



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 – June 5, 2018** CIOFFI
3. **GENERAL MANAGER'S REPORT** KRAUSE
4. **COMMITTEE REPORTS – A. Executive June 13, 2018** CIOFFI
5. **PUBLIC INPUT:**
Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
6. **SECRETARY-TREASURER'S REPORT - MAY** BLOOMER
7. **ITEMS FOR ACTION**
 - A. Request Adoption of Resolution No. 1187 Revising Agency Reserves Policy KRIEGER
 - B. Request Adoption of Resolutions Amending Rates, Fees and Charges KRIEGER
 - (1) Resolution No. 1188 Establishing Rates, Fees & Charges for Water Service
 - (2) Resolution No. 1189 Establishing Rates, Fees & Charges for Sewer Service
 - C. Request Adoption of 2018/19 Operating, General and Wastewater Budgets KRIEGER
 - D. Request Adoption of Resolution No. 1190 Establishing Tax Rate FY 2018/19 KRIEGER
 - E. Request Adoption of Resolution No. 1191 Establishing an Account with Piper Jaffray KRIEGER
 - F. Request Board Action Regarding Claim Filed by Geobany Martinez KRAUSE
8. **ITEMS FOR DISCUSSION**
 - A. May Water Use Reduction Figures KRAUSE
 - B. Spring Crest Water Company Update KRAUSE
9. **DIRECTORS COMMENTS AND REQUESTS**
10. **CLOSED SESSION**
 - A. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
 - B. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al
 - C. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Mission Springs Water District vs. Desert Water Agency
 - D. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Albrecht et al vs. County of Riverside, Case No. PSC 1501100

E. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (1)

Name of Case: Abbey et al vs. County of Riverside, Case No. RIC 1719093

11. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

12. ADJOURN

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

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

2

June 5, 2018

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

DWA Staff:	Mark S. Krause, General Manager)
	Steve Johnson, Asst. General Manager)
	Martin S. Krieger, Finance Director)
	Sylvia Baca, Asst. Secretary of the Board)
	Ashley Metzger, Outreach & Cons. Mgr.)
	Kris Hopping, Human Resources Manager)
	Esther Saenz, Accounting Supervisor)

Consultant:	Michael T. Riddell, Best Best & Krieger)
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Public:	David Freedman, P.S. Sustainability Comm.)
	Vic Gainer, CV HOA Council)

18123. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join Vice President Stuart in the Pledge of Allegiance. **Pledge of Allegiance**

18124. President Cioffi called upon General Manager Krause to introduce the new employee. **Employee Introduction**

Mr. Krause introduced newly hired employee: Chris Dolan (Snow Creek Security).

18125. President Cioffi called for approval of the May 15, 2018 Regular Board meeting minutes. **Approval of 05/15/18 Regular Board Mtg. Minutes**

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

18126. President Cioffi called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause provided an update on late fee revenues. There have been a total of \$239,500 late fees since the inception on August 2017. **Late Fees Revenue Update**

Mr. Krause announced on May 21, DWR increased the State Water Project allocation for 2018 to 35 percent (up slightly from 30 percent in April), which is an additional 2,787 acre-feet.

GM Report
(Cont.)

SWP Allocation
Increase

Mr. Krause provided an update on construction activities for the Lake Oroville Spillways Emergency Recovery Project.

Lake Oroville
Spillways Construction
Update

Mr. Krause stated on May 24, the Agency was notified by the California State Water Resources Control Board (SWRCB) that Snow Creek surface water sources will be removed from the filtration avoidance classification, requiring it to be filtered before serving customers. The decision was based on the water quality difficulties due to wildlife and illegal activity occurring within the watershed. The Agency has 18 months to install an approved filtration system for Snow Creek water sources. The Agency will be permitted to continue using the water source until the filters have been installed, however, if raw water fecal sample results drop below a 90% negative over a 6-month period, the Agency will be in violation and will be required to report the violation to the public. The Agency has proposed \$2.3 million in the 2018/2019 budget for a filtration system. Staff anticipates filtration will be required and has been working on a design concept with an approved filter manufacturer. Staff will utilize Krieger and Stewart for design drawings and the construction contract. The removal of Snow Creek from filtration avoidance classification will also require another filtration facility be built for water distribution to the Palm Springs base system. These costs have yet to be refined for budgeting purposes.

Snow Creek Filtration
Avoidance Update

Continuing his report, Mr. Krause said as of May 25, the Whitewater Hydro has generated a total of 240,096 kWh for the month of May, resulting in \$21,200 of revenue. As previously indicated, with the increased SWP allocation of 35%, it is anticipated that approximately 1,660 acre-feet of Table A water will be delivered to the Mission Creek spreading basins.

MWD Exchange Water
Delivery Update

Mr. Krause stated on May 18, DWR released a draft prioritization of groundwater basins as required by the Sustainable Groundwater Management Act (SGMA). The prioritization is scheduled to be finalized by Fall 2018 after a public comment period that starts today and runs through July 18.

Indio Subbasin SGMA

Mr. Krause reported that the Sites Project is one step closer to early funding. On May 25, California Water Commission staff released preliminary total water storage investment program scores, moving Prop. 1 funding applicants closer to implementation. The Sites Project received a preliminary total score of 61 points, out of a 100-point maximum.

Sites Project Update

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

GM Report
(Cont.)
System Leak Data,
General Manager's
Meetings & Activities

18127. President Cioffi noted the minutes for the May 29, 2018 Executive Committee were provided in the Board's packet.

Committee Reports:
Executive 05/29/18

Vice President Stuart noted the minutes for the May 30, 2018 Finance Committee were provided in the Board's packet.

Finance 05/30/18

18128. 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.

18129. President Cioffi called upon General Manager Krause to present staff's request for adoption of Resolution No's. 1179, 1181 and 1183 Making Findings of Fact Relevant and Material to the Levy of a Replenishment Assessment and Levying a Replenishment Assessment for Fiscal Year 2018/2019 and Resolution No's. 1180, 1182 and 1184 Levying a Water Replenishment Assessment for the Fiscal Year 2018/2019 for the West Whitewater River, Mission Creek and Garnet Hill Subbasins.

Items for Action:
Public Hearings
2018/19 Groundwater
Replenishment
Assessments

President Cioffi declared the public hearing open at 8:43 a.m.

Open Public Hearing

General Manager Krause stated at the May 15 meeting, a determination was made that funds should be raised by a replenishment assessment and the Board set today for a public hearing on the matter. The proposed assessment for the West Whitewater, Mission Creek and Garnet Hill Subbasins will be set at \$140 per acre-foot. Notices of today's public hearing were sent to all pumpers on May 16 and published in The Public Record on May 1. He noted a revision from the draft copy, which reflects the SWP 35% allocation. Staff recommends adoption of Resolution No's. 1179, 1180, 1181, 1182, 1183 and 1184.

There being no one from the public wishing to address the Board and no written comments received regarding the proposed assessments, President Cioffi closed the public hearing at 8:49 a.m.

Close Public Hearing

Director Ewing moved to adopt Resolution No's 1179 – 1184 for the West Whitewater, Mission Creek and Garnet Hill Subbasins Groundwater Replenishment Assessments. Director Oygard seconded the motion, which passed unanimously.

**RESOLUTION NO. 1179
RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY MAKING FINDINGS
OF FACT RELEVANT AND MATERIAL TO THE LEVY
OF A REPLENISHMENT ASSESSMENT PURSUANT
TO DESERT WATER AGENCY LAW
(WEST WHITEWATER RIVER)**

Action Items:
(Cont.)
Public Hearing

Resolution No. 1179
Adopted

**RESOLUTION NO. 1180
RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY LEVYING A
WATER REPLENISHMENT ASSESSMENT FOR THE
FISCAL YEAR 2018-2019 FOR THE PURPOSE OF
REPLENISHING GROUNDWATER SUPPLIES
(WEST WHITEWATER RIVER SUBBASIN)**

Resolution No. 1180
Adopted

**RESOLUTION NO. 1181
RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY MAKING FINDINGS OF
FACT RELEVANT AND MATERIAL TO THE LEVY OF
A REPLENISHMENT ASSESSMENT PURSUANT
TO DESERT WATER AGENCY LAW
(MISSION CREEK SUBBASIN)**

Resolution No. 1181
Adopted

**RESOLUTION NO. 1182
RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY LEVYING A WATER
REPLENISHMENT ASSESSMENT FOR THE
FISCAL YEAR 2018-2019 FOR THE PURPOSE OF
REPLENISHING GROUNDWATER SUPPLIES
(MISSION CREEK SUBBASIN)**

Resolution No. 1182
Adopted

**RESOLUTION NO. 1183
RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY MAKING FINDINGS OF
FACT RELEVANT AND MATERIAL TO THE LEVY OF
REPLENISHMENT ASSESSMENT PURSUANT
TO DESERT WATER AGENCY LAW
(GARNET HILL SUBBASIN)**

Resolution No. 1183
Adopted

**RESOLUTION NO. 1184
RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY LEVYING A WATER
REPLENISHMENT ASSESSMENT FOR THE
FISCAL YEAR 2018-2019 FOR THE PURPOSE OF
REPLENISHING GROUNDWATER SUPPLIES
(GARNET HILL SUBBASIN)**

Resolution No. 1184
Adopted

18130. President Cioffi called upon Assistant Secretary of the Board Baca to present staff's request for adoption of Resolution No. 1185 Calling Board Election and Requesting Consolidation and Resolution No. 1186 Notifying County Clerk that Candidates will Pay for Publication of Statement of Qualification.

Action Items:
(Cont.)
Request Adoption of
Reso. No. 1185 and
1186 Pertaining to
November 6, 2018
Election

Ms. Baca stated with the upcoming General Election, there will be three seats on the Board for re-election. The Election Code requires certain information from the Agency prior to the Election. Prior to the nomination period, the Agency must adopt certain resolutions: 1) Calling an election and requesting consolidation with all other elections held within its boundaries, and 2) Specifying whether the Agency will pay the costs for publication of candidates' statements. Being consistent with prior elections, candidates have been responsible for these costs. Staff recommends adoption of Resolution No. 1185 and No. 1186.

Director Oygar moved to approve and adopt Resolution No. 1185 and 1186. After a second by Vice President Stuart, the motion passed unanimously.

RESOLUTION NO. 1185
RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY CALLING A GENERAL
ELECTION FOR NOVEMBER 6, 2018 TO ELECT
AGENCY DIRECTORS AND REQUESTING
CONSOLIDATION WITH ALL OTHER
ELECTIONS CONDUCTED WITHIN THE AGENCY
BOUNDARIES ON THAT DATE

Resolution No. 1185
Adopted

RESOLUTION NO. 1186
RESOLUTION OF THE BOARD OF
DESERT WATER AGENCY NOTIFYING
COUNTY CLERK THAT CANDIDATES WILL
PAY FOR PUBLICATION OF STATEMENT
OF QUALIFICATION

Resolution No. 1186
Adopted

18131. President Cioffi called upon General Manager Krause to present staff's request for Board action regarding a claim filed by Celeste Garcia.

Request Board Action
Regarding Claim Filed
by Celeste Garcia

Mr. Krause stated that Ms. Garcia filed a claim on May 14. Ms. Garcia claims that on March 2 at 6:50 p.m. while exiting an ice cream shop at 1551 N. Palm Canyon Drive she walked into a mechanical device and lacerated her right leg. She is seeking damages for cosmetic scar revision surgery in the amount of \$10,000. Mr. Krause noted that the Agency is not responsible for the location or maintenance of this equipment. Staff

recommends the Board deny the claim and forward to ACWA/JPIA for their handling.

Action Items:
(Cont.)

Request Board Action
Regarding Claim Filed
by Celeste Garcia

Director Ewing made a motion to approve staff's request to deny the claim for damages filed by Celeste Garcia and forward to ACWA/JPIA for their handling. After a second by Director Oygard, the motion carried unanimously.

18132. President Cioffi called upon General Manager Krause to present staff's request for Board action regarding a claim filed by Benita Silva.

Request Board Action
Regarding a Claim for
Damages Filed by
Benita Silva

Mr. Krause stated that Ms. Silva filed a claim on May 14. Ms. Silva claims that on April 1, sometime in the morning, she walked back to her vehicle in the Del Marcos hotel parking lot and noticed damage to the left driver's side door of her vehicle. She noticed Agency personnel parked next to her vehicle and claims they caused the damage. She is seeking \$677.25 for vehicle repair.

Continuing his report, Mr. Krause noted that photographs taken by staff show damage to the driver's side door and rear door, but Ms. Silva claims the Agency only damaged the driver's side portion. An Agency vehicle was parked at least 4 feet away from her vehicle and staff deny causing any damage. Staff requests the Board deny the claim filed by Ms. Silva.

Director Ewing made a motion to deny the claim filed by Benita Silva and forward to ACWA/JPIA for their handling. After a second by Vice President Stuart, the motion carried unanimously.

18133. President Cioffi called upon Human Resources Director Hopping to present staff's request for Adoption of 2018-2021 Memorandum of Understanding (MOU) between the Desert Water Agency and the Desert Water Agency Employee's Association (DWAEA) for Employee Salaries and Benefits, and Adoption of the July 1, 2018 Desert Water Agency Salary Schedules.

Request Adoption of
2018-2021 MOU

Mrs. Hopping stated General Manager Krause and management have met and conferred with DWAEA representatives to reach an agreement for the terms and conditions for a three year MOU, July 1, 2018 through June 30, 2021. The Human Resources Committee met on April 30 to discuss benefits negotiations and on May 15, DWAEA held a general membership meeting to discuss the proposed MOU. Members of DWAEA voted and approved the proposed changes. Staff recommends the Board approve and adopt the following: 1) 2018-2021 MOU between DWA and DWAEA, 2) July 1, 2018 DWA Salary Schedule, and 3) July 1, 2018 DWA Management Salary Schedule.

Director Ewing made a motion to approve staff's recommendation. After a second by Vice President Stuart, the motion carried unanimously.

Action Items:
(Cont.)
Request Adoption of
2018-2021 MOU

18134. President Cioffi called upon General Manager Krause to present staff's request for approval to execute agreement for contribution of money to the Department of Water Resources (DWR) for preconstruction planning costs of the California WaterFix (Cal WaterFix).

Request Approval to
Execute Agreement/Cal
WaterFix

Mr. Krause stated on December 23, 2012, the Agency received from DWR the final supplemental funding agreement for the Delta Habitat Conservation & Conveyance Program (DHCCP). The Agency's share of the additional \$50 million contributed by the State Water Contractors (SWC) is \$701,689. The previous agreement was for a \$140 million with \$70 million collected from SWC, with the Agency's share of \$865,163. The Agency's combined total commitment was \$1,566,852, which has been paid in full.

Action Items:
(Cont.)
Execute Agreement/
Cal WaterFix

Continuing with his report, Mr. Krause explained the proposed agreement provides additional funding until bonds are sold to finance the project. DWR is requesting funding from SWC's for permitting, geotechnical and design of the California WaterFix. This agreement is known as the "Gap Funding Agreement". These funds will provide start-up money prior to the issuance of bonds by DWR and the Finance JPA. The necessary funding is \$133 million for the first two years of the project. Beginning January 2019, the Agency is being asked to make 12 monthly payments of approximately \$50,778 for a total annual payment of \$609,334. It should be noted that unspent funds will be returned to the contributing Contractors. Each Contractor recognizes if Cal WaterFix does not proceed to construction, no reimbursement of monies will occur except for unspent funds. Thus far, the Agency has invested \$1.6 million in support of Cal WaterFix (formerly BHCCP). Staff recommends Board approval to execute an agreement to contribute \$609,934 to DWR for the preconstruction planning cost of Cal WaterFix.

Vice President Stuart moved to approve staff's recommendation. After a second by President Cioffi, the motion carried unanimously.

18135. President Cioffi called upon General Manager Krause to present staff's request for approval authorizing the General Manager to participate with the San Gorgonio Pass GSA and Verbenia GSA to produce one Groundwater Sustainability Plan (GSP) for the San Gorgonio Subbasin.

Request Authorization
for General Manager to
Participate with the San
Gorgonio Pass GSA &
Verbenia GSA

Mr. Krause stated three months ago, the Groundwater Sustainability Agencies (GSA's) overlying the San Gorgonio Pass Groundwater Subbasin (SGP-SB) applied for grant funding. The San Gorgonio Pass Water Agency (SGPWA) applied for the grant on behalf of

all the GSA's. The money is intended to fund the installation of monitoring wells at three sites for inter-basin monitoring (SGP-SB and Indio Subbasin) to support understanding of inter-basin sub-flows in areas containing severely disadvantaged communities. Additionally, to secure funding to develop a robust GSP for the SGP-SB, in coordination with all GSA's in the subbasin and to minimize the associated fiscal impacts on Disadvantaged Communities (DACs), Severely Disadvantaged Communities (SDACs) and Economically Disadvantaged Area (EDAs) in the Subbasin.

Action Items:
(Cont.)

Request Authorization for General Manager to Participate with the San Gorgonio Pass GSA & Verbenia GSA

Continuing his report, Mr. Krause noted the three GSAs within the subbasin have appointed SGPWA as the current point of contact. A notice has been filed with DWR of the intent to begin the GSP. Staff of the participating local agencies must provide authorization to DWR to have all three GSAs in the SGP-SB work together to produce one GSP. It is anticipated before the year-end, staff will bring to the Board other GSA issues, including cost-sharing agreements, by-laws and consultant contracts. As an alternative, the Board could choose to authorize staff to deal with some issues so that each would not have to be brought back to the Board for action. Staff recommends authorization be given to the General Manager authorizing Desert Water Agency GSA to participate with the San Gorgonio Pass GSA and the Verbenia GSA to produce a single GSP for the SGP-SB.

Director Oygur made a motion to authorize the General Manager to participate with the San Gorgonio Pass GSA and the Verbenia GSA to produce a single Groundwater Sustainability Plan (GSP) for the San Gorgonio Basin. Vice President Stuart seconded the motion, which carried unanimously.

18136. Secretary-Treasurer Bloomer noted her attendance at the California Special Districts Association (CSDA) Legislative Days conference held in Sacramento. She noted discussions on SB929, AB2065 and AB3037.

Discussion Items:
Director's Report on
CSDA Legislative Days

18137. President Cioffi asked Agency Counsel Riddell to provide a report on May 17, 2018 meeting of the Annual Membership and Monthly Board Meeting of the State Water Contractors, Inc.

SWC Mtg. 05/17/18

Mr. Riddell reported on the following items: 1) SWC Annual Membership Meeting, 2) SWC Board Officers, 3) DWR Management Report, 4) Water Supply Report and 5) General Manager's Report.

18138. President Cioffi called upon Finance Director Krieger to present the Draft Fiscal Year 2018/2019 Operating, General and Wastewater Budgets.

Draft 2018/2019
Operating, General and
Wastewater Budgets

Mr. Krieger noted that copies of the draft budgets along with highlights were provided to the Board. He stated that the Finance Committee

has met and reviewed the budgets. Per the December 15, 2016 Proposition 218 hearing the proposed rates will be effective July 1, 2018. He noted some changes to the budget, which includes a new Reserve Policy and new categories, Cal WaterFix and Sites Reservoir Project. He explained the payment change for the Pension fund and Unfunded liabilities.

Discussion Items:
(Cont.)

Draft 2018/2019
Operating, General and
Wastewater Budgets

18139. President Cioffi asked Outreach & Conservation Manager Metzger to provide the 2018-2019 Rebate Program Update. He then invited those interested in speaking on this topic to come to the podium.

2018-2019 Rebate
Program Update

Vic Gainer, Coachella Valley HOA Presidents Council, spoke in support of the Agency's conservation program and thanked Mrs. Metzger on her speaking at an upcoming HOA meeting.

Public Input
Vic Gainer

Mrs. Metzger provided a PowerPoint presentation showing the improved changes to the rebate program for 2018-2019. She noted that the Turf Buy Back program has changed to Grass to Desert Landscape program. She announced upcoming conservation workshops for the month of July.

18140. President Cioffi asked General Manager Krause to provide a report on the Spring Crest Water Company.

Spring Crest Water
Company

Mr. Krause explained that he was recently contacted by Steven Murphy, Secretary of Spring Crest Community Water Company (Spring Crest). This is a small community water system located off Highway 74 near Pinyon Pines, within the Agency's boundaries. Spring Crest is interested in having the Agency help with their water system. Their system was abandoned by its owner after he died in 1995. The Agency's relationship with Spring Crest dates back to 1996, when a citation was received from the Riverside County Department of Environmental Health for non-compliance to provide a reliable and adequate supply of pure, wholesome, healthful and potable water. At that time, the Agency was being notified as a local agency with jurisdictional authority. The County filed a complaint against Spring Crest in 1997. There were questions about who owned the system after the original owner passed away.

Continuing his report, Mr. Krause stated discussions continued through the year 2001 regarding the Agency assuming control and operation of Spring Crest. The Agency assessed the system and tried to determine a cost of operation and maintenance and a financial strategy to pay for the costs. It was determined that \$53,00 would be the cost to bring the system up to minimal operating conditions, not including painting and coating the two steel reservoirs (total \$143,000).

Concluding his report, Mr. Krause noted at the time of the original discussions in 1995, there were 16 residences connected to the system. There are only 10 now, with the other 6 having drilled their own

wells for water supply. Mr. Murphy recently indicated that the other residents are concerned about the water system condition and ability to maintain it. Staff informed Mr. Murphy that this would be discussed with the Board. If authorized, the next step by the Agency would be to survey the system condition and estimate costs of operation and maintenance; which would require substantial staff time.

Discussion Items:
(Cont.)

Spring Crest Water
Company

Discussion ensued regarding the costs and staff time involved.

In response to Director Ewing, Agency Counsel Riddell stated that the Agency is not under any legal obligation to assist Spring Crest. He explained that they pay an annual tax levy, which gives them the right to access imported water supply.

Vice President Stuart suggested that their representatives come speak at a Board meeting to discuss what exactly they would like the Agency do for them.

Mr. Krause stated that Mr. Murphy will be touring the facility next week.

President Cioffi authorized General Manager Krause to participate on the tour and report back to the Board at a later date.

18141. President Cioffi noted that Board packets included Outreach & Conservation reports for May.

**Outreach &
Conservation – May
2018**

Outreach & Conservation Manager Metzger announced the 2017 Water Quality report is now posted on the Agency's website with customer notifications going out through the month of June.

Water Quality Report
Available

18142. At 10:48 a.m., President Cioffi convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), ACBCI vs. County of Riverside, et al; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency, (D) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Albrecht et al vs. County of Riverside; and (E) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Abbey et al vs. County of Riverside.

Closed Session:

A. Existing Litigation –
ACBCI vs. CVWD, et
al.
B. Existing Litigation –
ACBCI vs. Riverside
County
C. Existing Litigation –
MSWD vs. DWA
D. Existing Litigation –
Albrecht et al vs.
Riverside County
E. Existing Litigation –
Abbey et al vs.
Riverside County

Director Ewing left the meeting at 10:48 a.m.

18143. At 11:35 a.m., President Cioffi reconvened the meeting into open session and announced the following action for Item 11-D and 11-E.

Closed Session:
(Cont.)

**Reconvene –
Reportable Action
Item Nos. 11-D & 11-E**

Vice President Stuart made a motion to authorize the Agency to intervene in Existing Litigation, Albrecht et al vs. Riverside County, Case No. PSC 1501100 and Existing Litigation, Abbey et al vs. Riverside County, Case No. RIC 1719093. After a second by Secretary-Treasurer Bloomer, the motion carried with a vote of 4-0 (Director Ewing absent).

18144. In the absence of any further business, President Cioffi adjourned the meeting at 11:36 a.m. **Adjournment**

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

GENERAL MANAGER'S REPORT JUNE 19, 2018

SWC Dues

DWA's contribution to the SWC's budget for fiscal year 2018/2019 is \$123,874. This is broken down into three funds: dues, energy and bay delta. The allocation to each fund is basically based on our Table A allocation percentage of the SWP and the amount of water actually delivered to us. There are various other factors that allocate the costs among the contractors differently, as you can see our SWC's budget is up 28% but our allocated cost is only up 17%. The dues fund has increased due to increases in legal, outreach, and staffing. The energy fund has decreased due to a reduction in consulting costs. The bay delta fund has increased due to increased legal support for Cal WaterFix, additional science and technical investments.

State Water Contractors 2018/2019 Budget DWA FY2018/2019 SWC Budget Cost Allocation

Fund	DWA Cost Allocation			Total Budget % Variance		
	2017/2018	2018/2019	% Variance	2017/2018	2018/2019	% Variance
Dues Fund	\$ 29,660.00	\$ 41,290.00	39	\$ 2,677,000.00	\$ 3,062,000.00	14
Energy Fund	\$ 10,611.00	\$ 8,587.00	-19	\$ 885,500.00	\$ 822,500.00	-7
Bay Delta Fund	\$ 65,285.00	\$ 73,997.00	13	\$ 4,152,000.00	\$ 5,967,000.00	44
Grand Total	\$ 105,556.00	\$ 123,874.00	17	\$ 7,714,500.00	\$ 9,851,500.00	28

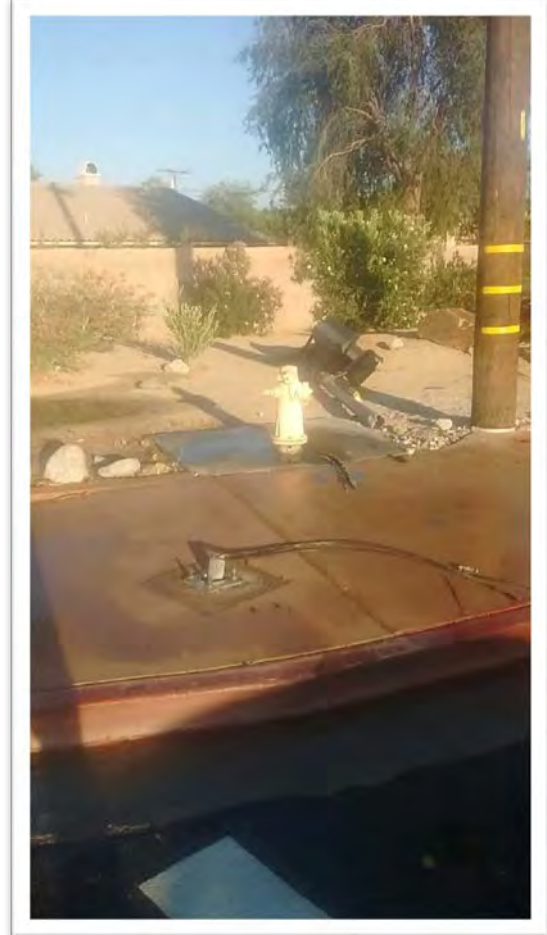
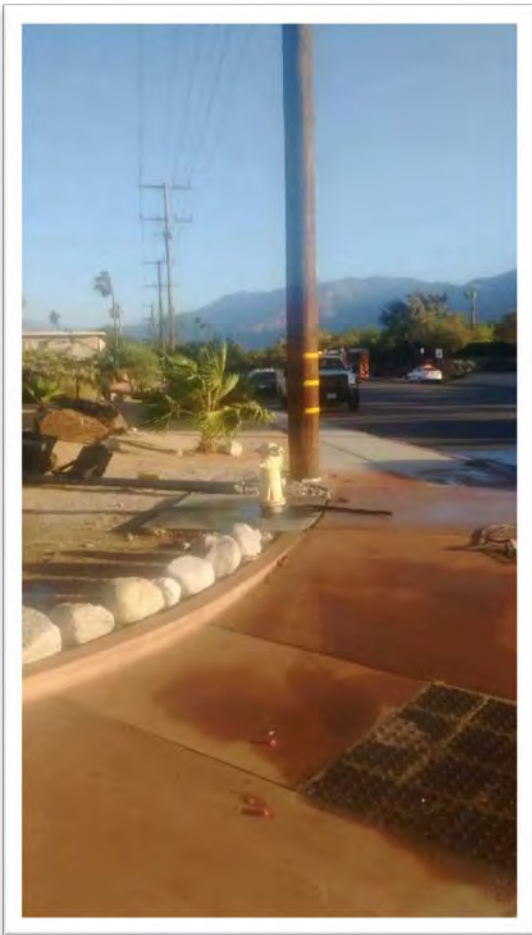
Total Dues % Variance		
2017/2018	2018/2019	% Variance
\$ 2,451,200.00	\$ 3,614,500.00	47
\$ 589,500.00	\$ 478,100.00	-19
\$ 3,351,000.00	\$ 4,286,000.00	28
\$ 6,391,700.00	\$ 8,378,600.00	31

MWD will re-vote on the funding for the Cal WaterFix July 10

In a memo to the Board of Directors of the Metropolitan Water District of Southern California (MWD) and member agency managers, MWD General Counsel Marcia Scully and General Manager Jeffrey Kightlinger, announced to them that they are planning a re-vote on the funding for the Delta Tunnels.

The memo and announcement of the re-vote is in response to the notice of Brown Act Violation and Demand, and California Public Records Act Request, from Food and Water Watch and the First Amendment Coalition on May 7, 2018, "Following the April 10, 2018 Board meeting at which the Board approved additional funding for California WaterFix and related actions, Food and Water Watch and the First Amendment Coalition sent a notice alleging violations of the Brown Act in connection with that meeting, as well as a request under the California Public Records Act (CPRA)," wrote Scully and Kightlinger. "The organizations assert that the meeting agenda does not comply with the Brown Act and there were communications among directors before the public meeting that constitute a violation of the Brown Act."

On June 9 at approximately 6:00 p.m., stand-by personnel responded to a hit fire hydrant on the east side of Sunrise Way south of Racquet Club Rd. Staff were able to replace the bolts, gasket and place the hydrant back in service. The water loss was from a 1/4 inch by 2-inch gap between the flanges, which ran for approximately 20 minutes. A police report was made.



SWP Delivery Update

As of June 5, MWD is delivering water at a rate of 300 cfs to the Whitewater spreading basins. Of the 300 cfs, approximately 170 cfs is being diverted through the Whitewater Hydro Plant. MWD has tentatively schedule an increase in pumping capacity along the CRA on June 29 and has asked if the Whitewater Hydro can be placed offline for about a week so that they can evaluate the water levels within the CRA. There is concern that the Hydro may “trip” during this timeframe, disrupting the water level evaluation process. This evaluation allows MWD to determine how successful the CRA cleaning project was that was performed in February.

Between June 1 and June 14, the Whitewater Hydro plant has generated approximately 288,300 kWh.

Lake Oroville Spillways Construction Update

SACRAMENTO – Today the Department of Water Resources (DWR) provided an update on construction-related activities for the Lake Oroville Spillways Emergency Recovery Project.

Construction on the Main Spillway

- Controlled blasting demolition of the original 730 feet of the upper chute is complete. Crews are preparing the foundation for placement of structural concrete slabs and walls.
- In the middle chute, foundation prep is 34 percent complete and crews are preparing for the installation of sub-drains and slab anchors in advance of placing permanent structural concrete slabs and walls later this summer.
- Work continues on the energy dissipaters, or dentates, at the bottom of the main spillway. The dentates are being hydro-blasted to prepare for the placement of a new layer of structural concrete reinforced with epoxy-coated steel dowels.
- DWR is again using November 1 as a milestone to complete major construction work and placement of all concrete on the main spillway. Additional work, including dry finishing and curing of concrete, joint sealing, connecting drainage systems, backfilling side walls, and site clean-up on the main spillway will continue after November 1.

Construction on the Emergency Spillway

- Construction of the northern half of the roller-compacted concrete splashpad is 80 percent complete.
- Crews are 40 percent complete with foundation prep at the southern half of the splashpad site in advance of RCC placement.
- Work at the emergency spillway site is not dependent on the November 1 milestone and will continue throughout 2018.

Lake Oroville Spillways Construction Update (Cont.)

