



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 – November 7, 2017 CIOFFI
3. **GENERAL MANAGER'S REPORT** KRAUSE
4. PUBLIC INPUT:
Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
5. SECRETARY-**TREASURER'S REPORT** – OCTOBER BLOOMER
6. ITEMS FOR DISCUSSION
A. State Water Contractors' Meeting – November 16, 2017 RIDDELL
B. **Director's Report** on ACWA Fall Conference DIRECTORS
C. October Production Report KRAUSE
7. OUTREACH & CONSERVATION METZGER
A. Media Information
B. Activities
8. DIRECTORS COMMENTS AND REQUESTS
9. CLOSED SESSION
A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al
C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Mission Springs Water District vs. Desert Water Agency
10. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION
11. ADJOURN

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

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

2

November 7, 2017

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

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| Absent: | Kristin Bloomer, Secretary-Treasurer) |
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|------------|---|
| DWA Staff: | Mark S. Krause, General Manager) |
| | Steve Johnson, Asst. General Manager) |
| | Martin S. Krieger, Finance Director) |
| | Sylvia Baca, Asst. Secretary of the Board) |
| | Ashley Metzger, Outreach & Conserv. Mgr.) |
| | Irene Gaudinez, Human Resources Mgr.) |

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|-------------|---|
| Consultant: | Michael T. Riddell, Best Best & Krieger) |
| | Bob Reeb, Reeb Government Relations, LLC |

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

17958. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join Director Oygar in the Pledge of Allegiance. **Pledge of Allegiance**

17959. President Cioffi called for approval of the October 17, 2017 Regular Board meeting minutes. **Approval of 10/17/17
Regular Board Mtg.
Minutes**

Vice President Stuart noted a correction to Page 8854, Item number 17952.

Director Oygar moved for approval noting the correction. After a second by Director Ewing, the minutes were approved with the correction noted. (Vice President Stuart abstained due to his absence; Secretary-Treasurer Bloomer absent).

17960. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's
Report**

Mr. Krause stated on October 20 at approximately 11:00 a.m. a large boulder dislodged from the cliff above and slid into the Araby pipeline, causing extensive damage. Construction crews secured a fire hose Araby Pipeline Damage

over the cliff and connected it to the booster and reservoir. Customers within the Southridge zone remained in service during the entire event. He explained that contingency funds will be used for the repair costs.

GM Report
(Cont.)
Araby Pipeline Damage

Mr. Krause stated on October 23, DWA crews began installing approximately 420 linear feet of new 8" ductile iron along Sarah Street, between Agua Caliente Trail and Crossley Road. This main will replace the current 6" steel main that was installed in 1956. All work is anticipated to take 2-3 weeks with an estimated cost of \$100,000. Contingency funds will also be used for these repairs.

8" Sarah Street
Emergency Pipeline
Replacement

Mr. Krause reported that the 12 mg reservoir at the Palm Springs North Reservoir #2 (Little Tuscany area) will be recoated under the 2017-18 Potable Water Reservoir Maintenance budget. This project has been budgeted for \$2.1 million.

Palm Springs North
Reservoir #2 Project

Mr. Krause stated that the Water Reclamation Facility non-potable filters 4, 5 and 6 will be rehabilitated with an anticipated total cost of \$766,000. The project was awarded to ERS Industrial Services for \$457,527. The project is expected to begin on November 27.

2018 Non-Potable
Water Filter
Maintenance Project

Mr. Krause stated that the City of Palm Springs has been working with the Agency on relocating an existing pipeline and water services to the train station and Granite Construction property on Indian Canyon. This relocation is required due to the Bridge Expansion project that will change the existing street grade by several feet. The relocation work includes approximately 1,000 linear feet of 8" main and five 2" services.

Indian Canyon Bridge
Expansion

Mr. Krause provided a report for the Facilities & Safety department: 1) Agency desertscape completed, and 2) Crisis communications training for employees.

Facilities & Safety
Update

Mr. Krause stated on October 28, Secretary-Treasurer Bloomer and several staff members helped pass out water to approximately 1,200 participants of the Tram Road challenge.

Tram Road Challenge

Mr. Krause reported the amount of \$116,950 was received in late fees from August thru October.

Late Fees Quarterly
Update

Concluding his report, Mr. Krause noted the current system leak data, and meetings and activities he participated in during the past several weeks. He reminded everyone that the Agency will be closed this Friday, November 10 in observance of Veteran's day.

System Leak Data,
11/10/17 Agency
Closed, General
Manager's Meetings &
Activities

17961. President Cioffi noted the minutes for the November 2, 2017 Executive Committee were provided in the Board's packet.

Committee Report:
Executive 11/2/17

17962. 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.

17963. President Cioffi asked General Manager Krause to present staff's request for authorization to participate in the 2017-2018 United States Geological Survey (USGS) Cooperative Water Resources Program.

Items for Action:
2017-2018 USGS
Cooperative Water
Resources Program
Participation

Mr. Krause explained 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 gauging facilities, as well as ground and surface water quality program. The cost share ratio remains at 60/40 between the agencies and the USGS, with USGS paying 40 percent.

Mr. Krause noted there is a 1.7% increase over last year. 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.

Vice President Stuart made a motion to approve staff's recommendation. Director Ewing seconded the motion, which passed unanimously (Secretary-Treasurer Bloomer absent).

17964. President Cioffi asked General Manager Krause to present staff's request for designation of a DWA delegate to the Association of California Water Agencies (ACWA) General Session membership meeting.

Designation of Delegate
to ACWA General
Session Membership
Meeting

Mr. Krause stated that the Agency received notice from ACWA regarding the election of officers at its General Session membership meeting that 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 meeting is to formally nominate and elect ACWA's President and Vice President for the 2018-19 term and to conduct a vote by the membership on proposed amendments to ACWA's bylaws.

Concluding his report, Mr. Krause explained that President Cioffi will not be attending the conference; therefore, a proxy is needed in his place. Staff recommends that the Board designate a Director who will cast the Agency's vote.

Director Oygar made a motion to designate Vice President Stuart as the Agency's proxy to cast its vote. After a second by Director Ewing, the motion carried unanimously (Secretary-Treasurer Bloomer absent).

17965. President Cioffi called upon General Manager Krause to present staff's request for Authorization to increase funding of Phase I – Sites Reservoir Project.

Action Items:

(Cont.)

Request Authorization to Increase Funding of Phase 1 Sites Reservoir Project

Mr. Krause stated on July 28, 2016 the Agency submitted the executed "Sites Reservoir Project, Phase I Proposal to Participate Form" to the Sites Project Authority. 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. On January 24, 2017, the DWA Board authorized executing the "Sites Project Authority's amended and restated Phase I Reservoir Project agreement dated November 21, 2016 and to provide funding in the amount of \$247,316.05 (This amount should have been \$247,310.47). Staff is now requesting an increase for funding Phase I of \$27,701.89, totaling \$275,000. This amount is necessary to cover the cost of additional Class 1 water that is being made available to the Agency and others based on the reallocation process. Staff also requests authorization to increase future funding as necessary up to the not to exceed amount of \$390,000 agreed to in the July 28, 2016 participation form.

Director Ewing made a motion to approve staff's recommendations. After a second by Director Oygar, the motion carried unanimously (Secretary-Treasurer Bloomer absent).

17966. President Cioffi asked Agency Counsel Riddell to provide a report on the October 19, 2017 Board of Directors of the State Water Contractors, Inc.

Discussion Items:

10/19/17 SWC Mtg.

Mr. Riddell provided a report on the following items: 1) Closed Session discussion of pending and ongoing litigation affecting the Cal WaterFix, 2) State Water Project Management Report, 3) Water Operations Report, 4) General Manager's Report, and 5) Energy Objectives Update.

17967. President Cioffi reported that he attended the National Water Resources Association (NWRA) Groundwater Taskforce meeting, which was held on October 24 in Dallas.

Director's Report on NWRA G/W Taskforce Meeting

17968. President Cioffi asked Mr. Reeb to present his 2017 Annual Legislative Report.

2017 Legislative Report
Reeb Government Relations, LLC

Mr. Reeb provided a highlight of his report and discussed the following items: 1) AB401, 2) Cap and Trade program, 3) SB623, and 4) AB1654. He noted that he recently acquired another lobbying firm.

17969. President Cioffi noted that Board packets included Outreach & Conservations reports for October 2017.

Outreach & Conservation – October 2017

Mrs. Metzger reminded everyone about Coffee with DWA tomorrow at Ristretto at 9:00 a.m.

Coffee with DWA

17970. At 9:47 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

17971. At 10:21 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

Reconvene –No Reportable Action

17972. In the absence of any further business, President Cioffi adjourned the meeting at 10:22 a.m.

Adjournment

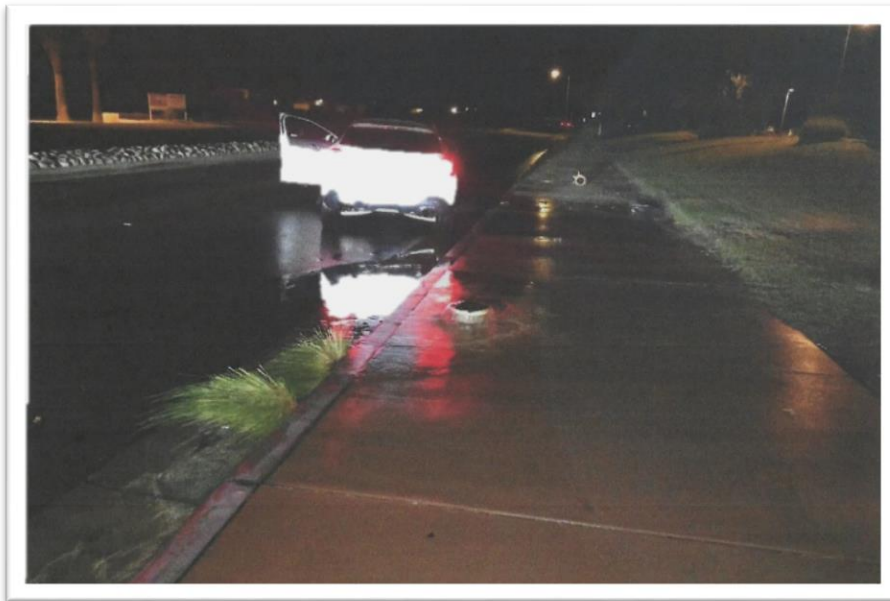
James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

**GENERAL MANAGER'S REPORT
DECEMBER 5, 2017**

On November 8 at approximately 3:00 a.m. stand-by responded to hit fire hydrant on the east side of Gene Autry Trail north of Dinah Shore Drive. Staff had to take the fire hydrant out of service due to the fire hydrant bury having to be replaced. A police report was made and the water loss was from a 6-inch fully open fire hydrant bury which ran for approximately 20 minutes. Repairs have been made and the hydrant is back in service.



On November 13, Metropolitan Water District (MWD) hit our 24-inch Whitewater pipe north of our Whitewater hydro plant. They hit it with a large excavator clearing a spot for a storage area. It was repaired and put back into service on November 16.



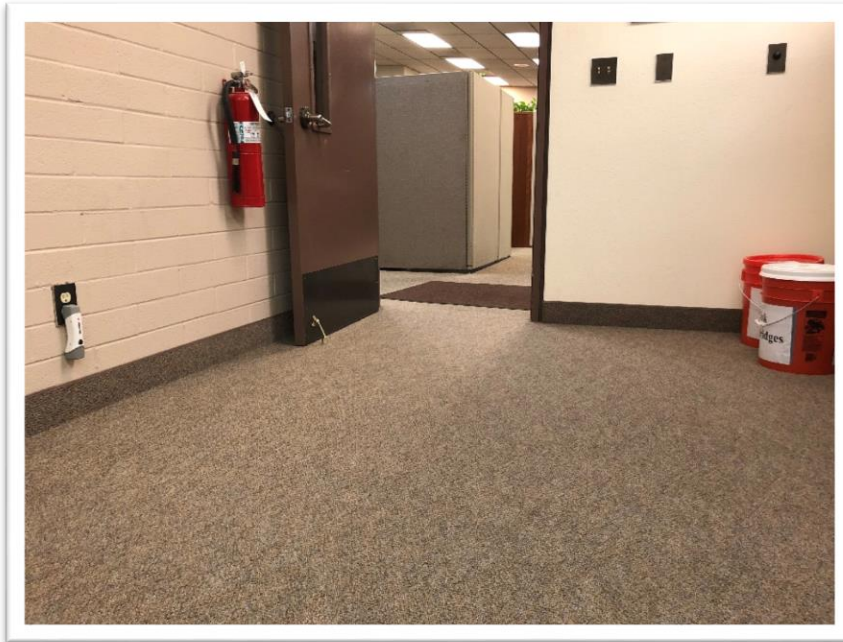
WW Hydro
(cont.)



Facilities & Safety Update

On November 17th and 18th, The Works Floor and Wall removed and replaced the carpet flooring in the Management Conference Room, and half of the I.S. Department. Electrician's from Grayco Electric removed the trip hazard in I.S. by saw cutting a trench in the concrete floor and re – routing the wiring feeding the electrical transformer in the office.

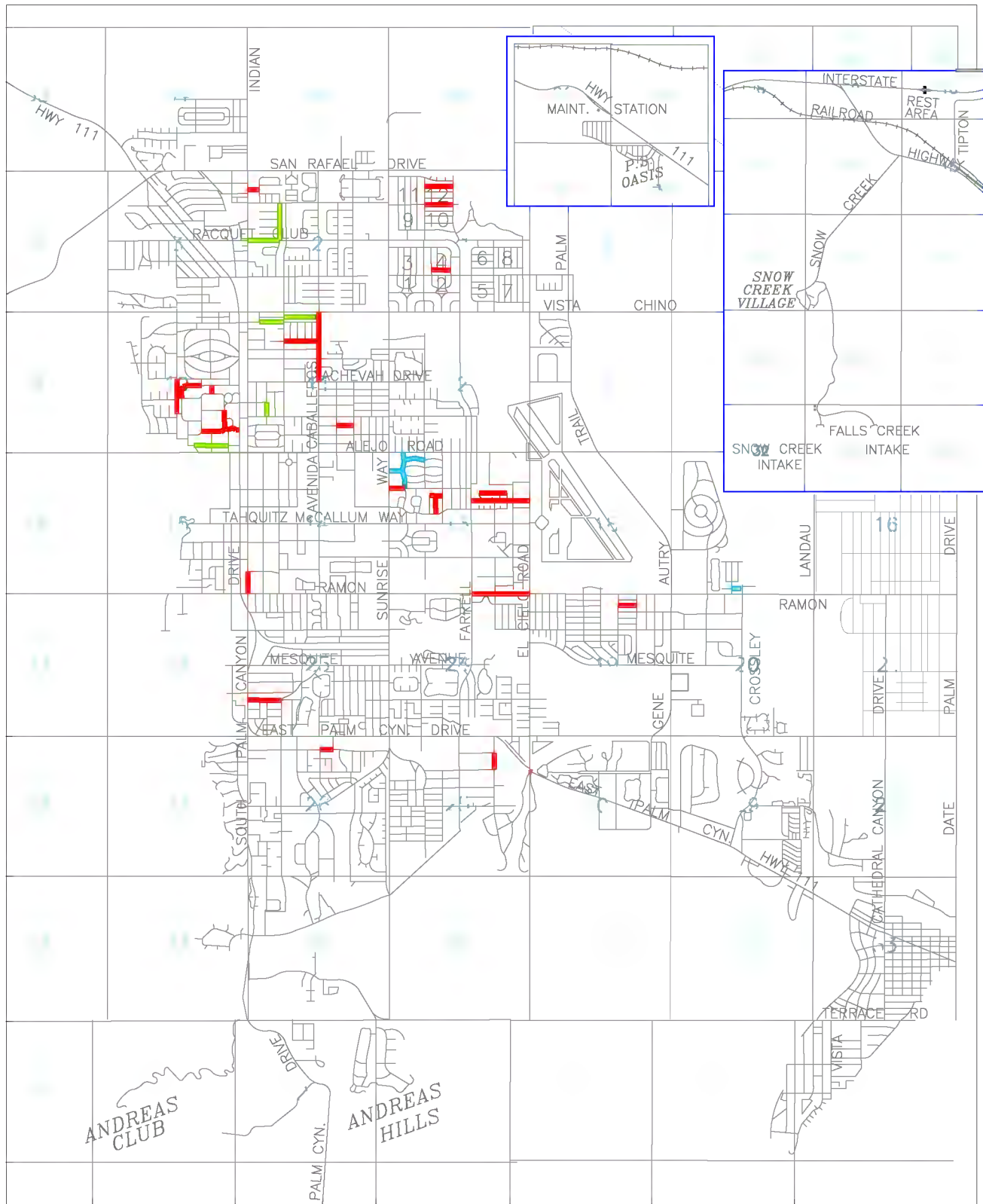
Construction, I.S. and Operations departments all contributed their skills and talents to the completion of the job. The remaining portion of the I.S. department is scheduled for January 2018.



| SYSTEM LEAK DATA | | |
|--|-----------------|-----------------|
| (PERIOD BEGINNING OCTOBER 31, 2017 THRU NOVEMBER 27, 2017) | | |
| STREET NAME | QUARTER SECTION | NUMBER OF LEAKS |
| AVENIDA CABALLEROS (20") | 4411NW | 9 |
| SATURMINO DR | 4413NW | 8 |
| CHUCKWALLA RD | 4411NW | 6 |
| FRANCIS DR | 4401NW | 5 |
| LIVMOR AVE | 4413NE | 4 |
| TERRY LN | 4413NW | 4 |
| COTTONWOOD RD | 4411NW | 3 |
| DESERT PALMS DR | 4413NE | 2 |
| STARR RD | 4402NW | 2 |
| RACQUET CLUB RD | 4402NW | 2 |
| AMADO RD | 4413NW | 2 |
| CHIA RD | 4411NW | 2 |
| CALLE DE CARLOS | 4519NE | 2 |
| BELDING DR | 4413NW | 1 |
| CHINO DR | 4410SE | 1 |
| AVENIDA PALOS VERDES | 4411SW | 1 |
| HUDSON RD | 4401SW | 1 |
| CAHUILLA AVE | 4410SE | 1 |
| PLAIMOR AVE | 4413NE | 1 |
| DEBBY DR | 4413NW | 1 |
| RAMON RD | 4424NE | 1 |
| MERITO PL | 4410SE | 1 |
| E PALM CANYON DR | 4530NW | 1 |
| ARABY RD | 4425NE | 1 |
| FINLEY RD | 4401NW | 1 |
| TWIN PALMS DR | 4426NE | 1 |
| INDIAN CANYON DR | 4414SW | 1 |
| VIA MONTE VISTA | 4410SE | 1 |
| SIMMS RD | 4402NW | 1 |
| SONORA RD | 4423SW | 1 |
| VIA ALTAMIRA | 4411SE | 1 |
| MISSION RD (5") | 4410SE | 1 |
| PRESCOTT DR | 4410SE | 1 |
| TOTAL LEAKS IN SYSTEM: | | 71 |

* 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 31, 2017
thru November 27, 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
11/17

SCALE
NTS

EXHIBIT
"A"

General Manager's Meetings and Activities

Meetings:

| | | |
|----------|---|------------|
| 11/08/17 | Sites Res. Water Facilities Work Group Mtg. | Conf. Call |
| 11/09/17 | SWC Contract Extension Caucus | Conf. Call |
| 11/11/17 | DWA I.S./Staff/Snow Creek Security Weekly Meeting | DWA |
| 11/13/17 | Indio Sub-basin GSA Meeting | CVWD |
| 11/14/17 | NWRA | Tucson |
| 11/15/17 | NWRA | Tucson |
| 11/16/17 | NWRA | Tucson |
| 11/17/17 | NWRA | Tucson |
| 11/20/17 | DWA I.S./Staff/Snow Creek Security Weekly Meeting | DWA |
| 11/20/17 | MWD/DWA/CVWD Exchange Agreement Coordination | Conf. Call |
| 11/27/17 | DWA I.S./Staff/Snow Creek Security Weekly Meeting | DWA |
| 11/28/17 | ACWA | Anaheim |
| 11/29/17 | ACWA | Anaheim |
| 11/30/17 | ACWA | Anaheim |
| 12/04/17 | DWA I.S./Staff/Snow Creek Security Weekly Meeting | DWA |
| 12/05/17 | DWA Bi-Monthly Board Meeting | DWA |

Activities:

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

Activities:
(Cont.)

