DESERT WATER AGENCY **SEPTEMBER 18, 2018**



BOARD OF DIRECTORS REGULAR MEETING AGENDA

CIOFFI

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

APPROVAL OF MINUTES - August 21, 2018 2.

GENERAL MANAGER'S REPORT KRAUSE

COMMITTEE REPORTS - A. Executive – August 29, 2018 & September 13, 2018 CIOFFI CIOFFI

B. Conservation & Public Affairs - September 5, 2018

PUBLIC COMMENT:

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.

ITEM FOR ACTION

A. Request Authorization to Participate/2018-19 USGS Cooperative Water Resources Program JOHNSON

7. SECRETARY-TREASURER'S REPORT – JULY BLOOMER

ITEMS FOR DISCUSSION

A. August Water Use Reduction Figures METZGER

9. OUTREACH & CONSERVATION METZGER

A. Media Information

B. Activities

10. DIRECTORS COMMENTS AND REQUESTS

11. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

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

Name of Case: Aqua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al.

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

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

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

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

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

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

Name of Case: Safari Park, Inc. vs. Southridge Property Owners Assoc. of Palm Springs, et al

12. RECONVENE INTO OPEN SESSION - REPORT FROM CLOSED SESSION

13. 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 Assistant Secretary of the Board, 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

August 21, 2018

DWA Board:	James Cioffi, President Kristin Bloomer, Secretary-Treasurer Patricia G. Oygar, Director Craig A. Ewing Director	Attendance				
Absent:	Craig A. Ewing, Director Joseph K. Stuart, Vice President					
DWA Staff:	Mark S. Krause, General Manager) Steve Johnson, Asst. General Manager) Sylvia Baca, Asst. Secretary of the Board) Ashley Metzger, Outreach & Cons. Mgr.) Esther Saenz, Accounting Supervisor)					
Consultant:	Michael T. Riddell, Best Best & Krieger) Piero Dallarda, Best Best & Krieger)					
	lent Cioffi opened the meeting at 8:00 a.m. and asked rector Ewing in the Pledge of Allegiance.	Pledge of Allegiance				
18201. Presid Regular Board mee	dent Cioffi called for approval of the August 7, 2018 ting minutes.	Approval of 08/07/18 Regular Board Mtg. Minutes				
	tor Ewing moved for approval. After a second by minutes were approved as written (Vice President Stuart					
18202. President Cioffi called upon General Manager Krause to General Manager's provide an update on Agency operations.						
Mr. Krause stated on August 4 at approximately 12:30 p.m., Construction personnel responded to a hit fire hydrant at 67750 E. Palm Canyon Drive, Cathedral City. Staff replaced the bolts and gasket, and put the hydrant back in service. The water loss was from a fully open 6-inch hydrant bury which ran for approximately 15 minutes. A police report was filed.						

Mr. Krause reported on August 16 at approximately 1:30 a.m., stand-by personnel responded to a hit fire hydrant on Perez Rd. in Cathedral City (hit and run). An air vac cover was also damaged by debris. Staff chlorinated and replaced the hydrant; they will be taking bac-t on August 21 and should have the hydrant back in service on August 22. The water loss was from a fully open 6-inch fire hydrant bury which ran for approximately 30 minutes. A police report was filed.

GM Report (Cont.) Hit Fire Hydrant on Perez Road.

Mr. Krause gave an update regarding developer projects; currently there are 18 ongoing projects. When all 18 projects are complete, there will be approximately 1,252 new services.

Ongoing Developer Projects

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

System Leak Data, General Manager's Meetings & Activities

18203. President Cioffi noted the minutes for the August 15, 2018 Executive Committee were provided in the Board's packet.

Committee Reports: Executive 08/15/18

18204. President Cioffi opened the meeting for public comment.

Public Comment

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

18205. President Cioffi asked Assistant General Manager Johnson to present staff's request to execute a land use agreement with the Coachella Valley Association of Governments (CVAG).

Action Item:
Board Authorization for
GM to Execute Land
Use Agrmt. with
CVAG

Mr. Johnson stated CVAG requested from the Agency permission to possibly store a shade structure on a portion of Agency property that is located within the Escena development for two to three months.

Continuing his report, Mr. Johnson explained that the term of the agreement is 90 days and requires CVAG and/or its contractor to return the property to its pre-existing condition after the 90-day period. The agreement also indemnifies the Agency from any liabilities, claims, demands, damages, or costs arising from CVAG's use of the property. Agency Counsel has reviewed and approved the agreement. CVAG will only need the agreement if it is unable to relocate the structure to Demuth Park. Staff recommends Board authorization for the General Manager to execute the proposed Land Use Agreement with CVAG, if needed.

Director Oygar made a motion to authorize General Manager to Execute Land Use Agreement with CVAG. Director Ewing seconded the motion, which passed unanimously (Vice President Stuart absent).

18206. President Cioffi asked General Manager Krause to provide a report on the July water use reduction figures.

Discussion Items: July Water Use Figures

Mr. Krause reported that the Agency and its customers achieved a 16.5% reduction in potable water production during July 2018 compared to July 2013. The cumulative savings over the last twelve-month period is 13.9%. He noted July 2016 through current is 17.4%.

18207. President Cioffi asked General Manager Krause to provide a report on Sites Reservoir Participation.

Sites Reservoir Participation Presentation

Mr. Krause presented a Power Point presentation and provided information regarding Sites Reservoir Participation/California WaterFix on the following items: 1) Proposed Board Action, 2) Recap of Previous Board Action and Recent Developments, 3) Project Description, 4) Project Benefits, 5) Allocation of Project Costs and 6) Implementation Agreements.

18208. Director Ewing noted he will be on vacation in September. **Directors** Comments/Requests

Director Oygar commended Best Best & Krieger for a webinar regarding elections.

At 9:20 a.m., President Cioffi convened into Closed Session for 18209. 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; (E) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Abbey et al vs. County of Riverside; (F) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Safari Park, Inc. vs. Southridge Property Owners Association of Palm Springs, et al; (G) Real Property Negotiators, APN 669-191-007, 008 and APN 669-680-024, DFI Funding, Inc., Price and Terms; and (H) Real Property Negotiators, APN 677-420-024, City of Palm Springs, Price and Terms.

Closed Session:

A. Existing Litigation – ACBCI vs. CVWD, et 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 F. Existing Litigation – Safari Park, Inc. vs. Southridge Property Owners Assoc. of Palm Springs, et al G. Real Property Negotiators - DFI Funding, Inc. H. Real Property Negotiators - City of Palm Springs

18210. At 11:00 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

Reconvene – No Reportable Action

Adjournment In the absence of any further business, President Cioffi adjourned the meeting at 11:01 a.m.

James Cioffi, President

ATTEST:

Kristin Bloomer, Secretary-Treasurer

GENERAL MANAGER'S REPORT SEPTEMBER 18, 2018

On August 21 at approximately 4:00 p.m., Construction staff responded to a hit fire hydrant on Hermosa Drive. They were able to change the bolts and gasket and put the fire hydrant back in service. The water loss was from a fully open 6-inch fire hydrant bury which ran for approximately

20 minutes. A police report was filed.



Hit Hydrant (Cont.)

On August 24 at approximately 9:00 p.m., Construction personnel responded to a hit fire hydrant at 68700 Ave. Lalo Guerrero, Cathedral City (hit and run). They were able to replace the gasket and bolts and put the hydrant back into service. The water loss was from a fully open hydrant bury which ran for approximately 25 minutes. An incident report was filed.





On September 4 at approximately 6:45 a.m., Construction staff responded to a hit air-vac at the south end of Barona Rd. The air-vac is on reclaimed water and had to be placed out of service for repairs. An underground service alert was called. The water loss was from a one-inch opening which ran for approximately 45 minutes. A police report was filed.





2015 Urban Water Management Plan

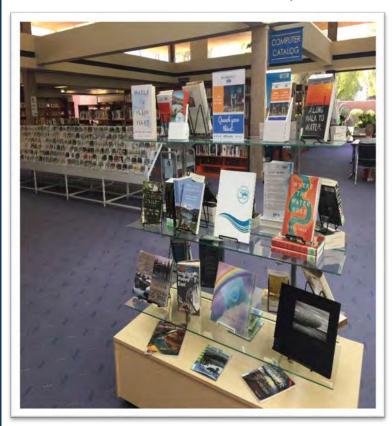
The Department of Water Resources (DWR) is still reviewing Desert Water Agency's 2015 Urban Water Management Plan (UWMP). As part of their review process, DWR identified some portions of the plan that will require additional updates.

The primary change to the plan revolves around DWA's population served. DWR did not accept our methodology for determining our population, which included our estimation of seasonal residents.

Staff has been working closely with DWR and will develop a technical memorandum to submit to DWR to establish its full population for use in the UWMP. A methodology concept has been preliminarily accepted by DWR and will rely on census information and occupancy data from the Coachella Valley Visitors Bureau.

These changes will affect several tables within the Urban Water Management Plan and will require us to reassess our 20 by 2020 (SB x7-7) progress. It will also impact our gallons per capita per day figures. Once the updates are complete, staff will bring the revised plan, the technical memo and a summary of changes to the Board of Directors for a public hearing and adoption. We anticipate this will be by the end of the calendar year.

Starting on National Read A Book Day (September 6), a display of water-themed books was available for pickup at the Palm Springs Public Library. DWA also provided bookmarks, reusable water bottles and brochures to the library to distribute.





Whitewater Hydroelectric Plant

As part of routine maintenance, it was determined that the relays which control/protect the hydroelectric plant needed to be replaced.

Replacement in-kind was initially considered. However, the option of modernizing the plant through installation of an interactive display, a digital generator exciter, and digital relays was selected. New hardware and software will record plant faults to determine the exact cause of the shutdown, which will allow the Agency to understand and document why the shutdowns are occurring. With additional improvements, there is the potential to allow the plant to be operated remotely, and to restart itself under minor disturbances or be remotely controlled to restart. The next phase of the upgrade will include installation of a digital governor and upgraded PLC.

\$164,425 was budgeted for the exciter and digital relays and the installation, with additional for contingency, and overhead. The hardware and installation was supplied by Reed Electric for \$124,000. The Plant was shut down for the installation on August 27th; the installation was completed on September 6th. No unanticipated financial expenditures occurred during the project. The final project cost including overhead is \$143,000.

The Operations Department used the down time to conduct other routine maintenance to minimize future downtime. In the next weeks, the interior paint will be refreshed. Moving forward, Agency staff will work on the next phase of the upgrades.

Whitewater Hydro and SWP Delivery Update

For the month of August, the Whitewater Hydro plant generated approximately 489,670 kWh, resulting in a SCE settlement amount of \$45,306.

As of the end of July, MWD has delivered approximately 64,970 AC-FT to the Whitewater Spreading Basins, and 383 AC-FT to the Mission Creek Spreading Basins.

MWD will complete a meter repair by the end of September. Once complete, approximately 1,660 AC-FT will be delivered to the Mission Creek Spreading Basin.

Approximately 53,000 AC-FT is still scheduled to be delivered to Whitewater Spreading Basin by the end of the year.

Lincoln Avenue Manhole Replacement:

During routine sewer maintenance, it was discovered that the manhole at the intersection of Lincoln Avenue and Taft in the Tramview Mobile Home Park was deteriorating due to the presence of corrosive sewer gases. Drop manholes allow hydrogen sulfide gasses in raw sewage to off-gas; the hydrogen sulfide gas is known to attack concrete.

After reviewing available rehabilitation methods, it was decided that the manhole should be completely replaced. The manhole selected for the replacement is a polymer resin manhole. The polymer resin provides greatly improved resistance to the sewer gases, over a traditional concrete manhole.

The Agency budgeted \$81,500 for the contract, inspection, and contengency. The precast manhole was provided to the Agency by the manufacturer (Armorock) at no cost as a trial manhole installation with the Agency paying for shipping. Tri-star Contracting II, Inc. was contracted for \$54,935 to completed installation of the new manhole. Inspection cost for the project were \$5000. The total cost of the project after overhead is \$72,000.

The manhole replacement design was done in-house by the Engineering Department staff (See attached plans on figures 1-2). The project was scheduled for construction during the summer to ensure the lowest possible flows through the manhole. The project was competed on August 16th with no issue or disruptions to the sewage flow.



Photo 1: The Lincoln manhole prior to replacement. Notice the turbulent water and severely eroded concrete.

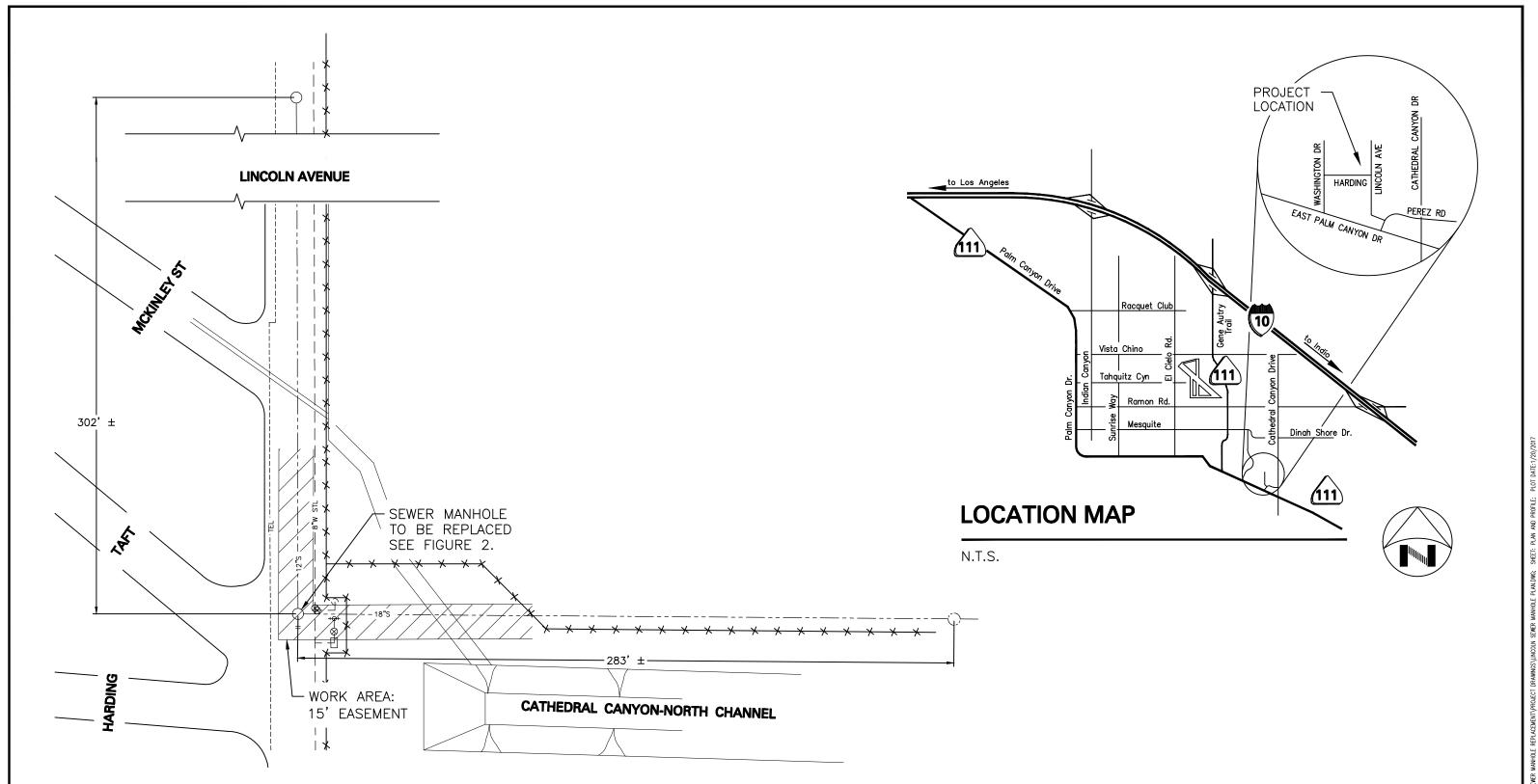
Lincoln Manhole (Cont.)



Photo 2: The Armorock precast polymer manhole. The cement in the concrete is replaced with polymer to provide superior chemical resistance.



Photo 3: The manhole installed showing the drop inlet. The protruding pipe is the drop overflow pipe. A vertical clean out was added to the drop to allow access for maintenance.

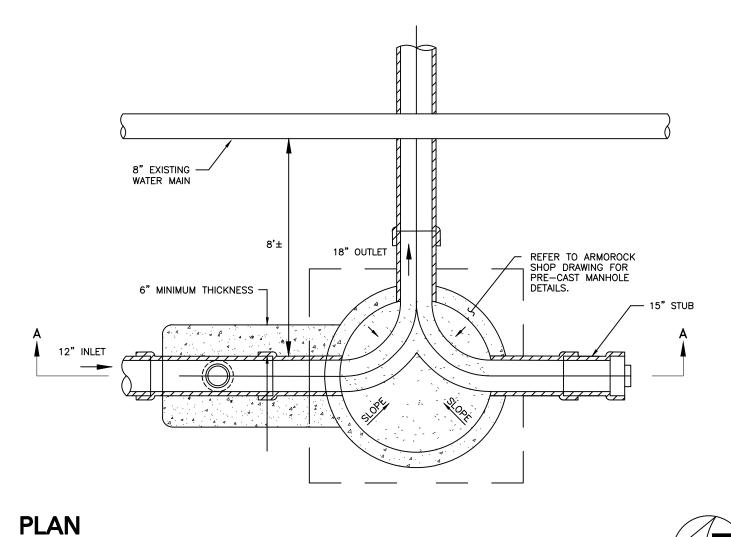


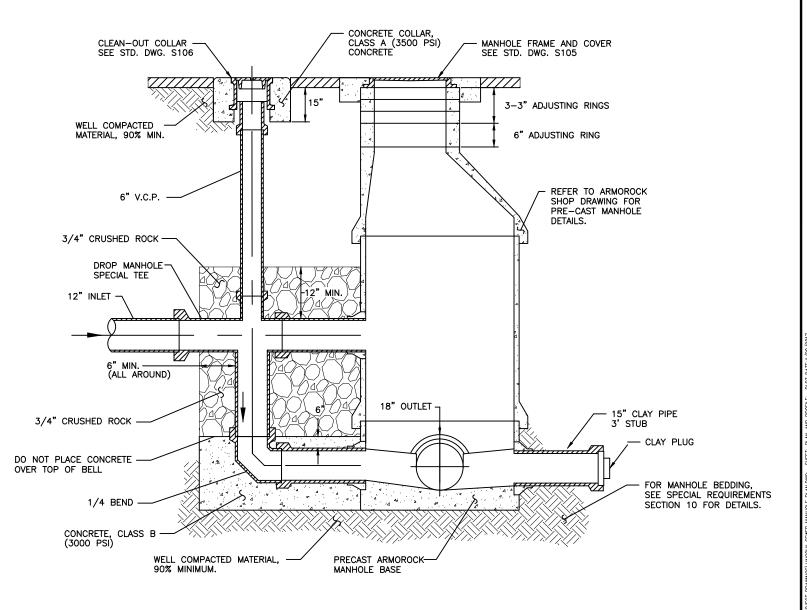
SITE PLAN

SCALE: 1" = 40'



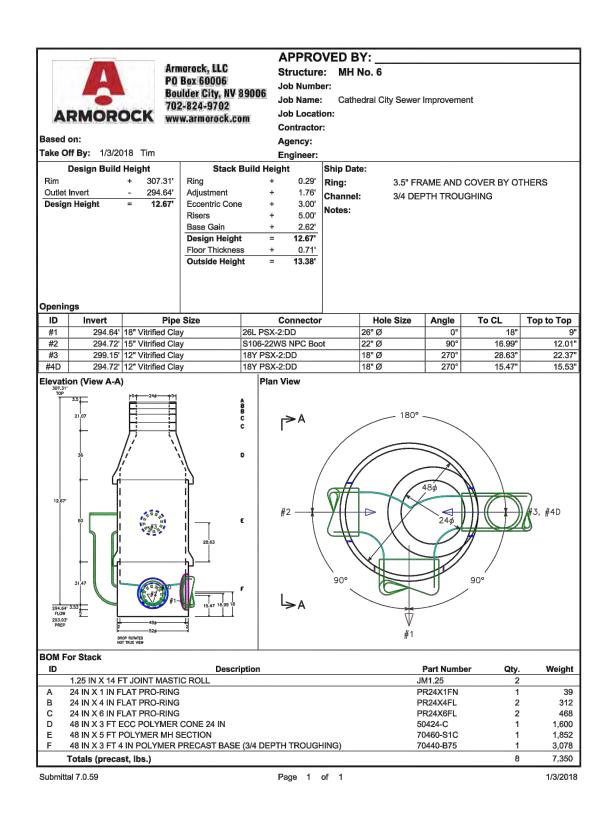
LINCOLN AVENUE MANHOLE REPLACEMENT	DRAWN: MLZ	DATE: 4/12/18	FIGURE
SITE PLAN	APPROVED:	SCALE: 1"=40'	
DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	CHECKED:		-



