

DESERT WATER AGENCY

JANUARY 15, 2019



BOARD OF DIRECTORS

REGULAR MEETING AGENDA

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

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** - A. December 18, 2018 B. January 2, 2019 **STUART**

3. **GENERAL MANAGER'S REPORT** **KRAUSE**

4. **COMMITTEE REPORTS** – A. Executive – January 9, 2019 **STUART**

5. **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.

6. ACTION ITEMS

A. Request Adoption of Resolution No. 1195 Updating Signers (Union Banc Investments)	KRIEGER
B. Request Adoption of Resolution No. 1196 Updating Signers (Stifel)	KRIEGER
C. Request Adoption of Resolution No. 1197 Updating Signers (Ladenburg Thalmann)	KRIEGER
D. Request Adoption of Resolution No. 1198 Updating Signers (RBC Wealth Management)	KRIEGER
E. Request Adoption of Resolution No. 1199 Updating Signers (Piper Jaffray)	KRIEGER
F. Request Adoption of Resolution No. 1200 Updating Investment Policy	KRIEGER
G. Request Board Action Regarding a Claim for Damages Filed by Margarita Contreras	KRAUSE

7. ITEMS FOR DISCUSSION

A. December Water Use Reduction Figures	METZGER
B. Low Income Water Rate Assistance (LIRA) Program	METZGER
C. Sites Project Authority, 2019 Reservoir Project Agreement	KRAUSE

8. DIRECTORS COMMENTS AND REQUESTS

9. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. County of Riverside, et al
- C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Mission Springs Water District vs. Desert Water Agency
- 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

F. CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION

Pursuant to Government Code Section 54956.9 (d) (2)

Claim to Compel Elections by Division Pursuant to the California Voting Rights Act

10. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

11. ADJOURN

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

2-A

December 18, 2018

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

DWA Staff:	Steve Johnson, Asst. General Manager)
	Martin Krieger, Finance Director)
	Kim McCance, Senior Admin. Asst.)
	Kris Hopping, Human Resources Manager)
	Xochitl Peña, Outreach & Cons. Specialist I)
	Esther Saenz, Accounting Supervisor)

Consultant:	Chad Halliday, Singer Lewak)
	Michael T. Riddell, Best Best & Krieger)
	via teleconference)

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

18292. President Cioffi opened the meeting at 8:00 a.m. and asked everyone to join him in the Pledge of Allegiance. **Pledge of Allegiance**

18293. President Cioffi called upon Assistant General Manager Johnson to introduce the new employees. **New Employee Introductions**

Mr. Johnson introduced the newly hired employees in the Construction Department, Matthew Pittelli and Joseph Preston.

18294. President Cioffi called for approval of the December 4, 2018 Regular Board meeting minutes. **Approval of 12/04/18 Regular Board Mtg. Minutes**

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

18295. President Cioffi called upon Assistant General Manager Johnson to provide an update on Agency operations. **General Manager's Report**

Mr. Johnson stated on December 7, Shirley Construction damaged an 8" AC main on Hermosa Drive at Arenas Rd. during **Damaged Water Main/Hermosa Dr. & Arenas Rd.**

construction of a storm drain pipeline for the new Enclave at Baristo development. The water loss was from a crack approximately 1/8" wide that encompassed about 2/3 the diameter of the pipe for approximately 30 minutes.

GM Report:
(Cont.)

Mr. Johnson provided an update on the 2017/2018 pipeline replacement project noting Areas 1 and 2 are complete. Area 3 is substantially complete, with Area 4 estimated completion for January 11, 2019.

2017/18 Pipeline
Replacement Update

Mr. Johnson stated the Cathedral City North reservoir was inspected in October as part of a warranty inspection, which revealed coating failure. The reservoir shell and roof was subsequently blasted and recoated under warranty.

Cathedral City North
Potable Water
Reservoir

Mr. Johnson reported that on October 13 a powerful thunderstorm occurred in the valley. Lightning struck an SCE pole that services the Whitewater irrigation pumps, which damaged the SCE meter for several pumps, the pump starter and telemetry system. Once the damaged parts were replaced and SCE service repaired, it was discovered that the 8" motor on the submersible pump was damaged. On December 10, the pump was reinstalled and service was fully restored.

Whitewater Canyon
Irrigation Pumps

Mr. Johnson noted the recent activities for the Human Resources Manager and the recent active shooter drill that Agency staff participated in.

Human Resources
Activities/Active
Shooter Drill

Continuing his report, Mr. Johnson stated the Department of Water Resources (DWR) has initially approved 427,167 acre-feet of Table A water for 2019. State Water Project (SWP) supplies are projected to meet 10% of most SWP contractors' requests for Table A water, which totals 4,172,786 acre-feet.

DWR Initial SWP
Allocation

Mr. Johnson reported that in early 2019, DWA and its partners with CV Water Counts will be hosting the 3rd Annual Water Counts Academy at UCR-Palm Desert.

Water Counts Academy
2019

Mr. Johnson noted that in coordination with several public water agencies throughout the San Joaquin-Sacramento Bay-Delta, DWR and the United States Bureau of Reclamation, the State Water Contractors successfully outlined a proposal for voluntary agreements for several tributaries and the Delta. The proposal was presented to the State Water Board on December 11 and are currently considering the proposal.

Water Quality Plan

Concluding his report, Mr. Johnson noted current system leak data, updates on developer projects and meetings & activities that General Manager Krause participated in during the past several weeks.

System Leak Data,
Developer Projects,
GM's Meetings &
Activities

18296. President Cioffi noted the minutes for the December 12, 2018 Executive Committee were provided in the Board's packet. Committee Reports: Executive 12/12/18

18297. 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.

18298. President Cioffi called upon Secretary-Treasurer Bloomer to present an overview of financial activities for the month of November 2018. **Secretary-Treasurer's Report (November)**

Secretary-Treasurer Bloomer reported that the Operating Fund received \$2,917,105 in Water Sales Revenue, \$133,365 in Reclamation Sales Revenue and \$809 from SCE for Snow Creek Hydro Power Sales for October. \$2,375,509 was paid out in Accounts Payable. Year-to-date Water Sales were 4% under budget, Year-to-date Total Revenues were 2% under budget; and Year-to-date Total Expenses were 15% under budget. There were 22,593 active services as of November 30 compared to 22,609 as of October 31. Operating Fund

Reporting on the General Fund, Ms. Bloomer stated that \$458,958 was received in Groundwater Assessments from private pumpers, \$822 from SCE for Whitewater Hydro Power Sales for October. \$686,839 was paid out in State Water Project charges (YTD \$6,854,109). General Fund

Reporting on the Wastewater Fund, Ms. Bloomer stated that \$2,144 was received in Sewer Contract payments. There are a total of 41 contracts with 9 total delinquent (22%). \$147,330 was paid out in Accounts Payable. Wastewater Fund

18299. President Cioffi asked Finance Director Krieger to present staff's request for Acceptance of Fiscal Year 2017-2018 Singer Lewak, LLP Annual Audit. **Action Items:**
Request Acceptance of FY 2017/18 Singer Lewak LLP Annual Audit

Mr. Krieger welcomed Chad Halliday of Singer Lewak, LLP and invited him to present the report.

Mr. Halliday gave a brief overview of the financial highlights. He noted the following: The Agency's net position increased \$17 million, Deferred outflows increase \$.9 million while deferred inflows increase \$3.2 million. Current year operating revenues increase \$6.8 while operating expenses increased \$4.5 million. Total revenues were \$65.5 million and total expenses were \$50.9 million.

Director Oygar made a motion to accept Singer Lewak, LLP's audit for Fiscal Year 2017-2018. Director Ewing seconded the motion, which passed unanimously.

18300. President Cioffi called upon Assistant General Manager Johnson to present staff's request for adoption of Resolution No. 1194 and authorize the General Manager to execute the 21st Amendment to the Water Supply Contract between Desert Water Agency and the State of California Department of Water Resources for continued service and the terms and conditions thereof.

Action Items:
(Cont.)

Request Adoption of
Resolution No. 1194
Findings on EIR for
Extension of Water
Supply Contract

Mr. Johnson provided a PowerPoint presentation on the State Water Project Contract Extension Amendment, which will have a new expiration date of 2085. He discussed the history of the contract. Staff recommends adoption of Resolution No. 1194, finding the FEIR contains a complete, objective and accurate reporting of the Extension's impacts, each of which is less than significant; and authorizes the General Manager to execute the 21st Amendment to the Water Supply Contract between Desert Water Agency and the State of California Department of Water Resources for continued service and the terms and conditions thereof.

Director Oygar moved to approve staff's recommendation. Director Ewing seconded the motion, which passed unanimously.

RESOLUTION NO. 1194

**Resolution No. 1194
Adopted**

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY CONSIDERING THE ENVIRONMENTAL IMPACT REPORT FOR THE EXTENSION OF THE WATER SUPPLY CONTRACT WITH THE STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES; ADOPTING FINDINGS IN ITS LIMITED ROLE AS A RESPONSIBLE AGENCY PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA); ALTERNATIVELY FINDING THAT THE EXTENSION IS NOT A PROJECT SUBJECT TO CEQA AND THAT EVEN IF IT IS A PROJECT, IT IS EXEMPT FROM CEQA PURSUANT TO STATE CEQA GUIDELINES SECTIONS 15061(8)(3) AND 15301; AND APPROVING THE EXTENSION OF THE WATER SUPPLY CONTRACT WITH THE DEPARTMENT OF WATER RESOURCES

18301. President Cioffi asked Outreach & Conservation Specialist I Peña to provide a report on the November water use reduction figures.

Discussion Item:
November Water Use
Reduction Figures

Ms. Peña reported that the Agency and its customers achieved a 12% reduction in potable water production during November 2018 compared to November 2013. The cumulative savings over the last 12-month period is 13.4%.

18302. Director Ewing noted the Agency's financial position with increased revenues represents future replacement pipelines.

**Directors
Comments/Requests**

President Cioffi wished everyone a Merry Christmas.

18303. At 9:42 a.m., President Cioffi convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), ACBCI vs. County of Riverside, et al; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency, (D) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Albrecht et al vs. County of Riverside; and (E) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Abbey et al vs. County of Riverside.

Closed Session:

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

Agency Counsel Riddell participated via teleconference.

18304. At 10:10 a.m., President Cioffi reconvened the meeting into open session and announced there was no reportable action.

**Reconvene – No
Reportable Action**

18305. In the absence of any further business, President Cioffi adjourned the meeting at 10:11 a.m.

Adjournment

Joseph K. Stuart, President

ATTEST:

Craig Ewing, Secretary-Treasurer

January 2, 2019

Consultant: Michael T. Riddell, Best Best & Krieger

Mr. Krause stated on December 24 at approximately 3:00 a.m., Stand-by responded to a stolen 1 1/2 inch backflow at 3591 N. Indian Canyon Dr. The owner called the Agency the next morning and gave authorization to

Stolen Backflow/N.
Indian Cyn. Dr.

replace the backflow. Construction replaced the backflow and placed it back in service. The water loss was metered. A police report was filed.

GM Report:
(Cont.)

Mr. Krause provided an update on the 2017/2018 pipeline replacement project noting the Contractor has completed installation for all areas. Area 3 (Racquet Club area) paving is currently being completed. Area 4 (Michelle Rd. and Debby Dr.) service tie-over work was completed on December 26. The City of Palm Springs is scheduled to begin their street restoration work in this area after January 1.

2017/18 Pipeline
Replacement Update

Mr. Krause explained that the Agency's laboratory has been going through its certification renewal process with the State Water Resources Control Board Environmental Laboratory Accreditation Program (ELAP) department. Since March 2018, the Agency has been working with ELAP and reviewing the application and corrective action plan. The Agency is also in the process of performing proficiency testing for two separate samples, as required by the certification renewal procedures. The Agency anticipates having the renewal completed and approved by ELAP by March 2019.

DWA Laboratory
Certification Renewal
Update

Mr. Krause stated on December 17, Southridge No. 1 Reservoir was inspected as part of the Agency's routine reservoir inspection program. Overall, the coating was in excellent condition with the exception of about a dozen rust nodules that were observed. J. Colon Coating was contracted to perform minor repairs. On December 20, a repair crew was able to patch the small failures. The reservoir was refilled, isolated, and disinfected and tested on December 26 and 27. It is expected to be returned to service on December 28.

Southridge No. 1
Reservoir Inspection
Update

Mr. Krause noted after reviewing the Agency's 2015 Urban Water Management Plan (UWMP), the Department of Water Resources (DWR) determined that the seasonal calculation used did not satisfy the Methodologies for Calculating Baseline and Compliance Urban Per Capita Water Use guidelines set by DWR in 2010. A draft technical memo that was submitted to DWR for review and, if approved, will be submitted as part of an amended 2015 UWMP to DWR for final approval.

DWA Seasonal
Population Calculation
Update

Concluding his report, Mr. Krause noted his meetings & activities for the past several weeks.

GM's Meetings &
Activities

18308. President Cioffi noted the minutes for the December 27, 2018 Executive Committee were provided in the Board's packet.

Committee Reports:
Executive 12/27/18

18309. 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.

18310. President Cioffi called upon Agency Counsel Riddell to provide a report on the December 20, 2018 Board of Directors of the State Water Contractors, Inc. meeting.

Discussion Item:
12/20/18 SWC Mtg.

Mr. Riddell provided a report on the following items: 1) Closed Session, 2) Action Items, 3) Water Operations Report, 4) Water Quality Report, and 5) General Manager's Report.

18311. President Cioffi noted that Board packets included Outreach & Conservation reports for December 2018.

**Outreach &
Conservation –
December 2018**

18312. President Cioffi stated it is now time for the Board to reorganize and opened the floor for nominations for Board President.

**Election of Board
Officers**

President Cioffi made a motion to nominate Joseph K. Stuart for Board President. Secretary-Treasurer Bloomer seconded the motion, which passed unanimously (Director's Ewing and Oygur absent).

Director Cioffi made a motion to nominate Kristin Bloomer as Vice President. President Stuart seconded the motion, which passed unanimously (Director's Ewing and Oygur absent).

Director Cioffi made a motion to nominate Craig Ewing as Secretary-Treasurer. President Stuart seconded the motion, which passed unanimously (Director's Ewing and Oygur absent).

Director Cioffi passed the gavel to President Stuart.

18313. President Stuart expressed his appreciation to Director Cioffi for his leadership over the past three years.

**Directors
Comments/Requests**

18314. At 8:31 a.m., President Stuart 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; and (F) Exposure to Litigation, pursuant to Government Code Section 54956.9 (d) (2), Claim to Compel Elections by Division Pursuant to the California Voting Rights Act.

Closed Session:
A. Existing Litigation – ACBCI vs. CVWD, et al.
B. Existing Litigation – ACBCI vs. Riverside County
C. Existing Litigation – MSWD vs. DWA
D. Existing Litigation – Albrecht et al vs. Riverside County
E. Existing Litigation – Abbey et al vs. Riverside County
F. Exposure to Litigation – Claim to Compel Elections by Division Pursuant to the CVRA

18315. At 9:30 a.m., President Stuart reconvened the meeting into open session and announced there was no reportable action. **Reconvene – No Reportable Action**

18316. In the absence of any further business, President Stuart adjourned the meeting at 9:31 a.m. **Adjournment**

Joseph K. Stuart, President

ATTEST:

Craig Ewing, Secretary-Treasurer

DRAFT

GENERAL MANAGER'S REPORT JANUARY 15, 2019

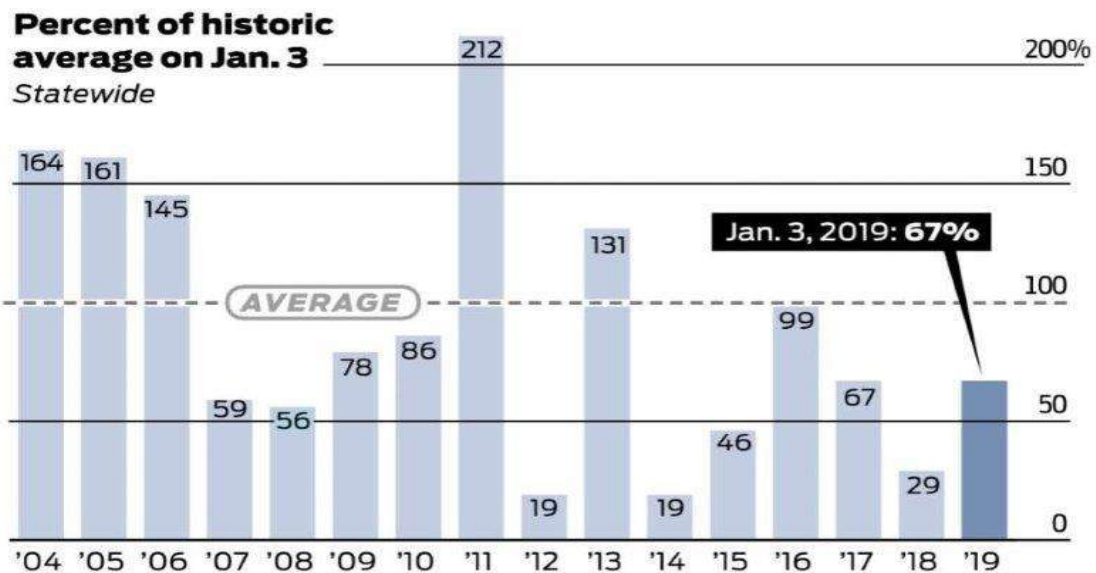
California Snow Pack

Friday, January 4, 2019 - Water below normal in season's first snow survey.

Winter storms have coated California's Sierra Nevada in snow, the state is still off to another drier-than-normal start to the crucial wet season. Sierra snowpack is only 67 percent of normal in this winter's first manual measurement.

Sierra snow water content 'adequate'

The water content of the Sierra Nevada snow is only 67 percent of the long-term average for this time of the year but is a distinct improvement from last year's reading, when the snow water content on Jan. 3 was just 29 percent of normal.



Source: California Department of Water Resources

Todd Trumbull / The Chronicle

Desert Water Agency will be closed on Monday, January 21 in observance of Martin Luther King, Jr. Day.

SWP Delivery Update

As a result of low demands and high Lake Mathew levels, MWD implemented water deliveries to the valley, starting January 10, 2019, lasting through the end of February 2019.

On January 10, 2019, MWD began water deliveries to Whitewater Basin. The initial flow rate is 75 cfs, and will ramp up to 400 cfs on January 17, 2019. We are tentatively scheduled to bring Whitewater Hydro online starting Tuesday January 15, 2019 at 8:00 a.m.

On Monday, January 14, 2019, we began delivering 10 cfs to Mission Creek Spreading Basin. This flow rate is approximately 2.5% of the 400 cfs flow into Whitewater. Based on current water delivery totals for the basin and total production for the basin, we project that delivering 2.5% of SWP will allow us to meet our obligated delivery amount as specified in the settlement agreement with Mission Springs Water District.

SYSTEM LEAK DATA					
(PERIOD BEGINNING DECEMBER 12, 2018 THRU JANUARY 8, 2019)					
STREET NAME	NUMBER OF LEAKS	PIPE DIAMETER (INCHES)	YEAR INSTALLED	PIPE MATERIAL	PIPE CONSTRUCTION
HERMOSA PL	3	5	1939	STEEL	BARE/UNLINED
CHIA RD	6	4	1946	STEEL	BARE/UNLINED
LIVMOR AVE	4	4	1955	STEEL	BARE/UNLINED
ANDREAS RD	3	6	1958	STEEL	BARE/UNLINED
INDIAN CANYON DR	3	6	1951	STEEL	BARE/UNLINED
PLAIMOR AVE	2	6	1955	STEEL	BARE/UNLINED
EASMOR CIR	2	4	1948	STEEL	BARE/UNLINED
VISTA CHINO	2	20	1949	STEEL	BARE/UNLINED
ARABY DR	2	6	1947	STEEL	BARE/UNLINED
AVENIDA PALOS VERDES	2	4	1954	STEEL	BARE/UNLINED
CALLE PALO FIERRO	2	4	1947	STEEL	BARE/UNLINED
CAHUILLA RD	1	4	1939	STEEL	BARE/UNLINED
MISSION RD	1	4	1939	STEEL	BARE/UNLINED
CAMINO REAL	1	12	1953	STEEL	BARE/UNLINED
MANZANITA AVE	1	6	1953	STEEL	BARE/UNLINED
PASEO CAROLETA	1	6	1958	STEEL	BARE/UNLINED
PATENCIO RD	1	6	1951	STEEL	BARE/UNLINED
MOUNTAIN VIEW PL	1	4	UNKNOWN	STEEL	BARE/UNLINED
CHUPEROSA RD	1	4	1957	STEEL	BARE/UNLINED
CALLE ENCILIA	1	4	1953	STEEL	BARE/UNLINED
SATURMINO DR	1	4	1947	STEEL	BARE/UNLINED
CERRITOS RD	1	4	1946	STEEL	BARE/UNLINED
CAMINO PAROCELA	1	4	1958	STEEL	BARE/UNLINED
SAN LUCAS RD	1	4	1948	STEEL	BARE/UNLINED
TOTAL LEAKS IN SYSTEM:		44			

* 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:

01/02/19	DWA Bi-Monthly Board Meeting	DWA
01/07/19	DWA Staff/I.S./Security Meeting	DWA
01/08/19	Live Stream US Court of Appeals, 9 th Circuit	DWA
01/08/19	Brian Thomas – SWP Finance JPA	DWA
01/09/19	Executive Committee Meeting	DWA
01/09/19	SWC Ops Committee – Oroville Dam Update	Conf. Call
01/10/19	WW River BLM Grant of R/W	Conf. Call
01/11/19	CWF Conf. Call Update	Conf. Call

Activities:

- 1) SWP – CWF Voluntary Settlement Agreement Framework
- 2) SWP Contract Extension Amendment
- 3) Well 20 Re-habilitation
- 4) DWA Pilot Remote Meter Reading Fixed Network
- 5) MSWD PRA For Financial Records
- 6) Water Leak At Palm Springs Mall
- 7) Customer Complaint Regarding Shut-Off Notice Verbiage and Policy.
- 8) Outreach Talking Points – KESQ
- 9) Whitewater Hydro – Automatic Re-start
- 10) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 11) Security Camera Software Upgrade for all facilities
- 12) Cal OSHA Violation Appeal
- 13) DWA Laboratory ELAP Certification
- 14) Whitewater River Surface Water Recharge
- 15) ACBCI Section 14 Facilities & Easements
- 16) Lake Oroville Spillway Damage
- 17) Replacement Pipelines 2018-2019
- 18) CWF – Finance JPA Committee
- 19) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water
- 20) DWA/CVWD/MWD Agreements Meeting Number 7
- 21) SWP 2018 Water Supply
- 22) ACBCI Lawsuits
- 23) Lake Perris Dam Remediation
- 24) Section 14 Pipeline Easements
- 25) DOI Regulation
- 26) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 27) SGMA Tribal Stakeholder Meetings
- 28) Whitewater Spreading Basins – BLM Permits
- 29) Lake Perris Dam Seepage Recovery Project Participation
- 30) Cal Waterfix Cost Allocation
- 31) DWA Surface Water Filtration Feasibility Study
- 32) MCSB Delivery Updates
- 33) Well 6 Meaders Cleaners RWQB Meetings
- 34) SGMA – Indio Subbasin Classification

Activities:
(Cont.)

