



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

This meeting will be held virtually and in person. The link and the telephone option provided is for the convenience of the public.

Toll Free: (253) 215-8782
Meeting ID: 865 7288 9920
Passcode: 774045

or Via Computer:
<https://dwa-org.zoom.us/j/86572889920?pwd=Um1ieGRWYjU2SUJqcStaSTBrejR0UT09>
Meeting ID: 865 7288 9920

Members of the public who wish to comment on any item within the jurisdiction of the Agency or any item on the agenda may submit comments by emailing sbaca@dwa.org or may do so during the meeting. Comments will become part of the Board meeting record.

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

Esta reunión se llevará a cabo virtualmente y en persona. El enlace y la opción telefónica proporcionada es para la comodidad del público.

Número gratuito: (253) 215-8782
ID de reunión: 865 7288 9920
código de acceso: 774045

o a través de la computadora:
<https://dwa-org.zoom.us/j/86572889920?pwd=Um1ieGRWYjU2SUJqcStaSTBrejR0UT09>
ID de reunión: 865 7288 9920

Los miembros del público que deseen comentar sobre cualquier tema dentro de la jurisdicción de la Agencia o cualquier tema en la agenda pueden enviar comentarios por correo electrónico a sbaca@dwa.org o pueden hacerlo durante la reunión. Los comentarios pasarán a formar parte del registro de la reunión de la Junta.

****Para reducir los comentarios, silencia el audio cuando no estés hablando.***

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** **ORTEGA**
2. **ROLL CALL** **BACA**
3. **PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA:** Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. 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.
4. **PUBLIC COMMENT ON ITEMS LISTED ON THE AGENDA:** Members of the public may also comment on items listed on the agenda that are not the subject of a public hearing at this time. Again, speakers are requested to keep their comments to no more than three (3) minutes.

5. CONSENT CALENDAR ITEMS: Items listed under the Consent Calendar are considered to be routine and will be acted upon by one motion of the Board without discussion. There will be no separate discussion on these items unless a Board Member requests a specific item to be discussed and/or removed from the Consent Calendar for separate action.

- A. Approve Minutes of the April 4, 2023 Regular Board Meeting
- B. Receive and File Minutes of the April 10, 2023 Conservation & Public Affairs Committee Meeting
- C. Receive and File Minutes of the April 11, 2023 Finance Committee Meeting
- D. Receive and File Minutes of the April 13, 2023 Executive Committee Meeting
- E. Receive and File – March 2023 Outreach & Conservation Activities & Events

6. ACTION ITEMS:

- A. Request Acceptance of Revised Cost of Service Study for Potable, Recycled & Wastewater Rates
- B. Request Board Authorization to Move from Level 2 to Level 1 of Ordinance No. 72
(Water Shortage Contingency Plan)

**SAENZ
METZGER**

7. DISCUSSION ITEM:

- A. Probolsky Research Survey Results

METZGER

8. SECRETARY-TREASURER'S REPORT (MARCH 2023)

MCKENNA

9. GENERAL MANAGER'S REPORT

KRAUSE

10. DIRECTORS REPORTS ON MEETINGS/EVENTS ATTENDED ON BEHALF OF THE AGENCY

11. DIRECTORS COMMENTS/REQUESTS

12. 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: AT&T vs. County of Riverside

13. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

14. 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.

DECLARATION OF POSTING

Pursuant to Government Code Section 54954.2, I certify that this agenda has been posted at least 72 hours prior to the meeting on the Agency's website at www.dwa.org and at the Agency's office located at 1200 South Gene Autry Trail, Palm Springs, CA.

Sylvia Baca, MMC, Assistant Secretary of the Board

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

5-A

April 4, 2023

DWA Board:	Paul Ortega, President)
	Jeff Bowman, Vice President)
	Gerald McKenna, Secretary-Treasurer)
	Kristin Bloomer, Director)
	Steve Grasha, Director)
 DWA Staff:	Mark Krause, General Manager)
	Steve Johnson, Assistant General Manager)
	Esther Saenz, Finance Director)
	Sylvia Baca, Asst. Secretary of the Board)
	Kris Hopping, Human Resources Director)
	Jamie Hoffman, Senior Admin. Asst.)
 Consultants:	Michael T. Riddell, Best Best & Krieger)
	Ashley Metzger, Regional Government Svcs.)
	Alice Bou, NBS)

President Ortega opened the meeting at 8:00 a.m. and led the Pledge of Allegiance. **Pledge of Allegiance**

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

Present: Grasha, Bloomer, McKenna, Bowman, Ortega

President Ortega opened the meeting for public comment for items not listed on the Agenda. **Public Comment on Items Not Listed on the Agenda**

There was no one from the public wishing to address the Board for items not listed on the Agenda.

President Ortega opened the meeting for public comment for items listed on the Agenda. **Public Comment on Items Listed on the Agenda**

There was no one from the public wishing to address the Board for items listed on the Agenda.

President Ortega called for approval of the Consent Calendar. He noted that Consent Calendar Items 5-A through 5-F are expected to be routine and to be acted upon by the Board of Directors at one time without discussion. If any Board member requests that an item be removed from the consent calendar, it will be removed so that it may be presented separately.

- A. Approve Minutes of the March 7, 2023 Regular Board Meeting
- B. Receive and File Minutes of the March 16, 2023 State Water Contractor's Meeting
- C. Receive and File Minutes of the March 17, 2023 Finance Committee Meeting
- D. Approve Minutes of the March 21, 2023 Regular Board Meeting
- E. Receive and File Minutes of the March 30, 2023 Executive Committee Meeting
- F. Receive and File – February Water Use Reduction Figures

Approval of the Consent Calendar

- A. Approve Minutes of the 03/07/23 Regular Board Mtg.
- B. Receive & File Minutes of the 03/16/23 SWC Mtg.
- C. Receive & File Minutes of the 03/17/23 Finance Comm. Mtg.
- D. Approve Minutes of the 03/21/23 Regular Board Mtg.
- E. Receive & File Minutes of the 03/30/23 Executive Comm. Mtg.
- F. Receive and File – February Water Use Reduction Figures

Secretary-Treasurer McKenna requested item 5C be pulled for separate discussion. He requested to have the word “review” removed from the minutes and replaced with “discussed.” He stated that he does not feel that a review was conducted for the reserve policy only that it was discussed. He suggested having a more thorough examination of the policy and would like to have it on the agenda for the next finance committee meeting.

Vice President Bowman moved for approval of Consent Calendar Items 5A through 5F. After a second by Director Grasha, the motion carried by the following roll call vote:

AYES: Grasha, Bloomer, McKenna, Bowman, Ortega
 NOES: None
 ABSENT: None
 ABSTAIN: None

Senior Advisor Metzger presented the staff report. She provided a list of what will be permitted with the Level 1 plan and what remains restricted. She also stated that the Governor lifted the restriction on March 24, 2023 and in doing so if the Board agrees we can move forward immediately. Staff recommends that the Board of Directors authorize the Agency to move out of Level 2 into Level 1 of Ordinance No. 72 upon the State Water Board removal of the requirement for water agencies to implement all Level 2 actions.

Action Items:

Request Board Authorization to Move from Level 2 into level 1 of Ord No. 72 (Water Shortage Contingency Plan) Upon State Water Board Action

Director Grasha moved for authorization to move from Level 2 into Level 1 of Ordinance No. 72 (Water Shortage Contingency Plan) upon State Water Board Action. After a second from Director Bloomer the motion carried by the following roll call vote:

Action Items:
(Cont.)

AYES: Grasha, Bloomer, McKenna, Bowman, Ortega
 NOES: None
 ABSENT: None
 ABSTAIN: None

General Manager Krause presented the request for authorization for Board attendance at upcoming ACWA region events. Staff recommends that the Board approve and authorize those Board members who are interested in attending any of the upcoming ACWA region events listed.

Request Authorization
for Board Attendance
at Upcoming ACWA
Region Events

Director Grasha made a motion to approve and authorize Board attendance at upcoming ACWA region events. After a second from Vice President Bowman the motion carried by the following roll call vote.

AYES: Grasha, Bloomer, McKenna, Bowman, Ortega
 NOES: None
 ABSENT: None
 ABSTAIN: None

Finance Director Saenz and NBS Consultant Bou gave a presentation on the Draft Cost of Service Study for Potable, Recycled & Wastewater Rates .

Discussion Item:
Presentation of Draft
Cost of Service Study
for Potable, Recycled
& Wastewater Rates

Director Grasha inquired about whether anyone from the public has reached out regarding this rate study and Finance Director Saenz stated that no one from the public has inquired.

In response to Secretary-Treasurer McKenna, Finance Director Saenz stated that his comments were received and will be discussed.

President Ortega inquired about holding workshops. Finance Director Saenz stated that DWA will be holding three workshops; one in the City of Cathedral City, one in the City of Palm Springs, both focusing on the rates that impact our service areas and one in the City of Desert Hot Springs, focusing strictly on the replenishment assessment charge.

Vice President Bowman and Director Bloomer both inquired about the process if we didn't proceed with the rate increase during one of the years and how it affects the next years increase. NBS Consultant Bou stated that the rate would be adjusted based on what was done in year one, which would be the annual net revenue requirement.

**Discussion Item:
(Cont.)**Presentation of Draft
Cost of Service Study
for Potable, Recycled
& Wastewater Rates

In response to President Ortega, Finance Director Saenz said that yes, with the drought rate, it is the Board's decision to enact and with the revenue stabilization rate it's recommended to have it automatically increase for speed of implementation.

President Ortega inquired about staff's ability to make the rate changes on the bill, and whether the customer will know when their rate has changed just by looking at their bill. Finance Director Saenz stated staff does have the ability to facilitate the rate change along with notifying the customer on the bill that there is a rate change in effect. Legal Counsel Riddell stated that Prop. 218 states that each time there is a rate change a thirty-day notice must be provided.

Secretary-Treasurer McKenna stated that he is not comfortable with an automatic mechanism that changes the price even at staff level and doesn't feel the need for 30-day or 60-day changes in rates.

President Ortega voiced his concern with the bills fluctuating up and down based on the current month's budget results.

There was discussion on reserve and restricted reserves. Finance Director Saenz explained the difference between the funds and stated the Operating fund does not have restricted reserves. She stated that the General fund has restricted reserves because of the State Water Project tax which is a preexisting indebtedness.

The Board discussed funding of the Sites project.

At 9:23 a.m., President Ortega called for a short recess.

Recess

At 9:29 a.m., President Ortega reconvened the meeting.

Reconvene

Secretary-Treasurer McKenna inquired about the replenishment assessment charge. General Manager Krause stated that there are different rates that can be collected. One is the maximum per the statute which was about \$403 per acre foot. The next would be the effective rate that's calculated at \$209 per acre foot and it changes year to year.

President Ortega asked staff which direction they would like to proceed. General Manager Krause stated that he would recommend taking action today.

Secretary-Treasurer McKenna expressed his concern with the fixed vs. variable rates and that it would be a burden on the customer.

Director Grasha stated that customers in our service area have certain expectations when it comes to the reliability of our water system and

the only way to comply is to collect enough revenue to keep maintaining the system.

**Discussion Item:
(Cont.)**

Presentation of Draft
Cost of Service Study
for Potable, Recycled
& Wastewater Rates

Director Bloomer stated that she feels the 30/70 split has been very productive in the years past.

Vice President Bowman concurred that the fixed rates are needed to ensure reliability.

Finance Director Saenz requested the Board provide direction to staff.

Director Bloomer made a motion to accept the rate study as presented with the exception of the automatic increase. Further Board action will be required for the revenue stabilization rate. After a second from Director Grasha the motion carried by the following roll call vote:

AYES: Grasha, Bloomer, Bowman, Ortega
NOES: McKenna
ABSENT: None
ABSTAIN: None

Secretary-Treasurer McKenna provided the financial highlights for February 2023.

**Secretary-Treasurer's
Report (Feb. 2023)**

General Manager Krause provided an update on Agency operations for the past several weeks.

**General Manager's
Report**

Director Grasha noted his attendance at the March 30 DWA facilities tour, March 28 CVWD meeting, (virtually), March 27 Salton Sea tour and the March 25 ONE-PS picnic.

**Directors Reports on
Mtgs/Events Attended
on Behalf of the
Agency**

Secretary-Treasurer McKenna noted his attendance at the March 27 Salton Sea tour.

Vice President Bowman noted his attendance at the March 27 Salton Sea tour.

President Ortega noted his attendance at the March 27 Salton Sea tour, the March 25 ONE-PS picnic and meetings with Assemblyman Wallis on March 17, and Congressman Calvert on March 20.

Director Grasha requested to have the General Manager's review brought back for a midyear review under Closed Session.

**Directors
Comments/Requests**

Director Bloomer noted that she will be on vacation and won't be present for the next Board meeting on April 18.

Secretary-Treasurer McKenna noted the high wind and dust in the Whitewater area and inquired whether anyone from the public has

complained about the dust blowing around the replenishment area and if staff had any thoughts on dust control.

**Directors
Comments/Requests
(Cont.)**

President Ortega noted that he will be attending the NWRA conference in Washington, DC during the next Board meeting on April 18 and will be attending the meeting virtually. Vice President Bowman will chair the meeting.

Director Grasha made a motion for Vice President Bowman to chair the April 18th meeting while President Ortega participates via teleconference. With a second from Director Bloomer the motion carried by the following roll call vote:

AYES: Grasha, Bloomer, McKenna, Bowman, Ortega

NOES: None

ABSENT: None

ABSTAIN: None

At 10:30 a.m., President Ortega convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al (Two Cases); (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency; et al; (C) Existing Litigation, Pursuant to Government Code Section 54956.9 (d) (1), AT&T vs. County of Riverside; and (D) Anticipated Litigation, pursuant to Government Code Section 54956.9 (d) and (e) (1), one case

Closed Session:

- A. Existing Litigation – ACBCI vs. CVWD, et al. (2 Cases)
- B. Existing Litigation – MSWD vs. DWA Agency et al
- C. Existing Litigation - AT&T vs. County of Riverside
- D. Anticipated Litigation – One Case

At 11:44 a.m., President Ortega reconvened the meeting into open session and announced there was no reportable action taken.

**Reconvene – No
Reportable Action**

In the absence of any further business, President Ortega adjourned the meeting at 11:47 a.m.

Adjournment

Sylvia Baca
Assistant Secretary of the Board

Minutes
Conservation & Public Affairs Committee
April 10, 2023

Directors Present: Paul Ortega, Steve Grasha
Staff Present: Mark Krause, Melinda Weinrich
Consultant Present: Ashley Metzger
Public Present: None

Call to Order

1. Public Comments - None

2. Discussion Items

A. Community survey results

Adam Probolosky of Probolsky Research presented the results of the customer survey completed for both retail customers and non-retail customers within the DWA service area. A total of 600 surveys were completed. Key findings included an overall positive view of the Agency by the surveyed public. A more in-depth presentation of the survey results will be presented at an upcoming Board meeting.

B. Community advisory committee

The Committee did not support pursuing the formation of a community advisory committee at this time.

C. Rate increase outreach and Proposition 218 notice

The Committee reviewed the draft Proposition 218 notice and discussed tentative dates for public workshops in Palm Springs, Cathedral City and Desert Hot Springs. In discussion the committee determined that a special meeting should be held for the public hearing to adopt the rate plan.

D. Conservation programs and update

DWA staff presented on the status of conservation incentive programs. It is anticipated that all budget funding for grass removal and nozzle incentives will be utilized in 2022/23 fiscal year. Staff updated the Committee on the grass removal incentive program for low-income customers. Staff intends to implement highly targeted outreach to eligible customers. The other incentive programs continue to have a steady flow of participation.

E. Water use efficiency legislation update

DWA recently signed on to an ACWA comment letter. The State Water Resources Control Board plans to have water use objective rulemaking finalized by the end of 2023.

F. Desert Hot Springs outreach/incentives

Staff presented on potential areas of collaboration with the Mission Springs Water District to achieve common goals. This included a cobranded incentive program. Staff will continue to have open dialogue with MSWD staff on opportunities for partnering on outreach in the Desert Hot Spring area.

G. New conservation incentives programs

Staff presented to the Committee five new incentive programs for consideration in 2023/24 fiscal year. Through discussion it was recommended by the Committee to pursue the residential toilet incentive and the hospitality package program.

H. Outreach & Conservation FY 2023-24 budget

Staff presented to the Committee the outreach and conservation program budgets proposed for fiscal year 2023/24.

Adjourn

Minutes
Finance Committee Meeting
April 11, 2023

Directors Present: Gerald McKenna, Kristin Bloomer

Staff Present: Mark Krause, Esther Saenz

Call to Order

1. Public Comments - None

2. Discussion Items

A. Proposed 2023/2024 Capital Budget

The Committee reviewed the proposed Capital Budget and management oversight procedures utilized in the Capital Budget preparation.

B. Proposed 2023/2024 Extraordinary Expense Budget

The Committee reviewed the proposed Extraordinary Expense Budget for the Operating and General Fund and management oversight procedures utilized in the Extraordinary Expense Budget preparation.

C. Proposed 2023/2024 Operating Fund Reserves

The Committee reviewed the proposed Operating Fund Revenues prepared to date for Water Sales, Recycled Water Sales, Other Operating Revenue and Non-Operating Revenue.

D. Proposed 2023/2024 General Fund Reserves

The Committee reviewed the proposed General Fund Revenues prepared to date for Replenishment Assessments, Other Operating Revenues and Non-Operating Revenues. Included in the Non-Operating Revenues, the Committee reviewed the long-term forecast for the Agency's tax rate revenue needs. Within that review, staff provided their recommendation to reduce the tax rate for the upcoming fiscal year and associated tax rate revenues.

Adjourn

Minutes
Executive Committee Meeting
April 13, 2023

Directors Present: Paul Ortega, Jeff Bowman
Staff Present: Mark Krause, Esther Saenz, Sylvia Baca

Consultant Present: Ashley Metzger

Call to Order

1. Public Comments - None
2. Discussion Items

- A. Review agenda for April 18, 2023 Board meeting
The proposed agenda for the April 18, 2023 meeting was reviewed.
- B. Request for Letter of Support (Prescott Preserve, Oswit Land Trust)
The Committee reviewed the request for letter of support and discussed the letter content.
- C. 2023 Board Conference Schedule Update
The Committee reviewed the request for the Urban Water Institute's August conference in San Diego be added to the annual approved schedule. The Committee directed Staff to include this conference in the annual approved schedule.

The Committee also reviewed the request for approval of all ACWA events be added to the annual approved schedule. The Committee decided not to approve all ACWA events, but will consider each event on an individual basis.

Adjourn

**DESERT WATER AGENCY
OUTREACH & CONSERVATION
ACTIVITIES**

MARCH 2023

Activities

- 3/1 Ashley Metzger attended an ad hoc DWA Legislative Committee meeting.
- 3/1 Staff attended the Rotary Club of Palm Springs and presented.
- 3/2 Ashley Metzger was on a live segment with KESQ.
- 3/2 Staff attended CV Water Counts monthly meeting.
- 3/3 Ashley Metzger and Melinda Weinrich attended a Conservation Collaboration meeting.
- 3/6 Ashley Metzger attended a CV-SNMP monthly meeting.
- 3/7 Staff met with Lobbyist Bob Reeb.
- 3/8 Staff attended an ACWA – Committees Proposition 218 roundtable meeting.
- 3/8 Ashley Metzger attended a CVRWMG business meeting.
- 3/9 Staff attended a CV Water Counts monthly meeting.
- 3/9 Ashley Metzger was on a live segment with KESQ.
- 3/13 Ashley Metzger attended a CV-SNMP monthly meeting.
- 3/13 Ashley Metzger met with Lobbyist Bob Reeb.
- 3/14 Melinda Weinrich attended and briefly presented to ONE-PS monthly meeting.
- 3/16 Ashley Metzger was on a live segment with KESQ.
- 3/16 Ashley Metzger attended the Regional Intertie project kick off meeting.
- 3/16 Ashley Metzger attended the Indio Subbasin annual report public workshop.
- 3/16 Ashley Metzger attended a SGMA Tribal workgroup meeting.
- 3/20 Staff conducted a tour with Congressman Calvert.
- 3/20 Ashley attended an ACWA/WUE coordination meeting.
- 3/21 Staff attended a CV Water Counts monthly meeting.
- 3/22 Staff attended the ONE-PS picnic.
- 3/22 Ashley Metzger attended a CV-SNMP Stakeholder kickoff workshop.
- 3/23 Staff conducted a Landscaper workshop.
- 3/23 Ashley Metzger was on a live segment with KESQ.
- 3/24 Ashley Metzger attended a SWC/DWR meeting on water strategy.
- 3/27 Melinda Weinrich was interviewed by NBC local news on drought lifting.
- 3/27 Staff met with Lobbyist Bob Reeb.

- 3/29 Ashley Metzger attended a CV-SNMP monthly meeting.
- 3/29 Melinda Weinrich was interviewed by KESQ.
- 3/30 Staff conducted a DWA Facility tour.
- 3/30 Ashley Metzger was on a live segment with KESQ.

Public Information Releases/eblasts/Customer Notifications

- 3/2 eblast – Grass removal incentive workshop
- 3/17 Nextdoor – Desert Water Agency – water construction along W. Camino Encanto
- 3/17 Nextdoor – Desert Water Agency – water construction
- 3/22 Nextdoor – Desert Water Agency - Emergency leak repair at East Palm Canyon Drive and Sunrise Way

Upcoming Events

- 4/12 – Palm Springs Library's Family Fun Fest
- 4/20 – Big Hearts Awards Dinner by Desert Hot Springs Rotary Club
- 4/29 & 30 – Preservation Matters Symposium on water and tourism
- 5/17 – Joint Chamber of Commerce mixer at Palm Springs Air Museum

Conservation Programs

Grass Removal:

- 98 Inspections
- 59 Projects pre-approved
- 42 Projects given final approval

Devices:

- 14 Washing machine rebates requested
- 15 Washing machine rebates approved
- 15 Smart controller rebates requested
- 16 Smart controller rebates approved
- 179 Nozzles requested for rebate
- 64 Nozzles approved for rebate
- 0 Toilet rebates requested (commercial only)
- 12 Toilet rebates approved (commercial only)

Water waste:

Total complaints submitted 63
Contacts to customers 18
Site inspections scheduled 24
Citations 17
Citation waived 4

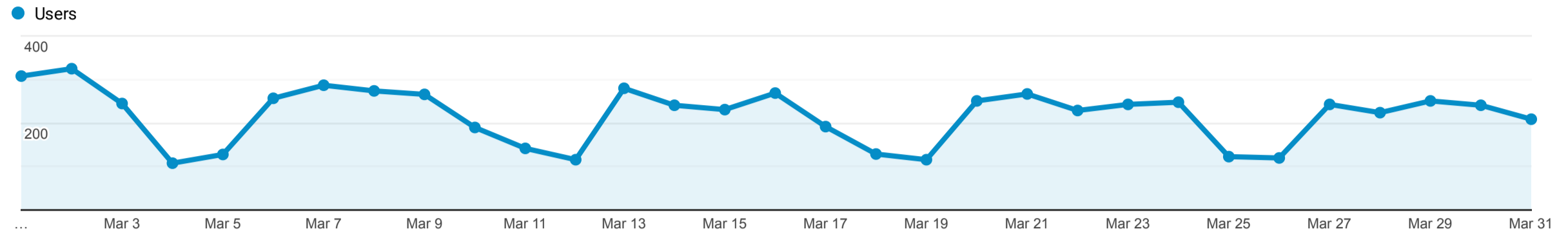
Audience Overview

All Users

100.00% Users

Mar 1, 2023 - Mar 31, 2023

Overview



Users

5,581

New Users

4,819

Sessions

7,493

Number of Sessions per User

1.34

Pageviews

15,959

Pages / Session

2.13

Avg. Session Duration

00:02:05

Bounce Rate

51.26%

New Visitor

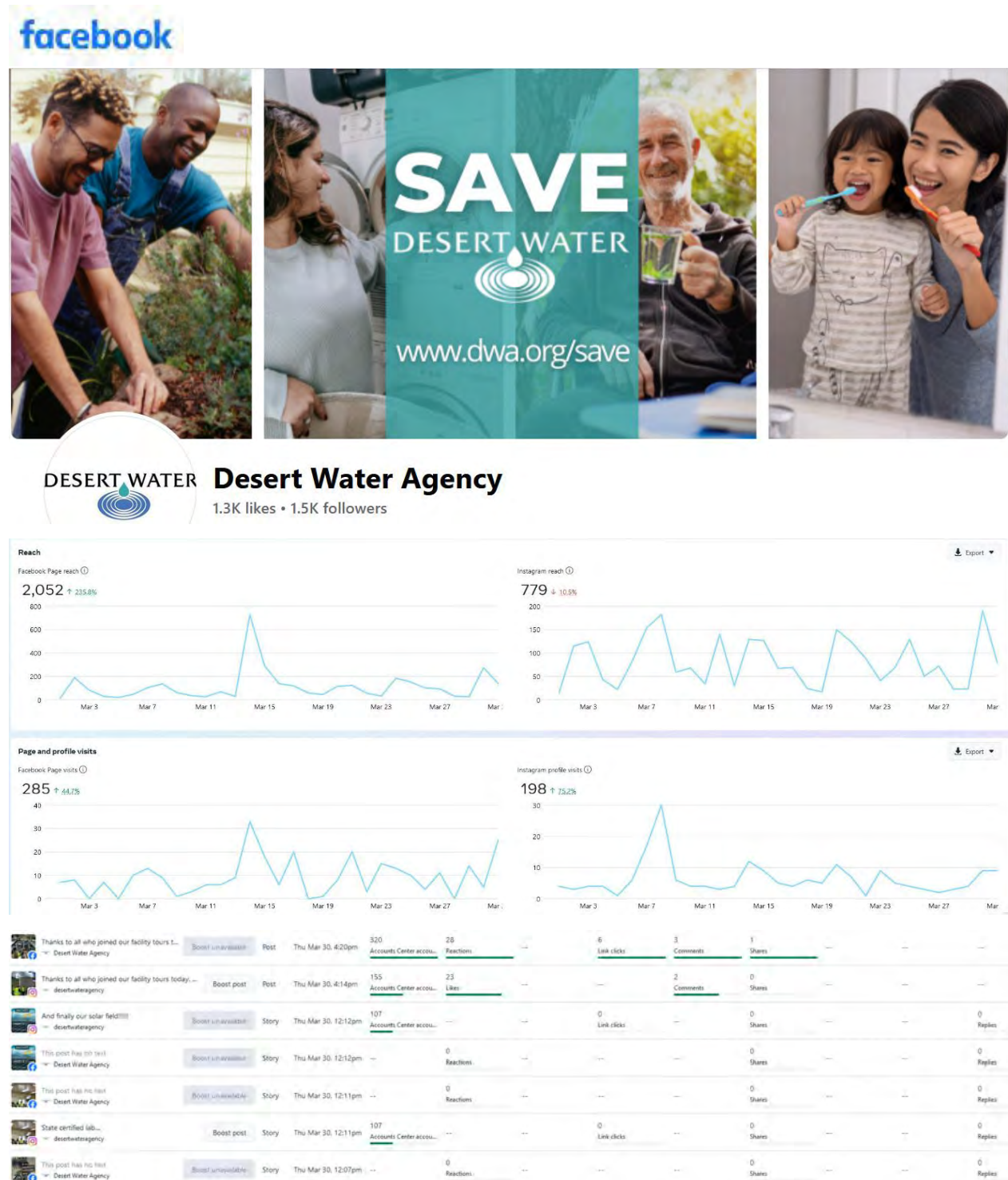
Returning Visitor

77.7%





























22.3%

Language		Users	% Users
1.	en-us	5,304	95.00%
2.	en-ca	78	1.40%
3.	en-gb	57	1.02%
4.	en	48	0.86%
5.	es-us	15	0.27%
6.	zh-cn	14	0.25%
7.	en-us@posix	8	0.14%
8.	es-419	8	0.14%
9.	en-au	7	0.13%
10.	fr-fr	5	0.09%