- 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

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

OCTOBER 2017

| BALANCE | OCTOBER 1, 2017 | | INVESTED RESERVE FUNDS |
|-----------------------------------|------------------|----------------|---------------------------|
| | | (\$213,660.69) | \$18,415,189.01 |
| WATER SALES | | \$2,775,417.72 | |
| RECLAMATION SALES | | 103,104.91 | |
| WASTEWATER RECEIPTS | | 86,734.62 | |
| POWER SALES | | 2,885.41 | |
| METERS, SERVICES, ETC. | | 30,717.00 | |
| REIMBURSEMENT – GENERAL FUND | | 123,409.31 | |
| REIMBURSEMENT – WASTEWATER FUND | | 7,015.80 | |
| ACCOUNTS RECEIVABLE – OTHER | | 10,436.22 | |
| CUSTOMER DEPOSITS – SURETY | | 11,032.00 | |
| CUSTOMER DEPOSITS – CONST. | | 0.00 | |
| LEASE REVENUE | | 3,396.33 | |
| INTEREST RECEIVED ON INV. FDS. | | 41,841.08 | |
| FRONT FOOTAGE FEES | | 0.00 | |
| BOND SERVICE & RESERVE FUND INT | | 0.00 | |
| MISCELLANEOUS | | 71,685.73 | |
| | | | |
| TOTAL RECEIPTS | | \$3,267,676.13 | |
| PAYMENTS | | | |
| PAYROLL CHECKS | | \$326,066.54 | |
| PAYROLL TAXES | | 156,690.37 | |
| ELECTRONIC TRANSFERS | | 119,688.76 | |
| CHECKS UNDER \$10,000.00 | | 304,062.63 | |
| CHECKS OVER \$10,000.00 – SCH. #1 | | 3,000,329.37 | |
| CANCELLED CHECKS AND FEES | | 10,553.23 | |
| | | | |
| TOTAL PAYMENTS | | \$3,917,390.90 | |
| NET INCOME | | (\$649,714.77) | |
| BOND SERVICE ACCOUNT | | | |
| MONTHLY WATER SALES | | \$0.00 | |
| EXCESS RETURNED BY B/A | | \$0.00 | |
| | | | |
| BOND SERVICE FUND | | | \$0.00 |
| INVESTED RESERVE FUNDS | | | |
| FUNDS MATURED | | \$863,000.00 | |
| FUNDS INVESTED – SCH. #3 | | 97,841.08 | |
| | | | |
| NET TRANSFER | | \$765,158.92 | (\$765,158.92) |
| | | | |
| BALANCE | OCTOBER 31, 2017 | (\$98,216.54) | \$17,650,030.09 |

OPERATING ACCOUNT

SCHEDULE # 1-CHECKS OVER \$10,000

| CHECK # | NAME | DESCRIPTION | AMOUNT |
|----------|----------------------------------|---|----------------|
| 115794 | ACWA-JPIA | WORKERS COMPENSATION PREMIUM - JULY - SEPTEMBER 2017 | \$52,724.68 |
| 115811 | BADGER METER INC | WATER SERVICE SUPPLIES | \$36,984.11 |
| 115814 | BORDEN EXCAVATING INC | CONTRACT PAYMENT - 2016/17 REPLACEMENT PIPELINES - (W/O #16-160-08) | \$469,544.84 |
| 115815 | BRITHINEE ELECTRIC INC | SWITCH GEARS - WELL # 17 & 21 (W/O #17-121-W-17/122-W-21) | \$78,287.59 |
| 115822 | CONNEY SAFETY | SAFETY PRODUCTS | \$10,845.44 |
| 115875 | SOUTHERN CALIFORNIA EDISON CO | POWER | \$290,177.00 |
| 115877 | THATCHER COMPANY OF CALIFORNIA | WATER SERVICE SUPPLIES | \$10,273.38 |
| 115885 | Z&L PAVING, INC | PAVING | \$22,572.00 |
| 115888 | LENNAR COMMUNITIES | CONSTRUCTION DEPOSIT REFUND (P.S. CLASSIC) | \$193,878.60 |
| 115907 | ACWA-JPIA | LIABILITY INSURANCE PREMIUM FISCAL 2017-2018 | \$155,798.50 |
| 115908 | DESERT WATER AGENCY - GENERAL | 1ST QUARTER 2017/2018 GROUNDWATER REPLENISHMENT ASSESSMENT | \$1,077,443.80 |
| 115909 | DESERT WATER AGENCY - WASTEWATER | WASTEWATER REVENUE BILLING - SEPTEMBER 2017 | \$88,831.51 |
| 115911 | ACWA-JPIA | HEALTH, DENTAL & VISION INSURANCE PREMIUMS - NOVEMBER 2017 | \$170,007.73 |
| 115913 | EISENHOWER MEDICAL CENTER | CONSTRUCTION DEPOSIT REFUND - W/O #16-815-F-04 | \$11,652.52 |
| 115950 | BADGER METER INC | WATER SERVICE SUPPLIES | \$37,315.98 |
| 115952 | BEST BEST & KRIEGER LLP | LEGAL FEES | \$77,450.13 |
| 115974 | DOWN TO EARTH LANDSCAPING | LANDSCAPE MAINTENANCE | \$33,108.86 |
| 115999 | INDIO WATER AUTHORITY | MARKETING & ADVERTISING SERVICES FOR CV WATER COUNTS | \$18,800.00 |
| 116000 | INLAND WATER WORKS SUPPLY CO | WATER SERVICE SUPPLIES | \$11,461.77 |
| 116003 | KRIEGER & STEWART INC | ENGINEERING | \$60,909.83 |
| 116007 | 84 LUMBER CO | MATERIAL FOR FALLS CREEK/SNOW CREEK BRIDGES (W/O # 14-180-M) | \$22,591.81 |
| 116031 | THE SOCO GROUP | FUEL PURCHASES | \$14,004.07 |
| 116034 | THATCHER COMPANY OF CALIFORNIA | WATER SERVICE SUPPLIES | \$16,311.05 |
| 116039 | UNITED RENTALS INC | RAMMERS & CONCRETE MIXER PURCHASE (W/O #17-152-M/153-M) | \$13,272.17 |
| 116046 | Z&L PAVING, INC | PAVING | \$26,082.00 |
| ** TOTAL | | | \$3,000,329.37 |

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

| PURCH DATE | NAME | DESCRIPTION | MATURITY DATE | COST | PAR VALUE | MARKET VALUE | YIELD TO MATURITY | CALLABLE STATUS |
|------------|------|-------------|---------------|------|-----------|--------------|-------------------|-----------------|
|------------|------|-------------|---------------|------|-----------|--------------|-------------------|-----------------|

Local Agency Investment Fund

| | | | | | | | | |
|----------|---------------------|------|------|------------------|------------------|------------------|--------|--|
| 06-30-83 | State of California | LAIF | Open | \$ 14,650,030.09 | \$ 14,650,030.09 | \$ 14,650,030.09 | 1.160% | |
|----------|---------------------|------|------|------------------|------------------|------------------|--------|--|

Certificates of Deposit

| | | | | | | |
|-------------------------------|----|--|----|--|----|--|
| Total Certificates of Deposit | \$ | | \$ | | \$ | |
|-------------------------------|----|--|----|--|----|--|

Commercial Paper

| | | | | | | |
|------------------------|----|--|----|--|----|--|
| Total Commerical Paper | \$ | | \$ | | \$ | |
|------------------------|----|--|----|--|----|--|

Government Agency

| | | | | | | | | |
|----------|------------|-------------------------------|----------|-----------------|-----------------|-----------------|--------|-----------|
| 09-20-16 | Union Bank | FNMA (Callable 12-20-17) | 09-20-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 991,310.00 | 1.300% | Quarterly |
| 10-28-16 | Union Bank | FHLMC STEP (Callable 1-28-18) | 10-28-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 1,000,160.00 | 2.000% | Quarterly |
| 02-28-17 | Union Bank | FHLMC (Callable 11-25-17) | 02-25-19 | \$ 500,000.00 | \$ 500,000.00 | \$ 498,225.00 | 1.400% | Quarterly |
| 09-29-17 | Union Bank | FHLMC (Callable 12-29-17) | 09-29-20 | \$ 500,000.00 | \$ 500,000.00 | \$ 497,900.00 | 1.700% | Quarterly |

| | | | | | | |
|-------------------------|----|--------------|----|--------------|----|--------------|
| Total Government Agency | \$ | 3,000,000.00 | \$ | 3,000,000.00 | \$ | 2,987,595.00 |
|-------------------------|----|--------------|----|--------------|----|--------------|

Weighted Mean YTM 1.238%

| | | | | | | |
|---------------------------|----|----------------|----|---------------|----|---------------|
| TOTAL INVESTED @ 10/31/17 | \$ | 17,650,030.09 | \$ | 17,650,030.09 | \$ | 17,637,625.09 |
| BALANCE @ 06/30/17 | \$ | 16,124,074.41 | | | | |
| INCREASE (DECREASE) | | \$1,525,955.68 | | | | |

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

OCTOBER 2017

INVESTED
RESERVE FUNDS
\$114,867,975.43

BALANCE OCTOBER 1, 2017 (\$1,054,865.56)

| | | |
|---|---------------------------------|--------------|
| * | TAXES - RIVERSIDE COUNTY | 0.00 |
| * | INTEREST EARNED - INV. FUNDS | 191,123.80 |
| | GROUNDWATER REPLEN. ASSESSMENT | 1,372,048.17 |
| | REIMBURSEMENT - OPERATING FUND | 0.00 |
| | REIMBURSEMENT - CVWD MGMT | 0.00 |
| | STATE WATER PROJECT REFUNDS | 375,420.00 |
| | REIMB - CVWD - WHITEWATER HYDRO | 0.00 |
| | POWER SALES - WHITEWATER | 67,650.55 |
| | MISCELLANEOUS | 121.94 |

TOTAL RECEIPTS \$2,006,364.46

PAYMENTS

| | | |
|-----------------------------------|--|------------|
| CHECKS UNDER \$10,000.00 | | 14,549.81 |
| CHECKS OVER \$10,000.00 - SCH. #1 | | 876,243.39 |
| CANCELLED CHECKS AND FEES | | 345,225.00 |

TOTAL PAYMENTS \$1,236,018.20

NET INCOME \$770,346.26

INVESTED RESERVE FUNDS

| | | |
|--------------------------|--|--------------|
| FUNDS MATURED | | 1,360,000.00 |
| FUNDS INVESTED – SCH. #2 | | 1,349,922.27 |

NET TRANSFER \$10,077.73 (\$10,077.73)

BALANCE OCTOBER 31, 2017 (\$274,441.57) \$114,857,897.70

* INCLUSIVE TO DATE

| | TAXES | INTEREST |
|---------------------------|-----------------|----------------|
| RECEIPTS IN FISCAL YEAR | \$1,497,514.78 | \$523,227.63 |
| RECEIPTS IN CALENDAR YEAR | \$20,670,871.42 | \$1,085,944.32 |

DESERT WATER AGENCY

GENERAL ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

| CHECK # | NAME | DESCRIPTION | AMOUNT |
|----------|---------------------------------------|---|--------------|
| 8959 | STATE OF CA. DEPT. OF WATER RESOURCES | STATE WATER PROJECT ENTITLEMENT - JULY 2017 | \$72,764.00 |
| 8962 | DESERT WATER AGENCY-OPERATING | P/R & EXP REIMBURSEMENT FOR SEPTEMBER 2017 | \$123,409.31 |
| 8964 | COACHELLA VALLEY WATER DISTRICT | WHITEWATER HYDRO REVENUE - AUGUST 2017 | \$25,798.08 |
| 8965 | STATE OF CA. DEPT. OF WATER RESOURCES | STATE WATER PROJECT - OCTOBER 2017 | \$654,272.00 |
| ** TOTAL | | | \$876,243.39 |

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

| PURCHASE DATE | NAME | DESCRIPTION | MATURITY DATE | COST | PAR VALUE | MARKET VALUE | YIELD TO MATURITY | CALLABLE STATUS |
|---------------|------|-------------|---------------|------|-----------|--------------|-------------------|-----------------|
|---------------|------|-------------|---------------|------|-----------|--------------|-------------------|-----------------|

Local Agency Investment Fund

| | | | | | | | | |
|----------|---------------------|------|------|------------------|------------------|------------------|--------|---|
| 06-30-83 | State of California | LAIF | Open | \$ 38,344,577.70 | \$ 38,344,577.70 | \$ 38,344,577.70 | 1.160% | - |
|----------|---------------------|------|------|------------------|------------------|------------------|--------|---|

Certificates of Deposit

| | | | | | | | | |
|----------|--------------------|----------------------------------|----------|-----------------|-----------------|-----------------|--------|--------|
| 01-25-13 | Union Bank | General Electric Capital Bank CD | 01-25-18 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 999,890.00 | 1.100% | Bullet |
| 10-07-15 | Ladenburg Thalmann | Goldman Sachs CD | 04-07-18 | \$ 245,000.00 | \$ 245,000.00 | \$ 245,105.35 | 1.350% | Bullet |
| 11-04-15 | Ladenburg Thalmann | Capital One NA CD | 11-06-17 | \$ 245,000.00 | \$ 245,000.00 | \$ 245,007.35 | 1.100% | Bullet |
| 11-04-15 | Ladenburg Thalmann | Discover CD | 11-06-17 | \$ 245,000.00 | \$ 245,000.00 | \$ 245,004.90 | 1.150% | Bullet |
| 04-20-17 | RBC Wealth Mgmt | Whitney Bank CD | 04-22-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 1,000,610.00 | 1.650% | Bullet |
| 06-14-17 | RBC Wealth Mgmt | Capital One N/A CD | 06-15-20 | \$ 250,000.00 | \$ 250,000.00 | \$ 250,200.00 | 1.900% | Bullet |
| 06-14-17 | RBC Wealth Mgmt | Capital One Bank USA CD | 06-15-20 | \$ 250,000.00 | \$ 250,000.00 | \$ 250,200.00 | 1.900% | Bullet |
| 06-19-17 | RBC Wealth Mgmt | First Priority Bank CD | 06-19-20 | \$ 250,000.00 | \$ 250,000.00 | \$ 249,222.50 | 1.750% | Bullet |
| 06-22-17 | Sun Community FCU | Credit Union CD | 06-22-18 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 1,005,436.12 | 1.500% | Bullet |

| | | | |
|-------------------------------|-----------------|-----------------|-----------------|
| Total Certificates of Deposit | \$ 4,485,000.00 | \$ 4,485,000.00 | \$ 4,490,676.22 |
|-------------------------------|-----------------|-----------------|-----------------|

Commercial Paper

| | | | | | | | | |
|----------|--------------------|----------------------------------|----------|-----------------|-----------------|-----------------|--------|--------|
| 12-16-13 | Stifel | General Electric | 05-15-18 | \$ 587,600.00 | \$ 500,000.00 | \$ 508,625.00 | 6.300% | Bullet |
| 04-27-15 | Ladenburg Thalmann | Apple Inc. | 05-03-18 | \$ 997,920.00 | \$ 1,000,000.00 | \$ 997,800.00 | 1.000% | Bullet |
| 02-01-16 | Union Bank | US Bank Note (Callable 12-29-17) | 01-29-18 | \$ 1,000,950.00 | \$ 1,000,000.00 | \$ 1,000,010.00 | 1.450% | 1 Time |

| | | | |
|------------------------|-----------------|-----------------|-----------------|
| Total Commercial Paper | \$ 2,586,470.00 | \$ 2,500,000.00 | \$ 2,506,435.00 |
|------------------------|-----------------|-----------------|-----------------|

Government Agency

| | | | | | | | | |
|----------|--------------------|--------------------------------|----------|-----------------|-----------------|---------------|--------|------------|
| 12-28-12 | Stifel (D.A.D) | FHLB (Callable Continuous) | 12-28-17 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 999,430.00 | 0.840% | Continuous |
| 03-27-13 | Ladenburg Thalmann | FNMA (Callable 12-27-17) | 03-27-18 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 999,390.00 | 1.050% | Qtrly |
| 06-13-13 | Ladenburg Thalmann | FHLB (Callable 12-13-17) | 06-13-18 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 998,640.00 | 1.100% | Qtrly |
| 10-02-15 | Stifel | FHLB (Callable Continuous) | 10-02-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,490.00 | 1.450% | Continuous |
| 10-29-15 | Stifel | FHLB (Callable Continuous) | 10-29-18 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 995,780.00 | 1.120% | Continuous |
| 11-23-15 | Ladenburg Thalmann | FHLMC (Callable 11-23-17) | 05-23-18 | \$ 996,000.00 | \$ 1,000,000.00 | \$ 997,560.00 | 1.000% | Qtrly |
| 11-25-15 | Stifel | FNMA (Callable 11-25-17) | 11-25-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,340.00 | 1.500% | Qtrly |
| 02-26-16 | Ladenburg Thalmann | FNMA (Callable 11-26-17) | 02-26-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,900.00 | 1.250% | Qtrly |
| 03-23-16 | Ladenburg Thalmann | FNMA (Callable 12-23-17) | 03-23-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 991,630.00 | 1.500% | Qtrly |
| 03-30-16 | Stifel | FNMA STEP (Callable 12-30-17) | 03-30-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,680.00 | 1.500% | Qtrly |
| 03-30-16 | Stifel | FHLMC STEP (Callable 12-30-17) | 03-30-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 993,530.00 | 1.250% | Qtrly |
| 04-26-16 | Ladenburg Thalmann | FHLB (Callable Continuous) | 10-26-20 | \$ 999,500.00 | \$ 1,000,000.00 | \$ 985,500.00 | 1.550% | Continuous |
| 05-23-16 | Stifel | FNMA (Callable 11-23-17) | 08-23-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 987,970.00 | 1.250% | Qtrly |
| 05-26-16 | Union Bank | FNMA | 11-26-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 990,340.00 | 1.300% | 1 Time |
| 05-31-16 | Ladenburg Thalmann | FHLMC (Callable 11-29-17) | 08-29-18 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 996,290.00 | 1.020% | Qtrly |
| 06-01-16 | Stifel | FFCB (Callable Continuous) | 03-01-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 992,280.00 | 1.250% | Continuous |
| 06-13-16 | Ladenburg Thalmann | FNMA (Callable 12-13-17) | 06-13-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,410.00 | 1.400% | Qtrly |
| 06-16-16 | Stifel | FFCB (Callable Continuous) | 03-16-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 989,870.00 | 1.400% | Continuous |
| 06-21-16 | Stifel | FHLMC STEP (Callable 12-21-17) | 06-21-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 982,340.00 | 1.400% | Qtrly |
| 06-28-16 | Ladenburg Thalmann | FNMA (Callable 12-28-17) | 06-28-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 991,750.00 | 1.200% | Qtrly |
| 06-30-16 | Stifel | FHLMC STEP (Callable 12-30-17) | 12-30-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,980.00 | 1.000% | Qtrly |
| 07-07-16 | Ladenburg Thalmann | FFCB (Callable Continuous) | 01-07-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 992,180.00 | 1.000% | Continuous |
| 07-11-16 | Ladenburg Thalmann | FHLB (Callable Continuous) | 10-11-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 986,600.00 | 1.125% | Continuous |
| 07-11-16 | Ladenburg Thalmann | FHLB (Callable Continuous) | 07-11-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 991,400.00 | 1.125% | Continuous |

