



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

Pursuant to the Governor's Executive Order N-29-20, there will be no public location for attending in person. Members of the public who wish to participate may do so by calling in at:

**Toll Free: (866) 899-4679
Access Code: 783-676-757**

or Via Computer:

<https://www.gotomeeting.com/meeting/join-meeting>

9 digit Meeting ID: 783676757

Members of the public who wish to comment on any item within the jurisdiction of the Agency or any item on the agenda should submit comments by emailing sbaca@dwa.org before 5:00 p.m. November 16. Comments will become part of the Board meeting record. Board members and staff will be participating in this meeting via teleconference.

****In order to reduce feedback, please mute your audio when you are not speaking.***

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** **STUART**
2. **ROLL CALL** **BACA**
3. **APPROVAL OF MINUTES - November 3, 2020** **STUART**
4. **GENERAL MANAGER'S REPORT** **KRAUSE**
5. **COMMITTEE REPORTS – A. Executive - November 12, 2020** **STUART**
6. **PUBLIC COMMENT:** Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
7. **SECRETARY-TREASURER'S REPORT (OCTOBER)** **EWING**
8. **ACTION ITEMS**
 - A. Request Board Authorization to Participate in the Delta Conveyance Project, Execute Funding Agreement and Approve Funding for Planning & Design Costs, Approve Amendments to the Design & Construction Authority Joint Powers Agreement, Approve MOU for Class 8 Election Procedures to DCA Board and Make Determination that the Actions are Exempt from CEQA (Resolution No 1245) **KRAUSE**
 - B. Request Board Approval for Extension of COVID-19 Financial Relief to Customers **SAENZ**
9. **DISCUSSION ITEMS**
 - A. October Water Use Reduction Figures **METZGER**
 - B. Director's Report on NWRA Virtual Conference – November 10 & 12, 2020 **BLOOMER**
10. **DIRECTORS COMMENTS/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
(Two Cases)

B. 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

C. 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

D. 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

E. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

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

Bonnie Kessner, et al vs. Desert Water Agency, et al

F. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION

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

Possible Intervention in Case: AT&T vs. County of Riverside

G. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION

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

(One Case)

12. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

13. ADJOURN

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

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

3

November 3, 2020

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

DWA Staff via Mark S. Krause, General Manager)
Teleconference: Steve Johnson, Assistant General Manager)
Esther Saenz, Finance Director)
Sylvia Baca, Asst. Secretary of the Board)
Ashley Metzger, Outreach & Conserv. Mgr.)

Consultants via Michael T. Riddell, Best Best & Krieger)
Teleconference: Bob Reeb, Reeb Government Relations, LLC)

Public via Ray Amico, Palm Springs Resident)
Teleconference: David Freedman, Palm Springs Sustain. Comm.)
Randy Duncan, Mission Springs Water District)
Steve Grasha, Mission Springs Water District)
Paul Ortega, Palm Springs Resident)

18934. President Stuart opened the meeting at 8:00 a.m. and asked everyone to join him in the Pledge of Allegiance. **Pledge of Allegiance**

18935. President Stuart called upon Assistant Secretary of the Board Baca to conduct the roll call: **Roll Call**

Present: Cioffi, Oygar, Ewing, Bloomer, Stuart

18936. President Stuart called for approval of the October 20, 2020 Regular Board Meeting Minutes. **Approval of 10/20/20 Regular Board Mtg. Minutes**

Secretary-Treasurer Ewing moved for approval. After a second by Director Oygar, the minutes were approved by the following roll call vote: **Approval of 10/20/20 Regular Board Mtg. Minutes (Cont.)**

AYES: Cioffi, Oygar, Ewing, Bloomer, Stuart
 NOES: None
 ABSENT: None
 ABSTAIN: None

18937. President Stuart called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause provided an update on Agency operations and noted his meetings and activities for the past several weeks.

18938. President Stuart noted the minutes for the October 22, 2020 Conservation & Public Affairs Committee meeting were provided in the Board's packet. **Committee Reports Conservation & Public Affairs 10/22/20**

President Stuart noted the minutes for the October 29, 2020 Executive Committee meeting were provided in the Board's packet. **Executive 10/29/20**

18939. President Stuart opened the meeting for public comment. **Public Comment**

Mr. Ortega wished the candidates good luck and then thanked Mr. Krause and staff for the informative facilities tour. He thanked Mrs. Metzger for last week's workshop titled Grass Be Gone. **Paul Ortega**

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

18940. President Stuart called upon General Manager Krause to present staff's Request for Adoption of Resolution No. 1243 Authorizing Amendments to the Agency's Long Term Water Supply Contract with the Department of Water Resources and Making Responsible Agency Findings Pursuant to the California Environmental Quality Act (CEQA) and Adopting CEQA Findings and Statement of Overriding Considerations. **Action Items: Request Adoption of Resolution No. 1243 Authorizing Amendments to the Agency's Long Term Water Supply Contract DWR & Making Responsible Agency Findings Pursuant to the CEQA and Adopting CEQA Findings and Statement of Overriding Considerations**

Mr. Krause reported that the proposed amendments to the State Water Project (SWP) Contract are based on the Agreement in Principle (AIP), which has been converted into contract amendment language developed by public water agencies that have SWP contracts with DWR (PWAs) and DWR attorneys. If approved, the proposed amendment would be effective when 24 of the SWP PWAs execute the amendment. He noted that DWR and the PWAs worked together to find solutions to develop water supply management practices to enhance management flexibility for SWP water supplies in a changing environment. The proposed contract amendment for the Board's consideration supplements and clarifies terms of the SWP water

supply contract related to water transfers and exchanges within the SWP service area to improve water management capabilities and options. The proposed amendment does not increase SWP diversions or change SWP operations.

Action Items:

(Cont.)
Request Adoption of
Resolution No. 1243

Mr. Krause pointed out the following on Transfers, specifically, the proposed contract amendment does the following; 1) Removes the Turnback Pool language from the contract, 2) Creates new flexibility for non-permanent transfers, including allowing PWAs to transfer water to other PWAs outside their service area to determine the duration (either single or multi-year) and terms of compensation for transfers, to execute Transfer Packages (2 or more transfer agreements between the same PWAs), and to transfer water stored outside their service territory directly to other PWAs, 3) Requires certain conditions be met to avoid harm to the SWP and other PWAs, 4) Requires DWR approval based on satisfaction of such conditions, 5) Permits PWAs to transfer Article 21 water with DWR approval after a demonstration of special need, 6) Allows PWAs to transfer or exchange up to 50% of their carryover water, 7) Adds provisions to ensure transparency, and 8) Provides for a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by a transfer.

Mr. Krause pointed out the proposed contract amendment does the following, among other things, with regards to exchanges of water; 1) Establishes clear criteria for exchanges to provide more clarity, 2) Sets exchange ratios based on Annual Table A water allocation percentages, up to 5 to 1, 3) Sets the maximum cost compensation for an exchange, 4) Allows exchanges to be carried out over a 10 year period (meaning water could be returned over 10 years), 5) Permits the exchange or transfer of up to 50% of PWAs carryover water, 6) Requires certain conditions to be met to avoid harm to the SWP and other PWAs, 7) Adds provisions to ensure transparency, and 8) Provides for a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by an exchange. Overall, the proposed amendments provide improved flexibility for PWAs to utilize water transfers and exchanges to better manage their SWP water supplies in a dynamic environment.

He then explained that the proposed contract amendment to the Agency's long term water supply contract with DWR is a uniform amendment that all PWAs are considering. Pursuant to the terms of the proposed amendment, it will go into effect on the last day of the month after 24 PWAs have executed the contract amendment. If 24 or more PWAs have not executed the amendment by February 28, 2021, DWR may decide in consultation with those PWAs who have executed it whether to allow the amendment to take effect.

Concluding his report, Mr. Krause noted the Final EIR determined that the Project would have significant and unavoidable impacts

to groundwater hydrology and water quality, and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project.

Action Items:
(Cont.)
Request Adoption of
Resolution No. 1243

Mr. Krause stated there are no financial impacts of approving the proposed contract amendment. Staff requests approving and adopting Resolution No. 1243 to (1) authorize the General Manager to execute the proposed amendment to the Agency's long term water supply contract with DWR regarding enhance water management tools and (2) make responsible agency findings pursuant to the California Environmental Quality Act for the Final Environmental Impact Report for the State Water Project Supply Contract Amendments for Water Management, and adopt CEQA Findings and Statement of Overriding Considerations for the Project.

Director Oygar moved for approval. After a second by Director Cioffi, the motion carried by the following roll call vote:

AYES: Cioffi, Oygar, Ewing, Bloomer, Stuart
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 1243
Adopted

RESOLUTION NO. 1243

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY (1) AUTHORIZING AMENDMENTS TO THE AGENCY'S LONG TERM WATER SUPPLY CONTRACT WITH THE DEPARTMENT OF WATER RESOURCES TO SUPPLEMENT AND CLARIFY WATER MANAGEMENT TOOLS REGARDING TRANSFERS AND EXCHANGES OF SWP WATER; AND (2) MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO CEQA FOR THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE STATE WATER PROJECT SUPPLY CONTRACT AMENDMENTS FOR WATER MANAGEMENT, AND ADOPTING CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

In response to Director Oygar, Mr. Krause explained there is a schedule for voting and 11 of the 15 Agency Boards have adopted the agreement at this time.

In response to Secretary-Treasurer Ewing, Mr. Krause explained that the EIR has been thoroughly vetted and he does not know of any challenges against it.

18941. President Stuart called upon Assistant General Manager Johnson to present staff's Request for Authorization to Participate in 2020-2021 USGS Cooperative Water Resources Program.

Action Items:

(Cont.)

Request Authorization to Participate in 2020-2021 USGS Cooperative Water Resources Program

Mr. Johnson reported the Agency, along with Coachella Valley Water District, Riverside County Flood Control, and Water Conservation District ("Agencies") and the USGS will share the costs for the operation and maintenance of a number of stream gaging facilities, as well as a ground and surface water quality program.

He noted the following changes to the Joint Funding Agreement. The agreement now ends on September 30, so the calculated costs for all work is for eleven months instead of twelve. This reduces the Agency's total cost compared to last year (\$84,280 vs. \$88,965); however, the monthly cost did increase from \$7,413.75 to \$7,661.82, or approximately 3.3%. Another major change going forward is the amount of Customer Matching Funds (CMF) the Agency will be receiving. Last year, the Agency received \$36,050 in matching funds. This year, the total matching fund dropped to \$33,305. According to a USGS representative, the matching fund will remain at \$33,305 for future years and will not increase unless the Federal Government decides to increase it. He indicated that this will change the cost share ratio, increasing the Agencies share percent. In past years, the cost share ratio was approximately 60/40 (Agencies to USGS), with the USGS absorbing about 10% of the administration costs per gaging station. Staff recommends authorization to participate in the 2020-2021 United States Geological Survey Cooperative Water Resources Program.

Director Cioffi moved for approval. After a second by Secretary-Treasurer Ewing, the motion carried by the following roll call vote:

AYES: Cioffi, Oygar, Ewing, Bloomer, Stuart
 NOES: None
 ABSENT: None
 ABSTAIN: None

18942. President Stuart called upon General Manager Krause to present staff's Request for Authorization for the General Manager to Execute an Agreement Between Ernst & Young, LLP, for the Assessment of the East Branch Enlargement and Improvement Allocation Percentages Used in the East Branch Enlargement Calculation of Cost.

Request Authorization for the GM to Execute an Agreement Between Ernst & Young, LLP, for the Assessment of the East Branch Enlargement & Improvement Allocation Percentages Used in the East Branch Enlargement Calculation of Cost

Mr. Krause reported that since signing the contract with the Department of Water Resources (DWR), Desert Water Agency (DWA) has been allocated costs for the East Branch of the State Water Project (SWP). Since that time DWA has made several changes to its supply, changing its point of diversion to facilitate delivery of its supplies to Metropolitan Water District (MWD) for exchange, increasing its permanent Table A supply from

38,100 acre-feet to 55,750 acre-feet and through purchases of additional Table A and entering into an agreement for the temporary transfer of 100,000 acre-feet of Table A (DWAs portion, 11,900 acre-feet). He noted that other East Branch Contractors have made similar changes affecting their allocation of costs. Following the execution of the Agency's original contract with DWR the East Branch Enlargement (EBE) project was undertaken between 1967 and 1972 to increase the capacity of the East Branch. He noted the cost allocation adjustment methodology used by DWR as a result of these changes has been an unresolved issue between the East Branch Contractors and DWR for decades. In 1994 DWR developed an interim cost allocation methodology for review by the participating contractors. Due to other priorities, the methodology was not approved by all parties involved and has remained that way to the present day.

Action Items:

(Cont.)

Request Authorization for the GM to Execute an Agreement Between Ernst & Young, LLP

Mr. Krause explained that DWR has renewed its efforts to settle this cost allocation issue as a necessary first step in resolving other broader financial issues involving all of the State Water Contractors. This renewed effort has been ongoing for the last few years. He noted that under the current cost allocation methodology, charges allocated to DWA do not agree with the proposed cost allocation methodology. Because the Agency requested its point of diversion be moved downstream, DWA now uses more East Branch facilities and have increased the Table A amount. He pointed out that DWA uses more capacity than originally contracted noting that the Agency's actual costs and benefits have increased without being billed for some of the increases instead, other East Branch Contractors have paid those increased costs. He explained that the costs calculations have not been finalized by DWR however, preliminary estimates show the Agency owes several million dollars for costs that were not collected (in excess of 5 million dollars). The cost adjustment to the Agency's annual SWP Statement of Charges will also be increased going forward.

Mr. Krause went on to state that the analysis is quite complicated, involving estimated cost share of facilities based on flow capacity and volumes and on the accounting principles used by DWR. The new allocation affects the cost allocation of all East Branch Contractors. He reported that CVWD also has unresolved deferred costs and has for this reason, solicited the services of Ernst & Young, LLP (E&Y) to review DWR's cost allocation method to determine if DWR is allocating costs in accordance with our contracts and applying standard practices and methodologies to the calculation. He announced that E&Y was selected for this analysis because they regularly prepare audits of the SWP and they are very familiar with DWRs accounting practices and methodologies. CVWD has requested DWA's financial participation with E&Y service costs. He reported that CVWD has executed an agreement identical to the one proposed for DWA and is being proposed that DWA split the cost of this project equally with CVWD. He noted the fee for completing all procedures is not to exceed \$39,100. Staff requests authorization for the General Manager to execute the

agreement between Ernst & Young, LLP, for the assessment of the East Branch Enlargement and Improvement Allocation Percentages used in the East Branch Enlargement calculation for a cost not to exceed \$39,100. The expected completion date is February 2021.

Action Items:

(Cont.)

Request Authorization for the GM to Execute an Agreement Between Ernst & Young, LLP

Director Cioffi moved for approval. After a second by Secretary-Treasurer Ewing, the motion carried by the following roll call vote:

AYES: Cioffi, Oygur, Ewing, Bloomer, Stuart
 NOES: None
 ABSENT: None
 ABSTAIN: None

In response to Director Cioffi, Mr. Krause explained that the contract with Ernst & Young, LLP is an amendment to an existing contract.

In response to Director Oygur, Mr. Krause explained preliminary estimates for past costs not collected are in the millions of dollars. He noted once the cost allocation has been amended, the Agency will continue to pay its share with an option to amortize.

18943. President Stuart re-opened public comment.

Re-open Public

Comment

Mr. Duncan

Mr. Duncan thanked Secretary-Treasurer Ewing for his service on the Board and commended Board and Staff for their expertise in bringing water service to the community.

Mr. Amico thanked the Board and Staff for their assistance and congratulated Mr. Ortega on his appointment to the Board. He then thanked Mrs. Metzger for last week's workshop titled Grass Be Gone.

Mr. Amico

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

18944. President Stuart asked Mr. Reeb to present his 2020 Annual Legislative Report.

Discussion Items:

Legislative Report

Mr. Reeb thanked Secretary-Treasurer Ewing for his service on the Board and wished him the best on his retirement. He then provided a highlight of his report and discussed the following items: 1) State Budget, 2) Climate Resilience Bonds, 3) Agency Activity in the Legislature, and 4) Agency Activity in the Development of Regulations.

18945. President Stuart noted that Board packets included Outreach & Conservation reports for October 2020.

Outreach &
 Conservation –
 October 2020
 Activities & Events

In addition to the report presented, Outreach & Conservation Manager Metzger announced the Little Free Library is being installed tomorrow with a grand opening scheduled for Saturday. She then reported that she responded to Mr. Yakimow's correspondence. Concluding her report, she noted two future webinars she will be conducting; 1). Pipeline Replacements and 2). Succulent ornament crafting .

Discussion Items:
(Cont.)
Outreach &
Conservation –
October 2020

In response to Secretary-Treasurer Ewing, Mrs. Metzger noted that the Agency is accepting books for the Little Free Library.

18946. President Stuart called upon Agency Counsel Riddell to provide a report on the October 15, 2020 Board of Directors of the State Water Contractors meeting.

10/15/20 SWC Mtg.

Mr. Riddell provided a report on the following items; 1) Legislative Report, 2) Energy Objectives and 3) Water Supply Report.

Director Cioffi noted the reservoirs are in good shape and should get through this dry year.

18947. Vice President Bloomer, Director Cioffi and President Stuart noted their attendance at the Urban Water Institute Webinar where Mr. Kightlinger, General Manager of Metropolitan Water District spoke on Climate Change, Projects and the Water Shed.

Directors' Report on
Urban Water Institute
Virtual Meeting
10/21/20

18948. Director Cioffi thanked Secretary-Treasurer Ewing for his service and dedication on the Board.

**Director's
Comments/Requests**

Director Cioffi

Secretary-Treasurer Ewing thanked Mr. Duncan, Mr. Reeb and Director Cioffi for their comments.

Secretary-Treasurer
Ewing

President Stuart thanked Secretary-Treasurer Ewing for his service on the Board.

President Stuart

18949. At 9:45 a.m., President Stuart convened into a Teleconference 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 (2 Cases); (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Albrecht et al vs. County of Riverside; (D) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Abbey et al vs. County of Riverside; (E) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1) Bonnie Kessner, et al vs. Desert Water Agency, et al; (F) Pending Litigation, Pursuant to Government Code Section 54956.9 (d) (2), Possible Intervention in Case: AT&T vs. County of Riverside, and, (G)

Closed Session:

A. Existing Litigation –
ACBCI vs. CVWD, et
al. (2 cases)
B. Existing Litigation –
MSWD vs. DWA
C. Existing Litigation –
Albrecht et al vs.
Riverside County
D. Existing Litigation –
Abbey et al vs.
Riverside County
E. Existing Litigation-
Bonnie Kessner, et al
vs. Desert Water
Agency et al

Potential Litigation, Pursuant to Government Code Section 54956.9 (d) (2) (1 Case).

18950. At 11:00 a.m., General Manager Krause reconvened the meeting into open session and announced there was no reportable action taken.

18951. In the absence of any further business, General Manager Krause adjourned the meeting at 11:01 a.m.

Closed Session:

(Cont.)

F. Pending Litigation - Possible Intervention in

Case: AT&T vs.

County of Riverside

G. Potential Litigation- (1 Case)

Reconvene – No Reportable Action

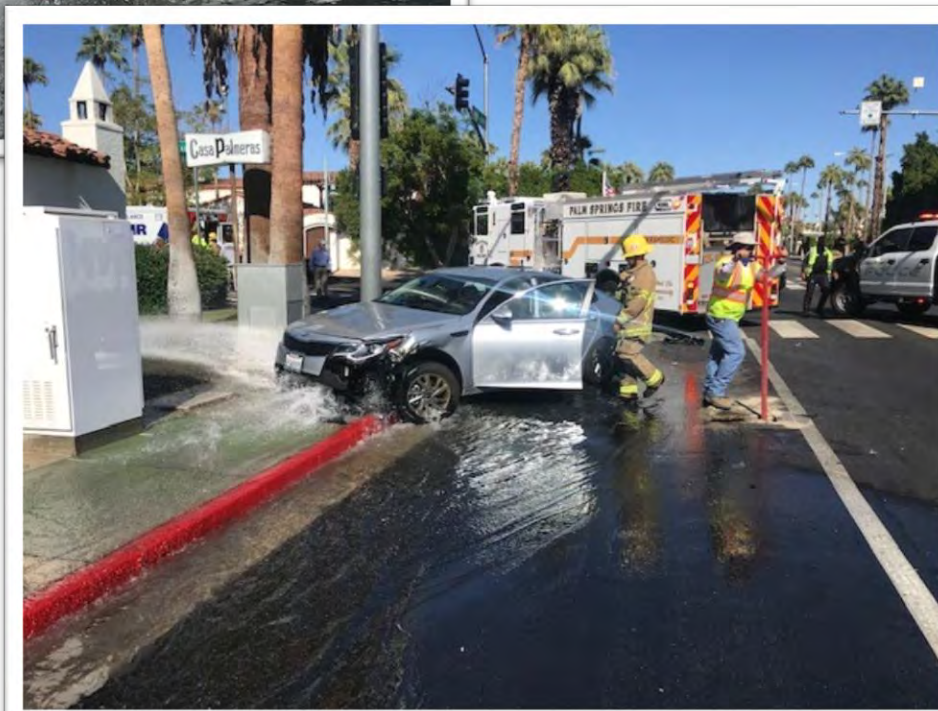
Adjournment

Sylvia Baca
Assistant Secretary of the Board

GENERAL MANAGER'S REPORT NOVEMBER 17, 2020

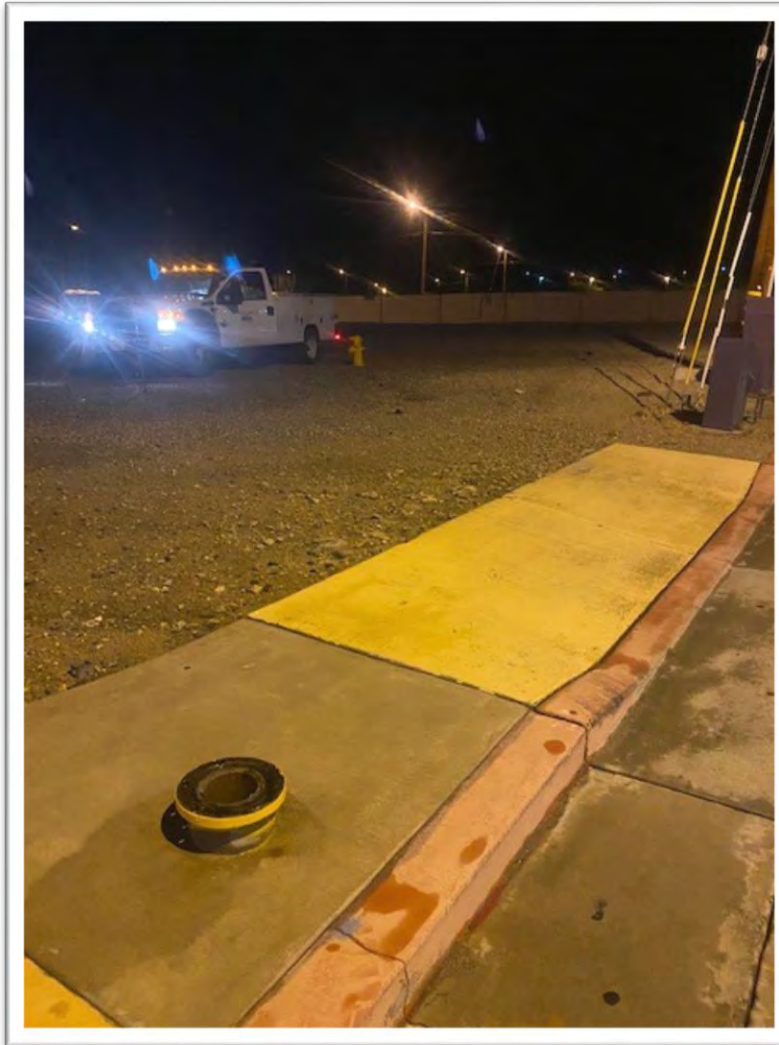
Damaged Fire Hydrant (Indian Canyon Drive)

On November 4 at approximately 10:30 a.m., Construction staff responded to a report of a hit fire hydrant on the west side of Indian Canyon Dr., just south of Tamarisk Rd. Staff replaced the bolts, gasket and placed it back in service. The water loss was from a fully open fire hydrant bury which ran for approximately 30 minutes. A police report was filed.



Damaged Fire Hydrant (Buddy Rogers Ave. & East Palm Canyon Dr., Cathedral City)

On November 11 at approximately 9:30 p.m., Construction staff responded to a report of a hit (hit & run) fire hydrant on the south east corner of Buddy Rogers Ave. and East Palm Canyon Dr. in Cathedral City. Staff replaced the bolts, gasket and placed it back in service. The water loss was from a fully open fire hydrant bury which ran for approximately 45 minutes. A police report was filed.



SWP Delivery and Whitewater Hydro Generation Update

As of November 09, 2020, it is estimated that approximately 76,830 AF of water has been delivered to the Whitewater basins. Whitewater basin deliveries are expected to continue through the end of the year.

For the month of October, Whitewater Hydro Plant generated about 604,850 kWh, which will result in an anticipated SCE settlement amount of \$53,200.

On November 06, at approximately 2:00 p.m., the hydro plant was placed offline due to inclement weather. The plant remained offline until 10:00 a.m. November 9, at which time it was restarted.

For 2020 at Mission Creek basins, a total of 1,768 AF has been delivered. This is about 4.5% of the total Table A amount that is scheduled for this year. No more water deliveries are anticipated for Mission Creek for the rest of the year.

Human Resource's Meetings and Activities

Meetings:

10/20/2020	DWA Board Meeting	Virtual Meeting
10/26/2020	DWA Engineering/Ops Meeting	Virtual Meeting
11/09/2020	Weekly Staff Meeting	Virtual Meeting
11/16/2020	Weekly Staff Meeting	Virtual Meeting

Activities:

10/29/2020	JPIA Risk Control Manual Webinar	Virtual Meeting
10/29/2020	Webinar: Exploring Careers in the Water & Wastewater Industry	Virtual Meeting
11/04/2020	DWA Careers Webinar planning Discussion	Virtual Meeting
11/05/2020	Customer Service Supervisor Interviews	Virtual Meetings
11/06/2020	Records Retention Policy Review with General Manager	Virtual Meeting
11/09/2020	DOT Random Drug Testing	DWA Offices

DWA's offices will be closed Thursday, Nov. 26 and Friday, Nov. 27 for the Thanksgiving holiday.



Unless the Board objects, gift cards in the amount of \$50 will be purchased and distributed in December to Agency employees.

SYSTEM LEAK DATA					
(PERIOD BEGINNING OCTOBER 27, 2020 THRU NOVEMBER 9, 2020)					
STREET NAME	NUMBER OF LEAKS	PIPE DIAMETER (INCHES)	YEAR INSTALLED	PIPE MATERIAL	PIPE CONSTRUCTION
LURING DR	3	4	1957	STEEL	BARE/UNLINED
VIA VAQUERO	3	4	1958	STEEL	BARE/UNLINED
VIA SOLEDAD	2	4	1955	STEEL	BARE/UNLINED
RAMON RD	1	12	1956	STEEL	BARE/UNLINED
S PALM CANYON DR	1	10	1938	STEEL	BARE/UNLINED
TAHQUITZ CANYON WY	1	8	1946	STEEL	BARE/UNLINED
INDIAN CANYON DR	1	6	1951	STEEL	BARE/UNLINED
MOUNTAIN VIEW PL	1	6	1953	STEEL	BARE/UNLINED
E PALM CANYON DR	1	6	1955	STEEL	BARE/UNLINED
CERRITOS DR	1	6	1955	STEEL	BARE/UNLINED
ANDREAS RD	1	6	1958	STEEL	BARE/UNLINED
CALLE MARCUS	1	4	1945	STEEL	BARE/UNLINED
CALLE DE CARLOS	1	4	1946	STEEL	BARE/UNLINED
SAN LUCAS RD	1	4	1948	STEEL	BARE/UNLINED
S RIVERSIDE DR	1	4	1948	STEEL	BARE/UNLINED
N RIVERSIDE DR	1	4	1948	STEEL	BARE/UNLINED
TOTAL LEAKS IN SYSTEM:		21			

Streets highlighted in green are being proposed as part of the
2020/2021 Replacement Pipeline Project

SYSTEM INFORMATION:	
OLDEST PIPE IN THE SYSTEM (YEAR OF INSTALLATION):	1935
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 70 YEARS (LINEAR FEET):	128,186
TOTAL LENGTH OF UNLINED PIPE SYSTEMWIDE (LINEAR FEET):	297,672
*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 70 YEARS:	9 YEARS
YEAR AGENCY TRANSITIONED TO CEMENT LINED STEEL PIPE:	1960
<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 Oct. 27,
2020 thru Nov. 9, 2020)

VIA SOLEDAD - 2020/2021 REPLACEMENT PIPELINES



General Manager's Meetings and Activities

Meetings:

11/03/20	DWA Bi-Monthly Board Mtg.	Conf Call
11/03/20	WWRF BLM R/W Grant Cooperators Mtg.	Conf Call
11/03/20	IAA and E&Y Procedures Status Meeting	Conf Call
11/04/20	Driscoll Prop 218 PRA request/BBK Info	Conf Call
11/04/20	2019-20 Annual Report Progress Indio Subbasin	Conf Call
11/05/20	Water Rights Mediator Introduction Meeting All Participants	Conf Call
11/05/20	Water Rights Mediator Introduction Meeting CVWD/DWA	Conf Call
11/05/20	Sites Reservoir Financing and Integration with SWP	Conf Call
11/06/20	SWC Issues Conference	Conf Call
11/06/20	DWA Doc. Retention Policy Individ. Mtgs w/ Dept. Heads	Conf Call
11/09/20	DWA Weekly Staff Mtgs.	Conf Call
11/09/20	SWC Class 8 Mtg.	Conf Call
11/10/20	SGMA Indio GSA Workshop Rehearsal	Conf Call
11/12/20	DWA Executive Committee Mtg.	Conf Call
11/16/20	DWA Weekly Staff Mtgs.	Conf Call
11/16/20	Desert/Coachella/MWD Coordination Call	Conf Call
11/17/20	Meeting with I.S. Department	Conf Call
11/17/20	WWRF BLM R/W Grant Cooperators Mtg.	Conf Call
11/17/20	SGMA MCSB GSA GSP Update Mtg.	Conf Call
11/17/20	DWA Bi-Monthly Board Mtg.	Conf Call

Activities:

- 1) SWP Contract Extension Amendment
- 2) DWA Remote Meter Reading Fixed Network
- 3) Whitewater Hydro – Automatic Re-start
- 4) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 5) Whitewater River Surface Water Recharge
- 6) Lake Oroville Spillway FEMA funding
- 7) Replacement Pipelines 2020-2021
- 8) DC Project – Finance JPA Committee (Standing)
- 9) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water (Standing)
- 10) DWA/CVWD/MWD Exchange Agreement Coordination Committee (Standing)
- 11) SWP 2020 Water Supply
- 12) ACBCI Water Rights Lawsuit
- 13) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 14) SGMA Tribal Stakeholder Meetings

Activities: (Cont.)

