



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

*About Desert Water Agency:*

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

1. PLEDGE OF ALLEGIANCE
2. APPROVAL OF MINUTES – June 7, 2016 CIOFFI
3. GENERAL MANAGER'S REPORT KRAUSE
4. COMMITTEE REPORTS – A. Finance – June 15, 2016 STUART
5. PUBLIC INPUT  
Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
6. SECRETARY-TREASURER'S REPORT – MAY 2016 BLOOMER
7. ITEMS FOR ACTION
  - PUBLIC HEARING ITEM (A):**
  - A. 2015 Urban Water Management Plan KRAUSE
  - B. Request Amendment to 2015-2016 USGS Cooperative Water Resources Program Costs KRAUSE
  - C. Request Adoption of Fiscal Year 2016/2017 Operating, General and Wastewater Budgets KRIEGER
  - D. Request Adoption of Resolution No.1140 Establishing Tax Rate FY 2016-2017 KRIEGER
8. ITEM FOR DISCUSSION
  - A. Directors Report on AWWA Conference DIRECTORS
  - B. State Water Contractors Meeting – June 16, 2016 RIDDELL
9. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
  - A. Pursuant to Government Code Section 54956.9 (d) (1)  
Name of Case: Mission Springs Water District vs. Desert Water Agency
10. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION
11. ADJOURN

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

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

**June 7, 2016**

DWA Board:	James Cioffi, President )	<b>Attendance</b>
	Joseph K. Stuart, Vice President )	
	Kristin Bloomer, Secretary-Treasurer )	
	Patricia G. Oygar, Director )	
	Craig A. Ewing, Director )	
DWA Staff:	Mark S. Krause, General Manager )	
	Steve Johnson, Asst. General Manager )	
	Martin S. Krieger, Finance Director )	
	Sylvia Baca, Asst. Secretary of the Board )	
	Ashley Metzger, Outreach/Conserv. Manager )	
	Irene Gaudinez, Human Resources Manager )	
Consultant:	Michael T. Riddell, Best Best & Krieger )	
	Kim Byrens, Best Best & Krieger )	
	David Scriven, Krieger and Stewart )	
Public:	David Freedman, PS Sustainability Comm. )	

17493. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join Director Oygar in the Pledge of Allegiance. **Pledge of Allegiance**

17494. President Cioffi called for approval of the May 17, 2016 Regular Board meeting minutes. **Approval of 05/17/16 Regular Board Mtg. Minutes**

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

17495. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause stated on May 21 at approximately 4:00 a.m., stand-by responded to a hit fire hydrant at Francis Dr. & Via Miraleste. The hydrant had to be re-installed and is now back in service. The water loss was from a fully open six-inch riser that ran for 30 minutes. A police report was made. **Fire Hydrant Damage-Francis/Via Miraleste**

Mr. Krause noted several meetings and activities he participated in during the past several weeks.

**General Manager's Report**  
(Cont.)  
General Manager's Meetings & Activities

Mr. Krause stated on May 20, the Agency held a Bone Marrow Registry in cooperation with the City of Hope. Water Service Foreman Erik Rapolla (10 years of employment with the Agency) was diagnosed with a life-threatening blood illness, which will require a bone marrow transplant. DWA employees, family and friends came to the event and the City of Hope was able to register 22 people willing to help if they are a donor match for someone in need.

Bone Marrow Registry

Mr. Krause provided an update on the Whitewater Power Plant – Renewable Market Adjusting Tariff (Re-MAT).

Whitewater Power Plant – Renewable Market Adjusting Tariff (Re-MAT) Update

Concluding his report, Mr. Krause stated the June 21 Board meeting will be cancelled due to a lack of quorum as the majority of the Board and staff will be attending the AWWA conference in Chicago. There will be a special meeting on June 28 for adoption of the 2016-2017 Budgets and UWMP update. Because of this meeting, the Board may consider cancelling the July 5 meeting.

Future Board Meeting Schedule

17496. President Cioffi noted the minutes for the May 20, 2016 Conservation & Public Affairs Committee were provided in the Board's packet.

**Committee Reports**  
Conservation & Public Affairs 05/20/16

Vice President Stuart noted the minutes for the May 24, 2016 Finance Committee were provided in the Board's packet.

Finance 05/24/16

President Cioffi noted the minutes for the June 1, 2016 Executive Committee were provided in the Board's packet.

Executive 06/01/16

17497. President Cioffi opened the meeting for public input.

**Public Input**

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

17498. President Cioffi called upon General Manager Krause to present staff's request for adoption of Resolution No's. 1131-1136 Making Findings of Fact Relevant and Material to the Levy of a Replenishment Assessment and Levying a Replenishment Assessment for Mission Creek, Whitewater River and Garnet Hill Subbasins for Fiscal Year 2016/17.

**Items for Action:**  
**Public Hearings**  
2016/17 Mission Creek  
2016/17 Whitewater  
2016/17 Garnet Hill  
GW Replenishment Assessments

General Manager Krause stated the proposed assessment for Mission Creek, Whitewater River and Garnet Hill subbasins will remain at \$102 per acre-foot. Notices of the public meeting and today's public hearing were sent to all pumpers on May 10, 2016 and published in The Public Record on May 24, 2016. He noted that Mr. Scriven, from Krieger and Stewart was present to answer any questions. Staff recommends

adoption of Resolution No's. 1131-1136.

**Action Items:**  
(Cont.)  
GW Replenishment  
Assessments

In response to Director Ewing, Mr. Scriven explained the revisions to page VI-9 and Table 2.

President Cioffi declared the public hearing open at 8:20 a.m.

Open Public Hearing

There being no one from the public wishing to address the Board and no written comments regarding the proposed assessments on which to report, President Cioffi closed the public hearing at 8:21 a.m.

Close Public Hearing

Director Oygur moved to adopt Resolution No's 1131 through 1136. Director Ewing seconded the motion, which passed unanimously.

**RESOLUTION NO. 1131**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**DESERT WATER AGENCY MAKING FINDINGS OF**  
**FACT RELEVANT AND MATERIAL TO THE LEVY**  
**OF A REPLENISHMENT ASSESSMENT PURSUANT**  
**TO DESERT WATER AGENCY LAW**  
**(MISSION CREEK)**

Resolution No. 1131  
Adopted/Mission Creek  
Findings of Fact

**RESOLUTION NO. 1132**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**DESERT WATER AGENCY LEVYING A WATER**  
**REPLENISHMENT ASSESSMENT FOR THE**  
**FISCAL YEAR 2016-2017 FOR THE PURPOSE OF**  
**REPLENISHING GROUNDWATER SUPPLIES**  
**(MISSION CREEK)**

Resolution No. 1132  
Adopted/Mission Creek  
Levying Assessment

**RESOLUTION NO. 1133**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**DESERT WATER AGENCY MAKING FINDINGS OF FACT**  
**RELEVANT AND MATERIAL TO THE LEVY OF A**  
**REPLENISHMENT ASSESSMENT PURSUANT TO**  
**DESERT WATER AGENCY LAW**  
**(WHITEWATER RIVER)**

Resolution No. 1133  
Adopted/WW River  
Findings of Fact

**RESOLUTION NO. 1134**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**DESERT WATER AGENCY LEVYING A WATER**  
**REPLENISHMENT ASSESSMENT FOR THE**  
**FISCAL YEAR 2016-2017 FOR THE PURPOSE OF**  
**REPLENISHING GROUNDWATER SUPPLIES**  
**(WHITEWATER RIVER)**

Resolution No. 1134  
Adopted/WW River  
Levying Assessment

**RESOLUTION NO. 1135**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**DESERT WATER AGENCY MAKING FINDINGS OF**  
**FACT RELEVANT AND MATERIAL TO THE LEVY OF**  
**A REPLENISHMENT ASSESSMENT PURSUANT TO**  
**DESERT WATER AGENCY LAW**  
**(GARNET HILL)**

**Action Items:**  
 (Cont.)  
 GW Repl. Assessments  
 Resolution No. 1135  
 Adopted/GH Findings  
 of Fact

**RESOLUTION NO. 1136**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**DESERT WATER AGENCY LEVYING A WATER**  
**REPLENISHMENT ASSESSMENT FOR THE**  
**FISCAL YEAR 2016-2017 FOR THE PURPOSE OF**  
**REPLENISHING GROUNDWATER SUPPLIES**  
**(GARNET HILL)**

Resolution No. 1136  
 Adopted/GH Levying  
 Assessment

17499. President Cioffi called upon General Manager Krause to present the civil penalty hearing for water use violations.

Water Use Violation –  
 Civil Penalty Hearings

Mr. Krause noted there have been more than 220 violations issued and that recipients have 7 days to request a hearing in writing. Staff has received two requests, which are being heard today. He noted that neither appellant is present. He stated the first appellant is Robin Powell. He noted the violations: 1) Irrigating on a restricted day (Tuesday), 2) Irrigating between the restricted hours of 7:00 a.m. and 7:00 p.m., and 3) Runoff from irrigation onto hardscape. The fine amount is \$50 and there was no reason given for the appeal.

Robin Powell

Outreach and Conservation Manager Metzger stated that written communication was received from Ms. Powell who recently purchased the property. It was indicated that conservation measures have been made but there are issues operating the irrigation system.

The Board discussed the issue of run off at the property.

Responding to Director Oygur, Ms. Metzger stated that she sent the smart controller information and application, but is not certain whether Ms. Powell applied or not. She noted a past appellant who the Board allowed 60 days to turn in receipts for low spray sprinklers did not follow through; the penalty was paid.

President Cioffi made a motion to uphold the violation and waive the penalty. After a second by Director Oygur, the motion carried 4-1 (Director Ewing dissenting).

Uphold  
 Violation/Waive  
 Penalty

Mr. Krause stated the second appellant is Christopher Mills. He noted the violations: 1) Irrigation between the restricted hours of 7:00 a.m. and 7:00 p.m., and 2) Runoff from irrigation onto hardscape. The fine

Christopher Mills

amount is \$100 and reasons for the appeal were homelessness problem, vandalism, berming standards from 1977, and will be replacing turf. Mr. Mills is currently on vacation, therefore unable to attend today's meeting.

**Action Items:**  
(Cont.)  
Civil Penalty Hearings

President Cioffi made a motion to uphold the violation and waive the penalty. After a second by Director Oygur, the motion carried 4-1 (Director Ewing dissenting).

Uphold  
Violation/Waive  
Penalty

17500. President Cioffi asked General Manager Krause to present staff's request for adoption of Resolution No. 1137.

Request Adoption of  
Resolution No. 1137

Mr. Krause stated Governor Brown's May 9 Executive Order states that water use targets shall be customized to unique conditions of each agency. Staff supports the customization and recognition of local circumstances and ACWA has urged member agencies to vocalize their willingness to be involved in the development of this policy. This resolution notes that DWA sees that DWR is the most appropriate entity to lead the development of this policy. Staff recommends adoption of Resolution No. 1137 urging support for a local role in long-term conservation policy development.

Director Ewing suggested a revision to the first sentence on page 2; replace incents to motivate. The Board concurred with the recommendation.

Director Ewing made a motion to adopt Resolution No. 1137 with the revision noted. After second by Director Oygur, the motion carried unanimously.

**RESOLUTION NO. 1137**  
**A RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF DESERT WATER AGENCY REGARDING LONG-TERM**  
**WATER CONSERVATION AND MANAGEMENT**  
**POLICY IN CALIFORNIA**

**Resolution No. 1137**  
**Adopted**

174501. President Cioffi asked Human Resources Manager Gaudinez to present staff's request for approval of Cost of Living adjustment and approval of July 1, 2016 salary schedule and position classification schedule.

Request Approval of  
Cost of Living  
Adjustment & 07/01/16  
Salary Schedule  
Position Classification  
Schedule

Ms. Gaudinez stated the terms of the 2015-2018 Memorandum of Understanding between DWA and DWAEA; employees will receive a cost of living adjustment equal to the percent change for the year ending March 2016, derived from the Bureau of Labor Statistics. The General Manager has an employment agreement that provides for a cost of living adjustment based upon the same percentage provided to all employees.

Continuing with her report, Ms. Gaudinez noted that the March 2016 CPI was 1.3% and staff is requesting Board approval to grant employees and the General Manager a 1.3% increase effective July 1, 2016. CalPers requires any material change in salary or job classification be approved at a public meeting before the governing board.

**Action Items:**  
(Cont.)  
Cost of Living  
Adjustment

Director Ewing made a motion to approve the Cost of Living adjustment and July 1, 2016 salary schedule and position classification schedule. After a second by Vice President Stuart, the motion carried unanimously.

