



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. APPROVAL OF MINUTES – September 19, 2017 CIOFFI
3. **GENERAL MANAGER'S REPORT** KRAUSE
4. COMMITTEE REPORTS – Conservation & Public Affairs – September 26, 2017 CIOFFI
5. PUBLIC INPUT:
Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
6. ITEMS FOR ACTION
 - A. Request Adoption of Resolution No. 1172 Supporting Cal WaterFix Project KRAUSE
 - B. Request Authorization for Attendance/NWRA Groundwater Task Force Meeting KRAUSE
7. ITEMS FOR DISCUSSION
 - A. State Water Contractors' Meeting – September 21, 2017 RIDDELL
 - B. **Director's Report** on CSDA Conference Attendance BLOOMER
8. OUTREACH & CONSERVATION METZGER
 - A. Media Information
 - B. Activities
9. DIRECTORS COMMENTS AND REQUESTS
10. CLOSED SESSION
 - A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
 - B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al
 - C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Mission Springs Water District vs. Desert Water Agency
11. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION
12. ADJOURN

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

2

September 19, 2017

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

DWA Staff:	Mark S. Krause, General Manager)
	Steve Johnson, Asst. General Manager)
	Martin S. Krieger, Finance Director)
	Sylvia Baca, Asst. Secretary of the Board)
	Irene Gaudinez, Human Resources Mgr.)
	Ashley Metzger, Outreach & Conserv. Mgr.)
	Cheyenne Wiegenstein, Staff Engineer)

Consultant:	Michael T. Riddell, Best Best & Krieger)
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Public:	David Freedman, P.S. Sustainability Comm.)
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17917. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join Director Ewing in the Pledge of Allegiance. **Pledge of Allegiance**

17918. President Cioffi called upon General Manager Krause to introduce the new employee. **Employee Introduction**

Mr. Krause introduced newly hired employee Cheyanne Wiegenstein (Staff Engineer), Engineering department.

17919. President Cioffi called for approval of the September 5, 2017 Regular Board meeting minutes. **Approval of 09/05/17 Regular Board Mtg. Minutes**

Vice President Stuart moved for approval. After a second by Secretary-Treasurer Bloomer, the minutes were approved as written (Directors Oygar and Ewing abstained due to their absence).

17920. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause stated the Agency's new late fee was implemented on July 1, 2017. After 30 days, late fees began being assessed starting on Late Fees/My DWA

August 1, 2017. There have been 2,391 fees collected (\$59,775) and 139 fees reversed (\$3,475). He noted that there are currently 3,678 out of 22,825 Agency accounts that have signed up for e-billing (16%). Over 25,000 e-bills have been sent out since July 2016. The Agency has added the ability for customers to sign up for auto-pay, with 1,154 accounts signed up through myDWA. This accounts for a 10% increase of auto-pay customers. There have been between 40-50 customers signing up each week. Single payment through the Automated Clearing House (ACH) will be available by the end of this month.

GM Report
(Cont.)
Late Fees/myDWA

Mr. Krause announced the facilities tour will be held on November 1, 2017 from 8:00 a.m. - noon. Interested Board members should contact Outreach & Conservation Manager Metzger.

DWA Fall Facilities
Tour

Mr. Krause provided a report for the Facilities & Safety department: 1) SCBA training; 2) DWA monument on Dinah Shore entrance is partially repaired; 3) Landscaping damage due to recent storm; and 4) Inoperable vehicle found on property adjacent to the Operations Center.

Facilities & Safety
Update

Continuing his report, Mr. Krause announced that on September 14, United Way of the Desert held its Kick Off luncheon and Awards ceremony. For the 7th year in a row, DWA received the Platinum Award. New this year were awards for businesses based on its size. DWA won 1) Best participation-medium business, 2) Best per capita-medium business, and 3) Best overall raised-medium business.

United Way Campaign

Mr. Krause stated that staff is proposing modifications to the Operations Center landscape in the areas that were previously grass. Removal of the existing thatch and installing 3/4" Indian Red gravel is proposed.

Operations Center
Proposed Landscape

Mr. Krause reported that water deliveries to the Mission Creek Recharge basins began this week. We anticipate delivering approximately 5,000 acre-feet to the Mission Creek and Garnet Hill subbasins before the end of the year. This delivery schedule was determined using the draft implementation procedures. The procedures will be reviewed and discussed at the next quarterly General Manager's meeting scheduled for September 26, 2017.

Exchange Water
Deliveries/Mission
Creek Recharge Basins

Mr. Krause stated that the flash floods that occurred on September 9 caused major damage to the access road to the Araby reservoir. The booster building experienced minor water intrusion. Crews removed mud that blocked the entrance door, but no equipment or water mains were damaged.

Flood Damage

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

System Leak Data,
General Manager's
Meetings & Activities

17921. President Cioffi noted the minutes for the September 12, 2017 Executive Committee were provided in the Board's packet.

Committee Reports
Executive 09/12/17

17922. 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.

17923. President Cioffi called upon Secretary-Treasurer Bloomer to provide an overview of financial activities for the months of July and August 2017.

**Secretary-Treasurer's
Report (July &
August)**

Secretary-Treasurer Bloomer reported that the Operating Fund received \$2,561,683 in Water Sales Revenue, \$181,477 in Reclamation Sales Revenue and \$63,733 in Work Order deposits. \$3,258,054 was paid out in Accounts Payable. There were 22,443 active services as of July 31, compared to 22,456 as of June 30.

July – Operating Fund

Reporting on the General Fund, Ms. Bloomer stated that \$479,967 was received in Property Tax Revenue, \$59,031 in Groundwater Assessments from private pumpers and \$67,141 in Whitewater Hydro power sales for June 2017. \$3,421,913 was paid out in State Water Project payments.

General Fund

Reporting on the Wastewater Fund, Ms. Bloomer stated that \$30,219 was received in Sewer Capacity fees. There are a total of 53 contracts (46 Cathedral City Cove/7 Dream Homes). There were two contracts paid in full, with total delinquents of 22 contracts (42%).

Wastewater Fund

Secretary-Treasurer Bloomer reported that \$3,019,126 was received in Water Sales revenue and \$171,796 in Reclamation Sales revenue. Included in the Accounts Receivable-Other category is \$31,480 from the City of Palm Springs for 2017/18 annual lease payment (option property). \$1,857,929 was paid out in Accounts Payable. Year-to-date Water Sales are 5% over budget, Year-to-date Total Revenues are 7% over budget and Year-to-date Total Expenses are 26% under budget. There were 22,455 active services as of August 31 compared to 22,443 as of July 31.

August – Operating
Fund

Reporting on the General Fund, Ms. Bloomer stated that \$409,381 was received in Property Tax Revenue, \$309,447 was received in Groundwater Assessments from private pumpers, \$122,460 was received from CVWD for 4th quarter 2016/17 State Water Project charges per management agreement; and \$62,896 was received in Whitewater Hydro sales from SCE for July 2017. \$744,848 was paid out in State Water Project charges (YTD SWP charges \$4,166,761).

General Fund

Reporting on the Wastewater Fund, Ms. Bloomer stated that \$11,032 was received in Sewer Capacity fees. \$125,569 was paid out in Accounts Payable. There was one contract paid in full, with total delinquents of 14 (27%).

**Secretary-Treasurer's
Report (August)**

Wastewater Fund

17924. President Cioffi called upon General Manager Krause to present staff's request for approval and support of ACWA Region 9 Nominating Committee's recommendation slate for 2018-19 term.

Item for Action:
Request Approval &
Support/ACWA Region
9 Nominating Comm.
Recommendation

Mr. Krause stated that ACWA's Nominating Committee had issued a call for nominations for Region 9 leadership. The Region 9 Chair and Vice Chair will serve on ACWA's Board of Directors for the next two-year term beginning January 1, 2018. The recommended slate by the Committee is included with this report. Also included are individual board candidate nominations. Staff requests that the Board either 1) approve the recommended slate or 2) indicate individual candidates; and 3) authorize the Board President to complete and submit the Agency's ballot by September 29.

There was discussion on the recommended slate and individual candidates.

Director Ewing made a motion to support the recommended slate. Director Oygur seconded the motion. After further discussion, the motion and second were withdrawn.

Director Ewing made a motion to support Joseph K. Kuebler for Chair and Luis Cetina, Steven Farrell, James Morales, Jr. and Phil Rosentrater for Board Members; and authorized President Cioffi to submit the ballot by September 29. Director Oygur seconded the motion, which carried unanimously.

17925. President Cioffi asked General Manager Krause to report on the August water reduction figures.

Discussion Items:
August Water
Reduction

Mr. Krause reported that the Agency and its customers achieved a 15.5% reduction in potable water production during August 2017 compared to the same month in 2013. He noted the cumulative savings June 2016 through current is 20%. He also noted the amount of fresh water outflow to the ocean was 604,854 acre feet.

17926. Director Ewing noted that he will not be able to attend the CSDA conference next week in Monterey.

Directors Comments

17927. At 8:52 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; and (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency.

Closed Session:

- A. Existing Litigation – ACBCI vs. CVWD, et al.
- B. Existing Litigation – ACBCI vs. Riverside County
- C. Existing Litigation – MSWD vs. DWA

17928. At 9:52 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

Reconvene –No Reportable Action

17929. In the absence of any further business, President Cioffi adjourned the meeting at 9:53 a.m.

Adjournment

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

GENERAL MANAGER'S REPORT OCTOBER 3, 2017

On Wednesday, October 11, Rite Aid Pharmacy will be at the Agency from 8:00 a.m. – 10:00 a.m. to give flu shots to employees and family members enrolled in Anthem PPO or HMO plans.

On Tuesday, October 17, the Agency will be hosting a LifeStream Blood Drive in the parking lot from 9:00 a.m. to 2:00 p.m. Employees should contact Irene in HR to schedule an appointment. This is open to the public and the public will need to contact LifeStream directly for appointment times at (800) 879-4484 or www.lstream.org. Those who donate will receive a free dessert from Jack in the Box and a DWA water bottle.

Employee Christmas Dinner – Save the date for Saturday, December 9. This year's event will be held at the Palm Springs Hilton.



Staff has confirmed the dates for next year's Colorado River Aqueduct (CRA) & Hoover Dam tour and the State Water Project (SWP) tour. CRA April 24-26, 2018 and SWP September 10-11, 2018. Metropolitan Water District is adding Hoover Dam to the CRA tour this year. The Board is requested to provide a list of prospective attendees to Sylvia Baca.

Facilities & Safety Update

Public Restroom Project

On September 26, Assistant General Manager Johnson and Facilities & Safety Officer Gonzalez met with the contractor and architect to review architectural drawings for the public restroom project. The plans should be finalized in about a week. Once they're finished we begin breaking ground and building the restroom.

Employee Safety Training

On September 28, Dr. Kurt Spurgin, D.C., trained the Agency during our monthly safety meeting. The topic was Back Safety with an emphasis on Prevention of Spinal Injuries.

