

DESERT WATER AGENCY
APRIL 18, 2017



BOARD OF DIRECTORS
REGULAR MEETING AGENDA

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. PRESENTATION – ACWA/JPIA (Karen Thesing, Director of Insurance Services)

3. APPROVAL OF MINUTES – April 7, 2017

CIOFFI

4. GENERAL MANAGER'S REPORT

KRAUSE

5. COMMITTEE REPORTS – None

6. PUBLIC INPUT:

Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.

7. SECRETARY-TREASURER'S REPORT - MARCH

8. ITEMS FOR ACTION

- A. Request Board Action on Claim Submitted by Elizabeth Pearson
- B. Request Adoption of Resolution No. 1156 Statutory Pass-Through Payments
- C. Request Authorization to Award Contract – 2016/2017 Replacement Pipeline Project
- D. Request Board Authorization to Enter New Conservation Stage Within Ordinance No. 65
- E. Request Authorization for Board Attendance (CSDA Legislative Days)

KRAUSE
KRIEGER
JOHNSON
METZGER
KRAUSE

9. ITEMS FOR DISCUSSION

- A. March Water Production Figures
- B. Groundwater Replenishment Assessments 2017/2018 Draft Engineer's Reports
- C. Making Conservation a California Way of Life (PPT)

KRAUSE
KRAUSE
METZGER

10. DIRECTORS COMMENTS AND REQUESTS

11. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al
- C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Mission Springs Water District vs. Desert Water Agency

D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: 0.504 acre west of Indian Canyon Drive between Racquet Club Rd. and Via Olivera

APN No. 504-260-026 and portions of APN No. 504-260-025 and 504-260-027

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

Negotiating Parties: DWA and Ayres Advisors

Under Negotiation: Price and terms

E. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: Conveyance of Property APN No. 687-030-019 to City of Cathedral City and

Conveyance of Easement APN 677-420-021 to City of Cathedral City

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

Negotiating Parties: DWA and City of Cathedral City

Under Negotiation: Terms

F. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: 0.48 acres west of Indian Canyon Drive between Via Escuela and Via Olivera

APN No. 504-270-014

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

Negotiating Parties: DWA and GMG LLC Indian

Under Negotiation: Price and terms

12. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

13. ADJOURN

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

3

April 4, 2017

DWA Board: James Cioffi, President) **Attendance**
 Kristin Bloomer, Secretary-Treasurer)
 Patricia G. Oygar, Director)
 Craig A. Ewing, Director)

Absent: Joseph K. Stuart, Vice President)

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. Mgr.)
 Irene Gaudinez, Human Resources Manager)

Consultant: Michael T. Riddell, Best Best & Krieger)
 Robert Reeb, Reeb Government Relations)

Public: David Freedman, P.S. Sustainability Comm.)

17772. 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**

17773. President Cioffi called for approval of the March 7, 2017 Regular Board meeting minutes. **Approval of 03/07/17 Regular Board Mtg. Minutes**

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

President Cioffi called for approval of the March 27, 2017 Special Board meeting minutes. **Approval of the 03/27/17 Special Board Mtg. Minutes**

President Cioffi moved for approval. After a second by Secretary-Treasurer Bloomer, the minutes were approved as written (Director Ewing abstained, due to his absence).

17774. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause stated on March 9, 2017 at approximately 12:15

p.m., staff responded to a hit fire hydrant on the north east corner of Cathedral Canyon Dr. and Terrace Rd. This was a hit and run. Staff was able to replace the bolts and gasket and put the hydrant back in service. A police report was made. The water loss was from a 6 inch fully open fire hydrant bury which ran for approximately 30 minutes.

GM's Report:
(Cont.)
Hit Hydrant

On March 16, 2017 at approximately 10:30 p.m., stand by responded to hit backflows at 2300 S. Palm Canyon Drive. The vehicle hit two 2-inch backflows. The police stated the driver left the vehicle and fled on foot. Authorization was given by the HOA to make the needed repairs. A police report was made and the water loss was metered.

Hit Backflows

Mr. Krause provided an update on Whitewater Basin deliveries: On March 31 delivery flows to the basin total 650 cfs (approximately 180 cfs of this is diverted to the Whitewater Hydro Plant). This flow is expected to continue through the end of the year. For the month of March, the plant operated about 10.5 days and generated approximately 223,000 kwh of energy. Staff anticipates earning around \$19,650 from SCE for this energy.

Water Delivery Update

Continuing his report, Mr. Krause stated on March 23, while performing a daily inspection of the Solar 1 inverters and switchgear, Operations technicians smelled a faint trace of smoke in the inverter building. Also, the building did not have power. Upon inspection of the switchgear, they discovered that an 800 amp and 300 amp breaker melted. Staff determined that the breaker connection clamps to the buss bar dislodged, producing extreme heat which resulted in the breakers melting. Operations staff is working with a local company to find replacement breakers.

Operations Center Solar
Equipment Failure

Mr. Krause stated on March 25, a leak was reported on the south side of Highway 111, near the Mountain Gate development. The leak was on an above ground section of the Snow Creek pipeline (an 18" pipe installed in the late 1940's). Later that day, staff observed a second leak on the pipe, near the first leak. Water deliveries from Snow Creek and Falls Creek were halted until the pipe sections were replaced on March 28. Water deliveries resumed on March 29.

Snow Creek Pipeline
Failures

Continuing his report, Mr. Krause stated that DWR operators recently discovered damage to the intake structure at the Clifton Court Forebay, a nearly 2-mile wide reservoir that stores water for the SWP pumping plant in the Sacramento-San Joaquin Delta near Tracy.

Clifton Court Forebay
Reservoir Damage

Mr. Krause stated on March 9, he toured MWD's Weymouth Treatment Plant in La Verne.

Weymouth Tour

Mr. Krause announced on April 18, Life Stream will be at the Agency conducting a blood drive and marrow screening from 9:00 a.m. –

04/18/17 Blood
Drive/Marrow
Screening

1:00 p.m.; It will be held in the visitor's parking lot.

GM's Report
(Cont.)

Continuing his report, Mr. Krause asked Assistant General Manager Johnson to discuss the system leak data.

System Leak Data

Mr. Johnson stated the table and map indicate the total number of leaks in the system from March 6 – March 26. There were 80 leaks during this timeframe. Also included is information on the various streets that are part of the 2016/17 replacement pipeline project and 2017/18 replacement pipeline project.

Concluding his report, Mr. Krause noted several meetings and activities he participated in during the past several weeks.

General Manager's
Meetings & Activities

17775. President Cioffi noted the minutes for the March 26, 2017 Executive Committee were provided in the Board's packet.

Committee Reports
Executive 03/26/17

President Cioffi noted the minutes for the March 30, 2017 Conservation & Public Affairs Committee were provided in the Board's packet.

Conservation & Public
Affairs 03/30/17

17776. 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.

17777. President Cioffi called upon Secretary-Treasurer Bloomer to provide an overview of financial activities for the month of February 2017.

Secretary-Treasurer's
Report (February
2017)

Secretary-Treasurer Bloomer reported that the Operating Fund received \$1,359,493 in Water Sales Revenue and \$45,867 in Reclamation Sales Revenue. \$157,256 was received in Advanced Construction Deposits: \$105,345 from ACBCI Calle Encilia parking structure, \$26,800 from BR Palm Springs Investments (S. Indian Cyn) and \$25,111 from El Camino Norte Vista Inc. \$1,286,217 was paid out in Accounts Payable. Year-to-date Water Sales are 12% over budget, Year-to-date Total Revenues are 11% over budget and Year-to-date Total Expenses are 16% under budget. There were 22,336 active services as of February 28, 2017 compared to 22,340 as of January 31, 2017 and compared to 21,710 as of February 28, 2013.

Operating Fund

Reporting on the General Fund, Ms. Bloomer stated that \$186,364 was received in Property Tax Revenue. \$184,926 was received in Groundwater Replenishment Assessments from private pumpers. \$20,237 was received in State Water Project refunds. \$19,408 was received in Whitewater Hydro Power Sales for January 2017. \$1,767,628 was paid out in State Water Project Charges (YTD payments July-February \$12,989,054)

General Fund

Reporting on the Wastewater Fund, Ms. Bloomer stated that \$39,831 was received in Sewer Capacity charges. There are a total of 67 contracts (47 Cathedral City Cove and 20 Dream Homes). Total delinquents of 27 (40%). \$78,318 was paid out in Accounts Payable.

Items for Action:

17778. President Cioffi called upon Outreach & Conservation Manager Metzger to present the civil penalty hearing for water use violations.

Water Use Violations-
Civil Penalty Hearing

Mrs. Metzger noted there have been more than 475 violations issued and that recipients have 7 days to request a hearing in writing. Staff has received two hearing requests for today. Neither appellant is present for today's hearing.

Mrs. Metzger announced the first appellant is Anthony Spotora and noted the violations: 1) Irrigating during restricted hours and 2) Irrigating on restricted day. The fine is \$50 and the reasons for appeal is he recently installed a smart controller and his not familiar with the device, hired a new gardener, has already corrected the problem and feels that he has been saving water since the correction.

Anthony Spotora

Mrs. Metzger noted that Mr. Spotora's water consumption was reduced in January and February.

Director Ewing made a motion to uphold the appeal; violation occurred and waive the penalty. After a second by Director Oygar, the motion carried unanimously (Vice President Stuart absent).

Uphold
Appeal/Violation
Occurred/Waive
Penalty

Mrs. Metzger announced the second appellant is Oscar Olsson and noted the violations: 1) Irrigating during restricted hours, and 2) Broken irrigation. The fine is \$50 and the reasons for appeal are that a bicycle rider might have broken the sprinkler, sprinklers were on to find the issue and sprinklers have been repaired.

Oscar Olsson

Mrs. Metzger noted that Mr. Olsson does not have a smart controller via DWA rebate.

Director Oygar made a motion to uphold the appeal; violation occurred and waive the penalty. After a second by President Cioffi, the motion carried unanimously (Vice President Stuart absent).

Uphold
Appeal/Violation
Occurred/Waive
Penalty

17779. President Cioffi stated that staff informed the Executive Committee about an upcoming BBK Seminar regarding Water Laws and Regulations in San Diego. It was determined that those Board Members interested in attending be given authorization as service to the Board and receive per diem. He noted that Assistant General Manager Johnson will be attending.

Request Auth. for
Board Attendance at
BBK Water Laws &
Regulations Seminar

Director Oygar moved for authorization for Board attendance and per diem for the BBK Water Laws and Regulations Seminar on April 25 in San Diego. After a second by Director Ewing, the motion carried unanimously (Vice President Stuart absent).

Action Items:
(Cont.)
BBK Water Laws &
Reg. Seminar

Director Ewing stated it is a worthwhile event, but he will be out of town and not able to attend.

Secretary-Treasurer Bloomer expressed her interest in attending the seminar.

17780. President Cioffi welcomed Mr. Reeb and asked him to discuss his 2016/2017 Legislative Report.

Discussion Items:
Legislative Report

Mr. Reeb discussed the following items: AB791, AB792, AB793, AB851, AB869, AB968, AB1000, AB1273, AB1529, AB1562, AB1654, AB1668, AB1669, AB1671, SB623, SB691, SB771, SB778, and SCA4. There was discussion and support for AB851 (Local Agency Design-Build Projects). He noted that AB1529 (Cross Connection or Backflow Prevention Device Inspectors: Certification) and AB968 (Urban Water Management Planning) have been amended and recommends its support.

Director Ewing moved to approve recommendations listed in the 2016/2017 Legislative Report, including support of AB851, amended AB1529 and amended AB968. After a second by President Cioffi, the motion carried unanimously (Vice President Stuart absent).

2016/2017 Legislative
Report Approved

President Cioffi thanked Mr. Reeb and the Legislative Committee for their efforts.

17781. President Cioffi asked Agency Counsel Riddell to provide a report on the March 16, 2017 meeting of the Board of Directors of the State Water Contractors, Inc.

State Water Contractors
Meeting – 03/16/17

Mr. Riddell provided a report on the following items: 1) Board Action Items, 2) DWR Management Report, 3) Water Supply Report, 4) Legislative Report, 5) General Manager's Report, 6) Fiscal Year 2017-2018 Budget and 7) Report on Infrastructure Objectives.

17782. President Cioffi asked Secretary-Treasurer Bloomer and Director Ewing to report on their attendance at the NWRA D.C. Conference.

Directors' Report on
NWRA D.C.
Conference

Secretary-Treasurer Bloomer and Director Ewing noted their attendance at the NWRA D.C. conference and several meetings with legislators and their staff.

17783. President Cioffi noted that Board packets included Outreach & Conservation reports for March 2017.

Discussion Items:
(Cont.)

Outreach &
Conservation – March
2017

Mrs. Metzger reminded the Board of the upcoming DWA Facilities Tour on April 11.

17784. Director Ewing announced that he will be on vacation, unable to attend the April 18 and May 2 Board meetings.

Directors
Comments/Requests

President Cioffi noted the Board received customer correspondence.

17785. At 9:45 a.m., President Cioffi convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), ACBCI vs. County of Riverside, et al; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency; (D) Real Property Negotiators, pursuant to Government Code Section 54956.8, Property-0.504 acre west of Indian Canyon Drive between Racquet Club Rd. and Via Olivera, Agency Negotiators: Agency Negotiators: Mark S. Krause, General Manager and Steven L. Johnson, Assistant General Manager, Negotiating Parties: DWA and Ayres Advisors, Under Negotiation: Price and terms; and (E) Real Property Negotiators, pursuant to Government Code Section 54956.8, Conveyance of Property-APN 687-030-019 to City of Cathedral City and Conveyance of Easement-APN 677-420-021 to City of Cathedral City, Agency Negotiators: Mark S. Krause, General Manager and Steven L. Johnson, Assistant General Manager, Negotiating Parties: DWA and City of Cathedral City, Under Negotiation: Terms.

Closed Session:

- A. Existing Litigation – ACBCI vs. CVWD, et al.
- B. Existing Litigation – ACBCI vs. Riverside County
- C. Existing Litigation – MSWD vs. DWA
- D. Real Property Negotiators
- E. Real Property Negotiators

17786. At 12:04 p.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

Reconvene –No
Reportable Action

17787. In the absence of any further business, President Cioffi adjourned the meeting at 12:05 p.m.

Adjournment

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

GENERAL MANAGER'S REPORT APRIL 18, 2017

On April 5 at approximately 3:00 p.m. Construction staff responded to a hit fire hydrant on Mesquite Ave. west of Farrell Dr. The fire hydrant was hit by a bobcat skid steer working with a landscaping company. Staff replaced the fire hydrant and put it back in service. A police report was made. The water loss was from a fully open 6-inch bury for approximately for 20 minutes.



Water Delivery Update

Whitewater Basin Water Deliveries:

Whitewater Hydro Update: As of April 11, the hydro plant has generated 282,079 kWh, a rate of 25,643 kWh/day.

At this rate we anticipate generating 769,305 kWh for the month of April and will collect an estimated amount of \$68,500 from SCE.

Sites Reservoir Update

April 11, 2017

METROPOLITAN BOARD OK'S PLANNING ROLE IN NORTHERN CALIFORNIA RESERVOIR PROJECT

District board appropriates \$1.5 million for participation in Sites Reservoir planning phase

Looking to possibly increase Southern California's future water reserves and better position the region to address climate change, Metropolitan Water District's Board of Directors today approved an initial down payment to participate in a proposed large off-stream reservoir in Northern California.