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

| PURCHASE DATE | NAME | DESCRIPTION | MATURITY DATE | COST | PAR VALUE | MARKET VALUE | YIELD TO MATURITY | CALLABLE STATUS |
|---------------|------|-------------|---------------|------|-----------|--------------|-------------------|-----------------|
|---------------|------|-------------|---------------|------|-----------|--------------|-------------------|-----------------|

Government Agency

| | | | | | | | | |
|----------|--------------------|--------------------------------|----------|-----------------|-----------------|-----------------|--------|------------|
| 07-13-16 | Union Bank | FFCB (Callable Continuous) | 01-13-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 988,020.00 | 1.240% | Continuous |
| 07-26-16 | Ladenburg Thalmann | FNMA (Callable 1-26-18) | 07-26-19 | \$ 999,500.00 | \$ 1,000,000.00 | \$ 990,330.00 | 1.125% | Qtrly |
| 07-27-16 | Stifel | FNMA STEP (Callable 1-27-18) | 07-27-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 976,810.00 | 1.250% | Qtrly |
| 08-10-16 | Ladenburg Thalmann | FHLMC (Callable 11-10-17) | 08-10-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 988,600.00 | 1.450% | Qtrly |
| 08-24-16 | Ladenburg Thalmann | FHLMC STEP (Callable 11-24-17) | 08-24-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 997,530.00 | 1.250% | Qtrly |
| 08-24-16 | RBC Wealth Mgmt | FHLMC STEP (Callable 11-24-17) | 08-24-18 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 999,380.00 | 1.000% | Qtrly |
| 08-30-16 | Stifel | FHLMC STEP (Callable 11-30-17) | 08-27-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 996,870.00 | 1.500% | Qtrly |
| 08-30-16 | Ladenburg Thalmann | FNMA (Callable 11-27-17) | 11-27-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 984,840.00 | 1.250% | Qtrly |
| 09-06-16 | Ladenburg Thalmann | FFCB (Callable Continuous) | 03-06-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 992,040.00 | 1.150% | Continuous |
| 09-20-16 | Union Bank | FNMA (Callable 12-20-17) | 09-20-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 991,310.00 | 1.300% | Qtrly |
| 09-27-16 | Ladenburg Thalmann | FHLMC STEP (Callable 12-27-17) | 09-27-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 996,230.00 | 1.250% | Qtrly |
| 09-29-16 | Ladenburg Thalmann | FHLMC STEP (Callable 12-29-17) | 09-29-21 | \$ 950,000.00 | \$ 950,000.00 | \$ 938,552.50 | 1.375% | Qtrly |
| 09-30-16 | Ladenburg Thalmann | FNMA (Callable 12-30-17) | 09-30-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 988,720.00 | 1.250% | Qtrly |
| 10-06-16 | Ladenburg Thalmann | FHLMC (Callable 1-6-18) | 07-06-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 986,990.00 | 1.375% | Qtrly |
| 10-11-16 | Ladenburg Thalmann | FHLMC (Callable 1-11-18) | 10-11-18 | \$ 999,750.00 | \$ 1,000,000.00 | \$ 994,540.00 | 1.000% | Qtrly |
| 10-17-16 | Stifel | FNMA | 04-17-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 984,570.00 | 1.250% | 1 Time |
| 10-28-16 | Stifel | FHLMC STEP (Callable 1-28-18) | 10-28-21 | \$ 1,500,000.00 | \$ 1,500,000.00 | \$ 1,488,195.00 | 1.250% | Qtrly |
| 10-28-16 | Union Bank | FHLMC STEP (Callable 1-28-18) | 10-28-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 1,000,160.00 | 2.000% | Qtrly |
| 11-03-16 | Ladenburg Thalmann | FFCB (Callable Continuous) | 05-03-21 | \$ 999,250.00 | \$ 1,000,000.00 | \$ 983,660.00 | 1.490% | Continuous |
| 11-15-16 | Stifel | FHLMC STEP (Callable 11-15-17) | 11-15-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 992,670.00 | 1.000% | Qtrly |
| 12-14-16 | Ladenburg Thalmann | FHLMC (Callable 12-14-17) | 12-14-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,530.00 | 1.750% | Qtrly |
| 12-29-16 | Ladenburg Thalmann | FNMA (Callable 12-29-17) | 06-29-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 996,280.00 | 1.750% | Qtrly |
| 12-30-16 | Ladenburg Thalmann | FHLMC (Callable 12-30-17) | 12-30-19 | \$ 998,000.00 | \$ 1,000,000.00 | \$ 994,300.00 | 1.500% | Qtrly |
| 01-27-17 | Ladenburg Thalmann | FNMA (Callable 1-27-18) | 01-27-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 997,330.00 | 1.650% | Qtrly |
| 01-30-17 | Union Bank | FHLB (Callable 1-30-18) | 04-30-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 997,360.00 | 1.750% | Qtrly |
| 02-28-17 | Union Bank | FHLMC (Callable 11-25-17) | 02-25-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 996,450.00 | 1.400% | Qtrly |
| 03-29-17 | Stifel | FHLMC STEP (Callable 3-29-18) | 03-29-22 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 999,640.00 | 1.300% | Annual |
| 04-20-17 | Stifel | FHLMC STEP (Callable 1-20-18) | 04-20-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 998,820.00 | 1.250% | Qtrly |
| 04-27-17 | Ladenburg Thalmann | FHLMC (Callable 1-27-18) | 01-27-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 1,000,900.00 | 2.000% | Qtrly |
| 06-08-17 | Stifel | FHLMC STEP (Callable 12-8-17) | 06-08-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 998,240.00 | 1.250% | Qtrly |
| 06-22-17 | Ladenburg Thalmann | FHLMC STEP (Callable 12-22-17) | 06-22-22 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 996,990.00 | 1.625% | Qtrly |
| 06-27-17 | Union Bank | FHLB (Callable 12-27-17) | 09-27-19 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 995,710.00 | 1.500% | Qtrly |
| 06-29-17 | Ladenburg Thalmann | FHLMC (Callable 12-29-17) | 09-29-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,250.00 | 1.750% | Qtrly |
| 07-11-17 | Ladenburg Thalmann | FHLMC (Callable 1-11-18) | 01-11-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 992,820.00 | 1.800% | Qtrly |
| 07-26-17 | Stifel | FHLMC STEP (Callable 1-26-18) | 07-26-22 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 998,600.00 | 1.750% | Qtrly |
| 07-27-17 | Stifel | FHLMC STEP (Callable 1-27-18) | 07-27-22 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 997,840.00 | 1.500% | Qtrly |
| 08-07-17 | Ladenburg Thalmann | FFCB (Callable Continuous) | 11-23-20 | \$ 999,850.00 | \$ 1,000,000.00 | \$ 987,030.00 | 1.770% | Continuous |
| 08-09-17 | Stifel | FHLB STEP (Callable 2-9-18) | 02-09-22 | \$ 2,000,000.00 | \$ 2,000,000.00 | \$ 1,992,780.00 | 1.750% | Qtrly |
| 08-10-17 | Ladenburg Thalmann | FHLB STEP (Callable 11-10-17) | 08-10-22 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 997,710.00 | 1.500% | Qtrly |
| 09-08-17 | Stifel | FHLB STEP (Callable 12-8-17) | 09-08-22 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,610.00 | 1.750% | Qtrly |
| 09-28-17 | Ladenburg Thalmann | FHLMC STEP (Callable 12-28-17) | 09-28-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 995,280.00 | 1.375% | Qtrly |
| 09-29-17 | Union Bank | FHLMC (Callable 12-29-17) | 09-29-20 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 995,800.00 | 1.700% | Qtrly |
| 09-29-17 | Stifel | FHLMC STEP (Callable 3-29-18) | 09-29-22 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 994,500.00 | 1.650% | Qtrly |
| 10-26-17 | Ladenburg Thalmann | FNMA (Callable 4-26-18) | 07-26-21 | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 996,980.00 | 2.000% | Qtrly |

Total Government Agency \$ 69,441,850.00 \$ 69,450,000.00 \$ 69,005,047.50

Weighted Mean YTM 1.330%

TOTAL INVESTED @ 10/31/17 \$ 114,857,887.70 \$ 114,779,577.70 \$ 114,346,736.42

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

INCREASE OR (DECREASE) \$ (2,635,135.00)

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
WASTEWATER ACCOUNT

OCTOBER 2017

INVESTED
RESERVE FUNDS
\$1,160,792.04

| | | | |
|-----------------------------------|------------------|--------------------|----------------|
| BALANCE | OCTOBER 1, 2017 | \$12,804.18 | |
| | | | |
| ACCOUNTS RECEIVABLE - OTHER | | \$0.00 | |
| CUSTOMER DEPOSITS - CONSTRUCTION | | 0.00 | |
| INTEREST EARNED - INVESTED FUNDS | | 3,116.86 | |
| WASTEWATER REVENUE | | 88,831.41 | |
| SEWER CAPACITY CHARGES | | 2,838.58 | |
| MISCELLANEOUS | | 0.00 | |
| | | <hr/> | |
| TOTAL RECEIPTS | | \$94,786.85 | |
| PAYMENTS | | | |
| CHECKS UNDER \$10,000.00 | | \$16,098.04 | |
| CHECKS OVER \$10,000.00 - SCH. #1 | | 73,133.33 | |
| CANCELLED CHECKS AND FEES | | 0.00 | |
| | | <hr/> | |
| TOTAL PAYMENTS | | <u>\$89,231.37</u> | |
| NET INCOME | | \$5,555.48 | |
| INVESTED RESERVE FUNDS | | | |
| FUNDS MATURED | | \$0.00 | |
| FUNDS INVESTED – SCH. #2 | | 35,098.89 | |
| | | <hr/> | |
| NET TRANSFER | | (\$35,098.89) | \$35,098.89 |
| | | <hr/> | |
| BALANCE | OCTOBER 31, 2017 | (\$16,739.23) | \$1,195,890.93 |

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

| CHECK # | NAME | DESCRIPTION | AMOUNT |
|----------|---------------------------------|---|-------------|
| 2517 | COACHELLA VALLEY WATER DISTRICT | WASTEWATER REVENUE BILLING FOR SEPTEMBER 2017 | \$53,371.81 |
| 2519 | COACHELLA VALLEY WATER DISTRICT | SEWER CAPACITY CHARGES | \$19,761.52 |
| ** TOTAL | | | \$73,133.33 |

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

| PURCH DATE | NAME | DESCRIPTION | MATURITY DATE | COST | PAR VALUE | MARKET VALUE | YIELD TO MATURITY |
|------------|------|-------------|---------------|------|-----------|--------------|-------------------|
|------------|------|-------------|---------------|------|-----------|--------------|-------------------|

| |
|------------------------------|
| Local Agency Investment Fund |
|------------------------------|

| | | | | | | | |
|----------|---------------------|------|------|-----------------|-----------------|-----------------|--------|
| 06-30-83 | State of California | LAIF | Open | \$ 1,195,890.93 | \$ 1,195,890.93 | \$ 1,195,890.93 | 1.160% |
|----------|---------------------|------|------|-----------------|-----------------|-----------------|--------|

| | | | |
|---------------------------|-----------------|-----------------|-----------------|
| TOTAL INVESTED @ 10/31/17 | \$ 1,195,890.93 | \$ 1,195,890.93 | \$ 1,195,890.93 |
| BALANCE @ 06/30/17 | \$ 1,142,620.01 | | |
| INCREASE OR (DECREASE) | \$ 53,270.92 | | |

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

| MONTH 17-18 OCTOBER | THIS YEAR | THIS MONTH LAST YEAR | BUDGET | THIS YEAR | FISCAL YEAR TO DATE LAST YEAR | BUDGET | ---VARIANCE--- YTD | PCT |
|----------------------------|--------------|-------------------------|--------------|---------------|----------------------------------|---------------|-----------------------|-----|
| OPERATING REVENUES | | | | | | | | |
| WATER SALES | 2,299,078.36 | 1,941,370.16 | 2,109,800.00 | 11,168,803.90 | 9,362,777.32 | 10,862,575.00 | 306,228.90 | 3 |
| RECLAMATION SALES | 100,221.93 | 118,939.40 | 101,000.00 | 571,469.08 | 612,770.95 | 547,900.00 | 23,569.08 | 4 |
| POWER SALES | 2,885.41 | 1,505.52 | 2,000.00 | 15,953.26 | 12,793.28 | 8,000.00 | 7,953.26 | 99 |
| OTHER OPER REVENUE | 107,953.03 | 46,857.65 | 130,700.00 | 694,662.03 | 465,411.37 | 522,800.00 | 171,862.03 | 33 |
| TOTAL OPER REVENUES | 2,510,138.73 | 2,108,672.73 | 2,343,500.00 | 12,450,888.27 | 10,453,752.92 | 11,941,275.00 | 509,613.27 | 4 |
| OPERATING EXPENSES | | | | | | | | |
| SOURCE OF SUPPLY EXP | 15,069.25 | 14,696.57 | 36,825.00 | 1,326,166.94 | 1,066,971.54 | 1,268,425.00 | 57,741.94 | 5 |
| PUMPING EXPENSE | 343,237.29 | 286,671.04 | 292,275.00 | 1,087,662.63 | 1,032,692.96 | 1,148,900.00 | 61,237.37 | 5- |
| REGULATORY WATER TREAT | 44,318.74 | 38,382.94 | 42,500.00 | 170,508.27 | 161,154.53 | 170,000.00 | 508.27 | 0 |
| TRANS & DIST EXPENSE | 201,233.31 | 185,756.46 | 437,800.00 | 780,794.43 | 780,980.02 | 1,751,200.00 | 970,405.57 | 55- |
| CUSTOMER ACT EXPENSE | 71,545.81 | 71,460.97 | 80,025.00 | 271,266.00 | 272,824.57 | 320,100.00 | 48,834.00 | 15- |
| ADMIN & GEN EXPENSE | 587,192.86 | 551,410.63 | 615,350.00 | 3,251,612.49 | 3,368,497.13 | 3,407,800.00 | 156,187.51 | 5- |
| REGULATORY EXPENSE | 7,709.39 | 6,200.68 | 25,275.00 | 52,418.54 | 35,269.35 | 100,650.00 | 48,231.46 | 48- |
| SNOW CREEK HYDRO EXP | 2,145.42 | 5,109.64 | 3,350.00 | 6,552.74 | 19,636.27 | 13,400.00 | 6,847.26 | 51- |
| RECLAMATION PLNT EXP | 87,969.57 | 60,989.60 | 208,250.00 | 290,435.65 | 219,728.78 | 831,775.00 | 541,339.35 | 65- |
| SUB-TOTAL | 1,360,421.64 | 1,220,678.53 | 1,741,650.00 | 7,237,417.69 | 6,957,755.15 | 9,012,250.00 | 1,774,832.31 | 20- |
| OTHER OPER EXPENSES | | | | | | | | |
| DEPRECIATION | 470,098.74 | 460,365.50 | 471,200.00 | 1,872,412.65 | 1,845,729.15 | 1,884,800.00 | 12,387.35 | 1- |
| SERVICES RENDERED | 11,616.22 | 8,041.90 | 11,250.00 | 77,535.87 | 37,992.75 | 45,000.00 | 32,535.87 | 72 |
| DIR & INDIR CST FOR WO | 139,363.66 | 136,609.62 | 83,750.00 | 681,580.56 | 708,135.46 | 335,000.00 | 346,580.56 | 103 |
| TOTAL OPER EXPENSES | 1,702,772.94 | 1,552,476.31 | 2,140,350.00 | 8,505,785.65 | 8,133,341.59 | 10,607,050.00 | 2,101,264.35 | 20- |
| NET INCOME FROM OPERATIONS | 807,365.79 | 556,196.42 | 203,150.00 | 3,945,102.62 | 2,320,411.33 | 1,334,225.00 | 2,610,877.62 | 196 |
| NON-OPERATING INCOME (NET) | | | | | | | | |
| RENTS | 3,396.33 | 35,208.43 | 3,395.00 | 45,425.32 | 45,313.72 | 45,410.00 | 15.32 | 0 |
| INTEREST REVENUES | 16,826.44 | 9,640.96 | 10,250.00 | 61,974.45 | 34,788.42 | 41,000.00 | 20,974.45 | 51 |
| OTHER REVENUES | 140.00 | 57,064.99 | .00 | 1,880.36 | 220.00 | .00 | 1,880.36 | 0 |
| GAINS ON RETIREMENT | 14,095.00 | 19.84 | 750.00 | 14,095.00 | 32.34 | 1,500.00 | 12,595.00 | 840 |
| DISCOUNTS | 151.71 | 138.58 | 300.00 | 164.22 | 160.61 | 1,200.00 | 1,035.78 | 86- |
| PR. YEAR EXPENSES | .00 | .00 | .00 | 161,622.97 | .00 | .00 | 161,622.97 | 0 |
| LOSS ON RETIREMENTS | 7,102.82 | .00 | 3,000.00 | 13,803.41 | 10,672.67 | 12,000.00 | 1,803.41 | 15 |
| TOTAL NON-OPER INCOME | 27,506.66 | 12,057.18 | 11,695.00 | 271,358.91 | 69,842.42 | 77,110.00 | 194,248.91 | 252 |
| TOTAL NET INCOME | 834,872.45 | 544,139.24 | 214,845.00 | 4,216,461.53 | 2,390,253.75 | 1,411,335.00 | 2,805,126.53 | 199 |

November 16, 2017

MEMORANDUM

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

FROM: BEST BEST & KRIEGER LLP

RE: NOVEMBER 16, 2017 MEETING OF THE BOARD OF DIRECTORS OF THE
STATE WATER CONTRACTORS, INC.

The regular monthly meeting of the Board of Directors of the State Water Contractors, Inc., was conducted at the Tsakopoulos Library Galleria in downtown Sacramento on November 16, 2017.

1. Board Action Items. Four years ago, attorney Stephanie Morris left Best Best & Krieger to become in-house general counsel to the State Water Contractors. After four years in that position, Stephanie decided to rejoin Best Best & Krieger. The State Water Contractors wish to have her continue as counsel for the SWC. Therefore, the SWC Board of Directors approved a contract between the SWC and Best Best & Krieger to retain Stephanie as general counsel. BB&K will also serve as special counsel to the SWC with respect to certain matters, including the ongoing proceedings before the State Water Resources Control Board for approval of a new point of diversion north of Sacramento for the Cal WaterFix Project. The SWC Board also authorized execution of a contract with Hallmark Group in the amount of \$16,500 to review and evaluate DWR's Delta Compliance Program Project Management Database.

2. SWP Water Operations. John Leahigh was present from DWR to provide an update on SWP water operations and the current water supply conditions. DWR met its November 1 target for lowering the elevation of the water in Lake Oroville to 700 feet elevation. The purpose is to provide additional flood control space in the lake to reduce the risk of large flows down the refurbished spillway in the upcoming water year. The spillway, although repaired to a certain extent, still does not have the full capabilities that the spillway will have when the repair work is completed. DWR has prepared a winter operations plan for this year which will provide adequate flood protection downstream of the lake.

After a slow start to the water year, with lower than normal precipitation in October, the SWP watershed was receiving healthy precipitation in November. John reported that the SWP watershed had received four inches of precipitation the night before the meeting, and that another inch was projected for the day of the meeting. This was enough rainfall to saturate the watershed and produce some runoff, resulting in an increase in the elevation of Oroville. The lake level had dropped to 680 feet elevation since the beginning of November, but the water level was slowly rising again due to the immediately recent storms.

Leahigh reported that Contractor demand for water had been high, and as a result 400,000 acre feet of water had been drafted from the San Luis Reservoir since September. DWR was continuing to experience high demands for water, with further drafting of the reservoir. Nonetheless, with the current rainfall and more rain expected the week following the Board meeting, Leahigh stated that DWR did hope to have all of the 800,000 acre feet of carry over water in San Luis by the end of December.

