

**DESERT WATER AGENCY
OCTOBER 17, 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. APPROVAL OF MINUTES – October 3, 2017** **CIOFFI**
- 3. GENERAL MANAGER'S REPORT** **KRAUSE**
- 4. PUBLIC INPUT:**
Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
- 5. SECRETARY-TREASURER'S REPORT – SEPTEMBER** **BLOOMER**
- 6. ITEMS FOR ACTION**
 - A. Request Authorization for Approval to Submit Letter in Support for the 2017 Sustainable Groundwater Planning Grant Application for the San Geronio Pass Groundwater Subbasin **KRAUSE**
 - B. Request Adoption of Resolution No. 1173 Updating Authorized Signers for Accounts with Stifel **KRIEGER**
- 7. ITEMS FOR DISCUSSION**
 - A. September Water Use Reduction Figures **KRAUSE**
 - B. Customer Billing Process **KRAUSE**
 - C. California WaterFix Update **KRAUSE**
- 8. DIRECTORS COMMENTS AND REQUESTS**
- 9. 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
- 10. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION**
- 11. ADJOURN**

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

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

2

October 3, 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)
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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.)

Consultant:	Michael T. Riddell, Best Best & Krieger)
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Public:	David Freedman, P.S. Sustainability Comm.)
	Maribel Hernandez, Palm Springs resident)
	Francine Ross, Palm Springs resident)

17930. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join him in the Pledge of Allegiance. **Pledge of Allegiance**

17931. President Cioffi called for approval of the September 19, 2017 Regular Board meeting minutes. **Approval of 09/19/17 Regular Board Mtg. Minutes**

Director Ewing moved for approval. After a second by Secretary-Treasurer Bloomer, the minutes were approved as written (Vice President Stuart absent).

17932. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause stated on Wednesday, October 11, Rite Aid Pharmacy will be at the Agency to administer Flu Shots to employees and family members who are enrolled in Anthem PPO or HMO plans. **Flu Shots**

Mr. Krause stated on Tuesday, October 17, the Agency would be hosting a LifeStream Blood Drive from 9:00 a.m. to 2:00 p.m. The blood drive is open to all employees and the public.

GM's Report
(Cont.)

LifesStream Blood
Drive

Mr. Krause announced the Employee Christmas Dinner is scheduled for Saturday, December 9 and will be held at the Palm Springs Hilton.

Employee Christmas
Dinner

Mr. Krause stated the dates for the Colorado River Aqueduct (CRA) & Hoover Dam tour and the State Water Project (SWP) tour have been confirmed. CRA tour is April 24-26, 2018 and SWP is September 10-11, 2018. The tours are hosted by Metropolitan Water District.

CRA & SWP Tours –
Dates confirmed

Mr. Krause provided a report for the Facilities & Safety department: 1) On September 26, staff met with the contractor and architect to review architectural drawings for the public restroom project. The plans should be finalized in about a week. President Cioffi noted he would review the final plans. Once they're finished, we begin breaking ground and building the restroom; 2) 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, and 3) The Agency's carpet replacement project is moving into the third and final phase on the weekend of October 6th.

Facilities & Safety
Update

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

17933. President Cioffi noted the minutes for the September 26, 2017 Conservation & Public Affairs Committee were provided in the Board's packet.

Committee Reports
Conservation & Public
Affairs 09/26/17

17934. President Cioffi opened the meeting for public input.

Public Input

Maribel Hernandez addressed the Board regarding her high bill and late fee.

Maribel Hernandez

Francine Ross addressed the Board regarding her inability to pay her water bill.

Francine Ross

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

17935. President Cioffi called upon General Manager Krause to present staff's request for Adoption of Resolution No. 1172.

Items for Action:
Request Adoption of
Reso. 1172

General Manager Krause stated that 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.

Continuing his report, Mr. Krause noted on September 19, the Board of Directors of the Westlands Water District voted 7 to 1 against their participation in the California WaterFix project. In light of this and other opposing actions it is important for 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. Staff recommends that the Board adopt Resolution No. 1172 in support of the California WaterFix.

Director Oygur moved for approval and adoption of Resolution No. 1172. Secretary-Treasurer Bloomer seconded the motion, which carried unanimously. (Vice President Stuart absent).

RESOLUTION NO. 1172
RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY
SUPPORTING THE CALIFORNIA WATERFIX

Resolution No. 1172
Adopted

17936. President Cioffi called upon General Manager Krause to request Authorization for Attendance/NWRA Groundwater Task Force Meeting.

Request Authorization
for Attendance/NWRA
Groundwater Task
Force Meeting

Mr. Krause reported 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 NWRA 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.

Director Ewing moved for approval to authorize President Cioffi's attendance at the NWRA Groundwater Task Force Meeting. Secretary-Treasurer Bloomer seconded the motion, which carried unanimously. (Vice President Stuart absent).

Action Items:
(Cont.)
Request Auth.
Attendance/NWRA
GW Task Force Mtg.

17937. President Cioffi asked Agency Counsel Riddell to provide a report on the September 21, 2017 Board of Directors meeting of the State Water Contractors, Inc.

Discussion Items:
09/21/17 SWC Mtg.

Mr. Riddell provided a report on the following items: 1) Closed Session discussion of litigation affecting the Cal WaterFix Delta improvement project, 2) Board Action Items, 3) Water Supply Report, and 4) Meeting with new DWR Director.

17938. Secretary-Treasurer Bloomer stated she recently attended the CSDA Conference in Monterey, CA.

Director's Report/CSDA
Conference Attendance

17939. President Cioffi noted that Board packets included Outreach & Conservation reports for September 2017.

**Outreach &
Conservation –**
September 2017

Mrs. Metzger requested RSVP's to the Snow Creek, Whitewater Hydro Plant & Mission Creek Spreading Ponds tour on November 1.

Nov. 1 DWA Tour

17940. Director Ewing noted he was not able to attend the CSDA Conference.

Director's Comments
CSDA Absence

Director Ewing thanked the Agency for their participation in the Palm Springs Animal Shelter volunteer program.

PS Animal Shelter
Volunteer Program

President Cioffi asked staff to follow up with today's speakers during Public Comment.

Public Comment
Follow up

17941. At 9:02 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

17942. At 10:54 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

Closed Session:
(Cont.)

**Reconvene –No
Reportable Action**

17943. In the absence of any further business, President Cioffi adjourned the meeting at 10:55 a.m.

Adjournment

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

DRAFT

GENERAL MANAGER'S REPORT OCTOBER 17, 2017

On October 3 at approximately 3:30 p.m. construction personnel responded to a hit fire hydrant on Primavera Dr. This was an older style fire hydrant which broke on the fire hydrant horizontal piping run. The fire hydrant was taken out of service. A police report was made. The water loss was from a 3/4 inch hole in the fire hydrant which ran for approximately 10 minutes.