- 15) Whitewater Spreading Basins – BLM Permits
- 16) Delta Conveyance Project Cost Allocation
- 17) DWA Surface Water Filtration Feasibility Snow Creek Village/Palm Oasis
- 18) MCSB Delivery Updates
- 19) Well 6 Meaders Cleaners RWQB Meetings
- 20) SWP East Branch Enlargement Cost Allocation
- 21) UWMP Population Calculation Update/Valley-Wide UWMP
- 22) RWQCB Update to the SNMP
- 23) SGMA – San Geronio Pass Subbasin

Minutes
Executive Committee Meeting
November 12, 2020

Directors Present: Joseph Stuart, Kristin Bloomer

Staff Present: Mark Krause, Steve Johnson, Esther Saenz, Sylvia Baca

1. Discussion Items

A. Review Agenda for November 17, 2020 Regular Board Meeting

The proposed agenda for the November 17, 2020 meeting was reviewed.

B. Review Proposed 2021-2022 Bob Reeb Contract

The Committee reviewed the proposed 2021-2022 contract for Legislative Lobbyist Reeb. Staff will place this item for Board consideration at the December 1 meeting.

2. Adjourn

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

OCTOBER 2020

INVESTED
RESERVE FUNDS
\$34,063,457.27

BALANCE	OCTOBER 1, 2020	(\$1,394,104.42)	
WATER SALES		\$3,753,036.02	
RECLAMATION SALES		90,383.21	
WASTEWATER RECEIPTS		113,644.50	
POWER SALES		0.00	
METERS, SERVICES, ETC.		288,964.00	
REIMBURSEMENT – GENERAL FUND		0.00	
REIMBURSEMENT – WASTEWATER FUND		0.00	
ACCOUNTS RECEIVABLE – OTHER		24,164.57	
CUSTOMER DEPOSITS – SURETY		6,366.00	
CUSTOMER DEPOSITS – CONST.		0.00	
LEASE REVENUE		76,787.69	
INTEREST RECEIVED ON INV. FDS.		57,718.97	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		<u>10,847.36</u>	
TOTAL RECEIPTS		\$4,421,912.32	
PAYMENTS			
PAYROLL CHECKS		\$422,855.77	
PAYROLL TAXES		208,795.39	
ELECTRONIC TRANSFERS		120,164.03	
CHECKS UNDER \$10,000.00		239,830.36	
CHECKS OVER \$10,000.00 – SCH. #1		3,700,361.34	
CANCELLED CHECKS AND FEES		<u>14,306.21</u>	
TOTAL PAYMENTS		<u>\$4,706,313.10</u>	
NET INCOME		(\$284,400.78)	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		<u>\$0.00</u>	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$2,360,000.00	
FUNDS INVESTED – SCH. #3		<u>2,237,018.97</u>	
NET TRANSFER			<u>\$122,981.03 (\$122,981.03)</u>
BALANCE	OCTOBER 31, 2020	(\$1,555,524.17)	\$33,940,476.24

DESERT WATER AGENCY
Operating Fund
Schedule #1 - Checks Over \$10,000

October 2020

Check #	Name	Description	Amount
126641	ACWA/JPIA	Workers Compensation Premium / July - September 2020	\$ 66,275.20
126686	Southern California Edison	Power	\$ 311,270.47
126710	Desert Water Agency - Wastewater	Wastewater revenue billing - September 2020	\$ 71,756.78
126733	Desert Water Agency - General Fund	Ground water billing / July - September	\$ 1,587,231.42
126734	ACWA/JPIA	Liability Insurance 2020/2021	\$ 219,062.00
126739	American Backflow Specialties	Water service supplies	\$ 19,194.41
126746	Beck Oil Inc	Fuel purchase	\$ 15,776.90
126748	Best Best & Krieger LLP	Legal fees	\$ 102,556.11
126754	Cleanexcel, Inc	Cleaning services - October 2020	\$ 14,772.00
126757	Core & Main LP	Water service supplies	\$ 57,506.91
126767	Down to Earth Landscaping	Landscape maintenance	\$ 35,358.22
126774	Ferguson Waterworks	Water service supplies	\$ 31,970.46
126775	Fiesta Ford Lincoln Corp	Vehicle purchase - Unit #35	\$ 37,074.08
126776	Frontier	Phone system upgrade	\$ 24,085.63
126792	Inland Water Works Supplu	Water service supplies	\$ 55,658.06
126793	Jones Bros Construction Co.	2019/2020 Pipeline replacement - Progress payment #3 - (W/O# 19-113-30)	\$ 691,814.08
126799	Krieger & Stewart Inc.	Engineering	\$ 159,046.49
126800	Landmark Consulting Inc.	Soil testing	\$ 17,775.00
126813	Outflow Technologies	Programming - Core backoffice project (W/O # 18-179-M)	\$ 60,865.00
126835	Southland Pipie Corp	Water service supplies	\$ 17,913.62
126838	Thatcher Company of California	Water service supplies	\$ 31,184.23
126845	United Water Works Inc.	Water service supplies	\$ 36,835.27
126853	Z&L Paving	Paving	\$ 35,379.00
Total			\$ 3,700,361.34

Monthly Investment Portfolio Report

As of 10/31/2020

AGG- Operating Fund (213426)

Dated: 11/10/2020

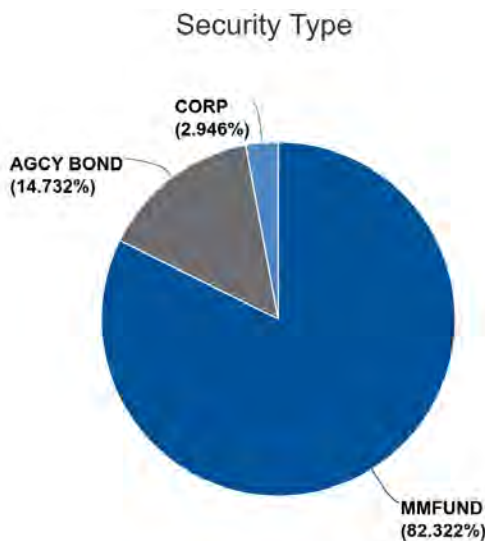


Chart calculated by: PAR Value

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - OP	---	---	10/31/2020	10/31/2020	27,940,016.24	27,940,016.24	27,940,016.24	---
LAIF Money Market Fund LAIF - OP	---	---	10/31/2020	10/31/2020	27,940,016.24	27,940,016.24	27,940,016.24	---

AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc OP	08/20/2020	08/20/2021	08/20/2025	08/20/2025	1,000,000.00	1,000,000.00	1,000,000.00	0.625%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	06/30/2020	06/30/2021	06/30/2025	06/30/2025	1,000,000.00	1,000,000.00	1,000,000.00	0.730%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	08/12/2020	08/12/2022	08/12/2025	08/12/2025	1,000,000.00	1,000,000.00	1,000,000.00	0.560%
FEDERAL HOME LOAN BANKS UnionBanc OP	04/29/2020	04/29/2021	04/29/2024	04/29/2024	1,000,000.00	1,000,000.00	1,000,000.00	0.740%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	06/16/2020	12/09/2020	06/09/2025	06/09/2025	1,000,000.00	999,750.00	999,750.00	0.805%
--- UnionBanc OP	---	---	04/20/2025	04/20/2025	5,000,000.00	4,999,750.00	4,999,750.00	0.692%

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
WELLS FARGO BANK NA UnionBanc OP	10/04/2019	09/09/2021	09/09/2021	09/09/2022	1,000,000.00	1,000,710.00	1,007,780.00	1.626%

Monthly Investment Portfolio Report

As of 10/31/2020

AGG- Operating Fund (213426)

Dated: 11/10/2020

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
WELLS FARGO BANK NA UnionBanc OP	10/04/2019	09/09/2021	09/09/2021	09/09/2022	1,000,000.00	1,000,710.00	1,007,780.00	1.626%

Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	07/08/2021	07/19/2021	33,940,016.24	33,940,476.24	33,947,546.24	0.849%

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

OCTOBER 2020

INVESTED
RESERVE FUNDS
\$156,163,495.72

BALANCE	OCTOBER 1, 2020	(\$2,199,827.88)	
* TAXES - RIVERSIDE COUNTY		588,426.81	
* INTEREST EARNED - INV. FUNDS		285,787.03	
GROUNDWATER REPLEN. ASSESSMENT		1,627,533.75	
REIMBURSEMENT - OPERATING FUND		0.00	
REIMBURSEMENT - CVWD MGMT AGRMT		0.00	
STATE WATER PROJECT REFUNDS		429,052.00	
REIMB - CVWD - WHITEWATER HYDRO		314.63	
POWER SALES - WHITEWATER		17,803.77	
MISCELLANEOUS		<u>0.00</u>	
TOTAL RECEIPTS		\$2,948,917.99	
PAYMENTS			
CHECKS UNDER \$10,000.00		29,406.62	
CHECKS OVER \$10,000.00 - SCH. #1		817,742.00	
CANCELLED CHECKS AND FEES		<u>311,371.25</u>	
TOTAL PAYMENTS		<u>\$1,158,519.87</u>	
NET INCOME		\$1,790,398.12	
INVESTED RESERVE FUNDS			
FUNDS MATURED		20,093,000.00	
FUNDS INVESTED - SCH. #2		<u>18,251,420.36</u>	
NET TRANSFER		\$1,841,579.64	(\$1,841,579.64)
BALANCE	OCTOBER 31, 2020	\$1,432,149.88	\$154,321,916.08
* INCLUSIVE TO DATE		TAXES	INTEREST
RECEIPTS IN FISCAL YEAR		\$1,283,699.47	\$933,919.56
RECEIPTS IN CALENDAR YEAR		\$26,087,764.85	\$2,440,868.70

DESERT WATER AGENCY

General Fund

Schedule #1 - Checks Over \$10,000

October 2020

Check #	Name	Description	Amount
9438	State of California Department of Water Resources	State Water Project entitlement - July 2020	\$ 14,852.00
9440	State of California Department of Water Resources	State Water Project - October 2020	\$ 767,959.00
9443	Best Best & Krieger	Legal Fees	\$ 34,931.00
Total			\$ 817,742.00

Monthly Investment Portfolio Report

As of 10/31/2020

AGG- General Fund (213428)

Dated: 11/10/2020

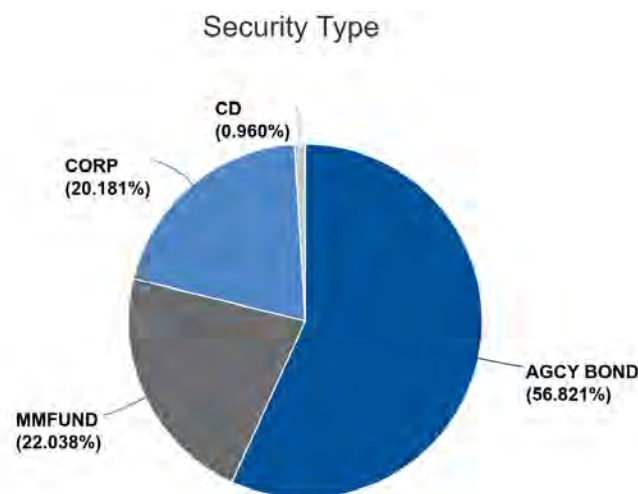


Chart calculated by: PAR Value

AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL NATIONAL MORTGAGE ASSOCIATION DWA-Alamo Capital	09/06/2019	---	09/06/2022	09/06/2022	1,000,000.00	996,520.00	1,023,200.00	0.406%
FEDERAL NATIONAL MORTGAGE ASSOCIATION DWA-Alamo Capital	08/25/2020	---	08/25/2025	08/25/2025	3,000,000.00	2,985,965.00	2,985,960.00	0.470%
FEDERAL HOME LOAN MORTGAGE CORP DWA-Alamo Capital	07/08/2020	12/30/2020	06/30/2025	06/30/2025	3,000,000.00	3,000,005.00	3,000,000.00	0.750%
FEDERAL FARM CREDIT BANKS FUNDING CORP DWA-Alamo Capital	08/04/2020	02/04/2021	08/04/2025	08/04/2025	3,000,000.00	3,000,005.00	3,000,000.00	0.670%
FEDERAL HOME LOAN MORTGAGE CORP DWA-Alamo Capital	08/12/2020	02/12/2021	02/12/2024	02/12/2024	2,000,000.00	2,000,005.00	2,000,000.00	0.430%
FEDERAL HOME LOAN MORTGAGE CORP DWA-Alamo Capital	09/30/2020	09/30/2021	09/30/2025	09/30/2025	3,000,000.00	3,000,000.00	3,000,000.00	0.400%
FEDERAL FARM CREDIT BANKS FUNDING CORP DWA-Alamo Capital	10/15/2020	01/15/2021	10/15/2024	10/15/2024	3,000,000.00	2,995,500.00	2,995,500.00	0.438%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc GF	12/30/2019	12/28/2020	12/28/2020	12/28/2023	3,000,000.00	3,000,000.00	3,029,040.00	1.628%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc GF	02/12/2020	02/12/2021	02/12/2021	02/12/2025	3,000,000.00	3,000,000.00	3,025,650.00	1.614%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	06/16/2020	12/09/2020	06/09/2025	06/09/2025	3,000,000.00	2,999,250.00	3,000,000.00	0.800%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	06/23/2020	12/09/2020	06/09/2025	06/09/2025	3,000,000.00	3,000,000.00	3,000,000.00	0.800%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	07/15/2020	07/15/2021	07/15/2025	07/15/2025	3,000,000.00	3,000,000.00	3,000,000.00	0.730%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc GF	08/20/2020	08/20/2021	08/20/2025	08/20/2025	3,000,000.00	3,000,000.00	3,000,000.00	0.625%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	08/12/2020	08/12/2022	08/12/2025	08/12/2025	3,000,000.00	3,000,000.00	3,000,000.00	0.560%

Monthly Investment Portfolio Report

As of 10/31/2020

AGG- General Fund (213428)

Dated: 11/10/2020

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	11/25/2019	11/25/2020	11/25/2020	11/25/2022	3,000,000.00	3,000,000.00	3,010,590.00	1.572%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	12/30/2019	12/28/2020	12/28/2020	12/28/2023	3,000,000.00	3,000,000.00	3,028,440.00	1.586%
FEDERAL HOME LOAN BANKS Piper Sandler	11/04/2019	11/04/2021	11/04/2021	11/04/2024	3,000,000.00	3,000,000.00	3,053,850.00	1.462%
FEDERAL HOME LOAN BANKS Piper Sandler	03/25/2020	03/25/2021	03/25/2021	03/25/2025	3,000,000.00	3,000,000.00	3,006,780.00	1.153%
FEDERAL HOME LOAN BANKS Piper Sandler	04/06/2020	04/06/2021	04/06/2021	04/06/2023	3,000,000.00	3,000,000.00	3,002,220.00	0.849%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	04/23/2020	04/22/2021	04/22/2021	04/22/2024	3,000,000.00	3,000,000.00	3,000,270.00	0.798%
FEDERAL HOME LOAN BANKS Piper Sandler	12/11/2019	12/11/2020	12/11/2020	06/11/2024	3,000,000.00	3,000,000.00	3,023,730.00	1.650%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	06/25/2020	06/25/2021	06/25/2025	06/25/2025	3,000,000.00	3,000,000.00	3,000,000.00	0.700%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	07/15/2020	01/15/2021	01/15/2025	01/15/2025	3,000,000.00	3,000,000.00	3,000,000.00	0.600%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	08/26/2020	02/26/2021	08/26/2024	08/26/2024	3,000,000.00	3,000,000.00	3,000,000.00	0.500%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	10/15/2020	10/15/2021	10/15/2024	10/15/2024	3,000,000.00	3,000,000.00	3,000,000.00	0.430%
FEDERAL FARM CREDIT BANKS FUNDING CORP Stifel	11/27/2019	11/27/2020	11/27/2020	11/27/2023	3,000,000.00	3,000,000.00	3,022,320.00	1.575%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	02/18/2020	02/18/2021	02/18/2021	02/18/2025	3,000,000.00	3,000,000.00	3,023,130.00	1.533%
FEDERAL FARM CREDIT BANKS FUNDING CORP Stifel	03/24/2020	03/24/2021	03/24/2021	03/24/2023	3,000,000.00	3,000,000.00	3,002,370.00	0.972%
FEDERAL FARM CREDIT BANKS FUNDING CORP Stifel	10/16/2020	12/28/2020	03/28/2024	03/28/2024	3,000,000.00	3,000,000.00	2,999,995.00	0.300%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	10/28/2020	10/28/2022	10/28/2024	10/28/2024	3,000,000.00	3,000,000.00	2,997,000.00	0.435%
---	---	---	06/28/2023	10/02/2024	87,000,000.00	86,977,250.00	87,230,045.00	0.900%

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
INSURED BANK PROGRAM MONEY MARKET FDIC INSD Stifel	10/29/2020	---	10/31/2020	10/31/2020	0.05	0.05	0.05	---
LAIF Money Market Fund LAIF - GF	---	---	10/31/2020	10/31/2020	33,743,299.08	33,743,299.08	33,743,299.08	---
---	---	---	10/31/2020	10/31/2020	33,743,299.13	33,743,299.13	33,743,299.13	---

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
TOYOTA MOTOR CREDIT CORP DWA-Alamo Capital	02/19/2019	---	07/13/2022	07/13/2022	1,400,000.00	1,399,076.00	1,425,410.00	1.975%
TOYOTA MOTOR CREDIT CORP DWA-Alamo Capital	07/18/2019	---	09/08/2022	09/08/2022	1,000,000.00	1,000,000.00	997,290.00	2.266%
JOHN DEERE CAPITAL CORP DWA-Alamo Capital	04/03/2020	---	09/08/2022	09/08/2022	1,000,000.00	1,003,535.00	1,003,512.00	2.000%
TOYOTA MOTOR CREDIT CORP DWA-Alamo Capital	10/21/2019	---	10/07/2024	10/07/2024	1,500,000.00	1,499,994.00	1,497,855.00	2.033%
EXXON MOBIL CORP UnionBanc GF	03/17/2020	---	08/16/2022	08/16/2022	3,000,000.00	3,037,470.00	3,047,880.00	1.203%
APPLE INC DWA-Alamo Capital	09/16/2019	08/11/2024	08/11/2024	09/11/2024	1,000,000.00	990,552.00	1,035,780.00	0.971%

Monthly Investment Portfolio Report

As of 10/31/2020

AGG- General Fund (213428)

Dated: 11/10/2020

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
BANK OF NEW YORK MELLON CORP DWA-Alamo Capital	05/06/2020	03/24/2025	03/24/2025	04/24/2025	1,000,000.00	1,020,005.00	1,020,005.00	1.184%
EXXON MOBIL CORP UnionBanc GF	11/22/2019	01/01/2023	01/01/2023	03/01/2023	2,000,000.00	2,055,180.00	2,060,620.00	1.638%
WELLS FARGO BANK NA UnionBanc GF	10/04/2019	09/09/2021	09/09/2021	09/09/2022	2,000,000.00	2,001,420.00	2,015,560.00	1.626%
MICROSOFT CORP Stifel	12/20/2019	02/01/2023	02/01/2023	05/01/2023	2,000,000.00	2,034,620.00	2,092,840.00	0.807%
VISA INC Stifel	01/30/2020	10/14/2022	10/14/2022	12/14/2022	2,000,000.00	2,065,680.00	2,106,000.00	0.755%
CHEVRON CORP Stifel	07/08/2020	01/03/2024	01/03/2024	03/03/2024	3,000,000.00	3,239,700.00	3,239,695.00	0.680%
WALMART INC Stifel	06/18/2020	10/15/2024	10/15/2024	12/15/2024	2,000,000.00	2,173,300.00	2,173,295.00	0.690%
CITIBANK NA Stifel	06/24/2020	12/23/2023	12/23/2023	01/23/2024	3,000,000.00	3,297,000.00	3,296,995.00	0.842%
3M CO Stifel	06/05/2020	03/15/2025	03/15/2025	04/15/2025	3,000,000.00	3,258,120.00	3,258,115.00	0.841%
APPLE INC Stifel	09/24/2020	04/11/2025	04/11/2025	05/11/2025	2,000,000.00	2,055,740.00	2,055,735.00	0.516%
---	---	---	09/22/2023	11/18/2023	30,900,000.00	32,131,392.00	32,326,587.00	1.120%

CD

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Sallie Mae Bank Piper Sandler	05/29/2019	---	05/31/2022	05/31/2022	245,000.00	245,000.00	251,866.85	0.714%
Ally Bank Piper Sandler	05/30/2019	---	05/31/2022	05/31/2022	245,000.00	245,000.00	251,866.85	0.714%
Goldman Sachs Bank USA Piper Sandler	06/05/2019	---	06/06/2022	06/06/2022	245,000.00	245,000.00	251,932.44	0.715%
Morgan Stanley Bank, N.A. Piper Sandler	06/06/2019	---	06/06/2022	06/06/2022	245,000.00	245,000.00	252,125.78	0.715%
Morgan Stanley Private Bank, National Association Piper Sandler	06/06/2019	---	06/06/2022	06/06/2022	245,000.00	245,000.00	252,125.78	0.715%
Synchrony Bank Piper Sandler	06/07/2019	---	06/07/2022	06/07/2022	245,000.00	245,000.00	251,555.90	0.715%
---	---	---	06/04/2022	06/04/2022	1,470,000.00	1,470,000.00	1,511,473.61	0.714%
Piper Sandler								

Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	12/13/2022	09/12/2023	153,113,299.13	154,321,941.13	154,811,404.74	0.956%

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

OCTOBER 2020

INVESTED
RESERVE FUNDS
\$1,599,101.12

BALANCE	OCTOBER 1, 2020	\$87.06	
ACCOUNTS RECEIVABLE - OTHER		\$0.00	
CUSTOMER DEPOSITS - CONSTRUCTION		0.00	
INTEREST EARNED - INVESTED FUNDS		3,390.94	
WASTEWATER REVENUE		71,756.78	
SEWER CAPACITY CHARGES		0.00	
MISCELLANEOUS		0.00	
		<hr/>	
TOTAL RECEIPTS		\$75,147.72	
PAYMENTS			
CHECKS UNDER \$10,000.00		\$1,377.81	
CHECKS OVER \$10,000.00 - SCH. #1		83,757.72	
CANCELLED CHECKS AND FEES		0.00	
		<hr/>	
TOTAL PAYMENTS		<u>\$85,135.53</u>	
NET INCOME		(\$9,987.81)	
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$13,500.00	
FUNDS INVESTED – SCH. #2		3,390.94	
		<hr/>	
NET TRANSFER			
			<hr/>
BALANCE	OCTOBER 31, 2020	\$208.31	\$1,588,992.06

DESERT WATER AGENCY

Wastewater Fund

Schedule #1 - Checks Over \$10,000

October 2020

Check #	Name	Description	Amount
3362	Coachella Valley Water District	Sewer Capacity Charges	\$ 11,322.14
3364	Coachella Valley Water District	Wastewater Revenue Billing for September 2020	\$ 61,908.02
3365	City of Palm Springs	Wastewater Revenue Billing for September 2020	\$ 10,527.56
Total			\$ 83,757.72

Monthly Investment Portfolio Report

As of 10/31/2020

AGG- Wastewater Fund (213427)

Dated: 11/10/2020

Security Type



Chart calculated by: PAR Value

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - WW	---	---	10/31/2020	10/31/2020	1,588,992.06	1,588,992.06	1,588,992.06	---
LAIF Money Market Fund LAIF - WW	---	---	10/31/2020	10/31/2020	1,588,992.06	1,588,992.06	1,588,992.06	---

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
Investment Portfolio Reporting Requirements

*as required by DWA Resolution 886, Section VII
& California Government Code Section 53646*

as of

October 31, 2020

Statement of Compliance

The Desert Water Agency portfolio is in compliance with the Agency's investment policy and guidelines for investment of Agency funds as outlined in DWA Resolution 886 and updated by Resolution 1200.

Statement of Agency's Ability to Meet Six-Month Expenditure Requirements

Desert Water Agency has the ability to meet its expenditure requirements for the next six months.

Description of Investments

Agency Bonds

Securities issued by a government-sponsored enterprise or by a federal government department other than the U.S. Treasury.

Bank Deposits

Agency funds on deposit in the General Fund, Operating Fund and Wastewater Fund active checking accounts for use in meeting the daily cash flow requirements of the Agency.

Certificate of Deposits (CD)

Interest bearing time deposit. FDIC insured up to \$250,000 per depositor, per FDIC-insured bank.

Corporate Notes

Debt securities issued by a for-profit company.

Money Market Funds

High quality, short-term debt instruments, cash and cash equivalents. Utilized for overnight holding of investment proceeds prior to reinvesting or transferring to Agency checking accounts.

Funds Managed by Contracted Parties - LAIF

The Desert Water Agency has contracted with the California Local Agency Investment Fund (LAIF) for investment of Agency funds. LAIF is a voluntary program created by Section 16429.1 et seq. of the California Government Code. LAIF is an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the state Treasurer's Office professional investment staff at no additional cost to the taxpayer or ratepayer. All Agency funds invested with LAIF are available for withdrawal upon demand and may not be altered, impaired or denied in any way (California Government Code Section 16429.4).

Market Value Source

Current market values are provided by Clearwater Analytics for all investment types other than LAIF. LAIF market values are recorded at PAR value.