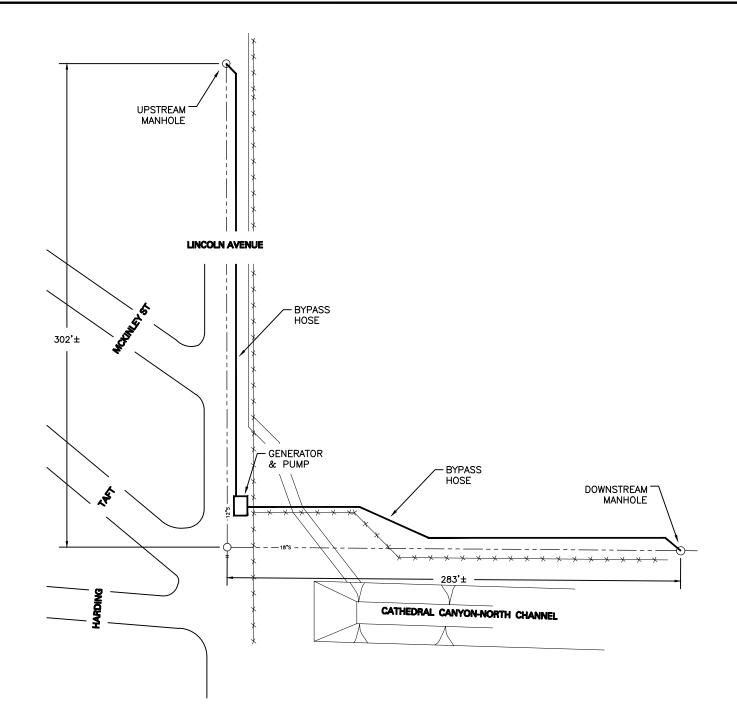


SECTION "A - A" SECTION

LINCOLN AVENUE MANHOLE REPLACEMENT	DRAWN: MLZ	DATE: 4/12/18	FIGURE
PROFILE DETAIL	APPROVED:	SCALE: N.T.S.	2
DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	CHECKED:		



ARMOROCK SHOP DRAWING



SEWER BYPASS PLAN

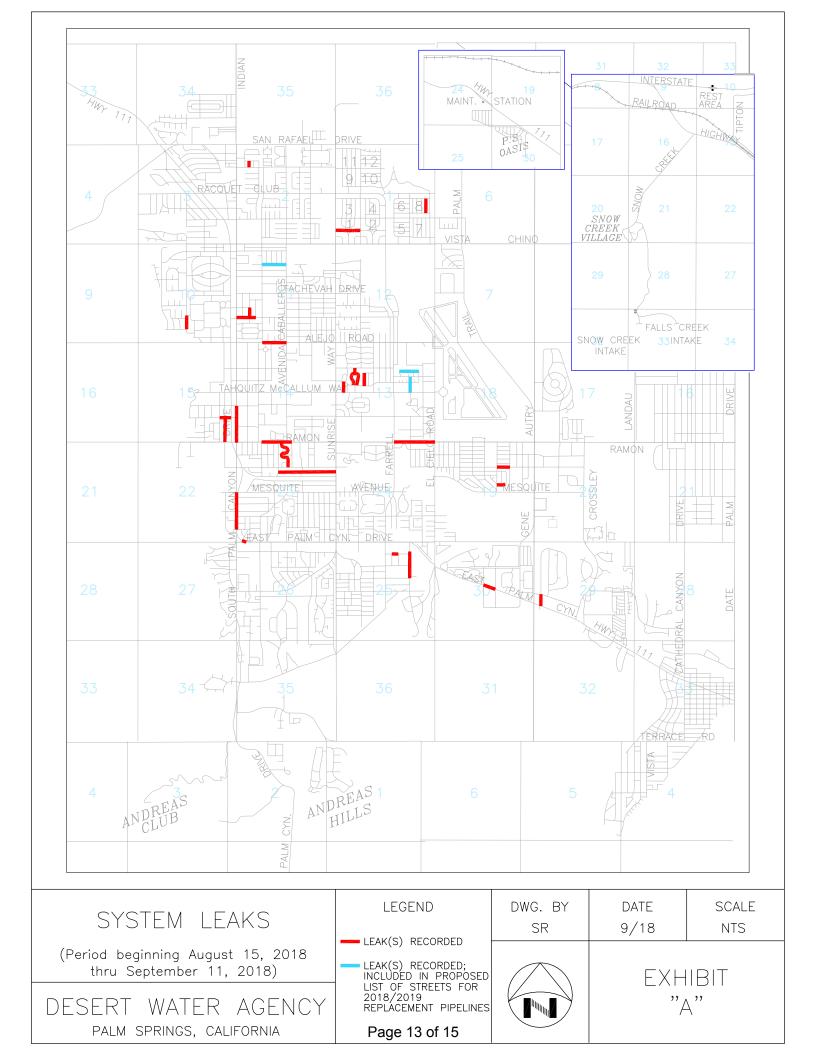


LINCOLN AVENUE MANHOLE REPLACEMENT	DRAWN: MLZ	DATE: 4/12/18	FIGURE
ARMOROCK SHOP DRAWING SEWER BYPASS PLAN	APPROVED:	SCALE: N.T.S.	3
DESERT WATER AGENCY PALM SPRINGS, CALIFORNIA	CHECKED: DT		swidely to the didition

SYSTEM LEAK DATA (PERIOD BEGINNING AUGUST 15, 2018 THRU SEPTEMBER 11, 2018) **STREET NAME** NUMBER OF LEAKS **PIPE DIAMETER (INCHES)** YEAR INSTALLED **RAMON RD (12") INDIAN CANYON DR** WYMAN RD **LOUELLA RD** CHIA RD **PLAIMOR AVE BROADMOOR DR (10")** S PALM CANYON DR (10") TAMARISK (10") ALEJO RD (8") VIA MONTE VISTA RAMON RD ARABY DR **DESERT PARK AVE** PASEO CAROLETA SUNNY DUNES RD **RAMON RD** SANDCLIFF RD E PALM CANYON DR **AVENIDA PALOS VERDES LURING DR** WARM SANDS PL **CERRITOS RD** SAN LUCAS RD BARISTO RD **DEBBY DR** BELARDO RD E PALM CANYON DR MICHELLE RD LOS ALAMOS RD

TOTAL LEAKS IN SYSTEM:

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



General Ma	anager's Meetings and Activities	
Meetings:		
08/22/18	Class 8 SWC's Quarterly Meeting (Kern WA)	SBVMWD
08/23/18	DHS Rotary Club Presentation	DHS
08/24/18	Weekly Reeb Meeting	Conf. Call
08/28/18	DWA Population Calculation Staff Meeting	DWA
08/29/18	Executive Committee Meeting	DWA
08/29/18	DWA Backup Facility Charge	DWA
08/29/18	Araby Road Restoration Project	DWA
08/30/18	Sites Reservoir SWC Participants	SAC
08/31/18	CWF DWR Interview on Contract Amendment/CEQA	Conf. Call
09/04/18	Informal Appeal to Cal Osha	Santa Ana
09/05/18	Legislative Breakfast	CPD
09/05/18	Public Affairs & Conservation Committee	DWA
09/06/18	BB&K DWA Records	DWA
09/06/18	CPS State of the City	CPS
09/09/18	SWP Tour	SAC
09/10/18	SWP Tour	Oroville
09/11/18	SWP Tour	Delta
09/12/18	SWC Delta Committee/Monthly Board Meeting	SAC
09/13/18	DWA/CVWD/MWD Exchange Agreement Negotiations	RIV
09/13/18	Executive Committee	DWA
09/14/18	United Way Luncheon	CIW
09/17/18	Monday Staff/IS/Security Meetings	DWA

Activities:

- 1) Outreach Talking Points KESQ
- 2) Whitewater Hydro Automatic Re-start
- 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 –Finance JPA Agreement
- 8) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water
- 9) DWA/CVWD/MWD Agreements Update
- 10) SWP 2018 Water Supply
- 11) ACBCI Lawsuits
- 12) Lake Perris Dam Remediation
- 13) Section 14 Pipeline Easements
- 14) DOI Regulation
- 15) Repair of Facility Access Roads Damaged in the September 10 Storm (Araby)
- 16) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 17) SGMA Tribal Stakeholder Meetings
- 18) Whitewater Spreading Basins BLM Permits
- 19) Lake Perris Dam Seepage Recovery Project Participation

Activities: (Cont.)
 20) Cal Waterfix Cost Allocation 21) DWA Surface Water Filtration Feasibility Study 22) MCSB Delivery Updates 23) Well 6 Meaders Cleaners RWQB Meetings 24) SGMA – Indio Subbasin Classification 25) SGMA – San Gorgonio Pass Subbasin

Minutes Executive Committee Meeting

August 29, 2018

Directors Present: Jim Cioffi, Joe Stuart

Staff Present: Mark Krause, Steve Johnson

1. Discussion Items

A. Review Agenda for September 4, 2018 Regular Board Meeting

The proposed agenda for the September 4, 2018 meeting was reviewed. Due to there being no business items, it was decided that the September 4 meeting will be cancelled. President Cioffi and staff will distribute the necessary notices.

- 2. Other None
- 3. Adjourn

Minutes Executive Committee Meeting

September 13, 2018

Directors Present: Jim Cioffi, Joe Stuart

Staff Present: Mark Krause, Martin Krieger, Steve Johnson

1. Discussion Items

A. Review Agenda for September 18, 2018 Regular Board Meeting
The proposed agenda for the September 18, 2018 meeting was reviewed.

B. <u>Expense Reports</u>
The August expense reports were reviewed.

- 2. Other None
- 3. Adjourn

Minutes Conservation & Public Affairs Committee Meeting September 13, 2018

Directors Present: Jim Cioffi, Craig Ewing

Staff Present: Mark Krause, Ashley Metzger

1. Discussion Items

- A. <u>Indoor Water Use Study/Calculations</u> The Committee directed staff to proceed with a simple calculation using overall water use and sewer flows to estimate indoor water use. Once staff has a DWR-approved population methodology and number, that will be used to determine residential indoor GPCD. Director Ewing inquired about the potential data inaccuracies with that approach. Both President Cioffi and Director Ewing expressed confidence in the planned methodology. A pilot study that measures actual indoor use would cost about \$750-\$1,000 per customer included in the study.
- B. <u>Customer Contact Information Update</u> Staff outlined a plan to collect current customer contact information for the purposes of contacting customers in the event of leaks. Staff noted that they will update the website, create bill inserts, email eBilling customers and update phone protocol to support this effort. President Cioffi noted that we should be sure to let people know why the information is being requested and Director Ewing asked that we remind people that it is their responsibility to keep us informed when their contact information changes.
- C. <u>Palm Springs International Airport Partnership</u> Ashley Metzger noted that she would be meeting with Tom Nolan and Ulises Aguirre at Palm Springs International Airport on September 6 to discuss possible conservation messaging in the airport bathrooms and the addition of water bottle fillers in several locations. The Committee supported the concept of a partnership.
- D. <u>Grass to Desert Landscape Update</u> The Committee reviewed figures on turf rebates committed to date (approximately \$145,000 out of \$320,000 budgeted). The Committee also talked with staff about encouraging further participation.
- **2. Other** The Committee discussed the Palm Springs Library partnership, branding guidelines, pipeline replacement outreach, the end of the legislative session and a possible partnership with local high schools to include bottle fillers.

3. Adjourn

STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

SEPTEMBER 18, 2018

RE: REQUEST AUTHORIZATION TO PARTICIPATE IN THE 2018-2019 UNITED STATES GEOLOGICAL SURVEY COOPERATIVE WATER RESOURCES PROGRAM

Attached for your review is a letter dated August 28, 2018 from the United States Geological Survey ("USGS"), which outlines the cost for Agency participation in the 2018-2019 Cooperative Water Resources Program. As in previous years, the Agency, along with Coachella Valley Water District, the Riverside County Flood Control and Water Conservation District ("Agencies") and the USGS will share the costs for the operation and maintenance of a number of stream gaging facilities, as well as a ground and surface water quality program.

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

The amount requested for the 2018-2019 test year is \$88,090, which is a 4.5% increase over last year. This amount covers the operation and maintenance costs for 12 gaging stations (\$82,240) and the cost of ground water and surface water quality sampling (\$5,850).

Staff wishes to continue participation in the USGS Cooperative Water Resources Program in order to maintain the monitoring of our water supplies and uses throughout the upper Coachella Valley, and requests Board approval of the Agency's participation in the 2018-2019 program in the amount of \$88,090.

Attachment



United States Department of the Interior

U.S. GEOLOGICAL SURVEY

RECEIVED

AUG 2 9 2018

DESERT WATER AGENCY MANAGEMENT

California Water Science Center 6000 J Street, Placer Hall California State University Sacramento, California 95819-6129 Phone: (916) 278-3000 Fax: (916) 278-3070

https://ca.water.usgs.gov

August 28, 2018

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

Dear Mr. Krause:

This letter confirms discussions between our respective staffs concerning the continuation of our cooperative water resources program between the Desert Water Agency (DWA) and the U.S. Geological Survey (USGS), for the period November 1, 2018 to October 31, 2019.

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

Part 1. Stream-gaging program

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

				RCFC		
		DWA	CVWD	&WCD	USGS	Total
<u>Stat</u>	ion number and name	Funds	Funds	Funds	Funds	Funds
10256000	Whitewater River at Whitewater ¹	\$ 2,075	\$ 2,075	\$ -0-	\$ -0-	\$ 4,150
10256500	Snow Creek near White Water including diversion	7,600	7,600	5,250	10,250	30,700
10257500	Falls Creek near White Water including diversion	7,600	7,600	5,250	10,250	30,700
10257550	Whitewater River at Windy Point ¹	7,600	7,600	5,250	10,250	30,700
10257720	Chino Canyon Creek below Tramway near					
10258000	Palm Springs Tahquitz Creek near Palm	5,215	5,215	5,220	7,850	23,500
1020000	Springs	5,215	5,220	5,215	7,850	23,500

Mr. Mark Krause, General Manager- Desert Water Agency

		DWA	CVWD	RCFC &WCD	USGS	Total
Stat	ion number and name	Funds	Funds	Funds	Funds	Funds
10258500	Palm Canyon Creek near					
10258700	Palm Springs ² Murray Canyon Creek near	-0-	-0-	-0-	-0-	-0-
10250700	Palm Springs	13,025	13,025	-0-	-0-	25,550
10259000	Andreas Creek near Palm					
	Springs	5,220	5,215	5,215	7,850	23,500
10259050	Palm Canyon Wash near Cathedral City	5,215	5,215	5,220	7,850	23,500
10259100	Whitewater River at Rancho Mirage	7,825	7,825	-0-	7,850	23,500
10259200	Deep Creek near Palm	,	, , ,		,,	
	Desert	7,825	7,825	-0-	7,850	23,500
10259300	Whitewater River at Indio	7,825	7,825	-0-	7,850	23,500
10259540	Whitewater River near					
	Meeca ^{1, 2}	-0-	-0-	-0-	-0-	-0-
	TOTAL	\$82,240	\$82,240	\$36,620	\$85,700	\$286,800

Part 2. Water-Quality Monitoring Program

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

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

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

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

See enclosed notes on operating limitations.

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

Mr. Mark Krause, General Manager- Desert Water Agency

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

Total cost of the water-quality program is \$15,500. Total cost to your agency will be \$5,850.

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

			RCFC		
	DWA	CVWD	&WCD	USGS	Total
Program Element	Funds	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
Part 1 – Stream gaging program	\$82,240	\$82,240	\$36,620	\$85,700	\$286,800
Part 2 - Water-quality program					
A. Ground-water quality	3,725	3,725	-0-	3,800	11,250
B. Surface-water quality	2,125	2,125	-0-	-0-	4,250
Total of Part 2	\$ 5,850	\$ 5,850	\$ -0-	\$ 3,800	\$ 15,500
GRAND TOTAL	\$88,090	\$88,090	\$36,620	\$89,500	\$302,300

Total cost of the proposed program is \$302,300. Cost to your agency will be \$88,090 and, subject to the availability of Federal matching funds, the U.S. Geological Survey (USGS) will provide \$89,500.

Enclosed are two originals of Joint Funding Agreement (JFA) 19ZGJFA01200, signed by our agency, for your approval. If you are in agreement with this proposed program, please return one fully executed JFA to our office. Work performed with funds from this agreement will be conducted on a fixed-price basis. Billing for this agreement will be rendered quarterly.

The USGS is required to have an agreement in place prior to any work being performed on a project. We request that a fully executed JFA be returned prior to November 1, 2018. If it is not received by November 1, we will be required to suspend operations until an agreement is received.

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

Sincerely

Eric G. Reichard

Director, USGS California Water Science Center

Enclosures

cc: Scott Patterson, USGS CAWSC

Mr. Mark Krause, General Manager- Desert Water Agency

List A

Chemical Constituents (mg/L or as indicated)

Dissolved boron (µg/L) Dissolved sulfate

Dissolved bromide Dissolved arsenic

Dissolved calcium Dissolved solids

Dissolved chloride Sodium adsorption ratio

Dissolved fluoride Percent sodium

Dissolved iron (µg/L)

Total alkalinity (CaCO₃)

Dissolved manganese (µg/L) Carbonate (CO₃)

Dissolved magnesium Bicarbonate (HCO₃)

Dissolved nitrogen (ammonia) Total hardness (CaCO₃)

Dissolved nitrogen (ammonia + organic)

Dissolved nitrogen (nitrite)

Noncarbonate hardness

Dissolved nitrogen (nitrate + nitrite)

(nitrate + nitrite) Temperature °C

Dissolved orthophosphorus (P) pH

Dissolved phosphorus (P) Specific conductance

(microsiemens)

Dissolved potassium Total organic carbon

Dissolved silica Perchlorate (wells only)

Dissolved sodium

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

Mr. Mark Krause, General Manager- Desert Water Agency

¹Notes on operating limitations of selected stations

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

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

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

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

Form 9-1366 (May 2018)

Page 1 of 2

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

Water Resource Investigations

Customer#: 6000000847 Agreement#: 19ZGJFA01200 Project #: ZG00GZV

Project #: 2G00GZV TiN #: 95-2408471

Fixed Cost Agreement YES[X]NO[]

THIS AGREEMENT is entered into as of the 1st day of November, 2018, by the U.S. GEOLOGICAL SURVEY, California Water Science Center, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the DESERT WATER AGENCY, party of the second part.

- 1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for cooperative water resources investigations in the Desert Water Agency area as outlined in the USGS program letter dated August 28, 2018 (Scope of Work), herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50, and 43 USC 50b.
- 2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) include In-Kind-Services in the amount of \$0.00.

(a) \$35,540.00

(b)

by the party of the first part during the period November 1, 2018 to October 31, 2019

\$88,090.00

by the party of the second part during the period

November 1, 2018 to October 31, 2019

(c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of: \$0.00

Description of the USGS regional/national program: Not Applicable

- (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.
- 3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.
- 4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.
- 5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.
- 6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.
- 7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.
- 8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request; be furnished by the party of the first part; at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties. The Parties acknowledge that scientific information and data developed as a result of the Scope of Work (SOW) are subject to applicable USGS review, approval, and release requirements, which are available on the USGS Fundamental Science Practices website (https://www2.usgs.gov/fsp/).