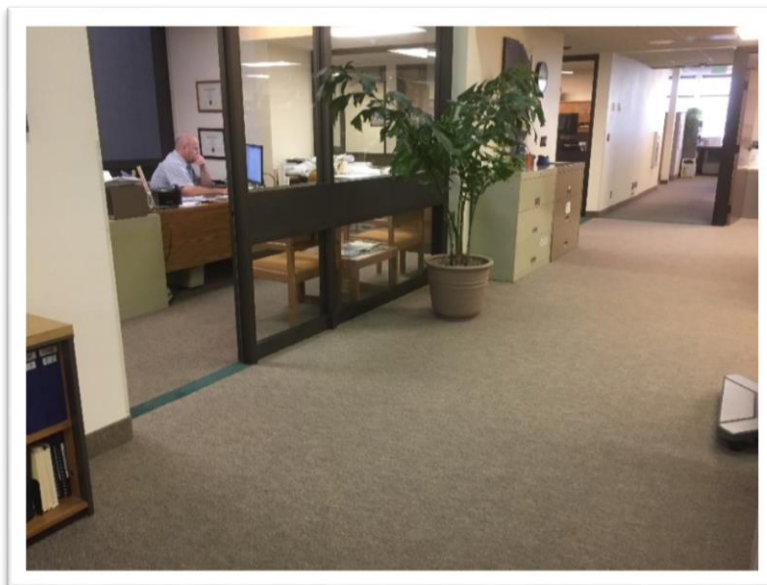
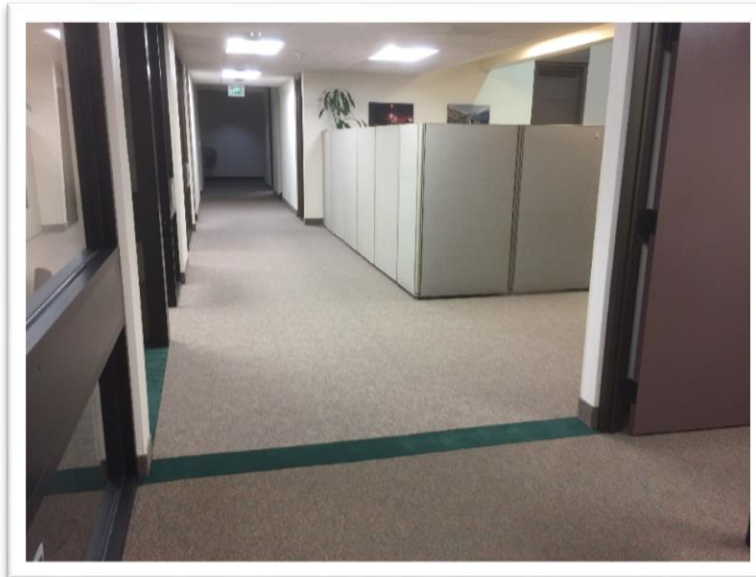


Human Resources

A recruitment for Equipment Operator opened on October 10, 2017. Interested persons may obtain a job application and job description on DWA's website www.dwa.org/careers. The first review of applications will be on October 25. The recruitment will close when sufficient qualified applications are received.

Facilities & Safety Update

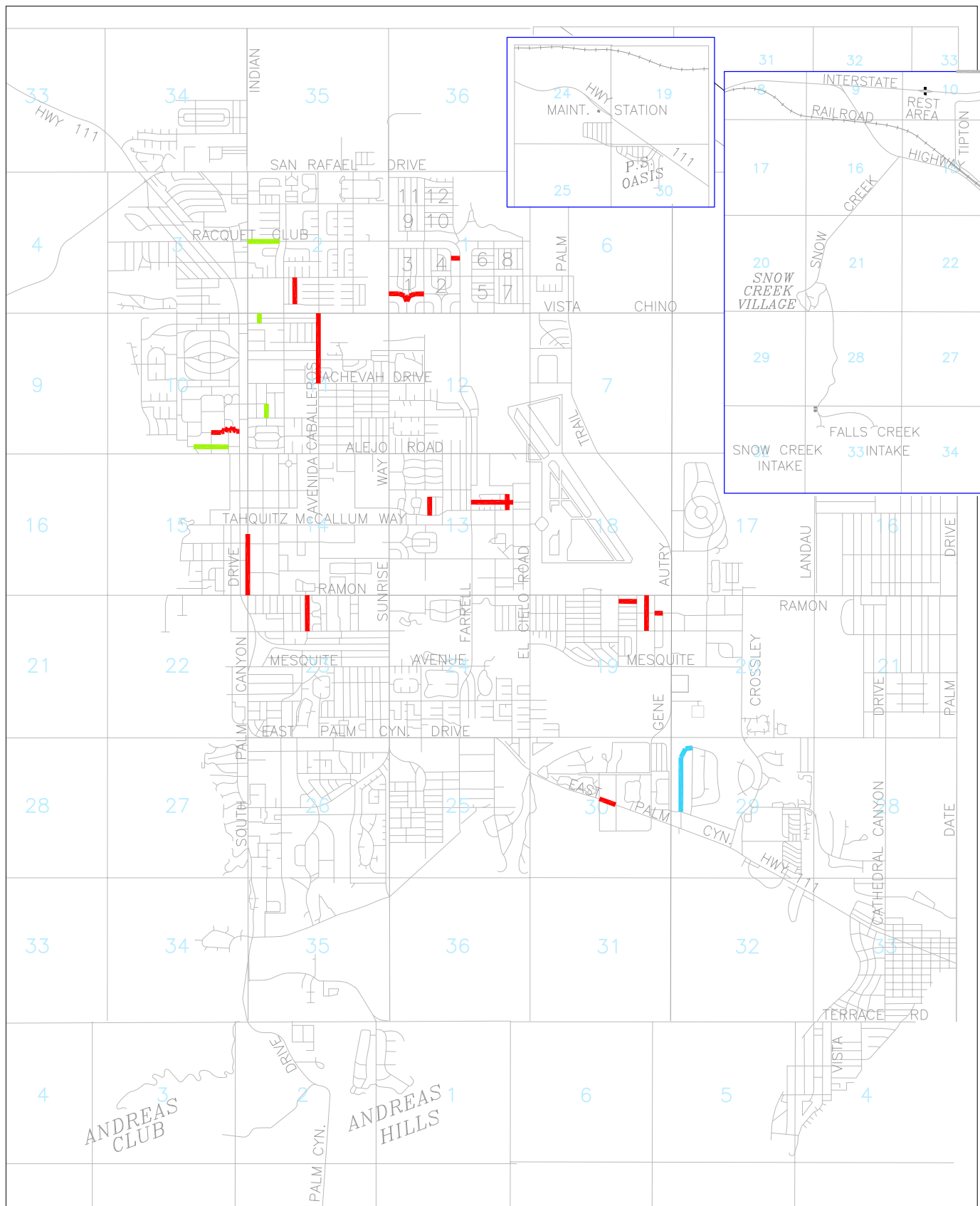
Carpet Installation - On October 6th at 5:00 p.m. crews from The Works Floor and Wall began demolition, floor prep, and removal of old carpet from 5 areas of the Operations Center. They continued their work on Saturday the 7th installing new carpet and color transitions where the new carpet meets the old. The areas carpeted were the Management hallway, General Manager's Office, Admin Assistant's area, Facilities and Safety Office, and the Lab Technician's office.