Desert Water Agency Facebook & Instagram Analytics March 2023



Desert Water Agency Facebook & Instagram Analytics March 2023

	We also stopped by our recycled water facility...	Boost post	Story	Thu Mar 30, 12:07pm	109	Accounts Center across...	--	--	0	Link clicks	---	0	Shares	---	--	0	Replies
	Such a beautiful vista from up here.	Boost post	Story	Thu Mar 30, 12:00pm	115	Accounts Center across...	--	--	0	Link clicks	---	0	Shares	---	--	0	Replies
	This post has no text	Boost unavailable	Story	Thu Mar 30, 12:00pm	--	0	Reactions	---	---	---	---	0	Shares	---	--	0	Replies
	Our second stop was our Palisades Reserv...	Boost unavailable	Story	Thu Mar 30, 11:56am	122	Accounts Center across...	---	---	0	Link clicks	---	2	Shares	---	--	0	Replies
	This post has no text	Boost unavailable	Story	Thu Mar 30, 11:56am	--	0	Reactions	---	---	---	---	0	Shares	---	--	0	Replies
	Our first stop is well 39!	Boost unavailable	Story	Thu Mar 30, 10:55am	124	Accounts Center across...	---	---	0	Link clicks	---	0	Shares	---	--	0	Replies
	Your Video	Boost unavailable	Story	Thu Mar 30, 10:55am	--	0	Reactions	---	---	---	---	0	Shares	---	--	0	Replies
	This post has no text	Boost unavailable	Story	Thu Mar 30, 10:55am	--	1	Reactions	---	---	---	---	0	Shares	---	--	0	Replies
	Yay for the return of our facility tour!	Boost unavailable	Story	Thu Mar 30, 10:00am	140	Accounts Center across...	---	---	0	Link clicks	---	1	Shares	---	--	0	Replies
	We would like to wrap up National Agriculture Wh...	Boost post	Post	Mon Mar 27, 12:30...	95	Accounts Center across...	7	Likes	---	---	0	Comments	1	Shares	---	--	---
	We would like to wrap up National Agricult...	Boost unavailable	Post	Mon Mar 27, 12:30...	74	Accounts Center across...	3	Reactions	---	---	0	Comments	0	Shares	---	--	---
	Such a great turnout for the ONE PS - Org...	Boost unavailable	Post	Sat Mar 25, 5:03pm	232	Accounts Center across...	18	Reactions	---	---	0	Comments	1	Shares	---	--	---
	Such a great turnout for the One-PS picnic & co...	Boost post	Post	Sat Mar 25, 4:54pm	157	Accounts Center across...	19	Likes	---	---	1	Comments	0	Shares	---	--	---
	Desert Water Agency is excited for the ONE-PS Pl...	Boost post	Post	Fri Mar 24, 12:02pm	198	Accounts Center across...	5	Likes	---	---	1	Comments	0	Shares	---	--	---
	Desert Water Agency is excited for the ON...	Boost unavailable	Post	Fri Mar 24, 12:00pm	248	Accounts Center across...	10	Reactions	---	---	0	Comments	2	Shares	---	--	---
	Happy World Water Day! CHALLENGE Try to cou...	Boost post	Post	Wed Mar 22, 12:02...	88	Accounts Center across...	10	Likes	---	---	0	Comments	0	Shares	---	--	---
	Happy World Water Day! CHALLENGE Try...	Boost unavailable	Post	Wed Mar 22, 12:00...	41	Accounts Center across...	4	Reactions	---	---	0	Comments	0	Shares	---	--	---
	Please don't water during or two days after rain...	Boost post	Post	Tue Mar 21, 12:30pm	99	Accounts Center across...	5	Likes	---	---	0	Comments	0	Shares	---	--	---
	Please don't water during or two days afte...	Boost unavailable	Post	Tue Mar 21, 12:30pm	76	Accounts Center across...	4	Reactions	---	---	0	Comments	0	Shares	---	--	---
	Congressman Calvert stopped by today to see ou...	Boost post	Post	Mon Mar 20, 8:34pm	199	Accounts Center across...	27	Likes	---	---	0	Comments	0	Shares	---	--	---
	Thank you Congressman Ken Calvert and L...	Boost unavailable	Post	Mon Mar 20, 8:28pm	47	Accounts Center across...	8	Reactions	---	---	0	Comments	0	Shares	---	--	---
	Make sure you take a moment to check your ho...	Boost post	Post	Mon Mar 20, 12:02...	117	Accounts Center across...	7	Likes	---	---	1	Comments	0	Shares	---	--	---
	Make sure you take a moment to check yo...	Boost unavailable	Post	Mon Mar 20, 12:00...	83	Accounts Center across...	4	Reactions	---	1	Link clicks	0	Comments	0	Shares	---	--
	Happy St. Patrick's Day from your friends at DeH...	Boost post	Post	Fri Mar 17, 10:02am	77	Accounts Center across...	7	Likes	---	---	0	Comments	0	Shares	---	--	---
	Happy St. Patrick's Day from your friends a...	Boost unavailable	Post	Fri Mar 17, 10:00am	80	Accounts Center across...	7	Reactions	---	---	0	Comments	0	Shares	---	--	---
	The CV-Salt & Nutrient Management Plan Works...	Boost post	Post	Wed Mar 15, 6:00pm	181	Accounts Center across...	18	Likes	---	---	0	Comments	0	Shares	---	--	---
	The CV-Salt & Nutrient Management Plan...	Boost unavailable	Post	Wed Mar 15, 6:00pm	60	Accounts Center across...	7	Reactions	---	1	Link clicks	0	Comments	0	Shares	---	--
	GIVEAWAY 🌊 Are you water savvy & an animal L...	Boost post	Post	Tue Mar 14, 9:03am	165	Accounts Center across...	16	Likes	---	---	2	Comments	7	Shares	---	--	---
	GIVEAWAY 🌊 Are you water savvy and an...	Boost unavailable	Post	Tue Mar 14, 9:00am	14K	Accounts Center across...	33	Reactions	---	---	4	Comments	6	Shares	---	--	---
	It's Plant a Flower Day. Roll up your sleeves and g...	Boost post	Post	Sun Mar 12, 11:50am	174	Accounts Center across...	23	Likes	---	---	0	Comments	0	Shares	---	--	---

Desert Water Agency Facebook & Instagram Analytics March 2023

	It's Plant a Flower Day. Roll up your sleeve... Desert Water Agency	Boost unavailable	Post	Sun Mar 12, 11:50am	117 Accounts Center acco...	7 Reactions	1 Comments	0 Shares	...	...	...
	We are lucky in the Coachella Valley to have a hu... desertwateragency	Boost post	Post	Fri Mar 10, 11:50am	108 Accounts Center acco...	5 Likes	0 Comments	1 Shares	...	...	...
	We are lucky in the Coachella Valley to hav... Desert Water Agency	Boost unavailable	Post	Fri Mar 10, 11:31am	42 Accounts Center acco...	6 Reactions	0 Comments	0 Shares	...	...	...
	It's International Women's Day. Desert Water Age... desertwateragency	Boost post	Post	Wed Mar 8, 11:01am	174 Accounts Center acco...	32 Likes	0 Comments	1 Shares	...	...	...
	It's International Women's Day. Desert Wat... Desert Water Agency	Boost unavailable	Post	Wed Mar 8, 11:00am	170 Accounts Center acco...	17 Reactions	0 Comments	0 Shares	...	...	...
	Interested in joining our team? DWA is loo... Desert Water Agency	Boost unavailable	Post	Tue Mar 7, 3:25pm	178 Accounts Center acco...	4 Reactions	2 Link clicks	1 Comments	1 Shares	...	...
	Interested in joining our team? DWA is looking fo... desertwateragency	Boost post	Post	Tue Mar 7, 3:10pm	229 Accounts Center acco...	16 Likes	0 Comments	2 Shares	...	...	...
	We believe in top notch service and education! W... desertwateragency	Boost post	Post	Mon Mar 6, 5:45pm	129 Accounts Center acco...	17 Likes	0 Comments	0 Shares	...	...	...
	We believe in top notch service and educat... Desert Water Agency	Boost unavailable	Post	Mon Mar 6, 5:45pm	79 Accounts Center acco...	3 Reactions	0 Comments	0 Shares	...	...	...
	It's a sign! Not only do we have new signage... desertwateragency	Boost post	Post	Thu Mar 2, 5:45pm	299 Accounts Center acco...	50 Likes	3 Comments	1 Shares	...	...	...
	It's a sign! Not only do we have new si... Desert Water Agency	Boost unavailable	Post	Thu Mar 2, 5:45pm	172 Accounts Center acco...	19 Reactions	1 Comments	0 Shares

Reach

Post reach ⓘ

2.2K ↑ 41.3%

Total from last 90 days vs 90 days prior



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For posts created in the last 90 days



Engagement

Post reactions, comments and shares ⓘ

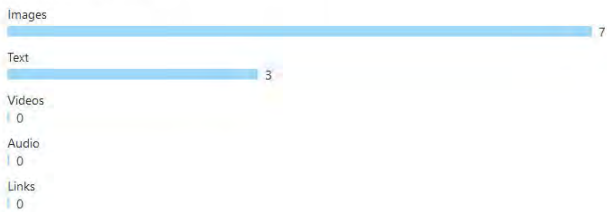
478 ↓ 19.5%

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Desert Water Agency

1200 S Gene Autry Trl, Palm Springs

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Desert Water Agency

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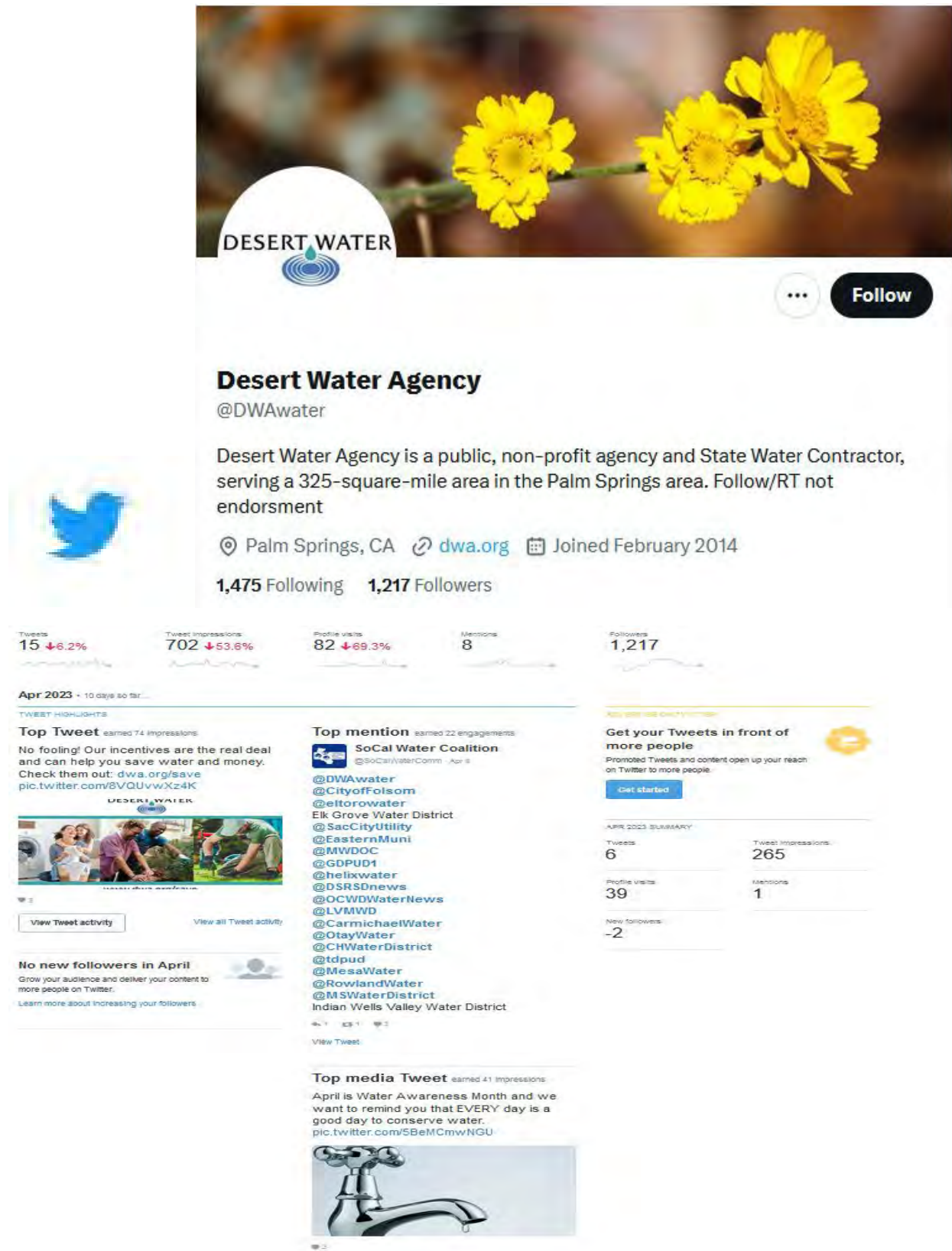


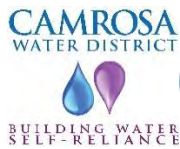
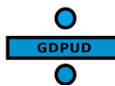
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Desert Water Agency Twitter Analytics March 2023





March 30, 2023

Submitted via: orpp-waterconservation@waterboards.ca.gov

James Nachbaur
Director
Office of Research, Planning and Performance
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Re: Comment Letter – Board Workshop on Making Water Conservation a California Way of Life

Dear Mr. Nachbaur,

The Association of California Water Agencies and the undersigned organizations appreciate the opportunity to provide comments to the State Water Resources Control Board (State Water Board) on the Draft Staff Framework for Making Conservation a California Way of Life Regulation (Proposed Regulatory Framework). We have been actively engaged on the State's implementation of SB 606 and AB 1668 (together, the 2018 conservation legislation) over the past several years, with a substantive record of comments to the Department of Water Resources (DWR). More importantly, water suppliers have been advancing water use efficiency for many years and decades. Water suppliers and Californians have a long-standing commitment to water use efficiency, as demonstrated with substantive decreases in gallons per capita per day despite a growing population.

With a commitment towards continuing to advance water use efficiency in California, we offer the following input for the State Water Board's consideration. We urge the State Water Board to include this input as part of the rulemaking that will begin later this year.

1. OVERARCHING POLICY CONSIDERATIONS

A. Advancing Cost-Effective and Multi-Benefit Water Use Efficiency Requires Time

The State Water Board should provide adequate time for water suppliers and Californians to comply with the goals of Making Water Conservation a California Way of Life in a manner that is cost-effective and realizes multiple benefits.

As currently proposed, the highly complex Proposed Regulatory Framework would include significant new requirements with a very short timeline that, based on water suppliers' history of working with their customers to help them use water efficiently, would not be feasible for many suppliers to meet. Notably, urban retail water suppliers would be required to:

- Achieve water loss performance standards by 2028;
- Meet a water use objective that includes a residential indoor standard of 42 gpcd by 2030, an outdoor landscape efficiency factor (LEF) of 0.55 by 2035, and collect the necessary data to apply for variances for unique water uses;

- Complete Commercial, Industrial and Institutional (CII) classification, best management practices (BMPs) and mixed-use meter (MUM) reporting within 5 years; and
- Comply with all new reporting requirements.

Water suppliers are on the front lines of managing water supply impacts with a changing climate, as experienced during California's multiple drought emergencies over the past few decades. To implement programs that require long-term customer behavior change and significant investments, water suppliers require adequate time to analyze existing water use efficiency programs; plan for cost-effective compliance with the standards, objectives and performance measures; budget and staff programs; partner with customers and build partnerships, including targeted programs to disadvantaged communities; and allow for technology advancements. The currently proposed timeline does not allow water suppliers to cost-effectively achieve the multi-benefits of water use efficiency and we have significant concerns that it would instead result in unintended impacts.

Additionally, water use efficiency is one of many opportunities that the State has outlined to respond to climate change impacts and should not adversely impact other State and local priorities for long-term water resilience.

B. The Intent of the Regulation is Flexibility to Implement Locally Appropriate Solutions

Page 1 of the Proposed Regulatory Framework recognizes the goal to provide *flexibility to implement locally appropriate solutions* that better prepare California for more frequent and prolonged drought. Flexibility was intended as the ability for water suppliers to determine how to most cost-effectively focus resources to obtain the greatest savings among the standards to meet the overall objective.

Individually infeasible standards do not support the overall intent to provide flexibility. Each standard in and of itself should be attainable for water suppliers.

We have raised concerns about the feasibility of both the indoor standard (including saturation, impacts to wastewater and recycled water) and the outdoor standard (including available irrigation technology, limited authority of land use and customer behavior, the magnitude of transformation of landscapes that would be required). Despite these concerns, and other concerns discussed in this letter regarding data quality and the methodologies utilized, the Proposed Regulatory Framework continues to even further tighten the outdoor standards from DWR's recommendations.

A response to this concern has been that the variances will increase water suppliers' overall water use objective, providing more flexibility. However, as currently proposed, the variances are highly complex, if not infeasible, due to the proof of data burden and lack of technical assistance available. We are concerned the currently proposed variance pathway would be too onerous and expensive to an extent that would deter small to mid-sized agencies from seeking variances. Additionally, not all water suppliers are eligible for variances and the proposed five percent threshold would significantly restrict the ability of water suppliers that have unique water uses.

C. The Proposed Regulatory Framework is Too Complex and Burdensome

The intent of the 2018 conservation legislation and Proposed Regulatory Framework is to build on lessons learned from previous drought responses and avoid mandates that fail to reflect California's

varied hydrologic conditions and historic efforts. However, the complexity and data burdens associated with the Proposed Regulatory Framework would be extremely costly and may not be feasible for many water suppliers, especially smaller systems and those serving disadvantaged communities. **The State Water Board focus should be on advancing water use efficiency and reducing administrative and data reporting burdens on water suppliers.**

While state technical assistance and partnerships will be essential, it should not be in-lieu of reducing data and reporting burden on suppliers, including the burden of variances, the Irrigable Not Irrigated (INI) credits, and commercial, industrial, and institutional (CII) reporting requirements. Additionally, we have significant concerns that infeasible standards and an inflexible water use objective will increase the reliance on alternative compliance pathways, caps, and variances, as well as the potential for enforcement action. This will further exacerbate administrative and reporting burdens that do not advance actual water savings.

2. RECOMMENDATIONS FOR OUTDOOR WATER USE EFFICIENCY STANDARDS

A. Technical Considerations:

- i. *DWR's Three Methodologies*: DWR utilized three methodologies to develop its recommendation of an ETF of 0.63 by 2030. We provided technical input to DWR on the methodologies and raised concerns that **embedded policy decisions resulted in the underestimation of current outdoor residential water use and overestimation of feasibility**. We support a methodology that is based on real-world performance, horticultural and irrigation science, supports health landscapes, and minimizes unintended impacts.
 - a. Horticultural Approach: Assumed 0.8 Irrigation Efficiency (IE) – DWR's horticultural and irrigation science approach assumed 0.8 IE. **We recommended that an outdoor residential water use efficiency standard be based on an IE that ranges from 0.55 to 0.65.** Our recommendation was based on accumulated data from water purveyors on actual irrigation system and performance through the various landscape programs implemented over ten plus years, recently completed field studies by UC Davis (Evapotranspiration Adjustment Factor Study (Agreement #4600008156)), and data by the Irrigation Association.
 - b. Statewide ETF Approach: Trimmed Data > 1.0 – In DWR's approach that calculated an average statewide ETF for urban retail water suppliers, DWR "trimmed" all existing landscape data outside of the range of 0.1 to 1.0 ETF because "it is not consistent with MWELo principles." Since 80 percent of homes in California pre-date Model Water Efficient Landscape Ordinance (MWELo), trimming data based on MWELo design standards excludes existing landscapes prevalent throughout California and is inconsistent with MWELo. **All landscape data should be included to provide a more accurate baseline.**

MWELo went into effect in 1993 and applies only to new residential development. With approximately 80 percent of California housing stock built prior to MWELo, MWELo applies to developer installed landscaping, which is typically only the front yard. Additionally, MWELo standards are design standards and not performance standards.

- c. Theoretical Average Approach: Consistency with MWELo – DWR analyzed a statewide ETAF by using the age distributions of housing stock and corresponding ETAF from MWELo Guidelines: 0.8 assumed for pre-1992, 1993 – 2009 assumed 0.8 ETAF, 2010 – 2015 assumed 0.7 ETAF, 2015 to 2020 assumed 0.55 ETAF, and 2021- 2030 assumed 0.55 ETAF. As described above, MWELo only applies to 20 percent of California’s housing stock and developer installed landscapes. However, this methodology assumes all homes are compliant with MWELo, which is fundamentally flawed **and should be eliminated**.
- ii. *DWR’s Additional Technical Issues:* In addition to concerns with DWR’s three methodologies, the inclusion of Effective Precipitation and landscape area measurement (LAM) data quality concerns further exacerbate feasibility challenges of the proposed outdoor standard.
 - a. Effective Precipitation – The inclusion of Effective Precipitation in the outdoor standard is inconsistent with real-world irrigation practices (e.g. precipitation often falls during months when irrigation would not be utilized and can percolate below the root zone of the plant negating its beneficial effect to that plant’s watering needs). Furthermore, Effective Precipitation is not required by MWELo (Title 23, Division 2.7, Section 494): “A local agency may consider Effective Precipitation (25% of annual precipitation) in tracking water use.” **Effective Precipitation should be removed from the standard.**
 - b. Landscape Area Measurements – DWR undertook a statewide residential LAM project to estimate the areas of land cover and land use across urban residential spaces in California. We appreciate that DWR provided the best available data within the timeframe. Water suppliers with the ability to verify DWR’s data sets with superior data (including aerial imagery and similar algorithms to those DWR used, but with addition of field verification and correlation to utility billing) found substantive error with the LAM data DWR provided. The impacts are that residential LAMs are being overestimated and underestimated, which could have a significant impact on suppliers’ outdoor water use standard and overall objective, further exacerbating feasibility concerns.

It is our understanding that, while many water suppliers submitted corrected LAM data to DWR, few received corrected LAM. Errors included incorrect land use information, pools and other land features not identified, irrigated areas incorrectly calculated. We appreciate the State Water Board’s request to staff to provide a summary of changes made to suppliers’ LAM, to ensure that superior data is being included in water suppliers’ standards and objective. **Improved data quality must be a priority of this regulation**, as inaccurate data will further exacerbate feasibility challenges and sound decision making.

iii. *Proposed Regulatory Framework Compounding Issues:* The Proposed Regulatory Framework compounds the above-outlined technical issues with newly proposed policy decisions that would further exacerbate feasibility challenges with the proposed outdoor standard, as well as place a significant burden on water suppliers. These issues also must be addressed.

- a. Irrigable vs. Irrigated – As a result of a statistical analysis, DWR recommended the inclusion of 20 percent of irrigable area. **We strongly urge the State Water Board to revert to DWR’s recommendation with the inclusion of 20 percent INI, since the analysis correctly concluded this area is actually irrigated.** In accordance with Water Code §10609.6, DWR conducted a statistical analysis of outdoor water use, LAM and INI data. The data concluded that the INI area is being irrigated at one fifth or 20 percent of the irrigable area. As a result, DWR correctly concluded that the calculation of annual outdoor water use must include 20 percent INI. Additionally, the inclusion of INI is consistent with the 2018 conservation legislation. Water Code §10609.6(a)(2)(B) directed “the standards shall apply to irrigable lands.” Additionally, Water Code §10609.9 states that “for purposes of Sections 10609.6 and 10609.8, “principles of the model water efficient landscape ordinance” means those provisions of the model water efficient landscape ordinance applicable to the establishment or determination of the amount of water necessary to efficiently irrigate both new and existing landscapes.”

We have significant concerns with proposed changes in the Proposed Regulatory Framework that remove the 20 percent INI, and instead would require water suppliers to demonstrate INI areas that have come under irrigation. Implementing such a provision would essentially require water suppliers to conduct an annual aerial survey and analysis. **This would be prohibitively expensive and is inconsistent with the 2018 conservation legislation.**

- b. Special Landscape Areas – Non-Functional Turf – We have significant concern with the inclusion of proposed language that, for non-functional turf, would treat recycled water as potable water. This recommendation is inconsistent with the principles of MWELo and existing law, which makes no mention of a non-functional turf carve out. During the almost two years of discussions in the DWR stakeholder working group on the implementation of this statute, this concept was never discussed. This unvetted and radical policy change would circumvent ongoing legislative discussions this year and add inappropriate and unnecessary complexity. **This provision should be removed from the Proposed Regulatory Framework.** We align our comments and recommendations with WaterReuse California.

B. Outdoor Standard

- i. *Proposed Residential Outdoor Standard* – Because of our concerns with DWR’s methodology and compounding problems with the Proposed Regulatory Framework discussed above, **we recommend the State Water Board revert to DWR’s recommendation of 0.63 with the INI buffer and provide for an additional 5 years for compliance.** This is consistent with our

recommendations to DWR in 2021¹. Until the State Water Board can transparently demonstrate that DWR's standard is feasible and will not result in significant unintended impacts, it is inappropriate to lower the standard any further from DWR's recommendations.

- ii. *Proposed Outdoor Standard for New Construction* – The proposed standard 0.45 LEF is unattainable in the real world. We have expressed concern to DWR on basing the outdoor standard on MWELO standards that are intended for use in the technical design of landscapes and are not performance standards. A number of factors affect actual landscape performance: the designs must be installed exactly according to plans and landscapes must be well maintained over time in order to achieve performance that is close to initial design over time. As water suppliers cannot control how their customers install or maintain their irrigation systems, they are then unable to correct for them.

C. Additional Policy Recommendations:

- i. *Feasibility* – Water Code § 10609.9 states that the purposes of Sections 10609.6 and 10609.8, “principles of the model water efficient landscape ordinance” means those provisions of the model water efficient landscape ordinance applicable to the establishment or determination of the amount of water necessary to efficiently irrigate both new and existing landscapes.” We have significant concern that the recommended outdoor water standards have deviated significantly from the legislative intent of the framework and would fail to support existing landscapes.
- ii. *Compliance* – If a water supplier has robust outdoor water use efficiency programs and is still not meeting its objective, the State Water Board should give deference to and partner with the water supplier to develop a reasonable standard and provide technical assistance prior to taking enforcement actions. Water suppliers do not have land use authority and cannot directly control land use at the parcel level. Water suppliers’ main tools are to offer financial incentives and customer education programs. We are concerned that the Proposed Regulatory Framework requires significant customer investment and behavior changes that water suppliers cannot control.

¹ ACWA, CMUA and CWA’s [comment letter to DWR](#). Nov. 24, 2021. Pg 2. “We do not believe achieving an ETF of 0.65 by 2030, as DWR is currently proposing, would be feasible. DWR’s recommendation is inconsistent with its own findings presented at the October 25, 2021 Standards, Methodologies and Performance Measures Working Group Meeting, that an “ETF of 0.7 is not supported,” based on real-world data for existing CII landscape water use efficiency for some efficient water suppliers, and preliminary study data from UC Davis. Absent significant advancements in cost-effective irrigation technology and costly upgrades to existing landscapes that would be necessary, it is unclear why the proposed ETF of 0.65 would be feasible by 2030. Further, we note that the 2018 legislation intended for DWR to propose a single standard for outdoor residential use and outdoor irrigation of landscape areas with dedicated irrigation meters in connection with CII water use for water suppliers to calculate their objective water use by January 1, 2024. The legislation did not envision a phased-in approach, as proposed by DWR. Should DWR continue with a proposed phased-in approach, we urge DWR to provide additional time for water suppliers to meet the significantly reduced standard of 0.65 ETF.

- iii. *Alternative Landscape Data* – If a water supplier has a more accurate landscape area data, subject to defined criteria and approved by DWR, the State Water Board could develop a revised, reasonable standard that maintains a commitment to ongoing water use efficiency.
- iv. *Unintended Impacts* – The State Water Board, in setting the outdoor standards and overall objective, should recognize and minimize potential unintended consequences. As proposed, we note the potential to adversely impact existing shade trees and disproportionately impact disadvantaged communities.
 - i. *Recycled Water* – We support the recycled water and potable reuse recommendations contained in the DWR memorandum, “Recommendations to the State Water Resources Control Board Pursuant to California Water Code Section 10609” and the full recommendation reports. We support DWR’s recycled water landscape irrigation recommendation of 1.0, which is consistent with the statutory authority and the requirement that the principles of the MWELO. We support the potable reuse bonus incentive and how it should be calculated, as it appears in Appendix B of the DWR report. Additionally, we support the recommendation for a variance for recycled water with high TDS used for landscape irrigation, which is also included in the statute and supported by a recent study.
 - ii. *Comment Letter Section 4. Variances* – See Section 4 of this letter related to variances.

3. COMMERCIAL, INDUSTRIAL, INSTITUTIONAL PERFORMANCE MEASURES

- A. Overarching Concerns: We have concerns, both policy and technical, with the CII Performance Measures that we would like to discuss with the State Water Board. **We request either a formal or informal technical workshop to discuss challenges and solutions to the proposed CII Performance Measures.**
 - i. *Provide Flexibility* – DWR’s recommendations prescribe implementation pathways and timelines for water suppliers to comply with the various CII Performance Measures. Additionally, it assumes that top water users are inefficient, which is not necessarily true. Top water users can be efficient despite using a larger volume of water and being a top water user is not necessarily indicative of water inefficiency. For example, a restaurant with a higher water use than another user could simply have a greater number of customers, despite having made investments in water use efficiency. The Proposed Regulatory Framework should allow water suppliers the flexibility to target CII customers with the greatest potential for improved water efficiency.

While prescriptive implementation for CII classification, MUM conversion and BMP implementation may be helpful for some water suppliers, for others it could minimize water savings and increase costs. For example, the Proposed Regulatory Framework would require agencies to implement give BMPs for the top water users in each of the 18 proposed classifications, resulting in the implementation of 90 BMPs total. This approach could require

water suppliers to spend resources to implement BMPs for classifications with very little water use for very little savings. The draft regulation should allow for alternative timelines and strategies to meeting the various Performance Measures, rather than setting a prescriptive, one-size fits all approach for implementation. Water supplies need the flexibility to run programs that are effective and target customers where savings can be achieved.