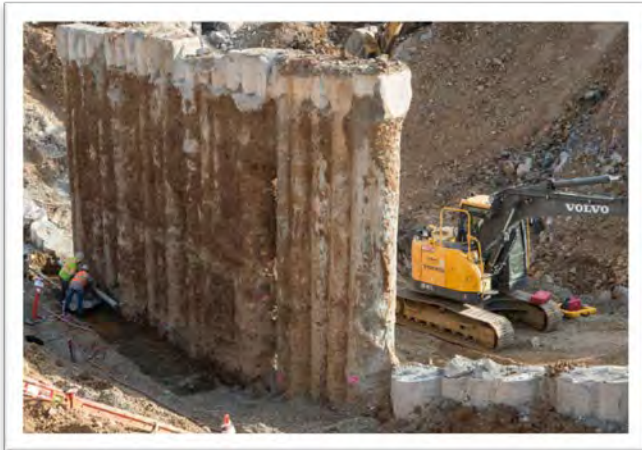
Additional Updates

- Lake levels are currently at 818 feet. DWR anticipates some water to pass through the gates until the lake level drops below 813 feet. Crews have put in place a water containment system to collect any water that passes through, which will have no impact on construction.
- DWR met with the U.S. Army Corps of Engineers last week to begin coordinating the update of the 2018-2019 flood control season operations plan for Lake Oroville. The plan will guide reservoir operations through the upcoming flood control season and will follow a similar approach to the 2017-2018 operations plan.
- The independent Board of Consultants met with DWR for the 18th time on May 29 and 30.

Crews continue work to resurface a structural concrete slab that was placed last year that had a poor surface finish and did not meet DWR's quality control standards. When commenting on the work to remove the top layer of concrete on this slab, the independent Board of Consultants stated, "the removal of the erosion resistant concrete has turned out to be much more difficult than expected...this information provides empirical evidence that the chute concrete has superior erosion resistant properties."

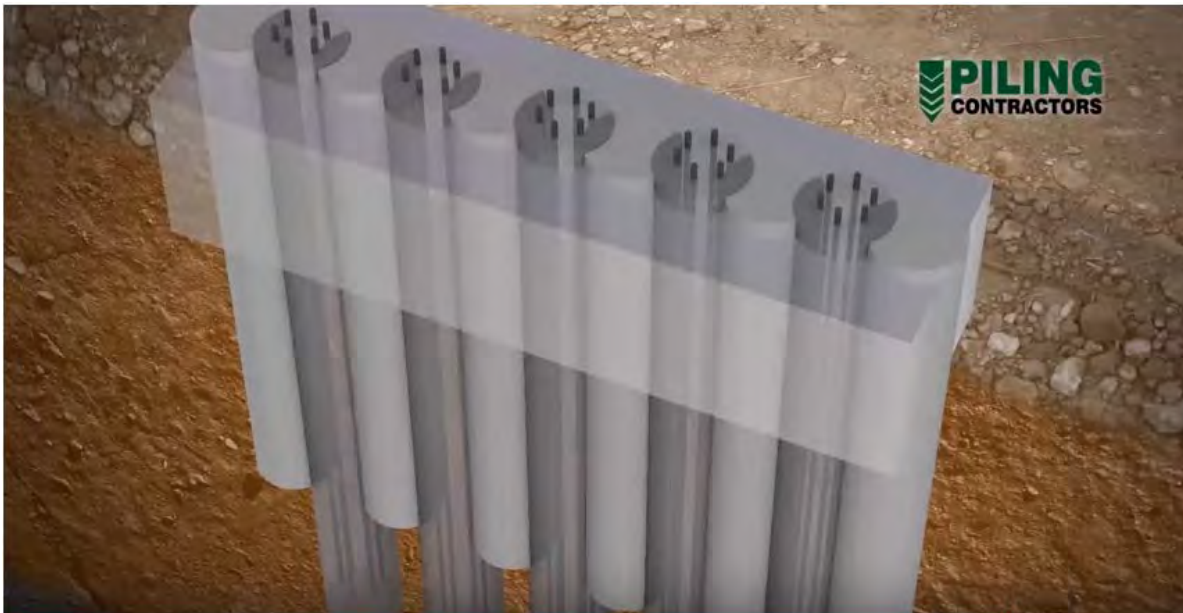


Lake Oroville Spillways Construction Update (Cont.)



Emergency Spillway Remediation Concepts

The following graphic provides a profile view of an emergency spillway recovery concept including the RCC buttress and splash pad and the downstream cutoff wall.



Facilities & Safety Report

Window Security Film Project - MasterShield has recently finished the application of 3M Reflective and Security film layers on the windows of the lobby and the Engineering front counter room. This is a security measure implemented by DWA to improve the likelihood of survivability in the event of an active shooter/attack from the lobby area. The reflective film was installed on the lobby and front counter side of the glass in order to make it difficult for any attacker to track people/targets in the hallway. The 8 mil security film was installed on the hallway side to eliminate the possibility of shattering glass caused by bullets, chairs, and even explosions.

First Aid CPR Training - DWA has recently trained 61 employees, and one guest, in CPR & First Aid using Medic First Aid G2015 Guidelines. The Agency has recently purchased four new Prestan CPR mannequins with CPR Feedback L.E.D. lighting features that give instant feedback on the quality of CPR being performed. Three Philips AED training units were also added to the first aid training equipment inventory. Every person that completed the training also received a CPR face shield with one-way check valve in a 2" keychain pouch. The training took place on May 25, June 1 and June 8.

Confined Space Rescue (CSR) Training – May 29 – 31, and June 4 – 6 – DWA contracted National Safety Services, Inc., to conduct two training classes for our CSR Team employees. The training included simulations of different rescue scenarios, and incorporated new and proven techniques and rescue procedures.

8Hr. Confined Space Entry Training – June 7, and June 11 – DWA contracted National Safety Services, Inc. to conduct two training classes in Confined Space Entry. The Agency has several new employees, and some veteran employees that never had confined space entry training who are required to enter confined spaces as part of their job duties. The training included familiarization and operation of gas detection devices, understanding regulations, best practices, and approved techniques and procedures based on Cal Osha standards and DWA's CSE Program.

Respirator Fit Test & SCBA Fresh Air Class – June 12 & 13 – DWA contracted National Safety Services Inc. to conduct 2 SCBA equipment training classes, and an annual Quantitative Respiratory Fit Test. This class covers the description, use, donning and doffing of SCBA and SKA-PAK and cascade systems. This training meets Cal-OSHA's annual Respiratory Protection standard with supplied certifications and Fit Testing cards.

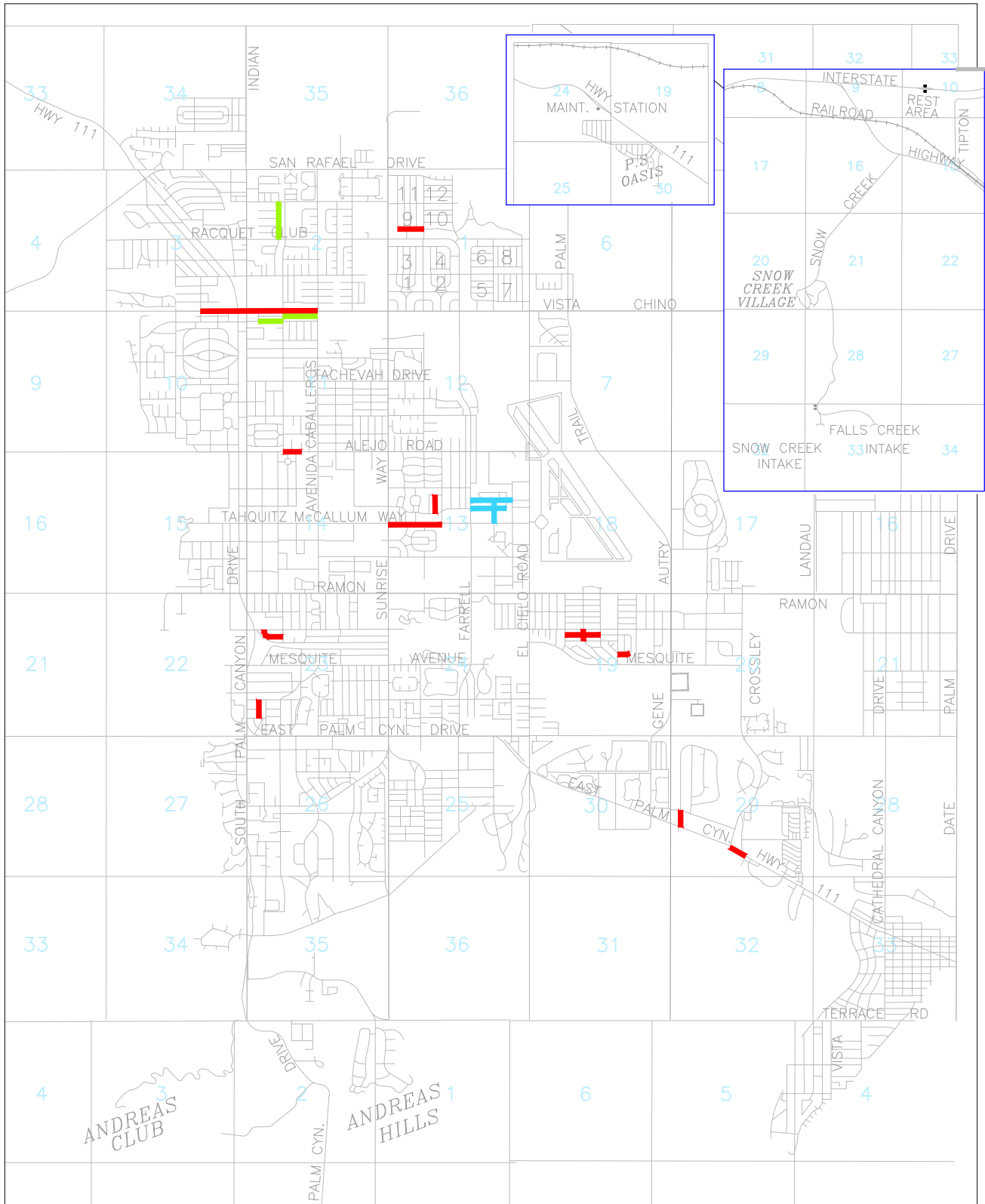
HAZWOPER (Hazardous Waste Operations and Emergency Response) 8 HR. Refresher Class – June 14 & 15– DWA contracted National Safety Services Inc. to conduct 2 HAZWOPER 8 hr. Refresher courses for all of the Agency's HAZWOPER certified employees. The class covers all requirements for Cal-OSHA's Title 8, CCR §5192 and meets the Federal OSHA HAZWOPER requirements 29 CFR 1910.120(e)(8), 29 CFR 1910.120(p)(7)(i), or 29 CFR 1910.120(q)(8) for General Industry and 29 CFR 1926.65(e)(8), 29 CFR 1926.65(p)(7)(i), or 29 CFR 1926.65(q)(8) for Construction. This training will comply with Cal-OSHA's Title 8, CCR §5192 requirement to have employees trained as HAZWOPER 24/40 Hour Technicians (Depending on initial training).

Phone Room Mini – Split AC Unit – The mini-split AC unit had developed a Freon leak which caused the air handler to freeze and form a large ball of ice on the evaporator unit. Technicians determined that it needed to be replaced due to the leak being located on the brass charging blocks. Blair Heating & Air replaced the system.

SYSTEM LEAK DATA		
(PERIOD BEGINNING MAY 30, 2018 THRU JUNE 12, 2018)		
STREET NAME	QUARTER SECTION	NUMBER OF LEAKS
PASEO CAROLETA	4519NE	6
LIVMOR AVE	4413NE	5
VISTA CHINO (20")	4410NE	5
DEL LAGO RD	4401NW	4
COTTONWOOD RD	4411NW	2
E PALM CANYON DR	4529SW	2
DEBBY DR	4413NW	2
CHUCKWALLA RD	4411NW	1
STARR RD	4402NW	1
ANDREAS RD	4413NE	1
LOUELLA RD	4413NE	1
CALLE SAN ANTONIO	4519NW	1
TAHQUITZ CANYON WAY (8")	4413NSW	1
BROADMOOR DR (10")	4529SW	1
VIA SOLEDAD	4423SW	1
AVENIDA EVELITA	4519NW	1
ALEJO RD	4411SW	1
INDUSTRIAL PL	4423NW	1
TOTAL LEAKS IN SYSTEM:		37

* Streets highlighted in green are scheduled to be replaced as part of the
2017/2018 Replacement Pipeline Project

* Streets highlighted in blue are being proposed as part of the
2018/2019 Replacement Pipeline Project



SYSTEM LEAKS

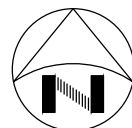
(Period beginning May 30, 2018 thru June 12 2018)

DESERT WATER AGENCY
PALM SPRINGS, CALIFORNIA

LEGEND

- LEAK(S) RECORDED
- LEAK(S) RECORDED;
INCLUDED IN 2017/18
REPLACEMENT PIPELINES
- LEAK(S) RECORDED;
INCLUDED IN PROPOSAL
FOR 2018/19
REPLACEMENT PIPELINES

DWG. BY
SR



DATE
6/18

SCALE
NTS

EXHIBIT
"A"

General Manager's Meetings and Activities:

Meetings:

06/06/18	American Car Wash	DWA
06/07/18	Whitewater River Spreading Basins BLM Permit	Conf. Call
06/07/18	San Geronio Pass SGMA – MOU & Bi-Laws	SGPWA
06/08/18	Cal WaterFix Update	Conf. Call
06/11/18	DWA Staff/I.S./Security Weekly Meetings	DWA
06/12/18	DWA Employees Association Benefit Changes	DWA
06/13/18	DWA Executive Committee	DWA
06/13/18	Indio SGMA Basin Prioritization	Conf. Call
06/14/18	Spring Crest Community Water System Tour	Spring Crest
06/14/18	H.R./I.S. Planning Meeting with Staff	DWA
06/18/18	DWA Staff/I.S./Security Weekly Meetings	DWA
06/19/18	DWA Bi-Monthly Board Meeting	DWA

Activities:

- 1) Outreach Talking Points – KESQ
- 2) Whitewater Hydro – Automatic Re-start
- 3) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 4) ACBCI Section 14 Facilities & Easements
- 5) Lake Oroville Spillway Damage
- 6) Replacement Pipelines 2018-2019
- 7) CWF – GAP Funding Agreement and Finance JPA Agreement
- 8) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water
- 9) DWA/CVWD/MWD Agreements Update
- 10) SGMA Alternative Plans and Bridge Documents
- 11) SWP 2018 Water Supply
- 12) ACBCI Lawsuits
- 13) Lake Perris Dam Remediation
- 14) Section 14 Pipeline Easements
- 15) DOI Regulation
- 16) Repair of Facility Access Roads Damaged in the September 10 Storm (Araby)
- 17) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 18) Multi-Agency Rate Study
- 19) SGMA Tribal Stakeholder Meetings
- 20) Whitewater Spreading Basins – BLM Permits
- 21) Lake Perris Dam Seepage Recovery Project Participation
- 22) Cal Waterfix Cost Allocation
- 23) DWA Surface Water Filtration Feasibility Study
- 24) MCSB Delivery Updates
- 25) Well 6 Meaders Cleaners RWQB Meetings

Activities:
(Cont.)

- 26) DWA Budgets
- 27) DWAEA Benefits Negotiations
- 28) Engineer's Report for Replenishment Assessment Charges
- 29) SGMA – Indio Subbasin Classification
- 30) SGMA – San Geronio Pass Subbasin
- 31) DWA Annual Water Quality Report
- 32) LAFCO Questionnaire
- 33) IRWM Region Boundary
- 34) Large Water System 2017 Annual Report to the Drinking Water Program

Minutes
Executive Committee Meeting
June 13, 2018

Directors Present: Jim Cioffi, Joe Stuart

Staff Present: Mark Krause, Martin Krieger, Steve Johnson

1. Discussion Items

A. Review Agenda for June 19, 2018 Regular Board Meeting

The proposed agenda for the June 19, 2018 meeting was reviewed.

B. Upcoming SWP Tour (September 10-11, 2018)

Staff provided the Committee with a draft itinerary of the scheduled State Water Project and Sacramento-San Joaquin Delta tour, conducted by MWD. Board members are asked to provide their invite lists to Assistant Board Secretary Baca by July 3.

2. Other - None

3. Adjourn

**DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

OPERATING ACCOUNT

MAY 2018

BALANCE	MAY 1, 2018	(\$438,541.42)	INVESTED RESERVE FUNDS \$18,697,339.86
WATER SALES		\$2,402,317.96	
RECLAMATION SALES		138,266.88	
WASTEWATER RECEIPTS		94,549.74	
POWER SALES		3,614.41	
METERS, SERVICES, ETC.		71,192.00	
REIMBURSEMENT – GENERAL FUND		171,627.94	
REIMBURSEMENT – WASTEWATER FUND		4,859.54	
ACCOUNTS RECEIVABLE – OTHER		16,444.71	
CUSTOMER DEPOSITS – SURETY		14,508.00	
CUSTOMER DEPOSITS – CONST.		35,842.42	
LEASE REVENUE		4,977.38	
INTEREST RECEIVED ON INV. FDS.		5,000.00	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		85,959.89	
		<hr/>	
TOTAL RECEIPTS		\$3,049,160.87	
PAYMENTS			
PAYROLL CHECKS		\$529,199.06	
PAYROLL TAXES		155,566.44	
ELECTRONIC TRANSFERS		134,825.52	
CHECKS UNDER \$10,000.00		323,386.66	
CHECKS OVER \$10,000.00 – SCH. #1		1,187,292.45	
CANCELLED CHECKS AND FEES		15,243.34	
		<hr/>	
TOTAL PAYMENTS		\$2,345,513.47	
NET INCOME		\$703,647.40	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		\$0.00	
		<hr/>	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$393,000.00	
FUNDS INVESTED – SCH. #3		1,160,000.00	
		<hr/>	
NET TRANSFER		(\$767,000.00)	\$767,000.00
		<hr/>	
BALANCE	MAY 31, 2018	(\$501,894.02)	\$19,464,339.86

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
117466	ACWA-JPIA	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - MAY 2018	\$183,423.74
117500	J COLON COATINGS INC	CONTRACT PAYMENT - RESERVOIR MAINTENANCE	\$125,124.50
117531	SOUTHERN CALIFORNIA EDISON CO	POWER	\$199,855.04
117532	SOUTHERN CALIFORNIA EDISON CO	DAMAGE CLAIM TO SCE FACILITIES (SARAH ST.)	\$10,000.00
117534	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$10,676.74
117538	UNITED WATER WORKS INC	WATER SERVICE SUPPLIES	\$15,945.80
117575	DESERT WATER AGENCY - WASTEWATER	WASTEWATER REVENUE BILLING FOR APRIL 2018	\$90,351.18
117580	DESERT WATER AGENCY - WASTEWATER	SEWER CAPACITY CHARGES - COVE RESORT, INC	\$42,060.00
117599	ACWA-JPIA	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - JUNE 2018	\$180,890.82
117613	BEST BEST & KRIEGER LLP	LEGAL FEES	\$75,303.00
117617	CDW DIRECT	2 - LASER PRINTERS (W/O #17-165-M)	\$10,265.54
117625	CORE & MAIN LP	WATER SERVICE SUPPLIES	\$76,252.11
117657	KRIEGER & STEWART INC	ENGINEERING	\$61,312.38
117667	MRC SMART TECHNOLOGY SOLUTIONS	1 - COPIER / PRINTER CUSTOMER SERVICE (W/O # 17-406-M)	\$10,551.48
117673	OUTFLOW TECHNOLOGIES	PROGRAMMING - MODERNIZATION PROJECT (W/O #14-187-M)	\$10,500.00
117687	THE SOCO GROUP, INC	FUEL PURCHASE	\$14,047.25
117690	SOUTHERN CALIFORNIA EDISON CO	POWER	\$12,273.38
117691	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$36,539.79
117703	Z&L PAVING, INC	PAVING	\$21,919.50

*** TOTAL

\$1,187,292.45

**DESERT WATER AGENCY
OPERATING FUND - LISTING OF INVESTMENTS
MAY 31, 2018**

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

06-30-83	State of California	LAIF	Open	\$ 13,964,339.96	\$ 13,964,339.96	\$ 13,964,339.96	1.800%	
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Certificates of Deposit

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

Total Commerical Paper	\$		\$		\$	
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Government Agency

09-20-16	Union Bank	FNMA (Callable 6-20-18)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,830.00	1.300%	Quarterly
10-28-16	Union Bank	FHLMC STEP (Callable 7-28-18)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,180.00	2.000%	Quarterly
02-28-17	Union Bank	FHLMC (Callable 8-25-18)	02-25-19	\$ 500,000.00	\$ 500,000.00	\$ 497,090.00	1.400%	Quarterly
09-29-17	Union Bank	FHLMC (Callable 6-29-18)	09-29-20	\$ 500,000.00	\$ 500,000.00	\$ 489,840.00	1.700%	Quarterly
01-29-18	Union Bank	FHLB (Callable 1-29-19)	01-29-21	\$ 500,000.00	\$ 500,000.00	\$ 494,475.00	2.200%	Quarterly
02-08-18	Union Bank	FFCB	05-08-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,670.00	2.000%	Bullet
04-17-18	Union Bank	FFCB	04-17-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,290.00	2.150%	Bullet

Total Government Agency	\$	5,500,000.00	\$	5,500,000.00	\$	5,454,375.00
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Weighted Mean YTM 1.810%

TOTAL INVESTED @ 05/31/18	\$	19,464,339.96	\$	19,464,339.96	\$	19,418,714.96
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BALANCE @ 06/30/17	\$	16,124,074.41
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INCREASE (DECREASE)	\$3,340,265.55
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**DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

GENERAL ACCOUNT

MAY 2018

**INVESTED
RESERVE FUNDS
\$119,483,161.53**

BALANCE MAY 1, 2018 (\$372,159.50)

* TAXES - RIVERSIDE COUNTY	9,868,404.45
* INTEREST EARNED - INV. FUNDS	88,550.66
GROUNDWATER REPLEN. ASSESSMENT	22,677.40
REIMBURSEMENT - OPERATING FUND	0.00
REIMBURSEMENT - CVWD MGMT	3,794.42
STATE WATER PROJECT REFUNDS	325,855.00
REIMB - CVWD - WHITEWATER HYDRO	6,924.84
POWER SALES - WHITEWATER	17.13
MISCELLANEOUS	6,581.93

TOTAL RECEIPTS \$10,322,805.83

PAYMENTS

CHECKS UNDER \$10,000.00	9,067.45
CHECKS OVER \$10,000.00 - SCH. #1	2,240,601.15
CANCELLED CHECKS AND FEES	87,600.00

TOTAL PAYMENTS \$2,337,268.60

NET INCOME \$7,985,537.23

INVESTED RESERVE FUNDS

FUNDS MATURED	2,766,520.00
FUNDS INVESTED – SCH. #2	10,885,000.00

NET TRANSFER (\$8,118,480.00) \$8,118,480.00

BALANCE MAY 31, 2018 (\$505,102.27) \$127,601,641.53

* INCLUSIVE TO DATE

TAXES

INTEREST

RECEIPTS IN FISCAL YEAR	\$27,713,744.14	\$1,408,670.09
RECEIPTS IN CALENDAR YEAR	\$21,165,052.61	\$718,176.50

DESERT WATER AGENCY

GENERAL ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
9036	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT ENTITLEMENT - FEBRUARY 2018	\$1,429,903.00
9038	US GEOLOGICAL SURVEY	JOINT FUNDING AGREEMENT QUARTERLY BILLING - (02/01/2018 - 04/30/2018)	\$21,058.75
9044	DESERT WATER AGENCY - OPERATING	OPERATING FUND REIMBURSEMENT FOR APRIL 2018	\$171,573.40
9045	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - MAY 2018	\$618,066.00

** TOTAL

\$2,240,601.15

DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
MAY 31, 2018

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

06-30-83	State of California	LAIF	Open	\$ 45,406,391.53	\$ 45,406,391.53	\$ 45,406,391.53	1.800%	-
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Certificates of Deposit

04-20-17	RBC Wealth Mgmt	Whitney Bank CD	04-22-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,950.00	1.650%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One N/A CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 245,740.00	1.900%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One Bank USA CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 245,740.00	1.900%	Bullet
06-19-17	RBC Wealth Mgmt	First Priority Bank CD	06-19-20	\$ 250,000.00	\$ 250,000.00	\$ 246,962.50	1.750%	Bullet
06-22-17	Sun Community FCU	Credit Union CD	06-22-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,014,228.58	1.500%	Bullet

Total Certificates of Deposit	\$ 2,750,000.00	\$ 2,750,000.00	\$ 2,745,621.09
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Commercial Paper

Total Commercial Paper	\$	\$	\$
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Government Agency

06-13-13	Ladenburg Thalmann	FHLB (Callable 6-13-18)	06-13-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,750.00	1.100%	Qtrly
10-02-15	Stifel	FHLB (Callable Continuous)	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 968,190.00	1.450%	Continuous
10-29-15	Stifel	FHLB (Callable Continuous)	10-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,040.00	1.120%	Continuous
11-25-15	Stifel	FNMA (Callable 8-25-18)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,370.00	1.500%	Qtrly
02-26-16	Ladenburg Thalmann	FNMA (Callable 8-26-18)	02-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,490.00	1.250%	Qtrly
03-23-16	Ladenburg Thalmann	FNMA (Callable 8-23-18)	03-23-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,640.00	1.500%	Qtrly
03-30-16	Stifel	FNMA STEP (Callable 6-30-18)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,720.00	1.750%	Qtrly
03-30-16	Stifel	FHLMC STEP (Callable 6-30-18)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,730.00	1.750%	Qtrly
04-26-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-26-20	\$ 989,500.00	\$ 1,000,000.00	\$ 975,360.00	1.550%	Continuous
05-23-16	Stifel	FNMA (Callable 8-23-18)	05-23-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,040.00	1.250%	Qtrly
05-26-16	Union Bank	FNMA	11-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,730.00	1.300%	1 Time
05-31-16	Ladenburg Thalmann	FHLMC (Callable 8-29-18)	08-29-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,670.00	1.020%	Qtrly
06-01-16	Stifel	FFCB (Callable Continuous)	03-01-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,660.00	1.250%	Continuous
06-13-16	Ladenburg Thalmann	FNMA (Callable 6-13-18)	06-13-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,000.00	1.400%	Qtrly
06-16-16	Stifel	FFCB (Callable Continuous)	08-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 979,070.00	1.400%	Continuous
06-11-16	Stifel	FHLAC STEP (Callable 6-21-18)	06-21-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,280.00	1.400%	Qtrly
06-28-16	Ladenburg Thalmann	FNMA (Callable 6-28-18)	06-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,500.00	1.200%	Qtrly
06-30-16	Stifel	FHLMC STEP (Callable 6-30-18)	12-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,310.00	1.250%	Qtrly
07-07-16	Ladenburg Thalmann	FFCB (Callable Continuous)	01-07-18	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,640.00	1.000%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,390.00	1.125%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	07-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,060.00	1.125%	Continuous
07-13-16	Union Bank	FFCB (Callable Continuous)	01-13-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 979,330.00	1.240%	Continuous
07-26-16	Ladenburg Thalmann	FNMA (Callable 7-26-18)	07-26-19	\$ 989,500.00	\$ 1,000,000.00	\$ 986,180.00	1.125%	Qtrly
07-27-18	Stifel	FNMA STEP (Callable 7-27-18)	07-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 962,290.00	1.250%	Qtrly
08-10-16	Ladenburg Thalmann	FHLMC (Callable 8-10-18)	08-10-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 975,320.00	1.450%	Qtrly
08-24-16	Ladenburg Thalmann	FHLMC STEP (Callable 8-24-18)	08-24-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,340.00	1.500%	Qtrly
08-30-16	Stifel	FHLMC STEP (Callable 8-28-18)	08-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,890.00	1.500%	Qtrly
08-30-16	Ladenburg Thalmann	FNMA (Callable 8-27-18)	11-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,010.00	1.250%	Qtrly
09-06-16	Ladenburg Thalmann	FFCB (Callable Continuous)	03-06-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,140.00	1.150%	Continuous
09-20-16	Union Bank	FNMA (Callable 6-20-18)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,830.00	1.360%	Qtrly
09-27-16	Ladenburg Thalmann	FHLMC STEP (Callable 6-27-18)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,380.00	1.500%	Qtrly
09-29-16	Ladenburg Thalmann	FHLMC STEP (Callable 6-29-18)	09-29-21	\$ 950,000.00	\$ 950,000.00	\$ 929,841.00	1.375%	Qtrly

DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
MAY 31, 2018

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
Government Agency								
09-30-16	Ladenburg Thalmann	FNMA (Callable 6-30-18)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,840.00	1.250%	Qtrly
10-06-16	Ladenburg Thalmann	FHLMC (Callable 7-6-18)	07-06-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 976,880.00	1.375%	Qtrly
10-11-16	Ladenburg Thalmann	FHLMC (Callable 7-11-18)	10-11-18	\$ 999,750.00	\$ 1,000,000.00	\$ 996,280.00	1.000%	Qtrly
10-17-16	Stifel	FNMA	04-17-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 978,310.00	1.250%	1 Time
10-28-16	Stifel	FHLMC STEP (Callable 7-28-18)	10-28-21	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,473,525.00	1.250%	Qtrly
10-28-16	Union Bank	FHLMC STEP (Callable 7-28-18)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,180.00	2.000%	Qtrly
11-03-16	Ladenburg Thalmann	FFCB (Callable Continuous)	05-03-21	\$ 999,250.00	\$ 1,000,000.00	\$ 968,550.00	1.490%	Continuous
11-15-16	Stifel	FHLMC STEP (Callable 8-15-18)	11-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 968,400.00	1.250%	Qtrly
12-14-16	Ladenburg Thalmann	FHLMC (Callable 6-14-18)	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 978,800.00	1.750%	Qtrly
12-29-16	Ladenburg Thalmann	FNMA (Callable 6-29-18)	06-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,720.00	1.750%	Qtrly
12-30-16	Ladenburg Thalmann	FHLMC (Callable 6-30-18)	12-30-18	\$ 998,000.00	\$ 1,000,000.00	\$ 981,970.00	1.500%	Qtrly
01-27-17	Ladenburg Thalmann	FNMA (Callable 7-27-18)	01-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,680.00	1.650%	Qtrly
01-30-17	Union Bank	FHLB (Callable 7-30-18)	04-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,610.00	1.750%	Qtrly
02-28-17	Union Bank	FHLMC (Callable 8-25-18)	02-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,180.00	1.400%	Qtrly
04-20-17	Stifel	FHLMC STEP (Callable 7-20-18)	04-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,100.00	2.250%	Qtrly
04-27-17	Ladenburg Thalmann	FHLMC (Callable 7-27-18)	01-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,520.00	2.000%	Qtrly
06-06-17	Stifel	FHLMC STEP (Callable 6-6-18)	06-06-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,940.00	1.375%	Qtrly
06-22-17	Ladenburg Thalmann	FHLMC STEP (Callable 6-22-18)	06-22-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,340.00	1.625%	Qtrly
06-27-17	Union Bank	FHLB (Callable 6-27-18)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,030.00	1.500%	Qtrly
06-29-17	Ladenburg Thalmann	FHLMC (Callable 6-29-18)	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 980,890.00	1.750%	Qtrly
07-11-17	Ladenburg Thalmann	FHLMC (Callable 7-11-18)	01-11-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 976,520.00	1.800%	Qtrly
07-26-17	Stifel	FHLMC STEP (Callable 7-26-18)	07-26-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,800.00	1.750%	Qtrly
07-27-17	Stifel	FHLMC STEP (Callable 7-27-18)	07-27-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,840.00	1.500%	Qtrly
08-07-17	Ladenburg Thalmann	FFCB (Callable Continuous)	11-23-20	\$ 990,890.00	\$ 1,000,000.00	\$ 979,440.00	1.770%	Continuous
08-09-17	Stifel	FHLB STEP (Callable 8-9-18)	02-09-22	\$ 2,000,000.00	\$ 2,000,000.00	\$ 1,966,280.00	1.750%	Qtrly
08-10-17	Ladenburg Thalmann	FHLB STEP (Callable 8-10-18)	08-10-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,250.00	1.500%	Qtrly
09-08-17	Stifel	FHLB STEP (Callable 6-8-18)	09-08-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,230.00	1.750%	Qtrly
09-28-17	Ladenburg Thalmann	FHLMC STEP (Callable 6-28-18)	09-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,860.00	1.375%	Qtrly
09-29-17	Union Bank	FHLMC (Callable 6-29-18)	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 979,680.00	1.700%	Qtrly
09-29-17	Stifel	FHLMC STEP (Callable 6-29-18)	09-29-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,110.00	1.625%	Qtrly
10-26-17	Ladenburg Thalmann	FNMA (Callable 7-26-18)	07-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 978,570.00	2.000%	Qtrly
11-06-17	Ladenburg Thalmann	FFCB (Callable Continuous)	06-06-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,840.00	1.600%	Continuous
11-20-16	Ladenburg Thalmann	FHLMC (Callable 8-20-18)	11-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 985,800.00	2.000%	Qtrly
12-11-17	Ladenburg Thalmann	FHLB (Callable 6-11-18)	12-11-20	\$ 999,750.00	\$ 1,000,000.00	\$ 984,700.00	2.000%	Qtrly
12-14-17	Stifel	FFCB (Callable 12-14-18)	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,060.00	2.060%	Continuous
01-16-18	Ladenburg Thalmann	FHLMC (Callable 7-16-18)	10-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,760.00	2.070%	Qtrly
01-26-18	Ladenburg Thalmann	FHLB (Callable 7-26-18)	01-26-21	\$ 999,850.00	\$ 1,000,000.00	\$ 989,000.00	2.250%	Qtrly
01-26-18	Stifel	FHLMC (Callable 7-26-18)	01-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,990.00	2.220%	Qtrly
01-29-18	Union Bank	FHLB (Callable 1-29-19)	01-29-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,950.00	2.200%	Qtrly
01-30-18	Union Bank	FHLB (Callable 1-30-19)	07-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,780.00	2.100%	Qtrly
02-01-18	Stifel	FFCB (Callable 8-1-18)	02-01-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,580.00	2.350%	Qtrly
02-08-18	Union Bank	FFCB	05-08-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,670.00	2.000%	Qtrly
02-12-18	Stifel	FHLB (Callable 2-12-19)	02-12-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,540.00	2.300%	Qtrly
03-26-18	Ladenburg Thalmann	FHLB STEP (Callable 8-26-18)	09-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,080.00	2.000%	Qtrly
03-29-18	Stifel	FHLMC STEP (Callable 6-29-18)	03-29-23	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,460.00	2.250%	Qtrly
04-17-18	Union Bank	FFCB	04-17-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,290.00	2.150%	Bullet
Total Government Agency				\$ 79,448,250.00	\$ 79,450,000.00	\$ 78,408,346.00		
Weighted Mean YTM							1.669%	
TOTAL INVESTED @ 06/31/18				\$ 127,601,641.53	\$ 127,606,391.53	\$ 126,353,358.62		
BALANCE @ 06/30/17				\$ 117,493,032.70				
INCREASE OR (DECREASE)				\$ 10,108,608.83				

**DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

WASTEWATER ACCOUNT

MAY 2018

**INVESTED
RESERVE FUNDS
\$1,295,594.08**

BALANCE	MAY 1, 2018	\$18,886.65	
ACCOUNTS RECEIVABLE - OTHER		\$0.00	
CUSTOMER DEPOSITS - CONSTRUCTION		0.00	
INTEREST EARNED - INVESTED FUNDS		11.98	
WASTEWATER REVENUE		90,351.18	
SEWER CAPACITY CHARGES		45,779.33	
MISCELLANEOUS		<u>0.00</u>	
TOTAL RECEIPTS		\$136,142.49	
PAYMENTS			
CHECKS UNDER \$10,000.00		\$14,915.09	
CHECKS OVER \$10,000.00 - SCH. #1		58,852.97	
CANCELLED CHECKS AND FEES		<u>0.61</u>	
TOTAL PAYMENTS		<u>\$73,768.67</u>	
NET INCOME		\$62,373.82	
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$0.00	
FUNDS INVESTED - SCH. #2		<u>78,000.00</u>	
NET TRANSFER		(\$78,000.00)	\$78,000.00
BALANCE	MAY 31, 2018	\$3,260.47	\$1,373,594.08

DESERT WATER AGENCY

WASTEWATER ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
2555	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR APRIL 2018	\$58,852.97
** TOTAL			\$58,852.97

**DESERT WATER AGENCY
WASTEWATER FUND - LISTING OF INVESTMENTS
MAY 31, 2018**

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

06-30-83	State of California	LAIF	Open	\$ 1,373,594.08	\$ 1,373,594.08	\$ 1,373,594.08	1.800%
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TOTAL INVESTED @ 05/31/18	\$ 1,373,594.08	\$ 1,373,594.08	\$ 1,373,594.08
BALANCE @ 06/30/17	\$ 1,142,620.01		
INCREASE OR (DECREASE)	\$ 230,974.07		

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

MONTH 17-18 MAY	THIS MONTH-----/			FISCAL YEAR TO DATE-----/			VARIANCE---/		
	THIS YEAR	LAST YEAR	BUDGET	THIS YEAR	LAST YEAR	BUDGET	YTD		PCT
OPERATING REVENUES									
WATER SALES	2,501,942.08	2,061,424.58	2,360,300.00	26,210,241.77	21,066,022.17	24,473,300.00	1,736,941.77	7	
RECLAMATION SALES	162,391.67	146,684.51	139,475.00	1,365,577.88	1,251,218.55	1,234,775.00	130,802.88	11	
POWER SALES	3,614.41	3,683.32	2,000.00	28,152.14	18,896.05	22,000.00	6,152.14	28	
OTHER OPER REVENUE	128,148.95	216,729.51	130,700.00	2,018,893.17	1,328,327.82	1,437,700.00	581,193.17	40	
TOTAL OPER REVENUES	2,796,097.11	2,428,521.92	2,632,475.00	29,622,864.96	23,664,464.59	27,167,775.00	2,455,089.96	9	
OPERATING EXPENSES									
SOURCE OF SUPPLY EXP	24,416.62	22,269.12	36,825.00	3,140,973.07	2,477,119.68	2,990,400.00	150,573.07	5	
PUMPING EXPENSE	246,302.42	282,770.09	259,575.00	2,610,930.92	2,409,842.90	2,870,825.00	259,834.08	9	
REGULATORY WATER TREAT	80,057.31	61,657.51	42,500.00	522,152.33	469,067.23	467,500.00	54,652.33	12	
TRANS & DIST EXPENSE	361,879.58	383,650.27	437,800.00	3,630,026.00	3,418,110.38	4,815,800.00	1,185,774.00	25	
CUSTOMER ACT EXPENSE	109,673.02	122,021.84	81,525.00	868,301.77	896,060.88	883,275.00	14,973.23	2	
ADMIN & GEN EXPENSE	913,472.43	850,929.10	402,800.00	7,925,092.11	8,125,069.87	7,595,125.00	329,967.11	4	
REGULATORY EXPENSE	4,208.81	3,919.46	25,275.00	194,312.13	169,957.79	276,675.00	82,362.87	30	
SNOW CREEK HYDRO EXP	2,429.53	5,392.11	3,350.00	22,703.74	39,163.06	36,850.00	14,146.26	38	
RECLAMATION PLNT EXP	133,688.94	106,601.48	208,250.00	1,163,497.71	473,489.52	2,286,950.00	1,123,452.29	49	
SUB-TOTAL	1,876,128.66	1,839,210.98	1,497,900.00	20,078,049.78	18,477,881.31	22,223,400.00	2,145,350.22	10	
OTHER OPER EXPENSES									
DEPRECIATION	471,105.08	487,634.15	471,200.00	5,175,613.79	5,118,886.72	5,183,200.00	7,586.21	0	
SERVICES RENDERED	10,967.40	9,787.01	11,250.00	189,359.01	119,178.23	123,750.00	65,609.01	53	
DIR & INDIR CST FOR WO	220,323.99	206,239.55	83,750.00	1,777,355.60	1,893,661.76	921,250.00	856,105.60	93	
TOTAL OPER EXPENSES	2,137,877.15	2,130,392.59	1,896,600.00	23,665,666.98	21,822,284.50	26,609,100.00	2,943,433.02	11	
NET INCOME FROM OPERATIONS	658,219.96	298,129.33	735,875.00	5,957,197.98	1,842,180.09	558,675.00	5,398,522.98	966	
NON-OPERATING INCOME (NET)									
RENTS	4,977.38	3,396.33	3,425.00	69,205.95	68,976.43	69,325.00	119.05	0	
INTEREST REVENUES	28,232.35	11,998.10	10,250.00	236,169.00	114,266.14	112,750.00	123,419.00	109	
OTHER REVENUES	67,836.00	240.00	.00	564,285.16	6,550.97	.00	564,285.16	0	
GAINS ON RETIREMENT	7,112.78	6,100.00	750.00	29,707.78	15,654.15	6,750.00	22,957.78	340	
DISCOUNTS	5.89	15.63	300.00	192.49	2,957.98	3,300.00	3,107.51	94	
PR. YEAR EXPENSES	.00	.00	.00	277,122.13	69,726.09	.00	277,122.13	0	
LOSS ON RETIREMENTS	.00	6,200.49	3,000.00	25,894.23	28,995.53	33,000.00	7,105.77	22	
TOTAL NON-OPER INCOME	108,164.40	15,549.57	11,725.00	1,150,788.28	244,436.23	159,125.00	991,663.28	623	
TOTAL NET INCOME	766,384.36	313,678.90	747,600.00	7,107,986.26	2,086,616.32	717,800.00	6,390,186.26	890	

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

JUNE 19, 2018

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1187 REVISING THE
AGENCY RESERVE POLICY**

In May 2006, the Board adopted Resolution No. 926 establishing a policy for Agency reserves. The resolution established and defined three types of reserves: 1) Restricted, 2) Unrestricted and 3) Administration.

With the Department of Water Resources commitment to the California WaterFix (CWF) and the Agency's participation in the CWF, it is necessary for the Agency to establish a new reserve category for CWF. The Agency's estimated commitment for participating in the CWF over the next ten years is \$35,262,100. It is necessary at this time to create a CWF reserve to plan for the costs that will be incurred. By moving forward and creating a CWF reserve, this will aid and prepare the Agency for the costs associated with the CWF and stabilize rates.

Staff requests the Board adopt Resolution No. 1187, revising the Agency's Reserve Policy.

RESOLUTION NO. 1187

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY REVISING THE AGENCY RESERVE POLICY

WHEREAS, the Board of Directors of the Desert Water Agency (“Agency”) is charged with responsibility for providing an imported water supply to the areas located within the Agency’s boundaries, for recharge of local groundwater supplies, for the construction, operation, maintenance, repair and replacement of facilities to treat, store, transport and deliver water to Agency customers, and for the collection and accumulation of revenues necessary to accomplish these purposes; and

WHEREAS, the implementation of Board policy over a period of many years has resulted in the accumulation of funds to be utilized for variety of Agency activities and to protect the Agency’s customers and taxpayers from the financial impacts of catastrophic events, contractual obligations, and from fluctuations in Agency expenses; and

WHEREAS, the Board believes it would be helpful and prudent to formally adopt reserve categories within this policy to ensure that the Agency at all times will have sufficient funds available to meet its operating, capital, contractual and debt service obligations; and

WHEREAS, this Board also wishes to provide for the creation and/or re-allocation of certain reserve accounts in the Operating and General Funds, and to set forth in writing the Agency’s policy regarding the accumulation of reserves, the purposes for which they may be expended, and the levels which the Agency should strive to maintain;

NOW THEREFORE, be it resolved that the Board of Directors of Desert Water Agency hereby provides for the creation of three types of reserve categories – Restricted, Unrestricted, and Administrative Reserves – and hereby allocates existing reserve funds as follows:

1. **RESTRICTED RESERVES (FUNDS)**

Restricted Funds – are funds that are restricted by law or contract to be used for only a specific purpose, such as contractual obligations, bond covenants, etc.

The Restricted Reserves will include, but not be limited to, the following:

- (a) **State Water Contract Fund** (General Fund) - All revenue collected from taxes levied on real property within the Agency's boundaries to pay amounts due and owing to the State of California Department of Water Resources ("DWR") pursuant to the Agency's contract with the State ("State Water Contract") for participation in the State Water Resources Development System shall be deposited into the State Water Contract Fund. The revenues deposited into the State Water Contract Fund may be utilized only to pay the Agency's financial obligations on the State Water Contract. The Agency shall endeavor to maintain money in the State Water Contract Fund in an amount which is more than two and one-half (2-1/2) times the total of the previous year's invoices from DWR, but not more than six (6) times the total of such invoices, so that a reserve may be maintained to absorb temporary increases in charges from DWR, help to stabilize Agency tax rates, and protect against economic conditions which could result in the failure of numerous Agency taxpayers to pay their taxes.
- (b) **California Water Fix (CWF) Reserve** (General Fund) – The California Water Fix Reserve is a sub-set of the State Water Contract Fund. California Water Fix is a \$16 billion plan being implemented by the Department of Water Resources to build two tunnels to carry fresh water from the Sacramento River to State Water Project diversion facilities in the South Delta, and to restore habitat in the Delta. The Agency is a participating contractor in the CWF. The Agency is obligated to pay its share of the CWF Capital & Operating costs over the next 40 years. The current projection from the Department of Water Resources for the Agency's portion of the cost of CWF is \$35,262,100 over the next 10 years. Revenue collected from taxes levied on real property within the Agency's boundaries will be utilized to pay

amounts due and owing to DWR per the State Water Contract (see State Water Contract Fund). The Agency will endeavor to maintain money in the CWF Fund for current and future payments in order to smooth tax rates (rate stabilization) and protect against economic conditions, which could result in the failure of Agency taxpayers to pay their taxes. The target for this reserve will also be two and one-half (2 1/2) times the annual charges from DWR for the Agency's share of CWF, but not more than six (6) times the annual charges for CWF.

- (c) **Bond Reserve Fund** (Operating and/or General Funds) –The Bond Reserve Fund will be utilized in the event the Agency incurs bonds or other finance debt. As bond indebtedness occurs, the following guidelines will be enforced:

This Fund is governed by bond covenants for the Agency's revenue bonds. Bond covenants require that this fund be maintained at a level sufficient to fund maximum annual debt service payments. These funds are held by the bond trustee during the term of the bonds, and are to be used in the event that the Agency is unable to meet its required semi-annual debt service obligation.

Reserve funds for each revenue bond or other form of financing issued will be used to make the last two semi-annual debt service payments for that issue. Annual interest earnings on bond reserve funds shall be applied to each year's debt service payments.

2. **UNRESTRICTED (DESIGNATED) RESERVES**

Unrestricted (Designated) Reserves – are funds, though not required by any covenant or contractual requirement, that are necessary and play a critical role in providing reliable service and funding short and long term capital projects, capital replacement projects, potential environmental obligations and responding to emergencies. Unrestricted (Designated) Reserves include, but are not limited to:

- (a) **Reserve for Operations** (Operating and/or General Funds) – A “Reserve for Operations” is hereby created to be utilized to pay the costs of operating the Agency’s facilities and operations, as the case may be, including unanticipated costs of operation. The Agency shall endeavor to maintain in each reserve for operations an amount sufficient to pay for six (6) months of normal operation, but not exceeding one year of normal operation. However, funds appropriated to any Reserve for Operations may be accessed at any time for any other Agency purpose, upon approval by the Board.
- (b) **Reserve for Replacements** (Operating and/or General Funds) – A “Reserve for Replacements” is hereby created for the Agency’s Operating and/or General Accounts to which the Board may appropriate unrestricted Agency revenues. Each Reserve for Replacements may be utilized to replace the Agency’s physical plant, as needed. The Agency shall endeavor to maintain in each Reserve for Replacements an amount approximately equal to the accumulated amount of depreciation of the Agency’s physical plant (not including State Water Project facilities) for the Agency’s facilities and as reflected in the annual audit of the Agency presented to the Board each year. However, the funds appropriated to each Reserve for Replacements may be accessed at any time for any other Agency purpose, upon approval by the Board. Funds appropriated to a Reserve for Replacements may be invested in the same manner as other Agency surplus funds, and the earnings thereon shall be credited to the Agency’s Operating and/or General Fund Accounts, as the case may be.
- (c) **Reserve for Disaster Response** (Operating Fund) – A “Reserve for Disaster Response” is hereby created for the Agency’s Operating Fund, to which the Board may appropriate unrestricted Agency revenues. The Reserve for Disaster Response may be utilized to procure such equipment and supplies, perform such repairs, employ such personnel, and take such other measures as may be necessary or appropriate in the event of a disaster or calamity requiring Agency response. The Agency shall endeavor to maintain in the Reserve for Disaster Response an amount approximately equal to 15% of the value of the Agency’s net physical plant

or for the Agency's general system, as the case may be, and as reflected in the annual audit of the Agency presented to the Board each year. However, the funds appropriated to the Reserve for Disaster Response may be accessed at any time for any other Agency purpose, upon approval by the Board. Funds appropriated to a Reserve for Disaster Response may be invested in the same manner as other Agency surplus funds, and the earnings thereon shall be credited to the Agency's Operating Fund.

- (d) **Land Acquisition Reserve** (Operating and General Funds) – A “Reserve for Land Acquisition” is hereby created for the Operating and General Funds to which the Board may appropriate unrestricted Agency revenues. The Land Acquisition Reserve may be utilized to acquire property necessary for future Agency groundwater recharge facilities, power generating facilities, well sites, reservoir sites, booster plants, water treatment facilities, lift stations, recycling facilities, and/or any other Agency operations. The Agency will endeavor to maintain the Land Acquisition Reserve in an amount not to exceed \$5,000,000 in each fund, respectively.
- (e) **Reserve for Additional Water** (General Fund) – A “Reserve for Additional Water” is hereby created to which the Board may appropriate unrestricted Agency revenues. The Reserve for Additional Water may be utilized for the purchase of additional water, to augment the Agency's annual allocation of water pursuant to Table A of the Agency's State Water Contract, and for costs associated with the banking or transfer of any water purchased by the Agency. The Agency shall endeavor to maintain the Reserve for Additional Water in an amount which is greater than the total of the previous year's invoices from DWR pursuant to the Agency's State Water Contract, but which does not exceed five (5) times that amount. However, the funds appropriated to the Reserve for Additional Water may be accessed at any time for any other Agency purpose, upon approval by the Board. Funds appropriated to the Reserve for Additional Water may be invested in the same manner as other Agency surplus funds, and the earnings thereon shall be credited to the Agency's General Fund.

- (f) **Regulatory Compliance Reserve** (Operating and General Fund) – A “Reserve for Regulatory Compliance” is hereby created to which the Board may appropriate unrestricted Agency revenues. The Regulatory Compliance Reserve may be utilized by the Operating and/or General Funds to comply with any regulatory legislation or requirements imposed on the Agency for groundwater and/or surface water treatment by any Federal, State or Local authority. The Agency shall endeavor to maintain the Reserve for Regulatory Compliance in an amount not to exceed \$10,000,000 per fund, respectively. However, the Funds appropriated to the Regulatory Compliance Reserve may be accessed at any time for any other Agency purpose upon approval by the Board.

3. **ADMINISTRATIVE RESERVES (Operating Fund)**

Administrative reserves are funds, though not required by any covenant or contractual provision, that are utilized for the administrative costs associated with personnel. Administrative Reserves include, but are not limited to:

- (a) **Retirement Benefits Reserve** (Operating Fund) – A “Reserve for Retirement Benefits” is hereby created to be utilized to pay the cost of retiree benefits such as, but not limited to, health, dental and vision insurance premiums and PERS adjustments. The Agency shall endeavor to maintain in the Retirements Benefits Reserve a minimum of two times the actual cost from the preceding year, but not to exceed four (4) times the cost, in order to absorb any rate increases and/or the addition of new retirees. However, the funds appropriated to the Retirement Benefits Reserve may be accessed at any time for any other Agency purpose upon approval by the Board.

4. **ADDITIONAL ACCOUNTS**

In addition to the Restricted, Unrestricted and Administrative Accounts identified above, the Board may approve the creation of such additional accounts, whether temporary or

permanent, as the Board deems necessary or appropriate, by amendment to this Resolution or by simple motion. In such event, the Board will identify the purposes for which such additional accounts are created, provide guidance as to the amount which the Agency should endeavor to main in each such account, and establish the limits and restrictions pertaining thereto.

5. **PROCEDURE FOR MONITORING RESERVE LEVELS**

Each year, the Agency's Finance Director, during the annual budget presentation, shall provide the Board with a report indicating the beginning and ending balance for each of the reserve funds or accounts created pursuant to this Resolution, shall document the purposes for which expenditures have been made therefrom, and shall make recommendations to replenish or augment funds or account balances as appropriate.

6. **EFFECTIVE DATE** – The policies set forth herein shall become effective on July 1, 2018 and as of that date shall replace the policies set forth in Resolution No. 926.

ADOPTED AND APPROVED this 19th day of June, 2018.

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

JUNE 19, 2018

RE: REQUEST FOR ADOPTION OF RESOLUTION NOS. 1188 & 1189 ESTABLISHING RATES & FEES FOR DOMESTIC WATER SERVICE & SEWER SERVICE

After a comprehensive rate study process with financial expert NBS, the Board of Directors implemented water, sewer and recycled water rates effective on January 1, 2017. As part of the adoption of the multi-year rate plan developed by NBS and approved at the 2016 Prop 218 hearing, the Board decided to assess future rate adjustments close to the proposed implementation date.

July 1, 2018 is the next planned step within the rate plan. Given the agency's current financial needs, staff recommends implementing the increases as planned. Though the drought is officially over, water use levels have remained low and even further unexpected costs have been incurred due to new requirements (example: City of Palm Springs street work requiring DWA to raise valve lids), increased pipeline maintenance due to significant leaks and reservoir maintenance.

Resolution No. 1188 Establishing Rates, Fees and Charges for Domestic Water Service

The resolution **increases the volumetric rate for water from \$1.72 to \$1.89 per hundred cubic feet** and updates the water service charges for domestic water customers in accordance with what NBS proposed in their final rate study report.

Meter size	Current	Proposed July 1, 2018
5/8"-3/4"	\$18.12	\$22.48
1"	\$18.12	\$22.48
1 ½"	\$34.59	\$42.92
2"	\$54.35	\$67.44
3"	\$107.06	\$132.85
4"	\$166.36	\$206.43
6"	\$331.08	\$410.82
8"	\$528.74	\$656.08
10"	\$1,385.28	\$1,718.90
12"	\$1,747.66	\$2,168.56

Resolution No. 1188 also updates the drought rate surcharge. Though we are not currently in a drought, staff recommends keeping the surcharge up to date and in line with the current water rates so that it is effective if needed. The drought rate surcharge would be implemented if later enacted by the Board of Directors in the case of extreme shortage. The baseline for the reduction is April 2015 to March 2016, which is a very low water use period. The Board would vote to enact the surcharge, which would only remain in place for six months unless increased or renewed by the Board. Staff will monitor consumption levels and revenues to alert the Board to consider action.

Additional use reduction required	Current per HCF	Proposed July 1, 2018
10%	\$0.10	\$0.12
20%	\$0.22	\$0.28
30%	\$0.38	\$0.48
40%	\$0.59	\$0.74
50%	\$0.88	\$1.11
60%	\$1.31	\$1.66

Resolution No. 1188 adjusts the zone charges necessary to cover the costs associated with pumping water to higher elevations. This charge applies to a small portion of Desert Water Agency customers. The zone charges are as follows:

ZONE	Current per HCF	Proposed July 1, 2018 per HCF
A	\$0.18	\$0.21
B	\$0.24	\$0.26
C	\$0.56	\$0.58
D	\$2.43	\$2.56

Resolution No. 1189 Establishing Rates, Fees and Charges for Sewer Service

In its multi-year rate plan, NBS also studied the sewer charges that DWA imposes on its customers in the Cathedral City and Palm Springs area. NBS determined that the charges being imposed are not sufficient to cover DWA's costs. In addition to the rate listed below, DWA also passes through the charges for conveyance and collection from either CVWD (Cathedral City) or City of Palm Springs (Palm Oasis and Dream Homes).

Sewer rate	Current	Proposed July 1, 2018
per EDU	\$5.55	\$5.74

Also listed in the proposed resolution are changes to CVWD and City of Palm Springs monthly pass-thru charges. There are no changes to Resolution No. 1168 Fees for recycled water customers.

Staff recommends that the Board of Directors adopt Resolution No. 1188 for domestic water rates, fees and charges and Resolution No. 1189 for sewer rates, fees and charges.

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RESOLUTION NO. 1188

RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY ESTABLISHING RATES, FEES & CHARGES FOR DOMESTIC WATER SERVICE, BACKUP FACILITY, SUPPLEMENTAL IMPORTED WATER CAPACITY AND SERVICE CONNECTION CHARGES

WHEREAS, by previous action this Board has approved various rates, fees and charges for water service, as provided by law; and

WHEREAS, it is appropriate at this time to revise the Agency's monthly charges for water service and for several other water related services, while restating all other rates, fees and charges which remain unchanged; and

WHEREAS, on December 15, 2016, this Board conducted a majority protest hearing for proposed revisions to the Agency's monthly charges for water service over the next subsequent five years, as required by law, and determined that a majority protest did not exist; and

WHEREAS, having completed the public hearing, this Board wishes to take action to revise the Agency's monthly charges for water service in the manner proposed at the hearing while restating other fees and charges that shall remain unchanged at this time;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Desert Water Agency that the Agency's rates, fees and charges for water service shall be as follows:

1. Backup Facility Charges. Every applicant for a regular service connection shall, in addition to other charges, pay a Backup Facility Charge based on the size and location of the applicant's service and meter connection as follows:

<u>Meter</u>	<u>Charge</u>
5/8 x 3/4 inch	\$2,550
1 inch	\$6,375
1-1/2 inch	\$12,750
2 inch	\$20,405

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Backup Facility Charges (Cont.)

<u>Zone A</u>	<u>Charge</u>
5/8 x 3/4 inch	\$4,225
1 inch	\$10,570
1-1/2 inch	\$21,145
2 inch	\$33,835

<u>Zone B</u>	<u>Charge</u>
5/8 x 3/4 inch	\$5,760
1 inch	\$14,405
1-1/2 inch	\$28,815
2 inch	\$46,105

<u>Zone C</u>	<u>Charge</u>
5/8 x 3/4 inch	\$6,245
1 inch	\$15,610
1-1/2 inch	\$31,225
2 inch	\$49,960

2. Supplemental Imported Water Capacity Charges. Every applicant for a regular service connection shall, in addition to other charges, pay a Supplemental Imported Water Capacity Charge based on the size of the applicant's service and meter connection as follows:

Meter Size

<u>Residential</u>	<u>Charge</u>
5/8 x 3/4 inch	\$1,370.00
1 inch	\$2,250.00
1-1/2 inch	\$4,440.00
2 inch	\$10,960.00
3 inch	\$72,070.00

<u>Commercial</u>	<u>Charge</u>
5/8 x 3/4 inch	\$1,250.00
1 inch	\$2,740.00
1-1/2 inch	\$8,830.00
2 inch	\$15,090.00
3 inch	\$21,350.00
6 inch	\$677,430.00

<u>Irrigation</u>	<u>Charge</u>
5/8 x 3/4 inch	\$1,720.00
1 inch	\$6,530.00
1-1/2 inch	\$25,210.00
2 inch	\$23,970.00

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3. Backup Facility Charges and Supplemental Imported Water Capacity Charges for Increased Service. A Backup Facility Charge and a Supplemental Imported Water Capacity Charge shall be required for all existing regular service connections for which increased capacity is requested and larger service connections and meters are installed. Said charges shall apply to the difference in service capacity between the new meter and service, and the meter and service which is being replaced.
4. Exemption. The Backup Facility Charge shall apply to all applications for regular service, regardless of the type of use, but shall not apply to applications for temporary service. The Backup Facility Charge may be exempted, or partially exempted for private commercial fire protection service, and where certain water supply, storage, treatment and transmission facilities are required of an applicant. The exemption will be determined by the Agency, whose decision will be final.
5. Accounting of Funds. All revenues collected from backup facility charges shall be deposited with other such fees in a separate capital facilities account or fund in a manner to avoid any commingling of the charges with other revenues and funds of the Agency, except for temporary investments, and such revenues may be expended solely for the purpose for which the backup facility charges are collected. Any interest income earned by moneys in said account or fund shall also be deposited in that account or fund and may be expended only for the purpose for which the backup facility charges are imposed. The Agency shall make findings once each fiscal year with respect to any portion of the backup facility charges remaining unexpended or uncommitted in the account five or more years after deposit of the charges. The findings shall identify the purpose to which the backup facility charges are to be put, and will demonstrate a reasonable relationship between the charges and the purpose for which the charges were imposed.

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6. Meter Installation Charge. The charge for meter installation shall be as follows:

<u>Size</u>	<u>Charge</u>
5/8 x 3/4 inch	\$255.00
1 inch	\$355.00
1-1/2 inch	\$530.00
2 inch	\$705.00

7. Customer Control Valve Charge. The customer control valve charge shall be as follows:

<u>Size</u>	<u>Charge</u>
1 inch	\$360.00
1-1/2 inch	\$370.00
2 inch	\$435.00

8. Service Connection Charge. The charge for service connection shall be as follows:

	<u>Size</u>	<u>Charge</u>
a.)	1 inch	\$1,800.00
	2 inch	\$3,230.00
b.)	Pavement Patch	\$1,380.00
	Concrete Patch	\$664.00

9. Connection Charge. A charge for all new connections based on the front footage served thereby shall be levied and collected at the rate of \$70.00 per lineal foot of frontage, or the actual rate in accordance with a valid main extension refund agreement, whichever is greater.

10. Meter Test Deposit. The required deposit for testing a water meter shall be as follows:

<u>Size</u>	<u>Deposit</u>
5/8 & 3/4 inch to 2 inches	\$70.00
3 inch or larger	\$140.00

11. Plan Check Fees. The plan check fees for Agency installed water facilities with no mains shall be \$140. For developer installed facilities with mains, the fee shall be \$140, plus \$0.10 per lineal foot of main installed. There is no charge for single residences not falling within the above categories.

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12. Design Review Fees. Fees charged for design review for water facilities shall be as follows:

- | | |
|-----------------------------------|----------------------|
| a.) Agency Engineering Department | \$140.00 per hour |
| b.) Engineering Consultants | Actual cost plus 15% |
| c.) Legal Consultants | Actual cost plus 15% |

13. Temporary Service Connection Charge. The following deposits and charges shall be imposed for a temporary service connection:

- | | |
|---------------------------------------|-----------------|
| a.) <u>Deposits</u> | |
| Meter | \$964.00 |
| Backflow Device | <u>\$500.00</u> |
| Total | \$1,464.00 |
| b.) <u>Meter Installation Charges</u> | |
| Meter | \$70.00 |
| Backflow Device | <u>\$70.00</u> |
| Total | \$140.00 |
| c.) <u>Meter Relocation Charges</u> | |
| Each Occurrence | \$70.00 |

14. Restoration of Service. The charge for service restored on Agency's normal working days and during normal working hours will be \$70. The charge for service restored other than that on Agency's normal working days and after normal working hours will be \$150. To have service restored the same day, during working hours, payment must be received between 8:00 a.m. and 4:00 p.m. Payments received after 4:00 p.m. will be at the after-hours rate for restoration of service the same day.

If service is discontinued or turned off by customer request for any reason, other than repairs, the restoration charges will be enforced if restoration of service is requested within 90 days of the initial request of discontinuance.

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15. Backflow Protection Device Installation Charges. The following charges shall be imposed for the installation of a backflow protection device:

a.)	<u>Double Check Device</u>	
	<u>Size</u>	<u>Charge</u>
	3/4 inch	\$647.00
	1 inch	\$812.00
	1-1/2 inch	\$1,480.00
	2 inch	\$1,870.00
b.)	<u>Reduced Pressure Principal Device Assemblies</u>	
	<u>Size</u>	<u>Charge</u>
	3/4 inch	\$843.00
	1 inch	\$1,005.00
	1-1/2 inch	\$1,689.00
	2 inch	\$2,053.00
c.)	<u>Double Check Device with Fire Service Outlet</u>	
	<u>Size</u>	<u>Charge</u>
	1 inch	\$1,000.00
	1-1/2 inch	\$1,668.00
	2 inch	\$2,149.00
d.)	<u>Reduced Pressure Device with Fire Service Outlet</u>	
	<u>Size</u>	<u>Charge</u>
	1 inch	\$1,193.00
	1-1/2 inch	\$1,877.00
	2 inch	\$2,333.00

16. Metered Service Charge. Service charges for water service include a monthly service charge, a quantitative rate charge, and a zone charge if applicable, as follows:

a.)	<u>Monthly Service Charge</u>	
	<u>Size</u>	<u>Charge</u>
	5/8 x 3/4 inch	\$22.48
	1 inch	\$22.48
	1-1/2 inch	\$42.92
	2 inch	\$67.44
	3 inch	\$132.85
	4 inch	\$206.43
	6 inch	\$410.82
	8 inch	\$656.08
	10 inch	\$1,718.90
	12 inch	\$2,618.56

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Metered Service Charge. (Cont.)

b.) Quantitative Rate Charge

The base rate charge for all metered and unmetered water used for all purposes other than through temporary service facilities shall be \$1.89 per 100 cubic feet.

c.) Temporary Service Quantitative Rate Charge

The base rate charged for all metered and unmetered water used for construction and temporary service shall be \$936.54 (\$2.15 per 100 cubic feet) per acre foot.

d.) Zone Charges

<u>Zone</u>	<u>Charge per 100 Cubic Feet</u>
"Base"	\$0.00
"A"	\$0.21
"B"	\$0.26
"C"	\$0.58
"D" (Tramway)	\$2.56

e.) Drought Rate Surcharge

The surcharge is in addition to the Quantitative Rate Charge. It may be applied in times of mandatory restrictions or extreme water supply shortage.

