA modifications</td>
<td>Febbbo</td>
</tr>
<tr>
<td>State Water Resource Control Board Activities: Present testimony and participate in hearings on updating the Bay-Delta Water Quality Control Plan and related activities such as San Joaquin River water rights and illegal diversions</td>
<td>Morris</td>
</tr>
<tr>
<td>Facilitate Water Transfers: Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers, including facilitating regulatory approvals. Begin planning for implementation of long-term transfers</td>
<td>Chapman</td>
</tr>
<tr>
<td>Upstream Water Supply Augmentation: Work with CVP Contractors and upstream water users to identify water supply operations to address existing and potential regulatory obligations</td>
<td>Estewine</td>
</tr>
<tr>
<td>Delta Levee Strategy: Work with MWD and DWR in identifying and evaluating alternative approaches for levee improvements to project SWP water supplies.</td>
<td>Eriewine</td>
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<tr>
<td>OCAP Compliance: Monitor progress of implementation of required habitat and other PPAs under OCAP Biological Opinions</td>
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<tr>
<td>Delta Operations Improvements: Identify and implement operations strategies to minimize reductions to near term exports using existing facilities or with additional features that can be implemented within a short time period</td>
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<tr>
<td>Water Operations Evaluation: Develop documentation for ongoing Delta Water Supply Operations including water losses from regulatory actions. Develop analysis tool to evaluate water supply and predict water supply allocations during the runoff season</td>
<td>Febbbo</td>
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<tr>
<td>Delta Related Litigation: Work with DWR in defending Monterey PUD EIR against litigation, Continue participation in Plumas Watershed Forum. Continue challenging the CEQA and authority of the Delta Stewardship Council to implement certain Delta Plan activities. Continue monitoring requirements for Sacramento Regional CSD. Continue monitoring for other potential discharges that may impact the Delta ecosystem.</td>
<td>Morris</td>
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<tr>
<td>Sulphur Marsh: Participate in negotiations for updates or amendments to Sulphur Marsh Preservation Agreement, Review and provide input on the Sulphur Marsh Plan and associated environmental documents. Work with DWR to transfer operations of facilities to SRCD</td>
<td>Morris</td>
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<tr>
<td>Wastewater Discharge and Water Quality Issues: Follow-up on remaining litigation efforts related to Sacramento Regional CSD discharge permits. Participate in development and review of discharge standards for other Delta Watershed dischargers.</td>
<td>Morris</td>
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<tr>
<td>Collaborative Adaptive Management Team: Observe CAMT participation by SWC and SPCWA members and provide support as needed</td>
<td>Morris</td>
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Questions?
<table>
<thead>
<tr>
<th>Date</th>
<th>Packet Page</th>
<th>Media Source</th>
<th>Article</th>
</tr>
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<tbody>
<tr>
<td>10/30/15</td>
<td>1-2</td>
<td>THE DESERT SUN</td>
<td>California Drought: Agencies Not Fining Water Wasters</td>
</tr>
<tr>
<td>10/30/15</td>
<td>3-4</td>
<td>THE DESERT SUN</td>
<td>CA Drought: Local Water Agencies Hit With $61,000 Fines</td>
</tr>
<tr>
<td>10/30/15</td>
<td>5</td>
<td>LA TIMES</td>
<td>Newport Beach To Repay Customers Who Overpaid For Reclaimed Water</td>
</tr>
<tr>
<td>10/31/15</td>
<td>6-8</td>
<td>PRESS ENTERPRISE</td>
<td>State Fines Water Agencies</td>
</tr>
<tr>
<td>11/02/15</td>
<td>9</td>
<td>PRESS ENTERPRISE</td>
<td>Riverside May Sell Excess Water To Western Municipal</td>
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<tr>
<td>11/02/15</td>
<td>10-12</td>
<td>PRESS ENTERPRISE</td>
<td>Economist Doubts Drought</td>
</tr>
<tr>
<td>11/05/15</td>
<td>13</td>
<td>PRESS ENTERPRISE</td>
<td>Council Approves Deal To Sell Excess Water</td>
</tr>
<tr>
<td>11/09/15</td>
<td>14</td>
<td>LA TIMES</td>
<td>Planned Purification Plant Would Eliminate Need For Imported Water, Officials Say</td>
</tr>
<tr>
<td>11/09/15</td>
<td>15</td>
<td>THE DESERT SUN</td>
<td>LA County Government Limits Car Washes To Once A Month</td>
</tr>
<tr>
<td>11/10/15</td>
<td>16-17</td>
<td>THE DESERT SUN</td>
<td>CVWD Hikes Penalties For Water Wasters</td>
</tr>
<tr>
<td>11/10/15</td>
<td>18</td>
<td>LA TIMES</td>
<td>MWD Considers Buying 4 Delta Islands To Solve Some Water Problems</td>
</tr>
<tr>
<td>11/11/15</td>
<td>19</td>
<td>THE DESERT SUN</td>
<td>California Drought: Valley Misses Water Targets Again</td>
</tr>
<tr>
<td>11/14/15</td>
<td>20</td>
<td>PRESS ENTERPRISE</td>
<td>Brown Extends Water-Saving Measures In State Drought</td>
</tr>
<tr>
<td>11/14/15</td>
<td>21-22</td>
<td>THE DESERT SUN</td>
<td>Barring Miracle, Water Cutbacks To Last Into Fall 2016</td>
</tr>
<tr>
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<td>PACKET PAGE</td>
<td>MEDIA SOURCE</td>
<td>ARTICLE</td>
</tr>
<tr>
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<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>11/21/15</td>
<td>23-24</td>
<td>LA TIMES</td>
<td>Turf Rebate Got Less Bang for the Buck</td>
</tr>
<tr>
<td>11/24/15</td>
<td>25-26</td>
<td>LA TIMES</td>
<td>How Much Water Can Earth Hide?</td>
</tr>
</tbody>
</table>
California drought: Agencies not fining water wasters

Sammy Roth, The Desert Sun, October 30, 2015

The Coachella Valley has fallen far short of its state-mandated water conservation targets, but local agencies have largely declined to fine homes and businesses for violating water rules.

When Gov. Jerry Brown ordered cities to slash consumption by as much as 36 percent earlier this year, local agencies dramatically restricted water use, limiting outdoor irrigation to certain days and hours. They told homes and businesses to stop hosing down their driveways, to turn off non-recirculating fountains and not to water their lawns after it rains, among other rules. People who violated those rules would be fined anywhere from $50 to $500.

But three local water providers — the Desert Water Agency, the Indio Water Authority and the Mission Springs Water District — haven't levied a single fine since the new rules took effect from April to June. The Coachella Water Authority issued a $52 fine in July, and none since.

A broken sprinkler head shoots water onto Fairway Drive, just east of Portola Avenue in Palm Desert, on Oct. 26, 2015. (Photo: Jay Calderon/The Desert Sun)

The Coachella Valley Water District levied its first $50 fines this week, penalizing two customers for letting water run onto the sidewalk. (In addition to fining people who break the rules, the district has been penalizing homes and businesses that fail to reduce consumption 36 percent below their outdoor water budgets. Those per-gallon penalty fees have been added to customers' water bills.)

The lack of fines doesn't stem from a lack of complaints. Local water agencies received more than 2,600 water-waste complaints and doled out more than 2,200 warnings from April through August, according to data from the State Water Resources Control Board.

