

DESERT WATER AGENCY
NOVEMBER 7, 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 17, 2017 CIOFFI
3. **GENERAL MANAGER'S REPORT** KRAUSE
4. COMMITTEE REPORTS – Executive Committee – November 2, 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 Authorization to Participate/2017-2018 USGS Cooperative Water Resources Program KRAUSE
 - B. Request Designation of Delegate to ACWA General Session Membership Meeting KRAUSE
 - C. Request Authorization to Increase Funding of Phase I (Sites Reservoir Project) KRAUSE
7. ITEMS FOR DISCUSSION
 - A. State Water Contractors' Meeting – October 19, 2017 RIDDELL
 - B. **Director's Report** on NWRA Groundwater Taskforce Meeting CIOFFI
 - C. Legislative Report REEB
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

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 17, 2017

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

Absent: Joseph K. Stuart, Vice President)

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

Consultant: Michael T. Riddell, Best Best & Krieger)

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

17944. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join him in the Pledge of Allegiance. **Pledge of Allegiance**

17945. President Cioffi called for approval of the October 3, 2017 Regular Board meeting minutes. **Approval of 10/03/17 Regular Board Mtg. Minutes**

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

17946. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause reminded everyone of the following events: 1) Blood Drive today taking place in the Agency parking lot from 9:00 a.m. to 2:00 p.m.; and 2) Annual Palm Springs Aerial Tram Road Challenge on Saturday, October 28; volunteers are needed, please contact Outreach and Conservation Manager Metzger.

Upcoming Events:
 10/17 Blood Drive
 10/28 Annual PS Tram
 Road Challenge

Mr. Krause noted that the Agency's update to the front landscape is currently underway. **Landscape Update**

Mr. Krause stated 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 hydrant that broke on the hydrant horizontal piping run. The hydrant was taken out of service. The water loss was from a 3/4 inch hole that ran for approximately 10 minutes.

GM Report
(Cont.)
Hit Fire Hydrant

Mr. Krause announced that a recruitment for an Equipment Operator opened on October 10. Interested persons may obtain an application and job description on the Agency's website at www.dwa.org/careers. The first review of applications will be on October 25 and the recruitment will close when sufficient qualified applications are received.

Recruitment –
Equipment Operator

Mr. Krause provided a report for the Facilities & Safety department: Carpet replacement was completed on October 7 for the areas of the Management hallway, General Manager's office, Administrative Assistants area, Facilities & Safety office, and the Lab Technician's office.

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

17947. 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.

17948. President Cioffi called upon Secretary-Treasurer Bloomer to provide an overview of financial activities for the month of September 2017.

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

Secretary-Treasurer Bloomer reported that the Operating Fund received \$3,149,073 in Water Sales Revenue, \$135,529 in Reclamation Sales Revenue and \$156,985 in Meter Sales and Services. Included in the Accounts Receivable/Other category was \$42,431 from CPV (Final payment 16/17 controller program), \$11,691 Round 1 grant money (Turf buy back) and \$31,480 City of Palm Springs lease payment. \$1,405,717 was paid out in Accounts Payable. Year-to-date Water Sales are 1% over budget, Year-to-date Total Revenues are 4% over budget and Year-to-date Total Expenses are 21% under budget. There were 22,468 active services as of September 30 compared to August 31.

Operating Fund

Reporting on the General Fund, Ms. Bloomer stated that \$607,867 was received in Property Tax Revenue, \$2,810 was received in Groundwater Assessments from private pumpers, \$61,536 was received in Whitewater Hydro Sales from SCE (August 2017) and \$1,728,371 was paid out in State Water Project Charges (YTD SWP charges \$5,895,132).

General Fund

Reporting on the Wastewater Fund, Ms. Bloomer stated that \$17,655 was received in Sewer Capacity Charges (\$15,720 Jones Cree Ventures and \$1,935 Sewer Contracts). There are a total of 52 contracts, with total delinquents of 14 (27%).

17949. President Cioffi called upon General Manager Krause to present staff's request for Approval of Letter of Support for San Gorgonio Pass Water Agency (SGPWA) to act as lead applicant for planning grant for the San Gorgonio Pass Subbasin.

Items for Action:
Request Auth. Submit
Support Letter San
Gorgonio Pass GW
Subbasin

Mr. Krause stated that the California Department of Water Resources has established a Sustainable Groundwater Planning (SGWP) grant program. The 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) and Category 2 (Groundwater Sustainability plans).

Continuing his report, Mr. Krause stated that SGPWA has agreed to act as the lead applicant for this grant and the application will be submitted for both categories. The grant could fund up to \$2 million for sustainable groundwater planning for the San Gorgonio Pass Subbasin. Desert Water Agency's boundary lies over a portion of this Subbasin. Support from all entities with a stake in the subbasin is critical to successfully obtaining grant funds. Staff recommends submitting a letter on behalf of the Agency, supporting SGPWA as the lead applicant for the grant.

Director Ewing requested that although President Cioffi will sign the letter; indicate that the Agency's Board has reviewed it.

Director Ewing made a motion to approve the support letter with the above-mentioned amendment. Director Oygard seconded the motion as amended. The motion carried unanimously (Vice President Stuart absent).

17950. President Cioffi called upon Finance Director Krieger to present staff's request for Adoption of Resolution No. 1173 Updating Signers for Stifel Investments.

Request Adoption of
Resolution No. 1173
Updating Authorized
Signers for Stifel
Investments

Mr. Krieger stated the Agency established an account with Stifel in 2013. Due to the recent retirement of Controller Lee Lahtinen, it is necessary to update the signers on the account. As noted within the resolution, Board President Cioffi, General Manager Krause, Assistant General Manager Johnson, Finance Director Krieger and Accounting Supervisor Saenz will be the authorized signers on the account. Changes with regard to signers require an update to the existing resolution. Staff recommends adoption of Resolution No. 1173. Upon adoption, staff will send a certified copy to Stifel Investments.

Director Oygar made a motion to adopt Resolution No. 1173. Secretary-Treasurer Bloomer seconded the motion. The motion carried unanimously (Vice President Stuart absent).

Action Items:

(Cont.)

Request Adoption of
Reso. 1173 Updating
Auth. Signers for Stifel
Investments

**RESOLUTION NO. 1173
A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR STIFEL INVESTMENTS**

**Resolution No. 1173
Adopted**

17951. President Cioffi asked General Manager Krause to report on the September water reduction figures.

Discussion Items:

September Water
Reduction

Mr. Krause reported that the Agency and its customers achieved a 10.3% reduction in potable water production during September 2017 compared to the same month in 2013. He noted the cumulative savings June 2016 through current is 19%. He also noted the amount of fresh water outflow to the ocean was 746,062.8-acre feet.

17952. President Cioffi asked General Manager Krause to report on the Customer billing process.

Customer Billing
Process

Mr. Krause noted this item is a follow up to the October 3 Board meeting when President Cioffi asked about the customer billing process and late fees. He explained that on July 1, 2017 the Agency implemented late fees and modified its billing collection process in order to recover costs from customers with delinquent accounts. The following is the current billing process: 1) Water bill #1 sent with previous month's consumption (30 days) and monthly service fee 2) Water bill #2 is sent with previous month consumption and monthly service fee. If water bill #1 is not paid, the balance is carried over, a late is applied and a shutoff notice is included. The shutoff notice contains Agency customer assistance program information and payment plan information. The late fee may be waived one time upon first request for customers in good standing (2 years of on-time payments). A water shutoff date is specified if previous bill has not been paid 3) Customers who are not shut off regularly (several months per year) will receive a door tag with a shutoff notice 24 or 48 hours (depending on billing address) prior to shutoff 4) Once service is turned off, there is a \$70 reconnect fee (\$150 after hours) 5) Water service will be turned back on once the customer has paid in full, including reconnect fee, or the customer has signed a payment plan contract.

Concluding his report, Mr. Krause stated that staff works with customers in varying circumstances to keep water service on and to have service reestablished due to non-payment. There are currently seven customers on payment plans. In addition to payment plans, we offer customers who are pending shutoffs, payment flexibility. Customers work with various staff and are able to speak to supervisors, if needed to get accommodation for their circumstances.

In response to Director Ewing, Mr. Krieger stated it is too soon to determine whether there are changes in customer's payment patterns.

Discussion Items:
(Cont.)
Customer Billing
Process

17953. President Cioffi asked General Manager Krause to report on the California WaterFix Update.

California WaterFix
Update

Mr. Krause stated in the past two 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 action but have not come out in opposition of the project. There are still many issues to be determined such as the participation of the Central Valley Project Contractors, as well as some State Water Project Contractors. Finance Director Krieger is examining the finance costs and options and their various effects on our State Water Project costs. Staff recommends that a Board workshop be scheduled in the near future to review the MWD white paper, financing options and rate impacts.

17954. Director Ewing noted that he, President Cioffi and Outreach and Conservation Manager Metzger participated in Coffee with DWA last week.

Directors Comments
Coffee with DWA

17955. At 8:45 a.m., President Cioffi convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), ACBCI vs. County of Riverside, et al; 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

17956. At 9:59 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

**Reconvene –No
Reportable Action**

17957. In the absence of any further business, President Cioffi adjourned the meeting at 10:00 a.m.

Adjournment

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

**GENERAL MANAGER'S REPORT
NOVEMBER 7, 2017**

8" Araby Pipeline Damage

On Friday, October 20, at approximately 11:00 a.m., a large boulder, with an estimated weight of 2 tons, dislodged from the cliff above the Araby pipeline and slid into the pipeline, causing extensive damage. The event occurred approximately 300 feet from the Araby booster pump building, on terrain that was steep and boulder strewn. This pipeline is the only delivery source to the Southridge Zone.

A three-point strategy was developed: temporarily repair the pipe, if possible; determine a temporary back-up supply connection/route; truck water until a pumped supply was available.

Photo 1: The pipeline after the boulder struck it. The boulder is visible at the bend in the pipe.



Photo 2: The boulder that damaged the pipe.

Araby Pipeline (Cont.)

Photo 3: The damage to the pipe at the thrust block.

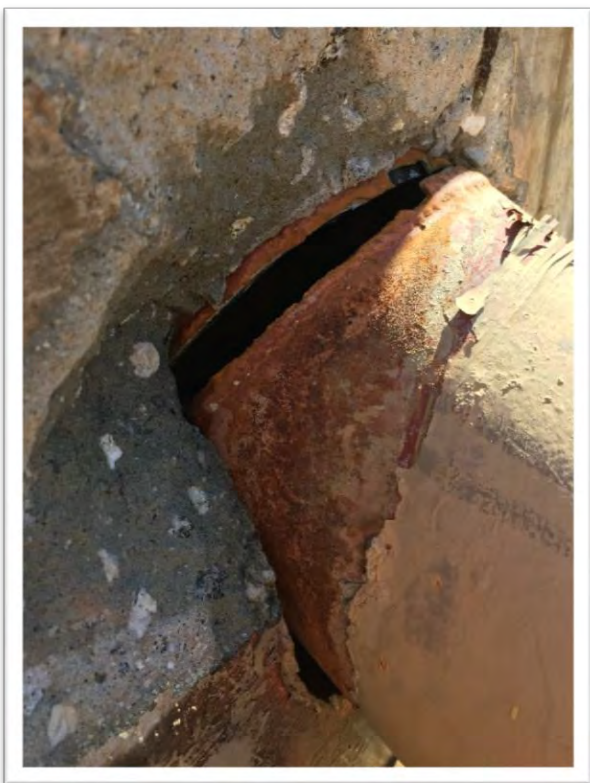
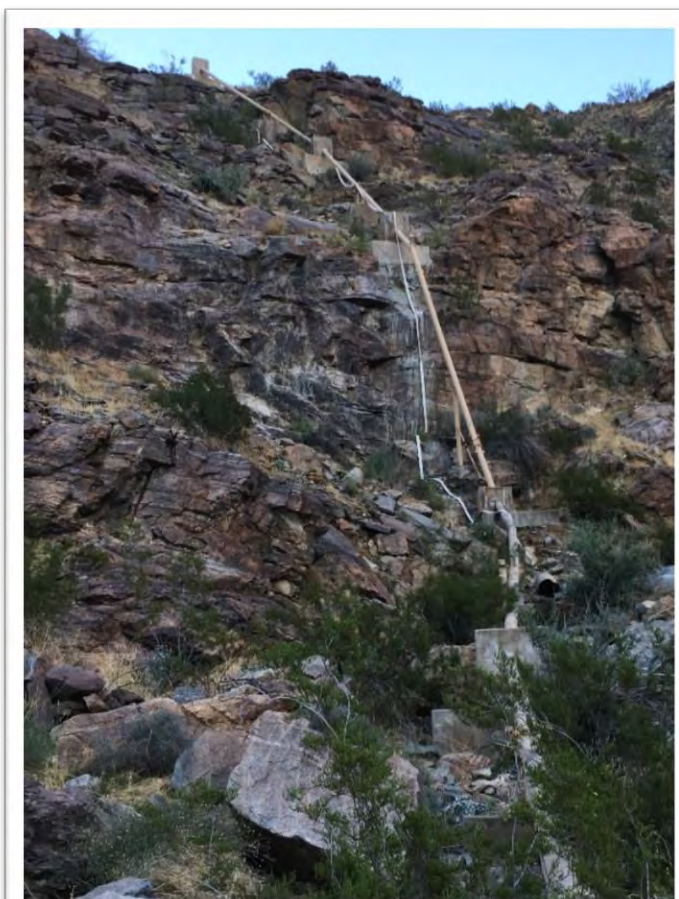


Photo 4: The temporary pipe in place



Araby Pipeline

(Cont.)

The geographic location of the pipe break, and the extensive damage to the pipe limited the repair options. The location of the break on the pipe was so close to an elbow such that the use of a repair coupling was not possible. Welding a temporary spool in place was considered; however, after assessing the welding capabilities, it was determined that the Agency does not possess welding leads long enough to reach the break location. After determining that a temporary repair was not possible, Agency personnel focused on a temporary back-up supply connection.

Three back-up supply connections and routes were evaluated:

- An 1,800-foot connection from a hydrant on East Palm Canyon to a hydrant on Southridge Drive that would require the diesel booster pump to lift the water.
- A 600-foot connection from a hydrant on Rim Road to hydrant on Southridge Road up a canyon that would require the diesel booster pump to lift the water.
- An 800-foot connection from the Southridge Reservoirs over the cliff to the Araby Booster along the existing Araby pipeline route that would allow the Araby Booster to pump the water.

It was decided that the 800-foot connection, over the cliff, between the Southridge Reservoirs and the Araby Booster was the most viable of the three. Construction department personnel secured 400 PSI rated, double lined, NSF approved fire hose over the cliff, and connected the fire hose to the booster and reservoir. Two backflows were installed, one mid-hose and one at the reservoir to prevent any back-siphonage in the event of a hose break.

While crews installed the fire hose, Construction personnel hauled two loads of water to the Southridge Reservoirs utilizing the Agency's 2,000-gallon water truck.

At approximately 6:00 PM, Operation Department personnel energized the booster, sending water to the Southridge Reservoirs through the fire hose at 100 GPM. As a precaution, Operation personnel also added liquid chlorine to the Southridge Reservoirs for disinfection purposes.

Customers within the Southridge Zone remained in service during the entire event; though a message was conveyed to the gate guard at Southridge to ask residents to conserve, if possible. To date, the Southridge Reservoirs are being served by the fire house until repairs can be made to the damaged pipeline. Staff is working with a local contractor to expedite the repairs to this crucial pipeline.

8" Sarah Street Emergency Pipeline Replacement

On October 23, 2017, DWA crews began installing approximately 420 L.F. of new 8" ductile iron water main along Sarah Street, between Agua Caliente Trail and Crossley Road, in Cathedral City. This main will replace the existing 6" steel main that was installed in 1956. All work, including new service lines, disinfection, and testing is anticipated to take 2-3 weeks to complete. The estimated cost for labor and materials is \$100,000.

The existing main has had 44 leaks over the last 4 years, and 26 in less than a year. The main has deteriorated to the point where repair clamps are crushing the main, and it was no longer possible to repair the leaking section. It was necessary to perform the replacement as soon as possible, due to the rapid deterioration of the pipe.



Palm Springs North Reservoir No. 2 Recoat Project

The 12MG reservoir will be recoated under the 2017/2018 Potable Water Reservoir Maintenance Request for Proposals (RFP). It was anticipated that the total cost to recoat Palm Springs North Reservoir No. 2 would be \$2,100,000, which was budgeted for under reservoir maintenance in the 2017/2018 annual budget. The project has been awarded to J. Colon Coatings Inc. for \$1,908,500; J. Colon Coatings Inc. was the contractor that previously recoated the reservoir in 1996.

The Agency will empty the reservoir prior to being handed over to the contractor, on November 7, 2017, by pumping the upper 35 feet of reservoir containing 10.5 million gallons to the Chino Zone using the Chino Boosters. The bottom 5 feet of the reservoir containing 1.5 million gallons was below the pumping level of the booster inlet. Some of that water will be sent to an onsite retention basin, but an agreement was made with the City of Palm Springs to divert the majority of the lower 5 feet of water to the Wastewater Treatment Plant for re-use at the Agency's Water Reclamation Facility.



Palm Springs Reservoir No. 2. Reservoir is 232 feet in diameter and 40 feet tall (approximately ½ is buried belowground). When full, the reservoir holds 12 million gallons of water.

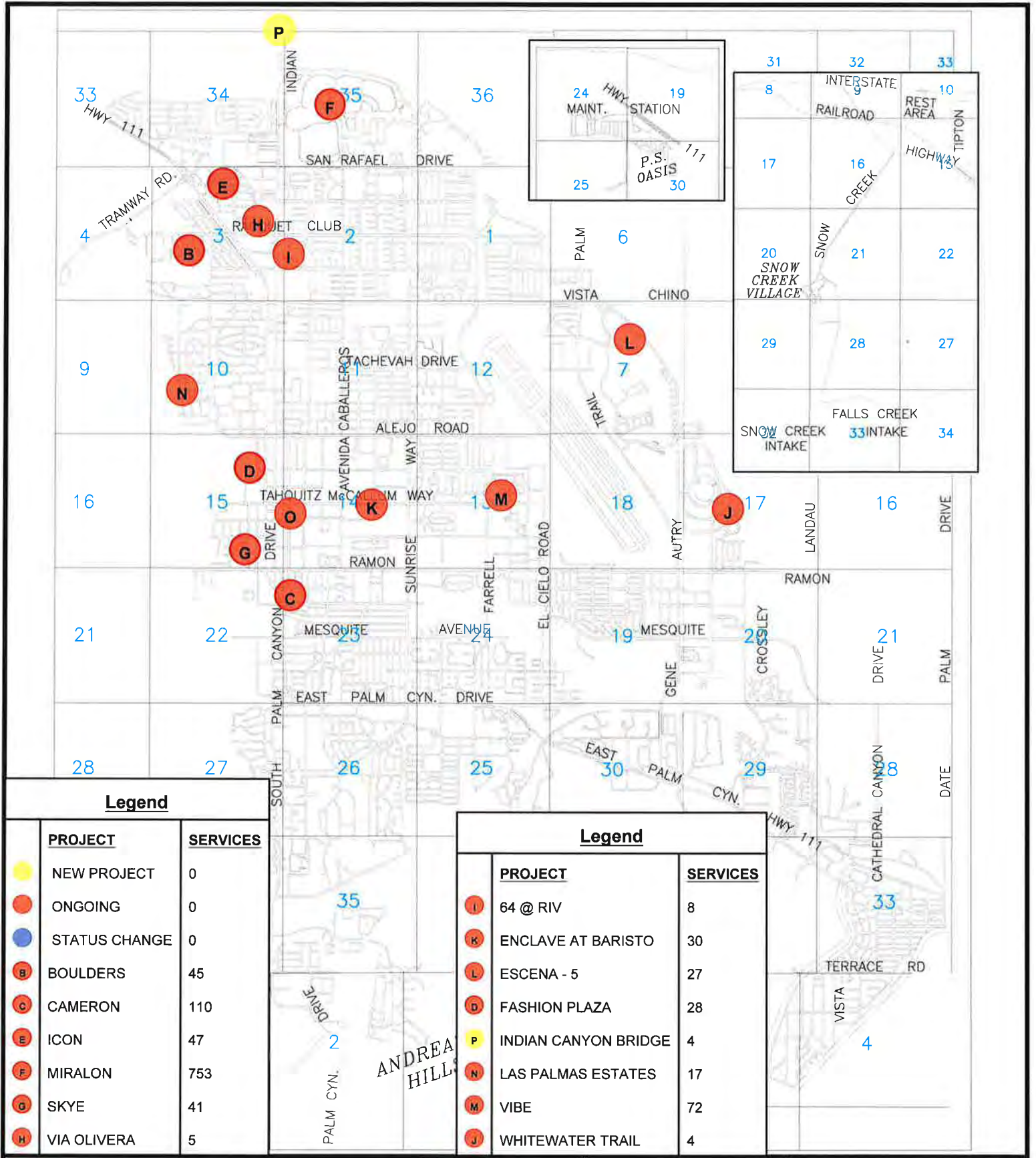
2018 Non-Potable Water Filter Maintenance Project

The Water Reclamation Facility (Rec Plant) Non-Potable Filters 4, 5, and 6 will be rehabilitated under the 2018 Non-Potable Water Filter Request for Proposals (RFP). It was anticipated that the total cost to rehab filters 4, 5, and 6 would be \$766,000, which was budgeted for under maintenance of filters in the 2017/2018 annual budget. The project has been awarded to ERS Industrial Services, Inc (ERS) for \$457,527. ERS recently completed similar work on filters 1, 2, 3. The project is anticipated to begin November 27, 2017.



DWA Water Reclamation Facility (Rec Plant) Non-Potable Filters.

The City of Palm Springs has been working with the Agency on relocating an existing DWA pipeline and water services to the train station and Granite Construction property located on Indian Canyon. The relocation is required due to the Bridge Expansion Project that will change the existing grade of the street by several feet. Currently, we are in the Plan Check phase of the project. The relocation work includes approximately 1,000 L.F. of 8" main and five 2" services (see Exh. A & Project P map).



Legend

PROJECT	SERVICES
NEW PROJECT	0
ONGOING	0
STATUS CHANGE	0
BOULDERS	45
CAMERON	110
ICON	47
MIRALON	753
SKYE	41
VIA OLIVERA	5

Legend

PROJECT	SERVICES
64 @ RIV	8
ENCLAVE AT BARISTO	30
ESCENA - 5	27
FASHION PLAZA	28
INDIAN CANYON BRIDGE	4
LAS PALMAS ESTATES	17
VIBE	72
WHITWATER TRAIL	4

**DEVELOPER
PROJECTS**

DWA SERVICE AREA

DESERT WATER AGENCY

PALM SPRINGS, CALIFORNIA

DATE

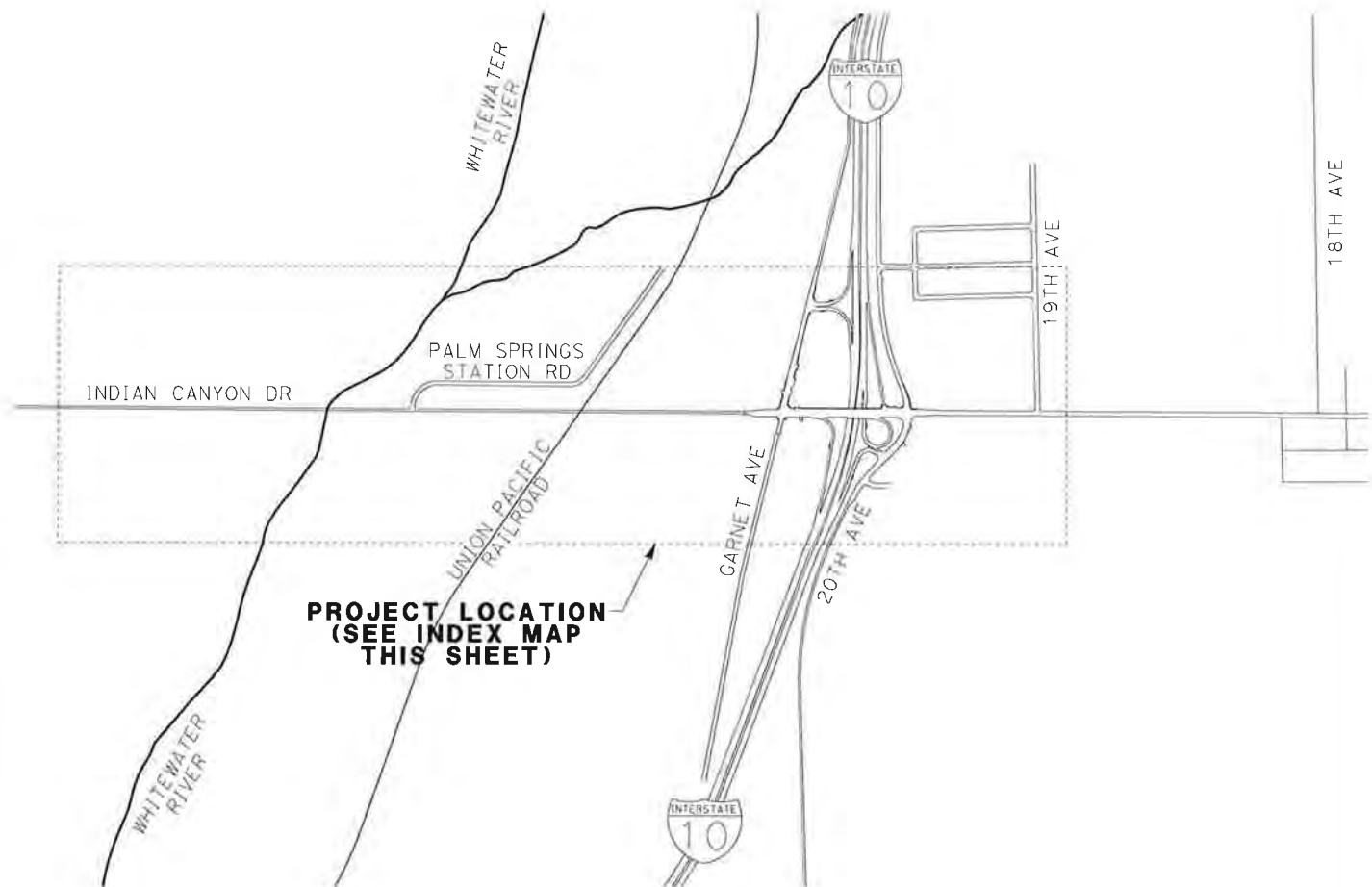
09/27/2017

SCALE

NTS



**EXHIBIT
"A"**



PROJECT INFORMATION

CITY OF PALM SPRINGS IS EXPANDING THE INDIAN CANYON BRIDGE TO THE SOUTH FROM THE RAILROAD OVERPASS. THIS WOULD BE PLACING THE EXISTING WATER MAIN OVER 10' DEEP. THEY WILL BE RELOCATING THE MAIN TO OUR STANDARD 3 FEET DEEP.