<u>Use Reduction Required</u>	<u>Addition to Quantitative Rate Charge</u>
10%	\$0.12
20%	\$0.29
30%	\$0.48
40%	\$0.74
50%	\$1.11
60%	\$1.66

17. Private Fire Protection Monthly Service Charges. The monthly service charge for private fire protection shall be as follows:

<u>Service Size</u>	<u>Charge</u>
2 inch	\$6.89
4 inch	\$23.25
6 inch	\$50.53
8 inch	\$86.89
10 inch	\$135.38
12 inch	\$162.65

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18. Backflow Protection Device Repair Charge. The monthly charge for backflow protection device repair shall be as follows:

<u>Size</u>	<u>Charge</u>
3/4 inch	\$3.00
1 inch	3.50
1-1/4 inch	3.50
1-1/2 inch	3.50
2 inch	3.50
2-1/2 inch	3.50
3 inch	3.50
4 inch	5.80
6 inch	5.80
8 inch	7.00
10 x 12 inch	7.00

19. Construction and Temporary Service Monthly Charges. The construction and temporary service monthly charge shall include the following and be set as follows:

- a. Monthly Service Charges
To be in accordance with Item 16-a of this Resolution
- b. Quantitative Charges
To be in accordance with Item 16-c of this Resolution
- c. Zone Pumping Charges
To be in accordance with Item 16-d of this Resolution
- d. Backflow Protection Device Charge: \$34.15

20. Deposit to Establish Credit. The minimum deposit to establish credit will be two (2) times the average monthly bill. If this cannot be determined, the minimum deposit shall be as follows:

<u>Size</u>	<u>Deposit</u>
5/8 x 3/4 inch	\$ 100.00
1 inch	100.00
1-1/2 inch	150.00
2 inch	200.00

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21. Development Review. A charge for Agency provided Administrative Services shall be collected at the rate of \$140 for each of the following:

- a.) Will Serve Letter
- b.) Development Bond Amount Letter
- c.) Response to Initial Study

22. Water Quality Sampling. The charge for Agency collection and analysis of development bacteriological samples shall be at the rate of \$75.00 per sample.

23. Account Establishment Fee Charge. An administrative charge for Agency services to establish account in the new owner's name shall be \$30.00 per account.

24. Late Fee. An administrative late fee charge of \$25.00 per account will be assessed on accounts that are delinquent (30 days past due).

25. Effective Date: The charges set forth herein shall become effective on July 1, 2018 and as of that date shall replace the charges set forth in Resolution No. 1167.

ADOPTED this 19th day of June 2018.

James Cioffi, President
Board of Directors

ATTEST:

Kristin Bloomer, Secretary-Treasurer
Board of Directors

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BACKUP FACILITY CHARGES FOR WATER SERVICE MARCH 7, 2017

New development creates an additional demand for water. In order to meet the new demand, new wells must be constructed to provide more water, new storage tanks must be constructed to store water for emergency use, equalizing, and fire storage, and new transmission pipelines must be constructed to transport water from wells to storage tanks and throughout the distribution system. New development in hillside areas and service areas above the Base Zone places demand upon facilities, such as booster pumping plants, water storage tanks and transmission pipelines, whose basic function is to lift the water up to and store in these higher zones.

For the past eight years, new development has added an annual average of about 400 service connections to the Desert Water Agency water system. At this growth rate, every three years new connections will create a demand for water equivalent to the production capacity of one well. The increased demand will also burden storage, transmission, and booster pumping facilities in all Zones. These facilities must be in place ahead of new connections. Therefore, in most cases, the facilities are constructed in anticipation of demand, and costs of the facilities are recovered through the Backup Facility Charge.

Staff has reviewed the costs that make up the Backup Facility Charge and find that a tiered rate is justified to recover cost of the well plants, booster plants, treatment plants, surface water facilities, storage reservoirs, and transmission mains required by each zone.

All new development requiring water service will be charged for Backup Facilities. The charge is based upon the capacity/service size ratio of the service provided and the proportional potential demand placed upon the available water production, transmission, treatment, pressure boosting and storage facilities. The charge is not based upon the type of service connection (i.e., residential, commercial, and industrial). The amount of the charge for any particular development is based on the number of services, service size, meter size and the assigned number of capacity units per service as determined by the Agency. The capacity unit (C.U.) is based on the capacity/service size ratio of the service connection.

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Service capacity ratios have historically been based on the relationship between capacity and pipe diameter. Originally established in 1973, the service capacity/diameter relationship for the Agency was based on a 1" service size capacity ratio of $Q=KD^{2.54}$. Depending on the specific hydraulic formula selected the service size relationship can range from $D^{2.5}$ to $D^{2.667}$. These hydraulic formula and capacity/diameter relationships are empirical and therefore approximate. The selected relationship of $D^{2.54}$ is reasonable in that it is slightly less than the median relationship of $D^{2.58}$.

However, capacity is ultimately limited by the maximum continuous operation flow rate of the meter installed on each service connection. To account for this, the Agency has opted to utilize the AWWA meter factors in lieu of the abovementioned $D^{2.54}$ formula. AWWA meter factors are an industry standard and, therefore, a reasonable method to use in determining equivalent capacity units within the system.

To determine the standard capacity for the Agency's entire water system all active services smaller and larger than the standard one-inch service are converted to one-inch equivalent capacity units using the AWWA meter factors discussed above.

Calculation of the C.U. for each service size in the Agency's system is shown in the table below.

SYSTEM CAPACITY UNITS

<u>SERVICE SIZE</u>	<u>SERVICES</u>	<u>AWWA METER FACTORS</u>	<u>CAPACITY UNITS</u>
5/8" X 3/4"	210	0.40	84
1"	18,565	1.00	18,565
1-1/2"	862	2.00	1,724
2"	2,975	3.20	9,520
Total	22,612		29,893

The charge per capacity unit is obtained by determining the cost of water production, pressure boosting, treatment, storage and transmission facilities and dividing it by the total capacity units served by the facilities. The method for determining facility cost and total capacity units is discussed below.

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The total number of current capacity units of each zone is obtained from the Desert Water Agency Information Systems Department.

<u>ZONES</u>	<u>EXISTING CAPACITY UNITS WITHIN ZONE</u>
BASE	28,125
A	1,282
B	468
C	18
TOTAL	29,893

To determine the total capacity units for each zone, we must first calculate the max demand day (MDD) value utilizing the current General Plan formula:

- $MDD = 1.85 \times \text{Average Day Annual Demand (ADD)}$

Using annual production data from 2010 to 2013 (years that were not affected by State mandated drought conservation requirements), the ADD calculated equals 32.6 MGD, therefore, the MDD is equal to 60.3 MGD. If the MDD is equal to 60.3 MGD, the current gal/C.U./day is equal to 2,017 gal/C.U./day ($60.3\text{MGD} \div 29,893$).

Since all service capacity must be met by the Base system pumping capacity, the current max demand on the Base system is equal to the MDD, or 60.3 MGD. The current pumping capacity for the Base system is 76.7 MGD, therefore, all of the existing units are using 78.6% of the total capacity of the Base system ($60.3\text{MGD} \div 76.7\text{MGD}$). The total maximum capacity units for the entire system are then equal to 38,031 ($29,893 \div 0.786$).

The current demand on Zone A is 2.58 MGD ($2,017 \times 1,282$). The current pumping capacity for Zone A is 7.70 MGD, therefore, the existing Zone A units are using 33.5% of the total pumping capacity of Zone A ($2.58\text{MGD} \div 7.70\text{MGD}$). The total Zone A capacity units are then equal to 3,826 ($1,282 \div 0.335$).

The current demand on Zone B is 0.94 MGD ($2,017 \times 468$). The current pumping capacity for Zone B is 0.79 MGD, therefore, the existing Zone B units are using 118% of the total pumping capacity of Zone B ($0.94\text{MGD} \div 0.79\text{MGD}$). The total Zone B capacity units are then equal to 396

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($468 \div 1.18$), which is 72 units less than the existing amount of 468 units; therefore, Zone B requires additional pumping capacity to accommodate the additional 72 units. The amount of pumping capacity required is equal to 100 gpm ($72 \text{ CU} \times 2,017 \text{ gal/CU/Day} \div 1,440 \text{ min/day}$). The additional pumping capacity can be achieved by a 20 HP pump. Using the current cost of \$3,869/HP for Zone B, this additional 20 HP will cost \$77,380 and will be added to the Zone B total pumping costs.

The current demand on Zone C is 0.036 MGD ($2,017 \times 18$). The current pumping capacity for Zone C is 0.43 MGD, therefore, the existing Zone C units are using 8.3% of the total pumping capacity of Zone C ($0.036 \text{ MGD} \div 0.43 \text{ MGD}$). The total Zone C capacity units are then equal to 216 ($18 \div 0.083$).

<u>ZONES</u>	<u>TOTAL CAPACITY UNITS WITHIN ZONE</u>	<u>TOTAL CAPACITY UNITS SERVED PER ZONE</u>
BASE	33,719	38,031
A	3,826	4,294
B	468	684
C	216	216
TOTAL	<hr/> 38,031	

Facility costs per zone were determined by analyzing facility cost valuation from Agency Annual Operating Statistics Reports, cost estimates prepared in conjunction with the currently proposed budget and rate study, and by assessing the current facilities inventory by zone using the 2008 General Plan Update. The facilities cost valuation per capacity unit was determined from the total number of capacity units and the facilities costs per zone.

The proposed Backup Facility Charge consists of a Base-Zone Charge and successively higher tiered charges for each pumped zone supplied from the Base-Zone and any additional zone supplying water to a higher zone. The A-Zone receives all of its water supply from facilities in the Base-Zone, the B-Zone receives all of its water supply from facilities in the A-Zone, and the C-Zone receives all of its water supply from facilities in the B-Zone. Water is booster-pumped through each successive zone to get to its final destination.

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The Base Zone charge is composed of costs per capacity unit for production (wells and surface water supply), storage, pressure boosting, treatment and transmission facilities assignable to Base-Zone service.

PUMPING/WATER PRODUCTION COST

In order to calculate the cost of pumping water per capacity unit we first determine the cost of those facilities from approved capital improvement budgets. The ratio of plant cost to horsepower is determined.

<u>DESCRIPTION</u>	<u>YEAR CONSTRUCTED</u>	<u>PUMPING PLANT HORSEPOWER</u>	<u>PUMPING PLANT COST*</u>
Well 39	2010	450 HP Pumping Plant	\$1,320,156.59
Well 40	2009	450 HP Pumping Plant	\$1,498,356.82
Well 41	2006	450 HP Pumping Plant	\$1,561,858.76
Well 42	2006	200 HP Pumping Plant	\$1,175,156.15
TOTAL		1,550 HP	\$5,555,528.32

* Current Capital Improvement Budget Amounts for Pumping Plants.

The most current pumping plant estimated costs are used to determine the ratio of pumping plant cost to unit of horsepower from the table above. The unit cost of pumping per horsepower is $\$5,555,528.32 / 1,550 \text{ hp} = \$3,584/\text{hp}$. By applying this ratio to each active pumping plant the cost of each plant and the entire system pumping cost is determined by zone.

Similarly, the cost of pressure boosting facilities is determined.

<u>DESCRIPTION</u>	<u>YEAR CONSTRUCTED</u>	<u>BOOSTER PLANT HORSEPOWER</u>	<u>BOOSTER PLANT COST*</u>
Zone 1240 Booster	2016	80 HP Booster Plant	\$950,000
Janis Tuscany Booster Upgrades	2016	225 HP Booster Pumping Plant	\$230,000
TOTAL		305 HP	\$1,180,000

* Actual project costs, unadjusted for present value.

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The most current pumping plant costs are used to determine the ratio of booster pumping plant cost to unit of horsepower from the table above. The unit cost of booster pumping per horsepower is \$1,180,000/305 hp= \$3,869/hp. By applying this ratio to each active pumping plant the cost of each plant and the entire system booster pumping cost is determined by zone. However, when available the actual cost of the plant is used below in lieu of the unit costs.

BASE-ZONE PUMPING COSTS

WELL/BOOSTER BASE ZONES	<u>DESCRIPTION</u>	<u>PLANT HORSEPOWER</u>	<u>ZONE PUMPING COST (\$3,584/HP)</u>
Palm Springs	Well Pumping Plants	7,670	\$27,489,280
Chino	Well Pumping Plants	1,100	\$3,942,400
Chino	Booster Pumping Plants	475	\$1,837,775*
East	Well Pumping Plants	2,750	\$9,856,000
TOTAL			\$43,125,455

*\$3,869/HP Unit Cost of Booster Pumping Per Horsepower.

A-ZONE PUMPING COSTS

WELL/BOOSTER A-ZONE	<u>DESCRIPTION</u>	<u>PLANT HORSEPOWER</u>	<u>ZONE PUMPING COST (\$3,869/HP)</u>
Andreas Hills	Acanto Booster	300	\$1,160,700
Janis Tuscany	Janis Tuscany Booster	150	\$580,350
Terrace	Terrace Booster	45	\$174,105
Palm Oasis	Well 17 Pumping Plant	150	\$537,600*
Palm Oasis	Well 17 Booster	80	\$309,520
TOTAL			\$2,762,275

*\$3,584/HP Unit Cost of Well Pumping Per Horsepower.

B-ZONE PUMPING COSTS

WELL/BOOSTER B-ZONE	<u>DESCRIPTION</u>	<u>PLANT HORSEPOWER</u>	<u>ZONE PUMPING COST (\$3,869/HP)</u>
Lower Southridge	Araby Booster	50	\$193,450
Foothill	Foothill Booster	60	\$232,140
Chino West	Zone 1240 Booster	50	\$193,450
Additional	Capacity Needs	20	\$77,380
TOTAL			\$696,420

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C-ZONE PUMPING COSTS

WELL/BOOSTER C-ZONE	<u>DESCRIPTION</u>	<u>PLANT HORSEPOWER</u>	<u>ZONE PUMPING COST (ACTUAL)</u>
Upper Southridge	Southridge-2 Booster	90	*\$260,477
TOTAL			\$260,477

*Actual cost of contract (\$2,894/HP Unit Cost)

PUMPING COST PER ZONE SUMMARY

<u>ZONE</u>	<u>PUMPING COSTS WITHIN ZONE</u>	<u>CAPACITY UNITS SERVED BY ZONE</u>	<u>CAPACITY UNIT COSTS WITHIN ZONE</u>	<u>CUMULATIVE CAPACITY UNIT PUMPING COST PER ZONE</u>
BASE	\$43,125,455	38,031	\$1,133	\$1,133
A	\$2,762,275	4,294	\$643	\$1,776
B	\$696,420	684	\$1,018	\$2,794
C	\$260,477	216	\$1,205	\$3,999

The cumulative capacity unit pumping cost in the Base-Zone is the cost of pumping in the base zone divided by the total system capacity unit because the entire system including the upper zones benefit from the pumping done in the Base-Zone. This unit cost is passed onto all zones. The cumulative cost pumping in the elevated Zones is the accumulated cost from each zone the water was pumped through.

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WATER TREATMENT COSTS

In order to calculate the cost of water treatment per capacity unit we first determine the cost of those facilities from actual project costs. Only water in the Base-Zone is treated. However, this water is used in the Base-Zone and all elevated zones.

FOREBAY TREATMENT

<u>DESCRIPTION</u>	<u>YEAR CONSTRUCTED</u>	<u>*FOREBAY COST</u>
Well 14 Forebay	1993	\$376,750
Well 16 Forebay	1993	\$376,750
TOTAL		\$753,500

*Based on \$2.75/gallon input value.

The cost of forebay treatment per capacity unit is therefore, $\$753,500/38,031 \text{ C.U.} = \$20/\text{C.U.}$

UV TREATMENT

<u>DESCRIPTION</u>	<u>YEAR CONSTRUCTED</u>	<u>*FOREBAY COST</u>
UV Treatment (Snow Creek/Falls Creek)	2014	\$317,142
TOTAL		\$317,142

*Actual project costs.

The cost of UV treatment per capacity unit is therefore, $\$317,142/38,031 \text{ C.U.} = \$8/\text{C.U.}$

CHLORINE INJECTION TREATMENT

<u>DESCRIPTION</u>	<u>NUMBER OF ACTIVE SITES</u>	<u>AVG. COST PER SITE</u>	<u>ZONE PUMPING COST (ACTUAL)</u>
Chlorine storage building and pad, injection vault	9	\$30,440	\$273,960
TOTAL			\$273,960

*Based on average construction cost per site to install chlorine injection facilities.

The cost of chlorine injection treatment per capacity unit is therefore, $\$273,960/38,031 \text{ C.U.} = \$7/\text{C.U.}$

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TREATMENT COST PER ZONE SUMMARY

<u>ZONE</u>	<u>FOREBAY TREATMENT COST PER ZONE</u>	<u>UV TREATMENT COST PER ZONE</u>	<u>CHLORINE INJECTION TREATMENT COST PER ZONE</u>	<u>TOTAL TREATMENT COST PER ZONE</u>
BASE	\$20	\$8	\$7	\$35
A	\$20	\$8	\$7	\$35
B	\$20	\$8	\$7	\$35
C	\$20	\$8	\$7	\$35

SURFACE WATER (STREAM) COSTS

In order to calculate the cost of surface water per capacity unit we first determine the cost of those facilities from actual project costs. Surface water is transmitted from the diversions into the Base-Zones where it is transmitted to all elevated zones.

<u>DESCRIPTION</u>	<u>YEAR CONSTRUCTED</u>	<u>*SURFACE WATER FACILITY COST</u>
Snow Creek Diversion	1990	\$2,000,000
Falls Creek Diversion	1990	\$1,300,000
Chino North Diversion	1991	\$458,000
TOTAL		\$3,758,000

* Actual project costs, unadjusted for present value.

The cost of treatment per capacity unit is therefore, \$3,758,000/38,031 C.U.=\$98/C.U.

The surface water capacity unit cost per zone is as follows:

<u>ZONE</u>	<u>COST OF TREATMENT PER CAPACITY UNIT</u>
BASE ZONE	\$98
A-ZONE	\$98
B-ZONE	\$98
C-ZONE	\$98

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WATER STORAGE COSTS

In order to calculate the cost of water storage per capacity unit we first determine the cost of those facilities from actual project costs and approved capital improvement budgets. The ratio of storage cost to volume is determined.

<u>DESCRIPTION</u>	<u>YEAR CONSTRUCTED</u>	<u>RESERVOIR STORAGE CAPACITY</u>	<u>RESERVOIR COST*</u>
Tahquitz Reservoir II Zone 1060	2004	5,000,000 gallons	\$2,299,785**
	2016	500,000 gallons	\$1,544,800*
TOTAL		5,500,000 gallons	\$3,844,585

*Revised Budget Amount for project.

** Actual project costs, unadjusted for present value.

The most current water storage estimated costs are used to determine the ratio of water storage cost to unit of storage volume from the table above. The unit cost of water storage per gallon is $\$3,844,585 / 5,500,000 \text{ GAL} = \$0.70/\text{GAL}$. By applying this ratio to each water storage reservoir, the cost of each reservoir and the entire system water storage costs are determined by zone.

FUTURE STORAGE CAPACITY REQUIREMENTS

The General Plan requires that the Agency have 18 hours ADD emergency storage, along with fire flow and equalization storage during energy Time of Use (T.O.U.) periods. The 18 hour ADD during T.O.U periods is 28 MG. The fire flow requirement for the system is 6.48 MG and the equalization, or operational storage is 40% of the MDD and is therefore equal to 24.1 MG. Adding all of these components equates to 58.58 MG of storage. The current storage capacity for the system is 58.85 MG, therefore, additional storage must be constructed.

The existing pumping capacity of the system will accommodate an additional 8,138 capacity units (38,031 – 29,893). These additional units will add 16.4 MGD to the MDD. This additional demand will increase the storage requirement to 73 MG, requiring 14 MG of additional storage (73-58.85). The cost for the additional storage will be \$9,800,000 ($\$0.70/\text{gal} \times 14 \text{ MG}$). This additional storage cost will be added to the Base Zone.

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BASE-ZONE WATER STORAGE COSTS

<u>DESCRIPTION</u>	<u>WATER STORAGE CAPACITY (GAL.)</u>	<u>UNIT COST PER UNIT STORAGE (\$/GAL.)</u>	<u>ZONE STORAGE COST</u>
Palm Springs Main	34,650,000	0.70	\$24,255,000
Palm Springs Chino	7,300,000	0.70	\$5,110,000
Palm Springs East	10,000,000	0.70	\$7,000,000
Additional Storage	14,000,000	0.70	\$9,800,000
TOTAL			\$46,165,000

A-ZONE WATER STORAGE COSTS

<u>DESCRIPTION</u>	<u>WATER STORAGE CAPACITY (GAL.)</u>	<u>UNIT COST PER UNIT STORAGE (\$/GAL.)</u>	<u>ZONE STORAGE COST</u>
Andreas Hills	3,000,000	0.70	\$2,100,000
Janis Tuscany	0.00	0.70	\$0.00
Terrace	725,000	0.70	\$507,500
Palm Oasis	2,050,000	0.70	\$1,435,000
Chino West	500,000	3.00*	\$1,500,000*
TOTAL			\$5,542,500

*Actual project costs.

B-ZONE WATER STORAGE COSTS

<u>DESCRIPTION</u>	<u>WATER STORAGE CAPACITY (GAL.)</u>	<u>UNIT COST PER UNIT STORAGE (\$/GAL.)</u>	<u>ZONE STORAGE COST</u>
Lower Southridge	400,000	0.70	\$280,000
Foothill	600,000	0.70	\$420,000
TOTAL			\$700,000

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C-ZONE WATER STORAGE COSTS

<u>DESCRIPTION</u>	<u>WATER STORAGE CAPACITY (GAL.)</u>	<u>UNIT COST PER UNIT STORAGE (\$/GAL.)</u>	<u>ZONE STORAGE COST</u>
Upper Southridge	0.00	0.70	\$0.00
TOTAL			\$0.00

STORAGE COST

PER ZONE SUMMARY

<u>ZONE</u>	<u>STORAGE COSTS WITHIN ZONE</u>	<u>CAPACITY UNITS SERVED BY ZONE</u>	<u>CAPACITY UNIT COSTS WITHIN ZONE</u>	<u>CUMULATIVE CAPACITY UNIT STORAGE COST PER ZONE</u>
BASE	\$46,165,000	38,031	\$1,213	\$1,213
A-ZONE	\$5,542,500	4,294	\$1,290	\$2,503
B-ZONE	\$700,000	684	\$1,023	\$3,526
C-ZONE	\$0.00	216	\$0.00	\$3,526

The cumulative capacity unit storage cost in the Base-Zone is the cost of storage in the Base-Zone divided by the total system capacity unit because the entire system including the upper zones benefit from the storage in the Base-Zone. This unit cost is passed onto all zones. The cumulative cost storage in the elevated zones is the accumulated cost from each zone the water was stored in, and then pumped out from.

WATER TRANSMISSION MAIN COSTS

Historically, the Agency has calculated the cost of water transmission mains per capacity unit by determining the cost of those facilities from actual project costs and approved capital improvement budgets. The ratio of cost per lineal foot to diameter is determined.

<u>DESCRIPTION</u>	<u>YEAR CONSTRUCTED</u>	<u>PIPELINE LENGTH (L.F.)</u>	<u>*PIPELINE COST</u>	<u>PIPELINE UNIT COST (\$/L.F.)</u>
12" Alejo/Tamarisk/ Indian Canyon	2012/2014/2015	4,958	\$1,290,176	\$260/L.F.
14"	-	-	-	-
15"	-	-	-	-
16" Sunny Dunes	2013	1,100	\$301,462	\$274/L.F.
18"	-	-	-	-
20" E. Well Field	-	-	-	-
24" E. Well Field	-	-	-	-
26"	-	-	-	-
30" N. Well Field	-	-	-	-
36" Avenida Caballeros	2014/2015	2,659	\$2,509,219	\$944/L.F.
42"	-	-	-	-

* Actual project cost, unadjusted for present value.

Due to the lack of current data available for the varying sizes of transmission mains in our system, the Agency has opted to utilize a "unit construction cost for pipelines" equation used by Eastern Municipal Water District (EMWD) in their 2015 rate study (study conducted by Kennedy/Jenks Consultants). Said equation assumes that unit cost (\$/linear foot) = Diameter (inch) x 40.47 x [Diameter (inch)^{-0.309}]. Utilization of said equation allows the Agency to determine uniform unit construction estimates for all sizes of transmission mains in our system.

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*ESTIMATED WATER TRANSMISSION MAIN UNIT CONSTRUCTION COSTS	
TRANSMISSION MAIN DIAMETER	TRANSMISSION MAIN LENGTH
<u>(INCHES)</u>	<u>(\$/L.F.)</u>
12"	225
14"	250
15"	265
16"	275
18"	300
20"	320
24"	365
26"	385
30"	425
36"	480
42"	535

*Based on the following EMWD assumption: cost \$/L.F. = Diameter (inch) x 40.47 x [Diameter (inch) ^{^-0.309}].

The most current water transmission main estimated costs are used to determine the ratio of water main cost to diameter as shown in the table on the previous page. By applying these ratios to system transmission mains, the cost of all size mains for the entire system is determined by zone.

FUTURE TRANSMISSION MAIN COSTS

It is anticipated that the additional storage facilities will require approximately 1 mile of new 24" diameter transmission main. The cost of future transmission main is equal to \$365/L.F. x 5,280 L.F. = \$1,927,000, to be added to the Base Zone total.

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BASE-ZONE WATER TRANSMISSION MAIN COSTS

TRANSMISSION MAIN DIAMETER <u>(INCHES)</u>	TRANSMISSION MAIN LENGTH <u>(L.F.)</u>	UNIT COST PER UNIT LENGTH <u>(\$/L.F.)</u>	ZONE TRANSMISSION MAIN COST
12"	*222,839	225	\$50,138,775
14"	2,430	250	\$607,500
15"	940	265	\$249,100
16"	34,359	275	\$9,448,725
18"	5,252	300	\$1,575,600
20"	24,228	320	\$7,752,960
24"	99,712	365	\$36,394,880
24" future	5,280	365	\$1,927,000
26"	2,620	385	\$1,008,700
30"	57,433	425	\$24,409,025
36"	30,618	480	\$14,696,640
42"	70	535	\$37,450

TOTAL

\$148,246,355

*Approximately 60% of all 12" mains in the system are transmission mains with the remaining 40% being distribution mains. Therefore, only 60% of the total 12" mains are included in the above table.

A-ZONE WATER TRANSMISSION MAIN COSTS

TRANSMISSION MAIN <u>DIAMETER</u> <u>(INCHES)</u>	TRANSMISSION MAIN LENGTH <u>(L.F.)</u>	UNIT COST PER UNIT LENGTH <u>(\$/L.F.)</u>	ZONE TRANSMISSION MAIN COST
Andreas Hills	12"	*5,323	\$1,197,675
Andreas Hills	16"	6,832	\$1,878,800
Janis Tuscany	12"	4,626	\$1,040,850
Janis Tuscany	16"	3,782	\$1,040,050
Janis Tuscany	24"	1,450	\$529,250
Terrace	12"	*2,526	\$568,350
Palm Oasis	12"	*10,280	\$2,313,000
Palm Oasis	16"	4,200	\$1,155,000
TOTAL			\$9,722,975

*Approximately 60% of all 12" mains in the system are transmission mains with the remaining 40% being distribution mains. Therefore, only 60% of the total 12" mains are included in the above table.

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B-ZONE WATER TRANSMISSION MAIN COSTS

TRANSMISSION MAIN	TRANSMISSION MAIN DIAMETER (INCHES)	TRANSMISSION MAIN LENGTH (L.F.)	UNIT COST PER UNIT LENGTH (\$/L.F.)	ZONE TRANSMISSION MAIN COST
Foothill	*12"	2,690	225	\$605,250
Chino West	*12"	2,762	225	\$621,450
TOTAL				\$1,226,700

*Approximately 60% of all 12" mains in the system are transmission mains with the remaining 40% being distribution mains. Therefore, only 60% of the total 12" mains are included in the above table.

C-ZONE WATER TRANSMISSION MAIN COSTS

TRANSMISSION MAIN	TRANSMISSION MAIN DIAMETER (INCHES)	TRANSMISSION MAIN LENGTH (L.F.)	UNIT COST PER UNIT LENGTH (\$/L.F.)	ZONE TRANSMISSION MAIN COST
None	0	0	\$0	\$0
TOTAL				\$0

TRANSMISSION MAIN COST PER ZONE SUMMARY

<u>ZONE</u>	<u>TRANSMISSION MAIN COSTS WITHIN ZONE</u>	<u>CAPACITY UNITS SERVED BY ZONE</u>	<u>CAPACITY UNIT COSTS WITHIN ZONE</u>	<u>CUMULATIVE CAPACITY UNIT STORAGE COST PER ZONE</u>
Base	\$148,246,355	38,031	\$3,898	\$3,898
A-Zone	\$9,722,975	4,294	\$2,264	\$6,162
B-Zone	\$1,226,700	684	\$1,793	\$7,955
C-Zone	\$0	216	\$0	\$7,955

The cumulative capacity unit water transmission main cost in the Base-Zone is the cost of water transmission in the Base-Zone divided by the total system capacity unit because the entire system including the upper zones benefit from water transmission in the Base-Zone. This unit cost is passed onto all zones. The cumulative cost water transmission in the elevated zones is the accumulated cost from each zone the water was transmitted to and then pumped out from that zone.

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The cost of a 1-inch service in each of the Agency zones are comprised of the cumulative capacity unit costs for water production (wells), pressure boosting (boosters), treatment, storage and transmission facilities.

COST PER ZONE SUMMARY

<u>ZONES</u>	<u>PUMPING COST</u>	<u>TREATMENT COST</u>	<u>STORAGE COST</u>	<u>TRANSMISSION COST</u>	<u>SURFACE WATER COST</u>	<u>TOTAL CAPACITY UNIT COST</u>
BASE	\$1,133	\$35	\$1,213	\$3,898	\$98	\$6,377
A	\$1,776	\$35	\$2,503	\$6,162	\$98	\$10,574
B	\$2,794	\$35	\$3,526	\$7,955	\$98	\$14,408
C	\$3,999	\$35	\$3,526	\$7,955	\$98	\$15,613

In order to determine the capacity unit cost for each meter size the AWWA meter factors are used. The table below shows the capacity unit charge (Backup Facility Charge) per meter size.