- 35) SGMA – San Geronio Pass Subbasin
- 36) Snow Creek Surface Water Filtration Design
- 37) UWMP Population Calculation Update
- 38) RWQCB Update to the SNMP

Minutes
Executive Committee Meeting
January 9, 2019

Directors Present: Joe Stuart, Kristin Bloomer
Staff Present: Mark Krause, Martin Krieger, Steve Johnson

1. Discussion Items

- A. Review Agenda for January 15, 2019 Regular Board Meeting
The proposed agenda for the January 15, 2019 meeting was reviewed.
- B. Expense Reports
The December expense reports were reviewed.
- C. 2019 Committee Assignments
The Committee reviewed and approved the updated assignments for the year.

2. Other – None.

3. Adjourn

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

JANUARY 15, 2019

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1195, 1196, 1197,
1198 AND 1199 UPDATING SIGNERS FOR INVESTMENT
ACCOUNTS**

Attached for the Board's review are copies of Resolution No. 1195 thru 1199, which updates authorized signers for Union Banc Investments, Stifel, Ladenburg Thalmann, RBC Wealth Management and Piper Jaffray.

Due to the recent changes within the Board of Directors and staff, it is necessary to update signers on the investment accounts. As noted within the resolutions, Board President Joseph Stuart, Secretary-Treasurer Craig Ewing, General Manager Mark S. Krause, Assistant General Manager Steve Johnson, Finance Director Martin Krieger and Accounting Supervisor Esther Saenz are the authorized signers on the accounts. Changes with regard to signers require an update to the existing resolution.

Staff recommends adoption of Resolution No. 1195, 1196, 1197, 1198 and 1199. Upon adoption of the above referenced resolutions, a certified copy will be provided to the respective investment brokers in order to update the Agency's accounts.

RESOLUTION NO. 1195
A RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY UPDATING AUTHORIZED
SIGNERS FOR UNION BANC INVESTMENTS

WHEREAS, on April 18, 2006, the Desert Water Agency Board of Directors adopted Resolution No. 925 Authorizing the Establishment of Accounts with Union Banc Investments, successor of Union Bank of California, for Purposes of Investment (Operating Fund/General Fund); and

WHEREAS, the Agency desires to change the designation of persons authorized to make such investments on behalf of the Agency;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Desert Water Agency does hereby authorize the following individuals to order the investment of money with or the liquidation of investments and withdrawal of monies from investment accounts with Union Banc Investments:

Joseph K. Stuart - Board President
Craig Ewing - Secretary-Treasurer
Mark S. Krause - General Manager
Steve Johnson - Assistant General Manager
Martin S. Krieger - Finance Director
Esther Saenz - Accounting Supervisor

BE IT FURTHER RESOLVED that this resolution shall remain in effect until written notice of the revocation hereof shall be delivered to Union Banc Investments.

ADOPTED this 15th day of January, 2019.

Joseph K. Stuart, President
Board of Directors

ATTEST:

Craig Ewing, Secretary-Treasurer
Board of Directors

RESOLUTION NO. 1196

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR STIFEL**

WHEREAS, on November 5, 2013, the Desert Water Agency Board of Directors adopted Resolution No. 1080 Authorizing the Establishment of Accounts with Stifel for Purposes of Investment (Operating Fund/General Fund); and

WHEREAS, the Agency desires to change the designation of persons authorized to make such investments on behalf of the Agency;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Desert Water Agency does hereby authorize the following individuals to order the investment of money with or the liquidation of investments and withdrawal of monies from investment accounts with Stifel:

Joseph K. Stuart - Board President
Craig Ewing - Secretary-Treasurer
Mark S. Krause - General Manager
Steve Johnson - Assistant General Manager
Martin S. Krieger - Finance Director
Esther Saenz - Accounting Supervisor

BE IT FURTHER RESOLVED that this resolution shall remain in effect until written notice of the revocation hereof shall be delivered to Stifel.

ADOPTED this 15th day of January, 2019.

Joseph K. Stuart, President
Board of Directors

ATTEST:

Craig Ewing, Secretary-Treasurer
Board of Directors

RESOLUTION NO. 1197

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR LADENBURG THALMANN**

WHEREAS, on March 1, 2005, the Desert Water Agency Board of Directors adopted Resolution No. 890 Authorizing the Establishment of Accounts with Ladenburg Thalmann, successor of Gilford Securities, Inc., for Purposes of Investment (Operating Fund/General Fund); and

WHEREAS, the Agency desires to change the designation of persons authorized to make such investments on behalf of the Agency;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Desert Water Agency does hereby authorize the following individuals to order the investment of money with or the liquidation of investments and withdrawal of monies from investment accounts with Ladenburg Thalmann:

Joseph K. Stuart - Board President
Craig Ewing - Secretary-Treasurer
Mark S. Krause - General Manager
Steve Johnson - Assistant General Manager
Martin S. Krieger - Finance Director
Esther Saenz - Accounting Supervisor

BE IT FURTHER RESOLVED that this resolution shall remain in effect until written notice of the revocation hereof shall be delivered to Ladenburg Thalmann.

ADOPTED this 15th day of January, 2019.

Joseph K. Stuart, President
Board of Directors

ATTEST:

Craig Ewing, Secretary-Treasurer
Board of Directors

RESOLUTION NO. 1198

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR RBC WEALTH MANAGEMENT**

WHEREAS, on March 1, 2005, the Desert Water Agency Board of Directors adopted Resolution No. 892 Authorizing the Establishment of Accounts with RBC Wealth Management for Purposes of Investment (Operating Fund/General Fund); and

WHEREAS, the Agency desires to change the designation of persons authorized to make such investments on behalf of the Agency;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Desert Water Agency does hereby authorize the following individuals to order the investment of money with or the liquidation of investments and withdrawal of monies from investment accounts with RBC Wealth Management:

Joseph K. Stuart - Board President
Craig Ewing - Secretary-Treasurer
Mark S. Krause - General Manager
Steve Johnson - Assistant General Manager
Martin S. Krieger - Finance Director
Esther Saenz - Accounting Supervisor

BE IT FURTHER RESOLVED that this resolution shall remain in effect until written notice of the revocation hereof shall be delivered to RBC Wealth Management.

ADOPTED this 15th day of January, 2019.

Joseph K. Stuart, President
Board of Directors

ATTEST:

Craig Ewing, Secretary-Treasurer
Board of Directors

RESOLUTION NO. 1199

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR PIPER JAFFRAY**

WHEREAS, on June 19, 2018, the Desert Water Agency Board of Directors adopted Resolution No. 1191 Authorizing the Establishment of Accounts with Piper Jaffray for Purposes of Investment (Operating Fund/General Fund); and

WHEREAS, the Agency desires to change the designation of persons authorized to make such investments on behalf of the Agency;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Desert Water Agency does hereby authorize the following individuals to order the investment of money with or the liquidation of investments and withdrawal of monies from investment accounts with Piper Jaffray:

Joseph K. Stuart - Board President
Craig Ewing - Secretary-Treasurer
Mark S. Krause - General Manager
Steve Johnson - Assistant General Manager
Martin S. Krieger - Finance Director
Esther Saenz - Accounting Supervisor

BE IT FURTHER RESOLVED that this resolution shall remain in effect until written notice of the revocation hereof shall be delivered to Piper Jaffray.

ADOPTED this 15th day of January, 2019.

Joseph K. Stuart, President
Board of Directors

ATTEST:

Craig Ewing, Secretary-Treasurer
Board of Directors

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

JANUARY 15, 2019

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1200
AMENDING POLICY AND GUIDELINES FOR
INVESTMENT OF DESERT WATER AGENCY FUNDS**

Attached for the Board's review is a copy of Resolution No. 1200, which amends policies and guidelines for Desert Water Agency investments. Government Code recommends that the Agency's investment policy be brought before the Board at least annually for review and/or discussion.

After review of the Government Code and the Policy and Guidelines for Investment of Desert Water Agency Funds, it was determined revisions are necessary to bring Schedule 1 of the Policy and Guidelines into alignment with Government Code Section 53600-53635.

Medium Terms Notes of U.S. Corporation (Item No. 12) is recommended to revise the Authorized Investment name to "Medium Term Notes of U.S. Corp. (Corporate Notes)" as a matter of clarification.

Desert Water Agency has several authorized investments that are not currently utilized, however, require an update to coincide with Government Code Section 53601. The changes and prior amounts (red lined) are attached for your review.

Though there were no changes or modifications to the Government Code Section 53600-53635 during the 2018 calendar year, staff recommends the aforementioned revisions to Schedule 1 of the Policy and Guidelines for the Agency Investments in order to properly align with the Government Code. Therefore, staff recommends adoption of Resolution No. 1200, amending the Agency's policy and guidelines for investment of Desert Water Agency funds.

RESOLUTION NO. 1200

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY AMENDING POLICY AND GUIDELINES FOR INVESTMENT OF DESERT WATER AGENCY FUNDS

WHEREAS, the Board of Directors has adopted Resolution No. 886 setting forth this Agency Investment Policy and Guidelines as required by law; and

WHEREAS, the Board wishes to amend its Investment Policy with regard to the amounts that may be invested in certificates of deposit, as allowed by law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Desert Water Agency that effective January 15, 2019, Schedule 1, Item No. 3 (Registered warrants, notes, bonds or other certificates of indebtedness issued by the State or local agencies), Item No. 4 (Obligations issued by Desert Water agency), Item No. 5 (Bankers Acceptance), Item No. 6 (Commercial paper of U.S. Corp.), Item No. 11 (Reverse Repurchase Agreements), and Item No. 12 (Medium Term Notes) of Resolution No. 886 be revisited to read as follows:

	Authorized Investments	Maximum Portfolio %	Purchase Restrictions	Maturity	Credit Quality Ratings (S&P/Moody's)
3.	Registered warrants, notes, bonds or other certificates of indebtedness issued by the State or local agencies	NONE	NONE	Maximum 5 years	NONE
4.	Obligations issued by Desert Water Agency as set forth in Government Code, Section 53601(a)	NONE	NONE	Maximum 5 years unless Board approval 3 months in advance	NONE
5.	Bankers Acceptance among 100 largest banks by size of deposits	40% maximum	Maximum 30% with any issuer	Maximum 180 days	NONE
6.	Commercial paper of U.S. Corp with total assets exceeding \$500 mm	25% maximum	Maximum 10% with any issuer	Maximum 270 days	"Prime" highest letter or numerical rating
11.	Reverse Repurchase Agreements on U.S. Treasury & Fed. Agency Securities in portfolio	20%	For temporary cash flow needs only	Maximum 92 days	NONE
12.	Medium Term Notes of U.S. Corp. (Corporate Notes)	30% maximum	NONE	Maximum 5 years	"A" or better

ADOPTED this 15th day of January 2019.

Joseph K. Stuart, President
Board of Directors

ATTEST:

Craig Ewing, Secretary-Treasurer
Board of Directors

DESERT WATER AGENCY

Schedule 1

AUTHORIZED INVESTMENTS	MAX PORTFOLIO %	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY RATINGS (S&P/MOODY'S)
1. U.S. Treasury notes, bills, bonds or other certificates of indebtedness	NONE	NONE	Max. 5 years	NONE
2. Notes, bonds, bills, certificates issued by agencies of the Federal Government	NONE	NONE	Max. 5 years	NONE
3. Registered warrants, notes, bonds or other certificates of indebtedness issued by the State or local agencies	NONE	NONE	Max. 7 years Max. 5 years	NONE
4. Obligations issued by Desert Water Agency as set forth in Government Code, Section 53601(a)	NONE	NONE	NONE Max. 5 years unless board approval 3 mo. In advance	NONE
5. Bankers Acceptance among 100 largest banks by size of deposits	40% maximum	Maximum 30% with any issuer	Max. 270 days Max. 180 days	NONE
6. Commercial paper of U.S. Corp with total assets exceeding \$500 mm	25% maximum	Max 10% with any issuer	Max. 5 years Max. 270 days	"Prime" highest letter or numerical rating
7. State of California Local Agency Investment Fund	NONE	Set by State Treasurer	Immediate Liquidity	Non-rated
8. Negotiable CD's issued by National or State chartered banks or a licensed branch of a foreign bank	30% maximum	NONE	Max. 5 years	NONE
9. Collateralized Certificates of Deposit	\$20,000,000 any one bank	Gov. Code Sec. 53638	Max. 5 years	NONE
10. Repurchase agreements with 102% collateral	NONE	NONE	Max. 1 year	NONE
11. Reverse Repurchase Agreements on U.S. Treasury & Fed. Agency Securities in portfolio	NONE 20% maximum	For temporary cash flow needs only	Max. 92 days	NONE
12. Medium Term Notes of U.S. Corp. (Corporate Notes)	30% maximum	NONE	Max. 5 years	"A" or better
13. Mutual Funds that invest in eligible securities meeting requirements of California Government Code	20% maximum	Issuer registered with SEC or 10% maximum with any one mutual fund	Immediate Liquidity	Highest letter or numerical rating

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

JANUARY 15, 2019

**RE: REQUEST BOARD ACTION REGARDING A CLAIM FOR
DAMAGES FILED BY MARGARITA CONTRERAS**

Attached for the Board's review is a claim form submitted to the Agency by Margarita Contreras on January 4, 2019.

Ms. Contreras claims on December 27, 2018 at 10:47 a.m. while turning into DWA's customer parking lot, an agency vehicle driven by construction personnel hit her vehicle. She is seeking damages for repair of her vehicle in the amount of \$3,555.52 and car rental for \$300 for a total of \$3855.55.

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

Claim Form

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

RECEIVED

JAN 04 2019

DESERT WATER AGENCY
MANAGEMENT

NAME OF DISTRICT: DESERT WATER AGENCY

1

Claimant name, address (mailing address if different), phone number, social security number, e-mail address, and date of birth.

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

Name: Margarita Contreras

Phone Number:

Address(es):

67315 Mission Dr. Cathedral City
CA, 92234

Date of Birth:

E-mail:

2

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

NO WITNESSES

Name:

Address:

Phone Number: ()

3

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

Date: 12/27/18 Time: 10:47 am Place: 1200 Gene Autry trail South

Tell What Happened (give complete information):

On my way to make my water bill payment. I was traveling south bound on Gene Autry trail waiting to take a left hand turn into the Desert Water parking Lot. Incoming traffic was stopped due to a red light on intersection of Dinah Shore and Gene Autry. Traffic allowed me to make my left turn into the parking lot, as I was entering the parking lot, Unit #47 DWA hit my passenger side rear corner.

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

4

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

Besides the damage to the vehicle; I'm experiencing anxiety, headaches on the second day, Neck, shoulder and back pain or stiffness. Arms are experiencing numbness. and emotional Distress.

5

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

Brandon Sean Pelton
Driving vehicle number 47.

6

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

Amount unknown. Autobody Repair Estimate \$3555.52 / Car Rental for 7 days Estimate \$300. = \$3855.52

Date: 12-27-18 Time: 10:47

Signature: Margarita Contreras

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



QUALITY COLLISION

qualitycollision7@gmail.com
68-404 COMMERCIAL ROAD, CATHEDRAL CITY,
CA 92234
Phone: (760) 328-6713
FAX: (760) 324-5354

Workfile ID: 6fedb797
State EPA: CA000384098
License Number: 012763
BAR: ARD00275044

Preliminary Estimate

Customer: Contreras, Ramon

Job Number:

MANGARI LA

Written By: Eric Piza

Insured: Contreras, Ramon
Type of Loss:
Point of Impact: 05 Right Rear

Policy #:
Date of Loss:

Claim #:
Days to Repair: 7

Owner:
Contreras, Ramon
67315 Mission Drive
Cathedral City, CA 92234

Inspection Location:
QUALITY COLLISION
68-404 COMMERCIAL ROAD
CATHEDRAL CITY, CA 92234
Repair Facility
(760) 328-6713 Business

Insurance Company:

VEHICLE

1996 HOND Civic LX Automatic 4D SED 4-1.6L Gasoline Blue

VIN: 2HGEJ6607TH531260	Interior Color:	Mileage In: 194,426	Vehicle Out:
License: 3SLU448	Exterior Color: Blue	Mileage Out:	
State: CA	Production Date: 4/1996	Condition: Fair	Job #:

TRANSMISSION

Automatic Transmission
Overdrive

POWER

Power Steering
Power Brakes
Power Windows
Power Locks
Power Mirrors

DECOR

Dual Mirrors
Body Side Moldings
Tinted Glass
Console/Storage

CONVENIENCE

Intermittent Wipers
Tilt Wheel
Cruise Control

Rear Defogger

RADIO

AM Radio
FM Radio
Stereo
Search/Seek

SAFETY

Drivers Side Air Bag
Passenger Air Bag

4 Wheel Disc Brakes

SEATS

Reclining/Lounge Seats

WHEELS

Wheel Covers

PAINT

Clear Coat Paint

OTHER

Power Trunk/Gate Release

Preliminary Estimate

Customer: Contreras, Ramon

Job Number:

1996 HOND Civic LX Automatic 4D SED 4-1.6L Gasoline Blue

Line	Oper	Description	Part Number	Qty	Extended Price \$	Labor	Paint
1		QUARTER PANEL					
2	*	Repl LKQ RT qrtr & lwr rear; 4 door +20%	04636S04405ZZ	1	240.00	16.0	3.9
3		Add for Clear Coat					1.6
4		Refn inner pnl & edge					2.0
5	Repl	RT Gutter extension US, Canada built	63323S01A00ZZ	1	43.92		
6	Repl	RT Gutter extension Japan built	63323S04300ZZ	1	15.73		
7		REAR LAMPS					
8	**	Repl A/M RT Lens & housing	33501S04A02	1	114.08	0.3	
9	**	Repl A/M RT Lens & housing	34151S04A02	1	86.78	0.3	
10		ROOF					
11	*	Refn <u>RT Roo fExtension</u> Note: Partial refinish With Full Clear					
12		REAR DOOR					
13	Refn	RT Outer panel					1.9
14		Overlap Major Adj. Panel					-0.4
15		Add for Clear Coat					0.3
16	R&I	RT Body side mldg DX, LX & GX				0.3	
17	R&I	RT Handle, outside DX, LX & GX US built				0.3	
18	R&I	RT R&I trim panel				0.3	
19		BACK GLASS					
20	R&I	Back glass NAGS sedan				2.0	
21	Repl	Reveal molding sedan	73210S04003	1	125.97	Ind.	
22	#	Repl Urethane kit		2	50.00		
23		REAR BUMPER					
24	**	Repl A/M CAPA Bumper cover sedan, coupe	04715S01A00ZZ	1	175.00	1.2	2.6
25		Add for Clear Coat					1.0
26		Deduct for Rear Bumper R&I				-0.8	
27	#	SET UP AND MEASURE		1		2.0 F	
28	#	PULL AND SQUARE VEHICLE		1		2.0 F	
29	#	Mask / Cover for Overspray		1	3.00	0.3	
30	#	Repl FLEX ADDITIVE		1	8.00		
31	#	Subl HAZARD WASTE		1	7.00 X		
SUBTOTALS					869.48	24.2	12.9

Preliminary Estimate

Customer: Contreras, Ramon

Job Number:

1996 HOND Civic LX Automatic 4D SED 4-1.6L Gasoline Blue

ESTIMATE TOTALS

Category	Basis			Rate	Cost \$
Parts					862.48
Body Labor	20.2 hrs	@		\$ 56.00 /hr	1,131.20
Paint Labor	12.9 hrs	@		\$ 56.00 /hr	722.40
Frame Labor	4.0 hrs	@		\$ 70.00 /hr	280.00
Paint Supplies	12.9 hrs	@		\$ 34.00 /hr	438.60
Miscellaneous					7.00
Subtotal					3,441.68
Sales Tax	\$ 1,301.08	@		8.7500 %	113.84
Grand Total					3,555.52
Deductible					0.00
CUSTOMER PAY					0.00
INSURANCE PAY					3,555.52

Preliminary Estimate

Customer: Contreras, Ramon

Job Number:

1996 HOND Civic LX Automatic 4D SED 4-1.6L Gasoline Blue

website : <http://www.palmspringsqualitycollision.com/>

AUTHORIZED AND ACCEPTED

You are hereby authorized to make the below specified repairs. I understand that payment in full will be due upon release of vehicle, including additional supplemental damage charges, and hereby grant you and/or your employees, permission to operate the vehicle herein described on street, highways or elsewhere for the purpose of testing and/or inspection. An express mechanic's lien is hereby acknowledged on below vehicle to secure the amount of repairs thereto. We will not be held responsible for loss or damage to vehicle or articles left in vehicle in case of fire, theft, accident or any other cause beyond our control. Storage charges will start 72 hours after repairs are completed if vehicle is not picked up at \$100.00 per day.

