



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

About Desert Water Agency:

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

- 1. PLEDGE OF ALLEGIANCE**
- 2. GENERAL MANAGER'S REPORT** **KRAUSE**
- 3. COMMITTEE REPORTS – A. Executive – December 12, 2016** **CIOFFI**
- 4. 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.
- 5. SECRETARY-TREASURER'S REPORT - NOVEMBER 2016** **BLOOMER**
- 6. ITEMS FOR ACTION**
 - A. Acceptance of FY 2015-2016 Ahern-Adcock-Devlin LLP Annual Audit** **KRIEGER**
 - B. Adopt Resolution No. 1147 Approving Submission of Alternatives Under the Sustainable Groundwater Management Act** **KRAUSE**
- 7. ITEMS FOR DISCUSSION**
 - A. November Water Production Comparison** **KRAUSE**
- 8. DIRECTORS COMMENTS AND REQUESTS**
- 9. CLOSED SESSION**
 - A. CONFERENCE WITH LABOR NEGOTIATORS**
Pursuant to Government Code Section 54957.6
Agency Designated Representatives: General Manager Krause, Assistant General Manager Johnson, Finance Director Krieger, Human Resources Manager Gaudinez
Employee Organization: DWA Employees' Association
 - 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. Coachella Valley Water District, et al
 - C. 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
 - D. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Desert Water Agency vs. U.S. Department of Interior
 - E. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Mission Springs Water District vs. Desert Water Agency

F. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: 1.17 acre lot North of the Northeast corner of Sunrise Way and Mesquite Avenue,

APN No. 502-560-038

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

Negotiating Parties: Chris Thomsen, New Mesquite HOA

Under Negotiation: Price and terms of possible acquisition

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.

GENERAL MANAGER'S REPORT DECEMBER 20, 2016

At last month's Fall Conference, the Agency was recognized by ACWA/JPIA for its loss ratio for the Liability, Property or Workers' Compensation programs. The Agency received the "President's Special Recognition Award" certificate (Loss ratio of 20% or less). Congratulations to our staff and Board!



DWA's offices will be closed Friday, December 23 and Monday, December 26 for the Christmas holiday.



General Manager's Meetings and Activities

Meetings:

12/06/16	DWA Board Meeting	DWA
12/07/16	Mission Creek Alternative Plan/Bridge Document/MOU	CVWD
12/12/16	DWA Executive Committee	DWA
12/12/16	Indio Alternative Plan/Bridge Document	IWA
12/13/16	Preparation Meetings for DWA Prop. 218 Public Hearing	DWA
	12/15/16	
12/14/16	State Water Contractors – Cal WaterFix	Sacramento
12/14/16	State Water Project Committee Meetings/Policy Meetings	Sacramento
12/15/16	DWA Prop. 218 Public Hearing	Palm Springs

Activities:

- Sites Reservoir Staff Report and Review of Agreement
- E-Billing – Completed and now tracking
- Outreach Talking Points - KMIR
- Prepare for Proposition 218 Hearing
- Snow Creek Hydro SCE contract extension - ongoing
- Whitewater Hydro – Developing new administration procedures
- State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- Property Acquisition - New Mesquite HOA – Ongoing
- MSWD Lawsuit – Ongoing
- ACBCI Section 14 Facilities & Easements
- ACWA Region 9 Board Position Opening
- Revised Declaration (Riverside County vs. ACBCI)
- Correspondence with ACBCI
- Correspondence with Metropolitan Water District

Minutes Executive Committee Meeting December 12, 2016

Directors Present: Jim Cioffi, Joe Stuart

Staff Present: Mark Krause, Steve Johnson, Martin Krieger

1. Discussion Items

A. Review Agenda for December 20, 2016 Regular Board Meeting

The proposed agenda for the December 20, 2016 regular board meeting was reviewed.

B. Salary Survey

The Salary Survey was reviewed.

2. Other

A. Backup Facility Charges

The Backup Facility Charges were discussed. Staff will place this item on a future agenda for the full Board's review/approval.