Only the Myoma Dunes Mutual Water Company — the valley's smallest water provider — has made a habit of fining water wasters, issuing 31 fines in August and September. The nonprofit company is closer to its conservation target than any other local water agency, although that probably isn't because of the fines.

"The vast majority do care. A lot of people are trying a lot," Myoma Dunes General Manager Mark Meeler told The Desert Sun earlier this month. "But we have those few that are just telling us, 'Too bad.'"

Water agencies that haven't fined anyone generally have the same explanation: People are responding to the warnings. Under the rules that local agencies have adopted, they can only fine repeat offenders.

"We've been lucky in that every time we've sent someone the legal letter that says three days to change this or you'll be fined — every time they've changed," Desert Water Agency spokesperson Ashley Hudgens said. "We've been fortunate that working with people has generally solved these problems."

Some water officials argue that fining people won't necessarily lead to dramatic leaps in conservation. Indio Water Authority General Manager Brian Macy said that while his agency can fine people for watering outside of established days and hours, homes and businesses can still use as much water as they want during those periods.

"The usage and the fines — they can be connected, but they're probably not," Macy said. "While the fines are a mechanism to make sure people are conserving, they don't necessarily ensure that they're conserving."

The Coachella Valley Water District has received hundreds of complaints over the past few months, and while it's issued more than 600 warnings, it hasn't had the resources to follow up with water wasters in most of those cases, spokesperson Heather Engel said. Only now is the agency starting to do follow-up work — hence the two fines earlier this week.
"We don’t really want to be a policing agency, but we’re not really meeting our conservation mandate. If people are being warned, and they’ve been offered assistance, we’ll fine them," Engel said.

While it’s only issued two fines, the district has been penalizing excessive water users since July, adding relatively small per-gallon fees to customers’ water bills. The agency’s board of directors declined to raise the fees Monday, postponing a decision for two weeks.

Thus far, none of the valley’s other water agencies have started issuing such penalty fees. Indio’s City Council voted to levy penalty fees last week, but they won’t take effect until Feb. 1, too late to make much of a difference toward meeting the city’s 32 percent conservation target.
CA drought: Local water agencies hit with $61,000 fines

Sammy Roth, October 30, 2015

The state water board brought the hammer down on local water agencies Friday, fining the Coachella Valley Water District and Indio $61,000 apiece for failing to meet Gov. Jerry Brown’s water conservation mandate.

The fines were a long time coming for the two water providers. From June through September, homes and businesses served by the Coachella Valley Water District cut back just 27.1 percent, far short of their 36 percent target. Indio residents were at 21.6 percent, even further from their 32 percent goal.

Only two other water agencies in California are being fined: the cities of Beverly Hills and Redlands, which will also pay $61,000 each.

“People have been trying. I just think some have been trying harder than others," water board chair Felicia Marcus said.

State officials didn’t mince words in criticizing the desert for not saving enough water. Cris Carrigan, the water board’s director of enforcement, said the Coachella Valley Water District’s poor numbers "illustrate a lack of sustained commitment to conservation." The district’s recent decision to postpone raising penalties for water wasters, he said, "shows an unwillingness to take all possible actions."

Carrigan also slammed both agencies for refusing to issue a single fine to customers who violated water-waste rules from June through September, despite receiving nearly 1,000 complaints over that time. The Coachella Valley Water District issued its first two $50 fines this week.

“Millions of Californians have demonstrated their commitment to saving water during this drought,” Carrigan said. “Nevertheless, we could have saved even more water if some of the homes, businesses and institutions in these communities had stepped up in the way that their fellow Californians have.”

John Powell Jr., president of the Coachella Valley Water District’s board of directors, pushed back against the state’s criticisms. The 27 percent conservation that the district’s customers have managed thus far, he said, is "unprecedented."

“The representation that we haven’t done enough — I think it is at odds with what we have done, and frankly the efforts our customers have made to save a tremendous amount of water," Powell said. “Our customers should be thanked for their response and stewardship of this precious resource.”

Powell said the district would "challenge" the state water board on several of its claims, although he wouldn’t say whether the agency will appeal its fine. Indio Water Authority General Manager Brian Macy declined to comment, saying the city would release a statement soon.

September was a good month for the state overall, with California cities cutting their water use 26 percent. From June through September, urban areas used 28.1 percent less water than they did during the same months in 2013 — well above Brown’s statewide mandate, which requires an overall 25 percent reduction from June 2015 through February 2016.
While the state as a whole is on track to meet its goal, the Coachella Valley is another story: None of the area’s six water agencies met their individual targets over the first four months, meaning they could see more fines from the state, possibly as high as $10,000 per day.

Gov. Jerry Brown’s conservation mandate called for cumulative cutbacks between June and February. Here’s a breakdown of how much the Coachella Valley’s six water agencies cut overall from June through September, compared to their state-mandated targets.

Several local water agencies are within striking distance of their targets. But state officials acknowledged Friday that the Coachella Valley Water District and Indio are unlikely to meet their goals, even if they significantly boost conservation from November through February. That’s because with the hot summer months now behind them, the biggest opportunities to save water have passed.

“We are now past the midway point of this emergency regulation, and communities that are significantly off the mark have missed the opportunity to fully reduce the levels of outdoor watering during the summer months,” Carrigan said.

Carrigan also acknowledged that the $61,000 fines won’t be a major financial deterrent for any of the four agencies being penalized, which should all be able to pay without breaking a sweat. The water board’s goal, he said, is to send a message that failing to conserve has consequences.

“We want to work with these entities that have received these fines to get them to do better,” Carrigan said. “We don’t want the fine money. We want them to do better.”

The State Water Resources Control Board chose to fine the Coachella Valley Water District and Indio $500 per day for the 122 days from June through September, for a total of $61,000. The agencies will have two weeks to appeal their fines to the five-member water board.
Newport Beach to repay customers who overpaid for reclaimed water

Hannah Fry, October 30, 2015

Two Newport Beach country clubs, a school district and a church that said they had been overcharged for recycled water will receive more than $433,000 in refunds.

Under settlements approved by council members Tuesday, the city will pay $222,770 to Big Canyon Country Club, $190,179 to Newport Beach Country Club and $7,769 to Our Lady Queen of Angels Catholic Church. Newport-Mesa Unified School District will be reimbursed $12,395 for recycled water use at Eastbluff Elementary School.

The council approved the agreements on a 6-0 vote.

Big Canyon alleged in a claim filed in March that it was overcharged from 2011 to 2014 while Newport Beach was conducting a study that led to a decrease in water rates last year.

Recycled water — also known as reclaimed water — is treated wastewater used for landscape irrigation at parks, school fields, roadway medians and places with expansive greenery, such as golf courses. The water, which should not be consumed, is used in order to conserve drinking water.

Newport-Mesa Unified, Newport Beach Country Club and Our Lady Queen of Angels were granted refunds after Big Canyon submitted its claim, according to City Atty. Aaron Harp.

"The city reimbursed all of the parties that overpaid for recycled water pursuant to the same formula," Harp said.

A 2014 staff report said the city was the only other recycled-water customer at the time.

Big Canyon requested in July 2011 that the city conduct an analysis of the cost to provide and transport recycled water to the country club. That effort took about three years and resulted in Newport Beach reducing the price of recycled water by about 50%, according to the claim.

The claim stated that under Proposition 218 — also known as the Right to Vote on Taxes Act — "the city is restricted from charging more for goods and services it provides than what those goods and services cost."
State fines water agencies
Coachella Valley Water District, Redlands and Indio each get $61,000 penalties.