An express mechanic's lien is acknowledged on the above vehicle to secure the amount of repairs thereto. In event legal action is necessary to enforce this contract, I the above will pay reasonable attorney's fees and court costs.

Old parts removed from cars will be junked unless otherwise instructed.

All work performed has a warranty. Items that are not covered are damages that is acquired from driving conditions, improperly cleaning and environmetnal pollution damage. All rust repairs have no warranty.

Repair order authorized by: _____ Date: _____

Signed: _____ Date: _____

Direction of Payment

Insurance Company _____

Claim # _____

The undersigned grants limited power of attorney to Quality collision. for the purpose of endorsing insurance checks in the event co-pay insurance checks and or drafts is/are issued to shop for repair of said vehicle.

WE ARE UNABLE TO GUARANTEE A COMPLETION DATE OR TIME, DUE TO THE COMPLEX NATURE OF THE REPAIR PROCESS. THEREFORE WE DO NOT ACCEPT ANY LIABILITY FOR RENTAL FEES THAT EXCEED YOUR INSURANCE COMPANYS LIMITS.

I _____ authorize the insurance company to make payment to 1st. class directly. If payment from insurance company is not paid to 1st. class directly . I agree I will be responsible for the supplement amount tha was agreed upon with 1st. class and Insurance company .

DESERT WATER AGENCY
DRIVER'S REPORT OF ACCIDENT

Accident Date: 12/27/18 Accident Time: 10:30 AM / PM
Location of Accident: Gene Autry in front of yard (operation center)
Road Conditions: Good / Normal Weather Conditions: Sunny
Direction of Travel of Your Vehicle: North Speed: approx. 30 mph
Direction of Travel of Other Vehicle: East. Speed: ?
Police Report Taken? Yes ☒ No ☐ Police Department: _____ Report No.: _____
Name of Police Officer: _____ Badge No.: _____

YOUR VEHICLE (VEHICLE #1)

Year, Make, Model: Ford F-450 #47
Vehicle ID Number (VIN): _____ License Plate No.: _____
Driver: Brandon Pelton Driver License No.: B6947863
Driver Home Address: 66953 San Rafael Driver Home Phone: 760-550-8105
Department: Cont. Job Title: Water Service Supervisor Foreman Frank R.
Damage to Your Vehicle: Pass. side front corner of bumper

OTHER VEHICLE (VEHICLE #2)

Driver: Contreras Margarita Driver License No.: N5561730
Driver Address: 67315 Mission Dr Cathedral City Driver Phone No.: _____
Year, Make, Model: Honda CA 92234
License Plate No.: 3SLV448 State: CA
Insurance Company: Transguard Ins Co of America Policy Number: RGTX-008209120
Damage to Other Vehicle: Pass. side rear bumper, quarter Panel and tail light.
Owner Name: _____ Owner Phone No.: _____
Owner Address: _____

WITNESSES

Witness Name: _____ Witness Phone No.: _____
Witness Address: _____
Witness Name: _____ Witness Phone No.: _____
Witness Address: _____

INJURED PERSONS

Name: _____

Phone No.: _____

Address: _____

Extent of Injury: _____ Driver / Passenger / Veh.#: _____

Name: _____ Phone No.: _____

Address: _____

Extent of Injury: _____ Driver / Passenger / Veh.#: _____

Name: _____ Phone No.: _____

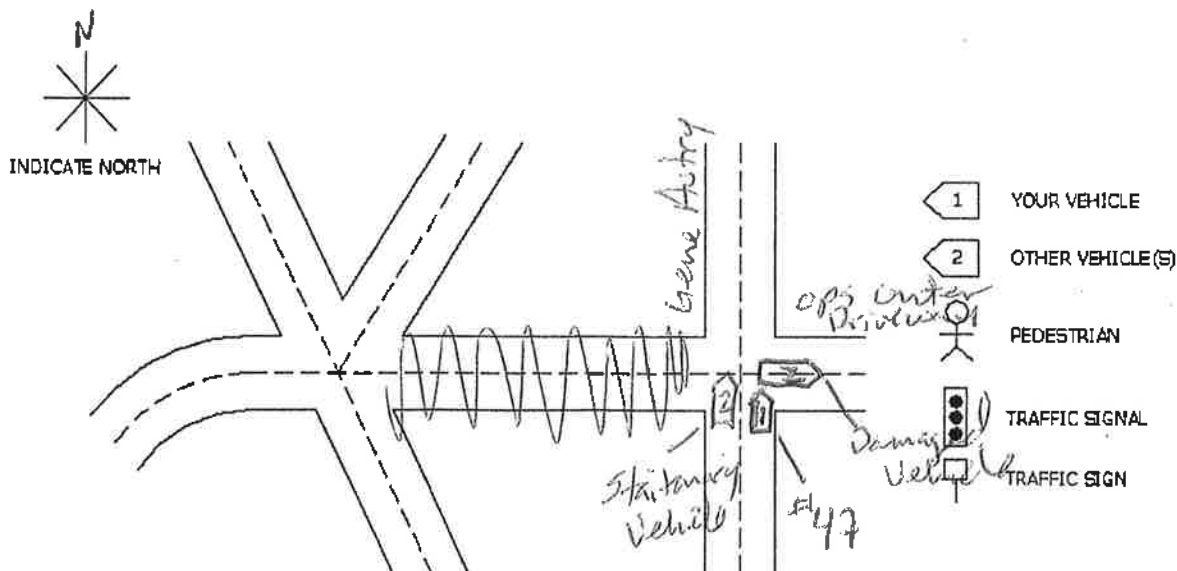
Address: _____

Extent of Injury: _____ Driver / Passenger / Veh.#: _____

NARRATIVE REPORT: Briefly describe the accident. Add pertinent information not addressed above.

see attached sheet

DIAGRAM:



Approx. 10:30 am on 12/27/12 I was traveling North on Gene Autry Trl after I just pulled out of employee parking lot of Ops Center. A ~~car~~ SUV was stopped in the fast lane heading North to let a car turn into the east parking lot of the Ops Center. As she turned east she crossed through my lane of travel when I struck the passenger rear of her car. I didn't see the car until she was in my lane and didn't have time to stop.

DESERT WATER AGENCY

REPORT OF DAMAGE TO OTHERS PROPERTY BY D.W.A.

1. DATE: 12/27/18 TIME: 10:30 Am CITY: Palm Springs
2. LOCATION: Gene Aubry Trl in front of Ops Center
3. OWNER OF DAMAGED PROPERTY:
NAME: _____ PHONE: _____
ADDRESS: _____
4. DESCRIBE DAMAGE: Pass. side rear bumper, quarter panel, and tail light
5. HOW DID DAMAGE OCCUR: see attached
6. DWA EQUIPMENT INVOLVED: (LIST RESPONSIBLE EMPLOYEES / EQUIPMENT / VEHICLES)
Unit #47 / Brandon Pelton

REPORTED BY: Brandon Pelton DATE: 12/27/18
SUPERVISOR'S SIGNATURE: Charles Kirkman DATE: 12-27-18
REC'D BY SAFETY DIRECTOR: _____ DATE: _____

Approx. 10:30 am on 12/27/18 I was traveling North on Gene Autry. Trl after I just pulled out of employee parking lot of Ops Center. A car SUV was stopped in the fast lane heading North to let a car turn into the east parking lot of the Ops Center. As she turned east she crossed through my lane of travel when I struck the passenger rear of her car. I didn't see the car until she was in my lane and didn't have time to stop.

REPORT OF VEHICLE DAMAGE

Date of Damage: 12/27/18 Time: 10:30 AM

Unit #: 47 Employee Name: Brandon P.

Description of Incident Causing Damage: see attached

Description of Damage:

Passenger side front corner of bumper
scratched and pushed back

Report Prepared by: _____

Date: _____

Foreman's Signature: Brandon P.

Date: 12/27/18

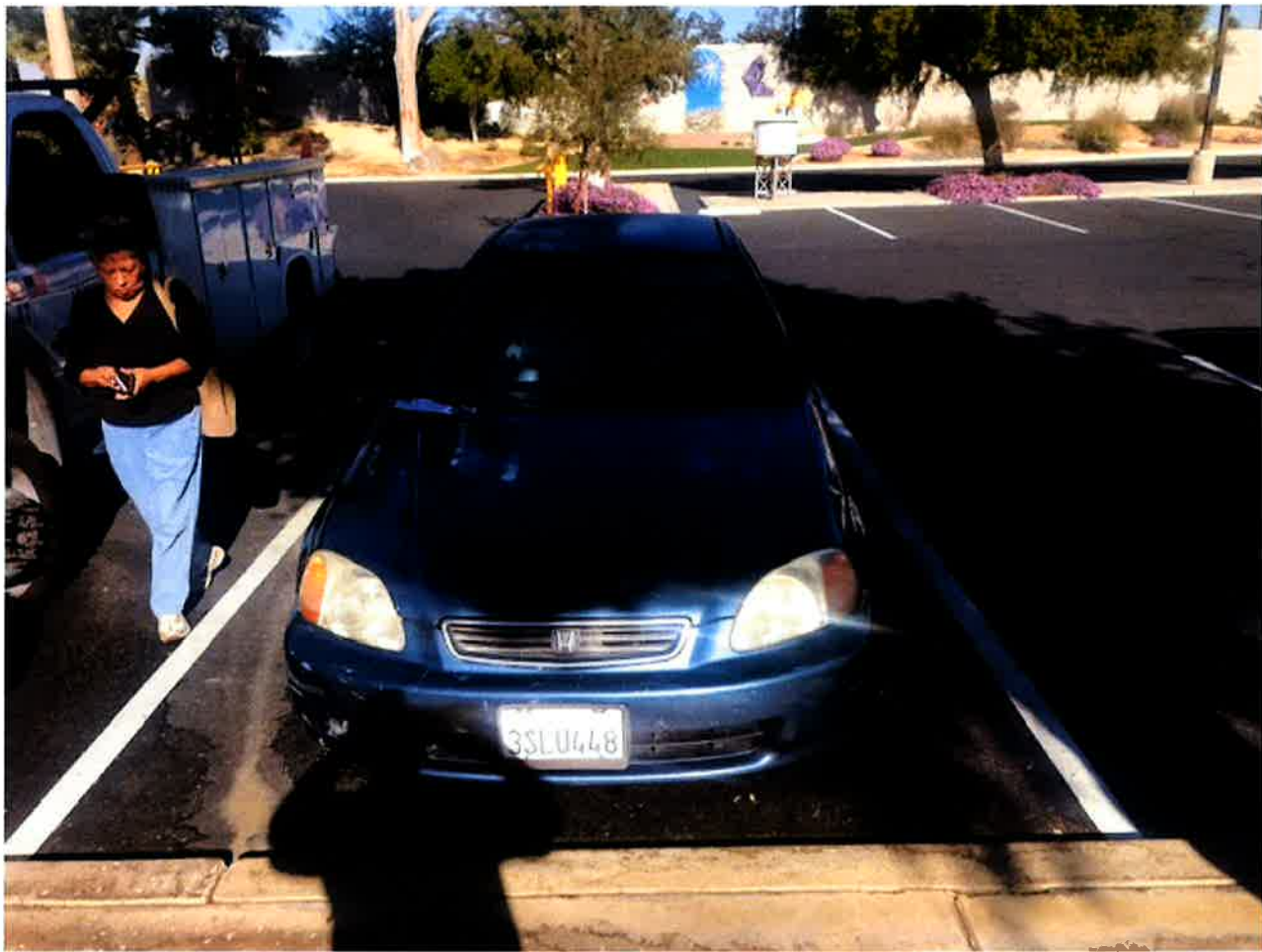
Supervisor's Signature: Charles Johnson

Date: 12-27-18

Received by Safety Director: _____

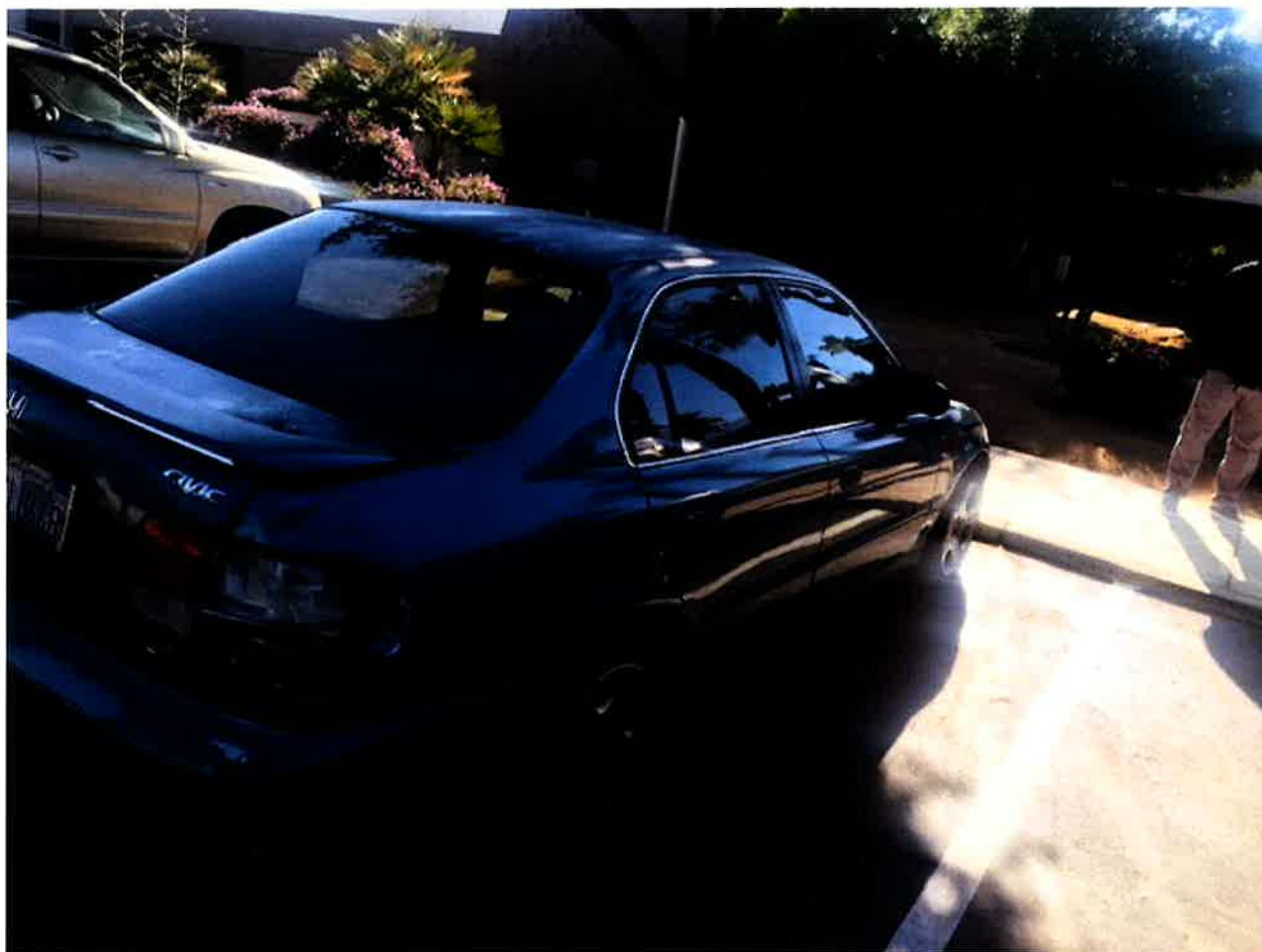
Date: _____

Approx. 10:30 am on 12/27/18 I was traveling North on Gene Autry Trl after I just pulled out of employee parking lot of Ops Center. A ~~car~~ SUV was stopped in the fast lane heading North to let a car turn into the east parking lot of the Ops Center. As she turned east she crossed through my lane of travel when I struck the passenger rear of her car. I didn't see the car until she was in my lane and didn't have time to stop.















California Insurance Identification Card

DOI License # 0827822

MARGARITA CONTRERAS
67315 MISSION DR
CATHEDRAL CITY, CA 92234-5013

**DON'T GET
CAUGHT**

Without Auto Insurance
It's the Law

Dear Valued Customer:

Here are your Insurance Identification Cards (proof of insurance) to keep inside your vehicle(s).

Please check that your Vehicle Identification Number on your vehicle matches your Insurance Identification cards and your registration.

If you change your address, notify your broker or our Customer Service Team promptly so you continue to receive your important policy documents.

Thank you for the opportunity to serve you.

CALIFORNIA INSURANCE IDENTIFICATION CARD		Vehicle(s): Year Make Model VIN
TRANS GUARD INS CO OF AMERICA		1996 HOND CIVIC LX 2HGEJ6607TH531200
Policy Number	Effective / Expiration Dates	1992 MITS MIGHTY MAX JA7FM24S5NP020133
RGTX - 008209120	10/13/2018 04/13/2019	Driver(s) MARGARITA CONTRERAS ROMAN CONTRERAS
Named Insured	Broker	
MARGARITA CONTRERAS 043261		
Administered by:	Reliant General Insurance Svcs., Inc. Customer Service: 800 959 9996 DOI License # 0827822	
NAIC # 28886		
TO REPORT A CLAIM:	1-888-999-2200	

023

10/23/18 01:57:53

**RENEWAL POLICY DECLARATIONS
PERSONAL AUTO POLICY**



TRANSQUARD INS CO OF AMERICA
RELIANT GENERAL INS SERVICES
P O BOX 270339
SAN DIEGO CA 92188

Policy Number
RGTX-008203120

Policy Period
10/01/18 - 09/30/19 (12 months)

Issue Date:
October 11, 2018

From: October 13, 2018
To: April 13, 2019

NAMED INSURED:

MARGARITA CONTRERAS
67315 MISSION DR
CATHEDRAL CITY CA 92234-5013

PRODUCER: RG 443261

RINA INSURANCE SVCS INC
PO BOX 25400
CATHEDRAL CITY CA 92235-2500

(760) 321 - 7740

When attached to the personal auto policy, these declarations complete the policy and represent the current status of your coverages and limits of liability according to our records.

UNIT	VEHICLE	MAKE	MODEL	YEAR	TYPE	CLASS	SYN	AGE	LINE	TERR	PTS
1	08	HONDA	CIVIC LX	2008	SEDAN	4D	11	54	PL		
2	02	NISSAN	SENTRA	2002	SEDAN	4D	8V	20	PL		

Coverage is provided where a premium and a limit of liability are shown for the coverage.