PROJECT DETAILS

- 1,000 L.F. OF 8" D.I. WATER MAIN
- 5 2" WATER SERVICES

PROJECT STATUS

- PROJECT IN PLAN CHECK

INDIAN CANYON BRIDGE EXPANSION

CITY OF PALM SPRINGS

DESERT WATER AGENCY

PALM SPRINGS, CALIFORNIA

DATE

10/30/2017

SCALE

NTS

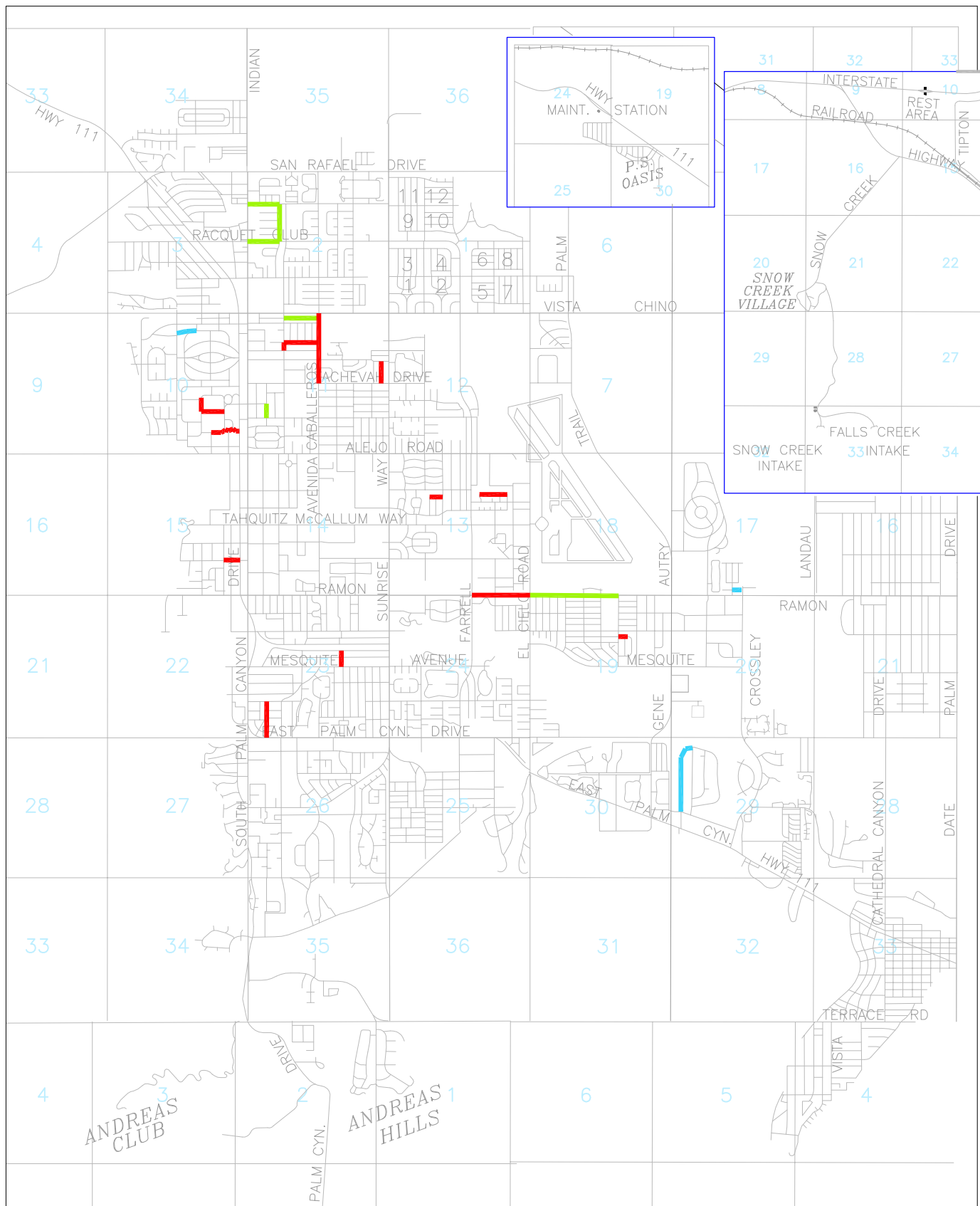


**PROJECT
"P"**

SYSTEM LEAK DATA		
(PERIOD BEGINNING OCTOBER 11, 2017 THRU OCTOBER 30, 2017)		
STREET NAME	QUARTER SECTION	NUMBER OF LEAKS
FRANCIS RD	4402NW	6
CHIA RD	4411NW	3
RAMON RD	4519NW	2
MERITO PL	4410SE	2
CAMINO NORTE (8")	4410NE	1
BROADMOOR DR	4529NW	1
SARAH ST	4517SW	1
COTTONWOOD RD	4411NW	1
RACQUET CLUB RD	4402NW	1
STARR RD	4402NW	1
AVENIDA PALOS VERDES	4411SW	1
AVENIDA CABALLEROS (20")	4411NW	1
VIA MIRALETE	4411NW	1
BARISTO RD	4415SE	1
HERMOSA RD	4423NE	1
TERRY LN	4413NW	1
RAMON RD	4424NE	1
CALLE SAN ANTONIO	4519NE	1
MOUNTAIN VIEW PL	4410SE	1
MISSION RD	4410SE	1
PLAIMOR AVE	4413NE	1
CALLE MARCUS	4411NE	1
VIA SALIDA	4423SW	1
TOTAL LEAKS IN SYSTEM:		32

* 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

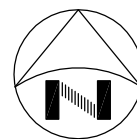
(Period beginning October 11, 2017
thru October 30, 2017)

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"

Facilities & Safety Update

Facilities & Safety Officer Gonzalez has been working with Down to Earth Landscaping to replace and refresh our desert scape throughout the exterior of the Agency. The project consisted of removing the old thatch from the areas that were once covered with grass. A weed control barrier was then spread over the surface of the bare soil in order to minimize the potential of anything growing back. 75,000 lbs. of 3/4" red rock were spread over the designated areas. Carla Harrower from Down to Earth Landscaping coordinated all group preparation, delivery of materials and her landscaping crew performed all the labor.



Facilities & Safety Update

On October 26th and 27th, DWA conducted six, two – hour classes training Agency employees on Crisis Communications. The Agency contracted Philip Ball, President and Founder of Situational Awareness Institute (S.A.I.) to facilitate the sessions. The purpose of this training is to standardize how the Agency's employees respond to crisis situations when dealing with customers, vendors, etc., on the telephone, and in person. The training consisted of an interactive blend of lecture and discussion, audio and visual multimedia, role playing, and some peer discussion and evaluation.



Tram Road Challenge

On Saturday, October 28, Secretary-Treasurer Bloomer and five DWA staff members helped pass out water bottle and cups to approximately 1200 participants of the Tram Road Challenge benefiting United Way of the Desert. A number of employees also helped fill bottles at the Agency the day before.



Late Fees Quarterly Update

August 2017	\$46,775
September 2017	\$34,700
October 2017	\$35,475
Total:	\$116,950.00

General Manager's Meetings and Activities

Meetings:

10/18/17	SWC Delta Committee Meeting	Sacramento
10/19/17	SWC Monthly Board Meeting	Sacramento
10/19/17	SFCWA Monthly Board Meeting	Sacramento
10/19/17	SWC Sites Reservoir Participant Meeting	Sacramento
10/20/17	MSWD/DWA/CVWD Lawsuit Mediation	BBK/Riverside
10/23/17	DWA I.S./Staff/Snow Creek Security Weekly Meeting	DWA
10/24/17	SGP GSA DWR Grant Solicitation Proposals	Conf. Call
10/26/17	Whitewater Spreading Basin BLM Permit	Conf. Call
10/26/17	Active Shooter-Crisis Communication Training	DWA
10/27/17	Section 14 Tribal Grant of Right of Way Meeting	ACBCI Admin.
10/29/17	DWA I.S./Staff/Snow Creek Security Weekly Meeting	DWA
10/30/17	Weekly Meeting with Bob Reeb	Conf. Call
10/31/17	DWR/Sites Reservoir Agreements	Conf. Call
11/01/17	DWA Facilities Tour	DWA
11/02/17	Univ. N. Carolina Study Results	Conf. Call
11/02/17	DWA Executive Committee Meeting	DWA
11/03/17	DWA Special Board Meeting On Water Supply	DWA
11/06/17	DWA I.S./Staff/Snow Creek Security Weekly Meeting	DWA
11/07/17	DWA Bi-Monthly Board Meeting	DWA
11/07/17	SGPSB SGMA Meeting	SGPWA

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

Activities:
(Cont.)

- 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
- 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

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

NOVEMBER 7, 2017

**RE: REQUEST AUTHORIZATION TO PARTICIPATE IN THE 2017-2018
UNITED STATES GEOLOGICAL SURVEY COOPERATIVE WATER
RESOURCES PROGRAM**

Attached for your review is a letter dated October 23, 2017 from the United States Geological Survey ("USGS"), which outlines the cost for Agency participation in the 2017-2018 Cooperative Water Resources Program. As in previous years, the Agency, along with Coachella Valley Water District, the Riverside County Flood Control and Water Conservation District ("Agencies") and the USGS will share the costs for the operation and maintenance of a number of stream gaging facilities, as well as a ground and surface water quality program.

The cost share ratio of the program remains at 60:40 between the agencies and the USGS.

The amount requested for the 2017-2018 test year is \$84,235, which is a 1.7% increase than last year. This amount covers the operation and maintenance costs for 13 gauging stations (\$78,485) and the cost of ground water and surface water quality sampling (\$5,750).

Staff wishes to continue participation in the USGS Cooperative Water Resources Program in order to maintain the monitoring of our water supplies and uses throughout the upper Coachella Valley, and requests Board approval of the Agency's participation in the 2017-2018 program in the amount of \$84,235.



United States Department of the Interior

U.S. GEOLOGICAL SURVEY

California Water Science Center
6000 J Street, Placer Hall
California State University
Sacramento, California 95819-6129
Phone: (916) 278-3000 Fax: (916) 278-3070
<https://ca.water.usgs.gov>

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OCT 25 2017

DESERT WATER AGENCY

October 23, 2017

Mr. Mark Krause, General Manager
Desert Water Agency
Post Office Box 1710
Palm Springs, California 92263-1710

Dear Mr. Krause:

This letter confirms discussions between our respective staffs concerning the continuation of our cooperative water resources program between the Desert Water Agency (DWA) and the U.S. Geological Survey (USGS), for the period November 1, 2017 to October 31, 2018.

The proposed program and associated costs to DWA, Coachella Valley Water District (CVWD), Riverside County Flood Control and Water Conservation District (RCFC&WCD), and the U.S. Geological Survey (USGS) are as follows:

Part 1. Stream-gaging program

We will continue to operate and maintain the following thirteen gaging stations:

<u>Station number and name</u>	<u>DWA Funds</u>	<u>CVWD Funds</u>	<u>RCFC &WCD Funds</u>	<u>USGS Funds</u>	<u>Total Funds</u>
10256000 Whitewater River at Whitewater ¹	\$ 2,025	\$ 2,025	\$ -0-	\$ -0-	\$ 4,050
10256500 Snow Creek near White Water including diversion	7,450	7,450	5,150	10,100	30,150
10257500 Falls Creek near White Water including diversion	7,450	7,450	5,150	10,100	30,150
10257550 Whitewater River at Windy Point ¹	7,450	7,450	5,150	10,100	30,150
10257720 Chino Canyon Creek below Tramway near Palm Springs	5,100	5,100	5,100	7,700	23,000
10258000 Tahquitz Creek near Palm Springs	5,100	5,100	5,100	7,700	23,000

Mr. Mark Krause, General Manager- Desert Water Agency

<u>Station number and name</u>		<u>DWA Funds</u>	<u>CVWD Funds</u>	<u>RCFC &WCD Funds</u>	<u>USGS Funds</u>	<u>Total Funds</u>
10258500	Palm Canyon Creek near Palm Springs ²	-0-	-0-	-0-	-0-	-0-
10258700	Murray Canyon Creek near Palm Springs	12,775	12,775	-0-	-0-	25,550
10258700	Murray Canyon Creek near Palm Springs	-2,015	2,015	-0-	-0-	-4,030
10259000	Andreas Creek near Palm Springs	5,100	5,100	5,100	7,700	23,000
10259050	Palm Canyon Wash near Cathedral City	5,100	5,100	5,100	7,700	23,000
10259100	Whitewater River at Rancho Mirage	7,650	7,650	-0-	7,700	23,000
10259200	Deep Creek near Palm Desert	7,650	7,650	-0-	7,700	23,000
10259300	Whitewater River at Indio	7,650	7,650	-0-	7,700	23,000
10259540	Whitewater River near Mecca ^{1, 2}	-0-	-0-	-0-	-0-	-0-
TOTAL		\$78,485	\$78,485	\$35,850	\$84,200	\$277,020

Part 2. Water-Quality Monitoring Program

A. Ground-water quality - We will collect water-quality samples from the following two wells and six piezometers on an annual basis (in the spring):

Piezometers	Wells
3S/4E-20F1	3S/4E-29R1
3S/4E-20J1	3S/4E-30C1
3S/4E-20F2	
3S/4E-20J2	
3S/4E-20F3	
3S/4E-20J3	

B. Surface-water quality - We will sample the following three surface-water stations on an annual basis (in November):

10256000	Whitewater River at White Water
10257720	Chino Canyon Creek below Tramway near Palm Springs
10256500	Snow Creek near White Water

¹ See enclosed notes on operating limitations.

² Funding for this gage is provided by the Groundwater and Streamflow Information Program as a Federal Priority Streamgage (formerly under the National Streamflow Information Program (NSIP)). These funds are subject to annual review of Federal Appropriations Availability.

Mr. Mark Krause, General Manager- Desert Water Agency

All water-quality samples will be analyzed, reviewed, and copies of the tabulated data will be furnished to your agency. List A, enclosed, shows the chemical constituents to be analyzed. In addition to this list all ground-water samples will also be tested for Perchlorate.

Total cost of the water-quality program is \$15,200. Total cost to your agency will be \$5,750.

A summary of the distribution of costs to each agency is as follows:

<u>Program Element</u>	RCFC				<u>Total Funds</u>
	<u>DWA Funds</u>	<u>CVWD Funds</u>	<u>&WCD Funds</u>	<u>USGS Funds</u>	
Part 1 – Stream gaging program	\$78,485	\$78,485	\$35,850	\$84,200	\$277,020
Part 2 - Water-quality program					
A. Ground-water quality	3,650	3,650	-0-	3,700	11,000
B. Surface-water quality	2,100	2,100	-0-	-0-	4,200
Total of Part 2	\$ 5,750	\$ 5,750	\$ -0-	\$ 3,700	\$ 15,200
GRAND TOTAL	\$84,235	\$84,235	\$35,850	\$87,900	\$292,220

Total cost of the proposed program is \$292,220. Cost to your agency will be \$84,235 and, subject to the availability of Federal matching funds, the U.S. Geological Survey (USGS) will provide \$87,900.

Enclosed are two originals of Joint Funding Agreement (JFA) 18WSCA01200, signed by our agency, for your approval. If you are in agreement with this proposed program, please return one fully executed JFA to our office. Work performed with funds from this agreement will be conducted on a fixed-price basis. Billing for this agreement will be rendered quarterly.

The USGS is required to have an agreement in place prior to any work being performed on a project. We request that a fully executed JFA be returned prior to December 15, 2017. If it is not received by December 15, we will be required to suspend operations until an agreement is received.

If you have any questions concerning this program, please contact Scott Patterson, in our Poway Field Office, at (858) 679-4015. If you have any administrative questions, please contact Tammy Seubert, in our Sacramento Office, at (916) 278-3040.

Sincerely,



Eric G. Reichard
Director, USGS California Water Science Center

Enclosures

cc: Scott Patterson, USGS CAWSC

Mr. Mark Krause, General Manager- Desert Water Agency

List A

**Chemical Constituents
(mg/L or as indicated)**

Dissolved boron ($\mu\text{g/L}$)	Dissolved sulfate
Dissolved bromide	Dissolved arsenic
Dissolved calcium	Dissolved solids
Dissolved chloride	Sodium adsorption ratio
Dissolved fluoride	Percent sodium
Dissolved iron ($\mu\text{g/L}$)	Total alkalinity (CaCO_3)
Dissolved manganese ($\mu\text{g/L}$)	Carbonate (CO_3)
Dissolved magnesium	Bicarbonate (HCO_3)
Dissolved nitrogen (ammonia)	Total hardness (CaCO_3)
Dissolved nitrogen (ammonia + organic)	
Dissolved nitrogen (nitrite)	Noncarbonate hardness
Dissolved nitrogen (nitrate + nitrite)	Temperature $^{\circ}\text{C}$
Dissolved orthophosphorus (P)	pH
Dissolved phosphorus (P)	Specific conductance (microsiemens)
Dissolved potassium	Total organic carbon
Dissolved silica	Perchlorate (wells only)
Dissolved sodium	

Schedules used: 1034, 117, LC27, LC2160, LC1246, LC0114

Mr. Mark Krause, General Manager- Desert Water Agency

¹Notes on operating limitations of selected stations

10256000 - Whitewater River at Whitewater -- Due to the physical conditions at this site and the difficulty in maintaining a gage pool and stable control for which a rating can be developed, data collection will be limited to monthly discharge measurements (with additional measurements made at the request of the DWA and/or CVWD during period of high aqueduct release). No attempt will be made to compute or publish a continuous streamflow record and no peak flow measurements or estimates will be made.

10257550 - Whitewater at Windy Point -- Obtaining an accurate record of discharge for this station is contingent on adequate channel maintenance, to be performed by DWA and/or CVWD as described here. The station has two separate gage height sensors and recorders, one for the right- side weir (with the walkway) and one for the left-side (overflow) weir. The channel above and below both weirs will be maintained to insure that the weirs do not become buried by sediment. The channel downstream from both weirs will be kept clear of sediment to the degree necessary to allow an adequate drop over both weirs. The channel above the right-side weir will be cleaned out to maintain a pool upstream from the right-side weir. To insure the greatest accuracy, the upstream dike which directs flow to the right-side weir will be maintained. When destroyed by high flow, the dike will be reestablished as soon as practical.

High flow in the left channel cannot be measured directly with a current meter. Instead, a theoretical stage-discharge rating will be used. A single record representing the total flow over both weirs will be published.

10259540 - Whitewater River near Mecca -- Because of the traffic control dikes in the channel normal to all flow except that in the incised low flow channel, measurements and computation of record will be limited to a stage of about 6 feet which translates from the existing rating curve as about 200 cfs. Above this maximum, streamflow will begin to erode the material in the dikes and a rating curve for the channel cannot be established. No attempt will be made to measure or estimate higher flows.

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR
Water Resource Investigations

Agreement#: 18WSCA01200
Customer#: 6000000847
Project #: ZG00GZV
TIN #: 95-2408471
USGS DUNS #: 1761-38857

Fixed Cost Agreement YES[X] NO[]

THIS AGREEMENT is entered into as of the 1st day of November, 2017, by the U.S. GEOLOGICAL SURVEY, California Water Science Center, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the DESERT WATER AGENCY, party of the second part.

1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for cooperative water resources investigations in the Desert Water Agency area, herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50, and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) include In-Kind-Services in the amount of \$0.00.

- (a) \$34,915.00 by the party of the first part during the period
November 1, 2017 to October 31, 2018
- (b) \$84,235.00 by the party of the second part during the period
November 1, 2017 to October 31, 2018
- (c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of : \$0.00

Description of the USGS regional/national program:
Not Applicable

- (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request; be furnished by the party of the first part; at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties.

9. USGS will issue billings utilizing Department of the Interior Bill for Collection (form DI-1040). Billing documents are to be rendered quarterly. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983.).

Form 9-1366
(April 2015)

Page 2 of 2

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR
Water Resource Investigations

Agreement#: 18WSCA01200
Customer#: 6000000847
Project #: ZG00GZV
TIN #: 95-2408471
USGS DUNS #: 1761-38857

USGS Technical Point of Contact

Name: Scott Patterson
Supervisory Hydrologic Technician
Address: 12110 Tech Center Drive
Poway, CA 92064
Telephone: (858) 679-4015
Fax: (858) 679-4019
Email: rspatter@usgs.gov

Customer Technical Point of Contact

Name: Mr. Mark Krause
General Manager
Address: Post Office Box 1710
Palm Springs, CA 92263-1710
Telephone:
Fax:
Email:

USGS Billing Point of Contact

Name: Tamara Seubert
Budget Analyst
Address: 6000 J Street - Placer Hall
Sacramento, CA 95819
Telephone: (916) 278-3040
Fax: (916) 278-3070
Email: tseubert@usgs.gov

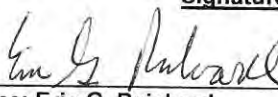
Customer Billing Point of Contact

Name:
Address:
Telephone:
Fax:
Email:

U.S. Geological Survey
United States
Department of Interior

DESERT WATER AGENCY

Signature

By  Date: 10/23/2017
Name: Eric G. Reichard
Title: Director, USGS California Water Science
Center

Signatures

By _____ Date: _____
Name:
Title:

By _____ Date: _____
Name:
Title:

By _____ Date: _____
Name:
Title:



United States Department of the Interior

U.S. GEOLOGICAL SURVEY

California Water Science Center
6000 J Street, Placer Hall
California State University
Sacramento, California 95819-6129
Phone: (916) 278-3000 Fax: (916) 278-3070
<https://ca.water.usgs.gov>

COPY
**COPY FOR YOUR
INFORMATION**

October 18, 2017

Mr. Jason Uhley
General Manager and Chief Engineer
Riverside County Flood Control and Water Conservation District
1995 Market Street
Riverside, California 92501-1719

Dear Mr. Uhley:

This letter confirms discussions between our respective staffs concerning the continuation of the cooperative water resources program between Riverside County Flood Control and Water Conservation District (RCFC&WCD) and the U.S. Geological Survey (USGS) for the period November 1, 2017 to October 31, 2018.

The proposed program and associated costs to RCFC&WCD, Coachella Valley Water District (CVWD), Desert Water Agency (DWA) and Santa Margarita River Watershed (SMRW) are included in Table 1.

As agreed in prior years, your agency will provide channel alignment work at the Mission Creek near Desert Hot Springs station. This work will consist of channel grooming, including the removal and relocation of minor amounts of bed material, so as to maintain communication of the stream with the gage at low flows. The area of channel where this work would be needed extends from the gage upstream for approximately 200 feet. Your agency has the equipment and skilled operators to perform this service. As in the past, the USGS will assist you with this work and will contact you when and if it is needed. The USGS will also obtain any needed environmental permits in advance of this work.

Total cost of the proposed program is \$413,700. Cost to your agency for the work identified in Table 1 will be \$210,800 and subject to the availability of Federal matching funds, the USGS will provide \$84,200.

Enclosed are four originals of Joint Funding Agreement (JFA) 18WSCA02700, signed by our agency, for your approval. If you are in agreement with this proposed program, please return one fully executed JFA to our office. Work performed with funds from this agreement will be conducted on a fixed-price basis. Billing for this agreement will be rendered quarterly.

Mr. Jason Uhley, General Manager and Chief Engineer- Riverside County FC&WCD

The USGS is required to have an agreement in place prior to any work being performed on a project. We request that a fully executed JFA be returned prior to November 30, 2017. If it is not received by November 30, we will be required to suspend operations until an agreement is received.

If you have any questions concerning this program, please contact Scott Patterson, in our Poway Field Office, at (858) 679-4015. If you have any administrative questions, please contact Tammy Seubert, in our Sacramento Office, at (916) 278-3040.

Sincerely,



Eric G. Reichard
Director, USGS California Water Science Center

Enclosures

cc: Mr. Arturo Diaz
Hydrologic Data Collection Section
Riverside County Flood Control and
Water Conservation District
1995 Market Street
Riverside, CA 92501-1719

Mr. Jim Barrett
Coachella Valley Water District
Post Office Box 1058
Coachella, CA 92236

Scott Patterson, USGS CAWSC

Mr. Mark Krause
General Manager
Desert Water Agency
Post Office Box 1710
Palm Springs, CA 92263-1710

Attn: Watermaster
Santa Margarita River Watershed
Post Office Box 631
Fallbrook, CA 92028

Mr. Jason Uhley, General Manager and Chief Engineer- Riverside County FC&WCD

Table 1:

Station Number	Station Name	RCFC & WCD			SMR		
		Funds	DWA Funds	CVWD Funds	Water-master Funds	USGS Funds	Total Funds
10256500	Snow Creek near White Water, including diversion	\$ 5,150	\$ 7,450	\$ 7,450	\$ -0-	\$ 10,100	\$ 30,150
10257500	Falls Creek near White Water, including diversion	\$ 5,150	\$ 7,450	\$ 7,450	\$ -0-	\$ 10,100	\$ 30,150
10257550	Whitewater River at Windy Point*	\$ 5,150	\$ 7,450	\$ 7,450	\$ -0-	\$ 10,100	\$ 30,150
10257600	Mission Creek near Desert Hot Springs	\$ 15,300	\$ -0-	\$ -0-	\$ -0-	\$ 7,700	\$ 23,000
10257720	Chino Canyon Creek below Tramway near Palm Springs	\$ 5,100	\$ 5,100	\$ 5,100	\$ -0-	\$ 7,700	\$ 23,000
10258000	Tahquitz Creek near Palm Springs	\$ 5,100	\$ 5,100	\$ 5,100	\$ -0-	\$ 7,700	\$ 23,000
10258500	Palm Canyon Creek near Palm Springs ¹	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
10259000	Andreas Creek near Palm Springs	\$ 5,100	\$ 5,100	\$ 5,100	\$ -0-	\$ 7,700	\$ 23,000
10259050	Palm Canyon Wash near Cathedral City	\$ 5,100	\$ 5,100	\$ 5,100	\$ -0-	\$ 7,700	\$ 23,000
11042700	Murrieta Creek near Murrieta CA	\$ 12,775	\$ -0-	\$ -0-	\$ 12,775	\$ -0-	\$ 25,550
11042800	Warm Springs Creek near Murrieta	\$ 12,775	\$ -0-	\$ -0-	\$ 12,775	\$ -0-	\$ 25,550
11042900	Santa Gertrudis Creek near Temecula	\$ 7,650	\$ -0-	\$ -0-	\$ 7,650	\$ 7,700	\$ 23,000
11069500	San Jacinto River near San Jacinto ¹	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11070150	San Jacinto River above State Street near San Jacinto (stage only)	\$ 8,950	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,950
11070210	San Jacinto River at Ramona Expressway near Lakeview	\$ 25,550	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 25,550
11070270	Perris Valley Storm Drain at Nuevo Road near Perris	\$ 25,550	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 25,550
11070365	San Jacinto River near Sun City	\$ 25,550	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 25,550
11070465	Salt Creek at Murrieta Road near Sun City	\$ 25,550	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 25,550
11070500	San Jacinto River near Elsinore	\$ 15,300	\$ -0-	\$ -0-	\$ -0-	\$ 7,700	\$ 23,000
TOTAL		\$ 210,800	\$ 42,750	\$ 42,750	\$ 33,200	\$ 84,200	\$ 413,700

¹ Funding for this gage is provided by the National Streamflow Information Program (NSIP).

*Notes on operating limitations at Whitewater at Windy Point (10257550)

10257550 - Whitewater at Windy Point -- Obtaining an accurate record of discharge for this station is contingent on adequate channel maintenance, to be performed by DWA and/or CVWD as described here. The station has two separate gage height sensors and recorders, one for the right- side weir (with the walkway) and one for the left-side (overflow) weir. The channel above and below both weirs will be maintained to insure that the weirs do not become buried by sediment. The channel downstream from both weirs will be kept clear of sediment to the degree necessary to allow an adequate drop over both weirs. The channel above the right-side weir will be cleaned out to maintain a pool upstream from the right-side weir. To insure the greatest accuracy, the upstream dike which directs flow to the right-side weir will be maintained. When destroyed by high flow, the dike will be reestablished as soon as practical.