JANET ZIMMERMAN

STAFF WRITER

State officials fined the Redlands water department and three other suppliers $61,000 each Friday for failing to hit their conservation targets

– the first time financial penalties have been levied since mandatory savings began in June.

The cities of Beverly Hills and Indio and the Coachella Valley Water District also were penalized by the State Water Resources Control Board.

“None of these parties has been in compliance ever. Each one has been well below their target since their first month,” said Cris Carrigan, director of the board’s enforcement office.

State officials told reporters on a telephone conference call that residents cut 26.1 percent statewide in September compared with the same month in 2013.

That brings the cumulative total since June to 28.1 percent, making it the fourth straight month that residents exceeded the 25 percent savings that Gov. Jerry Brown has ordered by the end of February.

The four suppliers targeted Friday are too far off the mark and won’t be able to save enough to make their goal, said Max Gomberg, the board’s climate and conservation manager.

Their fines amount to $500 a day for four months. The districts face additional fines for continued failure to meet the goals, Carrigan said.

In a more extreme step, lagging districts could be issued a cease and desist order, which carries a fine up to $10,000 per day for noncompliance, he said.

REACTION

Redlands spokesman Carl Baker said in an email that city officials learned of the fine late Thursday.

“We will be seeking direction from the City Council on Tuesday (Nov. 3) as to how we will respond. We have no further comment,” he said.

Redlands and the other districts can appeal the civil penalty to the state water board within 20 days. Their case could be heard by a single board member or the entire board. Otherwise, the money is due in 30 days.

Officials took two things into consideration when issuing the fines: by how much a district missed its target, and the volume of water that could have been saved.

The state board set targets for each supplier based on past use; the cutbacks range from 8 percent to 36 percent compared to 2013 baseline levels.

Beverly Hills was farthest off its target, 11.7 percent, but the Coachella Valley Water District has the most unsaved water: 1.4 billion gallons.

Jim Barrett, the Coachella Valley district’s general manager, said he will bring new approaches to encourage conservation to the Nov. 10 board meeting.

Redlands was 10.9 percent off its 36 percent target, the second highest of the four after Beverly Hills. That percentage equates to nearly 484 million gallons, Carrigan said.

Redlands failed to assess any penalties on the 555 waterwaste complaints it received since June, he said. In addition, the city’s rate structure doesn’t encourage conservation, and Redlands allows 3½ days of outside watering per week while the state is pushing for one to two days per week, Carrigan said.

In September, Redlands saved 30.2 percent compared with the same month in 2013. In August, residents saved
22 percent.

The state took other lesser enforcement actions in August when it issued conservation orders to eight suppliers in smaller or disadvantaged communities, including Hemet.

Hemet’s water department was given a list of steps to take, including hiring staff and performing audits of commercial users, to get closer to the goal. Failure to make progress could bring a $500-a-day fine.

Water departments in Yucaipa and Norco also have been threatened with enforcement action for being too far off their goals.

In the past four months, California residents have saved 777,739 acre-feet of water. That is 65 percent of the overall goal of saving 1.2 million acre-feet by February 2016.

One acre-foot is equal to 325,851 gallons, about enough water to supply two households for a year.

Statewide in September, residents used an average of 97 gallons per day, down from 102 gallons in August.

DIFFICULT OCTOBER

Many Inland water suppliers said they are way off the mark for October, which has been one of the hottest on record. There is less opportunity for significant savings in the fall because water use already is lower, state officials said.

The El Niño weather pattern is expected to bring above-normal precipitation to Southern California later this year. Felicia Marcus, the board chairwoman, said even if the rains arrive, the drought won’t be over.

The state needs snow in the Sierra Nevada – known as California’s frozen reservoir – to provide runoff next spring that feeds the State Water Project.

She urged Californians to continue conserving.

“We simply can’t be gamblers when we’re in the worst drought since record-keeping began,” Marcus said.

Water agency penalties

The State Water Resources Control Board fine$61,000 each for failing to meet conservation goals between June and September. Here’s how far they were off target and how much water that equals: Redlands: 10.9 percent; 484 million gallons Indio: 10.4 percent; 300 million gallons Coachella Valley Water District: 8.9 percent; 1.4 billion gallons Beverly Hills: 11.7 percent; 175 million gallons
Inland water conservation

Seven suppliers in Riverside and San Bernardino counties exceeded their state-mandated savings goals. Most other districts saved more water in September compared to the same month in 2013, the baseline period.

<table>
<thead>
<tr>
<th>Water district</th>
<th>Goal</th>
<th>June-September cumulative savings</th>
<th>Percentage points from target</th>
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<tbody>
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<td><strong>Exceeded goal</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Lake Hemet MWD</td>
<td>28%</td>
<td>41%</td>
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<td>28</td>
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<td>City of Redlands</td>
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Riverside may sell excess water to Western Municipal

Thanks to conservation efforts, the city’s utility has extra.

By ALICIA ROBINSON

STAFF WRITER

Riverside Public Utilities water customers' conservation efforts have put the utility in an unusual position - having less revenue than expected but also extra water that can’t be saved for future years.

To help solve the quandary, Riverside officials propose selling some of the excess water to neighboring Western Municipal Water District. The deal would save money for Western, which spends millions each year buying imported water, and it would help Riverside offset a projected $3 million in revenue lost because of the drought.

But the proposal that some say is a win-win has others questioning the fairness of the city's water rates and who gets a discount.

Councilman Mike Soubirous said the city should get rid of its tiered rates, which increase the per-unit price of water as customers use more. The tiers aren’t based on a household’s water budget; they’re the same for everyone.

“I have no problem with them selling (the unused water) – just don’t charge me four times more” for a higher tier, Soubirous said.

The Riverside Public Utilities board approved the water sale to Western on Oct. 16 and the Riverside City Council will vote on it Tuesday.

A 1969 court judgment gives Riverside the right to pump 55,000 acre feet of water per year from the Bunker Hill basin at the base of the San Bernardino mountains, but officials only expect to use 50,000 acre feet this year because residents have conserved during the drought, a city report said.

An acre foot is about enough water to serve two households for a year.

Water that’s not used is forfeited at the end of the year and can’t be saved for later use, the report said. Under the deal, Riverside will sell 2,500 acre feet to Western for $1.6 million before the end of 2015.

Buying Riverside's water may save Western up to $400,000, which is an important savings but a small one in the context of the $10 million the agency spends annually on imported water, agency General Manager John Rossi said. Like Riverside, the agency has lost about $2 million to $3 million from conservation.

The cheaper water likely won't translate to a discount on customers' bills, but the savings will be considered when Western reviews its rates in 2016, Rossi said.

Riverside Councilman Paul Davis, whose ward straddles the service areas of Western and the city utility, called the deal "a really good thing."

He said he's been urging greater cooperation between the two water agencies for years. Western customers - including Davis - pay significantly more for their water than Riverside customers, he said.

Not everyone is sold on the deal.

As city critic Jason Hunter told the utilities board, the agreement poses an "optics problem," because utility officials have hammered people with the need to conserve but now they’re selling the saved water to another agency.

Riverside Public Utilities General Manager Girish Balachandran responded that water conservation is a state mandate. "We have to conserve so we are following the law," he said.

The city utility isn’t selling all its unused water now because Western doesn’t have the capacity to handle it, Riverside officials said, but they’ll be looking for other buyers and may get a higher price if there’s competition.
ECONOMIST DOUBTS DROUGHT

Without significant economic consequences, it’s just a water shortage, UCR center director says. Others disagree.