<u>METER SIZE</u>	<u>AWWA METER FACTOR</u>	<u>BASE-ZONE</u>	<u>A-ZONE</u>	<u>B-ZONE</u>	<u>C-ZONE</u>
3/4 X 5/8	0.4	\$2,550	\$4,229	\$5,763	\$6,245
1	1.0	\$6,377	\$10,574	\$14,408	\$15,613
1.5	2.0	\$12,754	\$21,148	\$28,816	\$31,226
2	3.2	\$20,406	\$33,836	\$46,105	\$49,961

FINAL BACKUP FACILITY CHARGE COST SUMMARY

<u>METER SIZE</u>	<u>AWWA METER FACTOR</u>	<u>BASE-ZONE</u>	<u>A-ZONE</u>	<u>B-ZONE</u>	<u>C-ZONE</u>
3/4 X 5/8	0.4	\$2,550	\$4,225	\$5,760	\$6,245
1	1.0	\$6,375	\$10,570	\$14,405	\$15,610
1.5	2.0	\$12,750	\$21,145	\$28,815	\$31,225
2	3.2	\$20,405	\$33,835	\$46,105	\$49,960

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RESOLUTION NO. 1189

RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY ESTABLISHING RATES, FEES AND CHARGES FOR SEWER SERVICE

WHEREAS, by previous action this Board has approved various rates, fees and charges for sewer service, as provided by law; and

WHEREAS, it is appropriate at this time to revise the Agency's monthly charge for sewer service, while restating all other rates, fees and charges which remain unchanged; and

WHEREAS, on December 15, 2016, this Board conducted a majority protest hearing for the proposed revision of the Agency's monthly charge for sewer service, over the next subsequent five years, as required by law, and has determined that a majority protest does not exist; and

WHEREAS, in addition to the Agency's charges for sewer services, charges imposed by Coachella Valley Water District (CVWD) must also be collected by the Agency, as CVWD's collection agent, for sewer service and treatment in Cathedral City; and

WHEREAS, in addition to the charges collected for CVWD in the Cathedral City area, the Agency has also entered into an agreement with the City of Palm Springs (City) to provide wastewater treatment and disposal service to the Agency's customers receiving sewage collection service from the Agency in the Dream Homes and Palm Oasis areas; and

WHEREAS, said agreement requires the Agency to collect from those customers the City's sewer capacity and customer service charges for wastewater treatment and disposal provided by the City, in addition to collecting the Agency's charges for sewer services; and

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WHEREAS, this resolution reflects the current City and CVWD rates for sewage treatment and disposal services, which are subject to change by those entities, while adjusting the Agency's monthly sewer service charge and restating other Agency charges already in effect;

NOW, THEREFORE, be it resolved by the Board of Directors of Desert Water Agency that the rates, fees and charges assessed by the Agency for sewer services by the Agency shall be, and that those currently charged by CVWD and the City for sewer service within the Agency's sewer service areas are, as follows:

1. Capacity Charges

	<u>CVWD Treatment</u> Cathedral City (Effective 07/01/14)	<u>City Treatment</u> Palm Oasis / Dream Homes (Effective 07/01/15)
A.) Residential (including single family, apartments, condos and mobile home park spaces (1 EDU=1 Unit or Space)	1. Total Charge: \$5,240.00 per EDU a. \$4,190.00/EDU (CVWD) b. \$1,050.00/EDU (DWA)	2. Charge: \$ 3,000.00/Unit/Space a. \$3,000.00/Unit/Space (CPS)
B.) Commercial, Industrial, Institutional	1. Total Charge: \$5,240.00 per EDU a. \$4,190.00/EDU (CVWD) b. \$1,050.00/EDU (DWA)	2. Charge: \$306.00/FU (Fixture Unit) a. \$306.00/FU (CPS)
C.) Hotel /Motel (1/2 EDU = 1 Room)	1. Total Charge: \$5,240.00 per EDU a. \$4,190.00/EDU (CVWD) b. \$1,050.00/EDU (DWA)	2. Charge: \$1,500.00/Room (with kitchen) a. \$1,500.00/Room (CPS) 3. Charge: \$1,290.00/Room (without kitchen) a. \$1,290.00/Room (CPS)
D.) R.V. Park (1/2 EDU = 1Space)	1. Total Charge: \$5,240.00 per EDU a. \$4,190.00/EDU (CVWD) b. \$1,050.00/EDU (DWA)	2. Charge: \$2,340.00/Space a. \$2,340.00/Space (CPS)

2. Accounting of Funds. All revenues collected from capacity charges shall be deposited with other such fees in a separate capital facilities account or fund in a manner to avoid any commingling of the charges with other revenues and funds of the Agency, except for the temporary investments, and such revenues may be expended solely for the purpose for

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which the capacity charges are collected. Any interest income earned by moneys in said account or fund shall also be deposited in that account or fund and may be expended only for the purpose for which the capacity charges are imposed. The Agency shall make findings once each fiscal year with respect to any portion of the capacity charges remaining unexpended or uncommitted in the account five or more years after deposit of the charges. The findings shall identify the purpose to which the capacity charges are to be put, and will demonstrate a reasonable relationship between the charges and the purpose for which the charges were imposed.

3. Connection Fee.

- a.) Single Family Residence - \$1,700
- b.) Other than Single Family Residence:
A charge for all new connections based on the front footage served thereby shall be levied and collected at the rate of \$70 per lineal foot of frontage, or the actual rate in accordance with a valid main extension refund agreement, whichever is greater.

4. Plan Check Fees.

- a.) Existing Main Available (lateral installation only)
 - 1) Single Family Residence (1-4" Lateral) - no fee
 - 2) Single Family Residence (other than above) and all other types of development - \$140
- b.) The Plan Check fee for Agency-installed sewer facilities with no mains shall be \$140. For developer-installed facilities with mains, the fee shall be \$140 plus \$0.10 per lineal foot of main installed.

5. Design Review Fees.

- a.) Desert Water Agency Engineering Department - \$140/Hour
- b.) Engineering Consultants - Actual Cost plus 15%
- c.) Legal Consultants - Actual Cost plus 15%

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6. Monthly Service Charges

	<u>CVWD Treatment</u> Cathedral City (Effective 07/01/18)	<u>City Treatment</u> Palm Oasis / Dream Homes (Effective 07/01/18)
A. Residential		
Single Family, Condo (1 EDU = 1 Unit)	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (1)	2. Total Charge: \$27.74/Unit a. \$22.00/Unit (CPS) b. \$5.55/Unit (DWA) Rate (5)
Mobile Home Park (1 EDU = 1 Space)	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (1)	2. Total Charge: \$27.74/Space plus \$2.18/FU a. \$22.00/Space (CPS) b. \$5.74/Space (DWA) c. \$2.18/FU (CPS) Rate (6)
Apartments (1 EDU = 1 Unit)	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (4)	2. Total Charge: \$27.74/Unit a. \$22.00/Unit (CPS) b. \$5.74/Unit (DWA) Rate (7)
B. Hotel / Motel (1/2 EDU = 1 Room)	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (4)	N/A
C. R.V. Park (1/2 EDU = 1 Space)	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (4)	N/A

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6. Monthly Service Charges (Cont.)

	<u>CVWD Treatment</u> Cathedral City (Effective 07/01/18)	<u>City Treatment</u> Palm Oasis / Dream Homes (Effective 07/01/18)
D. Commercial, Industrial, or Institutional (Other than schools)	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (4)	2. Total Charge: \$2.18/FU (Minimum \$22.00) plus \$5.74/EDU a. \$2.18/FU (CPS) (minimum \$22.00) b. \$5.74/EDU (DWA) Rate (8)
E. Schools and Colleges Kindergarten Elementary Schools & Colleges	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (3)	2. (See Commercial) Rate (8)
All Other Schools	1. Total Charge: \$28.78/EDU a. \$23.04/EDU (CVWD) b. \$5.74/EDU (DWA) Rate (2)	N/A
*The number of students to be used in calculating the monthly sewer charges shall be based on the previous year's average monthly attendance.		
F. Interceptor/Separator Surcharge	\$14.00 Rate (4)	N/A

7. Sewer Lateral Inspection. The charge for inspection of all new sewer laterals installed on existing mains shall be \$140 per lateral.

8. Development Review. A charge for Agency provided Administrative Services shall be collected at the rate of \$140 for each of the following:

- a.) Will Serve Letter
- b.) Development Bond Amount Letter
- c.) Response to Initial Study

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9. Effective Date: The charges set forth herein shall become effective July 1, 2018 and as of that date this Resolution shall replace Resolution No. 1169.

ADOPTED this 19th day of June 2018.

James Cioffi, President
Board of Directors

ATTEST:

Kristin Bloomer
Secretary-Treasurer

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

JUNE 19, 2018

**RE: REQUEST ADOPTION OF FISCAL YEAR 2018/2019 OPERATING,
GENERAL AND WASTEWATER BUDGETS**

Attached for your review is the final draft of the proposed Operating, General and Wastewater Fund Budgets for Fiscal Year 2018/2019.

After the June 5 Draft Budget presentations, adjustments were made to the Turf Buyback program and the California WaterFix expense.

Staff is available to answer any questions the Board may have with regard to the budgets, and requests adoption of the budgets for Fiscal Year 2018/2019.

DESERT WATER AGENCY



BUDGETS FOR FISCAL YEAR 2018 – 2019

Operating Fund

General Fund

Wastewater Fund

**DESERT WATER AGENCY
FISCAL YEAR 2018-2019**

**OPERATING FUND
GENERAL FUND
WASTEWATER FUND
BUDGETS**

DESERT WATER AGENCY
OPERATING FUND BUDGET

2018 - 2019

DESERT WATER AGENCY
OPERATING FUND BUDGET
2018 - 2019

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13	Budget Summary Chart
14	Prior Years Comparison Chart

**DESERT WATER AGENCY
OPERATING FUND
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER OR UNDER	BUDGET 2018-2019
<u>OPERATING REVENUES</u>					
Water Sales	\$23,592,785	\$21,623,463	\$27,000,000	(\$5,376,537)	\$33,900,000
Power Sales	\$20,638	\$23,122	\$24,000	(\$878)	\$33,600
Reclamation Sales	\$1,435,011	\$1,096,139	\$1,386,000	(\$289,861)	\$1,524,000
TOTAL OPER REVENUES	\$25,048,433	\$22,742,724	\$28,410,000	(\$5,667,276)	\$35,457,600
<u>WATER SERVICES</u>					
Fire Protection	\$176,750	\$194,467	\$264,300	(\$69,833)	\$291,600
Back-up Facility Charge	\$939,845	\$712,255	\$576,000	\$136,255	\$774,000
Service Charges	\$433,138	\$713,977	\$527,100	\$186,877	\$741,300
Charge for Inst of Serv & Mtr	\$106,489	\$137,885	\$201,000	(\$63,115)	\$180,000
TOTAL WATER SERVICE	\$1,656,222	\$1,758,584	\$1,568,400	\$190,184	\$1,986,900
TOTAL OPER REVENUES	\$26,704,656	\$24,501,308	\$29,978,400	(\$5,477,092)	\$37,444,500
<u>OPERATING EXPENSES</u>					
<u>SOURCE OF SUPPLY</u>					
Supervision & Engineering	\$45,446	\$33,324	\$42,900	(\$9,576)	\$45,000
Operating Labor & Expense	\$49,541	\$62,095	\$45,600	\$16,495	\$48,000
Misc Source of Supply	\$14,530	\$9,965	\$12,600	(\$2,635)	\$13,500
Maintenance of Struct & Improv	\$84,719	\$56,343	\$94,500	(\$38,157)	\$91,800
Maint, Rds, Coll, Impo, Res	\$16,315	\$7,844	\$26,400	(\$18,556)	\$59,100
Maintenance of Intakes	\$20,694	\$7,709	\$211,200	(\$203,491)	\$205,200
Maintenance of Wells	\$8,375	\$0	\$8,700	(\$8,700)	\$7,500
Groundwater Replenishment	\$3,363,663	\$2,925,213	\$3,736,800	(\$811,587)	\$4,548,600
TOTAL SOURCE OF SUPPLY	\$3,603,283	\$3,102,493	\$4,178,700	(\$1,076,207)	\$5,018,700
<u>PUMPING</u>					
Supervision & Engineering	\$97,208	\$83,172	\$92,400	(\$9,228)	\$102,000
Pumping Labor Expense	\$188,312	\$143,905	\$174,000	(\$30,095)	\$190,200
Misc Exp & Care of Grounds	\$98,492	\$78,086	\$110,700	(\$32,614)	\$111,600
Maintenance of Structures	\$64,326	\$26,481	\$72,000	(\$45,519)	\$48,000
Maint of Pumping Equipment	\$202,564	\$82,769	\$321,000	(\$238,231)	\$324,000
Power Purchases	\$2,287,479	\$1,739,945	\$2,374,000	(\$634,055)	\$2,364,000
TOTAL PUMPING	\$2,938,382	\$2,154,358	\$3,144,100	(\$989,742)	\$3,139,800

**DESERT WATER AGENCY
OPERATING FUND
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER OR UNDER	BUDGET 2018-2019
<u>REGULATORY WATER TREATMENT</u>					
Supervision & Engineering	\$113,405	\$85,898	\$108,600	(\$22,702)	\$113,100
Operating Labor Expense	\$116,707	\$82,836	\$105,000	(\$22,164)	\$114,000
Water Analysis/Health Dept.	\$168,465	\$142,574	\$177,000	(\$34,426)	\$189,000
Chem & Filtering Material	\$77,099	\$66,881	\$69,000	(\$2,119)	\$81,000
Maint of Structures	\$635	\$0	\$900	(\$900)	\$600
Maint of Water Treat Equipment	\$49,268	\$23,130	\$49,500	(\$26,370)	\$45,000
TOTAL WATER TREATMENT	\$525,579	\$401,319	\$510,000	(\$108,681)	\$542,700
<u>TRANSMISSION & DISTRIBUTION</u>					
Supervision & Engineering	\$453,638	\$321,384	\$444,000	(\$122,616)	\$435,900
Storage Facilities Expense	\$130,847	\$102,065	\$126,000	(\$23,935)	\$135,000
Trans & Distr Lines Expense	\$85,212	\$58,257	\$136,200	(\$77,943)	\$139,500
Meter Expense	\$70,153	\$38,621	\$79,800	(\$41,179)	\$69,900
Customer Install Expense	\$76,425	\$127,917	\$136,200	(\$8,283)	\$183,000
Cross Connect Expense	\$141,596	\$84,285	\$126,000	(\$41,715)	\$120,000
Misc Supply Expense	\$38,794	\$31,350	\$27,000	\$4,350	\$27,000
Maintenance of Struct & Impv	\$0	\$343	\$3,000	(\$2,657)	\$2,400
Maintenance of Reservoirs	\$889,448	\$1,088,270	\$2,700,000	(\$1,611,730)	\$2,430,000
Maintenance of Mains	\$1,306,546	\$602,622	\$990,000	(\$387,378)	\$1,254,000
Maintenance of Whitewater MWC	\$52,892	\$20,067	\$81,000	(\$60,933)	\$54,600
Maintenance of Fire Services	\$47,796	\$29,416	\$48,600	(\$19,184)	\$51,000
Maintenance of Services	\$215,116	\$136,317	\$201,000	(\$64,683)	\$204,000
Maintenance of Meters	\$105,924	\$64,302	\$94,800	(\$30,498)	\$88,200
Maintenance of Hydrants	\$56,454	\$29,364	\$60,000	(\$30,636)	\$48,000
TOTAL TRANS & DIST	\$3,670,841	\$2,734,580	\$5,253,600	(\$2,519,020)	\$5,242,500
<u>CUSTOMER ACCOUNT EXPENSE</u>					
Supervision & Engineering	\$108,072	\$93,785	\$98,700	(\$4,915)	\$120,000
Meter Reading Expense	\$118,217	\$81,426	\$117,000	(\$35,574)	\$112,800
Customer Rec & Coll Exp	\$732,075	\$491,065	\$723,700	(\$232,635)	\$690,000
Information Systems Supplies	\$0	\$3,562	\$3,000	\$562	\$3,600
Uncollectible Accounts	\$21,873	\$23,815	\$21,000	\$2,815	\$30,000
TOTAL CUST ACCT EXPENSE	\$980,238	\$693,653	\$963,400	(\$269,747)	\$956,400

**DESERT WATER AGENCY
OPERATING FUND
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER OR UNDER	BUDGET 2018-2019
<u>ADMINISTRATIVE & GEN EXPENSE</u>					
Administrative & Gen Salaries	\$819,456	\$569,429	\$770,600	(\$201,171)	\$718,200
Office Supplies & Expense	\$240,190	\$168,158	\$261,300	(\$93,142)	\$265,950
Legal	\$53,042	\$34,944	\$57,000	(\$22,056)	\$54,000
Engineering	\$87,769	\$36,474	\$60,000	(\$23,526)	\$51,000
Auditing	\$35,395	\$35,197	\$36,600	(\$1,403)	\$39,000
Appraisals & Consultants	\$145,268	\$96,141	\$91,500	\$4,641	\$94,500
Insurance & Claims	\$161,130	\$109,055	\$171,600	(\$62,545)	\$174,000
Injuries & Safety	\$356,591	\$250,478	\$303,300	(\$52,822)	\$326,400
Pension	\$700,488	\$1,353,352	\$1,478,100	(\$124,748)	\$2,579,700
Health Care Benefits	\$1,854,245	\$1,457,923	\$1,302,900	\$155,023	\$1,784,400
OPEB Benefits	\$1,063,062	\$0	\$1,993,400	(\$1,993,400)	\$1,518,000
Other Employee Benefits	\$426,380	\$313,481	\$419,400	(\$105,919)	\$457,500
Payroll Taxes - FICA	\$463,250	\$339,459	\$478,100	(\$138,641)	\$502,200
Unemployment Insurance	\$0	\$0	\$0	\$0	\$0
Vacation Pay	\$757,208	\$590,066	\$675,000	(\$84,934)	\$699,000
Maintenance - Oper Center	\$205,213	\$137,046	\$220,600	(\$83,554)	\$192,100
Maintenance - Solar Facilities	\$14,334	\$3,207	\$4,200	(\$993)	\$3,900
Information Systems	\$253,336	\$208,270	\$270,900	(\$62,630)	\$354,000
Maint - Office Equip	\$39,918	\$41,635	\$39,300	\$2,335	\$84,000
Maint - Info.Systems Equip	\$108,414	\$88,085	\$129,000	(\$40,915)	\$126,000
Maint - Telemetry Equip	\$19,457	\$11,044	\$21,000	(\$9,956)	\$30,000
Maint - Comm Equip	\$7,775	\$3,908	\$8,700	(\$4,792)	\$7,200
Supervision & Engineering	\$167,495	\$126,489	\$159,000	(\$32,511)	\$166,500
Storeroom Expense	\$59,884	\$40,494	\$57,000	(\$16,506)	\$56,700
Transportation	\$287,081	\$230,908	\$300,000	(\$69,092)	\$315,000
Tools & Work Equipment	\$163,763	\$97,720	\$120,000	(\$22,280)	\$135,000
Heavy Equipment Maint	\$24,374	\$12,040	\$21,000	(\$8,960)	\$19,500
Director's Fees	\$43,652	\$24,749	\$55,500	(\$30,751)	\$48,000
Public Information	\$181,106	\$95,035	\$200,700	(\$105,665)	\$206,100
Water Conservation	\$15,137	\$68,526	\$175,200	(\$106,674)	\$152,400
Water Conservation - Turf Buy Back	\$438,897	\$40,404	\$522,300	(\$481,896)	\$422,500
TOTAL ADMIN & GEN EXP	\$9,193,310	\$6,583,717	\$10,403,200	(\$3,819,483)	\$11,582,750
<u>REGULATORY EXPENSES</u>					
Certificates/Training/School	\$25,326	\$49,067	\$59,100	(\$10,033)	\$126,600
Health Department / Services	\$86,429	\$15,000	\$48,000	(\$33,000)	\$45,000
State - Regulatory	\$28,847	\$12,678	\$33,000	(\$20,322)	\$27,000
Federal - Regulatory	\$13,997	\$7,003	\$67,500	(\$60,497)	\$48,000
Reclamation - Regulatory	\$33,772	\$81,044	\$51,000	\$30,044	\$75,000
AQMD Compliance	\$815	\$1,802	\$900	\$902	\$900
RMP/OSHA/Misc.	\$37,805	\$16,250	\$42,000	(\$25,750)	\$39,000
Legal	\$1,800	\$0	\$300	(\$300)	\$0
TOTAL REGULATORY EXPENSES	\$228,791	\$182,844	\$301,800	(\$118,956)	\$361,500

**DESERT WATER AGENCY
OPERATING FUND
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER OR UNDER	BUDGET 2018-2019
<u>SNOW CREEK HYDRO EXPENSE</u>					
Snow Creek Hydro	\$43,653	\$17,509	\$40,200	(\$22,691)	\$37,200
TOTAL SNOW CREEK HYDRO	\$43,653	\$17,509	\$40,200	(\$22,691)	\$37,200
<u>RECLAMATION PLANT EXPENSE</u>					
Pumping Expense	\$282,246	\$191,623	\$285,300	(\$93,677)	\$270,100
Treatment Expense	\$520,643	\$508,869	\$1,259,400	(\$750,531)	\$974,500
Transportation/Distribution	\$66,022	\$105,992	\$807,550	(\$701,558)	\$67,100
Administrative & General	(\$253,503)	\$88,216	\$142,500	(\$54,284)	\$126,300
TOTAL RECL PLANT EXP	\$615,408	\$894,700	\$2,494,750	(\$1,600,050)	\$1,438,000
<u>OTHER OPERATING EXPENSE</u>					
Depreciation (Inc Recl)	\$5,589,080	\$4,214,690	\$5,654,400	(\$1,439,710)	\$5,804,300
Services Rendered Cust	\$128,430	\$168,161	\$135,000	\$33,161	\$189,000
Dir Costs App to W.O.'s	\$610,096	(\$409,442)	\$645,000	(\$1,054,442)	\$705,000
Indir Adm & Gen Exp Cap	(\$1,299,302)	(\$1,016,537)	(\$1,650,000)	\$633,463	(\$1,494,000)
TOTAL OTHER OPER EXP	\$5,028,304	\$2,956,872	\$4,784,400	(\$1,827,528)	\$5,204,300
TOTAL OPERATING EXPENSES	\$26,827,788	\$19,722,045	\$32,074,150	(\$12,352,105)	\$33,523,850
NET INCOME FROM OPER	(\$123,133)	\$4,779,263	(\$2,095,750)	\$6,875,013	\$3,920,650
<u>NON-OPERATING REVENUES</u>					
Revenue from Leases	\$72,373	\$62,410	\$72,750	(\$10,340)	\$72,900
Interest	\$127,055	\$177,974	\$123,000	\$54,974	\$330,000
Gains/Loss Investments	(\$4,700)	\$0	\$1,500	(\$1,500)	\$1,500
Other Income	\$9,028	\$419,869	\$400,000	\$19,869	\$0
DWA Front Footage Chgs	\$0	\$76,160	\$0	\$76,160	\$0
Gains on Retirements	\$20,864	\$22,595	\$9,000	\$13,595	\$12,000
Discounts	\$2,958	\$170	\$3,600	(\$3,430)	\$300
Revenue - Contributed	\$334,699	\$0	\$258,000	(\$258,000)	\$498,000
TOTAL NON-OPER REV	\$562,276	\$759,178	\$867,850	(\$108,672)	\$914,700
<u>NON OPERATING EXPENSES</u>					
OPEB Interest	\$426,258	\$0	\$375,000	(\$375,000)	\$947,450
Exp App to Prior Years	\$50,520	(\$277,122)	\$0	(\$277,122)	\$0
Services to Others	\$0	\$0	\$0	\$0	\$0
Losses on Retirements	\$28,981	\$25,894	\$36,000	(\$10,106)	\$39,000
TOTAL NON-OPER EXP	\$505,760	(\$251,228)	\$411,000	(\$662,228)	\$986,450
TOTAL NET INCOME	(\$66,616)	\$5,789,669	(\$1,638,900)	\$7,428,569	\$3,848,900

**DESERT WATER AGENCY
OPERATING FUND
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER OR UNDER	BUDGET 2018-2019
<u>APPLICATION OF COMMIT FUNDS</u>					
Capital Loan to Wastewater Fund	\$0	\$0	\$0	\$0	\$0
TOTAL COMMIT FUNDS	\$0	\$0	\$0	\$0	\$0
BALANCE REMAINING	(\$66,616)	\$5,789,669	(\$1,638,900)	\$7,428,569	\$3,848,900
Add Back Depreciation (Plant/Equip)	\$5,589,080	\$4,214,690	\$5,654,400	(\$1,439,710)	\$5,804,300
Funds Avail For Capital Additions	\$5,522,464	\$10,004,359	\$4,015,500	\$5,988,859	\$9,653,200
Less Capital Additions:					
Routine Improvements	\$2,867,476	\$4,824,727	\$6,033,800	(\$1,209,073)	\$8,243,650
General Plan Improvements	\$1,836,703	\$43,486	\$100,000	(\$56,514)	\$100,000
BALANCE	\$818,285	\$5,136,146	(\$2,118,300)	\$7,254,446	\$1,309,550
TOTAL BUDGET			\$38,618,950		\$42,853,950
	2017-2018 BEGIN BAL	2017-2018 ADJUSTMENTS	2018-2019 ADDITIONS	2018-2019 DELETIONS	BALANCE
Estimated Reserve Fund Balance 6/30/18					\$18,000,000
Inter-Fund Loan/LC - General Fund					\$0
Reserves:					
Reserve for Operations	\$6,225,000	\$0	\$3,095,000	\$0	
Reserve for Replacements	\$1,785,000	\$0	\$136,000	\$0	
Reserve for Disaster Response	\$0	\$0	\$0	\$0	
Reserve for Land Acquisition	\$0	\$0	\$0	\$0	
Reserve for Regulatory Compliance	\$0	\$0	\$0	\$0	
Reserve for Retirement Benefits	\$1,100,000	\$0	\$1,800,000	\$0	
Total Reserves - 6/30/18	\$9,110,000	\$0	\$5,031,000	\$0	(\$14,141,000)
Required for 2017-18 Carryover Capital Items					(\$5,167,900)
2018-19 Budget Balance					\$1,309,550
Unappropriated Fund Balance 6/30/19					\$650

BUDGET AMOUNT SUMMARY:

Total Operating Expenses	\$33,523,850
Non-Operating Expenses	\$986,450
Application of Committed Funds	\$0
Capital Additions	\$8,343,650
TOTAL BUDGET	\$42,853,950

**DESERT WATER AGENCY - OPERATING FUND
2018-2019 BUDGET
CAPITAL IMPROVEMENTS**

W.O. NO.	DESCRIPTION	ACCOUNT NO.	ESTIMATED COST
<u>ROUTINE</u>			
PIPELINES			
18-160--12	MAIN REPLACEMENTS	11171	\$3,950,000
18-161--16	SOUTH PALM CANYON PIPELINE REPLACEMENT @ TAHQUITZ BRIDGE	11171	\$450,000
18-399	CONTINGENCY MAINS	11171	<u>\$100,000</u>
TOTAL PIPELINES			\$4,500,000
TRANSPORTATION EQUIPMENT			
18-162-M	1 - FORD F450 - CREW CAB TRUCK (REPLACE UNIT #27)	11183	\$75,000
18-163-M	1 - FORD F450 - CREW CAB TRUCK (REPLACE UNIT #31)	11183	\$75,000
18-164-M	1 - FORD F450 - CREW CAB TRUCK (NEW CREW)	11183	\$75,000
18-165-M	1 - FORD F450 - CREW CAB TRUCK (NEW CREW)	11183	\$75,000
18-166-M	1 - FORD EXPLORER (GM)	11183	\$34,000
18-167-M	1 - CAT 430 BACKHOE (REPLACE BACKHOE #2)	11183	\$165,000
18-168-M	1 - SMALL DUMP TRUCK (NEW CREW)	11183	\$75,000
18-169-M	2 - FX50B & MV800 VACUUM EXCAVATION MACHINES	11183	<u>\$186,000</u>
TOTAL TRANSPORTATION EQUIPMENT			\$760,000
MISCELLANEOUS			
18-100-S-01	1" SERVICE REPLACEMENTS	11172	\$300,000
18-100-S-02	2" SERVICE REPLACEMENTS	11172	\$90,000
18-170-L	LAND PURCHASE - DINAH SHORE PROPERTY	11120	\$732,400
18-171-M	RECLAMATION PLANT - SCRUBBER REPLACEMENT	11130	\$400,000
18-172-W-35	WELL #35 - SWITCH GEAR	11141	\$40,000
18-173-W-36	WELL #36 - SWITCH GEAR	11141	\$40,000
17-121-W-17	WELL #17 - BOOSTER SWITCH GEAR (AUGMENT)	11141	\$27,125
17-122-W-21	WELL #21 - SWITCH GEAR (AUGMENT)	11141	\$32,000
17-126-W-25	WELL #25 - MCC & PENTHOUSE FAN (AUGMENT)	11141	\$35,350
18-174-C-34	WELL #34 - CHLORINE INJECTION	11160	\$37,500
18-175-M	RESERVOIR FALL PROTECTION	11176	\$35,350

**DESERT WATER AGENCY - OPERATING FUND
2018-2019 BUDGET
CAPITAL IMPROVEMENTS**

W.O. NO.	DESCRIPTION	ACCOUNT NO.	ESTIMATED COST
MISCELLANEOUS (cont'd)			
18-176-M	2 - COMPRESSORS (VACUUM EXCAVATION MACHINES)	11185	\$10,000
18-177-M	1 - WELDER MULTI-PROCESS DIMENSION MACHINE	11186	\$7,500
18-178-M	STARWIND STORAGE (STONE FLY UPGRADES)	11188	\$57,500
18-179-M	I-SERIES MODERNIZATION - PHASE II	11188	\$345,000
18-180-M	I-TRON MVRS UPGRADE	11188	\$8,600
18-181-M	TEMPERED SECURITY NETWORK	11188	\$48,300
18-182-M	1 - HD PRO II DIAGNOSTIC TABLET	11188	\$5,500
18-183-M	ELECTRONIC DOCUMENT MANAGEMENT SYSTEM	11188	\$67,625
18-201-S-01	1" INVOICED SERVICES	11172	\$45,000
18-201-S-02	2" INVOICED SERVICES	11172	\$33,000
18-202-E-01	1" ELECTRONIC METERS	11173	\$165,000
18-202-M-01	1" METER PURCHASE	11173	\$63,000
18-202-M-02	2" METER PURCHASES	11173	\$36,000
18-202-M-03	3" METER PURCHASES	11173	\$3,900
18-202-M-06	6" METER PURCHASES	11173	\$6,000
18-202-M-15	1 1/2" METER PURCHASES	11173	\$33,000
18-202-M-75	3/4" METER PURCHASES	11173	\$129,000
18-499	CONTINGENCY	VARIOUS	<u>\$150,000</u>
TOTAL MISCELLANEOUS			\$2,983,650
TOTAL ROUTINE			\$8,243,650

**DESERT WATER AGENCY - OPERATING FUND
2018-2019 BUDGET
CAPITAL IMPROVEMENTS**

W.O. NO.	DESCRIPTION	ACCOUNT NO.	ESTIMATED COST
<u>GENERAL PLAN</u>			
PIPELINES			
18-699	MAIN OVERSIZING	11171	<u>\$100,000</u>
	TOTAL PIPELINES		\$100,000
	TOTAL GENERAL PLAN		\$100,000
	TOTAL CAPITAL IMPROVEMENTS 2018-2019		\$8,343,650

**DESERT WATER AGENCY
OPERATING ACCOUNT
RECAP OF LABOR INCLUDED IN
2018-2019 BUDGET**

OPERATING PAYROLL

	AMOUNT
Source of Supply	\$102,300
Pumping	\$292,200
Regulatory Water Treatment	\$327,100
Transmission & Distribution	\$1,267,300
Customer Account:	
Meter Reading & Supervision	\$232,800
Clerical & Other	\$675,200
Administrative Salaries	\$925,600
General Salaries	
Safety & Educational Meetings	\$26,100
Sick Leave & Vacations	\$866,000
Buildings & Equipment	\$69,000
Engineering & Supervision	\$866,500
Storeroom	\$58,000
Trucks, Tools & Work Equipment	\$188,000
Public Information	\$77,000
Water Conservation	\$85,200
Regulatory	\$40,000
Snow Creek Hydro	\$24,900
Reclamation	\$173,800
TOTAL OPERATING PAYROLL	\$6,297,000

CONSTRUCTION PAYROLL - ROUTINE

W/O #11-125-M	Solar Inverter Replacements	\$30,000
W/O #16-160	2016/17 Main Replacements	\$125,000
W/O #17-111	2017/2018 Main Replacements	\$325,000
W/O #17-116-M	Back-up Generator @ Reclamation Plant	\$6,000
W/O #17-121/122/123-W	Wells 17, 21 & 22 Switchgears	\$38,400
W/O #17-126-W-25	Well 25 MCC & Penthouse Fan	\$9,000
W/O #17-123/126/130/131-C	Wells 22,25,33,& 34 Chlorine Injection	\$27,000
W/O #17-148-M	Blaze Alarm System - Op Center	\$12,000
W.O. #18-100	Service Replacements	\$90,000
W/O #18-201	Invoiced Services	\$72,000
W.O. #18-171-M	Reclamation Plant - Scrubber	\$24,000
W.O. #18-172/173-W	Wells 35 & 36 Switch Gears	\$12,900
W.O. #18-175-M	Reservoir Fall Protection	\$15,000
TOTAL ROUTINE PAYROLL		\$786,300

