



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

About Desert Water Agency:

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

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|-----|--|--|------------------|
| 1. | PLEDGE OF ALLEGIANCE | | |
| 2. | APPROVAL OF MINUTES - | A. January 15, 2019 B. January 28, 2019 (Special) | STUART |
| 3. | GENERAL MANAGER’S REPORT | | KRAUSE |
| 4. | COMMITTEE REPORTS – | A. Conservation & Public Affairs – January 14, 2019
B. Executive – January 29, 2019 | STUART
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 that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda. | | |
| 6. | SECRETARY-TREASURER’S REPORT (DECEMBER 2018) | | EWING |
| 7. | ITEMS FOR ACTION: | | |
| | A. Request Adoption of Resolution No. 1201 Resolution of Intention to Transition to Elections of Directors by Division | | RIDDELL |
| | B. PUBLIC HEARING - Proposal to Create Five Divisions Within the Agency | | STUART |
| | C. Request Adoption of Resolution No. 1202 Establishing Account with Alamo Capital | | KRIEGER |
| | D. Request Approval to Execute Agreement (Sites Project Authority Phase 2 Reservoir) | | KRAUSE |
| 8. | ITEMS FOR DISCUSSION | | |
| | A. State Water Contractors’ Meeting – January 17, 2019 | | RIDDELL |
| 9. | OUTREACH & CONSERVATION | | METZGER |
| | A. Media Information | | |
| | B. PI Activities | | |
| 10. | DIRECTORS COMMENTS AND REQUESTS | | |
| 11. | 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 – EXPOSURE TO LITIGATION | | |
| | Pursuant to Government Code Section 54956.9 (d) (2)
Alan Neil Freiman, et al vs. Safari Park, Inc.
Riverside County Superior Court Case No. PSC1806308 | | |
| | 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 – EXISTING LITIGATION

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

Name of Case: Thurman W. Arnold, III vs. Julie K. Rupp, John Medjian, Mary Beth Rupp, David Merritt Levy, DWA

G. 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

H. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957

Title: General Manager

12. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

13. ADJOURN

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

2

January 15, 2019

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

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

Consultant:	Michael T. Riddell, Best Best & Krieger)
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Public:	David Freedman, PS Sustainability Comm.)
	Karl Baker, Desert Hot Springs resident)

18317. President Stuart opened the meeting at 8:00 a.m. and asked everyone to join Director Oygur in the Pledge of Allegiance. **Pledge of Allegiance**

18318. President Stuart called for approval of the December 18, 2018 Regular Board meeting minutes. **Approval of 12/18/18
Regular Board
Minutes**

Secretary-Treasurer Ewing moved for approval. After a second by Director Cioffi, the minutes were approved as written.

President Stuart called for approval of the January 2, 2019 Regular Board meeting minutes. **Approval of 01/02/19
Regular Board
Minutes**

Director Cioffi moved for approval. After a second by Vice President Bloomer, the minutes were approved as written (Secretary-Treasurer Ewing, Director Oygur abstained due to their absence).

18319. President Stuart called upon General Manager Krause to provide an update on Agency operations. **General Manager's
Report**

Mr. Krause reported that the Sierra snowpack is only 67 percent of normal in this winter's first manual measurement. California Snow Pack

Mr. Krause reminded everyone that the Agency will be closed on Monday, January 21 in observance of Martin Luther King, Jr. Day.

GM Report:

(Cont.)

Martin Luther King, Jr.
Day

Mr. Krause stated as a result of low demands and high Lake Matthew levels, MWD implemented water deliveries to the valley, starting January 10, lasting through the end of February. The initial flow rate is 75 cfs and will ramp up to 400 cfs on January 17. The Agency is tentatively scheduled to bring Whitewater Hydro online starting January 15 at 8:00 a.m. On January 14, the Agency will begin delivering 10 cfs to the Mission Creek Spreading Basin.

SWP Delivery Update

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

GM's Meetings &
Activities

18320. President Stuart noted the minutes for the January 9, 2019 Executive Committee were provided in the Board's packet.

Committee Reports:
Executive 01/09/19

18321. President Stuart opened the meeting for public comment.

Public Comment

Karl Baker, Desert Hot Springs resident requested Closed Session Item No. 9-F be discussed in open session.

Karl Baker

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

18322. President Stuart called upon Finance Director Krieger to present staff's request for adoption of Resolution No's. 1195, 1196, 1197, 1198 and 1199 Updating Signers for Investment Accounts.

Action Items:
Request Adoption of
Resolution No's. 1195,
1196, 1197, 1198 and
1199 Updating Signers
for Investment
Accounts

Mr. Krieger noted that for the Board's review are copies of the above-mentioned resolutions which updates authorized signers for Union Banc Investments, Stifel, Landenburg Thalmann, RBC Wealth Management and Piper Jaffray.

Continuing his report, Mr. Krieger explained that with recent changes to the Board and staff, it is necessary to update signers on the investment accounts. Staff recommends adoption of Resolution No's 1195 through 1199. Upon adoption, certified copies will be provided to the respective investment brokers in order to update the Agency's accounts.

Director Cioffi made a motion to adopt Resolution No. 1195, 1196, 1197, 1198 and 1199. Vice President Bloomer seconded the motion. The motion carried unanimously.

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

Action Items:
(Cont.)

**Resolution No. 1195
Adopted**

**RESOLUTION NO. 1196
A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR STIFEL**

**Resolution No. 1196
Adopted**

**RESOLUTION NO. 1197
A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR LADENBURG THALMANN**

**Resolution No. 1197
Adopted**

**RESOLUTION NO. 1198
A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR RBC WEALTH MANAGEMENT**

**Resolution No. 1198
Adopted**

**RESOLUTION NO. 1199
A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY UPDATING
AUTHORIZED SIGNERS FOR PIPER JAFFRAY**

**Resolution No. 1199
Adopted**

18323. President Stuart asked Finance Director Krieger to present staff's request for Adoption of Resolution No. 1200 Updating the Agency's Investment Policy.

Request Adoption of
Resolution No. 1200
Updating the Agency's
Investment Policy

Mr. Krieger stated after review of Government Code Section 53600-53635, it was determined that revisions to the Agency's policies and guidelines (Schedule 1) for investments are necessary. Medium Term 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. The 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 the Board's review. 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.

Secretary-Treasurer Ewing moved to approve staff's recommendation. After a second by Director Cioffi, the motion carried unanimously.

Action Items:
(Cont.)

RESOLUTION NO. 1200
A RESOLUTION OF THE BOARD OF DIRECTORS
OF DESERT WATER AGENCY AMENDING
POLICY AND GUIDELINES FOR INVESTMENT
OF DESERT WATER AGENCY FUNDS

Resolution No. 1200
Adopted

18324. President Stuart asked General Manager Krause to present staff's request for Board action regarding a claim for damages filed by Margarita Contreras.

Request Board
Action/Claim Filed by
Margarita Contreras

Mr. Krause stated that a claim for damages was filed on January 4 by Margarita Contreras. Ms. Contreras claims on December 27 at 10:47 a.m. while turning into the Agency's customer parking lot, an Agency vehicle driven by construction personnel hit her vehicle. She is seeking damages for vehicle repair for \$3,555.52 and vehicle rental of \$300 for a total of \$3,855.55.

Concluding his report, Mr. Krause noted that staff has video showing that Ms. Contreras was at fault. Staff recommends that the Board deny the claim and forward to ACWA JPIA for their handling.

Secretary-Treasurer Ewing moved to approve staff's recommendation. Director Oygard seconded the motion, which carried unanimously.

18325. President Stuart asked Outreach & Conservation Manager Metzger to provide a report on the December water use reduction figures.

Discussion Items:
December Water Use

Mrs. Metzger reported that the Agency and its customers achieved a 13.4% reduction in potable water production during December 2018 compared to December 2013. The cumulative savings over the last twelve-month period is 13.8%.

18326. President Stuart asked Outreach & Conservation Manager Metzger to provide a report on the Low-Income Water Rate Assistance (LIRA) Program.

Draft Report/Low-
Income Water Rate
Assistance Program

Mrs. Metzger stated that staff reviewed a draft report 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. The report suggests a tiered benefit approach with a 20%, 35% or 50% based on the cost of 12 CCF of water for a given water agency. After July 2020 (the Agency's last scheduled proposed rate increase), the

Agency's customers with 3/4-5/8" or 1" meters would pay \$60.89 for 12 CCF. That means that eligible customers would get assistance in the amount of \$12.18 (20% of \$60.89) per month or \$146.14 per year.

Discussion Items:

(Cont.)

Low Income Water
Rate Assistant Program

Concluding her report, Mrs. Metzger stated that 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.

18327. President Stuart asked General Manager Krause to provide a report on the Sites Project Authority/2019 Reservoir Project Agreement.

Sites Project
Authority/2019
Reservoir Project
Agreement

Mr. Krause stated that the 2019 Reservoir Project agreement has been approved by the State Reservoir Committee and must be executed by participating Agencies by the February 15 deadline to continue participation in the project.

Continuing his report, Mr. Krause noted that based on the proposed agreement, the Agency is obligated to pay up to \$60 per acre-foot of \$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. Staff plans to present the Sites Project Authority, 2019 Reservoir Project Agreement to the Board for approval and execution at the next Board meeting.

18328. At 9:00 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

18329. At 10:15 a.m., President Stuart reconvened the meeting into open session and announced there was no reportable action. **Reconvene – No Reportable Action**

18330. In the absence of any further business, President Stuart adjourned the meeting at 10:16 a.m. **Adjournment**

Joseph K. Stuart, President

ATTEST:

Craig Ewing, Secretary-Treasurer

DRAFT

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

2-B

January 28, 2019

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

Absent: Patricia G. Oygar, Director)

DWA Staff: Mark S. Krause, General Manager)
 Steve Johnson, Asst. General Manager)
 Martin S. Krieger, Finance Director)
 Kim McCance, Senior Administrative Asst.)
 Ashley Metzger, Outreach & Conserv. Mgr.)

Consultant: Michael T. Riddell, Best Best & Krieger)

18331. President Stuart opened the special meeting at 1:30 p.m. and asked everyone to join Vice President Bloomer in the Pledge of Allegiance. **Pledge of Allegiance**

18332. President Stuart opened the meeting for public comment. **Public Comment**

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

18333. At 1:32 p.m., President Stuart convened into Closed Session for the purpose of Conference with Legal Counsel, (A) 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. Exposure to
 Litigation – Claim to
 Compel Elections by
 Division Pursuant to the
 CVRA

18334. At 2:46 p.m., President Stuart reconvened the meeting into open session and announced there was no reportable action. **Reconvene – No Reportable Action**

18335. In the absence of any further business, President Stuart adjourned the meeting at 2:47 p.m. **Adjournment**

 Joseph K. Stuart, President

ATTEST:

 Craig Ewing, Secretary-Treasurer

GENERAL MANAGER'S REPORT FEBRUARY 5, 2019

DC Finance Authority Administrative Costs - Invoices

Given that the Finance Authority will have eleven members (assuming that Coachella's membership is approved on Thursday), each member's share of administrative cost will be lower.

As a result, we the Finance Authority will be invoicing each of the new members \$26,666.67.

A third and final invoice to all members of the authority will be sent out in April. The estimate of that invoice is \$9,700.

SWP Delivery Update

On January 10, MWD began water deliveries to Whitewater Basin. The initial flow rate was 75 cfs. Due to storms, the deliveries were temporarily stopped on January 11. On January 19 deliveries were started back up at a rate of 75 cfs, increasing to 150 cfs on January 21.

On January 25, the rate was increased to 350 cfs, increasing one more to 425 cfs on January 28. On January 29 the Whitewater Hydro was placed online at a rate of 170 cfs. MWD plans to deliver water until the end of February 2019, which is estimated to be 48,400 AC-FT of water delivered to the Whitewater Basin.

On Monday, January 14 we began delivering 10 cfs to Mission Creek Spreading Basin. On January 22, at the request of MWD, the flow rate was increased to 50 cfs. Deliveries to Mission Creek will last until February 1, 2019. Approximately 1,200 AC-FT will be delivered to the basin, which is approximately 2.5% of the 48,400 AC-FT scheduled for the Whitewater Basin.

No deliveries will occur during the month of March due to aqueduct maintenance. At this time, MWD does not have a water delivery schedule after the completion of the maintenance work

State Water Project Allocation

On January 25, 2019, the Department of Water Resources issued a notice it increased the allocation from 10% to 15%. This increase constitutes an additional 2,787.5 acre-feet of water supply.

Human Resources Department Activities:

December 19, 2018	United Way Board Meeting
December 20, 2018	Safety Meeting
January 7, 2019	Department Head Meeting and Staff Meeting
January 8, 2019	Webinar: New Laws for 2019
January 9, 2019	United Way Executive Board Meeting
January 14, 2019	Staff Meeting
January 15, 2019	DWA Board Meeting
	Women United Meeting
January 16, 2019	Webinar: Understanding Implicit Bias
January 18, 2019	United Way Strategic Planning Session
January 22, 2019	Engineering Staff Meeting
January 24, 2019	Webinar: Gender Discrimination and Harassment in the #MeToo Era
January 28, 2019	Staff Meeting
January 29, 2019	Lincoln Financial Onsite Visits

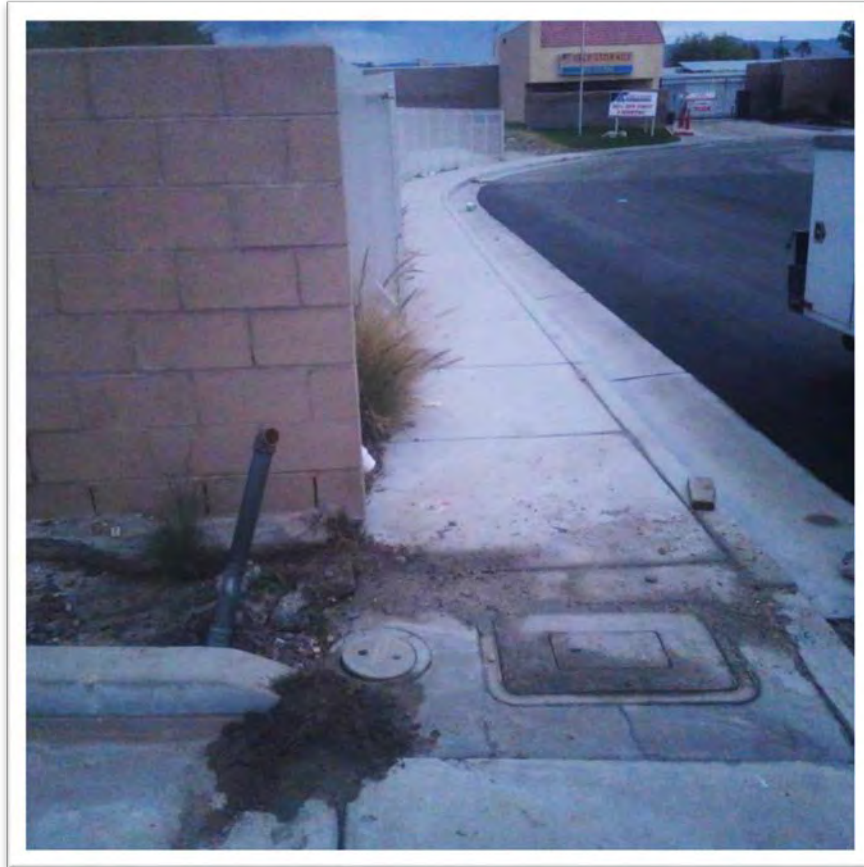
Attempted Stolen Backflow

On January 28 at 7:15 a.m., Construction staff responded to an attempted stolen backflow at 2050 Executive Drive. Staff spoke to the owner and explained the situation. DWA was given authorization to repair and put the backflow back in service. The owner filed a police report. The water loss was metered.

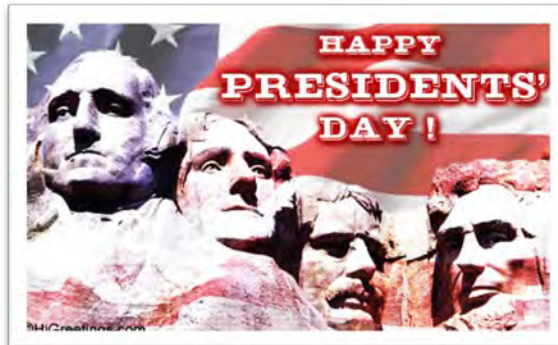


Stolen Backflow

On January 29 at approximately 8:00 a.m., Construction staff responded to a stolen 2-inch backflow at 3859 McCarthy Rd. The owner gave DWA authorization to replace the backflow and place it back in service. The water loss was metered and the owner filed a police report.