COVERAGES	UNIT 1	UNIT 2	UNIT 3
BODILY INJURY	15,000/each person	50,000/each accident	100,000/each accident
PROPERTY DAMAGE	10,000/each person	10,000/each accident	10,000/each accident
UNINSURED MOTOR BI	15,000/each person	15,000/each accident	15,000/each accident
UNINSURED MOTOR PD	3,500/each person	3,500/each accident	3,500/each accident

FULL TERM PREMIUM

POLICY FEE

FRAUD ASSESSMENT FEE

TOTAL CHARGES

Countersigned by:

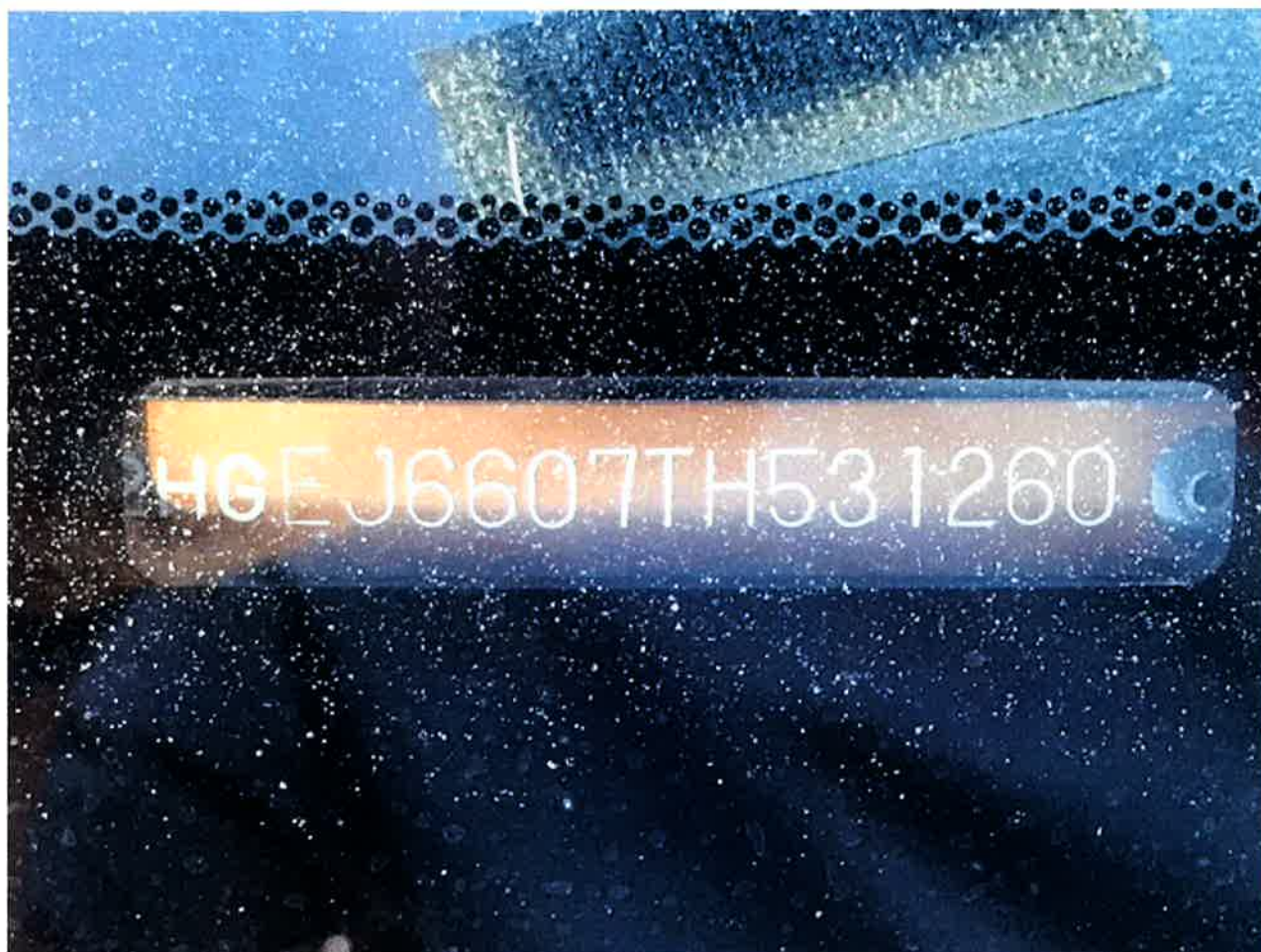
Anna F. Hoffer

Authorized Representative

Reliant General Insurance Services
DOI License # 00827322

INSURED COPY

ORIGINAL









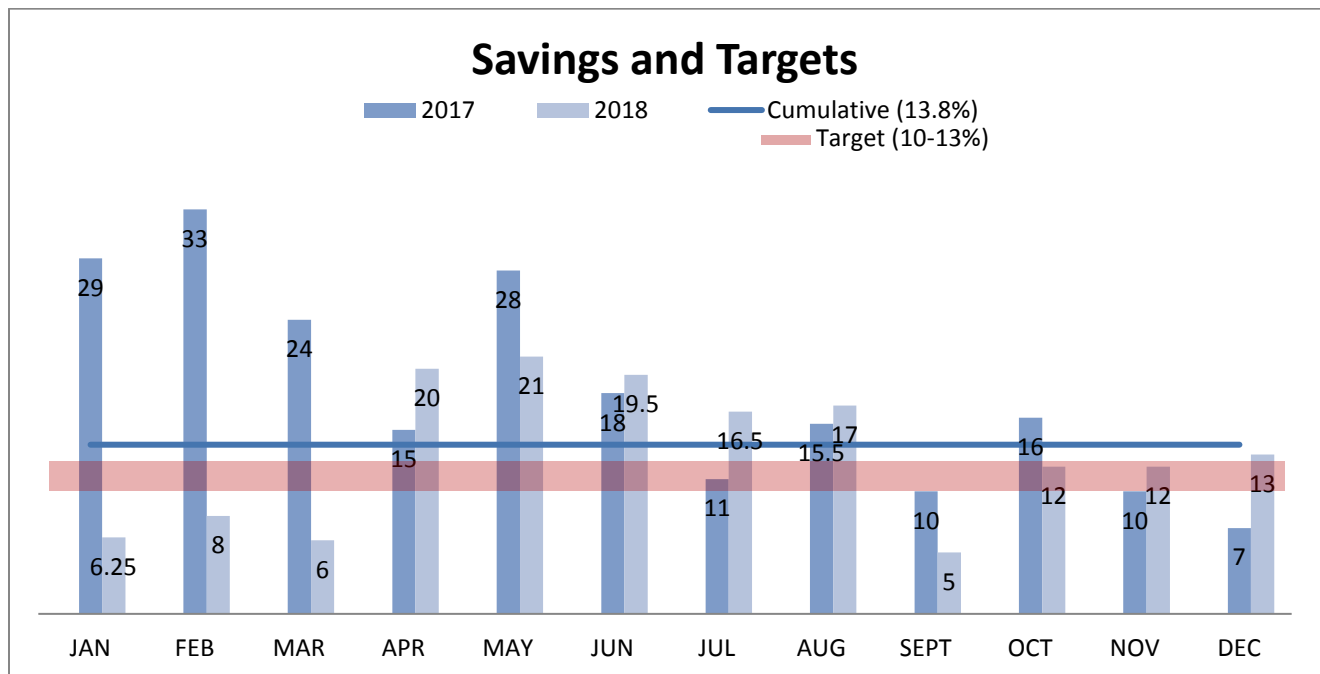
Sent from my iPhone

STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

JANUARY 15, 2019

RE: DECEMBER 2018 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 13.4% reduction in potable water production during December 2018 compared to the same month in 2013 – the baseline year used by the State Water Resources Control Board (State Water Board) to measure statewide conservation achievements. DWA continues to report its production to the state on a monthly basis, despite mandatory conservation ending in 2017.



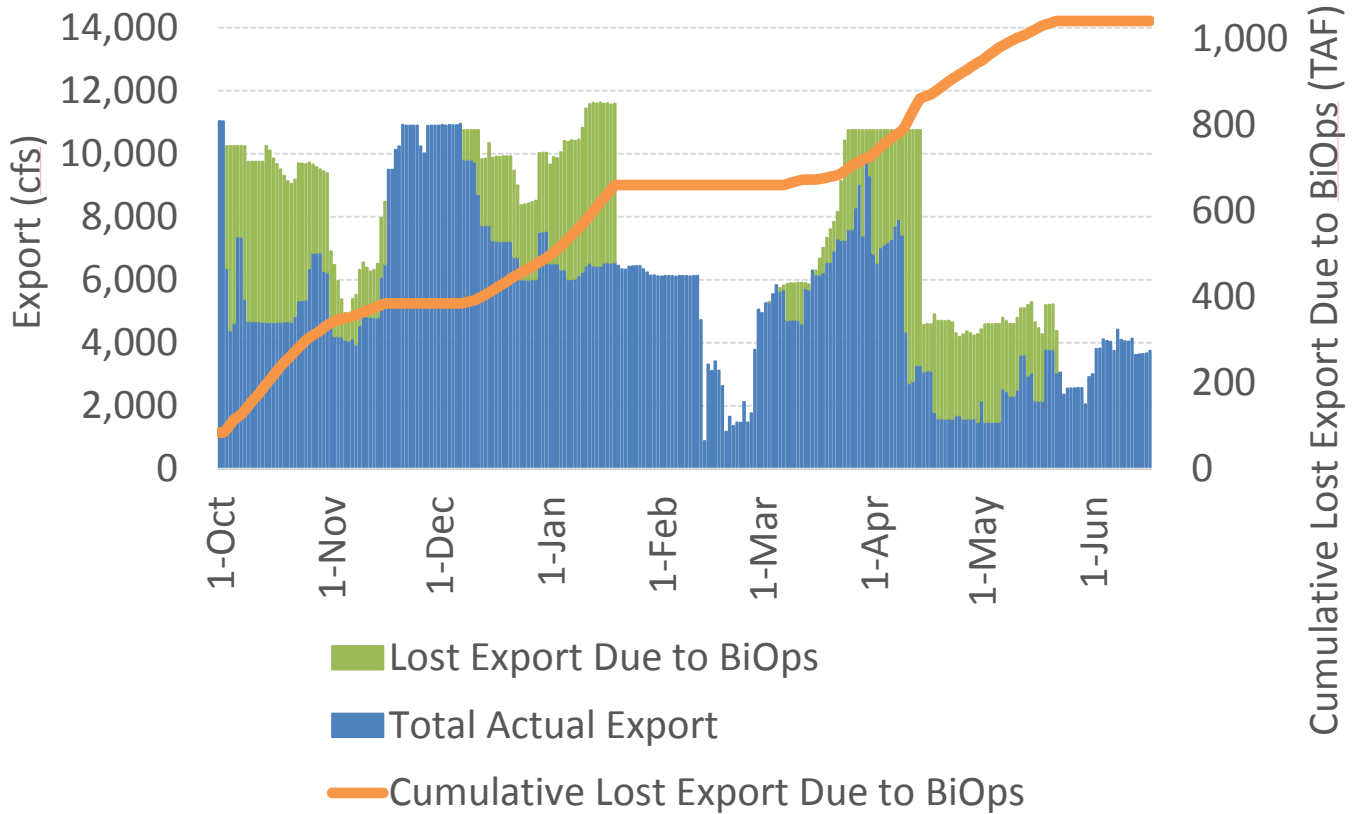
DWA is asking its customers to save 10-13% compared to 2013 to help achieve long-term sustainability.

The cumulative savings over the last twelve-month period is 13.8%. The cumulative savings beginning in June of 2016 when we put our 10-13% target in place is 16.4%.

On the following page is additional information for this month.

December 2018 water production	1,902.31 AF
December 2013 water production	2,196.86 AF
Percent changed in this month per drought surcharge baseline (December 2015)	4.87%
Quantity of potable water delivered for all commercial, industrial, and institutional users for the reporting month	645.39 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	66.07%
Population (inclusive of seasonal residents)	107,080
Estimated R-GPCD	123.38
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	16
How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	6
How many formal warning actions (e.g.: written notifications, warning letters, door hangers) were issued for water waste or for a violation of conservation rules?	3
How many penalties were issued for water waste or for a violation of conservation rules?	1
<p>Comments: The Agency's service area is highly seasonal making population analysis a complex task. The State Water Resources Control Board (State Board) analyzes data on a per capita basis.</p> <p>Historically, DWA has submitted data based on the permanent population of the service area; however, that data does not accurately reflect water use in DWA's service area which has a highly seasonal population. Based on local data, the correct population is higher than previously reported. The Residential Gallons Per Capita Per Day (R-GPCD) is being submitted using the corrected population.</p> <p>Since Desert Water Agency began recycling water, the agency has reclaimed 99,199 acre feet. If our recycled water production for this month was taken into consideration against our potable production, the conservation achieved would have been several percentage points higher.</p> <p>In the 2018 water year, October to mid-June, we have lost about a million acre feet due to biological opinions (regulatory restrictions). Please see the graph on the following page.</p>	

Lost Export Due to BiOps: 2018



2018 Lost Export to Due to BiOps = ~1.04 MAF

Fall X2 = ~490 TAF (including Sep)

OMR/SJR IE = ~ 550 TAF

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

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

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

JANUARY 15, 2019

**RE: DRAFT REPORT ON OPTIONS TO IMPLEMENT A STATEWIDE
LOW-INCOME WATER RATE ASSISTANCE PROGRAM**

Staff reviewed a draft report that was issued in early January by the State Water Resources Control Board (SWRCB) on options for implementation of a statewide low-income water rate assistance (LIRA) program pursuant to AB 401. In its final form, this report will go to the State Legislature.

The SWRCB analyzed and recommended assistance based on a 12 CCF per month usage level. The assistance would not take into account actual usage at a given property. (e.g. a customer using 3 CCF, they would get the same credit as a customer using 14 CCF)

The SWRCB recommends that those with incomes at or below 200% of the federal poverty limit would be eligible.

The report suggests a tiered benefit approach with a discount of 20%, 35% or 50% based on the cost of 12 CCF of water for a given water agency. After July of 2020 (our last scheduled proposed rate increase), Desert Water Agency customers with 3/4-5/8" or 1" meters would pay \$60.89 for 12 CCF. That means that our eligible customers would get assistance in the amount of \$12.18 (20% of \$60.89) per month or \$146.14 per year.

Our current Help2Others program gives customers the ability to apply through United Way of the Desert for \$100 in credits per year. Our program is funded by employee and vendor contributions and is not highly utilized.

The report identifies possible funding sources for the statewide assistance program as a combination of increased personal income tax on high earners and removing a current exemption on bottled water sales tax.

There were numerous suggestions for distributing the benefit that include directly placing the credit on water bills, placing the water credit on gas/electric bills, a new EBT program, CalFresh or tax credits. It appears that previous water industry comments regarding placing the benefit onto the water bill (given that many low-income customers do not pay a bill directly) were considered.

The comment period is open until February 1 and they are looking for feedback on this draft report. Staff plans to submit a comment letter and follow this report as it is presented to the Legislature.

***Options for Implementation of a Statewide
Low-Income Water Rate Assistance Program***

***State Water Resources Control Board
January 3, 2019***

Table of Contents

Introduction.....	3
Executive Summary	4
Chapter 1: Why help households pay for drinking water service? The need for Low-Income Rate Assistance in California.....	8
Chapter 2: Program Design Scenarios: Eligibility, Benefit Level, and Total Program Cost.....	17
Chapter 3: Revenue Collection Options.....	22
Chapter 4: Options for Benefit Distribution and Administrative Features of a Statewide Low-Income Ratepayer Assistance Program	24
Appendix A: Text of Assembly Bill 401, Dodd. Low-Income Water Rate Assistance Program	
Appendix B: Summary of Public Input Process and Methodology for Program Scenario Analysis	
Appendix C: Features of Existing Low-Income Ratepayer Assistance Programs	
Appendix D: Lack of Federal and State Water Affordability Programs	
Appendix E: Alternate Program Scenarios	
Appendix F: Other Program Scenarios Evaluated	
Appendix G: Analysis of Revenue Collection Options	
Appendix H: Analysis of Benefit Delivery Methods	
Appendix I: CalFresh	
Appendix J: New Electronic Benefits Transfer (EBT) Program	
Appendix K: Community Water Systems	
Appendix L: Options for Improving Affordability That Do Not Include Direct Rate Assistance	
Appendix M: Roles and Responsibilities Under Different Program Scenarios	
Appendix N: Estimate of State Water Board Program Implementation Costs for Electric Benefit Delivery Program Option	

Appendices can be accessed through the State Water Board website at:

https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/.

Introduction

In 2012, California enacted the Human Right to Water Act (Assembly Bill (AB) 685), establishing a state policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking and sanitary purposes. Since the passage of AB 685, the Legislature passed and the Governor signed various laws¹ aimed at making this policy a reality. There is, however, more to do. In recognition that many Californians may not be able to pay their water bills, AB 401 (Dodd, 2015) enacted the Low-Income Water Rate Assistance Act, which directed the State Water Resources Control Board (State Water Board or Board) to submit recommendations for a statewide Low-Income Water Rate Assistance Program (W-LIRA).

In this draft report, the State Water Board outlines possible components for developing a successful program to help low-income households pay their water bills. Specifically, the report identifies potential program recipients, different mechanisms for delivering benefits to low-income households, and possible funding sources to implement such a W-LIRA program. The purpose of this report is to present ideas for a W-LIRA program for public and stakeholder input, and the options outlined reflect discussions with public interest groups and stakeholders. The Board will use the input gathered in response to this draft to develop a final report to the Legislature in 2019.

In addition to welcoming feedback on this AB 401 draft report, the State Water Board also encourages review of the Office of Environmental Health Hazard Assessment's (OEHHA) draft *Framework and Tool for Evaluating California's Progress in Achieving the Human Right to Water*. Following the adoption of a Human Right to Water Resolution² in 2016, the Board enlisted OEHHA to develop a methodology for evaluating the state's progress in meeting the Human Right to Water policy. OEHHA's draft framework and tool can help evaluate and track our progress towards achieving safe, clean, affordable, and accessible water for all Californians.

While AB 401 is focused on assisting low-income households in paying their water bills, the State Water Board is committed to achieving the Human Right to Water in full. Multiple strategies will be necessary. This includes securing sustainable funding for the long-term operation and maintenance of water systems, consolidation of unsustainable systems, and improving technical, managerial, and financial capacity for systems serving disadvantaged communities. While the state continues to explore options for comprehensive solutions, developing a W-LIRA program will provide a necessary safety net for the most vulnerable Californians.

¹ These laws include: Senate Bill (SB) 88 (2015), SB 552 (2016), SB 1263 (2016), AB 401 (2015), AB 1668 & SB 606 (2018), AB 2501 (2018), and SB 998 (2018).

² State Water Board. Human Right to Water Resolution. Available at URL: http://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2016/rs2016_0010.pdf.

Executive Summary

The Growing Water Affordability Challenge

Drinking water is a basic human need. Satisfying this need, however, is becoming more difficult for California's households, as the retail cost of water has risen substantially over the last decade and is expected to rise significantly over the coming years. Figure 1 shows that, adjusting for inflation, the average Californian household was paying around 45% more per month for drinking water service in 2015 than in 2007. The burden of rapidly-rising drinking water costs falls most heavily on the 13 million Californians living in low-income households, many of whom have seen their incomes stagnate during the same period. The high and rising costs of other basic needs for California residents, including housing, food, and other utility services, means that cost increases for any single need, such as water, can lead families to make difficult and risky tradeoffs which could harm their health and welfare. Expenditures to meet basic water needs are expected to continue to rise rapidly due to the need for water systems to replace aging infrastructure, meet treatment standards, diversify supplies, and maintain a well-trained workforce.

Figure 1. Inflation-adjusted Increase in average price of water (15 CCF³) for California Households



Source: American Water Works Association Data, 2007-2015

Need for a Statewide Program

Only 46% of California's population is served by a community water system (CWS)⁴ offering some form of a rate assistance program, and many of these programs have low levels of enrollment and limited

³ Centum cubic feet (CCF) is also known as a hundred cubic feet (HCF), which is 748 gallons. For a four person household, 12 CCF of use in a month equates to 75 gallons of water per person per day.

⁴ Community water systems serve communities with more than 25 people year-round. It is a term the Board's Drinking Water Division uses to distinguish them from other drinking water providers, such as domestic wells, truck stops, camp grounds, etc.

financial support. As a result, less than 20% of the state's low-income population currently receives benefits from a low-income rate assistance program. One reason for the limitation in program offerings is that publicly-owned water systems are constrained by Proposition 218⁵ in the use of their water fees and charges. Systems that do provide low-income rate assistance benefits are able to fund them from non-fee revenues.

There are also administrative obstacles associated with providing a rate assistance program to water users at the system level. Asking approximately 3,000 individual CWS to operate their own standalone rate assistance programs for their individual customer bases is infeasible. As illustrated in Figure 2, using 200% of the federal poverty level (FPL) as the baseline eligibility criteria for W-LIRA programs would mean that for many systems more than 50% of their customers would be eligible for assistance. To operate a low-income rate assistance program, these systems would likely have to impose outsized cost burdens on higher-income households served by the systems.

Figure 2. Large Water Systems with High Percentages of Low-Income Households That Could be Eligible for Rate Assistance



Note: Calculated using Census data and system water boundaries. The percentages shown above represent the proportion of residential customers served by the system who have incomes under 200% of the Federal Poverty Level.

⁵ Passed in 1996, Proposition 218 requires certain local government taxes, fees and assessments to go before the voters for approval.

Because developing a comprehensive low-income rate assistance program at the system level is not practical, the Board envisions a statewide program, with benefits distributed through other existing assistance program, such as utility bill credits, tax credits, or direct cash benefits.

The Board recommends progressive revenue sources (i.e. taxes or fees) in order not to burden some of the residents that this program seeks to serve. For example, taxes on personal and business income would provide progressive revenues, while fees on bottled water or alcohol would have a nexus to water use.

Eligibility criteria and benefit levels would influence the total program costs. AB 401 directed the Board to use 200% of the FPL as the primary eligibility criteria in its analysis; however, the Board seeks input on alternate eligibility criteria that can feasibly be implemented across the state (some of which are discussed in Appendix F). Benefit levels could be tied to the cost of water, other assistance programs, or certain affordability criteria. The Board developed the working proposal below to elicit input and inform a robust discussion. The program scenario would offer a three-tiered benefit to all eligible residential households (those with income under 200% of the FPL) in the state.⁶ The program would provide a benefit equivalent to the tiers below. The monetary value of the discounts provided in each tier would be based on a consumption level of 12CCF each month for each of the 3,000 community water systems, rather than each household's actual amount consumed (and actual bills), as explained below in Chapter 2.

Text Box 1: Potential Program Benefit Levels

Tier 1: 20% discount to all households that have incomes below 200% of the federal poverty level (FPL) in water systems where monthly water expenditures (at 12 CCF) are below \$90,

Tier 2: 35% discount to all households that have incomes below 200% of the FPL in water systems where monthly water expenditures (at 12 CCF) are between \$90 and \$120, and

Tier 3: 50% discount to all households that have incomes below 200% of the FPL in water systems where monthly water costs (at 12 CCF) are above \$120.

Because the average monthly water bill is around \$60 per month,⁷ most low-income households would be in Tier 1.

The proposed benefit levels would provide substantial assistance to all low-income households, but also a larger benefit to those in the CWS that have the greatest drinking water expenditure burden. Moreover, both the program eligibility criteria and first two benefit tiers correspond to the California Alternative Rates for Energy (CARE) program design where 4.3 million low-income households receive a 30-35% discount on their electric bill and a 20% discount on their natural gas bill. However, CARE benefits relate to customers' actual bill amounts rather the system-wide rates for a set level of consumption, as in this report's working proposal.

This scenario is projected to cost about \$606 million in the first year for benefit distribution and program administration. Costs would adjust over time based on changes in the number of eligible households and

⁶ The Federal Poverty Level is based on household size; so larger households would qualify with higher incomes than smaller households.