Form 9-1366 (May 2018)

U.S. Department of the Interior U.S. Geological Survey Joint Funding Agreement

Customer#: 6000000847 Agreement#: 19ZGJFA01200 Project #: ZG00GZV

TIN#: 95-2408471

FOR

Page 2 of 2

Water Resource Investigations

Interest, Penalt	s agreement will be rendered <u>quarterly</u> . I ies, and Administrative cost at the annual 7) established by the U.S. Treasury.	nvoices not paid v rate pursuant the	within 60 days from the billing date will bear Debt Collection Act of 1982, (codified at
	USGS Technical Point of Contact		Customer Technical Point of Contact
Name: Address: Telephone: Fax: Email:	Scott Patterson Supervisory Hydrologic Technician 12110 Tech Center Drive Poway, CA 92064 (858) 679-4015 (858) 679-4019 rspatter@usgs.gov	Name: Address: Telephone: Fax: Email:	Mr. Mark Krause General Manager Post Office Box 1710 Palm Springs, CA 92263-1710
Name: Address: Telephone: Fax: Email:	USGS Billing Point of Contact Tamara Seubert Budget Analyst 6000 J Street - Placer Hall Sacramento, CA 95819 (916) 278-3040 (916) 278-3070 tseubert@usgs.gov	Name: Address: Telephone: Fax: Email:	Customer Billing Point of Contact
	U.S. Geological Survey United States Department of Interior	1	DESERT WATER AGENCY
Λ.	Signature		<u>Signatures</u>
Name: Eric C Title: Directo Center	G. Réichard Date: 8/28/2018 Or, USGS California Water Science	By Name: Title:	Date:
		By Name: Title:	Date:
		By Name: Title:	Date:

DESERT WATER AGENCY STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

JULY 2018

				INVESTED RESERVE FUNDS
BALANCE	JULY 1, 2018	(\$652,7)	78.32)	\$20,642,759.86
WATE	R SALES	\$3,010,435.46		
	MATION SALES	186,978.34		
	EWATER RECEIPTS	92,083.49		
	R SALES	0.00		
	RS, SERVICES, ETC.	148,091.00		8
	URSEMENT - GENERAL FUND	0.00		
	URSEMENT – WASTEWATER FUNI	• • • • • • • • • • • • • • • • • • • •		
	JNTS RECEIVABLE - OTHER	14,393.50		
	MER DEPOSITS - SURETY	10,924.00		
	MER DEPOSITS - CONST.	75,092.00		
	REVENUE	3,397.91		
	EST RECEIVED ON INV. FDS.	70,505.63		
	FOOTAGE FEES	0.00		
	SERVICE & RESERVE FUND INT	0.00		
MISOEI	LLANEOUS	13,332.11		
	TOTAL RECEIPTS	\$3,625,2	33.44	
PAYMENT	S			
	LL CHECKS	\$372,548.56		
	LL TAXES	152,268.66		
ELECTI	RONIC TRANSFERS	2,251,455.61		
	S UNDER \$10,000.00	294,963.59		
	S OVER \$10,000.00 - SCH. #1	2,430,629.83		
CANCELLED CHECKS AND FEES		35,271.02		
	TOTAL PAYMENTS	\$5,537,13	37.27	×
NET INCO	ME	(\$1,9	911,903.83)	
BOND SEF	RVICE ACCOUNT			
MONTH	LY WATER SALES	\$0.00		
EXCES	S RETURNED BY B/A	\$0.00		
	BOND SERVICE FUND		\$0.00	
	BOND GENVIOL I GND		Ф 0.00	
INVESTED	RESERVE FUNDS			
FUNDS	MATURED	\$2,010,000.00		
FUNDS	INVESTED - SCH, #3	65,005.63		
	NET TRANSFER		\$1,944,994.37	(\$1,944,994.37)
BALANCE	JULY 31, 2018		(\$619,687.78)	\$18,697,765.49

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

AMOUNT	\$23,926.77 \$14,656.00 \$110,722.50 \$59,391.43 \$261,544.50 \$44,686.36 \$38,480.80 \$834,665.17 \$80,689.66 \$216,618.59 \$97,846.48 \$47,846.48 \$47,846.48 \$47,846.48 \$25,614.92 \$77,846.48 \$25,614.92 \$77,848.47 \$10,770.36 \$28,935.00 \$17,359.93
DESCRIPTION	CONTRACT PAYMENT - NON-POTABLE WATER MAINTENANCE DWA PUBLIC RESTROOM CONTRACT PAYMENT (W/O #17-149-M) CONTRACT PAYMENT - RESERVOIR MAINTENANCE ENGINEERING POWER WORKERS COMPENSATION PREMIUM 4TH QUARTER 2017/2018 EARTHQUAKE & FLOOD INSURANCE PREMIUM - FISCAL 2018-19 GENERAL FUND EXPENSE REIMBURSEMENT & 47H QTR GROUNDWATER BILLING WASTEWATER REVENUE BILLING & EXPENSE REIMBURSEMENT FOR JUNE 2018 HEALTH, DENTAL & VISION INSURANCE PREMIUMS - AUGUST 2018 LEGAL FEES CONTRACT PAYMENT - 2017/18 REPLACEMENT PIPELINES - (W/O #17-11108/12) WATER SERVICE SUPPLIES 1/5 SUPPLIES ENGINEERING PROGRAMMING - MODERNIZATION PROJECT (W/O #14-187-M) WATER SERVICE SUPPLIES
* NAME	GREEN TOWNE, INC J COLON COATINGS INC KRIEGER & STEWART JINC SOUTHERN CALIFORNIA EDISON CO ACWA-JPIA VENUTRA PACIFIC INSURANCE SERVICES DESERT WATER AGENCY - GENERAL DESERT WATER AGENCY - WASTEWATER ACWA-JPIA BEST BEST & KRIEGER LLP BORDEN EXCAVATING INC INLAND WATER WORKS SUPPLY CO JT TECH INC KRIEGER & STEWART INC OUTFLOW TECHNOLOGIES THATCHER COMPANY OF CALIFORNIA Z & L PAVING
CHECK #	118022 118037 118037 118035 118138 118134 118134 118174 118174 118203 118203 118203 118203 118203 118203

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

PURCH DATE	NAME	DESCRIPTION	MATURITY DATE	COST		PAR VALUE		MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
06-30-83	State of California	Local Agency Investment Fund tAIF Certificates of Deposit	Open	\$ 12,194,345.49	\$	12,194,345.49	5	12,194,345.49	1.960%	÷
		Total Certificat	ies of Deposit	\$ *	\$.26	\$	ş		
		Total Comm	nerical Paper	\$ (26)	\$	æ	\$	=		
	Union Bank	FNMA (Callable 9-20-18)	09-20-19	\$ 1,000,000.00	\$	1,000,000.00	\$	986,250.00	1.300%	Quarterly
	Union Bank	FHEMC STEP (Callable 10-28-18)	10-28-21	\$ 1,000,000.00	\$	1,000,000.00	•	985,110.00	2.000%	Quarterly
	Union Bank	FHUMC (Callable 8-25-18)	02-25-19	\$ 500,000.00	•	500,000.00		497,565.00	1.400%	Quarterly
	Union Bank	FHLMC (Callable 9-29-18)	09-29-20	\$ 500,000.00	-	500,000.00	-	488,255.00	1.700%	Quarterly
	Union Bank	FHLB (Callable 1-29-19)	01-29-21	\$ 500,000.00	-	500,000.00	•	490,860.00	2.200%	Quarterly
	Union Bank Union Bank	FFCB	05-08-19	\$ 1,000,000.00	\$	1,000,000.00	•	996,950.00	2.000%	Bullet
		FFC9	04-17-19	\$ 1,000,000.00	\$	1,000,000.00	•	998,440.00	2.150%	Bullet
06-26-18	Union Bank	FHLB (Callable 9-26-18)	06-26-20	\$ 1,003,420.00	\$	1,000,000.00	\$	1,001,800.00	3.375%	1 Time
		Total Govern	nent Agency	\$ 6,503,420.00	\$	6,500,000.00	\$	6,445,230.00		

Weighted Mean YTM 1.999%

TOTAL INVESTED @ 07/31/18 \$ 18,697,765.49 \$ 18,694,345.49 \$ 18,639,575.49

BALANCE @ 06/30/18 \$ 20,642,759.86 INCREASE (DECREASE) (\$1,944,994.37)

DESERT WATER AGENCY STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

JULY 2018

BALANCE	JULY 1, 2018	(\$677	⁷ ,711.56)	INVESTED RESERVE FUNDS \$127,941,061.53	
* TAXES	- RIVERSIDE COUNTY	441,000.33	1		
* INTERE	ST EARNED - INV. FUNDS	327,563.96			
	IDWATER REPLEN. ASSESSMENT	328,302.47			
	JRSEMENT - OPERATING FUND	834,665.17			
	JRSEMENT - CVWD MGMT	370,407.00			
	WATER PROJECT REFUNDS	0.00			
	CVWD - WHITEWATER HYDRO	151,182.68			
	SALES - WHITEWATER	0.00			
	LANEOUS	0.00			
	TOTAL RECEIPTS	\$2,453			
PAYMENTS	3				
	S UNDER \$10,000.00	30,338.01			
	S OVER \$10,000.00 - SCH. #1	3,218,615.69			
	LED CHECKS AND FEES				
	LES ONEONO AND LEES	104.08			
	TOTAL PAYMENTS	\$3,249	,057.78		
NET INCOME		(\$795,936.17)			
INVESTED	RESERVE FUNDS				
	MATURED	702 000 00			
- -	NVESTED - SCH. #2	783,200.00			
, 0,150	0011. #2	1,319,888.96			
I	NET TRANSFER		(\$536,688.96)	\$536,688.96	
BALANCE	JULY 31, 2018	· -	(\$2,010,336.69)	\$128,477,750.49	
* INCLUSI	VE TO DATE		TAXES	INTEREST	
	'S IN FISCAL YEAR 'S IN CALENDAR YEAR		\$441,000.33 \$22,002,711.44	\$327,563.96 \$1,175,316.32	

	AMOUNT	\$111,486.00 \$3,062,921.00 \$11,631.35 \$32,577.34
DESERT WATER AGENCY GENERAL ACCOUNT \$CHEDULE #1-CHECKS OVER \$10,000	DESCRIPTION	FISCAL 2018/2019 MEMBER DUES • STATE WATER PROJECT • JULY 2018 LAFCO FISCAL 2018/19 FEES MISSION CREEK SUBBASIN ANNUAL REPORT • FISCAL 2016-2017
	NAME	STATE WATER CONTRACTORS AUTHORITY STATE OF CA. DEPT. OF WATER RESOURCES COUNTY OF RIVERSIDE COACHELLA VALLEY WATER DISTRICT
	CNECK#	9060 9066 9064 9073

** TOTAL

\$3,218,615.69

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

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
		Local Agency Investment Fund						
06-30-83	State of California	LAIF	Open	\$ 44,279,080.49	\$ 44,279,080.49	\$ 44,279,080.49	1.960%	
		Certificates of Deposit						
04-20-17	RBC Wealth Mgmt	Whitney Bank CD	04-22-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,210.00	1.650%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One N/A CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 246,150.00	1.900%	Bullet
06-14-17	RBC Wealth Mgmt	Capitel One Bank USA CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 246,150.00	1.900%	Bullet
06-19-17	RBC Wealth Mgmt	First Priority Bank CD	06-19-20	\$ 250,000.00	\$ 250,000.00	\$ 245,420.00	1.750%	Bullet
		Total Certificates of D	Peposit	\$ 1,750,000.00	\$ 1,750,000.00	\$ 1,733,930.00		

Commercial Paper

		Total Co	ommerdal Paper	\$	-	\$		\$		
		Government Agency								
10-02-15	Stifel	FHLB (Callable Continuous)	10-02-19	\$	1,000,000.00	\$	1,000,000.00	\$ 987,610.00	1.450%	Continuous
10-29-15	Stifel	FHLB (Callable Continuous)	10-29-18	\$	1,000,000.00	\$	1,000,000.00	\$ 997,610.00	1.120%	Continuous
11-25-15	Stifei	FNMA (Callable 8-25-18)	11-25-19	\$	1,000,000.00	\$	1,000,000.00	\$ 985,960.00	1.500%	Ortrly
02-26-16	Ladenburg Thalmann	FNMA (Callable 8-26-18)	02-26-19	\$	1,000,000.00	\$	1,000,000.00	\$ 993,010.00	1.250%	Qrtriy
03-23-16	Ladenburg Thaimann	FNMA (Callable 9-23-18)	03-23-20	\$	1,000,000.00	\$	1,000,000.00	\$ 981,550.00	1.500%	Ontrly
03-30-16	Stifel	FNMA STEP (Callable 9-30-18)	03-30-21	\$	1,000,000.00	\$	1,000,000.00	\$ 984,620.00	1.750%	Ortrly
03-30-16	Stifel	FHLMC STEP (Callable 9-30-18)	03-30-21	\$	1,000,000.00	\$	1,000,000.00	\$ 982,260.00	1.750%	Certriy
04-26-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-26-20	\$	999,500.00	\$	1,000,000.00	\$ 972,360.00	1.550%	Continuous
05-23-16	5tfel	FNMA (Callable 6-23-18)	08-23-19	\$	1,000,000.00	\$	1,000,000.00	\$ 986,980.00	1.250%	Qutriy
05-26-15	Union Bank	FNMA	11-26-19	\$	1,000,000.00	5	1,000,000.00	\$ 983,100.00	1.300%	1 Time
05-31-16	Ladenburg Thalmann	FHLMC	08-29-18	\$	1,000,000.00	\$	1,000,000.00	\$ 999,330.00	1.020%	Qrtrlv
06-01-16	Stifel	FFCB (Callable Continuous)	03-01-19	\$	1,000,000.00	\$	1,000,000.00	\$ 992,630.00	1.250%	Continuous
06-13-1 6	Lädenburg Theimenn	FNMA (Callable 9-13-18)	06-13-19	\$	1,000,000.00	\$	1,000,000.00	\$ 991,280.00	1.400%	Ontrly
06-16-16	Stifel	FFCB (Caliable Continuous)	03-16-20	\$	1,000,000.00	\$	1,000,000.00	\$ 977,130.00	1.400%	Continuous
06-21-16	Stifei	FHLMC STEP (Callable 9-21-18)	06-21-21	\$	1,000,000.00	\$	1,000,000.00	\$ 980,690.00	1.750%	Ortely
06-28-16	Ladenburg Thalmann	FNMA (Callable 9-28-18)	06-28-19	\$	1,000,000.00	\$	1,000,000.00	\$ 988,990.00	1.200%	Ortrly
06-30-16	Stifel	FHLMC STEP (Callable 9-30-18)	12-30-19	\$	1,000,000.00	\$	1,000,000.00	\$ 991,780.00	1.500%	Qrtrly
07-07-16	Ladenburg Thairnann	FFCB (Callable Continuous)	01-07-19	\$	1,000,000.00	\$	1,000,000.00	\$ 994,490.00	1.000%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-11-19	\$	1,000,000.00	\$	1,000,000.00	\$ 983,240.00	1.125%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	07-11-19	\$	1,000,000.00	s	1,000,000.00	\$ 987,890.00	1.125%	Continuous
07-13-16	Union Bank	FFCB (Callable Continuous)	01-13-20	\$	1,000,000.00	\$	1,000,000.00	\$ 977,910.00	1.240%	Continuous
07-26-16	Ladenburg Thaimann	FNIMA (Callable 10-26-18)	07-26-19	\$	999,500.00	\$	1,000,000.00	\$ 986,660.00	1.125%	Qetrly
07-27-16	Stifel	FNMA STEP (Callable 10-27-18)	07-27-21	\$	1,000,000.00	\$	1,000,000.00	\$ 958,330.00	1.300%	Ortrly
08-10-16	Ladenburg Thaimann	FHLMC (Callable 8-10-18)	06-10-20	\$	1,000,000.00	\$	1,000,000.00	\$ 974,810.00	1.450%	Ortrly
08-24-16	Ladenburg Thalmann	FHLMC STEP (Callable 8-24-16)	08-24-21	\$	1,000,000.00	5	1,000,000.00	\$ 984,700.00	1.500%	Ortrly
08-30-16	Stifei	FHLMC STEP (Callable 8-28-18)	08-27-21	\$	1,000,000.00	\$	1,000,000.00	\$ 991,180.00	1.500%	Qrtrly
0 8-30-16	Ladenburg Thalmann	FNMA (Callable 8-27-18)	11-27-19	\$	1,000,000.00	\$	1,000,000.00	\$ 982,470.00	1.250%	Ortrly
09-06-16	Ladenburg Thalmann	FFCB (Callable Continuous)	09-06-19	\$	1,000,000.00	\$	1,000,000.00	\$ 991,380.00	1.150%	Continuous
09-20-16	Union Bank	FNMA (Callable 9-20-18)	09-20-19	\$	1,000,000.00	\$	1,000,000.00	\$ 986,250.00	1.300%	Ortrly
09-27-16	Ladenburg Thalmann	FHLMC STEP (Callable 9-27-18)	09-27-19	\$	1,000,000.00	\$	1,000,000.00	\$ 995,970.00	1.500%	Ortrly
09-29-16	Ladenburg Thalmann	FHLMC STEP (Callable 9-29-18)	09-29-21	\$	950,000.00	\$	950,000.00	\$ 926,269.00	1.375%	Ortrly
09-30-16	Ladenburg Thalmann	FNMA (Callable 9-30-18)	09-30-19	\$	1,000,000.00	\$	1,000,000.00	\$ 985,170.00	1.250%	Qrtrly
10-06-16	Ladenburg Thalmann	FHLMC (Callable 10-6-18)	07-06-20	:	1,000,000.00	\$	1,000,000.00	\$ 974,990.00	1.375%	Ortrly
10-11-16	Ladenburg Thalmann	FHLMC	10-11-18	;	999,750.00	\$	1,000,000.00	\$ 998,000.00	1.000%	Ortrly
10-17-16	Stifel	FNMA	04-17-20	}	1,000,000.00	\$	1,000,000.00	\$ 976,440.00	1.250%	1 Time
10-28-16	Stifel	FHLMC STEP (Callable 10-28-18)	10-28-21		1,500,000.00	\$	1,500,000.00	\$ 1,468,630.00	1.250%	Ortriy

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

DATE	NAME	DESCRIPTION	DATE		соят		PAR VALUE		MARKET VALUE	YIELD TO MATURITY	CALLABL STATUS
		Government Agency									
10-28-16	Union Bank	FHLMC STEP (Callable 10-28-16)	10-28-21	\$	1,000,000.00	\$	1,000,000.00	\$	985,110.00	2.000%	Ortrly
11-03-16	Ladenburg Thalmann	FFCB (Callable Continuous)	05-09-21	\$	999,250.00	\$	1,000,000.00	\$	969,620.00	1.490%	Continuo
11-15-16	Stifel	FHLMC STEP (Callable 8-15-18)	11-15-19	\$	1,000,000.00	\$	1,000,000.00	\$	987,160.00	1.250%	Qrtrly
12-14-16	Ladenburg Thalmann	FHLMC (Callable 9-14-18)	12-14-20	\$	1,000,000.00	\$	1,000,000.00	\$	976,430.00	1.750%	Ortrly
L2-29-16	Ladenburg Thalmann	FNMA (Callable 9-29-18)	06-29-20	\$	1,000,000.00	\$	1,000,000.00	\$	982,150.00	1.750%	Qrtrly
2-30-16	Ladenburg Thalmann	FHLMC (Callable 9-30-18)	12-30-19	\$	998,000.00		1,000,000.00	\$	984,610.00	1.500%	Qrtrly
1-27-17	Ladenburg Thalmann	FNMA (Callable 10-27-18)	01-27-20	\$	1,000,000.00		1,000,000.00	Š	983,740.00	1.650%	Ortriy
1-30-17	Union Bank	FHLB (Caliable 10-30-18)	04-30-20	\$	1,000,000.00	\$	1,000,000.00	\$	983,500.00	1.750%	Qrtrly
2-28-17	Union Bank	FHLMC (Caliable 8-25-18)	02-25-19	\$	1,000,000.00		1,000,000.00	5	995,130.00	1.400%	Ortrly
4-20-17	Stifel	FHLMC STEP (Callable 10-20-18)	04-20-20	\$	1,000,000.00	\$	1,000,000.00	ŝ	989,600.00	2.250%	Qrtrly
4-27-17	Ladenburg Thalmann	FHLMC (Callable 10-27-18)	01-27-21	\$	1,000,000.00		1,000,000.00	\$	980,930.00	2.000%	Cartriy
5-08-17	Stifel	FHLMC STEP (Callable 9-8-18)	06-08-20	\$	1,000,000.00	\$	1,000,000.00	Ś	994,070.00	1.500%	Optri
-22-17	Ladenburg Thalmann	FHUMC STEP (Callable 9-22-18)	06-22-22	\$	1,000,000.00	\$	1,000,000.00	\$	987,280.00	1.750%	
-27-17	Union Bank	FHLB (Callable 9-27-18)	09-27-19	Ś	1,000,000.00	5	1,000,000.00	\$	986,690.00	1.500%	Qrtrly
-29-17	Ladenburg Thalmann	FHLMC (Callable 9-29-18)	09-29-20	\$	1,000,000.00	Ś	1,000,000.00	\$	979,010.00		Qrtrh
	Ladenburg Thalmann	FHLMC (Callable 10-11-18)	01-11-21	\$		\$	1,000,000.00	5	•	1.750%	Ontri
	Stifei	FHLMC STEP (Callable 10-26-18)	07-26-22	\$		\$	1,000,000.00	\$	976,520.00	1.800%	Optoh
	Stife)	FHLMC STEP (Callable 10-27-18)	07-27-22	\$		Ś	1,000,000.00		989,5\$0.00	2.000%	Qrtriy
	Ladenburg Thalmann	FFCB (Callable Continuous)	11-23-20	\$				\$	992,900.00	2.000%	Qrtrh
	Stife	FHLB STEP (Callable 8-9-18)	02-09-22	\$	-	\$	1,000,000.00	\$	977,240.00	1.770%	Continu
	Ladenburg Thalmann	FHLB STEP (Callable 8-10-18)	08-10-22		- •	\$	2,000,000.00	\$	1,958,480.00	1.750%	Optiniy
	Stifel	FHLB STEP (Callable 9-8-18)		\$		\$	1,000,000.00	\$	993,080.00	1.500%	Qrtrh
	Ladenburg Thaimann	FHLMC STEP (Callable 9-28-18)	09-08-22	\$		\$	1,000,000.00	\$	980,270.00	1.750%	Qrtrly
	Union Bank	FHLMC (Callable 9-29-18)	09-28-20	\$		\$	1,000,000.00	\$	962,690.00	1.375%	Qrtrly
	Stifel		09-29-20	\$		\$	1,000,000.00	\$	976,510.00	1.700%	Qrtrly
		FHLMC STEP (Callable 9-29-18)	09-29-22	5	1,000,000.00		1,000,000.00	\$	980,960.00	1.625%	Optivity
	Ladenburg Thalmann	FMMA (Callable 10-26-18)	07-26-21	\$		\$	1,000,000.00	\$	973,190.00	2.000%	Qrtrly
	Ladenburg Thairmann	FFCB (Calleble Continuous)	06-06-19	\$		\$	1,000,000.00	\$	992,070.00	1.600%	Continue
	Ladenburg Thalmann	FHLMC (Callable 8-20-18)	11-20-20	\$		\$	1,000,000.00	\$	961,810.00	2.000%	Qrtrly
	adenburg Thalmann	FHLB (Callable 9-11-18)	12-11-20	\$	999,750.00	\$	1,000,000.00	\$	979,800.00	2.000%	Qrtrfy
	itifel	FFCB (Callable 12-14-18)	12-14-20	\$		\$	1,000,000.00	\$	961,650.00	2.060%	Continue
	adenburg Thalmann	FHLMC (Callable 10-16-18)	10-16-20	\$	1,000,000.00	\$	1,000,000.00	\$	984,280.00	2.070%	Qrtrly
	adenburg Thalmann	FHLB (Caltable 10-26-18)	01-26-21	\$	999,6 50.00	\$	1,000,000.00	\$	984,220.00	2.250%	Ortrly
	itifel	FHLMC (Callable 10-26-18)	01-26-21	\$	1,000,000.00	\$	1,000,000.00	\$	984,210.00	2.220%	Ortrly
	Inlon Bank	FHLB (Callable 1-29-19)	01-29-21	\$	1,000,000.00	\$	1,000,000.00	\$	981,720.00	2.200%	Ortrly
	Inion Bank	FHLB (Callable 1-30-19)	07-30-20	\$	1,000,000.00	\$	1,000,000.00	\$	986,810.00	2.100%	Qrtrly
	tifel	FFCB (Cattable 8-1-18)	02-01-21	\$	1,000,000.00	\$	1,000,000.00	\$	986,610.00	2.350%	Ortrly
18-18 U	Inlen Bank	FFCB	05-08-19	\$	1,000,000.00	\$	1,000,000.00	\$	996,950.00	2.000%	Ortrly
12-18 \$1	tifel	FHLB (Callable 2-22-19)	02-12-21	\$	1,000,000.00	\$	1,000,000.00	\$	982,670.00	2.300%	Ortrly
6-18 L	adenburg Thalmann	FHLB STEP (Callable 9-26-18)	03-26-21	\$	1,000,000.00	\$	1,000,000.00	\$	996,560.00	2.125%	Ortrly
9-18 SI	tifei	FHLMC STEP (Callable 9-29-18)	03-29-23	\$	1,000,000.00	\$	1,000,000.00	\$	997,120.00	2.250%	Qrtrly
7-18 U	Inion Bank	FFCB	04-17-19	\$	1,000,000.00	\$	1,000,000.00	\$	998,440.00	2.150%	Bullet
6-18 Ų	nion Bank	FHLb (Callable 9-26-18)	06-26-20	\$	1,003,420.00	\$	1,000,000.00	\$	1,001,800.00	3.375%	1 Time
8-16 La	adenburg Thalmann	FHLMC (Callable 9-28-18)	03-28-22	\$	1,000,000.00	\$	1,000,000.00	5	996,940.00	3.000%	Ortrly
8-10 St	tifel	FHUMC (Callable 6-28-19)	06-28-22	\$	1,000,000.00	\$	1,000,000.00	\$	994,570.00	3.100%	Qrtrly
10-18 La	edenburg Thalmann	FHLMC (Callable 1-28-19)	01-28-22	\$	1,000,000.00	\$	1,000,000.00		996,610.00	3.020%	Ortrly