3. Adjourn

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

NOVEMBER 2016

INVESTED
RESERVE FUNDS
\$14,136,388.09

BALANCE	NOVEMBER 1, 2016	(\$83,137.42)	
WATER SALES		\$1,954,291.79	
RECLAMATION SALES		134,765.78	
WASTEWATER RECEIPTS		72,463.49	
POWER SALES		392.60	
METERS, SERVICES, ETC.		66,209.90	
REIMBURSEMENT – GENERAL FUND		144,394.09	
REIMBURSEMENT – WASTEWATER FUND		20,688.22	
ACCOUNTS RECEIVABLE – OTHER		1,094.59	
CUSTOMER DEPOSITS – SURETY		4,610.00	
CUSTOMER DEPOSITS – CONST.		3,289.02	
LEASE REVENUE		5,186.87	
INTEREST RECEIVED ON INV. FDS.		0.00	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		16,487.34	
TOTAL RECEIPTS		\$2,423,873.69	
PAYMENTS			
PAYROLL CHECKS		\$490,788.04	
PAYROLL TAXES		152,708.66	
ELECTRONIC TRANSFERS		130,883.45	
CHECKS UNDER \$10,000.00		281,769.65	
CHECKS OVER \$10,000.00 – SCH. #1		1,146,063.60	
CANCELLED CHECKS AND FEES		2,857.49	
TOTAL PAYMENTS		<u>\$2,205,070.89</u>	
NET INCOME		\$218,802.80	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		\$0.00	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$0.00	
FUNDS INVESTED – SCH. #3		355,000.00	
NET TRANSFER		(\$355,000.00)	\$355,000.00
BALANCE	NOVEMBER 30, 2016	(\$219,334.62)	\$14,491,388.09

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
113082	BRITHINEE ELECTRIC INC	WELL MAINTENANCE & PUMPING EQUIPMENT (W/O #16-182-W-31)	\$35,758.59
113086	CORA CONSTRUCTION	ZONE 1040 - BOOSTER DESERT PALISADES (W/O # 15-150-B)	\$165,680.00
113170	SOUTHERN CALIFORNIA EDISON CO	POWER	\$231,691.17
113183	DESERT WATER AGENCY - WASTEWATER	WASTEWATER REVENUE BILLING - OCTOBER 2016	\$81,702.06
113185	ACWA/JOINT POWERS INS AUTHOR	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - DECEMBER 2016	\$149,721.25
113190	ALLEN FENCE CONSTRUCTION INC	CONTRACT PAYMENT - PALM SPRINGS EAST RESERVOIR FENCE (W/O # 14-181-G)	\$31,393.70
113195	BEST BEST & KRIEGER LLP	LEGAL FEES	\$72,956.91
113199	BRITHINEE ELECTRIC INC	CHINO BOOSTER SWITCHGEAR (W/O #16-184-B)	\$22,144.44
113200	BULLDOG STEEL PRODUCTIONS, INC	JANIS - TUSCANY BOOSTER UPGRADE (W/O # 14-189-B)	\$19,118.00
113212	CORA CONSTRUCTION	ZONE 1040 - BOOSTER DESERT PALISADES (W/O # 15-150-B)	\$165,205.00
113230	HD SUPPLY WATERWORKS LTD	WATER SERVICE SUPPLIES	\$14,374.72
113241	JCI JONES CHEMICALS INC	CHLORINE PURCHASES	\$12,493.98
113245	KRIEGER & STEWART INC	ENGINEERING	\$46,324.95
113269	SOUTHERN CALIFORNIA EDISON CO	POWER	\$13,219.82
113273	STATE WATER RES CONTROL BOARD	LARGE WATER SYSTEM FEES FOR PERIOD OF 07/01/15 - 06/30/2016	\$28,291.17
113275	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$17,192.84
113284	Z&L PAVING, INC	PAVING	\$38,795.00

** TOTAL

\$1,146,063.60

DESERT WATER AGENCY
OPERATING FUND - LISTING OF INVESTMENTS
NOVEMBER 30, 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	\$ 10,736,688.09	\$ 10,736,688.09	\$ 10,736,688.09	0.680%	-
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Certificates of Deposit

09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 250,980.00	1.050%	Bullet
01-15-16	Union Bank	Union Bank CD	01-13-17	\$ 500,000.00	\$ 500,000.00	\$ 500,205.00	0.830%	Bullet