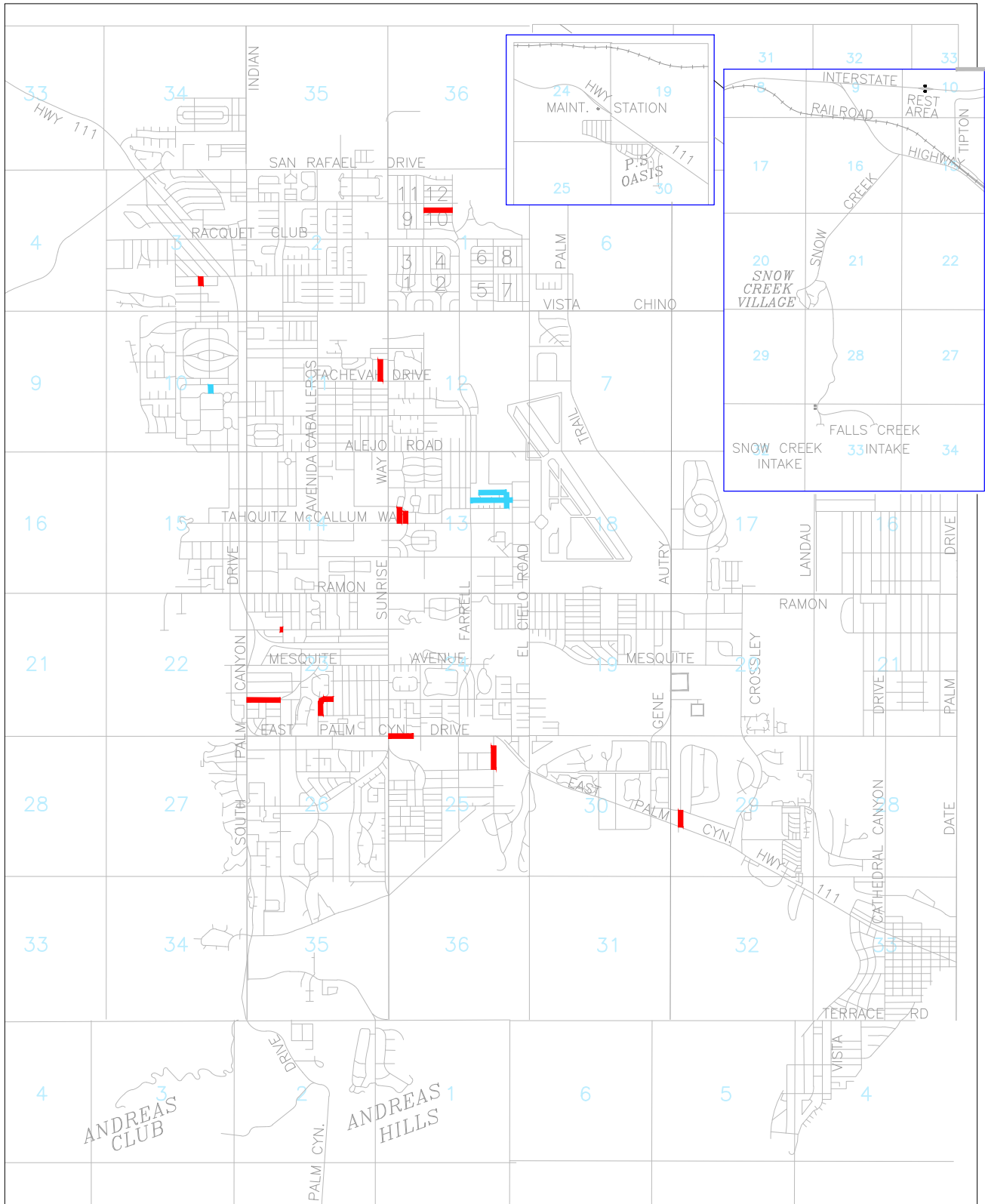
Reminder: Desert Water Agency will be closed on Monday, February 18 in observance of the Presidents' Day Holiday.



SYSTEM LEAK DATA					
(PERIOD BEGINNING JANUARY 9, 2019 THRU JANUARY 29, 2019)					
STREET NAME	NUMBER OF LEAKS	PIPE DIAMETER (INCHES)	YEAR INSTALLED	PIPE MATERIAL	PIPE CONSTRUCTION
LIVMOR AVE	2	6 AND 4	1955	STEEL	BARE/UNLINED
BROADMOOR DR	2	10	1958	STEEL	BARE/UNLINED
PLAIMOR AVE	1	6	1955	STEEL	BARE/UNLINED
CAHUILLA RD	1	5	1939	STEEL	BARE/UNLINED
AIRLANE DR	1	4	1948	STEEL	BARE/UNLINED
E PALM CANYON DR	1	12	1958	STEEL	BARE/UNLINED
SUNNY DUNES RD	1	10	1939	STEEL	BARE/UNLINED
SONORA RD	1	6	1936	STEEL	BARE/UNLINED
ARABY DR	1	6	1947	STEEL	BARE/UNLINED
CALLE MARCUS	1	4	1945	STEEL	BARE/UNLINED
SATURMINO DR	1	4	1947	STEEL	BARE/UNLINED
LURING DR	1	4	1947	STEEL	BARE/UNLINED
BELLAMY RD	1	4	1957	STEEL	BARE/UNLINED
VIA DEL NORTE	1	4	1945	STEEL	BARE/UNLINED
PALOMINO RD	1	4	1951	STEEL	BARE/UNLINED
TOTAL LEAKS IN SYSTEM:		17			

* 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 PIPE IN SYSTEM OLDER THAN 68 YEARS (LINEAR FEET):	142,113
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
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF PIPE OLDER THAN 68 YEARS:	10 YEARS
YEAR AGENCY TRANSITIONED TO CEMENT LINED STEEL PIPE:	1960
<p>* THIS PIPELINE IS BEING REPLACED AS PART OF THE 2018/2019 REPLACEMENT PIPELINES PROJECT.</p> <p>** PLEASE NOTE THIS FIGURE REPRESENTS THE AVERAGE LINEAR FOOTAGE OF PIPELINE REPLACED ANNUALLY GIVEN AN AVERAGE ANNUAL BUDGET OF \$3 MILLION.</p>	



SYSTEM LEAKS

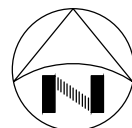
(Period beginning January 9, 2019
thru January 29, 2019)

DESERT WATER AGENCY
PALM SPRINGS, CALIFORNIA

LEGEND

- LEAK(S) RECORDED
- LEAK(S) RECORDED;
INCLUDED IN PROPOSED
LIST OF STREETS FOR
2018/2019
REPLACEMENT PIPELINES

DWG. BY
SR



DATE
1/19

SCALE
NTS

EXHIBIT
"A"

General Manager's Meetings and Activities

Meetings:

01/15/19	DWA Bi-Monthly Board Meeting	DWA
01/16/19	SWC Delta Committee Updates	SAC
01/16/19	CWF Additional Participation Pool	SAC
01/16/19	SWC Policy Meeting	SAC
01/17/19	SWC Monthly Board Meeting	SAC
01/17/19	SWP Delta Conveyance Finance JPA Mo. Board Meeting	SAC
01/18/19	Sites Reservoir Monthly Committee Meeting	MAX
01/19/19	DWA/CVWD/MWD Monthly Coordination Call	Conf. Call
01/23/19	San Geronio Pass Sub-basin SGMA Meeting	SGPWA
01/28/19	DWA Staff/I.S./Security Meeting	DWA
01/28/19	DWA Special Board Meeting	DWA
01/29/19	Executive Committee Meeting	DWA
01/29/19	Meeting with the City of Cathedral City Staff on Water Supply/Sustainability	City Hall
01/30/19	DWA Employee Awards Breakfast	DWA
01/30/19	Indio Sub-basin SGMA Meeting	CVWD

Activities:

- 1) Investigation of at-large VS. district elections
- 2) SWP – CWF Voluntary Settlement Agreement Framework
- 3) SWP Contract Extension Amendment
- 4) Well 20 Re-habilitation
- 5) DWA Pilot Remote Meter Reading Fixed Network
- 6) MSWD PRA For Financial Records
- 7) Water Leak At Palm Springs Mall
- 8) Customer Complaint Regarding Shut-Off Notice Verbiage and Policy.
- 9) Outreach Talking Points – KESQ
- 10) Whitewater Hydro – Automatic Re-start
- 11) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 12) Security Camera Software Upgrade for all facilities
- 13) Cal OSHA Violation Appeal
- 14) DWA Laboratory ELAP Certification
- 15) Whitewater River Surface Water Recharge
- 16) ACBCI Section 14 Facilities & Easements
- 17) Lake Oroville Spillway Damage
- 18) Replacement Pipelines 2018-2019
- 19) CWF – Finance JPA Committee
- 20) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water
- 21) DWA/CVWD/MWD Agreements Meeting Number 7
- 22) SWP 2018 Water Supply
- 23) ACBCI Lawsuits
- 24) Lake Perris Dam Remediation
- 25) Section 14 Pipeline Easements

Activities:
(Cont.)

- 26) DOI Regulation
- 27) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 28) SGMA Tribal Stakeholder Meetings
- 29) Whitewater Spreading Basins – BLM Permits
- 30) Lake Perris Dam Seepage Recovery Project Participation
- 31) Cal Waterfix Cost Allocation
- 32) DWA Surface Water Filtration Feasibility Study
- 33) MCSB Delivery Updates
- 34) Well 6 Meaders Cleaners RWQB Meetings
- 35) SGMA – Indio Subbasin Classification
- 36) SGMA – San Geronio Pass Subbasin
- 37) Snow Creek Surface Water Filtration Design
- 38) UWMP Population Calculation Update
- 39) RWQCB Update to the SNMP

Minutes
Conservation & Public Affairs Committee Meeting
January 14, 2019

Directors Present: Joe Stuart, Jim Cioffi

Staff Present: Mark Krause, Ashley Metzger

1. Discussion Items

- A. Op-ed Sustainability and New Supplies
Staff noted that the op-ed authored by President Stuart ran in print on Sunday. Staff requested a minor correction to the electronic version that The Desert Sun made.
- B. City and Business Community Outreach
Staff updated the committee on meetings scheduled with cities of Palm Springs, Desert Hot Springs and Cathedral City. Director Cioffi requested that we reach out to business members who had previously attended a DWA Board meeting.
- C. Districting Outreach
Staff outlined the public outreach requirements associated with transitioning to districted elections. The Committee discussed meeting dates and locations.
- D. DWA Conservation Coupons
The Committee gave staff authority to expand the coupon program to include rock and landscape suppliers.
- E. Rebate Spend Update
Mrs. Metzger gave the committee an update on current program funding levels.
- F. Rebate Workshop
The Committee directed staff to hold another rebate workshop for seasonal residents who were unable to attend in August.

2. Other

- A. Agency Tour - Staff discussed plans for an Agency tour with the Committee.
- B. Upcoming Events – Staff reported a list of upcoming events for the Committee.
- C. Customer Information Update – The Committee authorized staff to begin collecting updated customer contact information.
- D. Social Media Archiving – the Committee reviewed the existing practice for social media archiving and discussed a new option. The Committee resolved to continue with current practices for the time being.

3. Adjourn

Minutes
Executive Committee Meeting
January 29, 2019

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

1. Discussion Items

- A. Review Agenda for February 5, 2019 Regular Board Meeting
The proposed agenda for the February 5, 2019 meeting was reviewed.

2. Other – None

3. Adjourn

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

DECEMBER 2018

INVESTED
RESERVE FUNDS
\$22,250,854.35

BALANCE	DECEMBER 1, 2018	(\$999,233.88)	
WATER SALES		\$2,552,635.51	
RECLAMATION SALES		141,545.03	
WASTEWATER RECEIPTS		85,325.31	
POWER SALES		2,568.84	
METERS, SERVICES, ETC.		38,498.00	
REIMBURSEMENT – GENERAL FUND		613,271.15	
REIMBURSEMENT – WASTEWATER FUND		5,994.61	
ACCOUNTS RECEIVABLE – OTHER		12,394.95	
CUSTOMER DEPOSITS – SURETY		6,736.00	
CUSTOMER DEPOSITS – CONST.		0.00	
LEASE REVENUE		3,397.91	
INTEREST RECEIVED ON INV. FDS.		0.00	
FRONT FOOTAGE FEES		29,656.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		157,354.21	
TOTAL RECEIPTS		\$3,649,377.52	
PAYMENTS			
PAYROLL CHECKS		\$453,462.66	
PAYROLL TAXES		174,326.34	
ELECTRONIC TRANSFERS		180,241.86	
CHECKS UNDER \$10,000.00		250,176.30	
CHECKS OVER \$10,000.00 – SCH. #1		2,024,836.69	
CANCELLED CHECKS AND FEES		100,141.13	
TOTAL PAYMENTS		<u>\$3,183,184.98</u>	
NET INCOME		\$466,192.54	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		\$0.00	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$800,000.00	
FUNDS INVESTED – SCH. #3		1,332,000.00	
NET TRANSFER		(\$532,000.00)	\$532,000.00
BALANCE	DECEMBER 31, 2018	(\$1,065,041.34)	\$22,782,854.35

OPERATING ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000			
CHECK #	NAME	DESCRIPTION	AMOUNT
121246	ACWA/JOINT POWERS INS AUTHOR	HEALTH,DENTAL & VISION INSURANCE PREMIUMS - DECEMBER 2018	\$202,492.51
121276	ECS IMAGING INC.	ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (W/O # 18-183-M)	\$51,600.00
121309	SOUTHERN CALIFORNIA EDISON CO	POWER	\$14,790.89
121311	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$21,388.94
121317	Z&L PAVING, INC	PAVING	\$28,201.50
121330	SOUTHERN CALIFORNIA EDISON CO	POWER	\$239,905.85
121331	BEST BEST & KRIEGER LLP	LEGAL FEES	\$126,133.95
121333	STATE WATER RES CONTROL BOARD	ANNUAL PERMIT FEES	\$34,032.00
121359	DESERT WATER AGENCY - WASTEWATER	WASTEWATER REVENUE BILLING - NOVEMBER 2018	\$92,419.76
121374	DESERT WATER AGENCY - WASTEWATER	SEWER CAPACITY CHARGE - HORIZON GARDENS, LLC	\$151,960.00
121386	BACKFLOW APPARATUS & VALVE CO.	WATER SERVICE SUPPLIES	\$10,917.84
121388	BORDEN EXCAVATING INC	CONTRACT PAYMENT #6 - 2017/18 REPLACEMENT PIPELINES - (W/O #17-111--08/12)	\$514,470.12
121402	CORE & MAIN LP	WATER SERVICE SUPPLIES	\$10,237.60
121403	CORIX WATER PRODUCTS (US) INC	WATER SERVICE SUPPLIES	\$14,382.34
121408	THE PAPE GROUP INC	VACUUM EXCAVATION MACHINE - (W/O # 18-169-M)	\$165,835.76
121416	FIESTA FORD LINCOLN CORP	VEHICLE PURCHASES - (W/O # 18-166-M / 18-168-M)	\$96,136.44
121430	KRIEGER & STEWART INC	ENGINEERING	\$83,899.39
121453	QUINN COMPANY	CAT430 BACKHOE PURCHASE - UNIT #2 (W/O # 18-167-M)	\$108,850.61
121456	SHUMARD CORPORATION	FIBERGLASS SHELTER	\$17,440.16
121459	THE SOCO GROUP, INC	FUEL PURCHASE	\$12,840.03
121474	Z&L PAVING, INC	PAVING	\$26,901.00
** TOTAL			\$2,024,836.69

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

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

06-30-83	State of California	LAIF	Open	\$ 17,282,854.35	\$ 17,282,854.35	\$ 17,282,854.35	2.320%	-
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Certificates of Deposit

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

Total Commerical Paper	\$	-	\$	-	\$	-
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Government Agency

09-20-16	Union Bank	FNMA (Callable 3-20-19)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,480.00	1.300%	Quarterly
10-28-16	Union Bank	FHLMC STEP (Callable 1-28-19)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,290.00	2.000%	Quarterly
02-28-17	Union Bank	FHLMC	02-25-19	\$ 500,000.00	\$ 500,000.00	\$ 499,295.00	1.400%	Quarterly
09-29-17	Union Bank	FHLMC (Callable 3-29-19)	09-29-20	\$ 500,000.00	\$ 500,000.00	\$ 491,865.00	1.700%	Quarterly
01-29-18	Union Bank	FHLB (Callable 1-29-19)	01-29-21	\$ 500,000.00	\$ 500,000.00	\$ 495,735.00	2.200%	Quarterly
02-08-18	Union Bank	FFCB	05-08-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,400.00	2.000%	Bullet
04-17-18	Union Bank	FFCB	04-17-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,170.00	2.150%	Bullet

Total Government Agency	\$	5,500,000.00	\$	5,500,000.00	\$	5,469,235.00
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Weighted Mean YTM 2.203%

TOTAL INVESTED @ 12/31/18	\$	22,782,854.35	\$	22,782,854.35	\$	22,752,089.35
BALANCE @ 06/30/18	\$	20,642,759.86				
INCREASE (DECREASE)		\$2,140,094.49				

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

DECEMBER 2018

INVESTED
RESERVE FUNDS
\$125,754,520.23

BALANCE DECEMBER 1, 2018 (\$940,993.11)

* TAXES - RIVERSIDE COUNTY	5,122,400.56
* INTEREST EARNED - INV. FUNDS	134,069.48
GROUNDWATER REPLEN. ASSESSMENT	2,135.03
REIMBURSEMENT - OPERATING FUND	0.00
REIMBURSEMENT - CVWD MGMT	0.00
STATE WATER PROJECT REFUNDS	0.00
REIMB - CVWD - WHITEWATER HYDRO	0.00
POWER SALES - WHITEWATER	0.00
MISCELLANEOUS	69.77

TOTAL RECEIPTS \$5,258,674.84

PAYMENTS

CHECKS UNDER \$10,000.00	14,704.73
CHECKS OVER \$10,000.00 - SCH. #1	1,083,313.37
CANCELLED CHECKS AND FEES	0.00

TOTAL PAYMENTS \$1,098,018.10

NET INCOME \$4,160,656.74

INVESTED RESERVE FUNDS

FUNDS MATURED	1,177,000.00
FUNDS INVESTED – SCH. #2	5,010,000.00

NET TRANSFER (\$3,833,000.00) \$3,833,000.00

BALANCE DECEMBER 31, 2018 (\$613,336.37) \$129,587,520.23

* INCLUSIVE TO DATE

	TAXES	INTEREST
RECEIPTS IN FISCAL YEAR	\$6,660,734.85	\$1,116,429.13
RECEIPTS IN CALENDAR YEAR	\$28,222,445.96	\$1,964,181.49

DESERT WATER AGENCY

GENERAL ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
9186	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT ENTITLEMENT - SEPTEMBER 2018	\$187,637.00
9187	COACHELLA VALLEY WATER DISTRICT	WHITEWATER HYDRO REVENUE - SEPTEMBER 2018	\$15,540.89
9190	DESERT WATER AGENCY-OPERATING	P/R & EXP REIMBURSEMENT FOR NOVEMBER 2018	\$262,154.48
9191	STATE OF CA. DEPT. OF WATER RESOURCES	STATE WATER PROJECT - DECEMBER 2018	\$617,981.00

