DESERT WATER AGENCY DECEMBER 4, 2018



BOARD OF DIRECTORS REGULAR MEETING AGENDA

REGULAR MEETING 8:00 A.M. OPERATIONS CENTER - 1200 SOUTH GENE AUTRY TRAIL - PALM SPRINGS - CALIFORNIA

About Desert Water Agency:

Desert Water Agency operates independently of any other local government. Its autonomous elected board members are directly accountable to the people they serve. The Agency is one of the desert's two State Water Contractors and provides water and resource management, including recycling, for a 325-square-mile area of Western Riverside County, encompassing parts of Cathedral City, Desert Hot Springs, outlying Riverside County and Palm Springs.

1. PLEDGE OF ALLEGIANCE

2. APPROVAL OF MINUTES - November 20, 2018

CIOFFI

3. GENERAL MANAGER'S REPORT

KRAUSE

4. 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.

ITEMS FOR ACTION

A. Request Approval of Contract Extension with Reeb Government Relations, LLC

KRAUSE

6. ITEMS FOR DISCUSSION

A. State Water Contractor's Meeting – November 15, 2018

RIDDELL CIOFFI, STUART

B. Directors Report on ACWA Conference

PEÑA

7. OUTREACH & CONSERVATION

A. Media Information

B. Activities

8. DIRECTORS COMMENTS AND REQUESTS

9. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

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

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

B. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

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

Name of Case: Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al

C. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

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

Name of Case: Mission Springs Water District vs. Desert Water Agency

D. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

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

Name of Case: Albrecht et al vs. County of Riverside

E. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

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

Name of Case: Abbey et al vs. County of Riverside

10. RECONVENE INTO OPEN SESSION - REPORT FROM CLOSED SESSION

11. ADJOURN

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

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

November 20, 2018

DWA Board:	James Cioffi, President)	Attendance
	Joseph K. Stuart, Vice President)	
	Kristin Bloomer, Secretary-Treasurer	
	Patricia G. Oygar, Director	
Absent:	Craig A. Ewing, Director	
DWA Staff:	Mark S. Krause, General Manager)	
	Steve Johnson, Asst. General Manager)	
	Martin Krieger, Finance Director)	
	Sylvia Baca, Asst. Secretary of the Board)	
	Kris Hopping, Human Resources Manager)	
	Xochitl Peña, Outreach & Cons. Specialist I)	
Consultant:	Michael T. Riddell, Best Best & Krieger)	
Public:	David Freedman, P.S. Sustainability Comm.	
	esident Cioffi opened the meeting at 8:00 a.m. and asked Vice President Stuart in the Pledge of Allegiance.	Pledge of Allegiance
18266. ProRegular Board n	esident Cioffi called for approval of the November 6, 2018 neeting minutes.	Approval of 11/06/18 Regular Board Mtg. Minutes
Di	rector Oygar moved for approval. After a second by Vice	
	t, the minutes were approved as written (Director Ewing	
	esident Cioffi called upon General Manager Krause to te on Agency operations.	General Manager's Report
	r. Krause stated on November 9 at approximately 9:30 p.m., nd-by staff responded to a report of a damaged block wall at	Well 31 Wall Damage

President Cioffi requested 8x8 cement blocks for the replacement, in order to be consistent with the current wall.

Well 5 (Intersection of Ave. Caballeros & Alejo Rd.). When staff arrived,

there was no vehicle or police on site. A police report was filed.

Mr. Krause stated on November 10 at approximately 2:25 a.m., Construction stand-by staff responded to a report of a damaged 8-inch fire service at 67575 Canyon Plaza, Cathedral City. Staff shut the service off, notified the customer and fire department that it was out of order. The Agency was given authorization by the customer to replace the fire service. The water loss was from a one-inch service, which ran for approximately 30 minutes. A police was filed.

General Manager's Report (Cont.)

Hit Fire Service/Canyon Plaza

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

Human Resources Activities, System Leak Data, GM's Meetings & Activities

18268. President Cioffi noted the minutes for the November 13, 2018 Executive Committee were provided in the Board's packet.

Committee Reports: Executive 11/13/18

18269. 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.

18270. President Cioffi called upon Secretary-Treasurer Bloomer to present an overview of financial activities for the month of October 2018.

Secretary-Treasurer's Report (October)

Secretary-Treasurer Bloomer reported that the Operating Fund received \$3,303,356 in Water Sales Revenue, \$111,642 in Reclamation Sales Revenue and \$1,172 from SCE for Snow Creek Hydro Power Sales for September. Included in the Miscellaneous receipts is \$15,816 JPIA refund from the 1995/96 and 1996/97 underground storage tank program. \$3,593,526 was paid in Accounts Payable. Year-to-date Water Sales are 4% under budget, Year-to-date Total Revenues are 3% under budget and Year-to-date Total Expenses are 15% under budget. There were 22,609 active services as of October 31.

Operating Fund

Reporting on the General Fund, Ms. Bloomer stated that \$1,460,153 was received in Groundwater Assessments, \$397,789 in State Water Project refunds, \$38,190 from SCE for Whitewater Hydro Power Sales for September. \$620,358 was paid out in State Water Project Charges (YTD \$6,167,270).

General Fund

Reporting on the Wastewater Fund, Ms. Bloomer stated that \$3,106 was received in Sewer Capacity contract payments. There are a total of 41 contracts with total delinquents of 12 (29%). \$16,522 was paid out in Accounts Payable.

Wastewater Fund

18271. President Cioffi asked Assistant General Manager Johnson to present staff's request for Authorization to Enter into an Agreement to Quitclaim a Portion of the Whitewater Mutual Water Company Right-of Way.

Action Items: Request Authorization to Enter into Agreement to Quitclaim Portion of WW Mutual Water Company ROW

Mr. Johnson stated that staff received a request from a developer to sell a portion of the Whitewater Mutual Water Company Right-of-Way (ROW). The portion of the ROW is coincident with N. Zanjero Road, adjacent to Via Escuela in Palm Springs. The City has made the widening of N. Zanjero Road, adjacent to the development, a requirement for the developer to proceed with its project. A price of \$2.50/s.f. was negotiated with the developer, which takes into account the risk of losing the property to another developer and the market value for raw land in that area.

Continuing his report, Mr. Johnson stated that staff has drafted a purchase agreement so that the Agency will first quitclaim the parcel to the developer for \$28,200; the developer will then grant the Agency a pipeline easement over the parcel which will ensure the Agency has prior rights over the parcel. Once the quitclaim and easement are complete, the developer will construct the road and sidewalk. The developer will then transfer a portion of the parcel to the City of Palm Springs for use as a public road. Staff recommends the Board authorize the General Manager to enter into a purchase agreement with the developer; after the agreement has been finalized, authorize the General Manager to sign the quitclaim to transfer the surplus property to the developer.

Director Oygar moved to approve staff's recommendation. Vice President Stuart seconded the motion, which passed unanimously (Director Ewing absent).

18272. President Cioffi asked Assistant General Manager Johnson to present staff's request for Budget Augmentation for the 2017/2018 Replacement Pipeline Project.

Recommend Budget Augmentation for 2017/18 Replacement Pipeline Project

Mr. Johnson stated on May 1, 2018 Borden Excavating was awarded the contract for constructing the 2017/18 Replacement Pipeline project in the amount of \$3,195,525. The 2017/18 Capital Improvement Budget includes Work Order No. 17-111-08, -12 in the total amount of \$3,447,000 for project engineering, overheads, construction and inspection. Surplus from the 2016/17 budget of \$155,743 was added to the budget, making the final amount of \$3,602,743. Staff would like to add Michelle Road and Debby Drive to the current project schedule in the amount of \$450,000. If approved, work will begin the week of November 26 with a completion date of December 14. Staff recommends augmenting the 2017/2018 replacement pipeline budget in the amount of \$450,000 to cover all costs associated with the addition of Michelle Road and Debby Drive.

President Cioffi moved to approve staff's recommendation. Director Oygar seconded the motion, which passed unanimously (Director Ewing absent).

Action Items: (Cont.) 2017/18 Replacement Pipeline Project Budget Augmentation

18273. President Cioffi asked Assistant General Manager Johnson to present staff's request for Authorization for General Manager to Execute Main Extension Refund Agreement with Horizon Gardens, LLC.

Request Board Authorization – Execute Main Extension Refund Agrmt.

Due to a potential conflict of interest (client lives on this street), President Cioffi recused himself and left the Board room.

Mr. Johnson stated the development will be located in Cathedral City. The property was served by a private well, but it has been abandoned and now requires a pipeline extension for domestic and fire protection purposes. The developer is required to extend an existing Agency pipeline approximately 515 feet, with approximately 340 feet that will front an undeveloped property. The main extension refund agreement stipulates if a property owner fronting the main extension requests a connection, the Agency shall be obligated to levy, collect and pay the developer that installed the extension a front footage connection charge per the main extension refund agreement terms. It also requires the Agency collect money for a period of ten years from the date the agreement is accepted, or when the Agency accepts the mainline facilities, whichever occurs first.

Continuing his report, Mr. Johnson explained that based on the cost summary, the proposed front footage that will be collected by the Agency per the main extension refund agreement will be \$88/l.f. This will be collected if, or when the undeveloped property requests water service. If, after ten years, water service is not required, the agreement will expire and the Agency will no longer be obligated to collect the money for the developer. Staff recommends the Board authorize the General Manager to execute a main extension refund agreement with Horizon Gardens, LLC.

Director Oygar moved to approve staff's recommendation. Secretary-Treasurer Bloomer seconded the motion which passed by the vote of 3-1 (President Cioffi recused, Director Ewing absent).

President Cioffi returned to the Board room.

18274. President Cioffi asked General Manager Krause to present staff's request for Authorization to Execute the Delta Conveyance Finance Authority Joint Powers Agreement.

Request Authorization for General Manager to Execute Delta Conveyance Finance Authority JPA

Mr. Krause stated at the October 16 Board meeting, he provided a PPT explaining the purpose of the Delta Conveyance Finance Authority Joint Powers agreement. The presentation focused on the key issues of the agreement such as membership requirements, terms, decision-

making procedures, how to withdraw from membership and the risks and benefits of membership. The Agency has already committed \$2,176,183 in support of the California WaterFix (supplemental funding and gap funding). Approving the agreement and joining the Finance Authority will continue the Agency's support of the project by strengthening the Finance Authority's bond fund rating, thereby decreasing project costs. It will also allow the Agency to participate in Finance Authority discussions and have a vote in its administrative decisions.

Action Items: (Cont.) Delta Conveyance Finance Authority JPA

Continuing his report, Mr. Krause stated that staff will continue to monitor progress of the California WaterFix and report back to evaluate the risks and benefits of continued membership. He then noted that participation requires Agency personnel serve on its board and attend meetings in Sacramento. There was consensus by the Board that Mr. Krause be the authorized person to serve on its board and attend said meetings. Staff requests Board acceptance of the Delta Conveyance Authority Joint Powers Authority agreement dated July 3, 2018 and authorize the General Manager to execute said agreement.

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

18275. President Cioffi, Secretary-Treasurer Bloomer and Vice President Stuart reported their attendance at the National Water Resources Association's (NWRA) annual conference recently held in San Diego.

Discussion Items:Director's Report on NWRA Attendance

18276. President Cioffi asked Outreach & Conservation Specialist I to provide a report on the October water use reduction figures.

October Water Use Figures

Mrs. Pena reported that the Agency and its customers received a 12% reduction in potable water production during October 2018 compared to October 2013. The cumulative savings over the last twelve-month period is 13.2%.

18277. At 9:08 a.m., President Cioffi convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), ACBCI vs. County of Riverside, et al; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency, (D) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Albrecht et al vs. County of Riverside; (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

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

Property Owners Association of Palm Springs, et al.,(G) Real Property Negotiators – Conveyance of Easement, Parties: DWA and ACBCI; and (H) Real Property Negotiators – APN 669-680-024, 669-191-007 and 669-191-008, Parties: DWA and DFI Properties, LLC, Under Negotiation: Price and Terms.

18278. At 10:40 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

18279. In the absence of any further business, President Cioffi adjourned the meeting at 10:41 a.m.

James Cioffi, President

Owners Assoc. of Palm Springs, et al Closed Session (Cont.) G. Real Property Negotiators -Conveyance of Easement APN 508-053-005 Parties: DWA and **ACBCI** H. Real Property Negotiators - APN 669-680-024, 669-191-007 & 669-191-008 Parties: DWA and DFI Properties, LLC

Reconvene – No Reportable Action

Adjournment

ATTEST:

Kristin Bloomer, Secretary-Treasurer

GENERAL MANAGER'S REPORT DECEMBER 4, 2018

Stolen Back-flow-Oasis Rd.

On November 20, at approximately 2:00 p.m., the Agency received a report of a stolen ¾-inch backflow at 280 Oasis Rd. Palm Springs. The Agency was given authorization to replace the back-flow. Construction personnel replaced it the next day and placed it back in service. There was no water loss due to the valve being turned off before the theft of the back-flow. The customer was advised to make a police report.

Chino Canyon Fire

On Wednesday November 21, a brush fire burned approximately 20 acres in Chino Canyon. The fire was located on land owned by the Agency that contains a natural cienaga. According to Palm Springs Fire Department, the fire was caused by a transient trying to stay warm. The Agency has a surface-water diversion structure located on the property, and an aboveground 4" pipe running the length of the property. The diversion structure was undamaged. Fire crews located a rupture in the 4" pipe; it is unclear if the fire caused the rupture. Operations and Construction staff will coordinate to make any necessary repairs to the pipeline.