SYSTEM LEAK DATA		
(PERIOD BEGINNING SEPTEMBER 27, 2017 THRU OCTOBER 10, 2017)		
STREET NAME	QUARTER SECTION	NUMBER OF LEAKS
AVENIDA CABALLEROS (20")	4411NW	4
AIRLANE DR	4413NE	3
CHAPARRAL RD	4411NW	2
RACQUET CLUB RD	4402NW	2
OLEANDER RD	4519NE	2
CAMINO REAL	4423NW	2
BROADMOOR DR	4529NW	1
AVENIDA PALOS VERDES	4411SW	1
CHINO DR	4410SE	1
LIVMOR AVE (4")	4413NE	1
DESERT PARK AVE	4401SW	1
CALLE DE RICARDO	4519NE	1
MERITO PL	4410SE	1
CLARK RD	4401SW	1
JACQUES RD	4402SW	1
CAMINO PAROCELA	4519NE	1
MICHELLE RD	4413NW	1
E PALM CANYON DR	4530NE	1
INDIAN CANYON DR	4414SW	1
TOTAL LEAKS IN SYSTEM:		28

* 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

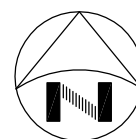
(Period beginning September 27, 2017
thru October 10, 2017)

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
10/17

SCALE
NTS

EXHIBIT
"A"

General Manager's Meetings and Activities:

Meetings:

10/03/17	San Gorgonio Pass Sub Basin GSA Meeting	Conf. Call
10/04/17	Whitewater Spreading Basin BLM Permit	Conf. Call
10/04/17	Friends of Palm Springs Mountains-Chino Cone	DWA
10/06/17	MSWD VS. DWA/CVWD Mediation	Riverside
10/08/17	DWA I.S./Staff/Snow Creek Security Weekly Meeting	DWA
10/10/17	Weekly Meeting with Kris Polly	Conf. Call
10/10/17	San Gorgonio Pass Sub Basin GSA Meeting	Conf. Call
10/11/17	State Water Contractor East Branch Contractors Meeting	SBVMWD
10/12/17	2017 SWC Buyer/Seller/Water Transfer Meeting	Conf. Call
10/16/17	DWA I.S./Staff/Snow Creek Security Weekly Meeting	DWA
10/17/17	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
- 24) SGMA Tribal Stakeholder Meetings
- 25) Whitewater Spreading Basins – BLM Permits
- 26) Lake Perris Dam Seepage Recovery Project Participation

Activities:
(Cont.)

- 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

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

SEPTEMBER 2017

BALANCE	SEPTEMBER 1, 2017	(\$697,574.09)	INVESTED RESERVE FUNDS \$16,981,189.01
WATER SALES		\$3,149,073.36	
RECLAMATION SALES		135,528.66	
WASTEWATER RECEIPTS		90,641.89	
POWER SALES		586.86	
METERS, SERVICES, ETC.		156,985.00	
REIMBURSEMENT – GENERAL FUND		119,198.68	
REIMBURSEMENT – WASTEWATER FUND		7,159.96	
ACCOUNTS RECEIVABLE – OTHER		5,968.16	
CUSTOMER DEPOSITS – SURETY		8,886.00	
CUSTOMER DEPOSITS – CONST.		29,384.00	
LEASE REVENUE		3,396.33	
INTEREST RECEIVED ON INV. FDS.		7,823.29	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		<u>110,323.94</u>	
TOTAL RECEIPTS		\$3,824,956.13	
PAYMENTS			
PAYROLL CHECKS		\$331,630.75	
PAYROLL TAXES		158,199.67	
ELECTRONIC TRANSFERS		161,216.35	
CHECKS UNDER \$10,000.00		289,695.19	
CHECKS OVER \$10,000.00 – SCH. #1		954,805.72	
CANCELLED CHECKS AND FEES		<u>11,495.05</u>	
TOTAL PAYMENTS		<u>\$1,907,042.73</u>	
NET INCOME		\$1,917,913.40	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		<u>\$0.00</u>	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$650,000.00	
FUNDS INVESTED – SCH. #3		<u>2,084,000.00</u>	
NET TRANSFER		(\$1,434,000.00)	\$1,434,000.00
BALANCE	SEPTEMBER 30, 2017	(\$213,660.69)	\$18,415,189.01

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
115587	BEST BEST & KRIEGER LLP	LEGAL FEES	\$80,522.17
115609	MCKEEVER WATERWELL & PUMP INC	MONITORING WELL ABANDONMENTS - CATHEDRAL CITY	\$19,800.00
115631	S & J SUPPLY CO., INC	WATER SERVICE SUPPLIES	\$15,152.27
115632	SINGER LEWAK LLP	PROGRESS PAYMENT 2016/2017 AUDIT	\$35,000.00
115634	SOUTHERN CALIFORNIA EDISON CO	POWER	\$314,427.84
115635	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$16,576.93
115653	DESERT WATER AGENCY - WASTEWATER	WASTEWATER REVENUE BILLING - AUGUST 2017	\$87,721.02
115669	INLAND WATER WORKS SUPPLY CO	WATER SERVICE SUPPLIES	\$20,397.22
115695	ACWA-JPIA	HEALTH, DENTAL & VISION INSURANCE PREMIUMS - OCTOBER 2017	\$168,956.59
115700	DESERT WATER AGENCY - WASTEWATER	SEWER CAPACITY CHARGES (JONES CREE VENTURES)	\$15,720.00
115709	BADGER METER INC	WATER SERVICE SUPPLIES	\$33,973.58
115712	BRITHINEE ELECTRIC INC	SWITCH GEAR - WELL # 27 (W/O #17-121-W-17)	\$40,966.12
115713	CDW DIRECT	ENGINEERING WORK STATIONS & I.S. MAINTENANCE	\$10,207.78
115723	CORA CONSTRUCTORS INC	ZONE 1240 BOOSTER - DESERT PALISADES (W/O# 15-150-B)	\$37,500.49
115729	DOWN TO EARTH LANDSCAPING	LANDSCAPE MAINTENANCE	\$33,369.14
115768	S & J SUPPLY CO., INC	WATER SERVICE SUPPLIES	\$11,862.57
115785	PALM CANYON VILLAS HOA	TURF BUY BACK PROGRAM	\$12,652.00