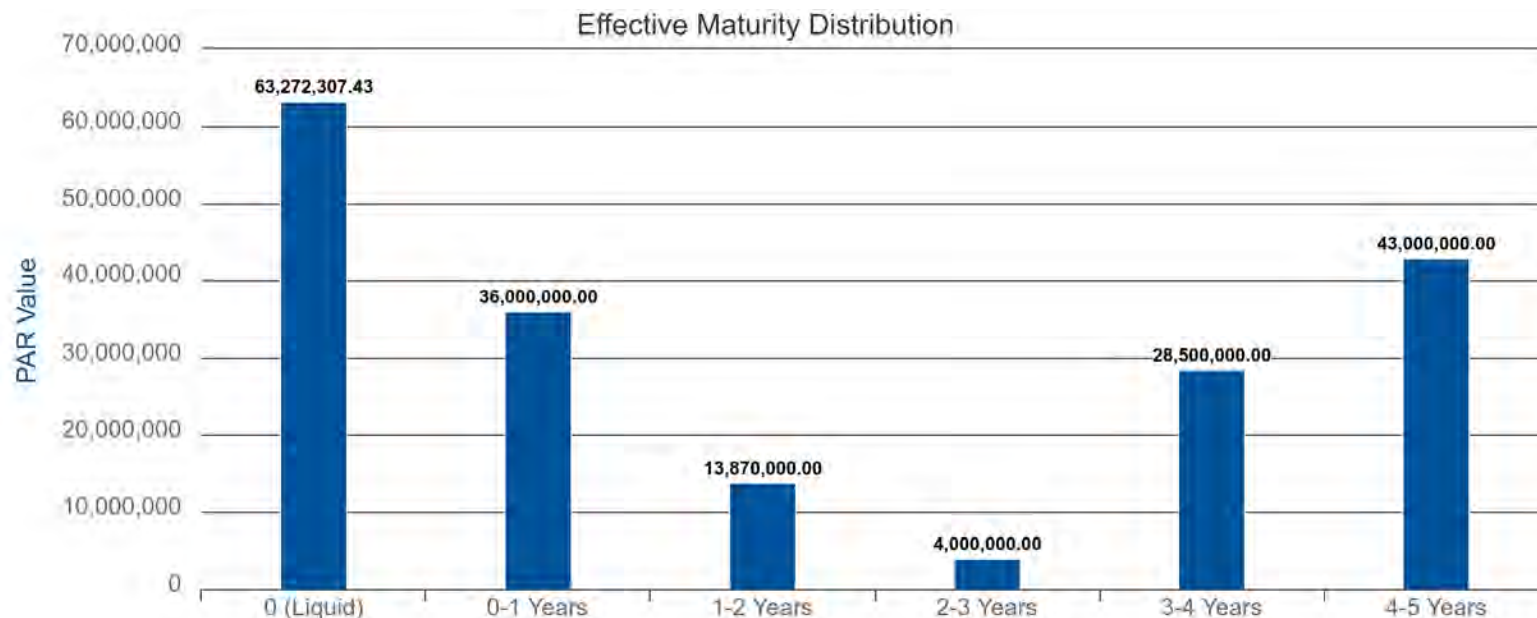
Esther Saenz
Finance Director
Desert Water Agency

Effective Maturity Distribution Summary

As of 10/31/2020

AGG-ALL (219610)

Dated: 11/10/2020



0 (Liquid)

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	MMFUND	33,743,299.13	10/31/2020	10/31/2020
Operating Fund	LAIF - OP	LAIFMMF	LAIF Money Market Fund	MMFUND	27,940,016.24	10/31/2020	10/31/2020
Wastewater Fund	LAIF - WW	LAIFMMF	LAIF Money Market Fund	MMFUND	1,588,992.06	10/31/2020	10/31/2020
---	---	---	---	MMFUND	63,272,307.43	10/31/2020	10/31/2020

0-1 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	35,000,000.00	02/15/2021	01/21/2024
Operating Fund	UnionBanc OP	94988J6A0	WELLS FARGO BANK NA	CORP	1,000,000.00	09/09/2021	09/09/2022
---	---	---	---	---	36,000,000.00	02/21/2021	01/07/2024

1-2 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	13,870,000.00	06/18/2022	02/19/2023
General Fund	---	---	---	---	13,870,000.00	06/18/2022	02/19/2023

2-3 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	CORP	4,000,000.00	01/17/2023	04/01/2023

Effective Maturity Distribution Summary

As of 10/31/2020

AGG-ALL (219610)

Dated: 11/10/2020

<i>DWA Fund</i>	<i>Account</i>	<i>Identifier</i>	<i>Description</i>	<i>Security Type</i>	<i>PAR Value</i>	<i>Ending Effective Maturity</i>	<i>Final Maturity</i>
General Fund	---	---	---	CORP	4,000,000.00	01/17/2023	04/01/2023

3-4 Years

<i>DWA Fund</i>	<i>Account</i>	<i>Identifier</i>	<i>Description</i>	<i>Security Type</i>	<i>PAR Value</i>	<i>Ending Effective Maturity</i>	<i>Final Maturity</i>
General Fund	---	---	---	---	27,500,000.00	06/24/2024	07/10/2024
Operating Fund	UnionBanc OP	3130AJJR1	FEDERAL HOME LOAN BANKS	AGCY BOND	1,000,000.00	04/29/2024	04/29/2024
---	---	---	---	---	28,500,000.00	06/22/2024	07/08/2024

4-5 Years

<i>DWA Fund</i>	<i>Account</i>	<i>Identifier</i>	<i>Description</i>	<i>Security Type</i>	<i>PAR Value</i>	<i>Ending Effective Maturity</i>	<i>Final Maturity</i>
General Fund	---	---	---	---	39,000,000.00	06/20/2025	06/25/2025
Operating Fund	UnionBanc OP	---	---	AGCY BOND	4,000,000.00	07/18/2025	07/18/2025
---	---	---	---	---	43,000,000.00	06/23/2025	06/27/2025

Summary

<i>Account</i>	<i>Identifier</i>	<i>Description</i>	<i>Security Type</i>	<i>PAR Value</i>	<i>Ending Effective Maturity</i>	<i>Final Maturity</i>
---	---	---	---	188,642,307.43	09/05/2022	04/16/2023

* Grouped by: Effective Maturity Distribution -> DWA Fund. * Groups Sorted by: Effective Maturity Distribution -> DWA Fund. * Filtered By: Security Type not in "CASH". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
Monthly Investment Portfolio Report

Abbreviations & Definitions

Investment Type Abbreviations	
AGCY BOND	Agency Bond ¹
CORP	Medium Term Notes (Corporate) ²
MMFUND	Local Agency Investment Fund (LAIF) ³ & Cash Funds in Transit ⁴
CD	Negotiable Certificates of Deposit ⁵

Definitions	
Settle Date	The date of original purchase
Next Call Date	The next eligible date for the issuer to refund or call the bond or note
Effective Maturity	The most likely date that the bond will be called based on current market conditions
Final Maturity	The date the bond matures, DWA receives the full PAR value plus the final interest payment
PAR Value	The principal amount DWA will receive when a bond is either called or matures
Original Cost	The original cost to purchase the bond (includes premium/discount)
Market Value	The current value of the bond at current market rates
Yield to Maturity	The total anticipated return on a bond held to maturity expressed as an annual rate

NOTES:

¹ DWA Investment Policy, Resolution 1200, Schedule 1, Item 2

² DWA Investment Policy, Resolution 1200, Schedule 1, Item 12

³ DWA Investment Policy, Resolution 1200, Schedule 1, Item 7

⁴ Cash funds in transit are a result of maturities/calls/coupon payments that are held in the Agency's money market account with the broker/custodian until transferred to the Agency's bank.

⁵ DWA Investment Policy, Resolution 1200, Schedule 1, Item 8

DESERT WATER AGENCY - OPERATING FUND COMPARATIVE EARNINGS STATEMENT								
MONTH 20-21 OCTOBER	/-----THIS MONTH-----/ THIS YEAR	LAST YEAR	BUDGET	/-----FISCAL YEAR TO DATE-----/ THIS YEAR	LAST YEAR	BUDGET	/--VARIANCE--/ YTD	PCT
OPERATING REVENUES								
WATER SALES	3,421,052.11	3,052,051.16	3,084,200.00	14,867,026.00	13,533,787.47	13,787,200.00	1,079,826.00	8
RECLAMATION SALES	100,362.30	125,025.49	109,450.00	490,038.13	722,954.74	609,350.00	119,311.87-	20-
POWER SALES	.00	4,267.91	2,750.00	5,700.51	24,037.94	11,000.00	5,299.49-	48-
OTHER OPER REVENUE	337,503.56	389,396.32	173,725.00	948,124.45	1,044,857.60	694,900.00	253,224.45	36
TOTAL OPER REVENUES	3,858,917.97	3,570,740.88	3,370,125.00	16,310,889.09	15,325,637.75	15,102,450.00	1,208,439.09	8
OPERATING EXPENSES								
SOURCE OF SUPPLY EXP	25,649.67	31,213.85	62,775.00	1,839,579.87	1,557,415.13	1,820,450.00	19,129.87	1
PUMPING EXPENSE	362,723.45	334,051.82	327,950.00	1,184,749.27	957,884.93	1,151,800.00	32,949.27	3
REGULATORY WATER TREAT	70,508.10	65,697.54	53,700.00	241,062.58	211,934.84	214,800.00	26,262.58	12
TRANS & DIST EXPENSE	182,383.49	260,457.11	349,000.00	759,874.93	1,056,992.42	1,396,000.00	636,125.07-	46-
CUSTOMER ACT EXPENSE	93,244.92	109,295.27	93,250.00	346,206.12	329,547.40	373,000.00	26,793.88-	7-
ADMIN & GEN EXPENSE	288,804.88	773,256.45	756,035.00	4,827,715.14	4,972,209.47	5,244,765.00	417,049.86-	8-
REGULATORY EXPENSE	15,816.20	53,632.07	37,750.00	38,007.01	124,137.14	151,000.00	112,992.99-	75-
SNOW CREEK HYDRO EXP	3,411.67	937.11	3,050.00	11,633.44	9,328.95	12,200.00	566.56-	5-
RECLAMATION PLNT EXP	49,274.38	91,488.79	209,375.00	257,788.81	400,170.09	838,000.00	580,211.19-	69-
SUB-TOTAL	1,091,816.76	1,720,030.01	1,892,885.00	9,506,617.17	9,619,620.37	11,202,015.00	1,695,397.83-	15-
OTHER OPER EXPENSES								
DEPRECIATION	530,384.84	501,442.24	518,550.00	2,104,278.90	2,027,550.47	2,074,200.00	30,078.90	1
SERVICES RENDERED	24,196.33	9,472.49	13,750.00	45,948.49	40,889.20	55,000.00	9,051.51-	16-
DIR & INDIR CST FOR WO	130,564.54-	179,761.67-	204,900.00-	1,057,687.03-	925,247.20-	819,600.00-	238,087.03-	29
TOTAL OPER EXPENSES	1,515,833.39	2,051,183.07	2,220,285.00	10,599,157.53	10,762,812.84	12,511,615.00	1,912,457.47-	15-
NET INCOME FROM OPERATIONS	2,343,084.58	1,519,557.81	1,149,840.00	5,711,731.56	4,562,824.91	2,590,835.00	3,120,896.56	120
NON-OPERATING INCOME (NET)								
RENTS	1,688.69	3,727.53	78,000.00	46,503.56	14,637.36	89,340.00	42,836.44-	48-
INTEREST REVENUES	22,259.07	53,937.87	15,000.00	87,770.77	191,867.47	60,000.00	27,770.77	46
OTHER REVENUES	420.00	3,920.00	.00	3,970.00	5,076.72	.00	3,970.00	0
GAINS ON RETIREMENT	.00	.00	2,480.00	.00	.00	4,960.00	4,960.00-	100-
DISCOUNTS	.04	51.16	50.00	225.31	157.23	200.00	25.31	13
PR. YEAR EXPENSES	.00	.00	.00	363.60-	.00	.00	363.60-	0
OTHER EXPENSES	.00	.00	2,500.00-	902.95-	20,000.00-	40,000.00-	39,097.05	98-
LOSS ON RETIREMENTS	.00	.00	4,500.00-	53.86-	12,123.84-	18,000.00-	17,946.14	100-
TOTAL NON-OPER INCOME	24,367.80	61,636.56	88,530.00	137,149.23	179,614.94	96,500.00	40,649.23	42
TOTAL NET INCOME	2,367,452.38	1,581,194.37	1,238,370.00	5,848,880.79	4,742,439.85	2,687,335.00	3,161,545.79	118

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

NOVEMBER 17, 2020

RE: REQUEST BOARD TO CONSIDER APPROVAL OF DELTA CONVEYANCE PROJECT RELATED ITEMS TO INCLUDE:

- (1) ADOPTING A RESOLUTION AUTHORIZING A LEVEL OF PARTICIPATION IN THE DELTA CONVEYANCE PROJECT**
 - (2) AUTHORIZING EXECUTION OF A FUNDING AGREEMENT WITH THE DEPARTMENT OF WATER RESOURCES FOR ENVIRONMENTAL PLANNING COSTS ASSOCIATED WITH THE DELTA CONVEYANCE PROJECT**
 - (3) AUTHORIZING GENERAL MANAGER TO EXECUTE AMENDED DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY JOINT POWERS AGREEMENT**
 - (4) AUTHORIZING GENERAL MANAGER TO ENTER INTO MOU FOR CLASS 8 MEMBER AGENCIES ELECTION PROCEDURES FOR DCA BOARD OF DIRECTORS**
 - (5) DETERMINING THE ACTIONS ARE EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**
-

On July 21, 2017, the Department of Water Resources (DWR) approved the project known as the California WaterFix Project (WaterFix), which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project and Central Project water pumping facilities in the South Delta. The Desert Water Agency Board of Directors previously approved participating in WaterFix in the amount of \$2,176,786. In addition, in order to assist DWR with the design and construction of WaterFix and potential financing, certain State Water Project contractors entered in a Joint Powers Agreement in 2018 forming the Delta Conveyance Design and Construction Joint Powers Authority (DCA) and the Delta Conveyance Finance Authority. At the time, the project had

approvals under California Environmental Quality Act (CEQA), Endangered Species Act (ESA), and California Endangered Act (CESA).

In the State of the State address in January 2019, Governor Newsom announced that he did not support WaterFix as configured but that he did support a one tunnel conveyance project. Consistent with this, in May 2019 the Department of Water Resources (DWR) rescinded its approvals of the WaterFix project and began planning for a single tunnel option. Shortly thereafter, DWR began public negotiations with the State Water Project (SWP) public water agencies (PWAs) to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a potential single tunnel facility was ultimately approved. The AIP will be the basis for a future contract amendment only if a project is ultimately approved and only after necessary environmental review is completed.

In January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project (DCP). DWR is currently conducting environmental review and is relying on the DCA for engineering work related to defining the Project's footprint.

After fifteen public negotiations, DWR and PWAs have developed a draft AIP that contains provisions for the allocation of costs and benefits for a potential Delta Conveyance Project. The draft AIP allows PWAs an option to: 1) execute a contract amendment to participate the Delta Conveyance Project at no less than each PWAs Table A (DWA's percentage is 1.34%) percentage or more, or 2) opt out of the Delta Conveyance Project costs and benefits entirely. Additionally, for Kern County Water Agency, the only PWA that has two separate contracts, they may opt in for one contract and out for the other. In the draft AIP, there is a table with the names of each SWP contractor and a space to fill in the participation percentage in order to complete the AIP and proceed with the planning and the environmental review efforts related to the Delta Conveyance Project. DWR is asking SWP contractors to fill in the allocation factor table with each PWA's participation percentage assuming a 6,000 cfs facility. Currently, the proposed project is a SWP project only as the CVP has not indicated any interest in pursuing Delta Conveyance at this time. Again, the participation options are zero (opting out), 100% of Table A, and more than 100% of Table A (DWAs proposed participation is 1.52%). This participation percentage will first be used to inform the percentage of planning funding allocated to participating PWAs.

Included in the discussion below is a description of the proposed project, including the anticipated preliminary benefits, information about DWRs estimated schedule for the completion of environmental review and potential planning/permitting processes, and preliminary cost estimate, as well as the draft AIP. Upon completing the environmental process, the AIP will be converted into contract amendment language and PWAs will consider an amendment to their contracts consistent with the AIP. At this time, each PWAs participation percentage in the Delta Conveyance Project will be decided. Attached to this staff report is the current version of the draft AIP with the blank allocation factor table, which must be completed. However, the current action before you is limited to approving a participation percentage for planning funding as described below.

DWR is asking that PWAs enter into a new funding agreement with DWR to advance their participation percentage of \$340.7 million that is needed for the preliminary design, environmental

planning, and other preconstruction activities to assist in the environmental process for the proposed project. These funds would support DWRs environmental planning work as well as DCA work that is needed to inform environmental planning. The funding agreements provide that PWAs would be reimbursed or receive a credit for the advanced funds upon the first sale of revenue bonds to pay for the Delta Conveyance Project. To the extent the Delta Conveyance Project does not proceed, the advanced funds would not be recovered. Attached to this staff report is a copy of a proposed funding agreement with DWR.

Additionally, given the shift from a two tunnel WaterFix project to a potential single-tunnel Delta Conveyance Project and a significant change in the participation for the Delta Conveyance Project, the PWAs have been discussing amendments to the Joint Powers Agreement that created the DCA to better align representation with PWA participation. The proposed amendments would primarily amend the governance structure to align current participation interest in the Delta Conveyance Project. Attached to this staff report is a copy of the proposed amendments to the DCA Joint Powers Agreement.

The DCA JPA amendment added four additional seats to the three member board. Two of the four additional seats are to be selected by the Class 8 Contractors. There are nine member agencies in the Class 8 Contractor group, including DWA. An election process has been developed by the Class 8 Contractor Agency designated representatives for the State Water Project. The detailed election process is described in a Memorandum of Understanding attached to this staff report. All Class 8 Contractor Agencies are expected to approve the MOU.

Lastly, the proposed actions discussed herein do not constitute the approval by Desert Water Agency of the Delta Conveyance Project or its construction, of any amendment to the long term water supply contract with DWR, or to any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a “project” requiring environmental review under the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guidelines 15378. Further, and even were the actions to be considered a CEQA “project,” these actions would be statutorily exempt from environmental review pursuant to CEQA Guidelines 15262 because the actions merely call for the funding and completion and feasibility and planning studies, including the completion of CEQA review itself.

Staff recommends the Board approve the following actions:

1. Adopt a Resolution indicating a level of participation in the Delta Conveyance Project of 1.52%. DWA’s Table A percentage of the State Water Project water supply is 1.34%.
2. Authorize the General Manager to execute a funding agreement with the Department of Water Resources for environmental planning costs associated with the Delta Conveyance Project in the amount of up to \$1,900,132 (1.52% of \$340.7M) for the first two years. Payment of the project is spread over 4 years. If after 2 years we continue to participate through year 4 our total cost will be \$5,184,310.
3. Authorize the General Manager to execute an amended Delta Conveyance Design and Construction Authority Joint Powers Agreement.

4. Authorize the General Manager to enter into MOU for Class 8 Member Agencies Election Procedures for DCA Board of Directors.
5. Determining the actions are exempt from the California Environmental Quality Act.

Attachments:

Staff Report Supporting Discussion

Staff Report Supporting PowerPoint

Agreement in Principle (AIP)

Funding Agreement with DWR

DWA Participation Resolution

Amendment to Delta Conveyance Facility Design and Construction Authority Joint Powers Authority (DCA JPA)

MOU for Class 8 Member Agencies Election Procedures for DCA JPA Board of Directors

DWA CEQA Notice of Exemption

DISCUSSION

Background on the Proposed Delta Conveyance Project






The existing SWP Delta water conveyance facilities, which include Clifton Court Forebay and Banks Pumping Plant in the south Delta, enable DWR to divert water and lift it into the California Aqueduct for south-of-Delta PWAs. As described in DWR's Notice of Preparation, the proposed Delta Conveyance Project would construct and operate new conveyance facilities in the Delta that would add to, and be operated as part of the existing SWP infrastructure. Specifically, new points of diversion with intake facilities would be located in the north Delta along the Sacramento River between Freeport and the confluence with Sutter Slough, and would include a single tunnel to convey water from the new intakes to the existing Banks Pumping Plant in the south Delta. The new facilities would provide an alternate location to divert Delta water within DWR's water and would be operated in coordination with the existing south of Delta pumping facilities, resulting in "dual conveyance" because there would be two complimentary methods to divert and convey water. Dual conveyance does not mean DWR is seeking to expand their water rights, rather it refers to operating both the new points of diversion and the existing points of diversion in a manner that allows DWR flexibility to meet water quality standards.

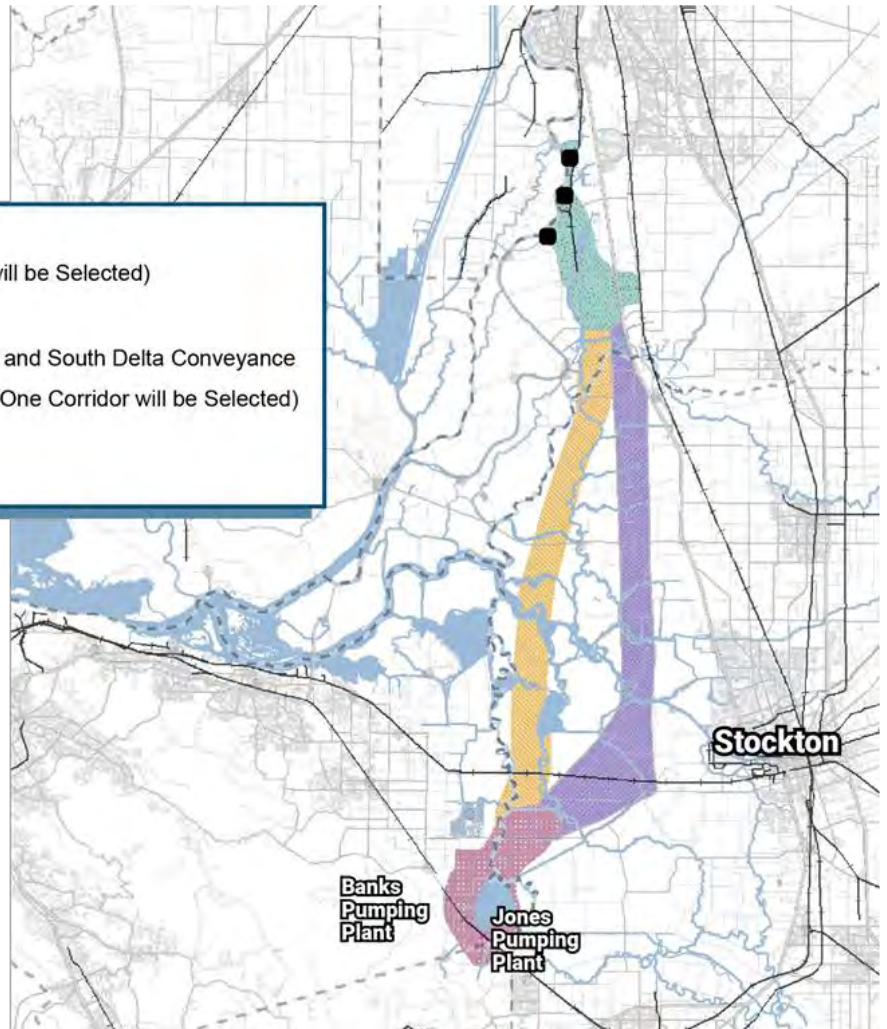
The new north of Delta proposed project facilities would be sized to convey up to 6,000 cfs of water from the Sacramento River to the SWP facilities in the south Delta, and would include: two intakes (3,000 cfs each), one underground tunnel (two routes are being considered), intermediate and southern forebays, a pumping plant, south Delta conveyance facilities, and other ancillary facilities. DWR is considering other alternatives as part of the environmental review process, with capacities ranging from 3,000 to 7,500 cfs and participation with and without the CVP.

The Delta Conveyance Project overarching objective is to protect the SWPs ability to continue to deliver water south of the Delta. Additional objectives articulated in the Notice of Preparation are to make the SWP more resilient to the impacts of climate change and extreme weather events; minimize the potential public health and safety impacts from reduced quantity and quality of water caused by earthquakes; and provide SWP operational flexibility to improve aquatic conditions and better manage risks of additional future regulatory constraints on project operations.

Delta Conveyance Project Proposed New Facilities

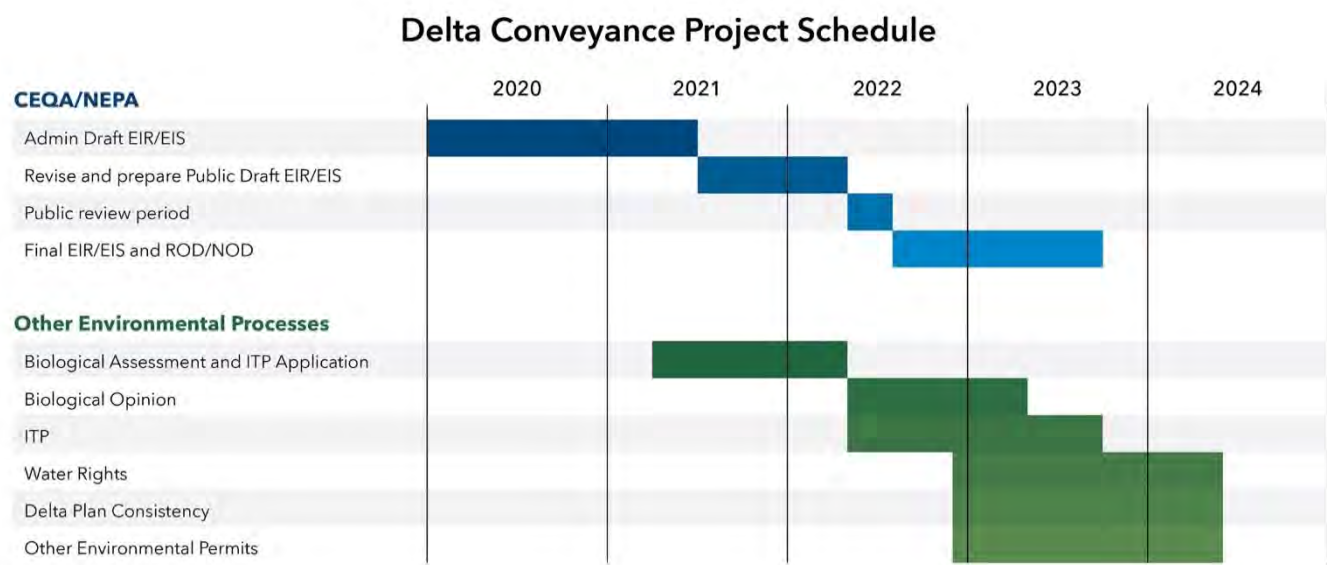
Legend

-  Potential Intakes (Only Two Sites will be Selected)
-  Intakes and North Tunnels
-  Pumping Plant, Southern Forebay, and South Delta Conveyance
-  Central Tunnel Corridor
-  Eastern Tunnel Corridor



Status of Proposed Project and Schedule

DWR’s preliminary schedule has a final EIR being completed in 2023 and other environmental review, permitting and regulatory processes being completed in 2024. Once the Delta Conveyance Project receives all necessary approvals and permits and has complied with all legal requirements, including but not limited to obtaining a change in point of diversion to DWR’s existing water rights permit, construction could begin. At present, DWR is engaged in a CEQA scoping process and has solicited comments on potential impacts and alternatives. DWR is currently screening and refining project alternatives to come up with a reasonable range of project alternatives that avoid or substantially reduce potentially significant impacts.



Preliminary Benefits of the Proposed Project

DWR is currently developing the Delta Conveyance Proposed Project. At this time DWR has not defined the project operations and has not completed regulatory processes that may impact project operations. The primary objective of the DCP, as stated in the Notice of Preparation is to restore and protect the ability to deliver SWP supplies to the south-of-Delta PWAs. The DCP is also expected to improve SWP resiliency under multiple future risks that can be low frequency-high impact (e.g. seismic risks in the Delta) or sustained impacts (e.g. climate change and sea level rise or Delta regulations). It is not possible to know the exact future conditions under which the DCP would operate but the conditions are likely a combination of many of the known and unknown risks.

The SWC conducted a preliminary SWP water supply analysis with the DCP under a range of existing and future scenarios to help assess the DCP’s ability to maintain or improve SWP reliability and resiliency. The selected range of future scenarios are intended to represent potential SWP operating conditions under future regulatory, climate change, sea level rise, and seismic risks. Each selected future scenario was simulated with and without the DCP. For this analysis the modeling assumed a 6,000 cfs diversion capacity and north Delta diversion

operations criteria consistent with permitting from California WaterFix¹. The specific Proposed Project, including operational criteria, that DWR will ultimately select may be different. DWR's CalSim II model, representing the SWP facilities, regulations and operations, was used to develop coarse estimates of potential water supply changes with the DCP. As the Proposed Project is further defined and permitted, and this coarse modeling is further refined, the estimated water supply benefits with the DCP may change.

Figure 1 shows preliminary modeled average annual SWP exports under existing and future scenarios and corresponding increment resulting with the DCP. All the future scenarios modeled indicate potentially lower SWP exports than the existing scenarios. DCP shows potential to alleviate reductions to SWP reliability under many plausible future risk scenarios. The Current Trends² future scenario, which provides a reasonable representation of conditions expected at the start of the DCP operations, indicates approximately 300 TAF reduction in average annual SWP exports without DCP, compared to existing scenarios. DCP, under same circumstances, potentially provides about 500 TAF increment on average, with the greatest increase in the wetter years. And, on average, about 60% of the increased SWP deliveries are Table A and 40% are Article 21. Furthermore, preliminary modeling results shown in Figure 1 also indicate that on average, the DCP is estimated to result in about 100 TAF to 1 MAF per year of increased SWP exports under potential greater Delta regulations scenarios in the future, about 700 TAF per year under seismic risks and long-term south Delta export disruption due to long-term Delta island flooding, and about 900 TAF per year under extreme sea level rise in the future, when compared to the respective scenarios without the DCP.

Preliminary water supply estimates also indicate that the DCP would maintain existing water supply reliability under a broad range of future conditions that may occur while the DCP is operational³. Without the DCP, SWP exports are estimated to be reduced by about 300 TAF to 1,000 TAF on average per year under various future scenarios modeled due to regulatory changes, sea level rise in the Delta, and seismic risk, when compared to the existing conditions. When the DCP was included, estimated annual SWP exports in the future scenarios were similar to the existing export values under most scenarios as shown in Figure 2, demonstrating the improved resilience of the SWP with the DCP.

In addition to the water supply benefits estimated above, the DCP is expected to provide additional benefits including improved flow patterns in the south Delta for fisheries, operational flexibility to capture peak storm flows, water quality improvements for SWP deliveries, conveyance capacity for water transfers and potential carriage water savings.