- ii. *Build on Past Progress* – Many water suppliers have a long and successful history of implementing water use efficiency programs for CII customers. CII Performance Measures should build on, rather than overhaul or create inconsistencies with, water suppliers’ ongoing efforts and strategies, as well as regional strategies.
- iii. *Recognize Water Suppliers’ Limited Authority* – It is essential that a draft regulation acknowledge water suppliers’ limitations in requiring and enforcing CII customers to participate in performance measures. Water agencies can only offer services and programs and cannot require customer participation. Water suppliers should not be required to meet regulatory requirements outside their control.
- iv. *Minimize Unnecessary Reporting* – The State Water Board should ensure that water suppliers’ limited resources are not being shifted to complying with burdensome reporting requirements, rather than focusing on working with CII customers to achieve water savings. The State Water Board should consider the goals of AB 1755, the Open and Transparent Water Data Act and AB 1668 requirements under Water Code Section 10609(c)(4) which directs the state to identify opportunities for streamlined reporting, eliminate redundant data submissions, and incentivize open access to data collected by urban and agricultural water suppliers, and the overall usefulness of data requested. Water suppliers are very concerned with the useful and general purpose of the proposed data requested, such as submitting metrics and performance standards. We recommend unnecessary and non-beneficial reporting requirements be deleted.
- v. *Provide Technical Assistance and Data* – DWR’s recommendations indicated that, after the State Water Board’s adoption, DWR will develop mapping guidance to assist urban retail water suppliers in implementation based on NAICS with necessary customization. Given the aggressive timelines of the CII performance measures and broader water use objective, we encourage the State to provide technical resources, data, and funding as soon as possible.

B. Technical Concerns

- i. *Threshold to Install DIMs or Employ In-Lieu Technologies* – Further clarification and discussion around the proposed threshold to install Dedicated Irrigation Meters (DIM) or employ in-lieu technologies is necessary. We appreciate that the Proposed Regulatory Framework has shifted from a landscape area threshold to a water use threshold. The Proposed Regulatory Framework proposed a threshold of 500,000,000 gallons of use annually by a CII customer. The State Water Board staff’s presentation on March 22 referenced a 500,000-gallon threshold. Staff indicated the recommendation is the 500,000-gallon threshold. **The burden and impacts of the revised**

threshold are unclear and we request that the State Water Board engage in meaningful dialogue with interested parties to develop an appropriate volumetric threshold.

- ii. *CII Classifications* – DWR’s recommended CII classifications were negotiated with water suppliers. In accordance with DWR’s recommendations, some water suppliers have begun CII classification. Further discussion around the proposed change to align with the ENERGYSTAR Portfolio Manager tool is necessary and the State Water Board should provide flexibility to suppliers that have already begun classifications based on DWR’s recommendations.

4. VARIANCES

- A. Simplify Variances and Data Reporting – As currently proposed, the data burden to obtain variances for unique water uses is substantial, if not infeasible. For example, just to utilize the evaporative cooler (EC) variance, DWR recommends that a water supplier establish a report form or a survey to obtain the required information from customers; customers must provide proof of EC use with a picture and unit specification; a water supplier must obtain the number of EC Operating Hours in each residential property in its service area and hourly weather data (dry-/wet-bulb air temperature, relative humidity, dew point temperature, vapor pressure). For the livestock variance, DWR’s recommendations reference California Code Title 23, Section 697 “reasonable” quantities of water for “Milch Cows (30gpd), Horses (15 gpd) and Goats and Hogs (2.5).” However, this is no existing guidance on how water suppliers would demonstrate the number those livestock that might exist in a service area. Like evaporative coolers, DWR’s proposal suggested that water supplies conduct an annual survey to demonstrate that the livestock were being maintained in compliance with overall zoning or land use regulation. Collection of this data to obtain this variance is well beyond water suppliers’ authorities and is infeasible. **The State Water Board must balance burden of proof with a methodology that actually allows for water supplies to utilize variances, as intended in the 2018 conservation legislation.**
- B. Modify 5% Threshold – The Proposed Regulatory Framework would require that each variance must account for at least 5 percent of an agency’s budget allocation to be considered eligible. The individual threshold for variances could meaningfully impact water suppliers’ ability to comply with the overall objective due to unique water uses. There are foreseeable scenarios in which a water supplier could have unique water uses (for example three individually amounting to 4% and totaling 12% of the agency’s basic allocation) and receive no allowance for the variances. The State Water Board should work with agencies to provide the appropriate credit to water suppliers for a variance where associated water use can be demonstrated.
- C. Add Recycled Water and Waste Water Variances – We strongly support Governor Newsom’s signing message for SB 1157 (2022, Hertzberg) regarding the indoor water use standard, which stated “...nothing in this bill prohibits the Board from creating variances, including a variance to reflect local investments in recycled water and infrastructure. I encourage the Board to do this.” Consistent with the Governor’s signing message, the State Water Board should include a separate variance for the indoor water use standard if agencies can demonstrate that lowered wastewater flows are: (1)

negatively impacting recycled water operations, or (2) negatively impacting infrastructure or compliance with regulatory permits as a result of the indoor water use standards. We align our comments with WaterReuse California and CASA.

- A. Expand Variances for Existing Trees - We appreciate that the Proposed Regulatory Framework includes a provision for urban tree health. We are concerned that residents, in an effort to reduce outdoor water use, will under-water or fallow their landscape, which would adversely impact shade trees. If done over multiple months and years, this chronic stress would weaken trees and make them more susceptible to opportunistic diseases. Shade trees offer significant benefits to communities, including improved air quality, mitigating urban heat island effects, cooling benefits, and improved quality of housing and communities. Shade trees are one of our best resources to address climate change. A variance to protect tree mortality is essential. As drafted, the Proposed Regulatory Frameworks indicates the provisions are limited to new climate appropriate trees and ignores existing climate appropriate trees. We recommend the variance be broadened to include existing and new trees.

5. 2022 BASELINE & 500,000 ACRE-FEET SAVINGS

- A. Water Supply Strategy – The goals outlined in the Water Supply Strategy provide comprehensive and essential guidance for advancing the State’s water resilience in response to climate change and aridification. It is our understanding that the demand reduction goal of 500,000 acre-feet (af): (1) was developed based on DWR’s recommendations, (2) was not developed in partnership with interested parties, and (3) is not legislatively required. We further note that the Governor’s signing messaging for SB 1157 recognized that DWR’s recommendations amount to 450,000 af and was intended to be supplemented with additional savings associated with a budget allocation for water use efficiency. Finally, we note that while some water suppliers are expected to meet their water use objective and would not be required to achieve additional savings, it is reasonable to expect they will continue to achieve water use savings. That savings is not included in the State Water Board’s total estimated savings.

State Water Board staff’s presentation includes an analysis of water saving between 2000 and 2020. During that time, GPCD reduced about 3% on average per year. Even prior to the drought conditions in 2013, GPCD was decreasing at rate of 2.7% per year. Most of this conservation was due to voluntary conservation by urban water suppliers and their customers. When estimating the total projected water savings by 2030 to meet statewide water savings targets, the voluntary efforts of urban water suppliers meeting or exceeding regulatory targets should be considered. These water use efficiency efforts go beyond the passive savings included in the SWRCB estimates. Historically, voluntary efforts have saved almost double the 1.5% annual average GPCD reduction projected from the proposed regulations.

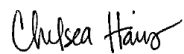
- B. Appropriate Baseline – We appreciate the State Water Board’s discussion and request for further data and transparency around the appropriate baseline to rely on to determine total savings of the regulatory framework. We have concerns with the 2022 baseline, as it was during the height of California’s drought emergency in which Californians were already called on to

reduce water use by voluntarily by 15%. When evaluating the impact of the proposed regulations, the Proposed Regulatory Framework compared projected water use using a 2022 baseline adjusted for passive conservation. The analysis assumes that if the water conservation regulation was not implemented there would be no rebound after 2022, despite the increase in demand seen after every drought as water consumers change their behaviors in the absence of emergency conditions. **We recommend that the State Water Board revert to using a baseline consistent with DWR's analysis of the three-year average from 2017, 2018 and 2019.**

6. CLOSING REMARKS

We appreciate the opportunity provide informal comments to the State Water Board prior to its formal rulemaking, as well as State Water Board staff's engagement with the water community. We look forward to the opportunity to work with the State Water Board this year to advance the State's goals of Making Water Conservation a California Way of Life. Please do not hesitate to contact me at ChelseaH@acwa.com or (916) 441-4545 if you have any questions regarding our input.

Sincerely,



Chelsea Haines
Regulator Relations Manager
Association of California Water Agencies

Signatories to the Coalition Letter:

Association of California Water Agencies
California Municipal Utilities Association
California Water Association
League of California Cities
Regional Water Authority
Southern California Water Coalition
Alameda County Water District
Bella Vista Irrigation District
Calaveras County Water District
Camrosa Water District
Carmichael Water District
Citrus Height Water District
City of Davis
City of Folsom
City of Lincoln
City of Roseville
City of Sacramento Department of Utilities
City of Santa Barbara
City of Shasta Lake
Coachella Valley Water District
Contra Costa Water District
Cucamonga Valley Water District

Desert Water Agency
Dublin San Ramon Services District
Eastern Municipal Water District
El Dorado Water Agency
El Dorado Water Agency
El Toro Water District
Elk Grove Water District
Foothill Municipal Water District
Georgetown Divide Public Utility District
Helix Water District
Indian Wells Valley Water District
Inland Empire Utilities Agency
Irvine Ranch Water District
Las Virgines Water District
Mesa Water District
Mission Springs Water District
Mojave Water Agency
Monte Vista Water District
Municipal Water District of Orange County
Ontario Municipal Utilities Company
Orange County Water District
Otay Water District
Padre Dam Municipal Water District
Rancho California Water District
Rowland Water District
Sacramento Suburban Water District
San Diego County Water Authority
San Francisco Public Utilities District
Santa Fe Irrigation District
Santa Margarita Water District
Santa Rosa Water
South Tahoe Public Utility District
Sweetwater Authority
Three Valleys Municipal Water District
Truckee Donner PUD
Tuolumne County Water Agency
Tuolumne Utilities District
Vallecitos Water District
Walnut Valley Water District
Western Municipal Water District

CC: The Honorable E. Joaquin Esquivel, Chair, State Water Resources Control Board
The Honorable Dorene D'Adamo, Vice Chair, State Water Resources Control Board
The Honorable Laurel Firestone, State Water Resources Control Board
The Honorable Sean Maguire, State Water Resources Control Board
The Honorable Nichole Morgan, State Water Resources Control Board
Ms. Eileen Soback, Executive Director, State Water Resources Control Board
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Ms. Charlotte Ely, Supervisor, Conservation and Efficiency, State Water Resources Control Board

Mr. Dave Eggerton, Executive Director, Association of California Water Agencies

Ms. Cindy Tuck, Deputy Director, Association of California Water Agencies

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

APRIL 18, 2023

**RE: REQUEST ACCEPTANCE OF REVISED COST OF SERVICE
STUDY FOR POTABLE, RECYCLED & WASTEWATER RATES**

On April 4, 2023, following the Cost of Service Study Workshop, the Board of Directors accepted the Cost of Service Study for Potable, Recycled & Wastewater Rates.

The Cost of Service Study performed included all in scope rates and was consistent with prior Cost of Service studies. Historically, the Temporary Construction Water Rate has been calculated by DWA staff, however, staff has requested that NBS independently calculate the Temporary Construction Water Rate and include the rate in the Cost of Service Study.

The attached draft includes the requested revisions to the revenue stabilization rate, replacing the automatic implementation with an action of the Board and the Temporary Construction Water Rate.

Current Rate: \$2.60/hcf

Proposed Rates:	<u>Effective</u>	<u>Rate/hcf</u>
	Jan 1, 2024	\$2.48
	Jan 1, 2025	\$2.64
	Jan 1, 2026	\$2.80
	Jan 1, 2027	\$2.98
	Jan 1, 2028	\$3.16

The Temporary Construction Water Rate is used for all metered and unmetered water used for construction and temporary service. Temporary service connections are also charged a fixed monthly rate based on the size of the meter, typically a 3" monthly service charge.

Fiscal Impact:
None

Recommendation:
Staff recommends that the Board of Directors accept the Revised Cost of Service Study for Potable, Recycled & Wastewater Rates.

Attachments:
1. Revised Cost of Service Study

DESERT WATER AGENCY

Draft Report for:

Cost of Service Study

April 2023

DRAFT

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SECTION 1. PURPOSE AND OVERVIEW OF THE STUDY

Purpose

Desert Water Agency (DWA or “the Agency”) retained NBS to conduct a comprehensive Cost of Service Study which includes the Water, Sewer, and Recycled Water utilities. In DWA’s 2016 rate study, the Agency adopted drought rates and adjusted the water rate structure to recover about 10% more revenue from fixed charges.

Due to the continuing changes in customer consumption patterns, with gradual increases in consumption across all customer classes, the need to recover an appropriate amount of revenue from fixed charges and concerns over conservation and drought-related matters are even more important. The Agency’s broader objectives in this study include ensuring adequate funding for operating and capital costs, maintaining reasonable reserves, ensuring revenue stability in water rates, and updating drought rates to reflect the revenue requirements at various stages of water conservation.

The rates proposed in this study are consistent with industry standards and cost-of-service principles. In addition to documenting the rate study methodology, this report also assists DWA in its continuing efforts to maintain transparent communications with its customers.

NBS worked cooperatively with DWA staff throughout this study to develop rate alternatives that meet the Agency’s goals and objectives. The Board of Directors has the final decision regarding the adoption of the proposed rates and whether to proceed with the Proposition 218 (Prop 218) approval process.

Desert Water Agency Background

DWA was formed in 1961 to import water from the State Water Project (SWP) and create a reliable local water supply, and currently serves an area of 325 square miles. DWA is the water utility for Palm Springs and outlying county areas, such as Desert Hot Springs and parts of Cathedral City.

Potable Water Utility

DWA provides potable water service to approximately 23,581 metered customers. Approximately 85% of the potable water customers are residential, including single-family (67.6% of the total), condos (16.5%), and multi-family users (1.3%). Recent consumption records indicate that residential households use 64% of total water sold compared to all other non-residential customers who use the remaining 36%.

The primary source of water is groundwater, provided through 29 wells which represents 95% of the agency’s potable water supply. The aquifer is replenished with water from the State Water Project (SWP), while additional supply comes from local mountain streams (i.e., Chino Creek, Snow Creek, and Falls Creek). The water system includes over 369 miles of water pipeline and 28 reservoirs.

Recycled Water Utility

Until recently, DWA provided recycled water service to 12 metered customers. Two of these customers switched to groundwater, including the largest irrigation customer who switched in August 2020 and accounted for approximately one-third of recycled water use. This has reduced the total annual consumption of recycled water considerably. Additionally, a third golf course customer converted the property from a golf course to a desert preserve, eliminating all of the turf. Currently, this recycled water customer is only irrigating the remaining trees. The remaining customers use recycled water to irrigate golf courses, parks, medians, and Palm Springs High School fields. The DWA reclamation plant provides additional treatment to wastewater from the City of Palm Springs necessary to use it for irrigation.

Using recycled water for irrigation saves electricity, using one quarter of the energy needed to pump groundwater, and reduces the consumption of potable water. The additional treatment of wastewater at the reclamation plant also reduces nitrates which could otherwise impact the groundwater basin. As with recycled water providers throughout California, DWA's recycled water rates must be competitive with other sources of irrigation water while ideally recovering basic operating costs.

Wastewater Utility

The Wastewater Operations Division protects public health and safety by ensuring that wastewater is properly collected and transported to one of two treatment facilities in the area, Coachella Valley Water District, or the City of Palm Springs. The wastewater utility is smaller than the water utility with approximately 2,200 connections; the vast majority (90%) of which are single-family residential or condo users. The remainder of the customers are primarily commercial users. The sewer system includes 23 miles of pipeline with mains ranging from 6 to 18 inches in size and two lift stations.

Overview of the Study

Comprehensive rate studies, such as this one, typically include three components: (1) preparation of a financial plan which identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class, and (3) the rate structure design. These steps are shown in **Figure 1** and are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges*,¹ also referred to as Manual M1. They also address requirements under Proposition 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the order in which they were performed in this Study.

¹ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1 Manual*, American Water Works Association (AWWA), Seventh Edition, 2017.

Figure 1. Primary Components of a Rate Study



As in the previous 2016 rate study, NBS projected revenues and expenditures, developed net revenue requirements, performed cost-of-service rate analyses, and developed new potable water, recycled water, and wastewater rates for DWA using this approach. The following sections in this report present an overview of the methodologies, assumptions, and data used along with the financial plans and rates developed. Appendix A provides the rate schedules necessary for the Prop 218 notices; more detailed tables and figures documenting the development of the proposed rates are provided in Appendices B and C.

Rate Design Criteria – It is important for utilities to send proper price signals to its customers about the actual cost of their water usage. However, many agencies emphasize conservation objectives at the expense of revenue stability. In the 2016 rate study, DWA increased the amount of revenue recovered from fixed charges to improve overall revenue stability. Balancing conservation and price signals with revenue stability is primarily addressed through the rate structure design. In other words, the amount of revenue collected from both fixed vs. volumetric charges are important.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in a number of rate-setting manuals, such as the AWWA Manual M1. The foundation for evaluating rate structures is generally credited to James C. Bonbright in the *Principles of Public Utility Rates*² which outlines pricing policies, theories, and economic concepts along with various rate designs. The following is a simplified list of the attributes of a sound structure:

- Rates should be easy to understand from the customer’s perspective.
- Rates should be easy to administer from the utility’s perspective.
- Rates should promote the efficient allocation of the resource.
- Rates should be equitable and non-discriminating (i.e., cost based).
- There should be continuity in the rate making philosophy over time.

² James C. Bonbright, Albert L. Danielsen, and David R. Kamerschen, *Principles of Public Utility Rates*, Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988, pp. 383-384.

- Rates should address other utility policies (e.g., encouraging conservation & economic development).
- Rates should provide month-to-month and year-to-year revenue stability.

This section covers basic rate design criteria that NBS and DWA staff considered as a part of their review of the rate structure alternatives.

Examining the Rate Structure – The starting point in considering rate structures is the relationship between fixed costs and variable costs. Fixed costs typically do not vary with the amount of water consumed. Debt service payments and personnel costs are examples of fixed costs. In contrast, variable costs, such as the cost of purchased water, chemicals, and electricity, tend to change with the quantity of water sold. The vast majority of rate structures contain a fixed, or minimum charge, in combination with a volumetric charge.

Fixed Charges – Fixed charges can be called base charges, minimum monthly charges, customer charges, fixed meter charges, etc. Fixed charges for water utilities typically increase by meter size. For example, a customer with a 2-inch meter has a fixed meter charge that is more than five times greater than the typical residential customer charge (which in DWA’s case is a 5/8 x 3/4-inch or 1-inch meter³). Residential meters (single-family and condos), represent approximately 85% of all meters in the potable system based on the meter’s safe operating capacity.⁴ Because a large portion of water utilities’ costs are typically related to meeting system capacity requirements, capacity demands of individual customer classes are an important factor in establishing rates.

Volumetric (Consumption-Based) Charges – In contrast to fixed charges, variable costs, such as purchased water, groundwater replenishment costs, and the cost of electricity used in pumping water and chemicals for treatment, tend to change with the quantity of water produced. For a water utility, variable charges are calculated based on a metered consumption per unit price (e.g., per 100 cubic feet, or HCF). There are significant variations in the basic philosophy of variable charge rate structure alternatives. Under a uniform (single tier) rate structure, the cost per unit does not change with consumption, and provides a simple and straightforward approach from the perspective of customer understanding and rate administration/billing. Given that DWA’s primary water supply is groundwater, multiple tiers would be difficult to justify, particularly considering the 2015 San Juan Capistrano court decision that imposed stricter requirements for justifying the cost basis of tiered rates.

Drought and Water Conservation – Beginning in June 2016, communities like DWA were allowed to “self-certify” that they had sufficient supply to meet customer demand for three years but were no longer mandated to achieve a specific conservation target. Today, DWA continues to ask customers to conserve, and while the level of conservation DWA is achieving is beneficial from a supply standpoint, placing a priority on conservation creates financial risks for the utility. To help offset these risks, the drought rates proposed in this study account for various stages of water conservation to allow DWA to continue meeting its financial obligations going forward. The proposed drought rates were developed to

³ Currently, about 59% of DWA residential meters are 5/8 x 3/4-inch, 33% are 1-inch, and 5% are larger.

⁴ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices*, M1 Manual, AWWA, Seventh Edition, 2017, pp. 151-152.

align with the Agency's Water Shortage Contingency Plan which requires a Board Action that would allow the DWA Board to mandate the conservation. In addition to drought rates, "revenue stabilization rates" were also developed as a second tool for the Agency to use to offset the financial risks during times of reduced consumption and/or rate revenue.

Modifications to Rate Structure – The changes implemented since the 2016 rate study have increased the percentage of revenue collected from the fixed monthly meter charge and transitioned from a fixed charge that previously only collected 17% of potable water rate revenue to one that now collects 30%. The previous study also developed separate rates for the recycled water system and updated the hydraulic capacity factors used to develop monthly fixed service charges. Those changes are continued in the rates proposed below. The continuation of a rate design that collects 70% of the rate revenue from volume-based rates still provides significant incentives for DWA's customers to practice conservation. While DWA will continue to use drought rates, the addition of the revenue stabilization rates adds one more tool to the Agency's toolbox for financial management.

Key Financial Assumptions – The following are the key financial assumptions used in the water rate analyses:

- **Funding of Water Utility Capital Projects** – DWA will fund all planned capital costs using incoming rate revenue and existing reserves. The capital projects listed in the financial plan are from DWA's projection of costs through FY 2042/43.
- **Reserve Targets** – For each utility (i.e., potable water, recycled water, and wastewater), DWA maintains reserves for operations, capital, and other specific needs. The details for each utility's reserve targets are covered in their respective section of this report.
- **Inflation and Growth Projections** – Assumptions were made in the analysis with regard to cost inflation in order to project future revenues and expenses for the study period. The following inflation factors were used in the analysis:
 - ✓ Customer growth for the potable water system is projected to be a little more than 1% per year, or about 223 new connections per year.
 - ✓ Customer growth for wastewater is projected to increase at the same 1% rate.
 - ✓ No growth is expected in the recycled water system.
 - ✓ General cost inflation is 4.8% annually.
 - ✓ Labor cost inflation is 4% annually.
 - ✓ Energy cost inflation is 4% annually.
 - ✓ Transportation cost inflation is 3% annually.
 - ✓ Utilities cost inflation is 5.6% annually.
 - ✓ Construction cost inflation is 3.91% annually.

These inflation factors are based on longer term trends. However, considering current short-term inflation, the Agency should re-examine these factors in another year to assess whether short-term trends are a better reflection of the costs going forward.

SECTION 2. POTABLE WATER RATE STUDY

Key Potable Water Rate Study Issues

DWA's water rate analysis was undertaken with a few specific objectives, including:

- Generating additional revenue needed to meet projected operating and planned capital costs.
- Continuing with a rate design that promotes revenue stability.
- Updating drought rates.
- Developing new revenue stabilization rates as an additional tool to further protect the Agency from the financial risks of temporary revenue shortfalls.

NBS developed various water rate alternatives as requested by DWA staff over the course of this study. All rate structure alternatives were developed based on industry standards and cost-of-service principles. The fixed and volume-based charges were calculated based on the net revenue requirements, number of customer accounts, water consumption, and other information provided by staff. The rate alternative that will be implemented is ultimately the decision of DWA's Board of Directors. The following are the basic components included in this analysis:

- **Developing Functionalized Costs:** The potable water system revenue requirements were "functionalized" into five categories: (1) commodity (or volume-based) costs; (2) recycled water costs; (3) fixed capacity costs; (4) customer service costs; and (5) fire protection costs.
- **Determining Revenue Requirements by Customer Class:** Costs for each of these functional categories were then allocated to customer classes based on allocation factors, such as water consumption, peaking factors, and number of accounts by meter size. The total revenue collected from each customer class was determined using these functional costs and allocation factors. For example:
 - ✓ Volume-related costs are allocated based on the water consumption for each class.
 - ✓ Fixed capacity costs are allocated based on peaking requirements.
 - ✓ Customer service costs are allocated based on number of meters.

Once the costs are allocated and the revenue requirement for each customer class is determined, collecting these revenue requirements from each customer class is addressed in the rate design task.

- **Evaluating Rate Design and Fixed vs. Variable Charges:** The revenue requirements for each customer class are collected from both fixed monthly service charges and volumetric rates. Based on direction from DWA staff, the rates proposed in this report will continue to collect 30% of rate revenue from the fixed charge and 70% from the variable charges.

Potable Water Utility Revenue Requirements

It is important for municipal utilities to not only collect sufficient revenues every year, but to also maintain reasonable reserves to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases are governed by the need to meet both operating and capital costs as well as maintain reasonable reserve funds. The current state of DWA, with regard to these objectives, is as follows:

- **Meeting Net Revenue Requirements:** For FY 2023/24 through FY 2027/28, the projected net revenue requirement (that is, total annual expenses plus debt service and rate-funded capital costs, less non-rate revenues) for the potable system range from approximately \$45.8 million to \$57.4 million. If no rate adjustments are implemented, the water utility would be operating at a loss beginning in Year 1 (i.e., FY 2023/24), so very moderate increases of 6.25% are needed to fund planned capital projects. Additional adjustments made to the capital improvement projects resulted in an additional \$14 million that DWA will need to fund with rate revenue during the 5-year rate adoption period.
- **Funding Capital Improvement Projects:** In order to maintain current service levels, DWA must ensure sufficient funding is available to fund necessary capital improvement and rehabilitation projects. DWA has identified roughly \$70.1 million in expected capital expenditures for FY 2023/24 through FY 2027/28 which is an average of \$14 million in capital expenditures annually over the next five-year period.⁵
- **Building and Maintaining Reserve Funds:** DWA has an established reserve policy⁶ which documents the purpose and target balances of the Agency's various reserve funds. Therefore, NBS evaluated cash balances through FY 2027/28 to identify the year-end reserve balances compared to target ending reserve balances.

The reserves that should be the highest priority are the operating and capital replacements reserves, which are DWA's "primary reserve funds." NBS recommends that DWA target a minimum of approximately \$29 million in FY 2023/24 which would increase to \$35 million by the end of FY 2027/28. The minimum target ending balances for the District's reserve funds are as follows:

- **Operating Reserve** should equal approximately 6 months of operating expenses, or \$17 million in FY 2023/24. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures, such as those caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (e.g., volumetric charges), and particularly in periods of economic distress – changes or trends in the age of receivables.
- **Capital and Infrastructure Reserve**, at a minimum, should equal roughly 6% of net capital assets, or approximately \$12 million in FY 2023/24, which increases to \$14 million in FY 2027/28. This reserve is intended to be a cash resource set aside to address long-term capital system replacement and rehabilitation needs.

⁵ These costs are presented in future-year dollars and include inflation.

⁶ Resolution No. 1187.

- **Additional Reserves** are intended to account for various other purposes, such as retirement benefits, disaster response, and land acquisitions. These additional reserves total approximately \$8.2 million in FY 2023/24.

At the end of the five-year rate period, it is projected that the Potable Water Utility will have \$34.7 million in these three reserves, which is very close to the reserve target of \$35 million.

- **Maintaining Adequate Bond Coverage:** DWA is required by its bond covenants to maintain a debt service coverage ratio of at least 1.15 for the outstanding 2016 Revenue Bonds. The Agency is projected to far exceed this minimum which strengthens DWA's credit rating and, in turn, helps lower the interest rates for any future debt-funded capital projects. If DWA adopts the proposed rate increases, the debt coverage requirement will be 10.8 or higher each year, exceeding the required 1.15 debt service coverage ratio throughout the 5-year period.

Figure 2 summarizes the sources and uses of funds, net revenue requirements, and the recommended annual increases in total potable rate revenue proposed for the next 5 years.

Figure 2. Summary of Potable Water Revenue Requirements

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	5-Year Rate Projected Period				
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Sources of Water Funds						
Rate Revenue Under Prevailing Rates ¹	\$ 41,614,000	\$ 42,053,272	\$ 42,497,180	\$ 42,941,089	\$ 43,384,998	\$ 43,828,906
Power Sales	111,000	111,000	111,000	111,000	111,000	111,000
Reclamation Water Sales	897,000	906,469	916,037	925,606	935,174	944,743
Other Revenue	3,868,100	4,060,037	4,056,908	4,077,700	4,110,715	4,153,958
Total: Sources of Water Funds	\$ 46,490,100	\$ 47,130,778	\$ 47,581,125	\$ 48,055,395	\$ 48,541,887	\$ 49,038,607
Uses of Water Funds						
Operating Expenses	\$ 33,889,440	\$ 36,407,964	\$ 38,502,040	\$ 40,682,699	\$ 42,983,820	\$ 45,420,163
Debt Service	1,344,150	1,344,650	1,342,650	1,344,450	1,339,850	1,345,100
Rate-Funded Capital Expenses	10,460,946	12,234,410	13,040,394	13,554,183	14,370,585	14,936,385
Total: Uses of Water Funds	\$ 45,694,536	\$ 49,987,024	\$ 52,885,084	\$ 55,581,332	\$ 58,694,256	\$ 61,701,648
Surplus (Deficiency) before Rate Increase	\$ 795,564	\$ (2,856,246)	\$ (5,303,958)	\$ (7,525,937)	\$ (10,152,369)	\$ (12,663,041)
Additional Revenue from Rate Increases ¹	-	1,330,610	5,546,630	8,672,109	12,054,642	15,712,400
Surplus (Deficiency) after Rate Increase	\$ 795,564	\$ (1,525,636)	\$ 242,672	\$ 1,146,172	\$ 1,902,274	\$ 3,049,359
Projected Annual Rate Increase²	0.00%	6.25%	6.25%	6.25%	6.25%	6.25%
Cumulative Rate Increases	0.00%	6.25%	12.89%	19.95%	27.44%	35.41%
Net Revenue Requirement²	\$ 41,715,436	\$ 45,815,986	\$ 48,717,176	\$ 51,392,632	\$ 54,472,541	\$ 57,436,690
Debt Coverage Ratio (After rate increases)	11.14	10.81	12.82	13.94	15.25	16.56

1. Assumes new rates are implemented January 1, 2024.

2. This is the annual amount needed from rates. Net Revenue Requirement = Total Uses of Water Funds - Power Sales - Other Revenue.