Leahigh took the opportunity to introduce Molly White, to fill Leahigh's position as Chief of the Water Operations Office, a position that had become vacant due to Leahigh's promotion to a higher position.

3. General Manager's Report. SWC General Manager Jennifer Pierre reported on several pending items. She stated that Chuck Gardner's contract with DWR to head up the Cal WaterFix Project would be expiring at the end of December, but that the Contractors would be urging DWR to continue its arrangement with him at least until the Cal WaterFix Construction Joint Powers Authority is formed.

Jennifer Pierre also reported having learned the previous evening that the California Department of Fish and Wildlife was planning to submit a proposal to the State Water Resources Control Board in the proceedings for approval of a new point of diversion which would take a lot more water from the system as a condition of the proposed permit. The Contractors had just learned of the proposal, leaving only four weeks to negotiate changes in the proposal before it would be submitted to the State Board for consideration. The Contractors have until December 15 to negotiate changes in the terms, if possible. The DFW proposal would take another 300,000 acre feet from the diverters in the Delta, although it was not certain how

much would be taken from the State Water Project compared to the Central Valley Project. The proposal would also require another one million acre feet of water to flow through the Delta to protect endangered species. The main difference between current requirements and the proposed requirements would be taking more water during below normal years. Jennifer Pierre stated that the proposal was not a surprise but disheartening nonetheless.

4. Report on Infrastructure Objectives. Eric Chapman of the SWC provided a status report on objectives identified for the year to address infrastructure items. A number of accomplishments were identified, beginning with work done to address subsidence issues. Last June, DWR released an aqueduct subsidence study, and since then DWR has already taken actions to address subsidence issues in Reaches 17 and 20, which are the worst reaches within the Project. The work includes raising sidewalls and embankments, bridges, and other improvements necessary to increase the elevation of the sides of the aqueduct.

At Lake Oroville, Eric noted that DWR had completed the interim repairs to the spillway on time, which was a big accomplishment. However, the interim repairs represent only 40% of the final work anticipated. Thus far, DWR has received a 75% response from FEMA on \$172 million of reimbursement submittals. The total anticipated expense to repair the spillway is \$560,900,000. This expense is in addition to consultant and mitigation expenses.

The Sisk Dam seismic study, at the San Luis Reservoir, identified work that needs to be performed at a current cost estimate of \$700 million. Discussions have been underway with the Bureau of Reclamation regarding the sharing of costs. The Bureau believes that the cost should be shared on a 55/45 basis, since the SWP uses 55% of the storage space in the San Luis Reservoir and the Central Valley Project uses only 45%. However, the State Contractors disagree, noting that the federal project built the dam in the first place, and paid for it. Therefore, the position of the State Contractors will be that the federal government is responsible for 85% of the cost of the repair, and that the remaining 15% of the cost will be split between the State Contractors and the Federal Contractors on a 55/45 basis. Funding for the repair will require congressional approval.

Eric reported that the repair of the Perris Dam is 97% complete, with a final cost expected to somewhere between \$85 million and \$87 million. This final cost includes

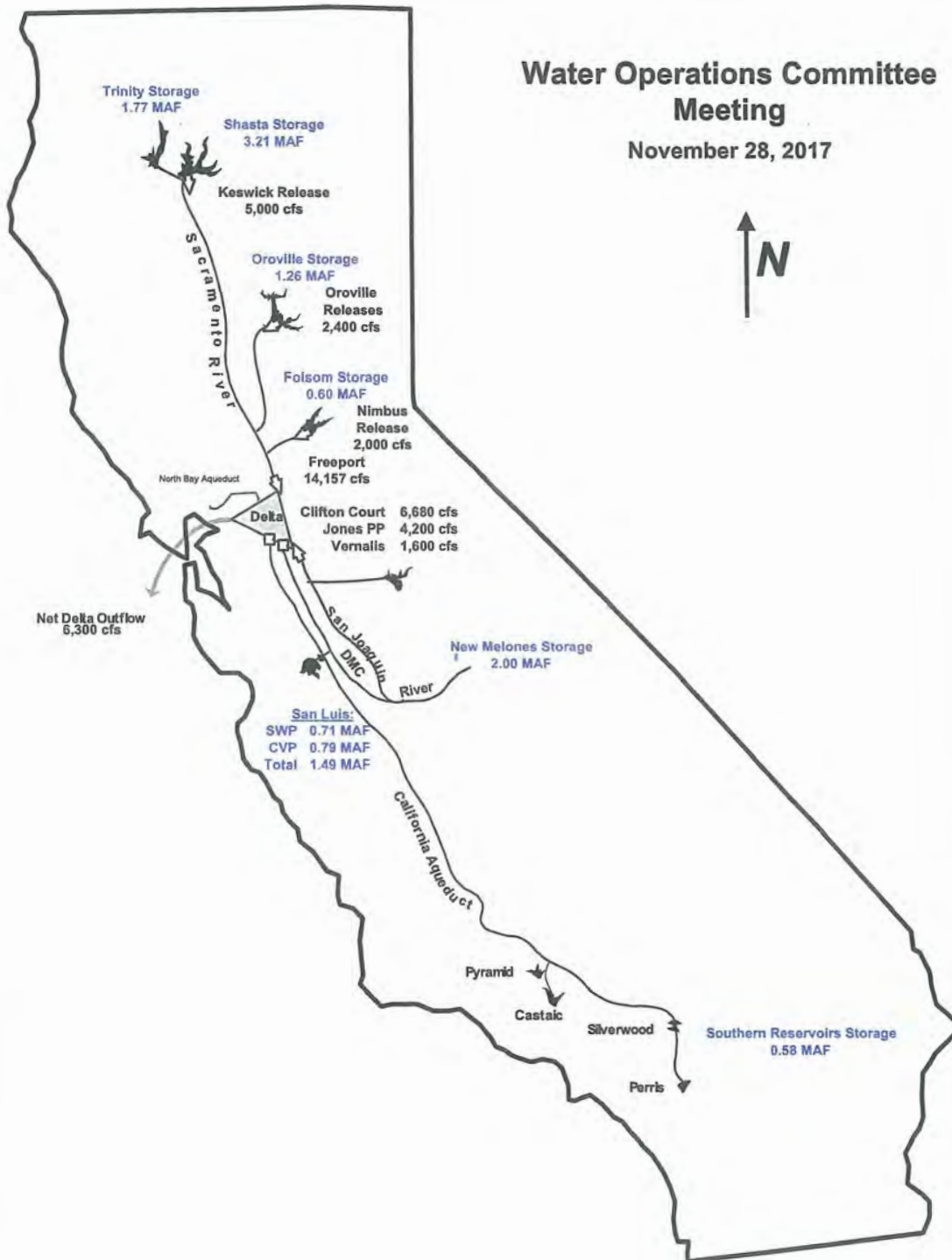
increased contract charges in the amount of \$2.9 million. The work has been extended a little past the original completion date. One bit of good news is that DWR was able to determine that the outlet tower in the lake was sufficiently stable, and that no enhancements would be needed. Enhancements would have cost another \$49 million, so that additional amount was avoided.

Restoration work at the Thermolito Powerplant, following the devastating fire event, is still underway. The total cost is \$235 million, although \$10 million in rebate had been received from the State in the form of cap and trade funds, leaving a balance of \$225 million to be funded by the Contractors. The Thermolito Powerplant is expected to be fully functional by January 1, 2019.

Michael T. Riddell

Water Operations Committee Meeting

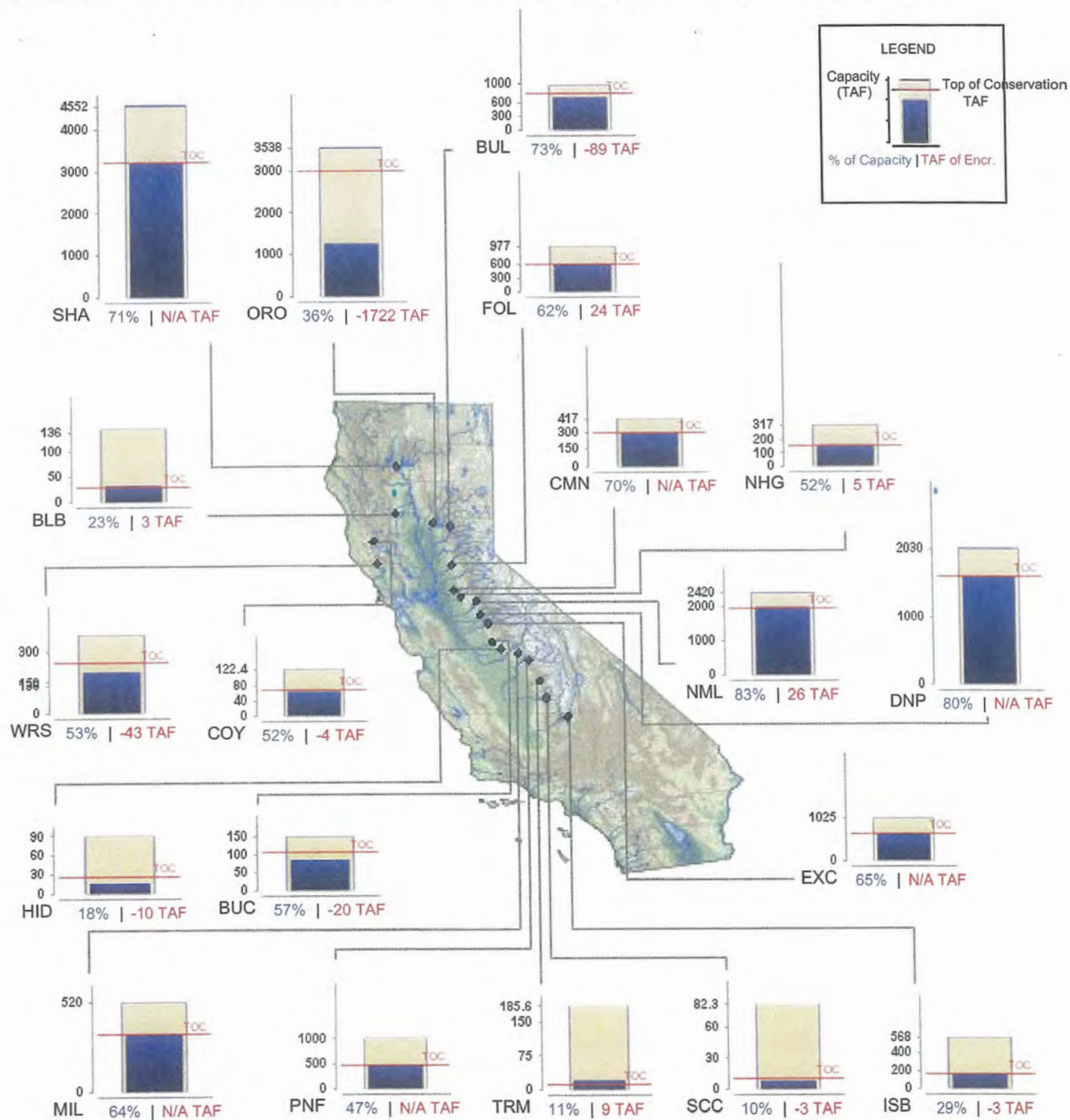
November 28, 2017





Reservoir Conditions

TOP OF CONSERVATION CONDITIONS CENTRAL VALLEY RUSSIAN RIVER FLOOD CONTROL RESERVOIRS Ending At Midnight: November 27, 2017