¹ This included operations required by the federal Biological Opinions, CESA Incidental Take Permit specifically for the proposed north Delta diversion intakes under California WaterFix.

² Current Trends scenario assumes operating to the current regulatory requirements including 2019 federal biological opinions for CVP and SWP and 2020 incidental take permit for SWP, existing Delta levee configuration, and projected climate change and sea level rise around 2040.

³ Extreme Sea Level Rise scenario assumes projected sea level rise value of 140 cm at around 2065. The future scenarios selected for this analysis are not intended to fully encompass all the future conditions during the life of the Delta Conveyance Project.

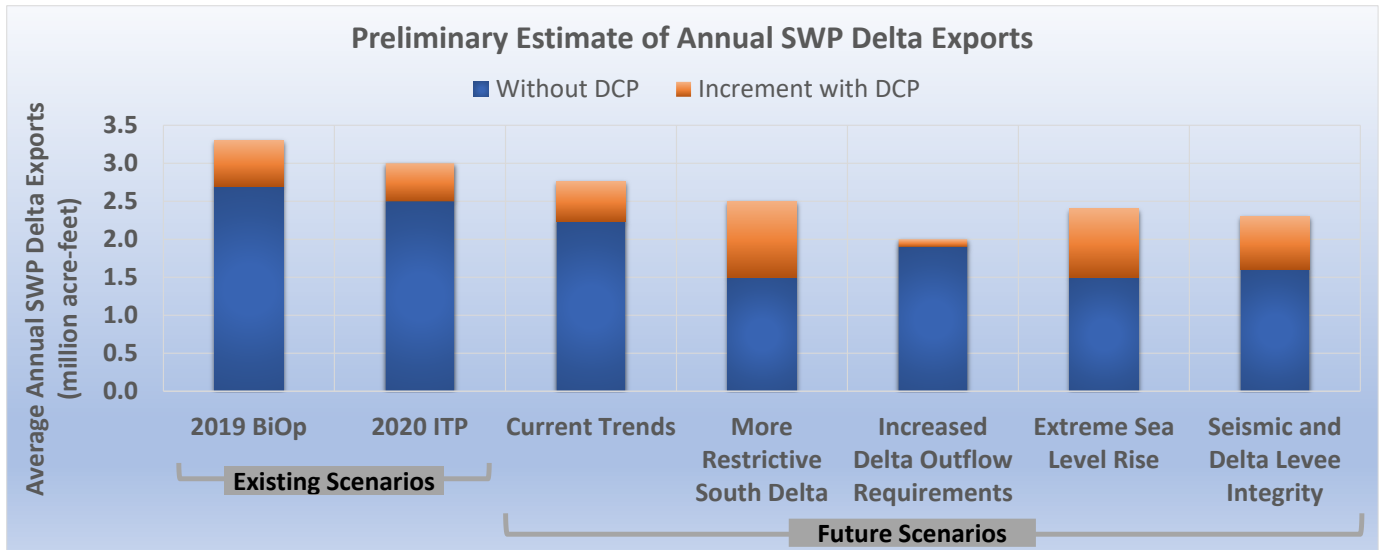


Figure 1: Preliminary modeled average annual SWP exports under existing and future scenarios and corresponding increment resulting with the DCP

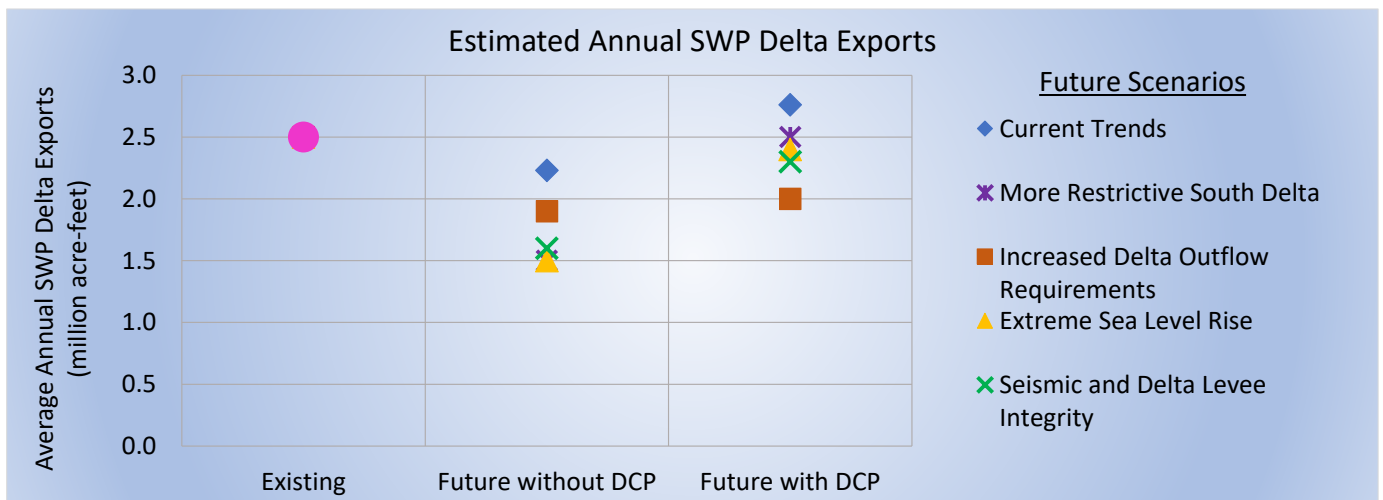


Figure 2: Preliminary modeled average annual SWP exports under the future scenarios with and without the DCP compared to the existing scenario

Preliminary Estimated Costs of the Project

In consideration of the Desert Water Agency and certain PWAs advancing planning funds for the proposed project, the DCA, following industry standards, developed preliminary cost information based on information currently available for the proposed Delta Conveyance Project. It is important to emphasize that the DCA is still very early in the planning process and the cost estimate is only a snapshot based on the current status. This snapshot does not represent the final conceptual design, the final mitigation costs, or all cost items such as community benefits, DWR planning costs, or financing costs. The snapshot includes an estimate for construction costs, soft costs, and environmental mitigation costs in undiscounted 2020 dollars. This means

the cost information excludes future inflation. In other words, it assumes that the project would all be built in 2020.

The proposed project features included in the cost information are as follows:

- Two intakes at 3,000 cfs each, for a total capacity of 6,000 cfs
- 42 miles of tunnels and associated shafts
- Southern Complex Facilities:
 - Pump Station
 - Forebay
 - Connections to existing CA Aqueduct

The DCA cost information includes a 38% composite contingency for unforeseeable elements of cost within the construction cost estimate. The DCA has provided their best estimate for unknown items where their professional experience indicates that there will likely be additional risk. The DCA identified contingency levels for each feature of the proposed project listed above to reflect the uncertainty at the time the cost information was developed. The DCA's contingency reflects the DCA's assessment of the proposed projects design status, identified risks, and professional judgment of unforeseeable elements of cost. As the engineering work advances and the unknown elements of the proposed project are revealed or resolved, contingency levels will decrease, and the identified project elements will be included in the construction estimates.

It is the DCA's opinion, based on the information available to the DCA today and the estimated contingency levels, that there is a 50% probability that the proposed Delta Conveyance Project is estimated to total \$15.9 billion in 2020 dollars. AECOM reviewed the DCA estimate and found that based on industry standards the cost range may be reduced between \$2.28 to \$4.37 billion. AECOM's assessment did not perform a bottom up estimate of the project but reviewed the cost estimate in light of industry standards, in particular contingencies. The AECOM work found that the DCA estimate assumed conservative design, included in design elements risk mitigation, and additionally added a 38 percent contingency. This resulted in roughly a 44 percent contingency for the DCA estimate. The AECOM work serves as a useful guidepost for identifying a possible range of costs but should not be considered as a cost estimate for the DCP. As planning proceeds, more information will become available to inform potential construction and associated costs, and cost information will be updated and refined.

Draft Agreement In Principle

As indicated above, the draft AIP is a framework to amend the Desert Water Agency's SWP water supply contract and it allocates the Delta Conveyance Project's costs and benefits discussed above. Specifically, the AIP includes the following:

- Provides an option for PWAs to opt out of the costs and benefits of the proposed project, meaning those who opt out will put zero in the allocation table and will not pay for the costs nor be entitled to the benefits.
- Participating PWAs must be in for at least 100% of their Table A percentage,
- PWAs may opt to participate at more than 100% to the extent that other PWAs do not participate and there is additional project participation available. For example, if the Board were to decide to participate in the proposed project at an amount higher than the DWAs Table A percentage, the DWA would be in for a minimum of 100% of its Table A

percentage plus the additional percentage of the proposed project, assuming other PWAs decided to opt out and there was additional [Table A](#) participation percentage available. It is likely that certain PWAs will opt out.

- Indicates that the proposed project will be constructed and operated as an integrated component of the SWP and any contract amendment will go into effect no sooner than the transition date in the Contract Extension Amendment.
- DWR will determine the amount of water attributable to the proposed project each year, which will inform what is available for participants.
- Describes the details of how costs will be determined and charged, including that participating PWAs will be responsible for costs equal to each of their project participation percentage.
- Describes the benefits of the project that participants will receive, including water, both Table A and Article 21, attributable to the proposed project and conveyance capacity in the new facility.

Requested Action on Participation Level

DWR is requesting that contractors fill out the table in the AIP and indicate the participation percentage so DWR can confirm that the proposed project is 100% subscribed and so planning costs can be allocated accordingly. To that end, we are asking the Board to make a decision as to its desired participation percentage in the proposed project for planning funds. As described above, when the AIP becomes contract language each PWA will have to approve the proposed contract language, including the participation percentage.

As indicated above, the Board at this time is only indicating its desired participation percentage in the proposed project, and is not approving the execution of a contract amendment to its SWP water supply contract. Consideration of a contract amendment will take place after all environmental review is complete and contract language is drafted. The Board is however being asked to also make a decision to advance funding for the planning costs, which include preparation of EIR, regulatory processes and permitting, and necessary design work to inform the environmental planning portion of the proposed project.

Funding Agreements

As indicated above, DWR is requiring those contractors who choose to participate in the proposed project to enter into a funding agreement to advance funds for environmental review, planning, and design of the proposed project through 2024. The current estimate of these environmental related planning costs is \$340.7 million. The Desert Water Agency share of these funds would be \$5,184,310. Pursuant to the funding agreement with DWR, the Desert Water Agency at this time has the option to approve advancing either the entire amount, or an amount for the first two years, which would be equal to \$1,900,132. Again, these funds would support the environmental review, planning, and design work necessary to inform environmental planning, and participating PWAs would be reimbursed or receive a credit for the advanced funds upon the

first sale of revenue bonds to pay for the Delta Conveyance Project. If the Delta Conveyance Project does not proceed, the advanced funds would not be recovered.

DCA JPA Amendment

In May 2018, certain contractors entered into a Joint Powers Agreement and formed the DCA, whose purpose was to actively participate with DWR in the design and construction of California WaterFix. The DCA subsequently entered into a Joint Powers Agreement with DWR (JEPA). Shortly after DWR rescinded its approvals of WaterFix and the Governor indicated support for a single tunnel project, the JEPA was amended and its purpose shifted to provide preliminary design, planning and other preconstruction activities to assist the environmental process for a potential Delta Conveyance Project. Given the shift to the Delta Conveyance Project, issuance of the NOP, and completion of a draft of the AIP, staff for participating PWAs have been discussing an update to the DCA Joint Powers Agreement. In particular, there is a desire to reorganize the governance structure to better align with current participation in the proposed project.

The proposed amendment would restructure the Board of Directors as follows:

- Change the number of DCA Board of Directors from four (4) to seven (7)
- Convert the existing at large SWC seat and Metropolitan Water District of Southern California (Non State Water Project capacity) seat to the following:
 - (1) seat for Class 2 members, excluding Santa Clara Valley Water District
 - (1) seat for Classes 3, 5 and 7
 - Add two (2) at large seats for Class 8 members
 - Continue one (1) seat each for:
 - Metropolitan Water District of Southern California (State Water Project)
 - Kern County Water Agency
 - Santa Clara Valley Water District

CEQA Determination

The recommended actions do not qualify as a “project” subject to CEQA because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3).) The recommended actions do not constitute an approval by the Agency of the DCP nor do the actions authorize or approve construction of the DCP. The recommended actions do not authorize or commit the Agency or DWR to expenditure of the funding on any site-specific project. In addition, the recommended actions do not authorize or approve any actions by the DCA or DWR that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a “project” requiring environmental review under the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guideline § 15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5).

Further, and even were the actions to be considered a CEQA “project,” these actions would be statutorily exempt from environmental review pursuant to CEQA Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of CEQA review itself. In addition, the actions are exempt under the “common sense” exemption in CEQA Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment. Finally, none of the exceptions to the use of the “common sense” exemption as identified in CEQA Guidelines § 15300.2 exist here.

FINANCIAL CONSIDERATIONS

\$1,900,132

Delta Conveyance Project

DESERT WATER AGENCY
NOVEMBER 17, 2020



Presentation Outline

- Proposed Board Action Considerations
- Previous Board Actions and Recent Developments
- DWR Notice of Preparation (NOP)
- Agreement In Principle (AIP) for SWP Delta Conveyance Contract Amendment
 - *(AIP) - DCP Preliminary Benefits*
 - *(AIP) - DCP Preliminary Costs and Cost Allocation*
 - *(AIP) – DCP Preliminary Participation Percentage (For Board Approval)*
- DCA Planning Funding Agreements
 - *Agreement For The Advance Or Contribution Of Money To The Department of Water Resources (For Board Approval)*
- DCA Governance and Scope Changes
 - *Amended Delta Conveyance Design and Construction Authority Joint Powers Agreement (For Board Approval)*
- Exempt from CEQA
- Proposed Board Action Considerations

Board Action Considerations

- Review Agreement in Principle (AIP) for SWP Contract Amendment
 - *Adopt a Resolution indicating a level of participation in the Delta Conveyance Project of 1.52%*
- Consider funding for environmental planning
 - *Approve Agreement For The Advance Or Contribution Of Money To The Department of Water Resources*
- Review the revise Delta Conveyance Design and Construction Authority Governance Structure to reflect updated participation
 - *Approve Amended Delta Conveyance Design and Construction Authority Joint Powers Agreement*
- Determine the actions are exempt from the California Environmental Quality Act

Previous DWA Board Actions and Recent Developments

OCT 2017	Board authorized Resolution 1172 supporting CA WaterFix	<ul style="list-style-type: none">• 2 Tunnels Project (9,000 cfs)
NOV 2018	Board authorized GM to execute Delta Conveyance Finance Authority Joint Powers Agreement	<ul style="list-style-type: none">• Agency would be responsible for approximately 1.34% of Cal WaterFix expenses
FEB 2019	Governor Newsom State of the State	<ul style="list-style-type: none">• Announced he did not support CA WaterFix as configured, but did support a single tunnel
JAN 2020	Department of Water Resources (DWR)	<ul style="list-style-type: none">• Released Delta Conveyance NOP• Single Tunnel (6,000 cfs)
APR 2020	Department of Water Resources (DWR)	<ul style="list-style-type: none">• Completes DCF AIP negotiations except for contractor participation

Notice of Preparation

January 2020

Delta Conveyance Objective

To restore and protect ability to deliver SWP Water Supply

- **CLIMATE RESILIENCY:** Addresses climate change, extreme weather, and rising sea-levels in the Delta for the SWP
- **SEISMIC RESILIENCY:** Minimizes health/safety risk to public from earthquake-caused reductions in water delivery quality and quantity from the SWP
- **WATER SUPPLY RELIABILITY:** Restores and protects ability to deliver SWP water in compliance with regulatory and contractual constraints
- **OPERATIONAL RESILIENCY:** Provides SWP operational flexibility to improve aquatic conditions and manage risks of additional future constraints

Delta Conveyance – Notice of Preparation

- Proposed Project: Single tunnel up to 6,000 cfs
- DWR considering alternatives
 - *Capacities ranging from 3,000 to 7,500 cfs*
 - *Varying degrees of involvement of the CVP, including no involvement*
- Final choice of potentially feasible alternatives for Draft EIR in process

Delta Conveyance – Notice of Preparation

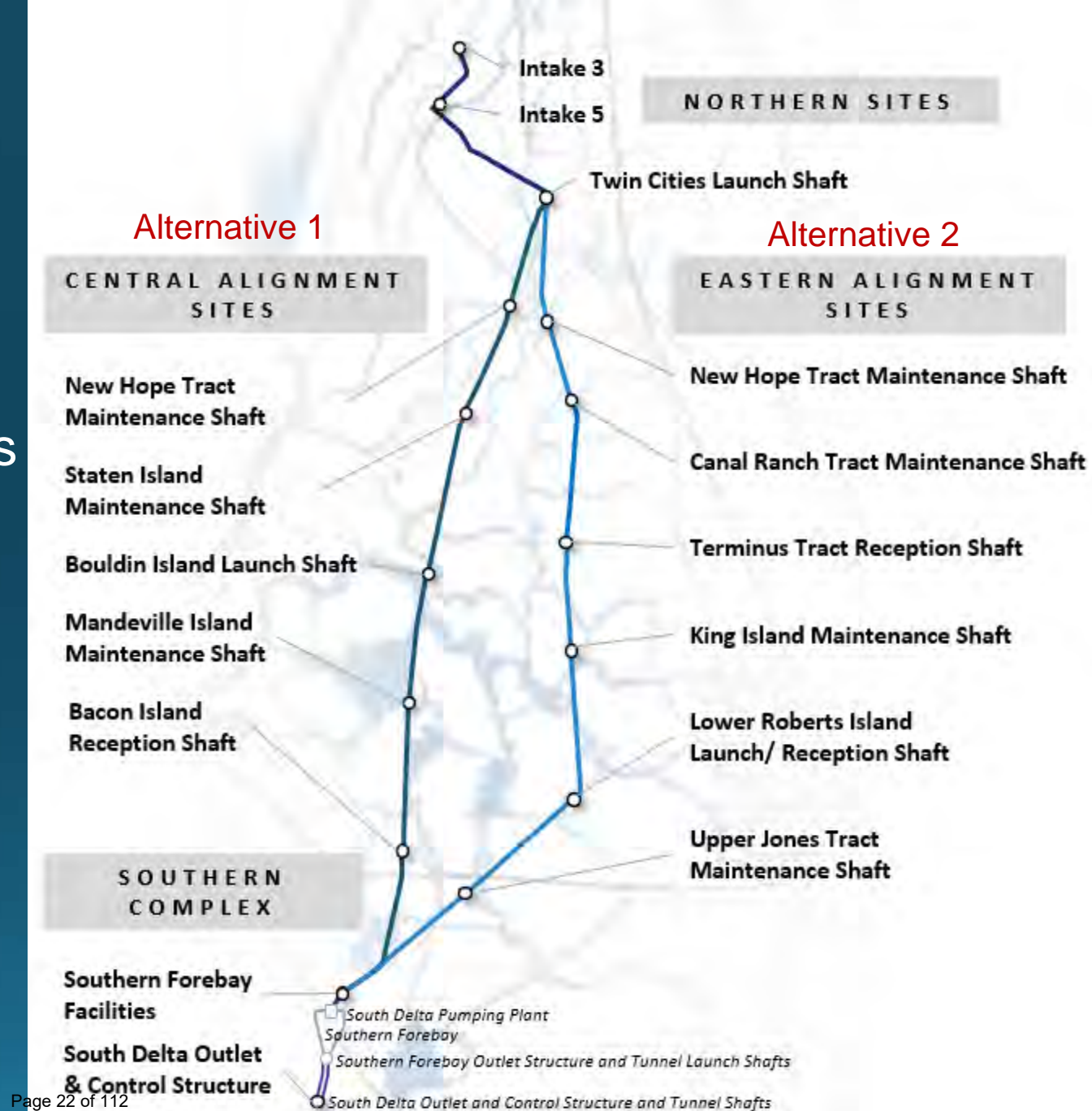
New Facilities:

- Intakes
 - *Two intakes (3,000 cfs each)*
- Tunnel
 - *One underground tunnel*
 - *Two potential corridors being considered*
- Forebays
 - *Intermediate and Southern*
- Pumping Plant
- South Delta conveyance facilities
- Other ancillary facilities

Delta Conveyance – Notice of Preparation

New Facilities:

- One Tunnel - Total capacity 6,000 cfs
- Two intakes at 3,000 cfs each
- 42 miles of tunnel and associated shafts
- Southern Complex Facilities
 - Pump Station
 - Forebay
 - Connections to existing CA Aqueduct



Delta Conveyance – Notice of Preparation

Status Update

- CEQA scoping process solicited comments on potential impacts and alternatives
- DWR currently screening project alternatives
 - *Reasonable range of potentially feasible alternatives that avoid or substantially reduce potentially significant impacts*
- Refine Proposed Project and alternatives
- Develop physical environmental footprint and operational criteria for environmental analysis
- Refine impact analysis approach and methods

Agreement in Principle (AIP) for SWP Delta Conveyance Contract Amendment

April 2020

Delta Conveyance AIP

- The draft AIP is a framework to amend the Agency's SWP water supply contract and it allocates the Delta Conveyance Project's costs and benefits
- Option to opt-out of DCF costs and benefits
- Option to assume additional DCF costs and benefits
- Participating PWAs must be in for at least 100% of their Table A amount
- PWAs may opt to participate at more than 100% of their Table A amount
- Costs and DCF water supply are allocated based on the DCF Participation Table
- Adopt "Pay-As-You-Go" Billing Provisions for both the Capital and Minimum Components
- Effective Date will be on or after the contract extension billing transition date

(AIP) DCP Preliminary Benefits

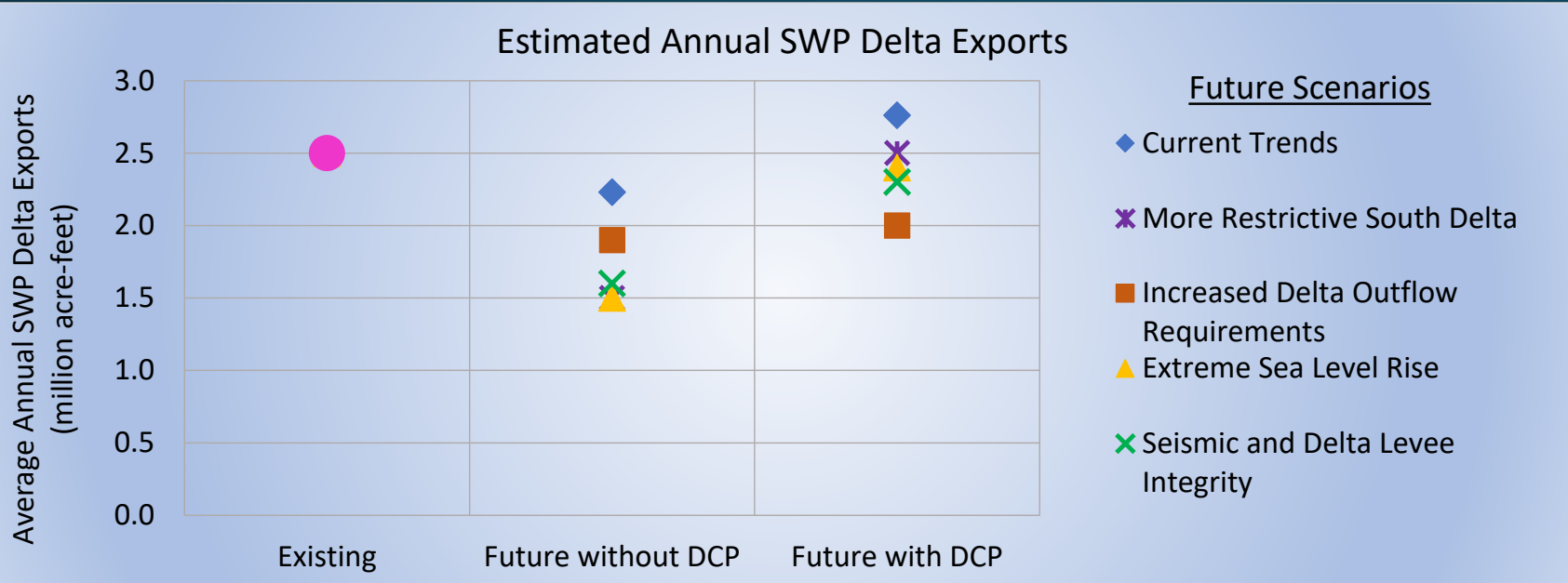
Preliminary DCF Benefits Analysis

- DWR is currently developing the Delta Conveyance Proposed Project.
- At this time, DWR has not defined the project operations and has not completed regulatory processes that may impact project operations.
- Coarse estimate of water supply changes using CalSim II.
- Estimates may change as Delta Conveyance Project is further defined, permitting is completed and modeling is refined.

Water Reliability and Resiliency Benefits

- Water supply reliability and SWP resilience
 - *Climate change adaptation/stormwater capture*
 - *Sea-level rise adaptation*
 - *Seismic resilience*
- South Delta flow pattern improvements for fisheries
- Water transfer capacity and carriage water savings
- Water quality improvements for SWP deliveries

DCF Improves SWP Resilience Under Future Conditions



- SWP exports decrease by ~300 to 1000 TAFY under future scenarios without DCP, compared to the existing conditions
- DCP allows similar SWP exports as the existing conditions in the future — *demonstrates improved resilience*

**TAFY: thousand acre-feet per year on average*

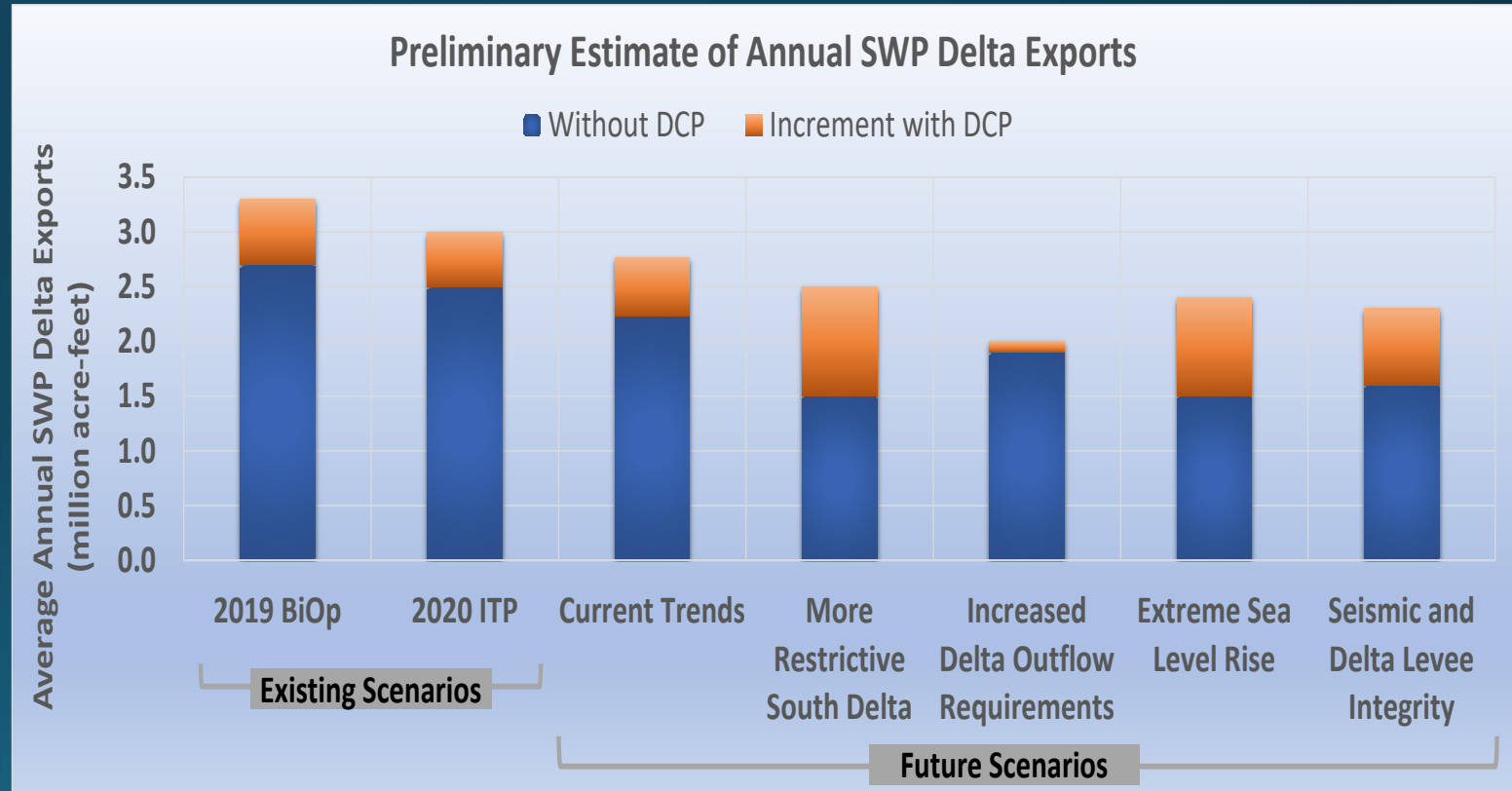
System resilience is defined as the capacity to respond, absorb, adapt to, and recover from disruptive events

- Haines 2009, Risk Analysis

“... intended to strengthen the resilience of water systems, thereby helping communities prepare for disruptions, to withstand and recover from shocks, and to adapt and grow from these experiences.”