17502. President Cioffi asked Agency Counsel Riddell to present the request for adoption of Resolution No. 1138 Approving the Revised Local California Environmental Quality Act (CEQA) Guidelines.

Mr. Riddell stated as a local government entity, the Agency is required by law to adopt guidelines implementing CEQA. As the law changes, the Agency's guidelines must be revised to maintain consistency. The guidelines have been prepared by legal counsel. He noted changes of interest to the Agency.

President Cioffi made a motion to adopt Resolution No. 1138 Amending and Adopting Local Guidelines for Implementing the California Environmental Quality Act. After a second by Director Oygur, the motion passed unanimously.

**RESOLUTION NO. 1138**  
**A RESOLUTION OF THE DESERT WATER AGENCY**  
**AMENDING AND ADOPTING LOCAL GUIDELINES**  
**FOR IMPLEMENTING THE CALIFORNIA**  
**ENVIRONMENTAL QUALITY ACT**

Resolution No. 1138  
Adopted/CEQA

17503. President Cioffi asked Finance Director Krieger to present staff's request for adoption of Resolution No. 1139.

Request Adoption of  
Resolution No. 1139  
Refunding Bonds

Mr. Krieger stated at the April 5 meeting, the Board authorized staff to proceed with the process of advanced refunding of the Agency's 2007 Certificates of Participation (COP). Resolution No. 1139 details the necessary actions and documents required to refinance the existing 2007 COP issue and issue refunding water revenue bonds. Included with the resolution are the official statement, purchase contract, escrow deposit agreement and indenture of trust agreement. All of these items require approval in order to proceed with the refunding/issuance of the bonds. The savings are estimated to be in excess of \$5,000,000 over the remaining life of the bonds.

**Action Items:**  
(Cont.)  
Resolution No. 1139

Concluding his report, Mr. Krieger noted that these documents contain dates, dollar values, maturity schedules and repayment schedules, which are blank. This information will not be known until the bonds are priced and sold by the underwriter. After the sale date, the Agency will have time to finalize the documents and fill in the blanks for delivery of the documents and the bonds. Staff recommends approval and adoption of Resolution No. 1139 and authorization to execute said documents.

President Cioffi noted a typographical error on page 2, section 2 of the resolution. The year should read 2007, not 2004.

Vice President Stuart made a motion to approve Resolution No. 1139 and authorize execution of said documents, noting the correction. After a second by Director Oygar, the motion passed unanimously.

**RESOLUTION NO. 1139**  
**A RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF DESERT WATER AGENCY AUTHORIZING THE**  
**ISSUANCE AND SALE OF WATER REVENUE REFUNDING**  
**BONDS, SERIES 2016 TO REFINANCE OUTSTANDING**  
**CERTIFICATES OF PARTICIPATION, SERIES 2007,**  
**AUTHORIZING EXECUTION OF INDENTURE OF TRUST,**  
**AND AUTHORIZING EXECUTION OF AND APPROVING**  
**RELATED AGREEMENTS AND OFFICIAL ACTIONS**

Resolution No. 1139  
Adopted

17504. President Cioffi asked Agency Counsel Riddell to provide a report on the May 19, 2016 Annual Membership and Board of Directors meetings of the State Water Contractors, Inc.

**Items for Discussion:**  
State Water Contractors  
Meeting – 05/19/16

Mr. Riddell provided a report on the following items: 1) Annual Membership meeting, 2) SWC Board Meeting-Selection of Officers, 3) Funding of Modeling Analysis, 4) SWP Management Report, 5) Water Supply Report, 6) Energy Report, 7) General Manager's Report, and 8) Legal Counsel's Report.

17505. President Cioffi called upon Finance Director Krieger to present the Draft Operating, General and Wastewater Budgets for 2016/2017.

Draft 2016/2017  
Operating, General and  
Wastewater Budgets

Mr. Krieger noted that copies of the draft budgets along with budget highlights were provided to the Board. He stated the Agency is in the middle of its rate study, working on a future Prop 218 process and plans to augment the budget at a later date. There is an interfund loan from the General to Operating fund pending the Prop 218 outcome.

17506. President Cioffi called upon General Manager Krause to present the DWA Fringe Area Detachment/CVWD Fringe Area Annexation.

**Discussion Items:**  
(Cont.)

DWA Fringe Area  
Detachment/CVWD

Mr. Krause stated there is a residential housing development southwesterly of the Ritz Carlton hotel in Rancho Mirage in which approximately half of the parcels fall within the Agency's boundaries. The other half of the parcels fall within CVWD's boundaries. There are sixty-four parcels within DWA's boundaries. CVWD provides potable water and sewer services to all of the parcels including those within DWA's boundaries. The portion of this development that falls within CVWD's boundaries is within the voting district represented by Director O'Dowd.

Continuing his report, Mr. Krause indicated that the parcels represent approximately \$121,000,000 in assessed value, which represents \$121,000 in annual possessory interest tax revenue for DWA and 0.55% of its total tax revenue. CVWD desires annexation of this area and is asking for Board support to request the process through LAFCO.

There was discussion on possible compensation from CVWD to DWA, and an inquiry on the number of voters within the area. Staff will report back at a later date.

17507. President Cioffi asked General Manager Krause to discuss the Lake Perris Seismic Remediation Update.

Lake Perris Seismic  
Remediation Update

Mr. Krause noted the update is from April. The highlights are that 66.2% of the work is complete with 48.9% of the time elapsed. The contractor is continuing work on the left abutment haul road; however, a change order is expected regarding the delays and revised milestones. The quarry rock processing plant continues and has been relocated to improve the quality of material being produced. This is expected to result in a change order resulting from a change of conditions claim.

Continuing his report, Mr. Krause stated there has been \$802,614 in change orders submitted thus far, which amounts to more than 1% of the original contract. This amount does not include anticipated change orders resulting from work being performed on the left abutment haul road nor the quarry rock processing plant. The Cement Deep Soil Mixing (CDSM) operation has been completed.

17508. President Cioffi called upon General Manager Krause to present the Conservation Target Study, Ordinance No. 65 Mandatory Conservation Stage Change and Exceptions.

Conservation Target  
Study/Ord. 65 Changes

Mr. Krause stated that the form agencies will use to submit a new conservation standard under the State's new emergency regulation is scheduled for release on June 6. It is possible the framework would allow

the Agency to calculate a very low conservation target by demonstrating the Agency's supply meets and exceeds its demand. At the May 18 State Water Board meeting and confirmed via email, long-term sustainability of a groundwater basin will not be of concern for emergency regulation purposes.

Continuing his report, Mr. Krause stated staff has worked on a new conservation target that factored in sustainability independent of the State's new emergency regulation framework. The data suggests a conservation target between 10 and 13 percent compared to 2013 would be sufficient in order to meet demand sustainability. As would be expected, the standard deviation improved as the period of years analyzed increased. A two-day restricted water schedule should satisfy that requirement, resulting in roughly 12.5% water conservation compared to 2013.

Mr. Krause indicated in light of the analysis, the State's new regulatory framework and the onset of local temperatures exceeding 110 degrees, staff recommends reducing the stage of emergency from the current Stage 4 declaration to a modified Stage 3 emergency with mandatory conservation measures. Stage 3 restricts outdoor irrigation to no more than four days per week, after 7:00 p.m. and before 7:00 a.m. Section 6 allows the General Manager to make exceptions from the application of any provision of the ordinance. The General Manager proposes an exception from the Stage 3 emergency mandatory conservation measures, which restrict irrigation to no more than 5 days per week, on Monday, Wednesday, Friday, Saturday and Sunday, irrigation will be allowed 5 days per week instead of 4.

Concluding his report, Mr. Krause noted this item is being introduced only as a discussion item because the emergency regulation submittal form still had not been formally issued as of the date this report was produced. If desired, the Board may elect to take immediate action with regard to staff recommendations, since they would simply loosen restrictions currently in place.

Outreach and Conservation Manager Metzger discussed the Water Supply Reliability Certification and Data Submission Form.

There was consensus on the following modifications to Ordinance No. 65, Stage 4 modification (increase watering from 3 days to 5 days (Monday, Wednesday, Friday, Saturday, and Sunday) through October 31, 2016.

Director Ewing moved for the above-mentioned amendments to Ordinance No. 65 to achieve a 10 – 13 percent conservation target. After a second by Director Oygar, the motion carried unanimously.

Responding to Vice President Stuart, Mr. Riddell stated the legal requirement regarding reducing stages within the Ordinance is to publish in the newspaper the changes made; a public hearing is not required.

**Discussion Items:**  
(Cont.)  
Conservation Target  
Study/Ord. 65 Changes

17509. President Cioffi noted that Board packets included media and public information reports for May 2016.

**Public Information –  
May 2016**

Mrs. Metzger announced that DWR has made changes to Prop. 84, Rounds 3 and 4. DWA is no longer required to contribute matching funds; customer receipts will now be allowed.

17510. At 10:20 a.m., President Cioffi convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), ACBCI vs. County of Riverside, et al; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Desert Water Agency vs. U.S. Department of Interior; (D) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency; and (E) Real Property Negotiators, pursuant to Government Code Section 54956.8, Property-APN 502-560-038, Agency Negotiators: Mark S. Krause, General Manager and Steven L. Johnson, Assistant General Manager, Negotiating Parties: Chris Thomsen, New Mesquite HOA, Under Negotiation: Price and terms of possible acquisition.

**Closed Session:**  
A. Existing Litigation –  
ACBCI vs. CVWD, et  
al  
B. Existing Litigation –  
ACBCI vs. Riverside  
County  
C. Existing Litigation –  
DWA vs. U.S. Dept. of  
Interior  
D. Existing Litigation –  
MSWD vs. DWA  
E. Real Property  
Negotiators

17511. At 12:08 p.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

**Reconvene – No  
Reportable Action**

17512. In the absence of any further business, President Cioffi adjourned the meeting at 12:09 p.m.

**Adjournment**

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James Cioffi, President

ATTEST:

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Kristin Bloomer, Secretary-Treasurer

## GENERAL MANAGER'S REPORT JUNE 28, 2016

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On June 6<sup>th</sup> at approximately 12:00 p.m., the Assistant Construction Superintendent responded to a hit fire hydrant at 68760 Summit Dr. Cathedral City. An employee of Segundos Auto repair backed a motorhome into the hydrant. The worker signed an acknowledgement. A damage report was made and a police report was filed. The water loss was a small leak which ran for about 45 minutes. The fire hydrant was repaired and is back in service.



On June 6<sup>th</sup> at 8:30 a.m., staff responded to a stolen meter at 447 Juanita Dr. The thieves cut the front of the angle stop and the backside meter coupling to take the meter. Staff replaced the angle stop, meter and back side meter coupling. There was no water loss, the angle stop was off. A police report was filed.



On June 16<sup>th</sup> at approximately 8:30 a.m. staff responded to a hit fire hydrant on the east side of Perez Rd. north of East Palm Canyon Dr. An incident report was filed with the police department. Staff was able to replace the bolts and gasket and put the hydrant back in service. The water ran for approximately ten minutes through a 6-inch fire hydrant bury.