CAPITAL PAYROLL - GENERAL PLAN

W/O #08-501-G-27	Well 27 Wall Modification	\$12,000
W/O #09-530--12	DWA/CVWD Intertie	\$15,000
TOTAL GENERAL PLAN PAYROLL		\$27,000

TOTAL BUDGET PAYROLL **\$7,110,300**

NUMBER OF EMPLOYEES Full Time: 84

RESERVE POLICY ANALYSIS 2018/2019 BUDGET

OPERATING FUND

In June 2018, the Board of Directors revised the policy for Agency reserves (Resolution No. 1187). Per section 5 of the policy, an annual review of the reserves will be presented during the annual budget presentation. Presented below is the reserve analysis:

RESERVE FOR OPERATIONS

Reserve should be equal to 6-months to 1-year of operations

2018 / 2019 Cost of Operations	=	\$33,344,650
2018/2019 Reserve Requirement (6 Months)	=	\$16,672,325
2017/2018 Current Reserve Balance	=	\$6,225,000
2018/2019 Reserve Adjustment *	=	\$3,095,000
2018/2019 Reserve Balance	=	\$9,320,000
2018/2019 Reserve Shortfall =	=	<\$7,352,325>

* Proposed \$3,095,000 addition to the Reserve for Operations in Fiscal 2018/2019

2018/2019 RESERVE FOR OPERATIONS = \$9,320,000

RESERVE FOR REPLACEMENTS

Reserve should be equal to the accumulated depreciation of assets

2017 / 2018 Accumulated Depreciation @ 4/30/18	=	\$121,093,509
2018/2019 Reserve Requirement	=	\$121,093,500
2017/2018 Current Reserve Balance	=	\$1,785,000
2018/2019 Reserve Adjustment *	=	\$136,000
2018/2019 Reserve Balance	=	\$1,921,000
2018/2019 Reserve Shortfall =	=	<\$119,172,500>

* Proposed \$215,000 addition to the Reserve for Replacements in Fiscal 2018/2019

2018/2019 RESERVE FOR REPLACEMENTS = \$1,921,000

RESERVE FOR DISASTER RESPONSE

Reserve should be equal to 15% of the Agency's General System

System Value @ 4/30/18	=	\$242,029,240
15% of System Value	=	\$36,304,386
2018/2019 Reserve Requirement	=	\$36,304,400
2017/2018 Current Reserve Balance	=	\$0
2018/2019 Reserve Adjustment *	=	\$0
2018/2019 Reserve Balance	=	\$0
2018/2019 Reserve Shortfall =	=	<\$36,304,400>

* There are no excess funds available to add to the Reserve for Disaster Response in Fiscal 2018/2019

2018/2019 RESERVE FOR DISASTER RESPONSE = \$0

RESERVE FOR LAND ACQUISITIONS

Maximum Reserve Requirement = \$5,000,000

2018/2019 Reserve Requirement	=	\$5,000,000
2017/2018 Current Reserve Balance	=	\$0
2018/2019 Reserve Adjustment *	=	\$0
2018/2019 Reserve Balance	=	\$0
2018/2019 Reserve Shortfall =	=	<\$5,000,000>

* There are no excess funds available to add to the Reserve for Land Acquisitions in Fiscal 2018/2019

2018/2019 RESERVE FOR LAND ACQUISITIONS = \$0

RESERVE FOR REGULATORY COMPLIANCE

Maximum Reserve Requirement- \$10,000,000

2018/2019 Reserve Requirement	=	\$10,000,000
2017/2018 Current Reserve Balance	=	\$0
2018/2019 Reserve Adjustment *	=	\$0
2018/2019 Reserve Balance	=	\$0
2018/2019 Reserve Shortfall =	=	<\$10,000,000>

* There are no excess funds available to add to the Reserve for Regulatory Compliance in Fiscal 2018/2019

2018/2019 RESERVE FOR REGULATORY COMPLIANCE = \$0

RESERVE FOR RETIREMENT BENEFITS

Statutory Requirement (OPEB GASB No. 45)

Reserve Requirement – 2017 Actuarial Study = \$29,814,400

2018/2019 Reserve Requirement	=	\$29,814,400
2017/2018 Current Reserve Balance	=	\$1,100,000
2018/2019 Reserve Adjustment *	=	\$1,800,000
2018/2019 Reserve Balance	=	\$2,900,000
2018/2019 Reserve Shortfall =	=	<\$26,814,400>

* Proposed \$1,800,000 addition to the Reserve for Retirement Benefits in Fiscal 2018/2019

2018/2019 RESERVE FOR RETIREMENT BENEFITS = \$2,900,000

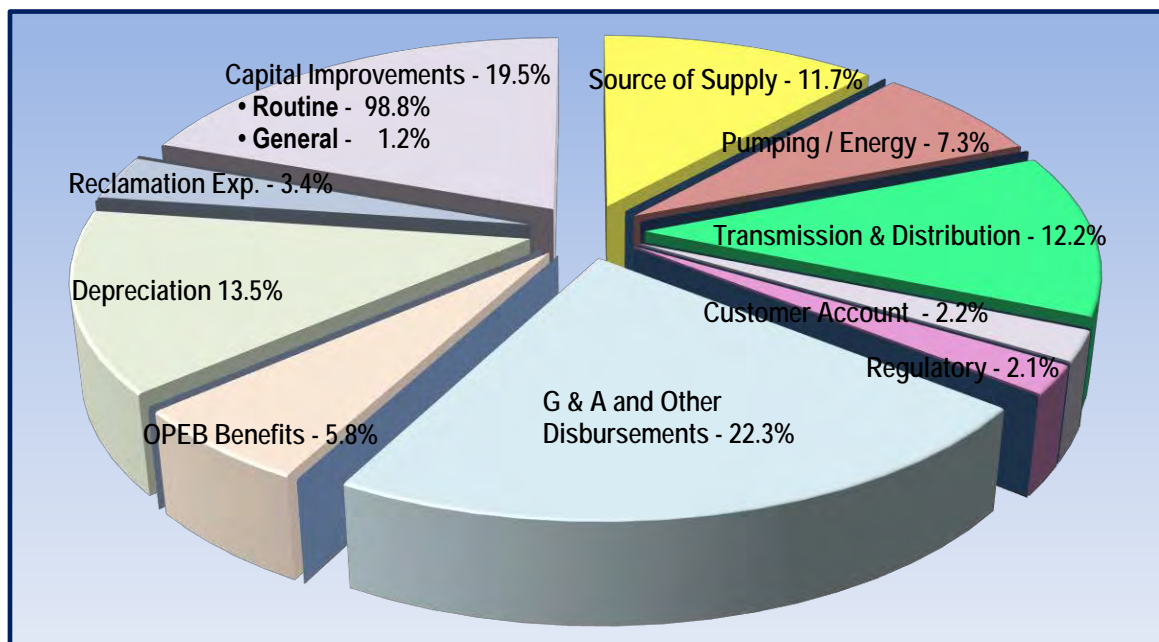
RESERVE POLICY SUMMARY

**Fiscal 2018/2019 Reserve Requirement	=	\$218,884,625
Fiscal 2018/2019 Projected Total Reserves	=	\$14,141,000
Fiscal 2018/2019 Projected Reserve Shortfall =	=	<\$204,743,625>

** Reserve Policy and Reserve Requirements (Resolution No. 926)
Based on established ACWA and AWWA Policy Principles and Guidelines.

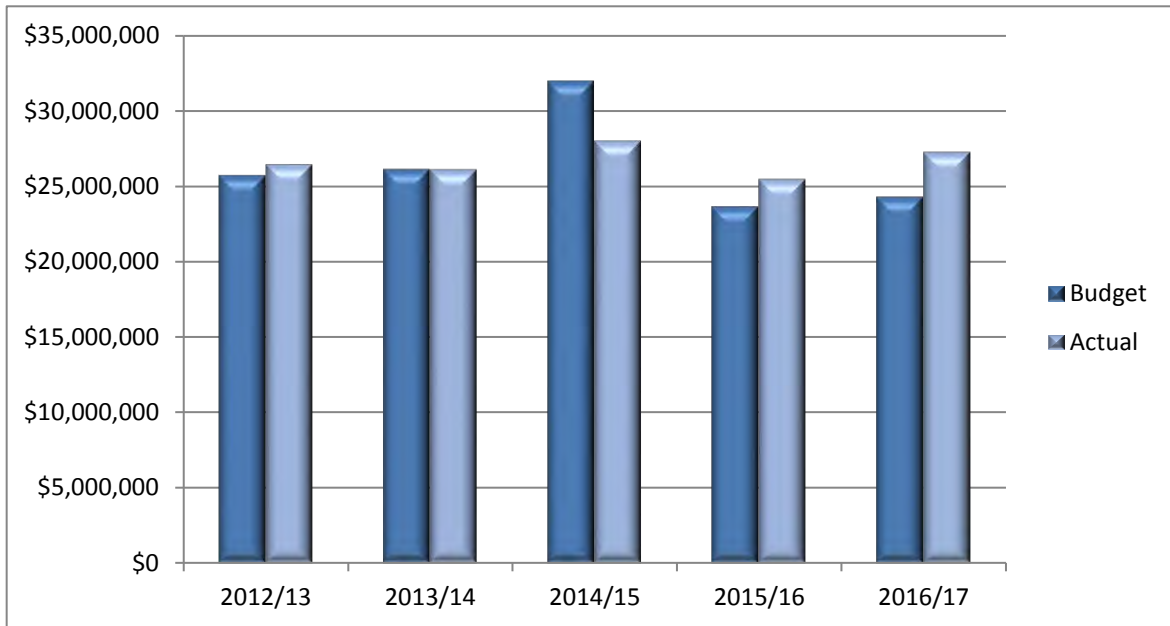
SUMMARY 2018 - 2019 OPERATING FUND BUDGET

ITEM	COST	% OF VALUE
Source of Supply	\$5,018,700	11.7%
Pumping/Energy	\$3,139,800	7.3%
Transmission & Distribution	\$5,242,500	12.2%
Customer Account	\$956,400	2.2%
Regulatory	\$904,200	2.1%
G & A and Other Exp.	\$9,540,950	22.3%
OPEB Benefits	\$2,465,450	5.8%
Depreciation	\$5,804,300	13.5%
Reclamation Expense	\$1,438,000	3.4%
Capital Improvements	<u>\$8,343,650</u>	<u>19.5%</u>
TOTAL	\$42,853,950	100%

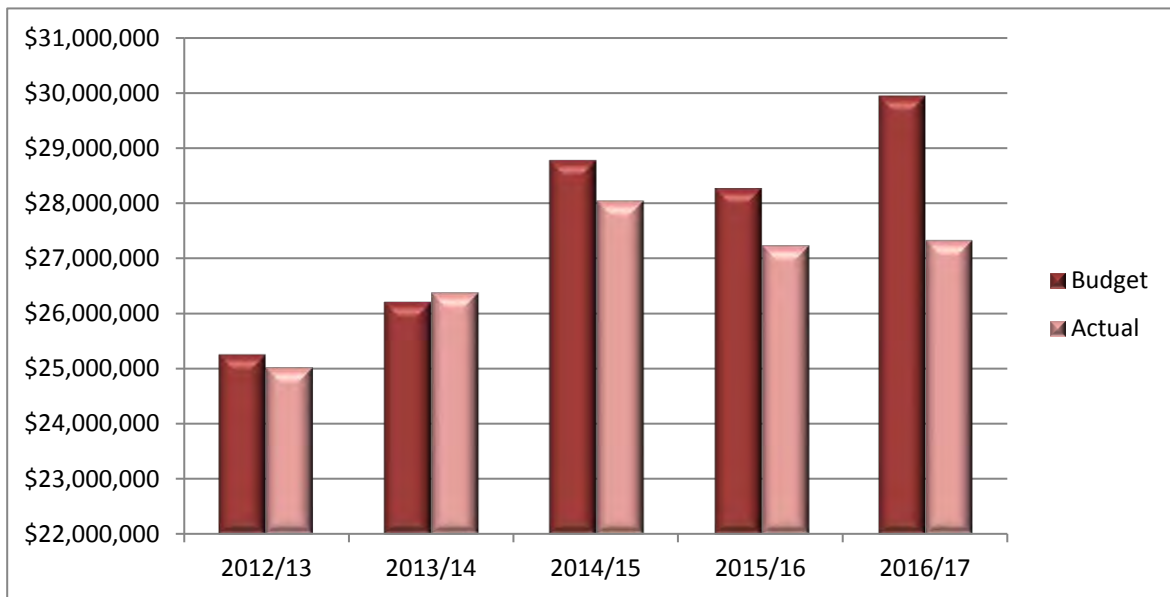


**PRIOR YEAR BUDGET vs. ACTUAL ANALYSIS
OPERATING FUND**

**REVENUES
Budget vs. Actual**



**EXPENSES
Budget vs. Actual**



DESERT WATER AGENCY

GENERAL FUND BUDGET

2018 - 2019

DESERT WATER AGENCY

GENERAL FUND BUDGET

2018 - 2019

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**DESERT WATER AGENCY
GENERAL FUND BUDGET
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER (UNDER) BUDGET	BUDGET 2018-2019
<u>OPERATING REVENUES</u>					
Groundwater Replenishment Assessment	\$4,545,289	\$3,908,718	\$5,000,000	(\$1,091,282)	\$6,024,000
Power Sales - Whitewater Hydro	\$176,895	\$253,687	\$213,000	\$40,687	\$147,000
TOTAL OPERATING REVENUES	\$4,722,184	\$4,162,405	\$5,213,000	(\$1,050,595)	\$6,171,000
<u>OPERATING EXPENSES</u>					
<u>SOURCE OF SUPPLY</u>					
Watershed Management - West Fork	\$0	\$0	\$0	\$0	\$0
Whitewater Mutual Water Co	\$272	\$0	\$300	(\$300)	\$300
Whitewater Basin Management	\$291,285	\$83,615	\$325,000	(\$241,385)	\$250,000
Mission Creek Basin Management	\$19,349	\$55,909	\$63,000	(\$7,091)	\$67,500
Mission Creek - Garnett Hill Mgmt Plan	\$0	\$0	\$15,000	(\$15,000)	\$12,000
Indio Subbasin Management	\$0	\$28,181	\$30,000	(\$1,819)	\$33,000
Groundwater Monitoring Wells	\$125	\$0	\$300	(\$300)	\$300
U.S.G.S. Water Quality Monitoring System	\$14,000	\$8,614	\$15,000	(\$6,386)	\$12,000
U.S.G.S. Stream Gauging Study	\$74,277	\$53,857	\$75,000	(\$21,143)	\$72,000
Monitoring Wells #2 & #6	\$6,649	\$201	\$9,000	(\$8,799)	\$6,000
Salt Nutrient Plan	\$7,439	\$0	\$0	\$0	\$0
Groundwater Rights DWA/CVWD	\$263,294	\$269,202	\$250,000	\$19,202	\$405,000
USDOJ Federal Rule Litigation	\$287,796	\$51,807	\$277,000	(\$225,193)	\$150,000
TOTAL SOURCE OF SUPPLY	\$964,486	\$551,386	\$1,059,600	(\$508,214)	\$1,008,100
<u>STATE WATER PROJECT EXPENSE</u>					
Delta O.M.P. & R.	\$2,659,211	\$1,977,490	\$2,612,100	(\$634,610)	\$2,601,300
Transportation O.M.P. & R.	\$4,768,914	\$3,422,667	\$5,092,500	(\$1,669,833)	\$5,010,000
Variable	\$3,982,353	\$2,462,520	\$5,468,400	(\$3,005,880)	\$5,364,600
Off-Aqueduct Power Facilities	\$91,647	\$83,445	\$102,000	(\$18,555)	\$134,400
East Branch Enlargement	\$344,328	\$296,235	\$415,800	(\$119,565)	\$316,800
Replacement Component	(\$36,661)	\$0	\$18,000	(\$18,000)	\$0
California Water Fix (CWF)	\$0	\$0	\$0	\$0	\$304,800
Water Purchases	\$4,846	\$11,193	\$5,157,600	(\$5,146,407)	\$6,000,000
Lake Perris Seepage Recovery Project	\$0	\$0	\$250,000	(\$250,000)	\$250,000
CVWD Reimb (Delta, Var, OAP)	(\$423,477)	(\$176,355)	(\$677,400)	\$501,045	(\$695,400)
MWD Reimb (Delta, Trans, Var, OAP)	\$0	\$0	\$0	\$0	\$0
TOTAL STATE WTR PROJ. EXPENSE	\$11,391,161	\$8,077,195	\$18,439,000	(\$10,361,805)	\$19,286,500
<u>WHITEWATER HYDRO EXPENSE</u>					
Supervision & Labor	\$14,846	\$7,539	\$12,600	(\$5,061)	\$15,000
Miscellaneous/SCE	\$5,537	\$3,432	\$9,900	(\$6,468)	\$10,500
Tools & Work Equipment	\$0	\$0	\$2,400	(\$2,400)	\$2,100
Maint Structures & Improvements	(\$83)	\$64	\$9,000	(\$8,936)	\$6,000
Maint of Equipment	\$18,209	\$5,158	\$102,000	(\$96,842)	\$60,000
Whitewater Hydro Contract Management	\$19,421	\$27,456	\$36,600	(\$9,144)	\$36,600
TOTAL WHITEWTR HYDRO EXPENSE	\$57,931	\$43,649	\$172,500	(\$128,851)	\$130,200
<u>ADMIN & GENERAL EXPENSE</u>					
Salaries	\$261,613	\$178,152	\$418,200	(\$240,048)	\$594,600
Office Supplies & Expenses	\$10,880	\$7,349	\$12,900	(\$5,551)	\$13,200
Legal	\$179,368	\$198,960	\$99,000	\$99,960	\$225,000
State Water - Audit Fees	\$16,151	\$16,622	\$16,800	(\$178)	\$18,000

**DESERT WATER AGENCY
GENERAL FUND BUDGET
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER (UNDER) BUDGET	BUDGET 2018-2019
<u>ADMIN & GENERAL EXPENSE (cont)</u>					
Engineering	\$69,811	\$20,045	\$99,000	(\$78,955)	\$231,000
Appraisals & Consultants	\$172,653	\$85,734	\$144,000	(\$58,266)	\$129,000
Auditing	\$8,195	\$9,565	\$9,300	\$265	\$10,200
Conferences & Seminars	\$71,521	\$34,677	\$69,000	(\$34,323)	\$63,000
Membership Dues & Subscriptions	\$84,068	\$81,702	\$84,300	(\$2,598)	\$84,600
Bay-Delta Hearings	\$54,592	\$54,779	\$65,300	(\$10,521)	\$63,000
SWC-Energy Fund	\$8,485	\$10,611	\$10,600	\$11	\$11,100
Utilities	\$25,381	\$18,087	\$22,500	(\$4,413)	\$24,000
Property & Liability Insurance	\$46,287	\$33,638	\$48,000	(\$14,362)	\$46,200
Other Employee Benefits	\$174,586	\$117,635	\$228,000	(\$110,365)	\$373,300
Payroll Taxes	\$36,009	\$24,358	\$31,500	(\$7,142)	\$37,200
Uncollectible Accounts	\$12,939	\$0	\$0	\$0	\$0
LAFCO Expenses	\$11,300	\$13,224	\$11,700	\$1,524	\$13,500
Integrated Regional Water Mgmt Plan (IRWMP)	\$50,874	\$22,445	\$60,000	(\$37,555)	\$60,000
IRWMP Conservation Program	(\$4,631)	\$0	\$0	\$0	\$0
Operations Center Security	\$5,522	\$2,170	\$5,100	(\$2,930)	\$6,000
Operations Center Maintenance	\$78,584	\$54,471	\$42,500	\$11,971	\$81,000
Directors' Fees	\$43,652	\$16,954	\$55,500	(\$38,546)	\$48,000
Public Information	\$115,346	\$73,660	\$195,600	(\$121,940)	\$195,900
Water Conservation	\$75,467	\$49,012	\$157,200	(\$108,188)	\$152,400
Election Expense	\$0	\$21,736	\$0	\$21,736	\$159,000
TOTAL ADMIN & GENERAL EXPENSE	\$1,608,651	\$1,145,585	\$1,886,000	(\$740,415)	\$2,639,200
<u>OTHER OPERATING EXPENSES</u>					
Depreciation	\$5,704,640	\$0	\$5,219,100	(\$5,219,100)	\$6,270,000
Direct/Indirect Costs	(\$398)	(\$3,671)	(\$24,000)	\$20,329	(\$199,800)
TOTAL OTHER OPERATING EXPENSES	\$5,704,242	(\$3,671)	\$5,195,100	(\$5,198,771)	\$6,070,200
TOTAL OPERATING EXPENSES	\$19,726,471	\$9,814,144	\$26,752,200	(\$16,938,056)	\$29,134,200
NET OPERATING INCOME (loss)	(\$15,004,287)	(\$5,651,739)	(\$21,539,200)	\$15,887,461	(\$22,963,200)
<u>NON-OPERATING REVENUES</u>					
Property Taxes	\$25,242,898	\$15,299,766	\$24,000,000	(\$8,700,234)	\$27,000,000
Interest - Invested Reserves	\$1,129,185	\$1,220,582	\$1,500,000	(\$279,418)	\$1,800,000
Interest - Wastewater Fund	\$3,701	\$0	\$2,450	(\$2,450)	\$1,225
Supplemental Imported Water Fees	\$497,270	\$272,170	\$324,000	(\$51,830)	\$375,000
Gains/Loss Investments	\$0	\$0	\$0	\$0	\$0
Other	(\$402,461)	(\$208,865)	\$0	(\$208,865)	\$0
TOTAL NON-OPERATING REVENUES	\$26,470,593	\$16,583,654	\$25,826,450	(\$9,242,796)	\$29,176,225

**DESERT WATER AGENCY
GENERAL FUND BUDGET
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER (UNDER) BUDGET	BUDGET 2018-2019
<u>NON-OPERATING EXPENSES</u>					
Prior Year - State Water Project	\$4,363	(\$28,421)	\$0	(\$28,421)	\$0
Prior Year Expenses	(\$6,880)	(\$60,000)	\$0	(\$60,000)	\$0
TOTAL NON-OPERATING EXPENSES	(\$2,517)	(\$88,421)	\$0	(\$88,421)	\$0
TOTAL NET INCOME	\$11,468,823	\$11,020,336	\$4,287,250	\$6,733,086	\$6,213,025
<u>APPLICATION OF COMMIT FUNDS</u>					
Bond Service - Principle/Interest	\$1,346,878	\$345,225	\$1,345,450	(\$1,000,225)	\$1,345,800
TOTAL COMMIT FUNDS	\$1,346,878	\$345,225	\$1,345,450	(\$1,000,225)	\$1,345,800
 BALANCE REMAINING	\$10,121,945	\$10,675,111	\$2,941,800	\$7,733,311	\$4,867,225
Add Back Depreciation	\$5,704,640	\$0	\$5,219,100	(\$5,219,100)	\$6,270,000
<u>CAPITAL ADDITIONS</u>					
Delta	\$1,137,972	\$1,096,138	\$1,170,000	(\$73,862)	\$1,213,600
Transportation	\$2,629,447	\$2,663,421	\$2,636,400	\$27,021	\$2,651,400
Revenue Bond Surcharge	\$620,912	\$851,310	\$1,139,400	(\$288,090)	\$1,140,900
East Branch Enlargement	\$863,323	\$1,163,798	\$1,637,100	(\$473,302)	\$1,630,200
Tehachapi	(\$3,931)	\$87,569	\$101,400	(\$13,831)	\$99,000
Delta Improvements (CWF)	\$0	\$0	\$7,000,000	(\$7,000,000)	\$720,000
Lake Perris Seepage Recovery Project	\$0	\$0	\$250,000	(\$250,000)	\$250,000
Sites Reservoir Project	\$167,457	\$102,615	\$750,000	(\$647,385)	\$3,000,000
Whitewater Hydro - Battery Replacement	\$0	\$0	\$0	\$0	\$0
Whitewater Turn-out Facility (DWA/CVWD)	\$0	\$0	\$0	\$0	\$0
Op. Cntr - Carpet Replacement (Phase II)	\$0	\$4,265	\$0	\$4,265	\$0
Op. Cntr - Roof Ladder System	\$0	\$951	\$0	\$951	\$0
Whitewater Hydro - Relay Switches	\$0	\$0	\$99,925	(\$99,925)	\$0
Op. Cntr - Carpet Replacement (Phase III)	\$0	\$15,254	\$13,900	\$1,354	\$0
Op. Cntr - Roof Fall Protection Project	\$0	\$0	\$16,700	(\$16,700)	\$0
Op. Cntr - Blaze Security Alarm System	\$0	\$0	\$48,875	(\$48,875)	\$0
Op. Cntr - Lobby/Public Restroom	\$0	\$0	\$38,325	(\$38,325)	\$0
Whitewater Hydro - Display & Controller	\$0	\$0	\$34,500	(\$34,500)	\$0
Whitewater Hydro - Bypass Pipeline	\$0	\$0	\$2,500,000	(\$2,500,000)	\$0
Op. Cntr - Landscape Project	\$0	\$3,503	\$3,503	\$0	\$0
Op. Cntr - UPS Battery Replacement	\$0	\$0	\$9,014	(\$9,014)	\$0
Op. Cntr - Board Room Security Doors	\$0	\$0	\$2,621	(\$2,621)	\$0
Op. Cntr - Lobby Window Protective Coating	\$0	\$0	\$2,838	(\$2,838)	\$0
Snow Creek Village - Surface Water Treatment	\$0	\$0	\$0	\$0	\$2,300,000
Land Purchase - Dinah Shore Property	\$0	\$0	\$0	\$0	\$366,150
Contingency	\$0	\$0	\$132,024	(\$132,024)	\$150,000
TOTAL CAPITAL ADDITIONS	\$5,415,180	\$5,988,824	\$17,586,525	(\$11,597,701)	\$13,521,250
 BALANCE	\$10,411,405	\$4,686,287	(\$9,425,625)	\$14,111,912	(\$2,384,025)
 TOTAL BUDGET			\$45,684,175		\$44,001,250

**DESERT WATER AGENCY
GENERAL FUND BUDGET
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	<u>2017-2018 BEGIN BAL</u>	<u>2017-2018 ADJUSTMENTS</u>	<u>2018-2019 ADDITIONS</u>	<u>2018-2019 DELETIONS</u>	<u>BALANCE</u>
Reserve Fund Balance-6/30/18					\$120,948,500
Restricted & Unrestricted Reserves:					
State Water Contract Fund	\$49,365,800			\$1,338,300	
Reserve For Additional Water	\$19,626,000			\$415,000	
Reserve for Delta Improvements (CWF)	\$0		\$14,440,000		
Reserve For Operations	\$8,238,200		\$1,609,500		
Reserve For Replacements	\$7,994,000		\$463,600		
Regulatory Compliance Reserve	\$9,500,000		\$500,000		
Land Acquisition Reserve	\$5,000,000				
Total Reserves - 6/30/18	\$99,724,000	\$0	\$17,013,100	\$1,753,300	(\$114,983,800)
Required for 2017/18 Carryover Items					(\$3,579,300)
2018-2019 Budget Balance					(\$2,384,025)
Unappropriated Fund Balance - 6/30/18					\$1,375

BUDGET AMOUNT SUMMARY

Total Operating Expense	\$29,134,200
Non-Operating Expense	\$0
Application of Committed Funds	\$1,345,800
Capital Additions	\$13,521,250
TOTAL BUDGET	\$44,001,250

**DESERT WATER AGENCY
GENERAL FUND BUDGET
2018 - 2019**

**SUMMARY OF ASSESSED VALUATIONS
AND RESULTING TAX RATES**

Assessed Valuations		
Secured	\$14,430,929,881	
Unsecured	\$657,290,948	
Total Estimated Assessed Valuations*		\$15,088,220,829
 Tax Rate	2017-2018	2018-2019
Secured	\$0.10	\$0.10
Unsecured	\$0.10	\$0.10
 Estimated Revenue from Property Taxes		
Secured	\$14,430,925	
Unsecured	\$657,300	
SBE Unitary	\$9,829,725	
RPTTF	\$743,050	
County 1% General Purpose Allocation	\$1,339,000	
 TOTAL ESTIMATED PROPERTY TAXES		\$27,000,000

* Assessed values reflect a combined 2.73% delinquency and value adjustment factor for secured and unsecured valuations

**DESERT WATER AGENCY
GENERAL FUND BUDGET
FISCAL 2018 - 2019**

ESTIMATED STATE WATER PAYMENTS

CAPITAL						O.M.P. & R						
2018	Revenue Bond Surcharge	Delta	Transportation	Tehachapi	East Branch Enlargement	Delta	Transportation	Variable	Off-Aqueduct Power Facilities	Replacement Component	East Branch Enlargement	Total
July	\$532,200	\$574,500	\$1,338,100	---	---	\$217,300	\$368,300	\$458,075	\$8,900	\$0	\$23,700	\$3,521,075
August	---	---	---	---	---	\$217,300	\$368,300	\$458,075	\$8,900	\$0	\$23,700	\$1,076,275
September	---	---	---	\$49,000	\$989,000	\$217,300	\$368,300	\$458,075	\$8,900	\$0	\$23,700	\$2,114,275
October	---	---	---	---	---	\$217,300	\$368,300	\$458,075	\$8,900	\$0	\$23,700	\$1,076,275
November	---	---	---	---	---	\$217,300	\$368,300	\$458,075	\$8,900	\$0	\$23,700	\$1,076,275
December	---	---	---	---	---	\$217,300	\$368,300	\$458,075	\$8,900	\$0	\$23,700	\$1,076,275
2019												
January	\$608,700	\$639,100	\$1,313,300	---	---	\$216,250	\$466,700	\$436,025	\$13,500	\$0	\$29,100	\$3,722,675
February	---	---	---	---	---	\$216,250	\$466,700	\$436,025	\$13,500	\$0	\$29,100	\$1,161,575
March	---	---	---	\$50,000	\$641,200	\$216,250	\$466,700	\$436,025	\$13,500	\$0	\$29,100	\$1,852,775
April	---	---	---	---	---	\$216,250	\$466,700	\$436,025	\$13,500	\$0	\$29,100	\$1,161,575
May	---	---	---	---	---	\$216,250	\$466,700	\$436,025	\$13,500	\$0	\$29,100	\$1,161,575
June	---	---	---	---	---	\$216,250	\$466,700	\$436,025	\$13,500	\$0	\$29,100	\$1,161,575
	<u>\$1,140,900</u>	<u>\$1,213,600</u>	<u>\$2,651,400</u>	<u>\$99,000</u>	<u>\$1,630,200</u>	<u>\$2,601,300</u>	<u>\$5,010,000</u>	<u>\$5,364,600</u>	<u>\$134,400</u>	<u>\$0</u>	<u>\$316,800</u>	<u>\$20,162,200</u>

Based on calendar year costs being shared 25.23% DWA and 74.77% CVWD on Variable, Delta Water and Off Aqueduct Charges:

	<u>2018</u>	<u>Variable</u>	<u>Delta Charge</u>	<u>Off Aqueduct</u>	<u>Total</u>	<u>DWA-25.23%</u>	<u>CVWD-74.77%</u>
DWA	55,750 AF	\$5,496,900	\$3,756,600	\$106,450	\$9,359,950	\$2,361,515	\$6,998,435
CVWD	128,450 AF	\$13,640,850	\$9,540,675	\$127,425	<u>\$23,308,950</u>	<u>\$5,880,848</u>	<u>\$17,428,102</u>
					\$32,668,900	\$8,242,363	\$24,426,537
	<u>2019</u>						
DWA	55,750 AF	\$5,232,225	\$3,873,000	\$161,975	\$9,267,200	\$2,338,115	\$6,929,085
CVWD	128,450 AF	\$12,984,375	\$9,611,250	\$401,975	<u>\$22,997,600</u>	<u>\$5,802,294</u>	<u>\$17,195,306</u>
					\$32,264,800	\$8,140,409	\$24,124,391
				TOTALS	\$64,933,700	\$16,382,773	\$48,550,927
				Less Amount Billed Direct to CVWD			(\$46,306,550)
				Amount Due To DWA			\$2,244,377
STATE WATER PROJECT TABLE A ALLOTMENTS:				ONE-HALF FOR FISCAL YEAR			\$1,122,189

DWA - 38,100 A.F. + MWD Transfer 11,900 A.F. = 50,000 A.F.