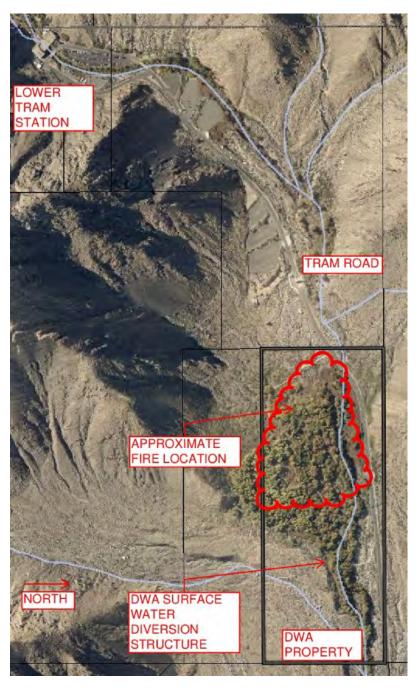


Photo 1: Aerial Map Showing Approximate Fire Location

Chino Cyn. Fire (Cont.)

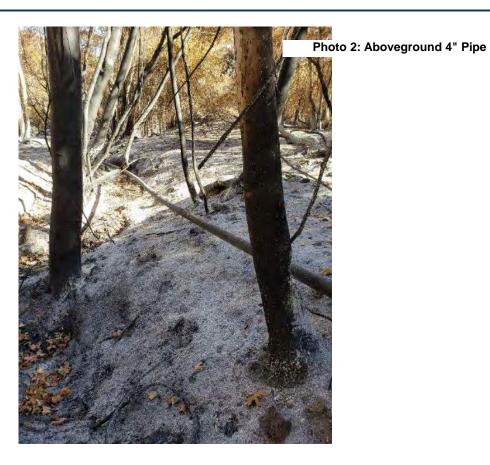




Photo 3: The Leak in the 4"Pipe

The Conservation Impact of Water Rates During the 2015 State Drought Emergency

Last year our Agency executed a Letter of Mutual Understanding (LOMU) that included a scope of work and funding agreement for a study to understand the impact of water rates on customer water use behavior. That study was performed by the Environmental Finance Center (EFC) at the University of North Carolina at Chapel Hill, which resulted in a white paper entitled "A California Multi-Agency Analysis of the Relationship between Water Sales and Pricing during the Drought." The agreement was subsequently amended with the primary goal to disseminate the findings of the white paper to the broader California water industry.

Participating Agencies

Contra Costa Water District
Desert Water Agency
East Orange County Water Distribution
City of Fresno
Mesa Water District
Valley Center Municipal Water District.

Amendment Objective

Using the results of the analysis conducted in 2017, develop outreach services to disseminate the study's findings on usage and pricing trends that help guide future conservation management initiatives. These services will include production of written materials that expand on the key messages of the research, which will be defined and honed by the Consultants and the Participating Agencies.

The attached article in the latest edition of CA-Nevada AWWA Source Magazine is the first result of this effort.

ACHIEVING CONSERVATION through PRICING

NO SINGLE PRICING STRATEGY REDUCES USE FOR EVERY AGENCY, RESEARCH SHOWS

By Jeff Hughes, Shadi Eskaf, Elizabeth Harvell, Lexi Kay Herndon, and Kyrsten French

PASIC ECONOMIC THEORY SUGGESTS that the more you charge for something, the less people buy it. But the relationship between water pricing and water use is a lot more nuanced than that.

California's recent severe drought and statewide conservation mandate provided an opportunity to analyze the effects of pricing strategies as a tool to prevent wasteful water use. In 2015, the State Water Resources Control Board was charged with implementing a 25-percent reduction on the state's local water supply agencies. Among the strategies they suggested to local agencies was to look at ways rate structures could provide a financial incentive — a price signal — to customers to conserve water.

Did water agencies with higher price signals achieve greater water savings than others? In some cases, yes, but not always. Our team at the Environmental Finance Center (EFC) at the University of North Carolina at Chapel Hill analyzed data on hundreds of California water agencies' water pricing, residential water use, and production data from that mandatory conservation period. We concluded that no single pricing strategy works for every agency in reducing use.

Data and Study Design

The drought and mandatory conservation period during June 2015 to May 2016 provided a rich source of data for researchers. Water agencies were required to make monthly reports to the water board on water production, number of customers, enforcement metrics, number of days when outdoor watering was permissible, as well as annual reports on pricing, rate structure, and water usage data. A statewide study completed by one of the state's largest water agencies around the same

time provided further information on water rate structures.

With so much data available, a group of California water agencies asked the EFC to collect and analyze information that could provide insight on how pricing, conservation measures, and a range of other factors might have influenced customer water consumption behavior. In particular, the EFC:

- Determined the variation in water pricing signals from California water agencies before and during the mandatory conservation period.
- Determined the significance of pricing and non-pricing strategies in reducing water use during the mandatory conservation period.
- Assessed the relationship between water pricing and residential water use at the conclusion of the mandatory conservation period.

No Single Pricing Strategy Outperformed Others in Achieving Conservation

Water pricing varies greatly across California water agencies, each providing a unique combination of pricing signals to customers. In some cases, the rate structure design and the rates at one agency might offer different price signals altogether. For example, a quarter of the surveyed water agencies would have saved their residential customer more than \$23 on their monthly water bill in 2015 if they reduced their water use from 12 ccf (hun-

dred cubic feet) in one month to 6 ccf in the next month. Yet, a different quarter of the surveyed agencies sent much lower price signals for conservation, saving their customers less than \$9. Interestingly, nearly half of the agencies that charged the lower prices actually had increasing block rate structures or budget-based rate structures, both types described as examples of conservation rate structures by the Water Board. Even though a rate structure might be designed in one way to encourage conservation, it may still provide a weaker incentive to conserve than another rate structure that is priced differently.

The strength of pricing signals is influenced by more than just whether a rate structure is classified as a uniform structure, increasing block rates, or budget-based rates. Water agencies should be wary of narrowly defining conservation rates based on only one aspect of the rate structure design.

In fact, our analysis showed there was no statistically significant difference in the water savings achieved between different water rate structure types. High water production savings during the conservation period were achieved with all types of rate structures, as illustrated in Figure 1 (next page). No one rate structure type was necessarily the dominant predictor of water savings.

For example, when looking just at those agencies that use increasing block rates, it's clear that some agencies achieved much higher water production savings (30 percent or higher) than others (less than 15 percent), demonstrating that

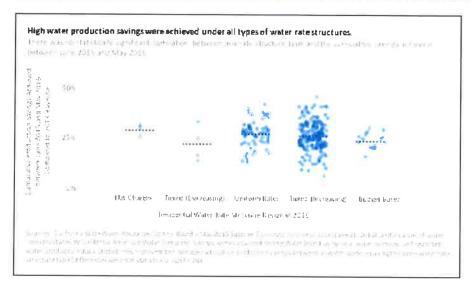


Figure 1: Water Production Savings under Various Water Rate Structure Types in California.

one rate structure design does not achieve the same level of conservation across all agencies. Furthermore, several agencies with uniform rate structures achieved the same level of high water production savings that agencies with increasing block rates achieved.

Increasing block rates or budget-based rates with steep differentials between blocks are often designed specifically to incentivize low water use. For example, one agency was charging \$1.95/ccf in its lowest tier and \$16.97/ccf in its highest tier (8.7 times higher). Indeed, our analysis showed that agencies in California with higher rate differentials had, on average, lower average residential water use than agencies with lower rate differentials. However, rate differentials were not correlated with conservation.

During the mandatory conservation period, water agencies with higher differentials between tiered rates did not achieve greater levels of water savings than other agencies.

For many agencies, the decision to charge the full cost of water service may be as important to the pricing signal as whether to adopt an increasing block, budget-based, or uniform rate structure. Pricing signals vary, and water agencies that incur higher costs to acquire, treat, and supply water typically set higher prices regardless of the type of rate structure used. Agencies charging higher prices in California had, on average, lower average residential water use than agencies charging lower prices, as shown in Figure 2. Thus, agencies that charge the full cost of water service inherently send stronger pricing signals than if they underprice their services.

However, this does not mean that raising rates higher will always result in achieving greater reductions in water use. Many water agencies raised rates at various levels in 2016, but our analysis did not find a correlation between the amount of a rate increase and how much water savings was achieved during the mandatory



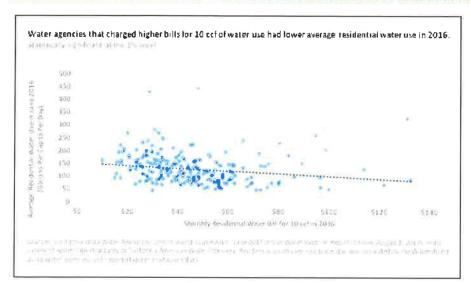


Figure 2: Water Prices and Average Residential Water Use in California in 2016.

conservation period. Some agencies that raised their rates and some agencies that did not achieved the same levels of water savings. In fact, there was also no significant correlation between high prices and achieved water savings.

One reason this might be the case is that agencies that had higher pricing signals already had lower water use before the conservation period began. Thus, because of demand hardening, they were not able to achieve greater levels of conservation than agencies that had lower pricing signals and higher average use at the start. The EFC found that water agencies starting the conservation period with a higher level of average residential water use were able to achieve greater cumulative savings than water agencies with more efficient customers from the start.

Other Tools in the Toolbox

The analysis revealed that pricing does not appear to be the dominant tool that was used to generate short term curtailments. Yet, high levels of conservation were achieved by many agencies during the 12-month period. The EFC analyzed the relationships between non-price conservation strategies and higher levels of short-term conservation.

One of the most successful strategies appears to have been strict local enforcement of conservation directives by issuing warnings to customers that violated them. Agencies that issued more warnings per 1,000 customers achieved, on average, a greater level of water savings than other agencies. Media coverage of the drought also played an important role during the conservation period, as Quesnel and Ajami found in their study (see Further Reading to learn more). The EFC also identified that weather patterns and household characteristics were external factors that were also correlated with water savings achieved among agencies in California.

Localization is Key

A one-size-fits-all approach to pricing

and conservation strategies across the state would not be successful for the diversity of local conditions and costs that water agencies incur. What is effective for one water agency may not be as effective for another water agency with different customer characteristics.

Some water agencies have high water rates and do not need complex rate structures to convey conservation price signals, while others might rely more on the rate structure design than high rates. Water agencies with inexpensive treatment and delivery costs, or those that have avoided rate increases to keep water rates low, will provide little incentive for customers to save water unless the rate structure has a design that signals an incentive to maintain low water use. These agencies likely will have to work harder with non-pricing conservation strategies to encourage water savings.

In using pricing as a strategy to encourage conservation or low water use, the rates themselves are as important in influencing water use as the rate structure designs. All rate structures could further encourage conservation by implementing drought-period pricing strategies such as temporary drought surcharges.

For example, Figure 3 (next page) displays the rate structures of eight California water agencies. Even though all eight agencies used uniform rate structures, the prices charged to customers provided very different financial incentives to reduce or maintain low water use, demonstrating the diversity of price signals that can be achieved from a single rate structure design.

Furthermore, two of the water agencies in Figure 3 implemented temporary drought surcharges during the mandatory conservation period. Even without employing block pricing, these agencies were able to send very different price signals to

Whether it's a water treatment facility in Orange County or a pump station in Los Angeles County,

PCL's Water Infrastructure Group has been helping communities meet their growing water supply needs and provide safer and cleaner water for residents for 30 years.





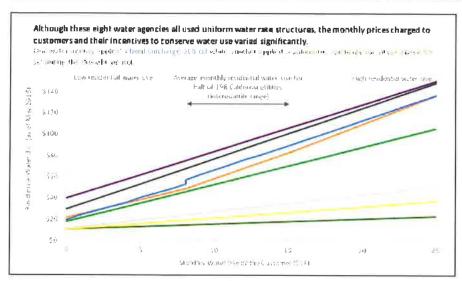


Figure 3: Example of Eight Diverse Uniform Rate Structures Charged to Residential Customers in 2016.

their customers than the other agencies.

One of these agencies (orange line) imposed a volumetric surcharge on water use above 8.5 ccf/month, thereby essentially creating a temporary increasing block rate structure. The other agency (blue line) implemented a drought surcharge of \$0.50/ccf for all water use. However, customers with water use under 200 gallons per day (gpd) were given a full refund on that surcharge on the same bill. This means that the next gallon used above 200 gpd was the most expensive gallon purchased, at a total of \$4.00 (see price jump at the 8 ccf mark). The drought surcharge and credit were distinct line items on the water bill, communicating to the customer a clear message of incentivizing conservation below 200 gpd. These two different

approaches to implementing temporary drought surcharges created different price signals to the customers.

Looking Ahead

In the face of a changing climate, heightening water supply stress, and increasing population, conservation efforts are likely to be a trending topic for water agencies in California and across much of the country. As conservation efforts — and possibly mandates — continue, water agencies should still focus on using pricing as a strategy and understand the signals their pricing structures send but should also consider pricing in the context of other measures.