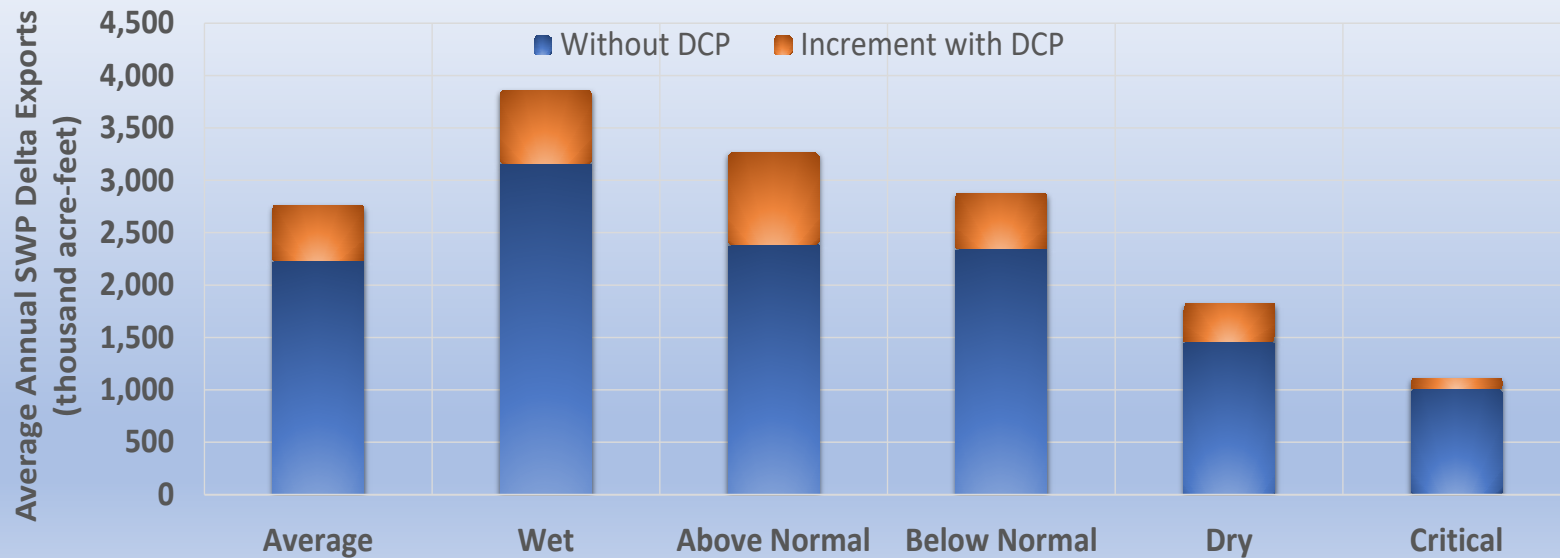
SWP Reliability Compared to Future Conditions Without DCP

- DCP shows potential to alleviate reductions to SWP reliability under many plausible future risk scenarios:
 - ~100 TAFY to 1000 TAFY under greater regulatory restrictions
 - ~700 TAFY under seismic risks and delta island flooding
 - ~900 TAFY under extreme sea level rise
- Exact future likely a combination of climate/hydrology, sea level, regulatory, seismic, and other risks



Potential SWP Water Supply Change with DCP Under Current Trends

Current Trends Future Scenario with DCP
Preliminary Estimate of Annual SWP Delta Exports by Water Year Type



- Current Trends scenario assumes:
 - *current Delta regulations*
 - *projected climate change and sea level rise around year 2040*
 - *WaterFix operations for DCP*
- Estimated SWP export improvement with DCP of ~500 TAFY under the Current Trends scenario
- Most of the export improvement in wetter years
- On average, ~60% increase is Table A and ~40% increase is Article 21
- As DCP Proposed Project is further defined and modeling is refined, water supply estimates may change

(AIP) DCP Preliminary Costs and Cost Allocation

Timeline of Cost Information

May 2019 CWF
Project Withdrawn

Delta Habitat Conservation and
Conveyance (DHCCP) Cost Estimate

CA WaterFix Project Cost Estimate

DCA Cost
Information

2013

2014

2015

2016

2017

2018

2019

2020

DHCCP Cost Estimate (2012 dollars)

- 2 Tunnels
- \$24.78 Billion
- SWP share \$10.03 Billion

CA WaterFix Cost Estimate (2017 dollars)

- 2 Tunnels
- \$16.73 Billion



CA WaterFix Cost Share (2017 dollars)

- 67% SWP
- 33% Unsubscribed (MWD funding)
- SWP Share \$11.086 Billion

**DCA Cost
Estimate
August 2020**
1 Tunnel

Project had completed Planning Phase, Conceptual Engineering Report (CER), Final Environmental Impact Report (EIR), and Permits

Planning
Phase

DCA Cost Assessment

DCA Program Scope:	Cost assessment based on DWR's Proposed Project in NOP Conceptual Engineering Report (CER) is not completed
Purpose:	Early cost assessment to inform PWA's investment in project planning
DCA Cost Assessment:	\$15.9 billion in non discounted dollars
Included:	Based on preliminary engineering but includes project costs for construction, management, oversight, mitigation, planning, soft costs and contingencies

Construction Costs

Significant Features	(\$ millions in 2020)	
	CWF ¹	DCA
Intakes 3 and 5	814	1,397
Tunnels (North and Main)	4,226	4,302
Clifton Court Forebay & South Delta Connectors and South Tunnels	679	1,357
Pump Plant (CWF to 6,000 cfs)	401	794
Utilities, Power, Roads, and Communication and Controls	454	508
Total	6,574	8,358

1. CWF costs are normalized to represent a single tunnel of smaller diameter and a 6,000 cfs pump plant.

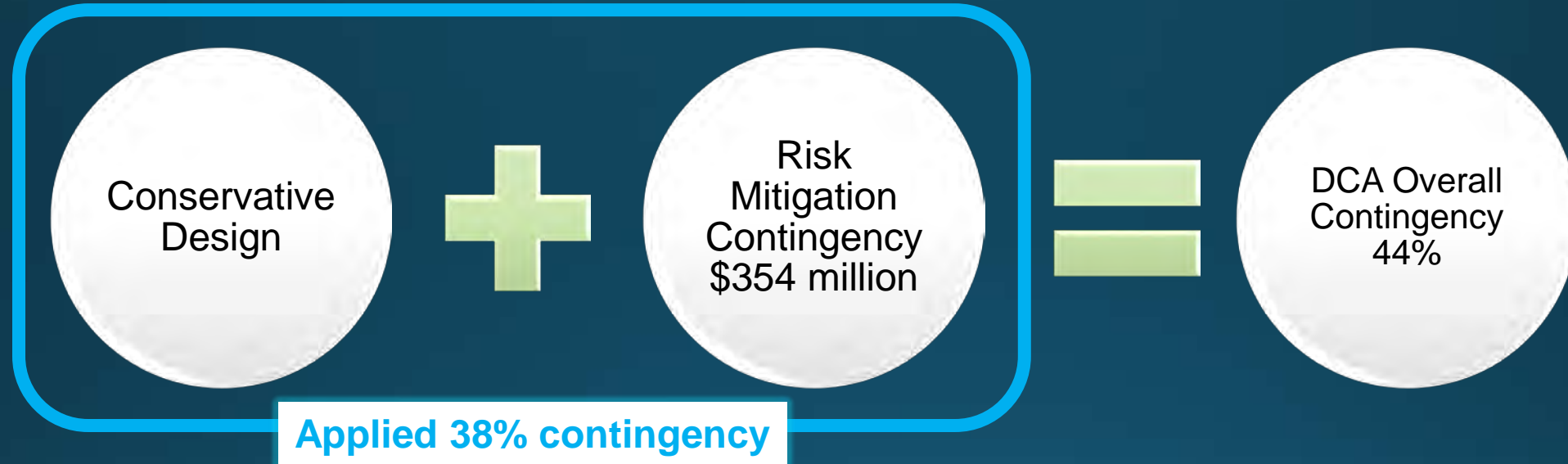


Intakes



Pump Station

Contingency Levels for DCA Cost Assessment



WaterFix Overall Contingency

35% of construction costs

Contingency and Soft Cost Variance

Category	DCA Estimate (\$ Billions)	% of Baseline Construction Cost	Industry Range ⁴ (% of Baseline Construction Cost)	Applied Industry Range (\$ Billions)	Variance from Industry Range (\$ Billions)
Baseline Construction	8.37 ¹	100	100	8.37	-
Contingency	3.71 ²	44	10 to 30	0.84 to 2.51	1.20 to 2.87
Program Management	0.42	5	6	0.50	(.08)
Design & CM	2.42	29	10 to 15	0.84 to 1.26	1.16 to 1.59
Subtotal for Variance³	14.92	178	126 to 151	10.55 to 12.64	2.28 to 4.37
DCO oversight, mitigation, land acquisition	.98	n/a	n/a	n/a	n/a
Total Project	15.9	n/a	n/a	n/a	n/a

1. This removes \$354 M from the DCA construction costs since those were line item risk mitigation contingencies.

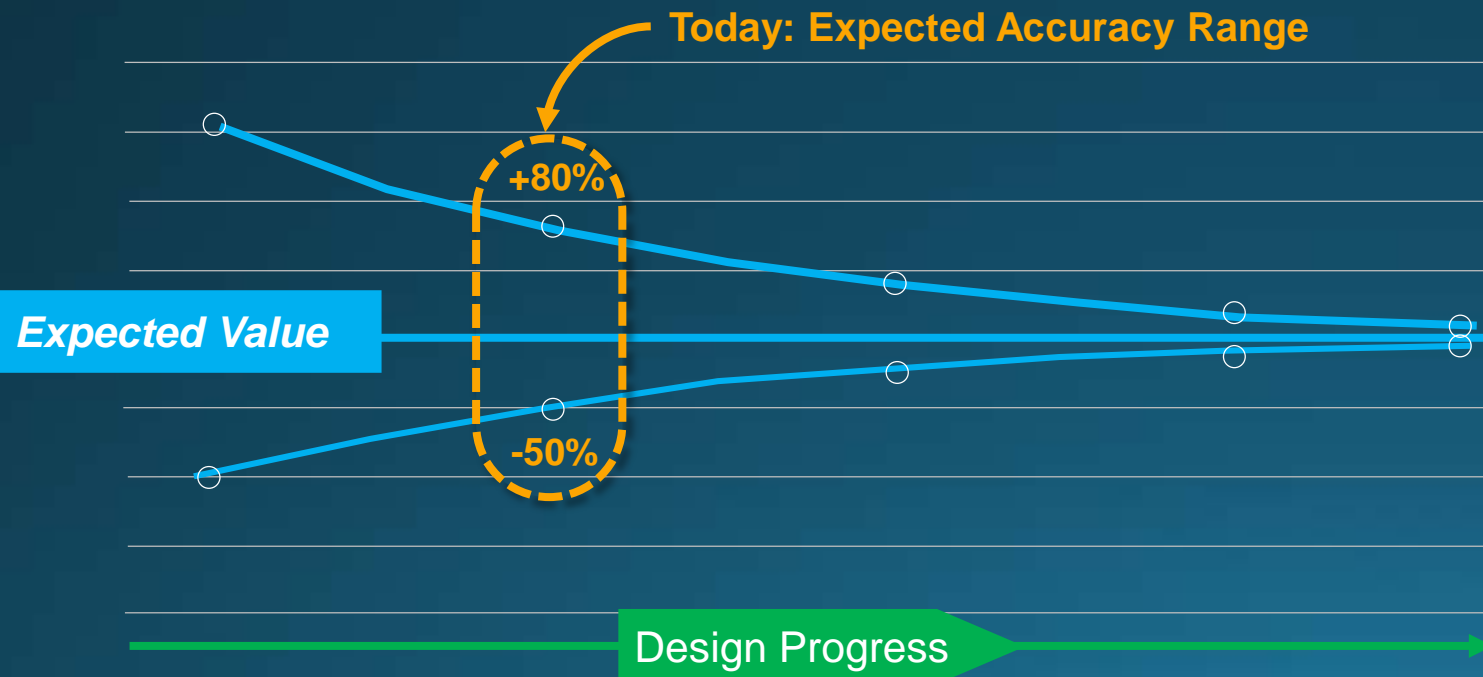
2. This adds \$354 M to the DCA stated contingency of 3.3 to include risk mitigation contingencies.

3. Does not include DCO oversight, mitigation, land acquisition, capital costs, and O&M costs.

4. Based on level of detail provided in DCA documents and estimate

DCA Cost Assessment – Refinement with Time

Confidence Interval Accuracy Range for most probable construction cost of \$12.1 billion
DCA Cost Assessment \$15.9 billion (non discounted dollars)



- The boundaries of the curve represent expected range of accuracy of construction cost
- In early stages, a much wider range of potential construction costs due to the uncertainty of available information
- As the design advances, the range of the construction cost diminishes

Delta Conveyance AIP

- DWR is requesting that PWAs confirm its desired participation percentage in the proposed project for planning funds
- The Board is not approving the execution of a contract amendment to its SWP water supply contract
- Based on anticipated SWC participation, at this time, the Agency's preliminary participation percentage in the DCF is 1.52%.
- This participation percentage will first be used to inform the percentage of planning funding allocated to participating PWAs

Delta Conveyance AIP - Preliminary allocation of DCF participation percentages

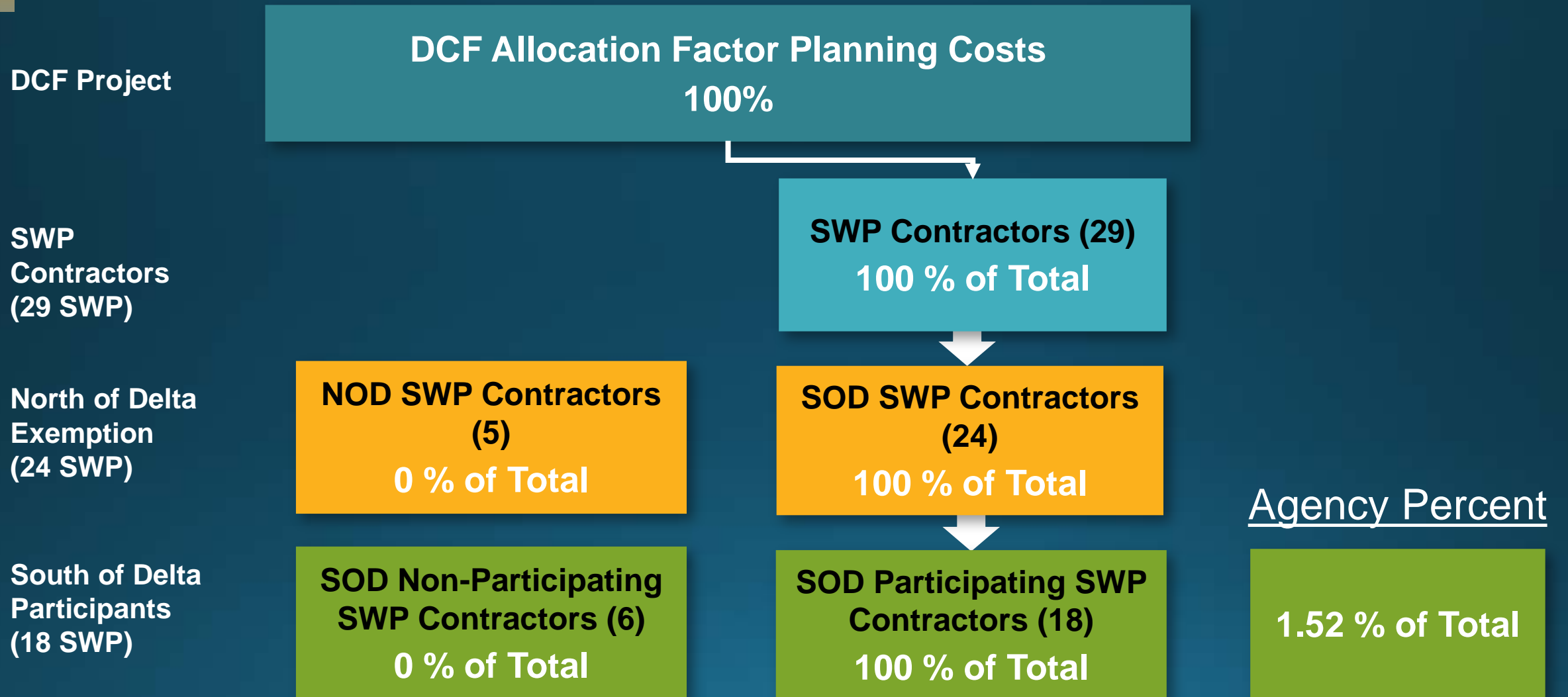
Public Water Agency	Delta Conveyance Facilities Allocation Factors
City of Yuba City	0
County of Butte	0
Plumas County FC&WCD	0
Napa County FC&WCD	0
Solano County Water Agency	0
Alameda County FC&WCD, Zone 7	
Alameda County Water District	
Santa Clara Valley Water District	
Dudley Ridge Water District	
Empire-West Side Irrigation District	0
Kern County Water Agency-Total	
County of Kings	0
Oak Flat Water District	0
Tulare Lake Basin Water Storage District	0
San Luis Obispo County FC&WCD	
Santa Barbara County FC&WCD	0
Antelope Valley-East Kern Water Agency	
Santa Clarita Valley Water Agency	
Coachella Valley Water District	
Crestline-Lake Arrowhead Water Agency	
Desert Water Agency	
Littlerock Creek Irrigation District	0
Mojave Water Agency	
Palmdale Water District	
San Bernardino Valley Municipal Water District	
San Gabriel Valley Municipal Water District	
San Geronio Pass Water Agency	
The Metropolitan Water District of Southern California	
Ventura County Watershed Protection District	

- Only PWAs with a greater than 0 percentage would be billed for DCF Charge Components through their annual SOC using the Delta Conveyance Facility Allocation Factors described in the table
- PWAs with a zero allocation factor would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with DCF except to the extent there is a permanent transfer of Table A which would increase a PWA from a greater than zero allocation factor through a subsequent contract amendment.

DCA Planning Funding Agreements

*Agreement For The Advance Or Contribution Of Money
To The Department of Water Resources*

DCF Allocation Factor (%) – Planning Costs



Delta Conveyance

Timeline

December 2020 2021-22 Planning Costs

- Funding Agreement for planning costs
- Review Delta Conveyance Agreement in Principle (AIP)
- Potential updates to DCA agreement

Post-2022 Planning Costs

Post-2023

- Project Participation
- Approve Project/Contract Amendment for Conveyance

Planning Activities (2020 – 2024)

◆ Draft EIR/S

◆ Final EIR/S

◆ Federal/State ESA Approvals

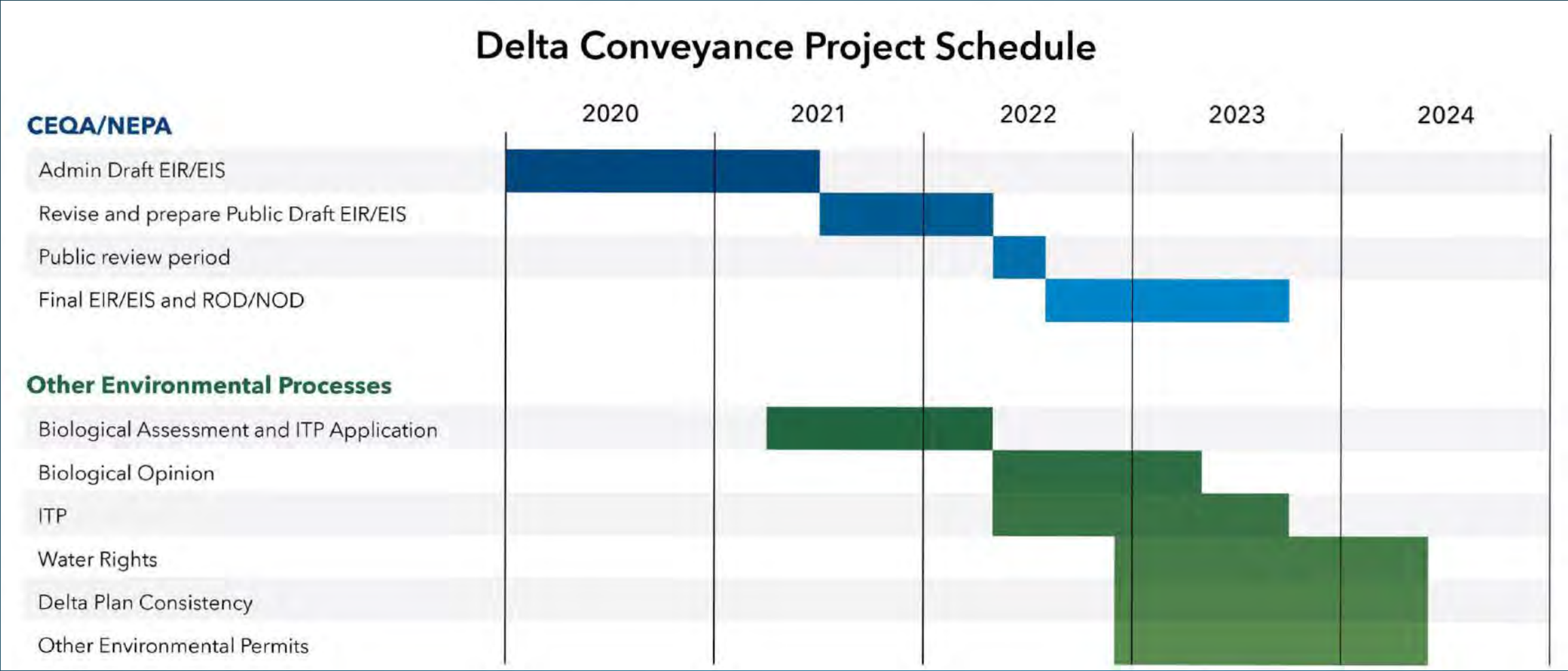
◆ Project Approval ROD/NOD

◆ SWRCB - Change in Point of Diversion

◆ DSC -Certification of Consistency

This slide does not show all necessary permits and regulatory processes. It is a general representation of one-way DWR may seek to comply with regulatory requirements.

DCP Environmental Planning Schedule



DCA Budget Reductions for Current Fiscal Year

Savings	Description
\$310,000	Reduce legal, human resource, and treasury services
\$2,030,000	Shift non-critical studies to next fiscal year
\$2,820,000	Shift portion of field work to next fiscal year
\$150,000	Reduce meeting frequency and graphics support
\$920,000	Reduce controls staff and IT system support to reflect reduced workload
\$250,000	Reduce office administration costs to reflect continued at-home work
\$520,000	Reduce available contingency for unanticipated services
\$7,000,000	Reduces Expected Expenditure from \$34Mil to \$27Mil

Total Planning Costs 2020-2024 (DCA and DWR)

Year	Total Planning \$M (DCA and DWR)	Total Savings Compared to Previous Estimates (\$M)	DWA Annual Cost Commitment
2021	\$63.2	\$17.5	\$961,795
2022	\$61.7	\$26	\$938,337
2023	\$102.8	\$10	\$1,563,895
2024	\$113.1	-	\$1,720,284
TOTAL	\$340.7	\$53.5	\$5,184,310

True-Up Previous DCP Planning Funds

- 4 SWC Agencies provided \$9.2M in advance of the AIP to support DCP planning in 2020
- \$9.2M will be credited to those agencies over the 4-year planning period
- Total needed from DCP participants is: $\$331.5 + \$9.2\text{M} = \$340.7$
 - DWA costs: \$1,900,132 over the next 2 years
 - DWA costs: \$5,184,310 over the next 4 years

Key Provisions

- Funding Agreements for \$340.7 million for planning costs and true-up from 2021-2024
- Authorizes contributed funds to be spent on DCA invoices consistent with the Joint Exercise of Power Agreement (JEPA) and Delta Conveyance Office (DCO) environmental planning costs
- Allows for customization of contributed funds
- Provides flexibility to provide additional funds without amendment to the Agreement

Options:

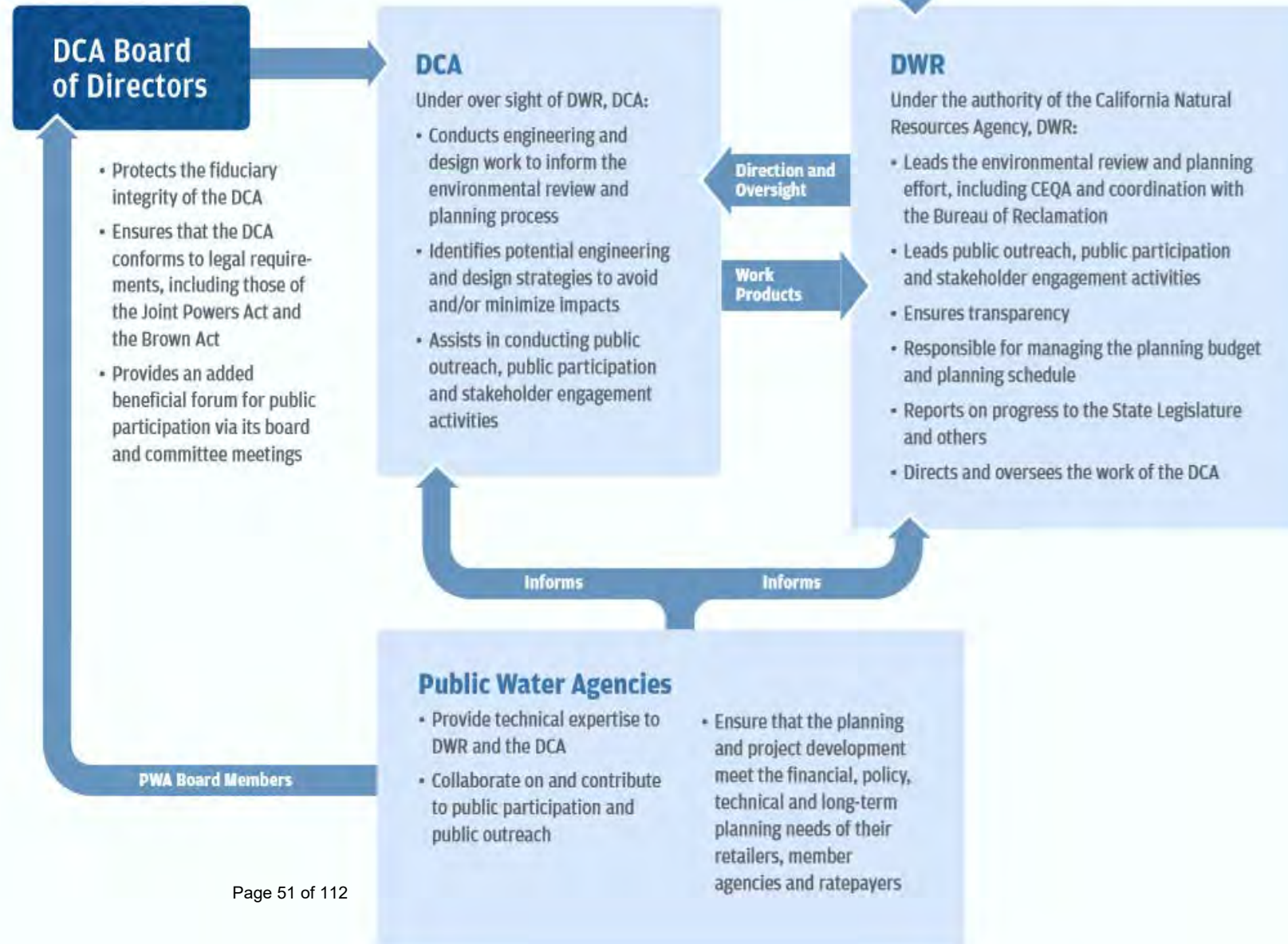
- Statement of Charges Pay Go or Lump Sum Payments
- Authorization for entire share of \$340.7 million (full 4 years) in planning costs or only first two years (\$126.1 million)
 - DWA 2 year total is \$1,900,132 (staff recommendation)
 - DWA 4 year total is \$5,184,310
- Will allow for additional funds to be contributed upon showing of Board authorization

DCA Governance and Scope Changes

*Amended Delta Conveyance Design and
Construction Authority Joint Powers Agreement*

Delta Conveyance Design and Construction Authority (DCA)

Roles & Responsibilities for Delta Conveyance



DCA Governance Changes

- Change the number of DCA Board of Directors from five (5) to seven (7)
- Convert the existing 'non-SWP capacity' and at large SWC seats
 - *One (1) seat for Class 2 members, except Santa Clara Valley Water District*
 - *One (1) seat for Classes 3, 5, and 7*
- Add two (2) at large seats for Class 8 members
- Continue one (1) seat each for:
 - *Metropolitan Water District of Southern California (State Water Project)*
 - *Kern County Water Agency*
 - *Santa Clara Valley Water District*
- Reconsideration of budget, some contract items with 70% of contracted proportionate share
- Officers selected by the Board

DCA Focus in Near-Term

- DCA has completed critical work to inform the footprint and analysis needed for the EIR/EIS
- The revised planning schedule is 4 years instead of 2 as originally anticipated
- The Stakeholder Engagement Committee (SEC) is critical and will continue
- The DCA Board will continue to meet periodically

DCA Near-Term Change in Scope

- The Public Water Agencies providing planning funding need to be prudent with public dollars
- The DCA Scope will be revised to focus on environmental support and the Stakeholder Engagement Committee (SEC) in the near-term
- Once the project is ready for the design and construction phase, the DCA will be fully re-engaged
- Changes do not impact the overall planning schedule

Exempt from California Environmental Quality Act

Exempt from CEQA

- The recommended actions do not qualify as a “project” subject to CEQA for following reasons
 - Continuing administrative or maintenance activities, such as general policy and procedure making
 - Government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment
 - Organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3).)
- The recommended actions do not constitute an approval by the Agency of the DCP nor do the actions authorize or approve construction of the DCP.
- The recommended actions do not authorize or commit the Agency or DWR to expenditure of the funding on any site-specific project.
- The recommended actions do not authorize or approve any actions by the DCA or DWR that may cause direct or reasonably foreseeable indirect environmental impacts.
- The recommended actions would be statutorily exempt from environmental review pursuant to CEQA Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of CEQA review itself.
- The recommended actions are exempt under the “common sense” exemption in CEQA Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment.