The board unanimously authorized \$1.5 million to join the first planning phase of the proposed Sites Reservoir aimed at securing state grant construction funds from Proposition 1. While the action does not guarantee Metropolitan's future involvement in the building of the planned reservoir about 80 miles north of Sacramento, it provides the district an initial option of up to 50,000 acre-feet of annual water yield.

DWA - 2017 Supplemental Water Orders

DWA - 2017 Turnback Pool

Pool	Allocation	Cost (\$/AF)	Requested Allocation (Acre-Feet)	Actual Allocation (Acre-Feet)	Actual Cost (\$)	Forecasted Purchase Cost (\$)	Transportation (\$)	Total Cost (\$)	At Risk (\$)
Pool A	60%	\$ 34.44	375	325	\$ 11,193.00		\$ 113,750.00	\$124,943.00	\$ 11,193.00
Pool B	60%	\$ 17.22	334	-		\$ -	\$ -	\$ -	
Pool B	100%	\$ 17.22	334			\$ 5,751.48	\$ 116,900.00	\$122,651.48	\$ 5,751.48
Sub-Totals			709		\$ 11,193.00	\$ 5,751.48	\$ 230,650.00		\$ 16,944.48
Grand Total								\$247,594.48	

DWA - Article 21

Month 2017	Scheduled Delivery (AF)	Transportation (\$)	Comments
January	-	\$ -	
February	-	\$ -	
March	1,242	\$ 434,700.00	May revert back to Table A
April	1,424	\$ 488,400.00	May revert back to Table A
May	1,536	\$ 537,600.00	May revert back to Table A
June	1,094	\$ 392,800.00	May revert back to Table A
July	-	\$ -	
August	-	\$ -	
September	-	\$ -	
October	-	\$ -	
November	-	\$ -	
December	-	\$ -	
Total	5,296	\$ 1,853,500.00	

Yuba Accord Water

Component Water Type	Requested Allocation (AF)	\$/AF	Actual Allocation (AF)	Actual Cost (\$)	Transportation (\$)	Total Cost (\$)	At Risk (\$)	Comment
1	409	\$ 50.00	409	\$20,450.00	\$ 143,150.00	\$163,600.00	\$ 20,450.00	No Charge if not delivered by DWR
3	35	\$ 50.00	35	\$ 1,750.00	\$ 12,250.00	\$ 14,000.00	\$ 1,750.00	No Charge if not delivered by DWR
Sub Totals	444		444	\$22,200.00	\$ 155,400.00		\$ 22,200.00	
Grand Total						\$177,600.00		

Summary

Water Type	Total Requested /Actual Allocation (AF)	Purchase Cost (\$)	Transportation Cost (\$)
Pool A	325	\$11,193.00	\$ 113,750.00
Pool B	334	\$ 5,751.48	\$ 116,900.00
Article 21	5,396	\$ -	\$ 1,853,600.00
Yuba C1	409	\$20,450.00	\$ 163,600.00
Yuba C2	35	\$ 1,750.00	\$ 12,250.00
Sub-Total	6,499	\$39,144.48	\$ 2,280,100.00
Grand Total			\$ 2,299,244.48

[illegible]

STREET NAME	QUARTER SECTION	NUMBER OF LEAKS
SATURMINO RD	4413NW	4
PASEO EL MIRADOR	4411NW	3
CALLE MARCUS	4411NE	3
PASATIEMPO RD	4411NE	2
LIVMOR AVE	4413NE	2
WARM SANDS DR	4423NE	2
VIA MONTE VISTA	4410NE	1
CAMINO NORTE	4410NE	1
COTTONWOOD RD	4411NW	1
INDIAN CANYON DR	4402NW	1
RACQUET CLUB RD	4402NW	1
AVENIDA PALOS VERDES	4411SW	1
MISSION RD	4410SE	1
WARM SANDS PL	4423NE	1
LOUELLA RD	4413NE	1
CERRITOS RD	4401SW	1
SATURMINO DR	4413NW	1
ALEJO RD	4412SW	1
SUNNY DUNES RD	4519NE	1
HERMOSA PL	4410SE	1
SANDCLIFF RD	4425NE	1
BELARDO RD	4415SE	1

* Streets highlighted in blue are being replaced as part of the 2016/2017 Replacement Pipeline Project

* Streets highlighted in green are included as part of the proposed list of streets for the 2017/2018 Replacement Pipeline Project

General Manager's Meetings and Activities

Meetings:

04/04/2017	SWC Water Operations Committee	Conf. Call
04/05/2017	DWA/CVWD/MWD SWP Supplemental Water Agreement	Conf. Call
04/10/2017	Staff Meeting/Snow Creek Security/Information Systems	DWA
04/11/2017	DWA Facilities Tour	DWA
04/11/2017	Board Meeting Prep. With Staff & Cioffi	DWA
04/12/2017	BLM – Whitewater Recharge Facilities Permit	Conf. Call
04/14/2017	DWA/CVWD SWP Deliveries & Hydro Operation/Coordination	DWA/Field
04/17/2017	DWA Eng/Ops Meeting/Snow Creek Security Meeting/Info. Sys.	DWA

Activities:

- 1) Sites Reservoir Agreement
- 2) E-Billing – Completed and now tracking
- 3) Outreach Talking Points – KMIR
- 4) Snow Creek Hydro SCE contract extension - ongoing
- 5) Whitewater Hydro – Developing new administration procedures
- 6) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 7) Clifton Court SWP Damage
- 8) MSWD Second Amended Petition– Ongoing
- 9) ACBCI Section 14 Facilities & Easements
- 10) New Mesquite Property Fencing
- 11) Chain of Title
- 12) Lake Oroville Spillway Damage
- 13) Replacement Pipelines 2016-2017
- 14) Lake Oroville NMFS Requirements
- 15) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water
- 16) DWA/CVWD/MWD Agreements Update
- 17) Recycled Water Effluent Reservoir Coating Failures
- 18) SGMA Alternative Plans and Bridge Documents/Tribal Comments
- 19) SWP 2017 Water Supply
- 20) SGMA San Geronio Pass Sub-Basin MOU
- 21) ACBCI Law Suits
- 22) Lake Perris Dam Remediation
- 23) Drought Pricing Study
- 24) Section 14 Pipeline Easements
- 25) DOI Regulation
- 26) DWA Fiscal Year 2017-2018 Budget
- 27) A.B. 1562
- 28) Cathedral City Monitoring Well Site Abandonment
- 29) California Legislation Review
- 30) FOIA

Activities (cont):

- 31) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 32) Adjusting Drought Requirements
- 33) Multi-Agency Rate Study
- 34) SGMA Tribal Stakeholder Meetings
- 35) 2016/2017 Engineer's Report on Groundwater Replenishment and Assessment Program
- 36) Whitewater Spreading Basins – BLM Permits

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

MARCH 2017

INVESTED
RESERVE FUNDS
\$15,343,104.64

BALANCE	MARCH 1, 2017	(\$653,041.93)	
WATER SALES		\$1,595,851.70	
RECLAMATION SALES		63,280.97	
WASTEWATER RECEIPTS		97,918.97	
POWER SALES		360,328.33	
METERS, SERVICES, ETC.		48,277.00	
REIMBURSEMENT – GENERAL FUND		97,643.89	
REIMBURSEMENT – WASTEWATER FUND		73,516.19	
ACCOUNTS RECEIVABLE – OTHER		1,532.94	
CUSTOMER DEPOSITS – SURETY		4,698.00	
CUSTOMER DEPOSITS – CONST.		125,482.00	
LEASE REVENUE		3,368.43	
INTEREST RECEIVED ON INV. FDS.		7,801.71	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		22,100.55	
TOTAL RECEIPTS		\$2,501,800.68	
PAYMENTS			
PAYROLL CHECKS		\$318,122.79	
PAYROLL TAXES		257,325.21	
ELECTRONIC TRANSFERS		665,637.99	
CHECKS UNDER \$10,000.00		250,876.64	
CHECKS OVER \$10,000.00 – SCH. #1		1,449,845.77	
CANCELLED CHECKS AND FEES		380.33	
TOTAL PAYMENTS		<u>\$2,942,188.73</u>	
NET INCOME		(\$440,388.05)	
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		\$780,000.00	
FUNDS INVESTED – SCH. #3		432,000.00	
NET TRANSFER			<u>\$348,000.00 (\$348,000.00)</u>
BALANCE	MARCH 31, 2017	(\$745,429.98)	\$14,995,104.64

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
114028	TWIN PALMS EL CAMINO LLC	REFUND PAVEMENT PATCHES (INV # 14404)	\$19,800.00
114061	KINER COMMUNICATIONS	MARKETING & ADVERTISING SERVICES FOR CV WATER COUNTS	\$10,298.79
114065	MATT-CHLOR, INC	VACUUM REGULATOR (W/O # 16-192 M) / CHLORINE GAS DETECTORS @ REC PLANT	\$48,463.64
114098	Z&L PAVING, INC	PAVING	\$11,440.00
114131	DESERT WATER AGENCY - WASTEWATER	WASTEWATER REVENUE BILLING FOR FEBRUARY 2017	\$81,580.77
114134	ACWA/JOINT POWERS INS AUTHOR	PROPERTY PROGRAM RENEWAL BILLING FOR 4/1/17 - 4/1/18	\$21,405.00
114139	ACWA/JOINT POWERS INS AUTHOR	HEALTH, DENTAL & VISION INSURANCE PREMIUMS - APRIL 2017	\$173,174.70
114154	CITY OF PALM SPRINGS	WATER VALVE LID ADJUSTMENTS - CP 15-01 PROJECT	\$401,625.00
114160	A & A FENCE COMPANY, INC	CONTRACT PAYMENTS - FENCE @ WELL #27 / FENCE @ REC PLANT (W/O # 16-188/189)	\$41,477.00
114171	BADGER METER INC	WATER SERVICE SUPPLIES	\$41,917.10
114172	BEST BEST & KRIEGER LLP	LEGAL FEES	\$65,806.01
114174	CDW DIRECT	I.S. SUPPLIES	\$15,646.55
114183	DESERT COATINGS	PAINT: WELL #40 & ACANTO BOOSTER	\$10,650.00
114188	ERS	CONTRACT PAYMENT - POTABLE WATER MAINTENANCE	\$170,686.42
114193	FIESTA FORD LINCOLN CORP	VEHICLE PURCHASES - UNIT #22 (W/O # 16-162-M) & UNIT #34 (W/O #16-163-M)	\$87,846.19
114212	J COLON COATINGS INC	CONTRACT PAYMENT - RESERVOIR MAINTENANCE	\$78,394.00
114215	KRIEGER & STEWART INC	ENGINEERING	\$86,791.49
114246	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$11,331.36
114261	Z&L PAVING, INC	PAVING	\$45,830.75
114263	WEST HOMEOWNERS ASSOCIATION	TURF BUY BACK PROGRAM	\$14,026.00
114266	PALM SPRINGS EAST	TURF BUY BACK PROGRAM	\$11,655.00

** TOTAL

\$1,449,845.77

**DESERT WATER AGENCY
OPERATING FUND - LISTING OF INVESTMENTS
MARCH 31, 2017**

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

06-30-83	State of California	LAIF	Open	\$ 11,240,404.64	\$ 11,240,404.64	\$ 11,240,404.64	0.840%	
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Certificates of Deposit

09-28-15	Union Bank	Capital Bank CD	09-28-17	\$ 250,000.00	\$ 250,000.00	\$ 250,462.50	1.050%	Bullet
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	Total Certificates of Deposit	\$ 250,000.00	\$ 250,000.00	\$ 250,462.50
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Commercial Paper

04-30-12	Union Bank	General Electric	04-27-17	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,000,640.00	2.300%	Bullet
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	Total Commerical Paper	\$ 1,004,700.00	\$ 1,000,000.00	\$ 1,000,640.00
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Government Agency

09-20-16	Union Bank	FNMA (Callable 6-20-17)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,920.00	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	\$ 995,450.00	1.000%	Quarterly
02-28-17	Union Bank	FHLMC (Callable 8-25-17)	02-25-19	\$ 500,000.00	\$ 500,000.00	\$ 499,645.00	1.400%	Quarterly

	Total Government Agency	\$ 2,500,000.00	\$ 2,500,000.00	\$ 2,482,015.00
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Weighted Mean YTM 1.001%

TOTAL INVESTED @ 03/31/17	\$ 14,995,104.64	\$ 14,990,404.64	\$ 14,973,522.14
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BALANCE @ 06/30/16	\$ 12,488,311.86
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INCREASE (DECREASE)	\$2,506,792.78
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DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

MARCH 2017

INVESTED
RESERVE FUNDS
\$111,438,984.35

BALANCE MARCH 1, 2017 (\$611,481.11)

*	TAXES - RIVERSIDE COUNTY	50,706.72	
*	INTEREST EARNED - INV. FUNDS	74,489.21	
	GROUNDWATER REPLEN. ASSESSMENT	0.00	
	REIMBURSEMENT - OPERATING FUND	0.00	
	REIMBURSEMENT - CVWD MGMT	0.00	
	STATE WATER PROJECT REFUNDS	0.00	
	REIMB - CVWD - WHITEWATER HYDRO	6,292.44	
	POWER SALES - WHITEWATER	30,423.80	
	MISCELLANEOUS	121.64	

		\$162,033.81
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PAYMENTS

CHECKS UNDER \$10,000.00		25,200.73	
CHECKS OVER \$10,000.00 - SCH. #1		1,287,759.34	
CANCELLED CHECKS AND FEES		0.00	

		\$1,312,960.07
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NET INCOME		(\$1,150,926.26)
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INVESTED RESERVE FUNDS

FUNDS MATURED		3,780,000.00	
FUNDS INVESTED – SCH. #2		3,000,000.00	

NET TRANSFER		\$780,000.00	(\$780,000.00)
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BALANCE MARCH 31, 2017		(\$982,407.37)	\$110,658,984.35
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* INCLUSIVE TO DATE

	TAXES	INTEREST
RECEIPTS IN FISCAL YEAR	\$13,961,627.41	\$687,000.78
RECEIPTS IN CALENDAR YEAR	\$7,831,734.10	\$239,577.68

DESERT WATER AGENCY

GENERAL ACCOUNT

SCHEDULE #1 - CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
8882	SITES PROJECT JOINT POWERS AUTHORITY	PARTICIPATION IN RESERVOIR COMMITTEE - FISCAL YEAR 2017	\$167,457.00
8883	DESERT WATER AGENCY - OPERATING	OPERATING FUND REIMBURSEMENT FOR FEBRUARY 2017	\$81,349.89
8884	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - MARCH 2017	\$1,016,004.00
8885	COACHELLA VALLEY WATER DISTRICT	IRWMP PROGRAM MANAGEMENT	\$22,948.45

**** TOTAL**

\$1,287,759.34

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
MARCH 31, 2017**

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	\$	39,900,514.35	\$	39,900,514.35	\$	39,900,514.35	0.840%	-
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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	\$	1,000,810.00	1.100%	Bullet
09-28-15	Union Bank	Capital Bank CD	09-28-17	\$	250,000.00	\$	250,000.00	\$	250,462.50	1.050%	Bullet
10-07-15	Ladenburg Thalmann	Goldman Sachs CD	04-07-18	\$	245,000.00	\$	245,000.00	\$	245,487.55	1.350%	Bullet
10-29-15	Ladenburg Thalmann	Ally Bank CD	10-30-17	\$	245,000.00	\$	245,000.00	\$	245,458.15	1.150%	Bullet
11-04-15	Ladenburg Thalmann	Capital One NA CD	11-06-17	\$	245,000.00	\$	245,000.00	\$	245,458.15	1.100%	Bullet
11-04-15	Ladenburg Thalmann	Discover CD	11-06-17	\$	245,000.00	\$	245,000.00	\$	245,401.80	1.150%	Bullet