Carpet Replacement Project

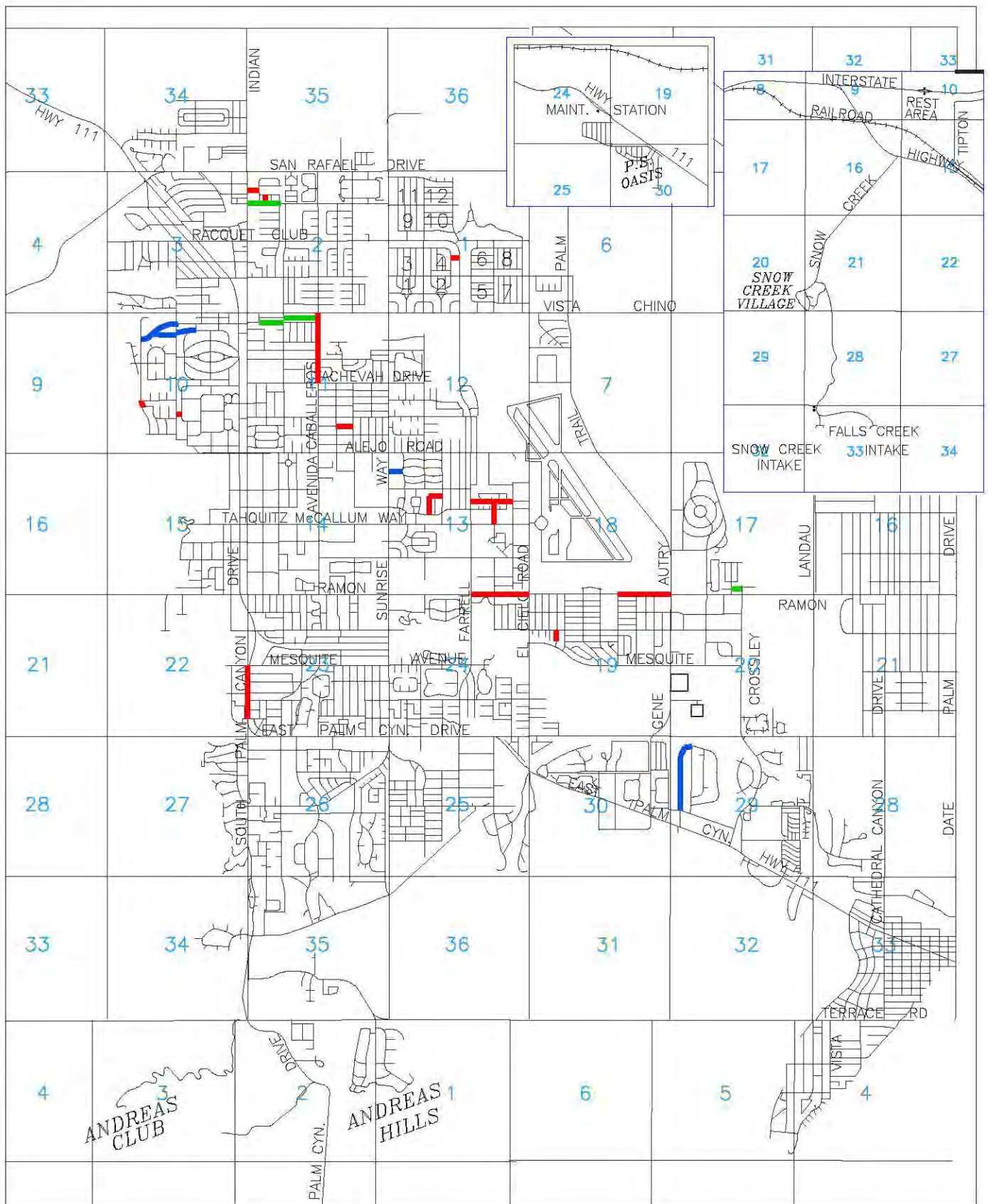
The Agency's carpet replacement project is moving into the next phase. Carpet in the following areas will be replaced on the weekend of October 6th:

1. Finance Director's office
2. Management hallway from fire doors to west exit
3. Management Conference Room
4. General Manager's Office
5. Board Conference Room
6. Facilities & Safety Officer's Office
7. Lab Director's Office
8. Administrative Assistants Area

SYSTEM LEAK DATA		
(PERIOD BEGINNING SEPTEMBER 13, 2017 THRU SEPTEMBER 26, 2017)		
STREET NAME	QUARTER SECTION	NUMBER OF LEAKS
SIMMS RD	4402NW	4
MICHELLE RD	4413NW	3
AVENIDA CABALLEROS	4411NW	3
DESERT PALMS	4413NW	2
COTTONWOOD RD	4411NW	2
LOUELLA RD	4413NE	2
LIVMOR AVE	4413NE	2
CAMINO NORTE (8")	4410NE	1
CAMINO NORTE (6")	4410NW	1
STEVENS RD	4410NW	1
BROADMOOR DR	4529NW	1
CHUCKWALLA RD	4411NW	1
RACQUET CLUB RD	4402NW	1
SARAH ST	4517SW	1
VIA ALTAMIRA	4411SE	1
CANYON RD	4410SE	1
ROSE AVE	4410SW	1
S. PALM CANYON DR. (10")	4423SW	1
MOUNTAIN VIEW AVE	4519NW	1
CLARK RD	4401SW	1
RAMON RD	4424NE	1
WYMAN DR	4402NW	1
TERRY LN	4413NW	1
RAMON RD	4519NE	1
TOTAL LEAKS IN SYSTEM:		35

* 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



SYSTEM LEAKS

(Period beginning September 13, 2017
thru September 26, 2017)

DESERT WATER AGENCY
PALM SPRINGS, CALIFORNIA

LEGEND

- LEAK(S) RECORDED
- LEAK(S) RECORDED;
INCLUDED IN 2016/17
REPLACEMENT PIPELINES
- LEAK(S) RECORDED;
INCLUDED IN PROPOSAL
FOR 2017/18
REPLACEMENT PIPELINES

DWG. BY
SR

DATE
9/17

SCALE
NTS

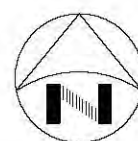


EXHIBIT
"A"

General Manager's Meetings and Activities:

Meetings:

09/19/17	Bi-Monthly DWA Board Meeting	DWA
09/21/17	SWC Monthly Board Meeting	Sacramento
09/21/17	SFCWA Monthly Board Meeting	Sacramento
09/21/17	Sites Reservoir Committee Monthly Board Meeting	Sacramento
09/22/17	Meeting with Nextera – Electrical Battery Power Storage	DWA
09/25/17	DWA I.S./Staff/Snow Creek Security Weekly Meeting	DWA
09/26/17	DWAEA Health Care Benefits – Open Enrollment Meeting	DWA
09/26/17	DWA Conservation & Public Affairs Committee Meeting	DWA
09/26/17	General Manager's Quarterly Water Mgmt. Meeting	DWA
09/27/17	BB&K Water Rights	Conf. Call
09/27/17	Kris Polly Lunch Meeting	C.P.S.
09/27/17	Indio GSAs/Tribal SGMA Stakeholders Meeting	Coachella
09/28/17	Valley Mayors/Tribal Chairman Luncheon	Indio
10/02/17	DWA I.S./Staff/Snow Creek Security Weekly Meeting	DWA
10/03/17	Bi-Monthly DWA Board Meeting	DWA

Activities:

- 1) Sites Reservoir
- 2) E-Billing – implementing customer payment history capabilities
- 3) Outreach Talking Points – KESQ
- 4) Snow Creek Hydro SCE contract extension - ongoing
- 5) Whitewater Hydro – Developing new administration and operating procedures
- 6) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 7) MSWD Second Amended Petition– Ongoing
- 8) ACBCI Section 14 Facilities & Easements
- 9) Lake Oroville Spillway Damage
- 10) Replacement Pipelines 2017-2018
- 11) Lake Oroville NMFS Requirements
- 12) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water
- 13) DWA/CVWD/MWD Agreements Update
- 14) SGMA Alternative Plans and Bridge Documents
- 15) SWP 2017 Water Supply
- 16) ACBCI Law Suits
- 17) Lake Perris Dam Remediation
- 18) Section 14 Pipeline Easements
- 19) DOI Regulation
- 20) A.B. 1562
- 21) Repair of Facility Access Roads Damaged in the September 10 Storm
- 22) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 23) Multi-Agency Rate Study

Activities:
(Cont.)

- 24) SGMA Tribal Stakeholder Meetings
- 25) Whitewater Spreading Basins – BLM Permits
- 26) Lake Perris Dam Seepage Recovery Project Participation
- 27) Cal Waterfix Cost Allocation
- 28) DWA Surface Water Filtration Feasibility Study
- 29) Modification of our CVRWMP Boundary
- 30) MSWD Mediation
- 31) Review Documents for MSWD Public Records Act Request

Minutes Conservation & Public Affairs Committee Meeting

September 26, 2017

Directors Present: Jim Cioffi, Craig Ewing

Staff Present: Mark Krause, Ashley Metzger

1. Discussion Items

A. Butterfly Garden

The Committee reviewed options and gave staff direction to approach the adjacent wall owner and community partners about developing a mural in conjunction with the planting of milkweed and information for the community about creating a butterfly garden.

B. Community Survey

Staff noted tentative plans for a community survey, in conjunction with CVWD, of local residents relating to the water rights lawsuit. The Committee asked staff to update the Board in closed session at its next meeting.

C. Nozzle Program

The Committee gave staff direction to develop a rebate program, rather than renew the existing arrangement with FreeSprinklerNozzles.com/Western Municipal Water District. The Committee directed staff to focus on large-scale properties and suggested use of photo verification for residential customers as is done with DWA's smart controller program.

D. One-time ACH

Staff updated the Committee on the rollout of the new payment service and discussed outreach opportunities.

E. Rebates

Mrs. Metzger provided an update on rebate program participation.

F. Fall Tour

There is a wait list of 70 people for the fall tour. The Committee directed staff to explore an additional tour date to accommodate residents interested in seeing facilities.

G. Fall Newsletter

Staff provided the Committee with a copy of the newsletter slated for distribution October 1 – 31.

2. Other

A. Coffee with DWA – The Committee selected the first date as October 11 at 9:00 a.m. at Koffi South. Directors Cioffi and Ewing will be present along with Mr. Krause and Mrs. Metzger.

B. Farmers' Market – DWA will be present at the Palm Springs Farmers Market on December 16, January 13, February 17 and March 10 (Saturdays from 8:30 – 12:30). Board members are encouraged to attend.

- C. Litigation outreach – Staff outlined the division of work with CVWD for the outreach related to the Supreme Court announcement on the Agua Caliente water rights lawsuit.
- D. Media buy – Staff updated the Committee on plans for advertising to promote rebate programs.
- E. Remembrance for Officers – Staff updated the Committee about plans to post a special flag and banner in honor of the one-year anniversary of the shooting of PSPD Officers Gil Vega and Lesley Zerebny.

3. Adjourn

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

OCTOBER 3, 2017

**RE: ADOPTION OF RESOLUTION NO. 1772 SUPPORTING CALIFORNIA
WATERFIX PROJECT**

The California WaterFix is a critical component of the California State Water Project. It furthers the completion of the project as it was originally envisioned and approved by the voters when they approved the Burns-Porter Act in 1960. The WaterFix will restore and protect our water supply reliability while protecting it against seismic events and climate change impacts.

On September 19, the Board of Directors of the Westlands Water District voted 7 to 1 against their participation in California WaterFix project. In light of this and other opposing actions it is important for the Desert Water Agency and other State Water Contractors to show support for the California WaterFix to help the Department of Water Resources and the State to complete construction of the State Water Project. A resolution of support for the California WaterFix is attached for your consideration.

Staff recommends that the Board adopt Resolution No. 1772 in support of the California WaterFix.

RESOLUTION NO. 1172

**RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY
SUPPORTING THE CALIFORNIA WATERFIX**

WHEREAS, the California WaterFix is a critical component of the California Water Action Plan, the State of California's blueprint for a "sustainable and resilient future"; and

WHEREAS, the California WaterFix furthers the concept originally contemplated in the California Water Plan, is a unit of the "project" defined in the Central Valley Project Act, and is a component of the State Water Resources Development System approved by the voters of California in 1960; and

WHEREAS, the California WaterFix is critical to protecting and restoring Desert Water Agency's water supply reliability by upgrading aging infrastructure in the Sacramento-San Joaquin Delta, thereby reducing the State Water Project's vulnerability to seismic events and climate change impacts; and

WHEREAS, the California Department of Water Resources ("DWR") proposes to construct the California WaterFix, which consists of three new intakes on the east bank of the Sacramento River in the northern Sacramento San Joaquin Delta, tunnels connecting these intakes to a new, 30-acre intermediate forebay, and two 30-mile long tunnels carrying water from this forebay to a new pumping plant connected to an expanded and modified Clifton Court Forebay; and

WHEREAS, on July 21, 2017, DWR certified the environmental assessment for the California WaterFix and signed the Notice of Determination approving the project pursuant to the California Environmental Quality Act;

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Desert Water Agency does hereby declare its support for the California WaterFix and encourages DWR to proceed with construction to help ensure a sustainable and resilient future for California and its citizens.

ADOPTED this 3rd day of October 2017.

James Cioffi, President
Board of Directors

ATTEST:

Kristin Bloomer, Secretary-Treasurer
Board of Directors

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

OCTOBER 3, 2017

RE: NWRA GROUNDWATER TASK FORCE MEETING ATTENDANCE

On March 4, 2014, DWA Board of Directors approved President Cioffi to be a representative on the National Water Resources Association's newly formed Groundwater Task Force.