High flow in the left channel cannot be measured directly with a current meter. Instead, a theoretical stage-discharge rating will be used. A single record representing the total flow over both weirs will be published.

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR
Water Resource Investigations

Agreement#: 18WSCA02700
Customer#: 6000000806
Project #: ZG00GZV
TIN #: 93-1171062
USGS DUNS #: 1761-38857

Fixed Cost Agreement YES[X] NO[]

THIS AGREEMENT is entered into as of the 1st day of November, 2017, by the U.S. GEOLOGICAL SURVEY, California Water Science Center, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, party of the second part.

1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for cooperative water resources investigations in the Riverside County Flood Control and Water Conservation District area, herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50, and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) include In-Kind-Services in the amount of \$0.00.

- (a) \$37,320.00 by the party of the first part during the period
November 1, 2017 to October 31, 2018
- (b) \$210,800.00 by the party of the second part during the period
November 1, 2017 to October 31, 2018
- (c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of : \$0.00

Description of the USGS regional/national program:
Not Applicable

- (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request; be furnished by the party of the first part; at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties.

9. USGS will issue billings utilizing Department of the Interior Bill for Collection (form DI-1040). Billing documents are to be rendered quarterly. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983.).

Form 9-1366
(April 2015)

Page 2 of 2

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR
Water Resource Investigations

Agreement#: 18WSCA02700
Customer#: 6000000806
Project #: ZG00GZV
TIN #: 93-1171062
USGS DUNS #: 1761-38857

USGS Technical Point of Contact

Name: Scott Patterson
Supervisory Hydrologic Technician
Address: 12110 Tech Center Drive
Poway, CA 92064
Telephone: (858) 679-4015
Fax: (858) 679-4019
Email: rspatter@usgs.gov

Customer Technical Point of Contact

Name: Jason Uhley
General Manager and Chief Engineer
Address: 1995 Market Street
Riverside, CA 92501-1719
Telephone:
Fax:
Email:

USGS Billing Point of Contact

Name: Tamara Seubert
Budget Analyst
Address: 6000 J Street - Placer Hall
Sacramento, CA 95819
Telephone: (916) 278-3040
Fax: (916) 278-3070
Email: tseubert@usgs.gov

Customer Billing Point of Contact

Name: Robert Laag
Address: 1995 Market Street
Riverside, CA 92501-1719
Telephone:
Fax:
Email:

U.S. Geological Survey
United States
Department of Interior

RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

Signature

By  Date: 10/18/2017
Name: Eric G. Reichard
Title: Director, USGS California Water Science
Center

Signatures

By _____ Date: _____
Name: **INFORMATION ONLY**
Title: _____

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

NOVEMBER 7, 2017

**RE: REQUEST DESIGNATION OF DWA DELEGATE
TO ACWA GENERAL SESSION MEMBERSHIP MEETING**

Desert Water Agency received notice from the Association of California Water Agencies (ACWA) regarding the Election of Officers at the General Session Membership Meeting at the ACWA 2017 Fall Conference.

The Membership Meeting will be held on November 29 in Anaheim. Each member agency needs to designate a voting representative who will be required to register and sign as the proxy holder. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2018-2019 term and to conduct a vote by the membership on proposed amendments to ACWA's Bylaws as recommended by its Board of Directors.

President Cioffi will not be attending the conference this year; therefore, a proxy is needed in his place. Staff requests that the Board designate a Director who will cast Desert Water Agency's vote on the election of ACWA officers and its Bylaws amendments at the conference's General Session on November 29, 2017.

MEMORANDUM

TO: ACWA Members: General Managers and Board Presidents

CC: ACWA Board of Directors

FROM: Timothy Quinn, ACWA Executive Director

DATE: October 11, 2017

SUBJECT: General Session Membership Meeting at ACWA 2017 Fall Conference

There will be a General Session Membership Meeting at the 2017 Fall Conference in Anaheim, California, on Wednesday, November 29. The meeting will be held in the Platinum Ballroom 1-6, Marriott Anaheim, at 1:20 p.m. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2018-2019 term and to conduct a vote by the membership on proposed amendments to ACWA's Bylaws as recommended by the Board of Directors at its meeting on September 29, 2017.

Election of President/Vice President

The ACWA Nominating Committee has announced a 2018-2019 slate that recommends current **Vice President Brent Hastey for ACWA President** and current **Federal Affairs Committee Chair Steven LaMar for ACWA Vice President**. As provided by ACWA's Bylaws (Article 9, Section 9) nominations from the floor will be accepted prior to the vote. Such nominations and seconds must be supported by a resolution of the governing body of the member agency making and seconding such nomination. **(See attached for General Session/Election Procedures.)**

Proposed Amendments to ACWA's Bylaws

As part of the ongoing efforts to ensure ACWA's Bylaws are current and reflect consistency with other governance documents and daily operations, the Board of Directors is recommending several amendments to the bylaws for consideration by the membership. A Legal Affairs Committee (LAC) Workgroup reviewed the proposed amendments and provided an analysis pursuant to ACWA's Bylaws (Article 9, Section 8).

Following is a list of the proposed amendments to the bylaws along with the rationale for the change and the LAC Workgroup's analysis.

Article 7 – Standing Committees

1. **Section 4. Committee Composition.** Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committee subject to the rules and procedures of each committee.

Rationale: Staff is recommending this amendment to the bylaws to allow the President flexibility in appointing members to limited standing committees and to provide an odd number committee composition total.

LAC Workgroup Analysis: The proposed revision is clear and meets its intended purpose.

2. **Committee Composition Terms in Sections 5 through 17.**

Rationale. Staff noted that the use of the term “individual” versus “representative” (and one instance of “member”) was inconsistent throughout the committee composition description for each of the standing committees in Article 7. Staff asked the LAC Workgroup to review Section 1, Qualifications, as well as each of the committee descriptions to make a determination as to which term best applies for all of the committees for purposes of consistency throughout Article 7.

LAC Workgroup Analysis: Reading of the various ACWA committee sections suggests that “Member” would be the most appropriate word for consistency throughout the bylaws. However, the use of a single term, may require some minor revisions to surrounding text for clarity (for an example see Section 15 (State Legislative Committee) where “member” is separately used to denote a “member agency” and so would need to state “member-agency” consistently to accommodate the more general use of “member” throughout the bylaws).

Staff Response: Staff revised the terms in the committee section descriptions (Sections 5 through 17) to “member” for consistency and the surrounding language where needed in response to the LAC Workgroup’s analysis. **(See attached bylaws for proposed amendments to these sections.)**

3. **Section 5. Agriculture Committee.** There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. The committee shall consist of at least one member from each region.

Rationale: The 2016-2017 Business and Strategic Plan initiative to increase involvement and engagement from ACWA's agricultural members has successfully generated momentum amongst ACWA's agricultural members and a renewed attention to and involvement in key policy issues that uniquely affect agricultural water suppliers. Amidst this success, a concern has arisen that the momentum could be lost once the Board of Directors finishes its current term and the initiative sunsets. This concern has sparked the suggestion that ACWA should consider creating an Agriculture Committee as the thirteenth standing committee of the Association to continue the objectives of the Ag Initiative long-term.

LAC Workgroup Analysis: The proposed revision is clean and meets its intended purpose.

4. **Section 12. Legal Affairs Committee.** There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members of the Association agencies, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the members of the Association agencies and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between ~~35~~ 34 and ~~45~~ 44 attorneys, each of whom shall be a member of the California Bar and shall be, or act as, counsel for a member of the Association agency, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. ~~Further, there shall be at least one representative from each region on the committee.~~ The committee shall consist of a least one member from each region.

Rationale: Change the committee composition range so there is a resulting odd number total when the chair is added.

LAC Workgroup Analysis: Considered together with the general change in Section 4, Committee Composition, above, this change accomplishes its purposes and maintains the current overall LAC membership numbers.

Article 9 – Meeting of Members

5. **Section 8. Amendments, Revisions, and Resolutions.** Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least ~~30~~ 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any

proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association ~~at least five~~ not less than 10 days or more than 90 days prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section 3. The ~~30~~ 90-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections ~~3~~ 5 and ~~4~~ 6 of this Article.

Rationale: Staff recommended that the deadline for submitting requests for amendments, revisions, and resolutions be changed from 30 to 120 days prior to any membership meeting to provide the Legal Affairs Committee sufficient time to review and develop the required analysis and for staff to provide adequate notice to the members as set forth in Article 9, Sections 3 and 4 of the bylaws. **Note: Staff typically notifies ACWA members at least 45 days prior to a given membership meeting to allow the member agency boards adequate time to designate their authorized voting representative.**

LAC Workgroup Analysis: This proposed revision is clear and meets its intended purpose. However, workgroup members did express some concern that the 120-day submission requirement may unduly limit the Association's ability to quickly respond to state or federal legislative or administrative acts appropriately. A supermajority of the Association may vote to suspend the requirement, however, it may be advisable to require only 90-days for submission while retaining the general Association distribution timing of no later than 10-days and no earlier than 90-days prior to presentation at an Association meeting.

Staff Response: Staff revised the proposed amendment to state 90 days instead of 120 days in response to the LAC Workgroup's analysis.

The Board of Directors recommends adoption of the proposed amendments to ACWA's Bylaws through a vote of the membership.

Webinar on Proposed Amendments to Bylaws

ACWA staff is hosting a webinar on **Tuesday, November 7, at 10:00 a.m.** in advance of the membership meeting to answer any questions members may have pertaining to the proposed amendments to the bylaws. Please register for the webinar at the link listed below:

Please register for Bylaws Webinar on Nov 07, 2017 10:00 AM PST at:

<https://attendee.gotowebinar.com/register/18153322847132675>

After registering, you will receive a confirmation email containing information about joining the webinar.



Membership Voting Process

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency on the proxy designation form. The designated voting representative is required to register and sign as the proxy holder to receive the proxy card. Proxy cards will **only** be available for pick-up on **Wednesday, November 29**, between **9:00 a.m. and 12:00 p.m.** at the **ACWA General Session Desk** in the main foyer outside of the **Marquis Ballroom Center, Marriott Anaheim**. The luncheon and General Session Membership Meeting will be held in the Platinum Ballroom 1-6.

To expedite the sign-in process at the **ACWA General Session Desk**, please indicate your voting delegate on the enclosed proxy designation form and return it by email (**donnap@acwa.com**) or fax (**916-325-4857**) at your earliest convenience prior to conference. If there is a last minute change of delegate, please let us know before the meeting date by contacting ACWA's Clerk of the Board, Donna Pangborn, at 916-441-4545 or donnap@acwa.com.

If you have any questions regarding this process, please contact Clerk of the Board Donna Pangborn at the ACWA office at 916-441-4545 or donnap@acwa.com.

dgp

Enclosures:

1. General Session/Election Procedures
2. Proposed ACWA Bylaws Amendments – Redline Version
3. Proxy Designation Form



PROXY DESIGNATION FORM

ASSOCIATION OF CALIFORNIA WATER AGENCIES GENERAL SESSION MEMBERSHIP MEETING(S)

WEDNESDAY, NOVEMBER 29, 2017 AT 1:20PM

THURSDAY, NOVEMBER 30, 2017 AT 1:20PM (IF NEEDED)

TO: Donna Pangborn, Clerk of the Board

EMAIL: donnap@acwa.com

FAX: 916-325-4857

The person designated below will be attending the ACWA General Session Membership Meeting(s) on **Wednesday, November 29, 2017 (and November 30, 2017 if necessary)** as our voting delegate.

MEMBER AGENCY'S NAME	AGENCY'S TELEPHONE No.
MEMBER AGENCY'S AUTHORIZING REPRESENTATIVE	SIGNATURE
DELEGATE'S NAME	SIGNATURE
DELEGATE'S EMAIL	DELEGATE'S TELEPHONE No.
DELEGATE'S AFFILIATION (if different from assigning agency) ¹	DATE

¹ If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above. Note: Delegates need to sign the proxy form indicating they have accepted the responsibility of carrying the proxy.

REMINDER: Proxy cards will be available for pick up on **Wednesday, November 29**, between **9:00 a.m.** and **12:00 p.m.** at the **ACWA General Session Desk** in the main foyer outside of the **Marquis Ballroom Center, Marriott Anaheim**. The luncheon and General Session Membership Meeting will be held in the Platinum Ballroom 1-6.

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

NOVEMBER 7, 2017

**RE: REQUEST AUTHORIZATION TO INCREASE FUNDING OF PHASE
I – SITES RESERVOIR PROJECT**

Previous Board Action

On 07/28/2016, the Agency submitted the executed “Sites Reservoir Project, Phase I Proposal to Participate Form” to the Sites Project Authority. This certified that the Agency was eligible to participate, that we elected to participate and agreed to be a member in good standing of the Reservoir Project Agreement Committee.

At the time of application, the Agency applied for 6,500-acre feet. This additional water supply is thought necessary to help recover Table A water supply lost due to reduced reliability (represents a 12% of our current Table A amount), and/or it can be used to replace water supply that could be called back by Metropolitan Water District (11,900 acre feet). It can also help provide for the increased water supply called for in the Coachella Valley water management plans.

The Agency applied for 6,500 acre-feet of Class 1 water at a not to exceed cost of \$60/acre feet or \$390,000 for Phase I funding. The current estimate of water that will be produced on a long-term average is 500,000-acre feet per year. It was assumed that fifty percent of the water would be used for Proposition 1 environmental benefit (250,000-acre feet). It was also assumed that 130,000-acre feet of water would be committed to meet northern Sacramento Valley demand. This meant there would be an estimated 120,000 acre feet of Class 1 water available from the total 500,000 acre feet for south of delta demand.

In our application, the Agency did not ask for any Class 2 water. Class 2 water is water that could become available to members at the end of Phase I, as a result of less than 50% funding from Proposition 1. No Class 2 water will be available if Proposition 1 funds 50% of the reservoir. However, if for example, funding is only 30% there would be an

additional 20% of the reservoir capacity available for potable water supply (100,000-acre feet). Class 2 water is water at a not-to-exceed cost of \$30/acre feet.

The Agency submitted as part of the Proposal to Participate Form an exit clause that stated if the Agency is unable to receive support from The Metropolitan Water Agency of Southern California (MWD) in the Agency's activities to acquire additional water supply and to deliver said water in accordance with our current exchange agreement, the Agency will be able to exit out of the Sites agreement. Subsequently, MWD wrote a letter supporting the Agency's activities to acquire additional water.

Our application for 6,500-acre feet of Class 1 water could only be partially accepted. Our request was equal to 56.9% of the total Class 1 water outside of the Sacramento Valley. This percentage was applied to our request reducing it to 3,698.4-acre feet. The remaining 2,801.06 acre feet of water we requested was reclassified as Class 2 water. Class 2 water will only become available if the money from Proposition 1 is less than 50% of the cost of the reservoir.

Phase I Costs

The estimated cost of work to be performed in Phase I of this project development was \$15,134,507. The cost of Class 1 and Class 2 water was estimated to be \$48.50 per acre-foot and \$24.25 per acre-foot respectively. Our total cost of participation in Phase I was \$247,316.05.

Requested Authorization

At the Boards January 24, 2017, Board meeting, the DWA Board authorized for the General Manager to execute the "Sites Project Authority's Amended and Restated Phase I Reservoir Project Agreement, dated 11/21/16 Draft, and to provide funding for Phase I in the amount of \$247,316.05 (Please note that this amount should have been \$247,310.47).

Requested Authorization to Increase Phase I Funding

The purpose of this Board Action is to request an increase for DWA's funding in the Phase I of the project from \$247,298.11 to \$275,000, an increase of \$27,701.89. The requested increase is necessary to cover the cost of the additional Class 1 water that is being made DWA and others based on the reallocation process.

The reallocation is a result of other Class I participants withdrawing their participation in Class I water. Reclamation District (RD) 2035 and Westlands Water District have withdrawn their requests for 21,830 acre-feet of Class I water. The cost for Class I and Class 2 water remains the same respectively at \$48.50 and \$24.25 per acre-foot. This water is now being reallocated to other participants proportionally to their original requested participation. DWA's Class I water participation has increased from 3,689.4-acre-feet to 4,637 acre-feet at a cost of \$48.50. DWA's Class 2 water participation has decreased from 2801.06-acre-feet to 1,863 acre-feet.

ORIGINAL ALLOCATION			
WATER CLASS	AMOUNT ACRE-FEET	UNIT COST PER ACRE-FOOT	COST PER CLASS
CLASS 1	3,698.37	\$ 48.50	\$ 179,370.95
CLASS 2	2,801.63	\$ 24.25	\$ 67,939.53
TOTALS	6,500.00		\$ 247,310.47
REALLOCATION			
WATER CLASS	AMOUNT ACRE-FEET	UNIT COST PER ACRE-FOOT	COST PER CLASS
CLASS 1	4637.00	\$ 48.50	\$ 224,894.50
CLASS 2	1863.00	\$ 24.25	\$ 45,177.75
TOTALS	6500.00		\$ 270,072.25

In order to preserve DWA's interests in Sites Reservoir Project staff requests increasing DWA's funding in the Phase I of the project from \$247,298.11 to \$275,000, an increase of \$27,701.89. Staff also requests authorization to increase future funding as necessary up to the not to exceed amount of \$390,000 agreed to in the Agency's executed Phase I Proposal to Participate Form submitted on 07/28/2016.

Sites Project Joint Powers Authority

P.O. Box 517
Maxwell, CA 95955

Invoice

Date	Invoice #
09/27/2017	SPA-2017-29

RECEIVED
OCT 11 2017
ACCOUNTING

Bill To
Desert Water Agency 1200 S Gene Autry Trl Palm Springs, CA 92264

Description	Amount
Phase 1 final billing for participation in the Reservoir Committee. Class 1 totaling \$48.50/acre-ft (See Customer Ledger for details).	103,440.26
Phase 1 final billing for participation in the Reservoir Committee. Class 2 totaling \$24.25/acre-ft (See Customer Ledger for details).	-825.01
<p>Date Invoice Received _____</p> <p>Extensions Checked <u>GP</u> _____</p> <p>Quantity & Prices Verified _____</p> <p>Payment Approved _____</p>	
Total	
	\$102,615.25

Sites Project Joint Powers Authority
Customer Ledger - Desert Water Agency

Administrative Charges	Charges	Payments	Balance
N/A	-	-	-
Balance Administrative Account	-	-	-

Water Reservoir Charges	Charges	Payments	Balance
02/18/2017 Class 1 Billing 3698.37 acre-ft @ \$32.84/acre-ft	121,454.00	-	121,454.00
02/18/2017 Class 2 Billing 2801.63 acre-ft @ \$16.42/acre-ft	46,003.00		167,457.00
Payment 03/27/2017		167,457.00	-
Rounding adjustment to previous billings	0.24		0.24
09/27/2017 Billing Class 1 -- 3698.37acre-ft @ \$15.66/acre-ft (\$48.50/acre-ft less \$32.84/acre-ft previously billed)	57,916.47		57,916.71
09/27/2017 Billing Class 1 -- Increased Class 1 Water request by 938.63 acre-ft @ \$48.50/acre-ft (Increase from 3698.37 acre-ft to 4637 acre-ft)	45,523.56		103,440.26
09/27/2017 Billing Class 2 -- 2801.63 acre-ft @ \$7.83/acre-ft (\$24.25/acre-ft less \$16.42/acre-ft previously billed)	21,936.76		125,377.03
09/27/2017 Billing Class 2 -- Credit for reduction in Class 2 Water request by 938.63 acre-ft @ \$24.25/acre-ft. (Reduction from 2801.63 acre-ft to 1863 acre-ft)	(22,761.78)		102,615.25
Balance Reservoir Account	270,072.25	167,457.00	102,615.25

Account Summary	Charges	Payments	Balance
Administrative Account Total	-	-	-
Reservoir Account Total	270,072.25	167,457.00	102,615.25
Grand Totals	270,072.25	167,457.00	102,615.25

Class 1 -- 4637 acre-ft @ \$48.50/acre-ft	224,894.50
Class 2 -- 1863 acre-ft @ \$24.25/acre-ft	45,177.75
Less: Reservoir Payments	(167,457.00)
Current Reservoir Balance	102,615.25
Current Administrative Balance	-
Outstanding Balance	102,615.25

October 19, 2017

MEMORANDUM

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

FROM: BEST BEST & KRIEGER LLP

RE: OCTOBER 19, 2017 MEETING OF THE BOARD OF DIRECTORS OF THE
STATE WATER CONTRACTORS, INC.

The October 19, 2017 meeting of the Board of Directors of the State Water Contractors, Inc., was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

1. Closed Session. The meeting began with a lengthy closed session discussion of pending and ongoing litigation involving challenges to the environmental document for Cal Water Fix, the validation action by DWR to confirm its authority to construct the project and finance it with the sale of bonds, and administrative proceedings before the State Water Resources Control Board for approval of an additional point of diversion north of Sacramento to divert water into the proposed tunnels. Most of the discussion should not be shared in a memo made available to the public, as it includes discussion of litigation strategies and assessment of legal position. However, a couple of points can be shared safely. Thus far, \$1.5 million has been spent to prepare the administrative record for the legal actions challenging the adequacy of the environmental document. The administrative record will consist of more than two million documents and will need to be placed on a usable data base. The various legal actions have been consolidated and assigned to the Superior Court in Sacramento County. As to the validation action, 39 parties have filed answers, although some of those are friendly answers. Some parties were granted extensions of time until November 15 to file answers. Those extensions required court approval.

2. State Water Project Management Report. Joel Ledesma was present from DWR to provide a State Water Project Management Report. He stated that the repair work at the Lake Oroville spillway has been the most successful engineering effort by DWR in quite some

time. Temporary repairs to the spillway have been performed to make it functional in time for the upcoming winter season. An enormous amount of work was completed in a very short period of time. A forensics report is being prepared which will be instrumental in obtaining cost recovery from the Federal Emergency Management Agency. A comprehensive assessment plan is being prepared to provide guidance on the ultimate repairs and necessary improvements, going forward. The assessment plan will address what to do with the existing emergency spillway, whether another spillway should be constructed, and other relevant items. Meanwhile, FEMA has provided approval for another \$85 million in cost recovery.

3. Water Operations Report. John Leahigh from DWR provided a report on SWP water operations. DWR is on track to lower the water level in Lake Oroville to 700 feet elevation by November 1. Currently the water elevation is just a little above the 700 foot mark. A plan of operations has been prepared for operating the interim spillway at Oroville during the upcoming rainy season. That plan has been submitted to the Federal Energy Regulatory Commission and to the California Division of Safety of Dams. The operations plan will address the flood control obligations downstream. The plan includes an enhanced flood control pool in Lake Oroville for this upcoming year. Leahigh reported that there are very low inflows from the Delta currently. Much of the water must be allowed to flow through the Delta in order to satisfy regulatory requirements. Meanwhile, DWR is drafting heavily from the San Luis Reservoir to satisfy Contractor demands downstream. Thus, the likelihood of the San Luis Reservoir filling, and spilling, is quite low.

4. General Manager's Report. SWC General Manager Jennifer Pierre reported that DWR's November 1 event at Lake Oroville to celebrate the work performed on the spillway will merely be a press conference, rather than a celebration that Contractors are invited to attend. She said that no arrangements are in place to accommodate a large crowd, and that there is no need for Contractors to make an appearance at that press conference.

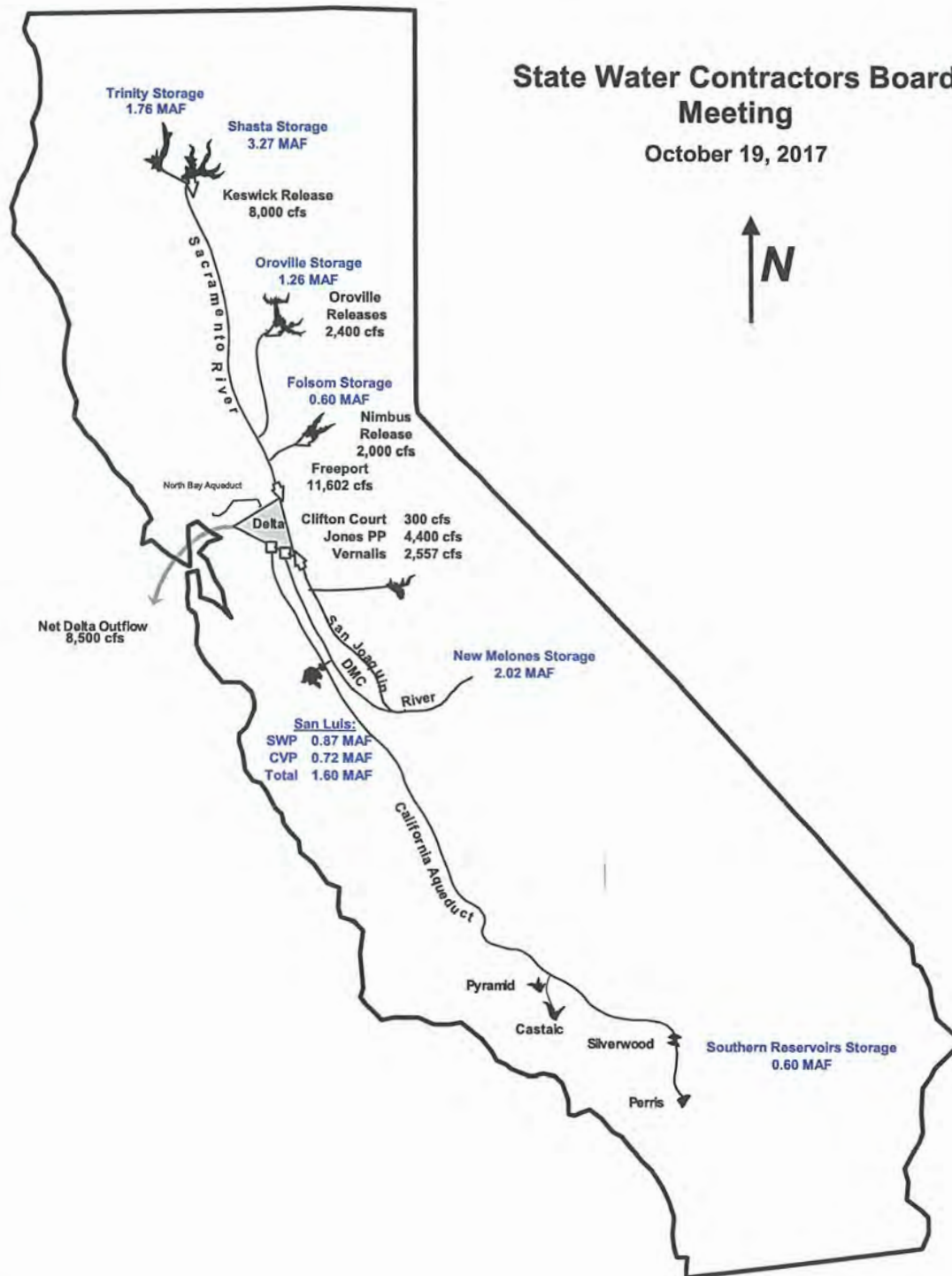
5. Energy Objectives Update. Tim Haines provided a report on energy objectives. A couple of slides were presented, copies of which are included along with this memo. The Contractors are attempting to collaborate with DWR in updating the strategic plan to address energy issues going forward. The Contractors do not anticipate a need to spend additional money

for additional support until the beginning of next year. Tim reported that there was a “step change” increase in power costs beginning in the year 2000, resulting from the creation of the California Independent Systems Operator to manage energy transmission, the energy crisis that occurred at about that time, and the new carbon emission requirements adopted by the State. These factors have resulted in a 500% increase in the cost of power over the last ten years. One of these slides identifies the threat confronting the Contractors in the categories of transmission issues, “cap and trade” issues, and new legislation (SB 100) that would require the State Water Project to get to 100% renewable energy by the year 2045. The pending legislation to move to 100% renewable energy would give the SWP credit for operating large hydro power facilities, whereas AB 32 (already adopted) has not given the SWP credit for hydro power generation. The enormous increase in power costs is a matter of grave concern to the Contractors and to DWR, and is demanding significant attention.