Total Certificates of Deposit	\$	2,230,000.00	\$	2,230,000.00	\$	2,233,078.15
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Commercial Paper

12-16-13	Stifel	General Electric	05-15-18	\$	587,600.00	\$	500,000.00	\$	525,170.00	6.300%	Bullet
04-27-15	Ladenburg Thalmann	Apple Inc.	05-03-18	\$	997,920.00	\$	1,000,000.00	\$	996,980.00	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	\$	999,730.00	1.450%	1 Time

Total Commercial Paper	\$	2,586,470.00	\$	2,500,000.00	\$	2,521,880.00
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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	\$	1,000,390.00	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	\$	998,100.00	0.840%	Continuous
03-27-13	Ladenburg Thalmann	FNMA (Callable 6-27-17)	03-27-18	\$	1,000,000.00	\$	1,000,000.00	\$	998,710.00	1.050%	Qtrly
06-13-13	Ladenburg Thalmann	FHLB (Callable 6-13-17)	06-13-18	\$	1,000,000.00	\$	1,000,000.00	\$	999,100.00	1.100%	Qtrly
06-23-15	Ladenburg Thalmann	FHLMC	06-23-17	\$	1,000,000.00	\$	1,000,000.00	\$	999,970.00	0.900%	1 Time
10-02-15	Stifel	FHLB (Callable 10-2-17)	10-02-19	\$	1,000,000.00	\$	1,000,000.00	\$	998,240.00	1.450%	Continuous
10-29-15	Stifel	FHLB (Callable Continuous)	10-29-18	\$	1,000,000.00	\$	1,000,000.00	\$	997,440.00	1.120%	Continuous
11-23-15	Ladenburg Thalmann	FHLMC (Callable 5-23-17)	05-23-18	\$	996,000.00	\$	1,000,000.00	\$	996,020.00	1.000%	Qtrly
11-25-15	Stifel	FNMA (Callable 5-25-17)	11-25-19	\$	1,000,000.00	\$	1,000,000.00	\$	997,100.00	1.500%	Qtrly
02-26-16	Ladenburg Thalmann	FNMA (Callable 5-26-17)	02-26-19	\$	1,000,000.00	\$	1,000,000.00	\$	996,590.00	1.250%	Qtrly
03-23-16	Ladenburg Thalmann	FNMA (Callable 6-23-17)	03-23-20	\$	1,000,000.00	\$	1,000,000.00	\$	993,800.00	1.500%	Qtrly
03-30-16	Stifel	FNMA STEP (Callable 6-30-17)	03-30-21	\$	1,000,000.00	\$	1,000,000.00	\$	992,730.00	1.500%	Qtrly
03-30-16	Stifel	FHLMC STEP (Callable 6-30-17)	03-30-21	\$	1,000,000.00	\$	1,000,000.00	\$	989,020.00	1.250%	Qtrly
04-26-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-26-20	\$	999,500.00	\$	1,000,000.00	\$	985,140.00	1.550%	Continuous
05-23-16	Stifel	FHLMC STEP (Callable 5-23-17)	05-23-19	\$	1,000,000.00	\$	1,000,000.00	\$	998,850.00	0.800%	Qtrly
05-23-16	Stifel	FNMA (Callable 5-23-17)	08-23-19	\$	1,000,000.00	\$	1,000,000.00	\$	990,550.00	1.250%	Qtrly
05-25-16	Stifel	FNMA STEP (Callable 5-25-17)	05-25-21	\$	1,000,000.00	\$	1,000,000.00	\$	996,370.00	1.000%	Qtrly
05-26-16	Union Bank	FNMA (Callable 5-26-17)	11-26-19	\$	1,000,000.00	\$	1,000,000.00	\$	992,170.00	1.300%	1 Time
05-31-16	Ladenburg Thalmann	FHLMC (Callable 5-29-17)	08-29-18	\$	1,000,000.00	\$	1,000,000.00	\$	996,140.00	1.020%	Qtrly
06-01-16	Stifel	FFCB (Callable Continuous)	03-01-19	\$	1,000,000.00	\$	1,000,000.00	\$	994,110.00	1.250%	Continuous
06-13-16	Ladenburg Thalmann	FNMA (Callable 6-13-17)	06-13-19	\$	1,000,000.00	\$	1,000,000.00	\$	997,290.00	1.400%	Qtrly
06-16-16	Stifel	FFCB (Callable Continuous)	03-16-20	\$	1,000,000.00	\$	1,000,000.00	\$	984,950.00	1.400%	Continuous
06-21-16	Stifel	FHLMC STEP (Callable 6-21-17)	06-21-21	\$	1,000,000.00	\$	1,000,000.00	\$	981,740.00	1.400%	Qtrly
06-28-16	Stifel	FHLMC STEP (Callable 6-28-17)	06-28-19	\$	1,500,000.00	\$	1,500,000.00	\$	1,496,880.00	0.750%	Qtrly

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
MARCH 31, 2017**

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

06-28-16	Ladenburg Thalmann	FNMA (Callable 6-28-17)	06-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,080.00	1.200%	Qtrly
06-30-16	Stifel	FHLMC STEP (Callable 6-30-17)	12-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,900.00	1.000%	Qtrly
07-07-16	Ladenburg Thalmann	FFCB (Callable Continuous)	01-07-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,200.00	1.000%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,330.00	1.125%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	07-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,760.00	1.125%	Continuous
07-13-16	Union Bank	FFCB (Callable Continuous)	01-13-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,480.00	1.240%	Continuous
07-26-16	Ladenburg Thalmann	FNMA (Callable 4-26-17)	07-26-19	\$ 999,500.00	\$ 1,000,000.00	\$ 990,990.00	1.125%	Qtrly
07-27-16	Stifel	FNMA STEP (Callable 4-27-17)	07-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 974,060.00	1.250%	Qtrly
08-10-16	Ladenburg Thalmann	FHLMC (Callable 5-10-17)	08-10-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,760.00	1.450%	Qtrly
08-24-16	Ladenburg Thalmann	FHLMC STEP (Callable 5-24-17)	08-24-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,290.00	1.125%	Qtrly
08-24-16	RBC Capital Markets	FHLMC STEP (Callable 5-24-17)	08-24-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,110.00	0.875%	Qtrly
08-30-16	Stifel	FHLMC STEP (Callable 5-30-17)	08-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,600.00	1.000%	Qtrly
08-30-16	Ladenburg Thalmann	FNMA (Callable 5-27-17)	11-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,220.00	1.250%	Qtrly
09-06-16	Ladenburg Thalmann	FFCB (Callable Continuous)	03-06-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,840.00	1.150%	Continuous
09-20-16	Union Bank	FNMA (Callable 6-20-17)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,920.00	1.300%	Qtrly
09-27-19	Ladenburg Thalmann	FHLMC STEP (Callable 6-27-17)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,230.00	1.000%	Qtrly
09-29-16	Ladenburg Thalmann	FHLMC STEP (Callable 6-29-17)	09-29-21	\$ 950,000.00	\$ 950,000.00	\$ 935,598.00	1.250%	Qtrly
09-30-16	Ladenburg Thalmann	FNMA (Callable 6-30-17)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,080.00	1.250%	Qtrly
10-06-16	Ladenburg Thalmann	FHLMC (Callable 4-6-17)	07-06-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,920.00	1.375%	Qtrly
10-11-16	Ladenburg Thalmann	FHLMC (Callable 4-11-17)	10-11-18	\$ 999,750.00	\$ 1,000,000.00	\$ 994,160.00	1.000%	Qtrly
10-17-16	Stifel	FNMA (Callable 10-17-17)	04-17-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,410.00	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	\$ 1,485,915.00	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	\$ 995,450.00	1.000%	Qtrly
11-03-16	Ladenburg Thalmann	FFCB (Callable Continuous)	05-03-21	\$ 999,250.00	\$ 1,000,000.00	\$ 977,390.00	1.490%	Continuous
11-15-16	Stifel	FHLMC STEP (Callable 5-15-17)	11-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,930.00	1.000%	Qtrly
12-14-16	Ladenburg Thalmann	FHLMC (Callable 6-14-17)	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,260.00	1.750%	Qtrly
12-29-16	Ladenburg Thalmann	FHLB (Callable 6-29-17)	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,220.00	2.000%	Qtrly
12-29-16	Ladenburg Thalmann	FNMA (Callable 6-29-17)	06-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,800.00	1.750%	Qtrly
12-30-16	Ladenburg Thalmann	FHLMC (Callable 6-30-17)	12-30-19	\$ 998,000.00	\$ 1,000,000.00	\$ 998,050.00	1.500%	Qtrly
01-27-17	Stifel	FHLB STEP (Callable 4-27-17)	07-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,780.00	1.000%	Qtrly
01-27-17	RBC Capital Markets	FHLMC (Callable 7-27-17)	01-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,120.00	2.000%	Qtrly
01-27-17	Stifel	FHLMC (Callable 7-27-17)	07-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,020.00	1.850%	Qtrly
01-27-17	Ladenburg Thalmann	FNMA (Callable 7-27-17)	01-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,850.00	1.650%	Qtrly
01-30-17	Union Bank	FHLB (Callable 1-30-18)	04-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,750.00	1.750%	Qtrly
01-30-17	Stifel	FHLMC (Callable 4-28-17)	10-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,630.00	2.000%	Qtrly
02-07-17	Ladenburg Thalmann	FNMA (Callable 8-17-17)	02-07-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,310.00	1.750%	Qtrly
02-24-17	Ladenburg Thalmann	FNMA (Callable 8-24-17)	11-24-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,290.00	2.000%	Qtrly
02-28-17	Union Bank	FHLMC (Callable 8-25-17)	02-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,290.00	1.400%	Qtrly
03-15-17	Union Bank	FFCB (Callable 6-15-17)	03-15-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,570.00	2.130%	Continuous
03-29-17	Stifel	FHLMC STEP (Callable 3-29-18)	03-29-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,310.00	1.300%	Annual
03-30-17	Ladenburg Thalmann	FHLMC (Callable 6-30-17)	03-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,130.00	1.900%	Qtrly

Total Government Agency \$ 65,942,000.00 \$ 65,950,000.00 \$ 65,542,403.00

Weighted Mean YTM 1.156%

TOTAL INVESTED @ 03/31/17 \$ 110,658,984.35 \$ 110,580,514.35 \$ 110,197,875.50

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

INCREASE OR (DECREASE) \$ 3,490,633.98

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

MARCH 2017

INVESTED
RESERVE FUNDS
\$1,146,627.59

BALANCE	MARCH 1, 2017	\$31,875.50	
ACCOUNTS RECEIVABLE - OTHER		\$0.00	
CUSTOMER DEPOSITS - CONSTRUCTION		0.00	
INTEREST EARNED - INVESTED FUNDS		24.69	
WASTEWATER REVENUE		81,580.77	
SEWER CAPACITY CHARGES		10,979.32	
MISCELLANEOUS		<u>0.00</u>	
TOTAL RECEIPTS		\$92,584.78	
PAYMENTS			
CHECKS UNDER \$10,000.00		\$8,893.90	
CHECKS OVER \$10,000.00 - SCH. #1		144,835.42	
CANCELLED CHECKS AND FEES		<u>0.00</u>	
TOTAL PAYMENTS		<u>\$153,729.32</u>	
NET INCOME		(\$61,144.54)	
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$32,000.00	
FUNDS INVESTED - SCH. #2		<u>30,000.00</u>	
NET TRANSFER		\$2,000.00	(\$2,000.00)
BALANCE	MARCH 31, 2017	(\$27,269.04)	\$1,144,627.59

DESERT WATER AGENCY

WASTEWATER ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
2482	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR FEBRUARY 2017	\$47,369.23
2484	DESERT WATER AGENCY	OPERATING FUND REIMBURSEMENT FOR FEBRUARY 2017	\$68,136.19
2485	COACHELLA VALLEY WATER DISTRICT	SEWER CAPACITY CHARGES	\$29,330.00
** TOTAL			\$144,835.42

**DESERT WATER AGENCY
WASTEWATER FUND - LISTING OF INVESTMENTS
MARCH 31, 2017**

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	\$ 1,144,627.59	\$ 1,144,627.59	\$ 1,144,627.59	0.840%
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TOTAL INVESTED @ 03/31/17	\$ 1,144,627.59	\$ 1,144,627.59	\$ 1,144,627.59
BALANCE @ 06/30/16	\$ 1,027,031.01		
INCREASE OR (DECREASE)	\$ 117,596.58		

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

MONTH 16-17 MARCH	THIS MONTH-----/			FISCAL YEAR TO DATE-----/			VARIANCE---/		
	THIS YEAR	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	BUDGET	YTD		PCT
OPERATING REVENUES									
WATER SALES	1,456,078.50	1,480,071.13	1,482,275.00	17,083,533.77	16,107,363.52	15,416,225.00	1,667,308.77	11	
RECLAMATION SALES	58,496.05	79,286.58	75,300.00	1,004,967.58	1,002,706.57	966,800.00	38,167.58	4	
POWER SALES		1.39	1,750.00	15,212.73	6,103.91	15,750.00	537.27-	3-	
OTHER OPER REVENUE	93,553.93	74,544.74	121,125.00	897,637.74	1,021,196.48	977,625.00	79,987.26-	8-	
TOTAL OPER REVENUES	1,608,128.48	1,633,903.84	1,680,450.00	19,001,351.82	18,137,370.48	17,376,400.00	1,624,951.82	9	
OPERATING EXPENSES									
SOURCE OF SUPPLY EXP	564,652.73	580,306.41	705,084.00	2,434,053.20	2,256,825.91	2,634,923.00	200,869.80-	8-	
PUMPING EXPENSE	35,822.82	172,794.81	153,425.00	1,824,128.99	2,280,559.98	2,528,225.00	704,096.01-	28-	
REGULATORY WATER TREAT	40,658.30	43,013.41	42,100.00	369,946.39	361,714.53	378,900.00	8,953.61-	2-	
TRANS & DIST EXPENSE	908,287.93	322,470.39	430,841.00	2,778,486.34	2,265,088.51	2,727,577.00	50,909.34	2	
CUSTOMER ACT EXPENSE	80,010.55	84,647.45	74,050.00	705,328.70	671,457.28	668,050.00	37,278.70	6	
ADMIN & GEN EXPENSE	604,982.86	811,240.86	658,825.00	6,653,694.37	6,962,271.17	6,934,025.00	280,330.63-	4-	
REGULATORY EXPENSE	11,808.69	5,479.41	16,991.00	160,894.04	98,418.82	152,927.00	7,967.04	5	
SNOW CREEK HYDRO EXP	571.15	2,000.94	3,400.00	29,333.75	29,587.59	30,600.00	1,266.25-	4-	
RECLAMATION PLNT EXP	290,683.85-	91,927.36	272,100.00	283,570.82	644,478.81	1,644,925.00	1,361,354.18-	83-	
SUB-TOTAL	1,956,111.18	2,113,881.04	2,356,816.00	15,239,436.60	15,570,402.60	17,700,152.00	2,460,715.40-	14-	
OTHER OPER EXPENSES									
DEPRECIATION	460,038.94	444,359.16	459,225.00	4,177,520.92	4,078,992.95	4,133,025.00	44,495.92	1	
SERVICES RENDERED	9,731.67	7,160.14	13,850.00	100,788.65	152,842.69	124,650.00	23,861.35-	19-	
DIR & INDIR CBT FOR WO	156,945.74-	183,251.16-	72,750.00-	1,536,405.92-	1,541,995.15-	654,750.00-	881,655.92-	135	
TOTAL OPER EXPENSES	2,268,936.05	2,382,149.18	2,757,141.00	17,981,340.25	18,260,243.09	21,303,077.00	3,321,736.75-	16-	
NET INCOME FROM OPERATIONS	660,807.57-	748,245.34-	1,076,691.00-	1,020,011.57	122,872.61-	3,926,677.00-	4,946,688.57	126-	
NON-OPERATING INCOME (NET)									
RENTS	3,368.43	3,368.43	3,375.00	62,183.77	61,982.90	62,225.00	41.23-	0	
INTEREST REVENUES	11,945.29	8,721.99	8,300.00	90,194.57	68,870.12	74,700.00	15,494.57	21	
INTEREST EXP. OTHER		.00	25,325.00-	.00	.00	227,925.00-	227,925.00	100-	
OTHER REVENUES	485.00	.00	2,625.00	2,025.00	132,617.52	7,875.00	5,850.00-	74-	
GAINS ON RETIREMENT		.00	75.00	9,554.15	.00	600.00	8,954.15	0	
DISCOUNTS	2,006.63	9.24	275.00	2,942.35	384.24	2,475.00	467.35	19	
PR. YEAR EXPENSES		.00	.00	300.00-	522.10	.00	300.00-	0	
LOSS ON RETIREMENTS	5,043.91-	.00	3,750.00-	22,795.04-	47,861.35-	30,000.00-	7,204.96	24-	
TOTAL NON-OPER INCOME	12,761.44	12,099.66	14,425.00-	143,804.80	216,515.53	110,050.00-	253,854.80	231-	
TOTAL NET INCOME	648,046.13-	736,145.68-	1,091,116.00-	1,163,816.37	93,642.92	4,036,727.00-	5,200,543.37	129-	