Weighted Mean YTM 1.781%

TOTAL INVESTED @ 07/31/16 \$ 128,477,750.49 \$ 128,479,080.49 \$ 127,260,249.49 BALANCE @ 06/30/18 \$ 127,941,061.53

INCREASE OR (DECREASE) \$ 536,688.96

DESERT WATER AGENCY STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

JULY 2018

BALANCE	JULY 1, 2018	\$1	,867.44	INVESTED RESERVE FUNDS \$1,354,594.08
ACCOUNTS F	RECEIVABLE - OTHER	\$ 8 0,689. 66		
	DEPOSITS - CONSTRUCTION	0.00		
	RNED - INVESTED FUNDS	6,288.87		
WASTEWATE		0.00		
	ACITY CHARGES	7,979.36		
MISCELLANE		0.00		
TOTA	L RECEIPTS	\$94	,957.89	
PAYMENTS				
	ER \$10,000.00	\$17,381.23		
	R \$10,000.00 - SCH, #1	58,846.74		
	CHECKS AND FEES	0.00		
		0.00		
TOTA	L PAYMENTS	\$76,	227.97	
NET INCOME			\$18,729.92	
INVESTED RESE	BVE ELINIDO			
FUNDS MATU	· · · = · · · · · · · ·	** **		
	TED - SCH, #2	\$0.00		
FUNDS INVES	TED - SCH, #2	19,475.28		
NET T	RANSFER	:E	(\$19,475.28)	\$19,475.28
BALANCE JULY	Y 31, 2018	_	\$1,122.08	\$1,374,069.36

DESCRIPTION

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

WASTEWATER REVENUE BILLING FOR JUNE 2018

2561 COACHELLA VALLEY WATER DISTRICT

NAME

CHECK #

\$58,846.74

AMOUNT

** TOTAL

\$58,846.74

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

PURCH DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY
		Local Agency Investment Fund]				
06-30-83	State of California	LAIF	Open	\$ 1,374,069.36	\$ 1,374,069.36	\$ 1,374,069.36	1.960%

TOTAL INVESTED @ 07/31/18

\$ 1,374,069.36 \$ 1,374,069.36 \$ 1,374,069.36

BALANCE @ 06/30/18
INCREASE OR (DECREASE)

\$ 1,354,594.08 \$ 19,475.28

DESERT WATER AGENCY - OPERATING FUND COMPARATIVE EARNINGS STATEMENT

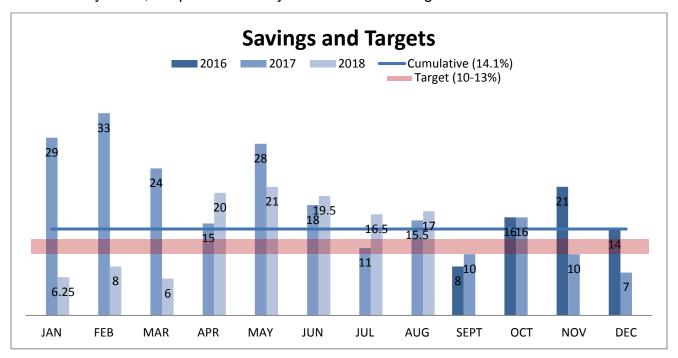
CE/ PCT	•	0.31- 9- 8.04 22 5.52 25		1.72- 70- 6.67- 91- 0.24- 43-	.70-	.06-	2007	000	7.98- 0 1.70 12 9.89- 505 2.55- 34-	.80 239-		09- 00	0.92- 44- 0.00 100- 8.55 236	.35 266-
/VARIANCE- YTD		301,59 34,44 40,87 226,25		27,551 282,116 19,540	292,716	369,405	3,100	M	1,874. 332,189. 1,462,342.	1,236,075		11,43	3,25 65,38	1,301,464
/BUDGET		3,430,775.00 157,875.00 165,575.00 3,754,225.00			75.0 00.0	888. 125.	3,100.0 9,758.0		483,692.00 15,750.00 65,750.00- 4,271,638.00	517,413.00-		3,400.00 27,500.00	3,250.00- 27,675.00	489,738.00~
CAL YEAR TO DATE LAST YEAR		2,965,409.95 173,296.96 174,395.66 3,320,033.05		11,968. 22,021. 29,625.	156,073.4 53,587.8	ďΨ	400		467,949.46 23,159.04 258,191.12- 2,002,987.20	1,317,045.85		3,396.33 14,366.72 .00	.00 .00 17,833.84	1,334,879.69
/FISCAL		3,129,184.69 192,323.04 206,450.52 3,527,958.25		11,623 28,283 25,684	50,195.4	oλ	36,260.00 2,706,846.62		482,764.02 17,624.70 397,939.89- 2,809,295.45	718,662.80		3,397.91 38,931.56 50,720.00	14.08 ,00 93,063.55	811,726.35
BUDGET		3,430,775.00 157,875.00 165,575.00 3,754,225.00		39,175. 10,400. 45,225.	79,400.	125.	3,100.00 119,758.00 3,837,946.00		483,692.00 15,750.00 65,750.00- 4,271,638.00	517,413.00-			3,250.00-	489,738.00-
THIS YEAR LAST YEAR		2,965,409.95 173,296.96 174,395.66 3,320,033.05		11,968.71 22,021.03 29,625.11	0.00	17,254	844.10 30,644.97 1,770,069.82		467,949,46 23,159.04 258,191.12- 2,002,987.20	1,317,045.85		3,396.33	17,833.84	1,334,879.69
THIS YEAR		3,129,184.69 192,323.04 206,450.52 3,527,958.25		11,623.28 28,283.33 25,684.76	50,195.41	6,158.60	36,260.00 2,706,846.62		482,764.02 17,624.70 397,939.89- 2,809,295.45	718,662.80		3,397.91 38,931.56 50,720.00	93,063.55	811,726.35
MONTH 18-19 JULY	OPERATING REVENUES	WATER SALES RECLAMATION SALES OTHER OPER REVENUE TOTAL OPER REVENUES	OPERATING EXPENSES	SOURCE OF SUPPLY EXP PUMPING EXPENSE REGULATORY WATER TREAT TRANS & DIST EXPENSE	CUSTOMER ACT EXPENSE	REGULATORY EXPENSE		OTHER OPER EXPENSES	DEPRECIATION SERVICES RENDERED DIR & INDIR CST FOR WO TOTAL OPER EXPENSES	NET INCOME FROM OPERATIONS	NON-OPERATING INCOME (NET)	RENTS INTEREST REVENUES INVESTMENT AMORT, DISCONNIS	LOSS ON RETIREMENTS TOTAL NON-OPER INCOME	TOTAL NET INCOME

STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

SEPTEMBER 18, 2018

RE: AUGUST 2018 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 17% percent reduction in potable water production during August 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 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 14.1%. 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.

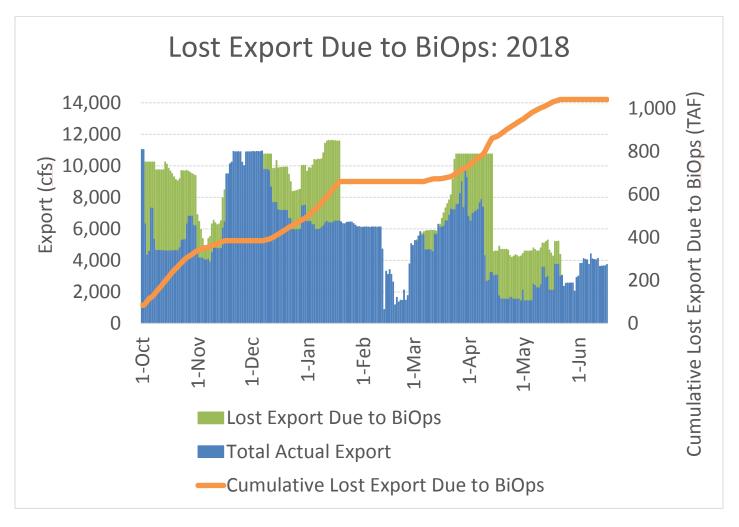
August 2018 water production	3,179.41 AF
August 2013 water production	3,831.45 AF
Percent changed in this month per drought surcharge baseline (August 2015)	-16.68% (more use)
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	1001.98 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	68.49%
Population (inclusive of seasonal residents)	106,993
Estimated R-GPCD	213.92
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	21
How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	10
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?	6
How many penalties were issued for water waste or for a violation of conservation rules?	1

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.

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.

Since Desert Water Agency began recycling water, the agency has reclaimed 97,557 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.

In the 2018 water year, October to mid-June, we have lost about a million acre feet due to biological opinions (regulatory restrictions). Please see the graph on the following page.



2018 Lost Export to Due to BiOps = ~1.04 MAF
Fall X2 = ~490 TAF (including Sep)

OMR/SJR IE = ~ 550 TAF

Fall-X2: salinity/water quality management achieved through reservoir storage releases (Delta/Long Fin Smelt)

OMR/SJR (Old & Middle River/San Joaquin River): Restricted pumping rates to maintain minimum reversed flow rates in these rivers thereby reducing the number of fish killed by the pumps (Delta/Long Fin Smelt, Salmonids)

DESERT WATER AGENCY MEDIA INFORMATION AUGUST 2018

DATE	PACKET PAGE	MEDIA SOURCE	ARTICLE
08/05/18	1	THE DESERT SUN	With Palm Springs Schools Back In Session This Week, Don't Let A Pipeline Project Make You Late For Class
08/05/18	2-23	THE DESERT SUN	Desert Farmer Building A
08/15/18	24-28	THE DESERT SUN	California Farm Baron Offered To Drop Water Lawsuit – If His Family Got A Special Exemption
08/28/18	29	LOS ANGELES TIMES	Water Project Review Sought
08/29/18	30-32	THE DESERT SUN	Cadiz Inc. Wants To Sell Groundwater From The Mojave Desert. Will California Let It Happen?



With Palm Springs schools back in session this week, don't let a pipeline project make you late for class

Colin Atagi, Aug. 5, 2018

Coachella Valley road work typically happens in the summer because there are fewer vehicles on the road and a slightly smaller number of people delayed by lane closures.

But, believe it or not, school is back in session starting Wednesday and students may be late for class unless they give themselves more time to get around a project on Ramon Road in Palm Springs.

Desert Water Agency is still working on a pipeline-replacement project on Ramon Road, between between El Cielo Road and Calle Santa Cruz. It's the second of a three-phrase project covering several streets across the city.

Work is causing lane closures that could affect anyone heading to Palm Springs High School, which is a half-mile west of the project, and Cielo Vista Charter School, which is only a block to the south.

DWA staff say they've notified Palm Springs Unified School District officials and are trying to warn parents about potential delays.

"We're trying to minimize the impact construction has on the school communities," said Ashley Metzger, DWA outreach and conservation manager.

Unless you want to take your chances on Ramon Road, parents heading to Cielo Vista should turn south onto any residential street outside the project area. From there, use Camino Parocela or Sunny Dunes Road to reach the school.

Palm Springs High School is farther from the project site and anyone coming from the west should be fine. But if you're coming from the east, residential streets are your best options to bypass the project.



DESERT FARMER BUILDING A

WATER, ENERGY EMPIRE

Abatti's influence looms large in Imperial Valley

Sammy Roth, Palm Springs Desert Sun USA TODAY NETWORK, August 5, 2018

Far from the highways of Los Angeles and the shipyards of San Diego, in California's southeastern corner, nearly half a million acres of lush green farmland unfold in the middle of the bone-dry Sonoran Desert. Sprawling fields of lettuce and sugar beets and onions, irrigated by water from the Colorado River, brush up against the U.S-Mexico border in a region once known as the Valley of Death but today called the Imperial Valley.

A few hundred landowning families dominate the Imperial Valley and its lucrative agriculture industry, which produces much of America's winter vegetables. The valley is one of California's most impoverished areas, with a stark divide between the mostly white landowners and the mostly Latino farmworkers who labor in their fields.

Even among the landowning elite, Mike Abatti stands out.

Abatti's ancestors helped settle the Imperial Valley a century ago, and today he's one of the region's most successful farmers, with thousands of acres under cultivation and crops he says are worth more than \$10 million this year. He grows those crops with vast amounts of water from the drought-stricken Colorado River; for every thousand drops of Colorado River water used by California, Arizona and Nevada in 2012, three and a half of those drops watered fields owned by Abatti. He has also made a second career for himself in the energy industry, winning tens of millions of dollars in publicly funded energy contracts from the Imperial Irrigation District, on whose board of directors he once served.

But while Abatti looms large in the Imperial Valley, the full story of his enormous influence has never been told. It's a story about public officials — including Abatti's friends in elected office, a judge with ties to his family, and a district attorney whose second-in-command is his sister-in-law — repeatedly making decisions that have advanced Abatti's private interests. And it's a story about money and influence in an often overlooked corner of California, where political battles over water and energy can have ripple effects across California and the Southwest.

Over the past five years, Abatti has won a string of major victories. He sued the Imperial Irrigation District, or IID, over its water apportionment plan, winning a sweeping ruling that critics say could create problems for millions of people who depend on the Colorado River. He also helped convince Imperial County officials to let him pump thousands of acres of groundwater without doing a full environmental review first, overturning a previous decision by county employees. And one of his companies won a \$35-million contract from IID to build a giant battery, beating out several lower-cost bids, even though Abatti had no previous experience in the energy industry.

The district attorney, Gilbert Otero, said he would scrutinize the \$35-million contract, but later announced his office had determined Abatti "had no criminal liability." IID officials have defended their decision to give Abatti's company the contract.

With those victories in hand, Abatti is actively working to defend his empire. He continues to wage a highstakes legalfight to protect his access to Colorado River water, even as water managers across the Southwest scramble to respond to long-term drought and falling reservoir levels. In the energy world, Abatti is working on a solar project that would eliminate hundreds of acres of prime farmland. He's also demanding millions of dollars from IID for an expansion of the battery facility, and threatening to void the 20-year performance guarantee for the original battery if he doesn't get millions more in a new operations and maintenance contract.

Those millions would be paid by IID ratepayers in Imperial County and the Coachella Valley, including many low-income customers who depend on IID's low electricity rates.

Abatti didn't get into the energy business on his own. His energy projects have all involved longtime IID consultant Ziad Alaywan, founder of the engineering firm ZGlobal Inc. Alaywan was recently accused by IID of working behind the scenes at the public agency to benefit his own private-sector energy projects. On several energy and water projects, including three that involved Abatti, Alaywan enlisted the help of Jurg Heuberger, who has consulted for ZGlobal while also running a local government agency in Imperial County.

Even without Alaywan's help, Abatti and his family have plenty of friends in high places. Of the five IID board members who voted to give Abatti's company the \$35million battery contract, three of them were self-described friends of Abatti.

District attorney Gilbert Otero, meanwhile, received thousands of dollars' worth of campaign contributions this year from Abatti's brother Jimmy.

Then there's Judge L. Brooks Anderholt, who ruled in Abatti's favor in his consequential Colorado River water lawsuit against IID. Anderholt presided over that case despite his long history of business and social ties to several members of the Abatti family.

To report this story, The Desert Sun spent six months investigating Mike Abatti's business, legal and political activities, requesting hundreds of records from government agencies under the California Public Records Act and reviewing thousands of pages of documents and dozens of hours of video and audio.

Abatti didn't respond to repeated requests to answer questions. But friends and allies say he's a dedicated farmer who has the region's best interests at heart, and who has supported good causes in the Imperial Valley and across the border in Mexico. More broadly, Imperial Valley officials have described the region as a tight-knit community, where it isn't unusual for farmers, businesses leaders and elected officials to run in the same small social circles. It's not uncommon for farmers to run for elected office.

Abatti hasn't always gotten what he wanted, The Desert Sun's investigation found. For instance, IID didn't drop its appeal of Judge Anderholt's decision in the water lawsuit, even after Abatti threatened political consequences for board members who continued to fight him.

But when Jim Hanks, president of IID's board of directors, discussed the lawsuit at a board meeting in May, he tread carefully around Abatti.

"I hate this dispute," Hanks said, "because it has affected a person that used to sit on the board with me and became a very good friend of mine."

How Abatti became a farm baron

Mike Abatti is the grandson of Battista Abatti, an Italian immigrant who helped settle the Imperial Valley more than a century ago. According to an Abatti family history from the Imperial County Farm Bureau, Battista Abatti was one of the workers who built the All-American Canal, a taxpayer-funded 80mile aqueduct that brings Colorado River water to the Imperial Valley and makes possible the region's thriving agricultural economy.

Two of Battista Abatti's sons, Ben and Tony, went into the agriculture business together, growing crops on 24,000 acres and employing more than 7,000 people, according to the farm bureau's family history. They

weren't afraid to fight their workers and the government when money was at stake. They clashed with the United Farm Workers union, which successfully brought charges of unfair labor practices by the Abattis to California's Agricultural Labor Relations Board in the late 1970s. In a separate case, the labor relations board ruled the Abattis had unlawfully interfered with a 1978 union decertification election. The brothers also sparred with the Internal Revenue Service, which accused them of not paying more than \$2.3 million in taxes from 1971 through 1973. The Abattis fought the tax charges, but ultimately lost in appellate court in 1981.

Ben Abatti married Loretta Studer, whose father had emigrated from Switzerland to the Imperial Valley. Ben and Loretta had five children, including Mike and Jimmy, both of whom followed their father into the farming business. Jimmy is currently president of the Imperial County Farm Bureau.

Today, the Abattis are some of the largest landowners in the Imperial Valley. Between Mike, Jimmy, their father and an entity called the Abatti Family Trust, the Abattis have said they own and operate about 20,000 acres of farmland, out of approximately 450,000 total acres under cultivation in the Imperial Valley. Mike Abatti has said in legal filings that he personally farms about 7,000 acres, growing crops including melons, broccoli, sugar beets and alfalfa. Abatti leases some of his land to his brother Jimmy's company, Madjac Farms. He also serves as general manager of their father's company, Ben Abatti Farms.

The Imperial Valley's agriculture industry is estimated to be worth \$4.5 billion annually to the local economy. Mike Abatti said in a legal filing last year that the value of his 2018 crops "is in excess of \$10,000,000."

That wealth is made possible by Colorado River water. Long-term drought and climate change have reduced the river's flow, but the Imperial Irrigation District still controls the single largest share of the river's water — as much as the states of Arizona and Nevada put together. And a substantial amount of IID's water is used by Abatti.

More than 26,500 acre-feet of water were delivered to fields owned by Abatti in 2012, according to data Abatti requested from IID, which was later entered into the administrative record for a lawsuit he filed against the agency. Abatti's 26,500 acre-feet accounted for nearly 1 percent of the Colorado River water delivered by IID in the Imperial Valley that year, based on federal data. It also accounted for 0.35 percent of all Colorado River water use in California, Arizona and Nevada in 2012.

Despite Imperial County's agricultural bounty, it's one of the poorest parts of California, with an unemployment rate that is often the state's highest and income levels that are among its lowest.

The income inequality is accompanied by racial disparity; more than 80 percent of the county's 180,000 residents are Latino, but white people make more than twice as much money as Latinos on a per-person basis, census data shows. The wealth created by agriculture is concentrated in the hands of a few hundred mostly white landowning families, including the Abattis.

Unsurprisingly, Imperial Valley farmers often get involved in local politics. And there's no group of people more powerful than the fivemember board of directors of the Imperial Irrigation District, a publicly owned utility that provides Colorado River water to local farms and also sells cheap electricity to residents of Imperial County and the eastern Coachella Valley.