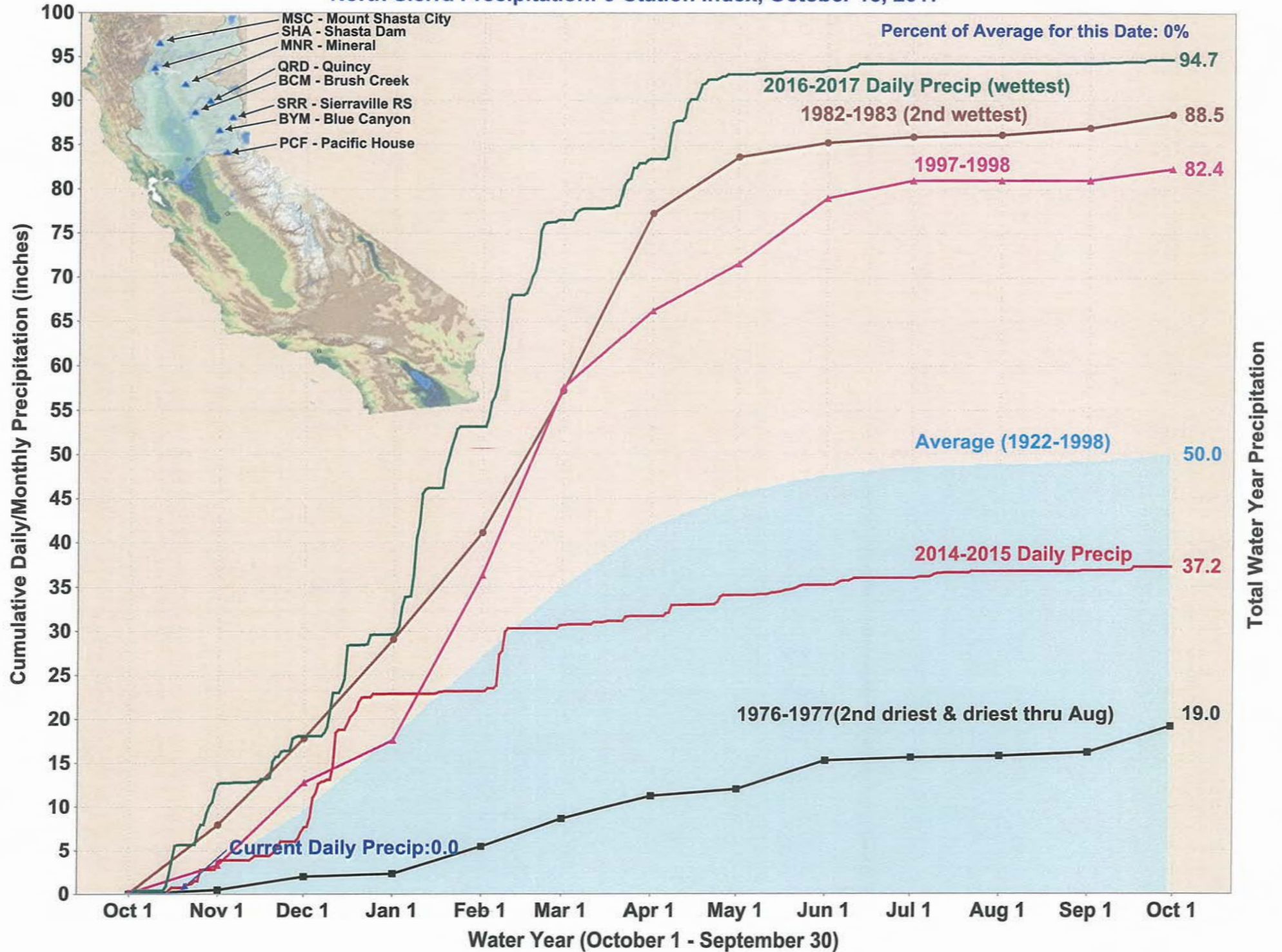
Michael T. Riddell

State Water Contractors Board Meeting

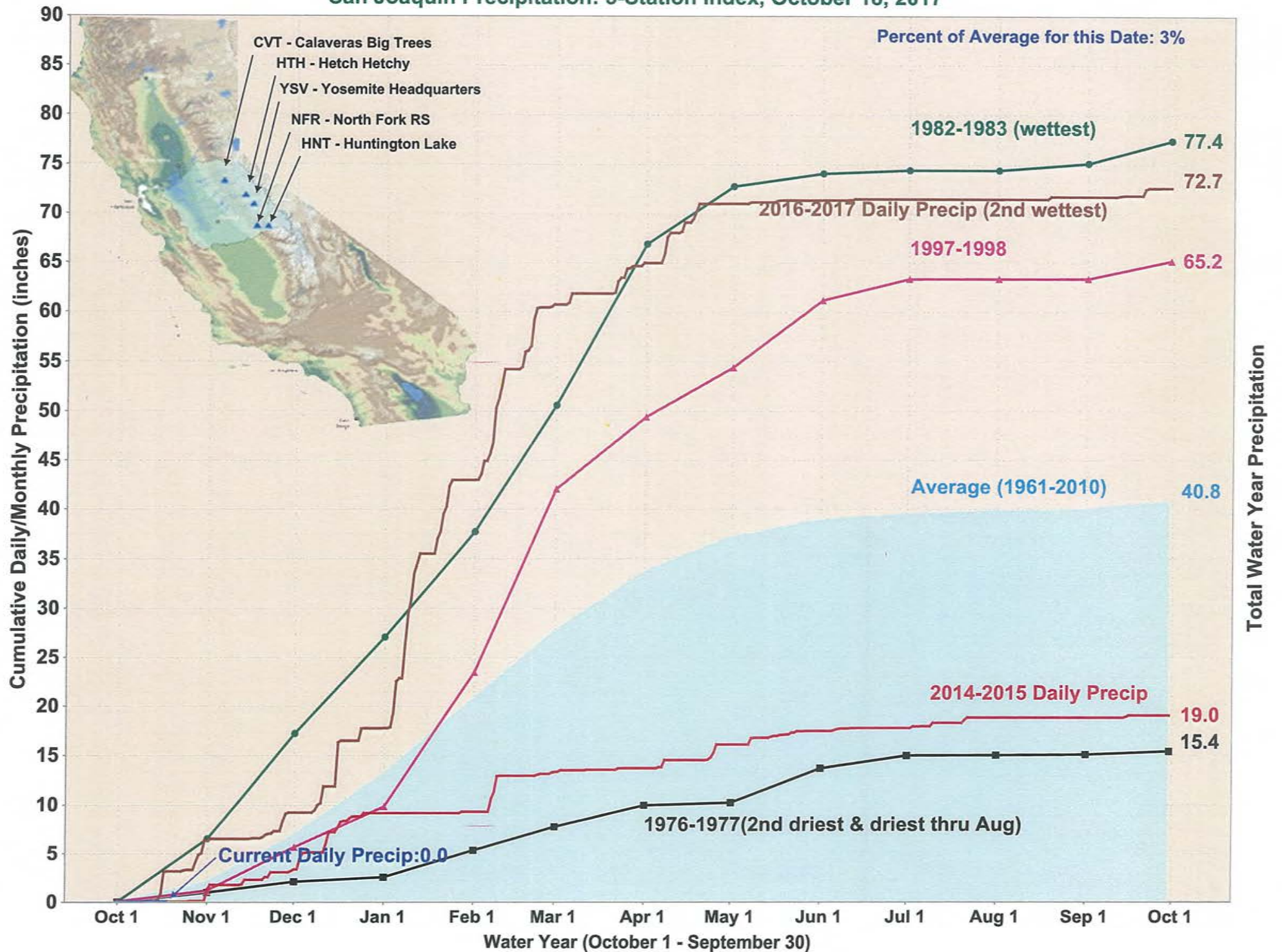
October 19, 2017



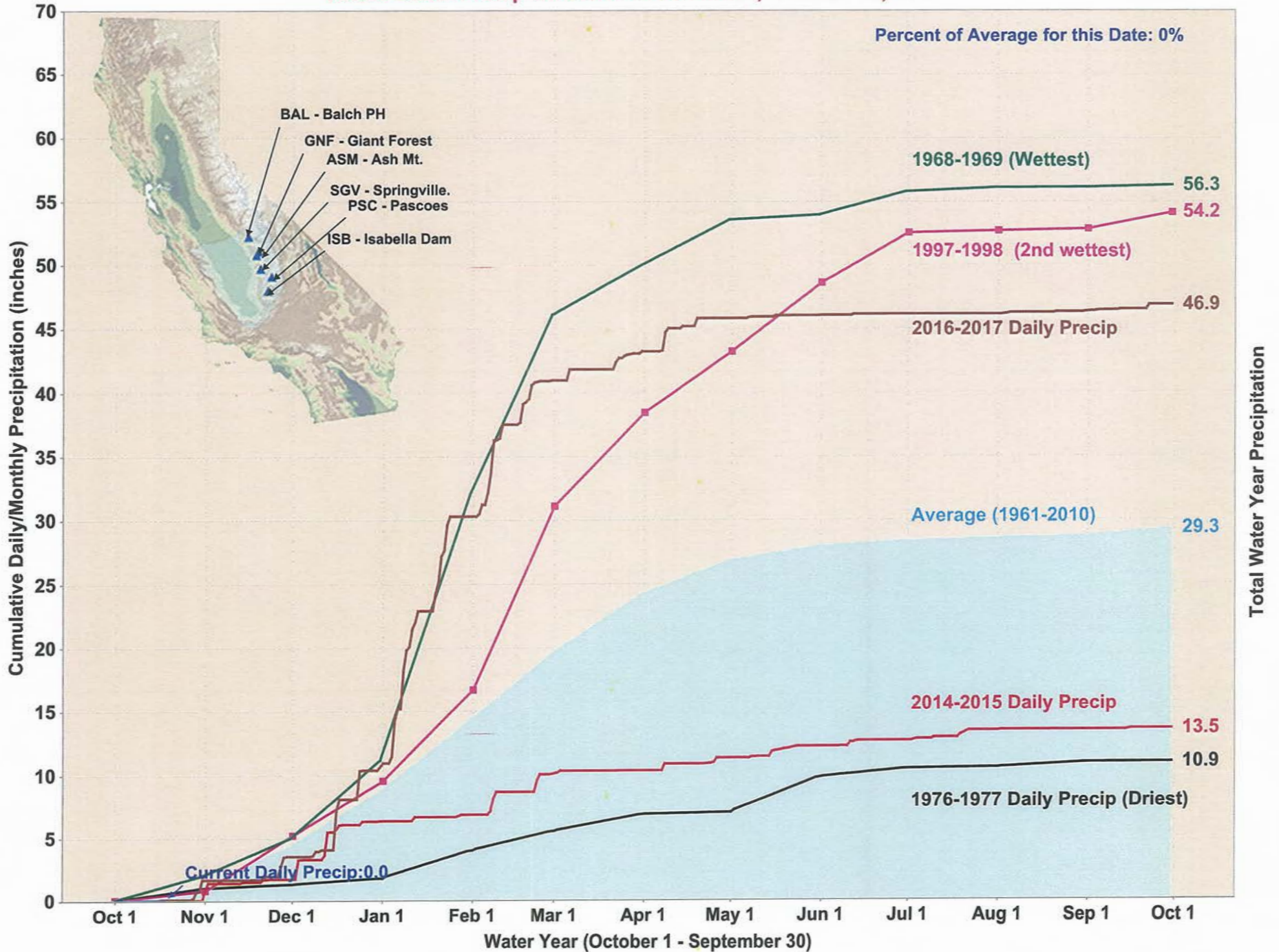
North Sierra Precipitation: 8-Station Index, October 18, 2017



San Joaquin Precipitation: 5-Station Index, October 18, 2017



Tulare Basin Precipitation: 6-Station Index, October 18, 2017

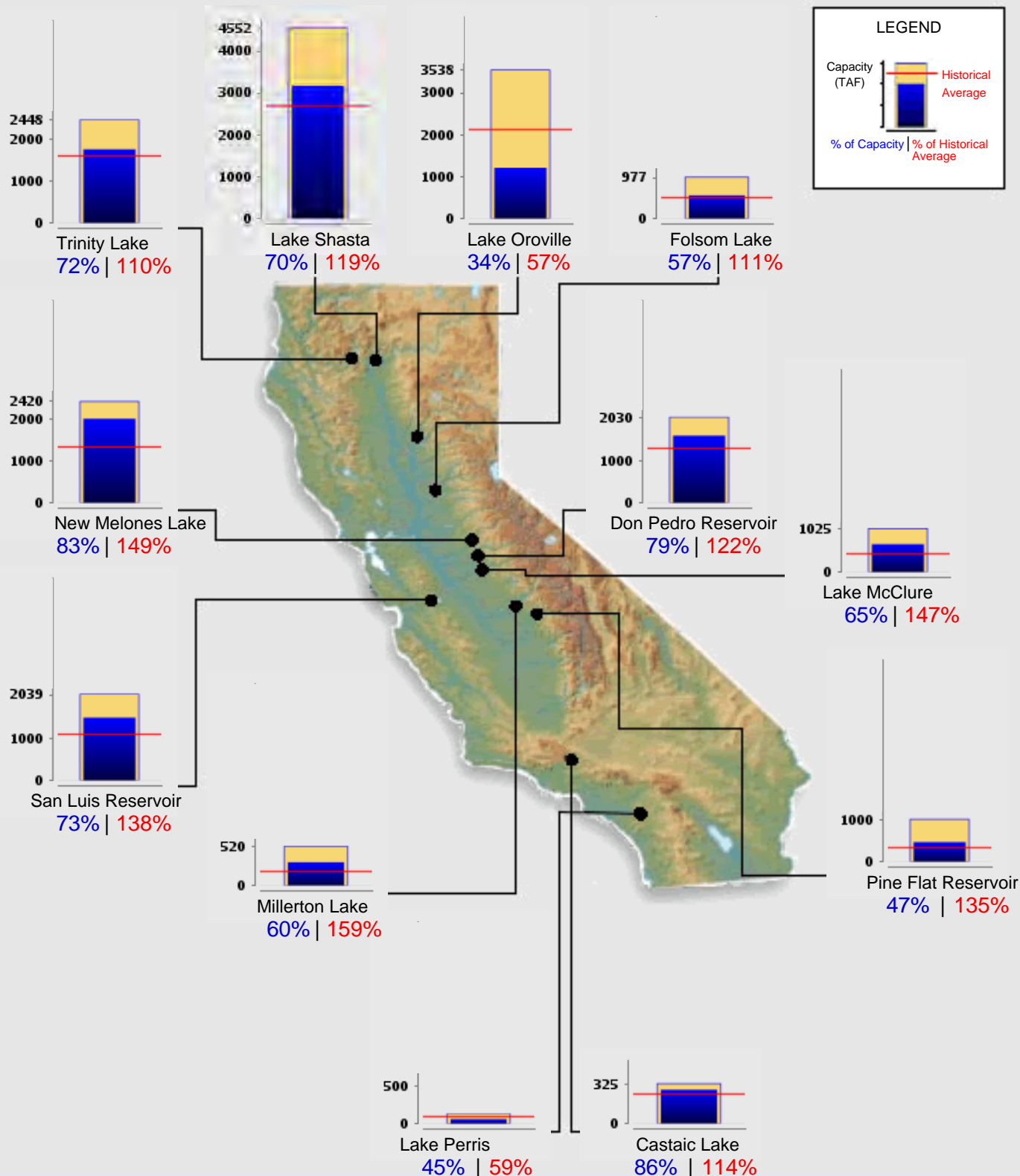




Reservoir Conditions

Ending At Midnight - November 1, 2017

CURRENT RESERVOIR CONDITIONS



Agenda Item 9



Energy Objectives

Strategic Energy Engagement

- An approach to coordinate with DWR

October 19, 2017

Energy Status Update

(Jennifer, This slide is intended to respond to what I understand the Board wants to know – is there something that impacts water deliveries or costs and is there any pending Board action? The rest are "background" if they are interested in knowing what is going on.)

- **Matters of Board Interest**

- **Cost of Water Delivery**

- Transmission
 - Carbon Policy
 - Power Markets

Aging Infrastructure and recent and pending legislative and regulatory activities will have an effect on SWP costs

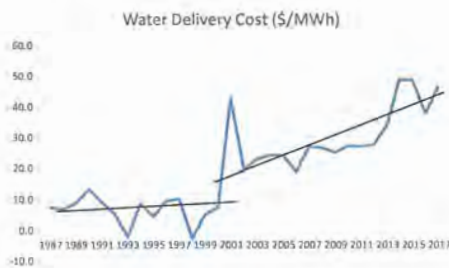
- **Recent Activities**

- **Board Action**

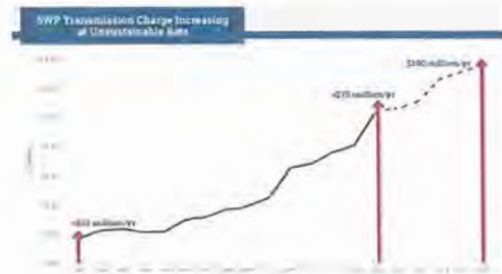
- Current authority sufficient for Steering Committee and Energy Committee activities
 - Updated Strategic Plan expected in January 2017

Issue & Approach

- **Issue** – SWP energy costs will continue to rise into the foreseeable future.
- **Approach** – Working thru DWR/SWC Energy Committee to develop and analyze threats and propose a Strategic Plan to SWC and DWR principals (Target date is January)



10/12/2017



SWC View of Threats & Estimate of Status Quo Costs

- **Transmission** (Litigation at FERC, Stakeholder Proceeding at CAISO & AB 726/813, 2-Yr Bill)
 - 500% increase in last decade, \$115M in 2017
 - Will increase ~\$100M by mid-2020s (without considering CAISO regionalization and cost shifts)
 - Engage at state, regional and federal level
- **Cap and Trade** (AB 398, passed with 2/3 vote & Cap-and-Trade Amendments)
 - Significant Risk: ~\$75M since 2013, \$20M annually will increase significantly in mid-2020s
 - Engage at Air Resources Board but not party to AB 398 negotiations
- **100% Renewable** (SB 100, 2-Yr Bill – first time mandate imposed on SWP, first time SWC take official position on energy bill)
 - ~\$40M annual increase if current premiums are applied to new purchases
 - Engage at Legislature
- **CAISO Regionalization / Volatile Markets** (AB 726 & 813)
- **Integrate Renewables** – (No Bill Introduced, Proof of Concept) Claims by NGOs and regulators that SWP “not doing enough,” past legislation calling for study likely to be renewed

10/12/2017

Example of What Board Will Consider

Threat: Push Toward Carbon Free Power

	Status quo:	Option A	Option B
How risk is addressed	Refer to 2012 Climate Action Plan	Accelerate renewable purchases	
Cost implications/ Cost to implement	Face potential mandates that add \$40 to \$80 million per year cost	Minimize additional cost by proactive purchases	
ROI		Cost/Benefit to implement Option A	
Likelihood of success	Assessment of how likely current approach will be effective		
Define role of DWR and SWC	DWR engage consistent with state policy SWC engage consistent with water delivery mission		
Other Considerations			

Joint DWR / SWC recommendation on which Threats to confront, the Options to pursue and the Implementation Plan

MEMORANDUM

OCTOBER 26, 2017

TO: Mark Krause, General Manager and Chief Engineer
Desert Water Agency

FROM: Bob Reeb
Reeb Government Relations, LLC

SUBJECT: 2017 Annual Report

Many a man curses the rain that falls upon his head, and knows not that it brings abundance to drive away the hunger.

~Saint Basil the Great

The years 2012–2015 ranked as the four driest years on record for California in terms of precipitation. In 2016, Northern California experienced average to slightly above-average precipitation, but conditions statewide did not improve enough to erase the effects of severe drought. Then, came the winter of 2017 during which 49 atmospheric rivers made landfall on the West Coast of the United States between October 1, 2016 and mid-April 2017. This was much greater than normal in terms of the number and strength; one-third of the land-falling atmospheric rivers were categorized as “strong” or “extreme.” Water year 2017 (October 1, 2016 to September 30, 2017) dramatically illustrated the variability in California’s annual precipitation, ending the state’s 5-year drought and coming in at second place for statewide runoff, behind the wettest year of 1983.

The manner in which government processes information in producing public policies has been the subject of academic research. Suffice it to say that in regard to California state government, a five-year drought followed by a wet winter produced significant gyrations in water resources policy and state budget expenditures. Since Governor Edmund G. Brown, Jr. first declared a state of drought emergency in January 2014, his Administration worked with the Legislature to appropriate \$3.9 billion to assist drought-impacted communities and provide additional resources for critical water infrastructure projects, wildfire suppression and wildlife emergencies.

Fiscal Year 2017-18 State Budget

Prepared during the fifth year of drought in the fall of 2016, Governor Brown's proposed budget released in January 2017 included an additional \$178.7 million of one-time resources for Fiscal Year 2017-18 to reflect drought conditions and provide immediate response to drought impacts.

The FY 2017-18 proposed budget was developed to build on programs and expenditures approved in prior state budgets based on the 10 actions of the California Water Action Plan, including making conservation a way of life, increasing regional self-reliance in water supplies, expanding water storage, improving groundwater management and improving flood protection. Released in January 2014, the California Water Action Plan sets forth the Brown Administration's blueprint for California to build more reliable and resilient water systems and restore important ecosystems.

The 2017 Budget Act, according to the Department of Finance, adds significant money to the state's Rainy Day Fund and pays down accumulated debts and liabilities. Governor Brown expressed concern while introducing his budget proposal in January that his budget countered "the potential fiscal impact of federal policy changes on California and the potential end of an economic expansion that has surpassed historical averages." The proposed budget focused state spending on the Governor's key priorities—investing in education, counteracting the effects of poverty, and improving the state's streets, roads and transportation infrastructure.

In addition to a \$1.4 billion reserve in the Special Fund for Economic Uncertainties, the Governor's budget added \$1.8 billion to the Proposition 2 Budget Stabilization Account, bringing the balance to \$8.5 billion in 2017-18—or 66 percent of its constitutional target. Additionally, much of the new spending added after the May Revision is one-time in nature, which avoids ongoing commitments that would put pressure on the budget in future years. As of September 2017, state revenues for FY 2017-18 exceeded budget projections by \$660 million.

First Year of the 2017-18 Regular Session of the Legislature

The 2017-18 Regular Session was gavelled into order on December 5, 2016 with the Democratic Party holding super-majorities in both the Senate and Assembly. Tax proposals, constitutional amendments and urgency statutes require a two-thirds majority vote in each house of the legislature, which theoretically would provide legislative Democrats the ability to enact sweeping changes to California's statutory landscape without any Republican Party legislative support.

A key priority in the Brown Administration's California Water Action Plan is to make conservation a way of life. The Brown Administration believes that improving water conservation is essential for a more reliable water supply and to make the state more resilient to drought, particularly given future population increases and climate change. In

May 2016, Governor Brown issued Executive Order B-37-16, which directed agencies to develop a permanent long-term framework to: (1) use water more wisely, (2) eliminate water waste, (3) strengthen local drought resilience, and (4) improve agricultural water use efficiency and drought planning.

Throughout 2016, California's urban water suppliers, including Desert Water Agency, continued to demonstrate an ongoing commitment to conservation. Under the State Water Board's modified drought emergency regulation, water conservation levels remained high for most communities that had passed the state's "stress test," certifying they had sufficient supplies to withstand three additional years of drought. The State Water Board shifted its focus to long-term efficient water use and meeting regional drought preparedness goals after taking a more draconian approach to achieving a 25 percent reduction in urban water use during the early years of the drought. In November 2016, the Department of Water Resources, Energy Commission, Public Utilities Commission, Department of Food and Agriculture, and the State Water Board released a draft proposal to implement Governor Brown's May 2016 Executive Order. The proposal was developed through a public process and recommended new water efficiency standards, additional drought planning requirements, technology assessments for reducing leaks, and mechanisms for compliance and enforcement.

The relationship between California state government and its political subdivisions is a continuum that is characterized by fluctuations concerning state control and local autonomy. The work of Reeb Government Relations on behalf of the Agency is punctuated by these fluctuations. During the 2012-2016 drought and in the 2017 legislative session, our focus increasingly has been on fighting proposals that would increase state control at the expense of local autonomy in an effort to preserve decision making authority for local elected officials and the professionals with the experience and expertise they employ to operate public water systems.

In April 2017, following unprecedented water conservation and plentiful winter rain and snow, Governor Brown ended the drought state of emergency in most of California. The traditional May Revision of the proposed budget—where the governor and his Administration take into account actual revenues and changed conditions, if any—reflected a shift from emergency drought actions to ongoing efforts to make the state more resilient to climate change and to continue water conservation. In January, the Governor's Budget proposed an additional \$178.7 million to continue the state's emergency response to the drought, with the expectation that the Administration would continue to monitor conditions through the 2017 rainy season and reevaluate budget year needs. The May Revision proposed \$62.9 million, a decrease of \$115.8 million, to address continuing drought legacy issues, such as tree mortality and groundwater shortages in the Central Valley.

The May Revision supported the Administration's efforts to make conservation a way of life by seeking an additional five positions at the State Water Board to be funded within existing resources to implement the Administration's proposed legislation, released in early April, which would (1) establish new urban water use efficiency standards, (2)

enhance state and local enforcement of these standards, (3) establish permanent water use and conservation reporting requirements, and (4) implement new urban water shortage contingency plans and agricultural water management plans. The May Revision presumed that the Legislature would approve a budget trailer bill to implement all of the recommendations in the April 2017 “Making Water Conservation a Way of Life.” The adopted budget, however, provided for only two additional positions to evaluate ongoing reporting of local water conservation data, due in part, to opposition from urban water suppliers against increasing State Water Board staffing levels ahead of legislative action regarding the budget trailer bill.

Lawmakers in both houses of the Legislature collectively introduced 2,550 bills in the first year of the 2017-18 regular session that began December 5, 2016 and stretched into in the early morning hours of September 16, 2017. The Assembly passed roughly 970 of its bills to the Senate, or 56 percent of the measures the house introduced. Meanwhile, the Senate passed 514 of its own bills, or 63 percent of the bills introduced by Senators. A total of 977 bills reached the Governor by the end of the first year of the regular session and Governor Brown vetoed 188 of them (12 percent). The latter figure is slightly less than the 15 percent he vetoed in 2016. During his 15 years as governor, Governor Brown has vetoed 7.8% of the bills he has considered--16,797 bills have become state law and 1,422 bills have been vetoed.

Of the 859 bills that the Governor signed this year, 567 were Assembly bills and 292 were Senate bills. Of the 567 Assembly bills signed into law, 85% were authored by Democrats and 15% were authored by Republicans. Of the 292 Senate bills signed into law, 86% were authored by Democrats and 14% were authored by Republicans. Of the 118 bills that the Governor vetoed this year, 84 were Assembly bills and 34 were Senate bills. Of the 84 Assembly bills that were vetoed, 87% were authored by Democrats and 13% were authored by Republicans. Of the 34 Senate bills that were vetoed, 82% were authored by Democrats and 18% were authored by Republicans.