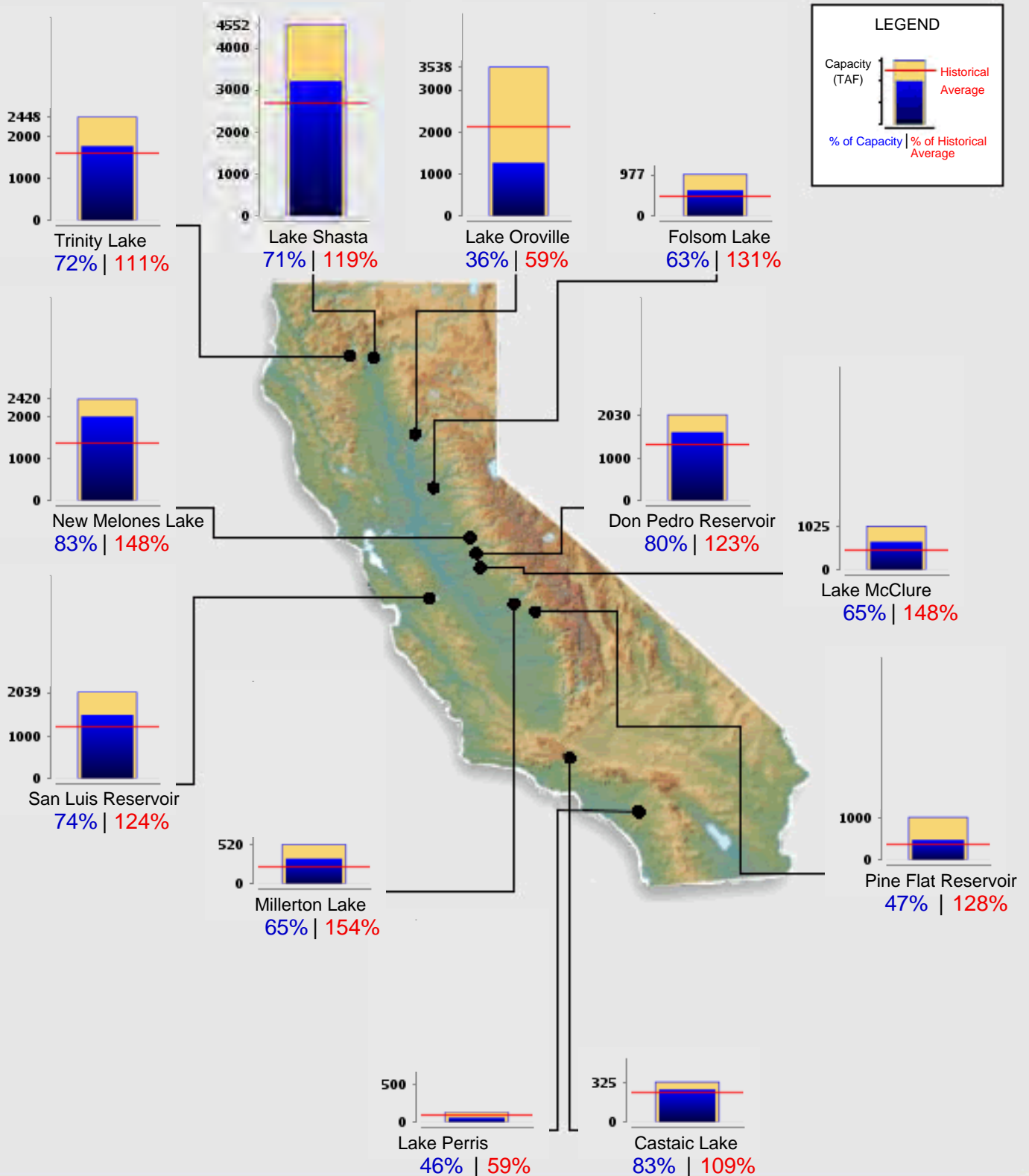




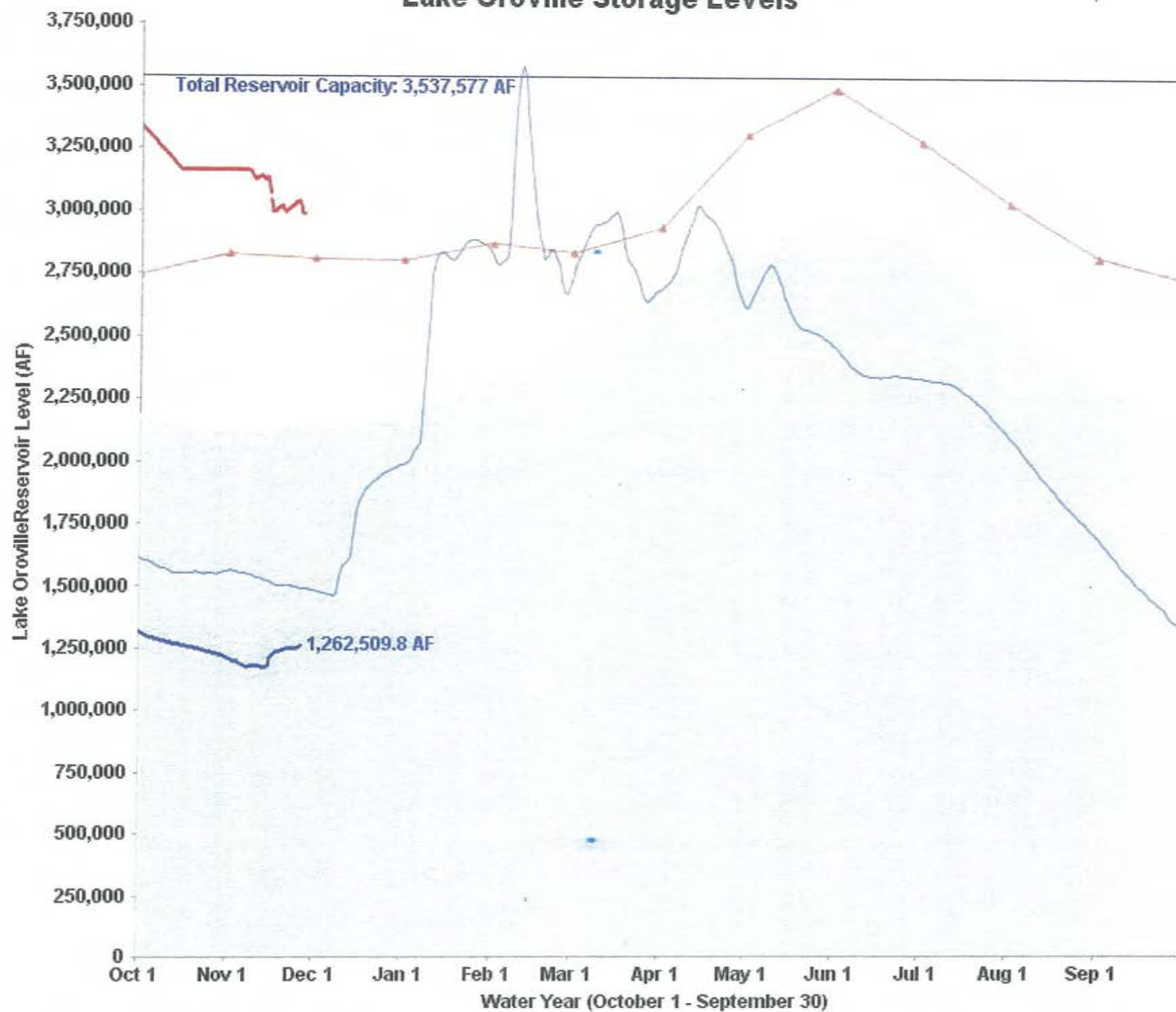
Reservoir Conditions

Ending At Midnight - November 29, 2017

CURRENT RESERVOIR CONDITIONS

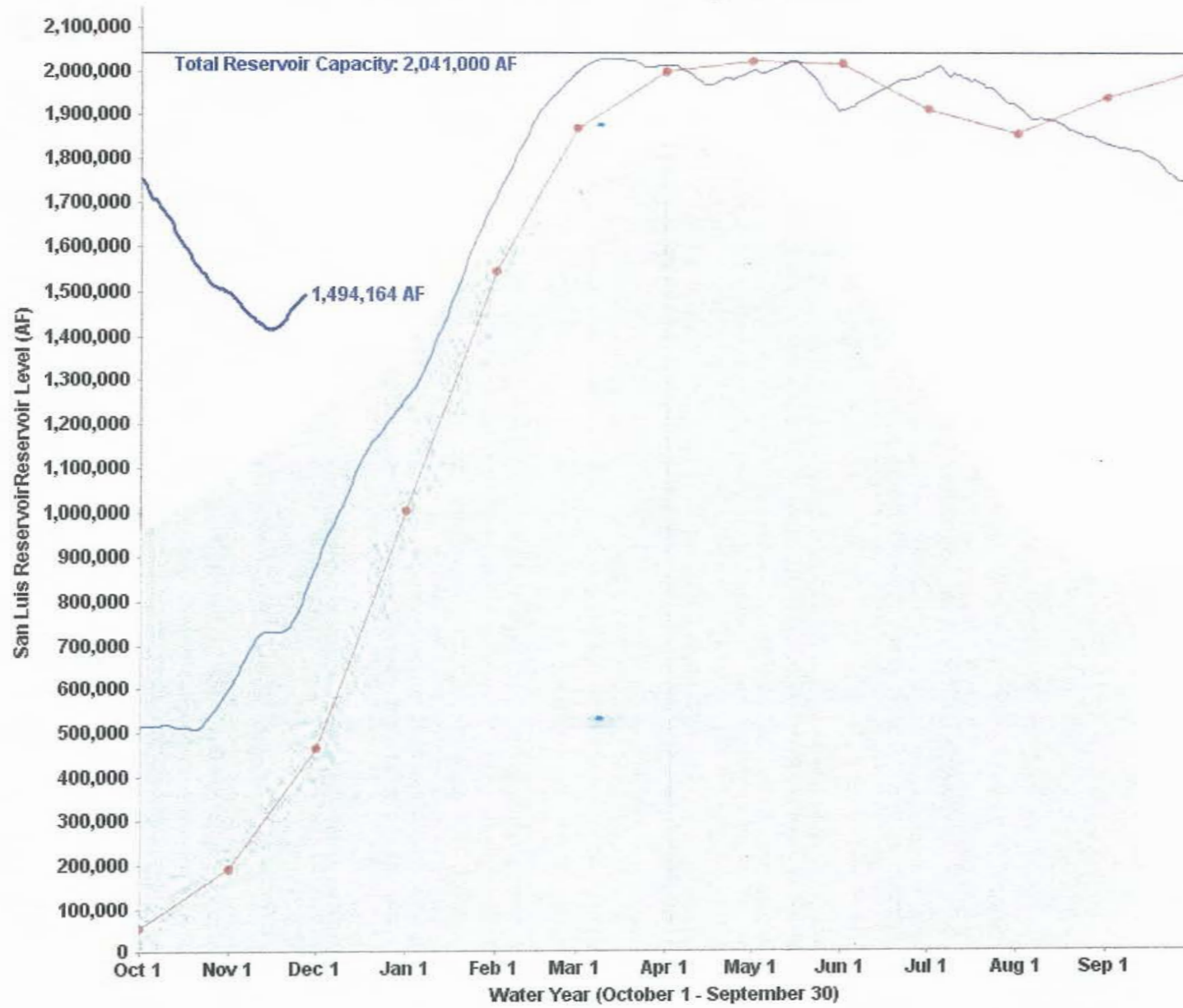


Lake Oroville Storage Levels



Historical Average — Total Reservoir Capacity — TOC — 1982-1983 (wet) — 2016-2017 — 2017-2018(current)

San Luis Reservoir Storage Levels





SWC FY 2017-18 INFRASTRUCTURE OBJECTIVES Update

**November 16, 2017
SWC Board Meeting**



SWC FY 2017-18 Infrastructure Objectives

November 16, 2017 Update

Priority 1

- [Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention](#)
- Hyatt Unit 1, 3, 5 New Runners/Bearing & TSV Refurbishment
- [Oroville Dam Spillway Remediation and Improvement](#)
- [Sisk Dam Seismic Stability & Dam Raise Study](#)

Priority 2

- Edmonston Pump Replacements
- SWP Seismic Vulnerability
- [Perris Dam – Remediation of Seismic Deficiency](#)
- SWP Asset Management
- [Thermalito Plant Post-fire Restoration](#)

Priority 3

- Control System Upgrade
- Fire System Modernization
- Motor/Generator/Valve Rehab/Replacements



Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention

- DWR's Phase I Aqueduct Subsidence Study Report – June '17
 - Distributed to member agencies via SWC's ftp site
 - Overview provided to SWC Board on September 20
 - DWR approved Project Charter on October 19th for \$6M in initial work in pools 17 & 20 (noted as "short term actions" in report), which involves:
 - raising existing liner
 - repairing damage wing walls at turnouts
 - installing flap gates to existing drain inlets
 - installing instrumentation to provide real-time water elevations
- Note: pools 17 & 20 are in "San Luis" canal (joint-use section)



Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention continued

- East Branch (EB) Delivery Shortages in 2017
 - EB Contractors not getting their full requested delivery quantities
 - Discussed at November OME Committee meeting, east branch delivery shortages due predominantly to:
 - SCE line outages/trips impacted Pearblossom PP
 - Large Table A allocation & MWD using their full share of capacity
 - Existing delivery limitations (only ~70% available) of the East Branch is mostly an outcome of 85% allocation and existing capacity
 - Potential actions to alleviate issue in 2017:
 - Limited for making up lost deliveries in 2017
 - Request lost outages be delivered in 2018 as "14b" water
 - Long-term action: Evaluate possible mitigation & enlargement projects



Oroville Dam Spillway Remediation and Improvement

- Planned repairs of main spillway completed on time
 - Demolition/removal/restoration of lower 2,270 feet chute
 - Scour backfilled/grade restored with 349,000 yd³ of RCC
 - 41,300 yd³ of leveling concrete and 28,300 yd³ of structural concrete placed
 - Significant work on main spillway is now on pause until 5/15/18
 - Capacity to pass 100,000 cfs during winter
- Planned repairs of emergency spillway continue on schedule
 - Secant wall is ~50% complete
 - Excavation for the RCC apron has commenced
 - Work will continue through winter to the November '18 completion

Now at
~40% of
total
repair

SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Oroville Dam Spillway Remediation and Improvement

continued

Oroville Dam Spillway Contracts (Macro Level)

| Major Element | Contractor | Cost (\$M) |
|---|---------------------|------------|
| Emergency Repairs/Actions | Syblon Reid | 82.6 |
| Dredging of Sediment/Debris (in both response & recovery) | Dutra (2 contracts) | 72.8 |
| Access Road(s) Construction | Teichert | 6.6 |
| Permanent Reroute of 230kV Powerline | Barnard | 28 |
| Emergency Recovery (work thru Nov 2018) | Kiewit | 275.4* |
| Expansion of Bid Items | | 45.7 |
| Cost of Change Work | | 57.8 |
| Current Estimated Emergency Response/Recovery Subtotal = | | 568.9 |
| State Operations & Consultants (not released)= | | TBD |
| Post Construction Environmental Mitigation (not released) = | | TBD |

* Based on 30% plans (to get a contractor selection & start work)

SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Oroville Dam Spillway Remediation and Improvement

continued

- Independent Forensic Team 2nd interim memorandum, dated September 5th (distributed to members via September 5th email)
 - Re. Flood Control (service) Spillway
 - Slab failure initiation likely uplift and removal of chute floor which lead to erosion of highly weathered rock foundation.
 - Initial uplift/removal of concrete slab caused by uplift pressure from water injected into opened joints, unsealed cracks over herringbone drains, or spalled concrete (or some combination of the above).



Oroville Dam Spillway Remediation and Improvement

continued

- Independent Forensic Team 2nd interim memorandum
 - Re. Flood Control (service) Spillway (continued)

Slab vulnerable to uplift due to:

 - reduced thickness (7" over drains)
 - no waterstops at joints
 - improper foundation (highly weathered rock)
 - shallow rock anchorage
 - defective drainage system
 - inadequate reinforcement (single layer of nominal rebar)
 - large concrete aggregate size (results in propensity for cracking/spalling at keys and over drains)



Oroville Dam Spillway Remediation and Improvement

continued

- Independent Forensic Team 2nd interim memorandum
Re. Emergency Spillway
 - Significant depth of erodible rock/soil in orientation that allowed rapid headcutting towards crest control.
 - Hillside topography that concentrated flow and increased erosion.
 - Insufficient energy dissipation
 - No erosion protection downstream of crest structure
- An additional forensic team memo, on human and organizational factors, is expected later in November.

SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Oroville Dam Spillway Remediation and Improvement

continued

Spillways, Oroville Emergency Recovery



SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Sisk Dam Seismic Stability & Dam Raise Study

- **Corrective Action Study (CAS)**
 - Four non-structural alternatives (must be listed, but not practical):
 - Alternative 1: Do Nothing
 - Alternative 2: Early Warning System
 - Alternative 3: Reservoir restriction (permanent)
 - Alternative 4: Cut breach in dam (permanent dewatering)
 - Three structural alternatives:
 - Alternative 5: 12-foot crest raise with berms and face filters
 - Alternative 6: 18-foot crest raise with berms and face filters
 - Alternative 7: 25-foot crest raise with berms and face filters
- **The concurrent dam raise concept has been dropped**



Sisk Dam Seismic Stability & Dam Raise Study

continued

- **Corrective Action Study (CAS)**
 - A 5-day Value Planning study was held in August 2016: Purpose was to investigate additional “out of the box” alternatives to reduce risk of seismic failure of Sisk Dam. Four alternatives were developed:
 - 1) Optimize crest raise
 - 2) Groundwater banking - partial offset for San Luis restriction storage loss
 - 3) Maximum pool timeframe limit
 - 4) Alternative off-stream dam site - partial offset for San Luis restriction storage loss
 - Alternatives 2-4 were ultimately rejected, but an optimized crest raise (6-feet with altered stability berms) was considered worthy of carrying forward



Sisk Dam Seismic Stability & Dam Raise Study

continued

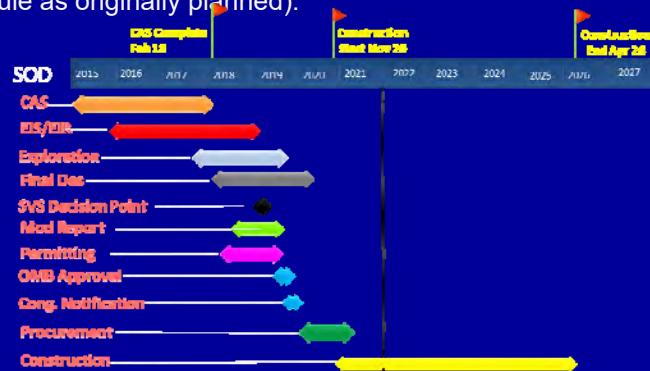
- Resent work re. deformation analyses: Additional analyses were done (in Feb '17) at the recommendation of consultant review board (CRB) using updated (2016) earthquake rupture forecast information.
 - For 12-foot raise with berm alternative
 - 5,000 year earthquake on Ortigalita fault
- **Key Finding:** South valley section (SVS) could become statically unstable after earthquake and the previous berm alternative(s) didn't address the SVS
- March 2017 CRB meeting – CRB recommends remedial measures for SVS (likely just a berm), so structural repair alternative is becoming more extensive
- Additional field exploration and analysis are necessary to develop the technical structural alternative



Sisk Dam Seismic Stability & Dam Raise Study

continued

- **Path Forward** - Complete the CAS as previously scheduled and conduct additional field exploration concurrently with final design (so schedule as originally planned).





Sisk Dam Seismic Stability & Dam Raise Study

continued

Policy Issue:
Executives from
both DWR and
USBH are working
on the cost share
agreement for
construction and
post-construction.

| COST CATEGORIES | ESTIMATED COST (\$) |
|------------------------------------|---------------------|
| Project Management | 3,000,000 |
| CAS (30% Design) | 14,600,000 |
| Field Studies | 2,000,000 |
| Environmental/Cultural | 2,200,000 |
| Final Design | 2,000,000 |
| Mod Report/Economics | 400,000 |
| Public | |
| involvement/Repayment | 200,000 |
| Procurement and Award | 2,000,000 |
| Construction | |
| Support/Management | 35,000,000 |
| Construction | 620,000,000 |
| Environmental Mitigation | 3,000,000 |
| Post Construction | |
| Documentation | 500,000 |
| Contingency | 15,000,000 |
| TOTAL SOD Modification Cost | 700,000,000 |

SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Perris Dam – Remediation of Seismic Deficiency

- Embankment Stability Piece:
 - \$75.5M Contract with Pulice Construction (NTBW on 8/20/14)
 - Stability berms, deep soil-cement mixing, relief wells
 - Status: ~ 97% work completed; ~95% time expended
 - Remaining work: relief well development, site restoration, drainage, paving
 - Original Completion date 11/15/17; current completion date 2/15/18
 - Main causes of delay: difficulty finding competent rock foundation in right abutment, need to enhance relief wells due to high pressures
 - Final Costs expected to be \$85M-\$87M (includes \$2.9M in overages and \$7.9M in adjustments/change orders)
 - O&M working with DSOD and Consultant review board on removal of restriction and refill plan (ideally, approval gained by end of 2017)

SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Perris Dam – Remediation of Seismic Deficiency

continued

- **Outlet Tower Stability Piece:**
 - Detailed structural analysis indicated tower can withstand expected earthquake, but access bridge/connections need enhancement
 - So, scope of proposed mods decreased to just modifications to the access bridge.
 - Status: Design & permitting phase
- **Emergency Release Facility Piece:**
 - Scope: Design and construct improvement to the channel to safely route maximum releases from an emergency dewatering around an urbanized development. Estimated cost: ~\$44M. Completion date: April 2021
 - Status: planning/design completed, routing EIR for final comments

SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Thermalito Plant Post-fire Restoration

Three Phases of Work following Nov 22, 2012 Incident

| Phase | Elements | Status | Cost |
|-----------------------|--|---------------------|--|
| Fire Cleanup | Debris removal, toxic residue cleanup immediately following fire | Completed April '14 | \$96M |
| Recovery | Structural repairs, HVAC system replaced, lighting, painting, water by-pass channel repairs | Completed May '16 | |
| Restoration | Plant Restoration: AC/DC, control, and protection systems, Units 2 & 3 refurbishment - \$112.8M Additional Restoration: Unit 1 (new, high efficient Kaplan turbine) and Unit 4 refurbishments, roof/gutter replacement. By-pass gate refurbishment. \$26.3M | In Progress | \$139.1M (\$10M of this amount will come from Cap & Trade for new unit 1 runner) |
| Total Cost = \$235.1M | | | \$225M on conservation capital |

SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Thermalito Plant Post-fire Restoration

continued

■ Status of Restoration Phase Components

- Unit 1: Complete Mechanical Refurbishment
 - Runner replaced with new, higher efficiency, 7-blade Kaplan turbine
 - Total cost: \$14.85M (of which \$10M reimbursed from Cap & Trade)
 - Started 4/10/15; Completed 8/30/17



SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Thermalito Plant Post-fire Restoration

continued

■ Status of Restoration Phase Components

- Unit 2 Complete Mechanical Refurbishment
 - Existing runner repaired, unit stacked & aligned
 - Total cost: \$9M (on schedule and on budget)
 - Started 9/20/15; Completed 6/30/17



SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Thermalito Plant Post-fire Restoration

continued

■ Status of Restoration Phase Components

- Unit 3 Complete Mechanical Refurbishment
 - Existing runner repaired, unit stacked & aligned
 - Total cost: \$9M (on schedule and on budget)
 - Started 3/1/16; Planned completion 12/30/17
 - Project is on schedule and on budget



SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Thermalito Plant Post-fire Restoration

continued

■ Status of Restoration Phase Components

- Unit 4 Complete Mechanical Refurbishment
 - Existing runner repaired, unit stacked & aligned
 - Total cost: \$5.75M
 - Started 10/10/14; mechanical completed 3/15/16
 - Project is on schedule and on budget



SWC FY 2017-18 Infrastructure Objectives
November 16, 2017 Update

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Thermalito Plant Post-fire Restoration

continued

- **Work Components Remaining**
 - Wiring, oil systems, water pipe connections
 - Unit 4 component refurbishment/replacement
 - Switchyard acceptance/energized
 - Mechanical alignment of all units
 - Test all units
 - SCADA commissioning

- All Plant Systems Operational/Fully Functioning: Jan 1, 2019



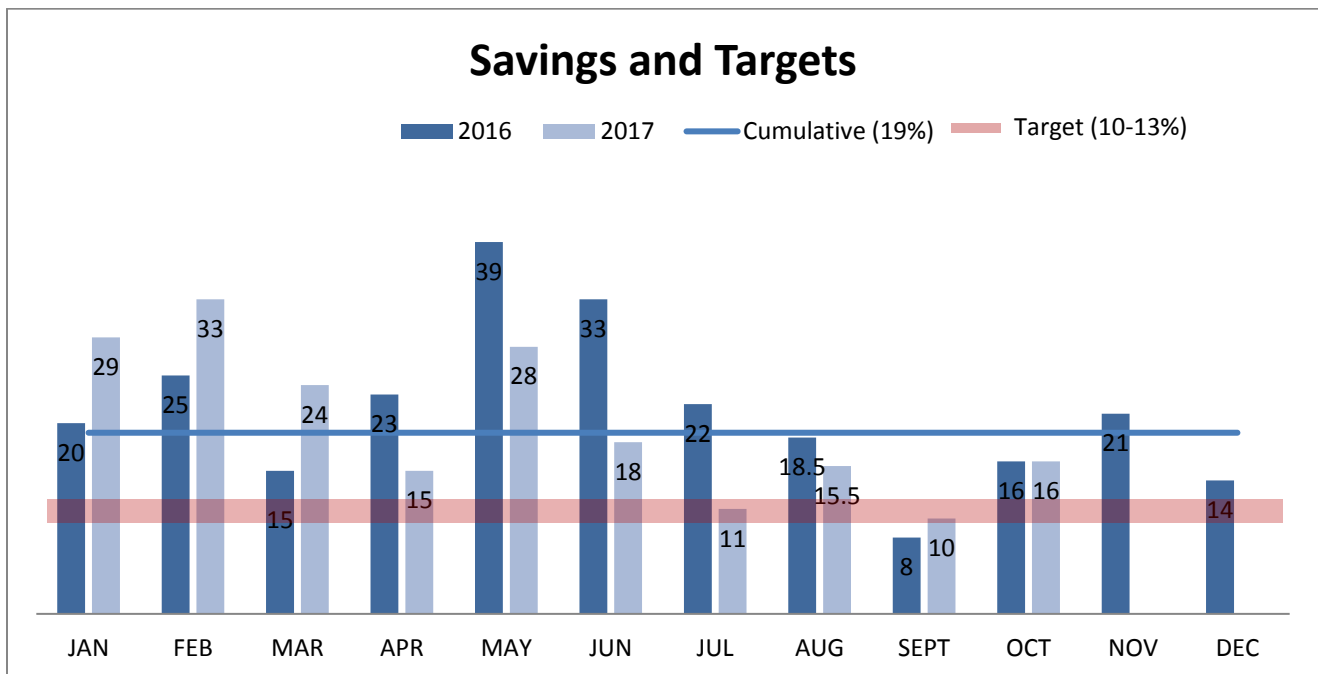
Questions??

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

DECEMBER 5, 2017

RE: OCTOBER 2017 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 16% percent reduction in potable water production during October 2017 compared to the same month in 2013 – the baseline year used by the State Water Resources Control Board (State Water Board) to measure statewide conservation achievements. DWA continues to report its production to the state on a monthly basis, despite mandatory conservation ending in April 2017.



Staff is also tracking the water use compared to the threshold in the rate study regarding the proposed drought surcharge. This trigger was not met this month and the cumulative since January is far below the 10% trigger (we are 18.5% above the baseline).