BY JANET ZIMMERMAN

STAFF WRITER

UC Riverside economist Christopher Thornberg told hundreds of business leaders at a recent economic forecast that there is no drought.

The state may have a water shortage, but not a drought, which is characterized by significant economic consequences, said Thornberg, director of the university’s Center for Economic Forecasting and Development.

In his Oct. 1 speech at the Riverside Convention Center, Thornberg noted that California’s $46 billion agriculture sector has had record-high crop revenue and employment.

Agriculture is doing so well, he said, that California farmers were able to grow nearly 1 million acres of hay last year. In 2013, 15 percent of U.S.-produced alfalfa came from Kern County and 12 percent from the Imperial Valley, in the desert south of Riverside County, near the border with Mexico, according to the U.S. Department of Agriculture.

Thornberg objects to a water thirsty crop like hay being grown in the desert and the export of 26 percent of California’s crop to China, Japan and the United Arab Emirates.

“Agriculture’s not suffering, folks. It’s as simple as that,” Thornberg told the crowd. “That’s what’s going on out there. You’re not allowed to take a shower so we can (export hay to) feed Chinese pigs.”

Contacted later by telephone, Thornberg admitted that he was being facetious and said his speech at the sixth annual Inland Southern California Economic Forecast Conference was intended to be provocative. He acknowledged California’s lack of snowpack and low reservoir storage.

The content of his address surprised and frustrated some water officials, who said the declaration of drought is based on hydrology, not economics.

‘NARROW DEFINITION’

“That’s a very narrow definition,” said Celeste Cantu, general manager of the Santa Ana Watershed Project Authority in Riverside.

The state Department of Water Resources defines drought as a period of below-normal precipitation or runoff, or a shortage of water for a particular purpose.

“It’s true, from a statewide perspective there’s been little economic downturn so far. But it’s been economically treacherous for those people less resilient in our state, and those are, first, farmworkers, and, second, farmers who don’t have the ability to drill a deeper well,” Cantu said.

When Gov. Jerry Brown ordered residents in April to cut water use 25 percent compared with 2013 levels, agriculture was not included. Brown said the industry had already borne the brunt of the drought, now in its fourth year, by falling land and paying more to irrigate remaining crops.

A UC Davis analysis of the drought’s impacts released in August found that irrigation districts and farmers have been more resilient amid the drought than many had anticipated.

That was mostly because they were substituting groundwater for diminishing surface water supplies, as well as high-priced water trading and preserving the most valuable crops.

“However, the effects of drought are unevenly distributed over regions,” the study concluded. “In some regions with limited groundwater reserves the economic and employment impacts are very severe. In others, there is an increased cost of expanded groundwater use which is partially offset by high crop prices.”

JOB LOSSES
The Davis researchers estimate 542,000 acres will be idled this year, 114,000 more acres than the 2014 drought estimate. They peg direct agricultural costs at about $1.84 billion and 10,100 seasonal jobs. When indirect costs are considered for related businesses, losses will be as high as $2.74 billion and nearly 21,000 jobs.

Using groundwater is a temporary – and unsustainable – practice, Cantu said. Aquifers in many farming regions are severely overdrafted as a result and causing land in the San Joaquin Valley to sink nearly 2 inches per month in some places.

Groundwater helped sustain high-value crops such as almonds, pistachios and wine grapes.

While hay sells for much less, it is an important rotation crop and is less risky because watering can be cut in half and it still produces a 60 percent or better yield, said Dan Putnam, a UC Davis agronomist. That makes it an ideal drought crop, he said.

"It pays a lot of bills and keeps farming operations running because hay crops you harvest every month so you have income," he said. "Economists don't get it. From a farming point of view, high-value crops are a greater risk, markets fall apart. Sometimes they can make lots of money, sometimes they lose lots of money. Alfalfa and wheat are more steady crops, more predictable, low-risk."

Imperial County has ideal conditions, so hay grown there produces more than three times as much as other regions, said Ronnie Leimgruber, a third-generation farmer in Holtville.

Exporting his harvest also helps balance trade, he said. That's because ships full of electronics and other goods come from China but would otherwise return empty, so the export journey costs less than trucking hay across California.

Leimgruber estimates that every acre-foot of water used to grow hay for cattle produces 20 pounds of milk, cheese, yogurt, whey and butter. And much of that hay is used on domestic dairies.

**WATER RIGHTS**

The water for Leimgruber’s 1,500-acre farm is free because he holds some of the most senior rights to the Colorado River. The water is moved from the Colorado River Aqueduct to the All-American Canal by the U.S. Bureau of Reclamation.

Thomberg, a founding partner of Beacon Economics in Los Angeles, wants to blow up the historical water rights system. Farmers could be selling their Colorado River water to urban areas such as San Diego.

"If anyone had any political courage, they would file eminent domain and allocate water on a basic bid system," he said. "We would have tons of water to recharge groundwater, fill up reservoirs, and agriculture would be just as profitable."

Leimgruber equated such action to communism.

Ellen Hanak, director of the Water Policy Center at the Public Policy Institute of California, said there are practical reasons such a plan wouldn’t work.

Runoff from Imperial County farms flows into the Salton Sea, and curtailing that would cause additional problems with the ecosystem and blowing dust from the exposed shoreline, she said. Reduced agricultural inflows already have caused the lake to shrink, and environmental problems are expected to reach catastrophic levels after 2017, when a farm-to-city water transfer takes full effect.

Even if agricultural production in the desert were to cease and all that water were to be made available to urban areas, existing pipelines wouldn’t have the capacity because farms use four times more water than cities, Hanak said.
Drought status

As of late October, 46 percent of California was in exceptional drought. The least-affected areas were in eastern San Bernardino, Riverside and Imperial counties.

Source: U.S. Drought Monitor

Water use by sector

In 2010, California had 79.8 million acre-feet of water to use. Here’s how it was divided:

- **48.4%** Environment
- **41.2%** Agriculture
- **10.4%** Urban

Source: Department of Water Resources

STAFF GRAPHIC
COUNCIL APPROVES DEAL TO SELL EXCESS WATER
Proceeds from the $1.6 million sale to Western Municipal could yield rebates for customers.

By ALICIA ROBINSON

STAFF WRITER

Riverside will pump water it doesn’t need for city customers and sell it to Western Municipal Water District for $1.6 million.

City water customers also could get a rebate from proceeds of the water sale, but the council won’t decide that issue until it gets more information in about two months.

The City Council unanimously approved the deal with Western on Tuesday.

Some residents complained about state-mandated conservation and described the deal as subsidizing Western. But several council members noted the city will lose the water it doesn’t use and said the city’s water customers deserve a break.

“I think we all want to do something for the ratepayers. It’s just a matter of when and how,” Councilman Jim Perry said.

Riverside Public Utilities has the right to pump 55,000 acre-feet per year from the Bunker Hill basin, but shrinking customer demand because of the drought has left the utility with a projected 5,000 acre-feet it won’t need this year.

An acre-foot is about 326,000 gallons, enough water to supply two households for a year.

The court judgment that established the pumping rights doesn’t allow unused water to carry over into future years, so Riverside loses any water it doesn’t pump.

The deal, which is only in effect until the end of the year, has Riverside pumping and delivering 2,500 acre-feet of water to Western, which could save up to $400,000 compared with more expensive imported water it would have bought.

Utility officials had recommended using the money from the deal to help close a projected $3 million gap in revenue created by customers’ decreased water use.