Total Certificates of Deposit	\$ 750,000.00	\$ 750,000.00	\$ 751,185.00
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Commercial Paper

04-30-12	Union Bank	General Electric	04-27-17	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,004,940.00	2.300%	Bullet
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Total Commerical Paper	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,004,940.00
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Government Agency

09-20-16	Union Bank	FNMA (Callable 3-20-17)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,400.00	1.300%	Quarterly
10-28-16	Union Bank	FHLMC STEP (Callable 4-28-17)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,550.00	1.000%	Quarterly

Total Government Agency	\$ 2,000,000.00	\$ 2,000,000.00	\$ 1,979,950.00
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Weighted Mean YTM 0.868%

TOTAL INVESTED @ 11/30/16	\$ 14,491,388.09	\$ 14,486,688.09	\$ 14,472,763.09
BALANCE @ 06/30/16	\$ 12,488,311.86		
INCREASE (DECREASE)	\$2,003,076.23		

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

NOVEMBER 2016

INVESTED
RESERVE FUNDS
\$103,616,390.47

BALANCE NOVEMBER 1, 2016 \$7,174.51

* TAXES - RIVERSIDE COUNTY		39,710.82
* INTEREST EARNED - INV. FUNDS		68,401.98
GROUNDWATER REPLEN. ASSESSMENT		4,766.07
REIMBURSEMENT - OPERATING FUND		0.00
REIMBURSEMENT - CVWD MGMT		0.00
STATE WATER PROJECT REFUNDS		0.00
REIMB - CVWD - WHITEWATER HYDRO		0.00
POWER SALES - WHITEWATER		0.00
MISCELLANEOUS		24,723.61

TOTAL RECEIPTS \$137,602.48

PAYMENTS

CHECKS UNDER \$10,000.00		15,688.94
CHECKS OVER \$10,000.00 - SCH. #1		816,979.09
CANCELLED CHECKS AND FEES		0.00

TOTAL PAYMENTS \$832,668.03

NET INCOME (\$695,065.55)

INVESTED RESERVE FUNDS

FUNDS MATURED		4,077,000.00
FUNDS INVESTED – SCH. #2		4,009,250.00

NET TRANSFER \$67,750.00 (\$67,750.00)

BALANCE NOVEMBER 30, 2016 (\$620,141.04) \$103,548,640.47

* INCLUSIVE TO DATE

	TAXES	INTEREST
RECEIPTS IN FISCAL YEAR	\$1,462,479.98	\$399,426.28
RECEIPTS IN CALENDAR YEAR	\$18,209,157.37	\$877,335.86

DESERT WATER AGENCY

GENERAL ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
8823	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT ENTITLEMENT - AUGUST 2016	\$24,373.00
8826	DESERT WATER AGENCY-OPERATING	P/R & EXP REIMBURSEMENT FOR OCTOBER 2016	\$138,894.09
8827	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - NOVEMBER 2016	\$653,712.00

** TOTAL

\$816,979.09

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
NOVEMBER 30, 2016**

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

06-30-83	State of California	LAIF	Open	\$ 47,543,170.47	\$ 47,543,170.47	\$ -	0.690%	-
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Certificates of Deposit

01-25-13	Union Bank	General Electric Capital Bank CD	01-25-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,980.00	1.100%	Bullet
12-04-14	Ladenburg Thalmann	AEX Centurion Bank CD	12-05-16	\$ 245,000.00	\$ 245,000.00	\$ 245,019.60	1.050%	Bullet
09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 250,980.00	1.050%	Bullet
10-07-15	Ladenburg Thalmann	Goldman Sachs CD	04-07-18	\$ 245,000.00	\$ 245,000.00	\$ 246,511.65	1.350%	Bullet
10-29-15	Ladenburg Thalmann	Ally Bank CD	10-30-17	\$ 245,000.00	\$ 245,000.00	\$ 245,955.50	1.150%	Bullet
11-04-15	Ladenburg Thalmann	Capital One NA CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 245,955.50	1.100%	Bullet
11-04-15	Ladenburg Thalmann	Discover CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 245,862.40	1.150%	Bullet
01-15-16	Union Bank	Union Bank CD	01-13-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,410.00	0.830%	Bullet