Agency Remains Active on the Legislative Front

The Agency actively monitored or engaged in direct lobbying on 20 bills this year. Below, we highlight some of the legislation on which the Agency was most active.

Agency Targeted in Legislation

Concern for the manner in which local agencies were taking actions to implement the Sustainable Groundwater Management Act (SGMA) led Assembly Member Eduardo Garcia (D-Coachella) to amend legislation he introduced on another subject matter on March 28, 2017.

SGMA requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or alternative by January 31, 2022. The act authorizes any local agency or

combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin. The act deems the Desert Water Agency the exclusive local agency within its respective statutory boundaries with powers to comply with the act.

AB 1562, on or before January 1, 2020, would require the Agency to determine the feasibility of forming a joint powers agreement with specified entities for the purpose of managing the Coachella Valley Groundwater Basin and to report its findings to certain committees of the Legislature. By imposing additional duties on local officials, this bill would create a state-mandated local program. The following entities for the purpose of managing the Coachella Valley Groundwater Basin: (1) The Agua Caliente Band of Cahuilla Indians; (2) City of Indio; (3) Coachella Valley Water District; and (4) Mission Springs Water District.

The legislation, sponsored by Mission Springs Water District, came as somewhat of a surprise as the Agency had been meeting with Assembly Member Garcia and his staff for many months to apprise him of progress toward implementing SGMA. Mission Springs had earlier filed a lawsuit against the Agency over SGMA implementation and the Legislature tends to forgo introduction of legislation while litigation is pending in the courts. Nevertheless, communication with the Assembly Member and his staff continued. And, at the same time, Reeb Government Relations began lobbying against the measure, arguing that in addition to the existence of pending litigation, AB 1562 interfered with local decision making regarding SGMA implementation and was inconsistent with the timing of actions required to implement SGMA. Although AB 1562 was referred to the Assembly Local Government Committee, the bill was not set for a hearing. AB 1562 thus became a 2-year bill and remains eligible for consideration when the Legislature returns for the second year of the regular session on January 3, 2018.

New Requirements Proposed for California WaterFix

Assembly Member Jim Frazier (D-Oakley) introduced three bills that targeted California WaterFix, the Delta conveyance project sought by the Brown Administration. California WaterFix consists of two tunnels up to 150' below ground designed to protect water supplies from the State Water Project. The project would involve three new intakes, each with 3,000 cubic-feet per second capacity and an average annual yield of 4.9 million acre-feet. The project would be designed to protect against water supply disruption from failure of Delta levees due to sea-level rise, earthquakes and flood events. The project is designed to reinstate a more natural direction of river flows in the South Delta.

The Sacramento-San Joaquin Delta Reform Act of 2009 prohibits construction of a new Delta conveyance facility from being initiated until the persons or entities that contract to receive water from the State Water Project and the federal Central Valley Project or a joint powers authority representing those entities have made arrangements or entered into contracts to pay for certain costs required for the construction, operation, and maintenance of the facility and full mitigation of property tax or assessments levied for land used in the construction, location, mitigation, or operation of the facility. AB 791

would require, before a water contractor enters into a contract to pay for these costs, that the lead agency provide the breakdown of costs for each water contractor entering into a contract and what benefits each contractor will receive based on the proportion it has financed of the proposed conveyance project.

The Sacramento-San Joaquin Delta Reform Act of 2009 establishes the Delta Stewardship Council and requires the council to develop, adopt, and commence implementation of a comprehensive management plan for the Delta, known as the Delta Plan. The act requires a state or local public agency that proposes to undertake a covered action to prepare and submit to the council a written certification of consistency with the Delta Plan before undertaking that action. AB 792 would prohibit the council from granting a certification of consistency with the Delta Plan until the board has completed its update of a specified water quality control plan.

Existing law establishes various state water policies, including the policy that source watersheds are recognized and defined as integral components of California's water infrastructure. AB 793 would declare it to be state policy that the existing state of the Sacramento-San Joaquin Delta is recognized and defined as an integral component of California's water infrastructure. The bill would state that the maintenance and repair of the Delta are eligible for the same forms of financing as other water collection and treatment infrastructure and would specify the maintenance and repair activities that are eligible are limited to certain cleanup and abatement-related restoration and conservation activities.

Desert Water Agency joined a coalition consisting of other State Water Contractors, and business and labor organizations opposing the three bills introduced by Assembly Member Frazier. Opponents argued that the bills sought to change state policy established in 2009 to the disadvantage of California WaterFix. Assembly Member Frazier canceled a policy committee hearing for AB 792 and AB 793 in the face of opposition; those bills remain eligible for consideration when the Legislature returns next year. AB 791 was narrowly approved by the Assembly Water, Parks & Wildlife Committee, but was held on the Suspense File by the Assembly Appropriations Committee, effectively killing the bill for the remainder of the 2-year session.

Protecting Investments in Recycled Water Production and Use

SB 7X 7 enacted in 2009 imposed various water use reduction requirements that apply to urban retail water suppliers, including a requirement that the state achieve a 20% reduction in urban per capita water use by December 31, 2020. One of the issues that arose during the drafting of SB 7X 7 was whether investments in recycled water production and the resulting use of recycled water should be protected against state mandated reductions in urban per capita water use. Both the State, through the expenditure of the proceeds of general obligation bonds, and local agencies, through the expenditure of local revenues, invest in the construction of recycled water production and distribution systems. These investments increase water supply reliability, reduce the

discharge of treated wastewater to the environment, and reduce reliance on the Sacramento-San Joaquin Delta for future water supplies.

SB 7X 7, in the end, did not provide a credit to local agencies that had previously invested in recycled water production and use. The legislation did allow a supplier to extend the period of time relied on to calculate its baseline gross water use.

AB 869 by Assembly Member Blanca Rubio (D-West Covina) would require long-term standards for urban water conservation and water use to include a credit for recycled water. The Agency supported this legislation.

Existing law, the Water Recycling Act of 1991, includes a finding that the use of recycled water is a cost-effective, reliable method of helping to meet California's water supply needs. Further, the Act finds that retail water suppliers and recycled water producers and wholesalers should promote the substitution of recycled water for potable water and imported water in order to maximize the appropriate cost-effective use of recycled water in California. Existing law, the Water Recycling Act, also finds that a substantial portion of the future water requirements of this state may be economically met by beneficial use of recycled water, and that it is the intention of the Legislature that the state undertake all possible steps to encourage development of water recycling facilities so that recycled water may be made available to help meet the growing water requirements of the state.

SB 623 proposed to add a new section to the Water Recycling Law that would prohibit an urban retail water supplier from being required by a regulation to reduce the amount of recycled water it produces, sells, or distributes for beneficial potable or nonpotable uses at any time, including, but not limited to: (1) During a period for which the Governor has issued a proclamation of a state of emergency under the California Emergency Services Act based on statewide or local drought conditions; and (2) During a water shortage emergency condition declared by the governing body of a public water supply.

A coalition of environmental organizations raised a number of objections to AB 869, including that the legislation would restrict the authority of the State Water Board to require water conservation during designated drought emergencies, handcuffing the State's response to future drought; and that the legislation would "create a massive loophole in future water efficiency targets by exempting both potable and non-potable recycled water from long-term water use efficiency targets." The consultant to the Senate Natural Resources & Water Committee, in his analysis of the bill, raised similar arguments against passage of the bill.

AB 869 stalled in the Senate Natural Resources & Water Committee, but remains eligible for consideration next year. The treatment of recycled water, however, is likely to be addressed in other legislation relating to the calculation of new urban water use targets.

Urban Water Conservation and Water Use Efficiency

Several Assembly members introduced legislation early this year to implement statutory changes based on the public review draft of “Making Water Conservation a Way of Life” released in November 2016. Assembly Member Laura Friedman (D-Glendale) authored AB 1667, AB 1668 and AB 1669; Assembly Member Rubio authored AB 968 and AB 1654; and Assembly Member Shirley Weber (D-San Diego) authored AB 1323. The Rubio legislation was the product of several months of work on the part of ACWA and its member agencies; Reeb Government Relations participated in the negotiations and drafting effort. The Friedman legislation reflected elements of the Brown Administration budget trailer bill. The Weber bill, sponsored by San Diego County Water Authority, took a different path forward by calling on the Department of Water Resources to convene a stakeholder process to determine steps to continue the pursuit of improved urban water use efficiency and report back to the Legislature. ACWA supported the Rubio legislation, which was sponsored by Irvine Ranch Water District and Regional Water Authority (Sacramento region). The environmental and social justice communities supported the Friedman legislation.

During the final weeks of the legislative session, certain provisions of AB 1668 were amended into a new bill by Senator Nancy Skinner (D-Berkeley)—SB 606. ACWA and a small core group of its members, including Desert Water Agency, opposed unless amended AB 1668 and SB 606 at the end of the legislative session. The latter bills were the only surviving legislation before the Legislature at that time. The Brown Administration actively supported AB 1668 and SB 606 during the latter weeks of the session, as did ACWA members like Metropolitan Water District of Southern California, Inland Empire Utilities Agency and East Bay Municipal Utility District, among others. AB 1668 and SB 606 were more closely aligned with provisions of the Administration’s budget trailer bill, although certain of the elements of the legislation reflected compromises reached earlier in the summer months.

AB 968 would require the department, in consultation with the board, to convene a commercial, industrial, and institutional water use efficiency task force by July 1, 2018, to recommend appropriate water efficiency measures for various segments of the commercial, industrial, and institutional water use sector and would require the task force, by December 31, 2019, in consultation with the department and the board, to submit a specified report to the Legislature.

AB 968 would require each urban retail water supplier to develop a water efficiency target for 2025 in its 2020 urban water management plan and to achieve that target. The bill would authorize an urban retail water supplier to adjust and update the water efficiency target when the supplier reports its compliance in achieving the water efficiency targets and its implementation of the identified performance measures in its 2025 urban water management plan. The bill would require each urban retail water supplier to meet its adjusted 2025 water efficiency target by December 31, 2025, unless the supplier makes

a certain report to the department. The bill would require the department, by July 1, 2019, to provide to urban retail water suppliers in electronic form a database of validated aerial imagery and measured irrigable area, and to conduct a statistically valid review of the accuracy of the information in the database before providing the database to an urban retail water supplier. The bill would extend the deadline for an urban retail water supplier to submit its urban water management plan if the department does not release the database by July 1, 2019.

AB 1654 would require the update of an Urban Water Management Plan (UWMP) on or before July 1, in years ending in one and six. The bill would require each urban retail water supplier to report annually by June 15 to the Department of Water Resources the status of its water supplies for that year and whether the supplies will be adequate to meet projected customer demand. The bill would require the urban retail water supplier to implement the appropriate responses as described in its water shortage contingency analysis if the urban retail water supplier reports that all available water supplies for the applicable water year will not be adequate to meet projected customer demand. The bill would require the urban retail water supplier to continue to implement the mandatory demand reduction measures described in its water shortage contingency analysis until certain conditions have changed to the point that the urban retail water supplier finds that it is able to meet projected customer demand over the next 12 months without continued implementation of the measures.

AB 1654 would require an urban retail water supplier to file a report with DWR by the 15th day of each month during a period that the urban retail water supplier is implementing mandatory demand reduction measures. AB 1654 would add to the requirements of a UWMP a description of how an emergency supply has been established to increase water supply reliability during times of shortage and how the supply is in addition to the supplies that the agency draws upon during nonshortage times, if an emergency supply is identified as an existing or planned source of water available to the urban retail water supplier. The bill would require a description of the reliability and vulnerability for 5 consecutive years consisting of a repeat of the 5 consecutive historic driest years experienced by the urban retail water supplier, except as provided, rather than multiple-dry water years. The bill would specify that distribution system water loss to be included in the plan is potable distribution system water loss. The bill would specify that potable reuse, recycled water, and desalination are considered fully reliable. Finally, AB 1654 would prohibit an urban water supplier, during a statewide drought, local drought, or water shortage, from being required to reduce its use or reliance on any water supply available for its use and identified in its plan or from being required to take additional actions beyond those specified in its water shortage contingency analysis for the level of water shortage.

SB 606 would require an urban retail water supplier to calculate an urban water use objective no later than July 1, 2022, and by July 1 every year thereafter, and its actual urban water use by those same dates. The bill would require an urban retail water supplier to submit a report to DWR for these purposes by those dates. The bill would authorize the board to issue information orders, written notices, and conservation orders to an urban retail water supplier that does not meet its urban water use objective. The bill would

impose civil liability for a violation of an order or regulation issued pursuant to these provisions. The bill would also authorize the board to issue a regulation or informational order requiring a wholesale water supplier, urban retail water supplier, or distributor of a public water supply to provide a monthly report relating to water production, water use, or water conservation.

SB 606 would require a UWMP to be updated on or before July 1, in years ending in 6 and one, incorporating updated and new information from the 5 years preceding the plan update. The bill would require each plan to include a simple lay description of information to provide a general understanding of the agency's plan. The bill would require an urban water management plan to contain a drought risk assessment that examines water shortage risks for a drought lasting the next 5 or more consecutive years. SB 606 also would require an urban water supplier to prepare, adopt, and periodically review a water shortage contingency plan, and as part of its UWMP. The bill would require a water shortage contingency plan to consist of certain elements, including, among other things, annual water supply and demand assessment procedures, standard water shortage levels, shortage response actions, and communication protocols and procedures. The bill would require an urban water supplier to make the water shortage contingency plan available to its customers and any city or county within which it provides water supplies no later than 30 days after adoption.

SB 606 would require an urban water supplier to conduct an annual water supply and demand assessment and submit an annual water shortage assessment report to DWR with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan by June 1 of each year. The bill would require an urban water supplier to follow, where feasible and appropriate, the procedures and implement determined shortage response actions in its water shortage contingency plan.

AB 1668 would require the State Water Board, in coordination with DWR, to adopt long-term standards for the efficient use of water and performance measures for commercial, industrial, and institutional water use on or before June 30, 2021. The bill would require the department, in coordination with the board, to conduct necessary studies and investigations and make recommendations, no later than October 1, 2020, for purposes of these standards and performance measures. AB 1668, until January 1, 2025, would establish 55 gallons per capita daily as the standard for indoor residential water use, beginning January 1, 2025, would establish 52.5 gallons per capita daily as the standard for indoor residential water use, and beginning January 1, 2030, would establish 50 gallons per capita daily as the standard for indoor residential water use. The bill would require the department, in coordination with the board, to conduct necessary studies and investigations to jointly recommend to the Legislature a standard for indoor residential water use that more appropriately reflects best practices. The bill would impose civil liability for a violation of an order or regulation issued pursuant to these provisions.

In the end, AB 1668 was referred to and held in the Senate Rules Committee. SB 606 was not taken up on the Assembly Floor. There is a debate among lobbyists working in

support and lobbyists working against the two measures at the end of the session as to whether either bill had sufficient votes to clear the house in which it sat. Suffice it to say that opponents raised enough objections to the bills that floor votes were not taken on AB 1668 and SB 606. Time could have run out, unrelated legislative debates and battles could have spilled over into the water conservation legislation, Democratic legislators could have resisted leadership efforts to force yet another controversial vote in the first year of the legislative session—no one knows the true answer, but the fact that both bills stalled can be likely attributed to all of the above.

Reeb Government Relations is working with other members of the urban water supplier opposition to AB 1668 and SB 606 in an effort to identify key issues and again suggest amendments to address those issues. The treatment of recycled water, potable reuse and desalination investments is one key area. The ability of the State Water Board to enforce local suppliers to take certain actions—even to impose civil and criminal penalties on their customers—is another. The potential negative effects on water affordability and the financial position of urban retail water suppliers is also a primary concern.

The overarching goals of urban retail water suppliers like the Agency are to ensure that there are flexible paths forward to comply with new mandates and that local suppliers retain decision making authority. Conservation and efficient water use are not the same; State agencies, suppliers and the marketplace have been implementing actions that allow for more efficient use of water, but mandates to reduce urban water use in the name of “conservation” are unnecessary in the minds of many local urban retail water suppliers.

Imposition of a Water Tax on Urban Customers

The California Safe Drinking Water Act requires the State Water Board to administer provisions relating to the regulation of drinking water to protect public health. The Human Right to Water law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

SB 623 by Senator William Monning (D-Carmel) would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.

SB 623 would impose, until July 1, 2020, a safe and affordable drinking water fee in specified amounts on each customer of a public water system, to be administered by the state board. Initially generating \$100 million annually, the fee would be imposed as follows:

- \$0.95 per month for customers with water meters up to one inch or customers without water meters;

- \$4 per month for customers with water meters greater than one and up to two inches;
- \$6 per month for customers with water meters greater than two and up to four inches; and,
- \$10 per month for customers with water meters greater than four inches.

The bill would exempt from the fee a customer that self-certifies under penalty of perjury the customer's satisfaction of specified criteria relating to income. This provision could provide relief from the fee for about 34 percent of California households. The bill also would exempt fire flow or nonpotable uses such as recycled water from the water fee and require a customer with multiple meters or connections at a single address to pay a single monthly fee based on the largest metered connection. By expanding the crime of perjury, the bill would impose a state-mandated local program. The bill would require, beginning July 1, 2020, the state board to annually determine the amounts of the safe and affordable drinking water fee not to exceed the amounts imposed until July 1, 2020, and not to exceed the anticipated funding need in the most recent assessment of funding need adopted by the state board pursuant to the Safe and Affordable Drinking Water Fund provisions.

SB 623 would require a public water system to collect the fee and to remit these moneys to the state board to be deposited into the Safe and Affordable Drinking Water Fund. The bill would require the state board annually to prepare and make available a report of expenditures of the fund and to adopt annually, after a public hearing, an assessment of funding need that estimates the anticipated funding needed for the next fiscal year to achieve the purposes of the fund.

The Agency joined other members of the Association of California Water Agencies in opposition to the proposed water fee, which would constitute a tax on customers of the Agency based on provisions of the California Constitution. The opposition coalition argued that it would not be sound public policy to tax a commodity for which the State of California has determined to be a human right. Further, adding a tax on water works against keeping water affordable for all Californians.

A combination of factors lead to SB 623 being held as a 2-year bill. First, the opposition from the public water systems and others was effective. Second, legislators earlier in the year had been asked to approve an increase in the gasoline tax and vehicle registration fees, as well as reauthorize the State's cap-and-trade auction program. The gas tax legislation is expected to increase state revenues by \$5.2 billion annually, while the cap-and-trade extension will raise "unknown significant revenue, likely in the hundreds of millions of dollars annually" according to the Senate Appropriations Committee analysis. Finally, the water tax provisions of SB 623 were added to the legislation immediately prior to the final hearing on the legislation in the Assembly Appropriations Committee, having earlier cleared two Assembly policy committees without the provisions in the legislation.

Environmental Review Continuing Education

The California Environmental Quality Act (CEQA) requires a lead agency to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment. SB 771 by Senator Kevin De León (D-Los Angeles) would establish a continuing education requirement for employees of public agencies who have primary responsibility to administer the act.

The Agency held an “oppose unless amended” position on SB 771, arguing that the legislation would impose a state-mandated local program, but would force local water agencies to pay for the cost of compliance from water system revenue. As introduced, SB 771 was nebulous as to identification of local agency employees that would fall under its mandate. The Agency asked for amendments to limit its scope to legal counsel and where the local agency does not employ legal counsel, to the chief executive. The preparation of an EIR is usually contracted out to a professional environmental services company whose work is overseen by local agency staff. It would be a costly undertaking for local agency employees in engineering, operations, legal and other departments to attend continuing education courses. These costs would be borne by water system ratepayers and would be reflected in higher water rates, which will erode the affordability of water.

SB 771 was amended in the Assembly to limit its application to “at least one” employee of a local agency who has been assigned the primary responsibility to administer CEQA. The Agency removed its opposition to the bill. SB 771 was later placed on the Assembly Inactive File, which will enable the Legislature to consider the bill next year.

Desert Water Agency an Effective Advocate on Behalf of its Taxpayers and Customers

This completes the 13th year of a commitment on the part of the Desert Water Agency Board of Directors to aggressively pursue advocacy efforts in the State Capitol relying on Reeb Government Relations to be its voice. The Agency remains active in opposing legislation that would impose new costs on the Agency and its taxpayers and ratepayers without providing measurable benefits. The Agency alternatively supports legislation that will assist it in providing more cost-effective or efficient services.

Aside from outcomes related to the Agency’s advocacy efforts in the Legislature this year, our firm assisted the Agency to:

- Strengthen relationships with its legislative delegation in the State Capitol— Senator Jeff Stone, Assembly Member Chad Mayes and Assembly Member Eduardo Garcia. All three provided open access to the Agency and Reeb

Government Relations and provided careful consideration of Agency positions on the state budget and legislation.

- Navigate the requirements of SGMA as it pertains to formation of a groundwater sustainability agency and implementation of the Act, engaging members of the Legislature and DWR to ensure that the law and regulations were being implemented in an even-handed and thoughtful manner.
- Amplify the Agency's voice in the Association of California Water Agencies, Public Works Coalition and WaterReuse Association, California Chapter, through the active involvement of Agency staff and Reeb Government Relations.

Next year, our primary focus will include:

- Continue to work with ACWA and ACWA member agencies in the opposition coalition on AB 1668 and SB 606 in an effort to craft legislation that achieves increased efficiency in the urban water use sector without costly or burdensome new state mandates.
- Continue to work with ACWA and ACWA member agencies in the opposition coalition on SB 623 and the anticipated introduction of legislation to implement a Low-Income Rate Assistance (LIRA) program (AB 401--Dodd).
- Monitor legislation impacting employers and employment law. Senator Henry Stern (D-Canoga Park) plans to introduce legislation that would help protect workers from employer retribution for exercising their right to free speech, saying that the state should be a sanctuary for free speech, including the kind that some might find offensive.

Employment Law Changes for 2018 that could Impact the Agency

AB 168 (Chapter 688, Statutes of 2017) adds a new section to the Labor Code, Section 432.3, which applies to all employers, including state and local government employers. AB 168 will prohibit an employer from inquiring about or relying upon salary history information of an applicant as a factor in determining whether to offer employment or an applicant's salary. The law also requires an employer to provide applicants with the pay scale for a position, upon "reasonable" request. The law is intended to help offset gender-based pay inequities and follows on the heels of recent California legislation making it more difficult for employers to justify gender-based pay disparities, including California's Fair Pay Act, enacted in 2015 and amended in 2016 to cover race and ethnicity. The new law covers information regarding both prior compensation and benefits. It prohibits inquiries directed to both applicants and agents, such as employment agencies. Section 432.3 will not apply to salary history information disclosable to the public pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

Nothing in the new section of law prohibits an applicant from voluntarily and without prompting disclosing salary history information to a prospective employer. If an applicant

voluntarily and without prompting discloses salary history information to a prospective employer, nothing prohibits that employer from considering or relying on that voluntarily disclosed salary history information in determining the salary for that applicant.

AB 1008 (Chapter 789, Statutes of 2017) will prohibit an employer with five or more employees from inquiring into or relying upon an applicant's criminal conviction history until an applicant has received a conditional offer of employment. The new law will prohibit an employer from including, on any pre-offer application form, any question regarding criminal conviction history. The "Ban the Box" law is intended to reduce barriers to employment for people with conviction histories and to decrease unemployment in communities with concentrated numbers of people with conviction histories.

AB 1008 also:

- Limits the information an employer can consider or distribute as part of a criminal history background check. Specifically, employers may not consider arrests not resulting in conviction, with limited exceptions, or referral to or participation in a pretrial or post-trial diversion program.
- Requires employers that rely on conviction history in denying an applicant employment to conduct an individualized assessment of whether the conviction history has a direct and adverse relationship with the specific duties of the job. Employers must consider as part of this process: (1) the nature and gravity of the offense; (2) the time that has passed; and (3) the nature of the position sought.
- Requires employers to provide the following information to any applicant denied an offer based on conviction history: (1) the conviction the employer relied upon; (2) notice of the applicant's right to challenge the accuracy of the information and/or provide evidence of rehabilitation or mitigating circumstances; and (3) a copy of the criminal history report.

AB 450 (Chapter 492, Statutes of 2017) [Government Code sections 7285.1, 7285.2, and 7285.3] will prohibit an employer from voluntarily permitting a federal immigration agent from searching nonpublic areas of a worksite without a judicial warrant. It also prohibits employers from permitting a federal immigration agent from accessing or reviewing personnel records without a subpoena, court order, or, in the case of I-9 Employment Eligibility Verification forms, a Notice of Inspection.

The law will require an employer to provide current employees notice of any inspection of I-9 Employment Eligibility Verification forms or other employment records within 72 hours of receiving a Notice of Inspection from a federal immigration agency. Employers must provide this notice by posting a notice in the workplace, in the language the employer normally uses to communicate with its employees, and by notifying any authorized employee representative, such as a union. The new law also requires employers to provide a copy of any Federal Notice of Inspection to employees upon request.

AB 450 [Labor Code Section 90.2] will require employers to provide employees a copy of two types of notices from a federal immigration agency: inspection results and any

employee or employer obligations resulting from such inspection. The notice must be provided to each current affected employee and any collective bargaining representative within 72 hours of receipt. Finally, the bill also adds a new Labor Code Section 1019.2, which will prohibit an employer from re-verifying a current employee's employment eligibility at a time or in a manner not required by federal law.

SB 396 (Chapter 858, Statutes of 2017) will change the content of many California employers' sexual harassment training seminars. The bill requires that as a component of such training, employers must also deliver training on harassment based on gender identity, gender expression, and sexual orientation.

Employers with 50 or more employees are required to provide no less than two hours of training regarding sexual harassment to all supervisory and management employees every two years, under existing law. SB 396 will now mandate that the two hours of required training include elements covering these new and additional topics. The new law necessitates that the training "include practical examples inclusive of harassment based on gender identity, gender expression, and sexual orientation, and shall be presented by trainers or educators with knowledge and expertise in those areas."

Further, SB 396 requires employers to prominently display a poster regarding transgender rights in an accessible location in the office or workplace. Employer posters will be developed by the Department of Fair Employment and Housing. [SB 396 amends sections 12950 and 12950.1 of the Government Code, and sections 14005 and 14012 of the Unemployment Insurance Code]

**DESERT WATER AGENCY
MEDIA INFORMATION
OCTOBER 2017**

DATE	PACKET PAGE	MEDIA SOURCE	ARTICLE
10/01/17	1-8	THE DESERT SUN	A New Flight Over Water In California Desert
10/09/17	9-10	LOS ANGELES TIMES	Cadiz Desert Water Project Faces New Hurdle From State
10/11/17	11-13	THE DESERT SUN	CVWD Endorses \$17B Water Project
10/11/17	13	PRESS ENTERPRISE	Metropolitan Water District Votes To Help Fund Tunnels Project
10/16/17	14-16	LOS ANGELES TIMES	Shrink Brown's Tunnel Vision
10/17/17	17-21	THE DESERT SUN	Desert Pipeline Gets Federal OK
10/21/17	22-23	PRESS ENTERPRISE	Trickle Of Water Turns Into A Gusher For Region
10/25/17	24-26	THE DESERT SUN	Potential Conflicts Addressed
10/28/17	27-31	THE DESERT SUN	Desert Farmers Reap Millions Selling Water To California Cities

The agreement has allowed Metropolitan to take the water that's saved in the valley: a total of 1.3 million acre-feet of water since 2005. On average, that's about a tenth of the water that Metropolitan gets from the Colorado River and about 5 percent of its total water supplies — enough to supply approximately 200,000 households in an average year.