DWA is asking its customers to save 10-13% compared to 2013 to help achieve long-term sustainability. The cumulative savings beginning in June of 2016 when we put our 10-13% target in place is 19%.

On the following page is additional information for this month.

| | |
|---|----------------|
| October 2017 water production | 2,358.05 AF |
| October 2013 water production | 2,809.54 AF |
| Percent changed in this month per drought surcharge baseline (October 2015) | 8.46% increase |
| Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month | 736.38 AF |
| The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month | 68.81% |
| Population (inclusive of seasonal residents) | 106,315 |
| Estimated R-GPCD | 160.43 |
| How many public complaints of water waste or violation of conservation rules were received during the reporting month? | 33 |
| How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules? | 13 |
| How many formal warning actions (e.g.: written notifications, warning letters, door hangers) were issued for water waste or for a violation of conservation rules? | 9 |
| How many penalties were issued for water waste or for a violation of conservation rules? | 0 |
| <p>Comments: The Agency's service area is highly seasonal making population analysis a complex task. The State Water Resources Control Board (State Board) analyzes data on a per capita basis.</p> <p>Historically, DWA has submitted data based on the permanent population of the service area; however that data does not accurately reflect water use in DWA's service area which has a highly seasonal population. Based on local data, the correct population is higher than previously reported. The Residential Gallons Per Capita Per Day (R-GPCD) is being submitted using the corrected population.</p> <p>DWA would like it noted that the amount of fresh water outflow to the ocean during the month of October was 677,716 acre feet. Additionally, since it began recycling water Desert Water Agency has reclaimed 93,678 acre feet. If our recycled water production for this month was taken into consideration against our potable production, the conservation achieved would have been several percentage points higher.</p> | |

**DESERT WATER AGENCY
MEDIA INFORMATION
NOVEMBER 2017**

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A record year for water flowing into the Coachella Valley

Ian James, Nov. 7, 2017

During California's five-year drought, the row of ponds in the desert north of the Palm Springs often lay empty and dry. But this year, the ponds have been filled to the brim with a record amount of water from the Colorado River.

The Coachella Valley's water utilities are using the influx of imported water to chip away at the long-term problem of groundwater overdraft. For months, water has been flowing into the ponds at the Whitewater River Groundwater Replenishment Facility and seeping into the sandy soil to replenish the desert aquifer.

The water has been pouring in since February at a rate of about 400 million gallons per day.

So far this year, more than 330,000 acre-feet of imported water has been used to recharge the groundwater basin, according to the Coachella Valley Water District and the Desert Water Agency. That's more than the entire Coachella Valley — including cities, golf courses and farms — will pump from wells this year.

A large portion of this Colorado River water actually belongs to the Los Angeles-based Metropolitan Water District of Southern California, which has a water-banking arrangement with the valley's agencies.

Because California had a wet year, Metropolitan has enough water from other sources and is able to store about 15 percent of its supply of Colorado River water in the valley's aquifer. The district can then recoup the water in future years by delivering less to the valley from the Colorado River Aqueduct.

"It's a great thing that they have the ability to store water here," said Cástulo Estrada, vice president of the Coachella Valley Water District's board. "The fact that they're storing it here is also creating a benefit for our aquifer."

Mark Krause, general manager of the Desert Water Agency, said the "sizable and lasting deposits of water into the groundwater basin" represent a significant milestone in efforts to boost the water table.

Groundwater levels have declined over decades beneath much of the Coachella Valley as water has been pumped from wells to supply cities, resorts, golf courses and farmland. The area's water districts have combated the problem by importing water from the Colorado River to replenish the aquifer at three sites: near Palm Springs, near Desert Hot Springs and in south La Quinta.

The largest declines in the aquifer have occurred away from those groundwater replenishment ponds in the middle of the valley. In parts of Palm Desert, Indian Wells and Rancho Mirage, records show water levels in wells have declined by 90-100 feet or more since the 1950s and 60s.

The aquifer's levels have risen significantly near the groundwater recharge ponds in La Quinta and Palm Springs, and the Coachella Valley Water District plans to build another groundwater replenishment facility in Palm Desert.

In addition to the Coachella Valley's share of Colorado River water and the water that Metropolitan is banking here, the area's water districts also have contracts to receive water from the State Water Project, which runs from the Sacramento-San Joaquin River Delta to Southern California.

This year, after an unusually wet winter, water agencies received 85 percent of their full water allocations from the State Water Project. Because the canals and pipelines of that system end in Lake Perris and don't reach the Coachella Valley, local agencies trade their allotments to the Metropolitan Water District for equivalent amounts from the Colorado River Aqueduct.

The valley last received a big infusion of water in 2012, filling the oblong ponds on the outskirts of Palm Springs, which stretch out among the wind turbines at Windy Point. Then, during the drought, relatively little water flowed into those ponds — until last winter, when heavy rains and snow refilled reservoirs across the state.

This year, the valley's districts are on pace to put more than five times as much water into the aquifer as they did last year.

"All three agencies worked together to really maximize the deliveries and take advantage of the wet year in California," said Bill Hasencamp, Metropolitan's manager of Colorado River Resources. "This year is the apex of that cooperation between our agencies to deliver so much water out there."

Metropolitan is the country's biggest urban water agency and functions as a regional wholesaler, supplying 26 member cities and districts, which in turn provide water for 19 million Californians in six counties from San Diego to Ventura.

The additional water that's flowing into the valley is good news for the aquifer, said Brian F. Thomas, a hydrologist and professor at the University of Pittsburgh who has studied groundwater in the Coachella Valley.

"It's important to recognize that these additional recharge sources should not imply that additional groundwater pumping is warranted, as it's important to increase the storage in the aquifer," Thomas said in an email. He said one big reason is that the long-term reliability of the Colorado River is questionable.

The river and its tributaries provide water for about 40 million people and more than 5 million acres of farmland. But the river is severely overallocated and has dwindled during a 17-year drought.

Climate change is adding to the strains on the river, and scientists have projected warming will likely cause the river's flow to decrease by 35 percent or more this century.

In a study published last month, researchers found that higher temperatures have already resulted in a 7 percent decrease in the average flow of the Upper Colorado River over the past three decades.

With worsening impacts from warming on the horizon, any and all groundwater recharge is "literally water in the bank," said Jonathan Overpeck, a climate scientist at the University of Michigan.

"Given that the Southwest, the Colorado River and the Coachella Valley region are all going to continue drying as long as global warming continues, it's critical to bank as much groundwater as possible for the increasing number of dry years we'll see in the future," Overpeck said. "At the same time, it would also be wise to recognize that groundwater banking will get tougher as climate change and drying continue. This likely means controlling growth is imperative if we're going to let climate change continue."

Last year, Lake Mead declined to its lowest levels since the reservoir near Las Vegas was filled in the 1930s. Representatives of California, Arizona and Nevada have been negotiating a proposed Drought Contingency Plan, under which each state would take less water from the reservoir to avert severe shortages.

Overpeck said while California has privileged senior rights to Colorado River water, "this won't be a reliable safeguard once the inevitable shortages begin on the river — when levels in Lake Mead drop well below current levels."

"Having senior rights on water is only helpful as long as there is water, and climate change is working against just that," Overpeck said.

Desert water districts refer in their long-range planning documents to the projected impacts of climate change on water supplies.

The Coachella Valley Water District said in its 2015 Urban Water Management Plan that the area's aquifer provides "a substantial buffer to absorb" changes in climate.

"Although groundwater is a relatively resilient water supply with respect to climate change," the district said, "long periods of drought/dry weather may reduce the availability of imported water for groundwater recharge."

In addition to replenishing the aquifer, the water agencies have sought to reduce groundwater pumping by supplying some of the valley's golf courses with Colorado River water and recycled water.

Ian James writes about water and environmental issues for The Desert Sun. Reach him at ian.james@desertsun.com, 760-778-4693 or on Twitter at @TDSIanJames.

Water flowing into valley is a record

Colorado River influx fills ponds north of Palm Springs

Ian James , November 9, 2017

During California's five-year drought, the row of ponds in the desert north of the Palm Springs often lay empty and dry. But this year, the ponds have been filled to the brim with a record amount of water from the Colorado River.

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PERRIS

Sewers to stay, water systems to go

By Craig Shultz, November 10, 2017

Perris will keep its city owned sewer system but sell two water systems, voters decided Tuesday.

The vote will allow the city to sell two water systems for \$11.5 million to Liberty Utilities.

"It's a win-win for everybody," Perris Mayor Michael Vargas said Wednesday. "The city gets to retire the debt, citizens get a cap on their water costs for 10 years and everybody in the city gets to appreciate upgrades to parks and fields."

The passage of Measure H with 64.40 percent yes votes will allow the city to sell the water systems, which serve 3,723 customers in downtown and the Villages of Avalon along Ramona Expressway.

The failed Measure G, which required a two-thirds vote for passage, would have given Perris approval to seek buyers for a sewer system that serves 2,366 homes and businesses in the downtown area.

Measure G had garnered 61.62 percent yes votes and 38.38 percent no votes.

Vargas hopes the numbers will flip after all ballots are counted.

"I never give up hope," he said. "I have to stay optimistic we can get this passed. We're not in the business of utilities."

There are still about 2,900 vote-by-mail, 620 provisional and 50 damaged ballots countywide that require duplication — involving various ballot measures and elections — that still must be processed, the registrar said. Updated results were expected to be posted last night.

Ron Carr, a consultant to the city on water issues, said Liberty will apply with the Public Utilities Commission and the transition process will take 12-18 months.

"The city will continue to operate the system until then," Carr said.

Officials say the utilities are losing money, piling up debt and siphoning cash from core municipal services, and they want to get out of the water and sewer business. As for the water sale, it would retire millions in debt and liabilities, officials said.

About \$1 million would be left over from the sale and used to improve city parks, officials say. Carr said state laws dictated why the sale of sewers required a two-thirds vote and the water sale only a majority vote.

The state's biggest urban supplier hopes to divert water from farms in the Palo Verde Valley by encouraging conservation. But the move may endanger an existing water-sharing deal that has become a model of cooperation.

WRITTEN BY Matt Weiser

PUBLISHED ON: Nov. 13, 2017

The Colorado River Aqueduct, owned by Metropolitan Water District of Southern California. Met uses the aqueduct to divert water saved on farms in the Palo Verde Irrigation District through a celebrated fallowing program.

ONE OF THE nation's most successful partnerships between farm and urban water agencies has lately run into serious turbulence, potentially threatening an important Colorado River water-sharing deal.

Twelve years ago, the Palo Verde Irrigation District in Blythe, California, signed an agreement with the powerful Metropolitan Water District of Southern California. It allowed the latter to pay Palo Verde farmers to fallow up to 35 percent of their acreage in times of water scarcity, and take delivery of the unused irrigation water, via canal, to serve its urban customers in the Los Angeles area, some 200 miles away.

It's been a great deal for both parties. Palo Verde farmers made millions "loaning" their water. Met gained access to the irrigation district's senior water rights in the Colorado River, which remain available when the water district's other supplies are restricted during drought. It also became a promising alternative to the so-called "buy and dry" deals that have taken farmland out of production permanently in other parts of the West.

But suddenly, tension is humming along that canal between Blythe and L.A.

In September, Palo Verde filed a lawsuit against Met, alleging the urban water giant violated state law when it purchased 12,000 acres of farmland within the Palo Verde district in 2015, adding to 10,000 acres it had bought previously. This made Met the largest single landowner in the valley, controlling almost 20 percent of the entire district, in addition to lesser control over more land via the fallowing contracts.

Met has leased the land to other farmers under terms that encourage water conservation, with a goal to divert any conserved water to the L.A. metro area.

Palo Verde officials fear the era of cooperative fallowing is over, and Met is now engaging in a new kind of "buy and dry" program that will eventually harm the rural region's economy.

"This is simply a play for water," said Bart Fisher, a farmer in the Palo Verde Valley and a member of the irrigation district's board of trustees. "The only possible reason for them to own farmland is to try to take water from it."

Fisher said he and others at the irrigation district feel betrayed by Met's actions, and worry that it aims to make their region another Owens Valley by draining off all their water. In the early 1900, Los Angeles covertly bought farmland and water rights in the eastern California valley, leaving the Owens Valley with a legacy of toxic dust storms.

"I really can't express how surprised and upset we are about this," he said. "We basically opened the door to them and brought them into our valley in a trusting relationship. They grew roots into our organization and relationships with our farmers. Then, suddenly, they are willing to blow it all up in order to acquire water."

Jeffrey Kightlinger, Met's general manager, said there was no intention to seize water, but merely to improve existing cooperative relationships with farmers to use water more wisely. He said he was "disappointed" Palo Verde resorted to a lawsuit.

"If we wanted to be aggressive and just do nothing but acquire more water, we would just simply fallow all the land we bought. But we're not doing that," Kightlinger added. "The idea is that it would generate water for us and, at the same time, create a revenue stream to keep farming vibrant in the valley."

It remains unclear if leasing land really will produce any water for Met.

The way the deals work, Kightlinger said, is that farmers pay the market rate to lease land, around \$250 per acre (0.4 hectare), if they irrigate using an average amount of water on their crops (about 4.2 acre-feet per acre). If they use more water, their lease cost increases to \$400. But if they take measures to conserve water and use less than average, their lease payments drop to only \$150.

In the latter case, Met believes it will be able to claim the saved water and have it delivered to L.A.-area consumers.

"We're trying to come up with some high-tech ways to keep farming productive and efficient and save water also," Kightlinger said.

It might not be that simple. The Palo Verde board of trustees would have to approve the transfer of that saved water to Met, and Fisher said that isn't a given.

An irrigation canal and farmland within the Palo Verde Irrigation District, which holds the highest-priority rights to Colorado River water in California. (Photo Courtesy Metropolitan Water District)

Palo Verde Valley is unique, he said. Property owners hold the highest-priority rights in California to water from the Colorado River – much higher than the water Met currently receives from the river. But those farm water rights are held in trust by the irrigation district. That means that when farmers need irrigation water, they don't just turn a valve – they have to request the water from the irrigation district. As a landowner, Met will have to do the same, and the district might not want to release the water knowing it will not be used for agriculture.

"Any conservation program that occurs within our valley is water that belongs to the irrigation district. It doesn't belong to Met," Fisher said. "They disagree with that. They think they are legally entitled to that water. Hence the dispute."

He asserts that if Met succeeds with the leasing plan, there could be grave consequences. And not just for the Colorado River, but for any other region where a wealthy urban water agency can buy up

farmland. Essentially, Fisher said, Met's farm leases are an attempt to leapfrog ahead in the water-rights priority system.

"Met is the junior water-right holder in California, and yet they are essentially hijacking first-priority water," Fisher said. "This would allow an urban water agency such as Met to go anywhere they have potential conveyance and just acquire farmland, and use the farmland as a spigot that they can turn off and on depending upon their need for additional water."

Some don't see the situation in such dire terms.

Robert Glennon, a law professor at the University of Arizona who specializes in water issues, said the best way to preserve farms and farm communities is to improve water conservation. The saved water can be used to grow more valuable crops, sold to other farmers or to urban areas.

In addition, farmland that conserves water continues growing food, whereas fallowed acreage doesn't.

In this case, Glennon said, Met's leasing program is using market forces – in the form of variable lease payments – to drive water conservation. He advocated this very approach in a 2014 paper he co-wrote for the Brookings Institution.

"I'm thinking this is perfect for their farmers," said Glennon. "If you have the municipal interests pay for the farmers to be more efficient, and then the municipal interest gets the water that's conserved, this is better than the fallowing program for the long-term viability of the Palo Verde Valley."

Palo Verde's lawsuit alleges Met violated state law in two ways. First, by setting up the leasing program without first doing an environmental impact report. Second, by purchasing the land without conducting an appraisal. Fisher said Met paid twice the going rate for farmland in the Palo Verde Valley, and has a duty to its ratepayers to justify that price.

Kightlinger denied both claims and said Met plans to move for dismissal of the lawsuit.

Glennon noted the disagreement has the potential to escalate in some unsavory ways.

Met could decide to simply fallow all the farmland it now owns, then try to divert all that water to urban consumers. This would generate nearly as much water as the existing cooperative fallowing program, while saving Met millions of dollars in fallowing payments. But it would cut local farmers out of the proceeds entirely.

Or, if Met cannot persuade the irrigation district to transfer the water saved through its leasing program, it could begin buying up more farmland until it attains a voting majority on the district's board.

This could create a situation in which the nation's largest supplier of urban drinking water becomes a kind of benevolent dictator, controlling the fate of a far-flung rural area that depends entirely on farming.

"If they're willing to pay two-times agricultural land values, there are a lot of people who would raise their hand and exit the valley," Fisher said. "It's a scary proposition for those of us who live here."

METROPOLITAN WATER DISTRICT PALO VERDE IRRIGATION DISTRICT PALO VERDE VALLEY

OUR VOICE – November 16, 2017

Time to double down on smarter water use

It's a safe bet most people would say they find sound of flowing water to be a soothing, positive experience. This is especially true right now when it comes to a particularly large flow in our Coachella Valley.

The Desert Water Agency and Coachella Valley Water District recently reported that a record amount of Colorado River water has been coming into the desert and is being deposited into our aquifer – the primary source of our drinking water.

We're not talking just a token amount here. More than 330,000 acre-feet of water total – about 400 million gallons per day – has been sent to replenishment ponds in the desert. Officials say that already is more than all valley users – residents, golf courses and farms – will pump from the aquifer this year.

This is a sharp reversal of what we saw during the recent, half-decade-plus drought that punished the West, including California.

Last winter's rains and snowfall filled reservoirs and allowed the State Water Project for the first time in many years to deliver nearly complete allocations – 85 percent – to its client water agencies, such as the massive, Los Angeles-based Metropolitan Water District. Thanks to this abundance, MWD is sending about 15 percent of its current Colorado River water share to our desert ponds in a banking agreement that allows it to recoup that when needed in the future.

Local officials say having the extra water is a definite boost for the overall health of the aquifer, which has seen serious declines in some areas of the Coachella Valley after decades of increasing draws spurred by local growth combined with long dry spells. Some areas have seen the water table drop 100 feet and even more since the 1950s and '60s. As a result, some areas have seen land sink by several feet.

As reported by The Desert Sun's Ian James, data show higher temperatures have resulted in a 7 percent decrease in the average flow of the Upper Colorado River during the past three decades. Scientists predict the effects of climate change could mean a decrease in flow of as much as 35 percent of this most important western water source.

Clearly, banking as much as possible in good times is vital and water agencies say they are on track to deposit five times the water into the aquifer in 2017 than they did just last year.

The regional cooperation by these water agencies to increase what they are returning to our vast underground water bank is commendable. At the same time, we celebrate the ongoing efforts by all in the desert to shift to more "water smart" practices, such as switching from turf lawns to more appropriate, and much less water intensive, desert motifs.

This mindset must not be cast aside now that there's been relief from the dusty dryness of the past five years. We saw great strides during the recent drought and residents, cities, businesses and large industries like golf and agriculture must continue to maximize the benefits of every drop of this precious resource.

The next "historic drought" is always just around the corner for California. We must take advantage of the wet years to restock our underground supply as we continue the path toward a culture of wise water use and conservation that ensures we'll always have enough for all in our desert paradise.

Clearly, banking as much as possible in good times is vital.

We must continue the path to smarter water use even as "extra" water this wet year is recharging our aquifer, The Desert Sun Editorial Board opines.

JAY CALDERON

ENVIRONMENT

Cadiz taking 'a little pause' from desertwaterplan; state to have say

By Jim Steinberg, November 18, 2017

LOS ANGELES » Fresh from gaining the long-sought federal approval for its massive desert water project, Scott Slater, Cadiz president and CEO, said it's time for the project to "slow down" a bit.

"We are going to take a little pause ... and double our effort to allow people to understand this project,"

Slater said. "We believe people should support an innovative project like ours.