Councilman Mike Soubirous, who wanted to approve a rebate Tuesday, said giving money back to ratepayers won’t break the bank, considering the utility’s $300 million in reserve funds.

Other council members wanted data on how the money might be refunded and how much each customer might get.

Western Municipal Water District will buy unused water from Riverside under the deal the Riverside City Council approved Tuesday.

WATER FOR SALE

Riverside Public Utilities will sell some unused water to Western Municipal Water District. The deal: Western Municipal will pay Riverside $1.6 million to buy 2,500 acre-feet of water before the end of the year. Riverside may use the money for customer rebates. Why: Because of conservation, Riverside has the right to about 5,000 acre-feet of water it won’t use this year in the Bunker Hill basin. A court judgment governing the basin says the city must “use it or lose it” because unused water can’t be carried over into future years. What’s next: The sale to Western is a one-time agreement, but Riverside officials may forge similar deals. The City Council will discuss a possible rebate in January.
Planned purification plant would eliminate need for imported water, officials say

Monte Morin, November 9m, 2015

As the worst drought in California history threatens to enter a fifth straight year, officials are advocating a variety of water reuse projects they say will reduce Southern California’s unquenchable thirst for imported water.

On Tuesday, officials at the Water Replenishment District of Southern California unveiled drawings for the latest such proposal: A $95-million water purification plant they said would make the district entirely self-reliant on local water.

"Not only are we helping to become independent from imported water, we’re also helping states in the southwest region by using less water that comes from the Colorado River," district President Sergio Calderon said.

Funding for the facility has yet to be finalized, but officials insisted construction would begin in the spring of 2016 at a Pico Rivera industrial site that was purchased this year for $10 million.

Officials said funding for the treatment plant could come from at least two sources: A $7.5-billion state water bond passed by California voters last year, as well as locally issued bonds.

MWD’s water recycling plan is a good one, but don’t call it ‘toilet to tap’

The water treatment facility, which is the key component of the district’s Groundwater Reliability Improvement Program, would be completed in 2018, they said. It would take water from a nearby sewage treatment facility and, using advanced procedures such as reverse osmosis, purify that water to meet or exceed drinking water standards.

The replenishment district manages two enormous underground aquifers -- the Central and West Coast Groundwater Basins -- that provide water to roughly 40% of the population of southern Los Angeles County.

The district is charged with ensuring that the aquifers don’t run dry from overuse. In order to accomplish this, the district recharges the aquifers with a mix of treated sewage water from the Sanitation Districts of Los Angeles County, imported water purchased through the Metropolitan Water District and State Water Project, and storm-water runoff.

The water is deposited in enormous man-made ponds, or spreading grounds, where it then percolates through soil and replenishes the aquifer.

Currently, regulations cap the amount of treated sewage water the district can use for aquifer replenishment, so it relies on storm-water runoff and roughly 21,000 acre-feet of imported water each year to service the aquifers.

By using the plant to purify locally treated sewage water, the district would no longer need to purchase imported water from the Colorado River or the California Delta. It would use the purified water instead.

"This allows us to step in for mother nature in a way," said Robb Whitaker, general manager of the replenishment district.

Officials argue that it’s also cheaper.

Currently, an acre-foot of imported water costs more than $1,000. However, treated sewage water can be purchased for less than $200 an acre-foot. (An acre-foot is enough water to supply two households for one year.)

In addition to purifying water, the facility will include an outdoor amphitheater for community events, indoor community meeting facilities, a large patio, public access across the property to connect with an existing bike path and walking path along the San Gabriel River, and educational exhibits on water recycling.
LA County government limits car washes to once a month

By - Associated Press - Monday, November 9, 2015

LOS ANGELES (AP) - The Los Angeles County government has reduced its car washing to just once a month and is retrofitting a downtown car wash to use recirculated water amid California’s historic drought.

The move comes after the Daily News (http://bit.ly/1SDgoAp) reported last summer that some county supervisors had their take-home cars washed two or three times a week - even as officials urged residents to sharply cut back on water use.

Under new rules instituted this month, all county departments are required to comply with the car-washing limit, the newspaper said Sunday. Previously, departments had a collection of car-washing practices and guidelines and no clear rules.

With a fleet of roughly 12,500 vehicles, the county bureaucracy could conserve many thousands of gallons of water, although officials have not projected savings from the new policy.

Crews last week were installing a recirculated washing system at the Kenneth Hahn Hall of Administration’s basement car wash. Before the retrofit, the machine used about 50 gallons of potable water per car, according to Dave Chittenden, chief deputy director of the Internal Services Department. The new system will consume about 9 gallons through evaporation and other water loss, he said. Officials expected to begin using it by Nov. 13.
CVWD hikes penalties for water wasters

Kia Farhang, November 10, 2015

The Coachella Valley Water District is hiking penalty fees on water wasters after a fine from the state for failing to meet mandated consumption cutbacks.

Customers close to cutting their consumption by 36 percent won’t see any changes in the penalties they face. But the fines for heavier water users will increase depending on how much extra water they consume.

"I know what I see. And what I see is that most of our customers are responding exactly how we want them to respond,” said John Powell Jr., president of the district’s board of directors. “The challenge for us is how do we achieve that change in behavior for that small group of our customers” who fall well outside acceptable use limits.

The move comes after a $61,000 fine for the district, which has trailed well behind the 36 percent cutback target mandated by the state. Gov. Jerry Brown called for water agencies across the state to slice consumption earlier this year to combat California’s continuing drought.

The five-member board voted unanimously to appeal that fine at its Tuesday meeting, arguing the state target is unrealistically high.

Coachella Valley Water District – which covers parts of Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta and some unincorporated areas – used 27.7 percent less water in October compared with the same month in 2013. That brought the district’s five-month average cutback to about 27 percent.

It’ll be hard for the district to reach the state goal of 36 percent. Overall water use is lower in the cooler months of the year, which means there are fewer opportunities to cut back.

A presentation to the board noted that goal is still possible - if the district can eliminate all extra consumption that triggers penalties. Roughly one-fourth of the district’s customers face penalties for water waste, and the vast majority of them only slightly miss their targets.

Other local districts are also struggling to meet their goals. The state also fined Indio $61,000 for failing to meet its target of 32 percent. Coachella, the Desert Water Agency and Mission Springs Water District also lagged behind their state targets for the four-month period between June and September.

The Coachella Valley Water District imposes penalties on customers based on how close they get to cutting their individual use by 36 percent compared with two years ago.

Board members voted unanimously to increase the fees for the three highest tiers of water use – though by less than they had considered at an earlier meeting. Water use in the highest tier, which covers consumption at least 250 percent above a customer’s outdoor water budget, will now cost $24.48 per hundred cubic feet. An earlier proposal would have raised it to $44.60 per hundred cubic feet.

The new fees will take effect on January water bills.
The board also approved, in the same motion, banning outdoor irrigation on Mondays and Thursdays from Dec. 1 to the end of March. Board member Castulo Estrada voted for the motion but said he disagreed with the restrictions on watering days.

"I just feel bad – a lot of folks out there, they've done their part," Estrada said. "I don't know that it's going to do anything."

Every board member voted to spend another $2 million on conservation efforts, most of which would go toward extending the district's rebate programs.

California fined CVWD, Indio and just two other water agencies late last month for failing to meet their cutback goals.

State water officials said the CVWD's numbers reflected a lack of sustained commitment to conservation.

Board members bucked hard against that characterization on Tuesday, claiming the state ignored the district's years of conservation work. They voted unanimously to appeal the fine.