Board Action Considerations

- Review Agreement in Principle (AIP) for SWP Contract Amendment
 - *Adopt a Resolution indicating a level of participation in the Delta Conveyance Project of 1.52%*
- Consider funding for environmental planning
 - *Approve Agreement For The Advance Or Contribution Of Money To The Department of Water Resources*
- Review the revise Delta Conveyance Design and Construction Authority Governance Structure to reflect updated participation
 - *Approve Delta Conveyance Design and Construction Authority Joint Powers Agreement Amendment*
- Determine the actions are exempt from the California Environmental Quality Act

Questions?

AGREEMENT IN PRINCIPLE

April 30, 2020

This Agreement in Principle has been developed from the State Water Contractor Public Water Agencies' offers presented from July 24, 2019 to present, Department of Water Resources' offers presented from July 31, 2019 to present, and information discussed and presented by the technical and legal work groups.

Agreement in Principle for the State Water Project Water Supply Contract Amendment

on a

Delta Conveyance Project

This Agreement in Principle (**AIP**) is by and between certain State Water Project Public Water Agencies (**PWAs**) and the State of California through the Department of Water Resources (**DWR**) for the purpose of amending the State Water Project Water Supply Contracts.

AIP Objective:

1. Develop an agreement between the State Water Project Contractor Public Water Agencies and Department of Water Resources to equitably allocate costs and benefits of a potential Delta Conveyance Facility that preserves operational flexibility such that the Department of Water Resources can manage the State Water Project to meet regulatory requirements, contractual responsibilities, and State Water Project purposes.

AIP Outline:

- I. Definitions
- II. Objective 1 - Availability of an option to opt out of costs and benefits of Delta Conveyance Facilities of the State Water Project
- III. Objective 2 - Availability of an option to assume, or partially assume, costs and benefits of Delta Conveyance Facilities of the State Water Project
- IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts
- V. Objective 4 - Delta Conveyance Facility billing
- VI. Objective 5 - Delta Conveyance Facility benefits allocation
- VII. Objective 6 - Affect upon other Water Supply Contract provisions
- VIII. Other Provisions
- IX. Environmental Review Process
- X. Authorized Representative Signatures

I. Definitions

- a. **Clifton Court Forebay** shall mean the existing State Water Project diversion at Clifton Court Forebay facility through its intake located on Old River in the southern Delta and the associated Skinner Fish Facility.
- b. **Delta** shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the California Water Code on the date of approval of the Bond Act by the votes of the State of California.
- c. **Delta Conveyance Facility (DCF)** shall mean those facilities of the State Water Project consisting of a water diversion intake structure, or structures, located on the Sacramento River and connected by facilities to Banks Pumping Plant in the southern Delta with a single tunnel that will serve the water supply purposes of the State Water Project.
- d. **DCF Benefits** shall mean those water supply and capacity benefits attributable to the DCF including but not limited to: (1) Table A water supplies; (2) Article 21 water supplies; (3) carriage water savings; (4) reliable water supply and use of DCF available capacity in the event of a temporary or permanent physical, regulatory, or contractual disruption of southern Delta diversions; and (5) use of DCF available capacity to move non-project water through the proposed DCF.
- e. **Fair Compensation** shall include but is not limited to capital recovery, operations and maintenance, replacement, and variable charges associated with the use of the DCF capacity.
- f. **State Water Project (SWP)** shall mean the State Water Resources Development System as described in California Water Code section 12931.
- g. **State Water Project Contractor Public Water Agencies (PWAs)** shall include the 29 entities holding State Water Project Water Supply Contracts with the Department of Water Resources.

II. Objective 1 - Availability of an option to opt out of costs and DCF Benefits

- a. This AIP makes available to each PWA an option to opt out of the costs and benefits of the DCF through a contract amendment that establishes a Statement of Charges (SOC) percentage of DCF Benefits based on the percentages in the Delta Conveyance Allocation Factors table to water attributable to the DCF, as described in Section VI of this AIP.
- b. PWAs indicating an intent to opt out of costs and benefits of the DCF shall be described in Section VI(a) of this AIP.
- c. An option to opt out of DCF costs and benefits are limited such that a PWA must opt out of at least a minimum 100% of its Municipal and Industrial Table A or 100% of its Agricultural Table A. This provision doesn't prohibit a PWA from taking more than their Table A share, if available, in the Delta Facilities Allocation Factor table.

III. Objective 2 - Availability of an option to assume additional costs and benefits of the DCF

- a. This AIP makes available to each PWA an option to assume additional costs and benefits of the DCF through a contract amendment that establishes additional costs on the SOC in exchange for DCF Benefits based on the percentages in the Delta Conveyance Allocation Factors table to water attributable to the DCF, as described in Section VI of this AIP.
- b. PWAs indicating an intent to assume DCF costs and benefits shall be described in Section VI(b) of this AIP.

IV. Objective 3 - Pursuit of State Water Project Delta Conveyance Facilities under the State Water Project Water Supply Contracts

- a. The DCF shall be constructed and operated as an integrated component of the State Water Project, and DWR will continue to operate the State Water Project at its sole discretion.
- b. The DCF is an authorized component of the State Water Project pursuant to California Water Code sections 11100 et seq. and 12930 et seq.
- c. Effective Date: A contract amendment pursuant to this AIP shall have an effective date no sooner than the billing transition date set forth in State Water Project Water Supply Contract Amendment known as The Contract Extension Amendment.
- d. Administration of DCF: DWR will forecast and account for Project Water attributable to the DCF and DWR will determine whether or not that Project Water would not have been available at Clifton Court Forebay. A whitepaper describing the DWR's and the PWAs' current understanding of the approach on forecasting, administration, and accounting is contained in Attachment 1. Attachment 1 will not be incorporated into contract language.

V. Objective 4 - Delta Conveyance Facility billing

- a. These costs would be billed to and collected from SWP PWAs consistent with the Delta Facilities Allocation Factor table below through their annual SOC.
- b. Delta Conveyance Facilities Charge Components:** All capital and minimum operations, maintenance, power and replacement (OMP&R) costs associated with the DCF are 100% reimbursable and shall be recovered by DWR from PWAs through their annual SOC consistent with the Delta Facilities Allocation Factor table. These costs shall be allocated to and billed under two new charges as follows:

(1) Delta Conveyance Facilities Capital Charge Component.

(2) Delta Conveyance Facilities Minimum OMP&R Component.

c. Delta Conveyance Facilities Capital Charge Component Method of Computation

1. This computation will recover actual annual debt service created by financing activities (Financing Method) for DCF.
2. Each Financing Method shall provide an annual repayment schedule, which includes all Financing Costs.
3. Financing Costs shall mean the following: Principal of and interest on Revenue Bonds, debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest, deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and premiums for insurance or other security obtained in relation to such Revenue Bonds.

d. Financing Method shall be divided into four categories: DCF Capital Costs paid with the proceeds of Revenue Bonds; DCF Capital Costs paid with amounts in the State Water Resources Development System Reinvestment Account; DCF Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and DCF Capital Costs prepaid by the PWAs consistent with the Delta Facilities Allocation table.

e. DCF Capital Charge Component should be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year and consistent with the Delta Facilities Allocation Factor table.

f. Delta Conveyance Facilities Minimum OMP&R Charge Component Method of Computation

1. Recovery will be estimated and/or actual annual OMP&R costs determined for the DCF each year.
2. DCF Minimum OMP&R Charge Component shall be allocated to the PWAs in proportion to the Delta Conveyance Facilities Allocation Factors for each calendar year.

g. Delta Conveyance Facilities Energy Charges: The DCF energy costs are 100% reimbursable by the PWAs and the methodology will be determined by DWR, reviewed in the SWRDS Finance Committee, and approved by the Director.

- h. **Redetermination:** These charges shall be subject to redetermination.
- i. **Step-up:** PWAs that execute a contract amendment to opt out will not be allocated any portion of a step-up required in the event of a default on a DCF Capital Charge.
- j. **Delta Conveyance Facilities Allocation Factors:** The following table is a preliminary allocation of DCF participation percentages. Only PWAs with a greater than 0 percentage would be billed for DCF Charge Components through their annual SOC, using the Delta Conveyance Facility Allocation Factors described in the table. PWAs with a zero allocation factor would not be billed for repayment of costs for construction, operation and maintenance of facilities associated with DCF, except to the extent there is a permanent transfer of Table A which would increase a PWA from a greater than zero allocation factor through a subsequent contract amendment.

Public Water Agency	Delta Conveyance Facilities Allocation Factors
City of Yuba City	0
County of Butte	0
Plumas County FC&WCD	0
Napa County FC&WCD	0
Solano County Water Agency	0
Alameda County FC&WCD, Zone 7	
Alameda County Water District	
Santa Clara Valley Water District	
Dudley Ridge Water District	
Empire-West Side Irrigation District	0
Kern County Water Agency-Total	
County of Kings	0
Oak Flat Water District	0
Tulare Lake Basin Water Storage District	0
San Luis Obispo County FC&WCD	
Santa Barbara County FC&WCD	0
Antelope Valley-East Kern Water Agency	
Santa Clarita Valley Water Agency	
Coachella Valley Water District	
Crestline-Lake Arrowhead Water Agency	
Desert Water Agency	
Little Rock Creek Irrigation District	0
Mojave Water Agency	
Palmdale Water District	

San Bernardino Valley Municipal Water District	
San Gabriel Valley Municipal Water District	
San Geronio Pass Water Agency	
The Metropolitan Water District of Southern California	
Ventura County Watershed Protection District	
Total	100.000%

VI. Objective 5 - Delta Conveyance Facility Benefits Allocation

- a. PWAs that execute a contract amendment to opt out of DCF costs and benefits will agree, within that amendment, to the following:
 - i. Charges as set forth in Section V of this AIP will not appear on its SOC.
 - ii. Forego and waive any contractual rights to the following:
 - a. Right to or delivery of Project Water attributable to the DCF, provided that DWR determines that such water would not have been available for diversion at Clifton Court Forebay. This AIP will not modify the amounts within Table A but will memorialize this limited reduction for DCF Benefits by adding a footnote to the PWA's Table A to reflect their zero allocation for DCF Benefits.
 - b. Any contractual rights to or delivery of Article 21 Interruptible Water prior to the point(s) in time each year DWR determines that a volume of water equal to the volume of current year Project Water for Table A in San Luis Reservoir attributable to DCF in the SWP share of San Luis Reservoir storage will be displaced or evacuated by a quantity of exports equal to the quantity of exports from Clifton Court Forebay that would have been stored in San Luis Reservoir absent the DCF. Provided that, when Article 21 Interruptible Water supply is greater than demand from PWAs with a greater than zero Delta Conveyance Facility Allocation factor, Article 21 Interruptible Water will be made available to all PWAs based on Table A percentage.
 - c. Any contractual rights to or delivery of Article 21 Interruptible Water attributable to the DCF after a volume of water equal to the volume of current year Project Water for Table A in San Luis Reservoir attributable to DCF has been evacuated or displaced by the exports from Clifton Court Forebay that would have been stored in San Luis Reservoir absent DCF. Provided that, when Article 21 Interruptible Water supply is greater than demand from PWAs with a greater than zero Delta

Conveyance Facility Allocation Factor, Article 21 Interruptible Water will be made available to all PWAs based on Table A percentage.

- d. Right to use DCF conveyance capacity unused by DWR for SWP purposes to convey non-project water, except as provided in subsection h.
 - e. Right to use available DCF conveyance capacity to convey Project Water in the event that pumping directly from the south Delta is prevented or impaired by a physical, regulatory or contractual disruption, including but not limited to sea level rise, seismic events, flooding, or other uncontrollable event.
 - f. Right to carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water.
 - g. Right to any credit from Fair Compensation collected by DWR for use of available DCF conveyance capacity.
 - h. Rights to use of the DCF, unless a subsequent contract with DWR is entered that provides for payment of Fair Compensation associated with such use.
- iii. For the North of Delta PWAs, DWR will not change the current administrative process for determining the availability of Article 21 due to the DCF. This process will be documented in the Article 21 administration that is distributed via a Notice to Contractors.
- b. PWAs that execute a contract amendment to assume costs and benefits of the DCF will agree, within that amendment, to the following:
- i. Charges will appear on the SOC as set forth in the table in the percentages shown in Section V of this AIP.
 - ii. DCF Benefits in proportion to the percentage table in Section V of this AIP, including but not limited to:
 - a) Delivery of Table A amounts diverted at and conveyed through the DCF. This AIP will not modify the amounts within Table A but will memorialize this DCF Benefits by amending the PWA's Table A with a footnote. The footnote will recognize each PWA's DCF Benefits consistent with the Delta Conveyance Facilities Allocation Factors.
 - b) Article 21 Interruptible Water attributable to DCF.
 - c) Available DCF conveyance capacity unused by DWR for SWP purposes, to convey non-project water for ultimate use within that PWA's service area.
 - d) Carriage water savings that DWR determines are realized during its operation of any DCF for purposes of conveying Project Water.
 - e) Available DCF conveyance capacity to convey Project Water in the event that pumping in the south Delta is prevented or impaired by a physical, regulatory or contractual disruption, including but not limited to sea level rise, seismic events, flooding, or other uncontrollable event.

- f) A credit from Fair Compensation collected by DWR for use of available DCF conveyance capacity.
- c. Nothing in this AIP changes Article 18(a) in the existing State Water Project Water Supply Contracts.

VII. Objective 6 - Affect Upon Other Water Supply Contract Provisions

- a. Unless specifically stated in this AIP and incorporated into a subsequent contract amendment, there are no changes to the PWAs' rights and obligations under the existing State Water Project Water Supply Contracts.
- b. Transfers and exchanges are not intended to be modified under this AIP and shall be subject to the provisions of the then existing State Water Project Water Supply Contracts.

VIII. Other Provisions

- a. Clifton Court Forebay Diversion Priority: In the event that DWR uses its discretion to move Project Water through the DCF that could have been moved through Clifton Court Forebay Intake, PWAs with a greater than zero Delta Conveyance Facilities Allocation Factor will be given a first priority of available capacity, as determined by DWR, based on their percentage in section V to move up to that same amount of non-project water at Clifton Court Forebay Intake.

IX. Environmental Review Process

DWR and the PWAs agree that this AIP is intended to be used during the environmental review process for the California Environmental Quality Act (CEQA), to define the proposed project description for the purposes of CEQA, and to permit the next steps of the SWP water supply contract amendment process, including scoping and the preparation of the EIR. The AIP principles are not final contract language and do not represent a contractual commitment by either DWR or the PWAs to approve any proposed project or to sign contract amendments. By concurring with the AIP, DWR and the PWAs express their intent to move forward with the CEQA process with DWR as lead agency and the PWAs as responsible agencies, and ultimately develop a proposed project consisting of contractual amendments consistent with the AIP principles and prepare the EIR for consideration by DWR and the PWAs.

At the end of the CEQA process and in compliance with CEQA, DWR and the PWAs will each individually evaluate the EIR and Contract Amendment, exercise their independent judgment, and determine whether or not to certify the EIR, approve the proposed project and sign the contract amendment or to approve an alternative project. Consequently, even though DWR and the PWAs have agreed to the AIP

for the purposes described in the preceding paragraphs, DWR and each PWA retain their full discretion under CEQA to consider and adopt mitigation measures and alternatives, including the alternative of not going forward with the proposed project.

**State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES**

**AGREEMENT FOR
THE ADVANCE OR CONTRIBUTION OF MONEY TO
THE DEPARTMENT OF WATER RESOURCES
BY
THE DESERT WATER AGENCY**

**FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A
POTENTIAL DELTA CONVEYANCE PROJECT**

THIS AGREEMENT is made, pursuant to the provisions of all applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources (“Department” or “DWR”), and the Desert Water Agency (“Contractor”), each herein referred to individually as a “Party” and collectively as the “Parties”.

Recitals

WHEREAS, DWR and the Contractor listed on the signature page hereto have entered into and subsequently amended a long-term water supply contract, herein referred to as a “Water Supply Contract,” providing that DWR will supply certain quantities of water to the Contractor, providing that Contractor shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments; and

WHEREAS, the Bay Delta Conservation Plan (“BDCP”) process was initiated in 2005-2006 and the Delta Habitat Conservation and Conveyance Program (“DHCCP”) was initiated in 2008; and

WHEREAS, the Bay Delta Conservation Plan (“BDCP”) and (“DHCCP”) resulted in development of a project known as the California WaterFix (“WaterFix”); and

WHEREAS, on July 21, 2017, DWR approved the California WaterFix project; and

WHEREAS, certain Contractors have entered into that certain Joint Powers Agreement dated May 14, 2018 forming the Delta Conveyance Design and Construction Authority (“DCA”); and

WHEREAS, DWR and DCA have entered into that certain Joint Powers Agreement (“JEPA”), dated May 22, 2018, as amended and restated, and as the same has or may be further amended, wherein the DCA will provide preliminary design, planning and other preconstruction activities to assist the environmental planning process for a potential Delta conveyance project under the supervision of DWR (the “Work” as defined in the JEPA); and

WHEREAS, a copy of the resolution of the Board of Directors of Contractor authorizing its General Manager to execute this Agreement is attached hereto as Exhibit A; and

WHEREAS, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and (ii) DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with the terms of this Agreement pursuant to Water Code section 11141; and

WHEREAS, DWR and Contractor desire to enter into this funding Agreement to provide for the contribution or advance of funds to DWR and authorize the use of the contributed funds for purposes related to environmental review, planning and design of a Delta conveyance project as described below.

AGREEMENT

NOW, THEREFORE, it is mutually agreed by the Parties as follows:

1. When used in this Agreement, terms defined in the Water Supply Contract (as defined herein) shall be defined by reference to the Water Supply Contractor. In addition, the following definitions shall apply:
 - a. **“Calendar Year”** means the period January 1 through December 31.
 - b. **“Contributed Funds”** means money contributed or advanced to DWR by Contractor pursuant to this Agreement. The total initial amount Contractor agrees to provide is \$1,900,132 and is comprised of the following annual amounts to be paid to DWR in the manner described in Section 5 of this Agreement are \$961,795 for 2021 and \$938,337 for 2022.
 - c. **“Contribution Payment(s)”** means the payments of Contributed Funds that Contractor agrees to provide to DWR pursuant this Agreement
 - d. **“Contractor”** means a State Agency that is a party to a Water Supply Contract with DWR.
 - e. **“Department”** or **“DWR”** means the California Department of Water Resources.
 - f. **“Effective Date”** has the meaning ascribed to it in section 11 hereof.
 - g. **“JEPA”** means the Joint Exercise of Powers Agreement between DWR and the DCA dated May 22, 2018, as amended and restated and as may be further amended from time to time.
 - h. **“Pay-Go Charge”** means the charge included on Contractor’s Statements of Charges for the purpose of collecting Contributed Funds that Contractor agrees to advance or contribute to DWR pursuant to this Agreement.

- i. **“Party”** or **“Parties”** means DWR, the undersigned Contractor, or all signatories to this Agreement.
 - j. **“State Agency”** has the meaning ascribed to it by Water Code section 11102.
 - k. **“SWP”** or **“State Water Project”** means the State Water Project operated by DWR. The SWP generally includes the State Water Facilities, as defined in California Water Code section 12934(d), and certain facilities authorized by the Central Valley Project Act at section 11100 *et. seq.*
 - l. **“Water Supply Contract”** means the long-term water supply contract, as amended and as may be amended in the future, between Contractor and DWR.
 - m. **“Work”** has the meaning ascribed to it in the Recitals to this Agreement.
2. Effect of Agreement. DWR and Contractor agree that nothing in this Agreement supersedes previous funding agreements or the obligations under those funding agreements unless specifically addressed in this Agreement.
3. Purposes of Agreement. This Agreement documents Contractors agreement to provide Contributed Funds to DWR for the purposes set forth in Section 4, the manner of providing those funds as set forth in Section 5, and the means by which future contributions may be made.
4. Use of Funds. DWR shall use the Contributed Funds and any future Contributed Funds collected from Contractor pursuant to section 5 hereof, for the payment of DCA invoices submitted to DWR on or after October 1, 2020 for the Work done or costs incurred by DCA, or for Delta conveyance project planning work done by DWR through the Delta Conveyance Office (“DCO”) and any other purpose consistent with the JEPA, as the same has been, and may be, amended from time to time. DWR will not use funds provided under this Agreement for the activities described in the Mitigated Negative Declaration for Soil Investigations for Data Collection in the Delta adopted by DWR on July 9, 2020.
5. Charge Procedure. Contractor shall pay its Pay-Go Charge on the date(s) and in the amount(s) set forth on the revised Statement of Charges for 2021, and subsequent Statements of Charges issued to Contractor by DWR. The annual amounts will be paid in twelve monthly installments. Contractor may agree, without amending this Agreement, to advance additional funds after the Effective Date, which shall be considered Contributed Funds, by delivery to DWR of a letter in substantially the form attached hereto as Exhibit B, which letter shall specify the amount to be advanced or contributed, whether the payments will be in the form of one or more lump sums or in 12 equal installments, and together with such other information the Parties deem necessary or desirable to effectuate the advance or contribution. A copy of the resolution, or other Board authorization, of Contractor’s Board of Directors approving the subject contribution shall be enclosed with the letter. Upon receipt of a contribution letter DWR shall indicate its agreement by

returning a counter signed copy of the letter to Contractor. The agreed upon advance or contribution shall thereafter be included in Contractor's Statement of Charges or a revised Statement of Charges, as appropriate. The charge shall be designated by reference to the year in which the charge is to begin, followed, if there be more than one such subsequent advance or contribution in a year by a dash and an integer followed by the words Pay-Go Charge.

6. Limitation. With respect to the Work and the DCA, nothing in this Agreement imposes any duty or obligation either expressly or by implication on DWR other than the duty to use Contributed Funds to pay the undisputed portion of DCA invoices submitted to DWR during the term of this Agreement in accordance with the terms of this Agreement and the JEPA if, as and when Contributed Funds have been received by DWR under this Agreement and other similar agreements or arrangements with other Contractors for purposes substantially the same as those described herein and is available for the payment thereof.
7. Reporting. DWR, through its DCO and in coordination with its State Water Project Analysis Office (SWPAO), shall annually prepare a report summarizing the advances or contributions received, and expenditures made pursuant to, this Agreement. The first such report shall be completed not later than March 31, 2021 and thereafter not later than March 31 of each subsequent year. Contractor may request in writing a summary of the advances, contributions, and expenditures at any time during the term of this Agreement and DWR shall provide such within thirty (30) days of such written request.
8. Status of Project. Contractor recognizes that the funds contributed pursuant to this Agreement are for the planning activities in support of DWR's environmental review and permitting process, including but not limited to the Work, for a potential Delta Conveyance Project. The advance or contribution of Contributed Funds is not contingent on, or in exchange for, DWR's agreement to exercise its discretion in future to approve a Delta conveyance project.
9. Unspent Funds. Upon termination of this Agreement, it is the intent of the Parties that any unspent Contributed Funds remaining after payment of all costs for which the funds were contributed will be returned to Contractor as a credit on Contractor's Statement of Charges in proportion to its percentage share of advances or contributions made by all Contractors that entered into Agreements similar to this Agreement.
10. Reimbursement of Contributed Funds. If a Delta conveyance project is approved by DWR and is implemented it is the intent of the Parties hereto that the Contributed Funds spent in accordance with this Agreement be reimbursed or credited to Contractor according to the relative amount each such Contractor paid pursuant to this Agreement, upon the issuance and sale of revenue bonds by either the Department or a Joint Powers Authority established, whichever occurs earlier, for the purpose of, among other things, funding a future Delta conveyance facility. The Department shall be under no obligation to issue and sell bonds for the purpose(s) described in the foregoing sentence or to undertake any reimbursement or credit as so described, unless a determination is first made by DWR in its sole discretion that such issuance and sale of revenue bonds, such reimbursement, or such

credit as applicable is consistent with applicable law, applicable judicial rulings, and applicable contractual obligations of DWR, and the Parties have negotiated and executed such further agreements as may be necessary to accomplish such credit or reimbursement on terms acceptable to DWR.

11. Effective Date and Term. This Agreement shall become effective on the date the last Party hereto signs the Agreement as set forth on the signature page(s) hereto (“Effective Date”) and shall continue in effect until terminated in writing by the Parties. The Parties obligations under Section 10 shall survive termination of this Agreement.
12. Invoices, Notices or Other Communications. All invoices, notices, or other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (i) served personally on the Party to whom notice is to be given; (ii) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (iii) on the third day after mailing, if mailed to the Party to whom invoice, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR: Pedro Villalobos
Chief, State Water Project Analysis Office
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Copy to
Anthony Meyers
Executive Director, Delta Conveyance Office
Department of Water Resources
901 P Street, Room 413
Sacramento, California 94236-0001

Copy to
Christopher Martin
Office of the Chief Counsel
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Contractor:

Copy to:
Mark S. Krause
General Manager
Desert Water Agency
1200 Gene Autry Trail South
P.O. Box 1710
Palm springs, CA 92263

13. No Delegation of Authority. Nothing in this Agreement constitutes a delegation by any Party of its existing authority to make any decision it is mandated to make. Nothing in this Agreement shall limit DWR's final decision-making authority at the time of consideration of future Delta conveyance facility related approvals. All provisions of this Agreement are intended to be, and shall to the extent reasonable be interpreted to be, consistent with all applicable provisions of State and federal law. The undersigned recognize that the Parties are public agencies and have specific statutory responsibilities, and that actions of these public agencies must be consistent with applicable procedural and substantive requirements of State and federal law. Nothing in this Agreement is intended to, nor will have the effect of, constraining or limiting any public agency in carrying out its statutory responsibilities or requiring an agency to take any action inconsistent with applicable law. Nothing in this Agreement constitutes an admission by any Party as to the proper interpretation of any provision of law, nor will it have the effect of, waiving or limiting any public entity's rights and remedies under applicable law except as expressly provided elsewhere in this Agreement. Execution of this Agreement does not constitute pre-approval of any project or preferred project alternative, or waive or otherwise abridge responsible trustee duties required, or discretion authorized or granted by, State and federal law.
14. Amendment. Except as otherwise set forth above, this Agreement may only be amended or modified by a subsequent written agreement approved and executed by both Parties.
15. Applicable Law. This Agreement will be construed under and will be deemed to be governed by the laws of the United States and the State of California.
16. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement.
17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

Exhibits attached and incorporated herein:

Exhibit A Board Resolution or other Board Authorization
Exhibit B Form of Letter Regarding Future Contributions

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Agreement on the date(s) set forth below.

Approved as to Legal Form
and Sufficiency

State of California
Department of Water Resources

Spencer Kenner, Chief Counsel

Karla A. Nemeth,
Director

Date

Date

Approved as to Legal Form
and Sufficiency

Desert Water Agency

Signature

Signature

Printed Name

Printed Name

Date

Title

Date

Exhibit A

RESOLUTION NO. 1245

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY AUTHORIZING (1) A LEVEL OF PARTICIPATION IN THE DELTA CONVEYANCE PROJECT; (2) THE GENERAL MANAGER TO ENTER INTO A FUNDING AGREEMENT FOR ENVIRONMENTAL PLANNING COSTS FOR THE PROJECT; (3) ENTERING INTO THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY JOINT POWERS AGREEMENT; AND DETERMINING THAT THE ACTIONS ARE EXEMPT FROM CEQA.