** TOTAL

\$1,083,313.37

DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
DECEMBER 30, 2018

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
Local Agency Investment Fund								
06-30-83	State of California	LAIF	Open	\$ 40,393,320.23	\$ 40,393,320.23	\$ 40,393,320.23	2.320%	-
Certificates of Deposit								
04-20-17	RBC Wealth Mgmt	Whitney Bank CD	04-22-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,410.00	1.650%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One N/A CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 246,522.50	1.900%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One Bank USA CD	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 246,522.50	1.900%	Bullet
06-19-17	RBC Wealth Mgmt	First Priority Bank CD	06-19-20	\$ 250,000.00	\$ 250,000.00	\$ 245,947.50	1.750%	Bullet
Total Certificates of Deposit				\$ 1,750,000.00	\$ 1,750,000.00	\$ 1,736,402.50		
Commercial Paper								
9-19-18	Stifel	Wells Fargo MTN (Callable 9-19-20)	9-19-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,090.00	3.250%	Quarterly
Total Commercial Paper				\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,090.00		
Government Agency								
10-02-15	Stifel	FHLB (Callable Continuous)	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,950.00	1.450%	Continuous
11-25-15	Stifel	FNMA (Callable 2-25-19)	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,750.00	1.500%	Qtrly
02-26-16	Ladenburg Thalmann	FNMA (Callable 2-26-19)	02-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,170.00	1.250%	Qtrly
03-23-16	Ladenburg Thalmann	FNMA (Callable 3-23-19)	03-23-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,690.00	1.500%	Qtrly
03-30-16	Stifel	FNMA STEP (Callable 3-30-19)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,680.00	1.750%	Qtrly
03-30-16	Stifel	FHLMC STEP (Callable 3-30-19)	03-30-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,320.00	1.750%	Qtrly
04-26-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-26-20	\$ 999,500.00	\$ 1,000,000.00	\$ 981,630.00	1.550%	Continuous
05-23-16	Stifel	FNMA (Callable 2-23-19)	08-23-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,250.00	1.250%	Qtrly
05-26-16	Union Bank	FNMA	11-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,950.00	1.300%	1 Time
06-01-16	Stifel	FFCB (Callable Continuous)	03-01-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,170.00	1.250%	Continuous
06-13-16	Ladenburg Thalmann	FNMA (Callable 3-13-19)	06-13-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,940.00	1.400%	Qtrly
06-16-16	Stifel	FFCB (Callable Continuous)	03-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,670.00	1.400%	Continuous
06-21-16	Stifel	FHLMC STEP (Callable 3-21-19)	06-21-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,990.00	1.750%	Qtrly
06-28-16	Ladenburg Thalmann	FNMA (Callable 3-28-19)	06-28-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,470.00	1.200%	Qtrly
06-30-16	Stifel	FHLMC STEP (Callable 3-30-19)	12-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,360.00	2.000%	Qtrly
07-07-16	Ladenburg Thalmann	FFCB (Callable Continuous)	01-07-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,830.00	1.000%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	10-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,150.00	1.125%	Continuous
07-11-16	Ladenburg Thalmann	FHLB (Callable Continuous)	07-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,270.00	1.125%	Continuous
07-13-16	Union Bank	FFCB (Callable Continuous)	01-13-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,090.00	1.240%	Continuous
07-26-16	Ladenburg Thalmann	FNMA (Callable 1-26-19)	07-26-19	\$ 999,500.00	\$ 1,000,000.00	\$ 991,520.00	1.125%	Qtrly
07-27-16	Stifel	FNMA STEP (Callable 1-27-19)	07-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 973,430.00	1.300%	Qtrly
08-10-16	Ladenburg Thalmann	FHLMC (Callable 2-10-19)	08-10-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 981,900.00	1.450%	Qtrly
08-24-16	Ladenburg Thalmann	FHLMC STEP (Callable 2-24-19)	08-24-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,050.00	1.750%	Qtrly
08-30-16	Stifel	FHLMC STEP (Callable 2-28-19)	08-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,870.00	2.000%	Qtrly
08-30-16	Ladenburg Thalmann	FNMA (Callable 2-27-19)	11-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,480.00	1.250%	Qtrly
09-06-16	Ladenburg Thalmann	FFCB (Callable Continuous)	03-06-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,760.00	1.150%	Continuous
09-20-16	Union Bank	FNMA (Callable 3-20-19)	09-20-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,480.00	1.300%	Qtrly
09-27-16	Ladenburg Thalmann	FHLMC STEP (Callable 3-27-19)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,690.00	2.000%	Qtrly
09-29-16	Ladenburg Thalmann	FHLMC STEP (Callable 3-29-19)	09-29-21	\$ 950,000.00	\$ 950,000.00	\$ 938,609.50	1.500%	Qtrly
09-30-16	Ladenburg Thalmann	FNMA (Callable 3-30-19)	09-30-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,730.00	1.250%	Qtrly
10-06-16	Ladenburg Thalmann	FHLMC (Callable 1-6-19)	07-06-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 982,400.00	1.375%	Qtrly
10-17-16	Stifel	FNMA	04-17-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,000.00	1.250%	1 Time
10-28-16	Stifel	FHLMC STEP (Callable 1-28-19)	10-28-21	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,485,480.00	1.500%	Qtrly
10-28-16	Union Bank	FHLMC STEP (Callable 1-28-19)	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,290.00	2.000%	Qtrly
11-03-16	Ladenburg Thalmann	FFCB (Callable Continuous)	05-03-21	\$ 999,250.00	\$ 1,000,000.00	\$ 975,720.00	1.490%	Continuous
11-15-16	Stifel	FHLMC STEP (Callable 2-15-19)	11-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,250.00	1.500%	Qtrly
12-14-16	Ladenburg Thalmann	FHLMC (Callable 3-14-19)	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,790.00	1.750%	Qtrly

DESERT WATER AGENCY
GENERAL FUND - LISTING OF INVESTMENTS
DECEMBER 30, 2019

PURCHASE DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
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Government Agency

12-29-16	Ladenburg Thalmann	FNMA (Callable 3-29-19)	06-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,100.00	1.750%	Qtrly
12-30-16	Ladenburg Thalmann	FHLMC (Callable 3-30-19)	12-30-19	\$ 998,000.00	\$ 1,000,000.00	\$ 988,850.00	1.500%	Qtrly
01-27-17	Ladenburg Thalmann	FNMA (Callable 1-27-19)	01-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,110.00	1.650%	Qtrly
01-30-17	Union Bank	FHLB (Callable 1-30-19)	04-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,320.00	1.750%	Qtrly
02-28-17	Union Bank	FHLMC (Callable 2-25-19)	02-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,590.00	1.400%	Qtrly
04-20-17	Stifel	FHLMC STEP (Callable 1-20-19)	04-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 994,120.00	2.250%	Qtrly
04-27-17	Ladenburg Thalmann	FHLMC (Callable 1-27-19)	01-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 986,960.00	2.000%	Qtrly
06-08-17	Stifel	FHLMC STEP (Callable 3-8-19)	06-08-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,500.00	2.000%	Qtrly
06-22-17	Ladenburg Thalmann	FHLMC STEP (Callable 3-22-19)	06-22-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,750.00	2.000%	Qtrly
06-27-17	Union Bank	FHLB (Callable 3-27-19)	09-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,510.00	1.500%	Qtrly
06-29-17	Ladenburg Thalmann	FHLMC (Callable 3-29-19)	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 984,520.00	1.750%	Qtrly
07-11-17	Ladenburg Thalmann	FHLMC (Callable 1-11-19)	01-11-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,970.00	1.800%	Qtrly
07-26-17	Stifel	FHLMC STEP (Callable 1-26-19)	07-26-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,630.00	2.000%	Qtrly
07-27-17	Stifel	FHLMC STEP (Callable 1-27-19)	07-27-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,280.00	2.000%	Qtrly
08-07-17	Ladenburg Thalmann	FFCB (Callable Continuous)	11-23-20	\$ 999,850.00	\$ 1,000,000.00	\$ 984,870.00	1.770%	Continuous
08-09-17	Stifel	FHLB STEP (Callable 2-9-19)	02-09-22	\$ 2,000,000.00	\$ 2,000,000.00	\$ 1,984,300.00	1.750%	Qtrly
08-10-17	Ladenburg Thalmann	FHLB STEP (Callable 2-10-19)	08-10-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,580.00	2.000%	Qtrly
09-08-17	Stifel	FHLB STEP (Callable 3-8-19)	09-08-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,000.00	1.750%	Qtrly
09-28-17	Ladenburg Thalmann	FHLMC STEP (Callable 3-28-19)	09-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 990,460.00	1.500%	Qtrly
09-29-17	Union Bank	FHLMC (Callable 3-29-19)	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 983,730.00	1.700%	Qtrly
09-29-17	Stifel	FHLMC STEP (Callable 3-29-19)	09-29-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,090.00	1.750%	Qtrly
10-26-17	Ladenburg Thalmann	FNMA (Callable 1-26-19)	07-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 981,830.00	2.000%	Qtrly
11-06-17	Ladenburg Thalmann	FFCB (Callable Continuous)	06-06-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,790.00	1.600%	Continuous
11-20-16	Ladenburg Thalmann	FHLMC (Callable 2-20-19)	11-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 988,310.00	2.000%	Qtrly
12-11-17	Ladenburg Thalmann	FHLB (Callable 3-11-19)	12-11-20	\$ 999,750.00	\$ 1,000,000.00	\$ 986,960.00	2.000%	Qtrly
12-14-17	Stifel	FFCB (Callable 3-14-19)	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 987,850.00	2.060%	Continuous
01-16-18	Ladenburg Thalmann	FHLMC (Callable 1-16-19)	10-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 989,980.00	2.070%	Qtrly
01-26-18	Stifel	FHLMC (Callable 1-26-19)	01-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,560.00	2.220%	Qtrly
01-29-18	Union Bank	FHLB (Callable 1-29-19)	01-29-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,470.00	2.200%	Qtrly
01-30-18	Union Bank	FHLB (Callable 1-30-19)	07-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 991,980.00	2.100%	Qtrly
01-30-18	Ladenburg Thalmann	FHLB (Callable 1-26-19)	01-26-21	\$ 999,650.00	\$ 1,000,000.00	\$ 993,520.00	2.250%	Qtrly
02-01-18	Stifel	FFCB (Callable Continuous)	02-01-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,010.00	2.350%	Continuous
02-08-18	Union Bank	FFCB	05-08-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,400.00	2.000%	Qtrly
02-12-18	Stifel	FHLB (Callable 2-12-19)	02-12-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,140.00	2.300%	Qtrly
03-26-18	Ladenburg Thalmann	FHLB STEP (Callable 3-26-19)	03-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,040.00	2.375%	Qtrly
03-29-18	Stifel	FHLMC STEP (Callable 3-29-19)	03-29-23	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,220.00	2.250%	Qtrly
04-17-18	Union Bank	FFCB	04-17-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,170.00	2.150%	Bullet
06-28-18	Ladenburg Thalmann	FHLMC (Callable 3-28-19)	03-28-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,470.00	3.000%	Qtrly
06-28-18	Stifel	FHLMC (Callable 6-28-19)	06-28-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,150.00	3.100%	Qtrly
07-30-18	Ladenburg Thalmann	FHLMC (Callable 1-28-19)	01-28-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,160.00	3.020%	Qtrly
08-16-18	Ladenburg Thalmann	FHLMC (Callable 2-16-19)	11-16-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,340.00	3.000%	Qtrly
09-21-18	Ladenburg Thalmann	FHLMC (Callable 3-21-19)	06-21-21	\$ 999,750.00	\$ 1,000,000.00	\$ 1,000,190.00	2.875%	Qtrly
10-23-18	Ladenburg Thalmann	FHLMC (Callable 1-23-19)	04-23-21	\$ 999,350.00	\$ 1,000,000.00	\$ 1,000,150.00	3.000%	Qtrly
10-25-18	Stifel	FHLMC (Callable 10-25-19)	10-25-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,010.00	3.100%	Qtrly
10-29-18	Ladenburg Thalmann	FHLB (Callable 10-29-19)	10-29-20	\$ 999,600.00	\$ 1,000,000.00	\$ 1,002,150.00	2.940%	Continuous
11-20-18	Stifel	FHLMC (Callable 11-20-19)	11-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,630.00	3.000%	1 Time
11-23-18	Ladenburg Thalmann	FHLB (Callable 5-23-19)	11-23-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,630.00	3.250%	Qtrly
11-27-18	Union Bank	FHLB (Callable 2-27-19)	08-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,360.00	3.000%	Qtrly

Total Government Agency \$ 86,444,200.00 \$ 86,450,000.00 \$ 85,779,489.50

Weighted Mean YTM 2.014%

TOTAL INVESTED @ 12/31/18 \$ 129,587,520.23 \$ 129,593,320.23 \$ 128,911,302.23

BALANCE @ 06/30/18 \$ 127,941,061.53

INCREASE OR (DECREASE) \$ 1,646,458.70

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

DECEMBER 2018

INVESTED
RESERVE FUNDS
\$1,436,968.92

BALANCE	DECEMBER 1, 2018	\$15,419.89	
ACCOUNTS RECEIVABLE - OTHER		\$0.00	
CUSTOMER DEPOSITS - CONSTRUCTION		0.00	
INTEREST EARNED - INVESTED FUNDS		8.75	
WASTEWATER REVENUE		92,419.76	
SEWER CAPACITY CHARGES		155,413.81	
MISCELLANEOUS		<u>0.00</u>	
TOTAL RECEIPTS		\$247,842.32	
PAYMENTS			
CHECKS UNDER \$10,000.00		\$5,994.61	
CHECKS OVER \$10,000.00 - SCH. #1		69,305.50	
CANCELLED CHECKS AND FEES		<u>0.00</u>	
TOTAL PAYMENTS		<u>\$75,300.11</u>	
NET INCOME		\$172,542.21	
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$4,000.00	
FUNDS INVESTED - SCH. #2		<u>108,000.00</u>	
NET TRANSFER		(\$104,000.00)	\$104,000.00
BALANCE	DECEMBER 31, 2018	\$83,962.10	\$1,540,968.92

DESERT WATER AGENCY

WASTEWATER ACCOUNT

SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
3266	CITY OF PALM SPRINGS	WASTEWATER REVENUE BILLING FOR NOVEMBER 2018	\$10,078.57
3267	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR NOVEMBER 2018	\$59,226.93
** TOTAL			\$69,305.50

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

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

06-30-83	State of California	LAIF	Open	\$ 1,540,968.92	\$ 1,540,968.92	\$ 1,540,968.92	2.320%
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TOTAL INVESTED @ 12/31/18	\$ 1,540,968.92	\$ 1,540,968.92	\$ 1,540,968.92
BALANCE @ 06/30/18	\$ 1,354,594.08		
INCREASE OR (DECREASE)	\$ 186,374.84		

DESERT WATER AGENCY - OPERATING FUND
COMPARATIVE EARNINGS STATEMENT

MONTH 18-19
DECEMBER

/-----THIS MONTH-----/ /-----FISCAL YEAR TO DATE-----/ /--VARIANCE--/
LAST YEAR BUDGET THIS YEAR LAST YEAR YTD PCT

OPERATING REVENUES

WATER SALES	2,209,756.29	2,072,362.98	2,499,800.00	17,663,673.37	15,860,419.20	18,574,400.00	910,726.63-	5-
RECLAMATION SALES	132,866.07	100,967.00	133,300.00	940,114.33	827,201.48	874,200.00	65,914.33	8
POWER SALES	2,568.84	1,114.12	3,600.00	7,242.94	18,320.99	13,600.00	6,357.06-	47-
OTHER OPER REVENUE	124,119.40	322,124.20	165,575.00	990,601.63	1,249,743.88	993,450.00	2,848.37-	0
TOTAL OPER REVENUES	2,469,310.60	2,496,568.30	2,802,275.00	19,601,632.27	17,955,685.55	20,455,650.00	854,017.73-	4-

OPERATING EXPENSES

SOURCE OF SUPPLY EXP	1,076,011.73	964,795.78	1,035,525.00	2,756,965.62	2,315,803.32	2,555,475.00	201,490.62	8
PUMPING EXPENSE	257,680.91	298,278.20	259,000.00	1,661,332.44	1,659,093.40	1,667,500.00	6,167.56-	0
REGULATORY WATER TREAT	35,128.01	38,792.66	45,225.00	271,275.31	267,400.41	271,350.00	74.69-	0
TRANS & DIST EXPENSE	222,101.78	162,210.74	436,875.00	1,623,720.44	1,169,720.25	2,621,250.00	997,529.56-	38-
CUSTOMER ACT EXPENSE	66,804.90	83,293.44	79,400.00	453,089.27	444,086.82	478,200.00	25,110.73-	5-
ADMIN & GEN EXPENSE	674,205.80	903,247.02	724,363.00	5,472,913.21	4,531,069.23	6,154,428.00	681,514.79-	11-
REGULATORY EXPENSE	53,309.13	43,183.84	30,125.00	86,160.50	111,007.15	180,750.00	94,589.50-	52-
SNOW CREEK HYDRO EXP	705.78	1,686.56	3,100.00	4,779.26	9,938.36	18,600.00	13,820.74-	74-
RECLAMATION PLNT EXP	79,834.01	55,833.82	119,758.00	555,477.26	431,915.06	718,998.00	163,520.74-	23-
SUB-TOTAL	2,465,782.05	2,551,322.06	2,733,371.00	12,885,713.31	10,940,034.00	14,666,551.00	1,780,837.69-	12-

OTHER OPER EXPENSES

DEPRECIATION	479,859.92	462,451.08	483,692.00	2,902,346.88	2,797,407.35	2,902,152.00	194.88	0
SERVICES RENDERED	10,265.10	13,360.96	15,750.00	79,113.76	116,182.39	94,500.00	15,386.24-	16-
DIR & INDIR CST FOR WO	144,518.56-	176,475.52-	65,750.00-	1,107,230.09-	975,415.59-	394,500.00-	712,730.09-	181-
TOTAL OPER EXPENSES	2,811,388.51	2,850,658.58	3,167,063.00	14,759,943.86	12,878,208.15	17,268,703.00	2,508,759.14-	15-
NET INCOME FROM OPERATIONS	342,077.91-	354,090.28-	364,788.00-	4,841,688.41	5,077,477.40	3,186,947.00	1,654,741.41	52

NON-OPERATING INCOME (NET)

RENTS	3,397.91	3,396.33	3,400.00	52,245.46	52,217.98	52,250.00	4.54-	0
INTEREST REVENUES	40,960.92	21,873.83	27,500.00	225,493.15	102,517.23	165,000.00	60,493.15	37
OTHER REVENUES	420.00	417,288.80	.00	32,070.00	419,169.16	.00	32,070.00	0
GAINS ON RETIREMENT	.00	.00	1,200.00	.00	14,095.00	4,800.00	4,800.00-	100-
DISCOUNTS	302.37	.00	25.00	351.62	164.22	150.00	201.62	134
PR. YEAR EXPENSES	.00	24.08-	.00	15,816.25	161,598.89	.00	15,816.25	0
LOSS ON RETIREMENTS	.00	.00	3,250.00-	6,260.71-	13,803.41-	19,500.00-	13,239.29	68-
TOTAL NON-OPER INCOME	5,638.80-	442,534.88	28,875.00	319,715.77	735,959.07	202,700.00	117,015.77	58

TOTAL NET INCOME

TOTAL NET INCOME	347,716.71-	88,444.60	335,913.00-	5,161,404.18	5,813,436.47	3,389,647.00	1,771,757.18	52
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DESERT WATER AGENCY
OPERATING FUND
WATER CONSUMPTION

QUARTER ENDING DECEMBER 2018

THIS QUARTER

FISCAL YEAR TO DATE

	LAST YEAR	THIS YEAR	% UP (DOWN)	LAST YEAR	THIS YEAR	% UP (DOWN)
WATER REVENUE	\$6,990,694	\$7,803,773	12	\$15,860,419	\$17,663,673	11
TOTAL CONSUMPTION (100 CU FT)	3,132,120	3,086,526	(1)	7,437,711	7,351,963	(1)
AVERAGE CONSUMPTION PER CONSUMER (100 CU FT)	139	137 *	(1)	331	326 c	(2)
NUMBER OF CONNECTIONS	35	11		22,503	22,620	1

* = ADDED THIS QUARTER

C = TOTAL ACTIVE DECEMBER 2018

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

FEBRUARY 5, 2019

RE: RESOLUTION NO. 1201 EXPRESSING THE BOARD'S INTENTION TO UNDERTAKE THE STEPS PRESCRIBED BY ELECTIONS CODE SECTION 10010 FOR A TRANSITION FROM "AT-LARGE" ELECTIONS TO ELECTIONS BY DIVISION

Desert Water Agency was created by a special act of the California Legislature in 1961. The legislation itself provides that the act should be referred to as the "Desert Water Agency Law."