In 2006, Mike Abatti got himself elected to the board of the Imperial Irrigation District, or IID, after dramatically outspending his opponent, incumbent Andy Horne. Campaign-finance filings show Abatti spent more than \$117,000, compared to just \$24,000 by Horne. Abatti was largely self-funded, contributing more than \$92,000 to his own campaign. He also received \$10,000 from his brother Jimmy's company and \$5,000 from his father Ben.

Abatti has spent heavily to influence other IID races as well. After leaving the board, he contributed \$17,000 to Imperial Valley First, as part of the group's successful 2012 campaign to oust incumbent board members Stella Mendoza and J.P. Menvielle, who had fallen out of favor with much of the farming community. Imperial

Valley First spent nearly \$200,000 in that campaign. Voters replaced Menvielle with Bruce Kuhn, who has done business with Abatti and has described Abatti as a longtime friend. In recent years, Kuhn has recused himself from votes related to Abatti's water lawsuit against IID, saying he's acting out of an abundance of caution.

Campaign-finance records show that Gloria Trantham, Abatti's longtime secretary, gave nearly \$5,000 to Imperial Valley First in 2012 as well. Federal records also show that Trantham gave \$20,000 to the National Republican Congressional Committee on May 19, 2005 — the same day Abatti, her employer, contributed \$5,000 to the NRCC.

Trantham, who no longer works for Abatti, didn't respond to messages seeking comment. The \$20,000 contribution to the NRCC is the only campaign contribution Trantham is listed as giving in a federal database that goes back nearly 40 years.

Abatti has also given money to philanthropic organizations, including the Pulmonary Fibrosis Foundation and the Burn Institute. He has been a sponsor of Imperial County's annual Farm Workers Appreciation Breakfast, as well as the Green and Gold Hall of Fame at Holtville High School, where he attended school. He and his wife Kerri have donated more than \$50,000 to San Diego State University, which offers a scholarship named for Mike and Kerri Abatti at its Imperial Valley campus.

At an IID board of directors meeting a few years ago, Kuhn said he had been friends with Mike and Jimmy Abatti for more than 20 years. Kuhn "cited several good deeds that ... the Abatti brothers have done for the local community and for less-fortunate residents in the Mexicali Valley," according to the meeting minutes.

Mike Abatti didn't run for re-election to the IID board in 2010. But he was replaced on the board by his childhood friend Matt Dessert. Dessert went to grade school with Abatti and has described him as "an old friend of mine." After joining the board, Dessert quickly appointed Abatti to IID's Energy Consumers Advisory Committee, which gave Abatti the opportunity to pepper IID staff with questions about solar tax credits, the costs of connecting solar projects to the grid and the construction of new power lines, among other topics, meeting minutes show.

Abatti stepped down from the committee in December 2013. But before he left, he began laying the groundwork for the energy projects he would partner on with ZGlobal, a Sacramento- area engineering firm that helped run IID's energy department for several years.

On Feb. 1, 2013, Abatti formed Dry Gulch Resources Inc. Also formed that day was a limited liability company called Imperial Water Ventures, which had two managers, according to a document submitted to California officials a few months later: Abatti's Dry Gulch Resources and Apex Energy Solutions LLC, which was owned by ZGlobal founder Ziad Alaywan.

Two years later, Dry Gulch Resources would be one of the partners in Coachella Energy Storage Partners, the company that got a \$35million contract from IID to build a giant battery. Imperial Water Ventures would be involved in the Vega SES and Valencia 3 solar projects. Valencia 3 would eventually get a \$12.6-million contract from IID.

On Jan. 6, 2014, IID's energy advisory committee announced Abatti had resigned his seat. That same day, the public agency began soliciting bids for a giant battery.

Abatti's second career in the energy industry was about to take off.

A \$35 million battery, demands for more

The story of how Mike Abatti got into the energy business starts with ZGlobal Inc.

ZGlobal is based in Folsom, just outside Sacramento in Northern California. The energy and engineering firm signed its first consulting contract with the Imperial Irrigation District in 2005, before Abatti was elected to the agency's board of directors. From 2007 through 2009, during Abatti's time on the board, ZGlobal got nine more contracts from IID, collectively worth more than \$3.3 million.

For a few years after that, ZGlobal didn't do any consulting work for IID, focusing instead on developing solar farms in the Imperial Valley. In 2012, ZGlobal began pitching IID officials on a giant battery to help prevent power outages, following a September 2011 outage that left millions of people without electricity across the Southwest.

The federal government ultimately required IID to spend at least \$9 million on battery storage, as part of a settlement over the utility's role in causing the blackout. It was more than a lucky coincidence for ZGlobal. IID officials included language that mirrored ZGlobal's battery pitch in their promise to federal officials to build a battery. Documents obtained by The Desert Sun showed the language that mirrored ZGlobal's pitch made it into IID's list of promises after being included in a document created by Jamie Asbury, an IID employee whose son, Cameron Bucher, worked for ZGlobal at the time.

At some point after ZGlobal's initial battery pitch to IID, Abatti got involved in the firm's energy storage plans. Abatti became president of a company called Coachella Energy Storage Partners, whose chief engineer was ZGlobal.

In early 2015, after a competitive bidding process, IID gave Coachella Energy Storage Partners a \$35-million contract to build a giant battery. The agency's board of directors voted unanimously to approve the contract, with three of the five votes coming from Abatti's friends on the board: Matt Dessert, Jim Hanks and Bruce Kuhn. Dessert has since left the board.

Abatti's company got the \$35-million contract only after IID disqualified several multinational energy companies for not having a certain type of contractor's license — even though Abatti's company didn't have that license, either. IID staff told the board of directors that three disqualified bidders had submitted proposals between \$1 million and \$5 million cheaper than Coachella Energy Storage Partners.

IID released a report last year defending its decision to give Abatti's company the \$35-million contract, saying the bidding process was fair and the contract was awarded in the public interest. IID also rejected the suggestion that disqualified bidders had submitted lower-cost proposals than Coachella Energy Storage Partners. Unlike the disqualified bidders, the agency said in its report, Abatti's company included a 20-year warranty, which raised the project's cost.

But now the warranty has come into question.

In January 2018, Abatti wrote a letter to IID general manager Kevin Kelley, saying the battery's 20-year performance guarantee would be voided unless the agency signed a new 10year, \$7-million operations and maintenance contract with his company. Abatti said the original, 18-month O& M contract between IID and Coachella Energy Storage Partners was set to expire soon. Without a longer-term contract, Abatti wrote, CESP "is under no obligation to provide any guarantees" past the end of the 18month period, including the critical task of replenishing the energy storage facility with new batteries as the original components degrade over time.

"We urgently request that IID take immediate action otherwise CESP is under no obligation to provide any services, battery replenishment or performance guarantee for the existing (battery)," Abatti wrote.

The new operations and maintenance contract demanded by Abatti would have brought the total amount paid by IID ratepayers to Coachella Energy Storage Partners to about \$42 million. Abatti had a second demand: He wanted millions of dollars for an expansion of the battery.

IID had originally planned months earlier to give Abatti's company a \$6.9-million contract to expand the battery — which, along with the proposed O& M contract, would have brought the company's total haul for battery storage projects to nearly \$50 million.

The battery expansion had already been derailed twice by potential conflicts of interest involving ZGlobal. In late 2015, ZGlobal had been hired to help run IID's energy department, while also continuing to work for Abatti's energy storage company. After a member of the public complained that ZGlobal had a conflict of interest on battery storage, IID general counsel Frank Oswalt said ZGlobal had agreed to stop working for Coachella Energy Storage Partners. Oswalt also said the utility would solicit competitive bids for a battery expansion, and CESP would be allowed to bid.

But public records show ZGlobal never stopped working for Abatti's company. Emails between IID staff and representatives of CESP, for instance, show ZGlobal vice president Kevin Coffee participating in a conversation about operations and maintenance for the original battery, after ZGlobal told IID it had stopped working for CESP. Around the same time as those emails, Abatti's company filed a statement of information with California officials that listed ZGlobal's Imperial Valley office as its business address, and longtime ZGlobal employee Melissa Vaa as its registered agent.

Despite those continued ties, IID gave CESP a \$6.9-million contract for the battery expansion after a bidding process. The IID employees who evaluated the bids gave Abatti's company three times as many points in the cost category as the only other bidder, Oregon-based Powin Energy — even though Powin submitted a lower- cost proposal. IID didn't respond to questions last year about how Abatti's company had gotten more points on cost despite submitting a higher bid.

The project was again derailed by conflictof- interest concerns. After The Desert Sun began publishing stories about the battery expansion and contracts IID had given to ZGlobal and its private-sector clients, IID officials said they would not sign a contract with Abatti's company for battery expansion, at least not without a new bidding process.

Abatti wasn't ready to give up.

In his January 2018 letter to IID general manager Kevin Kelley, Abatti said his company had spent \$3.65 million preparing for the battery expansion, even though no contract was ever signed. Abatti said those expenditures included a \$2.3-million deposit to Samsung to purchase the actual batteries, as well as "nearly completing the detail engineering and technical analysis" and payments for "insurance, licenses and staff."

"CESP respectfully requests that IID notify us in writing whether the IID plans to continue with the expansion project. If the IID has elected not to continue with this project, we would like to send you invoices for the incurred costs to date along with the new batteries and detailed design," Abatti wrote.

Vance Taylor, IID's assistant general counsel, responded to Abatti in a March 2018 letter. Taylor didn't address Abatti's demand for millions of dollars for battery expansion. But he did push back against Abatti's demand for a long-term operations and maintenance contract, while still acknowledging the need to spend more money on operations and maintenance. Taylor told Abatti that IID had chosen to seek a new O& M contract with General Electric.

Antonio Ortega, IID's government affairs officer, wouldn't say whether the need for a new O& M contract to maintain the battery's warranty undermines one of IID's stated reasons for selecting Abatti's company as the winning bidder. But Ortega said in an email that the battery actually has two warranties from Abatti's company — one for capacity, which Abatti threatened to void in his letter, and another one for design.

Ortega also said the public utility has "retained an independent expert to advise IID on the battery expansion."

ZGlobal officials didn't respond to repeated requests to answer questions for this story. But the company's founder, Ziad Alaywan, has previously rejected any suggestion that he used his influence at IID to benefit his own energy projects. And by all accounts, the battery has worked as expected. CESP brought in several well-established subcontractors to build the project, including General Electric and Samsung. IID said last year it had demonstrated the battery's "black start" capability, jump-starting a unit at the gas-fired power plant next door.

IID board members Jim Hanks and Bruce Kuhn didn't respond to requests to discuss the tens of millions of dollars of ratepayer money that have gone to Abatti's companies for energy projects. Neither did Matt Dessert, the former board member. The utility's general manager, Kevin Kelley, declined an interview request for this story.

IID officials may have to decide soon whether to give more ratepayer money to Abatti. He has another big energy project in the works.

Prime farmland to sprawling solar farm

Mike Abatti's business relationship with ZGlobal isn't limited to the \$35-million battery project. About 20 miles north of Yuma, along the California-Arizona border, the All-American Canal begins its westward flow through Imperial County. Most of the canal runs along the U.S.-Mexico border, carrying Colorado River water that may have started as Rocky Mountain snowpack. Along the canal, three smaller channels cut northward toward the Salton Sea, bringing that water to the farm fields of the Imperial Valley.

The last of those smaller channels, the Westside Main Canal, cuts a blue-green streak through the landscape, separating lush farm fields from parched open desert.

A trust led by Mike Abatti and his wife owns hundreds of acres of farmland along Westside Main, just south of a big solar project called Campo Verde. Abatti has been working with ZGlobal to turn his lands into a solar project, too.

If Abatti succeeds, he'll do so despite having fought against similar projects in the past.

Abatti opposed other solar projects that would take similarly high-quality farmland out of production, arguing those projects would harm the Imperial Valley's agricultural economy. But now he's willing to eliminate prime farmland for a solar facility that would benefit him financially.

Abatti's solar farm could also benefit from ZGlobal's past work at IID. For much of 2017, ZGlobal was working with Abatti to develop the solar farm, known as Vega SES, while also helping to run IID's energy department. During that time, in its role as an IID consultant, ZGlobal touted an electrical infrastructure project that would enable Vega SES to connect to IID's power grid and sell its electricity.

Abatti's proposed solar project would include nearly 400 acres of prime farmland, a state designation for the highest-quality farmland, based on soil quality and water availability. But when a developer proposed a 250megawatt solar project west of Calexico, near other lands farmed by Abatti, he complained to county officials that the project could take 395 acres of prime farmland out of production. He also said the proposed project, together with other nearby solar facilities, "leaves me as an island within a sea of solar developments."

Abatti told county officials they ought to consider putting solar farms on non-agricultural lands.

"The project is but one puzzle piece in the larger universe of solar projects recently constructed and/or proposed for construction on agricultural lands in this area which have also failed to consider using non-agricultural lands to minimize their impacts on agricultural resources," Abatti wrote in an October 2014 public comment letter.

In January 2015, a lawyer working for the activist group Backcountry Against Dumps and several individuals, including Abatti, objected to another group of solar farms for similar reasons. The lawyer, Stephan Volker, said in a comment letter to Imperial County that the proposed solar projects would remove from agricultural production 1,400 acres of "some of the best and most productive agricultural land in Imperial County."

"This premier farmland is currently used for agricultural production, and is truly irreplaceable," Volker wrote on behalf of Abatti and his other clients. "Yet the Project would preclude cultivation of the land throughout its operational lifetime, and possibly permanently."

Abatti's Vega SES solar farm would have a capacity of 100 megawatts and a battery storage component, according to county permitting documents. The interconnection application submitted to IID last year for Vega SES lists Abatti as the contact person for the project, in his capacity as president of Imperial Water Ventures LLC. The address listed for Abatti in the application is ZGlobal's Imperial Valley office. County permitting documents, meanwhile, list the address for the developer as ZGlobal's Sacramento-area office.

Documents from Imperial County and IID also say Abatti's solar farm would connect to IID's power grid at a planned electrical substation directly adjacent to the Vega SES project site, known as the Fern Substation.

A ZGlobal employee touted the Fern Substation to IID's energy advisory committee while the consulting firm helped run IID's energy department — a potential conflict of interest, since ZGlobal is helping develop Vega SES and therefore stands to benefit if the Fern Substation gets built.

ZGlobal consultants had taken on a leadership role at IID in October 2015. That month, IID abruptly placed five senior engineers on paid administrative leave and replaced them with ZGlobal, giving the consulting firm a threeyear, \$9.1-million contract for the work. A team of ZGlobal employees, led by Jesse Montaño, would be embedded at IID, where they would play a critical role in running the energy department.

The contract gave ZGlobal outsized influence not just in the Imperial and Coachella valleys, but in California's larger energy landscape. Imperial County has some of California's strongest potential for solar and geothermal power, and those renewable resources could play a significant role in the state's plans to transition away from planet-warming fossil fuels. Decisions made in Sacramento and Imperial County will help determine to what extent those resources get developed — and who will profit. Already, solar and geothermal facilities in Imperial County are selling electricity to buyers in Los Angeles, San Diego and Phoenix.

IID is also a key player in regional energy battles. The public agency is fighting a proposal backed by Gov. Jerry Brown that could lay the groundwork for a regional power grid spanning a dozen western states. IID officials are worried the regional entity would threaten IID's autonomy as an independent, publicly owned grid operator. If IID and its allies in Sacramento succeed, California could end up getting more renewable energy from power plants within the state, rather than out-of-state resources like wind energy from Wyoming or New Mexico.

ZGlobal helped run IID's energy department for two years. During that time, ZGlobal touted the Fern Substation — the proposed infrastructure project that would enable Abatti's Vega SES solar project to connect to IID's grid and sell its electricity.

In September 2016, ZGlobal's top consultant at IID, Jesse Montaño, discussed the Fern Substation at a meeting of the utility's Energy Consumers Advisory Committee. Montaño said he was "pleased to announce to the members that we received our very first interconnection request" — a request to connect a power plant to IID's grid through the Fern Substation. He said the public utility had previously developed a similar electrical infrastructure project, but that the Fern Substation would be better for IID ratepayers.

"We stepped away from that project and we've developed our own project, which is called the Fern Substation," Montaño told the committee.

A few months later, a consultant working for ZGlobal submitted permit applications to Imperial County for the Vega SES solar project, which planned to connect to IID's power grid at the Fern Substation.

ZGlobal didn't respond to a question about whether Montaño had a conflict of interest when he touted the Fern Substation in his role as an IID consultant. California law says elected officials, public employees and other government agents, including private contractors, "shall not be financially interested in any contract made by them in their official capacity." Courts have broadly interpreted Section 1090 to apply to situations where government agents participate in the making of a contract that could benefit them financially — even if they don't propose or vote on the contract themselves, even if the benefits are indirect, and even if they don't intend to break the law.

ZGlobal terminated its \$9.1 million contract with IID in October 2017, after The Desert Sun started publishing stories about the consultant's potential conflicts of interest.

ZGlobal founder and president Ziad Alaywan has denied that he or ZGlobal ever acted improperly, saying his consulting firm has boosted the Imperial Valley's economy by bringing solar developers to the area and by helping IID keep electricity rates low.

"I have brought a lot of work for them, I have brought a lot of projects," Alaywan said last year.

Antonio Ortega, IID's government affairs officer, said in an email that it "remains undetermined" whether the Fern Substation will be built.

Government official working for ZGlobal

Imperial County is still going through the permitting process for the Vega SES solar project, which is being developed by Mike Abatti and ZGlobal. Abatti and ZGlobal founder Ziad Alaywan have been aided on that project by another local power player: Jurg Heuberger.

Heuberger was Imperial County's planning director for decades, and he still leads another county-level government entity called the Local Agency Formation Commission, or LAFCO. As executive officer of LAFCO, Heuberger oversees issues including city annexations, the formation and dissolution of special districts, and boundary changes for public agencies.

For several years, Heuberger has also worked as a consultant for ZGlobal, helping the company navigate the county permitting process for at least five energy and water projects, three of which involve Abatti. On at least two occasions, Heuberger blurred the line between his work for ZGlobal and his responsibilities as the head of a government agency.

In December 2016, ZGlobal founder Ziad Alaywan wrote a \$13,000 check to Imperial County to pay the permit application fee for Vega SES. That check needed to be delivered from ZGlobal to county officials. Heuberger originally planned to pick up the check from ZGlobal's office, emails obtained from LAFCO and the county show. But instead Heuberger asked one of his employees at LAFCO, Paula Graf, to do it.

"I have asked Paula Graf to deliver the application and fee to you personally next Tuesday," Heuberger wrote in an email to Imperial County planning director Jim Minnick.

In an interview with The Desert Sun, Heuberger defended his decision to have one of his government employees help him with his private- sector consulting work for ZGlobal.

"Well number one, she didn't do it on LAFCO time, and number two, she wasn't supposed to do it but she thought she was doing me a favor," Heuberger said.

He also sought to shift some of the responsibility to his employee, even though he said in the email to Minnick that he had asked her to deliver the application and check.

"She thought she was helping me out, but like I told her, she doesn't do anything for me other than the work I do at LAFCO," Heuberger told The Desert Sun.

Heuberger also saw his responsibilities as a government official and a ZGlobal consultant collide in June 2015.

At a meeting that month of the city council of Westmorland, a small city near the Salton Sea, Heuberger made a presentation about a small solar project ZGlobal planned to build just outside the city's boundaries, known as the Valencia 1 project. He was told at the meeting that Westmorland was eyeing possible housing development on the piece of land proposed for solar development.

But Heuberger told the council it wouldn't be able to annex the land unless an actual housing project had been proposed.

"Let me switch my hat to executive officer," Heuberger said, referring to his job at LAFCO. He added, "I can't bill ZGlobal for this." Then he explained the housing issue in detail, telling the council, "As a rule, LAFCO doesn't approve annexations to the city unless there's a project."

Asked by The Desert Sun about those comments three years later, Heuberger said he told city officials in advance of the meeting that he wouldn't be able to speak in his capacity as LAFCO executive officer. But at the meeting, he still answered their questions.

"As a courtesy, I would always answer their questions," Heuberger said. "I'm not going to go to a meeting and say I can't talk to you today because I wear two hats."

The solar farm outside Westmorland, which is now delivering electricity to IID, is one of several three-megawatt solar installations developed by ZGlobal, known as the Valencia1, 2 and 3 projects. All three received 20-year, \$12.6million contracts from IID under a state-mandated program that requires utilities to buy electricity from small solar farms at predetermined prices. When the contracts were signed, Valencia 3 was owned by Imperial Water Ventures LLC, which is led by Abatti.

In December 2017, after an internal investigation, IID attorney Mike Aguirre accused ZGlobal founder Ziad Alaywan of helping make half a dozen public contracts in which he had a financial interest, including amendments to the Valencia contracts, while Alaywan's company helped run IID's energy department. Aguirre, the IID attorney, wrote that IID "does not conclude in this report that Mr. Alaywan has violated Gov. Code Section 1090," the California law that prohibits elected officials, public employees and government consultants like ZGlobal from making contracts that benefit themselves. But Aguirre did write that IID "must take corrective action to ensure no improper benefit is taken from a contract that arguably transgresses Section 1090."

Aguirre's report didn't specify how Alaywan had influenced the Valencia contracts. But in a March 2016 email, obtained by The Desert Sun under the California Public Records Act, IID employee Jamie Asbury — whose son had previously worked for ZGlobal — wrote to Alaywan about modifications to the Valencia contracts, which she indicated she and Alaywan had discussed previously. Asbury said the commercial operation dates for the projects would be changed.