⁷ See Chapter 2: Program Design Scenarios: Eligibility, Benefit Level, and Total Program Cost.

water rates. The total annual cost includes ongoing program management costs, such as potential expanded household enrollment verification procedures, marketing and outreach, and benefit distribution system modifications, as discussed further in Chapter 4 and the Appendices. Modifications to this scenario would result in different cost projections. For example, shrinking eligibility to households earning up to 150% of the FPL would reduce program costs, while expanding eligibility to households earning up to 250% of the FPL would raise program costs. The same logic applies to the program benefit levels, including the amount of water use upon which calculations are based. In addition, initial program costs would decrease if the program were phased-in overtime, such as if benefits were initially only extended to low-income households in areas with higher water bills.

Although there are many options for improving water affordability, the need to address this growing crisis is clear. The Board looks forward to receiving feedback on this report and to working with stakeholders, the Administration, and the Legislature to develop and implement policy solutions.

Safe Drinking Water Must Be a Priority

The development of a W-LIRA program and other discussions on water affordability should not delay the urgent need to address the problem of unsafe drinking water. This is an urgent public health crisis and solutions are already well developed. Hundreds of thousands of Californians lack access to safe drinking water. A significant challenge is the lack of a sustainable funding for long-term operations and maintenance for drinking water systems. Over the past two years, the Legislature has proposed a modest surcharge of \$1 per month on certain California households to address the systematic challenges that prevent the delivery of safe drinking water to Californians.⁸ Low-income residents would be exempt from paying such a charge, and community water systems would be allowed to retain a portion of the funding for their expenses of collecting and transmitting the monies to the state.

⁸ SB 623, SB 844 and SB 845.

Chapter 1: Why help households pay for drinking water service? The need for Low-Income Rate Assistance in California

AB 401 mandates that the State Water Board, in collaboration with the Department of Tax and Fee Administration (formally known as the State Board of Equalization) and relevant stakeholders, develop a plan for the funding and implementation of a W-LIRA, which would include specified elements (see Appendix A for the full text of AB 401). This draft report (including its appendices) reflects the analysis from the planning process envisioned by AB 401, while allowing for additional public and stakeholder feedback.

Why help households pay for drinking water service?

Rising income inequality coupled with California's high cost of living means that meeting basic needs, including housing, food, clothing, transportation, healthcare, and utilities is increasingly a struggle for many households. Currently, 34% of Californians, roughly 13 million people, live in households with income under 200% of the federal poverty level (FPL), which in 2018 is \$50,200 for a family of four. When families are unable to pay their bills, they face difficult and highly consequential trade-offs, like skipping meals and going hungry, risking eviction, or facing potential disconnection for electric, gas, or water services.

An analysis of U.S. Census data reveals that the real median household income in California in 2017 was lower than it was in 2007.⁹ Across the nation more broadly, there has been a stagnation in real incomes for low- to moderate-income earners, and a lack of households moving out of poverty conditions spanning the last 30 years.¹⁰ At the same time, the largest necessary cost of living – housing costs – have shown rapidly increasing divergence from household income since 2000.¹¹ Low-income households need more support to make ends meet. Providing all low-income households with financial assistance to help pay their water bills is a small, but important way the state can support provision of basic necessities for all Californians.

Table 1 shows the results of the stagnation in household incomes for the lower end of the income distribution in California. Recent data shows that nearly 15% of California households have an income below the FPL and more than one-third of California households have an income below 200% of the FPL.¹²

⁹ Alternatively, the percentages of households under 100% or 200% of the FPL are slightly higher in 2015 than 2005.

¹⁰ Drew Desilver (2014). Pew Research Center. *For most workers, real wages have barely budged for decades*. Available at: <http://www.pewresearch.org/fact-tank/2014/10/09/for-most-workers-real-wages-have-barely-budged-for-decades/>; Elise Gold (2015). Economic Policy Institute. *2014 Continues a 35-Year Trend of Broad-Based Wage Stagnation*. Available at: <http://www.epi.org/publication/stagnant-wages-in-2014/>.

¹¹ California Housing and Community Development Department (2017). *California's Housing Future: Challenges and Opportunities Public Draft*. Available at: <http://www.hcd.ca.gov/policy-research/plans-reports/docs/California%27s-Housing-Future-Full-Public-Draft.pdf>.

¹² The percentage of households below the 100% and 200% FPL closely corresponds to the national averages, which are 16% and 35%. For reference, 200% of FPL for a 4-person household in 2015 was \$48,600. This income level roughly corresponds to the Board's 2015 median household income cutoff for defining "disadvantaged communities" (DAC) of \$49,454. The DAC threshold in turn is set at 80% of the state's median household income (which is \$61,818) and the metric is widely used to determine eligibility

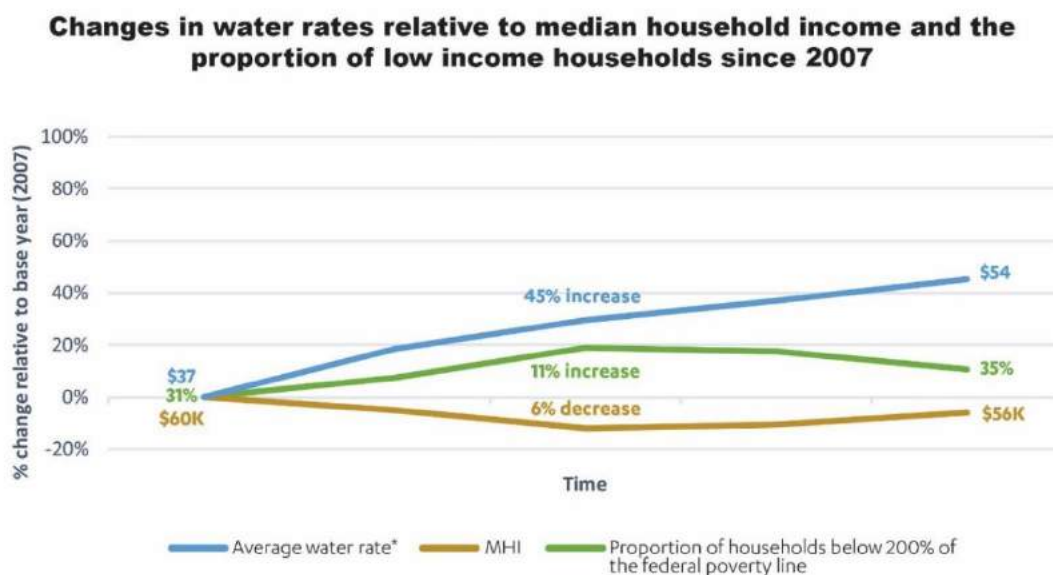
Table 1. Financially Disadvantaged California Households

Designation	% Percent of State Households
Below 100% of Federal Poverty Level	14%
Below 150% of Federal Poverty Level	24%
Below 200% of Federal Poverty Level	34%

Source: 2010-2014 American Community Survey Data

Figure 3 illustrates the combined effects of stagnating incomes for low- and median-income households and rising retail drinking water costs.

Figure 3. Changes in water rates relative to median household income and the proportion of low-income households since 2007 (adjusted for inflation)



*This average derived from 4 regions in the AWWA California Water Rate Survey 2015.

There are at least four additional rationales to support the development of a W-LIRA program in California:

for other drinking water system financial assistance programs in California. The 200% FPL threshold is particularly relevant for the purpose of considering the need for a W-LIRA program because these income levels are most commonly used as eligibility criteria for existing low-income rate assistance programs. AB 401 also specifically mentions the 200% FPL threshold.

1. *The devastating health and livelihood impacts people experience where water is unaffordable,*
2. *The rapidly-rising retail cost of drinking water,*
3. *The general absence of robust low-income rate assistance program or affordability programs, when they are available for many other basic household needs, and*
4. *The inability of many individual water systems to support a rate assistance program on their own.*

Each of these motivations for a W-LIRA program is explained in turn below.

#1- Health and livelihood impacts

If water is unaffordable, low-income households will likely either consume less water than is healthy and/or consume less of other vital goods and services to pay for the water they need.¹³ In other words, low-income households face tradeoffs that harm their health and welfare.¹⁴ One example of this is in the City of Detroit, where 156,000 households struggled with increased water rates alongside necessary electricity costs for heating during a frigid winter. Households prioritized the immediate need of electricity over water, and the city experienced a high rate of water shutoffs due to non-payment.¹⁵

Unaffordable water service, especially in light of low-income households' extremely-constrained incomes, can lead to service disconnections. A major public health concern from water shutoffs is water-related illnesses. A recent study by the Henry Ford Hospital examined the public health implications of water shutoffs in the City of Detroit. By analyzing water-borne illnesses and comparing them to home addresses of water shutoffs, researchers found that patients diagnosed with skin and soft tissue diseases were 1.48 times more likely to live on a block that experienced water shutoffs. Following the release of the study in July 2017, a panel of experts, including physicians, called for the declaration of a public health emergency in the city because of the correlation between water shutoffs and water-related illnesses.¹⁶ For similar reasons, the City of Pittsburgh Water and Sewer Authority recently placed a moratorium on drinking water service shutoffs in the winter season.¹⁷ Moreover, the recent Hepatitis A outbreak across parts of California among at-risk populations without permanent shelter has been partially attributed to a lack of access to adequate water and sanitation facilities.¹⁸ At a broader scale, shutoffs and lack of affordable access to water can result in an economic burden to the state, as low-income families facing these challenges incur outsized healthcare costs, some of which are subsidized by the state.

¹³ Davis, Jon P. and Teodoro, Manuel P. (2017). "Financial Capability and Affordability." Chapter 22 in *Water and Wastewater Finance and Pricing: The Changing Landscape*, Fourth Edition.

¹⁴ Morduch, Jonathan, and Schneider, Rachel. *The Financial Diaries: How American Families Cope in a World of Uncertainty*. Princeton University Press, 2017.

¹⁵ Filson, J. and Avery, T. (2017). "Water Shutoffs in Detroit: An Ongoing Crisis." *Food & Water Watch*.

¹⁶ Chambers, Jennifer. Experts: Water shutoffs causing public health emergency. *The Detroit News*. [Online] July 26, 2017. Available at: <http://www.detroitnews.com/story/news/local/detroit-city/2017/07/26/detroit-water-shutoffs-health-study/104016812/>.

¹⁷ The Pittsburgh Water and Sewer Authority (2017). Winter Moratorium Program- Frequently Asked Questions. Available at: http://apps.pittsburghpa.gov/redtail/images/1647_WinterMoratoriumProgram_FINAL.PDF.

¹⁸ For instance, see California Department of Public Health (2018). "Hepatitis A Outbreak in California". Available at: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/Immunization/Hepatitis-A-Outbreak.aspx>.

Households that cannot pay their water bill in turn face negative impacts to their credit, risk of loss of property, and/or eviction. An example of this is in the City of Baltimore where the water system often sells unpaid water bills as property liens in tax sales. Households that cannot pay back the bill in addition to charges and interest to the buyer of the lien lose the home to foreclosure. From 2014 to 2015, the number of homes sold at tax sales in Baltimore with water-only liens rose from 671 to 902.¹⁹ While the Board does not yet have a complete dataset for statewide water shutoffs, shutoff concerns were raised at the public meetings Board staff held around the state, and in the comment letters the Board received.²⁰

#2- The rapidly-rising retail cost of drinking water

Understanding drinking water affordability for households requires consideration of the necessary expenditure for water paid by a household, the income of the household, as well as the costs of other vital goods and services such as housing, utilities, food, transportation, and healthcare.²¹ Water affordability becomes a more pressing issue for households as water service rates rise.

The Board began maintaining water rate data for California's drinking systems in 2014. Using this data for estimation purposes, the average California household in 2015 paid around \$60 per month for 12 CCF of drinking water service. Longer-standing sources of rate data indicate that the retail price of water has risen dramatically above the pace of inflation in California (and the U.S. more broadly) over the last decade.²² Moreover, financial analysts project the retail price of water to rise significantly in California over the coming years.²³

As summarized in Figure 4, rising rates for water service are attributable to a number of factors, two of which are relatively unique to water within basic service sectors.²⁴ First, water has been historically underpriced compared to the true cost of service,²⁵ which has led to many water systems in California now having aging infrastructure that must be replaced. In addition, more stringent water quality standards

¹⁹ Jacobson, Joan (2016). *Keeping the Water On: Strategies for addressing high increases in water and sewer rates for Baltimore's most vulnerable customers*. The Abell Foundation.

²⁰ See https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/ for links to AB 401 comment letters.

²¹ For instance, see Teodoro, M. P. (2018). Measuring Household Affordability for Water and Sewer Utilities. *Journal-American Water Works Association*, 110(1), 13-24. While designing a statewide affordability program with an eligibility or benefit criteria which takes account of the cost of other vital goods and services for low-income households may be ideal, it was deemed infeasible for two reasons. First, it is not possible to obtain accurate and representative data on variation in other essential costs outside of large metropolitan areas, as shown in a close reading of Teodoro, 2018. Second, and perhaps more importantly, it is unreasonable to expect a potential statewide drinking water affordability program to compensate for the high local cost of other essential services given that this potential program has no federal or state general fund assistance and is being considered after the establishment of other much longer-standing benefit programs.

²² 2015 California-Nevada Water and Wastewater Rate Survey. American Water Works Association and Raftelis. Available at: <http://ca-nvawwa.org/canv/downloads/2016/CANVRateSurvey2015.pdf>.

²³ Carroll, Rory. September 18, 2015. "California water prices set to rise next year: Fitch." Available at: <http://www.reuters.com/article/us-california-water-rates/california-water-prices-set-to-rise-next-year-fitch-idUSKCN0QN1PH20150818>.

²⁴ 2015 California-Nevada Water and Wastewater Rate Survey. American Water Works Association and Raftelis. Available at: <http://ca-nv-awwa.org/canv/downloads/2016/CANVRateSurvey2015.pdf>; [American Society of Civil Engineers, California Infrastructure Overview \(2017\)](#).

²⁵ For instance, see Timmins, C. (2002). Does the median voter consume too much water? Analyzing the redistributive role of residential water bills. *National Tax Journal*, 687-702.

require additional costs for treatment and operator training.²⁶ Second, the percentage of federal support in the total public spending on infrastructure for water utilities has fallen from over 30% in the 1970s to less than 5% in 2015.²⁷ In other words, state agencies and especially local water systems need to finance their own operations to a much greater extent than in the past.

Figure 4. Drivers of Rising Water Rates in California



Among these cost drivers, climate change adaptation will play a significant role in the future of water affordability as both populations and suppliers shift behaviors and practices in response to climatic impacts. At the household level, the effects of higher temperatures will be felt across the state, with increases of 5°F and 10°F predicted by the 2030s and late 2090s, respectively.²⁸ Numerous studies show these increased temperatures will result in greater residential water demand;²⁹ the most specific urban case study shows an annual per capita increase of 1.6 gallons per 1°F increase, for temperatures above 78°F.³⁰

Alongside this increase in demand, there will also be an increase in the difficulty of maintaining safe and consistent water supplies due to physical and hydrologic shifts, including drought, occurring throughout the state. One widely-recognized challenge is sea level rise, which is expected to increase and inundate

²⁶ Hanak, E., Gray, B., Lund, J., Mitchell, D., Chappelle, C., Fahlund, A., Jessoe, K., Medellin-Azuara, J., Misczynski, D., Nachbaur, J., Suddeth, R., Freeman, E., and Stryjewski, E. "Paying for Water in California." (2014). Public Policy Institute of California, pg. 35.

²⁷ U.S. Congressional Budget Office (2015), Public Spending on Transportation and Water Infrastructure, 1956 to 2014, Available at: <https://www.cbo.gov/publication/49910>; Eskaf, Shadi, September 26, 2015. "Four Trends in Government Spending on Water and Wastewater Utilities Since 1956" Available at: <http://efc.web.unc.edu/2015/09/09/four-trends-government-spending-water/>.

²⁸ CalEPA & CPDH, 2013

²⁹ Pacific Institute, 2012; Wang et al., 2015; Neale et al., 2007

³⁰ Protopapas et al., 2000

groundwater with salts, decreasing groundwater availability for drinking water supplies.³¹ Additionally, the increased prevalence of wildfire burns across California described by Westerling et al. (2011) and Westerling & Bryant (2007) is diminishing watershed health and will likely lead to increases in the costs of drinking water supplies. Lastly, and most importantly for California, the Sierra Nevada snowpack, which currently supplies the state with over 60% of its water supply for urban and agricultural uses, is shrinking and will continue to do so, forcing water providers to seek alternatives.

In addition to past and expected future water rate increases for all customers, the water sector is different than other basic services in its variability in retail rates across different retail systems. Retail rate divergence by neighboring systems is not unique to California³² but is certainly very common within the state.³³ Again, the average California household paid around \$60 per month for 12 CCF of drinking water service in 2015, but there was tremendous variation in the price paid by households. Many systems (973) charge rates higher than the state average, with some charging one and a half (175), two (28), or three times (4) the average price for the same amount of water. The state's geography, population distribution, and hydrology mean that source water quality and quantity vary tremendously, and some systems face high costs to obtain and treat water.

Prominent examples of very high drinking water costs include those experienced by residents of Cantua Creek in Fresno County and Lucerne in Lake County. Residents in Cantua Creek pay roughly \$174 a month.³⁴ Residents in the Lucerne pay roughly \$350 in monthly water bills due to system upgrades.³⁵ Moreover, in the City of Fontana, residents will experience a 30.7% increase in water rates over the next three years.³⁶ Larger cities are not exempt from this trend; the City of San Francisco rates have risen 127% over seven years.³⁷ As more fully discussed in the report, differences in the geographic location, source water quality, regulatory oversight, and socioeconomic profile of systems drive variation in rates across water systems in California.

#3- Comparable programs exist in other sectors

Another justification for the creation of a W-LIRA in California is that statewide programs already operate to subsidize other essential services at the household level. As discussed in more detail in Appendix C, robust, relatively-longstanding mandated programs at the federal and state levels subsidize the

³¹ Hoover, et al., 2017

³² Gregory, Ted; Reyes, Cecilia; O'Connell, Patrick M.; and Caputo, Angela; Same Lake, Unequal Rates: Why our water rates are surging – and why black and poor suburbs pay more. (October 25, 2017). Chicago Tribune, Available at <http://graphics.chicagotribune.com/news/lake-michigan-drinking-water-rates/index.html>; Jordi Honey-Rosés, David Gill, Claudio Pareja (March 2016), British Columbia Municipal Water Survey 2016.

³³ For instance, see the analysis of retail price variation for 18 CCF in Los Angeles County in DeShazo, J.R.; Pierce, Gregory; and McCann, Henry. "Los Angeles County Community Water Systems Atlas and Policy Guide: Supply Vulnerabilities, At-Risk Populations, Conservation Opportunities, Pricing Policies, and Customer Assistance Programs." UCLA: Luskin Center for Innovation.

³⁴ Public comment made by Cantua Creek resident at the AB 401 Public Meeting. (2017). Fresno, CA. Additional information available at: <http://www.co.fresno.ca.us/home/showdocument?id=5925>.

³⁵ Dilling, Audrey. "Why This California Town's Water Costs Way More Than the National Average." (2017). *KQED News*.

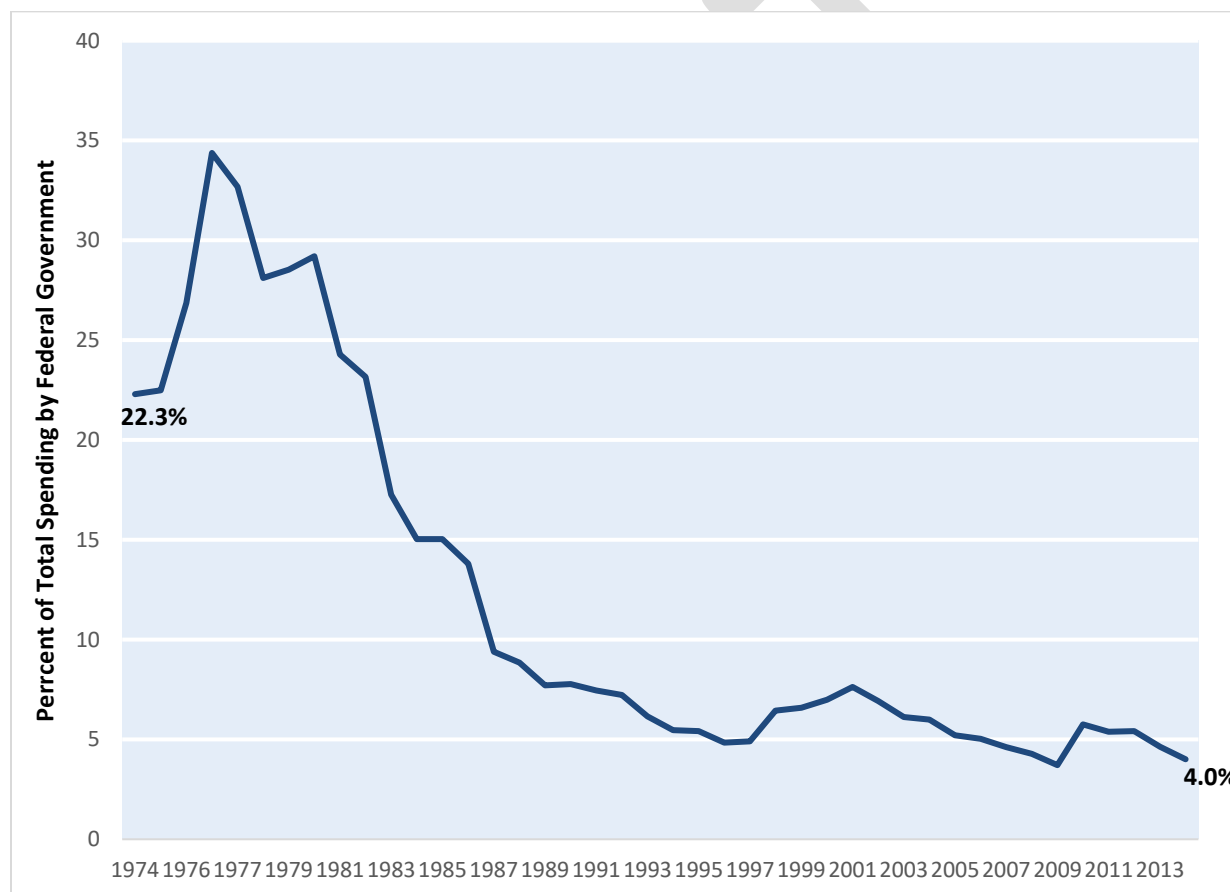
³⁶ "Water Rates for Fontana Water Company Customers Will Go Up 30.7 Percent, CPU Says." (2017). *Fontana Herald News*. Available at: https://www.fontanaheraldnews.com/news/water-rates-for-fontana-water-company-customers-will-go-up/article_af2cb0e4-6d97-11e7-a4e0-eb5fe175579c.html

³⁷ The Price of Water: Water Rates Dashboard-San Francisco. (2017). *Circle of Blue*. Available at <http://www.circleofblue.org/waterpricing/>.

affordability of basic energy and telephone services for low-income households who apply and are eligible.³⁸

By contrast, no state or federal programs provide affordability assistance directly to households for drinking water services. Similarly, the relative role of federal financial support for water utilities nationwide has fallen since the mid-1970s, as compared to local and state government financial support for water utilities. Figure 6 shows that the federal government supported over 30% of total spending on water utility infrastructure through the 1970s, but less than 5% by 2014.³⁹

Figure 6. The Percent of Total Public Infrastructure Spending on Water Utilities by the Federal Government (1974-2014)



Similarly, nationwide, programs addressing water affordability have traditionally been left up to individual CWS. This holds true in California except for large investor-owned utility systems, which are regulated by the California Public Utilities Commission (CPUC) to provide LIRA programs.