As originally enacted, the Desert Water Agency Law provided, and continues to provide, that the Agency's Board of Directors shall consist of five members, each elected in the manner provided in the Uniform District Election Law set forth in the California Elections Code. The Desert Water Agency Law did not create separate divisions within the Agency, and therefore elections of Directors have always been conducted at large. Every registered voter within the Agency has always been allowed to vote in every Agency election for any position on the Board.

In 2016, the California Legislature added Section 10650 to the California Elections Code. Section 10650 provides that notwithstanding any other law a governing body of a special district may, by resolution, require that the members of its governing body be elected using "district based" elections without being required to submit the resolution to its voters for approval, in furtherance of the purposes of the California Voting Rights Act of 2001.

The California Voting Rights Act of 2001 provides that an "at-large" method of election may not be imposed or applied in a manner that impairs the ability of a "protected class" of voters to elect candidates of their choice, or their ability to influence the outcome of an election as a result of the dilution or the abridgment of the rights of the voters who are members of the protected class. A protected class is a class of voters who are members of a race, color or language minority group. The law is intended to prevent racially polarized voting. Racially polarized voting occurs when there is a difference between the choice of candidates preferred by voters in a protected class and the choice of candidates preferred by voters in the rest of the electorate. There is no legal requirement to produce evidence of historical discrimination or discriminatory intent. Furthermore, racially polarized voting can be demonstrated by the results of non-Agency elections within the Agency's boundaries. It need not be demonstrated during an election for a position on the Agency's Board.

On December 26, 2018, the Agency received a letter from an attorney representing the Southwest Voter Registration Education Project, which claims that the Agency “at-large” system of voting dilutes the ability of Latinos to elect candidates of their choice or to otherwise influence the outcome of the Agency’s elections. Although the Agency has no evidence that this has occurred, other than the assertions made in that letter, the most effective way to minimize the risk of exposure is to adopt a resolution expressing the Agency’s intention to transition from elections at-large to elections by division. Special districts that conduct their elections by division are protected from lawsuits under the California Voting Rights Act of 2001. Elections Code section 10010, effective January 1, 2015, places a monetary cap on the legal fees that attorneys for plaintiffs are otherwise entitled to recover if, within 45 days after receipt of notice, a legislative body adopts a resolution of intent to undertake proceedings to transition from “at-large” elections to elections by division and then completes the transition within 90 days thereafter.

Enclosed in the agenda packet is Resolution No. 1201 expressing the Board’s intention to undertake the steps prescribed by Elections Code section 10010 for a transition from “at-large” elections to elections by division. Agency staff recommends adoption of the resolution and the use of professional demographer for further guidance in this matter.

In anticipation of the adoption of Resolution No. 1201, the agenda also provides for immediately conducting the first of two public hearings that must occur before a draft map or maps showing possible division boundaries can be prepared, as provided in the resolution. The purpose of both public hearings will be to invite public input regarding the composition of five divisions to be created within the Agency. Notice of this first public hearing was published in a newspaper of general circulation within the Agency, was posted on the Agency’s web site, and was posted on the Agency’s bulletin board along with the agenda. Staff recommends that comments be limited to no more than three minutes per person at this hearing. This is an opportunity for any member of the public to provide input. Board members should merely listen and should not express preferences or make any determinations until after receiving all public input at both public hearings.

RESOLUTION NO. 1201

RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY EXPRESSING THE BOARD OF DIRECTORS' INTENTION, PURSUANT TO ELECTIONS CODE SECTION 10010, TO INITIATE PROCEDURES FOR ESTABLISHING AND IMPLEMENTING ELECTIONS OF DIRECTORS BY DIVISIONS

WHEREAS, Desert Water Agency ("Agency") is an independent special district, established by an act of the California State Legislature; and

WHEREAS, all five members of the Board of Directors are currently elected in at-large elections, in which each Director is elected by all registered voters of the entire Agency, as set forth in the Agency's governing act; and

WHEREAS, Section 10650 of the Elections Code authorizes any special district to change to elections by divisions without submitting a measure to voters; and

WHEREAS, the Board of Directors has determined that based on current information the Agency should express its intention to transition from its current at-large system of electing Directors, originally prescribed in the Agency's governing act, to elections of Directors by divisions, in furtherance of the purposes of California Voting Rights Act (CVRA); and

WHEREAS, the Agency intends to follow the procedures outlined in Elections Code section 10010; and

WHEREAS, the Agency intends to begin by conducting two public hearings, then working with an experienced demographer to assist the Agency in drafting a proposed map or potential maps for the establishment of five divisions within the Agency; and

WHEREAS, the two initial public hearings will be conducted no more than thirty days apart, at which time the public will be invited to provide input regarding the composition of the divisions; and

WHEREAS, the Agency intends to then publish and make available for release at least one draft map showing proposed or possible divisions, and the potential sequence of elections within each division; and

WHEREAS, once the draft map has been publicized for at least seven days, the Agency intends to conduct at least two additional public hearings, no more than forty-five days apart, at which time the public will be invited to provide input regarding the content of the draft map(s) and the proposed sequence of elections within each division prior to the public hearing at which the Board of Directors adopts a map; and

WHEREAS, if a draft map is revised at or following a public hearing, the revised map will be published and made available to the public at least seven days before the map is adopted; and

WHEREAS, in considering a proposed map and the proposed sequence of elections by division, the Board of Directors intends to carefully consider the purposes of the CVRA; and

WHEREAS, the Board of Directors, based upon current information, now wishes to express its intention to undertake steps to transition from a system of at-large elections to elections of Directors by divisions, and to set forth criteria to guide the Agency's study of the establishment of divisions within the Agency consistent with legal requirements including the CVRA;

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

SECTION 1. The above recitals are true and correct and are incorporated herein by this reference.

SECTION 2. The Board of Directors hereby expresses its intention to transition to a system of elections by division as authorized by Elections Code section 10650

SECTION 3. The Agency further expresses its intention to utilize the services of a qualified demographer, conduct at least two public hearings before preparing a draft map setting forth five proposed or potential divisions within the Agency, publish the draft map and proposed sequence of elections within the divisions, and then conduct at least two additional public hearings to invite comment on the proposed map and proposed sequence of elections before adoption of a map establishing division boundaries, all in the manner provided by law.

SECTION 4. The Agency's demographer consultant, upon conclusion of the second public hearing and acting under the supervision of the General Manager, is authorized to prepare at least one map displaying proposed or potential boundaries for five divisions within the Agency, for review by the public and Board of Directors at two or more additional public hearings, in accordance with the Agency's proposed timeline.

SECTION 5. Agency staff are directed to publicize relevant maps, information, notices, agendas and other materials regarding the proposed transition to elections by division, and to establish means of communication to answer questions from the public.

SECTION 6. All public hearings shall be noticed as follows: posting on the Agency's website at least seven calendar days in advance of the hearing and publication at least seven days in advance of the hearing in a newspaper of general circulation within the Agency's boundaries.

SECTION 7. The General Manager is authorized to take such other actions as may be appropriate to implement this resolution.

SECTION 8. This resolution shall become effective immediately upon its adoption.

ADOPTED this 5th day of February, 2019.

Joseph K. Stuart
President

ATTEST:

Craig A. Ewing, Secretary-Treasurer

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

FEBRUARY 5, 2019

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1202
ESTABLISHING AN ACCOUNT WITH ALAMO CAPITAL FOR
PURPOSES OF INVESTMENT**

Attached is a copy of Resolution No. 1202 authorizing establishment of accounts with Alamo Capital for the investment of Desert Water Agency Operating and General Account funds. Alamo Capital is a full service brokerage and investment firm founded in 1987 (Alamo is the largest women's business enterprise (women owned) in the United States). See attached company information. Staff would like to include Alamo Capital with the Agency's other authorized investment firms in order to increase its investment options.

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

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

Staff recommends adoption of Resolution No. 1202 authorizing establishment of an account with Alamo Capital for purposes of investment.

RESOLUTION NO. 1202

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

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

That this resolution shall be and remain in full force and effect until written notice of the revocation hereof shall be delivered to the brokers. The individual(s) herein referred to are named as follows:

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

ADOPTED this 5th day of February 2019.

Joseph K. Stuart, President
Board of Directors

ATTEST:

Craig A. Ewing, Secretary-Treasurer
Board of Directors



INVESTMENT SERVICES

Nader Mokri

Senior Vice President, Institutional Sales

(949) 701-1300

(800) 36-ALAMO

Email: nmokri@alamocapital.com

Online: www.alamocapital.com

Broker Dealer Member
FINRA, SIPC

2030 Main Street, Suite #1300, Irvine, CA 92614

Company Background

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- ❑ Incorporated in August 1987 and became a Broker-Dealer in 1990
- ❑ Headquarters in Walnut Creek, CA with offices in Chicago, Irvine, Las Vegas, Tacoma, and New York
- ❑ Over 30 years specializing in Fixed Income Products



Certifications

3

- A Women's Business Enterprise certified with the NWBOC (National Women Business Owners Corporation) and the WBENC (Women's Business Enterprise National Council)
- Approved underwriter for the State of California for all underwriting pools.



Divisions

4

□ **Client Investment Group**

- ▣ Provides a wide array of specialty services including stock/option trading, fixed-income trading, and retirement plans.

□ **Capital Markets Group**

- ▣ Provides primary and secondary markets for fixed income and equity products.

□ **Wholesale Markets Group**

- ▣ Provides products, training, execution, and marketing for broker/dealers nationwide that do not have fixed income or research departments.

□ **Municipal Bond Underwriting**

- ▣ Alamo Capital's experience includes structuring and underwriting both general obligation and revenue bonds featuring a variety of fixed-rate, variable-rate and synthetic structures.
- ▣ Active in negotiated and competitive bond sales as well as the secondary market.
- ▣ Possesses broad distribution capabilities through our California sales force covering investors from Tier 1 institutions to our own in-house, retail clients.

□ **Insurance Department**

- ▣ Specializes in all aspects of life insurance including annuities, universal life, term, whole life, as well as long-term care and health insurance.

□ **AC Wealth Management**

- ▣ Alamo Capital provides a disciplined systematic approach to actively monitor performance, control costs and manage the overall risk in your portfolio based on the investment objective.

Products & Services

5

□ Alamo Capital trades the following fixed-income products:

- Agency Bonds
- Asset Backed Securities
- Certificates of Deposit
- Collateralized Mortgage Obligations
- Corporate Bonds
- Foreign Bonds
- Municipal Bonds
- Treasury Bills
- Treasury STRIPS

VRDN Program

6

- Variable Rate Demand Notes
 - ▣ Both large and small issuers
 - ▣ Taxable & Tax-free
 - ▣ Over 110 separate issues totaling over \$1 Billion
 - ▣ Reset once a week, 52 weeks per year
 - ▣ We reset the notes to keep them competitive
 - ▣ Held with major institutions

Government Sponsored Enterprises

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- Through Alamo Capital's established business relationships we have access to:
 - Federal Home Loan Bank (Direct)
 - Federal Farm Credit Bank
 - Fannie Mae (Direct)
 - Freddie Mac
 - And more...

Contact Information

8

Nader Mokri

Institutional Sales

(949) 701-1300

(800) 36-ALAMO

Email:

nmokri@alamocapital.com

Web:

www.AlamoCapital.com

Alamo Capital is a Broker-Dealer

Member FINRA/SIPC



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

FEBRUARY 5, 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. The following Staff Report was presented to the DWA Board at its January 15th Board Meeting. There have been no significant project developments nor changes to the agreement subsequent to that presentation.

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	$(1/\text{\#of members}) \times 50 \text{ plus } \% \text{ participation} \times 50$ $50 (1/23) \times 50 \text{ Plus } 0.028 \times 50 \approx \underline{\underline{3.6\%}}$
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 recommends entering into the Sites Project Authority, 2019 Reservoir Project Agreement and requests authorization for the General Manager to execute said agreement.

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

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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

January 17, 2019

MEMORANDUM

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

FROM: BEST BEST & KRIEGER LLP

RE: JANUARY 17, 2019 MEETING OF THE BOARD OF DIRECTORS OF THE
STATE WATER CONTRACTORS

The January 17, 2019 meeting of the Board of Directors of the State Water Contractors (SWC) was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

1. Closed Session Discussions. A lengthy closed session was conducted to discuss ongoing litigation involving CaliforniaWaterFix, the State Board's water quality control plan for the Delta, and the amendment to extend the term of the Water Supply Contracts. The litigation items involve validation actions, challenges to the validation actions, challenges to environmental documents, and alleged violations of the State and Federal Endangered Species Acts. These litigation matters will affect the ability to issue bonds to finance Delta improvements and other expenditures by the Department of Water Resources. Ramifications and strategies should not be discussed outside of closed session.

2. Board Action Items. In open session, the SWC Board authorized an expenditure not to exceed \$245,000 for continued work by Cramer Fish Sciences to study environmental DNA methodology for the detection of Delta Smelt without having to actually capture them. The work will involve a field experiment to gain an understanding of how much DNA can be detected, and at what distances in a tidally mixed system that is subject to ocean water ebb and flow. The total cost of the work is \$345,000, with Metropolitan Water District funding the portion not paid by the SWC.

The SWC Board also authorized up to \$30,000 to engage a recruitment firm to assist in hiring new General Counsel for the SWC. Current SWC General Counsel, Stefanie

Morris, has decided to take a position in-house with Metropolitan Water District, effective at the end of January, 2019.

3. SWP Operations. Precipitation numbers had improved significantly during the ten day period preceding the meeting. The Northern Sierra had received an additional 4.5 inches of rain just the day before the meeting. As of the date of the meeting, precipitation in the Northern Sierra was at 96% of average for that date, with another 2.5 inches of rain predicted for the following six day period. In the San Joaquin region precipitation was at 96% of average for that date, with another two inches of rain predicted for the following six day period. In the Tulare region, precipitation totals were at 100% of average for that date, with another one to two inches of rain predicted for the following six day period. Conditions in the State were predicted to be dry for the foreseeable future. Lake Oroville had 1.1 million acre feet of water in storage, with 50,000 acre feet added during the previous 24 hour period preceding the meeting. Outflow from the Delta was at the rate of 21,300 cubic feet per second, and that rate of flow was expected to double as a result of the storms. The State's share of storage in the San Luis Reservoir was at 900,000 acre feet, of which 600,000 acre feet was carry over water from 2018 to 2019.