Kightlinger described the program as a good partnership but said Metropolitan's managers are also concerned to see water use creeping upward on the area's farmlands. He said that "takes away from the savings of the program, and works at cross-purposes with our long-term goal."

Metropolitan negotiated five-year leases with its tenant farmers to provide financial incentives that would encourage them to use water more efficiently, Kightlinger said.

"You get a bonus if you use less water, essentially. And if it works, it might be something we'd like to explore with the whole valley, and then the whole valley would be able to participate and have a potential to make more money on it," Kightlinger said.

Metropolitan has defended its land purchase as a sound investment for its ratepayers. Owning an additional 12,000 acres has enabled the district to pay less through the fallowing program.

The records of land-fallowing payments show some of the biggest recipients over the years have included two entities that previously owned Metropolitan's land: Farmland Reserve, Inc., a Utah-based nonprofit investment arm of the Church of Jesus Christ of Latter-day Saints, and Verbena LLC, a subsidiary of the company Renewable Resources Group.

The more than \$20 million in land-fallowing payments over a decade to those two former owners show roughly how much money Metropolitan is saving now that it owns the land.

"Overall I think the program has been a win for the valley and a win for Metropolitan, and we're just looking to find ways to make that better," Kightlinger said. "We actually want to find ways to spur more collaborative, more efficient agriculture that works for both our sectors."

Officials at both water districts say they're hoping to work out their disagreements and settle the lawsuit.

"We'd like to preserve the good that we have in the program and not taint the well and have this become too bitter," Kightlinger said. "We're going to talk, we want to collaborate, but we aren't also just going to let their board have a veto over what practices we do on our property — and that we don't think harms anyone else."

As for the payments that Palo Verde board members have received through the land-fallowing program, Van Dyke said the figure of \$2.1 million shown for his company, Van Dyke Farms, is inaccurate. He said that amount, the total of annual payments since 2005, includes funds for other landowners who "did not have enough acres on their own."

Palo Verde's board members stress that all of the water delivered to the valley's farms belongs to the irrigation district. They say Metropolitan shouldn't be trying to move more water out of the valley without negotiations and without compensation.

"If they want to own the land, I don't have a lot of heartburn over that," Seiler said. "I want them to do like they said in the agreement, that they will not treat their lands any differently than other lands that are enrolled in the program."

Seiler said he and other farmers want to see the land-fallowing program continue to be a model for farm-to-city water transfers.

"It's a fair deal," Seiler said. "And I'd like to go back to the way it was."

People in Blythe say the issue of potential conflicts of interests hasn't been raised publicly. But Peter Scheer, a First Amendment lawyer who advocates for open government, said he has concerns.

"The problem with the Palo Verde Irrigation District is its very structure. It is a public entity controlled by the same business interests that the entity regulates," said Scheer, a board member of the First Amendment Coalition, a nonprofit based in San Rafael. "That means the people who run the district have a financial stake in nearly every action the District takes. The District is set up to serve not the public interest, but the private business interests of members. The two are not necessarily the same."

The district's most recent financial disclosure forms show that Van Dyke, the board's president, lists the Metropolitan Water District among his business entities' sources of income, while the six other board members did not mention Metropolitan.

California's Fair Political Practices Commission, which enforces conflict of interest laws, said it can't comment on any specific situation.

Commission spokesperson Phillip Ung said generally speaking, if an official's financial interest is "indistinguishable from the general public," then there might not be a conflict of interest. "Also, the effect of a vote on the identified interest must have no unique effect on the official's interest."

The decisions by the Palo Verde board may also fall under a situation described in a conflict-of-interest guide published by the California attorney general's office, which says if a public official's financial interests are affected "in substantially the same manner as all members of the public generally, or a significant segment thereof, no conflict of interest exists."

A district of landowners

The Palo Verde Valley has the oldest rights to Colorado River water in California. The irrigation district was formed in 1923. It's one of a group of water districts that were created as special landowner-voting districts.

Metropolitan General Manager Jeffrey Kightlinger said the way Palo Verde is structured, with a voting system based on assessed land values, it's not surprising that big landowners are represented on the board.

He said when the state Legislature created the districts in the early 1900s, this structure was seen as a way of having elected leaders with a direct stake in their community's issues.

"They're there to work on water issues for the valley, and that directly impacts them as landowners, and that's the way the state law contemplated how they would operate — along with a number of other irrigation districts around the state," Kightlinger said.

Metropolitan has paid about \$190 million to the valley's farmers since 2005, including both initial signup payments and annual payments, plus \$35.8 million in related escrow costs for "water easements" on farmers' properties. Those easements ensure that if a piece of land is sold, the next owner must continue participating under the agreement.

The district has also paid \$3.9 million in administrative costs and \$6 million for a community improvement fund, which has financed loans to local businesses and paid for projects including a new roof for a library.

Kightlinger said the \$6 million fund was created to address worries that some residents raised during town hall meetings about the possibility of community interests taking a backseat to agricultural interests in the deal.

"I think that program has worked pretty well," Kightlinger said. "It's been a net positive for the valley and the community."

His company has an average of 120 full-time employees, plus hundreds of other temporary field workers and packing workers during harvest time.

"Just to be in agriculture requires access to vast amounts of capital," Fisher said. "Nobody's getting rich on this program."

His fellow board member Seiler agreed. He owns about 1,400 acres and also rents about 2,400 acres from other landowners.

Seiler said even when farmland is temporarily taken out of production, farmers still face substantial costs related to those lands. For instance, they still have to pay water fees and taxes to the irrigation district.

"It's not that we're not doing anything with the land and getting a big fat check. There are offsetting costs associated with this," Seiler said. "That money has to go to offset the rest of the farming operation, just like we were growing crops on it."

Five of the board members who approved the deal with the Metropolitan Water District in 2004 are still on the board, and they say the agreement has worked well.

But the farmers who lead the irrigation district grew suspicious and concerned in 2015 when they learned Metropolitan spent more than \$250 million buying up more than 12,000 acres of farmland — and then started renting the land to growers under leases that impose water-saving limits and charge much higher rents if growers fail to cut back.

While considering whether to sue, Fisher said Palo Verde's board members discussed the fact that under the agreement, Metropolitan has the ability to cancel the entire program.

"Some people would laugh and point at me because I'm the largest non-Metropolitan landowner in the valley," Fisher said. "They were laughing I had the greatest liability in terms of potential loss of income, and that's true."

But he said the board members decided that not challenging Metropolitan would represent a much bigger risk for the valley's landowners.

The board voted on July 18 to sue Metropolitan, and filed the lawsuit Aug. 4 in Riverside County Superior Court. The irrigation district is challenging Metropolitan's most recent land purchase as well as six leases covering about 21,000 acres.

Palo Verde argues Metropolitan violated the state Constitution and its own regulations with the 2015 land purchase, and that an environmental review of the leases should be carried out.

One of the farmers' concerns is that with Metropolitan now owning nearly a quarter of the valley, the district could try to meet its water targets by leaning more heavily on its own lands while paying growers less through the established program.

Fisher said his district doesn't want Metropolitan to be able to transfer more water out of the valley, beyond what the following program provides for, without negotiating that with the farmers or providing compensation.

"We're representing the interests of all the landowners in our valley, and also to a larger extent, we're representing our community's interests," Fisher said. "I think our actions are consistent with the best interests of the community and of our landowners. And in fact, I think we would face potential legal liability if we didn't step up the way we have because of that fiduciary responsibility."

Board member Bryce agreed with Fisher when asked whether he sees any potential conflicts in the agency's decisions. "I feel we have a very high-integrity board looking out for everyone in the Palo Verde valley and trying to be a good neighbor as well!" Bryce said in an email.

There was initially some resistance to the idea among farmers. But after four years of discussions within the community and negotiations between the water districts, the Palo Verde board voted in 2004 to approve the deal.

"The financial interests of the board were the same as the financial interests of our electorate," Fisher said. He recalled that Palo Verde's attorney advised the board ahead of the vote that they were fine to proceed with the decision.

"There's no conflict at PVID at all, because of how we are constituted," Fisher said. "Our electorate is whom we serve, and our electorate are landowners."

"Our job is to look after the best interests of our landowners, and that's what we do. That's what we've always done since I've been serving on the board," said Fisher, who has been on the board for 20 years.

When they negotiated the terms of the deal, Fisher said, the overarching purpose was helping California meet its water needs "without diminishing agriculture or our community in the process."

Officials at both Palo Verde and Metropolitan say the land-fallowing program has been a success. The deal has provided Metropolitan a source of relatively inexpensive water to augment its supplies for 26 member cities and water districts, helping to keep the taps running for 19 million people across Southern California.

The vast majority of landowners who qualified for the program voluntarily signed up to enroll their farms.

"I have a vested interest and so do all the landowners in Palo Verde, especially those who participate in the program," Fisher said.

Participating farmers received an initial signup bonus of \$3,170 per acre. In Fisher's case, the records show, his family entities received \$6.3 million in initial signup payments.

Under the program, Metropolitan calls for a certain percentage of farmlands to be left dry each year, up to a maximum of 29 percent of the valley.

Farmers say the program pays well enough that it usually pencils out to rotate some fields out of production for the year.

Having those regular payments can function as a "safety net" for farming businesses during hard times and can provide a guarantee to help in getting credit from banks, Fisher said. That doesn't mean it always pays more than farming, though. Looking back at some years, Fisher said, farmers would have earned more selling crops than having unplanted fields.

'Nobody's getting rich'

This year, more than 23,000 acres were left fallow, about 25 percent of the valley's farmlands, which surround the town of Blythe near the California-Arizona border.

Fisher is a third-generation farmer whose family started farming in the Palo Verde Valley in 1917. He said the fact that Fisher Ranch has received more from Metropolitan than any other business simply reflects the fact that his family has been farming for a century and has gradually expanded its landholdings.

Fisher farms more than 11,000 acres, growing hay, wheat, broccoli, cantaloupes and honeydew melons.

He said while his business receives large sums based on that acreage, it takes a lot of money to run the operation. Fisher pointed out that he and other growers make huge investments in tractors — which can cost roughly \$300,000 each — as well as other equipment. They take out big loans and have large payrolls.

Desert farmers reap millions selling water to California cities

Ian James, Oct. 28, 2017

Over the past 12 years, the country's biggest urban water agency has paid farmers about \$190 million not to grow crops on thousands of acres near the Colorado River in the Palo Verde Valley.

The water has gone to Los Angeles and other cities across Southern California, and in return, the farmers who've left some of their lands unplanted have been able to count on additional income.

Records released by the Metropolitan Water District of Southern California show the agency has paid millions of dollars to the biggest landowners in the area, including several board members of the Palo Verde Irrigation District who originally voted to approve the deal in 2004.

All seven current members of the Palo Verde Irrigation District's Board of Trustees have farmland enrolled in the land-fallowing program and have been receiving payments for the land they leave dry each year.

The top recipient has been Fisher Ranch LLC, the family company of Bart Fisher, a board member and the valley's second-largest landowner after Metropolitan. The records show his company has received \$27.6 million in annual payments since 2005 for land left fallow.

Three other Palo Verde board members also have companies that are among the top 10 recipients. They include Grant Chaffin, whose farms have received \$7 million, Daniel Robinson, whose company has been paid \$5.7 million, and Jack Seiler, whose farms have received \$5.3 million, according to the records.

Others whose businesses have been getting payments through the program include Palo Verde President Charles Van Dyke and board members Gary Bryce and Duane Berger.

The Desert Sun requested records from the Metropolitan Water District under the California Public Records Act to investigate how public money is spent in the land-fallowing program, which has been widely touted as an example of how California's growing cities can work cooperatively with farmers to obtain more water supplies while also supporting agriculture.

The records show payments to a total of 172 individuals and companies, including multimillion-dollar sums to more than a dozen growers over the past 12 years.

The 35-year land-fallowing agreement between the two water districts is unique in California, and it's also unusual in that Palo Verde board members voted to approve a deal they've personally benefited from.

This year, the irrigation district's board members also voted to sue the Metropolitan Water District to challenge land deals that they argue amount to an illegal water grab — a lawsuit that is partly aimed at defending the existing land-fallowing agreement.

Fisher and other board members say they've had no conflicts of interest in these decisions, and their attorney has backed them up. They say the fact that they've benefited from the program is the nature of their agency's structure as a landowner-voting district. All of the board members are landowners, and they're elected by landowners under a voting system in which the largest property owners can cast the largest numbers of votes.

Fisher was a leading proponent of the agreement in the early 2000s. He said he supported it because he strongly believed it was in the best long-term interests of landowners and the community.

"I know, but I'm just saying, I don't know that I have an economic interest that's positive. I think it might be a negative one in terms of the conflicted area," Powell said.

Bianco said he works for his family's farm, which owns property in the area. Bianco pointed out that the district is supplying golf courses with recycled water and Colorado River water to get them off their reliance on groundwater.

"And we should be doing the same thing with the farmers, no matter what conflict of interest we have," Bianco said.

Nelson works for Wonderful Packing Company, which farms citrus in the area where the pipeline would bring water. He said the company Wonderful Citrus has an ample water supply, and if the pipeline is built, the company's costs for water actually would increase significantly.

"The assertion that I have a conflict seems to revolve around whether Wonderful Citrus would benefit from this project and if I have what they call a remote financial interest," Nelson said, "which is debatable."

Bianco added that he doesn't think the project will be a benefit for most of the farmers in Oasis. "They have plenty of groundwater. This is a benefit for the public, to get the farmers off the groundwater," Bianco said. "This is going to cost us in the long run more money, so it's not a benefit. But it's a benefit to the whole valley."

Then the three men left and Bermudez drew Powell's name from the cap.

Powell said afterward that he feels OK about being the one selected.

"There was no other way to go forward," he said. "We didn't really have a choice."

The next step will be for the board to ask its staff to provide an update on the proposed project. It's not clear when that might be, or how soon the three board members might take a vote to approve the project.

The Oasis pipeline plan was put on hold last year after CVWD board members disagreed over guidelines dictating which landowners would be eligible to receive the water.

Under the proposal, water would flow to 7,110 acres in the Oasis area, reaching the properties of 40 landowners who would pay a portion of the costs — nearly \$20 million — through an assessment. The remainder of the costs would be paid by other users of Colorado River water and well owners throughout the eastern Coachella Valley.

The pipeline proposal has been part of the Coachella Valley's water management plan for years.

The district is considering building 17 miles of pipeline, three pump stations and four reservoirs to carry Colorado River water to farms.

The district's managers say they see the project as a way to boost groundwater levels by reducing pumping from wells in the farming area, and also as a way to use the increasing amounts of Colorado River water the district is due to receive in the coming years under a water transfer deal with the Imperial Irrigation District.

"I think that this project is integral to our long-term planning," Powell said during the meeting. "It's something that needs to be done, and whatever it looks like, whatever the optics are, the fact is that it's good for the district. I think it's good for the valley to do this project, to put that water to use, to continue reversing the overdraft of the aquifer."

Last year, the board had three nonfarmer members who debated the proposal after Powell and Nelson recused themselves.

But the board deadlocked on the details, leaving the plan indefinitely on hold.

Then Bianco was elected in November, giving farmers a majority on the board.

Bianco manages the company Anthony Vineyards, which produces table grapes and is the largest property owner in the area where the pipeline would bring water.

During Tuesday's meeting in Coachella, Ferre asked each of the three to describe their financial interests in the area where the project would be built.

Powell, the president and CEO of Peter Rabbit Farms, said "about 5 percent of what we farm" is located in the area of the proposed project.

"It's kind of curious. You hear we're beneficiaries of the project, and I guess you could make that argument. But we already have good supply of water there," Powell said. "So this project isn't necessarily going to give us something we don't already have, and it comes at a great cost. So I see the benefit of the project more on a macro level, for the valley. It's good for the valley and I'm for it for that reason."

Ferre cautioned Powell not to get into the details of the proposal, because the discussion was supposed to be limited to the issue of conflicts of interest.

COACHELLA VALLEY WATER DISTRICT Potential conflicts addressed

Clerk pulls name from hat to consider \$58 million project

Ian James, October 25, 2017

Three of the five board members of the Coachella Valley Water District are farmers, and that fact has become an obstacle as they consider building a pipeline to carry Colorado River water to farms.

Board members Anthony Bianco, Peter Nelson and John Powell, Jr., explained during a meeting on Tuesday that each of them owns or works for a business that would get water from the proposed pipeline. District Counsel Jeff Ferre said therefore each of the men has a conflict of interest, and he recommended they recuse themselves.

After the three left the room, Board Clerk Sylvia Bermudez put three folded pieces of paper into a hat — each one of them with board member's name on it — and pulled out one piece of paper.

It turned out to be Powell, the board's president. That means Powell will now be able to rejoin the board so there will be a quorum to consider the proposed \$58 million project at a future date.

It's a procedure that's allowed under California law in such circumstances, but that didn't keep it from being controversial.

Mark Johnson, a La Quinta resident and the district's former engineering director, criticized the move in a letter ahead of the meeting.

"This is incredible. Why send all public officials to Conflict of Interest school every two years when they can un-recuse themselves?" Johnson wrote, referring to ethics training that's required for officials in California. "This clearly demonstrates the historic, agricultural, monopolistic nature of the CVWD Board."

Ferre cited specifics of state law during the meeting, saying it "provides for one of the three who is recused to be requalified."

As the discussion began, board member Patrick O'Dowd asked if any of the three could opt out, or if all three names would need to go in the hat.

"That was one of my questions, too," Powell said.

Ferre said he didn't know and would have to check on that.

"At first blush, having all three makes it as transparent as possible," Ferre said. "My recommendation would be to have all three so that it's clear that it was completely random and all three had an obligation to be a part of it."

Huge difference a year later

A year ago, Cozad said there wasn't even a trickle coming from the pipeline and into the channel, which flows into nearby basins.

A few customers elsewhere in the region at this time last year were using State Water Project water, he said.

Within view of the Santa Ana Low, the name given to the point where State Water Project water enters the conservation district, is a giant crane working on an approximately \$10 million project to build a large sedimentation pond that would take out silt and other debris from rainwater and snowmelt coming out of the San Bernardino Mountains, Tincher said.

It will be an important structure to support a new series of runoff-water capture basins to be built, starting in about 2020, he said.

It's too early to see if the increase in recharge water has boosted the Bunker Hill basin's water table, but when final measurements come back at the end of the calendar year, the result will still be at a record low, Tincher said.

Although buying State Water Project water for basin recharge is a good idea, the only way Bunker Hill water levels will recover from the San Bernardino Valley's 19 years of drought will be "local rain and lots of it for a number of years," Tincher said.

EAST SAN BERNARDINO VALLEY

Trickle of water turns into a gusher for region

By Jim Steinberg, October 21, 2017

In the flat, undeveloped desert north of Mentone, ducks and geese float in a series of large ponds, enjoying water from Northern California.

Ponds like these are designed to capture water so that it can percolate through the soil and recharge the Bunker Hill Groundwater Basin, which serves about 600,000 residents in the East San Bernardino Valley and 300,000 residents in the city of Riverside.

Those ponds — and nearly 70 more of them — belong to the Redlands based San Bernardino Valley Water Conservation District, which last week announced it recharged the East Valley's water basin in the most recent water year with enough to serve some 92,000 households for a year, said Daniel B. Cozad, general manager.

It was the 16th-largest recharge amount since the conservation district started recording measurements 105 years ago, he said.

Local runoff was below the historical average in the district's 2017 water year, which ran from October 1, 2016, through Sept. 30, 2017.

Nevertheless, it was much better than in the past four years, he said.

Last year's stream flow total was 8,901 acre-feet above the previous four years of combined stream flow in the Santa Ana River and Mill Creek — enough to provide for the water needs of about 16,000 households, Cozad said.

The San Bernardino Valley Water Conservation District is a special government entity created after a severe drought from 1893 to 1903 and has been focused on groundwater conservation.

It owns and manages about 4,500 acres in the Santa Ana Wash, located at the junction of the Santa Ana River and Mill Creek, and is bound by the Santa Ana River on the south, Greenspot Road on the northern and eastern boundaries, and near Alabama Street on the west.

Because Northern California received a dramatic amount of rain and snowfall last winter, more California State Water Project water could be bought this year, Cozad said.

To help recharge the basin, which is at record lows, the area's water wholesaler, the San Bernardino Valley Municipal Water District based in San Bernardino, has been urging its member agencies to buy as much of the state water as possible for recharge purposes, according to Bob Tincher, the district's water services manager.

The State Water Project water enters a man-made canal south of Greenspot Road and east of the Highland headquarters of the East Valley Water District, 31111 Greenspot Road.

On a recent visit, water was roaring out of its high pressure pipeline.

Courtney Degener, a Cadiz spokesperson, said the State Lands Commission was notified of the environmental review process under the California Environmental Quality Act, which began in 2011. “They did not comment or participate even though they received” related documents, Degener said. “Their identification now of a property that they may own and may be crossed by the pipeline doesn’t change that and is primarily a real estate matter, not an environmental issue as the CEQA process has been completed.”

She said the state’s “potential ownership of the small strip of property” doesn’t change the analysis or the conclusions of the environmental review — a process that she said was “comprehensive and complete” and upheld in the courts.

Among California politicians, Cadiz has both friends and enemies.

Former Los Angeles Mayor Antonio Villaraigosa, now a gubernatorial candidate, worked as a consultant for Cadiz after leaving office in 2013 and has voiced support for the project.

Rep. Paul Cook (R-Apple Valley) was among 18 members of Congress who wrote to Interior Secretary Ryan Zinke in March urging him to take action on the Cadiz project and rescind the Obama administration’s decision blocking the pipeline.

Other lawmakers who signed that letter included Reps. Tom McClintock (RElk Grove), Tony Cárdenas (D-Los Angeles), Duncan Hunter (R-Alpine) and Jim Costa (D-Fresno). They said that the Cadiz project would provide needed water and generate jobs, and that the Obama administration wrongly slowed it down.

Feinstein has fought the project for years, arguing that pumping precious water out of the desert would irreparably harm the environment.

“Cadiz has waited years for an administration willing to greenlight its plans without any real oversight,” Feinstein said. “That gamble has clearly paid off. Cadiz is now set to drain more than three times the aquifer’s natural recharge rate, putting life in the Mojave Desert at risk.”

Cadiz said the state agency didn't participate in workshops that were part of that review process, which later survived several challenges in court. The company said that environmental review is "final and conclusive" and the statute of limitations to challenge it has passed.

"The State Lands in question are not material to our ability to complete the Cadiz Water Project," the company said.

Bugsch responded to Cadiz in a second letter on Thursday, saying his earlier comments weren't "meant to undermine the adequacy of the 2012 EIR (Environmental Impact Report) or indicate that the Commission intends to challenge it."

He reiterated the commission's purpose was to inform Cadiz that its pipeline, as currently planned, would cross state-owned land and therefore would require a lease.

The state agency also took a different stance than the federal government on the lands along the railroad, telling Cadiz that what's permitted on the property is "limited to railroad purposes."

"A water pipeline is outside the scope of the right-of-way permit," Bugsch wrote.

Whether the company has a right to build its pipeline alongside the railroad without securing an additional permit has long been a point of contention.

Much of the desert land surrounding Cadiz's property is owned by the federal government. In 2015, when the Bureau of Land Management ruled the company would need a permit to build its pipeline, the agency based the decision on a 2011 legal opinion that railroads could only authorize other types of uses "that derive from or further a railroad purpose."

On Sept. 1, however, the Interior Department's solicitor issued a new legal opinion and tossed out that previous opinion, saying under the 1875 law, railroad companies are allowed to lease out portions of their easements without getting a federal permit as long as it doesn't interfere with the railroad.

The latest intervention by the State Lands Commission places the Cadiz project — alongside the debates over immigration and environmental policies — as yet another issue on which California officials are clashing with the Trump administration.

Bugsch responded to Cadiz's comment about the state-owned land not affecting its ability to complete the project, saying it's unclear "whether this means that Cadiz disputes that the pipeline would cross state lands or that Cadiz is exploring alternatives to circumvent state lands."

Either way, Bugsch said, because Cadiz hasn't submitted a lease application, the state "cannot comprehensively analyze the project and make a final determination about whether the proposed pipeline would cross state lands."

Conservationists who have been fighting the project said the revelation that the pipeline would cross stateowned land appears to be major setback for Cadiz.

"A project that seemed to be on the fast-track to construction has now hit a dead halt," said David Lamfrom of the National Parks Conservation Association.

The state commission could decide to require an additional review or could reject a lease altogether, said Lamfrom, who leads the nonprofit's California desert and national wildlife programs. He said if the company decides to shift the pipeline route away from the railroad to avoid the state property, Cadiz would then have to go through a federal environmental review.

“This about-face from BLM raises serious questions about the involvement of Deputy Secretary Bernhardt,” said Chris Saeger, executive director of the Western Values Project, a public lands nonprofit based in Whitefish, Montana.

“We warned officials that Bernhardt would do just this if confirmed — pave the way for his former clients and colleagues to make millions,” Saeger said in a statement, calling for an investigation and the release of internal documents related to the decision.

The ruling by the federal government comes nearly a decade after the company first proposed to build its pipeline alongside the railroad. The company signed a 99-year lease with the railroad in 2008.

In the federal agency’s letter to Cadiz, Nedd said officials determined that the ability to authorize the use of the easement for the water pipeline “falls within the decision rights of the railroad.”

Nedd said the agency also concluded the company’s proposal would “further a railroad purpose” in several ways. He said the company would benefit the railroad by providing water, installing fire sprinklers to protect wooden bridges along the rail line, installing turbines in the pipeline that would generate power, and enabling the operation of a steam train, among other things.

“Cadiz also proposes to operate a steam-based excursion train for tourists that utilizes water from the conveyance pipeline,” Nedd said in the letter. “Operation of such a tourist train would necessarily depend on the water obtained from the water pipeline.”

Nedd said those portions of the company’s plans would provide “critical benefits” to the railroad.

Route includes state land

The State Lands Commission contacted Cadiz last month after the close of the state Legislature’s session, where the company’s opponents had pressed unsuccessfully for a bill that would require a review of the project by state agencies.

The legislation, AB1000, 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 the water transfer “will not adversely affect the natural or cultural resources, including groundwater resources or habitat.” The bill, which was introduced by Assembly member Laura Friedman, DGlendale, was set aside by Senate leaders during the Appropriations Committee’s final hearing. The bill was shelved despite Gov. Jerry Brown’s last-minute appeal to Senate President Pro Tem Kevin de León and Assembly Speaker Anthony Rendon to pass the bill.

Lt. Gov. Gavin Newsom also urged lawmakers to approve the legislation. Newsom told Rendon and de León in a Sept. 1 letter that at a time when Trump’s administration is moving to weaken environmental protections and studying whether to shrink national monuments, Cadiz’s proposal to pump groundwater in the desert “merits additional scrutiny.”

Newsom chairs the three-member State Lands Commission, and he would have authority in considering a lease.

Cadiz has yet to say how it intends to respond to the State Lands Commission. In an Oct. 9 statement, the company stressed that the commission referred to an earlier iteration of the project in its letter and that the agency didn’t comment on the more recent environmental review, which was completed in 2012.

"I expect we will sit down with them to understand their claim and concern," Slater said in an email last week.

The state commission's letter refers to a strip of land about 1 mile long and 200 feet wide, which Slater said makes up "about 2.3 percent of the length of the preferred route" of the pipeline running alongside the railroad.

In the letter, Brian Bugsch, chief of the state commission's Land Management Division, pointed out that when a previous iteration of the project was undergoing an environmental review in 2000, the agency sent a letter saying the state owned some lands in the area and any use of those lands would require a lease. The Metropolitan Water District of Southern California later said in a response to those comments that the property was privately owned, although the state held underground mining rights.