WHEREAS, Desert Water Agency (“Agency”) has a long term water supply contract with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

WHEREAS, on July 21, 2017, DWR approved the project known as the California WaterFix, which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project and Central Project water pumping facilities in the South Delta; and

WHEREAS, the purpose of the WaterFix project was to improve the reliability of SWP water for the Agency and other contractors; and

WHEREAS, the Agency previously approved participating in WaterFix and participating in a funding agreement to pay a share of preconstruction planning activities associated with the WaterFix project; and

WHEREAS, in 2019, Governor Newsom announced that he did not support the WaterFix project but he instead supported a one tunnel conveyance project. DWR subsequently rescinded its approvals of the WaterFix project and began planning for a single tunnel option; and

WHEREAS, DWR began public negotiations with the SWP contractors to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a potential single tunnel facility is ultimately approved; and

WHEREAS, In January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project (DCP), and DWR is currently conducting environmental review; and

WHEREAS, after fifteen public negotiations, DWR and SWP contractors have developed a draft AIP that contains provisions for the allocation of costs and benefits for a potential Delta Conveyance Project; and

WHEREAS, DWR has requested that the Agency identify the level of its desired participation in the DCP assuming a 6,000 cfs facility, which will be used to inform the percentage of planning funding allocated to the Agency; and

WHEREAS, DWR has also requested that the Agency enter into a new funding agreement with DWR for an amount equal to the Agency's participation percentage of the preliminary design, environmental planning, and other preconstruction activities for DCP, which is up to \$5,184,310; and

WHEREAS, the Delta Conveyance Design and Construction Authority (DCA) was created by certain SWP contractors to actively participate with DWR in the design and construction of California WaterFix. The DCA subsequently entered into a Joint Powers Agreement with DWR; and

WHEREAS, given the shift from a two tunnel WaterFix project to a potential single-tunnel DCP project and a significant change in the anticipated participation for DCP, the existing and prospective members of the DCA desire to amend the DCA Joint Powers Agreement to better align representation with Public Water Agency ("PWA") participation; and

WHEREAS, the recommended actions do not qualify as a "project" subject to CEQA because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3)). The recommended actions do not constitute an approval by the Agency of the DCP nor do the actions authorize or approve construction of the DCP. The recommended actions do not authorize any amendment to the long-term water supply contract with DWR. Further, the recommended actions do not authorize or approve any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a "project" requiring environmental review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guideline § 15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5).

WHEREAS, even if the actions were considered a CEQA "project," these actions would be statutorily exempt from environmental review pursuant to CEQA Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of CEQA review itself. In addition, the actions are exempt under the "common sense" exemption in CEQA Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment. Finally, none of the exceptions to the use of the "common sense" exemption as identified in CEQA Guidelines § 15300.2 exist here.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. The General Manager is authorized to inform DWR that the Agency desires to participate in the Delta Conveyance Project at a 1.52% participation level.
3. The General Manager is authorized to execute a funding agreement with DWR for environmental planning costs associated with the Delta Conveyance Project in the amount of up to \$1,900,132 for the year 2021 and 2022. The funding agreement is attached as Exhibit A.
4. The General Manager is authorized to execute a Joint Powers Agreement to become a member of the Delta Conveyance Design and Construction Authority. The joint powers agreement is attached as Exhibit B.
5. For the reasons set forth above, the Agency's actions are not a "project" requiring environmental review pursuant to State CEQA Guidelines § 15060, subdivision (c)(3) and §15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5). Alternatively, the actions are statutorily exempt from CEQA review pursuant to State CEQA Guidelines § 15262 and exempt under the "common sense" exemption identified in State CEQA Guidelines § 15061, subdivision (b)(3). None of the exceptions to the use of the "common sense" exemption as identified in Government Code § 15300.2 exist.
6. Agency staff is directed to prepare and file a Notice of Exemption within five working days of the approval of this Resolution.
7. The custodian of the records upon which this Resolution is based is the Executive Secretary/Assistant Secretary to the Board, who may be contacted at the Agency's office, located at:

1200 South Gene Autry Trail
P.O. Box 1710
Palm Springs, CA 92263

Exhibit B

Form of Contribution Letter

[date]
[address]

Re: Contribution or Advance of Money for Delta Conveyance Planning Activities

Dear Mr. Villalobos:

This letter is sent pursuant to section 5 of the Agreement for the Advance of Contribution of Money to the Department of Water Resources for Preliminary Planning and Design Costs Related to a Potential Delta Conveyance Project dated _____, 2020 between Department of Water Resources and the [agency] (“Funding Agreement”).

On [date] the Board of Directors of [agency] approved the contribution or advance of \$[amount] to the Department for use in accordance with the terms of the Funding Agreement. A copy of the Board’s resolution is enclosed with this letter. The contribution or advance will be collected from [agency] in [a lump sum][equal monthly installments] by inclusion of a charge [on its Statement of Charges for [year]][on a revised Statement of Charges for [year] that Department will issue to [agency]]. The charge shall be referred to as the [year] Pay-go Charge. As provided by section 5 of the Agreement the contribution or advance described herein will be subject to the terms and conditions of the Agreement.

Please confirm your agreement to the foregoing by countersigning in the space provided below and returning an original copy of this letter agreement to [agency] at [address].

[signature blocks for agency and Department]

Enclosure(s)

cc: Anthony Meyers, Executive Director of Delta Conveyance Office

RESOLUTION NO. 1245

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY AUTHORIZING (1) A LEVEL OF PARTICIPATION IN THE DELTA CONVEYANCE PROJECT; (2) THE GENERAL MANAGER TO ENTER INTO A FUNDING AGREEMENT FOR ENVIRONMENTAL PLANNING COSTS FOR THE PROJECT; (3) ENTERING INTO THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY JOINT POWERS AGREEMENT; AND DETERMINING THAT THE ACTIONS ARE EXEMPT FROM CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, Desert Water Agency (“Agency”) has a long term water supply contract with the California Department of Water Resources for the delivery of California State Water Project water; and

WHEREAS, on July 21, 2017, California Department of Water Resources approved the project known as the California WaterFix, which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project and Central Project water pumping facilities in the South Delta; and

WHEREAS, the purpose of the California WaterFix project was to improve the reliability of The California State Water Project water for the Agency and other contractors; and

WHEREAS, the Agency previously approved participating in California WaterFix and participating in a funding agreement to pay a share of preconstruction planning activities associated with the California WaterFix project; and

WHEREAS, in 2019, Governor Newsom announced that he did not support the California WaterFix project but he instead supported a one tunnel conveyance project. State of California Department of Water Resources subsequently rescinded its approvals of the California WaterFix project and began planning for a single tunnel option; and

WHEREAS, State of California Department of Water Resources began public negotiations with the California State Water Project contractors to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of California State Water Project water supply contracts to allocate costs and benefits in the event that potential single tunnel facility is ultimately approved; and

WHEREAS, In January 2020, California Department of Water Resources released a Notice of Preparation of an Environmental Impact Report pursuant to California Environmental Quality Act for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project and California Department of Water Resources is currently conducting environmental review; and

WHEREAS, after fifteen public negotiations, California Department of Water Resources and The California State Water Project contractors have developed a draft AIP that contains provisions for the allocation of costs and benefits for a potential Delta Conveyance Project; and

WHEREAS, California Department of Water Resources has requested that the Agency identify the level of its desired participation in the Delta Conveyance Project assuming a 6,000 cfs facility, which will be used to inform the percentage of planning funding allocated to the Agency; and

WHEREAS, California Department of Water Resources has also requested that the Agency enter into a new funding agreement with California Department of Water Resources for an amount equal to the Agency's participation percentage of the preliminary design, environmental planning, and other preconstruction activities for Delta Conveyance Project, which is up to \$5,184,310; and

WHEREAS, the Delta Conveyance Design and Construction Joint Powers Authority (DCA) was created by certain California State Water Project contractors to actively participate with California Department of Water Resources in the design and construction of California WaterFix. The Delta Conveyance Design and Construction Joint Powers Authority (DCA) subsequently entered into a Joint Powers Agreement with California Department of Water Resources; and

WHEREAS, given the shift from a two tunnel California WaterFix project to a potential single-tunnel Delta Conveyance Project and a significant change in the anticipated participation for Delta Conveyance Project, the existing and prospective members of the Delta Conveyance Design and Construction Joint Powers Authority (DCA) desire to amend the DCA Joint Powers Agreement to better align representation with Public Water Agency ("PWA") participation; and

WHEREAS, the recommended actions do not qualify as a "project" subject to California Environmental Quality Act because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State California Environmental Quality Act Guidelines, § 15060(c)(3)). The recommended actions do not constitute an approval by the Agency of the Delta Conveyance Project nor do the actions authorize or approve construction of the Delta Conveyance Project. The recommended actions do not authorize any amendment to the long-term water supply contract with California Department of Water Resources. Further, the recommended actions do not authorize or approve any actions by the Delta Conveyance Design and Construction Joint Powers Authority (DCA) that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a "project" requiring environmental review under the California Environmental Quality Act pursuant to State California Environmental Quality Act Guideline § 15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5).

WHEREAS, even if the actions were considered a California Environmental Quality Act "project," these actions would be statutorily exempt from environmental review pursuant to California Environmental Quality Act Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of California Environmental Quality Act review itself. In addition, the actions are exempt under the "common

sense” exemption in California Environmental Quality Act Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment. Finally, none of the exceptions to the use of the “common sense” exemption as identified in California Environmental Quality Act Guidelines § 15300.2 exist here.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. The General Manager is authorized to inform California Department of Water Resources that the Agency desires to participate in the Delta Conveyance Project at a 1.52% participation level.
3. The General Manager is authorized to execute a funding agreement with California Department of Water Resources for environmental planning costs associated with the Delta Conveyance Project in the amount of up to \$1,900,132 for the year 2021 and 2022. The funding agreement is attached as Exhibit A.
4. The General Manager is authorized to execute a Joint Powers Agreement to become a member of the Delta Conveyance Design and Construction Authority. The joint powers agreement is attached as Exhibit B.
5. For the reasons set forth above, the Agency’s actions are not a “project” requiring environmental review pursuant to State California Environmental Quality Act Guidelines § 15060, subdivision (c)(3) and §15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5). Alternatively, the actions are statutorily exempt from California Environmental Quality Act review pursuant to State California Environmental Quality Act Guidelines § 15262 and exempt under the “common sense” exemption identified in State California Environmental Quality Act Guidelines § 15061, subdivision (b)(3). None of the exceptions to the use of the “common sense” exemption as identified in Government Code § 15300.2 exist.
6. Agency staff is directed to prepare and file a Notice of Exemption within five working days of the approval of this Resolution.
7. The custodian of the records upon which this Resolution is based is the Executive Secretary/Assistant Secretary to the Board, who may be contacted at the Agency’s office, located at:

1200 South Gene Autry Trail
P.O. Box 1710
Palm Springs, CA 92263

Exhibit A

DCA Funding Agreement

(Attached)

Exhibit B

Amended Joint Powers Agreement
Forming
The Delta Conveyance Design and
Construction Joint Powers Authority

(Attached)

AMENDED JOINT POWERS AGREEMENT
FORMING
THE DELTA CONVEYANCE DESIGN AND
CONSTRUCTION JOINT POWERS
AUTHORITY

Effective _____, 2020

Joint Powers Agreement – The Delta Conveyance Design and Construction Joint Powers Authority

This AGREEMENT is made and entered into by and among the parties on the attached Exhibit A, which are referred to herein individually as a “Party” and collectively as “Parties”.

RECITALS

WHEREAS, each of the Parties is a public agency organized and operating under the laws of the State of California; and

WHEREAS, California Government Code Sections 6500, et seq., (“Act”) provide that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Government Code section 6584 also confers powers on a joint powers agency that are independent of, complete and supplementary to any common powers delegated in a joint powers agreement; and

WHEREAS, the Parties desire to allow for the protection of both the Sacramento-San Joaquin Delta (“Delta”) ecosystem and the more than 25 million people and 2,000,000 acres of highly productive farm land that currently depend upon water conveyed through the Delta; and

WHEREAS, the Parties desire to provide such protections, in part, through improvements in water infrastructure; and

WHEREAS, the California Department of Water Resources (“DWR”) is a department within the State of California Natural Resources Agency and is responsible for constructing, operating, and maintaining the State Water Resource Development System, more commonly known as the State Water Project (“SWP”), and

WHEREAS, DWR desires to design and construct new Delta water conveyance facilities (“Conveyance Project”) to be owned and operated by DWR, that would convey water from the Sacramento River north of the Delta directly to the existing SWP and, potentially, Central Valley Project (“CVP”) facilities located in the south Delta, and

WHEREAS, the purposes of the Conveyance Project are to make physical and operational improvements to the SWP and, potentially, the CVP necessary to: protect and maintain ecosystem health; maintain water quality; and restore and protect water supplies so that the SWP and CVP are capable of readily delivering water within a stable regulatory framework at costs that are not so high as to preclude, and in amounts that are sufficient to support, the financing of the investments necessary to fund construction and operation of facilities and/or improvements, and

WHEREAS, the Parties constitute certain public water agencies that will each bear at least some of the financial obligation the Conveyance Project, and

WHEREAS, the Parties desire that the Conveyance Project be completed in a safe, timely, cost-effective and efficient manner, and

WHEREAS, DWR has determined that the timely and efficient design and construction of the Conveyance Project will require additional resources not available to DWR and that, therefore, it is in the best interest of the State of California and its citizens to partner with the Parties in the design and construction of the Conveyance Project; and

WHEREAS, the Delta Conveyance Design and Construction Joint Powers Authority (“Construction Authority”) proposes to enter into an agreement with DWR establishing that the Construction Authority will undertake those activities required to complete the design and construction of the Conveyance Project; and

WHEREAS, the agreement with DWR is intended to obtain cost savings by allowing more flexible means of designing, contracting, constructing, and financing the Conveyance Project; and

WHEREAS, the Parties each have and possess the powers to design, construct, and implement water infrastructure projects; and

WHEREAS, the Parties each desire to exercise those powers regarding the design and construction of the Conveyance Project as provided in the Joint Exercise of Powers Agreement between the Department of Water Resources and the Construction Authority, and

WHEREAS, the aforementioned activities may best be achieved through the cooperative action of the Parties operating through a joint powers authority; and

WHEREAS, the Parties intend that upon acceptance of the Conveyance Project by DWR, the Construction Authority will be dissolved.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties agree as follows:

ARTICLE I: DEFINITIONS

For the purpose of this Agreement, the meaning of the terms hereinafter set forth shall be the following:

1.1 “Addenda” means any addenda, amendments, modifications, supplements or exhibits to the Agreement that are executed, approved or added in accordance with the terms of this Agreement after the Effective Date.

1.2 “Agreement” means this Joint Powers Agreement, including Exhibit A attached, which creates the Delta Conveyance Design and Construction Joint Powers Authority.

1.3 “Alternate Director” means an Alternate Director of the Board appointed in accordance with Article VI (**DIRECTORS AND OFFICERS**).

1.4 “Applicable” means applicable as determined by the Board or an Officer, whichever is appropriate, in their sole discretion.

1.5 “Article” means an article of this Agreement and, unless otherwise specified, refers to all Sections within that article.

1.6 “Board” or “Board of Directors” means the governing body of the Delta Conveyance Design and Construction Joint Powers Authority.

1.7 “Central Valley Project” or “CVP” means the federal reclamation project operated by Reclamation pursuant to federal reclamation law (Act of June 17, 1902 (32 Stat. 388)) and acts amendatory or supplementary thereto.

1.8 “Class or Classes of Members” means the following for purposes of this Agreement:

- Class 2: Those Members who are entitled to the delivery of State Water Project water along the South Bay Aqueduct, except Santa Clara Valley Water District.
- Class 3: Those Members who are entitled to the delivery of State Water Project water within the San Joaquin Valley, except Kern County Water Agency.
- Class 5: Those Members who are entitled to the delivery of State Water Project water along the Coastal Aqueduct downstream of the Devil’s Den Pumping Plant.
- Class 7: Those Members who are entitled to the delivery of State Water Project water along the West Branch of the California Aqueduct, except the Metropolitan Water District of Southern California.
- Class 8: Those Members who are entitled to the delivery of State Water Project water along the East Branch of the California Aqueduct, except the Metropolitan Water District of Southern California.

1.9 “Construction Authority Stand Up Costs” mean the stand up costs for the Construction Authority as described in Article XII (**BUDGET AND EXPENSES**) of this Agreement.

1.10 “Contracted Proportionate Share” means the percentage of Conveyance Project costs and benefits that a Member has contracted for under a Long Term Water Supply Contract with DWR, or the percentage of Conveyance Project planning funding that a Member has contracted with DWR to fund.

1.11 “Conveyance Project” means the project described in the Department of Water Resources Notice of Preparation dated January 15, 2020.

1.12 “Delta” has the meaning set forth in the Recitals.

1.13 “Delta Conveyance Design and Construction Joint Powers Authority” or “Construction Authority” means the public agency created by this Agreement.

1.14 “Director” means a Director of the Board appointed in accordance with Article 6 (Directors and Officers).

1.15 “DWR” has the meaning set forth in the Recitals.

1.16 “Effective Date” means the date set forth in Section 3.1.

1.17 “Member” means a public entity that satisfies the requirements of Article V (**MEMBERSHIP**) of this Agreement.

1.18 “Members” mean all of the public entities that satisfy the requirements of Article V (**MEMBERSHIP**) of this Agreement.

1.19 “Officer” means an Officer of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.2.

1.20 “President” means the President of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.3.

1.21 “Reclamation” means the United States Bureau of Reclamation.

1.22 “Secretary” means the Secretary of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.3.

1.23 “Section” means a section, subsection or sub-subsection within an Article of this Agreement and, unless otherwise specified, refers to all numbered and lettered divisions within that section, subsection or sub-subsection.

1.24 “State” means the State of California.

1.25 “State Water Project” or “SWP” means the State Water Facilities, as defined in California Water Code section 12934(d).

1.26 “Treasurer” means the Treasurer of the Conveyance Project Coordination Agency appointed in accordance with Section 6.3.

1.27 “Vice-President” means the Vice-President of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.7.

ARTICLE II: CREATION OF THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

There is hereby created pursuant to the Joint Exercise of Powers Act, California Government Code section 6500 *et seq.*, a public entity to be known as the “Delta Conveyance

Design and Construction Authority.” Delta Conveyance Design and Construction Joint Powers Authority shall be a public entity separate from its Members.

ARTICLE III: TERM

This Agreement shall become effective when at least two Members (1) execute this Agreement and (2) agree there is sufficient representation to fund the Construction Authority’s Stand Up Costs.

This Agreement shall remain in effect until terminated pursuant to the provisions of Article XIV (**WITHDRAWAL OF MEMBERS**) of this Agreement.

ARTICLE IV: PURPOSES AND POWERS

4.1 Purpose. The purpose of this Agreement is to establish a public entity separate and apart from its Members to undertake those activities required to complete the design and construction of the Conveyance Project.

4.2 Powers. The Construction Authority shall have the power in the name of the Construction Authority to exercise those common powers, and all independent, complete and/or supplementary powers authorized by Government Code section 6584 et. seq. or as otherwise authorized by law, necessary or appropriate to design and construct the Conveyance Project including, but not limited to, the following:

- 4.2.1 To make and enter into contracts necessary for the full exercise of the Construction Authority powers;
- 4.2.2 To incur debts, liabilities, or obligations subject to the limitation herein set forth;
- 4.2.3 To acquire real or personal property, including, without limitation, by purchase, lease, gift, bequest, or devise, to hold, manage, lease and dispose of any such property;
- 4.2.4 To hold, manage, operate and maintain all Construction Authority property, facilities, buildings, structures, vehicles, apparatus and equipment;
- 4.2.5 To contract for the services of engineers, attorneys, technical specialists, financial consultants, and to employ such other persons as it deems necessary;
- 4.2.6 To apply for, accept, and receive state, federal or local licenses, permits, grants, loans, or other aid from any agency of the United States, the State or other public or private entities as the Construction Authority deems necessary for the full exercise of its powers;
- 4.2.7 To undertake any investigations, studies, and matters of general administration;

- 4.2.8 To develop, collect, provide, and disseminate to the Members and others information that furthers the purposes of the Construction Authority;
- 4.2.9 To sue and be sued in its own name;
- 4.2.10 To receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entity;
- 4.2.11 To procure bonds, insurance and self-insurance as it deems advisable to protect the Parties and Construction Authority and its property, officers, employees, contractors and agents;
- 4.2.12 To perform all acts necessary or proper to carry out fully the purposes of this Agreement; and
- 4.2.13 To also exercise the independent, complete and/or supplementary powers of a joint powers agency, as provided by law.

4.3 To the extent required under Government Code section 6509, the Construction Authority shall exercise its powers in the manner and according to the methods provided under the laws applicable to the Metropolitan Water District of Southern California. This designation may be changed by approval of the Board.

4.4 Except as expressly provided herein, nothing in this Agreement shall be construed as affecting the rights or obligations of the Parties, including but not limited to any rights or obligations pursuant to contracts for delivery of water from the CVP or SWP.

ARTICLE V: MEMBERSHIP

5.1 Members. Membership in the Construction Authority shall be limited to those public entities (1) that possess the common powers described in Article IV (**PURPOSES AND POWERS**) of this Agreement, (2) that will bear at least some of the financial obligation for the Conveyance Project, and (3) that execute this Agreement within five (5) months of it becoming effective and any addenda thereto. The Members will be listed in Exhibit A and, upon direction from the Board, Exhibit A may be modified without constituting an amendment to this Agreement.

5.2 New Members. It is recognized that entities, other than the original Members may wish to participate in the Construction Authority. Additional entities may become Members of the Authority upon such terms and conditions as provided by the Board upon affirmative vote of a majority of Directors.

ARTICLE VI: DIRECTORS AND OFFICERS

6.1 Board of Directors. The Construction Authority shall be governed by a Board of Directors.

- 6.1.1 Directors Representing SWP Contractor Members. The Construction Authority shall have up to seven (7) Directors and seven (7) Alternative Directors, with each pair appointed by and representing the following Members:
- i. Metropolitan Water District of Southern California (State Water Project)
 - ii. Kern County Water Agency
 - iii. Santa Clara Valley Water District
 - iv. Class 8 Members
 - v. Class 8 Members
 - vi. Class 2 Members
 - vii. Class 3, 5 and 7 Members.
- 6.1.2 On or before July 1 of each year, Members and the Classes of Members for each Board of Director seat shall provide to the Construction Authority in writing the names of the Directors and Alternative Directors for each group identified in 6.1.1 for the year.
- 6.1.3 Directors and Alternative Directors shall receive such compensation from the Authority for services as may from time to time be established by the Board. In addition, Directors and Alternative Directors shall be reimbursed for expenses incurred by such Director or Alternative Directors in the conduct of the Construction Authority's business.
- 6.1.4 The names of all Directors and Alternative Directors shall be on file with the Board.
- 6.1.5 (a) For those Board of Director positions representing one Member, the Directors and Alternative Directors shall be directors, officers or employees of the Member or class of Members he or she represents.
- (b) For those Board of Director and Alternate Director positions representing more than one Member, one shall be an elected director, officer or employee of the represented Members, and one shall be an employee of the represented Members. Notwithstanding the previous sentence, both Directors may be an elected director, officer, or employee of the represented Members if at least 80% of the Total Contracted Proportionate Share of all the Members represented by a respective Board position agree to such.
- 6.1.6 The vote, assent, or approval of the Member for the appointment of the Director and Alternate Director shall be evidenced by a copy of the resolution of the governing board, the board minutes of the relevant meeting, or a letter of the governing board or executive officer of the Member or an association of a class of Members filed with the Construction Authority.

- 6.1.7 Process to Fill Vacancies. In the event of a vacancy on the Board, the Member, Class of Members, or Classes of Members for which the Board vacancy exists shall fill such vacancy according to reasonable procedures determined by the Construction Authority consistent with this Article VI (**DIRECTORS AND OFFICERS**).
- 6.1.8 Each Director and Alternate Director shall hold office from the first meeting of the Board after his or her appointment by the Member, Class of Members, or Classes of Members he or she represents until a successor is selected and the Construction Authority is notified.
- 6.1.9 Directors and Alternate Directors serve at the pleasure of the Member, Class of Members, or Classes of Members. A Director and Alternate Director office shall be declared vacant if the person serving dies, resigns, the Member the Director or Alternate Director serves withdraws from this Agreement, the membership of the Member the Director or Alternate Director serves is terminated, or whenever, at the discretion of the particular Member, Class of Members, or Classes of Members, the Director or Alternative Director is incapable of serving. Upon the Director office becoming vacant, the Alternate Director, if the office is not vacant, shall serve as Director, until the Member, Class of Members, or Classes of Members appoint a Director.
- 6.1.10 All the power and authority of the Construction Authority will be exercised by the Board, subject however to the rights reserved by the Members as herein set forth; provided, however, that the Board may delegate such powers and authority to the President or Executive Director as the Board may determine by motion, resolution or ordinance. The Board may also appoint and delegate such powers and authority to advisory committees or subcommittees composed of Directors and Officers as the Board may determine by motion, resolution or ordinance.
- 6.1.11 The Board may adopt from time to time such bylaws, rules and regulations for the conduct of its affairs as may be required.

6.2 Officers. Officers of the Construction Authority shall be a President, Vice President, Secretary, and Treasurer. Any number of offices may be held by the same person provided that the President shall not also serve as the Vice President, Secretary, or Treasurer. The Vice President, or in the Vice President's absence, the Secretary shall exercise all powers of the President in the President's absence or inability to act. The President, the Vice President, and the Secretary must be members of the Board of Directors. The President shall chair meetings of the Board. In the absence of the President, the Vice President shall be the chair such meetings. In the absence of the President and Vice President, the Secretary shall chair the meeting.

6.3 Appointment of Officers. Officers shall serve two (2) year terms and, except for the offices of President and Vice President, serve at the pleasure of the Board. As provided for in Article VII (**BOARD MEETINGS**) of this Agreement, the Secretary and Treasurer shall be

chosen at the initial Board meeting or as soon as practical thereafter. The Secretary and Treasurer may serve for multiple consecutive terms. Any Officer may resign at any time upon written notice to the Board.

6.3.1 The offices of President and Vice President shall be selected and serve at the pleasure of the Board.

ARTICLE VII: BOARD MEETINGS

7.1 Initial Meeting. The initial meeting of the Board of Directors shall be held within 15 days of completion of the appointments of initial Directors and Alternative Directors, and held in Sacramento, California. The Board shall, at its first meeting or as soon thereafter as practicable, appoint the Secretary and Treasurer, and select an Auditor. Unless changed by the Board, the principle office of the Construction Authority shall be located in Sacramento County.

7.2 Time and Place. The Board shall meet at least twice per year at a time and place set by the Board, and at such other times as may be determined by the Board.

7.3 Special Meetings. Special meetings of the Directors may be called by the President or a majority of all the Directors.

7.4 Conduct. All meetings of the Board, including special and emergency meetings, shall be noticed, held, adjourned, and conducted in accordance with the Ralph M. Brown Act, to the extent applicable. The Board and Alternate Directors may use tele-conferencing or video-conferencing in connection with any meeting in conformance with and to the extent authorized by the applicable laws.

ARTICLE VIII: MEMBER VOTING

8.1 Quorum. A quorum of any meeting of the Board shall consist of a majority of the Directors. In the absence of a quorum, any meeting of the Board may be adjourned from time to time by a vote of a majority present, but no other business may be transacted.

8.2 Director Votes. Each Director shall have one (1) vote. All decisions by the Board shall be made by a majority vote of all the Directors.

8.2.1 Requests to Reconsider. Any Director may move to reconsider any action that pertains to items contained in Article XII (BUDGET AND EXPENSES) including, but not limited to, the issuance of notes or other forms of indebtedness, including entering into leases for real property or equipment, the approval or modification of the annual budget, and for construction contracts 10 million dollars or more or service contracts that exceed 1 million dollars over the life of the contract. A request for reconsideration must be made at the meeting the item is being considered. If a request for reconsideration is made, it must be agendized for the following meeting, which may not be less than 14 days and not more than 30 days from the date of the original action. In the event of such a request, that action shall be deemed suspended. If at least 70 percent of the

Contracted Proportionate Share votes against the action at the meeting it is reconsidered, the original action shall be deemed disapproved.

- 8.2.2 Determination of Contracted Proportionate Share. For purposes of determining Contracted Proportionate Share for section 8.2.1, the Contracted Proportionate Share for those Board of Director positions representing more than one Member shall be the combined Contracted Proportionate Share of all the Members who are represented by that position, except that the Contracted Proportionate Share represented by each of the Class 8 Directors shall equal one half of the total combined Contracted Proportionate Share of all Class 8 Members.

8.3 Alternative Director. Alternate Directors shall have no vote if the Director is present. If the Director is not present, the Alternate Director may cast a vote.

ARTICLE IX: EXECUTIVE DIRECTOR

9.1 Appointment. The Board shall hire an Executive Director. The Executive Director shall be compensated for his/her services, as determined by the Board.

9.2 Duties. The Executive Director shall be the chief administrative officer of the Construction Authority, shall serve at the pleasure of the Board of Directors, and shall be responsible to the Board for the proper and efficient administration of the Construction Authority. The Executive Director shall have the powers that the Board delegate by motion, resolution or ordinance. The Executive Director will be delegated requisite authority to carry out such responsibilities as permitted by law.

9.3 Staff. The Executive Director shall employ such additional full-time and/or part-time employees, assistants and independent contractors that may be necessary from time to time to accomplish the purposes of the Construction Authority.

9.4 Term and Termination. The Executive Director will serve until he/she resigns or the Board decides to terminate his/her employment.