The purpose of the task force is to help inform the larger associations of the various groundwater issues, as well as help NWRA members deal with their respective issues. The group was formed with a representative from each state agency. They normally meet during each NRWA meeting, and depending upon the urgency of issues, conduct conference calls and meet in person. The last meeting President Cioffi attended was on April 20, 2017.

The next in person meeting will be held on October 24, 2017 in Dallas, Texas. Staff recommends that the Board authorize attendance and expenses for this and all future meetings by President Cioffi as in service to the Board.

September 21, 2017

MEMORANDUM

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

FROM: BEST BEST & KRIEGER LLP

RE: SEPTEMBER 21, 2017 MEETING OF THE BOARD OF DIRECTORS OF THE
STATE WATER CONTRACTORS, INC.

The September 21, 2017 meeting of the Board of Directors of the State Water Contractors, Inc., was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

1. The meeting began with a closed session discussion of litigation affecting the Cal WaterFix Delta improvement project. Although some of that discussion should not be disclosed, since it was discussed in closed session, certain items can be mentioned because they are matters of public record. The Department of Water Resources has filed its validation action seeking judicial confirmation that DWR has the legal authority to construct Cal WaterFix and to issue bonds to finance the construction. As of the date of the meeting, eight parties had filed answers in opposition to DWR's validation action, while two entities had filed answers in support of the validation action. Metropolitan Water District had filed an answer in support of the validation action while one of its member units, the San Diego County Water Authority, had filed an answer opposing DWR's authority to proceed. Two of the eight responsive pleadings in opposition to DWR's position were actually in the form of demurrers to DWR's complaint, rather than answers to the complaint. DWR has granted extensions of time to certain other parties, to give them additional time to consider filing answers. All of those are expected to be answers in support of DWR's complaint, rather than answers challenging DWR's authority to proceed.

In addition, numerous complaints have been filed by environmental groups and others challenging the adequacy of DWR's environmental assessment of Cal WaterFix. These challenges not only attack the environmental assessment, but also raise public trust issues and challenge compliance with the Delta Reform Act.

In addition, the State Water Contractors had just learned that the Board of Directors of Westlands Water District voted 7 to 1 to decline participation in Cal WaterFix, at least as presented. Westlands Water District is the largest of the CVP Contractors, representing 35% of the total CVP supply. The assumption has been that the State Water Contractors and the CVP Contractors would split the costs and the benefits of the Cal WaterFix Project, with the State Water Project having a 55% share and the Central Valley Project having a 45% share. If the Central Valley Project were to decline participation in Cal WaterFix, the State Water Contractors would have to bear a much larger proportion of the total cost, but would also receive a corresponding increase in the additional water supply made available. To complicate matters further, certain SWP agricultural Contractors have indicated that they also may need to decline participation, because they cannot afford the cost. There was lengthy discussion about the capability of the participating Contractors to absorb that additional cost. Needless to say, this issue is producing intense discussion of possible solutions to the problem.

2. Board Action Items.

In open session, the SWC Board took action on two business items. First, the Board authorized its General Manager to send a letter to the Department of Water Resources in support of a proposed agreement between Mojave Water Agency and Dudley Ridge Water District to transfer water from MWA to Dudley Ridge. The proposed transfer would be 12,000 acre feet of water in 2017, and as much as 30,000 acre feet of additional water in 2018, with no water to be returned. This would be a sale of water, rather than an exchange, at an agreed amount that differs per acre foot based on the percentage allocation from DWR next year. DWR has expressed concerns about the arrangement, since it is a sale of water rather than an exchange or a sale of Table A Amount. However, the State Water Contractors support the proposal, recognizing the need to loosen up the current restrictive rules that constrain effective water management. Steve Arakawa, on behalf of Metropolitan Water District, expressed support for the proposal as a good water management practice, and the SWC Board approved the motion directing the General Manager to send a letter of support to DWR.

The Board also took action approving a proposed “reoperation” of the New Melones Reservoir, to make up to 200,000 acre feet of water available for release to the San

Joaquin River next year to satisfy water quality requirements in the Delta. The price of the water will be \$125 per acre foot. The SWC Board adopted a motion authorizing a letter of support from the SWC General Manager, conditional upon the success of discussions with DWR addressing the way that billing to Contractors will be handled. The Board created a committee to address the billing issue with DWR.

3. Water Supply Report.

By November 1, 2017, DWR intends to have a temporary repair in place for the spillway at Lake Oroville, so that it will be functional in the upcoming year. However, since the repair is only temporary, DWR also plans to keep the water level in Oroville lower than it would normally be, thus creating additional flood control space in the reservoir to handle high flood flows in the event of another wet winter. The target elevation at Oroville is 700 feet by November 1, which is significantly lower than it normally would be in a year like this. DWR was releasing water from Oroville at the rate of 7,500 gallons per minute, in order to reach that target. The releases were expected to be reduced later in the month.

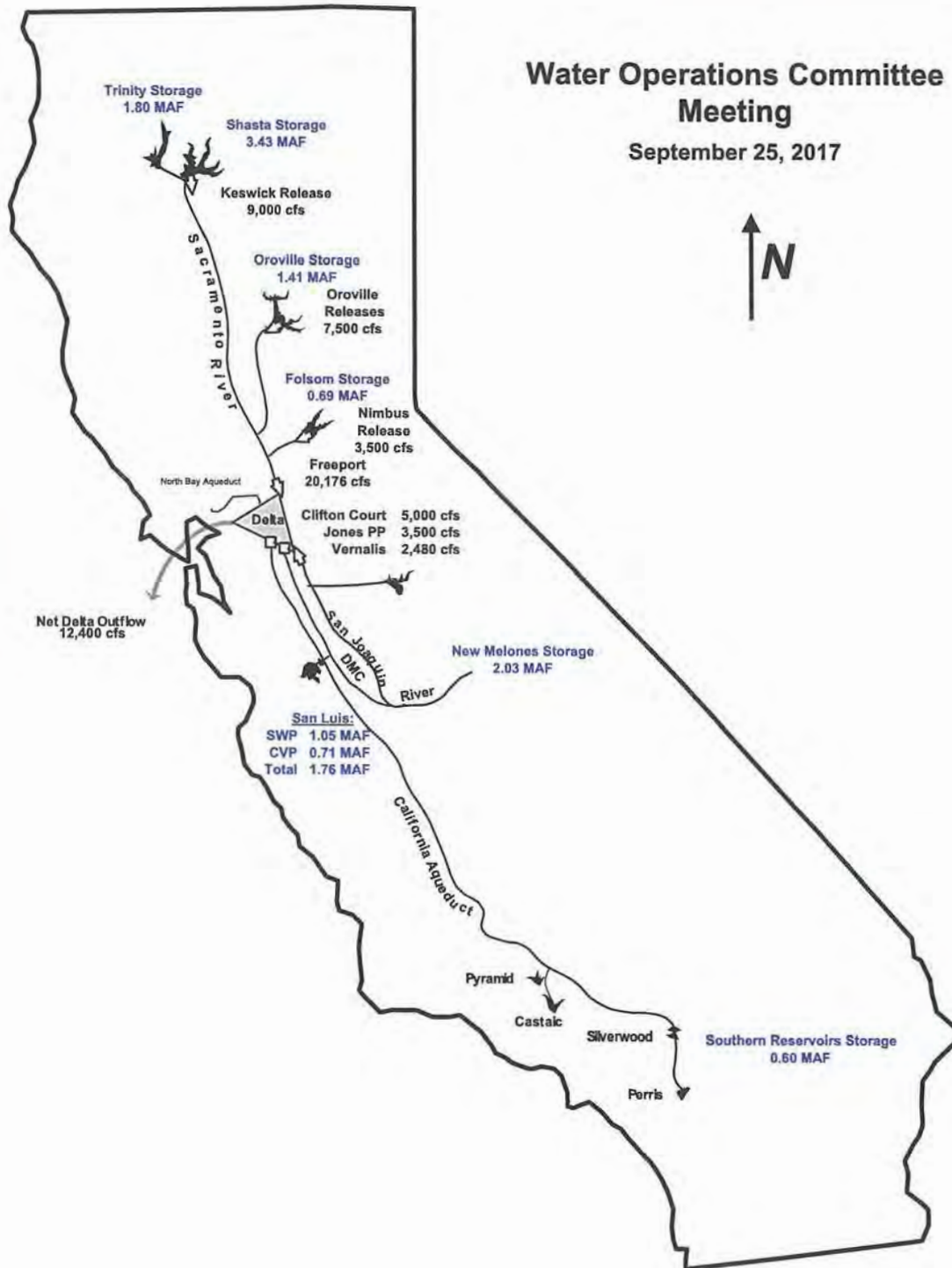
In the Delta, the “Fall X-2” water quality requirements went into effect as of September 1. This standard is imposed pursuant to a biological opinion, and requires maintaining a certain salinity level at a certain location in the Delta. The effect of this is to limit pumping from the Delta, so that outflows will hold back salinity intrusion. As of the date of the meeting, the SWP water stored in the San Luis Reservoir was at 1,060,000 acre feet, the maximum allowed for the State Water Project, although the SWP is also allowed to temporarily encroach on the CVP share of storage so long as the CVP share of storage space is not being utilized. Much of the SWP water in storage at the San Luis Reservoir is carry over water resulting from unused allocations this year. DWR will be making its initial allocation for the upcoming year on December 1.

4. Meeting with new DWR Director.

The SWC Board had met with the new DWR Director, Grant Davis, the previous afternoon. The meeting lasted two hours and went very well. Director Davis indicated that he understands the concerns of wholesale agencies, having come from