While the study did not show that pricing was correlated with higher levels

of short-term conservation, it did show that pricing was correlated with average water use, and that some agencies successfully employed pricing to achieve reductions. In order for pricing to be effective, both the rates and elements of the rate structure need to be designed intentionally to provide appropriate price signals to encourage conservation. However, there is no evidence to suggest that any single approach employed by any water agency was more effective than all others across California in achieving water savings, or that pricing was the sole factor in reaching conservation goals. In fact, this research supplements other studies that identified non-pricing conservation programs as effective mechanisms to achieve short-term reductions in water use.

Looking forward, water agencies should consider their demographic, geographic, and climate-related situations when making determinations about how to encourage conservation through pricing and non-pricing strategies. •

FURTHER READING

Quesnel, K.J., and Ajami, N.K. (2017). Changes in water consumption linked to heavy news media coverage of extreme climatic events. Science Advances. Vol. 3, No. 10. DOI: 10.1126. http://advances.sciencemag.org/content/3/10/e1700784.



SYSTEM LEAK DATA

(PERIOD BEGINNING NOVEMBER 13, 2018 THRU NOVEMBER 27, 2018)

(PERIOD BEGINNING NOVEWBER 13, 2018 THRU NOVEWBER 27, 2018)							
		PIPE DIAMETER			PIPE		
STREET NAME	NUMBER OF LEAKS	(INCHES)	YEAR INSTALLED	PIPE MATERIAL	CONSTRUCTION		
AVENIDA CABALLEROS	4	20	1949	STEEL	BARE/UNLINED		
MERITO PL	3	6	1947	STEEL	BARE/UNLINED		
SONORA RD	3	6	1936	STEEL	BARE/UNLINED		
AVENIDA PALOS VERDES	3	4	1954	STEEL	BARE/UNLINED		
MOUNTAIN VIEW PL	2	4	1952	STEEL	BARE/UNLINED		
SANDCLIFF RD	2	6	1954	STEEL	BARE/UNLINED		
CAMINO SAN MIGUEL	2	4	1946	STEEL	BARE/UNLINED		
HIGH RD	2	4	1953	STEEL	BARE/UNLINED		
PLAIMOR AVE	1	6	1955	STEEL	BARE/UNLINED		
MERITO PL	1	4	1954	STEEL	BARE/UNLINED		
LIVMOR AVE	1	4	1955	STEEL	BARE/UNLINED		
SYBIL RD	1	4	1955	STEEL	BARE/UNLINED		
RAMON RD	1	12	1956	STEEL	BARE/UNLINED		
INDIAN CANYON DR	1	10	1938	STEEL	BARE/UNLINED		
CALLE SAN ANTONIO	1	6	1958	STEEL	BARE/UNLINED		
STARR RD	1	6	1958	STEEL	CEMENT LINED		
AMADO RD	1	6	1946	STEEL	BARE/UNLINED		
INDUSTRIAL PL	1	4	1948	STEEL	BARE/UNLINED		
VISTA ORO	1	4	1958	STEEL	BARE/UNLINED		
TERRY LN	1	4	1956	STEEL	BARE/UNLINED		
CALLE AJO	1	4	1953	STEEL	BARE/UNLINED		
HILDY LN	1	4	1958	STEEL	BARE/UNLINED		
BARISTO RD	1	4	1936	STEEL	BARE/UNLINED		
SAHARA RD	1	4	1955	STEEL	BARE/UNLINED		

TOTAL LEAKS IN SYSTEM:

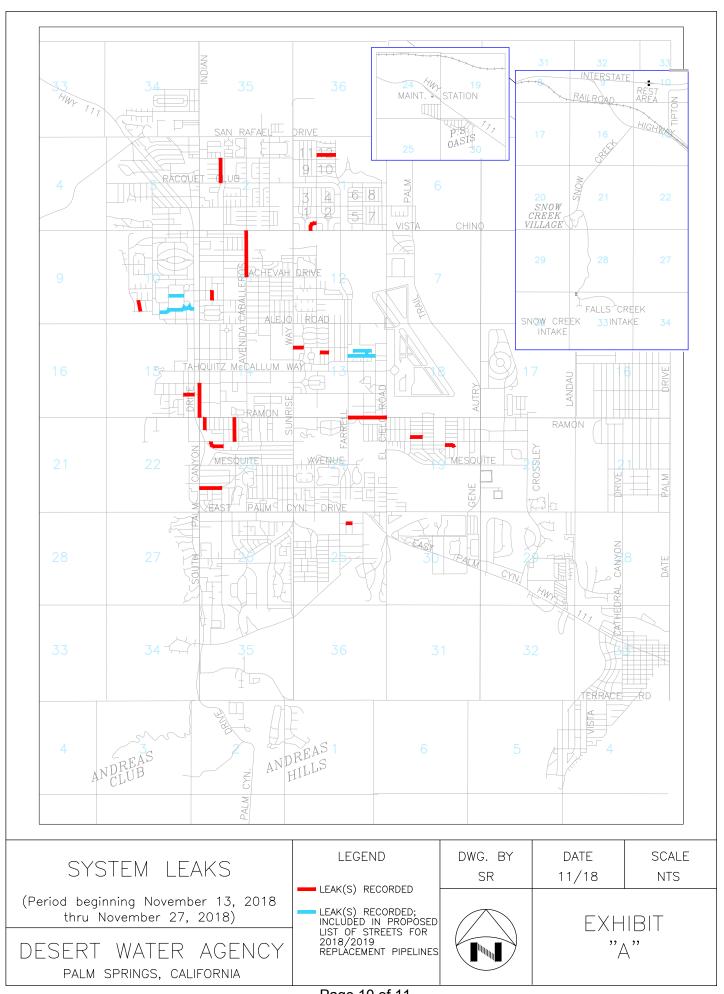
37

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

SYSTEM INFORMATION:				
*OLDEST PIPE IN THE SYSTEM (YEAR OF INSTALLATION):	1925			
AVERAGE YEAR OF INSTALLATION OF UNLINED STEEL PIPE (SYSTEMWIDE):	1952			
AVERAGE AGE OF UNLINED STEEL PIPE (SYSTEMWIDE):	66 YEARS			
AVERAGE AGE OF PIPELINE AT THE TIME OF REPLACEMENT:	68 YEARS			
TOTAL LENGTH OF UNLINED PIPE SYSTEMWIDE (LINEAR FEET):	303,391			
**AVERAGE LENGTH OF PIPE REPLACED ANNUALLY (LINEAR FEET):	14,500			
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF UNLINED STEEL PIPE:	21 YEARS			
YEAR AGENCY TRANSITIONED TO CEMENT LINED STEEL PIPE:	1960			

^{*} THIS PIPELINE IS BEING REPLACED AS PART OF THE 2018/2019 REPLACEMENT PIPELINES PROJECT.

^{**} PLEASE NOTE THIS FIGURE REPRESENTS THE AVERAGE LINEAR FOOTAGE OF PIPELINE REPLACED ANNUALLY GIVEN AN AVERAGE ANNUAL BUDGET OF \$3 MILLION.



General Manager's Meetings and Activities

Meetings:

11/20/18	San Gorgonio Pass SB SGMA Meeting	SGPWA
11/21/18	Mission Creek SB SGMA Annual Report	Conf. Call
11/22/18	Thanksgiving Holiday	
11/23/18	Thanksgiving Holiday	
11/26/18	Staff/I.S./Security Weekly Meetings	DWA
11/26/18	CWF Participation Meeting	Conf. Call
11/27/18	ACWA Fall Conf.	S.D.
11/27/18	Sites Reservoir Committee Meeting	S.D.
11/27/18	Indio SB SGMA Annual Report	Conf. Call
11/28/18	ACWA Fall Conf.	S.D.
11/28/18	CWF Participation Meeting	S.D.
11/29/18	ACWA Fall Conf.	S.D.
12/03/18	Staff/I.S./Security Weekly Meeting	DWA
12/04/18	Bi-Monthly DWA Board Meeting	DWA
12/04/18	DWA/CVWD/MWD Exchange Agreement Meeting	Ontario

Activities:

- 1) Outreach Talking Points KESQ
- 2) Whitewater Hydro Automatic Re-start
- 3) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 4) ACBCI Section 14 Facilities & Easements
- 5) Lake Oroville Spillway Damage
- 6) Replacement Pipelines 2018-2019
- 7) CWF 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
- 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
- 26) Snow Creek Surface Water Filtration
- 27) UWMP Population Calculation Update
- 28) RWQCB Update to the SNMP

STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

DECEMBER 4, 2018

RE: REQUEST APPROVAL OF CONTRACT EXTENSION WITH REEB GOVERNMENT RELATIONS, LLC

Since December of 2004, Desert Water Agency has maintained a Legislative Representation Contract with Robert J. Reeb, of Reeb Government Relations, LLC. That contract has been renewed annually since that time to ensure Mr. Reeb continues to represent Desert Water Agency's interest in Sacramento.

Attached for your review is a copy of the proposed contract renewal which will extend the term of Mr. Reeb's contract through December 31, 2020. Agency Counsel has reviewed the document on the Agency's behalf. The proposed contract represents no increase during the term.

Staff requests authorization be given to the General Manager to execute the proposed Contract with Reeb Government Relations, LLC, thus extending services to Desert Water Agency through December 31, 2020.

Reeb Government Relations, LLC

1107 9th Street, Suite 620 Sacramento CA 95814 Phone: 916-558-1926 Facsimile: 916-558-1932

LOBBYING FIRM RETENTION CONTRACT

The following constitutes a lobbying firm retention contract between **REEB GOVERNMENT RELATIONS, LLC** ("RGR" hereinafter), or its legal successor in interest, and **DESERT WATER AGENCY** ("DWA" hereinafter), or its legal successor in interest.

- 1. SERVICES TO BE PERFORMED— DWA engages the services of RGR as an independent contractor. RGR will provide advice and representation on behalf of DWA on California legislative and regulatory matters. Such services shall include:
 - A. Representation in the State Capitol and with the Executive Branch in regard to the 2019-20 Regular Session of the California Legislature.
 - B. Research and analysis of state legislative and regulatory issues and related initiatives; drafting legislation and amendments thereto relating to such issues.
 - C. Legislative reporting services as may be required by DWA.
 - D. Participation and attendance at DWA meetings to discuss current events, tasks under the scope of work and other business related to the governmental relations program. Attendance and participation at other meetings, upon request by DWA, including, but not limited to, meetings related to issues management and formation of lobbying coalitions.

RGR will work under the direction of the General Manager and will coordinate services to be performed with same.

Desert Water Agency Lobbying Firm Retention Contract Page 2 of 3

- 2. TERMS OF PAYMENT— DWA will pay RGR, according to terms and conditions set forth herein, a fee of ONE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS (\$180,000.00) for the period of January 1, 2019 through December 31, 2020. This amount shall be paid in twenty-four (24) equal installments of SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$7,500.00) due on the first (1st) of each month from January 2019 through December 2020, inclusive. Payment shall cover all time expended by RGR personnel unless otherwise agreed to by RGR and DWA.
 - A. Invoices shall be submitted monthly by RGR for payment by DWA. Payment is past due the next business day following the fifteenth of the month. If DWA has any valid reason for disputing any portion of an invoice, DWA will so notify RGR within seven (7) calendar days of receipt of invoice, and if no such notification is given, the invoice shall be deemed valid. The portion of RGR's invoice that is not in dispute shall be paid in accordance with the procedures set forth herein.
 - B. DWA shall reimburse RGR all costs incurred in connection with the services rendered. Reimbursable costs shall include travel costs and other costs approved by the steering committee. Travel costs are defined as air travel, lodging, meals and incidentals, ground transportation, and all costs associated with travel. All travel expenses must receive DWA's prior approval. RGR shall provide to DWA substantiation of reimbursable costs incurred. In no event shall the aggregate amount of reimbursable costs payable by DWA during the term of the agreement exceed the amount of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00). Any expense incurred in excess of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00) shall be the legal responsibility of RGR.
 - C. A finance charge of 1.5% per month on the unpaid amount of an invoice will be charged on past due accounts. Payments by DWA will thereafter be applied first to accrued interest and then to the principal unpaid balance. Any attorney fees, court costs, or other costs incurred in collection of delinquent accounts shall be paid by DWA. If payment of invoices is not current, RGR may suspend performing further work.

Desert Water Agency Lobbying Firm Retention Contract Page 3 of 3

- 3. INDEPENDENT CONTRACTOR—It is understood that RGR will function as an independent contractor and will hold itself out as such and will be without authority to obligate DWA for indebtedness, contracts, or other legal obligations.
- 4. POLITICAL REFORM ACT—RGR will be solely responsible for its filing and reporting obligations pursuant to the Political Reform Act of 1974, as it may be amended from time to time. DWA will be solely responsible for its filing and reporting obligations pursuant to the Political Reform Act of 1974, as it may be amended from time to time.
- 5. GOVERNING LAW This agreement shall be governed by and construed pursuant to the laws of the State of California.
- 6. ENTIRE AGREEMENT This is the entire agreement of the parties and no other representations, promises or agreements, oral or otherwise, shall be of any force or effect. This agreement may be supplemented, amended or revised only in writing by agreement of the parties.
- 7. TERM OF CONTRACT—The engagement shall be subject to review at any mutually agreed upon time. Either party may terminate this engagement without cause by giving written notice at least sixty (60) days prior to the date of termination. DWA's obligation to pay any further monthly installments shall cease upon the date of the termination and DWA shall have no further monetary obligation to RGR as of that date of termination. The effective date of this agreement is January 1, 2019, and it shall terminate on December 31, 2020.