Powell, the board president, noted that the district ranked seventh among more than 400 water agencies in terms of total gallons of water saved from June to September. Coachella Valley Water District customers saved nearly 4.3 billion gallons in that period.

Powell echoed complaints from other local agencies that the state erred in setting the district's 36-percent cutback goal. Officials didn't consider the valley's large seasonal population or its extremely dry climate, Powell said.

"I believe we need to go to the state of California and say that they need to take another look at that 36 percent number," he said.

Board member G. Patrick O'Dowd agreed, arguing that every dollar the district pays the state is one less it can spend on conservation work.

"At the end of the day, our customers do not have a bottomless pit of resources to draw from," O'Dowd said.
MWD considers buying 4 delta islands to solve some water problems

Bettina Boxall, November 10, 2015

The Southland’s major water agency is considering buying 20,000 acres of farm islands in the hub of California’s water system, a move that could help stem cuts in deliveries from Northern California.

The land is owned by a private company, Delta Wetlands Properties, which for 30 years has tried to develop a water storage project on the islands. But officials of the Metropolitan Water District of Southern California said storage is only one of the ways they might use the acreage, much of which is now planted with corn.

In a staff presentation to an MWD committee Monday, Steve Arakawa, Metropolitan’s manager of Bay-Delta Initiatives, said the four islands could be managed to provide various water supply and environmental benefits, including carbon sequestration through marsh creation, fish and wildlife habitat and controlling salinity levels in the Sacramento-San Joaquin River Delta.

Two of the islands are in the path of a proposed water tunnel system that MWD and other water agencies are backing. MWD ownership would eliminate the need for lengthy eminent domain proceedings. With the islands also would come water rights, some of which could potentially be used to boost southbound deliveries — or increase delta outflow to meet environmental standards.

The Real Property and Asset Management Committee voted Monday to recommend that the full board authorize staff to enter into an agreement to purchase or obtain an option on the islands. The board will take up the matter Tuesday.

Terms of the prospective deal were discussed in closed session and were not released. After the committee meeting, MWD general manager Jeffrey Kightlinger said Delta Wetlands had initiated talks two months ago. The company has made sales overtures in the past, he added, but until now there hasn’t been enough upside for MWD to justify the price.

That has changed as delta deliveries have been progressively squeezed by environmental restrictions accompanying the continuing crash of native fish populations. Constructing two massive water tunnels to carry Sacramento River water under the delta to southbound pumps is one project MWD and other urban and agricultural districts are pursuing to try to ease pumping limits.

The state is also trying to improve fish and wildlife habitat in the delta, a rural maze of levee-ringed farm islands and water channels that bears little resemblance to the sprawling complex of tule marsh that existed before settlers drained the land in the late 1800s.

Farming oxidizes the delta’s peat soils, causing parts of the delta to sink 15 feet to 20 feet below sea level. The islands MWD is eyeing are essentially bowls, which is why they could be used to store water.

Owned by a subsidiary of a Swiss insurance company, Zurich Insurance Group, Delta Wetlands proposed to capture flows in wet years, flood Bacon Island and Webb Tract and later transfer the water to partnering districts. The plan also called for converting Bouldin Island and Holland Tract to wildlife habitat.

Farmers on neighboring islands worried that the flooding would weaken levees and endanger their fields. They challenged the project in court and then agreed to a settlement that contained various safeguards. Using peat islands as reservoirs also raises water quality issues. And any storage project would still have to go through a lengthy permitting process.

"We've always been skeptical of pure storage," Kightlinger said. "We're very intrigued with the potential environmental benefits."

Although he indicated MWD hoped for other partners to join the island purchase, he said that was not certain. Nor did he know which projects the agency would pursue if it winds up a major delta landowner.
California drought: Valley misses water targets again

Sammy Roth, November 11, 2015

Five of the Coachella Valley's six water agencies failed to meet their conservation mandates in October, raising the specter of more financial penalties from the state water board.

City of Coachella residents slashed water use 27 percent in October, exceeding their 24 percent goal for the first time since June. The Desert Water Agency was farthest from its target, falling 15 percentage points short of its 36 percent mandate.

The State Water Resources Control Board slapped the Coachella Valley Water District and Indio with $61,000 fines last month, as punishment for being so far from their conservation targets from June through September. The Coachella Valley Water District's board of directors voted Tuesday to appeal that fine. Indio has yet to decide whether to appeal.

Meanwhile, other water providers are beginning to worry they'll face the fines as well. State officials have threatened poorly performing agencies with penalties as high as $10,000 per day, costs that would probably be passed along to customers.

"We need to make substantial conservation gains during the days and months ahead in order to meet our 36 percent mandate and avoid costly fines from the state," Desert Water Agency General Manager David Luker said in a statement.

Gov. Jerry Brown is requiring about 400 water agencies across the state to slash consumption from June 2015 through February 2016, compared to the same months two years before. The Coachella Valley has been given higher cutback targets than most of California, because per-person water use in the desert is typically much higher than the state average.

Homes and businesses served by the Coachella Valley Water District cut back 28 percent in October, short of their 36 percent target. Indio missed its 32 percent target by an even wider margin, managing just 20 percent.

The Myoma Dunes Mutual Water Company was close to its 36 percent target, managing 35 percent. Mission Springs Water District customers in Desert Hot Springs cut back by 20 percent, short of their 28 percent target.

More concerning than the October numbers alone is that from June through October cumulatively, none of the valley's water providers hit its target. As winter sets in, it's increasingly unlikely they'll be able to catch up, because the biggest opportunities for water savings were during the hot summer months.

State officials harshly criticized the Coachella Valley Water District and Indio last month, saying they hadn't shown enough commitment to conservation. They noted that neither agency had fined a single customer for violating water-waste rules from June through September. Neither had the Desert Water Agency or Mission Springs.

"People have been trying. I just think some have been trying harder than others," state water board chair Felicia Marcus said at the time.

The Coachella Valley Water District took steps to bolster its conservation performance earlier this week, raising penalty fees for its highest water users and banning outdoor irrigation on Mondays and Thursdays from December through March.
BRIEFLY
BROWN EXTENDS WATER-SAVING MEASURES IN STATE DROUGHT

Gov. Jerry Brown is extending his executive order requiring Californians to conserve water as the state prepares for a fifth year of drought. The governor announced Friday that he is continuing a 2014 order declaring a drought emergency to give state officials more flexibility to address the ongoing effects of the drought. Brown ordered communities throughout the state to reduce water use by a quarter this year, but those cuts will expire in February.
Barring miracle, water cutbacks to last into fall 2016

Sammy Roth, The Desert Sun, November 14, 2015

California's mandatory water cutbacks are almost certain to last through October 2016, under an executive order Gov. Jerry Brown issued Friday.

Earlier this year, Brown ordered California cities to slash water use anywhere from 8 percent to 36 percent, with the Coachella Valley being required to cut about a third of its consumption. That mandate is set to expire in February. But with no end in sight to the state's historic drought, Brown directed the state water board to extend the mandate through October "if drought conditions persist through January 2016."

A potentially historic El Niño is expected to bring heavy rains to Southern California this winter, potentially causing widespread floods in the Coachella Valley. But unless El Niño ends the drought — which experts say is all but impossible — Brown's water conservation order will be extended through October, state water board chair Felicia Marcus told The Desert Sun on Friday.

"For the moment, it's steady as she goes," Marcus said. "We won't be totally out of the drought, even if we have a banner year."