**Minutes**  
**Finance Committee Meeting**  
**June 15, 2016**

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**Directors Present:** Joseph K. Stuart, Kristin Bloomer

**Staff Present:** Martin Krieger, Steve Johnson

**Discussion Items**

1. Proposed 2016-2017 Operating Fund Budget  
The Committee reviewed the revised budget; discussed SCE rebates from the Solar Field II and reduced Reclamation expense. The revised Reserve analysis was also reviewed.
  2. Proposed 2016-2017 General Fund Budget  
The Committee reviewed the revised budget; discussed changes to the USGS gauging study expense; Lake Perris seepage recovery project; sites reservoir project, revised Reserves and revised SWP capital charges.
  3. Proposed 2016-2017 Wastewater Fund Budget  
There were no proposed revisions.
2. Other – None
  3. Adjourn

DESERT WATER AGENCY  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

MAY 2016

INVESTED  
RESERVE FUNDS  
\$11,949,811.86

BALANCE	MAY 1, 2016	(\$457,746.90)	
			\$11,949,811.86
	WATER SALES	\$1,653,708.24	
	RECLAMATION SALES	112,705.54	
	WASTEWATER RECEIPTS	79,804.37	
	POWER SALES	1,476.00	
	METERS, SERVICES, ETC.	62,386.30	
	REIMBURSEMENT – GENERAL FUND	133,934.19	
	REIMBURSEMENT – WASTEWATER FUND	5,561.51	
	ACCOUNTS RECEIVABLE – OTHER	9,203.21	
	CUSTOMER DEPOSITS – SURETY	4,065.00	
	CUSTOMER DEPOSITS – CONST.	0.00	
	LEASE REVENUE	3,368.43	
	INTEREST RECEIVED ON INV. FDS.	10,500.00	
	FRONT FOOTAGE FEES	0.00	
	BOND SERVICE & RESERVE FUND INT	0.00	
	MISCELLANEOUS	<u>13,700.35</u>	
	TOTAL RECEIPTS	\$2,090,413.14	
	PAYMENTS		
	PAYROLL CHECKS	\$324,566.23	
	PAYROLL TAXES	158,626.76	
	ELECTRONIC TRANSFERS	109,824.68	
	CHECKS UNDER \$10,000.00	352,129.93	
	CHECKS OVER \$10,000.00 – SCH. #1	1,207,922.08	
	CANCELLED CHECKS AND FEES	<u>(4,737.47)</u>	
	TOTAL PAYMENTS	<u>\$2,148,332.21</u>	
	NET INCOME	(\$57,919.07)	
	BOND SERVICE ACCOUNT		
	MONTHLY WATER SALES	\$0.00	
	EXCESS RETURNED BY B/A	<u>\$0.00</u>	
	BOND SERVICE FUND		\$0.00
	INVESTED RESERVE FUNDS		
	FUNDS MATURED	\$910,700.00	
	FUNDS INVESTED – SCH. #3	<u>1,064,000.00</u>	
	NET TRANSFER	(\$153,300.00)	\$153,300.00
	BALANCE	MAY 31, 2016	
		(\$668,965.97)	\$12,103,111.86

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
111513	DW JOHNSTON CONSTRUCTION	REFUND - CONSTRUCTION DEPOSIT	\$33,040.00
111523	BADGER METER INC	WATER SERVICE SUPPLIES	\$30,470.85
111550	FIONA HUTTON & ASSOCIATES	PUBLIC INFORMATION - CONSULTING SERVICES (MARCH/APRIL/MAY)	\$29,232.09
111558	HD SUPPLY WATERWORKS LTD	WATER SERVICE SUPPLIES	\$14,577.60
111565	LANDMARK FENCE & GATE CO INC	SECURITY FENCES - RECLAMTION PLANT ( W/O # 14-168-G-01 & 14-169-G-02)	\$19,413.46
111567	MILLARD PUBLISHING SERVICES	LUSH & EFFICIENT BOOKS	\$23,950.00
111601	SAM'S FENCE INC	SECURITY FENCES - RECLAMTION PLANT ( W/O # 14-168-G-01 & 14-169-G-02)	\$16,927.00
111617	Z&L PAVING, INC	PAVING	\$14,918.53
111633	PALM GROVE GROUP LLC	REFUND - CONSTRUCTION DEPOSIT	\$38,903.42
111640	DESERT WATER AGENCY - WASTEWATER	WASTEWATER REVENUE BILLING FOR APRIL 2016	\$80,758.29
111648	ACWA-JPIA	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - JUNE 2016	\$153,696.34
111662	BEST BEST & KRIEGER LLP	LEGAL FEES	\$89,354.85
111667	CANYON SPRINGS ENTERPRISES DBA	CONTRACT PAYMENT - ZONE 1040 RESERVOIR (W/O # 05-582-R-33)	\$36,195.00
111680	DOWN TO EARTH LANDSCAPING	LANDSCAPE MAINTENANCE	\$31,541.44
111701	INLAND WATER WORKS SUPPLY CO	WATER SERVICE SUPPLIES	\$10,763.33
111702	J COLON COATINGS INC	CONTRACT PAYMENT - RESERVOIR MAINTENANCE	\$151,050.00
111709	KRIEGER & STEWART INC	ENGINEERING	\$147,574.65
111734	S-2 SEALING & STRIPING INC	RESTORE TRAFFIC STRIPING ON INDIAN CANYON (W/O # 15-111--12)	\$12,880.00
111740	SOUTHERN CALIFORNIA EDISON CO	POWER	\$164,575.45
111745	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$17,075.78
111757	SUNRISE OASIS HOA	TURF BUY BACK PROGRAM	\$10,000.00
111758	SUNSHINE VILLAS HOA	TURF BUY BACK PROGRAM	\$20,000.00
111760	ST TROPEZ VILLAS HOA	TURF BUY BACK PROGRAM	\$11,306.00
111761	HERMOSA VILLAS HOA	TURF BUY BACK PROGRAM	\$12,206.00
111763	VILLA CABALLEROS	TURF BUY BACK PROGRAM	\$13,244.00
111765	DIPLOMAT OWNERS ASSOCIATION	TURF BUY BACK PROGRAM	\$10,000.00
111766	CASITAS ARENAS HOA	TURF BUY BACK PROGRAM	\$14,268.00

\*\* TOTAL

\$1,207,922.08

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

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

06-30-83	State of California	LAIF	Open	\$ 8,848,411.86	\$ 8,848,411.86	\$ 8,848,411.86	0.560%	-
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**Certificates of Deposit**

09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 251,152.50	1.050%	Bullet
01-15-16	Union Bank	Union Bank CD	01-13-17	\$ 500,000.00	\$ 500,000.00	\$ 499,820.00	0.830%	Bullet

Total Certificates of Deposit \$ 750,000.00 \$ 750,000.00 \$ 750,972.50

**Commercial Paper**

04-30-12	Union Bank	General Electric	04-27-17	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,012,360.00	2.300%	Bullet
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Total Commercial Paper \$ 1,004,700.00 \$ 1,000,000.00 \$ 1,012,360.00

**Government Agency**

11-25-15	Union Bank	FHLMC (Callable 8-25-16)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,170.00	1.500%	Qtrly
12-29-15	Union Bank	FHLB (Callable 6-29-16)	06-29-18	\$ 500,000.00	\$ 500,000.00	\$ 498,385.00	1.250%	1 Time

Total Government Agency \$ 1,500,000.00 \$ 1,500,000.00 \$ 1,498,555.00

Weighted Mean YTM 0.831%

TOTAL INVESTED @ 05/31/16 \$ 12,103,111.86 \$ 12,098,411.86 \$ 12,110,299.36

BALANCE @ 06/30/15 \$ 15,055,930.48

INCREASE (DECREASE) (\$2,952,818.62)

DESERT WATER AGENCY  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

MAY 2016

INVESTED  
RESERVE FUNDS  
\$100,294,985.37

BALANCE	MAY 1, 2016	\$329,321.98	
* TAXES - RIVERSIDE COUNTY		8,258,940.62	
* INTEREST EARNED - INV. FUNDS		102,634.54	
GROUNDWATER REPLEN. ASSESSMENT		31,590.03	
REIMBURSEMENT - OPERATING FUND		6,919.76	
REIMBURSEMENT - CVWD MGMT AGRMT		29,560.09	
STATE WATER PROJECT REFUNDS		235,971.04	
REIMB - CVWD - WHITEWATER HYDRO		0.00	
POWER SALES - WHITEWATER		0.00	
MISCELLANEOUS		<u>1,445.86</u>	
TOTAL RECEIPTS		\$8,667,061.94	
PAYMENTS			
CHECKS UNDER \$10,000.00		13,034.33	
CHECKS OVER \$10,000.00 - SCH. #1		1,005,714.19	
CANCELLED CHECKS AND FEES		<u>0.00</u>	
TOTAL PAYMENTS		<u>\$1,018,748.52</u>	
NET INCOME		\$7,648,313.42	
INVESTED RESERVE FUNDS			
FUNDS MATURED		11,881,710.00	
FUNDS INVESTED – SCH. #2		<u>19,542,700.00</u>	
NET TRANSFER		(\$7,660,990.00)	\$7,660,990.00
<hr/>			
BALANCE	MAY 31, 2016	\$316,645.40	\$107,955,975.37
* INCLUSIVE TO DATE			
		TAXES	INTEREST
RECEIPTS IN FISCAL YEAR		\$22,396,352.99	\$838,422.77
RECEIPTS IN CALENDAR YEAR		\$16,523,224.37	\$381,937.26

DESERT WATER AGENCY  
GENERAL ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
8747	US GEOLOGICAL SURVEY	JOINT FUNDING AGREEMENT QUARTERLY BILLING - (02/01/2016 - 04/30/2016)	\$17,100.00
8750	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT ENTITLEMENT - FEBRUARY 2016	\$24,374.00
8751	DESERT WATER AGENCY-OPERATING	P/R & EXP REIMBURSEMENT FOR APRIL 2016	\$133,934.19
8754	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - MAY 2016	\$682,203.00
8755	COACHELLA VALLEY WATER DISTRICT	WHITEWATER BASIN MANAGEMENT - (FINAL 2014/15 PMT)	\$25,754.00
8756	COUNTY OF RIVERSIDE	ELECTION SERVICES - NOVEMBER 2015 BOARD ELECTION	\$111,945.00
8757	NOR-CAL CONTROLS ES, INC	WHITEWATER PROJECT PERLE INTEGRATION #16-63 (WIRELESS COMMUNICATIONS)	\$10,404.00
** TOTAL			\$1,005,714.19

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

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
<b>Local Agency Investment Fund</b>								
06-30-83	State of California	LAIF	Open	\$ 47,484,963.70	\$ 47,484,963.70	\$ 47,484,963.70	0.560%	
<b>Certificates of Deposit</b>								
01-25-13	Union Bank	General Electric Capital Bank CD	01-25-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,500.00	1.100%	Bullet
12-04-14	Ladenburg Thalmann	AEX Centurion Bank CD	12-05-16	\$ 245,000.00	\$ 245,000.00	\$ 245,150.18	1.050%	Bullet
09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 251,152.50	1.050%	Bullet
10-07-15	Ladenburg Thalmann	Goldman Sachs CD	04-07-18	\$ 245,000.00	\$ 245,000.00	\$ 244,722.17	1.350%	Bullet
10-29-15	Ladenburg Thalmann	Ally Bank CD	10-30-17	\$ 245,000.00	\$ 245,000.00	\$ 244,487.95	1.150%	Bullet
11-04-15	Ladenburg Thalmann	Capital One NA CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 244,308.36	1.100%	Bullet
11-04-15	Ladenburg Thalmann	Discover CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 244,481.09	1.150%	Bullet
01-15-16	Union Bank	Union Bank CD	01-13-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,640.00	0.830%	Bullet
<b>Total Certificates of Deposit</b>				\$ 3,475,000.00	\$ 3,475,000.00	\$ 3,476,442.25		
<b>Commercial Paper</b>								
06-07-11	Union Bank	UB Bank Note	06-06-16	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,420.00	3.000%	Bullet
12-16-13	Stifel	General Electric	05-15-18	\$ 587,600.00	\$ 500,000.00	\$ 546,655.00	6.300%	Bullet
04-27-15	Ladenburg Thalmann	Apple Inc.	05-03-18	\$ 997,920.00	\$ 1,000,000.00	\$ 998,012.00	1.000%	Bullet
02-01-16	Union Bank	US Bank Note (Callable 12-29-17)	01-29-18	\$ 1,000,950.00	\$ 1,000,000.00	\$ 1,003,650.00	1.450%	1 Time
<b>Total Commercial Paper</b>				\$ 4,586,470.00	\$ 4,500,000.00	\$ 4,548,737.00		
<b>Government Agency</b>								
09-19-12	Stifel (D.A.D)	FNMA	09-19-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,660.00	0.950%	1 Time
10-03-12	Stifel (D.A.D)	FNMA	10-03-16	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,200.00	0.650%	1 Time
10-10-12	Ladenburg Thalmann	FFCB (Callable Continuous)	10-10-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,970.00	0.900%	Continuous
10-11-12	Stifel (D.A.D)	FFCB (Callable Continuous)	07-11-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,720.00	0.820%	Continuous
10-17-12	Ladenburg Thalmann	FHLB (Callable 7-17-16)	04-17-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	0.800%	Qtrly
12-05-12	Ladenburg Thalmann	FFCB (Callable Continuous)	06-05-17	\$ 999,250.00	\$ 1,000,000.00	\$ 1,000,070.00	0.770%	Continuous
12-20-12	Ladenburg Thalmann	FFCB (Callable Continuous)	03-20-17	\$ 998,700.00	\$ 1,000,000.00	\$ 999,720.00	0.670%	Continuous
12-28-12	Stifel (D.A.D)	FHLB (Callable Continuous)	12-28-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,910.00	0.840%	Continuous
02-05-13	Ladenburg Thalmann	FHLB (Callable Continuous)	02-05-18	\$ 666,666.67	\$ 666,666.67	\$ 666,719.99	1.000%	Continuous
03-12-13	Stifel (D.A.D)	FFCB (Callable Continuous)	03-12-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,440.00	1.030%	Continuous
03-27-13	Stifel (D.A.D)	FHLB (Callable 6-27-16)	03-27-18	\$ 749,625.00	\$ 750,000.00	\$ 750,000.00	1.130%	Qtrly
03-27-13	Ladenburg Thalmann	FNMA (Callable 6-27-16)	03-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,570.00	1.050%	Qtrly
06-13-13	Ladenburg Thalmann	FHLB (Callable 6-13-16)	06-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,040.00	1.100%	Qtrly
07-29-14	Stifel (D.A.D)	FNMA (Callable 7-29-16)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,930.00	1.500%	1 Time
09-29-14	Union Bank	FHLMC	09-29-16	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,500,390.00	0.650%	1 Time
06-23-15	Ladenburg Thalmann	FHLMC	06-23-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,634.00	0.900%	1 Time
06-30-15	Stifel	FHLB (Callable 6-24-16)	12-24-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,290.00	1.400%	1 Time
09-30-15	Union Bank	FFCB (Callable Continuous)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,020.00	1.530%	Continuous
10-02-15	Stifel	FHLB (Callable 10-2-17)	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,003,140.00	1.450%	Continuous
10-29-15	Stifel	FHLB (Callable 7-29-16)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,010.00	1.120%	Continuous
11-23-15	Ladenburg Thalmann	FHLMC (Callable 8-23-16)	05-23-18	\$ 996,000.00	\$ 1,000,000.00	\$ 998,604.00	1.000%	Qtrly