Total Certificates of Deposit	\$ 3,475,000.00	\$ 3,475,000.00	\$ 3,483,674.65
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Commercial Paper

12-16-13	Stifel	General Electric	05-15-18	\$ 587,600.00	\$ 500,000.00	\$ 527,525.00	6.300%	Bullet
04-27-15	Ladenburg Thalmann	Apple Inc.	05-03-18	\$ 997,920.00	\$ 1,000,000.00	\$ 995,420.00	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	\$ 1,000,530.00	1.450%	1 Time

Total Commercial Paper	\$ 2,586,470.00	\$ 2,500,000.00	\$ 2,523,475.00
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Government Agency

09-19-12	Stifel (D.A.D)	FNMA	09-19-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,650.00	0.950%	1 Time
12-28-12	Stifel (D.A.D)	FHLB (Callable Continuous)	12-28-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,830.00	0.840%	Continuous
03-27-13	Ladenburg Thalmann	FNMA (Callable 12-27-16)	03-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,020.00	1.050%	Qtrly
06-13-13	Ladenburg Thalmann	FHLB (Callable 12-13-16)	06-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,420.00	1.100%	Qtrly
06-23-15	Ladenburg Thalmann	FHLMC	06-23-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,470.00	0.900%	1 Time
10-02-15	Stifel	FHLB (Callable 10-2-17)	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,810.00	1.450%	Continuous
10-29-15	Stifel	FHLB (Callable Continuous)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,570.00	1.120%	Continuous
11-23-15	Ladenburg Thalmann	FHLMC (Callable 2-23-17)	05-23-18	\$ 996,000.00	\$ 1,000,000.00	\$ 994,970.00	1.000%	Qtrly
11-25-15	Stifel	FNMA (Callable 2-25-17)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,800.00	1.500%	Qtrly
02-26-16	Ladenburg Thalmann	FNMA (Callable 2-26-17)	02-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,170.00	1.250%	Qtrly
03-23-16	Ladenburg Thalmann	FNMA (Callable 12-23-16)	03-23-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,780.00	1.500%	Qtrly
03-30-16	Stifel	FNMA STEP (Callable 12-30-16)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,330.00	1.350%	Qtrly
03-30-16	Stifel	FHLMC STEP (Callable 12-30-16)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,700.00	1.250%	Qtrly
04-26-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-26-20	\$ 999,500.00	\$ 1,000,000.00	\$ 986,500.00	1.550%	Continuous
05-23-16	Stifel	FHLMC STEP (Callable 2-23-17)	05-23-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,170.00	0.800%	Qtrly
05-23-16	Stifel	FNMA (Callable 2-23-17)	08-23-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,070.00	1.250%	Qtrly
05-25-16	Stifel	FNMA STEP (Callable 2-25-17)	05-25-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,030.00	1.000%	Qtrly
05-26-16	Union Bank	FNMA (Callable 5-26-17)	11-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,060.00	1.300%	1 Time
05-31-16	Ladenburg Thalmann	FHLMC (Callable 2-28-17)	08-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,710.00	1.020%	Qtrly
06-01-16	Stifel	FFCB (Callable Continuous)	03-01-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,280.00	1.250%	Continuous

DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
NOVEMBER 30, 2016

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

06-13-16	Ladenburg Thalmann	FNMA (Callable 12-13-16)	06-13-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,890.00	1.400%	Qtrly
06-16-16	Stifel	FFCB (Callable Continuous)	03-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,510.00	1.400%	Continuous
06-21-16	Stifel	FHLMC STEP (Callable 12-21-16)	06-21-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,910.00	1.400%	Qtrly
06-28-16	Stifel	FHLMC STEP (Callable 12-28-16)	06-28-19	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,495,515.00	0.750%	Qtrly
06-28-16	Ladenburg Thalmann	FNMA (Callable 12-28-16)	06-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,920.00	1.200%	Qtrly
06-30-16	Stifel	FHLMC STEP (Callable 12-30-16)	12-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,010.00	1.000%	Qtrly
07-07-16	Ladenburg Thalmann	FFCB (Callable Continuous)	01-07-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,380.00	1.000%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable 1-11-17)	10-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,060.00	1.125%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	07-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,800.00	1.125%	Continuous
07-13-16	Union Bank	FFCB (Callable Continuous)	01-13-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 982,550.00	1.240%	Continuous
07-26-16	Ladenburg Thalmann	FNMA (Callable 1-26-17)	07-26-19	\$ 999,500.00	\$ 1,000,000.00	\$ 990,830.00	1.125%	Qtrly
07-27-16	Stifel	FNMA STEP (Callable 1-27-17)	07-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 974,320.00	1.250%	Qtrly
08-10-16	Ladenburg Thalmann	FHLMC (Callable 2-10-17)	08-10-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 975,130.00	1.450%	Qtrly
08-24-16	Ladenburg Thalmann	FHLMC STEP (Callable 2-24-17)	08-24-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,140.00	1.000%	Qtrly
08-24-16	RBC Capital Markets	FHLMC STEP (Callable 2-24-17)	08-24-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,995.00	0.750%	Qtrly
08-30-16	Stifel	FHLMC STEP (Callable 2-28-17)	08-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,260.00	1.000%	Qtrly
08-30-16	Ladenburg Thalmann	FNMA (Callable 02-27-17)	11-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,060.00	1.250%	Qtrly
09-06-16	Ladenburg Thalmann	FFCB (Callable 12-6-16)	03-06-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,050.00	1.150%	Continuous
09-20-16	Union Bank	FNMA (Callable 3-20-17)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,400.00	1.300%	Qtrly
09-27-19	Ladenburg Thalmann	FHLMC STEP (Callable 12-27-16)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,440.00	1.000%	Qtrly
09-29-16	Ladenburg Thalmann	FHLMC STEP (Callable 3-29-17)	09-29-21	\$ 950,000.00	\$ 950,000.00	\$ 935,208.50	1.250%	Qtrly
09-30-16	Ladenburg Thalmann	FNMA (Callable 3-30-17)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,130.00	1.250%	Qtrly
10-06-16	Ladenburg Thalmann	FHLMC (Callable 1-6-17)	07-06-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 977,690.00	1.375%	Qtrly
10-11-16	Ladenburg Thalmann	FHLMC (Callable 4-11-17)	10-11-18	\$ 999,750.00	\$ 1,000,000.00	\$ 993,960.00	1.000%	Qtrly
10-17-16	Stifel	FNMA (Callable 10-17-17)	04-17-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,800.00	1.250%	1 Time
10-28-16	Stifel	FHLMC STEP (Callable 4-28-17)	10-28-21	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,486,890.00	1.250%	Qtrly
10-28-16	Union Bank	FHLMC STEP (Callable 4-28-17)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,550.00	1.000%	Qtrly
11-03-16	Ladenburg Thalmann	FFCB (Callable 2-3-17)	05-03-21	\$ 999,250.00	\$ 1,000,000.00	\$ 982,330.00	1.490%	Continuous
11-15-16	Stifel	FHLMC STEP (Callable 2-15-17)	11-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,730.00	1.000%	Qtrly

Total Government Agency \$ 49,944,000.00 \$ 49,950,000.00 \$ 49,526,798.50

Weighted Mean YTM 0.967%

TOTAL INVESTED @ 11/30/16 \$ 103,548,640.47 \$ 103,468,170.47 \$ 103,077,118.62

BALANCE @ 06/30/16 \$ 107,168,350.37

INCREASE OR (DECREASE) \$ (3,619,709.90)