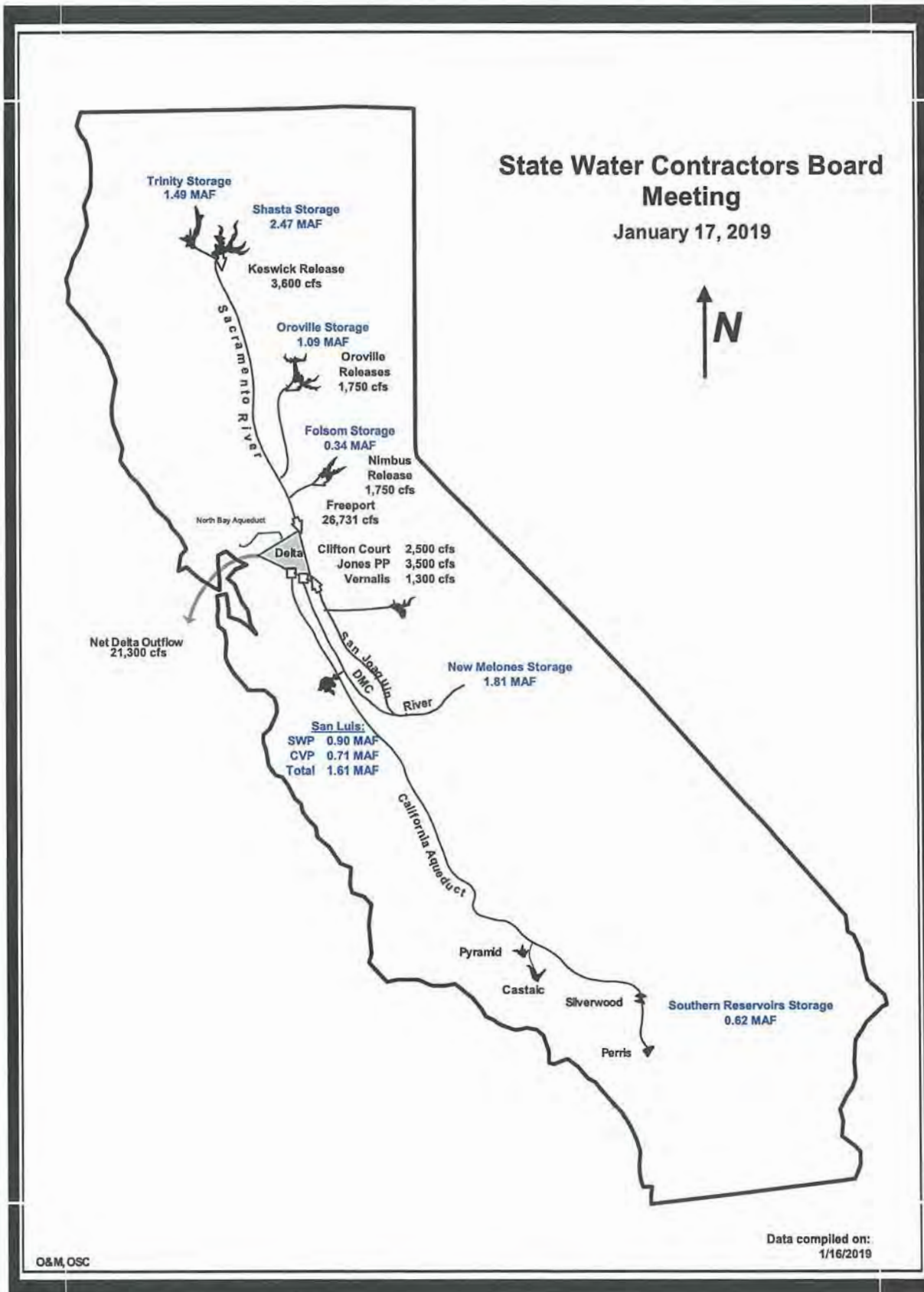
4. SWP Management Report. DWR Deputy Director Joel Ledesma was present to provide a management report on behalf of DWR. Among other things, he reported that DWR was still working to complete the third phase of work on the emergency spillway at Lake Oroville, consisting primarily of small work items. Once that is completed, DWR will attend to the mitigation requirements associated with the spillway at Lake Oroville. Then DWR will shift its attention to the subsidence issues affecting the California Aqueduct. Ledesma said that DWR also continues to work on community relation issues in the community of Lake Oroville. Work next year will include implementation of the risk management system, as well as asset management issues.

5. Delta Habitat Restoration Project. As part of her General Manager's report Jennifer Pierre reported that DWR has entered into an agreement with a firm called EIP for a sizeable restoration project involving 3,000 acres of prime Delta Smelt habitat, utilizing funds from both the State Water Project and from Flood Control. Two additional restoration projects will address an additional 400 acres in the Delta. Thus, progress is occurring on California EcoRestore, which

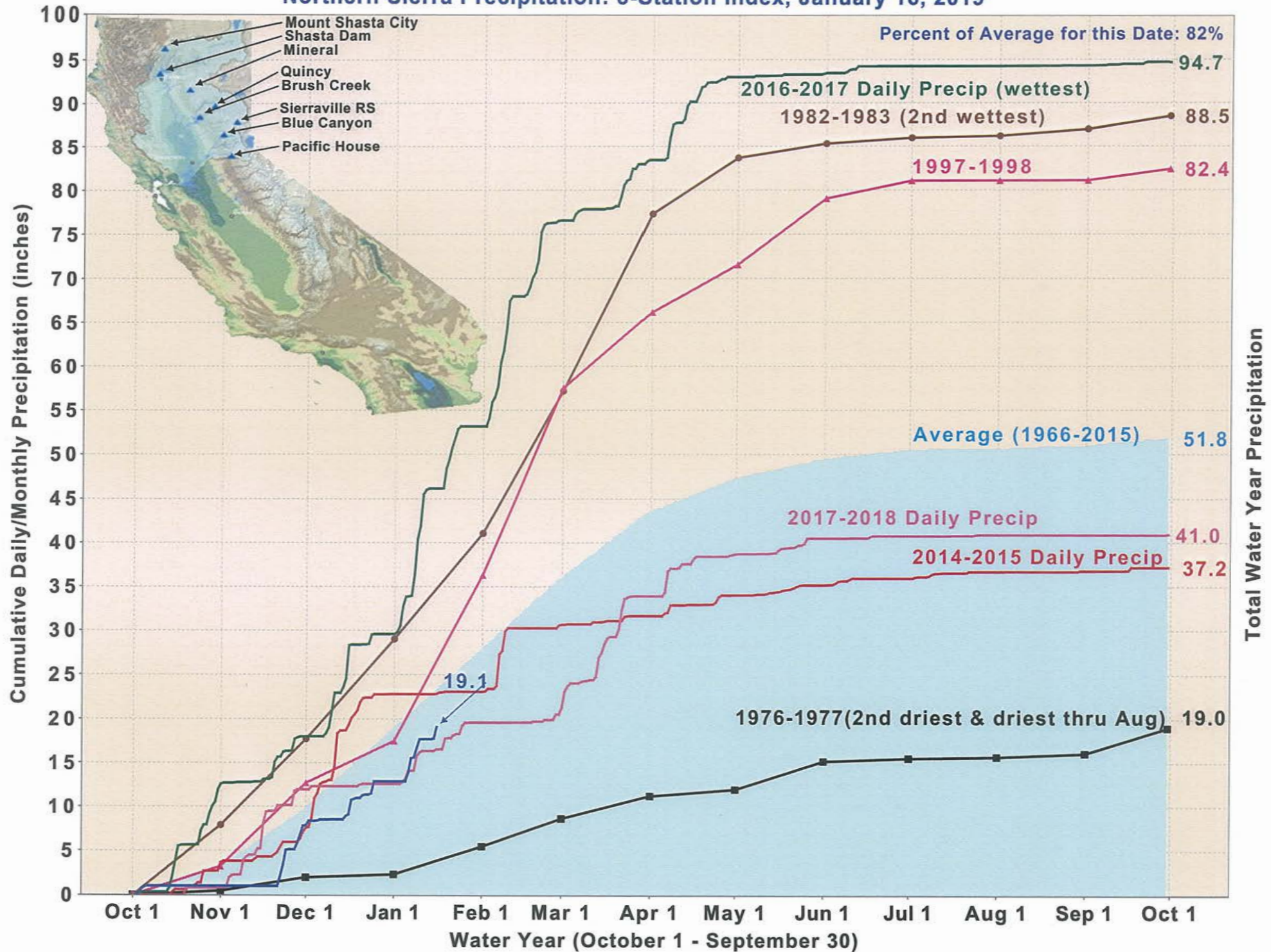
is good as it demonstrates DWR's performance of its obligations on that program. Jennifer also reported that the Tule Red Project restores 600 acres of habitat, subject to resolution of billing and payment disputes with the firm engaged to undertake that project. She stated that the Tule Red Project is nearly complete.

6. Water Supply Objectives Update. Attached to this memo are copies of the slides in the PowerPoint presentation utilized by Alison Febbo to provide an update on water supply objectives. Allison also provided an oral report which was condensed due to time constraints. Allison reported that the amendment to extend the term of the Water Supply Contract was in process, initiated in 2014 with the final EIR expected at the end February, 2019. Re-consultation on the biological opinion for long term operations was moving quickly due to directives from President Trump who imposed short deadlines to get it done, thus creating the risk of weakness in the written document. The State Water Resources Control Board adopted its Bay Delta Operations Plan, and the Contractors are working on a voluntary settlement agreement to resolve disputes over the adoption of that plan. The SWC also has been working with the Delta Stewardship Council on proposed amendments to the Delta Plan, with draft amendments to be issued. At the direction of the SWC Board, Eric Chapman is proceeding with the development of a dry year water transfer program for 2019. The SWC signed a cost sharing agreement with the Central Valley Project for the development of a plan to address regulatory compliance in the Delta. And the SWC was working on water operations improvements for the SWP utilizing funds made available from the WIIN Act, as well as working on the Collaborative Adaptive Management team on the new biological opinion for water operations in the Delta.

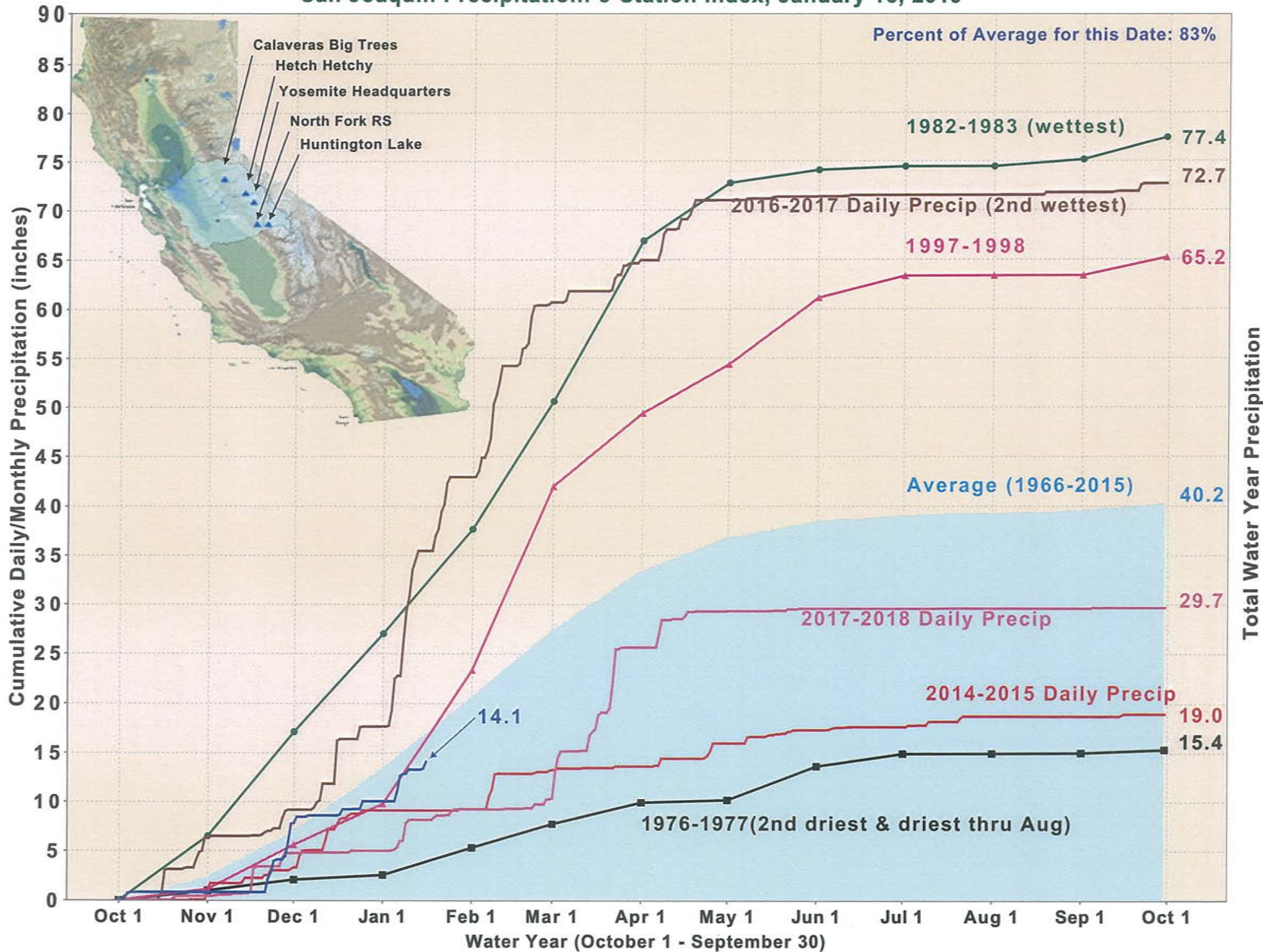
MICHAEL T. RIDDELL



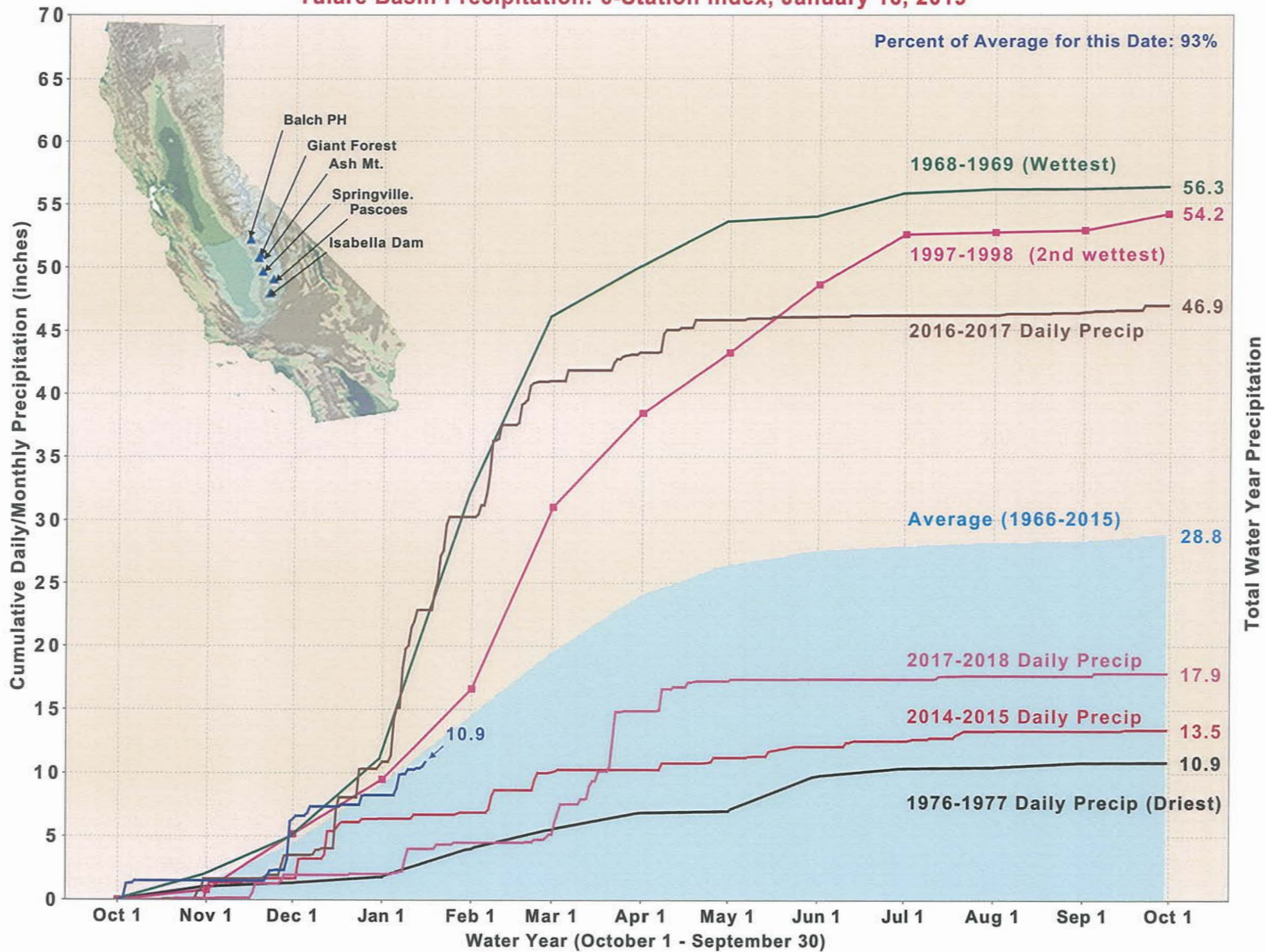
Northern Sierra Precipitation: 8-Station Index, January 16, 2019