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

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS	
Government Agency									
11-25-15	Union Bank	FHLMC (Callable 8-25-16)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,170.00	1.500%	Qtrly	
11-25-15	Stifel	FNMA (Callable 11-25-16)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,100.00	1.500%	Qtrly	
12-28-15	Ladenburg Thalmann	FHLB (Callable 6-28-16)	09-28-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,280.00	1.350%	Qtrly	
12-28-15	Stifel	FHLB (Callable 6-28-16)	12-28-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,420.00	1.450%	Qtrly	
12-29-15	Union Bank	FHLB (Callable 6-29-16)	06-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,770.00	1.250%	1 Time	
12-30-15	Ladenburg Thalmann	FHLMC STEP (Callable 6-30-16)	12-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,273.00	1.000%	Qtrly	
01-27-16	Stifel	FHLB (Callable 7-27-16)	07-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,530.00	1.300%	1 Time	
01-29-16	Ladenburg Thalmann	FHLB (Callable 7-29-16)	07-29-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,190.00	1.650%	Qtrly	
01-29-16	Ladenburg Thalmann	FHLB (Callable 7-29-16)	04-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,340.00	1.750%	Qtrly	
02-26-16	Ladenburg Thalmann	FNMA (Callable 8-26-16)	02-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,580.00	1.250%	Qtrly	
02-26-16	Ladenburg Thalmann	FNMA STEP (Callable 8-26-16)	02-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,050.00	1.000%	Qtrly	
02-26-16	Stifel	FNMA STEP (Callable 8-26-16)	02-26-19	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,499,640.00	0.600%	1 Time	
03-09-16	Ladenburg Thalmann	FFCB (Callable 6-9-16)	09-09-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,770.00	1.390%	Continuous	
03-16-16	Union Bank	FHLMC (Callable 6-16-16)	03-16-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,090.00	1.125%	Qtrly	
03-23-16	Ladenburg Thalmann	FNMA (Callable 9-23-16)	03-23-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,010.00	1.500%	Qtrly	
03-29-16	Ladenburg Thalmann	FHLMC (Callable 6-29-16)	03-29-19	\$ 999,800.00	\$ 1,000,000.00	\$ 1,000,360.00	1.400%	Qtrly	
03-30-16	Ladenburg Thalmann	FHLB (Callable 6-30-16)	09-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,120.00	1.750%	Qtrly	
03-30-16	Stifel	FNMA STEP (Callable 9-30-16)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,860.00	1.350%	Qtrly	
03-30-16	Stifel	FHLMC STEP (Callable 9-30-16)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,260.00	1.250%	Qtrly	
04-14-16	Ladenburg Thalmann	FHLMC STEP (Callable 10-14-16)	04-14-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,084.00	1.500%	Qtrly	
04-26-16	Ladenburg Thalmann	FHLB (Callable 7-26-16)	10-26-20	\$ 999,500.00	\$ 1,000,000.00	\$ 992,570.00	1.550%	Continuous	
04-28-16	Ladenburg Thalmann	FHLMC (Callable 10-28-16)	01-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,316.00	1.700%	Qtrly	
04-28-16	Union Bank	FHLMC (Callable 10-28-16)	01-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,310.00	1.400%	Qtrly	
05-18-16	Union Bank	FHLMC (Callable 8-18-16)	11-18-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,310.00	1.500%	Qtrly	
05-23-16	Stifel	FHLMC STEP (Callable 8-23-16)	05-23-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,980.00	0.800%	Qtrly	
05-23-16	Ladenburg Thalmann	FHLMC (Callable 8-23-16)	11-16-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,610.00	1.200%	Qtrly	
05-23-16	Stifel	FNMA (Callable 11-23-16)	08-23-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,220.00	1.250%	Qtrly	
05-25-16	Stifel	FNMA STEP (Callable 11-25-16)	05-25-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,700.00	1.000%	Qtrly	
05-26-16	Ladenburg Thalmann	FHLMC (Callable 8-26-16)	05-26-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,439.00	1.625%	Qtrly	
05-26-16	Union Bank	FNMA (Callable 5-26-17)	11-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,360.00	1.300%	1 Time	
05-31-16	Ladenburg Thalmann	FHLMC (Callable 11-29-16)	08-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,907.00	1.020%	Qtrly	
<b>Total Government Agency</b>				\$	<b>52,409,541.67</b>	\$	<b>52,416,666.67</b>	\$	<b>52,375,656.99</b>
							<b>Weighted Mean YTM</b>	<b>0.966%</b>	
<b>TOTAL INVESTED @ 05/31/16</b>				\$	<b>107,955,975.37</b>	\$	<b>107,876,630.37</b>	\$	<b>107,885,799.94</b>
<b>BALANCE @ 06/30/15</b>				\$	<b>100,021,864.49</b>				
				\$	<b>7,934,110.88</b>				

DESERT WATER AGENCY  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

MAY 2016

INVESTED  
RESERVE FUNDS  
\$1,044,031.01

BALANCE	MAY 1, 2016	(\$15,997.68)	
			\$1,044,031.01
	ACCOUNTS RECEIVABLE - OTHER	\$0.00	
	CUSTOMER DEPOSITS - CONSTRUCTION	0.00	
	INTEREST EARNED - INVESTED FUNDS	42.80	
	WASTEWATER REVENUE	80,758.29	
	SEWER CAPACITY CHARGES	13,783.04	
	MISCELLANEOUS	120.00	
	TOTAL RECEIPTS	\$94,704.13	
	PAYMENTS		
	CHECKS UNDER \$10,000.00	\$14,400.53	
	CHECKS OVER \$10,000.00 - SCH. #1	48,991.83	
	CANCELLED CHECKS AND FEES	0.00	
	TOTAL PAYMENTS	<u>\$63,392.36</u>	
	NET INCOME	\$31,311.77	
	INVESTED RESERVE FUNDS		
	FUNDS MATURED	\$18,000.00	
	FUNDS INVESTED - SCH. #2	32,000.00	
	NET TRANSFER	(\$14,000.00)	\$14,000.00
BALANCE	MAY 31, 2016	\$1,314.09	\$1,058,031.01

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

CHECK #	NAME	DESCRIPTION	AMOUNT
2441	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR APRIL 2016	\$48,991.83
		** TOTAL	\$48,991.83

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

PURCH DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY
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Local Agency Investment Fund
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06-30-83	State of California	LAIF	Open	\$ 1,058,031.01	\$ 1,058,031.01	\$ 1,058,031.01	0.560%
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TOTAL INVESTED @ 05/31/16	\$	1,058,031.01	\$	1,058,031.01	\$	1,058,031.01
BALANCE @ 06/30/15	\$	862,257.70				
INCREASE OR (DECREASE)	\$	195,773.31				

DESERT WATER AGENCY - OPERATING FUND  
COMPARATIVE EARNINGS STATEMENT

	THIS MONTH		THIS YEAR		FISCAL YEAR TO DATE		BUDGET		VARIANCE		PCF
	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	BUDGET	YTD	YTD		
<b>OPERATING REVENUES</b>											
WATER SALES	1,704,243.70	1,556,100.00	19,497,167.12	22,804,067.86	17,425,550.00	2,071,617.12	12				
RECLAMATION SALES	132,431.97	134,700.00	1,259,829.52	1,302,473.16	1,254,925.00	4,904.52	0				
POWER SALES	1,476.00	2,500.00	9,689.64	27,603.50	27,500.00	17,810.36	65-				
OTHER OPER REVENUE	59,765.87	101,750.00	1,267,260.08	1,395,594.34	1,119,250.00	146,010.08	13				
TOTAL OPER REVENUES	1,897,917.54	1,797,050.00	22,033,946.36	25,469,738.86	17,927,225.00	2,706,721.36	11				
<b>OPERATING EXPENSES</b>											
SOURCE OF SUPPLY EXP	25,061.22	19,500.00	2,304,915.91	2,714,576.03	2,859,500.00	554,554.09	19-				
PUMPING EXPENSE	180,910.64	141,200.00	2,598,410.84	3,031,974.62	2,620,850.00	22,439.16	1-				
REGULATORY WATER TREAT	47,768.05	43,225.00	450,176.90	457,663.31	475,475.00	25,296.10	5-				
TRANS & DIST EXPENSE	367,703.41	271,566.00	2,910,217.75	2,704,745.01	2,991,634.00	81,416.25	3-				
CUSTOMER ACCT EXPENSE	75,383.19	70,175.00	824,923.83	830,615.26	775,225.00	49,698.83	6				
ADMIN & GEN EXPENSE	674,486.64	643,000.00	8,334,711.21	7,343,292.17	8,196,400.00	136,311.21	2				
REGULATORY EXPENSE	4,432.55	17,525.00	107,596.85	194,079.51	192,775.00	85,178.15	44-				
SNOW CREEK HYDRO EXP	3,398.26	3,350.00	33,905.42	31,992.63	36,850.00	2,944.58	8-				
RECLAMATION PLNT EXP	107,927.69	72,709.00	836,473.59	674,431.63	799,791.00	36,682.55	3				
SUB-TOTAL	1,486,071.65	1,502,650.00	18,403,364.30	17,983,380.22	18,948,500.00	545,135.70	3-				
<b>OTHER OPER EXPENSES</b>											
DEPRECIATION	458,810.35	473,000.00	4,993,962.46	4,930,265.01	5,203,000.00	209,031.54	4-				
SERVICES RENDERED	6,703.50	11,500.00	170,057.87	139,009.38	126,500.00	43,557.87	34				
DIR & INDIR CST FOR WD	168,976.36	71,900.00	1,871,509.10	1,710,477.93	790,900.00	1,080,609.10	137				
TOTAL OPER EXPENSES	1,782,609.14	1,915,250.00	21,695,531.53	21,342,156.68	22,487,100.00	1,791,218.47	8-				
NET INCOME FROM OPERATIONS	115,308.40	118,800.00	338,064.60	4,127,582.16	3,659,875.00	3,997,939.83	109-				
<b>NON-OPERATING INCOME (NET)</b>											
RENTS	3,368.43	3,350.00	68,719.76	66,668.72	68,650.00	69.76	0				
INTEREST REVENUES	8,474.14	7,125.00	85,415.59	76,360.76	78,375.00	7,040.59	9				
OTHER REVENUES	840.00	0.00	133,577.52	90,183.83	13,500.00	120,077.52	389				
GAINS ON RETIREMENT	24,500.00	0.00	26,898.06	1,137.48	900.00	25,908.06	0				
DISCOUNTS	10.94	300.00	405.24	3,423.00	3,300.00	2,894.76	88-				
FR. YEAR EXPENSES	179,889.05	0.00	179,566.95	36,910.92	0.00	179,366.95	0				
LOSS ON RETIREMENTS	3,000.00	1,375.00	52,212.73	60,762.38	15,125.00	37,087.73	243				
TOTAL NON-OPER INCOME	139,695.54	9,400.00	63,346.49	512,042.33	149,600.00	66,253.51	34				
TOTAL NET INCOME	24,387.14	109,800.00	421,411.32	4,339,624.51	3,510,275.00	3,931,686.32	112-				

MONTH 15-16  
MAY

OPERATING REVENUES

WATER SALES

RECLAMATION SALES

POWER SALES

OTHER OPER REVENUE

TOTAL OPER REVENUES

OPERATING EXPENSES

SOURCE OF SUPPLY EXP

PUMPING EXPENSE

REGULATORY WATER TREAT

TRANS & DIST EXPENSE

CUSTOMER ACCT EXPENSE

ADMIN & GEN EXPENSE

REGULATORY EXPENSE

SNOW CREEK HYDRO EXP

RECLAMATION PLNT EXP

SUB-TOTAL

OTHER OPER EXPENSES

DEPRECIATION

SERVICES RENDERED

DIR & INDIR CST FOR WD

TOTAL OPER EXPENSES

NET INCOME FROM OPERATIONS

NON-OPERATING INCOME (NET)

RENTS

INTEREST REVENUES

OTHER REVENUES

GAINS ON RETIREMENT

DISCOUNTS

FR. YEAR EXPENSES

LOSS ON RETIREMENTS

TOTAL NON-OPER INCOME

TOTAL NET INCOME

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

**JUNE 28, 2016**

**RE: REQUEST ADOPTION OF 2015 URBAN WATER MANAGEMENT PLAN**

Urban Water Management Plans (UWMPs) are prepared by urban water suppliers and submitted to the Department of Water Resources (DWR) every five years to support long-term resource planning, and to ensure adequate water supplies for future demands. Reports are due to DWR in July of 2016.