Rather than a deadline of July 1, 2016 for ZGlobal to finish the three solar farms, the projects would have new commercial operation dates of "not earlier than" 1/31/17 for Valencia 1, 2/28/17 for Valencia 2 and 3/31/17 for Valencia 3 — essentially a blank check for ZGlobal to finish the solar farms at its own convenience.

According to a 2010 report from the California attorney general's office, "A decision to modify, extend, or renegotiate a contract constitutes involvement in the making of a contract under section 1090," the conflict-of-interest law.

Valencia 1 is now delivering electricity to IID. Construction had not started on Valencia 2 and Valencia 3 as of early July.

Asbury didn't respond to questions about whether she had given ZGlobal special treatment on the Valencia projects. In response to those questions, IID's outside counsel, Mike Aguirre, said the utility would have no further comment beyond the report concluding that Alaywan had helped make contracts in which he had a financial interest.

In its role as a consultant for IID, ZGlobal also worked on several of the utility's engineering studies for the Valencia 1 and Valencia 3 solar projects, IID told The Desert Sun last year — another potential conflict of interest. Those studies typically help determine how much it will cost developers to connect their energy projects to IID's power grid.

In early 2018, ZGlobal agreed to divest from the Valencia solar projects as part of a legal settlement with IID designed to resolve conflictof- interest concerns. But ZGlobal denied any wrongdoing. Eugene Iredale, a criminal defense attorney who helped ZGlobal negotiate the settlement, said Alaywan had only agreed to help run IID's energy department after being assured by utility officials that precautions could be taken to avoid conflicts.

"Acting in good faith, and in reliance on the assurances of IID's counsel that these proposed procedures obviated any possibility of ethical or legal impropriety, Ziad Alaywan, on behalf of ZGlobal, agreed to this arrangement," Iredale wrote in a letter to Aguirre. "Now, over two years later, after having sought ZGlobal's help and repeatedly assured ZGlobal of the working arrangement's ethical propriety and legality, IID appears to be questioning whether there have been (Section 1090) violations. The unfairness is clear."

ZGlobal was supposed to divest by mid-May, but the process took longer than that. The company agreed to send any profits it made on the sale of the Valencia solar farms to IID, but ZGlobal and IID disagreed over how much of the sale proceeds ZGlobal should be allowed to keep to cover the cost of developing the projects. The two parties asked retired federal judge Irma Gonzalez, who oversaw the mediation that led to the legal settlement, to resolve the dispute, according to IID's outside counsel, Aguirre.

"Judge Gonzalez resolved the amount of the divestment and ZGlobal has represented to IID that it will be making the payment as set by Judge Gonzalez. IID has not yet received payment," Aguirre said in an email on Monday, July 30.

IID general manager Kevin Kelley has stood by his decision to hire ZGlobal to help run IID's energy department, saying the engineering company did critical work that IID employees weren't equipped to do themselves. But in an interview earlier this year, Kelley blamed himself for not paying closer attention to ZGlobal's private-sector activities, including its work for energy developers that do business with IID.

"I was just so happy to have competent expertise in that critical function of transmission planning. In retrospect, I probably shouldn't have been as complacent," Kelley said.

Abatti family keeps suing IID over water

Even as tens of millions of dollars in energy contracts flowed from the Imperial Irrigation District to Mike Abatti's companies, he was suing the public agency over a plan that could limit his access to Colorado River water.

Abatti filed the lawsuit, which led to a sweeping ruling with potentially dramatic impacts across the Southwest, on Nov. 27, 2013, the day before Thanksgiving.

But it wasn't the first time he had taken IID to court over water rights. Multiple times over the past decade, Abatti and members of his family had sued the public agency to block projects or policies that could limit their use of Colorado River water.

Mike and his brother Jimmy were among the many people and groups who brought lawsuits against IID over the Quantification Settlement Agreement, a 2003 farm-to-city water transfer in which IID agreed to send 10 trillion gallons of Colorado River water to San Diego County and the Coachella Valley over 75 years. Mike Abatti initially continued his involvement in that lawsuit even after he joined the IID board, although he later withdrew. The lawsuit ultimately did not succeed.

Mike and Jimmy Abatti also sued IID in 2006 to block a plan to add concrete lining to 23 miles of the All-American Canal, which brings Colorado River water to the Imperial Valley. Lining the canal was expected to save nearly 68,000 acre-feet of water per year that previously seeped into the ground, helping IID meet some of its obligation to send water to cities under the 2003 deal. State officials and San Diego County had agreed to pay for the canallining project.

In that lawsuit — which was filed while Mike Abatti was running for IID's board of directors — the brothers argued that concrete lining would increase the flow of water through the canal and make its sides steeper and harder to climb, thereby making the canal less safe for people trying to cross it, including migrants coming across the U.S.-Mexico border. Without proper safety measures, they said, more people would die.

Mike Abatti was also interested in what lining the canal would mean for the Colorado River water his farming operations depend on. In a sworn declaration in a separate lawsuit by other plaintiffs to block the canal lining, he said a canal lined with concrete would be "smaller than the present canal and may physically limit the amount of water that can be made available for farming and other uses in the Imperial Valley." A smaller canal, Abatti wrote, "could permanently reduce IID's share of Colorado River water," even if a court were to overturn the 2003 water transfer deal.

Abatti dropped his involvement in his and Jimmy's canal-lining lawsuit after he was elected to the IID board. The courts eventually ruled against Jimmy.

Jimmy Abatti didn't respond to requests for comment for this story.

Three years after the 2003 water transfer deal, IID also approved a water apportionment policy known as the Equitable Distribution Plan. The plan was supposed to help IID limit its water use to 3.1 million acre-feet annually, by determining how much water individual farmers could get during years when demand for irrigation exceeded available supply.

For some Imperial Valley farmers, the idea that IID could limit their water supplies was controversial from the start. Many local landowners have long contended that Colorado River water is a private right tied to their lands, not a public resource that IID can give or take away.

Initially, nobody sued IID over the water apportionment plan. But then in 2008, the IID board made technical amendments the plan, to prepare for possible shortages. Mike Abatti voted against the amendments, which were nonetheless approved by the board in a 3-2 vote.

The next month, several farmers sued IID. The plaintiffs included Mike's brother Jimmy and their father Ben. They argued the new apportionment plan unfairly attacked the water rights of landowning farmers, in part because it didn't require industrial facilities, which use a tiny fraction of the Imperial Valley's Colorado River water, to cut back during shortages.

A local resident complained to the IID board that Mike Abatti should recuse himself from conversations about the lawsuit, since the plaintiffs included his brother and father. According to Abatti's financial disclosure statements, he was leasing land at the time to his brother Jimmy's company, Madjac Farms, and to farmer

Doug Westmoreland, another plaintiff in the lawsuit. Mike Abatti also served as general manager of his father's company, Ben Abatti Farms.

At a February 2009 board meeting, Abatti responded to concerns about his potential conflicts of interest by saying he "represents a lot of people and when it comes to the equitable distribution program his input is needed," according to the meeting minutes.

Abatti left the IID board at the end of the next year, while the lawsuit continued. Jimmy Abatti and the other farmers lost in court, but it didn't much matter. Even with the modified water apportionment plan in place, Imperial Valley farmers used more water than they were supposed to in 2011 and 2012, forcing IID's board of directors back to the drawing board. In October 2013, they adopted a new version of the water apportionment plan.

This time, it was Mike Abatti who sued. And this time, he was going to win.

Judge Anderholt and the Abatti family

When Mike Abatti sued the Imperial Irrigation District in 2013, claiming its water apportionment plan could unfairly limit his water use, the lawsuit didn't generate much interest outside the Imperial Valley. But Abatti's suit, if successful, was relevant to millions of people who depend on the Colorado River for drinking water and irrigation.

For the past few years, federal officials have been working with water managers in California, Arizona and Nevada on a regional deal to leave more water in Lake Mead, a reservoir outside Las Vegas and the Southwest's primary storage vessel for Colorado River water. Mead's water levels have been falling as a result of long-term drought and climate change, and further declines could lead to mandatory cuts in water deliveries.

State and federal officials hope to stave off those cuts by striking a regional deal to leave more water in Lake Mead. But any deal would be largely meaningless without IID, since the agency controls more than 20 percent of the Colorado River water allocated in the United States. And that's where Abatti comes into play. Critics say his lawsuit threatens to make it more difficult for IID to participate in a regional deal, because it seeks to undermine one of IID's key tools for limiting water use by farmers.

Abatti challenged the method by which IID chose to apportion water to farmers during a shortage year. As part of IID's Equitable Distribution Plan, the agency set per-acre water limits using a hybrid of two techniques: a "straight line" method, which would apply a standard amount to all growers, and a "historical use" method, based on each farmer's historical water use.

Abatti challenged the hybrid method, arguing IID should base its water limits only on historical use, which would almost certainly result in more water flowing to Abatti's fields during shortage years. Abatti also said IID was unfairly prioritizing non-agricultural water users, such as cities and geothermal power plants, over farmers, even though non-farm users consume just 3 percent of the region's Colorado River water. Abatti's brother Jimmy had made a similar argument in a lawsuit challenging a previous version of the water apportionment plan.

Abatti has said in legal filings that much of his land has sandy soil, meaning it requires more water than typical farmland. Much of his land, he says, requires between 9 and 11 acrefeet of water per year. But IID told him that under the water apportionment plan, his allocation would average less than 6.5 acre-feet of water per acre in 2018, he said.

"My relationships with my lenders and buyers are more important to the success of my farming operations in the long run than the value of my crops in any given year. If I am unable to secure the water I need to

produce my crops in 2018 or beyond ... I may suffer irreparable loss of those financial relationships," Abatti wrote in a legal filing last year. "If I lose my financing and/or the commitments by customers to purchase my crops in the ensuing years, then my ability to continue operating my farming business will be seriously jeopardized."

Shorty Hickingbottom, a longtime Imperial Valley resident and member of IID's energy advisory committee, said he agreed with Abatti's arguments "to an extent." He described Abatti as a dedicated farmer, whose sandy ground may require more water than IID wants to give him.

"Mike will farm whatever he can. If they take the water away from him, he'll still try to farm," Hickingbottom said.

Abatti's lawsuit originally landed in the courtroom of Judge Jeffrey B. Jones, one of about 10 judges at Imperial County's Superior Court. But Abatti's lawyer filed a peremptory challenge, in which a litigant can object to a judge without having to give a reason. The case was then transferred to Judge Juan Ulloa. But this time IID filed a peremptory challenge.

Each party is only allowed one such objection. In January 2014, with the peremptory challenges exhausted, the case was transferred to Judge Diane Altamirano. She presided overthe case for the rest of the year, overseeing a flurry of legal arguments.

But then in December 2014, the day after Christmas, the case was reassigned to Judge L. Brooks Anderholt. The reassignment notice in the court docket gives no explanation for why the case was transferred to a new judge. Both judges, Altamirano and Anderholt, declined to discuss the case.

Judge Anderholt had a long history of ties to the Abatti family.

Anderholt was first elected to a judgeship in 2012, after a career as a private practice attorney in the Imperial Valley. He was born into a farming family in Holtville, population 6,000, the same town where Mike and Jimmy Abatti were raised and where their father Ben has long lived and farmed.

Anderholt and Mike Abatti both attended Holtville High School, although not at the same time, and they were both inducted into the Holtville High School hall of fame in 2014, a month before Abatti's lawsuit landed in Anderholt's courtroom. Both men were descended from Swiss immigrants who came to the Imperial Valley a century ago, and both of them were members of the Imperial Valley Swiss Club, along with about 300 other people, according to a membership list from 2013.

Anderholt also had past ties to two of Mike Abatti's siblings.

When Jimmy Abatti founded his farming company, Madjac Farms Inc., in 1999, L. Brooks Anderholt was the company's registered agent, according to Madjac's articles of incorporation. In documents filed in1999 and 2000, Anderholt was also listed as the registered agent for Baja Farms LLC, which is owned by Mike and Jimmy's other brother, Ben Abatti Jr.

Before he became a lawyer, Anderholt worked for Mike and Jimmy's father, Ben Abatti Sr., according to John Hawk, a Holtville farmer and self-described friend of Anderholt's. Hawk said Anderholt worked as an irrigation foreman for Ben Sr.'s company, Ben Abatti Farms, in the early 1980s, after leaving his job as an Imperial County deputy sheriff.

When Anderholt ran for judge in 2012, Jimmy Abatti's company gave \$1,000 to his campaign. Ben Abatti Sr.'s company gave \$500.

More broadly, Anderholt had a long list of business ties to the Imperial Valley farming community by the time he was elected. Between 1997 and 2012, he was listed as the registered agent for at least a dozen agricultural or ranching businesses, including several based in Holtville, his and the Abattis' hometown.

Anderholt's law firm, Anderholt & Storey, filed registration documents for another half-dozen agricultural entities during those years, including, just days before Anderholt was elected as a judge, Holtville Ag Education Foundation Inc.

Two years after Anderholt took the bench, Mike Abatti's lawsuit was transferred to his courtroom. After a four-year trial court proceeding — which produced an administrative record of roughly 550 documents and more than 27,000 pages, some of which dated back to the 1800s — Anderholt released an eight-page ruling. He ruled in Abatti's favor, writing in his decision that IID's only legal option was to apportion water based on the "historical use" method preferred by Abatti. He agreed with Abatti that IID's plan illegally prioritized non-agricultural water users.

The judge also endorsed the idea that farmers, not IID, have ultimate control over the Imperial Valley's Colorado River water. He wrote that IID "holds mere legal title to the water rights," and that the farmers "own the equitable and beneficial interest in the water rights." He described the farmers' interest in the water rights as a "constitutionally protected property right."

The outcome may have been different if the case hadn't been transferred to Anderholt.

In November 2014, the previous judge, Diane Altamirano, wrote in an order that Abatti could only challenge provisions of IID's water apportionment plan that weren't present in previous versions of the plan. Challenges to any provisions in the most recent version of the plan that were also part of earlier versions were "barred by the passage of time," Altamirano wrote.

Two key elements of IID's water plan — both of which would later prove central to Anderholt's decision — were part of earlier versions of the plan. First was IID's "straight line" methodology. Second was the provision that Abatti said unfairly prioritized cities and industrial facilities over farmers. Both of those elements were part of the Equitable Distribution Plan as far back as 2008, IID said in court filings.

Two weeks after the order from Altamirano, Abatti's lawyers filed an amended complaint. But IID's lawyers said Abatti was ignoring the judge's order, by continuing to challenge provisions of the latest version of the water plan that were also present in previous versions. On Dec. 24, 2014 — the day before Christmas — IID's lawyers asked Altamirano to throw out the legal arguments challenging those provisions, which they said violated Altamirano's previous order.

Altamirano never had a chance to respond to that request. Two days later, on Dec. 26, 2014, the case was transferred to Anderholt.

Anderholt disagreed with IID's lawyers. He said it was his understanding, based on reading Altamirano's November 2014 order, that she had merely intended to "clean up" Abatti's complaint for trial, and that her request for an amended complaint was "nothing more than an administrative procedure." He noted that Altamirano had in several places ordered specific language removed from Abatti's complaint, and that Abatti's lawyers had complied.

An attorney for IID objected, pointing out that Altamirano wrote in her order that Abatti "can only attack the October 2013 (water plan) with respect to any change that it contains from the May 2013 (plan), as to which, along with all prior (plans), attack is barred by the passage of time."

Anderholt wasn't swayed.

"You're reading something into the order that's not there, counsel," Anderholt said.

When Anderholt ruled in Abatti's favor on the central issues a few years later, his decision was based largely on the legal arguments that, in IID's view, Altamirano had tried to eliminate from consideration. Anderholt wrote in his eight-page decision that IID's October 2013 water plan "contained substantial changes from the prior equitable distribution plans" and therefore "there is no statute of limitations."

Anderholt didn't respond to requests for comment for this story. Through a court employee, Anderholt and Altamirano declined to be interviewed about the Abatti case.

Judge Anderholt, Imperial Valley First

Judge L. Brooks Anderholt made a sweeping ruling for Mike Abatti in Abatti's lawsuit against the Imperial Irrigation District. Anderholt threw out key elements of IID's plan for limiting Colorado River water use by farmers during shortage years. He also endorsed the idea that farmers, not IID, have ultimate control over the Imperial Valley's Colorado River water.

Anderholt's ruling sparked a fierce political battle.

His conclusions about water rights disturbed some IID board members, who believed his decision could undermine a century of water law that they say gives IID broad discretion to manage the Imperial Valley's water supply for the benefit of the region as a whole.

IID board members said they couldn't let Anderholt's sweeping conclusions about water law stand. Even as they repealed the water apportionment plan that Anderholt had ruled illegal, they appealed the judge's decision.

The appeal struck a nerve with many Imperial Valley farmers, who thought IID should drop the case. The Imperial County Farm Bureau passed a resolution supporting Anderholt's decision and urging IID to dismiss its appeal. The farm bureau's president is Mike Abatti's brother Jimmy, whose company, Madjac Farms, once listed L. Brooks Anderholt as its registered agent in state filings, before Anderholt was a judge.

Some critics of IID's appeal did more than criticize the public agency. Two dozen farmers opened their wallets to try to unseat two IID board members who supported the appeal. Those farmers gave \$71,000 to Imperial Valley First, a political committee that campaigned against Jim Hanks and Norma Sierra Galindo in the June 2018 election. But Hanks held on to his seat by a 41-vote margin, and Galindo advanced to a runoff after getting the most votes in the primary.

Imperial Valley First also supported incumbent board member Juanita Salas, who had argued IID should drop its appeal in the Abatti case. Salas was defeated by challenger Alex Cardenas. Ronnie Leimgruber, who gave \$3,000 to Imperial Valley First, complained that Hanks and Galindo were "not listening to the judge." In an interview with The Desert Sun before the election, Leimgruber said the IID board was threatening the valley's agricultural economy by trying to exert too much control over the water.

"If you allow the five-member political board to have100 percent discretion on the water that the Supreme Court ruled allocated to the land, then all an outside interest has to come and do is buy off three board members with some political favors, and you can transfer the water anywhere you want," said Leimgruber, who grows hay. "If you tie the water to the land, it never leaves Imperial Valley, because the land's not moving."

Leimgruber, like Anderholt, once served as president of the Imperial Valley Swiss Club. And that's not the only past tie between the judge and some of the farmers who spent tens of thousands of dollars to try to unseat IID board members who disagreed with his decision.

Anderholt first ran for judge in 2006. Several campaign finance filings from that election cycle list his assistant treasurer as Jamie Vessey — wife of Jack Vessey, one of the leaders of Imperial Valley First's campaign against two IID board members this year. Jack Vessey, like Anderholt and Abatti, attended Holtville High School and was inducted into the school's hall of fame. Vessey and Anderholt have also served together in the leadership of the Holtville Rotary Club, along with Mike Abatti's brother-in-law Joseph Dhalliwal.

Dhalliwal, who works in the hay business, told The Desert Sun he doesn't know anything about his brother-in-law Mike Abatti's water lawsuit against IID. Dhalliwal described Brooks Anderholt as "a dear friend" who worked as his attorney before being elected as a judge. Dhalliwal said he's known the Anderholt family his whole life.

"Brooks, he knows what he's doing. He reads the law, he knows the law, and we stand behind him and support him in decisions he's made," Dhalliwal said.

Dhalliwal also suggested Anderholt would do the right thing for the Imperial Valley.

"I am for agriculture, I am for our water, I will fight to the end for it," Dhalliwal said. "And so will Mike Abatti, and I'm sure Judge Anderholt would be the same."

Anderholt is also listed in state business filings from 2011 and 2012 as the registered agent for a company that is now owned by John Hawk, who gave \$3,000 this year to Imperial Valley First.

Hawk gave money to Anderholt's successful 2012 judge campaign, as did Jack Vessey and Ronnie Leimgruber. Leimgruber was one of the plaintiffs in Jimmy Abatti's lawsuit against IID over an earlier version of the agency's water apportionment plan.

Anderholt also serves as a worship leader at Trinity Baptist Church in Holtville, where Hawk leads a church program.

Hawk described Anderholt as "a straight shooter." He said he's known Anderholt for a long time, and their wives are close friends. He said it's well known locally that the judge makes up his own mind, regardless of how his friends and neighbors might react.

"He's a straight arrow. If he ruled on that (Abatti) case, he ruled on it for the merits of that case, not because he worked for the Abatti family years ago," Hawk said.

Charles Geyh, a judicial ethics expert and law professor at Indiana University, helped write the American Bar Association's Model Code of Judicial Conduct, which has been adopted in whole or in part by most states, including California. The core principle, Geyh said, is the "common sense notion" that a judge should recuse himself or herself if a reasonable, well-informed member of the public would question his or her impartiality.

The history of ties between Anderholt and the Abatti family, Geyh said, "certainly strikes me as enough to pursue the matter further, because taken together you can fairly say these ongoing relationships — friendship relationships, business relationships, campaign contribution relationships — would lead a reasonable person to wonder about the impartiality of the judge."

"The composite of facts you offer do seem as though they ought to have been disclosed. They should have been put on the record by the judge to enable the defendant, if they're so inclined, to seek disqualification," Geyh said.

Under California law, a party to a lawsuit can ask the judge to remove himself or herself from the case if the party believes the judge has a conflict of interest. The Desert Sun could find no record of IID making such a request.

A second judicial ethics expert, James Alfini from Southern Texas College of Law, said he didn't think Anderholt had a legal obligation to recuse himself. Alfini, who also helped draft the ABA's Model Code of Judicial Conduct, said he could see a judge in Anderholt's position not wanting to set a precedent that could prevent him from hearing future water law cases, considering the importance of water to the Imperial Valley.