Water Operations Committee Meeting

September 25, 2017

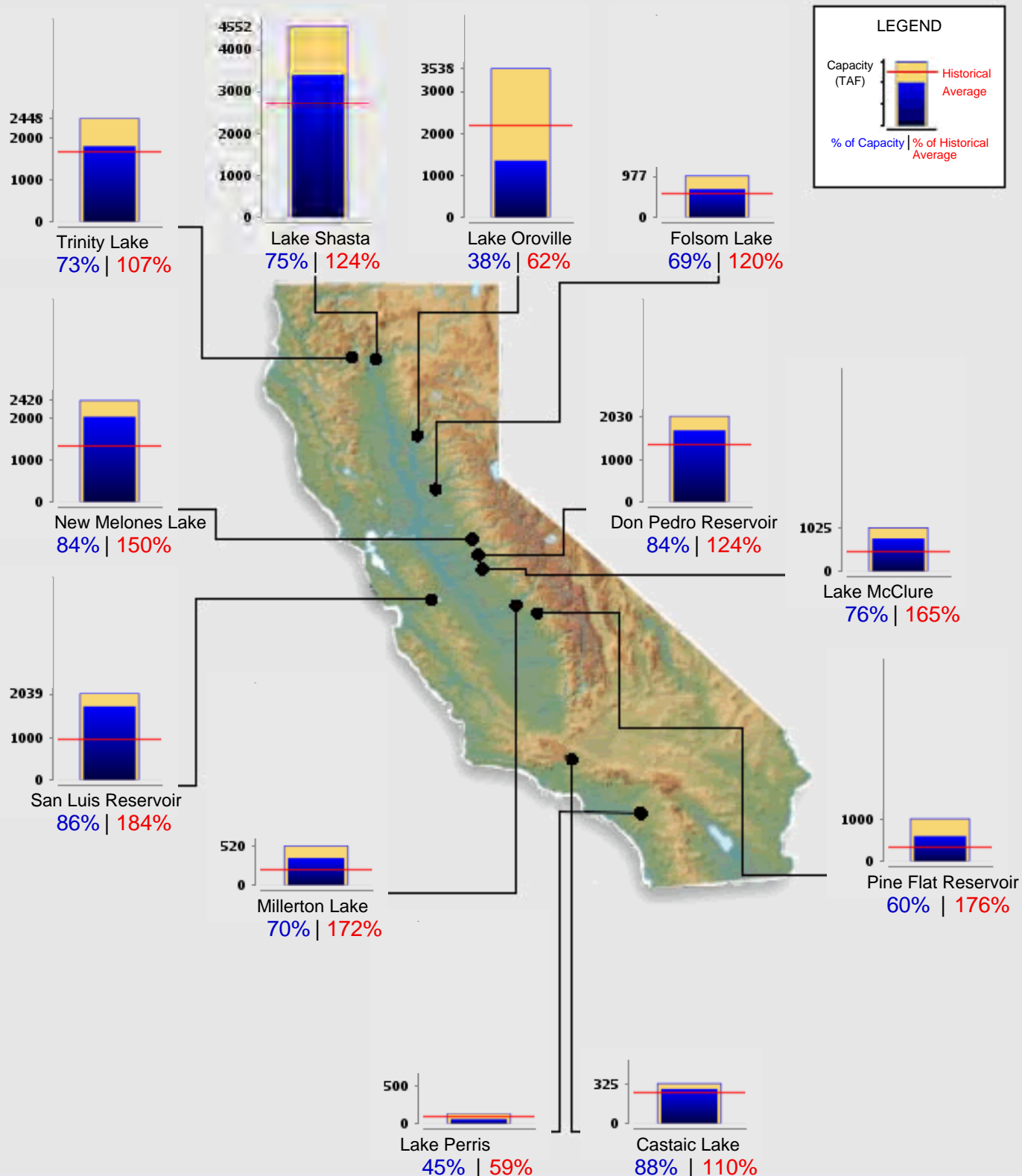




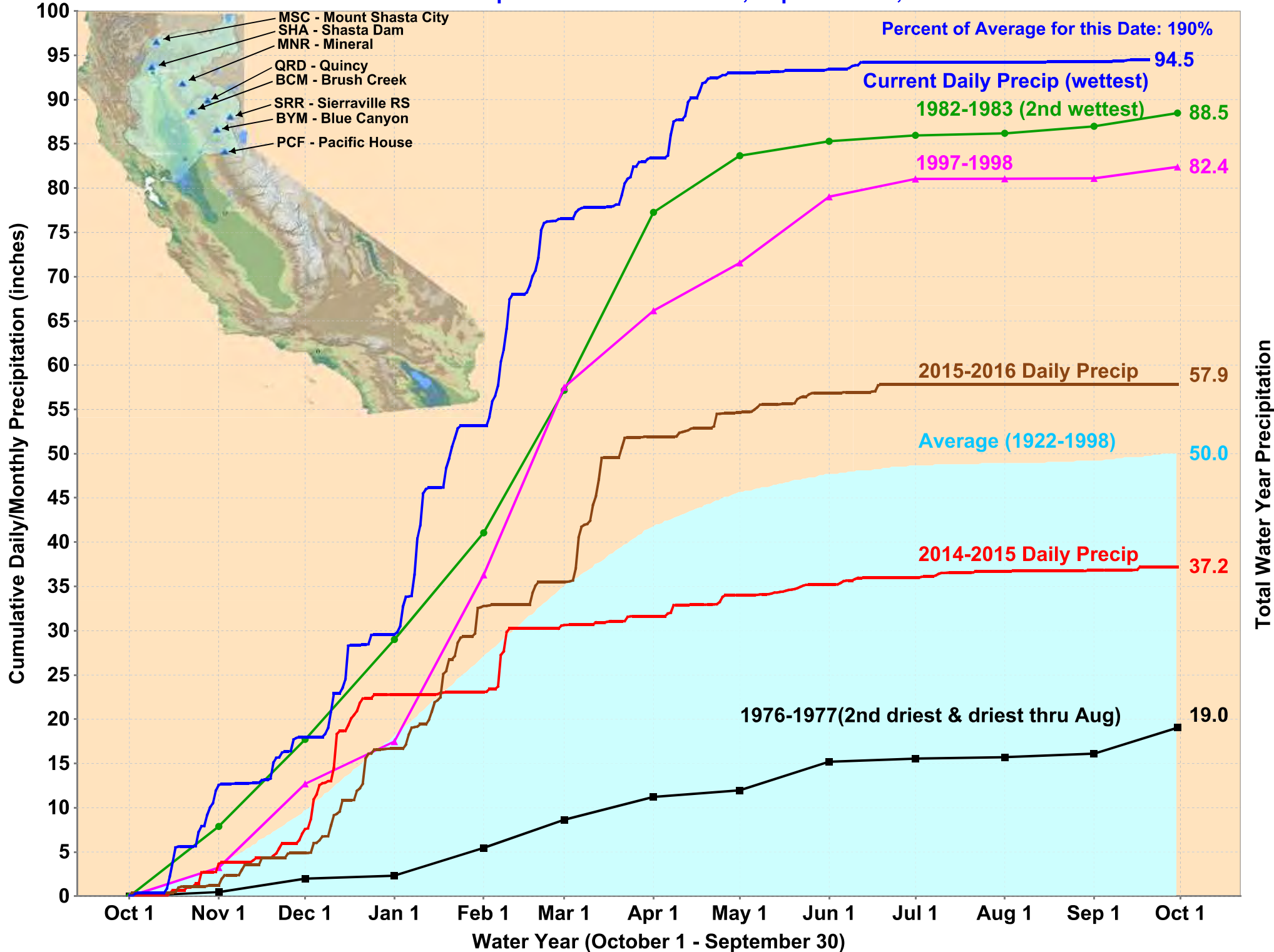
Reservoir Conditions

Ending At Midnight - September 28, 2017

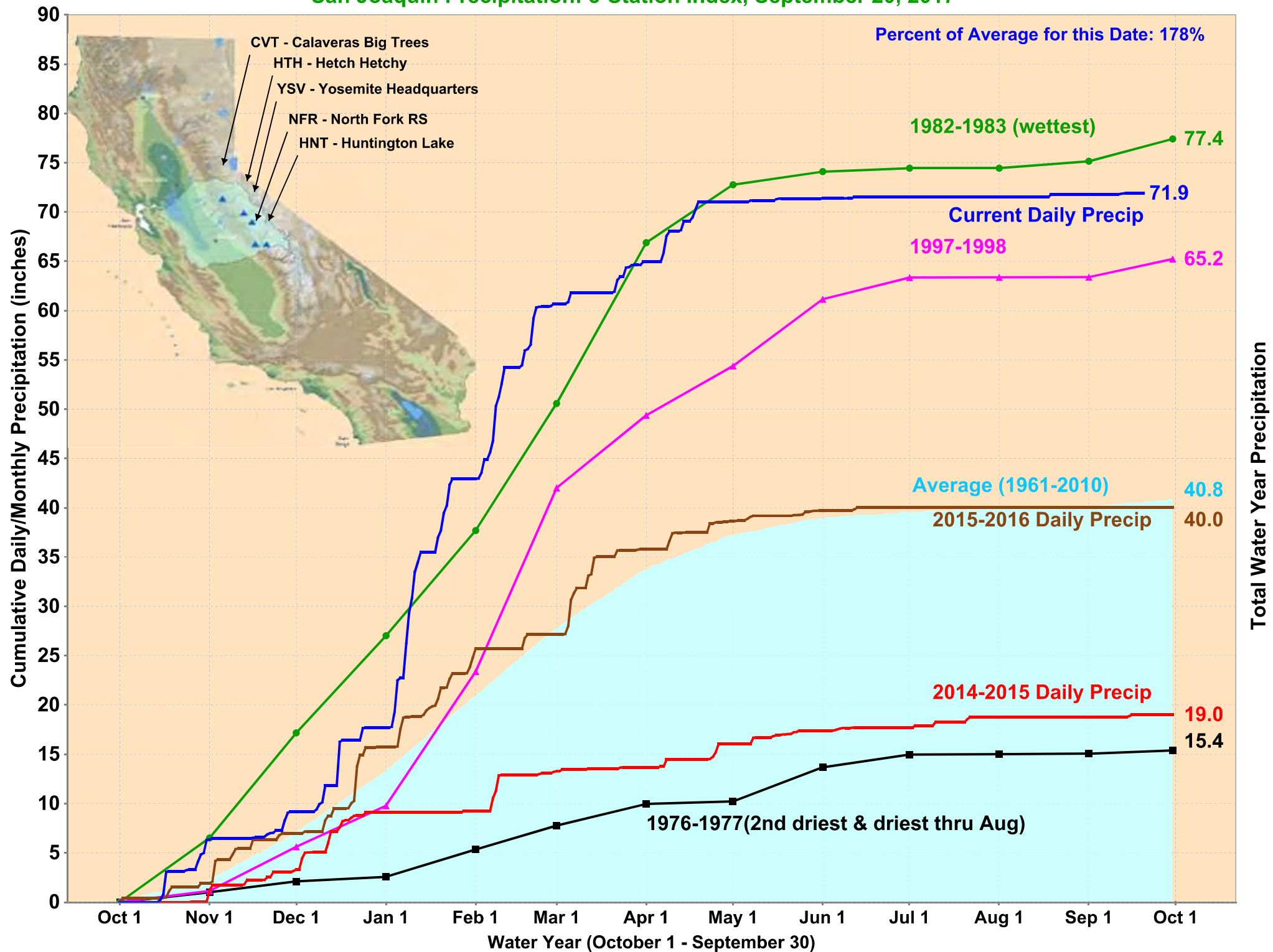
CURRENT RESERVOIR CONDITIONS



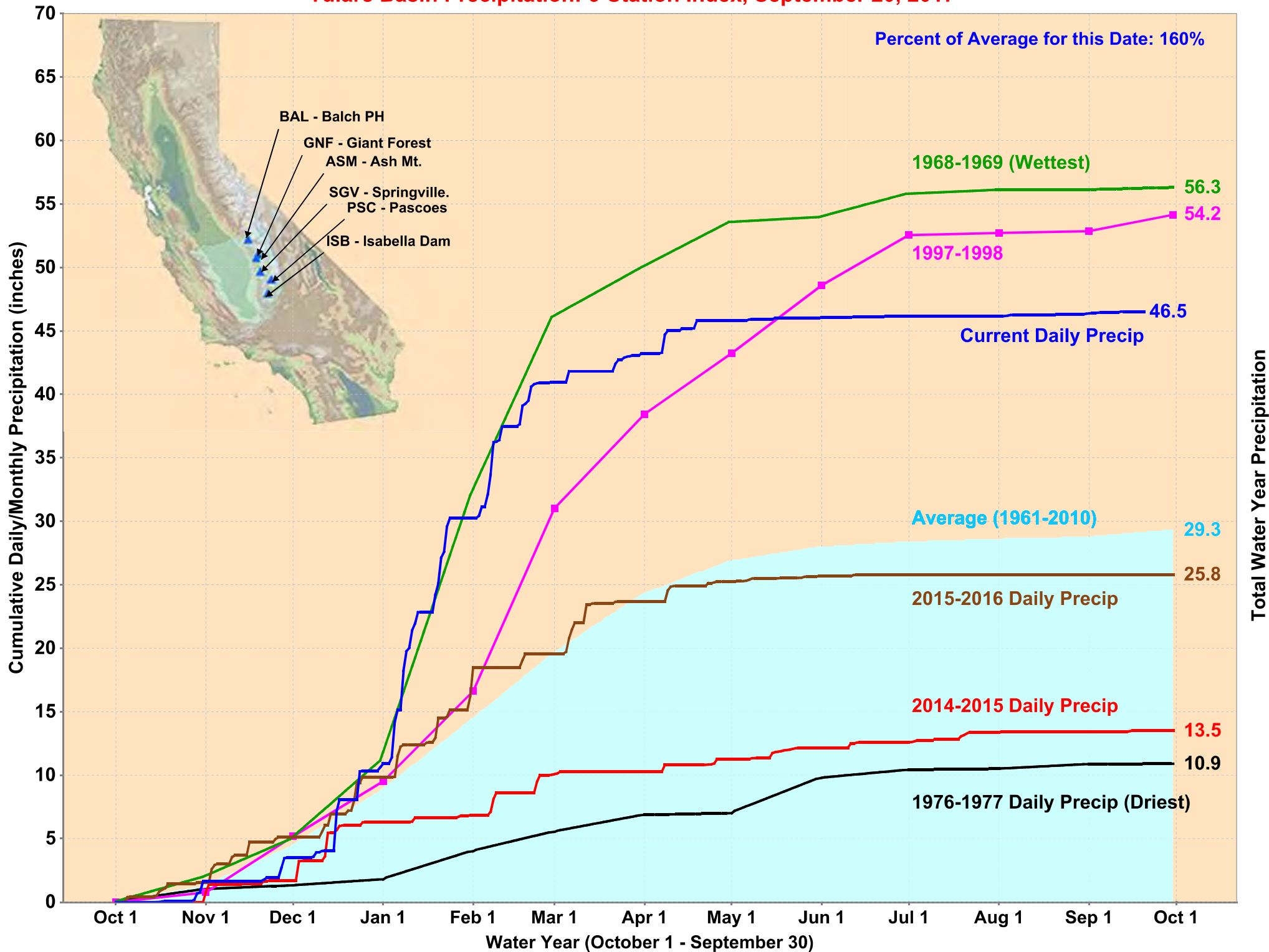
North Sierra Precipitation: 8-Station Index, September 20, 2017



San Joaquin Precipitation: 5-Station Index, September 20, 2017



Tulare Basin Precipitation: 6-Station Index, September 20, 2017



State Water Contractor Priorities 2017 Q4 – 2018 Q2 (Draft 9/20/17)

Energy

- Develop and adopt energy strategy. Board review/decision early 2018.