DESERT WATER AGENCY

P. O. Box 1710 Palm Springs CA 92263-1710

By: Mark S. Krause

General Manager & Chief Engineer

REEB GOVERNMENT RELATIONS, LLC

1107 9th Street, Suite 620 Sacramento CA 95814

By: Robert J. Reeb
Managing Officer

Date: Date:

November 15, 2018

MEMORANDUM

TO: GENERAL MANAGER AND BOARD OF DIRECTORS

OF DESERT WATER AGENCY

FROM: BEST BEST & KRIEGER LLP

RE: NOVEMBER 15, 2018 MEETING OF THE BOARD OF DIRECTORS OF THE

STATE WATER CONTRACTORS

The November 15, 2018 meeting of the Board of Directors of the State Water Contractors (SWC) was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

- 1. <u>Closed Session.</u> The meeting again began with a lengthy closed session discussion of a number of items, the details of which should be kept confidential. However, in general, the topics included discussion of litigation related to the environmental document for Cal WaterFix (the Delta improvement project), the validation action for Cal WaterFix, Endangered Species Act compliance, and proceedings before the Delta Stewardship Council. Contractors were also alerted of the need for Board action early in December to approve and authorize execution of an amendment to the Water Supply Contract to extend the term of the Contract.
- 2. <u>Board Action Item</u>. In open session, the Board approved a contribution to disaster relief efforts following the devastating camp fire, which destroyed 80% of the homes in the town of Paradise, located near Lake Oroville at the headwaters of the State Water Project.
- 3. <u>Water Supply Report.</u> As of the date of the meeting, storage in Lake Oroville was a little more than one million acre feet, total. Releases from Oroville into the Feather River were at the rate of 1,750 cubic feet per second. Conditions were dry, with no inflow into Lake Oroville. The State Water Project was pumping water from the Clifton Court Forebay into the California Aqueduct at the rate of 500 cubic feet per second, and the federal Contractors were pumping water from the Jones Power Plant into the Central Valley Project at the rate of 1,800 cubic feet per second. The State share of water stored in the San Luis Reservoir

BEST BEST & KRIEGER ATTORNEYS AT LAW

was 760,000 acre feet, while the federal share was 440,000 acre feet. Precipitation was well below the average for November, with dry conditions forecasted in the near term.

- 4. General Manager's Report. SWC General Manager Jennifer Pierre reported on current activities, including significant participation in the Delta Stewardship Council process and State Water Project outreach efforts. She stated that the SWC was looking at a habitat expansion agreement that would provide additional spawning opportunities for salmon above Lake Oroville. She also reported that the Municipal Water Quality Investigations Program previously conducted by the State Water Project Contractors Authority for DWR was moved from SWPCA to the State Water Contractors, and that she would be appointing a MWQI Committee consisting of the same participants to continue that work.
- 5. Report on Infrastructure Objectives for Fiscal Year 2018/2019. Chapman of the SWC provided an update on infrastructure objectives for the current fiscal year. A copy of his PowerPoint presentation is attached to this memo. Significant items included a report on SWP aqueduct subsidence, liner integrity and retention of capacity in the aqueduct. The two main items included (a) routine maintenance, including prevention or removal of weeds and algae, removal of vehicles and debris from the aqueduct, and repairs of damage to aqueduct liner; and (b) a study of aqueduct subsidence. With respect to aqueduct subsidence a "phase one" study was released in June, 2017, which included quantification of the subsidence, and short term actions were undertaken including two linear miles of liner that had been raised, the repair of some wall sections, and modifications to inlet drain structures. Ongoing studies include a supplemental report that has been completed which is currently in final review, hydraulic modeling, identification of impacted structures, and the release of basic findings. The "phase two" feasibility study began in February of 2018 and is expected to be completed in August of 2020. Total estimated "near term" costs are projected to be \$16.2 million in 2019 and another \$17.7 million in 2020.

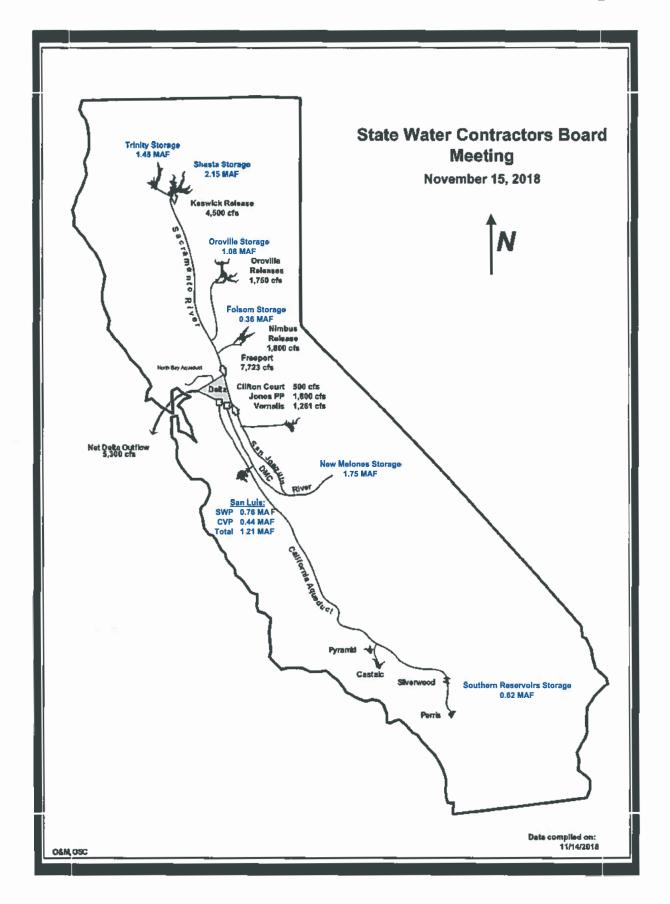
Eric also reported on the Oroville Dam Spillway restoration project and the "comprehensive needs assessment." DWR successfully accomplished its goal of completing the restoration of the spillway by the deadline date of November 1, 2018. The canal dimension and maximum capacity (270,000 cubic feet per second) remain the same as existed previously. However, the flood control spillway has been enhanced such that the minimum design slab

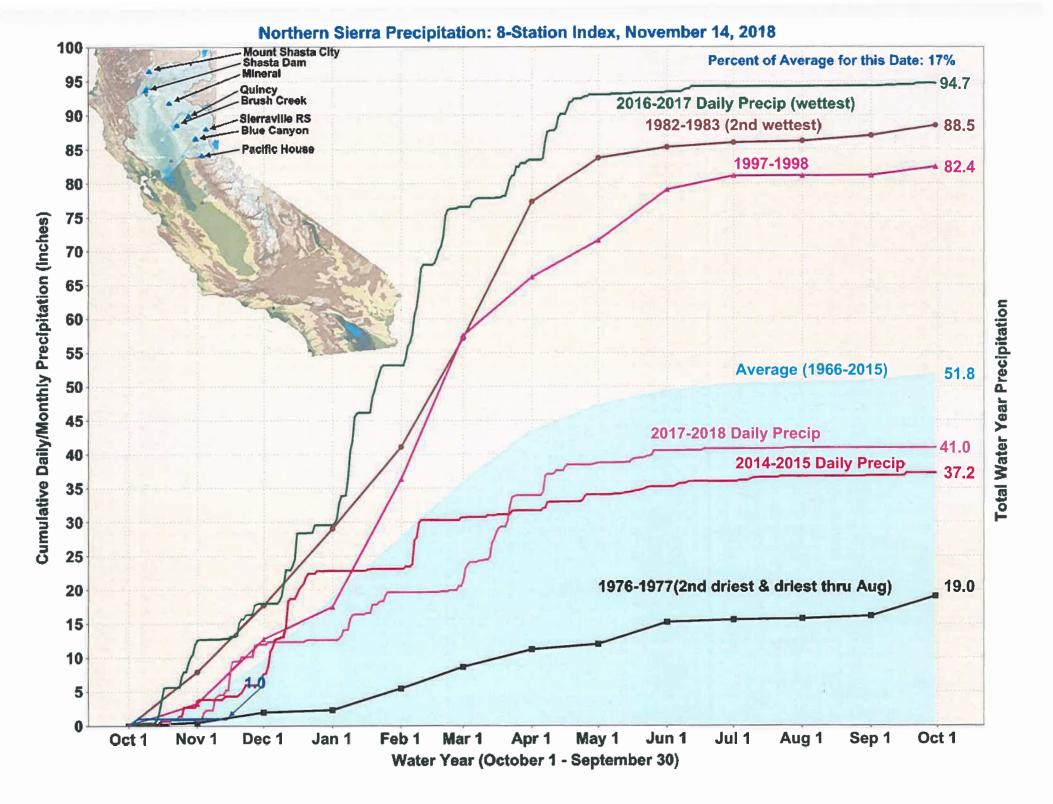
BEST BEST & KRIEGER ATTORNEYS AT LAW

thickness was increased from 15" to 54"; the average slab thickness was increased from 32" to 90"; sidewall thickness was increased from 12" to 24" at the top of the wall, and from 32" to 60" at the base of the wall; reinforcement steel was increased from one layer of 5/8" diameter to two layers of 1" diameter; underdrains were increased from 6" clay to 8" PVC; and the anchors were increased from approximately 5,700 anchors five feet deep to approximately 7,000 anchors 15 to 20 feet deep. The total project cost finished up at approximately \$1.1 billion. DWR is performing a comprehensive needs assessment that involves more than just the spillway and is expected to cost somewhere between \$16 million and \$20 million just for the planning activities.

Work is nearing completion on the restoration of the Thermolito Power Plant following the fire that nearly destroyed that plant. Fire cleanup was completed in April of 2014 at a cost of approximately \$96 million; structural repair and essential systems were restored in May of 2016 at a cost of approximately \$121.3 million; and the plant restoration phase and refurbishments are nearing completion by the end of 2018 at a cost of approximately \$26 million. Additional work and resources not addressed in the original budget will cost approximately \$20 million, for a total estimated cost of recovery and restoration at approximately \$264 million.

MICHAEL T. RIDDELL





Jul 1

Jun 1

Aug 1

Sep 1

Oct 1

Feb 1

Mar 1

Apr 1

Water Year (October 1 - September 30)

May 1

Jan 1

0

Oct 1

Nov 1

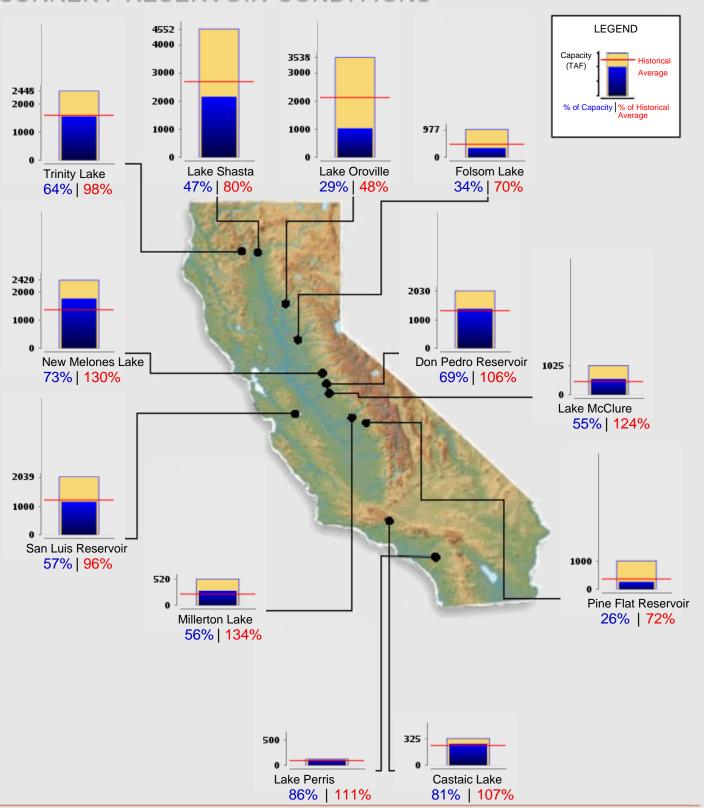
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Reservoir Conditions

Ending At Midnight - November 28, 2018

CURRENT RESERVOIR CONDITIONS



SWC FY 2018-19 INFRASTRUCTURE OBJECTIVES UPDATE

November 15, 2018 SWC Board Meeting



SWC FY 2018-19 Infrastructure Objectives

Priority 1

- Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention
- Oroville Dam Spillway Restoration and Comprehensive Needs Assessment
 - · SWP Seismic Vulnerability & Resillency
- SWP Dam Safety

Priority 2

- · Edmonston Pump Replacements
- · Hyatt Unit 1, 3, 5 New Runners/Bearing & TSV Refurbishment
- SWP Asset Management
- Thermalito Plant Post-fire Restoration

Priority 3

- Control System Upgrade
- Fire System Modernization



SWC FY 2018-19 infrastructure Objectives Update - November 15 2018

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Agueduct Subsidence, Liner Integrity, and SWP Capacity Retention

Two Main Efforts:

- 1) Regular/Routine Maintenance
 - Weed/Algae Prevention or Removal
 - Debris/"Used" Car removals
 - Repairs of liner damage
- 2) Aqueduct Subsidence Study
 - Phase 1
 - Phase 2