Krieger & Stewart engineering consultants developed Desert Water Agency's UWMP in coordination with staff. Key differences between the 2010 and 2015 report include:

- Planning extended through 2040
- Population data updated, seasonal population adjustment made
- Revision of water use baselines and targets (SBX7-7) based on new population data
- Water audit prepared according to AWWA methodology (pursuant to SB 555)
- Progress reported on SBX7-7 (20% reduction by 2020)
- Ordinance 65 included to replace superseded ordinances
- Information on conservation programs updated, new narrative of best management practices included
- Water shortage contingency plan (WSCP) savings updated based on real-world experience

DWA's UWMP projects future population (using Southern California Association of Governments Regional Transportation Plan forecasts) and its associated demand. The plan forecasts groundwater, stream and imported supplies in single and multiple dry years.

The UWMP includes our current conservation programs, water loss and WSCP. Governor Brown's May 9 Executive Order requested that DWR strengthen standards for WSCPs. It is likely that there would be action on this before the next UWMP is submitted.

In the 2015 UWMP we are also required to report progress on SBX7-7 of 2009, the requirement to reduce water use by 20 percent by 2020. We were required to have achieved 10 percent savings on or before December 31, 2015. As described in the

UWMP, DWA has exceeded 20 percent savings to date. Governor Brown's May 9 Executive Order also charged DWR and the State Water Board with developing new standards to supersede SBX7-7 since many agencies have met or exceeded their targets due to drought or mandatory restrictions.

Public Hearing:

In order to adopt the 2015 Urban Water Management Plan, a noticed public hearing is required. A copy of the Notice of Public Meeting and Public Hearing was sent to stakeholders on June 3, 2016 advising them of the scheduled public meeting and hearing, as well as the availability of the revised plan. The Notice of Public Hearing, setting the hearing date for today, was published in The Public Record on June 16 and June 23 (attached). There were no written comments received from the public.

Staff recommends adoption of the 2015 Urban Water Management Plan.

UWMP

Proof of Publication  
In Newspaper  
STATE OF CALIFORNIA  
County of Riverside

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

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

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

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

June 16, 2016

June 23, 2016

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

Dated at La Quinta, California, this  
23rd Day of June 2016.

**Dina Rivera**

Digitally signed by Dina Rivera  
DN: cn=Dina Rivera, o=The Public Record, ou,  
email=admin@desertpublicrecord.com, c=US  
Date: 2016.06.21 15:47:23 -0700

The Public Record  
Administration

Admin@desertpublicrecord.com

NOTICE OF PUBLIC HEARING ON URBAN WATER MANAGEMENT PLAN UPDATE DESERT WATER AGENCY Notice is hereby given that the Desert Water Agency's draft Urban Water Management Plan to comply with the current requirements of the Urban Water Management Planning Act, is available. The public hearing to adopt the plan will take place on Tuesday, June 28, 2016 at 8:00 a.m. at 1200 Gene Autry Trail South, Palm Springs, during a special meeting of the Agency's Board of Directors. All interested parties are invited to attend the public hearing, and be heard in support of or in opposition to, the proposed plan, and may submit written comments to the Agency at or before the hearing. A draft copy of Desert Water Agency's "2015 Urban Water Management Plan" is available at the office of Desert Water Agency, 1200 Gene Autry Trail South, Palm Springs, California and by request via email to ametzger@dwa.org. Dated: June 3, 2016 Mark Krause, General Manager Published: 06/16/16, 06/23/16 TPR16-5132

A copy of the

**DRAFT**

**DESERT WATER AGENCY  
2015 URBAN WATER  
MANAGEMENT PLAN**

is available for review at  
Desert Water Agency  
Operations Center

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

**JUNE 28, 2016**

**RE: REQUEST AUTHORIZATION TO AMEND THE 2015-2016 UNITED STATES GEOLOGICAL SURVEY COOPERATIVE WATER RESOURCES PROGRAM COSTS**

In December 2015, Board approved the Agency's participation in the United States Geological Survey ("USGS") 2015-2016 Cooperative Water Resources Program in the amount of \$68,400. This program allows the Agency, along with Coachella Valley Water District, the Riverside County Flood Control and Water Conservation District ("Agencies") and the USGS to 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.

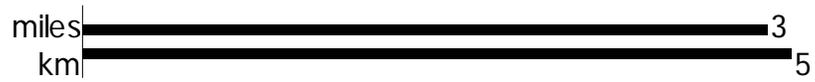
On June 2, 2016, representatives from the Agency, CVWD, RCFC, and the USGS met to discuss the program for the period November 1, 2016 to October 31, 2017. At this meeting, CVWD proposed the addition of a new gaging station located within Murray Canyon stream. CVWD has water rights for the stream source and SB 88 "requires a person who diverts 10 acre-feet of water per year or more under a permit or license to install and maintain a device or employ a method capable of measuring the rate of direct diversion, rate of collection to storage, and rate of withdrawal or release from storage, as specified, and with certain exceptions..." and "to report to the state board, at least annually." A new gaging station will satisfy this new requirement and will allow for a more accurate measurement of the inflow of water to the valley basin.

The proposed total cost for the new station installation, to include telemetry equipment and data collection is \$25,730, to be split evenly between the Agency and CVWD. The total cost for the Agency is \$12,865. RCFC may also contribute but has to date has not committed. If RCFC agrees to share the costs, then the total amount for the Agency will drop to approximately \$8,577.

Staff requests Board authorization to participate in the cost sharing for the installation of the new Murray Canyon gaging station, amending the 2015-2016 Cooperative Water Resources Program cost from \$68,400 to \$81,265.



Google earth



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

**JUNE 28, 2016**

**RE: REQUEST ADOPTION OF FISCAL YEAR 2016/2017 OPERATING,  
GENERAL AND WASTEWATER BUDGETS**

Attached for your review is the final draft of the proposed Operating, General and Wastewater Fund Budgets for Fiscal Year 2016/2017.

The Finance Committee met on June 15, 2016 and made adjustments to the Reclamation expenses and reserves in the Operating Fund. Additionally, adjustments were made to the USGS Stream Gauging, SWP expense, SWP Capital charges and Reserves in the General Fund.

Staff is available to answer any questions the Board may have with regard to the budgets, and requests adoption of the budgets for Fiscal Year 2016/2017.

**COPIES OF THE  
2016-2017 BUDGET  
ARE AVAILABLE  
FOR REVIEW  
UPON REQUEST**

**June 28, 2016**

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

**JUNE 28, 2016**

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1140  
ESTABLISHING TAX RATE FOR FISCAL YEAR 2016-2017**

Attached for the Board's review is a copy of Resolution No. 1140 which certifies to the Riverside County Board of Supervisors the Desert Water Agency tax rate for the 2016-2017 Fiscal Year. The taxes collected are used to meet our financial contractual obligations relating to the State Water Project.

Resolution No. 1140 has been reviewed by our attorney, and through the adoption of this resolution, the Desert Water Agency Board of Directors will fix the tax rate of \$0.10 per \$100 of assessed valuation, as adopted in the 2016-2017 General Fund Budget (Same tax rate as 2015-2016). The resolution further directs the County Board of Supervisors to levy such tax rate for the 2016-2017 Fiscal Year on all taxable property within the Agency boundaries.

Staff requests the Board adopt Resolution No. 1140 establishing the tax rate for the 2016-2017 Fiscal Year of \$0.10 per \$100 of assessed valuation. Following adoption of this resolution, Staff will submit a copy to the County Board of Supervisors to be included on their upcoming agenda for adoption.

**RESOLUTION NO. 1140**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE DESERT WATER AGENCY DETERMINING,  
CERTIFYING, AND DIRECTING 2016-2017 LEVIES  
PURSUANT TO SECTION 27  
OF THE AGENCY ACT AS AMENDED**

**WHEREAS**, Section 27 of the Agency's enabling act provides that the Board of Directors shall determine the amounts of money necessary to be raised by taxation during the fiscal year, and shall fix the rate or rates to be levied which will raise the amounts of money required by the Agency, and within a reasonable time previous to the time when the Board of Supervisors of Riverside County is required by law to fix its tax rate, the Board of Directors shall certify to the Board of Supervisors the rates so fixed and shall furnish a statement in writing containing: (a) an estimate of the minimum amount of money required to be raised by taxation for the payment of principal and interest on any bonded debt of the Agency; and (b) an estimate of the minimum amount of money to be raised by taxation for all other purposes of the Agency; and

**WHEREAS**, these general provisions of law have been amended in part by the statutes enacted in response to the passage of Proposition 13 in June, 1978, (Article XIII A of the California Constitution); and

**WHEREAS**, Section 93(a) of the Revenue and Taxation Code now limits the ability of the Agency to levy ad valorem property taxes, except for that amount which is equal to the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978; and

**WHEREAS**, Section 93(b) of the Revenue and Taxation Code further provides that for other purposes of local government, the County shall levy an ad valorem property tax equal to \$1.00 per \$100 of assessed valuation, and the revenues from such tax are to be distributed to local agencies in accordance with the provisions of Sections 95 et seq. of the Revenue and Taxation Code; and

**WHEREAS**, this Agency has a contractual obligation to make annual payments to the State of California pursuant to its Water Supply Contract dated October 17, 1962; and

**WHEREAS**, such contractual obligation was approved by the voters of the State and existed prior to July 1, 1978 within the meaning of Article XIII A of the California Constitution and Section 93(a) of the Revenue and Taxation Code; and

**WHEREAS**, this Agency has been advised by the Assessor of Riverside County that the assessed valuation of the property within the Agency for the fiscal year 2016-2017 is \$13,069,376.447.

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

1. The Board does hereby determine that the minimum amount necessary to be raised by taxation during the fiscal year 2016-2017 for payment of the contractual obligations to the State of California pursuant to the Water Supply Contract of the Agency, dated October 17, 1962, is \$13,726,600 and does hereby fix a tax rate of \$0.10 per \$100 of assessed valuation upon all taxable property within the Agency, which will raise such required sum.

2. The Board does hereby certify to the Board of Supervisors of Riverside County that for the Fiscal Year 2016-2017 it has fixed the tax rate of \$0.10 per \$100 of assessed valuation for payments due under its State Water Contract, and does hereby direct that such Board of Supervisors, at the time and in the manner required by law for levying of taxes as may be levied by the Board of Supervisors, shall levy such tax rate for the fiscal year 2016-2017 upon all taxable property within the Agency.

3. The determination of the amount necessary to be raised by taxation which is set forth in Paragraph 1 of this resolution shall constitute the statement in writing required to be filed with the Board of Supervisors pursuant to Section 27 of the Agency's enabling act. The tax rate set herein is fixed pursuant to such Section 27, and Section 93(a) of the Revenue and Taxation Code, and shall be in addition to the allocation of the general tax levy distributed to this Agency pursuant to Section 93(b) of the Revenue and Taxation Code.