** TOTAL

\$954,805.72

**DESERT WATER AGENCY
OPERATING FUND - LISTING OF INVESTMENTS
SEPTEMBER 30, 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	\$ 15,415,189.01	\$ 15,415,189.01	\$ 15,415,189.01	1.130%	-
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Certificates of Deposit

Total Certificates of Deposit	\$		\$		\$	-
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Commercial Paper

Total Commerical Paper	\$		\$		\$	-
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Government Agency

09-20-16	Union Bank	FNMA (Callable 12-20-17)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,020.00	1.300%	Quarterly
10-28-16	Union Bank	FHLMC STEP (Callable 10-28-17)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,390.00	1.000%	Quarterly
02-28-17	Union Bank	FHLMC (Callable 11-25-17)	02-25-19	\$ 500,000.00	\$ 500,000.00	\$ 498,860.00	1.400%	Quarterly
09-29-17	Union Bank	FHLMC (Callable 12-29-17)	09-29-20	\$ 500,000.00	\$ 500,000.00	\$ 497,865.00	1.700%	Quarterly

Total Government Agency	\$	3,000,000.00	\$	3,000,000.00	\$	2,989,135.00
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Weighted Mean YTM 1.155%

TOTAL INVESTED @ 09/30/17	\$	18,415,189.01	\$	18,415,189.01	\$	18,404,324.01
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BALANCE @ 06/30/17	\$	16,124,074.41
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INCREASE (DECREASE)	\$2,291,114.60
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DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

SEPTEMBER 2017

INVESTED
RESERVE FUNDS
\$115,672,975.43

BALANCE SEPTEMBER 1, 2017 (\$665,926.01)

* TAXES - RIVERSIDE COUNTY	607,866.99
* INTEREST EARNED - INV. FUNDS	89,885.93
GROUNDWATER REPLEN. ASSESSMENT	2,810.47
REIMBURSEMENT - OPERATING FUND	0.00
REIMBURSEMENT - CVWD MGMT	0.00
STATE WATER PROJECT REFUNDS	0.00
REIMB - CVWD - WHITEWATER HYDRO	0.00
POWER SALES - WHITEWATER	61,536.06
MISCELLANEOUS	134.30

TOTAL RECEIPTS \$762,233.75

PAYMENTS

CHECKS UNDER \$10,000.00	16,011.81
CHECKS OVER \$10,000.00 - SCH. #1	1,940,161.49
CANCELLED CHECKS AND FEES	0.00

TOTAL PAYMENTS \$1,956,173.30

NET INCOME (\$1,193,939.55)

INVESTED RESERVE FUNDS

FUNDS MATURED	5,706,000.00
FUNDS INVESTED – SCH. #2	4,901,000.00

NET TRANSFER \$805,000.00 (\$805,000.00)

BALANCE SEPTEMBER 30, 2017 (\$1,054,865.56) \$114,867,975.43

* INCLUSIVE TO DATE

	TAXES	INTEREST
RECEIPTS IN FISCAL YEAR	\$1,497,514.78	\$332,103.83
RECEIPTS IN CALENDAR YEAR	\$20,670,871.42	\$894,820.52

DESERT WATER AGENCY

GENERAL ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
8946	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT ENTITLEMENT - JUNE 2017	\$25,556.00
8948	COACHELLA VALLEY WATER DISTRICT	WHITEWATER HYDRO REVENUE - JULY 2017	\$26,048.31
8949	DESERT WATER AGENCY-OPERATING	P/R & EXP REIMBURSEMENT FOR AUGUST 2017	\$118,618.51
8953	COACHELLA VALLEY WATER DISTRICT	IRWMP PROGRAM AND 4TH QTR 16/17 WHITEWATER BASIN MANAGEMENT	\$67,123.67
8957	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - SEPTEMBER 2017	\$1,702,815.00

** TOTAL

\$1,940,161.49

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
SEPTEMBER 30, 2017**

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
Local Agency Investment Fund								
06-30-83	State of California	LAIF	Open	\$ 39,109,655.43	\$ 39,109,655.43	\$ 39,109,655.43	1.130%	
Certificates of Deposit								
01-25-13	Union Bank	General Electric Capital Bank CD	01-25-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,800.00	1.100%	Bullet
10-07-15	Ladenburg Thalmann	Goldman Sachs CD	04-07-18	\$ 245,000.00	\$ 245,000.00	\$ 245,117.60	1.350%	Bullet
10-29-15	Ladenburg Thalmann	Ally Bank CD	10-30-17	\$ 245,000.00	\$ 245,000.00	\$ 245,036.75	1.150%	Bullet
11-04-15	Ladenburg Thalmann	Capital One NA CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 245,044.10	1.100%	Bullet
11-04-15	Ladenburg Thalmann	Discover CD	11-06-17	\$ 245,000.00	\$ 245,000.00	\$ 245,034.30	1.150%	Bullet
04-20-17	RBC Wealth Mgmt	Whitney Bank CD	04-22-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,520.00	1.650%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One N/A CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 250,345.00	1.900%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One Bank USA CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 250,345.00	1.900%	Bullet
06-19-17	RBC Wealth Mgmt	First Priority Bank CD	06-19-20	\$ 250,000.00	\$ 250,000.00	\$ 249,340.00	1.750%	Bullet
06-22-17	Sun Community FCU	Credit Union CD	06-22-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,004,156.85	1.500%	Bullet
Total Certificates of Deposit				\$ 4,730,000.00	\$ 4,730,000.00	\$ 4,734,739.60		
Commercial Paper								
12-16-13	Stifel	General Electric	05-15-18	\$ 587,600.00	\$ 500,000.00	\$ 511,305.00	6.300%	Bullet
04-27-15	Ladenburg Thalmann	Apple Inc.	05-03-18	\$ 997,920.00	\$ 1,000,000.00	\$ 997,660.00	1.000%	Bullet
02-01-16	Union Bank	US Bank Note (Callable 12-29-17)	01-29-18	\$ 1,000,950.00	\$ 1,000,000.00	\$ 1,000,090.00	1.450%	1 Time
Total Commercial Paper				\$ 2,586,470.00	\$ 2,500,000.00	\$ 2,509,055.00		
Government Agency								
12-28-12	Stifel (D.A.D)	FHLB (Callable Continuous)	12-28-17	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,270.00	0.840%	Continuous
03-27-13	Ladenburg Thalmann	FNMA (Callable 12-27-17)	03-27-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,320.00	1.050%	Qtrly
06-13-13	Ladenburg Thalmann	FHLB (Callable 12-13-17)	06-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,100.00	1.100%	Qtrly
10-02-15	Stifel	FHLB (Callable 10-2-17)	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,370.00	1.450%	Continuous
10-29-15	Stifel	FHLB (Callable Continuous)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,490.00	1.120%	Continuous
11-23-15	Ladenburg Thalmann	FHLMC (Callable 11-23-17)	05-23-18	\$ 996,000.00	\$ 1,000,000.00	\$ 997,800.00	1.000%	Qtrly
11-25-15	Stifel	FNMA (Callable 11-25-17)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,370.00	1.500%	Qtrly
02-26-16	Ladenburg Thalmann	FNMA (Callable 11-26-17)	02-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,090.00	1.250%	Qtrly
03-23-16	Ladenburg Thalmann	FNMA (Callable 12-23-17)	03-23-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,010.00	1.500%	Qtrly
03-30-16	Stifel	FNMA STEP (Callable 12-30-17)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,410.00	1.500%	Qtrly
03-30-16	Stifel	FHLMC STEP (Callable 12-30-17)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,490.00	1.250%	Qtrly
04-26-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-26-20	\$ 999,500.00	\$ 1,000,000.00	\$ 987,490.00	1.550%	Continuous
05-23-16	Stifel	FNMA (Callable 11-23-17)	08-23-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,430.00	1.250%	Qtrly
05-26-16	Union Bank	FNMA	11-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,230.00	1.300%	1 Time
05-31-16	Ladenburg Thalmann	FHLMC (Callable 11-29-17)	08-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,770.00	1.020%	Qtrly
06-01-16	Stifel	FFCB (Callable Continuous)	03-01-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,330.00	1.250%	Continuous
06-13-16	Ladenburg Thalmann	FNMA (Callable 12-13-17)	06-13-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,920.00	1.400%	Qtrly
06-16-16	Stifel	FFCB (Callable Continuous)	03-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,100.00	1.400%	Continuous
06-21-16	Stifel	FHLMC STEP (Callable 12-21-17)	06-21-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,680.00	1.400%	Qtrly
06-28-16	Ladenburg Thalmann	FNMA (Callable 12-28-17)	06-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,720.00	1.200%	Qtrly
06-30-16	Stifel	FHLMC STEP (Callable 12-30-17)	12-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,720.00	1.000%	Qtrly
07-07-16	Ladenburg Thalmann	FFCB (Callable Continuous)	01-07-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,010.00	1.000%	Continuous

**DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
SEPTEMBER 30, 2017**

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

07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,190.00	1.125%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	07-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,880.00	1.125%	Continuous
07-13-16	Union Bank	FFCB (Callable Continuous)	01-13-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,980.00	1.240%	Continuous
07-26-16	Ladenburg Thalmann	FNMA (Callable 10-26-17)	07-26-19	\$ 999,500.00	\$ 1,000,000.00	\$ 992,220.00	1.125%	Qtrly
07-27-16	Stifel	FNMA STEP (Callable 10-27-17)	07-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 978,910.00	1.250%	Qtrly
08-10-16	Ladenburg Thalmann	FHLMC (Callable 11-10-17)	08-10-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,500.00	1.450%	Qtrly
08-24-16	Ladenburg Thalmann	FHLMC STEP (Callable 11-24-17)	08-24-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,870.00	1.250%	Qtrly
08-24-16	RBC Wealth Mgmt	FHLMC STEP (Callable 11-24-17)	08-24-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,280.00	1.000%	Qtrly
08-30-16	Stifel	FHLMC STEP (Callable 11-30-17)	08-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,280.00	1.500%	Qtrly
08-30-16	Ladenburg Thalmann	FNMA (Callable 11-27-17)	11-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,510.00	1.250%	Qtrly
09-06-16	Ladenburg Thalmann	FFCB (Callable Continuous)	03-06-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,090.00	1.150%	Continuous
09-20-16	Union Bank	FNMA (Callable 12-20-17)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,020.00	1.300%	Qtrly
09-27-16	Ladenburg Thalmann	FHLMC STEP (Callable 12-27-17)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,850.00	1.250%	Qtrly
09-29-16	Ladenburg Thalmann	FHLMC STEP (Callable 12-29-17)	09-29-21	\$ 950,000.00	\$ 950,000.00	\$ 939,464.50	1.375%	Qtrly
09-30-16	Ladenburg Thalmann	FNMA (Callable 12-30-17)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,350.00	1.250%	Qtrly
10-06-16	Ladenburg Thalmann	FHLMC (Callable 10-6-17)	07-06-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,770.00	1.375%	Qtrly
10-11-16	Ladenburg Thalmann	FHLMC (Callable 10-11-17)	10-11-18	\$ 999,750.00	\$ 1,000,000.00	\$ 995,020.00	1.000%	Qtrly
10-17-16	Stifel	FNMA (Callable 10-17-17)	04-17-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,130.00	1.250%	1 Time
10-28-16	Stifel	FHLMC STEP (Callable 10-28-17)	10-28-21	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,489,950.00	1.250%	Qtrly
10-28-16	Union Bank	FHLMC STEP (Callable 10-28-17)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,390.00	1.000%	Qtrly
11-03-16	Ladenburg Thalmann	FFCB (Callable Continuous)	05-03-21	\$ 999,250.00	\$ 1,000,000.00	\$ 985,620.00	1.490%	Continuous
11-15-16	Stifel	FHLMC STEP (Callable 11-15-17)	11-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,820.00	1.000%	Qtrly
12-14-16	Ladenburg Thalmann	FHLMC (Callable 12-14-17)	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,880.00	1.750%	Qtrly
12-29-16	Ladenburg Thalmann	FNMA (Callable 12-29-17)	06-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,310.00	1.750%	Qtrly
12-30-16	Ladenburg Thalmann	FHLMC (Callable 12-30-17)	12-30-19	\$ 998,000.00	\$ 1,000,000.00	\$ 994,500.00	1.500%	Qtrly
01-27-17	Ladenburg Thalmann	FNMA (Callable 10-27-17)	01-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,620.00	1.650%	Qtrly
01-30-17	Union Bank	FHLB (Callable 1-30-18)	04-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,290.00	1.750%	Qtrly
02-28-17	Union Bank	FHLMC (Callable 11-25-17)	02-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,720.00	1.400%	Qtrly
03-29-17	Stifel	FHLMC STEP (Callable 3-29-18)	03-29-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,780.00	1.300%	Annual
04-20-17	Stifel	FHLMC STEP (Callable 10-20-17)	04-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,020.00	1.250%	Qtrly
04-27-17	Ladenburg Thalmann	FHLMC (Callable 10-27-17)	01-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,290.00	2.000%	Qtrly
06-08-17	Stifel	FHLMC STEP (Callable 12-8-17)	06-08-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,800.00	1.250%	Qtrly
06-22-17	Ladenburg Thalmann	FHLMC STEP (Callable 12-22-17)	06-22-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,200.00	1.625%	Qtrly
06-27-17	Union Bank	FHLB (Callable 12-27-17)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,620.00	1.500%	Qtrly
06-29-17	Ladenburg Thalmann	FHLMC (Callable 12-29-17)	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,140.00	1.750%	Qtrly
07-11-17	Ladenburg Thalmann	FHLMC (Callable 1-11-18)	01-11-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,870.00	1.800%	Qtrly
07-26-17	Stifel	FHLMC STEP (Callable 1-26-18)	07-26-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,760.00	1.750%	Qtrly
07-27-17	Stifel	FHLMC STEP (Callable 10-27-17)	07-27-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,930.00	1.500%	Qtrly
08-07-17	Ladenburg Thalmann	FFCB (Callable Continuous)	11-23-20	\$ 999,850.00	\$ 1,000,000.00	\$ 995,700.00	1.770%	Continuous
08-09-17	Stifel	FHLB STEP (Callable 2-9-18)	02-09-22	\$ 2,000,000.00	\$ 2,000,000.00	\$ 1,995,220.00	1.750%	Qtrly
08-10-17	Ladenburg Thalmann	FHLB STEP (Callable 11-10-17)	08-10-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,130.00	1.500%	Qtrly
09-08-17	Stifel	FHLB STEP (Callable 12-8-17)	09-08-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,140.00	1.750%	Qtrly
09-28-17	Ladenburg Thalmann	FHLMC STEP (Callable 12-28-17)	09-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,050.00	1.375%	Qtrly
09-29-17	Union Bank	FHLMC (Callable 12-29-17)	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,730.00	1.700%	Qtrly
09-29-17	Stifel	FHLMC STEP (Callable 3-29-18)	09-29-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,980.00	1.650%	Qtrly