CVWD - 23,100 A.F. + MWD Transfer 88,100 A.F. + Tulare Transfer 9,000 A.F. = 121,100 A.F.

Beginning January 1, 2010 : Berrenda-Mesa 16,000 A.F. Transfer = DWA 4,000 A.F. / CVWD 12,000 A.F.

Beginning January 1, 2010 : Westlake Farms 7,000 A.F. Transfer = DWA 1,750 A.F. / CVWD 5,250 A.F.

Calendar years 2018 & 2019 = DWA 55,750 A.F. / CVWD 128,450 A.F.

**DESERT WATER AGENCY - GENERAL FUND
2018-2019 BUDGET
CAPITAL IMPROVEMENTS**

W.O. NO.	DESCRIPTION	ACCOUNT NO.	ESTIMATED COST
MISCELLANEOUS			
18-101-M	SNOW CREEK VILLAGE - SURFACE WATER TREATMENT FACILITY	11170	\$2,300,000
18-170-L	LAND PURCHASE - DINAH SHORE PROPERTY	11157	\$366,150
18-499	CONTINGENCY	VARIOUS	<u>\$150,000</u>
TOTAL MISCELLANEOUS			\$2,816,150

RESERVE POLICY ANALYSIS 2018/2019 BUDGET

GENERAL FUND

In June 2018, the Board of Directors revised the policy for Agency reserves (Resolution No. 1187). Per section 5 of the policy, an annual review of the reserves will be presented during the annual budget presentation. Presented below is the reserve analysis:

STATE WATER CONTRACT FUND - RESERVE

Minimum reserve requirement is 2 ½ times prior year DWR Statement of Charges

2018 DWR STATEMENT OF CHARGES:

Delta Capital	=	\$1,149,114
Delta OMP&R	=	\$2,607,469
Transportation Capital	=	\$2,676,220
Transportation M&O	=	\$4,418,812
Variable Entitlement	=	\$5,525,296
Water System Revenue Bond	=	\$1,064,379
Off Aqueduct	=	\$106,445
Conservation Replacement	=	\$0
East Branch Enlargement Capital	=	\$1,282,658
East Branch Enlargement M&O	=	\$284,068
Tehachapi Second Overbay	=	\$96,534
TOTAL 2018 STATEMENT OF CHARGES	=	\$19,210,995
2018 DWR CHARGES X 2 ½ TIMES	=	\$48,027,488
2018/2019 Reserve Requirement	=	\$48,027,500
2017/2018 Current Reserve Balance	=	\$49,365,800
2018/2019 Reserve Adjustment *	=	<\$1,383,300>
2018/2019 Reserve Balance	=	\$48,027,500
2018/2019 Reserve Shortfall	=	\$0

* Proposed <\$1,383,300> decrease to the State Water Contract Fund in Fiscal 2018/2019

2018/2019 STATE WATER CONTRACT RESERVE = \$48,027,500

RESERVE FOR CALIFORNIA WATER FIX (CFW)

Minimum reserve requirement for the next 10 years per DWR cost projections

10 year DWR cost projection	=	\$35,262,100
2018/2019 Reserve Requirement	=	\$35,262,100
2018/2019 Reserve Adjustment *	=	\$14,440,000
2018/2019 Reserve Balance	=	\$14,440,000
2018/2019 Reserve Shortfall	=	<\$20,822,100>

* Proposed \$14,440,000 addition to the California Water Fix Reserve in Fiscal 2018/2019

2018/2019 CALIFORNIA WATER FIX RESERVE = \$14,440,000

RESERVE FOR ADDITIONAL WATER

Reserve requirement should be greater than prior year DWR Invoices

2018 DWR STATEMENT OF CHARGES:

Delta Capital	=	\$1,149,114
Delta OMP&R	=	\$2,607,469
Transportation Capital	=	\$2,676,220
Transportation M&O	=	\$4,418,812
Variable Entitlement	=	\$5,525,296
Water System Revenue Bond	=	\$1,064,379
Off Aqueduct	=	\$106,445
Conservation Replacement	=	\$0
East Branch Enlargement Capital	=	\$1,282,658
East Branch Enlargement M&O	=	\$284,068
Tehachapi Second Overbay	=	\$96,534
TOTAL 2018 STATEMENT OF CHARGES	=	\$19,210,995
2018/2019 Reserve Requirement	=	\$19,211,000
2017/2018 Current Reserve Balance	=	\$19,626,000
2018/2019 Reserve Adjustment *	=	<\$415,000>
2018/2019 Reserve Balance	=	\$19,211,000
2018/2019 Reserve Shortfall	=	\$0

* Proposed <\$415,000> decrease to the Reserve for Additional Water in Fiscal 2018/2019

2018/2019 RESERVE FOR ADDITIONAL WATER = \$19,211,000

RESERVE FOR OPERATIONS

Reserve should be equal to 6 months to 1 year of operations

2018/2019 Cost of Operations	=	\$29,055,900
Less: 2018/2019 State Water Project M&O	=	<\$19,208,200>
NET COST OF OPERATIONS	=	\$9,847,700
2018/2019 Reserve Requirement	=	\$9,847,700
2017/2018 Current Reserve Balance	=	\$8,238,200
2018/2019 Reserve Adjustment *	=	\$1,609,500
2018/2019 Reserve Balance	=	\$9,847,700
2018/2019 Reserve Shortfall	=	\$0

* Proposed \$1,609,500 addition to the Reserve for Operations in Fiscal 2018/2019

2018/2019 RESERVE FOR OPERATIONS = \$9,847,700

RESERVE FOR REPLACEMENTS

Reserve should be equal to accumulated depreciation of assets (excluding State Water Project capital)

6/30/17 Audited Accumulated Depreciation	=	\$96,505,554
LESS: SWP – Transportation	=	<\$59,301,446>
SWP – Delta	=	<\$12,338,345>
SWP – East Branch Enlargement	=	<\$12,361,184>
SWP – Water System Revenue Bond	=	<\$3,964,244>
SWP – Advance Water Deliveries	=	<\$69,273>
SWP – Tehachapi Second Overbay	=	<\$13,460>
NET ACCUMULATED DEPRECIATION	=	\$8,457,602
2018/2019 Reserve Requirement	=	\$8,457,600
2017/2018 Current Reserve Balance	=	\$7,994,000
2018/2019 Reserve Adjustment *	=	\$463,600
2018/2019 Reserve Balance	=	\$8,457,600
2018/2019 Reserve Shortfall	=	\$0

* Proposed \$463,600 addition to Reserve for Replacements in Fiscal 2018/2019

2018/2019 RESERVE FOR REPLACEMENTS = \$8,457,600

REGULATORY COMPLIANCE RESERVE

Maximum Reserve Requirement = \$10,000,000

2018/2019 Reserve Requirement	=	\$10,000,000
2017/2018 Current Reserve Balance	=	\$9,500,000
2018/2019 Reserve Adjustment *	=	\$500,000
2018/2019 Reserve Balance	=	\$10,000,000
2018/2019 Reserve Shortfall	=	\$0

* Proposed \$500,000 addition to Regulatory Compliance Reserve in Fiscal 2018/2019

2018/2019 REGULATORY COMPLIANCE RESERVE = \$10,000,000

LAND ACQUISITIONS RESERVE

Maximum Reserve Requirement = \$5,000,000

2018/2019 Reserve Requirement	=	\$5,000,000
2017/2018 Current Reserve Balance	=	\$5,000,000
2018/2019 Reserve Adjustment *	=	\$0
2018/2019 Reserve Balance	=	\$5,000,000
2018/2019 Reserve Shortfall	=	\$0

* No addition to Land Acquisition Reserve in Fiscal 2018/2019

2018/2019 LAND ACQUISITION RESERVE = \$5,000,000

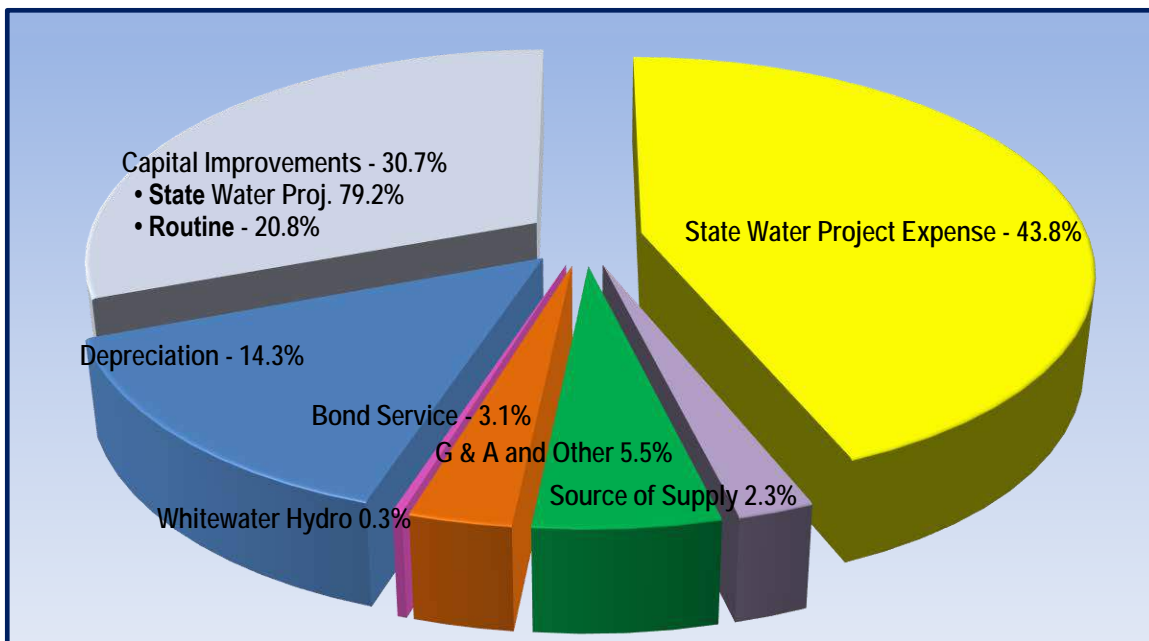
RESERVE POLICY SUMMARY

** Fiscal 2018/2019 Reserve Requirement	=	\$135,805,900
Fiscal 2018/2019 Projected Total Reserves	=	\$114,983,800
Fiscal 2018/2019 Projected Reserve Shortfall =	=	<20,822,100>

** Reserve Policy and Reserve Requirements (Resolution No. 926)
Based on established ACWA and AWWA Policy Principles and Guidelines.

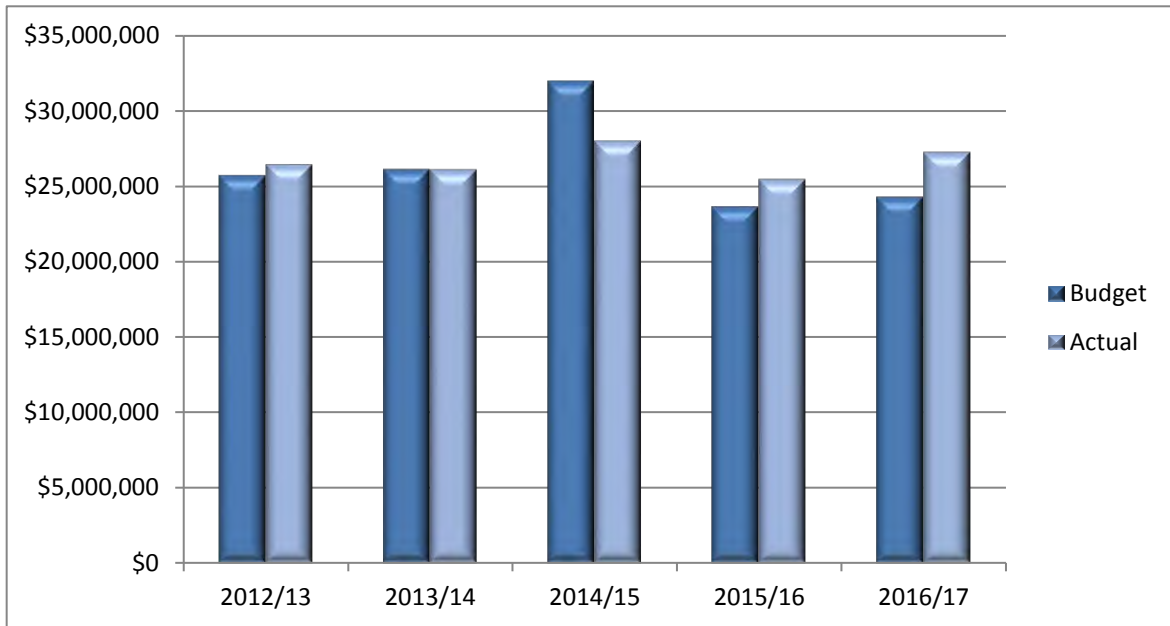
SUMMARY 2018 - 2019 GENERAL FUND BUDGET

ITEM	COST	% OF VALUE
State Water Project	\$19,286,500	43.8%
Source of Supply	\$1,008,100	2.3%
G & A and Other	\$2,439,400	5.5%
Bond Service	\$1,345,800	3.1%
Whitewater Hydro	\$130,200	0.3%
Depreciation	\$6,270,000	14.3%
Capital Improvements	<u>\$13,521,250</u>	<u>30.7%</u>
TOTAL	\$44,001,250	100%

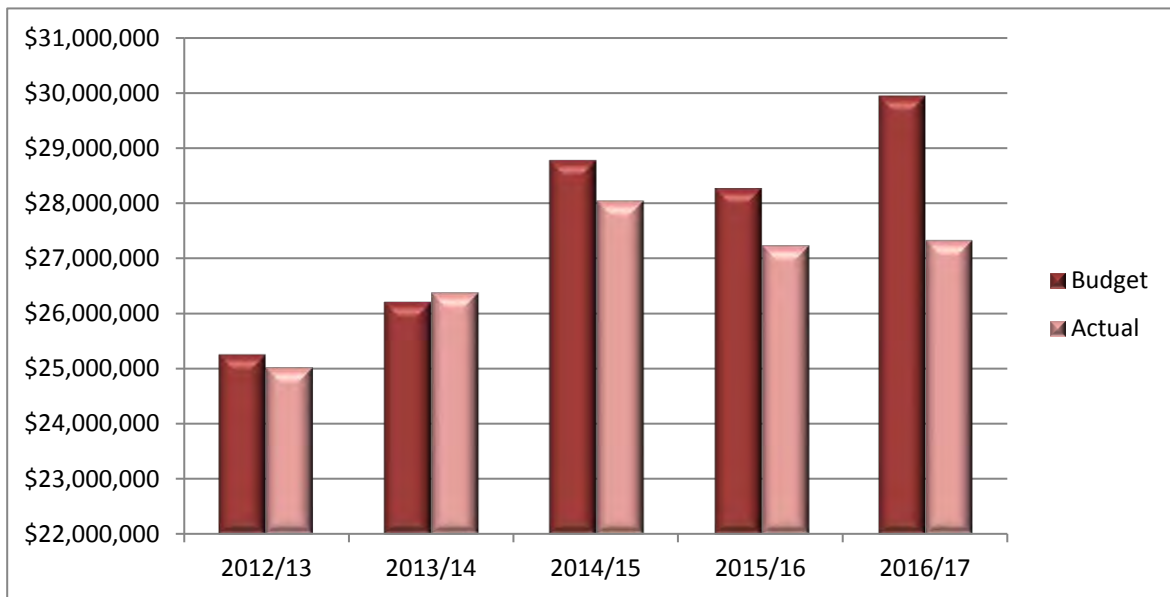


**PRIOR YEAR BUDGET vs. ACTUAL ANALYSIS
OPERATING FUND**

**REVENUES
Budget vs. Actual**



**EXPENSES
Budget vs. Actual**



DESERT WATER AGENCY
WASTEWATER FUND BUDGET

2018 - 2019

DESERT WATER AGENCY
WASTEWATER FUND BUDGET
2018 - 2019

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1 thru 2	2018-2019 Budget with Prior Year Comparison
3	Capital Improvements
4	Budget Summary Chart
5	Prior Years Comparison Chart

**DESERT WATER AGENCY
WASTEWATER FUND
2018-2019 BUDGET WITH PRIOR YEAR COMPARISON**

	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER OR UNDER	BUDGET 2018-2019
<u>OPERATING REVENUES:</u>					
Capacity Charges	\$46,200	\$24,150	\$15,750	\$8,400	\$27,000
Wastewater Service	\$990,371	\$691,755	\$1,045,300	(\$353,545)	\$1,084,200
Plan Check Fees/Inspection/Svc	\$1,460	\$280	\$2,400	(\$2,120)	\$1,800
TOTAL REVENUES	\$1,038,031	\$716,185	\$1,063,450	(\$347,265)	\$1,113,000
<u>OPERATING EXPENSES:</u>					
C.V.W.D. Wastewater Service	\$597,327	\$406,719	\$664,800	(\$258,081)	\$732,000
City of P.S. - Wastewater Service	\$101,883	\$72,342	\$114,300	(\$41,958)	\$133,400
Office Supplies & Expense	\$1,656	\$1,557	\$2,100	(\$543)	\$2,100
Meetings and Seminars	\$0	\$0	\$0	\$0	\$0
Legal	\$537	\$148	\$1,200	(\$1,052)	\$900
Engineering	\$53,797	\$3,073	\$3,000	\$73	\$5,100
Auditing	\$2,200	\$2,500	\$2,400	\$100	\$2,800
Programming	\$685	\$510	\$600	(\$90)	\$600
Utilities	\$6,524	\$4,523	\$6,900	(\$2,377)	\$6,900
Insurance	\$2,205	\$1,712	\$2,400	(\$688)	\$2,400
Maintenance of Pumps	\$0	\$106	\$1,200	(\$1,094)	\$900
Maintenance of Laterals	\$4,893	\$1,987	\$3,900	(\$1,913)	\$3,600
Maintenance of Lift Stations	\$29,762	\$20,712	\$30,000	(\$9,288)	\$33,000
Maintenance of Mains	\$101,295	\$6,172	\$87,000	(\$80,828)	\$69,000
Tools & Work Equipment	\$0	\$0	\$200	(\$200)	\$200
Transportation Expense	\$5,482	\$779	\$11,100	(\$10,321)	\$9,900
Depreciation	\$558,977	\$0	\$561,900	(\$561,900)	\$566,400
TOTAL OPERATING EXPENSE	\$1,467,223	\$522,840	\$1,493,000	(\$970,160)	\$1,569,200
NET INCOME FROM OPER.	(\$429,193)	\$193,345	(\$429,550)	\$622,895	(\$456,200)
<u>NON-OPERATING REVENUES</u>					
Interest Short Term	\$8,716	\$11,188	\$10,500	\$688	\$21,000
Contributed Revenue - Customer	\$56,439	\$98,958	\$0	\$98,958	\$0
Other Income	\$0	\$0	\$0	\$0	\$0
TOTAL NON-OPR. REV.	\$65,155	\$110,146	\$10,500	\$99,646	\$21,000

**DESERT WATER AGENCY
WASTEWATER FUND
2017-2018 BUDGET WITH PRIOR YEAR COMPARISON**

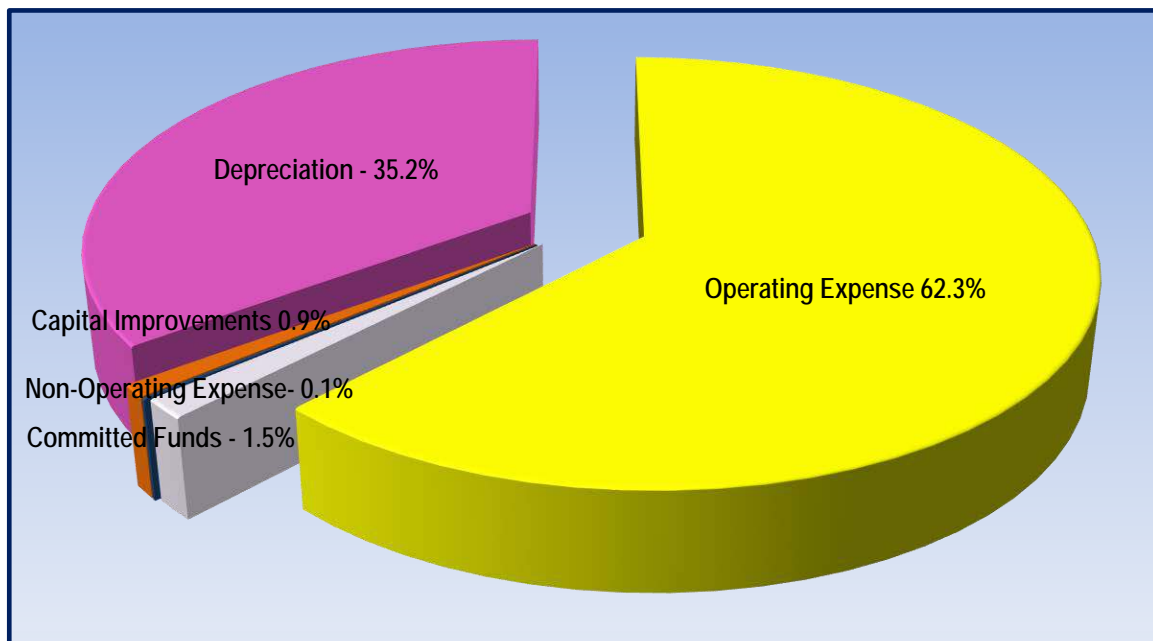
	ACTUAL 2016-2017	ACTUAL TO 3/31/2018	BUDGET 2017-2018	OVER OR UNDER	BUDGET 2018-2019
<u>NON-OPERATING EXPENSES</u>					
Interest - General Fund Loan	\$3,701	\$0	\$2,450	(\$2,450)	\$1,200
Sewer Assessment Fees	\$837	\$400	\$875	(\$475)	\$850
Loss on Retirement	\$0	\$0	\$0	\$0	\$0
Prior Year Expenses	\$0	\$0	\$0	\$0	\$0
 TOTAL NON-OPR. EXP.	 \$4,538	 \$400	 \$3,325	 (\$2,925)	 \$2,050
 TOTAL NET INCOME	 (\$368,576)	 \$303,091	 (\$422,375)	 \$725,466	 (\$437,250)
<u>APPLICATION OF COMMIT. FUNDS</u>					
Principal - General Fund Loan	\$0	\$0	\$25,000	(\$25,000)	\$24,025
Principal - Operating Fund Loan	\$0	\$0	\$0	\$0	\$0
 TOTAL COMM. FUNDS	 \$0	 \$0	 \$25,000	 (\$25,000)	 \$24,025
 Balance Remaining	 (\$368,576)	 \$303,091	 (\$447,375)	 \$750,466	 (\$461,275)
Add Back Depreciation Exp.	\$558,977	\$0	\$561,900	(\$561,900)	\$566,400
Funds Avail. Capital Add.	\$190,401	\$303,091	\$114,525	\$188,566	\$105,125
<u>LESS CAPITAL ADDITIONS:</u>					
Lift Station - Generator Enclosure	\$0	\$0	\$40,000	(\$40,000)	\$0
Sewer Manhole Replacement	\$0	\$0	\$81,500	(\$81,500)	\$0
Contingency	\$0	\$0	\$0	\$0	\$15,000
 TOTAL CAPITAL ADDITIONS	 \$0	 \$0	 \$121,500	 (\$121,500)	 \$15,000
 <u>BALANCE</u>	 \$190,401	 \$303,091	 (\$6,975)	 \$310,066	 \$90,125
 <u>TOTAL BUDGET</u>			 \$1,642,825		 \$1,610,275
<u>ESTIMATED RESERVE FUND BALANCE:</u>					
Estimated Reserve Fund Balance 6/30/18			\$1,293,950		
2018-2019 Budget Balance			\$90,125		
Required for 2017/18 Carryover Items			(\$173,000)		
Estimated Reserve Fund Balance 6/30/19			\$1,211,075		
 <u>BUDGET AMOUNT SUMMARY:</u>					
Total Operating Expenses			\$1,569,200		
Total Non-operating Expenses			\$2,050		
Application of Committed Funds			\$24,025		
Capital Additions			\$15,000		
TOTAL BUDGET:			\$1,610,275		

**DESERT WATER AGENCY - WASTEWATER FUND
2018-2019 BUDGET
CAPITAL IMPROVEMENTS**

W.O. NO.	DESCRIPTION	ACCOUNT NO.	ESTIMATED COST
MISCELLANEOUS			
18-499	CONTINGENCY	VARIOUS	<u>\$15,000</u>
TOTAL MISCELLANEOUS			\$15,000

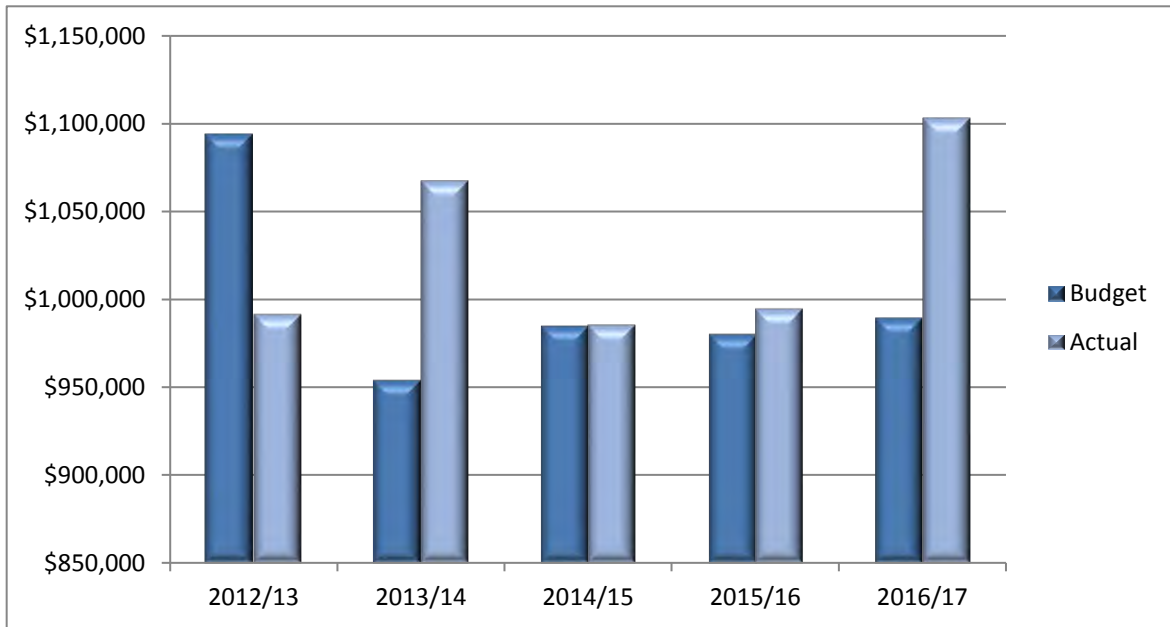
SUMMARY 2018 - 2019 WASTEWATER BUDGET

ITEM	COST	% OF VALUE
Operating Expense	\$1,002,800	62.3%
Committed Funds	\$24,025	1.5%
Non-Operating Expense	\$2,050	0.1%
Capital Improvements	\$15,000	0.9%
Depreciation	<u>\$566,400</u>	<u>35.2%</u>
TOTAL	\$1,610,275	100%

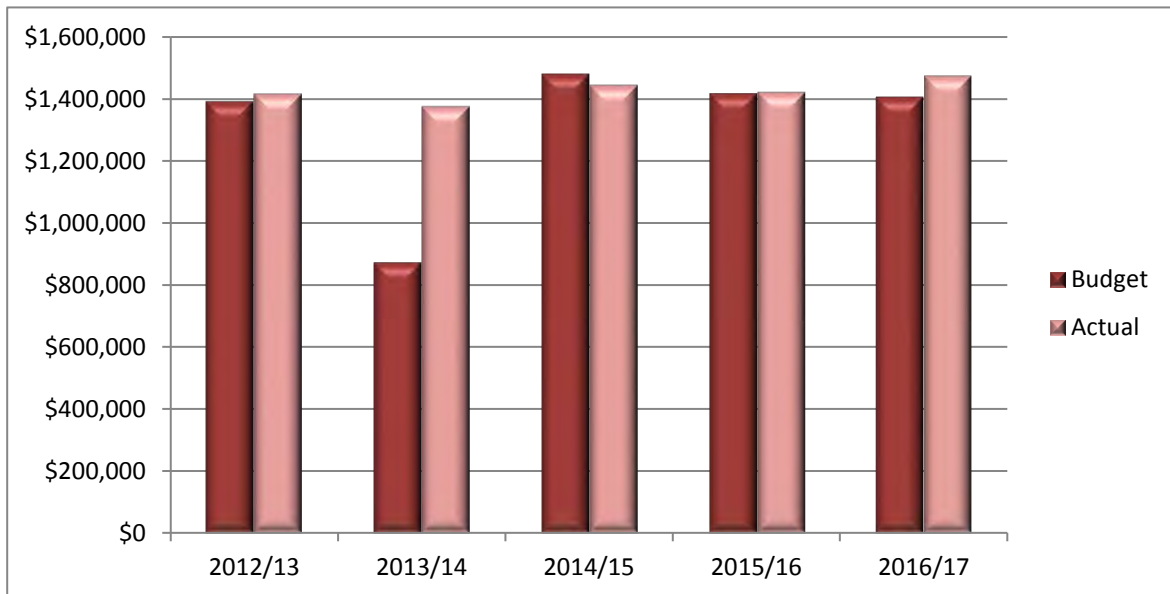


**PRIOR YEAR BUDGET vs. ACTUAL ANALYSIS
WASTEWATER FUND**

**REVENUES
Budget vs. Actual**



**EXPENSES
Budget vs. Actual**



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

JUNE 19, 2018

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1190
ESTABLISHING TAX RATE FOR FISCAL YEAR 2018-2019**

Attached for the Board's review is a copy of Resolution No.1190 which certifies to the Riverside County Board of Supervisors the Desert Water Agency tax rate for the 2018-2019 Fiscal Year. The taxes collected are used to meet our financial contractual obligations relating to the State Water Project.

Resolution No. 1190 has been reviewed by our attorney, and through the adoption of this resolution, the Desert Water Agency Board of Directors will fix the tax rate of \$0.10 per \$100 of assessed valuation, as adopted in the 2018-2019 General Fund Budget (Same tax rate as 2017-2018). The resolution further directs the County Board of Supervisors to levy such tax rate for the 2018-2019 Fiscal Year on all taxable property within the Agency boundaries.

Staff requests the Board adopt Resolution No. 1190 establishing the tax rate for the 2018-2019 Fiscal Year of \$0.10 per \$100 of assessed valuation. Following adoption of this resolution, Staff will submit a copy to the County Board of Supervisors to be included on their upcoming agenda for adoption.

DRAFT

RESOLUTION NO. 1190

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY DETERMINING, CERTIFYING, AND DIRECTING 2018-2019 LEVIES PURSUANT TO SECTION 27 OF THE AGENCY ACT AS AMENDED

WHEREAS, Section 27 of the Agency's enabling act provides that the Board of Directors shall determine the amounts of money necessary to be raised by taxation during the fiscal year, and shall fix the rate or rates to be levied which will raise the amounts of money required by the Agency, and within a reasonable time previous to the time when the Board of Supervisors of Riverside County is required by law to fix its tax rate, the Board of Directors shall certify to the Board of Supervisors the rates so fixed and shall furnish a statement in writing containing: (a) an estimate of the minimum amount of money required to be raised by taxation for the payment of principal and interest on any bonded debt of the Agency; and (b) an estimate of the minimum amount of money to be raised by taxation for all other purposes of the Agency; and

WHEREAS, these general provisions of law have been amended in part by the statutes enacted in response to the passage of Proposition 13 in June, 1978, (Article XIII A of the California Constitution); and

WHEREAS, Section 93(a) of the Revenue and Taxation Code now limits the ability of the Agency to levy ad valorem property taxes, except for that amount which is equal to the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978; and

WHEREAS, Section 93(b) of the Revenue and Taxation Code further provides that for other purposes of local government, the County shall levy an ad valorem property tax equal to \$1.00 per \$100 of assessed valuation, and the revenues from such tax are to be distributed to local agencies in accordance with the provisions of Sections 95 et seq. of the Revenue and Taxation Code; and

WHEREAS, this Agency has a contractual obligation to make annual payments to the State of California pursuant to its Water Supply Contract dated October 17, 1962; and

WHEREAS, such contractual obligation was approved by the voters of the State and existed prior to July 1, 1978 within the meaning of Article XIII A of the California Constitution and Section 93(a) of the Revenue and Taxation Code; and

WHEREAS, this Agency has been advised by the Assessor of Riverside County that the assessed valuation of the property within the Agency for the fiscal year 2018-2019 is \$13,969,282,756.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Desert Water Agency as follows:

1. The Board does hereby determine that the minimum amount necessary to be raised by taxation during the fiscal year 2018-2019 for payment of the contractual obligations to the State of California pursuant to the Water Supply Contract of the Agency, dated October 17, 1962, is \$15,088,200 and does hereby fix a tax rate of \$0.10 per \$100 of assessed valuation upon all taxable property within the Agency, which will raise such required sum.