Bugsch said the commission reanalyzed the lands it owns due to "recent renewed activity" on the project and determined the pipeline route would cross state property.

"This letter is a reminder that any use of state-owned lands under the Commission's jurisdiction will require a lease from the Commission," Bugsch said. Because the commission "will be making a discretionary decision when considering a lease," he said, an environmental review may be required.

"Please submit an application as soon as possible to allow sufficient time to process it, conduct any required environmental review, and negotiate a draft lease for the Commission's consideration," Bugsch wrote in the letter.

Selling desert groundwater

Cadiz has proposed to pump as much as 16.3 billion gallons of groundwater per year on land surrounded by Mojave Trails National Monument and sell the water to cities in Southern California.

The company owns 34,000 acres in the desert along Route 66 in the Cadiz Valley and surrounding areas. While pursuing its plan to sell water, Cadiz has been running its wells to irrigate nearly 2,000 acres of farmland, growing lemons, grapes, raisins and other crops.

The company says its pumping wouldn't harm the environment.

Conservation groups say if Cadiz is allowed to draw down the aquifer, it would threaten natural springs and wildlife in the heart of the Mojave Desert.

State officials are now in a position to have a strong voice on the issue, and the federal government's announcement on the pipeline doesn't mean the project is cleared to move ahead, said Frazier Haney, conservation director of the Mojave Desert Land Trust, which opposes the project.

"This may be an illusion that they're close to building their project, but they still have some significant challenges to deal with," Haney said.

Haney said while it's not surprising that the Trump administration has sought to roll back environmental protections, he finds it troubling that the administration seems to have focused on helping Cadiz.

Opponents of the project have 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.

Some activists said the government's reversal seems to be the result of Bernhardt's influence.

DESERT PIPELINE GETS FEDERAL OK

Trump administration greenlights company's plan to pipe water from Mojave to cities

Ian James, October 17, 2017

President Donald Trump's administration has approved a company's plan to build a water pipeline to carry billions of gallons from the Mojave Desert to California cities.

The federal Bureau of Land Management told Cadiz Inc. in a letter released Monday that the company won't need a permit to build the pipeline alongside a railroad. The agency rescinded a 2015 decision by President Barack Obama's administration that had blocked the project.

The Los Angeles-based company said with no federal permit needed, it now plans to move ahead with designing and building the 43-mile pipeline from its property to the Colorado River Aqueduct.

Scott Slater, Cadiz's president and CEO, praised the decision and said the company is "tremendously satisfied to finally have this matter resolved."

"We are grateful for the determined bi-partisan Congressional effort that sought a deeper, fair and unbiased review of the project's proposed use of the right-of-way," Slater said in a statement.

The agency's ruling came after an appeal by 18 members of Congress who had called for the government to overturn the Obama administration's decision, and after a related policy change by the Interior Department that critics said would allow Cadiz to sidestep federal oversight.

Sen. Dianne Feinstein said the fight against the project isn't finished — and California has the power to block it.

"It's no surprise the Trump administration is willing to look the other way while Cadiz drains a vital desert aquifer. California must now step up to protect the Mojave desert from Cadiz and its friends in the administration," the Democratic senator said in a statement.

"The Trump administration might be willing to let Cadiz profit by harming our public lands but California shouldn't give up," Feinstein said. "Our state can still require a stronger review of Cadiz's plans. The fight to protect our desert isn't over."

In an Oct. 13 letter to the company, acting Bureau of Land Management Director Michael Nedd said the agency "concludes that authorizing the proposed activity falls within the scope of rights granted to the Arizona and California Railroad" under an 1875 law, and therefore doesn't require an additional federal permit.

Cadiz's proposal to pump groundwater in the desert and sell it to cities has been hotly debated for years, and the company's plan could still face major obstacles because some of the land where it wants to build the pipeline is owned by the state.

California's State Lands Commission told the company in a Sept. 20 letter that any use of the state-owned lands under its jurisdiction would require a lease and the agency's approval.

Slater said the company's representatives haven't yet had a conversation with the commission, "but we will when the time is right."

"The project can be altered to reduce the costs," he told Times reporter Bettina Boxall, while adding: "The state needs the water. We're not going to commit suicide."

The last thing Brown needs is tunnel vision. He should compromise on a project that's smaller, more environmentally friendly and less costly. One tunnel at most.

george.skelton @latimes.com

The tunnels would be gouged through the delta's heart, amidst pear orchards, a large waterfowl sanctuary and past marinas and small communities. The monster pipes would siphon fresh water from the Sacramento River before it could flow, as it has for eons, through the West Coast's largest estuary. The water would go directly to southbound aqueducts.

"Communities would be disrupted for 12 to 15 years of construction," complains Sacramento County Supervisor Don Nottoli, chairman of the Delta Counties Coalition. "There'd be millions of tons of muck and thousands of trucks hauling it on narrow levy roads.

"The environment and delta farming are taking a back seat to the thirst of 25 million people in Southern California and farms in the San Joaquin Valley. They're sacrificing this region in order to sustain folks south of the delta."

That's how political power works. In the delta, you hear a lot of comparisons to Los Angeles' cynical draining of the Owens Valley in the eastern Sierra a century ago.

But opposition to the tunnels isn't just an anti-L.A. thing. Not even Los Angeles Mayor Eric Garcetti supports this project.

"I oppose the two tunnels as is. But I do support one tunnel," Garcetti told the Sacramento Press Club.

The project would be financed by water users, meaning hundreds of farmers and millions of Southern Californians. Garcetti said he fears the cost for Angelenos would exceed the benefit. "The ratepayers of Los Angeles will be saddled with a disproportionate share," he said. "I think that's unfair."

The mayor added: "Are we going to build something that will help agriculture in the Central Valley, but we're going to disproportionately pay for it?"

"Secondly," he said, "I want to make sure there are environmental protections and state [financial] support for what we're doing in Los Angeles."

He's trying to make the city more self-sufficient on water — cleaning up aquifers, capturing storm runoff, recycling — and not be so dependent on Northern California.

Brown has been lobbying Garcetti hard. "I want to stay at the table," the mayor said, "and see what we can do."

Former L.A. Mayor Antonio Villaraigosa, who's running to replace Brown, also opposes the project. So does another gubernatorial aspirant, former state schools chief Delaine Eastin. Two other contenders, state Treasurer John Chiang and Lt. Gov. Gavin Newsom, aren't wild about it either.

But last week was a good one for what Brown has dubbed California WaterFix. The Metropolitan Water District of Southern California board approved a \$4.3-billion buy-in. The Kern County Water Agency said it was interested in paying \$1 billion. Last month, however, the huge Westlands Water District in the San Joaquin Valley bowed out of a \$3- billion stake.

For the first time, Brown might be ready to deal.

CAPITOL JOURNAL

Shrink Brown's tunnel vision

George Skelton in Sacramento, October 16, 2017

U.S. Sen. Dianne Feinstein recalls Gov. Jerry Brown pitching her to support his costly twin-tunnels water plan. He showed her the environmental analysis, and she was shocked.

Shocked not at the contents, but at the documents' size.

"He had the environmental impact reports on his picnic table in his office," she told me last week. "They were 5 feet tall and 10 feet wide."

It's doubtful Feinstein had a measuring tape, but her calculation seemed in the ballpark. The reports totaled 90,000 pages. That's the equivalent of 180 books, each with 500 pages.

Brown has said his twin-tunnels proposal has been subjected to "more environmental review than any other project in the history of the world."

I don't know about that. But I do know that a lot of environmentalists still strongly oppose the plan, fearful of its damage to salmon, other endangered fish and drinking water in the Sacramento-San Joaquin River Delta.

Feinstein spoke of the monstrous pile of reports as if it symbolized the huge \$17-billion project itself. The proposal would replumb the delta, the mixing bowl of water for 25 million Californians and 3 million acres of cropland.

Brown hasn't convinced Feinstein the project makes sense, that it is necessary to stabilize water deliveries from the fragile delta. She hasn't taken a hard position either way. But "I have concerns," she said in our interview.

"Two big 40-foot-wide tunnels? Running 150 feet underground for 35 miles? When I look at that and see what it would take to get down to them if something happens. There has to be all these shafts. It's awfully hard for me to see this is the way to go.

"Why do you need 80 feet of diameter in tunnels?" continued the senator, who has negotiated several major water bills in Congress. Every time I've asked a state water official why one tunnel won't do and two are needed, the answer is "redundancy." If one goes bad, there's a backup.

That seems like a very expensive luxury. Like every pool owner needs an extra one if the chemicals go bad.

"If they need a new canal," Feinstein said, "I haven't got a problem with that."

Brown tried to build a so-called Peripheral Canal to carry Sacramento River water around the delta when he was governor in 1982. But voters blocked it in a statewide referendum.

STATE NEWS FEED**October 11, 2017****Metropolitan Water District votes to help fund tunnels project**

The powerful Metropolitan Water District voted Tuesday to pay its share of the nearly \$17 billion project to build two massive tunnels to pipe water from Northern California to Southern California cities.

The 28-6 vote to spend \$4.3 billion gives Gov. Jerry Brown's ambitious project an important boost of support after an influential agricultural group withdrew its backing last month.

The tunnels would pipe water around the Sacramento- San Joaquin Delta — where Sierra Nevada water flows toward the sea — to a system of canals that deliver water to farms and residents mostly in the southern half of the state.

The vote came after spirited comment from supporters who said the project was a modern-day fix to improve reliability of water supplies that would also support jobs and critics who said it would inflate water prices for residents and projected it would further harm salmon and endangered fish in the delta.

While the vote was a powerful nod of support from a water wholesaler that supplies water to 19 million people in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties, the fate of the 35-milelong tunnels, however, remained somewhat uncertain.

The board of the Westlands Water District, the nation's largest supplier of irrigation water to farms, voted three weeks ago to withdraw its participation from the project. Westlands is the largest district among farm groups that were expected to cover about 45 percent of the costs of the project.

Johnson said he thinks there are other sources of water available that would be far cheaper than the tunnels, including generating water by conserving water on the valley's farms, which account for roughly half of the valley's total water use.

Bianco and board member Peter Nelson, who both work in agriculture, disagreed and said the valley's farms have made substantial progress over the years by converting to more water-efficient systems.

Powell, who runs the ag business Peter Rabbit Farms, responded to Johnson's suggestion that farmers should pay more by pointing out that farms have long relied primarily on Colorado River water delivered to the east valley by canal – not on the water that flows to the groundwater replenishment ponds on the outskirts of Palm Springs.

"This water that we're talking about, this is not traditionally agricultural water," Powell said. "This is water delivered to Whitewater. It's not used by farmers."

Nelson said California needs a variety of water solutions, including wastewater recycling and projects to capture more stormwater. He said the tunnels project "is the best stormwater capture that we could devise."

Board member Patrick O'Dowd asked Cheng what other options the district might have to obtain reliable water supplies at a similar cost, and Cheng said he couldn't think of any.

After the discussion, O'Dowd said: "I see this as a nonbinding opportunity for us to hold our position in the project to ensure long-term sustainable supplies."

The water that's pumped from the Delta flows through the canals of the State Water Project, which snake through the San Joaquin Valley to Los Angeles and other cities.

In recent years, pumping has been restricted due to protections for fish including endangered Delta smelt and Chinook salmon. Supporters argue the project would improve the conditions for fish and would also reduce the vulnerability of the water system to a large earthquake or rising seas, which could rupture levees in the Delta and send saltwater spilling into the freshwater supply.

This year, after an unusually wet winter, water agencies received 85 percent of their full water allocations. Cities and water districts haven't received 100 percent of their water deliveries since 2006.

CVWD Assistant General Manager Robert Cheng presented state estimates showing the average long-term reliability of water supplies from the Delta would increase from 48 percent to 62 percent with the tunnels.

Cheng provided preliminary estimates of total costs to the district ranging from \$20 million to \$29 million annually, which over the 40-year financing term would be between \$800 million and \$1.1 billion. That would represent an increase of more than 40 percent in the district's costs related to the State Water Project. He cautioned the numbers could change, and the district has yet to define how it would cover those costs.

"I think it's an important project. We need to do something. You know, we've been sitting here watching our contract deliveries diminish," said John Powell, Jr., the board's president. "I don't think it's just dollars and cents. A lot of it has to do with risk and trying to avert more degradation of that right."

Powell said the costs are a concern and it will be important to get other agencies on board. "We support it but we really need to see some other participation, other revenue sources to help with the cost," he said.

The Coachella Valley Water District and the Desert Water Agency are among 29 agencies that have contracts to receive water from the State Water Project. Because the water system ends in Lake Perris and doesn't reach the Coachella Valley, the two agencies trade their allotments to the Metropolitan Water District for equivalent amounts from the Colorado River Aqueduct.

The agencies use that imported water to help boost the valley's groundwater levels, which have declined over the years as more water has been pumped out than has been put back underground. When the Colorado River water reaches the valley, it pours into a series of ponds near Palm Springs, where it seeps into the sandy soil and recharges the desert aquifer.

The Desert Water Agency approved a similar resolution on Oct. 3 supporting the project and encouraging the state's Department of Water Resources to move ahead with construction.

During the CVWD meeting in Palm Desert, only one person in the audience stood to make a comment: La Quinta resident Mark Johnson, who retired from the district last year after working more than 12 years as its engineering director. He urged the board not to support the tunnels project, saying there are serious financial issues that first need to be addressed.

"The economic impact of Cal WaterFix on CVWD is huge," Johnson said. He said he expects his property taxes would go up significantly, even without considering other pending infrastructure costs that will be borne by water districts, such as fixing the flood-damaged spillway at Oroville Dam.

"Cal WaterFix is a good idea, but the economic impact on CVWD customers and taxpayers needs to be completely analyzed and vetted," Johnson said. He also argued that urban water customers would bear most of the cost while agricultural customers in the eastern part of the valley would pay relatively little.

Johnson has raised that point previously, arguing the district is undercharging farmers through the State Water Project tax because farmland is assessed at a much lower value per acre. He told the board that portion of the property tax bill should be based on acreage and not the assessed value of property "because the amount of water used has nothing to do with property value."

CVWD endorses \$17B water project

Ian James, October 11, 2017

The Coachella Valley's largest water agency voiced support for California's proposed \$17.1 billion plan to build two water tunnels beneath the Delta, even as key questions about the project remain unanswered — including how much customers would end up paying.

The Coachella Valley Water District's board members voted unanimously on Tuesday to approve a nonbinding resolution backing the project, saying they believe the tunnels would significantly improve the reliability of water supplies from the Sacramento-San Joaquin River Delta.

The resolution says CVWD won't pay more than 1.9 percent of the total estimated cost of building the tunnels, or about \$320 million. That would be for construction only, and the total costs to the district are projected to be much higher when interest payments and the costs of pumping water are included. It's not clear how much the district could end up paying in all, or how that might affect water bills and property taxes.

CVWD's managers said they view the tunnels as critical to ensuring water supplies for the future.

"What do we think is going to happen to our valley? I mean, are we pro-growth or we want a standstill here?" board member Anthony Bianco said. The tunnels will be costly, he said, "but I think that looking to the future of our valley and to long-term viability and future growth here, I think that this is a good project and that we'll look back maybe in 50 years and say it was the right thing to do."

The larger Metropolitan Water District of Southern California also endorsed the tunnels in a vote Tuesday and approved its 26-percent share of the construction costs — about \$4.3 billion.

Metropolitan's support was key because it supplies cities and districts that serve 19 million Californians, about half the state's population, in counties from San Diego to Ventura. In statement, Metropolitan described the board's vote as the "biggest water decision of this generation of Southern Californians."

The district said the twin tunnels and three new water intakes would modernize the decades-old system to secure more reliable water deliveries and address the impacts of climate change.

"We still have a ways to go before we have a final, fully funded project, but this vote keeps WaterFix on the path to finding a viable and lasting solution," Metropolitan General Manager Jeffrey Kightlinger said.

The votes of confidence by the two agencies came after the influential Westlands Water District, the nation's biggest agricultural water agency, decided against backing the project.

Gov. Jerry Brown's administration is proposing to reroute the flow of water through the Delta by building two 35-mile-long tunnels that would carry water from the Sacramento River southward to cities and farms across the Central Valley and Southern California.

The project, dubbed California WaterFix, has sparked controversy for years, with opponents calling it a boondoggle that wouldn't fix the state's water problems. Several environmental groups are suing to challenge the state's approval of the project.

Brown has called the project "an insurance policy that is absolutely vital to ensure the reliability of the flow of water." He says the tunnels would modernize the system built decades ago when his father, Pat Brown, was governor, and he's been pressing to start construction before he leaves office next year.

The parcel is a tiny piece of the millions of acres that Congress in 1853 granted to California for the benefit of public education. The state sold most of the so-called schools lands but still owns desert tracts controlled by the commission.

Commission spokeswoman Sheri Pemberton said the state never sold the 200-foot-wide strip because in 1910 California granted a railroad right-of-way over it. Now, the commission says Cadiz needs a state lease to use that portion of the right-of-way for the water pipeline.

"We have high confidence that the project would cross this state land," she said.

Cadiz spokeswoman Courtney Degener dismissed suggestions that the commission's position posed a problem.

"We don't see anything in the state letter that impacts our ability to complete the project," she said in an email. "The statute of limitations to challenge [the 2012 approval] is long past."

Whether to issue a lease would be up to the three members of the lands commission, who include Lt. Gov. Gavin Newsom.

Newsom and Gov. Jerry Brown both urged the state Legislature to pass a bill that could have blocked the Cadiz project by requiring the lands commission to certify that any groundwater transfer from desert basins didn't harm natural resources on nearby federal or state lands.

That the bill never got out of the Senate Appropriations Committee in the Democrat-controlled Legislature despite the support of two top Democrats illustrates Cadiz's political clout.

When Senate President Pro Tem Kevin de León (D-Los Angeles) went along with shelving the legislation last month, Cadiz paid for robocalls to Southern California voters, thanking De León and Sen. Ricardo Lara (D-Bell Gardens), the Appropriations Committee chairman, for stopping the bill.

In June, Cadiz donated \$5,000 to a De León campaign fund, according to state records. Cadiz and Brackpool, a longtime friend of former L.A. Mayor Antonio Villaraigosa, have together contributed nearly \$85,000 to Villaraigosa's gubernatorial campaign.

Villaraigosa supports the Cadiz project. His chief rival in next year's race for governor is Newsom.

In Washington, the new deputy Interior secretary is David Bernhardt, a former partner at Brownstein Hyatt Farber Schreck, the lobbying and law firm that over the years has collected millions of dollars in fees, as well as Cadiz stock, representing the company.

Russell Newell, Interior's deputy director of communications, said Bernhardt recused himself from involvement in the department's recent, Cadiz-friendly opinion on railroad right-of-ways.

Also in Washington is Cadiz's staunchest opponent, Sen. Dianne Feinstein (D-Calif.). She won federal protections for many of the desert lands surrounding the Cadiz project and has repeatedly voiced concerns about the groundwater project's effect on the fragile desert ecosystem.

When the Interior Department started to clear the way for Cadiz, she turned to the state. Political observers credit Feinstein — who officiated over Brown's 2005 wedding — with getting the governor to take the unusual step of weighing in on the legislative proposal.

The bill was placed in the suspense file, which means it could be revived next year.

Cadiz desert water project faces new hurdle from state

Proposed pipeline needs a lease because it would cross a state parcel, agency says.

By Bettina Boxall, October 9, 2017

A state commission is throwing a new hurdle in front of Cadiz Inc.'s plans to turn a remote desert valley into a lucrative water source for Southern California.

In a Sept. 20 letter to Cadiz, the State Lands Commission informed the company that its proposed water pipeline crosses a strip of state-owned land and therefore requires a state lease.

The letter is the latest twist in the long, convoluted history of the politically connected company's attempts to pump groundwater from its desert holdings 200 miles east of L.A. and sell it to Southern California cities.

The state action comes in the wake of moves by President Trump's administration to clear a major obstacle from Cadiz's path that was erected by the Obama administration.

Both the state and federal efforts revolve around the company's plans to construct a 43-mile water pipeline in an existing railroad right-of-way that crosses mostly federal land.

In 2015, the U.S. Bureau of Land Management said Cadiz couldn't use the right-of-way because the proposed water infrastructure didn't further a railroad purpose.

That meant the company would have to obtain U.S. permission to run the pipeline across surrounding public land. Cadiz has long tried to avoid that because it would trigger a lengthy federal environmental review that could add to the restrictions contained in the project's 2012 approval under state environmental law.

Cadiz, founded by Keith Brackpool, an investor with extensive political connections, fought back.

The company's high-powered law firm lobbied the Interior Department. Cadiz rounded up support from 18 members of Congress, most of them Republicans from California and the West. In March they wrote Interior Secretary Ryan Zinke, asking him to reverse the BLM decision and "create thousands of much needed jobs and a desperately needed new water supply in California."

On Sept. 1, Interior's Office of the Solicitor withdrew the 2011 opinion that underpinned BLM's denial and replaced it with a much more liberal interpretation of what railroads can allow on their federal rights-of-way.

Now Cadiz is waiting for regional BLM officials to rescind the 2015 decision.

But if BLM does that, conservation groups are likely to sue. And the lands commission could still stand in the way.

The issue of state-owned lands in the Cadiz area arose in 2000, during review of the company's proposal to partner with the Metropolitan Water District of Southern California on a previous version of the groundwater project that MWD ultimately voted down. At that time, Cadiz said the parcel in question was privately owned but the state retained mineral rights, according to the commission.

In the Sept. 20 letter, Brian Bugsch, chief of the commission's land management division, told Cadiz that when staff recently reanalyzed ownership in the area, it determined that the state owns the tract.

"They can own all the land they want. But the water is disconnected from the land," Fisher said. His district says in the lawsuit that the leases are "thinly veiled attempts to turn these agricultural parcels into 'water farms' through stringent water consumption limitations and extensive fallowing requirements."

The district says the leases could take more farmland out of production for years at a time, leaving a growing patchwork of unused lands.

"As productivity declines, the pressure to convert lands to other uses aside from agriculture may creep into these areas," the district says in the suit, "resulting in the loss of farmland and extinguishing the agricultural heritage of the Palo Verde Valley."

Fisher and other leaders of the district said they're worried about the future of the farming economy.

Downtown Blythe already shows signs of a struggling economy, with shuttered businesses and boarded-up windows along Hobson Way, the main avenue. A few decades ago, the bars in town were bustling. But they've long since gone out of business.

Also gone are a Fosters Freeze, a drugstore, one gas station and a car dealership. Some residents say they're concerned Blythe is becoming a "tumbleweed town."

On a recent morning, Hyduke drove out of the town and through lush alfalfa fields. He pulled over on a roadside next to one of the farms owned by Metropolitan.

Getting out, he stood with Fisher and fellow board member Jack Seiler beside a bare field.

The muggy air was thick with smells of plowed earth, hay and fertilizers. Flatbed trucks whooshed down the road loaded with hay.

Seiler said the fallowing program has been a big success but Metropolitan's latest actions are troubling.

"If they can have a cap on their leases and put an acre-foot of water in their account somewhere, what's to keep them from fallowing all their lands?" Seiler said. He said Metropolitan's officials have set up a situation in which they're directly competing with the fallowing program, and they should instead "go through the front door" and deal with the irrigation district.

"We're not going to lay down and let it be taken from us in a water grab," Seiler said. "If they want the water, let's talk about it."

The Palo Verde district doesn't yet have data on cutbacks in farmers' water use under Met's new leases.

Fisher said that when he drives around the valley, he's started seeing some newly plowed fields that used to be planted with hay, and he suspects that might be related to the strict terms in the leases.

Fisher said the case is crucial for agriculture throughout California because if Metropolitan prevails, it could change the rules that apply in all farming districts and give city water agencies a free hand to move in and gobble up farmland.

"We're defending our sovereign rights as an irrigation district," he said, standing beside the plowed field. "We want to be able to choose our own destiny."

By managing the land through the leases, the plan said, Metropolitan expects to reduce water use in the valley by between 15,000 acre-feet and 29,000 acre-feet per year – an amount that it said would be in addition to water supplies from the fallowing program and would be available for the district to use. The district has also begun using technologies including aerial images and ground-level sensors to track water use on its farmland.

Under the leases, farmers who meet the targets can take advantage of rents that are below the going market rate. They're charged significantly more if they fail to meet the targets.

"We're trying to incentivize them to be very efficient," Kightlinger said. "We think our leases are appropriate and smart and hopefully will be a new model going forward."

Metropolitan said it's too soon to determine how much water has been conserved through the leases because that will be calculated at the end of the year.

The leases are designed to be a "mutually cooperative program," Kightlinger said. Metropolitan asked farmers for proposals and then negotiated agreements. He said all the growers who are leasing "say they're satisfied with it."

He said there's no truth to the claim that Metropolitan is trying to dry up the valley.

"We're in the water business. So if they're saying our goal is to get water, they're absolutely right. Our goal is always to ensure that we have a reliable water supply. But we're not fallowing all the 20,000 acres we bought," Kightlinger said. "We always wanted to keep farming going and viable and well-supported in the valley, while fallowing a portion of the valley so we could get water out of it."

At the Palo Verde Irrigation District building, General Manager Ned Hyduke has a photo hanging on the wall of his office showing a moment in an old western movie, "The Ballad of Cable Hogue," which is one of his favorites.

The 1970 movie tells the story of a prospector, played by Jason Robards, who was left in the desert to die but who found a source of water, dug a well and then sold water to people passing through the stagecoach line. The photo shows Robards pointing a rifle menacingly, together with the words he said in that scene: "MY LAND, MY WATER."

Hyduke has had that photo on his wall since before the lawsuit, and he said it isn't related to the dispute. But there does seem to be a strong whiff of that sentiment in the legal fight.

Hyduke said he thinks Metropolitan has done some good in the Palo Verde Valley and has helped farmers. But things abruptly changed, he said, when he and others in Palo Verde found out about Met's farm leases.

"There had to be something to say, 'Hey, no, we're not going to stand by and let you do what you want to do in this valley.' We can't have that," Hyduke said, adding that he hopes the dispute can be worked out.

Palo Verde accuses Met of misrepresenting the status of the leases and keeping key details under wraps. It wasn't until June that Palo Verde officials said they learned of the terms, months after Met had filed notices notifying the state of its position that the leases wouldn't be subject to environmental reviews.

Palo Verde's managers have repeatedly made the point to Metropolitan's officials that all of the water delivered to fields in the valley belongs to the irrigation district.

"We keep saying, 'It's not your water,'" Fisher said. "'You don't own the water.' And we get a common reply: 'What do you mean? We paid a lot of money for that land. We should get the water.'" Fisher said they're mistaken.

“As we understood, the other interests that were interested in buying the land were overseas interests that wanted to invest in a water supply and a food supply, and they weren’t interested in using less water or doing a cooperative fallowing program with Metropolitan,” Kightlinger said. “We didn’t necessarily like the idea of overseas interests buying it with different goals than what we have, so we decided to step up and buy it.”

By “overseas interests,” he was referring to the Saudi company Almarai, which has also bought farmland in Arizona to grow alfalfa and ship it back to the Middle East to supply its dairies.

The company that was selling the land told Metropolitan’s officials that it had been approached by the Saudi company, Kightlinger said, and also by Westlands Water District, the country’s largest farm district in the San Joaquin Valley.

Westlands had expressed interest in buying the land if it could secure an agreement to use the water that was conserved a few hundred miles away in the San Joaquin Valley. But Palo Verde opposed that idea, and Metropolitan said it wouldn’t cooperate with Westlands’ proposal.