"I'm guessing he will say, 'I thought about that, this is an important issue in this community, it comes up often, the people of this community would not have elected me if they thought I was going to be less than impartial in these cases," Alfini said. "Frankly no court, I think, would rule against him on appeal simply for some of those things you mentioned."

On the other hand, Alfini said, Anderholt's history of ties to several farmers who tried to unseat IID board members who disagreed with his decision makes this a difficult case ethically.

"You have to ask the question: Can he exercise independent judgment, knowing that his farming neighbors are going to be angry with him if he rules in a certain way?" Alfini asked. "It really galls me that so many judges are willing to swear that they can be impartial in cases where the average person would say, 'Hey, are you crazy?"

Abatti and Alaywan team up at ranch

While nearly all Imperial Valley farms survive on Colorado River water, Allegretti Ranch exists in a different universe.

The 2,440-acre ranch lies just south of Highway 78 in western Imperial County, three miles from the San Diego County line. It was farmed for years by the Allegretti family, which pumped groundwater from beneath the ranch to irrigate their crops. But farming largely ceased on the property by the early 2010s, after Joe Allegretti lost a years-long fight against the county for the right to pump unlimited quantities of groundwater.

The energy and engineering firm ZGlobal Inc. started working on plans to build a solar project at Allegretti Ranch in 2011, later partnering with Regenerate Power, a Menlo Parkbased developer. The Imperial County supervisors approved a permit for the project in October 2014, allowing Regenerate to install solar arrays on five of the eight lots at the ranch. A few months later, ZGlobal founder Ziad Alaywan bought the ranch.

The 50-megawatt Seville solar farm now takes up two of the eight lots at Allegretti Ranch. Seville was built by Kruger Energy, which bought it from Regenerate and later sold it to Duke Energy. In mid-2014, the Imperial Irrigation District signed a contract to buy some of the electricity the solar farm generates.

The Seville project later caused controversy for IID due to potential conflicts of interest. Two adult sons of IID board member Jim Hanks had been paid by a subcontractor to do pre-construction work on Seville while Alaywan owned the ranch, and while ZGlobal worked as a consultant for IID. That information, and other facts reported by The Desert Sun, prompted IID to ask its outside counsel to investigate potential conflicts of interest.

IID's outside counsel, former San Diego city attorney Mike Aguirre, defended Hanks, writing in one of his reports that Hanks "will not have a financial interest in any contract that will benefit his adult, non-dependent children, so long as the contract does not benefit Director Hanks directly."

After Seville was built, there were still several lots at Allegretti Ranch permitted for solar that didn't have solar panels installed on them yet. And that's where Mike Abatti entered the picture.

In February 2016, Alaywan asked Imperial County for permission to reactivate three groundwater wells at Allegretti Ranch. He wanted to pump 3,200 acre-feet of groundwater per year, or about 1 billion gallons, to restart farming operations at the ranch. He told county officials that Abatti would be the farmer growing the crops.

Sometime in early 2016, Abatti hired IID board member Bruce Kuhn, who has described himself as a longtime friend of Abatti's, to level about 350 acres at Allegretti Ranch to prepare the land for farming. After a member of the public complained that Kuhn's work for Abatti created a conflict of interest, Kuhn began

recusing himself on matters related to the ranch and to Abatti's ongoing water lawsuit against IID, saying he was acting out of an abundance of caution.

Alaywan and Abatti still needed permission from the county to start pumping groundwater. And that would be harder to get than they expected.

In July 2016, the county's Environmental Evaluation Committee, which is made up of county employees, met to decide what kind of environmental review to require for the proposed groundwater pumping. Speaking on behalf of Alaywan and Abatti was former Imperial County planning director Jurg Heuberger, now a consultant for ZGlobal. Heuberger still ran another county-level government entity, the Local Agency Formation Commission. Heuberger told the environmental committee that based on previous studies, 3,200 acre-feet of groundwater pumping at Allegretti Ranch each year would be sustainable.

"We can study it one more time, get the same results again, and waste a lot of time and money studying it," Heuberger said. "You already have all these studies that already show that 3,200 acre-feet is not going to be a problem. Let's do this."

Committee members were skeptical. They noted that several of the studies Heuberger cited were more than 15 years old, and that, according to one report, groundwater levels at the ranch declined by 163 feet between 1953 and 2001.

The report also said there had been evidence of land sinking at the ranch due to groundwater withdrawals. County planning staff told the committee in an environmental document that the proposed levels of pumping "would appear to overdraft this basin and have a potentially significant impact to this groundwater basin."

One committee member pointed out that the aquifer beneath the ranch is also tapped by a handful of other water users, including the Blu-In RV Park in nearby Ocotillo Wells.

In a unanimous decision, the committee determined the proposed groundwater extraction required a full environmental review, which could take months or years.

Unsatisfied by that decision, Alaywan and Abatti appealed to the Imperial County Planning Commission.

In the months leading up to their appeal hearing, the applicants proposed a strategy for minimizing environmental impacts. They said the county should give them permission to pump 3,200 acre-feet annually for seven years, without doing a full environmental review first, so long as they hired an outside expert to monitor the effects of their pumping on the aquifer.

If at any point the groundwater withdrawals caused major environmental impacts, the county could step in and force Abatti and Alaywan to reduce their pumping.

Alaywan also scheduled a meeting in October 2016 with Ralph Cordova, the county's executive officer, to discuss Allegretti Ranch. Cordova, who was not a member of the planning commission, didn't respond to a request for comment about the scheduled meeting. But less than a year later, he stepped down as the county's top employee, and within a fewmonths of that he was hired by ZGlobal as an attorney. He helped ZGlobal negotiate a legal settlement with IID to resolve the company's alleged conflicts of interest.

In December 2016, the county planning commission heard the appeal on groundwater pumping at Allegretti Ranch. Heuberger spoke first, followed by Abatti.

"Most of you know Mike. He's a local farmer," Heuberger said.

Abatti said he sympathized with the commission, having served as a public official himself as a member of IID's board of directors from 2007 through 2010. He also said he was offering a solution for what to do with Allegretti Ranch.

"If you all have a better solution out there for the Allegretti, to help the valley and everything else and agriculture ... please let me know because I'd like to be a partner," Abatti said.

"I'm with you on it as far as finding out what's sustainable, because I'd like to know too," Abatti said later in the meeting. "But we have to get started, and I have to be able to turn the pumps on."

The commissioners asked several questions. A few of them sounded skeptical. But then, in a unanimous vote, they overturned the previous decision by county employees. They said no further environment review was needed before groundwater pumping began.

Two months later, Heuberger returned to the planning commission to get the final sign-off for the groundwater well permit. There was one last complication. The county was planning to hire a consultant to monitor the environmental impacts of the pumping.

But Heuberger said his clients wanted to hire the consultant themselves, subject to the county's approval. That surprised the county planning director. Jim Minnick.

"Is there a reason why you don't want to go the standard route where the county would execute the contract and you would pay the freight and we'd keep it as an arm's length approach?" Minnick asked.

"Well, it's still an arm's length approach because you have the right to review it," Heuberger responded. "Frankly, we've already retained a consultant."

Minnick said that was fine, as long as Heuberger's clients paid the county to hire a third party to review the consultant's report. Heuberger said that wouldn't be a problem.

A few minutes later, the planning commission unanimously approved the permit.

But the groundwater pumping never happened.

An Abatti farm, or a solar farm?

Mike Abatti and ZGlobal founder Ziad Alaywan had told Imperial County officials they wanted to farm several lots at Allegretti Ranch, which Alaywan owned.

But at the same time, ZGlobal consultants at the Imperial Irrigation District were working on plans for a solar project that would be built on the same land Abatti was preparing to farm at the ranch. As early as May 2016, IID staff were pitching the utility's board of directors on a community solar project that would make solar power available to low-income homes and other customers who wanted it.

The idea was that IID would sign a contract to buy power from a large solar array, then resell the electricity to its own customers at an affordable rate.

The proposed location of the community solar project would turn out to be Allegretti Ranch — on the same parcels of land that Abatti had hired IID board member Bruce Kuhn to level for farming. It generally isn't possible to grow most crops on land where solar panels are installed.

Then-IID energy manager Vicken Kasarjian, himself a former ZGlobal employee, discussed the community solar initiative at an IID energy advisory committee meeting in July 2016 — the same month county officials first voted on a proposal from Abatti and Alaywan to pump groundwater at Allegretti Ranch for farming.

ZGlobal employee Jesse Montaño brought up community solar again an IID energy advisory committee meeting a few months later. In his role as an IID consultant, Montaño told the committee that IID was getting an "unreal" price for solar. He didn't mention at the meeting that the solar project in question would be built on land owned by his other boss, Ziad Alaywan.

The community solar initiative was temporarily delayed when a potential conflict of interest came to light. It turned out IID staff had asked Alaywan for his input on contract negotiations with the developer of the community solar project, Regenerate Power, even though Alaywan owned the land where Regenerate was planning to build. The issue was brought to the attention of IID's general counsel, Frank Oswalt, who was ZGlobal's landlord for several years before becoming IID's top lawyer.

Oswalt said the agency would resolve the potential conflict by ending negotiations with Regenerate and soliciting competitive bids for a community solar farm. He also said Alaywan had agreed to sell the land at Allegretti Ranch.

After a bidding process that saw 10 companies submit proposals, IID staff quickly chose Regenerate as the winning bidder. In July 2017, the IID board approved a 20-year, \$75-million contract with Regenerate for a 60-megawatt solar project at Allegretti Ranch.

A year later, there are no new solar panels at Allegretti Ranch — and no crops being grown, either. IID canceled the \$75-million solar contract in September 2017, later acknowledging that The Desert Sun's reporting on possible conflicts of interest had prompted the move. That's why there are no new solar panels at Allegretti Ranch.

It's less clear why none of the land has been farmed, although ZGlobal's Montaño seemed to blame IID. In a 2017 interview, he said farming preparations had stopped after IID asked Alaywan to sell the land to resolve his perceived conflict of interest. (Alaywan told IID he sold the land, although public records showed it was still owned by a company that listed Melissa Vaa, a ZGlobal employee, as its registered agent.) Regenerate Power chief executive Reyad Fezzani didn't respond to messages asking whether he knew Alaywan was also making plans to farm the same parts of the ranch where the solar project was supposed to be built.

Alaywan and Abatti didn't respond to questions about how they would have reconciled the proposed farming and the proposed solar farm on the same plots of land — or whether they had some other use in mind for the groundwater besides farming.

But less than a year before Alaywan bought Allegretti Ranch, a ZGlobal employee suggested farming was no longer feasible there.

There's already one solar project taking up part of Allegretti Ranch, which ZGlobal helped develop. When that project was getting its county permit, ZGlobal's representative for the county's environmental review process was Cameron Bucher.

In a March 2014 email, county planner David Black wrote to other county officials that Bucher's position was that no further study was needed of the solar project's possible impacts to agricultural resources, because, as far as Bucher was concerned, "the Allegretti land is not being farmed (and) farming is not feasible."

District attorney's office: Investigation continues

Imperial County's civil grand jury started an investigation last year of the Imperial Irrigation District's relationship with the consulting firm ZGlobal, following The Desert Sun's reporting on ZGlobal's possible conflicts of interest. Roy Caldwell, the grand jury's foreman from June 2017 through June 2018, recently told The Desert Sun that it was "a very interesting case, and one thing was leading to another was leading to another."

But then the case was taken out of the grand jury's hands.

When Imperial County district attorney Gilbert Otero began an investigation into IID and ZGlobal last year, that took the case out of the grand jury's jurisdiction, Caldwell said. He said it was one of three cases pulled from the grand jury last year, which he said had never happened in his previous three years on the panel.

"Once we were told that it was out of our jurisdiction, that's when we had to stop," Caldwell said. "Everything that we had done in our investigation, that my committee did, we turned it over to them. And so that sort of stops us from our process of looking into it."

Otero's assistant district attorney, Deborah Owen, is married to Mike Abatti's brother Jimmy. Otero told The Desert Sun last year he had recused Owen from his investigation, since he planned to scrutinize the \$35-million battery contract that IID awarded to Mike Abatti's energy storage company.

But Otero did not recuse himself, despite his own ties to the Abatti family. In February 2018, a photo was posted by the official Facebook profile for Otero's re-election campaign, showing the district attorney socializing with Mike and Jimmy Abatti. The photo caption described the two siblings as "good friends" of Otero's. Around the same time, Jimmy Abatti sponsored Otero's campaign kickoff event, which amounted to a contribution of nearly \$4,800 worth of "campaign materials," campaign finance filings show.

Asked earlier this year about the Facebook photo, Otero said his office had already "determined that (Mike Abatti) had no criminal liability in any of the matters under investigation." Otero also said he and Abatti aren't actually friends.

Jimmy Abatti continued to support Otero's re-election campaign, which Otero won, defeating challenger Edgard Garcia with 56 percent of the vote. In the weeks leading up to the June 5 vote, drivers passing by the El Centro office of Jimmy Abatti's company, Madjac Farms, would have seen an Otero campaign sign in the street-facing window.

Joe Beard, a deputy district attorney working for Otero, said in an email to The Desert Sun in early July that Jimmy Abatti's support for Otero's campaign "will come as no surprise to almost anyone in Imperial Valley. His support was open and very public."

Beard said the investigation into IID and ZGlobal continues. He also defended Mike Abatti on the \$35-million battery contract, saying, "There is absolutely no evidence that Mike Abatti did anything wrong."

"IID hired a well known attorney to investigate the Abatti contract. That attorney issued a written report in December of 2017 that came to the same conclusion," Beard said in an email, referring to former San Diego city attorney Mike Aguirre, who conducted IID's internal investigation. "Any implication by you or your newspaper to the contrary is simply wrong."

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



California farm baron offered to drop water lawsuit — if his family got a special exemption

Sammy Roth, Aug. 15, 2018

A lawsuit in California's Imperial Valley could determine who controls the single largest share of Colorado River water in the West — a few hundred landowning farmers, or the elected five-member board of the Imperial Irrigation District.

But a newly obtained document shows that the farmer who filed the lawsuit, Mike Abatti, was willing to sidestep that explosive legal question — if he and his family got a special exemption from a plan that could have limited his access to Colorado River water.

Abatti's lawsuit has caused an uproar in Imperial County, an agricultural area in California's far southeastern corner that produces much of America's winter vegetables. The valley's multibillion-dollar farming economy is made possible by imported water from the Colorado River, which has turned a bone-dry slice of the Sonoran Desert into a lush green oasis with nearly half a million acres of farmland. The Imperial Irrigation District, or IID, oversees a Colorado River water allocation of 3.1 million acre-feet per year, which is as big an allocation as the states of Arizona and Nevada put together.

Abatti challenged an IID plan that was designed to keep the Imperial Valley's water use within its 3.1 million acre-feet limit, by determining how much water individual farmers could get during years when demand exceeded available supply. Abatti characterized the plan as an illegal power grab by the IID board that could damage his own business and threaten the ability of other Imperial County farmers to get the water they need.

Some farmers rallied to Abatti's cause. They praised last year's decision from Judge L. Brooks Anderholt, who ruled in Abatti's favor. They also tried to unseat two IID board members, Jim Hanks and Norma Sierra Galindo, who opposed the judge's decision.

But Abatti was willing to let the controversial water plan remain in force for most Imperial Valley farmers — so long as IID exempted him, his brother Jimmy and their father Ben.

The Desert Sun obtained a copy of a June 2015 letter in which Abatti's lawyer, Lee Hejmanowski, outlined two possible settlements to IID. One of them involved IID agreeing to amend the water apportionment plan so as to allow farmers with higher historical water consumption, like Abatti, to use more water during shortage years.

The other proposal was simpler.

Abatti "would be willing to dismiss the present litigation with prejudice in exchange for a binding commitment from the IID to supply Mr. Abatti, his brother James Abatti, and father Ben Abatti with the water they reasonably need for farming," Hejmanowski wrote.

If the three Abattis had received such an exemption, it could have angered other farmers — if other farmers ever found out about the deal.

"Mr. Abatti is willing to consider different structures and terms for documenting (the proposed settlement) so that it poses the least potential difficulty for the IID in regard to other persons," Hejmanowski wrote.

IID didn't accept either settlement offer.

Abatti didn't respond to requests for comment for this story. Neither did his lawyer.

Jimmy Abatti also didn't respond to requests for comment, so it's unclear if he knew about the proposed settlement that would have exempted him from IID's water plan. Jimmy is president of the Imperial County Farm Bureau, which says on its website that its purpose is to "protect and promote agricultural interests in Imperial County."

IID is appealing the decision from Judge L. Brooks Anderholt of Imperial County Superior Court, who ruled for Mike Abatti last year. Anderholt presided over the case despite his long history of business and social ties to members of the Abatti family, including Mike's brother Jimmy and their father Ben, as The Desert Sun has reported.

Imperial County's economy and politics are dominated by a few hundred mostly white landowning farmers, despite a population that is more than 80 percent Latino and income levels that are among the state's lowest. Mike Abatti is one of the area's most powerful farmers. He once served on the board of the Imperial Irrigation District, and in recent years he has gotten tens of millions of dollars in contracts from the public agency to build energy projects, despite having no prior experience as an energy developer.

While building his second career in the energy industry, Abatti has continued to farm thousands of acres, growing crops including melons, broccoli and sugar beets. In 2012, IID supplied 26,500 acre-feet of water to fields owned by Abatti. That water use accounted for nearly 1 percent of the Colorado River water used in the Imperial Valley in 2012. The 26,500 acre-feet also represented 0.35 percent of all Colorado River water use in California, Arizona and Nevada — or put another way, 3.5 drops out of every thousand.

Abatti said last year that his 2018 crops are worth more than \$10 million. In addition to growing his own crops, Abatti serves as general manager of his father's company, Ben Abatti Farms. He also leases land to his brother Jimmy's company, Madjac Farms.

Friends and allies have described Mike Abatti as a dedicated farmer who supports good causes and has the Imperial Valley's best interests at heart. Abatti has given money to philanthropic organizations including the Pulmonary Fibrosis Foundation and the Burn Institute. He and his wife Kerri have donated more than \$50,000 to San Diego State University, which offers a scholarship in their name and its Imperial Valley campus.

Arn Lahde, a management consultant who worked for IID over the years and got to know IID board members and employees, described Abatti as "a tough-minded, hard-working businessman who has anonymously used his wealth to help the needy."

"The kids in the valley play Little League baseball on fields provided by the Abattis. They have given back to their community," Lahde wrote in an email last week, responding to a previous Desert Sun story on Abatti's enormous influence in Imperial County.

Abatti has said in legal filings that much of his land has sandy soil, meaning it requires more water than typical farmland. Much of his land, he says, requires between 9 and 11 acre-feet of water per year. But IID told him that under the water apportionment plan, his allocation would average less than 6.5 acre-feet of water per acre in 2018, he said.

"My relationships with my lenders and buyers are more important to the success of my farming operations in the long run than the value of my crops in any given year. If I am unable to secure the water I need to produce my crops ... I may suffer irreparable loss of those financial relationships," Abatti wrote in a legal filing. "If I lose my financing and/or the commitments by customers to purchase my crops in the ensuing years, then my ability to continue operating my farming business will be seriously jeopardized."

Abatti also argued the water apportionment plan would have harmed other farmers.

In 2013, a few months before filing his lawsuit, Abatti wrote a letter to then-IID president Matt Dessert, who has since left the board of directors. Abatti said the water plan was "fundamentally flawed," and would result in reduced water deliveries that would "injure many agricultural water users in the district whose lands require more water than the 'average' water user in the district due to soil conditions and/or cropping requirements."

"Such reductions are in violation of state law and in breach of the district's fiduciary duty owed to its landowners," Abatti wrote.

In February 2018, IID repealed the water apportionment plan, known as the Equitable Distribution Plan, in response to Judge Anderholt's ruling. That means IID no longer has a plan limiting how much water individual farmers can use during shortage years.

'A constitutionally protected property right'

The final outcome of Abatti's water lawsuit could have sweeping implications.

Tens of millions of people depend on the Colorado River for drinking water, and Judge Anderholt's ruling could complicate efforts to avoid unprecedented water shortages. State and federal officials have been working on a deal to leave more water in Lake Mead outside Las Vegas, which is the Southwest's primary reservoir for Colorado River water. Mead's water levels have been falling as a result of long-term drought and climate change, and further declines could lead to mandatory cuts in water deliveries.

But any deal would be largely meaningless without IID, since the agency controls more than 20 percent of the Colorado River water allocated in the United States. Critics say Abatti's lawsuit threatens to make it more difficult for IID to participate in a regional deal, because it seeks to undermine one of IID's key tools for limiting water use by farmers.

The outcome of the lawsuit could also have economic impacts in the Imperial Valley.

As part of his decision in favor of Abatti, Judge Anderholt ruled that IID had illegally prioritized non-agricultural water users — such as geothermal power plants, cattle feedlots, dairies and industrial facilities — over farmers, since those water users wouldn't be subject to the same apportionment rules as farmers during shortage years. Non-agricultural users consume just 3 percent of the valley's Colorado River water.

Anderholt justified the ruling, and other parts of his decision favorable to Abatti, by finding that IID "holds mere legal title to the water rights," and that farmers "own the equitable and beneficial interest in the water rights." Anderholt described the farmers' interest in the water rights as "a constitutionally protected property right."

That language was cheered by many farmers, some of whom contend that Colorado River water is a private right tied to their lands, not a public resource that IID can give or take away. But other local residents worried the judge's decision would stunt the growth of new industry, by making it difficult for IID to assure investors that the agency will be able to provide a stable long-term water supply for their business ventures.