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

NOVEMBER 2016

INVESTED
RESERVE FUNDS
\$1,160,026.18

BALANCE	NOVEMBER 1, 2016	\$1,818.87	
ACCOUNTS RECEIVABLE - OTHER		\$0.00	
CUSTOMER DEPOSITS - CONSTRUCTION		0.00	
INTEREST EARNED - INVESTED FUNDS		27.79	
WASTEWATER REVENUE		81,702.06	
SEWER CAPACITY CHARGES		8,500.80	
MISCELLANEOUS		<u>0.00</u>	
TOTAL RECEIPTS		\$90,230.65	
PAYMENTS			
CHECKS UNDER \$10,000.00		\$12,832.60	
CHECKS OVER \$10,000.00 - SCH. #1		122,422.55	
CANCELLED CHECKS AND FEES		<u>1.05</u>	
TOTAL PAYMENTS		<u>\$135,256.20</u>	
NET INCOME		(\$45,025.55)	
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$55,000.00	
FUNDS INVESTED - SCH. #2		<u>4,000.00</u>	
NET TRANSFER		\$51,000.00	(\$51,000.00)
BALANCE	NOVEMBER 30, 2016	\$7,793.32	\$1,109,026.18

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

CHECK #	NAME	DESCRIPTION	AMOUNT
2462	COACHELLA VALLEY WATER DISTRICT	SEWER CAPACITY CHARGES	\$51,617.14
2463	DESERT WATER AGENCY - OPERATING	OPERATING FUND REIMBURSEMENT FOR OCTOBER 2016	\$20,688.22
2464	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR OCTOBER 2016	\$50,117.19
** TOTAL			\$122,422.55

**DESERT WATER AGENCY
WASTEWATER FUND - LISTING OF INVESTMENTS
NOVEMBER 30, 2016**

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

06-30-83	State of California	LAIF	Open	\$ 1,109,026.18	\$ 1,109,026.18	\$ 1,109,026.18	0.690%
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TOTAL INVESTED @11/30/16	\$ 1,109,026.18	\$ 1,109,026.18	\$ 1,109,026.18
BALANCE @ 06/30/16	\$ 1,027,031.01		
INCREASE OR (DECREASE)	\$ 81,995.17		

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

MONTH 16-17 NOVEMBER	THIS MONTH		BUDGET		FISCAL YEAR TO DATE		BUDGET		VARIANCE		PCT
	THIS YEAR	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	YTD		
OPERATING REVENUES											
WATER SALES	1,498,804.02	1,834,332.31	1,744,150.00	11,361,581.34	10,205,472.06	9,837,050.00	1,524,531.34	15			
RECLAMATION SALES	139,550.47	108,368.47	103,900.00	752,321.42	667,087.58	645,200.00	107,121.42	17			
POWER SALES	392.60	33.77	1,750.00	13,195.88	6,102.52	8,750.00	4,435.88	51			
OTHER OPER REVENUE	73,356.00	122,713.81	108,000.00	538,767.37	754,242.06	532,500.00	6,267.37	1			
TOTAL OPER REVENUES	2,212,103.09	2,065,448.36	1,957,800.00	12,665,856.01	11,632,904.22	11,023,500.00	1,642,356.01	15			
OPERATING EXPENSES											
SOURCE OF SUPPLY EXP	34,802.17	22,243.14	27,083.00	1,101,773.71	943,992.23	1,129,715.00	28,141.29	2			
PUMPING EXPENSE	245,865.71	47,841.73	307,900.00	1,278,553.67	1,333,369.74	1,832,775.00	554,216.33	30			
REGULATORY WATER TREAT	52,119.28	39,563.40	42,100.00	213,273.81	193,812.00	210,500.00	2,773.81	1			
TRANS & DIST EXPENSE	226,373.45	287,479.46	287,092.00	1,007,353.47	1,104,598.43	1,435,460.00	428,106.53	30			
CUSTOMER ACT EXPENSE	104,981.50	67,001.98	75,825.00	377,806.07	358,396.67	371,925.00	5,881.07	2			
ADMIN & GEN EXPENSE	682,635.19	533,993.53	658,225.00	4,051,132.32	3,659,904.87	4,160,425.00	109,292.68	3			
REGULATORY EXPENSE	35,811.74	34,795.27	16,992.00	71,081.09	67,144.93	84,960.00	13,878.91	16			
SNOW CREEK HYDRO EXP	2,052.37	3,830.12	3,400.00	21,588.64	18,044.08	17,000.00	4,588.64	28			
RECLAMATION PLNT EXP	111,529.91	39,454.26	271,800.00	331,258.69	292,177.22	539,425.00	208,166.31	39			
SUB-TOTAL	1,496,171.32	1,078,202.89	1,690,417.00	8,453,926.47	7,971,440.17	9,782,385.00	1,328,458.53	14			
OTHER OPER EXPENSES											
DEPRECIATION	460,334.61	448,568.79	459,225.00	2,306,063.76	2,246,729.57	2,296,125.00	9,938.76	0			
SERVICES RENDERED	20,646.87	25,368.72	13,850.00	58,639.62	95,275.63	69,250.00	10,610.38	15			
DIR & INDIR CST FOR WO	192,173.52	133,432.44	72,750.00	900,308.98	803,128.34	363,750.00	536,558.98	148			
TOTAL OPER EXPENSES	1,784,979.28	1,418,707.96	2,090,742.00	9,918,320.87	9,510,317.03	11,784,010.00	1,865,689.13	16			
NET INCOME FROM OPERATIONS	427,123.81	646,740.40	132,942.00	2,747,535.14	2,122,587.19	760,510.00	3,508,045.14	461			
NON-OPERATING INCOME (NET)											
RENTS	5,186.87	3,343.72	3,375.00	50,500.59	48,558.60	48,725.00	1,775.59	4			
INTEREST REVENUES	10,219.32	6,725.59	8,300.00	45,007.74	35,593.81	41,500.00	3,507.74	8			
INTEREST EXP. OTHER	00	00	25,325.00	00	00	126,625.00	126,625.00	100			
OTHER REVENUES	240.00	127,085.00	00	460.00	131,717.52	2,625.00	2,165.00	82			
GAINS ON RETIREMENT	00	00	75.00	32.34	00	300.00	267.66	89			
DISCOUNTS	2.12	00	275.00	162.73	367.53	1,375.00	1,212.27	88			
LOSS ON RETIREMENTS	00	00	3,750.00	10,672.67	12,817.51	15,000.00	4,327.33	29			
TOTAL NON-OPER INCOME	15,648.31	137,154.31	17,050.00	85,490.73	203,338.15	47,100.00	132,590.73	282			
TOTAL NET INCOME	442,772.12	785,894.71	149,992.00	2,833,025.87	2,325,925.34	807,610.00	3,640,635.87	451			