Figure 3 summarizes the projected primary reserve fund balances and reserve targets. A summary of the utility's proposed 5-year financial plan is included in Appendix B. The appendix tables include the revenue requirement analysis, reserve fund projections, capital improvement program, and the proposed rate increases needed to meet DWA's funding requirements. As Figure 3 shows, given the proposed rate increases, the Operating and Capital Replacement reserves do not meet their individual minimum targets, but including the additional reserves exceeds the total minimum target balances in each year. Overall, reserves are still healthy and continue to increase.

Figure 3. Summary of Primary Potable Water Reserve Funds

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	5-Year Rate Projected Period				
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Operating Reserve						
Ending Balance	\$ 15,758,460	\$ 14,232,824	\$ 14,475,496	\$ 15,621,668	\$ 17,523,942	\$ 20,573,300
<i>Recommended Minimum Target</i>	<i>15,758,460</i>	<i>16,965,422</i>	<i>17,957,836</i>	<i>18,991,112</i>	<i>20,082,082</i>	<i>21,238,010</i>
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ 3,739,804	\$ 5,328,804	\$ 5,428,804	\$ 5,528,804	\$ 5,628,804	\$ 5,728,804
<i>Recommended Minimum Target</i>	<i>11,507,200</i>	<i>11,988,200</i>	<i>12,415,100</i>	<i>12,859,100</i>	<i>13,337,300</i>	<i>13,834,100</i>
Additional Reserves						
Ending Balance	\$ 7,883,842	\$ 7,990,494	\$ 8,098,590	\$ 8,208,147	\$ 8,319,187	\$ 8,431,729
Ending Balance - All Reserves	\$ 27,382,105	\$ 27,552,122	\$ 28,002,889	\$ 29,358,619	\$ 31,471,933	\$ 34,733,833
Total Recommended Minimum Target	\$ 27,265,660	\$ 28,953,622	\$ 30,372,936	\$ 31,850,212	\$ 33,419,382	\$ 35,072,110

Characteristics of Potable Water Customers by Customer Class

The amount of consumption, the peaking factors, and the number of meters by size are used in allocating costs as a part of the cost-of-service analysis (COSA). These components of the COSA are presented in the following figures.

In **Figure 4**, the impact of continued customer conservation appears to be decreasing, as seen by the annual increases over the three-year period shown. As a result, the Agency, in its attempt to conserve water supply, has included a 5% water conservation adjustment to the total consumption for FY 2020/21. Aside from the small amount of growth (about 1% per year), the consumption for FY 2020/21 adjusted for conservation represents the expected consumption over the 5-year rate period.

Figure 4. Water Consumption by Customer Class

Customer Class ¹	FY 2018/19	FY 2019/20	FY 2020/21	% Adjustment for Conservation ²	Est. FY'18/19 Volume Adjusted for Conservation	Est. FY'19/20 Volume Adjusted for Conservation	Est. FY'20/21 Volume Adjusted for Conservation	FY 2020/21 % of Total Volume
Potable Water								
Residential	7,056,019	7,153,240	7,834,756	5.0%	6,703,218	6,795,578	7,443,018	57.9%
Multi-Family	264,289	261,779	281,838	5.0%	251,075	248,690	267,746	2.1%
Condo	452,879	443,669	483,124	5.0%	430,235	421,486	458,968	3.6%
Commercial	2,576,791	2,438,961	2,599,571	5.0%	2,447,951	2,317,013	2,469,592	19.2%
Irrigation/Condo	1,385,718	1,432,364	1,587,227	5.0%	1,316,432	1,360,746	1,507,866	11.7%
Fire Private	3,801	1,697	2,486	5.0%	3,611	1,612	2,362	0.0%
Fire Public	-	1	2	5.0%	-	1	2	0.0%
Public Authority	592,089	570,586	625,458	5.0%	562,485	542,057	594,185	4.6%
Potable Water Total	12,331,586	12,302,297	13,414,462		11,715,007	11,687,182	12,743,739	99.2%
Other Water								
Recycled Water ³	1,299,012	1,369,739	1,309,726	5.0%	1,234,061	1,301,252	1,244,239	n/a
Whitewater	n/a	n/a	n/a	5.0%	n/a	n/a	n/a	n/a
Commercial Mains	100,819	83,668	105,939	5.0%	95,778	79,485	100,642	0.8%
Total	13,731,417	13,755,704	14,830,127		13,044,846	13,067,919	14,088,620	100.0%

1. Consumption data is based on the Desert Water Agency's billing data.

2. Conservation factor applied to consumption based on discussions with Agency staff.

3. Recycled water data for FY 2018/19 through FY 2020/21 was updated to exclude the two (2) accounts that switched to groundwater as well as adjust the water consumption based on actual usage for Escena Golf Club and Palms Partners Capital LLC.

Figure 5 shows the peaking factors for each customer class. A “peaking factor” is the relationship between the average use by meter size to its peak use. Both operating costs and capital infrastructure costs incurred to accommodate peak system capacity events are generally allocated to each meter size according to its

contribution to peak capacity events. These peaking factors are used to allocate the capacity-related costs to each customer class and are described in more detail later in this study.

Figure 5. Peaking Factors by Customer Class

Customer Class	Average Monthly Use (ccf) ¹	Peak Monthly Use (ccf) ²	Peak Monthly Factor	Max Month Capacity Factor
Potable Water				
Residential	652,896	861,098	1.32	57.6%
Multi-Family	23,487	28,801	1.23	1.9%
Condo	40,260	47,217	1.17	3.2%
Commercial	216,631	270,361	1.25	18.1%
Irrigation/Condo	132,269	190,597	1.44	12.7%
Fire Private	207	293	1.41	0.0%
Fire Public	0	1	6.00	0.0%
Public Authority	52,122	74,692	1.43	5.0%
Potable Water Total	1,117,872	1,473,060	1.32	98.5%
Other Water				
Recycled Water ³	109,144	151,346	1.39	n/a
Whitewater	575	1,188	2.07	0.1%
Commercial Mains	8,828	21,540	2.44	1.4%
Total	1,236,418	1,647,134	1.33	100.0%

1. Average monthly use is calculated by dividing the FY 2020/21 consumption (see Figure 4) by 12 months.

2. Based on DWA's average monthly use.

3. Recycled water data for FY 2018/19 through FY 2020/21 was updated to exclude the two (2) accounts that switched to groundwater as well as adjust the water consumption for Escena Golf Club and Palms Partners Capital LLC.

Figure 6 shows the number of meters for each customer class. The percent of total customers by customer class is then used to develop the customer allocation factors and allocate customer costs. Customer costs are those costs associated with having customers connected to the water system and include costs related to meter reading, postage, and billing.

Figure 6. Number of Meters by Customer Class

Customer Class	No. of Meters FY 2020/21 ¹	Percent of Total
Potable Water		
Residential	15,981	67.6%
Multi-Family	310	1.3%
Condo	3,901	16.5%
Commercial	2,172	9.2%
Irrigation/Condo	378	1.6%
Fire Private	568	2.4%
Fire Public	1	0.0%
Public Authority	270	1.1%
Potable Water Total	23,581	99.7%
Other Water		
Reclaimed Water	10	n/a
Whitewater	4	0.0%
Commercial Mains	71	0.3%
Total	23,666	100.0%

1. From Desert Water Agency's billing data for June 2021.

Cost-of-Service Analysis

The revenue requirements previously shown in Figure 2 are distributed in the cost-of-service analysis to each component of the water rate structure by allocating costs through the functionalization and classification process.

Functionalization, Classification, and Allocations

Most costs are not typically allocated just to fixed or variable categories and, therefore, can be allocated to multiple functions of water service. Those costs are then classified for the purpose of allocating costs to the following five cost causation components:

- **Commodity** related costs are those costs associated with the total consumption of water over a specified period of time (e.g., annual).
- **Capacity** related costs are those costs associated with the maximum demand required or the maximum size of facilities required to meet this demand.
- **Customer** related costs are those costs associated with having a customer on the water system, such as meter reading, postage, and billing.
- **Recycled Water** related costs are those costs associated with the irrigation needs of the Agency's ten recycled water customers.
- **Fire Protection** costs are those costs associated with providing sufficient capacity in the system for fire meters and other operating and maintenance costs of providing water to properties for private fire service protection.

Once costs have been organized in DWA's functional categories and allocated to these cost causation components, they are used to establish new water rates in the form of fixed and variable charges. Appendix B shows in detail how DWA's expenses were allocated to these cost causation components.

Fixed costs generally consist of costs that a utility incurs to serve customers irrespective of the amount of water they use. These include: (1) infrastructure (capacity-related facilities) required to provide service to customers; (2) costs associated with the peaking requirements, or maximum demand which affects the maximum size of the water supply system, treatment and delivery system, operations, and maintenance costs; and (3) administrative and billing costs associated with meter reading, postage, and billing.

Variable costs are those that change as the volume of water produced and delivered changes. These commonly include the costs for groundwater replenishment, groundwater pumping, chemicals used in the treatment process, energy related to pumping for transmission and distribution, and source of supply.

Collecting Fixed vs. Variable Costs – Ideally, all fixed costs would be recovered from fixed charges and all variable costs would be recovered from volumetric charges. When this is the case, fluctuations in water sales revenues would be directly offset by reductions or increases in variable expenses, which provides greater revenue stability for the utility. However, water conservation goals as well as ease of understanding, ease of administration, and customer bill impacts are also considered.⁷ Further, revenue

⁷ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1 Manual, AWWA, Seventh Edition, 2017, pp. 6 and 96.*

losses resulting from decreased consumption can be mitigated by developing drought rates and/or revenue stabilization rates, both of which were developed in this study.

Figure 7 summarizes how the percentage of costs are allocated to each cost component and used to establish new water rates. **Figure 8** shows the resulting projected costs allocated to each cost classification component. The top line (Commodity-Related Costs) in Figure 7 matches the total commodity-related costs allocated in Figure 8. The remaining revenue requirements are allocated to capacity, customer, and fire protection cost categories.

Figure 7. Allocation Percentages of Revenue Requirements

Classification Components	ALTERNATIVE 1 (30% Fixed / 70% Variable) Cost-of-Service Net Revenue Requirements (FY 2023/24)	
Commodity-Related Costs ¹	\$ 31,389,819	70.6%
Capacity-Related Costs	11,350,244	26.0%
Customer-Related Costs	1,309,644	3.0%
Fire Protection-Related Costs	436,548	1.0%
Net Revenue Requirement	\$ 44,486,255	100.6%

1. Includes under-charged recycled water revenue.

Figure 8. Allocated Net Revenue Requirements

Customer Classes	Classification Components				Cost of Service Net Rev. Req'ts.
	Commodity- Related Costs	Capacity- Related Costs	Customer- Related Costs	Fire Protection- Related Costs	
Potable Water					
Residential	\$ 18,189,666	\$ 6,534,130	\$ 884,740	\$ -	\$ 25,608,536
Multi-Family	654,333	218,546	17,162	-	890,041
Condo	1,121,651	358,289	215,967	-	1,695,908
Commercial	6,035,329	2,051,536	120,246	-	8,207,111
Irrigation/Condo	3,685,007	1,446,276	20,927	-	5,152,210
Fire Private	5,772	2,223	31,446	435,801	475,242
Fire Public	5	8	55	747	814
Public Authority	1,452,103	566,773	14,948	-	2,033,824
Potable Water Total	31,143,865	11,177,781	1,305,491	436,548	44,063,685
Other Water					
Whitewater	n/a	9,015	221	-	9,236
Commercial Mains	245,955	163,448	3,931	-	413,334
Total Net Revenue Requirement	\$ 31,389,819	\$ 11,350,244	\$ 1,309,644	\$ 436,548	\$ 44,486,255

Proposed Potable Water Rates

As discussed above, the proposed water rates will continue to collect 70% of the rate revenue from volumetric rates and 30% from fixed charges. The following sections summarize the calculation of volumetric rates and fixed charges.

Volumetric Rates

DWA will continue to use a flat uniform rate for all customers. **Figure 9** summarizes the annual revenue collected from each customer class through variable rates, the water consumption that includes a 5% adjustment for conservation, and the calculated uniform rate.

Figure 9. Volumetric Rate Revenue Requirements and Calculated Rate

Customer Classes	FY 2020/21 Number of Meters ¹	FY 2020/21 Water Consumption (ccf/yr) ²	Total Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates (\$/ccf)	Proposed Rate Structure
Potable Water						
Residential	15,981	7,443,018	\$ 18,189,666	40.9%	\$2.44	Uniform
Multi-Family	310	267,746	654,333	1.5%	\$2.44	Uniform
Condo	3,901	458,968	1,121,651	2.5%	\$2.44	Uniform
Commercial	2,172	2,469,592	6,035,329	13.6%	\$2.44	Uniform
Irrigation/Condo	378	1,507,866	3,685,007	8.3%	\$2.44	Uniform
Fire Private	568	2,362	5,772	0.0%	\$2.44	Uniform
Fire Public	1	2	5	0.0%	\$2.44	Uniform
Public Authority	270	594,185	1,452,103	3.3%	\$2.44	Uniform
Potable Water Total	23,581	12,743,739	\$ 31,143,865	70.0%		
Other Water						
Whitewater	4	n/a	n/a	n/a	n/a	Uniform
Commercial Mains	71	100,642	245,955	0.6%	\$2.44	Uniform
Total	75	100,642	245,955	71%		

1. Number of meters is based on DWA's billing data.

2. Projected FY 2020/21 consumption based on actual usage and a 5% adjustment for conservation. See Figure 4.

Fixed Service Charges

Given the projected volumetric rate revenue shown in Figure 9, the remaining rate revenue must be collected from fixed service charges. The fixed service charge recognizes that the water utility incurs fixed costs regardless of whether customers use any water. The two components that comprise the fixed charge are the capacity and customer costs.

The customer service costs do not differ based on meter sizes; therefore, the rate for this component of the fixed meter charge is the same for each meter size. The capacity component recovers costs associated with sizing the water system to ensure there is sufficient capacity in the system to meet peak demand. A user class with higher peaking (capacity) needs is allocated a proportionately higher share of the capacity related costs compared to customer classes with lower peaking needs.

Meter sizes have different fixed charges based on their capacity requirements, where larger meters have the potential to use more of the system's capacity⁸ or, said differently, they can have higher peaking factors compared to smaller meters. The potential capacity demanded (peaking) is proportional to the maximum

⁸ System capacity is the system's ability to supply water to all delivery points at the time when demanded.

hydraulic flow through each meter size as established by the AWWA hydraulic capacity ratios.⁹ The AWWA capacity ratios used for this report are shown in **Figure 10**.

Figure 10. Hydraulic Capacity Factors (Standard Meters)

Meter Size	Standard Meters	
	Meter Capacity (gpm) ¹	Equivalency to 1-inch ²
<i>Displacement</i>		
5/8 x 3/4 inch	20	1.00
1 inch	50	1.00
1.5 inch	100	2.00
2 inch	160	3.20
<i>Compound Type Class I</i>		
3 inch	350	7.00
4 inch	630	12.60
6 inch	1,300	26.00
<i>Turbine Class II</i>		
8 inch	2,400	48.00
10 inch	3,800	76.00
12 inch	5,000	100.00

1. Per AWWA, M1, Table 6-1.

2. Per DWA Staff, base meter is 1-inch; therefore, the meter equivalency is set to 1.0 for 5/8 x 3/4 and 1-inch meters.

The actual number of meters by size is multiplied by the corresponding capacity ratios to calculate equivalent meters. The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system. **Figure 11** summarizes the number of meters, the hydraulic capacity factors, and the number of equivalent meters (i.e., the number of meters times their hydraulic capacity factor).

Figure 11. Equivalent Meters

Number of Meters by Class and Size	FY 2023/24										Total
	5/8 x 3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch	
Potable Water											
Residential	8,640	6,470	594	270	7	0	0	0	0	0	15,981
Multi-Family	1	29	186	94	0	0	0	0	0	0	310
Condo	3,342	235	256	68	0	0	0	0	0	0	3,901
Commercial	590	589	517	470	3	1	2	0	0	0	2,172
Irrigation/Condo	12	60	98	208	0	0	0	0	0	0	378
Public Authority	40	61	82	85	1	0	1	0	0	0	270
Potable Water Total	12,625	7,444	1,733	1,195	11	1	3	0	0	0	23,012
Other Water											
Whitewater	0	0	0	3	1	0	0	0	0	0	4
Commercial Mains	0	0	0	0	70	0	1	0	0	0	71
Total Meters/Accounts	12,625	7,444	1,733	1,198	82	1	4	0	0	0	23,087
<i>Hydraulic Capacity Factor</i>	<i>1.00</i>	<i>1.00</i>	<i>2.00</i>	<i>3.20</i>	<i>7.00</i>	<i>12.60</i>	<i>26.00</i>	<i>48.00</i>	<i>76.00</i>	<i>100.00</i>	
Total Equivalent Meters	12,625	7,444	3,466	3,834	574	13	104	0	0	0	28,059

Figure 12 shows the calculation of the fixed service charges, which includes the customer service charge and the fixed capacity-related charge. As previously mentioned, the customer service charge is calculated

⁹ American Water Works Association, *Principles of Water Rates, Fees and Charges: Manual of Water Supply Practices M1*, p. 386, (7th ed. 2012) and American Water Works Association, *Water Meters – Selection, Installation, Testing and Maintenance M6*, pp. 63-65 (5th ed. 2012).

by dividing the customer service-related costs by the total number of meters, whereas the fixed capacity charge is calculated by dividing the capacity-related costs by the total number of equivalent meters for each meter size.

Figure 12. Calculation of Fixed-Capacity and Customer Service Charges

Number of Meters by Class and Size	FY 2023/24										Total
	5/8 x 3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch	
Monthly Fixed Service Charges											
Customer Costs (\$/Acct/month)	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	
Capacity Costs (\$/Acct/month)	\$33.70	\$33.70	\$67.41	\$107.85	\$235.92	\$424.65	\$876.27	\$1,617.72	\$2,561.40	\$3,370.26	
Total Monthly Meter Charge	\$38.32	\$38.32	\$72.02	\$112.46	\$240.53	\$429.27	\$880.88	\$1,622.34	\$2,566.01	\$3,374.87	
Annual Fixed Costs Allocated to Monthly Meter Charges											
Customer Costs	\$ 1,278,143										
Capacity Costs	11,348,013										
Total Fixed Meter Costs	\$ 12,626,156										
Annual Revenue from Monthly Meter Charges											
Customer Charges	\$ 698,945	\$ 412,115	\$ 95,942	\$ 66,324	\$ 4,540	\$ 55	\$ 221	\$ -	\$ -	\$ -	\$ 1,278,143
Capacity Charges	5,105,943	3,010,585	1,401,758	1,550,427	232,143	5,096	42,061	-	-	-	11,348,013
Total Revenue from Mo. Meter Charges	\$ 5,804,888	\$3,422,700	\$1,497,701	\$1,616,751	\$ 236,683	\$ 5,151	\$ 42,282	\$ -	\$ -	\$ -	12,626,156

Fixed Service Charges (Fire Service)

The same methodology is used to calculate fixed charges for fire service meters. However, fire service customers differ from other water service customers because their service is more of a standby nature, where a readiness-to-serve charge is more appropriate. Except in the event of a fire, these users are not intended to use water on a regular basis. While DWA still needs to provide sufficient capacity for fire meters and recover other operating and maintenance costs, the overall cost to serve these users is less than that of a standard service; therefore, the fixed charges are less.

Figure 13 summarizes the hydraulic capacity factors for fire service meters and **Figure 14** summarizes the results of the fixed charge calculations for fire meters.

Figure 13. Hydraulic Capacity Factors (Fire Meters)

Meter Size	Fire Service Meters	
	Meter Capacity (gpm) ¹	Equivalency to 1-inch ²
	<i>Displacement</i>	
5/8 x 3/4 inch	20	1.00
1 inch	50	1.00
1.5 inch	100	2.00
2 inch	160	3.20
	<i>Fire Service Type I & II³</i>	
3 inch	350	7.00
4 inch	630	12.60
6 inch	1,400	28.00
8 inch	2,400	48.00
10 inch	3,800	76.00
12 inch	5,000	100.00

1. Per AWWA, M1, Table 6-1.

2. Per DWA Staff, base meter is 1-inch; therefore, the meter equivalency is set to 1.0 for 5/8 x 3/4 and 1-inch meters.

3. Capacity factors are for Fire Service Type I and II meters from AWWA, M6, Table 5-3.

Figure 14. Calculation of Fire Meter Fixed Charges

Number of Meters by Class and Size	FY 2023/24										Total
	5/8 x 3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch	
Fire Private	0	0	0	2	0	237	177	135	14	3	568
Fire Public	0	0	0	0	0	0	0	1	0	0	1
Total Meters/Accounts	0	0	0	2	0	237	177	136	14	3	569
Hydraulic Capacity Factor	1.00	1.00	2.00	3.20	7.00	12.60	28.00	48.00	76.00	100.00	
Total Equivalent Meters	0	0	0	6	0	2,986	4,956	6,528	1,064	300	15,841
Monthly Fixed Service Charges											
Customer Costs (\$/Acct/month)	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	\$4.61	
Capacity Costs (\$/Acct/month)	\$2.31	\$2.31	\$4.62	\$7.39	\$16.16	\$29.08	\$64.63	\$110.80	\$175.43	\$230.83	
Total Monthly Meter Charge	\$6.92	\$6.92	\$9.23	\$12.00	\$20.77	\$33.70	\$69.25	\$115.41	\$180.04	\$235.44	
Annual Fixed Costs Allocated to Monthly Meter Charges											
Customer Costs	\$ 31,501										
Capacity & Fire Protection Costs	438,779										
Total Fixed Meter Costs	\$ 470,280										
Annual Revenue from Monthly Meter Charges											
Customer Charges	\$ -	\$ -	\$ -	\$ 111	\$ -	\$ 13,121	\$ 9,799	\$ 7,529	\$ 775	\$ 166	\$ 31,501
Capacity Charges	-	-	-	177	-	82,717	137,279	180,823	29,472	8,310	438,779
Total Revenue from Mo. Meter Charges	\$ -	\$ -	\$ -	\$ 288	\$ -	\$ 95,837	\$ 147,078	\$ 188,352	\$ 30,247	\$ 8,476	\$ 470,280

Current and Proposed Water Rates

Figure 15 provides a comparison of the current and proposed water rates for FY 2023/24 through 2027/28. While the overall increase in rate revenue is the same each year (i.e., 6.25%), the cost-of-service analysis (COSA) by nature “re-balances” how costs are allocated between customer classes and, as a result, there are uneven adjustments in the first year of the analysis. In contrast, in the following years (Years 2 through 5), rate increases are applied evenly “across-the-board” to all rates (i.e., both fixed and volumetric).

In addition to the 6.25% annual increase in the projected rate revenue, the potable water rates included a small adjustment necessitated by the decrease in the current recycled water rate from \$0.79 to \$0.60, effective July 1, 2022. This adjustment decreases each year as the recycled water rate increases by \$0.05 annually.

The decision by Agency staff to decrease the recycled water rate was necessitated by the fact that two (2) of DWA’s largest recycled water connections recently switched to well water and, in response to the concerns of the remaining recycled water customers, the Agency needs to maintain affordable rates to incentivize the remaining recycled water customers to continue using recycled water. These recycled customers have their own wells and, without this incentive, may be inclined to use their own well water vs. recycled water from DWA’s reclamation plant.

More detailed tables on the development of the proposed water rates are documented in Appendix B.

Figure 15. Current and Proposed Water Rates

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Fixed Monthly Service Charge						
Meter Size - Standard Meters:						
5/8 x 3/4 inch	\$33.53	\$38.32	\$40.72	\$43.27	\$45.97	\$48.84
1 inch	\$33.53	\$38.32	\$40.72	\$43.27	\$45.97	\$48.84
1.5 inch	\$64.02	\$72.02	\$76.52	\$81.30	\$86.38	\$91.78
2 inch	\$100.61	\$112.46	\$119.49	\$126.96	\$134.90	\$143.33
3 inch	\$198.18	\$240.53	\$255.56	\$271.53	\$288.50	\$306.53
4 inch	\$307.94	\$429.27	\$456.10	\$484.61	\$514.90	\$547.08
6 inch	\$612.85	\$880.88	\$935.94	\$994.44	\$1,056.59	\$1,122.63
8 inch	\$978.73	\$1,622.34	\$1,723.74	\$1,831.47	\$1,945.94	\$2,067.56
10 inch	\$2,564.22	\$2,566.01	\$2,726.39	\$2,896.79	\$3,077.84	\$3,270.21
12 inch	\$3,235.01	\$3,374.87	\$3,585.80	\$3,809.91	\$4,048.03	\$4,301.03
Monthly Fixed Service Charge - Fire Service Meters:						
2 inch	--	\$12.00	\$12.75	\$13.55	\$14.40	\$15.30
3 inch	--	\$20.77	\$22.07	\$23.45	\$24.92	\$26.48
4 inch	\$30.15	\$33.70	\$35.81	\$38.05	\$40.43	\$42.96
6 inch	\$64.99	\$69.25	\$73.58	\$78.18	\$83.07	\$88.26
8 inch	\$111.46	\$115.41	\$122.62	\$130.28	\$138.42	\$147.07
10 inch	\$173.41	\$180.04	\$191.29	\$203.25	\$215.95	\$229.45
12 inch	\$208.26	\$235.44	\$250.16	\$265.80	\$282.41	\$300.06
Commodity Charges for All Water Consumed						
Uniform Rate for All Customers	\$2.28	\$2.44	\$2.59	\$2.75	\$2.92	\$3.10

Comparison of Current and Proposed Water Bills

Figure 16 and **Figure 17** compare a range of monthly water bills under the current and proposed water rates for single-family residential (SFR) customers and commercial customers. These monthly bills are based on typical meter sizes and highlight the average consumption levels for each customer.