4. In meeting the obligations due under its State Water Contract, the Agency relies first and to the extent feasible upon replenishment assessments and revenues derived from rates and charges made for the sale of water delivered pursuant to such contract, and other non-tax sources of funds. However, the Board does hereby find and determine that such revenues are and will be insufficient to meet the payments due under the State Water Contract during the

fiscal year 2016-2017, and that it is necessary to levy the tax rate fixed herein in order to make such payments. This tax rate does not constitute an increase or a decrease in the Agency's reliance upon water rates or other charges in order to make its required payments to the State.

5. A certified copy of this Resolution shall be filed with the Board of Supervisors of Riverside County, and the office of Auditor-Controller of Riverside County, forthwith.

**ADOPTED** this 28<sup>th</sup> day of June 2016.

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James Cioffi, President  
Board of Directors

**ATTEST:**

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Kristin Bloomer, Secretary-Treasurer  
Board of Directors

June 21, 2016

**MEMORANDUM**

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

**FROM:** BEST BEST & KRIEGER LLP

**RE:** JUNE 16, 2016, MEETING OF THE BOARD OF DIRECTORS OF THE  
STATE WATER CONTRACTORS, INC.

The June 16, 2016, meeting of the Board of Directors of the State Water Contractors, Inc., was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

1. Board Action Items

The SWC Board took action to authorize contracts for consulting services related to the retirement of SWC General Manager Terry Erlewine at the end of the year. In particular, the Board authorized spending \$10,000 to contract with a facilitator to help update the SWC Strategic Plan and \$25,000 for recruiting services to identify potential candidates to serve as General Manager upon Terry's retirement. Board members emphasized that they have been pleased and impressed with the existing management team, but noted that this time of transition would provide a good opportunity to update the Strategic Plan adopted several years ago and to identify the goals and strategies of the organization going forward.

The Board also took action to authorize the General Manager to extend or enter into consulting contracts totaling nearly \$3 million to support priority activities. This action included the following:

- \$530,000 in Dues Fund consulting contracts for legal services, general public outreach activities, and general water supply contract support.
- \$1,999,000 for Bay-Delta Fund consulting contracts for legal services, environmental work related to Delta fisheries investigations and litigation support, water supply and operations support, and Collaborative Adaptive

Management goals related to SWP-CVP Coordinated Projects. (The SWP-CVP Coordinated Projects consulting costs will be shared with the CVP.)

- \$337,000 for Energy Fund consulting contracts for legal services related to FERC activities and for advisory services on greenhouse gas issues, strategic and near-term risk matters, and power and water planning.

2. Water Supply Report

John Leahigh of DWR provided a brief report on water supply conditions, which included current reservoir conditions as of the date of the meeting and the current 60 percent water supply allocation. Storage in Lake Oroville was at 90 percent capacity with 3.19 million acre-feet. Releases from Lake Oroville had picked up due to increasing demand and were running at 5,000 cubic feet per second. Storage in Folsom Lake was at .79 million acre-feet, with releases at Nimbus Dam running at 4,000 cubic feet per second. Storage in Lake Shasta was at 89 percent of capacity, with the Bureau's releases running lower than usual. Delta outflow was at 7,500 cubic feet per second. John noted that earlier in the season, releases of water from storage had been required for Delta Smelt and salmon protection purposes, but those "off-ramps" for outflow for the most part had ended. Northern Sierra precipitation was above average for mid-June at 118 percent of average, as was the San Joaquin region's precipitation at 102 percent of average for the date. Farther south, the Tulare Basin's precipitation was lower, at 91 percent of average for the date.

3. Energy Report.

Ghassan AlQaser provided DWR's State Water Project Power Report, covering power supply and consumption for the month of April. On-peak and off-peak energy prices were lower than the prior year as of April 2016, consistent with lower gas prices, although monthly energy prices have begun to rise since then and are expected to continue to increase. Gas supplies in storage are expected to be sufficient for summer needs in both Northern and Southern California. In Southern California, the Aliso Canyon gas reservoir is still being certified for safety. Supply in Southern California is being supplied by the pipeline, and is expected to be sufficient for summer. However, if a cold winter occurs, it is possible need will exceed capacity,

resulting in shortages in Southern California. The SWP's energy cost for pumping was \$15.3 million for April 2016, which was down from \$16 million in energy costs for pumping during April of 2015. Transmission costs, though, are becoming an increasingly expensive part of the portfolio, with transmission costs for April 2016 standing at \$6.3 million, compared to almost \$4.4 million in April of 2015.

4. Water Supply Objectives Update

Attached to this memo is a copy of the power point presentation that was used to provide an update on the 2016-2017 Water Supply Objectives for the State Water Contractors. The discussion covered a number of topics, several of which are highlighted here.

A substantial portion of the discussion focused on the California WaterFix project, which involves upgrading the existing water conveyance system in the Sacramento-San Joaquin Delta by constructing three new intake facilities on the Sacramento River and two new underground pipelines. This project originally was known as the Bay Delta Conservation Plan, or BDCP, but was renamed California WaterFix last year when federal and state agencies decided to shift from a habitat conservation plan approach to address species impacts to a "Take Permit" approach under Section 7 of the Endangered Species Act. As a result of this change, the water supply available from California WaterFix would be slightly reduced as compared to the prior BDCP. However, the most recent water supply analysis indicates that total annual Delta exports with preferred Alternative 4A would be about 1 million acre feet more than without the project.

The environmental documents required for the proposed California WaterFix are moving forward, though some uncertainty exists about when they will be completed and publicly released. The final EIR/EIS to comply with CEQA and NEPA is expected to be ready by the end of the year. However, General Manager Terry Erlewine explained that it may be delayed, depending on how long federal agencies require for preparing the Biological Opinion under the Endangered Species Act. The Biological Assessment, which precedes the Biological Opinion, is expected to be released in early July. Additionally, the water rights hearings related to the proposed change in point of diversion for the project's new intakes are scheduled to begin on July 26 before the State Water Resources Control Board in Sacramento.

The Water Supply Objectives Update included information about the ongoing negotiation process between DWR and the SWP contractors to extend and amend the SWP long-term water supply contracts. One of the SWC's primary goals in this process is to develop new flexible water management tools under the contracts. The parties are in substantial agreement on most, but not all of the proposed tools at this time. Additionally, the parties are working on how to allocate costs and benefits of the California WaterFix project among SWP contractors.

During the Update, Terry Erlewine described the ongoing efforts of the "Collaborative Adaptive Management Team," a working group formed as an outgrowth of litigation over Delta Smelt and salmon issues. Members include managers and scientists representing state and federal agencies, water contractors, and non-governmental organizations. The process has enjoyed general support but has been slow to get off the ground. After 18 months of organizational steps, the team has identified and begun working on several Delta Smelt and salmon issues, and a five-year plan is being developed. The goal is for members to take a diligent and joint look at scientific studies and literature to resolve difficult issues. SWC will continue to monitor these efforts and provide support as needed.

The Update also included information on talks that are currently under way with Central Valley water users to identify potential opportunities for augmenting the water supply with upstream sources, with the goal of providing more flows to improve water supply conditions and water quality and ecosystem benefits.

6. General Manager's Report

General Manager Terry Erlewine reported that he had recently met with Mark Cowin, Director of DWR, to discuss the United States Fish and Wildlife Service's intent to seek reconsultation on the OCAP Biological Opinion for Delta Smelt. As reported in previous memos, the Fish and Wildlife Service wants the reconsultation to require that more water be added to existing flow requirements to save Delta Smelt, which would reduce the quantity of water available for the SWP to export from the Delta. The state is seeking to delay such reconsultation while a three-year "Smelt Resiliency Plan" is implemented. The plan seeks to strengthen the Smelt population with measures involving experimental flows, weed reduction, sediment

augmentation and enhanced Yolo Bypass flows. Discussions are ongoing with the federal government. No agreement has been reached yet on the plan, but it is being actively considered.

6. Legislation

AB 1713, a bill that has been of concern because of its potential impact to the California WaterFix project, has been placed on hold in the Assembly Appropriations Committee's suspense file. This bill was introduced by Assembly Member Eggman and would require voter approval of new Delta conveyance facilities. In February, the SWC Board had authorized the General Manager to prepare a letter in opposition to this legislation. Suspension of the bill renders it effectively dead for a year.

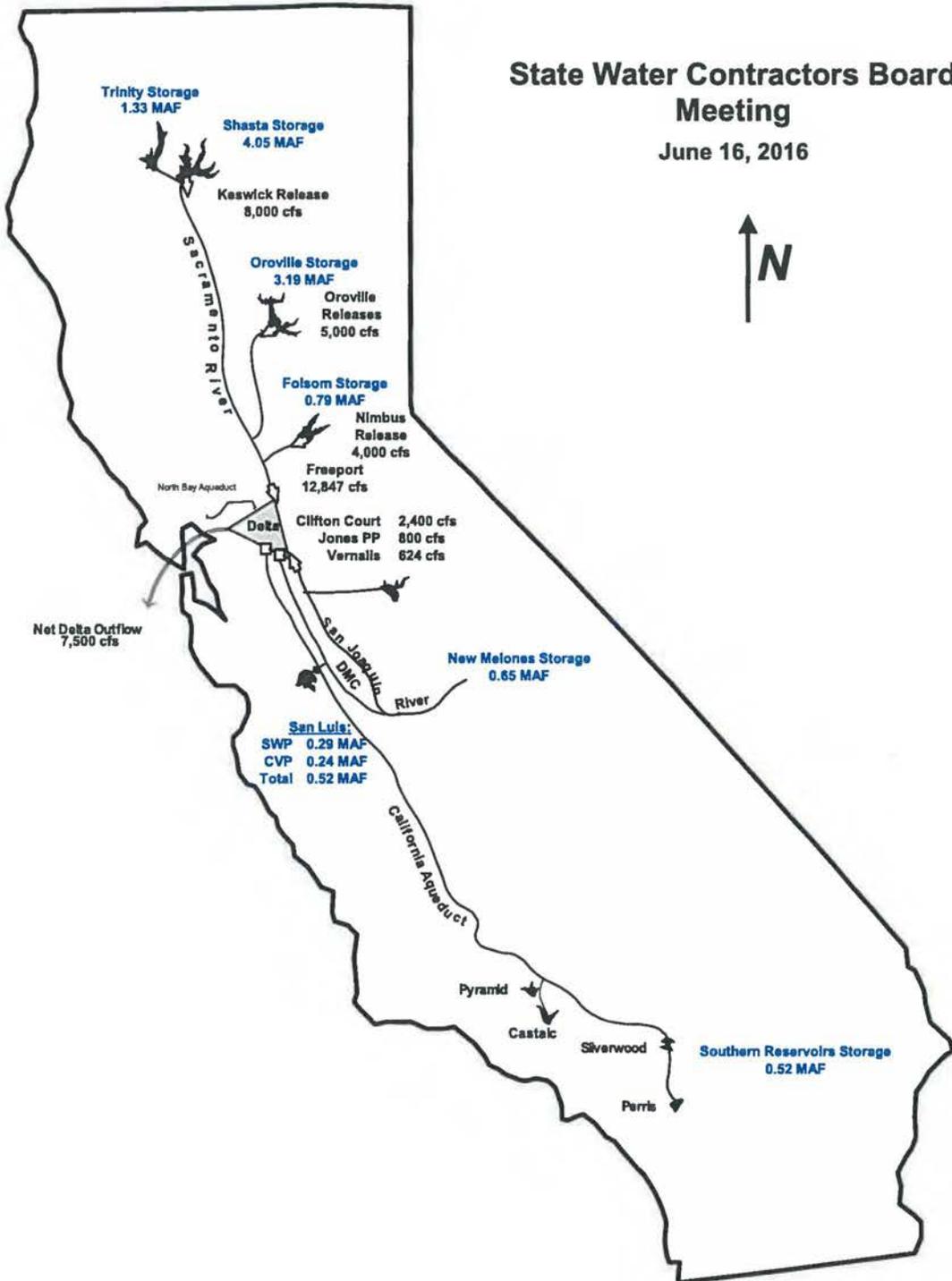
7. Legal Counsel's Report

The meeting ended with a closed session with Stefanie Morris, SWC general counsel, to discuss litigation and other matters. Preparations for the State Water Resources Control Board's upcoming change petition hearing for the California WaterFix project were discussed, as well as implications from the court's ruling regarding Phase 1 of the Delta Plan litigation, which was referenced in last month's memo.