Infrastructure

- Aqueduct subsidence. Board review/decision on cost recovery mid-2018.
- Sisk Dam seismic repair cost share with Feds. Board decision to encourage DWR to negotiate 85% Federal cost share.
- Oroville. Board observe as DWR moves into post-emergency. Advocacy for non-SWC funds for repair.

Business Processes

Contract Amendments:

- Complete and finalize contract extension amendment Dec 2017. Contractor decision/direction.
- Financial management and reporting coordination with DWR Fiscal and SWPAO Chief end of 2017 through 2018. Contractor direction/decision.
- Water management tools/Objective 1 negotiation preparation 2018. Contractor direction.

Statement of Charges:

- Complete and finalize 7th amendment to tolling agreement Dec 2017. Contractor decision
- Complete and finalize audit of WSRB Surcharge mid-2018. Contractor direction/decision
- B132-18 Budget Review, 2018 Statement of Charges Review early 2018. Contractor direction/decision.

Water Supply

- California Water Fix litigation/planning. Board litigation decisions. All members decisions/discussions as needed.
- Long-term Operations Reconsultation (ROC on LTO). Board policy decisions related to approach to consultation.
- COA. Policy direction on negotiating strategy and/or any potential changes to the current COA.
- OCAP and Regulatory Compliance. Board support for new program management approach.

Key

- Near-term/high priority
- Medium-term/medium priority
- Long-term, ongoing

**DESERT WATER AGENCY
MEDIA INFORMATION
SEPTEMBER 2017**

DATE	PACKET PAGE	MEDIA SOURCE	ARTICLE
09/02/17	1	THE DESERT SUN	Bill Aimed At Halting Water Project Stalls
09/04/17	2-4	THE DESERT SUN	Bill To Slow Mojave Desert Water Project Dies In Senate
09/13/17	5-7	THE DESERT SUN	U.S. And Mexico Set To Sign Landmark Colorado River Water-Sharing Deal
09/14/17	8-9	PRESS ENTERPRISE	Water Bill Increases Causing Issues
09/18/17	10-11	THE DESERT SUN	Millions In California Could Be On Hook For Gov. Jerry Brown's Water Plan
09/18/17	12-13	LOS ANGELES TIMES	Funding Feud Looms For Delta Tunnel
09/18/17	14-15	PRESS ENTERPRISE	Agency's Vote May Doom Delta Tunnels
09/20/17	16-17	LOS ANGELES TIMES	Agency's Vote May Doom Delta Tunnels

Bill aimed at halting water project stalls

Kathleen Ronayne, September 2, 2017

ASSOCIATED PRESS

SACRAMENTO - California lawmakers rejected a bill Friday designed to stymie a private company's plan to pump water from below the Mojave Desert to sell in Southern California.

It's a choice that's angering U.S. Sen. Dianne Feinstein, who has called the project by Cadiz Inc. a "pet project" of the Trump administration. The federal government earlier this year reversed guidelines that would have stopped the company from using an existing right of way for a 43-mile pipeline to transfer the water.

"Blocking Cadiz is one concrete way to stop the Trump administration from hurting California. I hope our state leaders reconsider this bill and move it forward," Feinstein, a Democrat, said in a statement.

A Senate committee chose to hold the bill, "dubbed the "California Desert Protection Act," meaning it won't be voted on this year. Democratic Gov. Jerry Brown had also pushed for its passage.

Cadiz Inc. wants to build a pipeline along an existing federal railroad right of way to bring water from its wells below the desert into the Colorado River Aqueduct. The U.S. Bureau of Land Management released guidelines during the Obama administration to block the company from using that right of way. The Trump administration reversed course in March, and the project is on its priority infrastructure list.

Environmental critics say it could dry up desert springs that help preserve the deserts plants and wildlife, but they've lost several battles in court to stop the project.

The bill, AB 1000, would've required two additional state agencies to determine whether certain water projects will harm natural and cultural resources.

Democratic state Sen. Ricardo Lara, who chairs the committee that halted the bill, said it would set a bad precedent for lawmakers to change the laws to halt one project. He noted the project has already gone through extensive and strict environmental reviews.

"That process should be allowed to play out," he said in a statement.

The project still needs approval from the Metropolitan Water District to use the Colorado River Aqueduct.

Cadiz cheered the committee's decision, saying the bill was clearly designed to block its project.

The bill would have undercut environmental regulations, usurped local control and "threatened jobs, water and economic growth for Southern California," the company said in a statement.

Bill to slow Mojave Desert water project dies in senate

Ian James , The Desert Sun, September 4, 2017

A bill that would have created a major hurdle for a company trying to sell groundwater from the Mojave Desert died in a California Senate committee on Friday, despite Gov. Jerry Brown's call for lawmakers to approve the measure.

Senate leaders decided to hold the bill during the Senate Appropriations Committee's final hearing of the legislative session.

The bill's failure apparently removed a substantial challenge that could have blocked or stopped Cadiz Inc.'s plan of pumping as much as 16.3 billion gallons of groundwater per year on land surrounded by Mojave Trails National Monument about 75 miles northeast of Palm Springs.

Cadiz's stock price plunged 20 percent ahead of the committee's hearing and then rebounded in response to the news, shooting up more than 30 percent on Friday afternoon in after-hours trading.

The legislation, AB1000, would have required state officials to conduct an environmental review. Sen. Ricardo Lara, D-Bell Gardens, who chairs the committee, said an additional review wouldn't be necessary and would create a problematic precedent.

"California has the highest environmental review standards in the country and this particular project has gone through significant consideration," as well as litigation over a previous review under the California Environmental Quality Act, Lara said in a statement. "Making an exception for one particular case will create precedent for the Legislature to block other controversial projects."

The bill was introduced by state Assemblymember Laura Friedman, DGlendale, and she said her effort isn't over.

"Make no mistake, we're not giving up the fight," Friedman said in a statement. "I am hopeful that the Senate will reconsider and join Governor Brown, Lieutenant Governor Newsom, Senator Feinstein, and our broad coalition of advocates in supporting AB1000 and protecting California's resources from corporate greed seeking to drain the life from the desert." It's unclear how Friedman hopes to resurrect the bill before the end of the legislative session on Sept. 15.

Her bill would prohibit the transfer of groundwater from a desert groundwater basin in the vicinity of protected public lands unless the State Lands Commission, working with the Department of Fish and Wildlife, determines that the water transfer "will not adversely affect the natural or cultural resources, including groundwater resources or habitat."

Brown said in a letter to Senate President Pro Tem Kevin de León and Assembly Speaker Anthony Rendon on Thursday that California's desert landscapes "may be the most fragile ecosystems of all" and require protections.

"Every drop of water matters to the long-term health of nature in the Mojave Desert," Brown said in the letter. "This bill is good policy. It is also basic common sense."

Lara, however, pointed to Brown's 2011 veto message on another piece of legislation, when the governor had said he didn't think it was appropriate for the Legislature to intervene and overturn a "hard

fought local land-use decision.” That bill would have prohibited the construction of a garbage dump in San Diego County.

Cadiz said in a statement that Friedman’s bill “would have set a dangerous precedent undercutting the California Environmental Quality Act – the strictest environmental protection law in the nation.”

The company said the bill would have taken away local control “and threatened jobs, water and economic growth for Southern California.”

“We are grateful the State Senate has taken this action and look forward to delivering reliable water” to the region, the company said.

Conservation groups campaigned for the Legislature to pass AB1000 in an effort to block the project. About a dozen protesters held a rally outside de León’s office in Los Angeles ahead of the meeting. Holding signs, they chanted: “Please stop Cadiz!”

Some of them criticized de León for having received a campaign contribution from Cadiz. Records show his campaign for lieutenant governor received \$5,000 from the company on June 30.

Sara Lee, a resident of Los Angeles and Joshua Tree who organized the rally, said afterward that she was heartbroken de León and Lara “sold out our fragile desert aquifers to special interests.”

Opponents of the project say if Cadiz is allowed to draw down the desert aquifer, it will threaten natural springs and wildlife in the heart of the Mojave Desert.

David Lamfrom of the National Parks Conservation Association said it was disappointing and shameful that Senate leaders let the bill die without allowing it to be heard. He said de León and Lara bear the blame.

Lamfrom, who leads the association’s California desert program, said he thinks the decision flies in the face of de León’s pledges to stand up to the Trump administration’s attempts to roll back environmental protections.

“Kevin de León has branded himself as kind of the voice of the resistance,” Lamfrom said, “but today Kevin de León has given a Trump project the benefit of the doubt.”

Lamfrom said his organization will continue to fight the Cadiz project. He called it “the biggest threat to the largest national monument in our state.”

The Los Angeles-based company says its project wouldn’t harm the environment in any way.

Cadiz owns 34,000 acres in the desert along Route 66 in the Cadiz Valley and surrounding areas. The company is proposing to build a 43-mile pipeline alongside a railroad line to send the water to Southern California cities.

That proposal was temporarily stymied during President Barack Obama’s administration when Interior Department officials said the proposed pipeline wasn’t within the rights originally granted to the Arizona and California Railroad in 1875 and would require an additional permit.

But President Donald Trump’s administration recently breathed new life into the project when the Interior Department announced a policy change, scrapping guidelines on which the previous ruling was based.

Cadiz CEO Scott Slater has said the company is now just waiting for the conclusion of a review by the Bureau of Land Management, which will determine whether the water pipeline can be built under the railroad's existing rights.

Opponents of the project have also voiced concerns about the appointment of David Bernhardt as Trump's deputy Interior secretary. Bernhardt was until recently a partner – along with Slater – in the law firm Brownstein Hyatt Farber Schreck LLP, which owns shares in Cadiz.

The Trump administration is considering whether to shrink Mojave Trails National Monument, which Obama established 18 months ago. A proposal by Rep. Paul Cook, R-Apple Valley, would remove the southern third of the national monument, which borders the Cadiz property and extends across part of the railroad line where the company hopes to build its pipeline.

Friedman said she and others have been making clear to the Trump administration “that when the federal government rolls back protections, we’ll step in.”

“Those efforts shouldn’t stop with our fragile desert ecosystems,” she said.

Brown echoed that sentiment in his letter, saying AB1000 would require state agencies “to preserve our desert landscapes no matter what happens in Washington.”

Brown also touted California's broader efforts to protect aquifers under the Sustainable Groundwater Management Act, which he signed in 2014.

Cadiz's plans to build a business on water in the desert have generated heated debate for years and have been strongly opposed by Democratic Sen. Dianne Feinstein and environmental groups.

The company was founded in 1983 and in the following years gradually expanded its landholdings around the tiny community of Cadiz, a former train stop south of the Marble Mountains where freight trains continue to rumble past.

In 1997, Cadiz and the Metropolitan Water District of Southern California together proposed storing water from the Colorado River in the groundwater basin. Metropolitan eventually decided not to go forward with it, and the company later made revisions to the project and relaunched it in 2009.

Cadiz has since partnered with the Santa Margarita Water District in Orange County, which has a signed contract to buy a portion of the water.

The bill was opposed by a list of dozens of water agencies, local government agencies, labor groups, businesses and business groups. They included the Association of California Water Agencies and the Southern California Association of Governments, among others. Supporters of the bill included the Los Angeles Department of Water and Power's board and Lt. Gov. Gavin Newsom.