Figure 16. Monthly Water Bill Comparison for Single-Family Customers

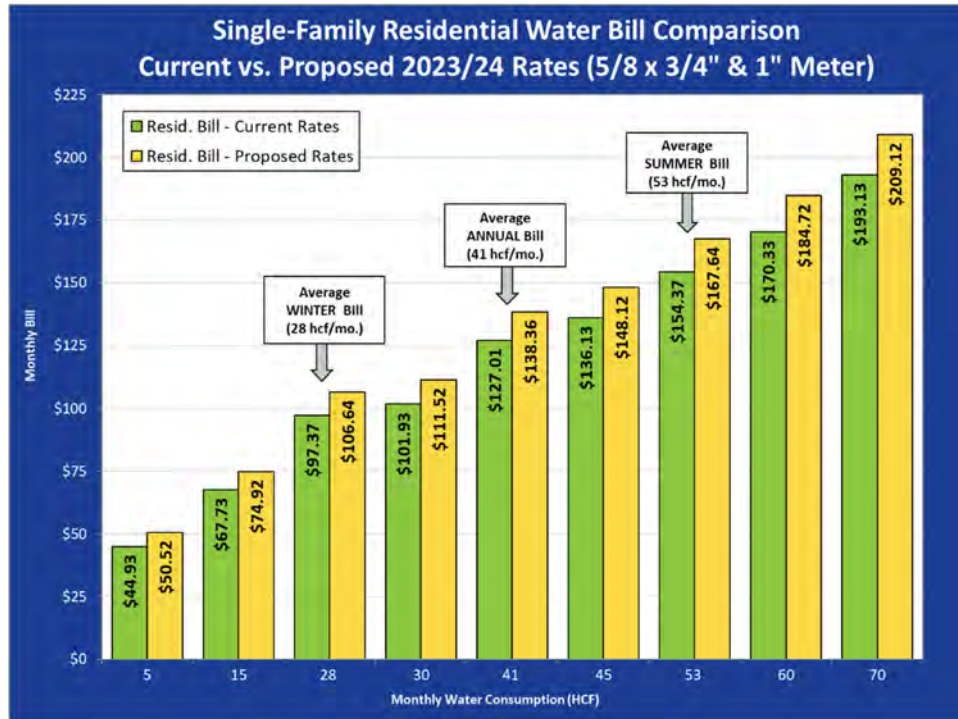
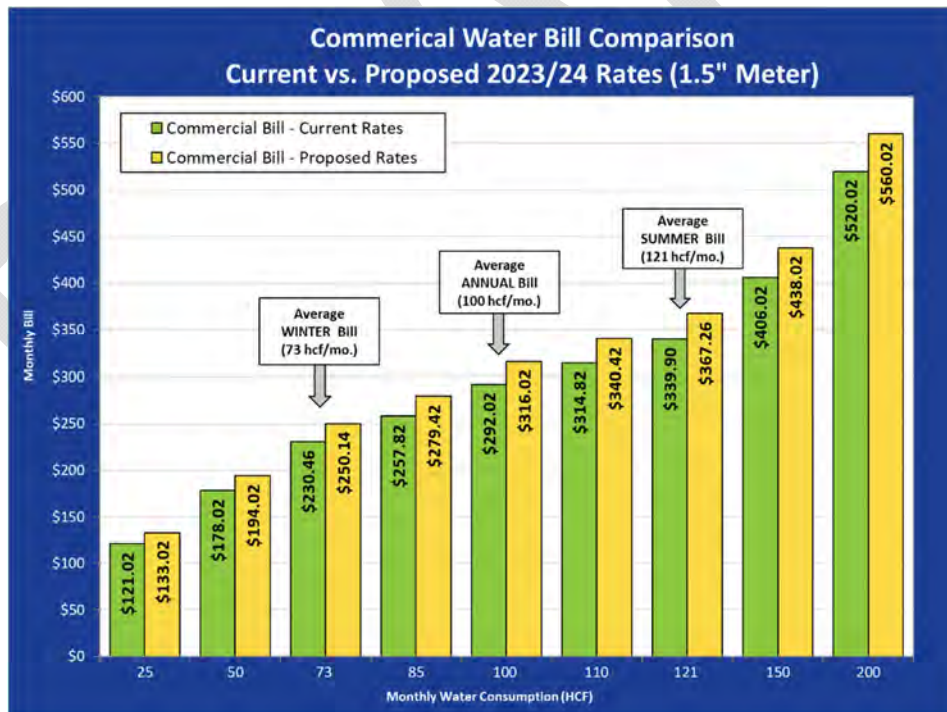


Figure 17. Monthly Water Bill Comparison for Commercial Customers



Drought and Revenue Stabilization Rates

Drought Rates – DWA is obligated to meet its annual net revenue requirements regardless of whether consumption levels decline due to conservation or other unexpected events (e.g., unseasonal weather, natural disasters, etc.). To this end, drought rates are intended to maintain the necessary level of revenues and have also taken into consideration the fact that, in these cases, some costs will also decrease.¹⁰

Figure 18 shows baseline consumption and consumption at each increased drought level for FY 2023/24. **Figure 19** shows the expenses that are expected to decrease as consumption decreases. **Figure 20** shows the proposed drought response charge that would replace the uniform volumetric rate (shown above in Figure 15) at each stage of conservation through FY 2027/28.

The projected monthly revenues are based on the FY 2020/21 monthly consumption levels adjusted for conservation and the volumetric rate. Key aspects of the drought rates include:

- The drought response charge was developed using water usage for FY 2020/21 less the 5% conservation factor, the same assumption used in the proposed volumetric rates.
- The Desert Water Agency Board must activate the drought response charge. If the response charge is activated, it will remain in effect as necessary and will be reviewed by the Agency Board at a minimum of every six (6) months for determination of necessity until the response charge is deactivated.
- The drought response charge level may not exceed the corresponding Water Shortage Contingency Plan Shortage Level.
- The drought response charge is added to the uniform volumetric rate on a per unit basis to cover the cost of water service during times of mandated conservation and/or extreme water supply shortage.

Figure 18. Projected Consumption at Baseline and Each Successive Drought Stage

2020/21 Consumption Assumptions				
Shortage Level ¹	Percent Shortage Range ²	Potable Water Consumption (AF/yr.)	Potable Water Consumption (hcf/yr.)	Difference to Baseline (hcf)
1	Less than 10% Conservation ³	29,256	12,743,739	0
2	Up to 20% Conservation	26,330	11,469,365	(1,274,374)
3	Up to 30% Conservation	23,404	10,194,991	(2,548,748)
4	Up to 40% Conservation	20,479	8,920,617	(3,823,122)
5	Up to 50% Conservation	17,553	7,646,243	(5,097,496)
6	Greater than 50% Conservation	14,628	6,371,869	(6,371,869)

1. DWA Water Shortage Contingency Plan Shortage Level.

2. Drought levels based on the Agency's Water Shortage Contingency Plan. Source file: *DWA_WSCP 2020 FINAL.pdf*.

3. This represents the baseline consumption for FY 2020/21 consumption (excludes recycled water).

Conservation percentage for each drought stage is relative to the baseline consumption.

¹⁰ Details regarding the calculation of the drought rates can be found in Appendix B.

Figure 19. Projected Variable Expenses Considered

Expenses Directly Effected By Consumption Changes							
Fund	Division	Expense Name	Commodity-Related Costs				
			2023/24	2024/25	2025/26	2026/27	2027/28
Operating Fund	Pumping	Power Purchases	\$ 3,728,736	\$ 3,877,885	\$ 4,033,001	\$ 4,194,321	\$ 4,362,094
Operating Fund	Water Treatment	Chemicals & Filtering Material	294,027	308,140	322,931	338,432	354,676
Total:			\$ 4,022,763	\$ 4,186,026	\$ 4,355,932	\$ 4,532,752	\$ 4,716,770

Figure 20. Proposed Drought Rates

Drought Rate Schedule	Current Rates	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Up to 20% Conservation	\$2.65	\$2.68	\$2.72	\$2.93	\$3.14	\$3.38
Up to 30% Conservation	\$2.91	\$2.98	\$3.02	\$3.25	\$3.49	\$3.75
Up to 40% Conservation	\$3.26	\$3.36	\$3.41	\$3.67	\$3.94	\$4.23
Up to 50% Conservation	\$3.74	\$3.81	\$3.92	\$4.22	\$4.54	\$4.88
Greater than 50% Conservation	\$4.48	\$4.51	\$4.64	\$4.99	\$5.37	\$5.78

Revenue Stabilization Rates – These rates are similar to drought rates except that they are not tied to drought stages, but instead can be triggered whenever the Agency’s monthly volumetric rate revenue falls 10% or more below projected monthly volumetric revenue. Also, they are set at increments of 5% vs. the 10% increments used for drought rates.

The projected monthly revenues are based on the FY 2020/21 monthly consumption levels, adjusted for conservation, and the volumetric rate. Key aspects of revenue stabilization rates include:

- The implementation is an administrative process that can be adopted as part of the Prop 218 process.
- The General Manager (or designated staff) informs the Agency Board that monthly volumetric revenue has fallen below projected levels by 10% or more and that this automatically triggers the use of revenue stabilization rates.
- The Agency Board, at their discretion, can vote to reject this automatic triggering, or rescind the use of revenue stabilization rates at any time. Otherwise, revenue stabilization rates would remain in effect until monthly volumetric rate revenue returns to projected levels. When this happens, the General Manager or designated staff would inform the Board that revenue stabilization rates have now been rescinded.

The volumetric rate revenue requirements for the proposed revenue stabilization rates are shown in **Figure 21** for FY 2023/24. **Figure 22** shows the proposed revenue stabilization rates for the 5-year rate period.

Figure 21. Calculation of Proposed Revenue Stabilization Rates for FY 2023/24

Customer Class	Total Target Rev. Req't from Vol. Charges	10%	15%	20%	25%	30%
Potable Water	\$ 31,143,865	\$2.72	\$2.88	\$3.05	\$3.26	\$3.49
Other Water	245,955					
Total Net Revenue Requirement	\$ 31,389,819					

Figure 22. Proposed Revenue Stabilization Rates

Revenue Stabilization Rate Schedule*	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
10% Revenue Stabilization Rate	\$2.72	\$2.89	\$3.07	\$3.26	\$3.46
15% Revenue Stabilization Rate	\$2.88	\$3.05	\$3.25	\$3.45	\$3.66
20% Revenue Stabilization Rate	\$3.05	\$3.25	\$3.45	\$3.66	\$3.89
25% Revenue Stabilization Rate	\$3.26	\$3.46	\$3.68	\$3.91	\$4.15
30% Revenue Stabilization Rate	\$3.49	\$3.71	\$3.94	\$4.19	\$4.45

* Revenue Stabilization Rates would be implemented if current revenue from water sales are below the percentages indicated.

DWA Board Direction – After review of the revenue stabilization rate procedures, the DWA Board directed staff to proceed with revenue stabilization rates as follows:

- DWA will not implement the automatic implementation procedures outlined above but will instead only consider using them as directed by the Board.
- However, revenue stabilization rates will be considered a tool available for the Board’s use should they decide their use is necessary and advisable.
- Drought rates will remain the primary means of addressing revenue shortfalls during times of declared water shortage in conjunction with the Agency’s drought program.

Temporary Construction Meter Rates

DWA provides temporary construction meter water service to about 71 customers. This is a fundamentally different type of service because of the temporary nature and the use of transitory meters and backflow devices that hook up to hydrants. Because of this, there are several charges, including deposits to ensure that devices are returned or can be replaced, typical monthly fixed charges, and volumetric rates.

The Agency’s charges for this service is based on recovering the additional costs involved in providing this service as well as the fixed and variable costs recovered from all other potable water customers based on cost-of-service principles.

Figure 23 summarizes the temporary construction meter costs and calculated volumetric rate; **Figure 24** summarizes the project fixed charges, volumetric rates, and other charges for the next five years.

Figure 23. Temporary Construction Meter Costs & Volumetric Rate

Temporary Construction Meter Costs ¹	Meter Size		Total
	3 inch	6 inch	
Fixed Charges			
No. of Commercial Mains	70	1	71
Customer Charges (\$/Acct/month)	\$4.61	\$4.61	
Total Fixed Charges (\$/Yr.) ¹	\$3,875	\$55	\$3,931
Volumetric Charges			
Proposed Uniform Vol. Rate (FY23/24)	\$2.44	\$2.44	
Annual Consumption	71,819	28,357	100,176
Volumetric Charges (\$/Yr.)	\$175,515	\$69,300	\$244,816
Total Fixed & Volumetric Charges	\$179,391	\$69,356	\$248,746
Total Annual Consumption (hcf/Yr.)			100,176
Proposed Volumetric Rate (\$/hcf)			\$2.48

1. No. of meters times Customer and Capacity Charges per month times 12 months.

Figure 24. Proposed Temporary Construction Meter Charges

Construction Meter Charges	Current Charges	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Volumetric Rate (\$/hcf)	\$2.60	\$2.48	\$2.64	\$2.80	\$2.98	\$3.16

DRAFT

SECTION 3. RECYCLED WATER RATE STUDY

Key Recycled Water Rate Study Issues

Recycled water rates face a unique set of challenges in determining what rates should be charged. Regardless of actual system costs, rates cannot exceed what the “market” can bear, or else recycled water customers will likely use alternative sources. This has often resulted in setting these rates arbitrarily low so that they do not exceed the costs of alternative sources (or exceed potable prices). Actual costs are also unclear because typically wastewater customers often benefit from recycled water as it tends to reduce wastewater disposal costs. Additionally, DWA has lost three 18-hole golf courses as customers, Indian Canyon's North and South Golf Courses and Mesquite Golf Course. Escena Golf Course and the City of Palm Springs Tahquitz Creek Golf Courses requested a more competitive rate as compared to groundwater pumping costs.

The primary issues addressed in this study for the recycled water system were: (1) ensuring rates generate a reasonable level of revenue to pay for operating costs of the system, and (2) establishing reasonable rates considering the Indian Canyons Golf Courses are now pumping groundwater, Mesquite Golf Course has gone out of business for financial reasons and the remaining golf courses are struggling financially. DWA currently charges recycled water customers a reduced rate compared to potable customers. On July 1, 2022, DWA reduced the recycled water rate from \$0.79 to \$0.60 per HCF. This new rate is intended to match cost of pumping groundwater from a private well. The plan is to increase this rate by \$0.05 each year on July 1, through year 2028 and thereafter a new rate study will be performed to determine the new recycled water rate. As a condition of this reduced rate, Escena Golf Course has ceased pumping groundwater from their private well and is now contractually obligated to use recycled water for 95% of its golf course irrigation needs in perpetuity.

Recycled Water Utility Revenue Requirements

The costs allocated to recycled water were previously determined in the functionalization analysis that allocated a percent of the system costs to recycled water. **Figure 25** summarizes the recycled water revenue requirements for FY 2023/24.

Figure 25. Summary of Recycled Water Revenue Requirements

Classification Components	PROPOSED ALTERNATIVE Cost-of-Service Net Revenue Requirements (FY 2023/24)	
	\$ - Allocated ¹	% - Allocated ²
Commodity Related Costs	\$ 1,578,013	99.5%
Capacity-Related Costs	7,930	0.5%
Customer-Related Costs	-	0.0%
Net Revenue Requirement	\$ 1,585,943	100%

1. Based on functionalization allocations. See *Functionalization & Classification* tab.

2. Reflects percentage allocation from the 2016 Rate Study.

Proposed Recycled Water Rates

Variable Charges

Given the amount of consumption relative to the number of meters in the recycled water system, it is expected that almost all (99.5%) of the rate revenue will be collected from the variable charge. **Figure 26** summarizes the variable rate calculation for FY 2023/24.

Figure 26. Recycled Water Variable Rate Calculation

Rate Structure Type	Number of Meters ¹	Water Consumption (hcf/yr.) ²	Target Rev. Req't from Vol. Charges ³	Uniform Commodity Rates (\$/hcf)	Proposed Rate Structure
Uniform Commodity Rate (\$/hcf)	10	1,244,239	\$ 746,544	\$0.60	Uniform

1. Meter counts, consumption rates, and customer class from source file: *Summary Tables_FS v9.xlsx*.

2. Projected FY 2020/21 consumption based on actual usage and a 5% adjustment for conservation. See Table 37.

3. Target revenue adjusted based on DWA's recently adopted uniform commodity rate of \$0.60 per hcf.

Fixed Charges

Fixed charges have been calculated in the same manner as potable water fixed charges. **Figure 27** shows the calculation of the monthly fixed meter charges. In total, the fixed and variable charges collect the target revenue from recycled water customers as shown previously in Figure 26.

Figure 27. Recycled Water Fixed Rate Calculation

Number of Meters by Class and Size	FY 2023/24										Total
	5/8 x 3/4 inch	1 inch	1.5 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch	
Recycled Water	5	0	0	0	0	1	4	0	0	0	10
Total Meters/Accounts	5	0	0	0	0	1	4	0	0	0	10
Hydraulic Capacity Factor	1.00	1.00	2.00	3.20	6.40	10.00	20.00	32.00	84.00	106.00	
Total Equivalent Meters	5	0	0	0	0	10	80	0	0	0	95
Monthly Fixed Service Charges											
Customer Costs (\$/Acct/mo.)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Capacity Costs (\$/Acct/mo.)	6.96	6.96	13.91	22.26	44.52	69.56	139.12	222.59	584.29	737.32	
Total Monthly Meter Charge	\$6.96	\$6.96	\$13.91	\$22.26	\$44.52	\$69.56	\$139.12	\$222.59	\$584.29	\$737.32	
Annual Fixed Costs Allocated to Monthly Meter Charges											
Customer Costs	\$ -										
Capacity Costs	7,930										
Total Fixed Meter Costs	\$ 7,930										
Annual Revenue from Monthly Meter Charges											
Customer Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capacity Charges	417	-	-	-	-	835	6,678	-	-	-	7,930
Total Revenue from Mo. Meter Charges	\$ 417	\$ -	\$ -	\$ -	\$ -	\$ 835	\$ 6,678	\$ -	\$ -	\$ -	\$ 7,930

Current vs. Proposed Recycled Water Rates

Figure 28 shows the current and proposed recycled water rates for FY 2023/24 through FY 2027/28.

Figure 28. Current and Proposed Recycled Water Rates

Recycled Water Rate Schedule	Current Rates ¹	Proposed Rates ²				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Fixed Monthly Service Charge						
Fixed Monthly Service Charge:						
5/8 x 3/4 inch	--	\$6.96	\$7.40	\$7.86	\$8.35	\$8.87
1 inch	--	\$6.96	\$7.40	\$7.86	\$8.35	\$8.87
1.5 inch	--	\$13.91	\$14.78	\$15.70	\$16.68	\$17.72
2 inch	\$15.00	\$22.26	\$23.65	\$25.13	\$26.70	\$28.37
3 inch	\$21.00	\$44.52	\$47.30	\$50.26	\$53.40	\$56.74
4 inch	\$45.00	\$69.56	\$73.91	\$78.53	\$83.44	\$88.66
6 inch	\$115.00	\$139.12	\$147.82	\$157.06	\$166.88	\$177.31
8 inch	\$205.00	\$222.59	\$236.50	\$251.28	\$266.99	\$283.68
10 inch	\$225.00	\$584.29	\$620.81	\$659.61	\$700.84	\$744.64
12 inch	\$225.00	\$737.32	\$783.40	\$832.36	\$884.38	\$939.65
Commodity Charges for All Water Consumed						
Uniform Rate for All Customers ³	\$0.79	\$0.65	\$0.70	\$0.75	\$0.80	\$0.85

1. Current recycled water fixed charges set by Resolution No. 978 and does not include the \$35 flow control valve charge for meters 8" or larger.

2. Initial adjustment to rates would be effective January 1, 2024.

3. Uniform commodity rates are effective as of July 1, 2022.

SECTION 4. WASTEWATER RATE STUDY

Key Wastewater Rate Study Issues

DWA manages a wastewater collection system for approximately 2,200 customers within its service area. While DWA bills all wastewater customers for services for collection and treatment, the portion of rate revenue that is retained by DWA represents only the percentage necessary to recover costs for collection and transmission. The remainder of the revenue is passed through to the agencies responsible for treatment. Depending on the customer's location, it is either the City of Palm Springs or Coachella Valley Water District.

Revenue Requirements

Similar to the water utilities, it is important for the wastewater utility to ensure rates provide sufficient funding to cover operating and maintenance costs, planned capital expenditures, and maintain reasonable reserves. The wastewater utility's rate increases are governed by these needs, and the current state of DWA's wastewater utility is as follows:

- **Meeting Net Revenue Requirements:** For FY 2023/24 through FY 2027/28, the projected net revenue requirements (total operating expenses plus rate-funded capital costs, less non-rate revenues) for the wastewater utility are approximately \$308,000 to \$381,000. This is an increase of more than 70% since the last rate study.

Even though current rate revenue is sufficient to fund all operating costs, capital costs, and maintain sufficient reserve funds, NBS is recommending an annual increase of 4.8% each year, which is the general inflation rate, to address the small deficits in the financial plan which will continue to grow without rate increases. Therefore, the charge per EDU increased as a result of this recommendation.

- **Maintaining Reserve Funds:** For the wastewater utility, NBS recommends that DWA target a minimum of approximately \$560,000 in unrestricted reserve funds over the 5-year period. The reserve funds, which are considered unrestricted, consist of the following:
 - **Operating Reserve** should equal 6 months of operating expenses, or approximately \$164,000 in FY 2023/24, which is consistent with existing DWA policy for the potable water utility. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures.
 - **Reserve for Replacements** should equal 3% of net capital assets, or approximately \$402,000 in FY 2023/24, which is set aside to address long-term capital system replacement and rehabilitation needs. Since DWA does not maintain a capital replacement reserve for the wastewater utility, we have included this amount in the operating reserve which together total approximately \$560,000.

It is projected that the wastewater utility will exceed these reserve targets throughout the 5-year rate period as the current reserve balance is estimated at \$2.0 million.

Figure 29 summarizes the sources and uses of funds, net revenue requirements, and the recommended annual increases in wastewater rate revenue proposed for the next 5 years. **Figure 3030** summarizes the projected reserve fund balances and reserve targets.

Figure 29. Summary of Wastewater Revenue Requirements

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	5-Year Rate Adoption Period				
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Sources of Wastewater Funds						
Rate Revenue Under Current Rates	\$ 277,200	\$ 280,126	\$ 283,052	\$ 285,978	\$ 288,904	\$ 291,830
Other Operating Revenue	29,880	30,195	30,511	30,826	31,142	31,457
Non-Rate Revenues	-	-	-	-	-	-
Interest Income	10,800	26,531	26,342	26,156	25,977	25,807
Total Sources of Funds	\$ 317,880	\$ 336,852	\$ 339,905	\$ 342,961	\$ 346,023	\$ 349,095
Uses of Wastewater Funds						
Operating Expenses	\$ 312,850	\$ 327,816	\$ 343,502	\$ 359,940	\$ 377,169	\$ 395,225
Existing Debt Service	-	-	-	-	-	-
New Debt Service	-	-	-	-	-	-
Rate Funded Capital Expenses	35,631	37,024	38,472	39,976	41,539	43,163
Total Use of Funds	\$ 348,481	\$ 364,841	\$ 381,974	\$ 399,916	\$ 418,708	\$ 438,388
Surplus (Deficiency) before Rate Increase	\$ (30,601)	\$ (27,988)	\$ (42,069)	\$ (56,956)	\$ (72,685)	\$ (89,294)
Additional Revenue from Rate Increases ¹	-	13,446	27,825	43,189	59,593	77,094
Surplus (Deficiency) after Rate Increase	\$ (30,601)	\$ (14,542)	\$ (14,244)	\$ (13,766)	\$ (13,092)	\$ (12,200)
Increase in Rate Revenue Needed to Avoid Deficit	0.00%	4.80%	4.80%	4.80%	4.80%	4.80%
Cumulative Increases	0.00%	4.80%	9.83%	15.10%	20.63%	26.42%
Net Revenue Requirement²	\$ 307,801	\$ 308,115	\$ 325,121	\$ 342,934	\$ 361,589	\$ 381,124

1. Assumes new rates are implemented January 1, 2024.

2. This is the annual amount needed from rates. Net Revenue Requirement = Total Uses of Water Funds - Other Operating Revenue - Non-Rate Revenues - Interest

Figure 3030. Summary of Wastewater Reserve Funds

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	5-Year Rate Adoption Period				
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Unappropriated Reserve Fund¹						
Ending Balance	\$ 2,040,818	\$ 2,026,276	\$ 2,012,032	\$ 1,998,266	\$ 1,985,174	\$ 1,972,974
<i>Recommended Minimum Target</i>	<i>570,425</i>	<i>565,908</i>	<i>563,751</i>	<i>560,970</i>	<i>559,584</i>	<i>558,613</i>
Total Ending Balance (Unrestricted)	\$ 2,040,818	\$ 2,026,276	\$ 2,012,032	\$ 1,998,266	\$ 1,985,174	\$ 1,972,974
<i>Recommended Minimum Target</i>	<i>\$ 570,425</i>	<i>\$ 565,908</i>	<i>\$ 563,751</i>	<i>\$ 560,970</i>	<i>\$ 559,584</i>	<i>\$ 558,613</i>

1. The Agency only maintains an Unappropriated Reserve Fund rather than separate operating and capital reserves.

Current vs. Proposed Wastewater Rates

The current wastewater rate structure is based on a rate per Equivalent Dwelling Unit (EDU) which is assigned to each customer according to the expected volume of flow and the strength of effluent produced by each customer. DWA currently collects a charge of \$6.15 per EDU each month to cover operating, maintenance, and administrative costs. However, the number of EDUs and the annual revenue requirements have changed since the previous rate study, and DWA has increased sewer rates by 3.5% per year in an across-the-board manner. Current rates generate approximately \$295,000 to \$300,000 per year which means that the Agency requires minimal rate increases of 4.8% throughout the rate adoption period to keep up with inflation and address the annual deficits.

DWA has chosen to maintain the existing rate structure. However, as a result of the cost-of-service analysis, different rates are recommended going forward. **Figure 31** summarizes the original charge of \$5.36/EDU from the 2017 rate study, the current rate of \$6.15/EDU, which is the result of 3.5% annual rate increases since 2017, and the updated rate of \$7.31/EDU. The proposed new rate is the 2023 total revenue requirement of \$293,572 divided by the current number of EDUs and reflects the recommended rate increase of 4.8%.

Figure 31. Summary of EDUs, Revenue Requirements, and Wastewater Rates

Customer Class	No. of EDUs	Total Revenue Requirement	Monthly Fixed Charge Per EDU
Total 2017	3,242	\$ 208,553	\$5.36
Current Rate		\$ 296,799	\$6.15
Total 2023	3,348	\$ 293,572	\$7.31

Figure 32 shows DWA’s current and proposed wastewater rates for FY 2023/24 through FY 2027/28. Although the \$/EDU “rate” is the same for all customers, the total monthly charges will differ based on the number of EDUs assigned to each customer.

DWA collects their charges along with charges for treatment provided by outside agencies. Therefore, the total projected charges per EDU will vary depending on what agency provides treatment. **Figure 333** summarizes DWA charges along with treatment charges for various customer classes.

Figure 32. Current and Projected Wastewater Rates

Wastewater Rate Schedule	Current Rates	Proposed Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Projected Increase in Rate Revenue per Financial Plan:		4.80%	4.80%	4.80%	4.80%	4.80%
Fixed Monthly Service Charge Per EDU	\$6.15	\$7.31	\$7.66	\$8.03	\$8.41	\$8.81

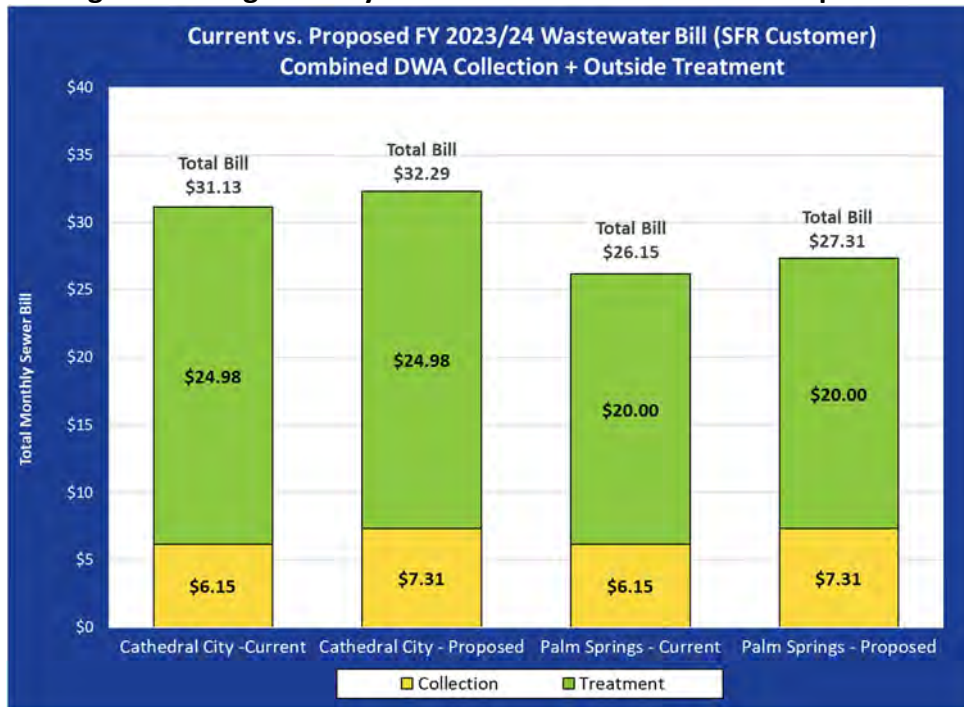
Figure 333. Proposed Wastewater Rates for FY 2023/24

Wastewater Rate Schedule ¹							
Customer Types	EDU Scale	CVWD Treatment - Cathedral City			City Treatment - Palm Oasis / Dream Homes Only		
		CVWD Charges per EDU	DWA Charges per EDU	Total Charges	City of Palm Springs Charges (per EDU)	DWA Charges (per EDU)	Total Charges
Single Family/Condo	1 EDU = 1 Unit	\$24.98	\$7.31	\$32.29	\$20.00	\$7.31	\$27.31
Mobile Home Park	1 EDU = 1 Space	\$24.98	\$7.31	\$32.29	\$20.00 + \$1.98/FU	\$7.31	\$29.29
Apartments	1 EDU = 1 Unit	\$24.98	\$7.31	\$32.29	\$20.00	\$7.31	\$27.31
Hotel/Motel	1/2 EDU = 1 Room	\$24.98	\$7.31	\$32.29	N/A	N/A	N/A
RV Park	1/2 EDU = 1 Space	\$24.98	\$7.31	\$32.29	N/A	N/A	N/A
Comm./Ind./ Inst.	V & F	\$24.98	\$7.31	\$32.29	\$1.98/FU (Min. \$20.00)	\$7.31	\$27.31 Min.
Schools and Colleges	Per Student & EDU	\$24.98	\$7.31	\$32.29	\$1.98/FU (Min. \$20.00)	\$7.31	\$27.31 Min.
All Other Schools	Per Student & EDU	\$24.98	\$7.31	\$32.29	N/A	N/A	N/A

Figure 34 compares the total monthly bill for residential customers under current and proposed rates and includes the outside treatment component, depending on where the customer is located.¹¹

¹¹ Coachella Valley Water District treats the wastewater for customers located in Cathedral City. The City of Palm Springs treats the wastewater for customers located in Palm Springs.