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention continued

- 1) Regular/Routine Maintenance
 - DWR maintains a database inventory of "SWP Aqueduct Canal Prism Condition Assessment" (August 2018 version -145 items, with risk rank)
 - > DWR maintains a database inventory of "SWP Aqueduct Canal Prism Repair History"
 - 187 items dating back to 1971 with total cost of ~\$92M
 - 35 completed or active repairs in 2018 (~\$19M to date)
 - ➤ Notable major 2018 liner work:
 - Repair of 1997 slide area in pool 12 at MP 62 (and secondary) slide at MP 65). 45-day outage started on April 16th; ~\$16.2M
 - Recent repair of flash flood damage to liner in pool 62



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2016

Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention continued

- DWR's Aqueduct Subsidence Study
 - Phase 1 (Quantification of Subsidence)
 - Initial Report released in June 2017
 - Short-term actions completed so far two linear miles of liner raised, wing wall repair, drain inlet modifications

Previous Board briefings in Sept &

Nov 2017

- Phase 1A (Assessment of Impacts to Operations)
- · Supplemental report complete but in final review
- Hydraulic modeling
- · Identified impacted structures (preliminary)
- · Basic findings have been released (slide 6 graphic)

dwe)

SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention continued 2) DWR's Aqueduct Subsidence Study continued Basic Findings from Phase 1 of Study SWP Aqueduct Capacity (design vs. 2015 vs. 2017) SWP Aqueduct Milepost SWP Aqueduct Milepost SWP Aqueduct Milepost SWP Aqueduct Milepost

Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention continued

- DWR's Aqueduct Subsidence Study continued
 - Phase 2 (Feasibility Study) February 2018 to Aug 2020
 - · Compiling current operating criteria & contrast with past criteria
 - · Define what is needed
 - · Develop, evaluate, and select alternatives
 - Additional short/medium term actions developed/launched for San Luis and San Joaquin FDs (late 2017 thru 2020)
 - *Most recent project launch: SJFD Medium Term Actions (July 2018 charter ONM-SJ-CAP-2018-006 with \$6.442M budget – capitalized)
 - Raising liner at low spots within Pools 24-30 + water elevation instrumentation
 - Assess/analyze hydrology of drainages that intersect aqueduct and hydraulics of existing overchutes, many of which are now in the channel's water surface



SWC FY 2018-15 Infrastructure Objectives Update - November 15 2018

Aqueduct Subsidence, Liner Integrity, and SWP Capacity Retention continued

- Costs Due to Aqueduct Subsidence
 - Regarding the Board's interest in total subsidence repair/mitigation costs: An accurate total cost estimate can't be made until the full extent of the subsidence mitigation actions/construction is known (end of phase 2 of study).
 - Near-term costs

Action	2019	2020
Subsidence Study	\$1.9M	\$1.3M
SLFD Short Term	\$0.4M	\$0
SLFD Medium Term, Pools 20-21	\$5.9M	\$8.5M
SLFD Medium Term, Check 17	\$1.4M	\$0.9M
Dos Amigos PP, Siphon House	\$1.0M	\$1.0M
SJFD Medium Term	\$5.6M	\$6M
Estimated Totals	\$16.2M	\$17.7M



SWC FY 2016-19 Infrastructure Objectives Update - November 15 201



Spillway Restoration and Comprehensive Needs Assessment

➤ Spillway Restoration (Flood Control Spillway)

- · Successfully accomplished goal of November 1 completion of restoration of spillway
- Canal dimension and max capacity (270,000 cfs) remain the same
- Design enhancements of flood control spillway include:
- Min design slab thickness: was 15"; now 54"
- Average slab thickness: was 32"; now 90"
- -Wall thickness top/base: was 12"/32"; now 24"/60"
- Reinforcement Steel: was 1 layer of 5/8" dia.; now 2 layers of 1" dia
- -Underdrains: were 6" clay; now 8" PVC
- -Anchors: had ~5,700 5ft deep; now ~7,000 @ 15-20ft deep

Also see handout for "Fast Facts"



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

Oroville Dam Spillway Restoration and Comprehensive Needs Assessment continued

- ➤ Spillway Restoration (Emergency Spillway) continued
 - · Roller-compacted concrete (RCC) splashpad was completed on October 26 (~700,000 cubic yards of RCC)
 - RCC buttress downstream of existing ogee section was completed
 - Structural concrete "cap" connecting RCC buttress with ogee section will be completed in early 2019

For entire project: finish clean-up, site regrading, restoration, mitigation, demobilization will continue into 2019



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

Oroville Dam Spillway Restoration and Comprehensive Needs Assessment continued

> Spillway Restoration continued

- · Twenty "check-in" meetings with Board of Consultants (BOC)
- · New, interim operations curve developed (slide 15)
- Total Project Cost Estimate Remained Unchanged at \$1.1B:
 - Initial Emergency Response: \$160M
 - Flood Control (Gated) Spillway Restoration: \$690M
 - Emergency Spillway Restoration: \$250M
- · More details (including BOC memos) can be found at:

https://water.ca.gov/What-We-Do/Emergency-Response/Oroville-Spillways



SWC FY 2018-19 Infrastructure Objectives Update - November 15 201

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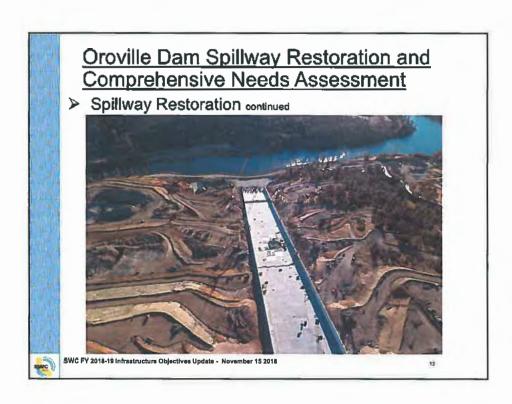
Oroville Dam Spillway Restoration and Comprehensive Needs Assessment

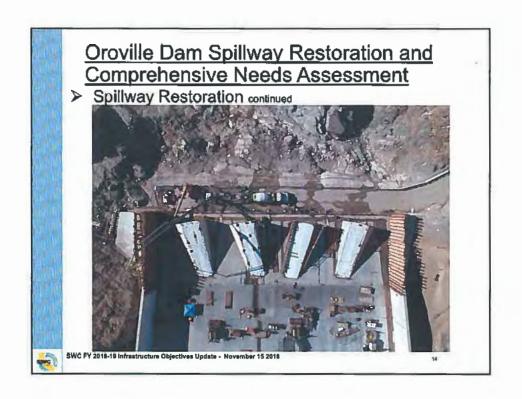
> Spillway Restoration continued

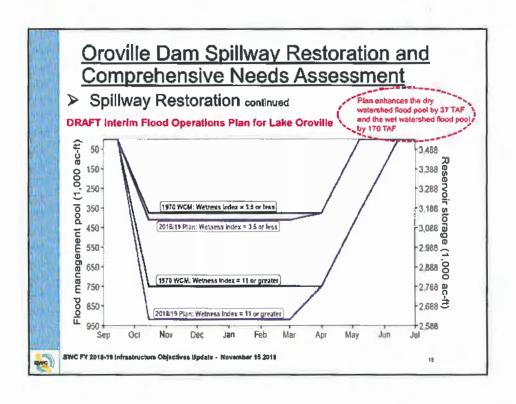


SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

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Oroville Dam Spillway Restoration and Comprehensive Needs Assessment continued

Comprehensive Needs Assessment (CNA)

Project Purpose: DWR's proactive action "... to identify measures to restore and improve, as necessary, the safety and reliability of Oroville Dam and the appurtenant structures."

Project Outcomes:

- Prioritized recommendations on dam safety and operational reliability for DWR Management's evaluation in coordination with FERC and DSOD
- Identification of early implementation measures that provide significant public safety and risk reductions "quick hits" or "low hanging fruit"
- Reservoir operations will be coordinated with participating agencies

Project Budget (just for planning study): \$16M-\$20M



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

Oroville Dam Spillway Restoration and Comprehensive Needs Assessment continued

Comprehensive Needs Assessment continued

High-level Approach with Milestone & Schedule

- · Project Initiation: January 2018
- Phase 1 (identify objectives/conditions/needs): June 15 Dec 31 2018
- Phase 2 (identify measures to address needs): Jan Sept 2019
- · Phase 3 (formulate alternative plans): Oct 2019
- Phase 4 (evaluate alternatives with agreed-upon metrics): Nov Dec 2019
- Phase 5 (compare and rank alternative plans): Jan Feb 2020
- · Phase 6 (recommend plans for consideration): Mar 2020
- · Report Development: Dec 2019 May 2020

Note: The CNA will incorporate all previous FERC & DSOD concerns/tasks into the overall plan (not done in parallel)



SWC FY 2018-16 Infrastructure Objectives Update - November 15 2018

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Oroville Dam Spillway Restoration and Comprehensive Needs Assessment continued

- ➤ Comprehensive Needs Assessment continued CNA Tasks (each task goes through the six phases)
 - 1. Spillway Alternatives to Pass Probable Maximum Flood
 - Operations Needs Assessment (develop alternative reservoir outflow enhancements)
 - 3. Flood Control Outlet Enhanced Reliability
 - 4. Alternatives Evaluation for Low-level Outlet
 - 5. Oroville Dam Embankment Reliability and Improvements
 - 6. Instrumentation and Monitoring for the Oroville Dam Complex



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

Oroville Dam Spillway Restoration and Comprehensive Needs Assessment continued

Comprehensive Needs Assessment continued

How SWP Contractors Can Get Informational Updates on CNA?

- · Quarterly Updates for the OME Committee (and all SWC members) first update held October, 22, 2018
- Upcoming Updates: January 9, 2019; March 26, 2019; August 8, 2019; November 7, 2019; and likely two times in 2020 (dates/times TBD)
- https://water.ca.gov/Programs/State-Water-Project/Oroville-Dam-Safety-Comprehensive-Needs-Assessment

Oversight of CNA

- An Independent Review Board was created to review all key deliverables and documents.
- DWR also reports to a special Ad Hoc Committee comprised of Oroville/Butte County Leaders & Politicians, and an environmental organization.



SWC FY 2818-19 Infrastructure Objectives Update - November \$5 2018



SWP Dam Safety

- ➤ All SWP dam safety activity (except Oroville Dam's) will be covered under this new objective - now a routine OME Committee topic
- ➤ September 6 OME Meeting's Dam Safety Topic: Phase 1 Spillway Inspections and Assessments (regulatory mandate resulting from Oroville incident)
 - · New, more extensive focus on assessments of existing spillways
 - FERC Directed (May 1, 2017 Letter): Pyramid, Cedar Springs Dams
 - DSOD Directed (June 6, 2017 Letter): Castaic, Pyramid, Cedar Springs, Del Valle, Antelope, Frenchman, and Grizzly Valley Dam. (Lake Davis)



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

SWP Dam Safety continued

>FERC's Request (similar to DSOD's):

"As part of the spillway assessment, we are requesting that you perform a detailed review of all design, construction, inspection, foundation information, and monitoring documentation available for the spillway(s); and perform a close visual inspection of the entire spillway."

- ➤ DWR's Response: Phase 1 2017 Spillway Inspections and Maintenance project
 - June 23, 2017 Project Charter Estimated cost \$8.115M
 - Scope: Prioritized 2017 inspections and maintenance of the 7 dams plus focused potential failure mode analysis workshops 3 dams under FERC jurisdiction
 - · Team of four consulting firms performing inspections/evaluations
 - Most reports are several hundred pages!



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018

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SWP Dam Safety continued

- > Phase 1 Work Actions for SFD Dam Spillways:
 - Pyramid: 1,167 LF crack repair; 5+ yd³ spall repair; drain cleaning; \$450k +/-
 - Cedar Springs: 4,263 LF of crack repair; 11+ yd³ spall repair; concrete edge grinding; \$443k +/-
 - · Castaic: crack/spall repairs; drain obstructions; \$450k+/-
- > Phase 2 (additional work) for SFD Dam Spillways:
 - Pyramid: More spall/crack/void repair; core slab for thickness & quality; camera inspections of drains; evaluate drain design
 - Cedar Springs: Evaluate feasibility of retrofit versus complete spillway replacement; erodibility assessment
 - Castaic: Clear/replace drains, analyze strength/stability; core to validate/dispel prelim findings (<u>while never used, spillway has major</u> issues including slab offset due to post-construction rebound/heave)



SWC FY 2018-19 infrastructure Objectives Update - November 15 2018

SWP Dam Safety continued

- > Reports on other SWP Dams' spillways still to come
- * Overall Impact to SWP O&M: DWR anticipates a substantial volume of additional high-priority maintenance/repairs on spillways and dams that will displace some other planned work and elevate costs.
- Other "Dam Safety" topics include:
 - Sisk (Seismic Stability Remediation)
 - Castaic (Left Abutment, Outlet Tower, Outlet Valves)
 - Perris (Outlet Tower, Emergency Release Channel)
 - Oroville (items from comprehensive needs assessment)