Before Friday's committee meeting, Newsom told the Legislature's leaders in a letter: “At a time when the Trump Administration is threatening to roll back environmental protections, and the future (of) our nation's protected National Monuments – including the Mojave Trails National Monument – are under threat, the proposed Cadiz project to pump Mojave Desert groundwater merits additional scrutiny.”

U.S. and Mexico set to sign landmark Colorado River water-sharing deal

Ian James, Sept. 13, 2017

The U.S. and Mexican governments are close to signing a landmark Colorado River deal that will establish rules for sharing water over the next decade and lay out cooperative efforts intended to head off severe shortages.

Mexican and American officials have scheduled a signing ceremony on Sept. 26 in Ciudad Juárez, officials at California water districts said this week. They said that formal event will be followed by a ceremonial signing in Santa Fe, New Mexico, on Sept. 27 attended by representatives from U.S. states.

"This is important to both countries, and will now allow the states and our federal partners to refocus back to drought contingency planning," said Bart Fisher, chair of California's Colorado River Board.

California water suppliers – including the Metropolitan Water District of Southern California, the Imperial Irrigation District and the Coachella Valley Water District – approved related agreements on Tuesday, taking some of the final steps necessary to complete the deal. California's Colorado River Board also signed off at a meeting on Wednesday.

The new accord – titled Minute No. 323 to the 1944 Mexican Water Treaty – outlines a series of measures that build on the countries' current 5-year agreement, which expires at the end of this year.

The deal will extend provisions in the current agreement, known as Minute 319, that specify reductions in water deliveries during a shortage, as well as increases in water deliveries during wet periods. The agreement also provides for Mexico to continue storing water in Lake Mead, near Las Vegas, helping to boost the reservoir's levels, which in the past few years have dropped to record lows.

A final version of the agreement has not yet been released. But according to a summary released by the U.S. Bureau of Reclamation, the agreement will establish a "binational water scarcity contingency plan," in which Mexico will join U.S. states in temporarily taking less water out of Lake Mead to reduce the risks of the reservoir reaching critical levels.

Those commitments by Mexico would only take effect if California, Arizona and Nevada finish their own Drought Contingency Plan, under which the states would forgo larger amounts of water than they've previously agreed to as Lake Mead's level declines.

The U.S. government has yet to announce details of the upcoming signing ceremony.

"We are very, very close," said Lori Kuczmanski, a public affairs officer at the U.S. International Boundary and Water Commission in El Paso. "The signing date is not yet confirmed because we don't have all the domestic approvals that we need. I expect that within the next week we will have that information and we can move forward."

The agreement reflects the nations' need to cooperate on water even as tensions remain over President Donald Trump's immigration policies and his plans for building a new wall along the border.

The Colorado River and its tributaries provide water for about 40 million people and more than 5 million acres of farmland.

The legal framework that divvies up the Colorado River was established during wetter times nearly a century ago, starting with the 1922 Colorado River Compact. That and subsequent agreements have handed out more water than what flows in the river in an average year, leading to chronic overuse.

On top of that mismatch between supply and demand, the river has dwindled during a 17-year drought. Climate change is adding to the strains on the river, and scientists have projected warming will likely cause the river's flow to decrease by 35 percent or more this century.

Talks on the U.S.-Mexico agreement began during President Barack Obama's administration and have continued with negotiating sessions convened on both sides of the border by the International Boundary and Water Commission, which includes representatives of both governments.

To complete the deal, U.S. water agencies and states needed to sign off on agreements including a U.S.-funded program to invest \$31.5 million in water conservation projects in Mexico. Those projects will include infrastructure upgrades such as concrete lining for leaky canals and other improvements to reduce water losses from distribution systems.

The federal government will provide \$16.5 million, while the remaining \$15 million will come from four water agencies, including the Imperial Irrigation District, the Metropolitan Water District, the Southern Nevada Water Authority and the Central Arizona Water Conservation District.

Each of the water agencies will contribute part of the funding. In return, they will receive a portion of the water freed up through conservation in Mexico.

The conservation projects are intended to generate a total of 229,000 acre-feet of water – enough to cover an area two-thirds the size of Los Angeles with a foot of water. Of that, 50,000 acre-feet will be used to give a boost to the Colorado River system and 70,000 acre-feet will be used to “satisfy the U.S. commitment to provide water for the environment.”

After the U.S. water districts receive the remainder of that water, Mexico will be able to use the additional water supplies made available through the conservation projects.

The Imperial Irrigation District's board approved seven agreements related to the U.S.-Mexico deal on Tuesday. The district holds the biggest single water entitlement along the Colorado River and supplies water to farms producing crops from alfalfa to Brussels sprouts.

IID Water Department Manager Tina Shields said there's an interest on both sides of the border in “continuing the cooperative measures outlined in this agreement.”

“This allows for the continued operation of the river system as a basin partnership, and provides benefits to both countries' water users by more specifically defining reservoir management strategies during this historic drought,” Shields said in a statement. “This leads to a higher level of operational certainty, particularly for lower basin water users that rely upon water deliveries released from Lake Mead.”

The agreement, which will remain in effect through 2026, lays out a strategy for Mexico and the U.S. states to jointly put the brakes on water use to reduce the risks of a crash in the system if the drought persists.

As of this week, Lake Mead stands at just 39 percent full, with its level at an elevation of 1,081 feet.

Under federal guidelines, the Interior Department would declare a shortage – which would trigger cutbacks for Arizona and Nevada – if Lake Mead's level is projected to be below 1,075 feet as of the start of the following year.

Earlier this year, the Bureau of Reclamation estimated the odds of Lake Mead hitting shortage levels in 2019 at 31 percent. A previous projection had put the odds at 50-50 before last winter brought an above-average snowpack across the Rocky Mountains.

The treaties that originally divided the river among seven states and Mexico allocated 7.5 million acre-feet of water per year for states in the river's upper basin, including Colorado, Wyoming, Utah and New Mexico; 7.5 million acre-feet for the lower basin states of Nevada, Arizona and California; and 1.5 million acre-feet for Mexico.

A series of negotiated agreements between Mexico and the U.S. have been tacked on as amendments to the countries' 1944 treaty, and those deals are formally known as minutes – a reference to the minutes of diplomatic meetings where the agreements are reached.

For decades, so much water has been diverted from dams all along the Colorado that the river seldom meets the sea. The river's delta in Mexico has become a dusty stretch of desert.

Mexico diverts its share of the river from the Morelos Dam to sustain desert cities and the farmlands of the Mexicali Valley.

Under the agreement, Mexico, the U.S., and nongovernmental organizations will team up to secure water for wetlands south of the border, plus \$18 million for habitat restoration and monitoring.

The federal government's summary of Minute 323 says the two countries "share a common vision on a clear need for continued and additional actions to reduce the risk of reaching critical reservoir elevations at Lake Mead."

The document details how continued declines at the reservoir would trigger a rising scale of cutbacks in water deliveries, with Mexico contributing alongside the states – as long as the states have a similar plan in place.

Last year, water managers in California, Arizona and Nevada had expressed hope they would soon finish negotiating their plan to collectively take less water out of Lake Mead during drought. But that agreement hasn't been finalized, and one sticking point has been California's long-delayed efforts to cope with the deterioration of the Salton Sea, which is sustained by Colorado River water.

Until recently, IID had warned that it wouldn't take part in the proposed deal until the state presents a credible "road map" to restore deteriorating shoreline habitats and cover up growing stretches of dust-spewing lakebed around the shrinking lake.

Within the past month, though, IID and two other local agencies negotiated an agreement with Gov. Jerry Brown's administration that would commit state officials to following through on their pledges at the Salton Sea over the next decade.

That proposed Salton Sea deal sets annual targets for California agencies to build thousands of acres of ponds, wetlands and other dust-control projects around the lake as its shorelines retreat over the next 10 years. The lake is about to start shrinking rapidly next year as more water is transferred from the Imperial Valley to growing cities in Southern California.

If the proposed Salton Sea agreement is approved by California's State Water Resources Control Board, it would finally help clear the way for the larger three-state agreement, and it would become one more piece in an interconnected web of deals – all of them focused on strategies for coping with less water as the Colorado River dwindles.

HEMET

Water bill increases causing issues

Rate increases, coupled with change in billing cycles, is leading some bewildered residents to publicly question the validity of their bills

By Craig Shultz

Craig Shultz, September 14, 2017

The difference between “water rates” and “water bills” may be leading some Hemet customers to think they are paying too much, a city official said.

“They have to remember they have water, sewer and storm drain (charges) on their bill,” Public Works Director Kris Jensen said following a report to the City Council about water rates Tuesday. “That is the case in all districts.”

The clarification comes as Hemet resident Pat Gregory turned in a petition with some 400 signatures seeking an audit of the water department’s books.

“One of the problems Hemet citizens have is that they thought you were talking about their water bills, not their water rates,” Gregory said. “They didn’t understand the numbers were simply water.” Hemet raised its water rates in 2015, phasing in an increase over five years.

Customers pay a flat fee based on the size of their meter as well as a consumption fee on how much water is used.

Rates increased 19 percent Oct. 1, 2015; another 19 percent in March 2016; and 4 percent on Jan. 1, 2017. Three-percent hikes will be added each January until 2020.

At the same time, the billing cycle was changed to monthly. Previously payments were bimonthly. “They have to look at the components of the total amount,” said Mayor Linda Krupa. “People have talked about their bill being double (what it was in the past); if that does happen, they have to get ahold of us.”

The city of Hemet water department has about 9,700 connections in a 5.25-square-mile service area, extending generally from Menlo Avenue south to Stetson Avenue and from Sanderson Avenue east to San Jacinto Street. That area is home to 38 percent of the city’s residents, Jensen said.

Other Hemet residents are served by the Eastern or Lake Hemet municipal water districts, although there is some crossover for sewer services.

Comparing rates among the three is difficult, Jensen said.

“All three of us have different rate structures,” Jensen said. “We all have different circumstances, different situations.”

Rates were raised for the first time in eight years in part to cover the costs of improving an aging infrastructure. Some underground pipes date to the 1960s, and some of the Hemet's 10 wells are older than that.

"We do have a very aged system," Jensen said.

The age of a system plays a part in costs, especially when it comes to maintenance, she said.

Gregory had questions about customer deposits — which she said are not returned until service is discontinued — and rental rates.

There was no clear answer about deposits, but Krupa said she will look into it. Other utilities will return deposits to customers after an account is established.

Gregory also questioned the amount of money the water department pays the city in "rent." As Hemet's lone enterprise department — one that raises its own funds — the water department reimburses the city for space and certain services.

"Since they are based in city buildings, they basically rent the space," Krupa said. "Everybody pays their fair share."

Gregory wants to ensure the charges are fair.

"We want to make sure money to the water department goes to water," she said.

Millions in California could be on hook for Gov. Jerry Brown's water plan

Ellen Knickmeyer and Scott Smith, Associated Press, Sept. 18, 2017

Water districts and households across California could be compelled to help pay for Gov. Jerry Brown's plans to build two giant tunnels to ferry water to cities and farms mainly in central and Southern California, under newly disclosed plans to shore up funding for the struggling \$16 billion project.

The tougher state funding demands pivot from longstanding state and federal assurances that only local water districts that actively seek to take part in the mega-project would have to pay for the twin tunnels, the most ambitious re-engineering of California's complex north-to-south water system in more than a half-century.

The Associated Press obtained new documents from the state's largest agricultural water agency and confirmed the expanded funding demands in phone and email interviews with state and local water officials.

With no major water district yet signing on voluntarily to help pay for the project amid uncertainty about its costs and benefits, state and local promoters of the tunnels now contend that dozens of local water agencies representing millions of Californians are obligated to help foot the bill under their existing contracts.

WESTERN WATER: U.S. and Mexico set to sign landmark Colorado River water-sharing deal

While rumors of that arrangement have swirled privately, "this is the first acknowledgment that we've heard" from the state that those water agencies would be on the hook, said Paul Gosselin, director of Northern California's Butte County water district.

His agency would get no water from the tunnels and has been seeking written state and federal guarantees that its customers would not have to pay for them. He's gotten no such assurances.

"Any of these funding mechanisms has been in a black box — none of it's been described to us, the contractors, or the public," Gosselin said.