It's possible the water board will make changes to the mandate based on feedback from water agencies and other groups, Marcus said. Coachella Valley water managers have long argued that their cutback targets are too high, because state officials have declined to include snowbirds in local population figures. Local water agencies are sure to press that point once again.

"We've been actively discussing it over the last couple of months," Marcus said, referring to debate over the Coachella Valley's conservation targets. "Things have to be fair, and they have to be intelligible."

Desert homes and businesses are saving more water than ever before, but so far the valley's six water agencies have all failed to meet their conservation targets. The state water board fined the Coachella Valley Water District and Indio $61,000 apiece last month, saying they hadn't shown enough commitment to conservation. (The Coachella Valley Water District is appealing its fine, and Indio may do the same.)

As the state water board crafts updated restrictions, it could also require water agencies to count Colorado River toward conservation targets, Marcus said. In the Coachella Valley, imported river water is used by some golf courses, new developments, housing tracts and other large water users. So far, consumers who use river water haven't been required to cut back, because that water is classified as "non-potable."

Critics have argued that river water should count as "potable" because the Colorado River provides drinking water for million of people — including some in the Coachella Valley, where river water replenishes the valley's aquifer and eventually flows through our taps.

Local water managers have argued that Brown's original executive order doesn't apply to Colorado River water because it isn't treated to potable standards or used for domestic purposes in the Coachella Valley. They also believe it would be counterproductive to restrict the use of river water. They've spent years convincing golf courses and other large consumers to switch from groundwater to river water, so as to protect the valley's over-pumped aquifer.
"Some people have certainly suggested that (Colorado River water) should be (counted), that all water is water. You have a wide variety of views," Marcus said. "We're just listening to everybody right now. I wouldn't speculate on where we would go on that."

If California experiences heavy precipitation in January, February or March, the water board might decide to reduce local conservation targets, Marcus said. That's especially likely if large amounts of snow fall in the Sierra Nevada, which is what California really needs for drought relief. Mountain snowmelt has traditionally provided about 30 percent of the state's water supply, with much of it being pumped to Southern California.
Turf rebate got less bang for the buck

The project saved less water per dollar than other DWP programs, an L.A. controller's audit concludes.

BY TAYLOR GOLDENSTEIN AND MATT STEVENS

Los Angeles' turf rebate program saved less water per dollar spent than other Department of Water and Power conservation programs, an audit released by the city controller said Friday.

Auditors found that money spent for rebates on items such as high-efficiency appliances yielded a water savings almost five times higher than turf replacement. They also found that the DWP does not prioritize water conservation projects based on which are the most cost-effective.

City Controller Ron Galperin called on the water provider to focus its conservation programs in order to achieve more sustained and cost-effective water savings.

"If money is no object, turf replacement rebates are a relatively expedient way to save water," Galperin said. "But, of course, money is an object."

In fiscal year 2014-15, the DWP spent $40.2 million on customer incentive and rebate programs, Galperin's office said. Nearly $17.8 million of that went to turf rebates. Each dollar invested in turf rebates is expected to save 350 gallons of water over the estimated 10-year "life expectancy" of residential turf replacement, the audit said.

In comparison, the department spent $14.9 million on rebates for high-efficiency appliances and fixtures. Those rebates yield a per-dollar savings of more than 1,700 gallons of water over their estimated lifetimes of up to 19 years, Galperin's office said.

The turf rebate program "had value as a gimmick that ... probably spurred a heightened awareness," Galperin said at a news conference, adding: "It's the job of my office to look at return on investment." In a statement, DWP Board President Mel Levine and General Manager Marcie Edwards said the agency wants to offer "a menu of tools" to customers. However, they added, appliance rebates, which have been around since the early 1990s, are not in as high demand as they once were.

"For many of these fixtures we have reached a market saturation point and they no longer offer the broad based water savings opportunities they once did," Levine and Edwards said. "LADWP's turf replacement program has helped us target the largest remaining opportunity for broad-based water savings: outdoor water use."

Mayor Eric Garcetti said the turf replacement program had more long-term goals than just upfront water savings.

"Our city's water conservation efforts aren't just about reacting to the current crisis, but rather changing the way we think about water," Garcetti said in a statement.

The DWP has allocated $59 million for water conservation programs this year, Galperin's office said. He called on the agency to base its rebates on water saved and advocated for the widespread installation of so-called smart meters, which give customers real-time data about their water use.

He also said the department should invest more in water infrastructure and technology, such as water recycling and storm-water capture.

"Water conservation programs should be assessed based on how much water they save, and whether they will enhance our future supplies," Galperin said in a statement.

But experts said the audit overlooked some major benefits of the turf replacement rebate programs.

J.R. DeShazo, director of the Luskin Center for Innovation at UCLA and professor of public policy and urban planning, said the audit did not seem to take into account the high price of water as well as the relatively small amount of water saved by a high-efficiency appliance compared with drought-tolerant landscaping.

"These investments are freeing up water at a lower cost than the DWP could buy the same amount of water from MWD [Metropolitan Water District of Southern California], and we can get a lot of water out of the turf rebate
program," DeShazo said.

Though DeShazo agreed that smart meters are worth consideration, the devices and their installation are very expensive — much more expensive than the turf rebate program — and also serve as an educational tool that does not directly affect consumption.

By some accounts, Californians’ penchant for ripping out their grass has been the most significant silver lining of the state’s ongoing drought.

In October 2014, Garcetti ordered an increase in the size of turf removal rebates to as much as $3.75 per square foot. In those large payouts, the MWD paid $2, and the DWP paid $1.75.

Then on April 1, Gov. Jerry Brown issued a historic executive order calling on Californians to reduce their urban water consumption by 25%. As a part of that order, he called on the state to replace 50 million square feet of lawns with drought-tolerant landscaping in partnership with local governments.

Weeks later, Garcetti said Los Angeles alone would account for half of Brown’s goal by the end of 2015.

By July, the MWD said it had stopped offering rebates, having committed more than $300 million to customers for lawn removal. The DWP continues to offer the rebates without the MWD’s contribution.

The DWP has thus far refused to release the names and addresses of residents who received turf rebates, citing privacy concerns.

Galperin called for the DWP to release them. The agency is suing the MWD to keep the information private.

“Billing information for customers … is different than the person who voluntarily chooses to ask for an incentive or rebate and gets money from ratepayers for that,” Galperin said. taylor.goldenstein@latimes.com m.king@latimes.com Times staff writer David Zahniser contributed to this report.

WORKERS roll out artificial grass for installation at a home in Pacific Palisades. Each dollar invested in turf rebates is expected to save 350 gallons of water over a 10-year period, the controller’s office said.
How much water can Earth hide?

For the first time in 40 years, researchers calculate how much groundwater is stored in the planet’s crust.

DEBORAH NETBURN

Most of us think of the water cycle as something that occurs above ground — water falls from the sky, evaporates back into the atmosphere and then condenses into rain or snow once again.

But the water that’s above ground is just a fraction of our planet’s total water story.

Hidden in Earth’s crust are vast stores of “groundwater” — water that fell from the sky and then trickled into the cracks and crevices between the sand, gravel and rocks beneath our feet. This resource makes up 95% of the freshwater that is not tied up in glaciers or ice caps.

We can’t see this groundwater, but more than 2 billion people across the globe drink it every day. In arid areas, it is pumped out of the ground to grow crops. It also plays an important environmental role, keeping streams and rivers running in times of drought.