2. The Board does hereby certify to the Board of Supervisors of Riverside County that for the Fiscal Year 2018-2019 it has fixed the tax rate of \$0.10 per \$100 of assessed valuation for payments due under its State Water Contract, and does hereby direct that such Board of Supervisors, at the time and in the manner required by law for levying of taxes as may be levied by the Board of Supervisors, shall levy such tax rate for the fiscal year 2018-2019 upon all taxable property within the Agency.

3. The determination of the amount necessary to be raised by taxation which is set forth in Paragraph 1 of this resolution shall constitute the statement in writing required to be filed with the Board of Supervisors pursuant to Section 27 of the Agency's enabling act. The tax rate set herein is fixed pursuant to such Section 27, and Section 93(a) of the Revenue and Taxation Code, and shall be in addition to the allocation of the general tax levy distributed to this Agency pursuant to Section 93(b) of the Revenue and Taxation Code.

4. In meeting the obligations due under its State Water Contract, the Agency relies first and to the extent feasible upon replenishment assessments and revenues derived from rates and charges made for the sale of water delivered pursuant to such contract, and other non-tax sources of funds. However, the Board does hereby find and determine that such revenues are and will be insufficient to meet the payments due under the State Water Contract during the fiscal year

2018-2019, and that it is necessary to levy the tax rate fixed herein in order to make such payments. This tax rate does not constitute an increase or a decrease in the Agency's reliance upon water rates or other charges in order to make its required payments to the State.

5. A certified copy of this Resolution shall be filed with the Board of Supervisors of Riverside County, and the office of Auditor-Controller of Riverside County, forthwith.

ADOPTED this 19th day of June 2018.

James Cioffi, President
Board of Directors

ATTEST:

Kristin Bloomer, Secretary-Treasurer
Board of Directors

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

JUNE 19, 2018

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1191 ESTABLISHING
AN ACCOUNT WITH PIPER JAFFRAY FOR PURPOSES OF
INVESTMENT**

Attached is a copy of Resolution No. 1191, authorizing establishment of accounts with Piper Jaffray for the investment of Desert Water Agency Operating and General Account funds. Piper Jaffray is a full service brokerage and investment firm founded in 1974 (Fact sheet attached). Staff would like to include Piper Jaffray with our other authorized investment firms, in order to increase our investment options.

Authorized signers for Agency investments, as stated in the Resolution, are:

James Cioffi, President of the Board
Kristin Bloomer, Secretary-Treasurer of the Board
Mark S. Krause, General Manager-Chief Engineer
Steve Johnson, Assistant General Manager
Martin S. Krieger, Finance Director
Esther Saenz, Accounting Supervisor

Staff requests the Board adopt Resolution No. 1191 authorizing establishment of an account with Piper Jaffray for purposes of investment.

Fixed Income Services

Combining deep industry knowledge, diverse product inventories, strategic guidance and efficient execution to give our clients a competitive edge

FIXED INCOME SALES & TRADING

Piper Jaffray partners with clients to offer recommendations and solutions based on our disciplined approach. We equip our clients with a robust toolbox of resources for effective portfolio management. At Piper Jaffray, we have the knowledge you would expect from an industry leader, and a partner:

- Full array of customized taxable and tax-exempt investment products and services
- Expertise in cash, liquidity and investment management
- 220+ experienced fixed income sales & trading professionals in more than 25 offices nationwide
- Transacting with over 5,000 institutional and middle market accounts spanning 50 states
- Innovative and customized portfolio solutions to meet distinctive client requirements
- Disciplined approach emphasizing capital preservation, liquidity and yield

PUBLIC FINANCE SERVICES

The Piper Jaffray public finance group originates taxable and tax-exempt debt for clients across a variety sectors: state & local government, charter schools, healthcare, higher education, hospitality, senior living and transportation.



- Ranked No. 2 nationally by number of transactions¹ for 2015
- Placed 273 loan transactions resulting in over \$3 billion origination in 2015 through Piper Jaffray Lending
- 135+ public finance investment bankers sourcing proprietary new issue products
- Expertise in private placements and structured finance

STRATEGIC ANALYTICS GROUP (SAG)

Our suite of solutions includes:

- Analytic Reports
- Economic Analysis
- Strategy Publications
- Client Interface

At Piper Jaffray, we understand that no two clients are the same, and our sales, trading and portfolio strategy teams are here to guide you.



Company Overview

Piper Jaffray Companies (NYSE: PJC) is a leading full-service investment bank and asset management firm serving clients in the U.S. and internationally. Our proven advisory teams combine deep product and sector expertise with ready access to global capital.

Founded in 1895, the firm is headquartered in Minneapolis and has offices across the United States and in London, Aberdeen, Zurich and Hong Kong. We offer a full suite of products to serve our clients' business lifecycle needs, geographic reach in an

ASSET MANAGEMENT

Advisory Research, Inc.

Founded in 1974, Chicago-based Advisory Research, Inc. manages over \$7.5 billion in assets across a broad spectrum of traditional and alternative investments. For more than 40 years, the firm's time-tested, disciplined investment approach has been focused on preserving and increasing its clients' assets. The firm's roster of clients includes a global list of institutional investors and sophisticated high net worth individual investors. Strategies managed include value-oriented domestic, international and global, as well as MLP and energy infrastructure.

Piper Jaffray Investment Management LLC

Piper Jaffray Investment Management LLC ("PJIM") is an SEC Registered Investment Advisor managing money on behalf of institutional investors, pension funds, public entities, family offices and high net worth individuals. PJIM is the advisor for three investment strategies: the Piper Jaffray Multi-Strategy Advisory Program, the Piper Jaffray Municipal Opportunities Fund, L.P. and the Piper Jaffray Senior Living Fund I, L.P.

RESEARCH & STRATEGY

Our research analysts support clients by providing in-depth proprietary research on more than 750 small-, mid- and large-cap companies, as well as technical, industry and market analysis. Many of our analysts have been recognized by *The Wall Street Journal* and *Institutional Investor* for their coverage and stock-picking ability. We also host industry conferences and road shows that provide access to our research & strategy teams, as well as executive leadership from leading companies globally.



INVESTMENT BANKING

The Piper Jaffray investment banking groups offer a full range of advisory and financing services to clients in our core focus sectors:

- Agriculture, clean tech & renewables
- Consumer
- Diversified industrials & services
- Education
- Energy
- Financial institutions
- Financial sponsors
- Healthcare
- Senior living
- State & local government
- Technology
- Transportation

The Piper Jaffray corporate and public finance investment banking teams draw upon deep sector expertise to provide tailored, in-depth solutions for our clients. Our public equity and debt underwriting capabilities involve cross-departmental teams throughout the firm. From equity & debt capital markets to private placements and financial restructuring, Piper Jaffray provides comprehensive financial solutions throughout the business lifecycle.

EQUITY AND FIXED INCOME SALES & TRADING

Piper Jaffray equity sales & trading teams facilitate public offerings in our core sectors and provide dedicated aftermarket support. We are a market maker and/or transact in 1,900 securities, offering traditional, algorithmic and program trading approaches. Our fixed income sales & trading team offers the full spectrum of taxable and tax-exempt products to clients nationwide.

COMMUNITY LEADERSHIP

Since our founding in 1895, we have kept our company solidly rooted in our time-tested core values. These values ensure we stay a course of integrity, client focus and community partnership, regardless of fluctuations in the markets.

PIPER JAFFRAY IS A LEADING INVESTMENT BANK AND ASSET MANAGEMENT FIRM.

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Piper Jaffray Companies (NYSE: PJC) is a leading, international investment bank and asset management firm. Securities brokerage and investment banking services are offered in the U.S. through Piper Jaffray & Co., member SIPC and FINRA; in Europe through Piper Jaffray Ltd., authorized and regulated by the U.K. Financial Conduct Authority and Simmons & Company International Limited, authorized and regulated by the U.K. Financial Conduct Authority and the Dubai Financial Services Authority; in Hong Kong through Piper Jaffray Hong Kong Limited, authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through four separate investment advisory affiliates. U.S. Securities and Exchange Commission (SEC) registered Advisory Research, Inc., Piper Jaffray Investment Management LLC and PJC Capital Partners LLC; and Guernsey-based Parallel General Partners Limited, authorized and regulated by the Guernsey Financial Services Commission.

¹ Source: Thomson Financial, negotiated long-term issues, 2009–2015©

RESOLUTION NO. 1191

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY AUTHORIZING THE ESTABLISHMENT OF ACCOUNTS WITH PIPER JAFFRAY FOR PURPOSES OF INVESTMENT (OPERATING FUND / GENERAL FUND)

BE IT HEREBY RESOLVED that the Desert Water Agency be, and hereby is, authorized and empowered to open and maintain accounts with PIPER JAFFRAY and its successors, by merger, consolidation or otherwise, and assigns, hereinafter called the brokers, for the purchase and sale of stocks, bonds, or securities, on exchanges of which the brokers are members or otherwise, and that any of the individuals hereinafter named be, and they hereby are, authorized to give written or verbal instructions by telephone or telegraph, or otherwise, to the brokers to buy or sell stocks, bonds, or securities, in accordance with Government Code (Section 53600 thru 53686), either for immediate or future delivery and, if they deem it proper to secure payment therefor with property of this Agency; and they shall at all times have authority in every way to bind and obligate this Agency for the carrying out of any contract, arrangement or transaction, with a maximum limit of \$5,000,000 per individual investment issue, which shall, for or on behalf of this Agency, be entered into or made with or through the brokers; and that the brokers are authorized to receive from this Agency, checks and drafts drawn upon the funds of this Agency by any officer or employee of this Agency, and to apply the same to the credit of this Agency or to its account with said brokers and the said brokers are authorized to receive from said individual(s) or from any other officer or employee of this Agency, stocks, bonds, or securities, for the account of this Agency with said brokers; said brokers are further authorized to accept and act upon the instructions of any of the individuals hereinafter named for the transfer of funds, or of stocks, bonds, or other securities, to the name of this Agency; and any such individual shall have the fullest authority at all times with reference to any transaction deemed by him to be proper to make or enter into for or on behalf of this Agency with the brokers or others. All confirmations, notices and demands upon this Agency may be delivered by the brokers verbally or in writing, or by telegraph, or by telephone to any such individual and he (broker) is authorized to empower any person, or persons that he deems proper, at any time, or times, to do any and all things that he is hereinbefore authorized to do. That this resolution shall be and remain in full force and effect until written notice of the revocation hereof shall be delivered to the brokers. The individual(s) herein referred to are named as follows:

1. James Cioffi, President _____
2. Kristin Bloomer, Secretary-Treasurer _____
3. Mark S. Krause, General Manager _____
4. Steve Johnson, Assistant General Manager _____
5. Martin S. Krieger, Finance Director _____
6. Esther Saenz, Accounting Supervisor _____

ADOPTED this 19th day of June, 2018.

James Cioffi, President
Board of Directors

ATTEST:

Kristin Bloomer, Secretary-Treasurer
Board of Directors

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

JUNE 19, 2018

**RE: REQUEST BOARD ACTION REGARDING A CLAIM FOR
DAMAGES FILED BY GEOBANY MARTINEZ**

Attached for the Board's review is a claim form submitted to the Agency by Mr. Geobany Martinez on June 4, 2018.

Mr. Martinez claims on May 8 at 5:20 p.m. while at the intersection of Francis Drive and Indian Canyon Road, an agency vehicle driven by construction personnel hit his vehicle. He is seeking damages for repair of his vehicle in the amount of \$3,532.47.

Staff requests that the Board deny the claim for damages filed by Mr. Martinez and forward to ACWA-JPIA for their handling.

Claim Form

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

RECEIVED

JUN 04 2018

DESERT WATER AGENCY
MANAGEMENT

NAME OF DISTRICT: DESERT WATER AGENCY

1

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

Name: Geobany Martinez

Phone Number: (760) 267-3534

Address(es): 22124 snowview dr Palm Springs

92262

Date of Birth: 02-07-87

E-mail: geobanymartinez@gmail.com

2

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

Name: Dakota Beaver

Address: 450 E laurel circle Palm Springs CA 92262

Phone Number: (760) 219-6251

3

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

Date: 5/8/18 Time: 5:20 pm Place: Indian canyon

Tell What Happened (give complete information):

I was turning right and mathew was turning left. But for some reason he turned right with me and hit me on my right side. He tried to turn right on been on his left lane. When I ask why did he turn right when he had his blinkers turning left he said he had a long day at work.

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

4

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

Front bumper lights, left side of car truck

5

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

Pittell, Mathew thomas

6

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

Repair \$3,532.47

Date: 6-4-18 Time: 2:00

Signature:

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

Date: 5/23/2018 10:38 AM
 Estimate ID: 19021
 Estimate Version: 0
 Preliminary
 Profile ID: Mitchell
 Quote ID: 31932151

Cat City Auto Collision Center Inc.

68314 Kieley Road, Cathedral City, CA 92234
 (760) 324-7117
 Fax: (760) 324-7227

Damage Assessed By: Gino Campello
 Classification: None

Arrival Date: 5/23/2018
 Deductible: UNKNOWN

Owner: GEOBANY MARTINEZ
 Telephone:
 Cell Phone: (760) 267-3534

Mitchell Service: 910126

Description: 2004 Cadillac SRX
 Body Style: 4D Ut
 VIN: 1GYDE63AX40134511
 Mileage: 131,466
 OEM/ALT: O
 Color: RED
 Options: CD CHANGER, PASSENGER AIRBAG, POWER DRIVER SEAT, POWER LOCK, POWER WINDOW
 POWER STEERING, REAR WINDOW DEFOGGER, AIR CONDITION, CRUISE CONTROL
 TILT STEERING COLUMN, AM/FM STEREO, DRIVER AIRBAG, HEATED EXTERIOR MIRROR
 REAR (DUAL-ZONE) AC, LEATHER SEAT, POWER PASSENGER SEAT
 FRONT SIDE AIRBAG WITH HEAD PROTECTION, ANTI-LOCK BRAKE SYS., TRACTION CONTROL
 FOG LIGHTS, ALUM/ALLOY WHEELS, ADJUSTABLE FOOT PEDALS
 TIRE INFLATION/PRESSURE MONITOR, MEMORY SEAT, ANTI-THEFT SYSTEM
 LEATHER STEERING WHEEL, CD PLAYER, POWER ADJUSTABLE EXTERIOR MIRROR
 PRIVACY GLASS, GENUINE WOOD TRIM, AUTO AIR CONDITION, FIRST ROW BUCKET SEAT
 TELEMATIC SYSTEMS, UNIVERSAL GARAGE DOOR OPENER
 REAR HEATING, VENTILATION & AIR CONDITIONING, SIDE AIRBAGS, AUTOMATIC HEADLIGHTS
 SECOND ROW SIDE AIRBAG WITH HEAD PROTECTION
 INTERIOR AUTOMATIC DAY/NIGHT OR ELECTROCHROMATIC MIRROR, DAYTIME RUNNING LIGHTS
 DRIVER SEAT WITH POWER LUMBAR SUPPORT, ELECTRONIC PARKING AID
 ELECTRONIC STABILITY CONTROL, EXTERIOR MEMORY MIRRORS, FRONT HEATED SEATS
 FRONT SEATS WITH POWER LUMBAR SUPPORT, KEYLESS ENTRY SYSTEM
 STEERING WHEEL AUDIO CONTROLS

Drive Train: 4.6L Inj 8 Cyl RWD
 License: 7KOB905
 Search Code: None

Line Item	Entry Number	Labor Type	Operation	Line Item Description	Part Type/ Part Number	Dollar Amount	Labor Units
<u>Front Bumper</u>							
1		BDY	OVERHAUL	Frt Bumper Cover Assy			2.4 #
2	000012	BDY	REMOVE/REPLACE	Frt Bumper Cover	19121106	527.07	INC #
3		REF	REFINISH	Frt Bumper Cover			C 2.8
4	000019	BDY	REMOVE/REPLACE	Frt Bumper Impact Bar (Alum)	25994576	347.88	0.4 #
5		BDY	REMOVE/INSTALL	Frt Bumper Cover			INC
6	000021	BDY	REMOVE/REPLACE	L Frt Bumper Cover Extension	25770515	49.98	INC
<u>Front Lamps</u>							
7	001591	BDY	REMOVE/REPLACE	L Frt Combination Lamp Assembly	15926967	533.48	INC #
8		BDY	CHECK/ADJUST	Headlamps			0.4

Hood

ESTIMATE RECALL NUMBER: 05/23/2018 10:28:03 19021
 Mitchell Data Version: OEM: APR_18_V

Software Version: 7.1.228

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Date: 5/23/2018 10:38 AM
 Estimate ID: 19021
 Estimate Version: 0
 Preliminary
 Profile ID: Mitchell
 Quote ID: 31932151

9	001358	REF	BLEND	Hood Outside				C 1.0
10	001594	BDY	REMOVE/INSTALL	Hood Moulding				0.2
11	001365	BDY	REMOVE/INSTALL	Frt Hood Seal				0.2
12	001366	BDY	REMOVE/INSTALL	R Hood Washer Nozzle				0.4 #
13	001367	BDY	REMOVE/INSTALL	L Hood Washer Nozzle				0.1 #
				<u>Front Fender</u>				
14	000149	BDY	REMOVE/REPLACE	L Fender Panel	88890925	390.45	2.4	#
15		REF	REFINISH	L Fender Outside			C 2.0	
16		REF	REFINISH	L Add To Edge Fender			C 0.5	
				<u>Front Inner Structure</u>				
17	000177	BDY	REMOVE/REPLACE	L Frt Body Tie Bar Reinf	-S	25711276	65.50	1.5
18		REF	REFINISH	L Support Reinforcement				0.5
				<u>Front Suspension</u>				
19	001545	MCH	ALIGN	Four Wheel	-M			1.6
				<u>Front Door</u>				
20	001427	REF	BLEND	L Frt Door Outside			C 0.9	
21	001441	BDY	REMOVE/INSTALL	L Frt Door Mirror			INC #	
22	001443	BDY	REMOVE/INSTALL	L Frt Otr Door Belt Moulding			0.8	#
23	001447	BDY	REMOVE/INSTALL	L Frt Door Trim Panel			INC	
24	001455	BDY	REMOVE/INSTALL	L Frt Otr Door Handle			0.2	#
				<u>Side Body</u>				
25	001417	BDY	REMOVE/INSTALL	L Frt Rocker Moulding			INC	
26	001419	BDY	REMOVE/INSTALL	L Ctr Rocker Moulding			0.4	#
				<u>Additional Costs & Materials</u>				
27	936014		ADD'L COST	Flex Additive			10.00	*
				<u>Additional Operations</u>				
28		REF	ADD'L OPR	Clear Coat				2.1
29	933003	BDY *	ADD'L OPR	Tint Color				0.5*
30		REF	ADD'L OPR	Finish Sand And Buff				2.8
31	933018	REF	ADD'L OPR	Mask For Overspray			10.00	* 0.5*
				<u>Additional Costs & Materials</u>				
32			ADD'L COST	Paint/Materials			294.00	*

* - Judgment Item
 # - Labor Note Applies
 C - Included in Clear Coat Calc

Estimate Totals

I. Labor Subtotals						II. Part Replacement Summary			
	Units	Rate	Add'l Labor Amount	Sublet Amount	Totals				Amount
Body	9.9	42.00	0.00	0.00	415.80	T	Taxable Parts		1,914.36
Refinish	13.1	42.00	10.00	0.00	560.20	T	Sales Tax	@ 8.750%	167.51
Mechanical	1.6	90.00	0.00	0.00	144.00	T			
Taxable Labor					1,120.00	Total Replacement Parts Amount			
Labor Summary					24.6	2,081.87			
					1,120.00				

ESTIMATE RECALL NUMBER: 05/23/2018 10:28:03 19021
 Mitchell Data Version: OEM: APR_18_V

Software Version: 7.1.228

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Page 2 of 3

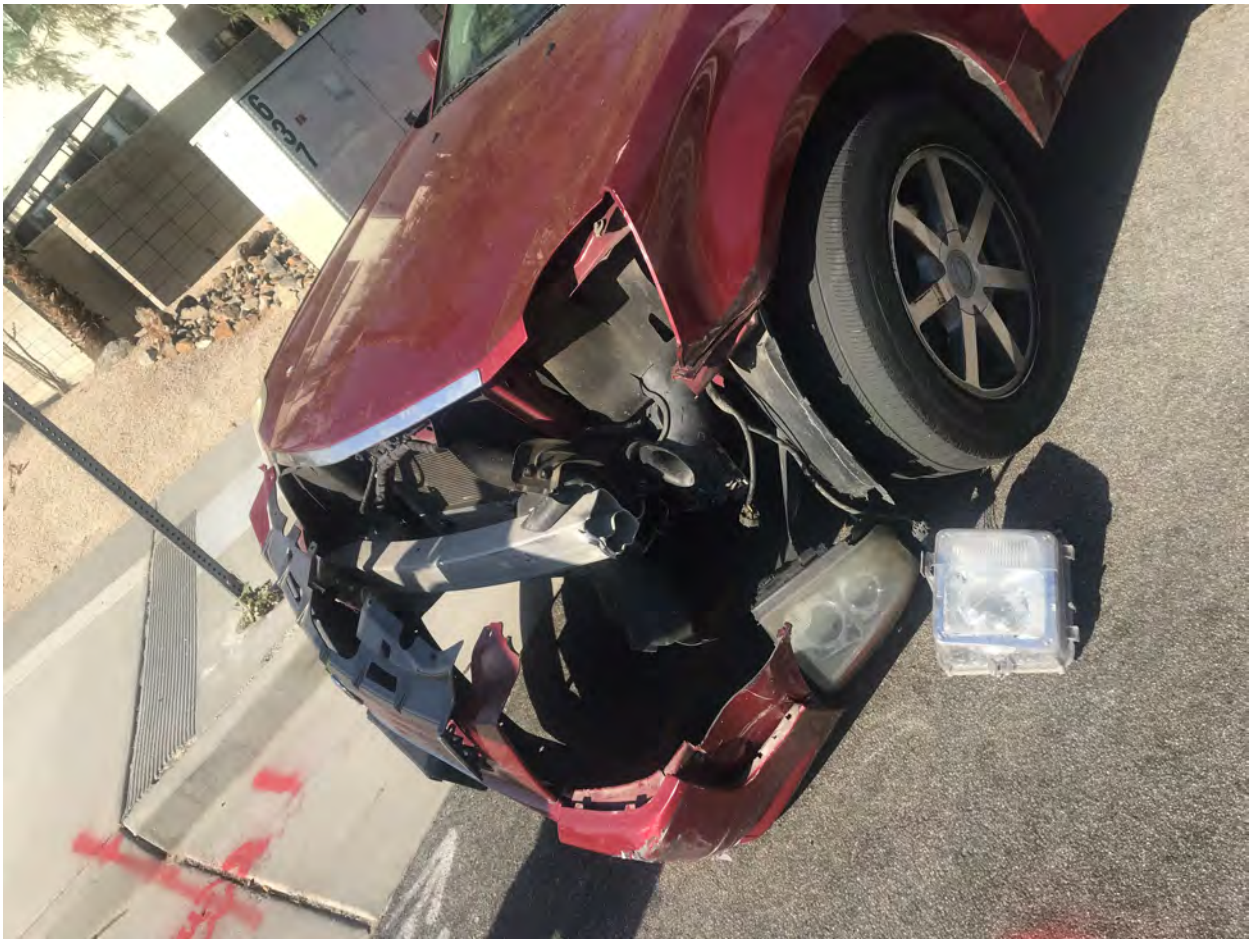
Date: 5/23/2018 10:38 AM
Estimate ID: 19021
Estimate Version: 0
Preliminary
Profile ID: Mitchell
Quote ID: 31932151

III. Additional Costs				Amount	IV. Adjustments		Amount
Taxable Costs				304.00	Customer Responsibility		0.00
Sales Tax	@	8.750%		26.60			
Total Additional Costs				330.60			
Paint Material Method: Rates							
Init Rate = 30.00 , Init Max Hours = 99.9, Addl Rate = 0.00							
					I.	Total Labor:	1,120.00
					II.	Total Replacement Parts:	2,081.87
					III.	Total Additional Costs:	330.60
						Gross Total:	3,532.47
					IV.	Total Adjustments:	0.00
						Net Total:	3,532.47

This is a preliminary estimate.
Additional changes to the estimate may be required for the actual repair.





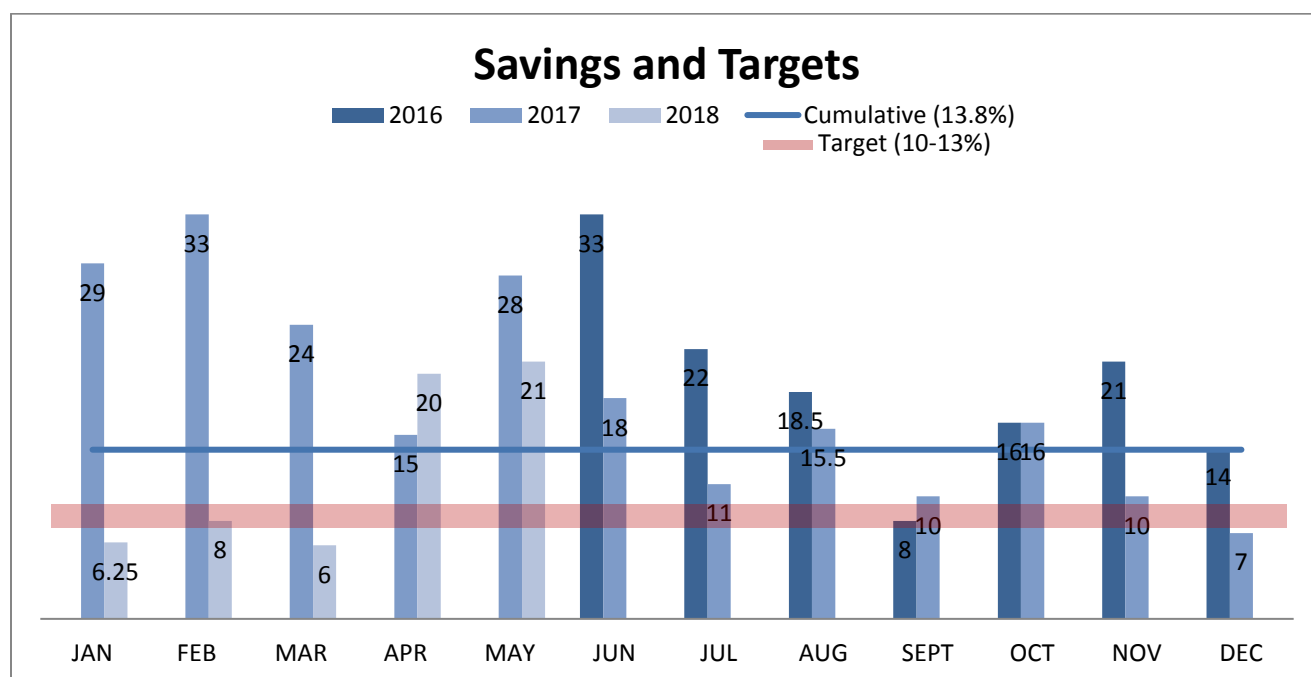


STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

JUNE 19, 2018

RE: MAY 2018 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 21% percent reduction in potable water production during May 2018 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 May 2017.



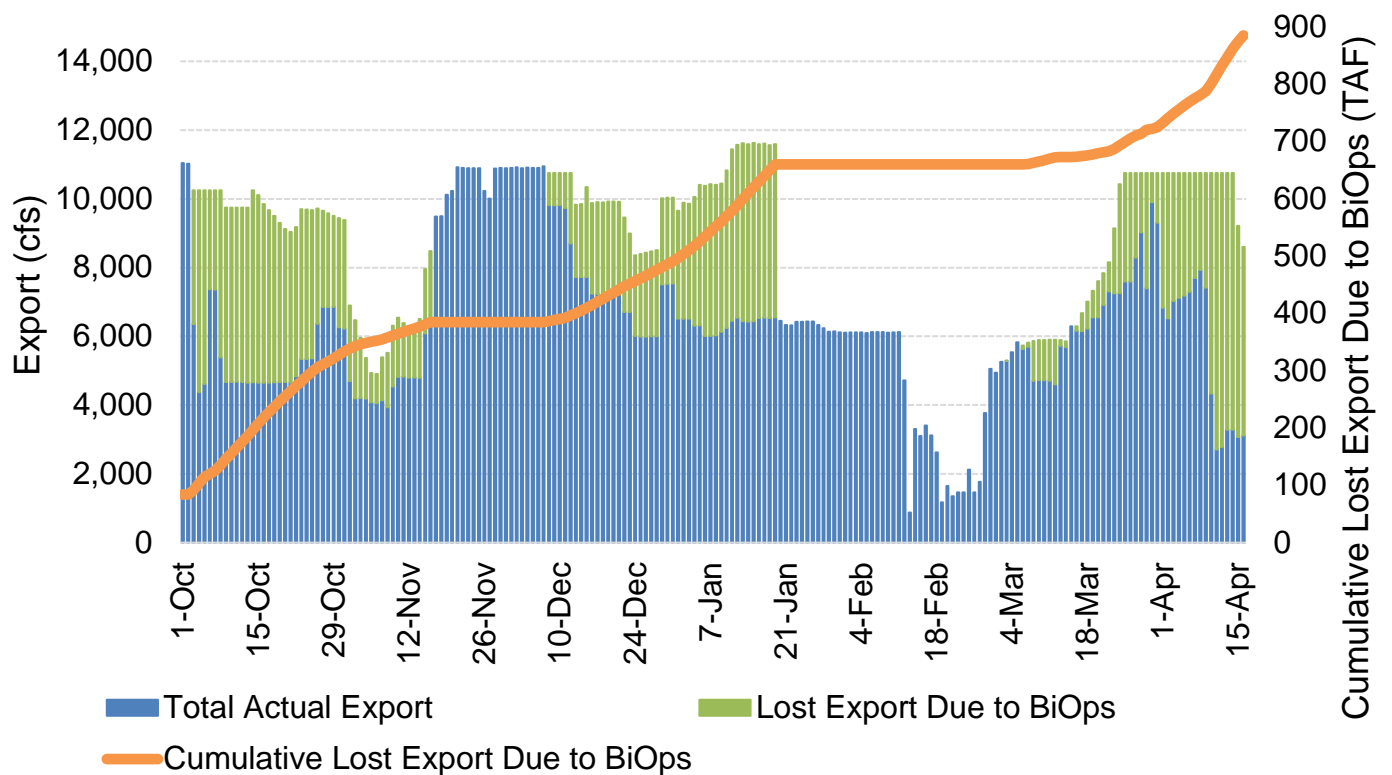
DWA is asking its customers to save 10-13% compared to 2013 to help achieve long-term sustainability.

The cumulative savings over the last twelve-month period is 13.4%. The cumulative savings beginning in June of 2016 when we put our 10-13% target in place is 17.3%.

On the following page is additional information for this month.

May 2018 water production	2,622.32 AF
May 2013 water production	3,317.50 AF
Percent changed in this month per drought surcharge baseline (May 2015)	-7.44% (more use)
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	859.66 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	67.22%
Population (inclusive of seasonal residents)	106,840
Estimated R-GPCD	173.42
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	29
How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	5
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?	0
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>Since Desert Water Agency began recycling water, the agency has reclaimed 95,960 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> <p>In the 2018 water year, October to April, we have lost about 885 thousand acre feet due to biological opinions (regulatory restrictions). Please see the graph on the following page.</p>	

Lost Export Due to BiOps: 2018



2018 Lost Export to Due to BiOps = ~885 TAF

Fall X2 = ~490 TAF (including Sep)

OMR/SJR IE = ~ 395 TAF