Figure 34. Single Family Residential Wastewater Bill Comparison



SECTION 5. RECOMMENDATIONS AND NEXT STEPS

Consultant Recommendations

NBS recommends DWA take the following actions:

- **Approve and Accept this Study:** NBS recommends the DWA Board of Directors formally approve and adopt this Study and its recommendations and proceed with the next steps outlined below to implement the proposed rates. This will provide documentation of the rate study analyses and the basis for analyzing potential changes to future rates.
- **Implement Recommended Levels of Rate Increases and Proposed Rates:** Based on successfully meeting the Proposition 218 procedural requirements, DWA should proceed with implementing the 5-year schedule of proposed rates (including drought and temporary construction meter rates) and rate increases¹² previously shown in Figure 15, Figure 20, Figure 28, Figure 32 and Figure 33. This will help ensure the continued financial health of DWA's utilities.

Next steps

Annually Review Rates and Revenue – Any time an agency adopts new utility rates or rate structures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements—particularly those related to environmental regulations that can significantly affect capital improvements and repair and replacement costs.

Note: The attached Technical Appendices provide more detailed information on the analysis of the financial plan, revenue requirements, cost-of-service, and the rate design analyses that have been summarized in this report.

NBS' Principal Assumptions and Considerations

In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions, and events that may occur in the future. This information and these assumptions, including DWA's budgets, capital improvement costs, customer accounts and consumption, and information from DWA staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected

¹² A full rate schedule for Prop 218 purposes is shown in Appendix A at the end of this report.

to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

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TECHNICAL APPENDICES

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Appendix A - Prop 218 Rate Tables

Potable Water Rates:

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Fixed Monthly Service Charge						
Meter Size - Standard Meters:						
5/8 x 3/4 inch	\$33.53	\$38.32	\$40.72	\$43.27	\$45.97	\$48.84
1 inch	\$33.53	\$38.32	\$40.72	\$43.27	\$45.97	\$48.84
1.5 inch	\$64.02	\$72.02	\$76.52	\$81.30	\$86.38	\$91.78
2 inch	\$100.61	\$112.46	\$119.49	\$126.96	\$134.90	\$143.33
3 inch	\$198.18	\$240.53	\$255.56	\$271.53	\$288.50	\$306.53
4 inch	\$307.94	\$429.27	\$456.10	\$484.61	\$514.90	\$547.08
6 inch	\$612.85	\$880.88	\$935.94	\$994.44	\$1,056.59	\$1,122.63
8 inch	\$978.73	\$1,622.34	\$1,723.74	\$1,831.47	\$1,945.94	\$2,067.56
10 inch	\$2,564.22	\$2,566.01	\$2,726.39	\$2,896.79	\$3,077.84	\$3,270.21
12 inch	\$3,235.01	\$3,374.87	\$3,585.80	\$3,809.91	\$4,048.03	\$4,301.03
Monthly Fixed Service Charge - Fire Service Meters:						
2 inch	--	\$12.00	\$12.75	\$13.55	\$14.40	\$15.30
3 inch	--	\$20.77	\$22.07	\$23.45	\$24.92	\$26.48
4 inch	\$30.15	\$33.70	\$35.81	\$38.05	\$40.43	\$42.96
6 inch	\$64.99	\$69.25	\$73.58	\$78.18	\$83.07	\$88.26
8 inch	\$111.46	\$115.41	\$122.62	\$130.28	\$138.42	\$147.07
10 inch	\$173.41	\$180.04	\$191.29	\$203.25	\$215.95	\$229.45
12 inch	\$208.26	\$235.44	\$250.16	\$265.80	\$282.41	\$300.06
Commodity Charges for All Water Consumed						
Uniform Rate for All Customers	\$2.28	\$2.44	\$2.59	\$2.75	\$2.92	\$3.10

Drought Rates:

Drought Rate Schedule	Current Rates	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Up to 20% Conservation	\$2.65	\$2.68	\$2.72	\$2.93	\$3.14	\$3.38
Up to 30% Conservation	\$2.91	\$2.98	\$3.02	\$3.25	\$3.49	\$3.75
Up to 40% Conservation	\$3.26	\$3.36	\$3.41	\$3.67	\$3.94	\$4.23
Up to 50% Conservation	\$3.74	\$3.81	\$3.92	\$4.22	\$4.54	\$4.88
Greater than 50% Conservation	\$4.48	\$4.51	\$4.64	\$4.99	\$5.37	\$5.78

Detail of Rates and Drought Response Charge for Each Drought Stage:

Proposed Drought Rates										
Drought Rate Schedule ¹	FY 2023/24		FY 2024/25		FY 2025/26		FY 2026/27		FY 2027/28	
Uniform Rate for All Customers	\$2.44		\$2.59		\$2.75		\$2.92		\$3.10	
Water Consumption Baseline (hcf/yr) ²	12,743,739 hcf		12,743,739 hcf		12,743,739 hcf		12,743,739 hcf		12,743,739 hcf	
Conservation Target	Drought Response Charge ³	Drought Rate ⁴	Drought Response Charge ³	Drought Rate ⁴	Drought Response Charge ³	Drought Rate ⁴	Drought Response Charge ³	Drought Rate ⁴	Drought Response Charge ³	Drought Rate ⁴
Less than 10% Conservation	\$0.00	\$2.44	\$0.00	\$2.59	\$0.00	\$2.75	\$0.00	\$2.92	\$0.00	\$3.10
Up to 20% Conservation	\$0.24	\$2.68	\$0.13	\$2.72	\$0.18	\$2.93	\$0.22	\$3.14	\$0.28	\$3.38
Up to 30% Conservation	\$0.53	\$2.98	\$0.43	\$3.02	\$0.50	\$3.25	\$0.57	\$3.49	\$0.65	\$3.75
Up to 40% Conservation	\$0.91	\$3.36	\$0.82	\$3.41	\$0.92	\$3.67	\$1.02	\$3.94	\$1.13	\$4.23
Up to 50% Conservation	\$1.37	\$3.81	\$1.33	\$3.92	\$1.47	\$4.22	\$1.62	\$4.54	\$1.78	\$4.88
Greater than 50% Conservation	\$2.07	\$4.51	\$2.05	\$4.64	\$2.24	\$4.99	\$2.45	\$5.37	\$2.68	\$5.78

1. ACTIVATION - The Drought Response Charge will NOT be added on water bills unless approved by the Desert Water Agency Board. If the response charge is activated, it will remain in effect as necessary and will be reviewed by the Agency Board a minimum of every six (6) months for a determination of necessity until the response charge is deactivated.
2. Baseline water consumption is based on water usage for FY 2020/21 less 5% for conservation, the same assumption used in the proposed volumetric rates.
3. Drought Response Charge is added to the Uniform Rate on a per unit basis to cover the cost of water service during times of State Agency mandated conservation and/or extreme water supply shortage, resulting in water consumption below the established baseline.
4. The Drought Rate equals the Volumetric Rate plus Volumetric Response Charge. This does not include pumping charges which will apply where applicable.

Revenue Stabilization Rates:

Revenue Stabilization Rate Schedule*	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
10% Revenue Stabilization Rate	\$2.72	\$2.89	\$3.07	\$3.26	\$3.46
15% Revenue Stabilization Rate	\$2.88	\$3.05	\$3.25	\$3.45	\$3.66
20% Revenue Stabilization Rate	\$3.05	\$3.25	\$3.45	\$3.66	\$3.89
25% Revenue Stabilization Rate	\$3.26	\$3.46	\$3.68	\$3.91	\$4.15
30% Revenue Stabilization Rate	\$3.49	\$3.71	\$3.94	\$4.19	\$4.45

* Revenue Stabilization Rates would be implemented if current revenue from water sales are below the percentages indicated.

Recycled Water Rates:

Recycled Water Rate Schedule	Current Rates ¹	Proposed Rates ²				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Fixed Monthly Service Charge						
Fixed Monthly Service Charge:						
5/8 x 3/4 inch	--	\$6.96	\$7.40	\$7.86	\$8.35	\$8.87
1 inch	--	\$6.96	\$7.40	\$7.86	\$8.35	\$8.87
1.5 inch	--	\$13.91	\$14.78	\$15.70	\$16.68	\$17.72
2 inch	\$15.00	\$22.26	\$23.65	\$25.13	\$26.70	\$28.37
3 inch	\$21.00	\$44.52	\$47.30	\$50.26	\$53.40	\$56.74
4 inch	\$45.00	\$69.56	\$73.91	\$78.53	\$83.44	\$88.66
6 inch	\$115.00	\$139.12	\$147.82	\$157.06	\$166.88	\$177.31
8 inch	\$205.00	\$222.59	\$236.50	\$251.28	\$266.99	\$283.68
10 inch	\$225.00	\$584.29	\$620.81	\$659.61	\$700.84	\$744.64
12 inch	\$225.00	\$737.32	\$783.40	\$832.36	\$884.38	\$939.65
Commodity Charges for All Water Consumed						
Uniform Rate for All Customers ³	\$0.79	\$0.65	\$0.70	\$0.75	\$0.80	\$0.85

1. Current recycled water fixed charges set by Resolution No. 978 and does not include the \$35 flow control valve charge for meters 8" or larger.
2. Initial adjustment to rates would be effective January 1, 2024.
3. Uniform commodity rates are effective as of July 1, 2022.

Wastewater Rates:

Wastewater Rate Schedule ¹							
Customer Types	EDU Scale	CVWD Treatment - Cathedral City			City Treatment - Palm Oasis / Dream Homes Only		
		CVWD Charges per EDU	DWA Charges per EDU	Total Charges	City of Palm Springs Charges (per EDU)	DWA Charges (per EDU)	Total Charges
Single Family/Condo	1 EDU = 1 Unit	\$24.98	\$7.31	\$32.29	\$20.00	\$7.31	\$27.31
Mobile Home Park	1 EDU = 1 Space	\$24.98	\$7.31	\$32.29	\$20.00 + \$1.98/FU	\$7.31	\$29.29
Apartments	1 EDU = 1 Unit	\$24.98	\$7.31	\$32.29	\$20.00	\$7.31	\$27.31
Hotel/Motel	1/2 EDU = 1 Room	\$24.98	\$7.31	\$32.29	N/A	N/A	N/A
RV Park	1/2 EDU = 1 Space	\$24.98	\$7.31	\$32.29	N/A	N/A	N/A
Comm./Ind./ Inst.	V & F	\$24.98	\$7.31	\$32.29	\$1.98/FU (Min. \$20.00)	\$7.31	\$27.31 Min.
Schools and Colleges	Per Student & EDU	\$24.98	\$7.31	\$32.29	\$1.98/FU (Min. \$20.00)	\$7.31	\$27.31 Min.
All Other Schools	Per Student & EDU	\$24.98	\$7.31	\$32.29	N/A	N/A	N/A

1. Assumes new rates are implemented January 1, 2024.

Appendix B - Detailed Water & Recycled Water Rate Study Tables & Figures

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Appendix C - Detailed Wastewater Rate Study Tables & Figures

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STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

APRIL 18, 2023

RE: REQUEST BOARD AUTHORIZATION TO MOVE FROM LEVEL 2 TO LEVEL 1 OF ORDINANCE 72 (WATER SHORTAGE CONTINGENCY PLAN)

On April 4, Desert Water Agency's Board voted unanimously to exit Level 2 of its Water Shortage Contingency Plan (WSCP) and re-enter Level 1 upon State Water Resources Control Board (SWRCB) action to ease its drought emergency regulation. Soon after, the Association of California Water Agencies (ACWA) learned that the SWRCB may not act but rather wait until mid-June when the regulation expires.

The SWRCB staff informed ACWA that they will not enforce the regulation provision for agencies to implement Level 2 actions.

On April 11, Coachella Valley Water District voted to re-enter Level 1 of its WSCP. At the time of this staff report submission, Mission Springs Water District (MSWD) has an item on its agenda to return to Level 1 contingent upon SWRCB action. In discussions with MSWD staff, they intend to request that the MSWD Board act immediately.

Pursuant to the previous DWA Board action, Staff will not enforce any penalties on customers for Level 2 violations that occurred on or after March 24, 2023.

Fiscal Impact:

None

Legal Review:

Counsel has reviewed this staff report.

Recommendation:

Staff recommends that the Board of Directors authorize the Agency to move out of Level 2 into Level 1 of Ordinance No. 72 immediately.

Attachments:

Attachment #1 – Email from ACWA

Attachment #2 – Ordinance No. 72

From: [Chelsea Haines](#)
To: [>\(2022 - 2023\) Water Management Committee](#)
Cc: [Sonja Eschenburg](#)
Subject: [ACWA Water Management Committee] EO Termination of Level 2 WSCP Actions
Date: Tuesday, April 11, 2023 3:48:08 PM
Attachments: [image001.png](#)

ACWA Water Management Committee,

I have received a few questions regarding the State Water Board's next steps as a result of the recent [Executive Order N-5-23](#), which terminated the directive for water suppliers to implement Level 2 of Water Shortage Contingency Plans.

State Water Board staff confirmed that (1) removing the directive would require the Board to revise the [Adopted Emergency Regulation](#) and (2) **the State Water Board is no longer enforcing the directive**. However, the State Water Board is undecided if they will go through the formal process to revise the emergency regulation or let it expire in June.

Please reach out to me if you have any concerns or input on this.

Thanks,
Chelsea

Chelsea Haines

Regulatory Relations Manager
Association of California Water Agencies
(916) 669-2431 (Direct Office and Cell)
chelseah@acwa.com | www.acwa.com



ORDINANCE NO. 72

AN ORDINANCE OF DESERT WATER AGENCY ESTABLISHING A WATER SHORTAGE CONTINGENCY PLAN INCLUDING REGULATIONS RESTRICTING THE USE OF WATER DURING THREATENED OR EXISTING WATER SHORTAGE CONDITIONS

WHEREAS, Desert Water Agency (hereinafter “Agency”) is a public agency organized under the Desert Water Agency Law, California Water Code Appendix Section 100-1 et seq., to provide water service among other purposes to water users within the boundaries of the Agency; and

WHEREAS, the Agency is authorized by Water Code Appendix Section 100-15 (13) to restrict the use of Agency water during an emergency caused by a drought, or other threatened or existing water shortage, and during such periods to prohibit the waste or the use of Agency water for any purpose other than household uses or such other restricted uses as may be determined by the Agency to be necessary; and

WHEREAS, the Agency is further authorized by Water Code Sections 375-377 to adopt water conservation programs; and

WHEREAS, after the historic 2012-2016 drought, the California Legislature enacted several laws in 2018 to advance long-term water use efficiency as a way to demonstrate conservation as a way of life; and

WHEREAS, urban water suppliers are required to prepare, adopt and submit to the California Department of Water Resources a Water Shortage Contingency Plan and conduct a Drought Risk Assessment every five years; and

WHEREAS, the Agency wishes to adopt a Water Shortage Contingency Plan that meets requirements set forth in the regulations adopted by the Department of Water Resources and State Water Resources Control Board in implementation of long-term water-use efficiency, and which will provide a framework for managing supplies in shortage conditions; and

WHEREAS, the Agency finds and determines that the adoption of the Water Shortage Contingency Plan set forth herein is necessary to (1) comply with State mandates, (2) protect the health, safety and welfare of the inhabitants of the Agency, (3) assure the maximum beneficial use of the water supplies within the Agency, and (4) ensure that there will be sufficient water supplies to meet the basic needs of human consumption, sanitation and fire protection;

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

Section 1: DEFINITIONS.

- 1.1 “Agency” means Desert Water Agency.
- 1.2 “Board” means the Board of Directors of Desert Water Agency.
- 1.3 “General Manager” means the General Manager of Desert Water Agency.
- 1.4 “Measurable rainfall” means rainfall of 1/10 inch or more during any 24-hour period.
- 1.5 “Waste” means any unreasonable or non-beneficial use of water, or any unreasonable method of use of water, including, but not limited to, the specific uses prohibited and restricted by this Ordinance as hereinafter set forth.
- 1.6 “Water user” means any person, firm, partnership, association, corporation or political entity using water obtained from the water system of Desert Water Agency.
- 1.7 “Water” means water supplied by Desert Water Agency.

Section 2: NOTICED PUBLIC HEARING PRIOR TO MANDATORY CONSERVATION, LEVELS 2 THROUGH 6.

Except when an emergency is caused by the breakage or failure of Agency infrastructure or by a malevolent act, a noticed public hearing shall be conducted prior to the adoption of Level 2, 3, 4, 5 or 6 of the Water Shortage Contingency Plan as set forth in Sections 3.2, 3.3, 3.4 and 3.5 below. Notice of the time and place of hearing shall be published at least seven days prior to the date of hearing in a newspaper printed, published, and circulated within the area in which the water supply is distributed, or if there is no such newspaper, in any newspaper printed, published and circulated in the County of Riverside.

Section 3: WATER CONSERVATION PLAN LEVELS.

3.1 Level No. 1: Normal Conditions

Level 1 shall apply whenever normal conditions are in effect. Normal conditions shall be in effect when the Agency is able to meet all the water demands of its customers in the immediate future, and when the State Water Resources Control Board or other regulatory body has not imposed restrictions on the use of water within the Agency. During normal conditions, all water users must continue to use water wisely. The waste or unreasonable use of water is prohibited.

(1) Water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or parking structures is prohibited.

(2) Using any water in a fountain or other decorative water feature is prohibited, unless the water recirculates.

(3) Applying water to driveways, sidewalks, concrete or asphalt is prohibited unless to address immediate health and safety needs. Reasonable pressure washer or water broom use is permitted.

(4) Spray irrigation of outdoor landscapes during and within 48 hours after rainfall of 0.10 inches is prohibited.

(5) Using a hose to wash a vehicle, windows, or solar panels is prohibited unless an automatic shut-off nozzle or pressure washer is used.

(6) Broken sprinklers shall be repaired within five business days of notification by the Agency, and leaks shall be repaired as soon as practical.

(7) Hotels will provide guests the option of choosing not to have towels and linens laundered daily.

(8) Draining and refilling of private swimming pools is discouraged, unless necessary for health and safety or repairs.

(9) The Agency will discourage overseeding.

(10) The Agency will provide rebates for landscape efficiency.

(11) The Agency will provide rebates on indoor water use efficiency.

(12) The Agency will offer water use surveys/audits.

3.2 Level 2: Alert

When the State Water Resources Control Board or other regulatory body has imposed restrictions on the use of water within the Agency that warrant the restrictions set forth herein, or in the event of a threatened or existing water supply shortage that could prevent the Agency from meeting the water demands of its water users, the Board shall conduct a public hearing to consider declaring a Level 2 Alert, during which water users shall have the opportunity to present their

protests and respective needs to the Board. Upon such declaration the following restrictions shall take effect immediately, in addition to those specified in Section 3.1:

- (1) Outdoor water use is prohibited during daylight hours for spray irrigation except for leak checks or with an Agency-approved conservation alternative plan.
- (2) Restaurants and other eating establishments shall not provide drinking water to patrons, except upon request.
- (3) The Agency will discourage overseeding.
- (4) The Agency will expand its public information campaign.
- (5) The Agency will increase water waste patrols.
- (6) The Agency will reduce hydrant and dead-end line flushing.

3.3 Level 3: Warning

When the State Water Resources Control Board or other regulatory body has imposed restrictions on the use of water within the Agency that warrant the restrictions set forth herein, or in the event that a water shortage condition in fact will prevent the Agency from meeting the demands of its water users, following a public hearing as set forth in Section 3.2, during which water users shall have the opportunity to present protests and their respective needs to the Board, the Board may declare that a Level 3 Warning condition exists. Upon such declaration, the following water conservation measures shall apply in addition to those set forth in Sections 3.1 and 3.2:

- (1) Outdoor water use is allowed only three days a week for spray irrigation (Monday, Wednesday and Friday).
- (2) Drip or subterranean irrigation is allowed seven days a week, during non-daylight hours.
- (3) Commercial nurseries are to use water only on alternate days during non-daylight hours for outside operations.
- (4) Decorative ponds, non-irrigation system golf course water hazards, fountains, and other waterscape features are not to be filled or replenished.
- (5) No filling of swimming pools or landscaping ponds unless necessary for health and safety or leak repair.
- (6) Commercial car washes must use recycled water or a recirculating water systems.
- (7) Spray irrigation of medians and parkways is prohibited.
- (8) The Agency will encourage counties, cities, Homeowners Associations (HOAs) and other entities to suspend code enforcement and fines for brown turfgrass areas.
- (9) The Agency will strengthen customer billing messages with the use of comparisons.
- (10) The Agency will implement water use audits targeted to key customers to ensure compliance with directives.
- (11) The Agency will expand rebate programs.

3.4 Level 4: Critical

When the State Water Resources Control Board or other regulatory body has imposed restrictions on the use of water within the Agency that warrant the restrictions set forth herein, or in the event that a water shortage condition requires a significant reduction in water use, following a public hearing as set forth in Section 3.2, during which water users shall have the opportunity to present protests and their respective needs to the Board, the Board may declare that a Level 4 Emergency condition exists. Upon such declaration, the following water conservation measures shall apply in addition to those set forth in Sections 3.1, 3.2 and 3.3:

- (1) Turfgrass landscapes may not be watered except with subterranean irrigation or recycled water.
- (2) No new turfgrass landscaping shall be installed.

- (3) The Agency shall consider implementing its drought rate surcharge.
- (4) The agency will expand its public information campaign.

3.5 Level No. 5: Urgent

When the State Water Resources Control Board or other regulatory body has imposed restrictions on the use of water within the Agency that warrant the restrictions set forth herein, or in the event that a water shortage condition requires a significant reduction in water use, following a public hearing as set forth in Section 3.2, during which water users shall have the opportunity to present protests and their respective needs to the Board, the Board may declare that a Level 5 Emergency condition exists. Upon such declaration, the following water conservation measures shall apply in addition to those set forth in Sections 3.1, 3.2, 3.3 and 3.4:

- (1) Watering turfgrass is prohibited.
- (2) The use of misting systems is prohibited.
- (3) Turfgrass at parks and school grounds may water with recycled water or not at all.
- (4) Golf course greens and tees may be watered no more than two times per week during non-daylight hours with recycled water or not at all.
- (5) Trees, desert plants and shrubs may be watered only with drip, subterranean or non-adjustable bubbler irrigation systems during non-daylight hours.
- (6) Outdoor water use for grading or development is prohibited.
- (7) The Agency will impose a moratorium or net zero demand on new connections.
- (8) The Agency will not issue new construction meters, and service through construction meters will not be available.

3.6 Level No. 6 – Emergency Rationing

When the State Water Resources Control Board or other regulatory body has imposed restrictions on the use of water within the Agency that warrant the restrictions set forth herein, or in the event that a water shortage condition requires a significant reduction in water use, following a public hearing as set forth in Section 3.2, during which water users shall have the opportunity to present protests and their respective needs to the Board, the Board may declare that a Level 6 Emergency condition exists. Upon such declaration, the following water conservation measures shall apply in addition to those set forth in Sections 3.1, 3.2, 3.3, 3.4 and 3.5:

- (1) The Agency will implement mandatory rationing.
- (2) Outdoor water use is prohibited.
- (3) Restaurants must use disposable cups, plates, and utensils.
- (4) Commercial nurseries shall discontinue all watering and irrigation.
- (5) Watering of livestock is permitted as necessary.

In addition, as set forth in Water Code Sections 350 et seq., the Board may consider adoption of a resolution or ordinance that allocates water deliveries among the Agency's water users, and that imposes penalties for consumption in excess of the allocated amounts. The resolution or ordinance may also, or instead, impose a limit on new water service connections. Violation of the provisions of such resolution or ordinance shall be deemed a violation of this Ordinance, and shall be subject to the enforcement provisions set forth herein.

Section 4: MODIFICATION OF WATER CONSERVATION MEASURES.

The specific requirements of each mandatory conservation Level identified in this Ordinance shall be effective upon adoption by the Board following a public hearing; provided that the Board may modify or amend such requirements at the time of adoption upon a showing of the need for such modification or amendment.

Section 5: IMPLEMENTATION AND TERMINATION OF MANDATORY COMPLIANCE LEVELS.

The General Manager of the Agency shall monitor the supply and demand for water on a regular basis to determine the level of conservation required by the implementation or termination of the Water Shortage Contingency Plan Levels set forth in this Ordinance, and shall notify the Board of the necessity for the implementation or termination

of each Level. Each declaration of the Board implementing a Water Shortage Contingency Plan Level shall be published at least once in a newspaper of general circulation, and shall remain in effect until the Board otherwise declares, as provided herein.

Section 6: EXCEPTIONS.

The General Manager of the Agency is hereby authorized to allow exceptions from the application of any provision of this Ordinance, due to exceptional circumstances, if the General Manager determines that the application of a provision would either: (a) cause an unnecessary and undue hardship to the water user or to the public; or (b) jeopardize the health, sanitation, fire protection or safety of the water user or of the public. Such exceptions may be granted only upon application therefor. Upon granting any such exception, the General Manager may impose any conditions the General Manager determines to be appropriate in the circumstance.

Section 7: CRIMINAL PROCEEDINGS FOR VIOLATION.

The Board hereby determines that, pursuant to Water Code Section 377, it shall be a misdemeanor for any water user to use or apply water contrary to or in violation of any mandatory restriction or requirement established by this Ordinance and, upon conviction thereof, that water user shall be punished by imprisonment in the County jail for not more than 30 days or by a fine of not more than \$1,000, or by both such fine and imprisonment.

Section 8: CIVIL PENALTIES AND ENFORCEMENT.

In addition to criminal penalties, violators of the mandatory provisions of this Ordinance shall be subject to civil penalties and enforcement action by the Agency staff, as follows:

8.1 First Violation.

For a first violation, the Agency staff may serve a written complaint to impose civil penalties to the water user or account holder who is violating the provisions of this Ordinance or violating the water use restrictions imposed by the State Water Resources Control Board. Upon receipt of the complaint for civil penalty, the water user or account holder shall have seven days to request, in writing, a hearing. If no hearing is requested or at the hearing it is determined that the water user or account holder has committed a violation, a civil penalty of \$50 for a first violation at a single family residence and \$100 for a first violation at a multi-family residential, commercial or institutional establishment may be levied.

8.2 Second Violation.

For a second violation of this Ordinance or water use restrictions imposed by the State Water Resources Control Board within any 12-month period, the Agency staff may serve a written complaint to impose civil penalties on the water user or account holder with written notice thereof, and the water user or account holder shall have the same period of time set forth in Section 8.1 to request a hearing. For a second violation within any 12-month period the civil penalty shall be \$100 at a single family residence and \$200 at a multi-family residential, commercial or institutional establishment.

8.3 Third Violation.

For a third violation of this Ordinance and for each subsequent violation within any 12-month period, the water user or account holder shall be subject to civil penalties and shall have the same opportunity to request a hearing in the manner set forth in Section 8.1. For a third and each subsequent violation within any 12-month period, the civil penalty shall be \$250 at a single family residence and \$500 at a multi-family residential, commercial or institutional establishment.

8.4 Collection of Civil Penalties.

Civil penalties may be billed to the violating water user by separate invoice, or may be added to the water user's invoice for water service as a separately itemized charge as determined by Agency staff. Civil penalties that are not paid may become a lien on the affected property in a manner provided by law to secure payment for water service. In addition, the Agency staff shall be authorized to discontinue water service for any violation of this Ordinance and for failure to pay a civil penalty within the period of time provided by the Agency staff for payment of invoices for water service. In the

event that service is terminated, such service shall remain terminated for a period of at least 48 hours, unless such period is extended by action of the Board of Directors. A charge shall be imposed for reconnection and restoration of service in the amount normally charged by the Agency for restoration of service. Such restoration of service shall not be made until the General Manager has determined that the water user has provided adequate assurances that future violations of this Ordinance by such water user will not occur.

8.5 Service of Complaint.

The complaint for civil penalties may be served personally, by mail or by affixing a copy of the complaint to the front entry of the property. The complaint shall contain, in addition to the facts of the violation, a statement of the possible civil penalties for the violation and a statement informing the water user of his or her right to a hearing.

8.6 Hearing and Appeal.

Within seven days of receipt of a complaint for civil penalties, the water user may request a hearing to present evidence that a violation did not occur. Within seven days after receipt of a written request for a hearing, the Executive Committee of the Board will schedule a hearing for the water user to present evidence that a violation did not occur. The hearing shall take place no sooner than 30 days after the complaint has been issued to the violator, unless requested at an earlier date by the violator. The decision of the Executive Committee following the hearing shall be final.

Section 9: CUMULATIVE REMEDIES.

The remedies for violations set forth in this Ordinance shall be cumulative to any other remedies available to the Agency according to law.

Section 10: SEVERABILITY.

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such determination shall not affect the validity of the remaining provisions of this Ordinance.

Section 11: PUBLICATION.

The Secretary of the Board of Directors of the Agency shall attest to the adoption of this Ordinance and shall cause the same to be published in a newspaper of general circulation which is printed, published and circulated in the Agency within ten days after its adoption.


Section 12: EFFECTIVE DATE.

This Ordinance shall take effect immediately upon adoption and shall supersede the provisions of Ordinance No. 65.

ADOPTED this 15th day of June, 2021.