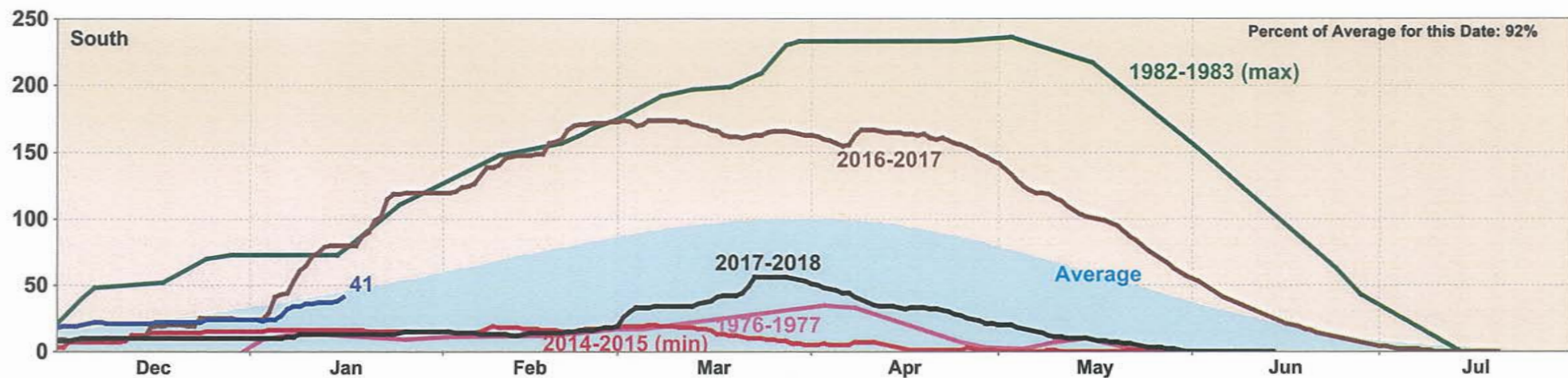
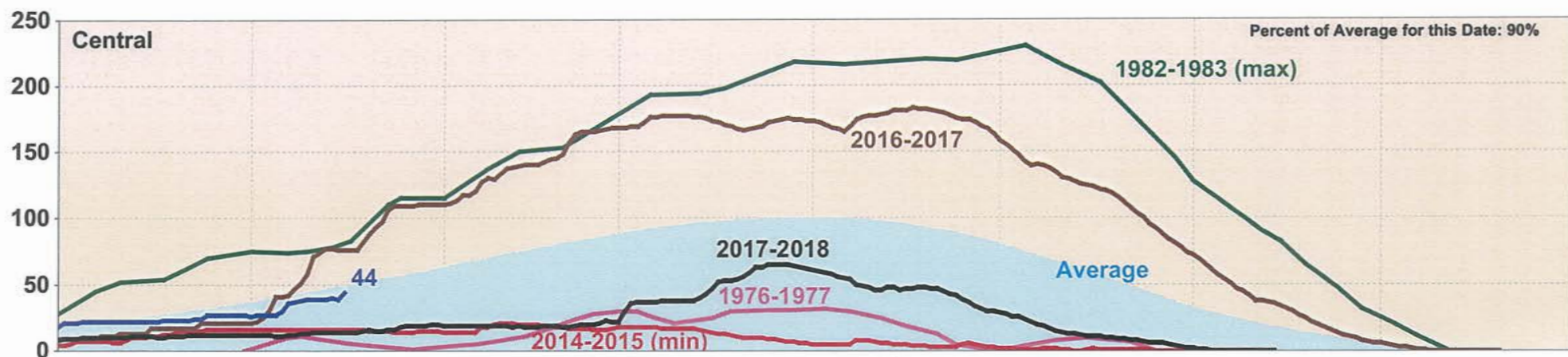
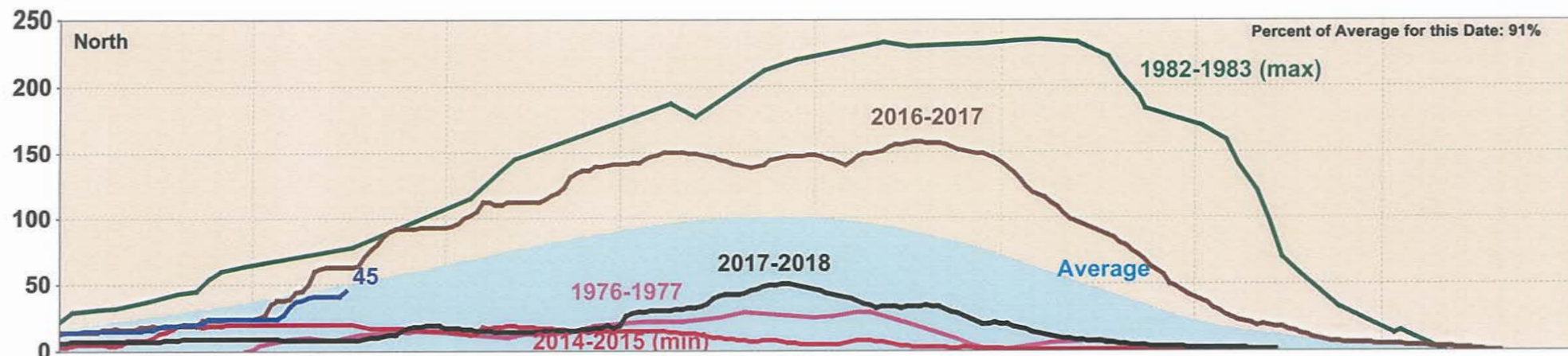
San Joaquin Precipitation: 5-Station Index, January 16, 2019



Tulare Basin Precipitation: 6-Station Index, January 16, 2019



California Snow Water Content, January 16, 2019, Percent of April 1 Average



Statewide Percent of April 1: 44%

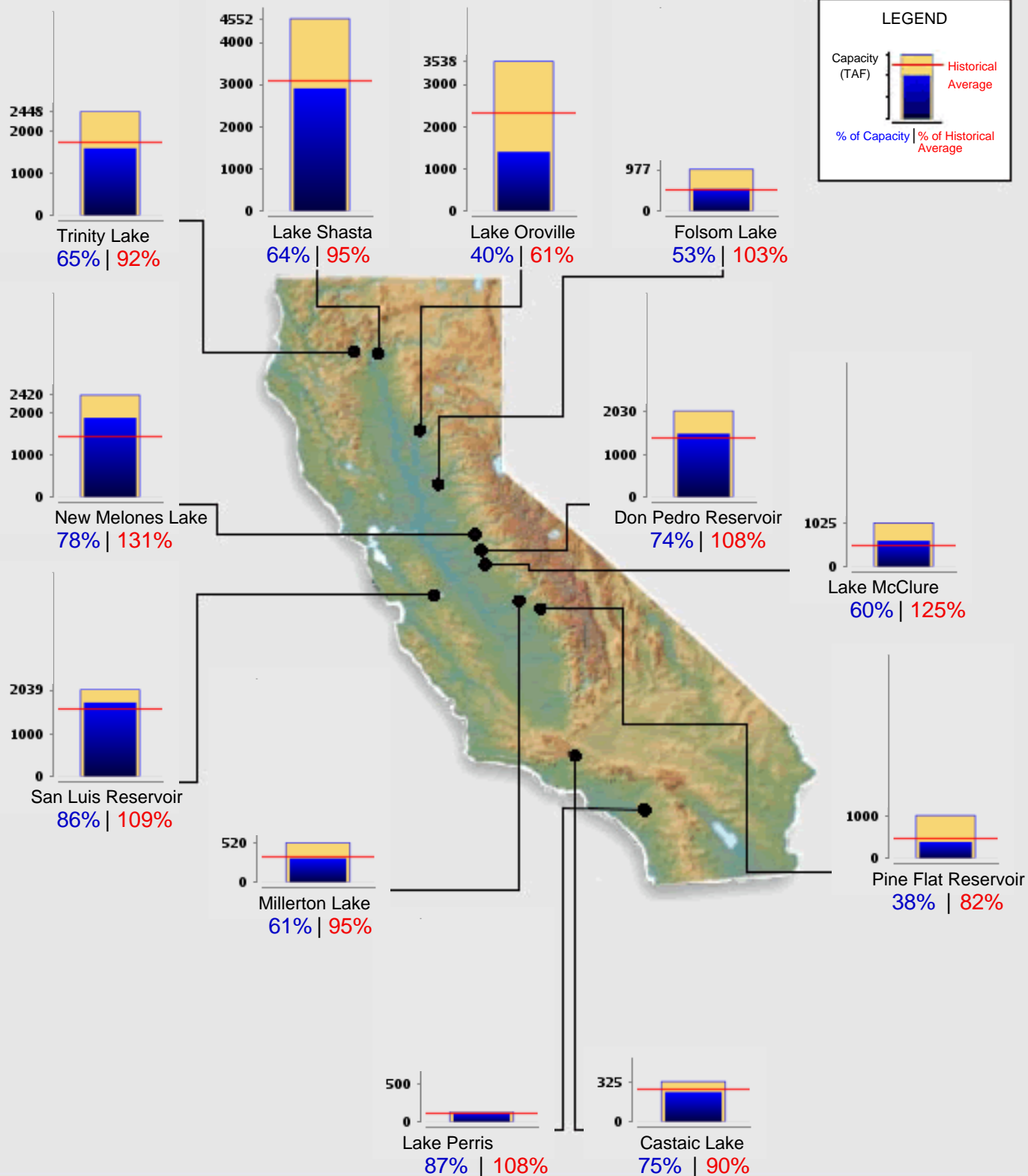
Statewide Percent of Average for Date: 92%



Reservoir Conditions

Ending At Midnight - January 31, 2019

CURRENT RESERVOIR CONDITIONS





SWC FY 2018-19 Water Supply Objectives Update

JANUARY 17, 2019

STATE WATER CONTRACTORS BOARD MEETING

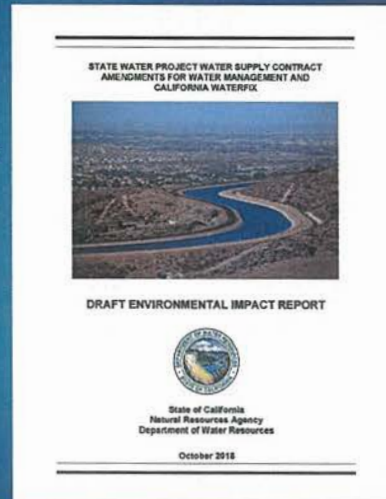


FY 2018-19 Water Supply Objectives

- ▶ Priority I
 - ▶ California WaterFix
 - ▶ Water Management Contract Amendment
 - ▶ Coordinated Operations Agreement
 - ▶ Long-term Operations Reconsultation
 - ▶ State Water Resource Control Board Activities
 - ▶ Delta Plan
- ▶ Priority II
 - ▶ Facilitate Water Transfers
 - ▶ Upstream Water Supply Augmentation
 - ▶ Delta Levee Strategy
 - ▶ OCAP and Regulatory Compliance
 - ▶ Water Operations Improvements
 - ▶ Water Operations Evaluation
 - ▶ Delta Related Litigation
 - ▶ Collaborative Adaptive Management Team
- ▶ Priority III
 - ▶ Wastewater Discharge and Water Quality Issues

Water Management Contract Amendment

- ▶ Timeline
 - ▶ December 2014: Contract Amendment Process Initiated
 - ▶ February through June 2018: Negotiations with DWR
 - ▶ October 2018: Draft EIR released
 - ▶ Comment period October 26 to January 9
 - ▶ End of February 2019: Final EIR expected
- ▶ Outcome
 - ▶ Exempts NOD contractors from CWFix charges
 - ▶ Provides water management tools



Coordinate SWP contractors involvement in Contract Amendment discussions on California WaterFix NOD costs and Water Management Activities

Long-term Operations Reconsultation

- ▶ Reinitiation of Consultation (ROC) on the Long-term Operation (LTO) of the CVP and SWP
 - ▶ October 19, 2018 Presidential Memorandum
 - ▶ Biological Assessment by January 31, 2019
 - ▶ Final Biological Opinions within 135 days (June 2019)
 - ▶ SWC coordinating with other PWA's



Participate in the CVP/SWP Long-term Operations Reconsultation process for development of near-term project operations and associated biological opinions

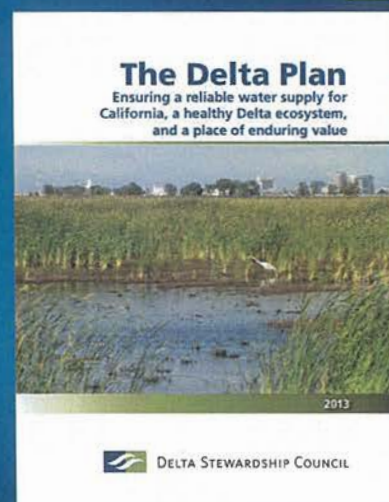
State Water Resource Control Board Activities

- ▶ Phase I: Lower San Joaquin River and Southern Delta
 - ▶ December 12, 2018: State Board adopted Bay-Delta Plan Update
- ▶ Phase II: Sacramento/Delta
 - ▶ July 2018: State Board released framework for updates
- ▶ Voluntary Settlement Agreements
 - ▶ December 12, 2018: Framework presented
 - ▶ March 1, 2019: Project Description
 - ▶ December 31, 2019: Final action by State Board

Present testimony and participate in hearings on updating the Bay-Delta Water Quality Control Plan and related activities such as San Joaquin River water rights and illegal diversions; participate in Voluntary Settlement Agreement discussions

Delta Plan

- ▶ Ecosystem Amendment (Chapter 4)
 - ▶ Directs agencies to restore aquatic habitat and improve water quality
 - ▶ Consider climate change and sea level rise
 - ▶ Adaptive management lessons learned
 - ▶ Identify best practices
 - ▶ Address needed institutional changes
 - ▶ Use best available interdisciplinary science



Coordinate with DSC staff and board to ensure revisions to the Delta Plan are consistent with SWC planning and operations

Facilitate Water Transfers

- ▶ 2018 Dry Year Transfer Program
 - ▶ 13 sellers, 143 TAF
 - ▶ 7 groundwater substitution (~45 TAF)
 - ▶ 3 following (~76 TAF)
 - ▶ 2 reservoir reoperation (~2 TAF)
 - ▶ One hybrid (following and groundwater substitution (~20 TAF)
 - ▶ 2 buyers (KCWA and DRWD)
 - ▶ \$57 million: purchases, seller administration, SWC management costs
- ▶ 2019 Dry Year Transfer Program Initiated
 - ▶ January 21: deadline to submit interest

Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers when conditions warrant.
Work with DWR to improve flexibility of Table A water transfers

OCAP and Regulatory Compliance

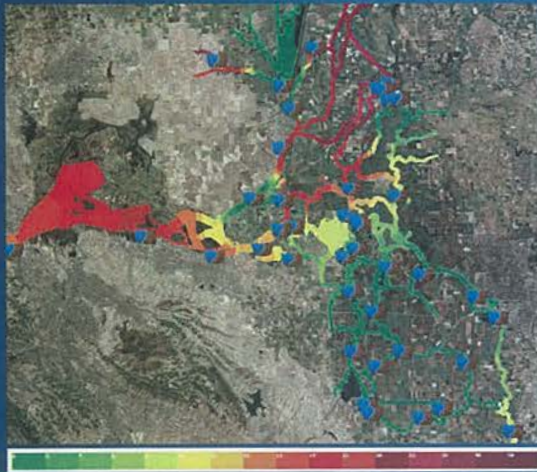
- ▶ SWC/DWR Delta Compliance Committee
 - ▶ Coordinating with DWR on review of budget and planning processes
 - ▶ Goal to develop:
 - ▶ List of projects including obligations and costs
 - ▶ Cost sharing plan with the CVP
 - ▶ Status
 - ▶ Cost sharing agreement signed December 2018
 - ▶ Hallmark Group
 - ▶ Reviewed current DCP Program Management
 - ▶ Provided proposal for implementing improvements

MEMORANDUM OF AGREEMENT
for the
IMPLEMENTATION OF THE 2008 and 2009 BIOLOGICAL OPINIONS FOR THE
COORDINATED LONG-TERM OPERATION OF THE CENTRAL VALLEY PROJECT
AND STATE WATER PROJECT
by and between
THE CALIFORNIA DEPARTMENT OF WATER RESOURCES OF
THE STATE OF CALIFORNIA
AND
THE UNITED STATES DEPARTMENT OF
THE INTERIOR BUREAU OF RECLAMATION

This Memorandum of Agreement ("Agreement") is entered into this 22nd day of December, 2018, pursuant to the provisions of the California Water Resources Development Bond Act and other applicable laws of the State of California, and the Reclamation Act of June 17, 1902 (32 Stat. 388), as amended and supplemented, including but not limited to the Act of August 26, 1937 (50 stat. 844), as amended and supplemented, between the Department of Water Resources of the State of California ("DWR") and the United States Department of the Interior Bureau of Reclamation ("Reclamation"). DWR and Reclamation are referred to individually as "Party" and collectively as "Parties" in this Agreement.

Collaborate with DWR to improve Delta Compliance Committee to facilitate planning and implementation of required habitat and other RPAs under OCAP Biological Opinions

Water Operations Improvements



- ▶ WIIN Act:
 - ▶ Flexible exports in storm flow events
 - ▶ Monitoring potential actions
 - ▶ Currently proposed action waiting on agency approval process

Identify and implement Delta and/or upstream operations strategies to minimize reductions to near term exports and increase water supply reliability using existing facilities or with additional features

Collaborative Adaptive Management Team (CAMT)

- ▶ Initiated from OCAP Biological Opinion court decision
 - ▶ Collaborative science: project agencies, regulatory agencies, water users, and NGO's
 - ▶ Structured scientific processes with long time line
 - ▶ Delta smelt and salmonids
- ▶ Current focus:
 - ▶ Structured decision making
 - ▶ Structure for future collaboration

Participate in Collaborative Adaptive Management Team through membership on CAMT, identification and formulation of study projects, involvement in work efforts of scoping teams; define and fund key scientific investments in collaboration

SWC 2018-19 Water Supply Objectives			
Objective	Description	Priority	SWC Assignment
California WaterFix	Proceed with Implementation Activities including SWRCB Change Petition, support set-up of the Finance and Construction JPAs, and engage on various lawsuits	●	Pierre/Morris
Water Management Contract Amendment	Coordinate SWP Contractors involvement in Contract Amendment discussions on California WaterFix Cost Allocation and Water Management Activities	●	Pierre/Morris
Coordinated Operations Agreement	Coordinate with DWR and SWC members in developing information for and participating in discussions of the COA periodic review	●	Febbo
Long-term Operations Reconsultation	Participate in the CVP/SWP Long-term Operations reconsultation process for development of near-term project operations and associated biological opinions	●	Febbo/Pierre
State Water Resource Control Board Activities	Present testimony and participate in hearings on updating the Bay-Delta Water Quality Control Plan and related activities such as San Joaquin River water rights and illegal diversions; and participate in Voluntary Settlement Agreement discussions	●	Morris
Delta Plan	Coordinate with DSC staff and board to ensure revisions to the Delta Plan are consistent with SWC planning and operations	●	Pierre/Morris
Facilitate Water Transfers	Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers when conditions warrant. Work with DWR to improve flexibility of Table A water transfers	●	Chapman
Upstream Water Supply Augmentation	Work with CVP Contractors and upstream water users to identify water supply operations to address existing and potential regulatory obligations	●	Febbo
Delta Levee Strategy	Work with MWD and DWR in identifying and evaluating alternative approaches for levee improvements to protect SWP water supplies	●	Pierre
OCAP and Regulatory Compliance	Collaborate with DWR to improve Delta Compliance Committee to facilitate planning and implementation of required habitat and other RPAs under OCAP Biological Opinions	●	Febbo
Water Operations Improvements	Identify and implement Delta and/or upstream operations strategies to minimize reductions to near term exports and increase water supply reliability using existing facilities or with additional features	●	Febbo
Water Operations Evaluation	Develop documentation for ongoing Delta water supply operations including water losses from regulatory actions. Develop analysis tool to evaluate water supply and predict water supply allocations during the runoff season	●	Febbo
Delta Related Litigation	Defend or intervene in litigation to protect SWP water supply. Pursue methods for State Water Resources Control Board to protect stored water through curtailments and participate in litigation and administrative proceedings that could impact stored water. Continue challenging the CEQA and authority of the Delta Stewardship Council to implement certain Delta Plan activities	●	Morris
Collaborative Adaptive Management Team	Participate in Collaborative Adaptive Management Team through membership on CAMT, identification and formulation of study projects and involvement in work efforts of scoping teams; define and fund key scientific investments in collaboration	●	Pierre
Wastewater Discharge and Water Quality Issues	Follow-up on remaining litigation efforts related to Sacramento Regional CSD discharge permits. Participate in development and review of discharge standards for other Delta Watershed dischargers. Participate in processes related to methylmercury regulations	○	Morris

Questions?