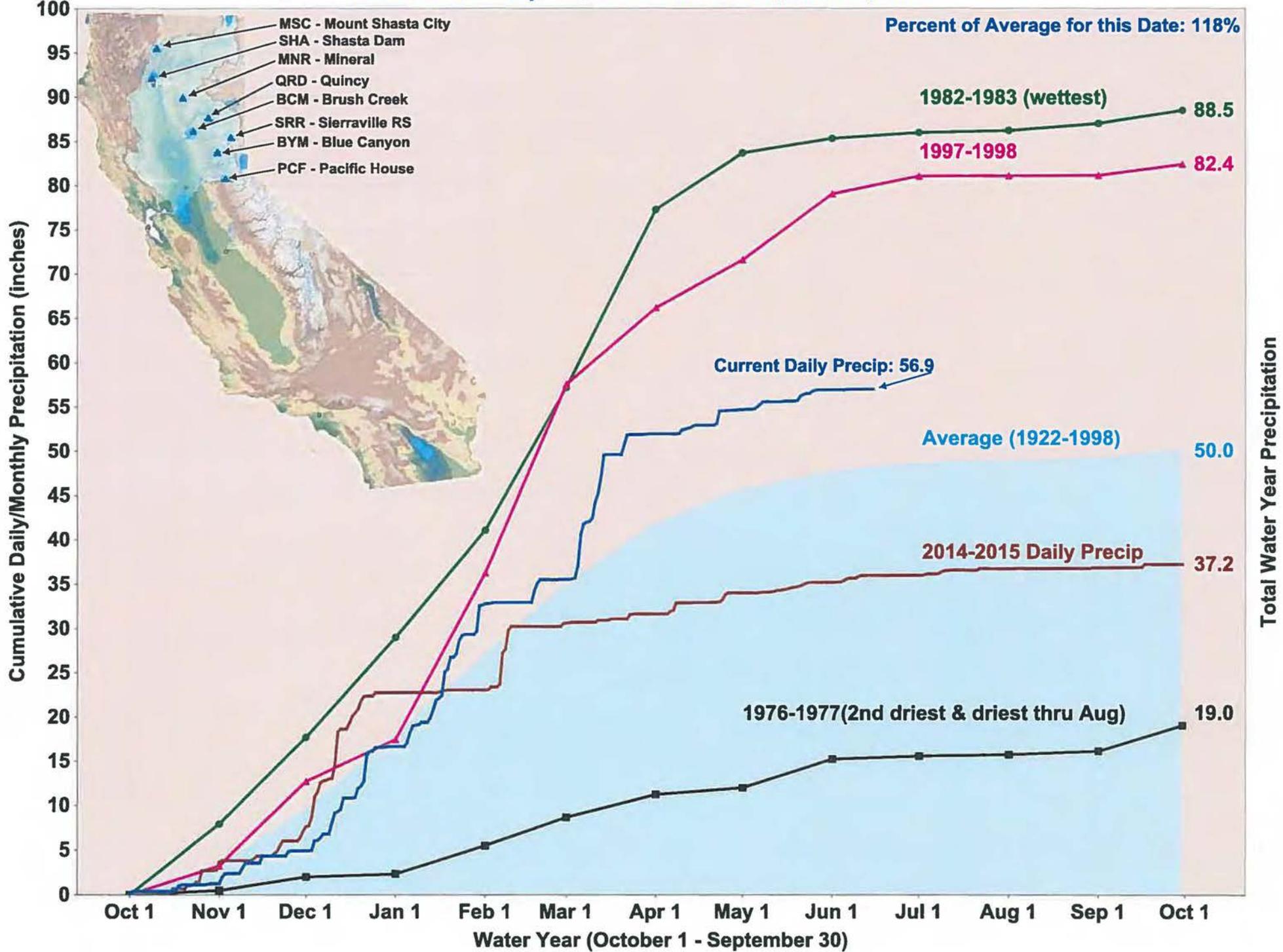
DEBORAH J. KOLLARS

# State Water Contractors Board Meeting

June 16, 2016

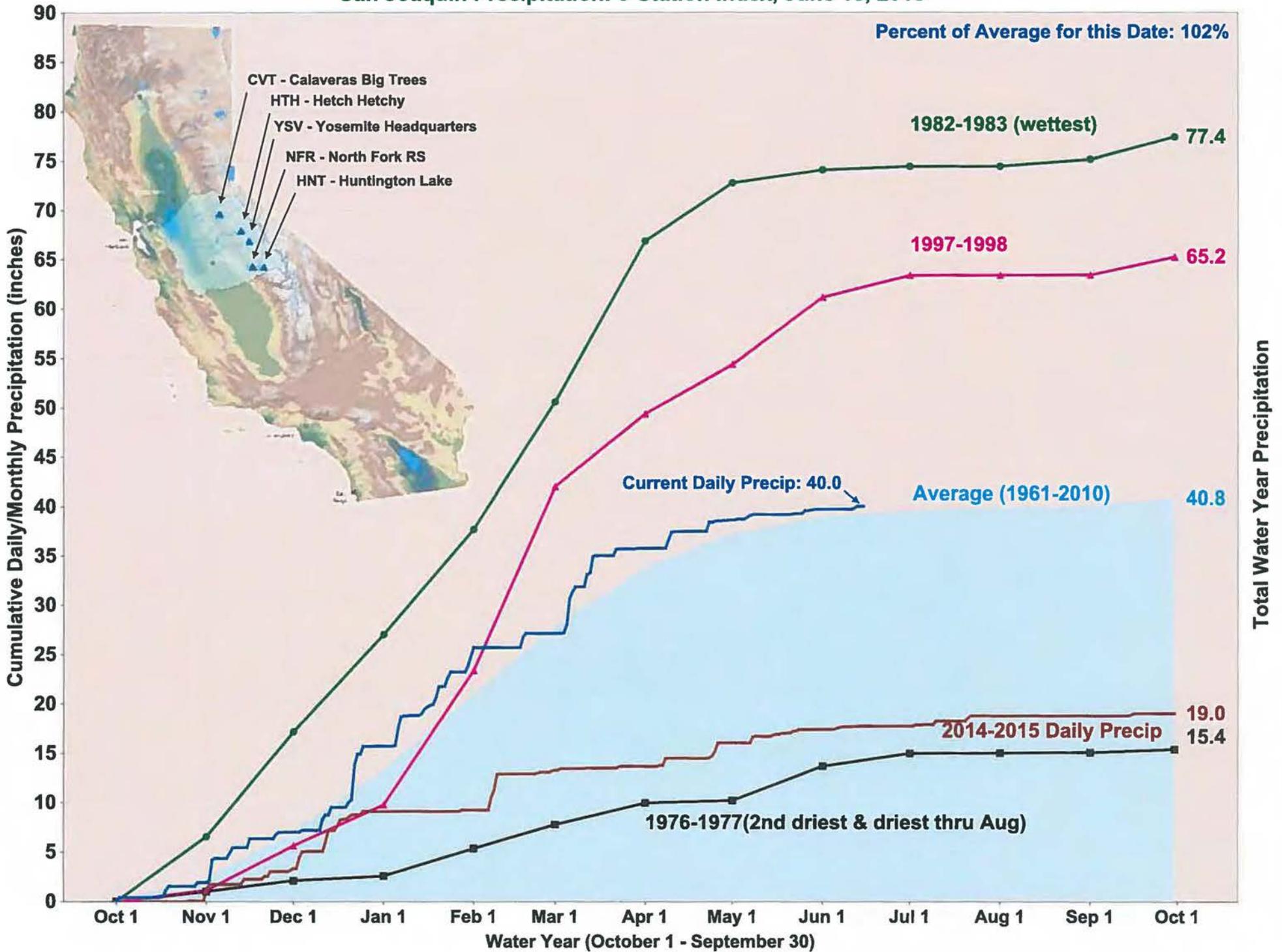


# North Sierra Precipitation: 8-Station Index, June 15, 2016

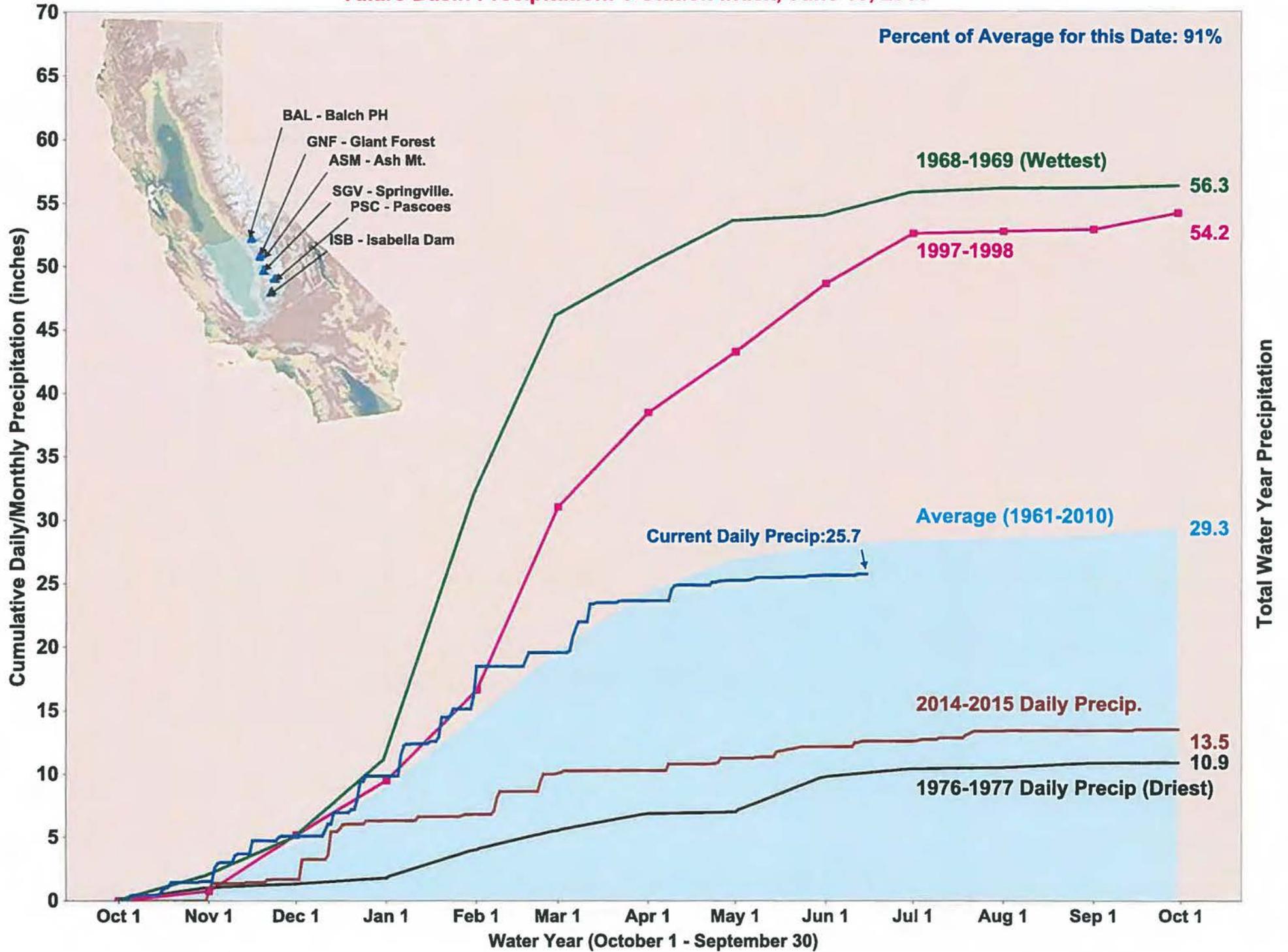


# San Joaquin Precipitation: 5-Station Index, June 15, 2016

Percent of Average for this Date: 102%



## Tulare Basin Precipitation: 6-Station Index, June 15, 2016

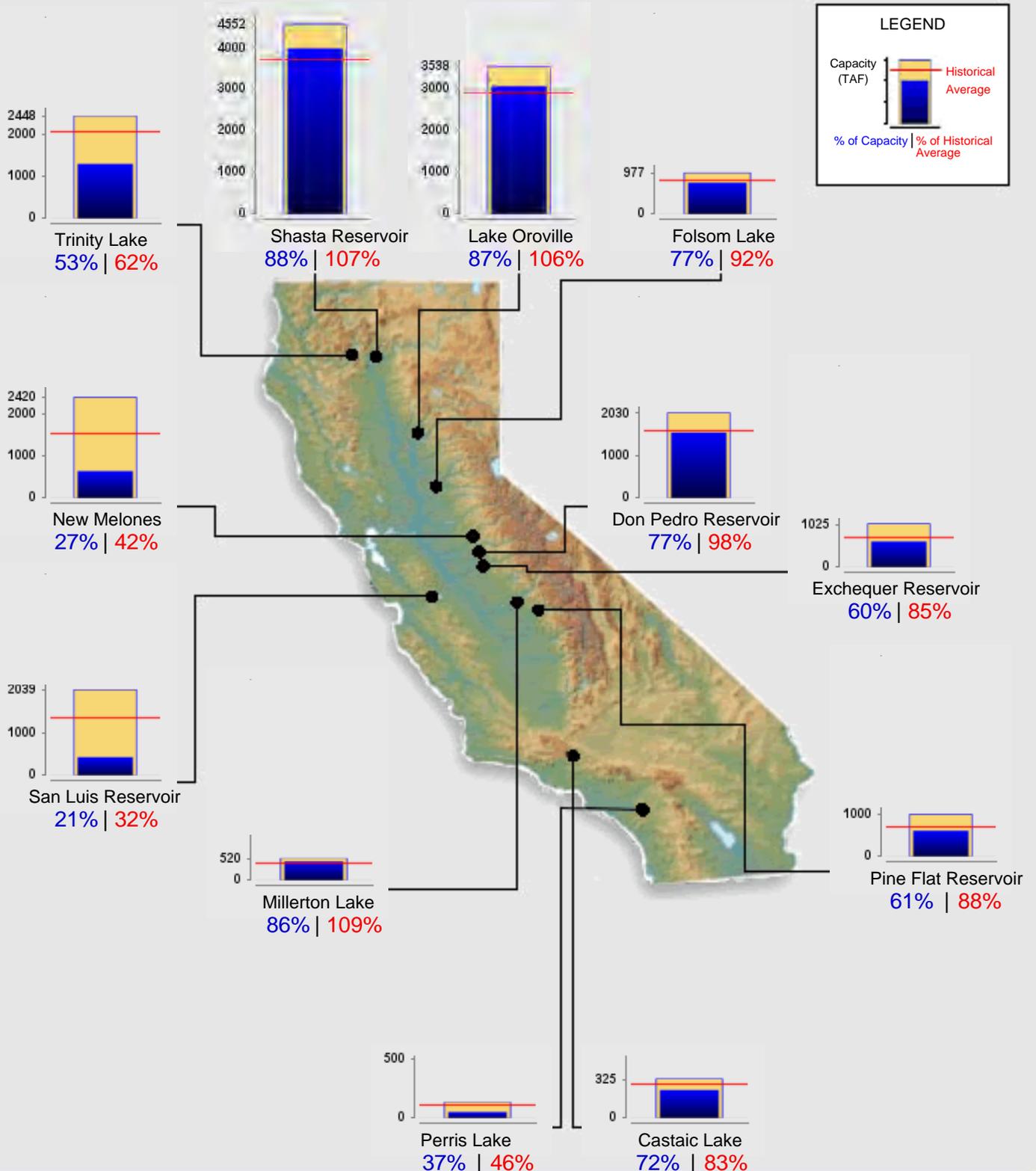




# Reservoir Conditions

Ending At Midnight - June 23, 2016

## CURRENT RESERVOIR CONDITIONS



# SWC FY 2016-17 Water Supply Objectives Update

JUNE 16, 2016

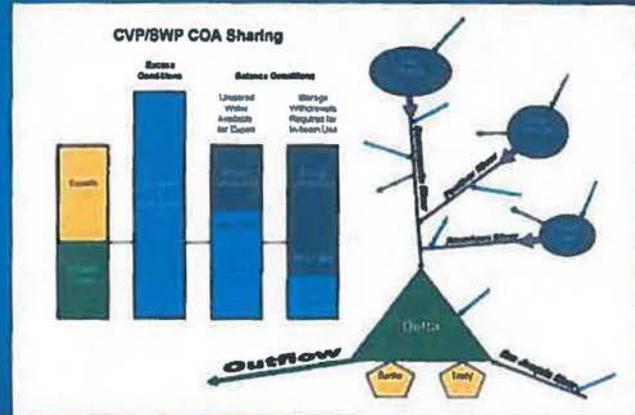
STATE WATER CONTRACTORS BOARD MEETING

# FY 2016-17 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 and Regulatory Compliance
  - ▶ Water Operations Improvement
  - ▶ Water Operations Evaluation
  - ▶ Delta Related Litigation
  - ▶ Collaborative Adaptive Management Team
- ▶ Priority III
  - ▶ Wastewater Discharge and Water Quality Issues

# Coordinated Operations Agreement

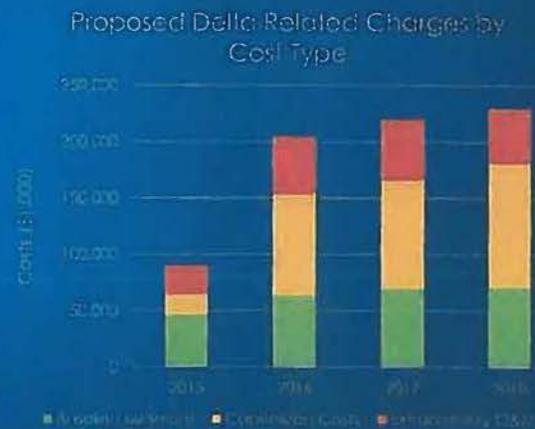
- ▶ Annual implementation:
  - ▶ COA account (~100 TAF)
    - ▶ May report to D.R. Croville Reservoir reaches flood control
  - ▶ Equal sharing account (~70 TAF)
    - ▶ Repaid in excess conditions
    - ▶ Ramping up in preparation for outage
- ▶ Next steps
  - ▶ Revisit equity of COA shares
  - ▶ Negotiations 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.

# OCAP and Regulatory Compliance

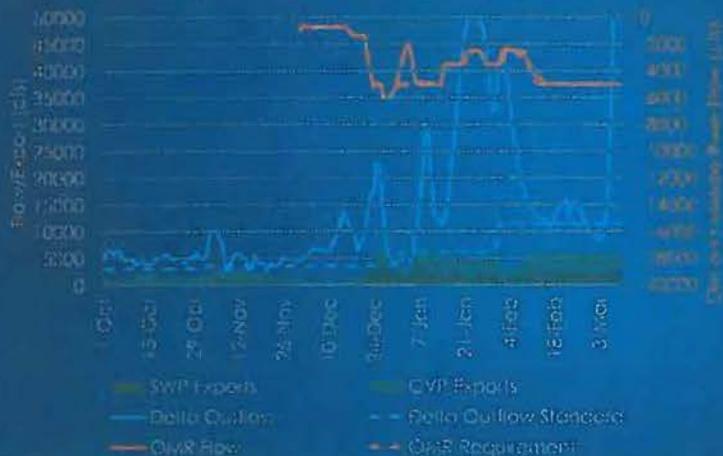
- ▶ Coordinating with DWR on review of budget and planning processes
- ▶ Statement of Charges Budget Review for Delta Related Charges: Feb 9
  - ▶ Bay Delta Office, Division of Environmental Services, Delta Compliance Program
  - ▶ Big cost driver: OCAP BiOp Compliance
- ▶ OCAP Compliance Workgroup current focus:
  - ▶ Delta Compliance Program processes and status
  - ▶ Fish Restoration Program Agreement (FRPA)
    - ▶ Prospect, Mores, others
  - ▶ Yolo Bypass Restoration



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

# Water Operations Evaluation

## Delta Operations: Water Year 2015-16



- ▶ Review of current operations:
  - ▶ BiOps controlling exports since Jan 5 (~500 TAF lost export)
    - ▶ NMFS Calendar Based OMR
    - ▶ FWS Action 2 and 3 OMR
  - ▶ February dry
  - ▶ March substantial storms
    - ▶ Increase in runoff and storage

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.

# California WaterFix

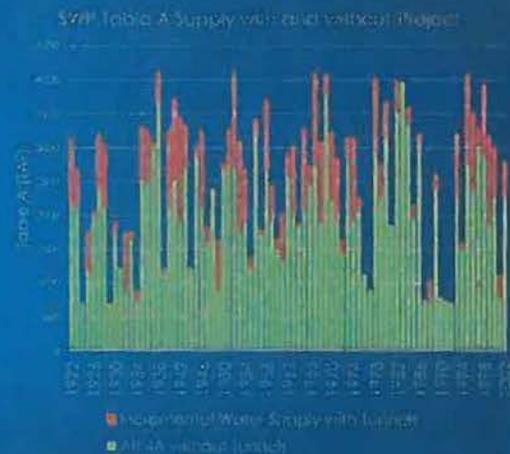
- ▶ Change to Section 7 Take Permit Approach in Spring 2015
- ▶ Water Supply Analysis provides reduction from Bay Delta Conservation Plan
- ▶ Public Drafts of EIR/EIS Circulated in July 2015; Comment period ended October 30, 2015
- ▶ Draft Biological Assessment Nearly Complete
- ▶ Hearings on Change in Point of Diversion at SWRCB starting in Spring 2016
- ▶ Final EIR/EIS and Biological Opinion scheduled for September 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.

# Water Management Contract Amendment

- ▶ Contract Amendment Process Initiated December 2014
- ▶ SWC Objectives
  - ▶ Provide water management tools
  - ▶ Allocate costs and benefits of California Water Fix
- ▶ SWC Caucus Meetings
  - ▶ Significant progress on water management tools, with one exception
  - ▶ Work continues on possible allocation formula
  - ▶ Strawman to be discussed
- ▶ Continue to develop SWC proposal – Spring 2016