DESERT WATER AGENCY
OPERATING FUND
WATER CONSUMPTION

	QUARTER ENDING MARCH 2017					
	THIS QUARTER			FISCAL YEAR TO DATE		
	LAST YEAR	THIS YEAR	% UP (DOWN)	LAST YEAR	THIS YEAR	% UP (DOWN)
WATER REVENUE	\$4,215,330	\$4,101,317	(3)	\$16,107,364	\$17,083,293	6
TOTAL CONSUMPTION (100 CU FT)	2,074,809	1,848,755	(11)	8,441,529	8,879,812	5
AVERAGE CONSUMPTION PER CONSUMER (100 CU FT)	93	83 *	(11)	381	398 c	4
NUMBER OF CONNECTIONS	75	9		22,241	22,356	1

* = ADDED THIS QUARTER

C = TOTAL ACTIVE MARCH 2017

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

APRIL 18, 2017

**RE: REQUEST BOARD ACTION WITH REGARD TO CLAIM FOR
DAMAGES FILED BY ELIZABETH PEARSON**

Attached for the Board's review is a claim form submitted to the Agency by Ms. Elizabeth Pearson at 68832 E. Street, Cathedral City.

Ms. Pearson claims the Agency is responsible for property damage due to a hit fire hydrant 10 blocks from her rental property that occurred on March 9, 2017. Information on the incident was provided in the April 4, 2017 General Manager's report.

According to Ms. Pearson, the police report that was filed indicated there were no witnesses of a hit and run. She is claiming damages for: 1) Pool drained and scrubbed, 2) Pool deck cleaned, 3) Pump rental, 4) Salt bags, 5) Filter cleaning, 6) Cyanuric conditioner, subtotal \$1,098.40. The other damages are for landscape cleaning & repair: 1) Build trenches around house (rush job), Re-fill trenches, level area, clean up yard, new gravel, sand and soil, and 2) Final clean up, leveling and sweeping, subtotal \$1,244.00. She is also claiming property rental loss of \$205.40 and increased water bill of \$25.12 (refill pool). Total amount of claim is \$2,572.92. Ms. Pearson indicated that she has a \$2,500 homeowner's deductible.

Staff recommends that the Board reject the claim for damages filed by Elizabeth Pearson.

Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

NAME OF DISTRICT: DESERT WATER AGENCY

1 Claimant name, address (mailing address if different), phone number, e-mail address, and date of birth.
Effective January 1, 2010, the Medicare Secondary Payer Act (Federal Law) requires the District/Agency to report all claims involving payments for bodily injury and/or medical treatments to Medicare. As such, if you are seeking medical damages, we **MUST** have both your Social Security Number and your date of birth.

Name: Elizabeth Pearson

Phone Number: (949) 929-1383

Address(es): 68832 E Street

Cathedral City, CA 92234

Date of Birth: 1-1-1952

Owner: 503 Brooks St. - Laguna Beach

E-mail: elizabethpearson2@cox.net

2 List name, address, and phone number of any witnesses.

Name:

Address:

Phone Number: ()

Police report said there were no witnesses of a hit and run.

3 List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted.

Date: 3/9/17 Time: 12:30 p.m. Place:

Tell What Happened (give complete information):

A fire hydrant on Cathedral Canyon Drive released a geyser of water about 12 noon to 12:30 p.m. on March 9. Water flowed in torrents to my home (a 2nd home + rental unit) about 10 blocks away and flooded my property, filling my pool with mud/debris and washing away landscaping material. My landscape vendor was nearby, +

NOTE: Attach any photographs you may have regarding this claim.

4 Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.

See receipts - all paid already. ex

Jemaar Pool Service 1098.40

De Anda Landscaping 1244.00

Rental loss 205.40

Incremental water 25.12

10 total = 2572.92

5 Give the name or names of the public employee or employees causing the injury, damage, or loss, if known.

6 The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.

\$2,572.92

Date: 3/24/17 Time: 12:28 pm Signature: Elizabeth A. Pearson

ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!

Note: I can email the photos for better clarity. I understand your folks also came to my property to take photos, also.

Called me and told me that the water was getting close to both my houses and he immediately got his guys to help him dig trenches around the houses to ensure they wouldn't flood. I immediately called my pool service and asked them to run over and begin draining the pool so the problem wouldn't get out of hand. I had to pay both services to clean up the mess, and to begin repairing and replacing damaged items and landscape material.

my short-term renter decided to check out a day early and I had to refund him the rental fee and pool heating fee.

I also had to pay for the incremental cost of water to re-fill the pool.

I have a \$2500 deductible on my homeowners insurance and the expenses total about that amount.

On the day of the event, I called Desert Water Agency and they told me that the problem was a "hit and run" and that I should call my insurance company. They also told me there was a police report. (Event report #: 1703C-1905.)

I called the Police Dept. in Cathedral City and they said there was no proof of a "hit and run" and there were no witnesses.

From Insurance Company on first 2 invoices

From: Gutierrez, Yesenia (Auto and Property Claims) Yesenia.Gutierrez@thehartford.com
Subject: RE: Claim # PP0017278111 - 68832 E Street - Cathedral City, CA - Pool Drain, Trenching & Property Repair Bills
Date: March 22, 2017 at 3:40 PM
To: Elizabeth Pearson elizabeth@pacificchorale.org

Ms. Pearson,

Thank you for the invoices. I have review both of them and they are in line, but their total is \$2342.40 which falls under your deductible and at this time we currently can't issue a payment. Thanks!

Yesenia Gutierrez
Outside Claim Representative
Property Damage Estimating
yesenia.gutierrez@thehartford.com

The Hartford
P.O. Box 14266
Lexington, KY 40512-4266
W: 602-572-6438
M: 626-250-5100
F: 866-809-8054
www.thehartford.com
www.facebook.com/thehartford
www.twitter.com/thehartford



Writing Company:
Trumbull Insurance Company

For your protection, California law requires the following to appear on this form. Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

From: Elizabeth Pearson [<mailto:elizabeth@pacificchorale.org>]
Sent: Wednesday, March 15, 2017 11:45 AM
To: Gutierrez, Yesenia (Auto and Property Claims)
Subject: Claim # PP0017278111 - 68832 E Street - Cathedral City, CA - Pool Drain, Trenching & Property Repair Bills

To: Hartford Insurance
Claims Department
Attn.: Yesenia Gutierrez
Re: Claim # PP0017278111
Policy #: 72-R-B-C 357838
Property address: 68832 E Street - Cathedral City, CA 92234
Policy holder Mailing address: Elizabeth Pearson - 303 Broadway, # 104-133, Laguna Beach, CA 92651
City of Cathedral City - Police Department - Event Report #: 1703C-1905

As promised, below are the copy-and-pasted invoices (already paid) for the pool service and repairs, and the trenching and landscape repairs, for the accident event on Thursday, March 9, 2017 (caused by fire hydrant hit-and-run; flooding.) No water went into either of the two houses because landscape service was able to get there quickly and build trenches.

Under separate cover, I will be submitting the expenses for the lost rent (one day) and the cost of water from the Water Agency (previous month's bill and the next month's bill) that will include the water used for both months, that will be sent to Stephanie in Lexington, KY.

Thank you.
Elizabeth Pearson
elizabethpearson2@cox.net

949-929-1383

Jemaav Pool Service & Repairs

P. O. Box # 1869
La Quinta, Ca 92253

Invoice

DATE	Customer # 3443
3/12/2017	Elizabeth Pearson 68832 E Street Cathedral Ca 92234
03/9-3/12 2017	Srvc. - Pool Drained and Scrubbed & Pool Deck Cleaned
Bill to	
Elizabeth Pearson 303 Broadway #104-133 Laguna Beach Ca 92651	

Terms

Due Date
03/20/17

Item	Description	Charges	Credits	
Pool Drained/Cleaning	Pool Water Drained & pool scrubbed; Sweep & Water Hose Mud From Pool Deck	\$875.00		
	Pump rental	\$45.00		
		\$88.40		
10 Bags Salt	Pool water 10 Bags Pro Soft Salt	\$45.00		
Pool Filter Cleaned.	Added.\$8.84 Each	\$45.00		
	Pool Filter Cleaned.			
		TOTAL DUE		
Cyanuric Conditioner	Cyanuric Conditioner Added.	\$1,098.40		

**March.2017. Pool Water
Drained, Clean up of pool and
pool deck – Salt &
Conditioner Added to Pool**

TOTAL AMOUNT DUE

\$1,098.40

De Anda Landscape Service
P.O. Box 715
Cathedral City, CA 92235

INVOICE

March 12, 2017

To Elizabeth Pearson
68832 E Street
Cathedral City, CA 92234

Landscape cleaning and repair/restore services for fire hydrant flooding of property on March 9, 2017.

March 9	4 guys to build trenches around two houses on property, rush job	\$320.00
March 10	Re-fill of trenches, leveling of that area	100.00
	Shoveling, relocating and raking of gravel and dirt in front of fence on property and throughout the whole property. Clean up of yard. (2 guys – 5 hours)	400.00
	Purchase of bags of new gravel, sand and soil	344.00
March 11	Final clean-up, leveling and sweeping	80.00
	TOTAL DUE	\$1,244.00

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Desert Water Agency
P.O. Box 1710
Palm Springs, CA
92263-1710

ELIZABETH PEARSON
303 BROADWAY ST STE 104-133
LAGUNA BEACH, CA 92651

ACCOUNT INFORMATION

Account No: 4-5-33-2650-5
Service Address: 68832 E ST
Read Date: 3/13/2017
Previous Reading: 5,317 HCF
Current Reading: 5,340 HCF
Consumption: 23 HCF (17,204 gallons)

100 cubic feet (HCF) = 748 gallons [oil code: No matter]

अथर्ववेदः शाखाः पञ्चविंशतिः सन्ति

[illegible]

CURRENT CHARGES

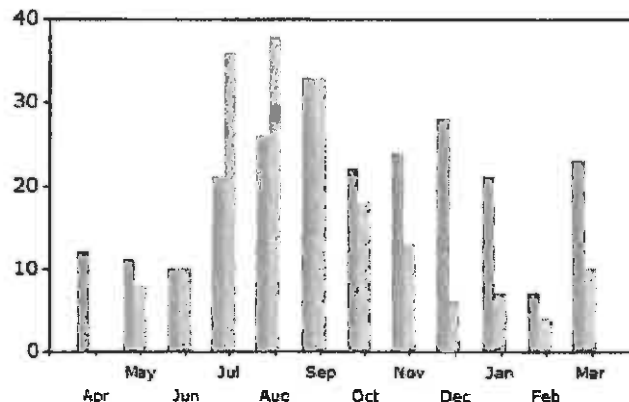
Consumption:	(23 x \$1.57)	\$36.11
Water Service:		\$14.41
Backflow:		\$0.00
Sewer:		\$40.30
Deposit:		\$0.00
Current Charges:		\$90.82
Previous Balance:		\$65.70
Payments Received:		(\$65.70)
Past Due:		\$0.00
Total Charges Due		\$90.82

90.82
- 65.70

25.12

PREVIOUS vs. CURRENT USE

How are you doing
on conservation?



2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40	42	44	46	48	50	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80	82	84	86	88	90	92	94	96	98	100																																																																																																																																																																																																																																																																																																																																																																																																																																								
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100 cubic feet (HCF) = 748 gallons

ELIZABETH A. PEARSON
308 BROADWAY
104-123
LAGUNA BEACH, CA 92651

2225
FD-3414/1222

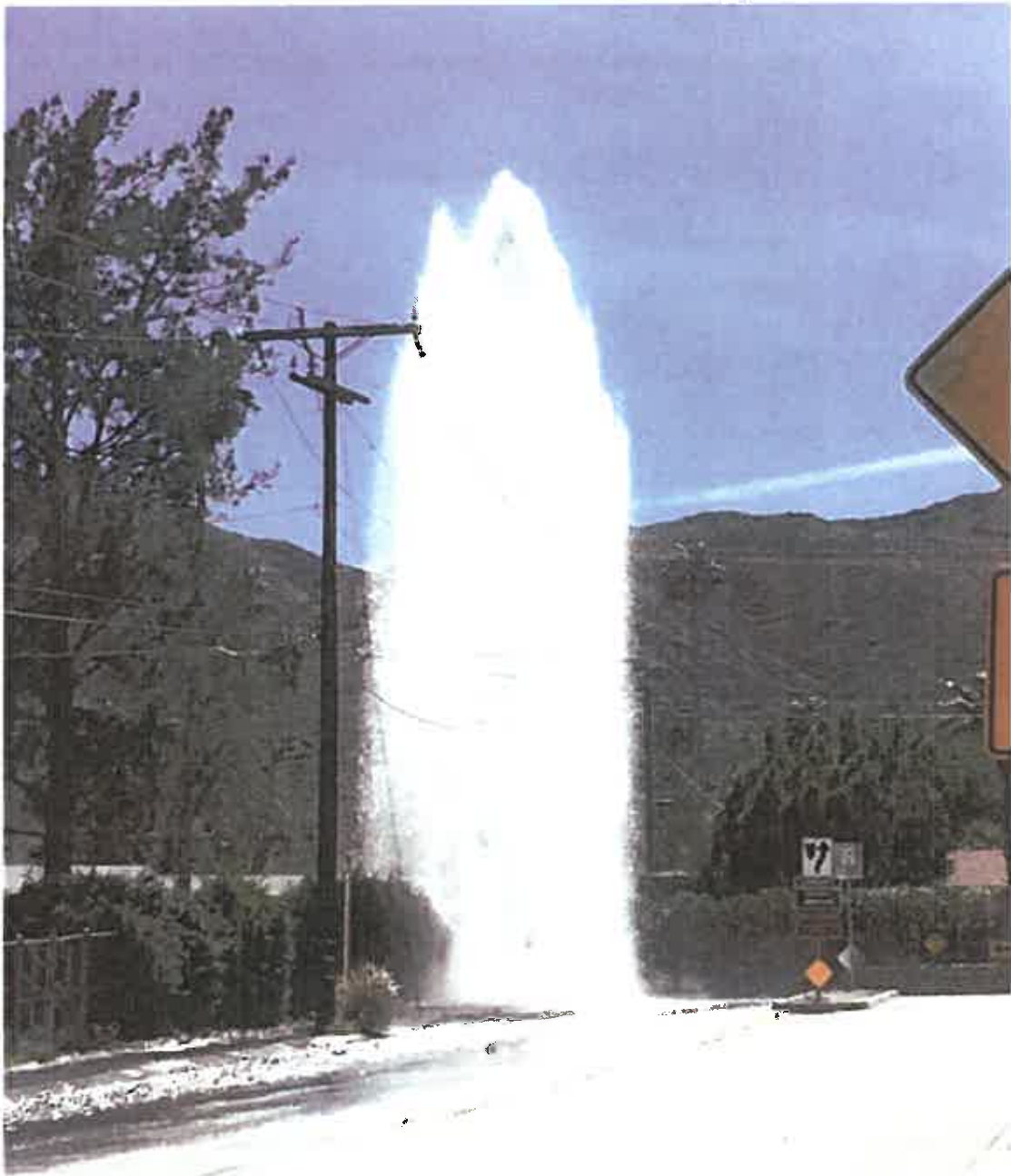
2/15/17 Date

Pay to the Order of Robert A. Wold \$ 425.40
Four hundred twenty five + 4/100 Dollars