Kristin Bloomer, President

ATTEST:


Joseph K. Stuart, Secretary-Treasurer

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

APRIL 18, 2023

RE: PROBOLSKY RESEARCH SURVEY RESULTS

From March 23 through April 5, Probolsky Research performed a community survey for Desert Water Agency that resulted in 600 complete responses, 300 from DWA's retail area and 300 from DWA's non-retail area.

The survey was conducted in English and Spanish and reached residents throughout DWA's jurisdiction. Some questions were directed only to retail customers, while others were directed at both audiences.

Adam Probolsky of Probolsky Research will present key survey findings.

Attachment:

1. Full survey report – click [here](#) to view/download report.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

MARCH 2023

INVESTED
RESERVE FUNDS
\$54,181,774.61

BALANCE	MARCH 1, 2023	(\$814,820.75)	
WATER SALES		\$3,062,947.49	
RECLAMATION SALES		46,933.39	
WASTEWATER RECEIPTS		140,163.68	
POWER SALES		0.00	
METERS, SERVICES, ETC.		215,332.70	
REIMBURSEMENT – GENERAL FUND		642,750.82	
REIMBURSEMENT – WASTEWATER FUND		0.00	
ACCOUNTS RECEIVABLE – OTHER		6,707.50	
CUSTOMER DEPOSITS – SURETY		6,706.00	
CUSTOMER DEPOSITS – CONST.		26,600.00	
LEASE REVENUE		4,007.58	
INTEREST RECEIVED ON INV. FDS.		31,094.75	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		<u>35,725.32</u>	
TOTAL RECEIPTS		\$4,218,969.23	
PAYMENTS			
PAYROLL CHECKS		\$584,753.44	
PAYROLL TAXES		281,169.75	
ELECTRONIC TRANSFERS		226,325.02	
CHECKS UNDER \$10,000.00		406,023.23	
CHECKS OVER \$10,000.00 – SCH. #1		2,092,594.28	
CANCELLED CHECKS AND FEES		<u>23,665.15</u>	
TOTAL PAYMENTS		<u>\$3,614,530.87</u>	
NET INCOME		\$604,438.36	
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		\$5,144,124.00	
FUNDS INVESTED – SCH. #3		<u>5,648,151.11</u>	
NET TRANSFER			<u>(\$504,027.11)</u>
BALANCE	MARCH 31, 2023	(\$714,409.50)	\$54,685,801.72

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


March 2023

Check #	Name	Description	Amount
133685	ACWA/JPIA	Health, dental & vision insurance premiums - March 2023	\$ 201,916.56
133690	Cardmember Service	Credit Card Purchases	\$ 54,272.43
133713	Krieger & Stewart Inc.	Engineering Services	\$ 55,630.43
133714	Launa Amanda Stewart	DWA 2.0 Program & Change Management	\$ 10,407.50
133717	Lync Consulting LLC	DWA 2.0 Program Manager	\$ 21,615.00
133735	Tess Electric Inc	Water service supplies	\$ 45,737.81
133738	Canyon Colony West HOA	Grass removal rebate	\$ 16,034.00
133755	ACWA/JPIA	Health, dental & vision insurance premiums-April 2023	\$ 211,424.02
133787	Purafil Inc	Water service supplies	\$ 137,530.50
133793	National Safety Services Inc	Annual Confined Space Training / Fit Testing	\$ 16,230.00
133794	Desert Water Agency - Wastewater	Wastewater Revenue billing / January 2023	\$ 85,814.76
133796	Desert Water Agency -General Fund	Ground water billing / October - December 2022	\$ 21,885.11
133802	Desert Water Agency - Wastewater	Wastewater Revenue billing / February 2023	\$ 78,730.85
133813	Beck Oil Inc	Fuel purchase	\$ 25,314.96
133830	Down to Earth Landscaping	Landscape maintenance	\$ 45,829.42
133838	Fiesta Ford Lincoln Corp	Vehicle Maintenance/Purchase	\$ 69,092.18
133851	Iconix Waterworks Inc	Water service supplies	\$ 14,220.88
133853	Inland Water Works Supply Co.	Water service supplies	\$ 327,399.35
133857	Krieger & Stewart Inc.	Engineering Services	\$ 25,540.72
133860	Lync Consulting LLC	DWA 2.0 Program Manager	\$ 14,337.50
133868	National Safety Services Inc	Annual Confined Space Training / Fit Testing	\$ 14,920.00
133882	Red Hawk Services Inc	Perimeter Fencing	\$ 34,770.79
133889	Southern California Edison	Power	\$ 230,745.26
133894	Tess Electric Inc	Water service supplies	\$ 10,724.00
133908	Z&L Paving	Paving	\$ 20,648.25
133909	Metro Manor	Grass removal rebate	\$ 16,848.00
133911	Clarence Moten	Grass removal rebate	\$ 17,241.00
133912	Sunrise Alejo HOA	Grass removal rebate	\$ 57,146.00
133913	Michelle Hamilton	Grass removal rebate	\$ 10,034.00

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


March 2023

133914	Susan Jerram	Grass removal rebate	\$	22,490.00
133915	Anita Gardner	Grass removal rebate	\$	12,464.00
133926	Palm Springs Country Club 2	Grass removal rebate	\$	31,407.00
133927	Waverly Park	Grass removal rebate	\$	33,456.00
133930	Steven Brown	Grass removal rebate	\$	12,992.00
133933	Don Chute	Grass removal rebate	\$	10,643.00
133936	Canyon View Estates HOA # 3	Grass removal rebate	\$	11,816.00
133939	Twin Springs	Grass removal rebate	\$	26,285.00
133942	Deaville HOA	Grass removal rebate	\$	39,000.00
Total				\$ 2,092,594.28

Monthly Investment Portfolio Report

As of 03/31/2023

AGG- Operating Fund (213426)

Dated: 04/11/2023

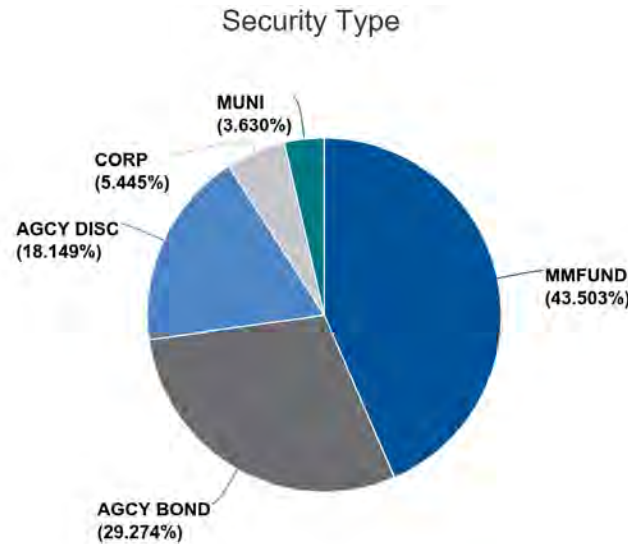


Chart calculated by: PAR Value

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	---	---	03/31/2023	03/31/2023	23,969,993.50	23,969,993.50	23,969,993.50	---
LAIF Money Market Fund LAIF - OP	---	---	03/31/2023	03/31/2023	23,969,993.50	23,969,993.50	23,969,993.50	---

AGCY BOND

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 UnionBanc OP	04/29/2021	04/28/2023	04/28/2025	04/28/2025	1,000,000.00	999,500.00	925,926.00	4.383%
FEDERAL HOME LOAN BANKS UnionBanc OP	06/28/2021	06/30/2023	09/30/2024	09/30/2024	1,000,000.00	1,000,000.00	939,524.00	4.619%
FEDERAL HOME LOAN BANKS UnionBanc OP	09/30/2021	06/30/2023	09/30/2026	09/30/2026	1,000,000.00	1,000,000.00	899,439.00	4.136%
FEDERAL HOME LOAN BANKS UnionBanc OP	09/24/2021	---	09/13/2024	09/13/2024	1,130,000.00	1,125,513.90	1,065,523.33	4.483%
FEDERAL HOME LOAN BANKS UnionBanc OP	04/29/2022	04/29/2024	04/29/2027	04/29/2027	2,000,000.00	2,000,000.00	1,916,094.00	4.200%
FEDERAL HOME LOAN BANKS UnionBanc OP	05/24/2022	05/24/2024	05/24/2027	05/24/2027	2,000,000.00	2,000,000.00	1,923,782.00	4.312%
FEDERAL HOME LOAN BANKS UnionBanc OP	05/23/2022	05/23/2023	05/23/2025	05/23/2025	2,000,000.00	2,000,000.00	1,941,232.00	4.756%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc OP	08/20/2020	08/20/2023	08/20/2025	08/20/2025	1,000,000.00	1,000,000.00	919,034.00	4.228%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc OP	05/26/2022	05/26/2023	08/26/2024	08/26/2024	2,000,000.00	2,000,000.00	1,953,358.00	4.787%

Monthly Investment Portfolio Report

As of 03/31/2023

AGG- Operating Fund (213426)

Dated: 04/11/2023

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	06/30/2020	06/30/2023	06/30/2025	06/30/2025	1,000,000.00	1,000,000.00	924,978.00	4.262%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	08/12/2020	05/12/2023	08/12/2025	08/12/2025	1,000,000.00	1,000,000.00	918,382.00	4.224%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	12/16/2020	06/14/2023	06/14/2024	06/14/2024	1,000,000.00	1,000,500.00	948,452.00	4.838%
--- UnionBanc OP	---	---	10/04/2025	10/04/2025	16,130,000.00	16,125,513.90	15,275,724.33	4.459%

AGCY DISC

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS UnionBanc OP	12/15/2022	---	04/13/2023	04/13/2023	2,000,000.00	1,971,043.33	1,997,444.00	3.593%
FEDERAL HOME LOAN BANKS UnionBanc OP	12/15/2022	---	06/12/2023	06/12/2023	2,000,000.00	1,955,548.33	1,981,746.00	4.606%
FEDERAL HOME LOAN BANKS UnionBanc OP	12/15/2022	---	05/16/2023	05/16/2023	2,000,000.00	1,962,591.11	1,988,910.00	4.424%
FEDERAL HOME LOAN BANKS UnionBanc OP	03/21/2023	---	09/06/2023	09/06/2023	2,000,000.00	1,957,750.00	1,958,522.00	4.862%
FEDERAL HOME LOAN BANKS UnionBanc OP	03/21/2023	---	08/25/2023	08/25/2023	2,000,000.00	1,960,401.11	1,961,712.00	4.846%
FEDERAL HOME LOAN BANKS UnionBanc OP	---	---	06/26/2023	06/26/2023	10,000,000.00	9,807,333.88	9,888,334.00	4.463%

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
AMAZON.COM INC UnionBanc OP	05/16/2022	03/13/2027	04/13/2027	04/13/2027	2,000,000.00	1,987,040.00	1,935,882.00	4.172%
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION UnionBanc OP	06/22/2021	---	12/23/2024	12/23/2024	1,000,000.00	1,000,000.00	920,160.00	5.317%
--- UnionBanc OP	---	---	07/19/2026	07/19/2026	3,000,000.00	2,987,040.00	2,856,042.00	4.537%

MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNIVERSITY CALIF REVS UnionBanc OP	05/16/2022	03/15/2027	05/15/2027	05/15/2027	2,000,000.00	1,795,920.00	1,790,660.00	4.101%
UNIVERSITY CALIF REVS UnionBanc OP	05/16/2022	03/15/2027	05/15/2027	05/15/2027	2,000,000.00	1,795,920.00	1,790,660.00	4.101%

Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	04/23/2024	04/23/2024	55,099,993.50	54,685,801.28	53,780,753.83	4.446%

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

MARCH 2023

INVESTED
RESERVE FUNDS
\$222,386,466.28

BALANCE	MARCH 1, 2023	(\$823,303.33)	
* TAXES - RIVERSIDE COUNTY		468,772.01	
* INTEREST EARNED - INV. FUNDS		242,938.47	
GROUNDWATER REPLEN. ASSESSMENT		22,059.86	
REIMBURSEMENT - OPERATING FUND		0.00	
REIMBURSEMENT - CVWD MGMT AGRMT		0.00	
STATE WATER PROJECT REFUNDS		0.00	
REIMB - CVWD - WHITEWATER HYDRO		0.00	
POWER SALES - WHITEWATER		0.00	
MISCELLANEOUS		<u>1,040.00</u>	
TOTAL RECEIPTS		\$734,810.34	
PAYMENTS			
CHECKS UNDER \$10,000.00		12,352.00	
CHECKS OVER \$10,000.00 - SCH. #1		1,764,545.18	
CANCELLED CHECKS AND FEES		<u>0.00</u>	
TOTAL PAYMENTS		<u>\$1,776,897.18</u>	
NET INCOME		(\$1,042,086.84)	
INVESTED RESERVE FUNDS			
FUNDS MATURED		8,746,180.00	
FUNDS INVESTED – SCH. #2		<u>8,010,810.00</u>	
NET TRANSFER			\$735,370.00 (\$735,370.00)
BALANCE	MARCH 31, 2023	(\$1,130,020.17)	\$221,651,096.28
* INCLUSIVE TO DATE		TAXES	INTEREST
RECEIPTS IN FISCAL YEAR		\$25,244,177.01	\$1,802,905.52
RECEIPTS IN CALENDAR YEAR		\$16,901,577.00	\$624,767.71

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



March 2023

Check #	Name	Description	Amount
9744	State of California Department of Water Resources	State Water Project - Dec 2022 Variable O.M.P & R	\$ 12,336.00
9745	State of California Department of Water Resources	State Water Project - March 2023	\$ 1,084,942.00
9746	Coachella Valley Water District	Cost Share CVRWVG Agreement	\$ 24,516.36
9749	Desert Water Agency - Operating Fund	Operating Fund Reimbursement for January 2023	\$ 252,130.36
9750	Desert Water Agency - Operating Fund	Operating Fund Reimbursement for February 2023	\$ 390,620.46
Total			\$ 1,764,545.18

Monthly Investment Portfolio Report

As of 03/31/2023

AGG- General Fund (213428)

Dated: 04/11/2023

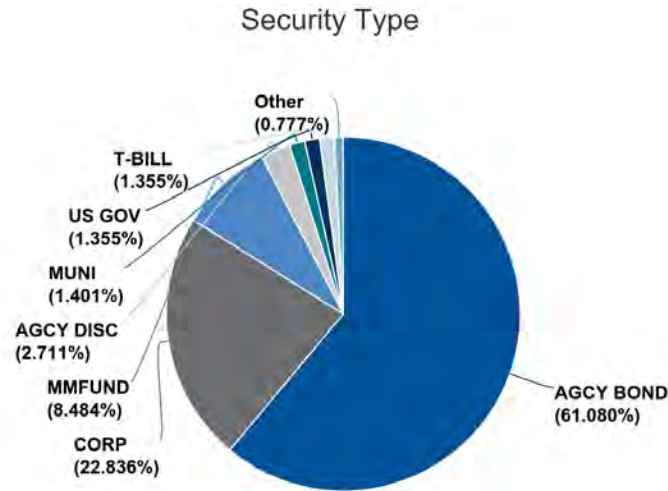


Chart calculated by: PAR Value

AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL AGRICULTURAL MORTGAGE CORP Alamo Capital	09/14/2022	---	04/21/2025	04/21/2025	1,000,000.00	977,400.00	968,994.00	4.215%
FEDERAL AGRICULTURAL MORTGAGE CORP Piper Sandler	02/23/2022	08/23/2023	02/23/2027	02/23/2027	3,000,000.00	3,000,000.00	2,781,807.00	4.141%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	08/04/2020	04/14/2023	08/04/2025	08/04/2025	3,000,000.00	3,000,005.00	2,764,092.00	4.232%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	10/15/2020	04/14/2023	10/15/2024	10/15/2024	3,000,000.00	2,995,500.00	2,814,915.00	4.598%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	01/05/2021	04/14/2023	04/05/2024	04/05/2024	3,000,000.00	3,000,000.00	2,864,268.00	4.911%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	02/12/2021	04/14/2023	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,803,488.00	4.556%
FEDERAL FARM CREDIT BANKS FUNDING CORP UnionBanc GF	12/22/2020	04/14/2023	12/22/2025	12/22/2025	3,000,000.00	3,000,000.00	2,715,795.00	4.184%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	10/15/2020	04/14/2023	10/15/2024	10/15/2024	3,000,000.00	3,000,000.00	2,816,229.00	4.599%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	12/28/2020	04/14/2023	12/21/2023	12/21/2023	3,000,000.00	3,000,000.00	2,903,184.00	4.810%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	11/05/2021	04/14/2023	10/20/2026	10/20/2026	3,000,000.00	2,988,000.00	2,705,196.00	4.143%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	02/16/2022	---	02/16/2027	02/16/2027	3,000,000.00	2,999,286.00	2,782,806.00	3.828%
FEDERAL FARM CREDIT BANKS FUNDING CORP Stifel	10/16/2020	04/14/2023	03/28/2024	03/28/2024	3,000,000.00	3,000,000.00	2,867,640.00	4.913%
FEDERAL HOME LOAN BANKS Alamo Capital	04/09/2021	05/18/2023	11/18/2024	11/18/2024	3,000,000.00	2,989,263.00	2,801,994.00	4.546%
FEDERAL HOME LOAN BANKS Alamo Capital	09/30/2021	06/30/2023	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,696,514.00	4.134%

Monthly Investment Portfolio Report

As of 03/31/2023

AGG- General Fund (213428)

Dated: 04/11/2023

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS Alamo Capital	12/30/2021	---	12/30/2024	12/30/2024	3,000,000.00	3,000,005.00	2,859,501.00	4.306%
FEDERAL HOME LOAN BANKS Alamo Capital	09/13/2022	---	06/14/2024	06/14/2024	1,190,000.00	1,182,431.60	1,169,054.81	4.643%
FEDERAL HOME LOAN BANKS UnionBanc GF	12/30/2020	04/14/2023	12/30/2025	12/30/2025	3,000,000.00	3,000,000.00	2,717,763.00	4.177%
FEDERAL HOME LOAN BANKS UnionBanc GF	06/28/2021	06/30/2023	09/30/2024	09/30/2024	3,000,000.00	3,000,000.00	2,818,572.00	4.619%
FEDERAL HOME LOAN BANKS UnionBanc GF	09/30/2021	06/30/2023	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,698,317.00	4.136%
FEDERAL HOME LOAN BANKS UnionBanc GF	04/29/2022	04/29/2024	04/29/2027	04/29/2027	3,000,000.00	3,000,000.00	2,874,141.00	4.200%
FEDERAL HOME LOAN BANKS UnionBanc GF	06/23/2022	04/14/2023	06/23/2026	06/23/2026	3,000,000.00	3,000,000.00	2,915,898.00	5.162%
FEDERAL HOME LOAN BANKS UnionBanc GF	02/28/2023	02/28/2025	02/28/2028	02/28/2028	3,000,000.00	2,999,250.00	2,990,229.00	5.075%
FEDERAL HOME LOAN BANKS UnionBanc GF	03/08/2023	---	03/06/2024	03/06/2024	5,000,000.00	4,998,650.00	5,017,445.00	4.858%
FEDERAL HOME LOAN BANKS Piper Sandler	01/28/2021	04/14/2023	03/28/2024	03/28/2024	3,000,000.00	3,000,000.00	2,866,785.00	4.913%
FEDERAL HOME LOAN BANKS Piper Sandler	02/26/2021	05/26/2023	11/26/2024	11/26/2024	3,000,000.00	3,000,000.00	2,799,996.00	4.532%
FEDERAL HOME LOAN BANKS Piper Sandler	02/17/2021	05/17/2023	02/17/2026	02/17/2026	3,000,000.00	3,000,000.00	2,711,028.00	4.214%
FEDERAL HOME LOAN BANKS Piper Sandler	04/22/2021	04/29/2023	04/29/2024	04/29/2024	3,000,000.00	3,000,000.00	2,860,236.00	4.864%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	06/30/2023	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,696,514.00	4.134%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	06/30/2023	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,699,220.00	4.136%
FEDERAL HOME LOAN BANKS Piper Sandler	04/25/2022	07/25/2023	07/25/2025	07/25/2025	3,000,000.00	3,000,000.00	2,933,514.00	4.594%
FEDERAL HOME LOAN BANKS Stifel	02/25/2021	05/25/2023	11/25/2024	11/25/2024	3,000,000.00	3,000,000.00	2,802,591.00	4.534%
FEDERAL HOME LOAN BANKS Stifel	03/30/2021	06/30/2023	09/30/2024	09/30/2024	2,000,000.00	2,000,000.00	1,882,176.00	4.620%
FEDERAL HOME LOAN BANKS Stifel	06/28/2021	06/28/2023	02/28/2024	02/28/2024	3,000,000.00	3,000,000.00	2,875,920.00	4.963%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	09/30/2020	06/30/2023	09/30/2025	09/30/2025	3,000,000.00	3,000,000.00	2,733,069.00	4.186%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	05/12/2022	05/12/2023	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,921,472.00	4.701%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc GF	08/20/2020	08/20/2023	08/20/2025	08/20/2025	3,000,000.00	3,000,000.00	2,757,102.00	4.228%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	06/25/2020	06/25/2023	06/25/2025	06/25/2025	3,000,000.00	3,000,000.00	2,773,551.00	4.279%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	08/26/2020	05/26/2023	08/26/2024	08/26/2024	3,000,000.00	3,000,000.00	2,831,793.00	4.676%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	10/28/2020	04/28/2023	10/28/2024	10/28/2024	3,000,000.00	3,000,000.00	2,812,200.00	4.575%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	11/30/2020	---	05/30/2024	05/30/2024	3,000,000.00	3,000,000.00	2,855,835.00	4.639%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	05/26/2022	05/26/2023	05/26/2027	05/26/2027	3,000,000.00	3,000,000.00	2,946,273.00	4.960%
FEDERAL NATIONAL MORTGAGE ASSOCIATION Alamo Capital	08/25/2020	---	08/25/2025	08/25/2025	3,000,000.00	2,985,965.00	2,749,566.00	4.061%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	07/15/2020	07/15/2023	07/15/2025	07/15/2025	3,000,000.00	3,000,000.00	2,771,685.00	4.254%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	08/12/2020	05/12/2023	08/12/2025	08/12/2025	3,000,000.00	3,000,000.00	2,755,146.00	4.224%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	12/16/2020	06/14/2023	06/14/2024	06/14/2024	3,000,000.00	3,001,500.00	2,845,356.00	4.838%

Monthly Investment Portfolio Report

As of 03/31/2023

AGG- General Fund (213428)

Dated: 04/11/2023

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL NATIONAL MORTGAGE ASSOCIATION Piper Sandler	12/14/2020	06/14/2023	06/14/2024	06/14/2024	3,000,000.00	3,000,000.00	2,845,356.00	4.838%
---	---	---	06/11/2025	06/11/2025	135,190,000.00	135,117,255.60	127,074,226.81	4.513%

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
3M CO Stifel	06/05/2020	03/15/2025	04/15/2025	04/15/2025	3,000,000.00	3,258,120.00	2,870,448.00	4.901%
APPLE INC Alamo Capital	09/16/2019	08/11/2024	09/11/2024	09/11/2024	1,000,000.00	990,552.00	963,966.00	4.401%
APPLE INC UnionBanc GF	01/27/2021	08/11/2024	09/11/2024	09/11/2024	3,000,000.00	3,150,000.00	2,891,898.00	4.401%
APPLE INC Stifel	09/24/2020	04/11/2025	05/11/2025	05/11/2025	2,000,000.00	2,055,740.00	1,876,278.00	4.218%
APPLE INC Stifel	03/26/2021	01/08/2026	02/08/2026	02/08/2026	1,000,000.00	986,200.00	909,550.00	4.091%
APPLE INC Stifel	06/21/2022	11/09/2026	02/09/2027	02/09/2027	3,000,000.00	2,953,920.00	2,928,648.00	4.021%
BANK OF NEW YORK MELLON CORP Alamo Capital	05/06/2020	03/24/2025	04/24/2025	04/24/2025	1,000,000.00	1,020,005.00	923,445.00	5.578%
BERKSHIRE HATHAWAY FINANCE CORP Stifel	02/24/2023	02/15/2027	03/15/2027	03/15/2027	3,000,000.00	2,778,750.00	2,834,490.00	3.816%
CATERPILLAR FINANCIAL SERVICES CORP Alamo Capital	12/17/2020	---	09/14/2023	09/14/2023	3,000,000.00	3,012,276.47	2,934,903.00	5.358%
CHEVRON CORP Stifel	07/08/2020	01/03/2024	03/03/2024	03/03/2024	3,000,000.00	3,239,700.00	2,946,768.00	4.884%
CITIBANK NA Stifel	06/24/2020	12/23/2023	01/23/2024	01/23/2024	3,000,000.00	3,297,000.00	2,955,117.00	5.554%
EXXON MOBIL CORP UnionBanc GF	08/11/2022	12/01/2025	03/01/2026	03/01/2026	3,000,000.00	2,976,180.00	2,911,254.00	4.129%
EXXON MOBIL CORP Stifel	12/15/2022	12/01/2025	03/01/2026	03/01/2026	2,000,000.00	1,928,640.00	1,940,836.00	4.129%
GUARDIAN LIFE GLOBAL FUNDING UnionBanc GF	03/03/2023	---	11/19/2027	11/19/2027	3,000,000.00	2,522,160.00	2,566,512.00	4.762%
JOHN DEERE CAPITAL CORP Alamo Capital	02/08/2021	---	01/15/2026	01/15/2026	3,000,000.00	3,000,000.00	2,718,300.00	4.309%
MICROSOFT CORP Stifel	12/20/2019	04/29/2023	05/01/2023	05/01/2023	2,000,000.00	2,034,620.00	1,994,356.00	5.721%
MICROSOFT CORP Stifel	02/10/2021	08/03/2025	11/03/2025	11/03/2025	3,000,000.00	3,337,530.00	2,922,336.00	4.190%
PROCTER & GAMBLE CO UnionBanc GF	02/24/2023	---	01/26/2028	01/26/2028	3,000,000.00	2,951,160.00	3,003,915.00	3.919%
TOYOTA MOTOR CREDIT CORP Alamo Capital	10/21/2019	---	10/07/2024	10/07/2024	1,500,000.00	1,499,994.00	1,441,827.00	4.678%
TOYOTA MOTOR CREDIT CORP Alamo Capital	07/18/2022	---	04/14/2025	04/14/2025	2,044,000.00	2,035,824.00	1,996,593.51	4.606%
WALMART INC Stifel	06/18/2020	10/15/2024	12/15/2024	12/15/2024	2,000,000.00	2,173,300.00	1,947,236.00	4.268%
---	---	---	08/09/2025	08/09/2025	50,544,000.00	51,201,671.46	48,478,676.51	4.551%

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 - GF	---	---	03/31/2023	03/31/2023	18,778,519.88	18,778,519.88	18,778,519.88	---

Monthly Investment Portfolio Report

As of 03/31/2023

AGG- General Fund (213428)

Dated: 04/11/2023

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 - GF	---	---	03/31/2023	03/31/2023	18,778,519.88	18,778,519.88	18,778,519.88	---

AGCY DISC

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS Piper Sandler	11/17/2022	---	04/20/2023	04/20/2023	3,000,000.00	2,944,175.00	2,993,481.00	3.974%
FEDERAL HOME LOAN BANKS Piper Sandler	11/17/2022	---	05/15/2023	05/15/2023	3,000,000.00	2,934,366.67	2,983,752.00	4.417%
FEDERAL HOME LOAN BANKS Piper Sandler	11/17/2022	---	05/02/2023	05/02/2023	6,000,000.00	5,878,541.67	5,977,233.00	4.195%

T-BILL

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNITED STATES TREASURY Piper Sandler	02/22/2023	---	08/17/2023	08/17/2023	3,000,000.00	2,929,600.00	2,946,506.67	4.767%
UNITED STATES TREASURY Piper Sandler	02/22/2023	---	08/17/2023	08/17/2023	3,000,000.00	2,929,600.00	2,946,506.67	4.767%

MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
CALIFORNIA ST UNIV REV Alamo Capital	09/09/2022	---	11/01/2026	11/01/2026	1,000,000.00	909,590.00	895,220.00	4.326%
EL CAJON CALIF UnionBanc GF	02/08/2021	---	04/01/2023	04/01/2023	400,000.00	402,124.00	400,000.00	0.647%
EL CAJON CALIF UnionBanc GF	02/08/2021	---	04/01/2024	04/01/2024	300,000.00	302,583.00	287,214.00	5.361%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2025	06/01/2025	400,000.00	403,156.00	367,340.00	4.905%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2024	06/01/2024	550,000.00	552,255.00	521,317.50	5.294%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2023	06/01/2023	450,000.00	450,643.50	446,571.00	4.967%
---	---	---	12/15/2024	12/15/2024	3,100,000.00	3,020,351.50	2,917,662.50	4.267%

US GOV

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNITED STATES TREASURY UnionBanc GF	05/27/2021	---	11/15/2023	11/15/2023	3,000,000.00	3,005,156.25	2,917,031.25	4.799%
UNITED STATES TREASURY UnionBanc GF	05/27/2021	---	11/15/2023	11/15/2023	3,000,000.00	3,005,156.25	2,917,031.25	4.799%