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

DECEMBER 20, 2016

**RE: REQUEST ACCEPTANCE OF AHERN - ADCOCK - DEVLIN LLP
ANNUAL AUDIT FOR 2015-2016 FISCAL YEAR**

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

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

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

DECEMBER 20, 2016

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1147 APPROVING
THE SUBMISSION OF ALTERNATIVES UNDER THE
SUSTAINABLE GROUNDWATER MANAGEMENT ACT**

The Sustainable Groundwater Management Act (SGMA) establishes a process for local agencies to develop an Alternative in lieu of a Groundwater Sustainability Plan (GSP) (see Water Code §10733.6) for evaluation by DWR. An Alternative is required to be submitted to DWR for review no later than January 1, 2017, and every 5 years thereafter. Additional requirements and evaluation criteria are provided in the GSP Regulations (CCR §358 et seq.). In general, Alternatives must be consistent with Water Code §10733.6(b)).

It is Desert Water Agency's (Agency) plan along with its partners in the Indio and Mission Creek Sub-basins to submit an Alternative Plan pursuant to Part 2.75 of SGMA.

DWR has developed an online Alternative Reporting System that allows local agencies to submit Alternatives and the public to review and comment on the Alternatives. The public comment period will remain open for 60 days following the submission of the Alternative to DWR.

The Agency has worked with other water agencies in the Coachella Valley to develop and implement comprehensive groundwater management plans for the Mission Creek Sub-basin and the Indio Sub-basin, including the Garnet Hill area.

The California Code of Regulations Title 23, section 358.2(d) requires that the entity submitting an Alternative shall explain how the elements of the Alternative are functionally equivalent to the elements of a GSP required by SGMA and are sufficient to demonstrate the ability of the Alternative to achieve the objectives of the Act.

The Agency along with its partners in the Mission Creek and Indio Sub-basins have prepared "Bridge Documents" that are intended to provide an explanation of how the elements of the groundwater management plans are functionally equivalent to the elements of a Plan required by SGMA.