When Metropolitan’s officials decided to buy the property, Kightlinger said they were looking decades ahead to the end of the fallowing program, which runs through 2039, and anticipating they’d want to renew the deal and keep working with the valley’s farmers.

He said the concern was that if another owner ended up with so much land and was unwilling to work with Met to free up water, that could seriously hinder the district’s efforts. Met closed the deal, Kightlinger said, “to protect our longterm interests.”

Kightlinger denied the accusations that Metropolitan had misused public funds, saying the district studied the values of comparable properties and also examined how much money the agency would save in payments to the fallowing program by owning a portion of the lands.

“We analyzed the purchase of this property from several perspectives, including the value of the land and the value of owning the land that was enrolled in our fallowing program, and decided that ownership provided substantial benefits,” Kightlinger said. “We are satisfied with owning the land. We think it was a good, sound purchase on behalf of our ratepayers.”

Metropolitan is renting out all of its 21,042 farmable acres in the Palo Verde Valley to five parties under six leases. They include three companies and two individual farmers, one of whom is Joseph DeConinck, the mayor of Blythe.

The Saudi company Almarai, through its subsidiary Fondomonte California LLC, is also farming some of the land through a partnership with one of the companies that is leasing from Metropolitan.

The district said all of the leases include water-use targets that were negotiated and agreed to by each of the growers. Metropolitan said the targets represent reductions in water use of between 27 percent and 36 percent as compared to the valley-wide average over the past decade.

The district has written the leases into its long-range plans, saying in an Urban Water Management Plan released last year that they reflect the goal of shifting toward “less water-intensive agriculture.”

Farmers in the valley have long flooded their fields to grow alfalfa, and Met’s plan said strategies for using less water could include switching to different crops or using efficient techniques such as “micro-spray” systems.

Fisher said while the circumstances in the Palo Verde Valley today are different, there are some important similarities.

"Our fear is that we can become another Owens Valley," Fisher said.

"The acquisition of farmlands for the purposes of taking the water," he said, "puts us in really a similar situation, because removing water from the land causes diminished productivity."

Fisher said he and other Palo Verde board members aren't trying to be adversarial and they've long had a good, cooperative working relationship with Metropolitan. Fisher even represents Met and other districts as chair of California's Colorado River Board, which is negotiating a proposed drought deal with agencies in Arizona and Nevada in an effort to head off severe water shortages.

But Fisher and other managers of Palo Verde have told Met officials repeatedly that the farm leases cross a "red line" for them, and he said those protests have so far fallen on deaf ears.

"We don't want land acquired by urban water districts, retired from production and the water moved out of our valley, with no mitigation, no compensation," Fisher said.

In addition to a fight over water, it's also a dispute over money and control. One of the farmers' concerns is that with Metropolitan now owning nearly a quarter of the valley, the district will be able to meet its targets for taking farmland out of production by leaning more heavily on its own lands while paying farmers less.

"Our hope is that we are able to sit down and be able to work with them," Fisher said, "to give them positive ways to achieve their goals that don't involve drying up our valley."

At the end of the day, he said, it would be much better to find an amicable solution rather than descend into a drawnout fight with such a large and powerful city water district.

"We're a tiny little valley," he said. "Who wants the 800-pound gorilla on the Colorado River as an archenemy?"

Kightlinger has led the Metropolitan Water District as general manager since 2006, overseeing a period in which its investments in Palo Verde have taken on growing importance. When asked about the farmers' concerns that Metropolitan is trying to carry out a water grab, he said the district doesn't see it that way at all.

"We're trying to find cooperative management programs that work well with farming, and our goal is to have long-term farming be successful, and a water supply, a reasonable water supply to us," Kightlinger said. "And we think the two can be compatible."

As for farmers' concerns about drifting toward an Owens Valley-type situation, he said that's precisely why the land-fallowing program was designed so that only a portion of the farmlands would be dry each year.

"We purposely bound ourselves to not fallow any more than a third of the land at any time in the valley, and that's been what we've been doing," Kightlinger said. "By all accounts, it's worked well."

Metropolitan is testing out a similar program to the south in a smaller farming area around the community of Bard, near the Mexican border in Imperial County. There, it's a seasonal program rather than a year-round program. Farmers keep growing vegetables in the winter and are paid by Met to sit out the summer season.

"We're just trying to find ways in which we can get water supply and farming can continue to thrive," Kightlinger said. He said Metropolitan wasn't looking to buy more land in the Palo Verde Valley in 2015, but the property came on the market and the district received an unsolicited offer.

With that deal, Met became the biggest landowner in the Palo Verde Irrigation District's territory, holding nearly 23 percent of the valley's farmland.

Palo Verde argues Met paid way too much, far above the prevailing prices for farmland at that time. In an amended complaint filed Sept. 20, Palo Verde said the sale price of more than \$255 million was "at least twice its fair market value." It said this overpayment was "an illegal gift of public funds" and violated both Met's administrative code and California Constitution.

The Palo Verde district has asked the court to declare the land deal illegal and invalidate the purchase.

Soon after Palo Verde's managers learned of the sale, Irvine Ranch Water District in Orange County followed suit and bought 3,100 acres for about \$50 million.

Irvine Ranch said in a document explaining the purchase that it intends to continue leasing the land for farming. It said the district expected "potential water supply reliability benefits" that would be more cost-effective than other projects such as desalinating seawater.

Fisher called that a "me too" deal, saying Irvine Ranch's officials seemed to be of a mindset that "if Met can get away with it, maybe we can, too."

"I'm chagrined to see these acquisitions occur," Fisher said. "These folks have deep pockets and they're in here paying extraordinary prices for farmland. But I was born here and farming is my life." Fisher recalled that as a boy, he was driving a tractor on the family farm by the time he was 6.

Now 68, Fisher has spent decades building his family business and representing the valley's farmers. He helped negotiate the land-fallowing program, and because he strongly advocated for that deal, he said he feels personally betrayed by Metropolitan's latest actions.

Metropolitan never consulted with his district before buying the land, and Fisher said the leases seem geared toward bypassing the previous agreement to take even more water.

"They're just being extraordinarily aggressive in a way that we had not anticipated," Fisher said. He said he finds it upsetting "to think that in order to be able to support a large megalopolis, that people would be able to support a policy of retiring farmland."

Standing beside a stack of hay bales, Fisher motioned to the surrounding land and explained that on this very soil his grandfather started the family farm exactly 100 years ago in 1917. A son is helping Fisher manage the 11,500-acre farm and plans to carry on the business.

But Fisher said Metropolitan's approach poses a serious threat to farming's future in the valley. He pointed to the history of how Los Angeles drained water from the Owens Valley a century ago, ruining that area's farming community and drying up Owens Lake.

The taking of water from the Owens Valley inspired the 1974 movie "Chinatown" starring Jack Nicholson and Faye Dunaway.

In the 1986 book "Cadillac Desert," writer Marc Reisner detailed the history and said "Los Angeles employed chicanery, subterfuge, spies, bribery, a campaign of divide-and-conquer, and a strategy of lies to get the water it needed."

When Owens Lake dried up, the lakebed became a major source of windblown dust. The Los Angeles Department of Water and Power has spent about \$1.8 billion in Owens Valley, primarily to control dust.

The valley is about 30 miles long and 9 miles wide, stretching out in a plain where floodwaters deposited soil over millennia before dams were built and subdued the river's natural cycles.

The farms produce crops including cotton, broccoli, wheat, cantaloupes and honeydew melons. But the No. 1 crop by far is alfalfa. The hay rolls out of the valley on trucks all year long, destined for cows in dairies and feedlots in California, Arizona and countries from Japan to Saudi Arabia.

Agriculture is the main industry that drives the economy in Blythe, a city of 13,000 people where other employers include two state prisons and a cluster of motels and fast-food restaurants along Interstate 10. When people aren't at work on the farms, they sometimes fish in the canals or go boating or waterskiing on the river.

The valley's secure water rights and relatively cheap water made it an attractive spot for the Metropolitan Water District to cut a deal.

In 2004, officials with Metropolitan and the Palo Verde Irrigation District signed a 35-year agreement establishing their program to leave a portion of the valley's farmland fallow each year and send the water to cities.

Under the program, Met calls for a certain percentage of farmlands to be left unplanted each year, up to a maximum of 29 percent of the valley.

Participating farmers received an initial signup bonus of \$3,170 an acre, and they're paid each year for the amount of land they leave dry.

Since 2005, Met has paid \$228 million to the valley's farmers. A total of 88 individual landowners and companies are now participating in the program and getting paid each year to leave a portion of their lands dry.

Metropolitan has also paid \$3.9 million in administrative costs and \$6 million for a community improvement fund, which was created to ease concerns about impacts to the economy. The community fund has paid for things like a new roof at a library and new pavement at Blythe's fairgrounds, and has also been used to provide loans to local businesses.

In exchange, Met has been able to take the water that's saved in the valley: a total of 1.3 million acre-feet of water since 2005. On average, that's about a tenth of the water that Met gets from the Colorado River and about 5 percent of its total water supplies – enough to keep the taps running for approximately 200,000 households in an average year.

Water obtained through the deal has become one in a list of important sources for Met, and it's some of the cheapest water the district acquires.

Metropolitan functions as a regional wholesaler, supplying water to 26 member cities and districts, which in turn provide for 19 million Californians – about half the state's population – in six counties from San Diego to Ventura.

Farmers say the program works well and pays sufficiently, so it makes financial sense to rotate some fields out of production.

This year, more than 23,000 acres were left dry and fallow, about 25 percent of the valley's farmland.

Metropolitan already owned nearly 9,000 acres in the valley when the deal was signed in 2004. Then, in 2015, Met bought the additional 12,000 acres from Verbena LLC, a subsidiary of a company called Renewable Resources Group, which had purchased the land four years earlier.

Jeffrey Kightlinger, the district's general manager, said Metropolitan wants to continue the longstanding productive relationship it's had with the irrigation district and farmers in the Palo Verde Valley.

"But we're also looking for ways in which to innovate and find new ways to conserve water and farm efficiently and using less water," Kightlinger said. He said that's why the new farm leases include water-saving incentives.

"This is part of our long-term partnership with agriculture. We want to find ways to farm efficiently, so we asked people if they'd enter into leases with us and we invited them to innovate and use less water," he said. "We thought it was an innovative approach and instead they feel very upset about it, obviously."

In the lawsuit, which was filed Aug. 4 in Riverside County Superior Court, Palo Verde is challenging Metropolitan's most recent land purchase as well as six leases covering about 21,000 acres.

Palo Verde argues Met violated the state Constitution and its own regulations in 2015 when it bought more than 12,000 acres for an "exorbitant sum" of \$255.6 million, plus \$8.3 million in closing costs, in a speedy transaction that was conducted without an appraisal.

Palo Verde also accused Met of violating the California Environmental Quality Act with its leases, saying an environmental review must be conducted because drying up more farmland could unleash dust into the air and have a range of other detrimental effects, including harming the economy and threatening the valley's "agricultural character."

Metropolitan has denied any wrongdoing.

"I think it's a misguided lawsuit," Kightlinger said, "but we'll work through it and continue to try and work with our agricultural partners."

Leaders of both water districts said they're willing to talk over the dispute and they hope it's possible to reach a settlement, especially because both sides benefit from their land-fallowing program, which this year is paying growers \$809 per acre to keep a portion of their lands unplanted.

Settling the dispute could be challenging, though, given the agencies' diametrically opposed positions and the farmers' vehement insistence that cities shouldn't be able to drain away more water without their consent – a concern with historical roots stretching back to Los Angeles' taking of water from the Owens Valley a century ago.

Whether the two sides manage to find common ground will be an important test for water districts that are grappling with how to use the dwindling supply of water from the Colorado River to sustain farming while providing for growing populations across the Southwest. If the two districts aren't able to work out their differences, this farming community in the Sonoran Desert might end up embroiled in a costly conflict for years to come.

Agriculture has a long history in the Palo Verde Valley.

In 1877, San Francisco investor Thomas Blythe filed a claim to use water from the Colorado River for farming, mining and other purposes. It was the first claim in California, giving the valley the oldest rights to the river in the state and a privileged first-priority position among water districts.

At the north end of the valley, the Palo Verde Diversion Dam slices off part of the Colorado River and sends the water coursing through canals to fields.

Because the valley runs alongside the river, a portion of the water that's used to irrigate farms drains off the land and flows back into the river.

DESERT WATER AGENCY

OUTREACH & CONSERVATION ACTIVITIES

October 2017

Activities:

10/3	Ashley Metzger was on a live KESQ segment discussing DWA history.
10/4-6	Ashley Metzger attended Water Smart Innovations conference.
10/6	Vicki Petek manned a DWA conservation station at Home Depot and Lowe's.
10/7	Staff set up water station & water trailer at Desert Glow Fest in Cathedral City.
10/11	President Cioffi, Director Ewing & Ashley Metzger attended the first Coffee with DWA.
10/12	Ashley Metzger attended and made announcements at ONE-PS.
10/12	Vicki Petek manned a DWA conservation station at Home Depot and Lowe's.
10/12	Ashley Metzger was on a live KESQ segment regarding the nozzle rebate program changes.
10/13	Staff manned a booth at the annual Mizell Senior Expo.
10/17	DWA hosted a blood drive for staff and community members.
10/17	Staff manned a booth and the water trailer at the Taste of Palm Springs/ Business Expo.
10/19	Ashley Metzger was on a live KESQ segment discussing Desert Garden Day.
10/19	President Cioffi, Director Bloomer & Ashley Metzger met with County Supervisor Marion Ashley.
10/20	Ashley Metzger attended Leadership Coachella Valley.
10/21	Staff set up the water trailer at the Desert AIDS Walk.
10/25	Staff attended CVEP's annual Economic Summit.
10/25-26	Vicki Petek manned a DWA conservation station at Home Depot and Lowe's.
10/27	Staff filled water bottles for the Tram Road Challenge.
10/28	Director Bloomer and staff handed out water at the Tram Road Challenge.
10/28	Ashley Metzger worked the CV Water Counts booth at Desert Garden Day.
10/29	Ashley Metzger manned the DWA booth at the Palm Springs Animal Shelter's Oktoberpets event.

Public Information Releases/eBlasts:

October 2-31: Fall newsletter – bill insert, social media, website

October 13: DWA hosts a blood drive – press release, website, social media

October 31: 2017 top year for water replenishment – press release, website, social media



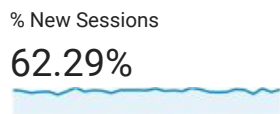
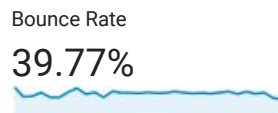
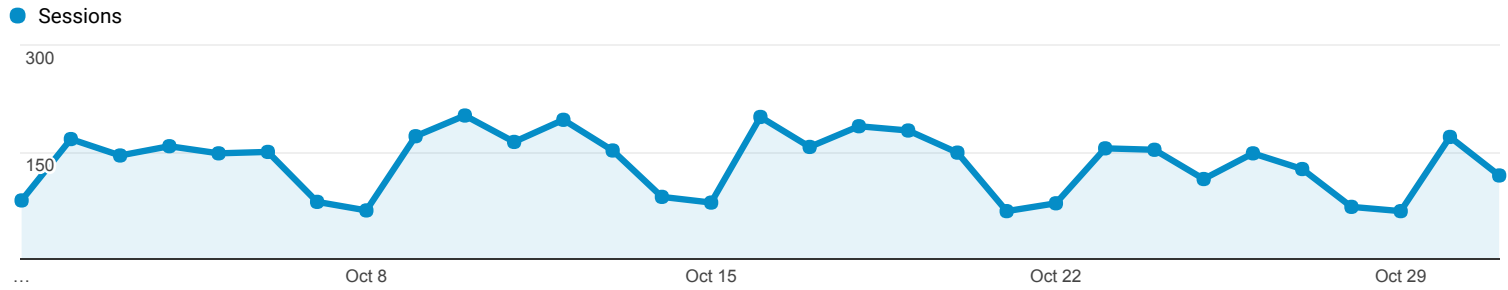
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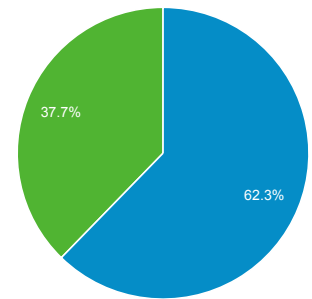
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100.00% Sessions

Oct 1, 2017 - Oct 31, 2017

Overview



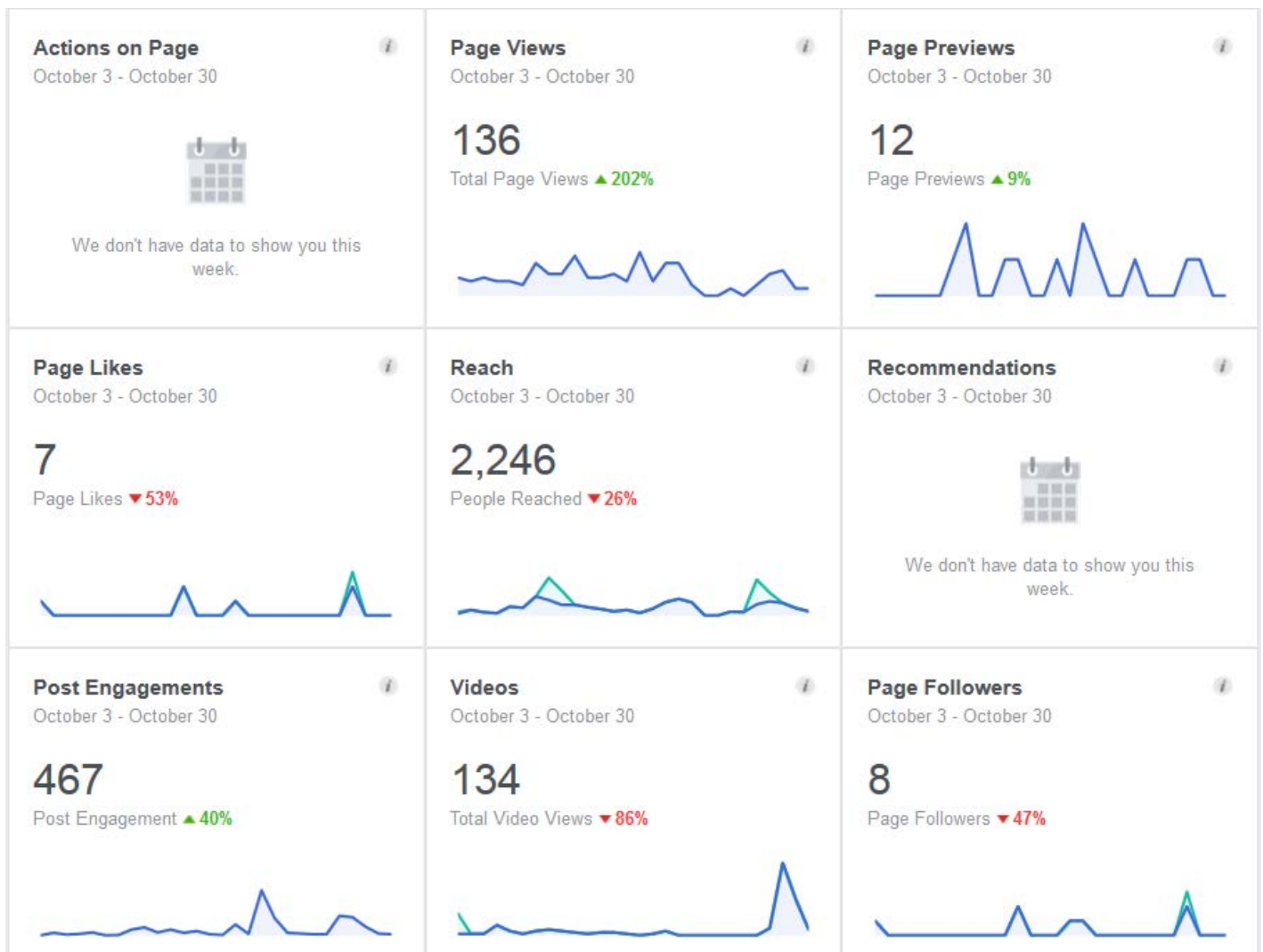
■ New Visitor ■ Returning Visitor

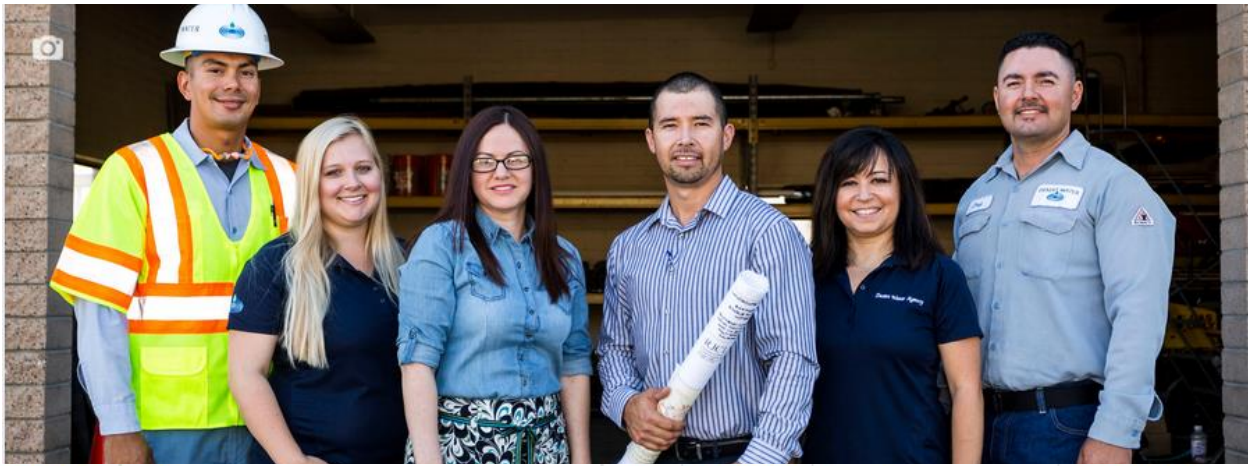


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2.	en-ca	40	0.96%
3.	en-gb	33	0.79%
4.	zh-cn	15	0.36%
5.	ko	10	0.24%
6.	c	7	0.17%
7.	es-419	6	0.14%
8.	fr-fr	6	0.14%
9.	de-de	5	0.12%
10.	en-au	5	0.12%



Desert Water Agency Facebook Analytics October 2017





Published ▾	Post	Type	Targeting	Reach	Engagement
10/31/2017 2:07 pm	 2017 - replenishment milestone			147 	3 1 
10/31/2017 11:56 am	 The Water Count is spooky. Don't let him catch you wasting water this			26 	1 1 
10/28/2017 10:36 am	 Join us and our CV Water Counts partners at this wonderful event at UCR-			140 	6 4 
10/28/2017 10:34 am	 Cheers to the incredible runners, walkers and sponsors of the 2017			156 	9 6 
10/27/2017 4:22 pm	 Desert Water Agency shared United Way of the Desert's post.			100 	2 2 
10/26/2017 5:45 pm	 We'll be there with water at the top!			156 	6 5 
10/26/2017 10:36 am	 #ThrowbackThursday to our early days. The trucks and uniforms may have			731 	52 31 
10/24/2017 1:49 pm	 Desert Water Agency shared UCR Extension's photo.			92 	2 0 
10/16/2017 8:19 am	 We're hosting a blood drive tomorrow from 9:00 - 2:00. Please join our team			105 	2 2 
10/13/2017 7:43 am	 Don't be superstitious this Friday the 13th - come out and have some fun			72 	1 2 
10/12/2017 3:25 pm	 Our customers used 10.3% less water than in September of 2013. Keep up			524 	4 5 
10/11/2017 1:05 pm	 We're hiring! Apply now.			284 	21 13 
10/10/2017 11:16 am	 Join us for Coffee with DWA tomorrow at Koffi in South Palm Springs (near			664 	12 9 
10/09/2017 12:12 pm	 As always, we're looking forward to being a part of this event and hope to			88 	0 2 
10/05/2017 3:38 pm	 Desert Water Agency shared Save Our Water's video.			29 	2 4 



Total Page Likes as of Today: 1,038

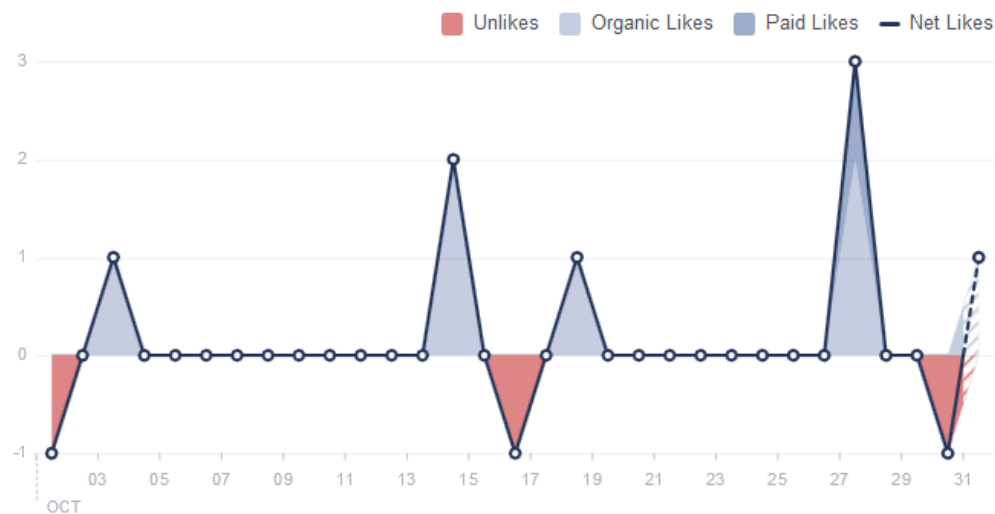


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Total Page Likes

Net Likes

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Compare your average performance over time.

Unlikes

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Net Likes

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Desert Water Agency
Twitter Analytics
October 2017

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

Oct 2017 • 30 days so far...

TWEET HIGHLIGHTS

Top Tweet earned 248 impressions

We're looking for an Equipment Operator to join our team. Careers in water are rewarding & fulfilling. [#workforwater](#)
[dwa.org/about-us/emplo...](#)
[pic.twitter.com/LfkjIAiFhC](#)



3 2

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Top mention earned 29 engagements



California WaterFix
[@CAWaterFix](#) - Oct 5

[#CAWaterFix](#) support continues 2 grow w/ passage of resolutions by [@CentralBasin](#), [@DWAwater](#), San Geronio Pass WA & San Bernardino Valley MWD
[pic.twitter.com/ZyfEvI0Elb](#)

"Valley District was formed to ensure long-term water supply reliability for our region and the State Water Project is our primary source for supplemental water. We are committed to protecting the investment made in the State Water Project by our

3 2 7

View Tweet

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Get your Tweets in front of more people

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

Get started



OCT 2017 SUMMARY

Tweets
20

Tweet impressions
4,682

Profile visits
347

Mentions
12

New followers
3

Top Follower followed by 19.9K people



AWWA

[@AWWAACE](#) FOLLOWS YOU

American Water Works Assoc., dedicated to the world's most important resource. Retweets, favorites or mentions do not imply endorsement of products or services.

View profile

View followers dashboard

Top media Tweet earned 243 impressions

For [#GlobalCatDay](#), I give you Pharrell. He's great 4 pest control & morale at DWA. He doesn't step inside but is still a valuable teammate! [pic.twitter.com/qca1a10jUS](#)



1 3