SWC FY 2018-19 Infrastructure Objectives Update - November 15 2018



Thermalito Plant Post-fire Restoration

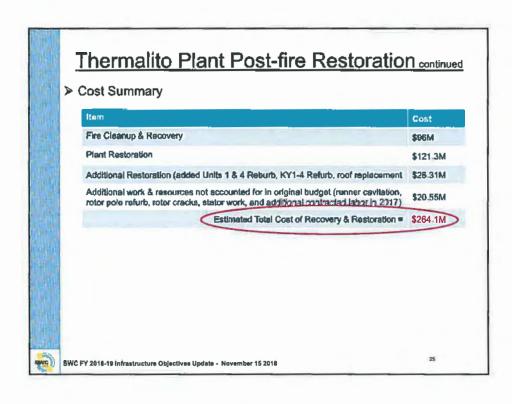
- > Mission: To return the Thermalito plant back to the fully rated operational capacity, and upgrade the fire protection & life systems.
- > Three Phases of work (following November 22, 2012 fire):
- 1) Fire Cleanup (remove debris & toxics) Completed; April '14
- 2) Fire Recovery (structural repairs, new HVAC and essential systems, interior/exterior coatings, by-pass channel repair) - Completed May '16
- 3) Plant Restoration Phase (refurbishments of all AC/DC systems, plant transformers, control/protection/communication systems, and all 4 units) - Nearing Completion (end of 2018)

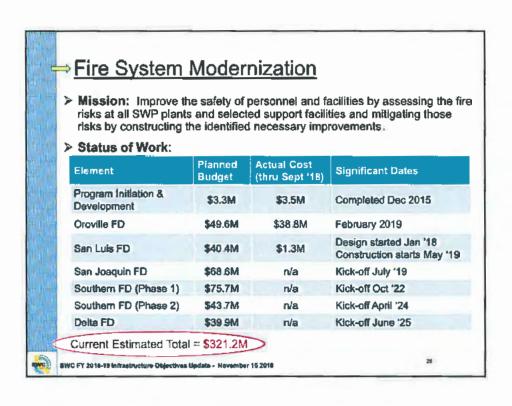
Commissioning Units - Feb thru June 2019

Fully Operational - July 1, 2019



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DESERT WATER AGENCY MEDIA INFORMATION NOVEMBER 2018

DATE	PACKET PAGE	MEDIA SOURCE	ARTICLE
11/01/18	1-6	THE DESERT SUN	The Biggest Share Of Colorado River Water In The West Is Up For Grabs
11/01/18	7	LOS ANGELES TIMES	Water Board Taken Over
11/28/18	8-10	THE DESERT SUN	IID Fight Could Imperil Water Plan



The biggest share of Colorado River water in the West is up for grabs

Sammy Roth, November 1, 2018

The Colorado River provides water for seven western states and Mexico. Heavily over allocated and ravaged by years of drought, the river is also under growing strains due to climate change. Wochit

A public agency and a powerful farmer are gearing up for a high-stakes court battle to determine who owns the largest share of Colorado River water in the West, complicating the river's future as seven western states scramble to avoid severe water shortages.

There's a long history of fighting over water in California's Imperial Valley, which has a legal right to more than 1 trillion gallons of Colorado River water each year — twice as much as the rest of California, and as much as Arizona and Nevada combined.

But officials at the publicly owned Imperial Irrigation District say the lawsuit brought against the agency by Mike Abatti, an influential farmer, could be a game-changer for the U.S. Southwest. They say Abatti's lawsuit could shift control of the Imperial Valley's water supply away from the public and toward a small group of landowning farmers.

Abatti has made the same argument.

"This case presents a pivotal struggle over the ownership and control of what may be the most historic and invaluable water rights in the Southwest United States," Abatti's lawyers wrote in their opening brief to an appellate court in San Diego last month.

Abatti's lawsuit is a key issue in next week's election for one of five seats on IID's board of directors. Norma Sierra Galindo, the incumbent, has pledged to keep fighting the lawsuit, frustrating farmers who have urged IID to settle the case. Galindo's challenger, Carlos Zaragoza, recently received campaign contributions from Abatti's brother Jimmy, and from another farmer who has leased land from Abatti. Zaragoza has refused to discuss his views on the Abatti lawsuit or to say whether he would support a settlement.

"As to who owns the water, that's to be determined by the courts," Zaragoza said at a debate earlier this month. "I would support the law as determined by the courts."

Abatti won a sweeping ruling in Imperial County Superior Court last year. The ruling was written by Judge L. Brooks Anderholt, who presided over the case despite his long history of business and social ties to members of the Abatti family, as The Desert Sun has reported. Anderholt ruled that IID "holds mere legal title to the water rights," and that 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."

Galindo says it's critical for IID to convince an appellate court to overturn that ruling. Imperial County has some of California's highest unemployment rates and and lowest income levels. Farming is the main economic driver, but the industry is dominated by a few hundred landowning families. Galindo and other IID officials are worried that if Abatti's lawsuit succeeds, some farmers would sell their water to the highest bidder.

"This community as we know it is really on the brink of danger, and that is because the water is being threatened by the interests of a small group of greedy, self-serving landowners," Galindo said at a debate this month. "It's very important to me to preserve the rights and the lifestyle of our beloved Imperial County as we have known it."

Imperial County has 180,000 residents, more than 80 percent of whom are Latino.

"The water is a public resource. It is in danger of becoming a private resource," Galindo said. "My job is to ensure that all of us continue to have access to that water."

Farmers, cities and the Colorado River

Abatti's lawsuit could have implications across the Southwest. The Colorado River supplies water for 40 million people across seven states, including residents of Los Angeles, San Diego, Phoenix and Las Vegas. The seven states have been working on agreements to leave more water in Lake Mead and Lake Powell, in hopes of avoiding unprecedented shortage declarations as drought, climate change and chronic overuse reduce the river's flow. But the agreements are not finalized. A victory for Abatti could make it harder for IID to limit water use by farmers and leave more water in Lake Mead.

The Abatti case has also pitted Imperial Valley city governments, industrial developers and labor unions against powerful farmers. Agriculture uses 97 percent of the valley's Colorado River water, and critics of Abatti's lawsuit say giving farmers more control would cripple IID's ability to guarantee a reliable water supply for cities and industry. The city councils of El Centro and Calipatria have passed resolutions supporting IID in the lawsuit, at the urging of a group called the Imperial Valley Coalition for Fair Sharing of Water, which was organized by former Imperial County supervisor Wally Leimgruber.

"Without access to water, there is no reason for the valley to exist," El Centro Mayor Cheryl Viegas-Walker said last month, before the city council voted 5-0 to support IID's position. "We know that the municipalities within Imperial County use only 3 percent. But that 3 percent is the lifeline for every single person that lives within Imperial County."

Earlier this year, it looked like there was a chance IID would drop its appeal of Abatti's lawsuit. In the June primary election, two dozen farmers spent tens of thousands of dollars trying to unseat Galindo and another incumbent, Jim Hanks. If the farmers had succeeded, a majority of IID board members may have been willing to settle with Abatti.

But the farmers' campaign failed. Hanks won re-election by just 41 votes, and Galindo finished comfortably ahead of her four challengers, failing to reach 50 percent of the vote but advancing to a November runoff against Zaragoza. Incumbent Juanita Salas — who had called for IID to drop its appeal in the Abatti case, and who was backed by the high-spending farmers — lost by 9 percentage points to challenger Alex Cardenas.

Some of the farmers who gave money to defeat Galindo and Hanks have argued IID can't be trusted with the region's water supply. They point to several water transfers the public agency has participated in, including a 2003 deal in which the IID board agreed to sell some of the region's Colorado River water to cities in San Diego County and the Coachella Valley. Mike and Jimmy Abatti sued unsuccessfully to block the deal, known as the Quantification Settlement Agreement, as did many other people and groups.

At a meeting this month of the city council of Imperial, one of seven cities in Imperial County, hay grower Ronnie Leimgruber said IID officials are using "scare tactics" when they claim they may not be able to supply water to industrial customers if Abatti's lawsuit succeeds. If IID officials can promise huge amounts of water to San Diego and the Coachella Valley, Leimgruber said, surely they can find smaller amounts for industry.

Leimgruber also said it's not true that farmers are looking to sell their water.

"To think that agriculture is in this valley to transfer water is a misnomer. We all know that the water is held in trust by our irrigation district for the beneficial use of the farmers and landowners and residents of Imperial Valley," Leimgruber said. "So we want to continue doing that, and that's why we're here. That's why our forefathers came here."

Leimgruber gave \$3,000 in May to Imperial Valley First, the group that tried to unseat Galindo and Hanks. Leimgruber addressed the Imperial City Council shortly after his brother Wally, who is on the other side of the battle in the Abatti lawsuit. Wally organized the Coalition for Fair Sharing of Water, which is urging local officials to support IID.

The Imperial City Council was scheduled to vote two weeks ago on a resolution supporting IID. But the council ended up tabling the issue. Council member Darrell Pechtl told Wally Leimgruber he had asked for the resolution to be removed from the agenda, saying he wanted to hear from people on the other side of the argument first.

"We heard your side, and I appreciated all the information you've shared. I just didn't feel that at this point I'd heard everything I needed to hear," Pechtl said.

Abatti was sitting in the audience during that council meeting. He never rose to speak.

One person who did rise to speak, at the previous Imperial City Council meeting, was former IID board member Matt Dessert. Dessert went to grade school with Abatti and has described him as "an old friend of mine." But now Dessert is a member of the coalition supporting IID against Abatti in the legal battle. Dessert urged the Imperial City Council to pass a resolution supporting IID's position, calling it "the right thing to do."

"As a past IID director, (I've) had insight into what the agency goes through working with a small group of very wealthy, powerful, prominent, well-educated families, and the power they assert over a board, the power they assert in an election cycle, the power they can even assert in a very ugly manner in an election cycle as we've recently seen," Dessert told the city council. "Put this to bed so the next generation doesn't have to divide this community further in an ugly manner, as is happening at this time."

Who is financing Carlos Zaragoza's campaign?

Campaign-finance records for next week's election show no recent contributions from most of the farmers who tried to unseat Galindo in June. But Mike Abatti's brother Jimmy, the immediate past president of the Imperial County Farm Bureau, gave \$1,000 to Zaragoza's campaign this month. So did Doug Westmoreland, a farmer who has leased land from Mike Abatti. Mike Morgan, another farmer who has fought to limit IID's control over Colorado River water, gave \$5,000 in August to Imperial Valley First, the political group that campaigned against Galindo and Hanks before the June primary.

Asked about the "small group of greedy, self-serving landowners" she referenced at the debate this month, Galindo brought up Imperial Valley First. She said the group's supporters have a contempt for IID that "dates back to the time of their ancestors."

"This group does not have the community in mind ... it has its eye on the present and future value of the water, regardless of what it tells us," Galindo said in an email. "It is millionaires wanting to become billionaires — in the event that they are not already."

Mike and Jimmy Abatti didn't respond to requests for comment. Doug Westmoreland said his support for Zaragoza is "probably not too much related" to Mike Abatti's lawsuit.

"I chatted with Mr. Zaragoza, and I really liked some of the things he had to say," Westmoreland said in a phone interview. "I think he's strong on protecting the valley's water rights, keeping the water within the valley."

Zaragoza, a property tax consultant, ran unsuccessfully for county assessor in 2010 and 2014 before running for IID board this year. He has slammed the agency for not doing enough to improve conditions at the Salton Sea, and criticized Galindo for allowing a consulting firm, ZGlobal Inc., to amass huge influence over IID's energy department.

But Zaragoza has avoided discussing the Abatti lawsuit in any detail. At the debate this month, he repeatedly declined to share his opinion on the case, saying he would "prefer not to comment" because "as a future IID director, I would be subject to any lawsuits."

Zaragoza did, however, echo several arguments used by farmers who have urged IID to settle the Abatti lawsuit. Zaragoza said that there has "never been a shortage of water here in Imperial County," and that non-agricultural businesses have nothing to fear because farmers can make water available to them through conservation. He described the IID board as "the only entity that ever sold water," a reference to the 2003 water transfer in which the five-member board, under pressure from the federal government, agreed to sell water to cities in San Diego County and the Coachella Valley.

"That takes 3 votes, and that's it," Zaragoza said at the debate.

Zaragoza also referred to the Abatti lawsuit in a Facebook comment earlier this year. He wrote that "certain IID Board Directors are attempting to change Historic Water allocation covenants, claiming the farmers are attempting to 'steal' the water."

Zaragoza didn't respond to a request for comment for this story. Overall, he has received at least \$16,000 worth of campaign contributions this year, more than half of which have come from himself and his sister Mercedes Wheeler, a local attorney with the law firm Horton, Knox, Carter & Foote. As of Monday, Imperial County officials hadn't received Zaragoza's most recent campaign finance filling, which was due last Thursday.

Galindo has raised more than \$35,000 this year, including \$10,000 from Controlled Thermal Resources, an Australian company with plans to build a huge geothermal power plant and lithium extraction facility by the southern shore of the Salton Sea. Some geothermal industry officials say they're worried Abatti's lawsuit could kill future energy projects by limiting IID's ability to guarantee a long-term water supply to developers.

Zaragoza has also criticized The Desert Sun's reporting on Judge Anderholt's ties to the Abatti family. In a Facebook comment earlier this year, Zaragoza wrote that he knows Anderholt personally, calling him a "deeply religious ethical person; he goes to my brother's church too." The Desert Sun's story on Anderholt, Zaragoza wrote, "uses hyperbole and innuendo in an attempt to besmirch his character and that is wrong."

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 Jimmy Abatti. 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. When Anderholt successfully ran for judge in 2012, he received \$1,000 from Jimmy Abatti's company and \$500 from Ben Abatti Sr.'s company.

The origins of Mike Abatti's lawsuit

Campaign filings show no contributions from Mike Abatti in this year's IID elections. But Abatti is one of the Imperial Valley's most powerful farmers. He once served on the IID board, getting elected after outspending his opponent nearly 5-to-1. He's made a second career for himself in the energy industry, winning tens of millions of dollars in public contracts from IID. In 2012, his fields accounted for nearly 1 percent of all Colorado River water used in the Imperial Valley — and three and a half drops out of every 1,000 drops of Colorado River water used in California, Arizona and Nevada.