The Cadiz project involves pumping billions of gallons of water annually from an underground aquifer in a remote part of the Mojave Desert in San Bernardino County. The water would be piped to parts of Orange County and other locations, which could include San Bernardino County. Cadiz water could serve as many as 400,000 people.

This year, with the Trump administration running the Interior Department and Bureau of Land Management, the Cadiz project gained momentum. The Obama administration had not supported the desert water project.

One environmentalist who has studied and followed the project for years, said pausing at this point strikes an odd note.

"They have waited years for this clearance, and now, after getting the blessing from the BLM, they take a pause?" said David Lamfrom, California Desert and National Wildlife Programs director with the National Parks Conservation Association.

Lamfrom said he believes the pause is really because the California Lands Commission has recently surfaced as a possible stumbling block to the project.

Cadiz downplays that notion.

"We want to be having conversations with stakeholders and decision-makers," Slater said of the company's focus for the remaining weeks of the year.

Last month the Lands Commission wrote Cadiz, saying the company needs to fill out an application for a lease permit on a 200-foot-wide by 1-mile long slice of the project's proposed 43-mile pipeline.

However, Cadiz management does not consider the state's request to be a significant impediment. Whether the proposed use of railroad right-of-way falls within the state's permit, issued in June 1910, is something for "an impartial judge" to decide, not the state land commission, the company contends.

Cadiz and Slater, are riding a crest, at least on the federal level. Much has changed in the past two years.

Legal turnaround

In October 2015 the Cadiz project was dealt a major setback when the Obama administration's Bureau of Land Management rejected the company's use of an 1875 railway right-of-way to build a critical pipeline.

In statements, Cadiz has said that the BLM's October 2015 evaluation "not only impeded the Cadiz Water Project but also set a troubling precedent for thousands of miles of existing uses of railroad rights of- way in the West."

Things began to change in September. The project got a huge boost when the Interior Department's Office of the Solicitor issued an opinion which appeared to allow construction of a 43-mile pipeline from Fenner Valley — about 40 miles northeast of Twentynine Palms — to the Colorado River Aqueduct, where it could deliver water to potential customers.

Nevertheless, the opinion didn't provide a clear green light.

The definitive victory came in October, when Michael D. Nedd, BLM acting director, cemented the government's about-face in a letter to Slater.

The letter said the BLM's October 2015 interpretation of the law no longer represents the agency's viewpoint and has been rescinded. It also said the scope of the proposed activity does not require BLM authorization. Groups opposed to the project were outraged.

"This just confirms what the administration has been signaling (since Donald Trump was sworn in as president). They will bend heaven and earth to try to move the Cadiz project forward," Lamfrom said.

Slater has a different viewpoint: The action of October 2015 was a "bogus act by the BLM" that took "two years for them to get right." Support for the project originated, not from the Trump administration, but a broadly based group of business and political leaders who advocated for what they believe is a good project, Slater said.

Labor groups, including North America's Building Trades Unions, wrote Interior Secretary Ryan Zinke, supporting the project, Slater said.

After receiving the BLM's favorable ruling, Cadiz said it would turn its attention to final engineering design, contract arrangements with participating agencies and a conveyance agreement with the Metropolitan Water District of Southern California. Although the engineering plans are proceeding, Cadiz is not immediately applying to the Metropolitan Water District for use of pipelines to transport its Mojave Desert water to customers. That will happen early next year, said Courtney Degener, a Cadiz spokeswoman.

Misconceptions

Slater said a major misconception he wants to address stems from an allegation that Sen. Dianne Feinstein made in late September. Feinstein, D-Calif., said allowing Cadiz water into the Metropolitan Water District's system "could endanger the health of not only Cadiz's customers but all 19 million Californians who rely on that water."

Feinstein, who has long opposed the Cadiz project, contends the desert water is polluted with arsenic and chromium 6.

Although Slater did not mention Feinstein by name, he said no company in California or the United States would be allowed to put water into a drinking water supply pipeline that does not meet state and federal standards.

Shortly after Feinstein questioned the safety of using the desert water, Cadiz issued a statement calling Feinstein's remarks "irresponsible and not true."

A state agency tasked with protecting California's water supply seemed to back up the Cadiz company.

"Any water system that wants to bring on a new source of water must have the new source permitted, which would include sampling the new source for water quality before it was put into use," said Andrew Di-Luccia, spokesman for the State Water Resources Control Board.

Ongoing battle

For a time, the project faced a threat by a Feinstein-backed bill in the state Legislature that would have prohibited the Cadiz water transfer unless the state Lands Commission, in consultation with the Department of Fish and Wildlife, finds the project "will not adversely affect the natural or cultural resources, including groundwater resources or habitat, of those federal and state lands."

But in early September, AB 1000, the bill to block Cadiz, was itself blocked in the state Senate Appropriations Committee. A short time later, however, the state Lands Commission, asserted that it owned a 200-foot wide by 1-mile long parcel along the path Cadiz plans to use for its 43-mile pipeline.

The Lands Commission's chairman is Lt. Gov. Gavin Newsom, who along with Gov. Jerry Brown, supported AB 1000.

The Lands Commission sent Cadiz an application for it to complete. After Cadiz submits its application, commission staff members will analyze land ownership and the level of environmental documentation to be required before a decision is made, the state agency said in a letter to Cadiz.

The company is questioning the request.

Cadiz will comply with any "lawful condition" imposed by the Lands Commission but does not intend to fill out an application before there can be a discussion about what this state agency is seeking from Cadiz, Slater said.

A pumping station is designed to help Cadiz project researchers. The company's project calls for pumping drinking water from an aquifer in the Mojave Desert in San Bernardino County and piping it to Orange County and other locations.

GROUNDWATER RIGHTS

Supreme Court rejects appeal

Agua Caliente tribe has legal backing in rights claims

Ian James, November 28, 2017

The U.S. Supreme Court announced Monday that it will not hear an appeal by California water agencies in the Agua Caliente Band of Cahuilla Indians' landmark lawsuit asserting rights to groundwater beneath the tribe's reservation.

The Desert Water Agency and the Coachella Valley Water District had appealed to challenge a decision by the Ninth Circuit Court of Appeals, which ruled the tribe has a right to groundwater dating back to the federal government's creation of the reservation in the 1870s.

The Supreme Court's denial of the agencies' petition means the tribe has prevailed in winning legal backing for its claim to groundwater rights — a victory that's expected to change how decisions are made about management of the desert aquifer in Palm Springs and surrounding communities.

The case will likely have far-reaching effects for Indian water rights throughout the West and across the country, giving tribes more of a say and redrawing the lines in disputes over water. By establishing that the Agua Caliente tribe holds special federally reserved rights to groundwater, the court decisions so far in the case are expected to strengthen other tribes' positions in negotiations and court battles.

"This is certainly good news for tribes around the West.

At the very least, it means that the Ninth Circuit decision, which was a strong affirmation of tribal reserve rights in groundwater, will stand," said Leon Szeptycki, a professor at Stanford University's Woods Institute for the Environment who leads its Water in the West program. "What it means for the Agua Caliente band, as well as other tribes in California and the West, in terms of actual water availability is not clear. The Ninth Circuit made clear that the tribal reserve right has priority, but what that means in the context of California's groundwater rights system is a difficult and unsettled question."

The next phase of the case in federal court will focus on whether the tribe owns storage space within the aquifer. Then the court will determine whether the Agua Caliente's rights include a water-quality component, and how much groundwater the tribe is entitled to.

The two water districts said in a statement that they now expect a "lengthy and expensive legal process."

"We are disappointed in the decision because we believe the water in this valley is a shared resources that belongs to everyone," said John Powell, Jr., president of the CVWD board. He said the tribe has always had access to all the water it has requested and purchased, "but now they have secured a water right that is superior to every other resident and business in the Coachella Valley."

The Agua Caliente Band of Cahuilla Indians sued the two water districts in 2013. The tribe's leaders accuse the agencies of imperiling the aquifer by allowing its levels to decline over the years and by using saltier, less pure Colorado River water to replenish the aquifer. CVWD and DWA defend their

efforts to combat groundwater overdraft and insist that Colorado River water meets all drinking water standards.

The tribe has about 485 members, and its reservation spreads across more than 31,000 acres in a checkerboard pattern that includes parts of Palm Springs, Cathedral City, Rancho Mirage and surrounding areas.

The tribe owns two golf courses, the Spa Resort Casino in Palm Springs and the Agua Caliente Casino Resort Spa in Rancho Mirage, and has plans to build new subdivisions and another casino. Thousands of homes stand on leased tribal land. The tribe buys water from the local water agencies, which operate wells across the Coachella Valley.

Agua Caliente Tribal Chair Jeff Grubbe has said the case is about securing a “seat at the table” to have a formal say in decisions about how the aquifer is managed.

Grubbe said in an emailed statement on Monday that because of the Supreme Court’s decision, “the favorable rulings from the federal district court and the Ninth Circuit Court of Appeals recognizing and protecting the Reservation’s federal water right are now settled law.”

The case is being closely watched by tribes and water suppliers across the West.

A list of 35 tribes and five tribal organizations filed a brief in support of the Agua Caliente tribe last year. They included the Spokane Tribe of Indians in Washington and the Pyramid Lake Paiute Tribe in Nevada, as well as other tribes in California.

In August, 10 states from Nevada to Texas weighed in to support the water districts. They said in a “friend-of-the-court” brief that every state “has an obvious stake in the preservation, maintenance and allocation of their most precious natural resource.”

If the Supreme Court had agreed to hear the case, it would have had a rare opportunity to rule on the question of whether tribes hold special federal “reserved rights” to groundwater as well as surface water, and to define more clearly the boundaries between state-administered water rights and federal water rights. Now that the Supreme Court has let the lower court’s ruling stand, it will be up to lower courts to clarify lingering ambiguities in the established law.

Groundwater and surface water have long fallen under separate, different water-rights systems. With surface water, California and other western states use a “first-in-time, first-in-right” system in which the first party to use water from a stream or river obtained a priority right. With groundwater, in contrast, California law says landowners have a right to pump water from beneath their property, and no one holds priority rights.

One of the questions in the Agua Caliente case has centered on state and federal courts’ varying interpretations of a 1908 Supreme Court decision, *Winters v. United States*, which affirmed that Indian tribes are entitled to sufficient water supplies for their reservations.

In March, a three judge panel of Ninth Circuit Court of Appeals ruled that the Winters doctrine applies to both surface water and groundwater on federally reserved land – including Indian reservations as well as other lands set aside by the government, such as national forests, national parks and military bases.

The court said the creation of the Agua Caliente Reservation in the 1870s “carried with it an implied right to use water from the Coachella Valley aquifer.”

The appeals court's ruling, which upheld a 2015 decision by District Court Judge Jesus Bernal, was the first to directly address the question of whether water rights reserved by the federal government apply to groundwater as well as surface water.

The water agencies' managers had hoped to argue that question before the Supreme Court next year. They said they now expect the federal District Court will end up adjudicating the valley's groundwater basin, dividing up the water supply between the tribe and other water users including residents, business and golf courses.

"This case could completely change water management in our area," said Jim Cioffi, president of the DWA board. "We will continue to protect the interests of the community through this lawsuit and any efforts to divvy up local groundwater rights."

The case puts the Coachella Valley on track to join a list of 23 other California groundwater basins that have been adjudicated by courts.

In many parts of the state, aquifers have been badly depleted due to heavy pumping. Lawmakers responded during the historic drought in 2014 by approving the Sustainable Groundwater Management Act, which calls for local agencies to adopt plans for sustainable water use.

As sovereign nations, Indian tribes aren't subject to the groundwater law and aren't required to participate. Tribes also aren't required to report how much groundwater they pump to any government agency.

Grubbe has said the tribe wants to be transparent and share information about water use on reservation land. Grubbe has also said one of the tribe's top goals is to start treating the Colorado River water that flows to the Coachella Valley and is used to replenish the aquifer. He said the tribe's leaders are concerned about the quality of the water and the aquifer's long-term sustainability, and would be willing to help pay for building treatment facilities to remove salts and contaminants from the imported water. Managers at the water districts say they're concerned that the motivations behind the lawsuit remain unclear and that the tribe hasn't said publicly how much water it wants. They point out, responding to Grubbe's comments about wanting a "seat at the table," that a water management group comprised of local agencies gave the tribe information about joining that group in 2014 but the Agua Caliente haven't pursued membership.

Cioffi and other board members say they're worried that if the tribe has privileged rights to groundwater, that may drive up water costs for customers and complicate efforts to manage the aquifer. "The Coachella Valley's water supply is now in uncharted territory," the water agencies said in their statement. "Western states have developed complex legal regimes and permitting systems to protect groundwater basins from ever-increasing demands on water resources. The decision will drastically complicate, and in some locations could entirely defeat, these state and local efforts."

The next court hearing is scheduled for Jan. 22. It's not clear how long it may take for the judge to decide, now that the tribe has won affirmation of its groundwater rights, on the details of what those rights entail.

Groups sue Trump over Cadiz project

Plan would pump groundwater from desert, build a pipeline

Sammy Roth, November 29, 2017

Environmental groups are suing the Trump administration over its decision supporting a company's plan to pump up to 16.3 billion gallons of groundwater each year from a Mojave Desert aquifer and build a pipeline to sell that water to Southern California cities.

Conservationists say the plan proposed by Los Angeles-based Cadiz Inc. would threaten natural springs and wildlife in Mojave Trails National Monument, which surrounds Cadiz's land, 75 miles northeast of Palm Springs. Company officials disagree.

To get the water to coastal cities, Cadiz wants to build a 43-mile pipeline alongside railroad tracks to the Colorado River Aqueduct, which would carry the water the rest of the way.

"Pumping ancient groundwater ... will devastate desert wildlife and the entire ecosystem," Ilene Anderson Center for Biological Diversity scientist, in a statement

The Obama administration had ruled Cadiz needed a new permit to build that pipeline, a process that would prompt an environmental review and a public comment period. But the Trump administration reversed that decision in October, saying Cadiz could build its pipeline under an existing railroad right-of-way without additional environmental scrutiny. The Center for Biological Diversity and the Center for Food Safety are challenging that decision. In a lawsuit filed Tuesday in federal court in Los Angeles, the groups argue that the Bureau of Land Management, under Interior Secretary Ryan Zinke, made an "illegal determination" that Cadiz's pipeline does not need a new federal permit.

Cadiz Inc. "is just another corporation looking to profit by selling off an irreplaceable public resource," said Greg Loarie, an attorney at Earthjustice, which is representing the Center for Biological Diversity and the Center for Food Safety in their lawsuit.

"The Trump administration would love to give Cadiz a free pass around our environmental laws, but we're not going to let that happen," Loarie said in a statement.

An Interior Department spokesperson declined to comment on the lawsuit, referring all questions to the Justice Department. A Justice spokesperson also declined to comment.

But in an October 13 letter to Cadiz Inc., Michael Nedd, then-acting director of the Bureau of Land Management, 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.

That decision followed President Donald Trump's appointment of David Bernhardt as deputy Interior secretary. Until recently, Bernhardt was a partner in the Washington-based law firm

Brownstein Hyatt Farber Schreck LLP, which owns shares of Cadiz Inc. Scott Slater, the president and CEO of Cadiz, is also a partner in that law firm.

Even before the lawsuit filed Tuesday, the Trump administration's signoff was far from a guarantee Cadiz would be able to move forward with its groundwater pumping plan.

California's State Lands Commission told the company in September that one mile of its proposed 43-mile pipeline would pass through state-owned lands, meaning it would require a state lease and possibly a new environmental review. The lands commission is chaired by Lieutenant Gov. Gavin Newsom, who is running for governor in next year's election and has criticized Cadiz. Newsom supported a bill in the state Legislature that would have required an environmental review of Cadiz's plan, as did Gov. Jerry Brown.

Sen. Dianne Feinstein has been one of the project's fiercest critics. The Los Angeles Department of Water and Power also opposes the groundwater pumping plan, saying the potential benefits are outweighed by the risk of harm to the desert environment.

The Metropolitan Water District of Southern California, which operates the Colorado River Aqueduct, has also raised concerns, saying the groundwater Cadiz wants to transport through its aqueduct could contaminate drinking water supplies for Los Angeles and other cities. In a letter to Cadiz, Jeffrey Kightlinger, Metropolitan's general manager, said the groundwater contains chemicals such as arsenic, fluoride, chromium, nitrate and bromide, some of them at levels exceeding drinking water standards.

Cadiz has powerful supporters too, including gubernatorial candidate and former Los Angeles Mayor Antonio Villaraigosa, who worked as a consultant for the company. Earlier this year, 18 members of Congress urged Zinke to approve the water pipeline, including five Californians: Tony Cárdenas (D-Los Angeles), Paul Cook (R-Apple Valley), Jim Costa (D-Fresno), Duncan Hunter (R-Alpine) and Tom McClintock (R-Elk Grove).

Supporters say the Cadiz project would provide needed water for Southern California cities and generate jobs. The company has also argued its project wouldn't harm desert ecosystems, saying the groundwater it wants to pump is now flowing downhill and evaporating from two dry lakes — not feeding desert springs that nourish wildlife.

Asked to comment on the lawsuit, Courtney Degener, a spokesperson for Cadiz, pointed out that Orange County's Santa Margarita Water District already studied the project's environmental impacts. The Center for Biological Diversity and other groups challenged the validity of that environmental review, as well as San Bernardino County's groundwater management plan, only to lose in state court.

"San Bernardino County, Cadiz and Santa Margarita Water District jointly defended all of those cases and prevailed in every instance," Degener said in an email.

Conservationists have said the company's studies underestimate the impact the project would have on the desert groundwater basin, pointing to a 17-year-old evaluation from the U.S. Geological Survey that found rainwater replenishes the aquifer far more slowly than Cadiz has calculated. In 2012, the National Park Service said Cadiz's estimates of natural recharge rates "are not reasonable and should not even be considered."

Ileene Anderson, a scientist with the Center for Biological Diversity, said Cadiz's project would "suck the desert dry while developers count their money," damaging habitat used by desert tortoises, bighorn sheep, Mojave fringe-toed lizards and other at-risk species.

"Pumping ancient groundwater from the Mojave Desert to water suburban lawns in Orange County will devastate desert wildlife and the entire ecosystem relying on that water for survival," Anderson said in a statement.

Degener also defended the Trump administration's decision to allow Cadiz to build a water pipeline under an existing railroad permit, saying it makes more sense to locate the pipeline along railroad tracks than building it through undisturbed federal lands.

"It is better for the environment to share existing routes rather than create new ones that may cause new harm," Degener said in an email.

The company owns 34,000 acres 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 Center for Biological Diversity is a national nonprofit based in Tucson, Arizona. The other party in the anti-Cadiz lawsuit, the Center for Food Safety, is a Washington, D.C.-based nonprofit that says it "works to protect our freshwater resources and ensure that access to and use of freshwater is fair and sustainable," among other goals.

Sammy Roth writes about energy and the environment for The Desert Sun. He can be reached at sammy.roth@desertsun.com, (760) 778-4622 and @Sammy_Roth.

RIGHT-OF-WAY ISSUE

Suit aims to rescind Cadiz project's OK

Taking 16 billion gallons of water annually will destroy desert wildlife, plaintiffs argue

By Jim Steinberg, November 29, 2017

LOS ANGELES » Three conservation and health safety groups Tuesday filed a federal lawsuit challenging the federal government's approval of a project that would transfer 16 billion gallons of water annually from a remote part of San Bernardino County's Mojave Desert to developments in south Orange County and other locations.

"The Cadiz project will suck the desert dry while developers count their money," said Ilene Anderson, a senior scientist with the Center for Biological Diversity, one of the three plaintiffs. "Pumping ancient groundwater from the Mojave Desert to water suburban lawns in Orange County will devastate wildlife and the entire ecosystem relying on that water for survival."

Cadiz officials said the water withdrawn by the project equals the amount that would have been lost anyway through evaporation as some of the groundwater seeps to the surface.