CITIZENS BUSINESS BANK

Refund
For E. Street Elizabeth Pearson
⑆122234149⑆ 031372690⑆ 2225

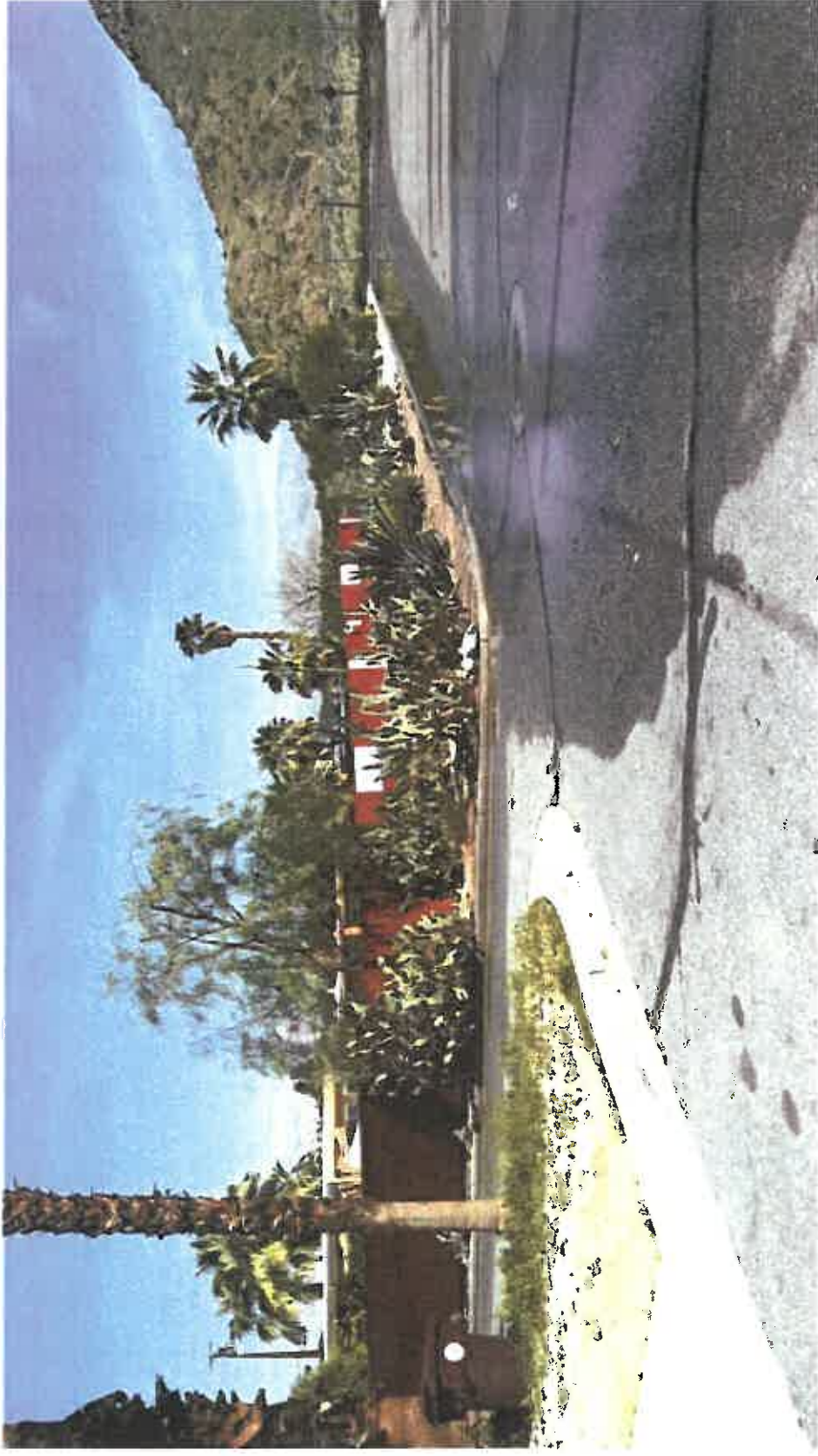
Loss of \$205.40, \$200 deposit refunded.



Geyser from
fire hydrant

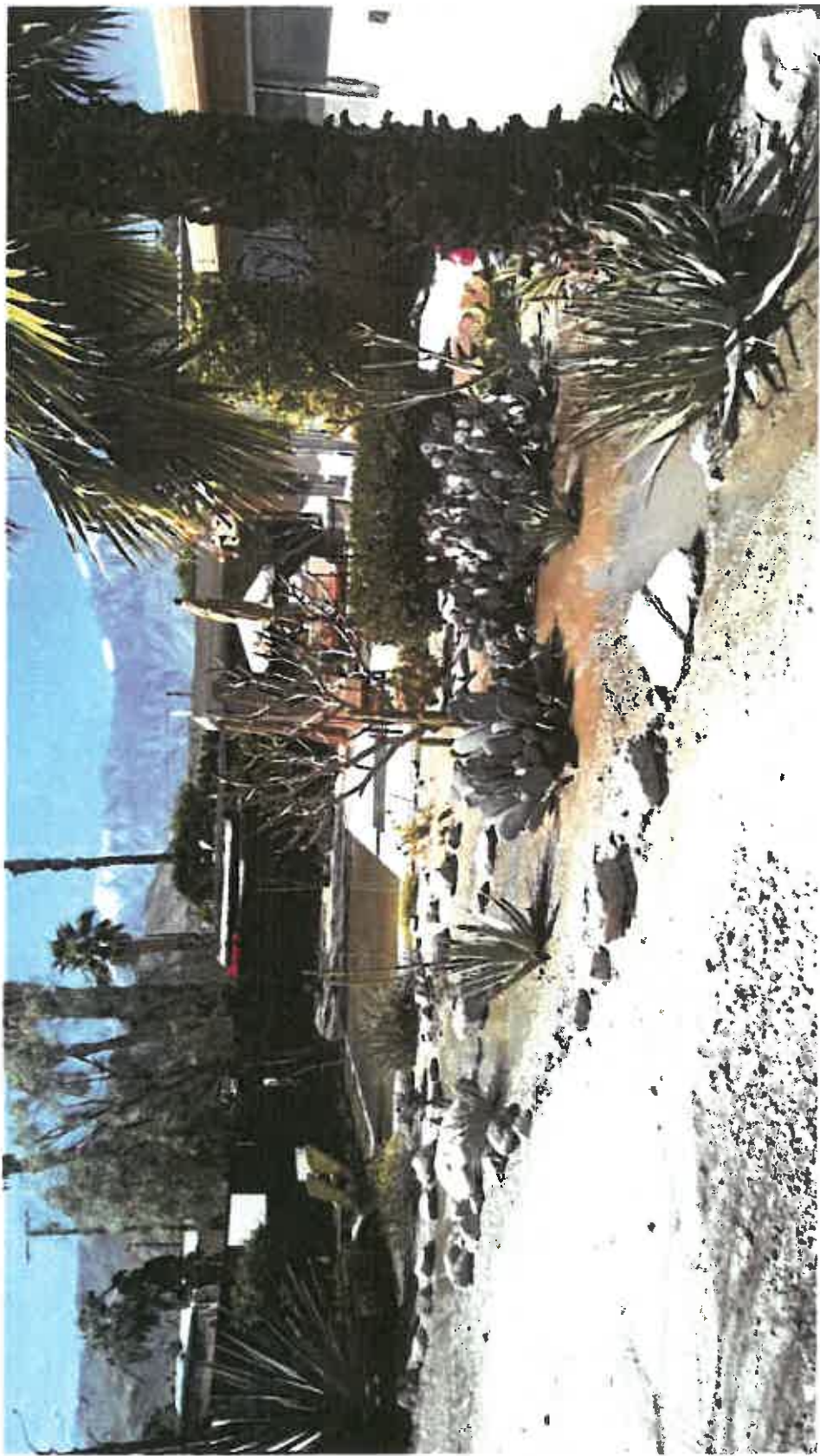






Water flowing to property.





Flood on property -
by Unit B +
in pool

→
fill in pool
Dirt, gravel, mud





Water around
Unit B

→

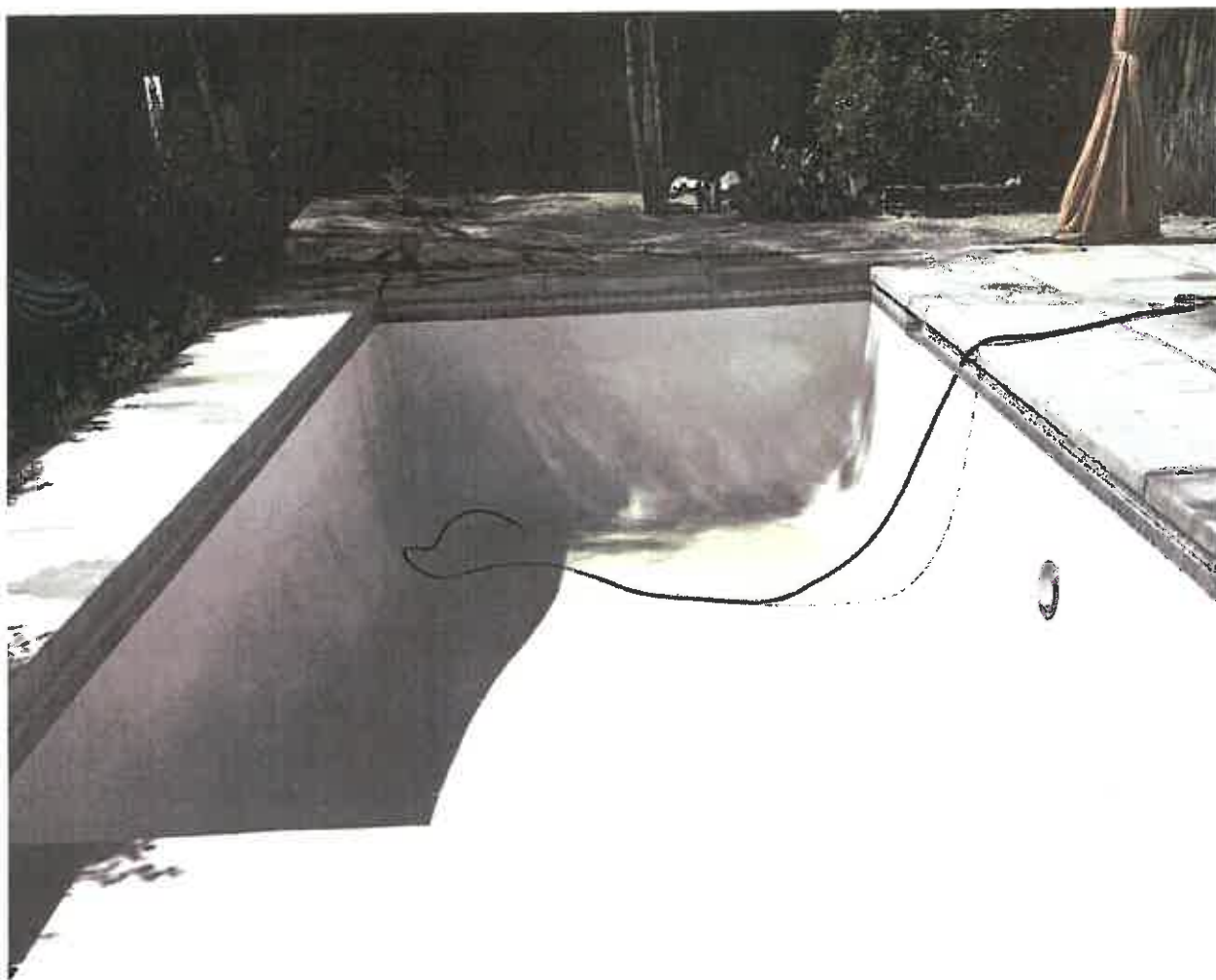


Water headed to
Unit A.





Mud in pool after
drained.



after pool cleaned

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

APRIL 18, 2017

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1156 STATUTORY
PASS-THROUGH PAYMENTS**

Staff received correspondence from the City of Desert Hot Springs in regards to a proposed refunding bond issue of the Successor Agency to the Redevelopment Agency for the City.

Assembly Bill No. 1484 allows successor agencies to refund the bonds of their former redevelopment agencies to provide debt service savings. The City is planning to issue bonds in Fiscal 2016-17 in order to take advantage of lower bond costs to reduce their annual debt service payments.

By refunding the bonds and reissuing them at a lower cost, the City would have more money available to satisfy the statutory pass-through obligations. The refunding bond issue strengthens the Agency's ability to receive pass-through payments.

In order for the City to proceed with the refunding bond issue, the City needs a subordination acknowledgement from DWA. Additionally, the refunding bonds will not be issued unless the new debt service is lower than the debt service on the existing bonds. Furthermore, if the Agency does not respond (with a resolution), the subordination will be automatically deemed approved by the Agency.

Legal Counsel has prepared Resolution No. 1156 for the Board's consideration. Staff recommends adoption of Resolution No. 1156.