**DESERT WATER AGENCY
MEDIA INFORMATION
JANUARY 2019**

DATE	PACKET PAGE	MEDIA SOURCE	ARTICLE
01/12/19	1-5	THE DESERT SUN	Issues Linger As Drought Plan Goes To Lawmakers
01/13/19	6-7	THE DESERT SUN	Planning And Teamwork Keep Water Flowing
01/22/19	8-9	THE DESERT SUN	CVWD Eyes \$40 Million Bond To Pay For Pipe; Growers Say The District Should Tap Hefty Reserves Instead

Issues linger as drought plan goes to lawmakers

Ian James Arizona Republic | USA TODAY NETWORK, January 12, 2019

With a federal deadline to sign a Colorado River drought deal three weeks away, Arizona water managers are still grappling with several unresolved issues that could get in the way of finishing an agreement.

The outstanding issues, some of which are proving contentious, range from developers' concerns about securing future water supplies to lining up funding for Pinal County farmers to drill wells and begin to pump more groundwater.

A disagreement has also flared up over the terms of an "offset" provision that involves leaving water in Lake Mead to boost the levels of the dwindling reservoir.

These complications will force more talks geared toward achieving a consensus as the state Legislature begins session Monday and starts working on legislation that would authorize Arizona's participation in a Drought Contingency Plan, or DCP, with Nevada and California.

Gov. Doug Ducey has called for the parties to quickly wrap up a deal, saying that with a critical shortfall imminent on the river, "we cannot kick the can any further."

But at a meeting of the state's steering committee Tuesday, the to-do list still appeared long. And several members of the committee voiced pointed disagreements on provisions that have yet to be finalized.

Last month, federal Reclamation Commissioner Brenda Burman set a Jan. 31 deadline for Arizona and California to finish their agreements and sign on. She said if the states fail to meet that deadline, the federal government will get involved and step in to prevent reservoirs from falling to critically low levels.

If that happens, "there is a great possibility that it will result in some real potential divisiveness between the states," said Tom Buschatzke, director of the Arizona Department of Water Resources. "I'm really hoping we can avoid that outcome. It's not going to be a good one."

First-ever shortage looms

He and other water managers began the meeting Tuesday with an overview of where water levels stand in the river's main reservoirs. Lake Powell is now 41 percent full,

while Lake Mead is 39 percent full, just above a level that would trigger a first-ever declaration of a shortage.

They also reviewed a list of issues that have yet to be resolved, some of which relate to concerns of farmers in Pinal County, who have the lowest priority and face the biggest cuts in water deliveries.

The farmers had expressed worries about taking especially large cuts in the scenario of a more serious "tier 2" shortage at Lake Mead, and Tucson city officials have proposed to help in that scenario by providing the farmers up to 35,000 acre-feet of water per year for two years. (An acre-foot is 325,851 gallons, enough to cover a football field with a foot of water.) "We believe it's a prudent thing to do to give the certainty to Pinal agriculture that they're seeking on volume in the first three years," said Timothy Thomure, director of Tucson Water. He said city officials will help finish the Colorado River deal while presenting no risks to the city.

To make the deal possible, the city would ask that water credits in the Tucson groundwater management area be transferred to the city in exchange for credits it would get in Pinal County.

He said Tucson is also asking for reforms affecting how treated sewage effluent figures in the state's framework of water laws. One of the changes, Thomure said, would be to eliminate a 2025 "sunset" provision on water agencies' ability to get storage credits for effluent. The city is also seeking more long-term storage credit when effluent is used to replenish groundwater.

Buschatzke called it a "very creative proposal" and said he expects more talks will be needed to work out the specifics.

Paul Orme, a lawyer representing agricultural irrigation districts in Pinal County, praised the idea and said it will have positive effects for the local economy. Orme said Tucson's offer helps move things "a long ways toward that certainty that we really need out of this process."

Farmers look to line up funding

The farmers in Pinal County have also sought to pin down sources of funding to help them drill 40 to 50 new wells and pay for pumps and other infrastructure, which they'll need as they use more groundwater in place of Colorado River water.

They had initially estimated total costs of \$30 million to \$35 million, but engineers and managers at the irrigation districts studied the issue and found the costs will likely be nearly \$50 million, Orme said. The farmers' representatives have met with federal

officials, he said, and are optimistic about applying for up to half of the funding through the U.S. Department of Agriculture's Natural Resources Conservation Service.

"But, obviously, there's no certainty on that at this point, nor will there be at the time the Legislature needs to make its decision on DCP," Orme said. "We're going to have to go into the second half of this with a hope and a prayer."

Orme said the farmers are focusing on lining up local funding in Arizona, which will serve as a "cost share" and help in the application for federal money. The CAP board has authorized \$5 million, and Ducey has said he will ask for an additional \$5 million in his budget proposal to help — on top of \$30 million that the governor already included to pay for a portion of the plan.

Buschatzke said the governor's additional pledge is part of a push to "get to the finish line."

"I think we have a great opportunity here to make all this happen and create a lot of certainty for the agriculture community to be able to put this program into place," Buschatzke told the committee.

Referring to the long-term transformation of farmlands into growing suburbs, state Sen. Lisa Otondo, D Yuma, asked whether "anybody in the development sector will be also putting money towards this infrastructure, as they, in the long run, will be the beneficiaries of this infrastructure."

Buschatzke replied: "I have not had anybody from the development community come forth and offer to put any money into this program."

Otondo said she didn't think they would. "But I think it's something that is also a question," she said, "as we invest our state monies and our federal dollars into something that will, in the long run, be to the benefit of development."

Reaching an agreement within Arizona would allow the state to join in the larger Drought Contingency Plan by spreading around the impacts of the water cutbacks. Farmers in central Arizona would get "mitigation" water, while other entities would be paid for contributing water.

The proposed plan involves more than \$100 million in funding pledges from the state and the Central Arizona Water Conservation District, which operates the Central Arizona Project Canal. Much of the money would go to pay for obtaining water from the Gila River Indian Community and the Colorado River Indian Tribes.

Developers seek ‘certainty’

Representatives of developers have been pressing for a provision conditionally granting them a certain amount of water — 7,000 acre-feet per year — for the first three years of a shortage. Ted Cooke, general manager of the Central Arizona Project, supported the idea and said this provision for an additional water supply would go away if the Drought Contingency Plan is signed.

As the developers have proposed it, the conditional water supply would be included to backstop a larger deal that’s already set to free up more water for future development — just in case the plan isn’t signed in the end.

In that larger \$95 million deal, the council of the Gila River Indian Community agreed last month to sell up to 33,185 acre-feet annually to the Central Arizona Groundwater Replenishment District for 25 years starting in 2020 — enough to supply more than 99,000 homes based on the average water use in the area. The transfer would take effect once Arizona signs the Colorado River deal.

That Gila River Indian Community’s water deal was welcomed by developers because it secures water supplies for more growth into the 2030s, said Spencer Kamps, vice president of legislative affairs for the Home Builders Association of Central Arizona.

“But having said that, like everybody around the table, we’re seeking certainty. And there is uncertainty on the DCP plan going through the legislative process,” Kamps said.

“My members are seeking certainty as it relates to investment from, you know, our corporate offices.”

He said developers want to be sure that when a shortage is triggered “that there is a reliable supply.”

“The concern from us is the uncertainty if anything were to happen, obviously, moving forward with the DCP plan, and it wasn’t satisfactory to either the governor or whomever,” Kamps said. “And I think that’s a reasonable request, to ensure that development can move forward regardless of the conditions on the lake during this 7-year program.”

The developers’ proposal was firmly opposed by Buschatzke, who said adding that amount of water for three years would upset the “delicate balance” that has been negotiated in the plan. Buschatzke also said: “I’m not sure where that water would come from.”

Cynthia Campbell, a water adviser for Phoenix, called the developers’ proposal “unthinkable” and said the city won’t support it.

“We don’t have enough water to go around for all the contract holders,” Campbell said. “Why would you start talking about adding new parties to the dole? That’s crazy.”

Gov. Stephen Roe Lewis of the Gila River Indian Community said he thought the issue of future water supplies for development had been dealt with already. He said the council’s resolution approving the water deal is “self-executing” once Arizona signs the Drought Contingency Plan. He offered to consult with his council and send a letter clarifying the point.

Donald Pongrace, a lawyer for the Gila River Indian Community, said after the meeting that the developers' proposal "would create a precedent of providing water out of priority that we and all other CAP contract holders would find objectionable."

Lewis' offer of sending a letter to clarify that the signing of the Colorado River agreement will trigger the water transfer should be sufficient to resolve the issue, Pongrace said, though he said it's "unnecessary and somewhat insulting to the community's integrity and overall participation in the process."

Sticking points remain

Another issue that drew opposition from Lewis and Buschatzke was a proposal by CAP officials regarding the "offset" component of Arizona's plan, which involves deducting some water supplies from a Lake Mead storage account and replacing those supplies on paper with water from other sources.

Originally the idea had been a water exchange between CAP and Salt River Project, but CAP officials have instead proposed an alternative in which their agency would keep the stored water in their account. Pongrace said that's likely a nonstarter for the Gila River Indian Community because it would give the CAP board discretion to use the water as it sees fit, and potentially take the water out.

"It's basically calling something conservation that isn't," Pongrace said. "It's the equivalent of financial gimmickry, and we will not accept it."

Despite the disagreements and the short timetable for drafting legislation, Cooke and Buschatzke both expressed optimism about finishing a deal.

"We're going to work on things between now and when the legislature starts, and we're going to work on things after the legislature starts," Cooke said. "I think we're closer than we've ever been, and I think we're in closure range, definitely."

Cooke said CAP and state water officials will work with legislative staffers to draft the package of legislation, and the idea is to keep it simple. The legislation is to include a resolution approving Arizona's participation in the Drought Contingency Plan together with California and Arizona, as well as other measures outlining funding for the plan and several other changes that will be necessary to make it work.

"We've kept the Christmas tree as a Charlie Brown Christmas tree," Cooke said. "It's very tiny and it only has a couple ornaments on it."

The Colorado River has long been over allocated, with the demands of farms and cities outstripping the available water supply.

The river basin, which stretches from Wyoming to Mexico, has been drying out during what scientists say is one of the driest 19-year periods in the past 1,200 years.

Human-caused climate change is contributing to the strains on the river. The higher temperatures have shrunk the average snowpack in the mountains in many areas, reduced the flow of streams, and increased the amount of water that evaporates off the landscape.

Since 2000, the amount of water flowing in the Colorado River has dropped 19 percent below the average of the past century. Scientific research has found that about half the trend of decreasing runoff from 2000-2014 in the Upper Colorado River Basin was the result of unprecedented warming.

Water managers in Arizona, California and Nevada have been discussing the proposed drought plan for the past few years.

Arizona is entitled to 2.8 million acrefeet of water from the Colorado River annually.

Under the terms of the proposed three-state deal, the state would face cutbacks of 512,000 acre-feet, or 18 percent of the state's total.

Nevada and California would contribute by accepting larger water cuts than they would otherwise have to under the current guidelines for shortages. And if the three states all sign on, Mexico has pledged under a separate deal to contribute by temporarily leaving more water in Lake Mead.

House Speaker Rusty Bowers, R Mesa, expressed optimism about meeting the federal government's deadline on Jan. 31.

Otondo, a ranking member of the Senate's Natural Resources, Energy and Water Committee, also said she's "cautiously optimistic" and felt the open discussion during the meeting was positive.

"There's still information and some talks that have to occur, but this is great," Otondo said. "We're getting closer and that's a good thing."

Planning and teamwork keep water flowing

Your Turn, Joseph K. Stuart, Guest Columnist, January 13, 2019

Is there enough water in our desert? I am often asked this question.

Everywhere you look new homes, hotels and master-planned developments are appearing. It is wise to ask whether we have enough water for these future desert residents and visitors.

Permits for new projects are under the jurisdiction of cities or the county — not under the purview of water agencies. Water agencies are tasked with supplying the water.

Balancing growth and water supplies is nothing new to desert communities. It has always been a fact of life in our desert and is one of Desert Water Agency's most important responsibilities.

In the early 1900s, when Palm Springs began to flourish, mountain stream water sustained life here. In the 1940s, population growth prompted us to dig wells into the aquifer to pump water. After decades of only pumping water out, the groundwater levels dropped. With an eye toward sustainability, water managers decided to import water to recharge the underground basin.

DWA was formed in 1961 to import water to the area, manage the groundwater and ensure an adequate water supply for years to come. Since then, that is exactly what we have been doing.

DWA and Coachella Valley Water District are the only local agencies with the contractual right to receive imported water from Northern California via the State Water Project to help meet our local needs. However, the water we receive to replenish the aquifer is becoming less and less reliable, so we must incorporate creative strategies and to find new water sources so that we don't jeopardize sustainability.

Upgrading the state's failing water infrastructure with the California Water Fix project will help make sure that we are able to more reliably import water to our region. This Northern California based project includes two new underground tunnels to more efficiently transport water. Currently, water is transported through the environmentally fragile Delta region to reach the south.

In addition, California is also in desperate need of more water storage. DWA and CVWD are investing in the development of the new Sites Reservoir. This would be the largest water storage facility constructed since the 1970s. It would allow more water to be stored when Northern California receives heavy snow and rainfall, creating a water bank for dry times.

Projects like this are key to strategically adapting to unpredictable weather.

Beyond physical infrastructure, regional partnerships with the Coachella Valley Regional Water Management Group and the Metropolitan Water District are key to effectively planning for and managing local water resources. Similarly, partnering with the community is one of the most effective things that water agencies can do to promote sustainability.

Water agencies continue to promote conservation even in wet years and it's working. Between removing grass in favor of desert landscaping and installing more efficient fixtures and irrigation systems, we are well on our way to a smaller water footprint. Newly built homes are ultra-efficient and those with older homes can take advantage of rebate programs offered by DWA.

So, do we have enough water in our desert? The answer is "yes" thanks to the investments, efforts, partnerships and planning by water agencies.

We have adapted well to life in the desert.

While we're extremely fortunate to be situated on a groundwater basin, we cannot be sustainable without importing water. We've seen incredible changes in our community, it's become larger, more vibrant and more water efficient. We expect to see more changes in the coming years and the Desert Water Agency is planning to meet them.

For more information on how you can help us work toward sustainability, visit [DWA.org/rebates](https://dwa.org/rebates). *Joseph K. Stuart, a Palm Springs native and retired Federal Bureau of Investigation Special Agent, currently serves as DWA's Board President. You can reach him at jstuart@dwa.org.*

CVWD eyes \$40 million bond to pay for pipe; Growers say the district should tap hefty reserves instead

Janet Wilson, Palm Springs Desert Sun, Jan. 22, 2019

Coachella Valley Water District board members on Tuesday debated issuing a \$40 million bond to pay for an extension of the Oasis pipeline to bring imported water to about 40 farmers and others in the irrigation district, who would pay the costs back over 30 years. A small rate increase could be imposed as well.

A coalition of farmers known as Growing Coachella shot back with a different proposal. In a meeting with The Desert Sun editorial board, they said the district should dip into its \$500 million reserves to pay for the project instead.

But district manager Jim Barrett said that wasn't possible under state law.

"The way we interpret Prop. 218 right now, we cannot use funds received from current ratepayers or water users to expand or extend the existing system to new users," said Barrett.

The 17-mile pipeline and three pump stations would provide Colorado River water to mostly longtime farmers in the valley who already obtain much of their water from the river via the All-American Canal, but get some from wells. But for this project, they would be considered new users of the pipeline because they'd be swapping out local well water for the imports on about 7,110 acres.

The project is necessary because of a looming 2040 state deadline to ensure that only as much water as is recharged into a system – like the aquifer below the farmers – is pulled out of it each year – as they do with wells.

Draining of aquifers is a serious concern statewide, with multiple users taking more water from underground supplies than can be replaced. The practice has in some cases led to the sinking of dams, bridges or roads on top of the groundwater supplies, researchers have found. In addition, policymakers and hydrologists are concerned about declining drinking water supplies in future decades due to overdrafting of aquifers coupled with rising heat, less rain and longer droughts, exacerbated by climate change.

Under the proposed project, Coachella Valley growers would stop pumping 27,000 acre-feet annually of water from wells that tap into the Indio sub-basin aquifer, and receive up to 32,000 acre-feet of Colorado River water instead.

While an initial phase of the so-called Oasis pipeline extension has been approved, the second phase, constructing a pipeline to run through the agricultural lands of about 80 to 100 growers, has been controversial. Debate has raged for nearly a decade on how to fund the proposal, Barrett said.

Three of the five directors on the district board would directly benefit from the project because they own or manage large farms, and had to recuse themselves from any decisions on the project. Using an arcane state law, they were allowed to pull a name from a hat to enable a quorum of directors to

vote on various aspects of the project, including financing. Board President John Powell, Jr., owner of Peter Rabbit Farms, was selected. Because only three members would vote on the proposition, they would need to unanimously support the plan.

On Tuesday, Powell expressed cautious approval for the long-term financing plan proposed by a staff financial analyst. Unlike growers in the Central Valley and elsewhere, who are staunchly opposed to the state water balancing policy, Powell said he and most other Coachella Valley farmers do not object because they already draw so much water from the river rather than underground.

But fellow directors Cástulo Estrada and Patrick O'Dowd voiced concerns about the proposal. Estrada wants to ensure it will not adversely impact urban ratepayers on the east side of the district in Indio, Coachella, La Quinta and smaller, low-income customers.