ARTICLE X: COMMITTEES

The Board may also appoint one or more advisory committees or establish standing committees. The Board shall within 60 days of an approved Conveyance Project establish an Environmental Compliance and Mitigation Committee.. The Board shall determine the purpose and need for such committees and the necessary qualifications for individuals appointed to them. Each advisory or standing committee shall include at least one Director and the Director shall act as the chair thereof. The Board President shall appoint Directors and chairs of committees. The Board may delegate such powers and authority to advisory committees or standing committees as the Board may determine by motion, resolution or ordinance.

ARTICLE XI: ACCOUNTING PRACTICES

11.1 General. The Board shall establish and maintain such funds and accounts as may be required by generally accepted utility accounting practice.

11.2 Fiscal Year. Unless the Directors decide otherwise, the fiscal year for the Authority shall be July 1 through June 30.

11.3 Auditor.

11.3.1 An Auditor shall be chosen annually by, and serve at the pleasure of the Board. As provided for in Article VII (**BOARD MEETINGS**) of this Agreement, the Auditor shall be chosen at the first Board meeting. An Auditor may serve for multiple consecutive terms. The Auditor may resign at any time upon written notice to the Board.

11.3.2 The Auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the county where the Authority is domiciled consistent with Government Code section 6505, and with each agency that is a Member. Such report also shall be filed with the Secretary of State within twelve (12) months of the end of the fiscal year under examination.

11.4 Treasurer. The Board, or its designated representative, shall contract with an independent certified public accountant or the Treasurer or Chief Financial Officer of any Member, to serve as Treasurer of the Authority. The Treasurer shall be the depository of and have custody of funds, subject to the requirements of Government Code sections 6505-6505.6. The Treasurer shall have custody of all money of the Construction Authority from whatever source and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bound in accordance with Government Code section 6505.1 and shall pay demands against the Construction Authority that have been approved by the Board. All funds of the Construction Authority shall be strictly and separately accounted for, and regular reports shall be rendered to the Board of all receipts and disbursements at least quarterly during the fiscal year. The books and records of the Construction Authority shall be open to inspection by a Director at all reasonable times upon reasonable notice.

ARTICLE XII: BUDGET AND EXPENSES

12.1 Budget. The Board shall adopt an annual budget before the beginning of a fiscal year. The budget shall include, at a minimum, individual contract estimates with a contingency amount and all administrative costs to be incurred by the Construction Authority to perform the purposes of this Agreement.

12.2 Construction Authority Stand Up Costs. Members who were Members prior to the first amendment to this Agreement who contributed Stand Up Costs should be reimbursed any remaining Stand Up Costs within thirty days of the effective date of the first amendment.

12.3 Contribution; Payments; Advances. In accordance Section 6504 of the Government Code of the State of California, as amended, the Members may make such contributions, payments

and advances, including in-kind services, to the Construction Authority as are approved from time to time by the Board of Directors.

12.4 Return of Contributions. In accordance with Government Code Section 6512.1, repayment or return to the Members of all or any part of any contributions made by Members may be directed by the Board at such time and upon such terms as the Board may decide.

12.5 Funding for the Construction Authority. Except for the Construction Authority Stand Up Costs actually expended, funding for the Authority which shall include but not be limited to all costs incurred and associated with the design and construction of the Conveyance Project pursuant to this Agreement shall be derived exclusively from DWR. However, in the event that DWR does not have the authority to fund, construct or own the Conveyance Project as part of the State Water Project, funding for the Construction Authority may be derived from other sources.

The Members of the Construction Authority shall not be responsible for any costs incurred by the Construction Authority in fulfillment of its purposes pursuant to this Agreement and any relevant Bylaws. The Construction Authority shall hold title to all funds and property acquired by the Construction Authority during the term of this Agreement.

12.6 Indebtedness. The issuance of bonds, notes or other forms of indebtedness, including entering into leases for real property or equipment, shall be approved at a meeting of the Directors.

ARTICLE XIII: LIABILITIES

13.1 No Member Liability. The debt, liabilities and obligations of the Construction Authority shall be the debts, liabilities and obligations of the Authority alone, and not the individual Members.

13.2 Indemnity. Funds of the Construction Authority may be used to defend, indemnify and hold harmless the Construction Authority, each Member, each Director, and any officers, agents and employees of the Construction Authority for their actions taken within the course and scope of their duties while acting on behalf of the Construction Authority, including pursuant to a future project agreement. Other than for gross negligence or intentional acts, the Construction Authority shall indemnify and hold harmless each Member, its officers, agents and employees from and against all claims, demands, or liability, including legal costs, arising out of or are encountered in connection with this Agreement and the activities conducted hereunder and shall defend each of them against any claim, cause of action, liability, or damage resulting therefrom. The directors, officers, employees, agents and volunteers of the Agency shall be entitled to defense and indemnification by the Construction Authority as provided under Government Code title 1, division 3.6, part 2, chapter 1, article 4 (commencing with Section 825) and title 1, division 3.6, part 7 (commencing with section 995). The indemnification and hold harmless provisions of this section 13.2 shall apply in lieu of the right of contribution provisions at Government Code Sections 895-895.8.

ARTICLE XIV: WITHDRAWAL OF MEMBERS

14.1 Termination of Membership. The Board of Directors may terminate the membership of any Member upon a finding that the Member (1) does not possess powers common to the other Members, or (2) does not agree to bear its share of the Conveyance Project's costs.

14.2 Unilateral Withdrawal. Upon sixty (60) days' prior written notice, a Member may unilaterally withdraw from this Agreement for any reason, without causing or requiring termination of this Agreement. A member that withdraws shall be held to its financial obligations to the Construction Authority incurred while a member. Unless the notice is retracted, the withdrawal shall be effective as of the date the Member provided written notice or after written confirmation from the Construction Authority that the Member's outstanding obligations have been resolved.

14.3 Termination and Distribution.

14.3.1 This Agreement shall continue until terminated. However, it may not be terminated until such time as (1) DWR has accepted the Conveyance Project in accordance with Joint Exercise of Powers Agreement between the Department of Water Resources, State of California and the Construction Authority and (2) DWR has taken over all activities related to the design and construction of the Conveyance Project, and all principal of and interest on any liabilities or other forms of indebtedness of the Construction Authority are paid in full. Thereafter, this Agreement may be terminated by the written consent of 80% of the then current Members; provided, however, that this Agreement and the Construction Authority continue to exist after termination for the purpose of disposing of all claims, distribution of assets and all other functions necessary to conclude the obligations and affairs of the Construction Authority.

14.3.2 After completion of the Construction Authority's purposes, all assets and any surplus money on deposit in any fund or account of the Construction Authority will be distributed in accordance with the Board's direction. The Board is vested with all powers of the Delta Conveyance Design and Construction Joint Powers Authority.

ARTICLE XV: BYLAWS

At, or as soon as practicable after, the first meeting of the Board of Directors, the Board shall draft and approve Bylaws of the Construction Authority to govern the day-to-day operations of the Construction Authority.

ARTICLE XVI: MISCELLANEOUS PROVISIONS

16.1 Non-Waiver of Sovereign Authority. Nothing herein shall constitute a waiver or relinquishment of sovereign authority of any Member with respect to any decision related hereto, including, but not limited to, the decision to participate in any action hereunder or to participate in an action separate and apart herefrom.

16.2 No Predetermination or Irretrievable Commitment of Resources. Nothing herein shall constitute a determination that any action, including the Conveyance Project, shall be undertaken or that any irretrievable commitment of resources shall be made, until such time as the required compliance with the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, has been completed.

16.3 Notices. Notices to a Director or Member hereunder shall be sufficient if delivered to the principal office of the respective Director or Member and addressed to the Director or Member. Delivery may be accomplished by U.S. Postal Service, private mail service, or electronic mail.

16.4 Amendments To Agreement. This Agreement may be amended or modified at any time only by subsequent written agreement approved and executed by a two-thirds vote of the Members.

16.5 Agreement Complete. The foregoing constitutes the full and complete Agreement of the Members. There are no oral understandings or agreements not set forth in writing herein.

16.6 Severability. Should any part, term or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable Federal law or any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, or provisions hereof shall not be affected thereby, provided however, that if the remaining parts, terms, or provisions do not comply with Government Code sections 6500 *et seq.*, this Agreement shall terminate.

16.7 Withdrawal by Operation of Law. Should the participation of any Member to this Agreement be decided by the courts to be illegal or in excess of that Member's authority or in conflict with any law, the validity of the Agreement as to the remaining Members shall not be affected thereby.

16.8 Assignment. Except as otherwise provided in this Agreement, the rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

16.9 Binding on Successors. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Members hereto. No creditor, assignee, or third-party beneficiary of any Member shall have any right, claim or title to any part, share interest, fund, or asset of the Construction Authority.

16.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

16.11 Singular Includes Plural. Whenever used in this Agreement, the singular form of any term includes the plural form and the plural form includes the singular form.

16.12 Limitations on Liability. Section 13.2 of this Agreement defines the scope of the Construction Authority's duty to defend, indemnify and hold harmless any Director, officer, agent or employee. The Construction Authority may purchase such insurance as the Board may deem appropriate for this purpose. A Member may separately contract for or assume responsibility for specific debts, liabilities, or obligations of the Construction Authority. Notwithstanding any other provision of this Agreement, no fee, assessment or charge may be levied against a current Member without express consent of the Member.

16.13 Official Bonds. The Executive Director and the Auditor are designated as officers required having and filing official bonds pursuant to Government Code section 6505.1 in amounts to be fixed by the Board.

16.14 Closed Session. Closed sessions of the Board shall be confidential. However, confidential information from closed sessions may be disclosed to Members as permitted by Government Code section 54956.96. The Board may include provisions in its bylaws to implement this section.

16.15 Amended and Restated Agreement. Upon the effective date of this Agreement, the previous Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority is hereby superseded and replaced in full by this Agreement and the new Board shall be seated. The Board shall amend the Bylaws as necessary to reflect this Agreement.

IN WITNESS WHEREOF, the Members hereto have executed this Agreement by authorized officials thereof on the dates indicated below, which Agreement may be executed in counterparts.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: _____
Title: _____
Date: _____

KERN COUNTY WATER AGENCY

By: _____
Title: _____
Date: _____

SANTA CLARA VALLEY WATER DISTRICT

By: _____
Title: _____
Date: _____

ALAMEDA COUNTY FLOOD CONTROL ZONE 7 WATER DISTRICT

By: _____
Title: _____
Date: _____

AGENCY: _____

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MEMORANDUM OF UNDERSTANDING

Class 8 Member Agencies Election Procedures for Delta Conveyance Authority Board of Directors

This Memorandum of Understanding (hereinafter referred to as “MOU”) is entered into by and among Class 8 Member Agencies of the Delta Conveyance Design and Construction Joint Powers Authority (“DCA”) who are signatory to this MOU and referenced herein individually as a “Party” or collectively as “Parties”, to establish agreed upon criteria to be adhered to by the signatories to this MOU when evaluating and nominating candidates to serve on the Board of Directors of DCA and the procedures for the Class 8 Member Agencies to nominate and elect Directors and Alternate Directors

NOW THEREFORE, the Parties to this MOU agree as follows:

Section 1 Guidelines Regarding Qualifications of Nominees

- a. DCA Board member nominees should have knowledge of the State Water Project and possess the knowledge and expertise relevant to the financial and technical decisions to be made by the DCA Board regarding the design, construction, and financing of the Delta Conveyance Project.
- b. DCA Board member nominees should be able to understand and effectively communicate both the consensus and potential dissenting opinions of the participating Class 8 Member Agencies to the DCA Board as well as to relate the technical and financial decisions being considered at the DCA Board to the Class 8 member representatives.
- c. DCA Board member nominees should be able to serve the full duration of their DCA term, if elected, as a representative of the organization.

Section 2 Nominations

- a. Each participating Class 8 Member Agency (“Agency”) may follow its own procedures in making a nomination.
- b. An Agency may have as many as two persons serving on the DCA Board, one as a Director and one as an Alternate. To that end, an Agency may nominate up to two nominees, subject to §3(g).
- c. All nominees must be willing to serve as either the Director or the Alternate.
- d. Making a nomination is optional.
- e. Nominations will be delivered to the Class 8 Group by each Agency’s representative.
- f. The Agency’s representative shall be the General Manager or his/her designee.
- g. Nominations must be presented to the Class 8 Group no later than December 15 in 2020 and no later than September 30 in all subsequent election years.

Section 3 Elections

- a. All nominee names will be placed on the ballot for the Director seat.
- b. Each Agency may have its representative cast one vote for each available Director seat. For example, the Agency may cast two votes if there are two Director seats available.
- c. The nominee receiving the most number of votes for each Director seat shall fill the Director position for that vacancy.
- d. The nominees for the Alternate seat(s) will be provided from the available names remaining after the election of the Director(s).
- e. Following the election of the Director seats each Agency may have their representative cast one vote for each Alternate seat. For example, the Agency may cast two votes if there are two Alternate seats available.
- f. The nominee receiving the most number of votes for each Alternate seat shall fill the Alternate position for that vacancy.
- g. No Agency shall hold both Director seats simultaneously.
- h. At least two of the four elected seats must be held by staff members of the Agencies.
- i. In the event of ties for either the Director or the Alternate seats, votes will be re-tallied based on the weighted contracted proportionate share in the Delta Conveyance Project of the voting Agencies.
- j. The election shall occur no earlier than two weeks and no later than two months after the presentation of nominees to the Class 8 Group.

Section 4 Terms

For 2020, the Class 8 members hereby elect one Director and Alternate to hold seats that have a term of two years while the other Director and Alternate hold seats that have a one-year term. All subsequent terms for each seat and alternate seat will be for two years.

Section 5 Removal Procedures

- a. The DCA JPA states that “6.1.9 Directors and Alternate Directors serve at the pleasure of the Member, Class of Members, or Classes of Members”.
- b. There may be some special instances where a Director or Alternate from the Class 8 Group may not be fulfilling their duties in their positions in a manner expected by the Class 8 members. Therefore, a removal procedure for these positions is necessary to ensure that the interests of the members are met. Examples of where a Director or Alternate may not be serving the interests of the members include, but are not limited to, the inability of a Director or Alternate to attend meetings or where the Director or Alternate is not representing the general interest of the Class 8 members.
- c. If needed, this matter will be discussed at a Class 8 meeting (regular or special) and the Director or Alternate in question shall be provided the opportunity to address the Class 8 members’ concerns.
- d. If a majority of the Agency representatives determine that the responses are not satisfactory, the Director or Alternate will be notified no less than

- 30 and no more than 60 days before an action is taken at a subsequent Class 8 meeting to determine whether to remove the Director or Alternate.
- e. The removal shall be effective based on a vote of at least seven (7) of the nine (9) Agency representatives.
 - f. After the removal, the vacancy may be filled by an Alternate (for Director seat) or a special election may be necessary to fill the seat.

Section 6 This MOU will be effective after execution by seven (7) of the nine (9) Parties hereto.

Section 7 This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Memorandum of Understanding for Class 8 Agencies regarding voting procedures for Class 8
Delta Conveyance Authority's Directors and Alternates

Executed and effective by and between the undersigned Parties on the last date noted below.

Antelope Valley-East Kern Water Agency

Date

Coachella Valley Water District

Date

Crestline-Lake Arrowhead Water Agency

Date

Desert Water Agency

Date

Mojave Water Agency

Date

Palmdale Water District

Date

San Bernardino Valley Municipal Water District

Date

San Gabriel Municipal Water District

Date

San Geronio Pass Water Agency

Date

NOTICE OF EXEMPTION

TO:	Office of Planning and Research 1400 Tenth Street Sacramento, CA 95814 state.clearinghouse@opr.ca.gov	FROM:	Desert Water Agency 1200 South Gene Autry Trail, PO Box 1710 Palm Springs, CA 92263
	County Clerk County of Riverside 2724 Gateway Drive Riverside, CA 92507		

1.	Activity Title:	Approval of a resolution (“Resolution”) authorizing (1) the Desert Water Agency (“Agency”) to participate in the proposed Delta Conveyance Project; (2) the Agency’s general manager to enter into a funding agreement for environmental planning costs relating to the Delta Conveyance Project; and (3) the Agency to enter into the Delta Conveyance Design and Construction Authority joint powers agreement.
2.	Lead agency approving the activity:	Desert Water Agency
3.	Activity Location:	<p>The Resolution and the activity it approved has no specific location as it does not entail construction, development, or any other activity that could potentially result in a significant environmental impact.</p> <p>The Resolution does not in any way approve or commit the Agency to a Delta Conveyance Project, which the Department of Water Resources (“DWR”) is still analyzing and considering. DWR anticipates that, if approved, a future Delta Conveyance facility might span portions of Sacramento, Yolo, San Joaquin, Contra Costa, and/or Solano counties.</p>
4.	Description of nature, purpose, and beneficiaries of Activity:	<p>On November 17, 2020, the Agency approved Resolution No. 1245. The Resolution authorized the Agency’s General Manager to (1) inform DWR that the Agency desires to participate in the Delta Conveyance Project at a 113.8 percent participation level of the Agency’s Table A amount (the Agency already has a long-term water contract with DWR for the delivery of State Water Project water, and the Resolution does nothing to amend that contract); (2) execute a funding agreement with DWR for environmental planning costs associated with the Delta Conveyance Project; and (3) execute a Joint Powers Agreement to become a member of the Delta Conveyance Design and Construction Authority (“DCA”). The resolution does not commit the Agency to any current or future project, and it does not entail any construction or other activity that could result in a potential physical change to the environment.</p>
5.	Exempt status:	
	<input checked="" type="checkbox"/> Not an approval of a project.	State CEQA Guidelines sections 15060(c)(3), 15378(a), (b)(2)(4)(5)
	<input checked="" type="checkbox"/> Statutory exemption.	State CEQA Guidelines section 15262

<input checked="checked" type="checkbox"/> Common sense exemption.	State CEQA Guidelines section 15061, subd. (b)(3)
6. Reason why activity was exempt:	<p>The Agency's approval of the Resolution does not qualify as a "project" subject to CEQA because it constitutes (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, §§ 15060(c)(3).) Moreover, the approval of the Resolution does not qualify as a "project" because it does not have a potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, § 15378(a).)</p> <p>Alternatively, the Agency's approval of the Resolution is statutorily exempt from CEQA under State CEQA Guidelines section 15262, as the Resolution concerned "feasibility or planning studies for possible future actions [that] the agency ... has not approved, adopted, or funded." (State CEQA Guidelines, § 15262.) Notably, although the Resolution provides for some funding for the environmental planning costs associated with the Delta Conveyance Project, it provides for no funding for the construction of the Delta Conveyance Project, nor does it otherwise commit the Agency to the Delta Conveyance Project.</p> <p>Furthermore, the Agency's approval of the Resolution is exempt from CEQA under the common sense exemption set forth in State CEQA Guidelines section 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. None of the exceptions to this exemption identified in CEQA Guidelines § 15300.2 exist here.</p>
7. Public Agency Contact Person:	Mark S. Krause
Telephone:	(760) 323-4971

Signature: _____ Date: _____

Name: Mark S. Krause, General Manager

Date Received for Filing: _____

(Clerk Stamp Here)

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

NOVEMBER 17, 2020

**RE: REQUEST BOARD APPROVAL FOR EXTENSION OF COVID-19
FINANCIAL RELIEF TO CUSTOMERS COVID-19 FINANCIAL
IMPACT UPDATE**

Like so many other government agencies, the COVID-19 public health emergency has change the way Desert Water Agency conducts business. It has also heavily impacted the financial wellbeing of many local residents and businesses.

Desert Water Agency's Board of Directors acted promptly at the onset of this crisis. On March 17, 2020, the Board took multiple actions in response to the COVID-19 pandemic. These actions included the suspension of Late Fees and water disconnections for non-payment, and absorption of Paymentus remote payment convenience fees for sixty days and granted General Manager Krause the ability to take action regarding on premise staffing levels in order to achieve appropriate social distancing while continuing Agency operations. The Board voted unanimously on May 5, 2020, July 7, 2020 and September 15, 2020 to extend the financial relief measures for customers. These customer financial relief measures are set to expire today, November 17, 2020.

On April 2, Governor Gavin Newsom issued Executive Order N-42-20 which prohibits the water shutoff for any resident or critical business. There is no termination date in the Executive Order, so the timing for it to be discontinued by the Governor is unknown.

Desert Water Agency's prohibition on shutoffs is more comprehensive than that of the Governor because it is inclusive of all customer types. Additionally, water agencies are not required to halt late fees or assume processing fees as DWA's Board elected to do.

If the Board takes no action, the Agency would default into following Executive Order N-42-20. Shutoffs would still be halted until the Governor determines otherwise, late fees will be collected and the Agency will not cover the cost of processing charges for phone or credit card payments.

The following figures are representative of the financial impact the Agency has experienced to date as a result of the above mentioned actions and COVID-19 impacts to Water Sale revenue.

Water Sales

As a result of COVID-19, the Agency has experienced decreased water sales. However, October consumption exceeds the pre-COVID levels as compared to the three-year historical average for the month.

For the 2020/2021 budget, the Agency incorporated forecasted COVID-19 impacts through December 2020. October actual water sales revenue exceeds the pre-COVID-19 adjusted budget by \$278,700. Overall, the Agency has experienced an increase in water sales of approximately \$129,100 since the onset of COVID-19 in March 2020.

	October 2020
Adopted 2020/2021 Budget	\$ 3,084,200
COVID-19 Adjustment	\$ 58,200
Pre-COVID-19 Budget	\$ 3,142,400
Actual Revenue	\$ 3,421,100
Over/(Under)	\$ 278,700

Late Fees

For the measurement period of March 17th to November 6th, the Agency has not assessed 12,541 late fees which equates to \$313,500. Prior to COVID-19, the anticipated late fee revenues from March 2020 through October 2020 were \$187,200.

Reconnection Fees

The Agency has not discontinued water service for non-payment, which has resulted in decreased revenues of approximately \$187,500 from March 17th to November 6th. Prior to COVID-19, the anticipated reconnection fee revenues from March 2020 through October 2020 were \$31,200.

Accounts Receivable

The Agency's historical revolving accounts receivable balance is approximately \$1.5 million. Due to discontinuation of service disconnections for non-payment, as of October 31st, Accounts Receivable is \$615,400 above this historical average. This represents 2.4% of total water revenues for the period of March 2020 through October 2020.

There are currently 1,881 delinquent accounts that are at least 2 months past due, representing 8.2% of customers. 448 of these delinquent accounts are considered severely delinquent at 5 to 10 months past due.

Paymentus Fees

For the measurement period of March 17th to November 6th, the Agency has absorbed \$20,300 in Paymentus fees (4,824 payments), allowing customers to make remote payments at no charge. The Agency has not experienced an

increase payment volume on the Paymentus platform despite it being free of charge. DWA receives an average of 21 payments per day through Paymentus.

Telecommuting Expenses

In order to support social distancing efforts, the Agency has shifted to a remote working environment where possible. Agency laptops and improved telecommunication access to the Agency have been provided to staff, totaling \$37,300 to date. The upgrade to the Agency's phone system is now in use and awaiting final billing. This upgrade will cost approximately \$10,000 and will be beneficial to the Agency beyond the immediate COVID-19 need.

Safety Supplies & Disinfection

To date, the Agency has purchased \$5,000 in safety supplies directly related to COVID-19. Items purchased include, masks/respirators, thermometers and disinfecting supplies. The Agency has also increased its nightly cleaning services contract to include daily disinfection of the Operations Center, totaling \$53,300 to date.

Reduced Variable Expenses

The Agency has experienced a decrease in variable expenses relating to water production. Included in these variable expenses is the replenishment assessment charge, power for groundwater pumping and water conveyance and water treatment chemicals. To date, the Agency has experienced a reduction of \$36,400 in variable expenses as compared to the approved budget.

Reduced Administrative Expenses

With the shift from in-person meetings, conferences and training opportunities, to virtual meetings and webinars, the Agency has experienced reduced expenses of \$75,200 for the period of March 2020 through October 2020.

Summary

Revenues	
Water Sales	\$ 129,100.00
Late Fees	\$ (187,200.00)
Reconnection Fees	\$ (31,200.00)
	<u>\$ (89,300.00)</u>
Expenses	
Paymentus Fees	\$ (20,300.00)
Telecommuting Expenses	\$ (47,300.00)
Safety Supplies & Disinfection	\$ (58,300.00)
Reduced Variable Expenses	\$ 36,400.00
Reduced Administrative Expenses	\$ 75,200.00
	<u>\$ (14,300.00)</u>
Net Impact	\$ (103,600.00)

To date, the Agency has experienced lost revenues of \$89,300 and net decrease in expenses of \$14,300 as a result of the COVID-19 pandemic, totaling a negative net impact of \$103,600.

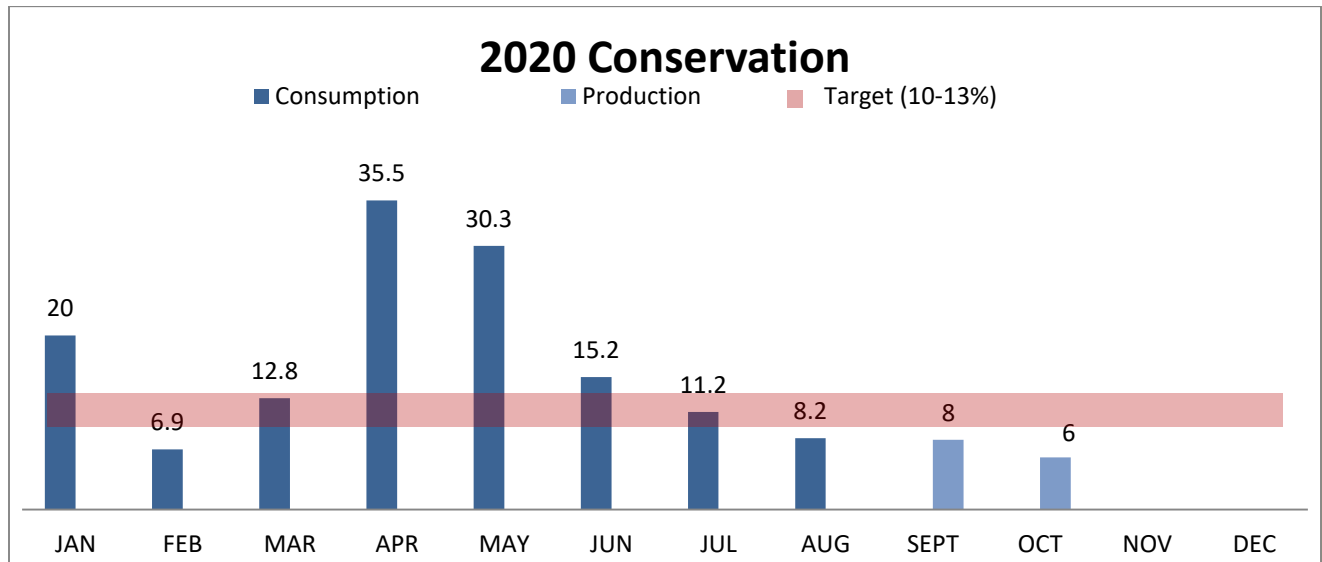
Staff recommends that the Board of Directors extend financial relief for customers (suspension of late fees, disconnection of service for non-payment and absorption of remote payment fees) for an additional 63 days, November 18th through January 19th. Staff will bring this item back to the Board of Directors for consideration at its January 19th meeting. Staff will also continue to monitor the ongoing revenue losses and expenses related to COVID-19 and will provide ongoing updates to the Board.

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

NOVEMBER 17, 2020

RE: OCTOBER 2020 WATER USE REDUCTION FIGURES

Desert Water Agency and its customers achieved a 6% reduction in potable water production during October 2020 compared to the same month in 2013 – the baseline year used by the State Water Resources Control Board (State Water Board) to measure statewide conservation achievements.



Over the last 12 months, water production is down 10.13% over 2013 levels. DWA asked its customers to save 10-13% compared to 2013 to help achieve long-term sustainability. This target will likely be reevaluated once Desert Water Agency receives water use objectives in accordance with long-term conservation legislative (AB 1668 and SB 606, 2018). The 10-13% target was established after the drought mandatory reduction levels were eliminated.

Reporting information	Consumption	Production (submitted to SWRCB)
October 2020 conservation percentage	-2.12%	5.96%
October 2020 water production	2869.19 AF	3162.56 AF
October 2013 water production	2809.58 AF	3362.83 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	68%	62%
Population (inclusive of seasonal residents)	89,232	
Estimated R-GPCD	229.82	
How many public complaints of water waste or violation of conservation rules were received during the reporting month?	23	
How many contacts (written/ verbal) were made with customers for actual/ alleged water waste or for a violation of conservation rules?	12	
How many formal warning actions (e.g.: written notifications, warning letters, door hangers) were issued for water waste or for a violation of conservation rules?	4	
How many penalties were issued for water waste or for a violation of conservation rules?	0	
Comments: This is the first time Desert Water Agency is submitting production figures. All data submitted under the emergency order and the subsequent voluntary reports until the report for September 2020 were based on consumption (billing) data and should not be compared to the production figures here or in the future. In order to preserve the integrity of the data, DWA has requested that previous data be removed from the SWRCB system.		