The Agency proposes to submit to DWR along with its partners these groundwater management plans as Alternative GSP's along with their respective Bridge Documents before the January 1, 2017 deadline.

Staff requests adoption of Resolution No.1147 and approval for the submission of the Alternative Documentation for the Indio Sub-basin and the Mission Creek Sub-basin to DWR as Alternatives under the Sustainable Groundwater Management Act (Water Code, § 10733.6).

RESOLUTION NO. 1147

RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY APPROVING THE SUBMISSION OF ALTERNATIVES UNDER THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT

WHEREAS, the Sustainable Groundwater Management Act (SGMA) took effect in 2015 and generally requires local agencies to manage local groundwater basins designated as high or medium priority in a more active manner; and

WHEREAS, the Department of Water Resources (“DWR”) has designated the Coachella Valley Basin, Indio Sub-basin (Bulletin 118 Basin No. 7-021.01) (“Indio Sub-Basin”) and the Coachella Valley Basin, Mission Creek Sub-basin (Bulletin 118 Basin No. 7-021.02) (“Mission Creek Sub-Basin”) as medium priority basins under SGMA; and

WHEREAS, Desert Water Agency has worked for many decades with other water agencies in the Coachella Valley to develop and implement comprehensive groundwater management plans for the Mission Creek Sub-basin and the Indio Sub-basin, including the Garnet Hill area; and

WHEREAS, in recognition that some local agencies in the state had undertaken significant groundwater planning and management prior to enactment of SGMA, SGMA contains a mechanism to allow one or more local agencies to submit an “alternative” to meet the objectives of SGMA, provided that such alternative is submitted to DWR no later than January 1, 2017; and

WHEREAS, Desert Water Agency intends to work with its local agency partners to submit to DWR as SGMA alternatives for the Indio Sub-basin and the Mission Creek Sub-basin the Coachella Valley Water Management Plan (2002), the Water Management Plan Update (2010), the Mission Creek-Garnet Hill Water Management Plan (2013), one or more “Bridge Documents”, and related documentation (“Alternative Documentation”);

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Desert Water Agency hereby approves the submission of the Alternative Documentation for the Indio Sub-basin and the Mission Creek Sub-basin to DWR as alternatives under the Sustainable Groundwater Management Act (Water Code, § 10733.6).

ADOPTED this 20th day of December 2016.

James Cioffi, President
Board of Directors

ATTEST:

Kristin Bloomer, Secretary-Treasurer
Board of Directors

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

DECEMBER 20, 2016

RE: NOVEMBER 2016 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 21 percent reduction in total water production during November 2016 compared to the same month in 2013 – the baseline year used by the State Water Resources Control Board (State Water Board) to measure statewide conservation achievements. Desert Water Agency's cumulative water savings June 2015 through November 2016 is 24% percent. The cumulative savings beginning in June of 2016 when we put our 10-13% target in place is 20%.

DWA is asking its customers to save 10-13% to help achieve long-term sustainability. DWA reports its production to the state on a monthly basis.

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

November 2016 water production	2,444.9 AF
November 2013 water production	3,088.6 AF
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	638.8 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	68.5%
Population (inclusive of seasonal residents)	106,052
Estimated R-GPCD	171.43
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	17

How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	46
How many formal warning actions (e.g.: written notifications, warning letters, door hangers) were issued for water waste or for a violation of conservation rules?	44
How many penalties were issued for water waste or for a violation of conservation rules?	40
<p>Comments: The Agency's service area is highly seasonal making population analysis a complex task. The State Water Resources Control Board (State Board) analyzes data on a per capita basis. Historically, DWA has submitted data based on the permanent population of the service area; however that data does not accurately reflect water use in DWA's service area which has a highly seasonal population. Based on local data, the correct population is higher than previously reported. The Residential Gallons Per Capita Per Day (R-GPCD) is being submitted using the corrected population.</p> <p>DWA would like it noted that the amount of fresh water outflow to the ocean during the month of November was 521,375 acre feet.</p> <p>Additionally, since it began recycling water Desert Water Agency has reclaimed 90,072 acre feet. If our recycled water production for November was taken into consideration against our potable production, the conservation achieved would have been several percentage points higher.</p>	