The lawsuit contends that the Trump administration reversed two Obama administration decisions and incorrectly determined that construction of a 43-mile pipeline, essential for delivery of the groundwater, did not require federal Bureau of Land Management permits or approvals.

The pipeline would be built along an existing railroad right-of-way.

The lawsuit asks the court to find that the Cadiz project pipeline falls outside the scope of the 1875 General Railroad Right-of-Way Act and that the administration's conclusion that it falls within the act was incorrect.

It asks that the court to enjoin the BLM from authorizing or otherwise allowing construction and operation of the Cadiz project pipeline in the absence of a valid right-of-way easement across the federal lands.

"We have not reviewed the complaint, so we are not able to comment," said Martha Maciel, a California based BLM spokeswoman.

"We are not a party to this lawsuit and will not comment directly on the merits," said Courtney Degener, a Cadiz Inc. spokeswoman. "Rather, we note that for nearly a decade CBD (the Center for Biological Diversity) and its allies have made multiple factually unsupported claims about the project that have been rejected by every public agency and court of law that has ever considered them. We expect the same outcome in this instance."

A longtime opponent of the Cadiz project, Sen Dianne Feinstein, D-Calif., said, "Cadiz and the Trump administration may not like the law, but they can't ignore it. Rather than follow legal precedent, the acting Interior solicitor instead disregarded two separate federal court decisions concerning the scope of railroad rights-of-way."

The lawsuit, filed by the Center for Biological Diversity, Earthjustice and the Center for Food Safety, includes the U.S. Bureau of Land Management; Ryan Zinke, secretary of Interior; Brian Steed, acting director, Bureau of Land Management; and Jerome Perez, California BLM director, among its defendants.

In a statement, the three groups allege that if the water mining project is allowed to proceed, it would drain springs in the newly created Mojave Trails National Monument and nearby public lands, destroying key habitat for desert wildlife including the threatened desert tortoises, bighorn sheep, Mojave fringe-toed lizards and kit foxes.

Toxic chemical concerns

The lawsuit also alleges that the project's water is high in chromium-6, a carcinogen, and other toxic chemicals, such as arsenic and mercury, and that it would pose a health risk to consumers. But a state water quality official has said that water not meeting safe drinking water standards is not allowed to connect with an existing public water supply.

In addition to selling its water to south Orange County, Cadiz Inc. has option agreements for its water from the Jurupa Community Services District in Mira Loma, Three Valleys Municipal Water District in Claremont, Suburban Water Systems in Covina and California Water Service, with numerous Southern California locations.

The project has reserved 20 percent of its water for any San Bernardino County-based water agency when they call for it, Degener said.

COACHELLA VALLEY**Supreme Court won't hear water appeal****Its decision lets stand Cahuilla Indians' legal win against agencies***City News Service, November 29, 2017*

The U.S. Supreme Court has declined to review a lower-court decision in which the Agua Caliente Band of Cahuilla Indians was granted rights to groundwater beneath the tribe's reservation in the Coachella Valley.

The tribe successfully sued the Desert Water Agency and the Coachella Valley Water District in 2013, claiming that the agencies degraded water quality by overdrafting the aquifer. The agency and district appealed, but with their petition denied Monday by the Supreme Court, the next legal proceedings will involve deciding how the groundwater supplies are to be divided between the tribe and other valley residents.

The agencies denounced the decision in a joint statement, saying it gives the tribe "unprecedented" control over the groundwater.

"We are disappointed in the decision because we believe the water in this valley is a shared resource that belongs to everyone," Coachella Valley district board President John Powell Jr. said. "The tribe has always had access to as much water as they requested, but now they have secured a water right that is superior to every other resident and business in the Coachella Valley."

A federal judge ruled in 2015 that the tribe had a right to the groundwater, a decision that was upheld by the 9th Circuit Court of Appeals earlier this year. The courts ruled that the tribe gained the rights to the water when its reservation was created in the late 1870s.

"Because the United States intended to reserve water when it established a home for the Agua Caliente Band of Cahuilla Indians, we hold that the district court did not err in determining that the government reserved appurtenant water sources — including groundwater — when it created the tribe's reservation in the Coachella Valley," the appellate opinion read.

The agencies said the ruling could make local groundwater management problematic, as the tribe is a private entity and not bound by "state sustainability laws"; predicted "a lengthy and expensive legal process for all water users in the Coachella Valley"; and said "rates will likely increase as water availability becomes more limited."

"This case could completely change water management in our area," Desert Water Agency board President Jim Cioffi said. "We will continue to protect the interests of the community through this lawsuit and any efforts to divvy up local groundwater rights."

DESERT WATER AGENCY OUTREACH & CONSERVATION ACTIVITIES

November 2017

Activities:

- 11/01 DWA hosted a Fall tour to Snow Creek, Whitewater Hydro and Mission Creek.
- 11/01 Ashley Metzger attended and presented at CV Water Counts Academy.
- 11/02 Ashley Metzger was on a live segment with KESQ on the 2017 replenishment milestone.
- 11/02 Ashley Metzger was interviewed on the Joey English radio show.
- 11/04 DWA provided water coolers, cups and bottles for the Palm Springs Pride 5K Run/Walk.
- 11/08 President Cioffi and Ashley Metzger attended Coffee with DWA at Ristretto.
- 11/08 Vicki Petek completed 4 turf buy back post inspections.
- 11/08 Ashley Metzger was on a live segment with KESQ on updating irrigation timers.
- 11/08 Ashley Metzger attended CV Water Counts Academy.
- 11/11 DWA provided the water trailer and cups for the Palm Springs Air Museum Veteran's Day event.
- 11/14-17 Board members and staff attended the NWRA conference in Tucson, AZ.
- 11/18 Ashley Metzger led the CV Water Counts Academy tour.
- 11/20 Vicki Petek completed 1 turf buy back post inspection.
- 11/22 Ashley Metzger was on a live segment with KESQ on Thanksgiving conservation tips.
- 11/23 DWA provided the water trailer, cups and bottles for Palm Springs Marathon Runner's Wild Turkey Trot 5K Run/Walk.
- 11/28 Vicki Petek completed 1 turf buy back post inspection.
- 11/28-30 Board members and staff attended the ACWA conference in Anaheim.

Public Information Releases/eBlasts:

- November 20: Thanksgiving water saving tips – website, social media
- November 21: Desert Water Agency paving – social media
- November 22: DWA finishing work on 2017 pipeline projects – website
- November 27: Supreme Court denies review in water rights case – press release, website, social media

Upcoming Events

- December 6, 8:15 to 9:15 - Coffee with DWA at Ernest Coffee
- December 16, 7:30 to 11:00 - Santa Paws 5K (not staffed)
- December 16, 8:00 to 1:00 - DWA at Palm Springs Farmer's Market

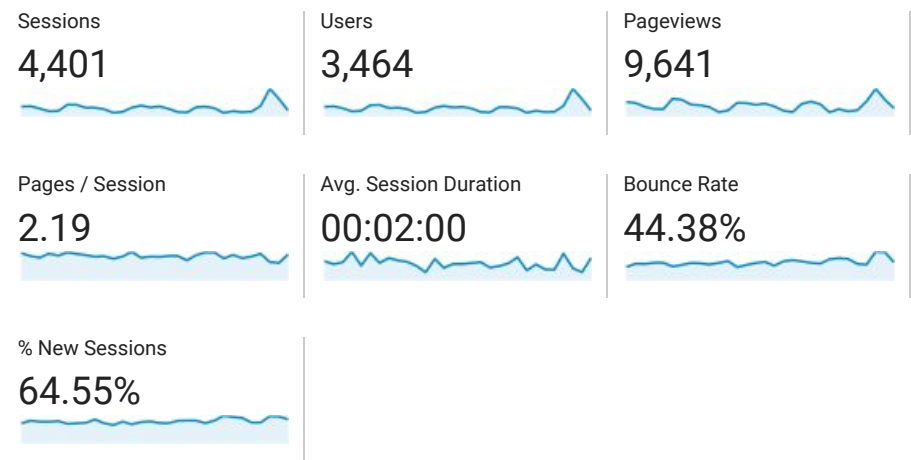
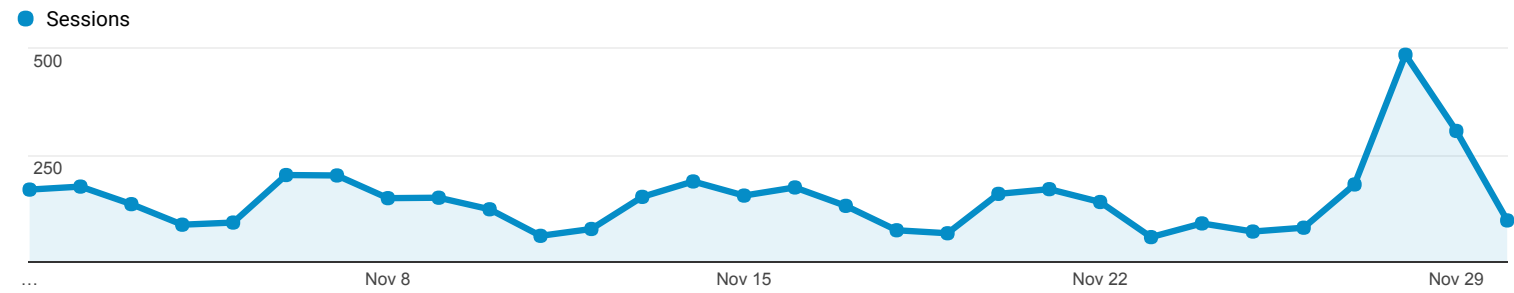


Audience Overview

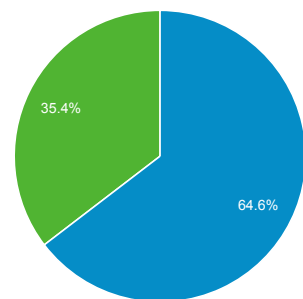
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Nov 1, 2017 - Nov 30, 2017

Overview



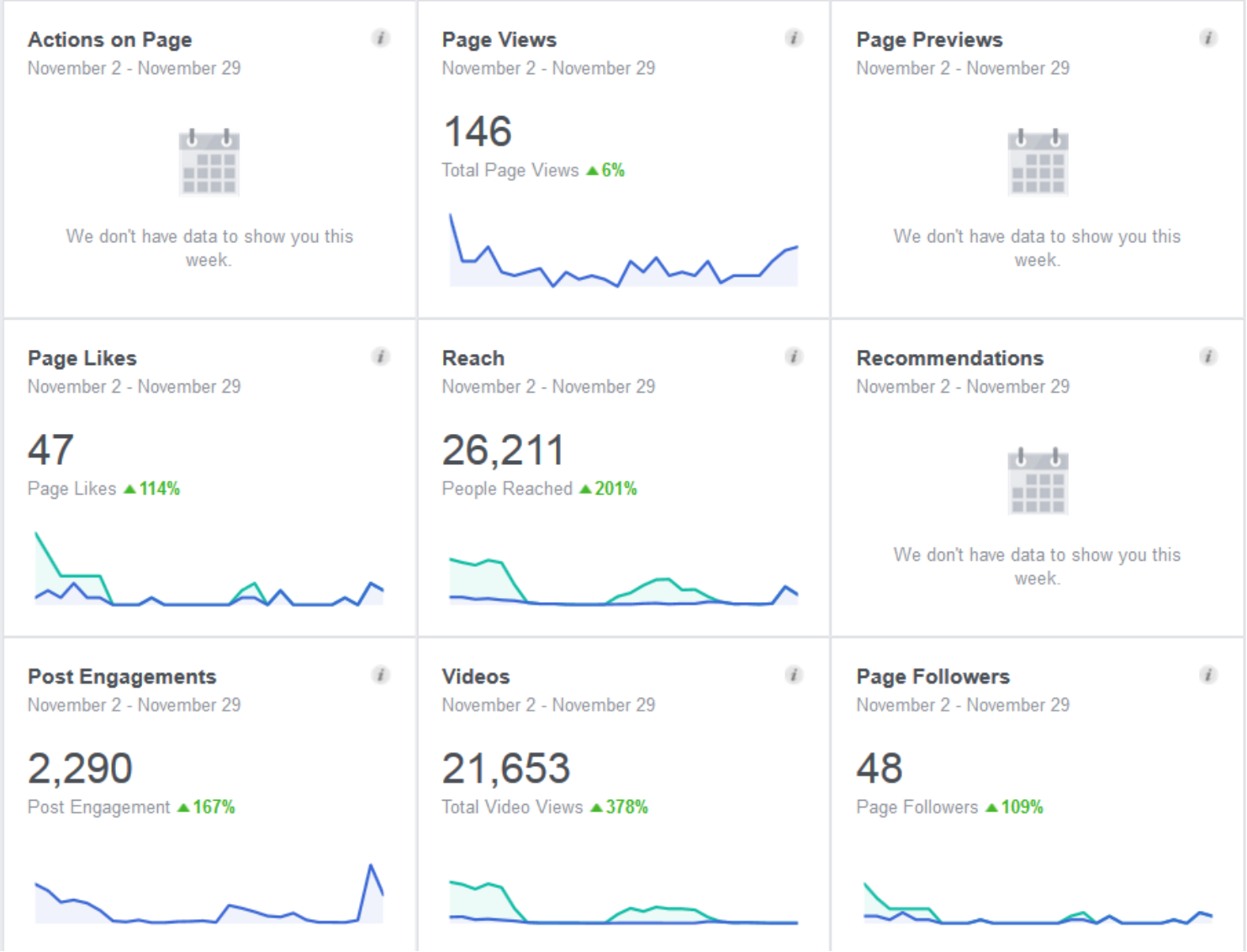
 New Visitor  Returning Visitor






| Language | | Sessions | % Sessions |
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| 2. | en-ca | 73 | 1.66% |
| 3. | en-gb | 30 | 0.68% |
| 4. | es-xl | 9 | 0.20% |
| 5. | ko | 8 | 0.18% |
| 6. | zh-cn | 7 | 0.16% |
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Desert Water Agency
Facebook Analytics
November 2017

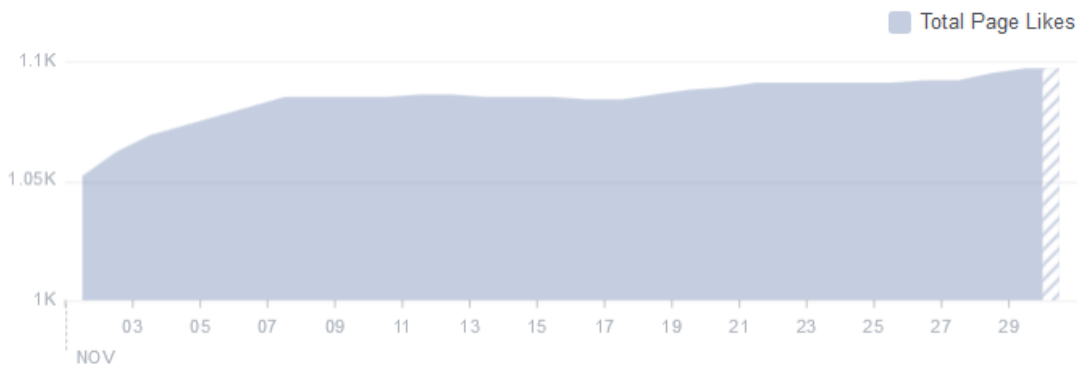




| Published ▾ | Post | Type | Targeting | Reach | Engagement | Promote |
|------------------------|--|---|---|--|---|--------------------------------|
| 11/28/2017 7:54 am |  JOB OPPORTUNITY: We are looking for a Water Service |  |  | 3.7K  | 431 165  | Boost Post |
| 11/27/2017 4:52 pm |  It is important to stay up to date on this lawsuit. It will |  |  | 114  | 16 3  | Boost Post |
| 11/27/2017 7:32 am |  The Supreme Court denied review in the local water |  |  | 262  | 16 6  | Boost Post |
| 11/22/2017 4:20 pm |  Thanksgiving water-saving tips |  |  | 863  | 73 12  | Boost Post |
| 11/22/2017 2:48 pm |  Happy Thanksgiving to you and yours! We are grateful to |  |  | 169  | 4 3  | Boost Post |
| 11/20/2017 3:42 pm |  Congratulations to the inaugural class of the Water |  |  | 170  | 19 6  | Boost Post |
| 11/20/2017 2:40 pm |  Planning a feast? You may be able to do it with less |  |  | 1K  | 26 24  | View Promotion |
| 11/17/2017 7:33 am |  Desert Sun Editorial Board: Double down on smart water |  |  | 3.9K  | 219 94  | View Promotion |
| 11/15/2017 11:58 am |  Water is something you use every day but probably don't |  |  | 6.7K  | 33 19  | View Promotion |
| 11/14/2017 7:39 pm |  Last month, DWA customers used 16% less water than in |  |  | 115  | 6 4  | Boost Post |
| 11/10/2017 7:47 am |  usWe are closed today to observe Veterans Day. |  |  | 77  | 4 3  | Boost Post |
| 11/08/2017 9:07 am |  Join us now until 10 at Ristretto for Coffee with |  |  | 107  | 3 1  | Boost Post |
| 11/06/2017 9:46 am |  Come learn more about your local public water agency and |  |  | 1K  | 9 13  | View Promotion |
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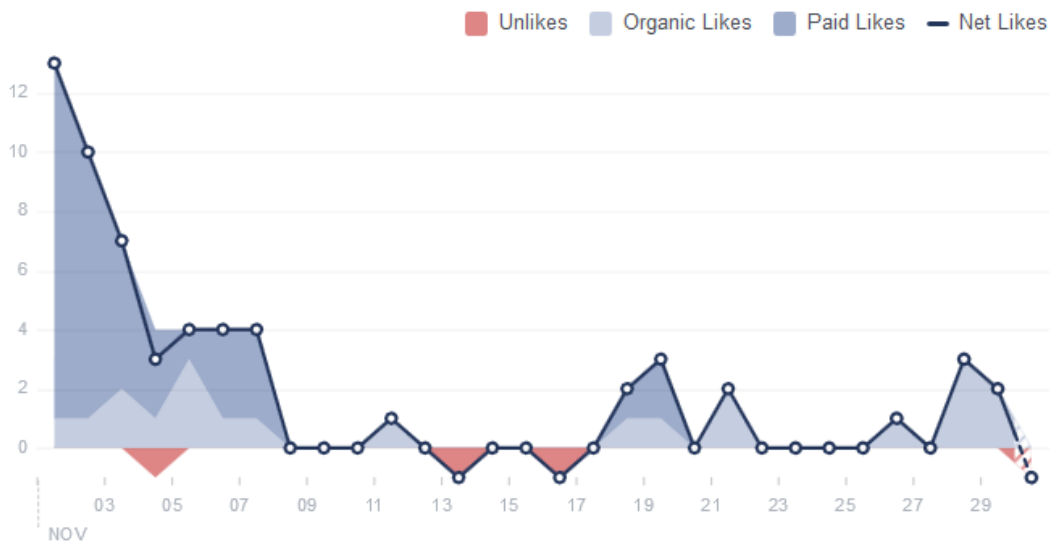
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Desert Water Agency
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TWEET HIGHLIGHTS

Top Tweet earned 827 impressions

1. Defrost in the fridge
2. For fluffy potatoes use less water
3. Water plants with leftover water & ice
4. Full loads in the dishwasher
5. On Black Friday, apply for a water-saving rebate online

#Thanksgiving #tips #savewater
#coachellavalley #palmssprings #turkey
#cooking pic.twitter.com/gNEsEqPA4m



2 3 4

View Tweet activity

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Ian James

@TDSIanJames - Nov 27

Breaking: Supreme Court won't hear California water agencies' appeal in tribe's landmark groundwater case
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2017: the year with the most local water replenishment and we still have two months left! 🍷🏆 pic.twitter.com/OINblcW62n



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