Vince Signorotti, a vice president at the geothermal developer EnergySource, urged Imperial County's board of supervisors Tuesday to support IID's appeal of Anderholt's ruling. Signorotti, whose company owns a geothermal power plant by the southern shore of the Salton Sea, said future energy projects will depend on IID's ability to guarantee water to developers. He said EnergySource's plant employs 35 people full-time, pays \$1.5 million annually in property taxes and uses 1,200 acre-feet of water per year.

"We don't want to pick a fight with our agricultural neighbors, but I think it's imperative that the county support the district's appeal of this decision," Signorotti said.

Signorotti was one of half a dozen people who asked the county board of supervisors to support IID's appeal at Tuesday's meeting. The speakers included union representatives for electrical and construction workers. Josh Nuñez, an El Centro electrician and organizer for the local chapter of the International Brotherhood of Electrical Workers, said he worries Anderholt's decision could "cripple our workers and our co-workers."

Brian McNeece, a retired English professor who served as dean of arts and letters at Imperial Valley College, said the uncertainty stemming from Anderholt's decision "will have ripple effects throughout the valley and throughout the state." The judge's ruling "ties the IID's hands on how it will distribute water, only allowing it to distribute on a historical basis, which of course freezes the past into the future," McNeece said.

"How can you have any new industry? How can you develop new lands? How can you encourage farmers to save water if their history indicates what kind of water they will get in the future?" he asked.

Two farmers cautioned the county supervisors against taking IID's side in the lawsuit.

Brawley farmer Mike Morgan, a longtime IID critic, said giving the agency more control over the valley's water supply would make it easier for cities like Los Angeles and San Diego to buy up the water to fuel their own growth. Morgan said it was IID, not local landowners, that agreed to a 2003 water transfer deal under which some of the valley's Colorado River water is being sold to San Diego County and the Coachella Valley.

"We want industry. We don't want unfettered control," Morgan said.

El Centro farmer Paula Pangle said continued infighting within the Imperial Valley would only make it easier for big cities to take the valley's water away. She pointed out that three of the valley's major farm groups asked IID and Abatti to drop their appeals, so that farmers and the agency could work together on a new water apportionment plan.

"Don't just think you need to be on the IID's side. Don't just think (you) need to be on the growers' side. It's fracturing this community, and it's making us all lose," Pangle said.

Judge Anderholt and the Abatti family

Before he presided over Abatti's lawsuit against IID, Judge Anderholt had a long history of business and social ties to the Abatti family, as The Desert Sun reported previously.

Anderholt was born into a farming family and grew up in the same small town, Holtville, as Mike Abatti and his siblings. During his career as an attorney, Anderholt once served as the registered agent for Madjac Farms Inc., which was founded by Mike's brother Jimmy. Before he became a lawyer, Anderholt worked as an irrigation foreman for Mike and Jimmy's father, Ben Abatti Sr., according to John Hawk, a Holtville farmer and self-described friend of Anderholt's. The judge also attended the same high school as Mike Abatti, although not at the same time. The two men were both inducted into the school's hall of fame in 2014, a month before Abatti's lawsuit landed in Anderholt's courtroom.

When Anderholt successfully ran for judge in 2012, Jimmy Abatti's company gave \$1,000 to his campaign. Ben Abatti Sr.'s company gave \$500.

Mike Abatti sued IID over its water apportionment plan in November 2013. Anderholt wasn't initially assigned to the case. For most of 2014, the lawsuit was overseen by Judge Diane Altamirano. Her last major action was an order that, as far as IID's lawyer was concerned, effectively eliminated several of Abatti's key legal arguments.

Shortly after Altamirano's November 2014 order, the case was transferred to Anderholt. The reassignment notice in the court docket gave no explanation for why the lawsuit was transferred, and both judges have declined to discuss the case with The Desert Sun.

In February 2015, Judge Anderholt allowed Abatti to move forward with the legal arguments that IID's lawyer argued the previous judge had tried to invalidate.

A few months after that, Abatti made the two settlement offers to IID.

IID declined to comment on the settlement offers, citing the ongoing litigation.

Anderholt ruled in Abatti's favor in August 2017. The judge's eight-page rulingfollowed a four-year trial court proceeding that produced an administrative record of roughly 550 documents and more than 27,000 pages, some of which dated back to the late 1800s.

On Aug. 10, 2017, IID general manager Kevin Kelley sent Abatti an email, a copy of which was obtained by The Desert Sun under a California Public Records Act request. Kelley copied IID board member Jim Hanks—a self-described friend of Abatti's who had nonetheless fought Abatti's lawsuit against the public agency. Hanks and Abatti had once served together on the IID board.

Some of the email exchange between Abatti and Kelley is cryptic. But it's clear that according to Kelley, Abatti asked him to tell Judge Anderholt that IID would not appeal the judge's decision as long as the parties are discussing a settlement. It's also clear Kelley is rejecting Abatti's request — and Abatti isn't happy.

The subject line on Kelley's email was, "Assurance you need."

"Mike: Last night you called me and asked that I write the judge and copy you to the effect that IID had no intention of appealing the ruling in our case as long as the parties are discussing a potential settlement," Kelley wrote. "Instead, I am writing you to offer this assurance, as I am not an officer of the court and it would be improper for me to communicate directly with Judge Anderholt. I am copying (Hanks) here, and not IID's lawyers, because I trust him and I know that you do, too."

Kelley continued, "To be clear, then, I am warranting to you that IID's lawyers will not act in any way without the explicit approval of the board. You may absolutely rely on this fact."

Abatti wrote back, "You are wrong on what you are saying and meaning."

"A long time ago in a galaxy not so far away some conflicted attorneys from an irrigation company operated under their own silo with staff. To make sure history does not repeat itself, is what I am referring to," Abatti wrote. "You said back then you were just doing what you were told and your job. So please do not misinterpret my intent. Please try to do better this time."

Abatti didn't respond to a request to explain what he meant in the email.

Los Angeles Times

POLITICS

Water project review sought

Melanie Mason, August 28, 2018

SACRAMENTO — Environmentalists are mounting a last-minute bid in the final week of the California legislative session to revive a stalled effort to require more review for a project to pump more groundwater from the Mojave Desert.

The project by Cadiz Inc. to sell that water to urban Southern California has been the subject of a long-running political drama. It was blocked by the Obama administration, then revived under President Trump.

A 2017 measure by Assemblywoman Laura Friedman (D-Glendale) that sought to impede the project has languished in a state Senate committee. Now, the effort has a new shot at life through an eleventh-hour bill by state Sen. Richard Roth (D-Riverside).

The measure, Senate Bill 120, is substantially similar to Friedman's bill. It gives the state Lands Commission and Department of Fish and Wildlife the authority to analyze the Cadiz project to make sure the pumping would not adversely affect the surrounding lands.

"Today, we find ourselves asking a critical question: Should we ensure that the scientific process we have historically used to guide our public policy decisions continue to be applied to this project?" Roth said in a statement.

"If the federal government abdicates their responsibilities, as they have done in this case, the Legislature is duty-bound to ensure our decisions are scientifically sound. For that reason, I am proud to author SB 120," Roth added.

The proposal surfaced on Friday as a gut-and-amend, a legislative maneuver to insert new policy into an unrelated bill.

"In the last moments of the legislative session, a non-germane budget bill was gutted and amended to thwart an innovative, environmentally benign, locally approved and judicially validated water project that will provide clean drinking water for 400,000 households in Southern California," said Courtney Degener, a spokeswoman for Cadiz.

"SB 120 is bad process, destructive policy and an unconstitutional effort to single out one company and one project for unique and unprecedented review," Degener added. "We join the over 50 organizations who have quickly urged the Assembly Committee on Natural Resources to reject the bill." Friedman is a coauthor on the new bill.

She cast the legislation as part of an effort to "defend our environment from profiteers that seek to drain our most precious resource for a quick buck."

"SB 120 will preserve a vulnerable groundwater basin from any development that threatens the viability of the environment and the local economy that depends upon it," Friedman said.



Cadiz Inc. wants to sell groundwater from the Mojave Desert. Will California let it happen?

Sammy Roth, Aug. 29, 2018

The next two days could help determine the fate of a proposal by Cadiz Inc. to pump groundwater in the Mojave Desert and sell it to Southern California cities.

Environmental groups are making a last-minute push for lawmakers in Sacramento to pass a bill that could block the project. The state Assembly approved the measure in a 45-20 vote Wednesday evening. But the bill could face an uphill battle in the Senate, and the legislative session ends Friday night. If the measure doesn't pass by then, Cadiz will have an easier path toward pumping up to 16.3 billion gallons of groundwater per year on land surrounded by Mojave Trails National Monument, especially after last year's decision by the Trump administration to approve the company's water pipeline.

"This is a bill about the fact that the feds moved the goalposts ... We were going to have a (federal environmental) analysis done, and now we're not," said Kim Delfino, California program director for Defenders of Wildlife. "The state should step in and do this review that the feds would have done, especially since it has to do with groundwater."

Opponents say Senate Bill 120 unfairly singles out Cadiz for scrutiny, and would set a dangerous precedent of state lawmakers second-guessing infrastructure projects that have already been subject to review under the California Environmental Quality Act, or CEQA. The bill's opponents include dozens of labor unions, business groups and water agencies — and several well-connected lobbyists hired by Cadiz to fight the legislation.

In June, the company hired a lobbying firm led by Greg Campbell, former chief of staff to Senate leader Toni Atkins, who can stop the bill from getting a vote in the Senate. Cadiz hired three more lobbying firms this week, including one led by Justin Fanslau, Atkins' former legislative director. Faced with a similar bill that could have blocked its project last year, Cadiz hired Mercury Public Affairs, one of whose partners is former Assembly Speaker Fabián Nuñez, a friend and mentor to then-Senate leader Kevin de León.

Atkins received several campaign contributions from Cadiz and people linked to the company last year, including \$4,400 from the company, \$1,000 from a Cadiz employee, and \$11,150 from more than a dozen employees of the law firm Brownstein Hyatt Farber Schreck LLP, which owns shares of Cadiz, state records show. Cadiz also gave \$5,000 to de León's short-lived campaign for lieutenant governor last year. De León is now challenging U.S. Sen. Dianne Feinstein, who is up for re-election in November.

Supporters of SB 120 include Feinstein, Los Angeles Mayor Eric Garcetti and Lieutenant Gov. Gavin Newsom. Gov. Jerry Brown urged lawmakers to approve a similar measure last year. Assembly Speaker Anthony Rendon also announced his opposition to the Cadiz project this year, calling it "a textbook example of doing more harm than good."

The Leonardo DiCaprio Foundation and the music producer Moby also weighed in on Twitter, asking legislators to block Cadiz. That followed a barrage of Twitter support for last year's anti-Cadiz bill from actors and musicians, including the pop star Sia.

Cadiz first proposed pumping groundwater from the Mojave Desert in the 1990s. The company has been fighting with environmentalists for years. A recent study funded by the Mojave Desert Land Trust, a nonprofit conservation group that opposes the Cadiz project, found the proposed groundwater pumping would imperil the largest spring in the southeastern Mojave Desert, which nourishes bighorn sheep, migratory birds and dozens of species of native plants. Cadiz disputes those findings, and points to the fact that its project went through an environmental review commissioned by Orange County's Santa Margarita Water District, which plans to buy water from Cadiz.

The text of SB 120 was written by state Sen. Richard Roth, a Riverside Democrat, and was introduced on Friday, a week before the end of the session. The bill would prohibit projects that transfer groundwater out of the desert, unless the State Lands Commission and the Department of Fish and Wildlife conclude the proposed water transfers "will not adversely affect the natural or cultural resources" of nearby state or federal lands.

Roth told the Assembly's natural resources committee that while he doesn't oppose groundwater withdrawals, he wants to know how much pumping is sustainable.

"I'm certainly not one for layering on unnecessary bureaucracy and permitting processes, nor am I actually known as an environmentalist around here," Roth said Tuesday. "But I think there's an immediate need for greater state oversight of projects that seek to take water out of the desert and send it to our urban areas."

Groups opposing Roth's bill include the California Chamber of Commerce, the California Building Industry Association and the State Building and Construction Trades Council, an influential labor union. In a letter to lawmakers this week, those groups and dozens of others said SB 120 "poses a potential threat to any infrastructure project in the state" —in part, they said, because it would undermine the California Environmental Quality Act.

"This bill disregards CEQA as the final arbiter of environmental safety and sets a dangerous precedent that once any infrastructure project goes through the CEQA process, it has not necessarily complied with California environmental law," the groups wrote. "This precedent would make uncertain the finality of CEQA reviews."

Cadiz spokesperson Courtney Degener said the firm's critics could have introduced a bill months ago — when it could have been debated openly and under regular order — but instead chose to rush a bill through the Legislature in the last days of session. She also pointed to the many groups that have joined Cadiz in opposing SB 120, many of whom don't have a position on the company's project, as a sign of the bill's flaws.

"We think everyone should be concerned about the legislative games being used here to thwart a CEQA approved, Court validated, sustainable water project that is widely supported," Degener said in an email. "The precedent that it establishes has been what has driven nearly 70 organizations in barely 3 days to voice opposition to the bill."

The Obama administration ruled in 2015 that Cadiz needed a new permit to build its water pipeline, a process that would have prompted a federal environmental review and a public comment period. But the Trump administration reversed that decision last year, saying Cadiz could build its pipeline under an existing railroad right-of-way without additional environmental scrutiny. Environmental groups sued the federal Bureau of Land Management in November to try to block that reversal. The lawsuit is ongoing.

Even without SB 120, California regulators could complicate Cadiz's plans.

The State Lands Commission, which is chaired by Lieutenant Gov. Gavin Newsom, told the company last year that one mile of its 43-mile pipeline would pass through state-owned lands, meaning it would require a state lease and possibly a new environmental review. Cadiz said at the time that the state commission had been notified of the project's environmental review process years earlier, and had declined to get involved.

David Lamfrom, from the National Parks Conservation Association, said SB 120 is still needed because Cadiz could reroute its planned water pipeline to avoid state lands. He called the legislation "the immediate and only opportunity we have to make sure that this project would not cause substantial harm to Mojave Trails National Monument."

Environmentalists blamed two state senators for killing last year's anti-Cadiz bill: Kevin de León, the Senate leader at the time, and Ricardo Lara, who led the Appropriations Committee and is now running for state insurance commissioner. After the bill was defeated, Cadiz paid for ads and robocalls thanking the two men for their support.

In addition to the company's \$5,000 campaign contribution to de León, Cadiz employees are listed in campaign finance filings as having given \$15,600 to Lara's campaign for insurance commissioner this year. The company's co-founder and board chair Keith Brackpool contributed \$14,600 to Lara. Ten employees of Brownstein Hyatt Farber Schreck, the law firm that owns shares of Cadiz Inc., also gave a total of \$3,700 to Lara.

DESERT WATER AGENCY

OUTREACH & CONSERVATION ACTIVITIES

August 2018

<u> Activities:</u>	
8/01-8/03	Ashley Metzger attended and presented at NWRA in Utah.
8/01	Vicki Petek completed 1 turf buy back post inspection.
8/07	Ashley Metzger was on a live segment with KESQ regarding back to school and the Ramon Road pipeline replacement.
8/11	Vicki Petek staffed a table and provided water and information at the Palm Springs Farmer's Market.
8/13	Vicki Petek completed 3 turf buy back post inspections.
8/13	Ashley Metzger attended the Special Districts Association of Riverside County Inaugural Luncheon.
8/16	Ashley Metzger was on a live segment with KESQ regarding hot water.
8/22	Ashley Metzger was on a live segment with KESQ regarding hydration and sports.
8/23	Jim Cioffi and Ashley Metzger attended and presented at the Desert Hot Springs Rotary Club meeting.
8/30	Ashley Metzger was on a live segment with KESQ regarding National Water Quality Month.
8/30	Ashley Metzger was interviewed on the Joey English radio show, which aired on September 1.
8/31	Staff submitted an entry to ACWA's Best in Blue awards.

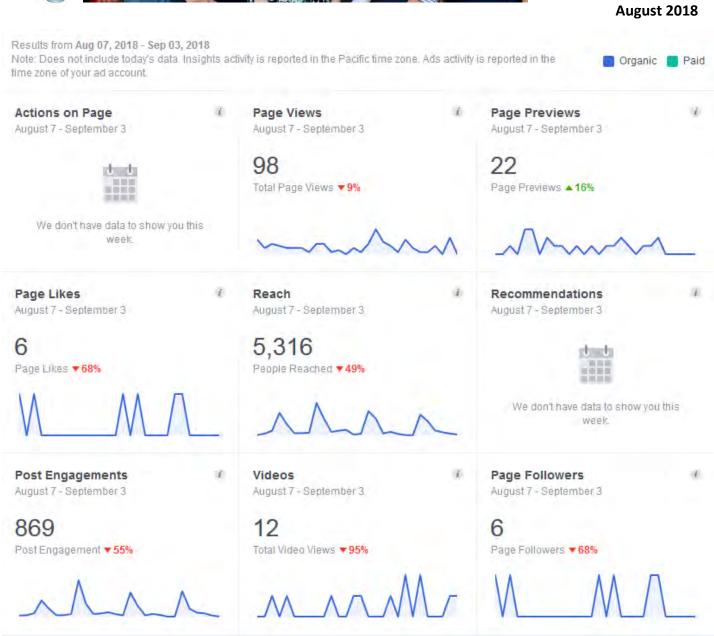
Public Information Releases/eBlasts/Customer notifications:

August 28: Letters sent to customers in Area 3 regarding pipeline replacement.

Upcoming Events

September 20, 10:00 to 11:00 – History presentation @ Pacifica Senior Apartments September 25, 10:00 to 11:00 – HOA Presidents Council presentation @ Four Seasons Clubhouse







08/31/2018 9:33 am		It is National Water Quality Month. While August is almost		0	74	J	3 2	H	Boost Post
08/29/2018 056 am	15	Our partnership with Friends of the Palm Springs Animal Shelter	6	0	1.9K		96 84		Boost Post
08/25/2018 0:00 am	116	Enjoy Comic Con, Palm Springs! Have fun and stay hydrated as	Б	0	107	F	2	+	Boost Post
08/22/2018 10:23 am		Saving matters - whether it is saving a life or saving water. All	6	0	2.1K		69 121	=	Boost Post
08/21/2018 1:49 pm	***	Even though it has cooled a little, it's really important to stay		0	93	1	4 2	+	Boost Post
08/15/2018 (0:59 am		Thelma's a young lab mix with a background as an escape artist.	6	0	2.3K		127 133		Boost Post
08/14/2018 2:09 pm	A	Our community used 16.5% less water last month than in July of	ē	0	176	1	2 4	+	Boost Post
08/09/2018 0:16 am	Č	Say hello to Blueberry! He'll look great going home in his Desert	6	0	2K.		61 98		Boost Post
08/08/2018 9:15 am	hel-o-she	Happy first day back at school PSUSD families! We hit pause		0	103	J	1 2	1	Boost Post
08/02/2018 10 pm	•	Despite his fancy name, Caviar is down to earth and just plain	6	0	1.9K		131 119		Boost Post
08/02/2018 12:29 pm		JOB ALERT: Desert Water Agency is looking to hire a part-	8	0	288	1	20 9	0	Boost Post









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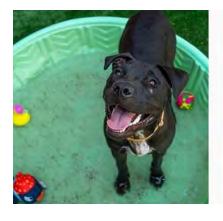


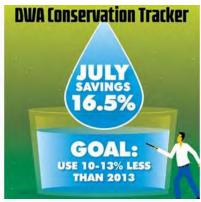


13 likes

34 likes, 1 comment

24 likes









Apr 2018 - 25 days so far..

TWEET HIGHLIGHTS

Top Tweet earned 894 impressions

Look who we met on our water audit at Andreas Hills 5 in #palmsprings this morning! pic.twitter.com/87xpmL7a91



13 W 8

View Tweet activity

View all Tweet activity

Top Follower followed by 36.7K people



Visit Greater Palm Springs

@VisitGreaterPS FOLLows you

Official Twitter for the Greater Palm Springs Convention & Visitors Bureau. #FindYourOasis

View profile

View followers dashboard

Top mention earned 11 engagements



MWD of SoCal

@mwdh2o - Apr 24

Thanks for joining us @DWAwater on an inspection trip this week of Diamond Valley Lake, Weymouth and #CoRiver water infrastructure. Our longstanding partnership helps both agencies ensure reliable water supplies for #SoCal. #learningaboutwater pic.twitter.com/oRaoTVjm4n



₩5

View Tweet

Top media Tweet earned 713 impressions

Tours are a great way for us to connect w/our community. Today we had 4 buses of people take a behind-the-scenes look at DWA facilities. Message us to get on the tour interest list if you want to join us next time. pic.twitter.com/rdNt3Bry4Q



ADVERTISE ON TWITTER

Get your Tweets in front of more people



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

Get started

APR 2018 SUMMARY

Tweets

9

Tweet impressions

10.2K

Profile visits

466

Mentions 3

New followers

5

£31 W

Audience Overview



Aug 1, 2018 - Aug 31, 2018

Overview



Users
4,540
3,740

Number of Sessions per User
1.31

Pageviews
12,991

Avg. Session Duration

Sessions
5,932

Pages / Session
2.19



00:01:45

Bounce Rate
46.59%

Language	Users	% Users
1. en-us	4,295	94.60%
2. fr	78	1.72%
3. en-gb	37	0.81%
4. en-ca	30	0.66%
5. es-419	8	0.18%
6. es-xl	8	0.18%
7. fi-fi	8	0.18%
8. ko	7	0.15%
9. en	6	0.13%
10. en-au	6	0.13%