Back in the 1970s, a team of scientists estimated how much of the planet’s water is buried beneath the ground. That calculation had not been updated for 40 years — until this month.

In a study in Nature Geoscience, researchers used tens of thousands more data points to determine how much water is stored in the planet’s crust. They also examined how long it had been underground.

The results show where on the planet groundwater is quickly being renewed and where it is has been there for a very long time, said Tom Gleeson, a hydro-geologist at the University of Victoria in Canada who led the study.

“This is important because it helps us see the areas that are most sensitive to human contamination and changes due to climate change,” he said.

Gleeson and his team report that there are 6 quintillion gallons of groundwater in the upper 1.2 miles of Earth’s crust. If you could magically pump it all out of the ground and spread it across the continents, it would form a layer of water 600 feet high. That’s twice the height of the Statue of Liberty.

To derive that number, the scientists used computer models that take into account 40,000 distinct measurements of how much water is stored in various types of rocks across the planet.

The researchers were also interested in the age distribution of that underground water. Previous studies have shown that groundwater could have fallen from the sky as little as a day ago, or as long as millions — even billions — of years ago.

In particular, Gleeson wanted to know how much of Earth’s groundwater was “modern,” meaning it had entered the ground system within the last 50 years.

Quantifying the amount of young groundwater on Earth is crucial for a variety of reasons, the study authors argue: It is a more renewable resource than older “fossil” groundwater, and it’s more vulnerable to industrial or agricultural contamination.

To see how much groundwater is “modern,” they looked at the amount of tritium that had been found in groundwater across the globe. Tritium is a radioactive isotope of hydrogen that spiked in rainwater approximately 50 years ago as a result of above-ground thermonuclear bomb testing.

The team reviewed the scientific literature and eventually found 3,700 tritium measurements of groundwater from 55 countries. From this data set, they determined that just 5.6% of the world’s groundwater is less than 50 years old. That’s about enough water to reach the top of a stop sign across the continents, if it were pumped out of the ground.

Graham Fogg, a hydro-geologist at UC Davis who was not involved with the study, commended the researchers for trying to figure out how much groundwater is modern, particularly because it represents the water most likely to
have been polluted as a result of human activity.

"The groundwater that we pump that is older than 50 or 60 years is generally too old to be contaminated by us," he said.

However, he took issue with the researchers' contention that this volume of young water represents the fraction of groundwater that is renewable.

"There are all kinds of water management problems that have to do with taking out more water from the system then can be replaced," he said. But whether that water is 10 years old, 100 years old or 1,000 years old has nothing to do with it.

Fogg explained that the water beneath our feet is connected over vast areas, kind of like an enormous plumbing system. Even if you pump 1,000-year-old groundwater in one area, it could be replenished by much younger water from the surface or by water in groundwater basins miles away. This could happen over the span of a few months or even a few days, he said.

But it will take much longer to replace much of the groundwater that has been used up during California's devastating drought, Gleeson said.

"In the Central Valley of California, people are pumping out water that is tens of thousands years old, deposited during the last glaciation," he said. The water "will be renewed, but not over a human timescale."

In an essay that accompanied the Nature study, Rutgers University hydrologist Ying Fan Reinfelder wrote that future researchers might investigate Earth's ancient stores of water to learn more about our planet's past.

The new report "hints at the sluggishness and the vastness of the world's older groundwater stores, which may record the climate and tectonic history over centuries, millennia or even millions of years," wrote Fan Reinfelder, who did not work on the study.

Gleeson said the next step for his team is to take the new estimates of young groundwater and combine them with local estimates of groundwater use.

"We want to find out how long before we run out of this critical resource," he said. deborah.netburn@latimes.com

Twitter: @DeborahNetburn

Tom Gleeson

RESEARCHERS SAY 6 quintillion gallons of water are stored in the upper 1.2 miles of Earth's crust. Just 5.6% of Earth's groundwater is "modern," meaning it entered the ground system in the last 50 years.
DESERT WATER AGENCY
PUBLIC INFORMATION ACTIVITIES
NOVEMBER 2015

Activities:

11/4/15 - 11/6/15  Ashley Hudgens, Mark Krause and Director Oberhaus attended the NWRA conference in Denver.

11/12/15  Ashley Hudgens was interviewed for a conservation segment on KESQ about Smart Controllers.

11/19/15  Ashley Hudgens was interviewed for a conservation segment on KESQ about checking for leaks using the water meter.

11/20/15  Ashley Hudgens and Vicki Petek organized a photo session with Dave Luker for Irrigation Leader magazine.

11/23/15  Ashley Hudgens was interviewed by KMIR about re-seeding by the City of Palm Springs.

11/25/15  Ashley Hudgens was interviewed for a conservation segment on KESQ about Thanksgiving conservation tips.

Note:  To date in November, DWA has issued two $50 fines to residential customers and one $100 fine to a homeowners association.

Public Information Releases:

None

Water Conservation Reviews

Canyon Vista          Pacific Palms Apartments
General Telephone Yard Palm Canyon Villas
Hermosa Villas Condos Royal Hawaiian Estates

Water Conservation Reviews are annual mailings sent to large water users. The Reviews include a 5-year consumption report, facility map, and information brochures. The purpose is to help customers save water by summarizing their consumption, and offering suggestions for reducing usage. Occasionally, after viewing, the recipient may contact DWA for assistance in the form of a Mobile Lab Evaluation.
Audience Overview

Sessions
4,612

Users
3,664

Pageviews
9,553

Avg. Session Duration
00:01:41

Bounce Rate
54.88%

% New Sessions
65.00%

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<td>10:16 am</td>
<td>Tune in to KESQ News Channel 3’s noon newscast to hear about</td>
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<tr>
<td>11/18/2015</td>
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<td>Desert Water Agency's cover photo</td>
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<td>Have you noticed that restaurants in the valley are not bringing w</td>
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<td>Happy Veterans Day! Thank you to all of those that have served o</td>
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<td>#WaterConservation Tip: fix running toilets pronto. They can wast</td>
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<td>Reminder. Watering restrictions are in place. Make sure you’re w</td>
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<td>New yard signs have landed! If you have a lovely desertscape or</td>
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<td>It is Election Day! Be sure to vote.</td>
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Desert Water Agency
Twitter Analytics
November 2015

Top Tweet earned 1,844 impressions
Watch .@KESQ’s nooncast w/ @TVJeffStahl @Bianca__Rae & @JerrySteffen. DWA will help you use your motor to #Check4Leaks & #savewater

Top Follower followed by 4,754K people

Darren Kavinoky @DarrenKavinoky FOLLOW YOU
No blah blah! Host of #DeadlySins @DiscoveryID | Keynote Speaker, Attorney, TV Legal Analyst @TheInsider | Interventionist | Founder of 1,800 No Cuffo

Enrich your Tweets with Twitter Cards
Using Twitter Cards gives you greater insight into your URL clicks, app installs, and Retweets.

Top mention earned 2 engagements
Dante Walker
@DanteWalkerInc Nov 19
@DWAwater @KESQ @TVJeffStahl @Bianca__Rae @JerrySteffen

Top media Tweet earned 350 impressions
Electio signs are out, yard signs are in. Come get one to show neighbors you’re helping #savewater in your yard. pic.twitter.com/5MAPygyj6

Get your Tweets in front of more people
Promoted Tweets and content open up your reach on Twitter to more people.

NOV 2015 SUMMARY
Tweets
15
Tweet impressions
6,030
Profile visits
501
Mentions
9
New Followers
18