Total Government Agency \$ 68,441,850.00 \$ 68,450,000.00 \$ 68,077,894.50

Weighted Mean YTM 1.304%

TOTAL INVESTED @ 09/30/17 \$ 114,867,975.43 \$ 114,789,655.43 \$ 114,431,344.53

BALANCE @ 06/30/17 \$ 117,493,032.70

INCREASE OR (DECREASE) \$ (2,625,057.27)

BALANCE	SEPTEMBER 30, 2017	\$12,804.18	\$1,160,792.04
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DESERT WATER AGENCY
WASTEWATER ACCOUNT
SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
2513	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR AUGUST 2017	\$52,334.51
** TOTAL			\$52,334.51

**DESERT WATER AGENCY
WASTEWATER FUND - LISTING OF INVESTMENTS
SEPTEMBER 30, 2017**

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

06-30-83	State of California	LAIF	Open	\$ 1,160,792.04	\$ 1,160,792.04	\$ 1,160,792.04	1.130%
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TOTAL INVESTED @ 09/30/17	\$ 1,160,792.04	\$ 1,160,792.04	\$ 1,160,792.04
BALANCE @ 06/30/17	\$ 1,142,620.01		
INCREASE OR (DECREASE)	\$ 18,172.03		

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

MONTH 17-18 SEPTEMBER	THIS MONTH		FISCAL YEAR TO DATE		VARIANCE	
	THIS YEAR	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	YTD
OPERATING REVENUES						
WATER SALES	2,933,908.93	2,568,203.92	3,100,000.00	8,869,725.54	7,421,407.16	8,752,775.00
RECLAMATION SALES	132,103.04	180,069.04	141,550.00	471,247.15	493,831.55	446,900.00
POWER SALES	586.86	2,675.98	2,000.00	13,067.85	11,287.76	6,000.00
OTHER OPER REVENUE	170,525.37	224,527.97	130,700.00	586,709.00	418,553.72	392,100.00
TOTAL OPER REVENUES	3,237,124.20	2,975,476.91	3,374,250.00	9,940,749.54	8,345,080.19	9,597,775.00
OPERATING EXPENSES						
SOURCE OF SUPPLY EXP	1,280,717.66	1,024,370.02	1,157,950.00	1,311,097.69	1,052,274.97	1,231,600.00
PUMPING EXPENSE	337,884.15	316,574.58	277,075.00	744,425.34	746,021.92	856,625.00
REGULATORY WATER TREAT	41,730.88	47,263.81	42,500.00	126,189.53	122,771.59	127,500.00
TRANS & DIST EXPENSE	166,648.01	176,284.07	437,800.00	579,561.12	595,223.56	1,313,400.00
CUSTOMER ACT EXPENSE	71,716.53	67,912.07	80,025.00	199,720.19	201,363.60	240,075.00
ADMIN & GEN EXPENSE	638,575.18	700,968.40	636,625.00	2,664,419.63	2,817,086.50	2,792,450.00
REGULATORY EXPENSE	12,552.33	6,124.30	25,125.00	44,709.15	29,068.67	75,375.00
SNOW CREEK HYDRO EXP	1,710.03	9,945.65	3,350.00	4,407.32	14,526.63	10,050.00
RECLAMATION PLNT EXP	75,309.05	54,165.99	207,925.00	202,466.08	158,739.18	623,525.00
SUB-TOTAL	2,626,843.82	2,403,608.89	2,868,375.00	5,876,996.05	5,737,076.62	7,270,600.00
OTHER OPER EXPENSES						
DEPRECIATION	463,958.28	461,006.87	471,200.00	1,402,313.91	1,385,363.65	1,413,600.00
SERVICES RENDERED	21,582.04	12,873.29	11,250.00	65,919.65	29,950.85	33,750.00
DIR & INDIR CST FOR WD	149,396.57	159,771.23	83,750.00	542,216.90	571,525.84	251,250.00
TOTAL OPER EXPENSES	2,962,987.57	2,717,717.82	3,267,075.00	6,803,012.71	6,580,865.28	8,466,700.00
NET INCOME FROM OPERATIONS	274,136.63	257,759.09	107,175.00	3,137,736.83	1,764,214.91	1,131,075.00
NON-OPERATING INCOME (NET)						
RENTS	35,236.33	3,368.43	3,395.00	42,028.99	10,105.29	42,015.00
INTEREST REVENUES	15,903.50	8,510.76	10,250.00	45,148.01	25,147.46	30,750.00
OTHER REVENUES	1,040.00	56,444.99	00	1,740.36	57,284.99	00
GAINS ON RETIREMENT	00	12.50	750.00	00	12.50	750.00
DISCOUNTS	5.27	1.83	300.00	12.51	22.03	900.00
PR. YEAR EXPENSES	161,972.18	00	00	161,622.97	00	00
LOSS ON RETIREMENTS	6,700.59	10,672.67	3,000.00	6,700.59	10,672.67	9,000.00
TOTAL NON-OPER INCOME	207,456.69	57,665.84	11,695.00	243,852.25	81,899.60	65,415.00
TOTAL NET INCOME	481,593.32	315,424.93	118,870.00	3,381,589.08	1,846,114.51	1,196,490.00
						2,185,099.08