RESOLUTION NO. 1156

**RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT
WATER AGENCY APPROVING THE SUBORDINATION OF
STATUTORY PASS-THROUGH PAYMENTS TO DEBT
SERVICE PAYMENTS ON REFUNDING BONDS TO BE
ISSUED BY THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE
CITY OF DESERT HOT SPRINGS FOR THE MERGED
REDEVELOPMENT PROJECT AREA**

WHEREAS, the Redevelopment Agency for the City of Desert Hot Springs has issued tax increment bonds that are currently outstanding to finance projects for the Merged Redevelopment Project Area, which is located within the boundaries of Desert Water Agency; and

WHEREAS, the Successor Agency to the Redevelopment Agency for the City of Desert Hot Springs ("Successor Agency") expects to issue refunding bonds to replace the currently outstanding bonds, to take advantage of lower interest rates available in the current bond market, the effect of which will be to lower the total debt service payments required to be collected from the real property located within this redevelopment project area; and

WHEREAS, Desert Water Agency receives statutory pass-through payments of a portion of the tax increment revenue generated within this redevelopment project area, as provided by law, affecting portions of Desert Water Agency identified by the Successor Agency as the Merged Redevelopment Project Area; and

WHEREAS, the Successor Agency has requested that Desert Water Agency acknowledge in writing that its statutory pass-through payments for the Merged Redevelopment Project Area shall be subordinated to the debt service obligations for the refunding bonds to be paid from tax increment revenue collected from the properties within those areas; and

WHEREAS, as provided by law, in order for Desert Water Agency to disapprove the requested subordination, Desert Water Agency would be required to make a finding, based on substantial evidence, that the Successor Agency will not be able to pay the debt service on the

refunding bonds and the statutory pass-through payments that the Successor Agency is required to pay to Desert Water Agency; and

WHEREAS, based on the information provided by the Successor Agency, Desert Water Agency believes that issuance of the refunding bonds will lower the annual debt service burden on the properties within the redevelopment project area, thereby enhancing the likelihood that the Successor Agency will be able to pay debt service on the refunding bonds and also pay the statutory pass-through payments required to be paid to Desert Water Agency; and

WHEREAS, the Successor Agency has further indicated that it will not issue refunding bonds unless the debt service on the refunding bonds will be lower than the debt service on the existing bonds to be refunded;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Desert Water Agency hereby approves the subordination of its statutory pass-through payments to the debt service payments on refunding bonds to be issued by the Successor Agency for the City of Desert Hot Springs Merged Project Area, affecting Desert Water Agency's Pass-Thru Tax Increments, and does hereby authorize execution of written acknowledgments of same as requested by the Successor Agency and as provided by law.

ADOPTED this 18th day of April, 2017.

James Cioffi, President
Board of Directors

ATTEST:

Kristin Bloomer, Secretary-Treasurer
Board of Directors



City of Desert Hot Springs

65-950 Pierson Blvd. • Desert Hot Springs • CA • 92240

(760) 329-6411

www.cityofdhs.org

RECEIVED

March 29, 2017

MAR 31 2017

Mark S. Krause, General Manager
Desert Water Agency
1200 South Gene Autry Trail
Palm Springs, CA 92263

DESERT WATER AGENCY

Re: Subordination Request Pursuant to Section 34177.5(c) of the California Health and Safety Code Relating to Proposed Bond Issue by the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs Pursuant to Section 34177.5(a)(1) of the California Health and Safety Code

Dear Mr. Krause:

I am writing to you on behalf of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Agency") pursuant to Section 34177.5(c) of the California Health and Safety Code (the "Code"). Under Section 34177.5(c) of the Code, the Agency may, with a taxing entity's approval (which must be granted except as provided below), subordinate amounts payable from property tax revenue (formerly tax increment revenue) of a redevelopment project area that the Agency is required to pay such taxing entity pursuant to Section 34183(a)(1) of the Code (the "Statutory Pass-through Payments") to bonds or other indebtedness issued or incurred by the Agency pursuant to Section 34177.5(a) of the Code to achieve debt service savings by refinancing outstanding bonds.

At this time, the Agency is expecting to issue its Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds (the "2017 Bonds").

The 2017 Bonds will result in a refinancing of outstanding bonds in the aggregate outstanding principal amount of \$22,840,000 (the "Outstanding Bonds").

As permitted by Section 34177.5(g), the 2017 Bonds will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Agency's Redevelopment Property Tax Trust Fund, consisting of property tax revenues from the Merged Redevelopment Project (the "Project Area"). By this letter, the Agency requests that the Riverside County Library (the "Taxing Entity") agree to the subordination of Statutory Pass-through Payments that the Agency is required to pay the Taxing Entity in connection with the Project Area to the payment of debt service on the 2017 Bonds.

Enclosed for your review, pursuant to Section 34177.5(c)(2) of the Code, is a financial analysis prepared by the Agency's fiscal consultant and municipal advisor for the 2017 Bonds, Urban Futures, Inc. (the "Fiscal Consultant"). The financial analysis shows the following:

- a projection of the property tax revenues that will be deposited in the Redevelopment Property Tax Trust Fund during the term of the 2017 Bonds, including property tax revenues from the Project Area
- a debt service coverage analysis showing (i) the Agency's Statutory Pass-through Payments and (ii) projected debt service for the 2017 Bonds.

The Fiscal Consultant's analysis shows that the Agency can reasonably expect to have sufficient funds available to pay both the payments that are expected to be due for the 2017 Bonds and all of the Agency's Statutory Pass-through Payments owed to the various affected taxing entities for the Project Area. In the unlikely event that the Agency does not have sufficient funds to make the required Statutory Pass-through Payments in a given year, the Agency's obligation to make such payments shall continue and shall be paid for from the first available property tax revenues of the Agency not pledged to the payment of debt service on the 2017 Bonds.

Please note that, in accordance with Section 34177.5(c)(3) of the Code, if the Taxing Entity does not respond to the requested subordination within forty-five (45) days of this letter, the subordination will be automatically deemed approved by the Taxing Entity and such approval shall be final and conclusive. Furthermore, to disapprove this subordination, the Taxing Entity must find, based upon substantial evidence, that the Agency will not be able to make the payments due on the 2017 Bonds and the Statutory Pass-through Payments that it is required to pay the Taxing Entity.

Thank you in advance for your cooperation in this matter. If you have any questions regarding this matter, please do not hesitate to call the undersigned at (760) 329-6411, or Doug Anderson, Urban Futures, Inc. at (714) 923-3543.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joseph M. Tanner", with a long horizontal flourish extending to the right.

Joseph M. Tanner, Administrative Services Director
City of Desert Hot Springs

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS
MERGED REDEVELOPMENT PROJECT**

Exhibit A

Projected Assessed Valuations and Tax Incremental Revenues

Fiscal Year	(1) Taxable Valuation	(2) Gross Tax Revenues	(3) County Admin Fees	(4) Agreement Pass Through Payments	(5) Statutory Pass Through Payments	(6) Tax Revenues	(7) 2008 A-1 Bonds Debt Service	(8) (Est.) 2017 Refunding TABs Debt Service	(9) Total (est.) Debt Service Pmts. On All Bonds	(10) Projected Debt Service Coverage	(11) Projected D.S. Coverage w/ Subord. P.T.s Incl. In Revenue	(12) Available for other Enforceable Obligations
Base	\$275,262,858											
16-17	854,677,666	6,487,657	71,364	523,748	964,684	4,927,860	2,192,050	1,748,811	3,940,861	1.25	1.50	986,999
17-18	871,771,219	6,675,686	73,433	537,549	1,013,285	5,051,419	2,191,500	1,659,150	3,850,650	1.31	1.57	1,200,769
18-19	889,206,644	6,867,476	75,542	551,626	1,062,858	5,177,449	2,194,300	1,658,150	3,852,450	1.34	1.62	1,324,999
19-20	906,990,777	7,063,101	77,694	565,985	1,113,423	5,306,000	2,189,750	1,736,150	3,925,900	1.35	1.64	1,380,100
20-21	925,130,592	7,262,639	79,889	580,631	1,164,998	5,437,121	2,192,850	1,759,950	3,952,800	1.38	1.67	1,484,321
21-22	943,633,204	7,466,168	82,128	709,275	1,217,606	5,457,159	2,192,550	1,761,550	3,954,100	1.38	1.69	1,503,059
22-23	962,505,868	7,673,767	84,411	727,394	1,271,265	5,590,696	2,193,500	1,756,750	3,950,250	1.42	1.74	1,640,446
23-24	981,755,985	7,885,518	86,741	746,876	1,325,998	5,726,904		1,756,750	1,756,750	3.26	4.01	3,970,154
24-25	1,001,391,105	8,101,505	89,117	764,727	1,381,825	5,865,836		1,754,500	1,754,500	3.34	4.13	4,111,336
25-26	1,021,418,927	8,321,811	91,540	783,956	1,438,769	6,007,547		1,760,000	1,760,000	3.41	4.23	4,247,547
26-27	1,041,847,306	8,546,523	94,012	803,568	1,496,851	6,152,092		1,752,750	1,752,750	3.51	4.36	4,399,342
27-28	1,062,684,252	8,775,729	96,533	823,574	1,556,096	6,299,527		1,758,250	1,758,250	3.58	4.47	4,541,277
28-29	1,083,937,937	9,009,520	99,105	843,979	1,616,525	6,449,912		1,760,750	1,760,750	3.66	4.58	4,689,162
29-30	1,105,616,696	9,247,986	101,728	864,792	1,678,162	6,603,304		1,760,250	1,760,250	3.75	4.70	4,843,064
30-31	1,127,729,030	9,491,222	104,403	886,022	1,754,731	6,746,066		1,761,750	1,761,750	3.83	4.83	4,984,316
31-32	1,150,283,610	9,739,322	107,133	907,676	1,832,830	6,891,683		1,765,000	1,765,000	3.93	4.97	5,136,683
32-33	1,173,289,282	9,992,385	109,916	929,763	1,912,492	7,040,213		1,245,250	1,245,250	5.65	7.19	5,794,963
33-34	1,196,755,068	10,250,508	112,756	952,292	1,993,747	7,191,714		1,242,500	1,242,500	5.79	7.39	5,949,214
34-35	1,220,690,169	10,513,794	115,652	1,088,684	2,077,270	7,232,188		1,087,500	1,087,500	6.65	8.56	6,144,688
35-36	1,245,103,973	9,812,505	107,938	907,919	2,028,982	6,767,667		1,017,750	1,017,750	6.65	8.64	5,749,917
36-37	1,270,006,052	10,061,526	110,677	929,654	2,112,348	6,908,847		1,024,250	1,024,250	6.75	8.81	5,894,597
37-38	1,295,406,173	10,315,527	113,471	951,823	2,197,383	7,052,851		1,023,250	1,023,250	6.89	9.04	6,029,601
38-39	1,321,314,297	10,574,608	116,321	1,087,838	2,284,118	7,086,332		210,000	210,000	33.74	44.62	6,876,332

(1) Based on FY 16-17 actual AV, with assumed 2% annual valuation growth thereafter.

(2) Based on tax rate of 1.10% (which includes override tax rate for Desert Water Agency through FY 2034-35) applied to incremental AV. Incremental AV equals Taxable Valuation, less Base Year assessed valuation of \$275,262,858. Gross Tax Revenues include estimated unitary revenues of \$114,094 per year, based on FY 15-16 actual amount.

(3) County administrative fees assumed to be 1.10% of Gross Tax Revenues, based on historical administrative fee amounts.

(4) Pass through amounts pursuant to Section 33401 Tax Sharing Agreements.

(5) Statutory pass through payments pursuant to Section 33607.5 and 33607.7.

(6) Tax Revenues consist of Gross Tax Revenues, less: County Admin. Fees, Agreement Pass Through Payments, and Statutory Pass Through Payments.

(7) The 2008A-1 Bonds are not being refunded by the 2017 Bonds, and will remain outstanding.

(8) (Est.) debt service payments on the 2017 Bonds provided by Stifel, Nicolaus & Co., based on market conditions on 3/2/17. Includes 3/1/17 interest payments on current bonds outstanding.

(9) Combined 2008A-1 Bonds debt service payments and (est.) 2017 Bonds debt service payments.

(10) Coverage of Tax Revenues (Column 6) over Total (est.) Debt Service Payments on all Bonds (Column 9).

(11) Revenues for this coverage calculation include Statutory Pass Through payment amounts, which are assumed to be subordinate to debt service on the 2017 Bonds.

(12) Amounts available for other enforceable obligations, including the Agency's annual administrative cost allowance.

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

APRIL 18, 2017

RE: RECOMMENDATION OF CONTRACT AWARD FOR CONSTRUCTION OF THE 2016/2017 REPLACEMENT PIPELINES (W. PASEO EL MIRADOR, E. PASEO EL MIRADOR, PASATIEMPO RD, LINDA VISTA RD, BROADMOOR DR, VIA MONTE VISTA, E. CAMINO NORTE, VINE AVE, STEVENS RD, W. CAMINO NORTE, AND SUNNY DUNES RD)

On April 11, 2017, Desert Water Agency received four bids for the subject project. The bid amounts and Engineer's Estimate are as follows:

<u>Contractor</u>	<u>Bid Amount</u>
Borden Excavating, Inc.	\$2,314,777
T.E. Roberts, Inc.	\$2,614,472
Van Dyke Corporation	\$2,675,864
Trautwein Construction, Inc.	\$4,022,445
ENGINEER'S ESTIMATE	\$3,113,100

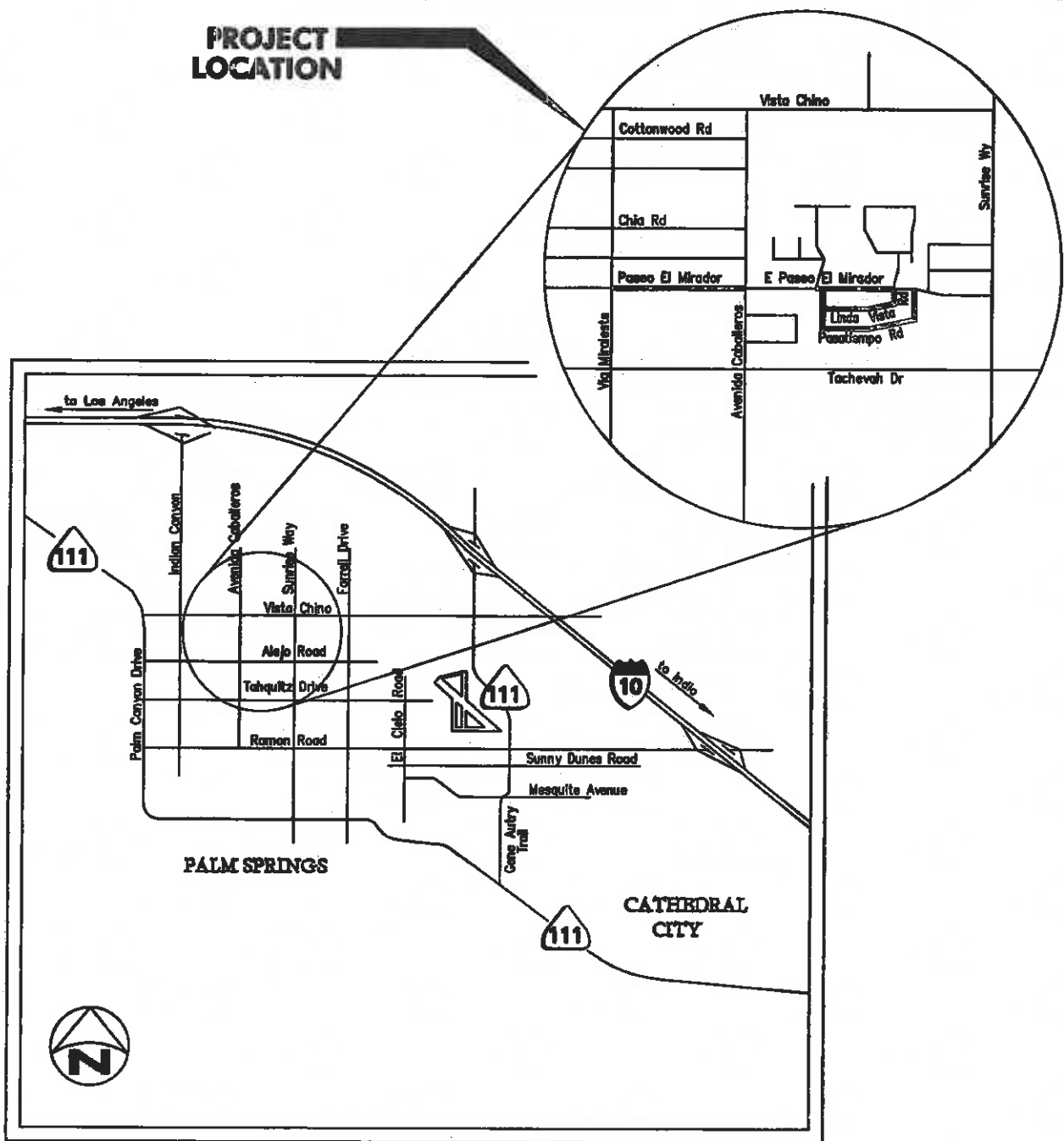
Borden Excavating, Inc. submitted the lowest responsive bid for this project. Borden Excavating, Inc.'s low bid is approximately 11.5% lower than the second low bid from T.E. Roberts, Inc. Borden Excavating, Inc. is considered a capable contractor with a current Class A Contractor's License, #741879.