Coordinate SWP contractors involvement in Contract Amendment discussions on California WaterFix Cost Allocation and Water Management Activities

## Upstream Water Supply Augmentation

- ▶ Meetings with Central Valley Water Users
- ▶ Coordinate with State on Proposed Approach
- ▶ Identify water supply opportunities on Sacramento and San Joaquin Valley water users
- ▶ Water Supply available to meet export water demands, or for purchase by State/Federal government for environmental purposes
- ▶ Identify specific management actions and anticipated benefits, with monitoring to indicate performance

Work with CVP Contractors and upstream water users to identify water supply operations to address existing and potential regulatory obligations.

## Collaborative Adaptive Management Team (CAMT)

- ▶ Initiated from OCAP Biological Opinion Court Decision
- ▶ Structured Scientific Process, with Long Time Line
- ▶ Three Delta Smelt Studies Identified
  - ▶ Review Delta Smelt Surveys
  - ▶ Assess Factors Affecting Entrainment
  - ▶ Investigate Fall Outflow Effects
- ▶ Salmon Studies Being Identified Through Gap Analysis
- ▶ Developing Five Year Plan

Observe CAMT participation by SWC and SFCWA members and provide support as needed.

# State Water Resource Control Board Activities

- ▶ WQCP update
- ▶ CPOD
- ▶ Watermaster Activities
- ▶ Curtailment



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.

SWC 2016-17 Water Supply Objectives		
California WaterFix	Obtain ROD for California WaterFix. Proceed with implementation activities including SWRCB Change Petition	● Erlewine
Water Management Contract Amendment	Coordinate SWP Contractors involvement in Contract Amendment Discussions on California WaterFix Cost Allocation and Water Management Activities	● Erlewine
Coordinated Operations Agreement	Coordinate with DWR and SWC members in developing information for and participating in discussions of possible COA modifications	● Febbo
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	● Morris
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	● Chapman
Upstream Water Supply Augmentation	Work with CVP Contractors and upstream water users to identify water supply operations to address existing and potential regulatory obligations	● Erlewine
Delta Levee Strategy	Work with MWD and DWR in identifying and evaluating alternative approaches for levee improvements to project SWP water supplies.	● Erlewine
OCAP Compliance	Monitor progress of implementation of required habitat and other RPAs under OCAP Biological Opinions	● Febbo
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	● Febbo
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	● Febbo
Delta Related Litigation	Work with DWR in defending Monterey Plus 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 other potential dischargers that may impact the Delta ecosystem	● Morris
Suisun Marsh	Participate in negotiations for updates or amendments to Suisun Marsh Preservation Agreement. Review and provide input on the Suisun Marsh Plan and associated environmental documents. Work with DWR to transfer operations of facilities to SRCD	○ Morris
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. Participate in processes related to methylmercury regulations	○ Morris
Collaborative Adaptive Management Team	Observe CAMT participation by SWC and SFCWA members and provide support as needed	○ Morris

Questions?