DESERT WATER AGENCY
OPERATING FUND
WATER CONSUMPTION

	THIS QUARTER			FISCAL YEAR TO DATE		
	LAST YEAR	THIS YEAR	% UP (DOWN)	LAST YEAR	THIS YEAR	% UP (DOWN)
WATER REVENUE	\$7,421,407	\$8,869,726	20	\$7,421,407	\$8,869,726	20
TOTAL CONSUMPTION (100 CU FT)	4,107,307	4,305,591	5	4,107,307	4,305,591	5
AVERAGE CONSUMPTION PER CONSUMER (100 CU FT)	184	192 *	4	184	192 c	4
NUMBER OF CONNECTIONS	5	12		22,309	22,468	1

* = ADDED THIS QUARTER

C = TOTAL ACTIVE SEPTEMBER 2017

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

OCTOBER 17, 2017

**RE: REQUEST APPROVAL OF LETTER OF SUPPORT FOR SAN
GORGONIO PASS WATER AGENCY TO ACT AS LEAD APPLICANT
FOR PLANNING GRANT FOR THE SAN GORGONIO PASS SUBBASIN**

The California Department of Water Resources has established a Sustainable Groundwater Planning (SGWP) grant program. This program provides funds for projects that develop and implement sustainable groundwater planning. It consists of two eligible project type categories; Category 1 (Severely Disadvantaged Communities Projects), Category 2 (Groundwater Sustainability Plans).

San Gorgonio Pass Water Agency (SGPWA) has agreed to act as the lead applicant for said grant. The application will be submitted for both Category 1 and Category 2. The grant could fund up to two million dollars (\$2M) for sustainable groundwater planning for the San Gorgonio Pass Subbasin (SGPSB).

Desert Water Agency's boundary lies over a portion of the SGPSB. Support from all entities with a stake in the subbasin is critical to successfully obtaining grant funds. Therefore, staff recommends submitting a letter on behalf of Desert Water Agency, supporting the SGPWA as the lead applicant for the grant.

James Cioffi, President
Joseph K. Stuart, Vice President
Kristin Bloomer, Secretary-Treasurer
Patricia G. Oygur, Director
Craig A. Ewing, Director



Mark S. Krause, General Manager-Chief Engineer
Best, Best & Krieger, General Counsel
Krieger & Stewart, Consulting Engineers

DRAFT

October 17, 2017

Zaffar Eusuff, Program Manager
California Department of Water Resources
Sustainable Groundwater Planning Grant Program

Dear Mr. Eusuff,

On behalf of Desert Water Agency, I am pleased to submit this letter of support for the 2017 Sustainable Groundwater Planning (SGWP) Grant Application for the San Geronio Pass Groundwater Sub Basin. Desert Water Agency is a public, non-profit agency and a State Water Contractor, serving a 325-square-mile area, including parts of Cathedral City, outlying county areas, Desert Hot Springs and Palm Springs. An elected five member board sets policy and represents the ratepayers.

Desert Water Agency understands that to achieve its objectives requires investment in groundwater supply planning and other projects that seek to improve groundwater sustainability.

The projects included in this proposal will 1) prioritize water supply needs, improve groundwater supply planning participation, and develop a data management system for disadvantaged communities (DACs), including severely disadvantaged communities (SDACs), and economically distressed areas (EDAs), and 2) develop a water budget and set up basin monitoring plan used to create the San Geronio Pass Groundwater Sub Basin Groundwater Sustainability Plan. Together, the projects included in this proposal will satisfy SGMA compliance and advance groundwater sustainability in the San Geronio Pass Groundwater Sub Basin.

Please feel free to contact me directly if you would like any other information regarding our support of the 2017 SGWP Grant Application for the San Geronio Pass Groundwater Sub Basin.

Sincerely,

James Cioffi
Board President

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

OCTOBER 17, 2017

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1173 UPDATING
AUTHORIZED SIGNERS FOR STIFEL INVESTMENTS**

Attached for the Board's review is a copy of Resolution No. 1173, which updates authorized signers for Stifel Investments.

The Agency established an account with Stifel in 2013. Due to the recent retirement of Controller, Lee Lahtinen, it is necessary to update signers on the account. As noted within the resolution, Board President James Cioffi, General Manager Mark S. Krause, Assistant General Manager Steve Johnson, Finance Director Martin Krieger and Accounting Supervisor Esther Saenz are the authorized signers on the account. Changes with regard to signers require an update to the existing resolution.

Upon adoption of Resolution No. 1173, a certified copy will be provided to Stifel Investments in order to update the Agency's account.

RESOLUTION NO. 1173

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR STIFEL INVESTMENTS**

WHEREAS, on November 5, 2013, the Desert Water Agency Board of Directors adopted Resolution No. 1080 Authorizing the Establishment of Accounts with Stifel Investments for Purposes of Investment (Operating Fund/General Fund); and

WHEREAS, the Agency desires to change the designation of persons authorized to make such investments on behalf of the Agency;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Desert Water Agency does hereby authorize the following individuals to order the investment of money with or the liquidation of investments and withdrawal of monies from investment accounts with Stifel Investments:

James Cioffi – Board President
Mark S. Krause – General Manager
Steve Johnson - Assistant General Manager
Martin S. Krieger – Finance Director
Esther Saenz – Accounting Supervisor

BE IT FURTHER RESOLVED that this resolution shall remain in effect until written notice of the revocation hereof shall be delivered to Stifel Investments.

ADOPTED this 17th day of October 2017.

James Cioffi, President

ATTEST:

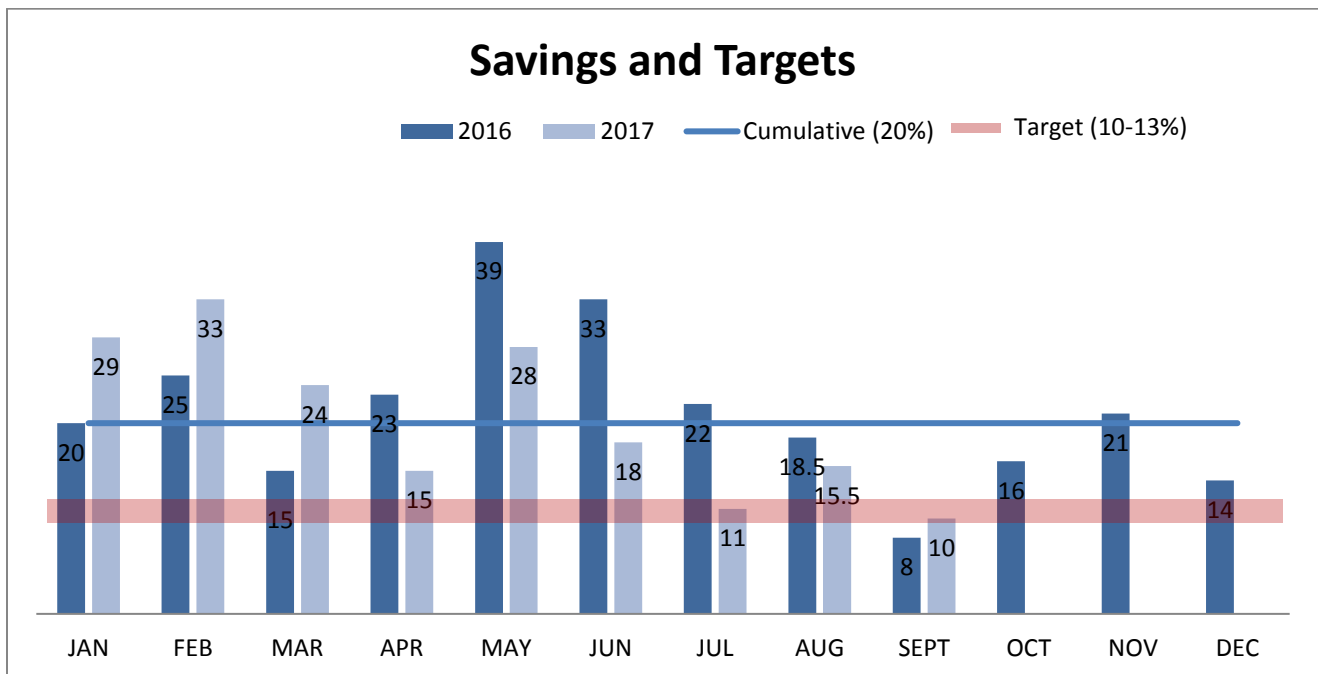
Kristin Bloomer, Secretary-Treasurer

**STAFF REPORT
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OCTOBER 17, 2017

RE: SEPTEMBER 2017 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 10.3% percent reduction in potable water production during September 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. DWA continues to report its production to the state on a monthly basis, despite mandatory conservation ending in April 2017.



Staff is also tracking the water use compared to the threshold in the rate study regarding the proposed drought surcharge. This trigger was not met this month and the cumulative since January is far below the 10% trigger (-8%).

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 19%.

On the following page is additional information for this month.

September 2017 water production	3,194.18 AF
September 2013 water production	3,561.22 AF
Percent changed in September per drought surcharge baseline (September 2015)	19.47% increase
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	996.20 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	68.81%
Population (inclusive of seasonal residents)	106,315
Estimated R-GPCD	224.56
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	38
How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	20
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?	11
How many penalties were issued for water waste or for a violation of conservation rules?	2
<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.</p> <p>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 September was 746,062.8 acre feet. Additionally, since it began recycling water Desert Water Agency has reclaimed 93,390 acre feet. If our recycled water production for this month was taken into consideration against our potable production, the conservation achieved would have been several percentage points higher.</p>	

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OCTOBER 17, 2017

RE: CUSTOMER BILLING PROCESS UPDATE

On July 1, 2017, Desert Water Agency implemented late fees and modified its billing collections process to recover costs from customers with delinquent accounts.

The following outlines how a customer goes through our billing process.

- Water bill #1 sent for the previous approximately 30 days of water use
- Late fee applied and shutoff notice sent with bill #2 (sent about 30 days later) if amount due in bill #1 is unpaid
 - o Shutoff notice has information about DWA customer assistance program
 - o Payment plan information included in shut off notice, customer must inquire
 - o Late fee waived upon first request for customers in good standing (2 years on-time pay)
- Water service shut off on date specified on bill #2 unless total due is paid OR payment plan is in place
- Customers who are not shut off regularly (several months per year) receive a door tag with a shutoff notice 24 or 48 hours prior to shutoff
- Once water service is turned off a \$70 reconnection fee to have service turned on applies (\$150 after hours)
- We will turn water service on once the customer has paid in full or signed a contract for a payment plan

Desert Water Agency staff works with customers in varying circumstances to keep water service on and to have service reestablished if it we turn it off due to non-payment. We currently have seven customers on payment plans, which are something that we routinely offer. In addition to payment plans, we offer customers who are pending shut offs payment flexibility.

Customers work with various staff members throughout the process and are able to speak with supervisors, if needed to get accommodation for their circumstances.

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RE: CALIFORNIA WATER FIX UPDATE

In the past 2 weeks, several Southern California water agencies and one South Bay Area water agency have voted to support the California WaterFix. Many Southern California water agencies have elected not to take an action but have not come out in opposition of the project. The following agencies have approved either letters or resolutions of support for the project:

Desert Water Agency
Castaic Lake Water Agency
San Geronio Pass Water Agency
Coachella Valley Water District
San Bernardino Valley Municipal Water District
Crestline–Lake Arrowhead Water Agency
Mojave Water Agency
The Metropolitan Water District of Southern California
Alameda County Flood Control & Water Conservation District, Zone 7*
Kern County Water Agency*
Alameda County Water District*

*Northern California Water Agencies

The most significant among the group above is Metropolitan Water District of Southern California (MWD) who voted to approve their participation in the project. The vote was 28 yes - 6 no - 2 abstained. Three no votes each came from Los Angeles and San Diego, the two abstentions also came from San Diego.

MWD voted to adopt the CEQA determination and express Metropolitan's support for California WaterFix; authorize participation in the construction of California WaterFix including payment of costs consistent with Metropolitan's 25.9 percent share of overall costs; authorize the General Manager to execute the following agreements having terms as described in this board letter: (1) Agreement for Implementation of an Adaptive Management Program for Project Operations, (2) Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority, and (3) Joint Powers Agreement Forming the Delta Conveyance Financing Joint Powers Authority; and adopt a Resolution authorizing the General Manager to participate in the Financing Joint Powers

Authority, authorizing the purchase of private placement bonds from the California Department of Water Resources and issue public bonds by the Financing Joint Powers Authority, consistent with Metropolitan's share of 25.9 percent of the California WaterFix project costs, including an agreement to secure payment of Metropolitan's share.

There are still many issues yet to be determined such as the participation of the Central Valley Project Contractors, as well as some State Water Project Contractors. For example Kern County Water Agency approved support of approximately 48.5% of their Table A for 6.5% of the cost of the proposed project, with a note that the level of interest could change over time. Regardless of the uncertainty, these are important steps to further the progress of the project. As stated in previous DWA Board meetings MWD has issued its third Whitepaper, "Modernizing the system: California WaterFix Finance and Cost Allocation". In addition, the State Water Contractors have provided a means for the Agency to determine our cost of participation in the project using several methods of finance. The Agency's Finance Department is examining the finance costs and options and their various effects on our State Water Project costs.

Staff requests that a Board Workshop be scheduled to review the MWD whitepaper, financing options and rate impacts.