The 2016/2017 Capital Improvement Budget includes Work Order No. 16-160 in the total amount of \$3,372,600 for project engineering, overheads, construction and inspection.

The bid amount submitted by Borden Excavating includes the installation of approximately 1,000 linear feet of 16" ductile iron pipe within Sunny Dunes Road. As a result of the low bid, staff anticipates having approximately \$600,000 in additional funds remaining. Agency staff is exploring the possibility of replacing the main on Saturnino Drive, between Alejo Drive and Amado Drive. Based on the bid values from Borden, the construction cost estimate for Saturnino Drive is \$480,000 with an estimated inspection cost of \$20,000 and additional Agency labor costs of \$33,000. The work will also add 40 working days to the contract.

Staff recommends award of contract for subject work to Borden Excavating, Inc in the amount of \$2,314,777. Based on bidding documents, the original project completion date is November 17, 2017. If Saturnino is added to the project, the completion date will be January 12, 2018.

PROJECT LOCATION

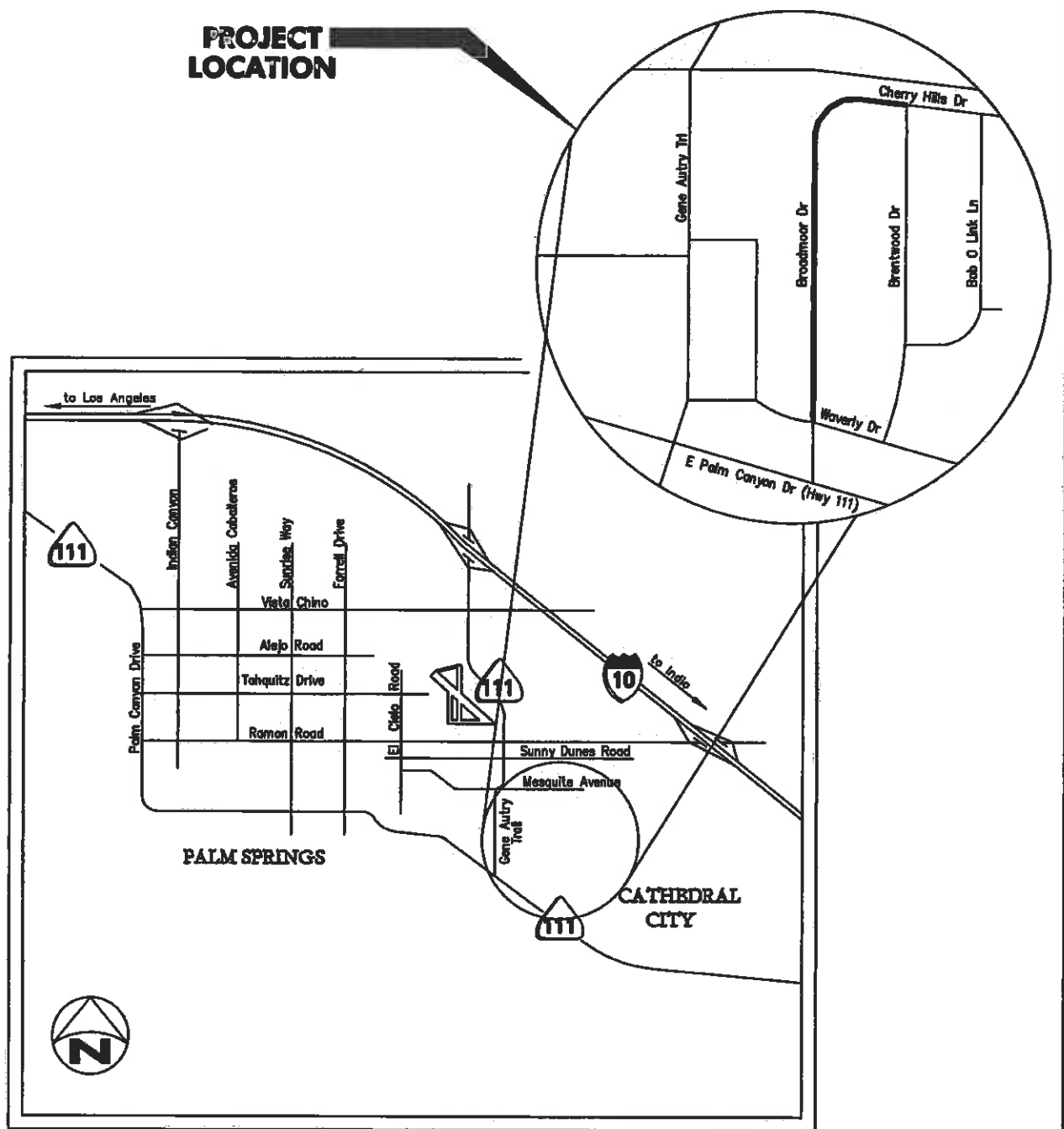


LOCATION MAP

NOT TO SCALE

FY 2016/2017 REPLACEMENT PIPELINES AREA 1 DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	DWG. BY	DATE	SCALE	W.O.NO.
	SER	2/17	N.T.S.	16-160
	APP'D BY	REVISED	PERMIT	FILE NO.
	MK			
	CHK'D BY			SHEET
	DT			1 OF 4

PROJECT LOCATION

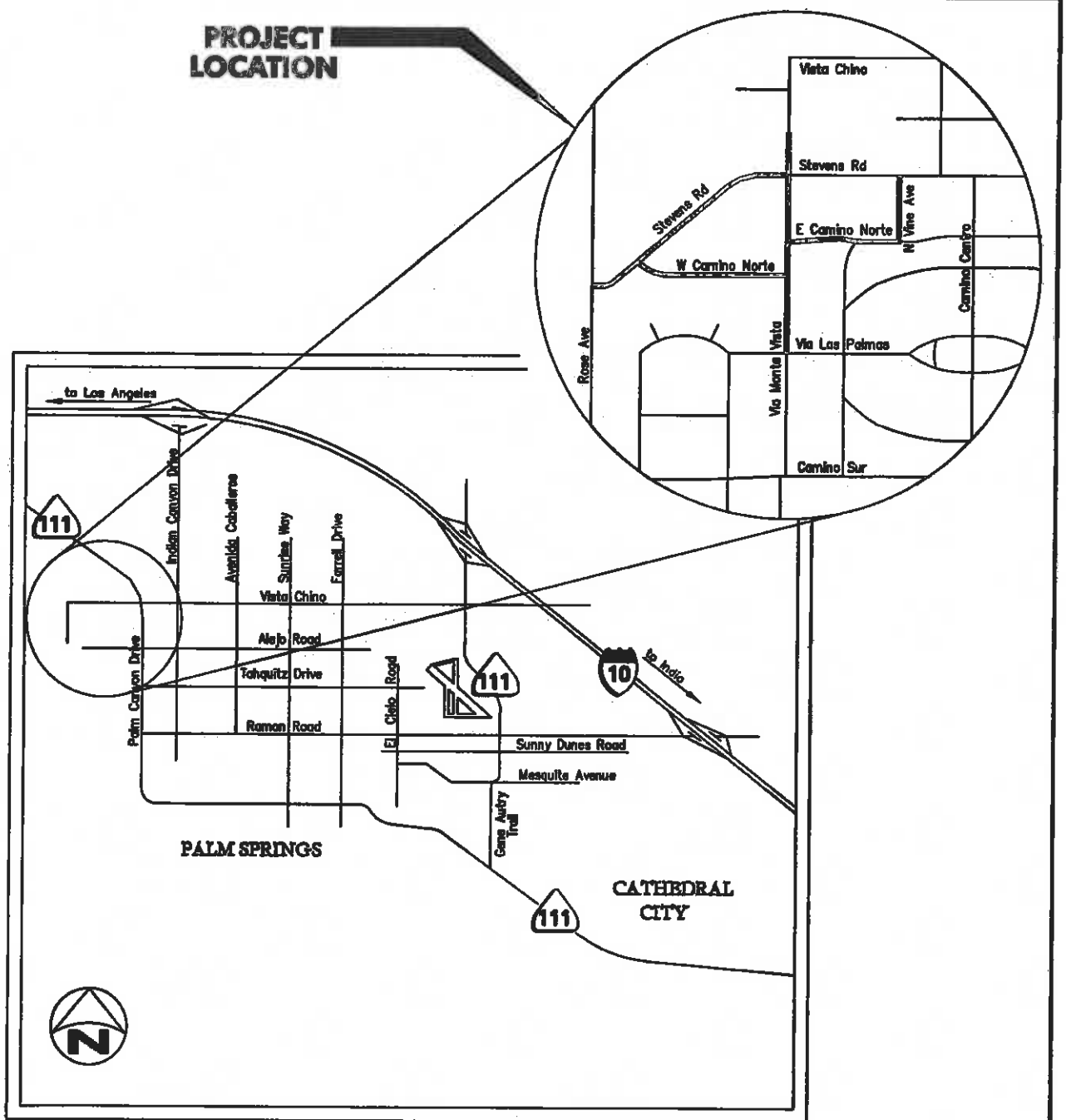


LOCATION MAP

NOT TO SCALE

FY 2016/2017	DWG. BY	DATE	SCALE	W.O.NO.
REPLACEMENT PIPELINES	SER	2/17	N.T.S.	16-160
AREA 2	APP'D BY	REVISED	PERMIT	FILE NO.
DESERT WATER AGENCY	MK			SHEET
PALM SPRINGS, CALIFORNIA	CHK'D BY			2 OF 4
	DT			

PROJECT LOCATION

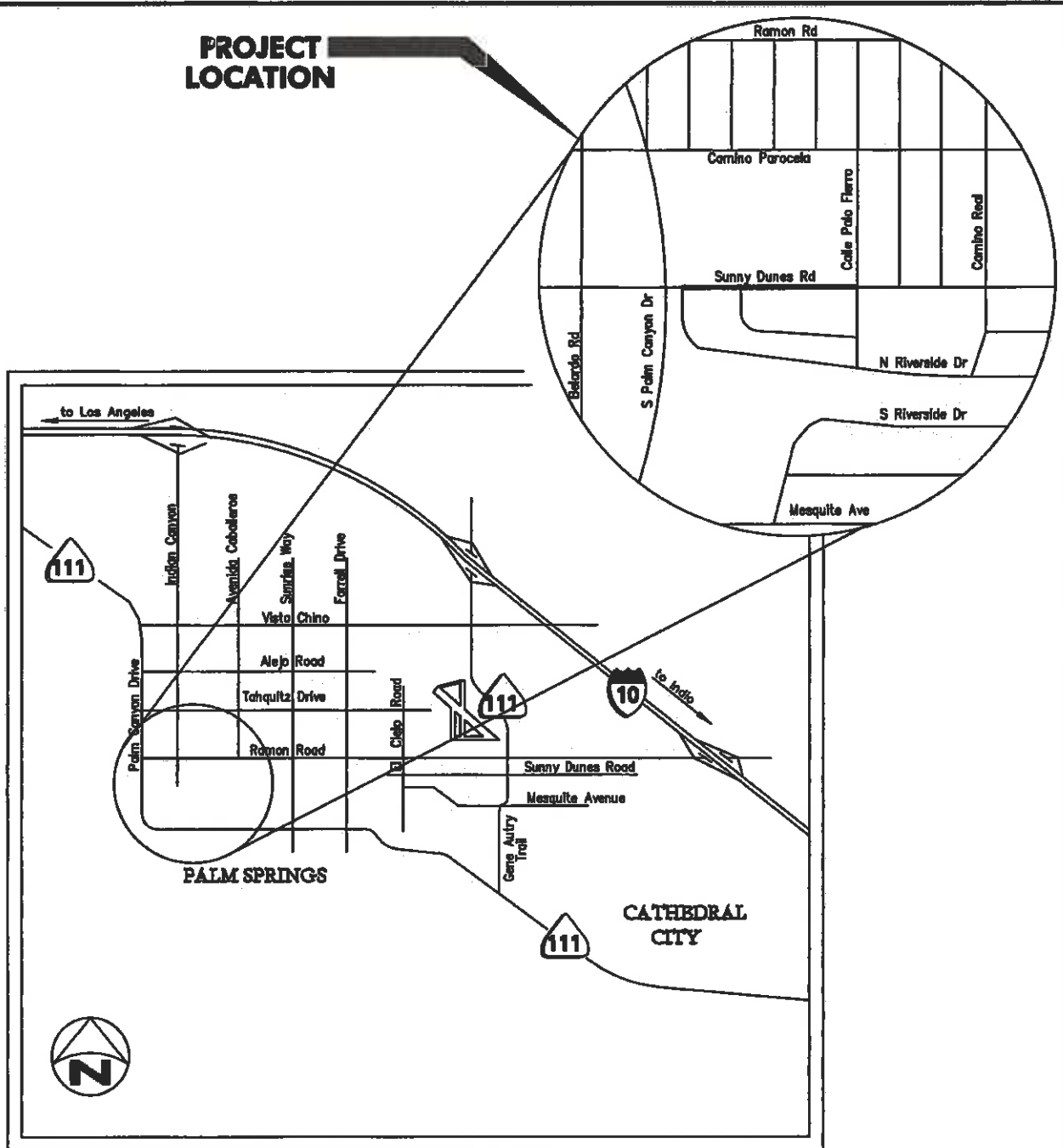


LOCATION MAP

NOT TO SCALE

FY 2016/2017 REPLACEMENT PIPELINES AREA 3 DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	DWG. BY	DATE	SCALE	W.O.NO.
	SER	2/17	N.T.S.	16-160
	APP'D BY	REVISED	PERMIT	FILE NO.
	MK			
	CHK'D BY			SHEET
	DT			3 OF 4

PROJECT LOCATION



LOCATION MAP

NOT TO SCALE

FY 2016/2017 REPLACEMENT PIPELINES AREA 4 DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	DWG. BY	DATE	SCALE	W.O.NO.
	SER	2/17	N.T.S.	16-160
	APP'D BY	REVISED	PERMIT	FILE NO.
	MK			
	CHK'D BY			SHEET
	DT			4 OF 4

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

APRIL 18, 2017

**RE: REQUEST FOR BOARD AUTHORIZATION TO ENTER NEW
CONSERVATION STAGE WITHIN ORDINANCE NO. 65**

Background

Desert Water Agency has been in stage four of its Water Shortage Contingency Plan since June of 2015. The State Water Resources Control Board (SWRCB) enacted drought emergency regulations, which were in effect from June 2015 until April 7, 2017.

In February 2017 when the SWRCB extended the drought emergency, they indicated that they would reassess the conditions this May. The Governor ended the drought emergency on April 7 while simultaneously announcing the final draft of "Making Conservation a California Way of Life" via Executive Order B-40-17.