Brown's administration intends to exclude from the newly revealed funding obligation a half-dozen Northern California water districts, like Gosselin's, that would get no water from the tunnels, although just how hasn't been worked out, said Lisa Lien-Mager, spokeswoman for the state Natural Resources Agency.

The two tunnels — each 35 miles long and the width of a three-lane highway — would tap into Northern California's Sacramento River to provide more reliable supplies for points south. Brown says the tunnels would modernize the existing water delivery system built under his father, then-Gov. Pat Brown. The younger Brown is pushing to see his water project launched before he leaves office next year.

But it's been beset by controversy. Opponents say the tunnels could further threaten struggling native species and drain Northern California dry. Federal auditors also said last week that authorities improperly used \$50 million in taxpayer money for the project.

The state's newly revealed funding plan hinges on its contention that the tunnels would be an update, not a new project. As such, state and local water officials said Friday, the 29 water districts throughout California that get water from the existing state system of aqueducts, reservoirs and pumps would be obligated to help bear the costs of the new tunnels.

If districts that already get their water from the system decide not to be part of the project, "it would be up to them" to find another water contractor to take on their share of the project's costs, said Lisa Lien-Mager, spokeswoman for California's Natural Resources Agency.

COACHELLA VALLEY WATER: 10 states back California agencies in fight with tribe over groundwater
 Asked if California intended to cut off state water deliveries to those districts that refuse to help pay for the tunnels, Lien-Mager said only "opting out would not affect their existing contracts, but their actual water supplies from the SWP could become less reliable in the future."

That message has begun trickling out as water agencies around the state decide whether to raise rates to pay for the tunnels.

"That's what we're being informed — our contract ends if we don't participate," said Richard Santos, a board member of the Santa Clara Valley water district, which supplies water to Silicon Valley.

If it plays out that way, Santos said, he will fight.

"If they say they'll cut off our allocations if we don't participate, then let the courts take it on," he said.

The funding arrangements also are described in documents released Thursday by Westlands Water District, which covers 1,000 square miles of the farm-rich Central Valley. With lobbyists and strong ties to Washington, the rural water district is one the most politically influential in a state where water is the most fought-over resource.

Westland says in a new report to its board that the tunnels' costs "will be allocated to all state water contractors in proportion ... to their contract amount," meaning how much water they currently get from the state.

A staff recommendation that the Westlands board could vote on Tuesday calls for Westlands to sign on to the mega-project — on two conditions.

One, which is spelled out in the meeting documents, says water agencies that get their supply from a separate, federally run water project in California should also be compelled to help foot the bill for the tunnels. The second is that California not impose "unreasonable" restrictions on the amount of water Westlands can take from the Sacramento River.

Without stronger assurances on more water for the Central Valley, the richest U.S. agricultural region, the higher water costs from the project may not be worth it, Westlands board members said.

"It really upsets me or makes me sad," said Sarah Woolf, a farmer and Westlands board member. "I could very well vote against something that infrastructure-wise I know we need."

Los Angeles Times

Funding feud looms for delta tunnel

Farm districts could pin much of water bill on Southland

By Bettina Boxall, September 18, 2017

Some of the state's biggest water districts are about to make their opening moves in a financial chess game that ultimately could saddle the Southland with much of the bill for re-engineering the failing heart of California's water system.

In coming weeks, the districts are expected to decide if they want to sign on to California WaterFix — a long-planned proposal to construct two massive tunnels that would change the way water supplies move through the Sacramento-San Joaquin Delta.

Backers long have operated under the assumption that the cost, now estimated at nearly \$17 billion, would be split among customers of the big government water projects according to the size of their contracts for delta supplies.

Under that scenario, the largely urban agencies supplied by the State Water Project would pick up 55% of the tunnel tab, and the largely agricultural districts supplied by the federal Central Valley Project would pay for 45%. But as the votes approach, there are growing doubts that agriculture will agree to pay that much.

"What happens if Central Valley farmers aren't paying their share? Who's going to get stuck with the costs?" said Mark Gold, who represents Los Angeles on the Metropolitan Water District of Southern California board. "That's one of the big questions that's out there. And to be honest, that's not been very well-answered."

The MWD is scheduled to vote Oct. 10 on a \$4.3-billion tunnel buy-in. That amounts to 26% of the project, reflecting the district's giant contract in the State Water Project.

As the biggest player, MWD's support is vital. Other agencies with potentially large stakes in WaterFix are the Kern County Water Agency, a state contractor that serves irrigation districts in the San Joaquin Valley; the huge Westlands Water District, which gets delta supplies from the Central Valley Project; and the Santa Clara Valley Water District in the Bay Area.

"I think the level of participation is, if I had to guess, going to be different than 55-45. I don't know how it's going to play out," said Curtis Creel, the Kern agency's general manager.

"We think this is a good project. California needs to do this," he said. "We also recognize that there may be folks out there that say, 'I agree, but we simply can't afford it, so we can't participate.'"

Adding to the funding questions is the fact that two groups that by law get Central Valley Project water from the delta — wildlife refuges and irrigation districts with senior water rights — do not have to share the tunnel costs.

But even if tunnel backers, all of whom are due to vote this fall, don't vote to fully fund the project, it won't be the end of WaterFix. It will be the beginning of deal making.

MWD, for example, could enlarge its stake by buying or leasing part of another agency's share. It then could keep the extra water for its own customers or sell it in dry years to other districts.

"Kern and [MWD] are the people who really do well in a project like this because we have storage," MWD General Manager Jeffrey Kightlinger said. His agency has a large Riverside County reservoir, and Kern County has several groundwater banks.

"If I got 40% of the benefits of this project, I would be more than happy to recommend to my board, let's pay 40%," Kightlinger said. "We're the ones that can take and utilize that 40%.... Now, the board may disagree and say that's too rich. That's their option. But I'm not asking them to commit to that at the outset."

Of course, a bigger investment would push up ratepayer costs. A recent analysis by the Los Angeles Office of Public Accountability said WaterFix could add anywhere from \$10.44 to \$51.72 a year to the water bills of the city's median single-family residence. The high number was partly based on the State Water Project paying for 68% of the project.

Another alternative would be to downsize WaterFix to match whatever water districts are willing to pay.

"You could potentially build a smaller system," said Karla Nemeth, deputy secretary for water policy at the California Natural Resources Agency.

But after a decade of planning and multiple revisions to the current proposal, Kightlinger said he didn't think there would be much interest in starting over.

He also said his board "has made it very clear" that it doesn't want to strike any deal that would amount to a subsidy for farmers' tunnel share.

Yet if the urban sector takes on a bigger portion of WaterFix, it is not clear how that could be avoided.

For one thing, the tunnels would be incorporated into the system that currently delivers water from the delta, making it difficult to ensure that agencies that don't participate in the project don't somehow benefit from it.

"There's going to be fighting in the future forever between the parties that opted out and the parties that opted in over how much water the parties that opted out ought to get," said Keith Lewinger, who represents the San Diego County Water Authority on the MWD board.

"I guarantee there will be litigation over that," he said.

And if urban agencies sell tunnel water to irrigation districts during dry years, can — or will — it be priced to fully reflect the capital costs of the supplies?

Those who doubt agriculture's willingness to pay its way got some ammunition in a report released this month by the U.S. Interior Department's inspector general.

The office found that the U.S. Bureau of Reclamation, which oversees the Central Valley Project, improperly left federal taxpayers on the hook for \$50 million in tunnel-planning costs that irrigation

districts should have paid for.

Thanks to what the inspector general called a "complex, obscure process," Central Valley Project contractors from 2009 to mid-2016 contributed only 18% of the more than \$250 million in planning costs. State Water Project agencies, including MWD, contributed 47%.

Christopher Thornberg, a founding partner of Beacon Economics who has consulted for MWD on WaterFix, says growers can afford the tunnels. After all, he said, even during the recent drought, California agriculture enjoyed record revenues and high employment.

"Economically, it's realistic. The farmers have as much to gain from these tunnels as anybody else," he said. "Are they going to pay for it? Politically is it reasonable to assume that? The answer is almost assuredly 'no.'"

"They're constantly crying poor, and they get away with it," he said. "And my guess is ... this will happen this time as well."

Agency's vote may doom delta tunnels

State's top irrigation district opts against joining the ambitious \$17-billion project.

By Bettina Boxall, September 18, 2017

FRESNO — The board of the Westlands Water District on Tuesday dealt a potentially fatal blow to the most ambitious California water project planned in decades.

By a 7-1 vote, the state's largest irrigation district decided not to join California WaterFix — a \$17-billion plan to build two tunnels under the Sacramento-San Joaquin Delta that would re-engineer the way Northern California supplies are moved to the rest of the state.

The proposed financing structure of the project “doesn't work for Westlands Water District,” board member Todd Neves said.

As envisioned by proponents, the largely urban agencies supplied by the State Water Project would pick up 55% of the tunnels' cost and the largely agricultural districts of the federal Central Valley Project — including Westlands — would pay 45%.

Central Valley Project irrigation districts that joined the project, however, would have to cover the tab for two groups that are first in line for delta deliveries but by law would not have to share in the tunnel costs: wildlife refuges and growers with senior water rights.

Because Tuesday's vote was on the project as currently proposed, Westlands' board might be more receptive to plans that spread costs to all south-of-the-delta Central Valley Project users, including the federal wildlife refuges.

But Westlands general manager Tom Birmingham was pessimistic that the U.S. Bureau of Reclamation would come up with a proposal that would satisfy his board.

“I don't know that there are negotiations that would address the concerns that were raised by the directors,” he said after the vote in the district's Fresno office.

Westlands was the first district to vote on whether to help pay for the long-planned project, a priority of Gov. Jerry Brown's administration.

The Metropolitan Water District of Southern California board is scheduled to vote on WaterFix early next month. But Westlands' move is sure to throw a major wrench in project plans.

“Westlands' decision to not participate in the California WaterFix will make it very difficult for other agencies” to sign on, Birmingham said.

Crashing fish populations in the delta have triggered increasingly strict environmental limits on pumping out water that fills southbound aqueducts. Project backers hope to ease those rules by building a new diversion point on the Sacramento River in the north delta that would feed twin tunnels connected to the pumps.

The new system would be owned and operated by the state Department of Water Resources. Its proponents have said from the beginning that the agricultural and urban water districts that benefit from WaterFix would pay for it.

That raises the question of which districts benefit, and how much they should pay. In a report, Westlands staff said costs on the federal side of the project should be spread across all Central Valley Project users south of the delta — an approach that would significantly lower the per unit price of the tunnel water from roughly \$990 an acre-foot to \$173 an acre-foot.

The staff also suggested that if the board signed on to the project, it should be under the condition that state water quality regulators not impose any rule that “unreasonably reduces the delivery capability” of the tunnels.

“They’ve put two conditions [on the project] that can’t possibly be met,” said Patricia Schifferle of Pacific Advocates, an environmental group.

“They’re saying, we’ll participate if you make others pay and give us a free ride on environmental protections. That is a nonstarter.”

It turned out to be a nonstarter for the Westlands board as well.

“Can we afford it even if everyone participates?” asked Neves, who also questioned whether the tunnels would boost water supplies as much as the staff suggested.

After the vote, board member Sarah Woolf said that if growers could be assured the tunnels would significantly increase irrigation deliveries, the project would have a better chance.

“I think it’s a necessary project, so I hope there is a future,” she said.

In a statement, California Natural Resources Secretary John Laird called the Westlands vote disappointing. But he said it “in no way signals the end of WaterFix.”

And Jeffrey Kightlinger, MWD’s general manager, said: “It was clear that this would be a difficult vote for Westlands.... It’s equally clear that actions must be taken to secure a reliable water supply for the state.”