The State Water Board estimates that approximately 46% of the entire Californian population is served by a water system offering some type of rate assistance. Unfortunately, however, the presence of a rate

³⁹ See the Congressional Budget Office's March 2015 report *Public Spending on Transportation and Water Infrastructure, 1956 to 2014*, which contains detailed data of public spending on transportation and water infrastructure at local, state, and federal levels.

assistance program does not mean that the program adequately addresses the affordability need experienced by the system's population. The biggest obstacle faced by existing programs is their limited extent and inability to support those households that are most in need, because many low-income households do not pay a water bill directly, and because the existing programs have low enrollment levels and provide insufficient support. In addition, except for the investor-owned water systems, these existing rate assistance programs are funded by non-rate revenues to comply with Proposition 218, and therefore their funding is insufficient to provide benefits to all eligible households in their jurisdiction. Table 2 shows annual rate assistance programs expenditure data for drinking water systems serving 31% of the state's population in 2015. These systems all offered rate assistance programs and were most likely to have high enrollment rates as compared to other water systems.

Table 2. W-LIRA Program Expenditure for Sample Water Systems in California (2015)

Water Systems	Percent of State's Population Served by System	Amount spent on low-income rate assistance in 2015
Los Angeles Department of Water and Power (LADWP)	10%	\$26 million
CPUC Private Water Systems	14%	\$27 million
24 Other Large Urban Public Water Suppliers	7%	\$4.2 million
TOTAL	31%	\$57.2 million

Sources: LADWP and CPUC financial reports, and a survey of municipal systems conducted directly by the Board

#4: The limitations of standalone system rate assistance programs

The final justification for a W-LIRA program is the fact that many individual water systems in California economically cannot support a rate assistance program on their own. Although there are about 3,000 CWS operating in California, over 80% of the population is served by the 400 largest systems. While the most intuitive solution would seem to be to allow or enable the 3,000 individual CWS to operate their own standalone rate assistance programs for their customer base, the Board's research shows that individual CWS would bear vastly different cost burdens to provide assistance to eligible customers. Ultimately, this means that customers ineligible for assistance in one system (i.e., higher-income customers) might pay much more to support affordability for eligible customers in their system than ineligible customers would in another system. Although most of the systems with the highest eligibility burdens are classified as small or very small, more than 22% of systems throughout the state would have eligibility burdens of more than 50% of their residential customers.

On the other hand, large, more sophisticated systems also see high eligibility rates. Figure 2 illustrates that even among some systems which serve 3,000 or more customers, imposing a requirement to run a standalone rate assistance program would likely cause outsized affordability burdens as well. To operate a W-LIRA program in these systems, outsized cost burdens would need to be passed on to ineligible households within each CWS. Even if a CWS were willing to raise revenue for a rate assistance program in this way, it could face legal challenges from ratepayers arguing that the system's use of water rate revenues for rate assistance program benefits may be subject to Proposition 218. The likely result of encouraging or mandating affordability assistance in systems with high eligibility burdens would be that a sizeable number of CWS would simply not be able to operate a sustainable rate assistance program that would meet the goals envisioned by the Human Right to Water and the Low-Income Water Rate

Assistance Act. Given the challenges facing the many water systems with high eligibility burdens, a W-LIRA appears more feasible to address the statewide mandate of the Human Right to Water.

DRAFT

Chapter 2: Program Design Scenarios: Eligibility, Benefit Level, and Total Program Cost

This chapter proposes a W-LIRA program scenario, with a focus on three key elements in the program design. *Eligibility* is defined as the number of program-qualifying households based on socioeconomic criteria. *Benefit* is the type and dollar amount of annual financial assistance received by an eligible household. *Estimated annual program cost* is equal to the number of eligible households multiplied by the household benefit per household and adjusted for expected enrollment (which decreases total costs) and administrative costs (which increases total costs). Table 4 shows a basic example program scenario cost calculation incorporating each of these three program design elements.

Table 4. Example W-LIRA Program Scenario Calculation

Eligibility	Estimated Number of Eligible Households	1,000
Benefit	Theoretical Benefit per Household	\$100
	Maximum Total Benefits to be Distributed	\$100,000
Annual Cost	Accounting for Expected Enrollment Level*	\$84,000
	Estimated Annual Program Operating Cost**	\$92,400

*This enrollment value mirrors the California Alternative Rates for Energy (CARE) program's enrollment level 84%, as explained in Chapter 4.

** Assuming 10% administrative costs to operate the program, as explained in Chapter 4.

Appendix E discusses the advantages and disadvantages of several alternative program designs with different eligibility and benefit criteria (and thus total costs) to the proposed scenario which were fully considered in the process of plan development and stakeholder engagement. Using the data and methods described in Appendix B, more than 70 program scenarios were evaluated and empirically estimated over the past three years.

The proposed program scenario would offer three-tiered benefit levels to all eligible residential households in the state, as described in Assembly Bill (AB) 401. In the context of a statewide water assistance program, there is no administratively feasible way to provide an individual percentage discount on each household level consumption,⁴⁰ unless there are verified data on household consumption reported to the program administrator of the assistance program.⁴¹ Therefore, this scenario would provide a benefit based on the cost of consuming 12 CCF as described below:

Tier 1: 20% discount to all households that have incomes below 200% of the federal poverty level (FPL) in water systems where monthly water expenditures (at 12 CCF) are below \$90,

Tier 2: 35% discount to all households that have incomes below 200% of the FPL in water systems where monthly water expenditures (at 12 CCF) are between \$90 and \$120, and

⁴⁰ This is how the four large energy investor-owned utilities operate the California Alternative Rates for Energy (CARE) program.

⁴¹ While this could be achieved via a data transfer process for some systems, the per household consumption-based bill discounts would prove administratively costly to implement across all water systems which either do not meter consumption, have different billing periods, or do not have fully digitized administrative operations (see Chapter 4 for more discussion of this challenge).

Tier 3: 50% discount to all households that have incomes below 200% of the FPL in water systems where monthly water costs (at 12 CCF) are above \$120.

The estimated total annual cost of such a program, and thus the annual revenue target for program operation, in its first year is \$606.4 million. Changes to the proportion of the state's households eligible for the program (those with incomes under 200% of the FPL) could raise or lower the cost of the program. Moreover, the annual cost of the program would rise if residential water rates at the 12 CCF consumption level continue to increase.

Proposed Program Scenario Factors

Eligibility: Baseline eligibility as 200% of the FPL

Most assistance scenarios used in the Board's analysis have a common eligibility criteria of household income equal to or below 200% of the FPL. There are several reasons for the establishment of this common eligibility criteria. Firstly, 200% of the FPL is explicitly defined as the "low-income" criterion in the AB 401 legislation text. Secondly, this eligibility criterion is inclusive: more than one-third of the state's households have incomes at or below 200% of the FPL. Thirdly, 200% of the FPL is a commonly-used criterion by other Low-Income Assistance Programs (LIRA) and social benefit programs (most notably CARE) in California. Use of 200% of the FPL has a clear precedent and allows for potential administrative cost efficiencies between eligibility for other programs and the new W-LIRA program.

Benefit Type: Percentage of total bill benefit

Water systems across the state charge vastly different total dollar amounts for the same volume of water consumed (i.e. 12 CCF), even within the same customer class (residential customers using the same sized pipe). Since all water systems— except those regulated by the CPUC— have discretion over rate design and levels consistent with cost of service requirements, there is wide variability in rate structure design, as further discussed in Chapter 1. (Chapter 1 also explains why some systems face much higher source water costs than others). Consequently, the Board faced the challenge of developing proposals for providing eligible households with equitable benefits based on a certain component of the bill.

Given the complexity in rate structures, a benefit assigned as a percentage of a residential bill at a specified consumption level (including all fixed and variable costs but excluding other non-water service related to charges and fees) is likely to be more equitable than a flat benefit discount, or a discount to a certain component of the bill. To illustrate this point, an example of the affordability support experienced by households served by different community water systems with different rate levels and structures (but the same consumption level, 12 CCF) is shown in Table 6 below.

Three Tier Structure

The tiered benefit structure was developed from the average statewide water expenditure of about \$60 a month for 12 CCF. Low-income households that pay more than 150% (Tier 2) and 200% (Tier 3) of the state average water bill would be eligible for a higher percentage of bill discounts structured through the Proposed Program Scenario. The tiered percentages of bill discounts were chosen with reference to those offered by CARE at 20% (Tier 1) and 35% (Tier 2), with the highest tier of 50% (Tier 3) increasing incrementally by another 15%.

The Proposed Program Scenario has the collective advantage of providing not only substantial affordability assistance to all low-income households, but also a larger benefit to those who face the

greatest drinking water cost burdens.⁴² The biggest disadvantage of this program scenario is that it would require verification of rate data at the system level, and, for newly enrolling households, verification of income data, raising the cost of program administration. The Board would need to verify the cost of 12 CCF for residential customers (for Tier 2 and 3 purposes), and households not already enrolled in the CARE program would need to document their eligibility status (income).

The 20% discount is equivalent to the CARE discount for natural gas service, as well as the high end of discounts currently offered by existing low-income rate assistance programs in California. A discount of 35%, also offered to CARE customers for electricity service, helps households that face water bills exceeding the state average by more than 150% to 200% of the bill average. Finally, the 50% discount tier accounts for the small number of water systems charging more than 200% of the state average for 12 CCF water bills and has a precedent in California Water Service where 50% is the benefit level for households served in very high cost areas.⁴³ Following annual updates to the Board's record of drinking water costs, information used to determine eligibility and benefit would be adjusted.

Consumption: 12 CCF of water monthly

This program scenario has the advantage of providing not only substantial affordability assistance to all low-income households, but also a larger benefit to those who have the greatest drinking water cost burden. Moreover, both the eligibility criteria and the first two benefit tiers correspond to the criteria laid out by the statewide CARE program for electricity and natural gas affordability. The 12 CCF consumption level accounts for indoor use for large households or a modest amount of outdoor use. As shown in Table 5, the benefit also allows the average California household to afford above 55 gallons/person/day, the current standard for indoor set by AB 1668 (2018) and provides for some outdoor use for a family of four.

Table 5. Daily Water Use Available to a Family of Four at 12 CCF Monthly

Daily Water Use Category	Amount Allocated
Indoor Use	220 gallons (55 gallons x 4)
Outdoor Use	75 gallons
Total Use	295 gallons

12 CCF = 8977 gallons. 8977 gallons = 295 gallons x 30.42 (365/12) days in average month.

For the statewide W-LIRA program, a benefit associated with a percentage of a fixed volume like 12 CCF, would be provided regardless of whether an individual household is consuming more or less than this level. A shortcoming of this approach occurs when necessary household level consumption exceeds 12 CCF, as no additional assistance would be provided compared to what the same household would receive if its necessary consumption was lower than 12 CCF. However, as described above, the 12 CCF consumption level addresses situations where more than four people reside in a household and where households can use modest amounts of water for outdoor irrigation. An additional benefit of using a fixed consumption level is that the W-LIRA program is less exposed to risk of manipulation and does not subsidize or incentivize over-use.⁴⁴ In addition, since most low-income households do not pay a water bill

⁴² While additional or alternative eligibility criteria or benefit tiers might allow for more refined targeting, going beyond the complexity of the primary scenario would be extraordinarily difficult for a statewide program.

⁴³ Available at: https://www.calwater.com/docs/rates/rates_tariffs/all/20180101-Low-Income_Ratepayer_Assistance_-_Schedule_LIRA.pdf.

⁴⁴ On the other hand, using a benefit calculation which is untied to consumption but is set based on the

directly, there is no way to determine their water use, and providing them with benefits requires a uniform approach such as using a fixed consumption level (e.g. 12 CCF) for calculating a benefit level.

To illustrate how a benefit based on a fixed consumption level would work, an example comparing two eligible low-income households is shown below in Table 6. The two households are served by the same community water system but have different consumption levels. The monthly water bill for 12 CCF in this system is \$60, and thus the benefit distributed to each household will be \$12 (20% of \$60). Therefore, when allotting a percent discount to 12 CCF in the various billing tiers, households receive a positive conservation signal to the households that are able to consume less water, while reducing their water bill simultaneously.

Table 6. Illustration of Benefit for Fixed Volume Provided to Households with Different Water Consumption Levels

	Household A	Household B
Water Consumption Level	12 CCF	6 CCF
Initial Monthly Water Bill Amount	\$ 60	\$ 40
Monthly Benefit Received	\$ 12	\$ 12
Remainder of Bill to be paid by Household	\$ 48	\$ 28

Another reason that 12 CCF was chosen as the primary option for analysis is due to access to robust real data at that consumption level. As described in Appendix B, the independent analysis for this report was undertaken using self-reported, system-level expenditure at three consumption levels: 6, 12, and 24 CCF. Both 6 CCF and 24 CCF were also considered but not evaluated. In light of the state's water conservation priorities and public health goals, 24 CCF was considered too high of a level to subsidize. Conversely, 6 CCF was generally considered too low of a level of supply to support households, considering that many low-income households are larger than the state average.⁴⁵ Some organizations have provided a recommendation that the Board use a lower consumption level, such as 9 CCF, which more closely tracks basic indoor use.⁴⁶ The Board notes that besides the above stated reasons for using 12 CCF, the fundamental question relates to a value judgment about the types of uses and activities that should be subsidized. In the electric sector, the CARE program provides discounts for use up to 400% of the "baseline," demonstrating a willingness to subsidize consumption over basic levels.⁴⁷

rate set by the system for a consumption level is potentially open to manipulation by systems via rate setting. Systems could respond to a W-LIRA program by shifting the rate burden to consumption levels below 12 CCF, and thus elevate the benefit for eligible households. This type of strategic rate setting would harm a system's non-eligible households who consume less than 12 CCF of water and dampen the conservation signal to all households, and thus the net incentive to a given system to alter rates is unclear. In stakeholder meetings, water system representatives have also stated that they would not or could not practically engage in this type of strategic rate setting. If the W-LIRA program is established, the Board will monitor this potential for rate setting response to the program going forward.

⁴⁵ Using 2016 American Community Survey data, the average household under 225% of the FPL in California has 10% more members than the average household above 225% of the FPL.

⁴⁶ See for example, the Association of California Water Agencies comment letters.

⁴⁷ See [Public Utilities Code Section 739.1](#) h(i)(1).

Enrollment and Administrative Cost Assumptions

To calculate the annual program cost for any W-LIRA scenario, the plan assumes an 84% enrollment of program-eligible households. This is the enrollment rate achieved by the CARE program, and is the highest enrollment rate observed among state or federal benefit programs. The plan also assumes an additional 10% administrative (or overhead) cost above the dollar value of benefits directly distributed to households for a statewide W-LIRA program. Accessing comparable data or calculating exact administrative cost burden, even for large state and federal benefit programs, is not straightforward. While some existing Board programs have lower overhead rates than 10%, most state or federal benefit programs have higher rates. Moreover, there are substantive start-up costs, including data management, marketing and outreach, billing system adjustments, and fund management that will require higher initial administrative costs and that will vary depending on the selected program option.

Around 34% of the state's households would be income-eligible for this program. Of this 34%, only a small proportion of households will be eligible for the higher tier benefits, 2% and <1% for Tiers 2 and 3 respectively. Building on these high-end estimates for eligibility and enrollment, the Board calculates the initial total annual cost of such a program, and thus the revenue target for program operation, to be \$606.4 million annually.⁴⁸

Table 7. Primary Scenario Breakdown of Eligibility and Cost by Tier

Tier Criterion (Cumulative) 200% FPL	Tier 1 Paying up to \$90	Tier 2 Paying at \$90- \$120	Tier 3 Paying Above \$120	Total
Estimated Number of Eligible Households*	4,045,564	198,040	106,041	4,349,645
Benefit Level per Household	20% of Water Bill	35% of Water Bill	50% of Water Bill	
Maximum Total Benefits to be Distributed	\$ 493.9	\$82.6	\$79.8	\$656.3
Accounting for an Expected Enrollment of 84%**	\$414.9	\$69.4	\$67.0	\$551.3
Total Program Operating Costs (in millions)***	\$456.40	\$76.3	\$73.7	\$606.4

*Accounting for all households in the state (including those not captured by the Board's 2015 rate data (2%) and those not served by CWS (6%)).

**This enrollment value reflects of CARE's enrollment estimation of 84%.

*** Assuming 10% administrative costs to operate this program.

⁴⁸ This figure is generated based on a \$656.3 million annual program cost at 100% enrollment. At a more feasible 84% enrollment target with 10% administrative overhead, the total cost is \$606.4 million.

Chapter 3: Revenue Collection Options

This chapter focuses on how a W-LIRA could be independently and sustainably financed through new revenue collection options. A range of options to finance the program were considered, including taxes on high personal income earners or businesses via the state income tax system, bottled water taxes, surcharges on non-eligible households' water bills, and other revenue sources (see Appendix G). The broad advantages and disadvantages of each potential revenue source are also discussed in Appendix G. The Board recommends that revenue sources be progressive (see Text Box 2) to avoid imposing additional financial burdens on low-income households. Examples of progressive state taxes include Proposition 63 (2004), the Mental Health Services (MHS) Act and Proposition 39 (2012) also known as the California Clean Energy and Jobs Act.⁴⁹ The MHS Act imposed a 1% special tax on personal taxable income in excess of \$1 million to fund MHS.⁵⁰ Prop 39 closed tax loopholes for out-of-state corporations.⁵¹

Text Box 2: Defining Progressive Revenue Sources

Generally, progressive revenue sources include taxes on income, capital gains, and property. Other taxes, such as sales and excise (production) taxes on certain goods impact economically disadvantaged populations to the extent that they consume these goods and depending on whether the goods or services being taxed are easily substitutable. For example, taxes on food are regressive because everyone needs to eat and there are no substitutes for food. Taxes on luxury goods, on the other hand, generally do not impact low-income households because they are less likely to purchase those goods.

While a personal income tax similar to Prop 63 and Prop 39 would generate significant revenues, additional funding would be needed to support a W-LIRA program as outlined in this document. Table 8 (below) describes a combination of revenue sources to fund a W-LIRA program as detailed in Chapter 2 scenario. A quarter percent tax increase on personal income above \$1 million, combined with sales tax revenues from bottled water sales is estimated to generate \$ 619.6 million.⁵²

Table 8: Potential Revenue Sources Scenario

Source	Revenue Estimate
Personal income tax	\$466 million*
Bottled water sales tax	\$153.6 million*
Total	\$619.6 million

* Estimate for income tax is based on 2017 tax receipts. Estimate for bottled water sales tax is based on California Department of Tax and Finance Administration estimate for fiscal year 2022-2023, which would be the first full year of tax collection for an initiative passed on the 2020 ballot.

⁴⁹ California Department of Education Website. California Clean Energy Jobs Act (Proposition 39). Available at: <https://www.cde.ca.gov/ls/fa/ce/>.

⁵⁰ 2004 Cal. Legis. Serv. Prop. 63; CAL. REV. & TAX CODE §§17043(a), 19602.5.

⁵¹ Available at: https://lao.ca.gov/ballot/2012/39_11_2012.aspx.

⁵² This figure is generated based on a \$656.3 million annual program cost at 100% enrollment. At a more attainable 84% enrollment target with 10% administrative overhead, the total cost is \$606.4 million.

The Board notes that the feasibility of passing any new tax or fee for this purpose, as required by Proposition 26⁵³, would require a supermajority vote in the state Legislature to come into effect. Additionally, the bottled water sales tax would require a ballot referendum.

The Board invites input on feasible and sustainable revenue sources for a W-LIRA program.

DRAFT

⁵³ Proposition 26 was passed in 2010 requiring a supermajority vote of the Legislature to pass fees, levies, charges and taxes.