O'Dowd, like some outside critics, is more concerned about what he calls "balkanization" of water rates across the district, with different categories and prices for different types and locations of users. Palm Desert resident Randy Roberts, who attended Tuesday's meeting but did not want to comment after the meeting, has long criticized the district and its grower-dominated board for offering lower prices per acre-foot to farmers than to domestic water users. In an unrelated case, he sued the district in December charging they were illegally financing projects with state water project taxes.

Before the meeting, Roberts said he was heartened by the prospect that agricultural users would have to foot the bill for the pipeline extension, rather than all customers.

In addition to fast-draining aquifers across California, the Colorado River is also being depleted by overuse, which could be exacerbated in coming years by climate change effects. U.S. Bureau of Reclamation Commissioner Brenda Burman has given the seven states served by the Colorado River Basin until Jan. 31 to come up with a drought contingency plan that would keep more reserves in Lake Mead and Lake Powell. If they don't, she could declare a shortage for the first time in history.

But Coachella Valley board members and staff expressed confidence Tuesday that the area would not be affected by such a declaration because of existing contracts and water rights that supersede other states.

At the conclusion of the heated discussion of the staff bond proposal, O'Dowd said he agreed with the overall need for the project and would try to craft a method of funding that could work for him and share it with the other two board members and staff. That might mean not tying the funding to any existing, internal rate structure, which all agreed could be a possible solution.

"We'll get it done," said Powell.

DESERT WATER AGENCY
OUTREACH & CONSERVATION
ACTIVITIES

January 2019

Activities:

DATE	ACTIVITY
1/03	Ashley Metzger was on a live segment with KESQ about water wise New Year's resolutions.
1/03	Vicki Petek completed turf buy back post inspections.
1/03	Ashley Metzger was on an evening news "You Ask We Investigate" segment on NBC Palm Springs.
1/10	Ashley Metzger was on a live segment with KESQ about the Water Counts Academy.
1/14	Staff met with the Conservation & Public Affairs Committee.
1/17	Ashley Metzger was on a live segment with KESQ about the recent rain and snowpack conditions.
1/17	Ashley Metzger attended the Mission Springs Water District Board meeting.
1/19	Vicki Petek staffed a table and provided water and information at the Palm Springs Farmer's Market.
1/23	Ashley Metzger met with a Villas De Las Flores HOA Board Member to review water conservation achievements.
1/24	Ashley Metzger was on a live segment with KESQ about Help2Others and LIRA.
1/24	Vicki Petek completed turf buy back post inspections.
1/26	Ashley Metzger, Vicki Petek and Xochitl Peña staffed a table and provided water and information at the Palm Springs Health Run.
1/29	Mark Krause and Ashley Metzger met with Cathedral City representatives to discuss sustainability efforts.
1/29	Xochitl Peña attended Session 1 of the Water Counts Academy.
1/31	Xochitl Peña was interviewed on the Joey English radio show.
1/31	Ashley Metzger was on a live segment with KESQ on tourism and highlighted a ticket giveaway for Modernism Week's Landscape programs.

Public Information Releases/eBlasts/Customer notifications:

January 8: Construction Update in Old Las Palmas Neighborhood – Nextdoor

January 11: Rebates for landscaper services – email blast

January 16: Water Counts Academy 2019 – email blast

Upcoming Events

February 5, 12, 19, 23 – Water Counts Academy continues, UCR-Palm Desert and tour

February 5, 8:00 – DWA public hearing, DWA board room

February 8, 9:00 to 2:30 – DWA water trailer at Walk-a-Thon, Katherine Finchy Elementary School

February 19, 5:30 – DWA public hearing, Henry Lozano Community Center in Desert Hot Springs

February 23, 8:00 to 11:00 – DWA water trailer at Palm Springs Police Officers Association 5K, Ruth Hardy Park

February 27, 8:00 – 4:00 – DWA Facilities Tour



Analytics

All accounts > DWA main site
All Web Site Data ▾

Audience Overview

SAVE EXPORT SHARE INSIGHTS



All Users
100.00% Users



+ Add Segment

Jan 1, 2019 - Jan 30, 2019 ▾

Overview

Users ▾ VS. Select a metric

Hourly Day Week Month



Users

4,430

New Users

3,708

Sessions

5,619

Number of Sessions per User

1.27

Pageviews

12,293

Pages / Session

2.19

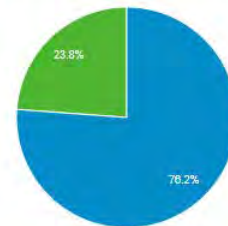
Avg. Session Duration

00:01:41

Bounce Rate

49.74%

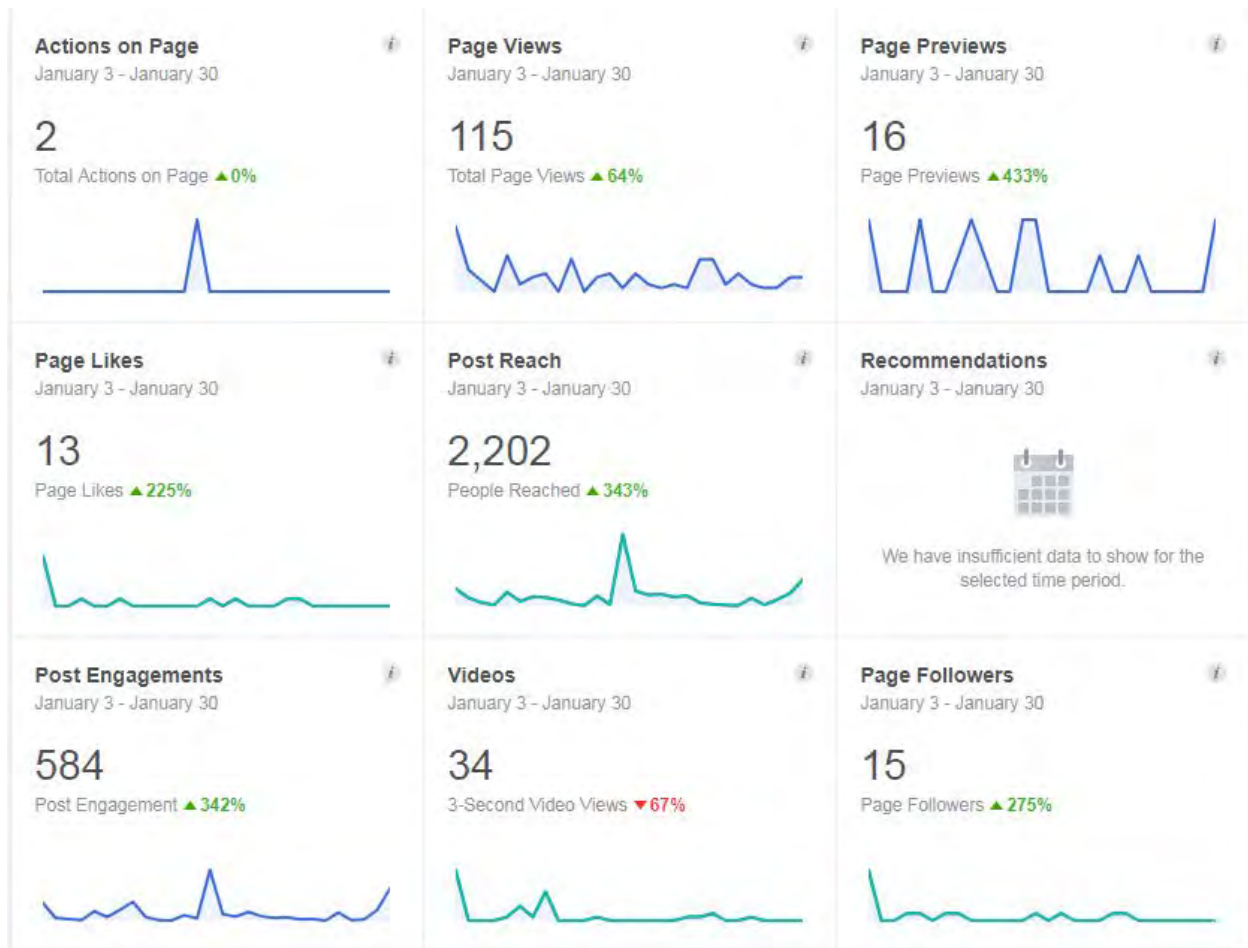
■ New Visitor ■ Returning Visitor



Language

	Users	% Users
1. en-us	4,145	93.55%
2. en-ca	65	1.47%
3. en-gb	57	1.29%
4. en	30	0.68%
5. es-419	21	0.47%
6. es-xl	13	0.29%
7. es-us	12	0.27%
8. it-it	8	0.18%
9. ko	8	0.18%
10. fr-fr	7	0.16%

Desert Water Agency Facebook Analytics January 2019



Facebook Analytics continued



■ Reach: Organic / Paid ■ Post Clicks ■ Reactions, Comments & Shares

Published	Post	Type	Targeting	Reach	Engagement	Promote
01/31/2019 8:09 AM	Win two tickets to Modernism Week, February 14-24! Like our post and			90	4 11	Boost Post
01/30/2019 10:13 AM	We recognized our outstanding employees this morning during our			220	42 17	Boost Post
01/29/2019 7:30 PM	The 2019 CV Water Counts Academy is underway - conservation			264	29 13	Boost Post
01/28/2019 9:00 AM	Place a bucket in the shower to capture water as it warms up. Use			233	9 10	Boost Post
01/26/2019 8:31 AM	What a nice day for a 5k! Enjoying the Palm Springs Health Run.			123	15 7	Boost Post
01/21/2019 9:00 AM	Today we honor Martin Luther King Jr. Our office is closed. See you on			154	6 5	Boost Post
01/20/2019 9:00 AM	Fix leaky faucets. Fixing a leaky faucet can save up to 20 gallons a			96	2 4	Boost Post
01/19/2019 11:32 AM	DWA is participating in the United Way of The Desert #UnitedInHealth			127	12 7	Boost Post
01/16/2019 8:00 AM	Curious about water in the desert? The 3rd annual Water Counts			1.3K	128 38	Boost Post
01/14/2019 11:50 AM	Be careful out there and turn off sprinklers so your yard can soak up			287	15 16	Boost Post
01/14/2019 9:00 AM	Check your local water agency for rebates. DWA has rebates for			110	0 3	Boost Post

Facebook Analytics continued



01/11/2019 10:23 AM		Way to go! Our customers used 13 % less water last month than in			99		2 5		Boost Post
01/10/2019 9:00 AM		Show your plants some love.			107		8 6		Boost Post
01/09/2019 4:04 PM		Here are some of our Palm Springs International Film Festival ticket			183		21 22		Boost Post
01/07/2019 1:50 PM		Check your inbox! We just direct messaged our 10 winners for the			133		3 7		Boost Post
01/07/2019 9:00 AM		Water saving tips! Resolutions are a great way to kick off the new year.			228		4 9		Boost Post
01/04/2019 8:00 AM		We're at the Farmers' Market in Palm Springs from 8 a.m. to noon on			106		1 2		Boost Post
01/03/2019 8:00 AM		Like our post and tag a friend you'd like to see a movie with to win two			307		21 33		Boost Post
01/01/2019 8:00 AM		Happy 2019! Conserving water is a great resolution. We're here to help --			100		2 2		Boost Post

Facebook Analytics continued



Total Page Likes as of Today: 1,162



BENCHMARK
Compare your average performance over time.

Total Page Likes

Net Likes

Net likes shows the number of new likes minus the number of unlikes.



BENCHMARK
Compare your average performance over time.

Unlikes

Organic Likes

Paid Likes

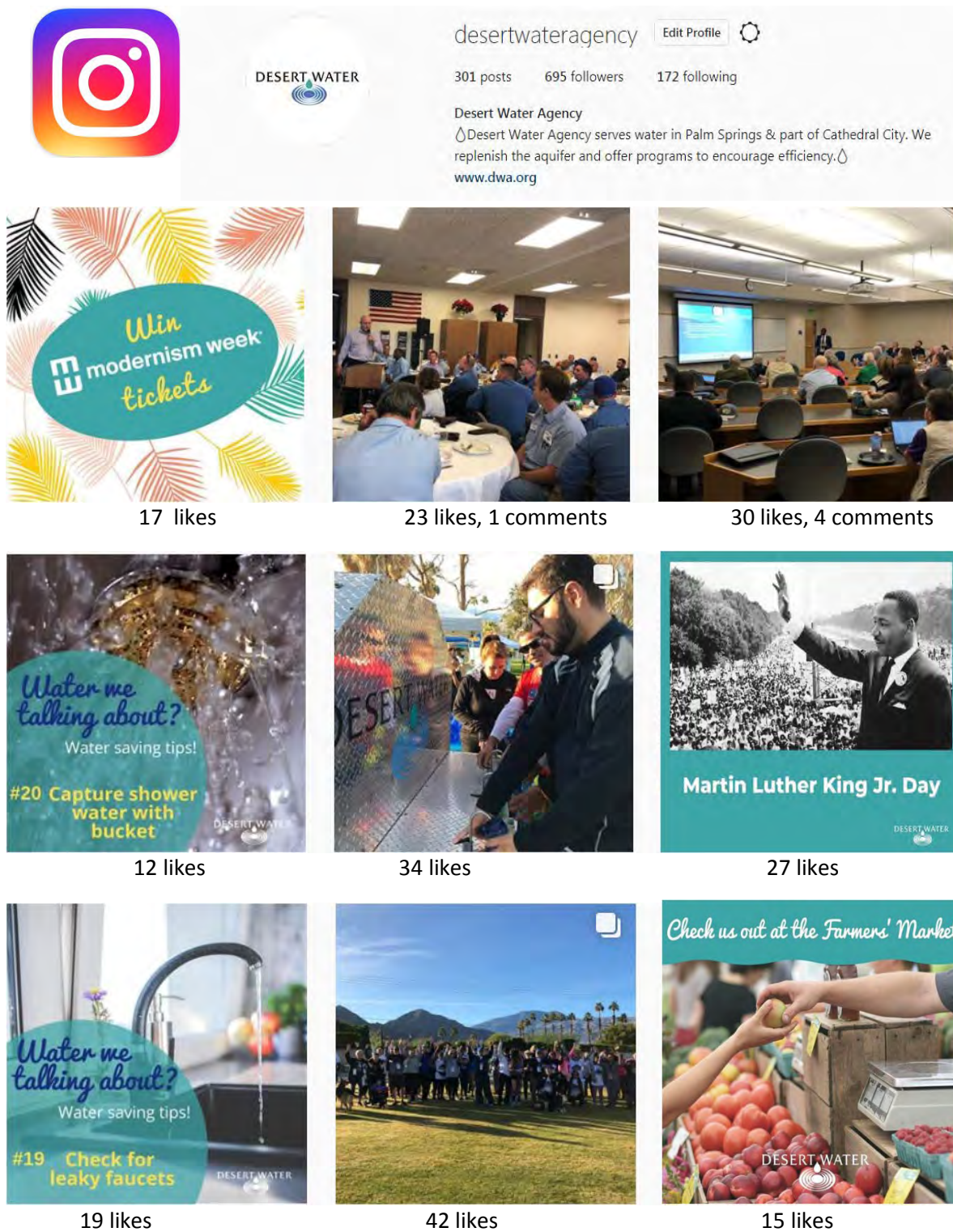
Net Likes

WANT MORE LIKES?

Create an ad to get more people to like your Page.

[Promote Page](#)


Instagram January 2019





Desert Water Agency

1200 S Gene Autry Trl, Palm Springs

 Outreach Specialist Xochitl Pena, Desert Water Agency **AGENCY**

Construction Update

Starting on Wednesday (1/9), Desert Water Agency will dig holes into the street to reach underground utilities. The work is to prepare for an upcoming pipeline upgrade. This process will last several days and will affect the following streets.

- Cahuilla Road, from Via Lola to Hermosa Place
- Hermosa Place, from Mission Road to Prescott Drive
- Mission Road, from Hermosa Place to Merito Place
- Hermosa Place, from Patencio Road to Mission Road
- Mountain View Place, from Mission Road to Prescott Drive
- Canyon Place, from Patencio Road to Mission Road
- Merito Place, from Patencio Road to North Palm Canyon Drive
- Prescott Drive, from Merito Place to El Alameda


Roads are expected to remain open, but will be narrowed in the work area and could cause traffic delays. Please use caution when traveling in the area because there will be crews working. Additionally, you may hear noise from the equipment. We appreciate your patience as we work to improve the water delivery system.

For questions or concerns, contact Xochitl Peña (Xochitl@dwa.org or 760-323-4971 extension 272) or Sarah Rapolla (Sarah@dwa.org or 760-323-4971 extension 127).



8 Jan · Subscribers of Desert Water Agency in 1 neighborhood

 Reply

 1 · 110 Impressions



Desert Water Agency

15,889 members

[Invite](#)

26% of 43,715 households

106 neighborhoods

Desert Water Agency Twitter Analytics January 2019



Desert Water Agency
 @DWAwater

Tweets
1,890

Following
1,540

Followers
1,099

Jan 2019 • 30 days so far...

TWEET HIGHLIGHTS

Top Tweet earned 1,559 impressions

Like our post and tag a friend you'd like to see a movie with to win two tickets to the Palm Springs International Film Festival. @PSFilmFest #PSIFF19
pic.twitter.com/FMQCIVwVFP



1 1 6

[View Tweet activity](#)

[View all Tweet activity](#)

Top Follower followed by 1,212 people



Vertex

@vertexgroup [FOLLOWS YOU](#)

Providing modern electric, water & gas utilities in NA greater agility and lower risk with VertexOne Cloud Platform for the entire enterprise.

[View profile](#)

[View followers dashboard](#)

Top mention earned 9 engagements



SWC

@SWC_CAWater - Jan 15

SWC Member Spotlight: @DWAwater has been recycling water since the 1980s to offset groundwater pumping & uses water from the State Water Project to keep groundwater levels stable. Successful groundwater management is crucial, especially in our state's desert regions. #CAWater pic.twitter.com/7WJ1cj7MQZ



1 1 3

[View Tweet](#)

Top media Tweet earned 283 impressions

Show your plants some love.
pic.twitter.com/O7WN4tWyxx



3

ADVERTISE ON TWITTER

Get your Tweets in front of more people

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

[Get started](#)

JAN 2019 SUMMARY

Tweets
20

Tweet impressions
9,266

Profile visits
338

Mentions
4

New followers
3