Los Angeles Times

Agency's vote may doom delta tunnels

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By Bettina Boxall, September 20, 2017

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**DESERT WATER AGENCY
OUTREACH & CONSERVATION
ACTIVITIES**

September 2017

Activities:


9/6/17	Staff completed a turf buy back inspection.
9/7/17	Ashley Metzger was on a live segment with KESQ on the CV Water Counts Academy.
9/13/17	President Cioffi and Ashley Metzger attended and presented at the PSRAR meeting at the Mizell Senior Center.
9/13/17	Ashley Metzger was on a live segment with KESQ on efficient overseeding.
9/14/17	Staff attended a luncheon to receive awards from the United Way of the Desert.
9/15/17	Ashley Metzger attended Leadership Coachella Valley.
9/19/17	Mark Krause and Ashley Metzger attended the State of the City address at the City of Palm Springs.
9/21/17	Ashley Metzger was on a live segment with KESQ on conservation coupons.
9/22/17	Ashley Metzger was interviewed on the Joey English radio show.
9/22/17	Steve Johnson and Ashley Metzger provided a presentation and tour to a class from Kings School.
9/26/17	The Conservation & Public Affairs Committee convened for a meeting.
9/27/17	Vicki Petek attended an event for the Greater Coachella Valley Chamber of Commerce.
9/28/17	Ashley Metzger was on a live segment with KESQ on emergency preparedness.
9/29/17	Ashley Metzger and Vicki Petek provided an information table at Home Depot and Lowe's on conservation programs.

Public Information Releases/eBlasts:

September 20, 2017 – Nextdoor & website – Desert Water Agency fall tour
September 27, 2017 – Nextdoor – Water Counts Academy



Audience Overview

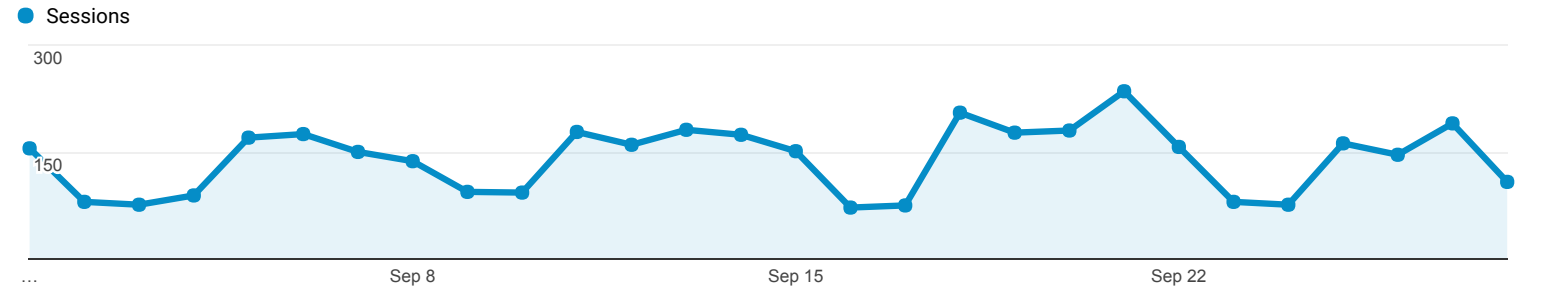


All Users

100.00% Sessions

Sep 1, 2017 - Sep 28, 2017

Overview



Sessions

3,926

Users

3,050

Pageviews

9,012

Pages / Session

2.30

Avg. Session Duration

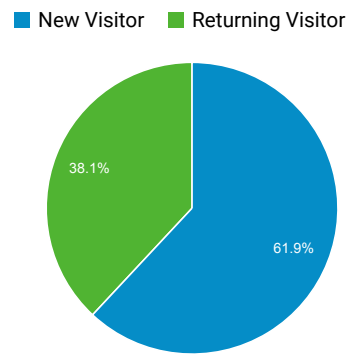
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Bounce Rate

40.50%

% New Sessions

61.95%



Language		Sessions	% Sessions
1.	en-us	3,785	96.41%
2.	en-ca	35	0.89%
3.	en-gb	35	0.89%
4.	es-419	8	0.20%
5.	ko	7	0.18%
6.	en	6	0.15%
7.	es	4	0.10%
8.	fr	4	0.10%
9.	fr-fr	4	0.10%
10.	ar	3	0.08%



DESERT WATER

TWEETS 1,129 FOLLOWING 1,511 FOLLOWERS 941 LIKES 432 MOMENTS 0

Desert Water Agency
Twitter Analytics
September 2017

Sep 2017 • 27 days so far...

TWEET HIGHLIGHTS

Top Tweet earned 4,996 impressions

When's the last time you checked your sprinklers? pic.twitter.com/LMPCEomv8k



1 5 8

View Tweet activity

View all Tweet activity

Top Follower followed by 26.2K people



James Arthur Ray [@JamesARay](#) [FOLLOWS YOU](#)

James Arthur Ray NYT Bestselling Author. Inc 500 inductee 2009. Helping leaders develop confidence, grit & resilience to overcome challenges & accomplish goals.

[View profile](#)

[View followers dashboard](#)

Top mention earned 6 engagements

[CWEA Water Assoc](#) [@CWEAMembers](#) - Sep 14

To get those cool [#waterjobs](#) you'll need a certification. Emmanuel from [@DWAwater](#) explains the process [#workforwater](#) youtube.com/watch?v=OAKWOC... pic.twitter.com/lxUTcnftz1



"Maintain your certifications, make sure you keep getting your certifications, and keep applying yourself. There's always opportunity in the water sector."

Emmanuel Sarpong
Operations Technician Foreman
Desert Water Agency

1 4 4

[View Tweet](#)

Top media Tweet earned 638 impressions

Rain alert! Turn those sprinklers off. pic.twitter.com/gUuAflSATP



1 3

ADVERTISE ON TWITTER

Get your Tweets in front of more people

Promoted Tweets and content open up your reach on Twitter to more people.

[Get started](#)

SEP 2017 SUMMARY

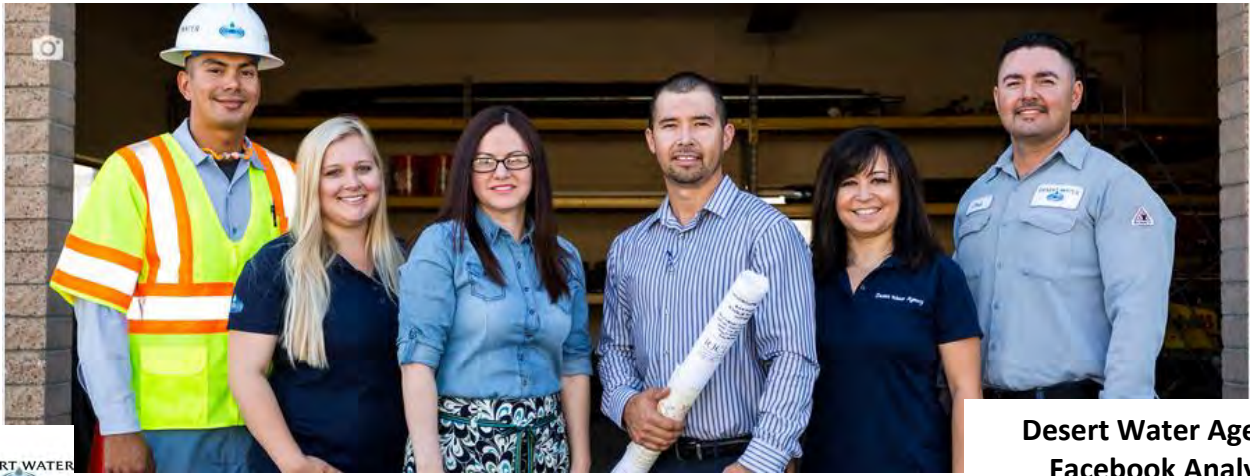
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Tweet impressions
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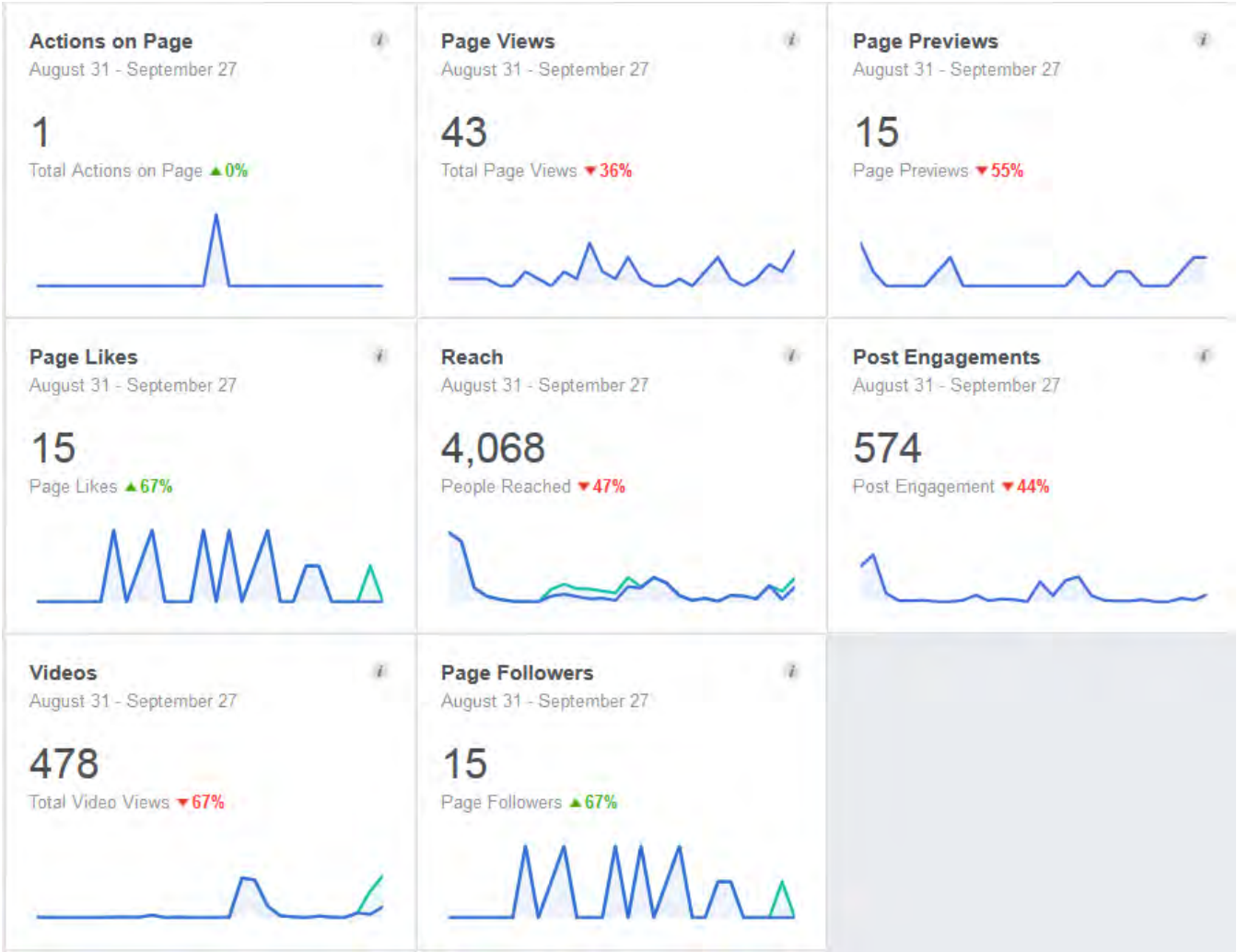
Profile visits
408

Mentions
4

New followers
17



Desert Water Agency
Facebook Analytics
September 2017





Published ▾	Post	Type	Targeting	Reach	Engagement	Promote
09/25/2017 4:38 pm	When's the last time you checked your sprinklers?			415	11 8	\$9.44 Left
09/22/2017 12:05 pm	Desert Water Agency shared Coachella Valley Water District's po			40	1 2	Boost Post
09/22/2017 10:39 am	It's the first day of fall AND it actually feels like it. Make sure you'			484	2 7	Boost Post
09/20/2017 11:41 am	Join us for our fall tour on November 1. We'll be taking the Buzz b			122	0 1	Boost Post
09/16/2017 7:44 am	Desert Water Agency shared Coachella Valley Water District's po			59	3 2	Boost Post
09/14/2017 3:44 pm	At Desert Water Agency, we #LiveUnited. 🏆🏆🏆 Thanks to the			333	36 19	Boost Post
09/12/2017 10:13 am	Be part of the first-ever Water Co units Academy to be held UCR P			60	1 5	Boost Post
09/11/2017 1:51 pm	Never forget.			48	3 1	Boost Post
09/08/2017 8:21 am	September is National Emergency Prep month. Take a few minute			917	16 24	View Results
09/01/2017 10:57 am	This is one of our favorite plants! We have them in our demonstrati			65	2 6	Boost Post

Total Page Likes as of Today: 1,032