CD

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Ally Bank Piper Sandler	06/02/2022	---	06/02/2026	06/02/2026	245,000.00	245,000.00	232,014.27	4.920%
Capital One Bank (USA), National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	228,939.02	4.896%

Monthly Investment Portfolio Report

As of 03/31/2023

AGG- General Fund (213428)

Dated: 04/11/2023

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Capital One, National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	228,939.02	4.896%
Discover Bank Piper Sandler	06/07/2022	---	06/07/2027	06/07/2027	245,000.00	245,000.00	228,948.58	4.896%
JPMorgan Chase Bank, National Association Alamo Capital	02/08/2021	07/16/2023	01/16/2026	01/16/2026	250,000.00	250,000.00	224,168.00	4.551%
Morgan Stanley Bank, N.A. Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	228,011.21	4.896%
Morgan Stanley Private Bank, National Association Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	228,011.21	4.896%
---	---	---	02/04/2027	02/04/2027	1,720,000.00	1,720,000.00	1,599,031.31	4.851%

Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	03/07/2025	03/07/2025	221,332,519.88	221,651,096.36	210,688,887.93	4.520%

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

MARCH 2023

INVESTED
RESERVE FUNDS
\$1,565,084.01

BALANCE	MARCH 1, 2023	\$1,126.44		
ACCOUNTS RECEIVABLE - OTHER		\$0.00		
CUSTOMER DEPOSITS - CONSTRUCTION		0.00		
INTEREST EARNED - INVESTED FUNDS		0.00		
WASTEWATER REVENUE		164,545.61		
SEWER CAPACITY CHARGES		0.00		
MISCELLANEOUS		<u>0.00</u>		
TOTAL RECEIPTS		\$164,545.61		
PAYMENTS				
CHECKS UNDER \$10,000.00		\$18,374.88		
CHECKS OVER \$10,000.00 - SCH. #1		125,001.27		
CANCELLED CHECKS AND FEES		<u>0.00</u>		
TOTAL PAYMENTS		<u>\$143,376.15</u>		
NET INCOME		\$21,169.46		
INVESTED RESERVE FUNDS				
FUNDS MATURED		\$71,000.00		
FUNDS INVESTED – SCH. #2		<u>0.00</u>		
NET TRANSFER		.	\$71,000.00	(\$71,000.00)
BALANCE	MARCH 31, 2023		<u>\$93,295.90</u>	<u>\$1,494,084.01</u>

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

DESERT WATER



March 2023

Check #	Name	Description	Amount
3451	Coachella Valley Water District	Wastewater Revenue Billing for January 2023	\$ 62,508.65
3453	Coachella Valley Water District	Wastewater Revenue Billing for February 2023	\$ 62,492.62
Total			\$ 125,001.27

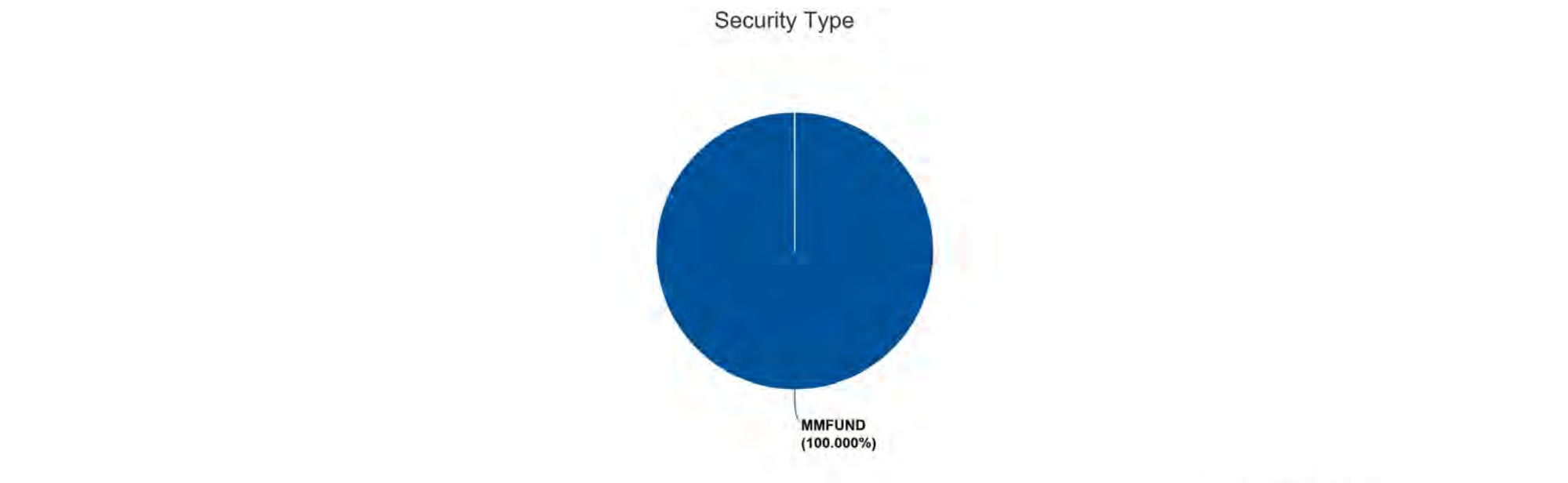


Chart calculated by: PAR Value

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	---	---	03/31/2023	03/31/2023	1,494,084.01	1,494,084.01	1,494,084.01	---
LAIF Money Market Fund LAIF - WW	---	---	03/31/2023	03/31/2023	1,494,084.01	1,494,084.01	1,494,084.01	---

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY

Investment Portfolio Reporting Requirements

*as required by DWA Resolution 1273, Section VII
& California Government Code Section 53646*

as of

March 31, 2023

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 1273.

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.

Municipal Bonds

Fixed income securities issued by states, cities, counties, special districts and other governmental entities.

Treasury Notes

Fixed income securities issued by the federal government with maturities between two and ten years backed by the full faith and credit of the United States government.

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.

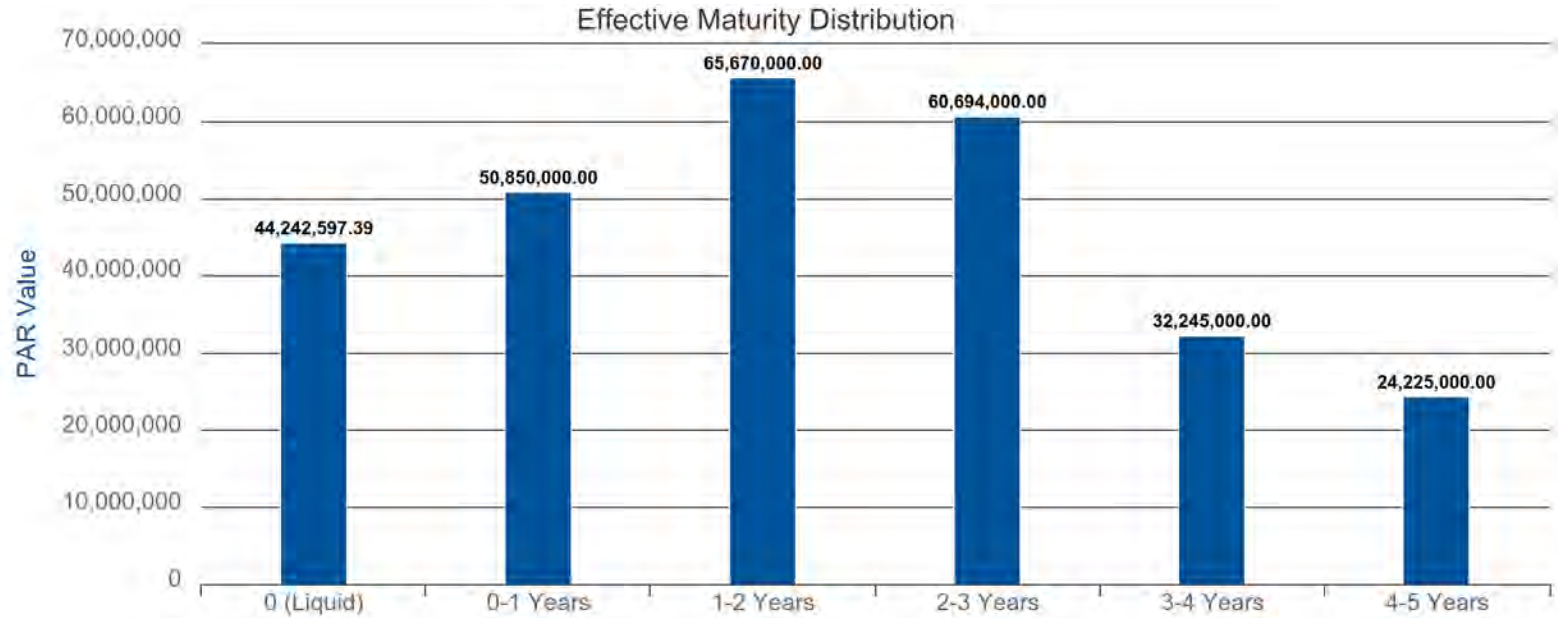
Esther Saenz
Finance Director
Desert Water Agency

Effective Maturity Distribution Summary

As of 03/31/2023

AGG-ALL (219610)

Dated: 04/11/2023



0 (Liquid)

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	LAIF - GF	LAIFMMF	LAIF Money Market Fund	MMFUND	18,778,519.88	03/31/2023	03/31/2023
Operating Fund	LAIF - OP	LAIFMMF	LAIF Money Market Fund	MMFUND	23,969,993.50	03/31/2023	03/31/2023
Wastewater Fund	LAIF - WW	LAIFMMF	LAIF Money Market Fund	MMFUND	1,494,084.01	03/31/2023	03/31/2023
---	---	LAIFMMF	LAIF Money Market Fund	MMFUND	44,242,597.39	03/31/2023	03/31/2023

0-1 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	40,850,000.00	11/17/2023	11/17/2023
Operating Fund	UnionBanc OP	---	FEDERAL HOME LOAN BANKS	AGCY DISC	10,000,000.00	06/26/2023	06/26/2023
---	---	---	---	---	50,850,000.00	10/20/2023	10/20/2023

1-2 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	59,540,000.00	09/11/2024	09/11/2024
Operating Fund	UnionBanc OP	---	---	---	6,130,000.00	09/11/2024	09/11/2024
---	---	---	---	---	65,670,000.00	09/11/2024	09/11/2024

Effective Maturity Distribution Summary

As of 03/31/2023

AGG-ALL (219610)

Dated: 04/11/2023

2-3 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	54,694,000.00	09/20/2025	09/20/2025
Operating Fund	UnionBanc OP	---	---	AGCY BOND	6,000,000.00	06/22/2025	06/22/2025
---	---	---	---	---	60,694,000.00	09/11/2025	09/11/2025

3-4 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	31,245,000.00	11/18/2026	11/18/2026
Operating Fund	UnionBanc OP	3130AP6M2	FEDERAL HOME LOAN BANKS	AGCY BOND	1,000,000.00	09/30/2026	09/30/2026
---	---	---	---	---	32,245,000.00	11/16/2026	11/16/2026

4-5 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	16,225,000.00	09/29/2027	09/29/2027
Operating Fund	UnionBanc OP	---	---	---	8,000,000.00	05/05/2027	05/05/2027
---	---	---	---	---	24,225,000.00	08/12/2027	08/12/2027

Summary

Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
---	---	---	---	277,926,597.39	12/28/2024	12/28/2024

* 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	US Agency Obligation ¹
AGCY DISC	Discounted US Agency Obligation ^{1 & 8}
CORP	Medium Term Notes (Corporate Notes) ²
MMFUND	Local Agency Investment Fund (LAIF) ³ & Cash Funds in Transit ⁴
MUNI	Municipal Bonds/Local Agency Bonds ⁵
CD	Negotiable Certificates of Deposit ⁶
US GOV	U.S. Treasury notes, bills bonds or other certificates of indebtedness ⁷

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 if the bond is held to maturity

NOTES:

¹ DWA Investment Policy, Resolution 1273, Schedule 1, Item 2

² DWA Investment Policy, Resolution 1273, Schedule 1, Item 14

³ DWA Investment Policy, Resolution 1273, Schedule 1, Item 9

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. DWA Investment Policy, Resolution 1273, Schedule 1, Item 15

⁵ DWA Investment Policy, Resolution 1273, Schedule 1, Item 3

⁶ DWA Investment Policy, Resolution 1273, Schedule 1, Item 10

⁷ DWA Investment Policy, Resolution 1273, Schedule 1, Item 1

⁸ US Agency Obligation that does not bear an interest rate, but purchased at a discount, held to maturity and redeemed at PAR.

DESERT WATER AGENCY - OPERATING FUND COMPARATIVE EARNINGS STATEMENT								
MONTH 22-23 MARCH	/-----THIS MONTH-----/ THIS YEAR	LAST YEAR	BUDGET	/-----FISCAL YEAR TO DATE-----/ THIS YEAR	LAST YEAR	BUDGET	/--VARIANCE--/ YTD	PCT
OPERATING REVENUES								
WATER SALES	2,433,511.13	2,868,031.26	2,759,200.00	29,306,565.36	28,539,123.45	30,909,200.00	1,602,634.64-	5-
RECLAMATION SALES	43,996.92	56,233.84	56,500.00	678,632.06	887,122.95	676,400.00	2,232.06	0
POWER SALES	.00	10,484.87	9,250.00	32,741.53	63,187.15	83,250.00	50,508.47-	61-
OTHER OPER REVENUE	210,884.39	159,237.80	229,208.00	1,894,423.37	2,019,937.96	2,029,472.00	135,048.63-	7-
TOTAL OPER REVENUES	2,688,392.44	3,093,987.77	3,054,158.00	31,912,362.32	31,509,371.51	33,698,322.00	1,785,959.68-	5-
OPERATING EXPENSES								
SOURCE OF SUPPLY EXP	924,218.94	1,180,604.55	1,096,760.00	4,362,091.36	4,624,468.43	5,032,440.00	670,348.64-	13-
PUMPING EXPENSE	322,281.15	363,456.70	313,300.00	3,828,749.79	3,063,633.93	3,541,100.00	287,649.79	8
REGULATORY WATER TREAT	53,300.94	72,839.27	72,810.00	722,160.26	610,177.85	655,290.00	66,870.26	10
TRANS & DIST EXPENSE	252,020.02	282,744.01	359,770.00	2,495,156.16	2,137,298.05	3,237,930.00	742,773.84-	23-
CUSTOMER ACT EXPENSE	104,781.81	69,140.27	105,760.00	857,765.04	695,851.53	953,580.00	95,814.96-	10-
ADMIN & GEN EXPENSE	1,153,360.49	2,119,272.63	1,290,647.00	10,659,866.01	10,483,271.75	11,565,423.00	905,556.99-	8-
REGULATORY EXPENSE	42,746.88	93,706.12	35,530.00	277,671.65	282,200.52	319,770.00	42,098.35-	13-
SNOW CREEK HYDRO EXP	21,764.33	15,208.40	5,000.00	52,483.39	40,774.47	45,000.00	7,483.39	17
RECLAMATION PLNT EXP	136,849.10	86,625.24	114,080.00	819,530.14	634,973.18	1,026,720.00	207,189.86-	20-
SUB-TOTAL	3,011,323.66	4,283,597.19	3,393,657.00	24,075,473.80	22,572,649.71	26,377,253.00	2,301,779.20-	9-
OTHER OPER EXPENSES								
DEPRECIATION	514,107.50	509,118.10	553,900.00	4,687,404.33	4,637,557.69	4,985,100.00	297,695.67-	6-
SERVICES RENDERED	19,502.75	19,601.61	14,200.00	117,716.52	125,824.61	127,800.00	10,083.48-	8-
DIR & INDIR CST FOR WO	258,310.90-	403,074.38-	280,580.00-	2,188,801.48-	2,205,605.14-	2,525,220.00-	336,418.52	13-
TOTAL OPER EXPENSES	3,286,623.01	4,409,242.52	3,681,177.00	26,691,793.17	25,130,426.87	28,964,933.00	2,273,139.83-	8-
NET INCOME FROM OPERATIONS	598,230.57-	1,315,254.75-	627,019.00-	5,220,569.15	6,378,944.64	4,733,389.00	487,180.15	10
NON-OPERATING INCOME (NET)								
RENTS	4,007.58	14,803.70	15,775.00	47,635.93	131,427.99	141,975.00	94,339.07-	66-
INTEREST REVENUES	91,640.16	15,524.66	48,600.00	711,217.34	105,679.59	437,400.00	273,817.34	63
OTHER FUNDS	5,815.38-	.00	.00	5,822.88-	.00	.00	5,822.88-	0
INVESTMENT AMORT.	21,876.00	.00	.00	21,876.00	29,464.87	.00	21,876.00	0
OTHER REVENUES	.00	290,280.00	.00	140,769.28	669,050.01	.00	140,769.28	0
GAINS ON RETIREMENT	.00	.00	6,310.00	.00	.00	44,170.00	44,170.00-	100-
DISCOUNTS	.00	7.48	33.00	1,410.54	277.61	297.00	1,113.54	375
PR. YEAR EXPENSES	.00	270.00	.00	7,228.01	959.84-	.00	7,228.01	0
OTHER EXPENSES	.00	.00	4,630.00-	16,517.50-	161.62-	41,670.00-	25,152.50	60-
LOSS ON RETIREMENTS	.00	.00	9,000.00-	189.54-	54,324.51-	81,000.00-	80,810.46	100-
TOTAL NON-OPER INCOME	111,708.36	320,885.84	57,088.00	907,607.18	879,744.10	501,172.00	406,435.18	81
TOTAL NET INCOME	486,522.21-	994,368.91-	569,931.00-	6,128,176.33	7,258,688.74	5,234,561.00	893,615.33	17

DESERT WATER AGENCY
OPERATING FUND
WATER CONSUMPTION

QUARTER ENDING MARCH 2023

THIS QUARTER

FISCAL YEAR TO DATE

	LAST YEAR	THIS YEAR	% UP (DOWN)	LAST YEAR	THIS YEAR	% UP (DOWN)
WATER REVENUE	\$8,004,264	\$7,436,612	(7)	\$28,539,123	\$29,306,565	3
TOTAL CONSUMPTION (100 CU FT)	2,414,436	2,129,362	(12)	10,050,826	9,221,936	(8)
AVERAGE CONSUMPTION PER CONSUMER (100 CU FT)	101	88	(13)	424	381	(10)
NUMBER OF CONNECTIONS	55	[*] 14		23,375	^C 23,471	0

* = ADDED THIS QUARTER

C = TOTAL ACTIVE MARCH 2023

GENERAL MANAGER'S REPORT April 18, 2023

State Water Project – Article 21 Supplemental Water

On March 9th, DWR gave notice to State Water Project Contractors. Due to current hydrology and SWP operational conditions, Interruptible Water may become available during 2023 in accordance with Article 21 of the long-term Water Supply Contracts with State Water Contractors.

Since March 9th, DWR has made Article 21 supplemental water available on a weekly basis as shown in the table below. To date DWA has been allocated 3,256 acre-feet. This water is in addition to our Table A allocation. We pay only for the transportation costs associated with this water.

Article 21 Deliveries	Amount Requested Acre-Feet	Amount Allocated Acre-Feet
03/22/2023 - 03/28/2023	1,303	1,052
03/29/2023 - 04/04/2023	1,249	1,133
04/05/2023 - 04/11/2023	1,156	1,071
	Total	3,256

Human Resource's Meetings and Activities

Meetings:

3/21/2023	DWA Board Meeting	DWA Offices
3/27/2023	DWA Staff Meeting	DWA Offices
3/28/2023	Budget Meeting	DWA Offices
4/04/2023	DWA Board Meeting	DWA Offices
4/10/2023	DWA Staff Meeting	Virtual Meeting

Activities:

3/21/2023	Webinar: Why Leadership is More Than a Job Title	Virtual Meeting
3/22/2023	Paycom Weekly Call	Virtual Meeting
3/22/2023	Webinar: From Traditional to Flexible: The Role of Autonomy in the Workplace	Virtual Meeting
3/23/2023	Webinar: Strategic Planning for HR Professionals	Virtual Meeting
3/24/2023	Testing for Temporary File Clerk Position	DWA Offices
3/27/2023	DOT Testing	DWA Offices
3/27/2023	Intern Interview	Virtual Meeting
3/28/2023	Intern Interview	DWA Offices
3/28/2023	Lincoln Financial Representative on Site Visits	DWA Offices
3/29/2023	Paycom Weekly Call	Virtual Meeting
3/30/2023	DWA Safety Meetings	DWA Offices
4/04/2023	Interviews for Temporary File Clerk Position	DWA Offices
4/05/2023	Attended Palm Desert High School Career Fair	PDHS
4/06/2023	Paycom Transition Meeting	Virtual Meeting
4/07/2023	Attended Shadow Hills High School Career Fair	SHHS
4/10/2023	New Employee Orientation	DWA Offices

SYSTEM LEAK DATA					
(PERIOD BEGINNING MAR 28, 2023 THRU APR 10, 2023)					
STREET NAME	NUMBER OF LEAKS	PIPE DIAMETER (INCHES)	YEAR INSTALLED	PIPE MATERIAL	PIPE CONSTRUCTION
AVENIDA CABALLEROS	6	14	1953	STEEL	BARE/UNLINED
DEL LAGO RD	3	6	1957	STEEL	BARE/UNLINED
INDIAN CANYON DR	3	6	1951	STEEL	BARE/UNLINED
SUNSET WY	2	6	1956	STEEL	BARE/UNLINED
VERONA RD	1	8	1958	STEEL	BARE/UNLINED
LOS ALAMOS RD	1	4	1958	STEEL	BARE/UNLINED
PARK VIEW DR	1	4	1955	STEEL	BARE/UNLINED
STEVENS RD	1	8	1951	STEEL	BARE/UNLINED
LURING DR	1	4	1957	STEEL	BARE/UNLINED
MCMANUS DR	1	4	1946	STEEL	BARE/UNLINED
VIA VAQUERO RD	1	4	1958	STEEL	BARE/UNLINED
BELARDO RD	1	6	1952	STEEL	BARE/UNLINED
SAN LUCAS RD	1	4	1948	STEEL	BARE/UNLINED
CALLE ROCA, CALLE CHIA	1	4	1954	STEEL	BARE/UNLINED
TOTAL LEAKS IN SYSTEM:		24			

Streets highlighted in green are included as part of the

2020/2021 Replacement Pipeline Project

Streets highlighted in blue are being proposed as part of the

2021/2022 Replacement Pipeline Project

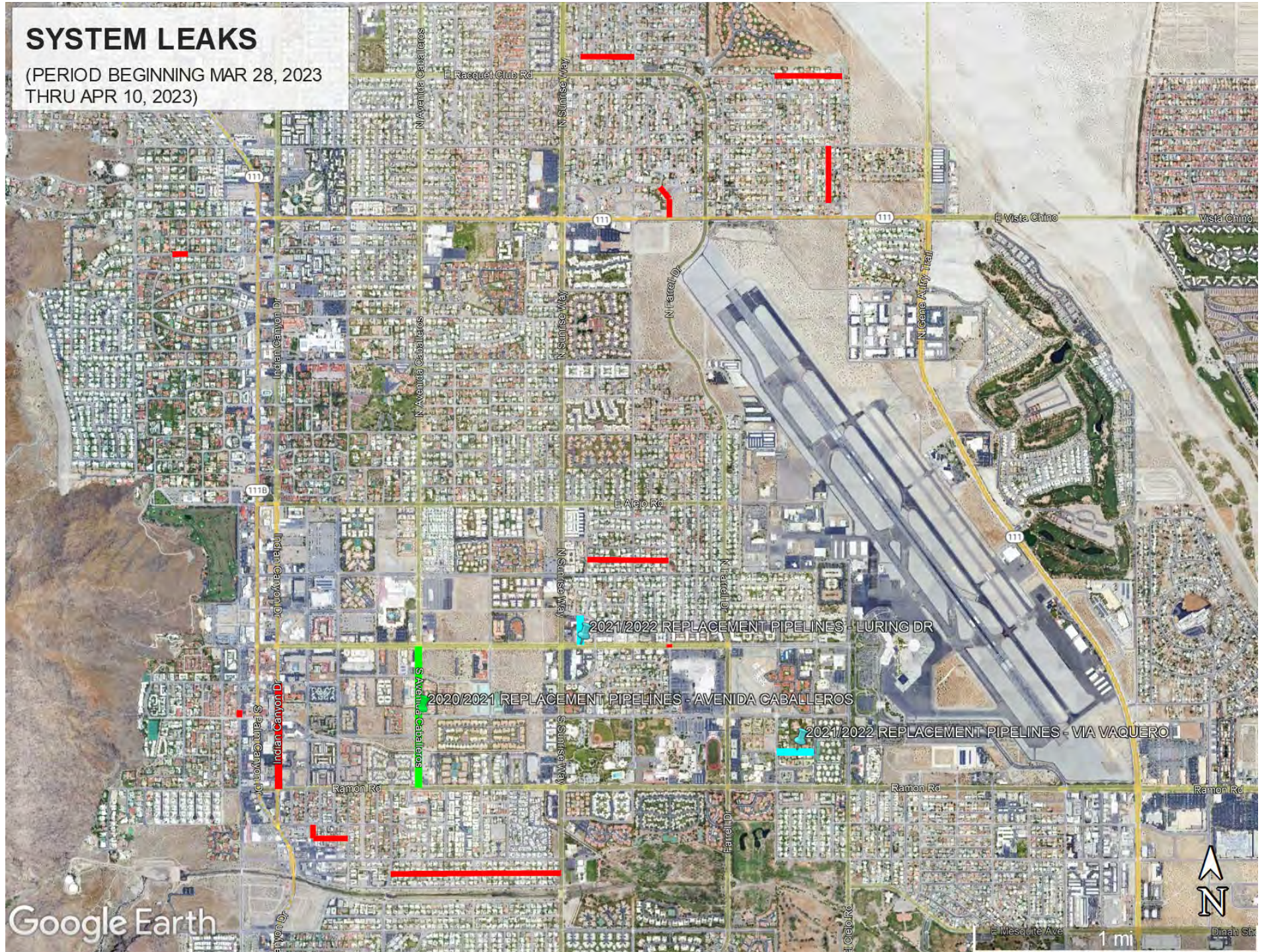
Streets highlighted in salmon are being proposed as part of the

2022/2023 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):	117,721
TOTAL LENGTH OF UNLINED PIPE SYSTEMWIDE (LINEAR FEET):	297,672
*AVERAGE LENGTH OF PIPE REPLACED ANNUALLY (LINEAR FEET):	15,000
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF UNLINED STEEL PIPE:	16 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 MAR 28, 2023
THRU APR 10, 2023)



General Manager's Meetings and Activities

Meetings:

04/04/23	DWA Bi-Monthly Board Meeting	DWA
04/04/23	IT Department Update	DWA
04/04/23	RGS Monthly Review	DWA
04/05/23	GRS Transition Update	Conf Call
04/06/23	Whitewater River Property Discussion	Conf Call
04/07/23	SWC SB 687 Urgent Need To Discuss	Conf Call
04/07/23	RAC Charge Components	Conf Call
04/10/23	DWA Weekly Staff Meetings	DWA
04/10/23	DWA Conservation and Public Affairs Committee Mtg.	Conf Call
04/10/23	DWR - GSA Well Form Survey	Conf Call
04/11/23	DWA Finance Committee Meeting	DWA
04/13/23	DWA Executive Committee Meeting	DWA
04/13/23	SWC - WSIP Coordination Meeting	Conf Call
04/13/23	Weekly Legislative Check-in	Conf Call
04/14/23	SWC Update Call	Conf Call
04/14/23	Sites Joint Budget & Finance Committee Meeting	Conf Call
04/17/23	SWC Class 8 Meeting	Conf Call
04/17/23	DWA Weekly Staff Meetings	DWA
04/17/23	DWA/MWD/CVWD Coordination Meeting	Conf Call
04/18/23	DWA Bi-Monthly Board Meeting	DWA

Activities:

- 1) DWA Rate Study
- 2) DWA Surface Water Rights
- 3) Water Supply Planning – DWA Area of Benefit
- 4) Sites Reservoir Finance
- 5) DCP Financing
- 6) Lake Perris Seepage Recovery Project Financing
- 7) Recycled Water Supply - Strategic Planning
- 8) AQMD Rule 1196
- 9) DWA Digital Transformation Project
- 10) DWA Organizational Restructuring
- 11) DWA Tax Rate Analysis
- 12) Palm Springs Aerial Tramway Water Supply 2023
- 13) SWP Contract Extension Amendment
- 14) DWA Remote Meter Reading Fixed Network
- 15) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 16) Whitewater River Surface Water Recharge
- 17) Replacement Pipelines 2021-2022
- 18) DC Project – Finance JPA Committee (Standing)
- 19) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water (Standing)
- 20) DWA/CVWD/MWD Exchange Agreement Coordination Committee (Standing)
- 21) SWP 2023 Water Supply

Activities

(Cont.)

- 22) ACBCI Water Rights Lawsuit
- 23) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 24) Whitewater Spreading Basins – BLM Permits
- 25) Delta Conveyance Project Cost Allocation
- 26) MCSB Delivery Updates
- 27) Well 6 Meaders Cleaners RWQB Meetings
- 28) SWP East Branch Enlargement Cost Allocation
- 29) RWQCB Update to the SNMP