Executive Order B-40-17 (issued April 7, 2017)

Ended

SWRCB emergency regulations (stress test) placed on agencies in most of CA

Retains

monthly reporting requirement

prohibition on watering during or 48 hours after rainfall

prohibition on hosing hardscape

prohibition on watering turf in public street medians

Next steps

Given the end of emergency restrictions, staff is asking the Board to evaluate its conservation stage as described in Ordinance No. 65. The Agency is currently in stage four. Under the existing language of Ordinance No. 65, stages two through five must be prompted by restrictions from the SWRCB or other regulatory body, or by threatened or existing water supply shortage that could prevent the Agency from meeting the water demands of its customers.

The Agency may no longer meet any of the above criteria. Despite the fact that the Agency has a conservation target, it is not due to any impending shortage, but to bolster long-term sustainability.

Conservation impact

Desert Water Agency's cumulative savings since entering stage four is 24 percent. If you look at the period in which DWA asked customers to save 10-13 percent compared to 2013 (June 2016 to present), the cumulative savings is more than 21 percent. Since the current target is in place for the purposes of long-term sustainability, staff does not recommend eliminating the target.

Process

The Agency is required to hold a public hearing to move from stage four to any stage other than stage one. If the Board decided to enter stage two or three, a public hearing would be needed and the language to Ordinance No. 65 may need to be altered. A public hearing will have to be properly noticed, including newspaper publication in advance of the hearing. If the Board moves from a stage four, we will notify customers in a newspaper pursuant to Ordinance No. 65. We would also broadly notify our customers about this change.

Stage one

Would still be restricted

- + Runoff
- + Washing hardscape or exterior surfaces, except to protect public health
- + Unreasonable use/water waste
- + Irrigating within 48 hours of rain
- + Washing vehicles without shutoff nozzle

Would no longer be restricted

- Day of week watering
- Time of day watering
- Watering right-of-ways (parkways)
- Restaurants providing water upon request only
- Commercial car washes to use recycled water
- Use of decorative water features (unless recirculating)
- Drip irrigation/micro-irrigation on newly built homes

Stage two

Would still be restricted

- + Runoff
- + Washing hardscape or exterior surfaces, except to protect public health
- + Unreasonable use/water waste
- + Irrigating within 48 hours of rain
- + Washing vehicles without shutoff nozzle
- + Time of day watering restricted to before 7 a.m. and after 7 p.m.
- + Restaurants providing water without request

Would no longer be restricted

- Day of week watering
- Watering right-of-ways (parkways)
- Commercial car washes to use recycled water
- Use of decorative water features (unless recirculating)
- Drip irrigation/micro-irrigation on newly built homes

Stage three

Would still be restricted

- + Runoff
- + Washing hardscape or exterior surfaces, except to protect public health
- + Unreasonable use/water waste
- + Irrigating within 48 hours of rain
- + Washing vehicles without shutoff nozzle
- + Time of day watering restricted to before 7 a.m. and after 7 p.m.
- + Day of week watering restricted to no more than four days per week
- + Restaurants providing water without request
- + Commercial car washes to use recycled water
- + Use of decorative water features (unless recirculating)
- + Drip irrigation/micro-irrigation on newly built homes

Would no longer be restricted

- Watering right-of-ways (parkways)
- Monday, Wednesday, Friday only

Stage four

Would still be restricted

- + Runoff
- + Washing hardscape or exterior surfaces, except to protect public health
- + Unreasonable use/water waste
- + Irrigating within 48 hours of rain
- + Washing vehicles without shutoff nozzle
- + Time of day watering restricted to before 7 a.m. and after 7 p.m.
- + Day of week watering restricted to Mondays, Wednesdays and Fridays
- + Restaurants providing water without request
- + Commercial car washes to use recycled water
- + Use of decorative water features (unless recirculating)
- + Drip irrigation/micro-irrigation on newly built homes
- + Watering medians and right-of-ways (parkways)

Stage five

- + Stage 4 plus water allocations and penalties for exceeding allocations

Staff recommendation

Authorize Agency to transition into conservation stage one within Ordinance No. 65, but continue to ask customers to reduce use by 10 to 13 percent. Customers would be able to water any day or time and water waste infractions would still be enforced. Staff will continue to compare monthly conservation against the 10 to 13 percent target and present that information to the Board of Directors in the monthly production report.

Staff would also ask the Board to allow staff to remove any pending penalties and appeals based solely on time of day and day of week watering.

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

April 18, 2017

In response to Board Member interest the Agency recently became a member of the California Special District Association. The Association is having its Legislative Conference "Legislative Days" in Sacramento on May 16-17, 2017. May 16th is a Tuesday and a DWA board meeting day and therefore is an inhibitor to attending the entire conference. However, it would be advantageous to attend at least part of this conference if the Board wishes to become active within this association.

If any Board Members wish to attend a portion or all of this conference, Staff requests authorization to add this conference to the list of conferences approved by the Agency for cost reimbursement.



California Special Districts Association
1112 I Street, Suite 200
Sacramento, CA 95814

A proud California Special Districts Alliance partner.

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SPECIAL DISTRICTS LEGISLATIVE DAYS

May 16-17, 2017

HELD AT THE GRAND EVENTS CENTER
1230 J Street • Sacramento, CA 95814
Across from the Spanish Hotel

Join movers and shakers from all over California at THE legislative conference for special districts. This event provides local government leaders the opportunity to meet with and educate their legislators about the significant contributions special districts make in their communities and throughout the state.

EARLY BIRD DISCOUNT!
Register today at:
legislativedays.csda.net

HOTEL INFORMATION

Sheraton Grand Sacramento Hotel
1230 J Street
Sacramento, CA 95814

\$189 CSDA room rate. Call to reserve at 1-800-325-3535. Room reservation cut-off April 14.

Agenda At A Glance

Agenda subject to change

Time	Topic
9:00-10:00 a.m.	REGISTRATION Partake in refreshments and networking opportunities
10:00-10:15 a.m.	WELCOME - Day one officially begins
10:15-11:00 a.m.	LEGISLATORS PANEL Participate in audience Q and A with key legislators focused on local government policies
11:15 a.m.-12 p.m.	LEGISLATOR OF THE YEAR Honor a legislative champion for special districts
12:00-2:00 p.m.	LUNCH: LEGISLATIVE BRIEFING Learn the issues from CSDA's lobbyists
2:00-5:00 p.m.	LEGISLATIVE OFFICE VISITS Attend pre-arranged visits to legislative offices to advocate as a group on the top issues facing special districts
5:00-6:30 p.m.	HOSTED LEGISLATIVE RECEPTION Rub elbows in a casual environment with legislators and Capitol staff
May 17 - DAY TWO	
7:45-8:30 a.m.	DISTRICT NETWORKS CAFÉ Enjoy breakfast with your local network's public affairs field coordinators, CSDA Board Members, and fellow special district leaders
8:30-8:45 a.m.	WELCOME - Day two officially begins
8:45-9:45 a.m.	KEYNOTE SPEAKER Hear from a statewide official about the latest opportunities and challenges facing special districts in California
10:00-11:00 a.m.	POLICY PANEL What's next for special districts following the Little Hoover Commission report on special districts due out in March?
11:00-11:30 a.m.	AWARDS AND LEGISLATIVE PRIORITIES OUTLOOK Recognize the good work of your peers and hear concluding remarks on CSDA's legislative priorities

@SPECIALDISTRICT

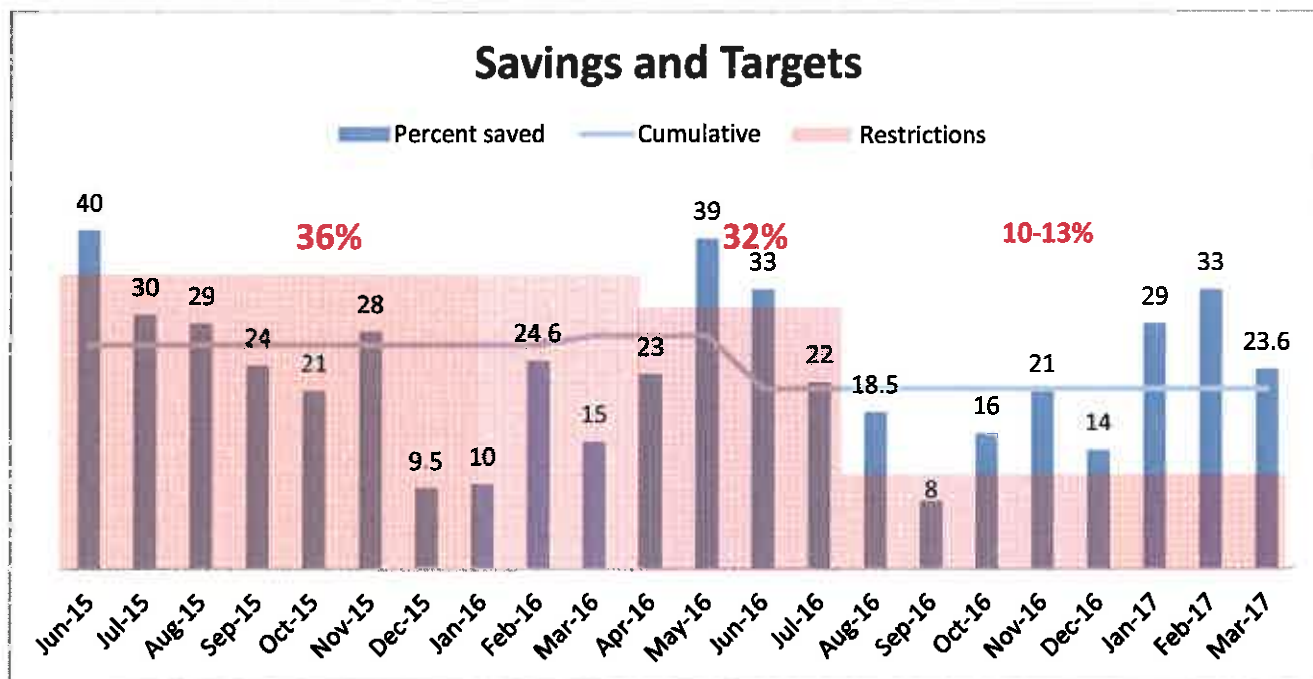
FACEBOOK.COM/SPECIALDISTRICT

STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

APRIL 18, 2017

RE: MARCH 2017 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 23.6 percent reduction in potable water production during March 2017 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 January 2017 is 24% percent. DWA reports its production to the state on a monthly basis.



Staff is also tracking the water use compared to the threshold in the rate study regarding the proposed drought surcharge. The first trigger for the Board to consider action would be at use 10% below April 2015 – March 2016 levels. This trigger was met for January through March.

DWA is asking its customers to save 10-13% compared to 2013 to help achieve long-term sustainability. The cumulative savings beginning in June of 2016 when we put our 10-13% target in place is 21%.

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

March 2017 water production	1,517.3 AF
March 2013 water production	1,986.4 AF
Percent changed in March per drought surcharge baseline	10.5%
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	532.5 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	64.5%
Population (inclusive of seasonal residents)	105,910
Estimated R-GPCD	97.1
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	10
How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	23
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?	19
How many penalties were issued for water waste or for a violation of conservation rules?	19
<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 March was 8,862,700 acre feet.</p> <p>Additionally, since it began recycling water Desert Water Agency has reclaimed 90,788 acre feet. If our recycled water production for March was taken into consideration against our potable production, the conservation achieved would have been several percentage points higher.</p>	

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

APRIL 18, 2017

**RE: DRAFT GROUNDWATER REPLENISHMENT ASSESSMENT ENGINEERING
SURVEY AND REPORTS FOR WHITEWATER RIVER, MISSION CREEK AND
GARNET HILL SUBBASINS**

Section 15.4(b) of Desert Water Agency Law, which pertains to replenishment assessments, provides that:

"By May 1 of each year the Board shall cause to be prepared and presented to it an engineering survey and report concerning the groundwater supplies within the Agency. Such report shall include the condition of such groundwater supplies, the need for replenishment, and recommendations for any replenishment program, including the source and amount of replenishment water and the cost of purchasing, transporting and spreading such water. In connection with any proposed replenishment program, the report shall describe the area or areas benefited, either directly or indirectly, the amount of water production in each such area during the prior year, and shall recommend the amount of assessment to be levied upon all production within such area or areas of benefit."

Section 15.4(c) provides that:

"If the Board determines that funds should be raised by a replenishment assessment, it shall call a public hearing, and shall publish notice at least 10 days in advance thereof pursuant to Section 6061 of the Government Code. Notice shall also be mailed by the Agency to all producers as disclosed by the records of the Agency who may be affected by the recommended assessment. Failure of any affected producers to receive such notice shall not affect the validity of any subsequent replenishment assessment. The notice shall contain a description of each area of benefit, the amount of each recommended replenishment assessment, and an invitation to all interested parties to attend and be heard in support of or in opposition to the proposed assessment. The notice shall also state that a copy of the engineering report is available for inspection at the office of the Agency."

Consulting Engineer Krieger & Stewart has prepared a Draft Engineer's Report on Groundwater Replenishment and Assessment Program for Desert Water Agency 2017/2018, which is enclosed herewith. This draft is presented today for discussion purposes only. A final report will be presented at a public meeting set for May 16, 2017 and a determination made that funds should be raised by a replenishment assessment for Board acceptance. Staff will request authorization to set a public hearing for the June 6, 2017 Board meeting. A Notice of Public Hearing will be published in The Public Record on May 23, 2017 and a Notice of Public Hearing will be sent to all producers (over 10 acre feet production) who will be affected by the recommended assessment.

DWA's proposed replenishment assessment rate for 2017/2018 is \$120.00 per acre foot for Whitewater River, Mission Creek and Garnet Hill Subbasins.

CVWD's proposed replenishment assessment rate for 2017/2018 is \$189.28 per acre foot for Whitewater River Subbasin.

CVWD's proposed replenishment assessment rate for 2017/2018 is \$135.52 per acre foot for Mission Creek River Subbasin.

Due to recent dramatic increases in the charges for imported water, replenishment costs have risen significantly. Delta related charges have risen more than 20% since 2015. This level of spending is expected to continue and increase steadily into the future. Conservation has reduced replenishing assessment revenue by approximately 20% annually. What the long term residual level of conservation will be now that the state drought restrictions are lifted is difficult to determine. However, for this report we are expecting conservation to continue at a level of at least 10% using 2014 water production as a baseline.

The 5 year rate increase adopted by the Board in 2010 did not anticipate the current Delta charge increases nor the current level of increased water conservation. In 2010 Delta charges had been projected to decrease in the future allowing for the full recovery of costs through the replenishment assessment charge, instead Delta Charges increased. In order to make up for the shortfall in the assessments collected the State Water Project reserve account is being used to make up the difference.

The 5 year rate study completed in 2016 and the subsequent Prop 218 approved rates have taken into account Delta charge increases and increased conservation. The Rate Study incorporated the proposed replenishment rates taken from the 2016/2017 Engineers Report on Groundwater Replenishment and Assessment.

The current estimated effective Table A Assessment Rate has been calculated to be \$158/AF. The proposed assessment rate is \$120/AF and is intended to stabilize water rates. We will continue to rely on using our State Water Project reserve account to make up the difference and gradually increase the replenishment assessment over a short number of years such that it will ultimately cover each year's charges for imported water with no further short fall accrual.

**Copies of the DRAFT
Engineer's Reports on the
2017/2018
Groundwater Replenishment
Assessment Program for
Mission Creek Subbasin
Whitewater River Subbasin
Garnet Hill Subbasin
are available for review
upon request**