Abatti sued the Imperial Irrigation District in 2013, claiming the agency's new water apportionment plan could unfairly restrict water use by himself and other farmers. IID's Equitable Distribution Plan, first approved in 2006 and updated in 2013, was intended to keep the region's water use within its 3.1 million acre-feet annual limit. But Abatti saw the apportionment plan as an attack on local farmers: He said in legal filings that much of his land has sandy soil, meaning it requires more water than typical farmland — and more water than Abatti expected to receive under IID's plan during some years.

But Abatti was willing to let the controversial water plan remain in force for most farmers — so long as IID exempted him, his brother Jimmy and their father Ben. According to a letter from one of Abatti's lawyers to IID, a copy of which was obtained by The Desert Sun earlier this year, Abatti was "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."

IID didn't accept the settlement offer, and eventually lost the case. Anderholt invalidated the Equitable Distribution Plan, forcing the IID board to repeal it.

The case is now on appeal. In an opening brief filed with the appellate court in San Diego, Abatti's lawyers described the apportionment plan as "a 'water grab,' plain and simple." They said the IID board had "sought to take unfettered control over the water rights to distribute water for whatever purposes the Board may choose ... including new industrial and other purposes outside IID's limited powers as an irrigation district."

IID rejects those arguments. In an opening brief to the appellate court, the agency's lawyers wrote that Judge Anderholt's decision, if left intact, "will replace longstanding water laws and a water rights structure relied upon by not only California, but the seven states within the Colorado River Basin." Anderholt's decision, they wrote, was the result of a "fundamental misunderstanding of the nature of the water rights held by IID."

"Not only is it IID, and not the agricultural landowners or water users, that holds the water rights to the Colorado River supply for the imperial Valley, but under the law those water rights are held 'in trust for its uses and purposes,' acting as 'necessary to furnish sufficient water in the district for any beneficial use," IID's lawyers wrote.

The Imperial County Farm Bureau, which until earlier this month was led by Jimmy Abatti, has urged IID to settle the lawsuit. Tom Brundy, the farm bureau's new president, told the Imperial City Council earlier this month that allowing an out-of-town appeals court to make key decisions about the Imperial Valley's water supply is a risky move.

"I think that if this goes to court ... both parties could suffer tremendously. Taking our chances in the courtroom really isn't an option," Brundy said. "I encourage you guys to take a neutral position. I encourage you to strive and push for settlement."

Zaragoza slams Galindo for supporting ZGlobal

While Galindo has focused her re-election campaign on the Abatti lawsuit, Zaragoza has criticized the incumbent for her role in IID's hiring of the consulting firm ZGlobal Inc.

In addition to providing water in the Imperial Valley, IID sells electricity to customers in Imperial County and the eastern Coachella Valley. In October 2015, the public agency gave ZGlobal a three-year, \$9.1 million contract to help run its energy department. An investigation by The Desert Sun ultimately found that ZGlobal consultants repeatedly did work for IID that stood to benefit the company's own private-sector energy projects in the Imperial Valley. As a result of The Desert Sun's reporting, IID canceled a \$75 million solar contract and a \$7 million battery storage contract. ZGlobal denied wrongdoing, but ended its contract with IID and agreed to divest from several additional solar projects.

At the recent debate, Zaragoza said Galindo "either supported or was directly responsible" for IID's dismissal of five longtime energy department employees to make way for ZGlobal. He also cited Desert Sun reporting showing that in 2011, IID agreed to sell farmland to a solar developer working with ZGlobal for \$5.77 million, only to see the land flipped to another company for \$14.2 million a month after the sale was completed.

"We need accountability," Zaragoza said. "Our employees need fairness and security in knowing that their jobs will be here tomorrow. IID employees are our neighbors. They are our friends. We should not tolerate them indiscriminately being fired."

Asked to respond to Zaragoza's criticisms, Galindo said ZGlobal played a critical role in improving IID's energy department after the agency was partially responsible for a massive power outage that left millions of people in California, Arizona and Mexico without electricity in 2011. ZGlobal also found "millions of dollars in unfinished projects and money leaking out of that department as if were a sieve," Galindo said in an email.

IID board members didn't know about any conflicts of interest at first, Galindo said.

"When we were faced with the 1090 issues, we took immediate action and proceeded to remedy the situation, which culminated in the severing of our working relationship," Galindo said in an email, referring to California Government Code Section 1090, which says elected officials, public employees and other government agents "shall not be financially interested in any contract made by them in their official capacity."

Imperial County's district attorney, Gilbert Otero, said he would scrutinize ZGlobal's work for IID following The Desert Sun's reporting. After a yearlong investigation, Otero announced this month that he will not file criminal charges, despite concluding that ZGlobal had financial conflicts and may have violated California's conflict-of-interest law.

Otero investigated ZGlobal despite ties between his own office and Mike Abatti, who has worked with ZGlobal on several energy projects. Otero's assistant district attorney, Deborah Owen, is married to Jimmy Abatti. Jimmy Abatti sponsored the kickoff event for Otero's successful re-election campaign this year, which amounted to a contribution of nearly \$4,800, campaign filings show. Additionally, a photo was posted by the official Facebook profile for Otero's re-election campaign showing Otero socializing with Mike and Jimmy Abatti, with a caption describing the siblings as "good friends" of his.

One of the energy projects that Mike Abatti and ZGlobal partnered on was a giant battery, which got a \$35 million contract from IID after the public agency disqualified several lower-cost bids. Abatti and ZGlobal are also developing the Vega SES solar project, which would be built on 574 acres of farmland that Abatti owns southwest of El Centro, along the Westside Main Canal. While ZGlobal was helping to run IID's energy department, the consultant touted a proposed infrastructure project, the Fern Substation, that would enable Vega SES to connect to IID's power grid and sell its electricity.

Antonio Ortega, IID's government affairs officer, told The Desert Sun earlier this year that it "remains undetermined" whether the Fern Substation will be built. But permitting for the Vega SES project is moving forward. Last month, Imperial County released a draft environmental impact report for the 100-megawatt solar farm, which would also include a battery storage system with a capacity of 100 megawatts. The draft report says Vega SES would deliver its electricity to the grid at IID's proposed Fern Substation.

Los Angeles Times

Water board taken over

State ousts Compton district's leadership, taps L.A. County to run it on interim basis.

By Angel Jennings, November 1, 2018

State officials on Wednesday removed the elected board and general manager of a water district that for years has been accused of serving brown, smelly water to its customers in Compton.

With a 22-page decree, the State Water Resources Control Board abolished Sativa Los Angeles County Water District's five-member board of directors and ousted its manager. COMPTON residents stand outside a meeting of the Sativa Los Angeles County Water District board in June. The agency has been accused of serving dirty water. (Robert Gourley Los Angeles Times) In their place, the state appointed the county's Department of Public Works to temporarily run the district while officials seek to merge the small district, which delivers water to about 1,600 homes, with a larger provider.

The move marks the first time that the state has used its power to order the takeover of a water agency.

"For far too long, our residents have had to endure the unacceptable — they had no idea what would flow when they turned on their tap," L.A. County Supervisor Mark RidleyThomas said. "Enough is enough. Los Angeles County is ready to step in and step up ... and immediately begin to triage the situation."

County officials will move into Sativa headquarters Thursday, said Paul Novak, executive officer of the county's Local Agency Formation Commission, which monitors Sativa.

Calls to Sativa were not immediately returned.

Novak said the takeover will not immediately fix the problems that have plagued the water district, including manganese-coated pipes that discolor residents' water. Officials estimated that \$10 million to \$15 million is needed to upgrade the 70-year-old pipes.

But it will get rid of the administration of a long-criticized agency accused of financial instability, nepotism, poor maintenance and mismanagement.

"These are the changes I think they will see: They will see staff that's more accessible, that is more transparent, that is communicating with the ratepayers on a regular basis," Novak said. "Instead of encountering a board and staff that are hostile to the ratepayers, they will have people they can come in and communicate with."

Department of Public Works Director Mark Pestrella said the county will meet staff Thursday to take control of Sativa's facilities and assets, then come up with a plan to deliver clean, safe water to residents.

In September, Gov. Jerry Brown signed AB 1577, a bill introduced by Assemblyman Mike Gipson (D-Carson), that would allow for the dismantling of the Sativa board.

Two years ago, the state water board was granted the authority to install an administrator at a failing water system. However, the role has to be paid for by the state, and the law did not provide funding.

The governor signed legislation Sept. 17 that appropriates \$200,000 for a state-appointed administrator to helm Sativa. The L.A. County Board of Supervisors and the Local Agency Formation Commission had asked the state to appoint the county's Department of Public Works as the interim administrator.

After customers began posting videos online of tea-colored water coming from their faucets, the Local Agency Formation Commission voted in July to dissolve Sativa — a lengthy and rare process separate from state-directed takeover. The commission has scheduled a February hearing to continue the dissolution so that Sativa will no longer exist.



IID fight could imperil water plan

Farmer seeks injunction to block 7-state compact

Janet Wilson, November 28, 2018

Palm Springs Desert Sun USA TODAY NETWORK

A fierce local battle over water rights unfolding in a small southern California courtroom Wednesday could threaten federal plans to replenish rapidly dwindling Colorado River water supplies. A third-generation farmer is seeking an injunction to block the Imperial Irrigation District from signing on to the sevenstate compact. The hearing comes a day and a half after the longtime general manager for the district, Kevin Kelley, announced he will retire at year's end, though he could stay on as a consultant.

Federal officials and water experts say the agreements, dubbed the Drought Contingency Plans, are critical to the American Southwest and parts of Mexico. Bureau of Reclamation Commissioner Brenda Burman has urged seven Colorado River Basin states to act on the plans by December to ensure "prompt and coordinated action" to keep Lake Mead and Lake Powell elevations high enough to meet demand. The river and its tributaries have provided water for about 40 million people and more than 5 million acres of farmland, from Wyoming to California. After years of drought exacerbated by overuse and climate change, Lake Mead has sunk to 38% capacity.

But Michael Abatti and a group of other valley farmers, who are entitled to receive a large share of the river's water, are leery of losing their historic rights. Arguments for and against Abatti's petition for an injunction will be heard Wednesday by Superior Court Judge L. Brooks Anderholt, who has ties to Abatti's family and has already ruled in his favor once. In 2017 he found that the growers had a constitutionally protected, private property right to their share of the water. Abatti's attorneys say the ruling bars IID from signing any new contracts that would "unduly harm" the "status quo," namely their senior water rights.

Kelley and attorneys for the district said the draft contingency plan honored the farmers' rights and in exchange for a one time return of 250,000 acre-feet of water, would actually garner them an extra half million acre-feet of water for seven years, offering a common-sense solution. They also warned that the case involved federal, not state law, and that trying to superimpose the drought plan onto the earlier case could backfire on Abatti and the others.

"The question is, do the ownership rights of the farmers in the valley, in the greatest and largest drought in recent historical times, trump the legal authority of the United States and the other states to come up with a drought contingency plan," said Charles Dumars, a veteran water attorney, at a Nov. 14 workshop on the proposed drought plan.

A reclamation bureau spokeswoman said the agency couldn't comment on litigation. But she reiterated that "after a very poor snowpack last year, the Basin faces a very real prospect of Lake Mead rapidly declining to critically low levels in the next 24 to 36 months. Action is needed now to reduce this risk."

The litigation throws another hurdle in front of the approval of the multistate compact, which has also been stalled by clashes between various Arizona parties.

"We've been flying under the radar here in the Imperial Valley, but this could certainly change that," said Kevin Kelley, outgoing general manager of IID.

The fight comes at a time of transition for the district. Kelley will retire at year's end, capping an often tumultuous and challenging eight years at the helm. Kelley, 60, submitted a letter to the board of directors in a closed session on Monday, and his offer was accepted. According to his contract, he could be retained as a part-time consultant and keep collecting full benefits.

"This has actually been in the works for some time," Kelley said in an interview with The Desert Sun. "I think at this point IID could benefit from fresh thinking and new ideas, and by someone who hasn't been doing this for eight years."

Kelley's retirement comes after a particularly difficult stretch, during which he has been forced to spar repeatedly with the farmers trying to wrest control of the Imperial Valley's water from the district. With five weeks left on the job, he will depart with major issues unresolved, including the drought contingency plans and the district's appeal of Anderholt's earlier decision.

But his departure comes now that a strong majority of the board who agree with his positions have been elected, reelected or will soon be appointed. Asked if that played a role in his decision, he joked, "I probably shouldn't comment on that, but yes."

An interim manager is expected to be named after a new board takes control in early December. The board could alsoapprove a consultant agreement for Kelley then or at a later date.

Kelley has battled wide-ranging challenges since he began in May 2011, a few months before much of the Southwest endured a black-out that was partly blamed on IID's actions.

In recent years, investigations into the district's energy contracts and the major legal victory by Abatti and his supporters have dogged Kelley and his staff. The legal clashes have ratcheted up simmering tension between IID, including Kelley, and a group of about a dozen farmers of the 400 in the valley.

At the Nov. 14 workshop, Kelley said that even though the district had already paid for water that could be used to raise Lake Mead water levels, the farmers were still saying the water was theirs, and that IID had no right to sign an agreement to benefit the public at their expense. "The elephant in the room, and it's been the elephant in the room for 30 years, is the question of water ownership ... no one should have any illusions. This is about ... who owns the water rights."