Chapter 4: Options for Benefit Distribution and Administrative Features of a Statewide Low-Income Ratepayer Assistance Program

Administrative considerations

The administrative mechanics of a W-LIRA would be vastly different depending on the method of the benefit delivery model (energy utility bill credit vs. tax credit vs. Electronic Benefits Transfer (EBT)). For a benefit delivered via the electric or gas bill, the CPUC and the Board would have administrative and oversight responsibilities, while the electric utilities (both publicly-owned and investor-owned) would be responsible for implementation to low-income customers. For a tax credit, the California Franchise Tax Board (FTB) would be responsible for implementation. In an EBT scenario, counties would have the bulk of the implementation and management responsibilities while the California Department of Social Services would likely have oversight responsibilities. Regardless of program design, revenue collection would be handled by the FTB and Department of Tax and Fee Administration (formally known as the Board of Equalization) depending on the revenue sources used for the program.

The administrative and management needs under any program design include tracking and delivering benefits, marketing, education, outreach, fund management, and designing and evaluating metrics for program effectiveness. The administrative costs would differ, however, between the program designs. For a tax credit, tax forms (and tax preparation software) would have to be modified. Under a community water system benefit distribution program, the system would be responsible for delivering benefits via bills, which would entail modifications to billing systems (and would have the previously-discussed other drawbacks). For an electric or gas program, the utilities would also require new accounting procedures to track W-LIRA funds apart from ratepayer contributions. For a benefit delivered via the California Department of Social Services' CalFresh program, counties would need new procedures to ensure each CalFresh recipient's EBT card was loaded with the appropriate dollar value. In independent EBT programs, a new set of administrative procedures, personnel, and information technology resources would be necessary.

The section below describes the challenges associated with each of the program scenarios. This is not meant to be an exhaustive list (see Appendix F for more detail), but rather provides additional factors that merit consideration in selecting a preferred program design.

The Board welcomes input on program design and administrative elements that should be included in the final report.

Benefit distribution via electric or gas bills

There are 65 electric and gas utilities in the state and each would need to modify its billing system to add the monthly W-LIRA credit. In addition, each utility would need to bill the state for its expenditures for delivering the W-LIRA credit along with applicable administrative costs. Those costs might include training for customer service personnel about the W-LIRA program, modifications to marketing, and education, and outreach programs. The utilities would have to work closely with the State Water Board to provide the appropriate benefit to each customer based upon water system rates and to modify benefit levels when recipients move from one water system to another within their service area. The CPUC, the State Water Board, the Legislature, and potentially the Commission on State Mandates would each have a role in determining which administrative costs and costs to maintain data privacy would be recoverable from the W-LIRA fund. In addition, some publicly-owned electric utilities would need to modify their LIRA enrollment criteria and take significant steps to increase overall enrollment levels.

Benefit distribution via CalFresh

Each of the 58 counties would need to modify its CalFresh program to incorporate the new W-LIRA benefit. They would have to work closely with the State Water Board to load the appropriate monthly benefit onto recipient EBT cards based upon water system rates and modify benefit levels when recipients move from one water system to another within the county. As with electric utilities, the counties would also face administrative costs associated with marketing, education and outreach, and billing the state for the costs of running the program. (Even if revenues were sent directly to the counties, they would still have to develop accounting mechanisms to ensure that revenues were aligned with expenditures). Furthermore, enrollment in CalFresh is limited to citizens, and any additional federal changes to the program such as additional eligibility verification requirements could impact enrollment levels and reduce the number of households that would benefit from the W-LIRA. (See Appendix I).

Benefit distribution via a new EBT program

As described above, creating a new program to deliver monthly benefits via EBT cards would involve start-up and ongoing administrative costs, including costs to ensure data privacy, for the counties. The counties would have to work closely with the State Water Board to provide the appropriate benefit onto recipient EBT cards based upon water system rates and modify benefit levels when recipients move from one water system to another within the county. Also, while a new stand-alone program could be clearly marketed as a water benefit and be extended to all low-income households regardless of citizenship status. Data management, including confidentiality and privacy protections, would need to be addressed. (See Appendix J).

Benefit distribution via tax credits

The FTB could apply the credits on individual tax filings annually based upon whether a filer met program eligibility criteria. The FTB would have to work closely with the State Water Board to provide the appropriate benefit to each taxpayer based upon water system rates and modify benefit levels when recipients move from one water system to another within the State. The Legislature or FTB would also have to determine how to calculate a benefit for a household that moved one or more times during the year.

Benefit distribution via water bills

As with the energy utilities, each of the nearly 3,000 CWS would need to modify its billing system to add the monthly W-LIRA credit and each 3,000 CWS would need to bill the state for its expenditures for delivering the W-LIRA credit along with applicable administrative costs (not to exceed 10%). Those costs might include training for customer service personnel about the W-LIRA program, and modifications to marketing, education, and outreach programs. In addition, low-income households would have to demonstrate their eligibility to their CWS, making the CWS responsible for verifying the income eligibility and distributing the benefits authorized by the Board.

Reasons to consider providing water benefits through other programs

Many low-income households pay for water indirectly through rent because they do not have individual water meters. Estimates vary as there is no perfect source for this information, but at least 29% to as

much as 46% of households in the state do not pay a water bill directly or are master-metered.⁵⁴ Table 9 below shows how water meters are much less prevalent than electric and gas meters.

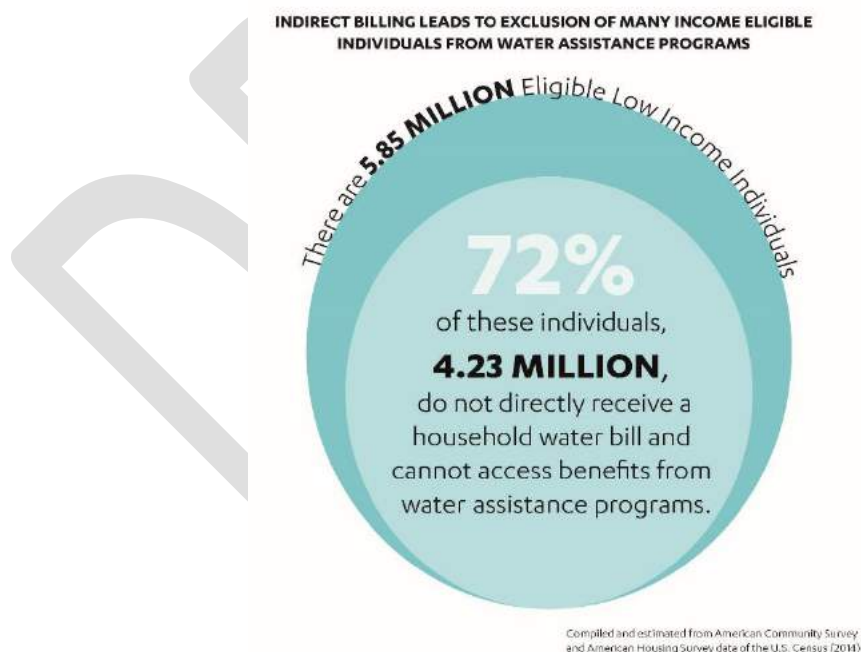
Table 9. Californian Households Reporting That They Do Not Pay a Direct Bill for Utility Service

Bill/service type	Prevalence
Water	44%
Natural Gas	13%
Electricity	5%

Source: 2015 American Housing Survey data on California sub-sample

As illustrated in Figure 8, there are households with incomes under 200% federal poverty level (FPL) and living in multi-family housing, an estimated 72% (or 1.4 million households) do not directly receive a water bill and thus cannot access benefits from water affordability assistance programs.⁵⁵ In the water sector, master-metering has effectively meant that no affordability benefit has been delivered to eligible households.⁵⁶

Figure 8: Low-Income Households That Do Not Receive a Water Bill



⁵⁴ Varying estimates derived from 2015 Census, American Community Survey data for California, the Water Research Foundation's national 2017 report *Customer Assistance Programs for Multi-Family Residential and Other Hard-to-Reach Customers* and from the 2015 American Housing Survey to refine our assumptions of the number of master-metered accounts and the number of households each account serves.

⁵⁵ This estimate was made using data on the percentage of low-income (below 200% of FPL) tenants in different housing types who were master-metered and sub-metered from the 2015 American Housing Survey, which was then mapped onto the number of low-income households across the state derived from the 2010-2014 American Community Survey.

⁵⁶ While some drinking water systems maintain in their official documents that they allow income eligible master-metered households to apply for drinking water affordability programs in conjunction with their landlords, we have yet to identify a system which actually delivered a benefit to a non-metered customer.

Master-metering is particularly problematic for water affordability programs because eligible low-income households are much more likely to live in multi-unit dwellings. Each of the options discussed above and in Appendix M would allow low-income households to receive a benefit regardless of whether they pay a water bill directly or indirectly.

Conclusion

Drinking water costs have been rising much more quickly than inflation and the multitude of upward cost drivers are likely to intensify, leading to even greater water rate increases across the state. These rate increases will reduce affordability for low-income households already struggling with rising expenses for housing, food, other utilities, and other basic needs. This report offers a set of options for rate assistance programs with statewide coverage and meaningful benefit levels. These options have a significant cost, but these are costs that California can afford given our existing financial assistance to low-income households for other basic needs. The Board urges stakeholders to provide constructive feedback on this report so that the Legislature can act on water affordability.

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

JANUARY 15, 2019

**RE: SITES PROJECT AUTHORITY, 2019 RESERVOIR PROJECT
AGREEMENT**

The 2019 Reservoir Project agreement (attached) has been approved by the Sites Reservoir Committee and must be executed by participating Agencies by the February 15, 2019 deadline to continue participation in the project.

Project Recap

Onboarding

On July 28, 2016, the Agency executed and submitted a participation form ("Sites Reservoir Project, Phase 1 Proposal to Participate Form") to the Sites Project Authority requesting 6,500 acre-feet of water. The cost of participating in Phase 1 was not to exceed \$60 per acre-foot or \$390,000 total.

Phase 1

At the start of Phase 1 the demand for water was more than the estimated yield of the project (500,000 acre-feet). Therefore, the domestic water supply was split into two categories, Class 1 and Class 2. Class 1 water represented actual proportionate yield to which we would be entitled, while Class 2 water represented proportional access to water that might come available due to changes in demand. Currently the Agency has 4,637 acre-feet of Class 1 water at a cost of \$48.50 per acre-foot and 1,863 acre-feet of Class 2 water at a cost of \$24.25 per acre-foot. Our total investment at this point is \$270,072.25.

Class 2 Water Conversion To Class 1 Water

On March 1, 2019, Phase 1 will end. As part of closing out Phase 1, all Class 2 water must be re-classified as Class 1 water. The cost of re-classifying Class 2 water to Class 1 water is \$24.25 per acre-foot. Our total cost for conversion of 1,863 acre-feet will be \$45,177.75.

Total Phase 1 Costs

With all of the 6,500 acre-feet of water that we requested converted to Class 1 water our total cost for Phase 1 is \$315,250. This is \$74,750 less than the amount authorized by the Agency (\$390,000).

2019 Reservoir Project Agreement

Project Agreement

To continue the reservoir project after the completion of the Phase 1 requires a new agreement among the Sites Reservoir Committee Members. Early discussions regarding the next phase of the project contemplated a very large financial commitment by the members for expenses incurred through 2022 (\$450 Million). To address concerns regarding cost and uncertainties, it was agreed that the next phase of contractual commitments would be divided into annual agreements reducing cost commitments, allowing the project to develop and increasing certainty as subsequent annual contractual agreements are contemplated. Critical tasks to be completed in 2019 include determination of project operations, conducting field data collection, determining management and control measures, acquiring permits and agreements and engineering power and dam safety.

On August 16, 2018, the Reservoir Committee approved the proposed Sites Reservoir Authority, 2019 Reservoir Project Agreement. Exhibit A of the agreement contains a table showing the Participation level of each of the members in acre-feet and project percentage. The table indicates that the members are committed to 234,074 acre-feet of project yield. Exhibit B of the agreement contains the 2019 work plan in tabular form showing a list of tasks and the associated budget cost per task as well as the revenues from Class Conversion, the WIIN Act, WSIP and 2019 Reservoir Committee Member payments.

The following are key components of the agreement.

Agreement Execution Deadline	February 15, 2019
Agreement Effective Date	April 1, 2019
Agreement Parties	Project Agreement Members (DWA) & Sites Project Authority
DWA Participation Percentage (Agreement Exhibit A)	2.8%
Project Agreement Members 2019 Funding	\$14,044,440 (\$14 Million)
2019 DWA Contribution Share	2.8% of \$14 Million (≈\$390K or \$60/A.F.)
Weighted Voting: Majority Vote/75% Material Change	$(1/\text{\#of members}) \times 50 \text{ plus } \% \text{ participation} \times 50$ $50 (1/23) \times 50 \text{ Plus } 0.028 \times 50 \approx \mathbf{3.6 \%}$
Funding Cap	\$60 Per Acre-Foot
Funding Allocation	Based on Participation Percentage
Agreement Term	December 31, 2019 (1 Year)
Agreement Withdrawal	30 Day Written Notice/Liable For Expenses Incurred

Funding

Based on the proposed 2019 Agreement the Agency is obligated to pay up to \$60 per acre-foot or \$390,000 in calendar year 2019. This would be in addition to the \$315,250 for Phase 1 (\$48.5 per acre-foot) for a total obligation of \$705,250.

Having already paid \$270,072 the balance owed for calendar year 2019 is \$435,177.75.

Agency Funding thus far has come from the unrestricted monies within the general fund. The one percent tax collected annually is unrestricted and generates approximately \$1.3 Million in revenue annually.

The Agency and other State Water Contractor Members are investigating the possibilities of putting the costs of this project on their State Water Project Statement of Charges. Staff believes there are viable pathways to accomplish this but have not yet obtained concurrence with the Department of Water Resources. In 2019 staff will be working to obtain the necessary assurances from the Department of Water Resources.

Water Supply

Based on the 2018 technical memorandum "Potential Water Demand Scenarios and Supply Needs for the Coachella Valley" prepared by Stantec for DWA and CVWD, we must diligently continue to increase our water supply. To meet projected future water demands will require participation in water supply projects such as Sites Reservoir. The technical memorandum analysis indicates Sites Reservoir constitutes 40% of our planned future water supply. It is critical for the Agency to fully develop all of its potential future water supplies to meet the future projected water demands.

Staff plans to present the Sites Project Authority, 2019 Reservoir Project Agreement to the Board for approval and execution at the next regularly scheduled Board Meeting on February 5, 2019.

SITES PROJECT AUTHORITY

2019 RESERVOIR PROJECT AGREEMENT

DATED AS OF APRIL 1, 2019

BY AND AMONG

SITES PROJECT AUTHORITY

AND

THE PROJECT AGREEMENT MEMBERS LISTED HEREIN

TABLE OF CONTENTS

Section 1	Definitions.....	2
Section 2	Purpose.....	3
Section 3	Reservoir Project Committee	3
Section 4	Funding	5
Section 5	Participation Percentages	6
Section 6	Future Development of the Sites Reservoir Project.....	6
Section 7	Indemnity and Contribution	7
Section 8	Term.....	7
Section 9	Withdrawal From Further Participation.....	7
Section 10	Admission of New Project Agreement Members	8
Section 11	Amendments	8
Section 12	Assignment; Binding on Successors	8
Section 13	Counterparts.....	9
Section 14	Merger of Prior Agreements	9
Section 15	Severability	9
Section 16	Choice of Law.....	9
Section 17	Notices	9
EXHIBIT A	PROJECT AGREEMENT MEMBERS	A-1
EXHIBIT B	2019 WORK PLAN.....	B-1
EXHIBIT C	NOTIFICATIONS	C-1

THIS 2019 RESERVOIR PROJECT AGREEMENT is made effective as of April 1, 2019, by and among (a) the Sites Project Authority (the “Authority”) and (b) certain Members and/or Non-Member Participating Parties, listed on the attached **Exhibit A** and is made with reference to the following facts:

RECITALS

A. Various public agencies in the Sacramento River Watershed created the Authority in 2010. Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, previously entered into the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, pursuant to which they are developing the Sites Reservoir Project, which is contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000. The Joint Powers Agreement provides a mechanism for “Project Agreements” (as defined in the Joint Powers Agreement) to undertake specific work activities for the development of the Sites Reservoir Project. On September 17, 2018, the Authority’s Board of Directors also adopted Bylaws for Phase 2 of the Sites Reservoir Project, which also address Project Agreements and their management through Reservoir Project Committees.

B. On April 11, 2016, certain Authority Members of the Authority entered into the PHASE 1 RESERVOIR PROJECT AGREEMENT which was amended and restated as of November 21, 2016.

C. The Authority and certain Project Agreement Members have undertaken a process to negotiate a 2019 Reservoir Project Agreement to undertake specific work activities.

D. The Project Agreement Members wish to continue development of the Project pursuant to a Work Plan approved by the Authority on November 19, 2018 and the Reservoir Project Committee on November 16, 2018 and a summary of which is described in **Exhibit B** attached hereto. The Project will be undertaken in the name of the Authority and in accordance with the Authority’s stated Mission as set forth in the fourth Recital of the Joint Powers Agreement. The Project Agreement Members are entering into this Project Agreement to satisfy the requirements of Article VI of the Joint Powers Agreement.

E. All members of the Authority have also been given the opportunity to enter into this Project Agreement. The form of this Project Agreement was determined to be consistent with the Joint Powers Agreement and the Bylaws and approved by the Authority’s Board of Directors on September 17, 2018.

F. The Authority and the Project Agreement Members acknowledge that one of the Authority’s goals, in addition to providing environmental benefits, is to develop and make both a water supply and storage capacity available to water purveyors and landowners within the Sacramento River watershed, and in other areas of California, who are willing to purchase either or both a water supply and storage capacity from the Sites Reservoir Project, and that the Project Agreement Members should have a preference to the water supply or storage capacity.

G. The Authority and the Project Agreement Members acknowledge that the approval and execution of this Project Agreement does not commit the Authority, the Project Agreement Members or any other party to any definite course of action regarding the Sites Reservoir Project. As

set forth in Section 6(a) of this Project Agreement, there are no assurances that the Sites Reservoir Project will be constructed. One of the prerequisites that would need to be fulfilled before the Sites Reservoir Project could be constructed is the completion of environmental review under the California Environmental Quality Act (“CEQA”). As part of this environmental review, the Authority, as the lead agency that is conducting the review, reserves all of its rights, responsibilities, obligations, powers, and discretion under the provisions of CEQA to: (i) evaluate the environmental impacts of the Sites Reservoir Project; (ii) deny and disapprove the Sites Reservoir Project if the environmental review reveals significant environmental impacts that cannot feasibly be mitigated; (iii) adopt feasible mitigation measures and/or an alternative to the Sites Reservoir Project to avoid or lessen significant environmental impacts; or (iv) determine that any significant environmental impacts that cannot feasibly be mitigated are outweighed by the economic, social or other benefits of the Sites Reservoir Project.

AGREEMENT

THEREFORE, in consideration of the facts recited above and of the covenants, terms and conditions set forth herein, the parties agree as follows:

Section 1 Definitions

“Authority” means the Sites Project Authority, a joint exercise of powers agency created pursuant to the Joint Powers Agreement.

“Authority Members” means the members of the Authority executing the Joint Powers Agreement, as such members may change from time-to-time in accordance with Section 3.3, Section 7.12 and Section 7.2 of the Joint Power Agreement.

“Board” means the Board of Directors of the Authority.

“Bylaws” means the Bylaws for Phase 2 of the Sites Reservoir Project adopted by the Authority on September 17, 2018, as such Bylaws may be amended or supplemented from time-to-time in accordance therewith.

“Committee” means the Reservoir Project Committee described in Section 3 of this Project Agreement.

“Fiscal Year” means the fiscal year of the Authority, which currently begins on January 1 of each calendar year and ends on December 31 of each calendar year, or such other twelve month period which may be designated by the Authority as its Fiscal Year.

“Joint Power Agreement” means the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, as such agreement may be amended or supplemented from time-to-time in accordance therewith.

“Law” means Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented from time-to-time.

“Material Change Item” shall have the meaning ascribed thereto in the Bylaws.

“Participation Percentage” means the Participation Percentages as set forth in **Exhibit A** hereto, as such Participation Percentages may be modified in accordance herewith.

“2019 Budget” means the 2019 Budget approved by the Committee on November 16, 2018 and the Authority on November 19, 2018, as such 2019 Budget may be amended or supplemented from time-to-time in accordance with the Joint Powers Agreement, this Project Agreement and the Bylaws.

“Project” or “Sites Reservoir Project” means the Sites Reservoir Project as described in **Exhibit B** hereto, as modified from time-to-time in accordance therewith.

“Project Agreement” means this Project Agreement, dated as of April 1, 2019, by and among the Authority and the Project Agreement Members listed on **Exhibit A** from time-to-time, as such Project Agreement may be amended or supplemented from time-to-time in accordance herewith.

“Project Agreement Members” means (a) the Authority Members listed in the attached **Exhibit A**, (b) the Non-Member Participating Parties listed in the attached **Exhibit A** and (c) additional Authority Members or Non-Member Participating Parties who execute this Project Agreement from time-to-time pursuant to Section 10 hereof.

“Work Plan” means the activities described in **Exhibit B** hereto as such description may be amended or supplemented from time-to-time.

Section 2 Purpose

The purpose of this Project Agreement is to permit the Authority and the Project Agreement Members to continue development of the Project in the name of the Authority consistent with the Joint Powers Agreement. The activities undertaken to carry out the purposes of this Project Agreement shall be those, and only those, authorized by the Authority and the Committee in accordance with this Project Agreement, the Joint Powers Agreement and the Bylaws. Without limiting in any way the scope of the activities that may be undertaken under this Project Agreement, such activities shall include funding the Authority’s costs undertaken to carry out the directions of the Committee. Notwithstanding any other provision of this Project Agreement, no activity undertaken pursuant to this Project Agreement shall conflict with the terms of the Joint Powers Agreement or the Bylaws, nor shall this Project Agreement be construed in any way as creating an entity or combination of entities that is separate and apart from the Authority.