During the public comment portion of the meeting, grower and farm labor employer Steve Scaroni questioned Kelley repeatedly, demanding that he explain what he meant, then cutting him off numerous times, at one point exclaiming, "This isn't dancing with the stars, Kevin ... You're not going to answer my question? You're not going to clarify what you meant when you said that IID's position for the last 30 years is that we no longer have constitutional rights?"

The tense back-and-forth continued until Hanks cut off Scaroni, telling him "Your time is up," and Scaroni yielded the floor.

"Kevin was never qualified to be GM of IID," Scaroni wrote in an email to the Desert Sun Monday.

"(He was) way over his skill and education level glad to see him leave. He is not retire he is quitting because he knows the truth of all his bad deals are coming to light. I wish him well."

Scaroni said in a phone interview that the best solution to dwindling supply was to sharply raise urban water rates, forcing Los Angeles, San Diego and other heavily populated areas to conserve water, rather than punishing rural growers. He said desalination would also help.

In addition to the farmers' challenges, Kelley had to confront the fallout from a Desert Sun investigation that raised questions about his hiring of the consultant ZGlobal to help run IID's energy department. The investigation ultimately resulted in the agency canceling tens of millions of dollars worth of energy contracts and parting ways with the company, an investigation by the county district attorney, and an internal probe that concluded ZGlobal had financial conflicts of interest in its work for IID. Kelley defended his decision to hire the firm, but ultimately accepted responsibility for not doing more to prevent potential conflicts.

But others praised Kelley's tenacious work to preserve water rights for all users, from impoverished crop workers to major import-export companies and geothermal energy developers.

"He's been through a lot. At no time in IID history have you had a local judge make a ruling that was so flawed, and he's had to endure that, and heated arguments from a very small group of farmers, 10 or 11 out of 400 in Imperial County," said Wally Leimgruber, a former Imperial Valley grower and longtime county supervisor who is now a land use consultant. "No one likes controversy, but he stood the test of time, and he has protected power and water rates for everyone. I wish him well in whatever venture he pursues."

Kelley declined to comment on future plans, other than taking time off. Leimgruber said anyone with experience as head of the water agency with the largest water rights on the Colorado River could easily obtain work as a consultant to agencies, industry or others. State law and Kelley's contract ban him from working for a year anyone who does business with IID or many rival utilities. But under a clause in his contract, he is allowed to be a consultant for the district and continue receiving health insurance and all other benefits.

The long-term defining feature of Kelley's tenure could be IID's petition to the State Water Resources Control Board on the Salton Sea, implicitly threatening to scuttle a San Diego water transfer deal if state officials didn't follow through on their pledge to keep the Salton Sea sustainable and safe. While the state board promised to follow through, they've done relatively little to date. Kelley said he believes that in coming years it will pay off for residents.

"I look back on my tenure as general manager and I'm proud of what we did. That doesn't mean we got everything right, but that was always our goal, and we never shrank from taking on the hard issues," he said. "As long as there's water in the desert, there are going to be fights over it."

DESERT WATER AGENCY

OUTREACH & CONSERVATION ACTIVITIES

NOVEMBER 2018

Activities:				
11/1	Xochitl Peña was on a live segment with KESQ regarding election day and open DWA Board seats.			
11/1	Xochitl Peña was interviewed on the Joey English radio show.			
11/3	DWA provided water coolers, cups and bottles for the Palm Springs Pride Run/Walk 5K.			
11/6	Vicki Petek completed 1 turf buy back post inspection.			
11/7	Xochitl Peña was on a live segment with KESQ regarding DWA at the Palm Springs Farmer's Market.			
11/8	Xochitl Peña attended California Public Information Officer (CAPIO) training on crisis management.			
11/10	Vicki Petek staffed a table and provided water and information at the Palm Springs Farmer's Market.			
11/10	DWA provided the water trailer for the Palm Springs Air Museum Veterans Day celebration.			
11/14	Xochitl Peña attended the Cathedral City speaker series at the Cathedral City Library; featured speaker was Tom Davis, Chief Planning and Development Officer with the Agua Caliente tribe.			
11/15	Xochitl Peña was on a live segment with KESQ regarding DWA at the Desert Living Home Show.			
11/16-11/18	Vicki Petek and Xochitl Peña staffed a table and provided information at the Desert Living Home Show at the Palm Springs Convention Center.			
11/22	DWA provided the water trailer, water coolers, cups and bottles for Running Wild's Turkey Trot 5K downtown Palm Springs.			
11/27	Vicki Petek completed 2 turf buy back post inspections.			
11/29	Xochitl Peña was on a live segment with KESQ regarding cool weather irrigation.			
11/29	Xochitl Peña was interviewed on the Joey English radio show.			

Public Information Releases/eBlasts/Customer notifications:

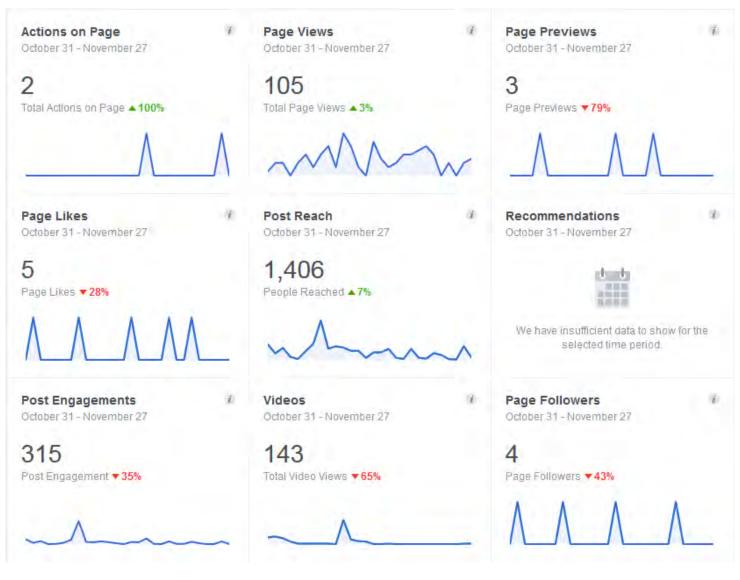
November 6: Desert Water Agency pipeline flushing on Wednesday (11/7) – Nextdoor

November 20: New Water Main Installation - Nextdoor

Upcoming Events

December 8, 8:00 to 12:30 - DWA at Palm Springs Farmer's Market in the Camelot Theatre parking lot December 15, 8:00 to 11:00 – DWA water trailer at Palm Springs Marathon Runners Santa Paws 5K downtown Palm Springs

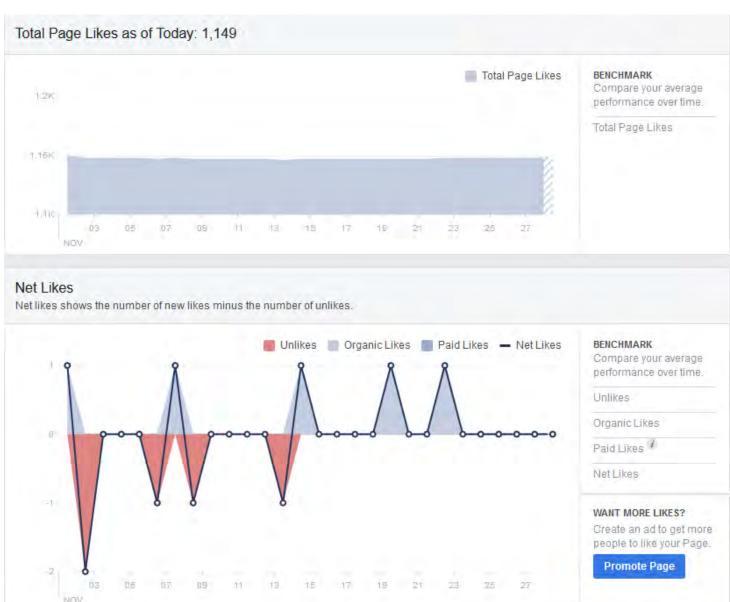






Published	Post	Туре	Targeting	Reach i	Engagement	Promote
11/26/2018 9:00 AM	Use a broom to clean driveways and sidewalks and save 50 gallons every	6	0	192	7 1	Boost Post
11/23/2018 8:00 AM	There are lots of bargains to be had today. DWA has ways to save you	Б	0	57	0 2	Boost Post
11/22/2018 8:00 AM	Happy Thanksgiving! We're grateful to be part of such a wonderful	6	0	90	3 9	Boost Post
11/19/2018 9:00 AM	Running a full load in your dishwasher is more efficient that	Б	0	166	6 7	Boost Post
11/16/2018 12:52 PM	We're at the Desert Living Home Show through Sunday sharing info on	6	0	113	7 1	Boost Post
11/14/2018 12:57 PM	Good job! Our customers used 12 % less water last month than in October	6	0	139	5 4	Boost Post
11/12/2018 9:00 AM	Wait until you have a full load of laundry and run the wash on cool or	6	0	198	3	Boost Post
11/11/2018 8:00 AM	Today, we honor our veterans. Thank you for your service. We're grateful	6	0	97	2 3	Boost Post
11/10/2018 10:16 AM	We're here at the Palm Springs Certified Farmers Market until noon.		0	133	2 9	Boost Post
11/09/2018 10:00 AM	We'll be at the Farmers' Market in Palm Springs from 8 a.m. to noon on	Б	0	198	2 9	Boost Post
11/08/2018 9:00 AM	STEM is a part of every day here at DWA. A career in water offers an	6	0	106	4 5	Boost Post
11/06/2018 7:00 AM	Desert Water Agency has three Board of Director seats on the general	6	0	99	3 3	Boost Post
11/05/2018 9:00 AM	Replace grass with water efficient desert landscaping. It's the top thing	6	0	682	100 34	Boost Post
11/02/2018 9:00 AM	It's Pride Weekend! Enjoy the festivities and stay hydrated.	Б	0	111	4 8	Boost Post







desertwateragency

Edit Profile



268 posts

633 followers

172 following

Desert Water Agency

♦ Desert Water Agency serves water in Palm Springs & part of Cathedral City. We replenish the aquifer and offer programs to encourage efficiency. ♦ www.dwa.org



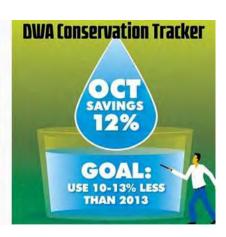




17 likes 10 likes 20 likes







14 likes 29 likes 22 likes







19 likes 27 likes

39 likes, 2 comments





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



Outreach Specialist Xochitl Pena; Desert Water Agency AGENCY

New Water Main Installation

Desert Water Agency will begin installing a new water main on Michelle Road and Debby Drive as early as Monday, Nov. 26. Construction could last through Dec. 14. This work is in conjunction with the City of Palm Springs Pavement Rehabilitation project. This will help improve water reliability, decrease repair costs and reduce See more...





Desert Water Agency pipeline flushing on Wednesday (11/7)

A new water main will be flushed on Wednesday (11/7) in the area of Racquet Club Road and Francis Drive between North Indian Canyon and Via Miraleste. Please see the attached map for reference. The flushing will result in an overflow of water surrounding the curbs and gutters in the area. Caution signs will be posted to alert See more...



New 6 Nov - Subscribers of Desert Water Agency in 5 neighborhoods



Nov 2018 · 27 days so far.

TWEET HIGHLIGHTS

Top Tweet earned 2,378 impressions

We'll be at the Farmers' Market in Palm Springs from 8 a.m. to noon on Saturday next to the Palm Springs Cultural Center, 2300 E. Baristo Road. We'll have fruit infused water and lots of great info. See you there! #water pic.twitter.com/E094ZK3QME



131 93

View Tweet activity

View all Tweet activity

Top Follower followed by 1.78M people



Murray Newlands

@MurrayNewlands Follows you

Contributor Forbes, Entrepreneur Mag. Staff run, tweets from Murray are signed -mn. #motivation #leadership #bookclub #books

Top mention earned 10 engagements

MSWD

Mission Springs Water District

@MSWaterDistrict - Nov 1

@DWAwater @CVWaterCounts @IndioWater @CityofCoachella @cvwd @TDSXochitl CVWaterCounts ROCKS!

W3

View Tweet

Top media Tweet earned 2,085 impressions

Replace grass with water efficient desert landscaping. It's the top thing you can do to save water. If you only walk on the grass to mow it – it may be time for a change.

#WaterSavingTips

pic.twitter.com/FKyMeBhI4O



ea1 w4

View Tweet activity

View all Tweet activity

DVERTISE ON DVITTER

Get your Tweets in front of more people



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

Get started

NOV 2018 SUMMARY

Tweets

Tweet impressions

14K

Profile visits

Mentions 3

New followers

Audience Overview



Nov 1, 2018 - Nov 28, 2018

Overview



2.05

Avg. Session Duration 00:01:34

1.24

1. en-us 2. en-ca 3. en-gb 4. en 5. zh-cn 6. en-au

7. ko 8. es-419 9. fr-fr 10. en-za

Bounce Rate 53.26%

9,430

Language	Users % Users
en-us	3,470 93.4
en-ca	71 1.91%
en-gb	41 1.10%
en	21 0.57%
h-cn	13 0.35%
n-au	9 0.24%
0	8 0.22%
ss-419	7 0.19%
r-fr	7 0.19%
n-za	6 0.16%