Section 3 Reservoir Project Committee

(a) Committee Membership. The business of the Project Agreement Members under this Project Agreement shall be conducted by a Committee consisting of one member appointed by each Project Agreement Member. Appointment of each member of the Committee shall be by action of the governing body of the Project Agreement Member appointing such member, and shall be effective upon the appointment date as communicated in writing to the Authority. Project Agreement Members may also appoint one or more alternate Committee members, which alternate(s) shall assume the duties of the Committee member in case of absence or unavailability of such member. Project Agreement Members may also appoint an alternate Committee member from a different Project Agreement Member for convenience in attending Committee meetings, who may

cast votes for such Project Committee Members, provided that no person shall represent more than five other Project Committee Members and more than 20% of the weighted vote as provided in Subsection 3(g) at any given meeting; provided however, that if the appointing Project Committee Member is an officer of the Committee, the appointed alternate Committee member shall not assume the capacity of such officer position. In order to serve as an alternate Committee member, a written evidence of such designation shall be filed with the Committee Secretary. Each member and alternate member shall serve on the Committee from the date of appointment by the governing body of the Project Agreement Member he/she represents and at the pleasure of such governing body.

(b) Officers. The Committee shall select from among its members a Chairperson, who shall annually act as presiding officer, and a Vice Chairperson, to serve in the absence of the Chairperson. There also shall be selected a Secretary, who may, but need not be, a member of the Committee and a Treasurer. All elected officers shall be elected and remain in office at the pleasure of the Committee, upon the affirmative vote of at least a majority of the total weighted vote as provided at Subsection 3(g);

(c) Treasurer. The Authority Treasurer shall serve as the Committee's Treasurer and shall act as the Committee's liaison to the Authority's General Manager and Authority Board on financial matters affecting the Committee. The Treasurer shall prepare and provide regular financial reports to the Committee as determined by the Committee. The Treasurer shall not be required to be a member of the Board of Directors of the Authority.

(d) General Manager. The Authority's General Manager shall (1) serve as the Project Director responsible for advancing the Sites Reservoir Project, (2) be a non-voting member of the Committee, (3) ensure coordination of activities between the Authority and Committee, (4) convene, on an as needed basis, legal representatives from the Project Agreement Members and Authority Members to advise the General Manager on legal matters that will be reported to the Committee and Authority on a timely basis, and (5) coordinate the activities between the Committee and both the United States Bureau of Reclamation and Department of Water Resources.

(e) Meetings. The Chairperson of the Committee or a majority of a quorum of the members of the Committee are authorized to call meetings of the Committee as necessary and appropriate to conduct its business under this Project Agreement. All such meetings shall be open to the public and subject to the requirements set forth in the Ralph M. Brown Act (Government Code Sections 54950 et seq.).

(f) Quorum. A majority of the Committee members based on the weighted vote provided in Subsection 3(g) shall constitute a quorum of the Committee.

(g) Voting. Notwithstanding any provisions of the Bylaws that might be construed otherwise, for purposes of this Project Agreement, the voting rights of each Project Agreement Member shall be determined as follows:

(i) an equal number of voting shares for each Project Agreement Member as defined in **Exhibit A**, that being for each Project Agreement Member, 1 divided by the total number of Project Agreement Members, multiplied by 50; plus

- (ii) an additional number of voting shares for each Project Agreement Member equal to its respective Participation Percentage described in **Exhibit A**, multiplied by 50, using the version of **Exhibit A** in effect at the time the Committee votes.

The resulting weighted total of all voting shares shall equal 100. An Example of this weighted voting incorporating the formulas for determining participating percentages is attached at **Exhibit A**.

(h) Decision-making Thresholds. In accordance with Section 5.8 of the Bylaws, for purposes of this Project Agreement, approval by the Committee for material and non-material changes shall be as follows: for actions other than Material Change Items, action of the Committee shall be taken upon the affirmative vote of at least a majority of the total weighted vote as provided in Subsection 3(g); for Material Change Items, action shall be taken upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g).

(i) Delegation of Authority/Powers and Limitations Thereon. Subject to the direction of the governing bodies of the Project Agreement Members, the Committee shall undertake all actions necessary for carrying out this Project Agreement, including but not limited to setting policy for the Project Agreement Members acting under this Project Agreement with respect to the Project; recommending actions to be undertaken in the name of the Authority under this Project Agreement; determining the basis for calculation of the Participation Percentages for each fiscal year, and the timing required for payments of obligations hereunder; authorizing expenditure of funds collected under this Project Agreement within the parameters of the Work Plan and budget; and such other actions as shall be reasonably necessary or convenient to carry out the purposes of this Project Agreement. This Section 3(i) is subject to any and all limitations set forth in the Joint Powers Agreement and Bylaws, including but not limited to, any action that constitutes a material change as defined at Section 12.3 of the Bylaws requiring the approval of both the Committee and the Authority Board, and actions specified in Section 10 of the Bylaws which remain exclusively with the Authority Board.

Section 4 Funding

(a) Budget. The Committee shall, in cooperation with the Authority's Board, provide and approve both a Fiscal Year operating budget and reestablish a Phase 2 budget target, annually or more frequently as needed. On November 19, 2018, the Board approved the Fiscal Year 2019 operating budget. The Work Plan, including annual budget, dated November 19, 2018, is attached at Exhibit B, along with the budget approval process and requirements. The Project Agreement Members shall contribute their respective pro-rata share of the budgeted sums in accordance with Section 5 of this Project Agreement; provided, however, that in no event shall the amount paid by a Project Agreement Member exceed \$60 per acre-foot without the approval of such Project Agreement Member.

(b) Fiscal Responsibilities. Exhibit B specifies the Authority's requirements regarding the fiscal responsibilities of the Committee.

(c) Allocation of Project Agreement Expenses. The Project Agreement Members agree that all expenses incurred by them and/or by the Authority under this Project Agreement are the costs of the Project Agreement Members and not of the Authority or the Project Agreement Members of the Authority that do not execute this Project Agreement, and shall be paid by the Project Agreement Members; provided, however, that this Section shall not preclude the Project

Agreement Members from accepting voluntary contributions and/or Authority Board's pre-approval of in-kind services from other Authority Members, or Project Agreement Members, and applying such contributions to the purposes hereof. The Project Agreement Members further agree to pay that share of any Authority costs reasonably determined by the Authority's Board to have been incurred by the Authority to administer this Project Agreement. Before the Authority's costs of administering this Project Agreement become payable, the Authority will provide its calculation of such costs to the Committee, which will have the right to audit those costs and provide comments on the calculation to the Authority Board. The Authority Board shall consider the Committee's comments, if any, including the results of any such audit, in a public meeting before the Authority Board approves a final invoice for such costs.

Section 5 Participation Percentages

Subject to Section 4(a), each Project Agreement Member shall pay that share of costs for activities undertaken pursuant to this Project Agreement, whether undertaken in the name of the Authority or otherwise, equal to such Project Agreement Member Participation Percentage as established in this Section 5. The initial Participation Percentages of the Project Agreement Member are set forth in the attached **Exhibit A**. These initial Participation Percentages are for the purpose of establishing the Reservoir Project Agreement Members respective responsibilities for costs under this Project Agreement and other amounts contained in the approved Fiscal Year budget and Phase 2 budget target, which is defined as the "Reservoir Total" on **Exhibit B**. The Participation Percentages of each Project Agreement Member will be modified by the Committee from time to time as the result of the admission of a new Project Agreement Member to this Project Agreement or the withdrawal of a Project Agreement Member, and **Exhibit A** shall be amended to reflect all such changes. Such amended **Exhibit A** shall, upon approval by the Committee, be attached hereto and upon attachment, shall supersede all prior versions of **Exhibit A** without the requirement of further amendment of this Project Agreement.

Section 6 Future Development of the Sites Reservoir Project

(a) The Project Agreement Members acknowledge that the Sites Reservoir Project is still in the conceptual stage and there are no assurances that the Sites Reservoir Project will be constructed or that any water supplies will be developed as a result of this Project Agreement. **Exhibit B** includes a partial list of some of the risks and uncertainties that underlie the lack of assurances. The Project Agreement Members therefore recognize that they are not acquiring any interest in the Sites Reservoir Project other than their interest in the specific permitting, design, engineering and other materials that will be in the Work Plan Project as described in **Exhibit B**, and that the Project Agreement Members are not acquiring under this Project Agreement any interest in any future water supply or access to any other services from the Sites Reservoir Project except as provided hereunder.

(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, equal to that Project Agreement Member's Participation Percentage, to contract for a share of any water supply that is developed, and for storage capacity that may be available from, the Sites Reservoir Project. In any successor phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before February 15, 2019, shall be granted rights to contract for a share of any water supply that is developed, and for storage capacity

that may be available from the Sites Reservoir Project prior to the rights of those becoming parties to this Project Agreement after that date. The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the such Project Agreement Member.

Section 7 Indemnity and Contribution

(a) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members, shall indemnify, defend and hold the Authority, Authority Members and other Project Agreement Members and their directors, trustees, officers, employees, and agents harmless from and against any liability, cause of action or damage (including, without limitation, reasonable attorneys' fees) arising out of the performance of this Project Agreement multiplied by each Project Agreement Member's Participation Percentage. Notwithstanding the foregoing, to the extent any such liability is caused by the negligent or intentional act or omission of an Authority Member or a Project Agreement Member, such Authority Member or Project Agreement Member shall bear such liability.

(b) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members, shall indemnify, defend and hold the Authority and the members of the Authority that do not execute this Project Agreement and their directors, trustees, officers, employees and agents harmless from and against any liabilities, costs or expenses of any kind (including, without limitation, reasonable attorney's fees) arising as a result of the activities described in or undertaken pursuant to this Project Agreement multiplied by each Project Agreement Member's Participation Percentage. All assets, rights, benefits, debts, liabilities and obligations attributable to activities undertaken under this Project Agreement shall be assets, rights, benefits, debts, liabilities and obligations solely of the Project Agreement Members in accordance with the terms hereof, and shall not be the assets, rights, benefits, debts, liabilities and obligations of the Authority or of those members of the Authority that have not executed this Project Agreement. Members of the Authority not electing to participate in the Project Agreement shall have no rights, benefits, debts, liabilities or obligations attributable to the Project Agreement.

Section 8 Term

(a) No provision of this Project Agreement shall take effect until this Project Agreement has been duly executed and delivered by the Authority and by one Project Agreement Member.

(b) The term of this Project Agreement shall continue until December 31, 2019, unless extended in writing by the parties hereto.

Section 9 Withdrawal From Further Participation

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than 30 days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.11 in effect on the withdrawal date, shall consist of the

withdrawing Member's share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved in either contract amendments or task orders that were approved prior to the date of the written notice of withdrawal for which the contractor's work extends beyond the withdrawal date. However, a withdrawing member shall have no liability for any change order or extensions of any contractor's work that the remaining Project Agreement Members agree to after the withdrawing Member provides written notice of withdrawal. Withdrawal from this Project Agreement shall not be considered a Material Change Item and shall not be subject to the Dispute Resolution process provided for in Section 13.3 of the Bylaws.

Section 10 Admission of New Project Agreement Members

Additional Members of the Authority and Non-Member Participating Parties may become Project Agreement Members upon (a) confirmation of compliance with the membership requirements established in the Bylaws, (b) the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g) of the then-current Project Agreement Members, (c) the affirmative vote of at least 75% of the total number of Directors of the Authority, and (d) upon such conditions as are fixed by such Project Agreement Members.

Section 11 Amendments

This Project Agreement may be amended only by a writing executed by the Authority and at least 75% of the total weighted vote as provided in Subsection 3(g) of the then-current Committee members.

Section 12 Assignment; Binding on Successors

Except as otherwise provided in this Project Agreement, the rights and duties of the Project Agreement Members may not be assigned or delegated without the written consent of the other Project Agreement Members and the Authority, which consent shall not be unreasonably withheld. Any attempt to assign or delegate such rights or duties in contravention of this Project Agreement shall be null and void. Project Agreement Members may assign and delegate their rights and duties under this Project Agreement to other Project Agreement Members, and they may assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply, megawatt-hours of power) they expect to receive through their participation in this Project Agreement. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Project Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Project Agreement Members.

Section 13 Counterparts

This Project Agreement may be executed by the Authority and each Project Agreement Member in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Facsimile and electronic signatures shall be binding for all purposes.

Section 14 Merger of Prior Agreements

This Project Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understanding between the parties relating to the subject matter hereof. This Project Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

Section 15 Severability

If one or more clauses, sentences, paragraphs or provisions of this Project Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of the Project Agreement shall not be affected thereby.

Section 16 Choice of Law

This Project Agreement shall be governed by the laws of the State of California.

Section 17 Notices

Notices authorized or required to be given under this Project Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the addresses set forth **Exhibit E (“Notifications”)**, or to such other address as a Project Agreement Member may provide to the Authority and other Project Agreement Members from time to time.

IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____

SITES PROJECT AUTHORITY

By: _____

Name:

Title:

[PROJECT AGREEMENT MEMBER]

Dated: _____

(Authority & Project Agreement Member)

By: _____

Name:

Title:

EXHIBIT A

PROJECT AGREEMENT MEMBERS

Participant	Participation (Annualized Acre-Foot)	
	Preliminary	Percent
American Canyon, City of	~4,000	1.7%
Antelope Valley-East Kern Water Agency	~500	0.2%
Carter Mutual Water Company ‡	~500	0.2%
Coachella Valley Water District	~10,000	4.3%
Colusa County	~10,000	4.3%
Colusa County Water District	~13,100	5.6%
Desert Water Agency	~6,500	2.8%
Glenn-Colusa Irrigation District	~5,000	2.1%
Metropolitan Water District of S. CA	~50,000	21.4%
Pacific Resources Mutual Water Company ‡	~20,000	8.5%
Reclamation District 108	~5,000	2.1%
San Bernardino Valley Municipal Water District	~21,400	9.1%
San Geronio Pass Water Agency	~14,000	6.0%
Santa Clara Valley Water District	24,000	10.3%
Santa Clarita Valley Water Agency	~5,000	2.1%
TC-4: Cortina Water District	~300	0.1%
TC-4: Davis Water District	~2,000	0.9%
TC-4: Dunnigan Water District	~2,774	1.2%
TC-4: LaGrande Water District	~1,000	0.4%
Westside Water District	~15,000	6.4%
Wheeler Ridge-Maricopa Water Storage District	14,000	6.0%
Zone 7 Water Agency	~10,000	4.3%
Potential new participants	TBD	%
Total:	234,074	100.0%

Participation Percentages exclude State of California and United States Bureau of Reclamation share of the Project.

NOTE: Any annualized amounts listed for Phase 2 are preliminary and are based on best estimates received after participants' respective review of the draft financing plan and draft Phase 2 Reservoir Project Agreement. These amounts do not represent the results of any action having been taken by the participants' respective governing body to formally execute the Phase 2 Reservoir Project Agreements. Final participation amounts will be established after interim financing terms and conditions have been provided and incorporated into the final Phase 2 Reservoir Project Agreement.

‡ Denotes a non-public agency. Refer to California Corporations Code Section 14300 et. seq. with additional requirements provided in both the Public Utilities Code and Water Code.

EXHIBIT B

2019 WORK PLAN

2018 November 16 Reservoir Committee Meeting - Attachment A - Agenda Item 3-3

Category	(Multiple Items)
Action	(Multiple Items)
Funding Source	(Multiple Items)
Work Manager	(All)
Priority	(All)

Report: **Reservoir Committee 2019 Work Plan & Budget**
Report Date: 2018 Nov 12

Expense (-) or Revenue (+)	Cost Center	Task	Resource	Reprioritize	Proposed Budget
				Currently Approved Budget	Authority= 12 mon Res. Comm= 9 mon
				Sum of Total End of Phase 1	Sum of Total 2019
Expense	C.R. Policy			\$ -	\$ (2,067,094)
	Engagement			\$ -	\$ (135,000)
	Operations	Contingency		\$ -	\$ -
		Env Interests		\$ (44,936)	\$ (120,552)
		Exchange		\$ -	\$ (75,550)
		Modeling		\$ (325,000)	\$ (998,480)
		Op POA		\$ (59,488)	\$ (61,040)
		Staff+		\$ (69,705)	\$ (417,555)
		Storage		\$ (17,824)	\$ (136,300)
		Water Rights		\$ (29,712)	\$ (204,264)
		Water Rights+		\$ (29,712)	\$ (119,892)
	Operations Total			\$ (576,377)	\$ (2,133,633)
	Power	Grid Interconn+		\$ -	\$ (1,097,880)
		H2oPower+		\$ -	\$ (668,453)
		Staff Aug+		\$ -	\$ (632,880)
		Staff+		\$ -	\$ -
	Power Total			\$ -	\$ (2,399,213)
	Res. Comm. O	Advisory		\$ (43,200)	\$ (82,565)
		Office		\$ -	\$ (133,100)
		Participation		\$ (109,800)	\$ (210,600)
		PROCURE		\$ -	\$ (80,240)
		PROCURE-2		\$ -	\$ -
		Rebalance		\$ (8,400)	\$ (134,070)
		Staff		\$ (6,000)	\$ (1,739,573)
		Staff Aug		\$ -	\$ (4,237,495)
		Staff Aug+		\$ -	\$ (225,990)
		Staff+		\$ -	\$ -
		Support		\$ (26,925)	\$ (107,678)
		Technology		\$ (3,330)	\$ (13,280)
		USDA-1		\$ (10,000)	\$ (10,800)
		WSIP-1		\$ (51,440)	\$ (81,960)
	Res. Comm. OH Total			\$ (259,095)	\$ (7,057,351)
	Water	Dam Design		\$ -	\$ (8,776,500)
		Economics+		\$ -	\$ (329,880)
		EIR-EIS		\$ (165,000)	\$ (2,371,767)
		Field Studies		\$ (200,000)	\$ (887,876)
		Field Surveys		\$ -	\$ (91,980)
		Permit Coord		\$ (590,000)	\$ (8,095,900)
		Rights of Entry		\$ (306,000)	\$ (600,119)
	Water Total			\$ (1,261,000)	\$ (21,154,022)
Expense Total				\$ (2,096,472)	\$ (34,946,312)

Summary - Page 1 of 2

NOTE: 2019 proposed budget, which is applicable to this Agreement, was approved by the Reservoir Committee at their November 16, 2018 meeting with the Reservoir Committee's share of expenses listed on page B-2.

				Reprioritize Currently Approved Budget	Proposed Budget Authority= 12 mon Res. Comm= 9 mon
Expense (-) or Revenue (+)	Cost Center	Task	Resource	Sum of Total End of Phase 1	Sum of Total 2019
Revenue	Conversion			\$ -	\$ 2,067,094
	WIIN			\$ -	\$ 8,776,500
	WSIP			\$ 821,603	\$ 10,077,760
	Res. Comm.			\$ -	\$ 14,044,440
Revenue Total				\$ 821,603	\$ 34,965,795
Grand Total				\$ (1,274,870)	\$ 19,482

EXHIBIT C

NOTIFICATIONS

Attention: Mr. Steve Hartwig
City of American Canyon
4381 Broadway, Suite 201
American Canyon, CA 94503

Attention: Mr. Dwayne Chisam
Antelope Valley-East Kern WA
6500 West Avenue N
Palmdale, CA 93551

Attention: Mr. Ben Carter
Carter MWC
4245 River Road
Colusa, CA 95932

Attention: Mr. Jim Barrett
Coachella Valley Water District
P.O. Box 1058
Coachella, CA 92236

Attention: Ms. Wendy Tyler
Colusa County
547 Market St., Suite 102
Colusa, CA 95932

Attention: Ms. Shelley Murphy
Colusa County Water District
P.O. Box 337
Arbuckle, CA 95912

Attention: Mr. Jim Peterson
Cortina Water District
P.O. Box 489,
Williams, CA 95987

Attention: Mr. Tom Charter
c/o Ms Jamie Traynham
Davis Water District
P.O. Box 83
Arbuckle, CA 95912

Attention: Mr. Mark Krause
Desert Water Agency
1200 South Gene Autry Trail
Palm Springs, CA 92264

Attention: Mr. Bill Vanderwaal
Dunnigan Water District
P.O. Box 84
Dunnigan, CA 95937

Attention: Mr. Thad Bettner
Glenn-Colusa Irrigation District
P.O. Box 150
Willows, CA 95988

Attention: Mr. Matt LaGrande
LaGrande Water District
P.O. Box 370
Williams, CA 9598

Attention: Mr. Steve Arakawa
Metropolitan Water District of Southern
California
1121 L Street, Suite 900
Sacramento, CA 95814

Attention: Mr. Preston Brittain
Pacific Resources MWC
4831 Calloway Drive, Ste. 102
Bakersfield, CA 93312
Bakersfield, CA 93312

Attention: Mr. Bill Vanderwaal
Reclamation District 108
P.O. Box 50
Grimes, CA 95950

Attention: Mr. Dirk Marks
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Attention: Mr. Doug Headrick
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408-3593

Attention: Dan Ruiz
Westside Water District
5005 State Hwy 20
Williams, CA 95987

Attention: Mr. Jeff Davis
San Geronio Pass Water Agency
1210 Beaumont Ave,
Beaumont, CA 92223

Attention: Robert Kunde
Wheeler Ridge-Maricopa Water Storage District
12109 Highway 166
Bakersfield, CA 93313

Attention: Ms. Cindy Kao
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686
Attention: Mr. Dirk Marks

Attention: Ms. Valerie Pryor
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 945